Redefining *inclusive leadership*

The data shaping the new hybrid workforce

Foreword

Employees expect more from their leaders and organizations.

At this pivotal moment, a new kind of *inclusive leadership* can help leaders at all levels build bridges between their people and the organization.

If they don't, organizations risk losing their most powerful predictor of performance: their talent.
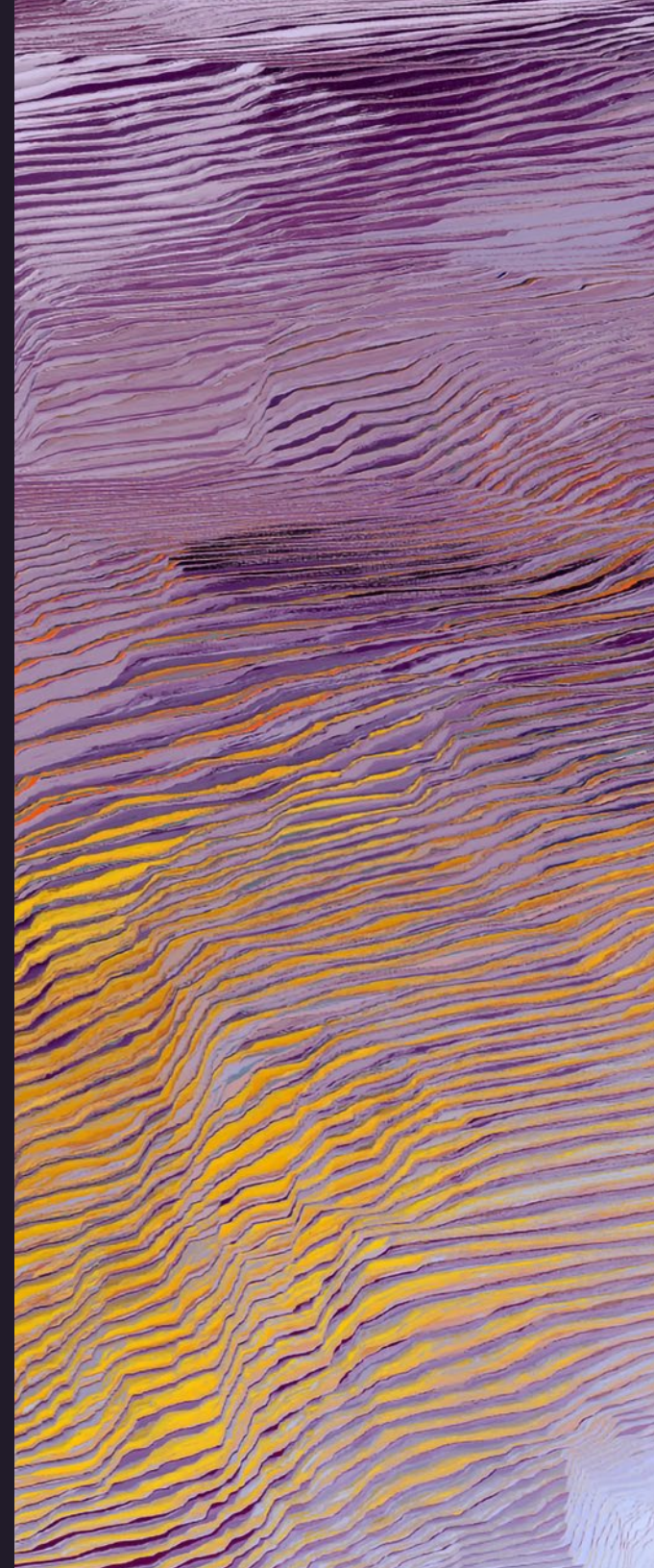
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Introduction

As we move toward a post-pandemic world, inclusive leadership across the organization has never been more important. Why?

Because a sense of belonging has never been more important for attracting and retaining talent and for drawing out more of the full potential of the workforce you have.

What it means to lead inclusively is playing out against a backdrop that is fundamentally more complex.

The business environment we encounter in the back-half of 2021 is not the same as the one we left pre-pandemic. Societal dynamics and expectations are not the same as they were in early 2020. With these changes come new possibilities, new challenges, and new awareness of problems. What people expect from their organizations is evolving. Our work environment, and the leadership that shapes it, has to evolve as well.

Two things are clear:

1. This is a pivotal moment for organizations to sustain the decades-long progress toward diversity and realize the full range of potential across the workforce by cultivating cultures of inclusion and belonging.

2. People managers are at the forefront of making hybrid work in a more complex environment, playing a key role in supporting well-being, sustaining performance, and cultivating belonging in their teams.

At BetterUp, we are in a unique position to understand how our BetterUp Members are faring over time — from leadership and performance perspective and in terms of well-being and personal growth — and how their needs and expectations of their organizations change.

Since the start of the pandemic,

We've tracked over 10,000 BetterUp Members engaged in our 1:1 personalized coaching. Representing all industries and functions, organizations large and small, these BetterUp Members are a cross-section of the workforce at many of today's leading companies. The anonymized data are generated through our unique and proprietary assessment approach including onboarding assessments, checkpoint surveys, weekly, post-session questions, coach reports, and 360 degree feedback reports providing a robust, longitudinal, data set to better understand how individuals are navigating their organizations and their lives — before, during, and after the pandemic.

The data provide a window into the unique differences, challenges, and needs of populations impacted by the pandemic. Insights here can help people managers support their teams in this new era of work.

The data reveal 5 key insights:

1 Unique subgroups have unique needs. Companies need to focus on creating psychological safety for underrepresented groups and support women and parents in their well-being.

2 Managers tend to show a lack of self-awareness about their own inclusive leadership behaviors in that they underestimate their skills.

3 In high demand seasons, performance and well-being are inextricably tied.

4 Shifting into and out of remote work comes at a cost but also shows benefits.

5 Managers' ability to lead inclusively has become significantly more predictive of employees' experience of belonging.

The pandemic alone didn't change our world.

It accelerated some long-developing trends, forced broad adoption of new technologies and business models, and amplified areas where the status quo was already broken.

Issues of racial and gender diversity continue to be a top concern, joined by issues of individual well-being, opportunity, development, and participation. The context has become more complex.

Teams and organizations face unprecedented challenges. Shifts to hybrid and remote work create vastly different experiences, working parents face ongoing challenges, 3 million women were displaced from the workforce, and the interplay of identities and circumstances complicates the needs of any single individual.

This is set against a backdrop of continued pressure for companies to be innovative and agile, achieving higher levels of performance, cultivating deep customer loyalty, and developing the skills and capabilities to succeed in the future. With a new "war for talent" underway and workers willing to leave, in-demand talent at all levels has agency to choose where and when to work. Workers can choose work environments that fit their needs and preferences — including for support, connection, inclusion, and belonging — and also align with their values. Demands have escalated.

People leaders in particular bear the weight of meeting this need. They are the ones encountering the human impact of new trends and challenges. They are the ones faced with building understanding, sensitivity, and workable solutions that flex to the unique needs and growth potential of each team member. Inclusive leadership, once a "nice to have," has graduated to a core competency, but new skills and mindsets are needed to support every employee. If organizations don't capitalize on this moment to support their managers in embodying inclusive leadership, they risk losing their people, the most powerful predictor of performance.[1]

Now is the time to revise the playbook for inclusive leadership and reimagine the work environment for this new era of work.

[1] Gallup, State of the American Manager: Analytics and Advice for Leaders, July 2015, https://www.gallup.com/services/182138/state-american-manager.aspx

The pandemic's impact on our people

The pandemic shined a spotlight on long-standing issues surrounding diversity, equity, inclusion, and belonging and the role organizations can play in propelling societal change. We've seen a racial reckoning at a societal level, differential impacts associated with race,[2] a rise in racially motivated hate crimes, and a great female recession.[3] These issues were important before the pandemic, but the urgency and awareness around them have skyrocketed over the past year.

Without sustained efforts now, the economic and social fallout from these events threatens the progress organizations have made toward diversity and inclusion. The organizational cost: lost talent and a more homogeneous workforce at just the moment when organizations need a diversity of ideas, perspectives, and approaches to drive performance and innovation in an increasingly complex environment.

[2] CDC, Health Equity Considerations and Racial and Ethnic Minority Groups, April 19, 2021, https://www.cdc.gov/coronavirus/2019-ncov/community/health-equity/race-ethnicity.html
[3] How covid-19 triggered America's first female recession in 50 years, The Economist, March 8, 2021, https://www.economist.com/graphic-detail/2021/03/08/how-covid-19-triggered-americas-first-female-recession-in-50-years

Beyond the organizational cost is the human cost.

Patterns of differential impact, equity, and workforce representation cut across group memberships of race and gender. An uptick of racism[4] has coincided with communities of color being hit harder by the virus. Discrimination inside and outside of work can create significantly more challenges for those affected. For example:

01

The COVID-19 death rate was eight times higher in more racially and ethnically diverse counties in the U.S.

02

Employees who are immuno-compromised, have at-risk family members, or have physical or mental health issues have faced greater stress and restriction.

03

Women lost a net of 5.4 million jobs during the recession, and job losses disproportionately impacted women of color.

[4] https://www.pewresearch.org/social-trends/2020/07/01/many-black-and-asian-americans-say-they-have-experienced-discrimination-amid-the-covid-19-outbreak/

The pandemic also brought the needs of other groups, such as parents, into focus.

With varying and unpredictable school closures, a general lack of child care options, and uncertainty around work-from-home arrangements, parents face unique, ongoing challenges. In fact, most women dropping out of the workforce cite childcare issues. But the inequality runs deeper than just women bearing the brunt of the child, family, home, and healthcare-giving roles.[7] For example, research has shown women are penalized for being visible caregivers, while fathers receive a fatherhood bonus.[8] With the greater transparency into employee's personal lives through remote work, the parenthood penalty for women is amplified.

At the same time, we saw widespread mental health impacts from the pandemic itself and a greater awareness and openness about the role well-being plays in our daily lives. This coincided with a shifting global narrative to reduce stigma around seeking support for mental health. In response, many organizations are stepping up to support employee mental health in ways they never have before — 70% of companies are offering, or starting to offer, mental health support in 2021.[9] The role of work in a healthy human condition was never clearer.

People need social connection, meaning and purpose, and support. The workplace is becoming a major conduit for these human needs. We've seen firsthand the importance of skills to support people through personal stressors, mental health challenges, and well-being issues, a need that will not disappear when the pandemic ends.[10]

[7] https://www.kff.org/womens-health-policy/issue-brief/women-work-and-family-during-covid-19-findings-from-the-kff-womens-health-survey/
[8] Budig, M. J., & England, P. (2001). The wage penalty for motherhood. American Sociological Review, 66, 204–225. https://doi.org/10.2307/2657415
[9] Glauber, R. (2008). Race and gender in families and at work: The fatherhood wage premium. Gender & Society, 22, 8–30. https://doi.org/10.1177/0891243207311593
[10] https://www.betterup.com/blog/the-employee-health-challenge-that-wont-disappear-with-the-pandemic

What does it mean for organizations?

The significant, visible, and variable impacts on the workforce have created a catalyst for organizations. Now is the time to evolve their approach to employees and the work environment to better support and use the full range of talent in the workforce.

There's a business imperative (and advantage) to looking beyond diversity.

In the past, "diversity" has been framed around demographic representation, often numeric quotas. However, awareness has grown of the importance of inclusion, equity and belonging in achieving the work environments and business outcomes to which organizations aspire. Broader DEIB (Diversity, Equity, Inclusion, Belonging) efforts now aim at ensuring that the organization recognizes and values the skills, experiences, and perspectives of the entire workforce and that every person in the organization can contribute and develop to their full potential. The goal: individual thriving, greater collaboration, innovation, and performance for the organization, and a work environment that attracts and retains the best talent possible.

The pandemic also drew attention to deeper levels of diversity — including mental health status, working arrangements, life experience or circumstances, and differing perspectives and beliefs (political, religious) — that require consideration within the organization's systems.
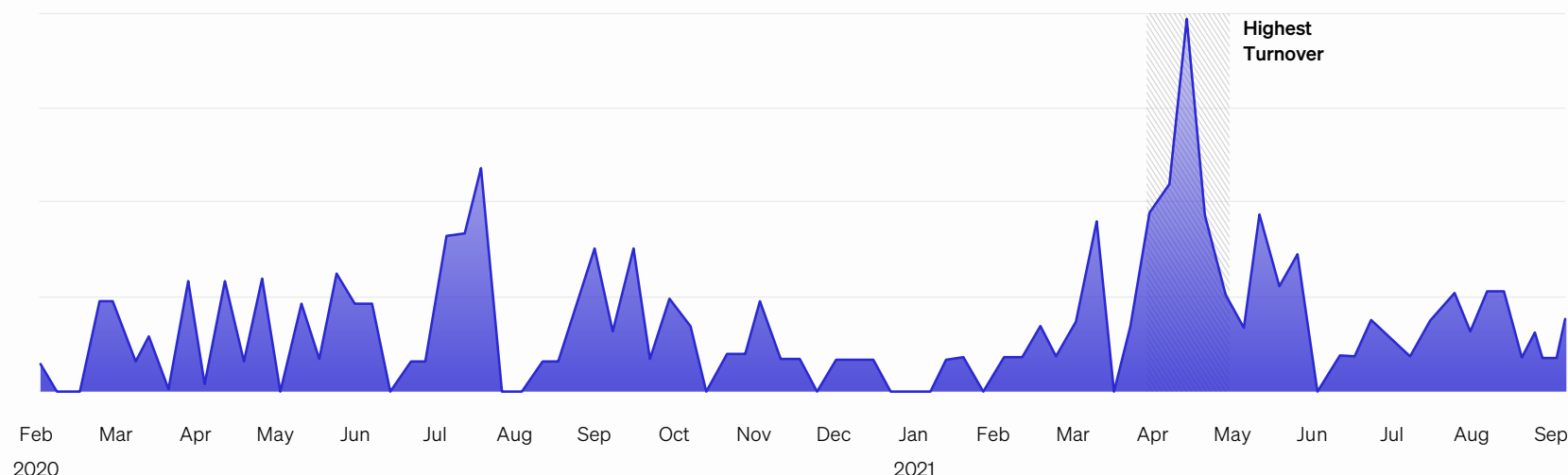
"Prorated" responsibility isn't enough.

It's not the responsibility of under-represented groups to drive change on their own, rather, there has been an awakening to a shared responsibility[11] among employee groups in enacting systemic change. The terms "white privilege", "allyship", and "anti-racist" each had never had higher search volume on Google than June 2020 after the murder of George Floyd. In the same week, the New York Times reported that 9 out of 10 best selling books at Barnes and Noble were about race or anti-racism and 10 out of 10 audiobooks were — some which were published many years ago but only recently became popular.[12] With 40% of Americans identifying with a race or ethnic group other than white, and 90% of white,[13] cisgender men acknowledging the importance of diversity and inclusion efforts in their organizations,[14] signals of a receptiveness to change abound.

And the importance for retention is not lost on organizations. In fact, the term "inclusive leadership" reached its highest search volume ever just months ago in April 2021. Perhaps it is no coincidence that was the same month the U.S. saw a record-high quit rate, with 4 million employees voluntarily leaving their employer.[15] This occurred with the backdrop of a record number of job postings and workplace re-entry negotiations looming.

Search volume for "inclusive leadership"

Highest Turnover

Feb 2020 — Mar — Apr — May — Jun — Jul — Aug — Sep — Oct — Nov — Dec — Jan 2021 — Feb — Mar — Apr — May — Jun — Jul — Aug — Sep

[11] https://www.gartner.com/smarterwithgartner/how-2020-accelerated-conversations-on-diversity-equity-and-inclusion/
[12] https://www.nytimes.com/2020/06/05/books/antiracism-books-race-racism.html
[13] https://www.brookings.edu/research/new-census-data-shows-the-nation-is-diversifying-even-faster-than-predicted/
[14] https://fortune.com/2020/10/05/corporate-diversity-inclusion-programs-training/
[15] https://www.piie.com/blogs/realtime-economic-issues-watch/us-workers-are-quitting-jobs-historic-rates-and-many-unemployed

People have unique needs driven by a multiplicity of identities.

The pandemic has also made it more clear that organizations' DEIB efforts must recognize and support multiple identities at once. For example, research suggests that persisting pandemic-induced gender gaps in the labor market may actually be explained by parental status — mothers (as women who are also parents) have fared worse than either women or parents overall.[16] If gender representation in the workforce is tied to parental status, parental status becomes an important identity of interest for organizations as does the intersection of these two identities.

A siloed approach to diversity, equity, inclusion, and belonging that views identity as singular misses both critical needs as well as opportunities to make more significant and sustainable impact for employees. An intersectional lens on diversity can enable organizations to recognize the way an individual holds multiple identities with associated life challenges and needs that change over time.

What people expect has changed

People, as employees, and often as consumers, have new expectations for their organizations.

Looking to the future, supporting all employees becomes increasingly complex for organizations. The very nature of how, where, and when we work, and the conventional wisdom of what we're able to achieve, have been challenged to their core: from a vaccine developed within 10 months to massive organizations embracing forward-thinking configurations to support their shifting employee populations needs. Consider that Microsoft is now operating under a flexible, hybrid work strategy for 160,000+ employees around the world,[17] and Salesforce has declared that "the 9-to-5 workday is dead."[18]

At the same time, employees' expectations of employers have never been higher. Decades ago the employee-employer contract was more directly an exchange of time for money. The contract now encompasses much more. Employers are expected to help their employees grow, develop as professionals, learn skills and stay relevant, achieve career goals, connect with others, build relationships, feel belonging, find purpose and meaning, and feel valued and cared for. Employers are expected to not harm physical or mental health, to provide resources for well-being, and to make a positive difference in the world.

Just as the institution of marriage transformed from a legal arrangement to protect family assets to the culminating fulfillment of a "soulmate," so too has the employee-employer relationship evolved and expectations risen. Like love and marriage, the concepts of self-actualization and work may one day seem inseparable.

[17] https://www.microsoft.com/en-us/worklab/work-trend-index/hybrid-work
[18] https://www.weforum.org/agenda/2021/02/salesforce-workday-employees-work-from-home-covid19/

This matters because these beliefs show up in the talent market and impact employee experience, motivation, retention and recruitment. The "quit rate" and expressed willingness to leave employment is high, alarming enough that some have termed it a "turnover tsunami" or the "great re-shuffling."[19] And with physical location barriers disintegrating, the talent market has become increasingly competitive and dynamic.

In this "war for talent," employees are demanding flexibility, space, support, and trust from their managers. They want to work with diverse teams where they feel comfortable and valued being themselves and where they can realize more of their own potential.[20]

Winning the hearts and minds of talent in this new era of work means embracing flexible work arrangements, letting employees choose where, when, and how to work, yet managing that flexibility in a way that still cultivates a sense of connection, belonging, meaning, and purpose.
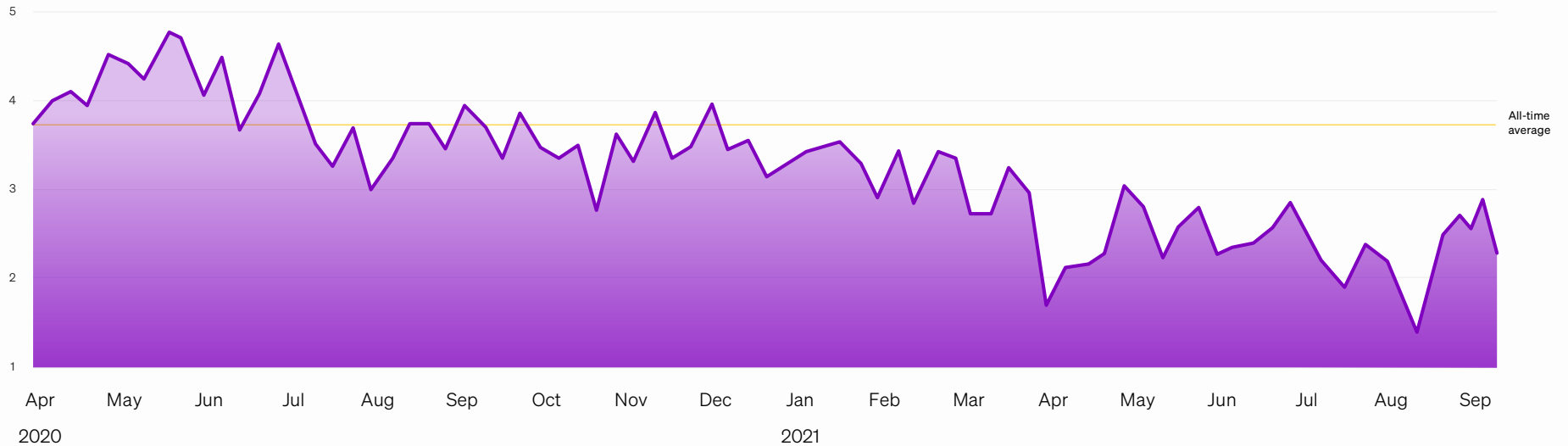
The data show that organizations are struggling to manage this balance and suffering the consequences.

Leading into the exodus of talent in April 2021,[21] the aggregate sense of belonging among workers dipped. According to BetterUp Member data, April saw the lowest state of collective belonging since the pandemic began.

[20] https://hbr.org/2021/05/what-your-future-employees-want-most
[21] https://www.bls.gov/news.release/pdf/jolts.pdf

Belonging over time

These data reveal something else: A general downward trend on belonging since last summer. Under stay at home orders, much of the workforce got into the same "work-from-home boat." Now, with some people back in the office, others in hybrid work, and others staying home, it's more clear that we're not all in the same boat. We're in different boats that are moving further apart, making it harder to maintain connection and belonging. And it's showing up in the employee experience. The diversifying work arrangements of the re-emergence come with a new **belonging tax**.

This belonging tax has an immediate, negative impact on retention.

Our data show that belonging is paramount for retention. We recently analyzed 60 potential predictors of intent to stay (across 5,374 BetterUp Members), including a range of leadership skills, work behaviors, states (such as engagement), and personal skills (such as resilience and growth mindset).

The top five predictors of high employee *intent to stay* were:

1   Organizational commitment

2   Belonging

3   Job satisfaction

4   Employee experience

5   Meaning and purpose

Belonging was second only to organizational commitment, a state partially influenced by factors such as fear of job loss or sense of obligation. In fact, the data show that, collectively, 1) our connections to others and 2) our connection to the work itself matter the most for intent to stay. This combined with the downward trend of belonging through 2021 offers a powerful enticement: organizations that find a way to maintain a sense of inclusion, belonging, and desirable employee experience within, or despite, hybrid or remote work will have a distinct competitive advantage.

It's a tall order. Most organizations are not yet prepared to deliver it. The logistics of hybrid work are still in flight, let alone how leaders will actually create and manage inclusive, hybrid working teams. But it is also a momentous opportunity for the organizations that recognize and act on it.

This is a pivotal moment for organizations.

We have arrived at an inflection point for how organizations must think about and operationalize DEIB efforts that will support all their people. The events of the last year and a half have ignited a call for profound change. From the murder of George Floyd and the racial reckoning that followed to the wide-ranging impacts of the pandemic, these events moved us — to collectively look inward and commit to finding ways to create a more just and equitable society. Leaders have traditionally focused narrowly, deepening their commitments to expanding the diversity of employees. But is that enough? Will that drive real cultural change in the workplace?

This is a pivotal moment for organizations to build back better. The collective readiness of employees and employers to invest in DIEB efforts has never been higher.[22] At the same time, many organizations are also redesigning work. Taken together, organizations have a unique opportunity to propel their businesses into higher levels of organizational and individual thriving by capitalizing on the moment.

There's no good alternative. If organizations don't invest in supporting disproportionately affected groups, meeting all employees where they are with their unique needs, and building the skills for inclusive leadership throughout the organization, they will suffer higher talent turnover. They will also lose hard-earned progress toward building a culture that attracts and retains the people needed to power future performance.[23]

This loss won't just represent a shift in representation numbers, but a jarring slide in competitive advantage. The stakes are higher now than ever before.

[22] Jordan Bryan, "How 2020 Accelerated Conversations on Diversity, Equity and Inclusion," *Smarter with Gartner,* September 11, 2020, https://www.gartner.com/smarterwithgartner/how-2020-accelerated-conversations-on-diversity-equity-and-inclusion/
[23] https://www.wsj.com/articles/how-the-coronavirus-crisis-threatens-to-set-back-womens-careers-11601438460

People managers are on the forefront of change

The role of any people leader transformed through the pandemic into one with a soaring level of responsibility.

Communications, implementation, and people management fall on the manager, and they have the most influence on the experience of employees. Managers both bear the responsibility, and have the greatest opportunity, to construct inclusive teams in this new era of work.

Just as parents have had to navigate the complexities of family systems against a backdrop of hybrid school arrangements and remote learning, managers are navigating the complexities of team systems against hybrid and remote work arrangements. Even if a particular organization or team has elected not to adopt hybrid or remote work, it's almost guaranteed that they will face complexities from clients, customers, or vendors who have. Where the rubber meets the road — it is managers who will have to make work "work" in a new hybrid era.

In order to support their teams in this new world of work, managers need to re-learn how to lead and manage effectively under these conditions. How do you cultivate meaning, purpose, and a sense of belonging when teammates no longer share similar experiences? What does inclusion look like if only some types of people are in office and others are still at home? How do leaders protect against hybrid work creating a two-class system where workers in the office are overvalued or over-rewarded with opportunities for growth and advancement?[24]
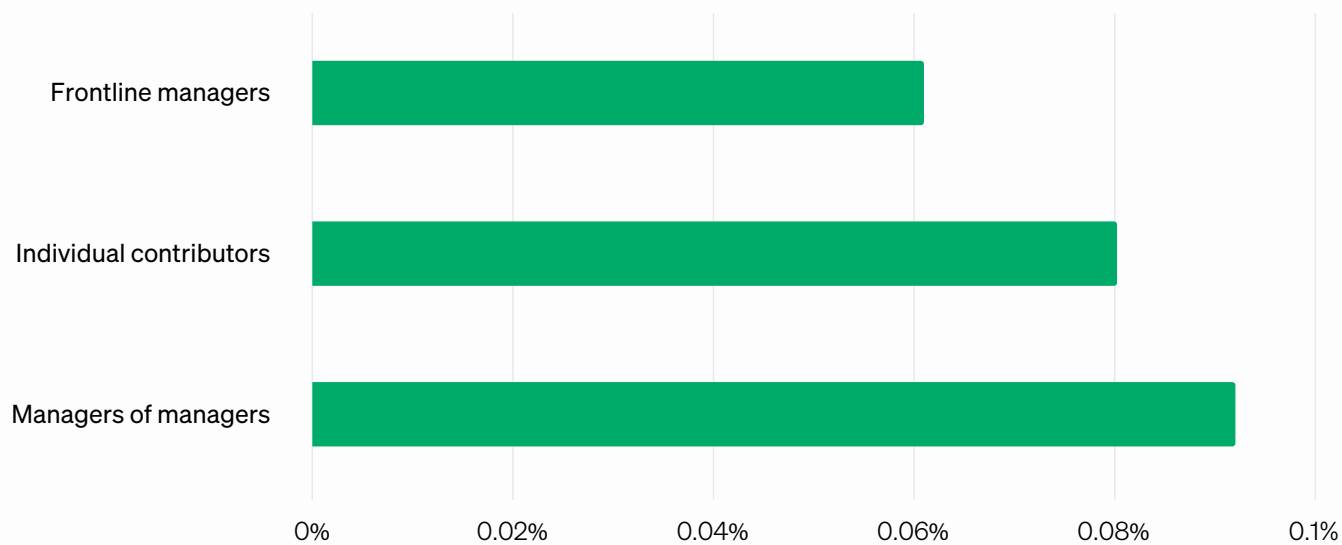
Just as parents have had to navigate the complexities of family systems against a backdrop of hybrid school arrangements and remote learning, managers are navigating the complexities of team systems against hybrid and remote work arrangements.

[24] https://www.businessinsider.com/partial-remote-work-hidden-downside-for-working-moms-2021-6

Given remote work arrangements tend to be preferred by certain populations, such as working mothers relative to working fathers,[25] not providing the right support for managers to develop new inclusive leadership skills could harm DEIB efforts, and the organization, for years to come. Yet managers tend to be under-supported — economically, emotionally, and in organizational resources — especially middle and frontline management.[26] Add to that, managers are often now expected to be a source of support around mental health. In fact, 35% of organizations now rely on the manager to communicate with their teams about mental health.[27]

Whether managers are equipped for this role is debatable. BetterUp has been tracking employee well-being across BetterUp Members since the beginning of the pandemic, reflecting more than 22,000 data points, and we found that the lowest point for well-being occurred in June 2020 and had stabilized by spring 2021. Despite the rebound, the challenges from the pandemic are still reverberating for frontline managers. They've had a slower recovery of well-being relative to both individual contributors and higher level managers.

Well-being improvement since last spring

25 https://www.businessinsider.com/partial-remote-work-hidden-downside-for-working-moms-2021-6
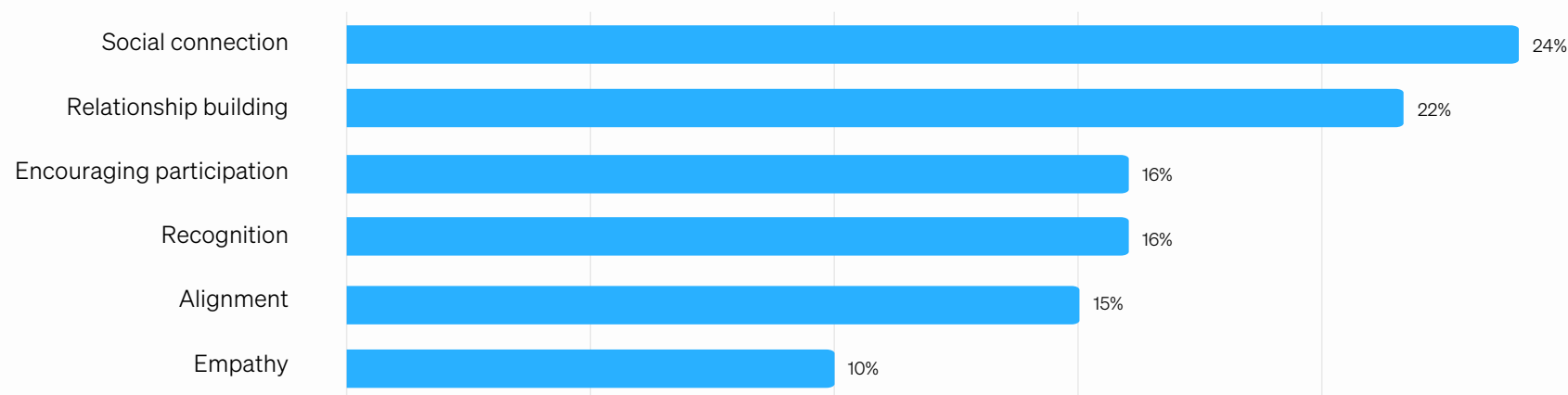26 https://www.greatplacetowork.com/resources/blog/got-a-bad-case-of-frontline-manager-funk
27 https://www.mckinsey.com/industries/healthcare-systems-and-services/our-insights/nati[…]ct-between-employees-and-employers-around-mental-health-need

People managers in general tend to lack self-awareness around their inclusive leadership skill levels. We examined 360-degree ratings of people leaders. For these people leaders, 5,300 other individuals spanning direct reports, peers, and managers, provided ratings on the people leaders' skills. An interesting pattern emerged. Other people tended to rate the people manager higher on inclusive leadership skills than the people managers rated themselves. In other words, people managers tend to underestimate their abilities on these skills relative to how others perceive them. This finding held across direct report-, manager-, and peer-reviews. This points toward a lack of self-awareness and low confidence among managers about their own ability to lead inclusively and the behaviors that contribute toward others feeling included. People managers need support to build their skills, but also to develop their own confidence and self-awareness.

Supporting people managers is critical to the success of any organization's DEIB efforts. By shaping the day-to-day experience of individuals, people managers act as agents of change for the entire organization.[28] In fact, BetterUp has found that when direct reports view their manager as inclusive, their global perceptions of how much the organization supports them improves by 20%. Not surprisingly, when employees feel supported, they are 3.4X more likely to have high job satisfaction, 2.7X more likely to have high organizational commitment, 2.1X more likely to be high in stress management, and 1.9X more likely to be highly engaged.

The point: Managers hold immense power to create change, but they tend to lack confidence in having the skills necessary for the task.

Difference in self-reporting of managers' skills vs. direct report rating

Skill	Percentage
Social connection	24%
Relationship building	22%
Encouraging participation	16%
Recognition	16%
Alignment	15%
Empathy	10%

[29] It's important to acknowledge that while these insights were derived from differential patterns in data produced by groups of individuals in categories that none of these groups are mutually exclusive. Intersectionality between identities needs acknowledgement. Furthermore, people's states, needs, and conditions change over time. Humans are dynamic and messy, but for the purposes of this research, group categorization was applied.

The new *inclusive leadership*: What people managers need to know

This data provides a window into the unique differences, challenges, and needs of populations impacted by the pandemic. Insights here can help people managers support everyone on their team in this new era of work.

There's power in *psychological safety* for racial and ethnic minorities.

The research shows that racial and ethnically underrepresented groups were more likely to experience low belonging through the pandemic (with statistical significance). **Specifically, underrepresented group members are 1.6X more likely to have low belonging.** This is practically important because of the relatively high correlation between belonging and intent to stay (shown through this research).[30] When people don't feel they belong, nearly 1 in 5 will quit because of it. We also found that talent loss for individuals with low belonging is disproportionately high for racial and ethnic minorities, by 59%.[31] Low belonging is disproportionately impacting underrepresented groups and disproportionately increasing turnover in those groups.

However, despite generally lower rates of belonging, a clear pattern in the data suggested a remedy: psychologically safe team environments. When underrepresented group members were on teams with a leader who created a notably high environment of safe and open communication, we saw dramatically different profiles. Underrepresented Members on psychologically safe teams reported 31% higher perceived organizational support, 47% higher sense of connection to teammates, and 25% higher rates of belonging.

Underrepresented Members on psychologically safe teams reported:

31% higher perceived *organizational support*

47% higher sense of *connection to teammates*

25% higher rates of *belonging*

[30] r=.47

[31] Found through modeling the turnover rate for 100 general population employees based on the scientific evidence informing 1) the rate of low belonging, 2) the proportion of low belonging individuals in the lowest quartile for intent to stay and 3) the degree of relation between intent to stay and actual turnover as reported here: https://journals.sagepub.com/doi/10.1177/014920630002600305. This model was then repeated for underrepresented groups. Given the disproportionate rate in low belonging for underrepresented groups, the turnover impact varied with general population employees having a projected 4.6 individuals leave due to unbelonging and underrepresented groups having a projected 7.3 employees leave due to unbelonging, an increase of 59% for underrepresented groups.

Interestingly, underrepresented group members rate psychological safety about 4% lower on average than the overall Member base. This signals that these individuals might have a higher threshold for what qualifies as psychologically safe for them. This underscores the skill and ability required from people managers. People managers can't just "meet the mark" for inclusive leadership when it comes to psychological safety. If organizations want to reverse the disproportionate turnover in underrepresented groups due to unbelonging, people managers need to become excellent at creating psychological safety.

Support for well-being is critical for women and parents.

If you look at the workforce participation rates today, you might think we're back in 1988. Experts are suggesting due to the impact of the year's events, the projected timeline for gender parity is now 136 years out (instead of 99)[32] — unless we use this moment to accelerate change.

Unfortunately, parents — especially mothers — have disproportionately left or been removed from the workforce. Relative to women with children, the recovery in employment and labor force has been more favorable for men and for women without children.[33]

Impact of psychologically safe teams for racial and ethnic minorities

■ Low psychological safety ■ High psychological safety
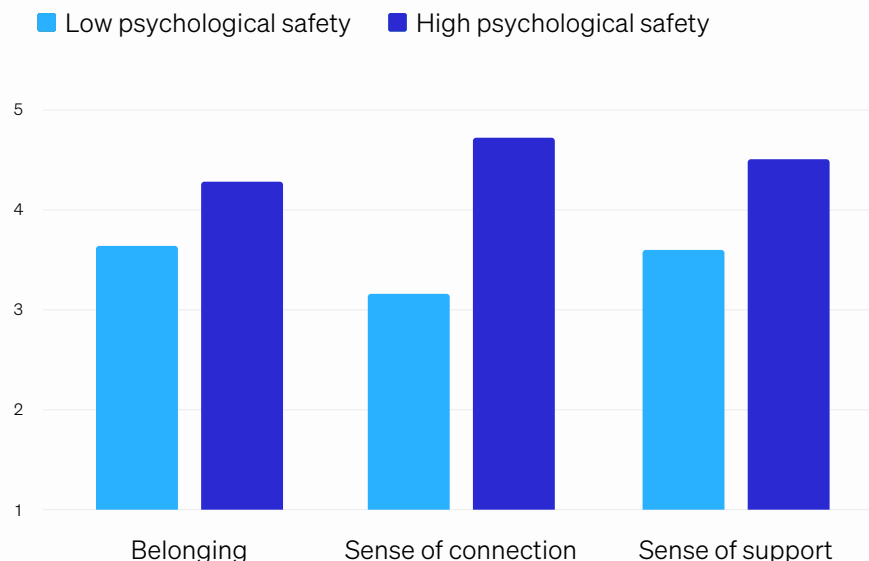
Racial and ethnic minorities are at higher risk for low belonging and in turn, attrition, but when leaders know how to create psychologically safe work environments, feelings of support, connection, and belonging for underrepresented team members can improve dramatically.

[32] https://www.weforum.org/reports/global-gender-gap-report-2021

[33] https://www.frbsf.org/economic-research/publications/economic-letter/2021/april/parental-participation-in-pandemic-labor-market/

Our data show that compared to the general population, during the pandemic women tended to have statistically significant lower well-being (by 3%), lower intent to stay (by 3%), lower belonging (by 11%), and lower perceptions of support from the organization (by 3%).

The differential impacts and needs of parents also come through in our coaching topic data. For women, the most frequently discussed topic with their BetterUp Coaches was career planning. For parents, the most frequently discussed topics in coaching are stress management and self-care. This reflects the different support needed for these groups.

However, we also saw that inclusive leaders have a positive impact for women and parents. When managers recognized and supported the unique challenges of these individuals through the pandemic, it buffered the negative impacts.

When it comes to well-being, feeling supported at work was associated with a 17% boost in women's actual well-being since the pandemic began and a 28% boost for parents.

When women are supported

Low support   High support

+17%   +31%

Well-being   Intent to stay
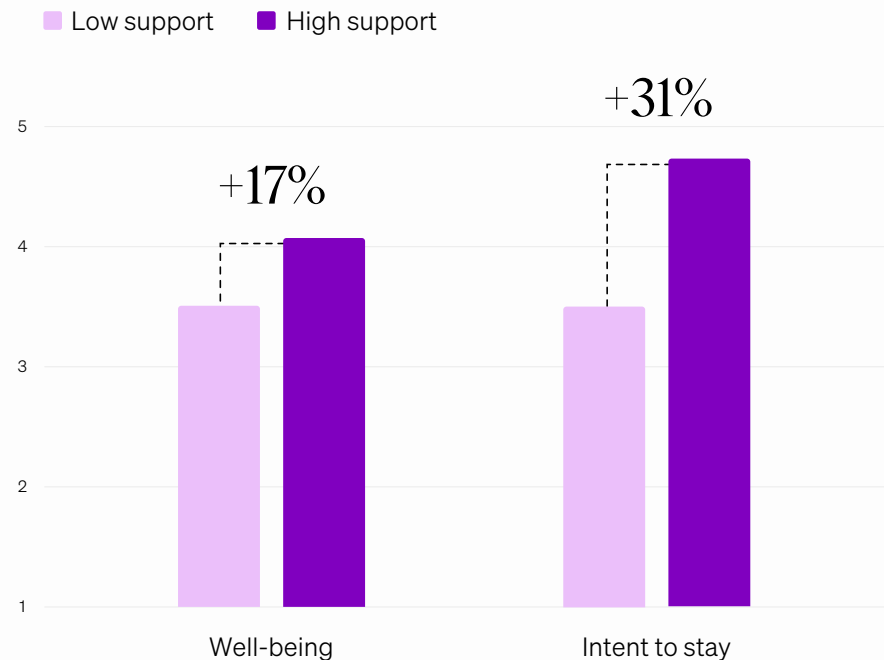
Feeling supported at work has additional benefits. Since the pandemic began, intent to stay scores have been higher when women and parents feel supported – by 31% for women and 13% for parents.

While many personal and family systems factors come into play for intent to stay – especially for parents — organizations have a powerful lever. This intent to stay boost is squarely within the sphere of control for the organization — helping people feel seen, included, and supported — by helping people leaders at all levels develop the skills they need to do it.

For women and parents, feeling supported by the organization and their managers can offer meaningful advantages for the individual's well-being and intent to stay.

When parents are supported

■ Low support   ■ High support

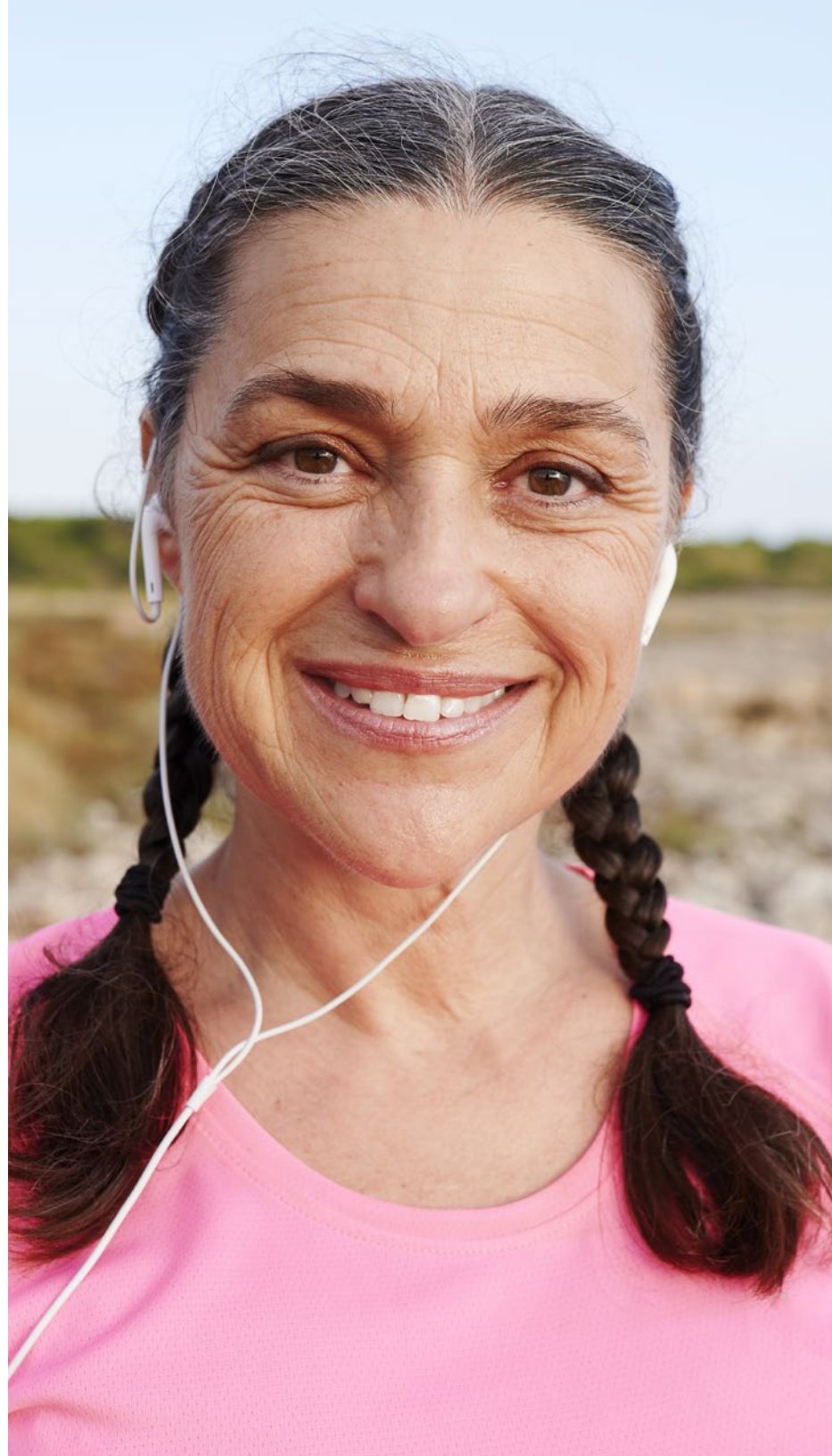+28%   +13%

Well-being   Intent to stay
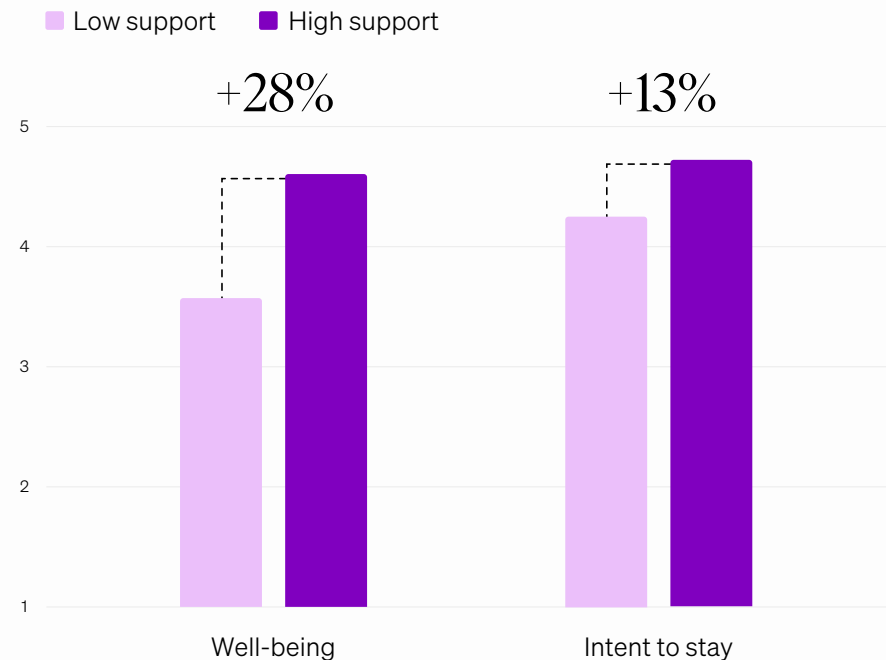
Well-being underpins performance for everyone.

In the past year, there has been a groundswell of conversation about rising well-being needs, the spectrum of mental health,[34] and how organizations can help support people in mental health improvement as a part of the "mental health revolution."[35] Importantly, well-being is a universal concern. No one is immune from the ups and downs of life. Whether you are an intern, a top performer, or a CEO.

Organizations are waking up to the need to more proactively support the well-being of every employee. This type of support has been missing. Historically, most employers have tended to focus on physical well-being, encouraging movement and exercise, healthy eating, and smoking cessation. While many companies support employee resource groups and offer employee assistance programs (EAP) for those with clinical needs, for a variety of reasons what has been offered for mental health and well-being hasn't effectively met the needs of the broader workforce[36] or made a difference in overall well-being.

Now, with greater awareness that well-being is integral to performance, 41% of organizations[37] are expanding their mental health programs this year. Yet, despite these investments, 55% of the workforce is languishing,[38] even pre-pandemic.

34 https://www.betterup.com/en-us/resources/blog/not-ill-not-well-massive-middle
35 https://www.mckinsey.com/industries/healthcare-systems-and-services/our-insights/mental-health-in-the-workplace-the-coming-revolution
36 https://www.betterup.com/en-us/resources/blog/the-employee-health-challenge-that-wont-disappear-with-the-pandemic
37 https://hbr-org.cdn.ampproject.org/c/s/hbr.org/amp/2021/04/the-pandemic-is-changing-employee-benefits
38 https://www.betterup.com/en-us/resources/blog/not-ill-not-well-massive-middle

The pandemic was a wake up call for well-being in the workplace. It was never more clear: when people are languishing or not doing well emotionally, they can't contribute their best work. Personal motivation becomes secondary when we are struggling on the inside.

The reason: human motivation is tied to a hierarchy of needs.

An employee's ability to perform their best work is hampered if basic needs (safety, security, belonging, self-esteem) are not met. This is eloquently illustrated by the differences in coaching topics between those who are languishing and those who are thriving.

Maslow's hierarchy of needs

Self-actualization

Esteem

Love and belonging
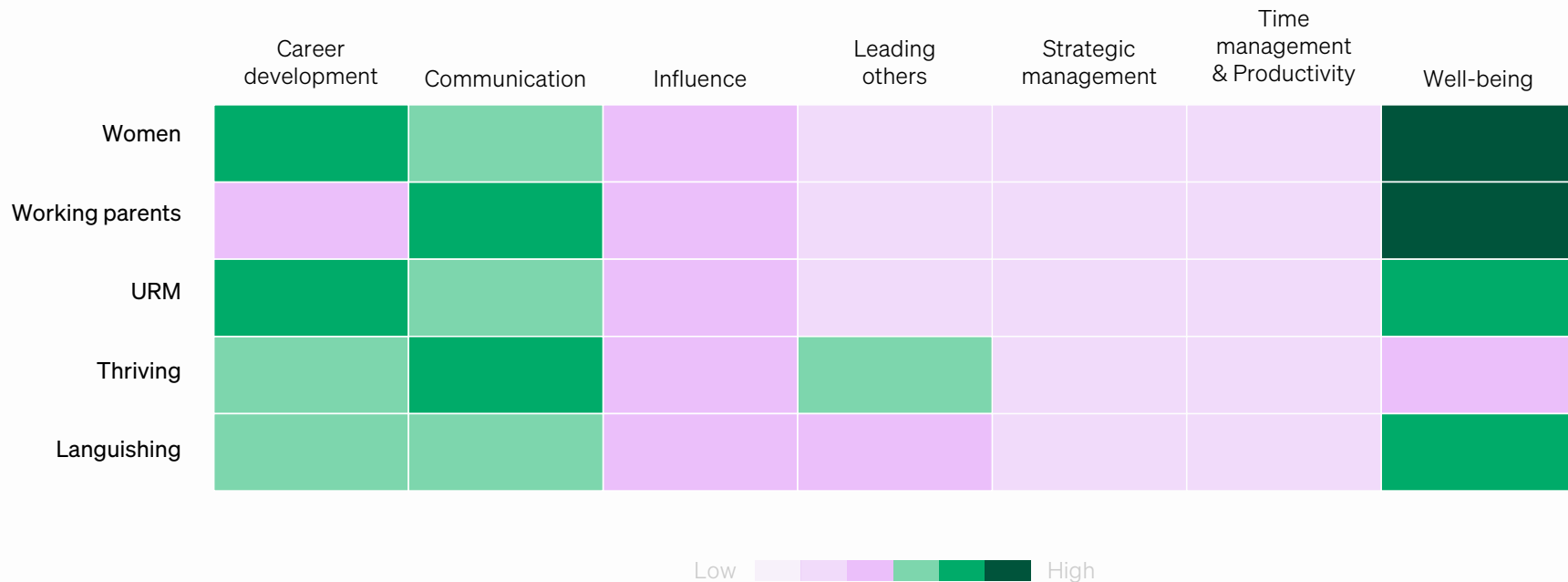
Safety needs

Physiological needs
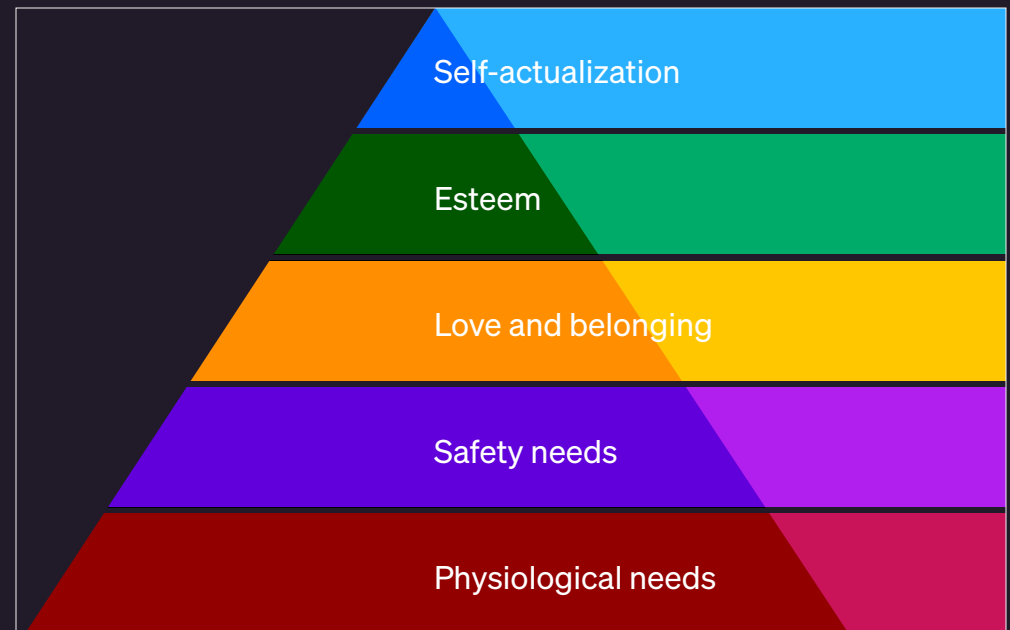
For the languishing, Well-being is the top topic Members discuss with their Coach, with Leading Others and Strategic Management falling far behind. However, for those who have high well-being (the thriving), Well-being as a topic consumes far less attention in coaching, especially relative to time spent on Communication, Career Development, and Leading Others.

When we thrive, we open space for growth in other areas. When we are struggling, getting back to well-being is a top priority focus.

For organizations grappling with the mental health crisis exacerbated by the pandemic, it's important to see how essential — and distracting — states of languishing can be to other forms of development.

Coaching topic trends for diverse populations

	Career development	Communication	Influence	Leading others	Strategic management	Time management & Productivity	Well-being
Women							
Working parents							
URM							
Thriving							
Languishing							

Low ▢▢▢▢▢▢ High

What's more, when we look at the cross-time trend lines of well-being and productivity, it is clear that there is a tight relationship between them. When well-being is high, productivity tends to be high. The holidays are an obvious (and expected) exception to the rule. Even so, we saw no time of high productivity without a correspondingly high well-being level. In other words, when it comes to productivity — well-being might not be all that matters, but it is absolutely necessary.

Our data also suggest other performance effects between those languishing and thriving:

25%
Productivity gap
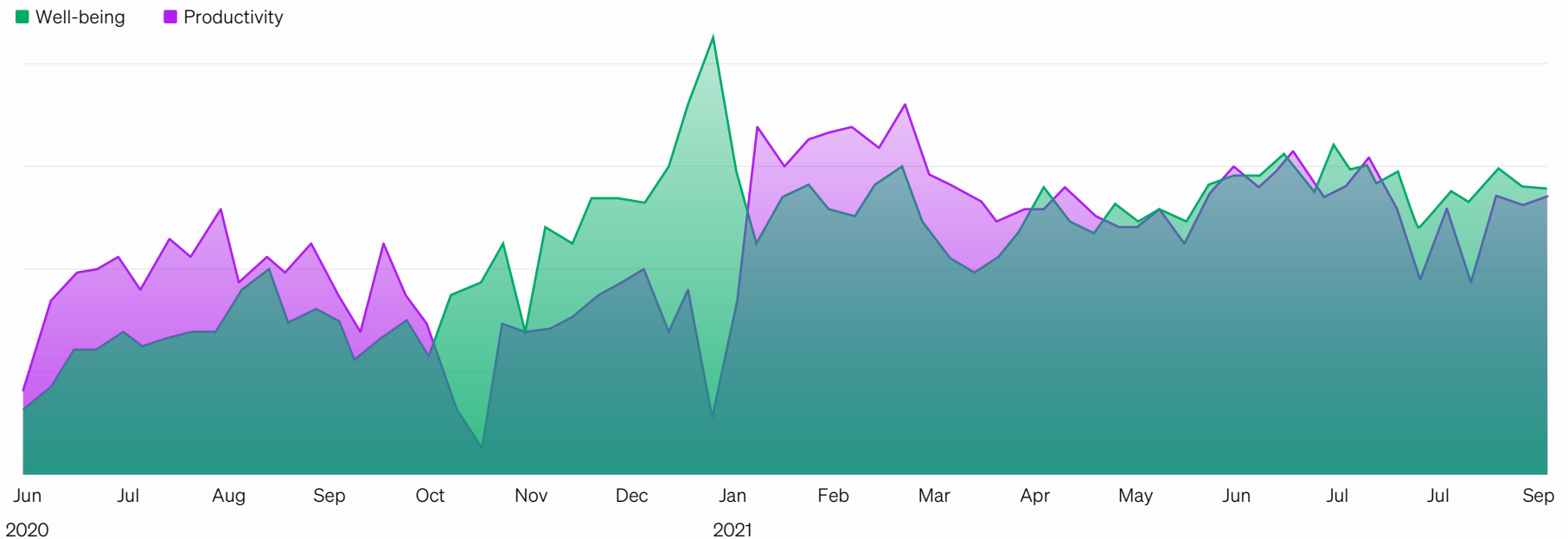
34%
Engagement gap

5X
More likely to be rated as a top performer when thriving

If it is in the best interest of the organization to attend to the well-being of employees, how can organizations take action?
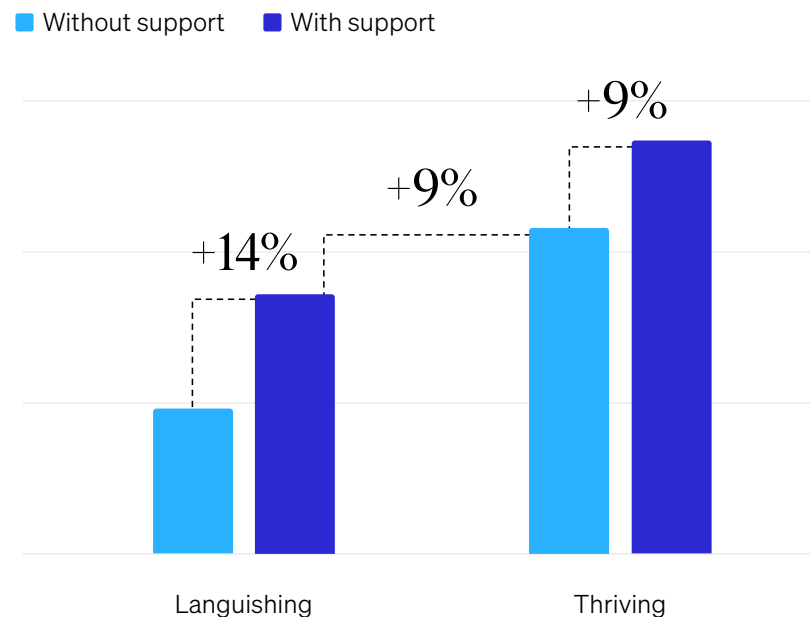
Well-being and productivity over time

■ Well-being ■ Productivity

Jun 2020 · Jul · Aug · Sep · Oct · Nov · Dec · Jan 2021 · Feb · Mar · Apr · May · Jun · Jul · Jul · Sep

Again, it comes down to the people leaders, how they support their people, and how supported their people actually feel. Our research suggests that employees who are in states of languishing but also feel supported have a 14% improvement in productivity. While feeling supported alone won't equalize productivity rates to those of thriving employees, it basically cuts the hit to productivity from low well-being in half. In other words, organizations and managers can not only help people who are suffering but also buffer the impact of that suffering on productivity. Interestingly, we also saw productivity benefits from support for well-being for people who already were thriving. That suggests that supportive leaders can shift the entire productivity curve for an organization.

Impact of support on productivity

■ Without support   ■ With support

+9%

+9%

+14%

Languishing   Thriving

There is an inextricable link between *well-being and productivity,* and the role of people leaders in it, should not be underestimated.

Making hybrid work *work*

Underrepresented groups, women, parents, and the pervasive struggle with mental health represent a broadening scope of concerns for organizations and people leaders.

But now, as we re-emerge and enter a post-pandemic era of work, it gets more complex.

Dynamic and hybrid forms of work are on the rise. Across the employee population, some are returning to the office full time, some are staying remote, and some are straddling the line with either mandatory or elected mixes between in office and remote days.

We now face an additional dimension of diversity in the workplace — demographic group memberships are crossed by work arrangements.
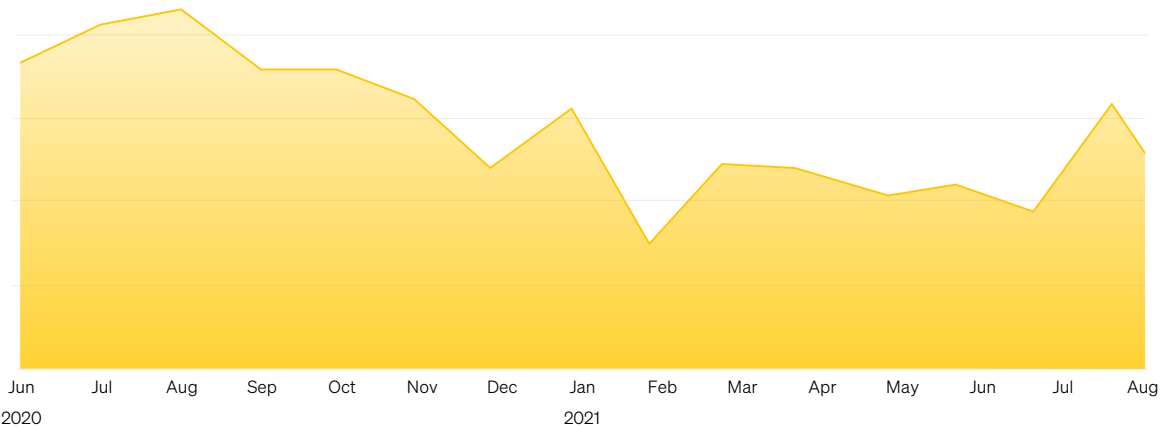
Through our Member data, we have been tracking the shifts into and out of remote and hybrid work across the year. We've seen several patterns:

1   The rate of people entering fully remote work has dropped by 50% since summer 2020, with a small upturn as we approach fall 2021. The bulk of the surge into remote work may be over but the need to stay sensitive to issues attached to remote work is not. Organizations still face change management around remote work for a significant portion of the workforce.

2   Hybrid work arrangements are increasing more rapidly than returning to the office full-time. June 2021 saw a 223% higher rate of return to a hybrid work arrangement than return to full time office work. In general the trend suggests that people are not simply going back to pre-pandemic ways of working, they are entering a new form of work altogether.
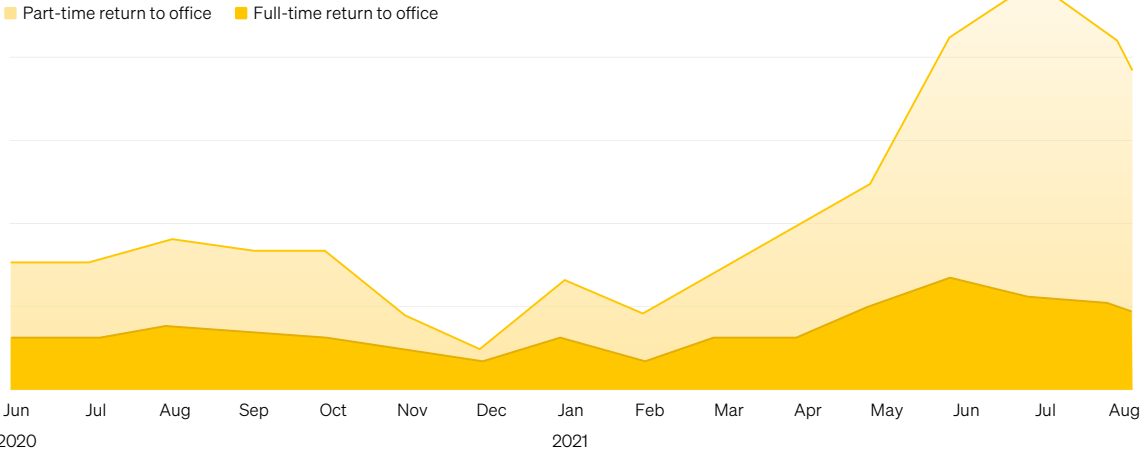
Shift to fully remote work rates

Jun   Jul   Aug   Sep   Oct   Nov   Dec   Jan   Feb   Mar   Apr   May   Jun   Jul   Aug
2020   2021

Return to work rates for hybrid and return to full time in office

■ Part-time return to office   ■ Full-time return to office

Jun   Jul   Aug   Sep   Oct   Nov   Dec   Jan   Feb   Mar   Apr   May   Jun   Jul   Aug
2020   2021

While rates are not differential by function, Members in research, sales, administration, and legal functions have the highest rates of moving away from fully remote work.
Rates of return to work arrangements did not differ by job level.

Shifting into, and out of, remote work has benefits – and costs.

In general, there is a cost to change. Shifting into remote work and shifting out of remote work are both significant events.

These work arrangement shifts often benefit the individual in terms of productivity, resilience, well-being, and optimism. They may come with costs as well — to belonging, connection, or other attributes. That is neither an argument for or against any particular work arrangement — data suggest a mixed bag of benefits for each arrangement — but organizations should be realistic that some costs accompany any change.

We explored two phases of impact for remote employees: short-term and long-term. Short-term impacts were defined as changes seen within the first two weeks. Long-term impacts were those realized across time, with the average time frame being about 5 months.

Here are the findings:

In the short term, returning to the office full-time led to a small (2%) increase in optimism.
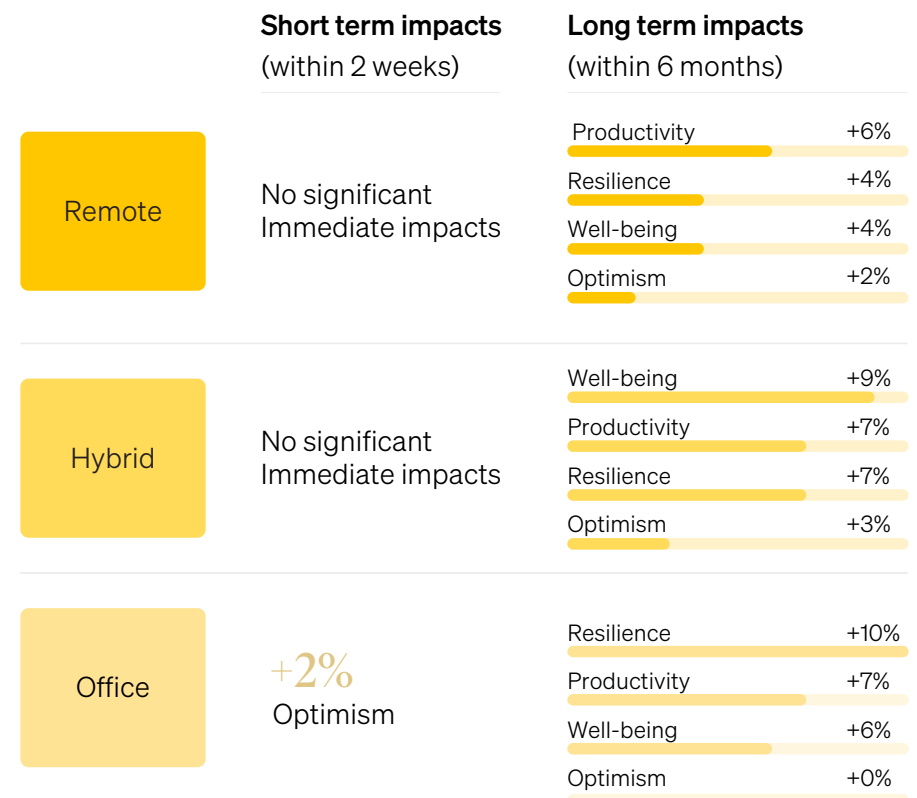
All other impacts emerged only over the long term. Short-term "shocks" to productivity or resilience were not common.

However, in the long term, more distinct patterns appeared.

Employees report long-term benefits — including higher rates of productivity, resilience, and well-being — whether they shifted to remote, hybrid, or in-person full-time.

Many organizations are providing employees with a choice of how and where they want to work. These long-term benefits may signal that employees are choosing the work arrangements they prefer and aligning their work with the best option for their overall life. A shift into remote work, whether full- or part-time, was associated with small boosts in optimism over the long term.

Impacts of different work arrangements

|	Short term impacts (within 2 weeks)	Long term impacts (within 6 months)	
Remote	No significant Immediate impacts	Productivity	+6%
		Resilience	+4%
		Well-being	+4%
		Optimism	+2%
Hybrid	No significant Immediate impacts	Well-being	+9%
		Productivity	+7%
		Resilience	+7%
		Optimism	+3%
Office	+2% Optimism	Resilience	+10%
		Productivity	+7%
		Well-being	+6%
		Optimism	+0%

When it comes to productivity, shifting into any of the three work arrangements had about the same impact. That is good news for organizations concerned about productivity hits for remote staff – shifting to remote work actually provides a productivity benefit, and that benefit is on par with shifting people back into the office from remote work.

One interesting finding was that those returning to in-person full time (from full remote) appear to reap a resilience advantage, while those going to hybrid have a well-being advantage. It may be that face-to-face connection with peers and the resources of a physical work setting boost office workers' sense of self-efficacy, a known driver of resilience. For hybrid workers, the well-being advantage may reflect a calculated balance between personal benefits and the added complexity of partial in-person work. That said, what's driving these differences is a topic for additional research.

Degree of benefit after shifts into different work arrangements

Legend: Office, Hybrid, Remote
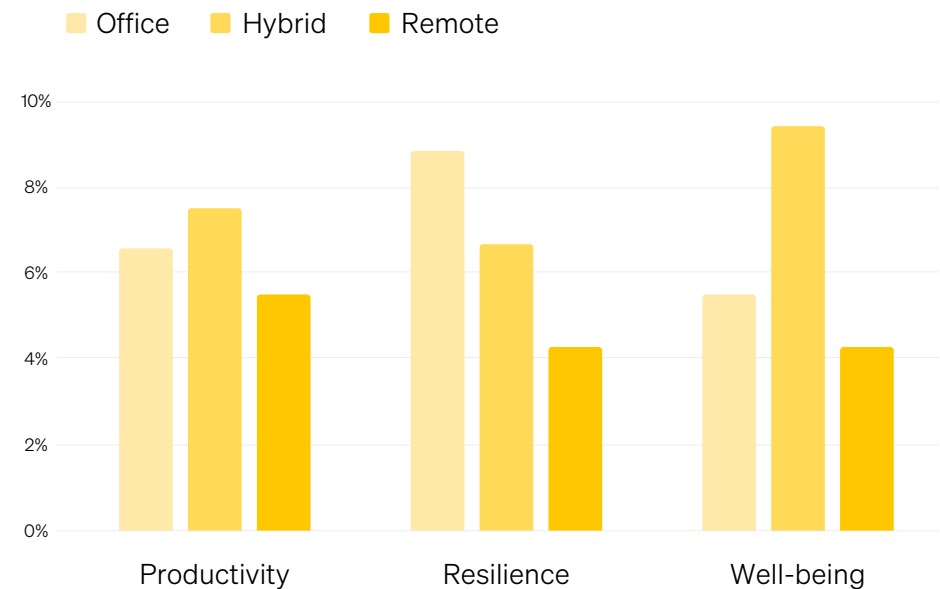
Remote work: Consistent but small benefits on productivity, resilience, and well-being.
Full time office work: Most notable benefit on resilience.
Hybrid work: Disproportionately high impact on well-being.

In this new world of work arrangements, fostering inclusion has become more complex. A workforce spread across hybrid, remote, and fully in-person arrangements creates new dynamics that have a material effect on belonging and inclusive cultures. Different work arrangements mean different access to information, communication channels, formal and informal relationship-building opportunities, networking, and social connection. But, it's not just that. Different work arrangements may reflect people being at different life stages with different stressors, demands, and even aspirations. People leaders need to recognize each person as a unique individual but also be aware and sensitive to different professional and personal stages and adjust to each person's changing needs over time.

As BetterUp Members have shifted into and out of remote work, we've tracked their coaching topics (anonymized) as they've gone through shifts in their work environments. We examined what topics were disproportionately high during the shift compared to base rates as well as the absolute rates of topics (seen in the heat map).

The data show that **employees moving into hybrid work have the most unique need profiles**. Importantly, those moving to hybrid work encounter higher rates of challenge in Strategic Management and Leading Others. Furthermore, hybrid workers also seek more support for Well-being and Communication. Hybrid work may be particularly complicated for the employee.

Remote work shifts are associated with a higher rate of focus on Career Development than other shifts, signaling career concerns for those shifting into fully remote work. Shifting back to the office is not associated with any topic patterns.

Areas of unique coaching emphasis relative to benchmark rates

Shift to remote	Shift to hybrid	Shift to full time in office
Career development	Leading others	No differential patterns
	Strategic management	

Shift in work arrangement and coaching topics

	Remote	Hybrid-Remote	Office
Career development	19%	15%	15%
Communication	20%	19%	21%
Influence	13%	12%	13%
Leading others	15%	18%	18%
Strategic management	6%	10%	9%
Time management	7%	8%	9%
Well-being	20%	19%	15%

0% ▬▬▬▬▬ 25%

Bottom line: The hybrid workforce introduces a new form of diversity for managers — work arrangement — that requires unique forms of support.

The new *inclusive leader*

With the new era of work, organizations need to reject the idea that inclusive leadership is a specialized skill or form of leadership that is optional or separate from management. It's not. It's essential for everyone who deals with people.

Traditional approaches to DEIB often place the burden of advocating for and carrying out change on underrepresented groups.

This fails to address the day-to-day experience of employees in their interactions with their teams and the broader organization. It fails to address the potential biases in the organization's underlying systems and processes. Training, development of inclusive skills, and modeling inclusive behavior should involve all employees — especially those who can drive more significant change and influence company culture. If companies aren't actively developing inclusive leaders, then they are still part of the problem.

The good news is that everyone in an organization benefits from inclusion. Diversity helps groups recognize opportunities they might otherwise miss and be more creative and innovative in devising better solutions to address those opportunities. We all excel when everyone in an organization can show up — in person or on video — as their full self, bringing their unique perspectives and talents to the problem at-hand. When everyone feels seen, understood, supported, and valued, barriers to creativity, collaboration, and performance can be overcome. Inclusive leadership behaviors advantage the entire organization.

Managers hold a lot of influence over the employee experience.

They shape their team members' sense of inclusion and belonging and can promote more inclusive cultures.

43

BetterUp has done extensive research on the profile of an *inclusive leader*.

These core behaviors drive feelings of inclusion, belonging, and support for teams and individuals:

Relationship building

For managers to promote more inclusive workplaces, they must invest time in building authentic relationships with their team members, peers, and other employees by getting to know what matters to them and what support they need to be successful.

Recognition

Inclusive leaders make an effort to recognize people for their work and support their efforts and growth. Recognition lets employees know that the skills and diverse experiences they've contributed are valued.

Empathy

Inclusive leaders make an effort to stay connected to the daily rhythms of their team and model non-judgmental behavior that makes every employee feel seen, heard, and respected.

Social connection

When leaders deepen social connections among their team, they help build positive mindsets and motivations that contribute to overall employee well-being.

Encouraging participation

Inclusive leaders seek feedback and input from those who don't always speak up or are otherwise less able to participate. Doing so makes it easier for employees to engage and feel more confident to share.

Alignment

Inclusivity doesn't work without some shared vision or goals. When employees know what the organization and team are working toward and what matters most for success, they can better determine how to contribute.

Managers' ability to lead inclusively has become more predictive of employees' experience.

With so many fundamental shifts in the workplace, we conducted a study to see whether the profile of an inclusive leader has evolved. It hasn't. The same behaviors that drove belonging on teams pre-pandemic hold as drivers post-pandemic. But, we discovered two other critical findings:

01

The overall predictive power of inclusive leadership on an employee feeling that they belong has increased by 26% since the start of the pandemic.

02

The relative importance between the dimensions of inclusive leadership have changed.

The top driver of employee belonging is still Encouraging Participation. However, the predictive load for a team member's sense of belonging is now shared more equally between Encouraging Participation, Alignment, Social Connection, and Empathy. The value of a people leader's skill in Alignment for direct reports' belonging has increased by 76%. The value their skill in Social Connection for direct reports' belonging has increased by 17% and the role of Empathy skills for direct reports' belonging increased by 16%.

Profile of an inclusive leader

■ Pre-COVID-19 ■ Post-COVID-19
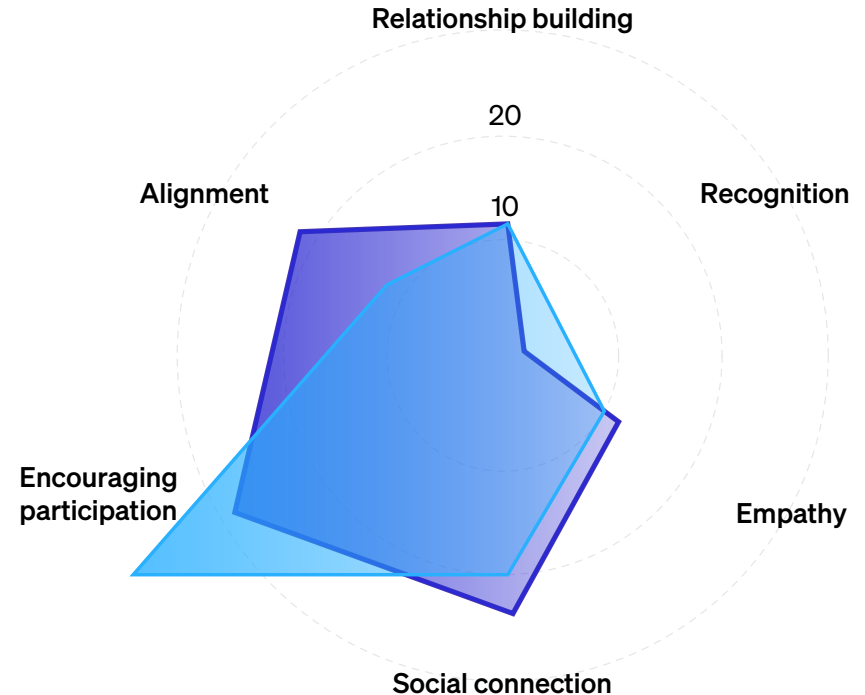
Working under remote and hybrid conditions puts a much higher premium on staying aligned. Feeling in step with the team and the vision is more important now for people to feel included and also like the work they do is both valued and valuable. Leaders who can connect with their teams, show them genuine concern, support, and empathy are driving belonging more now than before the pandemic.

Providing **opportunities to have a voice and participate** in decisions is still paramount. Relationship building and recognizing skills, although more modest, are also important. But, the bottom line for people leaders who want to shift their inclusive leadership most effectively into the new hybrid era: **align, connect, and empathize**.

When leaders do these things well, it shows in their teams. Leaders with high skills in these inclusive leadership behaviors have direct reports with 150% higher belonging and 54% less turnover. Their teams are also more engaged with 140% higher team engagement, 90% higher team innovation, and 50% higher team performance. Not surprisingly, when leaders are inclusive, their team members' perception of support improves by 140%.

High Inclusive Leadership

+50%
Team performance

+140%
Team engagement

+150%
Belonging of direct reports

+54%
Lower turnover of direct reports

+140%
Perceived organizational support of direct reports

+90%
Team innovation

Conclusion

Any organization can declare a commitment to diversity and inclusion. And any organization can genuinely want diversity and inclusion goals to be met. But intent and impact are two different things.

As we emerge from the grips of the pandemic, we face a unique opportunity to leave behind the habits, mindsets, and norms that no longer serve us. Instead, we can embrace the opportunity for positive change that benefits the entirety of teams, organizations, and society. If we accept that the pandemic is going to permanently change work, then let's seize this opportunity to ensure that the changes make work better.

About the Research

Sample

The dataset was compiled from tens of thousands of BetterUp Members who granted approval to use their data for research purposes. Data includes responses collected from individual contributors to executives, representing a variety of industries. In accordance with corporate security and privacy policies, no identifying information, nor demographic information, was compiled. However, participation in programs designed for women, parents, or underrepresented racial and ethnic groups was used as an indicator for subgroup analyses. Data were collected from July 2019 through June 2021 and partitioned to look at particular time periods of interest, such as when the COVID-19 pandemic started.

Survey Items

The sample was surveyed on a variety of items that compose BetterUp's Whole Person Assessment (WPA). At its core, WPA is centered on the themes of (a) Thriving as individuals, and (b) Inspiring as a leader, which we refer to Thriving and Inspiring, respectively, as well as mindsets that enable self-insight and growth.

The WPA was developed and validated using a multi-phased approach. Initial sub-dimensions and associated items were developed using related measures from the literature, prior BetterUp assessments, and interviews with stakeholders. The full set of items was validated using a large sample of working professionals (N = 1,030). The psychometric properties of the assessment and individual items were examined through a combination of classical test theory and hierarchical factor analysis. We also examined the discriminant and convergent validity of the resulting item sets against a set of measures previously validated in the academic/peer-reviewed literature, and we assessed reliability over time by conducting two test-retest studies. Surveys were administered to Members when they first started using BetterUp services, after each coaching session, and approximately every 3–6 months thereafter. Members also participated in 360 assessments in which the Member's colleagues, direct reports, and supervisors were surveyed about their perception of the Member's behaviors on select subdimensions of the WPA, as well as additional measures of individual and team effectiveness. Coaches provided data on individual session topics.

Analyses

A variety of statistical methods were used to analyze the data. T-tests were used to compare groups (e.g., underrepresented groups compared to non-underrepresented groups on belonging), while chi-squares were used to assess whether behaviors at specific junctions were different than expected (e.g., were certain coaching topics discussed more frequently than expected during periods of transition, such as shifting into remote work or hybrid work?). Researchers also conducted relative weights analyses to understand differences in the relative importance of predictor variables pre- and post-COVID. Trendlines assessed change (e.g., well-being and productivity over time), and heatmaps were also used to visualize leadership behaviors over time. Frequency and density plots gave additional context to our analyses.

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Dr. Erin Eatough is researcher, author, speaker, and consultant and serves BetterUp as Manager, Behavioral Science. She is the researcher and author behind BetterUp's Research & Insights blog column and speaks regularly about the science behind human thriving at both academic and industry events. Erin received her PhD in Industrial-Organizational Psychology from the University of South Florida. Before BetterUp, Erin was a professor. With over 30 articles and book contributions, she actively publishes research on the intersection of work and well-being which has been featured in outlets such as the Journal of Applied Psychology and Journal of Organizational Behavior, and cited in media outlets such as Harvard Business Review. Erin is the recipient of several awards for her scientific works including authoring the top research paper of the year by the National Communication Association and Outstanding Author Contribution by Emerald Publishing. She lives in Alexandria, VA with her husband and two young children. When not working on research, you can find her and her family on adventures in their converted Sprinter van.

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