

“We Need a New Understanding of Management”

A recent study conducted by Ward Howell International in collaboration with TQS-Research & Consulting analyzes developments in management and recruiting, identifies challenges, and offers innovative approaches as well as concrete impulses for transformative leadership.

- **83% of participants rate the economic situation as poor: pressure on management is mounting**
- **The main concerns are personnel, energy, and location costs, as well as a shortage of skilled workers**
- **The accumulation of crises reveals structural weaknesses and unutilized past potential and clearly shows where there is a need for action**
- **Changes in working environments are placing new demands on management – the focus lies on social skills and empathy**
- **Every second new appointment fails due to financial constraints**

Energy and location costs, a shortage of skilled workers, wars and new protectionism: the economy is currently facing multiple external challenges like never before. This is a problem for many national economies, but in Austria there is an additional major complicating factor: in the years of growth and newly strengthening markets, important factors were neglected, and structures and processes were not made fit for the future, which is now taking its toll. “The exogenous challenges and the meagre prospects of recovery are making the endogenous failures of many years painfully palpable,” as analyzed by Natalie Bairaktaridis, Managing Partner and Head of Office at Ward Howell International (WHI) in Vienna. The internationally renowned management consultancy specializing in executive search and leadership consulting has now conducted a comprehensive study. The study was based on the company's own analyses and investigations and the results of a broad-based series of interviews. Together with TQS Research & Consulting, 235 high-profile representatives from the business world - owners, board members and managers - were interviewed and the results incorporated into the study. The range of topics includes assessment of the general economic situation, the challenges facing managers and, above all, the question of how their requirements profile should and must change

Little Optimism for Economic Development

What economic data, insolvency statistics and the geopolitical situation already suggest is also more than clearly confirmed by the decision-makers surveyed: 83% of respondents rate the current economic situation as bad or very bad, and 38% even expect it to deteriorate further (see slide 10). According to the survey, the biggest problems are personnel costs (7.9 out of 10 points), followed by skilled workers (7.57), energy costs (7.54) and location costs (7.34). However, competitive positioning, investments, political changes and the new ESG requirements also consistently scored above 6. In a nutshell: a great many topics pose major challenges. Managers are under correspondingly high pressure: 87% currently rate the demands on management as high (29% of which are very high), and 62% expect them to become even tougher in the coming years (29% very high).

Accordingly, it is now difficult to generate a willingness to lead and to recruit good management. 57% of the decision-makers surveyed complain that it is now difficult to successfully recruit managers, and just 36% expect a recovery in the coming years.

But how did it get this far? What is global development, what is “made in Austria”?

“Austria really does have some catching up to do in a few areas,” according to the WHI expert. “There is often a lack of transparency in career opportunities and remuneration systems, and industry-related salary ranges are often not available. In many places, top management appears unapproachable, which means that employees do not feel sufficiently involved. At the same time, potential employers lack external appeal.

In the years of growth, these deficits were often masked by attractive remuneration packages and additional incentives: from high-quality office equipment and company cars to part-time and home office models. This approach could work successfully as long as continuous growth seemed assured and some core industries were considered a stable foundation.

But these times are over. The fifth consecutive year of crisis, profound upheavals in the mobility and energy sectors, increasing protectionism with punitive tariffs and China's foray into markets that were once thought to be safe are presenting companies across all industries with immense challenges.

In view of these changes, purely number-based approaches are no longer sufficient to successfully implement course corrections or even sustainable restructuring. Instead, transparent strategic measures that are tailored to the workforce are required in order to effectively meet the current challenges.”

Changing Expectations of Managers

“A new understanding of management is needed - and fortunately, we are already seeing this change,” says Natalie Bairaktaridis. “When I talk about management, I mean leadership: personalities at the top of a company who act with social competence and empathy, involve and inspire their teams and focus on achieving common goals.” This modern understanding of management seems to be increasingly gaining a foothold in companies. “A new virtue is developing out of economic necessity: participatory and transformative leadership,” emphasizes the WHI expert.

When it comes to the most important skills for managers, a clear shift has become apparent: traditional management skills such as performance management or data analysis now rank further down the list - less than ten percent of respondents consider these to be crucial. Instead, “emotional and social intelligence as well as empathy” are clearly in the foreground with 53 percent. In addition, managers should act as role models in dealing with mistakes and openly communicate these as opportunities for learning and development - 94% of respondents underline this expectation. There is also an increasing demand for managers to strive for a balance between work and private life and to have access to flexible working models such as part-time or working from home.

“It is becoming increasingly apparent that excellent leadership cannot be achieved through financial incentives alone,” continues Bairaktaridis. “Rather, it requires a clear objective, a 'purpose' that offers employees orientation and work that creates meaning. Managers must be prepared to engage with their teams, actively use their input, communicate transparently and thus be vulnerable in the best sense of the word.” If these elements are missing, companies are at risk of losing know-how - whether through employees resigning or through their gradual withdrawal in the form of reduced commitment, also known as “quiet quitting.”

Conclusion

“The new understanding of leadership, which is based on empathy, social intelligence and transparent communication, is not only a moral development, but also a decisive success factor,” as emphasized by Natalie Bairaktaridis.

“Companies that embrace participative and transformative leadership approaches create an environment in which employees remain motivated, innovative and committed in the long run. This not only increases loyalty to the company, but also the quality of the results. Especially in times when talent is scarce, this type of leadership determines whether organizations remain competitive - or stagnate. Leadership that

involves teams and acts as equals not only strengthens innovation, but also the resilience and future viability of companies.”

“A good example of a collaborative understanding of leadership can be found in organizations that rely heavily on cooperative decision-making processes, such as large, innovative law firms with partner models,” explains Bairaktaridis. “In these structures, where numerous partners share responsibility, a coordinated and transparent management model is essential. This shows that decisions on equal footing, a clear focus on common goals and open, trusting communication are key factors for sustainable success.”

Solutions using Proactive Recruiting Methods

The challenging job market is prompting more and more companies to take a more proactive approach to recruiting and pursue new approaches. In addition to traditional channels such as job advertisements in the media and on job platforms, active sourcing - the targeted approach of candidates - is becoming increasingly important. This is done both via internal HR departments and through collaboration with external consultants.

Our detailed survey also contains other topics that go beyond this text, which may be of interest to you. Please do not hesitate to contact us if you have any questions or would like to talk to us in more detail.

About Ward Howell International

Ward Howell International is one of the world's most renowned management consulting firms in the field of executive search and leadership consulting. The global network of around 30 offices in 27 countries supports well-known clients from all major sectors and industries, from the public sector and NGOs to the recruitment of executives and in the field of leadership consulting. Ward Howell International utilizes a modern, holistic consulting process that responds to the individual needs of clients and their environment. Ward Howell International was founded in the USA in 1951 by former McKinsey partner Henry Ward Howell. Under the leadership of Natalie Bairaktaridis, the Vienna office supports leading Austrian and international companies in the recruitment of executives and also advises them in a holistic approach to HR and organizational development processes.

Please direct further inquiries to:

Martin Himmelbauer
Himmelpower Communications
Tel.: +43 664 810 44 33
Mail: mh@himmelpower.com