MCE BUSINESS RESOURCES

WHAT IS THE ‘NEW DEAL’ IN THE WORKPLACE?

BY ANGELA RIXON



Gallup’s “State of the Global Workplace 2025” report puts global employee engagement at 21% and estimates the cost of disengagement at $438 billion in lost productivity. Full engagement, Gallup suggests, could unlock $9.6 trillion in value, roughly 9% of global GDP.

At the same time, the World Health Organization formally recognized burnout as an occupational phenomenon in the ICD-11, describing it as a syndrome resulting from chronic workplace stress that has not been successfully managed. It is characterized by exhaustion, increased mental distance or cynicism, and reduced professional efficacy.

These are not isolated data points. They signal that the employment deal many organizations still operate under is no longer aligned with the reality people experience at work, or with what organizations need from their workforce.

For much of the 20th century, the agreement was simple and largely unspoken: deliver, stay loyal, and you will be rewarded with stability, progression, and status. That “old deal” still shows up in performance ratings, promotion pathways, and leadership reflexes, especially top-down communication and the assumption that commitment is proven through long hours, often at a relentless pace.

But the context has changed faster than those assumptions. The “new deal” in the workplace is not a flexible-work policy. It is a reset of the psychological contract: a shift from employment as a transaction to work as a partnership, one

that creates value for the organization and meaningful growth for the individual. A simple reality shapes it—disruption is now the baseline condition of work. I see this tension most clearly when leaders say they want agility yet keep approval structures designed for stability.

WHY THE OLD DEAL IS BREAKING DOWN

The old deal is failing because the world of work has shifted faster than the systems and assumptions built for a more stable era have.

Work is being redesigned at scale as AI and technological shifts converge with powerful macro forces. In the World Economic Forum's "Future of Jobs Report 2025," job disruption is projected to equate to 22% of roles by 2030, with 170 million new roles created and 92 million displaced (a net gain of 78 million).

This isn't only about job titles. It's about capability. Employers polled for the WEF report expected 39% of workers' core skills to change by 2030, and they reported that 50% of their workforce had completed training as part of learning and development initiatives (up from 41% in 2023). Learning is moving from a "perk" to an operating requirement.

In this context, "loyalty for security" is hard for organizations to offer and hard for employees to rely on. People are responding pragmatically. In Gallup's "State of the Global Workplace 2025" report, 50% of employees globally said they are watching for or actively seeking a new job.

The "war for talent" frame is now too narrow: What's really happening is a renegotiation of the value exchange. Employees know they must protect their employability, and employers need a workforce that can adapt, learn, and execute in the face of change.

The strain of this transition is showing up most clearly in the manager layer, the operating core of the organization. Gallup reports that manager engagement fell from 30% to 27% in 2024, a concerning shift given that 70% of team engagement is attributable to the manager. Deloitte Insights explained why in its March 2025 article, "Is There Still Value in the Role of Managers?": Managers spent nearly 40% of their time firefighting or on administrative work, and over a third felt unprepared for the people-leader aspects of the role.

In my work with leaders, the break in the deal is rarely dramatic. It's the accumulation of minor mismatches over time: shifting priorities, rigid accountability, and routine decisions that still require senior approval. One leader described it as "running faster each quarter just to stand still."

Leadership capacity has become a business constraint. When the manager layer burns out or disengages, execution suffers, along with customer experience and culture.

Finally, the "where" of work has changed what belonging requires. Hybrid and flexible models can increase autonomy and improve access to talent, but connection does not automatically follow. The Chartered Institute of Personnel and Development, in its "CIPD Good Work Index 2025," reports that 37% of UK workers feel lonely at work (12% always/often; 25%



The new deal is not "we will keep you forever." It is "we will build a high-trust partnership where, for the time you are with us, you can do work that matters, develop capability, and be treated as a whole human being while delivering outcomes that matter."

sometimes), and its research on hybrid working highlights negative impacts on managers' ability to lead effectively, employees' connection to organizational purpose, and overall culture. A 2025 study in the *Journal of Vocational Behavior* reinforces the point, finding that belonging in hybrid settings depends on distinct remote and onsite factors, including structured communication, time control, and intentional human connection, rather than proximity alone.

The old deal, built on stability, tolerable stress, and proximity, is colliding with a world in which most organizations can no longer offer those conditions, and employees are recalibrating expectations accordingly.

WHAT THE NEW DEAL IS

If the old deal was transactional, the new deal is relational and developmental: a set of mutual, partnership-oriented promises that make modern work feel worth it for both the employer and employee.

This is not an "anything goes" deal. Accountability, performance, and commercial outcomes still matter. The shift is what earns commitment (and discretionary effort) in conditions of uncertainty.

In my book *Meaning Over Purpose: The CEO's Strategic Blueprint for Growth and Lasting Engagement* (Practical Inspiration Publishing), I describe this shift as moving from compliance (doing what is asked because you must) to commitment (bringing judgment, creativity, and resilience because the work aligns with who you are, or who you are becoming). That distinction matters because, in a volatile environment, organizations can't expect policy to reduce disengagement; they have to earn commitment through experience.

A psychological contract lens is useful here because it makes visible what leaders often leave implicit: People respond to the perceived "rules of engagement" and mutual obligations as much as to the formal contract. When expectations are misaligned, trust erodes. When expectations are made explicit and delivered consistently, partnership becomes possible. The new deal language names what many employees feel but rarely articulate: a shift in what they believe work should provide.

So, the new deal is not "we will keep you forever." It is "we will build a high-trust partnership where, for the time you are with us, you can do work that matters, develop capability, and be treated as a whole human being while delivering outcomes that matter."

THE TERMS PEOPLE ARE NEGOTIATING FOR NOW

Across sectors, four conditions consistently underpin sustainable performance: autonomy, growth, connection, and the translation of organizational purpose into personal meaning.

Autonomy with accountability. People want decision rights, flexibility, and an authentic voice without losing clarity about what "good" looks like. This is less about "letting go" and more about redesigning control: fewer approval chains, clearer guardrails, and shifting from monitoring activity to enabling outcomes. It aligns with the WEF's picture of accelerated change: Organizations need faster decisions closer to the work to compete in disrupted environments.

Growth and employability. When core skills are projected to shift at scale by 2030, development cannot sit at the edge of the operating model. Training participation is rising globally, a signal that continuous learning is becoming part of the new deal rather than an optional extra.

Connection and belonging. The data is increasingly evident that loneliness and cultural fragmentation are performance issues. When 37% of UK workers report feeling lonely at work at least sometimes, and employers report hybrid work's negative impact on culture and purpose connection, leaders cannot treat belonging as a "nice to have." It is infrastructure for execution, collaboration, and retention, and it must be actively designed across both remote and onsite modes.

Meaning, not just corporate purpose. Many organizations have invested heavily in purpose statements. The employee question is more immediate: How does my work matter to someone, and why should I care? PwC's "Global Workforce Hopes and Fears Survey 2025" found that employees who see their work as most meaningful are 91% more motivated than those who find it least meaningful.

Leaders need a sharper distinction: purpose sets direction; meaning fuels energy. When they connect, people can see why their work matters and feel safe enough to act on it. PwC's 2025 research shows that employees who experience the highest levels of psychological safety are 72% more motivated

than those who feel the least safe. Yet, only 56% said it is safe to try new approaches at work, and just 54% said their team treats failure as a learning opportunity.

These findings challenge the assumption that motivation is primarily about rewards and incentives. Modern motivation is increasingly shaped by whether people feel safe to contribute and can see growth, experience meaning, and trust the direction of travel.

And that direction of travel includes AI. PwC reports that 54% of workers had used AI for their jobs in the past year, but only 14% said they use GenAI daily. Workforce transformation will not happen through technology deployment alone. It depends on adoption, capability development, and trust.

HOW LEADERS MAKE THE NEW DEAL REAL

The new deal becomes real in the moments that matter: how decisions are made, how work is designed, how feedback is given, and what gets recognized. A practical managerial question is: What am I reinforcing? Because reinforcement, rather than rhetoric, is how psychological contracts are experienced day to day.

Start by redesigning decision rights. Push decisions closer to the work with clear guardrails: what success looks like, the constraints, and when to escalate. This is how autonomy and accountability grow together.

Make progress and growth visible. People can work hard and still feel stagnant. Build growth into business-as-usual cadence: stretch assignments tied to capability, after-action reviews, and feedback translated into the next step. Protect time for development.

Rebuild trust in performance management. Deloitte's 2025 research found that 61% of managers and 72% of workers could not say they trust their organization's performance management process. And only about a quarter (26%) of organizations said their managers are very or extremely effective at enabling performance. Deloitte notes that this may reflect managers spending only about 13% of their time developing people. Trust grows when criteria are transparent, feedback is frequent, and conversations focus on future contribution and learning rather than surprise negative judgments.

Engineer psychological safety with standards. The PwC data makes the business relevance of safety explicit: Safety is a motivation lever. But it is often misunderstood as "lowering the bar." A more useful perspective is candor with respect, and accountability with learning. Leaders can model this by normalizing learning from failure and rewarding thoughtful risk taking when it improves outcomes.



Design connections deliberately in hybrid work. CIPD's findings that hybrid work can negatively affect culture, purpose, connection, and managers' ability to lead teams effectively are a warning: Hybrid work without intentional design becomes a slow-leak risk. Practical design choices include shared team rhythms (not constant meetings), intentional onboarding into culture, and "connection moments" that rebuild the informal learning and belonging that proximity previously provided.

Treat AI transformation as a partnership challenge, not a tech rollout. The WEF notes that upskilling is the most common workforce response employers expect, and PwC reports that workers already see productivity and quality benefits from AI use, yet daily GenAI use remains relatively low. The leadership task is clear: Set guardrails, invest in capability pathways, and communicate honestly about what AI will change and what it won't.

THE LEADERSHIP MOMENT AHEAD

If you're relying on heroic effort to hit targets, the deal is already failing. You're just not measuring the cost yet. The new deal offers a more sustainable model of management.

When engagement is falling, managers are disengaging, and half the workforce is watching the market, the risk is structural. This gap matters. Transformation will not happen through technology deployment alone. It depends on whether people feel safe enough to experiment, skilled enough to adapt, and clear enough about why the change matters.

The best new deals will not be written in an HR policy. They will be written, and delivered, through managerial behavior in the lived experience of partnership, day after day. AQ

Angela Rixon is the founder and CEO of The Centre for Meaningful Work Ltd. and is an award-winning leadership strategist, executive coach, and culture-transformation specialist with more than 25 years of experience. She helps CEOs and executive teams design human-centered cultures that achieve measurable business results while fostering inclusion, well-being, and authenticity.

MCE | KEY FACTS

MCE is your reliable partner for continuous success with agile people development solutions.

10,000,000

participants on AMA & MCE programmes in the last 10 years

92%

of Fortune 1,000 companies are our business partners

96%

of participants report they are using what they have learnt at AMA & MCE

1,000+

expert facilitators globally

100+

Open Training Programmes running throughout EMEA

98

year's experience working with our clients around the globe

For more information please contact:

+32 2 543 21 20

info@mce.eu

Visit **www.mce.eu**