

The Nordic

HR SURVEY 2020

ADAPTING TO CHANGING DEMANDS AND OPPORTUNITIES



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01 Executive summary

The Nordic HR Survey, which was first brought out in 2017, is created in collaboration with the Nordic HR associations (HR Norge, Mannauður, HENRY, Dansk HR and Sveriges HR Förening) and EY. It is a continuation of a long-standing collaboration between HR Norge and EY, which, during the period from 2007 to 2018, jointly conducted 10 HR studies (HR-undersøkelsen).

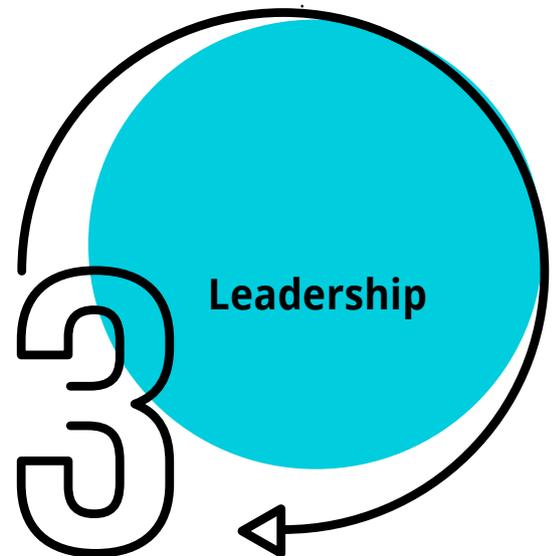
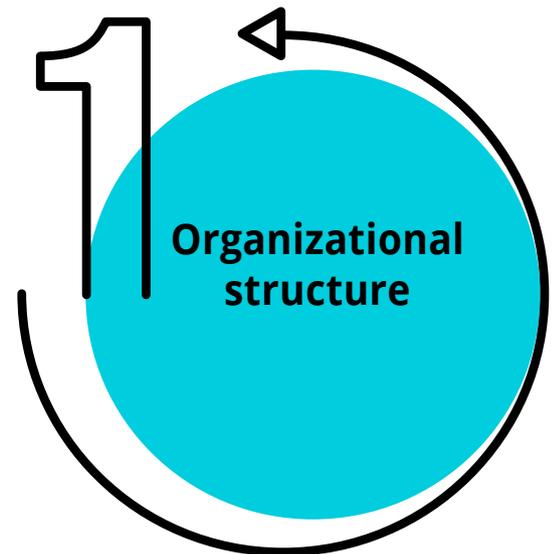
We hear a lot about disruption today. We are all experiencing the impact of profound, accelerating change driven by exponential leaps in technology. How can we stay relevant in the future as an employee and as an organization when the nature of work is evolving fast? We're all being forced to be more innovative, more agile, more collaborative, more everything. And as we respond to the pace of change, we are all engaged in different activities to create value and sustain and improve competitiveness.

This year, the focus is on organizations' ability to adapt to changes in the business environment. Based on a literature review and discussions among the HR associations and EY, we identified three topics as particularly relevant: organizational structure, employee enablement and leadership empowerment. A survey was sent out to all members of the HR associations, and 812 HR professionals from different organizations in the Nordics responded. The report presents their view on the identified topics. In this report, we also briefly describe the main findings related to each of the three topics. The main purpose is to answer the following question: *To what extent, and in which ways, have Nordic organizations adapted to recent changes in the business environment and the increased demand for organizational change?*

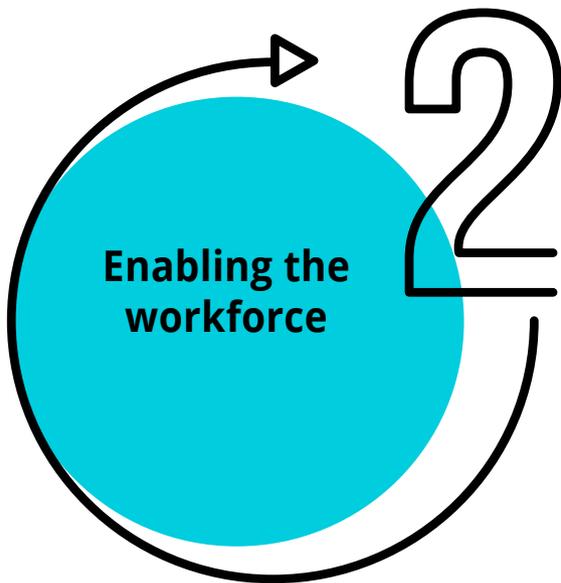




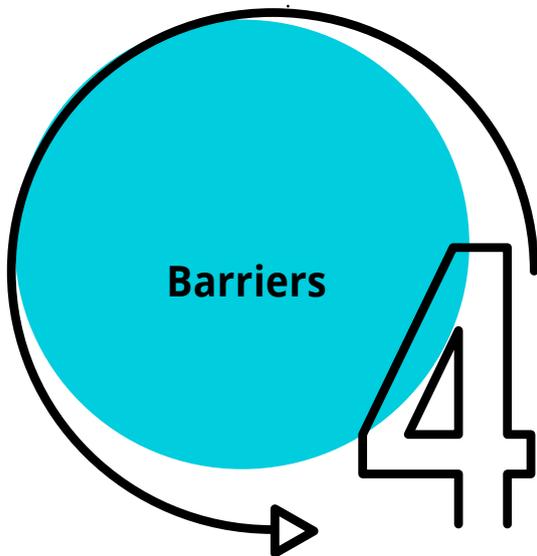
Organizational structure has been argued by scholars to have an important role in enabling a flexible and innovative workplace, where flatter and more agile structures enable faster decision-making and foster non-traditional ideas. However, findings from our survey indicate that changes in organizational structure have been limited during the last three years, especially within the public sector compared to the private. Interestingly, in the next three years, public organizations report a larger need for changes in organizational structure than private. Some more focus has been put on team work, but companies are yet to be successful in creating cross-functional teams. Further on, organizations that have standardized their core processes also rate themselves flexible enough to solve problems fast – highlighting that an efficient backbone paves the way for flexibility in organizations.



Leadership plays an important role in today's changing world. Organizations that report they have changed their leadership practices to a large extent deem themselves as more innovative than their competitors. Also, leaders who provide more autonomy and encourage upward feedback are able to generate higher creativity and innovation ability among their staff. Even though several organizations have changed their leadership development practices, only about half are still planning to take similar steps in the future.



Enablement of the workforce is an important part of organizational adaptability. The survey shows that several organizations are short on innovation capabilities and that 90% of the respondents see they need to better capitalize employees' competencies in the next three years. A majority of the participating organizations have changed their training and development programs. Organizations can prepare for the future through securing development opportunities for employees, clearly stating their goals and visions, encouraging a diversity of perspectives and providing a high degree of psychological safety, thereby creating an innovative and creative atmosphere.



There are several barriers which hinder the development of more agile, innovative and flexible organizations. The survey shows that the most common barriers related to the ability to adapt to new opportunities and demands are resistance to change, lack of capacity and unclear responsibility for cross-functional collaboration. The top three barriers hindering collaboration are lack of time, knowledge-sharing and supporting tools/technology.

02 Introduction

The business environment is changing at an increasingly fast rate, and technological advancements, fiercer competition, increasing user expectations and generational shifts are forcing organizations to adapt quickly. Consequently, long-term growth, productivity, innovation¹, and competitiveness are aspects that today's organizations must strive for (Schwab, 2019). The way the world advances affects most aspects of our lives, including the way we work and how we structure our work and our organizations.

In most organizations, the traditional models for organizing have reached their limits (Lee and Edmondson, 2017). Classical hierarchical structures, in which the formal distribution of authority and organizational silos are slowing down the decision-making processes, are not sufficiently effective when organizations meet changing, complex and dynamic market conditions. Instead, organizations must act quickly; their ability to demonstrate fast and adaptive responses could turn out to be one of the most crucial strategies in the future (van Solingen, 2018; Lee and Edmondson, 2017).

Many organizations are currently experimenting with new, agile ways of organizing the workforce. Agile organizations are better equipped to quickly and effectively respond to the changes in demands that often appear in the volatile, uncertain, complex and ambiguous world of today (referred to as VUCA²) (van Solingen, 2018). In contrast to the dominant hierarchical structure, where organizations are seen as a series of connected parts arranged in a logical order to produce repeatable output (machine metaphor), an agile organization is characterized by a network of independent and interdisciplinary teams which work together, continuously adapting to external partners and a fast-paced environment (Denning, 2018; Morgan, 2006). An agile organization capitalizes on employees' competencies, gives employees autonomy and decision-making authority, and fosters a safe feedback culture both within the organization and with the customers.

¹In literature, there are many definitions of innovation. In this report, we are focusing on change, and therefore, decided to use the definition developed by Tuomi (2002: 10), which states that "innovation is something that generates and facilitates change in social practice." Thus, an innovation is more than coming up with an idea (invention), because it also implies putting the idea into use. Most innovations are incremental. Other innovations are radical in that they create entirely new product categories, require new competencies and can render existing ideas, practices and techniques obsolete. Further, Tidd and Bessant (2013) distinguish between the four Ps of innovation, which can range from being incremental to radical: product (the things an organization offers), process (the ways in which they are created and delivered), position (the context in which the products/services are introduced) and paradigm (the underlying mental models that frame what the organization does).

²The term VUCA was introduced by the US Army College in 1987 as a way of describing the conditions and situations in the battlefield. In recent years, VUCA is increasingly used to describe the competitive environment of organizations.

A man in a black wetsuit and white swim cap is running through water, splashing. He is wearing goggles and has a determined expression. In the background, another person in a blue wetsuit and cap is also running through the water. The scene is bright and dynamic, with water droplets in the air.

However, changing organizations is a complex process, especially for large and well-established ones. It implies changes in leadership, culture, performance management, job roles and so forth (Denning, 2018). Organizational change requires resources and investments, and the HR department plays an important role in supporting and ensuring a successful transformation.

This report discusses how HR professionals from several Nordic organizations assess their organizations' ability to adapt and change in order to meet the changing market demands.

03 Organizing for change



Key findings



- Among the respondents, almost half of the organizations made changes to the organizational structures in the last three years.



- Organizations have increased their focus on teamwork, but still report limited use of cross-functional and multidisciplinary teams.



- Private sector has made more changes to the organizational structure than public sector, but the latter sees a larger need for change in the next three years.



- Organizations are becoming more flexible at the same time as they are standardizing the core processes to a higher degree.

Introduction

Today, we live in a world where change is the new normal and historical forecasts and experiences are losing their relevance. Problems and their repercussions are becoming more difficult to understand, and solutions are rarely completely clear or determinable at the outset (Gläser, 2018). In this VUCA environment, organizations across sectors need to constantly and efficiently adapt their ways of working and making decisions to stay competitive over time (Kraaijenbrink, 2018.). This has generated new, more agile organizational structures – a development in which entrepreneurial and IT businesses have been at the forefront. In this section, we will look at how the Nordic organizations are making structural and organizational changes, and if they see a need for further structural adaptation in the future.



The rate of changes in organizational structure varies among sectors

In order to deal with the VUCA environment, organizations find it not only tempting, but also necessary to balance the external uncertainty and volatility with internal predictability and stability. One well-known approach is to pursue changes in the structure towards a flatter one (Røvik, 1998). The results from the HR Survey show that across the Nordic respondents, 45% of the organizations have chosen this approach and made their organizational structure flatter.

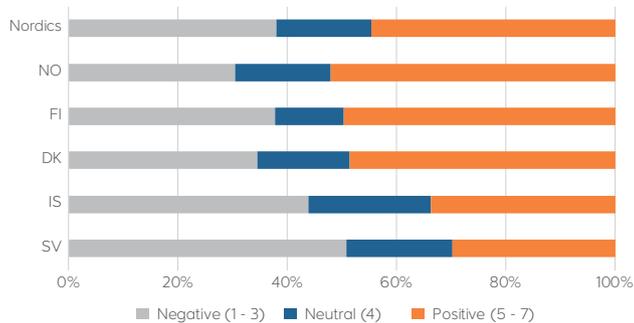


Figure 1: Change in the organizational structure from hierarchical to flat (n = 672)

The amount of structural change varies across the Nordic countries. In Norway, 52% of the respondents report that they have made the organizational structure flatter, compared to 30% in Sweden.

A possible explanation for why Swedish respondents reported less change to organizational structure could be that Swedish organizations generally are more concerned about consensus and reaching conclusions based on group discussions (Rosenberg, 2002). Thus, more decisions are already made through a democratic approach, within the hierarchy. Another explanation could be that Sweden has more companies in heavy industry compared to Norway, where hierarchical structures are more prominent.

The reported amount of change in organizational structure also varies significantly between public sector and private sector organizations. Respondents from the public sector report a lower degree of change (28%) compared to those in the private sector (49%). This probably reflects a fiercer competition in the private sector markets, which drives private organizations to make greater changes. It can also be a result of the bureaucratic routines that constitute one of the most enduring elements of processes in the public sector. The literature has repeatedly revealed the persistence and inflexibility of routines, and its risk for creating inertia in rapidly changing environments (Gilbert, 2005).³ Hence, in trying to make operations efficient, the public sector might have fallen behind when it comes to creating more flexible organizational structures and processes. Moreover, the overall structure of the public sector may be a reason for the limited change in these organizations. It is a fact that some structural changes are beyond the bounds of possibility for a single public entity, as they must be decided on a national, political level.

³Several researchers have argued for a more nuanced view on routines. See, for example, Feldman (2000) and Feldman and Pentland (2003).

From teams to teaming to handle the VUCA environment

One way in which adaptive organizations change their organizational structure is by changing the way teams work together. The results of this survey reveal significant changes in the focus on teamwork during the last three years, especially in the private sector. Among Nordic countries, Iceland reported the highest degree of increased teamwork focus, and Sweden, the lowest.

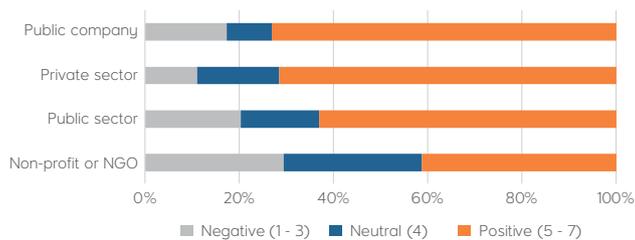


Figure 2: Increased focus on teamwork per sector (n = 640)

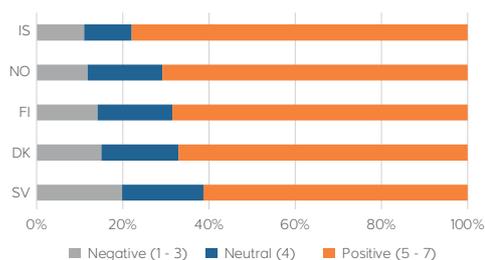


Figure 3: Increased focus on teamwork per country (n = 640)

The respondents who reported an increased focus on teamwork also reported that they were flexible enough to solve problems fast. Rapid problem-solving is a key success factor in dynamic environments, and high-quality collaboration is important to make this happen. Today, quality in collaboration often stems from the team’s capacity to get up to speed quickly, and to actively develop as they work together. One big issue is that organizations rarely have enough time to select, build and prepare the ideal team and then get to work. Such team capacity is what Amy C. Edmondson refers to as “teaming” (Edmondson, 2013; 2019). Einola and Alvesson (2019) also underscore how focusing on teaming rather than the teams enables us to better understand team dynamics and team processes.

Even though collaboration has many benefits, it is important that organizations are aware of some of its disadvantages. Collaboration should be about creating results, and should never become a goal in itself. Some collaborative efforts may, in fact, backfire, and lead to lack of focus, wasted time and wasted money (Hansen, 2009; Mankins, 2017). Based on his extensive research on collaboration over many years and in many organizations, Hansen (2009: 15) introduced the notion of “disciplined collaboration.” Disciplined collaboration refers to leadership practices where thorough considerations are made about when collaboration is useful (and when it is not) and individual’s attitudes and skills are developed to collaborate when necessary.

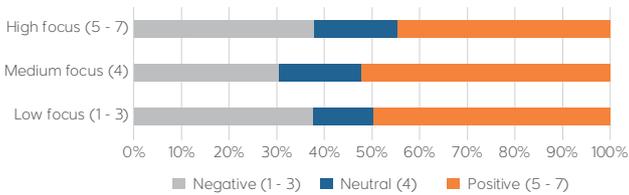


Figure 4: We are flexible enough to solve problems fast, for organizations with low, medium and high focus on teamwork (n = 638)

Interestingly, the respondents in the study report a limited use of cross-functional and/or multi-disciplinary teams. Only 45% of the respondents reported that the typical team is cross-functional or multi-disciplinary across the Nordics, with Norway emerging as the highest scorer with 55%. Many organizations are designed for efficiency and stability, rather than speed and flexibility. This may be why they are having difficulties with removing the functional organizational silos that act as barriers for cross-functional teams, as we will see in a later chapter.

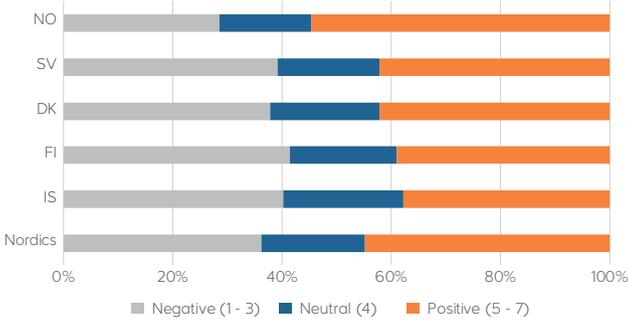


Figure 5: The typical team is normally cross-functional and/or multi-disciplinary (n = 643)

The study also reveals a strong correlation between cross-functional teams and inclusion of members from outside the payroll. This resonates well with Edmondson’s concept of “teaming” – that the teams are scaled up and down as needed, and that the team composition changes according to what the team has set out to do (Edmondson, 2013; Einola and Alvesson, 2019). Combined, the team should have the capacity and knowledge to solve the task at hand, and this is why including members from other parts of the organization and other disciplines makes sense. However, for this to work well, the organization needs to know how to handle such teams internally; for example, in terms of processes and procedures for incentives, employee development and KPIs. If the organization does not have the appropriate structures in place, it is difficult to manage these kinds of teams. The fact that only 45% reported changes in the organizational structure in this study could, therefore, be an explanation for the limited use of cross-functional teams.

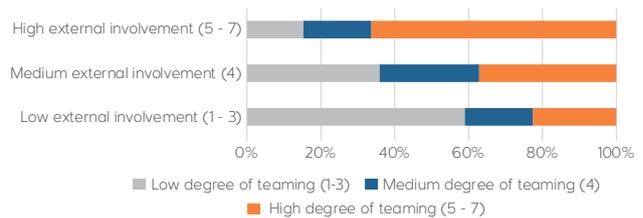


Figure 6: The typical team is normally cross-functional and/or multi-disciplinary, by level of external team involvement (n = 621)

Is technology solving or creating problems?

Another important aspect to ensure efficient teamwork is that the members are co-located, either physically or virtually. If the team is unable to be physically co-located, tools and systems designed to facilitate group work can be used to manage this gap. The survey shows that 78% of the private sector respondents and 61% of the public sector respondents have implemented new technology to increase collaboration in the last three years. Collaboration technology ensures speed by, for example, removing potential waste as a result of waiting. Following lean philosophy, “wait time translates into downtime when people and equipment are not creating value” (Kavanagh and Kring, 2011). This is equally valid in the VUCA environment, since the product life cycles are short and customer preferences are rapidly changing. Today, waiting may very well be what causes you to arrive at the market too late.

While 74% of our respondents claim that they have implemented new technology to increase collaboration, many of the respondents report a need for more technology in the future. Of a list of nine items that will be important in the upcoming years, 38% of the organizations who have already implemented technology, selected technology as the number one priority. This highlights that probably the technology already implemented is not delivering the expected value, that organizations believe that they must make such investments because others have done it or that they have seen great results from such technology before and hence want more of it.

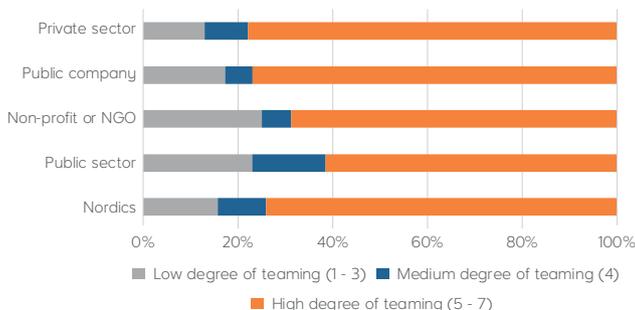


Figure 7: The use of new technology in order to increase collaboration during the last three years. Per sector (n = 629)



Figure 8: We need to change the following aspects in the next 2-3 years (multiple choices; n = 2432)

It could, however, also be that organizations today believe that technology is the key means to tackling the rapidly changing environment, and thereby, want to push more of it into the organization. However, it is not only important to focus on acquiring the technology, but also to implement it in a way that makes the organizations able to use it to its full potential. Too much focus on new technologies as the solution for handling the VUCA environment might also narrow down the search for solutions in other areas, such as process challenges and competency gaps. Finally, the classic project management method, often referred to as the “waterfall method,” which many organizations still use when procuring technology, is very time consuming. The time between the identification of a technology need and a new system or tool going live creates a risk of ending up with outdated technology.

Standardization and flexibility – both important in a VUCA environment

Rapid and unpredictable changes in the business environment as well as technological, political and economic factors require that organizations are dynamic and adaptable. In our study, respondents from the private sector in the Nordics note that they are flexible enough to solve problems fast. Interestingly, such respondents also report a high degree of standardization of core processes. A standardized and efficient backbone in the organization creates a stable ground that paves the way for flexibility that enables speed and fast adaptation (Zarzycka et al., 2019). While this may seem like a paradox, more and more organizations do mix standardization and flexibility, and this dual focus may even be necessary to thrive in today's rapidly changing environment.

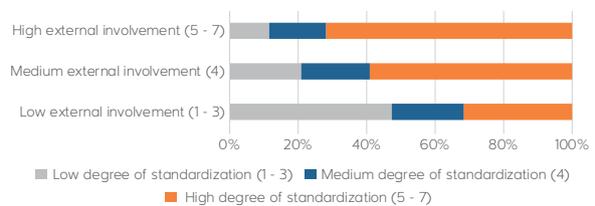


Figure 9: We have standardized our core processes, per organizations with high, medium and low flexibility (n = 693)



Conclusion

The VUCA environment has heightened the importance of flexibility and innovation to accomplish competitive advantage. In the study, organizations that rate their innovation capacity as higher than their competitors share some characteristics when it comes to organizing for change. Firstly, innovation goes hand in hand with dynamic capabilities. The more the flexibility in an organization, the easier it seems to pursue non-traditional ideas. Secondly, the more innovative organizations have made changes to their organizational structure, while at the same time increasing standardization of core processes. Finally, organizations with more cross-functional teams and where the employees collaborate more with individuals outside of their own department report that they are more innovative than others.

⁴Dynamic capabilities refer to the ability to react timely and adequately to external changes (Teece et al., 1997).



04 Enabling the workforce



Key findings



- Only 4.5% of the respondents report that their employees have the necessary abilities to innovate to a very large extent today.



- Organizations where employees have a common view of the vision and goals seem to have better engaged employees.



- Nine out of ten respondents believe that they need to better utilize their employees' competencies during the next three years.



- Organizations that report being more innovative than their competitors/ comparable organizations are also the ones that report that they encourage their employees to fail fast and experiment the most.



- The majority of the organizations have changed the way they develop and train their employees in the last three years in order to adapt to a changing business environment.
-



Introduction

It is not possible to talk about organizational adaptability and change without addressing the workforce. This year's survey indicates that organizations are increasingly prioritizing a people-first agenda in their quest for more innovation and flexibility. The idea behind such an approach is to empower employees by enabling and encouraging them to develop and grow, which in turn is believed to spur further growth for the organization. In that way, employees will thrive and actively contribute to the organization's growth (Miller, 2017). In this section, we investigate how Nordic organizations are working with their employees in order to drive change, with a special emphasis on competencies and skills, the ability to experiment and the importance of a company vision.

A workforce enabled with the right skillset

The demand for competence is often hard to predict. To plan for future needs, organizations need to be aware of their employees' current skills as well as their potential to develop these skills. The focus should be on what an individual is able to do if development opportunities are given to him/her, rather than focusing on what the employee has always done (Fesser and Pelissier-Tanon, 2007).

The survey results give us some interesting insights into how Nordic organizations are concerned with competencies. On the one hand, there seems to be a need for new competencies. Only around half of the respondents report positive innovation abilities in their workforce, and a fraction – only 4.5% – of the respondents report, to a very large extent, that their employees have the necessary abilities to innovate today. Similarly, 88% of the respondents believe that they will see an increased importance for the utilization of their employees' competencies in the next three years. The competence gap in Nordic organizations seems to be real.

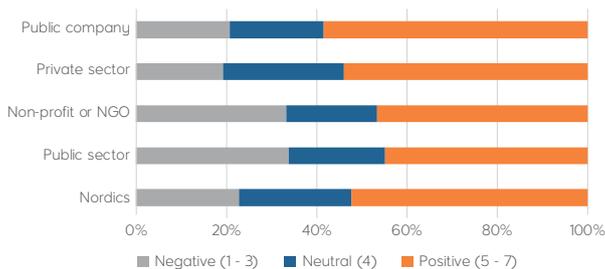


Figure 10: Our employees have the necessary ability to innovate. (n = 610)

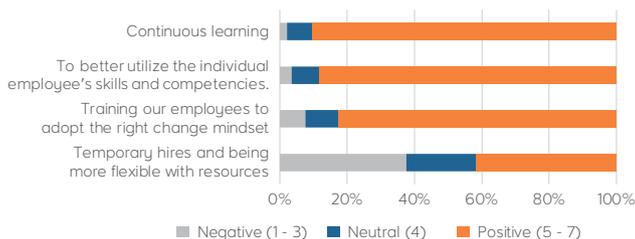


Figure 11: In the next 2–3 years, I believe we will see an increased need for the following aspects (multiple choices; n = 2474)

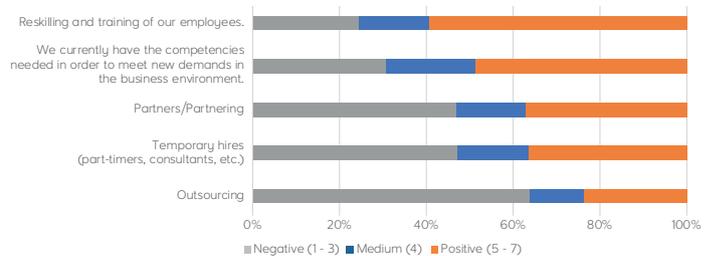


Figure 12: In our organization, we are resolving competence gaps by ... (multiple choices; n = 616)

As many as 80% of the organizations report that they either lack the competencies needed in order to meet the new demands of the environment, or only have this capacity to a certain extent (scores 1–5). This is an interesting contradiction, and arguably comes in conflict with contemporary beliefs, for instance, about the “digital workforce” (Colbert, Yee and George, 2016).

Organizations are trying to close the competency gaps in several ways. The preferred method seems to be through training and reskilling. Many organizations prefer training and development to develop future competencies internally. As many as 59% of the respondents report that they have changed their ways of developing and training their employees in the last three years. Forecasting the future competency needs within an organization is often difficult, and today, the demand for critical competence is both high and changing.

Although some of the respondents report that their employees are sufficiently skilled for the future, it seems that competence is still a large focus in Nordic organizations today. Research has shown that by focusing on interpersonal skills, organizations can boost both their productivity and retention as well as make room for resilience and experimentation, which in turn can increase the innovation rate (Bruce, 2017). Competence, in other words, is one of the key enablers for change and innovation in the workforce.

Enable employees to move faster through experimenting

It is crucial for organizations to reach the market with the right product or service at the right time. A key enabler for this is to urge employees to move faster and fail and learn from their mistakes in the process. One of the key characteristics of more agile ways of organizing is that failure is imperative to business success since it triggers learning. Learning from failure (often referred to as “failing fast and experimenting”) reflects a philosophy where employees are urged to quickly test products and services, and then learn from the mistakes they make in order to make incremental (or substantial) changes to the products or services (Cannon and Edmondson, 2004).

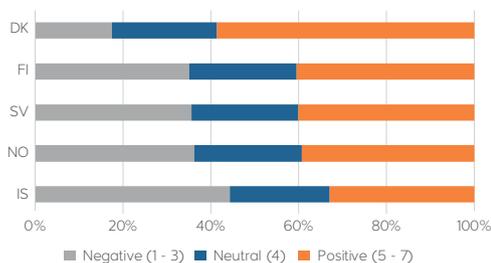


Figure 13: Employees are encouraged to fail fast and experiment. (n = 694)

Almost half (47%) of the respondents from the private sector state that they encourage their employees to fail fast and experiment. The experimental approach is less prevalent in the public sector, where only 28% believe that their organizations support learning from failures. Our survey shows that organizations who report a higher inclination for experimentation also claim to be more innovative than their competitors or comparable organizations. Therefore, experimentation could be an important adaptation strategy for many organizations.

Denmark is, by far, the country which reports the highest encouragement to experiment, with 58% of the organizations reporting that they encourage employees to experiment. This is almost 20% more than their Nordic neighbors.

There also seem to be large differences across industries. While the top three industries are media, technology and telecommunications, and consumer; government and public sector, health, and transport and shipping are the bottom three. Arguably, the functions and responsibilities of the top and bottom two are notably different, and the frames for experimentation differ across industries. For example, failing and experimentation in the health industry could potentially have grave consequences.

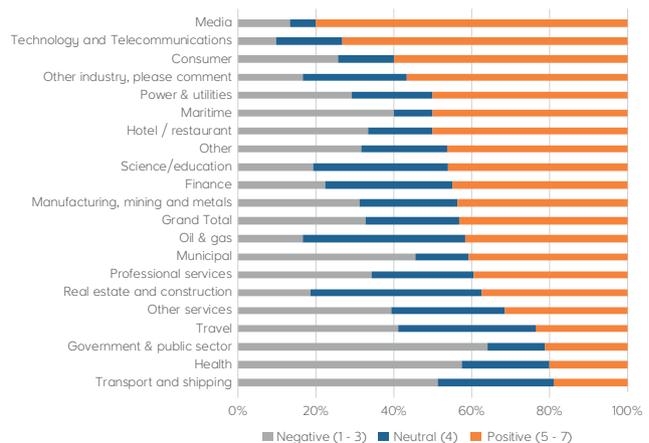


Figure 14: Employees are encouraged to fail fast and experiment, per industry. (n = 694)

An adaptable workforce that drives flexibility

In general, higher flexibility has several benefits for organizations. For example, flexibility enables faster reallocation of resources and allows for better problem-solving. Overall, 70% of the organizations report to be flexible, and Denmark, Norway and Iceland report the highest flexibility among countries.

Denmark is famous for the labor market model called “flexicurity,” which makes it easier for employers to hire and fire employees in order to adjust to the market demand (Denmark.dk). This might be one of the reasons behind their high flexibility. Respondents from Sweden and Finland report the lowest level of problem-solving flexibility in the Nordics, in both the public and private sector. One explanation for this could be that both these countries traditionally have a labor market characterized by large organizations in more labor-intensive, blue-collar industries.

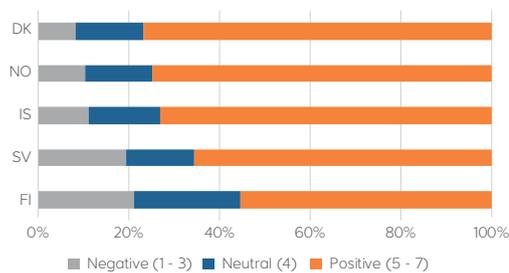


Figure 15: We are flexible enough to solve problems fast, per country. (n = 702)

Across the Nordics, private sector companies seem to have a higher degree of workforce flexibility than the public sector. This could be because public sector organizations are by nature bureaucratic and more rigid when it comes to certain processes; for example, decision-making.

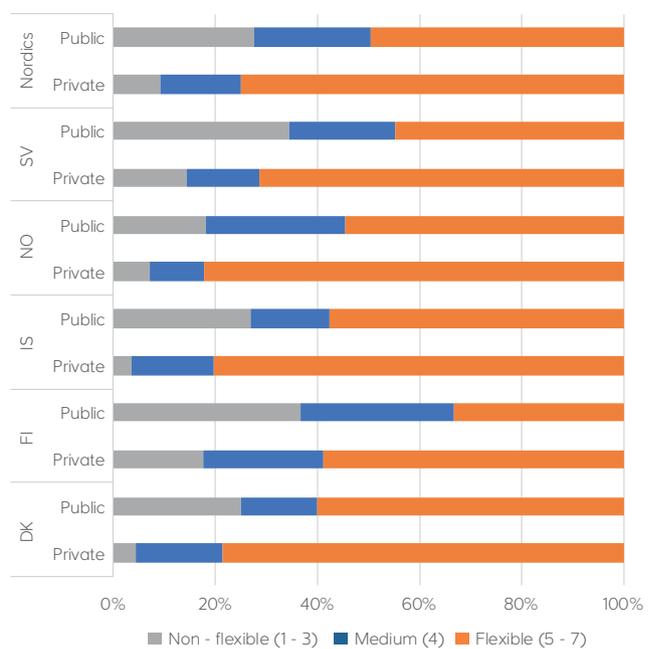


Figure 16: We are flexible enough to solve problems fast, per country and sector. (n = 626)

Flexibility also seems to be related to innovation capabilities. As many as 84% of the most flexible organizations report that innovation plays an important role in the workday, while this is true for only 25% of the least flexible organizations. The former has structures in place which empower employees to be more involved, which creates a sense of ownership of products or services. This, in turn, drives engagement and innovation. In that sense, flexibility seems to enable a culture of change and adaptability in the workforce.

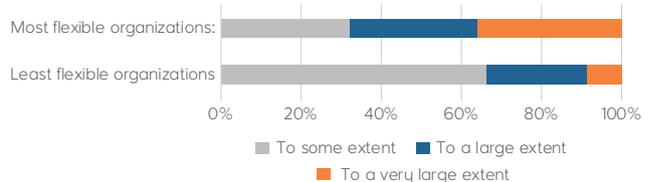


Figure 17: Innovation plays an important role in the workday.

A workforce that takes an active part in the journey

A clear and common vision and shared goals play a vital role in engaging employees, especially with the introduction of the millennial generation to the labor market (Renjen, 2016). Research has shown that shared visions and goals inspire and motivate employees to engage in creating a more innovative and flexible organization (Jantz, 2017). Our survey supports this research by showing that employees seem more engaged to learn skills and professions in organizations where employees share a common vision and goals (60%) than in the others (32%).

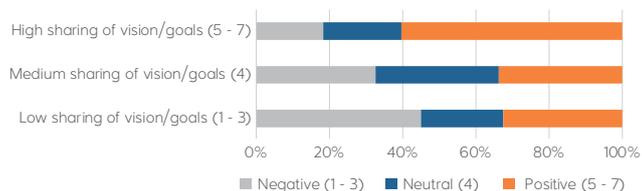


Figure 18: Employees take initiative to learn new skills or professions, covering high, medium and low sharing of company vision and goals. (n = 613)

Our results show that having a common and shared vision is more common within private organizations (76%) than in public organizations (61%), which might be one reason why private sector organizations are more actively engaging in change (52%) than the latter (45%). A possible explanation for the difference between the two sectors is that private organizations have invested more in clarifying their brand, vision and goals, while employees in public organizations might have a good perception of their organization's basic societal role but not of specific goals and vision.

Another way of involving employees and enabling an innovative and flexible organization is through encouraging the existence of various perspectives and different points of view. Building an environment based on what Edmondson (2008; 2013; 2019) refers to as psychological safety, will spur engagement and

motivation, which is positively linked to organizational results. In our study, the organizations which are better at encouraging diverse perspectives among their employees report higher flexibility when it comes to problem-solving. In 72% of the private organizations and in 58% of the public organizations, the respondents report that the employees are able to speak their minds, regardless of their position and title.

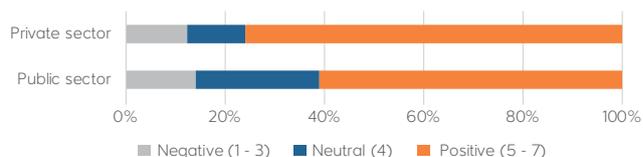


Figure 19: Our employees have a common view of company goals and vision, per private and public sector. (n = 626)

In comparison to other Nordic countries, Norway seem to have the largest tolerance for different points of view, while Sweden has the least. As Sweden is often characterized by a consensus-driven work culture, this might be a surprising finding. One reason, as previously mentioned, could be that it has more companies operating in industries where different points of view are not encouraged.

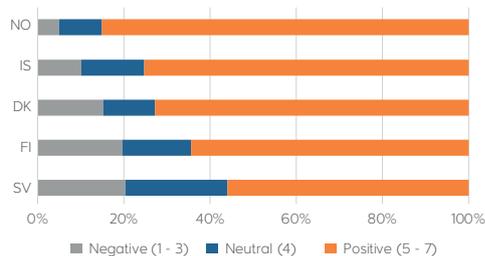


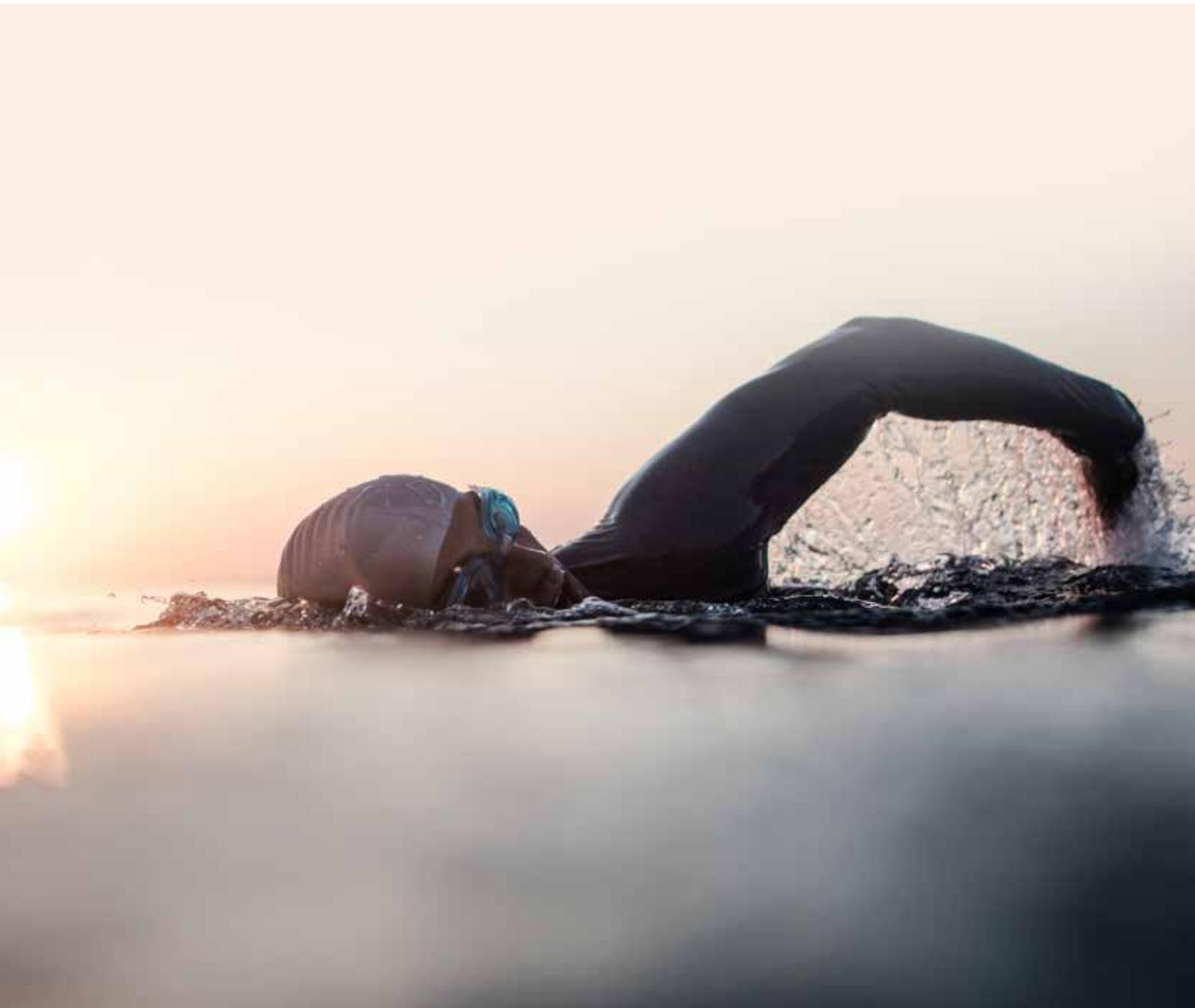
Figure 20: Employees are expected to have different points of view, regardless of position and role. (n = 699)



Conclusion

Nordic organizations need to find ways to handle the increasing competency gap in the upcoming years. Many organizations have already changed the way they develop and train their employees. Working out a strategy to determine the most important skills as well as cover the existing gap will be important - there is arguably no "one-size-fits-all" solution.

In this section, we have seen that organizations can be ready for the future by reinforcing a strong common vision and goals, encouraging their employees to fail fast and experiment and enabling different points of view.



05 Leading in a changing world



Introduction

Adaptable leadership is one of the cornerstones for an efficient and flexible organization. Leaders are no longer seen as “masters” that have all the answers, but rather as mentors who lead their employees to new ways of working and gives them enough autonomy to move quickly and exploit their full potential (Lee and Edmondson, 2017). They provide their employees with directions and enable them to make decisions and navigate in paradoxes (Ulrich and Brockbank, 2019). In this section, we will elaborate on whether Nordic companies have changed their degree of leadership development and how their leaders are enabling autonomy and feedback in the workforce. We will also explore what these changes mean for innovation capabilities.



Key findings



- Organizations report to have changed their leadership training practices in order to adapt to the changing business environment. Those that have changed their leadership training to a large or very large extent deem themselves as being more innovative than their competitors.



- As many as 49% of organizations do not see a need for further change in their leadership practices during the next three years.



- Employees have, to a moderate extent, been given autonomy and decision-making power.



- Organizations within the private sector report giving more upward-feedback than those within the public sector.

Changed leadership training practices

Concurrently, as the environment changes at an increasing pace, so do the leadership styles and skill sets of our leaders. As many as 64% of the respondents in the survey report that their organizations have changed their leadership training practices during the last three years. This can indicate that the changing environment requires new leadership competencies.

The changes in leadership training are more frequent in the private sector, where 44% of the respondents confirm that they have carried out such changes to a large or very large extent compared to 36% in the public sector. This shows that private organizations are more exposed to changes and higher competition than their public sector counterparts. In addition, private sector companies have a higher tendency to copy their competitors, and consequently, their leadership training practices have undergone changes.

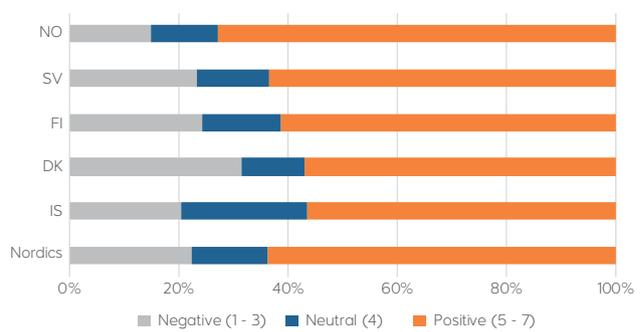


Figure 21: We have changed our leadership training practices during the last three years. (n = 604)

Among the Nordic countries, Norway scores highest with 73% of the organizations responding that they have changed their leadership training practices, compared to Iceland that scored the lowest with 56% responding positively.

Let go of control and give autonomy

Leaders play a crucial role in giving employees autonomy (Halvorson, 2011). Autonomy has shown to have a strong impact on intrinsic motivation, and also plays a very important role in agile ways of working (Lee and Edmondson, 2017).

In the survey, one out of five (21%) report to a very large extent that their employees have autonomy with regard to decision-making and deliverables. This mirrors the finding that only one out of 10 organizations have leaders who give employees decision power in tasks and procedures. These findings can indicate that employees have quite a lot of autonomy and decision power, but that leaders still have the final say. Even though several studies show that lack of autonomy has a negative impact on job performance, leaders in the Nordic countries still have a way to go when it comes to letting go of control.

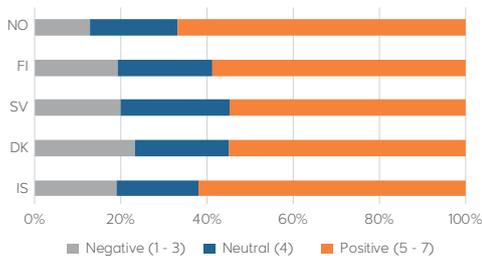


Figure 22: Employees have autonomy over their own tasks. (n = 613)

Denmark is the only country where team autonomy has a higher score than individual autonomy. This might indicate that a team-oriented focus could reduce the (need for) autonomy of each individual, while at the same time strengthening the teams' ability to make decisions.

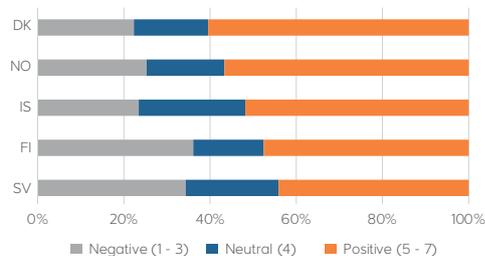


Figure 23: The typical team operates with a high level of autonomy. (n = 638)

Encourage upwards feedback

As we have discussed, there are many organizations trying to create a work environment with higher levels of psychological safety, where employees feel more secure and don't have to worry about negative formal or informal consequences for their actions (Edmondson, 2019; Edmondson and Lei, 2014; Edmondson, 1999). To do so, a well-functioning feedback culture is important. As many as 79% of the respondents report that they encourage and enable their employees to give feedback to their supervisors.

On average, in the Nordics, organizations within the private sector (81%) are better at providing and enabling upwards feedback than their public sector peers (72%). A possible reason for this could be that the competitive private sector has a bigger need for continuous evaluation and development than the public sector, thereby putting

more emphasis on feedback and feedback cultures. It can also be said that the more flexible structure of private organizations facilitates feedback-giving to a larger extent compared to the more rigid structure of many public organizations. However, in Iceland, there is no difference in upwards feedback provision between public and private organizations.

Among the survey respondents, Norwegian organizations seem to be the most likely to encourage and enable their employees to provide upwards feedback, with 84% reporting scores between 5-7. In Denmark, only 74% reported to do the same, making them the least feedback encouraging country in the Nordics in our survey.



What happens when we change leadership practices?

Leadership can be both a key enabler and a key restrainer for growth and innovation. As we have seen, the study shows that a great majority of the organizations have changed their leadership training practices to meet new demands. But what impact does change in leadership training and leadership practices have?

Among the organizations that have deemed themselves as more innovative, better performing or having better user experiences than their competitors, changes in leadership training have been frequent during the last three years. For example, 84% of the organizations that reported being more innovative than their peers had changed their leadership training practices, whereas only 61% of the companies reporting to be less innovative than their peers had done so. The organizations that have made changes to their leadership training practices also report providing a better user and customer experience than their competitors.

The survey's result also shows that giving autonomy to employees is positively linked to how innovative the organization rates itself. As many as 76% of the organizations where employees have high autonomy report that innovation plays an important part of the workday, which indicates that increased autonomy fosters innovation. Higher autonomy also seems to be linked to quicker problem-solving, as 79% of the organizations which provide high autonomy to their employees claim that they are able to solve problems fast.

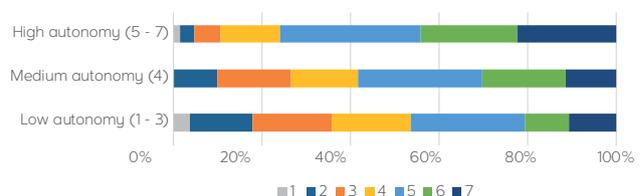


Figure 24: Innovation plays an important role in the workday, per organization with high, medium and low levels of autonomy. (n = 613)

Furthermore, we can see that enabling and encouraging employees to give and receive feedback, both to peers and upwards, correlates positively with how innovative the organizations are. This was also argued by Edmondson (2019). As many as 76% of the organizations that rate themselves as more innovative than their competitors encourage employees to give and receive feedback, both to peers and upwards. These findings might indicate that in organizations with a good feedback culture, employees have a clearer understanding of what they are doing right and what they could do to improve. This combination enables an increased probability for succeeding with innovation in the organization.

Although leadership is important for driving change, our study shows that almost half (49%) of the respondents want to change aspects other than leadership in the next three years. A possible explanation to this might be the lack of understanding of how important leadership practices are to the organization. Previously proven and recognized approaches might be easier to accept and apply, compared to new practices with limited credentials, even though these new practices might be necessary in the dynamic and volatile world of today.

Conclusion

One of the key leadership skills today is to decentralize authority and let go of control (Lee and Edmondson, 2017). By giving autonomy and decision power to employees and teams, organizations can become better equipped to respond quickly and in a more dynamic way. Many organizations in our survey reported to have understood that leadership training practices needed to change, with some of them having already undergone changes in their leadership practices. We have pointed out some potential changes, such as feedback culture and autonomy, that can affect adaptability and innovation.

Nevertheless, only half of the respondents report that they see a need to change their leadership practices in the near future. This finding might seem worrying, given the impact leadership has on modern organizations. The study also shows that the amount of upwards feedback is increasing, which can lead to innovation and lowered hierarchy. Durance and Monti (2017: 7) state that “the sustainability/durability of an organization depends on its ability to innovate, to take ownership of change and to adapt its type of leadership according to market conditions.” This is highly valid in the Nordic context as well.





06 Barriers for organizational adaptation and collaboration



Key findings



- The top three barriers hindering organizations from adapting to new opportunities and demands are: resistance to change, lack of capacity, and unclear responsibility for cross-functional collaboration.



- The top three barriers hindering collaboration are: lack of time, knowledge-sharing, and supporting tools/technology.
-



Introduction

As we have seen, organizations are trying to adapt to fast-changing environments by changing the way they lead, organize and utilize their workforce. However, such changes are often difficult to realize or have limited effect due to existing barriers. In this section, we will therefore take a closer look at those factors that organizations consider to be the biggest threats to a successful implementation of changes.



Barriers against adapting to new opportunities and demands

In the survey, the respondents were asked to choose between different types of barriers and select the ones that they considered most important.



Figure 25: Number of respondents reporting different barriers (multiple choices; n = 1508)

The results show that resistance to change, lack of capacity and unclear responsibility are seen as the biggest challenges when attempting to pursue new opportunities and adapt to new demands.

The first barrier, resistance to change, is often mentioned as a common challenge in the literature (Kotter and Schlesinger, 2008). Hence, respondents may have chosen that option as a result of availability bias without reflecting on whether there are other more important reasons. Another possible explanation is that self-serving biases may have caused the leaders to blame the employees rather than thoroughly analyzing whether there are valid reasons for the lack of support.

It is also not surprising to see the second barrier, lack of capacity, high up on the list, since it might include a lot of different aspects, such as insufficient resources, insufficient amount of knowledge or insufficient number of tools and technology. However, this does not make the barrier less important or a less serious threat towards an adaptive environment.

Several barriers hinder cross-functional collaboration, such as unclear responsibilities (placed as the third-most important barrier), leaders afraid of delegating decision authority (placed fourth) and performance management practices that discourage cross-functional collaboration (placed sixth).



Unclear division of responsibility within many organizations could be a possible reason for leaders being afraid of delegating decision authority. In the study, several of the respondents reported that their employees have autonomy over decision-making and deliveries. Nevertheless, only a few of the organizations report that they give autonomy to a very large extent, which might be because the responsibility for making final decisions still rests with their leaders. This might lead to a feeling among the employees that the leaders are afraid of delegating decision authority, which creates a barrier towards a more adaptive and innovative organization.

Another reason for barriers hindering cross-functional collaboration is that the operating models of many organizations are built to ensure stability and effectiveness, in contrast to the dynamic and changing environment of today. Since many organizations have not redesigned their organizational structure to become flexible, their performance management practices are still unsuited for cross-functional teams and the responsibilities are therefore often vague.

Lack of knowledge about how to create a more flexible organization is also an important barrier (placed fifth). This lack of knowledge could explain why many leaders have difficulties in giving clear responsibilities to their cross-functional collaboration and delegating decision authority.

A final remark can be made about the number of respondents that do not see a need to change or adapt to new opportunities and demands (placed seventh). As many as 75% of these respondents belong to the private sector, which is both surprising and rather alarming since private organizations often rely on adaptation to changes. Not making any changes increases the risk of ending up in the known success trap, where too much attention is put on existing successful products and practices instead of exploring new markets, products or services (March, 1991; Levinthal and March, 1993).

Many of the barriers hindering organizations from adapting to the environment's demands are in line with the star model proposed by Jay R. Galbraith (Kates and Galbraith, 2007). The model describes five important tools for shaping behaviors of organizations effectively. These tools are: i) a strategy that clarifies direction, ii) a structure that determines the location of decision-making power, iii) processes which enable a flow of information, iv) rewards that increase motivation, and v) people processes that influence and define employees' mindsets and skills (Kates and Galbraith, 2007). If any of these tools are not in place, it might be difficult to effectively steer an organization towards growth in an ever-changing environment.

Country differences

Even though respondents from the Nordic countries agree on the most common barriers, there are differences in which one is believed to be the single most important. In Denmark and Norway, lack of capacity has the highest score, while resistance to change is reported as the most important barrier in Iceland. Finland and Sweden struggle with unclear responsibilities for cross-functional collaboration, which might be explained by the existence of many big industries that are organized in a more traditional and stable way, which may inhibit the conditions favorable for cross-functional teams.

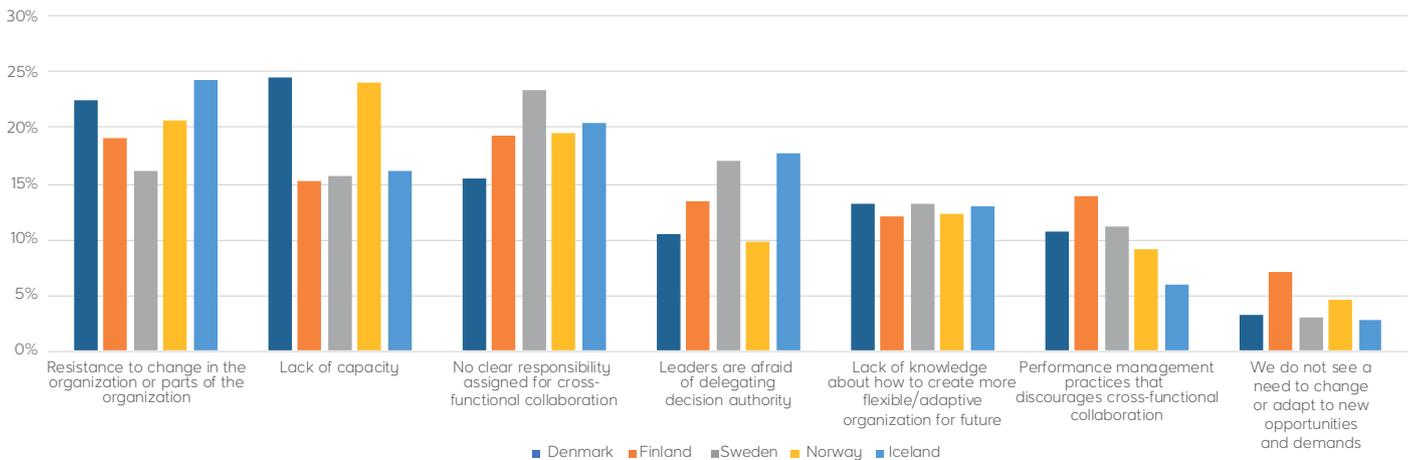


Figure 26: The most important barriers reported per country (multiple choices; n = 1508)

Our findings indicate that there are also differences between the sectors. While resistance to change is the biggest barrier in the public sector, lack of capacity is the most prevalent barrier in the private sector. In this report, we have made several arguments about the differences between the two sectors, which also seems to be reflected in the barriers they face while changing organizational structures, workforce and leadership.

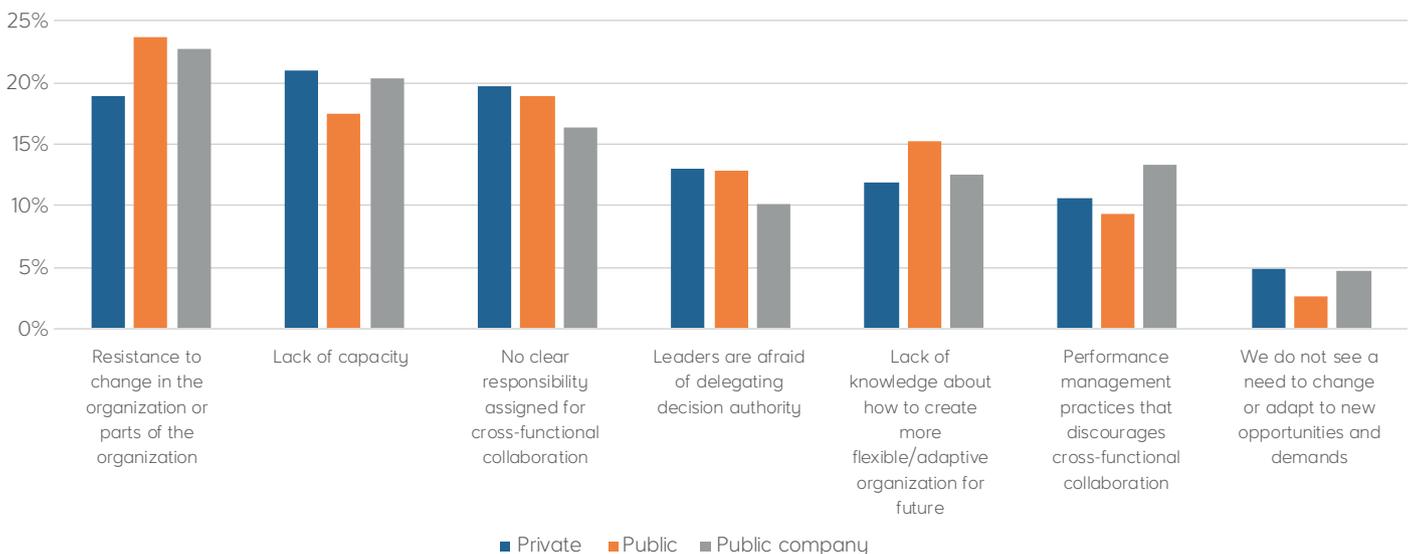


Figure 27: The most important barriers reported per country (multiple choices; n = 1508)

Barriers to enable the workforce

Since collaboration is such an important part of flexible and agile organizations, it is necessary to take a closer look at the barriers inhibiting collaboration in the Nordic organizations.

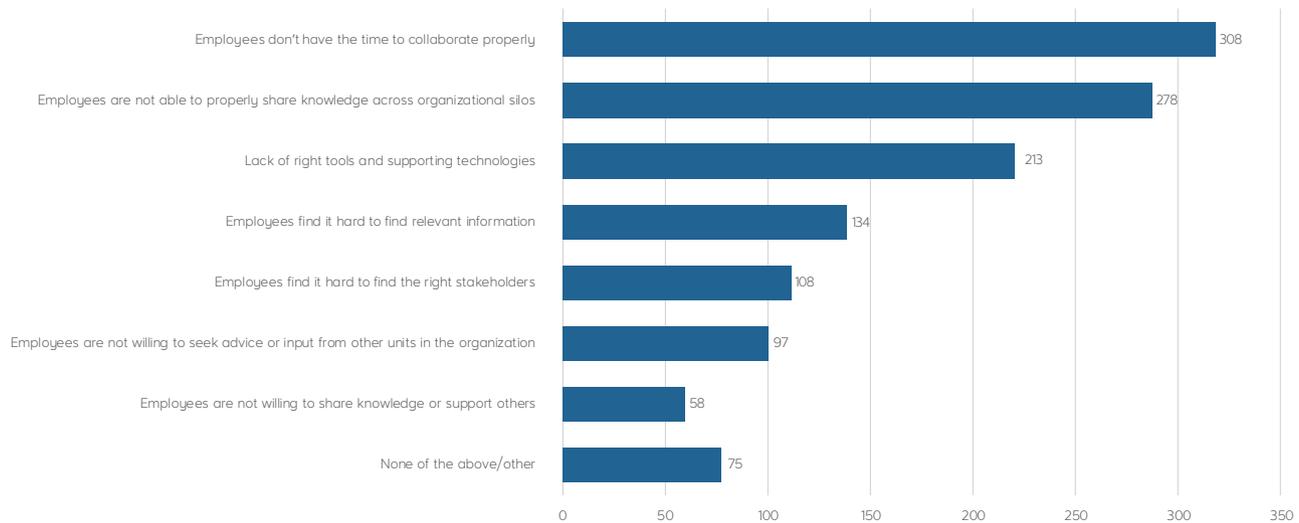


Figure 28: Number of respondents reporting barriers to collaboration (multiple choices; n = 1271).

The top three most important barriers to collaboration reported are limited time for collaboration, lack of knowledge-sharing across silos and lack of tools and supporting technology. All these threats could be linked to the second most important barrier for adaptation to new opportunities and demands, which is the lack of capacity. This is understandable, as a hindered collaboration also hinders efficient adaptation.

The barrier lack of tools and supporting technology (n = 213) is interesting because technology for increased knowledge-sharing and collaboration has been available for quite some time and many organizations have been investing in it. A possible reason for this might be that organizations have not put enough effort into the implementation of the tools, and therefore the technology has not been used to its full potential. Changes in technology and implementation of new systems and tools often not only require new technical skills, but also a high degree of change management in order to encourage employees to use it (Cawsey, Deszca and Ingols, 2016). See the chapter titled Organizing for Change for a more elaborate discussion.

Among countries, Norwegian respondents report suffering from a lack of tools and supporting technologies, Danish respondents are challenged by insufficient knowledge-sharing between silos, and Finnish, Icelandic and Swedish respondents struggle with finding time for collaboration.



Conclusion

Many organizations today do understand the need for change and adaptation to the fast-changing environment. However, many change initiatives are difficult to realize or have limited effect due to barriers such as resistance, lack of capacity and unclear responsibilities, with most organizations facing more than one of these. Even though these barriers might be difficult to address, they must be resolved. And if this is not done faster than before, it will have a large impact on the organizations' ability to keep any competitive advantage it might already have.



07 Call-to-action

A low-angle, close-up photograph of a person's hands and arms steering a boat. The person is wearing a blue polo shirt. The background shows a white sail with the letters 'USA' and 'BY APPOINTMENT' visible. The sky is a clear, bright blue.

The previous sections covered how the organizational structure, workforce enablement and leadership can have consequences for the effectiveness and innovation rate of an organization. But how do we secure the maximum potential of each and every employee? Or put differently, what implications does this study's findings have upon managers within the organization? In this section, we will introduce some concrete actions that organizations can take in order to become more

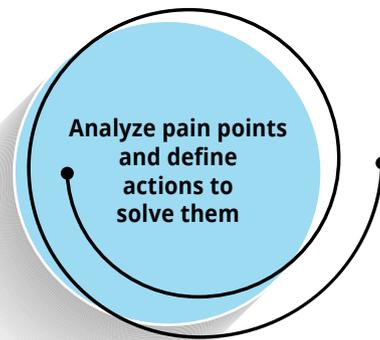
adaptable to the changes in the market. The actions are part of an integrated approach, where leadership, middle management and HR collaborate in order to develop the organization in the most appropriate way.



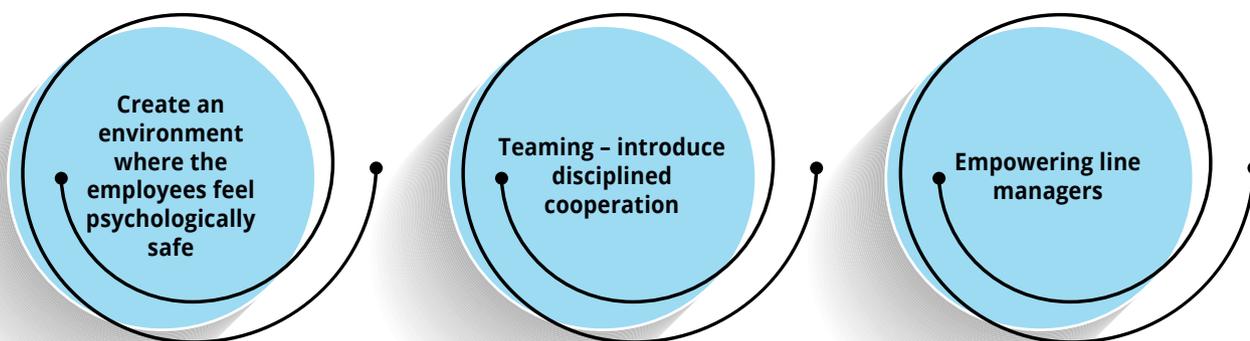
Advice for top executives



As we have argued before, a clear and shared understanding of the organization's vision and goals makes employees more likely to provide ideas on how to attain these goals and learn new necessary skills. When creating the vision, it is important to be clear about the desired achievement, not the journey to get there – or as Simon Sinek explains, “Vision is a destination – a fixed point to which we focus all effort. Strategy is a route – an adaptable path to get us where we want to go” (Sinek 2012). When all employees have a clear understanding of the vision, it will be easier for them to focus, set up their own goals and collaborate with others, since everyone is striving in the same direction. To be inspiring and sustainable, it is also important that the vision resonates with the employees, the overall strategy and time-limited goals and objectives. When a clear vision is set, have your employees break it down into larger and smaller goals. This will make it easier for them to understand how they can contribute to achieving the vision. Also ensure to communicate the vision so often that everyone knows it by heart. This is especially important in a flatter and more loose organization where each employee possesses a high degree of autonomy (Kantabutra and Avery, 2010).



A clear definition of what your organization really needs is important to focus on the right things. What is the problem you are trying to solve? Is it important that the product/service is cost-efficient or are you focusing more on high quality? Or are speed and faster development processes more valuable? A way of facilitating this analysis is by using a design-thinking approach, where you analyze the customers'/users' needs and find appropriate solutions based on these (Sidebench, 2017).



Create an environment where the employees feel psychologically safe

Standardized core processes provide a solid and stable ground and ensure a more cost-effective backbone. This makes it possible to allocate resources to more flexible and dynamic teams, better suited to adapt quickly to changes in the environment. It is the combination of standardization and flexibility in the organizational structure that enable the organization to develop most efficiently.

Teaming - introduce disciplined cooperation

In order to better enable the workforce to face challenges, the concept of teaming is vital. In contrast to stable and “fixed” teams, teaming is where you solve an issue in a team selected, built and prepared to tackle this exact issue. Team members can be cherry-picked from different parts of the organization, which ensures disciplined cooperation and continuous knowledge-sharing between the organization’s different departments/silos. The result is increased flexibility as well as a high degree of innovation and problem-solving. In order to create such teams, leaders must enable a “teaming culture” by encouraging their employees to become curious, passionate and empathic, since this will make them more interested in sharing knowledge as well as learning from others, to consider several perspectives and to always take that extra step for the team. These abilities are encouraged by a leader who shows genuine interest in their employees, displays deep enthusiasm for achieving team goals and shows great respect to everyone’s opinion independent of hierarchy (Edmondson, 2013).

Empowering line managers

Line managers are often key to improving the overall engagement and innovation in an organization, since they act as the link between the top and the bottom. However, they are often neglected or receive insufficient support from senior management, which constitutes a big threat to the whole organization (Caye et al., 2010). Empowerment of such managers could be done in several ways, for example, by offering larger and more exciting roles, clarifying their responsibilities, giving them the necessary levers, authority and leadership skills to succeed, and leveraging their power to help the organization reach its vision, mission and goals.

Advice for middle managers



**Delegate and
give autonomy to
employees**

We have seen that employee autonomy generates flexibility, which in turn leads to quicker adaptation and change capabilities through faster decision-making. In addition, autonomy creates increased motivation among employees. Continuous development opportunities spark the employees' desire to innovate and help the organization reach its goals in a more efficient way.

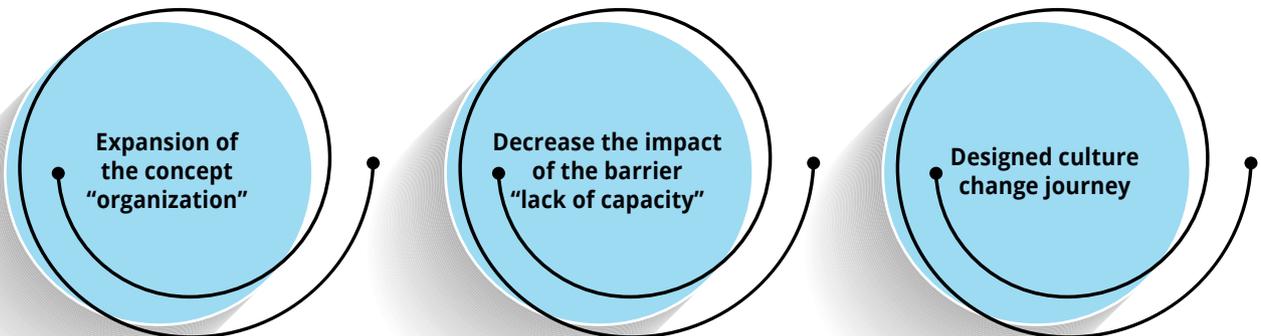
Decentralization of authority is therefore a key enabler for organizational adaptability. It can definitely be seen as a top management decision, but line managers too have a big role to play in this by delegating responsibilities to employees and empowering self-managed teams.



**Clarify which areas
of your organization
should be mainly
standardized, and
which should
remain mainly
flexible**

A safe and secure environment that accepts and encourages learning through experimentation and even failure enables employees to think freely and speak their minds. Such a climate is more likely to trigger innovation. In order to create this safe atmosphere, enabling and encouraging them to give and receive feedback, both to peers and upwards, is of utmost importance. Feedback helps the employees understand what they are doing right and what they can do differently in order to achieve their and the organization's goals. Another way of facilitating a psychologically safe environment is for line managers to publicly acknowledge and appreciate employees when they try something new (also when they fail), as well as telling the employees about their own mistakes and how these later on helped them in their careers.

Advice for HR



Expansion of the concept "organization"

As the study has revealed, the organizational structure has a big impact on the level of innovation and collaboration within an organization. To truly make a difference, it is necessary to question the existing definition of the concept called "organization" and continuously challenge it by integrating external resources related to culture and knowledge development. Mental models, perspectives and practices on how we observe an organization today must be redefined, moving from a "machine metaphor," where the organization is seen as a series of connected parts arranged in a logical order to produce repeatable output, to an "organism" metaphor, where the organization is a collective and adaptive response to its environment (Morgan, 2006).

Decrease the impact of the barrier "lack of capacity"

One of the most frequently named barriers for adaption to new opportunities and demands was the lack of capacity, while limited knowledge-sharing and lack of tools and technology were reported to hinder further collaboration. To enable an environment that encourages innovation, creativity and collaboration, the impact of such barriers must be decreased.

A lack of capacity could include several aspects, such as insufficient amount of knowledge or insufficient number of tools. Since the demand for critical competencies is both high and changing, this study recommends a review of the existing training and development programs to ensure that these are still relevant, in addition to investments and careful implementations of technological tools to enable further collaboration. By doing so, the number of barriers that risk hindering an adaptive, innovative workstyle can be decreased.

Designed culture change journey

Even though new technology and increased knowledge can help enable innovation, a designed culture change is also vital to motivate employees to use these tools to their full potential. Static organizations focusing on fast deliveries must change towards being dynamic organizations with the mindset of focusing more and doing less (lean). In such flexible and adaptive cultures, continuous capability building and learning are also essential. Even though this should be an HR responsibility, it is important that it is led top-down based on strategic priorities.

08 Methodology

Process for identifying themes and generating hypothesis

Like the previous Nordic HR study (2017) that addressed important trends, for this survey, we wanted to focus on how organizations could gain more advantage through their human resources, as the amount and dissemination of new ideas and new ways to organize and develop organizations have increased substantially (Madsen and Slåtten, 2015). Many organizations speak of reducing hierarchy, organizing for more flexibility, collaborating internally and developing new ways of leadership. Many of these ideas originate from academia. However, translating these academic theories into practice in organizations is not an easy task.

A working group with representatives from all of the five Nordic countries discussed some of the ongoing debates in academic literature further, and considered the relevance of these topics in their countries. On that basis, they decided to focus on the following three main topics: leadership, teaming and collaboration. The most important thought leaders who served as inspiration for the questionnaire were McGrath (2013), Edmondson (2013; 2019) and Hansen (2009).

Data collection

The report is based on data from an online survey carried out between 18 September and 11 October 2019 in Denmark, Iceland, Sweden, Finland and Norway. Invitations to participate were distributed through email by the HR associations in each of the countries, followed by reminders after one and two weeks. In total, 812 participants responded, which is a 26% increase compared to the Nordic HR survey of 2017 (644 respondents).

The survey was distributed to members of the national HR associations, and a total of 16.414 HR representatives received an invitation to participate. Since the national HR associations differ both in terms of the number of members and membership structure, the number of invitations sent out as well as the country response rates varied substantially. Some of the countries had the possibility to send the survey to just the top HR employees. To ensure that respondents in the end were at a high hierarchical level, the national associations formulated the texts used in the invitations to appeal especially to this group, with less relevance for lower or other hierarchical levels. A control variable asking the respondents for their title indicates that these measures worked, as the questionnaires were filled out mostly by higher-level HR personnel in the organizations.

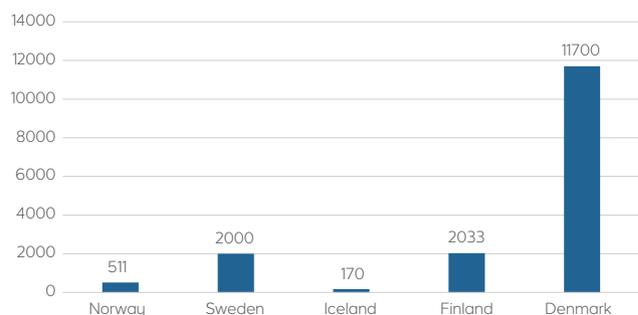


Figure 29: a) – Number of invitations sent out in the different countries

The Nordic HR study 2020 was conducted by HR Norge, Henry, Sveriges HR Förening, Dansk HR, Mannauður and EY. The purpose of the study was to understand how Nordic organizations respond to the rapid changes in the working world, including how they organize in order to be more competitive.

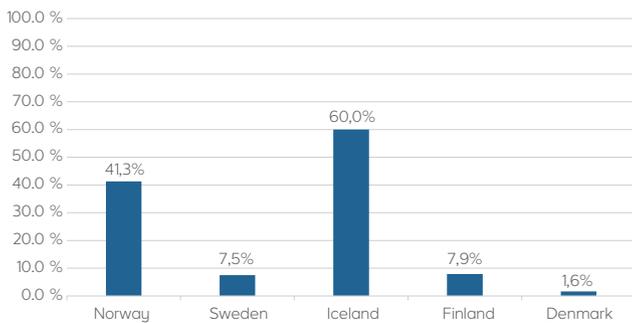


Figure 29: b) – Response rate per country

As figures 28 a) and b) shows, there were significant differences between the countries both in terms of the number of invitations sent out as well as the response rate.

The survey was designed to be completed within 10–12 minutes, and consisted of background questions and matrix questions to examine selected areas and themes. The scale used for these matrix questions was the Likert scale, which ranged from 1–7. 1 denoted “to a very limited extent”, whereas 7 meant “to a very large extent”. In addition, some open text questions and multiple-choice questions were included to get more specific information, giving the respondents the chance to add information about other aspects that they found relevant to comment on.

Respondents and demographics

Country distribution

Even though the number of invitations to the different countries varied significantly, the distribution of respondents from the five countries ended up as relatively even. Norway had the highest number of respondents (n = 211), while Iceland had the lowest (n = 102). The reason for the higher number of respondents from Norway is probably due to an annual HR survey being carried out there since 2007. Participants therefore often expect to receive the survey. On the other end, Iceland’s low number of respondents could be explained by the number of invitations sent out.

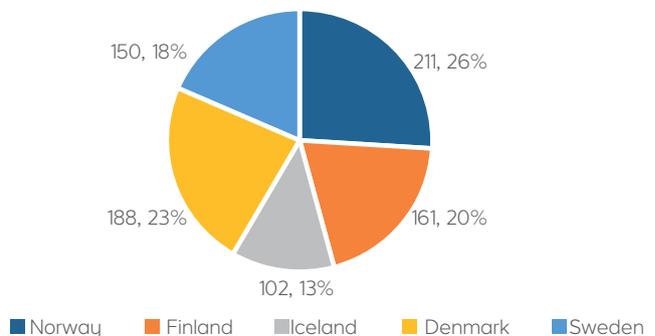


Figure 30: a) – Country distribution (n = 812)

International presence

In the survey, we asked the respondents whether they were part of an international organization. We provided three distinct categories:

- 1.No (52,7%)
- 2.Yes, international organization with local Nordic office (25,8%)
- 3.Yes, nationally owned organization with international presence (21,4%)

For some of the variables, we combined the categories two and three. This enabled us to compare national and international organizations.

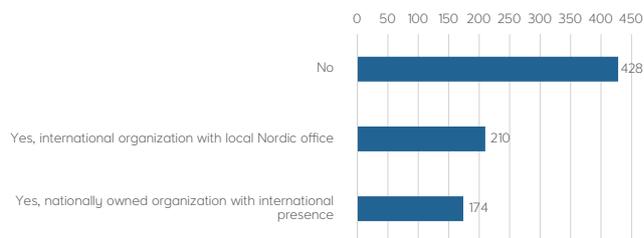


Figure 30: b) – As we can see from (n in), half of the organizations report operating in a national market only while the other half operates internationally (n).

Sector

The distribution of respondents from different sectors shows a broad representation among the sectors as well as a reasonable spread and size in the Nordics. The categories used were:

- 1.Private (68%)
- 2.Public (21%)
- 3.Publicly owned organization (9%)
- 4.Non-profit/NGO (2%)

The number of respondents from each category allows for the analysis of each group.

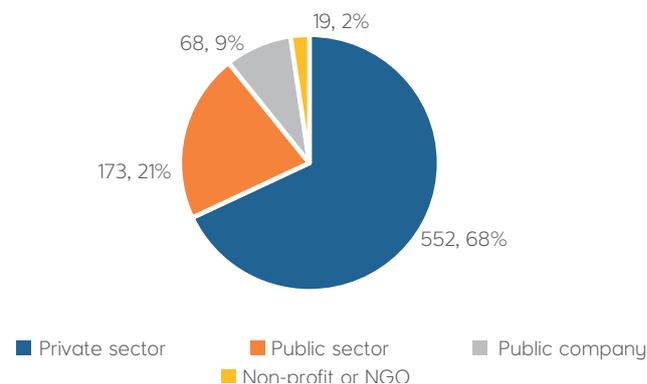


Figure 30: c) – Sector (n; %).

Size

The majority of respondents report working in medium or large organizations, but the categories show a good spread among the organizations, thereby giving us the opportunity to analyze the effect of organizational size in the data set.

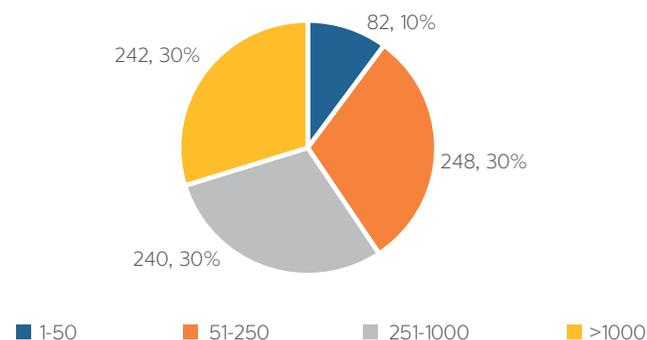


Figure 30: d) – Number of employees (n = 812)

Industry

A broad range of industries are represented in this survey. Those with the largest number of respondents were technology and telecommunications (n = 85), government and public sector (n = 77) and manufacturing, mining and metals (n = 60). We would like to underscore that we have been careful with interpreting these results due to the low numbers of respondents.

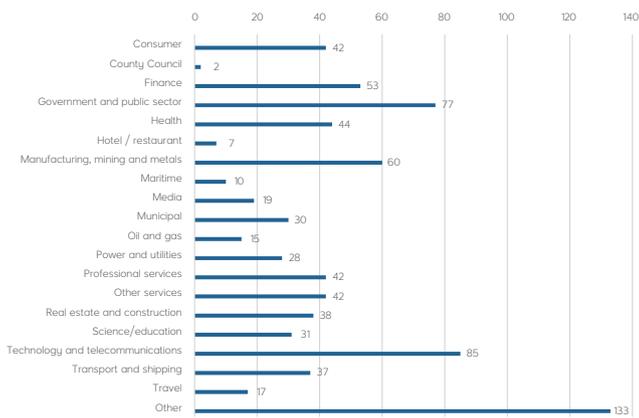


Figure 30: e) – Industry (n)

Knowledge intensity

Organizations differ when it comes to the degree in which most of their activities and occupations “are characterized by an emphasis on theoretical knowledge, creativity and use of analytical and social skills” (Frenkel et al., 1995: 3 in Newell et al., 2009: 24). Organizations where most of or even the entire workforce are knowledge workers are often referred to as “knowledge intensive organizations” (Newell et al., 2009: 29). The work tasks of knowledge workers are concerned with “creating new knowledge or applying existing knowledge in new ways” (Newell et al., 2009: 25). Hence, it is not the level of expertise or your formal education that defines whether you do knowledge work, but rather the tasks that you do in your work.

In our study, we asked the respondents to report the educational level of their typical employees. Most of the respondents report coming from organizations where the typical employee possesses bachelor degrees (40,7%) and master degrees (32,5%). The motivation for using this distinction is that in our previous HR studies, we have seen that there are differences between these categories.

Position

The respondents in the survey represent different hierarchical levels. As many as 71% of the respondents hold HR leadership positions. We therefore expect them to have a strong insight regarding decisions that affect human resources. The remaining respondents are members of HR departments implementing these decisions. The representation of different levels gives us richer data when trying to capture the current state and focus of HR.

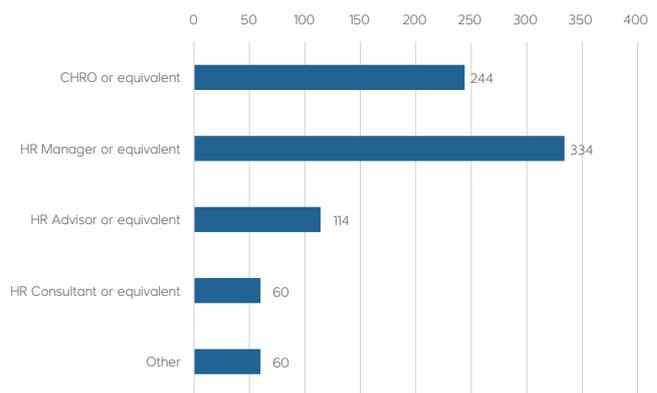


Figure 30: f) – Position (n)

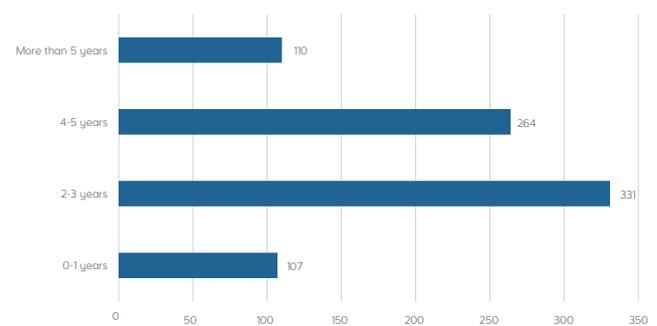


Figure 30: g) – Typical level of education within organization (n)
Figure 30: g) shows that most of the respondents chose either 4–5 years or 2–3 years.

Reflections on strengths and limitations

The study has several strengths. First, the relatively high number of respondents (n = 812) and a sample which is well distributed across sectors and industries, nationalities, different types of organizations and degrees of knowledge intensity. Second, the cooperation around a Nordic HR survey between Nordic HR associations and the Nordic EY offices, where we have used similar inclusion and selection processes for recruiting respondents from all countries. Third, the constructs used in the survey are based on a structured literature review on related topics. Fourth, the group that has been involved from the Nordic HR associations and EY has extensive experience working with HR-related issues in many different contexts over many years.

Concurrently, it is always important to consider the limitations of a study. In this survey, our sample and target group was HR representatives in Nordic organizations. Selection bias, information bias and confounding may affect validity.

Selection bias means that factors in the recruitment process and factors that influence study participation can result in a sample that is systematically different from the population. It is likely that the response rate varying between countries from 1,6% - 60% may have resulted in selection bias. When selecting respondents, we used the databases of the Nordic HR associations. A legitimate question is whether the members of such associations are representative for HR in the respective countries, or whether their membership indicates that they are more interested and engaged with HR topics. In addition, each country managed the process of recruiting participants individually, so local differences might have occurred. The uneven distribution across countries

means that some countries probably influenced the results more than others. The overall drop-off rate is about 35% and varied between 51% to 84%. This might indicate that some of the respondents perceived the survey as less relevant, that the questions were outside of their areas of expertise, or it was probably just a simple time issue.

Information bias means that people could interpret, understand or use words and terminology differently. The questionnaire was translated from English to Norwegian and Danish, but not to Finnish, Swedish and Icelandic. This introduces a possibility of differences in terminology and local understanding. To address this issue, we used forward and backward translation, which means that we translated versions of the questionnaire back to English to ensure that the original meaning of the questions remained intact. This has probably reduced the risk of bias caused by language differences. In addition, HR professionals in the different countries tested and made the appropriate adjustments to the questionnaire before we launched the survey. Still, terms and definitions that might be unfamiliar to some of the respondents may have led to misclassifications, hence, it is difficult to conclude whether the respondents had a similar understanding of each question. To reduce this risk, thorough definitions were added throughout the survey. Furthermore, the survey used categories that were predefined. This might not cover all possible views on the concepts being surveyed.

Confounding in this case refers to whether our sample of HR representatives truly can report on the themes and issues in the questionnaire, or if there are other groups, for instance, line managers that can provide equally true alternative



perspectives to how these issues are perceived and managed. Since we have not recruited respondents in other functions and roles, one cannot conclude on the extent to which these issues are relevant in the organizations where the HR representatives work. Previous HR studies, such as the one conducted in 2014, have shown that participants from HR rates their areas higher than line managers or employees do. It is also important to consider that even though no measuring of reliability has been carried out, the study can be repeated with a probability of producing similar results. The questions used in the survey have been through a thorough process of backward translation, testing and revision by HR representatives in each country supporting the reliability of the study.

Given the limitations of the study, one should be careful with generalizing the sample for HR functions in the Nordics in general. However, due to the relatively high number of respondents and the distribution across categories, the results provide interesting insights into how HR in many organizations in the Nordics experience the need to be more flexible and agile.

Our results differ somewhat from other global studies originating outside Nordic countries, such as the McKinsey report on agile organizations. This could perhaps indicate that some of our findings are not generalizable outside the Nordics as there will be differences in culture, regulations as well as socio-economics.

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