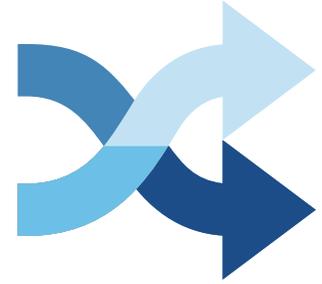


# Embracing change

## A reflection on 2021 and a preview for what's in store for 2022



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In 2020, COVID-19 radically changed everyone's lives forever, with social distancing, mask mandates, and travel restrictions becoming our only means of survival. These measures, while lifesaving, crippled many businesses and accelerated the growth of others. The virus's spread caused the global economy to plummet and then quickly rebound, inducing worldwide whiplash. We spent 2021 adjusting to this new world and bracing against new and unexpected shocks, such as global supply chain issues, the return of inflation, and severe labor shortages. So, what does next year have in store?

In early 2021, Executive Networks surveyed Chief Human Resources Officers from the world's largest companies as part of a research project called the [Back2Better Initiative](#). These 71 CHROs – who lead companies with a mean employee count of 69,000, and an average annual revenue of \$19.5 million – weighed in on the future of organizations, leadership, work, the workplace, and workers.

In this paper, we'll explore how three of the themes from the [Back2Better Initiative](#) – remote and hybrid work, organizational and personal purpose, and company culture – played out in 2021, and how they'll impact the world of work in 2022.

## Remote and hybrid working

### How did this play out in 2021?

Leading into 2021, with increased accessibility of vaccines and shrinking COVID-19 cases, most organizations expected their employees to return to work in a hybrid capacity. At first, they envisioned offices partway filled a few days of the week, with a couple of brave, masked colleagues engaging in the essential face-to-face collaboration and interaction that the pandemic had prevented. Over time, perhaps most employees would be able follow suit, ultimately shedding masks and returning to the office in flexible configurations.

Companies planned to embrace flexible, hybrid workplaces for three key reasons, according to professors Ellen Ernst Kossek, Patricia Gettings, and Kaumudi Misra in [Harvard Business Review](#): "[First], businesses believe that the 24/7 remote-work form of flexibility can be leveraged to support productivity. Second, employees — especially Millennials — are threatening to quit unless they're granted flexibility. Third, some leaders assume that when employees are permitted to work flexibly, they automatically experience more harmony in their work-life balance."

CHROs, heads of office, and office managers planned accordingly, knowing that, as stated by Harvard Business School professor Tsedal Neeley, "the hybrid world requires our offices to become a destination, not a default. To make the commute worth it, these workspaces emphasize form over function: less office cubicle and more café lounge, with amenities such as cozy furniture, gourmet coffee, natural light, good ventilation, and outdoor patios. Optimal conditions for video calls, such as state-of-the-art monitors, headsets and speakers, and studio lighting, will also be key differentiators."

However, the return to the office hasn't quite been what we envisioned it to be. With new variants of the COVID-19 circulating among the population every few months, embracing a truly hybrid working environment has been more of an on-again, off-again affair. Whether employees cited safety, convenience, or simply a preference to work from home as their primary concern, many maintained a remote-work lifestyle.

As foreseen by Professor Neeley, companies who wanted their employees in the office had to provide incentives. Many employees deprioritized or simply forgot the value of face-to-face engagement, so demonstrating the gravity of these interactions became a challenge for organizations to overcome. On the other hand, employees once staunchly opposed to reporting back to the office began to appreciate the value of face-to-face meetings again, and company leadership became tasked with offering support as they exited their comfort zones.

This hybrid working experience also varied significantly by region. European and Asian nations experienced increased barriers to face-to-face work or travel because of closed borders and longer periods of post-travel quarantine. American workers, on the other hand, could travel more freely for business purposes, granting them the opportunity to forge valuable in-person connections. Mobility, while threatening to public health in pandemic times, is decidedly advantageous from a business standpoint, having given the US an advantage seen in the speed of its economic recovery.

### **What does this mean for 2022?**

In 2022, workers worldwide continue to experience barriers preventing face-to-face collaboration as international borders close intermittently and post-travel quarantine mandates remain in effect. As a result of interstate mobility within its borders, the United States will continue to see an increasing business advantage from more in-person interaction.

Windows of opportunity for in-person work will present themselves, but as new strains of COVID-19 continue to emerge, no organization should expect a full return to in-person work. Hybrid will continue to be modus operandi for many, as some employees will feel uncomfortable attending work in person or will have developed a preference for staying at home.

# Organizational and personal purpose

## How did this play out in 2021?

After 2020, a year without the commute, watercooler gossip, shared lunchbreaks, and no “fun” work-related interaction – save for a few Zoom happy hours and cooking classes – employees had a lot of time for existential reflection. Many realized that they no longer had the fundamental drive to sit at their desks for 40, 60, or even 80 hours per week, working to further causes far from what they envisioned for their “dream job.”

In 2021, hordes of employees realized that their current role was not what they envisioned and quit their jobs in search of a greater sense of purpose and flexibility. This phenomenon was dubbed “the Great Resignation,” as even top companies faced increased employee churn. In America, 4.4 million people quit their jobs in September 2021, a series high (cite Bureau of Labor Statistics). As Derek Thompson, staff writer at The Atlantic, writes, “quitting is a concept typically associated with losers and loafers. But this level of quitting is really an expression of optimism that says, ‘We can do better.’”

The Great Resignation quickly transformed into the Great Negotiation where employees gained bargaining power from employers now desperate for talent. Employees demanded an increased focus on ESG, DEI, and better work-life balance, which employers were required to grant to retain talent. Research conducted between 2019 and 2021 displayed that the impact of overwhelming and unsustainable work on mental health led to increased attrition, especially among younger and historically underrepresented workers.

## What does this mean for 2022?

In 2022, these trends in resignation, negotiation, reshuffling, and resetting will persist. Employers will continue to see churn, and employees will continue to experience increased bargaining power. Given the opportunity to reflect on their professional purpose and day-to-day expenditures of energy, employees will continue to leave old jobs for new ones deemed more worthwhile.

Employers striving to attract top talent will be forced to address the issues employees care most about; as observed by Michael O’Leary and Warren Valdmanis in *Harvard Business Review*, “Tech companies are seeing workers organizing, with early unionization pushes at Amazon and Alphabet. This follows employee protests and walkouts in recent years against sexual harassment, migrant detention, and discrimination. Companies seeking to attract, motivate, and retain top talent need to understand what that talent values. For younger generations, that’s often work with a deeper purpose than just profit.” ESG, DEI, and work-life balance will continue to be important to employees, and, consequently, employers too.

# Company culture

## How did this play out in 2021?

In 2021, employees demanded more from their organizations and leaders. Leaders could no longer operate with any sort of professional veneer or work persona – they were required to do emotional work and provide support. Mental health became an important part of conversations as employees spent long hours working in isolation, requiring leaders to step up and connect with their employees in a much more meaningful way to get through this crisis together.

The Back2Better survey found 2021 to be the year that organizations finally started taking mental health seriously. “Engaging employees through health benefits,” became a priority for 50 percent of respondents, 38 respondents indicated that their organizations invested additional resources in mental-health maintenance, and 20 responded that “mental health resources/de-stigmatization” was “the most impactful change [their] organization has made to [their] employee wellness and wellbeing offerings” since the onset of the pandemic.

Organizations with cultures that enabled leaders to assume these new roles and provided emotional support to employees thrived, whereas companies that did not experienced even more turnover.

Also, diversity, equity, and inclusion became centerstage for many organizations throughout the year. Social justice movements that gained momentum in mid-2020 galvanized new programs to incorporate DEI as a critical element of an organization’s future success, which began to make waves in 2021.

## What is the implication for 2022?

Emotionally mature and intelligent leaders are now the rule, not the exception. Employees expect leaders to provide support that extends beyond the workplace and into their personal lives, and it is critical for organizations that wish to attract and retain top talent to recognize this. As COVID-19 variants continue to circulate, it’s crucial for leaders to provide their employees and, by extension, their employees’ families, the deep care they need.

In 2022, DEI will keep gaining momentum, as programs enacted in 2020 and 2021 continue to create impact through hiring, training, and mentorship programs.

## In conclusion

2021 was the year that we learned to care about the whole human being in the workplace. We learned new ways of working and continuously adapted to each wave of change, all while seeking more purpose in every aspect of our lives.

In 2022, we will continue to see widespread digital transformation, which will enable companies to navigate unpredictable conditions by keeping employees in the relative safety

of their homes. The unrelenting change will complicate organizations' plans moving forward, but if the past eighteen months have taught us anything – innovation has never been more important.

While wrought with hardship, the silver lining to the pandemic has been the opportunity for people to try new ideas. This is here to stay. The rate of learning has increased immensely, as has experimental learning, and this pivot will continue to serve leaders and organizations everywhere as they test, learn, and adjust to this permanent state of constant change.

In some senses, the globe has recovered from the initial shock of the pandemic. Economies are fortified by low unemployment rates, vaccines are more widely available, and organizations are returning to hypergrowth. In other ways, however, there is no way to be truly prepared for the future, other than by accepting its utter unpredictability. New variants will undoubtedly emerge, and the world will continue to rapidly change. This is 2022.

