

**Leaders: are
you ready for
the human-led
economy?**

F L U X

As machines redefine what it means to be human in the workplace, leaders will rely on 'directed curiosity' to lead their organisation in times of uncertainty.

But they also need the know-how to nurture high cognitive skills that will be increasingly in demand. Here, we draw on neuroscience to discover the cognitive qualities it will take to thrive in the human-led economy.

Executive summary

The rise of automation has led to the emergence of a new, human-led economic era.

As machines take over repetitive tasks, process data in huge volumes, and problem solve faster and more efficiently, the role of humans in the workplace is at a crossroads.

Organisations must now invest time, money and resources into cultivating a new type of human capital that will be increasingly required to perform high cognitive tasks such as negotiation, collaboration and idea generation.

This shift in work will have its challenges, the main one being the need to rapidly adapt to vast and simultaneous changes.

Disruptive technologies will continue to eliminate existing jobs, create new jobs we are yet to categorise, and provide new tools. They will produce new customer needs and even birth new industries. With each change will come the need for quick adaptation in order for businesses to survive and grow.

Where previously there has been a focus on talent management, now the focus must be on cultivating an adaptive workforce. To do this, first we need an understanding of the cognitive qualities that will support

this new wave of work and optimise workers' potential for continual adaption.

Research by McKinsey¹ predicts that, between 2016 and 2030, basic cognitive skills like data input will decline by 23 per cent in Europe with the rise of automation. Meanwhile, high cognitive skills – including creativity, interpersonal skills and empathy, advanced communication and negotiation – will grow by 14 per cent.

As such, the need for workers with finely-tuned emotional and social skills – which computers are a long way from mastering – will be in ever greater demand, as will the need for leaders with the capacity to develop others.

At the core of this emerging economy is one throughline: human-to-human communication.

As business leaders seek to develop their skills, HR will play a key role in supporting the new economy and its mental and physical wellbeing, starting with a psychologically safe and enriching work environment.

The average person spends 90,000 hours at work in a lifetime², so it is no surprise the workplace has a strong impact on our health. A quarter of Americans rate work as the number one source of stress in their lives³.

In the human-led economy, stress and poor mental health will have a disastrous cognitive toll – damaging productivity, agility and growth. In contrast, a mentally well team will be optimised to deal with the lightening pace of change and increased cognitive load.

Building a well, thriving, and continually transforming workforce will depend entirely on the leader and their choice to prioritise the organisation's collective learner agility.

Failure to address the demands of shifting skills will exacerbate cultural tensions and wellness decline in the workplace, and lead to greater absenteeism and presenteeism—impacting productivity, limiting economic growth and risking disruption by challenger brands.

How well are workers today?

- The current state of affairs shows plenty of room for improvement. Nearly one in five US adults live with a mental illness,⁴ which is cognitively and physically debilitating. Symptoms include disturbed sleep, increased fatigue, difficulties with social interactions, and problems accessing high cognitive skills like creativity and problem solving.
- So-called presenteeism – when people show up to work but aren't fully engaged and have reduced performance or productivity levels as a result – costs the UK economy £15.1 billion a year, with absenteeism costing another £8.4 billion⁵.
- Workplace wellbeing is not a new concept. As far back as 1988, the Theory of Workplace Anxiety was applied to describe the mental phenomenon experienced by people at work, when their performance was affected⁶.
- Research indicates 40% of Americans feel anxious during the working day⁷, with 72% of those experiencing daily anxiety reporting that it interferes with their work and personal lives⁸.
- Current workplace environments have been shown to be conducive to fatigue, loneliness, stress and anxiety. UK mental health organisation Mind found that only 53% of employees who had disclosed poor mental health at work felt supported by their employers⁹.
- The working environment itself is known to contribute to mental disorders like anxiety and depression, as well as poor physical health. Outside the office, noise, light pollution and



fine particulate matter caused by air pollution all take their toll, while inside the office, poor lighting, temperature, noise and ventilation are the main contributing factors.

Mental ill-health goes beyond having a 'bad day', it is cognitively and physically debilitating. Highly nuanced, contextual and individual, it calls for empathic human connection to restore the body to homeostasis, allowing for optimised cognitive functioning.

**Well workplaces
will have the
competitive edge
in the human-
led economy¹⁰**

**The cognitive qualities that need to
be prioritised, nurtured and practised
for learner agility and to support high
cognitive skills are working memory,
cognitive flexibility and empathy.¹¹**

1. Working Memory

The short-term maintenance and manipulation of information needed for performing complex cognitive tasks such as learning, reasoning, and comprehension. Studies suggest working memory is adversely affected by mental health issues like anxiety and depression. When working memory fails, so too does the ability to carry out daily activities effectively.

The ability to interpret information also relies heavily on working memory, which is backed up by studies that correlate individuals with more severe depression or social anxiety with more biased and inflexible interpretations.

Working memory also has a finite capacity: it is a resource that depletes. This means the cognitive effort required to perform one task will depress performance on a second task.

To optimise working memory:

- **Provide access to anonymous mental health support¹¹**
- **As depleted working memory benefits from restoration, provide calming rest areas and promote autonomy around breaks**

2. Cognitive Flexibility

A cognitive process of executive function by which previously learned behavioural strategies can be modified to adapt to changes in environment. It enables adaptation to new situations by switching from previously held beliefs or thoughts to new response strategies. By contrast, a person with limited cognitive flexibility might dwell on the discomfort these changes bring and resist adaption. Cognitive flexibility is known to be impaired by stress and depression.

In the human-led economy, success will depend heavily on the cognitive flexibility of leaders and their workforces.

Cognitive flexibility is thought to require a part of the brain called the hippocampus, which is important for mood, memory and spatial recognition. It is particularly vulnerable to the effects of stress. Studies show how people in positive mood states demonstrate greater performance, not just on creativity measures that directly or indirectly exhibit cognitive flexibility such as fluidity, insight or eureka moments, but also prolonged concentration.

To optimise cognitive flexibility:

- **Build a network of hyper local project-based teams with complementary skills**
- **Invest in community and culture, and provide regular opportunities for play to cultivate joyful positivity**

3. Empathy

There are two definitions. The first refers to the mental perspective taking, or cognitive empathy, which allows you to see the world beyond your sense of self as well as understand the effects of your behaviour. The second is the vicarious sharing of emotion, or emotional empathy. An integral component to human wellbeing is strong social ties. In the human-led economy, where value is placed on face-to-face communication, empathy will be in such high demand that some business insiders are calling it 'the empathy economy'.

Empathy offers a deeper understanding of others and is therefore critical for developing high cognitive skills such as creativity, complex information processing, advanced communication and negotiation skills.

In studies, people who scored lower on empathy also scored higher on the loneliness scale. Often it is the breakdown or poor quality of such social ties, which leads to isolation and lowers our wellbeing. Studies show the inability to understand another's beliefs, feelings, desires, intentions or goals can have clear and important consequences that profoundly limit functional capacity and quality of life.

To optimise empathy:

- **Prioritise psychological safety and encourage emotional sharing at work**
- **Bring 'at-risk' lone-workers together through peer connection opportunities**
- **Commit to an environmental purpose and create meaningful moments for people to embrace their collective citizenship**

What binds all three?¹²

Organisations that successfully transition to the human-led economy will instil a cultural mindset of curiosity. Their leaders will not only model curiosity, but invest in tools to enable lifelong learner agility for all.

Curiosity is the tendency to seek out and thrive on novel, complex, and challenging interactions with the world.

When directed, our curiosity focuses attention and behaviour toward activities that facilitate learning, competence, and self-determination, providing a sense of meaning and wellbeing. It enables 'flow', which encourages creative and strategic thinking to problem solve and adapt.

Our insatiable thirst for information drives much of the global economy and, on a micro-scale, motivates learning. Information allows for more efficient searches, more sophisticated comparisons, and better choices. This is important in the human-led economy, where new ideas will be needed to help organisations adapt to remain relevant.

Studies reveal curiosity displaces stress, anxiety and depression – all of which limit cognitive potential and the ability to access high cognitive skills.

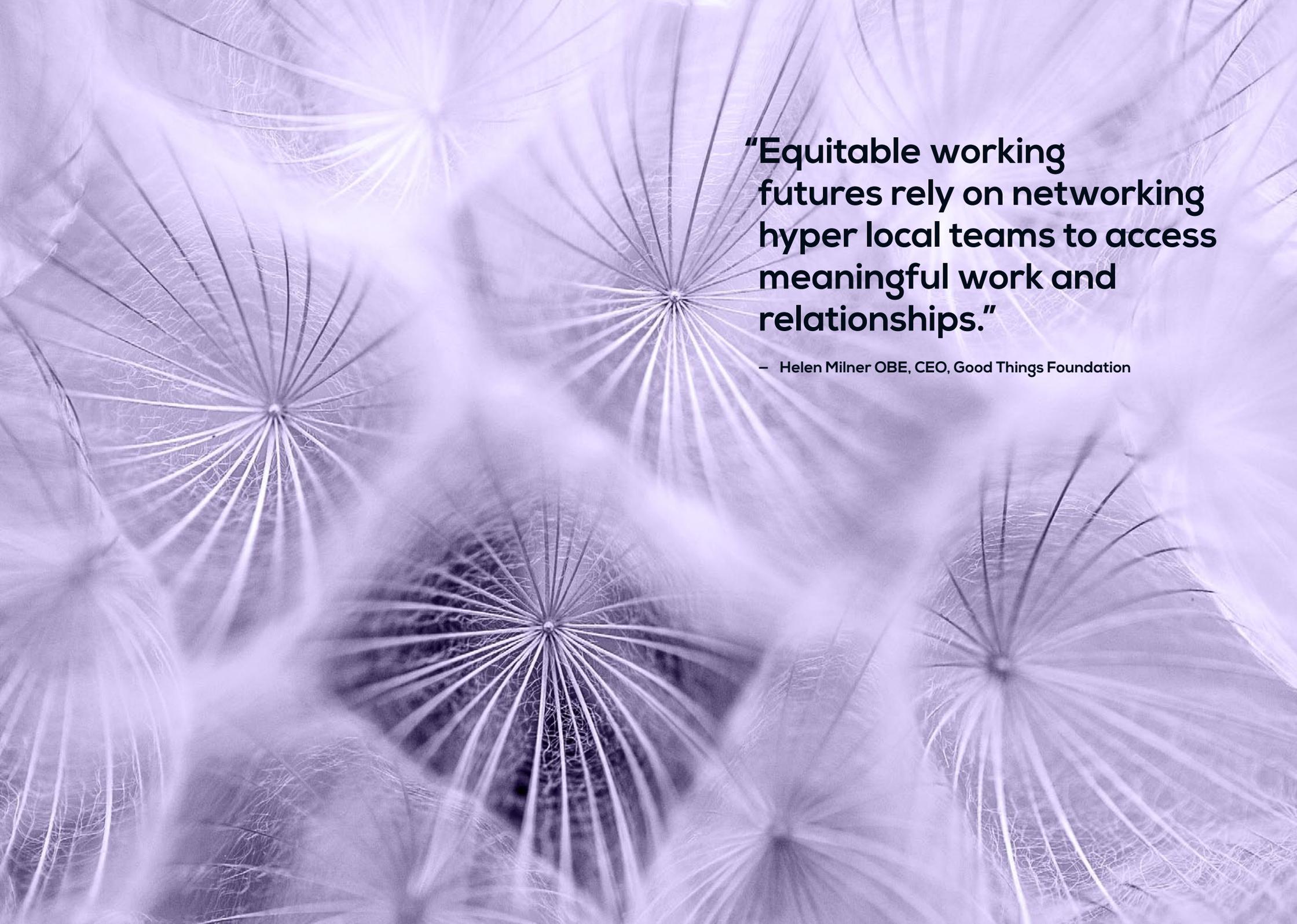
“Curiosity can be like a muscle. When it ebbs, people lapse into routine and complacency, which exposes a company to disruption. To prevent that, managers should continually emphasize how important curiosity is – and reward people for developing it.”¹³

– Zander Lurie, CEO, Survey Monkey

A decline of curiosity is a known symptom of depression, while its overexpression – when there is a lack of direction – contributes to distractibility. It is therefore important to structure learning with techniques that direct curiosity. These techniques not only reduce the cognitive effort required for learning, but hone our working memory, cognitive flexibility and empathy.

To cultivate curiosity:

- **Invest in curiosity training for leaders to develop learner agility and access the know-how to nurture others**
- **Create an organisation-wide system to capture curious questions and ideas that challenge the status quo**
- **Develop tools that enable people to practice curiosity and reward participation**



**“Equitable working
futures rely on networking
hyper local teams to access
meaningful work and
relationships.”**

– Helen Milner OBE, CEO, Good Things Foundation

Wellbeing is no longer about talent management

Strong wellbeing strategies have been helpful to organisations in the race to attract talent. But, as we enter the human-led economy where our human capital will need to possess advanced cognitive skills, it is also important to consider how wellbeing programs can maintain employee health all year round and support continual workforce transformation¹⁴.

Projected to reach 90.7 billion USD by 2026, the global workplace wellness market remains very small compared to the huge economic burden and productivity losses (10-15 per cent of global economic output) associated with an unwell and disengaged workforce¹⁵. Only 9.8 per cent of world employees are covered by workplace wellness programmes (321 million people), which are heavily concentrated in high-income countries located in Western Europe, North America and Asia¹⁵.

One of the biggest problems with these programmes is that those procuring these services often fail to fundamentally understand what wellbeing is and how to measure it. They stab in the right direction, perhaps offering yoga, or mindfulness classes. But, as we've seen, wellbeing must go deeper than having the access and means to exercise or meditate.

In the human-led economy, typical office-based workers can be segmented into three cognitive groups, all of which have different needs based on the requirements of their roles and their vulnerability to various stressors.



Cognitive categories

STEERER

C-suite, managers, team leaders

- Capture information for mass dissemination
- Help steer people, goals and tasks within an organisation

Main stressors:

- Travel which can take up 10% of time
- Meetings which can take up 50% of time
- Fatigue caused by workload and stress impacting sleep quality
- Anxiety due to risk, uncertainty, and stakeholder pressure
- Isolation due to lack of strong social ties at work

PERFORMER

**Project managers, administrators,
office managers, coordinators**

- Seek new information
- Driven by tasks, often deskbound

Main stressors:

- Breakdown of peer relationships
- Possibly long commutes
- Feelings of anxiety caused by deadlines, lack of autonomy, and lack of trust in leadership

ANALYST

**Data analysts, developers, engineers,
tech support, accountants**

- Analyse vast amounts of data and provide support
- Highly deskbound and affected by distraction or overstimulation
- Long periods of being sedentary

Main stressors:

- Fatigue due to long working hours and possibly nocturnal working patterns
- Isolation

A leadership call to action

As we've learnt, in the human-led economy, the future relevance and success of an organisation depends entirely on the continual growth of its collective human capital. Which today's leaders must realise by investing in a culture of curiosity where the cognitive qualities of working memory, cognitive flexibility and empathy can thrive.

Where historically, experience and 'preparedness' has been the cornerstone of a leader's employability, today it hinges on their learner agility. Empirically linked with success, learner agility is defined as the willingness and ability to learn from experience and apply that learning in new or different situations.¹⁶

A business case for coaching¹⁷

With its ability to tap the motivation and purpose of the individual leader and then provide targeted, personalized, and highly relevant feedback, coaching provides a uniquely valuable learning opportunity—well suited to the needs of the 21st century leader. The intensity, volatility, and speed of the contemporary environment invite both leaders and coaches to confront these challenges and opportunities with candour and to do so in the moment.

Fundamental to the effectiveness of coaching is the time and space it offers leaders and the benefits of directed curiosity. Beyond an informational outcome where a leader leaves a coaching session with actions – having ideated on a complex, pressing issue – coaching offers essential neurobiological benefits.

Effective coaching can help a leader to restore a sense of calm. Not only does this ‘calm’ restore the body to homeostasis, experienced with regularity it works as a preventative measure to reduce the risk of allostatic overload, often referred to as the tipping point to burnout, which significantly limits cognitive function, capacity and agility.

Further benefits to leadership coaching are embodied in the experience of relational depth. Empathy, active listening, and clarification of motivation and purpose are all key elements of coaching. These are required to build trust, and lead in times of uncertainty with authenticity and command. By experiencing them in the coaching environment, leaders gain a intuitive sense of how to practically support and nurture others.

As Klaus Schwab, Executive Chairman of the World Economic Forum suggests, investing in continual learning and the growth of human capital is not an option, but a must.¹⁸

“The key to the future of any institution lies in the talent, skills and capabilities of its people.”

– Klaus Schwab, Executive Chairman of the World Economic Forum

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About

This is a summary report of a white paper commissioned by Flux founder, Lucy Hackshaw, and researched by Araceli Camargo, lead neuroscience adviser to Flux and co-founder of The Centric Lab.

Flux, founded in 2019 by Lucy Hackshaw, prepares and coaches leaders as they adapt for the human-led economy, where leadership success is bound up with learner agility.

Flux invests in strategic academic partnerships with world-class neuroscience laboratories, colleges and institutions, to keep their work and leaders like you, ahead of the competition.

Today, Flux is leading the way with a clear vision for 21st Century leadership.

The Centric Lab, established in 2016, uses neuroscience and urban data to help organisations create healthy and resilient environments. They do this by quantifying, advising and mitigating risks to human wellbeing, performance & experience.

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