

## **HOW INNOVATIVE LEADERS COULD ENCOURAGE CREATION OF NEW VALUES IN THE ORGANIZATION**

Tatjana Mamula Nikolić

Univerzitet Metropolitan, Tadeuša Košćuška 63, 11 158 Beograd, Srbija,  
tatjana.mamula@metropolitan.ac.rs

### **ABSTRACT**

The leaders of the new generation include Generation Y (1980-1995) and Generation Z (1996 – 2010) as the biggest working force today. Methods: two qualitative and two ethnographic research were conducted (2015 and 2021) with a group of 30 leaders of Generation Y and 30 leaders of Generation Z. The leaders were representatives of companies of different sizes and industries, responsible for teams, projects and processes. Both researches were conducted using the in-depth interview technique. The behaviors of the four selected leaders of each generation were modeled by monitoring their behavior during the execution of tasks in the workplace, in meetings and working with teams. The first research was conducted offline and the second research was conducted online. Results: They believe in lifelong learning and improvement; they get the necessary results easier and faster online. New generation leaders set clear priorities, see the bigger picture, manage change, are open to options, make decisions, ask challenging questions, actively listen, take action. Conclusion: The leaders of the new generation embrace the VUCA world (volatility, uncertainty, complexity, ambiguity) not as a sprint but a marathon. In that marathon, they need to be open to change, resilient, to show readiness to learn and take care of themselves, to adapt.

**Keywords:** new generation, generation Y, generation Z, creative thinking, values.

### **INTRODUCTION**

Organizations face increasing challenges in the field of leadership, including the development of a new generation of leaders (GenY and GenZ) who are flexible, willing and able to learn new technologies, and to innovate in order to create added value. Globalization and technology encourage dynamics in the VUCA (volatility, uncertainty, complexity, ambiguity) world through increased innovation, interconnectedness and digital activity in organizations, which in return creates new and agile competitors. With new needs and expectations of customers and consumers, innovative and modern companies work on organizational changes. Entering the third decade of the 21st century, members of the new generation - Generation Y (1980-1995) and Generation Z (1996 – 2010) participate in the world of creating additional values, new forms of buying and spending, decision-making, leadership and creating their legacy for new generations.

The acronym VUCA was first used in a business context by Warren Bennis & Burt Nanus, (1985), and describes leadership theories. It entered the business lexicon in the late 1990s and early 2000s, primarily through the work of Johansen (2007, 2012). The only way for leaders to embrace and understand the business milieu in a turbulent world is to be clear on the situation the organization is facing and direct resources and leadership style towards the right challenge. Johansen added some requirements for VUCA world (2012). Volatility implies changes in technologies that are taking place at an extraordinary speed (Vision). Uncertainty is reflected in the fact that despite the fact that there is a lot of information about the organization itself, competition and all available resources, employers still cannot predict with great certainty the results of activities in the business world (Understanding).

Table 1: Description of VUCA world in business frameworks (Johansen, 2012).

	<b>Volatility</b>	<b>Uncertainty</b>	<b>Complexity</b>	<b>Ambiguity</b>
Requirements	Vision Taking action Testing	Understanding Biggerpicture Different perspectives	Clarity Focus Flexibility Creativity	Agility Making decisions Innovation

Complexity is caused by the fact that every business decision is influenced by an increasing and constantly growing number of different factors (Clarity). Ambiguity arises as a consequence of the unknown meaning of the situation in which the organization finds itself (Agility).

## LITERATURE BACKGROUND

In the context of economic competitiveness and digitalization, one of the main challenges for companies is to attract and retain top talents. In the long run, talent management is a strategic component of the business model that generates product innovations, service innovations, marketing communications innovations, in order to create value for consumers and financial results for companies. Talent management is strategic, future-oriented and focused on overall organizational goals, making it a key element of any organization for gaining a competitive advantage and achieving sustainability. The digital skill of human resource management implies the transition from traditional paradigm to a new digital paradigm of understanding the workplace in accordance with the engagement, learning and development of employees and the search for talent. The ability to attract, develop and retain the best talents makes a company successful in the long run. Employer branding is increasingly coming to the fore (Mamula Nikolić, & Nećak, 2019).

Today's organizations are no longer defined by fixed working hours of nine to five or a set of homogeneous employees. With the emergence of the COVID-19 pandemic, it is evident that the organizations of the future will function as platforms that connect diverse and multitalented individuals who connect and collaborate in order to create a value (Perčić, & Mamula Nikolić, 2020). Leadership has many dimensions, and those that are important for each one of us, on whichever side of the business process we are, are the following: how to become a leader, how to recognize and understand a leader, but also how to build leaders in our everyday business or life. Leadership is a process that all employees at all levels should apply today.

Today, leadership is measured by the courage of an individual in complex and challenging situations to take action first, to take risks, to lead complex communication with employees when needed, by his trust in associates, his proficiency to give honest feedback to colleagues. Due to the economic conditions in which they were educated and started their first work experiences, members of the new generation see every crisis in a certain way also as an opportunity to express their leadership potential. In their opinion, everyone can take on the role of a leader in a certain aspect or situation. The idea that certain people are destined for the role of leader is almost offensive to new generation. They start from the point of view that "a leader is created, not born" and that this title cannot be fixed or assigned. Making an impact and making decisions have fundamentally changed not only because of certain characteristics of new generation leaders, but also because of the turbulent environment in which they operate and live.

These circumstances have somewhat shaped a new style of leadership. Growing up in a world where nothing is promised or certain, they have learned that they must acquire skills on their own, but also to look for ways to do it on their own, they are quite aware of the problems facing the world in which they live, but also very optimistic in their desire to make changes and to make the world a better place.

Results from some research conducted in the last five years (Mamula Nikolić, 2021; Mamula, & Ćoso, 2015; Perić, Mamula Nikolić, & Delić, 2021; Mamula, 2016) are shown in Table 2.

Table 2. Summary of the behavior and characteristics of the new generation in the digital age (the results should not be generalized on the whole population) (Mamula, 2021).

Behavior analysis, values and characteristics	GenY	GenZ
Out of the box (creative on the one hand, logical on the other)		
Flexibility (dynamic, result-driven)		
Co-creation (joint work, participation)		
Visual display (ease and speed of interpretation)		
Contribution (involvement in solution creation and implementation)		
Meaningful work (purpose, sense of usefulness)		
Goal orientation (motivation by constant feedback, rewards and flexible working hours)		
Globally connected (technological knowledge, digital application and online connectivity)		
Contemporary learning (gamification, e-learning, video content, podcast, lifelong learning)		
Multi-tasking		



The question is how do new generation members cope as leaders? To understand this, it is necessary to start from the fact that the very concept of leadership in the 21<sup>st</sup> century has changed significantly. A person who is an example for his employees today and in a position to make decisions, is moved and motivated by completely new things. Mamula Nikolić, Perić & Vujić (2019) explain the transformation of leadership: “When representatives of new generation leaders find themselves in the role of managers, they are very different from managers who belong to previous generations, they prefer informal feedback and a more informal work environment. The very name “manager”, as in the case of “leader”, is not so important for them.” What is important to them is to have more autonomy, free time or to get recognition for their work. But more importantly, this behavior illustrates how they themselves see the role of leader. They no longer need a hierarchically assigned managerial position; they strive to mobilize their colleagues and employees and to inspire them, to be their ideals, “role models”.

From the perspective of new generation digital work allows elimination of social boundaries, increasing group participation, and reducing organizational hierarchy leading to a better balanced and more equitable work team (Myers, & Sadaghiani, 2010).

## RESEARCH METHODOLOGY

Two qualitative and two ethnographic research were conducted (2015 and 2021) with a group of 30 leaders of Generation Y and 30 leaders of Generation Z. The leaders were representatives of companies of different sizes and industries, responsible for teams, projects and processes. Both research (2015 and 2021) were conducted using the in-depth interview technique. Unlike traditional market research that use targeted questions to extract information from customers, ethnography uses observation and listening in an undirected way. The behaviors of the four selected leaders of each generation were modeled by observing their behavior during the execution of tasks in the workplace, in meetings and working with teams. The first research was conducted offline and the second one was conducted online.

This attitude of the new generation about leadership was confirmed through the results obtained in the research conducted for the needs of NLP Master's work. “However, when one says “leader”, it does not mean the title of a superior at work, but the subjective feeling of an individual. When asked about their attitude towards leadership, it was found that, although only 48% of respondents were in leadership positions, as many as 72% consider themselves to be leaders in their workplace. This research shows that new generation members actually crave the role of leader, especially beginners in the business and employees in lower positions in the company. This does not mean that they want the titles and positions of more experienced and older employees as

soon as they show up at the door, but they want to feel encouraged to become leaders. One of the main reasons why they are eager to take on the role of leader so young and so early in their careers is that they want to make a visible and true difference in all aspects of their lives.

During the period of three months in 2015, the author conducted ethnographic research, collected observations, was in the shoes of New Generation leaders and conducted interviews with selected leaders with excellent performance in their line of work. Leaders are representatives of private companies of various sizes, from micro to large companies, women and men.

## **RESULTS AND DISCUSSION**

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Table 3 shows the results of how leaders solve various situations, communicate, motivate others in the team, create their own and company goals, set priorities, manage change. The main findings from the 2015 research show that new generation leaders clearly set priorities, see the bigger picture, manage change, lower responsibilities to a lower level, nurture mutual trust, use humor, creativity in work, ask challenging questions, listen actively, give feedback, they are open to options, led by example, willing to make decisions and open to risk and take action. The additional research is conducted with Generation Z applying the same questionnaire in April and May 2021. The answers of both generations are similar and shown in Table 3.

According to the results of the research, new generation leaders rely on books on management and marketing and the Internet, an inexhaustible source of YouTube tutorials, sites and pages on social networks that touch on a topic that interests them. New generation leaders like to explore new, still undeveloped technologies and methods, and try to apply them in everyday business as soon as possible. In this sense, it is clear that new generation leaders show a great difference in behavior compared to generations before them. For them, the position is less important than integrity, and they consider anyone who represents the stated values as a leader, regardless of what function he performs in the company. Finally, it is noticeable that for the new generation, a quality balance between private and business life is more important than it was the case with previous generations (Mamula Nikolić et al., 2019). New generation members actually choose jobs and careers that will suit their style and that will help them live their values. New generation leaders strive for complete harmony between personal interests, hobbies and, in general, lifestyle, and their career path. Guided by their values, they strive to contribute to the wider social community of which they make a part, to capture the bigger picture through their goals and try to include the ecosystem to which they belong.

Free communication between team members unleashes, inspires and stimulates the imagination, and ultimately builds strong and stable interpersonal relationships. The more people are relaxed in front of their colleagues, the more likely they are to present an idea or attitude that is not so popular or accepted by the majority. If new generation leaders manage to create an environment of people who are flexible to change and willing to listen to such ideas, space is created for "creative risk", which is a prerequisite for any innovation. This can be achieved by practicing expression and careful listening, stimulating team members to show empathy towards colleagues and, in general, by building trust between them. New generation traits and their

preferences can be used to build new values within the company in an unconventional way by using art in business. New generation is mostly open minded and loves storytelling. It is a suitable ground for the introduction of teachings and training that are innovative, creative and deviate from the previously seen ways of improving the knowledge and skills of employees.

Table 3. The new generation of leaders.

QUESTION	NEW LEADERS' ANSWERS
Who are you connected to as a team leader when managing change?	I lead a team of associates.
To whom or to what do you feel you belong? What is the atmosphere like?	The atmosphere of respectful communication, we solve challenges in conversation with colleagues, we work on new business methods.
What is the higher meaning of what you are doing? What symbol do you see?	Constantly examining and expanding one's own limits to the maximum in order to progress in all aspects.
How do you contribute to your environment?	By setting examples through work, I initiate new ideas, I support the ideas of other colleagues, I support the local economy.
What other people do you see around you?	People on projects, like in a hive.
How can you set higher standards in the future?	A leader without a title, moderation in everything, more learning.
What is the purpose of your role of a leader of change?	Support, support for others, contribution to the community.
Who are you as a leader of change?	A responsible person, stable, one who does not impose an opinion, but we come to a solution together through questions and options.
What layer of your personality is activated while you are doing this?	I exclude personal things when I work with a team, I am not authoritative, I am not proud, I share experiences by my example.
What role are you playing while doing this?	The role of a leader who does not order but maintains relationships and communication through feedback.
List the characteristics that describe ME:	Patient, I take responsibility, responsible and communicative.
What habits that lead to continuous improvement do you develop?	Courage, determination, gaining experience through work and sharing with others in the team.
How do others rely on you as a leader?	Through asking when something is not clear or they are not sure.
When you look at yourself in the everyday environment, who do you see?	As someone who has challenges every day and overcomes insecurity through experience, in delegating tasks I work to make the process as defensive as possible.
What must be important to someone to do it well?	To see changes in myself and in the team in terms of business indicators, number of clients, employee engagement.
What motivates you to do that?	Curiosity, passion for work, challenges.
What is important to you?	Democratic atmosphere, they are relaxed and yet responsible.

According to research results the existence of such opportunities is extremely important for new generation's leaders because it ensures that they can more easily fit their private obligations with the business one. Some of the features are:

- **Multitasking** - Ability to work on multiple fronts simultaneously, changing focus relatively quickly from one task to another. (It was shown in different literatures that this type of work is not productive, but disruptive in a wrong way).
- **Creativity** - With the development of technology came the development of the so-called remix culture on the Internet, which allowed everyone to express their creativity regardless of whether they have talent for some of the classical forms of creative expression (music, fine arts, dance) or modern forms of creative expression (digital

creativity). Barriers that existed for earlier generations do not exist for new generation, they can express and develop their creativity in the digital environment (Michielse, & Partti, 2015).

- Innovation - GenY's creativity comes to the fore thanks to digital technologies, which allow them to constantly exchange ideas with the community. Innovation is the "extended arm" of this generation that always finds new ideas and solutions to make everything they work on easier and faster.
- Storytelling - Thanks to constant connection with others, they are very skilled at telling stories that can easily gain the audience's attention. Each of the social networks that they actively use actually serves to create an image of themselves or something that is important to them. They share with each other's not only the results they achieve, but also their views of the world. All of this creates a sense of connection with like-minded people who may have never met in the offline world.
- Coaching – For this generation, experiential learning provided by the coaching technique is important. By asking carefully tailored questions, the coach provokes thinking and reflection of experience and thus develops potentials and creativity. This form of work implies the responsibility of the person who is developing and his active participation in strengthening his capacities and skills. The members of new generation appreciate work in coaching atmosphere (Mamula, & Kužet, 2015).

Also, digital technologies provide the new generation's leaders with the ability to meet needs that were not present in previous generations. Their development is shaped by their presence in the digital world, and they are of great importance:

- Social networks - They have accounts on several different social networks at the same time, and most often they have more than one account on these social networks. They use them equally to communicate with friends, family and colleagues. Precisely because they can get in touch with anyone at any time, they are used to constantly asking for feedback from their environment. This type of networking not only connects them with people from their environment but also globally, giving them insight into practices, attitudes and techniques used in other countries, thus building a new generation specific mental structure that is more global than local.
- Collaboration and joint learning - The new generation's tendency for e-learning and mobile or distance learning (e-Learning and m-Learning) is not surprising, given that it has never been easier to collaborate than it is today. The digital world is a place where dislocated teams can work on one and the same problem, one and the same document or code, while leaving traces and gradual steps of the learning process for future generations (Mamula, & Čoso, 2015).
- Interactivity and engagement - Members of new generation are not only prone to seeking feedback, they also need to demonstrate their interest. That is why they like to work and study in an interactive environment, where they gladly express their interest and follow progress. Many digital collaborations and learning platforms are based on these principles.

The integrated insights of both type of research on both generations show that virtual and remote working, that are intensified by COVID 19 pandemic, are very important.

## **CONCLUSION**

In the VUCA world, new generation leaders set priorities clearly, see the bigger picture, they are digitally active, manage change, they are open to different options, lead others by own example, drop responsibilities to a lower level, nurture mutual trust, use humor, creativity in work, set challenging questions, actively listen, give feedback, make decisions readily, they are open to risk and take action.

Leadership in the VUCA world requires readiness and a change in the way of thinking by applying different learning methods, as well as tools and techniques so that work and processes can be viewed in a different way. Likewise, the possibility of error should be more tolerated due to the need for creativity in creating new solutions. Success is most often achieved through experimentation. The leaders of the new generation are aware that in the VUCA world, it is not a sprint but a marathon race. In that marathon, they need to be open to change, resilient, to show readiness to learn and take care of themselves, to adapt, as well as to be leaders every day. As team leaders, they constantly communicate transparently, build trust, work on the development of team members and their focus on achieving expectations and goals, and constantly "produce" new leaders.

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