

By  
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# Why We Need Human-Centred Leaders - An Introduction

## **T**imes are changing

At the dawn of the mass production of automobiles, Henry Ford had difficulty convincing anyone to finance his ventures. At the beginning of the computer age, Thomas Watson of IBM predicted that there might be a world market for about five computers. And until the pandemic, millions of managers thought that working from home was impossible. Today we are denying that computers can replace lawyers, accountants and journalists whilst we hold conversations on chatbots with our banks, rely on internet comparison sites to find our insurance, and read articles written by Chat GPT. We marvel at the capabilities of advanced technology and then revert to old habits when we go to work. As Bill Gates once said, "We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next ten."

## **Are leaders keeping up?**

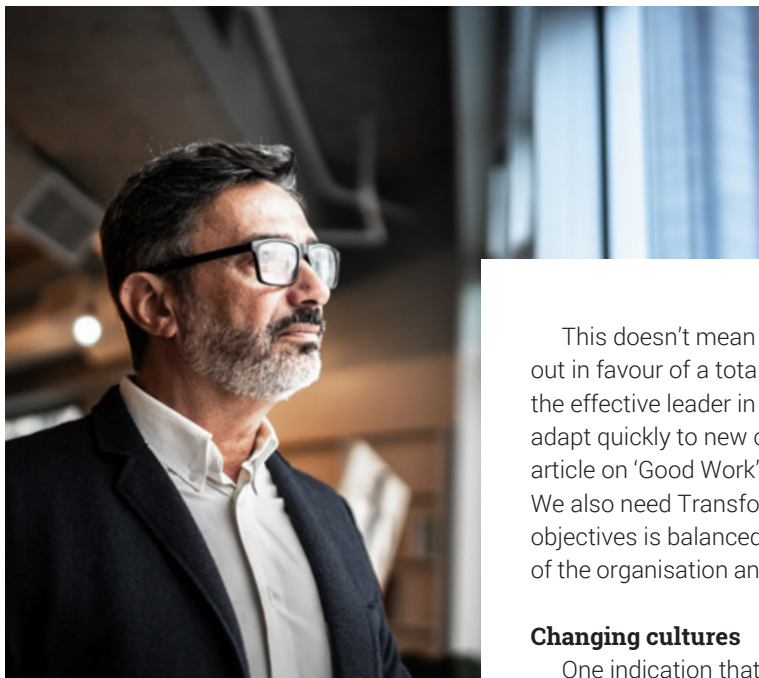
It's no surprise that leaders who fought their way to the top of hierarchical pyramids are unlikely to be in favour of flat organisations where the employees make most of the decisions. They have gained power that gives them the opportunity to run things their way and they are not about to give that up. Some of them may well exhibit toxic behaviour, as illustrated by Michael Jenkins in his article in this edition of Global Focus and his recently published book 'Toxic Humans'. Their need for control is threatened by new patterns of work so they are unlikely to support the idea of flexible working or employees being based at home. Despite evidence that hybrid working can be more productive, there are many leaders insisting that their employees revert to pre-pandemic work patterns so they can continue to run their empires in their traditional autocratic style.



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## Human-Centred Leadership: The Way Forward in the Age of AI



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This doesn't mean that all the old ways of leading have to be thrown out in favour of a totally new approach. It does, however, mean that the effective leader in today's flexible environment must be able to adapt quickly to new challenges. As Matthias Mölleneý points out in his article on 'Good Work', Transactional Leadership is no longer enough. We also need Transformational Leadership where the focus on today's objectives is balanced against the longer-term sustainable development of the organisation and investment in the workforce as a strategic asset.

### Changing cultures

One indication that leaders are changing is the shift from a 'hire and fire' culture to one of 'train and retain'. Many a CEO has declared that their people are their most important asset and then done little to back up these words. To win the 'talent wars', organisations are shifting from rigid job structures to more agile, skills-based working. Carol Yeo shows, in her article on the future of learning and development, how companies such as Microsoft are focussing on transferrable skills and creating a culture of collaboration and learning. Career progression is no longer a competition between employees for the top job. Instead, it is a journey of teamwork with colleagues, acquiring new skills and following one's own passions. This challenges the traditional hierarchical reward structures and compensation schemes that have existed for years in large organisations. It raises fundamental questions about why people work, what drives them and how that should be recognised.

### Reluctant leaders

But there is no incentive for CEOs to address these fundamental issues in today's short-term driven economic world. Compromising the bottom line this year in order to have a more secure, motivated and productive workforce in future does not impress shareholders. Taking steps to abandon practices that contribute to profits but harm the environment runs the risk of negative reactions from investors. There may now be more emphasis on sustainability as a corporate goal but only if the share price doesn't suffer. 'Greenwashing' is rife. As Rudi Plettinx points out in his article on sustainability, the private sector needs to move from a linear to a circular economy led by enlightened individuals who are happy to sacrifice their personal bonuses so their grandchildren have a planet left to live on.



For a while it looked like Paul Polman, CEO of Unilever in Europe, had managed to run a successful business whilst focussing on the environmental impact of the company. He launched a sustainable living plan in 2010 with ambitious targets to halve the environmental footprint of its products and source 100% of its agricultural raw materials sustainably by 2020. But his 10-year reign came to an abrupt end when the shareholders disagreed with his plan to move the headquarters to Rotterdam. A good example of financial decisions winning over longer-term strategy.

### **Increasing pressure for change**

But there is now a growing pressure on leaders. Their employees are asking questions about the sustainability of the organisation. Are the company's products contributing to the destruction of the planet and if so, are they personally involved in some way? Do their working practices minimise the carbon dioxide emissions or do they still involve unnecessary travel? Is senior leadership out of touch with the values of a younger generation? Do they care about the wellbeing of their people or are they ignoring the impact of work on the rest of their lives?

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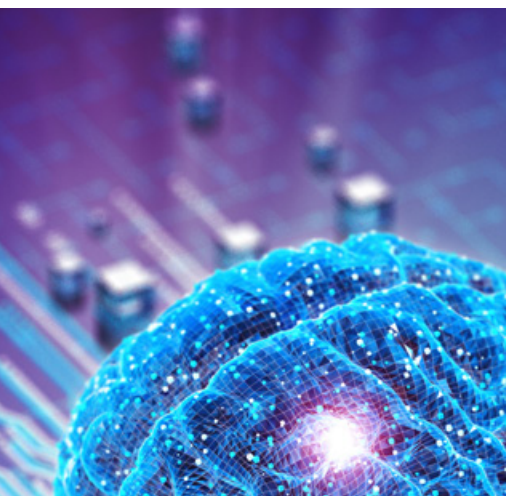


This pressure has been growing slowly since the turn of the century, as more and more people became conscious that a warming planet is not just an interesting statistic but a potential threat to the survival of the human race. The pandemic then turned this wave of opinion into a tsunami. Individuals reflected on what is important in life and what they value most. Locked down and in genuine fear for their lives, many people stood back and looked at their work and its effect on the way they live. They questioned the need to continue a race to gain more income at the expense of time with their families. They realised that it was possible to work flexibly and fit work tasks around personal commitments. Using technology, they could hold effective meetings and avoid hours of travel. And they could be very productive at home without the many distractions of the office.

### Culture change

Emerging from lockdowns, many leaders recognised that there had been a fundamental shift in the expectations of their stakeholders. Employees had seen a level of empathy from their managers not visible before the pandemic. Customers saw responsible employers showing genuine concern for the welfare of their people. And investors were prepared to take a longer-term view on their expected returns, focusing on ethical and sustainable businesses. Could this be the dawn of a new era of inclusive leadership or just a passing phase? In his article in this edition of Global Focus, Ben Emmens argues strongly that it is time for a shift to a people-centred approach, through active listening and a conscious culture.

Managers have learned that putting their trust in employees pays dividends. They had no choice during the pandemic and quickly learned that by empowering their people they gained their respect and dedication. Far from losing control, they allowed individuals to share in decisions about how their job is performed, resulting in a more loyal and motivated workforce. This lesson has been taken on board by leaders who are continuing to run a human-centred culture. When introducing new technologies, the need for employee involvement is also apparent, as evidenced in the article on advanced technologies, by Jennifer Vessels, *et al.*





However, there are some chief executives determined to revert back to old patterns of working and revive authoritarian regimes. This may be successful for a while, but there is growing evidence that people are voting with their feet. The 'great resignation' between March 2021 and June 2023 saw record numbers of resignations in the USA as people chose not to return to their old way of working. Flexible working regularly features as the top benefit sought by job applicants with hybrid patterns now expected across most industries. Organisations that choose to ignore these facts are likely to miss out on the best talent and ultimately lose to the competition.

### Leaders for the future

To support thriving economies and healthy societies we need business leaders who are human-centred. They will live up to the expectations of their stakeholders by genuinely acting on the belief that their employees are their number one asset. They will use new technologies, such as artificial intelligence, to enrich the working culture and, in turn, improve productivity. They will develop organisations that are based on trust, empathy and inclusivity, attracting and retaining the best people. Above all, they will focus on the sustainability of their operations, leaving a planet behind them for future generations to enjoy.

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03/21 to 06/23

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