

# Littler's Executive Employer Survey Europe 2018



## TABLE OF CONTENTS

Executive Summary .....	2
Key Findings .....	3
Constituent Markets .....	9
Germany .....	10
France .....	14
United Kingdom .....	18
Italy .....	23
Spain .....	27
The Netherlands .....	32
Belgium .....	36
Norway .....	40
Company Breakdown .....	45
Looking Forward .....	51
Methodology and Demographics .....	53

## EXECUTIVE SUMMARY

This report summarises the results of Littler's first annual European survey on which legal and HR issues are having the greatest impact on the workplace. It is based on survey responses from over 800 C-suite executives, HR professionals, and in-house counsel across Europe.

In just over a year, employers and HR managers throughout Europe have witnessed the explosive growth of the #MeToo movement, which has altered sentiment in what is acceptable and what is not in terms of relations between the sexes in the workplace. As reflected within this research, #MeToo has encouraged significant changes in workplace practices, formal codes of conduct and even the physical space that we occupy.

Running parallel to #MeToo has been mounting attention and legislative action on the gender pay gap which has been propelled to the top of the HR agenda once again. But the responses concerning these poignant issues paint a divergent picture across each of the countries included in the research. For example, whilst gender pay equity is the top HR concern in Belgium, Italy, Spain and the UK, it is considered much less of a concern in France.

The rise of the gig economy has also presented significant challenges to employers, many of which find themselves contending with competitors with greatly reduced per unit payroll costs and hyper flexible business models. The research provides new insights into the different levels of concern the gig economy is causing across Europe. For example, whilst French, Dutch and Spanish employers see this as a top HR issue, it is causing much less concern amongst German and British employers.

Employers continue to grapple with the accelerating use of AI and data analytics as well, with many respondents indicating this technology is having as a profound a change on the workplace, similar to the widespread adoption of desktop computers in the 1980s and 1990s.

### **Key findings within Littler's European Employer Research 2018 include:**

- Gender pay equity is seen as the most concerning HR issue amongst employers, with 37% saying it has caused a 'high or very high' level of concern in the workplace
- Only 21% of companies have taken no action in response to the #MeToo movement, with the majority implementing a range of measures to stamp out sexual harassment
- Employers want to see change to employment laws, especially in the following areas:
  - 43% want gender pay gap reporting laws introduced
  - 41% want minimum periods of maternity and parental leave reduced
  - 26% want to see a cap on discrimination claims
- Just 11% of employers think there will be no material changes as a result of the UK leaving the EU

There are clear parallels between the concerns of European employers and their counterparts in the US. Earlier this year, [Littler's Seventh Annual Executive Employer Survey](#) revealed that 36% of employers in the U.S. see gender pay equity as causing a high or very high level of concern, similar to European employers at 37%.

### **About the research**

This inaugural report reflects a broad range of HR perspectives, particularly the legal, social, technological and political issues having the most profound impact on the workplace, including:

- What changes to EU employment law employers most want to see
- How employers have and have not responded to #MeToo
- How employers are using AI or Big Data within the HR sphere
- What issues agile or flexible working are presenting for employers
- What opportunities and threats employers see in Brexit

Within this report are findings broken down by country for: Germany, France, United Kingdom, Italy, Spain, the Netherlands, Belgium and Norway, as well as the differences in opinion between large and small companies.

*(Disclaimer - survey questions and their resulting findings do not represent any specific political affiliation or preferences of Littler, nor do they constitute any legal, economic, or political advice).*

## KEY FINDINGS FOR EMPLOYERS ACROSS EUROPE

### Gender pay equity seen as the biggest concern by employers

The research found that European employers view gender pay equity as the HR issue of greatest concern in the workplace. Gender pay equity is seen as either a high or very high concern by 37% of employers across Europe.

Whilst gender pay equity has been an area of increasing concern within Europe for years, the introduction of mandatory gender pay gap reporting in the UK this year has pushed the issue to centre stage. Gender pay equity was the top HR concern in Belgium (44%), Italy (43%), Spain (40%) and the UK (35%).

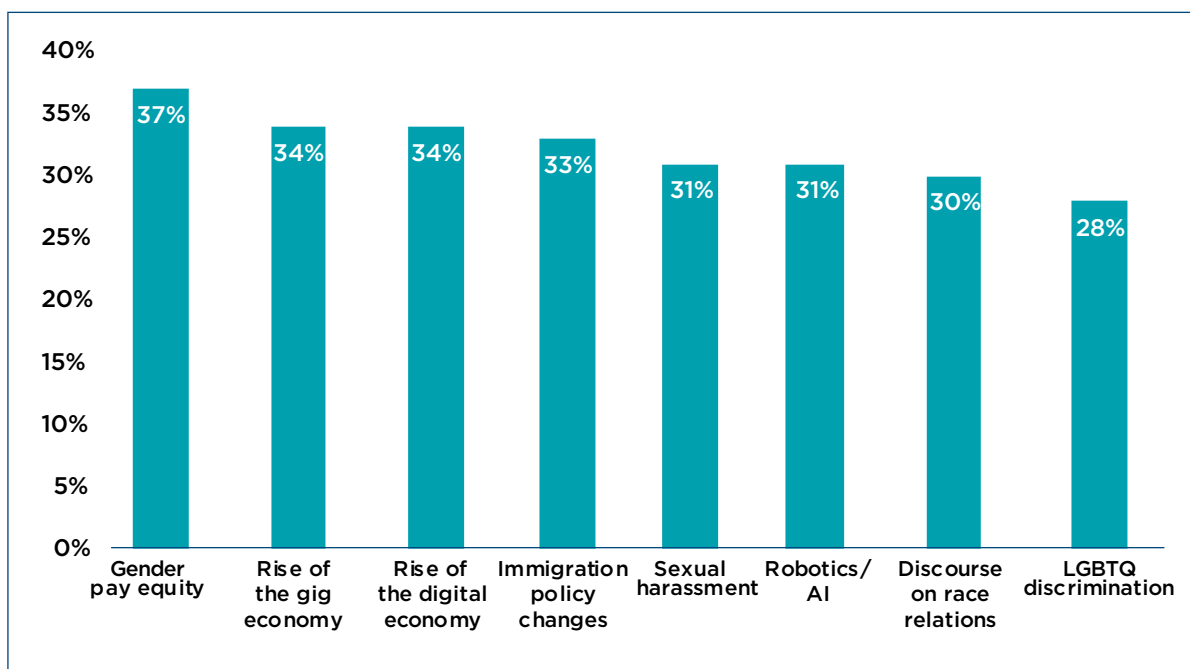
The second most concerning issues in the workplace are the “rise of the gig economy” and the “rise of the digital economy,” both of which created a high or very high concern amongst 34% of employers. This comes as the rapid rise of “digital” on-demand employers continues to cause huge disruption to traditional business models and ways of working.

Possible immigration policy changes are the fourth biggest concern amongst employers. Next year’s exit by the UK from the EU threatens the ease of movement of one company’s staff between the UK and continental Europe. Employers have become increasingly used to hiring from a wide geographical pool of candidates - to have that suddenly change is unlikely to be seen as helpful by many employers.

Since the allegations against Harvey Weinstein first became public one year ago, it is not surprising to see that sexual harassment in the workplace is considered a high or very high HR concern by 31% of employers.

However, the level of concern sexual harassment created varied widely between countries. Whilst 37% of German employers said it caused a high or very high level of concern, just 19% of Dutch employers reported the same.

### Gender pay equity seen as the biggest concern amongst employers



Similarly, the growing use of robotics and AI generated mixed reactions amongst employers, which may reflect how some countries are more advanced technologically. Whilst 39% of Norwegian employers think robotics and AI are causing a high or very high level of concern, only 25% of Dutch employers said the same.

### **A third of employers have revised their hiring practices**

With the gender pay gap seen by employers as the biggest concern in the workplace, many employers have taken concrete steps to address the issue.

The most popular method employers have used to address the gender pay gap is to revise hiring practices. This is an area where 33% of employers say they have made changes; this includes rewriting job descriptions so as to attract more female candidates and not asking candidates for previous salaries. The latter helps prevent a pay gap experienced in one job being easily passed on to the next.

25% of employers have taken the step to modify their pay policy and 21% have increased training and professional development to help women advance.

80% of employers have taken action to close the pay gap showing just how deep concerns over this issue are running. The issue has been on the HR agenda for years but this level of change actioned by employers is arguably unprecedented.

### **Changes to employment law that employers want to see**

Whilst employers agree that social needs drove much of the advancements in employment law over the last two decades, they often feel that these changes have been brought in without properly considering the costs.

We asked a series of questions relating to EU employment laws that are regularly cited as a burden to employers to see where businesses most wanted reform:

- 71% of employers said that they agreed or strongly agreed with the idea that EU laws on ensuring agency workers were treated the same as permanent employees are causing a problem to workforce management
- 48% of employers say that they would like to see reversed a recent European Court of Justice decision that gives employees overtime and commission payments as part of their holiday pay
- 48% of employers would also like to see EU rules that force them to consult with employees or unions over redundancy programmes of 20 or more employees changed to raise the threshold of redundancies before that consultation must take place
- 34% of employers also said that they would like to see employees employed for a longer qualifying period (e.g., two years) before they can bring a discrimination claim
- 26% of employers also said that they would like to see a cap on discrimination claims. At present there is theoretically no monetary cap on the value that can be awarded under discrimination claims. Employers frequently comment that this encourages employees to dress their grievances up as discrimination claims in order to force employers to pay them off rather than risk facing a potentially unlimited claim

The research revealed that 43% of employers want to see gender pay gap reporting requirements introduced across the EU. Given that gender pay equity was the top HR concern amongst employers and bearing in mind the media attention the issue has received, it is perhaps surprising that this number is not even higher.

The introduction of gender pay gap reporting laws is popular amongst Spanish (54%), Italian (52%), French (46%), German (40%), UK (39%) and Belgian (36%) employers, who all ranked it as the adjustment to employment law they most want to see.

There are very clear economic arguments for removing the gender pay gap. Ensuring that men and women alike are properly rewarded and motivated in the workplace is key to optimising labour resources.

Additionally, research revealed that a large proportion (41%) of employers think minimum periods of maternity and parental leave should be reduced.

Again, although the average suggests that a majority are in favour, the responses among individual countries reveal new insights. For example, 51% of Belgian employers think maternity and parental leave should be reduced, but only 31% think the same in Spain.

### **Only 21% of companies have taken no action in response to #MeToo**

The most popular response to #MeToo has been for employers to update HR policies or handbooks (26%) and provide additional training to managers and supervisors (25%).

However, a significant minority of employers have taken more radical action, with 21% saying that they have re-evaluated or taken new action on past concerns. Re-opening past investigations or decisions is not something businesses take lightly – so it does indicate the high level of concerns amongst enterprises to do the right thing.

Re-evaluating past actions was a popular response amongst Belgian employers at 28%, whilst employers in the Netherlands (15%) and the UK (13%) were much less likely to do this.

Meanwhile, 19% of employers have adapted employee workspaces or travel arrangements, such as having more open plan offices and fewer overnight business trips. Again, this figure seems high given the potential cost and disruption to day-to-day activities adapting physical work spaces would likely cause.

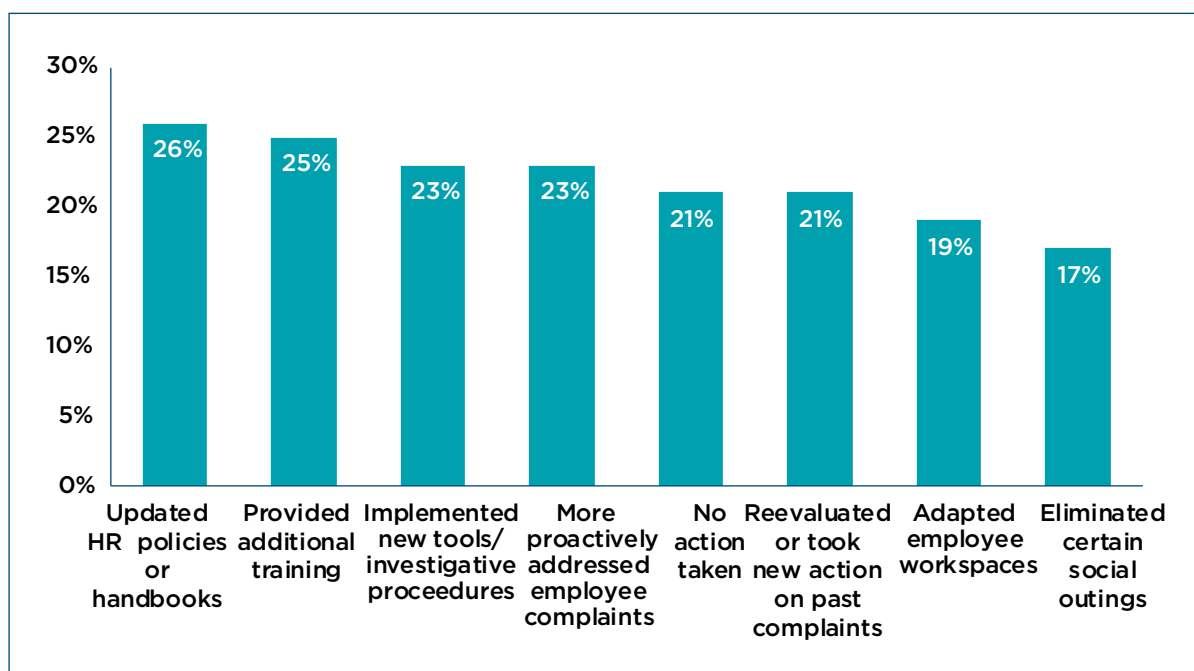
17% of employers say they have eliminated certain social activities as a result of the #MeToo movement. Whilst there is a consensus that employers should not put their employees into social situations that elevate the risk of sexual harassment, there is a concern that efforts to remove this risk could go too far.

For example, if women are inadvertently excluded from more informal work-related social functions they may miss out on opportunities to build the social networks often needed to reach the higher levels of an organisation.

Another important step taken by many employers was to more proactively address complaints and potential misconduct amongst employees, which was cited by 23%. Norwegian employers were particularly active in taking this step (34%), as were Dutch employers (26%).

The research showed that an average of only 21% of employers across the eight countries surveyed have taken no action in response to the #MeToo movement. This low percentage reflects the extent of the impact the #MeToo movement has had on the workplace.

**Only 21% of companies have taken no action in response to #MeToo**



**Brexit – Disruption from movement of staff from London the top impact**

Movement of headquarters from London was rated the most significant effect of Brexit with 37% of employers citing it. Whilst the shift of staff by multinationals out of London has been low key thus far, the pace of these movements may grow as Brexit deadlines approach.

This was the most important effect of Brexit for employers in the Netherlands (46%), Spain (44%), Italy (40%), Belgium (39%), Germany (36%) and the UK (36%).

Possible visa restrictions were the second biggest issue, topping the list for 31% of employers. This is a top HR concern as it could have a very wide impact on both European companies employing UK nationals on the continent, as well as European companies currently operating in the UK.

Unsurprisingly, visa restrictions are a particularly important issue for UK employers (36%) as well as Norwegian employers (36%), with Norway outside the EU.

21% felt that post-Brexit reductions of employee protections in the UK would be the main impact of Brexit – despite assurances from the UK government that this was not its intended direction of travel for employment law.

Only 11% of employers felt there would be no material impact from Brexit. This low figure suggests that employers across Europe believe Brexit will result in change, either positive or negative. In Spain, just 6% of employers think there will be no material impact, the lowest of all countries, whilst in France 22% think there will be no impact.



### Only 21% of employers not using AI or data analytics for HR functions

AI and data analytics are most frequently being used by employers to study employee performance, to make promotion decisions and to carry out other areas of HR strategy and employee management (27% of employers).

22% of employers say they are now using AI and data analytics to automate their workforce and 21% are using these tools within their recruiting and hiring process.

Interestingly, 20% of employers say they are now using AI or data analytics to ensure that company practices are leading to positive outcomes—e.g., through identifying wage disparities between genders or races. This comes at a time when gender and ethnicity pay gaps are under increasing scrutiny.

Only 21% of employers have taken no action to deploy AI or data analytics to improve workforce management decisions. Employers may be aware that falling behind competitors in terms of using this technology could be costly in terms of lost efficiency gains.

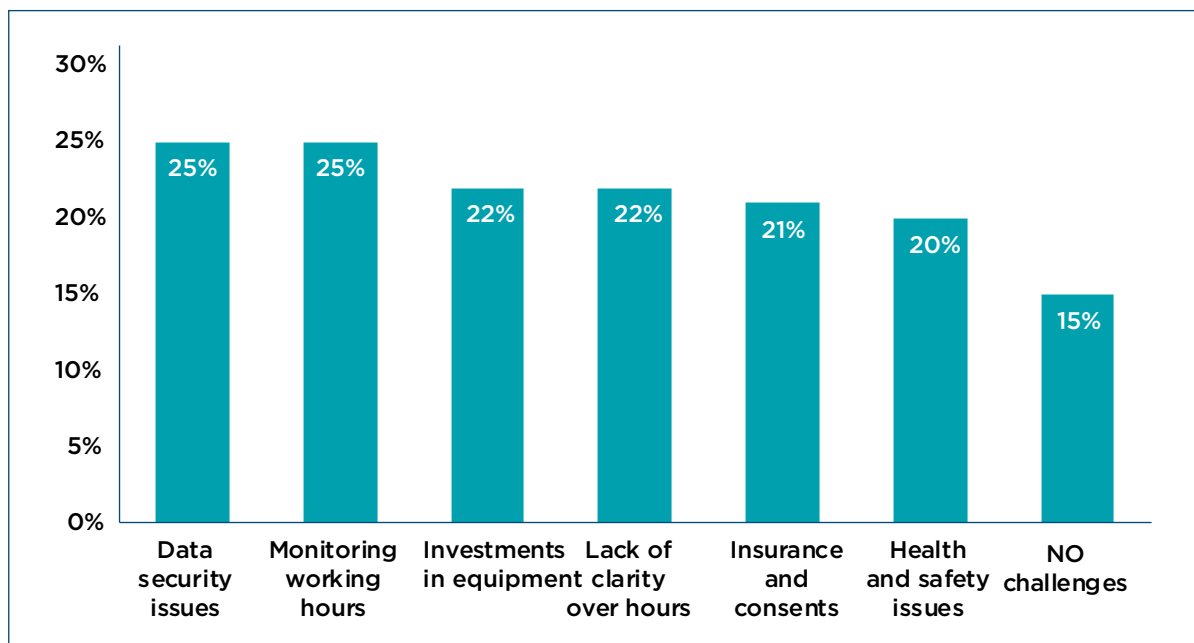
The use of AI was an area where the take-up by employers varied quite widely. For example, whilst only 14% of Spanish employers have taken no action in terms of using AI and data analytics, in the UK, 28% have taken no action.

### Flexible working's biggest side effect is weaker data security

Flexible or agile working does not seem to have created too many serious side effects. Less than a quarter of employers cited lack of clarity over hours and problems over insurance and consents as challenges.

The most frequently cited challenge was that of weaker data security - seen as an issue by 25% of employers, as well as the monitoring of working hours, also 25%.

**Data security issues the top challenge for employers from flexible working**

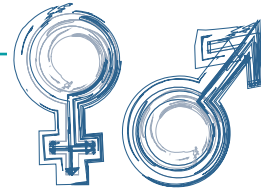


“

Gender pay equity has been bubbling under the surface for many years but the last 12 months have seen its unprecedented rise to the top of the agenda for HR departments and boards across Europe.”

“If that wasn't enough for employers, the #MeToo movement has become almost too hot to handle, accelerating change everywhere. That has meant even major issues like the growing use of AI and Brexit have simply not had enough air time. It's been quite a year!”

*Stephan Swinkels, shareholder, Executive Director of Littler's International Practice*



# CONSTITUENT MARKETS



## GERMANY:

Immigration policy changes the top HR concern for German employers in 2018

- Need for qualified workers but rules on employing immigrants are restrictive
- Majority of employers want to see gender pay gap reporting laws introduced

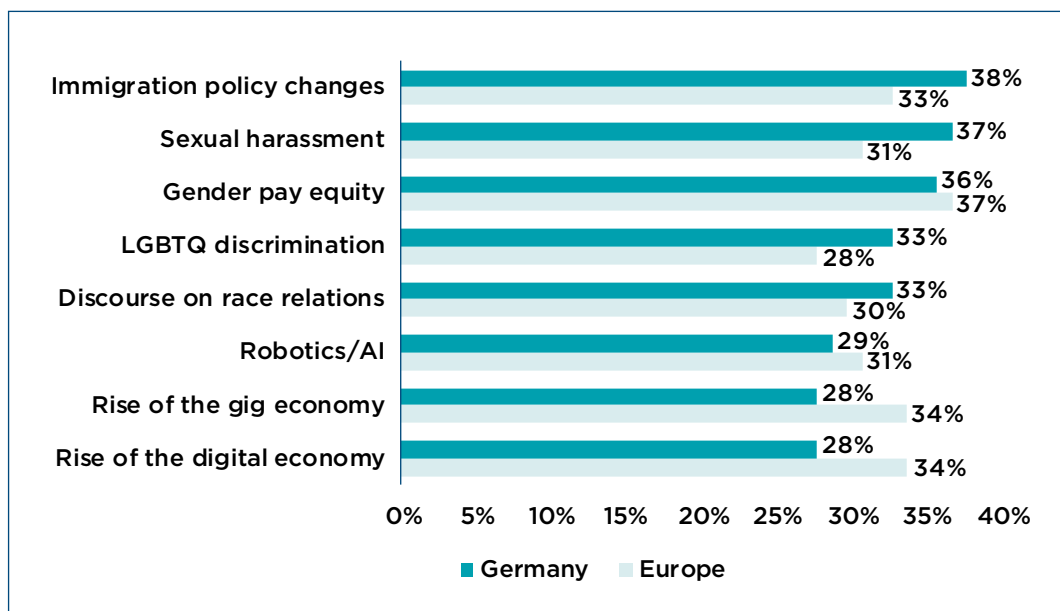
Immigration policy changes and enforcement is considered the most concerning HR issue in the workplace amongst German employers surveyed.

38% of German employers said immigration policy changes and enforcement created a 'high or very high' level of concern in their workplace. German employers ranked sexual harassment as the second most concerning issue at 37%, along with the UK (34%), Norway (34%) and Spain (33%).

The responses of German employers over the top two most concerning issues largely outstrips the European average for the eight countries included in the research (see graph).

In comparison, 28% of employers said the rise of the gig economy was causing high levels of concern, with 28% saying the same for the digital economy.

**Immigration policy changes and sexual harassment are top HR concerns for German employers, outstripping European averages**



The German economy has a strong need for qualified workers, especially given the rapidly ageing population in the country. The UN estimates that by 2019, there will be fewer Germans under the age of 30 years than there are aged over 60.

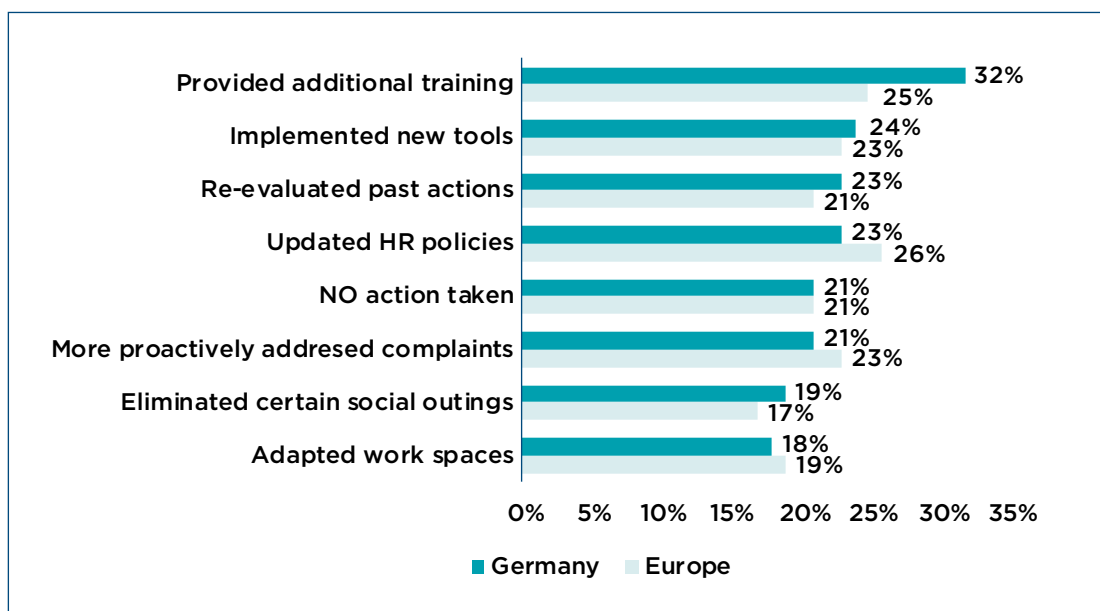
However, current rules over the hiring of immigrants has made it difficult for German employers; for example, immigrants are not allowed to work unless their application has been approved, which can take longer than a year.

Employers see sexual harassment in the workplace as the second most concerning HR issue in the workplace, more so than the European average. This comes as HR departments across the continent continue to respond to the #MeToo movement.

In response to #MeToo, German employers have been particularly active in terms of providing additional training to employees (32%) and implementing new tools or investigatory procedures to manage employee complaints (24%). In both of these areas, German employers exceeded the European average (see graph).

Meanwhile, employers were least likely to eliminate certain social outings (19%) and adapt employee work spaces, travel arrangements or otherwise change how employees interact (18%).

**In response to the #MeToo movement, German employers have been particularly active in providing additional training and re-evaluating past actions**



The fact that nearly a quarter of employers are re-evaluating past complaints may reflect the scale of public pressure for change that the #MeToo movement has stirred.

For example, earlier this year, a European investment bank dismissed two employees in London after new evidence was uncovered in an investigation into a sexual assault eight years ago. The victim was inspired by #MeToo to write to the CEO urging him to look again at the case – the bank is now reassessing its investigatory procedures.

### Employers want gender pay gap reporting laws introduced

40% of employers want to see the introduction of laws that require companies to report on the gender pay gap – this is the adjustment to laws that employers most want to see.

German employers have already started acting in order to close the gender pay gap. Of those surveyed, 29% have conducted an audit of current pay and salary data, 28% have modified their compensation policies and 28% have revised their hiring practices.

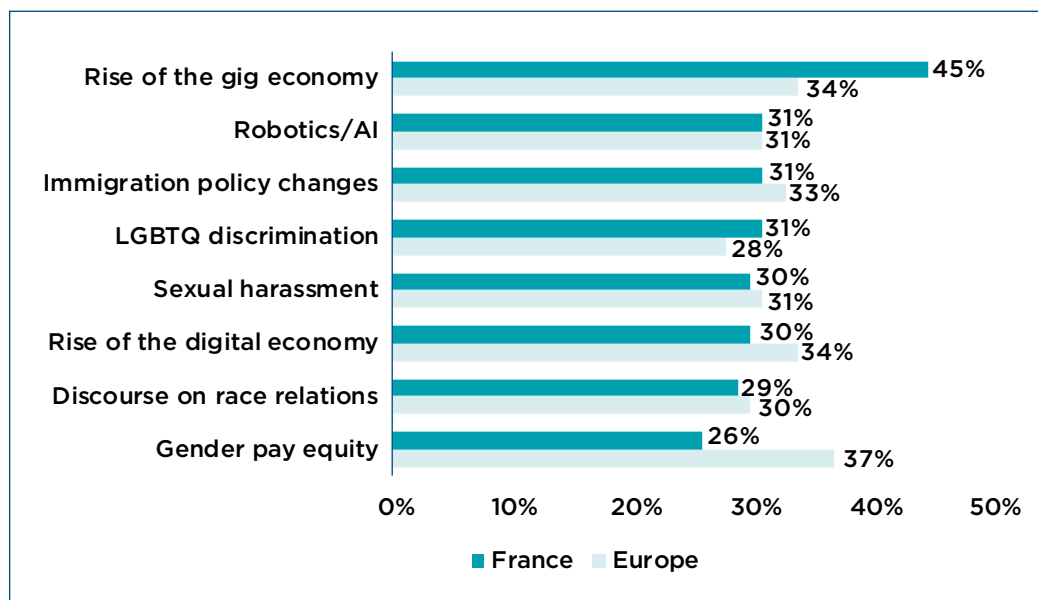
The least common steps taken by employers were increasing training and professional development to facilitate advancement of female employees (20%) and increased transparency around wages and pay policies (20%). Meanwhile, 23% have made no effort to close the gap.

The research also revealed that 39% want to see the scope of protection for employees narrowed—for example, by removing the indirect discrimination for certain protected classes—which is significantly higher percentage than the European average of 32%. Meanwhile 31% want a qualifying period for bringing claims, which is slightly lower than the average of 34%.

Employers have raised concerns in the past over how restrictive and protective German employment law is. There is a high level of protection against dismissal and it is reasonably common for employees to challenge their dismissal in court.

Additionally, 39% of employers want to see the minimum periods of maternity and parental leave reduced, in line with the European average of 41%. Germany has a high standard of maternity and parental leave protection and the response may reflect how some smaller employers may be struggling with extended periods of leave.

### Gender pay gap reporting and narrowing the scope of protection for employees are the adjustments to laws German employers most want to see



### Movement of EU HQs from London set to benefit Germany

37% of employers think the movement of businesses' headquarters from the UK to Europe will be the most important effect following Brexit. Germany has established financial services, energy and manufacturing industries and is set to be the main beneficiary from any movement.

Other important effects include tougher restrictions on the movement of workers (33%) and the reduction in protections for employees when the business they work for is sold (19%).

### Latest trends in employment law

Employers in Germany have increasingly been introducing employee retention tools; such as profit-sharing schemes, to retain skilled workers in a saturated labour market. New forms of work are also emerging, with many young people now preferring to work freelance rather than as an employee.

“

German employment law is already one of the most restrictive and protective in Europe. It is therefore not surprising to see that employers want to see change.”

The rise of the #MeToo movement has made sexual harassment issues much more public and employers have responded accordingly. It is interesting to note that many companies are now re-evaluating past harassment complaints.

In a highly competitive labour market such as Germany's, there is a growing need for tools to retain qualified workers. Employers are having to be more innovative in this regard.”

*Thomas Griebe, Partner, Germany*



*\*Harassment claims was not provided as an answer choice before the 2018 survey.*

## FRANCE:

### Rise of the gig economy causing high levels of concern for HR directors in France

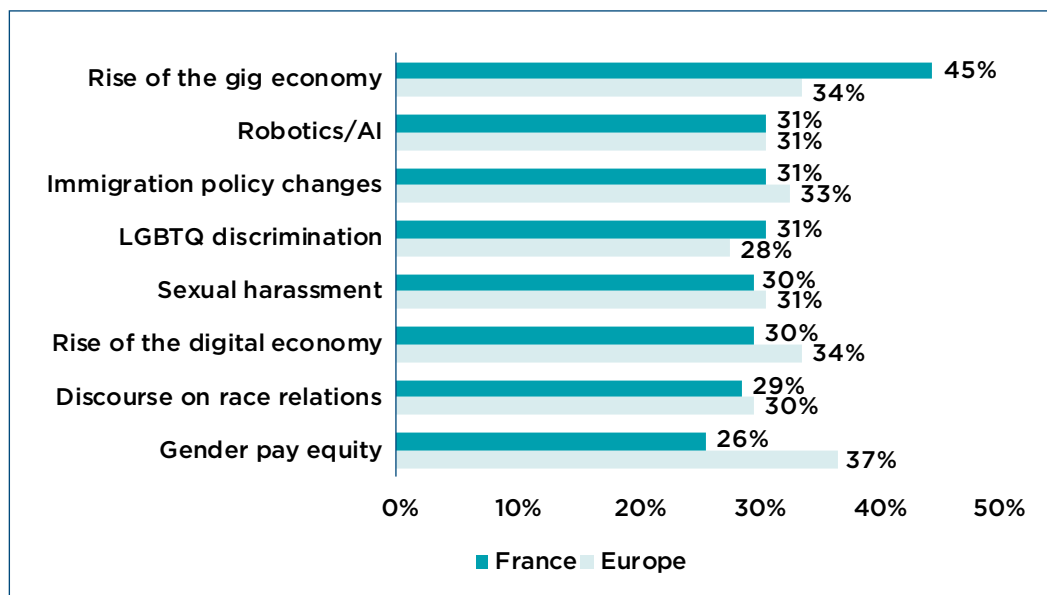
- Use of AI and immigration policy changes other top HR concerns
- Nearly half of French employers want gender pay gap reporting laws

The HR issue causing the most concern in the workplace amongst French employers surveyed is the rise of the gig economy.

45% of employers surveyed said the rise of the gig economy has caused a 'high or very high level of concern'. Tied for second are concerns over immigration policy changes (31%) and the use of robotics and AI (31%).

Compared with other European countries, French employers have expressed a higher than average concern over the rise of the gig economy (see graph).

#### Rise of the gig economy is the HR issue causing the most concern in the workplace for French employers, significantly higher than the European average



In comparison, 29% of French employers said discourse on race relations was causing a high level of concern, which is in line with the average across Europe at 30%. Meanwhile only 26% said the same for gender pay equity, below the average of 37%.

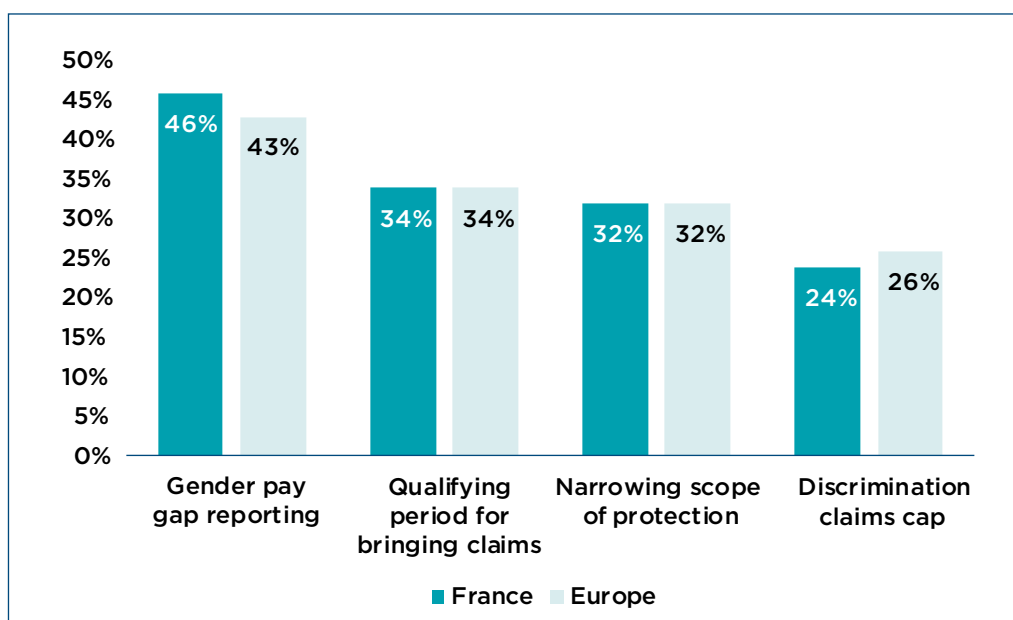


### Nearly half of employers want gender pay gap reporting laws

46% of French employers said the introduction of gender pay gap reporting laws across Europe was the adjustment to employment law they most wanted to see – higher than the relatively high European average of 43%.

It may surprise many that employers are so supportive of this progressive policy. The Macron Government adopted a new law in this area on August 1, 2018, with an implementation of the reporting obligations starting in 2019 for employers with more than 250 employees and in 2020 for employers with 50-250 employees. In addition, companies will have to disclose a gender equality strategy or risk financial penalty, and unilaterally enforce measures to ensure wage equality.

#### Introduction of gender pay gap reporting laws has been a key HR issue in France, with 46% of employers wanting this adjustment to laws



### The response of French employers to the #MeToo movement

A year since the start of the #MeToo movement, 24% of French employers are yet to take any action in response.

As for those employers that did take action, 26% have provided additional training to supervisors and employees, 25% have adapted employee workspaces and 23% have re-evaluated or taken new action on past employee complaints.

### The Brexit effect: Reduction in protections for employees?

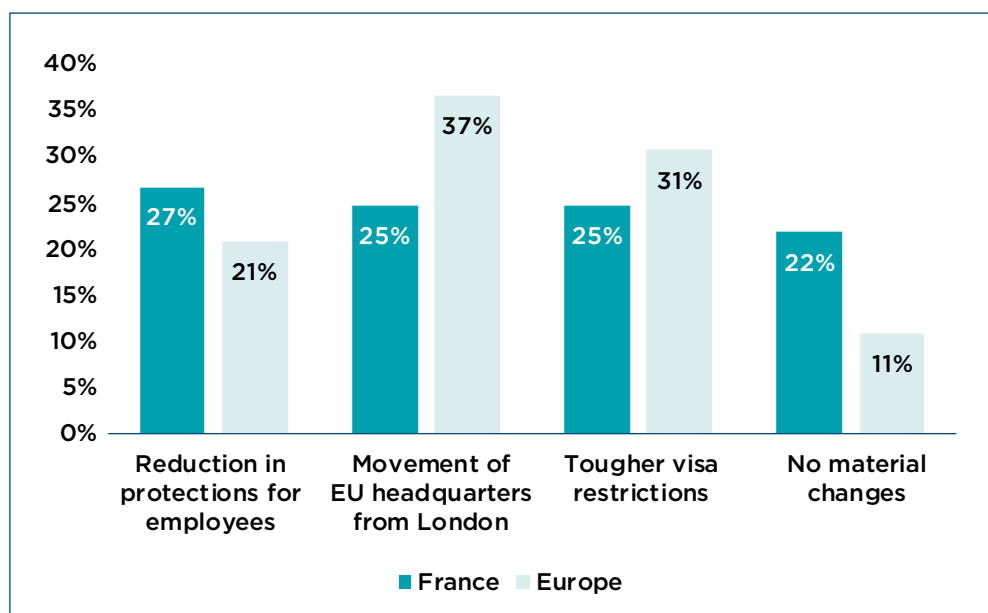
27% of employers said the reduction in protections for employees when the business they work for is sold is the most important effect for European businesses following the UK's departure from the EU. This is higher than the European average of 21%.

Some European employers are concerned that Brexit will give the UK opportunity to roll back many EU-derived employment laws, which could have an impact on employees.

Other important effects highlighted by French employers were the movement of EU headquarters from the UK to continental Europe (25%), and tougher visa restrictions on the movement of workers (25%).

However, 22% of French employers expect no material changes to occur as a result of Brexit, double the average of 11% for Europe as a whole.

**22% of French employers expect no material changes to occur as a result of Brexit, double the European average**



### Recent trends in French employment law

Labour laws in France are strict, particularly those surrounding the dismissal of employees. This probably explains why the number of claims filed before the labour courts has always been significant in France, bearing in mind these courts are free to access and there is no obligation to hire a legal representative.

Recent reforms to employment laws introduced by President Macron have aimed to cap the indemnifications in case of unfair dismissal, promote collective bargaining at company-level, and generally increase France's economic competitiveness. One of the main effects of these reforms has been the slight decrease in disputes before the labour courts, which is an important step towards greater stabilisation of employer-employee relationships.

“

French employers are being pulled in several different directions. Technology continues to change businesses in a fundamental way and that's transforming the way workers engage with companies. That rupture has become increasingly apparent in the last five years and it is concerning not just to employees but also employers who fear being left behind.”

Some major steps have been taken recently in order to change the rigid and complex French legal framework but a lot of work remains to be done, especially with the appearance of new ways of working. In such context, a new approach of working time would be an important move.”

*Guillaume Desmoulin, Partner, France*



## UNITED KINGDOM:

### Gender pay equity and sexual harassment causing greatest concern amongst UK employers

- Employers continue to grapple with after-effects of #MeToo movement
- A year on from the start of #MeToo and 29% of employers have not acted

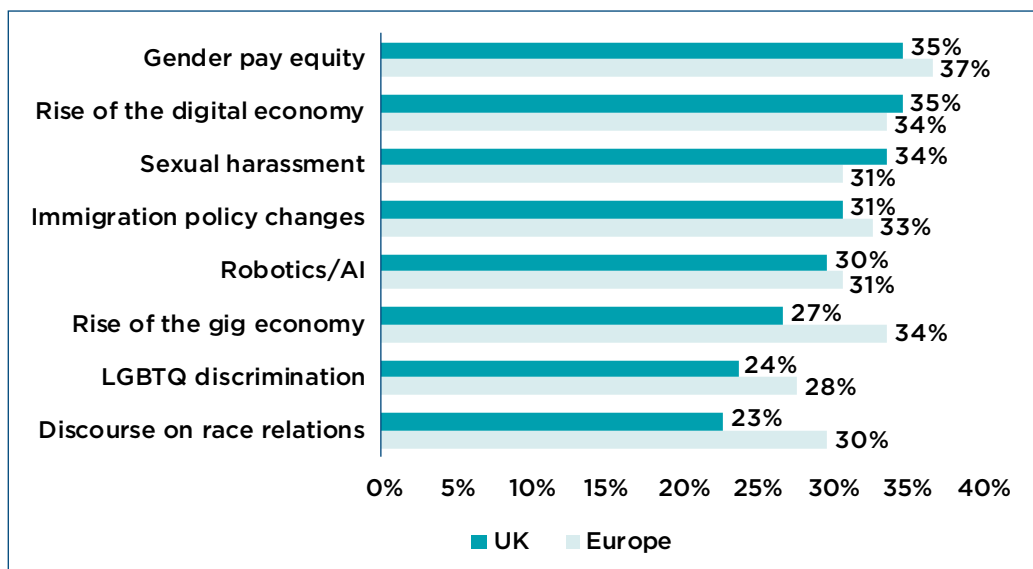
Gender pay equity and sexual harassment in the workplace are considered the most concerning HR issues amongst the UK employers surveyed.

35% of UK employers surveyed said gender pay equity and the rise of the digital economy created a 'high or very high' level of concern in their workplace. The second most concerning issue amongst employers surveyed was sexual harassment at 34%.

In comparison, only 23% of employers said they were concerned about discourse on race relations and 24% said they were concerned about LGBTQ discrimination.

The responses of UK employers over the HR issues of greatest concern in the workplace largely fits with the European average for the eight countries included in the research. Meanwhile, concern over sexual harassment in the UK is higher (see graph).

### Gender pay equity and the rise of the digital economy are the top HR concerns for UK employers



Gender pay equity has been at the top of the HR agenda for many employers following the introduction of gender pay gap reporting requirements for companies with more than 250 employees in 2017.

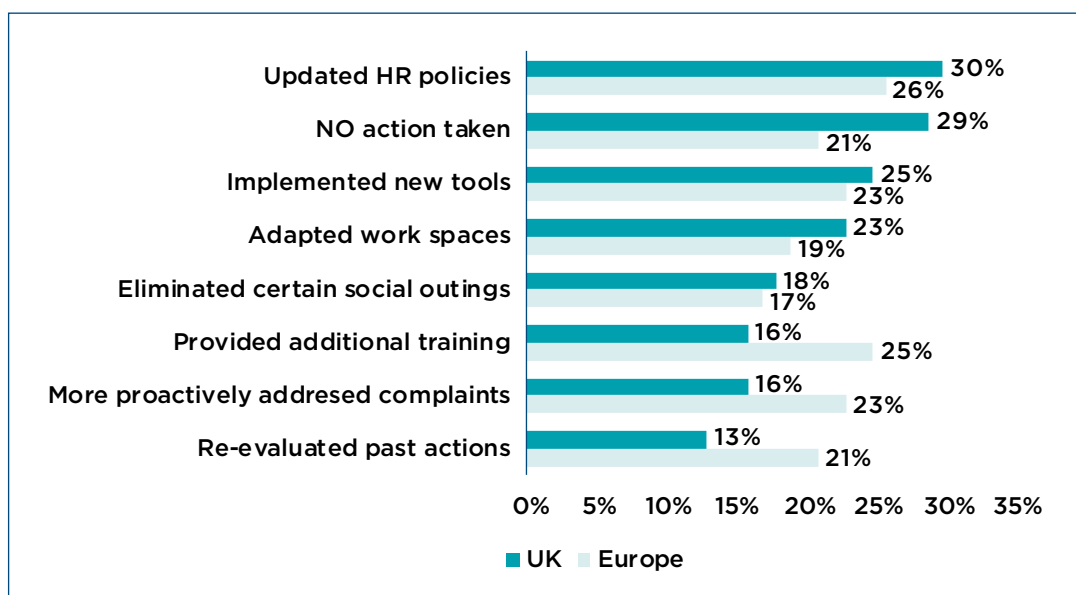
Reporting last year revealed that women were being paid a median hourly rate that was on average 9.7% less than men. The focus of the public, politicians and media on this issue has taken some businesses by surprise. As a result, gender pay equity remains a pressing issue as employers continue to look at cost-effective and practical ways of closing this gap.

UK employers also consider the rise of the digital economy as an HR issue causing the most concern. The digital economy continues to grow at a fierce pace and has caused disruption across a number of industries.

Digital businesses often employ staff on zero-hour contracts and tend to be web-based, which allows them to be more dynamic in responding to changing consumer demands.

Sexual harassment was considered the second biggest HR concern and comes as employers continue to grapple with the after-effects of the #MeToo movement. The research revealed that UK employers have taken a variety of actions in response to #MeToo.

**The number of employers that have taken no action in response to the #MeToo movement exceeds the European average**



The most common response amongst employers surveyed was updating HR policies (30%). This was also the most common response in Italy (36%) and Spain (32%), as well as at the European level (26%). Meanwhile, employers were least likely to more proactively address complaints (16%) or re-evaluate the past actions of employees (13%).

However, since the eruption of the Harvey Weinstein scandal one year ago, which kickstarted the current #MeToo movement, 29% of UK employers have still not taken any action. This lags behind the European average of 21%.

### **39% of employers have revised hiring practices to close gender pay gap**

39% of employers have revised their hiring practices as part of efforts to close the gender pay gap, outstripping the European average of 33%.

The most common response amongst employers surveyed was updating HR policies (30%). This was also the most common response in Italy (36%) and Spain (32%), as well as at the European level (26%). Meanwhile, employers were least likely to more proactively address complaints (16%) or re-evaluate the past actions of employees (13%).

However, since the eruption of the Harvey Weinstein scandal one year ago, which kickstarted the current #MeToo movement, 29% of UK employers have still not taken any action. This lags behind the European average of 21%.

### **Employers want a cap on discrimination claims**

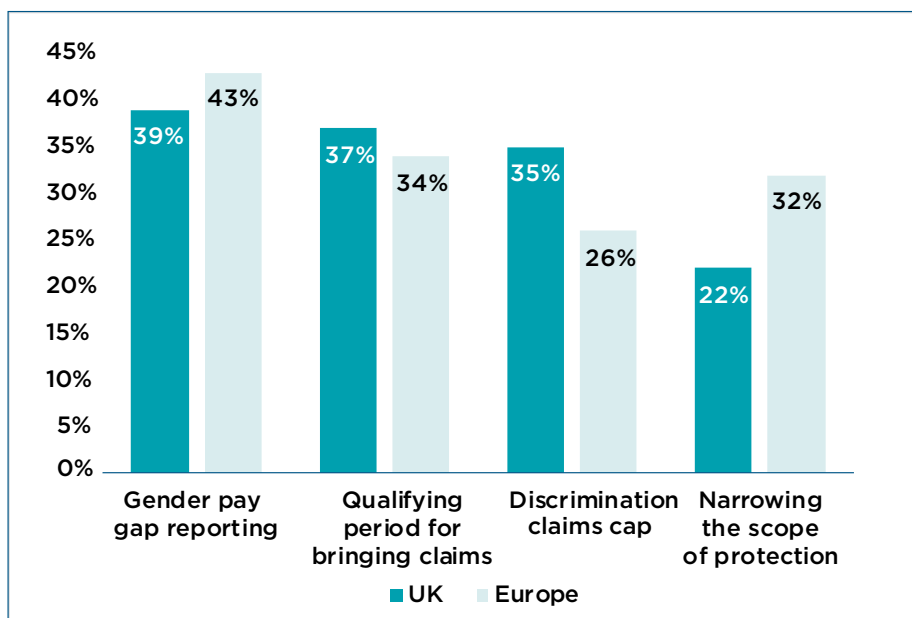
35% of employers want a cap on discrimination claims introduced, far above the European average of 26%. The UK previously had a cap on discrimination claims but in 1993, the ECJ deemed this as contrary to EU law and the cap was removed.

The strong response from employers may reflect the desire to reintroduce this cap on claims, which may be easier post-Brexit.

Additionally, 37% want a qualifying period for bringing claims so that employees with less than two years' service cannot bring claims, again higher than the average of 34%.

UK employers clearly want tougher laws on bringing claims, which may partly be a response to the surge in claims following the scrapping of Employment Tribunal fees last year. The total number of claims accepted reached 109,698 last year, up from 88,476 in 2016/17.

**Over a third of UK employers want a cap on discrimination claims and a qualifying period for bringing claims – surpassing the European average**



**The Brexit effect: movement of HQs from London**

Employers see the movement of the headquarters of European businesses from London to the continent as the most important effect following the UK’s departure from the EU. To some extent this movement has already begun, with the beneficiaries being European cities with established financial and professional services sectors, such as Frankfurt. However, it may be the case that businesses are more likely to move their supply chains out of the UK to avoid potential border disruptions rather than uproot their entire headquarters.

Other important effects include tougher visa restrictions on the movement of workers (36%) and reductions in protections for employees when the business they work for is sold (17%).

“

UK employers have often felt that employment red tape is just too much so it is interesting to note that a number are keen to see extra reporting requirements which would add to their administrative burden.”

Delivering an effective response to the #MeToo movement has required time and thought and many employers are still in the process of doing this.

Despite the media attention, a large number of employers have not taken any action in response to the #MeToo movement, which perhaps reflects a broader disconnection to it. Employers need to be realistic about the unknown unknowns – sexual harassment is, sadly, endemic, and some action on all parts would be welcome and helpful in combating it.

Outside of the core concerns identified in the research, employers are also watching the rise of class action lawsuits brought by employees, which are widely used in the US, starting to bleed across the Atlantic with equal pay as the first battleground.”

*Paul Quain, Partner, UK*





## ITALY:

### Gender pay equity is the HR issue causing the most concern amongst Italian employers

- Half of employers want gender pay gap reporting laws introduced
- Over a third of Italian employers have revised their hiring practices

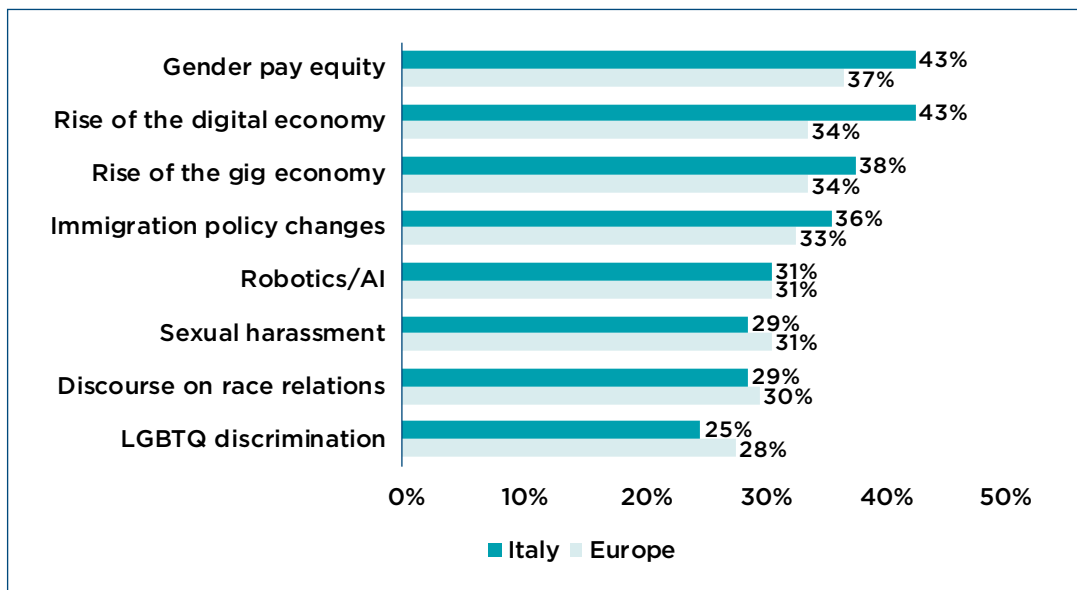
Gender pay equity is considered the most concerning HR issue in the workplace amongst Italian employers surveyed.

43% of Italian employers said gender pay equity created a 'high or very high' level of concern, higher than the European average of 37% across the eight countries included in the research. Gender pay equity was also considered the top concern in Spain (40%) and the UK (35%).

Since the release of the World Economic Forum's 'Global Gender Gap 2017' report, which ranked Italy 82nd globally for gender equality, there has been increased scrutiny of the gender pay gap. The index measured wages, economic participation and educational attainment amongst other factors.

Italian employers also see the rise of the digital economy as the other HR issue causing the most concern in the workplace at 43%.

### Gender pay equity is the HR issue causing the most concern in the workplace amongst Italian employers, alongside the rise of the digital economy



Meanwhile, 29% of employers said sexual harassment in the workplace was causing a high level of concern, with 25% saying the same for LGBTQ discrimination.

### Half of employers want gender pay gap reporting laws introduced

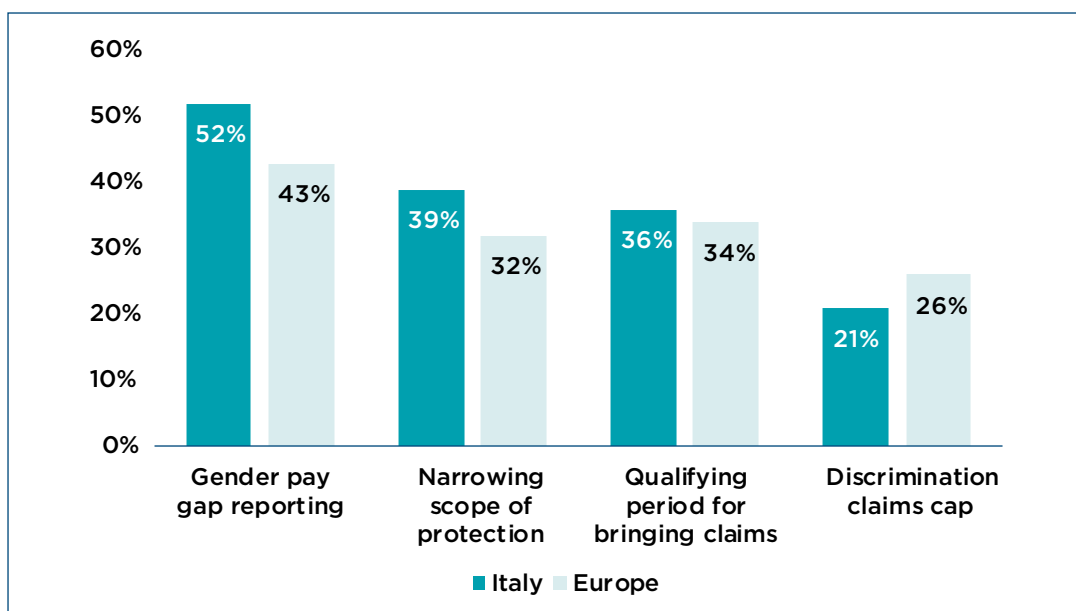
52% of Italian employers surveyed want to see the introduction of laws that require companies to report on the gender pay gap, significantly higher than the European average of 43%.

Another adjustment to employment laws that Italian employers want to see is the narrowing of the scope of protection for employees in terms of removing indirect discrimination for certain protected classes. 39% of employers want to see this change, higher than the average of 32%.

Discrimination claims are often used by employees in Italy to challenge dismissals. If discrimination is deemed to have occurred, then the dismissal is declared unlawful and the employee must be reinstated and paid any salary that would have accrued if the dismissal had not happened. This rule applies to any dismissal and is therefore considered a burden by many employers.

Other adjustments employers want to see is the introduction of a qualifying period for bringing claims (36%) and a cap on discrimination claims (21%).

**Half of employers want gender pay gap reporting laws introduced, significantly higher than the European average**



### How are Italian employers addressing the gender pay gap?

34% of Italian employers have revised their hiring practices as part of efforts to close the gender pay gap. This was the most common action amongst employers and is in line with the European average of 33%.

Additionally, 27% of Italian employers have increased transparency around wages and pay policies—higher than the average of 21%, and 26% have increased training and professional development for female employees—again above the average of 21%.

### Italian employers deploying AI technology to improve management decisions

Italian employers are deploying Artificial Intelligence (AI) technology across a variety of functions in order to improve workforce management decisions.

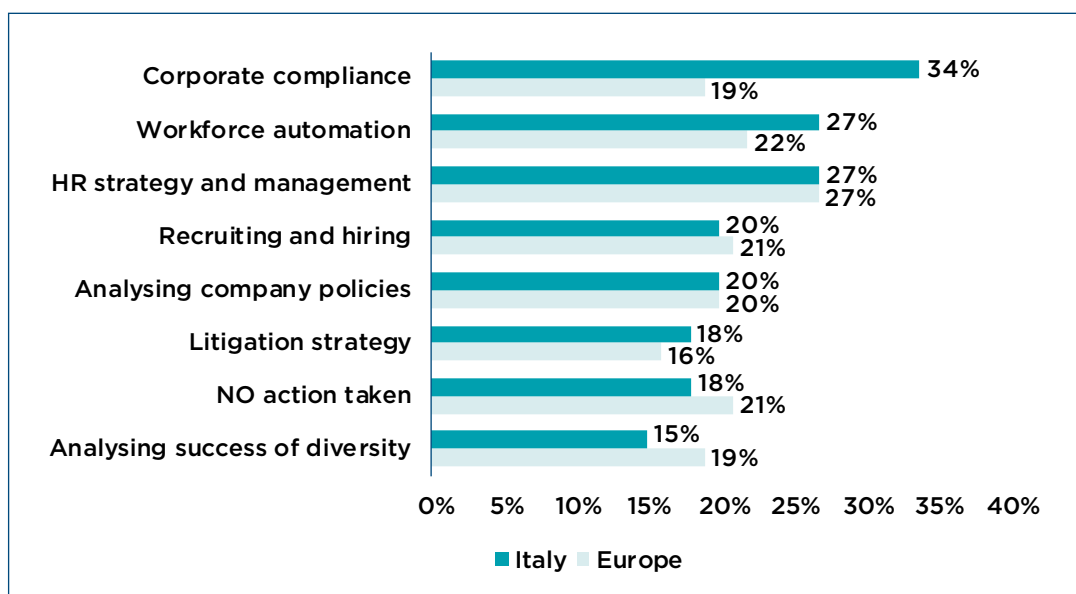
34% of Italian employers surveyed are deploying AI technology and data analytics for use in corporate compliance, significantly higher than the European average of just 19%. Additionally, 27% are using AI and data analytics for HR strategy and employee management; for example, to analyse employee performance, again higher than the average of 22%.

The use of AI in the workforce is set to increase in Italy following the creation of an 'AI Task Force' by the Agency for Digital Italy, a government body. The taskforce is assessing the development of AI across the economy, including which sectors are best suited to its use.

Other areas in which Italian employers are using AI include workforce automation (27%), analysing company policy and practices (20%) and litigation strategy (18%).

The use of AI and data analytics is also widespread in Norway, where 31% of employers are using it for workforce automation and 28% for HR strategy and employee management. Elsewhere, 37% of Spanish employers are also using AI for HR strategy and 29% in the UK.

#### Italian employers are deploying AI technology across a variety of functions, including corporate compliance and workforce automation



### Movement of headquarters and visa restrictions top Brexit impacts

40% of Italian employers surveyed said the movement of businesses' headquarters from the UK to the continent was the most important effect from Brexit, higher than the European average of 37%. This was cited as the most important effect in five other countries:

- The Netherlands (46%)
- Spain (44%)
- Belgium (39%)
- Germany (36%)
- UK (36%)

The high number of employers in Europe that think the movement of businesses' headquarters is the most important effect may reflect how many see Brexit as an opportunity. More multi-national businesses may be forced to relocate to the continent if a so-called 'hard Brexit' occurs.

Other important effects for Italian employers include tougher visa restrictions on the movement of workers (36%) and a reduction in protections for employees when the business they work for is sold (17%). Just 7% think there will be no material effect from Brexit, lower than the average of 11%.

“

Gender pay equity is a highly topical issue in Italy and has been for years. HR directors have been focusing on the best ways to address this issue as well as its close links with maternity leave, and it is therefore understandably at the top of the agenda for many employers.

The focus on gender pay equity is further reflected in the fact that over half of employers want to see pay gap reporting laws introduced. This demand for what is an extra administrative burden shows how important the issue has become.”

*Carlo Majer, Partner, Italy*



## SPAIN\*:

### Gender pay equity and the rise of the gig economy top HR concerns amongst Spanish employers

- Over half of Spanish employers want gender pay gap reporting laws
- The gig economy high on the HR agenda following recent court ruling

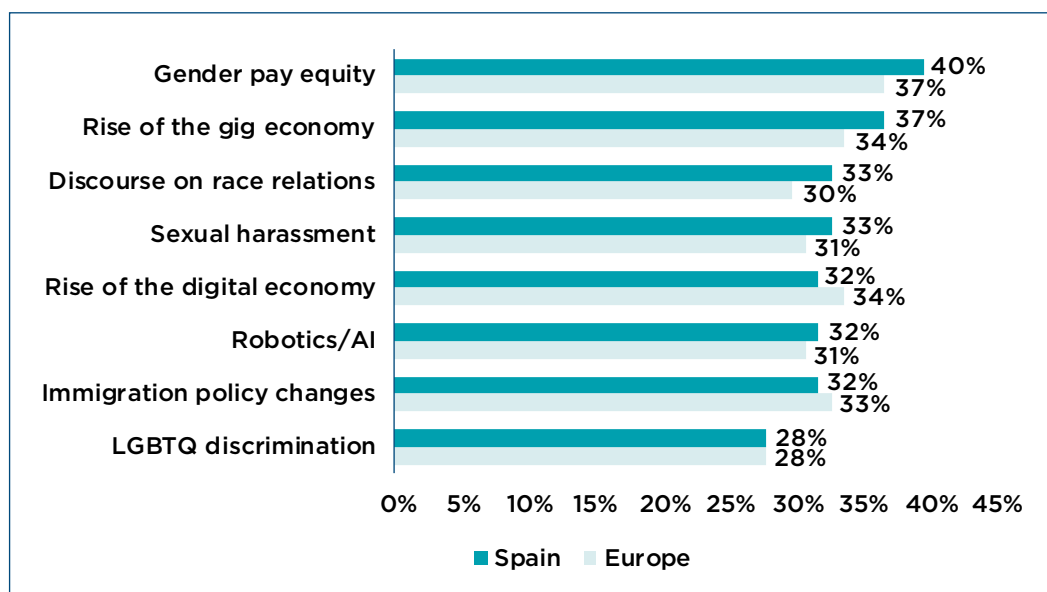
Gender pay equity and the rise of the gig economy are considered the most concerning HR issues amongst the Spanish employers surveyed.

40% of Spanish employers surveyed said gender pay equity created a 'high or very high' level of concern in their workplace, with the rise of the gig economy at 37%.

The newly elected government in Spain has made gender pay equity a key focus, especially following a report from the Natural Institute of Statistics that found that women earn on average 23% less than men.

The gig economy has also become a growing HR concern recently following a high-profile court case in which a Spanish court ruled that a driver for an online food delivery company should have been treated as an employee and not self-employed. This was the first ruling of its kind and raised questions over how companies classify their workers in Spain.

### Gender pay equity and rise of the gig economy are the most concerning HR issues for Spanish employers, exceeding the European average for both



In comparison, 32% of Spanish employers said immigration policy changes was causing a high level of concern, which is in line with the European average at 33%. Meanwhile, only 28% said the same for LGBTQ discrimination, the same as the average.

### Over half of Spanish employers want gender pay gap reporting laws

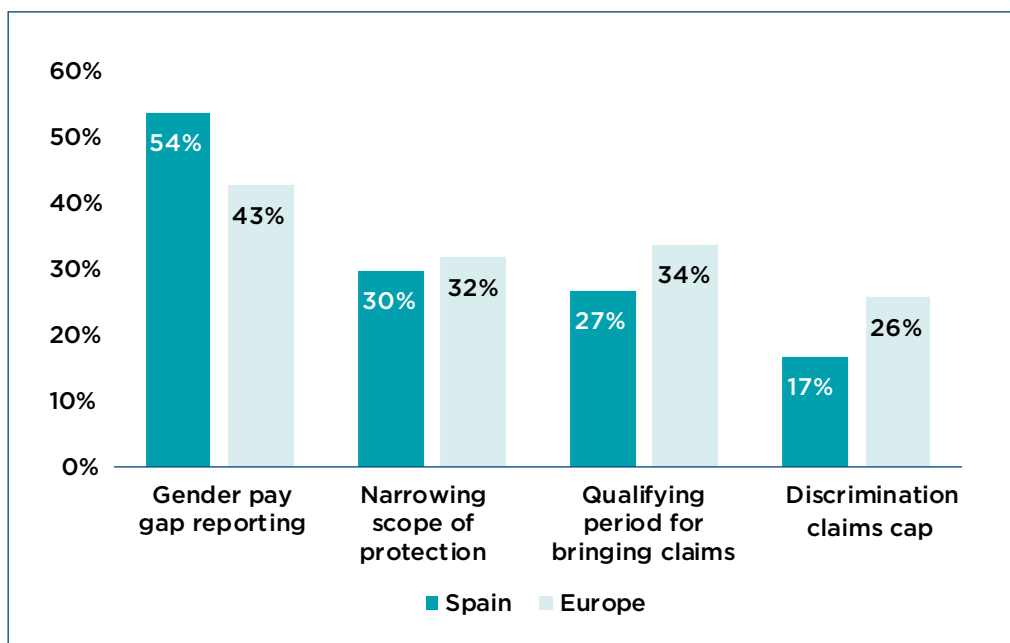
54% of Spanish employers surveyed want to see the introduction of laws that require companies to report on gender pay gaps. This is higher than any other country included in the research; the next highest was Italy (52%) then France (46%). Meanwhile, only 34% of employers in the Netherlands want to see these laws introduced.

Whilst the response towards the introduction of gender pay gap laws varied, the European average was relatively high at 43%—this is the HR issue employers most want addressed.

Meanwhile, 30% of Spanish employers want to see the scope of protection for employees narrowed, which means removing indirect discrimination for certain protected classes. This may reflect Spanish employers wanting more certainty in anti-discrimination laws.

Spanish laws prohibit discrimination for a huge variety of reasons, but a more detailed explanation on when discrimination actually occurs is left to the discretion of the courts. The narrowing of protection would therefore likely reduce uncertainty on the interpretation of discrimination and help employers predict the likely outcome of a case.

### Gender pay gap reporting is the adjustment to employment law that Spanish employers most want to see, outstripping the European average



It is interesting to note that only 17% of Spanish employers want to see the introduction of a cap on discrimination claims introduced, below the European finding of 26%.

### What steps are Spanish employers taking to close the gender pay gap?

Spanish employers have been responsive in terms of taking steps to close the gender pay gap, exceeding or equalling the European average in all categories—the only country to do so.

Additionally, only 14% of Spanish employers have taken no action at all, the lowest number of all eight countries included in the research. In comparison, 29% of UK employers and 24% of French employers have taken no action.

#### Spanish employers have been very responsive in terms of taking steps to close the gender pay gap, exceeding the average in most categories



The most popular HR response amongst Spanish employers surveyed is revising hiring practices. This involves clarification of the base salary and bonuses for job roles, as well as identification of the roles predominantly reserved for men. Some Spanish employers are also eliminating background checks of current salaries for women during the interview process.

The recent introduction of Equality Committees within big corporations is designed to encourage the hiring of women at senior levels, which may also help address the gender pay gap.

### Nearly a fifth of Spanish employers ill-prepared for an ageing workforce

17% of Spanish employers surveyed do not think their company is well prepared for the ageing workforce, significantly higher than the European average of 8%. This response may reflect a combination of factors:

- Spanish law does not require companies to offer supplementary pension plans
- Collective redundancy exercises are largely impacting older employees, which means a growing number of older people are out of work

### The Brexit effect: The view of Spanish employers

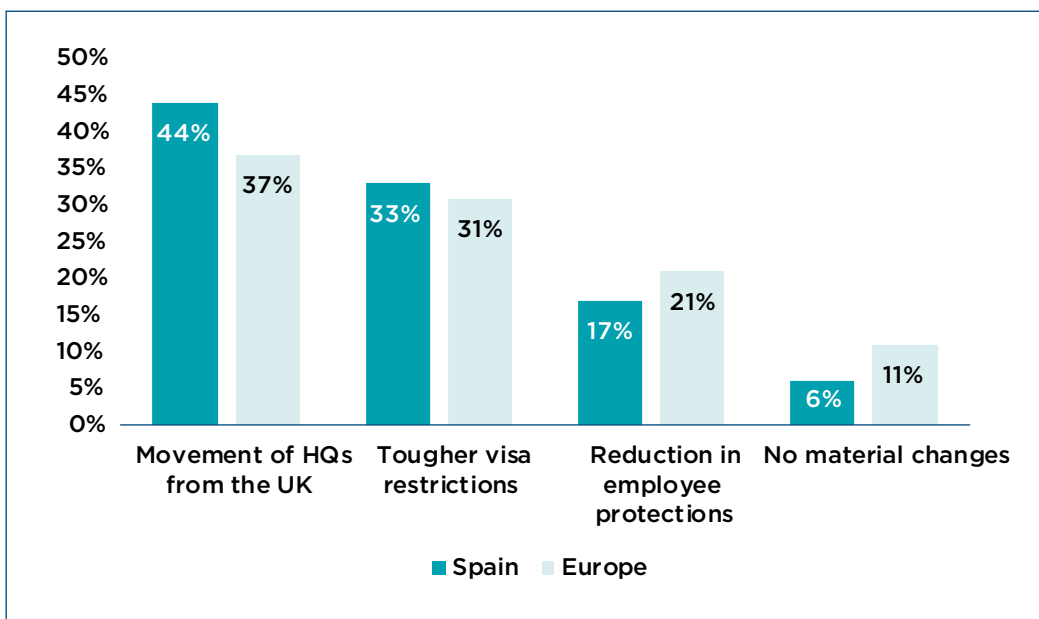
44% of Spanish employers surveyed think the most important effect for European businesses following Brexit is the movement of company headquarters from the UK to the continent—higher than the European average of 37%.

Meanwhile, 33% of employers think tougher visa restrictions on the movement of workers is the most important effect, again higher than the average of 31%.

Potential visa restrictions is the top HR concern for employers, as it could impact both Spanish companies employing UK nationals in Spain, as well as Spanish companies currently operating in the UK. Additionally, the possibility of a so-called ‘hard Brexit’ is creating an uncomfortable degree of uncertainty for employers in this regard.

17% of employers said the reduction in protections for employees when the business they work for is sold is the most important effect. Only 6% think there will be no material changes as a result of Brexit, lower than the European average of 11%.

#### 44% of Spanish employers think the most important effect following Brexit is the movement of company headquarters from the UK to the continent





### Latest trends in employment law

A key HR concern for multi-national companies operating in Spain at the moment is the recent reduction in public retirement benefits and the impact this could have on company-supplemented pension schemes.

Whilst public benefits have been reduced, supplementary and private pension schemes are still not treated favourably in terms of taxation and there are very few initiatives to help companies establish new or larger supplementary schemes. This may tie into the concerns of some companies over how well prepared they are for an ageing workforce.

“

Gender pay equity is firmly on the radar for Spanish employers, who have clearly been very proactive in looking to level the playing field – just 14% have taken no action. Other issues on the horizon for employers include the potential fallout from Brexit which risks making it harder for a multinational to switch employees between Spain and the UK and vice versa.”

*Juan Bonilla Blasco, Partner, Spain*

*\*Please note that Cuatrecasas is a collaborative firm of Littler and not a member of its Swiss Verein.*



## THE NETHERLANDS:

### Rise of the gig economy the most concerning HR issue for employers in the Netherlands

- Lack of classification for people working in the gig economy causing concern
- Flexible and agile working is creating challenges for employers

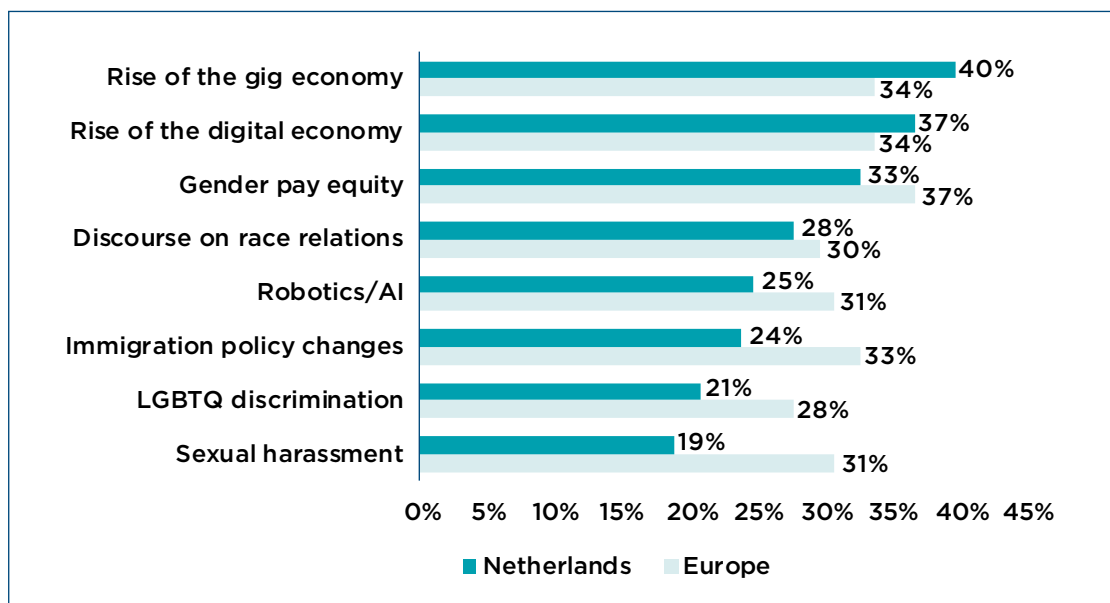
The HR issue causing the most concern in the workplace amongst the employers surveyed in the Netherlands is the rise of the gig economy.

40% of employers surveyed said the rise of the gig economy is causing a 'high or very high level of concern', higher than the European average of 34%, with the rise of the digital economy at 37%, again higher than the average of 34%.

The gig and digital economies are closely linked. The gig economy refers to a labour market characterised by the prevalence of short-term contracts or freelance work, which is how digital 'on-demand' platforms typically engage workers.

Employers across Europe have reacted differently to the rise of the gig economy; 45% of French employers and 37% of Spanish employers said it was causing high levels of concern but only 28% of German employers expressed similar alarm.

### Rise of the gig economy and digital economy are the top HR concerns for employers in the Netherlands, higher than the European average



At present, there is no official legal classification for someone who is working in the gig economy in the Netherlands. As a result, many digital companies are classifying workers as self-employed even when they are working full-time, thereby reducing their tax bill. In turn this is putting a greater strain on the country's social security system.

Meanwhile, only 19% of employers surveyed said sexual harassment was a top HR concern in the workplace, far below the European average of 30%.

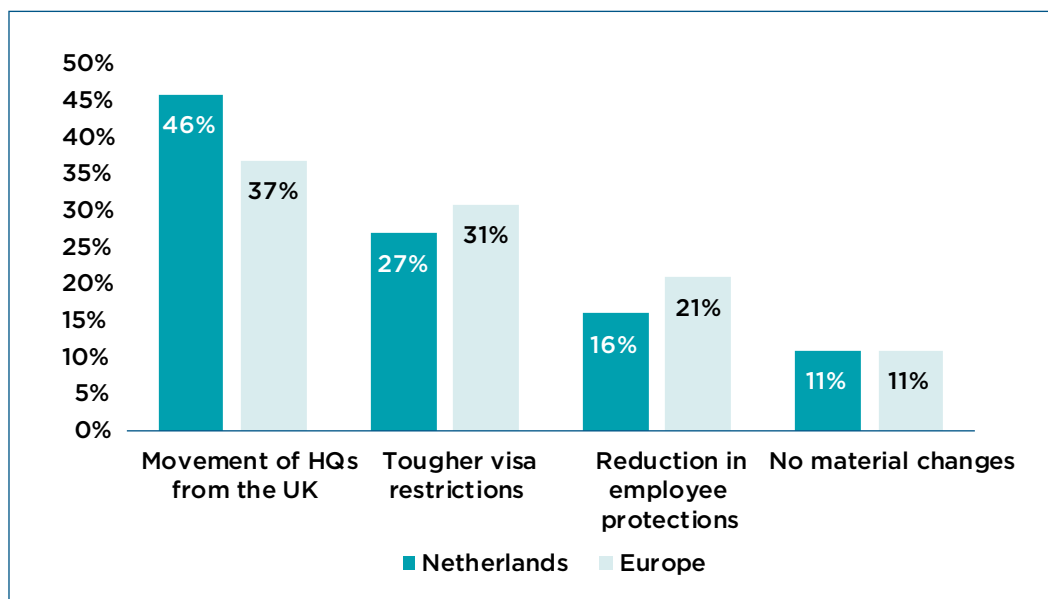
### Employers want to see protections for employees reduced

35% of employers surveyed in the Netherlands want to see the scope of protection for employees narrowed; this involves removing indirect discrimination for certain protected classes. This was higher than the European average of 32%.

Another key adjustment to laws that employers want to see is the introduction of a qualifying period for bringing claims. 35% of employers in the Netherlands wanted this change, again higher than the average of 32%.

Meanwhile, only 34% of employers want laws that require companies to report on gender pay gaps, significantly lower than the average of 43%. Addressing the gender pay gap is seen as a key HR issue at the European level, but this does not seem to be reflected in the Netherlands.

### Number of employers wanting employee protections narrowed exceeded the European average, but gender pay gap reporting was seen as less of an issue



### HR challenges from flexible or agile working

24% of employers said investments in home office equipment for flexible or agile working was creating challenges, whilst 23% said the same concerning clarity over hours of work. This was broadly in line with the European average of 22% for both.

A large number of employees in the Netherlands utilise flexible or agile working options available to them. As of 2015, employees with at least one year of experience can ask their employer for changes to the times they are required to work and their place of work – the employer has to agree unless there are substantial reasons for not doing so.

Meanwhile, only 17% of employers think data security issues as a result of flexible or agile working are causing challenges.

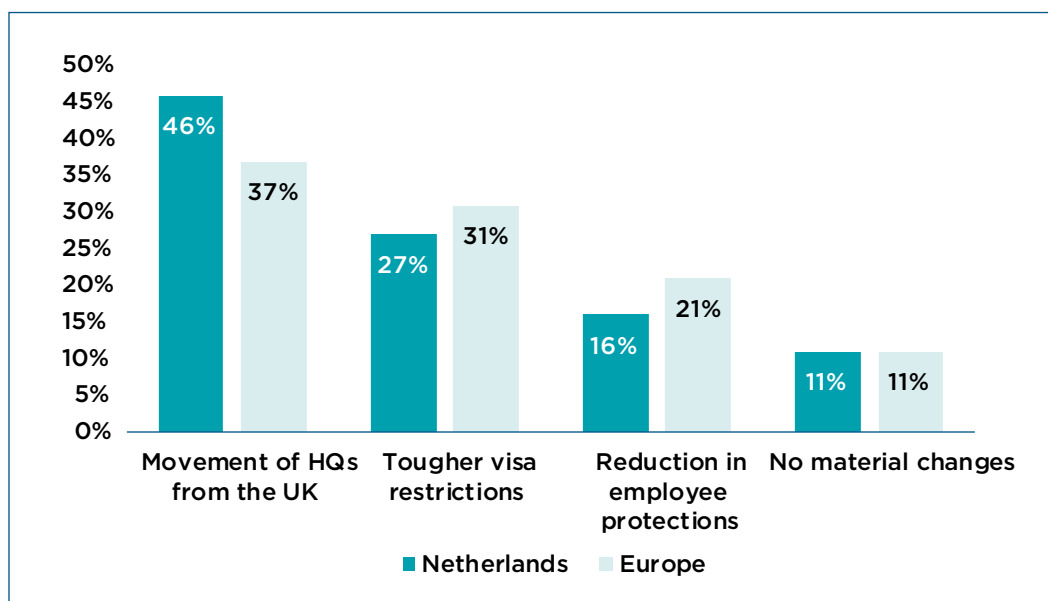
### Movement of European HQs the most important Brexit effect

46% of employers in the Netherlands think the movement of the headquarters of European businesses from the UK to the continent is the most important effect of Brexit. This was higher than the European average of 37%.

The response of employers may reflect how Amsterdam is well positioned to be a beneficiary of any movement.

27% of employers said tougher visa restrictions for workers was the most important effect and 16% said the same for reduction in protections for employees when the business they work for is sold.

#### Majority of employers in the Netherlands see the movement of the headquarters of European business from the UK as the most important effect of Brexit



### Latest trends in employment law

A key HR issue currently facing employers in the Netherlands is the more active role of labour unions in terms of strikes—this year the number of strikes is set to break a record. Obviously, strikes can cause significant disruption to the operation of businesses and their supply chains.

“

The uninterrupted rise of the gig economy and its implications is certainly keeping some employers in the Netherlands awake at night.

With large numbers of strikes still occurring, this new format for employer employee relations stand in stark contrast to the old model – offering employers some obvious advantages. Whilst employers and regulators grapple with these changes, new challenges and new opportunities in the form of Brexit continue to demand attention.”

*Wouter Engelsman, Partner, Netherlands*



## BELGIUM:

### Gender pay equity the top HR concern amongst employers in Belgium

- Growing use of robotics and Artificial Intelligence also causing concern
- Over half of employers want maternity and parental leave periods reduced

Gender pay equity is considered the most concerning HR issue amongst Belgian employers surveyed with 44% saying it caused a 'high or very high' level of concern in their workplace.

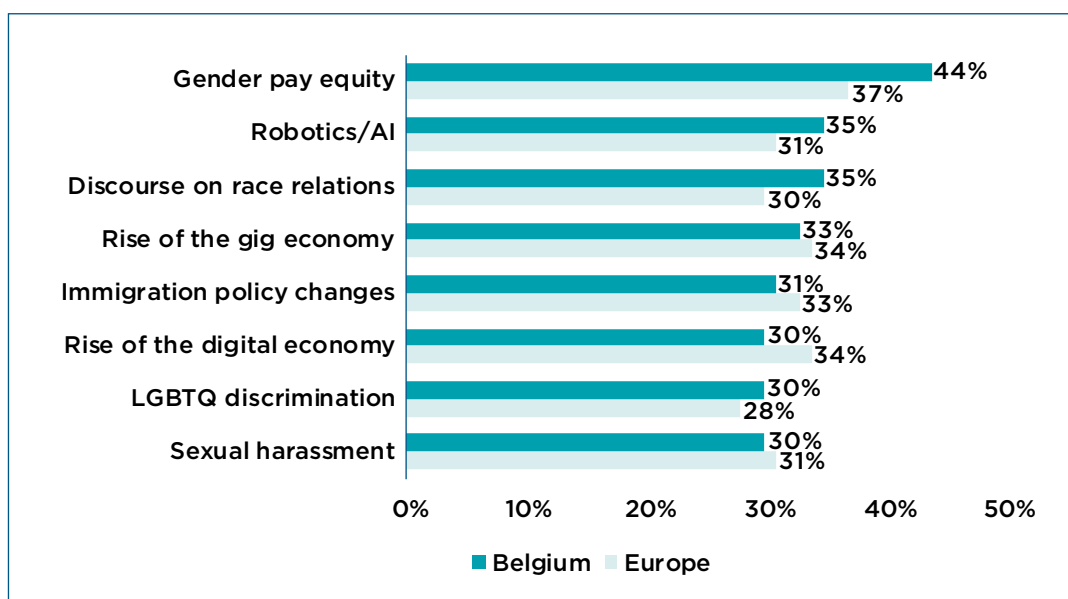
The growing use of robotics and Artificial Intelligence (AI) technology and discourse on race relations are also considered top concerns amongst employers at 35%.

Gender pay equity has been high on the HR agenda in Belgium for years. Organisation for Economic Cooperation and Development (OECD) data shows the country has one of the lowest gender pay gaps in Europe at just 3.3% for median monthly wages, significantly below the EU average of 19.2%.

Workers earning minimum wages in Belgium are covered by collective bargaining agreements, meaning they do not have to negotiate their salaries individually but rather there is an agreed framework that specifies what workers should be paid. This approach to pay makes it difficult to pay women less.

Additionally, Belgium already has gender pay gap reporting laws, which came into force in 2015, that require companies with 50 or more employees to report every two years.

### Gender pay equity has been high on the HR agenda in Belgium for years – the country has one of the lowest gender pay gaps in Europe



Meanwhile, only 30% of Belgian employers surveyed said sexual harassment and LGBTQ discrimination was causing a high level of concern in the workplace.

**A third of employers have modified compensation polices**

In response to the #MeToo movement, 33% of employers have modified their compensation policies, significantly higher than the European average of 25%.

Other steps taken by employers include revising hiring practices (31%) and conducting audits of current pay (29%).

Only 16% of employers have not taken any steps to reduce the gender pay gap—the lowest number in Europe behind Spain at 14%. In comparison, 27% of UK employers have taken no action.

**A third of employers have modified compensation policies to close the gender pay gap - higher than the European average**



### Over half of employers want maternity and parental leave periods reduced

51% of Belgian employers surveyed think the minimum periods of maternity and parental leave should be reduced, higher than other countries included in the research as well as the European average of 41%.

Many employers in Belgium, particularly small businesses, see maternity leave and other forms of leave associated with maternity as disruptive. This is especially true given how generous periods of leave are.

Mothers have the choice to take parental leave of four months on a full-time basis, eight months part-time, 20 months 4/5 time or even 40 months 9/10 time. They can also take a similar period of up to 51 months as time-credit, which counts as career interruption or reduction.

In comparison, just 31% of Spanish employers and 39% of German, Italian and Dutch employers want to see minimum periods of maternity and parental leave reduced.

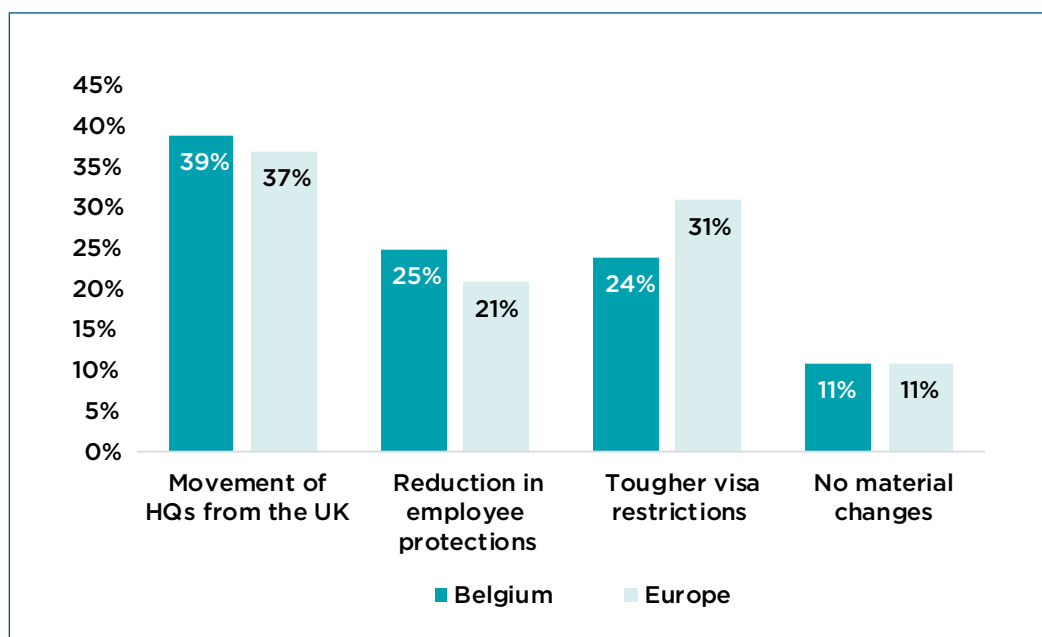
### The Brexit effect: movement of HQs most important

39% of Belgian employers think the movement of European businesses' headquarters from the UK to the continent will be the most important effect from Brexit.

Other important effects cited by employers include the reduction in protections for employees when the business they work for is sold (25%) and tougher visa restrictions for workers (24%).

Belgium is potentially vulnerable to the effects of Brexit and many employers will be keenly awaiting the outcome of negotiations. Almost 9% of total exports from Belgium are destined for the UK and nearly 5% of Belgium's imports come from the UK.

### The movement of businesses' HQs from the UK to the continent is considered the most important effect from Brexit – higher than European average





### Latest trends in employment law

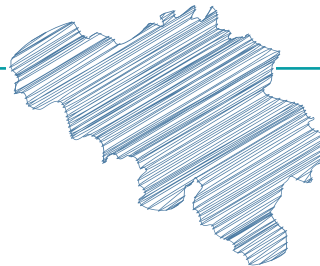
Employers in Belgium are increasingly introducing a new kind of compensation plan whereby employees can pick the different benefits they want within a defined budget. This increased flexibility is designed to retain key employees in a competitive labour market.

“

The continuing advance of robotics and AI technology has presented major challenges as well as opportunities for employers and many will be concerned about the disruption this technology is causing.

It is telling that over half of employers want maternity leave reduced as current periods are widely seen as too long. The strong response of employers to this question perhaps also underlines the need for protection against dismissals for new mothers returning to work.”

*Erwin Crabeels, Partner, Belgium*



## NORWAY\*:

### Immigration policy changes and enforcement causing most concern for Norwegian employers in 2018

- Tougher visa restrictions the most important effect of Brexit
- A third of companies using Artificial Intelligence for workforce automation

Immigration policy changes and enforcement is considered the most concerning HR issue in the workplace amongst Norwegian employers surveyed.

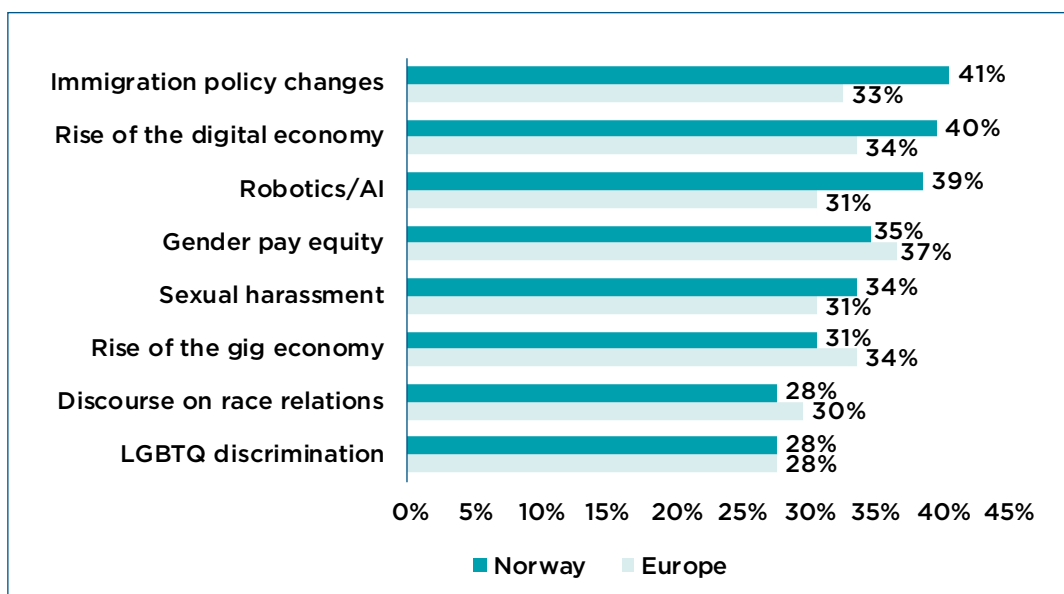
41% of Norwegian employers said immigration policy changes and enforcement created a 'high or very high' level of concern in their workplace, higher than the European average of 33% across the eight countries included in the research.

Immigration policy was also considered a top HR concern amongst German employers at 38%.

Norway has a close economic relationship with the UK and concerns over immigration policy may reflect employers' uncertainty over the outcome of Brexit negotiations. More than 300 Norwegian companies have a presence in the UK, including 100 in Scotland.

In 2016, Norway exported USD\$18.5 billion worth of goods to the UK, more than any other country, and imported USD\$3.7 billion from the UK.

**Immigration policy changes and enforcement is the top HR concern amongst Norwegian employers, followed by rise of the digital economy**



The second most concerning HR issue amongst Norwegian employers is the rise of the digital economy at 40%, higher than the European average of 34%.

Norway was ranked the second most advanced digital economy in Europe, behind neighbouring Denmark, according to the EU's 2017 Digital Economy & Society Index.

Digitalisation of the economy remains a top priority for the Norwegian government. The country has a well-developed IT infrastructure, which has allowed businesses to quickly digitise. This rapid development may have raised concerns—e.g., over data security and increased competition—amongst some employers.

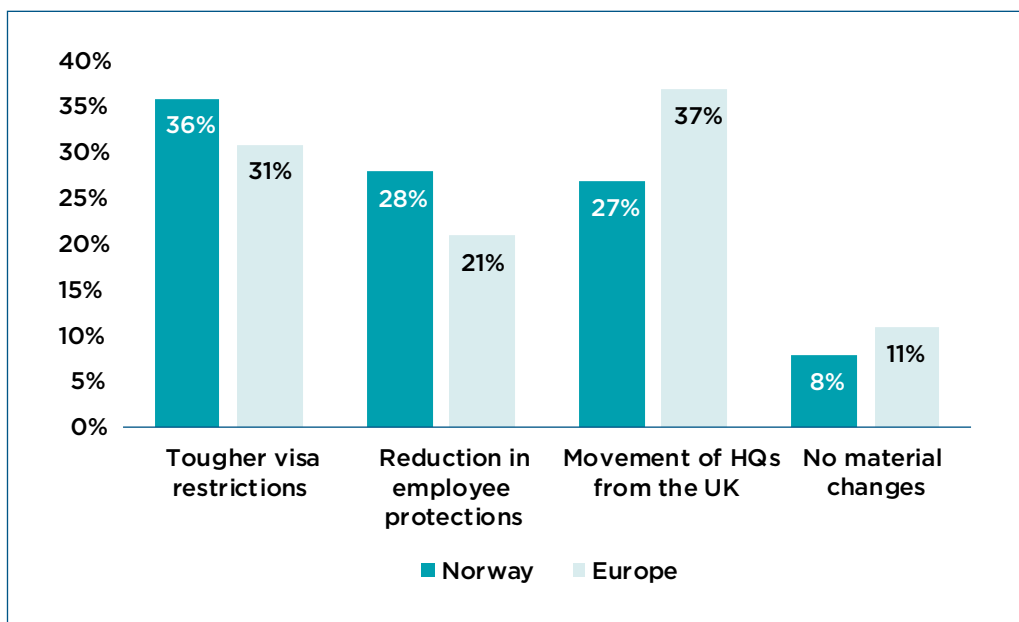
In comparison, just 28% of employers said discourse on race relations and LGBTQ discrimination has caused high levels of concern in the workplace.

### Tougher visa restrictions the most important effect from Brexit

36% of Norwegian employers surveyed said tougher visa restrictions on the movement of workers was the most important effect from Brexit, higher than the European average of 31%.

Employers' concerns about potential visa restrictions on the movement of workers reflects concerns over immigration policy changes and enforcement.

**Tougher visa restrictions on the movement of workers is considered the most important effect from Brexit amongst Norwegian employers**



The only other country in which visa restrictions was considered the most important effect was the UK at 36%. Although visa restrictions could potentially affect all countries in terms of restricting the pool of labour they can access, the effects may be most pronounced in Norway and the UK where economic ties are closer.

Only 8% of Norwegian employers surveyed think there will be no material changes as a result of Brexit, lower than the average of 11%.

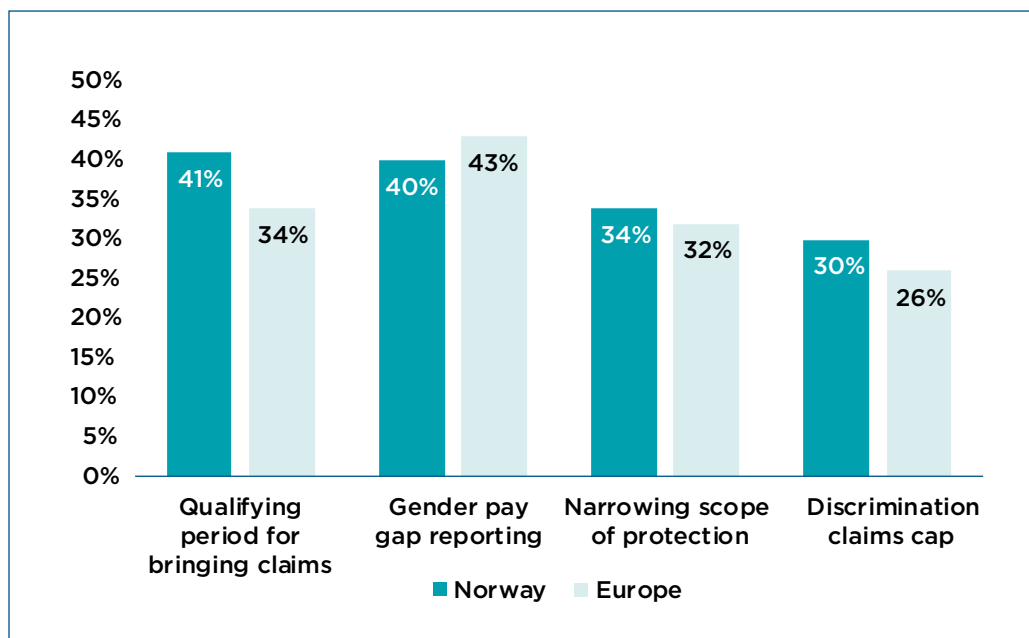
### Adjustments to employment laws Norwegian employers most want to see

41% of Norwegian employers want to see the introduction of a qualifying period for bringing claims— e.g., employees with less than two years of service cannot bring claims.

A qualifying period would be a new concept under Norwegian law and may be attractive to employers in terms of reducing their exposure to claims.

Employers in Norway have already taken several steps in order to reduce the gender pay gap, including more proactively addressing employee complaints (34%), updating HR handbooks and policies (28%) and introducing new tools or investigatory procedures (27%).

**Introduction of a qualifying period for bringing claims and gender pay gap reporting laws are the adjustments employers most want to see**



Additionally, 47% of Norwegian employers surveyed said they think minimum periods of maternity and parental leave should be reduced. Maternity leave is higher in Norway than in most other countries, with 12 months of paid leave and the possibility of another 12 months of unpaid leave. This length of time may act as a burden to some employers.

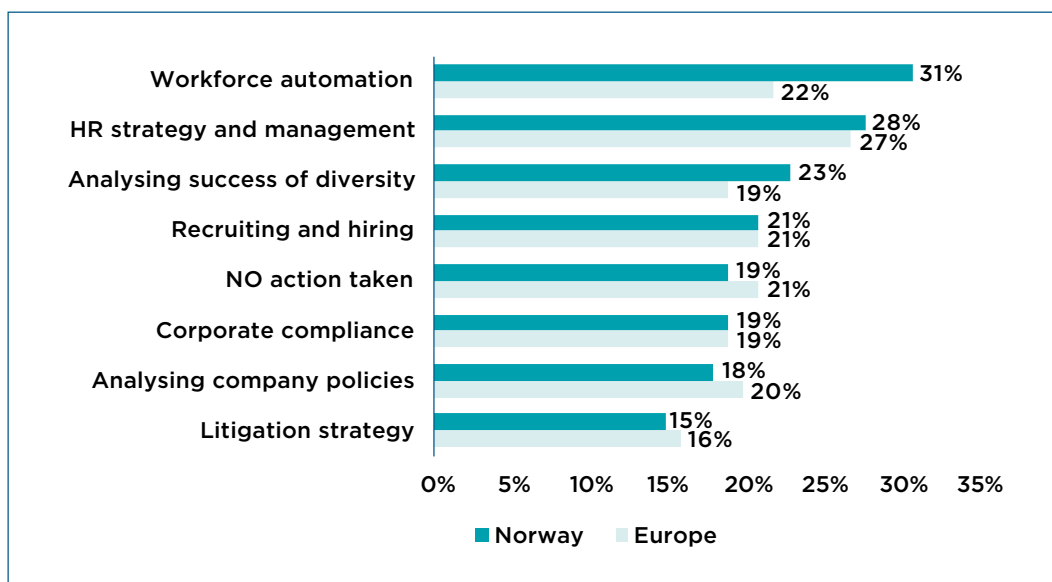
### Norwegian employers deploying AI for workforce automation

31% of Norwegian employers said they were using Artificial Intelligence (AI) technology and data analytics for workforce automation, significantly higher than the European average of 22%.

The high usage of AI and data analytics for workforce automation may reflect the advanced digitalisation of the economy. Other areas in which employers are using AI include: HR strategy and employee management (28%) and analysing the success of diversity programmes (23%).

Across the eight countries included in the research, the most common use of AI and data analytics was for HR strategy and employee management at 27%.

#### Nearly a third of Norwegian employers are using AI for workforce automation, higher than the European average of 22%



### Latest trends in employment law

An important topic in 2018 has been the final steps of implementation of the General Data Protection Regulation (GDPR). There are various opinions on the degree of changes in rights and obligations that GDPR will mean for employers and employees compared to the legislation that is already in force.

“

The level of concern caused by immigration policy changes is perhaps higher than some would have expected and likely reflects the lack of clarity over the UK's exit from the EU. Many businesses in Norway have close connections with UK and will be affected if the free movement of labour between these countries is restricted post-Brexit.

Like in the rest of Europe, the #MeToo movement has significantly changed attitudes. Where the line is drawn is yet to be seen, but it is clear that many employers will enforce change.”

*Ole Olsby, Partner, Norway*

*\*Please note that Hombly Olsby is a collaborative partner firm of Littler and not a member of its Swiss Verein.*



# COMPANY BREAKDOWN

The following section provides a breakdown of survey responses by size of company. This includes companies with less than 25 employees, 25-100 employees, 101-500 employees, 501-1,000 employees and more than 1,000 employees.

This provides useful insights into the level of concern contemporary HR issues are causing and how they are being dealt with at the company level across Europe.



### Gender pay equity a more pressing HR concern for larger businesses across Europe

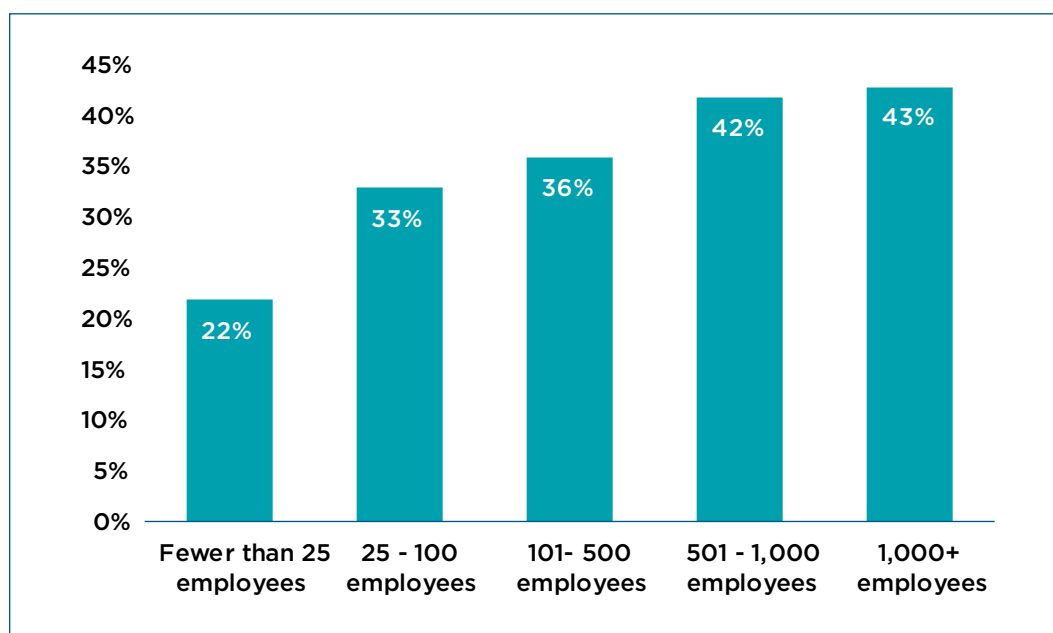
- Large businesses most want to see a cap on discrimination claims introduced
- Small businesses do not want maternity leave reduced but large businesses do

Gender pay equity is a much larger HR concern amongst businesses with 1,000 or more employees than it is for businesses with less than 25 employees.

43% of businesses surveyed with 1,000 or more employees said gender pay equity caused a 'high or very high' level of concern in the workplace, whilst only 22% of businesses with fewer than 25 employees said the same. The European average across all businesses was 37%.

In the countries where reporting takes place, such as the UK, and where it is planned, e.g. France, smaller companies are exempt. However, even where reporting is not on the horizon, smaller companies care much less about the issue. Perhaps the hard scrabble of smaller company life and the smaller HR infrastructure means that gender pay equality has yet to make it to the top of the list. Typically, it is bigger household names that are castigated by the media and politicians for HR failings.

#### Gender pay equity causes a higher level of concern in larger businesses than smaller businesses - percentage that said 'high or very high' level of concern



The next most important HR concern at businesses with 1,000 or more employees was the use of robotics and Artificial Intelligence technology (42%). Meanwhile, businesses with fewer than 25 employees considered immigration policy changes and the rise of the digital economy as top concerns at 23%.



**Breakdown of top HR concerns in the workplace by size of business -  
percentage that said 'high or very high' level of concern in response**

HR concern	Fewer than 25 employees	25 - 100 employees	101- 500 employees	501 - 1,000 employees	1,000+ employees
Immigration policy changes	23%	31%	33%	36%	36%
Sexual harassment	20%	24%	29%	39%	38%
Gender pay equity	22%	33%	36%	42%	43%
LGBTQ discrimination	14%	19%	29%	36%	33%
Discourse on race relations	16%	24%	29%	37%	35%
Rise of the gig economy	23%	29%	32%	34%	36%
Rise of the digital economy	21%	27%	34%	44%	39%
Robotics/AI	17%	21%	29%	41%	42%

### Large businesses want a cap on discrimination claims

31% of businesses surveyed with 1,000 or more employees want to see a cap on discrimination claims introduced, higher than the European average of 26%. In comparison, only 15% of businesses with fewer than 25 employees said they want to see a cap on discrimination claims.

Similarly, whilst 41% of large businesses (1,000 or more) want to see a qualifying period for bringing claims introduced; for example, so that only employees with two years of service can bring a claim, only 21% of small businesses (fewer than 25) agreed.

The introduction of tougher regulations on claims may be important to larger businesses as they are more exposed to group action claims, which can be hugely costly to employers if successful. This is because a larger number of employees may be affected by the same form of discrimination in the workplace.

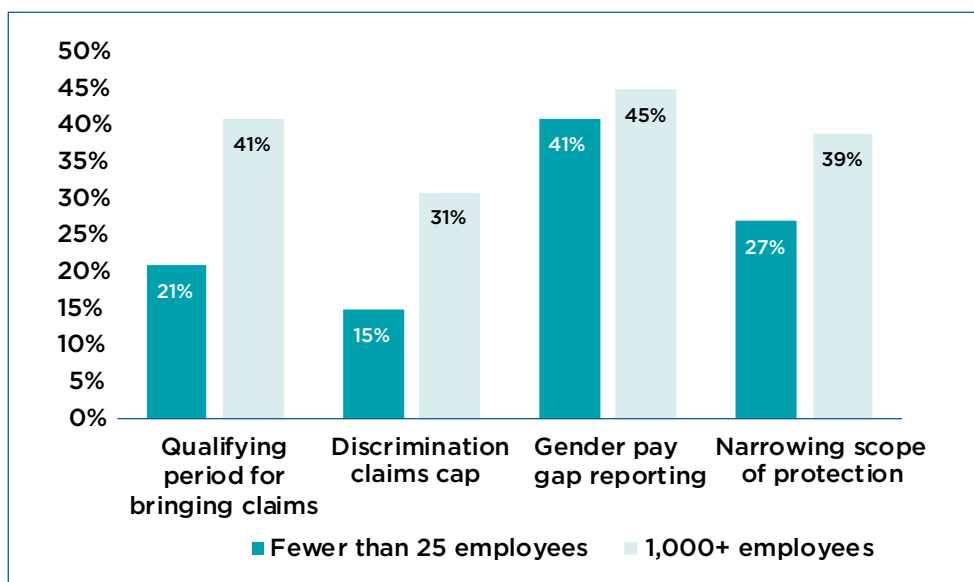
**Breakdown of employment law adjustments by size of business – percentage that said they wanted to see a change to laws**

Adjustment to laws	Fewer than 25 employees	25 - 100 employees	101- 500 employees	501 - 1,000 employees	1,000+ employees
Qualifying period for bringing claims	21%	28%	35%	39%	41%
Gender pay gap reporting	41%	40%	43%	43%	45%
Narrowing scope of protection	27%	29%	28%	35%	39%
Discrimination claims cap	15%	26%	24%	30%	31%

Businesses of all sizes agreed that the adjustment they most wanted to see was the introduction of laws that require companies to report on the gender pay gap.

In the research, businesses were also asked if they wanted to see minimum periods of maternity and parental leave reduced. Whilst only 28% of business with fewer than 25 employees said they wanted leave reduced, a significant number of business with 25-100 employees (46%), 101-500 (42%), 501-1,000 (46%) and 1,000 or more (42%) said they did.

**Adjustments to employment laws that large businesses and small businesses most want to see - percentage that said they wanted to see a change**



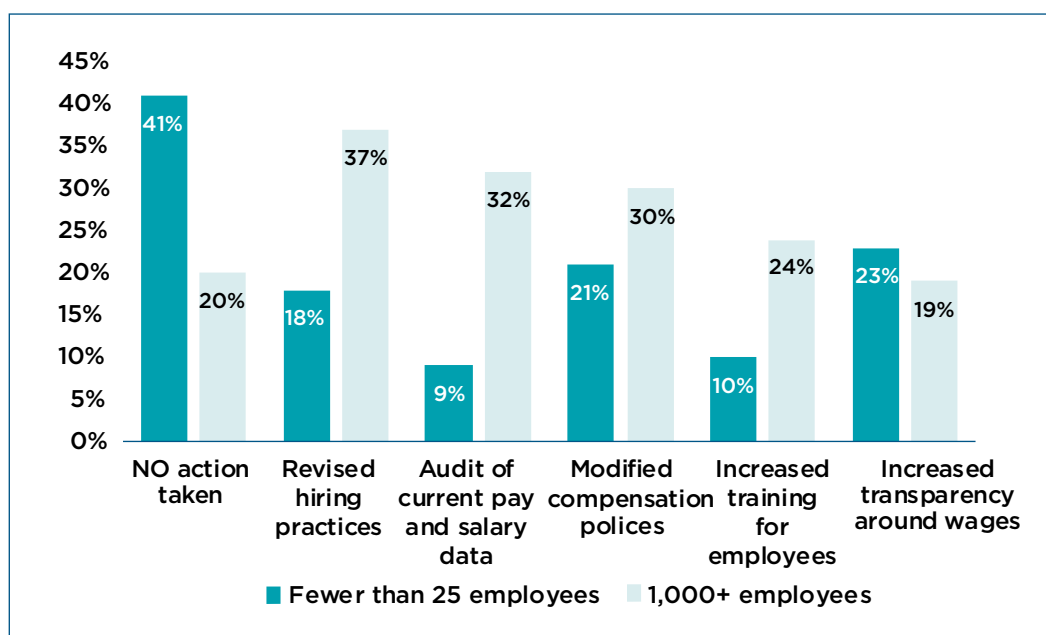
### Majority of small businesses have not acted to close gender pay gap

41% of small businesses (25 or fewer) surveyed have taken no action to address the gender pay gap, whilst just 20% of large businesses (1,000 or more) have taken no action. The European average for taking no action across all businesses surveyed is 20%.

The steps taken businesses vary widely and reflect how gender pay equity is not such a high HR concern in smaller firms, as shown earlier in the research.

For example, whilst just 18% of small businesses (fewer than 25) have revised hiring practices, 37% of large businesses (1,000 or more) have – the average was 33%. Similarly, whilst only 9% of small businesses have conducted audits of current pay practices and salary, 32% of large businesses have done this. Large businesses were closer to the average of 28%.

### Majority of small businesses (fewer than 25 employees) have taken no action to close the gender pay gap, in stark contrast to large businesses (1,000 or more)



Interestingly, small businesses (fewer than 25 employees) were more likely to increase transparency around wages and pay policies at 23%, compared to 19% for large businesses (1,000 or more).

### Large businesses re-evaluating past complaints in response to #MeToo

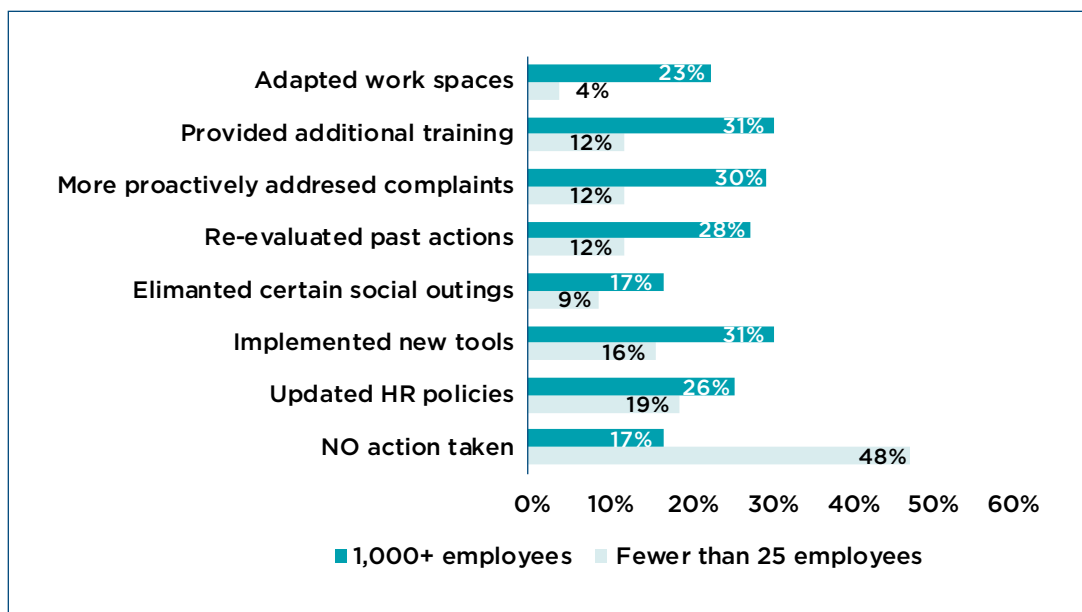
In response to the #MeToo movement, 28% of large businesses (1,000 or more) surveyed have re-evaluated or taken new action on past complaints, compared to 12% of small businesses (25 or fewer). The European average was 21%.

The research also revealed that although 17% of large business (1,000 or more) have eliminated social certain outings, such as holiday parties and company drinks, only 9% of small businesses (25 or fewer) have done this.

Many large businesses already have controls in place for work-related events involving alcohol to help prevent sexual harassment; eliminating certain social outings may be an extension of this. For example, controls in place at some businesses include restricting the times at which alcohol can be served and banning drinking games.

Significantly, whilst only 17% of large businesses have not taken any action in response to the #MeToo movement, 48% of small businesses (25 or fewer) have not. The average is 21%.

### Nearly half of small businesses (25 employees or fewer) have taken no action in response to the #MeToo movement



### Half of small businesses not using AI for HR functions

50% of small businesses (25 employees or fewer) are not using Artificial Intelligence (AI) or data analytics for HR functions, significantly higher than the European average of 21%. In comparison, just 15% of large businesses (1,000 or more) are not deploying this technology in the workplace.

The most common usage of AI and data analytics amongst large businesses (1,000 or more) is for workforce automation at 29%, higher than the average of 22%.

## LOOKING FORWARD

The research clearly supports the idea that sexual harassment in the workplace and sexual discrimination are going to remain areas of intense focus for HR departments as they are for the media and broader society.

Businesses that have not responded to #MeToo are in a relatively exposed and isolated minority and that is not always a comfortable place to be. Slow adaptors on gender issues in the workplace may want to consider taking some small positive steps now rather than having to take far larger corrective action when it is too late.

For example, a key finding in the research was that 21% of employers are re-evaluating past sexual harassment complaints, which raises the question as to how businesses best deal with these old cases. Employers should consider outlining a policy to ensure all cases are dealt with in a uniform manner that is not only fair but also minimises the risk of something being overlooked.

With three of Europe's biggest economies either having adopted gender pay gap reporting or having committed to it, can we expect it to spread to much of the rest of Europe? The results of this survey indicate that it will.

In fact, the strong groundswell support from businesses in the survey for pay gap reporting was one of the biggest surprises of this survey. Rarely do businesses vote in favour of extra regulation and reporting and the apparent appetite for change across businesses of all sizes is notable.

With the UK government consulting on the compulsory reporting of the ethnic pay gap, we can expect the public scrutiny of previously private company data to grow even further. This is especially true given the trend towards forcing greater transparency on businesses over the last 20 years.

Another question that remains unanswered is whether the public disclosure of the pay gap between genders will lead to more claims against employers as many have predicted. In this regard, only time will tell, but we do expect claimant law firms and unions to initiate actions where they can.

The research also raises the issue of changes to employment law that are forced on businesses by the EU or the ECJ. There is clearly discontent amongst businesses about some elements of employment law that these institutions enforce.

Related to this, another surprising result was that so many employers want minimum periods of maternity and parental leave reduced, an area of law traditionally seen as untouchable. This perhaps reflects the cost burden generous periods of leave place on businesses, particularly smaller ones, and this should not be forgotten by politicians.

The fact that immigration policy changes is the top HR concern for employers in the EU's largest economy—Germany—is also worth mentioning. Introducing less-restrictive policies on the hiring of immigrants and the movement of labour between countries and companies will be paramount if the EU is to remain competitive on the global stage.

Brexit undoubtedly delivered a shock to the EU project but the response if anything is likely to be a further deepening of its core principles, such as the free movement of labour.

Finally, as the economic and employment landscape continues to shift in the face of rapid technological development, the ability of employers to adapt and stay ahead of the pack has never been more important. AI is changing what businesses can do and how they operate; other technological advances are pathing the way for employer-employee relationships to become ever more remote. Effectively navigating this landscape as we head towards 2019 will be the key to success.

## LITTLER EUROPEAN EMPLOYER RESEARCH - METHODOLOGY AND DEMOGRAPHIC PROFILE OF RESPONDENTS

### Research methodology

An anonymised online survey was conducted by independent agency [Atomik Research](#) among 800 HR, legal and C-suite professionals in eight European markets. The sample comprised 100 respondents within each market: the UK, France, Germany, Italy, Spain, Norway, the Netherlands and Belgium. The research fieldwork took place between 20th June and 23rd July 2018. Atomik Research is an independent creative market research agency that employs Market Research Society (MRS)-certified researchers and abides to MRS code.

### WHICH COUNTRY ARE YOU BASED IN?

	Total
<b>Total</b>	801
UK	100
France	100
Germany	100
Italy	100
Spain	100
Netherlands	100
Belgium	100
Norway	101

### WHICH OF THE FOLLOWING BEST DESCRIBES YOUR CURRENT EMPLOYMENT STATUS?

	Total
<b>Total</b>	801
Employed full-time	746
Employed part-time	55
Self-employed	0
Student	0
Retired	0

Not employed / Homemaker 0

### WHAT IS YOUR JOB LEVEL?

	Total
<b>Total</b>	801
Intern	0
Entry-level	0
Non-managerial executive	0
Junior management	131
Director/Senior management	122
C-level executive	353
Owner	195
Other	0

### WHICH BUSINESS DEPARTMENT DO YOU WORK IN?

	Total
<b>Total</b>	801
HR	230
Legal	108
Marketing or sales	62
Design or development	58
IT or security	152
Finance	81
Other	110



## WHICH OF THE FOLLOWING BEST DESCRIBES YOUR POSITION WITH YOUR COMPANY?

	Total
<b>Total</b>	801
President/CEO/CFO/COO/CIO/Chairman/Owner	318
General Counsel/Legal Counsel/Attorney	36
HR Professional	155
Risk Manager	110
Compliance Officer	14
Treasurer/Accountant/Controller	62
Consultant	59
Other (please specify)	47

