

Current and Future Trends in Human Resources in Europe

Results of the 2018 survey



About the study

For more than 30 years, Great Place to Work® has been supporting organisations in assessing and developing a more engaged and high-performance workplace culture. In this survey, we are partnering with HR professionals to assess the key components that support the development of a successful culture. We would also like to understand how the people strategies and practices an organisation adopts influences this success.

Our study aims to examine such practices and to capture the current and future trends in human resources management across Europe, illustrating:

- The most implemented initiatives
- The evolution of the HR function within organisations and leadership teams
- The specific tools and practices that are used to foster a high-performance culture
- The key challenges faced by the HR community while delivering value to their organisations
- The HR investments of the future



Participating countries:

Austria
Denmark
France
Germany
Greece
Ireland
Italy
Netherlands
Norway
Switzerland
Sweden
Turkey
United Kingdom

The research took place in April and May 2018 when HR professionals of 13 European countries received an invitation to complete an online-questionnaire.

A total of 674 HR professionals took part in the survey, and more than 80% of them reported having a decision-making role in their organisation. Just over 50% of the respondents are employed in multinational organisations, 43% in domestic organisations, and the rest in the public sector. There is also a strong cross-industry distribution.

The survey covers 13 subject areas, including company strategy, HR strategy and practices, culture development, new ways of working and the role of HR. As well as questions on HR initiatives and practices, the questionnaire deep-dives into some specific topics, such as employer branding, flexible workforce and flexible working arrangements and digitalisation.

The questionnaire consists mainly of closed questions, while the qualitative part was used to capture perceived strategic themes as well as insights, tools and practices to improve the culture.



As a global research and consulting firm, Great Place to Work® celebrates the power of workplace culture while also being dedicated to understanding the best people practices.

If your organisation is interested in receiving more insights and learning what Best Workplaces™ are doing differently from their peers, please contact the Great Place to Work® affiliate in your country to get access to our Best People Practices library.



Key strategic themes perceived by human resources professionals

The fast-changing business landscape has emerged as a key preoccupation for leadership teams across Europe. In the 2018 survey, a HR community of almost 700 respondents across 13 countries provided their insights. The European HR community consider innovation as the main strategic business topic for their organisations, followed by growth and digital transformation.

Implementing a strategy that has as its main pillars innovation, growth and digitalisation requires a strong strategic and operational support from HR. For its part, HR needs to partner with the business, driving internal transformation, securing the right talent and upskilling the existing workforce in a very competitive labour market.

Table 1: Main strategic business topics perceived by HR community in Europe



As business priorities are naturally aligned to the people agenda, the main strategic HR subject areas as perceived by our respondents are some traditional themes such as attracting and developing the right talent, followed by leadership development and management excellence. Within these traditional themes there is a new focus as these elements are rewritten under the modern approach of innovation and digitalisation. In fact, digitalisation of the organisation is the fourth most nominated topic, while change management, retention, employer branding, work environment and wellbeing are ahead of some traditional themes such as performance management.



Table 2: Main strategic human resources topics perceived by HR community





HR role and credibility

In order to better localise the current role of HR, we wanted to know to what extent the credibility and influence of the HR function has changed over the past three years.

The answers are very encouraging: 75% of the respondents feel the credibility and influence of HR has increased across their organisation as a whole, and 72% perceive an increase in HR credibility within the leadership teams. There is no doubt that HR has gained its seat at the decision-making table, as 74% of the participants state that HR is represented in their top management team.

This increased influence has gone hand in hand with an increase in the HR budget: 56% of respondents report a budget increase over the past three years, 32% mention that the budget stayed the same, while 12% of the surveyed organisations were confronted with a budget cut.

Nevertheless, resources are not growing at the same rate as HR's responsibility and impact. Some 44% of European HR managers consider that the available budget for HR activities still represents a challenge: 34% of the answers selected were "strongly agree" and 10% opted for "agree".

We can conclude that HR is now a driving force, alongside the leadership team, in both organisational transformation and growth. However, the limited amount of resources being allocated to HR could undermine the trajectory of this transformational journey

Challenges met by HR community across Europe

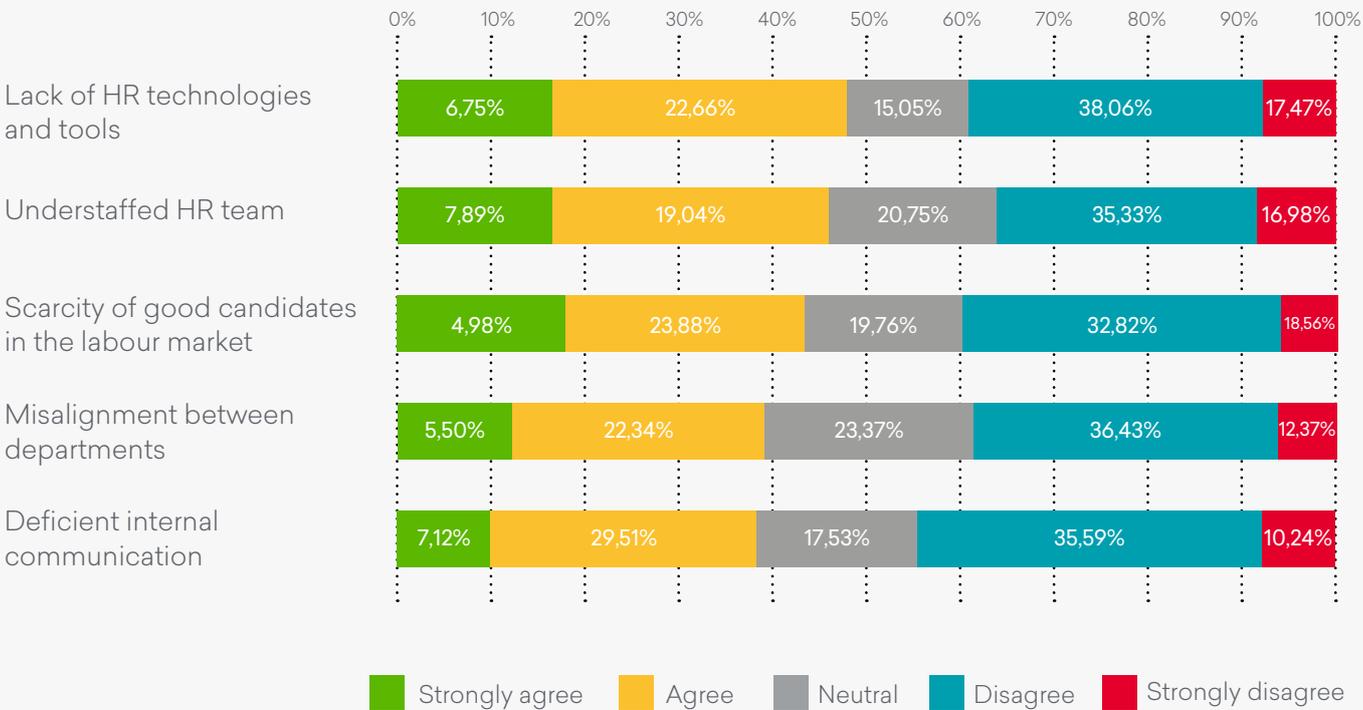
We asked the participants in our study to specify the key challenges they face while delivering HR strategic value to the organisation, from a list of fifteen potential factors.

It is interesting that the European HR community did not feel that concerns such as absence of strategic partnerships, low employee engagement, skills gap challenges, lack of clarity around vision mission and values, or insufficient leadership focus on people issues were key barriers to progress in 2018.

For most of the organisations surveyed, the greatest challenge is the lack of HR technologies and tools. In an era in which technology and data provide a smarter and faster base for spotting patterns and predicting outcomes, the missing tools limit both HR decisional capability and overall workforce management.

Furthermore, HR is faced with a lack of resources within its own area in terms of understaffed teams and scarcity of good candidates for recruitment.

Table 3: Top five HR challenges in delivering strategic value to the organisation

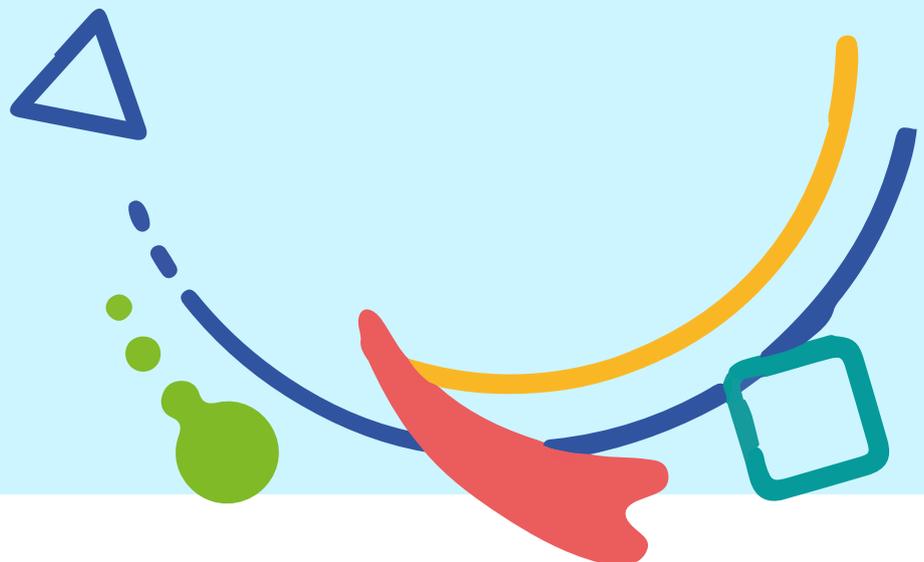


Another factor with significant impact for HR in delivering value is related to internal alignment and communication. Our study has shown this is an area with plenty of room for improvement.

Change is a crucial aspect for all organisations. European HR professionals perceive that business priorities are too frequently changed in their organisation – 33% answering with “strongly agree”, and 11% with “agree”. Not only this, but a representative part of the respondents consider that there is insufficient or inadequate support for change management – 33% answering with “strongly agree”, and 10% with “agree”.

Although ranked at the bottom of the challengers list, we would like to highlight the following factors due to the significant percentage of professionals that responded with “strongly agree” (33%):

- Perceived weakness of the current organisational structure
- Lack of success yardsticks / KPI's for HR
- Current skill gap within the organisation



How mature are human resources practices and initiatives in Europe, and which are the most popular?

The respondents assessed from a range of 30 practices: those carried out in their organisations prior to 2017, those that were refreshed/ introduced in 2017 and those that were likely to be implemented over the next two years.

Good leadership has a huge overall impact on any organisation, and preparing talent internally for the higher level is one of the top three strategic HR themes identified by our respondents. Leadership drives the organisation, delivers results towards its vision, enhances a positive culture and impacts the employee experience, which in turn leads to a more profitable and engaged organisation. It is therefore not surprising to find leadership development reflected among the most widespread HR practices across European organisations.

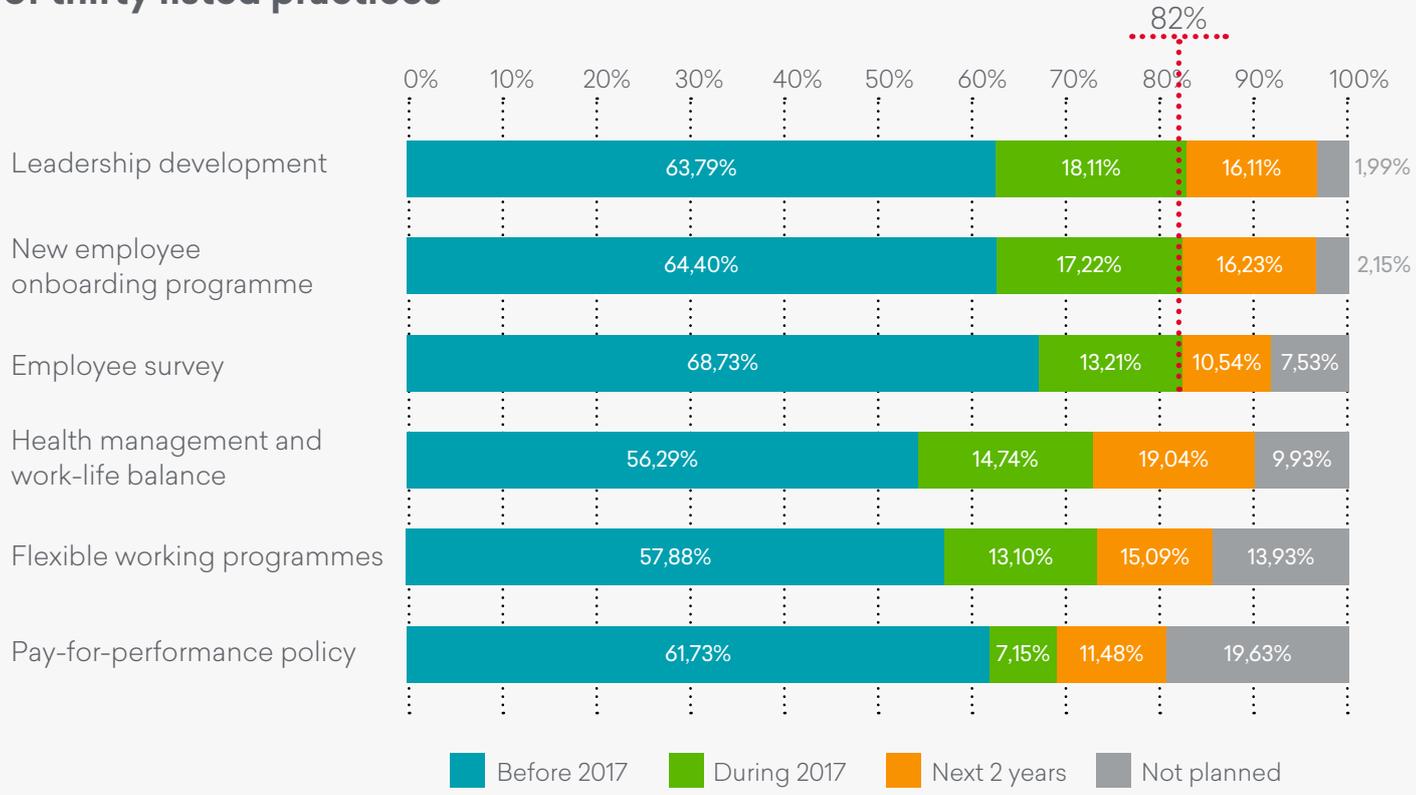
A successful onboarding programme is another key practice implemented across Europe. In order to get the basics right, a well-structured, standardised onboarding process ensures a smooth landing for every new hire on the organisational landscape, promotes commitment, enhances employee learning and an overall consistent experience for all new employees, and reduces stress and the risk of fluctuations in performance.

“Our goal is to help employees feel welcomed, inspired and productive from the moment they enter the door of our organisation”.

Employee surveys represent another common practice and a great tool for both current assessment and further development of culture. Companies with an outstanding workplace culture give employees a voice, help to create trust, and foster people’s commitment to achieve their goals more effectively and ultimately to be more successful.

Leadership development, onboarding programmes and employee surveys are the areas seeing the most frequent HR initiatives across Europe, no matter the size or type of organisation: 82% of respondents indicate having such practices implemented before or during 2017.

Table 4: Top six most used HR practices identified in Europe from a range of thirty listed practices



The survey data shows that organisations are keen to continuously ensure a better workplace environment for their employees: more than 70% of respondents have already adopted practices and arrangements in the health management area, as well as programmes fostering work-life balance and working flexibility.

Below we present more details of some of these practices, capturing – when significant – trends and variations across different parts of the continent.

We have examined how organisations are rethinking their workplaces by allowing employees, where and when feasible, greater flexibility in choosing their workspace and timeframe, and looking for the balance between organisational efficiency and employee engagement.

Table 5: Initiatives for smart working



Organisations across Europe are quite generous in offering flexible working arrangements in regard to the daily working programme, with 71% giving such a choice to their employees. Some 34% of the companies surveyed provide an opportunity to work in alternative locations such as libraries, co-working spaces and coffee shops.

A home working programme for all employees turns out to be a more widespread practice in the Scandinavian region (47%) than in central and southern Europe (both 37%). For particular

staff categories like parents, particularly mothers, the discrepancy between the regions is even greater: in Scandinavia, 68% of respondents' organisations have introduced a customised work from home programme, in central Europe the figure is 55%, while in southern Europe it is only 39%.

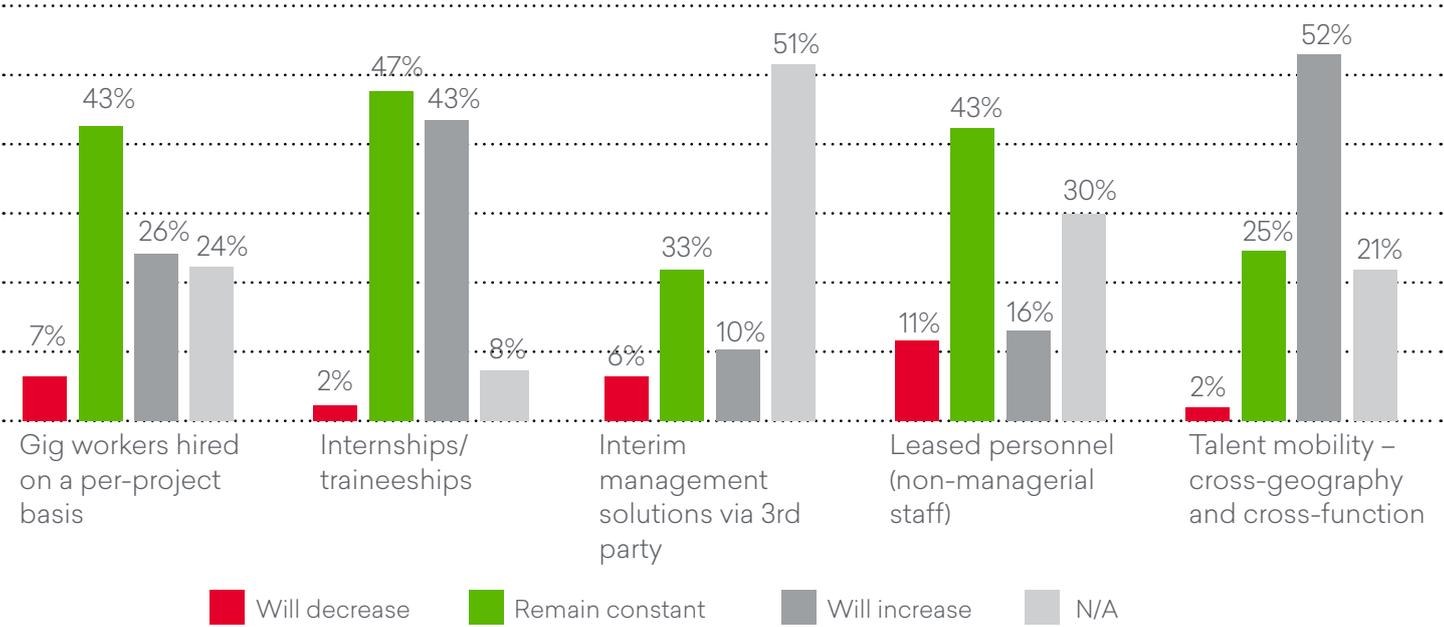
These numbers offer us a new hypothesis on how cultural frameworks can impact managerial mindsets and styles, and ultimately the organisational reality.

Trends in workforce solutions

Attracting and retaining talent is critical for all organisations. Due to this, organisations are keen to ensure effective developmental experiences for their high-potential employees. Some 52% of the respondents confirm that in the next three years they expect an increase in talent mobility within their organisations, irrespective both of function and geography.

The same focus on attracting young potential makes 43% of the HR community feel their organisations will increase the number of internships and traineeships in the near future. The need for a more flexible workforce leads 26% of the respondents to foresee a growth in use of gig workers within their organisations.

Table 6: Expectation of engaging different workforce categories over the next three years



Initiatives within the employer branding (EB) area are mentioned by our respondents as among the top four practice areas that will require more investment in the near future. In response to the question, “How would you currently rate your employer brand?”, 64% of all European respondents consider their employer’s brand to be “strong”, while 36% rate it as “weak”.

The increasing focus on employer branding is significantly higher within the multinational segment than in domestic organisations. The geographical landscape throws up some nuances in how different tools and resources

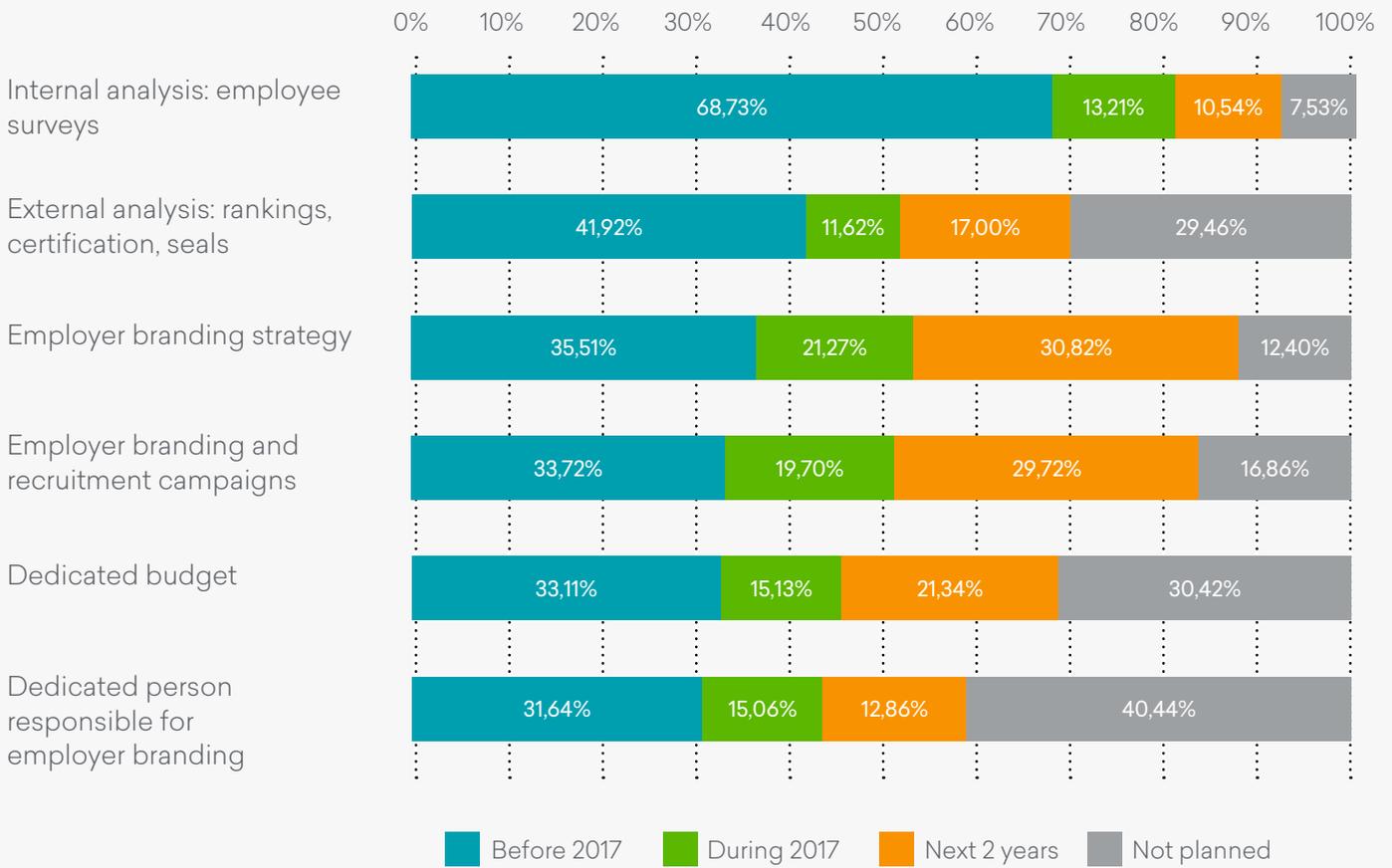
are allocated across regions: 54% of the Scandinavian organisations have assigned a dedicated person to employer branding, followed by central Europe with 52%, whereas in southern Europe, only 22% of respondents have a nominated responsible person, and a slightly more externally oriented approach is used, such as targeted recruitment campaigns or certifications.

Table 7: Use of different employer branding practices across Europe

| | Scandinavia | Central Europe | Southern Europe | Total |
|--|-------------|----------------|-----------------|-------|
| Employer branding and recruitment campaigns | 53% | 51% | 61% | 54% |
| Dedicated budget | 40% | 54% | 49% | 48% |
| Dedicated person responsible for employer branding | 54% | 52% | 22% | 47% |
| Internal analysis: annual or biennial surveys | 89% | 78% | 78% | 82% |
| External analysis: ranking, certification, seals | 48% | 55% | 61% | 54% |

No matter the region, employee surveys are indicated as a great tool for organisations to assess and develop their company culture and employee experience. We found that 82% of 674 organisations surveyed across Europe use them as a main tool for employer branding.

Table 8: Employer branding: practices implemented, and future investments



Increased awareness of employer branding and its positive effect on both the external labour market and the internal climate means that 57% of the respondents have a dedicated branding strategy as part of their HR plan, and an additional 31% are planning to formalise it in the near future.

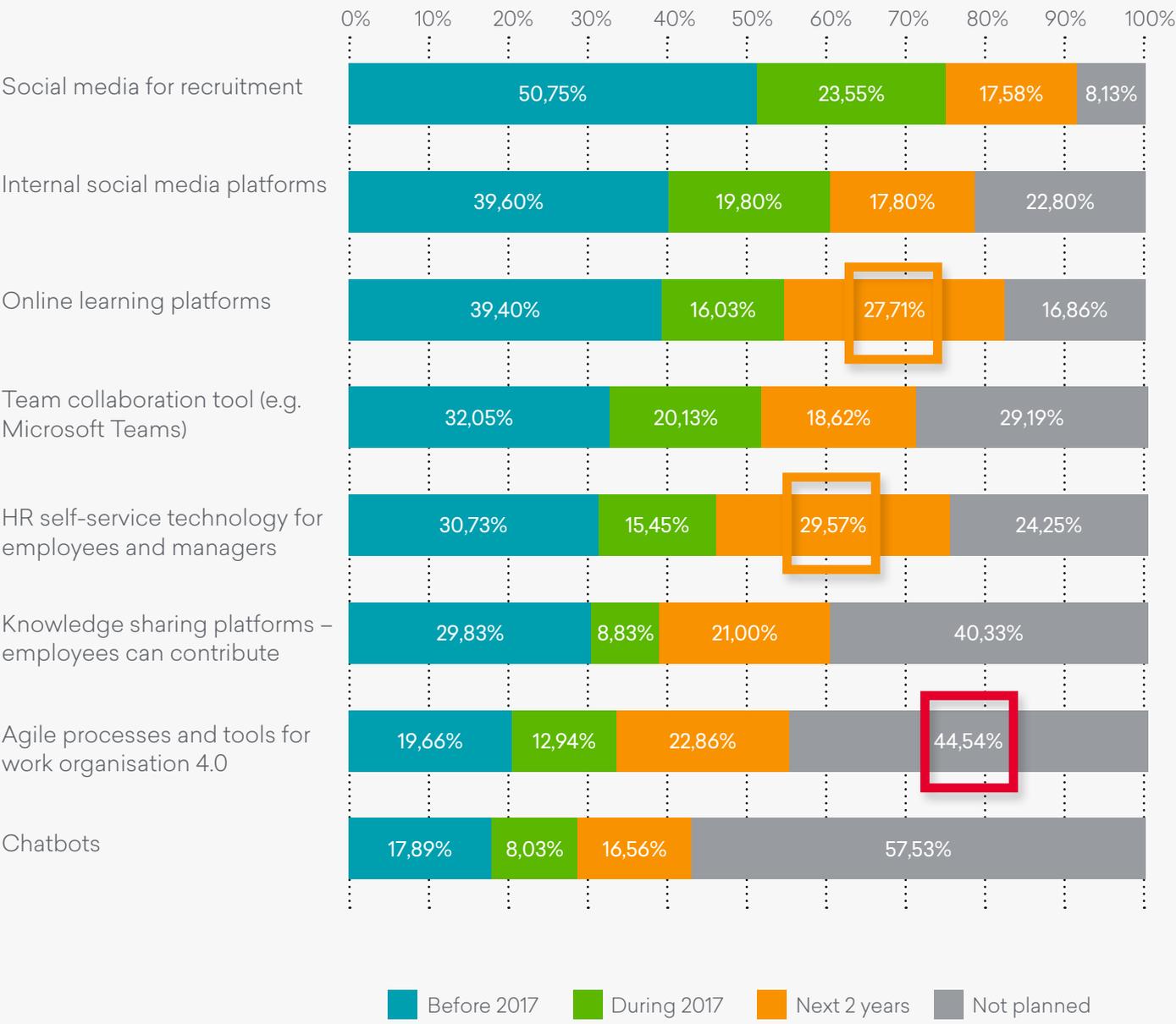


If our future is digital, how much is HR digitalised in 2018?

Digitalisation is a concept at the front of everyone’s mind. At Great Place to Work® we wanted to understand to what extent organisations across Europe have adopted digital tools in managing their HR processes and activities.

Some 51% of respondents had embraced social media and digital tools before 2018, mainly for communicating with candidates, while 40% used them to improve internal communication and 39% to enhance online learning for their employees.

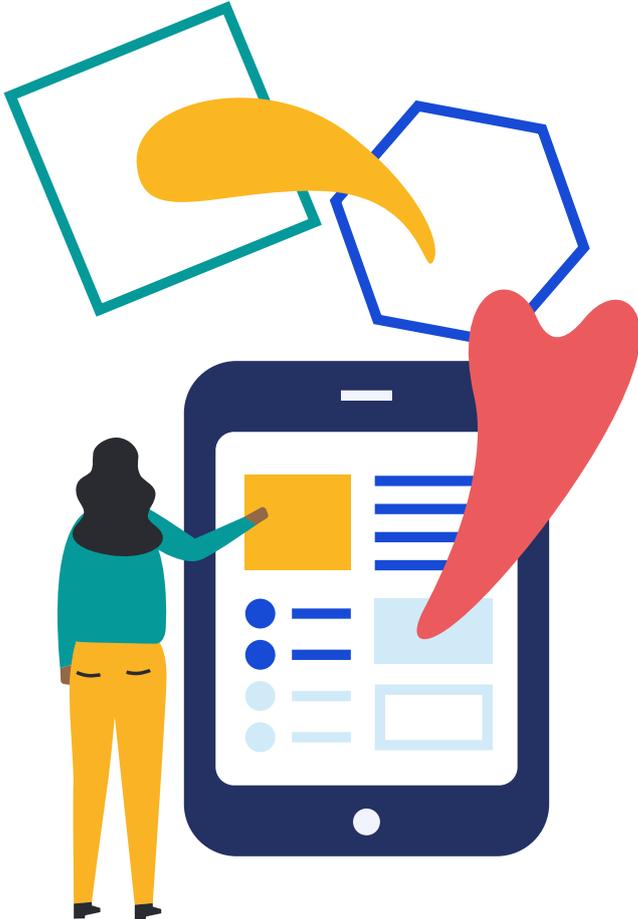
Table 9: Tools utilised for digitalisation of HR and the organisation’s teams



Surprisingly, tools for agile processes in the context of work organisation 4.0 fall back at this point. Although agility (and efficiency) is among the top five strategic business themes, agile processes and tools had been implemented by only 20% of the respondents before 2017 and 13% during 2017.

Further implementation does not seem to be a key priority in the short to medium term: 45% of the respondents reported no plans for investment in agility over the next two years. One might therefore ask whether agility as a topic is a mere buzzword rather than something actually put into action.

Short-term technology investments are expected to be made in HR self-service tools (30% of the organisations surveyed) while the use of online learning platforms continues to increase (28%).

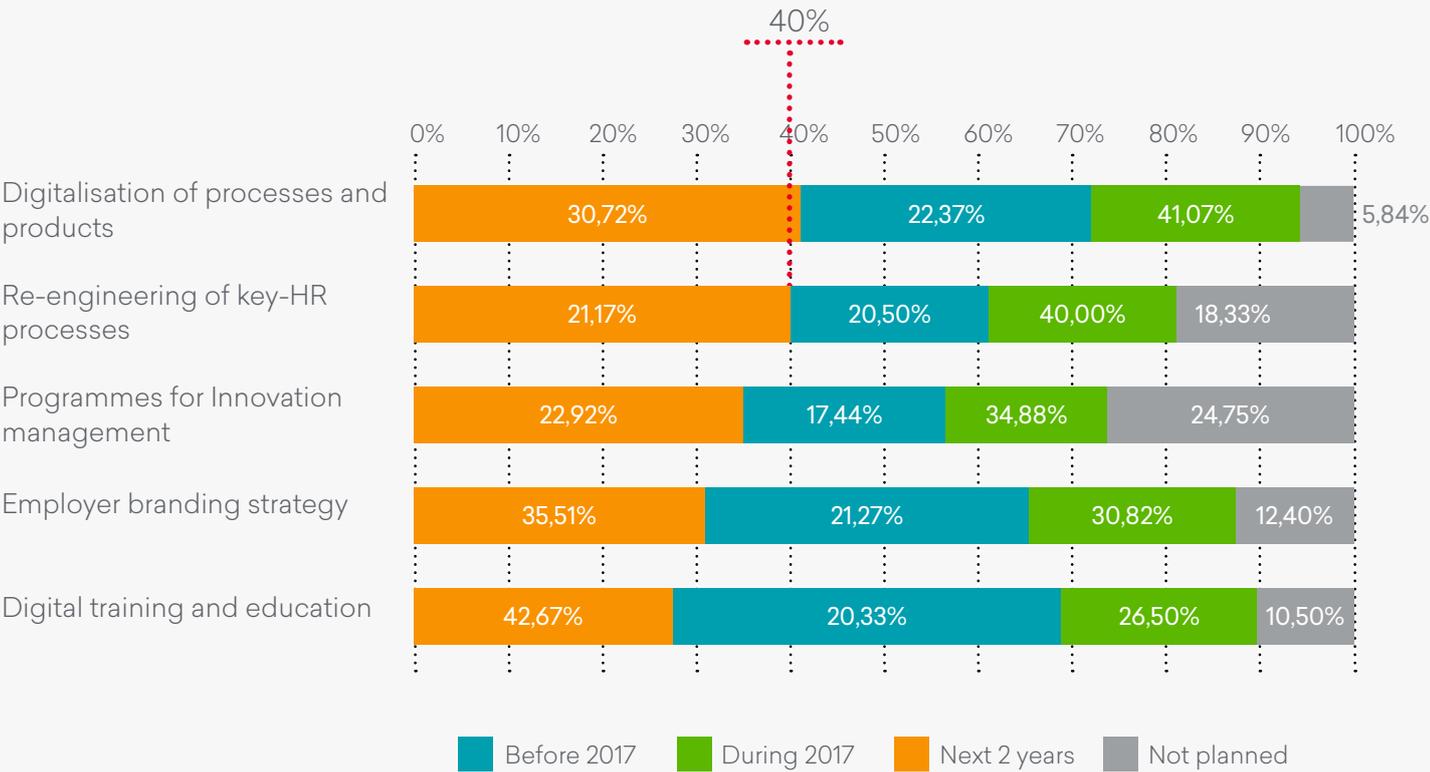


Future HR investments

Across the overall HR landscape, investments for the next couple of years are planned to go towards very pragmatic tools and programmes in the areas of digitalisation, HR process optimisation, innovation and employer branding.

About 40% of the organisations are going to invest in digital instruments and more efficient HR processes over the next two years, 35% are planning to design and implement programmes for innovation management, and almost one-third of respondents will strengthen their employer branding strategy.

Table 10: Top planned HR investments



Tools and initiatives to improve culture

We aimed to identify which are the most valuable practices used across Europe for developing organisational culture. Using the responses to the open question, "What tools and initiatives are of most help to improve your organisation's culture?", we constructed an intuitive model to show how European organisations build their culture. The most dedicated efforts to foster culture

development point to the following focus areas:

- a.** Communication with an emphasis on authentic dialogues between leadership and staff, and manager and employee;
- b.** Organisational meaningfulness and articulation of the link between the company's philosophy and its implemented strategy;
- c.** Continuous learning with a strong accent on leadership development;
- d.** Wellbeing at work;
- e.** Diversity and inclusion.



Although the manner in which companies improve their culture often remains a black box for outsiders, our study captured insights from almost 700 organisations, identifying the following tools and initiatives that are shaping culture:



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Authentic communication

- Engaging executive board
- Strategy dialogues
- Business status updates
- Quality 1:1s between manager and employee
- Cross-hierarchical workshops
- Cross-departmental business breakfast
- Dilemma exercises

Meaningfulness: vision, values, strategy

- Leaders as role-models; organisation living the values
- Competing values framework
- Storytelling – involving stakeholders
- Culture workshops
- Cultural transformation tools
- Conducting a value dialogue
- Change management approach, influencing model
- Dissemination and discussion on business principles, suggestions for improvement

Learning and development

- Development toolbox for managers at all levels
- Competency framework
- Managers courses to handle change
- Strategies for conversations with employees
- Mentoring for leaders
- Internal academy, onboarding programme
- Development centres
- Training in employer branding

Wellbeing at work

- Workplace health policy
- Wellness initiatives (including mental health) for employees, employee surveys on wellbeing and mental health, benefits for employees' health and wellbeing

Diversity and inclusion

- Diversity chart
- Unconscious discrimination training
- Choice of benefits considering generational mix

Appendix page 18

Employee surveys with their follow-up measures

- Engagement workshops and tools
- Great Place to Work® framework
- Pulse surveys
- Consulting circles
- Exchange benchmarks with other companies
- Employee interviews
- Solid action plans and follow-ups
- Incentives for progress

Bonding events and employer branding initiatives

- Team building
- Cross-hierarchical workshops

Performance management and recognition practices

- Coaching and continuous feedback between supervisor and employee
- Clear performance goals
- Sharing success and lessons from mistakes

Digitalisation and collaboration tools

- Trello
- Intranet
- Collaboration platforms like Slack or Google Hangouts
- Digital training

Innovation

- Innovation lab
- Innovation challenges
- Work environment to encourage creativity
- Lateral management

Lean organisation

- Agile method
- Lean techniques
- Kaizen approach
- Streamlining processes



HR is becoming digital!

Besides upskilling employees with digital competencies, HR managers want to ensure that they build and internalize relevant technologies and tools for good decision making and great people management. This particularly affects the collaboration and communication sector – both internally and externally.

Adoption of smart working won't mean saying goodbye to the traditional working paradigm

Although more flexibility is allowed in current workplaces in the choice of both working time and space, the traditional working arrangements remain the main functional model for most organisations.

Building a strong culture continues to be at the forefront

Constant dialogue, strong values, continuous learning and wellbeing at work all fall into the category of a good workplace culture. HR managers must strike a middle course between nurturing the existing culture and transformations that have a positive impact on both financials and employees' wellbeing. Listening to employees and giving them all a voice within the organisation helps to build a positive corporate culture for all employees

Debunked myths

- Agility: despite the overuse of that buzzword, this survey shows that companies have not adopted a wide range of new processes and tools for the implementation of work organisation 4.0, or decided to place investment in this direction in the near future.
- Most European organisations are currently at the “employee involvement” level, and have yet to make the critical cultural shift towards a more profound “empowered employee experience model”.
- Neither the gig economy nor remote working is greatly redefining the workplace – but in the long run, with the further adoption of technology, and given the mentality of newly appointed millennial CEOs, it is quite probable that we are going to see a stronger shift towards redesigning workplaces and overall organisations to facilitate these new ways of working.

