Global Perspectives Barometer 2017

VOICES OF THE LEADERS OF TOMORROW

A LIFESTYLE OF **CONTROLLED** TRANSPARENCY

WHY
WHEN
HOW
WHAT
WHERE
WHO
**About GfK Verein**

“Let the voice of the consumer be heard.” This idea was the original vision when the GfK Verein was established in 1934 and still guides it today. Consequently, the purpose of the Verein since its inception has been the advancement of market research. Today, the GfK Verein is a respected market research think tank acknowledged both by those in scientific circles and those engaged in practical application. It is also the majority shareholder of GfK SE, a leading market research company headquartered in Nuremberg, Germany.

Its remit as a not-for-profit organization is to create and share knowledge required for better understanding markets. Thus, the GfK Verein develops new market research methods – frequently in close cooperation with business and scientific organizations – and studies societal trends. Moreover, the GfK Verein is committed to teaching and training market researchers. As part of its mandate to share market research knowledge, GfK Verein co-operates with universities in several continents to offer academic programs that help develop the next generation of market researchers to meet the future needs of business.

**About the St. Gallen Symposium**

The St. Gallen Symposium is a global gathering of 600 Leaders of Today and 200 Leaders of Tomorrow that takes place annually in May at the University of St. Gallen Switzerland. It is organized by a team of students, called the International Students’ Committee (ISC). For nearly five decades, it has provided a setting for relevant debates between Leaders of Today and Tomorrow on topics of management, politics and civil society.

The 200 Leaders of Tomorrow are at the heart of the St. Gallen Symposium. They qualify for the symposium through a rigorous selection process and comprise the world’s most promising young academics, entrepreneurs, politicians, scientists and professionals. Their role at the symposium is to challenge the status quo and to share their own views and perspectives during the debates with some of the most influential leaders and decision makers worldwide.

The 47th St. Gallen Symposium (3-5 May 2017) will focus on the topic “The dilemma of disruption”. Few management theories have had as much influence on the business community and our society as the concept of disruption. Rules in politics, business, science, and society are changing more frequently and unexpectedly, confronting societies with unprecedented challenges. Thus, this year’s global forum will be looking at the breeding grounds for radical change, assessing the tough decisions that come with it and directing participants’ gaze beyond the strict business definition.
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GfK Verein

Dr. Andreas Neus
Head of Future and University Programs
andreas.neus@gfk-verein.org

Dr. Fabian Buder
Project Manager – Future and University Programs
fabian.buder@gfk-verein.org

Sandra Lades
Head of PR & Communication
sandra.lades@gfk-verein.org

St. Gallen Symposium

Rolf Bachmann
Vice President
rolf.bachmann@symposium.org

Eveline Leupi
Project Manager Leaders of Tomorrow
eveline.leupi@symposium.org
Introduction

“Privacy is dead, get over it” – Marc Zuckerberg

Digital Natives and the Age of Transparency

The digital revolution has brought up a new generation, the so called “Digital Natives”. Those young people who grew up with the Internet and access to a stream of information as a normal fact of life (Prensky, 2001). In their iconic book about this then new digital generation, “Born Digital”, Palfrey and Gasser (2008) included people born since 1980 into this definition. The first generation of Digital Natives, the so called Millennials or Generation Y, are now already taking over responsibility in a “changing of the guard” and the next generation, Gen Z, is getting ready to do so.

Digital Natives are said to develop their identities online, by uploading a vast amount of personal information that shapes their multiple identities. They are also said to live an almost transparent life in public “[...] in which they routinely share every detail of their activities and opinions with a potentially limitless group of friends” (Manafy 2011). In 2010, Facebook’s Mark Zuckerberg announced that the “Age of Privacy” was over. From Zuckerberg’s point of view, privacy was no longer the “social norm” for the younger generation but having public online personas was.

The aspect that Digital Natives are “living their lives out loud” and making formerly private things public is just part of the picture (Manafy, 2011). They are said to have a great urge for transparency that shapes all aspects of their lives. They would demand more transparency from governments, organizations and companies: “As this generation enters the workforce and marketplace in developed countries, they will be a powerful force for transparency. [...] They will demand choice, authenticity, and value. Once they find out something important, they have at their fingertips the most powerful tools ever for informing others and organizing.” (Tapscott & Ticoll, 2003). Organizations have at least partially lost control over information about them. Companies that will try to deal with bad news by withholding information will learn about the power of consumers the hard way in this “new age of whistleblowers”– by being exposed and humiliated (Rivett-Carnac & Spero, 2011).

Leaders of Tomorrow – top talent from the digital generation

For this report, we invited a specially selected group of Digital Natives, some of the future’s top talent, the “Leaders of Tomorrow”. This group is characterized by the St. Gallen Symposium as young people, studying at (or having recently graduated from) good universities, who show an interest in global affairs, are eager to take on responsibility in the future and want to make a difference in the world. We invited young people fulfilling this definition from the network of the St. Gallen Symposium and from some of the world’s leading universities to our survey. More than 1,000 “Leaders of Tomorrow” followed our invitation and openly shared their views on the meaning of transparency in their own lives, their relation to companies as employers and as market players and how they would want to live transparency in the workplace.
Five myths about Digital Natives and transparency

We have investigated and checked whether the following five popular myths regarding transparency surrounding Digital Natives apply specifically to the particularly ambitious and qualified Leaders of Tomorrow. One key finding is that the Leaders of Tomorrow deserve a more differentiated view than those generational stereotypes about young people, which are repeated way too often without critical examination. The results of the examination of the five myths are embedded in their respective context within this study. You can go directly to each myth by using the list below as a guide.

This report analyzes and aggregates the “Voices of the Leaders of Tomorrow” and discusses the results to illustrate possible implications that today’s executives should watch out for. We hope it will help foster a much-needed discourse and are looking forward to a constructive dialogue about the issues at hand both during and after the 47th St. Gallen Symposium.

GfK Verein & St. Gallen Symposium

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<tr>
<th>Myth</th>
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<td>Digital Natives are “Digital Naïves” - not caring for online security and privacy</td>
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<td>Digital Natives share experiences as employees as if they were customers</td>
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<td>Digital Natives will expose their employers’ internal problems</td>
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In brief

A truly global sample reflecting a global world

1000+ “Leaders of Tomorrow”

Young top talent from the generation of “Digital Natives”

From more than 80 countries

Students and young professionals from diverse disciplines

1. Leaders of Tomorrow live a lifestyle of controlled transparency

2. Leaders of Tomorrow drive the power shift from employers to employees

3. Leaders of Tomorrow call for transparency as the foundation for future business success

4. Leaders of Tomorrow as whistleblowers – be transparent or be exposed
Leaders of Tomorrow live transparent lives as almost all of them share personal information online. But they are not careless “Digital Naïves”: They actively control access to their online presence and care about cyber security.

Leaders of Tomorrow share experiences as employees as if they were customers. They use their peers’ reviews and personal opinions to get information about a company as an employer. Employer brands are “employee-generated”.

Leaders of Tomorrow value a transparent working environment with open access to information. They are ready to contribute to transparency by disclosing information about themselves and their teams.

Leaders of Tomorrow try to raise concerns internally, if they discover unethical practices in a company they work for. But they are also ready to share information about an employer publicly online.
Leaders of Tomorrow live a lifestyle of controlled transparency

The development and quick diffusion of social media contributed significantly to the fact that it is nowadays possible for people to instantly reveal almost any bit of personal information online. Especially the Digital Natives are often said to publicly share almost any personal information and live transparent and public lives. In their seminal book “Born Digital: Understanding the First Generation of Digital Natives”, Palfrey and Gasser (2008) say that Digital Natives interact with each other in a very different manner than previous generations did. The internet and social media are a part of their everyday life and Digital Natives constantly use technological devices and social media to share almost anything about themselves online.

In addition to living transparent and public lives, it is often said that Digital Natives are not concerned about online privacy and security issues. In Tapscott’s 2008 book “Grown Up Digital: How the Net Generation is Changing Your World”, Digital Natives are pictured as giving up their online privacy frivolously and as simply not caring about the risks of sharing vast amounts of information online.

Those depictions of Digital Natives have led to two major myths about this generation:
- Myth 1: Digital Natives live transparent and public lives
- Myth 2: Digital Natives are “Digital Naïves” - not caring about online security and privacy

While those myths are referring to the whole group of Digital Natives, the study at hand investigates whether they apply to the particular group of Leaders of Tomorrow.

Myth 1: Digital Natives live transparent and public lives

In general, Leaders of Tomorrow are indeed living transparent and public lives as almost every participant in the study says that some personal information about her or him is accessible online. In particular, Leaders of Tomorrow seem to be eager to provide information regarding their professional life on the internet. More than 60% of all surveyed Leaders of Tomorrow named information about their educational history, their current job or university, their professional career, and a photo of themselves as pieces of personal information that they made publicly accessible online ( Exhibit 1).

Online presence is seen as a prerequisite for professional success

Leaders of Tomorrow are not online just for fun; rather our research suggests that they consider their activity on social media as a valuable opportunity for enhancing their professional careers. More than half of the Leaders of Tomorrow even consider it almost impossible to get the types of jobs that interest them without having an online presence (Exhibit 3).
Voices of the Leaders of Tomorrow – A Lifestyle of Controlled Transparency

Today’s managers underestimate the usefulness of social media in the eyes of the Leaders of Tomorrow

From the Leaders of Tomorrow’s point of view, today’s managers underestimate the usefulness of social media

Open question: What do you think is the most important misconception of today’s generation of managers (mostly 40-60 years old) about the benefits of social media for you?

| Today’s managers underestimate the usefulness of social media in general | 24 |
| as a means of communication and networking | 10 |
| as a source of information or news | 7 |
| as a marketing tool | 4 |

Almost every Leader of Tomorrow has made some personal information accessible online

Question: Did you put any of the following information about you on the internet for others to see – regardless of whether you have restricted the access for specific persons or groups of people?

| Photo of you | 93 |
| Educational history | 87 |
| Current job or university | 76 |
| Professional career | 71 |
| Network of friends | 68 |
| Date of birth | 67 |
| Network of professional associates | 62 |
| Groups or organizations you belong to | 56 |
| Location history | 41 |
| Video of you | 37 |
| Current Location | 37 |
| Cell phone number | 33 |
| World view or religious beliefs | 24 |
| Records of embarrassing behavior | 16 |
| Home address | 12 |
| Political party or political affiliation | 11 |
| None of the above | 2 |

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n = 1,017; “Leaders of Tomorrow – Wave 2017”; Numbers are percentages of cases; Multiple answers possible
Social media enables the Leaders of Tomorrow to stay in contact with friends all over the world and to facilitate the establishment and extension of private and professional relationships. It is considered an important source of educational and professional information, and a tool for gaining insights into people, places or organizations. For business, social media is a beneficial marketing tool due to its possibility to reach a large audience very fast and efficiently.

Question: What kind of Social Media profiles do you have? What is the greatest benefit of having an online profile for you, what do you consider the greatest risk?

Simon, 30 yr.
Student of Biomedical Technology, Ghana

“I am present and active on three social media platforms: Facebook, Twitter and LinkedIn. I leverage social media platforms to expand my network and reach out to the world with my take on social and political issues. The greatest risk in my view with these social media platforms is identity theft. Some unscrupulous people hide behind the fame of others, download their pictures on social media and create fake accounts, and I find this to be very dangerous for the reputation of the true account owners.”

Edvard, 26 yr.
Student of Structural Engineering, Finland/Canada

“I am a moderate when it comes to social media usage, a firm believer in quality over quantity with respect to one’s online presence. I keep an active Facebook profile for personal communication with my immediate circle of friends and acquaintances, and a LinkedIn profile for a larger outwardly facing professional presence. While some level of social media usage can bring great social cohesiveness and improve communication between disparate societal groups, it can also lead to a lack of in-depth discussion or an over-simplification of problems. Some debates are too complex to be held in the format of 140 characters or less.”

One of the respondents boiled this perception down to an essence: “Social media is considered as a mode to waste time by today’s managers which is a huge misconception. It, on the contrary, is a great source of networking, advertising and getting vast amounts of information.”

The Leaders of Tomorrow clearly stated that from their point of view, the current generation of managers has not fully understood social media for personal branding and business purposes.

Conclusion: Social media is an important tool for both personal brand management and business purposes.

The previous results emphasize how important it is for Leaders of Tomorrow to share information regarding their own professional life online. Their online presence is part of their personal brand management and a way to enhance business.

Today’s managers should challenge their own assumptions about social media. They should ask themselves if they really fully understand the benefits of social media as a business tool and are able to use it accordingly. Just because someone has a professional profile in social media and a lot of fellow managers in her network doesn’t mean that she is using social media to its full potential.

Today’s managers should think about getting tutoring by Digital Natives to fully understand how to use social media as a beneficial tool. Managers should also be open for new communication channels and networks and avoid conflating “fun” with “not for business” or “not business-like”. New target groups might only be reachable in new networks.
Myth 2: Digital Natives are “Digital Naïves” – not caring for online security and privacy

Digital Natives are often portrayed as careless and reckless users of the internet with regards to a lack of awareness for online security and privacy. Sometimes, they are even portrayed as “Digital Naïves” rather than Digital Natives.

Leaders of Tomorrow care about online security and privacy

Contrary to this contemporary depiction of Digital Natives, Leaders of Tomorrow cannot be considered “Digital Naïves”. An overwhelming majority of them insists on actively managing their online profiles to protect their data. They control the accessibility and availability of their online content to certain groups of people by managing the privacy settings for their online profiles (Exhibit 3). Consequently, Leaders of Tomorrow are not sharing their personal information frivolously or carelessly.

Furthermore, almost three in four Leaders of Tomorrow indicated to distinguish between their professional and personal online profiles. Therefore, it is possible for them to maintain control over the accessibility of certain bits of information to specific people, groups or organizations. The separation of different social media profiles for different purposes enables that, for instance, only their friends on social media can access their privately posted content and people that are relevant to their professional careers can easily access their personal information shared on social media for professionals.

That leads to the conclusion that the Leaders of Tomorrow are generally trying to convey a certain image of themselves by selectively sharing personal data and actively managing the privacy settings of their social media profiles.

Most Leaders of Tomorrow are not careless “Digital Naïves” – but actively manage their privacy settings and distinguish between professional and personal profiles

Question: Please indicate which of the following two statements you agree with more. If you agree strongly with a statement you would select the option closest to the statement.

| I actively manage the privacy settings for my online profiles and control who can see which information about me. | 81 | 16 |
| I do not actively manage the privacy settings for my online profiles. All my profiles are made for the world to see. |

| I distinguish between professional and personal online profiles. These are separate roles. | 74 | 22 |
| I do not distinguish between professional and personal online profiles. These roles are too intertwined. |

| Today it is almost impossible to get the types of jobs that interest me without an online presence (e.g. social media profile). | 53 | 46 |
| Today it is entirely possible to get the types of jobs that interest me without an online presence (e.g. social media profile). |

n = 1,017; “Leaders of Tomorrow – Wave 2017”; Numbers are percentages of cases; Grouped answers from original 4-point scale [<< vs. < vs. > vs. >>]

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Leaders of Tomorrow are first and foremost worried about identity theft and abuse of their data

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<td>Data &amp; identity theft or data abuse</td>
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<td>Loss of privacy</td>
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<td>Being judged for online presence</td>
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Open question: What do you consider the one most dangerous risk of having a personal social media profile and sharing information about your life?

n = 1,017; “Leaders of Tomorrow – Wave 2017”; Numbers are percentages of cases; Top 3 answer clusters from open question; Multiple answers possible

Leaders of Tomorrow are concerned about cybercrime

We asked the Leaders of Tomorrow about the one most dangerous risk of having a personal social media profile and sharing information about one’s life in an open question. They most often named data and identity theft or data abuse that could lead to financial losses or damage to one’s reputation as the most dangerous risk (Exhibit 4).

One respondent, currently employed in a management position, summarized this fear: “Becoming a potential target of crime, theft, misuse of personal identity. This risk extends to cybercrime, not just physical crime. Someone from another physical location could be phishing personal information for criminal activities.”

The more abstract fear of facing a loss of privacy due to one’s own social media profile or internet usage is another concern by several Leaders of Tomorrow. The main concern behind such a loss of privacy is becoming a target of online surveillance, tracking, stalking or profiling. The following quote of a Ph.D. candidate in Psychology underlines this: “It makes you too ‘traceable’ and predictable. I believe that everyone commits acts that probably open them up to prosecution, and leaving too much information makes it very easy for both - government authorities and corporate entities - to trace your activities, understand your interests, and ‘trap’ you.”

Finally, several participants are concerned about their personal brand being judged only based on their social media presence. They fear that their image could be negatively impacted due to the re-emergence of past data or misinterpreted and misconstrued data as depicted in the following quote by a 28 year old student of Finance. “The greatest risk of having a social media profile is a brand image risk. Individuals who are not close enough to me and who do not know me well may make perceptions about me through the content I share. These perceptions could be far from reality.”

Conclusion: Lifestyle of controlled transparency and active brand management instead of complete openness

In summary, it can be said that Leaders of Tomorrow live a lifestyle of controlled transparency and actively manage their personal brand online. They might be more open with their personal information than previous generations but that does not mean that they are completely transparent or do not set clear limits. Their openness has boundaries, although these boundaries are clearly wider than those of previous generations. The Leaders of Tomorrow care about data security and are aware of the risks inherent in making private information public.
Leaders of Tomorrow drive the power shift from employers to employees

When everything became comparable, transparent and accessible on the internet, from hotels to insurance to hospitals, the labor market lagged behind. The process of hiring people for a job was still characterized by an information asymmetry: To make the best decision, HR departments could check candidates’ job references, letters of recommendation and were even able to identify a candidate’s former bosses and ask them for a personal opinion. Job candidates on the other side were more or less on their own – they had to rely on content generated by the hiring company, published articles, and limited word-of-mouth. For them it was hard, if not impossible, to find current employees outside their own circle of friends to contact them for authentic opinions about the attractiveness of a company as an employer.

This information asymmetry between employers and employees has changed drastically: Nowadays, candidates have many options to access employee-generated public content about a potential employer before they make a decision. Online platforms allow users to share reviews about employers from current and former employees. Social media networks for professionals allow people to directly connect to current and former employees of an organization and ask for an opinion. Glassdoor alone, a popular employer review portal, is said to have 33 m. users sharing 10 m. reviews for more than 614,000 companies (Mitra, 2016). LinkedIn, a popular network for professionals, has 467 m. users and offers the opportunity to reach out to former and current employees in case of questions regarding a certain company.

The Digital Natives did not only grow up with digital technologies but also developed the skills to use those technologies in beneficial ways. They are said to be content creators rather than only content consumers: They generate their own content by spreading information, knowledge, ideas, and entertainment online. This so-called user-generated content empowers not only customers but also employees by creating transparency and shifting power from suppliers to buyers and from employers to employees.
Myth 3: Digital Natives share experiences as employees as if they were customers

One way to share experiences as an employee with a large number of people online is to write reviews and statements in social media portals. Our study reveals that the Leaders of Tomorrow are quite willing to share their experiences as employees publicly online. About one third of those Leaders of Tomorrow with a minimum of one month of work experience said that they had already written at least one negative or positive, publicly visible statement about one of their employers.

A further 24% of those Leaders of Tomorrow with at least one month of work experience would consider writing a publicly visible statement about one of their employers in case of a significantly positive or negative experience.

So, our results show that a majority of about 60% of Leaders of Tomorrow with at least one month of work experience have already written a publicly visible statement about one of their employers or would consider doing so. It doesn’t matter if employers provide a good or a bad experience at work – word will get out.

Employee-generated public content is among the most important sources for information about an employer

The Leaders of Tomorrow are not only very likely to share experiences they’ve had with an employer online but they also consider such reviews and word-of-mouth for their employer choices. For the case of searching for information about a company as an employer that is not known to them, the Leaders of Tomorrow see the company’s website as the most important source of information. While the website is under full control of a company, the next two information sources in the ranking in Exhibit 5 are user-generated. More than one third of the Leaders of Tomorrow would try to ask current employees via social networks about the company, another 36% of them would visit online portals with employer reviews.

All in all, when Leaders of Tomorrow want to get information about a company as an employer, it is very likely that they seek out the current or former employees of that company or read reviews of them – media that is not under control of the company.

Conclusion: Employer brands are increasingly employee-controlled, not PR controlled

The results give strong evidence that companies at least partly lost control over their brands as employers. Important content for job candidates and employees is produced by current and former employees and can no longer be controlled by the company. This could sort of demystify even high-end brands with an outstanding brand image as job candidates can now take a look at the inside of a company and get an impression of the working environment and a company’s qualities as an employer.

This development coincides with the so called “war for talent”: Employees should nowadays be considered as valuable customers rather than solely as working power. As Hobart & Sendek (2014) summed up: “[…] Gen Y expects to be treated like a customer. You have to sell the company, its procedures, and yourself to Gen Yers before they will ‘buy’ you.”
Giving employees valid reasons to review their employer in a positive way and to share positive information when asked should therefore have a high priority for companies aiming to hire and retain top talent.

A good starting point for today’s managers is to ask themselves how they see employees and what their expectations are with regard to an employee’s relationship with a company. Highly qualified and ambitious talent from the generation of Digital Natives will probably have the opportunity to actively decide for their favored companies rather than being picked by any employer and feeling obliged to them. Managers and HR departments have to grasp that and should stop seeing their employees simply as “human resources” that have to be allocated and optimally used. Instead, they should start seeing them as valuable customers that can choose where they spend their energy and passion.

What David “Doc” Searls, one of the authors of the Cluetrain Manifesto, summarized in a tweet with regard to companies’ relationships with customers could easily be transferred to companies’ relationships to employees: “Message to #marketers: If you ‘acquire’, ‘control’, ‘manage’, ‘own’ or ‘lock in’ customers, you share lingo with ‘ranchers’ and ‘slave-holders’” (Doc Searls @ dsearls Sept. 23rd, 2014).
Next steps: Treat employees as if they were customers and use employee-generated public content for new insights about employee needs

Management thinker Peter Drucker suggested learning from nonprofits how to treat employees. Companies should see their employees as volunteers, free to leave at any time. To retain such volunteers requires “[…] a clear mission, careful placement and continual learning and teaching, management by objectives and self-control, high demands but corresponding responsibility, and accountability for performance and results.” Instead of focusing on monetary transactions, companies must put greater emphasis on the non-monetary needs of employees to motivate them (Drucker 1992).

A recent study by Deloitte (2016a) examines possible measures and strategies for governmental agencies defining the concept of an “employee journey” similar to a customer journey. This approach should enhance employee satisfaction, commitment and mission engagement at any critical moment along the employees’ career journey.

The authors of the study suggest managers focus on the particular needs of an employee and to design tailor-made programs for employees. They emphasize the importance of identifying and understanding critical incidents throughout an employee’s career to gain insights into factors that, for instance, lead to dissatisfaction or demotivation. Managers should treat their employees like customers and use tools like design thinking to create a working environment suitable for talent together with them.

**Question:** Writing reviews of a company as an employer on online portals like Glassdoor, Kanzhun or Kununu is very common among the surveyed Leaders of Tomorrow. This can be compared to customer reviews of hotels or products. Do you think that today’s young talent see themselves as “clients” of an employer and expect to be treated like clients?

**Franz-Josef, 23 yr.**
Student of Marketing Management, Germany

“I do not believe that young talents perceive themselves as “clients” of an employer, but rather as a “user”, signing up for a certain user experience, the job. As the world is becoming richer, many young professionals value experiences higher than material goods. Therefore, the time necessary to partake in these experiences is our most valuable currency today. In conclusion, users want to preview every experience they invest time in by listening to others who went through this experience before. Hence, if you want to hire young talent, your main focus must lie in creating a desirable user experience.”

**Vinny, 28 yr.**
Entrepreneur, New Zealand

“I have seen the trend of ‘individual growth’ rising amongst my peers, people seem to be willing to change companies for very little these days. I think the growing demand of employers, especially in the start-up world combined with low rates of breakthrough companies, people end up being pushed hard without getting much in return, therefore information is shared to get an idea of the environment you are planning on stepping into. A customer review is not a fair comparison because in case of a job you are not buying a tangible product or a finite experience like a hotel room stay, this is much more and hence the information sharing.”
While losing control over their employer brand and being forced to move to a more customer-oriented way to treat employees may seem threatening for some HR departments, this development also presents great opportunities. Employers could utilize the statements and reviews that employees publish online as an important source of feedback. For example, HR can easily track a company’s employer image over time, by looking at the development of the company’s ratings in employer review portals.

In addition, the hundreds of thousands of reviews and written statements of employees are an immeasurably rich source of information, much richer than some of the annual questionnaire studies that employers use to find out more about their employees’ perspectives. HR departments can use this source of information to “dive” deeper into their employees’ perspectives and see the real stories behind numbers in the employee satisfaction surveys. Unlike regular employee satisfaction surveys, employer reviews also include those employees that were so unsatisfied that they left the company.

This data also allows “mining of employee needs”, systematically searching for unfulfilled needs of employees to create a new, winning offer to attract and retain talent. Consumer brands have already done similar research for years, analyzing e.g. social media statements of consumers.

With the right tools and the right people, this information can be used to generate insights that make a difference in the “war for talent”. Using employee-generated public content is a methodological challenge for HR, like incorporating Big Data analytics is for marketing. To gain a competitive edge, HR needs to get used to data analysis methods from data science and market research and adapt them to HR problems.
Leaders of Tomorrow call for transparency as the foundation for future business success

The generation of Digital Natives is said to significantly differ from previous generations regarding its desires, demands and attitudes in the workplace. There is a vast amount of literature that deals with this cohort as well as various studies that investigate its aspirations, expectations and behavior regarding the workplace (e.g. Deloitte 2016b, Ernst & Young 2015, Buder & Neus 2015, Hays 2013). According to those studies, Digital Natives have different priorities regarding their employment compared to previous generations. They put a great emphasis on aspects like work-life balance and flexible working opportunities such as telecommuting or flexible working hours when choosing a job, while being less interested in traditional status symbols like company cars and corner offices.

Furthermore, several studies point out that Digital Natives aspire to new ways of leadership (e.g. Deloitte 2016b, Hays 2013). They value mentoring and coaching leaders, which are supportive, fair and provide feedback and recognition on a regular basis. In addition, it is also important for many Digital Natives that their managers value transparency (IBM Institute for Business Value 2015). Besides a transparent leadership style, Digital Natives see transparency in terms of open access to information for all employees within the organization as an important criterion for a company’s success in the long run as, last year’s Global Perspectives Barometer indicated (Buder, Neus & Mueller 2016).

Digital Natives are said to be striving for a culture of open development and that they would even demand a transparent disclosure of all salaries within the organization.

As the results of this study show, transparency is indeed a core value of the Leaders of Tomorrow. A vast majority of 77% say that organizations with transparency as the default will be more successful in the long run. That means for example that every piece of information can be shared unless it is explicitly marked as confidential. Leaders of Tomorrow ask companies to live and operationalize transparency – internally as well as externally. They prefer an open source like approach for solving problems and developing new products instead of an approach based on secrecy (Exhibit 6).

According to most Leaders of Tomorrow, openness and collaboration in terms of sharing knowledge at early development stages and early communication with customers about product-related problems is crucial for an organization’s success.

This conception of long-term success of organizations matches the Bazaar model by Raymond (2001). It describes the open source approach of software development. This approach could also help companies to progress by focusing on collaboration and open development rather than internal competition between teams or departments. In the Bazaar model, speed plus repeated iterations are preferable over perfection with regards to successful product developments (Box 1).
Companies are more likely to be successful in the eyes of the Leaders of Tomorrow if they communicate openly with clients and stakeholders.

Question: Please indicate which of the following two statements you agree with more. If you agree strongly with a statement you would select the option closest to the statement.

Those companies will be more successful in the long run ...

<table>
<thead>
<tr>
<th>Statement</th>
<th>Agree</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>in which every piece of information can be shared unless it is marked as confidential</td>
<td>77</td>
<td>22</td>
</tr>
<tr>
<td>in which every piece of information is kept confidential unless it is marked as shareable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>which in case of problems with products or services communicate with their customers about the problems already while they try to solve these and keep customers updated</td>
<td>68</td>
<td>31</td>
</tr>
<tr>
<td>which in case of problems with products or services solve these first, and then communicate with their customers about these problems</td>
<td></td>
<td></td>
</tr>
<tr>
<td>which share their knowledge early in a development process and discuss new ideas and technologies with clients, stakeholders or researchers</td>
<td>63</td>
<td>35</td>
</tr>
<tr>
<td>which keep their knowledge confidential as long as possible and go public with a fully developed product</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

n = 1,017; “Leaders of Tomorrow – Wave 2017”. Numbers are percentages of cases; Grouped answers from original 4-point scale (<< vs. < vs. > vs. >>)

Box 1

The Cathedral and the Bazaar

Eric S. Raymond’s essay “The Cathedral and the Bazaar” (2001) describes how an open and public development of software on the internet significantly expedites the discovery of all forms of bugs within the source code of a software. Thus, this approach – which is called the Bazaar model – refers to an open source approach contrasting with the Cathedral model which is considered as the traditional engineering approach.

The Cathedral model is characterized by a central planning process and long release intervals during which the development team scrutineers the source code repeatedly, until they are confident that all bugs and development problems have been eradicated.

In contrast, the Bazaar approach is characterized by frequent releases and short release intervals that can help to rapidly discover and correct bugs due to the exposure of the source code to a variety of co-developers.

The postulated superiority of the Bazaar model can also be assigned to organizations and operations beyond software development. For organizations, this could mean that a culture of sharing information or knowledge and open product development can considerably enhance its success.

Source: Based on Raymond (2001)
A lack of transparent information exchange hinders successful innovations and prevents performance in companies

When asked for the most important lack of transparency that prevents successful innovations and the most important lack of transparency that prevents performance in established companies, Leaders of Tomorrow particularly named a lack of transparent information exchange and collaboration between teams (Exhibit 7).

A lack of transparency in those areas was named most frequently as an obstacle for successful innovations and performance. Additionally, several Leaders of Tomorrow perceive a lack of transparency regarding the organizational strategy and decision-making processes as detrimental to organizational success. According to their beliefs, it is vital for an organization to clarify its mission, long-term goals and objectives to all members and to provide a clear logic behind top level decisions to enable a company-wide understanding.

Conclusion: Silo Mentality hinders successful innovations and prevents performance

The problems mentioned by the Leaders of Tomorrow can be best subsumed by the term “Silo Mentality” and are particularly well illustrated in the following quote by a Ph.D. candidate in Public Policy: “The most important lack of transparency that prevents performance in established companies is when teams work in silos and do not communicate with each other. Organizational problems are often multi-dimensional and require work of different teams from different angles. This would be missed if only one team of a particular department looks at the issue at hand and does not communicate with other teams and departments.”

Our results give strong evidence that a lack of transparency is considered as a major barrier to an organization’s success by the Leaders of Tomorrow. It is reasonable to conclude that such a lack of transparency is diminishing an organization’s attractiveness as an employer in their eyes.

Today’s managers should ask themselves how they could establish an ongoing information exchange between different teams, departments or units within a company. An information exchange that is really transparent and not dependent on the mediation by higher levels in the hierarchy. A regular meeting facilitated by a manager every...
two weeks is probably not the right setting for the kind of exchange that the Leaders of Tomorrow have in mind. Managers should talk to their team members to find out which kind of tools they want to use, how open they want to be and which types of information are not suitable to be shared openly within the whole company.

Generally, managers have to think about which kind of culture they want to promote in their company. They should start by asking themselves if they are ready for a real information exchange and collaboration instead of internal competition. For the former, they need to make sure that managers and employees are ready to share not only ideas and developments, but also the credit for successful projects and achievements. This could imply revisiting the incentive structure of the company and check if it is compatible with more collaboration and information sharing.

Next step: Overcome Silo Mentality internally and open up to the outside world

Some general steps to break through Silo Mentality in the internal organization can be found in an article of Gleeson (2013). The author gives five principal measures that can help to overcome a Silo Mentality within an organization (Box 2).

A first step to more openness can be seen in the application of the concept of Co-Creation. Co-Creation can be defined as a measure or strategy that integrates customers in the value creation process of a product or service (Prahalad & Ramaswamy 2004). The company LEGO is an example for a consumer goods manufacturer that practiced and benefited from a Co-Creation approach. LEGO enabled its users to design their own LEGO-sets, which are then discussed and evaluated by other users in the LEGO online community. Popular ideas (sets with more than 10,000 votes) were then captured and realized by LEGO (Lego, 2014). By doing so, the company accelerated its innovation cycle and integrated its customers into the value-creation of their new products.

Box 2
How to overcome a Silo Mentality

According to an article of Gleeson (2013), there are five principal measures that can help to overcome a Silo Mentality within an organization:

1. Create a uniform awareness and understanding of the organization’s vision. All members of the organization must be informed about the company’s long-term goals and departmental objectives at any time. Managers and departments have to change their mindset from a “my department” mentality to an “our organization” mentality.

2. The whole organization should work towards a common, transparent goal. Besides being aware of the organization’s overall vision, all members of the company should work together to achieve a single predefined goal which has to be agreed on and clearly communicated as the one, top priority goal of the organization.

3. Ensure that motivation among all members of the organization is high by offering attractive incentives. Incentives must be in line with the top priority goal and the incentive structures have to be communicated transparently.

4. Delegate specific tasks and objectives and regularly measure the preliminary results.

5. Encourage cross-departmental collaboration. The establishment of an interdepartmental training system and the request for constructive feedback from outside departments can help to optimize collaboration and enhance knowledge, creativity and confidence.

Source: Based on Gleeson (2013)
Leaders of Tomorrow are ready to contribute to a more transparent organization

To learn more about the Leaders of Tomorrow’s willingness to contribute to transparency in an organization, we asked them to imagine themselves in the role of a team leader and to choose which pieces of information should be accessible within the organization and who should be granted access to that information.

The Leaders of Tomorrow said they are willing to share information regarding their teams’ meetings, decisions or research and development results with members of the organization beyond their own team. They are ready to share all of those pieces of information which enhance collaboration. A majority of the surveyed Leaders of Tomorrow would even share information about their team’s failures and their team’s performance reports with members of the organization beyond their own team (Exhibit 8).

The Leaders of Tomorrow would even reveal very sensitive information that in case of project flops or poor performance could make them vulnerable to exposure or disparagement. It seems that the Leaders of Tomorrow are seeing failures to a lesser extent as a personal flaw than as an opportunity to learn.

Exhibit 8

Leaders of Tomorrow are ready to contribute to transparency within the organization to enhance collaboration

<table>
<thead>
<tr>
<th>Information</th>
<th>Team manager only</th>
<th>All members of the team</th>
<th>Members of the organization beyond the team*</th>
<th>No answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information about meetings of your team – agenda and attendees</td>
<td>30</td>
<td>65</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Information about meetings of your team – outcome</td>
<td>17</td>
<td>78</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Information about decisions you or your team made</td>
<td>27</td>
<td>68</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Research and development results of your team</td>
<td>11</td>
<td>85</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Your team’s performance report</td>
<td>17</td>
<td>75</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Reports analyzing failures of your team</td>
<td>26</td>
<td>65</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Salaries of all members of your team</td>
<td>36</td>
<td>21</td>
<td>34</td>
<td>9</td>
</tr>
<tr>
<td>Your salary as the team’s manager</td>
<td>46</td>
<td>14</td>
<td>35</td>
<td>6</td>
</tr>
</tbody>
</table>

n = 1,017; "Leaders of Tomorrow – Wave 2017". Numbers are percentages of cases, “Grouped answer categories: “Selected members of the organization (who e. g. work together with you or members of your team)” and “All members of the organization”.

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Employee salaries is a highly controversial dimension of transparency

Leaders of Tomorrow actually seem to demand full transparency in many areas in the workplace. However, there is one main exception from their demand for internal transparency at least within the setting given in our study. They appear to be divided on the issue whether to make salary information accessible to members of the organization beyond their own team or not. More than half would not allow access beyond their team. Compared to the shares of this answer for the other pieces of information in the question, e.g. performance reports (22%), this is a relatively high value (Exhibit 8).

Conclusion: Companies should establish controlled transparency

Transparency is a core value of the Leaders of Tomorrow. They conceive transparency regarding project outcomes and failures as fundamental for successful innovations or the performance of an organization and are ready to contribute to more transparency regarding such information. In contradiction, transparency regarding employee salaries is a highly controversial dimension. Managers striving for more transparency in their organizations will have a hard time deciding whether salary information should be made accessible or not, as studies and articles provide arguments for both sides: Pay transparency (e.g. Burkus, 2016) and caution regarding this openness (e.g. Birkinshaw & Cable, 2017).

Our study provides evidence that there is no urgent need for companies to instantly implement total transparency in all areas and to reveal the salary of all members of the organization. Managers could initially leave such controversial issues aside and concentrate on implementing transparency in those areas that directly improve collaboration within the company and that are demanded by the teams. As a manager, you should discuss with your team members which kind of information exchange they would prefer and how to deal with different types of information. Find out how transparent your team is and develop a transparency

Question: If you were the leader of a project team in a larger organization, would you disclose information about your salary as the team’s manager to your team members or even all members of the organization? Why?

Tillmann, 30 yr.
Co-Founder & President, Germany

“I am very open to such a measure. It can lower perceived hurdles within the team and assure that it is understood that I see myself as a member of the team, not a distant element in an abstract setting. However, such approach needs to feature within a certain style of leadership and a more holistic transparent (HR) strategy of the organization. I do believe in clear structures and hierarchies within a team, but also in approachability, open communications, and inclusive leadership. Outside of a thought-through approach, just sharing salary data may foster jealousy and destructive competition instead of the success of the team.”

Tamsin, 23 yr.
Student of Neuroscience, United Kingdom

“I wouldn’t, because frankly – I don’t think it’s anyone’s business... I don’t believe that knowing someone’s salary will improve the work you do. Revealing a salary is more likely to cause resentment – if it is much higher – or questions of suitability – if it is perceived as too low. These emotions are likely to get in the way of productivity, because of the human tendency to compare what they have with others. I.e. if everyone else is given two coins, but you only get one, you will feel bad, even though you are better off than you were before.”
policy together with them. That makes sure that you do not create so much transparency that you cross important boundaries.

**Next step: Treat failures as learning opportunities**

A good starting point for enhancing collaboration is the establishment of transparent failure reports that include proposals for solutions and for future improvement. Product or project outcomes and failures as well as learnings from mistakes should be shared within the whole company to promote progress. A student of Management in our study also underlined the importance of establishing an open failure culture: “The most important lack of transparency in established companies, I think, is the fear of failure and not sharing mistakes. If there was less shaming related to failure, and failures were rather brought forward as examples of learning and to some extent rewarded, then I think innovation potential could be nurtured.”

Companies should ask themselves whether they already have established routines to document and analyze failures without blaming anyone. If not, they should urgently consider implementing such mechanisms. Google is trying to deal differently with failures. Essential to the approach of Google is that any failure is systematically documented and evaluated and at least some of those “autopsy reports” of failures are shared within the whole organization in order to prevent a reoccurrence of the incident (Box 3).

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**Box 3**

**Google’s Postmortem Philosophy**

Google’s Postmortem Philosophy implies that each failed project is followed by a detailed analysis in form of a written record. This so-called postmortem also contains the impacts of the incident, measures taken to solve it, the essential causes of the problem as well as subsequent measures which aim at preventing the recurrence of the incident. Besides determining effective actions to prevent the incident from reoccurring, Google’s Postmortem Philosophy encourages blameless and constructive postmortems. The aim is to identify the root causes of a problem without accusing any member or department of the organization for her or his misbehavior. Google perceives its postmortems as an opportunity to investigate the reasons for failure from a viewpoint that rather tries to improve systems and processes than people. Google shares its postmortems within the organization in order to enable all employees to learn from the mistake (e.g. an interesting and well-written postmortem is published each time in Google’s monthly newsletter).

Google’s approach to dealing with failures can be a good example for many other companies, as Google is focusing on the ‘positive aspects’ of failures by analyzing incidents, drawing conclusions and implementing improvement measures.

Source: Based on Beyer et al. (2016)
Leaders of Tomorrow as whistleblowers – be transparent or be exposed

In their 2003 book "The Naked Corporation", Tapscott and Ticoll predicted companies an “Age of Transparency” with the young generation as a “powerful force for transparency”. Companies that wouldn’t follow the “transparency imperative” would become “naked”.

It became a common myth about Digital Natives that they would publicly denounce governments, companies and individuals for their misbehaviors by making use of powerful online communication tools such as Facebook, Twitter or YouTube. Whistleblowing platforms like WikiLeaks allow everyone to expose institutional secrets anonymously. Digital Natives are regarded as a generation of anonymous whistleblowers and rebels who will leave companies the choice to “be transparent or be exposed” (Rivett-Carnac & Spero 2011).

Myth 5: Digital Natives will expose their employers’ internal problems

For our study, we investigated whether the Leaders of Tomorrow would expose their employers’ companies for wrongdoings. We asked them what they would do if they discovered questionable practices in their company’s finance department. The answers (max. 3) could be chosen from a list with possible actions including the option to do nothing. It was emphasized that the issue at hand was not illegal but morally questionable, so that the Leaders of Tomorrow would really have to think about a proper action.

Leaders of Tomorrow will not immediately expose companies they work for in case of questionable practices

Question: Please imagine the following situation: You have a very good job at a well-known company with a good reputation. What would you do if you discovered questionable practices in the company’s finance department? Please check those 3 actions that you would most likely perform in such a case.

- Internal activities
  - Raise the issue with your boss (who is not part of the management board)
  - Blow the whistle: inform the company’s lawyer concerned with such issues
  - Inform a non-governmental organization that could be interested in that issue
  - Ask the company about the problem publicly on its official social media page
  - Contact a journalist and try to convince her to make it a news story
  - Start a public discussion about the issue in online forums / online channels like Twitter
  - Contact an influential blogger or YouTuber and try to convince her to report about the issue
  - Write about the issue in your blog or on your website

- External activities
  - At least one attempt to raise the issue externally

n = 1,017; “Leaders of Tomorrow – Wave 2017”; Numbers are percentages of cases; Multiple answers possible

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Leaders of Tomorrow primarily try to raise questionable practices internally

Actually, the Leaders of Tomorrow do not say they are willing to immediately expose a company they work for in public in case of questionable practices in the finance department. More than half of all surveyed Leaders of Tomorrow would raise the described issue initially within the organization. In contrast to that, about one in four Leaders of Tomorrow would initially undertake at least one attempt to raise the issue externally (Exhibit 9).

But: Leaders of Tomorrow are ready to publicly share problems that directly concern them

When asked if they would consider a bad working environment at their employer as important information that they would (anonymously) share, the majority of 53% of the Leaders of Tomorrow say they are ready to do so (Exhibit 10).

Earlier in this study we already described the wide use of employer review portals: About 60% of the Leaders of Tomorrow with at least one month of work experience have already written a publicly visible statement about one of their employers or would consider doing so. Bringing these results together shows that the Leaders of Tomorrow are ready to publicly reveal internal problems at their employer.

Conclusion: Loyalty initially trumps transparency – if companies listen

The above findings indicate that, even given the entire infrastructure from social media platforms to WikiLeaks, most Leaders of Tomorrow are initially willing to address their concerns regarding questionable practices internally. We conclude that loyalty initially trumps transparency – if companies listen to their employees’ concerns.

Interestingly, evidence for a preference for raising concerns at first internally and in case of insufficient processing in the further course externally was also given in an earlier study with actual whistleblowers: “Employees are willing to give their employers a number of opportunities to look at the concern before they make an external disclosure. If a concern is ignored or not addressed at an earlier stage, only the more tenacious individuals will pursue this, carrying a risk for organizations if they fail to address the concern quickly.” (Public Concern at Work & University of Greenwich 2013).

Employees will most often offer their employer a chance to catch and address their concerns before going public. Companies should give special consideration to expressed concerns and raised issues – especially due to the fact that otherwise such issues might easily be raised externally and might spread like wildfire in public.
Managers should ask themselves how they can position themselves as a trustworthy contact for their employees. Do they have routines to deal with the concerns of their team members? How do they make sure to forward issues to those people in the company responsible for the issue at hand? How could they make sure to track the communication about the issue, the resulting actions and follow up if necessary?

The Leaders of Tomorrow are willing to raise a problem internally. That could also lead to the following consideration: A leaked problem is a sign that many things went wrong in the affected company. Top talent might assume that the management is not listening to the employees – and that this company is probably not a good place to work.

**Question:** Do you think it is possible for companies to hide unethical practices from the public?

“*My initial reaction is that yes, it is possible. I worked in audit – I have seen how companies have withheld information from the public. However, with the hacks and information leaks, hiding information seems to be a matter of time. More avenues are being created that make withholding information much more difficult. It can be as simple as an anonymous Facebook post, or an actual whistle-blower. So, is it possible to hide unethical practices? I would say yes. But it is increasingly becoming unlikely.*”

**Leda, 27 yr.**
Student of Business Administration, Philippines

**George, 25yr.**
Student of Electrical Engineering, Switzerland/Belarus

“The risk of unethical practices is higher today than before. Leaking became very easy and a scandal will stay in collective memory longer. However, the information age hasn’t changed human nature – people will find a way to hide because there’ll always be a reason. The most effective way, therefore, is to intimidate and discredit potential whistle-blowers. We need to do more to protect people who expose wrongdoings, because going against a conspiracy is an equally high risk.”

**Next steps: Establish a working environment encouraging employees to address their concerns**

Employers should establish easy to reach internal reporting mechanisms for employees who want to approach internal authorities with an issue and show them that concerns they raise lead to actions. A guideline for establishing a working environment that encourages employees to proactively address their concerns can be found in Audit Scotland’s (2014) implementation guide of a system to deal with unethical practices (Box 4).

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**Box 4**

**Implementation guide of a system to deal with unethical practices**

Audit Scotland, an independent public body responsible for auditing most of Scotland’s public organizations, published a good practice guide for employers regarding whistleblowing in the public sector. It can serve as a good example for many companies beyond the public sector as well. According to this guideline, employees should be encouraged to raise and process issues internally. This can be achieved, among others, by the following organizational actions:

1. **Establish an open and honest organizational culture** that supports raising concerns and promotes a serious treatment of all incoming concerns. The management of the organization should clearly and continually state its commitment to such an organizational culture.
2. **Establish a specialist resource** which provides a way for employees to voice their concerns about unethical behavior and which can provide advice to management and staff. Also make sure to provide clear accountability structures within this specialist department.
3. **Implement ethics-training programs** for employees and managers. All staff should be informed about the expectations of ethical behavior within the organization and how to raise issues. Managers should be updated on how to deal with such concerns.

Source: Based on Audit Scotland (2014)
Conclusions

<table>
<thead>
<tr>
<th>Study conclusions</th>
<th>Food for thought</th>
</tr>
</thead>
<tbody>
<tr>
<td>For Leaders of Tomorrow, online presence is part of their personal brand management and a way to enhance business. That is why social media is a very important tool for them. From their point of view, the current generation of managers has not fully understood the benefits of social media.</td>
<td>Challenge your assumptions about social media: Do you fully understand the benefits of social media as a business tool and are you able to use it accordingly?</td>
</tr>
<tr>
<td>Companies have at least partly lost control over their brands as employers. Important content for job candidates and employees is produced by current and former employees and can no longer be controlled by the company.</td>
<td>Think about getting tutoring by Digital Natives to fully understand how they use these tools.</td>
</tr>
<tr>
<td>A lack of transparency is considered as a major barrier to an organization’s success by the Leaders of Tomorrow. It is reasonable to conclude that such a lack of transparency is diminishing an organization’s attractiveness as an employer in their eyes.</td>
<td>Be open for new communication channels and networks – do not conflate “fun” with “not for business” or “not business-like”.</td>
</tr>
<tr>
<td></td>
<td>Giving employees valid reasons to review their employer in a positive way and to share positive information when asked should have a high priority for companies aiming to hire and retain top talent.</td>
</tr>
<tr>
<td></td>
<td>Ask yourself how you see employees and what you expect with regard to an employee’s relationship with a company: Do you see employees as “human resources” that have to be allocated and optimally used or as valuable customers that have a choice where they spend their energy and passion?</td>
</tr>
<tr>
<td></td>
<td>Treat employees as if they were customers and use employee-generated public content for new insights about employee needs.</td>
</tr>
<tr>
<td></td>
<td>Ask yourself how you could establish an ongoing information exchange between different teams, departments or units within your company – an information exchange that is really transparent and not dependent on the mediation by higher levels in the hierarchy.</td>
</tr>
<tr>
<td></td>
<td>Talk to your team members to find out which kind of tools they want to use, how open they want to be and which kind of information are not suitable to be shared openly within the whole company.</td>
</tr>
<tr>
<td></td>
<td>Think about which kind of culture you want to promote in your company: Are you ready to share not only ideas and developments but also the credit for successful projects and achievements?</td>
</tr>
<tr>
<td></td>
<td>Is the incentive structure of your company compatible with more collaboration and information sharing?</td>
</tr>
<tr>
<td></td>
<td>Overcome a “Silo Mentality” by actively promoting a new culture of collaboration.</td>
</tr>
</tbody>
</table>
### Study conclusions

While the Leaders of Tomorrow conceive transparency regarding project outcomes and failures as fundamental for success, transparency regarding employee salaries is a highly controversial dimension. There is no urgent need for companies to instantly implement total transparency in all areas and to reveal the salary of all members of the organization.

### Food for thought

- Initially leave controversial issues like salary information aside and concentrate on implementing transparency in those areas that directly improve collaboration within the company and that are demanded by the teams.
- Discuss with your team members which kind of information exchange they would prefer and how to deal with different types of information.
- Develop a transparency policy together with your team; do not create so much transparency that you would cross important boundaries.
- **Treating failures as learning opportunities is a good starting point to establish more transparency.**

Even given the entire infrastructure, from social media platforms to WikiLeaks, most Leaders of Tomorrow are initially willing to address their concerns regarding questionable practices in a company internally. Companies should give special consideration to expressed concerns and raised issues – otherwise such issues might easily be raised externally and will spread like wildfire in public.

- Ask yourself how you can position yourself as a trustworthy contact for your employees:
- Do you have routines to deal with the concerns of your team members?
- How do you make sure to forward issues to those people responsible for the issue at hand in the company?
- How could you make sure to track the communication about the issue, resulting actions and follow up if necessary?
- **Establish a working environment encouraging employees to address their concerns and show them that concerns they raise lead to actions.**
Voices of the Leaders of Tomorrow – advice for the Leaders of Today

We asked the Leaders of Tomorrow to give “one piece of advice” to the current generation of business leaders – managers that are now mostly between 40 and 60 years old - regarding transparency. Here is some advice from the Leaders of Tomorrow that delivers food for thought.

Make sure to perceive transparency as an opportunity rather than an obstacle
A lack of transparency within an organization will be punished in any case, sooner or later.

“We’re in an age where transparency is not an option, it’s a way of life - learn to ride the wave with us and make it work for your company’s progress, communication and overall development, or be left behind while the rest of the world advances.” (Student of Psychology)

“A public problem is a setback; a leaked problem is a scandal. Consider the real business and reputation risks involved with the leaks of information you choose to keep hidden, since modern technologies make it simple and anonymous for any individual involved to release sensitive information.” (Ph.D. candidate in Economics)

Make sure to enable a clear and effective diffusion of information – especially from the top to the bottom
Clarity with regard to the organization’s mission, its long-term goals and objectives drive motivation and performance of your employees.

“Transparency is like glue. It holds a company together through inevitable peaks and troughs. Transparent communication involves inviting and even pushing people to ask tough questions and deliver honest answers. It gets more difficult as you grow, but it remains valuable. It gives employees context that helps them make better decisions, and perpetuates straight talk and honest discourse.” (Student of Psychology)

“Nowadays, it is said that the companies have open-door policies, but it isn’t implemented in the true sense of the word. There needs to be more information sharing from top to bottom about things related to the company, including future plans. Only then can the management expect the employees to be open to them as well.” (MBA Student)

Be clear about your expectations and regularly provide transparent feedback
Openly communicate expectations and engage Digital Native employees to identify a frequency and format of feedback that works well for you and for them.

“I would advise them to be more vocal about their expectations with employees, and communicate more openly about any negative/positive feedback. In my opinion, the new generation is more willing to hear regular feedback so they can improve, or work on their weaknesses. The competitive level has increased, so no one wants to wait and be told in annual appraisal that they underperformed.” (MBA student)

Don’t try to be over-transparent!
Carefully evaluate, in which occasions and areas transparency is beneficial to the organization’s success.

“Don’t be overly transparent so that people feel their privacy is invaded, or they feel afraid to contribute as it will be recorded and could be held against them or cause bias (by company, employees or individuals). Have a flexible level of transparency (a bit like the Freedom of Information Act) so information that could be helpful to others or that could settle disputes (with journalists, between employees etc.) is available as required.” (Student of Neuroscience)
The study was targeted at “Leaders of Tomorrow”. These are characterized by the St. Gallen Symposium as young people (born from 1980), studying at (or having recently graduated from) good universities, who show an interest in global affairs, are eager to take on responsibility in the future and want to make a difference in the world.

The study was conducted in English, using an online survey platform of GfK SE from October 2016 to February 2017. A total of 1,017 Leaders of Tomorrow participated in the online survey. With an estimated interview time of 15 to 20 minutes, the survey demanded an intensive reflection of the issues at hand from the respondents. As an incentive, participants will receive a more detailed analysis of the results than generally available.

For this year’s wave of the Leaders of Tomorrow, the respondents for the Global Perspective Barometer were selected using four different channels (Exhibit 11):

St. Gallen Wings of Excellence Award Competitors: Students from all over the world who have competed in the “St. Gallen Wings of Excellence Award” were invited to take part in the study directly by the St. Gallen Symposium. This student essay competition has been running for nearly three decades. This year, almost 1,000 students participated in the competition, demonstrating a high interest in the leadership topics of the St. Gallen Symposium.

St. Gallen Symposium’s Leaders of Tomorrow Community: The St. Gallen Symposium team approached participants through their worldwide network of young talent who attended past symposia as Leaders of Tomorrow. Those alumni were also invited to take part in the survey by a direct invitation from the St. Gallen Symposium.

St. Gallen Knowledge Pool: The Knowledge Pool is a group of Leaders of Tomorrow, carefully hand-picked by the International Students’ Committee (ISC) through a rigorous selection process. They show outstanding track records in their particular fields of academia, business or society at a young age and are amongst the world’s most promising young entrepreneurs, scientists, politicians, intellectuals, and activists.

Top Universities: We selected the best universities for each world region based on data from the QS World University Ranking.

Exhibit 11
Sample and Methodology
Approaches to select the respondents

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n = 1,017, “Leaders of Tomorrow – Wave 2017”, Numbers are cases
We then contacted professors or study program supervisors at these universities from study programs with a formal selection procedure in economic, business, social, natural and engineering sciences (areas of study that research has shown produce a high number of CEOs according to a 2014 study of QlikTech). We asked them to extend the invitation to participate in the survey to one of their master’s degree courses with less than 100 students if possible.

We have chosen the described approach for recruiting the 2017 wave through several different channels in order to capture a broad and international group of participants that fulfill the “Leaders of Tomorrow” definition.

**Sampling challenge: Finding Leaders of Tomorrow - without a time machine**

One of the challenges of identifying and recruiting the Leaders of Tomorrow for the Global Perspective Barometer is the need to identify talented future leadership candidates before their potential is fully realized. In a perfect world, one would use a time machine to travel one generation to the future, identify those who have become outstanding leaders, and go back in order to interview them today.

Since we cannot know for certain today who will take on relevant positions of leadership and responsibility in 20 years, this survey cannot claim to be “representative” in the traditional sense of population sampling - neither of all future leaders in general, nor of the regions in which participants live. But the Leaders of Tomorrow we have recruited to participate in the 2017 wave allow a very interesting snapshot of a carefully selected group of young and qualified individuals from more than 80 countries around the world. In this study, these 1,017 survey participants were referred to as Leaders of Tomorrow.

**A truly global sample reflecting a global world**

Like in the previous year, the majority of respondents are under 28 years1) and there are somewhat more male than female participants in the sample (Exhibit 12).
Due to the selection criteria for being included in the Leaders of Tomorrow sample, it is not surprising that the majority of 80% of the Leaders of Tomorrow are either full-time or part-time students. The sample covers a wide range of areas of study, with students from business and management study programs, the STEM fields (an acronym referring to the academic disciplines of science, technology, engineering and mathematics) and other areas of study, particularly social and political sciences (Exhibit 13).

Even though many of the interviewed Leaders of Tomorrow are students, nearly all of them have at least a certain amount of job experience (Exhibit 14) and we therefore assume that the interviewed Leaders of Tomorrow have a realistic assessment of the business world. By far the most attractive career goal for them is becoming “a well-known expert with deep knowledge in a field of your choice” (Exhibit 15).
A truly global group representing 83 countries of residence, from Albania to Zambia, participated in the survey. Exhibit 16 provides a regional perspective on the participants: the largest numbers of respondents are currently living in Western Europe, followed by participants currently living in Northern America, Eastern Asia and Southern Asia. More than half of the participants lived in OECD and less than half lived in non-OECD countries during the time of the survey.

In order to understand how an increasingly globalized world is developing, it is important to have this broad participation from across regions and countries, and from both developed and emerging or developing economies. Too often, social science studies suffer from only interviewing “WEIRD” people: “Western, Educated, Industrialized, Rich, Democratic” (Henrich et al., 2010). With active and very vocal participants coming from more than 80 countries, this study can certainly give a voice to a culturally and economically diverse set of contexts, values, desires and mental models. Something that is necessary to reflect the truly global and increasingly multi-polar world we live in.

### Exhibit 16
Survey Participants by Region

<table>
<thead>
<tr>
<th>Country by UN sub-region</th>
<th>Country living in</th>
<th>Country of birth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Europe</td>
<td>243</td>
<td>329</td>
</tr>
<tr>
<td>Northern America</td>
<td>160</td>
<td>98</td>
</tr>
<tr>
<td>Eastern Asia</td>
<td>140</td>
<td>108</td>
</tr>
<tr>
<td>Southern Asia</td>
<td>186</td>
<td>124</td>
</tr>
<tr>
<td>Southeastern Asia &amp; Oceania</td>
<td>80</td>
<td>78</td>
</tr>
<tr>
<td>Africa &amp; Middle East</td>
<td>69</td>
<td>59</td>
</tr>
<tr>
<td>Eastern Europe &amp; Central Asia</td>
<td>58</td>
<td>53</td>
</tr>
<tr>
<td>Latin America</td>
<td>60</td>
<td>26</td>
</tr>
<tr>
<td>Don’t know / Prefer not to answer</td>
<td>31</td>
<td>27</td>
</tr>
</tbody>
</table>

Regions follow United Nations sub-region scheme; the more common term “Middle East” was used for what is formally called “Western Asia”.

OECD countries: Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States.

n = 1,017, “Leaders of Tomorrow – Wave 2017”; Numbers are cases

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