



Leadership Readiness for the AI-Augmented Workforce

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Abstract

As artificial intelligence becomes embedded in organizational core processes, AI-augmented workplaces—where human–machine collaboration is routine—are reshaping expectations of effective leadership among Generation Z professionals (born 1995–2009). Drawing on their digital fluency and globally networked mindset, this exploratory mixed-methods study examines how Gen Z defines leadership readiness in AI-enabled organizations and how their expectations extend traditional leadership paradigms. A scenario-based survey of 36 Gen Z employees across Europe and India captured preferences for leadership behaviours in AI-influenced contexts, supplemented by open-ended responses on ethics, empowerment, and emotional experience at work. Descriptive analysis and thematic analysis identified four dominant expectations for AI-era leadership: Empathy Redefined (digital awareness and inclusivity alongside emotional understanding), AI Ethics & Transparency (fairness and explainability in algorithmic decisions), Empowerment Through Technology (AI as an enabler of autonomy, innovation, and shared ownership), and Agile, Outcome-Driven Leadership (adaptive, transparent, results-focused collaboration). These expectations are synthesized into the H.E.A.R.T. leadership model: Human-Centric Empathy, Ethical AI Governance, Agile Leadership, Responsible Empowerment, and Tech-Integrated Decision-Making. The findings indicate a shift away from traditional control-oriented leadership towards adaptive, human-centric, trust-based approaches that integrate AI as a tool rather than a replacement for human judgment, with implications for leadership development and AI governance in Industry 5.0 workplaces.

Keywords: AI-augmented workplaces, Generation Z, leadership framework, ethical AI governance, digital empathy, Industry 5.0

1. Introduction

Artificial intelligence has shifted from pilots to large-scale integration across sectors such as finance, manufacturing, healthcare, retail, and professional services, reshaping recruitment, performance management, forecasting, customer interaction, and strategic decisions into AI-

augmented workflows where human judgment operates alongside algorithmic systems (Brynjolfsson & McAfee, 2014; Davenport & Ronanki, 2018). Classical leadership theories—transactional, transformational, and servant leadership—were developed when technology played a largely background role. In all three, decisions, authority, and expertise are implicitly assumed to be human. These assumptions are increasingly challenged as algorithms recommend promotions, automate scheduling, score performance, and influence access to development opportunities, while many organizations still rely on leadership frameworks that do not explicitly address AI-mediated work.

1.1 Research Gap and Significance

Existing studies on Generation Z's workplace expectations largely predate widespread AI integration or treat technology generically, focusing on preferences for feedback, flexibility, or participative styles (Lyons & Kuron, 2014; Schroth, 2019). There is limited empirical work capturing how Gen Z themselves define effective leadership in AI-intensive environments and which leadership behaviors they find credible and motivating. This study addresses this gap by exploring Gen Z professionals' perspectives on leadership effectiveness in AI-augmented workplaces (n = 36, across Europe and India) and, drawing on these insights, proposes the H.E.A.R.T. leadership model.

1.2 Research Questions and Objectives

The study is guided by three research questions:

1. How do Gen Z professionals define effective leadership in AI-augmented organizations?
2. What leadership behaviors and competencies do they view as essential for navigating AI-intensive environments?
3. What leadership approaches foster engagement, trust, and psychological safety in AI-rich workplaces?

Correspondingly, the objectives are to:

1. Identify leadership traits and behaviors Gen Z values in AI-augmented environments.
2. Understand how AI's influence on autonomy, ethics, and human–AI collaboration shapes these expectations.
3. Develop a practical, evidence-informed leadership framework tailored to AI-augmented workplaces.
4. Offer actionable recommendations for leadership development and organizational AI governance.

2. Literature Review

2.1 Traditional Leadership Models and the AI-Augmented Context

Contemporary leadership scholarship continues to draw heavily on transactional, transformational, and servant leadership models, yet these were formulated for largely pre-AI contexts. Transactional leadership emphasizes contingent reward and management-by-exception in relatively stable environments; transformational leadership highlights idealized influence and inspirational motivation; servant leadership emphasizes empathy and stewardship. While these models provide powerful lenses on influence and relationships, they share assumptions of human-only decision authority and largely background technology (Antonakis & Day, 2018). They do not directly address ethical AI governance, human–AI collaboration, or digital empathy—a conceptual gap relative to AI-augmented workplaces.

2.2 AI-Augmented Workplace Context and Industry 5.0

AI-augmented workplaces are characterized by AI systems and advanced analytics actively shaping decisions, workflows, and performance expectations. Algorithms inform or automate HR processes, optimize operations in real time, and generate predictive insights that influence strategic choices. Industry 5.0 discourse reframes these developments within a human-centric, sustainable, and resilient paradigm that seeks to align advanced technologies with human wellbeing and societal goals (European Commission, 2021). Key features with direct leadership implications include: transparency around algorithmic decision-making, norms for human–AI collaboration, responsible AI governance (bias, explainability, privacy, accountability), and cultures that normalize continuous learning and experimentation (von Krogh, 2018; Batool et al., 2023; Hughes, 2025).

2.3 Generation Z: Characteristics and Leadership Expectations

Generation Z (born roughly 1995–2010) is the first cohort to enter the workforce having grown up with pervasive digital technologies. Studies highlight digital fluency, comfort with rapid change, and strong concern for ethics and sustainability as baseline characteristics (Stillman & Stillman, 2017; Seemiller & Grace, 2019). Gen Z values autonomy, meaningful work, participation, and tends to prefer approachable, collaborative leaders over distant authority figures (Schroth, 2019). They expect voice in how digital tools are selected and used, and appear particularly sensitive to privacy intrusions, algorithmic unfairness, and opaque decision processes. However, limited research directly examines how Gen Z defines effective leadership in AI-intensive environments—a gap addressed by this study.

2.4 Leadership Readiness in Emerging Technologies

Leadership readiness in AI-intensive contexts remains under-specified. Recent work emphasizes that leaders must combine technical understanding with human-centric values, identify AI use cases, orchestrate cross-functional teams, and preserve human judgment (Davenport & Ronanki, 2018). AI ethics scholarship underscores leadership responsibility for fairness, transparency, and accountability (Batool et al., 2023; Hernández, 2024; Kandasamy, 2024). Yet most contributions remain conceptual or case-based. This study responds by proposing a Gen-Z-informed framework—H.E.A.R.T.—as a basis for understanding leadership readiness in AI-augmented workplaces.

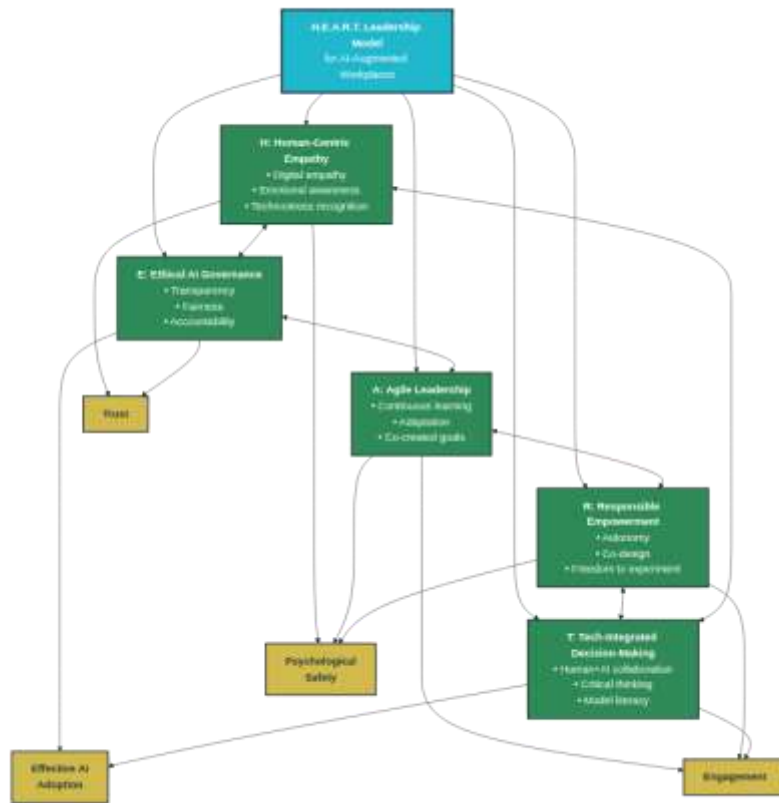
3. Theoretical Framework: The H.E.A.R.T. Model

3.1 Conceptual Foundations

The H.E.A.R.T. leadership framework synthesizes updated leadership theory, emerging AI governance literature, and exploratory findings on Gen Z expectations in AI-augmented workplaces. This study's data show that Gen Z professionals treat digital fluency as baseline but place greater weight on ethical transparency, participation, and autonomy. They resist surveillance-heavy management and expect meaningful voice in technology decisions. Consequently, H.E.A.R.T. proposes that leadership readiness for AI-augmented work requires integrating human-centric values with active stewardship of AI systems.

3.2 Five Core Dimensions

Figure 1: HEART Leadership Model Framework



Human-Centric Empathy extends empathy into digital environments marked by technostress, datafication, and remote or hybrid work. Gen Z respondents valued leaders who noticed burnout, asked how new systems affected stress, and maintained authentic connection despite screens—what they implicitly framed as "digital empathy."

Ethical AI Governance positions leaders as stewards of how AI is used rather than passive beneficiaries of technical systems. Gen Z participants distinguished leaders who treated AI as a black box from those who explained algorithms, invited questions, and paused deployments when privacy or fairness issues surfaced.

Agile Leadership conceptualizes AI adoption as a continuous learning process rather than a one-off rollout. Respondents preferred leaders who co-created goals, encouraged small experiments, adjusted plans when AI insights challenged assumptions, and normalized learning from failure.

Responsible Empowerment focuses on using AI to enhance human agency rather than tighten control. Gen Z respondents showed clear preference for "freedom to experiment" and shared design over "strong oversight" grounded in AI dashboards. Leaders who framed AI as a resource to be explored and co-shaped were seen as empowering.

Tech-Integrated Decision-Making captures leaders' ability to understand AI tools conceptually and integrate their outputs with human judgment. It is less about coding literacy than about

asking critical questions, recognizing model limits, and acting as a translator between technical systems and human concerns

4. Materials and Methods

4.1 Research Design

This study adopts an exploratory mixed-methods design, combining structured scenario-based survey items with thematic analysis of open-ended responses. The approach is quantitative-dominant but qualitative-enriched, appropriate for an emerging topic where existing theory is limited and the goal is to surface Gen Z leadership expectations and develop a structured framework.

4.2 Sample and Participants

Data were collected from 36 Gen Z professionals (born 1995–2009) working in AI-influenced organizations across Europe and India. Participants represented diverse industries (technology, consulting, financial services, education, manufacturing) and were mostly early-career professionals and individual contributors. All were employed in organizations where AI tools, automation, or data-driven systems were present in at least some core processes.

A purposive sampling strategy was used, targeting Gen Z professionals with direct experience of AI-augmented work. The survey link was distributed via professional networks, LinkedIn, WhatsApp, and email. Participation was voluntary and anonymous; no financial incentives were offered. This sample size is consistent with small-sample exploratory work aimed at developing conceptual insights (Edmondson & McManus, 2007).

4.3 Instrumentation

The survey comprised three main components:

1. Background items: Year of birth, current role level, country of work, self-reported AI integration (low/medium/high).
2. Scenario-based leadership items: Six multiple-choice scenarios describing common AI-augmented workplace situations (introducing a new AI tool, complex problem-solving with AI, motivation, digital inclusivity, trust-building, communication style). For each scenario, respondents selected one preferred leadership response. Options contrasted traditional/control-oriented responses (e.g., strict enforcement, strong oversight) with H.E.A.R.T.-aligned responses (e.g., collaborative integration, freedom to experiment, digital empathy, ethical boundaries).
3. Rating and open-ended items: Two Likert-type items (1–5) capturing perceptions of AI transparency and human–AI collaboration effectiveness, plus three open-ended questions asking for examples of balanced ethical-performance leadership, how leaders maintain emotional understanding in remote work, and anticipated essential leadership qualities.

4.4 Data Collection

Data were collected over three weeks using an online Microsoft Forms survey. At the start, participants provided informed consent. No personally identifying information or IP addresses were recorded. Raw data were exported to Excel for cleaning and standardization.

4.5 Data Analysis

Quantitative analysis followed three steps: (1) coding of scenario responses into traditional versus H.E.A.R.T.-aligned categories; (2) calculation of frequencies and percentages for each scenario and option; (3) summary of Likert-item means and distributions using Excel and JASP.

Qualitative analysis used reflexive thematic analysis (Braun & Clarke, 2006), following six steps: familiarization with open-ended responses, initial coding of salient themes, clustering codes into candidate themes, reviewing and refining themes, defining themes, and integrating with quantitative patterns. Two researchers collaborated on coding and theme development, discussing interpretations and resolving discrepancies through dialogue.

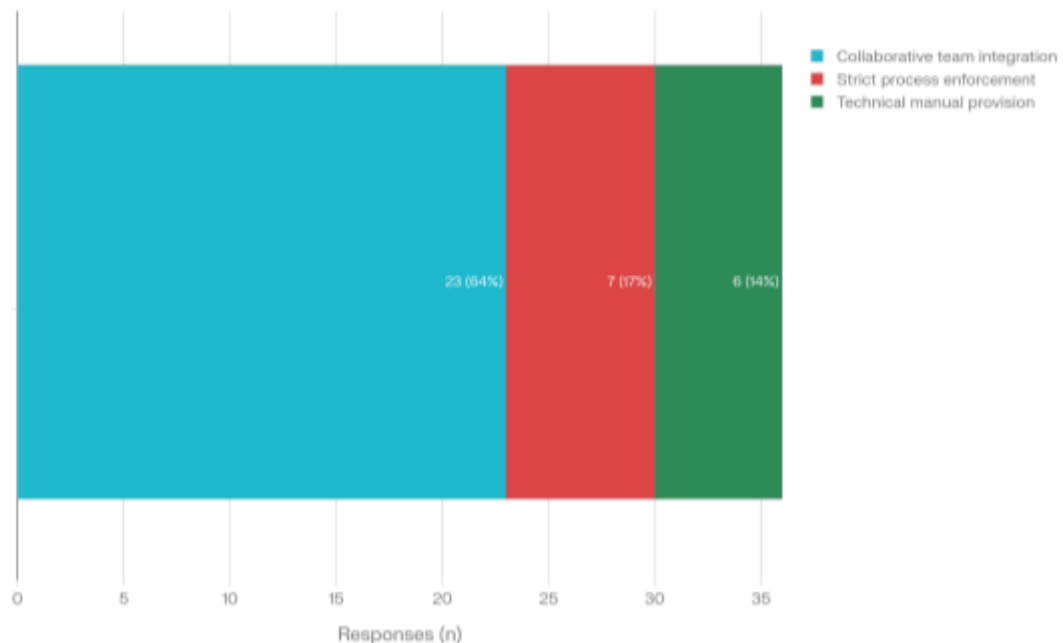
5. Results

5.1 Scenario Choice Patterns: Leadership Behaviors in AI Contexts

Across scenarios, respondents consistently favored collaborative, human-centric, and AI-aware options over control-oriented responses. Key findings include:

Question 1: AI Tool Introduction. When introducing a new AI tool, respondents overwhelmingly chose "Allowing the team to collaboratively determine integration" (64%, n = 23), rather than strict process enforcement (17%, n = 7), technical manuals (14%, n = 6), or delegation to a single expert (0%, n = 0). This preference directly reflects the Responsible Empowerment dimension of H.E.A.R.T. (Figure 1).

Figure 2: Q1 : Leadership Approach to AI Tool Introduction



Question 2: Complex Problem-Solving. For complex AI-related problems, 94% of respondents (n = 33) favored leaders who "facilitate human+AI collaborative solution" versus leaders who provide a definitive solution (6%, n = 2). This overwhelming preference underscores Gen Z's expectation for Tech-Integrated Decision-Making and Agile Leadership.

Question 3: Motivation and Autonomy. Respondents showed roughly equal preference for "Freedom to experiment with AI tools" (36%, n = 13) and "Strong oversight and accountability" (36%, n = 13), with smaller numbers valuing "Clear recognition of outcomes" (19%, n = 7) or "Access to latest technology" (8%, n = 3). The near-tie between autonomy and accountability suggests Gen Z wants both—autonomy within clear guardrails, consistent with Responsible Empowerment.

Question 4: Digital Awareness and Inclusivity. The majority (61%, n = 22) chose "Understanding and bridging technological comfort gaps" over "Requiring all employees to complete AI training" (14%, n = 5), "Quickly adopting every new software" (17%, n = 6), or

"Mentoring only digitally fluent employees" (8%, n = 3). This preference reflects Human-Centric Empathy and inclusive leadership.

Question 5: Building Trust in Human–AI Teams. Respondents chose "Establishing clear ethical boundaries for AI" (58%, n = 21) far more than "Personally vetting every AI decision" (14%, n = 5), "Publicly rewarding fastest adopters" (19%, n = 7), or "Minimizing team interaction with AI" (8%, n = 3). This points directly to the Ethical AI Governance dimension.

Question 6: Communication Style. For AI-augmented teams, "Clear goals with autonomy for execution" was preferred by 53% (n = 19), compared to "Frequent micro-management" (14%, n = 5), "Minimal guidance, letting AI dictate" (11%, n = 4), or "Extensive documentation of all AI decisions" (22%, n = 8). This reflects Agile Leadership and Responsible Empowerment.

Table 1. Survey Questions Mapped to H.E.A.R.T Leadership Framework

Question Number and Topic	Dominant Response Option (% and n)	Primary H.E.A.R.T Dimension	Key Insight
Q1 : AI Tool Introduction	Collaborative team integration (64%, n=23)	Responsible Empowerment	Gen Z Prioritizes shared ownership and co-design over top-down implementation
Q2 : Complex Problem-Solving with AI	Leader facilitates human+AI collaboration (94%,n=33)	Tech-Integrated Decision Making, Agile Leadership	Strong preference for collaborative problem-solving over isolated AI reliance or pure human judgement
Q3 : Motivation Under AI Leadership	Tie : Freedom to experiemcen (36%) & Oversight (36%)	Responsioble Empowerment + Ethical AI Governance	Gen Z wants autonomy within clear guardails – autonomu alone or surveillance alone is insufficient
Q4 : Digital Awareness & Inclusivity	Bridge Technological gaps (61%, n=22)	Human Centric Empathy	Leaders must recognize and actively support varied digital fluency levels, not mandate compliance
Q5 : Building Trust in Human-AI Teams	Establish clear ethical boundaries (58%, n=21)	Ethical AI governance	Trust depends on transperents, contestable, ethically grounded AI use – not black box adaptation.
Q6 : Communication Style for AI teams	Clear goals with autonomy (53%, n=19)	Agile Leadership, Responsible Empowerment	Leaders enable performance through outcome focus

Table 1 summarizes how each scenario-based item aligns with specific H.E.A.R.T. dimensions and the dominant leadership preference expressed by respondents.

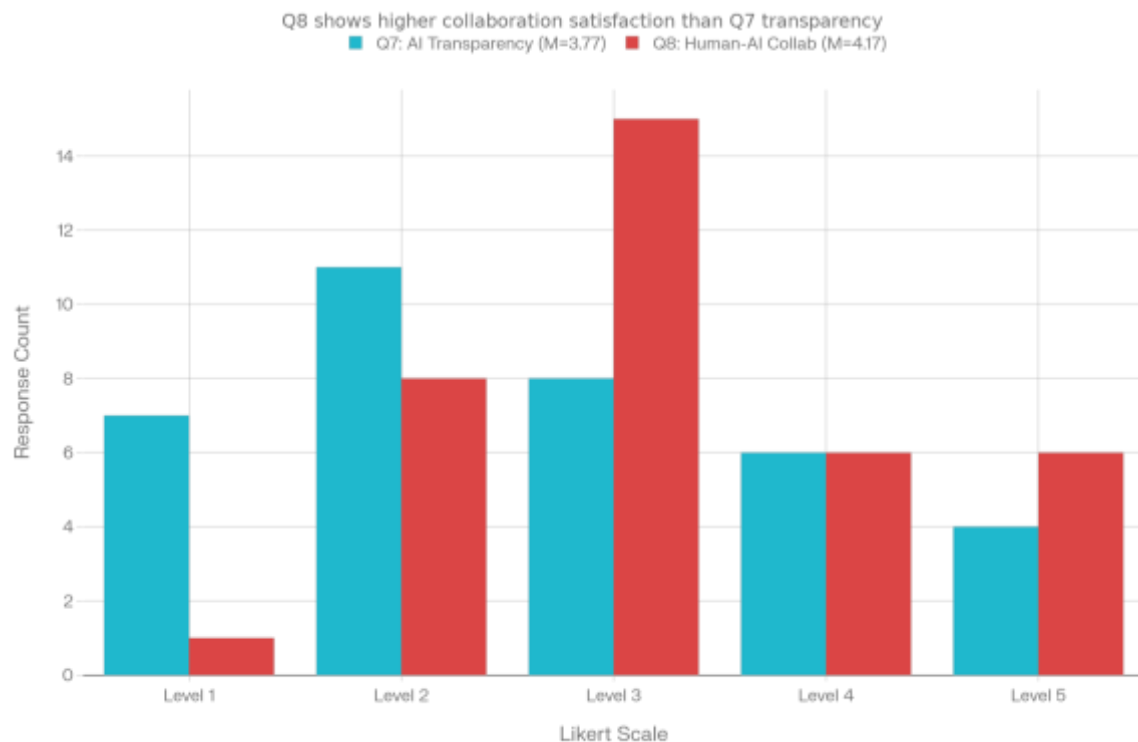
5.2 Likert-Scale Perceptions

Question 7: AI Transparency and Explainability. Respondents' ratings of "Leaders ensure that AI-driven decisions in my organization are transparent and explainable" averaged 3.77 on a 5-point scale. Response distribution: Level 1 (7 respondents), Level 2 (11), Level 3 (8), Level 4

(6), Level 5 (4). This moderate rating indicates a perceived transparency-ethics gap, suggesting that many organizations have not yet fully implemented Ethical AI Governance.

Question 8: Human–AI Collaboration Effectiveness. Respondents rated "Collaboration between humans and AI in my team improves efficiency and quality of results" at 4.17 on average. Response distribution: Level 1 (1), Level 2 (8), Level 3 (15), Level 4 (6), Level 5 (6). The generally positive rating indicates optimism about human–AI collaboration, though the range suggests variable organizational implementation. (Figure 3).

Figure 3: Gen Z Perceptions of AI transparency vs Human AI collaboration



5.3 Thematic Findings from Open-Ended Responses

Thematic analysis of open-ended responses (Questions 9–11) identified four emergent themes:

Theme 1: Empathy Redefined (Digital Empathy). Participants described valuing leaders who checked how people were coping with new AI tools, adjusted expectations around workload, and noticed burnout or anxiety linked to monitoring or digital overload. Empathy was framed as recognizing the human impact of digital systems and creating space to discuss feelings, not just metrics. Representative quote: "A leader paused a high-pressure product launch to fix a data-privacy flaw."

Theme 2: AI Ethics & Transparency. Respondents drew sharp contrasts between leaders who treated AI as unquestionable and those who scrutinized, explained, and sometimes challenged AI outputs. Positive examples involved pausing AI initiatives over privacy concerns, explaining how tools generated recommendations, and providing channels to appeal AI-influenced decisions. Negative examples involved opaque scoring or "risk flags" with no explanation or recourse. Trust depended less on AI's presence than on how leaders governed it.

Theme 3: Empowerment Through Technology. Respondents appreciated leaders who used AI to open possibilities—providing better information, enabling experimentation with AI-assisted workflows, and welcoming bottom-up ideas for improving tools. Frustration arose when AI

was perceived mainly as a monitoring device. Leaders who framed AI as a resource the team could "play with, learn from, and co-shape" were seen as empowering.

Theme 4: Agile, Outcome-Driven Leadership. Participants valued leaders who treated AI adoption as an ongoing learning process rather than a one-off technical rollout. Such leaders co-created goals in light of new capabilities, encouraged small experiments, adjusted plans when AI insights challenged assumptions, and balanced speed with ethical and wellbeing concerns. By contrast, leaders who rigidly enforced processes or implemented tools "because headquarters said so" were viewed as ineffective.

Key words from responses to anticipated leadership qualities included: "Adaptive learning mindset," "AI literacy," "Ethical judgment," "Human-centered approach," and "Continuous learning."

6. Discussion

6.1 Interpretation of Findings

This exploratory study set out to understand how Gen Z professionals conceptualize effective leadership in AI-augmented workplaces. The findings show that Gen Z employees consistently favor human-centric, ethical, empowering, and agile leadership behaviors over traditional control-oriented approaches when AI is involved.

Across quantitative scenarios, respondents preferred leaders who co-create AI integration with their teams (64% for collaborative tool introduction), facilitate human–AI collaboration (94% for complex problem-solving), and provide freedom to experiment within clear ethical boundaries. The near-tie between autonomy and oversight (both 36%) suggests Gen Z wants both—autonomy coupled with meaningful guardrails, a nuanced expectation not captured by classical autonomy-control dichotomies.

Qualitative narratives reinforced these preferences, highlighting the importance of digital empathy, transparent AI decision-making, empowerment through technology, and adaptive leadership. Together, these patterns suggest that leadership readiness in AI-augmented workplaces cannot be fully captured by classical transactional or transformational models alone; it requires an additional layer of AI-specific capabilities and sensitivities.

6.2 The H.E.A.R.T. Model as a Conceptual Framework

The four emergent themes—Empathy Redefined, AI Ethics & Transparency, Empowerment Through Technology, and Agile, Outcome-Driven Leadership—directly informed the development of the five-dimension H.E.A.R.T. model. This model integrates traditional human skills (empathy, ethical judgment, empowerment) with AI-specific competencies (ethical AI governance, tech-integrated decision-making), aligning closely with Industry 5.0's emphasis on human-centric, sustainable, and resilient sociotechnical systems.

For Gen Z respondents, leadership readiness is not a generic trait but a specific capacity to navigate human–AI ecosystems in ways that preserve trust, dignity, and agency. The moderate transparency rating ($M = 3.77$) reveals an ethics-governance gap that many organizations have not yet addressed, highlighting the practical urgency of operationalizing Ethical AI Governance as a leadership competency.

6.3 Theoretical Implications

The findings extend leadership theory by demonstrating that empathy, ethics, and empowerment must be reinterpreted when AI mediates decisions and workflows. "Empathy Redefined" and the H.E.A.R.T. framework position ethical AI stewardship and tech-integrated

judgment as core leadership responsibilities—distinct from, and complementary to, classical influences.

7. Implications for Practice

For organizational HR and L&D: Update competency frameworks to include digital empathy, ethical AI governance, and tech-integrated decision-making. Design leadership development interventions around H.E.A.R.T. dimensions—for example, training on transparent AI communication, responsible experimentation, and agile change cycles.

For Gen Z engagement: Involve Gen Z professionals as co-designers of AI adoption through pilots, governance forums, and feedback loops. Their expectations for transparency, participation, and fairness should directly inform leadership practice and technology deployment.

For organizational AI governance: Establish clear ethical boundaries, transparency mechanisms, and appeal processes for AI-driven decisions. Foster cultures where leaders model digital empathy, normalize learning from failure, and position AI as a tool for human flourishing rather than surveillance or control.

8. Limitations and Future Research

This exploratory study is based on a small, purposive Gen Z sample (N = 36), which limits statistical generalizability but is appropriate for theory building rather than testing (Edmondson & McManus, 2007). Findings reflect self-reported perceptions that may diverge from leader self-views, though perceptions strongly shape engagement and psychological safety. The sample is geographically constrained (Europe, India). Finally, H.E.A.R.T. is introduced as a conceptual framework, not a validated scale.

Future research should:

1. Develop and pilot H.E.A.R.T. measurement items for each dimension and test factor structure, reliability, and validity.
2. Conduct larger, multi-source, cross-cultural studies examining how Gen Z and other generations define effective AI-era leadership.
3. Test predictive relationships between H.E.A.R.T. dimensions and outcomes such as engagement, psychological safety, trust in AI, and intent to stay in AI-augmented organizations.
4. Explore how organizational AI maturity (pilot, scaling, embedded) influences leadership expectations and behaviors.
5. Conduct case studies of organizations successfully implementing H.E.A.R.T. leadership practices and their impact on AI adoption, employee wellbeing, and organizational performance.

9. Conclusion

As AI systems become deeply embedded in organizational life, leadership is being quietly but fundamentally redefined. This study shows that Gen Z professionals—simultaneously the first AI-native workforce and a generation with strong expectations for ethics and inclusion—are looking for leaders who do more than "manage change" or "drive performance." They want leaders who feel with people in digital contexts, steward AI ethically, empower through technology, and lead adaptively with human–AI collaboration at the center.

The H.E.A.R.T. leadership model proposed here translates these expectations into a coherent framework of leadership readiness for AI-augmented workplaces. It highlights five intertwined capabilities—Human-Centric Empathy, Ethical AI Governance, Agile Leadership,

Responsible Empowerment, and Tech-Integrated Decision-Making—that can guide both scholarly inquiry and practical development efforts.

While exploratory and limited in scope, this work demonstrates that Gen Z's lived experience of AI-mediated work provides valuable insight into the future of leadership. By listening carefully to these voices and building theory and practice around them, organizations can move toward an AI-enabled future that is not only more efficient, but also more human-centered, ethical, and sustainable.

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Appendix A. Survey Overview

The "AI-Augmented Leadership Survey" included:

1. Background items: Year of birth, country of work, current role level, perceived AI integration (Low / Medium / High)
2. Scenario-based items: Six multiple-choice scenarios addressing leadership decisions in AI-related situations (introducing new AI tools, complex problem-solving with AI, motivation, digital inclusivity, trust in human–AI teams, and communication style). Options contrasted traditional/control-oriented responses with H.E.A.R.T.-aligned responses.

3. Rating items: Two statements rated on a 5-point Likert scale capturing perceptions of AI transparency, ethical decision-making, and perceived benefits of human–AI collaboration.
4. Open-ended questions:
 - a. Describe a situation where a leader successfully balanced performance and ethics in technology-driven work.
 - b. How can a leader best demonstrate and maintain emotional understanding in remote or digitally mediated work?
 - c. What leadership qualities do you believe will become most essential in the next five years as AI becomes more integrated into workflows?