



PwC's Workforce

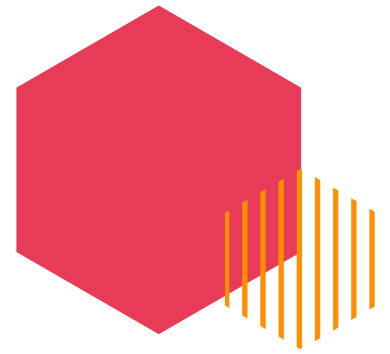
Hopes and Fears

Romania Survey 2023



pwc





Is your workforce reinvention ready?

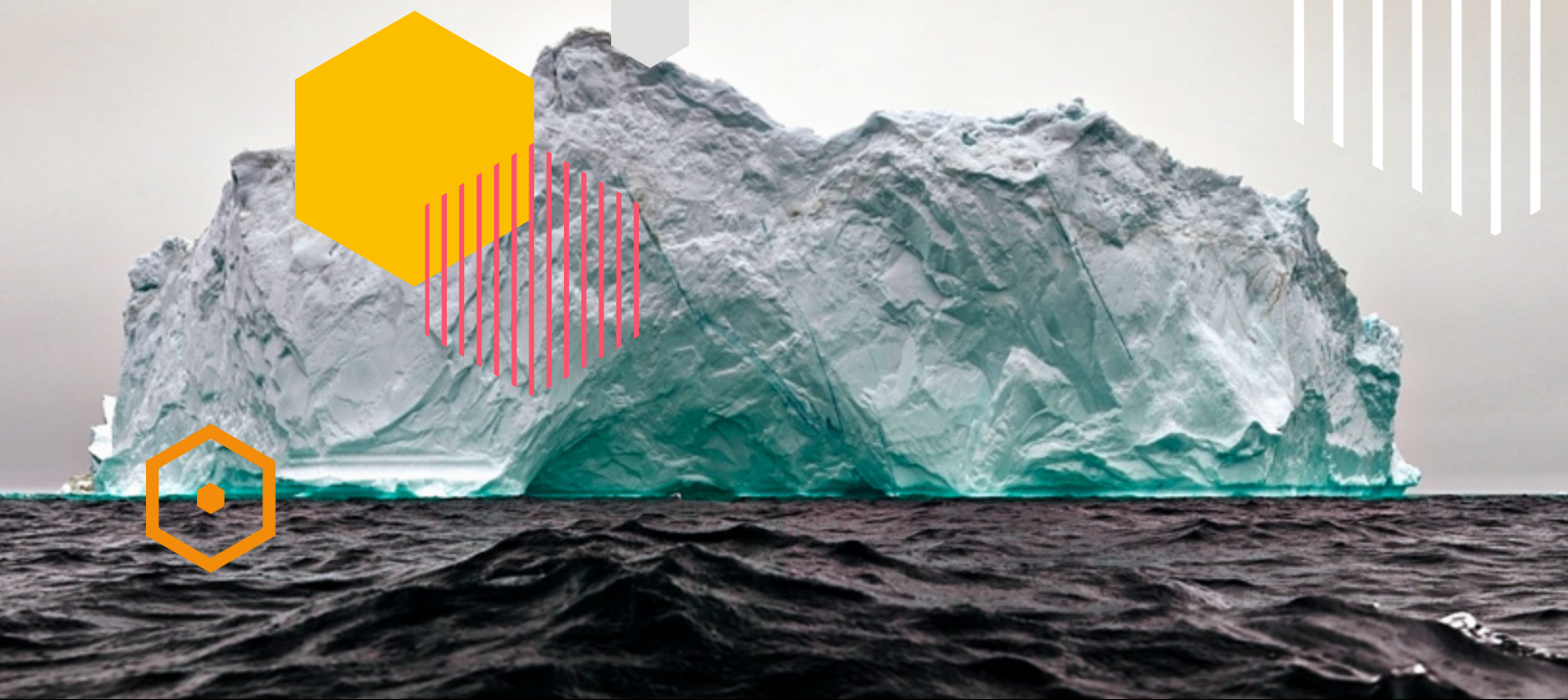
Business leaders from Romania and all over the world are prioritizing transformation, in the context of the changes and multiple and overlapping crises in recent years generated by the pandemic, record inflation, energy crises or the war in Ukraine. Workforce development and technology-driven investments become a priority for this transformation, as the most important factor that will affect companies long-term profitability cited by CEOs is the workforce and skills shortage (CEO Survey Romania 2023).



Dinu Bumbăcea

Country Managing Partner
PwC Romania

"The slowdown in economic growth and inflation have eroded purchasing power to a record level for the last decade, affecting employees' incomes. While companies have generally made efforts to mitigate the impact of this economic environment through wage increases, the continued growth in prices over the past two years has led many employees to consider changing jobs. So, in addition to the impact of the multiple crises on the economy that require business models to be transformed, companies need to rethink their HR workforce strategies".



Daniel Anghel

Partner, Tax, Legal and People Services Leader
PwC Romania

”Overall job satisfaction has declined compared to previous years due to many factors. Economic problems, war, health and social uncertainty during the pandemic have increased anxiety, burnout and ultimately dissatisfaction. What companies can do to help employees and win their commitment: give greater importance to wellbeing by taking a data-driven approach. A lot of analysis is needed behind decisions, but the important thing is that more and more organisations are becoming aware of the changes and taking a different approach.”

But what if your most skilled people are more “reinvention ready” than your company culture is? And what if your employees say they are even more likely to quit now than they were last year—back when everyone thought the great resignation was at its peak?

This is the complicated—and unenviable—reality for many senior executives, as PwC’s latest Global Workforce Hopes and Fears Survey finds sizable pockets of the global workforce eager to learn new skills, embrace AI, and tackle new challenges—even as many companies fail to tolerate debate and dissenting ideas, or even tolerate small-scale failures.

Meanwhile, many workers are restless: 18% of Romanian respondents say they plan to quit their job in the next 12 months, up from 16% last year, but less than 26% globally.

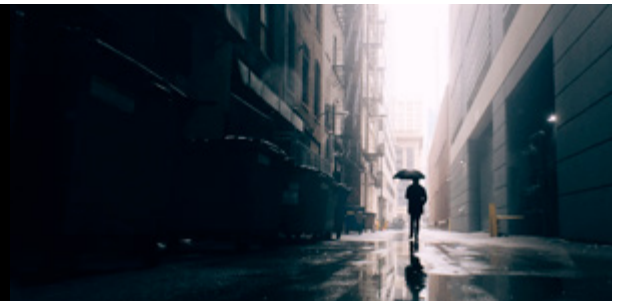
Workforce concerns are not new, but they are growing as demographic changes and the impact of new technologies become more visible. Also the skills gaps appear to be widening, and more employees than ever struggle just to get by—you can’t take anything about your workforce, or culture, for granted. Compared to business leaders in other countries, those in Romania are more concerned about the workforce situation. With that in mind we’ve organized this year’s survey summary into four actions that CEOs and other senior executives can prioritize to better understand what their employees want, learn what’s holding them back, and—together with their people—start to make their organizations more reinvention ready.

This year's key findings

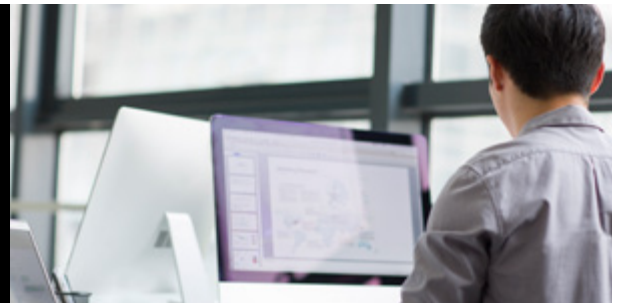
Employees are restless: Despite economic uncertainty, 18% of Romanian respondents say they are likely to change jobs in the next 12 months (up from 16% in 2022). The number is higher for Gen Z (18-26 years) with 28% planning to change jobs. Also when it comes to asking for a pay rise, Gen Z are on top, with 51%.



Financial hardships increase: 13% of employees in Romania struggle to pay bills every month, similar to the global procent, and 57% say they cover their expenses with little or nothing left over (up from 55% in 2022). Only 10% of Romanian respondents say they have an extra job, in addition to their principal one, less than 16% globally.



Skills inequity on the rise: 61% of Romanian employees say that their job requires specialist training, up from 53% globally. Workers without specialist training are also more likely to be facing financial difficulties than specialist workers, and are less likely to have a clear sense of how their skills will change—all of which could further income inequality.



Transform or disappear: More than a quarter (28%) of Romanian workers say their company won't be economically viable in ten years' time if it continues on its current course - similar to 27% of Romanian CEOs who said this in PwC's 26th Annual Global CEO Survey for Romania. Notably, in Romania the Gen Z (18-26 years) workers are the most pessimistic: 49% say their company won't survive another decade without change.



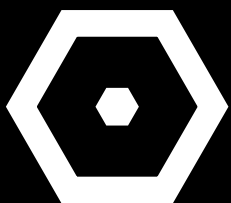
Romanian workers are optimistic about the impact of AI: Despite the prospect of AI-fueled job losses, respondents cited the positive impacts of AI more frequently than they did the negative ones. 28% say AI won't impact their jobs and 24% will help them increase their productivity/efficiency at work.





Engage and inspire your people—especially those lagging behind

Most business leaders take the dynamism and disruption of work and skills as a given. Indeed, according to the World Economic Forum, employers estimate that 44% of workers' skills will be disrupted in the next five years. Yet employees in our survey appear to see things a little differently.

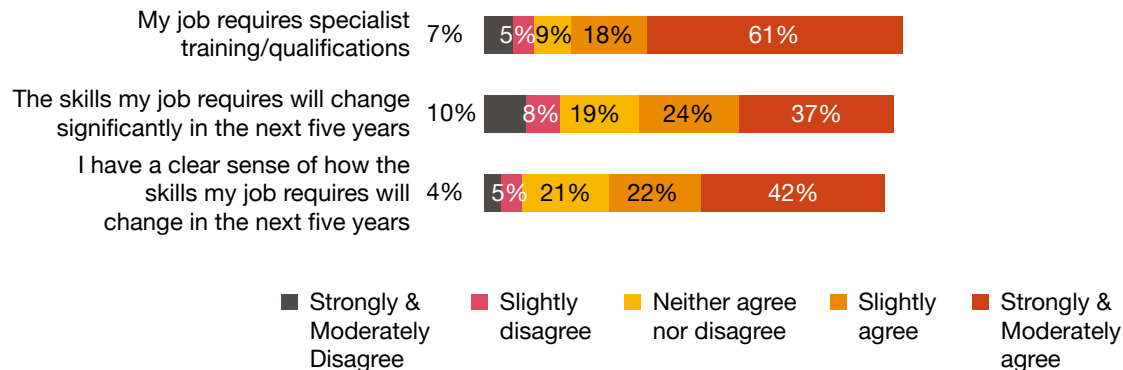




Just 37% of Romanian respondents as a whole strongly or moderately agree that the skills needed to succeed in their job will change significantly over the next five years, and only 42% say they have a clear sense of how the skills required for their job will change at all over that span.

There are still many employees which don't have a sense of urgency about upskilling

Question: Regarding your current role, to what extent do you agree or disagree with the following statements?



Almost half of respondents don't know what skills they would need in five years to do their job. If employees don't anticipate or understand how their job requirements might change, they may not be adequately prepared to acquire the new skills necessary to remain relevant and effective in their roles.

Critical thinking, being adaptable/flexible and collaborative are the top skills in next five years

Question: How important will the following skills be to your career in the next five years? (Showing only 'very important' and 'extremely important' responses)

Romania		Global	
Critical thinking skills	76%	Critical thinking skills	68%
Being adaptable flexible	73%	Being adaptable/flexible	72%
Collaborative skills	72%	Collaborative skills	68%
Leadership skills	64%	Leadership skills	63%
Digital skills	60%	Analytical/data skills	58%

The divide between those who have - and lack - specialist skills is a growing problem, increasing the risk of economic inequality. Employees who are slow to prioritize and learn new skills will struggle to adapt. And widening skills gaps will almost certainly hinder productivity and innovation for companies, while exacerbating the stark economic disparities that already plague much of the world. For CEOs and other senior executives, the way forward requires engaging—and inspiring—their employees. A difference in perception is noted by level of hierarchy in the company. For instance, 42% of managers strongly agree that the skills needed for their job will change significantly in the next five years, compared to only 34% of non management staff. Also, the percentage of management respondent which has a clear sense of how the skills will change in the next five years is higher than non management.





Oana Munteanu

Director People & Organisation
PwC Romania

”We’ve been talking for a long time about the discrepancies between the existing and the necessary skills on the labor market, in the context of digitalisation and transformation. The estimates show that new technologies will affect, annually, between 5 and 10% of the jobs of each organization. That situation could become more complicated - given the excitement and concern around AI - and will require increasingly sophisticated training, including not only technical skills but also human skills like creativity, communication, critical thinking and problem solving. Because human skills can’t be replaced by an algorithm and it is our responsibility to help people adapt to new technologies and situations, particularly for the workers whose jobs don’t require specialized skills.”

Questions leaders must answer:

Do we have the skills necessary to transform? Employees can be forgiven for not having a clear view of their future skills requirements. Employers can’t. Every leadership team should be able to draw a clear line between the capabilities they need to grow and innovate—and the specific business outcomes they want to achieve, including transformation. But this isn’t a static exercise. Leaders must also be prepared to adjust the plan—repeatedly—as the environment changes, while communicating consistently. And through all this they have to communicate consistently what all this means for their people, in order to harness their energy and avoid surprises. C-suite leaders have a responsibility to help create a more equitable future by giving everyone in the organization equal opportunities to upskill and re-skill—and provide a clear path to get there.

Are we creating an inclusive and inspiring vision? Successful leaders recognize that their transformation plans depend on employees who can translate their vision into action. But that can only happen if employees understand how the company is changing and what it means to them. Senior executives can help create a sense of urgency around upskilling with better clarity and transparency. But don’t forget inspiration. When people feel excited and motivated about what lies ahead, they’re far more likely to embrace change. Create a narrative around your vision for the future of your organization, and align it with the company’s purpose and mission. Encourage employees to ask questions and share their thoughts and provide input, which helps create ownership and inclusion.



Do you have talent hiding in plain sight?

Companies focus more on formal qualifications and job histories than skills. The upshot? You might not be taking full advantage of the skills your company already has.

Successful leaders know that the currency of human capital isn't jobs or roles, but skills. And while forward-looking companies are redesigning career paths around skills, many other organizations aren't - often because of the perceived risks involved, or the inability to look beyond traditional talent pools and the hunt for the "perfect candidate". Our survey suggests these companies are misguided.

For one thing, companies may not recognize the skills their employees already have. Among Romanian employees in our survey, 37% say they have skills that are not linked to their formal education, job history, or job titles, and 25% say that employers focus too much on job histories and not enough on skills.

Another 37% say that they have missed out on opportunities because they don't know the right people. All these findings suggest companies could do more to understand the skills they already have on their payroll. At the same time 31% of Romanian employees say that their formal education are not relevant for their jobs.

Employees feel they often do not get a fair shot at opportunities

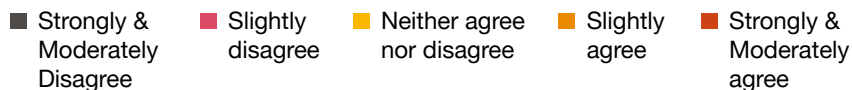
Employers focus too much on my job history and not enough on my skills



I have skills that are not clear from my qualifications, job history or job



My formal qualifications are not relevant to my job



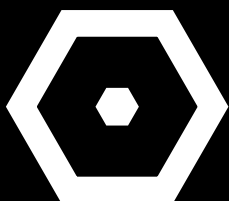
Moving beyond a qualifications-led approach would help workers by removing barriers to their ability to apply their skills and contribute, while helping companies make better use of their existing talent. What's more, it would help companies more effectively tap into talent wherever it resides, for example with contingent workers, retirees, or other nontraditional labor pools. Scaling up a skills-first approach would have societal benefits as well: A recent study by PwC and the World Economic Forum found that more than 100 million people across 18 global economies would benefit directly from a skills-first approach.





Make your culture a catalyst for change

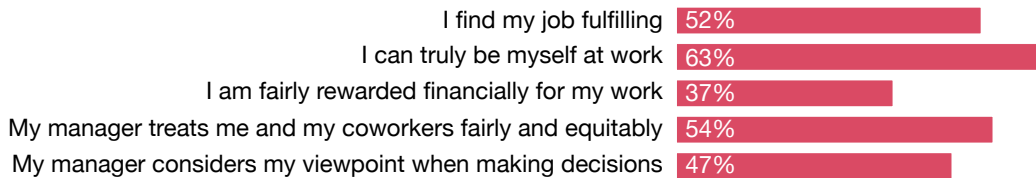
Smart leaders recognize their people are the company's best source of energy, ideas, and innovation. Yet our findings suggest that many companies discourage people from experimenting, debating ideas, or disagreeing with the status quo—critical attributes for innovation, not to mention corporate reinvention. And the problem is far worse than CEOs think.



Almost two thirds (63%) of Romanian respondents say they can truly be themselves at work and 52% find their jobs fulfilling, findings that are comparable to last year’s survey.

Regarding fair payment, 37% of Romanian employees that responded to the survey said they are fairly rewarded, less than 39% in 2022 and compared to 42% globally.

Employees’ perception of their managers and employers (Strongly and moderately agree)



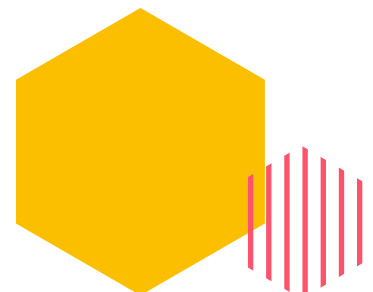
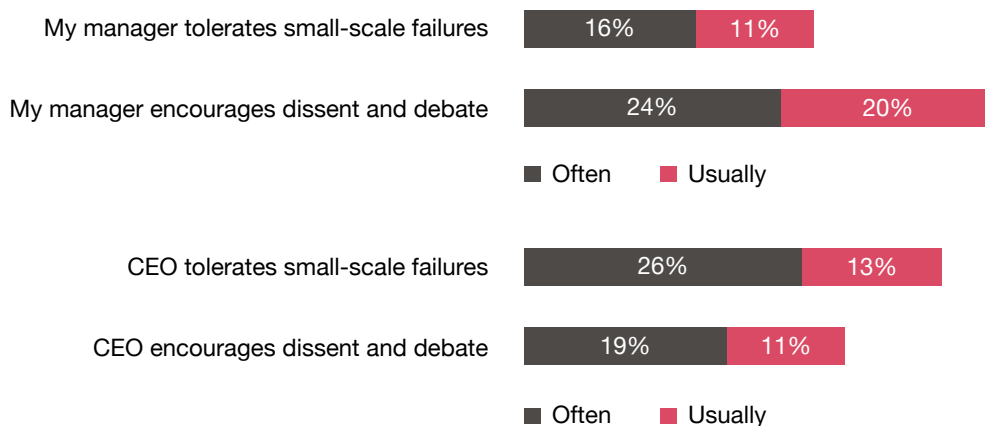
About 61% of Romanian respondents strongly or moderately agree that they bring new, innovative ideas to their team, actively seek feedback (53%), provide it to coworkers (59%) or step up to take on extra responsibilities.

Meanwhile, more than one-fifth of workers report their workload was frequently unmanageable in the last 12 months, with 41% of those individuals citing a lack of resources (staff shortages and unreasonable timelines) as the primary driver. That supports other findings showing that burnout remains a problem.

Moreover, only 37% of Romanian respondents in our survey say that their manager tolerates small-scale failures, and just 22% say their manager encourages dissent and debate—much smaller proportions than what CEOs themselves reported in PwC’s CEO Survey for Romania.

Company cultures can stifle innovation—and the situation is often worse than CEOs think

Question: For each of the statements below, please indicate how frequently they occur. (Showing only ‘often’ and ‘usually’ responses)

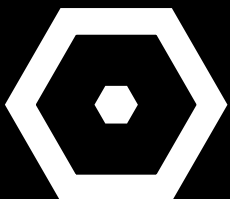


Questions leaders must answer:

Am I part of the problem? If you want creativity and innovation, your employees must feel safe to test, learn—and even fail—without fear of reprisal. Do they? If you came up in an era of clear expectations and command-and-control structures, encouraging your people to take risks and attack problems in unconventional ways won't be natural. Start fostering these conditions by clarifying the line between the small failures that are part of any project, and big ones that can only be avoided if leaders put the right guardrails in place. And be sure to model the actions you want to see. Do you provide air cover for your team? Do you take risks in your own work and talk openly with your team when you fall short? If not—it's time to start.

Is our culture causing some employees to disconnect? Your company culture may look very different from the C-suite than it does from the front line, and you can't fix what you don't see. Taking an inventory of your business culture will help you understand how your culture is unique, in part by clarifying the traits people use to describe it and the behaviors people habitually follow. But be sure to take a multipronged approach. Quick-hit pulse surveys can alert you to problems, as can focus groups with employees at all levels that help probe the pulse survey results and identify solutions. But don't just listen inside your organization. Social listening and online monitoring of employee review websites and social media platforms can highlight culture problems that employees aren't otherwise sharing with you.





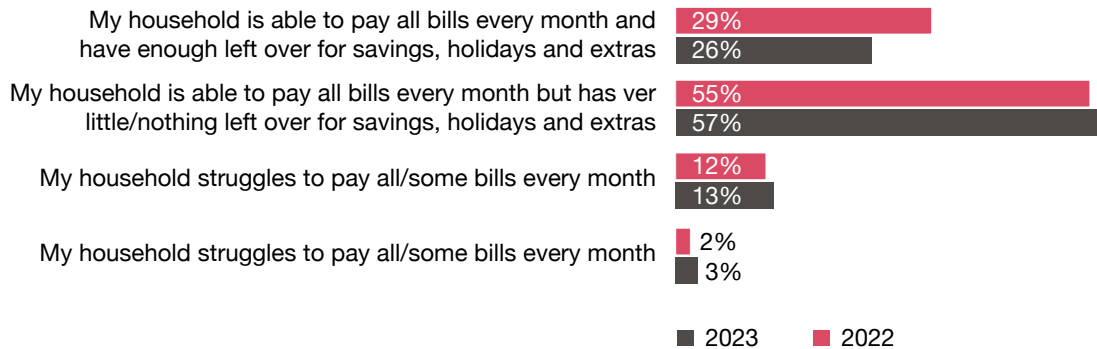
Understand how the cost-of-living crisis is sapping your people

Against a backdrop of economic uncertainty and high inflation, employees across the globe are feeling the squeeze.

The proportion of Romanian workers who say they have money left over at the end of the month declined to 26% this year, from 29% in 2022. And the share of respondents who struggle to pay their bills each month (or can't pay them most of the time) increased to 13%—from 12% last year.

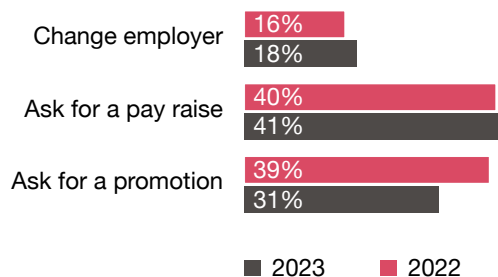
Financial hardship is more widespread than in 2022

Question: Which of the following best describes your current financial situation?



Financial pressure and the need to seek higher wages is surely a factor in respondents' increased willingness to look for a new job. Despite today's economic uncertainty, a higher percentage of employees say they plan to change jobs in the next 12 months than last year (18% versus 16%).

Employees' plans in the context of financial hardship



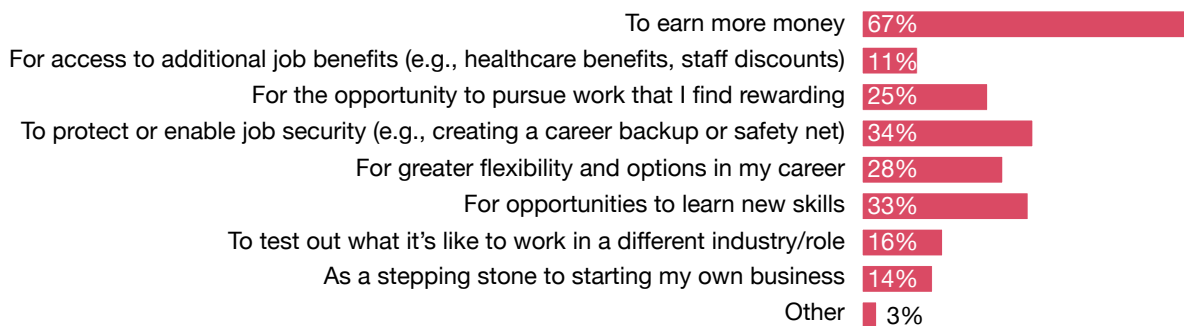
Leaders need to be aware of the stress their employees are under—including financial stress—and recognize that some of their people may be struggling just to get by. Not focusing on employees' financial challenges would not only be bad for them, but could undermine the human renewal necessary for organizations to thrive.

Financial stress is debilitating for workers, and ultimately companies, too. Recent PwC research into the financial wellness of employees showed that economic stress—in addition to harming people's emotional and physical well-being—hurts productivity, retention, and engagement. The research also found that financially stressed employees were nearly five times as likely to say that personal finance issues have been a distraction at work.

These detrimental effects may worsen as employees take on second jobs. Only 10% of Romanian respondents say they have an extra job, in addition to their principal one, less than 16% globally. Moreover, female employees are more likely to have two jobs (13%), than men (7%).



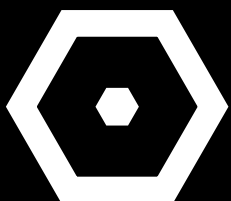
Financial pressure is the main factor in respondents willingness to look for a new job.



Questions leaders must answer:

Do our compensation and talent strategies support one another? The financial burdens employees are facing puts pressure on companies to consider baseline or cost of living salary increases. In addition, it's never a bad time to make sure you're offering competitive compensation packages to attract new candidates—and that you're not losing your best people to higher-paying competitors. In doing so, explore benefit packages that allow employees to customize their benefits to better meet their individual needs—which can provide more value and security to employees while potentially curbing costs for employers.

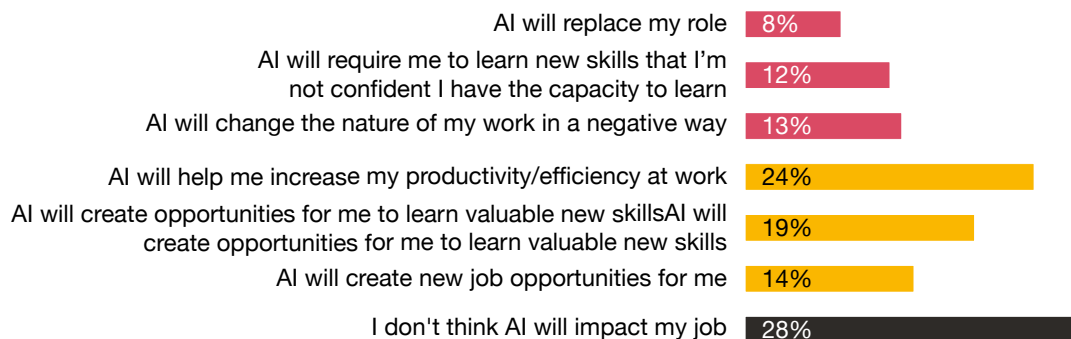
Are we addressing financial wellness at work? Just as the COVID-19 pandemic prompted many companies to talk openly about mental health, today's economic challenges mean it's time to focus on financial health, too. Consider creating employee assistance programs that offer confidential counseling, including debt and financial coaching, and make sure employees know it's okay to speak up about financial challenges at work and ask for help if they feel comfortable doing so. Granted, inflation and other economic factors are beyond the control of any single company, but you can still play a role by helping employees improve their financial literacy and manage financial stress.



Nurture employee interest in AI

Excitement - and concern - are swirling around AI, as generative AI applications such as ChatGPT have entered the workplace, seized imaginations, and garnered hundreds of millions of users around the world. Respondents in our survey appear largely bullish on AI, and cite the positive impacts of AI more frequently than negative ones. More than half (57%) of Romanian workers chose at least one positive statement about the impact of AI on their careers—that it will increase productivity, bring opportunities to learn new skills, or create job opportunities—while one-third (33%) chose at least one negative statement.

Employees see mostly positive impacts from AI



This finding is yet more evidence for the need to prioritize the development of human skills across your entire workforce, but particularly for workers whose jobs don't require specialized skills. Human skills can't be replaced by an algorithm, and they equip people to adapt to any new technology as it emerges.

Questions leaders must answer:

Do we have a “future of work” narrative? The C-suite should set the organization's tone around AI and other disruptive technologies. Create and communicate a strong narrative that covers what the future of work means for your company and people. Being transparent and purpose-driven around plans and decisions can also help employees who may be wary of AI—and what it may mean for their jobs—feel more comfortable experimenting with it and even adopting it into their work where appropriate. At the same time, double down on helping your employees strengthen the human skills that AI can't replicate, such as adaptability and flexibility, collaboration, and leadership.

Are we empowering our people to influence our AI plans? Chances are your employees are already experimenting with AI outside of work, so channel that energy by bringing them into brainstorming sessions to see how AI could improve things for their roles or departments. As the ones who are closest to the day-to-day work, they'll have valuable insights into where AI might be most effective. And by seeking their input and involving them where possible in decision-making processes, you'll be making changes with them—not for them—making it more likely that they'll buy into the changes and advocate for its success among their peers. At the same time, create opportunities for employees to responsibly experiment and explore with AI in their work - with the right guardrails around data access and privacy, copyright protection, and other sensitive areas.

* * *

The best leaders operate on multiple timelines—managing short-term disruptions while looking to the future. Nowhere is this challenge more acute than when it comes to understanding how your people fit into your reinvention plans. You can't transform for the future without a clear sense of where your employees are today—and where they could be tomorrow. Committing to helping them get there is the first step in building a reinvention-ready workforce.

About the survey

The survey drew responses from nearly 54,000 workers in 46 countries and territories and over 500 in Romania underscores the central challenge facing CEOs and other C-suite leaders: You have to reinvent your organisation, but without the support and energy of all your people these efforts will fail.

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