

2017 Deloitte Global Human Capital Trends

Rewriting the rules for the digital age



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Introducing the Romanian Human Capital Trends 2017 report

For the second consecutive year we are happy to introduce the Romanian Human Capital Trends resulted from the Global Survey.

We invite you to take a look at the top three HR trends as they emerged for Romania and at how ready organisations feel they are to tackle these new challenges. Some of these results are in line with the global trends, while others show significant discrepancies with global and regional trends alike. Therefore, we can say the Romanian market is unique, considering its specific both top opportunities and capabilities, even if we meet several multinational companies among the respondents.

Being the second year in which we gathered data from Romanian respondents we were also able to look into how the HR investment plans of organisations changed from last year and we are happy to share with you applicable trends in this respect.

The insights provided will most certainly help organisations in understanding where they are right now and what are the new rules of the game for the near future.



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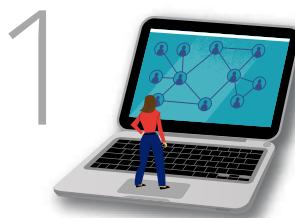


Global human capital trends for 2017

The game has changed, and so have the rules

We are in the midst of a fundamental transformation of business, the economy, and society, marked by an accelerated rate of change and new rules for business and HR. These new rules reflect the shifts in mind-set and behavior that we believe are required to lead, organize, motivate, manage, and engage the 21st-century workforce.

This year's 10 trends are drawn from insights from our fifth annual survey of more than 10,000 business and HR leaders, as well as our work with companies that are setting the bar for performance in today's global economy. Use the report to explore the survey result, understand the shift from the old rules to the new, and build the knowledge to help your organization adapt and thrive in the digital age.



1

The organization of the future: Arriving now

As organizations become more digital, they face a growing imperative to redesign themselves to move faster, adapt more quickly, learn rapidly, and embrace dynamic career demands. Leading organizations are moving past the design phase to actively build this new organization.



2

Careers and learning: Real time, all the time

As companies build the organization of the future, continuous learning is critical for business success. The new rules call for a learning and development organization that can deliver learning that is always on and always available over a range of mobile platforms.



3

Talent acquisition: Enter the cognitive recruiter

Recruiting is becoming a digital experience as candidates come to expect convenience and mobile contact. Savvy recruiters will embrace new talent acquisition technologies to forge psychological and emotional connections with candidates and constantly strengthen the employment brand.



4

The employee experience: Culture, engagement, and beyond

Rather than focus narrowly on employee engagement and culture, organizations are developing an integrated focus on the entire employee experience. A new marketplace of pulse feedback tools, wellness and fitness apps, and integrated employee self-service tools is helping.



5

Performance management: Play a winning hand

Across all industries and geographies, companies are reevaluating every aspect of their performance management programs, from goal setting and evaluation to incentives and rewards. They are aligning these changes to business strategy and the ongoing transformation of work.

6



Leadership disrupted:

Pushing the boundaries

In 2015, we termed leadership the “perennial issue” that never seems to go away. This year we see a radical shift. Today, as never before, organization do not just need more strong leaders, they need a completely different kind of leader—younger, more agile, and “digital-ready.”

7



8



People analytics:

Recalculating the route

No longer is analytics about finding interesting information and flagging it for managers: It is now becoming a business function focused on using data to understand every part of a business operation, and embedding analytics into real-time apps and the way we work.

9



Diversity and inclusion:

The reality gap

Fairness, equity, and inclusion are now CEO level issues, but continue to be frustrating and challenging. Training and education are not working well enough. The new rules focus on experiential learning, process change, data-driven tools, transparency, and accountability.

10



The future of work:

The augmented workforce

Automation, cognitive computing, and crowds are paradigm-shifting forces reshaping the workforce. Organization must experiment and implement cognitive tools, focus on retraining people to use these tools, and rethink the role of people as more and more work becomes automated.

Top trends in 2017 for Romania

Careers and learning is the top trend for Romania

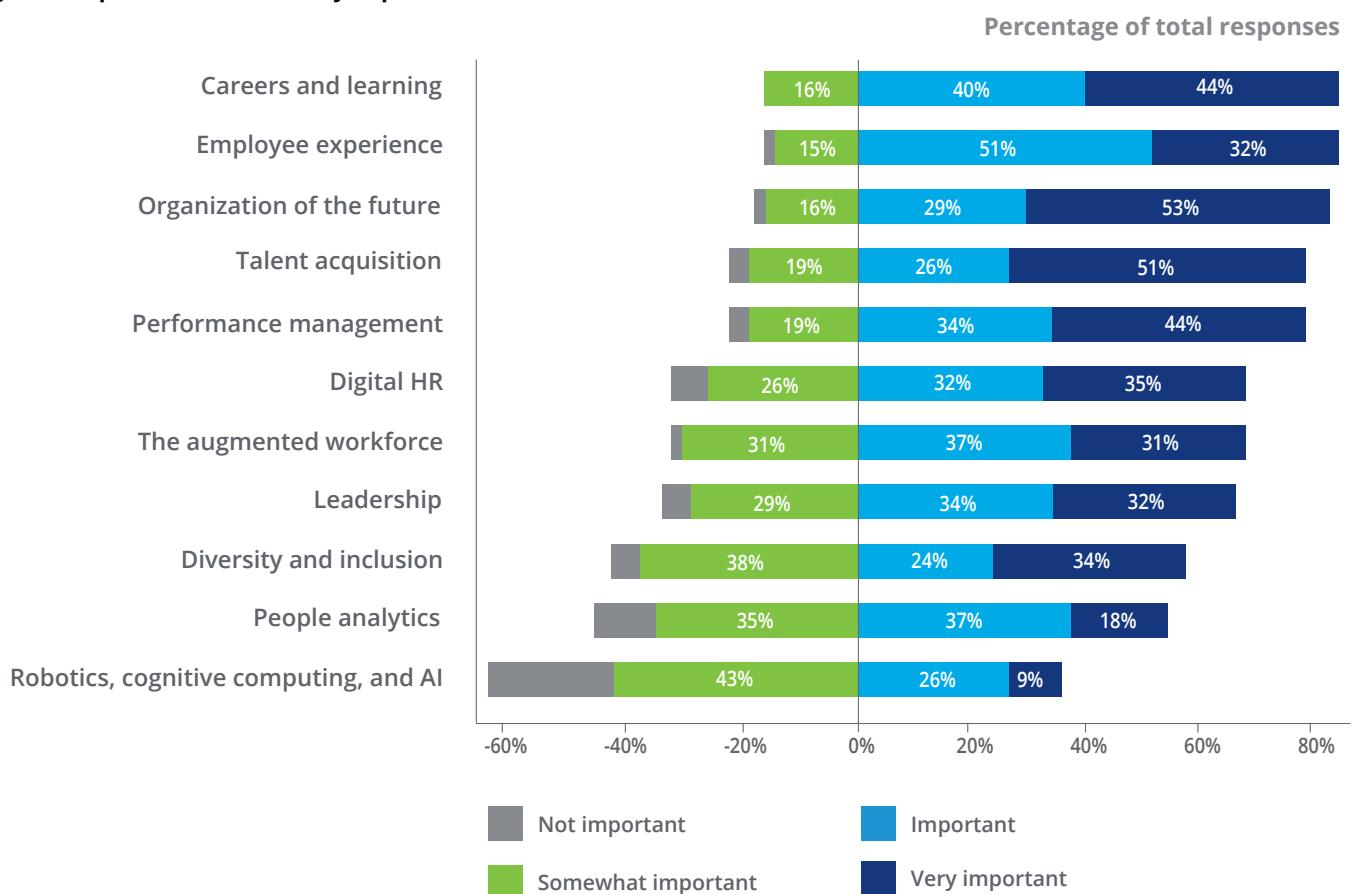
HUMAN Capital Trends study respondents from Romania rated the following trends as top 3:

1. Careers and learning;
2. Employee experience;
3. Organization of the future.

While respondents from Romania and the rest of CEE are treating Careers and learning as the most important trend, Western Europe and the Global community are looking towards the Organisation of the future as the most important aspect for 2017 from a Human Capital perspective.

It is important to note that the second most important trend in Romania is considered to be the Employee experience, which is heavily in contrast with the CEE and Western Europe trends. These regions show an increased focus on Talent acquisition and Performance management, rather than Employee experience.

Figure 1. Top Romanian trends by importance



New entry Romanian top trends in 2017 compared to last year

How ready are companies for the top challenges of 2017?

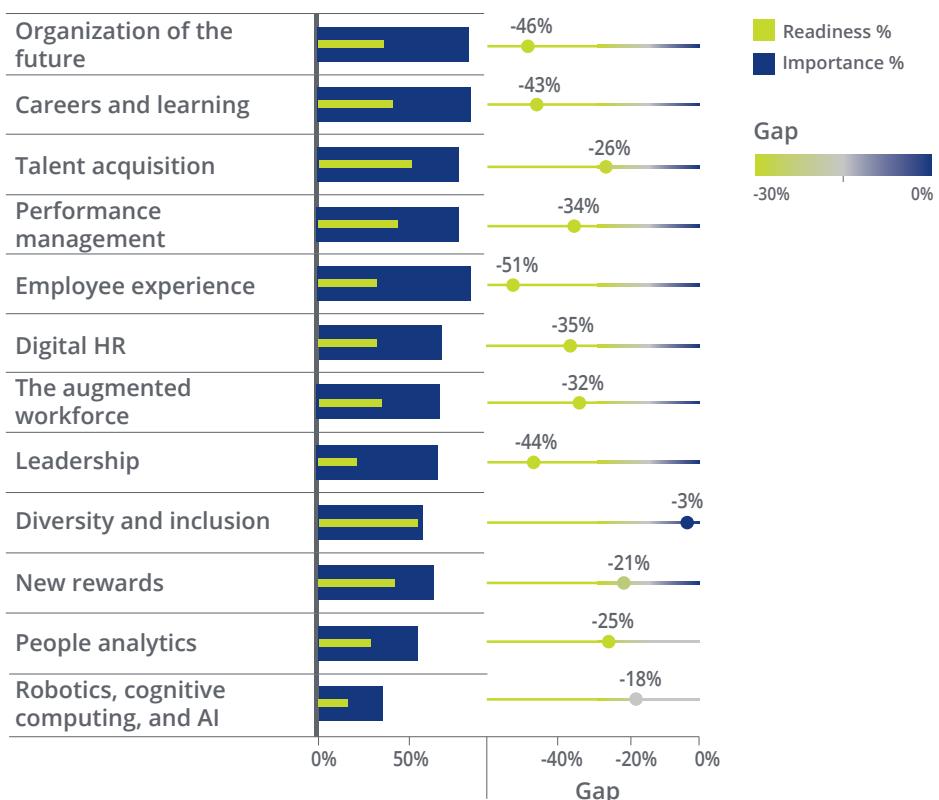
There is a significant gap between readiness and importance for some of the trends, for instance: *Employee experience, Organisation of the future, Leadership, Careers and learning*.

For example, in Romania the highest discrepancy appears to be in the *Employee experience* category where we can notice a significant gap between the perceived readiness level and the importance of the trend. This is in a significant contrast with the rest of Europe where this trend is perceived as less important and organisations consider that there is an increased level of readiness for tackling this topic.

Figure 2. Top 10 trends comparison with 2016

Trend	2017 position	2016 position	Change
Careers and learning	1	8	7 ↑
Employee experience	2	5	3 ↑
Organisation of the future	3	2	1 ↓
Talent acquisition	4	10	6 ↑
Performance management	5	-	New
Digital HR	6	9	3 ↑
The augmented workforce	7	-	New
Leadership	8	6	2 ↓
Diversity and inclusion	9	-	New
People analytics	10	7	3 ↓

Figure 3. 2017 capability gap for Romania



A spotlight on the top three trends

1. Careers and learning: real time, all the time

CONTINUOUS learning is critical for the success of organization today and to the career development of their employees. Digital technology and computational power of mobile devices is bringing about a change of paradigm on how to deliver effective learning programs. These programs need to be able to deliver learning that is always on and always available over a range of mobile platforms.

Digital platforms facilitate this global need for continuous learning by providing current or future employees with access to online courses from top universities worldwide. These institutions show that they have a fairly good understanding of what the future of learning implies and are adapting accordingly. With that sort of access it has never been easier to learn a new skill or increase your knowledge of a particular topic. So the pressure of learning is not only on organization, but also on the employees themselves, who need to find the time to keep learning or risk lagging behind.

In this sort of environment, if in the past you used to learn one skill and build your career on it, you now have to develop a plethora of skills over the course of your career in order to stay relevant.

In this respect, 52% of the Romanian respondents confirmed that the primary source of their employees' learning today is based on a balance between internal trainings and externally sourced trainings driven by the employees themselves. This is also confirmed on a global level where 47% of the respondents show the same sourcing for learning.

24% of the Romanian respondents consider that the role of the learning department in their organization is to facilitate new hire on-boarding. The same

percentage of respondents consider this role as helping employees build skills in their current jobs or meet regulatory compliance requirements. In comparison, 25% of the global respondents consider that this department's role is to help employees build skills in their current jobs. When talking about building the skills and capabilities your business requires 50% of the Romanian respondents assessed their learning departments' programs as adequate, while the global figure is slightly above 60%.

Figure 4. Building the skills and capabilities your business requires – Romania vs Global



2. Employee experience – culture, engagement and beyond

THE Employee experience strategy is mainly built on five pillars: Engagement, Culture, Work, Purpose and Rewards. Both global and Romanian respondents ranked Engagement as the most important element addressed by their employee experience strategy, while Rewards as the least important. That means that the contract between employer and employee is no longer based mainly on the reward component but entirely on the experience and sense of fulfillment that work itself and the work environment bring to the employee.

Looking at the sub-capabilities in play when talking about employee experience from a Romanian point of view, 25% of the respondents considered that the integration of social, community and corporate programs in their employee experience strategy is excellent while only 13% assess their capabilities as weak.

At the other end of the spectrum are the capabilities to design work by taking into consideration diverse employee preferences and to align their employees' personal goals with corporate purpose.

Figure 5. Employee experience sub-capabilities for Romania

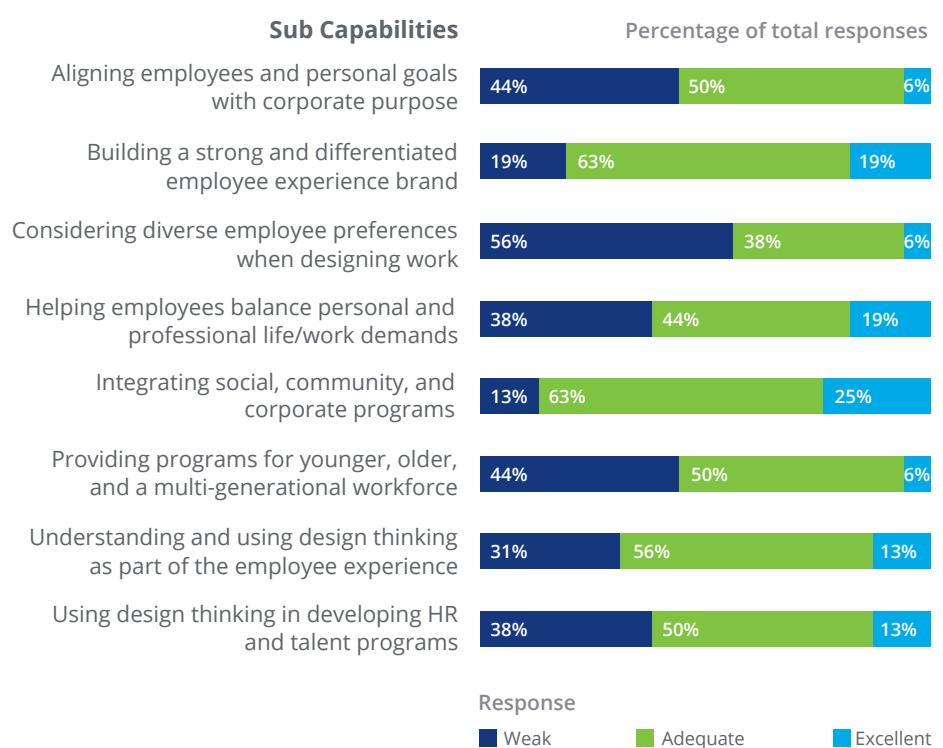
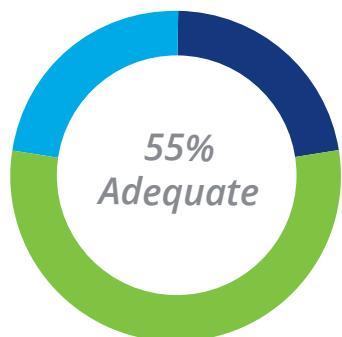




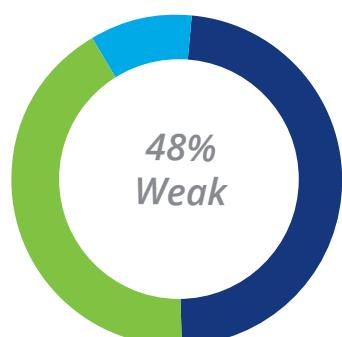
Figure 6.2 of the Employee experience sub-capabilities – global data

Aligning our employees & personal goals with corporate purpose



■ Weak ■ Adequate ■ Excellent

Understanding and using design thinking as part of your employee experience



■ Weak ■ Adequate ■ Excellent

The global perception of the sub-capabilities is more or less in the same direction as in Romania, with two major differences:

- 55% of the global respondents consider that their alignment of the employees' personal goals with corporate purpose is adequate and
- 48% perceive their capabilities as weak when it comes to understanding and using design thinking as part of their employee experience.

An interesting sub-capability analysed in the survey was the provision of programs for younger, older and a multi-generational workforce. This is particularly interesting in the context of a globally aging workforce and increased pressure on public social security systems, which already started pushing workers to remain employed well beyond their retirement age even though employers are obviously seeing themselves as weak (44% in Romania compared to 39% worldwide) in providing adequate programs for this older workforce.

3. Organisation of the future

THE top trend globally is only the third trend in Romania, as perceived by the respondents in this survey. Out of the total 82% of the Romanian respondents who considered this trend as important or very important, 53% ranked it as very important (the global figures show 88% of respondents ranking this trend as important or very important, with 59% opting for the latter).

One of the key characteristics of high-performing companies is their ability to stay agile. In other words, be highly flexible in forming and disbanding teams and allocate human resources between teams and projects without risking project setbacks. The period of rigid and linear organizational charts creating a direct and permanent reporting structure is a thing of the past. Organization must now become more fluid in order to remain competitive.

36% of the Romanian respondents consider their organization and culture as being agile and highly agile compared to 35% worldwide. Most of the responders assess their capabilities in the somewhat Agile category.

In terms of support for internal networks, the most important trend to emerge globally across all industries is team-based goal setting with 28% of the respondents considering it as the most important way their organization can support such networks. This ranks only second in Romania, being overtaken by assignment-based projects.

Two of the sub-capabilities tracked in our survey were "Simplifying your organisation" and "Implementing new tools, techniques, technologies and mind-sets to support

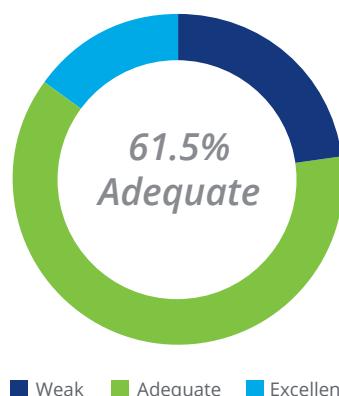
teaming across internal networks". Both of the below figures show the results of the Romanian survey, which when compared with the global assessment show a higher percentage of the Romanian respondents assessing their capabilities as Excellent and Adequate respectively. One of the causes of this discrepancy may be caused by a snowball effect of procedures already implemented at global headquarters level and rolled over to local subsidiaries.

Figure 7.2 of the sub-capabilities tracked for the Organisation of the future – Romanian data

Simplifying your organization



Implementing new tools, techniques, technologies, and mindsets to support teaming across internal networks



HR Report card and trends in HR investment

In addition to establishing the trends for 2017 respondents were asked to provide feedback regarding the HR investment trend in their own organization.

Compared to the year 2016 respondents predict a significantly higher increase in the level of HR investments. While last year only 6% of respondents expected a significant increase (more than 5%) of investments, in 2017 close to 11% of our respondents reported that their organization is planning to increase investments in HR with more than 5%.

More than 40% of our respondents reported that their organization is planning a 1-5% increase in HR investments during 2017, which is significantly higher than in 2016 when only 3% of the respondents estimated such an increase.

Both globally and at the level of Central and Eastern Europe the trend is similar, meaning that more than half of respondents plan to increase HR investments in 2017. Taking into consideration the capability gap identified across all trends, the increase in investments should help reduce this discrepancy between trend importance and readiness.

Compared to 2016, respondents have a significantly positive outlook for business growth during this year. As the figure below shows, 25% of the respondents expect a double digit business growth in 2017, while more than 39% of the respondents (both globally and locally) predict a business growth between 1% and 10%. Business downturn is only predicted by approximately 7% of our respondents.

Figure 8. Plans to invest in HR in the next 12-18 months – Romania vs. Global

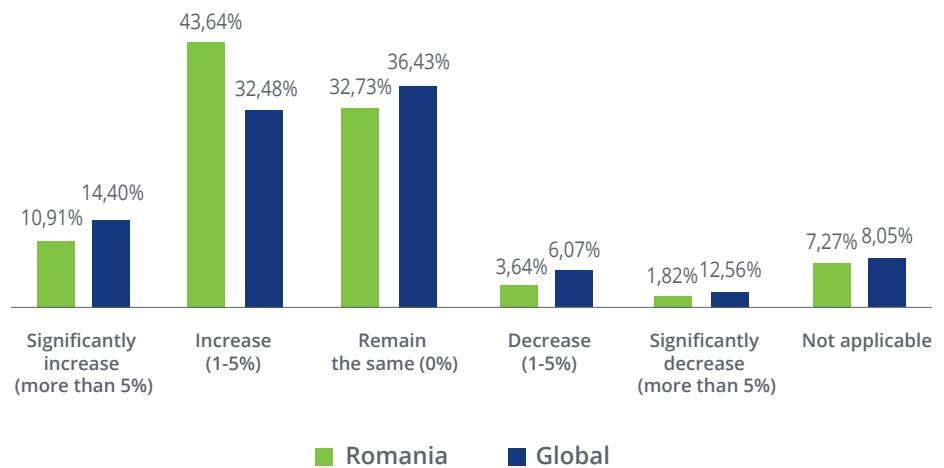
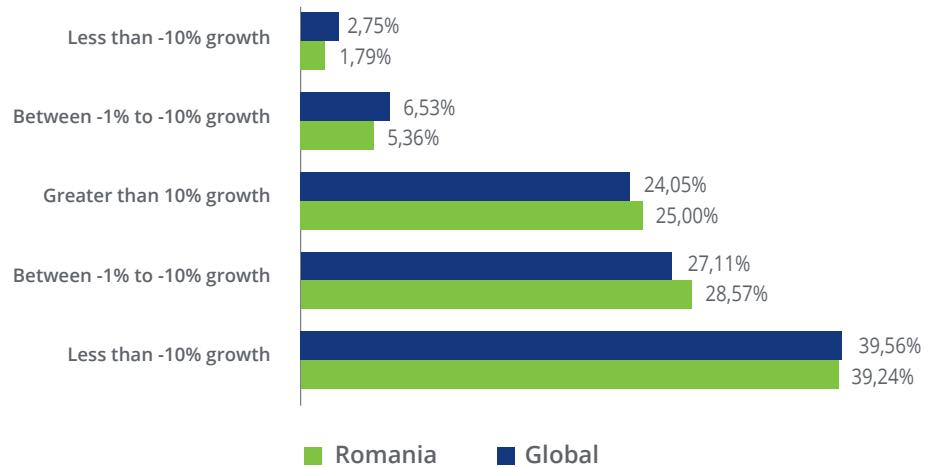


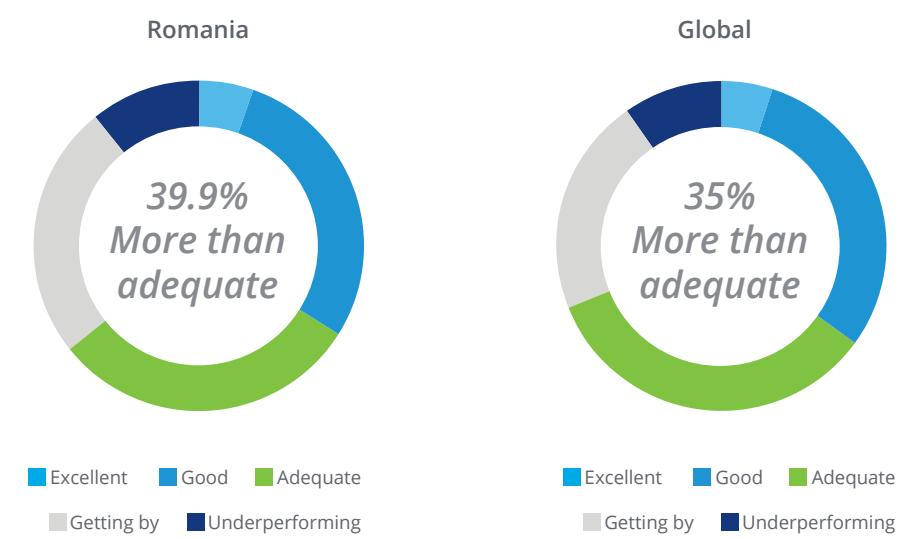
Figure 9. General outlook for business as compared to 2016



In what regards the capabilities of the HR and talent programs the results are rather similar when comparing Romania with the overall global assessment. Although roughly a similar percentage of the respondents consider their capabilities as Adequate, there is a slightly higher percentage of the Romanian respondents who consider that their organisations' programs are just getting by, in comparison with the global result.



Figure 10. Capabilities of the HR and talent programs – Romania vs Global



Romanian survey demographics

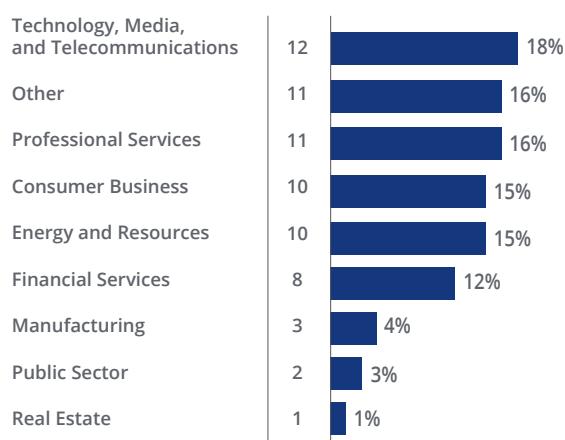
ROMANIA survey includes 68 respondents out of a total of 10.447 people worldwide.

The best represented industry in terms of number of respondents for Romania is Technology, Media and Telecommunications, followed closely by Professional Services. 50% of the companies are small, with between 1 and 1.000 employees and 12% are large companies with more than 10.000 employees.

63% of the respondents hold a Mid-Level position within their organisations and there is a good balance between HR and Non-HR job functions.

Figure 11. Demographics by industry (left) and by job function (right)

Industry



Job Function

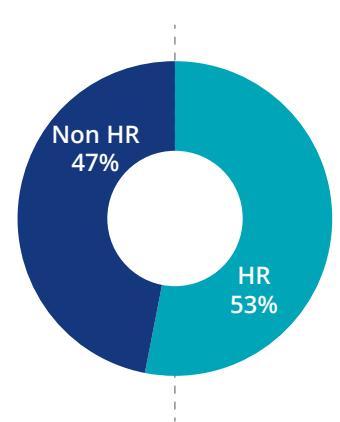
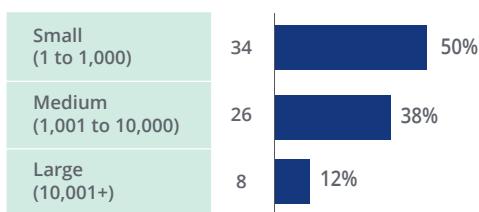
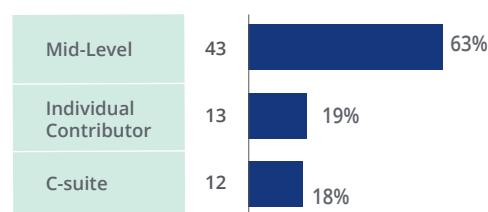


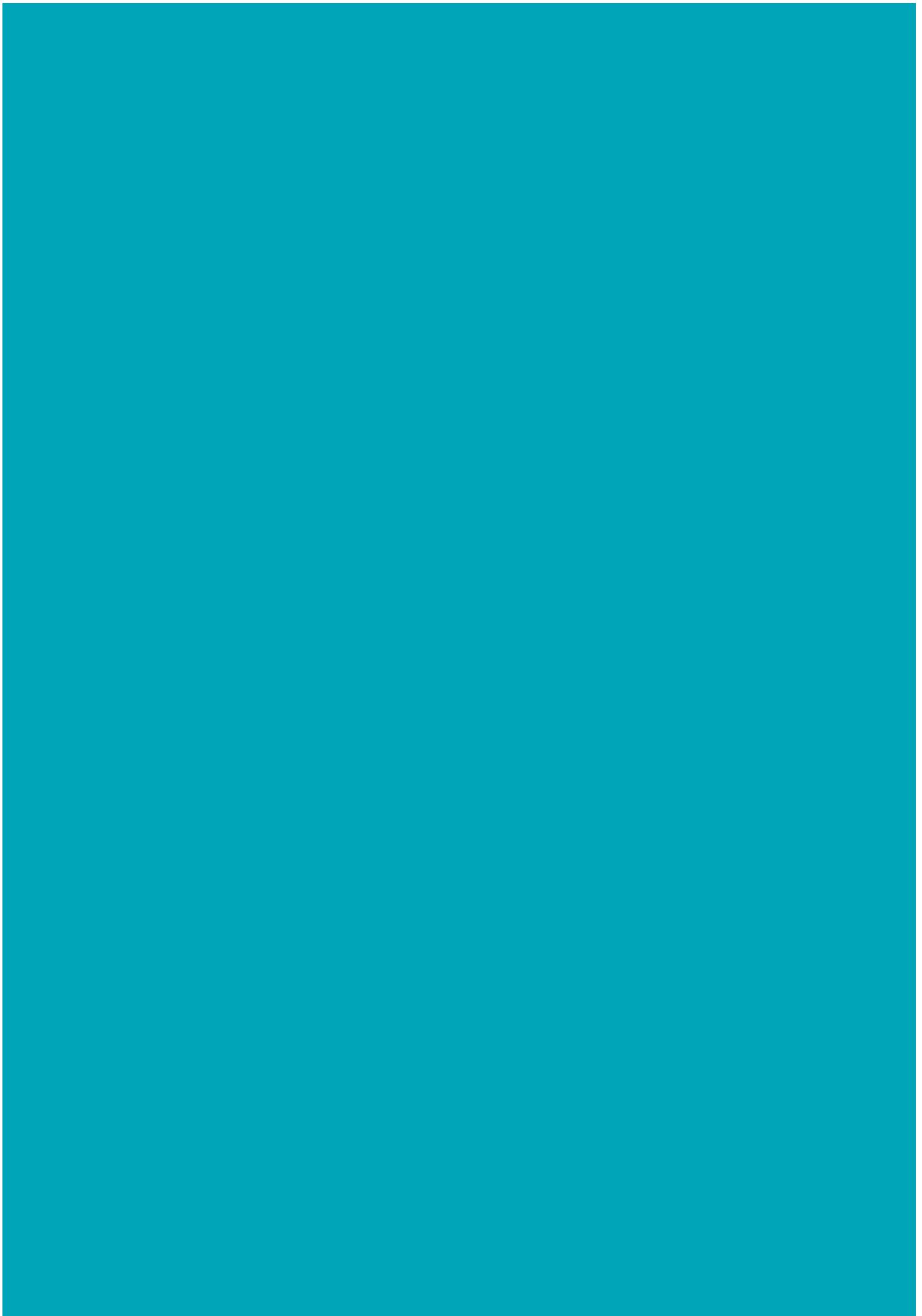
Figure 12. Demographics by business segment and organization level

Business Segment



Organization Level





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