



Leading and Managing in 2023

A Human Focus in Disrupted Times





INTRODUCTION & GLOBAL CONTEXT

A Human Focus in Disrupted Times

Each year we reflect on the key issues faced by our clients and review publications from leading consultancies to identify the key areas that leaders and managers of people should focus on in the coming year.

Based on our review and reflection in December 2022, there are four key focus areas that leaders and managers should be aware of for 2023.

01

Hybrid, Remote & Flexible Work

"Candidates increasingly want remote work – even as employers scale back on remote-job postings."

LinkedIn¹

02

Employee Wellbeing

"Employee wellbeing is the new workplace imperative."

Gallup²

03

People & Skills for the Future

"HR leaders are under more pressure than ever to fill roles with those with critical skills... there's also an effort to optimize costs."

Gartner³

04

Responsible & Kind Business

"Societal leadership is now a core function of business."

Edelman⁴

In the rest of this report we explore three questions:

1. What are the big, current, global factors in the world that are affecting the world and the workplace?
2. What trends are these factors driving in the HR & people space in our organizations?
3. What does this mean for the way we should lead and manage our people in 2023?

The title of this report, "A Human Focus in Disrupted Times", captures our views on the current state of the world and how we should respond as leaders.

Jane & James

Disrupted Times

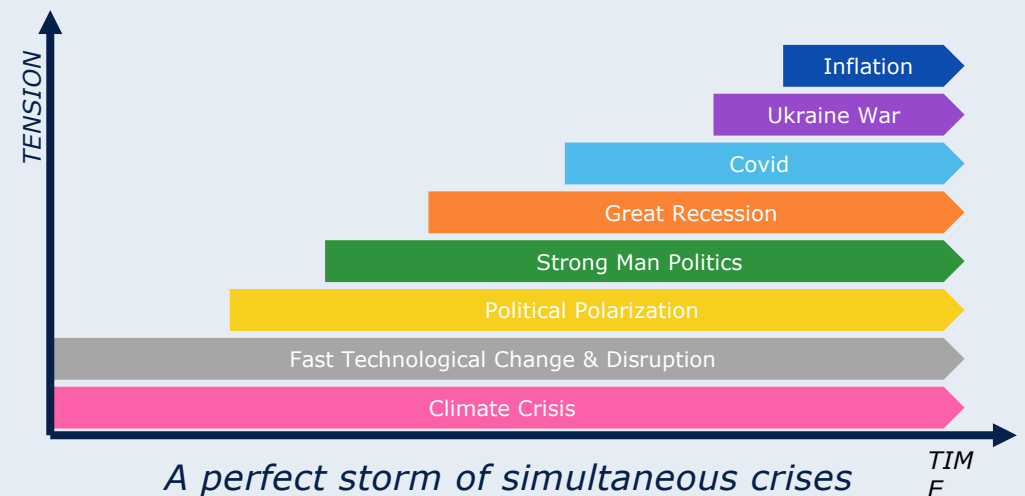
Collectively, our recent human history has been one of significant disruption.

When Warren Bennis and Burt Nanus coined the term VUCA to describe difficult to navigate situations that are simultaneously Volatile, Uncertain, Complex and Ambiguous in their 1985 book, "*Leaders. The Strategies For Taking Charge*", they didn't know the half of it.

While the phrase VUCA itself may be a little dated now, the spirit it captured is still very much alive and kicking. In fact, that spirit is growing stronger. So much so that the 2022 Collins Dictionary word of the year is "Permacrisis"⁵, defined as "an extended period of instability and insecurity".

A Perfect Storm

In recent years humanity has been confronted by many disrupting challenges spanning many domains and sectors of our existence. At times the recurring nature of the strains we face makes it feel as if we are confronting a perfect storm of separate simultaneous crises.



A Systemic Crisis

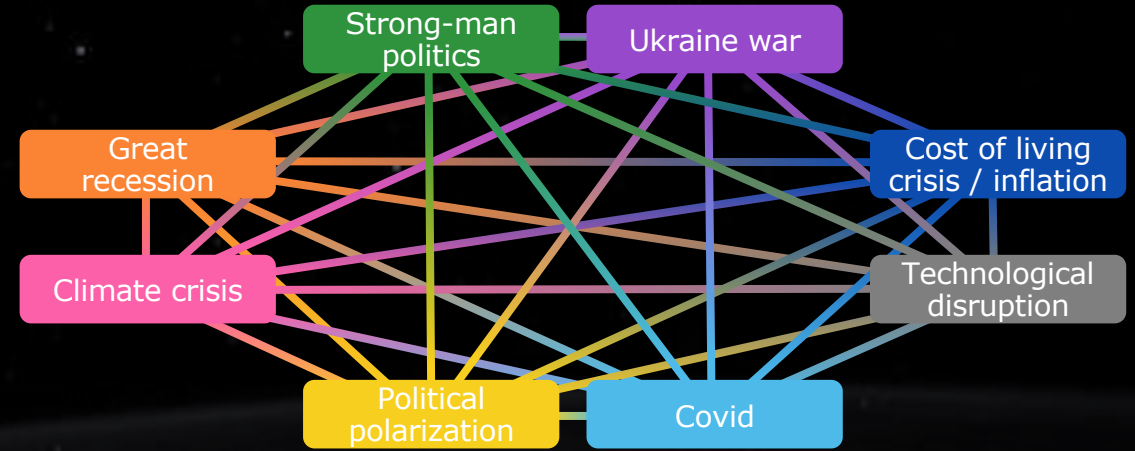
Unfortunately, “the likelihood that the current mess is a coincidence is vanishingly small”. The truth is that, “we’re almost certainly confronting something far more persistent and dangerous.”⁵

“Humanity is dealing with a complex knot of seemingly distinct but actually deeply entangled crises. Precisely because these crises are so entangled, they’re causing worldwide damage much greater than the sum of their individual harms.”⁵

In the words of the WEF, “The inconsistencies, inadequacies and contradictions of multiple systems – from health and financial to energy and education – are more exposed than ever”⁶.

Our world has always been a system, and it’s more connected now than it has ever been. What we have now is not a perfect storm of separate simultaneous crises.

Rather, “today’s mess is best described as a global polycrisis”⁵.



A systemic, interconnected, global polycrisis

The World of Work is Changing

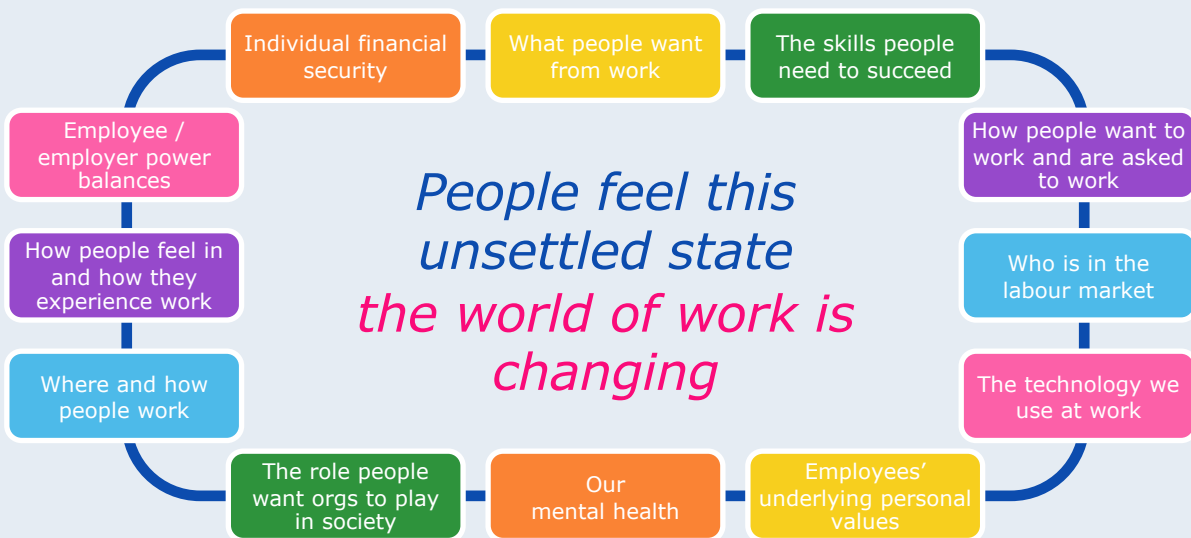
As individuals, we might not be explicitly aware of, or able to identify, the factors that are contributing to our global polycrisis. Similarly, we might not use this language to describe what we are experiencing.

However, regardless of the explicitness of our awareness or the language we use, many people feel the global disruption taking place around us. We perceive these changes to the global systems we are part of and their impacts on us, which increases our fear, uncertainty and doubt, which makes us uncomfortable.

Riding on this sea of global change, we are also changing as individuals, and the world of work is changing.

The power balances in work change (as they did after the black death), our needs from work change, how we work changes, our technologies change, and so on.

As leaders and managers, we too must change to adapt our focus to what matters right now. Thus it always was.



A Human Focus in Disrupted Times

And that brings us back to the four focus areas that stand out for people leaders in 2023:

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To identify this 2023's key focus areas, we reviewed our own client work and experiences this year, as well as key publications from leading consultancies.

Though other trends and focus areas were identified, these four are the most universally expressed and representative of our experiences.

The list may feel a bit prosaic, it may feel like it lacks the creativity and novelty to address the interconnected challenges we face. But in times of disruption a focus on fundamentals is often a strategy for success, and in our view a human focus is fundamental to success in 2023.

The Rest of this Report

In the coming pages we explore each key focus area in more detail. For each area we share some of the key points raised by leading consultancies as well as some of our key take aways and insights to keep in mind for 2023.

We fully believe that whatever the size of your organization, the sector you work in or your function, that spending some time and consideration on these four focus areas can help to improve your world of work in the coming year.



HYBRID, REMOTE & FLEXIBLE WORK

01. Hybrid, Remote & Flexible Work

Though not all employees can work remotely, hybrid and remote work has been called out as a key focus area for the past few years. It was a key topic of concern and focus for all of the clients we worked with in 2022. It's also been a key theme in nearly all of the consultancy reports we have reviewed this year.

Leading consultancies all tell a fairly consistent story in relation to hybrid, remote and flexible working. Some key extracts from a selection of their reports follow.

LinkedIn¹

"Candidates increasingly want remote work – even as employers scale back on remote-job postings."

"US remote-job postings on LinkedIn reached an all-time high in Feb. 2022, at 20% -they attracted over 50% of all applications. By Sept, remote-job posts fell to 14%, but got 52% of all applications. Remote jobs are also popular around the world."

"Even facing an uncertain future, people still highly value work-life balance, and flexible-work arrangements – including remote work. I expect those two attributes to remain top talent drivers for years to come."

Korn Ferry⁸

"COVID-19 has shown that work can get done effectively – even more effectively – remotely."

"49% of professionals say they would turn down a job if the company mandated that they go into the office full-time."

"But while productivity is up, many leaders tell us that culture, team dynamics and depth of relationships are suffering..."

"Organizations offering choices that match candidate expectations, in terms of working at home, in the office, or both, are likely to have a distinct hiring advantage over those that are not"

Gartner³

"Hybrid work is here to stay."

"52% of employees say flexible work policies will affect their decision to stay at their organizations"

"75% of hybrid/ remote knowledge workers agreeing their expectations for working flexibly have increased. If an organization were to go back to a fully on-site arrangement, it would risk losing up to 39% of its workforce."

"You must create a new, human-centric model for the hybrid environment by designing work around employee-driven flexibility, culture connectedness and human leadership."

Hybrid, Remote & Flexible Work: Our Reflections

Over the course of 2022 we supported a range of clients in improving their hybrid and remote working practices and management.

This work included helping a civil-service organization design, pilot and implement their hybrid working policy, designing and delivering a hybrid management training programme to a healthcare body and consulting with academics on recent research in hybrid working and management.

Some of our key reflections and things we learned from this work follow:

Most employees value hybrid, and hybrid can save costs

- Organizations recognize this and are effectively differentiating themselves from each other through their hybrid working policies so that they are more attractive to potential employees. Of course, not all roles can be done remotely.
- Many employees care so much about hybrid working that they are willing to sacrifice some level of salary for the benefits hybrid working brings to them.
- This salary offset is allowing some lower paying organizations to compete "above their paygrade" for talent with higher paying employers.
- Similarly, some higher paying organizations have used hybrid as a way to lower some salary costs.
- In addition, across many organizations, leaders are reducing their premises footprints due to reduced occupancy levels as their lease agreements reach break points.
- There are clearly cost savings opportunities when it comes to hybrid working.

But running successful hybrid teams requires spend

- We would urge organizations not to absorb all potential cost savings back into the business.

- Our engagement with organizations this year has made it clear that to create a great hybrid team requires investment and ongoing spend, and for leaders and managers to spend more time on managing their teams.
- In our view, organizations would do well to reinvest some of their hybrid related cost savings to improve their overall hybrid experience and performance.
- We see this reinvestment being spend in three main areas:
 - Giving leaders and managers more time to actively manage their hybrid teams, and giving them the skills to do so,
 - Improving the organization's remote tools, technology and systems, and
 - Improving the organization's remaining premises footprint so that it is more inviting and better suited to collaboration type working.

To create a successful hybrid organization, you need to invest in your tools and ways of working, and you need to give your managers more time to spend leading their team.

This is a key refrain we've come back to time and again in our work in 2022

A good hybrid policy is necessary, but not sufficient

- Creating an effective hybrid working policy is essential to ensure your organization has the clarity it needs over how colleagues are expected to work in your organization.
- But on its own, your policy isn't enough to create a good hybrid team. You also need leadership buy in and role-modelling, as well as effective hybrid ways of working and management.
- While some employees want to be in the office and many employees don't seem to be in principle against going into the office, most employees are against going to the office without a good reason for doing so.

- It's important that your hybrid and flexible working policy is, itself, flexible. Having fully rigid policies doesn't seem to be working well for many organizations.
- It's also important that your hybrid policy gives people the space, freedom and support to do their work in the right place for the type of work that they are doing. Deep, focused work is great at home, collaboration is great together.
- Ideally, your policy should be co-created with your employees. They want and deserve a voice in designing their ways of working. And they're unlikely to accept a policy that is mandated.

"Finance staff ignoring mandatory office attendance demands, report suggests"

FT Headline, 28 Nov, 2022⁹

Leaders must sponsor, role-model and trust their employees

- Many leaders and managers find it hard to embrace hybrid working themselves. Their behaviours and beliefs cast long shadows and influence others, making it hard for their organizations to become great hybrid workplaces.
- There's an undertone of lack of trust around hybrid, a sometimes unspoken belief that people working at home are not really working. We hear this through jokes about "days off" on a regular basis.
- In reality, most people work at least as hard at home than they do in the office. This is not to say that they are always working on exactly the right thing, but their effort levels are high.
- In fact, there's evidence that individuals typically work longer and harder at home, so much so that this poses a risk to their wellbeing.
- Though there are some people who work less at home, many of these people probably weren't really doing any work in the office either.

- To really make hybrid work in their organizations, leaders need to sponsor it, embrace it and role-model hybrid behaviours. This means walking the walk in their own behaviours, and trusting others to work hard in hybrid.

87% of employees feel they are productive, yet only 12% of leaders have full confidence their team is productive...

Mincrosoft¹⁰

Hybrid can increase perceptions of unfairness at work

- Hybrid working increases personalization of work. As employees have more individual experiences of work, their divergent experiences can feel unfair.
- Since not all roles can be performed at home, there is innate unfairness.
- Those individuals who are working in their homes are now able to see into each other's homes. Employee homes can be significantly different depending on many factors including their stage of life.
- Furthermore, employees are increasingly working different hours within the day, and working different days in the offices.
- These changes can lead to "us and them" thinking and can accentuate some of our cognitive biases, like proximity bias, which can change our own behaviours so that we do actually favour some colleagues more than others in the workplace. In other words, things can actually become unfair.
- Whether there is a genuine increase in unfairness or not, hybrid working makes it much easier to perceive unfairness all around us.
- To lead great hybrid teams, leaders and managers need to strive to challenge their biases, create fair experiences at work and communicate transparently to remove perceptions of unfairness.

"Of the 3,500 employees we surveyed worldwide in 2021, only 18% indicated they work in a high-fairness environment."

Kropp, Knight & Shepp, Harvard Business Review¹¹

We need to reframe productivity & management

- The role of managers changes in hybrid environments. To create great hybrid teams, we need to help managers understand this, and give them the space to work in new ways that are more effective for the hybrid world.
- Hybrid working can negatively (and positively) affect the productivity and wellbeing of our colleagues and the group dynamics and cultures in our teams and organizations.
- To succeed as hybrid teams, we need to recognize that our wellbeing and our cultures and group dynamics are essential enablers for achievement, and we need to treat time spent on wellbeing and group cohesion as productive activities. They are of equal importance with doing our core work.
- Seeing these factors in this way is a fundamental change in the way we view productivity, and an essential change to make. If we don't, we will have dysfunctional teams with low wellbeing who are unable to work effectively towards our goals.
- Changing manager mindsets to appreciate this can be hard, and will require culture and leadership change too.
- It's also probably a good idea to consider changing manager job specs to include a focus on wellbeing and team dynamics.

"We must expand the way we think about productivity to focus on wellbeing, social connections and collaboration, and the innovation they bring to drive business success."

Jaime Teevan, Chief Scientist, Microsoft¹²

EMPLOYEE WELLBEING



02. Employee Wellbeing

The pandemic damaged employee wellbeing and mental-health. All of the clients we worked with in 2022 had concerns over employee wellbeing in all of their geographies. As we moved towards the end of 2022, financial wellbeing became of increasing concern as inflation and the cost of living crisis started to really bite.

The leading consultancy reports we reviewed also all focus on wellbeing. Some key extracts from a selection of their reports follow.

Sage¹³

"People are tired—they need proper well-being support."

"69% of employees were experiencing burnout... during the global crisis."

"Supporting workforces with their whole self, rather than just issues they are facing at work—will become table stakes for organisations."

"Companies that support employees with their needs beyond the workplace see a (>20%) increase in the number of employees reporting better mental health."

"Supportive employers can also realise a 21% increase in the number of high performers."

Gallup²

"Employee wellbeing is the new workplace imperative."

"Only 21% of employees are engaged at work. Only 33% are thriving at work."

"19% of workers ... are actively disengaged. Ask them, "Did you feel stress yesterday?" — 59% will say "yes." Ask them, "Did you feel worried yesterday?" — 56% will say "yes." Ask them, "Did you feel physical pain a lot of the day yesterday?" — 33% will say "yes." And, "How about anger?" — 31% will say "yes." These figures are staggering."

"Organizations need to think about the whole person, not just the worker."

Korn Ferry⁸

"Well-being is becoming a make-or-break issue..."

"89% of professionals feel they are suffering from burnout."

"The implications for companies that fail to address the issue could be huge."

"Remote working has given employees a greater understanding and concern for their own well-being. They want companies to act more human. To have a greater purpose that speaks to connection and support. Meet their expectations for flexible working [to] help them keep the personal energy they need to survive and thrive when times get tough."

Employee Wellbeing - Our Reflections

In 2022, we supported a range of clients with employee wellbeing.

We delivered a manager development programme for a national UK charity with a focus on wellbeing, we helped a government body assess their employee wellbeing and design organizational changes to improve it and we delivered workshops for leaders in the Scottish charity sector on designing job roles for higher wellbeing.

Some of our key reflections and things we learned from this work follow:

This is real for many people

- Some individuals have had their wellbeing significantly negatively affected as a result of the events of recent years. We have seen these individuals in nearly all the organizations we work with.
- Individual wellbeing has been affected through things like concern over the pandemic, changes in personal circumstances, isolation and loneliness, finding social interactions more burdensome, challenges of hybrid working and increasing financial concern.
- Many people have not experienced huge declines in wellbeing. But even among this population, most people have experienced some decline in wellbeing. Our wellbeing distribution curve has kept a similar shape, but shifted to a new, lower mean level of wellbeing.
- Organizations, leaders, managers and our experience of work can all play a big role in our wellbeing, for good or for bad.
- When managers, HR professionals or others take on a pastoral care role to support others, their own wellbeing can be drained. We need to help support those who care for others in the workplace.

"It wasn't burnout... it wasn't depression... we just felt somewhat joyless and aimless. It turns out there's a name for that: languishing."

Adam Grant¹⁴

Employers have power over wellbeing: use it well

- Many organizations and leaders have a huge amount of influence on the wellbeing of their employees. They should recognize this and use their power responsibly for the better.
- We've struggled with the concepts of "resilience" and "grit" for a while. As much as we appreciate the benefits of these qualities, we think that they can place too much onus and responsibility on individuals for their own wellbeing, and abdicate organizations of their responsibilities to create reasonable work. This needs to change.
- Organizations who genuinely become great places to work that support employee wellbeing see material improvements in employee attraction and retention, as well as in productivity and performance.
- Though there can be costs associated with increasing employee wellbeing, particularly in reducing excess hours, changing ways of working can be fairly cheap and hugely beneficial.
- That said, there are many mental health interventions that aren't evidence based, so we need to keep getting better at this.

"Investing in employee wellbeing can lead to increased resilience, better employee engagement, reduced sickness absence and higher performance and productivity."

CIPD¹⁵

Leaders and managers affect employee wellbeing

- The relationship that an individual has with their manager plays a huge role in shaping their wellbeing and performance at work.
- In the words of Gallup:

*"The real fix is this simple: better leaders in the workplace. Managers need to be better listeners, coaches and collaborators."*²

- In hybrid and remote teams, line managers play an even bigger role in shaping employee wellbeing. In these teams, individuals have fewer contact points with the organization and their wider colleague base, which increases the importance of their line manager relationship.
- Not only do line managers have a key role to play in shaping employee wellbeing, they also have a key role to play in observing, and responding to employee wellbeing. They are an organization's first line of defence.
- Again, hybrid and remote working makes observation more difficult. With fewer ad-hoc interactions, less time together and much less in-person time together, it's easier for employees to mask their emotions and negative wellbeing.
- Investing in leaders and managers plays a huge role in supporting and promoting employee wellbeing, but it's not enough on its own.

We need to design healthy, balanced roles for employees

- Great leaders, managers and working cultures will not preserve employee wellbeing and performance if what we ask of our employees is unreasonable.
- Organizations also need to design roles for balance and health. This means that the demands we ask of our employees should be commensurate with the resources they have to meet those demands.
- All too often organizations think that the demands employees face are limited to the volume of work they have to do. Though this is hugely important, it's not the only demand to consider. We also need to consider all the psycho-social demands made on employees, like managing difficult relationships or working under uncertainty.
- Similarly, many resources can help colleagues meet their demands and are often overlooked. They can include coaching & mentoring, autonomy, clear goals and training and development.
- To support colleague wellbeing we need good leaders and managers, but we also need well designed roles.



PEOPLE AND SKILLS FOR THE FUTURE

03. People & Skills for the Future

Recruiting the right people with the right skills at an “affordable” price was a challenge for many organizations in 2022. These challenges were driven by changes in required skills and changes in the labour participation.

As we move into 2023, inflation and changes to unemployment are adding further complexity to this challenge. To succeed, organizations will need to be creative about how they obtain needed skills and attract and retain great employees.

Cognizant¹⁶

“When asked about the biggest hurdles to implementing new processes, products, services and technologies over the last 12 months, the two most significant challenges that respondents named were workforce-related: a lack of human resources and knowledgeable staff.”

“But these skills aren’t easy to acquire. Businesses either pay exorbitant amounts to hire, or invest in developing skills.”

“Microsoft, ... uses different interventions for retention, including assigning mentors and opening conversations about opportunities for professional growth”

Gartner³

“50% of HR leaders expect increased talent competition over the next six months.”

“HR leaders are under more pressure than ever to fill roles with those with critical skills... there’s also an effort to optimize costs.”

“To fill skills needs both effectively and efficiently, broaden the range of talent strategies under consideration.”

“For example, develop... the mobility of employees from their current roles to other existing or newly created roles within the organization. This creates an internal labor market and makes it easier and more attractive ... to move [internally].”

Korn Ferry⁸

“It’s not just about finding the right talent. It’s about keeping the talent you have... (31%) said they were thinking of leaving their job even though they didn’t have another one lined up. 50% of all employees will need reskilling by 2025.”

“With employers no longer able to rely on a steady source of external talent, internal mobility becomes more important than ever.”

“They will also need to go beyond traditional “Buy” methods to consider “Build”, “Borrow”, “Bind”, “Bounce”, “Bot” and a whole host of other talent configuration and retention strategies to find [their] optimal solution.”

People & Skills for the Future - Our Reflections

Many of the clients we worked with this year were facing this challenge.

Over the course the year we helped an international agency align their internal talent and recruitment process with their new organizational values and we delivered workshops for leaders in the Scottish charity sector to help them identify and be creative about obtaining the skills and people they need for the future.

Some of our key reflections on this topics are below.

We need to be creative about finding the skills we need

- The old model of hiring permanent employees to do similar roles using similar skills for long periods of time is becoming less common in the world of work.
- The skills and capabilities our organizations need change more frequently, often at a systemic level. Our organizations need to continue to become more agile in their ability to quickly scale capability up and down in different areas.
- Remote working further complicates the picture. It broadens our potential talent pools, but it also increases competition for the best talent, thus giving more power to the best available employees.
- To be able to scale capabilities quickly, organizations need to be creative about differentiating to attract talent. They also need to think beyond hiring. They need to become better at retaining talent, developing skills internally and making better use of technology to automate routine tasks of benefit from AI.
- The changing ways organizations are managing talent also require new sets of skills from their leaders and managers, and new ways of working.

“Transformational change will increasingly happen with a new “work operating system,” where tasks/projects are assigned to employees or machines or non-employees in talent marketplaces, where workers will be identified not as job holders, but through their full array of skills and talents.”

John Boudreau & Jonathan Donner¹⁷

Organizations can differentiate by having a great culture

- Organizational culture really matters when it comes to attracting and retaining skilled employees in your organization. When given the choice between two identical organizations, we will always want to work in the one with the better culture.
- Understanding your organizational culture and being able to tell the story of your culture and organizational values will help you find the right people and skills for your organization.
- It's hugely important that your culture story is an honest reflection of your organization. If employees join you expecting a certain culture and the reality is different, they will feel deceived and you will lose their trust.
- Once you've identified and validated your organizational culture, it's important to help your hiring managers develop common language around it, and the ability to explain it well to potential employees.
- It's also possible to shape your culture into one of learning, growth and skills development. This will help you generate more of your required future skills internally, reducing your need to hire for those skills.

"67% OF PROFESSIONALS FEEL THEY HAVE BEEN MISLED ABOUT COMPANY CULTURE DURING THEIR INDUCTION"

The Role of Workplace Culture in Recruiting Top Talent - Robert Walters¹⁸

Great managers attract and retain talent

- Your managers are often the key relationship that your employees have with your organization. When these managers are good, employees want to stay. When they are not, employees want to go.
- *"A manager's effect on a workplace is so significant that Gallup can predict 70% of the variance in team engagement just by getting to know the boss."*
Gallup²

- In hybrid and remote teams, managers play an even larger than usual role in the experiences that your employees have.
- Good managers not only shape employee experience and retain current talent, they also attract future talent. They do this internally and externally through their reputations and the ways they interact with potential employees.
- Managers can be magnets for talent. It's worth investing in them and giving them the time and skills they need to attract and retain the skills and talent your organization needs to succeed.
- While it's great to start this process with your front line managers, each of them also has a manager. To retain your best managers, you also need to have great, people focused leaders that managers actually want to work for.

Organizations can harness the benefits of learning

- Learning the skills we need to for the future success of our organizations takes time and effort, but it is possible. Shaping a culture that supports learning, growth and innovation will help your employees to try new things, fail well, learn, grow and succeed in the future, in turn helping your organization thrive.
- Not only does their learning help employees master new skills and feel invested in, it's intrinsically rewarding and motivating. In turn this improves retention and attraction of employees.
- Employees want more than traditional classroom training.
- Mentoring, coaching and peer-support learning groups are highly effective learning and retention tools and are valued by employees.
- Employees also want to learn by doing. Help your managers design and delegate tasks and roles that give employees the opportunity to try new things in a supported way.
- Using structured opportunities for career progression also supports learning and skills development through work. Consider job-swaps, secondments and other creative ways to help your employees sample new roles and develop their skills.



RESPONSIBLE & KIND BUSINESS

04. Responsible & Kind Business

Many of the reports we reviewed this year call out the importance of responsible and kind business actions.

This focus area captures the current zeitgeist. In these disrupted times, employees want to feel that what they spend their time on matters and helps make the world a somewhat better place, leaders increasingly care about more than their shareholders and investors are search for organizations that do good.

Edelman³

“Societal leadership is now a core function of business.”

People are making more decisions based beliefs and values is: 58% do so when buying, 60% do when choosing a place of work and 64% do when investing.

Citizens want business to be engaging more on societal issues including climate change, inequality, healthcare. Systemic injustice and more.

60%, “when considering a job, expect the CEO to speak publicly about controversial social and political “issues I care about.””

Cognizant¹⁶

“Today’s employees no longer approach work as only a means of earning a steady pay-check. They now also want to feel a sense of purpose and that their work is positively impacting the world around them.”

“This means top talent will increasingly look for companies that take ESG seriously, and that have governance structures in place for an array of social issues, including diversity and inclusion.”

“In short, they look for companies they’re proud to work for.”

Korn Ferry⁸

“Your people want to get behind a purpose, something other than profit.”

“Customers won’t accept a lack of care for society or the environment. Investors. Partners. Customers. Employees. They’re all turning their backs on businesses that won’t commit to sustainability goals. And demand for companies to act will only grow.”

“It’s time to re-examine your employee value proposition (EVP) and make sure it is as compelling and differentiating as possible”

“But it’s not enough just to say it.”



Responsible & Kind Business - Our Reflections

The responsible organization movement has been on the rise for years.

To us, it felt like the pandemic catapulted this movement into the mainstream in 2021, and that 2022 consolidated responsible business as a foundation on which many organizations are seeking to build future success.

In 2021 we took part in one of the first cohorts of the Scottish Government's "Impact Economy Advisor" training programme. Since then, we continue to work with the responsible business community and deliver values aligned leadership development sessions. In 2022 we also wrote a book chapter providing a case study on responsible business.

Here are some of our reflections.

Now is the time, but share the burden & be kind to yourself

- We do need to act now. The way things are going is not sustainable on many levels. The world is in a complex and systemic crisis. Though things are bad, the systemic nature of our crisis means that our small, positive actions could have an outsized positive impact.
- The path to better impact is a marathon, not a sprint. Nearly all organizations can find small, cheap and yet effective ways to improve their impacts. Start with these and work gradually to improve your impact in way that is sustainable for your business.
- Be kind to yourself and your organization along the way. Carrying the weight of the world's problems is a burden no one can manage alone. This is a collective problem, and it needs collective actions. Do your bit, and trust others to do theirs.
- You don't need to do your bit alone. Your team members will support you, there are responsible organizations you can emulate and there are responsible leaders you can connect with as peers to collaborate and share your challenges with. There are also great organizations like B-Corp who can support or guide you on the journey.

Being responsible brings great benefits, but not if you fake it

- In our view, the moral case for responsible organizational behaviour is strong enough to be imperative. But for those who need more of a reason, there are also further benefits.
- There is an emotional and motivational case. Doing things that help others feels great. It feels good for leaders and feels good for employees. Helping others is one of the best ways to improve our own subjective wellbeing, something we all need a bit more of right now.
- There is also a strong financial business case for being a responsible organization. Where they can afford it, consumers are increasingly using their moral compass when making consumption choices. Responsible organizations can see higher prices, higher sales volumes, or both.
- It can be tempting to try and get these benefits without actually being a responsible organization. Luckily, employees, consumers and investors are increasingly able to see through organizations that are faking it or "impact washing". Organizations that are "found out" can lose their reputation and the trust of their customers, employees and investors.

"For over 70 years economics has been fixated on GDP, or national output, as its primary measure of progress. That fixation has been used to justify extreme inequalities of income and wealth coupled with unprecedented destruction of the living world. For the twenty-first century a far bigger goal is needed: meeting the human rights of every person within the means of our life-giving planet."

Kate Raworth²⁰

LEADING AND MANAGING IN 2023



Leadership & Management in 2023

What else can leaders and managers do and how can they behave to help improve the experiences and performance of their employees and colleagues?

The consensus across the people we've spoken to this year and the research we've reviewed is that being self-aware and human focused is what leaders and managers should be looking to become. Some key extracts from a selection of reports follow.

Gartner³

"The human-to-human dynamic in the workplace pushes leaders to display human-centric leadership, defined as leading with authenticity, empathy and adaptivity. These traits have been listed for some time among the key qualities of great leaders — but they were considered nice to have. Employees today demand them."

Human leadership requires leaders to:

- Act with purpose and enable true self-expression for themselves and their teams.
- Show genuine care, respect and concern for employee well-being,
- Enable flexibility and support that fit the unique needs of team members.

StratX_Ext²¹

"The world needs new leadership... leaders will increasingly need to master competencies in engagement, collaboration, trust, and transparency."

"Leaders can no longer afford to remain 'old school' or not change with the times. To lead effectively requires self knowledge, empathy, teamwork, and vulnerability."

"If you want to engage people, you need to understand how they feel. This requires empathy. Empathy works in both directions: leaders need to understand and empathize with those around them, and employees need to empathize with their leaders."

Leading & Managing in 2023 - Our Reflections

The "old way" of leading and managing is no longer serving us well. There is now a genuine desire for a more human focused approach to working with our teams.

In 2022 we delivered multiple leadership and management development programmes, continued our guest lectures at London's City University and supported a large charity in redesigning and co-creating their organizational values.

Here are three of our key reflections, to supplement the rest of this report.

Getting the psycho-social foundations right is essential

- Leaders and managers should understand, focus on and work to improve the social and psychological experiences employees have in work. These experiences are the foundations on which our performance and engagement are built.
- Leaders and managers should take actions and use tools and practices in such a way that they support positive social and psychological experiences in work.
- Developing self-awareness, and awareness of the impacts we have on the social and psychological experiences of others, is a great starting point in this journey.

Culture is still key, it's still eating strategy for breakfast

- We swim in the waters of our culture. We can't see it, but it shapes our actions and behaviours. In healthy waters we prosper, in toxic waters we perish.
- Leaders should look to understand and shape positive cultures for their organizations. This might mean personal change is needed too.

Find or create peer support and learning opportunities

- Leaders and managers often end up feeling alone with their challenges. You're not alone. Many others are experiencing the same challenges you are.
- Find or create peer support networks so you can share your thoughts and challenges. Be open and honest, listen and learn, coach others and ask for coaching. Peer support can transform how you experience work.

CONCLUSION & CONTACT US



Conclusion

Our polycrisis continues to evolve and the world around us is changing ever more quickly, becoming more volatile, uncertain, complex and ambiguous. As our wider world changes and the people in it change, the world of work is also changing.

The more hierarchical, directive and ridged leadership and management practices that served us well in the past no longer do so. We need to respond to the new world of work that we are in, we need to continue to adopt new ways of leading and managing, we need to embrace a human focus in disrupted times.

In this report we have shared our reflections on the key areas that leaders and managers should focus on as they embrace a more human focused approach for 2023. Our reflections have been informed by the work that we completed in 2022 with our various clients, and by reports from leading consultancies from around the world. We hope you find them useful.

Jane & James

01 Hybrid, Remote & Flexible Work

- Employees value hybrid, and hybrid can save costs
- Running successful hybrid teams requires spend
- A good hybrid policy is necessary, but not sufficient
- Leaders must sponsor, role-model and trust their employees
- Hybrid can increase perceptions of unfairness
- We need to reframe productivity & management

02 Employee Wellbeing

- This is real for many people
- Employers have power over wellbeing: use it well
- Leaders and managers affect employee wellbeing
- We need to design healthy, balanced roles for employees

03 People & Skills for the Future

- We need to be creative about finding the skills we need
- Organizations can differentiate by having a great culture
- Great managers attract and retain talent
- Organizations can harness the power and benefits of learning

04 Responsible & Kind Business

- Now is the time, but share the burden and be kind to yourself
- Being responsible brings great benefits, but not if you fake it

05 Leading and Managing in 2023

- Getting the psycho-social foundations right is essential
- Culture is still key, it's still eating strategy for breakfast
- Find or create peer support and learning opportunities



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