



# Littler 2023 European Employer Survey Report

NOVEMBER 2023

**Littler**<sup>®</sup>

## EXECUTIVE SUMMARY

**After years of disruptions from the pandemic, artificial intelligence, shifting regulations and changing employee preferences, are European workplaces finally reaching a consensus on the “new normal”?**

To investigate this question and other key issues facing employers, Littler surveyed 780 human resources (HR) professionals, in-house attorneys and business leaders from across Europe. The results, which inform Littler’s **2023 European Employer Survey Report**, show the myriad ways in which employers are responding to changes in workplace management, policy and culture.

### **Flexibility in Work Models Is Here to Stay**

While companies have tried a range of tactics to entice employees back to the office, the breakdown of in-person and remote work remains remarkably similar to our 2022 survey. This year’s survey finds 30% of employers are requiring fully in-person work, while the majority (58%) offer hybrid models that require some in-person work, but still provide employees with flexibility. Only 6% say their workforces are fully remote, an indicator of the value placed on in-office collaboration.

Enforcing in-office work requirements, however, has proven challenging for some employers. Only about half of respondents (52%) say their employees comply with in-person work policies to a large extent, with others reporting compliance to a moderate (38%) or small (9%) degree. Resistance to in-person work likely reflects an ongoing misalignment between employers and employees when it comes to these policies: Only 36% of respondents say that their work models match employee preferences. On the other hand, 43% report that their employees prefer remote or hybrid work to a greater extent than their organisation offers it.

As they navigate a competitive talent market, some employers are going even further in their flexible arrangements. Nearly half of employers responding to the survey (48%) say they allow employees to work remotely from abroad to some degree (known as “wandering workers” or “digital nomads”), while 38% say they are contemplating a four-day workweek. Both work models come with substantial legal, operational and practical challenges.

Others have had to be flexible out of necessity as requests from employees for reasonable accommodations and reasonable adjustments related to health conditions increase, with 44% of respondents saying there has been a surge of requests related to physical health since the start of 2022. Meanwhile, 36% report an increase in requests related to post-COVID or long-COVID conditions. Additionally, 39% of employers surveyed report an uptick in mental health-related requests, though these results vary considerably by country.

### **Employers Are Divided on Use of AI Tools in HR**

As employers parse the risks and benefits of incorporating AI tools into HR functions, differences in approach are emerging between the early adopters and the more risk averse.

Most European employers (61%) say they use predictive AI tools for at least one HR function, with popular applications including customised employee training, workforce automation and recruiting and hiring. A large contingent of respondents (59%) also report using generative AI for HR purposes, with content creation for materials such as job descriptions and onboarding materials the most popular application. Others, however, do not seem inclined to adopt such tools: 39% are not using predictive AI in their HR departments and 41% have yet to utilize generative AI.

While European employers await specific compliance obligations from the proposed AI Act in the European Union (EU), most of those using AI in the employment context do not seem daunted by regulatory uncertainty. Nearly 70% of respondents say they have not changed their AI usage in response to regulatory proposals—demonstrating the value and efficiency employers are already finding in these tools.

### **Employers Face Changing Expectations and Regulatory Requirements**

Marking another key cultural shift, employers are increasingly under pressure from employees and other stakeholders to respond to divisive social issues both within and beyond the workplace. Many are struggling with how to respond, as evidenced by the 75% of respondents who say they have found it to be at least somewhat challenging to manage expectations surrounding social and political beliefs among employees.

In what follows, we examine these and other key issues impacting European employers, including EU Directives governing pay transparency and whistleblower protections; regulatory frameworks for cross-border data transfers; ESG and supply chain transparency requirements; and the rising focus on workplace legal issues with C-suite executives. We also include U.S. comparisons where applicable, and break out country-specific results for some of Europe's top economies: Germany, France, Spain, Italy and the U.K.

*The pages that follow include the full charts and analysis of the survey data. Some aggregate percentages do not equal 100% due to rounding or because respondents were invited to select more than one answer. Refer to page 27 for more details on the survey methodology and a breakdown of respondent demographics.*

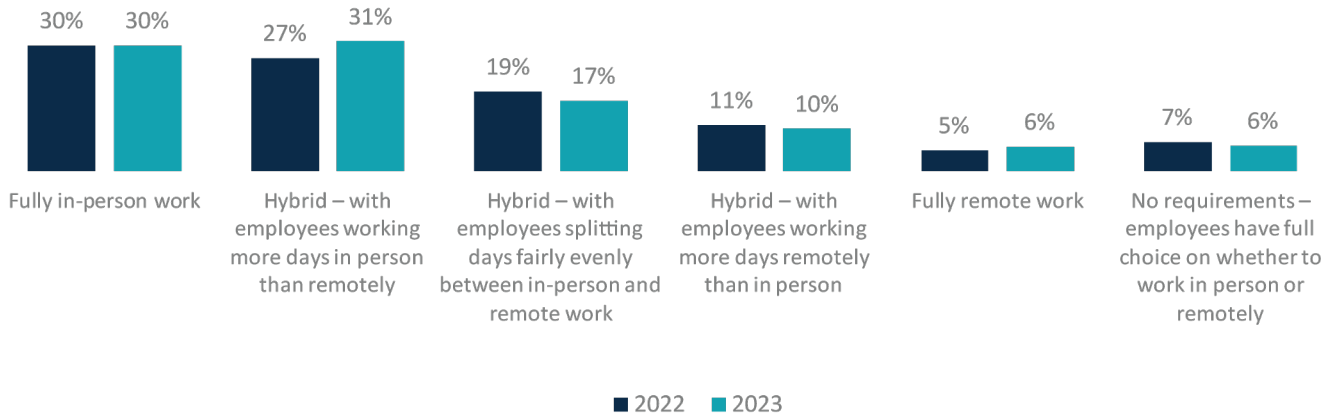
*Disclaimer: The survey questions and their resulting findings cover issues that are governed by differing rules from European governments and certain actions may not be permissible depending on the country. The content does not convey or constitute legal advice, nor is it intended to be acted upon as such.*



## FLEXIBILITY REMAINS A KEY WORKPLACE MANAGEMENT STRATEGY

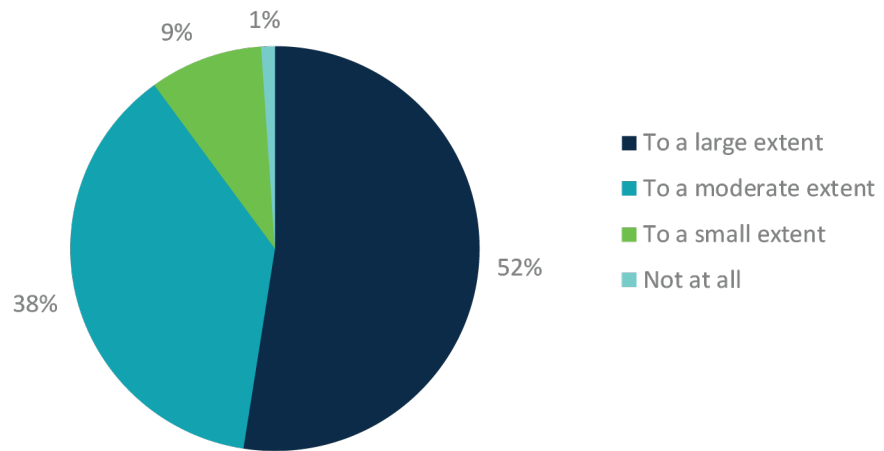
### Post-pandemic work models take shape

Which of the following best describes your organisation's current requirements for employee work schedules?



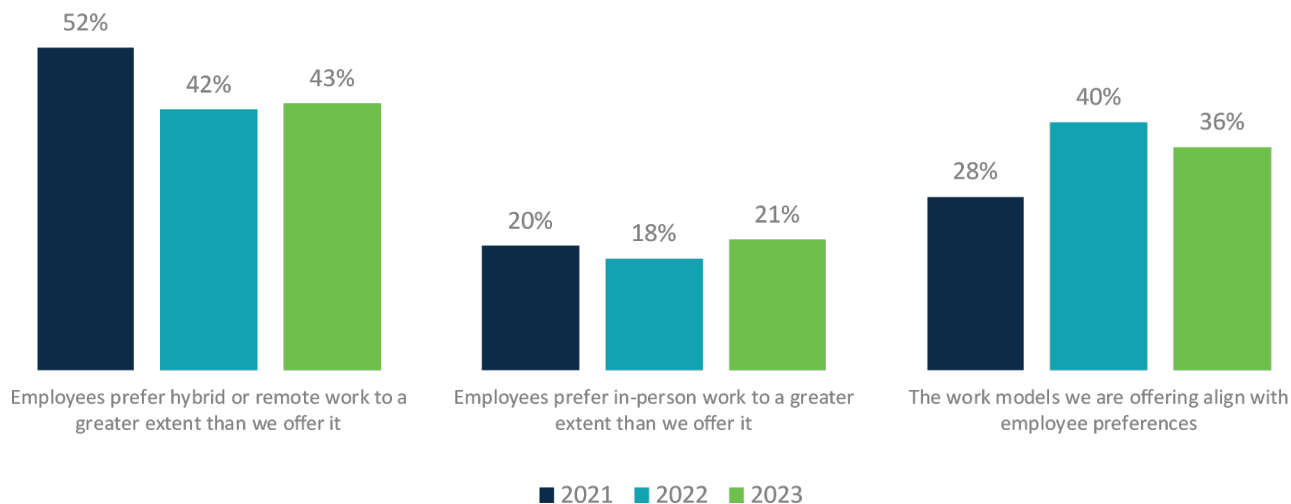
To what extent do you believe employees have been compliant with your organisation's requirements for days spent working in person?

*This question was only posed to those who have policies that include in-person work.*



**For your employees who can work remotely, which of the following do you think best describes the alignment between your organisation's policies and your employees' preferences when it comes to your current work arrangement?**

*This question was only posed to those who have positions where employees can work remotely.*



After the upheaval and uncertainty of the last few years, it appears that European workplaces are settling into a new way of working—and that flexible and hybrid models are here to stay.

Despite sustained efforts to entice employees back to the office, the percentage of European employers requiring in-person work has remained steady since last year's survey, with only about a third (30%) requiring it. The majority (58%) are keeping a hybrid approach that still favours in-person work: 31% of employers in this group have employees working more days in person than remotely, up four percentage points from last year. Only a small fraction is fully remote (6%) or without any requirements (6%). Overall, the distribution of work models among employers has remained remarkably similar to last year's results, suggesting that changing policies in the face of these increasingly cemented expectations will be an uphill battle.

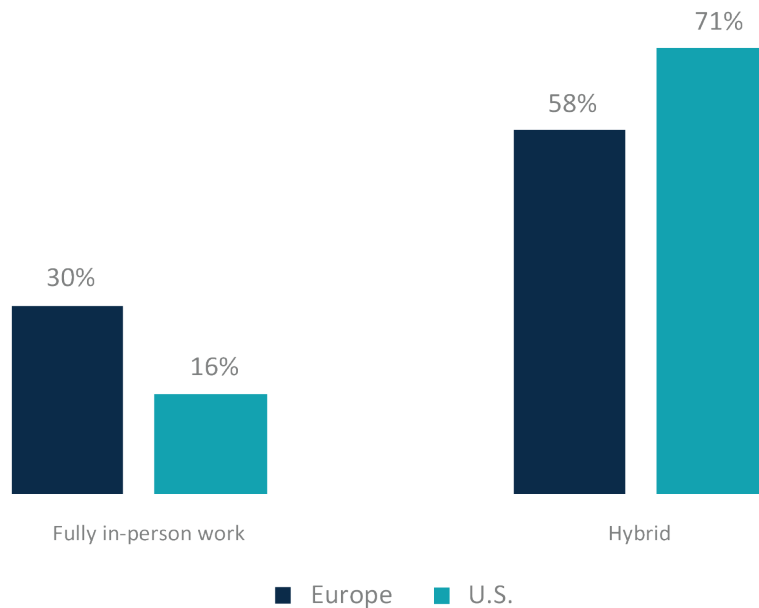
At the same time, fully enforcing in-person work policies has proven challenging for some employers. While only 1% say employees fail to comply entirely, only about half of respondents (52%) say that their employees have been compliant with in-office requirements to a large extent. Among large employers with over 5,000 employees—93% of whom require at least some in-person work—just 43% say their employees comply with policies to a large extent. Notably, not all employers track attendance data systematically, which means actual compliance rates may be lower or higher given that the survey is gauging the perceptions of executives rather than the reality for front-line managers.

While there has been some improvement since 2021, ongoing resistance to in-person work could be because employer policies remain broadly unaligned with employee preferences. Just 36% of respondents say that their work models match employee preferences, compared to 43% who report that employees prefer remote or hybrid work to a greater extent than their organisation offers it. In fact, the degree of alignment declined slightly from last year, from 40% to 36%, as the number of employers requiring more in-person days increased slightly. For large employers, an even higher percentage (56%) say employees prefer remote or hybrid work to a greater extent than they offer it.

## EUROPE AND U.S. DIFFERENCES

Littler’s [2023 U.S. Employer Survey](#) also found that the hybrid work model has staying power—and to an even greater degree than in Europe. Of the U.S. employers surveyed, 71% said their workforces were operating on a hybrid work schedule and only 16% required fully in-person work.

### Requirements for employee work schedules:



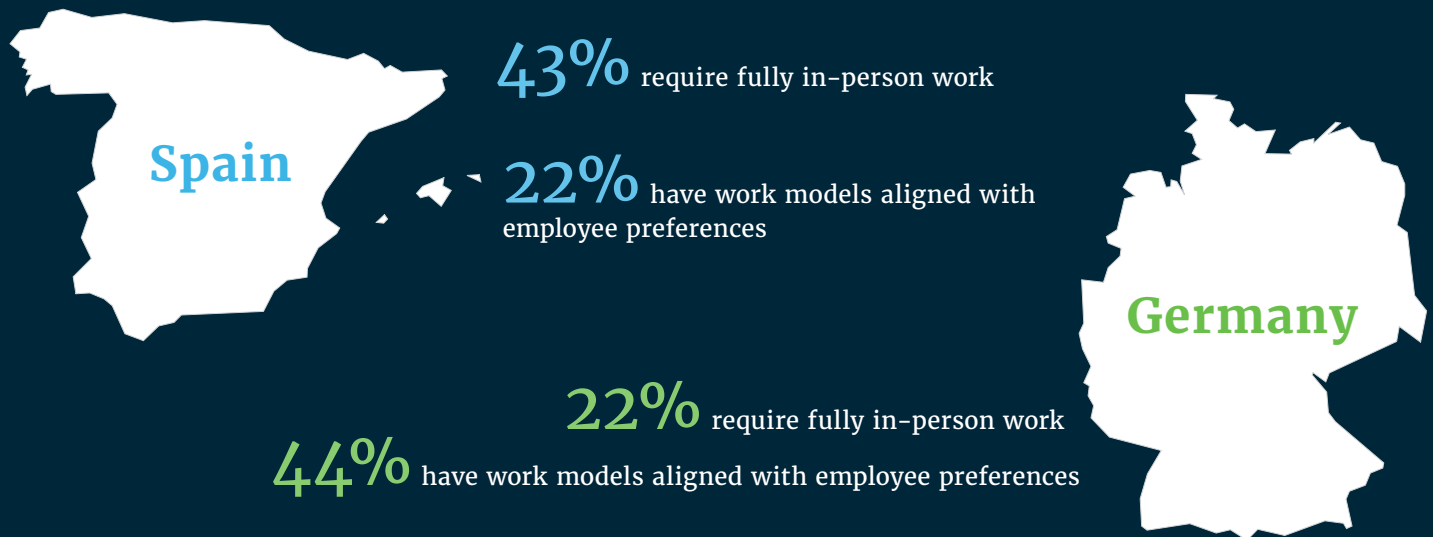
“What began as a temporary measure during the pandemic is clearly here to stay. Those employers who have been able to accommodate hybrid work are in a position to embrace this new normal, and can therefore satisfy both employee preferences and the business fundamentals. In a competitive talent market, this approach can generate real advantages for employee retention, attraction and even compensation.”

[Raoul Parekh](#), Littler Partner, U.K.





## Country-Specific Analysis



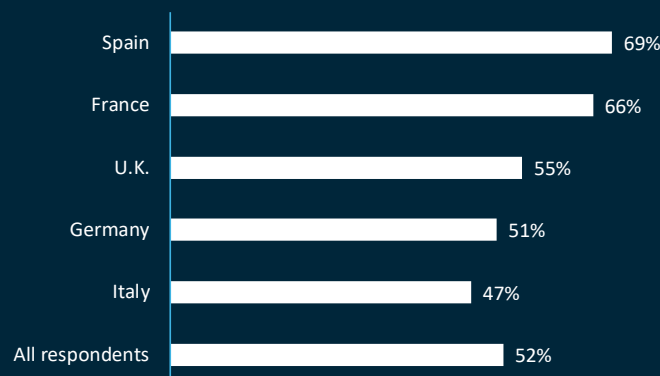
Among Europe's top economies, Germany once again saw the lowest percentage of employers requiring fully in-person work (22% in both 2022 and 2023). It's no surprise, then, that Germany also saw the highest percentage of employers saying that their work models align with employee preferences (44%, compared with 36% overall).

Suggesting that in-person work policies in Spain are more than just words on paper, employers in the country are also seeing very high levels of compliance, with 69% saying their employees follow the policy to a large extent. Yet many may be doing so begrudgingly, as only 22% of respondents in Spain believe their work models align with employee preferences.

Italian employers, on the other hand, seem to have walked back their fully in-person schedules to better align with employee preferences. Only a third of Italian respondents (33%) require employees to be fully in office in 2023, compared to more than half (52%) last year, with 44% now offering a hybrid schedule with more days in person than remote. Reflecting this shift towards remote work, 39% in Italy say employee preferences and policies are aligned—a 10 point increase from last year.

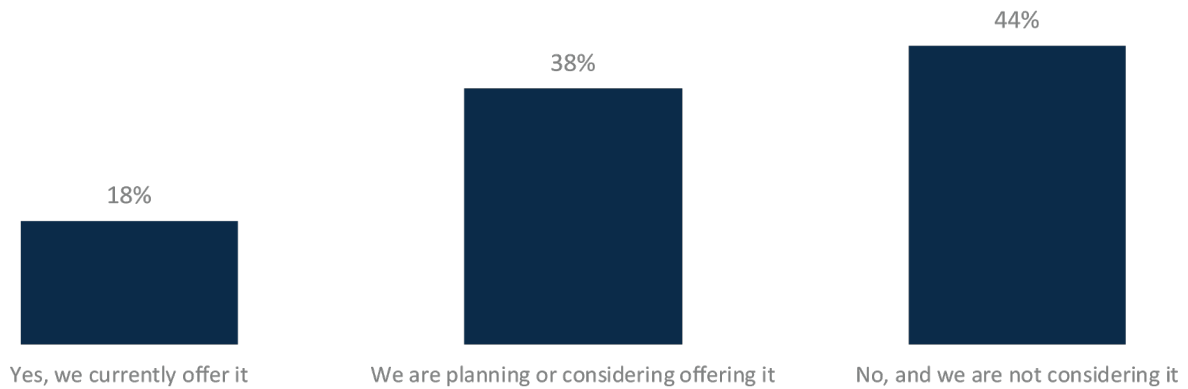
While the U.K. has pushed for more in-person work, with 36% requiring employees to be on site full time, compared to 31% last year, French employers have maintained flexibility. Among French respondents, only 25% require fully in-person work—potentially explaining the country's higher rate of employee compliance with their policies.

### Employers who say their employees comply with in-person work requirements "to a large extent":



## Employers contemplate four-day workweek in a tight labour market, though action is less likely

Has your organisation offered, or considered offering, a four-day workweek?



In the wake of the pandemic, the idea of the four-day workweek has re-gained popularity among employees—and as competition for talent remains stiff, employers seem more willing to consider such arrangements.

The [largest trade union](#) in Germany is currently campaigning for a four-day workweek, and a large-scale pilot program testing such an arrangement will [kick off](#) in the country in February 2024. Against this backdrop, 25% of Germany-based respondents report already offering a four-day workweek. Programs [piloting](#) shorter weeks have also recently occurred in Iceland, Ireland, Portugal, Spain and the U.K.—with [some companies](#) opting to keep the schedule.

Still, the majority of respondents (82%) have not transitioned to a four-day workweek—suggesting that the concept may be far from a reality—although 38% claim to be considering or planning to implement the model.

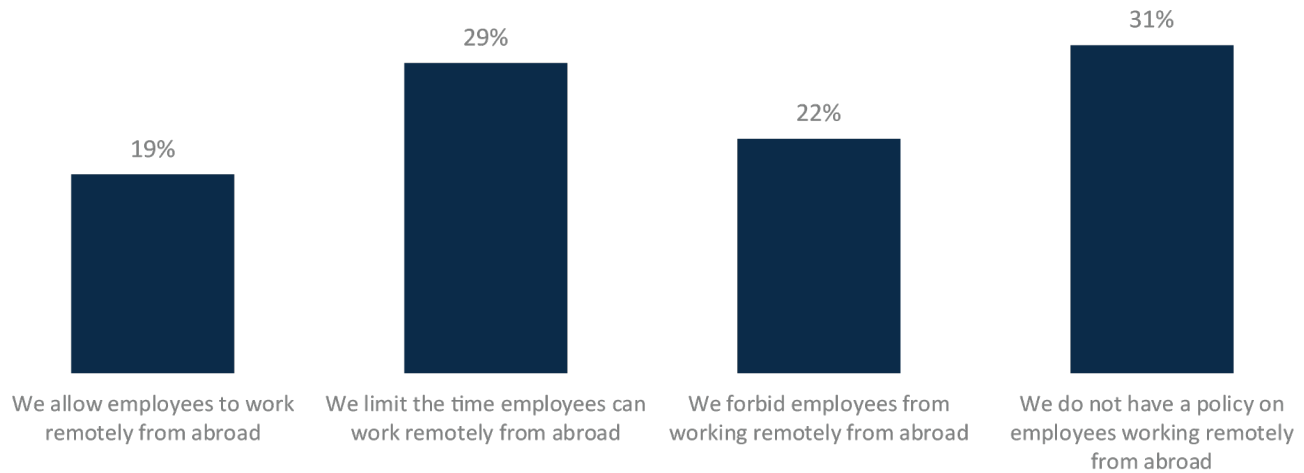
However, while 18% of respondents say they are already offering a four-day workweek to employees, employers may be operating under different definitions depending on their jurisdiction or industry. For example, in [Belgium](#)—the first to legislate a four-day workweek option—employees still perform a full 38 hours of work on a condensed schedule, while the [Netherlands](#) has on average the shortest working week in the world at 29 hours. Some respondents may also be offering or considering four-day workweeks that are seasonal (*e.g.*, “summer Fridays”) or are more akin to a part-time schedule—often with a corresponding decrease in pay for those utilising greater flexibility for personal or medical reasons.

Apart from Germany, the number of respondents who report offering the benefit in any form hovered around 15% for Europe’s major economies, including France (15%), Italy (15%), Spain (12%) and the U.K. (14%). Large companies were also less likely to adopt the shorter week, with just 12% reporting that they offer it and 55% saying that they are not even considering it. Given the operational challenges this shift poses for many organisations—particularly in industries with expectations of five-day availability, like professional services or banking—a widespread transition to four-day workweeks remains unlikely.



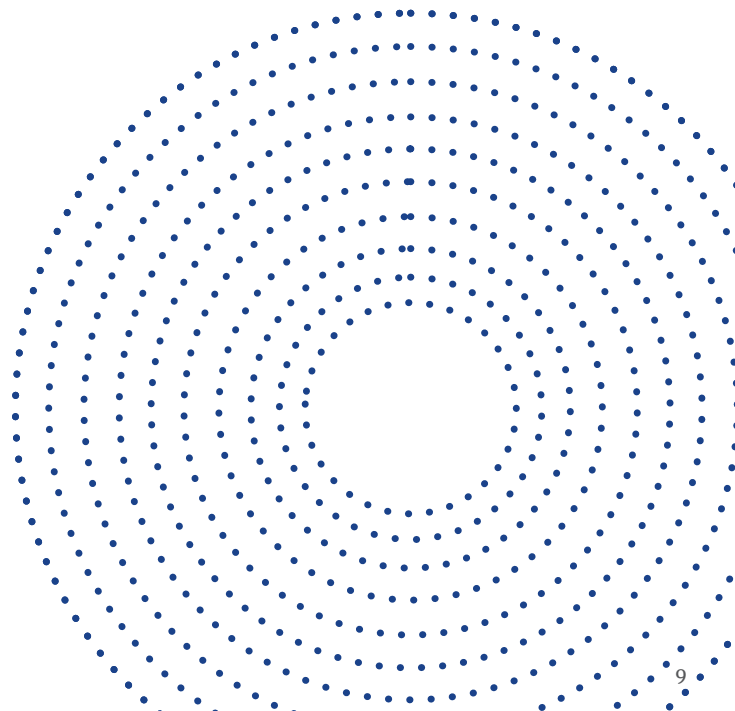
## Lagging policies leave questions about wandering workers

Which of the following best describes your organisation's policy regarding remote employees who wish to work abroad in a different country from where they are usually located?



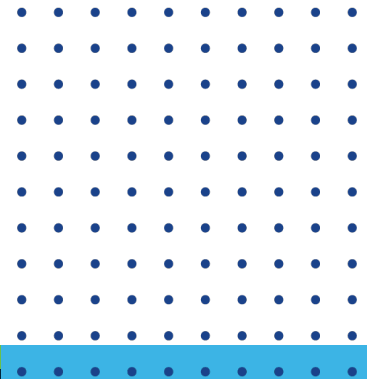
Although 70% of respondents to our [2022 European Employer Survey](#) (see page 13) expressed moderate or significant concerns about the legal risks, tax implications and other employment issues posed by “wandering workers” (*i.e.*, employees who work in a different country from where their employer is located), policies have not kept pace with this relatively recent phenomenon.

Nearly a third of employers (31%) do not have a policy in place addressing remote work from abroad, while just 22% expressly forbid the practice. Reflecting the premium employees are placing on flexibility, nearly half (48%) of employers allow the arrangement to some degree.



Notably, 29% of U.K.-based employers say they do not have policy governing remote work from abroad and only 22% forbid the practice, despite the fact that the country no longer enjoys the same immigration or work visa benefits in the European Union following Brexit. Among Europe's top economies, France has the highest percentage of respondents who forbid employees from working remotely from abroad (35%) and only 31% of French respondents say their organisations allow the practice in some form.

Wandering workers can create myriad risks for employers, including double taxation, data protection and security, differing welfare requirements and social security contributions, immigration and visa requirements, and varying employment rights in different legal jurisdictions.



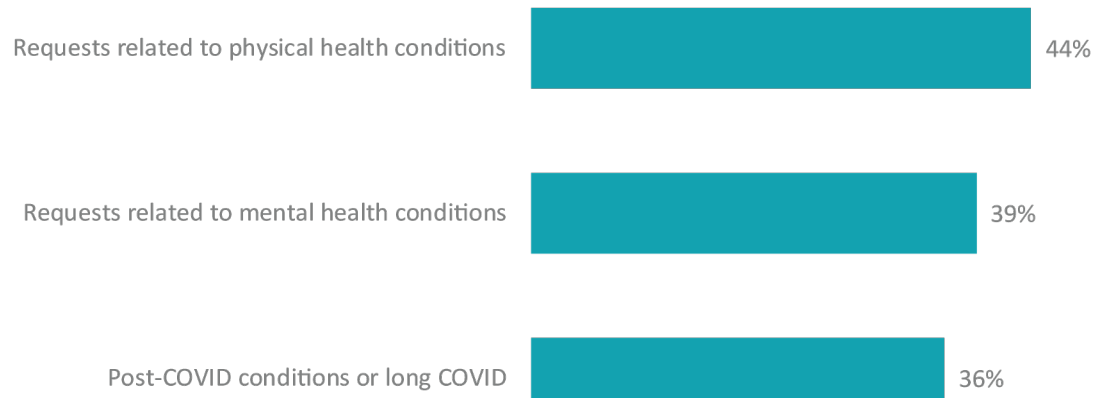
“Managing requests from employees to work outside their normal jurisdictions continues to cause headaches for companies, especially when adequate policies are not in place. Even at international organisations, wandering workers can pose unique legal and administrative burdens. Without policies guiding when, where and if employees can work remotely from abroad, it can be difficult to determine the applicable local laws and ensure employees and employers are not in violation—sometimes without even realising it.”

[Laura Jousselin](#), Littler Partner, France



## Accommodations requests grow amid heightened focus on mental and physical health

In which of the following areas has your organisation received increased requests from employees for reasonable accommodations / reasonable adjustments since the start of 2022? (Tick all that apply)

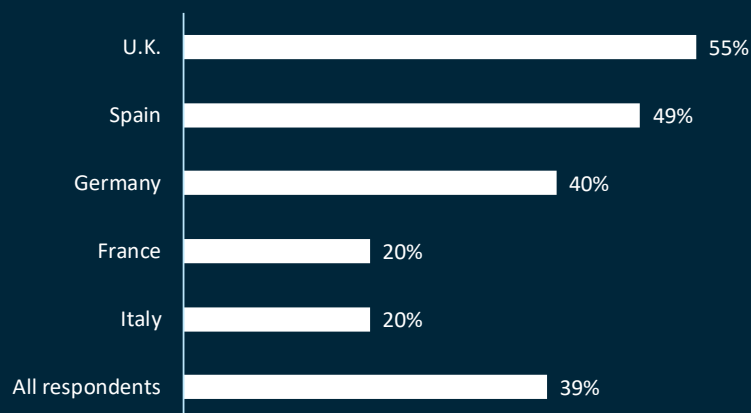


After years of increased emphasis on both physical and mental well-being, organisations are seeing an uptick in the number of employees requesting health-related accommodations. Nearly half of respondents (44%) report an increase in requests related to physical health conditions since the start of 2022, while 36% say the same about requests related to post-COVID or long-COVID conditions.

It appears that employees are increasingly comfortable requesting mental health accommodations in the workplace as well. This might be the result of employers paying heightened attention to such issues: In our [2022 survey](#) (see page 15), 70% of organisations reported placing more of a focus on employee mental health and well-being to attract and retain talent. This year, nearly 40% of respondents saw a rise in mental health-related requests, though these results diverge considerably in an analysis by country as cultural attitudes towards discussing mental health vary.

## Country-Specific Analysis

### Increased requests for employee mental health accommodations



Respondents based in Spain and the U.K. saw a steeper increase in requests for mental health accommodations, at 49% and 55%, respectively. Despite Spain's relatively [high rates of unemployment](#), especially among young workers, addressing issues surrounding mental health and well-being in the workplace are increasingly a [priority](#) for employees. The U.K.'s Advisory, Conciliation and Arbitration Service also published [new guidelines](#) earlier this year on how employers can make reasonable adjustments to support employees' mental health.

When it comes to physical health, however, more than half of respondents in France (59%) and Italy (52%) saw growth in their request volume. COVID-related accommodations in Italy—one of the first European countries hard hit by the pandemic—were also considerably higher, at 48%.

### Europe and U.S. Differences

While Littler's [2023 U.S. Employer Survey](#) suggests that American and European employers are on par when it comes to accommodation request volume for physical health conditions, significantly more U.S.-based employers reported dealing with mental health-related requests (see page 7). Nearly two thirds (65%) of U.S. employers responding to the survey in March 2023 saw an increase in mental health requests—26 points higher than their European counterparts.

Even before the pandemic, workplace mental health was a key focus for European employers: In our [2019 survey](#), it was extremely concerning to 17% of respondents, more than any other HR-related issue. At the same time, the U.S. has long had one of the most significant [mental health disease burdens](#) relative to other high-income countries, with corresponding challenges surrounding access to care. The pandemic only worsened mental health issues in the U.S., with 41% [experiencing](#) high psychological distress at some time during the crisis, according to the Pew Research Center.

In other words, the survey results may reflect that the U.S. is catching up to Europe's longer-standing focus on employee well-being.

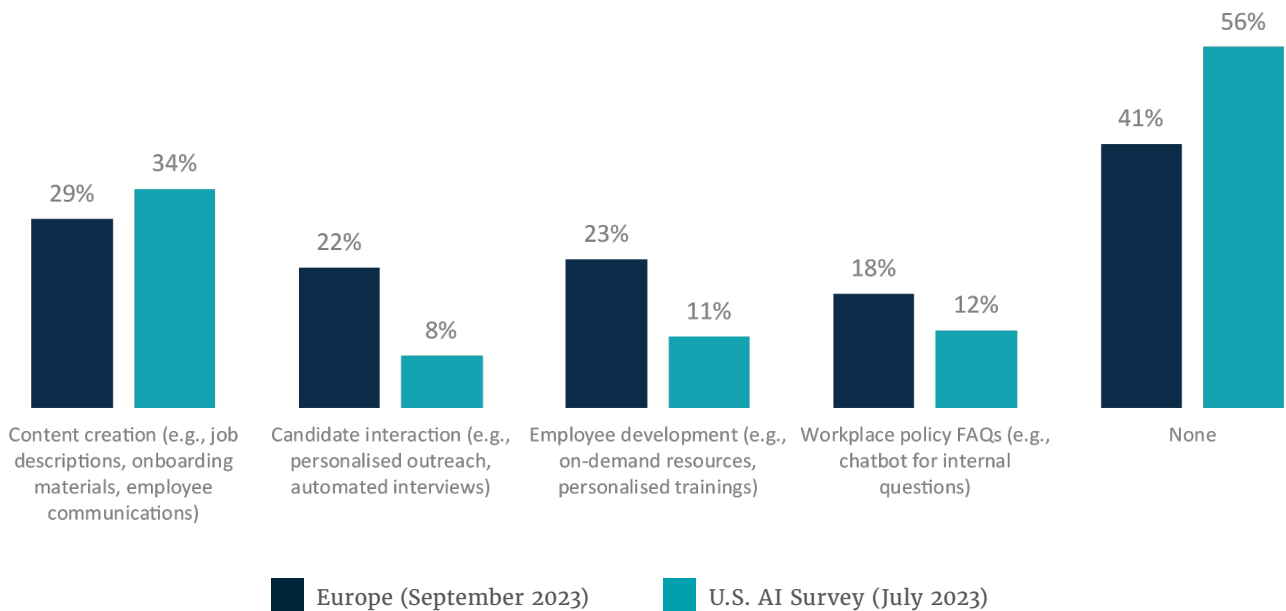
## AI IN THE WORKPLACE

### Employers are divided on AI adoption

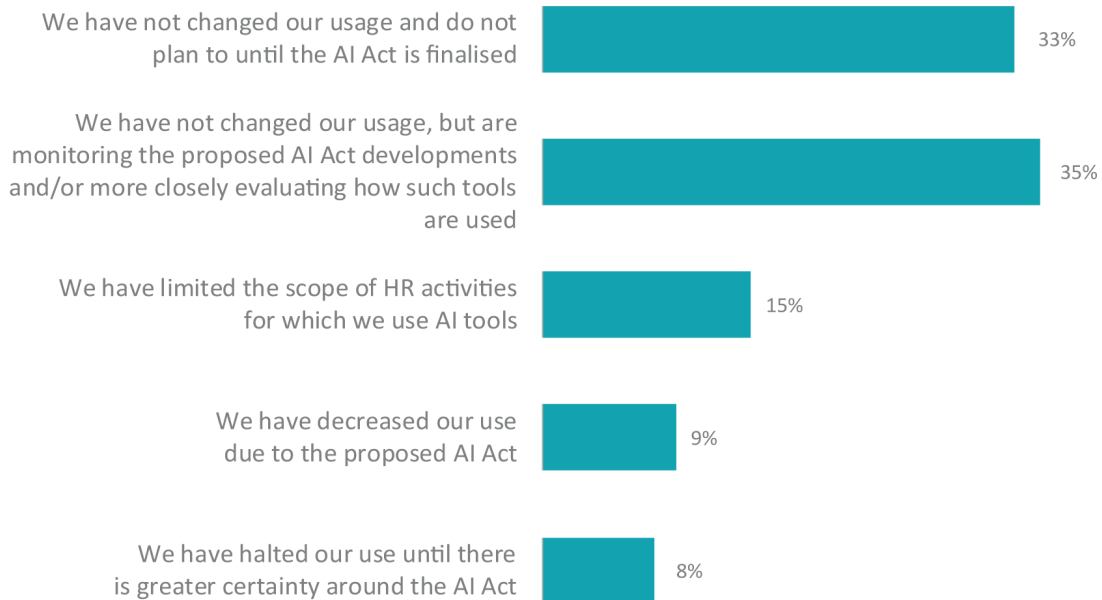
In which of the following areas is your organisation using predictive AI tools to help make human resources decisions and/or in employment processes? (Tick all that apply)



In which of the following ways has your organisation used generative AI to assist with human resources processes? (Tick all that apply)



The proposed AI Act in the European Union (EU) would impose new obligations on both providers (those who develop AI) and deployers (organisations under whose authority the AI system is used, which will include employers). Given that the specific compliance obligations for use of AI in the employment context are not yet known, which of the following best describes how this regulatory uncertainty has affected your organisation's use of AI for employment-related decisions?



Reflecting ongoing dialogue surrounding the value and risks of AI in the workplace, European organisations appear split on incorporating the technology in their HR departments.

Most organisations (61%) report using predictive AI tools—which analyse existing data or make predictions in employment processes—for at least one function, showing that employers are generally open to the power of AI. Approximately one in five respondents report that their organisations use AI for such HR functions as customised employee training (20%), workforce automation (20%), recruiting and hiring (19%), and assessing productivity and performance (19%).

More than half of respondents (59%) also report using generative AI—which can be used to create new content or data—to assist with HR processes. Content creation, such as job descriptions and onboarding materials, is the most popular application (29%). Slightly less than a quarter of respondents use generative AI for candidate interaction, such as personalised outreach or automated interviews, or employee development, including on-demand resources and personalised trainings.



However, there is a meaningful contingent that does not use predictive (39%) or generative (41%) AI in their HR departments at all—a roughly similar proportion (36%) to those who reported in last year’s survey that they were not using or planning to use AI tools to support recruiting and hiring efforts.

Meanwhile, small companies with under 100 employees were less likely to be AI adopters, with more than half not using predictive (55%) or generative (56%) AI in HR, potentially because their small workforces do not necessitate investment in such tools.

In addition, more European employers report using generative AI in HR compared to their U.S. counterparts in Littler’s [AI in the Workplace survey](#) (59% vs. 44%). Given how quickly the technology is progressing, this could be more a function of the three-month lag time between surveys than it is a matter of greater adoption in either region.

Like their counterparts in the U.S., however, (see page 10 of [Littler’s AI in the Workplace Report](#)), most European employers that are already using AI tools in the employment context do not seem daunted by regulatory uncertainty. With regulations specifically tailored to AI lagging far behind the pace of innovation, employers using the technology may reason that the advantages of early adoption now outweigh having to make changes later in response to new laws and regulations. In fact, just 8% report halting their use of AI until there is greater certainty, while 68% say they have not changed their usage.

**“Implementing AI tools within HR departments in a compliant and effective manner takes time. While many companies may choose to wait for greater regulatory certainty or improved AI platforms before adopting such tools, the technology is developing so rapidly that laying the groundwork now can save time and increase the benefits to organisations when they are ready to incorporate AI tools into HR functions.”**

**[Jan-Ove Becker](#), Littler Partner, Germany**



# Country-Specific Analysis

## EMPLOYERS USING GENERATIVE AI TOOLS:



Employers in Italy show greater openness to using AI tools, with 76% using predictive AI for at least some HR functions and 78% saying the same of generative AI.

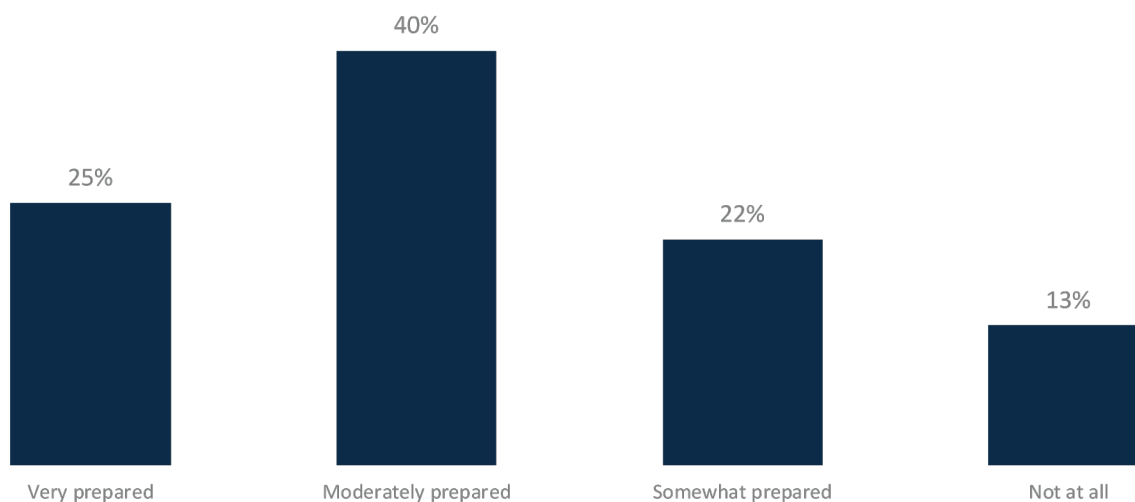
On the other hand, France and Germany are the least likely among Europe's major economies to have adopted predictive AI tools in their HR departments, at 56% and 57%, respectively (compared to 61% overall). German employers are also not flocking to generative AI, with just 45% saying they use it for at least one HR function.



## NEW REGULATIONS SHAPE WORKPLACE POLICIES

### Employers proactively prepare for Pay Transparency Directive requirements

To what extent is your organisation prepared to start taking steps to comply with the EU Pay Transparency Directive, including requirements to disclose salary ranges and report on any gender pay gap differentials?



While the [EU Directive on pay transparency](#) came into effect in June of this year, employers will not need to comply with its provisions in the immediate future, as Member States have until 2026 to introduce national legislation. Large and small employers also have until 2027 and 2031, respectively, before they will need to start reporting on the gender pay gap at their organisations, though some may be taking steps already in preparation for the new obligations, and as part of wider initiatives, as pay transparency gains increased acceptance.

Reflecting that many European countries already have some degree of gender pay reporting requirements, 87% of respondents say that they have already taken at least some steps to prepare—with the majority feeling moderately (40%) or very (25%) prepared. Proactive steps can include:

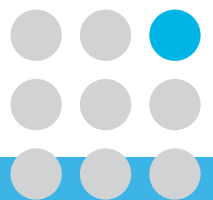
- Establishing a compensation taskforce covering key divisions such as HR, compensation and benefits, finance and legal
- Conducting training for compensation decision-makers
- Monitoring pay practices for any inconsistencies
- Incorporating pay transparency as part of an organisation's overarching inclusion, equity and diversity programs

Some organisations are also looking to conduct internal audits of their compensation practices and policies to prepare for the EU Pay Transparency Directive, which offers important advantages. Identifying and addressing inconsistencies in pay before legislation goes into effect can help organisations minimize the risks of litigation and reputational damage. Working with a law firm to conduct the audit is advisable to allow employers to assess their practices under legal privilege, thereby avoiding a paper trail that could be disclosed in any subsequent litigation.

For those companies that are already engaging in some pay transparency practices, however, it is worth noting that the Directive has more burdensome requirements than many existing standards. It also covers countries that currently have no such requirements—with questions remaining about exactly how the requirements will be structured across Member States.

Among the potential obligations: reporting on pay gaps between male and female workers in the same “category” of role (*e.g.*, performing the same work or work of equal value); conducting “joint pay assessments” to investigate and remedy pay disparities; and providing pay range and other salary information to employees upon request and upon advertising a new job. While the Directive requires Member States to provide analytical tools or methodologies to facilitate these assessments—such as responsibilities, effort, skills and working conditions, among other gender-neutral criteria—determining what constitutes equal value work is likely to be difficult.

The Directive could also yield cultural changes around pay as employees, armed with data, become more comfortable negotiating their compensation and discussing pay among their colleagues, particularly in jurisdictions where this is not currently the norm. Businesses may also begin to track pay data around other diversity categories, such as race and disability, more comprehensively as part of a larger pay equity program.



**“As organisations prepare to measure, analyse and address gender pay gaps in advance of the EU Pay Transparency Directive being transposed into national law, pre-emptive audits are often advisable. Pay transparency and gender equality in the workplace has become a salient cultural issue in addition to a legal one, so litigation around pay discrimination can inflict reputational damage to employers both internally and externally. Remedying disparities and other compensation-related issues now—with the benefit of legal privilege—can help alleviate such risks down the road.”**

**[Nicola James](#), Littler Partner, U.K.**



## Country-Specific Analysis

More than a quarter of respondents (28%) in the U.K. said that they feel “very prepared” to meet the requirements of the EU Directive, despite the fact that U.K. employers are no longer legally required to comply after Brexit, and the U.K. government has not yet indicated any intention to replicate the requirements.

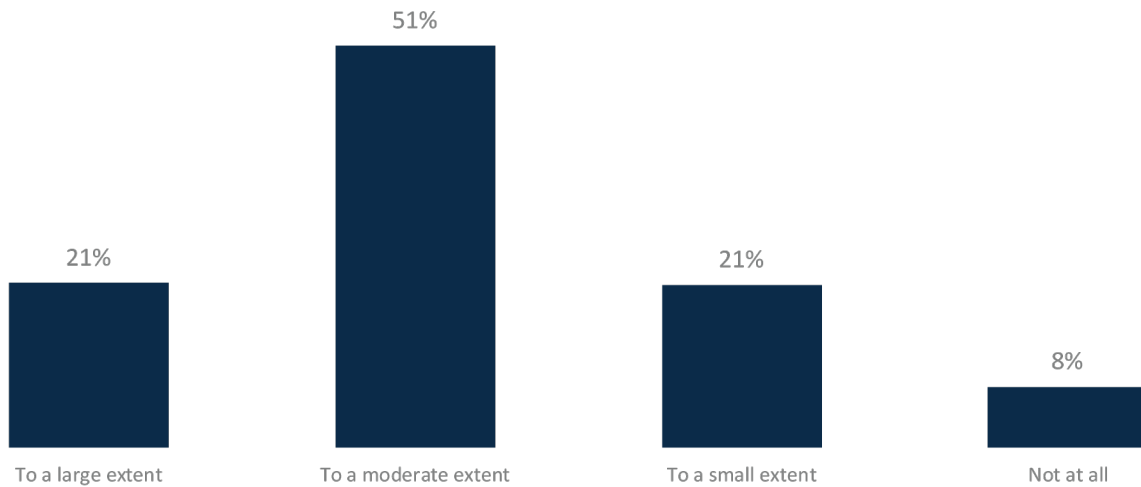
However, the U.K. did recently undertake a [pilot program](#) requiring salary ranges to be listed on job adverts for participating companies, which may have added to awareness around addressing pay transparency. Furthermore, while the Directive may not strictly apply within the U.K., multi-national companies operating in the EU may nevertheless choose to comply to maintain a consistent approach.

Other European countries have already had pay transparency measures in place for some time, including [Austria](#), which introduced such a law in 2011 that requires organisations with more than 1,000 employees to publish a pay report every other year.



## New Data Privacy Framework already proving useful to multi-national employers

**To what extent do you think greater clarity and regulatory frameworks around the lawful transfer of human resources data across borders, including the new EU-U.S. Data Privacy Framework, has been helpful to your organisation in conducting cross-border data transfers?**



For multi-national companies with operations in the U.S., the cross-border transfer of personal data is now subject to a new policy regime—the [Data Privacy Framework](#) (DPF). The framework replaced the EU-U.S. Privacy Shield, which was [invalidated](#) by the EU’s Court of Justice in 2020.

As of July 17, 2023, employers in the U.S. can access or transfer the personal data of prospective, current and former EU employees by self-certifying with the Department of Commerce to handle EU personal data in compliance with the “DPF Principles,” which align with the EU’s stricter data protection laws.

The DPF provides important efficiencies over the EU’s standard contractual clauses (SCCs) that would otherwise govern such data transfers. As a result of changes made by the Biden administration, compliance with the DPF is sufficient to establish consistency with EU data protection laws, without the need for the resource-intensive compliance obligations, such as transfer risk assessments, that SCCs require. The new framework also supports contracting with service providers that handle EU HR data and immediately covers employers who maintained their privacy shield certification.

Employers appear to welcome the greater degree of regulatory certainty: 72% of respondents who conduct cross-border data transfers say that the enhanced clarity has been at least moderately helpful to their organisations, with an additional 21% of respondents saying it is helpful to a small extent. For perspective, 67% of respondents in our 2022 survey reported being either largely or moderately concerned about conforming to the various rules governing the cross-border data transfers (see page 25 of the [Littleler 2022 European Employer Survey Report](#)).

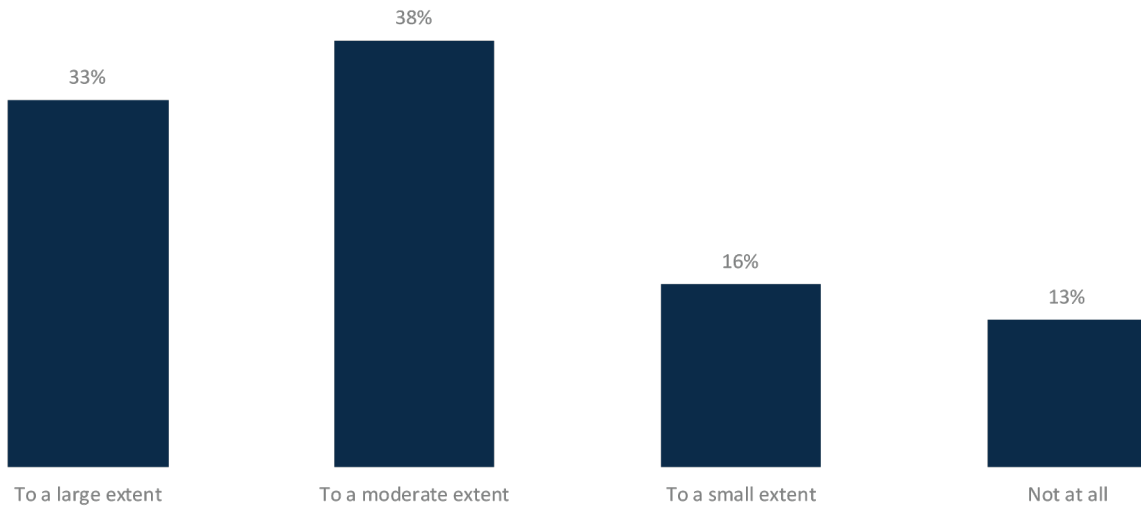
This positivity may, however, be premature. The DPF is highly likely to face a challenge, as Max Schrems—the Austrian privacy advocate and lawyer who was responsible for invalidating previous data transfer frameworks—has expressed his intention to bring action against the DPF prior to its implementation. With that said, it would probably be several years before there is any meaningful change resulting from a court decision.

In the meantime, affected organisations can consider adopting a dual approach, pursuing both DPF certification and using SCCs or binding corporate rules to minimise the impact of another court ruling.



## Many employers have not fully implemented whistleblower reporting requirements

The EU Whistleblower Directive and other national laws require companies to implement protective measures for whistleblowers and include obligations related to internal reporting. To what extent has your organisation already implemented the necessary measures and reporting systems to comply with these whistleblower protections?



As the latest deadline for compliance with the [EU's Whistleblowing Directive](#) approaches, more than one in 10 (13%) organisations surveyed have yet to take *any* steps to comply with the Directive's requirements.

It is worth noting that 70% of those who have not taken any steps to implement the required systems are from smaller companies with fewer than 100 employees (28% of small company employers selected "not at all"). That could still pose an issue, seeing as organisations with between 50 and 249 workers will need to be in compliance come December. While some of these employers may not be covered by their Member State's legislation, those who expect to be subject to these requirements may face an onerous compliance process in the months ahead.

"While we're seeing a high degree of awareness around the Directive and an increasing maturity in how many employers are implementing truly integrated whistleblower systems, many European companies still have work to do. Awareness of the requirements is also fragmented by jurisdiction, sector and business size, so it is likely that this is an area where companies will continue to need legal assistance."

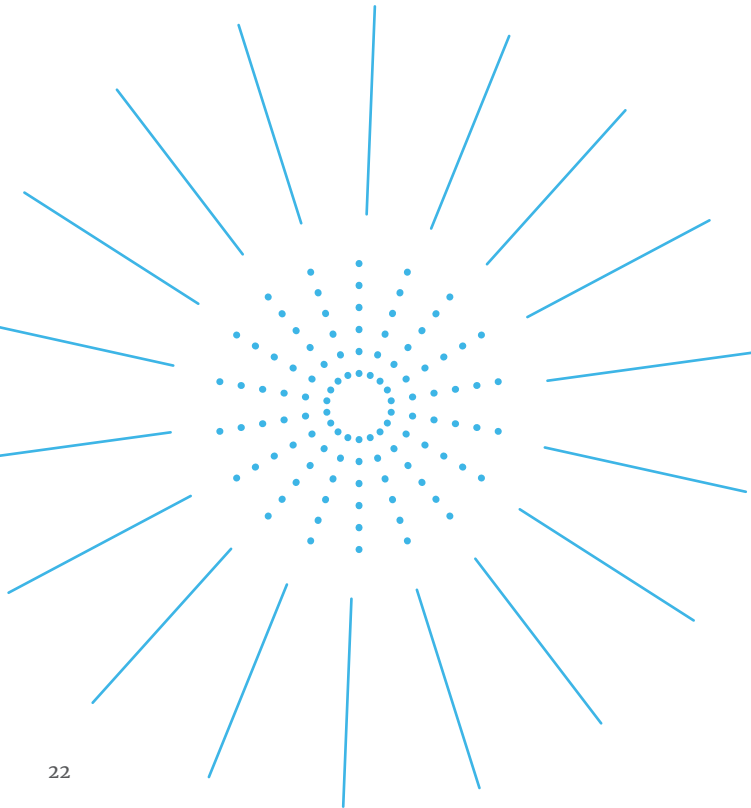
[Ole Kristian Olsby](#), Littler Managing Partner, Norway



On the other hand, the Directive has been in place for nearly two years for companies with over 250 employees. It follows that nearly all (96%) of large companies (with 5,000 or more employees) have implemented at least some of the necessary measures and reporting systems as required by the Directive and accompanying Member State legislation. A higher percentage of large companies have also implemented necessary measures “to a large extent” (44%, compared with 33% overall).

Overall, the largest portion of respondents have implemented measures to a “moderate extent” (38%) or “small extent” (16%), indicating that there is still progress to be made.

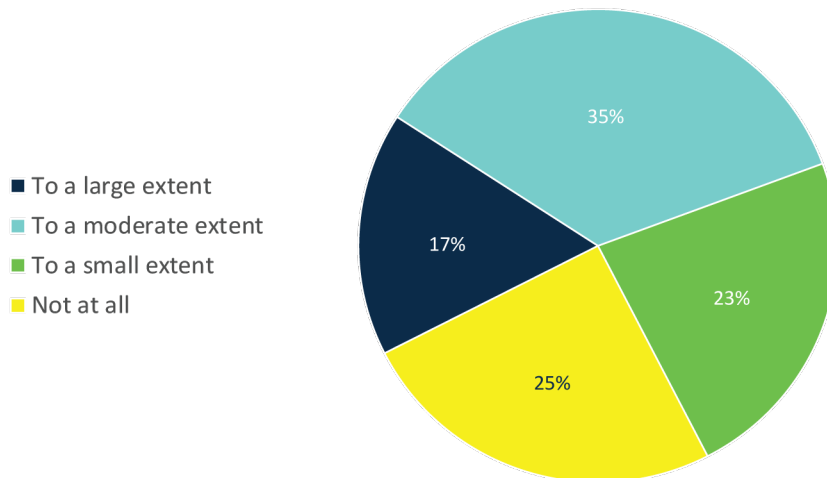
While the penalties, scope and specific follow-up requirements vary among Member States, [key requirements](#) include establishing reporting channels either internally or externally to receive whistleblower reports; a trained person and response process to address reports; and policies to protect whistleblowers from retaliation. For those who have not already done so, key next steps include selecting their reporting systems; designing reporting channels and case handling processes; preparing communications and verifying compliance with the [applicable requirements](#) to avoid penalties.



## EMPLOYERS FACE CHALLENGES AROUND CORPORATE RESPONSIBILITY

### Employers are under pressure to respond to divisive issues

To what extent is your organisation facing challenges in managing potentially divisive social and political beliefs among employees and/or with navigating pressure for the company to take a stance on social issues?



From [protections](#) for LGBTQ+ employees to bans on [religious clothing](#), European employers are increasingly asked to enter the fray as divisive social issues take on greater significance in the workplace.

Many employers appear to be struggling with how to respond. Three-quarters of respondents (75%) report that their organisations are finding it at least somewhat challenging to manage potentially divisive social and political beliefs among employees and/or navigate pressure to take a stance on social issues. This number is significantly higher among large companies (90%), which is likely due to these organisations' greater reputational vulnerabilities and the greater size of their workforces.

## Country-Specific Analysis

When it comes to responding to potentially divisive social and political beliefs in the workplace, employers in Italy and Spain report feeling the pressure more intensely. Seventy-four percent of Italian respondents and 61% of Spanish respondents say their organisations have faced moderate to large challenges in this area, compared to 52% overall.

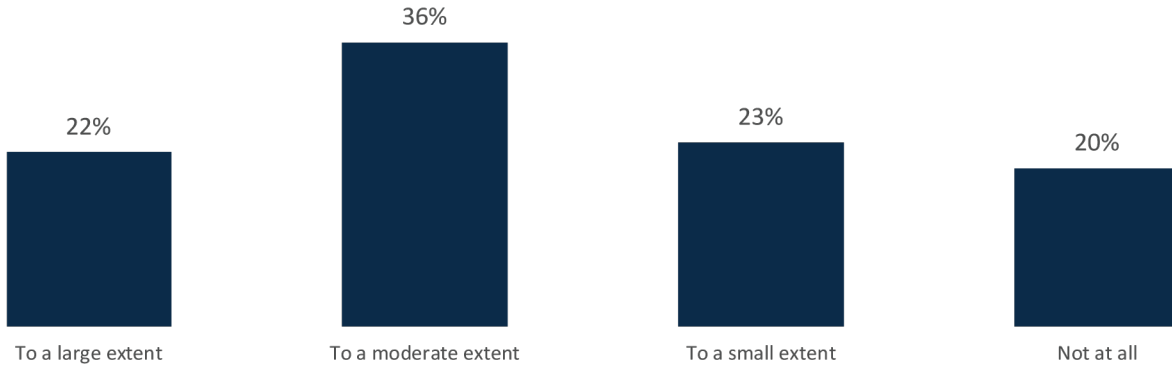
Employers in the U.K., however, express a lower degree of concern, with just 36% percent saying their organisations have at least a moderate challenge responding to divisive issues and stakeholder pressure.

### Europe and U.S. Differences

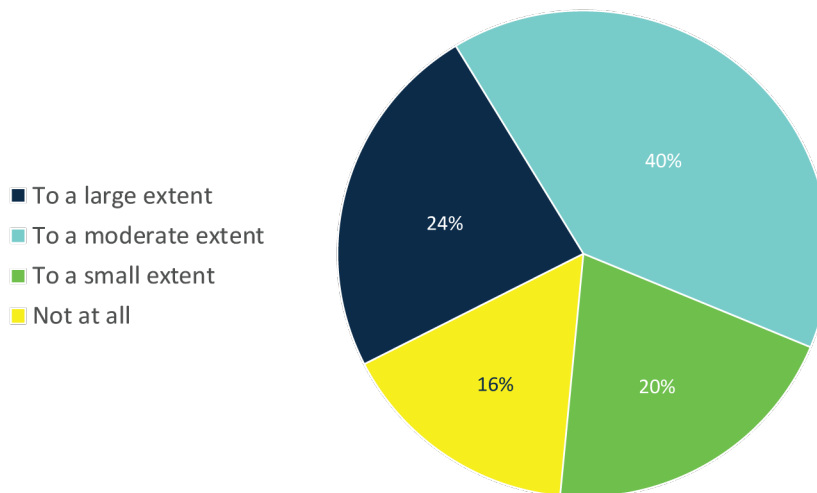
With an increasingly polarised political environment in the U.S., nearly the same proportion of U.S. employers (76%) and their European counterparts (75%) report grappling to at least some extent with finding a balance in addressing sociopolitical issues (see page 29 of Littler's [U.S. Employer Survey](#)). However, employers in Europe say it is a more significant challenge, with 17% facing challenges to a large extent compared to just 7% in the U.S.

## Employers split on impact of ESG and supply chain transparency requirements

To what extent has your organisation placed a greater focus over the past 12 months on environmental, social and governance (ESG) initiatives due to pressure from employees, companies you supply to and/or other stakeholders?



EU and national laws require companies to review their supply chains and to report on their business human rights initiatives. To what extent has your organisation already implemented the necessary measures and reporting obligations?



In today's world, companies are increasingly expected to work towards real and measurable ESG targets, to be compliant with ESG standards and to show meaningful progress. While organisations seem to be feeling pressure from employees, customers and other stakeholders to wade into ESG issues, our survey results suggest that it has not had an outsized impact on their operations. Most respondents report that such influence campaigns over the last year have only shifted their focus on ESG initiatives by a small (23%) or moderate (36%) degree. One in five say they have not been impacted at all by such efforts, though that may be because ESG was already firmly on their agendas.

Respondents from organisations with more than 5,000 employees showed a greater emphasis on ESG initiatives, with 73% increasing their focus to a large or moderate extent, compared to 38% at organisations with fewer than 500 employees and 58% overall.

Regarding EU and national laws requiring that companies review their supply chains and report on their business human rights initiatives, nearly two-thirds of respondents say that their organisations have implemented the necessary measures and reporting obligations to a moderate (40%) or large (24%) extent. Those percentages were again much higher for large companies that are more heavily impacted by these requirements, with 81% having implemented the necessary measures to at least a moderate extent (compared with 64% overall).

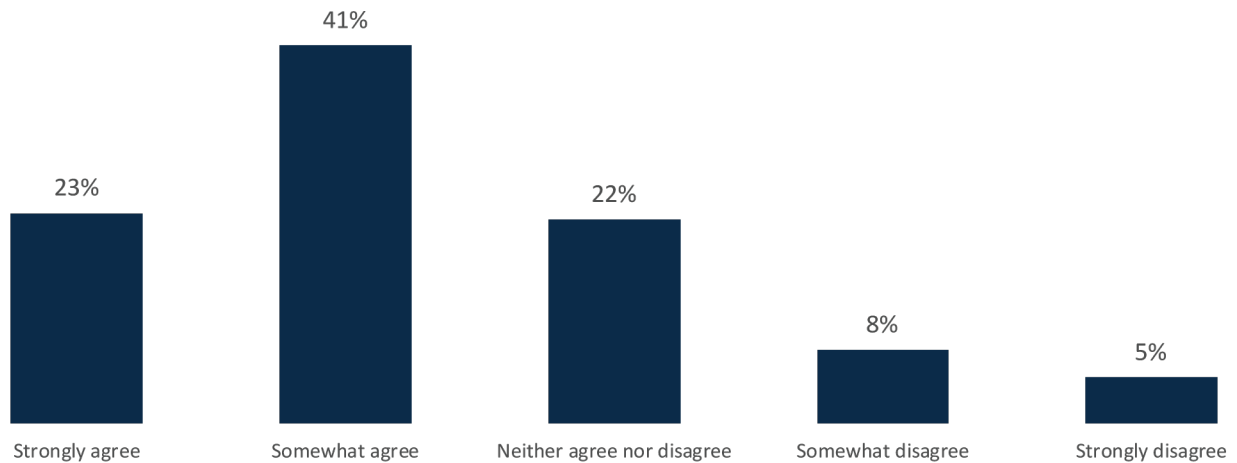
Globally, there is already a rapidly growing body of legislation that requires companies to take action and report on their ESG efforts comprehensively. Recognising that multinational corporations have a far-reaching impact on labour conditions in their supply chains, there has also been a focus on mandating supply chain due diligence to uncover human rights abuses and environmental risks.

For example, the [German Supply Chain Due Diligence Act](#), which will cover companies with 1,000 or more employees as of next year, mandates mechanisms to identify and address environmental and human rights violations while also imposing policy, documentation and reporting requirements. Notably, even companies not directly covered are feeling the effects, as suppliers to companies covered by the law must assess their own supply chain risks and improve transparency to continue working with their larger customers.

More regulations covering supply chains and ESG are likely to follow. The proposed [European Supply Chain Act](#), for instance, would require EU companies to take additional comprehensive measures to address social and environmental impacts throughout their supply chains. While affected companies will have some time to comply, the scope and complexity of the issues covered means that examining how firms are impacted and conforming to the new regulations will likely be a time-intensive process.

## WORKPLACE ISSUES TAKE CENTRE STAGE

Please indicate your level of agreement with the following statement: “Over the past 12 months, employment law / workplace legal issues have increasingly been viewed by our leadership as key areas of focus that can have high-stakes consequences for the organisation’s core business / reputation.”



Employers are grappling with a range of transformative issues impacting the workplace, alongside fundamental shifts in where, when and how work is done. It’s also clear that these challenges extend beyond the HR and legal departments, with the potential to impact the entire organisation.

Sixty-four percent of respondents agree that over the last year, their organisation’s leadership has increasingly viewed employment law and workplace legal issues as key areas of focus that can have high-stakes consequences for their core business and reputation.

**“We’re seeing a wide variety of labour and employment law issues increasingly reach the C-suite and board meeting agendas, including whistleblowing, diversity, workplace investigations, ESG initiatives, incentive compensation, AI, human rights, and data security, to name a few. At the same time, HR and employment counsel are increasingly getting a seat at the table among the highest levels of executive leadership and other key stakeholders at global companies. It’s clear why: The financial and reputational impacts of these issues are so significant that managing them effectively has become vital to a company’s success.”**

**[Stephan Swinkels](#), Coordinating Partner International,  
Littler**





## METHODOLOGY AND DEMOGRAPHIC PROFILE OF RESPONDENTS

From mid-August to mid-September 2023, 780 professionals from a variety of industries completed Littler's 2023 European Employer Survey via an online survey tool.

Respondents included:

- Human resources professionals (45%)
- Business owners (28%)
- In-house lawyers (14%)
- Operations directors or managers (13%)

Respondents were based across Europe:

- Austria (2%)
- Belgium (5%)
- Denmark (3%)
- France (13%)
- Germany (11%)
- Ireland (3%)
- Italy (9%)
- The Netherlands (7%)
- Norway (<1%)
- Poland (14%)
- Portugal (5%)
- Spain (10%)
- Sweden (4%)
- Switzerland (3%)
- U.K. (11%)

Companies represented were of a variety of sizes:

- More than 10,000 employees (12%)
- 5,001 to 10,000 employees (7%)
- 1,001 to 5,000 employees (13%)
- 501 to 1,000 employees (12%)
- 101 to 500 employees (21%)
- 1 to 100 employees (35%)

## ABOUT LITTLER EUROPE

Littler is the largest law practice in the world exclusively devoted to representing management in every aspect of labour and employment law. We serve as a single point of contact for our clients' global labour and employment needs, helping multinational employers to move their employees across borders and comply with local employee relations laws, and assisting employers with such international issues as overseas privacy laws and applying company policies worldwide.

Our European legal services include offices in the region's most robust economies, housing more than 400 local Littler attorneys who collaborate with our working partners in all European jurisdictions, as well as our attorneys in other regions of the world.



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