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THE REAL FUTURE OF WORK

04
the
DISRUPTION
issue

PART 1

Bring on the Robots

PART 2

Managing
Through Disruption

Issue Highlights

This issue of The Real Future of Work addresses a topic facing employers everywhere: How to navigate changing workforce needs at a time of rapid technological disruption across many industries. The findings are based on Gallup's recent surveys with nationally representative samples of employed adults in France, Germany, Spain and the U.K., with results from American employees also included where available.

HIGHLIGHTED FINDINGS FROM THE ISSUE INCLUDE:

- In an era of rapid technological change, most employees in France, Germany, Spain, the U.K. and the U.S. are optimistic about the effects those changes will have on their work lives. However, most employees in the four European countries Gallup studied feel they need opportunities to build on their current skills or to learn new skills to be more effective in their jobs.
- Most employees in Germany, Spain and the U.K. took part in some form of skills training in 2018; French employees are a notable exception. Employees' training participation, however, has a limited impact on their likelihood to feel their company supports them in developing needed skills.
- Employees who did not participate in training are most likely to cite lack of employer-provided programs as the reason — but efforts to expand employee training opportunities raise important questions about who should initiate and fund them. Most employees who have not participated in training feel it should be initiated by their organization.
- Great managers are vital to companies' success in optimizing their training resources. Managers who serve as career coaches are in an ideal position to align organizational needs with team members' individual strengths and open high-impact educational avenues. Employees who agree their manager coaches them with continual feedback are far more likely than those who disagree to feel their company supports them in developing new skills.



Bring on the Robots

Employees in Europe are largely optimistic about the effects of automation — but do they feel prepared for its potential impact on their own jobs?

01

Due to rapid advances in artificial intelligence, robots' potential effects on our lives are no longer questions reserved for futurists and science fiction writers.

Due to rapid advances in artificial intelligence, robots' potential effects on our lives are no longer questions reserved for futurists and science fiction writers. Some analysts foresee alarming levels of employment disruption, including Chinese technologist Kai-Fu Lee with his 2017 prediction that AI-enabled machines would take over 50% of human jobs within the decade.

Gallup's recent study of employees in France, Germany, Spain and the U.K., however, indicates a general optimism about the effects of new technology, with many saying it will benefit their companies and relatively few feeling anxious about the threat to their own jobs.

Most workers surveyed say it is "not at all likely" that their job will be eliminated in the next five years because of technological advances. About one in five U.K. (20%) and French (19%) workers say it is somewhat or very likely, as do 13% of employees in Spain and the U.S., and 9% in Germany. German workers' lower likelihood to fear elimination of their job is, in part, due to German companies' tendency to be highly automated relative to the other countries. ➤



In each country, employees are far more likely to say technological changes will benefit them and their companies than have negative effects. Few workers on either side of the Atlantic think technological changes will lead to a decline in their productivity or the demand for their work performance.

Given predictions of widespread job displacement, is employees' optimism justified? At least from a big-picture perspective, it likely is. Economists note that in many countries, productivity gains from automation are needed to offset losses from aging workforces.

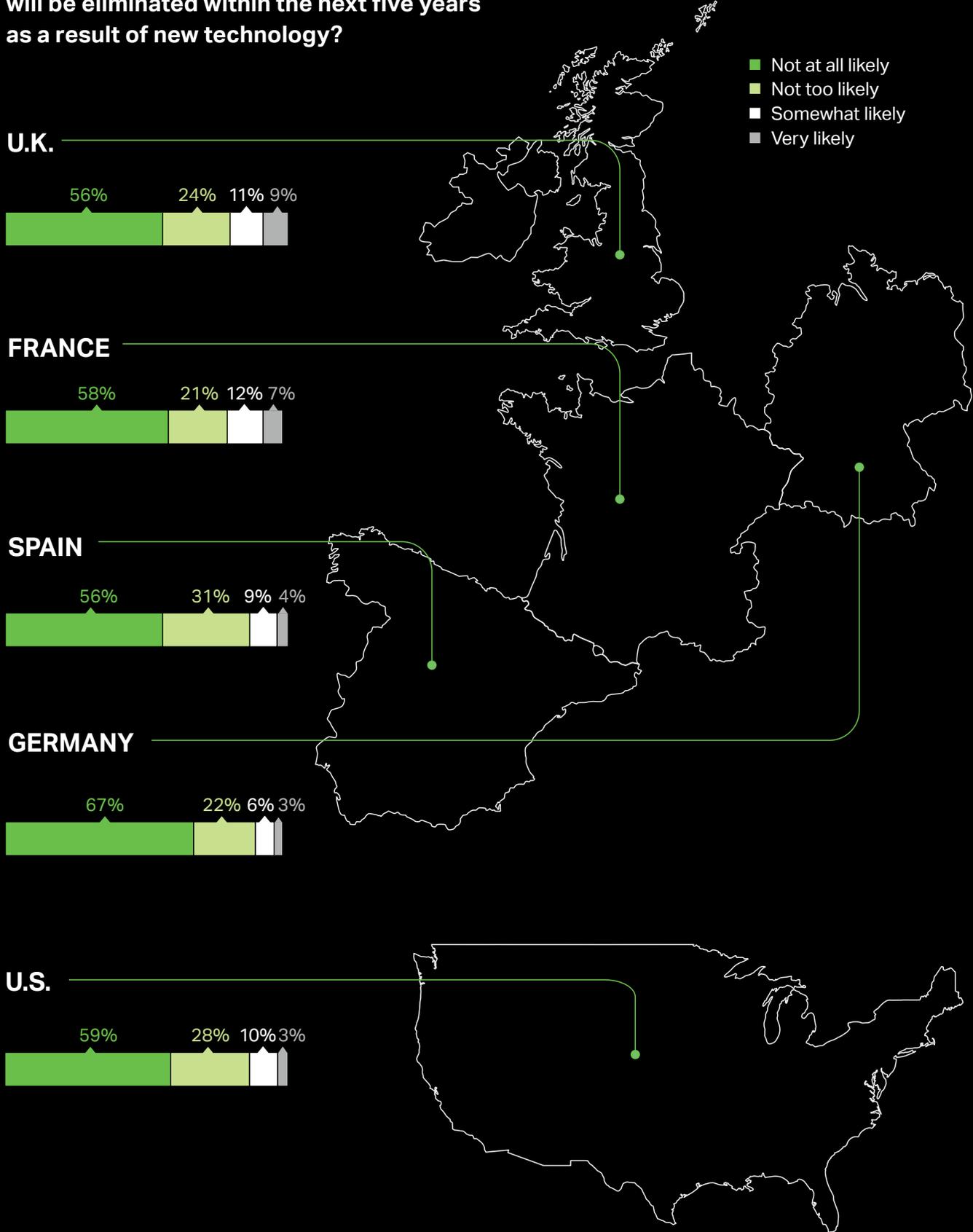
Analysts also expect technological advances to create many new roles for humans even as they reduce the need for existing ones. The World Economic Forum's 2018 Future of Jobs study found that while 50% of businesses surveyed expect automation to lead to some reduction in their workforce, 38% expect to add new productivity-enhancing roles in their organization.

What's more, new technology doesn't just improve efficiency and productivity in existing lines of business — it often creates entirely new opportunities, serving as an engine of broad-based economic growth that benefits everyone.

In one recent example, AI has enabled the development of "micro-segmentation," which are highly individualized customer service capabilities now available on a mass scale thanks to new technologies, including machine learning.

The idea that technological change will result in more, rather than less, employment opportunities is prevalent worldwide. The Wellcome Global Monitor, for which Gallup gathered data in more than 140 countries in 2018, finds that people around the world are far more likely to say science and technology will increase (58%) rather than decrease (21%) the number of jobs in their local economy.

How likely is it that the job you have now will be eliminated within the next five years as a result of new technology?



How will these changes influence your work over the next three years?
Do you expect that the following will increase, decline or stay the same?

YOUR WORK PRODUCTIVITY

	<i>Increase</i>	<i>Stay same</i>	<i>Decline</i>
FRANCE	63%	28%	7%
GERMANY	45%	48%	6%
SPAIN	51%	44%	4%
U.K.	66%	27%	7%
U.S.	43%	50%	7%

DEMAND FOR YOUR WORK PERFORMANCE

	<i>Increase</i>	<i>Stay same</i>	<i>Decline</i>
FRANCE	60%	34%	5%
GERMANY	39%	55%	3%
SPAIN	51%	44%	3%
U.K.	67%	28%	5%
U.S.	58%	38%	4%



Thirty-six percent of employees across France, Germany, Spain and the U.K. experienced technology-related job changes in 2018.

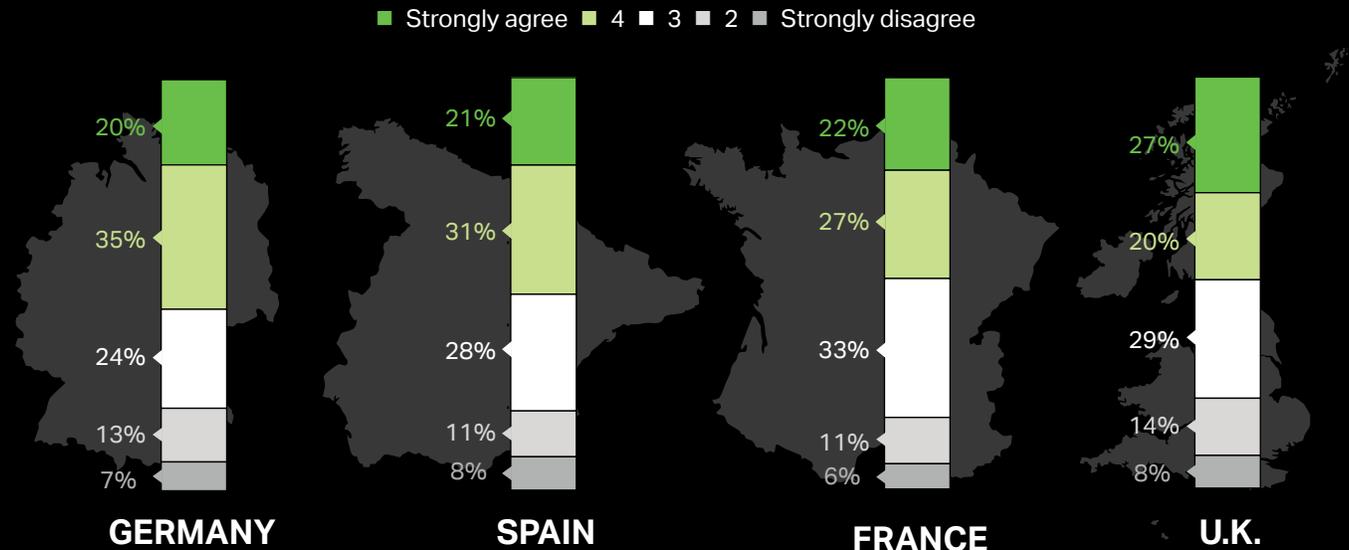
A 2017 report from the McKinsey Global Institute estimates that less than 5% of occupations can be *fully* automated based on current technology, though almost all could be *partially* automated. That implies that while predictions of an imminent wave of mass layoffs are probably overblown, a broad swath of workers across industries will likely see their job duties shift to accommodate AI, cloud technology and other high-impact advances.

In Gallup's study, 36% of employees across France, Germany, Spain and the U.K. say new tools and technologies changed their job in 2018. These results vary somewhat by industry and company size. For example, in businesses with less than 100 employees, 33% of workers have experienced tech-related changes, versus 43% among those in businesses with 5,000 employees or more. As AI-based technology moves beyond larger organizations and "early adopters," more employees across economic sectors are likely to face such changes.

The challenge is to be ready for them. First and foremost, leaders need to develop an agile organizational culture that is able to respond quickly to technological developments and changing business and market needs. In such environments, employees are accustomed to continual, rapid change and more likely to take it in stride (see the [Real Future of Work, Agility issue](http://www.gallup.com), available at www.gallup.com). Most employees in the Gallup study feel their leaders could be doing more to create such conditions: 33% strongly agree they have confidence in the leadership of their company to manage emerging challenges. More specifically, 33% also strongly agree their company is ready to implement digital technologies.

But leaders must also ensure that organizational changes to facilitate technology integration are accompanied by training that prepares employees to work with that technology. Currently, a fraction of employees in each of the four surveyed European countries strongly agree that their company helps broaden their skill set to make use of new digital technologies, from 20% in Germany to 27% in the U.K.

My company helps me to broaden my skill set to make effective use of new digital technologies.



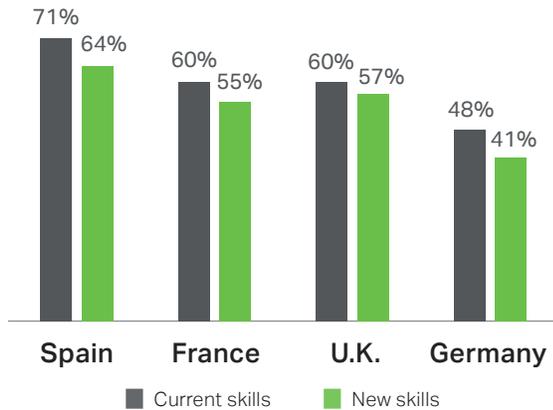
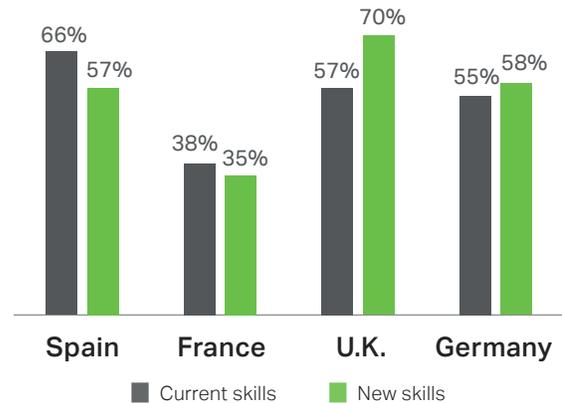
Employees also need to develop in other ways, such as learning to apply creativity, empathy and other cognitive and relational skills that are difficult to automate. The most helpful educational path will vary by organizations’ specific needs, as well as employees’ own strengths and goals, calling for access to different types of training opportunities to help workforces make the transition to a more tech-enabled world.

Most employees in France, Spain and the U.K. say they need upskilling or reskilling opportunities.

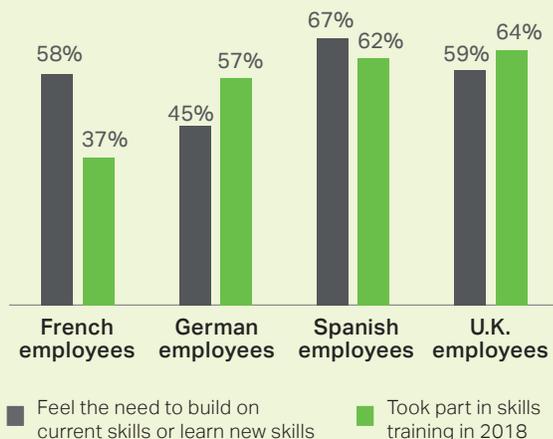
Employee training can take many forms, but most are described in terms of upgrading skills to work with new technology (upskilling), or learning new skills to move into industries or job roles that are less likely to be automated (reskilling). In Spain, France and the U.K., most employees feel they need such training opportunities, with German workers being somewhat less likely to respond this way, perhaps reflecting a stronger focus on existing tech integration in German companies.

The good news is, in most cases, workers are finding opportunities to address employees’ reskilling and upskilling needs. In Spain, Germany and the U.K., the percentage of employees who say they actually took part in training in 2018 is close to — and in a few cases exceeds — the percentage who feel the need for such training. French employees are the exception; they are considerably less likely to say they participated in training than to say they need it (see Page 9).

About one-third (32%) of employees in these four countries who strongly agree that they need training to build on their skills or learn new ones say they did not participate in training in 2018. This figure doesn’t vary significantly by employees’ age groups, nor by the type of industry they work in, indicating unmet training needs across the workforce.

FEEL NEED TO BUILD SKILLS**TOOK PART IN EDUCATION TO BUILD SKILLS IN 2018****French employees are most likely to have unfulfilled training needs.**

Gallup's recent employee study finds 58% of employees in France feel the need for training to build on their current skills or learn new skills, but just 37% took part in training in 2018 — compared to 57% of employees in Germany, 62% in Spain and 64% in the U.K. who say they participated in training opportunities in 2018. Among French workers, those in the manufacturing sector are particularly less likely to say they participated in training — with just 27% of them saying they did so.

The gap between the perceived need for training and training participation is greatest among French employees.

Gallup's study shows results for French workers that are comparable to a 2017 OECD study that found "32% of French adults took part in job-related training in a recent 12-month period, compared to the over 55% in some European countries such as Denmark, Norway and Finland."

Particularly alarming with regard to job displacement, the OECD analysis found that among low-skilled French adults, just 12% had participated in training. The report warns that France faces a growing discrepancy between workers' skills and the demands of the job market.

French policymakers are aware of these challenges and have recently established initiatives to encourage participation in lifelong learning. Among the most prominent of these is the CPF (compte personnel de formation), a personal training account for private-sector employers. The CPF is funded by employers but administered by the government, so it is portable across employers and jobs.

French companies that embrace programs like the CPF not only prepare their workforce for technological disruption, but also strengthen employee loyalty. Currently, 41% of French workers strongly agree they plan to be with their current company three years from now; a figure that is on par with U.K. workers (41%), but well below those in Germany (57%) and Spain (56%).



Leaders must resolve questions about who should initiate and pay for training opportunities.

Trying to fill these education gaps and cultivate the best outcomes for companies and employees necessitates clarity about who should establish and pay for training opportunities.

In a rapidly changing technological environment, it may be hard for leaders to predict the specific skills and knowledge their organization will need. Often, the best training opportunities address more general skills, such as evaluating different types of data and using it to make decisions. To the extent that the skills and knowledge they learn are transferrable to other organizations, however, employers have less incentive to provide them.

If employers are not incentivized to provide general skills training and employees are unaccustomed to having ownership over their educational paths, a workforce problem arises. Among employees in the four European countries who had taken part in educational opportunities in 2018, 65% say their organization initiated it while 35% say they themselves did. Among those whose employers initiated the training, most say it was instigated by the organization as a whole or its HR department, rather than by their direct manager. Notably, 81% of employees who did *not* take part in training opportunities in 2018 feel their organization, rather than themselves, should be responsible for initiating those opportunities.

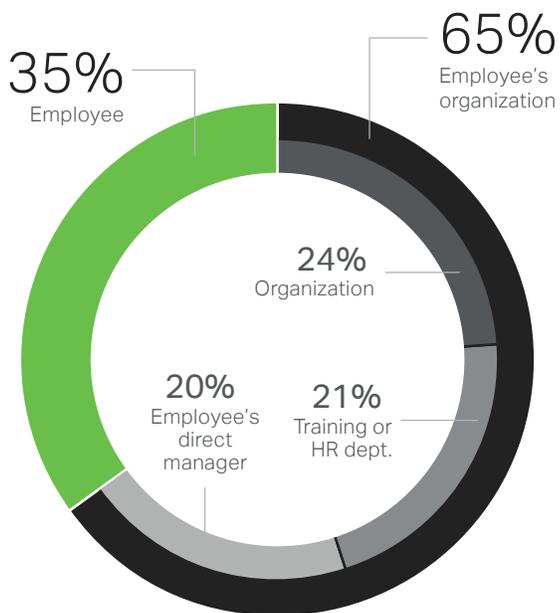
Employees who did not take part in job-related educational programs most commonly say they did not do so because their organization lacks such offerings. Two other issues are related to employers' training initiatives: 11% of employees who didn't participate in training in 2018 say their organization hasn't provided clear guidance about future needs, and a similar proportion say the training their organization offers isn't relevant to them. Approximately four in 10 of these nonparticipant employees choose personal reasons, including lack of time (18%), lack of interest (9%), or lack of certainty they will be able to learn new skills (5%).



81% of employees who did not take part in training opportunities in 2018 feel their organization, rather than themselves, should be responsible for initiating those opportunities.

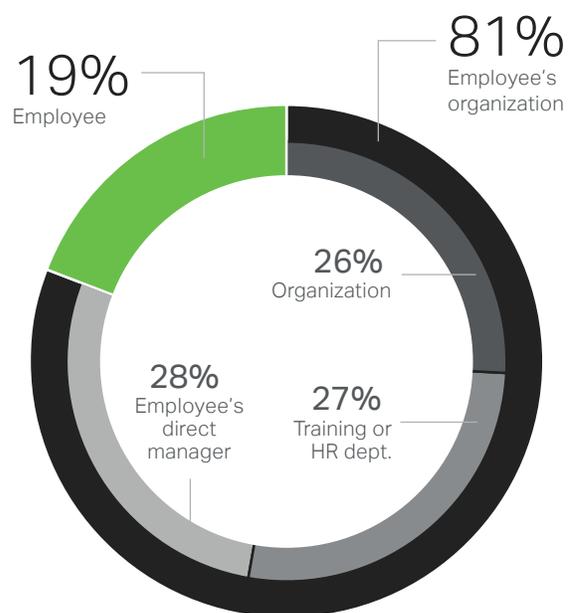
ASKED OF TRAINING PARTICIPANTS:

Who initiated your participation in the education or training?



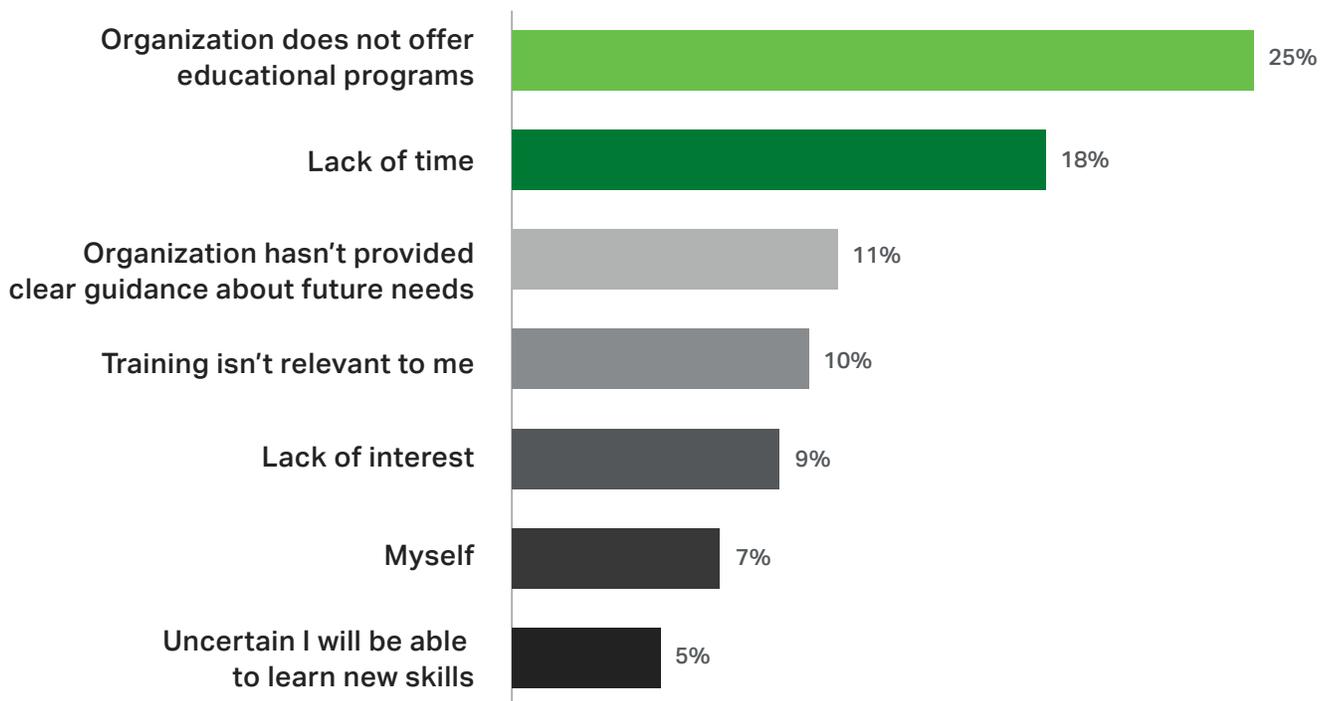
ASKED OF NONPARTICIPANTS:

Who should be responsible for initiating education or training opportunities?

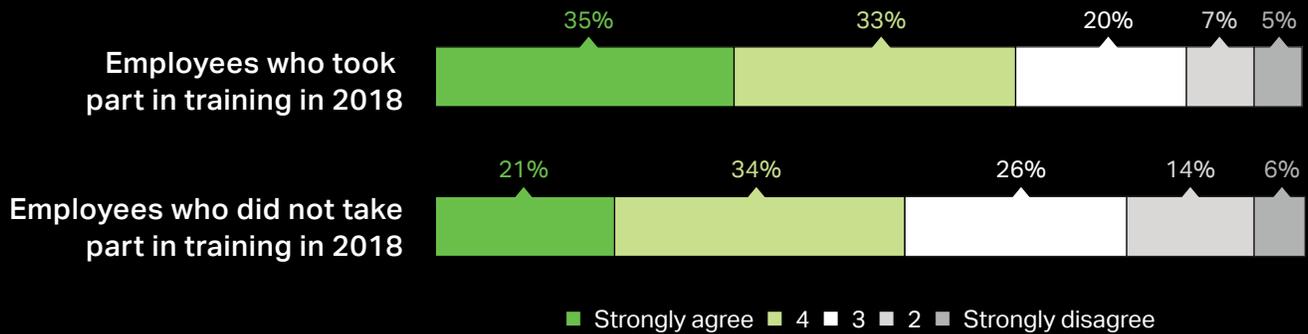




What might keep you from participating in education or training programs your organization offers?



My company supports me in developing the skills needed for the future.



A 2019 WEF report discussed strategies for overcoming these challenges regarding instigating training, including public-private partnerships that help companies share costs with government agencies that would like to prevent the lower tax revenues and higher welfare costs associated with widespread job losses. In early 2019, Germany implemented such a strategy with the Qualification Opportunities Act, through which the government helps companies invest more in training by reimbursing them for course fees and some labor costs. The WEF report argues for comprehensive "augmentation strategies" that recognize the value workers provide when they have correct training and are free from the need to perform routine, repetitive tasks.

In addition to the public support, business leaders across Europe will need to optimize the resources they devote to employee training. This will require HR leaders to be increasingly focused on identifying educational opportunities that address organizational needs in a cost-effective way and help employees feel prepared for future changes. Gallup's four-country study suggests that from employees' perspective, training programs often fall short on the latter goal. Those who participated in training in 2018 were only somewhat more likely than those who had not to agree their company supports them in developing skills they need for the future.

As with many aspects of business success, managers can play a key role in helping organizations make better use of their training resources. By establishing a coaching relationship with their team members, managers are in an ideal position to understand employees' strengths and goals and align them with organizational priorities to craft educational pathways that fit employees' talents and increase their value to employers.

Managing Through Disruption

02

Managers have the most important role in maintaining an agile cultural mindset.

For a company to manage disruptive change with minimal trauma, its employees must be willing and eager to make the transitional shifts it requires, despite the challenges. If employees are accustomed to a culture of change, they are less likely to feel threatened or overwhelmed when new initiatives require them to adapt.

Managers have the most important role in maintaining that agile cultural mindset. There are two things managers can focus on to make change easier for their team members:

- 1) **Clearly and frequently communicate the organization's core values and mission.** In doing this, leaders and managers provide employees with a foundation they can rely on to remain constant, even as the strategies and tools used to address core cultural elements are constantly evolving.

Gallup's recent study of four European countries suggests leaders and managers need to do better at assuring employees that short-term changes are aligned with a broader, long-term vision for the organization's future. Among employees in France, Germany, Spain and the U.K., just one-third (33%) strongly agree that the leadership of their company has a clear direction for the organization, and 21% strongly agree that their company's leadership makes them enthusiastic about the future.



Leaders and managers
should always be
thinking about how best
to communicate how
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the future.

Frequent communication about the organization's future often helps alleviate employees' anxiety about their place in it. Those who agree the leadership of their company has a clear direction for the organization are less likely than those who disagree to worry about new technology eliminating their jobs in the next five years — 14% vs. 22%, respectively. Employees are also more motivated to address their own skill gaps when they understand and identify with their organization's mission. Workers are more likely to say they need skills training to do their jobs better when they agree that their company's mission and purpose makes them feel their job is important and that what they do at work is valuable and useful.

Enthusiasm about the future is particularly important amid technological disruption because it signifies that employees have something to look forward to — they see a way through chaos, complexity and change. When enthusiasm is absent, employees are more likely to lose confidence and often feel helpless. Leaders and managers should always be thinking about how best to communicate how emerging technologies will open new possibilities for the future.

Changes in how companies are organized have made aligning employees with a common vision for the future even more important — but also more challenging. Matrixed employees now collaborate across organizational and geographic boundaries, often working with several teams simultaneously. When disruptive change occurs, managers must work closely with company leaders and each other to establish a common understanding of how changes relate to the company’s overall purpose and its ability to fulfill that purpose by meeting customers’ needs.

It’s not an easy job; it requires managers to have honest conversations about the challenges of disruptive change — not just with their own team members, but with company leaders, to ensure their expectations are realistic and can be implemented in a way that avoids leaving employees feeling confused, anxious or undervalued. For many companies, this may mean actively involving managers in high-level discussions about implementation strategies. In Gallup’s four-country study, just 25% of those in supervisory positions strongly agree that they often discuss new technology, trends and ideas that may be relevant to their work — a proportion that’s on par with nonmanagers (26%).

Changes in how companies are organized have made aligning employees with a common vision for the future even more important — but also more challenging.

The leadership of my company has a clear direction for the organization.



The leadership of my company makes me enthusiastic about the future.



■ Strongly agree ■ 4 ■ 3 ■ 2 ■ Strongly disagree

2) Maintain a culture of high development.

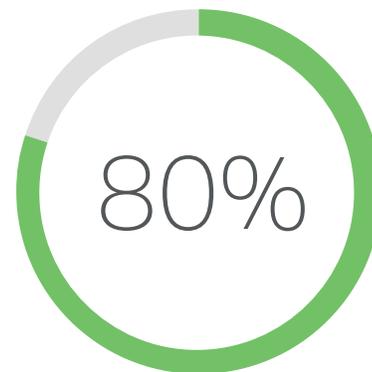
Employees are less likely to view change as threatening if they already work in a culture of high development. In such environments, employees are accustomed to having regular conversations with managers about their professional development, so the need to learn about a new technology is simply another element in an ongoing discussion about training opportunities. Many European companies may need to place more emphasis on employee development; less than a third of employees in Germany, Spain and France strongly agree their company supports them in developing the skills they need for the future, while the U.K. fares only slightly better with 37% strongly agreeing.

If managers are already serving as career coaches to their employees, they don't have to start from scratch to meet their team members' needs for upskilling or reskilling during major changes. The managers' role is not easy; they must align company leaders' expectations for technology integration with employees' individual strengths and the shifting demands of customers.

Managers' coaching makes a powerful difference. More than three-fourths (78%) of employees who agree their manager gives them continuous feedback to improve their performance also say their company supports them in developing necessary skills. Among employees whose managers do not provide continuous feedback, that figure falls to 33%. Similarly, 80% of those who agree their company is committed to building the strengths of each employee feel supported in developing new skills, versus 19% of those who disagree.

Helping employees focus on their development and future in the organization also helps managers generate enthusiasm and engagement among their team members. A targeted investment in an employee's abilities and skills tells them, "You are part of our future." Currently, however, just 36% of employees in the U.K., 33% in France, 27% in Germany and 22% in Spain strongly agree that there is someone at work who encourages their development.

The most crucial thing for managers to ensure in disruptive times is that employees feel they are part of the changes and their views on how to incorporate those changes are valued. Active involvement can help keep engagement levels high and harness employees' support in implementing the changes. Nothing is more important to employees' sense of stability and belonging than the feeling that their opinions are being listened to and taken seriously.



of employees who agree their company is committed to building the strengths of each employee feel supported in developing new skills

Issue Contributors



**GHASSAN
KHOURY**

Managing Partner
Europe, Middle East
and Africa

Ghassan Khoury advises organizations in addressing the complex issues that are on the rise due to global disruptive forces.



**JEREMIE
BRECHEISEN**

*Senior Managing
Consultant*

Jeremie Brecheisen disrupts large organizations to improve the practice of management.



**MARCO
NINK**

*Regional Lead,
Research and Analytics*
Europe, Middle East
and Africa

Marco Nink advises organizations in improving their business performance with a focus on employee, customer and supplier analytics.



**MARIA
SEMYKOZ**

*Workplace Analytics
Architect*

Maria Semykoz advises organizations in harnessing the power of data-driven decision-making to create workplace cultures that generate innovation, digital transformations, customer centricity and ethical business conduct.

STEVE CRABTREE

Senior Consultant

Steve Crabtree is the lead editor for Gallup's Real Future of Work initiative. He also serves as a senior editor and research analyst at Gallup.



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GALLUP®

World Headquarters

The Gallup Building
901 F Street, NW
Washington, D.C. 20004

t +1.877.242.5587

f +1.202.715.3045

www.gallup.com