

2025 World Outlook

Creating better working lives

January 2025



2024 was a challenging year for organisations.

The past year was filled with constant change, while paradoxically many organisations were in a state of limbo. Externally, political and economic uncertainty has slowed decision-making, demographic shifts are creating more diverse workplaces, while technological shifts with Generative AI are reshaping how we work. And internally, you have been grappling with restructuring, economic challenges and increasing people expectations.

This uncertainty has been hard and has placed many organisations in a holding pattern for the past year. With the speed and complexity of the changes we are seeing, organisations cannot respond solely with short-term actions, but require long-term thinking to effectively manage these shifts.



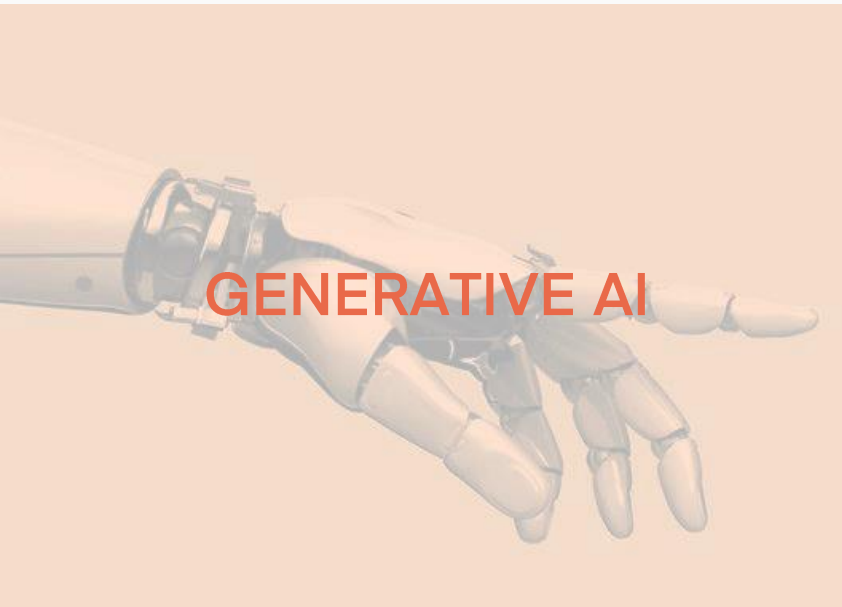
*"Organisations are **no longer navigating steady, incremental changes**; instead, they are grappling with **rapid, and at times unpredictable, shifts** that demand agility.*

*How organisations navigate this change to a new 'business as usual' **will define them for years to come**".*

Professor Lynda Gratton
CEO, HSM Advisory



This change has played out in different ways over the past year.



GENERATIVE AI

This time last year, we anticipated moving from the micro to macro implementation of Generative AI.

However, technological scepticism has slowed down adoption.



SHIFTING CULTURES

Intentional conversations were needed to bridge cultural divides.

At the same time, the multi-generational workplace took shape with different needs and expectations emerging.



LEADERSHIP

Times of uncertainty traditionally bring out a threat response from leaders.

In 2024, we saw this around Return to Office conversations, which contrasted with the more human-centred leadership we saw in the pandemic.

2025 will be the year for action.

We have seen leaders make decisions based on assumptions or memories of past business environments. To successfully move forward, you will want to have a clear view of the current reality, and then take actions which balance short-term realities and long-term needs.

#1 View adaptive leaders as a non-negotiable

Focus on leaders being adaptive visionaries to build the future workplace you want



#2 Ensure you fully understand value creation in your organisation

Leverage the data you have to explore the multi-faceted way to drive productivity and create value



#3 Understand that technological change is human change

As you adopt Generative AI in your workplace, ensure you understand the underlying people trends taking shape



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At HSM, we have been tracking the megatrends for 15 years.

For 2025, my advice would be to embrace the change and cut through the noise with direct action”.

Dr. Anna Gurun,

Head of Research at HSM Advisory



View adaptive leaders as a non-negotiable.

2025 will be the 'year of the leader' as our workplaces now require adaptive visionaries to lead organisations into the future

Leaders require high-order human skills to sustain business for the future. These are particularly important in times of unprecedented ambiguity, as they support leaders in navigating increasingly fluid organisations.

Throughout 2024, leaders faced significant shifts, and we observed some leaders revert to an old style of leadership, making decisions from a place of fear or assumptions from the past, creating an environment of 'nostalgic leadership'. For example, this played out in the Return to Office conversation where it shifted from how to leverage place and time to design sustainable work, to assumptions around the optimal number of days in the office for increased productivity.

For 2025, we advise a focus on adaptive leadership. We define this as an ability to navigate paradoxes and the capacity to create certainty out of uncertainty. These leaders view trends, such as the multi-generational workplace and Gen AI, as opportunities, instead of experiencing a fear or nostalgia response, which enables them to build sustainable long-term performance in their business.



Succession planning is crucial, and I want our future leaders to be the people who can manage the uncertainty around us by being agile, adaptive and led by data.

Aoife Fitzmaurice,
Head of People UKIA,
Sage

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“In 2025 we will be thinking about how we can enable our people to do their best work in a frictionless way to improve productivity across the business.”

Mark Dickinson-Keen,
Global CPO,
M&C Saatchi



Ensure you fully understand value creation in your organisation.

Leverage the data you have in your organisation to drive true value creation

A big question on leaders' minds has been: How do we raise productivity? Yet often how organisations define, measure and build productivity is led by tactical concerns, rather than a focus on true sustainable value creation. And how your people think about value is different to how your leaders think about value. Leaders are thinking about business growth, but people often think about value for themselves - flexibility, dynamic careers, work-life balance.

This is complex and organisations are struggling to connect the dots between human capital and value creation. Instead, the right question to ask is: how do we define value and what do we need to do to deliver it?

The good news is that you likely already have the data you need to understand value creation in your organisation, but what you might not have done yet is to include it in your productivity dataset. Our advice here is to connect the traditional productivity data (short-term, tactical metrics such as revenue per employee), with sustainable, human, long-term data (individual energy and engagement data), expanding how you measure productivity so that you understand what really creates value for your business.

Understand that technological change is human change

Understand the human context driving technological change

Much of the debate around change and the increased complexities of work has been attributed to Gen AI, with a marked trend of technological optimism turning to wariness. While it is easy to attribute these workplace challenges solely to technological change, this change does not happen in a vacuum. During this time, demographic and societal changes such as the arrival of Gen Z in the workplace or hybrid working have also impacted our context.

It's our advice to double down on building community in your organisation in 2025. The reason for this is twofold: in a technologically enabled organisation, your people crave community and connection even more than before; and as we move to a skills-based economy, peer-to-peer learning in communities will be a core pillar of Learning and Development.

This way, fostering connection will become your differentiator. By focusing on collaboration and trust, you can create a workplace where Gen AI enhances your people's capability and experience, rather than replaces it.



“When looking at Gen AI in the next year, we are asking - How can we ensure we have the right skills to embrace AI? How can it enable our work and help us to get where we want to be?”

Sonia Mandal,
Director – Global Head of Culture,
KPMG

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As we approach 2025, organisations are navigating a period of transformative change. Success in the long-term relies on three critical pillars: focus, value, and accountability.

My advice is for leaders to be clear on their priorities, ensure alignment around value creation, and drive accountability at all levels. These are not just key principles — they are the foundation for thriving in a time of heightened complexity and opportunity”.



Harriet Molyneaux

Managing Director, HSM Advisory

Contact Us

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