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A Guide To The Future Of Work In Europe

Developing the adaptive workforce of the future

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As 2020 dawned, European leaders knew that this decade would be pivotal. You hoped to extend the growth and stability achieved by your investments in customer obsession and customer experience (CX) throughout the decade. You planned to rally your workforce to higher levels of engagement, benefiting them, your customers, and your business. And you assumed you could complete this monumental effort and transformation in a decade of continued economic growth and social prosperity.

Your assumptions were wrong.

Suddenly, thanks to a global pandemic and economic downfall, the revolution in the future of work materialised in a matter of weeks, not years. While the pivotal opportunity presented by this decade remains the same — to lead your company to deeper engagement, greater customer outcomes, and enduring stability — the trail that you must now blaze is more precarious and more subject to further uncertainty than anyone expected.

Are you ready?

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You might be more ready than you realise.
While there is no one-size-fits-all solution to meeting the future of work, there are specific tools you can make better use of, starting today. This guide and the accompanying assessment will help you identify the vulnerabilities and opportunities within your organisation and then plan the next steps you need to take to address the future of work today.

THIS GUIDE WILL ADDRESS THREE KEY ITEMS, WITH A SPECIFIC FOCUS ON EUROPE:

1. The Shocks That Will Reshape Work Are Clear

The current pandemic is an acute symptom of a larger set of factors that were already poised to alter the way your workforce does its job and the way you manage your human resources.

2. The Tools To Deal With Those Shocks Are Here

Tools like employee experience (EX) and human capital management (HCM) are available today to help. You may have intended to focus on these things in the future. A new urgency will now propel your investment.

3. You Can Assess Your Organisation's Tool Capabilities

The accompanying assessment identifies the areas where you are strong as well as the challenges that your team will face as you shape your unique adaptive workforce strategy.

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The Shocks That Will Reshape Work Are Clear

The challenge of the COVID-19 pandemic that has turned the world upside down is unique: No one currently alive has seen anything like it. However, this real and ongoing challenge is a manifestation of a long-term phenomenon — a type of shock — that businesses now face and will continue to face as they march into the territory loosely called the future of work. So while it's still unclear how the current pandemic will play out, the four shocks that were already changing the who, where, and how of working will persist well into the 2020s and beyond the current situation.

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1. **Systemic risk** makes every company a globally exposed enterprise. We live in an age of accumulating systemic risk, as evidenced by Microsoft committing to becoming carbon-negative by 2030, Australian wildfires costing that country's economy AU$1.2 billion, and 20% of Google's workforce staging a protest walkout. The current pandemic is one systemwide risk we are now attuned to, but these other forces were already accumulating before 2020 and will accelerate.

2. **Robots and automation** have only just begun to reshape your European workforce. Automation of some sort will transform 80% of jobs by 2030. Many of the tasks your workforce does today can be done better — and, in some cases, more cheaply — by robots, AI, and other automation technologies. But we are only a few steps down the path to understanding what this means for your industry, your company, and your job. The skills that workers will need to effectively collaborate and work side by side with machines and robots are transforming and will shape your search for European talent with diverse cultural and educational backgrounds.

3. **An employee data tsunami** is about to drown you in possibilities and obligations, especially given the European regulatory and legal environment. Your systems for managing people operations and strategies — i.e., human capital management technology — collect more data about your current and potential workforce than you know what to do with. The potential for misuse of workforce data is at an all-time high and climbing, in particular as the current pandemic is driving more remote work. The newly urgent need to track the whereabouts and well-being of your European workforce — including the expanding base of nonemployee contributors whose data will create further complexity — means this tsunami won't crest soon and will only accelerate.

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4. **Employee power**, like customer power before it, will force itself upon you in Europe more than anywhere else. Just as the age of the customer empowered consumers, today's personal technology and connectivity empower your employees to surveil the corporate world for companies that share their personal and professional values. How did this company treat employees during the pandemic? Does the CEO donate to causes I don't approve of? That surveillance upends the power to control the narrative in the way that HR and PR once could. In Europe, empowerment of employees will be even more pronounced due to the traditional legacies of European "welfare states," labour unions, and deeply embedded but diverse safety nets across Europe.

These shocks will undoubtedly define your business trajectory in the 2020s and your ability to navigate through a decade of uncertainty by preparing your workforce for the future of work now. Upskilling, reskilling, mobility, flexibility, aging, diversity, talent accessibility, next-to-continuous tech advances, and human-machine collaboration will push you to adapt your workforce for the future of work in Europe. [1]

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The Tools For The Future Of Work Are Already Here

The best way to manage dramatic market shifts as an organisation is to create a maximally adaptive workforce, one that incorporates key structural, process, and cultural elements that exist in careful tension with each other and that can adapt as the shocks bring new forces to bear on the enterprise.[2] Luckily, the structure, process, and culture tools you need to do this are not new. The tools are already here: In fact, with only one glaring exception, most executives already intended to tackle and boost capacity for deploying these tools.

But in the face of the current global crisis, leaders have no choice but to rapidly become expert trailblazers in establishing a workforce strategy tailored to the vastly diverse European context that intelligently combines:

1. **Employee experience to build empathy and deepen engagement.**
   Unfortunately, this is the one workforce tool that was a low priority for investment in the coming year. For many organisations, this has already changed, as the pandemic has forced leaders to use employee engagement pulse surveys to understand how their workers are faring. These surveys may not be enough, however. They form just one part of a comprehensive employee listening strategy. Beyond understanding engagement, listening programmes tune into signals on employees' sentiments, their workload, their wellness, and how they're communicating with others. They also inspire exercises like employee journey mapping to understand their daily journeys and identify moments that matter, systemic factors that stand in their way, and metrics that interfere with their ability to focus on what matters most each day. Done well, listening programmes build empathy for what employees need to be fully engaged in their daily work and help align the organisation's resources to better meet those needs.

63%
of European purchase influencers (or 7% more than North American ones) admit that **improving EX was only a moderate priority**.

Only 23% of European Purchase Influencers (or 7% fewer than North American ones) said **improving EX was a high or critical priority**.[3]

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2. **Modern HCM technologies to improve results.** Ninety percent of employees are willing to let employers use data about them — but only if they benefit in some way. If earned, this trust dividend can pay off; companies that enjoy such trust have 6% greater revenue growth on average.[6] First West Credit Union tried different ways to improve engagement — increasing pay, improving onboarding, training managers on career development, and upskilling employees — but it didn't know what worked best. Workforce analytics, supported by HCM tools, showed that upskilling employees led to upward of €175,000 per-employee revenue and a total return of €2.2 million.[7]

53%
of European software decision makers are **not satisfied with their solution** and plan to upgrade or replace it.[4]

3. **Robotics quotient (RQ) to guide their approach to automation technologies.** RQ measures the ability of both individuals and organisations to adapt to, collaborate with, and drive business results from automation and AI technologies.[8] Compared with other geographies, Europe appears slower in its adoption of automation, not least because of its worker-centred labour laws, active participation of unions, extended social safety nets and social rights, and the variation of all these factors across Europe.

47%
of European software decision makers expect their firm to invest more in systems of automation, surpassing the 44% of US software decision makers and in contrast to 65% of Asia Pacific tech leaders who envision increased investments in automation.[5]

> The reason automation deployments fail isn't because companies have chosen the wrong technology or vendor. It's because the employees and the organisation can't effectively integrate the technology into business processes.

As a result, Europe utilises only 12% of its digital potential, with the UK leading at 17% and Germany trailing at merely 10%.[9] Ensuring the correct balance between boosting efficiency and productivity through automation and robotics and scoring high on employee experience will be fundamental for your future-of-work strategy. The solution? Invest in people, leadership, and organisational structures. A bonus: Higher RQ correlates to higher EX, so there's a virtuous circle of investment.[10]

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4. **Human-centric leadership to optimise how the company senses and responds to shocks.** The pace of change was rising even before the arrival of COVID-19, but the pandemic made it clear that workers want leaders capable of providing human-centred solutions. In the first weeks of the pandemic, 54% of European employees showed confidence that their company leader would handle the crisis in the best way possible.[11] Purpose-driven leaders can create an environment where PEAK humans — employees who are poised, enlightened, adaptable, and knowledge-seeking — can rapidly adapt to any of the four shocks as they continue to combine and affect organisations.[12] Leaders at all levels of the organisation, including line managers, need to work from a common set of values that support high performance.[13] The European Union is leading in upskilling and reskilling programmes as well as providing stimulus for lifelong learning and higher participation of retired workforce.[14] Now is the time to double down on leadership investments to optimise EX.[15]

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Assess Your Organisation's Tool Capabilities

The shocks are clear, the tools are here, but your organisation likely isn't using those tools as effectively as it could. What's the next step? First, you should assess your readiness to employ these four tools — EX, HCM, RQ, and leadership — to better detect where you can quickly improve your workforce strategy.

Use the short self-assessment accompanying this guide to identify your strengths and challenges. Start by answering the 15 questions from your own perception and experience as a leader; then, hold your feet to the fire by putting yourself in the shoes of a typical employee in your organisation, department, or team and answering the same questions again.[16]

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THIS TWO-PART ASSESSMENT WILL HELP YOU DETERMINE:

- **The organisational strengths on which you should build.** These are the areas where you and the typical employee are likely to agree that you are strong as an organisation. Don't declare victory, however. When you are good at something, you can't just set it aside. Quite the opposite, in fact, as your ability to manage the shocks of the future of work depends on your ability to weave your use of these tools into a resilient fabric. Single out the tools where your strengths lie and set those down as the foundation for your other improvements. Ensure that leaders across the organisation are equally competent in this area and able to represent it in their individual functions.
- **The challenges that lie ahead of your company.** Two outcomes are possible after completing the questions in this assessment. First is the one where you score the company highly for a particular tool but suspect a typical employee would score the company lower than you did. Congratulations, you've just encountered the most common result in a survey like this:

> Leaders are generally more confident in the company's actual capabilities and usually more naïve about the challenges that typical employees can see more clearly.

The second likely outcome is where both the leader and the typical employee give the organisation a low score. Both outcomes for any specific tool mean you have work to do to improve your approach to that tool.

- **Your unique fitness for leading this change.** The first 12 assessment questions give you a quick sense of your organisation's situation. The final three questions are all about you. Drawn from a larger tool called Forrester Future Fit, which assesses nine dimensions of your innovation readiness, these three questions identify the dimensions of your individual personality that will influence your ability to bring your workforce strategy ambitions to life.[17] Use this insight to understand how effective you are likely to be in marshaling the support of your peers as well as the engagement of those you lead.

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Based on your self-assessment, you have different types of work to do to develop abilities with the tools of EX, HCM, RQ, and leadership. As you invest in your organisation's use of these four tools, you will become better able to adapt flexibly to the shocks that are yet to come. You'll learn to sense, manage, and respond to the shocks in one of three ways:

- **Defer.** Some shocks are best deflected to a different time, typically because the organisation doesn't have the skills needed to deal with them or because the parts of the organisation possessing those skills are currently dealing with the effects of other shocks. A major retailer like ALDI or Wegmans that's dealing with hiring thousands of new employees and protecting thousands of existing ones can appropriately choose to delay implementing an automation solution it had planned to trial.
- **Digest.** In cases where the organisation can handle the impact of a shock, it's time to open the doors and let as much of that energy in as possible to push the company forward. A company that previously opted not to use employee data may suddenly find employees asking the company to be more proactive in tracking current health and viral exposure due to the actions of other employees. Refusing to play that role can harm the perception of the company's empathy. If the company has developed sufficient employee data management maturity, it can do this safely and transparently.
- **Redirect.** Employees may suddenly coalesce around a social cause or value that they want the company to support. As a chief human resources officer (CHRO) recently pointed out, a sentiment that appears unanimous among the most vocal employees may alienate others in the organisation, leading to distractions that damage overall EX. The solution for this executive was not to defer nor to digest the energy that empowered employees were bringing to work but to instead find a way for them to express their goals in a way that allowed others to believe and behave differently.

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The Adaptive Future — European Jobs 10 Years From Today

An adaptive workforce means having employees who are ready, able, and intrinsically motivated to make significant changes to their roles and the organisation's processes.[18] To do so, they must be willing to take risks and embrace uncertainty. In the past, companies removed the risk of employee actions by defining any action's scope and measuring the result within predetermined parameters. Do the job as specified; get paid as promised; repeat. However, the world now changes faster than job specs can keep up.

> An adaptive workforce is one that is definitionally prepared for turning this now-routine uncertainty into actionable, measurable, and rewardable processes — all of which are subject to revision or abandonment as needed based on incoming feedback.

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Almost no organisation can do this at scale today; by 2030, all successful enterprises will have to. On the road to this unsettling yet invigorating outcome:

- **Uncertainty about who owns EX will hamper just about every organisation.** Building an adaptive workforce to enter the future of work in Europe requires swift leadership from the very top of the organisation that encompasses all functions, unlike responses to prior disruptions like the internet in 1998 or mobile in 2008. But in an optimal world, all HR functions will rapidly complete what has been a very gradual transition from a "check the box" compliance management role to a more strategic function where leaders with high emotional intelligence persuasively collaborate with other leaders to improve the organisation's ability to use all the tools we've outlined. Where that is unlikely to happen as quickly as needed, a federated model will be necessary — one in which IT, marketing, and operations commit to improve their functions in a way that supports the others. That federation will be what the hoped-for, strategic CHRO eventually relies upon to build the adaptive workforce.

- **A skill-centred, dynamic talent economy is emerging in Europe.** An adaptive workforce places the value of skills, not occupation titles, at the centre of its organisational principles. En route to 2030, swarm teams comprising individuals (humans or bots) with specific skills will coalesce around projects to solve specific cross-domain problems. This composable organisational model will allow maximum fungibility of talent, especially in the context of Europe's Single Market. Core full-time employees (FTEs) will remain internal, but contingent and freelance talent will also play a variable role. Automating the orchestration of tasks and assigning and reassigning resources to ever-changing projects will require high RQ. Companies will need to master their internal assessment of skill ontologies and map FTE skills to projects while adapting organisational structures and career paths to incorporate emerging and augmented professions in the traditionally outdated European human resources.[19] But it will also require marketplaces inside and outside the business that allow companies to identify, bid for, and assign skills on a per-project basis so that employees, contingent labour, and gig workers can "flow to the work" rather than staying fixed in place.[20]

- **The responsibility for lifelong learning will be a hot potato.** The movement to a skill-centred talent economy makes the comprehensive, four-year university model superfluous on some levels and insufficient on others. Europe in particular suffers from a substantial skills demand/supply mismatch. Meanwhile, demand for technical skills is shifting toward "soft skills," which are rarely developed in the more traditional educational systems across Europe. For example, "adapt to change" is the most-demanded skill in online job vacancies throughout the EU. In the dynamic, heterogeneous European labour market, however, talent and skills are not equally available, with some countries standing out with availability of some skill sets while, in others, the talent pool offers diverging excellence.

  Companies such as McDonald's and Walmart have instituted internal "universities" not just to enhance work-related skills for employees but also to improve retention and morale. Meanwhile, vendors eagerly certify the users of their tools: A certification in Salesforce development is more relevant to a hiring decision than a four-year degree. Learning gaps notwithstanding, most companies can't efficiently administer lifelong learning while still focusing on the value their business provides the market. The result of passing this hot potato around will be a decade of confusion for employees about what certification and education matters, if at all. We predict that an unexpected player — the kind of company Apple was in 2007 under Steve Jobs — will make a play to establish a novel lifelong learning model that relies on AI-guided, adaptive learning.

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- **Robots will move from manual to analytical work.** One result of using AI-guided learning systems will be that human workers will find themselves more comfortable with the capabilities of AI specifically and automation more generally. Not only will they become more welcoming of automation, but they will begin to expect it: An employer who withholds it will be like an employer that won't grant coffee breaks. Thus sanctioned, AI will make inroads into white-collar work that's predictable: We already see this in radiology, where AI can identify certain pathologies in MRI images better than physicians. Think there's a limit to what AI can do? Sure, using today's compute power. But quantum computing and other advances will permit AI to attack complex combinatorial problems that today's compute power can't process, creating orders-of-magnitude improvements in business processes and opening a wider array of business decisions to AI's influence.

- **Leaders will learn to coexist with "management by algorithm."** Leaders must make the adaptive workforce happen, but they possess neither the intellectual power nor the unlimited time required to do everything the adaptive workforce needs them to do. The solution will be technology that learns from the leaders' best decisions and begins to replace them in evaluating data and rendering decisions at the lowest levels. As with every other type of automation, this will free execs to handle the most perplexing effects caused by the interaction of the four shocks on their business. The open question on the horizon: Who owns the value of the algorithm that was developed using the exec's actions? Legal wrangles will help resolve this question in this decade. Be careful what you sign when you next change jobs.

- **People and organisational data will evolve into workforce analytics at the best companies.** People and organisational data today arrive as disparate inputs, some of which are used, some of which are confused, and some of which are at risk of being misused. To build an adaptive workforce by 2030, people and organisational data must become fuel for your organisation rather than stalling it. When you achieve the data readiness and infrastructure, workforce analytics becomes a source of strategic energy, creating far more utility than the mere data it was based on ever could. Vendors that provide this will be far more mission-critical than people imagine HCM vendors to be today. The question is no longer if you should responsibly leverage your people and organisational data through workforce analytics tools. The question now is, *when* will you?

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While the future of work is coming sooner than expected, the solution is clear. Engaged employees, supported by empathetic leaders, in a tech-enabled environment that motivates them to become customer-obsessed will be a differentiating factor in determining not just which companies survive this current crisis but which ones go on to create the employee and customer experiences that make the future of everything else possible.

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Podcast

Vice Presidents and Principal Analysts James McQuivey and J. P. Gownder discuss the four “shocks” that will shape the future of work and how their timelines have shifted up.

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The Automation Framework

Forrester’s automation framework provides design and selection criteria for different automation use cases to help leaders govern and balance the overall portfolio.

GET THE GUIDE

Forrester’s European resource hub has been created to provide technology leaders with the tools and insights they need to build the capacities and capabilities of an adaptive enterprise.

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Endnotes

[1] See the Forrester report "The Future Of The European Job Market."

[2] Building an adaptive workforce requires combining organisational, technical, and cultural approaches that enable maximum flexibility in response to changing demands. See the Forrester report "The Adaptive Workforce Will Drive The Future Of Work."

[3] Base: 5,896 European purchase influencers; Source: Forrester Analytics Business Technographics® Priorities And Journey Survey, 2020.

[4] Base 1,295 European software decision makers whose firms have implemented or are implementing a human capital management solution; Source: Forrester Analytics Global Business Technographics Software Survey, 2019.

[5] Base: 1,255 European software decision makers; Source: Forrester Analytics Global Business Technographics Software Survey, 2019.

[6] Source: Ellyn Shook, Eva Sage-Gavin, and Susan Cantrell, "How Companies Can Use Employee Data Responsibly," Harvard Business Review, February 15, 2019 (https://hbr.org/2019/02/how-companies-can-use-employee-data-responsibly).

[7] Source: client interview.

[8] See the Forrester report "RQ 2.0: Assess Your Readiness For Artificial Intelligence, Automation, And Robotics."

[9] Source: "Digital Europe: Pushing The Frontier, Capturing The Benefits," McKinsey & Company, June 2016 (https://www.mckinsey.com/~/media/McKinsey/Business%20Functions/McKinsey%20Digital/Our%20Insights/Digital%20Europe%20Pushing%20the%20frontier%20capturing%20the%20benefits/Digital-Europe-Full-report-June-2016.ashx).

[10] See the Forrester report "Employee Experience Is Crucial To Success In The Era Of AI, Automation, And Robotics."

[11] In the first week of March 2020, just 43% of US workers agreed that their organisation had a plan, and only 48% had confidence in the head of their company. European employees appeared more confident in their companies' plans and leaders, as 54% had this opinion. Source: "How Employees Feel About Coronavirus A Month In: A PandemicEX Survey Update," Forrester.

[12] See the Forrester report "PEAK Human: The EX Equation For Dominating Our Transformation-Filled Future." and see the Forrester report "The Employee Experience Imperative."

[13] Line managers are the crucial but often undersupported link in many organisational leadership chains. Source: "Your Pandemic Employee Experience Depends On Line Managers," Forrester.

[14] Source: Forrester interview with the European Centre for the Development of Vocational Training.

[15] See the upcoming Forrester report on how to cultivate a PEAK workplace starting with your leaders.

[16] We recommend actually surveying people in your organisation and can help you do that. But use yourself as a proxy for now so that you can start the process of discovery.

[17] See the Forrester report "Improve Your Future Fitness Fast."

[18] We use the word intrinsically carefully, because no edict can make people take unmeasured risks or willingly wear themselves out for a company. Source: Timothy R. Clark, *EPIC Change: How to Lead Change in the Global Age*, Jossey-Bass, 2007.

[19] For more information on how to build and apply skills ontologies, see the Forrester report "New 'Core HR' Will Power The Future Of Work."

[20] The "flow-to-the-work" concept is explained here. Source: Roger L. Martin, "Rethinking the Decision Factory," Harvard Business Review, October 2013 (https://hbr.org/2013/10/rethinking-the-decision-factory).

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