

Portrait of a New Generation of Leaders

Results from the CEMS-L'Oréal Fellowship

Project Summary Report
CEMS-L'Oréal Fellowship 2009

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THE GLOBAL ALLIANCE IN MANAGEMENT EDUCATION

L'ORÉAL

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PREFACE

About CEMS

Founded in 1988, CEMS is a global alliance of academic and corporate institutions dedicated to educating and preparing future generations of international business leaders.

The CEMS academic and corporate members work collectively to **develop knowledge and provide education that is essential in the multilingual, multicultural and interconnected business world.**

The joint **CEMS Master's in International Management** is the main vehicle for achieving this goal.

Motivation behind the CEMS-L'Oréal Fellowship

As a logical extension of the Master's in International Management delivered by its member schools, CEMS is keen to develop joint research projects. **Collaborative projects such as the L'Oréal Fellowship** are enriching for the alliance as a whole as they **add a research dimension to the portfolio of CEMS activities** and enhance the status of CEMS as an academic authority on specific subjects.

In addition, given that the core mission of CEMS is to educate future global leaders, the results of the study conducted in collaboration with L'Oréal are **invaluable for establishing a profile of the students who will become tomorrow's business leaders.** This represents significant added value for the academic members that educate them and the corporate partners that support the educational process and recruit them.

L'Oréal emerged very quickly as active supporters of the project, with three main motives behind the initiative: the opportunity to **support CEMS in mounting and applying the results of a wide-reaching research project** of immediate interest and value; the chance to **reinforce its leadership in HR branding** via the privileged access they would enjoy to the study and the participating students; and a keen desire to **confirm a positive evolution in values amongst "Generation Y"**, especially in a period of crisis.

These motives are of key strategic importance for L'Oréal, as the company targets through recruitment on campuses its **future generation of leaders.**

CEMS and L'Oréal are therefore very keen to share results not only within the academic and corporate community of the alliance but also on a broader scale with the corporate world and society at large.

AIM OF THE STUDY

Against the backdrop of new generations with possibly different set of values entering the labour market, this study analyses a specific segment of future leaders - students of the CEMS Master's in International Management - to better understand their approach to core aspects of work, the role of work in their lives and their relationship to organisations and to their own careers.

SAMPLE AND METHODOLOGY

Quantitative study

Data from **339 individuals from the CEMS Master's in International Management programme** (the classes of 2007-08 and 2008-09, representing a total of 1,330 individuals) was collected in May 2008 using a web-based questionnaire covering three major areas:

- choosing a job and first employer,
- life, career and competencies,
- personal background information.

53 % of respondents were female, of an **average age of 24** and from **37 countries** in and outside of Europe. The response rate was 26%, which is regarded as satisfactory for this kind of survey. No systematic bias in terms of the student population existed.

Qualitative study

Interview data from **34 individuals** (15 men, 19 women, 16 different countries, average age 23) were then collected.

Semi-structured interviews as well as focus group discussions were conducted in two consecutive rounds, each about 1 ½ hours and based on interview guidelines. In the first round (21 participants, Spring 2008), the interviews and focus groups covered major areas resulting from the research question (life-general, role of work, relationship between the individual and an organisation, and between an organisation and society).

After analysing this material as well as the quantitative data, **a second round of interviews and focus groups** was conducted with a different sample (13 participants, Autumn 2008) **dealing with core issues resulting from the first round requiring a deeper understanding** (with the focus placed upon the following items from the first round: priorities in life, sense of citizenship, role models, role of work, and the effects of the global financial crisis).

In both rounds, the interviews and focus groups were audio-taped, fully transcribed and analysed using a content-analysis approach with researchers from Austria and Spain.

1. MAJOR RESULTS

1.1. Identity and role models

a. Personal identity

The personal identity of this group is still under construction since a diverse picture emerges from our analysis. With respect to nationality, **the quantitative analysis portrays universal citizens of the world** (with 30% feeling their identity primarily rooted in the “global society”, 34% in the continent where they live and 23% in their native country).

This is not so obvious in the in-depth interviews. The picture that emerges is one where the participants' own nationality still plays a role in personal identification although **most realise that, after exposure to other national cultures, a broad, supranational identity can be developing inside them.** They don't feel at home when living in a foreign country.

To a lesser extent, this is also true when living at home. In this sense, **European students from the EU-15 in our interviews very rarely identify themselves as “Europeans” and only accept this label for practical reasons when they are outside Europe or addressed as Europeans by others.** Local identification (Bavarians, Romans, Catalans etc.) is very rare.

Collective identities are very weak. They definitely do not see themselves as part of a “class structure”, nor do they identify themselves with any religious group, political party or ideology.

This represents the end of grand schemes, and participants show little interest in “grand concepts”. The Aristotelian definition of man as a “political animal” does not apply.

While group identity is not an integral part of their identity, **a strong “me-me” individual identity pervades most of their approaches to life and work, pointing towards substantial individualism.**

Being part of a select group of future leaders and **belonging to a “select few”** is an expressed idea **when considering their future position in organisations.**

b. Role models

A general pattern emerges - “big names” or “heroes” are not held up as role models. In some cases, students refer to quite normal people that have touched their lives by chance, like an uncle that is a surgeon, or a lady that the student met during an internship etc. One interviewee derived his role model from religious beliefs (Jesus), but this is an exception, not the rule.

All role models exist because of what they do, e.g. mastering professional tasks outstandingly or doing “the right things” such as working for peace, equality or the environment, rather than for what/who they are. It is not the person, the personality as such or the image which are of interest. Rather, it is the acts which stem from specific attitudes which matter.

Private role models are primarily derived from the family of origin, in particular persons concerned with one's own education, specifically parents or grandparents, are associated with this category. Again, **“action speaks louder than words”** when choosing private role models.

1.2. Expectations towards work

a. The central importance of work

Contrary to current theories that emphasise a culture of consumerism as central for younger generations, our group places **work at the very centre of their lives.** This manifests itself in a variety of ways:

- in the event of inheriting/winning enough money to guarantee lifelong economic independence, only 12% would do other things than work; 20% would still choose to work for an employer and 68 % of the students would prefer to run a business;
- respondents are not only prepared to work a lot; work also has a “moral meaning” for them;

- they are aware of the necessity to make trade-offs between personal life and work when pursuing their careers.

b. The meaning of work

For the respondents, job characteristics or, more specifically, **what people do is extremely important, much more so than “job title” or the employer’s reputation.** This, again, is evidenced in several ways:

- work has a meaning if it is related to individual competence development;
- varied work content is of paramount importance;
- work must be “meaningful” in terms of results;
- action and results must be perceived as “morally clean”;
- a good place to work is not just a nice place, but a challenging, positive and results-oriented environment;
- to have fun just for the sake of it is not an issue.

Coherent with a strong action-orientation, students put great emphasis on individual appraisal as a measure of their work effort and **individual responsibility as an important part of job content.**

Responsibility is highly valued and, for that reason, they ask for the right to have a say in decision-making processes from the very outset of their careers.

Although individual responsibility is regarded as very important, **students give less emphasis to freedom in the job.** What they ask for is “structured freedom” whereby someone else sets both the objectives and the limits. This issue is most probably related to their experience growing up, nurtured by their parents and with very few instances of being forced to make important decisions completely on their own. It’s noteworthy that both **status and job security are ranked very low.** Among eighteen items related to job preferences in our quantitative survey, high job security came as number 15. Hence it was one of the lowest-ranking factors in relation to students’ preferences.

c. Relationship with others

Relationship with others first and foremost relates to future colleagues. Having good social relations with them is ranked high in the quantitative analysis. There are high expectations for a “positive-fun-interesting” set of relations which must be directed and related to business projects. As such, good social relations are a prerequisite but not an end in itself.

A boring work environment is not appreciated. They rank their school experience with group work positively, but they are not permissive at all with free-riders. What is expected is a work environment where free-riders are separated out.

Relating to others also includes their direct supervisors. How they see relations with them is very much affected by their previous experience with authority figures, in particular important role models such as parents or grandparents. Positive previous experience reflects on what they ask from their managers.

They rank being managed through trust and empowerment very highly. This is in line with the idea expressed previously of “structured freedom”. On the other side, the idea of being managed through the pure use of power ranks very low, as do distant leaders who spend most of their time locked away in their offices.

In summary, **these students do not react negatively to leadership. Quite on the contrary, they want to be structured.** However, they give leadership based on power a low rating and a high score to relational leadership based on knowledge and not on power *per se*. It is noteworthy that participants never include rank-and-file employees in the “others” category. **Their perception of future organisations is focused on those who manage it, not those being managed.**

d. Role of intrinsic and extrinsic rewards

Both the survey and interviews reveal that the students' **emphasis is on non-material rewards**:

- personal development in the job,
- having an interesting job with adequate responsibility,
- quality of work,
- gaining recognition for their results.

Yet, this does not mean that money is not important. As a matter of fact, **recognition must also be expressed through a sizeable amount of money or other material incentives** which reflect the deserved recognition and objectively express the deserved admiration. And, assuming that they will earn "a lot" anyway, they might be ready for a trade-off (to a certain extent) between income and non-material rewards.

This dual view is reflected in the results as factors related to earnings and career opportunities do not score highest in our survey. Thus **the widespread perception in the media that business school students are out-and-out careerists is not supported**: fast career development is ranked tenth and "high earnings" eighth.

Although business graduates will normally obtain a substantial initial salary compared to many other groups of graduates, money is clearly not everything.

The findings suggest that **CEMS Master's students are, to a certain extent, willing to let pay take second place in order to secure qualitative rewards** such as interesting tasks, opportunities for development and good social relations.

The importance of being recognised and admired as an intrinsic reward is the consequence of the individual-centred, "me-me" personality. This recognition-admiration element is focused on the immediate work environment and not so much on the company or the broader industry. Respondents also expect a "family-like" reward system at work where they get emotional support and social reward.

1.3. Relationship with future employers

The psychological contract with future employers, at least in the first years, is primarily transactional. Major characteristics include:

- being less passionate about the concrete company (making it difficult to involve these individuals compared to previous generations);
- a more or less calculative engagement based on a quid-pro-quo relationship ("What can you do for your company?" vs. "What can the company do for me?");
- BUT, a readiness to devote all their energies to the company if they feel the company gives a lot.

The corresponding relational metaphor is one of "serial monogamies". Sooner or later the relationship will end; therefore, their investment has to pay off in a shorter time span.

1.4. Work-life balance

Contrary to common belief, **the work-life balance issue is not a crucial priority.** Individuals know that the issue is there and they express the importance of leisure time for them. At the same time, however, they are aware that it will be difficult in coming years to enjoy both work and leisure equally.

Currently, respondents do not have any strategy to resolve this conflict. **In case of doubt, work comes first.** Items from the quantitative study related to work-life balance such as "possibility of working at home" or "flexible working hours" rank low.

When explaining what a "normal working day" is for them, a common pattern emerges: they start at eight/nine in the morning and continue until late in the evening. Even taking a "half-hour lunch" (thus allowing them to finish early) is not appreciated because "in the end, you always finish late".

The only clear strategy to balance work and life is the efficient use of work time. This is related to the idea already espoused

of a good, fun but productive work environment. In this sense, they are **opposing the culture of being physically “present”** even if there is no more work to be done, unproductive meetings etc.

1.5. Views on management

The **most valued competences for good managers** and, as a consequence, what they appreciate when being managed, are **mainly relational** in scope:

- communications skills,
- the ability to listen to others,
- knowledge about the firm’s strategy.

These competences are related to their view of work: structured work can be accomplished by a manager through their knowledge of the firm’s strategy and his/her communications skills. The ability to listen to others is related to the importance given to responsibility.

Principal component analysis revealed that the **least valued managerial competences** were as follows:

- creativity/innovativeness,
- analytical skills,
- professional/technical skills,
- political skills.

The **most highly valued components** are, in the descending order of importance:

- leading others,
- relating to others,
- contextual knowledge.

As a group, students’ views reflect the importance of both relationships and hierarchy in leadership. Overall, **two thirds of the respondents put large weight on organic forms of management at the expense of traditional mechanical management** relying on hierarchies, duties and rules (about one third).

1.6. Views on careers

For the respondents, **occupying a specific position somewhere in the future is not a primary goal**. Consequently, a career does not primarily mean “ascending in the

hierarchy”. Although there is consensus that improving your competences and assuming more and more responsibility leads to hierarchical advancement, promotion is not an end in itself but a consequence of their efforts.

It seems logical and natural to them that **one day in the future some will become CEOs**. Again, **becoming CEO is not their main objective but the mere consequence of their work**. There is a clear understanding that their personal career consists of two stages:

Stage 1

- starts after finishing university and seen as a period in which they will develop profoundly and enlarge their portfolio of competences;
- strong preference for working for large multinationals where opportunities to develop are greater;
- a highly dynamic period, where standing still is not an option;
- need to change employers during this period in order to develop but also to broaden their range of competences;
- primarily responsible for their careers, the decision of when to change job/employer and where to go is their own responsibility;
- dislike for the idea of a structured career plan.

The last two assumptions are largely unaffected by the current economic crisis. Second-round interviewees were slightly cautious, but basically still convinced that hard work would lead to many options.

Basically, they are highly convinced that, **if they set a goal for themselves, they can achieve it; “effort pays off”**. There is little awareness among interviewees of the impact contextual forces have on their careers, in this case the current crisis.

Stage 2

- starting when students are in their early 30s, offering even more options and by when they will act as full professionals;

- half think that they will opt for working in companies, although only few individuals assume that they will develop within a single company;
- the other half opts for careers outside/alongside companies where free-floating professionalism is very attractive;
- the classic objectives of income and hierarchical advancement as indicators of a successful career are still important but not paramount.

The above points signal that, far from being “company people” who put the **emphasis on the workplace/employer**, many of them place more emphasis on the **job/position**.

All in all, survey respondents' views of their careers are very much determined by an internal locus of control, with a **faith in their competences as the determinant issue in career development** and where recognition for one's career implies making efforts to achieve goals. The latter demonstrates a **great degree of self-confidence**. Similarly, the classic subjective indicators are also less important.

There is a clear sense for participants that careers require sacrifice and trade-offs. **In all circumstances, career also means having fun and being visibly recognised.**

1.7. Gender patterns

In the survey we found interesting gender differences related job and career preferences. **Female students put more weight than male students on the following factors:**

- interesting work,
- opportunities for personal development,
- good social relations among colleagues
- variety in work tasks,
- systematic career planning,
- good job security,
- a large amount of project work and opportunities to work at home.

On the other hand, male students place more emphasis on the following:

- opportunities for fast promotion,
- pay based on individual performance,
- high status.

There is **no difference in regard to the importance of high earnings**. We may hence conclude that overall the women in our sample are more preoccupied with qualitative aspects of their prospective jobs than are their male counterparts, and that male students put more weight on factors related to fast careers, high job status and individually based compensation than female students do.

These findings are in line with several previous studies (e.g. Gooderham & Nordhaug, 2002; Gooderham, Nordhaug & Birkelund, 2004). However, most of these have been conducted on students at Bachelor's level. Consequently, it is interesting to note that **these gender differences are not erased when students have moved to the Master's study level.**

One might have expected female students at this elite level to have gone through a socialisation process making their preferences more equal to those of the males or that there is a self-selection effect after their Bachelor's graduation. Neither seems to be the case.

We also detected **some gender differences as to preferences if suddenly made wealthy**. More female students would choose to have paid work and more male students would like to run their own businesses. In regard to the proportions that would prefer not to work at all, there are no dissimilarities.

In total these results indicate that **male students are slightly less risk-averse than female students** in that they would like to be entrepreneurs. **The women in the survey emphasise more strongly general competences** in the form of communication skills, stress tolerance, personal flexibility and professional or technical skills than do the men. **They also put more weight on contextual competences** such as possessing knowledge about the firm's strategy and organisation culture as well as knowledge about the industry the company operates within.

2. APPLYING RESULTS WITHIN A BROADER RESEARCH CONTEXT

This section addresses broad themes emerging from the results of the study and linking them into coherent patterns.

2.1. Trusting the system and using it for career crafting

This next generation of leaders places a high emphasis on work as a major domain of their life. For them, **participating in the world of work is a way of finding their place in society** and work has a meaning by itself.

They bring to work **some traditional work values such as the readiness to work hard or being committed to a cause**. In particular, this generation is willing to integrate themselves into given systems and hierarchies. **They do not question the basic assumptions and principle of the economic system and there is no principle disaccord with the objectives of the organisation.**

However, there is another side to this basic acceptance. While they are no rebels, they constantly monitor their activities and engagement in the light of their own demands. **They have subscribed to the “project Me”: taking a long-term view on their own careers for which they themselves are responsible**, they soberly calculate the effects of current activities on their career capitals and their future opportunities while constantly searching for opportunities where an investment of their career capitals (e.g. competences and networks) pays off even more.

They see the world full of opportunities that they can capitalise on. Career and development opportunities offered by the organisation are less regarded as a path one has to follow because of organisational demands. Rather, individuals view them as opportunities that they contrast with their own short- and long-term preferences.

Overall, this leads to crafting one's own careers by using both career opportunities

and one's career capitals to combine them to a self-built career. They balance considerations of functionality and creativity in this ongoing process of construction, continuously looking inside themselves for monitoring developments, looking outside in order to detect developmental paths and looking ahead in time to evaluate current developments against the long-term consequences (Inkson, 2006).

Against the backdrop of substantial self-confidence, their search for freedom is less directed at avoiding constraints by the economic system or organisational structures, but pursued by moving through the world of work and between work and non-work domains on one's own pace and by one's own decisions.

They are less interested in paper-concepts, dealing with formal planning efforts such as career planning or grand bureaucratic schemes. Instead, **they are more convinced by what you can see/feel/hear and by concrete role models representing attractive career ideals.**

2.2. A transactional versus relational contract with organisations

The relationship between individuals and organisations is **not only governed by explicit formal regulations** such as work contracts, collective agreements or labour laws, **but also by psychological contracts.** They contain a set of mutual expectations, perceptions, and informal obligations governing the relationship between two parties.

In the world of work, psychological contracts have specific significance for the relationship between organisations and their members. They provide the basis for relationship dynamics, including the benchmark against which violations of tacit expectations are measured (see, e.g. Rousseau, 1995).

Relational psychological contracts emphasise a more long-term view rooted in shared ideals and values, mutual respect and interpersonal support leading, among others, to expectations of loyalty from the individual and job security on the

side of the organisation. In contrast, **transactional psychological contracts emphasise a calculative engagement based on a quid-pro-quo relationship where the mutual exchange has to be gratifying on a short-term basis.**

Over the past two decades, the dominant model has shifted from relational to transactional. This leads, among others, to **less emphasis on stability, permanence, predictability, fairness, tradition and mutual respect and favours self-reliance, flexibility and adaptability.**

While members of previous age cohorts often have regarded such a shift as a loss and somewhat hard to adapt to, **this generation of future leaders** growing up under the dominance of the transactional contract has quite naturally internalised this view of relationship into their personal and professional lives. They **feel completely at ease with entering a short-term give-and-take relationship.** Due to their excellent qualification profile they are **confident that they have something to offer** and that enough organisations exist out there that are looking for their contributions.

They do not mind joining the mutual illusion of “exclusive inclusion” for the time the relationship with the organisation lasts. However, relationships with organisations are “serial monogamies”: although the relationship will end sooner rather than later and therefore investments have to pay off in a short time span, they are fully committed to the organisation during this time.

This is far from having a long-term vocation for any single organisation. In a sense, **members of this generation are both distant and passionate:** distant in the sense of not committing themselves long-term to one organisation, passionate in terms of “temporary passion” for the concrete task, work group or responsibility. To involve individuals as “deep” as in previous times turns out to be more difficult. While they possibly commit themselves deeply to the concrete aspects of their job including the social environment, their organisational commitment can be deep, too, but often is less long-term.

The emphasis on transactional contracts as the natural way of relating to organisations is supplemented by a partial swing to and incorporation of elements of the relational psychological contract in later stages of life.

In the first career stage (“until early 30s”) these individuals clearly live in the expectation of a transactional psychological contract, i.e. short-term and giving, but also expecting a lot. However, with the transition into a second career stage, they anticipate things might change more towards a relational type of contract, i.e. built more on long-term relationships with less hectic and continuous matching activities.

The second career stage is less a concrete point in time but more the label for a change in life-circumstances and views about the world and about work associated with the establishment of a more long-term private partnership, the possibility of children or a reduced amount of geographical mobility.

2.3. Looking for recognition by being a member of the family and a celebrity

Being recognised in both becoming socially visible and being rewarded for one’s contributions is central for individuals. **From early age on, adequate recognition is a key factor for healthy individual development and motivation.** In the world of work, employee rewarding, i.e. the provision of monetary and non-monetary incentives for work which is often linked to the individuals’ contributions to the organisational output, is regarded as central for attracting and retaining individuals as well as for enhancing organisational performance (Rynes & Gerhart, 2000).

For this generation of future leaders, recognition plays a three-fold role. First, in the most tangible sense **monetary rewards and hierarchical progression** are important. They are more or less taken for granted as they come with the job. Assuming that these individuals can fulfil their demands, expected income as well as future hierarchical position is excellent in comparison to other members of their age cohort.

Second, **recognition at work includes a professional as well as a personal dimension.** At the professional level, this relates to acknowledging one's professional contribution. The focus is on the immediate work environment and not so much on the whole company or the broader industry. At the personal level, **individuals want to get recognition from their immediate work environment.** They expect a "family-like" environment where the world of work provides positive feedback usually coming from the family or the private sphere (Hochschild, 1997). This includes, e.g., positive emotions, the experience of passion and a tight-knit network of relationships with one's peers.

Third, and arguably most unique, a specific type of recognition has great prominence for this group: **admiration and adoration.** As a member of the family, this requires a special place in the social network. At the professional level, this is linked to a kind of celebrity culture. **To be seen by others as being special in one's professional expertise and contribution and be "at centre stage" is clearly important.**

To reach this, something on top of what used to be seen as solid and sufficient has to be achieved, e.g. successfully taking extraordinary risks, acquiring outstanding qualifications, or striving for unusual combinations of competencies. **Admiration and adoration go beyond the "normal" quest for positive feedback from one's environment,** which is a traditional driver for individuals and a well-known element of organisational reward systems.

They are **exclusive and self-focussed** ("it's me"), **highly competitive and inclined to take top positions** and aiming at an outstanding degree of visibility within the respective social networks ("global reach"). These results are in line with analyses pointing out attempts by individuals and organisations to establish grandiosity in the world of work (e.g., Alvesson & Robertson, 2006; Chatterjee & Hambrick, 2007).

3. IMPLICATIONS FOR THE CORPORATE WORLD

These findings are in line with broad developments in the world of work (for regional career relevant examples see, e.g. Mayrhofer, Meyer & Steyrer, 2005; Obeso, 2008), in particular, a change from collectivism to individualism, an emphasis on flexibility and the responsibility for work careers moving from organisations to individuals (“careerpreneurship”) and lead to a number of potential implications for individuals, universities/business schools, policy makers and organisations. This report focuses on the latter and briefly outlines major consequences.

- What do you “sell” as an organisation when trying to attract highly-qualified individuals who are in high demand in their early career?
 - Emphasise the capacity of your organisation to emulate a setting characterised by a **concrete series of projects and short-term career episodes compatible with different career aspirations**;
 - Refrain from primarily selling the organisation, instead **focusing on the tasks and projects you can offer**.
- How do you mould the relationship between the organisation and these individuals?
 - As a starting point, acknowledge that **they are highly mobile** at least in the beginning of their careers. They are **constantly looking for a better deal where they can get out the most for their future career** - don’t expect them to be with you in the long run;
 - Enter into a **relaxed quid-pro-quo relationship** where both sides - for the time being - enter a rewarding relationship by investing what they can offer.
- How do you reward these individuals with a high demand of feedback and recognition?
 - **Provide a sound material basis as well as ways of making them feel like a member of the family**, e.g. by emphasising work-related personal relationships, as well as giving them the spotlight they need, e.g. by explicit social recognition of performance;
 - **Offer clear benefits in terms of development of career capitals**, e.g. technical and social competences, contacts and networks and future career opportunities.
- How do you lead this generation of future leaders?
 - Refrain from “talking the talk” before you are able to “walk the walk”, i.e. **sparse use of grand concepts, career plans, mission statements and emphasis on leading by example**;
 - Make **honest** (“no bullshit”) and **constant as well as thorough feedback** (e.g. 360-degree appraisals) an integral part of your organisation’s leadership style that these individuals encounter;
 - **Use the readiness of these individuals to work hard and devote time, energy and passion** by providing them with the opportunity to make a difference which is important to the organisation and to them;
 - **Try to build a strong sense of joint mission** for the tasks or projects at hand, which triggers high-performance behaviour.

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