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Insights

Voice of the workforce in Europe

Understanding the expectations of the labour force to keep abreast of demographic and technological change

European Workforce Survey

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Introduction

The 'future of work' has become one of the hottest topics over the past years, and not only among HR experts. The volume of Google searches for the term more than quadrupled between 2013 and 2018. This obvious zeal for examining our working lives, and how they will change, hints at the uncertainty many feel about their place in the workforce.

THERE IS NO doubt that the way work will look in the future is changing. Two megatrends are driving this transformation: a shift in who is entering and leaving the workforce, and technological evolution.

To successfully adapt and thrive in a new environment, companies, public institutions and individuals need to change their mindset in five key ways that are explored in the sections below:

01. Take advantage of longer careers
02. Engage and motivate a broader workforce
03. Shape strategies for alternative career models
04. Promote lifelong learning
05. Send a wake-up call about technological change

So far, the conversation about how work will, and must, evolve has heavily relied on the insights and experiences of organisations; what has been missing is the comprehensive and cross-national perspective of the workforce – particularly in the European context. This report aims to bring that 'voice of the workforce' into the debate, examining workers' attitudes and views across Europe.

Deloitte's European Workforce Survey collected the opinions of more than 15,000 people across ten European countries (see the 'About the research' sidebar). The analysis of their responses can help companies better understand all segments of the workforce and tailor to a more diverse pool of talent, attracting and making the best use of this resource. The report's insights will also help public institutions understand where to target their interventions to create a dynamic workforce and support inclusive growth.

Demographic change as a megatrend

Due to low birth rates over the past decades, fewer young people are set to enter the workforce in the near future – particularly in European countries. According to the latest UN population projections, by 2050, the number of individuals aged 15 to 29 will shrink by seven per cent in Western Europe.[1] Furthermore, they are entering the labour market at a later age, often pursuing tertiary education and thereby further reducing the pool of young people for hire. Meanwhile, a significant part of the workforce is approaching retirement age. According to Eurostat data, in the EU15 countries, 16 per cent of all employees were 55 to 64 years old in 2017 – almost 25 million individuals.[2]

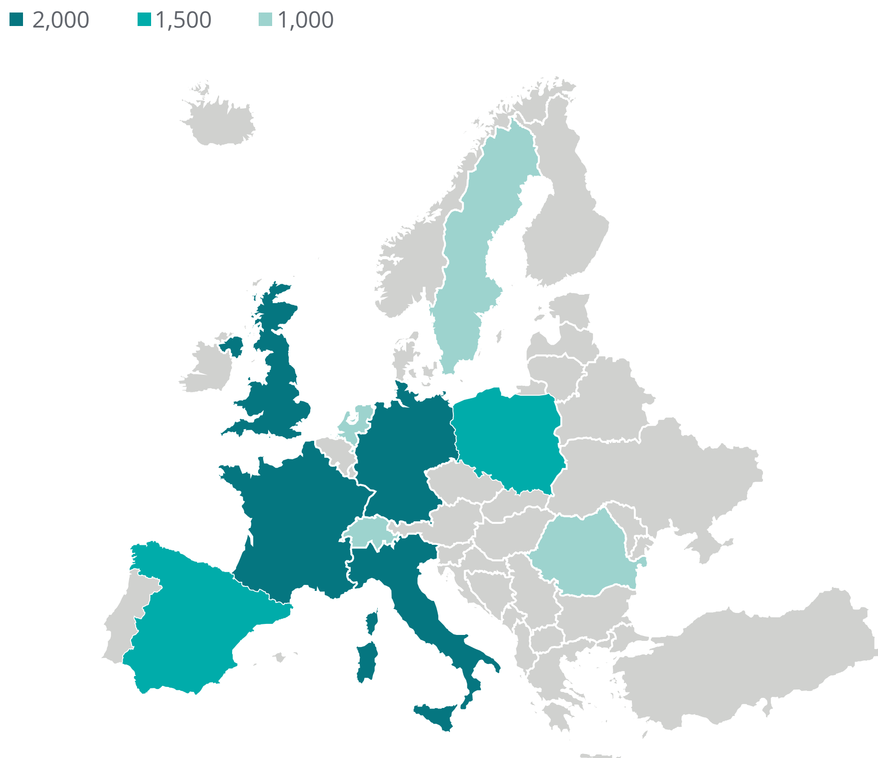
These twin trends at opposite ends of the demographic spectrum might mean a rapid loss of

ABOUT THE RESEARCH

To amplify the 'voice of the workforce,' in August 2018, Deloitte conducted the European Workforce Survey, reaching out to more than 15,000 people across ten European countries (France, Germany, Italy, the Netherlands, Poland, Romania, Spain, Sweden, Switzerland and the United Kingdom) (figure 1). The survey was conducted online, and the sample was restricted to people at least 25 years old and active in the labour market (either working or looking for a job; all referred to in this report as workers). The age and gender composition of the sample was set to resemble the current composition of the workforce in each country. Professional translators adapted the questionnaire into local languages (their native languages), and native-speaking professionals refined the translations to optimise the comprehensibility of the questions.

FIGURE 1

Sample sizes, by country



Source: The Deloitte European Workforce Survey.

employees for which new hires cannot compensate. If the rates of participation in the labour force remain constant for each age group, we will lose more than three million workers in the EU15 over the next five years. By 2028, the gap would be even bigger: eight million workers fewer than there are today.[3]

These projections might sound alarming, but other elements must be considered; although many workers are reaching retirement age, they are staying longer in the labour force. This is a result not only of pension reforms, which increased the legal retirement age almost everywhere in Europe, but also improvements in the health conditions of older individuals. Over the past two decades in EU15 countries, the rates of participation in the labour force increased among older individuals: The number of those 50 and older in the active working population grew by more than 80 per cent, from about 33 million to more than 62 million (women aged 50 to 64, especially), as the group of workers under age 35 shrank by 12 per cent.[4] In short, as of 2017, there had come to be fewer millennials and Generation Z in the labour market than baby boomers (figure 2).

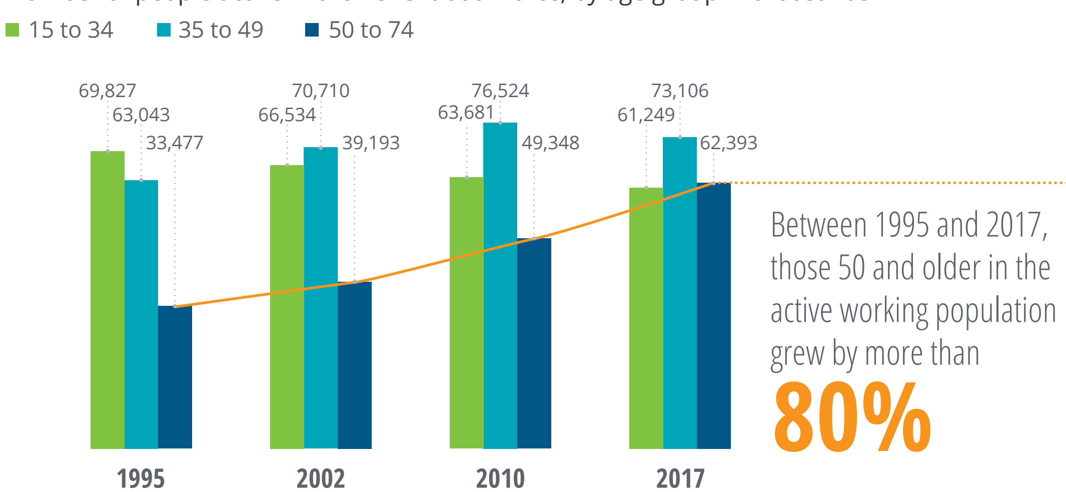
Technological change as a megatrend

Advances in various fields – particularly artificial intelligence (AI) and communication technologies – are compounding and having profound effects on the labour market.[5] For one thing, business has become more competitive as new digital technologies lower barriers to entry for new competitors. The fast pace of such disruption requires companies to be more agile, to respond and reposition themselves quickly in the market to meet new challenges. That implies a rethinking of structure and how work is done. Over the past years, business and HR leaders have identified the primary need to break down hierarchies within an organisation and build a more networked, team-based structure.[6]

FIGURE 2

As of 2017, there are fewer workers under the age of 35 than over 50 in the working population

Number of people active in the EU15 labour force, by age group in thousands



Source: Eurostat data, database lfsa_agan.

Technological change also means that the skills employers require are evolving rapidly and their 'shelf life' is getting shorter. According to a survey conducted in 2016 by the World Economic Forum (WEF), of chief human resources officers and senior talent executives, more than a third of the desired core skill sets will change by 2020.[7] In Deloitte's latest *Global Human Capital Trends* survey, the need to create new career models and build new skills across the workforce emerged as the third most important trend. Survey respondents predicted a tremendous future demand for uniquely human skills, such as complex problem-solving, cognitive abilities and social skills.[8]

Already today, businesses face remarkable skill gaps. Only 16 per cent of the chief financial officers (CFOs) surveyed in the latest Deloitte European CFO Survey reported no difficulty in finding people with the required skills and knowledge. At the same time, most of them consider a shortage of skilled labour one of the major risks to their businesses. According to the CFO respondents, appropriate technical knowledge and necessary work experience are the most difficult aspects to find in employees, followed by problem-solving skills.[9] Because the skills required will likely continue to change, the gap between skills supply and demand may widen in the near future.

Adjusting attitudes: How leaders can use the trends

WITH THE TWO megatrends in mind, this section explores five relevant areas, and indicates how workers' needs and desires can, or should, influence the strategies of companies and public institutions.

1. Take advantage of longer careers

Today in Europe there are slightly fewer workers under 35 years old than over 50, each group representing about 30 per cent of the total. If the activity rates remain constant across age and gender, the over-50 group will represent 34 per cent of the workforce by 2028. However, if elderly individuals' participation in the workforce continues to evolve as it has over the past two decades, they might represent as much as 38 per cent by 2028.[10] This simple demographic calculation means that organisations will need to increasingly engage with older workers over the coming years.

CONFRONTING THE AGE PARADIGM

Many organisations are unprepared to deal with the aging workforce. One out of five HR leaders interviewed in the latest Human Capital Trends survey reported seeing older workers as a competitive *disadvantage*, and in Italy and the Netherlands, that proportion rose to almost one out of three respondents.[11] In the latest European CFO Survey, only 15 per cent of respondents said they recruit from nontraditional labour pools, like older workers, to counteract skills shortages.[12]

Overlooking the pool of aging workers could be a strategic mistake and a missed opportunity for organisations. The increase in longevity – particularly, the number of years spent in good health – has made it possible to prolong careers. Moreover, older workers are apparently willing to do so. Two-thirds of the respondents over age 50 plan to stop working at 65 or beyond that traditional retirement age. These are not only people in intellectual professions; about a quarter of respondents in more physically demanding jobs plan to stop working later than age 65 (figure 3).

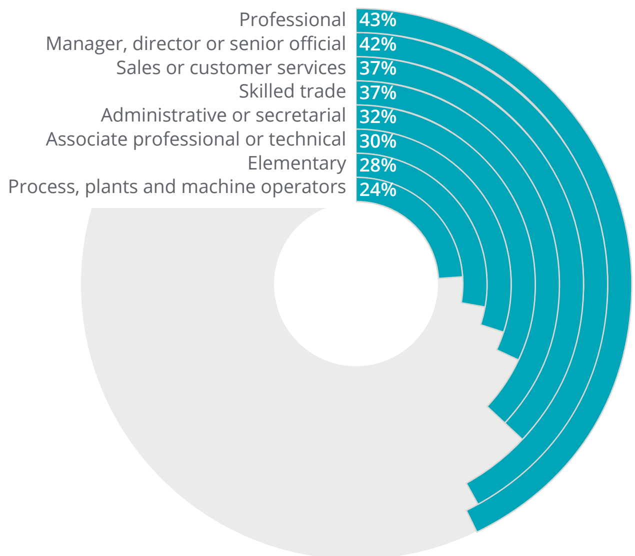
AGE BRINGS SATISFACTION AND NEW PATHS TO RETIREMENT

Past pension-system reforms increased the retirement age, which might explain why workers plan to stay longer in the labour market, but that does not necessarily mean older workers are less motivated. Respondents' 'satisfaction' is higher

FIGURE 3

Due to good health, older workers are willing to prolong their careers, even in more physically demanding jobs

Share of respondents 50 or older who plan to work beyond age 65, categorised by occupation



Source: The Deloitte European Workforce Survey.

over age 55 than among younger workers.[13] This is particularly true for women over 55, two-thirds of whom reported a satisfaction level above the sample average. The relationship between satisfaction and age holds true through almost all occupational groups – except elementary occupations (those performing simple, routine tasks that often require tools and physical effort). A possible explanation is that a longer work experience helps people understand the value of their contribution, making them more comfortable with what they are doing.

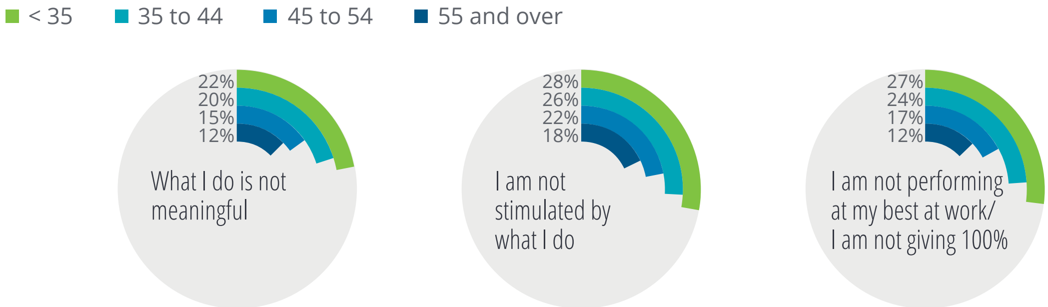
A closer look at the different dimensions captured in the survey reveals that younger respondents are much more likely to agree with negative statements – about not performing at their best or their work not being meaningful or stimulating to them (figure 4). The difference in their responses to positive statements, compared to older workers, was much less marked.

When asked about their preferred transition into retirement, the majority of respondents over 50 wish to continue to work to the same extent as today, then stop completely. Among full-time employees, fewer than 30 per cent would like to reduce working hours during the lead-up to full retirement. Furthermore, 15 per cent of employees, on average, consider being a self-employed/freelance worker (immediately or after drawing a pension) an attractive retirement pattern (figure 5). The share is even higher among professionals: One out of every five respondents age 50 and older is open to self-employment on their path out of the labour force (figure 6).

FIGURE 4

Younger respondents are more likely to agree to negative statements about what work they're doing

Share of respondents who report low motivation and performance, by age group

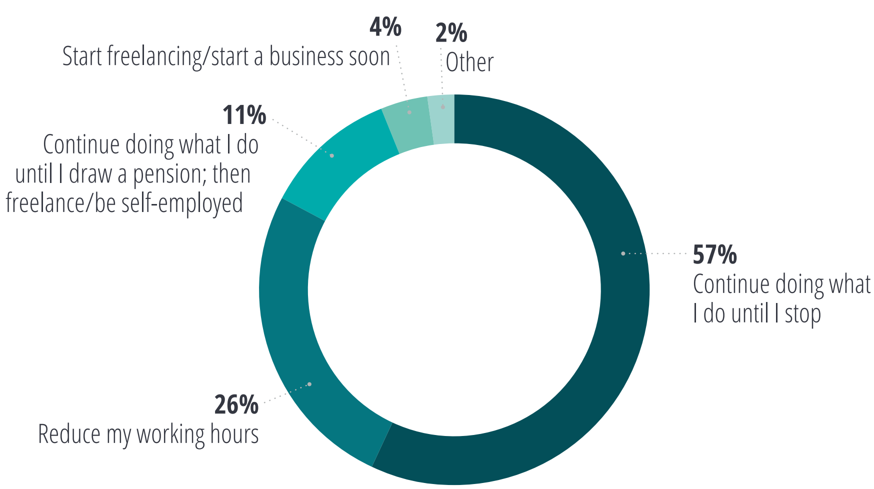


Source: The Deloitte European Workforce Survey.

FIGURE 5

The majority of respondents plan to continue to work to the same extent right up until retirement

Preferred transition plans of full-/part-time employees and civil servants age 50 or older

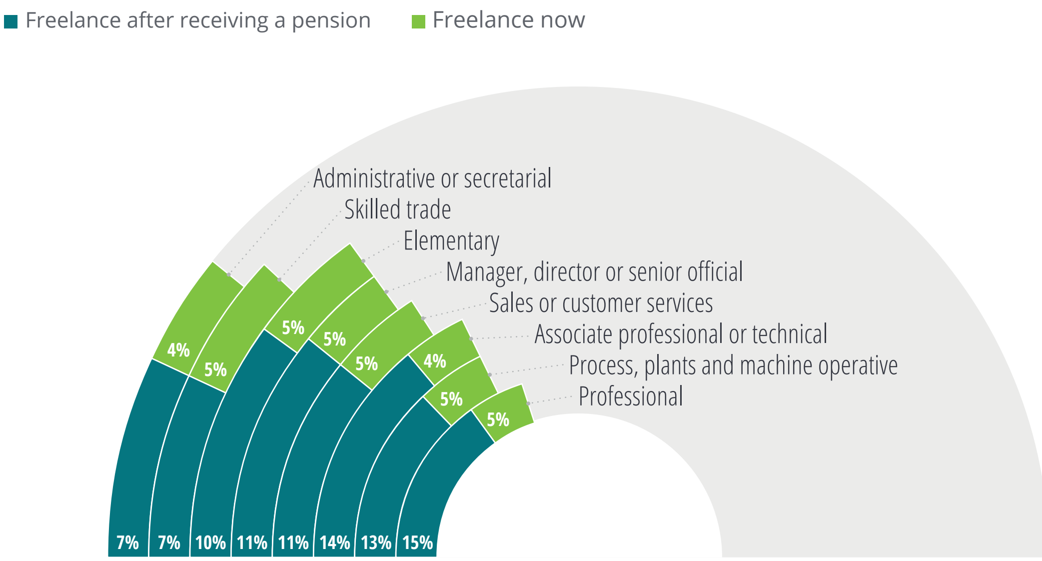


Note: Number of respondents = 4,040.
Source: The Deloitte European Workforce Survey.

FIGURE 6

One out of every five professionals age 50 and older is open to self-employment on their path out of the labour force

Occupational breakdown of full-/part-time employees and civil servants age 50 or older who aim to transition into retirement by starting to freelance/creating their own business, after drawing a pension or sooner



Source: The Deloitte European Workforce Survey.

Bottom line: People are staying in the workforce longer so companies hungry for skills and flexibility should tap into the pool of older workers, who remain motivated, satisfied and open to alternative employment arrangements.

2. Engage and motivate a broader workforce

For companies operating in a highly competitive environment, having a pool of motivated and engaged workers can make a big difference to financial performance, according to several studies.[14]

Creating a compelling employee experience should be done with an eye on the trends highlighted above because values and needs are evolving and vary among age and employment groups.

Deloitte's Simply Irresistible Organization™ model highlights five core elements that contribute to employees' engagement and motivation (figure 7). Compensation is also an important factor in employee satisfaction – although increasing compensation above a competitive threshold does not directly increase engagement or motivation.[15] Based on these considerations, the survey presented a list of features for respondents to rate, in terms of relevance to motivation at work.

FIGURE 7

Factors that contribute to employee engagement

Simply Irresistible Organization™ model

Meaningful work	Supportive management	Positive work environment	Growth opportunity	Trust in leadership
Autonomy	Clear and transparent goals	Flexible work environment	Training and support on the job	Mission and purpose
Select to fit	Coaching	Humanistic workplace	Facilitated talent mobility	Continuous investment in people
Small, empowered team	Investment in development of managers	Culture of recognition	Self-directed, dynamic learning	Transparency and honesty
Time to slack	Agile performance management	Fair, inclusive, diverse work environment	High-impact learning culture	Inspiration
← Cross-organization collaboration and communication →				

Source: Deloitte analysis.

MONEY MATTERS, BUT IT'S NOT THE BOTTOM LINE

In line with results from other recent studies, workers across Europe rated 'job security and stability' and 'remuneration' as particularly important in keeping them motivated.[16] Job security ranks in the top three factors among workers in all the polled countries except Switzerland. Remuneration is below the top three factors only in Switzerland, Sweden and the United Kingdom.[17]

Economic and political uncertainty, which is increasing in many countries, may be causing respondents to focus their attention on the most 'tangible' job features. However, that does not necessarily mean that other elements are not important. More than 80 per cent of respondents value a positive work environment ('being trusted by colleagues'), supportive management ('clear definition of responsibilities') and good leadership ('competent leadership'). (Figure 8.)

VARIED WORKFORCE, VARIED PRIORITIES

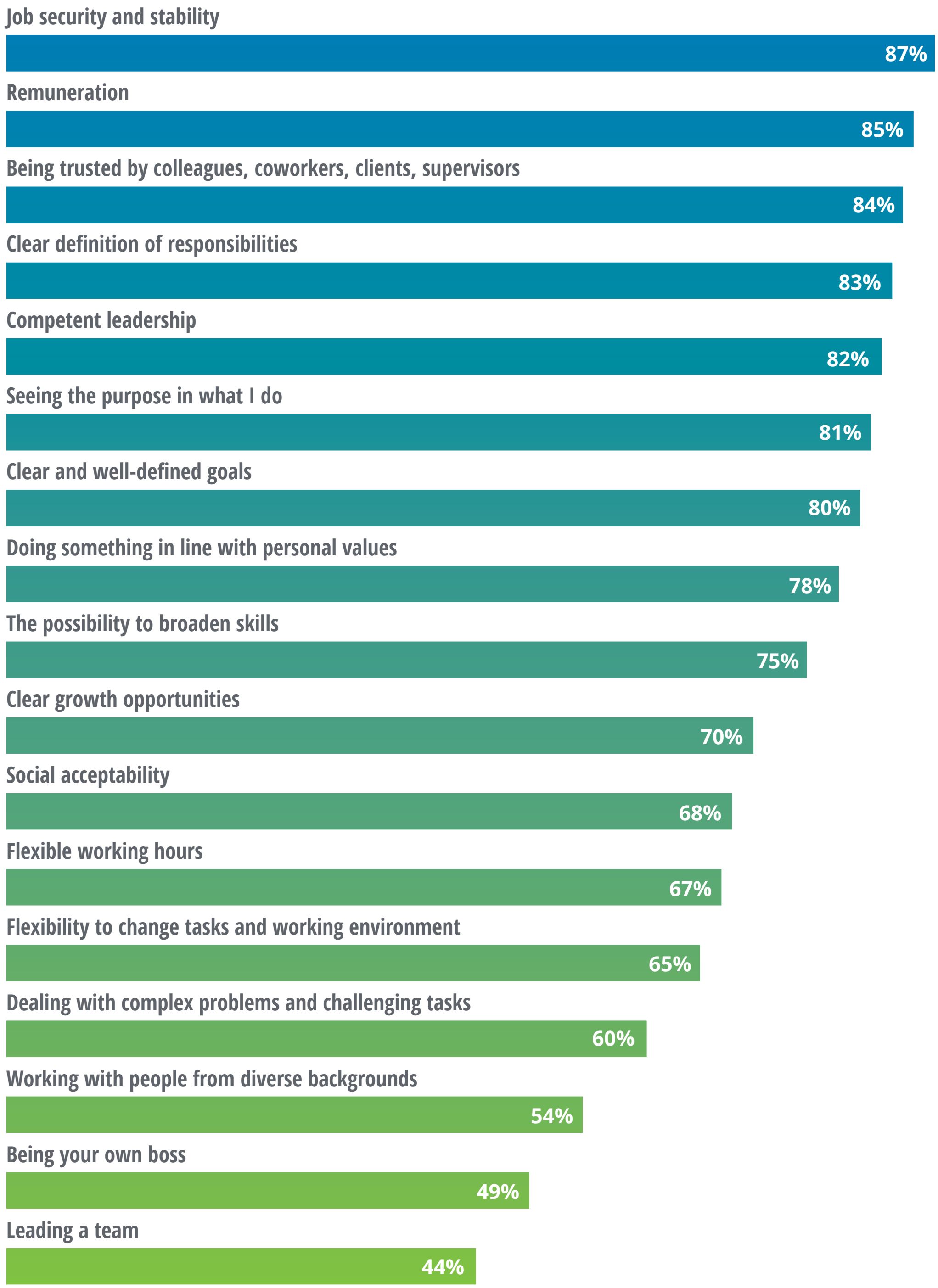
Views on what is important and motivating vary among workers of different ages. Younger respondents place more value on competent leadership and clearly defined responsibilities and goals, but these features rank at increasingly lower places as age increases. In addition, the possibility to broaden skills ranks higher among the under-35s, and there is a decline in the relevance of clear growth opportunities among the over-55s. As age increases, so does the value of being trusted by colleagues and having a sense of purpose in the job. Furthermore, the flexibility to change tasks ranks higher in the preferences of workers age 55-plus, as does having to deal with complex problems (table 1).

Younger workers seem more responsive to factors related to management and leadership quality, showing that they appreciate guidance and clear patterns. Workers at older ages can deal

FIGURE 8

More than 80 per cent of respondents value a positive work environment, supportive management and good leadership

Share of respondents who cited certain job aspects as important or very important to feeling motivated/happy



Source: The Deloitte European Workforce Survey.

TABLE 1

Ranking of various job aspects (based on the share of respondents who cited that aspect as important or very important), by age group

	<35	35–44	45–54	55+	Overall ranking
Job security and stability	1	1	1	2	1
Remuneration	2	2	2	3	2
Being trusted by colleagues, coworkers, clients, supervisors	5	3	3	1	3
Clear definition of responsibilities	3	4	4	5	4
Competent leadership	4	5	6	6	5
Seeing the purpose in what I do	6	7	5	4	6
Clear and well-defined goals	8	6	7	7	7
Doing something in line with personal values	9	8	8	2	8
The possibility to broaden skills	7	9	9	9	9
Clear growth opportunities	10	10	10	14	10
Social acceptability	11	12	12	10	11
Flexible working hours	12	11	11	13	12
Flexibility to change tasks and working environment	13	13	13	11	13
Dealing with complex problems and challenging tasks	14	14	14	12	14
Working with people from diverse backgrounds	15	15	15	15	15
Being my own boss	16	16	16	16	16
Leading a team	17	17	17	17	17

Source: The Deloitte European Workforce Survey.

better with ambiguity and are more sensitive to the content and meaningfulness of their work.

The data at hand does not explain what *drives* the observed differences across age groups but offers some evidence that life circumstances make a difference. For example, people are more likely to consider flexibility in working hours an important feature if they have children at home, irrespective of their age.

The rankings differ even more strongly across various types of employees (table 2). Not surprisingly, the self-employed appreciate their autonomy ('being my own boss') much more than other types and put less weight on security and stability. Remuneration also ranks lower for them, compared to full-time employees; what the self-employed really strive for is purpose in their job. Almost 90 per cent of self-employed workers who have their own employees, plus 84 per cent of those who do not, consider this aspect important for their motivation – the highest shares across all the employee groups. 'Clear definition of responsibilities' is the second most important factor to foster the motivation of the self-employed.

These results point to the relevance of creating a management culture within a company that can support workers outside the organisation's boundaries and implementing practices to improve their engagement. According to Deloitte's latest Human Capital Trends survey, however, most companies practically neglect this group: Only 16 per cent reported having policies to manage a variety of worker types. Therefore, companies need to improve if they want to derive real value from using a broader network of workers.

TABLE 2

Ranking of job aspects (based on the share of respondents who cited that aspect as important or very important), by employment status

	Employee with a full-time contract	Employee with a part-time contract	Self-employed, with own employees	Self-employed without employees; freelancers	Overall ranking
Job security and stability	1	1	5	8	1
Remuneration	2	5	8	6	2
Being trusted by colleagues, coworkers, clients, supervisors	3	2	6	5	3
Clear definition of responsibilities	4	3	2	2	4
Competent leadership	5	4	3	9	5
Seeing the purpose in what I do	6	6	1	1	6
Clear and well-defined goals	7	8	7	7	7
Doing something in line with personal values	8	7	9	3	8
The possibility to broaden skills	9	10	10	11	9
Clear growth opportunities	10	13	11	13	10
Social acceptability	11	9	13	12	11
Flexible working hours	12	11	16	10	12
Flexibility to change tasks and working environment	13	12	12	14	13
Having to deal with complex problems and challenging tasks	14	14	15	15	14
Working with people from diverse backgrounds	15	15	17	16	15
Being my own boss	17	16	4	4	16
Leading a team	16	17	14	17	17

Source: The Deloitte European Workforce Survey.

Bottom line: Remuneration is only a 'hygiene factor' – people will leave if it is not high enough, but once it is competitive within a job category, increasing remuneration does not directly increase motivation; however, it remains important. Motivating factors vary among people of different ages and employment status. Managing a workforce with different views and preferences, and offering them a customised employee experience will, thus, become increasingly difficult, and requires a set of skills not necessarily related to specific technical knowledge. Effective companies will recognise and take into account these skills when selecting, training and preparing their managers.

3. Embrace alternative career models

There is widespread consensus among HR leaders that, in their companies, the use of a variety of workers ('gig' workers, contractors and various service providers) will increase over the next few years. In the latest Global Human Capital Trends survey, 37 per cent of respondents expected a substantial increase in the use of contractors by 2020, and 33 per cent expected a jump in the use of freelancers.[18]

CHANGING TIDES OF EMPLOYMENT STATUS

However, a look at aggregate labour force statistics reveals little change in the composition of the workforce over the past decades regarding full-time employment, part-time employment and self-employment. The number of self-employed workers has been quite stable since the 1990s, although there have been shifts within that group: Own-account workers (self-employed without own employees) now represent 70 per cent of all self-employed workers, and self-employment has become more prevalent in professional, scientific and technical activities.[19]

Although the idea of 'portfolio working' or 'portfolio careers' (a mixture of jobs, such as part-time employment, contract work and self-employment) has been popular at least since the beginning of the century,[20] in 2017, less than five per cent of the working population in the EU15 had a second job – and in most cases, those workers were employees with two part-time roles. Fewer than two per cent of workers were partly employed and partly self-employed.[21]

Data regarding the extent of gig work on digital platforms is quite patchy, as conventional statistical definitions are not adept to capture many aspects of this type of work. According to the most recent and reliable estimates for Europe, about four per cent of workers performed gig work at some point over the past 12 months. The share of workers who cited gig work as their main job activity represented only one per cent of the workforce.[22] The only form of nonstandard employment that has steadily grown is part-time work. The share of workers declaring that they work very short hours (up to ten per week) has increased by nearly a third since 1996, although they remain a marginal part of the overall workforce.[23] Therefore, if change is on the horizon, and the demand for 'nonstandard'[24] workers is going to increase, it is important to understand to what extent workers (as the supply side of the equation) are ready to match it.

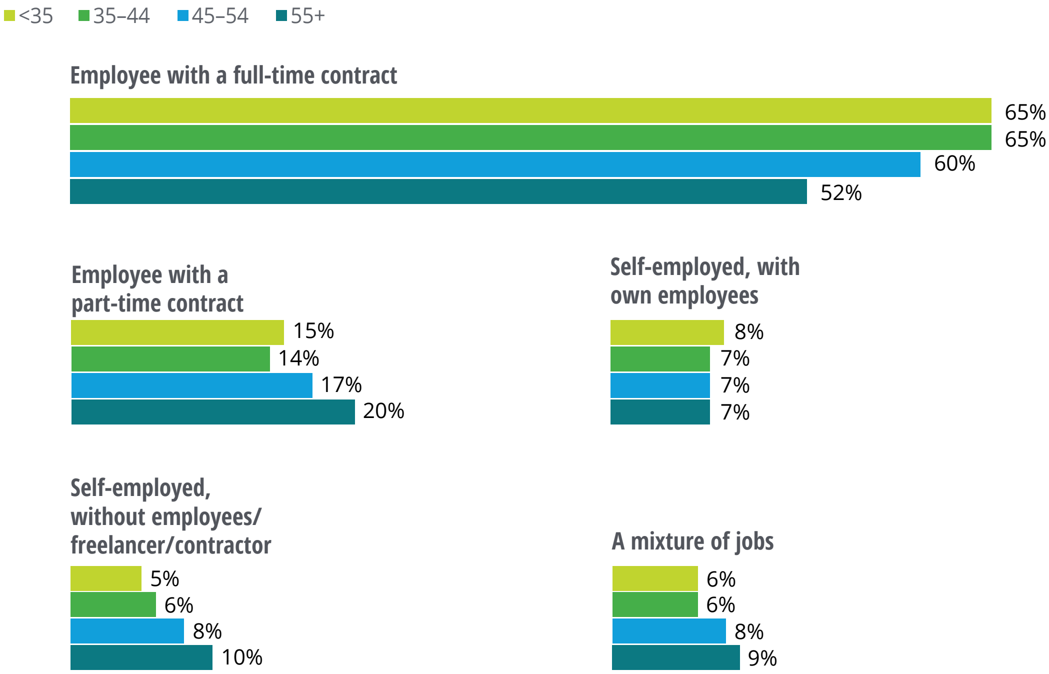
PERMANENT IS PREFERRED, BUT OPTIONS ARE OUT THERE

The European Workforce Survey revealed a moderate interest in nonstandard forms of work. Although part-/full-time employment remains the most preferred arrangement, 14 per cent said they would prefer self-employment (either with or without own employees) and seven per cent said they would opt for a portfolio career. In general, older people are more open to nonstandard employment (figure 9). For example, twice as many respondents aged 55-plus are interested in freelancing as those under 35. This should not be too surprising; older individuals may not only have the necessary experience and network to take on more risk, but also the financial stability. In this respect, it is interesting to note that people with children at home are more likely to prefer being an employee.

Many respondents see their current employment status as ideal, but freelancers are more prone not to. Less than half (43 per cent) would be a freelancer if given full freedom of choice. Twenty per cent would rather be a salaried worker, either full-time (14 per cent) or part-time (six per cent) (table 3). A freelance or portfolio career can be rewarding but can also be daunting – think of the heated debate and legal disputes about the rights of gig workers

FIGURE 9

Preferences of respondents for certain types of working arrangement



Source: The Deloitte European Workforce Survey.

in several countries. The share of freelancers who would rather be employees is much higher among respondents in elementary occupations[25] (38 per cent) than those in managerial positions (15 per cent) or skilled trades[26] (15 per cent).

The mismatch between current and ideal employment status is particularly high among younger respondents. One out of three freelancers under age 35 would rather be an employee and one out of four part-time employees would rather be full-time. It seems that younger individuals adopt nonstandard forms of employment more out of necessity than choice.

A FORECAST OF THE IDEAL FUTURE

As preferences for working arrangement may change with life circumstances, which evolve over time, insights can be gained by asking workers younger than 50 to anticipate which arrangement they would choose (if given a choice) in ten years. For 21 per cent of the respondents under 50, that preferred future arrangement is different from the one they have today. The percentage is higher among those under 35 (24 per cent) than among older respondents (20 per cent); for those younger respondents, life circumstances are likely to change more over ten years.

TABLE 3

Share of respondents reporting a preferred working arrangement based on their current working arrangement

	Preferred arrangement					
Current working arrangement	Employee with a full-time contract	Employee with a part-time contract	Self-employed with employees	Self-employed, without employees	A mixture of jobs	Other
Employee with a full-time contract (%)	**78**	7	5	4	5	1
Employee with a part-time contract (%)	**17**	**66**	3	5	8	1
Self-employed, with own employees (%)	19	6	**55**	13	7	1
Self-employed, without employees/freelancer/contractor (%)	**14**	6	**14**	**43**	**20**	2
Not working but looking for a job (%)	**41**	**30**	7	7	**12**	2

Source: The Deloitte European Workforce Survey.

A preference for freelancing or a portfolio career is more subject to change with time. For example, 37 per cent of the under-50s who idealise a portfolio career now envision a different ideal arrangement in ten years, compared to only 17 per cent of those who idealise full-time employment now. However, the majority of those who idealise a portfolio career now see themselves progressing towards an expanded business of their own (self-employed with own employees), rather than switching to permanent employment.

Bottom line: Although salaried work (either full- or part-time) remains the most attractive form of employment, there is a moderate interest in less traditional working arrangements, especially among older respondents. When contracting work out, employers need to consider which segments of the workforce are more willing to embrace the open-talent economy.

4. Promote lifelong learning

Between 1990 and 2015, the number of people over 100 years old increased by a factor of five in Western Europe (although starting with a small base of centenarians).[27] Centenarians may become commonplace within the next few decades if maximum life expectancy continues to evolve as it has over the past century and a half.[28]

If a worker can expect to live to 100, it is hard to imagine them stopping work at 65 and being financially stable for 30-plus years. But if a person's working life instead spans half a century or longer, what they learned in their 20s will not keep them employable over decades. No matter how high in demand their skills are now, technological progress will outpace them, and their job will cease to exist – at least, in the same form – even as the need to work persists.

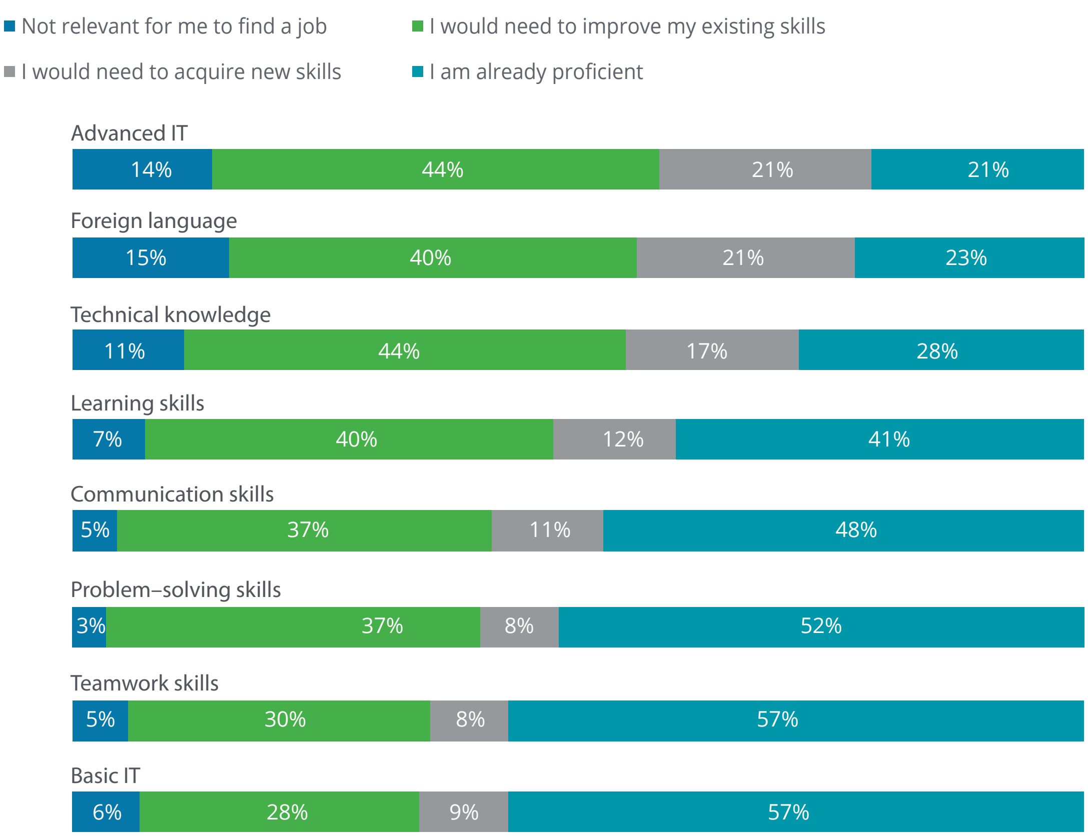
THE FAULT WITH GAUGING ONE'S OWN SKILLS

To be able to align with evolving job requirements over a longer time frame, people need to keep learning through their entire life – to acquire and update not only technical skills, but also soft skills, such as communication, teamwork and problem-solving.[29] A recent analysis of UK employment data from 2001 to 2016 showed that workers with the strongest 'human' skills, like communication and strategy, proved the most resilient to economic shocks and automation.[30]

Much of the workforce seems to have received the message that both soft and hard skills are relevant to remain employable in the future. Almost two-thirds of the respondents recognise they need to improve or acquire hard skills (advanced IT, technical knowledge, foreign languages). And fewer than five per cent of the survey respondents consider the soft skills 'problem-solving,' 'communication' and 'teamwork' irrelevant to them. These, however, are the same skills most people consider themselves proficient in, so less than half of the respondents stated a need to improve or acquire new skills (figure 10). If they are right, then the

FIGURE 10

Relevance of certain skills to develop for future employability, as ranked by all respondents



Source: The Deloitte European Workforce Survey.

conclusion might be that the workforce is well prepared to take up the challenges of the future labour market. But there is the chance that many people are overestimating their abilities.

Assessing one's own proficiency in soft skills might be more challenging than for hard skills because an objective benchmark is difficult to define. People unaware of what good performance really looks like mistakenly believe their ability is much greater than it is – a cognitive bias known as the Dunning-Kruger effect. This could be dangerous because such individuals will underinvest in cultivating these skills.

Even more worrying is the fact that in the European Workforce Survey, 52 per cent of respondents admitted to needing improvement in their learning skills. (The latter was defined as 'Learning and applying new methods and techniques in your job; adapting to new technology; engaging in self-learning'.) Apparently, a substantial part of the workforce needs support in updating the very skills that will allow them effective, lifelong learning.

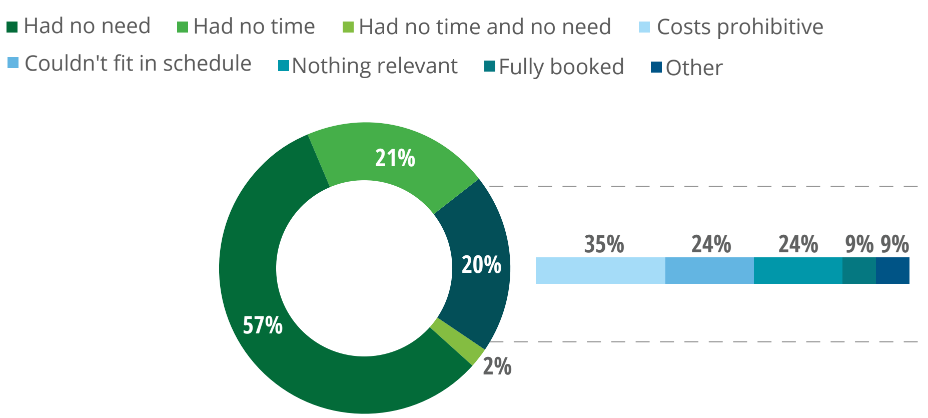
RELUCTANCE TO RETRAIN

Although many workers see the need to keep their soft and hard skills up to date, about one-third of the respondents said they have not taken any action to broaden or improve their abilities.[31] Almost 60 per cent of that third reported having no *need* for training or upskilling (figure 11). They may be unaware of how their jobs are evolving or simply feel that the loss of their job is inevitable with technological change. Reaching this minority will take very different kinds of intervention – to simply increase training opportunities or improve their accessibility will not result in a higher uptake if individuals see no reason to take part.

A 'lack of guidance about what to learn' was cited by 42 per cent of respondents as a relevant barrier to learning, especially among younger respondents (figure 12). This sends a message to companies and public institutions about the need to provide clear communication that encourages workers to update and reskill, as well as guidance on how, and in which direction, workers can develop and continue their career.

FIGURE 11

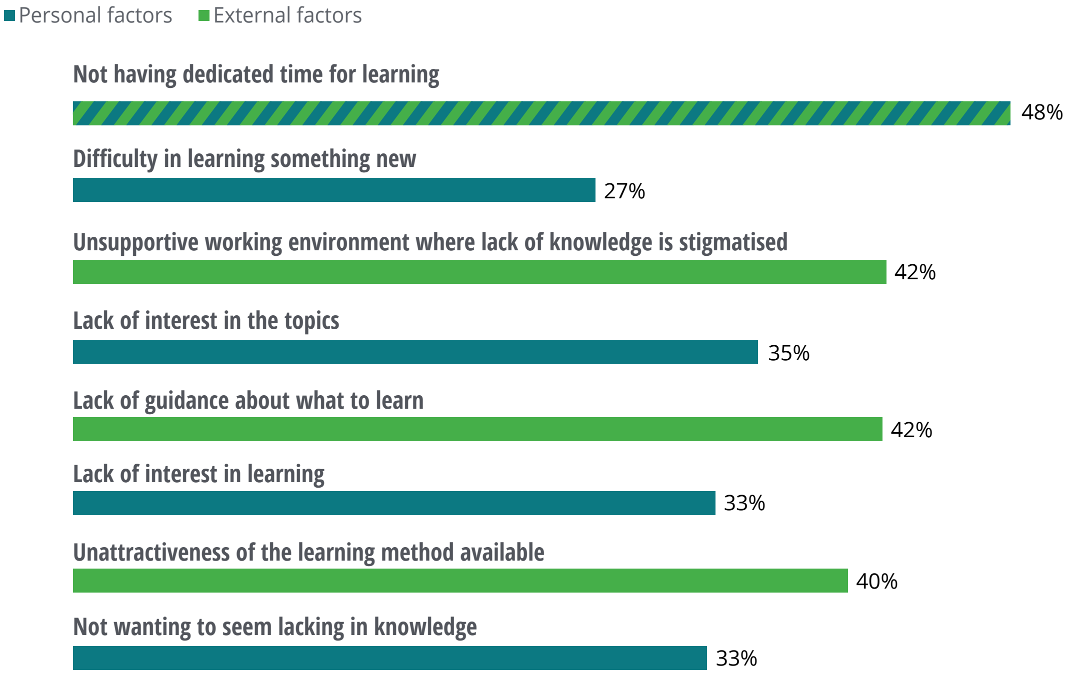
Reasons cited by respondents who did not look for, or participate in, training/upskilling



Note: Number of respondents = 4,488.
Source: The Deloitte European Workforce Survey.

FIGURE 12

Share of respondents who perceive external and personal factors as presenting large/moderate barriers to learning



Source: The Deloitte European Workforce Survey.

BREAKING DOWN BARRIERS

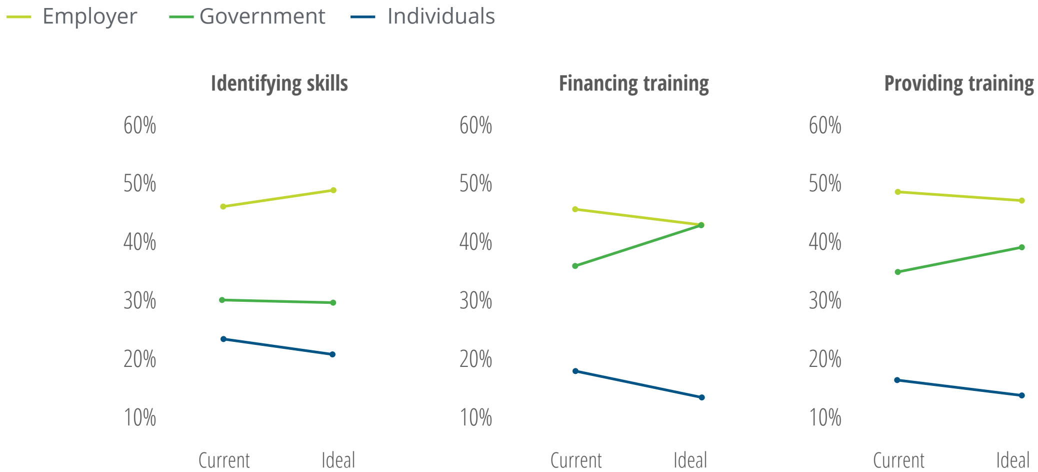
The expectation among the workforce is that employers will take a leading role in this respect; the majority of survey respondents said the main responsibility lies with the employer (figure 13). However, there is an obvious gap between what public institutions are doing to support the maintenance and evolution of workplace skills and what the workforce feels they should do. Respondents reported that, ideally, the government would take a greater role in financing and providing training than it does now. On average, one-third of the respondents consider the public institutions in their country totally unprepared for the developments brought by emerging technologies – and only 13 per cent consider them well prepared.

In the eyes of the workers, to close this gap, public institutions need to work on the education infrastructure more than on providing access to new technologies or financial support to displaced workers. Half of the respondents consider improving secondary education and the availability of vocational training high priorities for the government, to help the labour market respond to technological change. Forty per cent consider improving access to new technologies a high priority and 35 per cent prioritise providing economic support to those affected by technological change.

For 40 per cent of respondents, the learning method itself can be a relevant barrier. If organisations and public institutions want to promote and foster lifelong learning, it is thus important to

FIGURE 13

Share of respondents indicating their views on who currently has/should ideally have primary responsibility for maintaining and developing workplace skills



Source: The Deloitte European Workforce Survey.

understand which methods attract the various segments of the workforce. One striking survey result is consistent with similar research:[32] People prefer to learn in a rather informal fashion. Workers of all age groups ranked the most effective learning as happening in the natural course of work, as 'on-the-job training' and 'working on new problems in a small group' (figure 14). For all the other learning methods – including traditional channels, such as books or seminars, there is a clear age gradient as the degree of appreciation declines with age. It seems that practical, informal forms of learning are particularly relevant for the most senior workers.

Bottom line: Both hard and soft skills are indispensable to making the workforce fit for the future. Although many workers recognise the need to improve their hard skills, they might be failing to recognise the need to keep their soft skills up to date. When careers span over half a century, lifelong learning becomes essential: Employers and public institutions need to be at the forefront in providing guidance about which skills to develop.

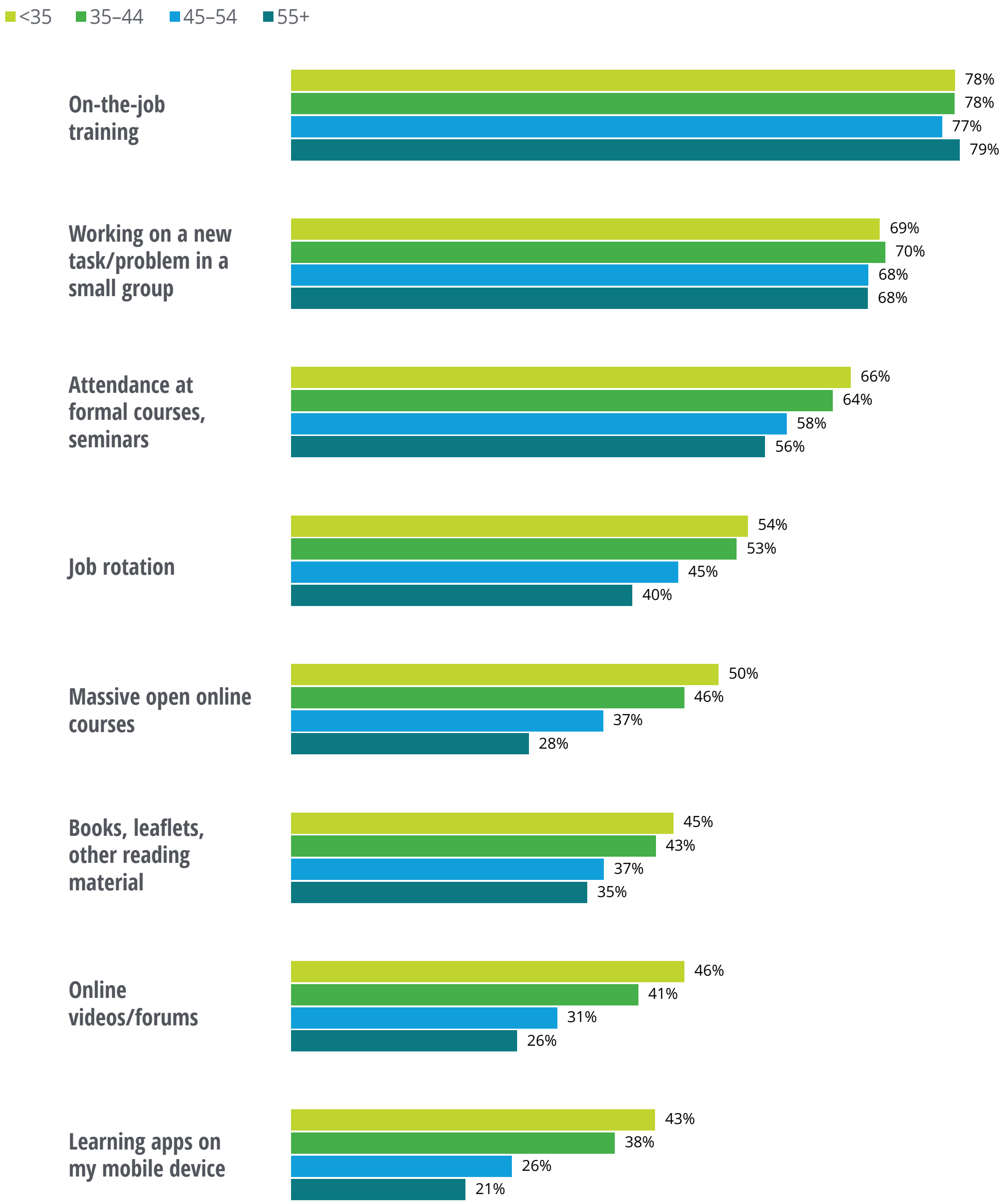
5. Send a wake-up call about technological change

Plans to implement automation, robotics and AI are on the rise in companies; 42 per cent of respondents to the 2018 Global Human Capital Trends survey believe that AI will be widely deployed at their organisation within the next five years – up from 38 per cent in 2017. More than 40 per cent of CFOs in Europe reported that they are increasing automation in response to the current skills shortage.[33]

Although historical evidence shows that the number of jobs technology destroys is more than offset by the new jobs it creates[34] – and a recent WEF report predicts a similar pattern for the current wave of technological disruption[35] – inevitably, there will be a period of transition. As already discussed, many people will have to reskill, retrain or change jobs. Attitudes towards technology and technological change directly influence decisions to take such action; people need to recognise the need to act. Any successful policy or strategy aimed at altering behaviour has to first alter expectations.

FIGURE 14

Share of respondents who regard learning methods as extremely/very effective for new skills, by age group



Source: The Deloitte European Workforce Survey, 2018.

SOMEONE ELSE'S PROBLEM: WORKERS' BLIND SPOTS

According to the results of the European Workforce Survey, the workforce in Europe is quite relaxed about the future. Regarding their own jobs and how they will evolve over the next ten years, about three-quarters of respondents said they only expect slow, small or no change at all (figure 15). Only one out of five respondents are convinced that their jobs will require very different skills and only a tiny minority (three per cent) expect their jobs not to exist anymore. These results stand in stark contrast to how people perceive the effects of technology in general; 72 per cent of respondents to a Eurobarometer survey agreed that technologies steal jobs.[36]

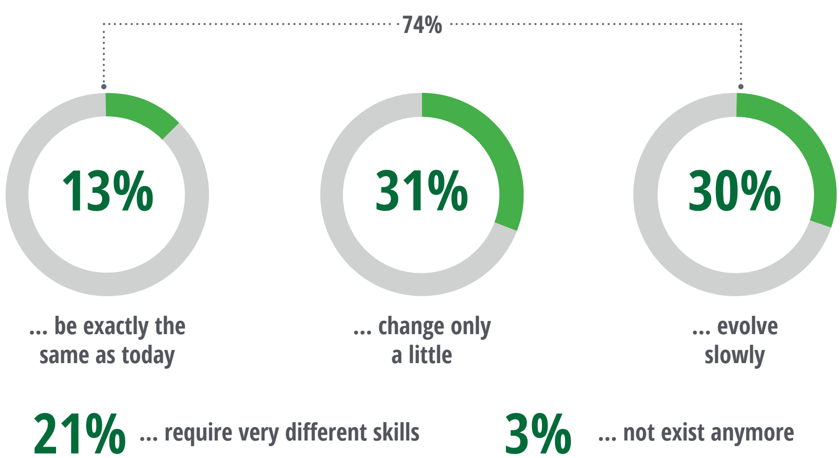
The fact that so many people do not see a rapid evolution in their own job might be because the majority do not see the rapid pace of technological change around them. After all, 52 per cent of respondents agreed with the statement 'My job is done today in the same way as five years ago'. Workers who have seen, over the past five years, automation and robots taking over some of their tasks, or even entire business processes, are a minority (38 per cent and 30 per cent, respectively). Although people might be unconsciously avoiding seeing an unpleasant truth, a more plausible explanation may lie in the fact that there has not been much technological disruption in the workplace so far. The most impressive capabilities of AI and machine learning are not widely diffused yet. And as with other technologies in the past, their effects will not be fully realised until waves of complementary innovations are implemented as well.[37]

The perceived pace of technological change varies substantially across industries and occupations. For example, 57 per cent of respondents in the banking industry reported that some of the tasks they did five years ago have been automated,

FIGURE 15

Expectations of respondents that their jobs will change over next ten years

Over the next ten years, my job will ...



Note: Percentages do not add up to 100% because responses in the category "I cannot say" are not shown in the graph.
Source: The Deloitte European Workforce Survey.

but only 30 per cent of respondents in health care reported the same. Their views on how their jobs will evolve vary accordingly across industries. A noteworthy exception is the automotive industry: Although many automotive workers reported having already experienced some degree of automation over the past five years, a majority of them have a relatively relaxed view about the future evolution of their job (figure 16).

UNAWARE OR DISCOURAGED – EITHER SPELLS MISSED OPPORTUNITY

Although workers may be accurate in their reporting a slow pace of technological disruption around them, that does not mean disruption will not come eventually or they will not need skills to accommodate this change. The fact that, on average, only 20 per cent believe that their job will require very different skills is a worrying result. As discussed in the previous section, there is a systematic relationship between this kind of subjective belief and participation in training. Only 20 per cent of those who expect their job to require very different skills did not participate in training over the past 12 months, whereas 35 per cent of those who expect no change did not participate. Moreover, almost half of those who think their job will disappear did not participate in training (figure 17).

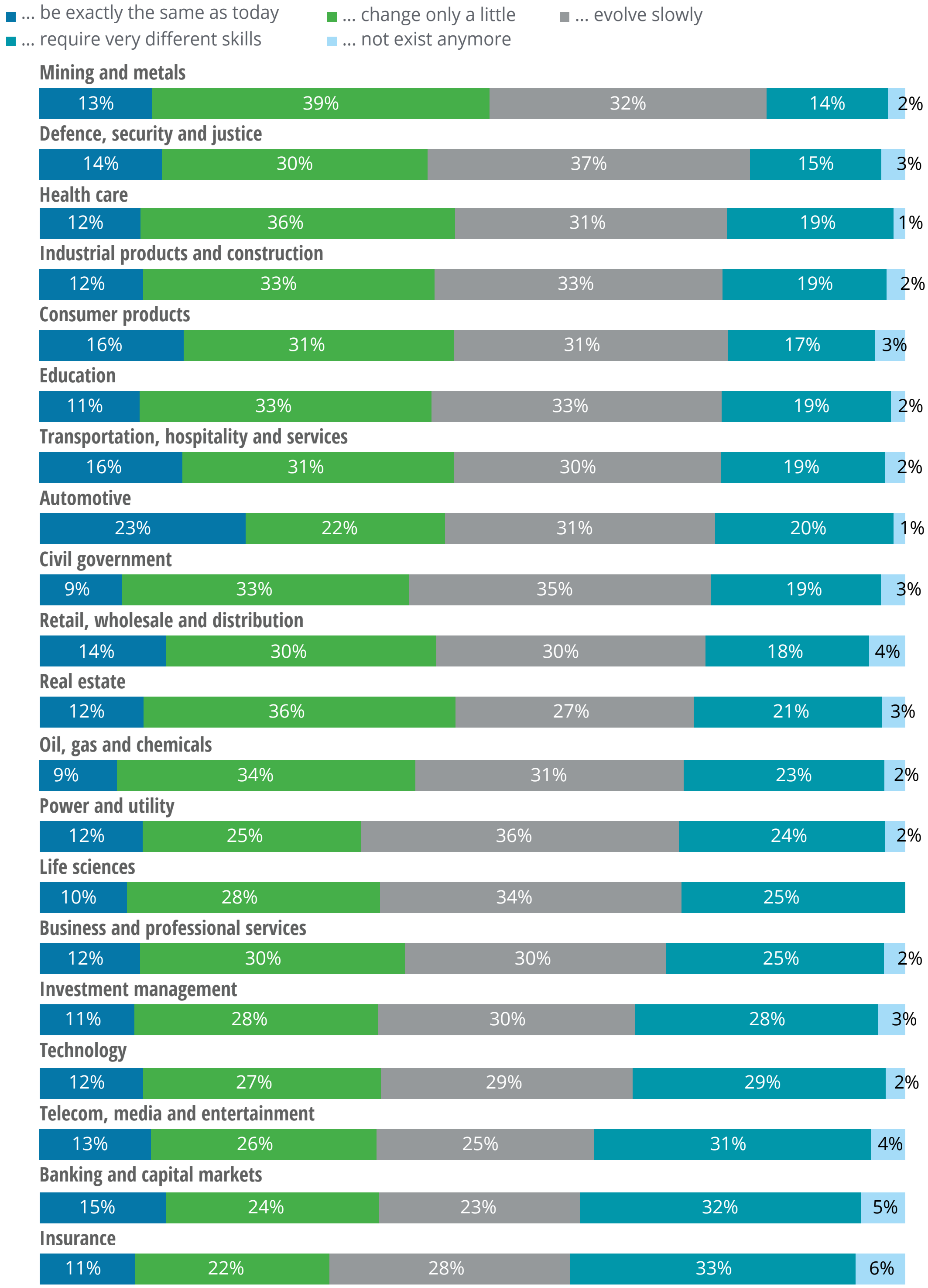
These findings point to two groups at a higher risk of missing opportunities to upskill and evolve: the 'unaware' and the 'discouraged'. The very important lesson organisations can learn from this, as they look into the future and see that certain jobs will disappear, is that they must start to plan and offer reskilling to workers who will be affected by the technological change. Failing to invest in those workers might be an expensive mistake for businesses. According to the results of the survey, not only are workers who anticipate the loss of their jobs less likely to take up training, they also report the lowest level of motivation and are more likely to underperform. Employers are paying the full price for these demotivated, underperforming workers and they will also pay later, when these workers are made redundant.

Bottom line: Many people have not yet experienced abrupt technological disruption in their workplace and do not foresee major or fast changes in their jobs. This 'unaware' demographic, as well as those who are 'aware' but discouraged about technological change, are more likely to pass up opportunities to train and reskill. Organisations should anticipate the dissolution of roles and plan to offer reskilling to workers who will be affected. This effort can help increase their engagement, as well as performance, and counter the lack of motivation such employees often feel.

FIGURE 16

Respondents' expectations about changes in current job over the next ten years, by industry

Over the next ten years, my job will …

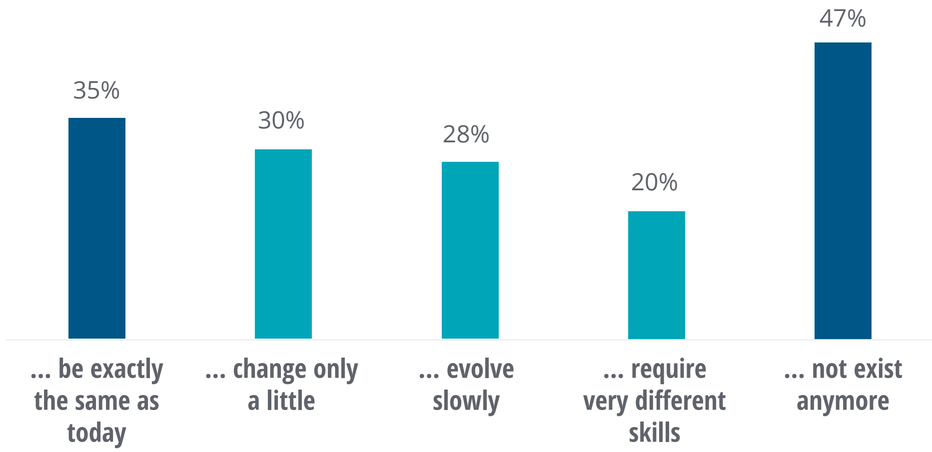


Source: The Deloitte European Workforce Survey.

FIGURE 17

Share of respondents who had no training over the past 12 months, categorised by subjective beliefs about job evolution

Over the next ten years, my job will ...



Source: The Deloitte European Workforce Survey.

The workforce has spoken: How leaders can turn words into action

THERE IS NO argument that demographic and technological changes are shaping the working environment of the future – who will work, and how. The European Workforce Survey's results have illuminated valuable ways to tackle the challenges brought by the evolution of the workforce and the way work is performed (table 4).

All actors involved, whether companies, workers or public institutions, need to take action as we move inevitably forward into what can be a bright future of work.

TABLE 4

Workers are ready to work longer.

Turning words into action
Companies should change their attitudes to older workers (an often-overlooked group), who could be a valuable, flexible source of talent.

Workers are moderately open to nontraditional careers.

Turning words into action
Companies should create a systematic approach to managing nonstandard workers.

Policy makers should refocus existing institutions (e.g., social security, pension schemes, health care) to adapt to the needs of nonstandard workers.

People of different ages and employment statuses are motivated by different factors.

Turning words into action
Companies should select, train and develop their managers to foster skills that will help manage an increasingly diverse workforce.

Hard skills need improvement and soft skills are perceived as adequate.

Turning words into action
Companies and public institutions should support workers in acquiring hard skills, and help them recognise possible gaps in soft skills.

Workers see the employer as the main responsibility holder for maintaining and evolving workplace skills.

Turning words into action
Companies should invest in their workforce (standard and nonstandard) to carve a competitive advantage by building up skills they will need tomorrow, while attracting and motivating talent at hand today.

Workers prefer to learn in an informal, 'on-the-job' fashion.

Turning words into action
Companies should adapt training plans to support learning that occurs in the natural course of work.

Workers see a gap between what public institutions are doing today and what they should do to support the labour market.

Turning words into action
Public institutions should rethink the education infrastructure – in particular, to improve secondary education and the availability of vocational training.

Many workers do not expect major or abrupt changes in the way their jobs will develop, and those who feel discouraged opt out of training and are less motivated.

Turning words into action
Companies and public institutions should be direct and transparent in dealing with workers whose roles may change or disappear. They should also provide guidance on the way forward and offer reskilling to help increase the engagement and performance of affected workers.

Fewer than half of survey respondents do not consider themselves proficient in learning skills.

Turning words into action
Workers need to take more initiative to remain relevant to their roles, as learning new skills beyond usual day-to-day activities will increasingly be a key element to career longevity. In this respect, looking beyond traditional full-time jobs and using different types of working arrangements can help gain the necessary experiences to thrive in the labour market of the future.

Source: The Deloitte European Workforce Survey.

Endnotes

1. Author's calculations based on the *UN 2017 world population prospects*.
2. Eurostat includes these countries in the EU15 aggregate: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom.
3. Author's calculations based on the UN 2017 World population Prospects and Eurostat data, lfsa_argan dataset.
4. Author's calculations based on Eurostat data, lfsa_agan dataset.
5. Heather Stockton, Mariya Filipova, and Kelly Monahan, *The evolution of work: New realities facing today's leaders*, Deloitte Insights, January 30, 2018.
6. Deloitte Insights, *2018 Global Human Capital Trends*, 2018.
7. World Economic Forum, *The future of jobs*, 2016.
8. Deloitte Insights, *2018 Global Human Capital Trends*.
9. Deloitte, *European CFO Survey: Autumn 2018 - 'Winter is coming'*.
10. Author's calculations based on the UN 2017 World population Prospects and Eurostat data, lfsa_argan dataset.
11. Deloitte Insights, *2018 Global Human Capital Trends*.
12. Deloitte, *European CFO survey*.
13. In the questionnaire, respondents rated their agreement with seven sentences about their work, from 1 (strongly disagree) to 5 (strongly agree). Four sentences represented positive dimensions ("I feel motivated," "My work is valued," "I enjoy what I do," "I go the extra mile to deliver good work"), and three expressed negative feelings ("What I do is not meaningful," "I am not stimulated by what I do," "I am not giving 100% at work"). With these answers, Deloitte constructed a "satisfaction index" by reverting the value assigned to the negative sentences (so that strong disagreement receives the highest value). The index for each respondent is the simple average of the seven answers and thus ranges from 1 (lowest satisfaction) to 5 (highest satisfaction).
14. Andrew Chamberlain, "Does company culture pay off? Analyzing stock performance of "best places to work" companies," Glassdoor, March 11, 2015; Alex Edmans, Lucius Li, and Chendi Zhang, "Employee satisfaction, labor market flexibility, and stock returns around the world," European Corporate Governance Institute, 2017.
15. Josh Bersin, "Becoming irresistible: A new model for employee engagement," *Deloitte Review* 16, January 26, 2015.
16. Deloitte, *The Deloitte millennial survey 2018*, 2018; Aon Hewitt, *2018 Employee Engagement Report*, 2018.
17. The countries polled in the European workforce Survey are: France, Germany, Italy, the Netherlands, Poland, Romania, Spain, Sweden, Switzerland, and the United Kingdom.
18. Deloitte Insights, *2018 Global Human Capital Trends*.
19. Deloitte's calculations based on Eurostat data, lfsa_egaps dataset.
20. Joanna Grigg, *Portfolio Working: A Practical Guide to Thriving in the Changing Workplace* (London: Kogan Page, 1997); Charles Handy, *The Empty Raincoat: Making Sense of the Future* (London: Hutchinson, 1994).
21. Deloitte's calculations based on Eurostat data, lfsa_emp2job datasets.

22. Donald Storrie, *Non-standard forms of employment: Recent trends and future prospects*, Eurofound, September 13, 2017.

23. John Hurley and Valentina Patrini, *Estimating labour market slack in the European Union*, Eurofound, July 18, 2017.

24. Refers to any form of employment that is not based on a full-time, permanent employment contract.

25. According to the International Standard Classification of Occupations (ISCO 08) definition, elementary occupations consist of simple, routine tasks that often require tools and physical effort. International Labour Organization, *International Standard Classification of Occupations 2008 (ISCO-08): Structure, Group Definitions and Correspondence Tables* (Geneva: ILO Publications, 2012).

26. According to the International Standard Classification of Occupations (ISCO 08) definition, skilled trades occupations require specific technical and practical knowledge and skills to carry out manual work (e.g. carpenter, tile settler, electrician). Supervision of other workers may be included. For more details, see International Labour Organization, *International Standard Classification of Occupations 2008 (ISCO-08): Structure, Group Definitions and Correspondence Tables* (Geneva: ILO Publications, 2012).

27. Author's calculations based on the *UN 2017 world population prospects*.

28. Jim Oeppen and James Vaupel, "Broken limits to life expectancy," *Science* 296, no. 5570 (2002): pp. 1,029–31; World Economic Forum, "We'll live to 100—How can we afford it?," 2017.

29. Josh Bersin, "Catch the wave: The 21st-century career," *Deloitte Review* 21, July 31, 2017.

30. Deloitte, "Power up: UK skills. Boosting transferable skills to achieve inclusive growth and mobility," 2018.

31. The question asked was whether, in the past 12 months, the respondents had engaged in any of the following methods to broaden skills: further education/vocational training; workshops, seminars or conferences; online courses; or personal coaching sessions. They were also given the option to select "other" and type in the kind of training/upskilling method they engaged in. For those who did not participate in any activity, a follow-up question was posed asking whether they looked for opportunities and nudging them to cite reasons for not looking for opportunities or nonparticipation.

32. LinkedIn, *2018 workplace learning report*, 2018; Josh Bersin, "A new paradigm for corporate training: Learning in the flow of work," June 3, 2018.

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36. European Commission, "Special Eurobarometer 460: Attitudes towards the impact of digitisation and automation on daily life," 2017.

37. Erik Brynjolfsson, Daniel Rock, and Chad Syverson, "Artificial intelligence and the modern productivity paradox: A clash of expectations and statistics," NBER working paper 24001, November 2017.

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