The CHRO Point of View: Europe
Employee Experiences Drive Business Value
Global Overview

The Chief Human Resources Officer (CHRO) is fast becoming a driver of change and accelerator of digital transformation. And a select group of CHROs are leading the way. They are transforming the employee experience through innovative technologies that increase productivity, improve corporate results, and engage workers. As a result, they are winning the war for talent.

ServiceNow commissioned Oxford Economics to survey 500 CHROs about the changing nature of the job and its impact on business performance. Respondents are based worldwide, and represent a broad range of B2B and B2C sectors. This report highlights the key findings among the CHROs polled in Europe—45 CHROs each in France, Germany, Italy, Netherlands, Spain, Sweden, and the United Kingdom.
Key insights:

CHROs in Europe are gaining influence in the C-suite and asserting their leadership by driving digital initiatives. However, compared to the rest of the world, they are investing less in advanced technologies that deliver an improved employee experience. As a result, their ability to attract global talent is not as strong as their global counterparts. Yet, CHROs in the region aren’t yet expressing concern: they are confident in their organization’s HR abilities and their outlook for the years ahead.

The new CHRO role.

CHROs in Europe say the HR function has become more strategic over the past three years (76%), and most believe HR will become even more strategic in the three years ahead (77%). More than half (56%) now see HR as driver of digital transformation, and 76% expect to see improved employee experiences from digital technology over the next three years. 68% expect digital technology that delivers personalized, seamless experiences to drive gains in productivity and corporate performance.
Investment in transformational technologies lags.

Many CHROs in Europe are not yet putting their budgets behind digital initiatives. They are slower than peers elsewhere in the world to invest in new technologies that could enhance the employee experience and provide competitive advantage in attracting top talent.

For example, CHROs in Europe are the least likely to say their current HR technology allows them to improve the employee experience (66%, compared with 76% in North America and 70% in Asia Pacific). In addition, most still use single-purpose HR applications to simplify one or more processes (55% in Europe, vs. 47% in Asia Pacific and 22% in North America).

In three years, CHROs in Europe still expect to be behind, and remain less likely to use a platform to automate and digitize a range of HR activities (42%, vs. 53% in Asia Pacific and 72% in North America). Companies in Europe are also behind in adopting cloud (30%, vs. 44% in Asia Pacific and 44% in North America) and will not catch up enough in three years to close the gap (58%, vs. 63% Asia Pacific and 68% in North America).

“There is a war for talent... and our top management considers the corporate culture to be a key element for success and even for sustainability in the future.”

–Jaime Perez Renovales, CHRO, Banco Santander

CHRO POV: EUROPE
Expect digital transformation to improve the employee experience

Still using single-purpose HR applications to simplify one or more processes

More likely to use an HR platform that systematizes the automation of many processes within three years

Companies behind in adopting cloud

Companies that will not catch up enough in three years to close the gap

Confident in future capabilities.

CHROs from Europe don’t see the current lack of investment as a long-term impediment to the success of their function. With few exceptions, they are on par with their peers in North America and Asia Pacific in their satisfaction with the efficiency of a broad range of current employee tasks. For example, 77% of Europe-based CHROs are satisfied with their organization’s recruitment, compared with 78% in North America and 70% in Asia Pacific; 64% are satisfied with their employee retention, vs. 72% in North America and 67% in Asia Pacific; and 62% are satisfied with their company’s benefits management, vs. 64% in North America and 61% in Asia Pacific.
Localized strengths and weaknesses.

The diverse economies and cultures of the European countries polled lead to significant differences in CHRO expectations and behavior.

**Germany-based** CHROs are most satisfied with employee engagement in Europe (76% vs. 71% of CHROs across other European countries). They also cite the most positive brand and employee experience perception by job candidates (73% in Germany, compared to 66% across other European countries).

**France-based** organizations lag other countries in the region in employee engagement. Only 67% are satisfied with employee engagement levels, compared to 71% for the region as a whole (76% in Germany, 73% in Italy, 71% in The Netherlands and Spain, 73% in Sweden, 69% in the U.K.). Perhaps as a result, turnover rates are higher in France than other European countries. In France only 51% say they have
lower turnover than others, compared with 59% for Europe as a whole (67% for Germany, 62% for The Netherlands, 60% for Spain and Sweden, 53% for Italy, 62% for the U.K.). Other regions in the world also report lower turnover rates compared with France: 58% for North America and 59% for Asia Pacific say their turnover rate is lower than others.

**Italy-based** CHROs are most likely in Europe to say senior management views talent as strategic priority (84%). They are also the most confident that they have built a workforce to meet future business needs (58%), and are especially confident about this in three years (96%). Italy-based CHROs are also the most likely in Europe to feel responsible for driving corporate performance (76%, vs. 65% for Europe, 66% for North America, and 59% for Asia Pacific).

**Netherlands** CHROs are least likely to say their role has grown more strategic in the last three years (62%, compared with a 76% average for Europe, 74% for North America and 75% for Asia Pacific. They are also least likely to say CHROs are responsible for increasing productivity (62%, compared to 75% for Europe as a whole, 72% in North America, and 76% in Asia Pacific) or improving the brand (56%, vs. 69% for Europe, 68% for North America, and 63% for Asia Pacific), that senior management views talent as strategic priority (62%, 71% for Europe, 62% for the U.S, and 66% for Asia Pacific), and that the CHRO is best positioned to lead talent strategy (53%, vs. 65 for Europe, 56% in North America, and 72% in Asia Pacific).

**Spain** CHROs are feeling boardroom pressure to create a better employee experience to drive business results. They are the most likely in Europe to say improving the quality of the employee experience is a top priority for senior management (87%, vs. 77% for Europe, 74% for North America, and 76% in Asia Pacific).

**Sweden** CHROs are stuck in neutral—they are the most likely to say their role is defined by the ability to manage traditional HR and talent management tasks and decisions (40%, compared with 27% in Europe as a whole). In addition, no Sweden-based CHROs said they are investing in the most advanced technologies, such as process automation software, virtual reality, blockchain, chatbots, artificial intelligence, or machine learning.
UK CHROs are most likely to say their role in three years will be defined by the ability to create a digital, consumerized employee experience (71%, vs. 56% in other European countries, 54% in Asia-Pacific, and 60% in North America). That’s quite an advance from three years ago, when the UK was the least focused in Europe on creating an amazing employee experience (16% vs. 33% elsewhere in the region).

Progress on the HR digital journey.

To track how CHROs are advancing on their journeys to improve the employee experience, we defined three key milestones based on nine criteria. These three levels are broadly defined as follows:

**Level 1** organizations could be more effective in using technology, while primarily focused on the delivery of core HR tasks and processes.

**Level 2** CHROs are responsible for driving corporate performance and are beginning to deliver a stronger employee experience, with the goal of improving organizational culture and securing the best talent.

**Level 3** CHROs are leaders who are optimizing how the HR function operates to more effectively utilize resources and transform the employee experience so that it becomes an important lever for creating business value.
As a whole, Europe is almost precisely on par with other regions of the world in the proportions of each level: Globally, Level 1s represent 74% of the total, Level 2s 18%, and Level 3s just 8%. In Europe, 74% are in Level 1, 18% are in Level 2, and 8% are in Level 3. By comparison, in North America 76% are in Level 1, 18% are in Level 2, and 6% are in Level 3; and in Asia Pacific 75% are in Level 1, 17% in Level 2, and 8% are in Level 3.

### Who’s at level 3 in Europe?

<table>
<thead>
<tr>
<th>Country</th>
<th>Level 3 Respondants</th>
<th>% of Country CHROs on Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>7</td>
<td>16%</td>
</tr>
<tr>
<td>Germany</td>
<td>5</td>
<td>11%</td>
</tr>
<tr>
<td>Italy</td>
<td>4</td>
<td>9%</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>1</td>
<td>2%</td>
</tr>
<tr>
<td>Spain</td>
<td>3</td>
<td>7%</td>
</tr>
<tr>
<td>Sweden</td>
<td>3</td>
<td>7%</td>
</tr>
<tr>
<td>U.K.</td>
<td>1</td>
<td>2%</td>
</tr>
</tbody>
</table>

Within Europe, France had the highest proportion of Level 3s (16%)—higher than any other nation globally except Japan, also at 16%. At first glance this seems to be at odds with the fact that France lags in employee engagement and turnover rates, but it signals that CHROs in France are gearing up quickly to combat the current situation. Forward-looking CHROs in France see an opportunity to derive competitive advantage by being first-movers on the journey to digital HR, and their leadership in Level 3 status indicates that they’ve already taken action.

The U.K. and The Netherlands had the lowest percentage of Level 3s—only 2% in each country. Perhaps not surprisingly,
these countries also lagged in building a workforce to meet business objectives. Only 20% of U.K. respondents and 38% in The Netherlands agree that they were effective in building such a workforce, while the average for Europe is 43% and the global average is 41%.
Winning the war for talent.

CHROs who come closest to meeting all of the criteria for Level 3 are best positioned to attract and retain top talent. Those characteristics include:

1. Driving corporate performance and increasing employee productivity
2. Prioritizing the creation of a digital, consumerized employee experience in three years
3. Focusing on at least one of the following: Contributing to organizational strategy, contributing to corporate performance, digitizing parts of the employee experience.
4. Agreeing digital technology that delivers more personalized, seamless employee experiences drives quantifiable productivity gains across the business
5. Agreeing that employees across the business frequently work with other departments to meet their HR needs
6. Adopting HR technology that allows the company to improve the employee experience
7. Being satisfied with the onboarding process for new employees the organization has in place
8. Assessing your HR function as effective at building a healthy organizational culture
9. Customizing the HR experience for individual workers
The majority of CHROs in Europe (74%) are still in Level 1, and as a result no clear leader has emerged yet in the war for talent. The upside: first movers stand to gain significant competitive advantages.

Italy prioritizes attracting and retaining talent higher than other CHROs in Europe, which may portend well for the future, but today the country has a low proportion of Level 3s, just 9%.

Germany-based CHROs seem to have positioned themselves well to win and retain top talent: as noted previously, they are the most satisfied with employee engagement of all European respondents; they have relatively low turnover rates; and they are have the most positive brand and employee experience perception by job candidates. However, several European countries have a higher proportion of Level 3s than Germany.

In short, CHROs in Europe are preparing their moves to Level 3, but no country yet has a firm lead. This portends well for European organizations that see transformation of the employee experience as a key strategic opportunity.
My company prioritizes attracting and retaining talent as a strategic goal ("agree" or "strongly agree")

<table>
<thead>
<tr>
<th>Region</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>67%</td>
<td>16%</td>
</tr>
<tr>
<td>Germany</td>
<td>84%</td>
<td>11%</td>
</tr>
<tr>
<td>Italy</td>
<td>89%</td>
<td>9%</td>
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<td>The Netherlands</td>
<td>73%</td>
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<td>Spain</td>
<td>80%</td>
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<tr>
<td>Sweden</td>
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<td>10%</td>
</tr>
<tr>
<td>U.K.</td>
<td>82%</td>
<td>2%</td>
</tr>
<tr>
<td>North America</td>
<td>78%</td>
<td>6%</td>
</tr>
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<td>84%</td>
<td>8%</td>
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</table>

Where the Level 3s are (the percentage of the country's CHROs who rate their organizations at Level 3)
Conclusion:

Across Europe, CHROs are beginning to drive digital transformation and contribute to core business objectives. But the pace is slower than elsewhere in the world, and an intensified focus on the employee experience is required to catch up with global counterparts in the war for talent.

The most successful CHROs—those who have attained Level 3 status—have made the critical connection between creating a superior employee experience, attracting and retaining top talent, and accelerating corporate performance.

They are focusing their budgets on advanced technology that fuels increased collaboration, engagement, and job satisfaction—and they are being rewarded not only by success against business performance metrics but also with more prominent roles in the C-suite and higher responsibilities for organizational strategy.

66% of CHROs in Europe say their HR technology allows them to improve the employee experience, the lowest of any region globally.

55% of CHROs in Europe still use single-purpose applications to simplify one or more processes, vs. 47% Asia Pacific and 22% in North America.

8% of European CHROs are in Level 3, on par with the rest of the world—and a reason for optimism for the future of HR transformation across Europe.

Download the Global CHRO Point of View.

Read the full report detailing the CHRO’s journey to greater impact and a stronger employee experience.

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