

ESG issues and AI Adoption pose new challenges for European employers, Littler survey finds

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[Littler](#), the world's largest employment and labour law practice representing management, has released its seventh annual [European Employer Survey Report](#), based on responses from nearly 630 human resources (HR) executives, business leaders, and in-house lawyers from across Europe—57% of whom hold C-suite positions at their organisations.

The report provides important benchmarks and insights around how employers are responding to a number of hot-button issues, from national election outcomes and the rapid adoption of artificial intelligence (AI) in the workplace to heightened pressure on environmental, social, and governance (ESG) initiatives and emerging compliance challenges.

AI Adoption Creates New Workforce and Compliance Challenges

The use of AI in HR processes has grown across European workplaces over the last year. Most respondents (72%) say their organisations are using either generative or predictive AI in at least one HR function, up from last year's survey when roughly 60% said the same.

While AI offers numerous benefits, its use in HR can present additional hurdles. More than half of respondents (53%) are moderately or very concerned about complying with data protection and information security laws when using AI in this area, while 38% say the same about AI's potential impact on job displacement.

Generative AI poses unique challenges given the ease with which employees can utilise these tools in their work. Only 53% of respondents, for example, are confident that employees are not improperly using such tools. Policies guiding employee use can help, yet only 29% say they have an established policy in place.

“As generative AI use expands across European workplaces, developing clear and thoughtful policies is crucial to mitigating risk and deriving the most value from the technology,” said Deborah Margolis, Littler Senior Counsel in the U.K. “That said, there is no one-size-fits-all approach to AI policy development and the most effective policies will be those that are tailored to an organisation’s broader business objectives, risk tolerance, and intended use cases.”

ESG Issues Hold Centre Stage

ESG issues remain high on European employers’ agendas. Most executives (79%) say their organisations have increased their focus on ESG initiatives over the past 12 months; climate risk is a particular concern, as 76% have placed greater focus in this area over the same timeframe.

These efforts are being driven by pressure from employees, customers, and stakeholders, as well as legal requirements like the EU Corporate Sustainability Due Diligence Directive, which entered into force in July. While member states have until 2026 to implement the directive’s requirements into their national laws, 85% of organisations say they are at least somewhat prepared for the new compliance obligations.

The survey report explores several additional changes impacting the workplace. For instance, 87% of executives are at least somewhat prepared to comply with the EU Pay Transparency Directive, while 73% have seen a rise in mental health accommodation requests from employees over the past year.

The report—which is being released at Littler’s 2024 European Executive Employer Conference, taking place October 9-10 in Amsterdam—also includes comparisons between the U.S. and Europe where applicable, along with country-specific results for some of Europe’s top economies.