

Harnessing worker agency

Organizations drive value and strengthen their relationship with workers by embracing rising worker influence

Coauthored by Karen Weisz.

Workers today have more choices and influence than ever before—and are increasingly willing to use that newfound influence to shape the actions and agendas of their organization. Business leaders need to harness worker passion and energy to create mutual benefits for everyone—not just for their workers and organization, but for the world as a whole.

S NOTED IN the "Work as fashion" future we wrote about in our Deloitte 2021 Global Human Capital Trends special report, worker agency is on the rise.¹ In this future, workers have more choice and influence over the work they do—and over the organizations for which they work. Most recently, this has been a focus in the context of return to work, with worker agency misinterpreted by organizations to be solely about workplace preferences and organizations trying to express their power by dictating what "flexibility" should mean for the workforce.²

In reality, worker agency has multiple dimensions. One is worker *self-determination*, with workers wanting meaningful choice and influence over the work they do (and how, when, and where they work). Workers who quit a job in 2021 said no opportunities for advancement (63%) and feeling disrespected at work (57%) were reasons why they quit.³ Another is worker *activism*, with workers wanting their organizations' values, strategies, policies, and actions to align with their own personal values across a wide range of issues, from environmental practices and social good to racial

and gender equity—and everything in between. A toxic corporate culture, for example, is 10.4 times more powerful than compensation in predicting a company's attrition rate compared with its industry.⁴ Leading elements contributing to toxic cultures include failure to promote diversity, equity, and inclusion (DEI), workers feeling disrespected, and unethical behavior.⁵

This rise in worker agency is being driven by a confluence of factors, including:

- Ongoing talent/labor shortages. Today's workers have more job options and are less dependent on their organizations, emboldening them to demand what they want. This expectation of agency and influence will remain, regardless of fluctuations in labor supply. This is supported by data from this year's Deloitte Global Gen Z and Millennial survey⁶, which found that a third of respondents would leave their job even without another one lined up. By shaping workforce strategies and practices that incorporate agency into their design, organizations can access the talent they need and build stronger and longer relationships with their workers.
- Rising social consciousness. Public awareness and action have risen sharply on a wide range of social, political, environmental, and economic issues, with individuals feeling an increased sense of empowerment and responsibility to stand up for what they believe in. Two in five Gen Zs and millennials have rejected a job or assignment because it did not align with their values around societal and environmental impact, and diverse and inclusive cultures. By contrast, organizations who have committed to their organizational

- purpose have observed improved benefits—50% of respondents to our Deloitte 2023 Global Human Capital Trends survey noted increased worker retention and well-being.
- Technology advances. Digital technologies make it easier for individual workers to create value without being tied to a specific organization or job. Also, they enable people to connect and communicate about issues in real time on a global scale and provide organizations with valuable insights about what is important to their workers. As an example, social media serves as both a microscope and a megaphone, amplifying voices to inform the decisions organizations make and hold them accountable for their actions on a larger, more public scale.
- Low government impact.* When governments don't offer support to workers—through, for instance, public policy and regulation to protect jobs and wages, enhanced social safety nets and benefits, better access to education, or investment in reskilling—workers will expect organizations to provide them. By doing so, organizations can increase engagement and retention.

The manifestations of worker agency vary by country and region due to differences in laws, social behavior, cultural norms, and the relationship between workers and organizations. Despite the local and regional variation, however, the overall trend is that workers are gaining more influence and choice than ever before—and are willing to use it to shape and steer company behavior, or just to determine their level of engagement and productivity, as witnessed by the "quiet quitting" phenomenon.9

This global trend is putting significant pressure on organizations to align their values, strategies, policies, and actions with the personal values of their workers (individually and collectively), and with the values of the larger society. Although this can be challenging, given different workers and different parts of society expect different things, the benefits to the worker, the organization, and society outweigh those challenges.

SIGNALS: THIS TREND APPLIES TO YOU IF...

- Workers are disengaged despite increased listening and what feels like continuous changing of worker programs and policies
- Your organization measures itself against competitor and industry benchmarks but still struggles
 to solve for the challenges most important to your business strategy and workforce
- Your business outcomes (financial, reputational, etc.) are suffering due to increases in worker
 protests and activism related to a mismatch of organizational and workforce priorities

The readiness gap

In the Deloitte 2023 Global Human Capital Trends survey, 84% of the business leaders we surveyed say worker agency is important or very important to their organizations' success. Yet only 17% feel they are very ready to address the issue, the second lowest readiness score among all the trends surveyed.

FIGURE 1

The readiness gap for worker agency

Addressing an increase in worker influence and choice is important or very important to my organization's success

84%

My organization is very ready to address an increase in worker influence and choice 17%

Source: Deloitte 2023 Global Human Capital Trends survey.

According to the Deloitte 2023 Global Human Capital Trends survey, this gap is being driven by a recency bias with a focus on agency that is driven by the pandemic, such as compensation, location, and working hours, which surfaced as the top three areas (44%). In order to truly harness agency and drive increased value, the focus needs to be on areas such as purpose, voice, and work, which were the lowest three selected in our survey (16%).

The new fundamentals

Embrace the moving target. Harnessing worker agency for greater value requires a recognition that this is not a fad—attention to it is not optional. Additionally, the shared goals you create with your workers today will not be evergreen because what's important to people changes frequently. Cocreation is as much about sharing in what questions are asked as the answers reached. The implication is that cocreating this relationship needs to become an embedded set of practices between the organization, its workers, and those who represent them. Deloitte's High-Impact Workforce Architecture research describes this as cultivating a

"creator's mindset" on the part of the workforce—instilling a desire to not just adapt to changes as they come but to actively contribute to shaping the organization's future. 10 A creator's mindset has benefits for the worker: They are more resilient in the face of the change they had a part in creating and are more apt to feel a strong sense of belonging given the direct line of sight to contribution that comes with cocreation. 11 It also has benefits for the organization—the Workforce Architecture study found that organizations that cultivate this creator's mindset are 1.8 times more likely to delight customers and 2.8 times more likely to innovate versus those that don't.

Shared journey, shared outcomes. Workers and organizations need to be in continuous dialogue, with forums and outcomes that are shared. While listening to workers' preferences and opinions is a prerequisite to this set of practices, it is not sufficient to create a meaningful, impactful relationship. Organizations need to activate workforce contribution into formal decisionmaking forums that impact business outcomes. This activation can take many forms depending on the size of the organization, regulations, and involvement of labor unions and works councils. This type of shared decision-making provides both empowerment and agency to the worker and improves business outcomes. For example, in Germany, employee works councils are required by law for all companies with more than five employees.12 These works councils have rights extending from day-to-day issues, such as holidays and payment methods, to economic aspects, such as an organization's investments, site closures, and potential takeover.13

Focus on specific decisions that support your worker-organization relationship aspirations. It is not practical or efficient for organizations to embed worker agency into every facet of the business. Rather, organizations should focus on embedding workers into the processes and forums that help build the type of worker-organization relationship aligned with the organization's values and goals. For one organization, this may mean rallying to a common purpose, whereas for another organization, it may mean focusing on design of the work.

Commit to making it real. These actions can't be lip service for organizations and workers to achieve the mutual benefit outlined at the beginning of this section. If workers commit and organizations fail to meaningfully integrate workers' perspectives into business practices, workers' trust will be undermined, and they are likely to disengage. "Making it real" could look like matching workers with work assignments, tasks, or initiatives that align with their values, interest, and skills—turning passion into productivity. Depending on the relationship that organizations and workers have, both parties could potentially expect workers to find meaning and purpose largely outside of work ("work is work" future¹⁴). In this case, "making it real" could mean cocreating with the worker on the work itself, rather than focusing on purpose.

Current experiments: What leading organizations are exploring

- Novartis recently introduced a "Choice with Responsibility" policy that empowers employees to choose how, where, and when they work within their country of employment. 15 The policy shifts responsibility from manager-approved to manager-informed and is designed to optimize both personal and business performance.
- Haier enables choice and autonomy on what to work on by letting any employee join or create one of its thousands of microenterprises, and then shares the wealth with them. Although base pay is modest—often not much more than minimum wage—teams that achieve their leading targets can multiply their salary by 5—10 times. Frontline teams have the freedom to run their businesses as they fit.
- The Commonwealth of Massachusetts, , as it continues to position itself as an employer of choice, has increased its workplace flexibility to attract and retain talent.¹⁷ Its leaders and managers continuously solicit work preferences from their individual employees and teams to create hybrid schedules that balance those preference with operational needs. Not only has this increased workplace flexibility led to greater workforce retention rates, but the improved two-way communication that started within this hybrid environment has enabled leadership to hear directly from their workforce about the issues, challenges, and opportunities they're facing.

• **M&T Bank** has created a program that gives employees 40 hours of paid volunteer time to spend on any effort aligned to their passions.

This program allows their workers align their individual choices, actions, and values with the organization's overall purpose to "make a difference in people's lives."



The path forward

FIGURE 2

Survive. Thrive. Drive.

Survive Remain viable in the marketplace	Thrive Differentiate to gain competitive advantage	Drive Lead the market by radically innovating and transforming
Collect worker sentiment and perspectives on the most important underlying needs, then use those insights to inform decisions Communicate how worker and worker representation input influences your organization's priorities and actions When prioritizing, focus on action rather than process, creating a "minimum viable policy" (the smallest amount of policy required to protect the organization)	Create structures and processes that directly involve workers and their representation (i.e., works councils, labor unions) into decision-making forums and policy development Foster self-organizing teams or worker "discovery teams" to connect promising ideas with areas of worker passion Leverage continuous sensing and an ongoing dialogue with workers to proactively understand changes to motivations and needs Offer a series of manageable, modular choices to workers that empower them without leaving them feeling overwhelmed	Increase worker representation at the highest levels of decision-making (such as the board or executive leadership team), especially on ESG and DEI issues Train leaders in psychological safety and the art of listening Grant autonomy and choice in work by letting workers flow to projects, tasks, problems to be solved, and outcomes to be achieved

Note: There are geographical differences in regulatory requirements for worker representation (e.g., works councils in EU countries). Source: Deloitte analysis.

Looking ahead

Worker agency doesn't mean you need to let workers dictate everything your organization does, nor does it mean creating structures for workers to share perspectives that aren't actioned upon (i.e., board committees with minimal influence). It's a two-way collaboration, not a free-for-all. But a free-for-all isn't necessary to fulfill workers' desire for influence and control. What's needed is an open, respectful relationship that gives workers meaningful, mutually beneficial choices and brings them into the decision-making process on issues that touch the workforce. Workers should be included in decisions at the strategic level of the organization, such as facility and operations

locations, and can also be included in decisions at the individual level, like work schedules.

And while it may be tempting for leaders to "wait it out" when it comes to these decisions, the shift in worker sentiment and rise of worker agency will not change or "go back to normal" regardless of workforce supply and demand changes or an economic downturn. With the pace of business, workforce, and societal disruption, workforce agency provides the level of agility needed to navigate these disruptions.

Ultimately, worker agency can be a potent source of motivation unto itself. Psychological research links agency to motivation and behavior, as well as to physical health and overall well-being.¹⁹ A key

takeaway is that giving people influence and freedom of choice is often just as important as the actual choices you offer them.

Organizations should start by acknowledging and embracing workers' desire to share authorship of the organization's future and then cocreating that future based on bilateral input. The resulting relationship is one where both organizations and workers have a seat at the table, sharing both authority and accountability. Together, they solve

challenges and realize benefits, based on purpose, the work itself, or other mutually agreedupon factors.

Deloitte's 2023 Global Human Capital Trends survey polled 10,000 business and HR leaders across every industry, with 105 countries participating. The survey data is complemented by interviews with executives from some of today's leading organizations. These insights gathered shaped the trends in this report.

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