

Leadership Futures

Building a People-First Future

Advancing into Industry 5.0

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Foreword

As we enter the transformative era of Industry 5.0, business leaders stand at a critical turning point. A convergence of advanced technology and human-centric values is reshaping not only how organisations operate but also how leaders must approach their relationships with employees and the wider society.

While innovation often takes centre stage, Industry 5.0 goes beyond automation and efficiency; it emphasises a future where the wellbeing, adaptability and diverse perspectives of the workforce are as central to success as technological advancements. My experience in international human resource management has shown me that for business leaders, developing the human side of work requires a thorough re-evaluation of traditional leadership models and organisational culture.

In doing so, leaders face the challenges of moving beyond legacy mindsets surrounding profit maximisation and towards greater consideration of employee satisfaction, ethical impact and long-term sustainability as central business strategies. Yet I have also witnessed that if these challenges are embraced by forward-thinking leaders, they can effectively cultivate an organisation not only fit for the demands of Industry 5.0, but capable of raising the benchmark for responsible, inclusive and impactful business.

This report serves to highlight the unique human-orientated challenges and opportunities facing today's leaders as they adapt to a rapidly evolving landscape. It offers leaders insight into the strategic changes that can be made to address future transitions and how committed adoption of human-centric leadership can enhance individual and organisational success.



Dr Melissa Carr (2024)
Director of EDI in the World of Work Institute.



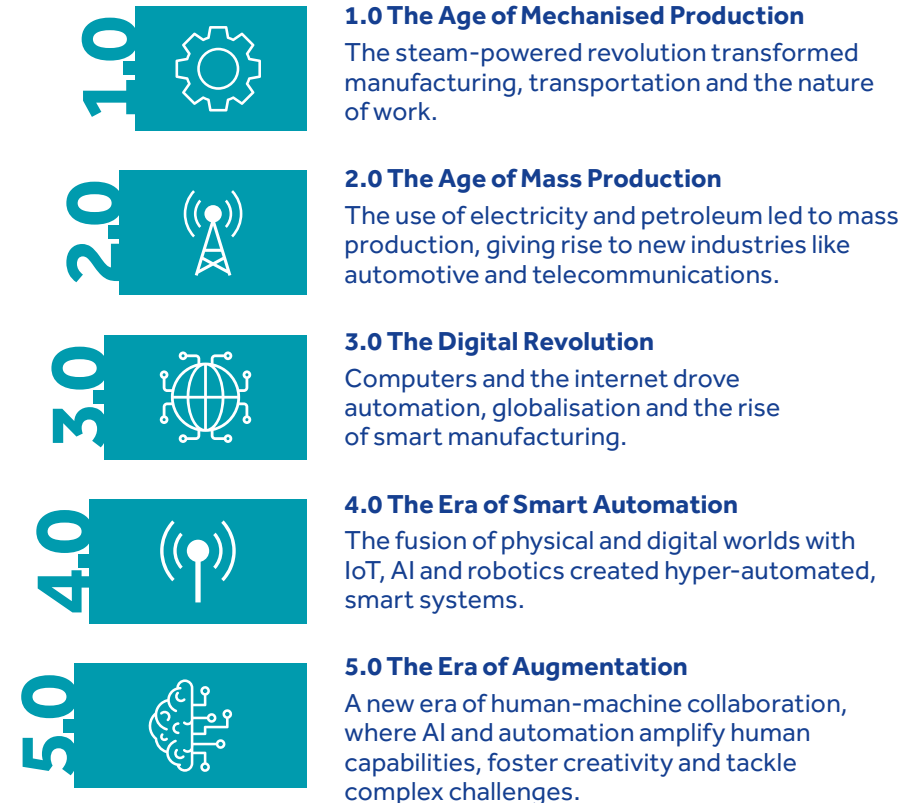
Embracing the Transition Towards Industry 5.0

Unlike Industry 4.0, which prioritised efficiency through automation, Industry 5.0 marks a transformative shift in sustainable business practices driven by technological advancements like AI and robotics. The evolving era redefines the relationship between humans and technology in the industrial context; rather than a world of humans simply serving machines or being replaced by them, it envisions a collaborative partnership where human creativity and decision making is augmented and further enhanced by technological innovation.

To begin the journey towards human-focused leadership in Industry 5.0, the relationship between employers and employees must evolve - from one based purely on economic transaction to one rooted in mutual commitment to societal impact and responsible growth, placing strong value on flexibility, inclusion and wellbeing. In enacting this shift, leaders will need to address challenges including fostering organisational adaptability, navigating a multi-generational workforce and cultivating a resilient team.

We believe transformative leadership is required to navigate the complexities of the modern business environment and leaders who learn to balance workforce needs and technological advancements will thrive. Those who upskill in people leadership and embrace personal growth will be better placed to lead resilient, future-facing organisations into Industry 5.0.

Evolution of the Industrial Revolutions



“ There is a huge crisis at the moment in our world - an economic crisis, sustainability crisis and also a humanistic crisis. ”



Dr Kleio Akrivou (2024),

Professor of Business Ethics and Moral Development, Director of the Centre for Business Ethics and Sustainability.

Investing in the Employee

“ In today’s evolving workplace, it’s people, not just physical assets, that fuel lasting success, making the focus on human-centred performance and progression essential for organisations navigating the future of work. ”



Dr Melissa Carr (2024),
Director of EDI in the World
of Work Institute.

The power dynamic between the employee and the employer has shifted, creating new organisational considerations in attracting and retaining talent. One key facet is a growing demand in employee care.

Industry 5.0 has illuminated the importance of personalised and committed people investment, focusing on empowering individuals to become their own agents of change. Our research illustrates that wellbeing and humanity now play a more decisive role in career decisions, as businesses witness a shift away from financial incentives as the primary driver of fulfilling employment.

Employee demand and the war for talent

The post-pandemic labour market has shifted dramatically, with organisations witnessing an unprecedented wave of role changes, voluntary departures and even permanent exits from the workforce. This disruption has created a more competitive environment where attracting and retaining high-value talent is increasingly difficult. In this new dynamic, employees - especially younger generations - are acutely aware of the leverage they hold and are demanding more from their employers.

In this sense, the traditional employer-employee relationship has evolved and Gen Z and Millennials are driving this shift. No longer satisfied with purely financial compensation or standard benefits, young professionals are seeking workplaces that align with their personal values, offer flexibility, commit to social issues and prioritise personal wellbeing. In an era where top talent has more employment options than ever, organisations must now go beyond transactional relationships and focus on building meaningful, long-term connections with their employees.

The Employee Value Proposition

With top talent in high demand, employers need to develop a compelling Employee Value Proposition (EVP) to remain competitive. This involves more than offering a competitive salary - companies must also provide opportunities for career growth, professional development and skill-building. In addition, a strong EVP includes fostering a culture of continuous feedback, empowering employees to take ownership of their career paths and ensuring that they feel valued and heard.

Importantly, leaders must recognise that in placing people first, everyone stands to gain. As we move into Industry 5.0, technological advancements will demand that industry leaders also remember the human aspect of work, prioritising human sustainability in the value proposition and rebalancing the attention placed on performance and speed.



“ We need to start thinking about careers the way that talent thinks about careers. ”



Professor Nick Kemsley (2024),
Professor of HR and Organisational Capability.

Cultivating meaning and purpose

For Gen Z, wellbeing goes beyond emotional happiness—as it needs a more holistic approach to include deep-rooted purpose and meaningful achievement.

Companies with strong cultures that can offer meaningful work to their employees are returned with a cohort of individuals who are more engaged and committed. Staff turnover tends to be lower and attracting high-quality employees becomes easier. Beyond this, organisational integrity and purpose serve as vital strategic differentiators, enhancing resilience and helping businesses weather challenges while confidently positioning them for long-term growth.

Why is corporate purpose important for the EVP?

Creating an environment of meaningful work starts with the CEO demonstrating a strong sense of corporate purpose. Prioritising ethical behaviour and an overarching organisational culture of purposeful work is likely to attract clients and employees with similar values, cultivating a workforce driven to make a positive impact. By embracing meaningful work, organisations align with the expectations of an increasingly future-focused workforce.



“ CEOs recognise the importance of corporate purpose to attracting next-gen talent and establishing a lasting legacy. They recognise that as government action is limited, the public is looking to businesses to step up to address societal challenges. And many are willing to take a stand on contentious issues. ”

KPMG (2023),
2023 CEO Outlook - UK.

Embedded organisational wellbeing

As we move into Industry 5.0, worker wellbeing is a core priority that cannot go unaddressed. The assimilation of humans and technology alongside transformed working styles means leaders must find new strategies to embed wellbeing across many aspects of employment. Leaders will need to move beyond traditional perks and schemes to address broader aspects of wellbeing, including individual purpose, social interaction and sustained emotional satisfaction.

Workplace conversations must also extend to who is responsible for tackling wellbeing and importantly, how deeply it is embedded into an organisation. As our experts highlight, “if it isn’t planted with strong enough roots, it won’t grow deep or become resilient enough to strengthen the organisation. Instead, it withers, fades and dies - causing people to lose trust in the idea and in the wider organisation.” (Dr Naeema Pasha, 2024).

Successful leaders are those that recognise the onus lies with them in instigating the conversation surrounding workplace wellbeing. Accountability is a key hallmark of ethical leadership and it’s as much a leader’s role to embed wellbeing practices into the organisation’s culture as it is an employee’s to seek them out.

“ 7 in 10 said they would like their organisation and managers to do more to support their mental health. ”

Deloitte Insights (2024),
Global Human Capital Trends.

“ It’s not that wellbeing programmes are ineffective. Rather, it’s about their authenticity and clarity regarding who is responsible for employee wellbeing. Organisations must examine how they genuinely treat their employees when building these initiatives. ”



Dr Melissa Carr (2024),
Director of EDI in the World
of Work Institute.



“ Businesses should be turning around and saying, for however long you are with us, which might be two years or might be 30, we want to make sure that we’re getting what we need and that you’re getting what you need. ”



Professor Nick Kemsley (2024),
Professor of HR and Organisational
Capability.

How does the modern talent lifecycle impact employee investment?

The talent lifecycle has changed dramatically as employees seek opportunities to grow, learn and build more diverse careers than previous generations. As a result, employers need to rethink their talent strategies, focusing on creating a ‘mutual exchange of benefits’ where both the company and its employees benefit from their time together.

Reframing the modern career

For leaders, the modern talent lifecycle is another facet of the workplace that needs addressing to match the evolution of Industry 5.0 and the progressing demands of the workforce.

As our expert Professor Nick Kemsley outlines in his research ‘Talent Lifecycle Thinking’, “Change in talent thinking has been long-overdue. We have tweaked and re-wrapped it countless times, but the underpinning assumptions haven’t really evolved much in decades. There remains, in many organisations, an underlying model of ‘career’ being the time you work for us – which is simply outdated. We are now in a position to challenge our assumptions, update our approaches and shift our philosophies.”

To seize new opportunities, leaders can diversify their approach to employment by offering more flexible contracts, fostering growth and prioritising upskilling without demanding increased services in return. Meeting employees on a more equitable playing field is crucial to aligning with their evolving expectations. Employee turnover is not always a failure of an Employee Value Proposition (EVP) or management; often, it simply stems from a misalignment in how careers are perceived by employers and employees. Leaders must focus on creating a workplace culture that facilitates a mutually beneficial exchange, regardless of an employee’s tenure or role. By doing so, they can build a positive, sustainable environment that supports both organisational success and individual growth.

“ To enable agile organisations, we will all need cultures of continuous learning, experimentation and adaptation, empowerment and engagement. This requires consistent behaviours and beliefs through leadership at all levels supported by good people management, flexible working practices and growth mindsets. ”

Winmark & CIPD (2024),

The C-Suite: 2024 & Beyond, 28 February 2024.

“ It’s going to require us to be super pragmatic and connect with talent in a way where employers and employees both win; to create that exchange of mutual value. ”



**Professor Nick Kemsley (2024),
Professor of HR and Organisational Capability.**

Growth and empowerment

Businesses are witnessing a transformation from an industrial economy to a knowledge economy. Effective leaders will bring their workforce into the future through upskilling and personalised learning, empowering them in their personal growth journey.

Economic and ethical benefits of employee wellbeing

People are the heart of organisations. Boosting an organisation's value proposition and leading with a human-centred approach is not only morally good but also economically advantageous. Employees who operate in human-centric work models – where they are seen as people, not just resources – are 3.8 times more likely to be high performing (Gartner Inc Survey, 2022). What's more, strong ethics and attention to wellbeing across an organisation is good business. Stripping away outdated metrics of success and focusing on wider, more holistic attributes such as valuing employees and genuine attention to wellbeing is imperative to sustaining an effective workforce that in the medium to long term, will offer a higher ROI than increased working hours that contribute to burnout.

“ Our analysis suggests that employers can achieve an average return of £4.7 for £1 invested in employees' mental health and wellbeing and early intervention and prevention produces the highest benefits. ”

Deloitte (2024),
Mental Health and Employers.

Why seek empowerment?

As our expert Dr Adeyinka Adewale highlights, “There is a need to restore autonomy to individuals, giving them the opportunity to reflect and make their own choices, so they can truly own their decisions.” Empowering individuals goes beyond delegation; it is about fostering emotional engagement in the workplace and actively supporting the growth of young employees as they climb their career ladder.

Why boost growth?

Supporting employee growth more broadly is not just a nice-to-have perk, but a core business imperative. In Industry 5.0, companies will succeed by leveraging skilled knowledge workers as a key source of competitive differentiation. Those that fail to invest in their people will fall behind.

Career development is a highly important factor in job acceptance alongside advancement potential — cementing learning as a key driver of retention and attraction.



Insight:

Investing in employees is no longer optional but a strategic imperative in Industry 5.0. By prioritising education, empowerment and wellbeing, organisations can strengthen their Employee Value Proposition, creating an environment where people feel valued, motivated and aligned with corporate purpose. This human-centred approach drives engagement, innovation and long-term resilience, delivering both economic and ethical returns.

Opportunity:

- Redefine the EVP by shifting beyond financial incentives to include career progression, personalised development plans and a culture of continuous feedback. Build a value system that reflects individual and organisational growth aspirations, fostering stronger connections with employees.
- Embed wellbeing into organisational DNA, treating it as a strategic cornerstone rather than a perk. Leaders should address emotional, physical and social wellbeing by creating a culture that prioritises purpose, work-life balance and meaningful social interactions, ensuring authenticity in how organisations support their people.
- Invest in skill development and create robust learning and development programmes tailored to individual needs, fostering long-term career growth and preparing employees to thrive in the knowledge economy. Building this out will accelerate ambition and strengthen employee confidence, fueling retention and organisational engagement.
- Adapt to a new talent lifecycle thinking, recognising that every individual across the career spectrum now values diverse experiences and professional change. Rethink educational and development strategies to leave a lasting positive impression, ensuring employees perceive their time with the organisation as mutually beneficial.

Adapting to Generational Flux

“ Shifts in workforce demographics and attitudes require new strategies for culture, engagement and retention. Effective leadership involves aligning diverse expectations, values and collaboration styles with organisational culture. ”



Dr Adeyinka Adewale (2024),
Associate Professor of Leadership Ethics
and Entrepreneurship.

A new (and uncertain) landscape

Those entering the current workforce face unprecedented challenges; a persistent state of global “perma-crisis” has disrupted businesses across all sectors, with macroeconomic, social and environmental pressures transforming traditional working practices. Non-discretionary spending is accelerating in the face of stagnant salary increases, while the rise in higher education tuition fees will make this generation the most indebted cohort to date. Rising expenses have exacerbated financial insecurity among younger workers as 31% of Gen Z and Millennials report feeling financially insecure, with more than half living paycheck to paycheck (Deloitte, Gen Z and Millennial Survey, 2024.)

Beyond economic uncertainty, socio-political fatigue is becoming increasingly prevalent. People are witnessing escalating political tensions worldwide as many nations undergo critical elections while grappling with rising social unrest. The COVID-19 pandemic severely curtailed entry-level opportunities and internships; combined with widespread corporate downsizing and efficiency-driven workforce reductions, younger generations in particular have found it increasingly difficult to achieve job security and satisfaction.

“ Economic pressures and global disruptions are making resilient, people-focused leadership more important than ever. ”



Dr Naeema Pasha (2024),
Visiting Fellow.

Why must leaders acknowledge these profound changes?

It is imperative that all leaders recognise the dramatic evolution across socio-political, economic, technological and environmental domains, as the resulting cycles of disruption have left a profound impact on workplace culture. Embracing Industry 5.0 means leaders must acknowledge that both internal and external forces have significantly raised expectations, reshaped behaviours and intensified professional hardships. To effectively navigate these complexities and foster a resilient workforce, leaders must first understand and adapt to the changing workplace needs and priorities.



“ We’re not different species. We’re all the same people, but we’re influenced by social, political and technological factors around us. ”



Dr Naeema Pasha (2024),
Visiting Fellow.



The Omniployment era

As the labour market transitions into Industry 5.0, leaders face a critical challenge: navigating the profound transformation driven by generational shifts and evolving workforce expectations. Research at Henley Business School has called this the era of Omniployment - a dynamic, tailored approach to employment that replaces outdated, one-size-fits-all models. Our previous white paper, 'The Omniployment Era', introduces six workforce segments that transcend traditional generational boundaries, offering leaders new insights into managing diverse teams.

To thrive in this era, leaders must adopt a human-centric approach, respecting the diverse attitudes, values and priorities of their teams. By fostering flexibility, inclusivity and adaptability, they can build resilient workplace cultures that attract, engage and retain top talent in an ever-evolving labour market. Effective leadership in this new age demands not just awareness of these shifts but action to champion and implement meaningful change.

Demographic evolution and the Silver Tsunami

Gen Z, now the largest and most diverse generational cohort (Pew Research Center, 2024), is set to dominate the workforce alongside Millennials, together representing over 70% of working professionals in the coming decade. In contrast, the workforce faces a “Silver Tsunami” as Baby Boomers retire, creating a critical leadership gap as experienced professionals exit and younger managers step into demanding roles. This demographic shift challenges organisations to prepare emerging leaders for complex responsibilities, especially as they transition to Industry 5.0.

Organisations will need to provide an increased level of attention towards mid-career professionals to support their transition into key leadership roles once occupied by the outgoing leadership pools.

“ Often it’s one generation hiring another and as such, all those preconceptions and unconscious biases and assumptions about different generations come into play; there are so many definitions of each generation. ”



Professor Nick Kemsley (2024),
Professor of HR and Organisational Capability.

The growing confluence of workforce behaviours

Collectively, the labour market has witnessed accelerated changes in how employees view work, with younger generations often prioritising flexibility and growth, while older workers largely seek security and purpose. But viewing the labour market as siloed generations with fixed characteristics and behaviours can often have its pitfall for leaders, leading to assumptions and bias.

Our expert Professor Nick Kemsley suggests leaders reframe their thinking, addressing the labour market as those in pre, early, mid, core and late-career brackets. Once achieved, leaders can begin to tailor their organisational offering to more accurately reflect their aspirations at different stages of their careers.

The divergence across workforce behaviours in the Omnemployment Era underscores the need for leaders to move beyond assumptions and embrace the complexities and diversity within their workforce. With four generations now coexisting in the workplace, attempting to impose a singular organisational culture on such a heterogeneous group is unlikely to succeed. Leaders must learn to embrace each group’s unique perspectives to foster cross-generational collaboration and adapt their approach to avoid conflicts, ultimately leveraging diversity as a strength.

To thrive, companies must reframe their existing strategies to attract and retain talent, address skills gaps left by outgoing senior professionals and build resilience within the organisation.



What defines the misunderstood generation?

With stark generational differences catalysed by a changing socio-economic, political and technological landscape, Gen Z are at risk of being critically misunderstood by their leaders, creating misalignment in how to approach them effectively. Contrasts in key personal values, characteristics, attitudes and desires has meant Gen Z have been subjected to harsh criticism from the working world - often labelled as dejected, non-conformist and lazy. Nevertheless, their role in the future of Industry 5.0 is critical and business leaders must overcome limiting stereotypes and examine the true drivers of this evolving workforce.

Our insights show Gen Z to be highly future-facing individuals. They keenly champion work-life balance as wellbeing takes centre stage in their pursuit of sustainable career options. They will seek out businesses that express a commitment to social change and provide workplaces that offer meaning and purpose beyond profit. This is exemplified by Professor Kleio Akrivou's assessment, "Gen Z wants very integrated, holistic ethics".

Younger generations often prioritise employers who offer opportunities for professional growth, skill development and mentorship as they search for progression via a constantly evolving career path. Leaders must therefore respond to the demographic evolution and prepare to transform their organisational culture at pace, developing an environment that draws the attention of younger talent while retaining the satisfaction of older employees.

“ There’s a common misconception about Gen Z, with many viewing them as lazy or nonconformist. I refer to them as the misunderstood generation. ”



Dr Adeyinka Adewale (2024),
Associate Professor of Leadership Ethics and
Entrepreneurship.

“ For Gen Z, I believe they seek the same things we all want from work, but their approach differs because of what’s at stake. It’s the gravity of what’s at stake that truly drives their behaviour. ”



Dr Adeyinka Adewale (2024),
Associate Professor of Leadership Ethics
and Entrepreneurship.

“ Gen Z is pushing back. Having gone through the pandemic, they are really examining what health and family mean to them, all while facing barriers to employment, home ownership and rental properties. This pushback has made people ask, “Why should they work in the Millennial hustle culture?” ”



Dr Naeema Pasha (2024),
Visiting Fellow.

What are the implications on the future workplace?

If workplace detachment continues to rise, Industry 5.0 could experience a decline in organisational efficiency, productivity and social wellbeing. The disengagement of younger employees may have a ripple effect, leading to wider societal issues like increased unhappiness and isolation. This could negatively impact workplace social structures and economic profitability. A direct impact may be a shrinking working population, as more Gen Z individuals choose to become NEET (Not in Education, Employment or Training), diminishing the pool of economically active individuals.

What is the Great Detachment?

The “Great Detachment” is a growing trend among Gen Z, as they face a transformed work environment shaped by the impacts of COVID-19 and other global crises. Many young employees are disengaging from traditional work methods and company cultures, driven by a misalignment between their values and the realities of employment. Gen Z often prioritises personal fulfilment, purpose-driven work and social impact over financial success or career advancement. Economic pressures, including stagnant wages and high living costs, further intensify this disconnect, making financial independence feel increasingly unattainable. As a result, many are moving away from conventional career paths toward flexible, values-centred work models or pursuing entrepreneurial ventures. Businesses must adapt to these shifting attitudes and priorities to engage and retain Gen Z talent, or risk losing relevance as the future of work evolves around this generation’s changing needs.



“ Younger generations in the workforce expect to be heard and will readily challenge if they are being ignored. They want to work within inclusive and supportive organisations with clear purpose and a recognition of responsibility to all stakeholders, not just the financial stakeholders. ”

Winmark & CIPD (2024),
The C-Suite: 2024 & Beyond, 28
February 2024.

“ Younger people are more likely to want to work for companies that not only provide work-life balance and flexible working opportunities, but also demonstrate corporate social responsibility, particularly regarding environmental concerns and sustainability. ”



Dr Rita Fontinha (2024),
Director of Flexible Work in the World
of Work Institute.

Aligning organisational values with generational aspirations

Given these demographic shifts and challenges, leaders will need to profoundly rethink their strategies to attract and retain this increasingly influential younger workforce. At its core, effective leadership strategies must evolve alongside demographic shifts by aligning organisational values with generational aspirations; without this businesses risk falling behind.

As such, businesses' strategic goals must better align with the changing workforce in Industry 5.0. Gen Z, as pivotal agents of change, will significantly influence company culture. Industry players must resonate with their values and demonstrate tangible commitments to making a positive impact. Our insights suggest that successful leaders will be those who quickly and authentically embed early career professional desires into organisational frameworks while managing the balance with wider workforce segments.





Insight:

The future of people leadership demands that organisations adapt to generational shifts by embracing diversity in values, motivations and expectations. To thrive in Industry 5.0, leaders must realign their strategies to meet the aspirations of a multigenerational workforce while navigating the challenges posed by economic, social and technological change.

Opportunity:

- Align organisational values with generational aspirations by bridging the gap between company goals and the personal values of younger generations. Demonstrate a clear commitment through strategic implementation of meaningful social impact, sustainability, inclusivity and individual growth, while acknowledging and supporting employees' personal aspirations. Create an environment where purpose and ambition - both professional and personal - are nurtured and celebrated.
- Develop flexible and inclusive work models by tailoring workplace policies to address diverse generational preferences, including flexibility, work-life balance and opportunities for progression. Avoid one-size-fits-all solutions and actively engage employees to co-create policies that work for different demographics.
- Leverage the unique strengths of a multigenerational workforce by creating structures that encourage knowledge-sharing between all individuals across pre, early, mid, core and late career stages. This will help address skill gaps left by retiring senior professionals and build organisational resilience.
- Rethink leadership development and prepare emerging leaders for complex roles by embedding human-centred leadership training into succession planning. Equip them with the emotional intelligence, adaptability and ethical grounding needed to thrive in a rapidly shifting workforce.

Inclusive by Design

“ In order to achieve a balanced Industry 5.0 world, my vision is that organisations must prioritise diversity, equity and inclusion (DEI) and think of DEI as not just a “social responsibility do-good” but see it more as a strategic imperative. ”



Dr Naeema Pasha (2024),
Visiting Fellow.

Industry 5.0 is set to be powered by the most diverse workforce to date with technology expanding the potential for cross-border and cross cultural collaboration. As business objectives shift to solving complex societal problems, harnessing these diverse perspectives for innovation becomes a major source of strategic advantage.

As such, diversity, equity and inclusion (DEI) will be critical dimensions of people-driven work cultures in this new era and building truly inclusive cultures, where all employees can meaningfully contribute, will require sustained and comprehensive efforts from leaders. The most advanced Industry 5.0 organisations recognise DEI as a holistic ecosystem that must be nurtured across all aspects of the employee lifecycle and experience.

The strategic imperative of an equitable and inclusive environment

Not only is enacting underlying DEI strategies a moral imperative but it also stands as a necessary component of sustainable business practices. Leaders need to understand the role of DEI in maintaining credibility and organisational loyalty in a competitive market, buoying a company for future longevity.

Beyond this, governments and investors are increasingly assessing DEI as a factor of ESG credentials, meaning leaders who understand the facets and nuances of diversity and equity's role in businesses will be better equipped to navigate the regulatory frameworks and investor landscape across Industry 5.0.





Dr Naeema Pasha: DEI in Industry 5.0

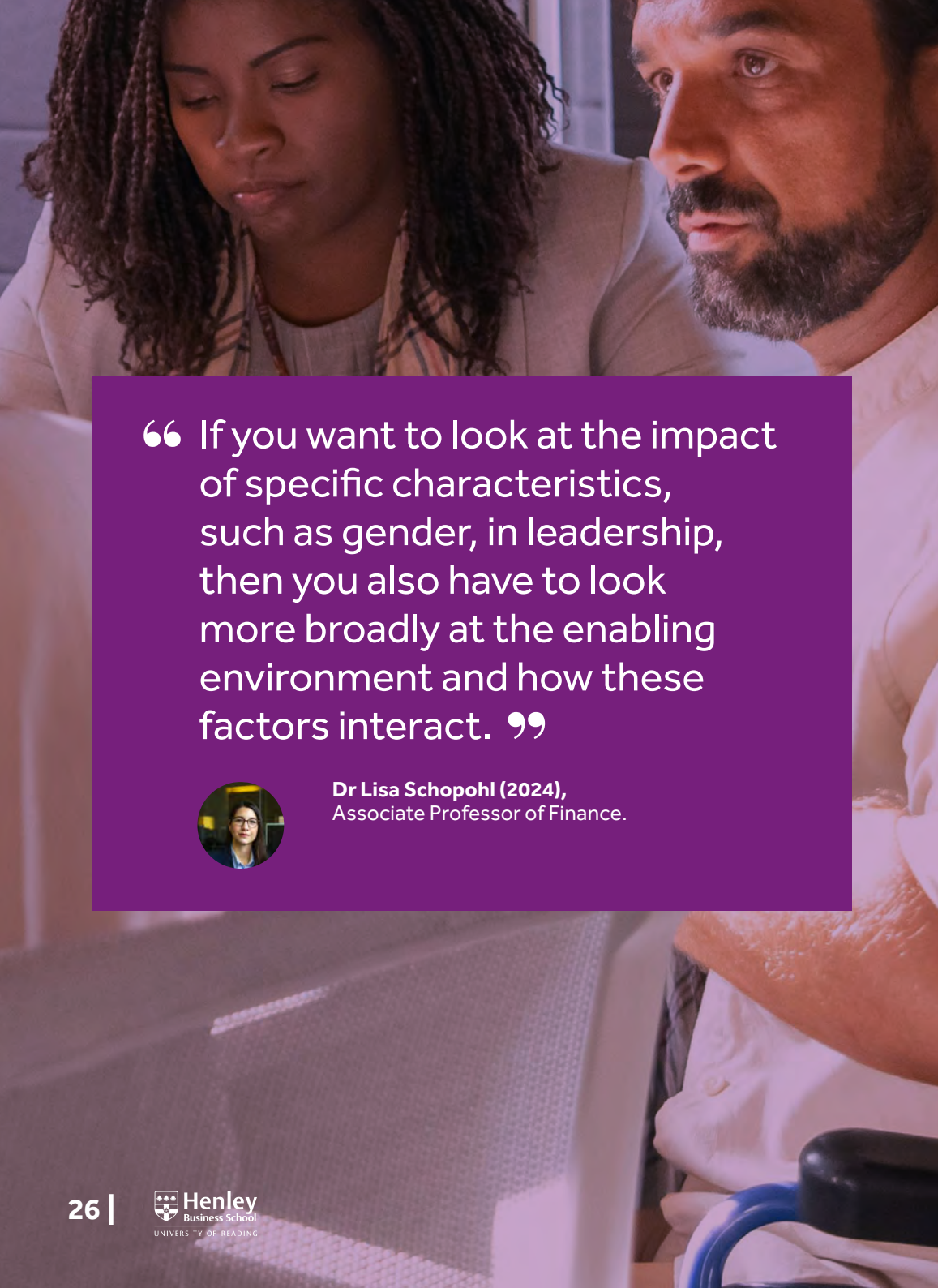
Research in Henley suggests that Industry 5.0 will necessitate a workforce deeply rooted with skills in adaptability, resilience and continuous learning. As the industrial landscape evolves at greater speed including the advances in AI and technology, the demand for specific skill sets will shift accordingly. This highly dynamic environment necessitates a diverse workforce to ensure growth. It should encompass individuals from various generations, backgrounds and groups. This inclusivity will significantly influence the future of work, fostering a more dynamic and equitable environment where individuals and organisations can adapt and thrive in this era of constant change.

At Henley Business School, we have evidence that diverse and inclusive teams are simply more innovative, productive and profitable. We found companies with greater diversity in their executive teams are more likely to outperform their peers. In our research, we find greater racial equality leads to value. The answer as to why should be blindingly obvious: diverse teams bring a wider range of perspectives, experiences and skills to the table. But also, when employees feel valued, respected and empowered, they are more likely to be engaged and motivated. It's not just traditional DEI but also cognitive DEI too – leaders need people to think and challenge our status quo.

DEI research shows that it leads to higher levels of productivity, creativity and loyalty. However, some businesses are still hesitant to invest in DEI initiatives, citing concerns about the potential for backlash or negative publicity, or view it as a distraction from core business objectives. Within the context of Industry 5.0, DEI has immense long-term value and far outweighs short-term costs. As technology becomes increasingly sophisticated, the ability to adapt to change and innovate will be essential. Diverse teams are better equipped to understand the needs of a diverse customer base, anticipate emerging trends and develop innovative products and services.

“ As the workforce evolves - with new skills in demand, generational shifts and greater inclusion of diverse and marginalised groups - the future of work will take shape in unique ways, creating a dynamic era that organisations will adapt to differently. ”

Dr Naeema Pasha (2024),
Visiting Fellow.



“ If you want to look at the impact of specific characteristics, such as gender, in leadership, then you also have to look more broadly at the enabling environment and how these factors interact. ”



Dr Lisa Schopohl (2024),
Associate Professor of Finance.

The challenges of perceived progress

Leaders must carry an acute awareness of the distance between perceived progress and actual performance within DEI initiatives. Implementation and ideation only go so far; however, consistent and sustained management of organisational success is vital for a company to track its progress. KPMG reported that nearly 70% of current CEOs agree progress on diversity and inclusion has moved too slowly. We understand the urgency for leaders to grasp DEI progress and our experts focus on imparting the knowledge and leadership skills to thrive in this environment, championing accountability and responsibility in a complex socio-cultural context.

“ Lack of visible progress on DEI: Although almost all HR leaders (97%) say their organisations have made changes that are improving DEI outcomes, only 37% of workers strongly agree that they’re making progress. ”

Deloitte Insights (2024),
Global Human Capital Trends.

Weaving DEI into organisational leadership

Research has shown that companies with diverse leadership teams are 70% more likely to capture new markets and 36% more likely to outperform on profitability (Gartner, 2024). But creating a diverse and inclusive C-suite is more than a single appointment; you must look into who people are working with, what their relationships are like and how much representation exists. Effective leaders must therefore acknowledge the importance of holistic and far-reaching diversity within their broader executive team - made through equitable and considered board appointments.

“ How do you structure a meeting, a conversation or an organisation to ensure best practices for everyone - whether they are neurodivergent, neurotypical, or have different lifestyle factors, such as caregiving responsibilities? ”



Dr Melissa Carr (2024),
Director of EDI in the World
of Work Institute.

Tailored approaches vs equity approaches

As Dr Rita Fontinha states, “One of the key dilemmas is that we want equity, we want people to be treated the same, but at the same time, people are different.”

It is imperative for workplace leadership to acknowledge the importance of balancing tailored approaches with equitable standards across the board. Tailored, personalised environments allow for diverse individuals to access equal opportunities yet businesses must be cautious in developing employee-specific frameworks. Consequently, business leaders and HR professionals should consider how to effectively manage organisational policy that marries both tailored and equitable discourse that benefits every employee.

Universal design standards

Successful executive leadership is built on a commitment to social responsibility and universal design standards provide a clear way to demonstrate that commitment. By ensuring that workplace operations, services and structures cater to a broad spectrum of abilities and needs, leaders show that they prioritise the wellbeing of all employees. In this way, universal design standards go beyond accessibility, establishing a core framework of best practices that becomes an ethical standard reflecting fairness, respect and the dignity of every individual. According to Dr Melissa Carr, “We could move towards universal design standards - lead by what is good and works for everyone. This provides shared understanding of best practice which line managers can build upon through good quality conversations with people adjustments for individual needs.”

Aspiring leaders moving into Industry 5.0 will need to grasp the opportunities of universal design standards in order to implement them, developing robust, human-centric leadership and a clear people-oriented competitive advantage.

“ A focus on human sustainability may help organisations receive the benefits of greater diversity, equity and inclusion. Organisations with greater diversity are 2.4 times more likely to outperform competitors financially. ”

Deloitte Insights (2024),
Human Capital Report



“ I think the big debate is how tailored these practices can be - ensuring they accommodate different needs and foster inclusion, without creating inequities in the workplace. ”



**Dr Rita Fontinha (2024),
Director of Flexible Work in the World
of Work Institute.**



Insight:

Diversity, Equity and Inclusion (DEI) is no longer a peripheral initiative; it is a strategic imperative in Industry 5.0. Leaders who embed DEI into every facet of their organisation will unlock innovation, improve productivity and enhance long-term resilience. By embracing tailored approaches and universal design standards, leaders can create an equitable and inclusive environment that supports the broadest spectrum of talent while aligning with evolving societal and regulatory expectations.

Opportunity:

- Embed DEI as a strategic driver, treating the framework as a cornerstone of innovation and resilience while integrating it into all levels of the organisation - from hiring to decision-making. Building out a diverse executive team is critical as leaders will need to recognise the role of varied perspectives in solving complex societal and business challenges across Industry 5.0, all while building long-term competitiveness.
- Foster accountability and transparency in DEI progress, bridging the gap between perceived and actual progress by tracking, measuring and transparently communicating DEI outcomes. Equip leaders with the tools to champion accountability through specific training programmes, supporting organisational credibility in the competitive market.
- Seek to adopt universal design standards, committing to workplace practices that accommodate a wide range of abilities and needs. By establishing universal design as an ethical and operational standard, leaders can demonstrate a clear commitment to fairness, respect and dignity for all employees.
- Align DEI with regulatory goals, embedding equitable actions into the businesses as a broader investment into ESG. Leaders must stay ahead of evolving investor and regulatory expectations by understanding how diversity and inclusion influence business sustainability and stakeholder trust.

Flexibility and Empathy

“ A hybrid workforce can deliver strong results, but managing diverse working arrangements requires empathy. Remote work isn't one-size-fits-all and a blanket approach oversimplifies a complex issue - it won't suit every business. ”



Dr Rita Fontinha (2024),
Director of Flexible Work in the World of
Work Institute.

“ 66% of employees say they are in the office full-time, however, only 22% want to be... 31% of employees said they would start to look for a new job if their employer mandated them to return to the office. ”

Forbes (2024),
The Rise of Office Peacocking in the Workplace.



The current working environment has evolved, pivoting away from traditional office-orientated mindsets and rigid working models. Successful leaders now embrace flexibility for both employees and their careers.

We understand human-centric leadership requires empathy. Leaders looking to tackle Industry 5.0 will need to implement flexible working arrangements, cultivate a trustful organisation and, where possible, explore work-time reduction measures in an empathetic push towards a more human-centric workplace.

Effectively managing flexible working arrangements

Hybrid work has become the new standard, particularly in professional roles, as workers across generations seek flexibility in their daily and weekly routines. This acceleration of remote and distributed teams requires new approaches to digital collaboration and cohesion building. But effectively implementing hybrid work requires more than just new technologies and policies - it demands a fundamental rethinking of how we collaborate, communicate and build culture in distributed environments. Leaders will need to manage the adoption of flexible working structures to attract and retain scarce talent while evolving organisational models to align with the future of technologically embedded work in Industry 5.0.

A return to the office?

However, many organisations are choosing to implement return-to-office policies, placing employer mandates at odds with evolving employee preferences. While there are cases for increased cohesion and real-time problem-solving in the office, enforcing a traditional office-first model risks disengaging employees who now expect hybrid options. Adding to the complexity, while younger generations place a high value on work-life balance, some are searching for office roles in hope of more disciplined environments. Leaders must weigh the options of providing on-site working arrangements to provide increased mentoring and networking.

The key emerging theme is that one size doesn't fit all. Successful workplace policies must accommodate diverse preferences and working styles. The challenge for leaders is to balance a variety of working arrangements, ensure equitable experiences for both remote and in-office staff and find new ways to foster belonging and cohesion without relying on physical proximity.



Implications of a two-tiered workforce

A two-tiered workforce can have significant implications as it presents employees with differing levels of pay, benefits or job security. The crux of this issue is reflected by our expert Dr Rita Fontinha in the report 'The-Four-day Week' as she explains, "People whose jobs do not allow them to work from home have a more negative view of any type of flexible working arrangement. So that is leading us to a two-tiered workforce, where we have those who can work remotely and those who cannot".

For leaders, this creates a range of challenging dynamics within an organisation. Employees in the lower tier often feel undervalued, leading to decreased morale, engagement and productivity as they see limited opportunities for advancement or equitable recognition.

With this in mind, leaders should understand the complications that come with enacting flexible working arrangements and unpack how they can best manage the potential pitfalls in social disconnect, access to career development and equitable opportunities across genders, generations and geography. This will ensure they are well equipped to deal with the fluidity of working arrangements expected throughout Industry 5.0.

“ Flexible arrangements sometimes do not allow the boundaries between work and life to be very well defined, so they become blurred and that generates stress. ”



Dr Rita Fontinha (2024),
Director of Flexible Work in the World
of Work Institute.

The four-day work week

Implementing a four-day work week can bring significant benefits, including reduced stress, cost savings and sustained productivity. Our whitepaper 'The Four-day Week' found that 78% of employees report improved work-life balance under a four-day schedule, while organisations adopting it often see productivity maintained or even enhanced by up to 40%. However, transitioning to this model requires thoughtful planning and strong leadership to address potential challenges and ensure its success.

Our experts found leaders must begin by defining whether the schedule involves reduced or compressed hours, ensuring clarity and consistency across the organisation. A lack of transparency risks creating confusion or perceptions of unfairness, which can undermine the initiative. Inclusivity is also essential; offering the option to all employees where possible fosters equity and prevents divisions within the workforce.

Generational differences pose another challenge. While younger employees often value flexibility and work-life balance, older generations may prioritise stability and traditional structures. As such, leaders must tailor policies to meet diverse needs while maintaining fairness.



“ All of the firms we researched (in the 4 day week trial) have reported higher savings in terms of absenteeism and in terms of turnover - so people didn't want to leave - and in terms of their ability to attract and retain staff. In total, intermediary Human Resources costs were actually lowered. ”



Dr Rita Fontinha (2024),
Director of Flexible Work in the World
of Work Institute.



“ If we talk about wellbeing and changing demographics, we know that flexible working is really important. What’s more, from a diversity point of view, it plays a vital role. ”



Dr Melissa Carr (2024),
Director of EDI in the World of Work Institute.

Work-time reduction measures

Leaders must consider the evolution of the professional commute as central business districts devolve, company requirements change and employees are empowered to work from home. Flexible working arrangements significantly impact employees’ lives outside of the office and work-time reduction factors are highly important for company diversity, enabling people to apply for roles they may otherwise have been unable to approach, reclaim time with their family, or reduce stress that comes with traditionally extended working hours.

Looking ahead, the most successful hybrid organisations will put worker wellbeing at the centre of their approach, adopting an empathetic leadership style that aims to minimise organisational impact on employees’ personal lives where possible.

A catalyst for economic and social wellbeing

Our research has shown that work-time reduction measures - when implemented effectively and sustainably - can yield improvements in worker wellbeing, gender equity and productivity. Catalysing economic and social wellbeing, executives must acknowledge empathetic leadership and flexible arrangements can have a greater impact than traditional wellness schemes.

Successful organisations must adopt work-time flexibility, allowing employees to balance their work and personal lives. Simply put, “it makes a change when someone can go and pick up their child who’s sick at school or that they can have certain parts of their job done asynchronously” (Dr Rita Fontinha, 2024).

“ Investing in different wellbeing-related measures can include both work-time flexibility and work-time reduction, with different approaches needed for individuals in different sectors. ”



Dr Rita Fontinha (2024),
Director of Flexible Work in the
World of Work Institute.

“ Industry 5.0 has got to mean some kind of improvement in trust. That’s a critical part of what ethical leadership is - not just to be trustworthy, but to be able to turn around an untrustworthy experience. ”



Dr Naeema Pasha (2024),
Visiting Fellow.

Cultivating a culture of trust

Trust is a critical component of successful leadership in equal directions, as trusted leaders garner the commitment and support from their workforce, while also trusting their team to execute their roles correctly or face a toxic culture of surveillance. Research indicates trust invariably gives room to optimum employee performance, prompting workers to go the extra mile and promote their organisations. Creating healthy dialogue and openness towards conflict resolution are hallmarks of effective human-centric leadership and aspiring executives must acknowledge the underlying significance in cultivating a trusting work environment.

Adapting to workplace heterogeneity

Understanding workplace diversity is key to shaping effective flexible work policies and leadership in Industry 5.0, as employees today have varied needs, preferences and motivations across generations and cultures. Our expert Dr Rita Fontinha’s research on workplace flexibility and remote work finds that uniform flexible work models often fall short; leaders who recognise workforce heterogeneity can create a culture that values unique contributions, promotes cross-functional collaboration and accommodates different work styles.

Embracing this diversity allows leaders to tailor flexible work policies that genuinely enhance productivity and satisfaction. By acknowledging diversity in these policies, organisations reinforce their commitment to employee wellbeing - a critical factor in attracting and retaining top talent.

“ I think looking at this from a diversity perspective - diversity, not in terms of equity and inclusion, but from heterogeneity in the labour market - is the way to go. Not one size fits all. ”



Dr Rita Fontinha (2024),
Director of Flexible Work in the World
of Work Institute.

Insight:

Flexibility and empathy are foundational to human-centric leadership, enabling organisations to navigate the complexities of a hybrid workforce while cultivating trust and productivity that will put leaders in good stead to tackle the hurdles across the modern workplace. Leaders who balance diverse work preferences, adapt to evolving workforce heterogeneity and integrate empathic decision-making will unlock higher employee satisfaction, loyalty and long-term organisational resilience in the Industry 5.0 era.

Strategic opportunities:

- Champion flexible work models by embracing hybrid and tailored arrangements that address diverse employee needs, enabling a balance between productivity and personal wellbeing. Leaders should rethink traditional workflows to support effective distributed teams. Leaders should embody empathy and ensure it runs deep into organisational culture, recognising the unique challenges employees face in hybrid environments and design policies that foster trust, respect and work-life harmony.
- Mitigate two-tiered workforce dynamics by addressing inequities between remote and on-site employees, ensuring equal access to resources, career development and recognition. Leaders must prioritise cohesion and engagement across the organisation to prevent disparities in morale and opportunities.
- Adopt work-time reduction measures where possible, implementing reduced working hours or asynchronous workflows to support diverse lifestyles and responsibilities. This approach can improve employee wellbeing, reduce stress and broaden the talent pool by accommodating those previously excluded by traditional work schedules.
- Adapt leadership to workforce heterogeneity, recognising and celebrating generational, cultural and personal differences within the workforce. Key figures in the organisation must develop inclusive policies that reflect these diverse preferences, creating an adaptable environment where every employee feels valued and empowered to contribute.

Measuring What Matters

“ Redefining leadership, often tied to hierarchy and individual success, requires courage to challenge norms and resist short-term gains. It means embracing new metrics of achievement, a long-term vision and values-driven success. ”



Professor Kleio Akrivou (2024),
Professor of Business Ethics and Moral
Development, Director of the Centre for
Business Ethics and Sustainability.

Promoting values-driven business

As we transition into Industry 5.0, businesses must redefine success to include more human-centred, qualitative metrics.

Critically, modern leaders will need to carefully evolve their workplace metrics without radically upending the importance of core business values. As our expert Professor Bernd Vogel brings into question, “How do leaders navigate the tension between being purposeful, human-centric and focused on diversity and inclusion, while also running a pragmatic business?”

For many organisations, human connections are central to driving value across revenue, innovation, efficiency and productivity. However, there is often a significant lack of attention given to strengthening these bonds. Writing them into the modern success metrics of Industry 5.0 will ensure legacy mindsets of extracting value from employees will be replaced with a commitment to creating value for them, reorienting their businesses to focus on employee sustainability.

Network Leadership vs Hierarchical Leadership

As Industry 5.0 reshapes the demands on leadership, a critical shift is moving from traditional hierarchical models to ‘network leadership’. This approach emphasises connectivity in people management, leveraging skills from across the organisation - and sometimes externally - to achieve shared goals. Our expert Professor Nick Kemsley explains, “It’s focusing less on the hardware and more on the software. It’s thinking, how do I in an agile, dynamic, flexible way make the best use of the right skills to focus on what needs to be done when it needs to be done.”

To lead effectively in this era, leaders must move away from enforcing conformity and instead champion diverse perspectives and skill sets. By embracing network leadership, they can cultivate resilience and agility, equipping their organisations to navigate complex challenges with greater efficiency and innovation.

“ Virtues are very important; those deeper capabilities such as kindness and service-orientated spirit. ”



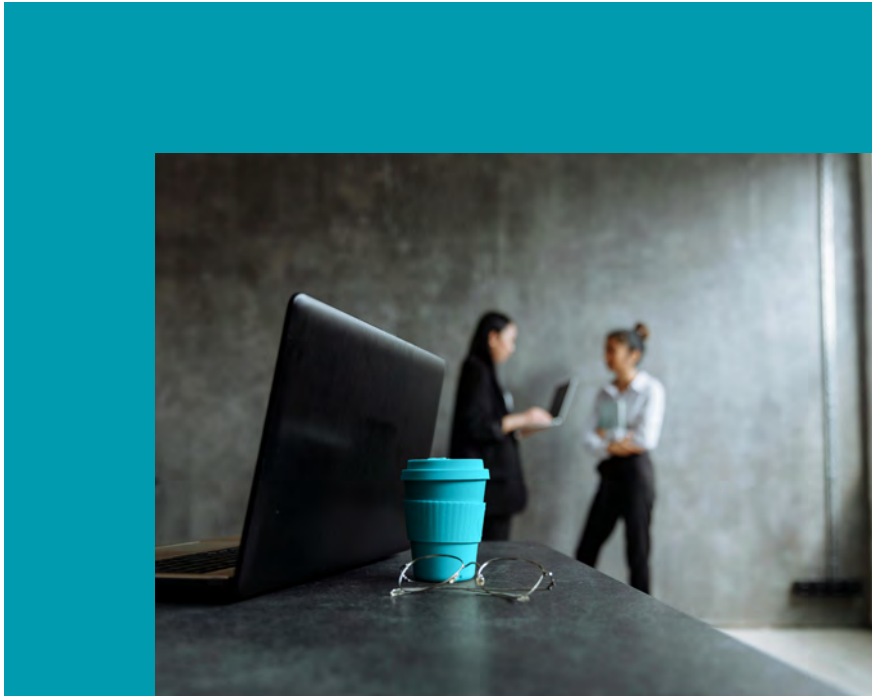
Professor Kleio Akrivou (2024),
Professor of Business Ethics and Moral Development, Director of the Centre for Business Ethics and Sustainability.



“ It’s much more about bringing people together, to convene groups of skills from across different parts of an organisation and manage them in such a way that they achieve a joint objective. ”



**Professor Nick Kemsley (2024),
Professor of HR and Organisational Capability.**



Why must leaders focus on social governance?

As the 'S' in ESG, leaders in Industry 5.0 must focus on social governance to build trust, ensure ethical practices and meet the growing expectations from employees, consumers and stakeholders for organisations to make a positive societal impact. Effective social governance fosters inclusivity, accountability and respect, which not only strengthens internal morale but also bolsters a company's public image, helping attract talent and build consumer loyalty. Additionally, our insights show that it drives long-term business resilience by mitigating the risks of unethical practices and reputational damage.

Leaders can enhance their approach to social governance by actively seeking education on emerging ethical standards, diversifying their sources of insight and engaging in mentorship or advisory programmes focused on sustainable leadership. By aligning with initiatives like the UN Sustainable Development Goals (United Nations, 2024), leaders can better integrate global social priorities into their strategies. Stakeholder engagement and inclusive decision-making processes allow leaders to identify pressing social concerns and embed these insights into their governance frameworks.

Beyond profit as a sole metric for success

While profitability remains crucial, focusing exclusively on financial outcomes can lead to short-term gains at the expense of long-term value, employee engagement and societal impact. Leaders must find a balance between profit and people, pushing outdated metrics aside and curating a more holistic measure of organisational success. This should include factors such as employee development, leadership growth, equity, belonging and purpose. Adopting social metrics sets a tone of caring and committed leadership, shifting from extractive, transactional thinking to an investment in human capital.

“ I believe the balance between output and process, or intention, needs to be given serious consideration. ”



Professor Keiichi Nakata (2024),
Director of AI & Automation in the
World of Work Institute.

“ Businesses that strive to operate in a socially responsible and sustainable manner create not only long-term success but also promote positive change within their industry and community. ”

Forbes (2023),
The Rise Of Ethical Leadership In Modern
Business Enterprises, 28 February 2023

A legacy of change through human-centric leadership

Successful leaders who adopt a human-centric approach to company leadership can leave a lasting legacy that reshapes not only their organisation but also the broader business landscape. By prioritising the wellbeing, growth and engagement of their employees, leaders can cultivate environments where people feel valued, respected and empowered.

Leaders who triumph within Industry 5.0 will be those who understand a strong organisational culture and workforce must hold a deep connection to a company's purpose and values. Leaders who successfully facilitate this will leave behind an organisation that is adaptable, resilient and better able to navigate crises with the loyalty of an engaged workforce.

We see that human-centred leadership fosters a legacy that extends beyond financial success. It builds a reputation for ethical responsibility and social contribution, creating a ripple effect across industries as more companies embrace the balance between purpose and profit.





Insight:

In Industry 5.0, leadership success will hinge on the ability to redefine traditional workplace metrics by prioritising human performance, employee engagement and societal contributions alongside financial outcomes. Transformative leaders who adopt holistic, values-driven attitudes to success will foster resilient and competitive organisations that will thrive in shifting workforce expectations and societal demands.

Opportunity:

- Redefine organisational metrics to incorporate human-centric outcomes by developing a balanced assessment that integrates traditional financial metrics with qualitative measures such as employee engagement, innovation rates and contributions to social responsibility. Conduct reviews to ensure alignment with evolving workforce values.
- Elevate employee sustainability as a core leadership goal. Shift from extracting value from employees to creating value for them by focusing on career development, mental health initiatives and flexible work structures. Measure success through employee retention, satisfaction and productivity improvements.
- Balance profit and people with holistic decision-making by designing a strategic plan that equally prioritises profitability and the wellbeing of employees and communities. Implement cross-functional leadership discussions to evaluate how decisions affect all stakeholders, ensuring long-term organisational resilience.
- Leverage technology to measure and enhance employee engagement by utilising advanced analytics tools to gather data on employee sentiment, productivity and work-life balance. Use these insights to make informed decisions about workplace policies and development opportunities.

Summary

“ Prioritising human performance is key to building a resilient, future-focused business. This requires moving beyond intent to action, shedding outdated mindsets and traditional frameworks in favour of transformative, human-centred leadership and culture. ”



Professor Kleio Akrivou (2024),
Professor of Business Ethics and Moral Development, Director of the Centre for Business Ethics and Sustainability.

Successful leadership in Industry 5.0 will be defined by the ability to embrace generational shifts, invest in employee development, and cultivate an inclusive, flexible, and purpose-driven work environment. With Gen Z and Millennials set to dominate the workforce, traditional models of rigid hierarchies and static legacy metrics are giving way to new expectations around flexibility, diversity, equity and inclusion. Forward-thinking leaders who view employee investment as a direct investment in organisational resilience will create opportunities for social growth, improved wellbeing and enhanced performance.

Industry leaders must prioritise time for learning and investing in the human aspects of business. As our expert Odharnait Ansbro suggests, “Designing a workplace around the principles that are fundamental for life to flourish – for both people and the planet – is a really radical way of doing things”. This approach will not only drive business growth but also establish a legacy of responsible, resilient, and inclusive leadership that resonates with employees and stakeholders alike.

Report Series: Navigating Industry 5.0

While this report has explored the role of people in Industry 5.0, it is part of a broader series examining the critical pillars shaping the future of business:

- 1. Unlocking the potential for enhanced ethics, sustainability and Human-centricity:**
A comprehensive introduction to Industry 5.0, examining how organisations can adapt to an era defined by human-machine collaboration, responsible innovation and sustainable value creation.
- 2. Harnessing Technology for Human Progress:**
An analysis of technology’s role in Industry 5.0, focusing on human-machine collaboration, ethical AI, and strategies for selective automation, ensuring technology augments human capabilities rather than replacing them.
- 3. Purpose in Practice: Transforming Business for Sustainable Success:**
An exploration into building tomorrow’s purposeful organisations as we navigate Industry 5.0, examining leaders’ role in pushing beyond ESG, creating the right infrastructure for meaningful business, and the power of collective impact.



Together, these reports provide leaders with comprehensive insights and practical guidance for navigating the opportunities and challenges of Industry 5.0, helping organisations drive innovation, foster sustainable growth and create meaningful impact in the era of Industry 5.0.

We would like to thank the following research centres at Henley Business School for their contributions to this report.

World of Work Institute

Henley's World of Work Institute helps businesses face the future of work by applying innovative research to real workplaces.

<https://www.henley.ac.uk/world-of-work>

Centre for Business Ethics and Sustainability

The Centre's mission is to promote ethical, responsible and sustainable organisations and management practices. In doing so, it supports the United Nations' Sustainable Development Goals.

<https://www.henley.ac.uk/research/centres/centre-for-business-ethics-and-sustainability>

Henley Centre for Leadership

The Henley Centre for Leadership is a community of scholars and leaders striving to tackle challenging leadership issues, transform leadership and create positive change in organisations, communities and society.

<https://www.henley.ac.uk/research/centres/henley-centre-for-leadership>

About Henley Business School

Henley is a triple-accredited business school and part of the University of Reading, recently named Sustainable University of the Year by The Times and The Sunday Times Good University Guide 2025. With campuses, offices and partnerships around the world and over 100,000 alumni from 160 countries, we are a truly international institution. As a trusted partner, we help organisations tackle complex challenges and develop in-house capability through insights, development programmes, coaching and consultancy. Our courses are aimed at students and professionals at every career stage – from undergraduate and postgraduate to PhD, MBA, DBA and executive education.

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