



2022 RESEARCH REPORT

Building Human-Centered Leaders in the New World of Work

615 leaders at all levels reveal a big disconnect between executives and employees—plus the key to reducing turnover: human-centered leadership.

Executive Summary

Today we are in a new world of work that has emerged due to unprecedented disruption, accelerated by the pandemic. Turnover remains a top challenge as employees quit to gain better working conditions and growth opportunities. Companies scramble to backfill roles; however, hiring is difficult in this tight labor market. **With nearly twice as many U.S. job openings as unemployed Americans seeking work, retention is more important than ever.**

We know that today's employees want to work for companies that invest in their growth and development via career pathing and leadership development coaching. Indeed, enabling employees to move into new roles, either vertically or laterally, is a powerful turnover reducer. Various studies show a correlation between internal mobility and retention.

We also know that employees want to work for purpose-driven companies headed by empathetic, self-aware leaders. In this new world of work, people come first and soft skills are critical.

In the past, employees might have “stuck it out” despite feeling unfulfilled, uninspired, or unappreciated. However, today, **if growth opportunities and human-centered leadership are lacking, employees aren't afraid to put in their two weeks notice.** After all, there's no shortage of jobs and employees are now in the driver's seat. Furthermore, the pandemic showed us that life is fleeting; happiness at work matters.

The good news is companies that develop their people improve organizational agility, which allows them to weather any storm.

The bottom line is: **The new world of work requires companies to invest in the growth and development of all employees across teams, role types, and leadership levels.** However, investing in all employees requires upskilling – and in some cases – reskilling leaders so they have the opportunity and ability to develop the critical soft skills that will allow them to be inspirational, compassionate leaders. In other words, **a focused investment in leadership is what your workforce is craving, and a human-centered approach is the way into the future.**

There's tremendous potential for companies that do this well. Designing a purpose-driven, people-first culture that's committed to employee growth and leadership development allows companies to inspire, develop, redeploy, and retain top talent – all in support of building an agile, yet strong foundation for any organization in a world where the only constant is change.

One thing is clear, there's much room for improvement.

Key Findings:

- **Senior leaders lack self-awareness.**
There's a big disconnect between executives and employees. Senior leaders think they're inspiring employees, carving out clear career paths, and building purpose-driven organizations, but individual contributors don't agree.
- **Employees want human-centered leaders vs. business-centered leaders.**
This new people-first mindset is currently lacking among respondents. Yet most agree human-centered leadership is a critical element in the new world of work—especially women.
- **Leadership development programs are subpar.**
New tools and solutions can make for better leaders who, ultimately, make employees feel more engaged, confident, and supported in their development journeys. Leadership development to build human-centered leaders that deliver scaled results is the answer.

KEY FINDING #1

Senior leaders lack self-awareness.

When it comes to what makes a successful leader, self-awareness regularly tops the list. A prerequisite to being self-aware is **listening to others' experiences and feedback with an open mind**. Without doing this, it is impossible to effectively communicate, foster relationships, and rally people around a common purpose and strategy.

The last two years were an opportunity for introspection for many, yet our research finds dramatic disconnects between senior leaders and individual contributors in several critical areas.



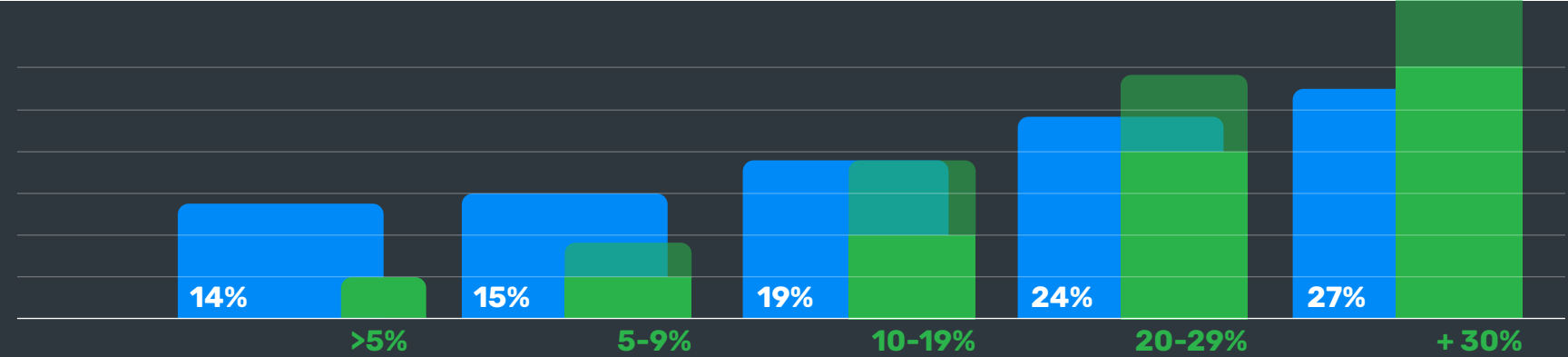
While 74% of executives think they're inspiring employees, only 27% of individual contributors agree.

Perhaps the most eye-opening finding is this: Executives significantly overestimate their ability to inspire greatness in others. In addition to the 47 percentage point gap between executives and individual contributors, there's a 28 percentage point gap between executives and middle managers.

The Dunning-Kruger effect might be at play here; **executives are used to succeeding within their domain of expertise, so they assume they're succeeding in their leadership, too**—but this finding indicates that senior leaders could benefit from leadership development to build self-awareness.

Numbers show there is a significant correlation between career pathing and revenue growth.

- My company has a clear career path for employees.
- My company's 2021 YOY revenue growth.



Senior leaders are 2x more likely to say their company “has a clear career path for all employees” than individual contributors.

There's additional disagreement between executives and individual contributors in regards to career pathing. **While 66% of senior leaders say their company has clear career paths for all, only 35% of individual contributors agree.**

This indicates a communication gap. While career paths might exist in 66% of companies, not everyone is aware. This miscommunication causes employees to miss out on opportunities to level up at work, and some may quit to advance their careers.

Employees of companies that experienced the most significant year-over-year revenue growth (> 30%) are most likely to agree with the statement, “Our company has a clear career path for all employees.” The takeaway here is twofold:

First, designing career paths to enable internal mobility and being transparent about them so that everyone is aware is good for business. Not only does internal mobility improve retention, but it also drives sustained engagement, leading to better overall performance.

Additionally, preparing employees for new roles within the company requires not only hard skills development but also soft skills and leadership development. In this way, investing in these programs can pay off in dividends.

People are quitting in greater numbers than ever before often citing a lack of professional growth opportunities as the reason for leaving. So it makes sense that if employees either don't have or don't know about clear career paths, they also think the organization could be doing more to retain talent.

Individual contributors are 27% less likely than senior leaders to agree, “We have good collaboration between teams and departments.” Individual contributors are most likely to struggle with cross-functional collaboration. As compared to executives, these employees typically spend less time in cross-functional meetings and thus have less time to practice deploying soft skills—such as collaboration and communication—outside their sphere of influence.

It's been proven that remote and hybrid work environments bring many perks to an organization's bottom line, but it's important to remember the challenges with communication and collaboration in our new working environments. However, **cross-functional collaboration is key to a company's long-term success**; organizations must find ways to help employees at all levels build soft skills so they can collaborate and communicate effectively.

Although 62% of senior leaders say, “We are doing a good job retaining talent,” only 27% of individual contributors agree.



Individual contributors are far less likely than executives to say their company is purpose-driven with a positive culture. In an out-of-control world, people have an increased desire for security and safety at work. A positive culture is one where employees feel they belong and are safe to disagree or speak up about problems. Thus, companies need to create a sense of belonging to drive positive company culture. Unfortunately, **while executives feel they've built a strong company culture, individual contributors are 26% less likely to agree.** Likewise, while **3 out of 4 executives believe they've created a purpose-driven organization, only 1 in 2 individual contributors agree.**



Individual contributors are 59% less likely than senior leaders to agree, "Our company is agile and can pivot as needed."

With so much change happening at once these days, it's critical organizations are set up to anticipate and respond in real-time. Building leadership capacity in employees at all levels as part of a holistic career pathing program not only prepares employees for new roles within the organization, it also drives engagement and performance to increase organizational agility.

If you remember, individual contributors were most likely to struggle with cross-functional collaboration; this could be impacting individual contributors' perception of organizational agility as they struggle to communicate and work well together.



KEY FINDING #2

Employees want human-centered leaders vs. business-centered leaders.

Ready or not, the new world of work is here. Implementing new strategies for workforce and employee planning, management, performance, and experience is imperative for organizations that want to **stay competitive in today's business landscape.**

While there is a confirmed general consensus on the essential elements needed in the new world of work, many organizations aren't taking action yet or maybe don't plan to at all.

Seventy-two percent of respondents agree with the statement “we have leaders at every level of the company (including individual contributors).” Leading no longer requires a leadership title, and companies need champions who have the ability and desire to influence their peers, teams, and even managers. To build agile organizations, companies must enable and actively support individual contributors' confidence when making decisions, taking risks, pushing back, and managing up.

More than half of all respondents agree that human-centered leadership (leading with compassion) is critical right now. Successful leaders in the new world of work practice human-centered leadership through actions such as increasing self-awareness, building strong relationships, creating inclusive teams, and honing communication skills to influence others.

Although the vast majority of respondents recognize the need for leaders to take a people-centric approach, managers are falling short: **only 33% strongly agree, “Our people managers are well-equipped to lead in the Future of Work.”**

In the new world of work, employees expect their employers to invest in their growth and development as a baseline benefit. Companies who truly listen to what their people want and actually take action to help people managers and executives develop their human-centered leadership capacity will thrive and win.



Despite the tight labor market and high turnover rate, companies aren't focused on internal hiring and redeploying employees.

In a world where high turnover and labor shortages are the reality, companies must upskill and redeploy talent to remain agile. Yet, **just 28% of companies are “focused on internal hiring and redeploying” people.**

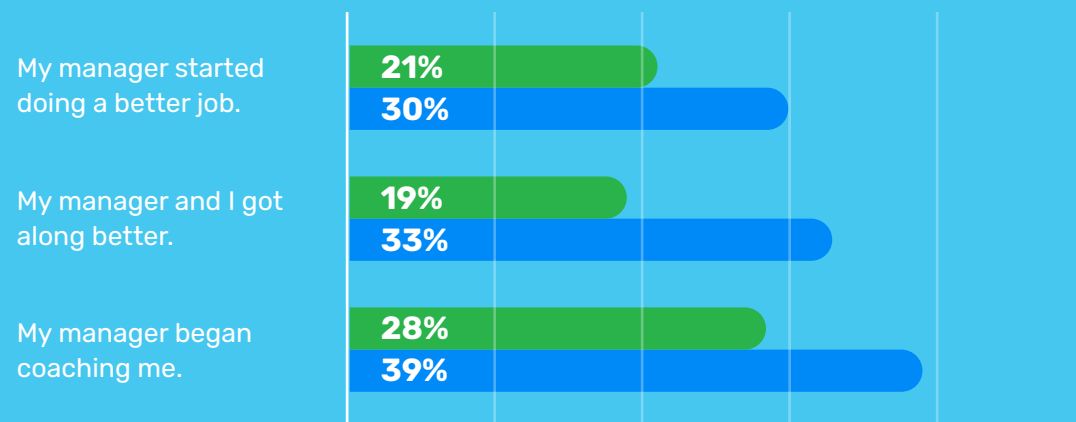
Your women employees are not okay.

It's no secret that the pandemic has been hardest on women as they took on the lion's share of childcare, homeschooling, and other household responsibilities. So it makes sense that working women are less likely to have a clean connection to their employers and a positive view of their workplaces.

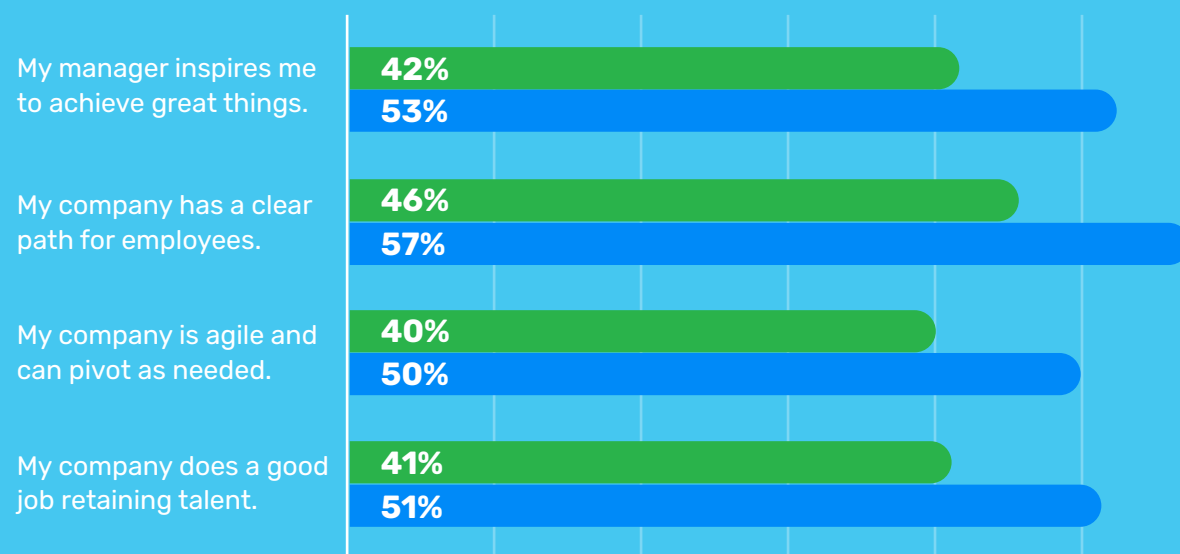
More **women** are experiencing more negative emotions. In the last 12-24 months, they have felt **burned out, exhausted, scared, and uncertain** to a greater degree than **men**.



Women are less likely to recognize improvements in their managers after they receive coaching.



Women are more critical of their leaders and organizations.



54% say all employees need strong soft skills to succeed in today's workplace.

Upskilling employees to prepare them for new internal roles as part of a career pathing program has to include soft skill development.

Nearly one in two respondents said employees want to bring their full selves to work, free to disagree or voice concerns without fear of judgment or repercussion. This ability to speak and “be” freely is otherwise known as psychological safety.

All employees must exhibit soft skills like empathy and self-awareness to drive a positive culture of psychological safety. When leaders are self-aware and show empathy, they can build and maintain strong 1:1 relationships with direct reports as well as peer leaders. In this way, the top three items go hand-in-hand and are dependent on one another.

However, as we saw at the top of this section, **only 29% of companies hire candidates based on soft skills and behavioral fit**— despite the clear need for human-centered leaders who exhibit soft skills.

Almost all of the top leadership competencies for senior leaders and managers are soft skills. Interestingly, a top leadership competency for individual contributors is “helping others find purpose in their work,” further indicating the need for leadership at every level. The only top competency consistent across job levels is “collaborating across the organization.” In today’s new world of work, **collaboration requires empathy and self-awareness to meet individual employee needs.**



Top Leadership Competencies in the Future of Work by Job Level

Senior Leaders

1. Collaborating Across the Organization
2. Leading with a Growth Mindset
3. Improving Time Management, Organization, and Productivity

Middle Managers

1. Managing Conflicts and Difficult Conversations
2. Building and Leading Inclusive Teams
3. Collaborating Across the Organization

Individual Contributors

1. Improving Time Management, Organization, and Productivity
2. Collaborating Across the Organization
3. Helping Others Find Purpose in Their Work

KEY FINDING #3

Leadership development programs are subpar.

Building leadership capacity in employees at all levels not only prepares employees for new roles within the organization, it also **drives engagement and performance**. The best way to develop the soft skills that are most in-demand is through coaching. However, not all organizations offer coaching and not all coaching is created equal.



Only 35% of companies provide a formal, ongoing leadership coaching program for all employees.

Eighteen percent of organizations offer no coaching to help employees build leadership capacity (Figure 1). Among companies that offer coaching, a mere 25% bring in professional third-party coaches, and 28% employ professional internal coaches (Figure 2).

Instead, sixty-nine percent of respondents said managers coach their direct report employees. And while managers do the lion's share of coaching, only 33% of respondents agree that "Developing a coaching approach to management" is a top strength amongst people managers at their company (Figure 3). Put simply:

managers aren't equipped to provide the type of leadership development the new world of work requires.

As a result, individual contributors are least likely to receive leadership development coaching, while executives are most likely to receive it (Figure 4). All employees need soft skills to succeed in today’s workplace, and workers expect their employers to invest in their growth, yet 32% of individual contributors haven’t received coaching—not even informally.

Companies are leaving money and opportunity on the table by neglecting to develop employees at every level. Leadership development coaching drives positive employee outcomes no matter the individual’s position or experience. For example, **one in three employees agrees that after receiving leadership coaching, they felt more engaged, more confident in their ability to succeed at work, more self-aware, and more connected to their teammates** (Figure 5). All of these outcomes are good for business.

Interestingly, while 11% of managers said they have not received any leadership coaching, 41% of individual contributors said, “My manager has not received leadership coaching in the past 12 months” (Figure 6). One must wonder: Are managers intentionally keeping quiet because they feel guilty they receive coaching while their direct reports do not? Or is this another example of poor communication?

Figure 1: To what extent does your company provide leadership coaching to employees?



Figure 2: Who does the coaching at your organization?

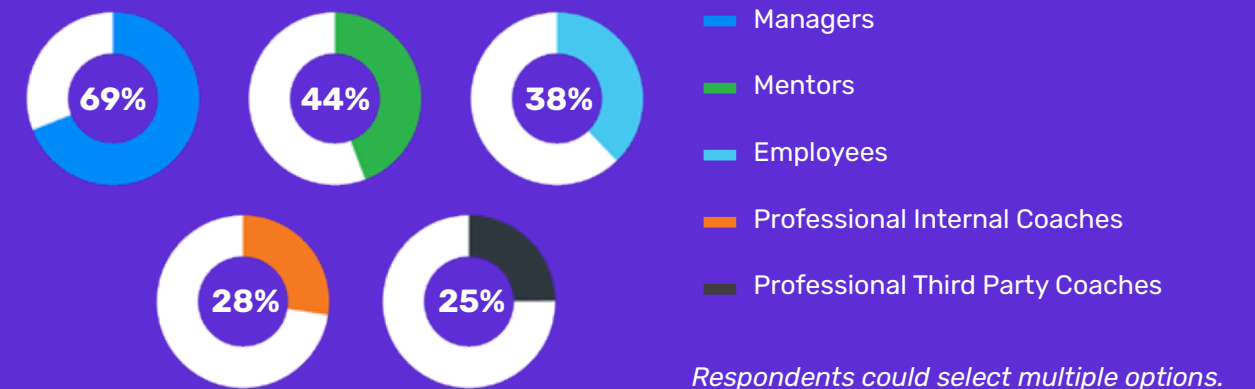


Figure 3: **What are the top strengths for people managers at your company?**

Top responses. Respondents could select multiple options.



Figure 5: **After you received leadership coaching, which of the following were true?**

Top responses. Respondents could select multiple options.

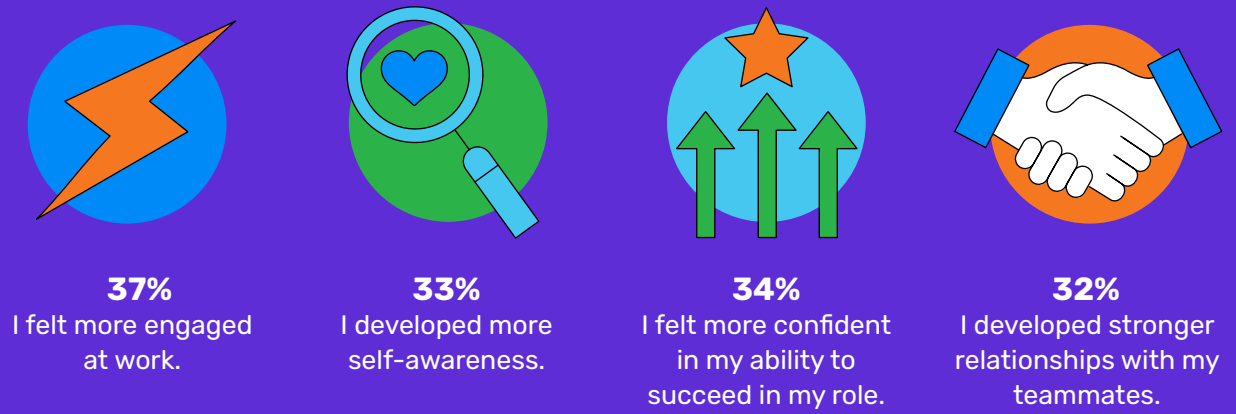


Figure 4: **I have not received any leadership coaching.**

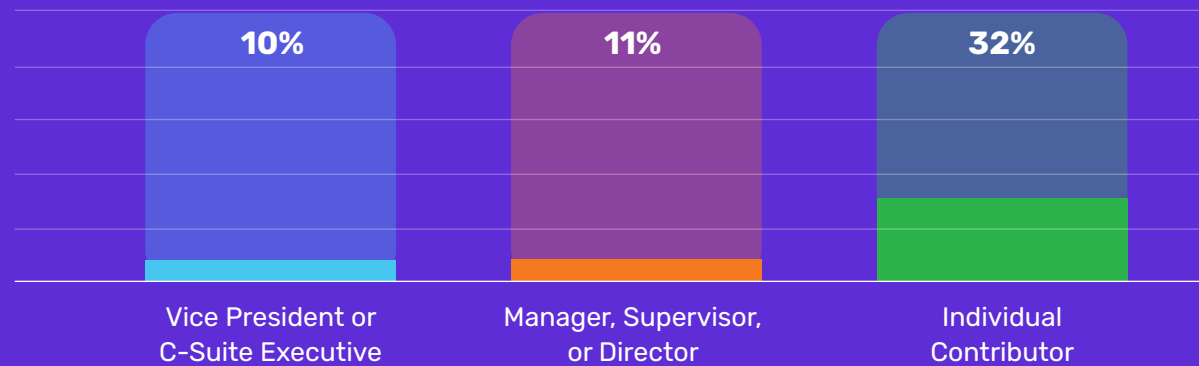
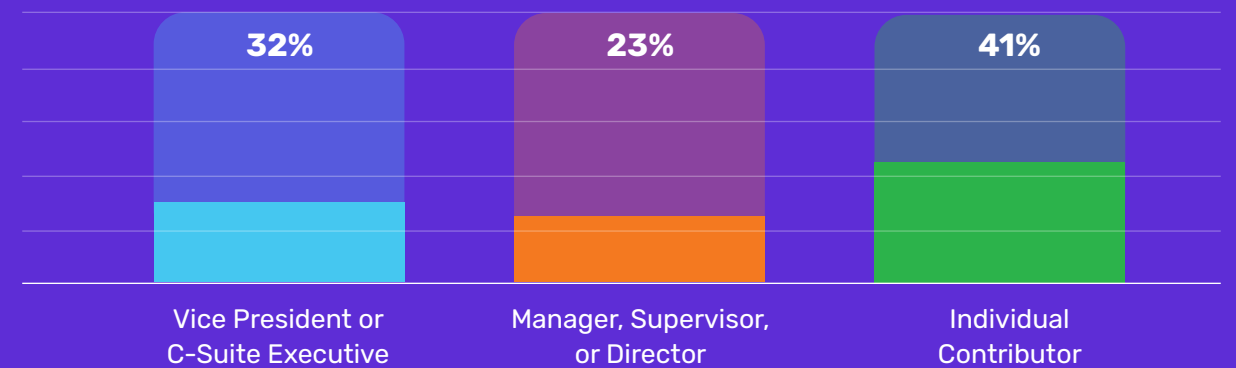


Figure 6: **To the best of my knowledge, my manager has not received leadership coaching in the past 12 months.**



Conclusion

The world around us has changed, and organizations that haven't started to evolve with and adapt to new trends are already losing traction against their competitors, who are actively engaged in implementing necessary changes to remain agile in the face of adversity. People drive a business forward, and thus modern companies seeking sustained success and positive growth must become human-centered above all other priorities.

Those necessary changes include, but aren't limited to:

- Providing clear career paths for all employees
- Providing formal and informal leadership development coaching
- Guiding managers to become more effective coaches for their direct reports
- Helping employees at every level build soft skills like communication, conflict-resolution, empathy, and self-awareness
- Improving communication and transparency between senior leaders and individual contributors
- Removing roadblocks that interfere with employees' ability to collaborate across the organization

Today's employees want to become better versions of themselves. In addition to skill development, this socially-conscious and purpose-driven crop of workers wants to add value to their communities. Social responsibility is here to stay; the opportunity to influence starts with peers and extends to communities.

By investing in leadership development and career pathing, companies aren't just future-proofing their organization in the new world of work; they're also building a better tomorrow—for us all.

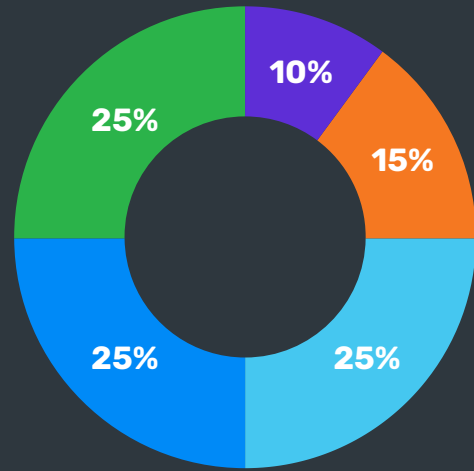
Methodology: In March and April of 2022, AceUp partnered with ResearchScape to conduct an online survey to understand how U.S. companies develop their talent to reduce turnover and build agile organizations in the Future of Work. The total sample size, which was 615, included leaders at all levels: from C-Level executives to individual contributors. Fifty-four percent of respondents belonged to the human resources department. Researchers designed questions according to best practices in survey design to reduce bias and increase understanding amongst respondents of various backgrounds. Responses were not weighted, and the margin of error for the full sample was +/- 5%. (See next page for complete firmographics and demographics.)

About AceUp:

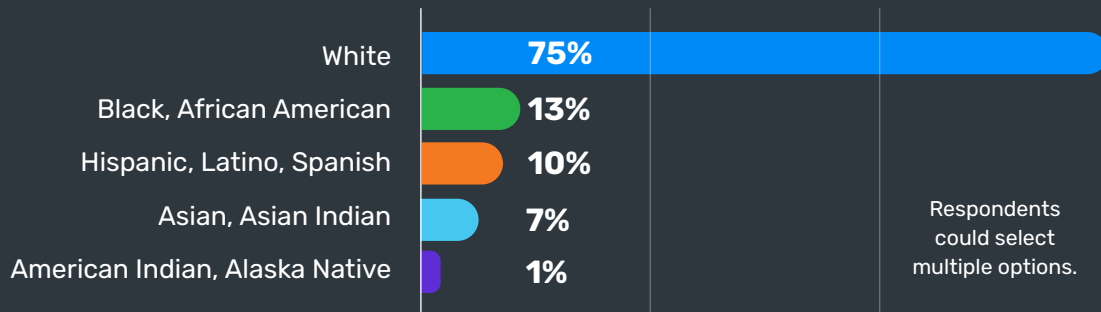
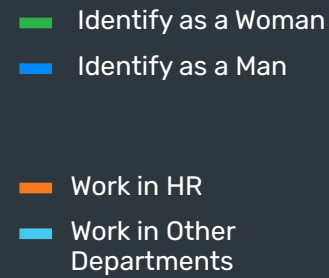
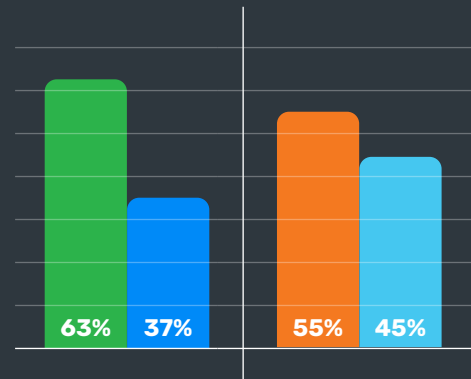
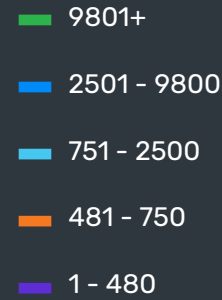
AceUp offers the premier solution for transformational leadership development to create human-centered leaders with the skills required to thrive in the new world of work. Our solution combines unparalleled leadership coaching, personalized learning experiences, and comprehensive performance analytics to build alignment on purpose, drive growth, navigate continuous change, and elevate leadership performance at every level of the organization.

LEARN MORE



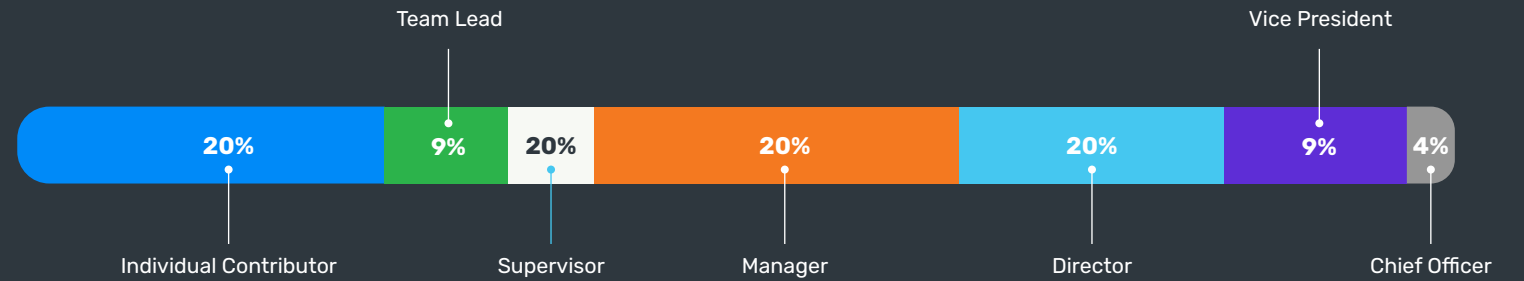


How many employees are at your company?

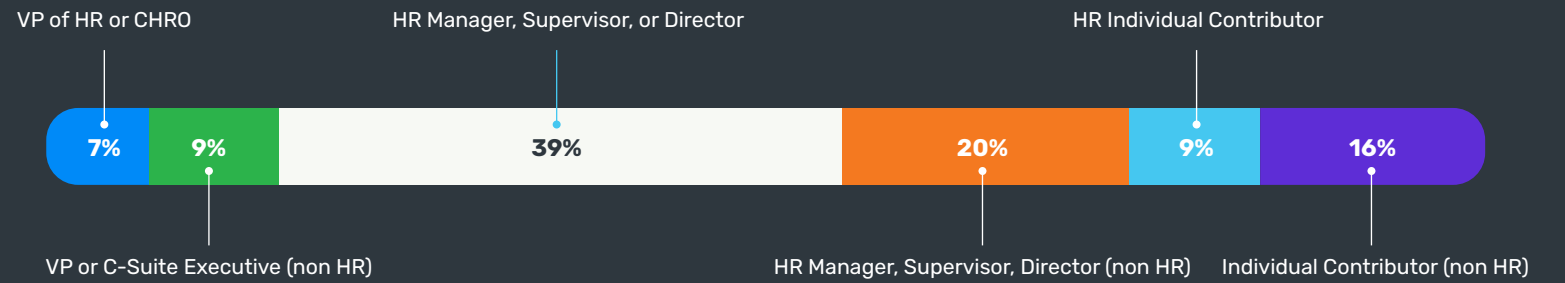


Respondents could select multiple options.

Which is closest to your title?



What is your role?



Which best describes your employer's business activity?

