SHL.

Equipping Gen Z to Lead an Unpredictable Future

Helping Graduates to Bridge the Gap

in partnership with

THE ADECCO GROUP

Introduction

By 2030, it is expected that Gen Z (those born between the mid-90s to early 2000s) will make up a third of our workforce. By 2040, this generation will hold influential leadership positions in leading organizations across the globe.

They are a generation often characterized as our 'future leaders' and being 'digital natives'. However, at a time so critical to their employment journey, they have had to rapidly adapt to a new world of work following the onset of COVID-19.

Authors

Lydia Chapman
Estelle Kessi

Although studies are still looking into the impact of the pandemic on this generation, we do know that their educational experience has been hard hit. Almost overnight, students adjusted to the need for increased accountability over their learning, which involved attending virtual classrooms and accessing digital content in their own time. Many students missed the social aspects of face-to-face learning such as seeing their tutors and collaborating with their peers. Others experienced challenges due to their homeworking environment and an inability to concentrate. Many struggled to adjust to accessing online learning materials due to a lack of digital skills, devices, and knowledge.

While this generation may typically be judged as having lower resilience than others, it should be noted that the pandemic has dismantled crucial support systems for Gen Z. Social distancing measures and being unable to take part in extra-curricular activities and hobbies have resulted in this generation being cut off from valuable opportunities to network and collaborate with their peers. Perhaps even more importantly, opportunities to lean on others for support have been limited during such a challenging and uncertain time in their careers. This is a particularly important consideration in an increasingly virtual world of work, in which Gen Z are further isolated as they enter the workforce for the first time.

Securing the first job following graduation was already a challenging process for graduates, who often describe a repetitive and demoralizing cycle of applications and rejections, with little to no feedback from prospective employers. The pandemic has magnified these challenges even further, with 26% of university students experiencing withdrawn internships, and 28% of final year students having their graduate job offers rescinded. Those embarking on apprenticeships were similarly impacted: 36% were furloughed, 8% were made redundant, and 17% had their learning suspended. This highlights that during the pandemic, Gen Z have experienced a lack of opportunities to access working environments and gain critical skills for both their professional and personal development, such as collaborating, decision making, and problem solving.

We know that every generation has characteristics which are partly shaped by the societal events they have experienced. Gen Z, despite the trials of the pandemic, possess unique skills that are an asset in today's workplace and may define the future world of work and leadership. They have been able to take control of their own development and learn through exploration and self-discovery. Embracing digital technologies as well as working remotely has become the norm. At such an early stage in their careers, Gen Z hold the advantage of viewing this new world of work through fresh eyes. This provides a unique perspective that can shape and lead the evolution of these new ways of working in the future.

> " I've seen some of my seniors who just graduated in May, still trying to find jobs or have to accept lower than average salaries because they need a job "
>
> **Glen Ang, CEO for One Month Singapore, 2021**

These experiences already have a significant effect on how Gen Z transition into the workforce. This includes how they navigate the underline common challenges that graduates typically face underline such as working cross-functionally, or building relationships in an unfamiliar team – both of which have an added layer of difficulty in a virtual working world. In light of this, it is critical for employers to focus on the impact that the pandemic has had on this generation, how it may influence their entry into the working world, and what more can be done to support Gen Z on their career journey.

A prime example of an organization that helps young people navigate the world of work is the Adecco Group. Since 2015, SHL has been partnering with the Adecco Group to offer talented young people the chance to experience the world of work through the CEO for One Month program. This unique initiative provides an opportunity to gain invaluable experience by shadowing Adecco Country CEOs and other C-suite executives. Those who are successful are able to demonstrate their leadership potential and gain exposure to business leaders to support the development of key leadership skills. Assessments created by SHL enable the Adecco Group to select and observe these candidates through their CEO for One Month journey.

In light of the challenges faced by Gen Z, how prepared are they for the future of work? Having this unique experience and adapting to an ever-shifting landscape has reshaped future leaders' behaviors and how they respond to workplace challenges. This study seeks to highlight what impact these changes will have and how organizations can best support the next generation of leaders going forwards.
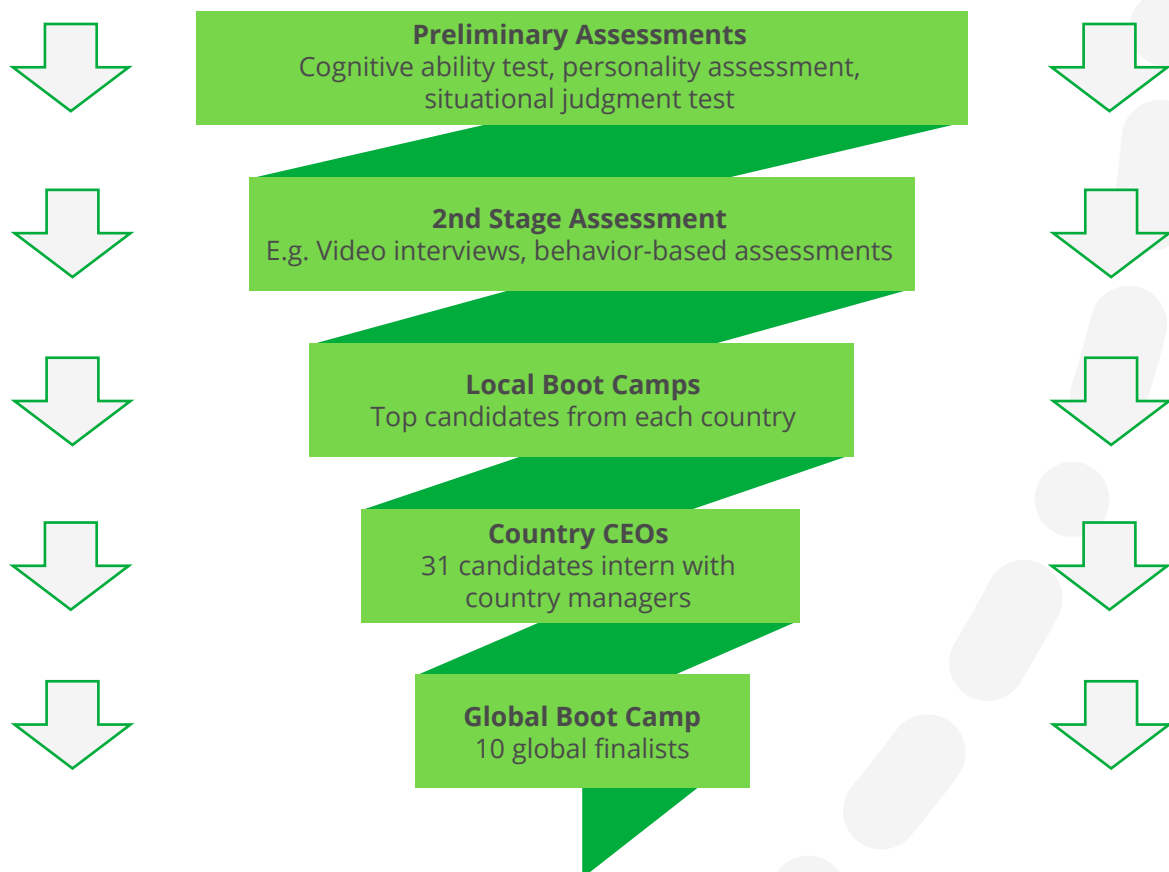
About the Process

Despite the pandemic, Gen Z are still stepping up to the plate to seize developmental opportunities for their future careers. This is evident in the sheer number of candidates who registered to take part in the CEO for One Month program this year, which totalled over 147,000 applications. Of those applications, 11,965 individuals completed all initial assessments — coming from 47 countries spanning the Americas, Europe, Asia, Australasia, and the Middle East. The preliminary assessments included a cognitive ability test, personality assessment, and a situational judgment test. This provided a holistic assessment, taking into account not only intellectual capability, but also behavioral potential and how well applicants navigate typical workplace scenarios and challenges.

Candidates who were successful in the cognitive ability and situational judgment tests then progressed to the next stage. This involved a variety of behavior-based assessments such as video interviews. Following this, the top candidates from each country took part in local boot camps, from which 31 were selected as CEOs for One Month, shadowing their respective Adecco Group Country CEOs. As part of this, the 31 finalists were also assessed to explore the factors that are likely to motivate them at work.

Preliminary Assessments
Cognitive ability test, personality assessment, situational judgment test

2nd Stage Assessment
E.g. Video interviews, behavior-based assessments

Local Boot Camps
Top candidates from each country

Country CEOs
31 candidates intern with country managers

Global Boot Camp
10 global finalists
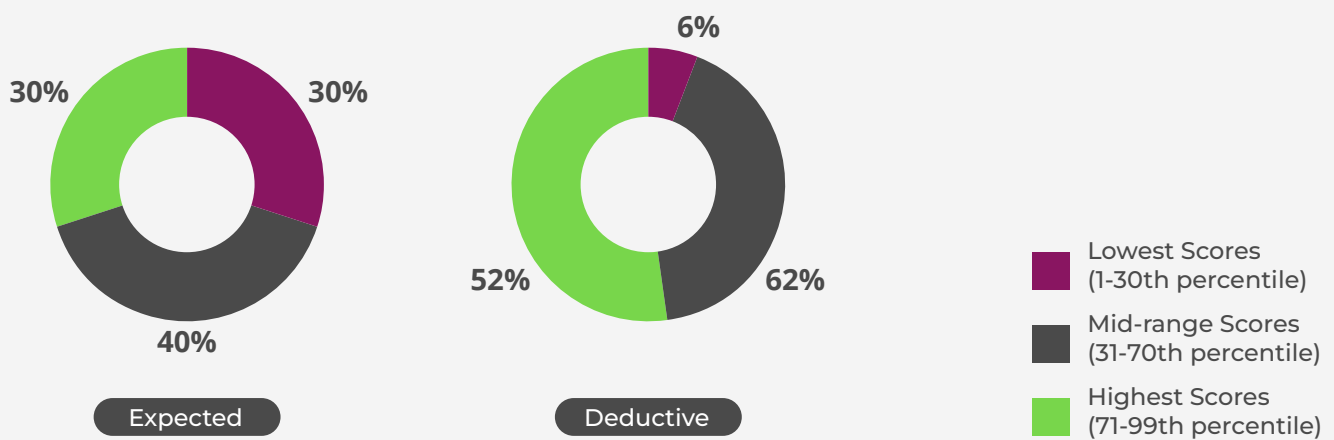
Key Findings

1. Continued strength in critical thinking, creativity, and strategizing

Thinking Style

Gen Z continue to step up to the plate and bring key characteristics to the workplace. In line with findings from last year, graduates performed especially well in **Deductive Reasoning**, where their performance far exceeded expectations. This highlights that Gen Z are adept at thinking critically and using this skill to effectively solve problems. This has become even more valuable in an increasingly uncertain working landscape, as Gen Z are likely to be able to develop logical solutions to changeable problems based on critical analyses of available information or data. In today's fast-paced world of work, where information is often incomplete, they tend to be able to read between the lines to draw logical conclusions.
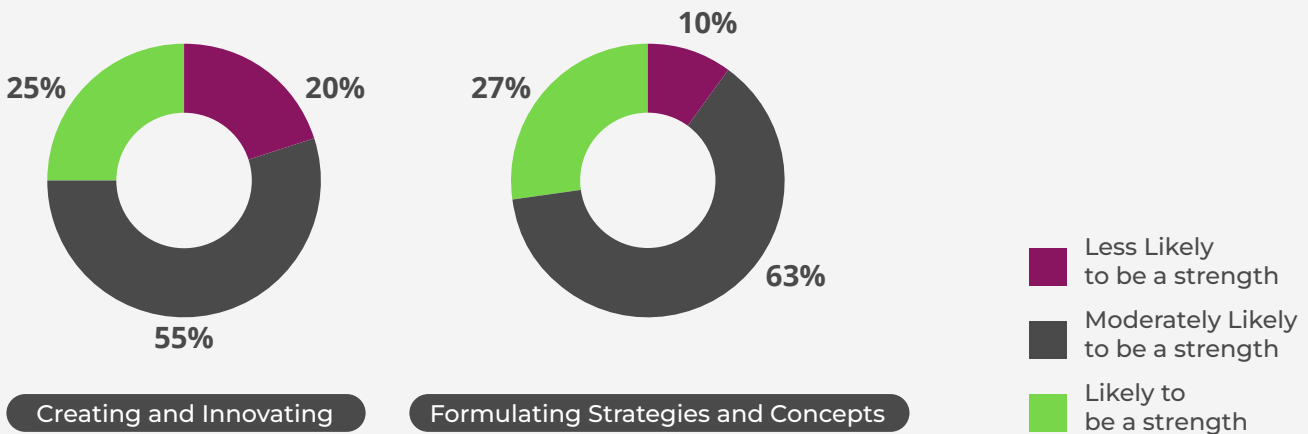
Adecco score range compared to range of typical graduates

Expected
- 30%
- 30%
- 40%

Deductive
- 6%
- 62%
- 52%

Legend:
- Lowest Scores (1-30th percentile)
- Mid-range Scores (31-70th percentile)
- Highest Scores (71-99th percentile)

Behavioral Style

This year's candidates also bring plenty of behavioral potential to back up their intellectual capability. This was evident, firstly, in the relative strength shown in **Creating and Innovating**. This suggests that not only do they have the intellectual capability to be effective problem solvers, but that they are also able to both challenge and solve business problems in an innovative way. In line with the 2020 cohort , this group showed particular strength in **Formulating** **Strategies and Concepts**, demonstrating that they are able to take a long-term view and think strategically. As the world of work transforms at an unprecedented pace, being able to take a strategic perspective is more important than ever for organizational success and to achieve both immediate and long-term goals. This places Gen Z in a strong position to grow into leaders who can both solve immediate problems and plan for future challenges.

25% **20%**

55%

Creating and Innovating

10%

27%

63%

Formulating Strategies and Concepts

Less Likely
to be a strength

Moderately Likely
to be a strength

Likely to
be a strength

Addressing Challenges

When we examine these graduates' potential fit against various leadership challenges, we see similar trends emerging. As in 2020, the current group demonstrates strong potential in nearly all leadership challenges. The table below shows the areas where this group displayed the most and least potential:

These findings support our existing observations. The high potential demonstrated in delivering high margins and working in rapidly changing contexts illustrates that these graduates still have a great deal of drive and potential to lead effectively in the future. The high potential shown for delivering in risk-averse contexts (and the inverse for high risk-taking contexts) emphasizes how important it will be for organizations to provide meaningful support to enable Gen Z to achieve their full potential as strategic, innovative problem solvers in a safe environment.

Top 3 Leadership Challenges (Highest Potential)

Delivering high profit margins

Delivering rapidly changing products, services, and processes

Delivering in risk-averse contexts

Bottom 2 Leadership Challenges (Lowest Potential)
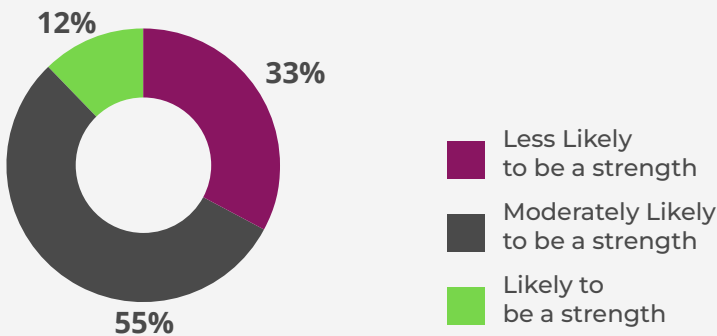
Delivering exceptional customer service contexts

Delivering in high risk-taking contexts

Practical Takeaways

Many organizations may be more selective when it comes to hiring due to the pandemic. However, these observations demonstrate that now is the time for organizations to invest in the development of Gen Z in order to benefit from a wide pool of valuable talent. This is particularly important as organizations shift to a hybrid or fully remote working environment, where Gen Z unique perspectives as they enter the workforce for the first time will help shape expectations and perceptions of a working world where this is the norm.

Providing meaningful support for Gen Z employees will be vital for organizations going forwards. As is typical for younger generations, these graduates displayed less natural potential in **Coping with Pressures and Setbacks**. Gen Z are typically not known for their resilience, and this has heightened implications in a pandemic-altered working world. For example, one of 2020/2021 graduates' main concerns is having missed out on building key practical skills that would ease their transition into the workforce, due to online learning. There is also a risk that without support, Gen Z will be particularly vulnerable to feelings of isolation when working virtually, which is a major risk for employee burnout.

Coping with Pressures and Setbacks

12%

33%

55%

- Less Likely to be a strength
- Moderately Likely to be a strength
- Likely to be a strength

2. The impact of the pandemic on behavior, progress, and opportunities

It is clear that the COVID-19 pandemic has impacted the working world, however a further important consideration is the potential impact on how effectively Gen Z work within it. How do the high potential future leaders in 2021—who have experienced major change and disruption at an incredibly pivotal stage in their careers—stack up against to those who were previously observed in early 2020 before the pandemic took hold?
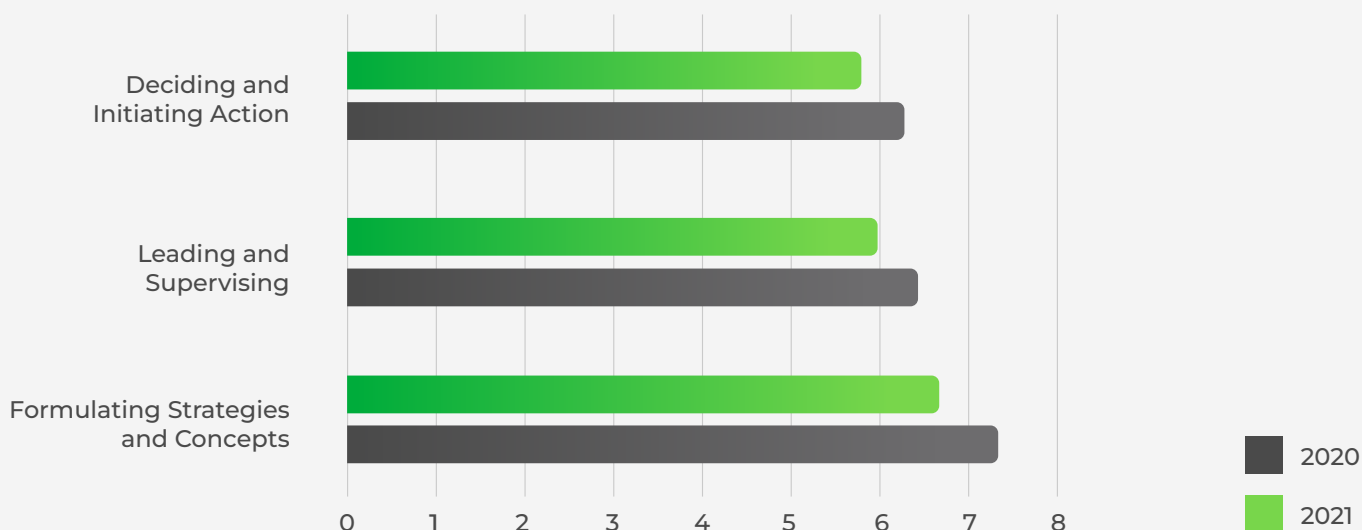
Behavioral Style

When comparing these two cohorts, it appears that there has been a decrease in future leaders' potential in relation to several behavioral competencies, notably Deciding and Initiating Action, and Leading and Supervising. These changes reflect a group who are comparatively less likely to excel at taking initiatives and

working in a self-directed way, as well as being comparatively less likely to excel in situations where they need to empower and motivate others or set the direction for others. The two major driving forces behind these changes were a lower natural preference for taking the lead and having control in situations, as well as for persuading others or convincing them to change their views.

While this year's cohorts displayed strength in Formulating Strategies and Concepts, there is a notable decrease in this area compared with 2020. However, it is important to consider the factors at play here. 2021's future leaders may be comparatively less successful in thinking ahead and setting goals, but they experienced increased disruption, fluctuating restrictions, and fewer opportunities than last year's cohorts.

Standardized Scores
(Applicants above assessment benchmarks)

Legend: 2020 (dark gray), 2021 (green)

Practical Takeaways

The shift in behavioral skills when comparing this year's and last year's cohorts are perhaps unsurprising, given the types of adjustments that graduates have had to make since the onset of COVID-19. With restrictions outlining where you can go, who you can see, and the distance allowed between one another, relinquishing control has become a part of everyday life. Likewise, the emphasis on 'uncertain' and 'unprecedented' times has highlighted the difficulty of planning for the future, instead shifting the focus to what is controllable in the immediate here and now.

The pandemic has also limited or taken away other avenues graduates previously had to develop these skills. In the wake of the pandemic, a significant number of graduates lost work placements and internships that would have provided invaluable opportunities to demonstrate and build key behavioral skills. Even informal experiences such as writing for the student paper, leading event committees, or organizing sporting events became non-existent. How could these graduates gain vital hands-on experience in making decisions, driving action, and learning how organizations work strategically? Without the opportunity to flex those muscles, there are fewer opportunities to build them.

Although a lower level of potential was observed this year compared to 2020, it is important to note that this does not mean that 2021's cohorts show no potential in these areas at all. In fact, the 2021 graduates showed potential across all the areas discussed above, especially in **Formulating Strategies and Concepts**, which emerged as one of their top strengths. What these observations illustrate is that pandemic-related factors have taken the shine off this year's graduates, resulting in a shift from 'outstanding' in 2020 to 'good' in 2021. This further emphasizes the need for organizations to provide graduates with the right opportunities to prepare them to lead into the future and avoid leaving top talent behind.

> I think that one of the main concerns is the fact that the pandemic has affected our ability to pursue some opportunities, mainly globally, that are time-bound to graduation, such as a trainee or other types of programs that are specifically thought out to help us get into the workforce."
> **Nívea Virgolino, CEO for One Month Brazil, 2021**

3. Motivation creates a sense of purpose

This year SHL's Motivational Questionnaire was included in the selection process to understand candidate motivation. Among the top 31 finalists, the following five drivers were identified:

Top 5 Drivers

Personal Growth

motivated by opportunities for further training and development and gaining new skills.

Achievement

motivated by overcoming challenges, hitting targets, and being challenged as an individual.

Affiliation

motivated by interaction with other people in their work.

Interest

motivated by jobs that provide variety, interest, and stimulation.

Personal Principles

motivated by being able to uphold ideals and conform to high ethical and quality standards.

Intrinsic motivation was found to be the strongest driver towards overall motivation among the top finalists. This reinforces that Gen Z are strongly motivated by meaningful pursuits that foster a sense of purpose from within.

With hybrid working fast becoming the norm, it is critical for organizations to harness these insights effectively. For example, in the physical office, meeting new colleagues or collaborating and supporting the team is simple and natural. With the rise in remote global teams, organizations will need to focus on how to leverage technology to maintain that sense of collaboration and connectedness.

The findings also showed that Gen Z are highly demotivated by the fear of failure. They are likely to "switch off" in high-risk environments and demonstrate low resilience when faced with pressures and setbacks. This further reinforces the need for leaders and managers to provide meaningful support to allow Gen Z to realize their potential.

"I believe that we, as young workers, need to embrace what we believe in, what we stand for, and what our needs are concerning the labor market in order to get the fullest potential out of us and make the transformation of the labor market a reality."

Marie Lages, CEO for One Month Germany, 2021

4. Efficient and effective assessments help identify top talent

As well as the shift in natural potential, another key theme emerged in 2021.
Top performers in the preliminary assessments went on to show greater potential across all following assessments.

Those who met the benchmarks for cognitive ability performed better in the situational judgment test than those who didn't – with a significant difference in the scores. This illustrates that candidates with good cognitive ability are able to respond effectively to workplace challenges. Similarly, candidates who were successful in both the cognitive ability and situational judgment tests showed greater potential across all behavioral skills.
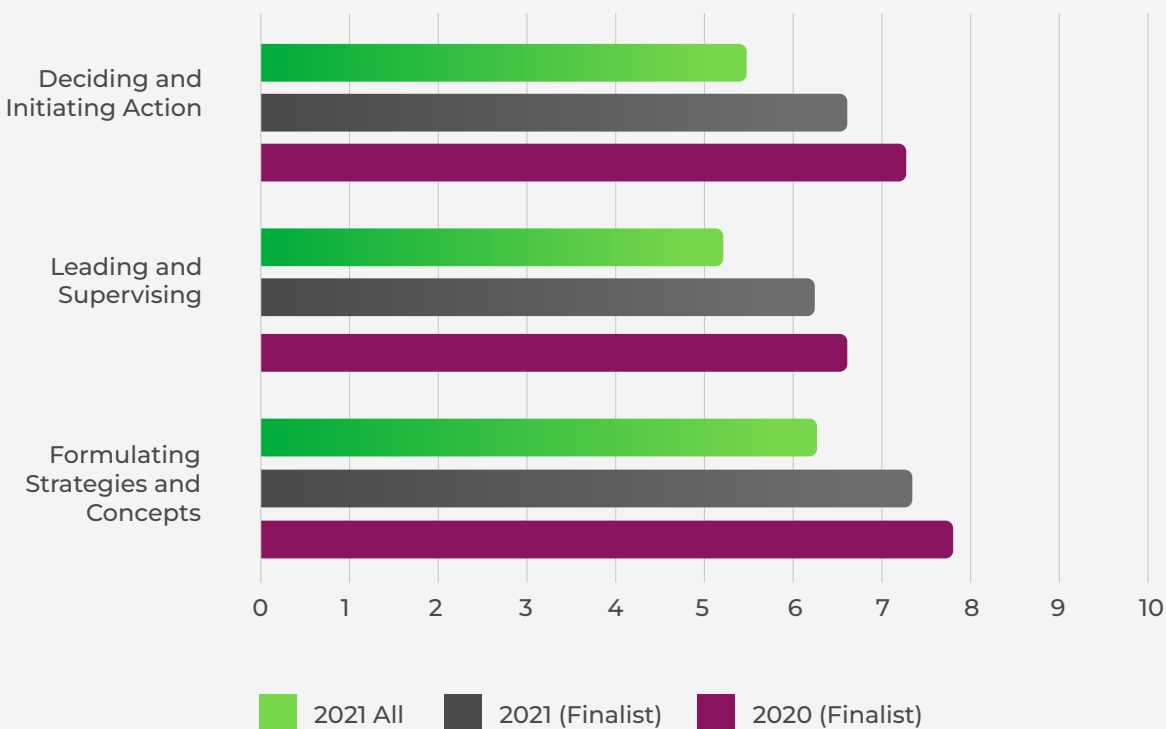
Situational Judgment Test Performance

14% Difference

- **Below cognitive ability benchmark**
- **Above cognitive ability benchmark**
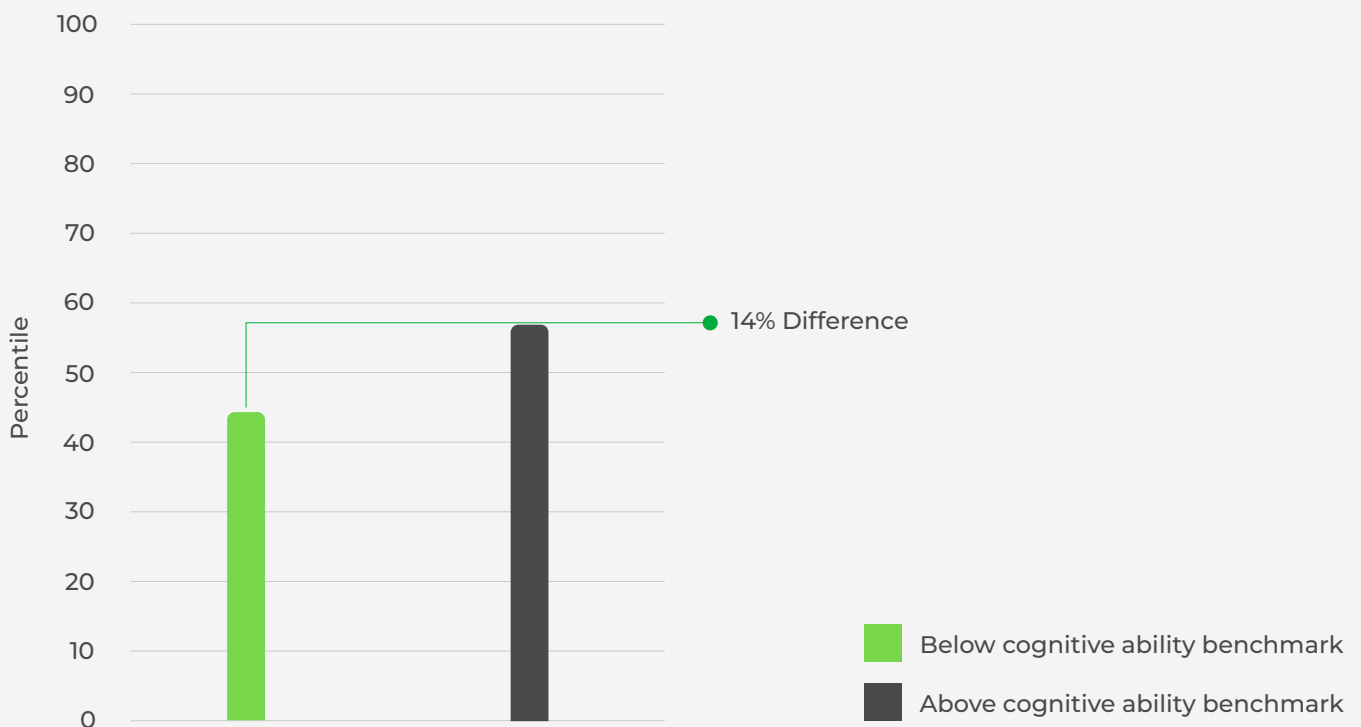
Differences in behavioral potential were even more pronounced when observing the top performers who progressed to become finalists in the Adecco Group's CEO for One Month program. These finalists not only showed greater potential relative to the overall candidate pool, but they showed objectively strong performance on behavioral competencies more generally. For example, strong evidence of this emerged in relation to **Deciding and Initiating Action, Leading and Supervising** and **Formulating Strategies and Concepts**, where finalists' potential was markedly higher than shown for the overall candidate pool.

This illustrates that organizations can source top talent from younger generations by incorporating a quality selection process that uses objective assessments to identify the best candidates for each role at the beginning of the hiring process. In particular, it is essential for organizations to combine insights across multiple assessments to shed light on different aspects of candidate potential in order to secure future leaders who will take their business further.

Average potential scores for Adecco finalists

Legend: 2021 All | 2021 (Finalist) | 2020 (Finalist)

"The research on the labor market that I did during the application process and the further education I gained during my internship taught me that that the macro-trends of an increasingly remote, flexible, and global workforce demand perfectly resonate with the supply of an increasingly versatile, tech-savvy, and highly flexible young workers."

Gaurav Pande, CEO for One Month Turkey & UAE, 2021

Supporting Gen Z Drives Organizations' Success in the Future of Work

Through reflecting on the impact that the pandemic has had on young people, it is essential that senior leaders and talent teams acknowledge their role in bridging the gap between education and employment. This involves taking time to pause and consider which skills and behaviors have been dampened during the pandemic, while also embracing the key strengths Gen Z can bring, such as the desire to challenge, innovate, and think conceptually. Secondly, a robust selection process that measures both cognitive and behavioral potential is essential to identify future leaders and enable a smooth transition for graduates into the world of work. Thirdly, it is more important than ever that organizations review their current early careers programs and initiatives to ensure that they not only provide opportunities for young people to demonstrate key leadership skills, but they are also aligned with the post-pandemic working environment.

So, what can organizations do now?

- Utilize a range of diverse entry-level programs like apprenticeships and internships, in addition to more traditional early career programs to provide opportunities for all future leaders to get a chance to prove their value.

- Ensure that these programs and initiatives provide opportunities for young people to take ownership of business-related projects, to help them develop critical leadership skills and gain decision-making experience in ambiguous and changeable environments.

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

- Empower Gen Z to find meaning and purpose in their work by understanding what truly motivates and engages individuals, whether this is flexibility at work, autonomy to exercise decision-making skills or opportunities to demonstrate creativity.

- Capitalize on the inter-generational strengths in the business. Enable young people to gain exposure to senior or executive level members of your organization. This could be through mentoring or work shadowing to teach strategic decision-making and provide the chance to network.

- Improve connections for graduates by creating virtual communities, where new employees can collaborate and get to know each other.

- Take time to understand your organization's purpose and culture. Use this understanding to design a selection process that effectively identifies candidates who are the best fit for the contexts and challenges they will face. Combine behavioral, cognitive, and personality assessments to gain a complete picture of each individual. Ensure 2-way communication is part of the selection
process for Gen Z. They need to feel connected, especially in a virtual or hybrid world, so bring alive the organization's values, goals, objectives, and norms in a compelling way to help them understand your culture and their fit.