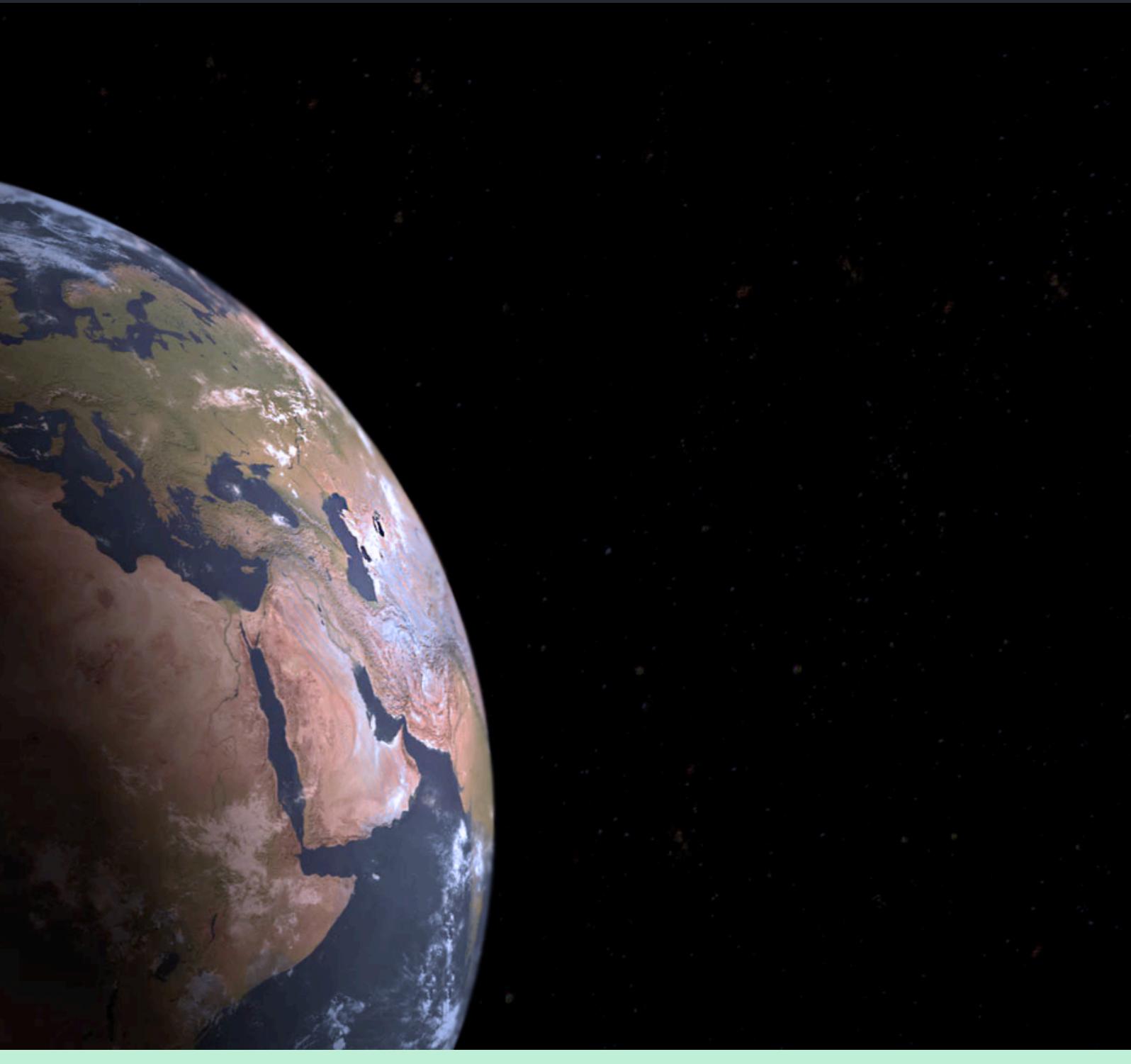


SPECIAL REPORT

# The World in 2026

From fragmentation to permanent risk.

How the Middle East conflict, a shifting world order and AI disruption are reshaping the operating environment for businesses in 2026.



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# Trump's 'shock and war' makes this economic crisis different

Written by Andy Haldane

Since the US and Israel attacked Iran last month, economies and financial markets have been adrift in a storm. The economic epicentre of this conflict has been energy. The effective closure of the Strait of Hormuz has deprived the world of a fifth of its oil supply, approaching 20mn barrels a day. This makes it the largest-ever shock to the global oil market and has caused wild intraday swings in oil prices and large-scale releases of strategic oil reserves, neither of which has historical precedent.

Seeking ways to understand the implications of the current conflict, analysts have been trawling past oil and geopolitical crises for inspiration and scenario planning. But perhaps there is a more recent example which offers both lessons and, on the face of it, some degree of reassurance about how economies and financial markets might respond.

Almost a year ago the world experienced another day of shock and awe when punitive "liberation day" tariffs were announced by the US. Then, as now, the source was the president of the United States. The immediate effects also bore striking similarities: asset prices fell sharply, gold prices rallied, risk appetite collapsed, growth forecasts were sliced and probabilities of US recession ballooned.

Yet what happened next was equally surprising. By the end of 2025, global equity prices were almost a fifth higher than at their start. Full-year growth forecasts were surpassing start-of-year expectations. Contrary to recessionary predictions, the US was booming. Acute financial and economic precarity had, by year-end, given way to economic resilience and financial frothiness in tech stocks, private credit and leveraged loans.

The short explanation for this extraordinary reversal was that a mounting tech wave swamped a retreating tariff wave, carrying with it risk appetite and growth. Which begs the question — might history repeat itself? Is 2026 simply an oilier version of 2025? Might we once again be surprised by the world's economic resilience and financial market's frothiness?

No. Today's shock and war will leave deeper and more lasting scars than last year's shock and awe. In 2025 inflation pressures were abating and central banks globally were able to ease interest rates to cushion the impact of tariffs on global demand. With energy prices resurgent, that option has been lost: markets are pricing rate rises in the euro area and UK and no immediate easing in the US.

Indeed, financial markets are fearful that inflationary pressures might persist beyond the conflict. Alongside rising fiscal pressures, including from increased defence spending, this has meant longer-maturity global bond yields have also risen, again unlike in 2025. Tighter monetary conditions along the entire yield curve will further squeeze global demand.

And this tightening is not confined to "safe" rates. The past few weeks have seen a retreat from risk, particularly among bubblier assets (AI and crypto stocks) and frothier markets (private credit and leveraged loans), exposing cracks in underwriting standards and valuations. In these markets, the age of innocence has decisively ended.



As it has across the Gulf states. Having served as a magnet for talent and capital, in part drawn by the promise of security, their safe-haven status has been shattered. This is chilling one of the world's few growth hotspots just as the economic temperature is plummeting in other Gulf-dependent global growth areas such as India, South Korea and China.

Meanwhile in the west, trouble is brewing in domestic labour markets. In the US and UK, mounting job losses are adding to consumer fearfulness. That leaves many households on unsteady financial legs while facing another large energy-related cost of living shock on top of the 20 per cent rise they have faced since 2022. Might tech ride to the rescue as in 2025? AI is by far the most energy-hungry technology invented. A world of more expensive and uncertain energy risks temporarily derailing, or at least slowing, the tech train — and with it, the single most powerful engine of global growth.

Collectively, these are powerful stagflationary forces. Last year's tech and tariff waves were economically and financially neutralising and pacifying. This year's clash of waves is amplifying and escalating. That spells precarity, not stability — economically, financially, fiscally, politically. That is why this time is different.

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**We are living in a 'barbell' world where international threat meets technological opportunity.**



# China is not going to bail Trump out

Written by Edward Luce

Wars, AI drama, even the odd peace prize — the world had plenty on its bingo card for 2026. But it did not include Donald Trump urging China to send ships to the Middle East. The US president's request for Chinese help is a black swan moment.

In an age of great power rivalry, the hegemon is inviting its main challenger to help extract it from the world's most combustible region. Read that again. Then ponder where China's incentive lies. Why interrupt your enemy while he is making a mistake?

That China has no intention of sending minesweepers to the Strait of Hormuz is clear. The question is whether Xi Jinping wants to see Trump backed into a corner. It is one thing for China to gain a diplomatic edge over the US; quite another to test whether Trump is Dr Strangelove.

The worse things go for Trump in the Gulf, the more tempted he will be to take risks. George W Bush's 2003 invasion of Iraq ended up being a geopolitical windfall for China. American boots on the ground in Iran could be at least as big.

Trump's pitch to China nevertheless makes sense. With roughly half of China's oil imports coming through the Strait of Hormuz, compared with almost nothing for America, Xi has a greater long-term stake in Middle Eastern stability than the US. That was one reason why Joe Biden commended China for brokering a rapprochement between Saudi Arabia and Iran in 2023. The hope was that China's days of free riding on US maritime security were over. That sounded plausible then.

In today's drone-infested Middle East, however, Beijing is content to play the onlooker. Yet China also dreads instability. Since being re-elected in 2024, Trump has been pressing Xi to host a summit. Last April, however, Trump launched an economic war on China, which was his biggest "liberation day" target with tariffs reaching 145 per cent. Following China's rare earths embargo, the two reached a truce last October.

That paved the way for Xi to invite Trump to China. From Xi's point of view, the summit's goal would be to stabilise US-China relations. Until the US struck Iran on February 28, Trump's purpose was hazier. The only thing on his mind now is exit from a conflict that could consume his presidency. Trump needs all the help he can get, including from China.

Yet he was clearly loath to be pictured on a podium with Xi while the war with Iran is still raging. The optics of any US president — let alone Trump — heading to the Forbidden City with a begging bowl is too lurid.

In an interview with the FT on Sunday, Trump floated the prospect of delaying the summit, which was set for March 31 to April 2. On Monday he postponed it. In the interview, he said that China's help in the Gulf would be needed before he met Xi, whenever that is. Since Trump knows there is a scant chance China will insert personnel into the world's most lethal chokepoint, we must take the reason for the president's delay with a pinch of salt. Which leaves the world in a state of suspension.



Trump has better odds of cajoling help from Nato partners, including Britain. Even then, however, he has made it very hard for America's allies to say yes. For a start, they were not consulted about a war that none of them would have advised. Second, Nato is a self-defence organisation.

That means that an attack on one is treated as an attack on all. It does not mean that a unilateral attack by one against a third party must be joined by fellow members, especially when they see that war as gratuitous. The difference is that Trump can inflict real pain on Europe for refusing to help him. He already suspended oil sanctions on Russia, which is boosting Vladimir Putin's coffers.

That, and the fact that there are far fewer Patriot missiles available for Ukraine, is a blow to European security. Trump is unfazed by evidence that Putin is helping Iran target US military assets. Vetoing Britain's deal with Mauritius on Diego Garcia is one threat he was tempted to carry out before the war. Withholding intelligence from Ukraine is another. By contrast, China is a nut that Trump has not learnt to crack.

While Beijing has a stranglehold on rare earths, America is at a disadvantage. Chinese consumers dislike higher oil prices as much as Americans. Until Trump postponed, China said it wanted the summit to go ahead as scheduled. But Trump is now caught in a trap of his own making. Two weeks is famously a long time in the US president's eyes. Which means he is adjusting his mindset for a long war.

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The US president has a better chance of cajoling help from Nato partners.



## Could AI make rather than take jobs?

Written by Sarah O'Connor and John Burn-Murdoch from 'The AI Shift' Newsletter

To unpick this one, I sat down with Bouke Klein Teeselink, an assistant professor in economics at Kings College London, and chief economist at the AI Objectives Institute. He is no Pollyanna: his research suggests that job displacement is indeed an issue, but he has also been working on a series of essays about how AI could create jobs. Here's an edited transcript of our conversation.

SOC: Why do you think it's important not to lose track of this question about possible job creation?

BKT: Every time jobs automate or we get mechanisation or computerisation, jobs disappear [and] people freak out and think there are not going to be any jobs. And every time so far, that was false. One of the reasons is: it's really hard to imagine new things coming up. That's a fundamental imagination problem, as to why we may be too pessimistic about technology sometimes. Daron Acemoglu and Pascual Restrepo have a paper where they found that half of employment growth between 1980 and 2007 took place in occupations with new job titles. There were entirely new occupations that, for sure, people in 1970 and 1980 wouldn't have been able to imagine. Any kind of programming role, right? Social media influencer! I mean, tell somebody in 1970 what that is.

While there may be reasons to believe that displacement patterns with AI will be different than with historical automation, it will certainly still be the case that new jobs are going to emerge. If we only look at the displacement side, we're going to miss a lot of what's going on.

I think there is going to be an additional category of jobs, which is jobs that are complementary to what people do with AI. Vibe coding is a great example. So what's complementary to vibe coding? If I were a software engineer right now, I would start a company yesterday which checks people's vibe code. Then there's the data construction. LLMs need new information. I think there's going to be a massive industry in that kind of thing.

SOC: So that's one way in which new jobs can come along to complement AI. But what about existing occupations which are directly affected by automation? Does that necessarily mean there will be fewer of those people in the future? Sometimes economists talk about the Jevons paradox. Can you explain what that is?

BKT: If AI starts automating some parts of the production of anything, then if you have a really competitive market for this product, it means the price goes down. If the price goes down, demand might go up. If demand goes up, all the other tasks that aren't automated need to be done more often. The Jevons paradox was actually about coal: if coal becomes much cheaper, suddenly you find all these new use cases for coal. I think here it's even simpler. Where automation leads to decreases in prices, decreases in prices can lead to more demand.

SOC: I guess that will depend on the product or service, and whether it's something that lots of people would want to have more of, if it was cheaper?

BKT: Yes. Think about interior architects. I've moved houses many times, and I've never hired an interior architect because it's out of my budget zone. If it would cost £50 for the sake of argument ... brilliant.

Financial planning I do myself, but I would love for someone else to do that for me. Personal health planning would be great. I have latent demand for all of these. If the price were to drop a lot, you could potentially get more interior architects, say.

SOC: So long as there is a sufficient amount of tasks left in that occupation which can't be done by AI, right? Otherwise the whole occupation can disappear.

BKT: Exactly. If all tasks get automated, the occupation disappears.

SOC: We did an edition of the newsletter about radiologists, and I think that's another example where I don't think there's a fixed amount of demand. If radiology gets quicker and cheaper, people will want more of it.

BKT: Clearly the latent demand for additional health services is enormous.

SOC: There are historical examples of this. You could look at the Luddite protests against the mechanisation of weaving and say 'god those Luddites were so irrational. They thought they were being displaced, but they didn't know about Jevons paradox and that there would end up being more demand for clothes because they became cheaper'. But I don't think that is right, because in fact the skilled weavers were displaced, because what the machines enabled was for less-skilled people to come along and do the work. Which begs the question: OK fine, maybe some services fall in price. But does that mean the displacement of experts, and the entry of other people with lower qualifications?

KT: Oh yeah, there are always going to be winners and losers. My new research looks exactly at this question: it's not just how many tasks are automated within a job, it also matters a lot whether these are the expert tasks or the easy tasks. If you automate all the easy tasks in a job, the job becomes harder. If you automate the higher expertise tasks, the exact opposite is going to happen — that is going to erode the wages [but] it might increase employment.

SOC: Thanks Bouke — a good reminder, there, to pay attention to the quality of jobs as well as their quantity.

So John, that's our quick primer on the history and theory of technological job creation. But how about the here and now? Do you see any sign yet of jobs growth associated with AI?

John writes: Thanks, Sarah (and Bouke), that was a fascinating discussion and provides a really useful framework for going beyond simple job displacement. It also matches up very nicely with what I've been seeing in the data.

Continuing on from last week, I've been analysing millions of job adverts from the labour market analytics firm Lightcast. This time, I categorised job postings according to whether or not an ad specifies working with generative AI, and then tracked advertised salaries for AI-using vs non-AI-using roles in a range of occupations. This can give us a sense of whether the use of AI in a particular job is making it more valuable (presumably by automating a lower-value part of the work and thus enabling more high-value output) or less valuable (presumably by automating a more important part of the job).

I found a quite consistent pattern whereby software and other quantitative job postings that require GenAI skills pay more than those that don't, but some writing jobs such as copywriters and editors that ask for GenAI skills pay less than those that don't.

This would be consistent with the argument that in many coding-heavy jobs, writing code was a routine and relatively lower-value part of the job — in many ways a bottleneck on turning ideas into outputs. With AI automating that task, software developers and economists can produce more high-value work with the same amount of time. By contrast, in some writing roles (I must stress we're primarily talking here about online copywriters, not journalists or authors), producing words to spec really was the job, and once AI is added into the mix the job becomes smaller and lower skilled — more checking than writing.

But there was another crucial detail when I dug deeper: a small but fast-growing portion of digital writing jobs are in fact relatively low-paid jobs writing for AI, with one typical example listing "give AI chatbots writing and editing tasks and evaluate their outputs" as a core responsibility. Here we have many threads intertwined: a job that has been created by AI, but is low-paid, and whose ultimate goal is to automate the skills of the person performing it.

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Public attention is focused on possible AI job losses, but history tells us that new tech usually generates jobs too.



## The oil price war

Written by Malcolm Moore, Najmeh Bozorgmehr and Myles McCormick

A viral Iranian propaganda video, shot in the style of a Lego movie, offered a glimpse this week of how Tehran is claiming victory in one of the main fronts in its war with the US: the oil market.

Seven armed speedboats race towards tankers to close down shipping in the Strait of Hormuz. Financiers weep and shake as oil prices surge. Arabs look on in despair as crude sales collapse.

The video sequence and the real-life war, which has closed the strait and set tankers ablaze, reveal how soaring oil prices have become one of Iran's most potent weapons in a conflict that has also involved great human cost.

"Energy markets are the battlefield in which the next phase of the conflict is unfolding," says Geoffrey Pyatt, a former White House energy adviser. "Iran is clearly playing to the markets now, in the calculus that this will put pressure on the Trump administration."

For an Iranian regime for which survival means victory, pushing oil prices up is a key measure of success against a US president determined to keep them down. The price is also influencing how the war is fought, prompting Donald Trump to declare the US effort "very complete" after oil neared a four-year high of \$120 a barrel. In one of the wildest weeks in oil market history, Iran's ace in the hole has been its de facto blockade of the strait through which one-fifth of the world's oil and liquefied gas normally flows.

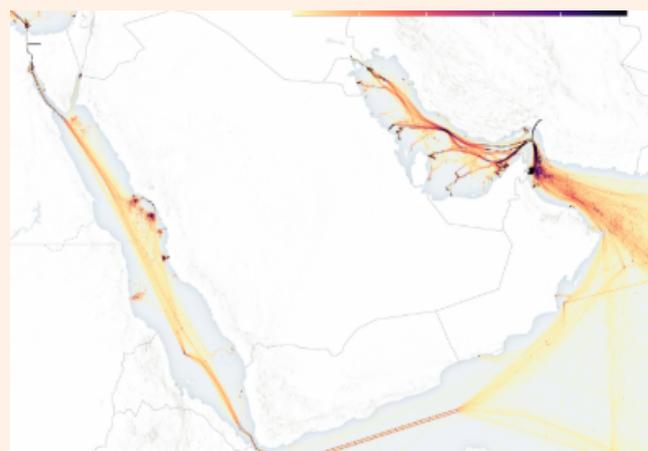
At its narrowest point, the strait is less than 21 nautical miles wide, putting tankers perilously close to drones and missiles from Iran's southern coastline.

Tehran now has near-total sway over the Gulf oil market, forcing neighbours such as Iraq to almost entirely stop production and trapping roughly 300mn barrels of oil and gas in the region, a number that rises by about 20mn every day.

As of Friday, prices remained about \$100 a barrel despite Trump and his western allies announcing the biggest-ever release of emergency oil reserves.

With its new supreme leader, Ayatollah Mojtaba Khamenei, announcing his goal to keep the strait closed indefinitely, Iran has wrongfooted oil traders who had always presumed that US military might would keep the waterway open.

### The Strait of Hormuz chokepoint and the Red Sea



Iran has never blocked the strait before, despite its previous threats. Its decision to do so this month, together with its attacks on neighbouring countries' energy assets, is a mark of how existential a struggle the war has become for the country's regime.

"The Strait of Hormuz has been Iran's most valuable leverage, and it has used this advantage to the surprise of many, even within Iran itself," says Hamid Hosseini of Iran's oil exporters' union, adding that Tehran's own exports were continuing. "If the conflict drags on, the world's reserves will be depleted."

In recent days, Tehran has at times appeared to be directly addressing oil traders in Geneva and New York, talking up the potential of oil to soar to as much as \$200 a barrel. The pressure on the Trump administration has mounted ahead of midterm elections in which his Republicans were already struggling with an "affordability" crunch now set to be stoked further by rising pump prices.

The White House, which had taken a triumphalist approach to a war in which it wiped out Iran's top leadership on the first day, underwent a rapid mood shift on Sunday night as oil prices soared at the market opening.

After a weekend of reports that some of the world's largest producers were being forced to cut production as the Gulf ran out of storage, oil prices raced higher in one of the biggest jumps on record, as the sheer magnitude of the energy crisis hit home.

"At about 6.05pm on Sunday the administration flipped from complacency to panic," says a person with knowledge of the White House response. "It was like the scales fell from their eyes and they realised they have a bigger problem than they thought."



On Sunday night, US officials backed a meeting of G7 finance ministers for the following morning to discuss the emergency release of oil reserves, a move that the White House repeatedly insisted was not on the table the previous week. An FT report of the shift helped cool the market, as did Trump's remarks about the war nearing its end.

At times, the administration has seemed willing to consider almost any means of bringing down prices, temporarily removing sanctions from 100mn barrels of stranded Russian oil to ease their sale, and promising naval escorts and extra insurance for ships passing through the strait. Members of Congress have floated ideas such as suspending federal taxes on petrol, relaxing environmental rules on fuel or temporarily banning US oil exports.

Pyatt, who worked on energy security for the Biden administration, says most such suggestions would only help at the margins.

In 2022, when oil prices surged on Russia's invasion of Ukraine, the Biden administration was able to manage the situation with "traditional instruments" such as releasing emergency oil, Pyatt adds. The dilemma now is that "this is ultimately a security issue and it is hard to solve a security issue with financial levers".

As expectations fade for a swift conclusion to the fighting, the future price of oil is rising. As of Friday afternoon, a barrel of Brent crude cost roughly \$100 for May, nearly \$98 for June and \$93 for July. Only by January next year does the market think oil will return to about \$80 a barrel.

Oil traders have even speculated the US government may try to intervene in the derivatives markets to bring prices down. "The administration manipulating the market is one of the key risks to our view of oil prices rising," says one hedge fund manager drily.

Such a move would be a "biblical disaster" if investors lost confidence in markets to set the price of such crucial commodities, says Terry Duffy, the chief executive of CME, which runs the world's largest oil futures exchange.

The market was also inflamed by an inaccurate post on X from Chris Wright, the US energy secretary, that claimed a naval escort had successfully accompanied a tanker through the strait. Prices fell sharply, only to rebound when the post was deleted.

"It seems the US administration can wander into the densely populated airwaves of social media and drop cluster bombs," says John Evans at oil broker PVM, adding that this is "the most market-savvy White House there has ever been", and that it would know that automated trading software would instantly react to Wright's post.

Wright has since said the navy was "simply not ready" to provide escorts. Warships might only be able to provide limited protection to a tanker convoy if targeted by unmanned drones launched in the sea, and the US military could be unwilling to risk exposing its warships so close to enemy territory.

Ultimately, the only way for the US to bring down prices is to find a way to replace some of the losses, says Ernest Moniz, energy secretary during the Obama administration. “If I am Chris Wright, I have to put out oil, I have to get it into the market,” he says. “If you cannot replace 10mn barrels a day on the market pretty quickly, I don’t see how you tame the volatility we are seeing.”

He argued that the problem of controlling the market was compounded because Israel’s war aims diverge from those of its US ally, with Prime Minister Benjamin Netanyahu far less concerned about the price of oil. “What is crystal clear is that the objectives of the United States and of Israel are not fully aligned,” Moniz adds.

Israel’s stance contrasts starkly with that of the Gulf countries dragged into the conflict. Reeling from the damage to their petroleum-based economies, they have, like Iran, complained of the economic cost of the war as they seek to bring it to an end.

Both Qatar and Saudi Arabia have warned of the catastrophe that deepens with each passing day, as their oil and gasfields and processing plants become further damaged and take longer to return to normal.

Daniel Yergin, vice-chair of S&P Global and author of *The Prize: The Epic Quest for Oil, Money, and Power*, says that, because of their oil wealth, Gulf countries have more influence than they once did but also more to lose. “They are also big players now financially and in the global economy in a way that was not true even a decade ago,” he says.

They are also acutely aware that if they are unable to supply the market for a prolonged period, it will open political space for more Russian energy to return to global markets. Gulf countries tried to warn the US of the chaos it would unleash by seeking regime change in Tehran before the fighting began, according to several people familiar with the matter.

“I don’t know how the US wasn’t expecting it. They were warned. They chose to disregard the warnings and here we are,” says Helima Croft, a former CIA official who is now an analyst at RBC Capital Markets. She adds that Gulf countries were “furious that this happened, they are furious with the Iranians and they are furious that the hornets’ nest was kicked.”

But while there were US efforts to model the fallout, officials believed that the campaign against Iran would be short, perhaps lasting only a week, and that any jump in prices would simply be a “blip”, as Wright told the media ahead of the strikes. The White House has rejected the idea that it had been caught off guard.

“No one was panicked then and no one is panicked now — this is a fake narrative that the media is peddling to sensationalise their stories,” says White House spokesperson Taylor Rogers. “The president and his entire energy team have had a game plan to stabilise the energy market since before the operation began.”

Republicans have rallied around the White House, insisting it was braced for the fallout. “It is categorically false that they did not plan for Iran closing the Strait of Hormuz,” said Montana Senator Tim Sheehy on Friday. “Lawmakers and national security officials have known for years that this was Iran’s plan once their backs were against the wall.”

But traders have been confused by the president’s mixed messaging on how long the conflict will continue, and how much he wants to bring prices down.

“It is more important to me Iran is stopped than the high oil price,” the president posted on his Truth Social network on Thursday, noting that the US was the world’s largest crude producer. “When oil prices go up, we make a lot of money.”

A tanker carrying oil catches fire in Iraq’s territorial water after an attack this week. Even if warships escort tankers, they might only be able to provide limited protection

The market is acutely aware that a return to normality could be months or even years away. “The industry is in shock. They know how difficult it will be to repair and bring fields back and restore equipment,” says Yergin. “Energy supply systems don’t turn on a dime. It takes time and investment to bring on new capacity of any kind.”

Nor is the decision to end the war just in the hands of the US and Israel. Roxane Farmanfarman at the UK’s Royal United Services Institute, a defence think-tank, predicts that the Iranians will continue to keep the strait closed and raise oil and gas prices for a significant period.

“Iran wants to be sure that eight months or 10 months down the line, once a ceasefire has been established, that the Israelis and the Americans don’t come back. They don’t want a third war. So they’re going to push this to the point where the Americans cannot come back,” she says.

Further escalation is possible. Yemen’s Houthis, one of Iran’s proxy militaries, have yet to enter the conflict and disrupt shipping in the Red Sea, through which Saudi Arabia is trying to redirect some 70 per cent of its exports, or target the kingdom’s pipelines.

Inside Iran, the regime is aware that the release of emergency reserves may cushion the pain for the global economy a few more weeks but suggests that it may even emerge strengthened from the conflict. “After the war, Iran will maintain control of the strait and could demand fees for passage. No country will be able to challenge this. Iran has found a point of leverage that the US cannot effectively counter,” says Hosseini of the Iranian oil exporters’ union.



## How do you deal with workplace uncertainty?

Written by Isabel Berwick from 'Working It' Newsletter

This week's newsletter comes in response to several Working It readers who wanted guidance for getting through difficult times at work, whether that's near-term redundancy threats and structural change, or more general (and sometimes vague) worries about looming disruption from AI.

It's fair to say people aren't feeling great: recent research by Catalyst/Coqual among European employees suggests that a third of staff fear they'll be replaced by AI, and only 16 per cent said their leaders were "confident and supportive during AI driven change". That's pretty dismal.

Fear of losing our jobs to AI or economic downturns reflects uncertainty, while real-time AI rollout and the attendant disruption is about managing change. It's important to distinguish between these two things, says Benjamin Granger, chief workplace psychologist at Qualtrics, a customer service software group, and author of *A Leader Worth Following*:

"People sometimes conflate uncertainty and change. They tend to go together. But people are generally very good at adapting to change. Humans are exceptional, as a species, at adapting to change. But the human brain is not well-equipped for uncertainty and so it does weird things."

Qualtrics surveyed 34,000 workers globally at all levels about how much change they'd experienced at work over the past year.

Benjamin found that "change wasn't necessarily directly or linearly linked with burnout or lack of engagement. What we saw was the people who had experienced the least change were the worst off psychologically." While some change is good for us, extreme change is also stressful.

Our "weird" response to uncertainty, on the other hand, will manifest as rumination and dreaming up worst-case scenarios, Benjamin says: "When our brains detect that we don't have enough input in the environment to build a coherent story, our brains naturally jump to storytelling." That's when we may start to spiral , and that's why clear communication from leaders at times of uncertainty is so vital. He says: "We often advise leaders that if you don't know what's going to happen, you have to acknowledge that. Tell people you don't know."

In other words: make the uncertainty certain. For anyone affected by uncertainty, a bit of space and time to process things helps — as does knowing that we have to try to resist dreaming up dire outcomes and predictions . (Easier said than done, as anyone who has been beset with anxiety can attest.) Elite sportspeople live with long periods of uncertainty, setback and change, and there are lessons from their experience for us all, says Cath Bishop, a diplomat turned leadership coach, and author of *The Long Win*. Cath, who won a silver medal in rowing at the 2004 Athens Olympics, says that athletes deal with an unknown future by using what's called "a 'performance process mindset': every day you're focused on showing up and doing your best with the things within your control".



There's uncertainty about elements like future injury, not being selected for an elite team, or unbeatable rivals — but athletes can't get distracted: "It always makes sense to focus on giving your best today, and that means quality as well as quantity. Not just training hard, but building trust in the way you go about your day's challenges, reaching out and supporting those around you, owning your mistakes, committing to constant learning."

Even if we know that humans cope relatively well with change, the reorganisations already under way in many businesses are jarring for staff — and it's a major leadership challenge. Denis Machuel, CEO of the Adecco Group, a global recruitment and technology advisory company, says he counteracts some worries by focusing on job security: "Our approach, both for the Adecco Group and for our clients, is an 'internal mobility first' strategy. By mapping current capabilities to future demand, we uncover hidden talent." Denis says that favouring internal promotions and moves over new hires — a "build not buy" approach to staffing — he offers the workforce "tangible security, and a clear roadmap for employability as roles undergo structural shifts".

- In a nutshell: Change and uncertainty are different things, but are often confused. While humans respond well to (moderate) change, uncertainty makes us worried and we make up stories to fill information voids. Leaders must be clear, and communicate effectively. Even if it's bad news .
- Want more? HBR's "What authentic leadership looks like under pressure" (requires subscription). And Anthropic just released its latest research on the labour market impacts of AI. (TL;DR: "we find no systematic increase in unemployment for highly exposed workers since late 2022".)

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We can still lead — and stay productive — under pressure.

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