

Tomorrow's leaders today

**CEO Survey – AIESEC
cut**

*The 19th Annual Global
CEO Survey*



pwc

Tomorrows' leaders today

For the past 19 years, PwC's Annual Global CEO Survey has been talking with the world's CEOs about how the business landscape is changing – discussing developments ranging from the accelerating pace of technological advances to the profound geopolitical, environmental, and economic shifts which we are all now living with. Every year, the survey gauges the confidence of today's business leaders in addressing both the risks and opportunities that such changes are creating, with special emphasis this year on how stakeholder expectations are shaping corporate strategy.

But what of the leaders of tomorrow? How do they see these global trends, and do they have the same priorities as previous generations? We decided to answer some of these questions by undertaking a parallel survey with over 200 young leaders from AIESEC, a leading international student organisation committed to developing the leadership potential of young people. PwC has partnered with AIESEC for over 43 years, exploring issues of global talent sourcing, youth and corporate responsibility. The respondents were all under the age of 30, came from over 100 countries, and were broadly balanced between male and female. In this report we look at the

two groups side by side, exploring where they agree and where they differ, at the implications for companies looking to attract the best young talent, and at what today's CEOs can learn from those who are most likely to succeed them.

How do young leaders see the world?

They believe organisations should be concerned about social and environmental issues

Top 3 threats for young leaders:

-  Social instability
-  Environmental
-  Unemployment

Top 3 threats for CEOs:

-  Over-regulation
-  Geopolitical uncertainty
-  Exchange rate volatility

One of the eye-catching findings from the AIESEC results is the degree of confidence that these young leaders have. 60% believe that economic growth will improve over the next 12 months, compared to only 27% of CEOs. Is this the optimism of youth? Or does it reflect a more profound insight into trends like the digital revolution, where younger

people see opportunity and older people see cost and risk?

Although more optimistic than CEOs in many respects, a greater number of AIESEC respondents believe that organisations should be more concerned about some of the threats that they face. For example, 86% of AIESEC respondents say companies should be worried about cyber threats, while only 61% of CEOs report similar concerns. 85% of AIESEC respondents see a threat in shifts in consumer behaviour, as against 60% of CEOs, and 83% of AIESEC respondents cite a lack of public trust in business as a threat, compared to 55% of CEOs.

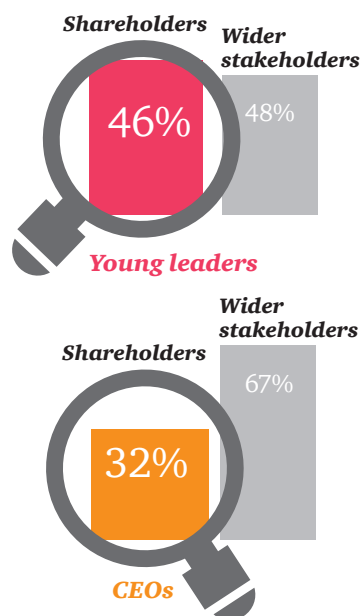
There's also a clear difference in how the two groups perceive risk. Today's CEOs rank their top three concerns as over-regulation, geopolitical uncertainty, and exchange rate volatility. AIESEC respondents, in contrast, focus on social instability, climate change and environmental

damage, and readiness to respond to a crisis. Similarly, 37% of AIESEC respondents think that governments should make reducing environmental impacts a priority, compared to 25% of CEOs, and 27% of AIESEC respondents say the same about workforce diversity and inclusiveness, compared to 13% of CEOs.

Yet both groups agree that the world is becoming more divided. 67% of the AIESEC audience, and 75% of CEOs, believe that regional trading blocs are a more likely future than a single global marketplace; 79% of both groups see regional investment banks as more likely than a single global bank; and 63% of AIESEC respondents and 83% of CEOs think it unlikely that the world's multiple systems of values and beliefs will converge.

What's the purpose of business?

More young leaders than CEOs still see business purpose as centred on creating value for shareholders



AIESEC respondents may have a more optimistic vision of the world than CEOs, but they are realists too. They rank a skilled and adaptable workforce as their top social priority, just as CEOs do (though the absolute numbers are quite different: AIESEC 55% versus CEOs 76%). Somewhat surprisingly, AIESEC respondents give almost equal importance to shareholder value and wider stakeholder value (46% versus 48%). CEOs give a much greater priority to the wider stakeholder audience (32% versus 67%). However, both groups agree that business success in the 21st century will be defined by more than just financial profit.

There are interesting differences, too, in how the respondents see stakeholder groups. Both CEOs and AIESEC members agree that customers and

clients have the biggest influence on corporate strategy, and that governments and regulators are important. But the media are seen as much more significant by AIESEC members compared to CEOs (74% versus 25%), and there is a similar pattern with local communities (52% versus 27%), the general public (50% versus 30%), and NGOs (40% versus 9%). This suggests younger leaders may well have a more acute understanding of the way universal and instantaneous communications are changing the way that companies are viewed, and how organisations need to adapt as a result.

What do young leaders want from an employer?

CEOs and young leaders agree a pipeline of future leaders is the priority for business success



Demographic change across the world means that 'millennials', as well as 'Gen Z' (the generation following millennials, which is about to enter the workplace) constitute a growing proportion of the workforce. Millennials will make up as much as 50% by 2020. These young people have different ambitions from previous generations. They want a comfortable lifestyle, but they also want more intangible things from their work, like

the chance to achieve, and a sense of connection and purpose. They see their careers as portfolios of experiences rather than a ladder to be climbed in a single organisation. Thus, only 18% plan to stay in their current role for the long term. In addition, they pay a lot of attention to the importance of international experience and volunteering in the early stages of their careers.³

So how do companies attract and keep the most talented young people? Pay and benefits are important, but working culture and values are often even more so. Millennials want to be proud of their employer, to feel that their company's values match their own, and that the work they do is worthwhile.

When we asked our survey respondents about what makes an organisation an attractive employer, both AIESEC members and CEOs put similar emphasis on the pipeline of leaders for tomorrow, and on employees' skills.

But there is a wide divergence in other areas, and this is an important point for CEOs who want to attract the best young people to their organisations. AIESEC members put a much greater emphasis than CEOs on workplace culture and behaviour (69% versus 41%), health and well-being (39% versus 20%), and offering opportunities to work internationally (21% versus 7%). As we might have predicted, they are far less interested in pay and incentives than CEOs (10% versus 33%) or performance management (12% versus 38%).

What's most important for society today?

Both AIESEC respondents and CEOs agree that companies need to focus on skills and on developing the leaders of tomorrow. 61% of AIESEC respondents and 75% of CEOs say the priority should be developing a skilled and adaptable workforce, and both cited it as a top concern in this area.

However, AIESEC members focus more on workforce diversity and inclusiveness (56% versus 35% for CEOs), high levels of employment (41% versus 25%), and greater income equality (31% versus 16%). They also place far less importance on a stable and effective tax system (8% versus 27%).

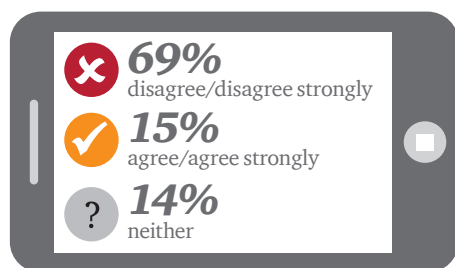


A skilled, educated and adaptable workforce



What will make – or break – tomorrow's leaders?

Does your country's education system effectively equip students to thrive in the digital age?



We asked our AIESEC respondents about their views of leadership: what defines it, how to nurture it, and how it's changing.

These young leaders clearly believe in nurture not nature: 64% said the education system is the single most important factor in shaping and

preparing young people for leadership roles in the future. Only 13% cited parental influence and upbringing, and a tiny 1% believes leaders are born rather than made.

However, it's surely worrying that almost 70% believe the education system in their own country is failing to fully equip students with the skills they need to survive and thrive in the digital age. So what are these missing skills? Global experience is by far the most important, cited by 71% of respondents. Other key skills include communication (47%), openness to give and receive feedback (44%), and ethics (42%). Governments and universities need to assess what they can do to help fill these gaps; developing more and deeper partnerships with business is an obvious way forward.

We also asked the young leaders about the skills that all employees will need in the future workplace, and it's interesting to note that leadership is increasingly seen as a capability that every employee will need to demonstrate, not just those in managerial positions (this received the top score of 66%). This was followed by passion and enthusiasm (51%), creativity (46%), and problem solving (43%). An interesting model is emerging here: it appears that 21st-century employees will need to be as skilled in 'emotional' qualities as they are at more traditional professional and intellectual capabilities.

To find out which leaders our AIESEC audience regarded as iconic, we asked them to name the global figures they considered to have had the greatest impact on the world – whether financial, economic, political or social – in the past 50 years.

The top 5 leaders were:

Nelson Mandela

Steve Jobs

Barak Obama

Bill Gates

Elon Musk



They also named Justin Trudeau, Malala Yousafzai, Martin Luther King Jr and Muhammad Yunus in the top 10.

Conclusion

So what can today's CEOs learn from the CEOs of tomorrow? We think there are four key points to take from this survey:

Tomorrow's leaders are **optimists but realists**. They look for opportunity, but are not naïve about risk.

Tomorrow's leaders care about **wider social and environmental issues**, and understand how stakeholder expectations are changing.

Tomorrow's leaders want to work for companies that have similar **values** to their own, and put more importance on the nature of their work than what they are paid.

Tomorrow's leaders believe that **emotional qualities** are as important in leaders as intellectual capabilities.

With this in mind, companies and CEOs need to ask themselves how they measure up, whether their organisation has what it takes to be an employer of choice for the next generation:

- Are you really in touch with what millennials and Gen Z want?
- You may have the right values, but are you walking the talk as well? Authenticity is key.
- Does your behaviour as a business match up to the claims in your environmental and social reports?
- How is your business going to embrace the new model of leadership for the 21st century?



Acknowledgement and thanks

In collaboration with its global partner AIESEC, PwC conducted research with over 200 AIESEC young leaders using questions from PwC's 19th Annual Global CEO Survey, supplemented by a series of talent specific questions.

The AIESEC network includes over 100,000 members across 133 countries and territories and is the largest youth run organisation in the world.

We'd like to thank the following for their work on bringing this piece of research and insight together:

Project team

Angela Lang
Charlotte Kuhn
Joost Blankenspoor
Theodor Asiei
Valentina Hovhannisyan

Research and data analysis

PwC UK's Research to Insight (r2i) unit, located in Belfast, Northern Ireland

Online

Lesley Hornung

Design and production

Vicky Collins
Jemma Beasley

We'd like to thank the following for their support, insight and guidance

Justine Brown
(Head of Marketing, Global People and Organisations, PwC)
Dmitry Dubovik
(Vice President, AIESEC International)
Philip Sladdin
(Global AIESEC Champion, PwC)
PwC Global Thought Leadership team
Stephan Luecke
(Vice President, AIESEC International)

For further information on this output please contact:

Angela Lang

Senior Manager, PwC Global Thought Leadership
angela.lang@uk.pwc.com

Diana Birsan

Global AIESEC Partnership Coordinator
FY17, PwC
diana.birsan@de.pwc.com

Theodor Asiei

Global AIESEC Partnership Coordinator
FY16, PwC
theodor.asiei@de.pwc.com

