Hybrid work is the new challenge

How are we preparing our company for
the changes ahead?

Table of contents

01 | Preface

In times of turbulent changes, while facing the challenges of the new dynamic work processes, businesses are forced to react promptly and adapt timely to the new circumstances taking place.

Furthermore, as the world becomes more and more driven by data, the use of analytics is quickly emerging as a catalyst for the future of organizations, steadily becoming a practice to adopt in order to stay ahead of the curve and remain competitive while leading remotely in a hybrid environment.

To answer the question of how business is coping with the challenges of hybrid working, talent retention, and change management LS-S Leadership Support conducted a large-scale online survey among more than **250 companies in Bulgaria, Romania, and Germany** in partnership with the German-Bulgarian Chamber of Industry and Commerce (AHK) and Business Mark Romania.

02 | Survey Partners

Survey Organizer and Partners

LS-S Leadership Support

LS-S Leadership Support optimizes and supports the work of leaders and HR professionals, and helps them develop a new generation of work environment and culture.

We provide:

- Digital solutions for HR management, team leadership, organizational development, and corporate culture.
- Valuable leadership advisory assistance based on data analysis and insights
- Effective training and development processes.

The German-Bulgarian Chamber of Industry and Commerce

The German-Bulgarian Chamber of Industry and Commerce is the official chamber of foreign trade and the major partner of the representatives of the German economy in Bulgaria.

The aim of AHK Bulgaria is to create a platform for contacts, partnerships, and exchange of information and business know-how between German and Bulgarian companies, to open new opportunities for a successful business, as well as to provide a wide range of services to meet the expectations of its German, Bulgarian and international members and clients.

Business Mark

With a portfolio of over 400 conferences held from 2013 until now, Business Mark is one of the most important B2B event management companies in Romania.

The company's projects target a large variety of industries and professional domains. Conferences of their own annually, Business Mark enables the planning of B2B events for companies, events designed and planned with each client, so as to meet the company's communication guidelines and business strategy.

03 | Survey Objectives

Survey Objectives

- To find key insights on how organizations are dealing with the main challenges today: retaining employees, remote leadership, change processes and HR analytics used for leading people.

- To answer the question whether the surveyed companies have already developed remote leadership strategy and at what stage they are in terms of its implementation.

- To enable companies to benchmark with others to get inspirations for planning the next steps. Continuous exchange is more important than ever in the current situation!

A big thank you to all the respondents that contributed to this third survey conducted in the first half of 2022.

04 | Management abstract

Management abstract

The pandemic was a catalyst for transformation in the workplace. Inspired by how quickly employees adapted to the virtual environment, organizations believe there are many benefits to adopting a hybrid work model. Clearly, on the other hand, expectations have changed, and employee retention and attraction became more difficult. The new workplace is more hybrid and more flexible and allows employees to work and collaborate both virtually and physically, and organizations to embrace change more easily.

TOP 5 areas of great concern in 2022

① **Inflation/increase in costs**
for 70% of companies

② **Workforce availability/skills**
for 49% of companies

③ **Supply chain issues**
for 34% of companies

④ **Availability of trained staff**
for key roles for 30% of companies

⑤ **War in Ukraine**
for 22% of companies

The Biggest challenges for leaders in managing in a hybrid environment
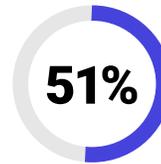
51%
According to 51% of respondents, the main problem is **the relationship of leaders with employees and the lack of metrics**
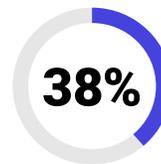
38%
For 38% **the mindset and attitude for hybrid leadership of managers** is a serious challenge

Organizations expect difficulty attracting talent throughout 2022 as **half of the organizations believe employee attraction has worsened in 2022**

73%
of organizations **in Bulgaria, Germany, and Romania have problems retaining their people** due to increasingly high salary expectations from employees

A TALENT PORTFOLIO

structured in regard to potential and performance **is a common measure in 25% of organizations while forecasting the HR risk**

Only 10-13%

of respondents **unconventional solutions for work-life balance** such as rules governing after-hours and weekend work, job sharing, structured time off, reduced work duties or hours, and long-term unpaid leave **are applied nowadays**

Although organizations are generally beginning to understand the importance of HR analytics, there is still much work to be done.
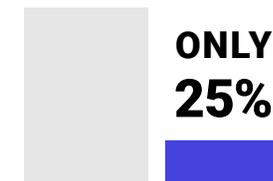
ONLY 25%
of companies **are beginning to ask predictive questions about what is likely to happen in the future**, embracing new technologies such as AI

05 | The Findings in Details

Most see inflation and availability of labor and skills as the greatest disruptions for organizations

The impact of ongoing global disruption, such as inflation, the war on talent, Great Resignation, and the supply chains continue to be significant challenges

Q1

Which of the following factors present the greatest potential disruption to your business/organization in 2022?

Inflation / cost pressures	70%
Labor / skills availability	49%
Supply chain concerns	34%
Talent bench strength	30%
War in Ukraine	22%
Leadership capability / bench strength	15%
Geopolitical instability	15%
Cyber risk	13%
Pandemic / epidemics	11%
Unforeseen events (internal or external) that could devalue the brand	8%
Ideological polarization	2%
None of the above	1%
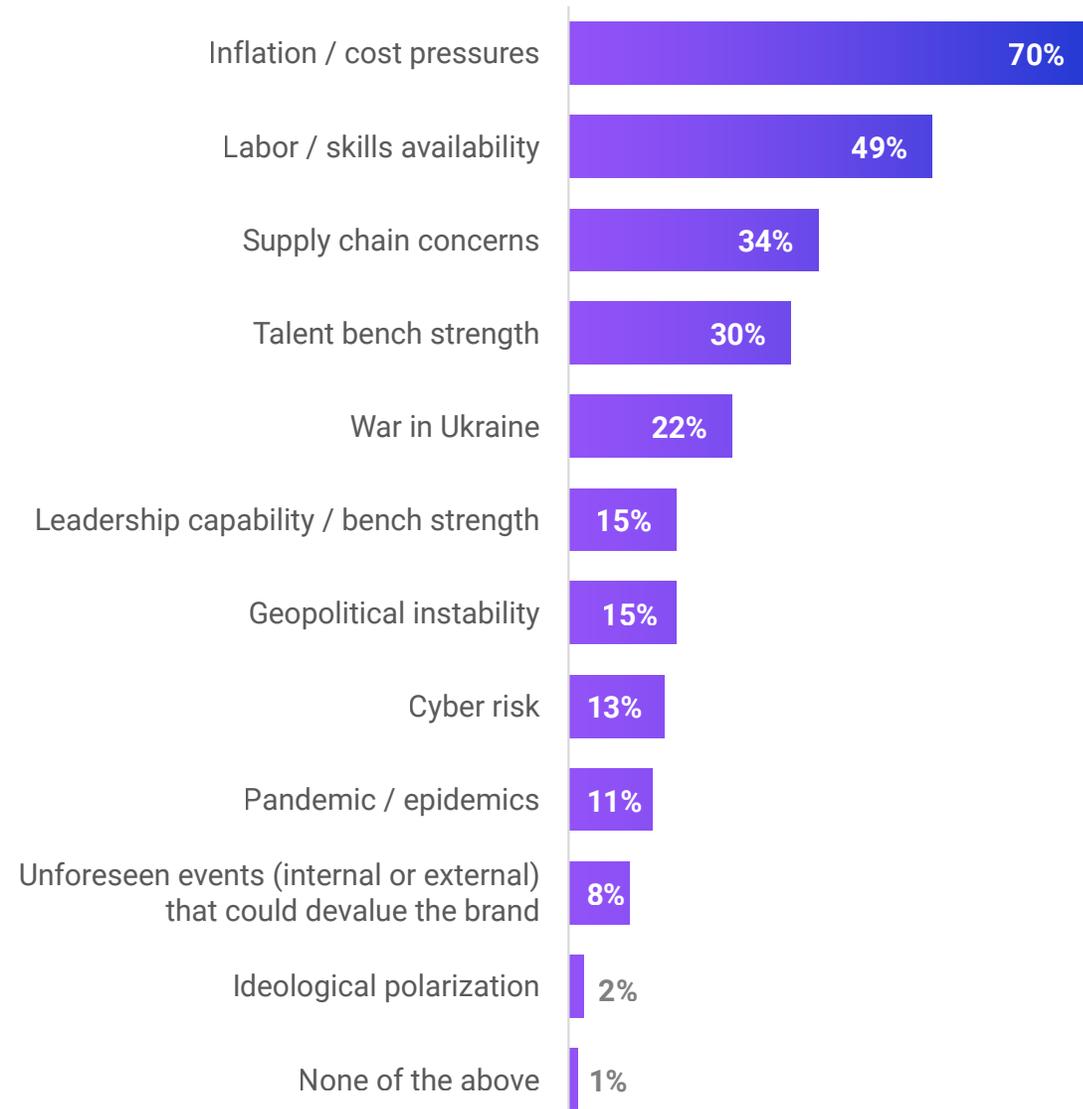
Leaders' mindsets – new ways of thinking needed for the new hybrid world

Managers feel wedged between leadership and employee expectations. More than half of the managers we surveyed feel their leadership is out of touch with employees

Q2

What are the biggest challenges that leaders in your organization are facing while managing in hybrid environment?

| Challenge	%
Connection with employees / lack of sensors	51%
Lack of appropriate mindset to lead hybrid	38%
Lack of skills how to lead hybrid	33%
Lack of appropriate tools to lead hybrid	25%
Monitoring of specific key indicators at organization level and without focus on the team	19%
Lack of specific guidelines based on data about the attitudes and needs of employees	18%
Lack of data about wellbeing of employees	17%
Too much data existing from various digital solutions used in the company	14%
Others	9%

Talent strategies and data analytics – areas with highest perceived need of change and concrete plans for change implementation

26% of the respondents said that technology investment change programmes are underway or completed

Q3

To what extent are you currently making changes, if any, in the following areas?

	No need to change	Recognize need to change	Developing strategy to change	Concrete plans to implement change	Change programme underway or completed
Technology investments	12%	20%	17%	26%	26%
Organizational structure / design	15%	16%	21%	23%	24%
Use and management of data and data analytics	10%	31%	18%	25%	15%
Talent strategies	9%	25%	25%	26%	13%

Legend:
- No need to change
- Recognize need to change
- Developing strategy to change
- Concrete plans to implement change
- Change programme underway or completed

# Challenges in attracting and retaining talent have even increased

While 50% said they are finding it difficult to attract quality employees compared to last year, only 44% said it was challenging to retain current staff

Q4

Compared with last year, do you have difficulties in:

Retaining employees — 44% worse/less — 56% better-more

Attracting employees — 50% worse/less — 50% better-more
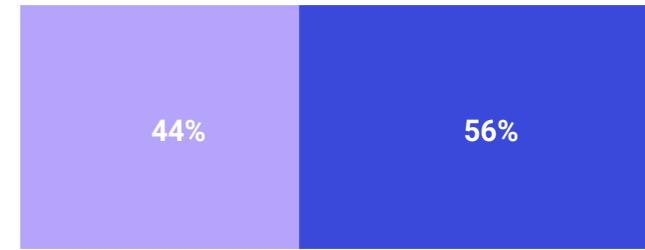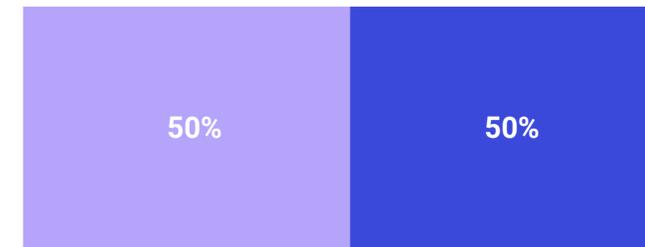
- worse/less
- better-more

Employee retention is an increasing problem. More than two thirds of the respondents are having difficulties with greater wage expectations

Q5

What are your main challenges in retaining employees?

Category	Percentage
Greater wage expectations	73%
Limited supply of labor	50%
Increased demand for labor	47%
New working processes requirement	22%
Lack of employee development options and processes	19%
Growing expectations towards corporate culture	15%
Growing expectations about purpose and "meaning of work" / green policies	13%
Other	6%
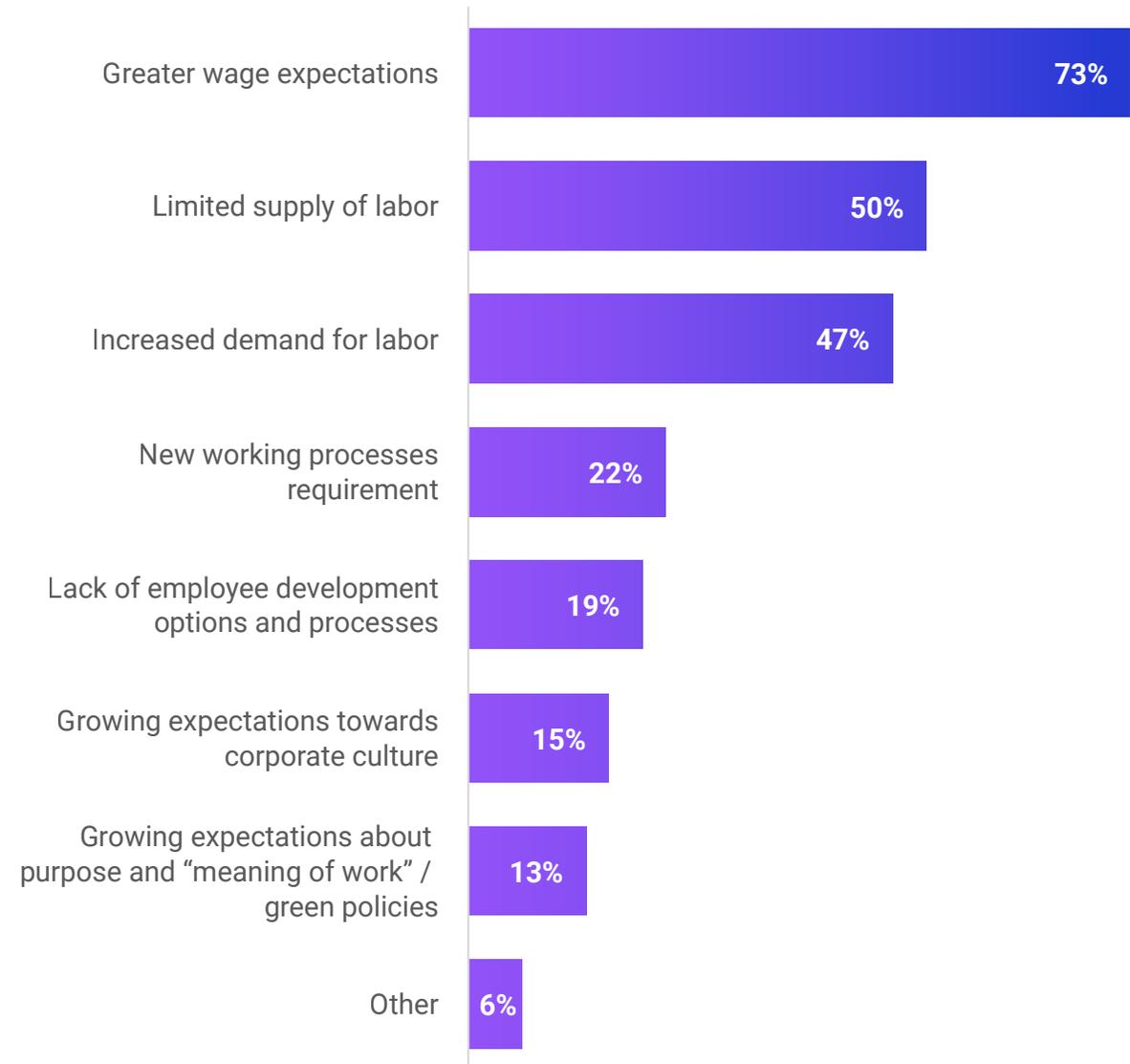
Ongoing development opportunities and flexibility in work arrangements...
# new ways to retain employees in a hybrid environment

Q6

Given the highly competitive talent market and new ways of working, what are your most appropriate measures to retain employees in your organization?

Measure	Percentage
Flexibility in work arrangements (where, when, and how employees work)	65%
Compensation & benefits	40%
Holistic approach to workforce well-being (i.e., employees' physical, financial, mental / emotional, and relational health)	29%
Ongoing development opportunities	28%
Health care benefits	19%
Increased participation, involvement and listening to employees	18%
Coaching / mentoring from leaders	18%
Career advancement opportunities	16%
Technology that enables productive work from anywhere	15%
Internal mobility	14%
Purpose / mission of the organization	10%
Organizational commitment to addressing environmental, social, and governance problems	7%
Commitment to diversity, inclusion, and belonging	5%
Opportunity to work for / with dynamic leaders	1%
Other	0%

Additional paid time off, meeting free Fridays, flexible work arrangemenets, structured time off and sabbaticals launched in two thirds of the organizations to support employees' work-life balance

Q7

To aid employee work-life balance, has your organization recently improved or launched any of the following:

Flexible work arrangements (i.e., the ability to adjust days, hours, swap shifts, etc.) — **69%**

Additional paid time off (above what was offered for similar positions pre-pandemic) — **29%**

Guidelines regarding email or other communication norms (e.g., weekends, after hours, etc.) — **15%**

Guidelines regarding when meetings should not be held (i.e., "meeting-free Fridays") — **13%**

Job sharing (e.g., two part-timers fulfilling a job typically done by one full-timer) — **12%**

Structured time off (i.e., giving everyone time off at the same time -"Summer Fridays", etc.) — **12%**

Reduced workload / hours — **10%**

Unpaid sabbaticals — **10%**

Paid sabbaticals — **9%**

Four-day work week — **4%**

Companies know that change isn't something they need to deal with only once or twice a year

Q8

How do you measure the opinion of your employees, concerning ongoing change processes within the company?

Measure	Percentage
By creating a sustainable positive attitude in the teams	45%
Through periodic longer classical surveys	38%
Monitoring of Soft-KPI's	33%
By making the post survey actions visible to employees	33%
Shorter pulse checks showing progress	30%
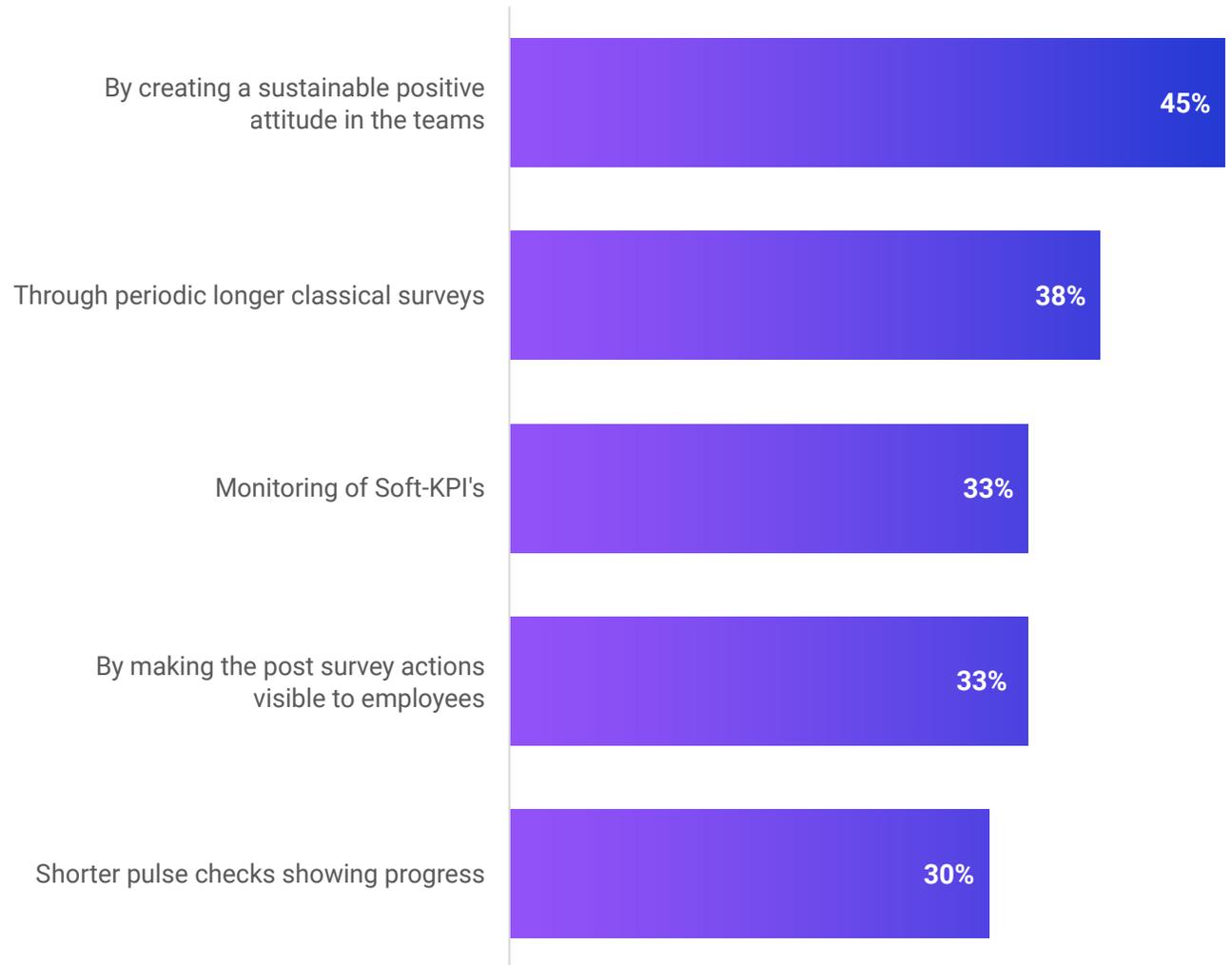
Exit interviews and talent portfolio prepartion… most effective organizational actions for the HR risk forecasts

Q9

How do you forecast the HR risk (about employees leaving the organization) in order to keep them in the company?

Conducting Exit-interviews	**56%**
By preparing a talent portfolio for each team in the company, structured in regard to their performance and potential	**24%**
By regularly monitoring the attractiveness of employees in the market, as well as his/her loyalty, strategic importance and substitutability	**23%**
We do not make such a forecast	**22%**
By analyzing data related to reflections about the specific knowledge and skills of the team members	**21%**
By analyzing data related to reflections made on the leadership ambitions of employees and their way of working in a team	**15%**
I have no information	**10%**

Few use HR analytics to gain predictive insights

Only 25% reported using analytics software to predict what will happen in the future. This means that when it comes to improving areas such as employee retention and workforce growth many businesses are still relying on intuition and guesswork

Q10

What is the focus of HR analytics in your business for the current year?

Category	Percentage
Operational (e.g. headcounts, leavers, starters)	56%
Strategic or financial planning for the workforce	49%
Predictive insights	25%
Ad-hoc reporting	24%
Use insights from the wider business to inform HR	24%
None of these	12%
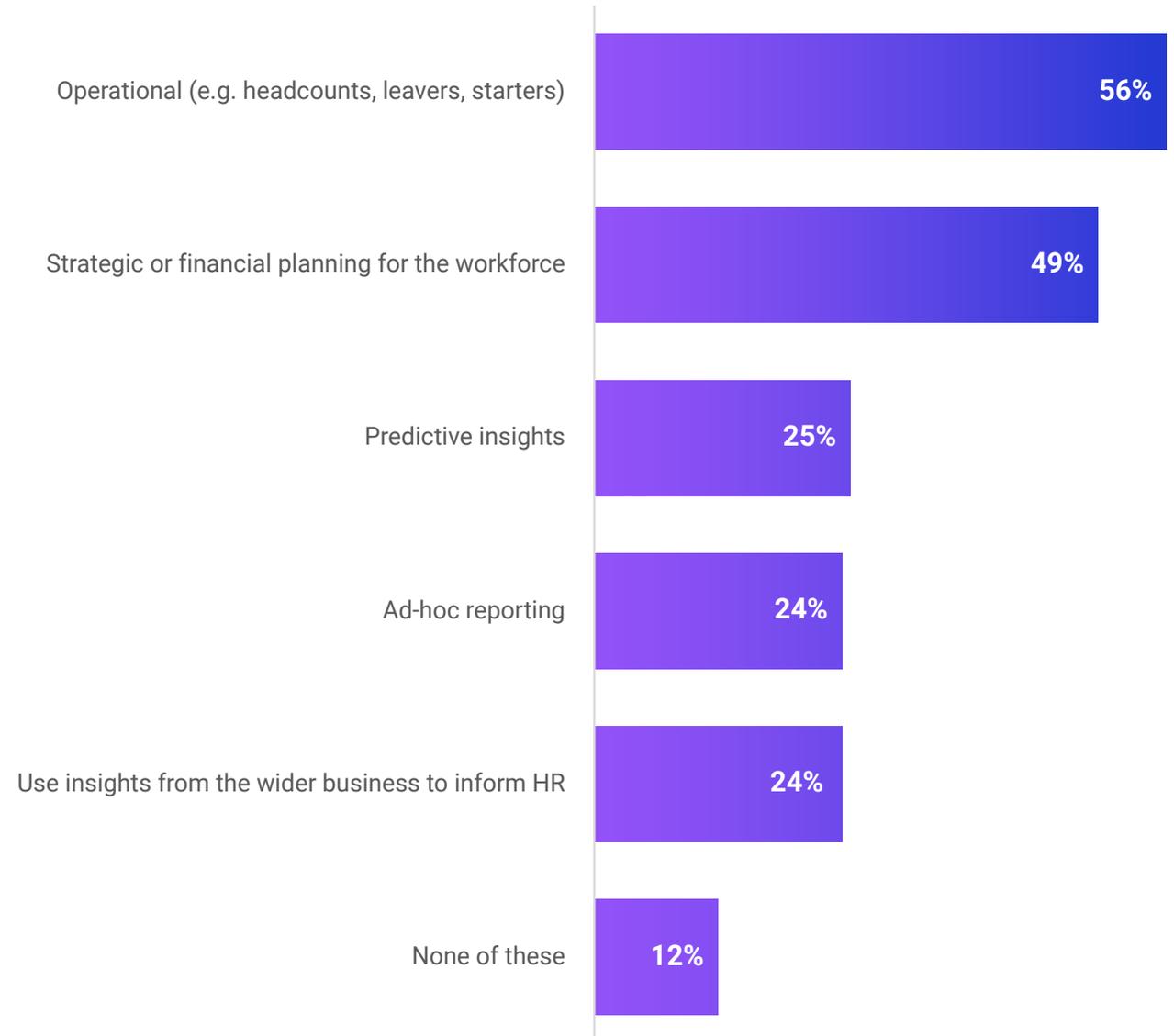
Highest barrier to organizations delivering HR analytics: not having the right knowledge or skills within HR

Q11

What are the biggest barriers to organization delivering HR analytics?

Barrier	%
Having the right knowledge /skills within HR	22%
Lack of financial resources	21%
No particular barriers	21%
No awareness for necessity in top management	20%
Don`t know	19%
Choosing the right technology analytics	18%
Improving business data quality	17%
Defining a company strategy	13%
GDPR concerns	10%
Increase user adoption of analytics systems	10%
Building a business case for the purchase of analytics technology	6%
Workers council resistance (if you have such)	5%
IT-department resistance	4%
Other	3%
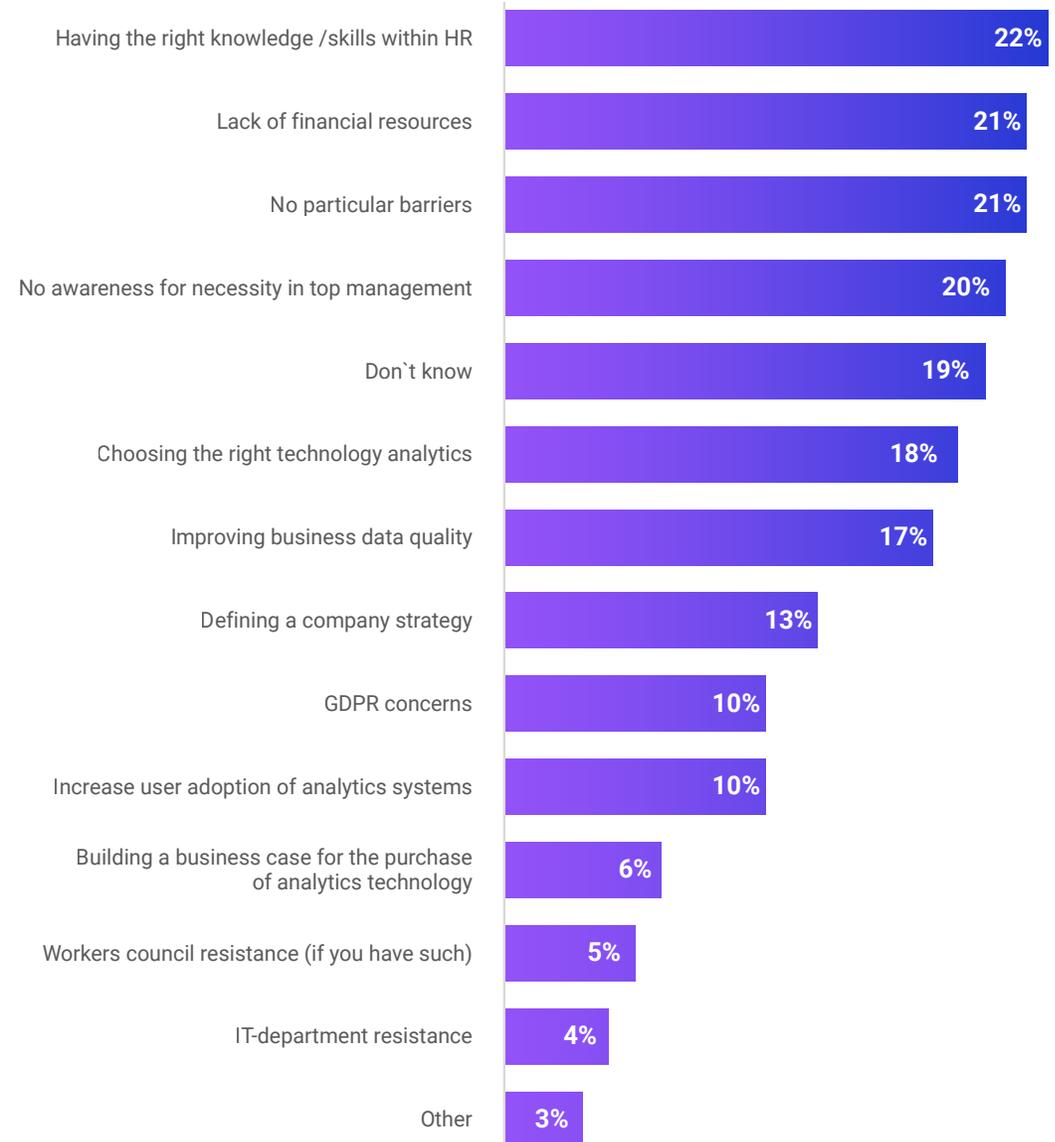
06 | Comparison

Issues facing organizations in 2022

The most serious problem for companies in Bulgaria and Romania is inflation and cost increases.

81% Romania

69% Bulgaria
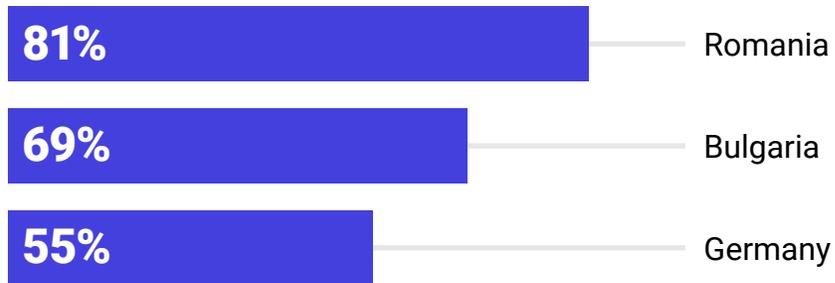
55% Germany

While in Germany, the problem of availability and skills of the workforce stands out first for slightly more than half of the respondents.

Availability of trained talents for key roles

emerged most prominently as a problem for organizations in Germany and in Bulgaria, while it was reported less for respondents in Romania.

47% Germany

33% Bulgaria
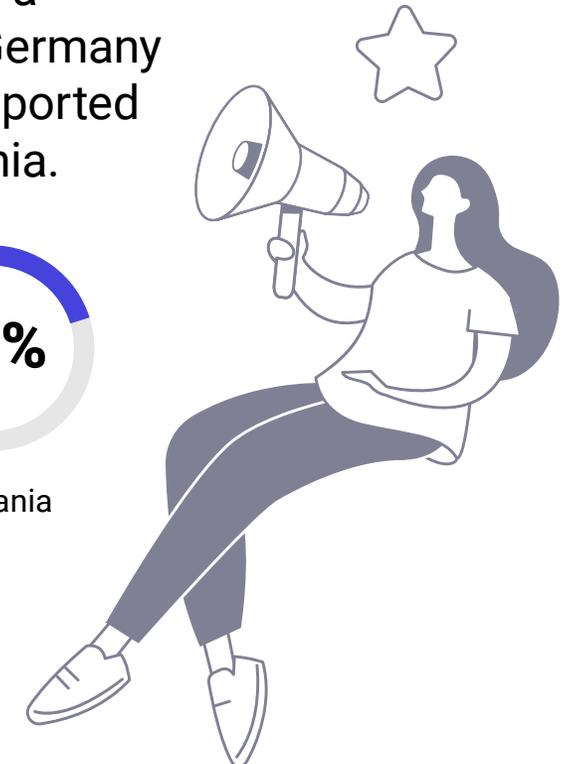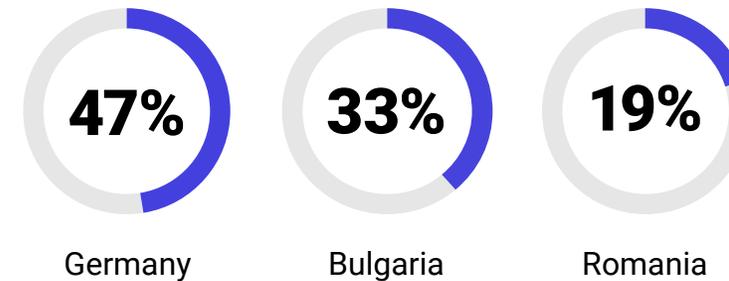
19% Romania

Challenges in hybrid management

43% MORE
companies in Germany

compared to those in Bulgaria and Romania believe that the biggest challenge organizations face when managing in a hybrid environment is the lack of hybrid leadership skills.

In comparison half of the respondents in Bulgaria and Romania reported the biggest challenge in hybrid management is the relationship with employees and the lack of metrics.

50%

Bulgaria / Romania

All respondents also cited the lack of the right mindset for hybrid leadership as a problem.
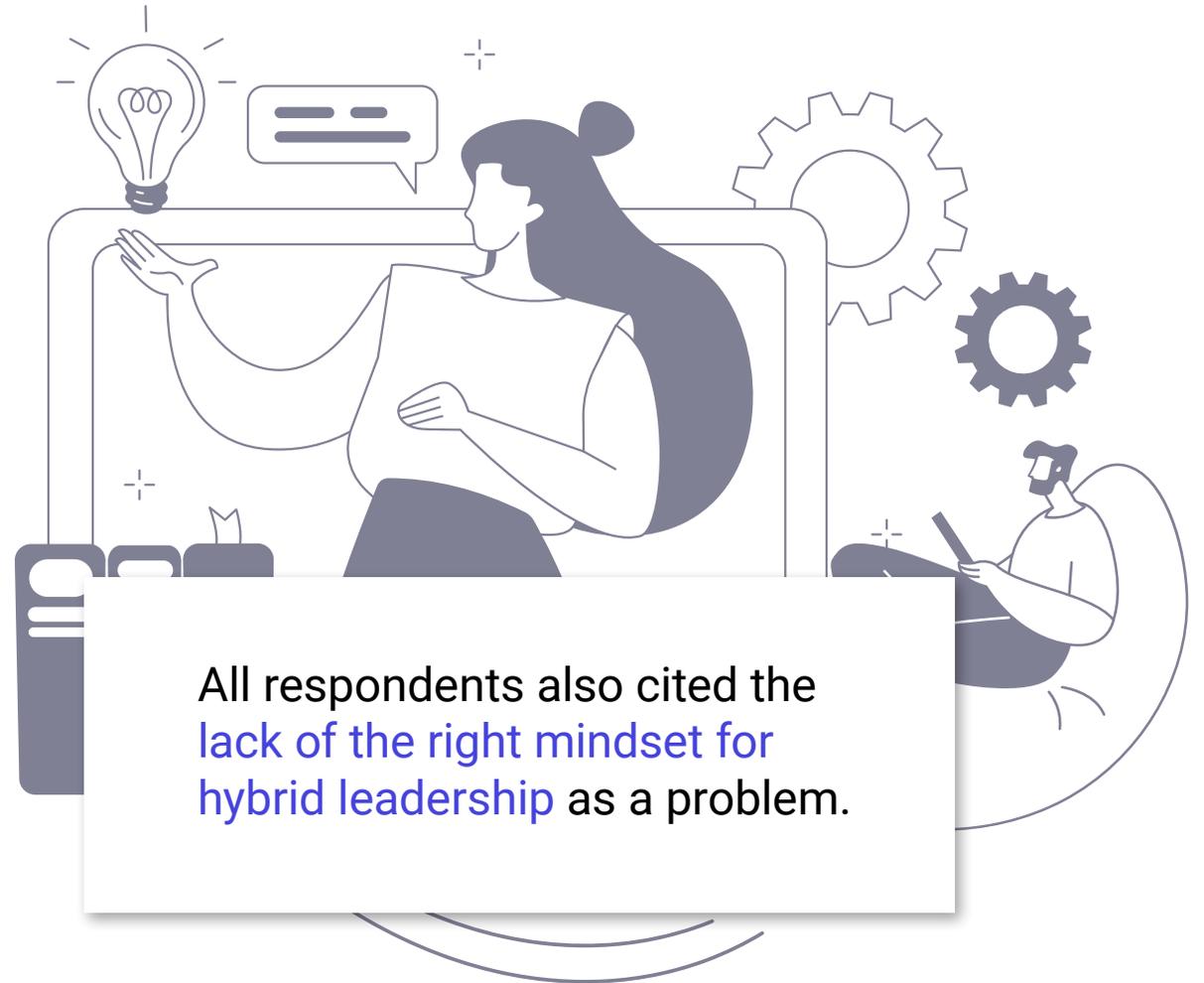
Retention and attraction of employees
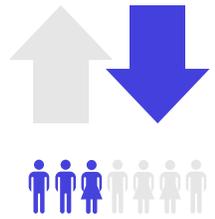
Germany

For 74% of German companies, **talent attraction has worsened** compared to the previous year, and two-thirds of respondents are **experiencing difficulties in their employee retention process.**
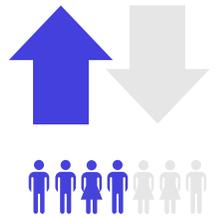
Bulgaria

In Bulgaria, nearly half of the companies surveyed reported a deterioration in employee attraction, but on the other hand, 58% of the **organizations believe there has been a year-over-year improvement in employee retention.**

The most optimistic trend is in Romania

Around 60% of the respondents believe that both employee attraction and retention have improved compared to the previous year.

1 year
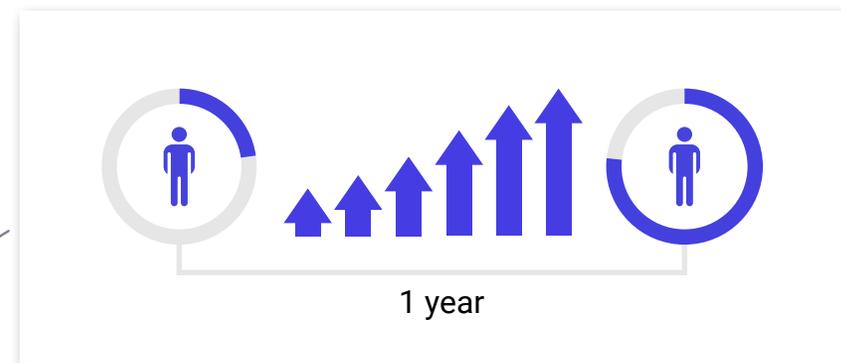
Employee retention challenges

Increased employee expectations of corporate culture are a major retention challenge for German organizations.

32% Germany

13% Bulgaria / Romania

In comparison, in Bulgaria and Romania, smaller percentage respondents believe this factor influences retention, showing that the topics of corporate culture, purpose and meaning of work are highly overexposed in our latitudes.

People's heightened expectations

of the purpose and meaning of work, as well as the company's green policies, are a talent retention challenge for fewer organizations in Bulgaria and Romania, compared to companies in Germany.
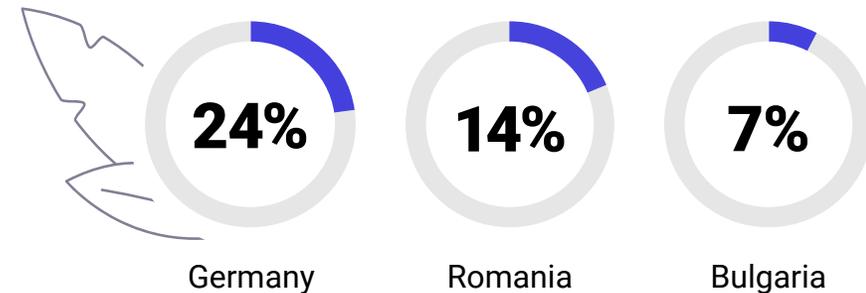
24% Germany

14% Romania

7% Bulgaria

Employee retention measures

14% MORE companies in Germany

consider the organization's purpose and mission as an adequate employee retention measure compared to organizations in Bulgaria and Romania.

Opportunities for more participation, involvement in projects, and listening to employees as a retention measure used by the companies.

32% > **17%** > **15%**

Germany   Romania   Bulgaria
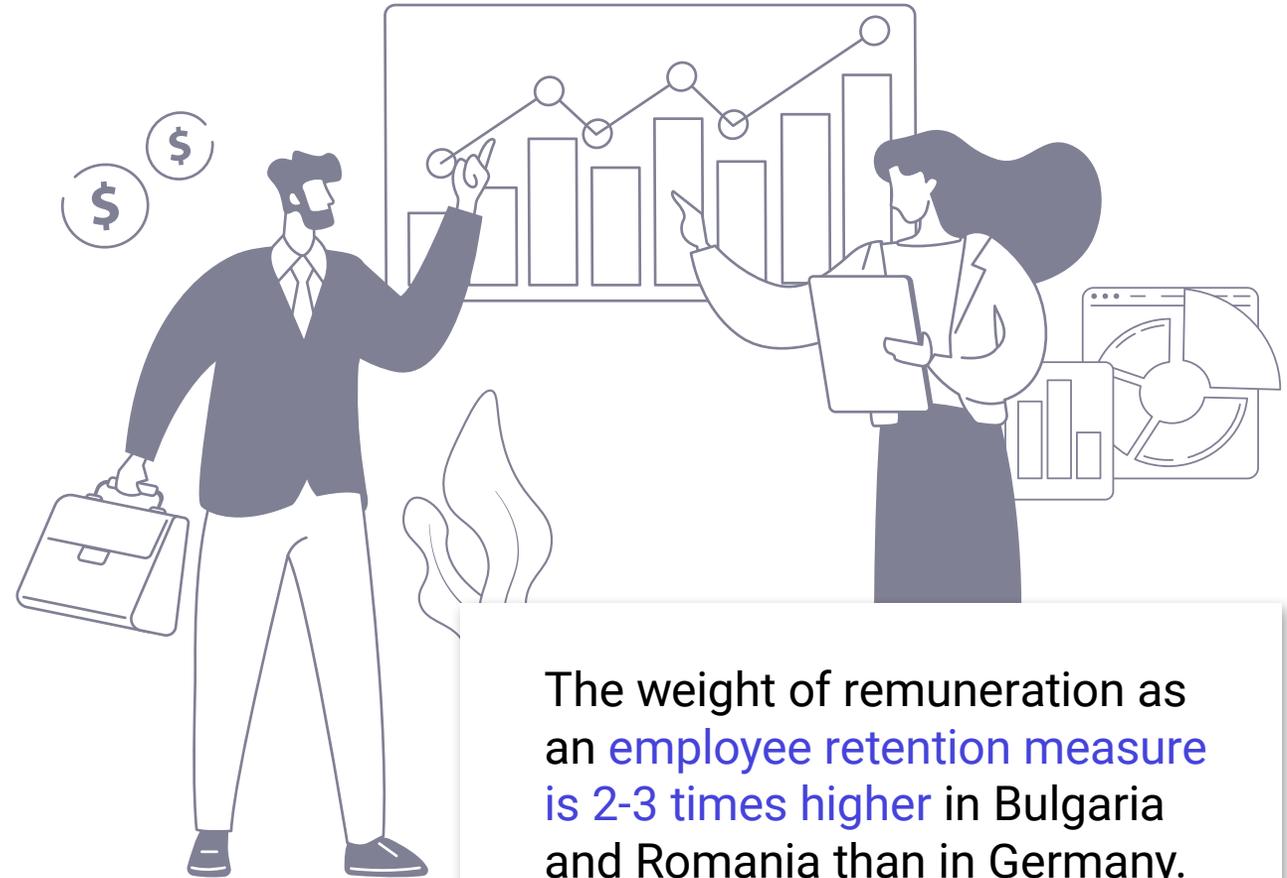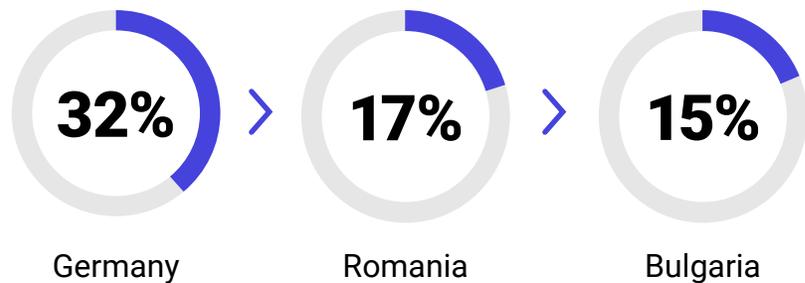
The weight of remuneration as an employee retention measure is 2-3 times higher in Bulgaria and Romania than in Germany.

100%

The unanimous view of companies across the three countries is that **flexible working commitments and additional paid leave are key factors** in achieving work-life balance and employee retention.

10% MORE

of the companies in Germany and Romania **use the possibility of reduced work commitments/hours as a measure** compared to Bulgaria.

Risk of leaving

Bulgaria
28%
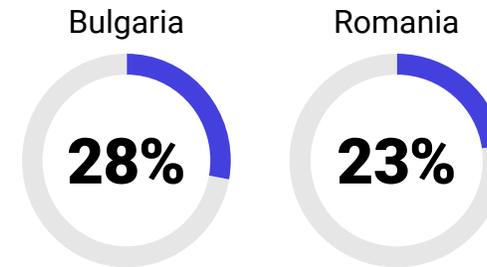
Romania
23%

Predicting the risk of leaving for respondents in Bulgaria and Romania happens by **regularly tracking the employee's attractiveness in the market**, as well as their loyalty, strategic importance, and replaceability.

In Germany, only 8% of companies use this way of predicting the risk of leaving in order to retain employees.
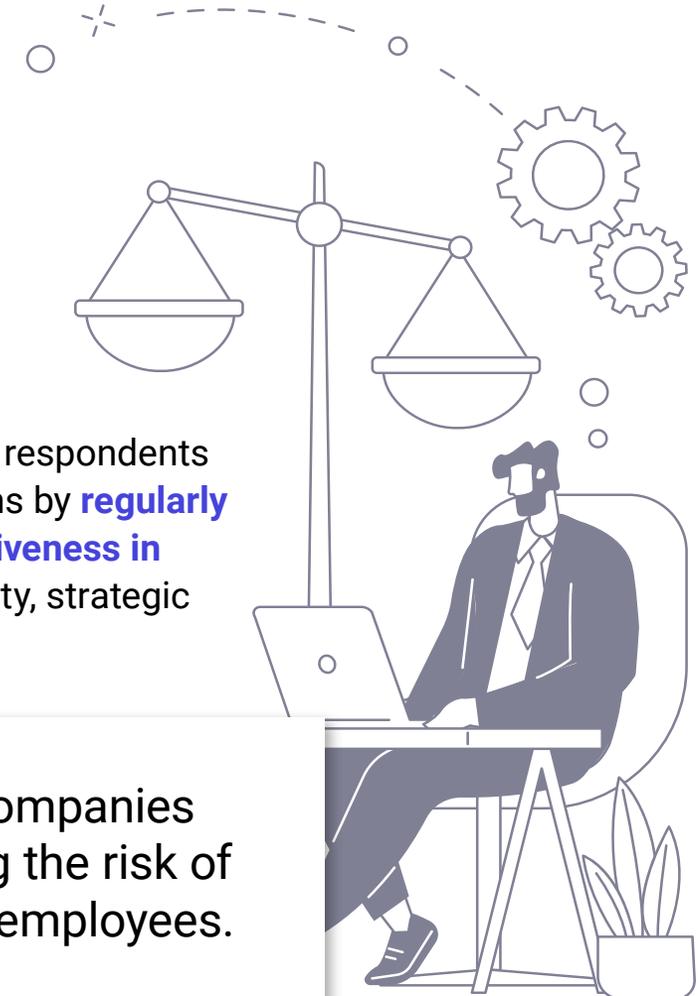
07 | Annex: The questionnaire

1. Which of the following factors present the greatest potential disruption to your business/organization in 2022? (Please select the top three factors)

- Inflation / cost pressures
- War in Ukraine
- Supply chain concerns
- Cyber risk
- Labor / skills availability
- Talent bench strength
- Leadership capability / bench strength
- Pandemic / epidemics
- Geopolitical instability
- Ideological polarization
- Unforeseen events (internal or external) that could devalue the brand
- None of the above

2. What are the biggest challenges that leaders in your organization are facing while managing in hybrid environment? (Select all that apply):

- Connection with employees / lack of sensors
- Lack of skills how to lead hybrid
- Lack of appropriate mindset to lead hybrid
- Lack of appropriate tools to lead hybrid
- Lack of data about wellbeing of employees
- Too much data existing from various digital solutions used in the company
- Lack of specific guidelines based on data about the attitudes and needs of employees
- Monitoring of specific key indicators at organization level and without focus on the team
- Others

3. To what extent are you currently making changes, if any, in the following areas? (No need to change; Recognize need to change; Developing strategy to change; Concrete plans to implement change; Change programme underway or completed;)

- Technology investments
- Organizational structure/ design
- Talent strategies

- Use and management of data and data analytics

4. Compared with last year, do you have difficulties in:

- Attracting employees – worse/less – better/more (slider 1-6)
- Retaining employees – worse/less – better/more (slider 1-6)

5. What are your main challenges in retaining employees? (Select top three)

- Increased demand for labor
- Limited supply of labor
- Greater wage expectations
- New working processes requirement
- Growing expectations towards corporate culture
- Growing expectations about purpose and "meaning of work" / green policies
- Lack of employee development options and processes
- Other

6. Given the highly competitive talent market and the new ways of working, what are your most appropriate measures to retain employees in your organization? (Select top three)

- Flexibility in work arrangements (where, when, and how employees work)
- Internal mobility
- Coaching / mentoring from leaders
- Holistic approach to workforce well-being (i.e., employees, physical, financial, mental / emotional, and relational health)
- Health care benefits
- Purpose / mission of the organization
- Organizational commitment to addressing environmental, social, and governance problems
- Commitment to diversity, inclusion, and belonging
- Technology that enables productive work from anywhere
- Compensation & benefits
- Ongoing development opportunities

- Career advancement opportunities
- Opportunity to work for / with dynamic leaders
- Increased participation, involvement and listening to employees
- Other

7. To aid employee work-life balance, has your organization recently improved or launched any of the following? (Select all that apply)

- Additional paid time off (above what was offered for similar positions pre-pandemic)
- Structured time off (i.e., giving everyone time off at the same time - "Summer Fridays", etc.)
- Flexible work arrangements (i.e., the ability to adjust days, hours, swap shifts, etc.)
- Paid sabbaticals
- Unpaid sabbaticals
- Four-day work week
- Reduced workload / hours
- Guidelines regarding when meetings should not be held (i.e., "meeting-free Fridays")
- Guidelines regarding email or other communication norms (e.g., weekends, after hours, etc.)
- Job sharing (e.g., two part-timers fulfilling a job typically done by one full-timer)

8. How do you measure the opinion of your employees, concerning ongoing change processes within the company? (Select all that apply)

- Through periodic longer classical surveys
- Shorter pulse checks showing progress
- By making the post survey actions visible to employees
- By creating a sustainable positive attitude in the teams
- Monitoring of Soft-KPI's

9. How do you forecast the HR risk (about employees leaving the organization) in order to keep them in the company? (Select all that apply)

- We do not make such a forecast

- Conducting Exit-interviews
- By preparing a talent portfolio for each team in the company, structured in regard to their performance and potential
- By analyzing data related to reflections about the specific knowledge and skills of the team members
- By analyzing data related to reflections made on the leadership ambitions of employees and their way of working in a team
- By regularly monitoring the attractiveness of employees in the market, as well as his/her loyalty, strategic importance and substitutability
- I have no information

**10. What is the focus of HR analytics in your business for the current year? (Select all that apply)**

- Operational (e.g. headcounts, leavers, starters)
- Ad-hoc reporting
- Use insights from the wider business to inform HR
- Predictive insights
- Strategic or financial planning for the workforce
- None of these

11. What are the biggest barriers to organization delivering HR analytics? (Select all that apply)

- Having the right knowledge / skills within HR
- Lack of financial resources
- No awareness for necessity in top management
- IT-department resistance
- GDPR concerns
- Workers council resistance (if you have such)
- Choosing the right technology analytics
- Improving business data quality
- Defining a company strategy
- Building a business case for the purchase of analytics technology
- Increase user adoption of analytics systems
- Don`t know
- No particular barriers
- Other

08 | About the survey

Healthcare **1%**
Transport **1%**
Chemical industry **1%**
Public sector **1%**
Law **1%**
Education, Arts, Culture **1%**
R&D **1%**
Media & PR **1%**
Energy industry, gas & renewable sources **1%**
Tourism **1%**
Metallurgy, metal trading **2%**
Pharmacy **2%**
Electronics **2%**
Automatization and Engineering **2%**
Logistic and spedition **2%**
Telecommunications **2%**
Mechanical engineering, machine building **3%**
Construction / Infrastructure **3%**
Automotive industry **4%**
Outsourcing **4%**
Food industry **5%**
Wholesale and retail **6%**
Banking, insurance, financial services **6%**
Consulting **6%**
Production **7%**
None of the above areas/other industry **8%**
IT and software **15%**

More than **250** **companies** from 27 industries **contributed**

Medium sized companies **contributed most** to this survey

201 - 500
23%

1,001 - 5,000
19%

501 - 1,000
19%

Less than 200
12%

5,001 - 10,000
10%

50,001 - 100,000
7%

10,001 - 50,000
6%

Over 100,000
4%

COO/ Operations Manager
3%

Employee (outside HR)
8%

Human Resources
Manager (General)
34%

Manager
(outside HR)
14%

Other
20%

CEO/ Managing Partner
21%
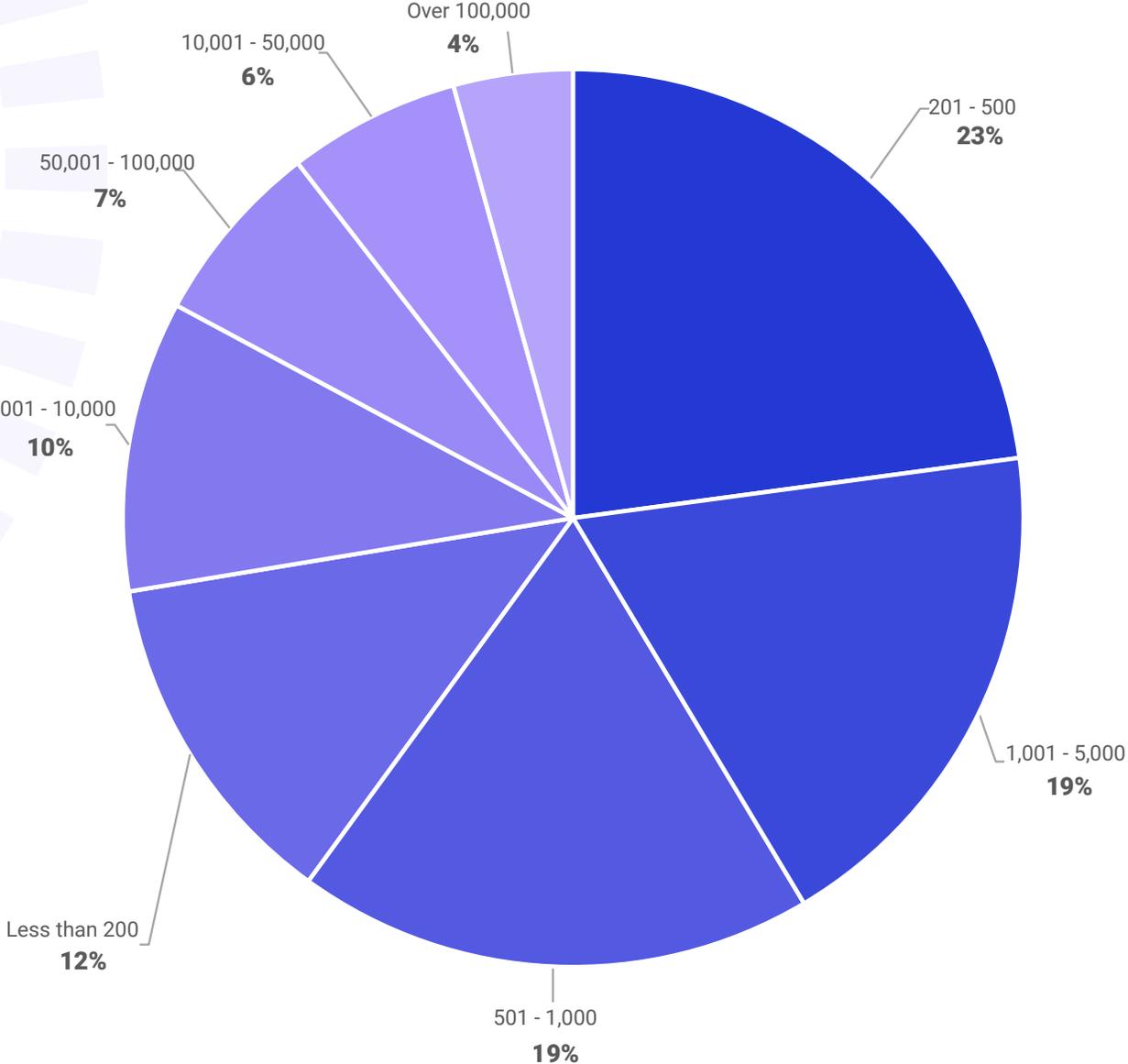
More than 50%
of respondents
are HR Managers
and Managing
Partners
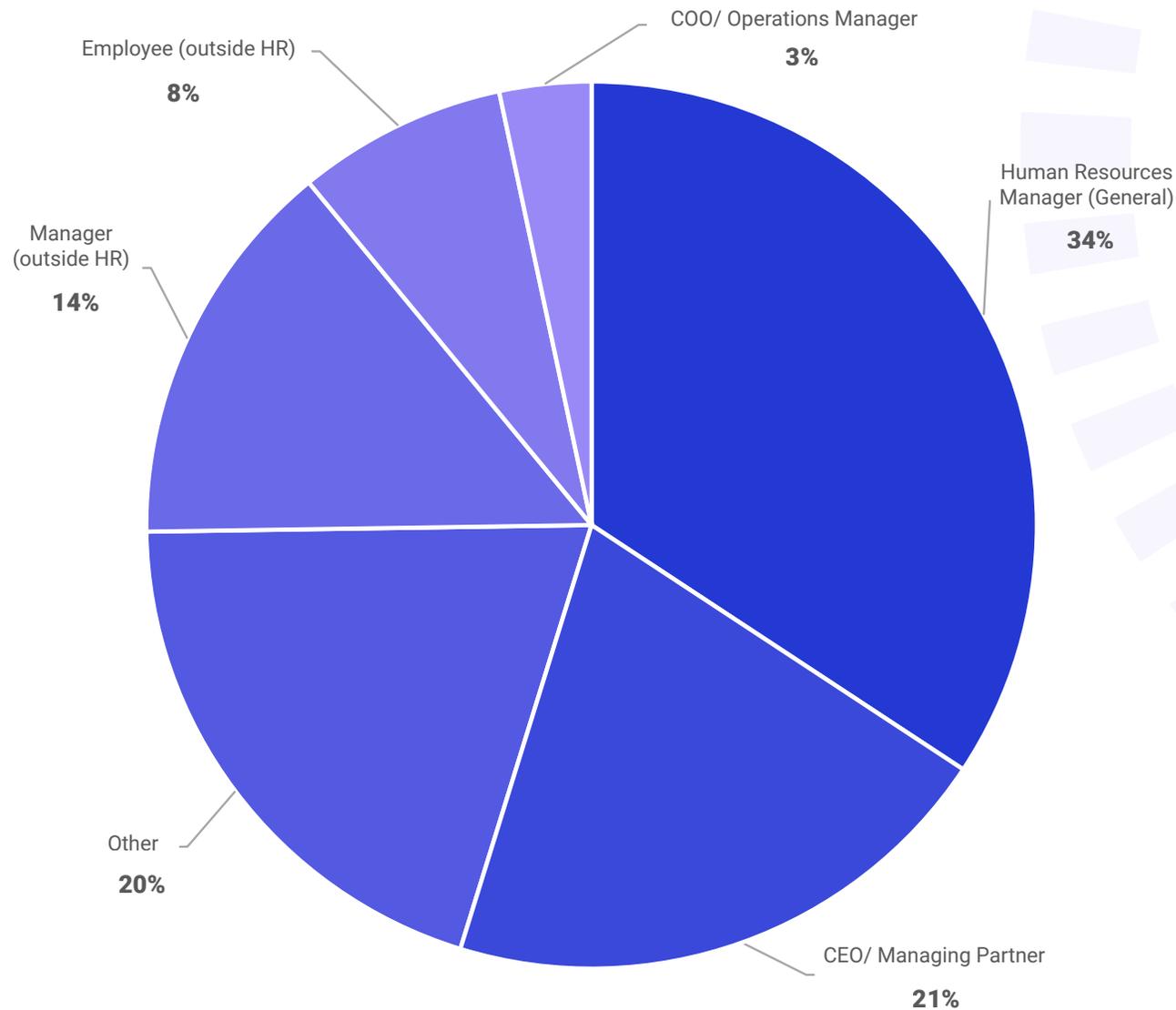
Who we are

LS-S Leadership Support is a part of a German consortium with over 30 years of international experience in the innovative development of leaders, teams, and organizations. We believe that every business's potential equals the potential of its leaders. Our vision is to create a new generation of work environment that enables leaders to perform better, upskill and unlock their and their teams' capacity.

Our mission is to optimize and support the work of leaders and HR professionals via pragmatic digital solutions, providing valuable insights that help business leaders improve their competencies, people management, and leadership skills and get better organizational results.

Expertise supported by over 30 years of professional experience

LS-S provides consulting services, trainings and digital solutions for all key HR fields

REMOTE LEADERSHIP	**BUSINESS AGILITY**	**EMPLOYEE EXPERIENCE**	**EMPLOYEE BRANDING**	**BUILDING TRUST**	**FEEDBACK CULTURE**
MOTIVATION AND ENGAGEMENT	**TRAINING AND DEVELOPMENT**	**ORGANIZATIONAL CULTURE AND VALUES**	**COMPETENCY ASSESSMENT**	**DEVELOPMENT AND RETENTION**	**TEAM DEVELOPMENT**
LEADERSHIP DEVELOPMENT	**GENERATION CLASH**	**SUCCESSION PLANNING**	**CHANGE MANAGEMENT**	**TALENT MANAGEMENT**	**BUSINESS SIMULATION**

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