

**RELATIONSHIP BETWEEN MANAGEMENT OF GENERATION
Y AND LEVEL OF INNOVATION IN THE MANUFACTURING
SECTOR IN MOMBASA, KENYA**

BY

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DECLARATION

I declare that this research project is my original work and has never been submitted to any other University for assessment or award of a degree.

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This project has been submitted for examination with my approval as the university supervisor.

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I dedicate this project to my mother, Mrs. Evelyn K. Katule, who has continually encouraged me to work hard and do my best and supported me throughout this process.

I also dedicate it to all the Generation Yers who are striving to influence and make a difference in the society.

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ABBREVIATIONS AND ACRONYMS

AIDS - Acquired immune deficiency syndrome

Gen Y – Generation Y

GDP – Gross Domestic Product

KAM – Kenya Association of Manufacturers

KNBS – Kenya National Bureau of Statistics

NARC – National Rainbow Coalition

PWC – PricewaterhouseCoopers

RBV – Resource Based View

ABSTRACT

For global manufacturers marching toward profitable growth through global expansion and productivity improvement, the significance of talent management will only increase in the years to come. Manufacturing companies will need to understand the values of incoming generations and carefully rethink their strategies for attracting and engaging this talent as an integral part of their business models. Generation Y workforce will have a great impact on productivity at the workplace as well as on the competitive advantage of organizations. In this regard manufacturing companies in Mombasa County are not exceptional. The study sought to establish the Generation Y management strategies employed by organizations within the manufacturing sector and the relationship between management of Generation Y and level of innovation of the manufacturing companies. A descriptive survey research was employed and to collect data, use of surveys, interviews, case studies and observation was developed. The population of study was all manufacturing firms in Mombasa County which are 130 firms and sample size was 40. Regression analysis was used in the data analysis. 28 manufacturing companies responded giving a response rate of 70.0%. For manufacturing firms to be innovative, they must instill a culture that encourages innovation from Generation Y employees. An innovative- supportive culture is one that values creativity and cooperation. It should also give Generation Y employee's freedom to experiment. From the findings implementing appropriate management strategies relevant to Generation Y also saw the Generation Y employees have an impact on the level of innovation. The study concluded that there is a linkage between management of Generation Y and level of innovation in manufacturing firms in Mombasa; and Generation Y have an impact on innovation. Organizations therefore are recommended to put in place a culture that encourages innovation and look at adopting more Generation Y centered management practices as this is not only key in attracting and retaining the Generation Y workforce but ultimately works to increase the innovativeness, capacity and performance of the organizations.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Generation Y, born between 1980 and 2000, now entering employment in vast numbers will shape the world of work for years to come. Attracting the best of these workers is critical for the future of any business. Their career aspirations, attitudes about work and knowledge of new technologies will define the culture of the 21st century workplace (PWC, Millennials at work, 2011). Generation Y are confident, independent and goal oriented, they were born into technology and often know more about the digital world than their teachers and parents (Meter & Crocker, 2010). Technology has always been a part of their life. They have the highest demand on work-life balance and will give no organization any loyalty if not so deserved. Consequently, they have the greatest impact on the shaping of a culture which supports innovation. They are very independent thinkers but work well in teams (Stanleigh, 2009). This generation tends to set high expectations for themselves and their manager; a characteristic that can result in a wealth of positive organizational outcomes when guided appropriately. Correctly managing and harnessing this creative and high-performing generation involves patience, an understanding of Generation Y's motivators, and a stream of constant feedback. They demand a steep learning curve, and, the organization that can offer this, will be rewarded with high performing, innovative, and loyal employees (Shelter Diagnostic System, 2004).

Forming part of an organization's resources, this cohort of workers will highly impact the level and degree of innovation in any organization and consequently its competitive advantage. According to Schumpeter, anyone seeking profits must innovate. Innovation is considered as an essential driver of competitiveness and economic dynamics. Based on his innovations theory,

innovation is a process of industrial mutation that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one (Schumpeter, 1942). It can be surmised as doing things differently. In a global economy that allows everyone everywhere instant information and instant connectivity, change often occurs at lightning speed (Pearce II, Robinson Jnr & Mital, 2010). So organizations are increasingly looking to embrace innovation as an essential foundation from which to respond and find opportunity. In order to stay competitive, organizations must truly and fully embrace innovation. Innovation does not come simply from scanning the external environment for market opportunities, but from looking inside and building on the resource endowment and core competencies of the organization (Konstantinos, Yiannis & Gregory, 2002). In light of this organizations ought to effectively acquire, manage and deploy their resources. The resource-based view focuses on internal resources (Barney, 1991). According to this view a firm's internal resources and capabilities are the best source of competitive advantage over other firms. Resources, which are the basic unit of analysis for RBV, can be defined as those assets that are tied semi-permanently to the firm (Maijor & Witteloostuijn, 1996; Wernerfelt, 1984). It includes financial, physical, human, commercial, technological, and organizational assets used by firms to develop, manufacture, and deliver products and services to its customers (Barney, 1991). Capabilities, in contrast, refer to a firm's capacity to deploy and coordinate different resources, usually in combination, using organizational processes, to affect a desired end (Amit & Shoemaker, 1993; Grant, 1996; Prahalad & Hamel, 1990).

These are key things that the manufacturing industry in Kenya needs to look at as it seeks to increase its contribution to the National economy. According to Vision 2030, one of the key objectives of the economic pillar is to create a robust, diversified and competitive manufacturing

sector whose goal is to increase its contribution to the GDP by 10% as well as lead in the transformation of Kenya into a new industrialized middle income country. The path to be a newly industrialized state that Kenya should adopt is a subject of topical debate even when the journey is already begun. When others seem to advocate for Mega projects like Techno cities and industrial parks. Others concentrate on the people and the inherent skills in them as the major driver for industrialization. Labor quantity and quality are vital ingredients to industrialization. Additionally, countries that have the ability to innovate have an advantage and are most likely to experience sustainable growth in industrialization (Achola, 2015). Innovation is the engine of the ‘creative destruction’ process that spurs economic dynamism and transformation and is at the center of the development process (KAM Agenda, 2015).

1.1.1 Generation Y

Generation Y are complex people with many contradictions. They are technologically savvy but highly creative. They are environmentally conscious yet highly mobile. They expect instant rewards but also demand development for the long term. They think like entrepreneurs but tend to value relationships over money (Weyland, 2011). Born between the 1980 and 2000 and also known as Millennials (Howe & Strauss, 2000), they are confident, independent, and goal oriented (Meier & Crocker, 2010). Research shows that they are more self-reliant and self-managing than previous generations; they value flexibility, work-life balance and professional respect and accessibility. They are considered the most educated generation to date having pursued college and advanced degrees than previous generations.

This generation has also been associated with a number of challenges. It has been observed that they are a restless lot and easily get bored hence prone to moving from one job to another.

Generation Y appear to be deficient in key skills such as listening, communication, independent thinking, time management, team work, job commitment and good work ethic (Pekala, 2010).

Despite this, Gen-Yers are said to be the hidden powerhouse of employee potential, critical for global business in tough times. Future-oriented, ready to contribute now, opportunity-driven: these are the characteristics of the generation that is already making its mark on the work world. But Gen-Yers are also highly restless. They are generation brought up in an era of rapid technological change and are seeking to earn greater opportunities for rapid advancement and more responsibilities at a younger age, requiring organizations to change the way they attract, develop, promote and retain these talented individuals (Deloitte, 2009). Organizations who know how to energize and focus their talents, who know how to turn high maintenance into high productivity, will have a strategic advantage over their competitors (Carolyn A. Martin, 2005).

1.1.2 Innovation

Innovation has been defined in various ways, Schumpeter (1971) simply defined it as "the carrying out of new combinations", Rogers (1983) defined it as an idea, practice, or object that is perceived as new by an individual or other unit of adoption. Innovation proceeds from the conception of a new idea to a solution of the problem and then to the actual utilization of a new item of economic or social value (Myers and Marquis', 1969). Innovation is generally considered as the main engine of economic growth in the global economy today. To face competition, companies must have innovations (Potecea & Cebuc, 2010).

Companies must innovate in order to keep ahead of their competitors. If an organization wants to create a business strategy that keeps it at the forefront of innovation, it must develop ways of making that strategy work. Innovation takes place in a system consisting of individuals, firms

and institutions and within a certain cultural and regulatory framework (Rannveig Røste, 2005). According to businesscasestudies.co.uk being innovative does not just involve using the expertise of market researchers, scientists and product developers to create new products. It also involves using the capabilities of everyone within an organization to generate the processes that help the new product to reach the market quickly and efficiently. It is, after all, people who innovate and not companies, and they need the right environment which provides both support and encouragement.

1.1.3 Generation Y and Innovation

Generation Y are increasingly being linked to innovation due to their proficiency in technology and global connectivity. They are the first generation in history that have grown up totally immersed in a world of digital technology, which has shaped their identities and without a doubt, they have embraced technology like no other generation (Okere, 2016). It is argued that given the characteristics and socialization of Generation Y, they have the necessary skills to innovate: they risk, are creative, are techno savvy, bold and driven to make an impact. These characteristics, combined with the leadership and management can help organizations face the competitive world of business, seeking forms of action to permit innovation (Pisoni, 2015).

1.1.4 The Manufacturing Sector in Kenya

Kenya has a large manufacturing sector serving both the local market and exports to the East African region. The sector, which is dominated by subsidiaries of multi-national corporations, contributed approximately 13% of the Gross Domestic Product (GDP) in 2004. (PWC, 2013-2015). The manufacturing sector directly contributes 11.3 percent of Kenya's GDP. The sector comprises of about 3,700 manufacturing units and is divided into several broad sub-sectors. The output from the manufacturing sector is valued at Kshs 1,097,082 million in 2014 according to

the Kenya National Bureau of Statistics (KNBS) Economic survey. Further the manufacturing sector employed over 280,300 people directly in 2013 with the informal sector contributing a further employment of 1.6 million people (KAM Agenda, 2015).

Manufacturing performance and growth has over the past several years lagged behind and there are indications that firms are operating well below their capacity and potential. Moreover, the relative size of Kenya's manufacturing sector has lost international competitiveness, and is struggling with low productivity and structural inefficiencies (KAM Agenda, 2015).

The Medium plan 2 (2013-2017) of the Vision 2030 states that the overall goal of the manufacturing sector is to increase its contribution to GDP by at least 10% per annum and is expected to register a growth of 10% in the planned period. To achieve this there is need to increase the competitiveness of the manufacturing sector so that it can grow, export, and create much-needed jobs. This can be done by better institutional collaboration, tackling constraints related to the supply of raw materials to increase production and quality; improving productivity and innovation through better skills and technologies, and by enhancing access to markets locally, regionally, and internationally (Mogollon, 2015)

The Manufacturing industry is mainly located in urban centers such as Nairobi and Mombasa and its immediate surrounding, for example Thika, Kilifi. Mombasa city is the second largest in the country. It has a vibrant economy and is known for its varying hospitality amenities and beautiful beaches that makes it a popular tourist magnet. It is also Kenya's second major industrial hub after Nairobi with various industries such as mining, manufacturing, Energy (Oil Refining), glassware, export processing. (Mombasa County Development Plan 2013-2017)

1.2 Research Problem

Organizations are increasingly looking to embrace innovation as an essential foundation from which to respond and find opportunity. The industrial economy of the 20th century has given way to the innovation economy of the 21st century. With the rise of consumer power, globalization and emphasis on sustainability and environment, innovation is key to economic growth (Alla, 2016). Innovation is done by people, organizations must therefore assess their internal resources and invest in strategies that will enhance their capabilities to innovate accordingly. Studies have shown that the presence of different organizational resources and capabilities positively affects the outcome of innovation processes in an organization.

As organizations move into the 21st century, they face increased global competition. If they innovate successfully they will thrive. This strongly depends on creative and innovative ability of the new workforce entrants (Alla, 2016). Generation Y or Millennials constitute the currently emerging generation of employees. These are the individuals that are now entering the job market and they are said to be cut from a different cloth as compared to their predecessors. Generation Y likely fall within the age group of 20 to 30 and are characterized by their confidence, independence, and are considered goal oriented and techno savvy. HR Coach Research Institute (2008) noted that never before has one generation wielded so much influence on a total labor market and future organizational strategy. Their career aspirations, attitudes about work and knowledge of new technologies will define the culture of the 21st century workplace (PWC, Millennials at work, 2011). Attracting the best of these workers and correctly managing and harnessing their creativity is critical for the future of any business as they will have the greatest impact on the shaping of a culture which supports innovation

Organizations need to understand this workforce that is the Generation Y, who they are, what they want from work and what they need to be engaged and be optimally productive. Millennials have come of age during a time of technological change, globalization and economic disruption. This has given them a different set of behaviors and experiences. They view life and the workplace with a different lens from past generations. According to Deloitte millennial survey (2014) a large percent of Generation Y are influenced by how innovative a company is when deciding if they wanted to work there. They want an organization that will encourage them to think creatively. They are eager to contribute and take on challenging goals. They want constant and immediate feedback, and mentoring. They want to work independently thru digital means in the future yet they thrive in team work, they are diverse and inclusive opting for collaboration. They want the company they work to have a positive impact on society, they believe in life/work balance and what they do goes beyond making money. Studies increasingly show that when given the right environment, support and autonomy Millennials, being techno savvy and with their passion, creativity and exposure, are poised to unleash innovation and change.

Several studies have been done on Generation Y and their entrance into the workplace; on the human resource management implications of attracting, retaining and motivating Generation Y employees, D'Netto (2011) found that while Generation Y presents several human resource management challenges for employers their influx into the workforce can help organizations attain sustainable competitive advantage as long as effective talent retention strategies are employed. Deloitte Research (2008) looked at managing the talent crisis in global manufacturing: strategies to attract and engage Generation Y and found that for global manufacturers marching toward profitable growth through global expansion and productivity improvement, the significance of talent management will only increase in the years to come,

companies will need to understand the values of incoming generations and carefully rethink their strategies for attracting and engaging this talent as an integral part of their business models. On what managers need to know about Generation Y and productivity, Martin (2005) found that most talented members of Generation Yers are independent, entrepreneurial thinkers who thrive on challenging work and creative expression, love freedom and flexibility, and hate micro-management. Guided by managers who are willing to confront their challenges and meet their expectations, they have the potential to become the highest performers in history. Moon (2014) on mentoring the next generation for innovation in today's organization argues that organizational cultures valuing people, along with their creativity and passions, will be innovation leaders. The next generation of innovators, Generation Y, find meaning in value creation therefore thriving organizations of the future will be those that value these millennial innovators. From these studies it is evident that the Generation Y workforce will have a great impact on productivity at the workplace as well as on the competitive advantage of organizations. These studies have also looked at the characteristics of Generation Y and the strategies that can be used to attract, manage and maintain them in the workplace. Few studies have been done linking the management of generation Y to innovation within an organization. Additionally, most of the studies are based on information gathered internationally with no influence from the Kenyan context. There is therefore need to understand the Generation Y phenomenon in a local context and identify the relationship between the managing of Generation Y and innovation within Kenyan organizations. Therefore, with a focus on the Manufacturing industry in Mombasa, this study seeks to answer the following question: Does the management strategy of Generation Y within an organization have a direct implication on the level of innovation in that organization?

1.4 Research Objectives

- i. To establish the Generation Y management strategies employed by organizations within the manufacturing sector.
- ii. To determine the relationship between the management of the Generation Y workforce and level of innovation in an organization.

1.5 Value of the Study

The study will contribute to the understanding of the impact and influence of Generation Y management strategies on innovation in the manufacturing industry in the Kenyan context. It will help highlight the different strategies used to manage Generation Y and whether this impacts the level of innovation in an organization.

The research will motivate organizations to evaluate their internal resources and capabilities to innovate in light of their current workforce and identify areas opportunity and/or weakness that would require change in strategy.

Information gathered will help organizations assess their strategies and explore new policies, procedures and strategies to best attract, retain, manage and integrate Generation Y into the workplace so as to improve their competitive advantage through innovation.

The study will also add to the literature available on the topic providing more information on the Generation Y phenomenon in Kenya and can be used as a reference to similar studies in other sectors.

This study will contribute to the existing body of knowledge and it shall form the basis for further research on management of Generation Y and innovation and can be used as a reference to similar studies in other sectors.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

In this chapter, the researcher reviews existing theories that connect the Gen Y and the level of innovation in the manufacturing sector. Specifically, the researcher reviews literature on the characteristics of Generation Y, their influence and impact at the work place, their technological skills and impact on innovation and the management style of Gen Y at the work place.

2.2 Theoretical Review

The following are the theories that this study is based on; theory of generations, innovation theory and resource based theory.

2.2.1 Theory of Generations

Pilcher (1993) in a study on Mannheim's sociology on generations looks at the generations' theory by Mannheim. According to Mannheim a generation is a group of individuals of similar ages whose members have experienced a noteworthy historical event within a set period of time. He further puts it that the social consciousness and perspective of youth reaching maturity in a particular time and place is significantly influenced by the major historical events of that era. These major historical events occur to individuals in their young age thus shaping their lives. Each era has unique set of historical activities that is used to identify its generations. Thompson (2011) in a study on the America Gen Y indicates that the American generation Y grew up in the presence of digital Media, Child Focused World, School Shootings, 9/11 Terrorist Attacks, AIDS, Corporate Scandals, Typically grew up as children of divorce. This generation according to Thompson hopes to be the next great generation and to turn around all the wrong they see in the world today. He further postulates that this generation grew up more sheltered than any other

generation as parents strived to protect them from the evils of the world and that they came of age in a period of economic expansion. In Kenya, Gen Y is the group who were born around the time of the coup. The defining events over the past decade for this Generation have been multi-party elections, the NARC government, post-election violence, the coalition government and the referendum. They are also the group that has seen the rise of corruption within the country

On the other hand, Strauss-Howe Generational Theory characterizes historical generations through cyclical changes called “turnings.” Howe later explains this phraseology by stating that “every generation turns the corner and to some extent compensates for the excesses and mistakes of the midlife generation that is in charge when they come of age” (Galland, 2009, p. 38). According to Strauss-Howe Generational Theory, earlier generations have the greatest influence over new generations.

In his study on how to explain the millennial generation, Darrin (2014) looks at a unified generational theory combining both the Mannheim theory and Strauss-Howe generational theory. He argues that the characteristics of any generation evolve from both historical events and the family sphere and therefore, both theories must be combined to explain these characteristics as completely as possible. In his analysis of the Millennial Generation through these models, he concludes that the technology-obsessed “perma-children” known as Millennials are the result of a normal ebb and flow of change created by history and society. The theory of generations will be of great significance to this study as the study will be looking at members of a generation as those manifesting similar characteristics.

2.2.2 Innovation Theory

Innovation theory is not a formal and established theory, but an amalgamation of various disciplines: economics, management, organizational psychology, cognitive theory and system theory, dealing with various aspects of innovation (Roste, 2005). The term “innovation” as such was used for the first time by Schumpeter at the beginning of the 20th century. Schumpeter defined innovations as product, process and organizational changes that do not necessarily originate from new scientific discoveries, but may arise from a combination of already existing technologies and their application in a new context (Žižlavský, 2011)

Innovation is inextricably linked with creativity. According to Moon (2014) Innovation and creativity are equated with competitive advantage. “Efficiency and innovation must be of equal and complementary importance if an organization ultimately is to survive and thrive.” Innovation is generally considered as the main engine of economic growth in the global economy today. To face competition organizations must innovate (Potecea; Cebuc, 2010). Key to innovation are the resources, whether human, technical and financial, within an organization and the ability of the organization to manage these resources. Hana (2000) in his study on competitive advantage achieved through knowledge and innovation notes that Human capital and creative research work according to Zemplerová (2010) and Autant-Bernard (2001) are considered the most important determinants of innovation. He argues that the human factor is an indispensable element in the process of innovation. Based on analyses of external and internal conditions, people generate ideas that might help an organization gain a competitive advantage and thus distinguish it, at least for a certain period of time, from its competitors. It is necessary to manage these resources for the purposes of achieving optimum output. In this study we shall be looking at managing

Generation Y who according to Moon (2014) are the next generation of innovators who find meaning in value creation and want to innovate.

2.2.3 Resource Based Theory

The resource based view contends that a firm's internal resources and capabilities are the best source of competitive advantage over other firms. Resources, which are the basic unit of analysis for RBV, can be defined as those assets that are tied semi-permanently to the firm (Maijoor & Witteloostuijn, 1996; Wernerfelt, 1984). It includes financial, physical, human, commercial, technological, and organizational assets used by firms to develop, manufacture, and deliver products and services to its customers (Barney, 1991). Capabilities, in contrast, refer to a firm's capacity to deploy and coordinate different resources, usually in combination, using organizational processes, to affect a desired end (Amit & Shoemaker, 1993; Grant, 1996; Prahalad & Hamel, 1990). RBV basically addresses the fundamental question of why firms are different and how firms achieve and sustain competitive advantage by deploying their resources.

Of key focus in this study is the human resource. Suzanne (2014), in her exploratory study of Generation Y in the professional services sector notes that, high levels of human capital with high productivity and significant ability to adapt to change are inherent in the resource based view. In her research she observes that companies that successfully control their resources, especially people which are considered the most valued and unique resource, hold competitive advantage (Hitt and Ireland, 2002; Farnham, 2010).

According to their study on the Resource – Based View of the Firm and Innovation, Konstantinos, Yiannis & Gregory (2002) contend that organizational resources and capabilities determine a firm's capacity for innovation. Within this perspective, organizational resources

(tangible and intangible) are taken to provide the input that in turn is combined and transformed by capabilities to produce innovative forms of competitive advantage. While they argue that a firm's capacity to innovate is determined by a combination of its financial resources, technical resources and intangible resources that include human and knowledge resources, they do take cognizant of the fact that intangible assets may be more important from a strategic point of view, since they bring together more frequently the requirements necessary for producing sustainable advantage: to be valuable, rare and difficult to imitate and replace by competitors (Barney, 1991; Hitt et al., 2001b). Citing the example that, a high stock of qualified human capital with advanced technical skills, know-how in R&D projects, and risk taking propensity increases the probability of a firm to carry out innovative activities.

2.3 Empirical Review

This section covers empirical literature on characteristics of Generation Y, generation Y and Innovation and management of Generation Y.

2.3.1 Characteristics of Generation Y

Generation Y, also known as the Millennials are said to be the cohort of individuals born between the year 1980 and 2000. According to Nabeel (2012) their characteristics exhibit traits of confidence, embracing diversity and proficiency of technology, which hands them the term "Digital Natives." In her study on Generation Y in South Africa, Puybaraud (2010) postulates that the Generation Y believe they can achieve anything. They are strongly leadership focused, collaborative and seek meaning in work and opportunity to learn. Natives of the digital world, they are frequently portrayed as demanding, selfish, text-addicted and job-hoppers with little loyalty to their employers. On the contrary, they are under less financial threats than the previous

generations and have grown up with green issues into their way of living. Besides, they are more urban focused and buy quickly into new concepts and ideas.

In their study, PWC's NextGen 'A Global Generation' (2013), PWC's observed that Millennials value work/life balance, and the majority of them are unwilling to commit to making their work lives an exclusive priority, even with the promise of substantial compensation later on. They want more flexibility in their work schedules and do not believe that productivity should be measured by the number of hours worked at the office, but by the output of the work performed. The study also noted that Millennials place a high priority on workplace culture and desire a work environment that emphasizes teamwork and a sense of community. They value transparency, desire to provide input on their work assignments and want the support of their supervisors. The study showed that Millennials also are particularly attuned to the world around them, and many would like the chance to explore overseas positions.

In a previous survey on Millennials at work by PWC (2011), the findings showed that 54% of working millennials expected to have between two to five employers in their lifetime. 38% said they were actively looking for a different role and 43% said they were open to offers. Career progression was rated as a top priority with 52% saying it was a main attraction to their employer.

According the Deloitte Generation Y Snapshot (2008-2009) Generation Y are future-oriented, ready to contribute now and opportunity-driven. The study noted that they remain optimistic in the midst of the economic turmoil, but are also highly restless. Brought up in an era of rapid technological change they seek to earn greater opportunities for rapid advancement and more responsibilities at a younger age. This, the study concluded, requires organizations to change the

way they attract, develop, promote and retain these talented individuals that make up Generation Y.

2.3.2 Generation Y and Innovation

Generation Y are increasingly being linked to innovation due to their proficiency in technology and global connectivity. They are the first generation in history that have grown up totally immersed in a world of digital technology, which has shaped their identities and without a doubt, they have embraced technology like no other generation (Okere, 2016).

According to Sawhney (2013) in an article titled African Women and Youth as Agents of change through Technology and Innovation, technology and innovations are increasingly becoming critical for sustainable development. Sawhney believes that adolescents are the lead adopters of new technology, new patterns of use and new ways of thinking. Additionally, a report by the International Centre for Research on Women titled —Bridging the Gender Divide: How Technology can Advance Women Economically found out that new generation of women and youth leaders throughout Africa are emerging and developing innovative strategies and solutions using new technologies to overcome issues at both local and national level.

Floren (2010) in her book titled The Innovation Generation describes Gen Y as the answer to what America has to do to become leaders again. She asserts that Gen Y possesses the knowledge and skills necessary to turn things around and they only need the resources, experience and support of those around them in order to carry it off. In her book, she describes Gen Y as the most connected, aware and creative generation in history.

The Beyond Magazine quotes a 2012 study by the Fairleigh Dickinson University in which Generation Y was found out to be the best innovative generation in history. This generation

according to the research was found to have the highest drive to work for result and led the field in teamwork and innovations. This generation of workers shows that it is ready to collaborate with others and strive towards the creation of new concepts and ideas. Harris (2013) quotes a survey carried out by global business consultancy Deloitte which showed that nearly 80% of workers in the generation Y category believe innovation is essential to business growth. The study found that over a third of the 5000 young people interviewed believed that staff needed more free time dedicated to learning and creativity in order to innovate and only 17 percent said this was the case in their current organizations. Harris observes that the gen Y is leading a generational shift in business as baby boomers, many of whom have been wedded to the old ways of doing business begin to step down from their leadership role to retire.

Caldicott (2012) quotes a 2012 study by Millennial Branding on Gen Y traits which found out that 93 percent of gen Y were not working for the Fortune 500 companies. The study attributes this to the fact that gen Y look for more flexibility. They want to have access to social networks yet the fortune 500 companies do not usually allow Gen Yers flexibility. The study suggests that companies should allow generation Y to operate entrepreneurially within the corporation by giving them control over their time, activities and budgets as much as possible. Caldicott asserts that allowing Gen Y employees to reach into the depths of social networks, or explore the expanses of digital territory can bring your team innovative new ideas or unearth new patterns. She further asserts that any company that does not allow gen Y to explore technology is dampening a key connection with progress that Gen Y views crucially important to their work place engagement and to the company's innovation success.

According to Deloitte Millennial Survey (2016) Millennials want to work for organizations that support innovation. The survey found that 78 percent of Millennials were influenced by how

innovative a company was when making a choice of where to work. To attract Millennials organizations must be seen as innovative and have management attitude, operational structures and procedures that foster out of the box thinking.

2.3.3 Management of Generation Y

Mwiti (2016) in his article on millennials taking over the workplace, notes that these employees aged 18 to 35 now make up 70 percent of the workforce. Deloitte (2014) in the 'Big demands High expectations Millennial Survey' claims that millennials will comprise 75 percent of the workforce by 2025. To attract, recruit, retain and get the most out of this work force organizations need to come up with management strategies that will cater to the unique characteristics of this generation of workers.

The research of Murray, Toulson and Legg (2011) on the generational Cohorts expectation in the workplace revealed that the previous generations have grown accustomed to the traditional top-down management style of corporations and organizations. This may conflict with the team centered approach that Gen Y has grown accustomed to from their earlier life experiences and could be a source of conflict with older workers. Barzilai-Nahon and Mason (2010) in the study of how executives perceive the Net generation reveals that Gen Y may even be alienated by the traditional top down management strategy of organizations and that this in turn could contribute to increased employee turnover within those organizations. Tapscott (2008) in an article titled How to Hire the Net Generation suggests that traditional management methods need reconsidering; the job of managing Gen Y is more about creating a context in which they can be successful, rather than supervising them. Millennials tend to be uncomfortable with rigid corporate structures and turned off by information silos. They expect rapid progression, a varied and interesting career and constant feedback. In other words, millennials want a management

style and corporate culture that is markedly different from anything that has gone before (PWC, 2011)

D'Netto (2010) in his article *Generation Y: Human Resource Implications* asserts that gen Y employees do not want to be micromanaged. They seek considerable freedom in the performance of their tasks. However, they need regular feedback and want the guiding hand of a manager. Gen Y expects their managers to be knowledgeable and have as much education as themselves. They expect their managers to adopt cutting edge practices. Kristie (2012) in an article in the *South China Morning Post* quotes Tamty McGill international consultants study carried out to identify the preferred mentoring skill among the Gen Y in Hong Kong. The study used three styles of a mentor, that is, a directive mentor, a collaborative mentor and an achievement mentor and found out that 44% of employers think Gen Y prefers collaborative mentor who offers staff freedom at work. Nevertheless, about half of working Gen Y and Gen Y non-degree programme students choose supportive mentor over other styles showing a mismatching of preference for mentoring styles between employers and Gen Y.

Weyland (2011) in her study on *Engagement and talent management of Gen Y* states that Generation Y are particularly attracted to companies with strong values, social ethics, distinctive brands and non-hierarchical environments. She argues that Generation Y are hungry for stimulation and they like to be challenged. Their own development is very important to them and they expect significant contribution from their employer in this area. Her study notes that this generation performs best when the atmosphere and support systems match their needs.

Research on managing Generation Y generally shows a consensus on the strategies identified that can be used to attract, retain and gain maximum output from this cohort of workers. To this

end organizations may need to create a flexible work culture and adopt policies that promote greater work/ life balance; fully leverage on technology; create a meaningful reward structure that acknowledges contributions made by employees; build a sense of community emphasizing teamwork, support from supervisors and real time feedback (PWC, 2011). In his study on effective strategies to manage Generation Y teachers, Wanyama (2013) quoting Cleaveland (2006) observes that Generation Y workers typically desire relationships with their supervisors and colleagues, attractive salaries, opportunities for development, recognition for high quality work, and exposure to challenging assignments, flexible working schedules, and casual dress in the workplace. Organization that put such measures in place are more likely to attract this generation of workers.

Weyland (2011) notes that organizations need to be clear on values and behaviors of the company, they need to make sure that their brand is attractive both to employees as well as customers. She further urges that organizations must ensure that corporate responsibility policy is in place, as Generation Y are very concerned with making a positive contribution to society and the environment (D'Netto, 2010), and create an exciting and fun atmosphere in which to work. Generation Y want to enjoy themselves as well as be stimulated.

D'Netto (2010) in his research concludes that organizations that understand the needs and aspirations of Generation Y and are able to fulfill these needs will be seen as the “the employer of choice”. By providing interesting work, greater flexibility, an enjoyable work environment, supportive leadership and offer a good work-life balance, such organizations are likely to benefit from the talents of Generation Y employees.

2.4 Influence of Gen Y Employees to success of manufacturers

Manufacturers must overcome its negative image to appeal to Generation Y employees since they will constitute 40%-60% of the workforce by 2025. In a study by Deloitte Consulting LLC it is pointed out that manufacturing is no longer viewed as a source of stable, high-reward career opportunities. "What Generation Y doesn't know is that, contrary to common perception, the job of a modern manufacturing worker requires strong technology, flexibility, multitasking and team problem-solving skills. The environment in most plants is a far cry from the old images of dark, dirty and dangerous," Deloitte says in its report titled, "Managing the Talent Crisis in Global Manufacturing: Strategies to Attract and Engage Generation Y."

Furthermore, the report points out that there is a growing volume of service-related occupations within manufacturing, including sales, marketing, research and development, customer service, financial and legal services. To succeed in attracting these new workers, the manufacturing industry needs a model of talent management that will address the unique characteristics of Generation Y while speaking to the larger workforce as well.

"While this talent gap varies a great deal across manufacturing industries and geographies in terms of magnitude, age, and skill type, there are common elements," said Leah Reynolds, national practice leader for generational change and total rewards communication, Deloitte Consulting LLP. "Managing these elements -- such as lack of employability, negative image, education, job training and availability of engineering graduates -- should be a priority for global manufacturers."

According to ThomasNet's annual Industry Market Barometer survey of North American manufacturers (2014), for the manufacturing industry to sustain its steady climb, all the fundamentals need to be in place, and one of them is missing - a robust pipeline of skilled workers. Having the people to operate the machines, work the lines, and create new products is mission-critical. Yes - manufacturers are hiring and developing their people - but to keep up with the opportunities at hand, they will need to recruit faster, smarter, and harder. It purports that for an industry that values specialized training and experience, Generation Y represents a goldmine of opportunity as most Millennials are technology-savvy. Manufacturing is increasingly headed towards digitization and very much reliant on this skillset and the solution therefore is to formulate plans to attract and retain Millennials.

2.5 Summary of Literature Review and Research Gap

A review of the literature showed that a lot of research has been done concerning the characteristics of Generation Y and their impact at the workplace. However most of these researches have been carried out in Europe, America and Asia with very few in Africa. As postulated by the Mannheim generations theory, there is a difference in the Generation Ys based on regional or national demographics. This is due to the fact that not all historical events that shape the generations are similar. Additionally, while Generation Y has greatly been linked to innovation due to the fact that they are techno- savvy digital natives with global interconnectivity, not much research has been done to link management of Generation Y to increased innovation. From the literature review there is a lot of information on what organizations should do to attract, recruit and retain Millennials, but it remains to be seen whether these strategies have a direct link to the level of innovations within the organizations.

This study therefore sought to identify if indeed there is a link between Managing Generation Y and level of innovation within a Kenyan context.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter addresses the research design employed in the study, the target population in the research, data collection instrument and methods of data collection that was employed by the study, how the researcher tested for reliability and validity how the data collected was analysed.

3.2 Research Design

The research design this study employed was a descriptive survey research. The descriptive survey research methodology is appropriate for the research problem and enables the researcher to secure both quantitative and qualitative information directly from the respondents. According to Allan and Randy (2005), descriptive research describes the characteristics of population by directly examining samples of that population. Descriptive studies make use of surveys, interviews, case studies and observations.

3.3 Target Population

The population of study was all manufacturing firms in Mombasa County which were members of KAM by end of year 2013. Some firms which have headquarters in Nairobi but have branches in Mombasa County were also considered. The total population was 130 manufacturing firms representing all sectors of the industry according to KAM directory, 2014.

3.4 Sampling Methods

The researcher carried out a survey using random sampling. The study adopted a stratified proportionate sampling design such that each of the sectors in the manufacturing industry was proportionately represented in the sample. This helped give a representation of the situation

across all the sub-sectors as it would have been if a census study had been conducted. According to Mugenda and Mugenda (2008) if a population of a study is small a sample of a 20%, 30% or 40% of the total population can be chosen. In this study the researcher used a sample size of 30% which brought the number of firms to 39 and rounded off to 40. Using the sample size of 40 manufacturing firms, the stratified sampling was calculated as shown below:

Sample Size = $x/n*Z$: Where x = population of a particular sub-sector, n = target population and Z = population size of the strata.

Table 3.1 Manufacturing Firms Subsectors and Sample

| Sector | Pop. size | Weight | Sample size |
|----------------------------------|------------------|---------------|--------------------|
| Building construction & mining | 7 | 7/130*40 | 2 |
| Chemical and allied | 10 | 10/130*40 | 3 |
| Energy, electrical & electronics | 6 | 6/130*40 | 2 |
| Fresh produce | 0 | 0 | 0 |
| Food and beverages | 24 | 24/130*40 | 7 |
| Leather and footwear | 0 | 0 | 0 |
| Metal and allied | 16 | 16/130*40 | 5 |
| Motor vehicle and accessories | 7 | 7/130*40 | 2 |
| Paper and paperboard | 4 | 4/130*40 | 1 |
| Pharmaceutical & med equipment | 2 | 2/130*40 | 1 |
| Plastic and rubber | 9 | 9/130*40 | 3 |
| Services and consultancy | 27 | 27/130*40 | 8 |
| Textile and apparels | 18 | 18/130*40 | 6 |
| Timber, wood and furniture | 0 | 0 | 0 |
| Total | 130 | | 40 |
| | | | |

Source: KAM directory, 2014.

3.5 Data Collection

This research was conducted by use of structured questionnaires comprising of Likert-type questions, closed ended questions as well as open ended questions. The questionnaire is useful in collecting primary data. It comprised of three sections general information, composition and nature of Generation Y, management of Generation Y and level of innovation. The tool was administered by the drop and pick method where the respondent filled the questionnaires at their convenient time to allow them enough time to respond to the questions. One respondent, in senior management, was picked from each organization.

3.6 Data Analysis

The data obtained from the questionnaire was double checked to make sure that the information provided was complete, consistent, and accurate. Data processing involved scrutiny of the responses given on the questionnaires by different respondents. Data was sorted, edited, and interpreted after which coding and tabulation was done. After processing, the data was summarized and analyzed so as to make sense and to ensure completeness and consistence.

As this study intended to establish the relationship between management of Generation Y and the level of innovation in an organization, the regression analysis model was used to determine the nature of that relationship; this was used to test the relationship between the independent variable, management of Generation Y and the dependent variable, that is, the level of innovation in the organization in the manufacturing sector.

Statistical Package for Social Sciences (SPSS) and Microsoft excel were used to analyze the data. Thereafter, the data was be summarized in form of tables and charts.

The following regression model was used:

$$Y = a + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where;

Y = Innovation

a = Constant/ intercept

$\beta_1, \beta_2, \beta_3, \beta_4$, are Coefficient of innovation strategies

X1= Characteristics of generation Y

X2= Generation Y and Innovation

X3= Management of generation Y

X4= Influence of generation Y employees to success of Manufacturers

ε = Error term

CHAPTER FOUR: RESULTS, DATA ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter presents an analysis of data collected and discusses the findings on the relationship between management of Generation Y and the level of innovation in the manufacturing sector in Mombasa, Kenya.

4.2 Profile of the Companies

Through random sampling 40 manufacturing companies in Mombasa were targeted for the survey. Out of these 28 companies successfully filled the questionnaires which represents a response rate of 70.0%. This response rate was good and representative and conforms to Mugenda and Mugenda (2003) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. The Table 4.1 below shows the response pattern.

Table 4.1 Response rate

| Response | Frequency | Percentage |
|-----------------|------------------|-------------------|
| Response | 28 | 70.00 |
| Non responses | 12 | 30.00 |
| Total | 40 | 100 |

Source: Research Data (2016)

4.2.1 Years of Operation

The study sought to establish the period of time the firms under study had been in operation, this would help the researcher determine whether the firms had been in operation long enough to experience different generational workforce as well as record substantial innovation activities.

Table 4.2: Years of operation

| Years | Frequency | Percent | Cumulative percent |
|---------------|------------------|----------------|---------------------------|
| 5 – 10 Years | 10 | 34.5 | 35.7 |
| Over 10 Years | 18 | 62.1 | 100 |
| Total | 28 | 100 | |

Source: Research Data (2016)

From Table 4.2 which contains information on the firms' years of operation, the results show that 62.1% of the firms have been in existence for more than ten years, while 34.5% have been in existence for more than five years. This therefore means that the companies are old enough and understand the trends in managing different generations of employees in the company and have been in existence long enough to understand market trends and the necessity for innovation giving them a higher probability of having engaged in innovative activities.

4.2.2 Size of the Company

The researcher sought to find out the size of the company giving the option of small sized, medium sized, large or multinational. This was to establish the degree of exposure to a diverse workforce. The results in Table 4.3 on the size of the company established that the firms under survey fell under two categories, large and multinational with 22 (75.9%) of them being large companies while the rest, 6 (20.7%), multinationals. This means that with the existence of larger firms in the sector, employment of different generations of the employees would be evident in the firms evident in the firms.

Table 4.3 Size of the Company

| Size | Frequency | Percent | Cumulative Percent |
|---------------|------------------|----------------|---------------------------|
| Large | 22 | 75.9 | 78.6 |
| Multinational | 6 | 20.7 | 100 |
| Total | 28 | 100 | |

Source: Research Data (2016)

4.2.3 Ownership of the Company

Ownership of the company can help determine to what extent a firm may be influenced by foreign policy from a mother company as well as from international exposure and experience and its ability to take into consideration firm/ country specific issues.

Table 4.4 Ownership of the Company

| Ownership | Frequency | Percent | Cumulative Percent |
|------------------------------|------------------|----------------|---------------------------|
| Locally owned | 20 | 69 | 71.4 |
| Foreign owned | 2 | 6.9 | 78.6 |
| Both Local and Foreign owned | 6 | 20.7 | 100.00 |
| Total | 28 | 100 | |

Source: Research Data (2016)

The results in table 4.4 on the ownership of the company established that 20(69%) of the firms were locally owned followed by 6 (20.7%) both local and foreign and the rest as foreign owned at 2(6.9%). This therefore means that there are more locally owned firms in the industry followed by firms that are both local and foreign owned meaning that the firms under study are able to respond to local issue.

4.2.4 Number of employees in the organization

The study sought to find out the number of employees within the firms to help determine the size of the workforce within the organizations under survey. As per the results in Table 4.5 on number of employees the researcher found that 50% of the firms had between 50-100 employees, 25% had between 100-500 employees while the remaining 25% had over 500 employees. This showed that the firms surveyed have a reasonable number of employees to give adequate results.

Table 4.5 Number of Employees

| No. of Employees | Frequency | Percent | Cumulative Frequency | Cumulative percentage |
|-------------------------|------------------|----------------|-----------------------------|------------------------------|
| Less than 50 | 0 | 0% | 0 | 0% |
| 50-100 | 14 | 50% | 14 | 50% |
| 100-500 | 7 | 25% | 21 | 75% |
| 500 and above | 7 | 25% | 28 | 100% |
| Total | 28 | 100% | | |

Source: Research Data (2016)

4.3 Generation Y Management strategies

In this section the study sought to find out the extent to which organizations were implementing various management strategies that are strongly associated with managing of Generation Y. The respondents were presented with a list of strategies and asked to rate their organizations by use of the Liker scale with 1 representing no implementation, 2 representing little implementation, 3 representing some implementation, 4 representing extensive implementation and 5 representing complete implementation.

Table 4.6 Management strategies

| Management Strategy | no implementation | | little implementation | | some implementation | | extensive implementation | | complete implementation | |
|--|-------------------|------------|-----------------------|------------|---------------------|-------------|--------------------------|-------------|-------------------------|-------------|
| | Count | %age | Count | %age | Count | %age | Count | %age | Count | %age |
| Team centered and flexible management style | 0 | 0% | 0 | 0% | 3 | 11% | 10 | 36% | 15 | 54% |
| More collaborative and open corporate structures | 0 | 0% | 0 | 0% | 5 | 18% | 10 | 36% | 13 | 46% |
| Inclusion of mentorship programs within the organization | 0 | 0% | 0 | 0% | 2 | 7% | 8 | 29% | 18 | 64% |
| Regular feedback mechanisms and guidance | 0 | 0% | 0 | 0% | 4 | 14% | 10 | 36% | 14 | 50% |
| Inclusion of training and development programmes | 0 | 0% | 0 | 0% | 0 | 0% | 10 | 36% | 18 | 64% |
| Have a flexible work culture | 0 | 0% | 0 | 0% | 4 | 14% | 13 | 46% | 11 | 39% |
| Have policies that promote greater work/life balance | 0 | 0% | 0 | 0% | 9 | 32% | 10 | 36% | 9 | 32% |
| Have a culture that encourages and supports innovation | 0 | 0% | 0 | 0% | 0 | 0% | 16 | 57% | 12 | 43% |
| Use of modern technology | 0 | 0% | 0 | 0% | 0 | 0% | 10 | 36% | 18 | 64% |
| Recognition of contribution at the workplace/ Award system | 0 | 0% | 0 | 0% | 7 | 25% | 10 | 36% | 11 | 39% |
| Promote teamwork, collaboration and a sense of community | 0 | 0% | 0 | 0% | 4 | 14% | 10 | 36% | 14 | 50% |
| Creating an exciting, fun and stimulating environment to work in | 0 | 0% | 0 | 0% | 2 | 7% | 12 | 43% | 14 | 50% |
| Having clear policies in place on ethics, values and corporate social responsibility | 0 | 0% | 0 | 0% | 4 | 14% | 10 | 36% | 14 | 50% |
| Exposure to challenging assignments and larger responsibilities | 0 | 0% | 0 | 0% | 2 | 7% | 8 | 29% | 18 | 64% |
| Embracing reverse mentoring | 3 | 11% | 4 | 14% | 5 | 18% | 8 | 29% | 8 | 29% |
| Sum | | 11% | | 14% | | 181% | | 557% | | 738% |
| Average | | 1% | | 1% | | 12% | | 37% | | 49% |

Source: Research Data (2016)

The results from Table 4.6 on Management strategies show that a higher percentage of the respondent companies were implementing the listed management strategies with an average of 49% indicating complete implementation and 37% extensive implementation. Additionally, the survey showed that the highly used management strategies included exposure to challenging and larger responsibilities, use of modern technology, Inclusion of training and development programmes and Inclusion of mentorship programs within the

organization while the least used was embracing reverse mentoring and having policies that promote greater work/life balance. On the overall, the results show that a majority of the firms are implementing management strategies that are associated with the effective management of the Generation Y workforce.

Table 4.7 Summary of tables for management strategies

| | Column N % |
|--------------------------|------------|
| Gen Y Strategies | |
| No implementation | 10.7% |
| Little implementation | 14.3% |
| Some implementation | 60.7% |
| Extensive implementation | 100.0% |
| Complete implementation | 96.4% |
| Total | 100.0% |

Source: Research Data (2016)

Table 4.7 shows a summary of the rate of response for management strategies indicating that all the companies had at least some level of extensive implementation on the management strategies while only 10.7% indicated no implementation, which supports the findings as reported in Table 4.6.

4.4 Generation Y and level of innovation

In order to determine the link, if any, between Generation Y workforce and the level of innovation in an organization, the researcher sought to find out first, if there had been any observed innovation trends in the firms and second, the level to which the firms thought that the Generation Y workforce influenced the innovation trends.

4.4.1 Level of innovations

To establish the level of innovation in the organizations, the firms were requested to evaluate against different innovation trends the level at which they deemed their organizations to be given their performance in the last five years.

Table 4.8 Level of Innovation

| Innovation Trends | Strongly Disagree | | Disagree | | Neutral | | Agree | | Strongly Agree | |
|---|-------------------|-----------|----------|-----------|---------|------------|-------|-------------|----------------|-------------|
| | Count | %age | Count | %age | Count | %age | Count | %age | Count | %age |
| Number of new products, services or businesses launched | 0 | 0% | 0 | 0% | 4 | 14% | 14 | 50% | 10 | 36% |
| Number of new ideas submitted by employees | 0 | 0% | 0 | 0% | 2 | 7% | 14 | 50% | 12 | 43% |
| Number of innovations that significantly advance existing businesses | 0 | 0% | 0 | 0% | 3 | 11% | 14 | 50% | 11 | 39% |
| Number of new markets entries | 0 | 0% | 0 | 0% | 0 | 0% | 10 | 36% | 18 | 64% |
| Number of on-going projects in R&D | 0 | 0% | 0 | 0% | 6 | 21% | 10 | 36% | 12 | 43% |
| Number of technological upgrades either purchase of new technology or improvement of existing | 0 | 0% | 0 | 0% | 3 | 11% | 14 | 50% | 11 | 39% |
| Number of employee & Management trainings on the concepts and tools of innovation | 0 | 0% | 0 | 0% | 5 | 18% | 11 | 39% | 12 | 43% |
| Sum | | 0% | | 0% | | 82% | | 311% | | 307% |
| Average | | 0% | | 0% | | 12% | | 44% | | 44% |

Source: Research Data (2016)

Table 4.8 on level of innovation shows that 88% of the firms under survey indicated that their organizations had experienced positive innovation trends within the past five years of operations. The largest indicator of innovation in the firms was entry to new markets which had a 64% rating with the firms strongly agreeing that it was an innovation activity within the organizations. The innovation trend that was least observed within the organizations was in regards to the number of on-going projects in research and development with a cumulative score that was lower than the other trends. On the overall the results show that the organizations under survey have been innovative in the last five years and it therefore makes it possible to measure as to whether the Generation Y workforce had any influence on the innovation levels.

Table 4.9 Summary of tables for Level of Innovation

| | Column N % |
|-------------------|------------|
| Strongly Disagree | 0.0% |
| Disagree | 0.0% |
| Neutral | 46.4% |
| Agree | 92.9% |
| Strongly agree | 96.4% |
| Total | 100.0% |

Source: Research Data (2016)

Table 4.9 is a summary of the rate of response for level of innovation as indicated by the firms under survey. The results show that at least 96.4% of the total firms strongly agreed that their organizations had experienced some form of innovation in the last five years while only 46.4 % were neutral to some of the aspects of innovation trends.

4.4.2 Generation Y influence on level of Innovation

With the organizations exhibiting innovation trends, the study sought to establish the level to which the Generation Y workforce influenced the level of innovation in the organizations. The respondent firms were therefore asked to indicate to what extent Generation Y employees had influenced the level of innovation using the five point Likert scale, where 1 represented no extent, 2 represented less extent, 3 represented moderate extent, 4 represented high extent and 5 represented very high extent.

Table 4.10 Generation Y influence on level of Innovation

| Indicators | No extent | | Less extent | | moderate extent | | High extent | | Very high extent | |
|--|-----------|-----------|-------------|------------|-----------------|-------------|-------------|-------------|------------------|-------------|
| | Count | %age | Count | %age | Count | %age | Count | %age | Count | %age |
| Introduction of new products, services or businesses launched | 0 | 0% | 0 | 0% | 8 | 29% | 10 | 36% | 10 | 36% |
| New ideas submitted to management | 0 | 0% | 0 | 0% | 5 | 18% | 10 | 36% | 13 | 46% |
| Innovations that significantly advance existing businesses | 0 | 0% | 0 | 0% | 2 | 7% | 13 | 46% | 13 | 46% |
| Identification and entry to new markets | 2 | 7% | 3 | 11% | 3 | 11% | 10 | 36% | 10 | 36% |
| Involvement in new and on-going projects in R&D | 0 | 0% | 4 | 14% | 6 | 21% | 10 | 36% | 8 | 29% |
| Use of new and modern technology in development of new ideas, process and products | 0 | 0% | 0 | 0% | 6 | 21% | 10 | 36% | 12 | 43% |
| Time spent on innovative activities | 0 | 0% | 0 | 0% | 4 | 14% | 14 | 50% | 10 | 36% |
| Participation in capacity building trainings | 0 | 0% | 0 | 0% | 6 | 21% | 10 | 36% | 12 | 43% |
| Sum | | 7% | | 25% | | 143% | | 311% | | 314% |
| Average | | 1% | | 3% | | 18% | | 39% | | 39% |

Source: Research Data (2016)

The findings from table 4.10 indicate that majority of the firms believed that Generation Y employees to a high extent influenced the level of innovation in their organizations. 39% (approximately 11) organizations indicated that Generation Y influenced level of innovation to a very high extent, another 39% indicated the influence as being to a high extent while only 4% indicated any influence within the rating of no extent or to a less extent. These results show that Generation Y employees have a direct influence on the level of innovation within the organizations and it is therefore possible to measure the relationship of Generation Y to the level of innovation.

4.11 Summary of tables for Generation Y influence on Level of Innovation

| | | Column N % |
|----------------------------------|------------------|------------|
| Influence on Level of Innovation | Less extent | 7.1% |
| | No extent | 21.4% |
| | Moderate extent | 67.9% |
| | High extent | 92.9% |
| | Very high extent | 92.9% |
| | Total | 100.0% |

Source: Research Data (2016)

Supporting the findings in Table 4.10, Table 4.11 shows the summary of the rate of responses on Generation Y's influence on the level of innovation. There was a 92.9% rate of response from organizations indicating high extent and a very high extent influence on level of innovation with 67.9 indication moderate extent.

4.5 The Relationship between Management of Generation Y and Level of Innovation

In order to analyse the relationship between the independent variables and the dependent variable, the researcher used the Regression analysis model. The results of that analysis are outlined in this section.

Table 4.12 Regression Analysis model summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .774 ^a | .600 | .530 | .32728 |

Source: Research Data (2016)

From the table 4.12 above the adjusted R square is 0.530 which means that 53% variation in Level of innovation can be accounted for by management practices. The data shows that the correlation coefficient was 0.774 thus there is a strong relationship that exist between management of Generation Y and level of innovation in the manufacturing sector in Mombasa.

Table 4.13 Analysis of Variance

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|----|-------------|-------|-------------------|
| 1 | Regression | 3.693 | 4 | .923 | 8.619 | .000 ^b |

| | | | | | | |
|--|----------|-------|----|------|--|--|
| | Residual | 2.464 | 23 | .107 | | |
| | Total | 6.156 | 27 | | | |

Source: Research Data (2016)

The ANOVA table above shows that the ratio of the Sum of squares of the regression to the total sum of squares equals the R square value. The significant value for the model is 0.000 which means that the model is significant since the value is lower than 0.05. This means that there is a significant difference between management of Generation Y and level of innovation in the manufacturing sector in Mombasa.

Table 4.14 Coefficients of determination

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------|-------------------------------------|-----------------------------|------------|---------------------------|-------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -.156 | .981 | | -.159 | .875 |
| | Character Description | .241 | .263 | .205 | .916 | .369 |
| | Generation Y to innovation | .207 | .321 | .156 | .645 | .525 |
| | Management of generation Y | .320 | .308 | .216 | 1.038 | .310 |
| | Influence of generation Y employees | .243 | .169 | .308 | 1.440 | .163 |

Source: Research Data (2016)

The equation for a straight line is $Y = A + Bx$. The independent variable is x, the dependent variable is y, A is the intercept and B is the slope. Regression analysis figures out what the

best values of A and B are, and reports these as coefficients. It then tests whether the coefficient B, the slope, is different from zero.

Hence the equation of the line is

$$Y = -0.156 + 0.241X_1 + 0.207X_2 + 0.320X_3 + 0.243X_4 -$$

Where:

X1 = Character description

X2 = Generation Y and Innovation

X3 = Management of generation Y

X4 = Influence of generation Y employees to success of manufacturers

Using this equation it can be interpreted that independent variable X1, X2, X3 and X4 to constant zero, the level of innovation i.e. the dependent variable Y, in these manufacturing firms would be 0.156. That means that there would be a positive impact on the level of innovation. From the equation the study found that a factor increase in the management strategies of Generation Y would lead to a 0.320 Increase in the level of innovation in the organization.

4.6 Conclusion of findings

This chapter was dedicated to findings, analysis and discussions around the issue of management of Generation Y and the influence on the level of management. The findings from this study showed that majority of the organizations were to a large extent implementing the management strategies associated with the effective management of Generation Y for optimum results, as identified in studies done before. The study also showed that these organizations strongly believe that the Generation Y employees, to a high extent, impacted

the level of innovation within the organizations. Given the positive relationship identified between management of Generation Y and the level of innovation, it can be deduced that implementing these management strategies when managing Generation Y employees leads to increased level of innovation.

This concurs with previous studies on managing Generation Y that generally show a consensus on the strategies identified that can be used to attract, retain and gain maximum output from this cohort of workers. A research carried out by PWC (2011) noted that, to this end, organizations need to create a flexible work culture and adopt policies that promote greater work/ life balance; fully leverage on technology; create a meaningful reward structure that acknowledges contributions made by employees; build a sense of community emphasizing teamwork, support from supervisors and real time feedback. Anita.W (2011) in her study on Engagement and talent management of Gen Y stated that this generation performs best when the atmosphere and support systems match their needs. Organizational cultures valuing people, along with their creativity and passions, become innovation leaders. The next generation of innovators, Generation Y, is finding meaning in value creation therefore thriving organizations of the future will be those that value these millennial innovators (Moon, 2014).

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary discussion on the relationship between management of Generation Y and the level of innovation in the Manufacturing sector in Mombasa. A conclusion discussing the general findings of the research is highlighted followed by recommendation based on the findings of the study. The limitations of the study and suggestions on areas of further research are discussed at the end of the chapter.

5.2 Summary of the Findings

This study focused on the management strategies for Generation Y employees, the level of innovation and the relationship between the management of Generation and the level of innovation. All respondents indicated that they had Generation Y employees within their organizations and have formal structures and processes that support innovation as well as research and development departments.

The study also found that manufacturing firms in Mombasa have a good understanding of the characteristics of Generation Y and to a large extent implement management strategies that are associated with effective management of Generation Y employees. It was found that the strategies mainly implemented included exposure to challenging assignments and larger responsibilities, use of modern technology and inclusion of training and development programmes while the least used were embracing reverse mentoring, having policies that promote greater work/life balance and recognition of contribution at the workplace. For manufacturing firms to be innovative they must instil a culture that encourages innovation from Generation Y employees. An innovative- supportive culture is one that values creativity and cooperation. It should also give Generation Y employee's freedom to experiment. Majority of the manufacturing firms in the sector indicated having engaged in innovation in

the last five years with a majority citing entry to new markets as their key innovation trend with the least number engaging in new creation of new products, services or business.

The present study was conducted in an attempt to establish to what extent, if any, Generation Y employees have an impact on the level of innovation in an organization. Level of involvement by Generation Y employees in the organizations innovation activities was taken an indicator of the employee's impact on innovation. Involvement in the development of innovations that significantly advance existing business and submission of new ideas to management were seen as the most indicative traits of the measure of impact on innovation by Generation Y employees. From the findings it is evident that implementing Generation Y management strategies is likely to lead to increased level of innovation in the organization as Generation Y are described as highly innovative and creative and when given the right environment and motivation they will be highly productive. Organizations that successfully manage these employees are likely to get maximum output from them with innovation being a key output.

5.3 Conclusions

The study had two objectives i.e. to establish Generation Y management strategies employed by organizations within the manufacturing sector and to determine the relationship between the management of Generation Y workforce and level of innovation. Research findings suggest manufacturing firms in Mombasa are implementing management strategies that enhance the effective management of Generation Y. Majority of the firms are also innovating through different measures but with the key being through entry to new markets. Through the strategies the organizations are seeking to create an environment and culture of innovation, consequently the study observed that a majority of the firm's innovation strategies were positively influenced to a large extent by the involvement of Generation Y employees.

There is therefore a linkage between Generation Y and level of innovation in manufacturing firms in Kenya, particularly Mombasa; and innovation is positively related to the performance of the firms. The finding confirms that relevant management of the Generation Y workforce would lead to innovation which is crucial in enhancing organizational performance, but there is room to do much more in order to enhance the link between management strategies and innovation.

5.4 Recommendations

This study contributes to the understanding of the relationship between management of Generation Y and level of innovation in the manufacturing sector. However, further research is necessary to address some of the limitations of this study and extend this stream of research.

The respondents of this study were executive officers and one respondent was used in each organization to collect data. To minimize the effect of single respondent bias, future research can use multiple respondents including executive officers and middle managers.

In order to increase innovativeness, innovation capacity and performance firms must put in place a culture that encourages innovation, this is a key factor in attracting and retaining the Generation Y workforce as a culture of innovativeness is one of the aspects Generation Y look for when looking for employment. Innovation should be viewed as a philosophy that guides the company forwards and is managed “outside” the traditional, functional structure of the organization. Organizations should look at adopting more Generation Y centred management practices while still taking into consideration the organization could be having a multi-generational workforce. There is need to move away from just employee development as a contributor towards innovation but also allow for creativity and experimenting. The research would also recommend that organizations look to increase innovation through a bottom up approach where opportunity is given for employees to come up with innovative

ideas that can be implemented to the benefit of the organization. Additionally, the research would recommend the engagement in further in-depth research to analyse if the management strategies implemented are specifically done so with Generation Y in mind or are generally implemented across the board as it can be argued that a targeted approach to the management strategies would yield higher returns from the employees.

5.5 Study Limitation

Like similar studies, this study has made a contribution in providing understanding of the relationship between the management of Generation Y and level of innovation in the manufacturing sector .However, the study has come with limitations.

The study adopted a cross-sectional survey research design in which data was collected once at a single point in time. The one-time survey was adopted due to the constraints of cost and time. Although cross-sectional studies are helpful in getting insights into aspects of variables, perceptions vary over time and thus cross-sectional studies have limitations in determining causal relationships. The study was limited in scope since it focused in firms that are in Mombasa and its surrounding. There are other manufacturing firms in different part of Kenya and ideally a survey of this kind should be carried on firms around Kenya but because of constraint such time and finances this was not possible.

This study was conducted in manufacturing sector in Kenya. The manufacturing sector may differ with sectors in that they are more technological and scale intensive. Thus the findings of this study may not be generalized to other sectors. Further, countries differ in terms of contextual factors such and economic conditions and technological advancements. These contextual differences may affect levels of innovation and performance. Hence, because of these contextual differences across countries, the findings of this study conducted in Kenya, may not be generalized to other countries with different contextual conditions.

This study used one respondent in each firm to collect data; and the respondents were mainly company executive officers. Single respondent studies are prone to single respondent bias which may affect the validity of the study.

5.6 Suggestion for further study

Current study has served the purpose of initiating researching on management of Generation Y and its impact on the level of innovation in manufacturing firm in Mombasa, Kenya. Since the research was limited in scope a large sample targeting manufacturing firms across Kenya can be used for confirmatory analysis and validation. Further research can be done on other sectors of the economy and models for innovations developed.

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SECTION B: COMPOSITION AND NATURE OF GENERATION Y

8. Does your organization have Generation Y employees (Those aged between 18-35 years)?

Yes () No ()

If yes, how many do you have?

Less than 10 () 50-100 ()

10-50 () Above 100 ()

9. How would you characterize the Generation Y workforce?

Using the scale below kindly indicate which you deem to be a true characterization.

| | Character Description | True | False | Not sure |
|----|--|-------------|--------------|-----------------|
| 1 | They are proficient in technology / Techno savvy | | | |
| 2 | They value work/life balance – do not make work an exclusive priority over social or personal life | | | |
| 3 | They prefer flexible hours | | | |
| 4 | They are ambitious and hungry for success | | | |
| 5 | They value teamwork and collaboration | | | |
| 6 | They desire mentorship and opportunities to learn | | | |
| 7 | They are concerned about making a difference in the society | | | |
| 8 | They are innovative and easily come up with new ideas | | | |
| 9 | They increasingly use modern media for communication at the workplace | | | |
| 10 | They are demanding and difficult to deal with | | | |
| 11 | They spend too much time on social media | | | |
| 12 | They are not loyal and quickly change jobs | | | |
| 13 | They want to start at the top or at least rise up the corporate ladder quickly | | | |
| 14 | They have no fear of authority and easily question their bosses coming off as opinionated | | | |
| 15 | They have a sense of entitlement | | | |

SECTION C: MANAGEMENT OF GENERATION Y

10. To what extent has your organization implemented the Management strategies below:

Using a five-point Likert scale state the extent of implementation. = no implementation, 2 = little implementation, 3 = some implementation, 4 = extensive implementation, and 5 = complete implementation

| | Management Strategies | Scale rating | | | | |
|----|--|--------------|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| 1 | Team centered and flexible management style | | | | | |
| 2 | More collaborative and open corporate structures | | | | | |
| 3 | Inclusion of mentorship programs within the organization | | | | | |
| 4 | Regular feedback mechanisms and guidance | | | | | |
| 5 | Inclusion of training and development programmes | | | | | |
| 6 | Have a flexible work culture | | | | | |
| 7 | Have polices that promote greater work/life balance | | | | | |
| 8 | Have a culture that encourages and supports innovation | | | | | |
| 9 | Use of modern technology | | | | | |
| 10 | Recognition of contribution at the workplace/ Award system | | | | | |
| 11 | Promote teamwork, collaboration and a sense of community | | | | | |
| 12 | Creating an exciting, fun and stimulating environment to work in | | | | | |
| 13 | Having clear policies in place on ethics, values and corporate social responsibility | | | | | |
| 14 | Exposure to challenging assignments and larger responsibilities | | | | | |
| 15 | Embracing reverse mentoring | | | | | |

SECTION D: LEVEL OF INNOVATION

11. Would you say that in your organization there exist formal structures & processes that support innovation?

Yes () No ()

12. Does your organization have a Research and Development department?

Yes () No ()

13. Kindly indicate the following trends are true of your organization in the last five years with 1= strongly disagree, 2= disagree, 3 = neutral, 4 = agree and 5= strongly agree

| Measures | 1 | 2 | 3 | 4 | 5 |
|---|----------|----------|----------|----------|----------|
| Number of new products, services or businesses launched | | | | | |
| Number of new ideas submitted by employees | | | | | |
| Number of innovations that significantly advance existing businesses | | | | | |
| Number of new markets entries | | | | | |
| Number of on-going projects in R&D | | | | | |
| Number of technological upgrades either purchase of new technology or improvement of existing | | | | | |
| Percentage of capital spent on innovation activities | | | | | |
| Number of employee & Management trainings on the concepts and tools of innovation | | | | | |

14. In your opinion kindly indicate to what level Generation Y employees have influenced the level of innovation in your organization by rating their involvement in the indicators below. On a scale of 1-5, 1-no extent, 2-less extent, 3-moderate extent, 4-high extent and 5 –very high extent.

| Indicators | 1 | 2 | 3 | 4 | 5 |
|--|----------|----------|----------|----------|----------|
| Introduction of new products, services or businesses launched | | | | | |
| New ideas submitted to management | | | | | |
| Innovations that significantly advance existing businesses | | | | | |
| Identification and entry to new markets | | | | | |
| Involvement in new and on-going projects in R&D | | | | | |
| Use of new and modern technology in development of new ideas, process and products | | | | | |
| Time spent on innovative activities | | | | | |
| Participation in capacity building trainings | | | | | |

15. In your opinion kindly indicate to what level Management of Generation Y strategies implemented in your organization impact the following innovation level indicators. On a scale of 1-5, 1 very great impact, 5 no impact at all

| Indicators | 1 | 2 | 3 | 4 | 5 |
|--|----------|----------|----------|----------|----------|
| Introduction of new products, services or businesses launched | | | | | |
| New ideas submitted to management | | | | | |
| Innovations that significantly advance existing businesses | | | | | |
| Identification and entry to new markets | | | | | |
| Involvement in new and on-going projects in R&D | | | | | |
| Use of new and modern technology in development of new ideas, process and products | | | | | |
| Time spent on innovative activities | | | | | |
| Participation in capacity building trainings | | | | | |

16. Kindly indicate which of the following can be considered as hindering innovation activities within your organization:

1. To a less extent 2. Less extent 3. Neutral 4. Great extent 5. To a great extent

| Statement | 1 | 2 | 3 | 4 | 5 |
|--|----------|----------|----------|----------|----------|
| Lack of qualified personnel | | | | | |
| Lack of creativity | | | | | |
| Lack of information on new technology and market | | | | | |
| Lack of collaboration internally and externally | | | | | |
| Rigidity within the organizations management structure and personnel attitudes | | | | | |
| Lack of infrastructure | | | | | |
| High costs involved | | | | | |
| Lack of funds and finances | | | | | |
| High risks associated | | | | | |
| Legislation, regulations, standards | | | | | |

Thank you for your time and co-operation