



# WorldLink

Linking people management professionals around the globe

## Volatile, Transformative Times for HR in Europe

By Bob Morton

Welcome to this edition of *WorldLink*, which focuses on Europe. At the time of publication we are facing truly turbulent times in the region. Not only are we living in a “VUCA” world—volatile, uncertain, complex and ambiguous—we are living in an increasingly violent world.

You will all have seen news of the rise in terrorist incidents across Europe and the recent attempted coup in Turkey. Our condolences go out to all who have been affected by events across Europe, and we stand in solidarity with our colleagues and friends who make up our European Association of People Management (EAPM) family.

Political and economic upheavals and tensions have been caused by migration issues and, more recently, by the “Brexit” vote have created a lot of uncertainty that greatly impacts the world of work and our people. Our role as HR professionals is to help our organizations navigate these very challenging times.

As you are aware, our Turkish colleagues, PERYÖN, are hosting the World Federation of People Management Associations (WFPMA) World Congress in Istanbul October 20-21 on behalf of EAPM. It's important to note that we are in close contact with PERYÖN to monitor the security situation in Turkey. EAPM continues to be fully supportive of the World Congress taking place in Istanbul but, certainly, if the situation worsens, or if our governments formally advise against travel to Istanbul, we will review our position. I am grateful to our WFPMA and EAPM colleagues who have expressed solidarity with our Turkish colleagues in these difficult times we are facing not only in Turkey, but across Europe.

### HR TRENDS FOR EUROPE

Our region is home to one-tenth of the world's population, and two-thirds of Europeans live in European Union (EU) countries. Just

66 percent of Europe's population (ages 15-64) are employed, compared to 69.3 percent in Japan and 71.5 percent in the United States.

Over the last decade, HR strategy in Europe has focused on finding innovative ways to cut costs and improve companies' operational performance, and these tend to be implemented regardless of the current stage of the economic cycle or a company's relative competitive position. Options that were once regarded as either in or out of fashion are now being assessed purely on their merits and swiftly adopted if they seem likely to succeed.

We have also entered an era of “corporate perfectionism,” where organizations believe almost anything is possible. Companies don't just aim to be more efficient and effective than their business rivals—they want to be so good that competitors will find it too risky to try to emulate their achievements.

But the danger of pursuing corporate perfectionism is forgetting the “human” in human resources. The emerging trend is to focus

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on the individuals, enabling them to do their best and giving them the opportunity to develop. It's one of the main reasons we as HR professionals must return to a deeper understanding of human behavior and also why we need to get better at measuring and understanding outcomes and value. The future has to be a lot less about control and a lot more about enablement.

Too often, the long drive for efficiency and the focus on so-called best practices have constrained thinking into a one-size-fits-all approach, where it's easy to lose sight of purpose. Good HR is contextual—individually and organizationally—and the world of work is evolving so quickly that focusing on the so-called best practice instead of the most appropriate practice makes less and less sense. Rather than relying on prescriptive processes and practices, we need to start with broad principles that are sensitive to various stakeholders and are focused on good business purpose and outcomes.

## MIGRATION ISSUES

Migration can be positive, but amid the current political and social climate in Europe, it is perceived negatively and is an increasing source of social friction. Many Europeans feel it is a threat to national cohesion and security.

Since access to social benefits in European countries is often related to residence, governments attempt to control the amount and type of immigrant, usually to favor skilled migrants and to minimize demand on social welfare systems. Human resources management across Europe is heavily influenced by EU regulations that focus on the free movement of labor. But free movement is under threat during the current migration crisis.

Labor mobility and migration present HR managers with a number of unique challenges, particularly when it comes to workplace diversity and to multiculturalism—its expression, consequences and management. However, it is too early to gauge how the HR profession is coping with this emerging environment and the challenges it brings.

Few organizations are hiring migrant workers in the places they have been granted permission to work, and the majority of migrants are unskilled. But it is likely that some will engage with the unseen economy in order to survive, placing downward pressure on wages.

In the medium to longer term, the influx of younger workers may help to rebalance the labor market, but only if suitable skills training is provided. The European Commission has estimated that even if Europe were to accept 1.4 million immigrants a year for the next three decades, the EU would still end up having just two working-age people for every person over 65, compared with four today. So, added numbers should be welcome.

*The future has to be a lot less about control and a lot more about enablement.*

## BREXIT

As the UK-based President of EAPM, I must include some comments on Brexit. Migration has been widely cited as one of the contributing factors to the shocking outcome of the national referendum in which British voters decided to exit the EU (the so-called Brexit vote). But let's rise above the rhetoric and focus on what it may mean for the world of work. I encourage you to read the statement below from Peter Cheese, chief executive of the Chartered Institute of Personnel and Development (CIPD), the professional body for HR and people development in the UK.

EAPM will be liaising with CIPD and engaging with its members and key stakeholders over the coming months to explore more deeply what impact the decision will have on people management in the workplace across Europe. [WIL](#)

[ Bob Morton is President of EAPM. ]

## CIPD Statement on Brexit

The impact of a "leave" vote is much bigger than simply changing the political landscape of the UK. It stands to have a significant impact on the world of work and future planning within organizations. We need a broad and thorough consultation between government, organizations and employees across all sectors and representative bodies. The CIPD will play its part in these necessary consultations, drawing on our strong base of evidence and experience of the world of work. It's important that the government takes the time to really understand the impact of any proposed changes and works with businesses to minimize risk to individuals, organizations and the economy.

For most businesses, the immediate impact of this historic decision will be limited, as major changes won't be able to occur for a while. However, employment law, immigration and the ability of employers to bring the right skills they need into their business were key themes focused on in the campaign that will potentially be subject to change going forwards, and these things will no doubt be on employers' minds.

Now is not the time for hasty decisions or knee-jerk reactions from government or employers. Evidence suggests that the UK's flexible labor market already strikes the right balance between providing flexibility for employers and employment rights for workers. We would urge the government to bear that in mind when approaching any renegotiation of our relationship with the EU or considering any changes to UK law.

Another key element of our flexible labor market is that it enables employers to access or bring in skilled and unskilled workers from outside the UK to help support business growth and address labor shortages in our public services. It is important that this is not forgotten in any reform of the immigration system. Alongside the significant technicalities of a re-negotiation of a new relationship with the EU and possible further political change, it is vital the government continues to focus, working with all constituencies on the very real and strategic challenges that continue to threaten the UK's prosperity in future years, namely the productivity, skills and employment agendas.



# “Arbeit 4.0”—Or, a Tale of the Bright New Working World

By Katharina Heuer and Christian Lorenz

Whatever we choose to call it—“Arbeit 4.0,” “Work 4.0,” the digitization of the labor world or “New Work”—at the end of the day, it is our job to lead our companies and workforces into a more flexible, individualized and technological working world.

This is a Herculean task in which entrenched patterns, roles and approaches are only effective to a limited degree and must be replaced with new ones. But if all this is true, is the bright new working world set to radically sweep the old one aside? Or is it not so new after all? Is it really just old wine in new bottles?

Two developments seem certain: First, everything that can be replaced by machines or algorithms will be. This development is still in its early stages, including within our own profession. Second, this process involves the division of labour. Highly qualified tasks will dominate, augmented by more menial labor functions for which machinery is simply too expensive. As usual, this will put a squeeze on jobs traditionally filled by the middle-class skilled worker.

## NEW WORK: MOBILITY, FLEXIBILITY AND AGILITY

So far, this is not really so new. But the question of how we will work still remains unresolved, mystifying at times and occasionally even glorified. So let's tackle the term “New Work.”

It essentially revolves around three questions: Where and when do we work? Who do we work with? And how do we work, on what and what with? An important cornerstone is the debate surrounding “when” and “where.” Thanks to the rapid pace of technological progress, today we can work from anywhere at any time—at least theoretically. But upon closer inspection, this form of work is actually not so new. The development and spread of the personal computer paved the way for working outside the office. The telecommuting of the 1990s is today's home office.

Another important but not exactly new question relates to flexibility in teamwork—more precisely, who we will work with. What will companies and their workforces look like in the future? Who are the core members of the in-house staff, and which employees are externally hired hands? A look at today's labor world reveals that this kind of flexibility is already reality in many companies, even for highly skilled work. All around us in advertising agencies and development departments we see freelancers and specialized technology teams assigned to specific individual tasks, while the core workforce takes care of the rest.

*Although some of these developments have been steadily trending for years, it is the speed of transformation that is new. Also new are the technologies and platforms driving developments and creating new opportunities that were too expensive or complex in the past.*

Agile project management techniques used in software development (like Scrum) and other iterative approaches are spreading into other company departments with the promise of faster decision-making and improved innovation. A new interpretation of “How do we work, on what and what with?” is emerging, and it remains to be seen whether the implied promise of these approaches will be fulfilled. Some sceptical voices are already prophesying the end of this agility before it has really gotten up and running in earnest.

But even this sometimes heated debate on the merits of Scrum and other innovative approaches is not genuinely new, although it is only now beginning to gain traction in the field of HR management. Its cornerstone, “The Agile Manifesto,” was published some 15 years ago.

## OLD WINE IN NEW BOTTLES?

So is Arbeit 4.0/New Work in fact just a simple case of repackaging? Absolutely not! Although some of these developments have been steadily trending for years, it is the speed of transformation that is new. Also new are the technologies and platforms driving developments and creating new opportunities that were too expensive or complex in the past. And there is something else that's new: the pressure companies now feel to accelerate this transformation and find corresponding solutions.

The specific solutions vary widely and are highly individualised. While some companies are just beginning to open up to greater flexibility regarding when and where work is done, others, facing the real or imagined threat of losing control, are herding their employees back into their traditional workplaces. As we witness some degree of decline in project management approaches like Scrum or innovation methods such as Design Thinking in development departments, other departments and sectors are only now discovering them. Factors like these make it impossible to sketch out a unified picture of either the status quo or the future.

A look at company workforces also reveals something about just how heterogeneous the world of Arbeit 4.0 is, with dividing lines stretching not just between branches or departments but also in all directions through the workforces themselves. At present, increased work flexibility remains a discussion for a select few and doesn't apply to staff as a whole. For example, it would be far more difficult to achieve a mobile working situation for security or production employees than for office workers. But even this might change in the future. It is up to HR management to develop corresponding solutions that meet the needs of the greatest number of people involved.

## REDRAWING FRAMEWORKS

In the new working world, affiliated regulations and frameworks for flexibility must be adapted to the needs of the time. Creativity is needed both from HR management and the world of politics in establishing these frameworks. Put bluntly, clear rules and a reliable framework—in which employees move freely, regardless of their place within the company's hierarchy—are absolutely indispensable. In unambiguous terms, flexibility in this context does not mean relaxing employee protection provisions. Instead, work flexibility simply means that those who want to can.



“Arbeit 4.0” continued on page 4

Taking the example of Germany's Working Hours Act, we can see the dilemma in which employees and management personnel find themselves. The act's language on rest periods stipulates that employees must have an uninterrupted break of at least 11 hours following a workday. If one takes this law seriously, the oft-cited scenario of employees putting their children to bed in the evening and then going through their work e-mails before returning to the office at 8 a.m. the next morning is simply unfeasible. The impracticality of switching off servers at 8 p.m. to ensure that no more e-mails can be sent needs no further explanation here.

Workarounds are found quickly, but truly clever solutions are a different matter. They unite protection and flexibility. At the core of the debate is the question of how collective the framework that we establish for the working world of tomorrow needs to be, and how individually customized it can be.

### LIGHT AND SHADE

The political measures undertaken by Germany's "Grand Coalition" government during the current legislative period have failed to respond satisfactorily to this question. Instead of accommodating the growing need for more flexible forms of work, the government has instituted new rules and hurdles. This is shown by the debate on restricting unskilled labour and the temporary outsourcing of employees from one company to another.

But there is a little light at the end of the tunnel. The green paper "Arbeit 4.0" issued by Germany's Federal Minister of Labour and Social Affairs Andrea Nahles contains her vision of the working world of tomorrow. It has also initiated a process of dialogue about the issue. We will have to wait and see whether all these positions make their way into the white paper that emerges at the end of the process. It will be up to the next government, regardless of its political makeup, to design this framework in its definitive form.

### NOT JUST NEW THINKING

In summary, we can see that not everything is, in fact, new. Some things are certainly different, and in the end, many things are faster and more comprehensive. It seems important to take the positive approaches we find in numerous companies today and to adapt and develop them further. Accomplishing this will call on corporate management, HR management, social partners and political players to come together in the cooperation they have so often touted, rather than the "go-it-alone" adversarial approach they have so often actually taken.

And something else is also revealed when we take a closer look: The prophets of the new working world should take to heart what they so publicly proclaim: Namely, one-size-fits-all is also not an option in the world of Arbeit 4.0, where the paths are so numerous and diverse. [WL](#)

Katharina Heuer is Managing Director at Deutsche Gesellschaft Für Personalführung (DGFP), and Christian Lorenz is DGFP's Head of Political Affairs.

## Brexit: What Does It Mean for HR in Europe?

By Ben Willmott

The vote to leave the European Union (EU) in June was a seismic shock to many people in the UK, and there is much uncertainty over its impact on employees, organizations and the economy in the immediate aftermath.

This unease won't improve any time soon, because the formal mechanism for leaving, known as Article 50, is unlikely to be triggered until sometime in 2017. At that time, the clock will start ticking on a two-year countdown to the UK's final exit from the EU. In the meantime, the biggest challenge for HR is to reassure staff that any significant changes—for example regarding job security, employment rights and rights to work in the UK—are highly unlikely in the short to medium term.

### COUNTERING INSECURITY

The UK's Chartered Institute for Personnel and Development (CIPD) conducted a workplace "temperature check" survey of 1,000 UK employees in July. It revealed that 44 percent of respondents were pessimistic about the future as a result of Brexit, with concern particularly high among public-sector workers (61 percent), voluntary sector workers (58 percent) and people ages 25-34 (63 percent).

More than one in five employees (22 percent) said that they felt less secure in their job as a result of the UK's vote to leave the EU, compared with just 3 percent who felt more

secure. Again, this insecurity was particularly evident in the public sector, where one-third of employees (33 percent) said they felt less secure because of the Brexit decision.

Given this picture, employers should communicate clearly with employees, stressing that there will be no imminent disruption and that they will be fully informed about any potential changes as negotiations over the UK's future relationship with Europe progresses and the likely implications become clearer.

Information is needed for EU migrants especially. Most experts believe that EU workers already in the UK will be able to continue to live and work here after Brexit, so employers should reassure their EU employees that they don't face imminent risk to their job security. However, many EU migrants who have worked in the UK for some years may be encouraged to apply for British citizenship to guarantee their right to remain. Some employers are even providing help with applications.

We must also stress zero tolerance for any form of racially or politically motivated harassment or bullying; we have seen evidence of such incidents in the immediate aftermath of the vote. The CIPD's survey found that more than 1 in 10 employees say they have experienced, witnessed or heard of incidents of harassment or bullying of a political nature (13 percent) and just under 1 in 10 referenced incidents of a racist nature (7 percent).

The small proportion of organizations imminently affected by Brexit that have made contingency plans to, for example, relocate their headquarters or operations from the UK to elsewhere in Europe, should



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focus on early and meaningful consultation with staff on the changes. This will mean ensuring that employees' views are sought before decisions are made, that they feel they have a genuine voice and that they are involved in the change process. We also have a responsibility to ensure that these processes are fair and balanced and take account of the views of multiple stakeholders across the business.

Finally, any major change can create uncertainty, stress and anxiety, so employers should be extra mindful of their duty to staff, ensuring that appropriate support is available for those who are worried or are

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struggling with stress. The key part of any response is for organizations to be very clear and consistent in communicating changes happening in the business. Managers at all levels must be equipped with the right information and, where necessary, given guidance and support that enables them to respond appropriately to employee concerns.

Regardless of how well change is managed, staff well-being is likely to be adversely affected. Access to occupational health services such as counseling is important at the earliest stages to help people cope with pressure and manage any mental health problems.

## EARLY OUTLOOK

Looking ahead, a few indicators are beginning to shine some light on the effects of Brexit on the economy; however, any conclusions can only be highly tentative.

The CIPD's quarterly Labour Market Outlook survey, published in August, found some evidence of softening hiring intentions among employers. The survey of 1,000 UK employers straddled the weeks before and after the EU referendum. It found that employers surveyed ahead of the vote were somewhat more optimistic about hiring intentions over the next three months than those surveyed afterwards. The proportion of employers expecting to increase staffing levels over the next three months dropped from 40 percent pre-Brexit to 36 percent after.

The survey also found that many employers expect Brexit to have a significant negative impact on costs and business investment decisions. One-third expect Brexit to increase their costs, compared with just 4 percent who believe the opposite. One in five (21 percent) expect to reduce investments in training and skills development and in equipment, compared with 7 percent who intend to increase investment in training and skills and 5 percent who plan to boost equipment spending.

Although many businesses are treating the immediate post-Brexit period as “business as usual” and hiring intentions overall remain positive, the survey suggests that some organizations, particularly in the private sector, are preparing to batten down the hatches.

The softening of the British pound and the expectation of further weakness in the currency as we wait to see the terms of our exit from the EU has meant one-third of employers expect their costs to increase. In response, they're looking to cut investments in crucial areas like skills development and equipment. In the CIPD's view, this reaction is premature. The economy had positive momentum going into the referendum, and there is a risk that employers will create a self-fulfilling prophecy if they overreact in the expectation of a downturn.

The CIPD has advised employers that now is the time to be talking about investing in people, in processes and in equipment that will boost productivity and improve the resilience of businesses and our economy. [WL](#)

[ Ben Willmott leads CIPD's Public Policy team. ]

## Digital Intelligence Increases Productivity

By Dr. Marko Kesti

Intelligent digitalization of HR functions can dramatically improve how companies manage their intangible human assets, ultimately bringing a significant rise to employee productivity.

In Finland, HR administrative functions are digitized quite well. We follow employee performance using a number of versatile indicators. Data reporting is progressive and ongoing, and best practices are distributed electronically. In turn, personnel risks are minimized, and causal relations are interpreted quickly with the help of result reports. Thanks to the electronic tools and a high level of know-how, Finnish HR management is probably among the world's most efficient.

However, we are just at the beginning of the digital evolution of organizational management, and we are only doing the basics. Through information management, we have improved strategic analytics and become increasingly proactive. But we have only scratched the surface in maximizing our intangible human capital.

Research studies indicate that organizations can achieve a competitive advantage through knowledge-

based HR analytics. According to the Finnish government's Research and Innovation Council, “The digitization of our society and economy is at the initial stage, and in the future it will

change our ways to learn, to work and to operate significantly. ... High-quality research and utilizing of its results and adapting of the technology are necessary preconditions for new innovations, productivity and growth.”

With the digitization of the workplace, leaders theoretically should have more time to interact with employees, but the



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situation is still the other way around. As systems gather information and report the results, it takes additional time and know-how to analyze the data and implement solutions. In the future, these systems will not only collect data, but also serve management intelligently at the strategic and practical levels.

The next generation of digitization automates the collection and dissemination of just the right information at the right time and illustrates results clearly so that changes can be efficiently implemented. Thus, leaders' attention can be directed more productively, such as to expanding and refining their interactions with workers.

One example of an intelligent HR inquiry tool is a digital robot that collects data on the tacit knowledge and productivity of employees. The inquiry is not made at regular intervals but continually asks a few questions at a time so that information is always up to date. Because the inquiry is short—only 15 questions—it does not cause a loss of valuable working time. Results can be used to take strategic and practical action in real time. For instance, management previously could react only after employee absences increased; now they can understand the causes and act in advance, before productivity loss. A more intelligent human resource inquiry can quickly generate workplace innovations that improve business outcomes.

A second example of intelligent HR is digital learning games for leaders. People management know-how is improved with the help of workplace simulations. These games will clarify if managers can utilize their know-how in different practical situations and solve different problems facing the organization and its employees. Managers should be able to adapt best human resource practices in real time as challenges to

the work community emerge.

Such digital games can simulate employee feedback, as well as give the manager vital information about the economic effects of his actions. The games are a cost-efficient personal trainer guiding the manager to operate effectively in the various situations that arise in the workplace. Productivity will rise when the professional skills of leaders improve.

*With the digitization of the workplace, leaders theoretically should have more time to interact with employees, but the situation is still the other way around.*

The examples described already exist, and their effectiveness is undergoing scientific scrutiny. According to current studies, these new digital solutions boost organizational efficiency by improving the quality of employees' working life. The annual rise of productivity is estimated to be around €3,000 per employee per year—a conservative estimate. Improvement can be accomplished every year and for several years consecutively, according to the studies. This means that the productivity problem currently plaguing Finland's private-sector companies could be solved in two years. <sup>WL</sup>

Dr. Marko Kesti is a professor of Administrative Science at the University of Lapland, Finland.

## Time to Lead?

By Henrik Øhrn and Paal Leveraas

Leaders around the world spend surprisingly little time leading. At the same time, the annual Global Employee and Leadership Index from Ennova and HR Norge indicates that time spent on leadership accounts for up to 30 points on a 100-point scale of the most important motivational and human productivity factors.

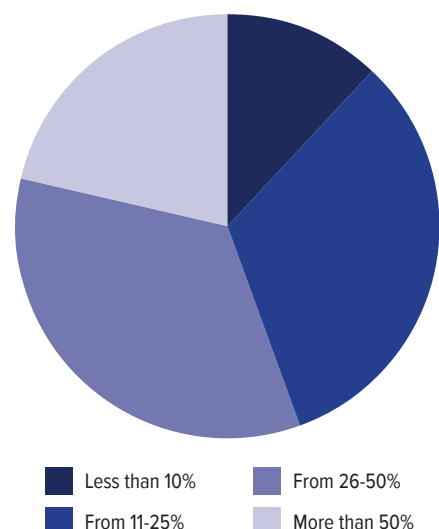
The survey polled 38,000 employees and leaders in 39 countries on a series of factors. This year, the survey focused particularly on how much time leaders spend actually leading their employees and how much time they spend doing other tasks.

When leaders were asked about the amount of time they spend on leadership, most reported that they are satisfied with the quantity. Still, leaders who spend less than 25 percent of their time leading reported that they know they are out of balance but that everyday tasks leave very little time to do what they realize they should do. The problem is that this is the situation for 44 percent of leaders—and they hide it well. All leaders want to go from being reactive to more proactive, but when it comes to prioritizing their time, the type of leadership that could prevent a lot of reactive work suffers.

The graph (below) shows overall global variations. But, when looking at different countries, we see that there is a difference of 20 points in these factors depending on the time leaders spend leading their employees—sometimes up to 30 points. Has a 20-point drop in motivation for leaders had any impact on productivity for themselves or the departments they run? What would the impact be? Or has a 20-point drop in cooperation had any impact on business performance?

Alternatively, when *employees* were asked whether their leaders spend enough time leading their departments, they reported a mean

Time leaders spend on leading



score of 66 out of 100. As a worldwide average score, this is perhaps not too bad; however, when we look at this at an individual level for the employees and compare it to the same factors mentioned above, we see a different story.

*Even a small change requires more individual leadership than is usually expected in order to achieve the desired outcome. We see that employees need significant time to get used to, or get over or through, changes.*

Time spent leading, along with leadership style, has a large impact on the motivation and productivity of employees. A general rule that becomes apparent after looking at this over a number of years is that leaders score higher than employees on these factors. Leaders have more control over their jobs and more autonomy to decide what to do. Being higher up in the hierarchy, they have better access to information that influences their own and their employees' future.

So, does a 20-point difference in a leader's motivation and productivity have any real impact on employees? The answer is and will always be that it depends on the job. Little time spent on leadership may be sufficient for a factory worker with a highly standardized job; at the other end of the spectrum—for example, in “knowledge work”—time spent on leadership has a very large impact on these factors.

In leadership literature, there is a distinction between “management” and “soft-skill leadership,” with each resulting in different outcomes in different situations. Typically, management becomes the first priority in a pressing situation, with soft-skill leadership second.

If people who are not experienced in the leadership role were given more time to lead, would they be good at it and would it have positive effects on their employees and their motivation? As *Fast Company* magazine concluded in 2014, too little time spent leading leaves employees disengaged but too much time could lead to micromanagement. In other words, we do more of what we are already doing—not what is most effective.

## LEADING AND CHANGE

Organizations have to stay competitive. In an ever-changing world, this means being able to adapt to change, chase efficiency and follow up on opportunities that can create new business. Avoiding change is not an option, but the survey results show that leaders underestimate the soft skills required during change.

For instance, implementing a new standard or new routine has a large, mostly negative impact on employees' motivation and productivity. Even a small change requires more individual leadership than is usually expected in order to achieve the desired outcome. We see that employees need significant time to get used to, or get over or through, changes. Sometimes it takes as long as a year for productivity levels to exceed what they were before the change.

The conclusion is that during change, leaders must not only the change itself but also their people. This can be seen as two separate challenges. When leaders already are pressed for time, they must prioritize between attending to their own tasks and being a leader. Usually, that means leadership suffers.

The pace of change that is influencing business life is increasing, so it is a good time to question our ability to get productive quicker, get results faster and change more effectively with the kind of leadership we are now executing and the amount of time we spend doing it. [WL](#)

Henrik Øhrn is head of research at HR Norge, the Norwegian national HR association, and Paal Leveraas is a writer/journalist and senior advisor for communications at HR Norge.

## Lattelecom Pilots **Latvia's First Smart Office**

By Ingrida Rone

Latvian information and communication technology company Lattelecom has created the country's first “smart” office, called “Mettropole,” which changes the usual understanding of the traditional work environment and culture in Latvia.

The new office gives employees in Lattelecom's business units an opportunity to work in a modern, motivating work environment that offers them greater autonomy and breaks down hierarchy and cooperation silos, in line with the company's vision and goals.

The smart office concept developed when a large number of Lattelecom employees were to be transferred from another property that had been sold. An opportunity arose to allow the company to accommodate a much greater number of employees in the main office building without sacrificing employee satisfaction.

### BUSINESS NEEDS

The work environment can significantly affect employee performance, and today it must comply with modern habits and technologies, work pace and office specifications. More efficient and innovative solutions is one of Lattelecom's strategic objectives: You cannot take on the tasks of the 21st century using 20th century tools and hope it will work out. That is why we needed a new, innovative approach to organizing work.

Everyone has to develop his or her ability to accept and adequately

react to constant changes around them, because changes occur constantly. We as an employer can help our employees to develop this ability, enabling them to find peace in these changing times. We have to accept that the changes will not stop—not in the company, nor in the economy, nor in the world in general. Step by step, Lattelecom has come to the conclusion that a smart



Latvia's First Smart Office continued on page 8

office is a practical way to convince our employees that changes are a natural, constant process, and they do not have to fight them. Instead, they should accept them and live in harmony with them without losing their true selves.”

## REAL-ESTATE SOLUTION

The creation of Mettropole was also associated with some very pragmatic considerations. Lattelecom owns around 70 buildings throughout Latvia, and maintaining them requires a lot of time, human resources and financial resources. Our strategy is to only keep the properties that we actually need instead of maintaining all of the historically inherited buildings. In 2014, a buyer for one of our buildings appeared, so the question became where to put the employees working there. Most of them had close cooperation with departments based in our main office building, so we decided that it would be best to all work together. But instead of just having smaller tables and sitting closer to each other, we knew we needed to create an environment that supports our business needs and where everyone would feel comfortable.”

This is how the idea of the smart office was born. We had three main conditions: to create a variety of flexible work environments within one floor; to provide enough space for individual work; and to promote communication, cooperation and creativity among employees.

Lattelecom is one of the first employers in Latvia to completely change established office atmosphere and habits in this way, although the activity-based workplace concept has existed elsewhere around the world for several years. Google, Dropbox, eBay, Facebook and many other prominent companies pioneered the transformation from the traditional working environment, opening up more opportunities for everyday communication and the free exchange of ideas. Throughout the world, companies are increasingly getting away from traditional cellular office design in favor of more creative layouts.

## DESIGN TRENDS

Studies show that workplace design greatly affects performance, employee engagement and innovation (U.S. Workplace Survey, 2013). Over the past five years, new social and mobile technologies have changed the way we work, create, share, learn and communicate. Today's world is connected like never before, but it also creates new obstacles that affect the ability of individuals to concentrate on work. This tends to be a reason the open-plan office employee becomes dissatisfied and less productive. When open communication areas are created at the cost of focused work, neither work nor communication is enhanced.

A well-thought-out and balanced work space design that promotes cooperation and communication while enabling employees to focus on individual work—supported by the freedom of choice of where and how to do the work—are major drivers of satisfaction, performance and innovation.

## A DAY IN METTROPOLE

Mettropole now spans two of the main office's nine floors, with two more floors to be finished by the end of 2016. Gradually, the Mettropole concept will become standard for all of the company's office staff.

The diversity and flexibility of the space allows employees to find the perfect place to work according to their tasks, mood or daily plans. Data show that Lattelecom employees spend only 40 percent of their working time at their desks, so under the new design they do not have just one assigned table. Instead, when an employee is in a meeting, on lunch or outside the office, his or her work space can be used by other colleagues. Changing one's work environment regularly promotes better health by reducing the sedentary lifestyle risks common to office staff.

One unwritten rule is the “clean desk” policy. Each employee has his or her own locker to store work materials, including his or her

laptop, before going home, leaving the working area clean and tidy. In Mettropole, strict working hours have eased. Teams now tend to stay later in the evening for activities unrelated to work—for example, to prepare Christmas gifts, have dinner, etc.

Previously, each employee had an assigned desk, with meeting rooms and some offices for managers, but in Mettropole there are many more types of work spaces, meeting facilities and communication areas, as well as places to rest and reflect. For example, for more focused and undisturbed work, employees can use the Quiet Zone. If it is necessary to exchange ideas with colleagues, they may choose the Creative Meeting Room, Cafeteria or Project Zone. In an unusual but worthwhile development, directors and board members have given up their private offices and work side by side with other employees.

The smart office also reduces costs on stationery—paper documents are used as rarely as possible—office products and maintenance. Lattelecom has seen more than a 40 percent drop in facilities management and maintenance costs per employee because of more efficient use of resources, and it can accommodate 70 percent higher staff capacity in existing spaces than before.

## MAXIMUM EMPLOYEE INVOLVEMENT

From an idea to realization, Mettropole took about one year, much of which was dedicated to analysis, preparation and internal communication in order to meet the work needs of employees and prepare them for the new concept. We predicted that, like any change, employees would not be immediately delighted by the news.

To gradually familiarize employees with the basic elements of the smart office, each department was assigned one “ambassador” whose key role was to support the project team, department manager and other employees as they adjusted to the changes. We listened to the concerns of each department and their views of what would happen as a result of these changes. Through these discussions we created the best solution for everyone, and the development of the new office was a collaborative effort of all. With each joint meeting, their faith in smart office efficiency was strengthened.

Now employees have a lot more choice as to where to work individually, hold meetings and relax. Strict borders are gone. Today, 87 percent of “Mettropolians” say they are satisfied to work in this new space and are truly proud to be a part of it. <sup>WL</sup>

Ingrida Rone is Director of Human Resources for Lattelecom.





# Around the Region

## Finland Basic Income Trial



Finland's Ministry of Social Affairs and Health is preparing to roll out a basic income pilot program beginning in 2017. The trial will select 2,000 unemployed persons who will receive a basic monthly tax-free income of €560 for as long as they remain jobless. The individuals, selected randomly, will range in age from 25 to 58, and their participation in the trial will be mandatory to ensure that the results are not distorted. Participants will be compared with a control group of unemployed who will not receive the basic income. The goal of the two-year trial is to encourage more unemployed individuals to take up available job offers. Follow-up studies will determine whether or not the program motivates more unemployed people to accept work.

## Germany Refugees Not Being Hired



When Germany opened its borders and jobs to migrants and refugees last year, business leaders the government expected a surge of hiring that would help Germany's economy, but they have been disappointed. One out of three German companies says it plans to hire refugees this year or next, but only 7 percent have actually hired refugees within the last 24 months. Like most of Europe, the country has an aging workforce, a low birthrate and a need for more young workers in the years to come, but newly arrived immigrants face greater challenges than expected, including a lack of the necessary language skills, education and training, and must also contend with Germany's complex bureaucracy. By this past June, just 54 refugees had found employment with the country's 30 largest companies.

## Greece Aging Fears



Greece's aging population is placing the country at high risk for debt and lowered productivity over the next two decades, according to the International Monetary Fund (IMF). The portion of the workforce between the ages of 55 and 64 is expected to grow by 15 to 20 percent over that period. IMF researchers point out that it is hard to generalize about an aging workforce, but the study points to a number of practices that could lessen potentially negative consequences, including improving health care, enhancing employment skills, and providing incentives for older employees to do casual and part-time work.

## Ireland Dad Time



Paternity leave is now recognized as a new legal right in Ireland. Male employees are entitled to two weeks' consecutive leave from their employment to care for their child for which they are deemed the "relevant parent"—the father, the spouse/civil partner/cohabitant of the child's mother, or sole male adopter or parent of a donor-conceived child. Same sex couples jointly adopting a child must choose one parent to be the "relevant parent." Employers are not obliged to pay employees during paternity leave, but may provide additional payments alongside a government paternity benefit of €230 per week.

## The Netherlands Fewer Jobless Seniors



Unemployment among workers aged 55 and older is decreasing in the Netherlands. In the second quarter of this year, 7.4 percent of this portion of the workforce was unemployed, compared to 7.9 percent a year earlier. Despite the decrease, 70 percent of unemployed people in this group have been looking for work for more than a year; long-term unemployment in the Netherlands is highest among older workers. Among the entire Dutch workforce, 557,000 people were unemployed in the second quarter, down by 58,000 from last year.

## Portugal Falling Unemployment



Portugal's jobless rate tumbled to a five-year low in the second quarter, reassuring the government that has been reversing the austerity policies of the previous administration. The National Statistics Institute said that unemployment hit 10.8 percent in the second quarter, well down from 12.4 percent in the previous quarter and 11.9 percent a year ago, and falling after climbing for two quarters. The rate has even fallen below the government's full-year target of 11.3 percent and is the lowest rate since the first quarter of 2011, just before Portugal requested an international bailout amid a debt crisis.

## Spain Temp Surge



The number of workers who have been hired through temporary employment agencies in Spain grew by 23 percent in the first five months of 2016, reaching 325,275, according to the Ministry of Employment and Social Security. Between January and May, temp agency workers completed an average of four contracts each. The sector using the most temps was manufacturing, with 30 percent of all contracts, followed by the retail and hospitality sector, with 23 percent of all contracts. The area that saw the greatest amount of growth was professional, scientific and technical activities, up 29 percent. According to the statistics, 2 out of 3 temp workers in this period were men, and nearly half were under 34 years old.

## Sweden Six-Hour Day



Some companies in Sweden are moving to a six-hour working day in a bid to increase productivity and make people happier. Employers that have already made the change have said the aim is to get more done in a shorter amount of time and ensure people have the time and energy to enjoy their private lives. Automaker Toyota's sites in Gothenburg switched to the six-hour workday 13 years ago and report happier staff, a lower turnover rate and an increase in profits over that time. Game app developer Filimundus made the change last year. Its CEO, Linus Feldt, said his staff members are now expected to work more intensely while in the office, so they are not allowed to use personal social media, meetings are kept to a minimum and other distractions during the day are eliminated to maximize productivity in a shorter workday.

## United Kingdom Work Culture



Most new U.K. university graduates (64 percent) would be happy to trade a higher salary for a better culture and social atmosphere at work, according to the 2016 UK University Graduate Employment Study, conducted by Accenture. Researchers found that young, educated workers are seeking employers that provide more than a paycheck; they want work that also fulfills their passions and challenges them, setting them up for continued professional growth and success. Graduates are also looking for companies that demonstrate corporate social responsibility and connect employees' interests to the mission of the organization—for example, by providing opportunities to volunteer in the community and giving employees varied, meaningful work experiences that create cohesion and commitment.

Sources: Uutiset, NPR, Greek Reporter, The Irish Times, NL Times, The Daily Mail, Staffing Industry Analysts, The Independent, HR Magazine (UK)

# HR Calendar

## October 13-14, 2016

Österreichisches Produktivitäts  
Und Wirtschaftlichkeitszentrum  
(ÖPWZ) Annual Conference

Salzburg, Austria

[www.opwz.com/forum-personal/hr-  
tagung.html](http://www.opwz.com/forum-personal/hr-tagung.html)

## October 13-14, 2016

Macedonian Human Resources  
Association (MHRA) Annual  
International HR Conference

Skopje Marriott Hotel, Skopje,  
Macedonia

[www.mhra.mk](http://www.mhra.mk)

## October 14, 2016

Malta Foundation for Human  
Resources Development (FHRD)  
2016 HR Conference

Radisson Blu Resort & Spa, Malta  
Golden Sands

<http://fhrd.org/agenda.aspx?cid=11>

## October 20-21, 2016

WFPMA 16th World Congress on  
Human Resource Management:  
“Connecting People—  
Connecting the World”

Halic Congress Center, Istanbul

[www.wfpma2016istanbul.org](http://www.wfpma2016istanbul.org)  
[registration@wfpmaistanbul2016.org](mailto:registration@wfpmaistanbul2016.org)  
org

## October 26, 2016

Portuguese Association of  
People Management (APG) 49th  
National Conference: “People  
Management in a Digital World”

Centro Cultural de Belém, Lisbon

[www.apg.pt](http://www.apg.pt)

## November 9-10, 2016

Chartered Institute of Personnel  
and Development (CIPD) Annual  
Conference & Exhibition

Manchester Central, Manchester,  
England

[www.cipd.co.uk/events/annual  
training.hotline@cipd.co.uk](http://www.cipd.co.uk/events/annual-training.hotline@cipd.co.uk)

## November 24-25, 2016

Hong Kong Institute of Human  
Resource Management  
(HKIHRM) 36th Annual  
Conference & Exhibition:

“Transformation: People,  
Strategy, Organization”

Hong Kong Convention &  
Exhibition Centre

[www.hkihrm.org/index.php/pe/  
annual-conference](http://www.hkihrm.org/index.php/pe/annual-conference)  
[project@hkihrm.org](mailto:project@hkihrm.org)

A more comprehensive  
list of events in Europe  
can be found at  
[www.eapm.org/events](http://www.eapm.org/events).

# World Federation of People Management Associations (WFPMA)

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Africa, Sudan, Swaziland, Tanzania, Togo, Tunisia, Uganda,  
Zambia, Zimbabwe

**President:** Hicham Zouanat, Morocco

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ASIA PACIFIC FEDERATION OF HRM

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Singapore, Sri Lanka, Taiwan, Thailand, Vietnam

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Romania, Russia, Slovakia, Slovenia, Spain, Sweden,  
Switzerland, Turkey, United Kingdom

**President:** Bob Morton, United Kingdom

### FIDAGH (15)

INTERAMERICAN FEDERATION OF PEOPLE  
MANAGEMENT ASSOCIATIONS

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Panama, Paraguay, Perú, Uruguay, Venezuela

**President:** Leyla Nascimento, Brazil

### NAHRMA (3)

NORTH AMERICAN HRM ASSOCIATION

Canada, Mexico, United States

**President:** Henry G. (Hank) Jackson, United States

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[WFPMA.Secretariat@shrm.org](mailto:WFPMA.Secretariat@shrm.org).

## WORLDLINK

welcomes news stories, announcements of events and ideas for articles.  
These should be accompanied by a telephone number and e-mail  
address.

Martha J. Frase

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## NEXT ISSUE

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