**2023**

PROPELLER

The New Era of Work: Trends for Adapting to Change in 2023

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The Evolving Change Landscape

For many organizations, the past several years have been a tumultuous time of accelerated transformations and people and change were at the forefront. In response to the pandemic, companies were focused on helping employees navigate large-scale changes. Topics like adapting to remote work, talent acquisition and engagement amid the Great Resignation, and the necessary rapid digitalization of operations took priority.

Now, in this new era, the focus has shifted to attracting and retaining employees through investments in culture and the employee experience. Last year, we saw viral trends like quiet quitting and heated debates about the future of in-office versus remote work. Pair these topics with recent fears around a wider macroeconomic downturn, large-scale layoffs, and succession planning and it becomes clear that companies are under heavy scrutiny as to how they will respond to these external forces while still supporting employees.

No organization is spared from change. It is the constant. The goal of our annual People & Change Insights eBook is to arm leaders with data on the latest people trends while providing resources and actionable recommendations on how to engage and inspire employees through times of heavy change and uncertainty — and more importantly, enable future resiliency.
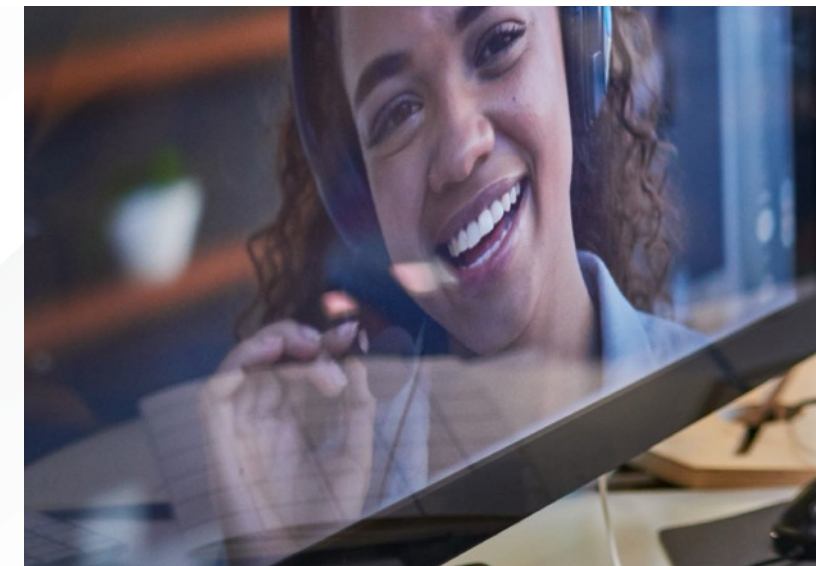
Spotlighting the Pressures on People Leaders

The pressures and ripple effects of rapid workplace changes have taken their toll on employees — and their managers. All eyes are on human resources and people leaders to see how they will navigate and mitigate both internal and external pressures while still meeting business goals. From the CEO to the individual contributor, there needs to be a clear line of communication and openness about these issues and the plan to address them.

Change management principles, when leveraged promptly, can help leaders prepare for these pressures as well as communicate and deploy mitigation plans across all levels.

At first glance, 2023 may feel simpler when compared to the past few years; however, our survey results show that may not be true. If anything, the new normal is now a higher level of change and new challenges.

It's becoming clear that deploying change management practices while also engaging people leaders are going to be more important than ever in the coming year.

The Pressures on Leaders

EXTERNAL PRESSURES

Inflation
Macroeconomic Concerns
Layoffs
Top Talent Retention
Internal Talent Mobility

HR & People Leaders

INTERNAL PRESSURES

Flexibility In Work
Benefit And Well-being Packages
Leadership Capabilities
Growth Opportunities
Collaboration Concerns
Change Fatigue

The Champions Behind the Change

Each year, Propeller releases an annual People & Change Insights eBook where we analyze the current people trends and provide change insights to inform leaders on what to prioritize in the coming year.

For our 2023 edition, we repeated several questions from last year's survey to track movement in trends and added new questions to highlight emerging post-pandemic themes.

ABOUT THE EBOOK AND SURVEY

400+ US-based professionals surveyed

Conducted by an independent survey firm

Complimented by our expertise and insights in leading client transformations

Let's dig into the four key trends from last year and what actions you can take to prepare your employees and managers for the upcoming year of changes.
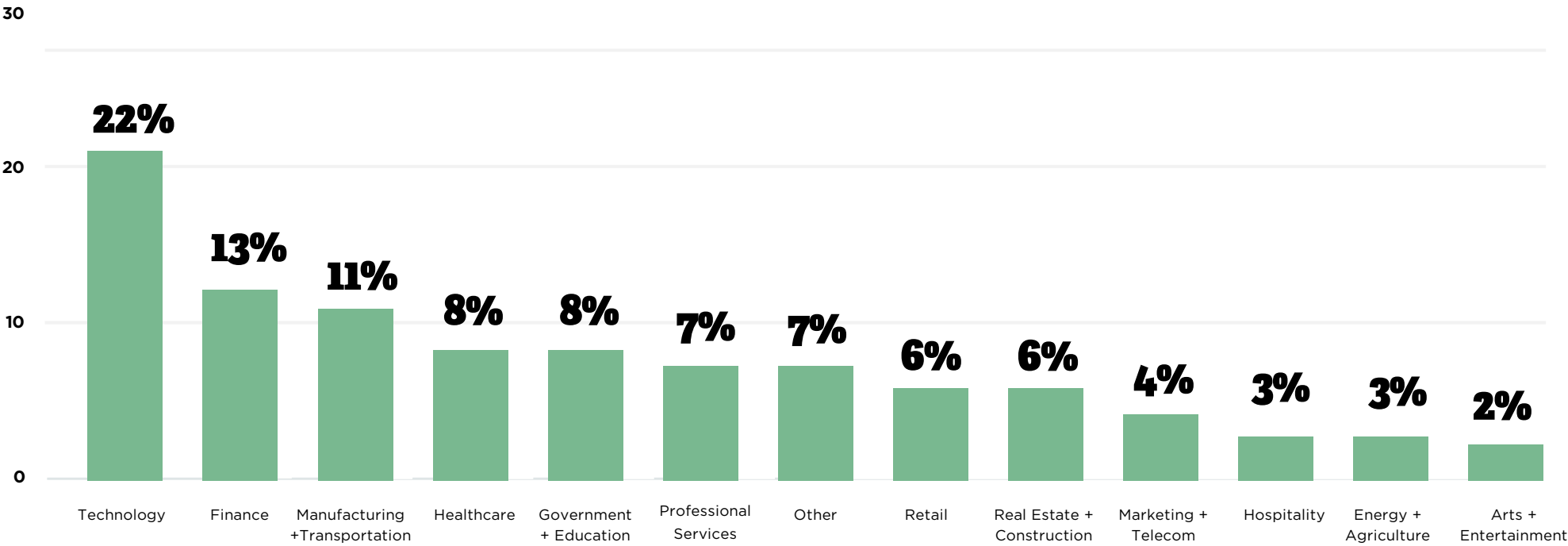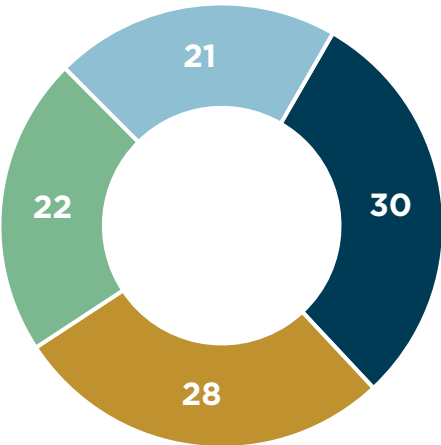
Who We Surveyed

21% SENIOR MANAGEMENT

22% INDIVIDUAL CONTRIBUTOR

MIDDLE MANAGEMENT **30%**

C-SUITE **28%**

Industry	%
Technology	22%
Finance	13%
Manufacturing +Transportation	11%
Healthcare	8%
Government + Education	8%
Professional Services	7%
Other	7%
Retail	6%
Real Estate + Construction	6%
Marketing + Telecom	4%
Hospitality	3%
Energy + Agriculture	3%
Arts + Entertainment	2%

The 4 Key Work Trends for Another Year of Big Changes

Insight #1:

Compared to the intensity of the last few years, large-scale change is slowing down, yet employees are reporting higher levels of change saturation.

Insight #2:

Technology transformation projects continue to be one of the top changes, and while highly visible, these projects often lack a well-communicated, long-term strategic roadmap.

Insight #3:

Remote work isn't becoming the future we envisioned, instead, companies are getting creative with hybrid options.

Insight #4:

New workforce models have put a high strain on companies, particularly middle managers, to solve and answer employee concerns.

Insight No. 1

Compared to the intensity of the last few years, large-scale change is slowing down, yet employees are reporting higher levels of change saturation.

Last year, we reported that 51% of respondents strongly agreed that their organization was experiencing significant change. This year, only 24% of respondents strongly agreed. It makes sense that after two years of large-scale organizational restructuring, continuous updates to office policy, and general feelings of turmoil due to the pandemic, employees are finally starting to feel more stable in the workplace.

⬇ **27%** decrease in respondents who strongly agreed their organization experienced significant change

⬆ **6%** increase in problems with change saturation

So why then, despite this huge drop in the amount of change, are employees reporting higher levels of change saturation? When asked what problems their organization experienced when implementing changes, problems with change saturation jumped from 22% to 28% among respondents.

As organizations begin to stabilize after an extended period of accelerated change, it may feel like the waters are calming and that it is time to decrease change management investments. However, small, incremental changes are adding up and employees feel the pressure, particularly if past large-scale changes have backslid or have created nuanced changes to processes.

45% [of HR leaders] say their employees are fatigued from all the change." *–Gartner*

While the amount of change may have decreased, change saturation levels are still rising as well as reported increases in understaffed projects and drops in leadership buy-in. And employees are feeling the compounding effects. Leaders need to acknowledge that while substantial changes may become less frequent, employees' resiliency to change has decreased. Organizations must continue supporting their employees through changes — and even increase their support in some cases.

Insight No. 1 *(continued)*

This is not the time to lessen involvement in change management.

Rather, there is an opportunity for organizations to demonstrate their commitment to employees by growing and improving change management efforts toward new and more empathetic approaches. Instead of the traditional communication and training rollouts, teams should focus on building softer skills like manager upskilling, visible leadership engagement, and improved support channels to alleviate change fatigue. Oftentimes, when change saturation is high, we see people slip into workarounds which leads to the degradation of the intended business value of the change.

By keeping a pulse on employee sentiment and maintaining empathy through small changes, leaders can reengage their teams and batten down the hatch for any upcoming storms. This approach will empower and equip teams to thrive in future change.

"Maybe there are fewer changes, but overall people are done with changes. Employees want something familiar to cling on to. The capacity to handle changes has diminished. Whatever resiliency was there before has vanished."

HEATHER NELSON

DIRECTOR, TALENT MANAGEMENT AT PORTLAND GENERAL ELECTRIC

Insight No. 2

Technology transformation projects continue to be one of the top changes, and while highly visible, these projects often lack a well-communicated, long-term strategic roadmap.

42% of employees experienced a technology implementation last year

39% of employees listed technology implementation as an expected change for 2023

Last year, 42% of employees experienced a technology implementation, whereas organizational restructuring was the top change in pandemic-era 2021. This year, technology implementation ranked as the number one expected change with 39% of employees placing it as an expected change in 2023.

The pandemic proved that, unlike the volatile organizational restructuring projects, technology transformation projects will remain dominant in the change landscape as companies continue to seek the digitalization of services, increase efficiency, and reduce costs. From creating better customer alignment in a recessionary retail industry to adding automation to increase operational efficiencies amid headcount reductions — the types of technology transformations will continually evolve with time as organizations update their technology infrastructure to stay competitive in today's environment. The pandemic ignited this acceleration in technology project implementations — and it shows no signs of slowing.

"Demand for technology transformation projects has increasingly grown as organizations balance the growing need for digitalization of operations with improved customer and employee experiences. Effective leaders are ensuring successful business outcomes by making sure these projects are well-supported and readily adopted from the ideation stage."

SUNIL KASTURI
PROPELLER CHIEF GROWTH OFFICER

Insight No. 2 *(continued)*

From highest to lowest, what is true regarding technology transformation at your organization?

WHAT'S GOING WELL

- Top-level leadership is driving these changes
- Support from a designated IT help desk or support team
- Adoption and alignment with the business vision

OPPORTUNITIES FOR IMPROVEMENT

- Buy-in across all levels
- Sufficient staffing and budget
- Change is proactively led by a strategic technology roadmap

Technology projects are highly visible across organizations and largely driven by the need to streamline digital operations and reduce costs. Leaders have done well rallying behind these projects and highlighting the benefits of new technology. In this year's survey, employees agreed that these technology projects were driven by top-level leadership and were well adopted. However, similar to our first insight, problems with insufficient staffing and resourcing showed up again in these projects.

Change leaders understand that visible and active leadership support is one of the most important components of a successful change initiative. However, without a clear long-term roadmap, these changes are likely to feel siloed and built on top of each other, further leading to change fatigue and saturation. With concerns of an economic downturn and technology layoffs in the news, the likelihood of project budgets and staffing increasing feels unlikely.

Therefore, to succeed, business leaders need to achieve buy-in across all levels of the organization. This requires a well-defined and well-communicated strategy with a clear understanding of the "what's in it for me?" across all levels, as it can vary significantly from an executive to an individual contributor. Technology roadmaps need to be translated and tailored to the individual's needs and linked to overarching company goals. For example, by measuring and then communicating how a new tool reduces rework, mitigates risks, or improves efficiency through automation, it becomes easier to close the gap between the business's goals and the impact on the individual. Only then does it become less about implementing a shiny new tool and more about enabling the future state.

By fully integrating technology solutions into how the business operates as a whole, leaders can more clearly communicate how these technology transformation projects tie into the overarching strategic roadmap.

Insight No. 3

Remote work isn't becoming the future we envisioned, instead, companies are getting creative with hybrid options.

In response to the pandemic, businesses of all shapes and sizes quickly pivoted to fully remote policies. Offices were closed and leases forfeited while HR leaders added home office budgets and IT teams rolled out digital collaboration tools. Now, almost three years later, companies have had a chance to review these policies and, once again, redefine the future of work.

When asked last year, 32% of employees expected their companies to adopt a fully remote policy. However, this year, only 12% of employees reported that they are fully remote.

Instead, companies are getting creative with hybrid options. This year, 69% of employees are in some version of a hybrid work environment (part remote, part in the office). Comparatively, 45% of employees expected to be hybrid last year.

Fully remote policies aren't as prevalent as expected. Even many of the big-tech companies that first pioneered remote work have since switched to hybrid models, giving employees the flexibility to choose between remote and in-office experiences.

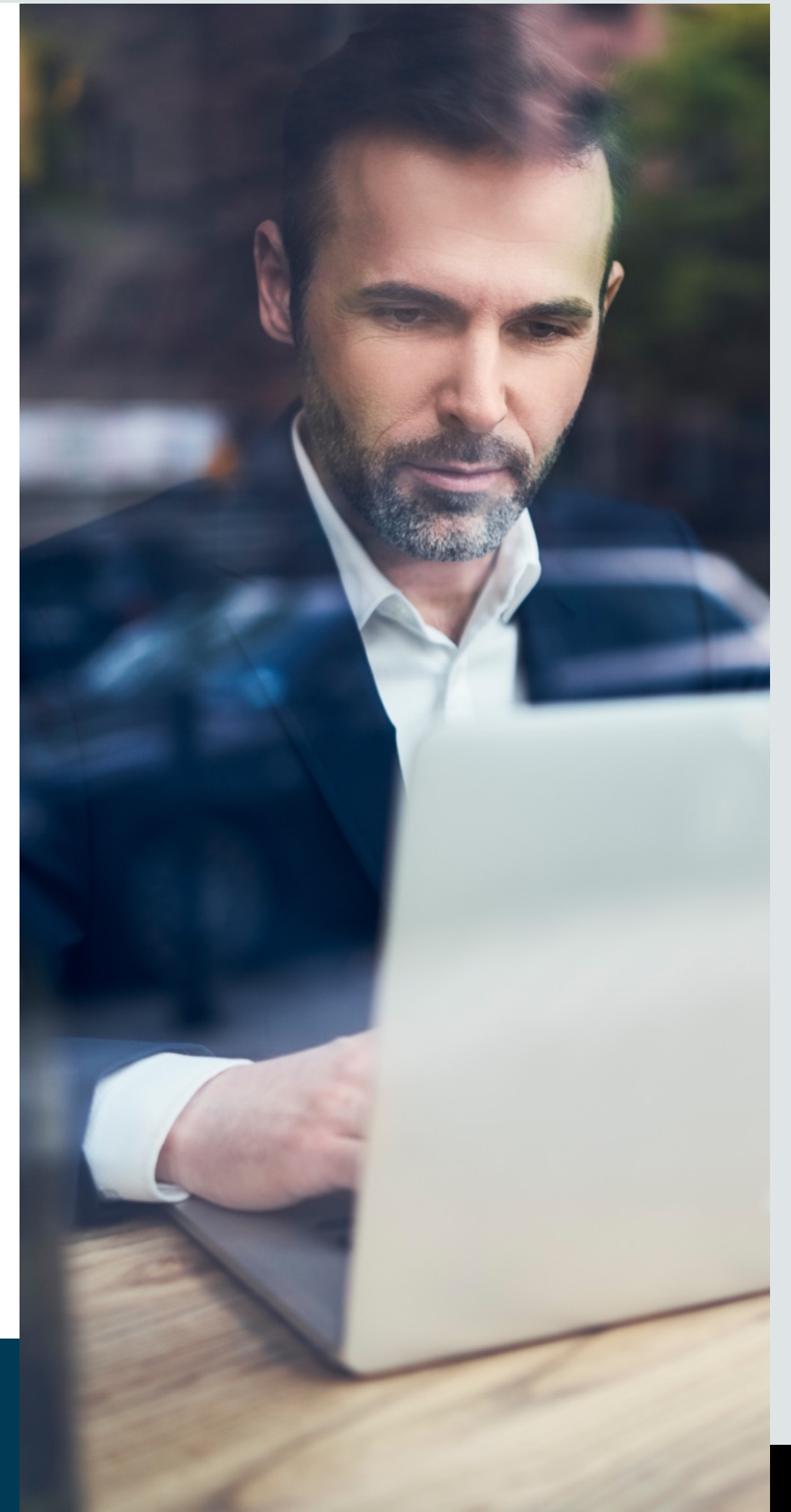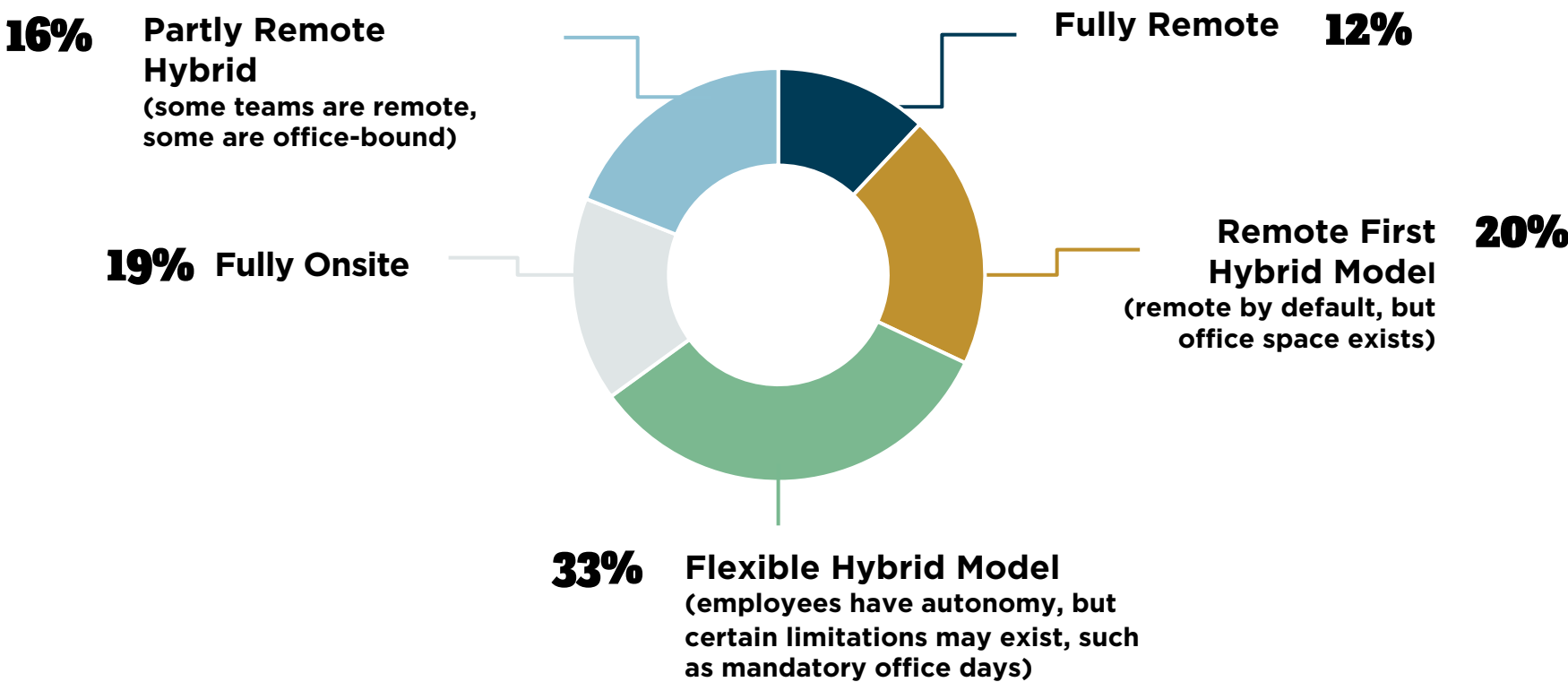**20** point difference between the expected remote work policy versus what happened

24 percentage point increase between employees who are hybrid this year compared to what was expected last year

Insight No. 3 *(continued)*

Survey Breakdown of 2022 Workforce Models

16% **Partly Remote Hybrid** (some teams are remote, some are office-bound)

Fully Remote **12%**

19% **Fully Onsite**

Remote First Hybrid Model **20%** (remote by default, but office space exists)

33% **Flexible Hybrid Model** (employees have autonomy, but certain limitations may exist, such as mandatory office days)

"The hybrid environment will be a process of iteration and, potentially, constant change. As that environment is continually shaped by external forces and company dynamics, companies need to approach 'future of work' decisions through their values and with transparency in mind. In doing so, you can better enable your leaders and support your employees with the right tools and resources for your respective hybrid reality."

RILEY SMITH
PROPELLER DIRECTOR, PEOPLE & CHANGE PRACTICE

Currently, we are seeing an increased number of C-suite leaders push to bring employees back to the office. This leaves HR with the predicament of managing leader expectations, creating a model that honors flexibility and collaboration for employees, and centering their talent acquisition and retention strategies on the employee experience.

How companies choose to bridge these challenges and opportunities varies based on company culture, executive sponsorship, and current economic pressures. Some offices are using badge swipes to monitor in-person activity, while others are introducing cornerstone moments to naturally encourage in-office participation. For some teams, these cornerstone moments are centered around business goals like quarterly business reviews, strategy sessions, or all-hands meetings. While others are utilizing opportunities like free lunches, professional speakers, or internal trainings to bring people together. Ultimately, organizations today are seeking the right mix to ensure they're thriving and growing amid an uncertain economic climate and competitive pressures.

Unfortunately, there is no one size fits all approach. Instead, listen to feedback from both leaders and employees and allow space for creativity when developing solutions. By acknowledging the cultural impacts of in-person, hybrid, and remote models, leaders can make informed decisions that meet business goals while maintaining a level of workplace flexibility that benefits employees. Only then, when leader and employee expectations align, will teams come together to collaborate and succeed in the new hybrid work environment and drive long-term business results.

Insight No. 4

> "[Leader and manager effectiveness] is a priority for 60% of HR leaders, and 24% say their leadership development approach does not prepare leaders for the future of work."
>
> **GARTNER**

New workforce models have put a high strain on companies, particularly middle managers, to solve and answer employee concerns.

Despite being one of the biggest periods of workplace change in recent history, employees think their organizations handled the change well. This is likely due to most companies embracing a flexible, hybrid model. Yet, notable issues are still present with these new workforce models.

83%

of employees think their company handled the shifting workforce model well

Top Reported Challenges With Virtual or Hybrid Environments
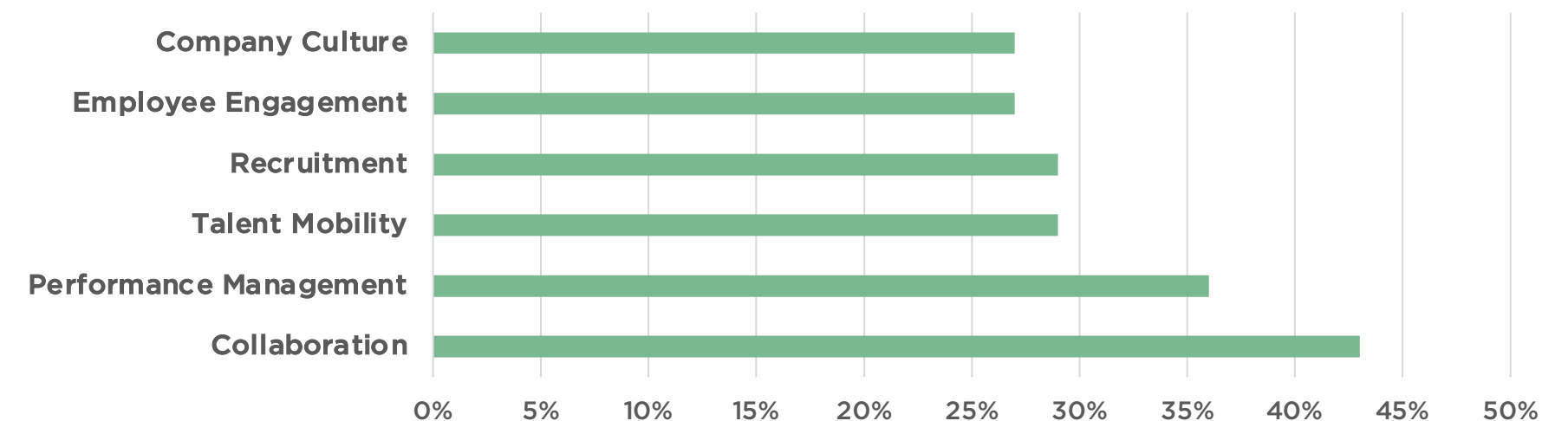
To most HR leaders, these challenges come as no surprise. When talking to our clients, anywhere from 50% to 70% of their workforce was hired while the company was in hybrid or remote workforce models. How do you engage employees and build a strong culture when they have never met in person? Better yet, how do you encourage strong collaboration in these new hybrid and remote workforce models?

The answer: **manager enablement.** The old ways of management like dropping by the cubicle or water cooler chats are no longer an option. Additionally, as the workforce becomes younger and baby boomers hit retirement, managers on average are coming in with fewer years of experience.

Proactive companies are approaching these challenges by more intently investing in manager training for items like performance management, emotional intelligence building, teaming, and career development. Formal manager toolkits, training sessions, and shifts in processes are how HR teams are helping managers support their employees amid these new workforce models.

Helping Your People Thrive in Change

The pandemic may be in the rearview, but the ripple effects, changing economic climate, and subsequent new challenges facing people leaders will continue to grow if unaddressed.

To succeed in 2023, companies need to embrace an all-encompassing employee strategy that addresses internal and external pressures, tackles change fatigue, supports cross-collaboration, aligns projects to business goals, and empowers middle managers to lead and inspire in their evolving work models.

While change may be constant, leaders can help their organizations and people thrive by incorporating the latest people research, change management best practices, and actionable recommendations we've just outlined. With this approach, you will chart a path for sustainable workplace changes with positive outcomes for your people and organization.

"By proactively building your organization's change capacity and resiliency, you are preparing employees for the future business landscape. The ability to understand and plan for this new rate of change is what will set leaders apart in the modern workforce."

SHEALYN NOSAL

PEOPLE & CHANGE PRACTICE DIRECTOR AT PROPELLER

Propeller's Approach
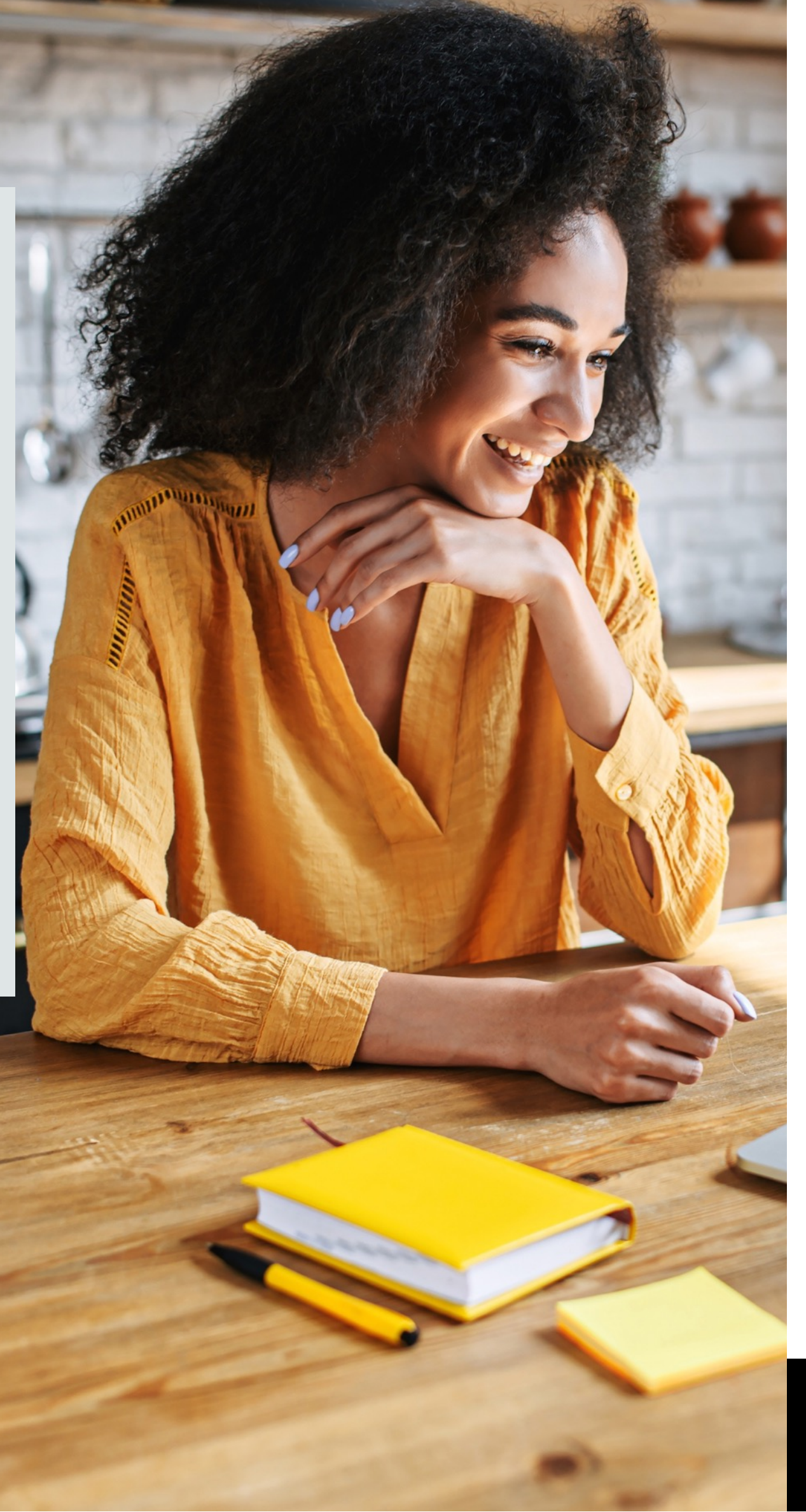
Riley Smith in

PEOPLE & CHANGE PRACTICE
DIRECTOR AT PROPELLER

Shealyn Nosal in

PEOPLE & CHANGE PRACTICE
DIRECTOR AT PROPELLER

Propeller's People & Change practice offers the tools, resources, and thought leadership to address today's challenges while designing and implementing strategic long-term people and change solutions that endure. With experience in back-to-office and hybrid work strategies, organizational alignment, technology transformations, and manager and leadership development projects, Propeller's propriety change framework and customizable solutions help our clients successfully lead change in their organizations. We do this by translating our clients' missions, visions, and core values into behaviors to help teams realize success.

Reach out to Propeller today to learn how we can strategically partner with you for change that brings sustained growth for years to come.

Let's Make Momentum

WWW.PROPELLER.COM   INFO@PROPELLER.COM

Empower Your Team To Tackle Change

Change Management Foundations Workshop for Teams

Change is inevitable — and necessary. It's what propels you forward. But that doesn't mean that change isn't difficult to navigate. Whether your team is challenged with regular change, or you want to provide them a leg up for future transformations — **our change management workshop will empower your team along any change journey.**

"This is a great, in-depth workshop on Change Management basics. Our team can utilize the new skills learned to positively impact our work with stakeholders and partners. Hands-on activities and discussions were helpful to reinforce content."

- Workshop Participant at a Fortune 500 Global Software Company

About the Workshop

In this Oregon Trail-themed workshop, you and your team will travel together on a wagon party adventure of obstacles, milestones, decisions, and discoveries.

On the trail, you'll learn to act as change managers and how to leverage resources and skills to plan a route forward, handle surprises, and work as a team to continue your journey.

- ✓ Learn change management foundation and common frameworks

- ✓ Use and apply change management tools and principles

- ✓ Collaborate in breakout groups for real-time use of skills taught in a playful game scenario

- ✓ Receive resources so learnings can be immediately applied

This workshop is designed for teams of 12 to 25 but can be adjusted for larger groups. While most impactful in person, it can be modified for virtual and dispersed teams.

Want to learn more about the workshop?

LET'S CONNECT