

THE REAL FUTURE OF WORK

01 the **PERFORMANCE** issue

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What Is the *Real* Future of Work?

01

*Our aim with **The Real Future of Work** is to bring concise, actionable advice based on the attitudes and behaviours of employees in key economies across the world to help organisations address complex issues that are arising due to disruptive global forces.*

Among the trends that have affected the psychology of workers over the past decade, two stand out. The first is the accelerating pace of change in the way work gets done; digital technology has fundamentally altered the tools employees use, where they work, how they collaborate and how they are organised. The second trend is a slow and often painful recovery from the worst economic downturn in living memory — a devastating crisis that few saw coming, and which left political and social fault lines across the world, which it is still grappling with a decade later.

It's not hard to see how those two developments could produce an eagerness to anticipate the forces that may impact workforces over the next decade. "The Future of Work" has become a hot topic, the focus of hundreds of recent books, articles and conferences. The resulting dialogue has made valuable contributions toward our understanding in certain areas, such as the ramifications of artificial intelligence (AI) and the trend toward contingent and independent workers. But it has been less focused on how these factors affect the psychological needs of employees — a key driver that will define what the real future of work will look like as organisations restructure to account for new technologies and shifting markets.

Leaders need to know more about how employees will respond to the demands of emerging business realities — and how corporate strategies should adapt accordingly. Our aim with *The Real Future of Work* is to bring concise, actionable advice based on the attitudes and behaviours of employees in key economies across the world to help organisations address complex issues that are arising due to disruptive global forces.

Many Employees Foresee Substantial Changes in the Way They Work

02

Relatively few employees in the UK, Germany, France and Spain are worried their jobs will be eliminated.

Some predictions about the future of work have been fairly dire; in his recent bestseller *Homo Deus*, for example, Israeli historian Yuval Noah Harari discusses the possibility of a growing “useless class” of people whose skills have been made obsolete by automation and AI. However, a new Gallup study of employees in the UK, Germany, France and Spain finds that relatively few employees in those four countries are worried that their jobs will be eliminated. Seventeen percent of French employees say it is “very likely” or “somewhat likely” that their current jobs will be eliminated within the next five years as a result of new technology, as do 13% of British employees, 8% of Spanish employees and 7% of those in Germany.

Of employees who say there have been technology changes at their job in 2017, employees are in fact more likely to feel those changes will increase their productivity and the demand for their qualifications in the next three years, though the results vary considerably by country. ➤

How will technological changes influence your work over the next three years? Will each of the following increase, decline or stay the same? Percentages in each country who say 'increase' or 'decrease'

	FRANCE		GERMANY		SPAIN		UK	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Your work productivity	66%	7%	37%	1%	51%	6%	70%	7%
The demands on your work performance	62%	6%	33%	7%	47%	4%	66%	5%
The demand for your qualifications	52%	9%	43%	2%	37%	6%	30%	7%
Your work-life balance	23%	16%	15%	9%	13%	5%	19%	15%
Your health risk	18%	13%	21%	10%	15%	11%	9%	21%
Your risk of losing your job	11%	13%	10%	6%	8%	21%	19%	16%

Around two-thirds of French and British workers say their productivity will rise, as do about half of Spanish workers and more than a third of German workers. However, employees in each country are also more likely to say technological changes will place additional demands on their work performance in the coming years than to say the opposite.



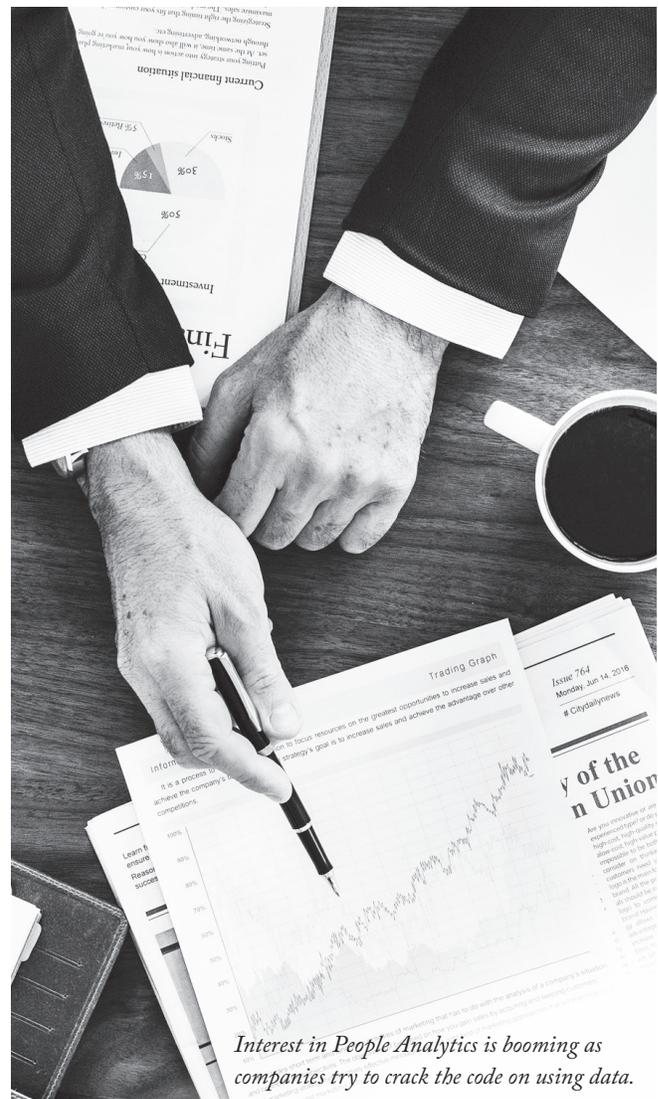
Many European Businesses Are Held Back by Outdated Performance Management

The general conclusion is that while most employees in the four countries studied don't fear the consequences of technological advancement on their working lives, many anticipate significant changes in the way they do their jobs. To maintain their value to employers, workers will need to spend more time doing things machines have a hard time with — things like taking initiative, creatively solving problems, collaborating effectively and moving around within their organisations to maximise their contributions.

In turn, organisations will need to adjust their management systems to allow for greater employee autonomy and flexibility, while maintaining accountability and high productivity. Ironically, in an era of automation, companies that successfully adapt to make the most of their human resources will be the ones with a competitive advantage. That's why interest in People Analytics (PA) is booming as companies try to crack the code on using data to configure their workforces to meet future needs. So far, the answer has eluded most businesses; labor productivity has been alarmingly flat in Europe's largest economies since 2010.

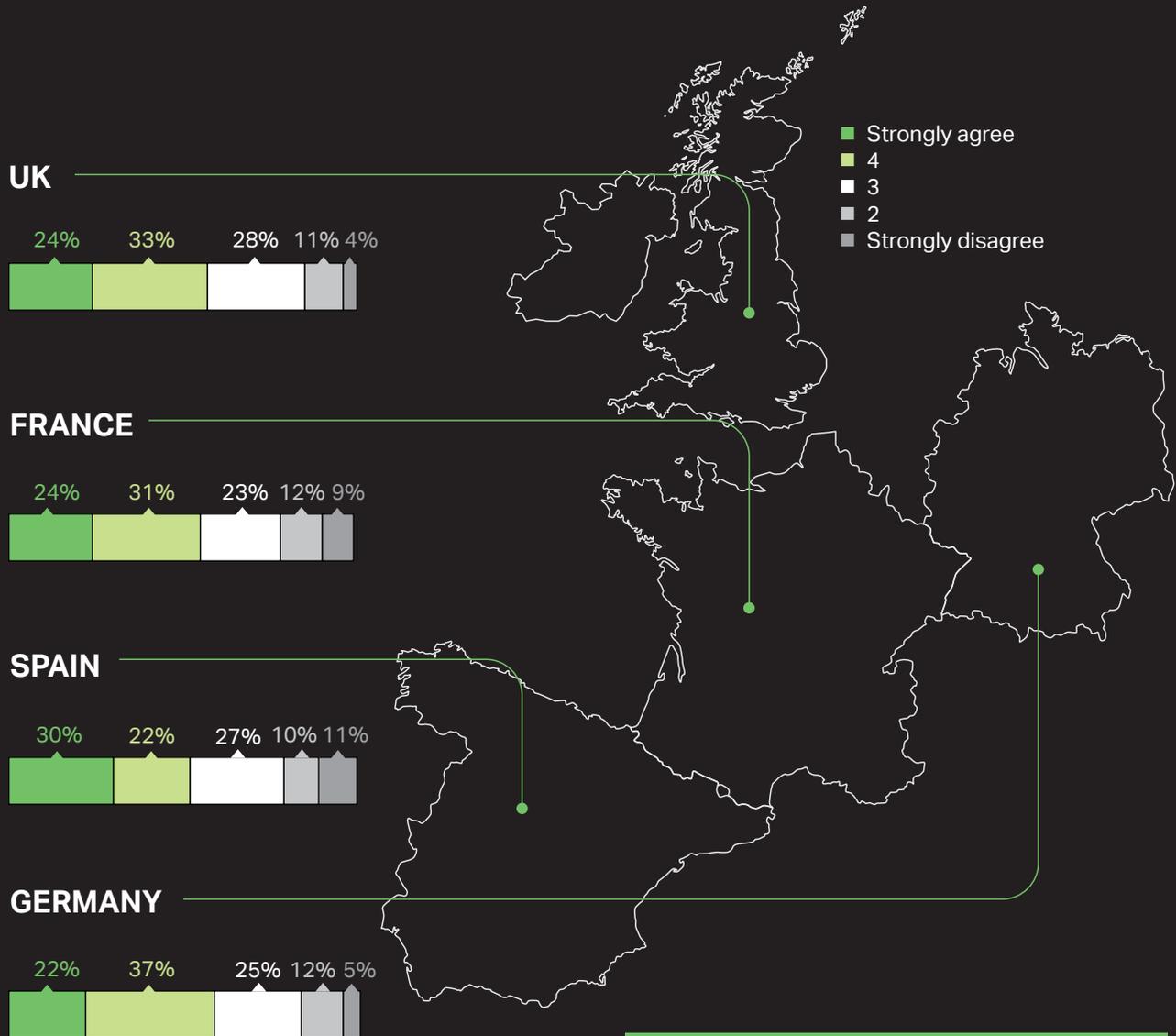
Our survey results indicate most organisations in France, Germany, Spain and the UK are not ready for successful deployment of People Analytics. One major barrier is current performance management systems, which often maintain rigidity and outdated incentives. In none of the four countries do more than 30% of employees strongly agree that their performance is managed in a way that motivates them to do outstanding work. ➤

Our results indicate most organisations in France, Germany, Spain and the UK are not ready for successful deployment of People Analytics.



Interest in People Analytics is booming as companies try to crack the code on using data.

How much do you agree or disagree with the following statement? My performance is managed in a way that motivates me to do outstanding work.



In none of the four countries do more than 30% of employees strongly agree that their performance is managed in a way that motivates them to do outstanding work.

Why Is Performance Management so Important for People Analytics?

All People Analytics projects come down to “solving for performance” — i.e., helping maximise employees’ time and energy. When we build models to understand and predict employee turnover, we focus on high performers, employees we want to keep. When we explore collaboration patterns, we’re trying to figure out how employees perform best in teams. When we use machine learning algorithms to support our hiring strategy, we care about candidates’ future performance within their organisation.

To draw valuable insights from any analysis, organisations first need to ensure their performance metrics are suitable for PA deployment. Gallup’s work with businesses struggling with this question points to two key considerations that help ensure analytics data will be applied appropriately and that the resulting decisions will have the intended effects on employee positioning and motivation.

1) Identify the correct outcomes. Identifying and measuring employee performance will become trickier as many jobs become less based on routines. The primary consideration in choosing the correct performance measures is that they need to reflect individuals’ impact on achieving the organisation’s goals — meaning they should meet two conditions: 1) they must directly link to organisational success and 2) they must be in an employee’s sphere of control.

Failing to meet these conditions can lead to incorrect incentives; for example, if you track your sales team’s performance based on the number of meetings they have with prospects, they are going to have more meetings — which may or may not lead to more sales. Among the four countries, employees in Germany are most likely to say they can see how their work goals connect to their organisation’s overall goals, followed by those in the UK. Only about one in six employees (17%) in Spain and France strongly agree with this statement.

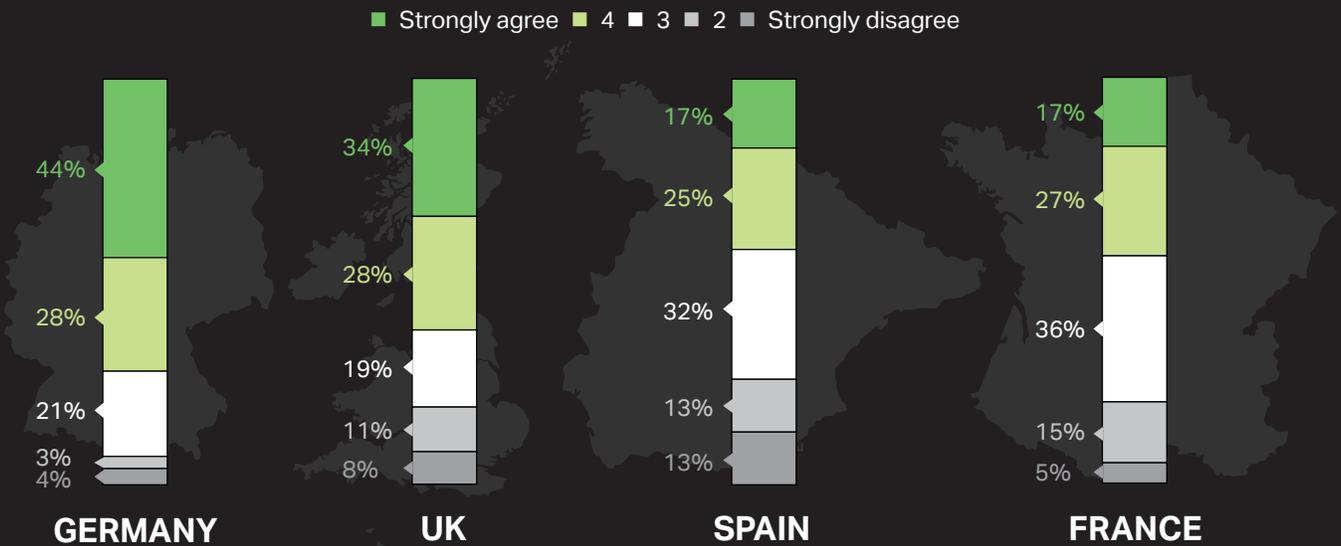
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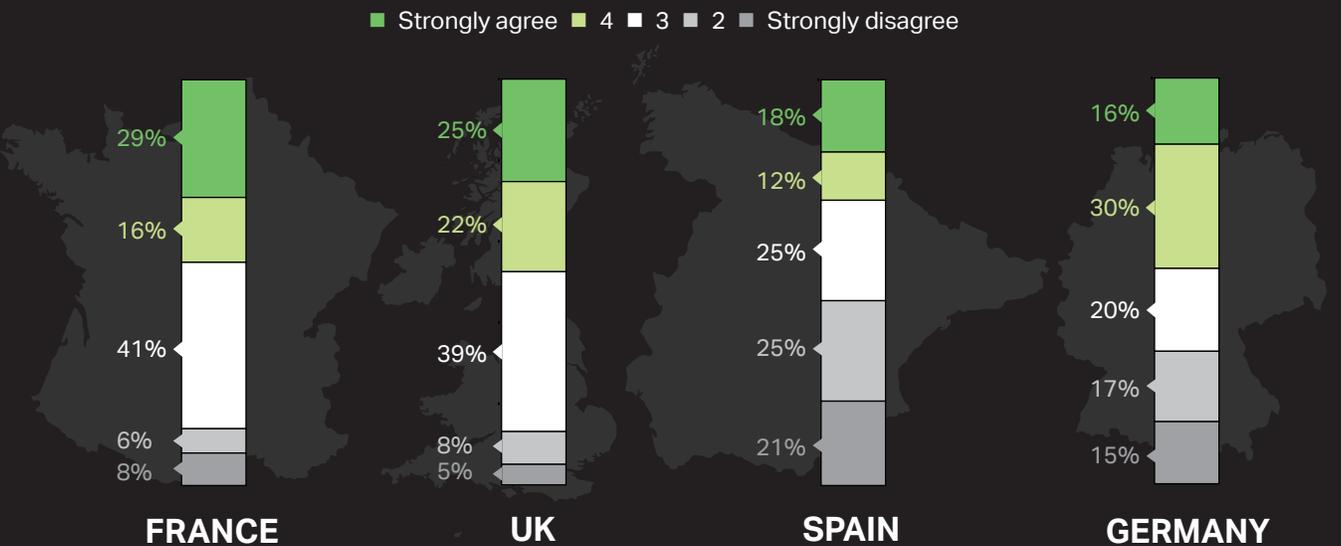
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How much do you agree or disagree with the following statement? I can see how my work goals connect to the organisation's overall goals.



Perhaps more alarmingly, less than half of employees in all four countries strongly or somewhat agree that their performance metrics are within their control. This implies that many do not feel they are being held accountable for outcomes they have a great deal of influence over.

How much do you agree or disagree with the following statement? I have performance metrics that are within my control.



◀ Identifying the right outcomes for each employee ultimately means measuring and discussing performance in a manner that better captures a well-rounded view of the work they do and the value they bring to their jobs every day. When well-calibrated metrics are used to capture employees' unique contributions, managers and employees can have a more effective dialogue about personal development.

In one recent study, Gallup analysed 559 roles and 360 behavioural job demands to identify the job responsibilities that universally matter most across all types of individual contributor roles. The results highlighted three performance domains that comprehensively describe and statistically predict overall success in a role:

- 1 **Individual achievement** (*My Work*): responsibilities that employees must achieve independently
- 2 **Team collaboration** (*My Team*): how effectively an individual partners with other team members to achieve success
- 3 **Customer value** (*My Customer*): the impact a person's work has on a customer. In this context, customers may be either internal or external to the organisation. All employees have customers of some kind, and to be "customer-centric" requires performance expectations that align with customers' needs.

By organising performance expectations using these domains, organisations can ensure performance achievement and developmental efforts are always focused on a well-rounded description of the key aspects of the job that matter most.

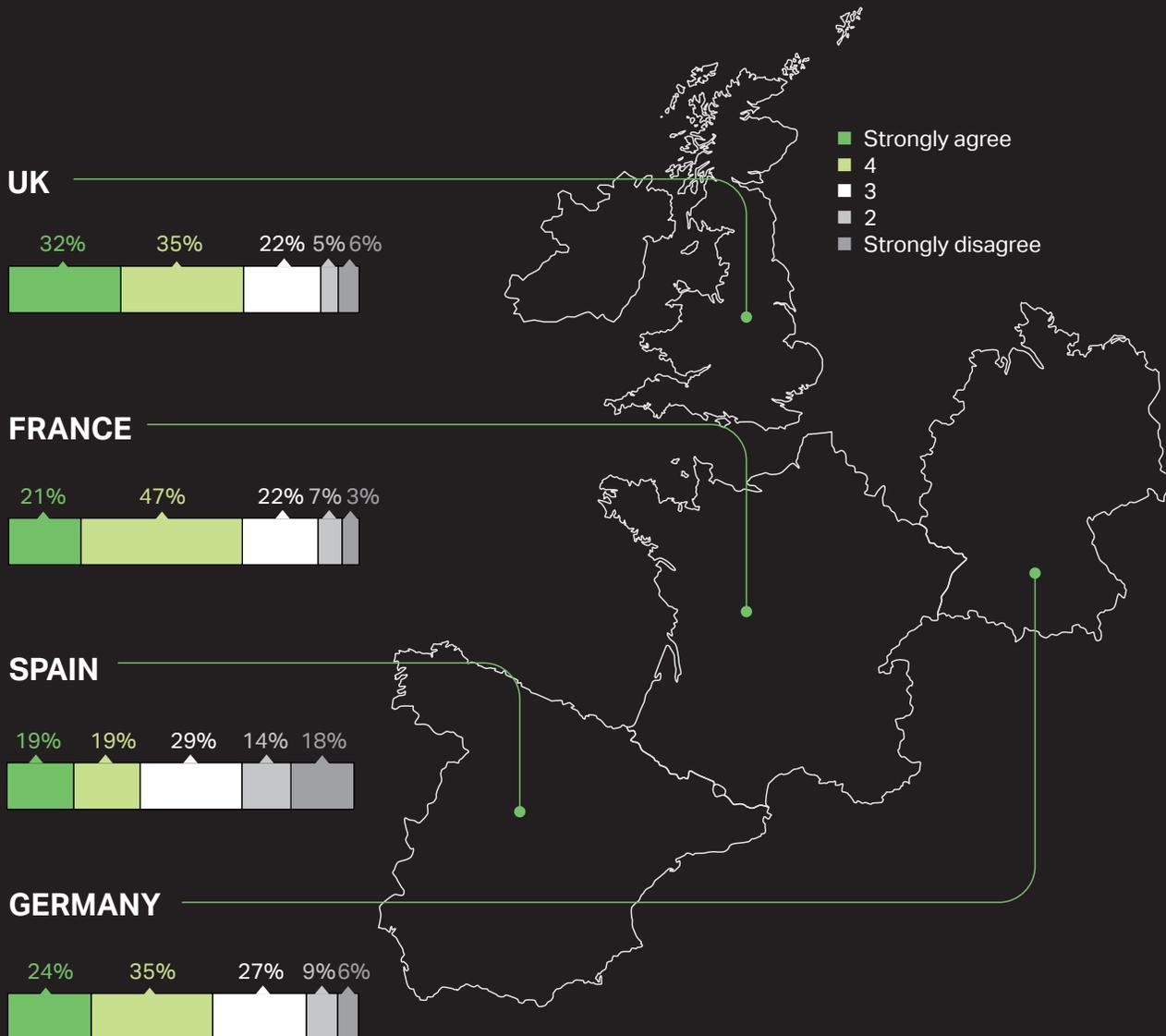
2) **Ensure all performance measures are transparent and accepted by employees.** As any psychologist will attest, the process of analyzing people must be handled carefully. This is just as true for managers employing PA strategies as it is in a therapist's office. That's because people react to being analysed — and their reaction is bound to be negative if they suspect the analyst is not acting entirely with their best interests at heart.

Leaders should therefore resist the temptation to use clandestine PA measures, hoping to avoid "contaminating" the results by making employees aware of how they are being evaluated. People care deeply about how their performance is measured, for any purpose. They are very motivated to find out how it is done, and probably will (if they can't, rumours — accurate or not — are likely to fill the gap).

Employees must also regard their evaluation criteria as fair — otherwise, they are unlikely to change their behaviour based on the results. For example, if employees' performance is measured using their manager's subjective rating across 15 vaguely defined competencies that aren't directly tied to organisational success, they may (justifiably) disregard the results — and therefore any efforts to analyse and influence the measure would be wasted.

The proportion of employees in Spain, France, Germany and the UK who strongly agree that the performance reviews they receive are fair range from about one-fifth (19%) in Spain to about one-third (32%) in the UK. In the UK and France, about two-thirds of employees agree at least somewhat, but this figure falls to 59% in Germany and just 38% in Spain. ➤

How much do you agree or disagree with the following statement? The performance reviews I receive are fair.



The rapid changes business leaders must accommodate in order to stay competitive are unlikely to abate anytime soon. Some analysts believe that the disruptions AI will bring in the coming decades will be more dramatic than anything we've seen over the last 50 years. The challenge today is that the cultures of many organisations — as reflected in the way they measure and recognise employee performance — are

ill-suited for incorporating new data sources that can help their workforces adapt to these changes. Leaders increasingly have tools they need to make effective decisions about optimising the human capital in their organisations — but unless they use those tools in the spirit of partnership with employees themselves, they may end up doing more harm than good. —

Moving Beyond Performance Management

03

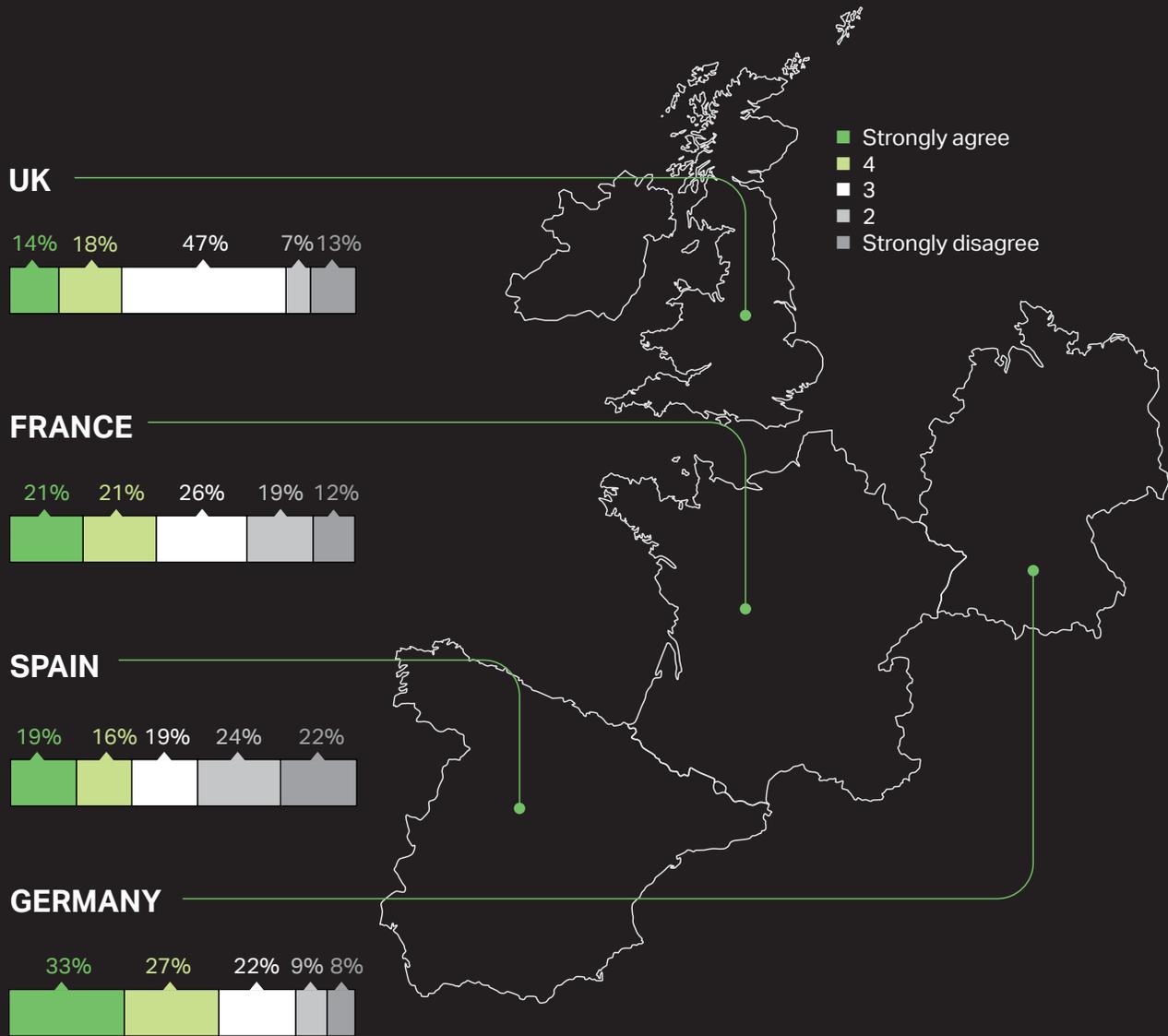
There is no more important indicator of engagement — particularly among millennial-age workers — than employees' perception that they have opportunities to learn and grow at their company. However, many European businesses fall short in this area.

Revisiting their performance management practices to more effectively incorporate HR data analytics also gives business leaders an opportunity to prepare their workforces for the future in another way — by moving toward a culture of continuous performance development.

“Agility” has become a buzzword in recent years as leaders have increasingly prioritised the need to adapt quickly to rapidly changing technological developments and emerging business realities. Amid such constant change, companies need employees to be versatile and to continually upgrade their skill sets. Well-managed organisations match this need with employees' rising expectations for ongoing career-relevant learning and development (L&D) opportunities. There is no more important indicator of engagement — particularly among millennial-age workers — than employees' perception that they have opportunities to learn and grow at their company.

German employees are most likely to feel they have enough growth opportunities at their current company — but even in Germany, only one-third strongly agree. In France, Spain and the UK, no more than one in five employees strongly agrees. The strikingly low level of agreement among British employees is particular cause for concern, as many UK businesses already face retention issues created by Brexit-related uncertainty. >

How much do you agree or disagree with the following statement? There are enough growth opportunities for me at my current company.



More generally, the idea that many European businesses may not be prepared to help their employees meet the growing need for continuous learning and development is a major long-term concern. Not only does it imply a lack of adaptability among their workforces, it also may leave many employees feeling unprepared for technological advances and thus lower the efficiency with which new technologies are rolled out.

Businesses that understand the importance of performance development strategies invest in the future by ensuring high-quality L&D opportunities are available. Many cast managers as coaches who help employees stay on track with their developmental goals, often incorporating them as individualised performance metrics. In that way, managers are better able to use performance discussions as opportunities to keep employees motivated by aligning evaluation criteria with their developmental goals and personal sense of purpose.

Great Managers Are More Important Than Ever

04

Many Europeans in the UK, France, Spain and Germany say they receive feedback from their manager relatively infrequently.

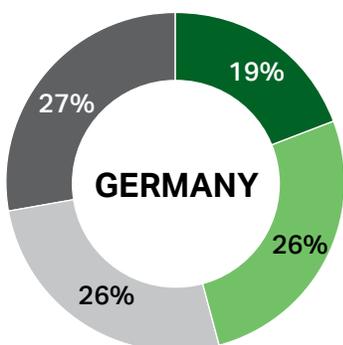
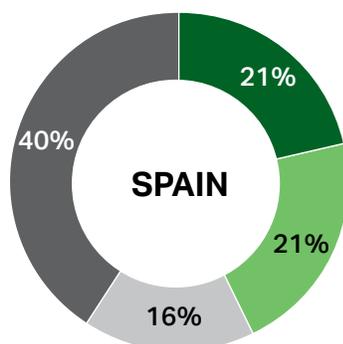
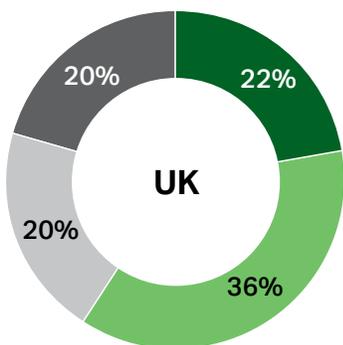
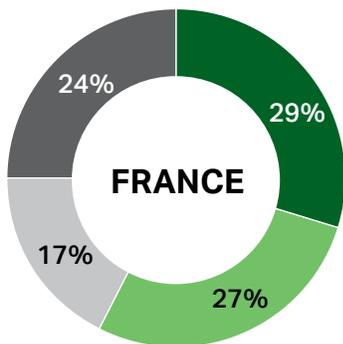
The rise of independent workers in the gig economy is a reflection of broader changes in the nature of work. Even workers who are formally employed are more likely to have greater autonomy than those in times past, many cultivating an idiosyncratic portfolio of projects and responsibilities rather than adhering to a standardised job description. Organisational structures are adapting to reflect these changes, with traditional hierarchies giving way to team-based matrix models that allow for more flexibility in matching employee talents with business needs.

With these trends toward greater employee autonomy and matrixed work, "people management" skills have become more important than ever. Managers find themselves responsible for teams that cut across projects, divisions and countries. They rely on their ability to influence performance outcomes by helping ensure employees are in roles that fit their talents, and by aligning organisational goals with employees' personal sources of motivation, such as peer recognition. In this job of positioning employees for success, the role of management has shifted from "boss" to "coach."

In this new role, great managers focus on both the quality and quantity of their interactions with team members. Coaching relationships require more frequent, personalised interactions than is typically the case under more hierarchical forms of management. When managers and employees engage in an ongoing dialogue about performance, barriers can be removed, opportunities can be seized and expectations can be adjusted when circumstances change. Many employees in the four countries surveyed say they receive feedback from their manager relatively infrequently — particularly those in Spain and Germany, where most say it happens "a few times a year" or less often. >

How often do you receive feedback from your manager?

- Daily or a few times a week
- A few times a month
- A few times a year
- Once a year or less



Of course, employees are unlikely to welcome a shift toward more frequent interactions if the quality of those interactions is poor. Effective coaching requires managers to connect authentically with employees through effective people skills and an individualised understanding of each team member. Gallup finds that when performance discussions are strengths-based and engagement-focused, managers move beyond the role of “task manager” and adopt a coaching perspective. Only through an appreciation of who employees are as people and what they need to be engaged can a manager effectively coach them to be their best.

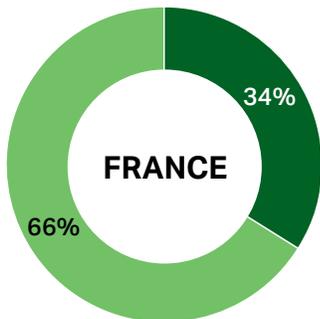
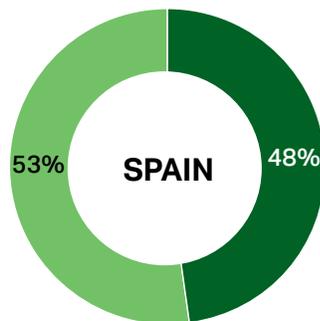
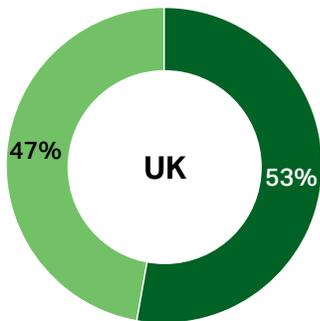
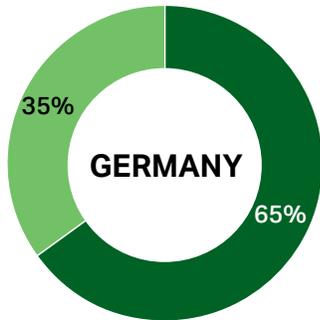
When it comes to whether their managers focus more on their strengths than their weaknesses when discussing their performance, there is considerable variation among employees in the four countries surveyed. Employees in Germany are most likely to say their manager spends more time talking about their strengths, at 65%. However, just one-third of employees in France (34%) say the same, while two-thirds (66%) say their managers spend more time on how to improve their weaknesses. ➤



Effective coaching requires managers to connect authentically with employees.

When your manager discusses your performance with you, do you spend more time talking about how to build strengths or how to improve weaknesses?

- How to build strengths
- How to improve weaknesses



◀ To maintain high levels of workplace engagement and productivity, employers in each country need to increase their focus on employees' strengths, in order to help them do more of what they do well.

Ultimately, as automation continually leads organisations to reorient their workforces around enduring human skill sets like creativity and relationship-building, those traits will become more important among managers as well. Those organisations that can identify and retain individuals with the empathy, self-awareness and strategic vision to be good coaches will have a powerful advantage in helping employees navigate future changes with versatility and confidence. —

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