Middle and Eastern Europe fact sheet: How high-performing companies set themselves apart

Data from our Workforce 2020 research program show a correlation between above-average profit margin and revenue growth and workforce development. Companies with above-average profit margin and revenue growth (high performers) are better prepared for the future workforce than those with below-average growth. Executives who report that their companies have below-average profit margin growth over the past two years (we call them underperformers) indicate that they are struggling to keep up with changing workforce trends. This is especially true when it comes to recruiting employees with both base-level and advanced skills. Perhaps most telling, underperforming companies are significantly less likely to say that HR issues are driving strategy at the board level—which could be a major oversight.

This fact sheet outlines the major differences between high performers and underperformers in Middle and Eastern Europe (Denmark, Germany, the Netherlands, Sweden, Switzerland). Both face unique challenges and opportunities when preparing for the workforce of the future.

The New Face of Work

Research shows priorities shifting as economies rebound globally, but companies lag in understanding these changing dynamics.

- 52% of executives at high-revenue-growth companies say workforce issues are already driving strategy at the board level. That number is slightly lower for underperformers—44% which will grow to 54% in three years.
- Companies with below-average profit margins are struggling to keep up with changing workforce trends: 31% say difficulty recruiting employees with specialized skills is impacting their workforce strategies. They also struggle with more data needed by employees to do their jobs (see The Learning Mandate).
- High-revenue-growth companies are already feeling the effects of the changing workforce—53% are using consultant employees (vs. 38% underperformers).

Executives say...

The Leadership Cliff

Executives and employees agree that leadership is lacking—and companies are not focused enough on developing future leaders.

- Unlike most regions, high profit margin growth does not correlate with advanced leadership capabilities. 35% of high performers expect HR will not be consulted at all during business planning in three years.
- More than half of executives at high-revenue-growth firms have a formal mentoring program in place.
Bridging the Skills Gap—The Learning Mandate

Better training and education opportunities would benefit employees and businesses alike.

- Significantly more low-revenue-growth companies say workforce development is a key differentiator for their firms—58% vs. 42% of high performers.
- Training and development are issues for everyone. Though only 23% of companies with low profit margin growth offer education as a benefit, the number is even lower for high performers—19%.
- Underperforming-revenue-growth companies may have a clearer picture of future data impediments (see right).

Survey demographics: High performers

- High-revenue-growth executive titles: CEOs (2%); COOs (13%); CFOs (0%); CIOs (7%); CMOs (7%); Chief Human Resources Officers (10%); VPs/Directors of HR (20%); VPs of Learning/Development (10%); VPs Compensation & Benefits (18%); VPs Recruiting or Talent (13%)

Executives say a lack of these data will impede employees’ ability to do their jobs in three years

- Industry data
  - High-revenue-growth companies: 33%
  - Underperforming companies: 62%

- Job market data
  - High-revenue-growth companies: 40%
  - Underperforming companies: 64%

- Data visualization
  - High-revenue-growth companies: 28%
  - Underperforming companies: 45%

About the research

Workforce 2020 is a large-scale global study to discover best practices and actual progress toward the creation of talent strategies for the future in the global economy. We surveyed more than 2,700 executives and 2,700 employees, and interviewed 28 executives across the following countries: Australia, Brazil, Canada, Chile, China, Colombia, the Czech Republic, Denmark, France, Germany, India, Japan, Kenya, Malaysia, Mexico, the Netherlands, Poland, Russia, Saudi Arabia, South Africa, Spain, Sweden, Switzerland, Turkey, UAE, UK, US. Survey respondents came from a variety of industries, company sizes, and age groups (49% of employee respondents are Millennials).