

EUROPE  
DELIVERS >

# A new kind of growth for Europe – 4 Grand Challenges



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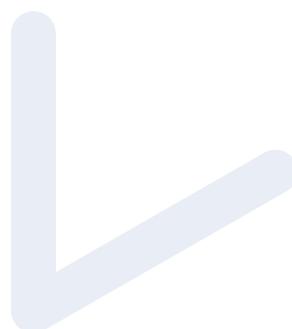
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# Foreword

Europe is at a pivotal moment. We can become absorbed by our many, complex challenges or we can leverage our remarkable heritage and attributes and create a resilient and vibrant future.

This report marks the launch of ‘Europe Delivers’, a programme that aims to mobilise European leaders in pursuit of this future, driving a new kind of economic growth – one that works with nature, not against it; delivers value across generations, not financial quarters; and creates prosperity and wellbeing for all Europeans, not just a privileged few.

A transformation of this scale requires a fit-for-purpose team. That is why we are building a movement of change-makers featuring pan-European leaders, innovators, thinkers and influencers. From a diverse range of backgrounds and sectors, their combined perspectives, skills and resources have been instrumental in shaping our thinking so far, and will continue to power our bold ambition.

With popular elections in Europe coming thick and fast, we hope to influence the next generation of European political leadership (including European Union (EU) institutions). We must harness the resources and creativity of business and acknowledge that current action from Europe’s incumbent power brokers is not enough. With this report, we seek to spark the interest of a different group, comprising business leaders, policy makers, civil society and people who aspire to a better future.

We have visited several cities and reached out to diverse experts from North, East, Central, South and Western Europe to gather expertise and ideas via workshops and individual interviews. In total, we have spoken to over 50 individuals. Their insights, along with extensive digital research that we have undertaken to capture Europe’s current zeitgeist, form the basis of this report.

We invite you to join us as we take the next step: building action-orientated ‘blueprints’ towards the transformation we introduce here. We will publish these blueprints in Summer 2019, before developing and delivering detailed plans to activate them with our coalition of partners.

We’re at the start of an ambitious, exciting and vital journey. The only way to invent a bright, sustainable and prosperous future is by coming together to co-create it.

**What role will you play in shaping the future of growth and wellbeing in Europe?**



# Contributors

## Contributors

We have had the privilege of engaging with over 50 individuals that are united by a passion for the importance of European leadership in the world, and who are already driving change through their work and organisations.

Xynteo would like to thank them for their participation and provision of rich and diverse insights. This report would not have been possible without their contributions.\*

## About Xynteo

Xynteo is a platform for galvanising leaders and catalysing ideas – and fusing them into new projects, for new growth.

The team that produced this report was: Stefan Chojnicki, Darshan Grover, David Hanney, Hallstein Havåg, Carl-Frederik Kontny, Doree Marentette, Philip Smith, Simen Randby, Cecilie Sørhus, Ben Wood, Ouyang Xin.

## Digital Research Provider

Digital research insights were provided by Anthro.AI – a data-driven consulting start-up that creates ‘maps’ to navigate complex data landscapes.

\* Xynteo takes full responsibility for the content of this report, which is not necessarily reflective of the views of either the Advisory Board members or studio participants.

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**Our thanks to all of those named  
above and all other contributors to the  
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**And sincere thanks to Sandrine Dixon-  
Decl  ve, Special Advisor to Xynteo, for the  
deep insights she has contributed to the  
development of the programme.**

# An ambition for a new Europe



**Osvald Bjelland**  
Chairman and CEO,  
Xynteo

I am proud to be European.

Europe's social and cultural diversity and the resilience of our economic, cultural and democratic institutions have long been sources of collective strength.

Our common need for peace and stability after World War Two brought us together around a shared agenda of growth, security and cooperation. We harnessed our collective resources and capabilities, igniting a post-war economic boom that brought huge gains in wealth and quality of life for all European citizens. We are four times richer now than we were in 1945 – GDP per capita having expanded from €7,500 to €30,000 in the Euro Area between 1945 and 2018!

Yet, financial wealth is not on its own enough to sustain wellbeing. And, in this new century, we find ourselves confronting disorientating social and geo-political shifts, unleashed by technological advances,

increasing environmental stress, climate change, migration, and changes in global economic power dynamics?

Trust in capitalism, the private sector and many of our political institutions has fallen and shows no signs of recovery<sup>3</sup>; meanwhile voter turnout has decreased significantly in the last two decades<sup>4</sup>. The wealth gap is increasing – 10% of households in Europe hold 50% of total wealth<sup>5</sup>. The dominance of fossil fuels in our energy system is threatening the stability of the biosphere and our health – premature deaths and disease from air pollution costs European economies €1.6 trillion each year<sup>6</sup>. And the way we work is changing fundamentally, with a growing gig economy, and hundreds of thousands of jobs at risk from automation and new technology.

We need to build a radically new narrative and model for Europe's growth, which moves beyond GDP as a measure of achieving wellbeing. This vision must have broad appeal, transcending narrow interests and ideologies.

Europe is an incredible place. Its history and the present day are illuminated by a democratic fabric and pioneering spirit in science, philosophy, music and exploration. Its nature, culture, food, languages and people combine to create a diverse and positive environment for ideas, innovation and collaboration.

Europe must adapt with the times to improve community inclusivity and participation, while learning from the past and embracing regional differences. There is a pressing need for discussion on how we can develop the most effective and fair social order, in a rapidly changing world.

Our strong heritage of trade, connectivity and free movement of people lives on today, and must be strengthened if Europe is to take advantage of new opportunities and maintain its position as a global leader.

Past rapid growth phases of European industry, businesses and institutions are testaments to the creative and ambitious spirit of its people. Individually we can only achieve so much. But working collectively, the potential is limitless. Let's create a new kind of growth for Europe. Together.

*“We need to build a radically new narrative and model for Europe's growth, which moves beyond GDP as a measure of achieving wellbeing. This vision must have broad appeal, transcending narrow interests and ideologies.”*



# EUROPE DELIVERS >

# An introduction to Europe Delivers

The region of Europe boasts some of the highest levels of wellbeing<sup>7</sup> and life satisfaction<sup>8</sup> globally. However, like the rest of the world, Europe is faced with a volatile mix of economic, social, political and environmental risk.<sup>2</sup>

Unemployment persists, and inequality (albeit less pervasive than in other global regions) is higher than ever<sup>9</sup> With the added pressures of climate change, mounting global trade tensions, and public mistrust of institutions, change is needed.

Europe needs new, ambitious responses and bold, collaborative leadership – across government, civil society and businesses of all sizes – to create a new, sustainable European economy. We need a different kind of growth in order to secure the wellbeing of European citizens today and for the future. That means growth which reflects values-based decision making, not just decision making based on quarterly financial returns; growth that operates within the Earth's planetary boundaries; growth in the service of people, not people in the service of growth.

To do that we need to dethrone GDP as the only metric for economic growth and create new complementary metrics and indicators that measure growth differently and cost environmental and social externalities. We need to give real weight to the multi-dimensional nature of wellbeing and continue to mainstream and build understanding of the Sustainable Development Goals – world leaders' shared agenda for building peace and prosperity for both people and the planet.



Europe Delivers aims to advance such a new kind of growth by:

- 1. Inspiring a new narrative on growth** – to challenge old assumptions and ignite a new dialogue on the future of the European growth model.
- 2. Building a community** – to ignite a multi-sector movement of change-makers.
- 3. Catalysing practical action** – to prove models for this new kind of growth in economically strategic systems and value chains, starting with the energy system.

By redefining a vision for growth and harnessing a community to it, we aim to catalyse practical action that drives real impact towards a new kind of growth.

This report summarises the key themes and findings from a series of workshops across different European cities that have informed both 'inspiring a new narrative' and 'building a community'. These findings are also shaping how we are 'catalysing practical action'.

### **The Grand Challenges for Europe's future growth**

To get under the skin of a potential future growth model, we have been exploring four Grand Challenges that lie at the heart of Europe's current difficulties and future opportunities: The Future of Work; A Green and Resilient Economy; a Global Europe; and a New Social Contract. They are cross-cutting and interconnected themes, each providing a lens on the future of growth in Europe: social; environmental; productive (technology and labour); and global (the relationship between Europe and the rest of the world).

So far, our work has focused on unpacking and exploring the Grand Challenges and building a shared conviction around the need for change with our growing community. In doing so, and to build towards impact, we have identified two Opportunity Areas for each Grand Challenge. These Opportunity Areas define particular angles on a Grand Challenge that present promising terrain for driving practical action.

As a next step, we will work with our growing community to identify a set of ideas and recommendations for business action and policy change within the Opportunity Areas. These recommendations will form the basis of a set of blueprints for systems change, which will present frameworks for practical action by business, policy makers and civil society. Please visit page 39 to see 'The Road to Impact' – an overview of the key timings and milestones for the programme's future.

# Introducing the Grand Challenges

## 01 The Future of Work

**The landscape of work in Europe and beyond is changing. Longstanding workplace structures and cultures are being disrupted by rapid and far-reaching technological innovation from artificial intelligence (AI) to digital transformation; the rise of the gig economy; flexible work; and the ideal of work as the expression of an individual's personal purpose and fulfilment<sup>0</sup>**

This could herald unprecedented productivity gains and prosperity if properly optimised for people, but risks creating a perfect storm of unrealistic expectations, unemployment, widening inequality and weakened social security. To reduce these risks, and harness technological development to compete globally, Europe's leaders must bring forward a clear, coherent and shared vision for a desired future and take action towards it<sup>1</sup>. A greater sense of urgency and proactivity is required for Europe to harness opportunities and ensure that the costs and rewards of disruption are distributed fairly.

**The key question is:**

**How can Europe ensure that the changing landscape of work optimises both business performance and human prosperity?**

We must move urgently towards a low-carbon, circular economy that drastically reduces humanity's environmental impact. The technology exists to enable this, but collective will and behaviour change (individual and organisational) must be galvanised to trigger rapid action<sup>14</sup>. Act fast, and we could enjoy one of the greatest periods of innovation, wealth and job creation in Europe's history.

**The key question is:**

**How can Europe recalibrate economic growth so that it balances short-term human needs with long-term environmental resilience?**

## 02 A Green and Resilient Economy

**Europe has been at the vanguard of action to protect the environment and tackle climate change, both within its borders and globally. It is well positioned to lead the world towards a radical new green economic model and to harness the vast business opportunity of doing so.**

The interaction between climate change and other environmental tipping points is setting us on a pathway towards environmental crisis, which could destabilise the European business landscape and cause most harm to those regions, organisations and people that are least able to cope and adapt<sup>12,13</sup>

## A Global Europe

**Europe has an opportunity to step up and lead the world towards a new, more co-operative international order — characterised by a long-term, internationalist perspective; and guided by a belief that global prosperity can be enhanced to the benefit of all countries, companies and communities.**

Across the world, standards of living are at an all-time high, yet inequalities stubbornly persist.<sup>15</sup> The post-World War Two international order, which Europe was instrumental in building, is fragmenting.<sup>16</sup> Today's global growth model contends with several profound and interconnected risks,<sup>2</sup> which cannot be properly addressed in isolation or without the support of actors spanning the international community.

To reduce inequalities and increase resilience to these challenges, the global community must double-down on efforts to enhance collaboration and increase prosperity, wellbeing and opportunity in an environmentally and socially sustainable way. However, at this critical juncture, and in response to growing populist sentiment, many nations are turning inwards.<sup>17</sup>

**The key question is:**

**How can Europe lead the world towards an open, collaborative and universally prosperous future?**

## A New Social Contract

**Europe's social contract — the written and unwritten rules and norms that govern our society and relationship between leaders and citizens<sup>18</sup> — needs repairing.**

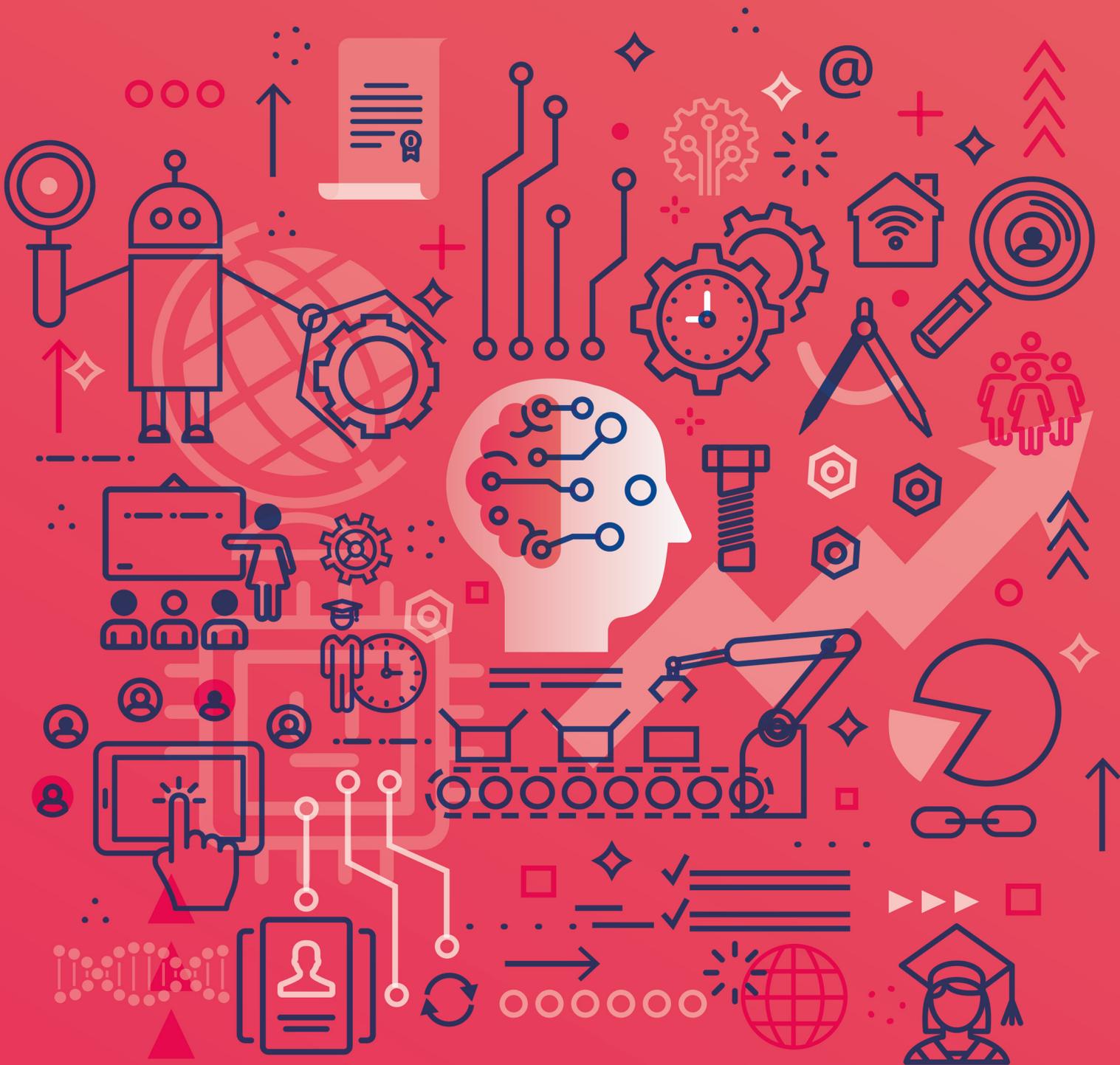
Public trust in the institutions that uphold the social contract — government, business (of all sizes), civil society organisations and the media — is alarmingly low.<sup>3</sup> Increasingly, people are turning towards more extreme voices advocating a defensive and insular vision for Europe's society and its economy.

Current low levels of trust should be a wake-up call, but this is not just a matter for the state. Both business and government leaders need to be prepared to engage more actively with the public — particularly those people that consider powerful institutions and organisations to be irrelevant, remote or inaccessible. Technological development can help ensure that the social contract is updated in real-time, reflecting the changing priorities of a rapidly evolving society.

**The key question is:**

**How can Europe repair the social contract between leaders and people to reflect the evolving needs of modern society?**

# DI



# The Future of Work

## How can Europe ensure that the changing landscape of work optimises both business performance and human prosperity?

**The changing landscape of work could bring increased productivity and prosperity, but risks creating a perfect storm of misguided expectations, widening inequality and weakened social cohesion.**

### Rapid, and far-reaching change

Rapid, far-reaching and, in some cases, exponential technological innovation – AI, automation, robotics, the Internet of Things and digital platforms – is changing business and offers a completely new basis for future growth: one in which labour and intelligence provided by machines co-exist and optimise one-another.

Concurrently, the nature of employment is also being shaped by emergent social trends, including the rise of the gig economy; flexible work; and the ideal of work as the expression of individual purpose.<sup>19, 20</sup>

Longstanding workplace structures, practices and cultures are being disrupted, with implications for both employers and employees. There is uncertainty about the speed, size and nature of change,<sup>20</sup> but certainty that risks and rewards will be distributed unevenly. For example, within Europe, automation is expected to pose the greatest threat to employment in Southern, Central and Eastern countries.<sup>21</sup>

### Building a shared vision of work

Risks are exacerbated because European governments and businesses have been slower to understand the magnitude of change than their counterparts in North America and Asia.<sup>11</sup> Europe's political leaders have yet to present a clear, coherent vision of what the future of work should look like and how businesses, public institutions and citizens should respond.<sup>11</sup>

Designing such a future raises many ethical questions about the role of work in society; the purpose (economic and otherwise) of individuals; and technology's ability to generate social and economic value. Addressing these would require the reconciliation of divergent perspectives.

### Leading the way

We need a broad debate between business, citizens and political leaders to enable Europe to proactively shape the direction of change; set clear guidelines and safeguards; and ensure that opportunities and rewards are distributed fairly.

### IN NUMBERS

—  
**€2.5 trillion**

Realising Europe's digital potential would unlock a €2.5 trillion market opportunity.<sup>22</sup>

—  
**42%**

In 2018, 29% of global task hours are already automated. By 2022, this will rise to 42%.<sup>23</sup>

—  
**\$3-4 billion**

In 2016, North America invested between US\$15 and 23 billion in AI; Asia invested US\$12 billion; Europe invested between US\$3 to 4 billion.<sup>24</sup>

*“We are heading for an unstoppable digital tsunami. We need to be positive, harness the benefits and be alert to the risks.”*

— **CARL BILD**

FORMER PRIME MINISTER AND FOREIGN MINISTER, SWEDEN

## Reinventing Europe's education and skills systems

**Education and skills systems must respond more dynamically to the needs of a changing jobs market and transitions towards new industries.**

Recruitment and human resourcing are being reshaped by the impact of new technology and working practices, shifting demographics and an ageing population.<sup>20</sup> These trends are set to continue and accelerate.

### A widening skills gap

Amidst such flux, the development of a modern, life-long system of high-quality education and training that values academic, practical, digital and soft skills is more important than ever.<sup>19</sup> However, there is currently insufficient support to equip people in Europe, including those that have emigrated to the continent, with the right skills and education to flourish in the future.<sup>19</sup>

Consequently, skills gaps have opened and are widening, threatening the competitiveness of European workers, businesses and economies.<sup>25</sup> The prospects of young people and the wellbeing of those working in precarious, low paid jobs are at highest risk.<sup>20</sup> Simultaneously, 39% of European companies face difficulties recruiting staff.<sup>26</sup>

### Barriers to finding solutions

There are many types of uncertainty that create barriers to action: the scale, speed and nature of change; what industries of the future will entail (and therefore which skills will be required);<sup>27</sup> the returns on investment for employee upskilling; and who should take responsibility for leading the way.<sup>28</sup> Sector-wide agreements are required to incentivise business action and minimise first-mover disadvantage.

Furthermore, collecting the data to understand education and skills requirements could create tension with European data protection laws. Technological developments threaten to render existing skills and education systems obsolete, but conversely, can provide new ways to power innovation. Where possible, and to avoid social complications, transitions towards new skills, jobs and industries must be perceived as empowering opportunities rather than negative forms of disruption.

*“Uniquely human skills will be even more important in tomorrow's economy: curiosity, communication, empathy and systems thinking will be paramount.”*

— HENRIK HAAPAJÄRVI

SENIOR ADVISOR, INDUSTRIAL AND ENVIRONMENTAL POLICY, TRADE UNION PRO

### IN NUMBERS

—  
**44%**

Only 44% of Europeans believe that they are sufficiently skilled in the use of digital technology to do their jobs effectively.<sup>29</sup>

—  
**42%**

Global average skills stability – the proportion of core skills required to perform a job that remains the same – will shift by 42% by 2022.<sup>23</sup>

—  
**1 in 4**

Only 25% of European leaders of businesses with annual revenues over US\$ 100 million consider addressing potential skills gaps related to automation and digitalisation to be a top 5 priority.<sup>28</sup>

## Opportunity Area

**Europe needs modern, life-long education and training systems that develop a broad range of skills and help people adapt to changing working practices and industrial shifts.**

### Possible solutions

#### – Future of skills coalitions:

bring together businesses, universities, unions and technical colleges to design life-long learning programmes that equip people to flourish in the future.

#### – Upskilling funding mechanisms:

develop dedicated funds that support companies to invest in upskilling, with a focus on economically strategic, transferable skills.

## Case Study

# Scania: Building skills for a sustainable transport future

**Scania is a world-leading provider of transport solutions, employing 50,000 people across 100 countries.**

The company is dedicated to driving the shift towards a sustainable transport system. To accomplish this, Scania has recognised that it must cultivate a culture that inspires innovation, whilst balancing the skills of its people with evolving commercial needs.

### **Harnessing the talent pool**

Through Scania's 'Competence Shift' project in Sweden, employees are supported to deploy their talents in new business areas, often through the provision of education and training.

There are different drivers of competence shifts. For example, rather than laying off staff following the 2008 global financial crisis, they

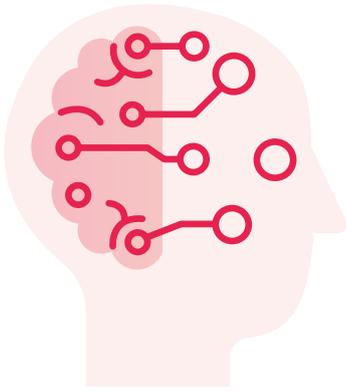
were redeployed to production in anticipation of an economic upturn. To realise opportunities created by the digital revolution, the company has retrained employees to improve their software and data analytics skills.

### **Invested for the long-term**

The project is helping to develop a formidable team – one that combines the heritage and organisational memory of longstanding employment, with flexibility and adaptability. This combination looks set to propel Scania towards a sustainable and innovative future.

Henrik Henriksson, President and CEO, Scania says: "Scania strives to create a dynamic, agile workforce that is fit for the future. The Competence Shift Sweden project is really helping us achieve that."





## Rewarding contributions to society

**As the disruption of work accelerates, we need to find ways to fairly reward the full range of peoples' contributions to society.**

Strong wage growth and employment benefits have been instrumental in driving the high standard of living enjoyed by many Europeans. The labour market remains the principal mechanism for rewarding societal contributions but does not properly recognise or compensate all the economic, social and environmental value that people create.

### Out of sync

The least well-paid jobs – for example, those in waste-recycling, care-work and education – are often amongst the most socially valuable.<sup>30</sup> This is especially concerning because, across Europe, poverty thresholds exceed minimum wages, albeit with regional differences.<sup>31</sup> Voluntary work that binds together communities and families also goes overlooked by the labour market.

The perceived unfairness of corresponding income inequality is corrosive and linked to social problems. Particular social groups lose out disproportionately, notably the educationally under-privileged and those undertaking unpaid domestic work.<sup>32</sup>

It is also bad for business, inhibiting demand, consumption, productivity and the availability of talent.<sup>33</sup>

### Accelerated workforce disruption

New technology and working practices could worsen things. For many in low-skill, low-income jobs, the gig economy reduces income security and employment benefits.<sup>34</sup> Along current trajectories, the chief beneficiaries of the digital revolution will be technology owners, big businesses and the highly skilled; with dire consequences for people whose jobs are at risk.<sup>35</sup> This is despite (unrewarded) personal data contributions having been the digital revolution's lifeblood.<sup>36</sup>

Yet, simultaneously, the rise of the 'prosumer' (the trend towards consumers playing a greater role in the production of products and services)<sup>37</sup> and peer-to-peer exchange<sup>38</sup> are enabling people to monetise assets, time and labour from which they were previously unable to accrue financial benefit. In doing so, these trends could spearhead new ways to remunerate people for their societal contributions.

*“We need to channel today’s far-reaching technological changes to create a fairer, more inclusive and equal society.”*

— WANDA WYPORSKA

EXECUTIVE DIRECTOR, THE EQUALITY TRUST

### IN NUMBERS

10%

Almost 10% of Europe's workforce was at risk of poverty in 2016.<sup>39</sup>

32%

The value of unpaid domestic work in the EU is estimated to be equivalent to up to 31.6% GDP.<sup>40</sup>

## Opportunity Area

**Europe needs updated reward systems that more fairly compensate a broader range of people's economic and social contributions.**

### Possible solutions

- **Rewarding undervalued work:** test and scale different approaches (e.g. universal basic income) to better match people's incomes with the social value of their work.
- **Europe-wide regulatory approach for the gig economy:** guarantee basic protections and benefits for workers, while recognising the gig economy's valuable role in the jobs market.

## Mapping the digital conversation in Europe

A 'digital ethnographic' study was conducted using AI engines capable of understanding discourse, conversation and narratives from thousands of articles to assist analysts to derive insights. The purpose was to explore a one-month slice of the European digital conversation around the four Grand Challenges.

The study looked at all publicly available news stories, blogs, essays, op-eds across Europe – a total of over 200,000 articles – in all European languages between 15 September and 15 October 2018.

What is presented in this report is a small extract from the research.

## Reading the graphs

AI engines 'read' all the articles to extract key concepts – grouped units of meaning – as distinct from digital trawls that rely on keywords. Pattern analysis was conducted across the top 100 concepts. Each graph highlights three key concepts pulled from the data, illustrating the key insights in the analysis.

For each country, concepts are ranked on the vertical axis by number of shares relative to other concepts. For example, a circle ranked first was the most discussed concept in that country. The size of the circle indicates the proportion of shares of a specific concept in a country in relation to total shares of that concept across all countries. For example, a large circle in the United Kingdom column means that it dominated discussion of that concept relative to other countries.

# Digital Insights: The Future of Work

**There is widespread agreement that Automation and AI will drive deep changes in the nature of work, but there is also a wide spectrum of hopes and fears related to potential impacts. In particular, there is evidence of a difference in attitudes between Northern and Southern European countries.**

### A North-South divide?

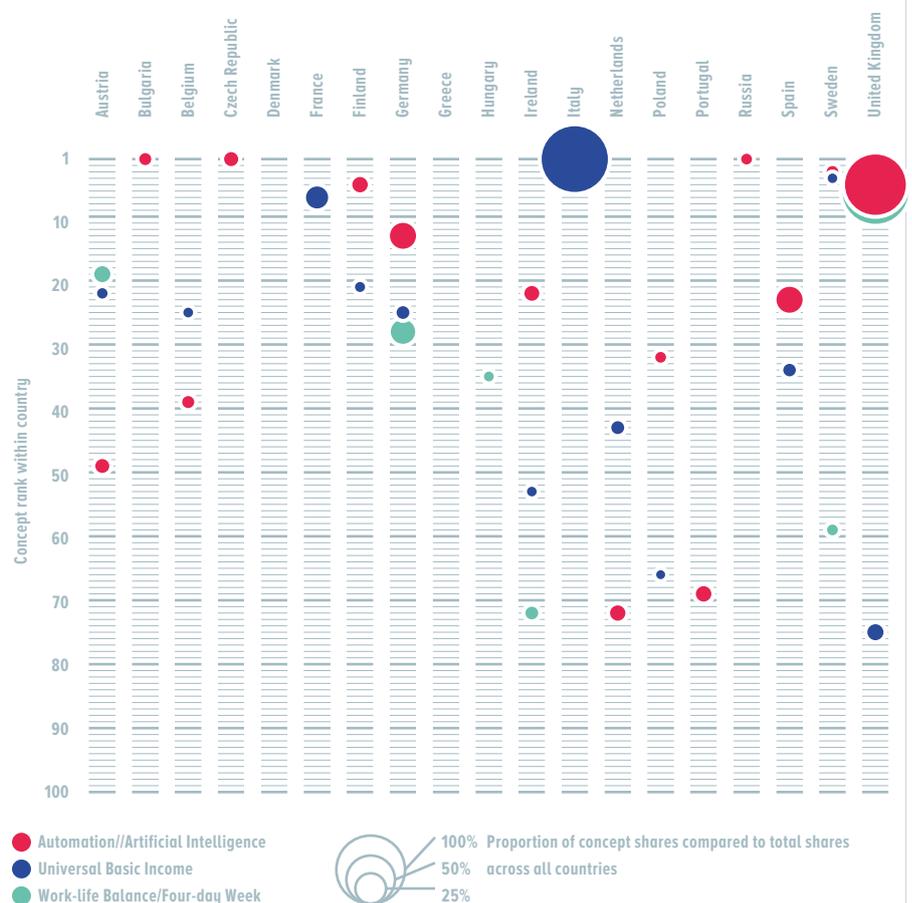
In Germany and the UK, **fear is as much centred on losing out to China in the productivity race as it is about the impact from loss of jobs.** However, there are also concerns about the social impacts of living in greater seclusion, fewer interpersonal interactions and **loss of human purpose.**

By contrast, in Italy and to a lesser extent France, universal basic income dominates the conversation and is talked about primarily in the context of welfare rather than automation or innovation.

### A focal point for both hope and fear

In Poland and other Central and Eastern European countries, automation and AI are being seen as major opportunities and there is very little fear registered in the conversation. In Northern Europe more generally, there is **guarded hope that new industries will emerge and new types of jobs will be created** – but people are uncertain about how this will come about. While related job losses are very real and clear to see, the path to new industries and jobs being created is not. There is also a lot of positive interest across Europe in the idea of a four-day working week, freeing people to focus on personal life and achieving a better work-life balance.

What's missing from the discourse is a **clear and agreed vision for what life will be like for individuals and communities as the nature of their work changes.**





# A Green and Resilient Economy

## How can Europe recalibrate economic growth so that it balances short-term human needs with long-term environmental resilience?

Europe has been at the vanguard of action to protect the environment and tackle climate change, both within its borders and globally.<sup>41</sup> It is well positioned to lead the world towards a radical new green economic model and to harness the vast business opportunity of doing so.

### Time for wide-scale action

However, there is a pressing need to go further and faster. The latest report of the Intergovernmental Panel on Climate Change highlights the profound risks that a 1.5°C global warming scenario would create for people, the economy and the planet. Yet, this scenario is significantly below the Paris Agreement's 2°C target and world leaders' current commitments create a pathway towards approximately 3°C of warming.<sup>13</sup> The global carbon budget for a 66% chance of avoiding 1.5 °C warming amounts to just 10 years of current emissions.<sup>13</sup>

The risk of climate change interacting with other environmental tipping points raises the prospect of even more devastating impacts. Current transgressions of planetary boundaries such as biosphere integrity (biodiversity), land-use and biogeochemical cycles are unprecedented.<sup>42</sup> An escalating environmental crisis threatens to destabilise the European business landscape and cause most harm to those regions, organisations and people that are least able to cope and adapt.<sup>13</sup>

### A new, sustainable paradigm

We must move urgently towards a low-carbon, circular economy that drastically reduces humanity's environmental impact. The technology exists to enable this,<sup>14</sup> but collective will and behaviour change (individual and organisational) must be galvanised to trigger rapid action. Act fast, and we could enjoy one of the greatest periods of innovation, wealth and job creation in Europe's history.

Europe has outlined its 2050 climate vision and is developing a road map for action,<sup>43</sup> but greater ambition is required, as is improved clarity on interim targets and how this vision will be achieved in the context of other vectors of environmental risk. To meet the 2050 climate goals, €270 billion needs to be invested over the next four decades.<sup>43</sup> Leaders must create the right investment and social incentives for transformative action to be accelerated and scaled.

### IN NUMBERS

—  
**\$26 trillion**

Bold climate action could deliver US\$ 26 trillion in global economic benefits by 2030.<sup>44</sup>

—  
**4% GDP**

The cost of climate change in Europe could reach almost 4% of GDP by the end of the century.<sup>45</sup>

—  
**4 out of 10**

Environmental risks make up 4 of the top 10 most pressing and impactful risks to the global economy.<sup>2</sup>

*“The green economy will be the growth story of the 21st century. We need to invest now to capture the benefits.”*

— **CONNIE HEDEGAARD**

FORMER EUROPEAN COMMISSIONER  
FOR CLIMATE ACTION

## Delivering a just transition

**As well as enhancing wellbeing through cleaner air, reversed biodiversity loss and de-carbonisation, the transition towards a green and resilient economy promises new jobs, better working conditions and higher value employment.**

According to the International Labor Organization, meeting the goals of the Paris Agreement will require a net gain of 24 million jobs worldwide.<sup>46</sup>

### A risk of repeating history

However, there are also concerns that the green transition will create stranded assets and job losses for people that work in environmentally damaging industries. De-industrialisation in Europe since the 1970s has left many regions that were once dependent on coal, steel and other heavy industries with lasting socio-economic problems, and there is a risk that the green transition might replicate recent history.

Across Europe, governments,<sup>47</sup> trade unions,<sup>48</sup> businesses<sup>49</sup> and investors<sup>50</sup> have recognised these concerns and have begun actions to deliver a just and inclusive transition. Businesses' social license to operate and their access to the talent required to thrive in a green and resilient economy are contingent on action.<sup>49</sup>

Proposed solutions and best practices are being developed, but the expected outcomes and their likely impacts on different social groups are currently unclear. To date, the focus has centred on the energy sector, even though the green transition will impact the entire economy, notably the agriculture, transport, construction and manufacturing sectors.<sup>51</sup>

### A need for speed

Progress now needs to be accelerated towards a comprehensive, evidence-based approach for a just transition towards a green and resilient European economy, with clear actions for business, government and other actors. Facilitating a broad societal dialogue can help establish a foundation for this.

*“The green transition will fail if we leave people behind – it’s either a just transition or a dead transition.”*

— **THORHILD WIDVEY**

CHAIR, STATKRAFT AND FORMER MINISTER OF PETROLEUM AND ENERGY, NORWAY

### IN NUMBERS

—  
**18 million**

9 million Europeans work in green industries, a number which is projected to rise to 18 million by 2030.<sup>52</sup>

—  
**24 million**

Meeting the goals of the Paris Agreement will require a net gain of 24 million jobs worldwide.<sup>46</sup>

## Opportunity Area

**Europe needs tried and tested approaches for transitioning workers away from the fossil fuel-based economy, that leave no one behind and inspire action beyond the energy industry.**

### Possible solutions

#### — Carbon transition zones:

create special economic zones that incentivise foreign direct investment to help local economies shift away fossil fuel industries.

#### — Fossil fuel legacy fund:

raise (public and private) funds to reskill workers in fossil fuel industries and prepare them for jobs in the low-carbon economy.

## Case Study

# Creating an Energy Technology Valley in South Eastern Europe

**The largest energy complex in South East Europe: Maritsa East, Bulgaria; is a lignite-only power generation plant. There are significant concerns in the region about the longevity of generating power from lignite and associated potential job losses. The European Climate Foundation (ECF) has an ambitious proposal to develop the area into a new economic zone comprising a wide range of low carbon energy related technology businesses.**

### **Building on the region's heritage**

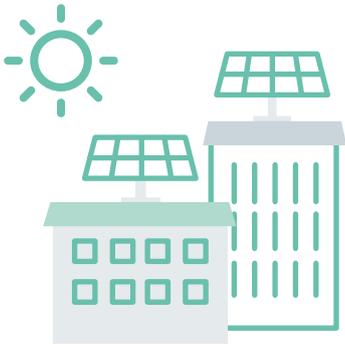
Maritsa East has excellent energy and transport infrastructure, access to a skilled workforce and technological development capacity, creating potential to diversify the economy with new innovation, industries and investment. The project will: retain the region's energy profile and capacity; protect and drive higher quality employment; and transform south-east Bulgaria into a prosperous EU industrial region.

### **Transitioning to a green, clean future**

By transitioning to a cleaner, sustainable and responsible economy, made up of clean energy generators and industrial and R&D enterprises – from biogas, electric vehicle production to solar and wind technologies – Maritsa East can reinvent itself as a future-focussed and growing economic zone.

Julian Popov, Fellow, ECF says: "With planning and investment in this state-owned land which is unsuitable for agriculture, this project can retain the region's economic output, whilst boosting employment. This would create a smooth and inclusive transition to a sustainable, clean economy that benefits all of society. Bulgaria could create a model for replication across Europe."





## Accelerating investment in the green economy

**To unlock €trillions in economic benefits<sup>44</sup> and avert a major environmental crisis, sustainable technologies, processes and business models must be rapidly scaled<sup>53</sup> through both public and private sector support.**

At the same time, European fossil fuel subsidies, which still total €112 billion annually,<sup>54</sup> need to be phased out.

Fossil fuels continue to dominate European energy investment,<sup>55</sup> with clean energy investment having peaked in 2011 but declining thereafter. Germany aside, US and Australia outpace European countries in the development of energy storage solutions<sup>56</sup>; a €multi-billion opportunity to integrate variable renewables and reduce Europe's energy imports.<sup>57</sup>

### Needed: an investment breakthrough

Across Europe, €billions need to be raised or redeployed to guarantee sustainable, low-carbon growth<sup>43</sup> and avoid stranded assets. European-level sustainable finance guidance, which is currently being drafted, can help drive investor certainty around what a 'green and resilient economy' constitutes.<sup>58</sup>

However, short-termism, difficulties accessing patient capital,<sup>59</sup> and uncertain, inflexible and fragmented policy<sup>60</sup> currently hamper the scaling of circular and low-carbon innovation.

A breakthrough is needed in terms of the provision of financial products and green support schemes. Europe has numerous successful examples of coordinated green investment programmes that showcase what is possible, including Norway's electric vehicle drive<sup>61</sup> and Spain's recent renewables revolution.<sup>62</sup>

### Tested, now let's try

Industry, financiers and governments should collaborate to breathe life into European sustainable finance guidelines and design new investment structures to support the scaling of green infrastructure and innovation. By directing support to the most promising technologies and projects, public funds can leverage private investment.

Making better use of EU funding could help grow clusters of interconnected green businesses in both regions and cities.<sup>63</sup> Opportunities might also be unlocked by reforming state aid rules to enable improved collaboration between industry and governments. Businesses should work with policymakers to help shape investment, drive efficiencies and create first-mover advantage.

*“The benefits of a green economic transition will run into the trillions – but an investment breakthrough is needed to unlock them.”*

— MARCIN KOROLEC

FORMER STATE SECRETARY FOR THE ENVIRONMENT, POLAND AND CEO, ELECTRIC VEHICLES PROMOTION FOUNDATION

### IN NUMBERS

—  
**59%**

Global investments in fossil fuels still account for 59% of total energy investment.<sup>64</sup>

—  
**\$211 billion**

European investment in clean energy peaked in 2011 (at US\$ 211 billion) but has since been in decline, falling to US\$ 40.9 billion in 2017.<sup>65</sup>

## Opportunity Area

**Europe needs industry, finance and government to co-design long-term policy and financial incentives that will rapidly scale investment in the green economy.**

### Possible solutions

#### – Green state aid:

relax state aid restrictions for investment that creates demonstrable environmental benefits for individual European countries and/or the continent.

#### – Green finance:

adopt standardised green taxonomies for disclosing public and private investments that can be integrated into the capital markets union, the EU multilateral financial framework and InvestEU.

## Digital Insights: A Green and Resilient Economy

**The structural shift from a fossil-fuel based economy to one based on renewable and green energy is massive and will cause major disruptions to existing industries and jobs, while giving rise to new ones. However, there is very little discussion regarding the economic and employment impact of this shift.**

### Shifting the onus for change from citizens back to leaders

There is a realisation, prominent in the debate in France, that **such a massive shift cannot take place just by citizens changing their habits.** What is really needed is for **governments and corporations to lead.** Articles showcasing California's leadership in combating climate change garnered a lot of interest in U.K., Germany and France. Similarly, examples of corporate leadership such as Porsche's CEO announcing an immediate move away from diesel engines to a more electric-fuelled future were well received.

### Galvanising action around local issues

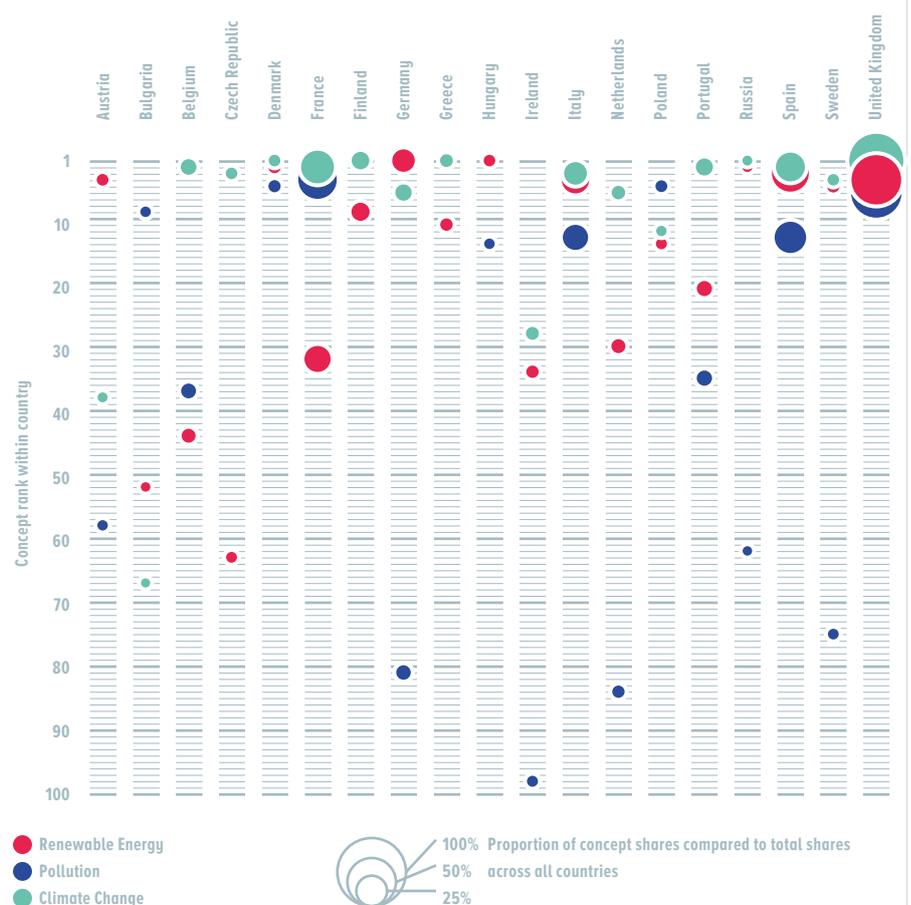
There is an interesting contrast between the palpable urgency for action within and across many European countries studied, compared to Italy and Poland, where climate change is more commonly discussed as a global matter rather than focusing on what needs to be done at a local and national level.

Yet pollution in general, and **air quality in particular, is a significant topic of focus and cause of anxiety for the big European cities.** Air quality is a big issue in both Poland and Italy, with both taking concrete steps to create cleaner air. Italian cities have started to limit the use of internal combustion engine cars and are actively promoting electric vehicles.

### Make it real!

A key variable in the discourse on the Green and Resilient Economy is how directly real or remote the topic is presented for the people in a country. For some countries, climate change is positioned as a problem for richer countries to solve.

**News stories that resonate most highly link climate change to observable harm or job creation.**





# A Global Europe

## How can Europe lead the world towards an open, collaborative and universally prosperous future?

**Europe has an opportunity to step up and lead the world towards a new, more co-operative international order – characterised by a long-term, internationalist perspective; and guided by a belief that global prosperity can be enhanced to the benefit of all countries, companies and communities, rather than being something to compete for.**

### Global instability

Across the world, standards of living are at an all-time high, yet inequalities stubbornly persist.<sup>15</sup> The post-World War Two international order, that Europe was instrumental in building, is fragmenting.<sup>16</sup> Today's global growth model contends with several profound and interconnected risks, which cannot be properly addressed in isolation or without the support of actors spanning the international community. They include: climate change; biodiversity loss; the digital revolution; large-scale movements of people; food and water shortages; and terrorism<sup>2</sup>

These risks threaten to accelerate instability and fragility and further marginalise the world's most vulnerable people. However, responding to them could create market opportunities worth €trillions.<sup>66</sup>

### Wide-scale collaborative action

To reduce inequalities and enhance resilience to existing and emerging challenges, the global community must double down on efforts to increase prosperity and wellbeing in an environmentally and socially sustainable way. However, at this critical juncture, and in response to growing populist sentiment, many nations are turning inwards and attempting to tackle global risks alone.<sup>17</sup> Protectionism is rising, and the sense of internationalism and openness, which has permeated Europe and underpinned its economic model since the fall of the Berlin Wall, is under threat.<sup>67</sup>

Better engagement and collaboration between nation states, businesses and other non-state actors across geographical, industrial and sectoral fault lines is urgently required.

### “Europe is back”

Following almost a decade of economic malaise and recession, European heads of state gave a clear message to the world at Davos in January 2018 that “Europe is back” and ready to lead on the global stage.<sup>68</sup>

### IN NUMBERS

—  
**\$12 trillion**

Achieving the Sustainable Development Goals globally could open up an estimated US\$12 trillion in market opportunities.<sup>66</sup>

—  
**4 out of 9**

4 out of 9 planetary boundaries have already been crossed: climate change, loss of biosphere integrity, land-system change, altered biogeochemical cycles.<sup>42</sup>

—  
**11.2 billion**

The world's population is projected to reach 8.6 billion by 2030, 9.8 billion by 2050 and exceed 11.2 billion in 2100.<sup>49</sup>

*“Securing Europe’s interests means looking beyond its borders.”*

— **TARJA HALONEN**

FORMER PRESIDENT OF FINLAND



## Investing in Europe’s economic leadership

**Europe’s economic leadership provides an important platform to promote continental values — of democracy, openness and tolerance — around the world.**

Currently, Europe generates over 20% of global GDP (in numbers)<sup>70</sup> and is home to many countries that hold global competitive advantage in different industries and sectors — for example, Germany’s industrial competitiveness and Denmark’s energy efficiency. Remaining an economic leader, while focussing on more than just GDP growth, is of paramount importance.

### A mixed outlook across Europe

However, Europe’s competitiveness is widely perceived to be declining, exacerbated by the global financial crisis, lower labour costs outside of Europe, insufficient focus on technological innovation and inadequate investment in strategically-important industries. Since the crisis, European GDP growth has recovered and is forecast to remain strong in 2018 (at 2.1%).<sup>71</sup> But Europe’s productivity growth is outpaced by that of other continents.<sup>72</sup> The competitive landscape is shifting in industries such as clean technology and renewable energy, where Europe was, until recently, a clear investment leader but has now been overtaken.<sup>73</sup>

Within Europe there are significant regional variations in productivity. Central and eastern European countries are commonly considered to lag behind their western and northern counterparts.<sup>74</sup> But they have registered some of Europe’s highest growth rates in the last two years, and unlocking their productivity and innovation potential could help drive European growth.<sup>75</sup> In some Southern European countries, sluggish growth and unemployment remain stubborn,<sup>76</sup> although clean technology shows strong potential to create regional jobs.<sup>77</sup>

### Standards drive innovation

Some industry and government leaders believe Europe disadvantages itself in the global marketplace by adopting higher social, environmental and digital standards. However, evidence suggests that, at a minimum, any disadvantage is compensated for by innovation gains<sup>78</sup> and increased investor confidence, meaning higher standards can drive increased market share. They also help drive the high standards of wellbeing enjoyed by many Europeans.

*“We need a competitive Europe; an open Europe; and a responsible Europe – all three go hand-in-hand.”*

— **WOLFGANG SCHÜSSEL**  
FORMER CHANCELLOR OF AUSTRIA

### IN NUMBERS

—  
**20%**

Currently, Europe generates over 20% of global GDP.<sup>70</sup>

—  
**30%**

In terms of research intensity and patenting activity, the EU persistently falls behind comparable economies, with 30% fewer patents per person than the United States.<sup>79</sup>

## Opportunity Area

**Europe needs to invest in strategically important industries that enable it to compete globally without compromising its environmental and social standards.**

### Possible solutions

- **European investment launchpad:**  
develop cross-border finance mechanisms that support European companies to promote low-carbon technology abroad.
- **Euro-Africa economic bridge:**  
scale infrastructure and investment programmes that connect Europe to Africa and create environmental (e.g. decarbonisation) and social (e.g. job creation) benefits.

## Case Study

# Riding a global wave, made in Europe

**Solarcentury is a fast-growing, purpose-driven solar power business. Based in the UK, it operates in 10 countries across Europe, Latin America and Africa.**

The company is a global leader in a solar energy revolution through which the photovoltaics (PV) industry has grown exponentially. PV is widely predicted to be the cheapest form of electricity in almost all regions by 2020. In many, it already is.

### **Europe: the birthplace of the revolution**

Germany kick-started the global solar revolution with a market-enablement programme that triggered mass solar manufacturing (mostly in China) and rapidly plummeting costs. Many European countries followed Germany's example, but not all have maintained course and their support has not kept pace with high levels of investment in China.

### **A global leadership opportunity**

Solarcentury is now developing an array of important solar projects, both within and beyond Europe. Its journey shows that European businesses can lead the global solar revolution but also demonstrates the pitfalls of policy risk. Predictable, harmonised policy remains crucial for the European solar industry to thrive globally.

Jeremy Leggett, Founder and former CEO, Solarcentury, says: "Riding this wave is hugely exciting. I am filled with hope that by twinning solar with congruent technologies, and working closely with partner companies in front-running countries, we can drive a sustainable, survivable future."





## Transforming the global trade system

**Underpinning recent disputes between countries that have rocked the global trade environment is a growing realisation that many people no longer believe in the benefits of trade across international borders.**

### **(Un)fair trading**

Just 27%, 40% and 27% of Europeans think that global trade increases wages, creates jobs and lowers the prices of goods and services, respectively.<sup>80</sup> According to the United Nations Conference on Trade and Development, the past 30 years of global trade have disproportionately benefitted large nations and companies. This has continued since the financial crisis — average wages have stagnated and many people have experienced deep economic hardship.<sup>81</sup>

A consensus is emerging that the world needs a revamped global trade system, but tit-for-tat trade hostilities and protectionism are misguided responses that have unnerved leaders and sparked jitters in markets.<sup>82</sup> Their escalation threatens to fracture global value chains, increase business costs, slow the world economy, encourage an acrimonious race-to-the-bottom and reinforce existing patterns of power and vulnerability.

### **A new trade system for a different kind of growth**

Instead, we need a system that harnesses the power of collaboration to accelerate and expand global growth; guarantees fair access; incentivises reciprocity and mutual gain; protects those that risk being left behind; and sustains green, resilient economies. Better deterrents are also needed to prevent countries from ‘gaming’ the system by ring-fencing strategic industries and limiting capital flows.

Europe remains one of the strongest champions of open, rules-based trade. It has a profound opportunity to stand up for its interests and enhance global prosperity by driving transformation towards a stronger, fairer and greener global trade system.

*“Protecting European ecosystems remains critical, but we must also drastically reduce the environmental impact of the goods that we import and consume”*

— LUC BAS

DIRECTOR OF EUROPEAN REGIONAL OFFICE, INTERNATIONAL UNION FOR CONSERVATION OF NATURE

### IN NUMBERS

—  
**2nd**

In 2016, the EU was the second largest exporter and importer of goods in the world, as extra-EU trade accounted for 15.7% of global exports and 14.8% of global imports.<sup>83</sup>

—  
**42%**

On average, the largest 10 exporting companies in a country account for 42% of national exports.<sup>81</sup>

## Opportunity Area

**Europe needs to lead the transformation towards an open and inclusive global trade system that is environmentally sustainable and fairly distributes wealth.**

### Possible solutions

— **Integrate the Sustainable Development Goals (SDGs) into World Trade Organisation agreements:**

develop proposals for integrating the SDG agenda into rules and disciplinary procedures that govern global trade.

— **Recognise embedded trade emissions:**

build greenhouse-gas emissions accounting into bilateral and multilateral trade agreements to reduce carbon leakage.

## Digital Insights: A Global Europe

Perhaps the biggest story is that in its relationships with other countries, Europe is largely preoccupied with what's happening inside its borders. Migration and populism as concepts dominate the debate over trade and the region's external relations. The focus is very much on the intertwined issues of immigration and the threat to the EU from populism.

### Whatever happened to trade?

There is little observable discourse on global trade. A good example of this is African trade. Even though it represents an enormous future economic opportunity for Europe and Europeans, the majority of interest focuses on immigration and refugees. This is consistent across all countries bar Bulgaria and Denmark for whom global trade is the more commonly discussed matter.

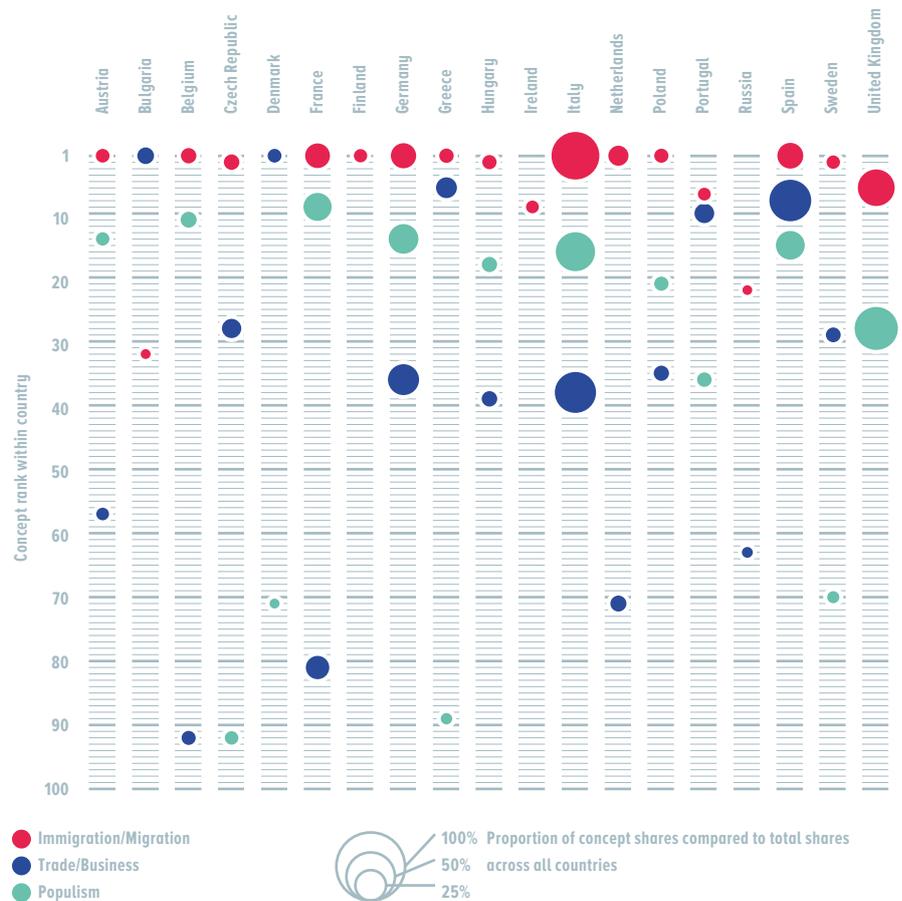
There is seemingly no focus on innovation and Europe's ability to export technological innovation to other countries.

### All eyes on the US

Trump's America dominates geopolitical discussion across the U.K., Germany, France and Belgium that express palpable **fear about the decline of the post-World War Two western alliance**. More highly shared articles depict President Trump as self-aggrandizing, pandering to President Putin, deserting the Paris Climate Agreement and implicitly supporting populists by fanning the anti-immigration and nationalistic feelings within Europe.

### An opportunity for leadership?

There is some observable hope that the EU as a whole, and Germany and France in particular, will oppose Trump's anti-global narrative. The support of the U.K., Germany and France for the Paris Agreement agenda is highly positive. Perhaps Europe's key opportunity for global leadership lies in **continuing to champion action on climate**.





# A New Social Contract

## How can Europe repair the social contract between leaders and people to reflect the evolving needs of modern society?

**Europe's social contract – the written and unwritten rules and norms that govern our society and the relationship between leaders and citizens<sup>18</sup> – needs repairing.**

### Trust at an all-time low

Public trust in the institutions that uphold the social contract – government, business (of all sizes), civil society organisations and the media – is alarmingly low. Just 43% of the European population self-identify as trusting these institutions;<sup>3</sup> with young people the most disillusioned.<sup>85</sup> Increasingly, people are turning towards more extreme voices advocating a defensive and insular vision for Europe's society and its economy. Contrary to some predictions, the rise of social media and digital technology has worsened these trends.<sup>3</sup>

### The business case for paying attention to society

Europe's economic and social prosperity are inextricably linked.<sup>86</sup> The feedback loop between business and society is showcased by the negative consequences that heightened political risk has for investor confidence;<sup>87</sup> the reaction of markets to political earthquakes such as Brexit;<sup>88</sup> and the impact that reputational damage has on businesses' bottom-line. Europe needs to value the strength and stability of its society as well as its economy.

### A wake-up call to leaders

Current low levels of trust should be a wake-up call. Business and government leaders need to be prepared to engage more actively with the public – particularly those people that consider powerful institutions and organisations to be irrelevant, remote or inaccessible.

56% of the global population say they have no respect for CEOs that remain silent on important issues.<sup>3</sup> Social media and citizen journalism have accelerated the level of transparency and responsible leadership expected by citizens. Leaders should therefore look at how they can be more vocal, visible and harness new technology to better engage audiences.

Technological development can also help ensure that the social contract is updated in real-time, reflecting changing priorities in a rapidly evolving society.

### IN NUMBERS

—  
**24%**

Across Europe, fewer people trust social media (24%) than traditional news media (40%).<sup>89</sup>

—  
**10%**

The 10% wealthiest Europeans own over 50% of total wealth in Europe.<sup>5</sup>

—  
**20%**

20% – the average decline in voter turnout across Europe between 1945 and 2015.<sup>4</sup>

*“There's going to be a huge shift towards corporations being responsible for more constituencies than just financial markets and shareholders.”*

— HANS VESTBERG  
CEO, VERIZON

# 04

## New leadership models

**Across Europe, there is an enduring and growing sense of public alienation from (so-called) ‘elites’ and a widespread belief that business, government and societal leaders are failing people.**

Much of this has its roots in the 2008 financial crisis, which transferred massive liability from the private sector to citizens via state-bailouts. The recession that followed permanently impacted the economic outlook of an entire generation.<sup>90</sup> Owing to this, and lingering concerns that lessons have not been learned, trust in leaders across business and government has fallen in Europe<sup>91</sup> (as well as many other regions across the world)<sup>3</sup>.

### **New leadership skills**

To help rebuild trust and enhance capacity to respond to a rapidly shifting and increasingly complex business environment — shaped by technological development and the emergence of new environmental and social risks — updated leadership models are urgently required. They will require leaders to display empathy and effective communication capabilities to engage people outside of their traditional stakeholder groups, on matters that extend beyond their sectoral expertise.

Effectively engaging a broader set of stakeholders will also require leaders to develop new skill-sets — including abilities to work collaboratively, think systemically and deal with uncertainty and ambiguity<sup>92</sup> — which could be a challenge for those familiar with operating within the protective walls of their organisations.

### **An outward-facing approach**

Technological innovation can support this: although not without risk, it has created fresh possibilities for leaders to communicate and harness the power of collaboration, while at the same time radically increasing their visibility.<sup>93</sup>

In the context of increased visibility, new leaders should consider how perceptions about them and the systems in which they operate, fair or otherwise, may impact their ability to engage with a broader set of stakeholders. For example, pay disparity between business leaders creates barriers to rapprochement, as do concerns about corporate tax evasion, corruption and nepotism.<sup>94</sup>

*“We need leaders to mobilise action on the Grand Challenges – that will mean reconnecting to citizens and harnessing their power to drive change.”*

— IGOR JANKE

FOUNDER AND PRESIDENT OF THE FREEDOM INSTITUTE

### IN NUMBERS

—  
**64%**

64% of the global population believe that CEOs should take the lead on building trust and driving change, rather than waiting for governments.<sup>3</sup>

—  
**56%**

56% of the global population believe that companies that only think about profits are destined to fail.<sup>3</sup>

## Opportunity Area

**Europe needs leadership models that harness systems-thinking, embrace uncertainty and inspire engagement, collaboration and trust with a broader stakeholder mix.**

### Possible solutions

#### — Reform corporate governance:

make corporate boards more accountable to citizens and employees, particularly for companies that are ‘too big to fail’ and benefit from implicit public guarantees.

#### — Qualifications in transformative leadership:

integrate new leadership approaches (e.g. systems thinking, reverse mentoring) into Master of Business Administration and Master of Public Administration courses.

## Case Study

# Embark: a reverse mentoring scheme connecting young Syrians to Turkish business leaders

**Envisioning a future where refugees are well integrated into their host communities and acknowledged as a vital part of local economies, a new pilot project, Embark, launched in Istanbul, in Spring 2018. 15 ambitious Syrian mentors, all recent University graduates, were paired with senior leaders at Unilever Turkey to engage in a series of mentoring conversations.**

### Leadership opportunities through innovative mentoring

There are an estimated four million Syrians in Turkey, many of whom have extensive professional training and expertise but face barriers to employment. Reverse mentoring subverts the traditional way we think about mentorship, promoting collaborative leadership that challenges existing narratives and prejudices.

Both participants benefitted: The mentees; Unilever leaders, gained fresh perspectives on their own leadership whilst creating possibilities to integrate their mentors into the Turkish economy; the Syrian mentors connected with the

business community, developed cultural insights and soft skills and, in some cases, secured jobs.

The outcome is leaders with greater empathy, enhanced communication skills, and a deeper connection to stakeholders: essential for embracing new citizens (and potential consumers) from different backgrounds, with their own values and needs.

### Scaling up to create bigger impact

Following the success of the pilot, and with the support of new private and public partners, Unilever in partnership with Xynteo and two Turkish NGOs is ready to replicate Embark in new industries and geographies.

Mustafa Seckin, Vice President, Unilever, says: "I'm excited to see if Unilever can be a role model for the industry and mobilise other companies to join and accelerate this movement."





## Innovation in public engagement

**To help rectify declining public trust and engagement, businesses, governments and civil institutions should experiment with digital technology and engagement approaches to reach new audiences and encourage active citizenship.**

### Digital technology: balancing risk and reward

The Internet and digital technology, such as the smartphone, have revolutionised communication. They provide unprecedented possibility to directly engage the public in new ways; from crowdsourcing and co-developing ideas, to seeking real-time feedback.<sup>95</sup>

However, a healthy ecosystem for consumer and public engagement must also provide offline spaces for leaders and citizens to connect; and appropriate checks and balances must be put in place to prevent digital manipulation of such engagement (for example, building on the EU's General Data Protection Regulation).<sup>96</sup> Despite their waning appeal, membership organisations – including trade associations, trade unions, political parties and consumer groups – still comprise an important ecosystem for public engagement, which is utilised by both businesses and governments. Without these organisations, a vibrant civil society risks being replaced by online monopolies and echo chambers.

### Responsibly embracing the digital revolution

If used responsibly, technology provides an opportunity to refresh Europe's civic institutions and make them more accessible and representative of the public. New innovative businesses and political parties demonstrate what is possible, having made innovative use of digital platforms to rapidly build pools of supporters before engaging with them to elicit feedback and improve their offerings.<sup>97, 98</sup>

Business and policymakers can draw inspiration from these examples and explore ways to build their 'social license to operate' by using technology to involve a broad set of stakeholders – including employees and consumers – within strategic decision-making.

*“Companies have unprecedented means to connect to citizens, but unless they think about society as well as shareholders, the social contract will founder.”*

— HENRI PROGLIO  
FORMER CEO, EDF AND VEOLIA ENVIRONMENT

### IN NUMBERS

—  
**85.7%**

85.7% – Internet usage  
in the EU in 2017.<sup>99</sup>

—  
**252  
million**

252,070,000 – Facebook  
subscribers in the EU in 2017.<sup>100</sup>

## Opportunity Area

**Europe's businesses and governments need to better engage consumers and citizens to boost the quality and legitimacy of their decision-making.**

### Possible solutions

- **Scale up participative planning:** ensure that every person that is impacted by government and business investment decisions has meaningful opportunities to influence those decisions.
- **European civic innovation prize:** create a €1 million prize that supports businesses and public sector organisations to develop innovative public engagement approaches.

## Digital Insights: A New Social Contract

**The relationship of European citizens with their national governments and the EU is primarily being played out in the discourse on nationalism and populism.**

However, delving below the surface into the content of the articles being shared, the populist/nationalistic narrative appears more as a symptom primarily driven by two factors: how unequal individuals perceive their lives to be in comparison to others; and how they feel about immigration.

### Uncertainty about the European promise

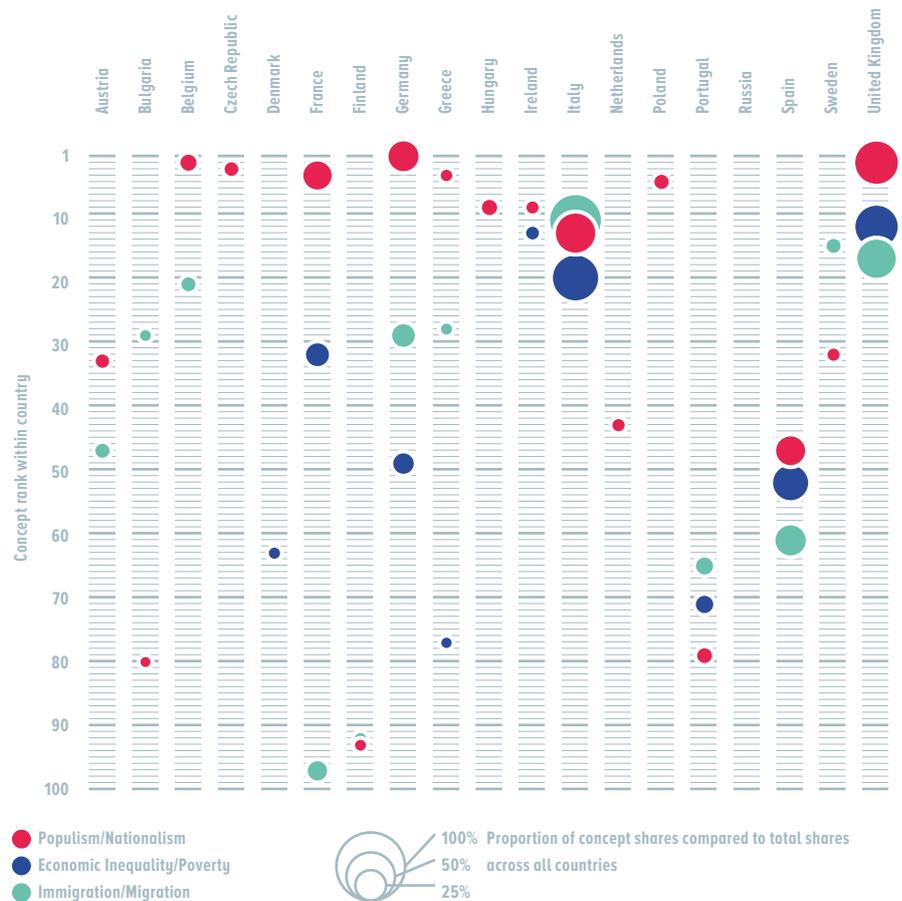
Common to both the discussion of immigration and inequality is uncertainty about the narrative of the European promise – leaders are no longer trusted to guarantee the wellbeing of Europe’s citizens. This is particularly sharp in relation to the issue of immigration. The success of nationalists lies in framing migrants as the reason inequality and poverty exists (see for example, how reaction to Chancellor Merkel’s open stance to migration played out in the 2018 Bavarian elections).

### An unequal society

A key related theme across many countries in Europe (although interestingly, less in Central and Eastern European countries) is whether the rich will continue to get richer and the poor be left behind. This manifests in relation to both people – but also at a national level (i.e. between countries). Here too, ideas like universal basic income are being raised as routes to providing support and dignity to the poor.

### Where is the social contract mended?

Another key issue inferred from the data at a European level is uncertainty about who should stand as the signatory to that contract with citizens. With the rise of nationalism and recent setbacks to the development of a European identity (e.g. Brexit) it is not clear what the role of Europe is alongside nation states in underpinning a new social contract.



# Realising Europe's opportunities together

Europe needs a new growth model to manage a series of complex and interconnected challenges. The need for transformative change is real, urgent and requires leaders to think boldly and act together.

**Delivering transformative change brings with it enormous opportunity to create new forms of value. Through dialogue with the emergent Europe Delivers community, we have identified eight 'Opportunity Areas' that can act as entry points for catalysing far-reaching practical action and delivering change. This profound sense of opportunity must form the basis of a fresh, inspiring narrative that propels Europe towards a resilient and vibrant future.**

#### Insights for the future

Through the process of identifying Opportunity Areas, we have uncovered three key insights that we will draw upon moving forwards:

**1. Businesses and policymakers must lead together:** Our digital research shows that Europeans are looking to leaders to catalyse systems change. By being positive change-agents, businesses can accelerate transformation, safeguard their social license to operate and encourage bold policymaking. Policymakers must create enabling environments that allow businesses to deliver action.

**2. We need an outward-facing Europe:** To drive a new kind of growth, we must think beyond geographical, sectoral, industrial and organisational boundaries. Our digital research highlights that Europeans are increasingly turning inwards. But joined-up, system-wide collaboration (often involving non-traditional partners) is the only way to unlock change of this scale and ambition.

**3. Both the journey and destination are critical:** We need a vision of growth that responds to the Grand Challenges. But the mechanisms for achieving this are also critical. It is imperative that they enable widespread public engagement and manage the social costs of change. Our digital research indicates that successfully engaging the public may depend on showcasing the Grand Challenges in ways that resonate with people's everyday lives.

#### Join us

Our work so far has shown that bringing together people from different backgrounds to learn from each other and escape echo chambers can unleash creativity and build shared foundations for systems change.

This report marks the beginning of the next phase of an ambitious, exciting and crucial journey. Our attention now shifts to creating a set of blueprints for systems change that will present frameworks for practical action within the Opportunity Areas, including ideas and recommendations for business, policymakers and civil society. The Road to Impact – an overview of the key milestones for the programme's future – is set out opposite.

Whether you are an active change-maker, frustrated by the status quo or motivated by the opportunity to take action, this report stands as an invitation to join us in this exciting process and drive the change that Europe needs, together.

**To be part of the journey, or for more information, please contact us at [europedelivers@xunteo.com](mailto:europedelivers@xunteo.com)**

# The road to impact

## Workshop design principles:

- Systems-led
- Collaborative
- Action-oriented

Six workshops held across five European cities (London, Brussels, Vienna, Rome and Sofia), bringing together over 50 participants

Workshops and meetings across Europe, bringing together the emergent community, and new and existing partners



## Opportunity Identification

Build shared understanding of the Grand Challenges and identify Opportunity Areas to guide Blueprint Creation

## Blueprint Creation

Co-create frameworks for practical action towards systems change with new and existing partners

## Activation

Design and deliver detailed blueprint activation plans with new and existing partners



Eight Opportunity Areas identified across the four Grand Challenges

Set of detailed blueprints developed, presenting recommendations for business action and policy change within the Opportunity Areas

# Europe's Grand Challenges and Opportunity Areas



## The Future of Work

How can Europe ensure that the changing landscape of work optimises both business performance and human prosperity?

### OPPORTUNITY AREAS:

- Europe needs modern, life-long education and training systems that develop a broad range of skills and help people adapt to changing working practices and industrial shifts.
- Europe needs updated reward systems that more fairly compensate a broader range of people's economic and social contributions.



## A Global Europe

How can Europe lead the world towards an open, collaborative and universally prosperous future?

### OPPORTUNITY AREAS:

- Europe needs to invest in strategically important industries that enable it to compete globally without compromising its environmental and social standards.
- Europe needs to lead the transformation towards an open and inclusive global trade system that is environmentally sustainable and fairly distributes wealth.



## A Green and Resilient Economy

How can Europe recalibrate economic growth so that it balances short-term human needs with long-term environmental resilience?

### OPPORTUNITY AREAS:

- Europe needs tried and tested approaches for transitioning workers away from the fossil fuel-based economy, that leave no one behind and inspire action beyond the energy industry.
- Europe needs industry, finance and government to co-design long-term policy and financial incentives that will rapidly scale investment in the green economy.



## A New Social Contract

How can Europe repair the social contract between leaders and people to reflect the evolving needs of modern society?

### OPPORTUNITY AREAS:

- Europe needs leadership models that harness systems-thinking, embrace uncertainty and inspire collaboration with a broader stakeholder mix.
- Europe's businesses and governments need to better engage consumers and citizens to boost the quality and legitimacy of their decision-making.

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