CAPITAL H

New fundamentals for a boundaryless world

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David Mallon:

Welcome back to Capital H. Listeners, I know most of you are familiar with Deloitte's Annual Global Human Capital Trends Study, and it's the theme for today's episode and season. Each year, we attempt to sense and name the major currents pushing us to make different decisions related to the people side of business broadly. This year, we didn't just find new trends or new versions of existing trends. This year, we realized that some of the most basic assumptions we make about work, the workforce, and the workplace are in question.

The boundaries that we once assumed to be, well, the natural order of things that we can organize work into clearly defined processes, wrap it up in jobs and categorize it, and they could be contained wholly within an organization, or that work happens in a certain place, the four walls of the workplace, the factory, the office, etc., or that organizations can center their decision-making squarely around stakeholders and investors and their bottom line. These are all falling away.

Of course, the implication for organizations is that they're traversing a new landscape

as they lose those traditional boundaries that have kept things packaged and orderly, tidy; but they also gain a permission to experiment, to pilot, innovate, to divine new fundamentals. Similarly, for workers, the rules of engagement with organizations are also shifting, creating some insecurities no doubt, but also opening doors for greater and more meaningful collaboration and cocreation within organizations.

Joining me to share his own story and along the way his own take on the potential represented by this boundaryless world is Chris Ernst. Chris serves as chief learning

officer at Workday, a leading provider of enterprise cloud applications for finance and human resources. Chris and his team are responsible for talent management, learning and development, and leadership effectiveness, pioneering the future of work for over 17,000 Workday employees around the globe. Chris has a PhD in industrial organizational psychology. He's widely published in leading outlets such as HBR, Wall Street Journal, Forbes, and MIT Sloan. He's also authored three books, including appropriate for today, Boundary Spanning Leadership: Six Practices for Solving Problems Driving Innovation and Transforming Organizations.

Thank you so much for joining us today, Chris. Tell us a bit more about yourself and your role.

Chris Ernst:
David, it's great to be here. At Workday, we like to say, "You're not at work, you're at Workday." And so, my team and I, we wake up every day focused on how to grow the skills and experiences of our over 17,000 workmates, so they in turn can grow our company. And David, one of the things I love about my role, and I think you'll appreciate this, is that we are a leading provider of human capital and finance applications. And so when we're designing a new performance management tool or a digital learning solution internally, we're also designing for how this might potentially help our over 10,000 customers externally, including over now 50% of the Fortune 500. So, I love this. It really keeps us, you know, on our toes.

David:
I think you bring both an interesting experience from your organization and what you're doing internally, but then obviously also the clients, the customers you work with externally. in this year's trends report, we discuss at length the need for organizations to adopt new fundamentals to react to, to solve for, to thrive in this boundaryless world we find ourselves in. We interviewed you for the report, and we quote you in the introduction: "Many of the boundaries that used to provide the structure of work have been dismantled. Now, the boundaries that remain are much more focused on human dynamics and how people interact with and engage with work."

So from that statement, it's clear to me you've been thinking about these fading boundaries for some time. Let's start there. Where did you interest in this notion of a boundaryless world begin?

Chris:
(laughs) Yeah, sure have. Personally, this idea of boundaryless, it's been a guiding principle throughout my life. I've purposely worked across different economic sectors or lived in different parts of the world, just challenging myself to learn new things 'cause that's how I learn and keep growing. Professionally, I started to get serious about this idea of boundaryless. It was after reading Thomas Friedman's book, The World Is Flat. It was a famous book about how globalization, technology are really disconnecting everything and everywhere. And the question that got stuck in my head then and has been with me ever since is that if the world is flat or boundaryless, then what are the implications for leadership, for organizations, for business and society as a whole?

(laughs) And so to sum it up, I have been pursuing this question of a boundaryless world now for over 25 years. And it's really a story in three parts. It's the story of boundary spanning leadership, the story organizational networks, and the story of a skills-based people economy.

David:
Well, of course, we love a good story, and it's nice that you've got it organized already for us in three parts. That's great. I think it'll make for a great listen. And you certainly have my curiosity peaked, so we'll take them in turn. First, leadership. What have you learned about leadership and how leadership is changing in this boundaryless context?

Chris:
This first story is about boundary spanning leadership. And it was not long after The World Is Flat was published that I spent the next 10 years researching, living, and traveling across six continents—so Asia, Africa, Europe, the Middle East, North America, and South America—and it was 18 countries in total.

And what I observed inside leading organizations, whether it was in China or the United States or Germany or South Africa, is that the world, it is indeed boundaryless and flat just as Friedman wrote. Yet, human relationships are often still bound and confined by powerful limits, and they're bound by issues of human identity, of who we are, of what we believe, of us and them. And this could be in the form of a silo between the sales and engineering teams or a culture clash between two regions or a demographic divide between generational groups, but what happens is that it's these boundaries where knowledge and experience, where it collides and intersects, these locations, they are the very source of new value creation, of new creativity, of new innovation. But they also can put a significant drag on organizational performance. And so it's leadership that makes the difference.

And so I came back, wrote the book Boundary Spanning Leadership to help leaders better span those boundaries so that shared goals and visions can be realized.

David:
Maybe share an example from that 10-year journey of what that looks like in practice, where leaders were spanning those boundaries.

Chris:
Take the example of Lenovo when, if you think back, it was back in 2005, it purchased IBM's PC division. And it was widely covered in the press, it was the first mainland Chinese acquisition of a major American brand. And leaders, they need to decide quickly how they were going to lead not only at the intersection of such widely different organizational cultures but also societal cultures. And so they did so by reframing the company not as Chinese or American, but rather as what they called a "new world company"—a company that harnessed the best ideas, the best people, the best resources from anywhere.

And some things they did were really symbolic like hosting gatherings where employees ripped legacy logos off computers, but other actions were more

structural, such as not creating a global headquarters. Talk about, you know, a boundaryless world. So rather, the executive team rotated meetings in different locations around the globe. The CEO, who was American, lived in Singapore; while the chairman of the board, who was Chinese, lived in Raleigh, North Carolina (laughs). And so you fast-forward to today, Lenovo has really proven the power of spanning boundaries, and they're now the No. 1 maker of PCs. They've got nearly 25% of the market globally.

David:
Something about that example and actually you talked about this notion of the human relationships being sort of checked by these limits, and many of these limits are about identity, but these limits are actually about the organization itself. And so some of those things that they were doing, symbolic or otherwise, were really about the organization. That's your second story: Leaders don't work in vacuums; they work in organizations. These organizations themselves are increasingly boundaryless. Turning to the second part, how do you see organizations adopting these fundamentals of a boundaryless world as well?

Chris:
If that first story is about boundary spanning, this second story is really about organizational networks. And it's always been a real puzzle to me that as human beings, we are wired for connection. We are social beings, and that's one of the most natural and instinctive human responses. And yet, we tend to build our organizations around a different model, which is the hierarchy, and that separates people into layers and boxes and lines and org charts, and there's nothing inherently wrong with hierarchy. We owe our modern-built environment to this way of working.

But yet, the fundamental challenge is that where (laughs), you know, hierarchy by its very design is meant to keep things as they are, organizations today, they only survive when they continuously change and adapt and innovate and evolve, and so this is where organizational networks really come into play.

Chris:
Prior to Workday, I was the head of people in organizational potential at the Gates Foundation. Gates Foundation—it's trying to solve some of the world's most intractable problems like water sanitation or gender equality or global education. And solutions to challenges like [these], they don't reside in neat (laughs) and tidy hierarchies. They live and breathe in networks, across ecosystems. And so we did a network analysis. An organizational network analysis is a tool that really helps you to make visible these invisible relationships that often look quite different than the org chart. And it helped us really see how all 1,500 employees in the foundation were connected to one another.

We also found that the 1,500 of us had strong trust-based relationships with nearly 2,000 other organizations around the world. And so insights like this really helped to illuminate these often hidden network roles that are so critical to problem-solving, and a lot's been written about this, but we're learning a lot more now about how innovation spreads and is diffused through organizations. You need to know who are playing these critical roles, like brokers who bridge different parts of the organization— they're key in the discovery of new ideas. Or connectors who are really essential in the development of solutions, or energizers who really are helpful for wide-scale diffusion of innovation.

And so, I think, you know, David, the key lesson here or takeaway is that there is the org chart and then there's how work really gets done. And in a boundaryless world, work gets done through organizational networks.

David:
I think there's a couple of things that I would take from that story. And we touch on both of them in this year's report. One is the workforce is much bigger than just the people who are on the ballot sheet, right? The people who are creating a value for the organization is the entirety of that network beyond the traditional four walls of the organization, right, so that it's the full value of all of those folks working on similar problems or trying to solve for similar needs. And then the other is what you just talked

about, which is really rethinking the work. Org charts are just proxies. We use them to understand how we're going to organize ourselves. We have these well-known proxies that we've had since we've had modern enterprises—the job description, the position description. And on the worker side, the resume, the CV. But increasingly, these proxies don't reflect the value actually required in the work or the potential value that the worker could bring to the work.

And in the report, we talk about this notion of end of jobs, not because jobs themselves are necessarily going away, but the construct, the easy proxy of being able to think about work that way. That is fading, and this has very broad implications for business, for society, for work as a whole. It also happens to be part three of your story. So, how do you see work fundamentally changing as a result of this boundaryless world?

Chris:
That really brings us to some of the big trends that are happening right now, and this is really about the emergence of what I like to think of as a skills-based people economy. It's about matching supply and demand. On the demand side, there are tasks or [inputs] that need to get done. And on the supply side, there are resources— human, physical, natural—that really transform those inputs into outputs. And just as you said, from a human capital perspective, the way we've historically matched supply and demand is through the construct of a job.

And at Workday, we very much believe it's time to imagine a world where people are matched to work less on, as you said, a fixed role or a fixed job and a fixed hierarchy, and more on dynamic skills and skill interests. This vision, it's already happening, and it's fueled by machine learning technology like we create at Workday, and it's also being accelerated by twin forces that are coming out of the pandemic. And what we're seeing and continuing to see is that on the side of business, agility. It's the ability to adapt and respond quickly. That's what matters most. And on the side of workers, it's about career growth and the ability to continuously reskill.

What I'm optimistic about is that in past business cycles where what's good for business can often be at odds with what's good for workers, and vice versa, we see these forces that are coming together in a virtuous cycle. And what solves for both of these challenges is skills. And it's what business needs and it's what workers want to continue to be successful in a dynamically changing world.

David:
So you're seeing this need and you're hearing this demand from your customers. How, though, are you applying these same principles of a skills-based people economy to the workers inside Workday?

Chris:
We and so many of my peers and other organizations are all on this journey together, and there's no one right answer to doing this. Our strategy is to use our own technology to weave skills throughout the fabric of the whole company, and this strategy is going to play out over three phases. Our initial phase focused on you have to establish a real skills foundation to be able to understand and surface the skills across your organization, so we turned on Skills Cloud in 2019, and that's a massive library of over 200,000 skills that uses machine learning to understand the skills across our organization.

Now, we're in phase two, so we're building skills into all of our talent practices. A lot of those talent practices are based on old models, like we were talking about. Old ways of looking at things, and so we're looking at them with new eyes, from how would we think about mobility and advancement from the perspective of skills, or hiring for skills, or upskilling and reskilling. In phase three, we really envision operating as a skills-based organization where skills that no longer exist to people strategy, but rather really an enterprise strategy for how work gets done. And our goal is for skills to be fully integrated across the company by 2026.

David:
That really hits to your opening point about supply and demand. How you're sort of working towards a future in which skill is

really about a different way of getting work done in Workday.

Chris:
One example would be Career Hub. It's powered by machine learning and matches our workmates' skills with their interest. It's similar to how Netflix will curate your favorite shows. And it's where workmates can go to receive curated learning content or to find a mentor based on a skill interest that they might have or to get curated job recommendations to help them on their career journey. Another example of this is through gigs, which are short-term projects that, again, based on machine learning, use skills to match talent supply to demand. So, to date, I was just looking at this, we've had more than 2,500 of our workmates (that's about 15% of our employee population) have participated in a gig at Workday over the last year and a half. That's really remarkable.

And the stories are what make it great. So, you know, for example, one of our product managers needed to quickly build a new type of functionality in a Workday product. So he created a gig, and an early career, highly talented female engineer, she jumped at the opportunity. And so she was able to learn a new program language, and the product manager got a new feature in production without stalling his road map. And we've seen many great stories like this, and the results have been really fantastic. We found that 95% of gig participants felt that they were able to build on existing skills or to grow new skills, and that 96% of gig hosts reported that the gig resulted in a better business result or a better business outcome.

That's a win-win about bringing together what's important to workers and what's important to employers in a virtuous cycle.

David:
So that's your story—

Chris:
(laughs) Love that!

David:
—done in three parts! As we start to wind down our conversation today and you look across all the things we've talked about, any

final advice or suggestions you would offer to listeners as they attempt to sort of thrive in this boundaryless world?

Chris:
That's a great question. I think really throughout this conversation, we've been talking about how paradoxically (laughs) in a boundaryless world, we humans can still be pretty good at creating boundaries in different ways, right? So we talked about how boundaries may show up in human relationships or in the org structures that are defined by hierarchy or as well as when we really create highly prescribed jobs or roles that really say what a person can or can't do. And so no doubt about it, boundaries exist. And I love this anecdote of when you look up the word boundary in a dictionary, you're going to see a typical definition. It's something that indicates bounds or limits, like a border or a bounding line.

And if you skim long enough in the dictionary, you're going to come to an alternative definition of the word boundary, and it's the word frontier. And a frontier represents the location of the newest or most advanced activity in a given area. And so my advice, my challenge is to encourage all of us to embrace this reframed definition. So think and act in ways that really help transform today's boundaries in tomorrow's frontiers, to be able to help solve pressing problems, to drive innovation, and to transform our organizations and our communities to thrive.

David:
So finding tomorrow's frontiers—I think that's a great place to end. And with that thought in mind, we will wrap our conversation today. Thank you very much, Chris, for sharing your time and your thoughts with us today.

Chris:
Thank you, David. Real pleasure to talk with you today.

(*Continued after break.*)

David:
Welcome back. Joining me today for our roundtable are a few of my fellow Deloitte

Global Human Capital Trends authors. First is Michael Griffiths, he's partner and our workforce transformation leader and one

of our co-leads for the 2023 Global Human Capital Trends. Welcome, Michael.

Michael Griffiths:
Thank you, David.

David:
And joining Michael and I, are Kraig Eaton, he is principal, and also the other 2023 Global Human Capital Trends co-lead. Welcome, Kraig.

Kraig Eaton:
So happy to be here.

David:
And then there is Nic Scoble-Williams. She is a partner, and she is our Future of Work Asia Pacific leader and a Global Human Capital Trends author. Welcome, Nic.

Nic Scoble-Williams:
Thank you, David. Wonderful to be here with everyone. Excited for the conversation.

David:
That's great. Welcome all three. I am as excited as well. We've just heard from Chris at Workday. Thanks again to Chris for sharing his own journey in this boundaryless world.

In today's roundtable, my guests are here to dive deeper into these new fundamentals. What does it mean to live and work in a boundaryless world?

Our report asks our readers to define new fundamentals in their organization, to essentially throw out old playbooks and create new ones.

As a quick summary, our three new fundamentals are Framing the challenge: Think like a researcher, Charting a new path: Cocreate the relationship, and Designing for impact: Prioritize human outcomes. Now we'll take each in turn.

Kraig, I want to start with you. When we talk about thinking like a researcher, when we

say that organizations and workers need to frame challenges differently and approach them with a researcher's mindset, what does that mean? What does it look like?

Kraig:
Well first, let's sort of anchor everybody in the fact that in this boundaryless world, work is less static. It's much more dynamic, much more agile. And so when we talk about thinking like a researcher, it's really all about activating one's curiosity, looking at every decision that organizations need to make in the context of their workforce as an experiment.

Experiments allow organizations to move faster by piloting, testing, learning, and quickly refining.

And it's not just the organization. You have to give your workers permission to try new things. Learn from those things and continuously improve.

And in this environment, where there's so much disruption and challenges are coming fast and furious, those organizations that really can think like a researcher will thrive and basically succeed in a more effective way in this new world.

Let me give you a couple of statistics that really reinforce it. Fifty-nine percent of our survey respondents expect that one of the most critical skills that they need to put in place within their organization is this skill set of reimagination. Focusing in on thinking differently, breaking orthodoxies.

That skill set—and the 59% that said that was going to be critical—that represents a 2x increase from the results of that same question we asked pre-pandemic.

Let me give you an example of what thinking like a researcher might mean. And let's use something that we are all very familiar with, this concept of a job.

People are realizing that that construct is no longer effective. It's not allowing organizations to more fluidly move talent around their organizations. So, reimagining work, reimagining that construct, using skills

instead of jobs is a really good example of how organizations need to experiment. Think like a researcher, gain perspectives from trying things, and then refine.

One other example I'll provide: All organizations today are grappling with activating the future of the workplace. And many have tried to apply legacy thinking to that new workplace. Meaning how should I put people back into the office? When should I put people back into the office? Should I mandate when people should come back in?

That's using the old playbook. And as David mentioned, thinking like a researcher as a fundamental is all about creating new ways, creating the new playbook. And so, when organizations think about the workplace, they actually have to think about redefining the work itself and letting the work dictate where it would best be done. Perfect example of thinking like a researcher.

David:
Nic, thoughts, reactions? What does this mean for you to think like a researcher?

Nic:
Kraig has really brought it to life. And I think those examples are just so fantastic. Perhaps if I offer a few further examples that I think really start to help our listeners immerse in this idea of making that shift to thinking like a researcher.

On the same theme as workplace that Kraig touched on, I think we've seen Unilever widely applauded and really admired for the way that they approached their four-day workweek experiment. They looked at it as a very focused 12-month trial. They partnered with UTS Business School.

They wanted it to be very heavily researched with a robust research framework. They would not disclose any results until the 12-month trial was finished. At the end of the 12 months, they were able to demonstrate the outcomes showing that stress levels had reduced 33%, absenteeisms had reduced 34%, feelings of strength and vigor at work had increased 15%, work/life conflict had reduced 67%.

As well as showing that all of the stakeholders and partners that they were interacting with across the organization

and across the ecosystem were completely 100% Satisfied with the outcomes.

I think it's a great example. They used that as a really critical experiment. They waited for that 12 months to say, "This has been successful, now we're ready to expand." And now they've embarked on the 12-month trial in Australia.

More recently, I've been really fascinated to see how one of the big banks in Australia are thinking like a researcher when it comes to the opportunities and challenges around generative AI. So, they decided they were going to run a coding experiment. They wanted to see whether generative AI was helpful or a hindrance in the way that their engineers went about their world of coding. They created four groups to experiment.

One group had to continue coding the way they always have without any additional generative AI tools or support.

The other three groups were given tools and support, and they were all given seven tasks to experiment with.

Now, over the course of that experiment, they found that there was a 46% productivity gain across the board that for the three groups not using generative AI, they completed their work three-and-a-half times quicker than the group that was continuing to code the old way, if you like.

They also looked at things like there was no noticeable drop-off in the coding quality, and they even looked at the way that this played out for more junior members of the team as well as some of the more experienced members to see if there were any difference in the coding tasks that junior and senior members are performing.

And so, I think that we're really starting to see organizations recognize that these problems that we need to tackle are continuing to emerge at rocket speed, and we need to be able to experiment, learn, in

a way that we can then make the choices we need to shape the path forward.

David:
Nic, I love the examples. And I like that they're not just examples of experiments, but they're also examples of our second fundamental. Our listeners might recall that in 2021, we did a special report that was looking at the changing relationship between workers and organizations. And we did a scenario modeling exercise. We looked at four possible futures for how that relationship may play out.

The second fundamental is based on this notion that regardless of those futures, we don't envision any of them in which the worker and the organization don't cocreate where this goes.

And so, this notion of workers and organizations cocreating their relationship going forward. Michael, I'm going to come to you now. What does that mean to you? What does it mean to cocreate the relationship?

Michael Griffiths:
Thank you, David—and Kraig and Nic, for your wonderful insights. I completely agree with your comment. First of all, that Nic's examples were not just about the idea of research thinking, but also cocreation. And this idea of cocreation really is challenging ownership models and shifting values of organizations.

How do we come together to create the value for our customers, for our clients, for our broader ecosystem in a way that allows everyone to have a voice—in fact, enables the best voice, the best ideas, and the best outcomes coming from that relationship, rather than some sort of autocratic approach.

So really, we're talking about how do you work together to create these new rules, create the ideas of the fundamentals that are going to drive, and create the new ways of working in that relationship.

Now, what we found from our research is that when we looked out the responses and the organizations that are cocreating with

their workforce, they're 1.8 times more likely to have an engaged workforce.

But interestingly enough, they're two times more likely to be innovative. So, the idea is they're creating new ideas, creating more, driving more value. And they're 1.6 times more likely to have (than their peers) to anticipate and respond to change effectively.

And this world of ever-changing nature, AI is a huge example of that. And the generative AI and how it's changing the way that we work, as Nic explained, is something that organizations need to anticipate and respond to. And if you're cocreating, you are much more likely per these statistics to be successful in these pivots.

So, what does this really mean and how we've written about it in the report? We've talked about the idea that when you are thinking about cocreation, you really need to be able to negotiate worker data. The idea is you need to be able to let data drive your decisions, and you need to be able to have access to that data about your workforce. You need to know them in a deeper way.

And we found from our research that 90% of employees are willing to let their employers collect and use data about them and their work, but only if they can show benefits from it in some way. So, this is important, utilizing data to drive this cocreation is really important.

Now, not surprisingly, we've also written about the idea of worker agency, in this chapter, and the idea (to David's point) around the fact that this relationship that we wrote in a special report is core to the fact you can be successful in cocreation.

You need to build your trust with your workforce, and you need to harness that worker agency, that point of view, the values, strategies, policies, and actions that drive that collaborative nature with your workforce.

And then, very importantly, don't just consider this within the four walls of your organization. This cocreation needs to happen with an ecosystem mindset.

Your partners that you work with, the communities that you work in, the idea that this boundaryless aspect of your organization and the ecosystems you play within it are actually the cocreation opportunities you have.

You need to let those organizations in, you need to let those peoples in, those groups, those communities in and help drive community and organization success. And we've written around the idea of our workforce ecosystems as critical to this cocreation.

David:
Kraig, thoughts?

Kraig:
Yeah, a couple things to just add on to the wonderful insights Michael shared. This is what I'm hearing, and probably many of us have been hearing as we're presenting this fundamental. Number one, organizations understanding that in such a highly diverse workforce that they have, how can you be everything to everyone?

Cocreating implies that individuals' perspectives, individuals' needs, individuals' interests are represented. And the question a lot of our clients ask is, "Well, how do I do that with so many people within my organization's workforce?"

I think what M&T Bank did is a really good example. M&T provided 40 hours a month to their workers to basically use however they wanted to focus in on areas of passion, areas of purpose, ways in which they could engage that worker, but give the workers autonomy to use it how they best see fit, and how it would best benefit them, and ultimately the organization. That's a good example of how you're cocreating but also giving people choice and flexibility.

Another good example, Novartis, where they are leveraging almost 50,000 contractors, gig workers, outsourcers—there's just a massive amount of individuals driving outcomes within their organization that are not under the traditional employment contract.

They're engaging that full ecosystem as they're thinking about innovation and ideation and development of new strategies. So, I think those two aspects really, just to add on to what Michael said, bring home the sort of the secret sauce that really makes that cocreation mentality hum.

David:
Kraig, what comes to mind is … was that I think many organizations mistake cocreation or think of it maybe as just an incremental improvement on change management or engagement surveys, just gathering worker input into existing processes or improving existing decisions.

And in both of the points you raised, it's not just getting the workers involved in somehow making something you've already decided *better*. It's actually bringing them in to decide what problems and challenges you tackle in the first place.

So, where are we going in the world? What do we want the future of our organization to be? What do we want to be? Can't be all things to all people, as you say, but what do we actually want to be?

And in that context, that leads us to our third fundamental, which is about prioritizing human outcomes. In this world of work, what does this mean to prioritize human outcomes? Nic, I'll start with you.

Nic:
This is my personal favorite, and I feel it is the fundamental where we continue to see all of the three fundamentals coming together and interconnecting to really create a more sustainable, equitable, and inclusive world of work.

And this is where we really see the theme that we have talked about in the past in our Human Capital Trends research around the social enterprise. This is the social enterprise in action, and we're continuing to see how the social enterprise is really a powerful pivotal force in this boundaryless world of work. All about organizations needing and wanting to create value, not just for their business, their workers, and their

shareholders, but for the broader society at large.

Our research found that over half of the organizations we surveyed actually aspire to create greater, more deeper connections with the society that they're working within—really recognizing that it's no longer enough to just build programs that create value around the edges of topics like climate, equity, or human risk. These are all now fundamentally embedded into an organization's ability to thrive.

Now, we did find in this year's survey, more than 80% of organizations reporting purpose, diversity, equity, and inclusion, as well as sustainability and trust as top focus areas for their business itself and not wanting and needing to just tackle those through those outlying programs, as I mentioned.

And what we have really tried to bring to life are three key trends in particular that we believe are at the heart of prioritizing human outcomes and really creating that sustainable, equitable inclusive world of work. The first is around taking bold actions for equitable outcomes.

This is all about shifting the conversation from DEI [diversity, equity, and inclusion] activities and efforts to focusing on the equitable outcomes that all of that effort and activity is actually creating and contributing. And we know, for example, through our research in Gen Z and millennials, that Gen Zs and millennials who are satisfied with their employer's societal and environmental impact, including their efforts to create a more inclusive and diverse environment, are more likely to stay with their employer for more than five years.

The second big theme here is around advancing the human element of sustainability. This is focusing on that human dimension. Humans are the conduits for material and lasting change. So, how do we operationalize people enablers in the organization? How do we plan the right technical and soft or human skills to make work better for humans and to design for human sustainability? Designing for

sustainability beyond just thinking about climate? Hardwiring all of those human dimensions of sustainability into the work and workforce itself?

And then the third dimension to prioritizing human outcomes is elevating the focus on human risk. This is all about expanding the scope of how we think about our enterprise risk frameworks. Workforce risks need to be embedded in the broader enterprise risk framework. We've seen C-suites and boards of directors grapple with contingencies for an ever-growing list of those disruptive external risks, whether they are around environmental, social, technological, political, and environmental issues.

And so, here we are saying it's time to expand that focus beyond the operational and financial aspects of those risks to include the human implications.

Interestingly, in some of our parallel research around workforce risks, we have found that only 40% of board members and only 39% of line managers have an expert-level knowledge of workforce risk. So, there is a burning immediate need right now to really think about how we elevate that human dimension.

Now, when I take a step back and I think about this more broadly in terms of how does this all come together to create those sustainable, equitable, and inclusive world of work, there are two examples that come to mind. One we featured in our trends report that I am especially proud of, given that I live in Japan. And that is the example of the FamilyMart convenience store in Japan.

Anybody who has experienced Japan knows that convenience stores and vending machines are an important part of how life happens. Now, we have an aging and shrinking population emergency in Japan. And our convenience stores in Japan are struggling to be able to satisfy the staffing needs to keep the shelves stocked with food and to make sure that when food is expiring, it's being replenished and all of these things.

So, FamilyMart said, "Well, we need to think differently." So, here we're thinking like a

researcher. "What if we could use robots to be able to manage the stocking of shelves? And we could use AI sensors to help the robots understand what particular items

now need to be replenished because their expiry time is here."

Now that sounds great, wonderful, but it gets even better. FamilyMart then said, "And by doing this, we can have those robots operated remotely by disabled workers."

And I just think it's such a fantastic example of how do we create a sustainable model to making sure that we can continue to keep up with the needs of how we do that work in stocking shelves? At the same time, how do we do that by contributing to society and find a way to create more opportunities for some of those workers who may not have that access to work?

And then the other more recent example, Fujitsu Australia recently have talked about how early in the pandemic they were really struggling with the explosion in needing technology skills and not being able to find them. They could no longer rely on their usual strategy of bringing in technology workers from overseas because borders were closed.

So, they said, "We need to get creative." So again, we're thinking like a researcher. They said, "Let's first start by elevating the participation of women, elevating the potential that we have that currently isn't being utilized around our female workforce."

So, there was a focus on closing gender pay gaps, updating leave entitlements to be more favorable to women. But the CEO said, "This still isn't enough. We need to go further. Now, let's really think about cocreating across the ecosystem. How can we tap into workforce segments that were previously not thought about?"

So, they focused on the Indigenous communities and soldiers facing mental health issues. They appointed a chief purpose officer to help them really get creative in how they could drive that ecosystem. And one of the first things

that the chief people officer and purpose officer did was to collaborate with the Indigenous community and open up a First Nations service center that was providing the Australia Post staff with an IT helpline serviced by Indigenous workers that had never ever been to school.

And yet this service center is now performing in the top 10 in relation to the customer service ratings of all Fujitsu service centers. And so, they're just a couple of examples that I think really highlight the way that prioritizing human outcomes really starts to bring to life the interconnectivity of all of our three fundamentals. Michael, I'm sure that you can add even more color.

Michael:
Thanks, Nic. Wonderful examples. And I love how this is coming to light. I mean, the only thing I can really add to your wonderful explanation is this is becoming an increasingly sharp-focused area for organizations.

The focus on the human sustainability, in essence, the measuring how we are impacting our workforce as humans. And is that increasing? Every time we interact with them, are they better off from that interaction? Are we driving more out of our workforce—is actually probably the best indication of performance. And is it really a precursor for productivity?

And I think that's a really interesting conversation that I see more and more around how do we judge whether our organization's been successful.

I think the second thing that I'm seeing is around the sort of idea of how we're measuring things under the sort of workforce risk and human risk element.

Mastercard has a people score that they're using that goes up to the board and C-suite. And it really is a culture index as the CHRO talks through as a way to start to talk around this at a very sort of tactical, measurable way.

And then we are seeing the ideas of things like a trust index. Deloitte has one that we

put into market, and there are many other ideas of examples in there around how we are looking at our organization's metrics. And is trust—both for our customers and our workforce—are we driving effective behaviors, responsible outcomes into that trust? And it's a great way to measure success.

So, I completely agree with your passion on this topic, Nic, and I think we're going to see more and more of it in business strategies.

David:
Yeah, Michael, I definitely agree as well. I think it's time to start to wind down today's conversation. Listening to Nic's examples, and as you've added to them, Michael, it reminds me off the top, in the introduction, I had called out that living in this boundaryless world it certainly has the potential to create some anxieties for organizations as these existing assumptions we've been able to make about work and workforce and workplace at least become questioned, if not fall away.

But it also presents a tremendous opportunity to do the things that you all have talked about here today: to create new fundamentals, to do the three that we talk about in the study—to think like a researcher, to cocreate, and to ultimately prioritize human outcomes.

But it represents, just specifically as a microcosm, a particular opportunity for leaders in organizations. One, on the anxiety side, as a leader, you can't necessarily make these assumptions either. You can't necessarily just bank on that jobs work a certain way or that works going to happen in a certain place.

But the opportunity is equally important. Leaders, the last chapter in our report this year is to leaders of all types at all levels. Anyone who has something to do with mobilizing people and motivating them to go do something. There's an opportunity here to lean in, to help your organization, to invent those new fundamentals, to figure out where you're going to go, to cocreate that future, and so on. All the things we've talked about here today.

I want each of you to use that last chapter, "Leading in a boundaryless world," as kind of your opportunity to give your closing

thoughts on the report and on today's conversation. And I'll start with you, Nic.

Nic:
Well, I think leadership was one of the most fascinating aspects that we explored and learned so much about. What I would start with is, I don't think we were necessarily surprised to find that only 23% of our respondents said they believe that their organization has the leaders today that they need to lead in this boundaryless world of work.

But there were three data points that I think we did find alarming and that really highlight the opportunity. The first was only 15% said they believe that they've got leaders with the ability to lead inclusively in today's boundaryless world.
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The second was only 16% said they believe their organization has leaders ready to use technology to improve work and business outcomes and elevate teaming performance.

And only 80% said they believe their organization has the leaders ready to create the future workplace model of the future.

So, I think it is a reality that Leadership 101 is very real. It's here now. The opportunity is ahead of us. And as a part of that, I feel that this is all about progress, not perfection. Recognizing, accepting, embracing this new reality of work. This world that we know is about perpetual disruption, where our superpower is not going to be about coming up with the solutions. But our superpower as leaders is going to be about understanding the right questions to ask, the way that we might go about tackling them with those experiments, with that cocreation, always being laser focused on creating that shared value for workers, shareholders, the business society.

And the reality is, the speed at which we are seeing all of these dynamics continuing to evolve is only going to get faster. And when I

think about what we found with our shift to a skill-based approach, we saw the biggest readiness gap in the area of shifting to a skill-based approach.

Organizations saying, we know this is critical. We need to do it. We want to do it, but we don't know how, and we're struggling. I think that really articulates the moment of opportunities.

With a skill-based approach, we know that we already have 71% of workers that are doing their work outside of what their job description says; only 24% of workers with the same job title doing the same work. So, even for those organizations that may not realize they're doing it or thinking about it, the reality is here and we have to act.

And that's how I think about the three new fundamentals, the role of leaders. We're not going to get the choice, we have to keep up. So, how do we make sure that we don't see those readiness gaps widen and that we can be proactive and actually drive the experimentation, drive the ecosystem engagement, prioritizing human outcomes in the way that we've showcased in some of those examples that we've shared.

David:
Kraig, Nic's painted a wonderful picture of both the challenges and the opportunities. Your thoughts on leading in a boundaryless world?

Kraig:
Yeah, I'm going to make it short and sweet, because I think two things I would anchor on: Number one is there's an extraordinary opportunity and an extraordinarily exciting opportunity for organizations to reimagine.

Kraig:
Now, as you called out, that can be daunting. People know almost 50% of those we surveyed said, "We don't know where to start. There are too many priorities." But starting with an exciting opportunity to reimagine everything from what the work is to who's doing the work (i.e., the workforce) to where and how the work gets done. I mean, what an extraordinary opportunity.

And then the second is, leaders need to understand that their fundamental role has shifted from a legacy mindset that says only those chosen few can be leaders. And they may reach out into the organization and ask for perspectives, but ultimately, they're the decision-maker. Their decision is the final decision.

They now need to pivot to this philosophy of being an orchestrator, to really understanding how to bring diverse thinking, diverse groups into this mindset of experimentation and orchestrating the conversations, creating safe spaces for folks to challenge and ideate and test and fail and try again. That's a pretty monumental shift, but again, I'll end where I started. Such an exciting opportunity.

David:
Great. And I'll leave the last word for you, Michael.

Michael:
Well, first of all, thanks so much for the conversation. Great to be talking with this group on such a wonderful topic. I will just say that I think leading in this world is a wonderful opportunity that comes with such responsibility. We as leaders, at all levels, have the responsibility to take all of these trends from well-being, sustainability, to cocreation, to ecosystems. And we have to bring it to bear for our workforce, our clients, and broader than that in our communities.

So, great opportunity, but it comes with a lot of expectations, and we need to lean on each other to be successful.

David:
Well, let's end there. I want to thank our esteemed panel for joining me here today. Thank you, Michael.

Michael:
Thank you.

David:
Thank you, Nic.

Nic:
Thank you so much. Fantastic discussion.
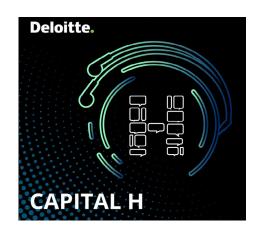
David:
And thank you, Kraig.

Kraig:
Oh, it's our pleasure.

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