



The employee outlook

Understanding employee sentiment
and priorities across Europe



Introduction

The world of work is constantly evolving. Even before the coronavirus (COVID-19) pandemic, a variety of political, economic, social, environmental and technological factors were percolating. These forces have accelerated trends such as remote working, and changed workers' expectations of leaders – their attitudes to learning and development, the search for purpose and belonging at work, and the focus on employee mental health and wellbeing.

As a result, the immediate needs of employees across Europe and what they look for in an employer are changing too.

In late 2020, Workday commissioned research with Yonder to better understand employee sentiment and priorities across Europe. This insight will help leaders throughout the region to better understand the immediate expectations of employees returning to workplaces in 2021, and to plan for future changes in attitude that will take place in the fallout from the last two years.

The most innovative companies use data and analytics to frequently measure their employee experience. This research is inspired by the [Workday 'Best Workday Survey'](#); an internal weekly survey that measures employee sentiment. Insights from the Best Workday Survey are used to continually improve the award-winning workplace culture at Workday.



Research methodology

Workday partnered with Yonder Consulting, a research and strategy consultancy, to conduct this quantitative study across Europe.

Yonder undertook 17,054 online surveys in total, across nine European countries, with employees who were below Director level and work at an organisation with 250+ employees.

The sample size from each market is shown in the adjacent table.

Methodological rationale

These nine countries were chosen as they represent a large geographical spread across Europe, capturing the five biggest European economies and were all accessible using an online survey methodology. The size of the online panels in these countries was sufficient to allow a robust sample of employees working in organisations with 250+ employees. A sample size of 2,000 respondents in each market was the target for fieldwork as it provides a robust base from which to conduct analysis. The margin of error on a 2,000 sample size is +/- 2.2% at a 95% confidence level, which means that if the survey was conducted 100 times again, 95 times out of 100 it is expected that the results would alter by a maximum of +/- 2.2%. Reaching employees via an online methodology in Switzerland is more difficult as there are fewer people signed up to online panels. It was therefore agreed to compromise and use a smaller base size. A total of 1,004 respondents were achieved in Switzerland. It should be noted that the smaller base size of 1,004 in Switzerland creates a margin of error +/- 3.1% at a 95% confidence level.

Questionnaire design

The questionnaire was 15 minutes in length and contained a mix of grid, multiple choice and yes/no questions. It covered topics related to working from home, skills, learning, development, leadership and motivation.

Translations

The same questionnaire was used across all countries and was translated into appropriate languages by Yonder's translation team, all of whom are native speakers. The translation team is accredited with the European standard for translation services BS EN 15038. Before launching fieldwork fully, Yonder conducted a soft launch involving 50 preliminary interviews in each country to check questionnaire flow and understanding of the question text. Yonder included an open-ended text box at the end of each survey to help identify any potential challenges or problems that respondents experienced completing the survey. No issues were detected after the soft launch, and so no changes were made to the survey before the full launch.

MARKET	NUMBER OF RESPONDENTS
UK	2,011
France	2,007
Sweden	2,007
Netherlands	2,006
Spain	2,006
Germany	2,005
Italy	2,005
Belgium	2,003
Switzerland	1,004

Advanced analytics

To dig further into understanding employees' true feelings towards their current leadership team, evaluate leadership performance over the past 12 months, and identify the most motivational aspects of a job role, Yonder used three advanced analytical techniques. These techniques were an implicit response test, a leadership performance index score and a maximum difference scaling (MaxDiff). Further information on each can be found on pages three and seven.

Yonder Consulting

Launched in October 2020, Yonder brought together the expertise of four specialist businesses: Populus Limited, Populus Data Solutions, BrandCap and Decidedly. Yonder has teams in London, New York and Hong Kong. Yonder is a member of the British Polling Council and abides by its rules. Further information is available at <https://yonderconsulting.com/>.



Foreword

The last year has changed the way we think about work. Our views will vary depending on the unique situations we've all experienced away from 'work as usual' – whether you're a parent juggling work with providing childcare, in a house-share battling to find the space and peace to join a remote meeting, or, unfortunately for too many of us, having to make difficult choices when it comes to balancing work with our health, and that of our friends and family.

As many of us begin returning to our workplaces over the coming months, some having been away from the office for well over a year, it's likely that our attitude to work will have changed, along with our expectations of our employers. You might be keen to embrace more flexible ways of working now you know you're as effective at home as working from the office. Or, you might have missed collaborating in person instead of collaborating via video conferencing.

Our research found that while perceptions of leaders and how they've performed over the last year have been largely positive, many employees feel they're missing out on opportunities to gain new skills and develop their careers after shifting to working from home. This was particularly true for those aged between 18-34, many of whom will be discovering the working world for the first time and forming opinions and work practices they'll carry with them throughout their careers. Providing opportunities for employees to learn, and master new skills virtually is critical to an organisation's continued success as well as improving employee wellbeing.

I think we'll look back on this period as a major turning point in how employees build and maintain their relationships with work. In the years to come, the social contract between employer and employee will experience significant changes, as society finds its post-pandemic feet and employers strike a balance between home and office-based working. However, the true legacy of the last two years may not be apparent right away and, as a result, things will change in ways that can't yet be foreseen.



We undertook this research to get closer to the mindset of employees across Europe. We wanted to help business leaders truly understand the workforce they will be welcoming back in 2021 – their thoughts, feelings and expectations in relation to work and how the last year has impacted them. Never before has such a large percentage of the global workforce experienced such a sudden and dramatic change, with some industries, such as FMCG retail continuing to operate, while other sectors of retail and hospitality ground to a complete halt and closed their doors.

If organisations are to continue to grow and adapt, they need to better understand employee sentiment. At Workday, we use our own technology to measure the employee sentiment every Friday, with our Best Workday Survey. Unlike using annual snapshots to understand the employee experience, we know where people stand with very timely measures of employee sentiment, especially during these incredibly dynamic times. We analyse the data to find ways to continually improve our workplace culture. It helps us to plan for the unexpected and ensure that as our employees change, we can adapt with them.

Like us, those organisations who are best placed to lead the recovery from the effects of the COVID-19 pandemic understand the importance of bringing together financial, people and operational data so they can continuously see the whole enterprise picture. It helps them to stay ahead of the accelerated pace of change and anticipate multiple scenarios – leading to better-informed decisions and quick pivots.

At Workday, our commitments to delivering an exceptional customer experience and continuous innovation are helping a diverse range of industries and sectors. It's only by truly understanding our people – their hopes, fears and what truly engages them – that we can start to plan for the future of work.

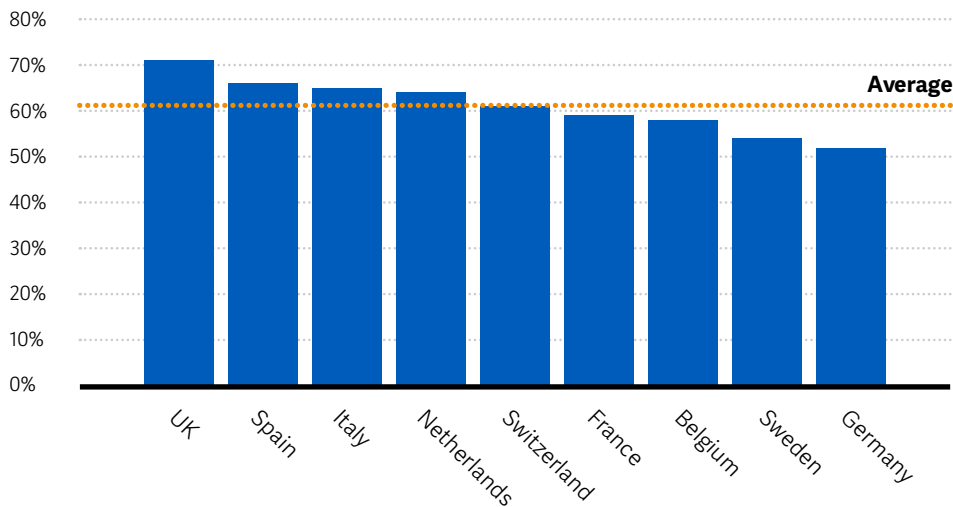
Carolyn Horne,
President EMEA, Workday



The shift to working from home

As discussed, the global pandemic has accelerated the remote working trend. When employees return to their workplaces, employee expectations and ways of working will have evolved – in some cases, dramatically. According to our research, the workforce of the future will be more blended (full time, part time, temporary), open to remote working technology and focused on the importance of wellbeing and culture.

Proportion of employees who have worked from home during 2020



An average of 61% of employees surveyed reported working from home at some point during 2020. Employees working in the UK were most likely to have done so remotely last year (71%). Despite an average of almost half of employees (46%) surveyed across all markets who worked from home last year, rarely or never doing so previously, most spent over half their typical working week at home, representing a major shift in behaviour. The greatest level of change has been experienced in Spain and Italy where

two in three employees (Italy, 66%; Spain, 65%) who worked from home in 2020 had never or rarely done so previously.

Encouragingly, many employees feel their organisations have reacted well to sudden fundamental changes to working environments. Most employees who worked from home in 2020 agreed they could access necessary information (84%), were provided the necessary tools (70%) and given enough support by their organisation (67%) to work from home effectively. The quick actions of many organisations may explain why just over half of employees felt less stressed (53%) and indeed more productive (56%) when working from home, despite this being a new way of working for many surveyed.

On the flip side, only a third of organisations (34%) implemented any formal training on how to work from home, which could have helped mitigate some challenges, such as ensuring employees still felt connected with the organisation and to understand expectations of employees when working from home. It is clear there is room to improve remote working processes, as half of employees surveyed felt more isolated (50%), felt the need to always be available to colleagues and clients (48%) and heard from their line managers less (49%) in their new working environment. Better support that builds connectivity amongst employees working remotely will be important to create a sustainable hybrid working culture that allows employees to thrive and collaborate, regardless of location.



Evaluating leadership performance

Employees generally have positive perceptions towards their leadership teams and a majority feel their organisation's leaders have navigated the last year to the best of their ability. Those leaders who are perceived to have performed better have provided clearer direction, ensured sufficient resource that allowed employees to do their jobs well and offer a good service to customers, and prioritised employee health and wellbeing.

In order to understand the underlying attitudes towards leadership teams, Yonder conducted an implicit response test (IRT) within the survey. This technique taps into automatic respondent associations by asking respondents to give their immediate reactions to an idea; the speed of their response indicates the strength of their implicit reaction. In this instance, respondents were asked to think about leadership in their organisation. This could be the sole person in charge of the company or if the respondent was part of a larger organisation, they were asked to think about the senior leadership team. Respondents were then shown a series of pairs of opposing words/phrases e.g. inspiring or boring. In each case they were asked to choose the one they thought best described the leadership in their organisation. They used the '1' and '9' keys on their keyboard, or appropriate area of the screen on their touch screen device, to make their selections.

Employees generally had a positive emotional response when thinking of their leadership team. Specifically, most employees automatically felt the leadership within their organisation is honest, trustworthy, competent and approachable. These were also considered the key characteristics employees will look for in their next employer in most markets surveyed.

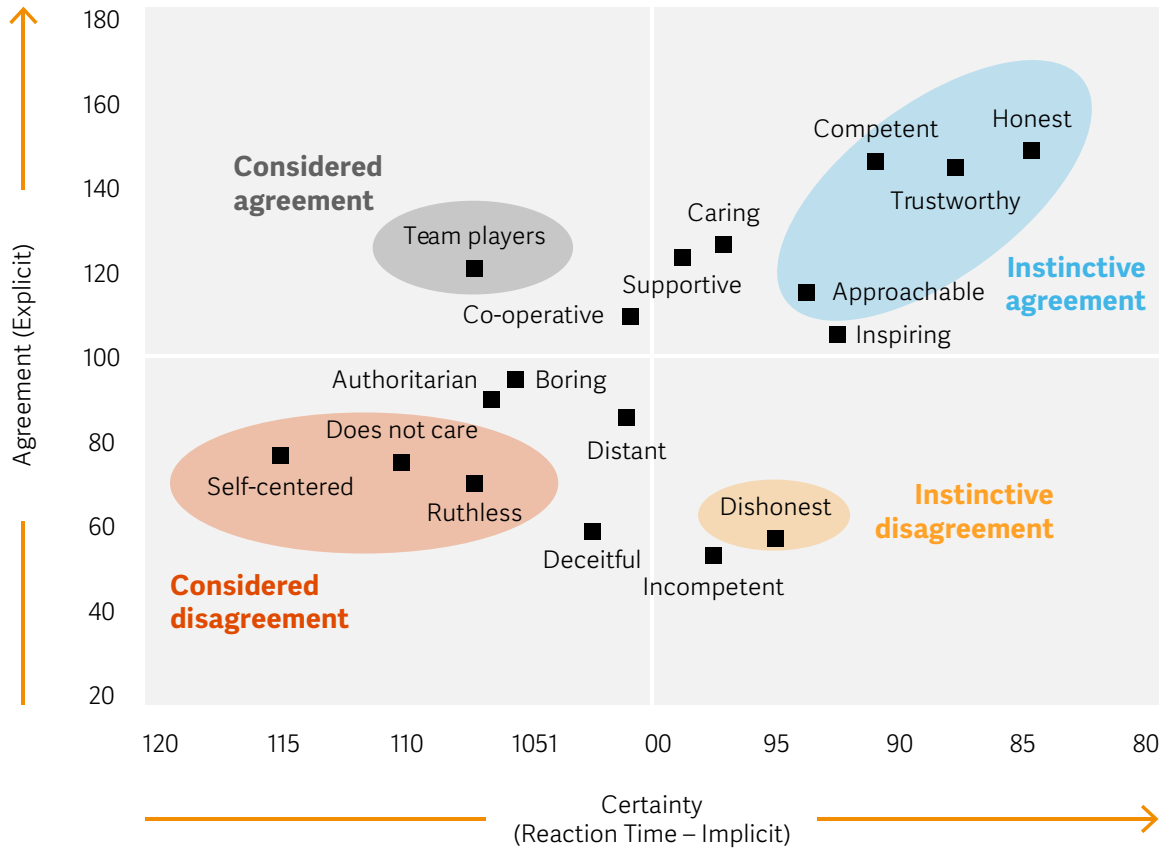
To benchmark employees' perceptions of the overall performance of their current leadership team, Yonder conducted a factor analysis. Using the collected data from 13 agreement statements, which identified employees' perceptions towards their leadership team, Yonder has unearthed the hidden mathematical x-factor that unites all these different attributes into one metric. This metric acts as a measure of



how an employee feels towards the performance of the leadership team within the organisation they currently work for. A score below 100 means that leaders in particular markets are performing below average and a score above 100 means that those leaders are performing above average. The leadership index score revealed leaders in the Netherlands, Germany, Switzerland and the UK were viewed most favourably whilst leaders in France and Italy were viewed least favourably by employees.

The ability to adapt is a seemingly important trait necessary for a leadership team. In countries where leadership performance was above average (Germany, Switzerland, the Netherlands and the UK) employees were more likely to agree change had been well managed by their organisation's leadership team. Despite the relentless level of change to working environments organisations faced across Europe, leadership in Germany, Switzerland, the Netherlands and the UK were more likely to have ensured their employees were provided sufficient resources to enable them to do their job well and provide a good service to customers. Additionally, employees from these markets were also more likely to understand the role they will play in the future of the organisation, emphasising the positive impact individual employee purpose can have on the perceived performance of leadership teams.

Employees' explicit and implicit associations with current leadership team



A leader’s job was not considered to stop at covering resourcing and providing role transparency during 2020. In a year where a global pandemic disrupted virtually everyone, the role leaders, and indeed businesses as a collective, played in supporting employee health and wellbeing was more essential than ever. Again, those markets with stronger leadership performance scores were more likely to have exceeded in this space, specifically by prioritising employee health and safety and being empathetic towards employees. This increased responsibility placed on leadership teams may become an expectancy moving forward, almost a third (31%) of employees surveyed said they would like their next leadership team to be approachable, whilst a quarter (25%) will seek a leadership team that conveys empathy.

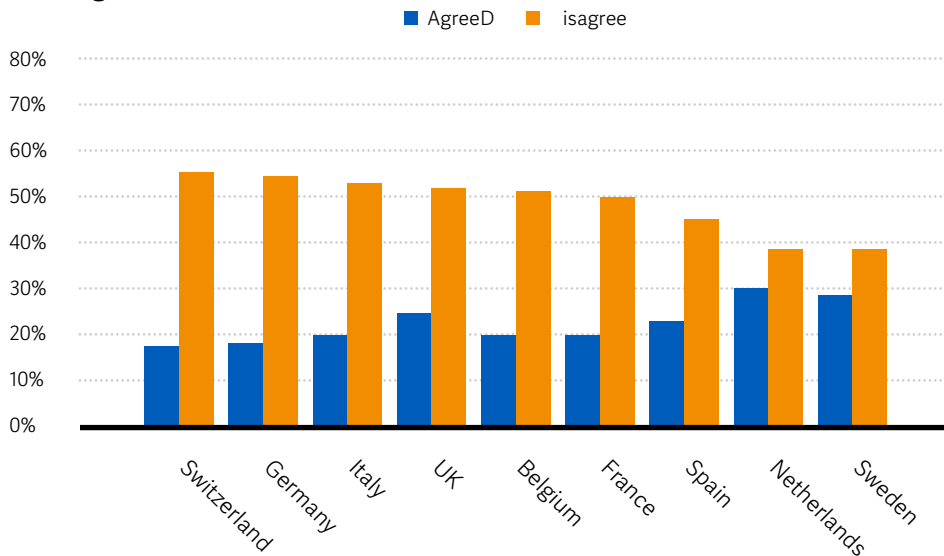
Country	Leadership Performance Index Score
Netherlands	108
Germany	106
Switzerland	103
UK	103
Spain	99
Belgium	97
Sweden	97
Italy	95
France	93



Culture, motivation and recognition

Workplace culture does not appear to have been negatively impacted by the shift to remote working when employees were asked directly. Just a quarter (23%) of those who worked from home during 2020 agreed the change in working environment had a negative impact on company culture; those employees living in the Netherlands (30%) or Sweden (29%) were most likely to feel this way.

Employees who agree or disagree that working from home has negatively affected their organisation's work culture



One reason employees may feel their company culture was not negatively affected could be due to the frequency of communication from leaders within organisations during 2020. Most employees surveyed felt communication from their leadership team either increased (43%) or stayed the same (38%) during last year. Those working in the UK (59%) and Italy (55%) particularly noticed an increase in communications from

leadership teams, while only 23% of those working in France reported an increase in communication. Despite the conscious effort of many leadership teams to keep employees informed, when the different building blocks that make a successful working culture are examined in isolation, a different story emerges.

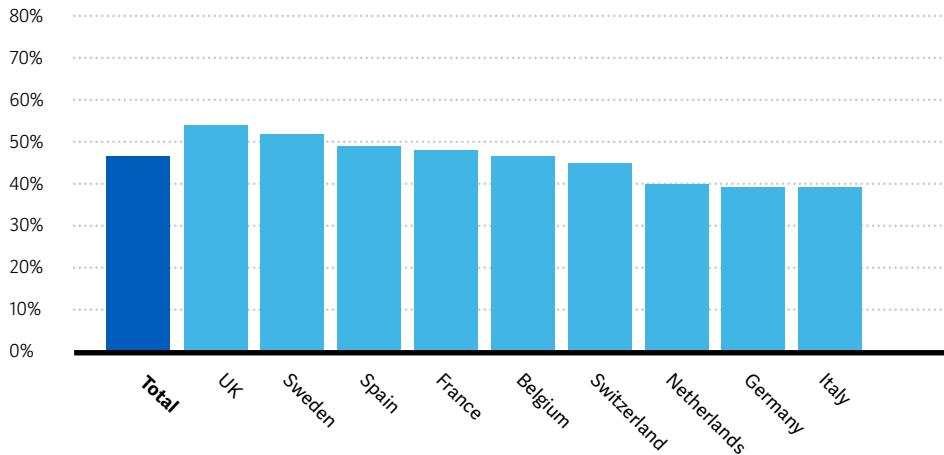
Let's start with people. A motivated workforce is more likely to buy into a company's culture than an unmotivated one. However, it's apparent there have been motivational issues across Europe recently, as almost half surveyed (46%) feel it has been challenging to motivate themselves for work, with those living in the UK (53%) or Sweden (51%) most affected.

Changing relationships with colleagues has been a key issue. Just over a quarter of employees (27%) cite not being able to interact with colleagues in ways they used to and 21% report missing seeing colleagues in person as reasons for recent motivational struggles. Other key issues that have caused dips in employee motivation were the leadership team's response to the pandemic (25%) and work seeming less important in the greater context (23%).

It's understandable that a global pandemic has had a significant impact on employee motivation, however it is interesting that connecting with employees is just as much of a reason for lower motivation levels. Remote working has certainly changed how colleagues interact with each other and for a sizeable cohort this has not been for the better.

Job satisfaction and career development are also important in creating a successful working culture. Only two in five (41%) of employees surveyed report feeling satisfied at the end of a typical working week with employees working in the Netherlands (57%) typically most satisfied and those in Italy (31%) least. Perceptions towards the impact 2020 had on gaining new responsibilities, skills and career development opportunities are also mixed. A similar proportion agreed (38%) and disagreed (32%) that their opportunities to gain new responsibilities and skills in 2020 had been reduced.

Employees who agree it has been challenging to motivate themselves at work recently



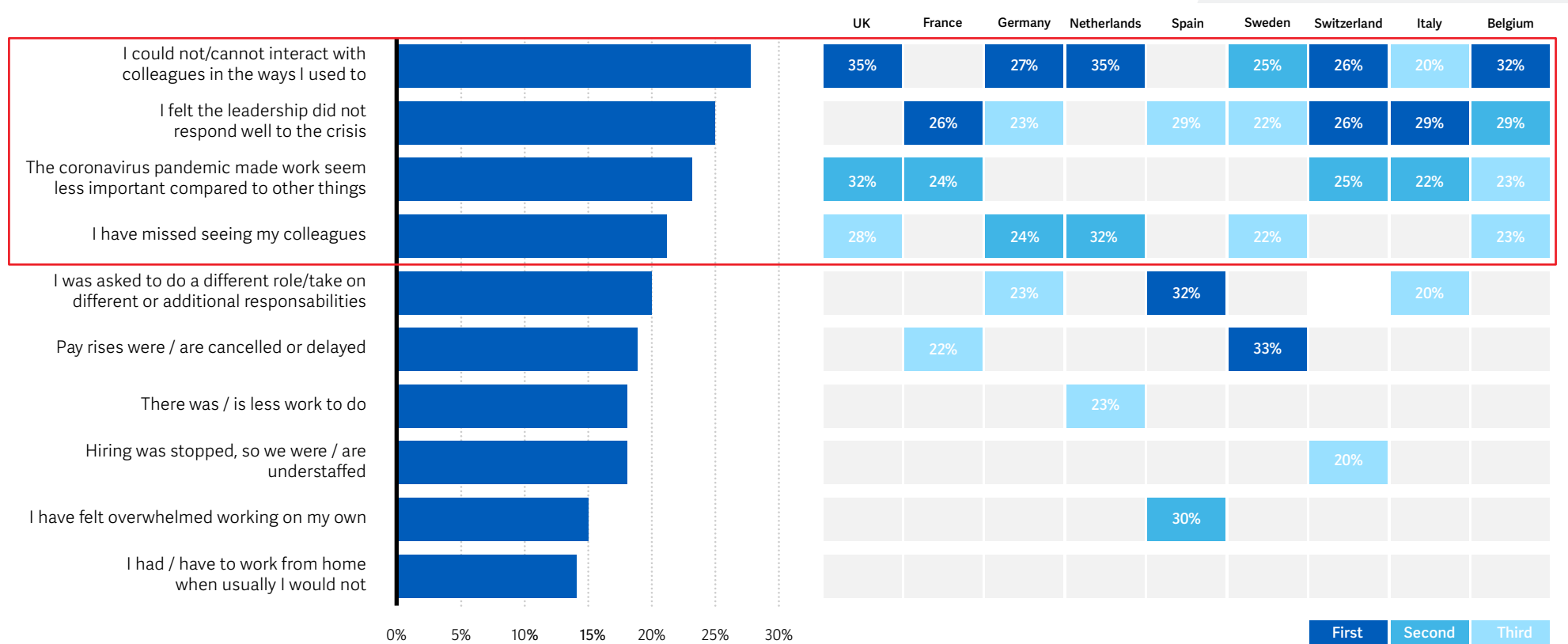
Those working in the UK (47%) or Spain (44%) were more likely to agree their chances for personal growth had been reduced last year. A quarter of employees (26%) across all markets also feel they lost opportunities for career development during 2020. Again, there are considerable differences in perceptions across markets. Those working in Sweden (35%), UK (34%) and Spain (33%) are most inclined to feel a sense of lost opportunities to develop their own career over the past 12 months.

A healthy working culture also recognises and rewards employees based on performance. Organisational performance across Europe is once again split on these two fronts, though it is clear there is a perception amongst employees that organisations across all markets are better at recognising employee contribution than rewarding it through promotions. Just over half (53%) of employees trust that their organisation sees the contribution they make. Employees working in the Netherlands (65%) are significantly more likely to feel their organisation notices their contribution than any other market surveyed. On the other end of the spectrum, considerably fewer

employees in France (42%) feel this way about their current employer. In contrast, just over a quarter (28%) agree their organisation promotes those who deserve it, while 38% disagree that this is the case. This rises to almost half (47%) of employees in Spain.

When offices do re-open across Europe, highly effective management and the right tools, technology and resources will be required to ensure a smooth cultural reboarding. Working culture has changed significantly since the beginning of the pandemic, with employee motivation, interaction, development and recognition all affected to varying degrees. Those businesses that blend the positives from remote working with the benefits an office environment can have on connectivity and collaboration will be most effective in retaining employees.

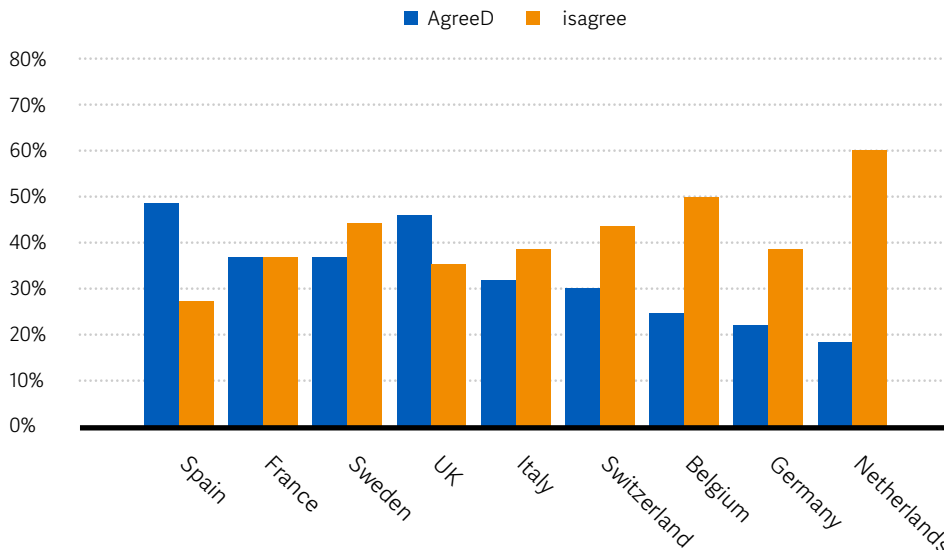
Reasons why employees have struggled to motivate themselves at work recently – Top 10



Looking ahead

Employee confidence in future career options and financial position strengthening in the next 12 months is divided. Of those surveyed, almost a third (31%) of employees across Europe feel trapped in their current role due to economic uncertainty, rising to almost half (49%) of all employees surveyed in Spain. On the other hand, a similar proportion (44%) also disagree with this statement, with those employees working in the Netherlands (60%) least concerned about staying in their current role because of uncertainty surrounding the economy.

Employees who agree or disagree with feeling trapped in their current job due to economic uncertainty



Overall employees are not optimistic about the likelihood of receiving a salary increase in the next 12 months. Just three in ten employees (30%) feel their salary will grow in the next year. A larger proportion of employees (43%) do not believe they will receive

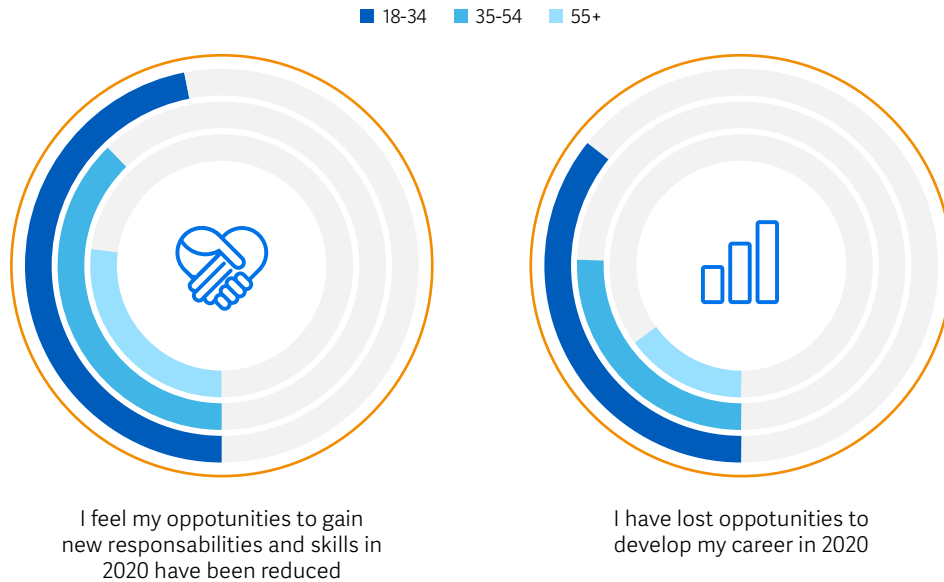
a salary increase in the next 12 months. Employees working in Spain (55%) and Italy (53%) are particularly pessimistic about the possibility of their salary increasing while those working in Sweden (52%) are most optimistic. Organisations should be aware of the impact of low employee expectations on their salary improving in the relative short term, but it's not the only factor that will damage employee retention. A quarter of employees (25%) surveyed claim to be likely to look for a new employer in the next 12 months. There's significant variance across the different markets with those working in Sweden (31%) and Switzerland (31%) most likely to claim to be in the job market this year and those working in Germany (18%) and Belgium (20%) least likely to be.

Although improved salary is a driver among those employees who are considering changing employers in the next 12 months, it's not the only one. The pandemic has led to many employees reassessing their current career path and whether it is one they want to continue pursuing. Over a third cite finding a more interesting role (37%) as the reason why they are likely to look for a new role, the same proportion as those motivated by finding better pay (37%). Further to this, 30% of employees looking for a new role also explicitly refer to wanting a career change (30%).

Whilst the level of influence organisations can have in attempting to retain those who are looking to break away from their industry altogether is arguable, there is certainly a cohort of employees that would be more likely to stay with their current employer if there was better transparency on their career path through the organisation. Three in ten (30%) are looking to move to an employer with better training and development opportunities; this is particularly prevalent in Spain (39%) and Italy (39%). Feelings are also polarised on whether, against the backdrop of a global pandemic, it has been important for employees to concentrate on the needs of their organisation rather than to focus on their own career goals. Those surveyed are split on whether they agree (33%) or disagree (33%) with this way of thinking. It is however also important to acknowledge that employees have been in a state of flux in terms of working environment whereby views on career growth may change rapidly. Indeed, just under half of employees (46%) do not feel it would be selfish to focus on personal career growth in the midst of a pandemic, suggesting goodwill of prioritising company

needs over an individual's, may be on borrowed time. Organisations that successfully kickstart employee development in 2021 and connect people to relevant, personalised opportunities based on their existing skills – regardless of whether employees continue working remotely or not – will have the best chance in retaining talent throughout the next year.

Perceived impact of 2020 on development opportunities by age



Engaging young talent

Younger employees across Europe have been disproportionately affected by the pandemic compared to their older colleagues. Those aged 18-34 years old are significantly more likely to have found it challenging to motivate themselves at work, felt more isolated when working from home, and a higher proportion believe they lost opportunities to gain new responsibilities, skills and develop their career during 2020.

The implementation of training and development programmes aimed at young talent is perhaps a priority for organisations in the next 12 months to not only boost employee motivation, morale and improve retention, but also support businesses to attract young talent.

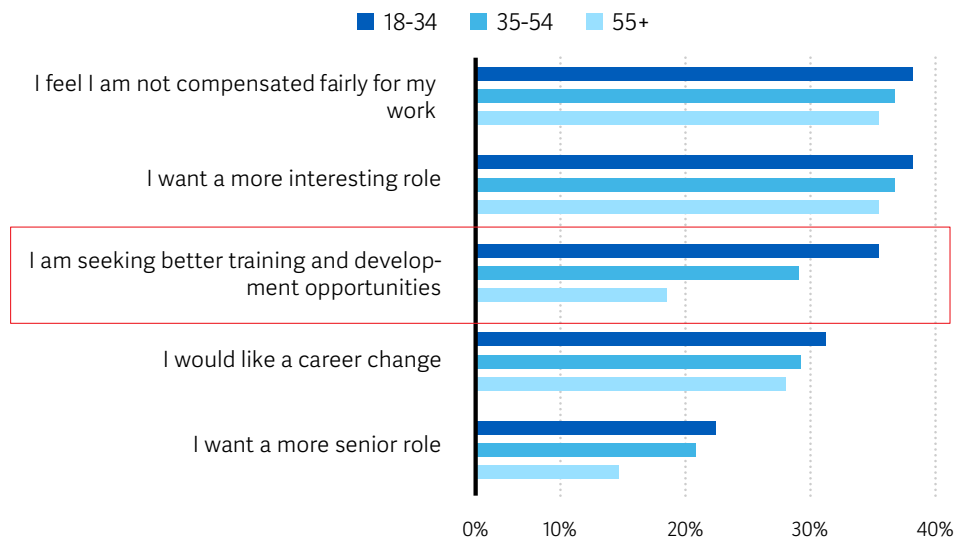
Our research has identified nuances in what most motivates younger employees compared to their older colleagues. We used a maximum difference scaling (MaxDiff) technique to find the most motivational aspects of a job role. A MaxDiff is a way to evaluate preference (or importance) of several alternatives. It is a discrete choice technique where respondents are asked to make simple most/least choices. In this instance, respondents were asked to imagine they were looking for a new role and to think about the different aspects they would evaluate when deciding which type of organisation they would like to work for. They were then presented with four different aspects of a potential future role and asked to pick which would most motivate them to work for an organisation and which would least motivate them. They repeated this exercise 12 times testing 19 different elements. Statistical analysis at the data analysis stage was conducted to generate preference scores, providing a reliable

Top 10 most motivating elements of a future job role

Job aspects (top 10)	18 - 34	35 - 54	55+
Competitive salary	10.5	10.9	10.9
A role that allows me to grow and progress	8.57	.4	6.0
Flexible hours	7.37	.3	6.5
Opportunities for training and development	6.85	.4	4.1
Good bonus and/or commission scheme ⁶	.7	7.06	.4
Working in a cohesive team	6.66	.4	7.1
Safe and comfortable working environment	6.56	.4	7.0
A good relationship with my manager ⁵	.9	5.96	.0
Having a great deal of autonomy over my work ⁵	.9	6.57	.3
Generous pension ⁵	.8	7.19	.1

ordering of the statements in terms of motivation. Although competitive salary is the most motivational aspect of a job irrespective of age, a role that allows for growth, progression and provides opportunities for training and development are significantly more motivating amongst those aged 18-34 years old.

Top 5 reasons why employees are likely to look for a new employer in the next 12 months by age



In addition, an average 37% of 18-34-year olds across all markets surveyed claim to be likely to seek a new job in the next 12 months, a significantly higher proportion than their older counterparts. Searching for better training and development opportunities is also a more prevalent reason to consider switching roles amongst younger employees, suggesting several feel their current employer could improve its current employee development offering to provide further opportunities within the organisation and retain talent.



In closing

It is reassuring to see that many companies and their leaders have managed to adapt to the unique and varied challenges of the last 18 months. The challenges brought on by the pandemic and economic downturn have elevated the role of the CHRO and other people leaders to help CEOs manage employees during a time of crisis and chart a course for the future. The perfect storm of cultural upheaval, employee stress, business challenge and opportunity has created a critical moment for businesses. If they fail to meet it, they risk alienating employees, falling behind technologically and missing opportunities to retain, engage and develop their workforce.

The last year has dramatically accelerated the urgency and importance for organisations to embrace the next big 'IDEAS' in human capital management, and address five key areas:



Inclusion and belonging – organisations that are investing in diversity, inclusion, belonging and equity are not only reaping substantial bottom-line benefits, but also outperforming companies. They're seeing higher rates of innovation by having employees who feel a deep sense of belonging and commitment.

Digital acceleration – digital transformation takes centre stage and is the top priority for business leaders as more employees will continue to work remotely. What's more, employee support and services will need to be delivered virtually and digitally.

Enabling experiences – creating compelling employee experiences that connect, support, empower and inspire and engage workers in a new and more flexible way of working.

Agile organisation – automating and augmenting work to enhance, elevate and extend expertise of the workforce. This will allow leaders to manage, mitigate and minimise disruption, and redirect and redeploy resources to where they can have the greatest impact and opportunity quickly and effectively.

Skills imperative – build the critical skills and competencies for the organisation by understanding what skills gaps their employees have; effectively integrating learning into employee workflows and experiences; and creating skills development solutions that can scale to meet evolving skills needs.



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