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2023 Global Human Capital Trends Central & Eastern European Insights

March 2023



Overview

Introduction

New fundamentals for a boundaryless world

For over a decade Deloitte releases its Global Human Capital Trends Report summarizing the key trends regarding work and the evolving relationship of employees and employers. The report is based on business leader and HR professional interviews and survey feedback from all over the world's enterprises and businesses.

For the past century, we have been governed by a mechanic view of work, assuming that work is fixed and repeatable, readily organized into discrete tasks and grouped into well-defined jobs. Transformation efforts focused on cost and productivity — how to deliver the same outcomes through faster, more efficient methods. But in recent years, those models have been challenged as organizations and workers grapple with a greater degree of discontinuity and disruption than ever before. Summed up, the boundaries that were once assumed to be the natural order of things are falling away as disruption and discontinuity challenge traditional models and assumptions about work.

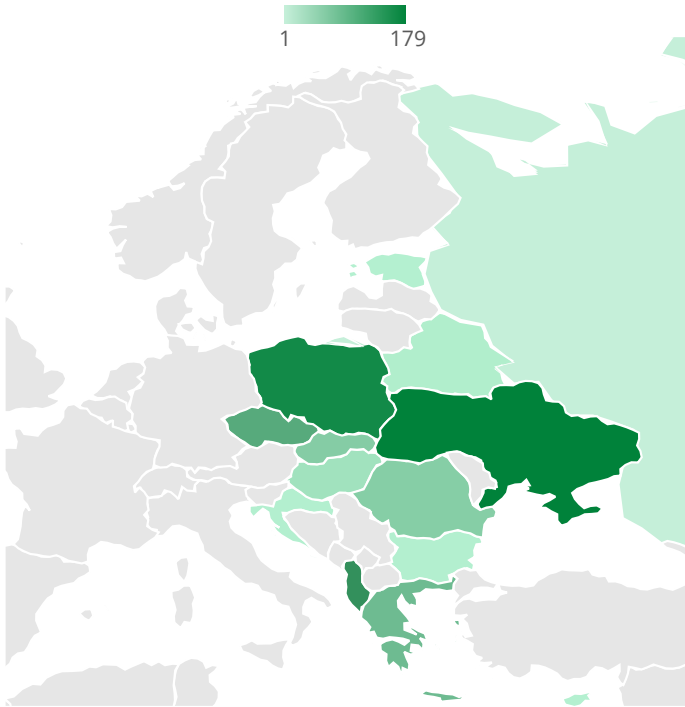
Organizations and workers should challenge prior assumptions and adopt a new set of fundamentals built for a dynamic, boundaryless world rather than the stable, compartmentalized one we are leaving behind.

These new fundamentals require organizations and workers to frame the challenge differently, **thinking like a researcher** in how they approach their business and workforce strategies, treating every new roadblock as an exciting experiment from which they can learn, adapt and improve. They call on organizations and workers to chart a different path, **co-creating their relationship** in pursuit of new and evolving purpose, innovation and reimagination. And they require organizations and workers to design for impact, **prioritizing human outcomes** and approaching strategies from a human lens — for humans and by humans.

Central & Eastern Europe (CEE) in focus

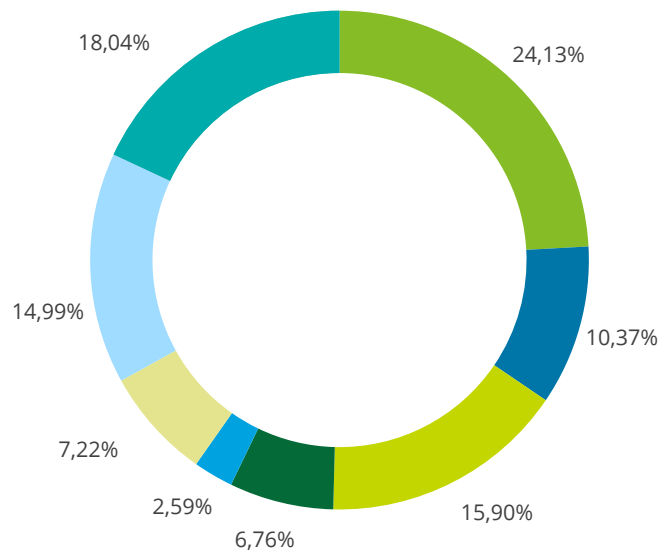
This special 2023 Global Human Capital Trends report for CEE covers 16 countries and 8 industry groups.

Most survey participants are from Poland and Czechia...



Powered by Bing
Australian Bureau of Statistics, GeoNames, Microsoft, Navinfo, OpenStreetMap, TomTom

...and industry-wise from Consumer, Energy and Technology groups



- Consumer
- Energy, Resources & Industrials
- Financial Services
- Government & Public Services
- Life Sciences and Health Care
- Other
- Professional Services
- Technology, Media & Telecommunication

The new fundamentals proposed in this report may bring organizations in the CEE region increased financial performance, better worker engagement and well-being.

The deep-dive analysis of data for Central & Eastern Europe allowed us to identify local perspectives for each of the global trends as well as key insights regarding the region. Patterns of results for CEE indicate the weight of the saddest disturbance in the region – the war in Ukraine and related political and economical instability – that affected the ways needed to manage organizations and talent.

The key insights for Central & Eastern Europe are as follows:

External barriers

Respondents of the Deloitte 2023 GHCT survey shared that one of the biggest obstacles to achieving expected organizational outcomes is being overwhelmed by too many changes at once. This pattern is especially true for the CEE region.

What these barriers have in common is the externality of control: the fast rate of change was repeatedly selected as the most important obstacle in navigating through the priorities. While the other recurring barrier is that external policies and regulations are holding back leaders from enabling the full potential of their organizations.

The significance of leadership & teams

Leadership capabilities and effectiveness are recognized as one of the most important human capital enablers across the globe.

In CEE however, the importance indicated by study participants is even higher (95%) than globally, paired with leadership readiness levels rated lower. Without a doubt, navigating through these turbulent times require leaders to demonstrate their skills and capabilities. Additionally, leaders in CEE consider that teams will have more importance when it comes to creating the future workplace where workers can thrive.

Red flags on human risks

Overall, the human risk theme is rated as more important in the region than globally.

The top three human risks identified by Central & Eastern European respondents are: political instability, migration, and economic inequality, which have outplaced other globally important risks like education and workforce viability.

„Must haves“ prevail

The overwhelming rate of changes, political disruption in the region, and hence the need to focus on priorities could be the reason why some of the recently emerged trends are losing momentum in Central & Eastern Europe.

Compared to global ratings, participants from the region reported lower importance of themes such as diversity, equity and inclusion (DEI), environmental, social and governance (ESG) or workforce ecosystems.



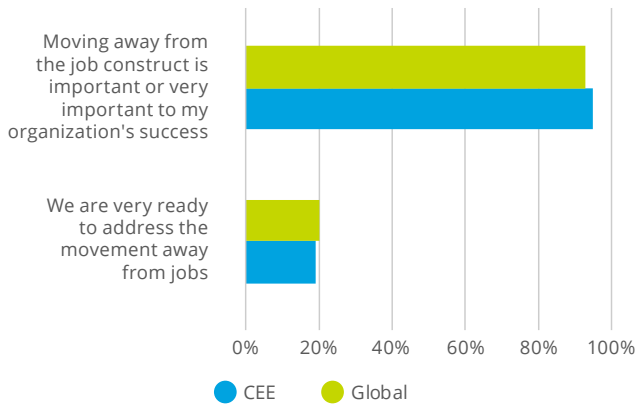
Framing the challenge: Think like a researcher

NAVIGATING THE END OF JOBS

KEY FINDINGS

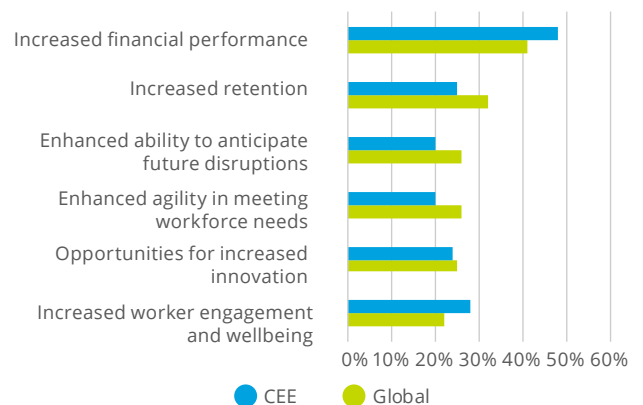
Skills replacing jobs as the focal point for matching workers with goals to achieve. A skills-based approach boosts productivity, efficiency and effectiveness by better aligning workers with work that fits their skills and capabilities, including technical skills, soft skills and potential future skills in adjacent areas. The CEE region is definitely open for a change in terms of moving away from focusing on jobs, while 48% of respondents are expecting an increased financial performance as a benefit of this fundamental.

The CEE region is open for change...



Moving away from a focus on jobs seems to be very important both on the Global and the CEE scale while only around one-fifth (19%) of respondents consider themselves to be ready to move.

...and expecting increased financial performance



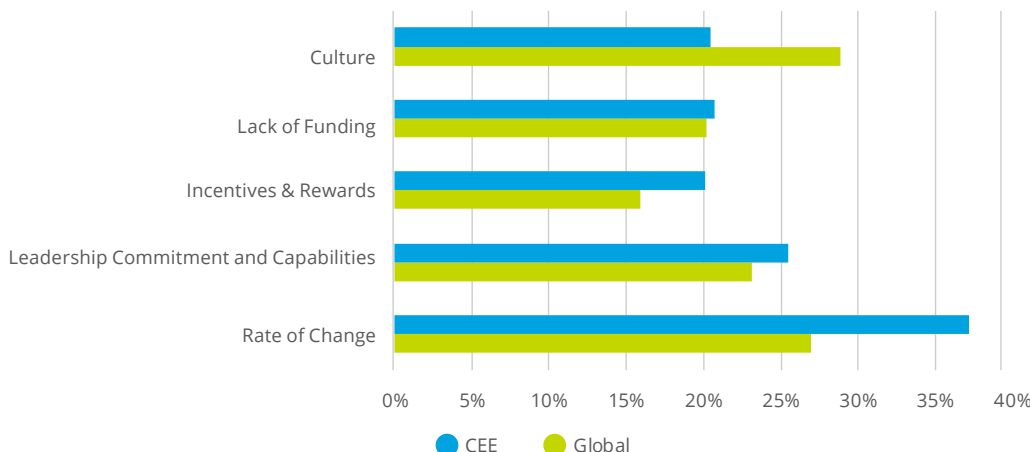
Increased financial performance tops the list of expected benefits from the change, while in the CEE region seems to be optimistic about the benefits of moving away from a focus on jobs.

What is the CEE region doing to fill the readiness gap?



Organizations in the region are quite optimistic about their readiness, rating themselves above the global average in three categories. However, there is still room for further improvement considering organization redesign initiatives.

Obstacles to overcome and future outlook



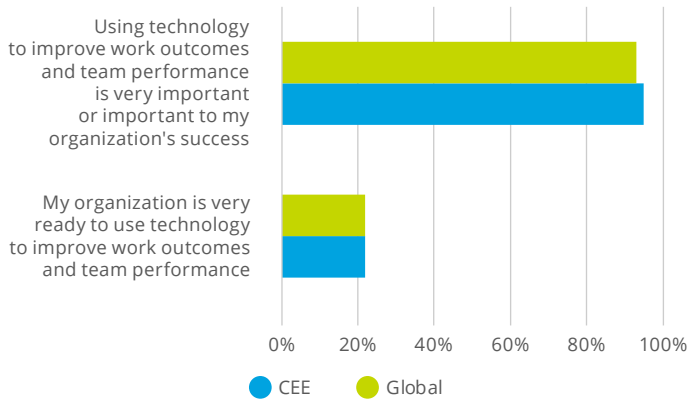
The key barriers in realizing the value of worker data in CEE region are the Rate of Change followed by Leadership Commitment. At the same time, globally Culture seems to be the biggest obstacle as indicated by study participants. CEE Region is asking HOW to harness the data, while other parts of the world seem to focus on WHY.

POWERING HUMAN IMPACT WITH TECHNOLOGY

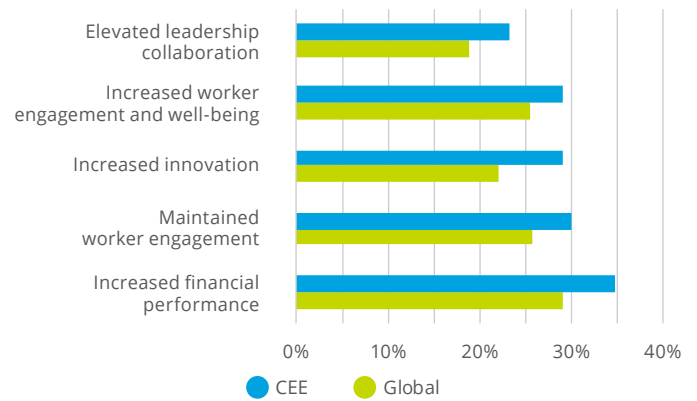
KEY FINDINGS

New workplace technologies are emerging that don't just augment human workers but help them improve their own personal and team capabilities. Although implementing new technologies is highly desired by organizations, only 23% of them think that they are ready to utilize these tools. Currently, organizations make use of technology to the greatest extent by connecting people working in different locations, but according to predictions, the use of technology will be much more widespread and balanced in the near future.

The CEE region is open for change...



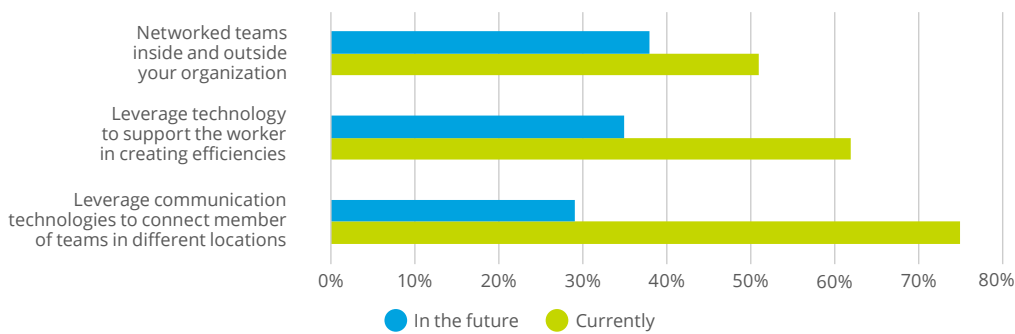
...and facing returns in multiple areas



Global and regional trends equally show a strong willingness to utilize technology, although only 22% of the organizations think that they are truly ready to make the most out of it.

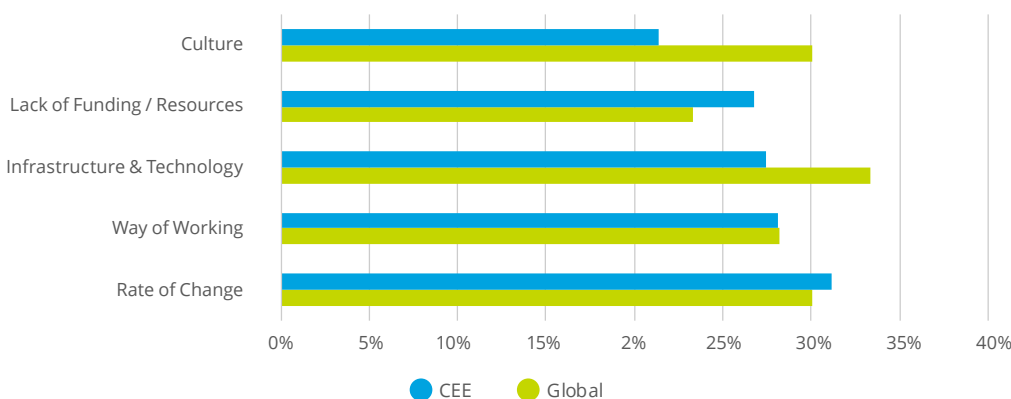
Although companies are facing an increase in financial performance from powering human impact with technology, above all, the CEE region is more optimistic about other promises focusing on innovation, employee wellbeing and leadership.

What is the CEE region doing to fill the readiness gap?



Currently, organizations in CEE mostly focus on communication technologies to connect members of teams in different locations (75%) or leverage technology to support the worker in creating efficiencies (62%) – which follows global trends. In the future 2-4 years, the use of technology will be much more widespread and balanced.

Obstacles to overcome and future outlook



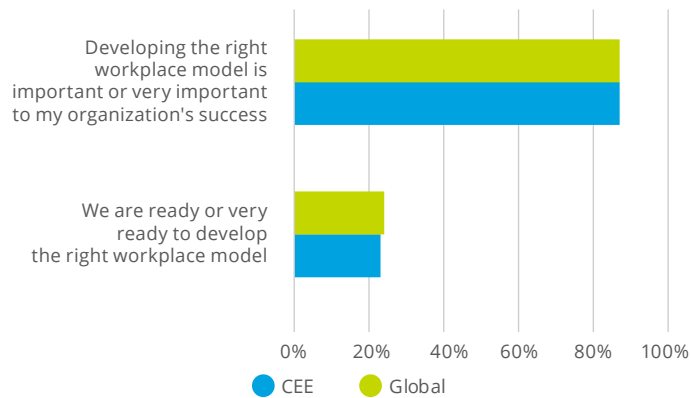
The main challenges in the use of technology have evolved in a similar way globally and within CEE, with only two themes showing significant differences. According to the survey participants from CEE, Culture and Infrastructure are less of a barrier to technological innovation than it has been considered on a global level.

ACTIVATING THE FUTURE OF WORKPLACE

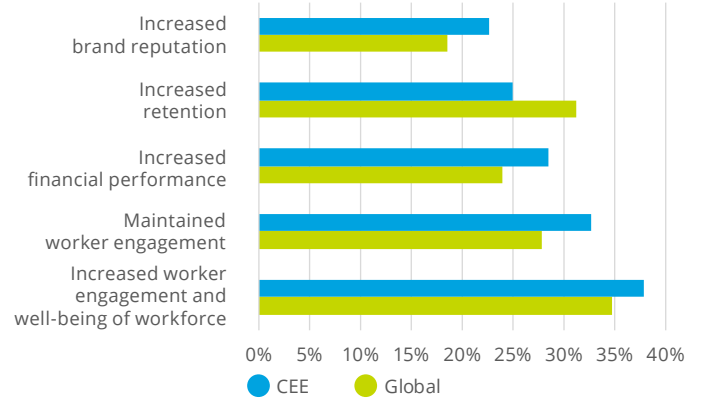
KEY FINDINGS

Transforming the workplace into a space that could become an input into the work itself, focused on the outcomes or value aligned with business strategy is a top priority in the CEE region with almost a quarter of organizations ready to develop the right workplace model. The shift towards this boundaryless workplace is primarily driven by the hope of reaching high employee engagement and employee retention.

The CEE region is open for change...



...and already experienced benefits

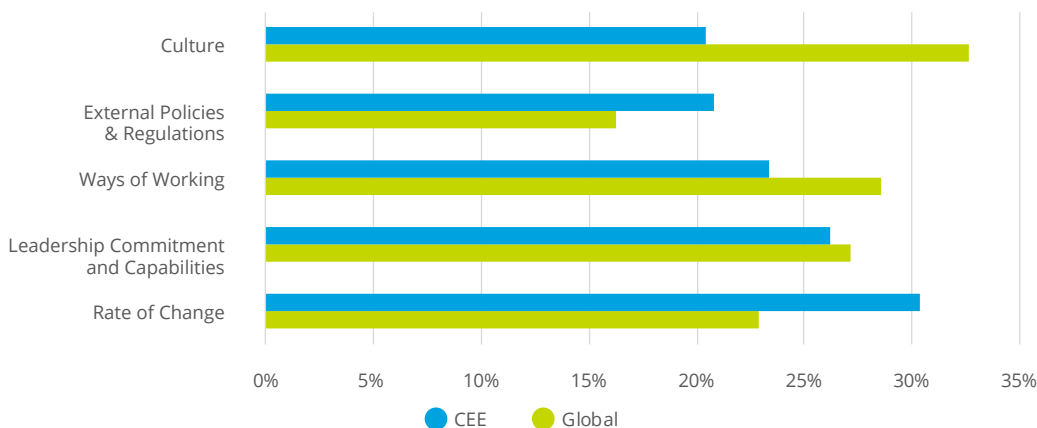


Global and regional trends are both pointing towards strong willingness to develop the right workplace model with roughly a quarter of the organizations being ready to change. Positive impact on employee engagement and brand reputation hence increased retention are the benefits that have been already experienced by organizations. If these promises can be fulfilled, then transforming workplaces can be a winning strategy in the era of the "great resignation" and give organizations a competitive advantage in obtaining a keeping the right talent.

What is the CEE region doing to fill the readiness gap?

Organizations in the Central & Eastern European region are responding to workplace related challenges in various ways. Creating and refining leadership practices are one of the major steps taken, followed by consciously focusing on how leadership can create a thriving culture. Redesigning processes and activities to match a futureproof digital organization is also in the scope of the respondents. Finally, Ways of Working is generally the field where organizations are trying to implement different techniques to close the gap.

Obstacles to overcome and future outlook



Culture is generally considered to be more of a showstopper outside the CEE region. Rate of Change together with Leadership commitment and capabilities are the fields where companies in the region face the most significant obstacles.



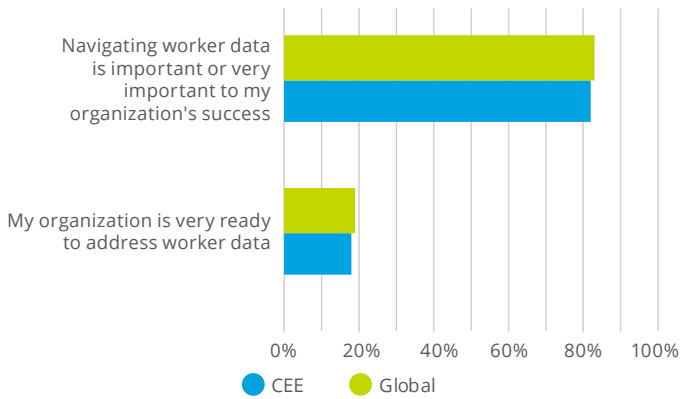
Charting a new path: Co-create the relationship

NEGOTIATING WORKER DATA

KEY FINDINGS

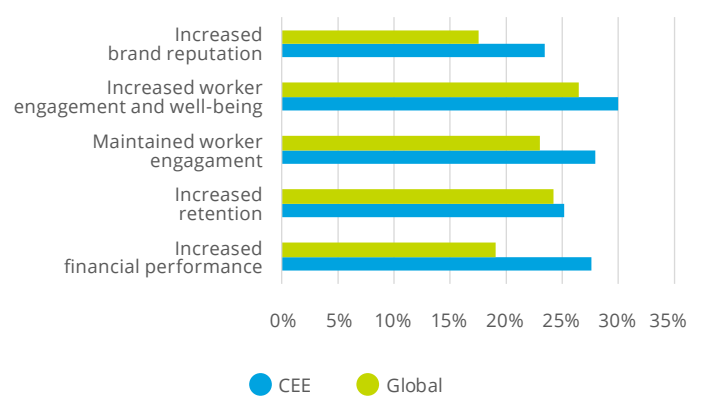
According to data from the Deloitte 2023 Global Human Capital Trends survey, the vast majority of business leaders in CEE believe in leveraging worker data to create benefits for both the organization and its workers, especially in their engagement.

The CEE region is open for change...



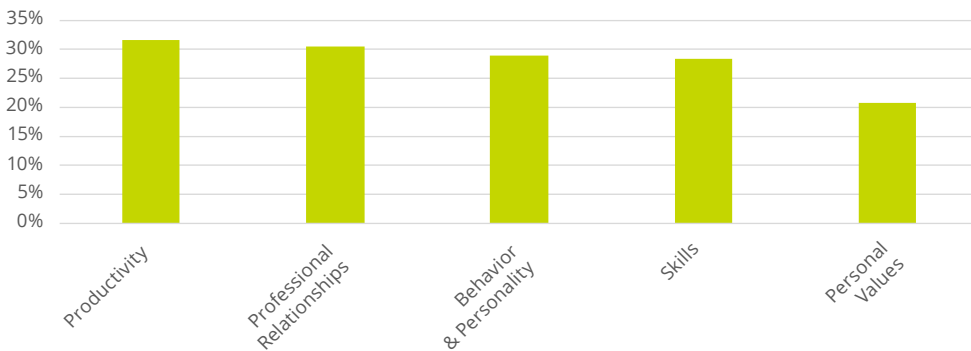
Global and regional trends are both pointing towards strong willingness to navigate worker data. There is only a slight difference between the global and CEE trends with regards to the readiness.

...and facing increased worker engagement



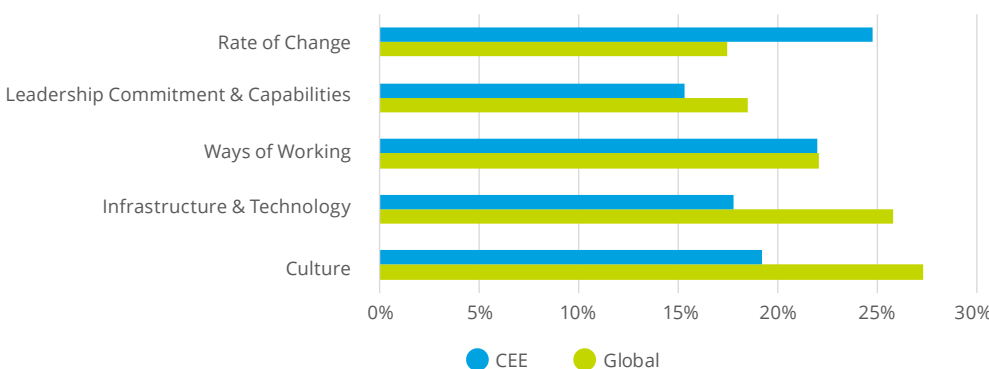
Survey participants see an increased worker engagement as the top benefit worker data navigation can deliver for them. Overall, the CEE region's observed benefits are higher than the global results.

What data is the most valuable in the decision making in 2-4 years?



Study participants in CEE recognize that decision-making in 2-4 years can be empowered the most by data on: Productivity, Professional Relationships, Behavior & Personality, Skills and Personal Values.

Obstacles to overcome and future outlook



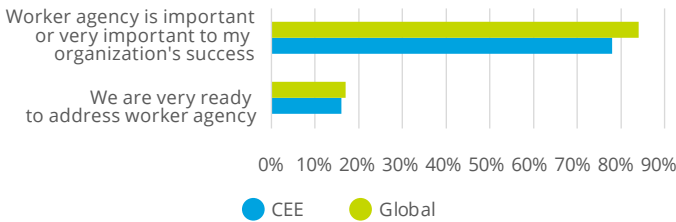
With the volume and scope of worker data available increasing every day, there are barriers in realizing its value. Globally the biggest challenge is the Culture, followed by Infrastructure & Technology. While in the CEE region it is rather the Rate of Change considered to be the biggest obstacle indicated by study participants.

HARNESSING WORKER AGENCY

KEY FINDINGS

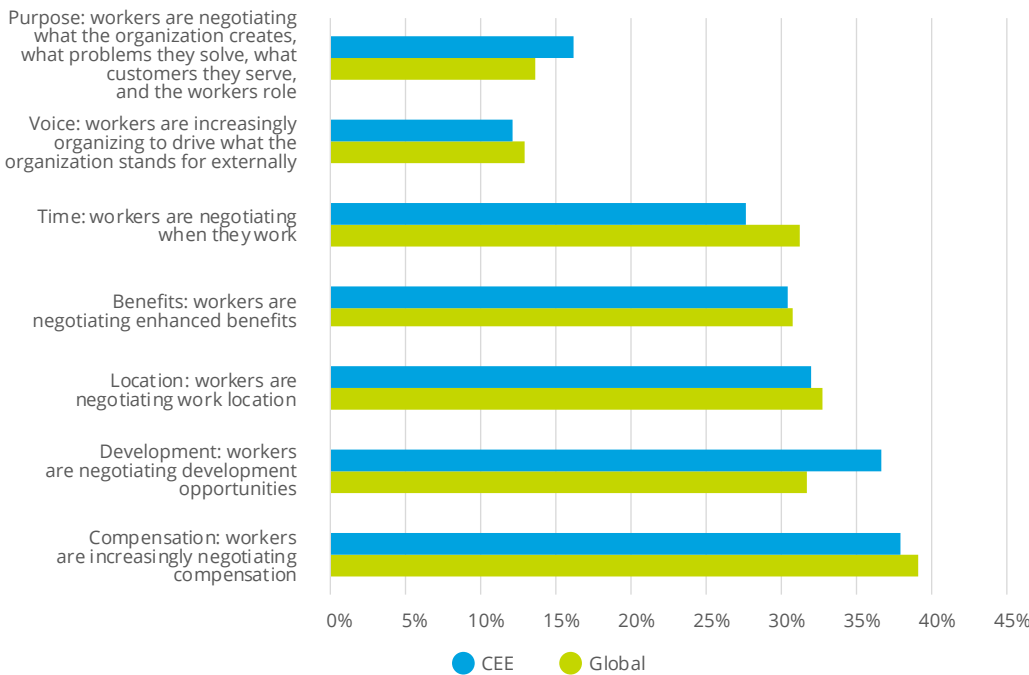
79% of business leaders in Central & Eastern Europe consider worker agency as important or very important to their organizations' success, however, only 16% of them think that they are very ready to address this issue – which is the second lowest readiness score among all the trends surveyed. CEE workers utilized their increased agency mostly for negotiating compensation and enhanced benefits, development opportunities, and the place and time of work.

The CEE region is open for change...



Utilizing worker agency is of great importance not just globally but also in Central & Eastern Europe. In contrast to its significance, less than one-fifth of the participants consider that they are very ready to deal with this complex issue.

Current practices



According to the survey results, increased agency appears in the forms of negotiating compensation, development opportunities, the place and time of work, and also by starting discussion about enhanced benefits. Quite similar to the global trend, purpose and voice are the areas, where action needs to be taken in order to truly harness agency.

How do organizations react to increased worker agency?

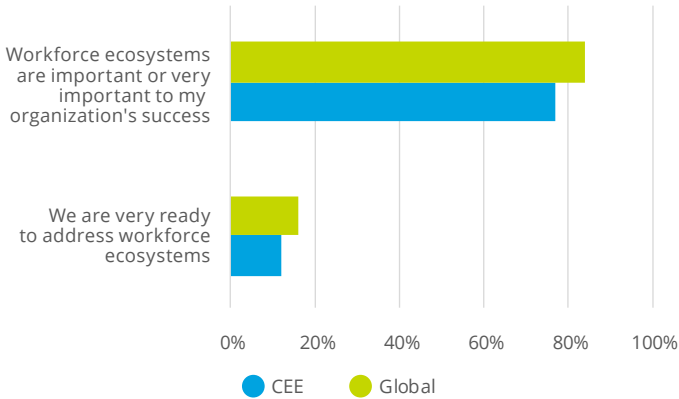
Companies are responding to increased worker agency in four key areas, namely compensation, development, location and time. When it comes to negotiating compensation, companies tend to rethink the whole compensation framework and set a new focus on what is required by stakeholders, while concerning development, they mostly engage in creating or refining development programs. When negotiating the location and the time of work, companies react to the needs of workers by redesigning their existing work processes and actions, but also take into consideration what is required by internal and external stakeholders.

UNLOCKING THE WORKFORCE ECOSYSTEM

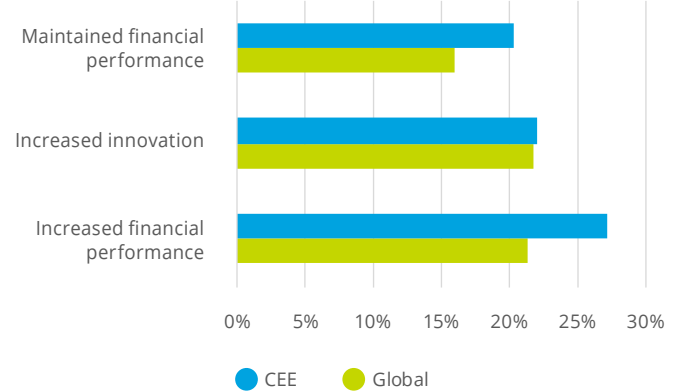
KEY FINDINGS

Key reasons fueling the exploration of workforce ecosystems globally and in Central & Eastern Europe are difficulties in finding the right skills to meet business needs as well as the need to quickly staff up and down as required, and plan for the future. The CEE region is less ready to transform its workforce ecosystems despite already experiencing increased financial performance as a result of such initiatives. The reason behind the slight reluctance could be the lower level of leadership engagement, as well as local policies and regulations.

The CEE region is open for change...

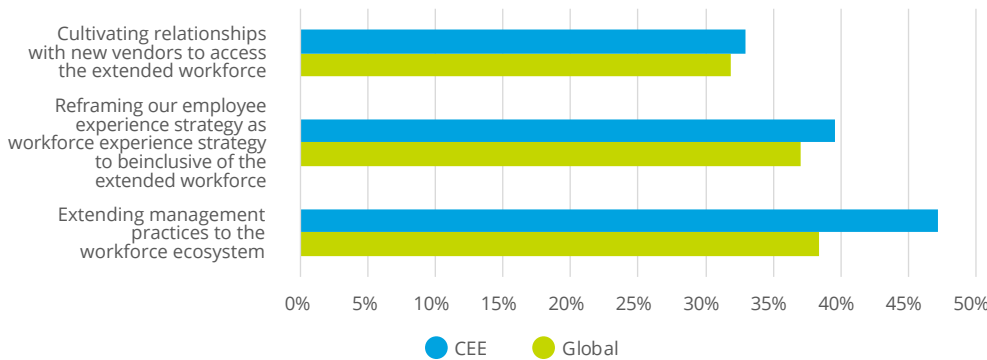


...and already experienced financial benefits



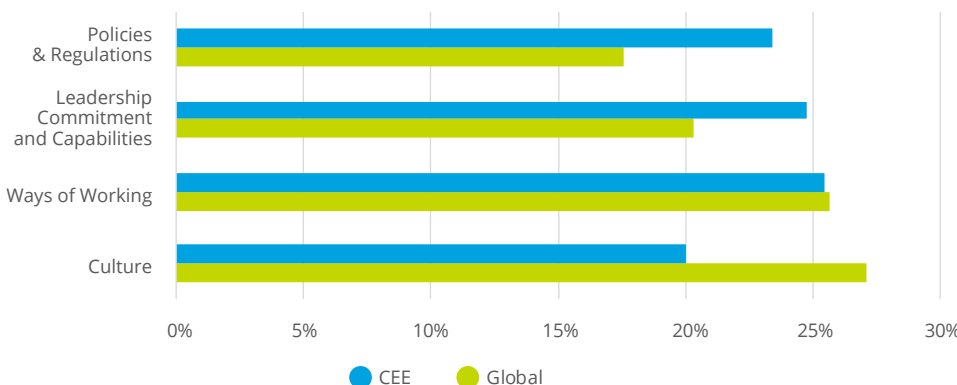
Workforce ecosystem is considered to be somewhat less of a burning issue in the CEE region than globally. Therefore, not surprisingly organizations are generally a bit less ready to address workforce ecosystem issues in the CEE region (12%). Despite of this opinion, it is interesting to note that more CEE respondents have already observed increased financial benefits than their global counterparts. The CEE region should 'catch up' in terms of readiness to transform their workforce ecosystem as such initiatives already proved to deliver value.

What is the CEE region doing to fill the readiness gap?



In order to unlock the full benefits of the entire workforce including improved business agility and scalability, organizations in the region are extending their management practices to the workforce ecosystem and recalibrating their employee experience strategies.

Obstacles to overcome and future outlook



Based on both global and regional findings, we can already state that a successfully executed workforce ecosystem transformation project can indeed deliver significant financial benefits. The CEE region is still struggling with local policies and regulations that prevent them to create a truly boundaryless, all-inclusive workforce ecosystem. To succeed it is equally important to have a 'buy-in' and strong commitment from leadership.



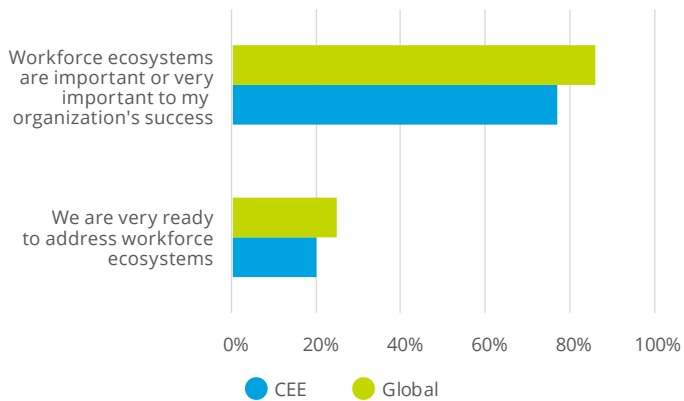
Designing for impact: Prioritize human outcomes

TAKING BOLD ACTION FOR EQUITABLE OUTCOMES

KEY FINDINGS

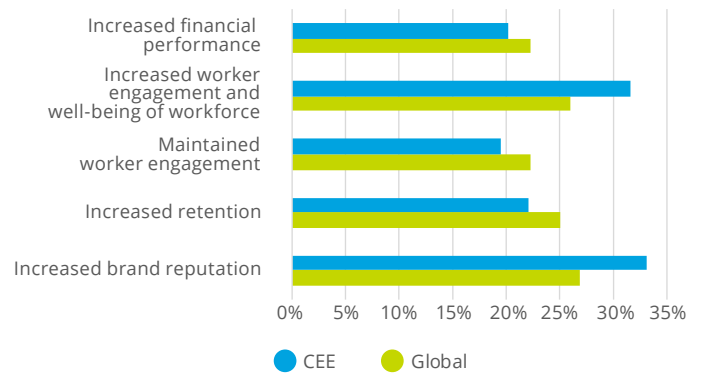
Two-thirds of the organizations that were able to move along the DEI horizon are reporting benefits of maintained or increased employee engagement and well-being, this remaining the key expectation on a 2-4 years horizon.

The CEE region is open for change...



Participants both Globally and within CEE believe that embedding DEI into the everyday ways of working and teaming - while measuring outcomes - is important to their organizations' success. Only a minor difference can be seen regarding the readiness - about one-fifth of the organizations feel they are ready to address the issue efficiently.

...and expecting increased brand reputation



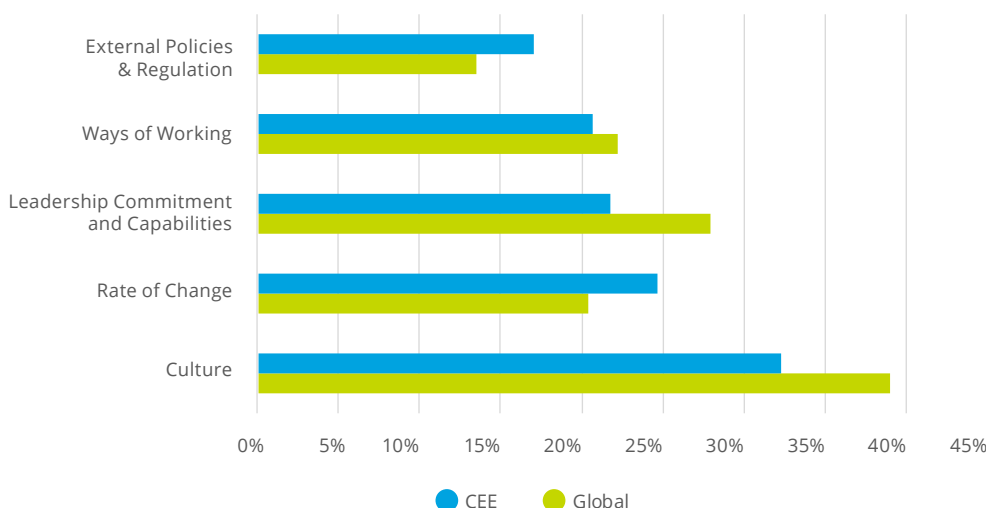
The top benefits of organizations' DEI efforts are primarily focused on outcomes such as brand reputation, worker engagement and well being.

What is the CEE region doing to fill the readiness gap?

Only one-fifth of the Central & Eastern European participants state that their organization's effort around DEI, Belonging and Purpose is minimal. When it comes to progress, the focus is on compliance, HR metrics, and workforce outcomes, such as the talent pipeline and leadership.

Around one-third of the participants report that they are not tracking any metrics in this area. At the same time, accountability is most often assigned at the organizational or executive level, while only around 15% of organizations have cascaded it to the supervisor or team level.

Obstacles to overcome and future outlook



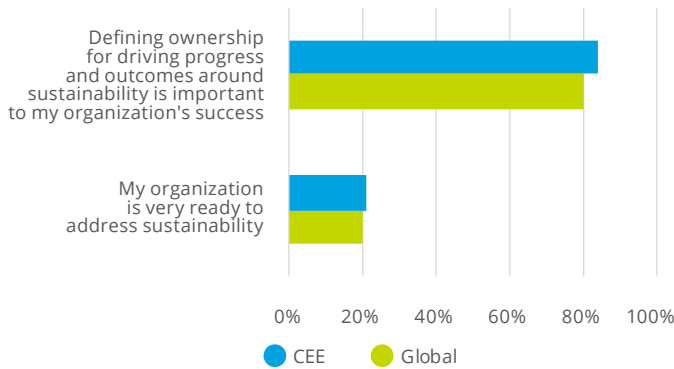
When it comes to obstacles to pursuing DEI efforts, according to one-third of business leaders globally and CEE, it is the organizational culture that stands in the way, followed by leadership commitment.

ADVANCING THE HUMAN ELEMENT OF SUSTAINABILITY

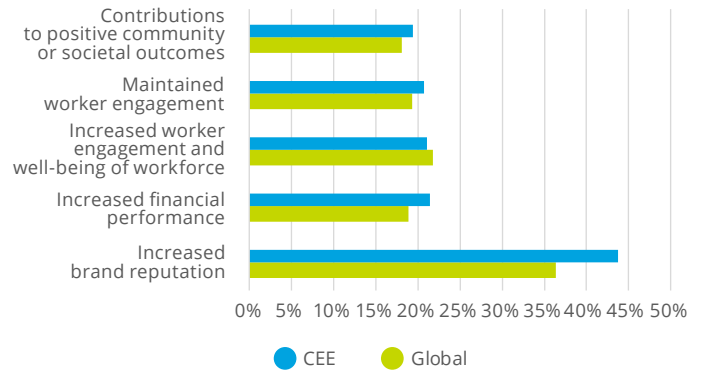
KEY FINDINGS

Results show that 80% of respondents from CEE acknowledge that understanding the impact of sustainability on their organization is important to their success, although just 20% believe that their organization is very ready to address such issues. Participants indicate that their organization's readiness is the highest when it comes to reporting for obligatory purposes, but at the same time, what is lacking the most is the ability to produce data-driven insights and actively monitor insights, as well as to invest in continuous improvement.

The CEE region is open for change...



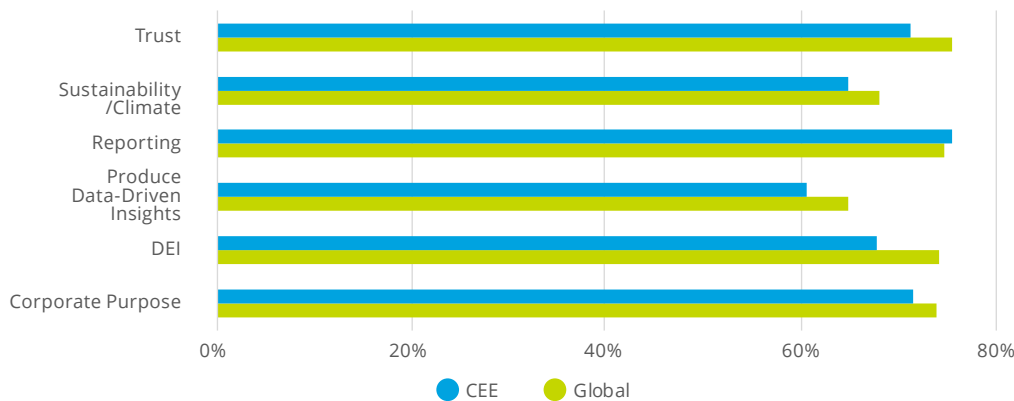
...and experienced increased brand reputation



Both global and regional tendencies show that organizations consider driving progress and outcomes around sustainability. With regards to readiness, about one-fifth of the organizations are ready to address sustainability effectively.

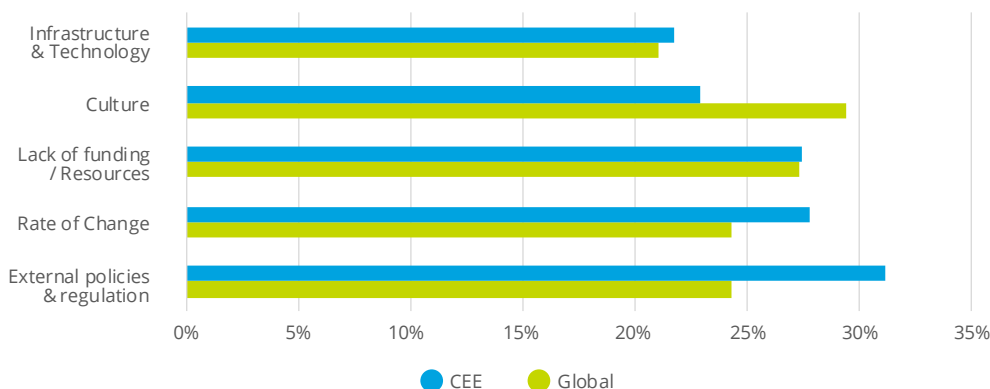
By addressing sustainability issues companies observe increased brand reputation to the greatest extent, and in general the CEE region is more optimistic about the positive impact sustainability can bring to the organization.

How ready is the organization to address ESG activities?



Based on the results, readiness among Central & Eastern European organizations is the highest when obligatory reporting is required (75% of company leaders considered it as important or very important), while producing data-driven insights and constantly monitoring their progress against external benchmarks has taken a back seat recently.

Obstacles to overcome and future outlook



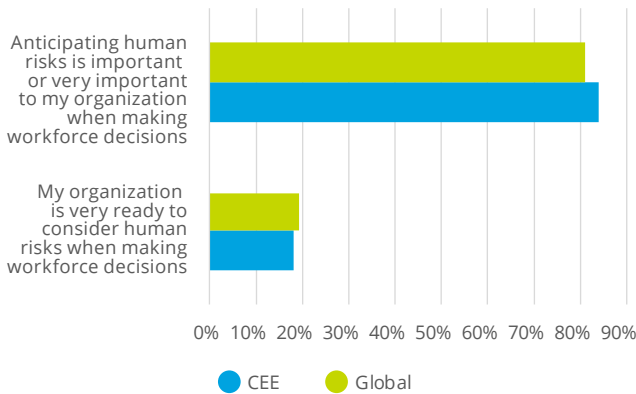
According to CEE leaders, external policies and regulations hinder the most implementing sustainable solutions within their organization, whereas this barrier is not primary among the global trends. Global patterns show that culture is the most determining obstacle, but in Central & Eastern Europe it only comes third in the ranking of challenges.

ELEVATING THE FOCUS ON HUMAN RISKS

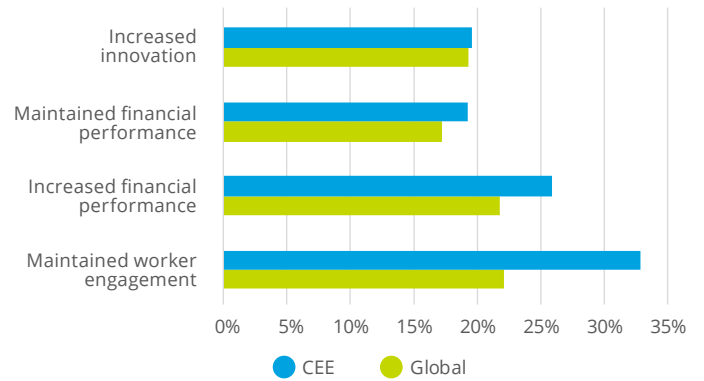
KEY FINDINGS

According to the Deloitte 2023 Global Human Capital Trends survey, 84% of respondents in Central & Eastern Europe acknowledge the importance of anticipating and considering broader societal and environmental risks like political instability and social injustice, when making workforce decisions. Yet only 18% believe their organizations are very ready to consider human risks in such situations.

The CEE region is open for change...



...and already experienced benefits

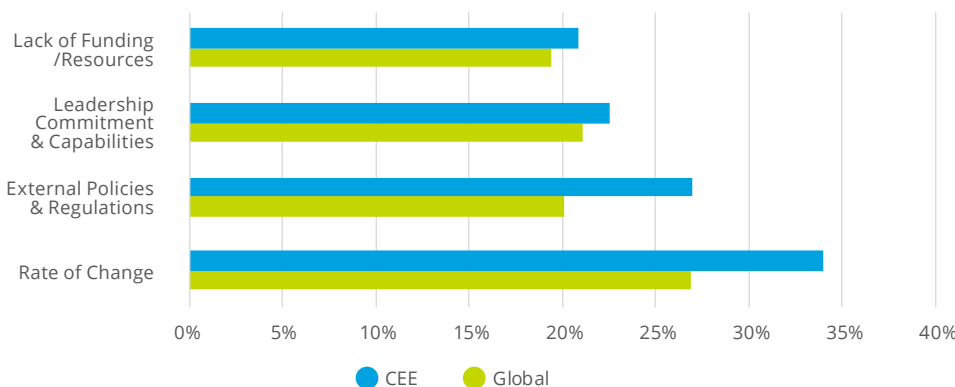


Human risks are considered to be a highly important topic in Central & Eastern Europe. Respondents report financial gains and maintained employee engagement.

What is the CEE region doing to fill the readiness gap?

Organizations in the region are primarily managing human risks by conducting regular workforce planning (63%) and by re-evaluating their business strategy and workforce planning as they experience disruption (53%). Re-evaluation will likely be the number one practice to manage risks in 2-4 years time as well, however, it is interesting that regular workforce planning was not considered to be a top priority in the future, in fact it fell back to the last place (28%). Business leaders need to consider a more expansive set of broader risks and create a framework for monitoring them in the face of the complexity and dynamism of today's world of work. These practices are especially important for Central & Eastern Europe, where economic and political instability caused by the war in Ukraine and other local events make it impossible to turn a blind eye to human-related risk. The main concerns in the region are political instability (reported by more than 40% of respondents), followed by migration issues and economic instability. These concerns are foreseen to remain crucial in the mid-term future as well (2-4 years).

Obstacles to overcome and future outlook



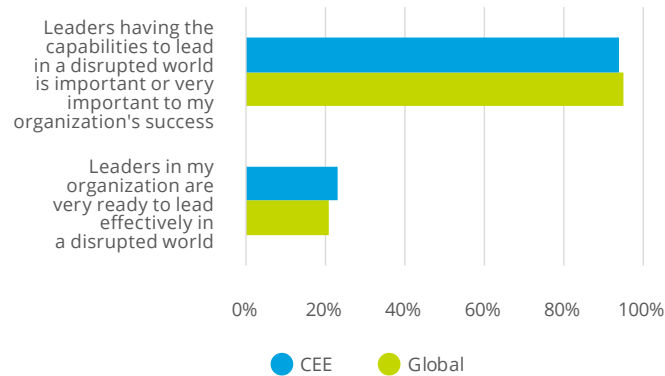
Rate of Change and External Policies and Regulations are viewed as the primary obstacles of elevating the focus on human risks within CEE organizations, and these elements have a stronger perceived impact in the region than on global level.

LEADING IN A BOUNDARYLESS WORLD

KEY FINDINGS

The Deloitte 2023 Global Human Capital Trends survey respondents told us that effective leadership is more important than ever and increasingly difficult to demonstrate. Ninety-five percent of respondents from Central & Eastern Europe believe leadership capabilities and effectiveness are important or very important to their organization's success, representing the highest importance score across all trends. Yet only 21% believe their organization's leaders currently have the capabilities necessary to manage in a disrupted, boundaryless world.

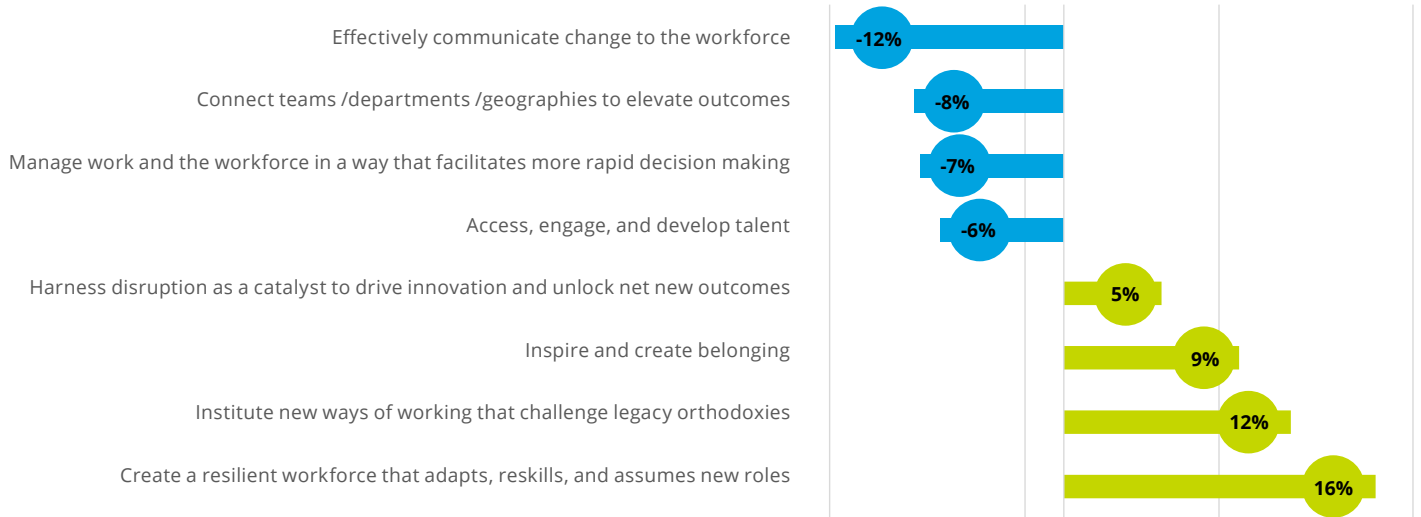
The CEE region recognizes the importance to change...



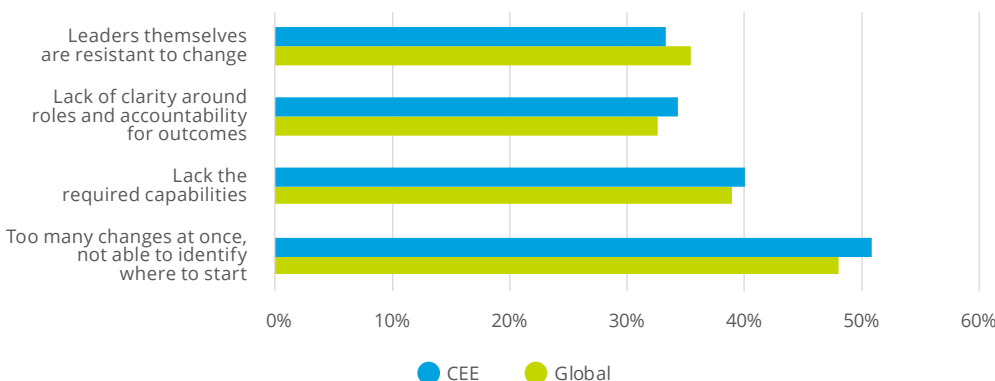
When it comes to the readiness of executives to lead through the trends discussed in this report, the biggest gap is indicated in the area of human risks, workforce ecosystems, and data ownership. At the same time, more than half of the study participants recognize that the greatest barrier to leaders' ability to support the achievement of the organization's most critical outcomes is too many changes happening at once, making it unable to prioritize activities.

What is the CEE region doing to fill the readiness gap?

Change in the importance of the most critical roles between today and the nearest future (2-4 years) in CEE



Obstacles to overcome and future outlook



There is no significant difference between the global and regional viewpoints. In an ever-changing environment, topped up with the war in Ukraine, this feeling of uncertainty is multiplied in the region. For navigating in this environment, clarity is key around roles, responsibilities and accountabilities of both employees and leaders.

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