THE ADECCO GROUP FOUNDATION

Gen Z

The Future Leaders Report 2020

Developing tomorrow's business leaders today.

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Talent in Innovation.
Innovation in Talent.

Leadership and Gen Z

What Generation Z brings to the world of work and how can businesses attract and develop this talent pool.

Sophisticated psychometric tests, normally used to assess corporate leaders, have shown that some members of Generation Z already have many of the attributes required to be top business leaders. In some areas, 'Gen Z' performed significantly better than today's senior corporate leaders, according to a study commissioned by the Adecco Group Foundation.

Gen Z – born between 1996 and the early 2000s – expected to enter the world of work with the benefit of buoyant global economies and after the effects of the Financial Crisis had passed. But these great expectations have been stalled as the massive COVID-19 health crisis batters businesses and societies across the world and will provide a very different backdrop as Gen Z enters the workplace[1].

However, these young adults are likely to survive and thrive if they are well-integrated into the workforce as they bring diverse attitudes, skills and attributes to the world of work, along with some areas for development – as expected with any generation – according to the study.

The Adecco Group Foundation runs the 'CEO for One Month' programme, an initiative that offers young people the possibility to develop and showcase their leadership potential, to learn what it takes to succeed as a business leader and to acquire the skills and experience needed to get a foot on the career ladder. At the national level, the Programme selects one successful candidate from the applicant pool to shadow the Adecco Group's country-level

CEO for one full month, working side-by-side to experience the life of a senior business leader. Then, ten outstanding national participants are selected for a global bootcamp and one is chosen to work alongside and shadow the Global CEO of the Adecco Group for one month.

This year, the Adecco Group Foundation commissioned SHL[2], a company that brings data science, Artificial Intelligence and objectivity to candidate selection and talent development, to conduct the study. The Adecco Group Foundation started by conducting an initial sift based on completeness of application, right to work and basic educational requirements on the 206,000 original applicants who expressed interest in the 'CEO for One Month' programme. From this group, 63,600 applicants were put through a series of assessments to continue narrowing the pool until only 2,628 of the highest performing candidates from 42 countries across the Americas, Europe, Asia and Middle East were left. This cohort was given another final assessment often used for assessing senior and board-level talent.

This report focuses on the characteristics, captured by objective assessment data, of these top young aspiring leaders and aims to identify where their natural potential lies in terms of workplace behaviors and capacity to solve problems. This study seeks to clarify how companies can best support the next generation to realise their full potential in today's business environment.

Key Findings

1. Top 5 skills where Gen Z shows particular strength:

• Deciding and initiating action

• Formulating strategies and concepts

• Planning and organising

• Achieving personal work goals and objectives

• Building relationships and influencing others

2. But they need support in:

• Resilience – when facing setbacks and criticism they are more likely than most to lack the resilience needed to start again when things go wrong. They may be prone to losing their drive and confidence to make decisions.

• Following instructions and rules – they are likely to question rules that they do not understand, or feel are relevant.

• Willingness to adhere to corporate values and principles – their focus may tend to be on their personal needs and goals above those of their function or organisation.

• Listening to the needs of customers and delivering an excellent customer experience.

3. What Gen Z can offer in times of uncertainty, like during the COVID-19 pandemic:

• Their ability to solve problems, propose new ideas fast but that are high quality, and thought through in a strategic way

• Decisiveness, drive and energy

• Leading others through understanding, inspiration and clear management of outcomes

The study reveals a number of useful trends, especially for companies, leaders and human resources professionals who are charged with integrating Gen Z colleagues into the workplace. We group the leadership traits and more detailed commentary of Gen Z's performance under three main headings:

Thinking Style

Behavioural Style

Addressing Challenges

1. Thinking Style

They will apply their view of the world to solving strategic problems, adding an additional perspective to the experience of their more senior colleagues.

2. Behavioural Style

They are active, thorough and strategic. They may need support to manage setbacks and will also question whether the status quo really makes sense.

3. Addressing Challenges

They show particular strength for leading change and will thrive if offered meaningful structure and support. Gen Z results are significantly above those of existing senior executives across many leadership areas.
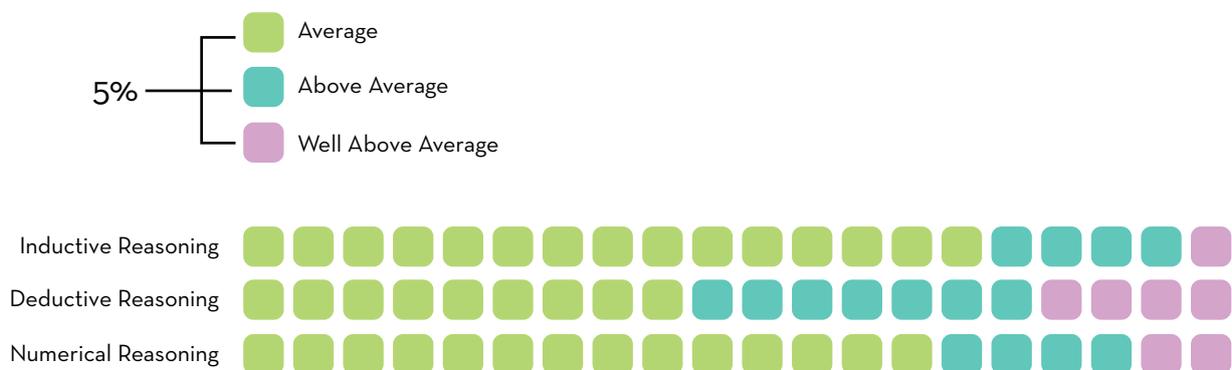
Thinking Style

These aspiring young leaders showed greatest relative strength for deductive reasoning – solving problems through applying general life principles to a specific situation. Hence, they are likely to draw on how they process the world and apply it to a strategic problem. This contrasted with existing senior executive leaders, who show strength in inductive reasoning, which is linked to making sense of abstract information in order to determine the solution to a problem.

Nairita Paul, Occupational Psychologist and SHL Managing Consultant said: "There is a significant opportunity for companies to build great multi-generational teams that benefit from the cognitive diversity between senior leadership and the younger generation. This can be leveraged through the creation of a 'shadow board' – a team of young, high-potential colleagues who bring a fresh approach to the company and its strategy."

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Nairita Paul, Occupational Psychologist and SHL Managing Consultant

The above graphic shows the results for 'thinking style'. A similar trend was observed across all regions which suggests there is little difference across geographies for how aspiring young leaders solve problems.

Bahavioural Style

Overall, the group showed a strong behavioural potential profile with particular strengths linked to:

- Technical and learning behaviours – leading to thorough and accurate outputs
- Strategic thinking
- Taking decisive action in a planned manner – which links to a consistent progressive approach

On the other hand, members of the group are likely to:

- Challenge the status quo and the need for rules – unless they make sense
- Drive for business benefits rather than relationships with colleagues
- Require guidance when delivering work through other colleagues

Gen Z have a different perspective on technology and learning, and are very strong on strategic thinking, even if they may need some support in developing their resilience and picking themselves up after things don't go according to plan.

This is not a huge problem for Gen Z or the companies they work for, according to Mark Whitehead, Global Candidate Assessment Lead at the Adecco Group. Commenting on the behavioural results, he said: "None of us entered the workforce as fully rounded leaders – and even today's executive leaders would benefit from some of Gen Z's attributes. Companies that recognise and capitalise on the synergies between generations – and those that nurture lifelong learning and provide constant skills development for their workforce – will have a tremendous competitive advantage" he said.

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>
> **Mark Whitehead, Global Candidate Assessment Lead, Adecco Group**

Competency	Low	Moderate	High
Deciding and Initiating Action		60%	37%
Leading and Supervising		61%	33%
Working with People	12%	65%	23%
Adhering to Principles and Values	18%	67%	15%
Relating and Networking		66%	25%
Persuading and Influencing		63%	28%
Presenting and Communicating Information		66%	27%
Writing and Reporting		67%	30%
Applying Expertise and Technology		61%	36%
Analysing		61%	35%
Learning and Researching		60%	36%
Creating and Innovating		61%	34%
Formulating Strategies and Concepts		51%	47%
Planning and Organising		59%	37%
Delivering Results and Meeting Customer Expectations	17%	67%	16%
Following Instructions and Procedures	35%	58%	
Adapting and Responding to Change		71%	23%
Coping with Pressures and Setbacks	17%	65%	18%
Achieving Personal Work Goals and Objectives		59%	34%
Entrepreneurial and Commercial Thinking		63%	30%

These results were observed across all regions which suggests there is little difference across geographies for strengths and areas for development.

Addressing Challenges

Gen Z come into their own when it comes to solving challenges – they could even show existing senior leaders some new and improved approaches to dealing with challenges. Commenting on the behavioural results, Mark Whitehead said: "This cohort scores consistently high in many aspects of the leadership challenges areas of the assessment and significantly better than many existing senior leaders."

In order to benchmark and calibrate the Gen Z cohort's performance, researchers consulted the SHL and Gartner Leadership Study which contains anonymised results of assessments of around 9,000 leaders from 85 companies. It showed that a key factor for consideration was the context in which leaders operated. Workplace behavioural strengths, experience and ability are all relative to the challenges the leader is faced with – in other words, their context. With this in mind, the Gen Z study looked at how the young aspiring leaders' cohort performs on resolving similar leadership challenges. Their results surprised researchers by scoring between 10% and 20% higher on all four major metric areas, compared to the average scores of existing corporate leaders as found in the SHL/Gartner study.

Potential against categories of Leadership Challenges
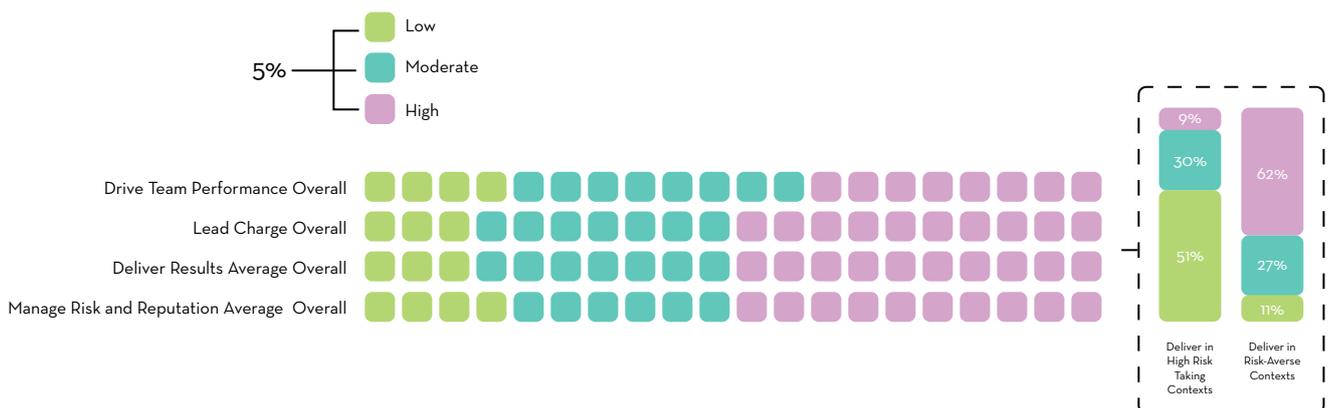
The graphic below shows the cohort's level of strength against four high-level leadership challenges (all 27 individual challenges that combine to generate the high-level results above, can be found in the appendix). A similar trend was observed across all regions which suggests there is little difference across geographies for how aspiring young leaders solve problems.

The good news for companies is that overall, this group shows underlying potential strength for succeeding when faced with a range of leadership challenges, with particular capability in leading change – which is unsurprising given their strength for deciding and initiating action. The need for maximum development or support for Gen Z is in managing risk. Specifically, there is a marked difference between the strength they show for thriving in a risk-averse context, compared with their performance in risk-taking environments. This is a fundamental indicator and will prompt companies to offer structural and emotional support for Gen Z employees who are faced with high-stakes projects and decisions early in their careers.

If they find themselves in a 'boundary-free', high risk-taking environment, this is unlikely to provide sufficient psychological safety to enable them to perform well or develop their resilience.

As this group is evidently not keen on conforming to the status quo, and is less resilient when they deliver in a risk averse setting, they are likely to excel by benefiting from an environment that provides meaningful structure that is open to sustainable change. If they find themselves in a 'boundary-free', high risk-taking environment, this is unlikely to provide sufficient psychological safety to enable them to perform well or develop their resilience.

Attracting and Retaining the Best of Gen Z – a Call to Action for Companies

From a practical perspective, here is what organisations can do now to attract and develop the best rising Gen Z leaders.

1. Be open to candidates with "non-traditional" paths

- The company must ensure its selection process focuses on the qualities the organisation really needs.

- Objectively assess candidates' potential – it's more relevant than applicants' school, university or the subject of their qualifications and also offers an equal opportunity for candidates from less privileged backgrounds to demonstrate their potential.

- Utilise a range of diverse entry level programmes like apprenticeships and internships, in addition to more traditional graduate entry programmes. This will provide opportunities for all of tomorrow's leaders to get a chance to prove their value.

2. Harness Gen Z's strengths and help them manage challenges

- Companies must develop ways of drawing out the strong work ethic, strategic thinking and exceptional drive in a psychologically safe environment – while helping them build resilience and manage setbacks.

- Offer ongoing learning, vocational training, reskilling and upskilling to ensure constant development for Gen Z, while giving them a chance to gain experience that leads to recognition and rapid promotion.

- Generate a safe environment that learns from failure, rather than penalises it. Create the opportunity for them to experiment with low-impact, moderate risk activities and ensure they record their lessons learned from the failures as well as from the successes.

3. Capitalise on inter-generational strengths in the business

• Create a leadership culture that values ideas from all levels and generations within the business. This will promote a richness and diversity of thinking and culture that will motivate the workforce and benefit the business.

• Develop a mentoring programme for Gen Z. Mentoring can help them build resilience, as well as giving them a chance to develop a cross-generational workplace support network.

• Consider creating a 'shadow board' – a formal body of younger leaders – that can bring new thinking and energy to the strategic direction of the business.

4. Provide a holistically supportive environment

• Bring alive the company's values, goals, objectives and norms in a compelling and relevant way. Gen Z will need to be convinced before buying-in to the corporate culture.

This study challenges the paradigm that only experience through time (seniority) brings leadership success. It is also a call to value and develop Gen Z's leadership traits that derive from their diversity of thinking, information processing and world view.

Business leaders have a great opportunity to take advantage of this powerful capability and potential; equally they have a responsibility to create an environment that allows Gen Z to express their real strengths. In addition, they must invest in mechanisms to build a culture of feedback, meaningful boundaries and values, and also create opportunities for their drive and initiative to be infectious among colleagues within the company.

About the Gen Z Assessment

Online assessments were used to provide objective data on which to make sifting decisions, and at later stages to enrich the assessment process at national and global levels. Industry standard pass-marks were used to provide a fair threshold at which a candidate would be progressed to the next stage or declined from the process.

- Numerical Reasoning – the ability to solve problems using numerical data presented in graphs, charts and tables.

- Deductive Reasoning – the ability to solve problems based on a process of logic using information presented in written text format.

- Inductive Reasoning – the ability to solve problems based on abstract information presented as sequential diagrammatic images.

- Situational Judgement – an assessment of competency based on situations realistic to the CEO for One Month programme, with outcomes mapped to six core competencies deemed essential to the role.

- OPQ32r – an assessment of personality based on 32 dimensions, measured through candidate expression of preference. Results are then mapped to the SHL Universal Competency Framework and an overall 'Fit Score' produced for final ranking of candidates prior to interview.

SHL's Universal Competency Framework (UCF) was applied to review the workplace behavioral strengths that are exhibited by this Gen Z group. The UCF is a validated framework which consists of 20 competencies that are deemed to cover all workplace behaviours globally across all jobs and levels. This framework allows us to explore where strength may lie and the trend for where the young aspiring leaders are likely to need more support.

References

1. Pew Research https://www.pewsocialtrends.org/essay/on-the-cusp-of-adulthood-and-facing-an-uncertain-future-what-we-know-about-gen-z-so-far/
2. https://www.shl.com/en/about/

Appendix

The cohort's performance on 27 constituent challenges that comprise the assessment for 'Leadership Challenges' section of the report (above) are shown below. The scores showing the contrast in Gen Z's comfort with risk-taking and risk-averse environments is highlighted.

Underlying Potential to Resolve Leadership Challenges

Drive Team Performance

Challenge	Low	Moderate	High
Optimise Talent	20%	43%	37%
Drive Creativity and Innovation	26%	45%	29%
Drive Network Performance	16%	45%	39%
Lead Geographically Dispersed Teams	25%	41%	34%
Lead Global/Cross-Cultural Teams	23%	38%	39%
Transform a Low Collaboration Culture	19%	40%	41%

Lead Change

Challenge	Low	Moderate	High
Transform a High Conflict Culture	16%	37%	47%
Design and Drive New Strategies	12%	34%	54%
Deliver Rapidly Changing Products, Services and Processes	9%	34%	62%
Deliver Under High Uncertainty and Ambiguity	17%	38%	45%
Lead Through Mergers and Acquisitions	14%	34%	52%

Deliver Results

Challenge	Low	Moderate	High
Adjust to Frequent Leadership Change	15%	38%	46%
Deliver High Margins	6%	27%	67%
Grow the Business through Innovation	13%	35%	52%
Grow the Business through Market Share	11%	31%	58%
Grow the Business through Cost-Competitiveness	23%	42%	35%
Grow the Business through Geographic Expansion	20%	42%	38%
Run an Intact Business	12%	38%	50%
Manage a Broad Portfolio of Products and Services	19%	34%	47%
Deliver Exceptional Customer Service	30%	43%	27%
Lead a Centralised Team	15%	34%	51%

Manage Risk & Reputation

Challenge	Low	Moderate	High
Deliver in High Risk Taking Contexts	61%	30%	9%
Deliver in Risk-Averse Contexts	11%	27%	62%
Operate with High Resource Constraints	14%	32%	54%
Ensure Safety and Security of Persons or Operations	13%	33%	54%
Represent the Organisation Externally	12%	36%	52%
Ensure Environmental Sustainability	16%	35%	49%

Low · Moderate · High

Donut chart (High Risk Taking): 9%, 30%, 61%

Donut chart (Risk-Averse): 11%, 27%, 62%

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