Adaptability, an organizational superpower

Insights from the Global AQ* 2019 Study

* Adaptability Quotient

Welcome to the 2019 employee adaptability study - the first of our Future of Work Impact Reports.

Technology is accelerating change. We are living in an exponential era.
Automation, AI, and other disruptive innovations are driving changes across our world of work, affecting the fundamental nature of jobs and evolving the foundations of employment as new models such as the gig and platform economies develop.

"In the next 10 years we will see more change than the last 100" *Ray Kurzweil*

RATE OF CHANGE

WE ARE HERE

HUMAN ADAPTABILITY

TECHNOLOGY
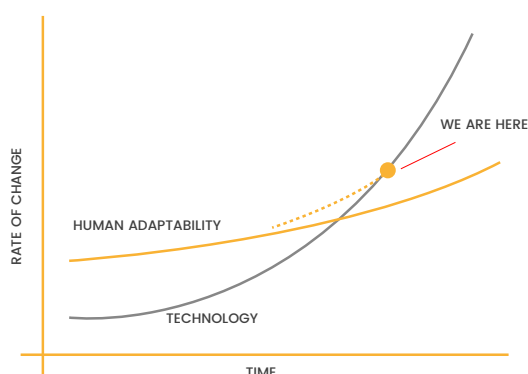
TIME

40% of jobs that exist today will **not exist in 10 years'** time

375 million may need to switch occupations and learn new skills

McKinsey&Company

"According to the **Future of Jobs Report 2018** (World Economic Forum), in the next five years over half of all employees will need retraining and upskilling."
In all this uncertainty, one thing is clear: change will be constant within the workplace. And those who have the capability to adapt will be the ones who thrive.

This summary report introduces an **AQ**me assessment as the first holistic view on employee adaptability. We highlight how the **AQ**me assessment captures various aspects of adaptability, introduce the rigorous science behind the assessment, and showcases the first results of our benchmarking study across leading companies.

We share the most important drivers for predicting adaptability and highlight differences in employee groups' adaptability journeys. Throughout the report, specific suggestions are made on how to boost employees to adapt to change.

adaptai

YOUR AQ SCORE

adaptai

AQ CHARACTER

Summary

- **AQai's AQ index is the first complete view on individual adaptability.** At AQai we capture a person's adaptability by examining Ability, Character, and Environment.

....

- In **essence, employee adaptability is a measure** of two critical behaviors an individual possesses to adapt effectively: how much a person can deal with **radical change** by exploring and disrupting, and deal with **incremental change** by utilizing and implementing knowledge.

....

- **We validated the assessment** with several robustness checks, and our questions were **reliable** (consistent measure across settings), **valid** (measured distinct aspects of adaptability), and **representative** (full range of possible answers).

....

- When looked at as an average, adaptability is high at 73%. However, **nearly one-third of individuals have low adaptability.**

....

- While we uncovered no gender differences in adaptability, there were generational differences. Specifically, **baby boomers exhibit low adaptability.**

....

- There **are five key factors that predict or drive adaptable behavior at work.** Companies can boost adaptability by improving the top three; **Unlearn Ability, Team Support, and Thriving** (Positive experiences at Work).

....

- From all factors, **'Thriving' had the biggest share of employees with low levels** and thus we believe can drive adaptability by improving. *(Thriving - 'positive work experience').*

....

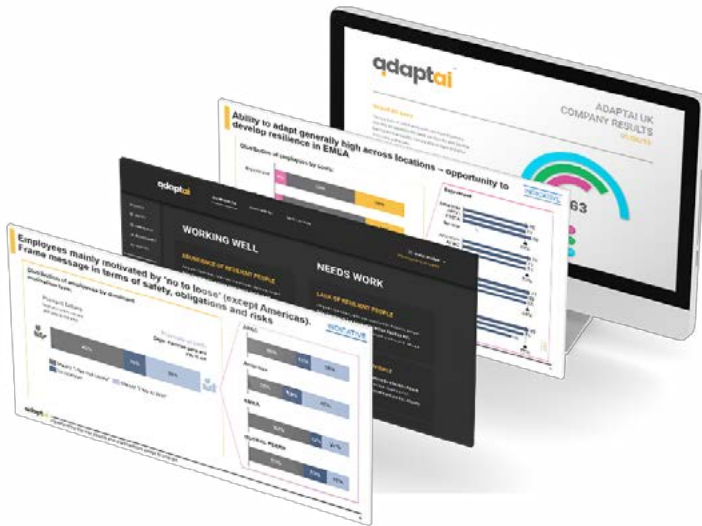- Our predictive model highlighted that **resilience had the biggest effect on Thriving** as it decreased work stress.

Contents

AQai's AQ index is the first complete view on employee adaptability.

It captures various aspects of employee adaptability by **building on our A.C.E model.**

The model is grounded in psychology (specifically trait activation theory) and recognizes that adaptability is the complex interplay between a person's **Ability**, **Character**, and **Environment**.

One of our main objectives was to build an assessment that fulfills the highest standards and is based on best-practices in cognitive and behavioral science. Our assessment fulfills five principles (valid, reliable, robust, unique, and distinct), which ensures that the AQ index captures and predicts adaptability for diverse organizations whom vary in industries, locations, and employees.

https://www.adaptai.co/aq-assessment/

Understand

Our holistic AQ assessment provides a complete view of employee adaptability. It highlights specific focus areas in their adaptability journey across employee groups, business units, and geography.
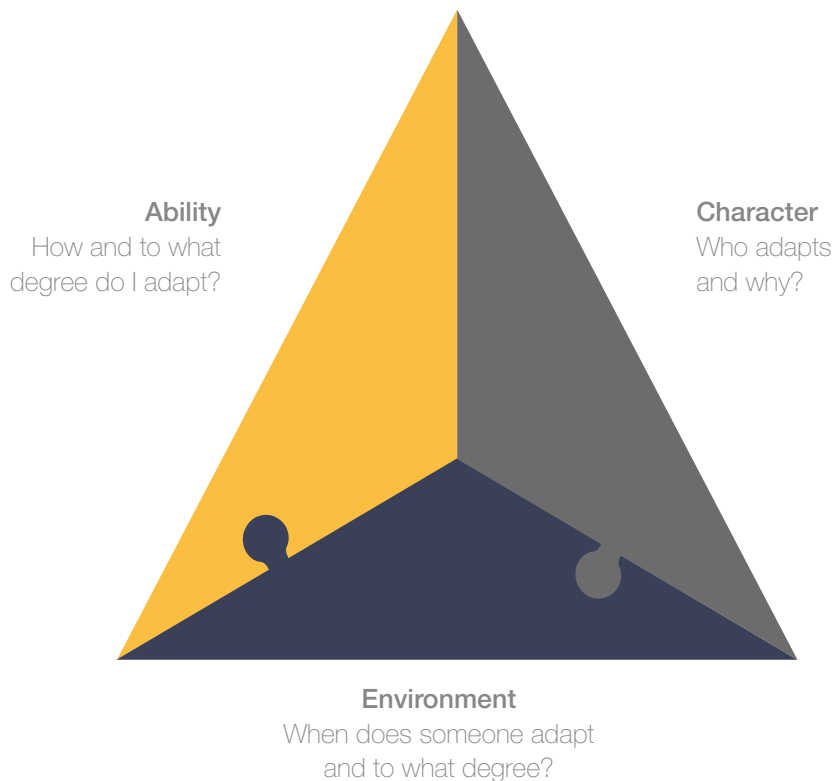
Engage

We engage your employees with our innovative chatbot solution. Employees take part in their adaptability journey with a conversational assessment that fulfills the highest standards of scientific rigor.

Act

Our AQ Predictive Analytics allows us to guide your organization's initiatives to act for maximum impact. We use advanced statistical methods and Natural Language Processing to tailor insights that can optimize employee adaptability.

Our AQ index encompasses our
ACE model to capture various
aspects of employee adaptability
and situational factors

Ability
How and to what
degree do I adapt?

Character
Who adapts
and why?

Environment
When does someone adapt
and to what degree?

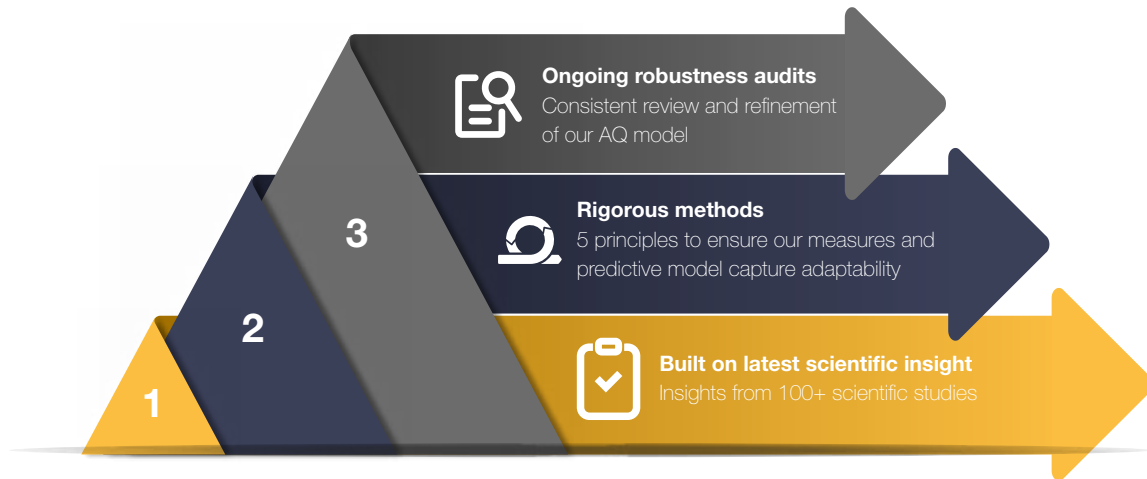| AQ Ability	• The ability to adapt as a personal skill or resource • Different levels of mastery that can evolve over time
AQ Character	• The character (willingness): how and why someone adapts as an individual difference • Different profiles that are stable over time
AQ Environment	• The environment that boosts or inhibits when someone can adapt • Typically out of control for employee but they can change the influence on them

The science behind the AQme Assessment

Ongoing robustness audits
Consistent review and refinement of our AQ model

3

Rigorous methods
5 principles to ensure our measures and predictive model capture adaptability

2

1

Built on latest scientific insight
Insights from 100+ scientific studies

Designed for super-credibility

Through collaborations, professors, and university partnerships we designed our AQme assessment in line with best-in class psychometric and analytical principles. This allows us to not only be confident our questions capture employee adaptability but also that our assessment can help inform business decisions with thorough predictive analytics.

Assessment background and rigor

70%

based on studies published by leading scientists

- **Scientific** – Based on more than 100 scientific publications in **Financial Times top 50 journals**

- **Proven predictive analytics** to solve top **business challenges**

- **Simple and easy** to understand questions

30%

Adaptai-created using thorough methods to integrate with predictive analytics

- Reliable measurement using **principles of psychology** and behavioral science

- **Broad framework** to assess across industries, demographics, and locations

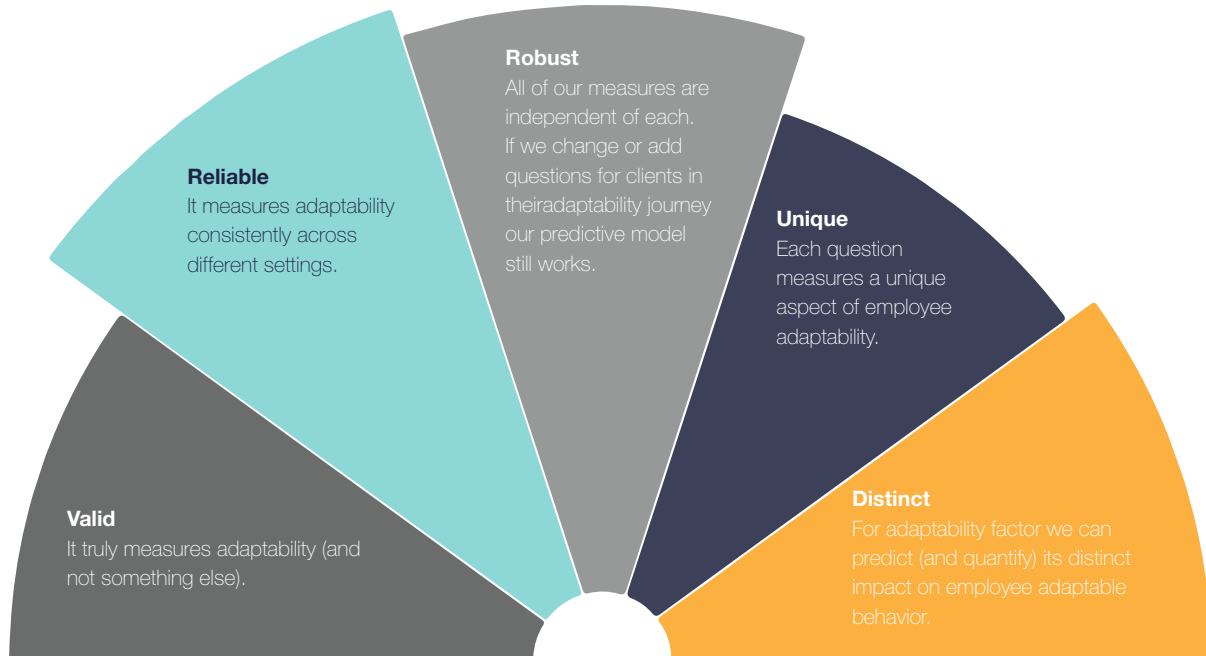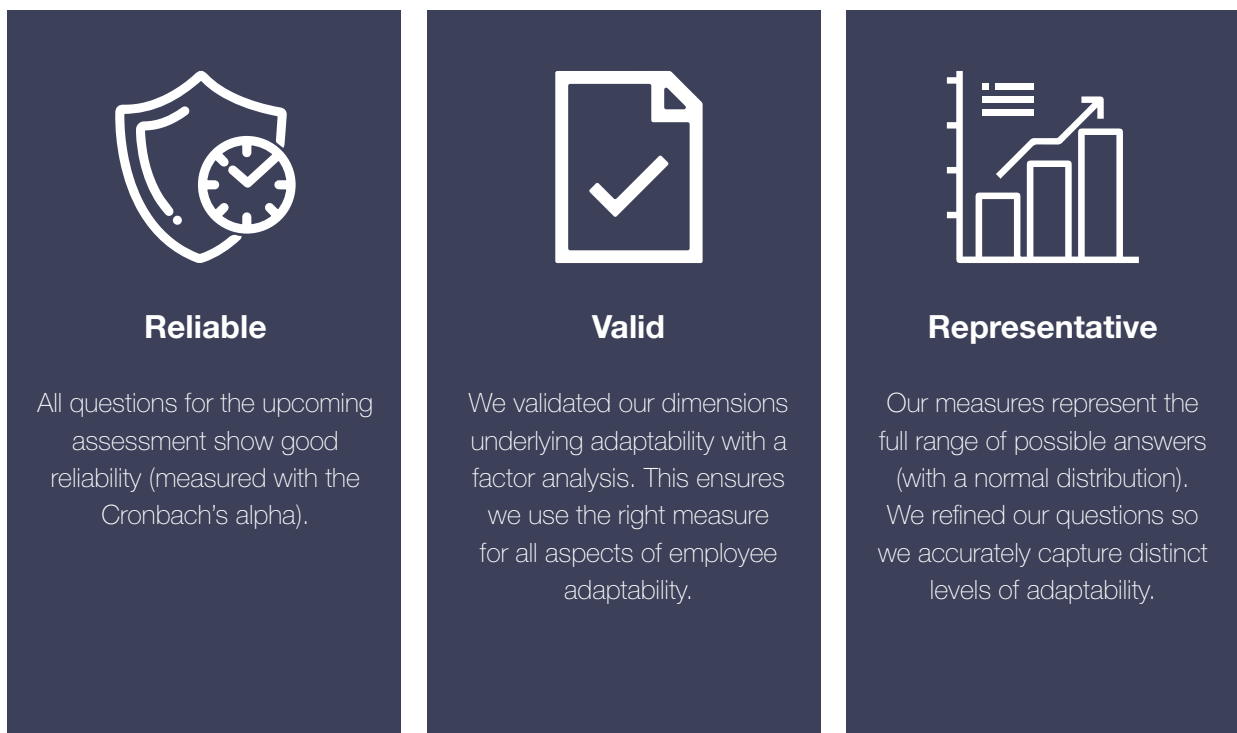- **Real-time collection** of data **powered by AI**

The science behind the AQme Assessment
Rigorous methods with five key principles

Robust
All of our measures are independent of each. If we change or add questions for clients in theiradaptability journey our predictive model still works.

Reliable
It measures adaptability consistently across different settings.

Unique
Each question measures a unique aspect of employee adaptability.

Valid
It truly measures adaptability (and not something else).

Distinct
For adaptability factor we can predict (and quantify) its distinct impact on employee adaptable behavior.

We consitently audit and refine the Adaptai AQ model
Our 2019 AQ assessment fulfilled several robustness checks

Reliable

All questions for the upcoming assessment show good reliability (measured with the Cronbach's alpha).

Valid

We validated our dimensions underlying adaptability with a factor analysis. This ensures we use the right measure for all aspects of employee adaptability.

Representative

Our measures represent the full range of possible answers (with a normal distribution). We refined our questions so we accurately capture distinct levels of adaptability.
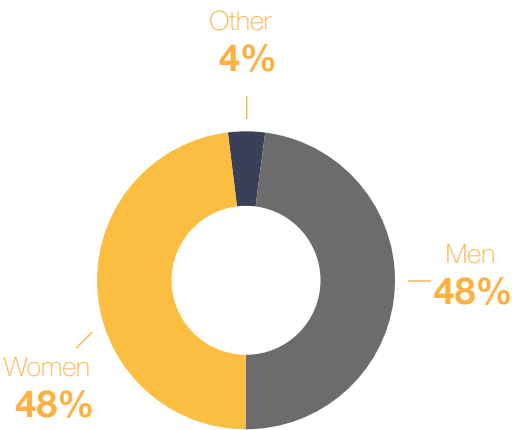
Input from more than 1000 participants working in more than 20 companies

More than **1000 respondents**

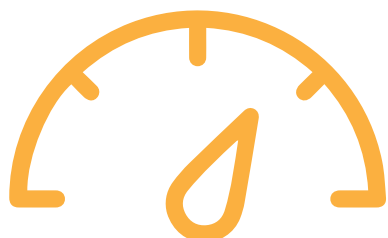Working in more than **20 companies**

Located in **28 countries**
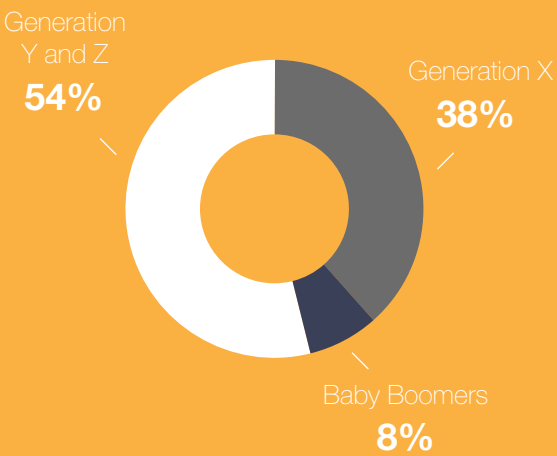
Other
4%

Men
48%

Women
48%

Generation Y and Z
54%

Generation X
38%

Baby Boomers
8%

Contents

Our findings in the 2019 AQme report

73/100

Average individual adaptability behavior score.

Across all locations, units, and seniorities, employees show relatively high levels of adaptable behavior.

1 in 3 with low adaptability

A substantial share show low adaptable behavior and can benefit greatly from interventions

Baby Boomers have lower adaptability

Older employees have a substantially higher share of employees with low adaptability

Unlearn Ability* can boost adaptability by 40%

Our predictive model identified Unlearn Ability as the most important skill to improve adaptability

1 in 4 employees experience high overwork

Burnout in the workplace can limit effective behavior for change and result in turnover

*Unlearn Ability - Unlearning is the ability to be able to rethink the status quo, reassess skills, or adjust old methodologies that are no longer relevant. It represents the balance between learning new things, and disregarding old data. It encompasses an open mindedness to try new ways of doing things even if they outmode previous ideas or knowledge.

In 2019, employees showed overall good adaptability – yet nearly 1 in 3 employees had low levels

Overall Adaptability
(average all employees)

73%
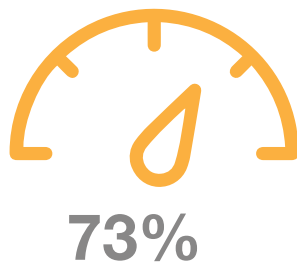
Distribution of Adaptability of employees

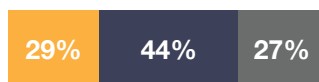| Low	Medium	High
28%	47%	25%
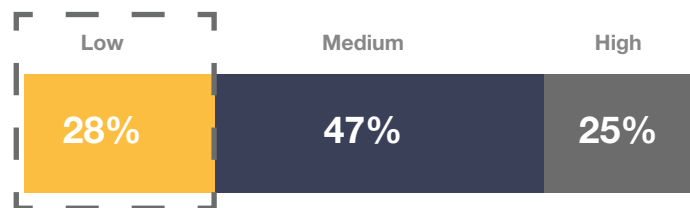
Adaptable employees can balance two critical but opposing behaviors to change effectively; they:

1. **Explore solutions,** try **new ways** of working, and **quickly adapt** to disruptions
2. **Build on existing solutions**, reuse and **improve ways** of working, and **systematically approach** change

Adaptability of employees varies across demographic groups
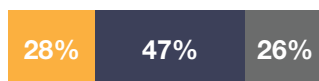**Baby boomers had high share of employees with low adaptability**

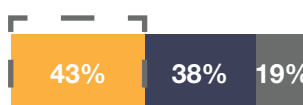Share of employees with different adaptability levels **by ... Gender**

29%	44%	27%

Female

27%	49%	24%

Male

28%	47%	26%

Male & female together

... Generation

29%	46%	25%

Generation Y and Z

25%	46%	29%

Generation X

43%	38%	19%

Baby-boomers

...Work Tenure (in years)
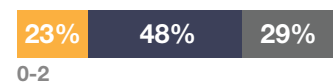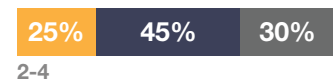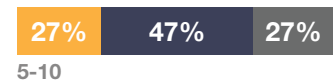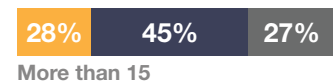
23%	48%	29%

0-2

25%	45%	30%

2-4

27%	47%	27%

5-10

29%	38%	33%

10-15

28%	45%	27%

More than 15

● Low   ● Medium   ● High

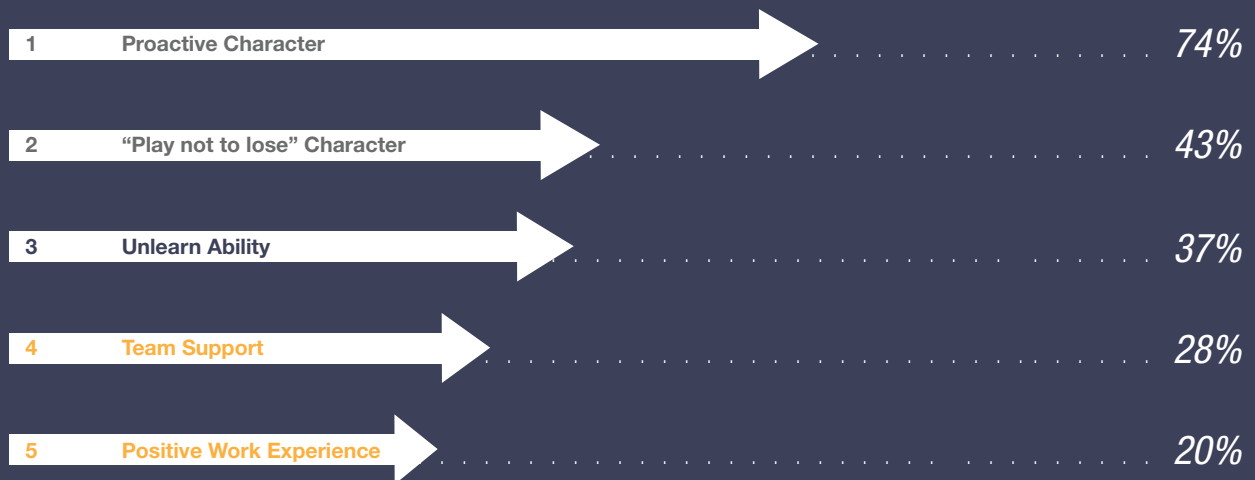# Contents

Predictive Analytics for
Optimal Adaptability

Our AQai predictive model explains the degree all factors in our assessment drives employee adaptability. Our analysis accounted for various other influences as we made sure that our model predicted adaptability regardless of those influences (or noise) and thus is independent of age, gender, work-tenure, or industry.

Our model used an advanced statistical technique that accounted for potential errors. It used a general (and hierarchical) linear regression analysis and with the complete sample, but with bias-corrected 10,000 bootstrapping, 95% confidence intervals. Overall our model was very robust with predictions at a $p = 0.000$ level, which means there is a 1 in 10,000 chance that the model is wrong.

What increases adaptability at work?

When the below increases from *Low* to *Medium*

Average *adaptability increases by…*

1	Proactive Character	74%
2	"Play not to lose" Character	43%
3	Unlearn Ability	37%
4	Team Support	28%
5	Positive Work Experience	20%

We identified the key drivers with the greatest impact on adaptability

Adaptability is predicted by key drivers of our ACE Model (regardless of age, gender, work-tenure, or industry):

Ability:
- **Unlearn:** Adaptability improves if employees acquire the skill to balance between competing demands and to consider multiple alternatives
- For example: an employee has a **50% adaptability** score and a 20% unlearn ability. If she **improves** her unlearn ability to 40% then her adaptability improves by 37%, thus **to 69%** (50% x 1.37).

Character:
- Employees that are **proactive** and are motivated to **'play not to loose'** are best at change

Environment:
- Companies can **improve adaptability** if they create a **team culture of support,** open discussion, and inclusion of differences
- Employees that are **thriving at work** (excited, upbeat, fun) will be more successful in responding to change

Ability

We have identified the ability to **unlearn** as the most important personal skills in successfully adapting.

It refers to the skill to unlearn (let go of) previous knowledge and to consider multiple views that may be opposing or in contrast with each other.

Yet 65% have low or medium levels

Environment

Among the environmental factors that drive adapatility is how valued and supported individuals feel in their team. **89% of individuals feel valued and supported in their team**

Thriving in the workplace is the second most important driver. It refers to the positive experiences at work

– Nearly half of employees do NOT have positive experiences, such as joy or excitement at work

– Nearly one-quarter of employees think the amount of work they are expected to do is too high or extremely high

Character

Among character traits, **Motivation Style** strongly impact how employees adapt

Generally, employees are motivated to change so they can grow or change so they prevent failure

Nearly half of employees are motivated to prevent failure and require rules and strict standards to adapt. Ensure your communications align to the motivation styles of your workforces

"Absenteeism and work-related mental health problems costs the economy £19bn"

Boost AQ resilience
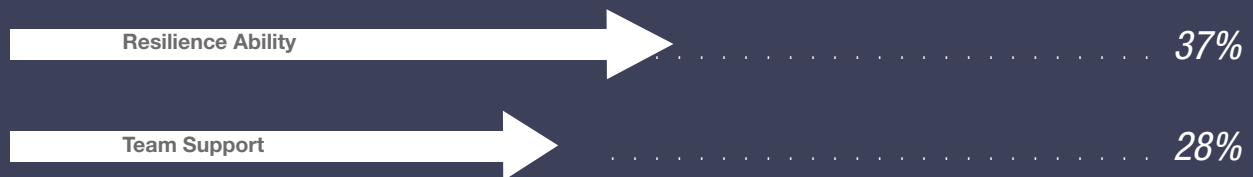
"What actions are you taking?"

What influences stress at work?

When the below increases from *Low* to *Medium*

Average *stress increases* by…

Anxious Character ⟶ *28%*

Required Change ⟶ *26%*

Average *stress decreases* by…

Resilience Ability ⟶ *37%*

Team Support ⟶ *28%*

Although a high percentage of employees are stressed, the good news is that companies can do several things:

Ability:
- By far, the biggest buffer against stress was **resilience ability.** The ability to bounce back from setbacks has an even stronger effect on stress *(and emotional health)* than character traits
- Research shows that resilience can especially be improved by guiding employees through stretch goals

Character:
- Unsurprisingly, an **anxious character** increased stress. Companies can target those employees with specific stress reduction interventions

Environment:
- A **supportive team** was the second most effective buffer against stress. We recommend investing time and resources in effective team building
- **Required change** increased stress. Companies can consider how to time and frame change initiatives

Contents

Setting the stage for

- adaptable employees
- adaptable teams
- and adaptable organizations

Questions to consider

1. How **many employees** / what percentage of positions and roles will need **to change substantially** in next the 2 to 4 years?

2. Have you **defined the skills and competencies** required for changing or adapting for the future of work?

3. What **does adaptability mean** to different groups within your organization (across corporate brands, locations, and business units)?

4. Do you have a **robust system** in place that **measures** and **targets** employee **adaptability**?

5. Have you **communicated to employees why adaptability is important** and how you will support them during the rapid changes ahead?

Exclusive opportunity for beta 1.0 clients

As a Beta 1.0 partner, you qualify for:

The same number of upgraded **AQ**me Assessments as your organization completed in our Beta Partnership.
Priority access to our AI-powered digital coaching, coming in 2021.
Simply let us know if you would like **early access to our new assessment.**

If you would like to explore taking advantage of taking more employees or candidates through our **AQ**me Assessment, please visit www.adaptai.co/early-access and tick the "Did you participate in Beta 1" box.

Join our Early Access program and invest in your future success.

Some of the ways organizations are using our assessment:

- Identifying and recruiting high-adaptor employees to support innovation and change management

- Retaining the best talent and nurturing their careers as change accelerates

- Investing in adaptable leadership

- Promoting effectively, by matching AQ competencies to roles

- Early identification of employees who are at risk of skill-gap in order to provide support to re-skill

- Reducing time to success for transformational M&As, and corporate restructure programs

- Building more effective and diverse innovation teams

Our real opportunity is to look beyond technology, and to find ways to give the greatest number of people the ability to positively impact their families, organizations, and communities.

Apply now for Early Access, with up to **70% cost saving** on our AQme assessments and invest in your future success.
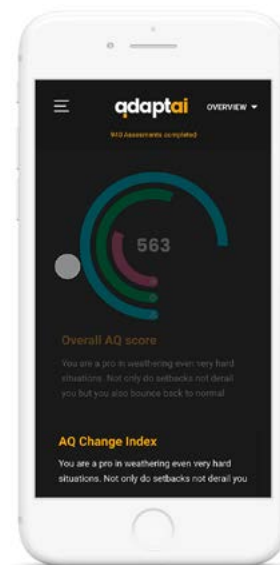
We welcome Early-Access applications for any business of 25+ employees.

AI powered AQ conversational assessment & coaching platform.

Simple. Quick. Interactive.

Early visual of our new dashboard reporting - Launching Feb 2020

Contents

About AQai™

We have entered the fastest period of change the world has ever seen. There's a very real danger of people and organizations being left behind. It's our mission to stop that happening. At AQai, we are transforming the way humans and organizations adapt to technological CHANGE by measuring and improving ADAPTABILITY.

Whether you prioritize Adaptability (AQ) in your talent recruitment, talent development, in your re-skill programs, or in leadership development, doing so will be a clear and competitive advantage.

Enter the world's first AI-powered **AQ**me (Adaptability) conversational assessment & coaching platform. A 30 minute engaging digital conversation.

Harness the power of people data to save significant investment as you tackle the challenges of the future of work. Dashboard reports - insights for the employee and the company with personalized views. Giving actionable people data to deploy (or save) resources effectively.

Ask us about:

- How adaptability impacts reskilling of your workforce
- The impact of adaptability in your Learning & Development programs
- The transformative power of adaptable leadership
- Cross culture employee support in mergers and acquisitions
- Building adaptability as a core desired skill in your talent acquisition strategy
- How to access our services before the open market with a 70% discount

"To unlock the secrets of human adaptability, ensuring no-one is left behind in the fastest period of change in history."

This is our MTP *(massive transformative purpose)*, our reason for getting up in the morning, and why we're striving to create a better world. We at **AQ**ai care deeply about the future of work, the fate of humanity, and our planet.

Advocating for research in human, workplace and educational adaptability for the future of humankind. The **AQ Research Council** was established to pioneer and collaborate on the research and study of adaptability. Driven by the creation of the world's first AQ (Adaptability Quotient) assessment platform by AQai, our council believes in the fundamental role adaptability will play in the thriving of humankind, from a social, economic, and political perspective. To find out more or collaborate, email **nicolas@adaptai.co**

Partnerships

We truly do value collaborations and partnerships, a focus on 'who' not 'how'. Believing in abundance and not competition, we look for aligned mindsets and a genuine connection to our purpose. Forging deep relationships with companies and individuals for co-elevation. From existing market access and influence, credibility and knowledge, we are always looking to forge new connections, experiment and learn. Become part of the future of work and help shape a **'new operating system for change'**. Enquire about partnership affiliate opportunities by emailing **mike@adaptai.co**

Investments

We are perfectly timed to secure a niche within an accelerating multi-billion dollar market, with an AI tech enabled assessment and subscription business model built for scale. We have a unique patented assessment matrix, scoring methodology, and science, supported by a mission-fuled team of experts. We are opening up applications for our seed round, with a view to close in the summer of 2020. If you are interested in finding out more, please email **ross@adaptai.co**

Contributors

We would like to recognize everyone within AQai and across our 'unlearn community' who contributed to this year's global 2019 AQai AQ study report. None of this would be possible without the input of more than 1000 employees who participated in the AQme study and the in-depth personal conversations we had with HR leaders and C-Suite executives.

"The future of work is a real buzz word with an ever-increasing coverage of the need for employees to change and re-skill. However a divide is happening as we know employees will need to adapt but are often left in the dark where their organization stands on the adaptability journey. I hope this report offered you a starting point on understanding the various facets of adaptability. Rather than highlighting all possible ways that influence when employees change we offered a few critical areas to focus on in boosting employee adaptability. Most important for us was to showcase that we can move from 'the one size fits all' approach towards tailored insights for your unique employee groups and your company settings.

But this is just the starting point. With your input and involvement, together we will build or our knowledge of what is required to adapt in the future of work. Join us to shape the 2020 AQai study. Simply reach out to me directly and let me know the questions, comments, or concerns you have." **nicolas@adaptai.co**

Nicolas T. Deuschel, Ph.D.
(Lead author, research lead and university professor - Organization Psychology)

Core Team

- **Ross Thornley** Report Co-author, Co-Founder & CEO
- **Mike Raven** Co-Founder and CBO
- **Suzanne Birkett** Project Manager
- **Charlie Penwarden** Product Manager
- **Lee Groombridge** COO
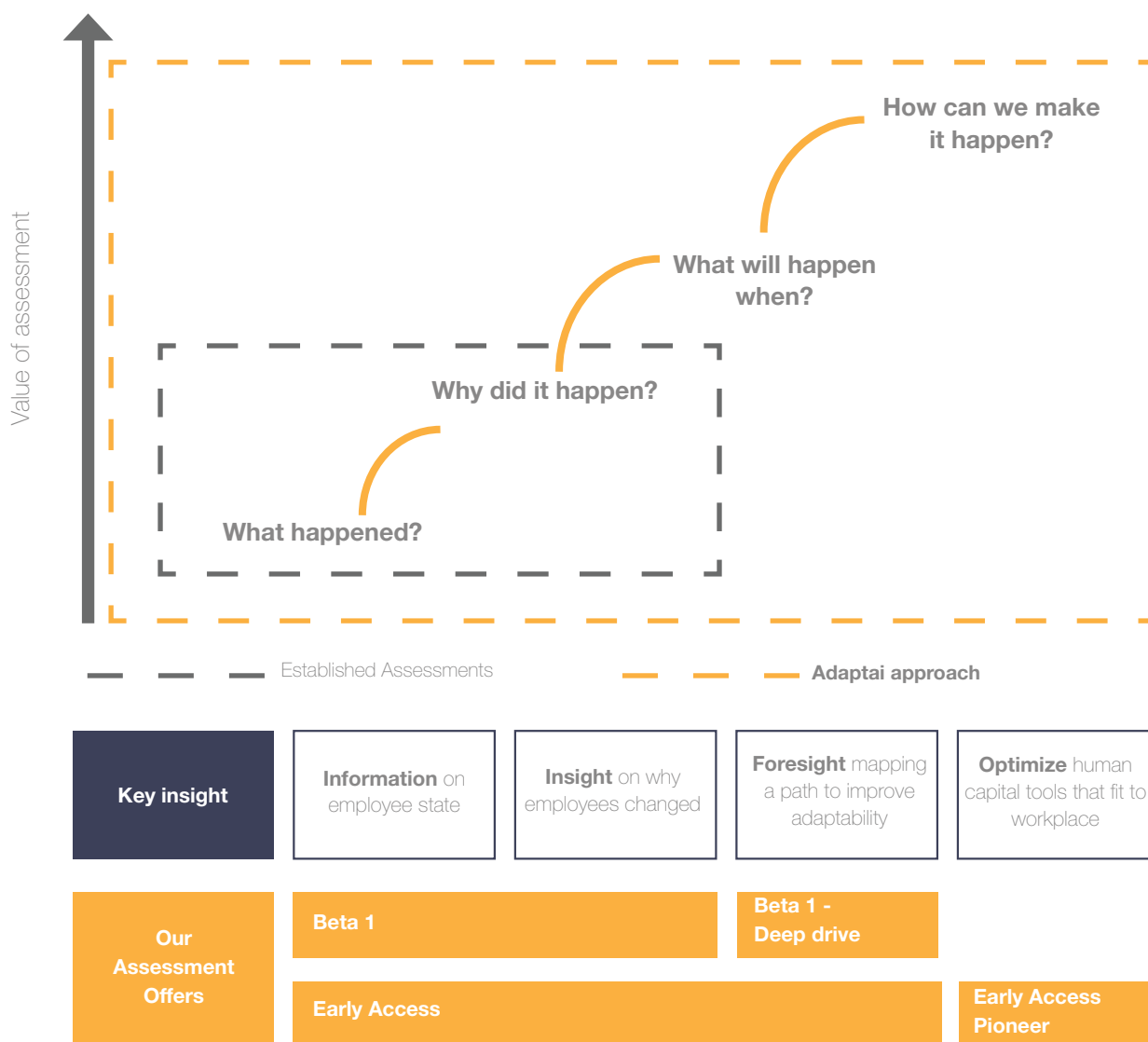- **Tammy Jones** Sales Director

Additional Contributions

- Veronica Silva
- Enyled Zamora
- Hacksoft
- Pickled Pepper
- Research Contributor - IE Business School

We collaborated with a Doctoral Researcher at IE Business School (part of IE University) to develop, construct, and adjust our **AQ**me assessment. All questions were thoroughly tested to fulfill the highest scientific standard for psychometric assessments and showed good validity and reliability. IE University is recognized around the world and by the most prestigious associations for its high-quality teaching (e.g. its MBA is currently ranked 6th best worldwide by Forbes Magazine). Its Business School mission is to build bridges to develop knowledge in the field of management and strengthen relations between the business and academic worlds, through the creation of alliances to generate and disseminate knowledge that can be applied to all types of businesses.

ie BUSINESS SCHOOL

Our current model allows strong foundation to moving into beta with actionable insights

Value of assessment

How can we make it happen?

What will happen when?

Why did it happen?

What happened?

- - - Established Assessments

- - - Adaptai approach

Key insight	Information on employee state	Insight on why employees changed	Foresight mapping a path to improve adaptability	Optimize human capital tools that fit to workplace

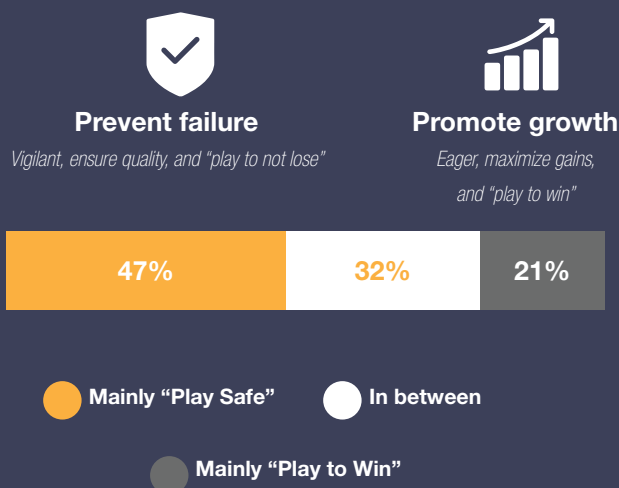| Our Assessment Offers	Beta 1		Beta 1 - Deep drive	
	Early Access			Early Access Pioneer

- **Beta 1.0 allowed us to validate** measures and cut questionnaire to minimum number of items
- **With Early Access Program,** we can **predict and optimize** tools for maximum impact **across different settings**
- Our **output measure** will connect **adaptability** to business outcomes

Apply for Early Access

Next to proactive personality, motivation style as a character trait substantially impacts how employees adapt

Two main character types with different ways to adapt

Prevent failure
Vigilant, ensure quality, and "play to not lose"

Promote growth
Eager, maximize gains, and "play to win"

47%	32%	21%

● Mainly "Play Safe"   ○ In between
● Mainly "Play to Win"

How to involve in change
Emphasize rules and standards, protect the quality assurance, discourage errors, and focus on effectively reaching more immediate goals

How to motivate to adapt
Strong cautionary tale about someone whose path one shouldn't follow, because thinking about avoiding mistakes feels right

How to involve in change
Support creative solutions, long-term vision, and look for ways to shake things up

How to motivate to adapt
Inspirational role model, such as a particularly high-performing salesperson or a uniquely effective team leader one should aspire to be

Ability to Unlearn most important personal skill to successfully adapt – yet 30% of employees have low levels

Unlearn Ability
(distribution of employees)

Low	Medium	High
30%	35%	35%
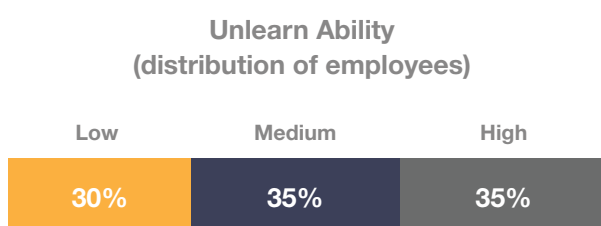
What is Unlearn Ability?
The skill to unlearn previous knowledge and to consider multiple views that may be opposing or in contrast with each other.

Why it matters for employee adaptability
When employees consider different demands and alternatives, they are able to 'see' and 'test' ideas or behaviors that are most effective to change. In short, they can conduct 'mini' experiments to find the best way to adapt in various situations.

How to improve Unlearn Ability
- Create small nudges that prime employees to purposely consider alternative perspectives.
- Have workshops in which employees need to find solutions that bridge between conflicting demands.
- In-role assignments or project works across various locations and business units.

What is Team Support?
Team support is the team environment in which employees feel they can share new knowledge, are supported through challenges, and feel they can openly discuss their opinion.

Why it matters for employee adaptability
Employees who work in supportive teams are more likely to try new ways to adapt in times of change and can build on the team support to sustain adaptive behavior over time.

How to improve Team Support
- Create specific team processes and policies for open discussion and knowledge sharing.
- Conduct team inclusion training and implicit bias education to increase awareness for diversity.
- Involve leadership who praise differing opinions and set example in supporting members in difficult times.

Team support most important environment driver of employee adaptability – Most employees feel valued and supported in their team
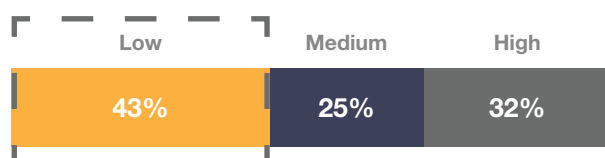
**Team Support
(distribution of employees)**

Low	Medium	High
11%	35%	54%

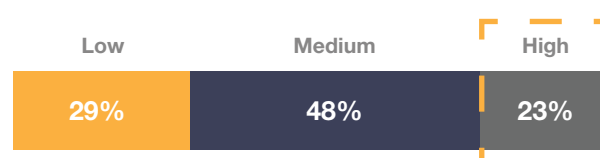# Thriving or surviving in the workplace?

Thriving/ Positive work experience
e.g. "I feel excited at work"

Low	Medium	High
43%	25%	32%

Overwork
e.g. "There is no time to finish all my tasks"

Low	Medium	High
29%	48%	23%

- **Nearly half** of employees do **NOT** have positive **experiences, such as joy or excitement** at **work**
- Although employees can adapt without positive experiences, in the long term, this may lead to **burnout,** negative outlook, and mental health absenteeism.
- Focus on **improving positive experiences at work** (e.g. social events, employee directed self-improvement goals) **and emotional health** (e.g. resilience trainings)

- Nearly **one-quarter** of employees think that the **amount of work** they are expected to do **is too high** or extremely high
- High overwork is a strong predictor of **employee turnover**
- Focus on improving **company policies,** processes, and communication to reduce overwork

To the exponential leaders.
The pioneers. The game changers.
Here's to the ones who see the world differently.
They're the ones who are brave, ambitious and experimental.
While some might see disruption and risk,
we see hope.

Leaving no one behind

AQai™

www.adaptai.co