



KORN FERRY

BE **MORE** THAN

Future of work trends 2022:

A new era of humanity



Work that works for everyone

The last 24 months have changed everything. For businesses. For leaders. For employees. Now, as the dust settles, one fact becomes clear:

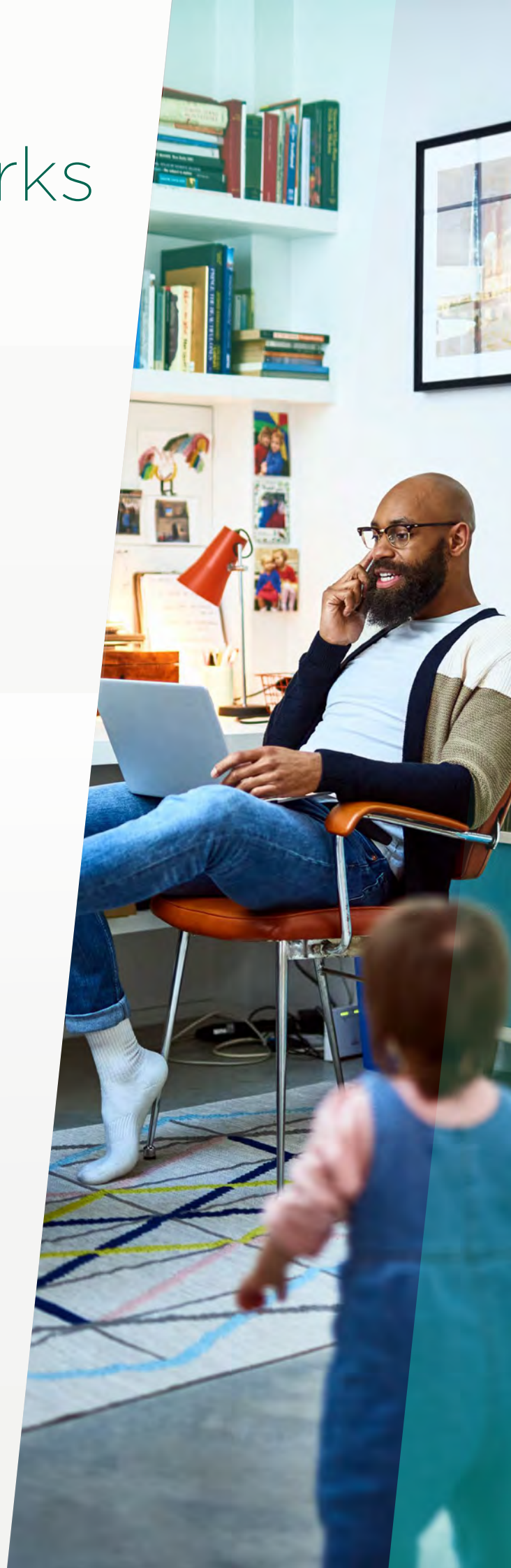
Power has shifted.
From organizations to people.
From profit to mutual prosperity.
From “me” to “we”.

Employees are now starting to ask very human questions about the work they perform. Why am I doing this? What is it for? How can we do it better? Many are choosing to leave their jobs. The competition to attract new talent is growing fiercer than ever.

This poses an existential threat to businesses everywhere. An organization is only as good as the people it employs; those organizations that want to survive and thrive in 2022 will need to respond to the new power dynamic in kind. Look beyond financial goals to consider the needs of all their people. Treat employees as human beings, not parts of a machine. Break down silos and overcome remote working challenges to ensure people feel connected to the company purpose and vision and each other. Embrace the possibilities of the future and make work, work for everyone.

Over the following pages, we look at how this new age of the human will play out across seven trends that currently dominate the corporate world. We believe organizations that form a robust and holistic response to these trends have an opportunity to bring about transformative growth. We know from our research that it will take relentless focus on customers and employees, and that transformations are more likely to succeed when company strategy, purpose and culture are all aligned.

We also believe that, for organizations bold enough to seize it, the moment to transform is now.



Reinvention

The flipside of disruption

Scarcity

Surviving the big quit

Vitality

Give the people what they want

Sustainability

Time to walk the talk

Individuality

Do, well better

Inclusivity

The power of all

Accountability

Trust or bust



A close-up portrait of a man with a grey beard and glasses, overlaid with a large, semi-transparent number 2. The image features a teal and black color scheme with various geometric shapes and lines, suggesting a digital or technological theme.



Reinvention

The flipside of disruption

How can you even think of moving forward? The last two years have just been about surviving. Change was forced, extreme, reactive. Planning went out the window. But out of all this disruption came something incredible. We learned to work in an entirely different way. Make connections even when we were not in the office. We collaborated, innovated, were agile and flexible. All qualities we “as organizations” need to reinvent ourselves.

The future will continue to be full of opportunities and challenges. Climate change. Digital acceleration. Global shortages and supply chain issues. And don't forget the fickle customer. If you are not obsessing about their needs, you're doomed to fail. Business models will change. We'll explore more flexible production methods tailored to our customers' needs. We'll put people at the heart of everything we do but empower their productivity with technology. And we'll reconnect to each other and the purpose of the organization. It's exciting. Invigorating. Daunting. And we won't succeed without continuing to change.

If 2020 and 2021 were years of unplanned reinvention, 2022 is where it gets intentional.

REINVENTION

DIGITAL TRANSFORMATION

Six trends that will shape how organizations reinvent themselves in 2022

01

“Platform and Marketplace” Businesses Spread Rapidly

It's been happening for years. Technology has enabled organizations to reinvent ways of doing business. Think of the platform and marketplace models adopted by Uber and Amazon. Or the way Airbnb has harnessed the sharing economy. Or new ecosystems such as Apple's App Store. In 2022, we expect many more sectors and organizations to follow suit, as digital transformation continues to accelerate across all sectors and industries, resulting in new jobs, new ways of working and new business models.

Talent implications

We are used to thinking about work in terms of jobs. But with the nature and structure of work changing rapidly, this may no longer be helpful. Successful organizations are shifting their thinking towards the capabilities needed to win in their marketplace. Through strategic modeling of future workforce options, they clarify the future roles, skills, and mindsets to deliver their strategy. They then focus on sourcing and developing these through reskilling, upskilling, recruitment or drawing on the wider “gig economy” of flexible workers.

64% of the world's most admired companies say they have a good understanding of workforce needs two or more years into the future compared to 54% of their peers.

02

Thinking fluid

COVID-19 forced all of us to work in temporarily agile ways. In 2022, organizations will be looking to make it permanent. What does this look like? Expect flatter, non-hierarchical structures (at the extreme end, Chinese consumer electronics giant, Haier, encourages a network of interconnected small businesses). Expect more project-based working, where teams assemble to achieve specific goals before dispersing back out into the organization. Companies are also likely to reinvent where work gets done, with hub-and-spoke models and remote-only teams.

Talent implications

For decades, leadership has been seen in hierarchical terms—rising to the top of the “pipeline” that results in Executive Leadership. In more fluid organizations, this model is no longer fit for purpose. What is needed are network leaders who perform and transform by working across the enterprise and the wider ecosystem. Executive Leadership needs to shift to “Enterprise Leadership”. Meanwhile, learning agility will become more important for everyone in the organization (not just leaders) and performance management will need to become more flexible, project focused and “always on” to respond to the more agile nature of people’s work. It is also critical to ensure that increased fluidity does not lead to greater fragmentation: connectivity and collaboration are key.

69% of the world’s most admired companies value learning agility and curiosity over career history and experience when it comes to hiring.

03

Personalizing production

3D printing. Personalized products. Robotics. These concepts have been buzzing around for many years. They are converging to reshape how products get made, marketed, and sold. Cue rapid increases in productivity, flexibility, and personalization. From customized Nike trainers to bespoke versions of luxury cars, all of production is being affected. For some organizations, it will feel like production has come full circle after more than a century—from the individually crafted product to mass production and back again.

Talent implications

Highly advanced, highly automated production environments call for smaller, multi-disciplinary teams with a depth of expertise. Degree-level entry roles will increasingly be the norm. More and more power and autonomy will be devolved to frontline production workers. Organizations will need to deploy a wide range of talent acquisition and talent management strategies to secure the niche, in-demand skills they need.

Modern pharmaceutical firms are deploying advanced production systems and digital control systems to supply “designer drugs” based around digitized “plants of the future” requiring highly skilled operators and digital process engineers.

04

Augmenting humans with machines

Without necessarily realizing it, we have all now become what our ancestors would have thought of as “bionic” – humans with capabilities enhanced by technology. It starts with the online collaboration (think Slack and Miro boards), moving through wearable technologies (like Google Glasses) to the virtual reality environments used to design new aircraft and shops and walk through the reality before it’s built. Machine intelligence is allowing insurance risks to be assessed in milliseconds based on neural networks and learning algorithms.

In organizations, this creates new opportunities for how and where work gets done. The focus now is less on the jobs employees perform and more on the capabilities people and technology can offer.

Talent implications

Unlocking the extraordinary potential of bionic transformation requires two very different sets of leadership skills. On the one hand, it takes “digital native” experts—quick-learning, agile performers with deep, niche expertise. On the other, “digital change leaders”—relationship builders who can navigate the cultural aspects of transformation, understand the possibilities of new technology and are experienced in managing complex change. Some very rare leaders possess both sets. Otherwise, organizations need to get flexible with their “build” and “buy” strategies to secure the delicate blend of leadership skills they need.

05

Re-imagining remote work

COVID-19 has shown that work can get done effectively – even more effectively – remotely. But while productivity is up, many leaders tell us that culture, team dynamics and depth of relationships are suffering. In 2022, we expect organizations to proactively experiment with and rollout new models of work. There’ll be no one-size-fits-all. We’ll see fully onsite and fully remote models and everything in between.










Talent implications

Organizations will need to understand what jobs and what talent is truly remote-able. People with different psychological ‘personas’ will have widely varying preferences and abilities to work from anywhere. Some roles will need to be broken apart and remade as a set of tasks and competencies that can be performed virtually. Organizations will need to get creative about how work gets done. This might include shifting from synchronous to asynchronous work (where work doesn’t happen in meetings but independently on shared documents) or ensuring that employees on a particular task are all remote or all in person. Leaders that have the emotional intelligence to connect with people on different channels will be essential.

06

Industry mash ups

Consumer behavior has changed. Organizations are getting more innovative about how they respond – thinking beyond their industry boundaries. 2022 will be the year of the industry mash up.

		Impact	Talent implications
 Technology	 Retail	<p>Think of a virtual environment where you and your friend's avatars go shopping together, try on clothes in a virtual store – then order the real clothes to be delivered to your real home.</p>	<p>Facebook's plans to build a metaverse will require it to hire 10,000 workers in Europe.</p>
 Retail	 Hospitality	<p>A high-end shopping mall chain wants to attract shoppers back into its physical stores by incorporating flexible workspaces and exercise studios.</p>	<p>Looking outside the pool of seasoned retail executives for hospitality expertise to bring this vision to life.</p>
 Automotive	 Technology	<p>Electric vehicle transition, autonomous driving and personalized driving are just a few of the big shifts in automotive transformation.</p>	<p>Attracting non-traditional talent is key. Coding skills become as important as engineering. Major effort needed in re-skilling, upskilling, and implementing agile ways of working.</p>
 Big Pharma	 Small Pharma	<p>Multiple cases of collaboration between arch-rivals in life sciences sometimes between big pharma and smaller companies that have developed innovative new technologies and therapies.</p>	<p>How do you protect the innovative aspects of the culture of small companies being bought by big companies? So far, the prevailing approach is to leave the acquired company alone.</p>
 Media	 Technology	<p>The media/technology mash up is creating a new level of personalization. Netflix uses AI, data science and machine learning to make personalized movie recommendations and display a set of thumbnails unique to the individual user.</p>	<p>Employees expect the same level of personalization in their work life as they experience in their personal lives.</p>

SCARCITY

SCARCITY

RETAIN & RESKILL

Scarcity

Surviving the Big Quit

Why are there so many unfulfilled jobs? 11 million in the US alone. It's a huge issue with some big reasons behind it. Fast economic expansion. Projects delayed due to COVID-19. But there's also a skill mismatch. Jobs don't match the people. The bad news is as digital innovation accelerates, this record-breaking talent gap will only widen.

And it's not just about finding the right talent. It's about keeping the talent you have. We surveyed nearly 700 professionals, and almost a third (31%) said they were thinking of leaving their job even though they didn't have another one lined up. That's how confident they are in their value. It's so widespread it's even got a name, The Great Resignation (AKA the Big Quit).

2022 will see us get incredibly creative about how we recruit, retain and reskill our people. And it isn't just people that are in short supply. Material shortages and supply chain bottlenecks. Materials and ways to move them are in huge demand and are causing major delays and growing costs.

We can't be just in time anymore. That goes for materials as well as talent.



RETAIN & RESKILL

SCARCITY



The crunch in numbers

- July 2021 saw the highest ever share of US employers with unfilled positions
- 50% of all employees will need reskilling by 2025
- 74% of professionals believe employee turnover will only increase in the coming year

Implications

Attraction and retention used to be a numbers game. 2022 calls for a much more human approach. Organizations should consider all the levers they have available to them for building and strengthening relationships with individual talent—from compensation, rewards, and benefits to learning and development, succession, and DE&I.

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 the optimal solution for their business.

¹ National Federation of Independent Business survey August 2021

² World Economic Forum

³ Korn Ferry survey, 2021

New methods for incentivizing candidates to join (and employees to stay)

Many companies are now offering sign-on bonuses even at entry levels, with a clause that they must be paid back if the employee leaves within a matter of months. Starting salaries are on the rise, as are long-term incentives designed to get middle and senior managers to stay, such as employee stock options and sabbaticals. Other benefits we expect to see more of in 2022 include on-site childcare, caregiver stipends, increased paid time-off, education reimbursements, and top-tier health and dental insurance.

Solving the shortage from the inside out

With employers no longer able to rely on a steady source of external talent, internal mobility becomes more important than ever. Not only can it help fill talent gaps, especially for niche roles—it can also prevent attrition by providing employees with opportunities to learn, develop and grow.

Organizations can build internal mobility by reskilling and upskilling through specialized training, coaching and development programs. They can also invest in new technologies to surface existing skills.

37% of professionals say upskilling/reskilling current employees is the top way they are addressing the labor and skills shortage (Korn Ferry survey)

Inclusion is the name of the game

Inclusive hiring practices help you tap into a wider talent pool, making it easier to hire quality candidates quickly, even for niche or hard-to-source roles. This could mean looking for talent in non-traditional places or dropping traditional qualification requirements that may disproportionately exclude underrepresented talent. What is important now is how quickly a person can learn and how agile they are to meet the evolving needs of the marketplace—not where they studied for their degree.

Candidate experience is everything

A Korn Ferry survey revealed that 75% of candidates say it's unlikely they would accept a job if they were treated poorly during the interview process. So if you want to secure the best people, you're going to need to provide the best candidate care.

Some employers are starting to engage new hires before they even start, sending video tours of offices and encouraging future colleagues to reach out and welcome employees, so that they can become embedded in the company culture and feel part of the team.

It's important to continue this through the employee's first days, weeks, and months on the job. In a remote world, where it's so easy to feel disconnected, HR and hiring will need to transform their onboarding processes, organizing formal virtual introductions and staying closer to the new hire during their first 90 days.

Enhanced *action* on ESG

Exploring all the possibilities of flexible working

As we ease out of the pandemic and workers return to the office— even part time—we will see much less need for professionals to live near their offices. We've proven that we can be as productive, or even more productive, working from home. In a recent Korn Ferry survey, nearly a third (32%) of professionals said they don't think they'll ever go back into the office full time, and 74% say they have more energy and focus working from home instead of the office.

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. There are also opportunities to widen the net further by making roles virtual and opening them up to candidates from other cities or countries.

49% of professionals say they would turn down a job offer if the company mandated that they go into the office full-time (Korn Ferry survey)

Candidates have been shown to accept substantially lower pay offers if the offers come from companies with a strong brand and a focus on sustainability. 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.

Candidates will do their due diligence to make sure a prospective employer is living up to its commitments. This means that taking tangible, meaningful action on sustainability and weaving it into every aspect of the business has become table stakes for organizations.

How top organizations are tackling the talent shortage

Making leaders accountable for easing the talent shortage

The pandemic has upended the entire world of work, causing organizations to move into a highly reactive mode. This has left leaders scrambling to stay in front of the ever-changing business environment, dealing with what's in front of them and not planning for the future.

In 2022, the trend will be to step back and find out why people are leaving organizations or even the workforce. Is it the pay? The benefits? The culture? The business model? The location? What types of employees are leaving? Leaders will need to be accountable for stemming the turnover in their organizations.

Top 5 predictors of retention

	Employees intending to stay > 5 years	Employees intending to leave within 1 year
Opportunities to achieve career goals at the company	69%	23%
Trust and confidence in companies senior leadership team	75%	31%
Company shows care and concern for employees	76%	34%
Company effectively managed and well-run	70%	28%
Opportunities for learning and development at the company	75%	34%

Source: Korn Ferry Insight database

How organizations are tackling the supply chain challenge

Better scenario planning

The whole supply chain was about efficiency and cost, cost, cost. But a jolt makes an efficient system unable to absorb it. It can't quickly pivot. Nearly every organization would benefit from being better at scenario planning—imagining what the supply chain would need to function well under a variety of circumstances— so they tailor their processes accordingly.

Finding the right talent

Transforming and optimizing the supply chain also requires the right talent. Supply chain leaders must be strategic thinkers, planners and collaborators with a variety of strengths, including vision, results orientation and a mix of soft skills. They also need cross-functional experience in product innovation, business acumen, knowledge of current automation, systems technologies and more. This is a varied skill set that's hard to identify—and even harder to find.





VITALITY

VITALITY

WELL-BEING

Vitality

Do well better

Employee health and well-being were important long before COVID-19. But it's now front and center of every organization's plans. Companies face the economic burden of sickness and stress, both in medical expenses and lost productivity. And 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, better healthcare, but most importantly, help them keep the personal energy they need to survive and thrive when times get tough. Because the flipside of vitality is burnout.

It's not just the human thing to do; it's the right thing to do. For people and organizations.

Lip service just won't cut it.
It's become even more
important to care in 2022.

WELL-BEING

+ VITALITY



Economic burden of unwell workers is
10 to 15 percent of global economic output

Sample US costs		Sample UK costs	
Chronic disease	\$1.1tn	Absence	£7bn
Injury/illness	\$250bn	Working when ill	£27bn - £29bn
Workplace stress	\$300bn	Staff turnover	£9bn
Disengagement	\$550bn		

Implications

To offset the negative impact of the pandemic on engagement and performance, organizations need to put employee well-being center stage, and monitor and nurture it more seriously than ever. In 2022, we expect to see more organizations move up the maturity levels when it comes to well-being. Moving from compliance to embedding well-being into the purpose of the organization.

Wellbeing maturity levels



Compliance

“Our workers compensation claims for stress-related conditions are spiralling and we need to start with understanding how we meet the minimum standard and reduce our costs”

Well-being to sort problems

Brand building

“We want to build our employee proposition to include well-being as we know this is important to attract the next generation”

Well-being as a way to attract talent



Productivity

“We know the design of some of our work and jobs is having a detrimental impact on the well-being of our people and driving down productivity”

Well-being as a commercial imperative



High performance

“We have ambitions to be a high-performing organization in order to gain market advantage and know that if we focus on the well-being of our people, we can unlock potential”

Well-being for competitor advantage



Purpose

“We believe we have an obligation as an employer to have a positive impact on society by paying attention to the well-being of our people”

Well-being for societal impact



Organizations that are leading the way in wellbeing embed it in all aspects of their people strategy. Research shows that this has a positive impact on retention, absenteeism levels, productivity, and overall satisfaction.



Why it matters

Well-being is becoming a make-or-break issue for many employees. It is also being placed under unprecedented pressure, as individuals, organizations and economies struggle to readjust to post-COVID-19 life. In a recent Korn Ferry study, 89% of professionals feel they are suffering from burnout and 81% say they are more burned out now than at the start of the pandemic.

The implications for companies that fail to address the issue could be huge. At the mild end: reduced levels of performance and engagement, and real problems attracting and retaining the best people. At the more severe end: total workforce burnout. This is a talent trend that organizations ignore at their peril.

What leaders and organizations can do to support well-being

What employees are asking

What leaders and organizations are doing



Career and purpose

Do I have a job that I enjoy, and does it connect with my values and purpose?

When Walgreens Boot Alliance CEO Roz Brewer announced a new company purpose “More joyful lives through better health” she and other leaders shared her personal commitment for how they would live that purpose publicly and encouraged other team members to do the same. The refreshed purpose also nods to the industry mash up trend – with the company aiming to shift its identity from retail plus pharmaceutical company to healthcare company.



Social

Do I have hobbies, friendships, and relationships?

Remote working has made it difficult to create a social life at work. But it's encouraged organizations to get creative. We've seen lots of examples from online channels for non-work banter to hosting virtual charity events. For example, Great Place to Work digitally volunteered at the Smithsonian, making historical documents more accessible by transcribing them. And Salesforce hosted an online talent show for Latina SafeHouse.



Financial

Do I have the financial means to sustain myself and my family – both in the short term & the long term?

One manufacturing organization offers its employees a purchasing program whereby they have the opportunity to buy merchandise (i.e. appliances, audio/visual equipment, etc.) on an installment / interest-free basis and through payroll deductions.

What employees are asking

What leaders and organizations are doing



Physical

How do I feel physically?
Do I have enough
energy and am I free
from sickness?

A luxury fashion brand retailer has employed a wellbeing consultant to help foster a healthier working environment. For the customer service center staff, they have introduced a healthier canteen menu and on-site exercise classes. For the buyers and designers, the emphasis has been persuading them to exercise less and eat more!



Community

How connected am I
to a community?

One professional services firm offers its employees 6 days paid leave a year to volunteer for organizations that support the local community, while learning skills that will help them grow professionally.



Mental and emotional

Do I have the capacity
and resiliency to deal
with stress and setbacks
that might occur?

A Korn Ferry survey conducted during COVID revealed that empathy was the behavior most amplified in how leaders interacted with their people. Organizations that want to preserve that are implementing development programs to strengthen the emotional intelligence of leaders, as well as building resilience and adaptability in individuals.

SUSTAINABILITY

WALK THE TALK

PATH TO NET ZERO

SUSTAINABILITY

WALK THE TALK

PATH TO NET ZERO

SUSTAINABILITY

WALK THE TALK

PATH TO NET ZERO



Sustainability

Time to walk the talk

ESG and sustainability. It's more than nice to have. It's vital. Doing nothing may feel like you're saving in the short term. But longer-term, it will cost you big.

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 in 2022. The partial takeover of ExxonMobil's board by a climate activist hedge fund foreshadows the battles to come.

SUSTAINABILITY

PATH TO NET ZERO





In 2022, we expect to see more and more organizations waking up to the reality that science alone will not get them where they need to be. Meaningful transformation requires changes in mindset and skillsets. Everyone in the organization needs to be activated to deliver. Otherwise, ESG and sustainability efforts are bound to fall short.

2022 needs decisive steps when it comes to ESG. You must turn talk, into walk.

Implications

We think the time has come for a more people-focused approach to ESG. Working tirelessly with environment scientists to find a path to net zero is important. But if you aren't considering how your people are going to take you down that path, your efforts are bound to fall short.

To walk the talk on ESG and sustainability, there are five critical people questions that organizations will need to address in 2022.

01

The *purpose* question

Why are we doing this, who are we trying to satisfy, what is our time horizon, and how do we measure success?

For truly successful change, leaders need to rally around a unified purpose that is propelled and sustained by people across the organization. That's why the first question organizations need to ask when developing and implementing ESG and sustainability strategies is "why?".

Take Detroit-based diversified energy company, DTE Energy. A key priority for its executives over recent months has been to refine and communicate the company's purpose in line with its bold sustainability goals of achieving net zero carbon and greenhouse gas emissions by 2050.

The company's refreshed purpose is "We improve lives with our energy." Diane Antishin, Vice President of HR Operations and Chief Diversity & Inclusion Officer for DTE Energy, explains: "Our aspiration is to be best in the world and best for the world, so this purpose statement represents the idea of what we contribute and do to enable progress and society."

Prediction:

Many more organizations will follow DTE Energy's lead, aligning their purpose with ESG and sustainability commitments.

02

The *governance* question

How does our board need to evolve to oversee, enable, and support delivery of our ESG strategy?

Real change starts at the top—and boards will have a critical role to play in providing education, oversight, monitoring and support for the organization's ESG strategy. Areas to focus on will include:

Prediction:

Proportion of S&P 500 using ESG metrics in their incentive plans to rise from 44% to 60% in 2022.

Alignment – work closely with senior leadership to ensure appropriate alignment of priorities and provide ongoing advice and support.

Integration – challenge management to demonstrate ESG has been integrated into strategy development and risk management processes.

Time and information – ensure the right data is flowing into the boardroom and that board agendas allow enough time for critical discussion.

Structure – Consider creating new committees or re-writing charters, to ensure you are treating ESG as a holistic and strategic business imperative and not something stand-alone.

Engagement – listen to internal and external stakeholders.

Disclosure – use common frameworks such as the Taskforce on Climate-related Financial Disclosures (TCFD) to conduct robust reviews of ESG disclosures.

Compensation – consider adopting ESG metrics as part of annual or long-term incentive programs.

03

The *leadership and talent* question

How do we attract, develop, and retain the leadership, talent, and skills needed to drive ESG strategy and outcomes?

ESG transformation requires leaders who can both perform and transform, delivering value across the organization and wider society. This kind of leader (the Enterprise Leader) is rare, with only 14% of current leaders displaying the right mindset and competencies. Companies therefore cannot rely on finding external candidates with the right profiles—they will also need to develop Enterprise Leadership capabilities in their existing leaders.

At an individual level, we have identified five key attributes that will enable organizations to develop the ESG and sustainability capabilities they need:

- **Analytical approach to problem-solving**
- **Solutions-oriented mindset**
- **Ability to influence change**
- **Empathy**
- **Flexibility and adaptability**

ESG
transformation
requires an
Enterprise
Leadership
mindset.

04

The *operating model* question

How do we organize to deliver our ESG and sustainability strategy?

Most companies will need to change the way they operate to meet their goals. The end goal is to ensure leaders can lead effectively, employees can do their best purpose-driven work, shareholders receive the value they expect, and customers and communities enjoy the best possible outcomes.

Even if you do not pursue a radical restructure, you will almost certainly need to change how work gets done in your organization, with new operating models, technology, skills and approaches. Employees will need to collaborate in different ways and perform more complex work. Job descriptions and career paths will inevitably change.

05

The *culture and mindset* question

How do we create the right culture and mindsets, engage our people, and reinforce the right behaviors?

Getting culture right is essential for any successful transformation—but especially with ESG. Few people are prepared to alter their attitudes and beliefs simply because senior management tells them to. So, unlike changes to business structures or operating models, you need to give people a say, ask them for input, involve them in planning, and work hard to educate and align hearts and minds around the company's ESG goals. If not, nothing will change.

BP, for example, has launched a company-wide sustainability award program within its peer-to-peer employee recognition platform. Employees are recognized for their efforts in helping the

organization get to net zero, improve people's lives and care for the planet. Sustainability is also embedded into the company's performance and reward program – 30% of senior leaders' equity awards are linked to low carbon, and all employees have access to the "Reinvent BP share award program".

The good news is that the relationship between culture and sustainability runs both ways. Not only can your culture help drive ESG activities—ESG activities can also help increase engagement with new and existing employees and rally people around your organizational goals.

Why it matters

Securing funds

Global sustainable investment now tops **\$30 trillion**

Attracting and retaining talent

71% of professionals say they would consider taking a pay cut to work at a company that aligns more with their values

Building credibility

Consumers are **7x** more likely to buy from a brand they trust

Broadening your customer base

Nearly **6 in 10** consumers are willing to change their shopping habits to reduce environment impact

Reducing costs

Sustainability initiatives help to increase efficiency and lower the overall cost of operations

Growing your business

Companies driven by purpose post compound annual growth rates of **9.85%** compared to 2.4% for the S&P 500 overall.

⁴ Five ways that ESG creates value, McKinsey, 2019

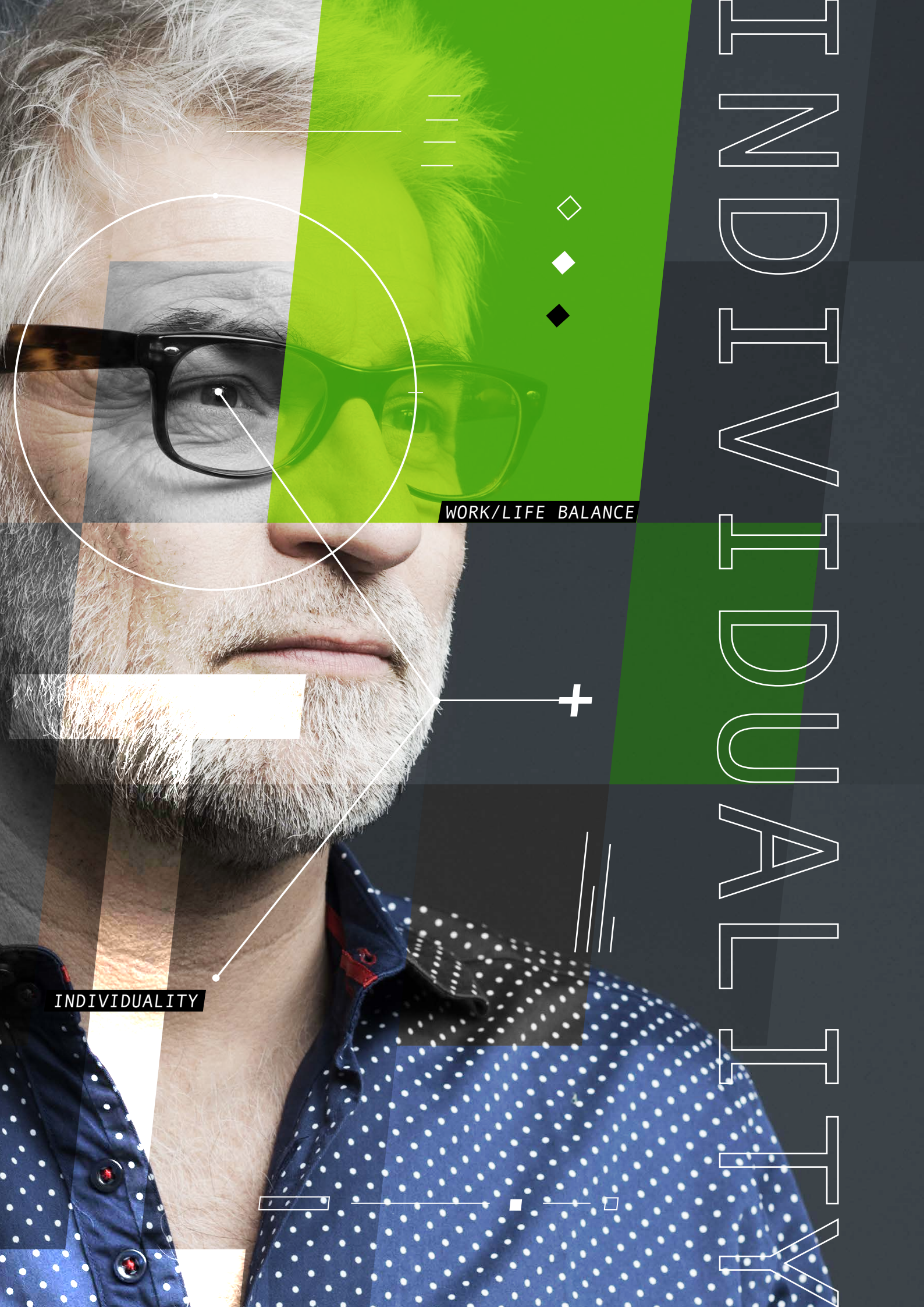
⁵ Workplace culture trends. The key to hiring (and keeping) top talent, LinkedIn

⁶ Top Talent in 2018, Nina McQueen

⁷ Edelman, Trust Barometer Special Report, 2020¹

⁸ Korn Ferry, 2020





INDIVIDUALITY

WORK/LIFE BALANCE

INDIVIDUALITY

Individuality

Give the people what they want

We can never go back to the way we used to work. The past two years changed everything. Now we know we can work anywhere we're asking employers, "Why can't I?". We want a better work/life balance with less commuting. We want to come to the office to connect with our colleagues, collaborate, and feel energized. Not to sit alone at our desks. We're asking the hard questions, questions that are difficult for companies to answer, such as "What does it matter how I do my job, as long as I do it." We want greater control over our careers, our lives, our well-being. To keep people happy, motivated, and in your business, you'll have to start giving them what they want.

2022 is the year of the employee. They know what they want, but can you give it to them?

36% of professionals say they plan to take a different job in the near future because the pandemic allowed them to re-evaluate what they want and the change they need. (Korn Ferry survey)

INDIVIDUALITY

WORK/LIFE BALANCE



Delivering customer grade experiences at work

To attract, engage, retain and access the best talent, organizations will need to meet these changing demands by delivering consumer-grade experiences at work.

This is partly about personalization. Working arrangements. Career paths. Learning and development. All will need to be increasingly tailored to the individual. Employees will need to

be given more freedom and support to do their jobs the way they want.

It is also about democratization. Currently, just over half of UK employees are satisfied with the amount of involvement they have in decision-making while 41% believe that management is secretive. If organizations want to retain, engage and motivate high-quality professionals, those numbers need to change.

Companies have already made this journey for their customers:

Product-driven	Customer-centered
Profitability	Long-term customer relationships
Developing products	Segmenting and prioritizing customers
Laundry list of features and functionality	Solving customer needs with products and services

Now they need to make a similar journey for their employees:

Process-driven	Employee-centered
Efficiency	Long-term employee relationships
Process compliance	Segmenting and understanding employees
Laundry list of requirements and rewards	Solving employee needs with process and policy



Implications

In the past, many organizations tried to personalize the employee experience by creating personas based on demographics. Young Engineering Grad. New Mom Returner. Etc. The problem with this approach? Career values and demographics are not one and the same. Who's to say that the new mom and young engineering grad are not both wildly ambitious, creative, and open to professional risk?

By moving to a more individualized approach, organizations will be able to understand employees at a deeper level. Leadership and culture can become less prescriptive, more open. Through “variable customizations”, employees will have greater choice and autonomy over their experiences at work.

Novartis recently introduced a “Choice with Responsibility” policy, which empowers employees to choose how, where and when they work within their country of employment. The policy shifts responsibility from manager-approved to manager-informed and is designed to optimize both personal and business performance.

We predict that 2022 will be a year when more and more organizations follow Novartis's lead by:

- Shaping people solutions through user-led design.
- Developing internal offerings that mirror the external market.
- Bringing self-nomination to every talent step.
- Adopting persona-led analytics and solutions for learning, benefits etc.
- Extending employee experience considerations to contingent workers.

01

Go beyond superficial personas to build in-depth knowledge of employees

Identify the talent segments based on values first, not demographics. Values may include things like career advancement, collaboration, purpose, and financial well-being.

02

Reduce policy, process and bureaucracy to leave simple processes that afford flexibility

Many processes have been designed to be “idiot proof”. That tends to result in lengthy and complex compliance-driven exercises. Instead, consider designing processes with a fully achieving and motivated employee or manager at the center.

03

Build your managers' capability to deliver

The success of a leader-centric system depends on the leaders' capabilities to make good decisions. Guardrails and compliance checks are reduced.

04

Consider personalization opportunities at each employee experience touchpoint

From their online application to their development journey, there are opportunities to personalize the employee experience at every stage of the talent lifecycle.

TECHNICALITY



INCLUSIVITY

THE POWER OF ALL

Inclusivity

The power of all

To say these past 24 months have been immensely tough is an understatement. We've dealt with a global pandemic, tense conflict, inequality, irrational narratives and people who put their interests above societies. But we have also seen incredible community spirit. Scientific communities came together. Neighbors helped each other, connecting even in the darkest of times. People took to the streets to be heard, to be seen.

Individualism has a place, but what we need now is to unlock the power of all. "Togetherness" and community don't just give us meaning. They give us results. In 2022, we expect to see a rise in purpose-led organizations. Collaboration will be empowered no matter your background, experience, gender, or race. Organizations will need to address the issues of "invisible people and unheard voices" to unlock the true power and potential of all.

2022 will see the big shift
from "me" to "we."

INCLUSIVITY

THE POWER OF ALL

We rule: what's behind the "power of all" mindset?

Pandemic

Rise of
teams

Search for
purpose

As the world comes together to battle a deadly virus, there is a growing recognition of societal, economic, and environmental interdependencies.

The need for agility and rapid innovation has led more and more organizations to deploy teams, in which employees with diverse backgrounds collaborate to achieve short-term goals. Organizations can no longer afford "collections of individuals". They must intentionally focus on unlocking collective wisdom of teams to solve complex problems.

Increasingly, people want to see the impact of their collective efforts on accelerating progressive change and driving towards a common purpose of building a more sustainable and inclusive world for current and future generations.

Implications

Companies have a lot to gain by becoming more "we" than "me". Research shows that diverse and inclusive teams are better at solving complex problems and make better decisions 87% of the time.

But harnessing the collaborative power of diverse teams takes some doing. Leaders will need to overcome bias, break down siloed working practices, and build a culture of true inclusion, where everyone has a voice and feels valued for who they are.

So how is everyone doing?

Over the past year, we have seen many organizations return to the issue of diversity, equity and inclusion (DE&I) with renewed focus. But the actions they are taking are still very limited in scope and ambition, compared to the actions we know are needed to move the dial on DE&I.

Here's what our latest research uncovered:

Organizations still view DE&I in terms of risk rather than opportunity...

- 77% have developed non-discrimination, bullying and harassment policies compared to 31% who have integrated DE&I into business operations

...and remain low down on the DE&I maturity scale.

- The majority are still engaged in early-stage activities, such as developing DE&I strategy (61%) and unconscious bias training (58%).

Prediction:

In 2022, many organizations will take their DE&I efforts to the next level of maturity, by embracing both structural and behavioral interventions to ensure sustainability of their efforts.

Four ways to move the DE&I dial in 2022

01

Develop inclusive leaders at every level

Inclusive leaders embrace the full diversity of today's workforces and know how to create a safe space where people feel accepted and empowered to give their best. They are critical for enabling effective collaboration. But they are also extremely rare. Our research shows that only 5% of leaders globally are inclusive. Assess your leaders to establish current levels of inclusive leadership, and then develop leaders to acquire the competencies you need.

02

Hold leaders accountable

According to Korn Ferry research, only 1 in 4 (25%) of organizations currently have DE&I KPIs in place for people managers, with a further 19% planning to implement them within the next 18 months. This needs to change. One of the most effective ways to integrate DE&I with talent management and business processes is to hold leaders accountable for it.

03

Build DE&I into the fabric of the organization

Tackling individual biases (behavioral inclusion) is an important step on the way to creating a diverse and inclusive organization. But it's not enough. For behavioral changes to stick, you need structural inclusion too. This means re-examining your structures, processes, practices and algorithms to remove systemic biases and ensure they work equitably for all. One way to do this is by applying the principles of "inclusive design", which involves designing systems around the needs of the most underrepresented user to make them better for everybody.

04

Make DE&I part of how you innovate

Companies with above-average diversity report 19% higher innovation revenue. To boost collective intelligence and problem-solving, start deploying diverse-by-design teams, particularly in areas such as R&D, marketing, and customer services.



Solve for one, benefit all

Companies such as Microsoft, Google, Adobe and Nike are driving innovation and better products through the application of inclusive design. They use inclusive, open, and transparent design processes, and co-design with people who have a diversity of perspective, including those that can't use or have difficulty using the current design. This approach led Nike to develop its famous shoes without shoelaces. Nike designed the shoes for and with their customers who had cerebral palsy, but many other customers enjoyed the outcomes – including kids and pregnant women.

ACCOUNTABILITY

TRUST

TRUST

Accountability

Trust or bust

Since the pandemic forced people home, you've asked it, or at least thought it, "are my people really working?". Trust seems to be in short supply. According to a recent survey, 78 percent of firms are using software to measure employee productivity. And it led to employees asking, "why do you care as long as I do the job?".

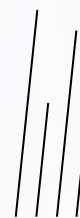
But accountability in the post-pandemic era is about a lot more than monitoring keystrokes. Flexible working is now a thing, so we need to accept that and build a culture to support it. Welcome to 2022: a world of clear expectations, frequent check-ins, continuous feedback, and set deadlines. Only the most self-disciplined, collaborative employees will thrive.

And it's not just the people on the floor. The C-Suite will have increased accountability. They will need to hire and develop people from unrepresented groups. Pay equitably, take stands on social issues, and combat climate change. If they don't, the organization risks losing out on talent, customers, and, dare we say it, profit.

Reconnecting will be at the heart of 2022. To purpose and each other.

ACCOUNTABILITY

TRUST



Implications

Accountability is nothing new. But what accountability means is changing. It's not just about getting things done anymore—it's also about how you do it.

At an organizational level...

...we expect to see increased transparency. Organizations will be more willing to publicly admit their mistakes as well as celebrate their achievements. This will help to build trust with customers, stakeholders and—critically—employees (who, research shows, are three times more likely to stay with a company that embodies purpose). Organizations will also need to look again at their operating models, KPIs and organization structures to ensure they are enabling accountability company-wide.

At a leadership level...

...leaders will need to rethink what accountability means, as they adjust to new forms of remote and hybrid working and respond to the demands of leading more agile, fluid teams. Think enterprise rather than vertical. Think responsibility to the business, not the silo.

At an individual level...

...employees will be given more opportunities to make their own decisions and find their best approach. Devolving accountability further down the organization will only work if individuals and teams have a clear shared purpose and understand how their decisions contribute to overall success.

Five ways leaders can create accountability

01

Be clear about purpose and goals

It's important that everyone in your organization feels empowered to make decisions without always passing up the chain of command. It's only possible, however, if you make your purpose and values crystal clear. If people understand what your organization is trying to achieve, and how they are accountable for it, they will know what to do in most situations without having to be told.

With "The Nordstrom Way", Seattle-based retailer, Nordstrom, have shown how much is possible with a purpose-driven approach to accountability. The company delivers exceptional customer service by encouraging salespeople to use their own initiative and by backing employees to take the lead in delighting customers.

02

Communicate and get involved

Two-way communication is critical for creating accountability, not just with customers and wider society but with your workforce as well. Not only do you need to make sure all your decisions and action plans are clearly understood—you also need to get out there among employees, providing them with an open channel for feedback and using their input to course-correct where needed.

Online retailer, Zappos, has taken the notion of openness and honesty to the next level in its organizational communication, making "Build Open and Honest Relationships with Communication" one of its core company values. Being fully transparent, and making communication a two-way street, is a big part of what makes them so effective at internal (and external) comms.

03

Think “we”, not “me”

The best leaders don’t just take accountability for their own actions. They make others accountable for their actions as well. Teamwork and trust are critical here. Simple gestures, such as saying “We” rather than “I”, can help team members feel more responsible and valued. In the American Psychological Association’s 2016 Work and Well-Being Survey, 95% of respondents who said they felt valued by their employer also said they felt motivated to do their best.

It is critical, however, that words are supported by action. In 2019, Southwest Airlines reported losses of more than \$800 million due to issues with the Boeing 737 Max airplane. When Boeing agreed to pay the company compensation, Southwest CEO Gary Kelly immediately announced that he was “looking for ways to share proceeds as appropriate with all our employees”. Subsequently, nearly \$100 million of the settlement money has gone directly into the employees’ profit-sharing plan. It is actions like this that have enabled Southwest to create their famously strong working culture and that explain why they have made Glassdoor’s list of the best companies to work for ten years running.

04

Run effective meetings

Meetings are a tool for enabling higher productivity, honest communication, stronger team-building and better results. To show you understand and respect this, make sure every meeting has a clear purpose, starts and finishes on time, and is followed up by an email summarizing work assignments and deadlines.

How long should the perfect meeting last? That depends. Microsoft CEO, Satya Nadella, likes to have four-hour meetings with his leadership team, as he believes it is essential for company health to prevent siloing and keep everyone on the same page. At the opposite end of the spectrum, former Yahoo! CEO and former Google employee, Marissa Mayer, holds around 70 meetings a week, each lasting around five to ten minutes, because she believes micro-meetings keep things focused and solution-oriented. The key is to find the meeting length that suits your company culture and that senior management thinks is most effective for keeping track of what’s going on in the business.

05

Transform problems into continuous improvement

Accountability must not be something that only happens after the fact. Make sure there is constructive feedback and dialogue at all stages and levels—not just when things go wrong.

At Amazon, the drive for continuous improvement has always been projected down from the very top of the organization into every single decision, especially hiring, firing and compensation. In the company’s fulfillment centers, they apply popular CI methods with an emphasis on team-based kaizen events—a great example of ongoing accountability in action.

Why it matters

Trust

Those that are accountable are trusted to deliver, whether they are employees, leaders or organizations. By emphasizing your commitment to what you have pledged to do, you can strengthen bonds with teams, customers, and stakeholders.

Performance

Accountability reduces the tendency towards ineffective behavior—and the time and effort you have to spend policing it. Organizations that have a strong culture of accountability send a clear message that they are serious about excellent work.

Ownership

When people are made accountable, they feel like valued and important members of the organization. They have a sense of ownership that drives them to do higher-quality work.

Confidence

Some people mistake accountability for control. In reality, it's about giving people the freedom and confidence to make their own decisions, supported by constructive feedback from their managers and teams.

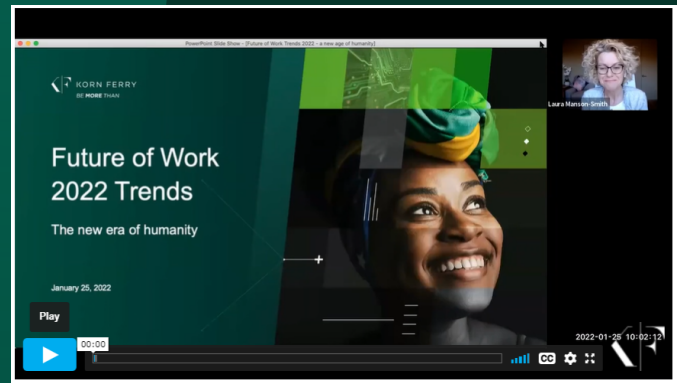


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