

# Leading the social enterprise: Reinvent with a human focus

2019 Deloitte Albania Human Capital Trends

Deloitte's Human Capital professionals leverage research, analytics, and industry insights to help design and execute the HR, talent, leadership, organization, and change programs that enable business performance through people performance. Visit the Human Capital area of **Deloitte.com** to learn more.

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# Introduction

## A message from the Albania Human Capital Leader

Welcome to the 2019 edition of Global Human Capital Trends, in which we ask business leaders and HR professionals to give their opinion on the importance of, and their readiness and capabilities to deal with a list of potential and emerging trends identified by global Deloitte Human Capital group.

During the last years, the labor market has entered a dynamic area of continuous changes affecting the workforce and the organizations. The aim of this report is clear – it fuels organizations with information regarding the main issues affecting their business and the market, so they can join efforts to improve these issues and if possible be one-step ahead of competitors to accelerate their business growth.

For the first time this year, Albania is part of the global survey, together with 54 countries worldwide. We are confident that this will serve as a starting point to generate data, track changes happening in our market over time, and provide business with potential areas for intervention.

In our report, you will find an explanation of the main trends identified in this year's survey, where the top three trends are Learning & Development, Improving Employee Experience, Upskilling and Updating Leaders' Capabilities.

Learning & Development is classified as both the most important and most urgent trend affecting the Albanian businesses environment. This trend aims to improve group and individual performance by increasing and honing skills and knowledge, therefore directly affecting how tasks and duties are executed. Improving Employee Experience, will translate into higher employee engagement, higher retention rate, reduction of recruitment costs, preservation of business know how and expertise and as a consequence, higher human capital productivity. Upskilling and Updating Leaders' capabilities ensures adequate preparation for leaders to face with new changes in technology, to design work as well as to better manage employee expectations.

Moreover, at the end of the report, you will find some key suggestions, based on our experience when advising our clients, how and what business leaders can do to address the main trend identified in the report.

I hope that you find the Global Human Capital Albania report a helpful tool in designing your business strategy with regard to building and empowering HR function within an organization towards a business partner role. I would also encourage you to read our Global report, where you can analyze, from a global perspective, future of the workforce, future of the organizations and future of HR.



**Roden Pajaj**  
Consulting Human Capital Services  
Human Resources Director  
Deloitte Albania & Kosovo

# Introduction

## About Human Capital Trends

Deloitte has been conducting global research and regional analysis into human capital trends since 2012 — a body of work that represents some of the longest-running and most comprehensive studies of HR, talent, organization framework and related technology topics ever conducted. The survey takes place once a year in different countries around the world. It provides a list of potential and emerging trends identified by the global Deloitte Human Capital group, and asks participants about the importance of each of these trends to their organization, readiness to deal with these trends, and capabilities and plans to address priority areas. By participating in this survey and also reading and analyzing the trends, organizations are fueled with a vast majority of information regarding the main issues affecting their business and the market. This information helps them to join efforts to improve these issues and if possible be one-step ahead of competitors to accelerate their business growth. This year, Albania has been included in the map of participating countries for the first time, indicating the importance of human capital issues the Albanian businesses are facing along with the trends toward the local market consolidation.

### About 2019 Human Capital Report

In 2018 the Global Human Capital Trends Report spotted out the rapid rise of the social enterprises. “A social enterprise is an organization whose mission combines revenue growth and profit making with the need to respect and support its environment and stakeholder network”.<sup>1</sup>

This includes listening to, investing in, and actively managing the trends that are shaping today’s world. This shift reflects the growing importance of social capital in shaping an organization’s purpose, guiding its relationships with stakeholders, and influencing its ultimate success or failure.

The 2019 Deloitte Global Human Capital Trends report indicates that the pressures that have driven the rise of the social enterprises have become even more acute. These trends are forcing organizations to move beyond their mission statements. They need to learn how to lead the social enterprise and reinvent themselves around a human focus.

Depending on the organization’s readiness and need to change, reinvention can happen in one of three ways. Organizations can refresh - update and improve the way things are happening now within the organization; they can *rewire* - create new connections that change the strategic direction; or *recode* - start over and design from scratch. Either way, there are two aspects of the reinvention that remain constant: (1) it must involve technology in some way, because there is no path to reinvention without it, and (2) it must be bold enough to meet the challenges that the social enterprise presents.

Based on the global results, it appears that superjobs, talent mobility and learning are in urgent need of recoding to mitigate the pressure posed by Revolution 4.0<sup>2</sup>. We invite you to explore in detail the top trends that have emerged in Albania with regard to Human Capital, and the readiness and capabilities to deal with these trends.

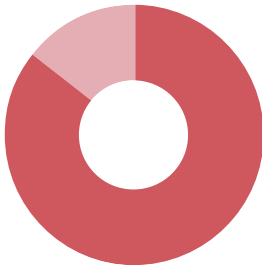
FIGURE 1  
**Three domains for reinvention, three approaches to change**

	 Refresh	 Rewire	 Recode
Future of the workforce	<ul style="list-style-type: none"> <li>• Leadership</li> </ul>	<ul style="list-style-type: none"> <li>• Alternative workforce</li> </ul>	<ul style="list-style-type: none"> <li>• Superjobs</li> </ul>
Future of the organization	<ul style="list-style-type: none"> <li>• Human experience</li> <li>• Rewards</li> <li>• Teams</li> </ul>		
Future of HR		<ul style="list-style-type: none"> <li>• Talent access</li> <li>• HR cloud</li> </ul>	<ul style="list-style-type: none"> <li>• Talent mobility</li> <li>• Learning</li> </ul>

Source: Deloitte Global Human Capital Trends Survey, 2019.

# Albania at a Glance

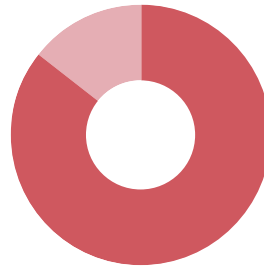
## Future of the Workforce



**85.71%**

**Figure 2: Reasons for new requirements for 21<sup>st</sup> century leaders**

Around 85.71 percent of the respondents claim that, nowadays the most important source of new requirements for leaders is the need for implementing and utilizing new technology.



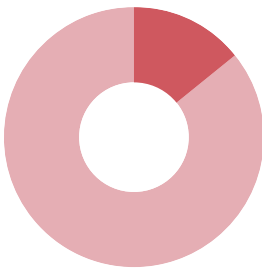
**85.71%**

**Figure 3: New requirements for 21<sup>st</sup> century leaders**

The most important requirement for Leaders of the 21<sup>st</sup> century is the ability to manage humans & machines (85.71 percent), the ability to lead in complex and ambiguous situations (85.71 percent) and the ability to manage remotely (71.43 percent).



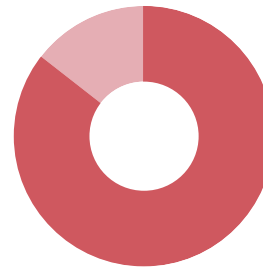
## Future of the Organization



**14.30%**

**Figure 4: Reasons for new requirements for 21<sup>st</sup> century leaders**

Albanian organizations are following the trend towards a team-based structure, where only 14.30 percent of respondents reported they have a pure hierarchical structure. The majority claim that their organizational structure is either "Mostly hierarchical and some team based" or "Mostly team-based, in a hierarchical framework" (respectively 35.70 percent).

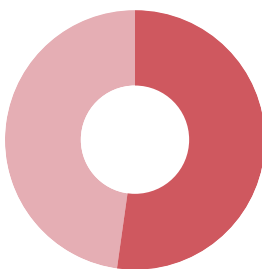


**85.71%**

**Figure 5: Effectiveness of organizations in engaging employees**

Albanian organizations claim they are providing employees with meaningful work (85.71 percent) and have managed to create a culture of trust in leadership (71.43 percent effective) and to provide a supportive management (14.29 percent very effective and 57.14 percent effective).

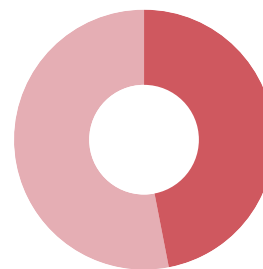
## Future of HR



**52.38%**

**Figure 6: Organization's plans for future investments in HR**

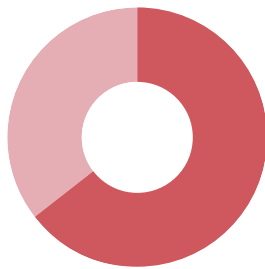
Most of the respondents are planning to increase their level of investments in HR by 1-5 percent in the next 12-18 months, while 19.05 percent plan no increase in investments in HR, and only 14.29 percent are ready to significantly increase investments in their HR function by more than 5 percent.



**47.06%**

**Figure 7: Ability of the learning function to identify and meet the workforce needs**

The Albanian organizations do not consider the Learning and Development function as a responsibility of a dedicated unit in their structure. The majority of our respondents report that "Learning & Development" is a shared responsibility in their organization.



**64.71%**

**Figure 8: Ability of the learning function to identify and meet workforce needs**

Nevertheless, the ability of the learning function to identify and meet evolving workforce needs is considered "Good" by the vast majority of the respondents.

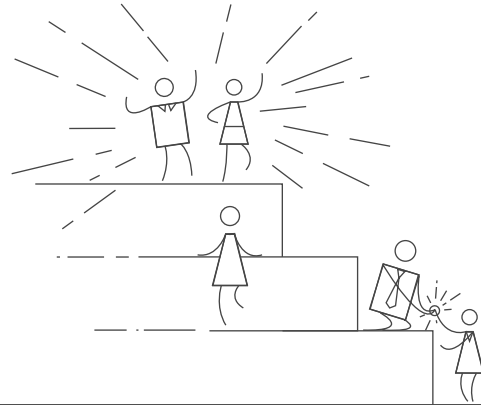


FIGURE 9

**Current level of internal talent mobility in your organization**

■ Highly mobile ■ Mobile ■ Somewhat mobile ■ Not mobile

**Within functions/divisions**



**Across functions/divisions**



**Across projects/assignments**



**Within country**



**Across countries**



Talent Mobility in Albanian organizations is not yet a strong trend. For all categories, the Talent Mobility on average is reported at the "Somewhat mobile" level. In most organizations, talent is more mobile within functions and divisions, and within and across countries. Only 33.33 percent of respondents claim that their talent is highly mobile across projects and assignments, which goes in line with the team-based trend of their organizational structure.

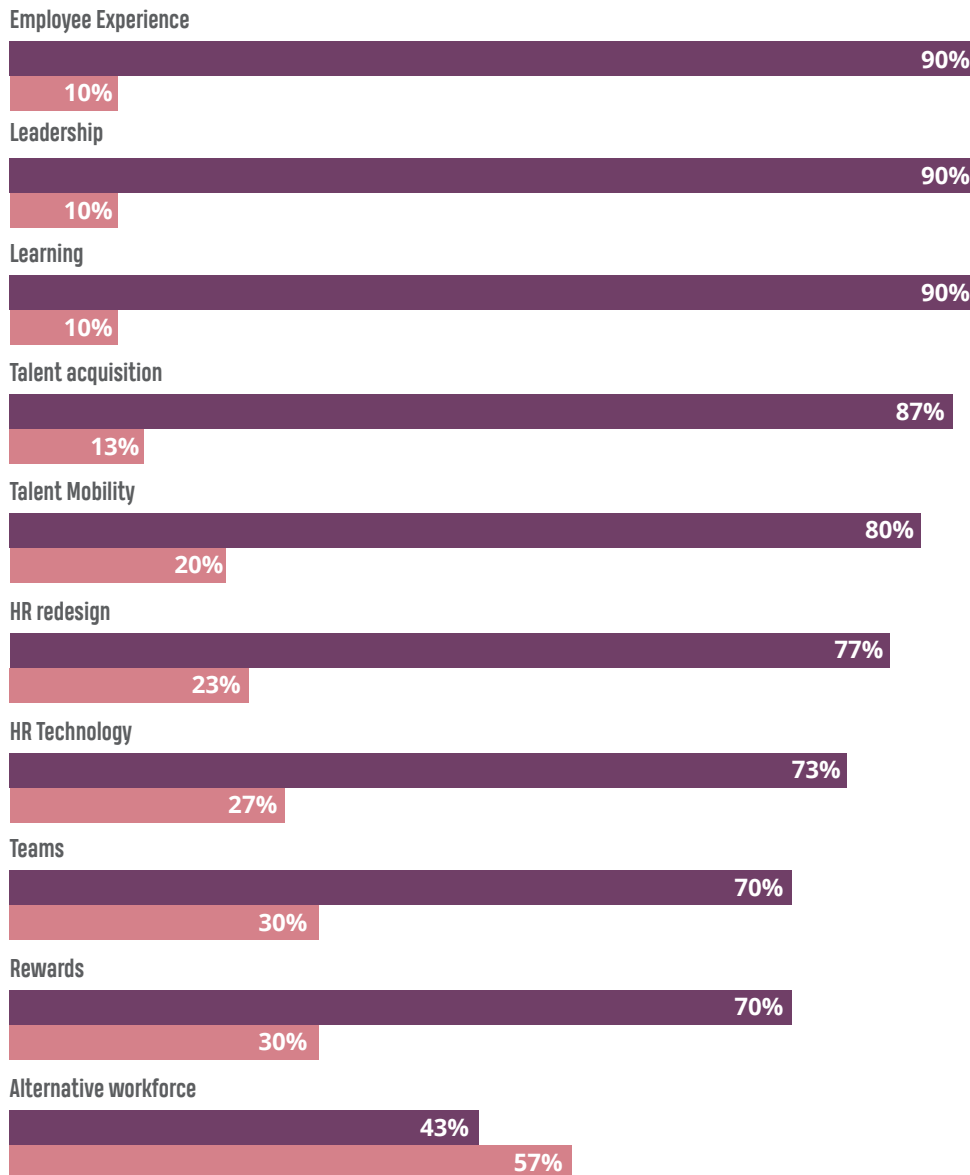
# Top trends in Albania

## Top 10 Trends' importance in Albania

FIGURE 10

### Importance Overall

■ Very important/imoprtant ■ Somewhat important/ Not important



Source: Deloitte Global Human Capital Trends Survey, 2019.

Not surprisingly, employee experience emerges as the top human capital trend in Albania, considering our empirical knowledge on the approach to people management and increasing demand for Human Capital Services by Albanian businesses. Leadership and Learning appear as second and third trends by importance. Ninety percent of the respondents consider employee experience as a "very important" aspect. They put efforts into providing a sound experience through meaningful work, building trust in leadership and supportive management. However, based on their responses, an area requiring more efforts is creating a positive work environment.



## Human Capital Trends fall into three main categories<sup>3</sup>

### FUTURE OF THE WORKFORCE



**Alternative Workforce** includes work performed by outsourced teams, contractors, freelancers, gig workers, and the crowd (outsourced networks). This new way of performing jobs is increasing rapidly and organization should be prepared to adapt with these changes of work arrangements in the labor market.



**From Jobs to Super-Jobs** emphasizes a constant need for re-designing and changing jobs in order to adapt with the new cognitive technologies, the use of artificial intelligence (AI) and robotics. Organizations are becoming aware that every job will change and the use of technology will recode employee's skills.



**Leadership Development** focuses on leaders' ability to develop new skills and capabilities to manage change and ambiguity. This trend is a very important one and plays a significant role in the development of organizations.

### FUTURE OF THE ORGANIZATION



**Employee Experience** stands for the sum total of all the touchpoints an employee has with his or her employer, from the time of being a candidate (active or passive) to becoming an alumnus or alumna. Improving employee experience has a direct impact on improving staff retention rate, as well as in human capital productivity.



**Teams**, as a way of managing work, help in maximizing the overall business efficiency. This is why organizations are going through an organizational transformation, shifting from hierarchy based to team based structures.

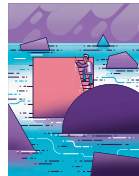


**Rewards** are employees' motivational tools, necessary to ensure high employee retention rate especially nowadays in the era of war for talents.

### FUTURE OF HR



**Talent Acquisition** encompasses the entire process of hiring, from sourcing of candidates through screening and skills assessments, to interview management and ultimately extending of job offer. For recruiters, it is needed to refresh the way such a task is performed focusing on rewiring talent access<sup>3</sup>.



**Learning & Development** aims to improve group and individual performance by increasing and honing skills and knowledge. function is a shared responsibility rather than a sole function under the HR function.



**Talent Mobility** enables organizations to understand how to advance growth, productivity and success, while improving employee tenure, experience and engagement.



**HR Cloud** relates to cloud computing as new platforms making HR systems more engaging, personalized and data-driven.

# Comparing trends

## Albania & other countries

When comparing Albania with other countries on the importance of Human Capital Trends, we have identified some differences. We compared our results with those of selected countries based on a geography criterion as well as level of migration, historical bonds, cultural and trade exchange between Albania and these countries. The selected countries are Italy, Greece, Hungary, Romania and the Czech Republic.

As presented in Figure 11, for most of the countries “Learning and Development” appears to be the key trend, followed by Leadership. The difference in trends becomes evident in the third trend.

Most of these countries, consider “Talent Mobility” as a very important trend. In Albania, instead, it is ranked as the fifth most important trend following “Talent Acquisition”.

These results mirror the emerging challenge the Albanian businesses are articulating for immediate actions which are related to “brain drain” and rising immigration rates in the last decade and the population aging trend<sup>4</sup>.

FIGURE 11

### Human capital trends benchmarking

	Albania	Greece	Italy	Hungary	Romania	Czechia	Poland	Global
<b>No. of Respondents</b>	<b>30</b>	<b>53</b>	<b>107</b>	<b>40</b>	<b>49</b>	<b>106</b>	<b>300</b>	<b>9453</b>
<b>Learning &amp; Development</b>	90%	79%	88%	90%	90%	83%	82%	86%
<b>From Jobs to Super Jobs/HR Redesign</b>	77%	64%	58%	55%	65%	53%	65%	66%
<b>Alternative Workforce</b>	43%	30%	25%	43%	39%	33%	28%	41%
<b>Leadership</b>	90%	75%	85%	85%	84%	82%	78%	80%
<b>Business Performance/Teams</b>	70%	57%	58%	53%	67%	60%	58%	65%
<b>Employee Experience</b>	90%	75%	75%	75%	78%	86%	82%	84%
<b>Talent Acquisition</b>	87%	58%	73%	70%	71%	69%	72%	70%
<b>Talent Mobility</b>	80%	66%	83%	78%	78%	77%	77%	76%
<b>Rewards</b>	70%	55%	67%	68%	63%	57%	76%	69%
<b>HR Cloud</b>	73%	75%	76%	68%	73%	61%	76%	74%

Source: Deloitte Global Human Capital Trends Survey, 2019.

Italy & Greece has been in long terms of trade exchange with and the massive migration in these countries in 1990. As per 2017 INPS<sup>5</sup> Data the number of Albanians, working in Italy and Greece estimated at around 300,000 and 206,000 individuals respectively (around 10.4 and 7.2 percent of the total Albanian population). Meanwhile, as per 2016 data, the number of Italians<sup>6</sup> and Greeks<sup>7</sup> working in Albania estimated at 765 and 166 individuals respectively.

Furthermore, the exports with Italy and Greece estimated at 149,101 mln ALL and 13,115 mln ALL (around 48 and 4.2 percent of total exports) while the imports estimated at 175,279 mln ALL and 52,101 mln ALL (27.3 and 8.1 percent of the total imports)<sup>8</sup>. In addition, Romania, Hungary and Czech Republic are chosen in terms of the geographical position, since they are part of the Eastern and South-Eastern Europe. They are also part of Deloitte Central Europe cluster in which Albania is also affiliated.

# Spotlight

## Albania's top trends

Nowadays in Albania, as in other countries, regardless of the level of sophistication and integration with global markets, freelancers, gig workers (paid for tasks), contactors, remote workers and entrepreneurs are becoming a reality. Market shortages in skilled employees and new requirements for capabilities, high turnover rates and the emerging of the Millennials generation as one of the most important active workforce segments, pose new challenges for the existing leadership mindset and work organization for Albanian businesses.

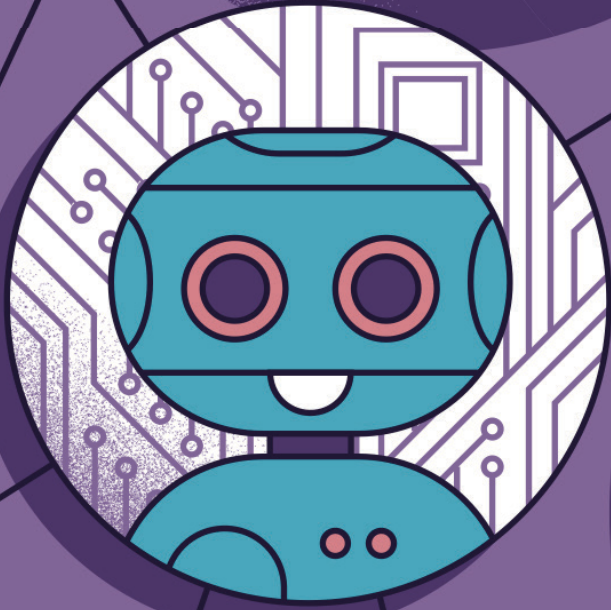
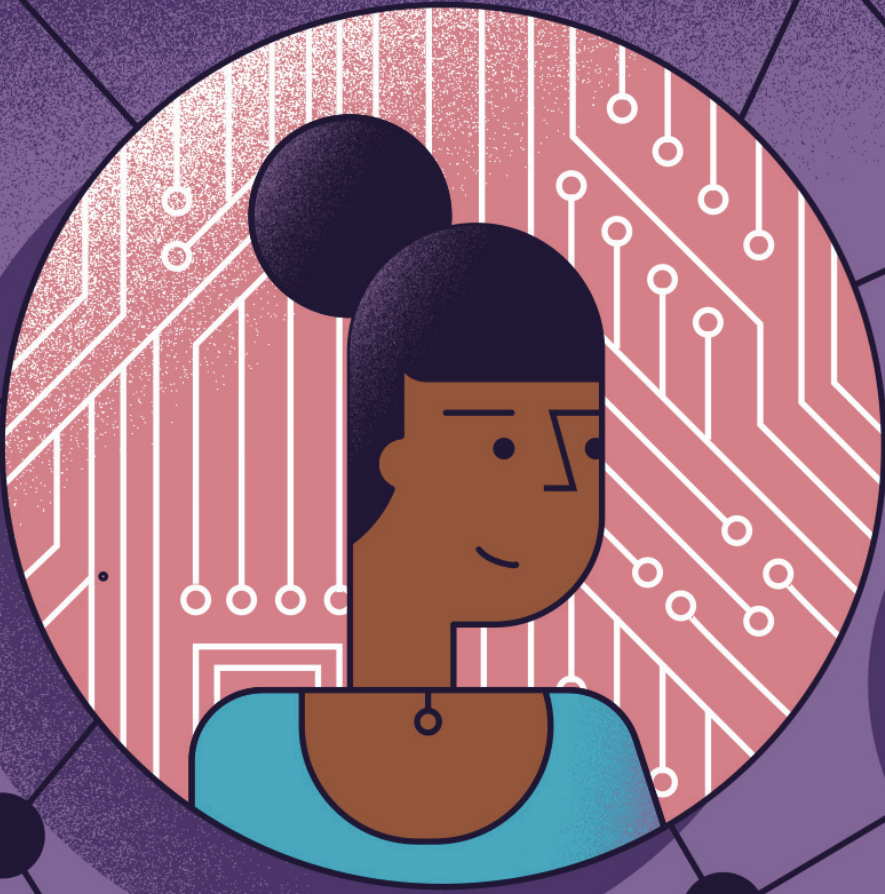
**Future of the Workforce** focuses in challenges that organizations face regarding the continuous changes in workforce requirement and job design.

**Future of the Organization** focuses in the need that organizations have to enter a re-designing phase in terms of organizational structure in order to improve their market position and also to increase their employee engagement.

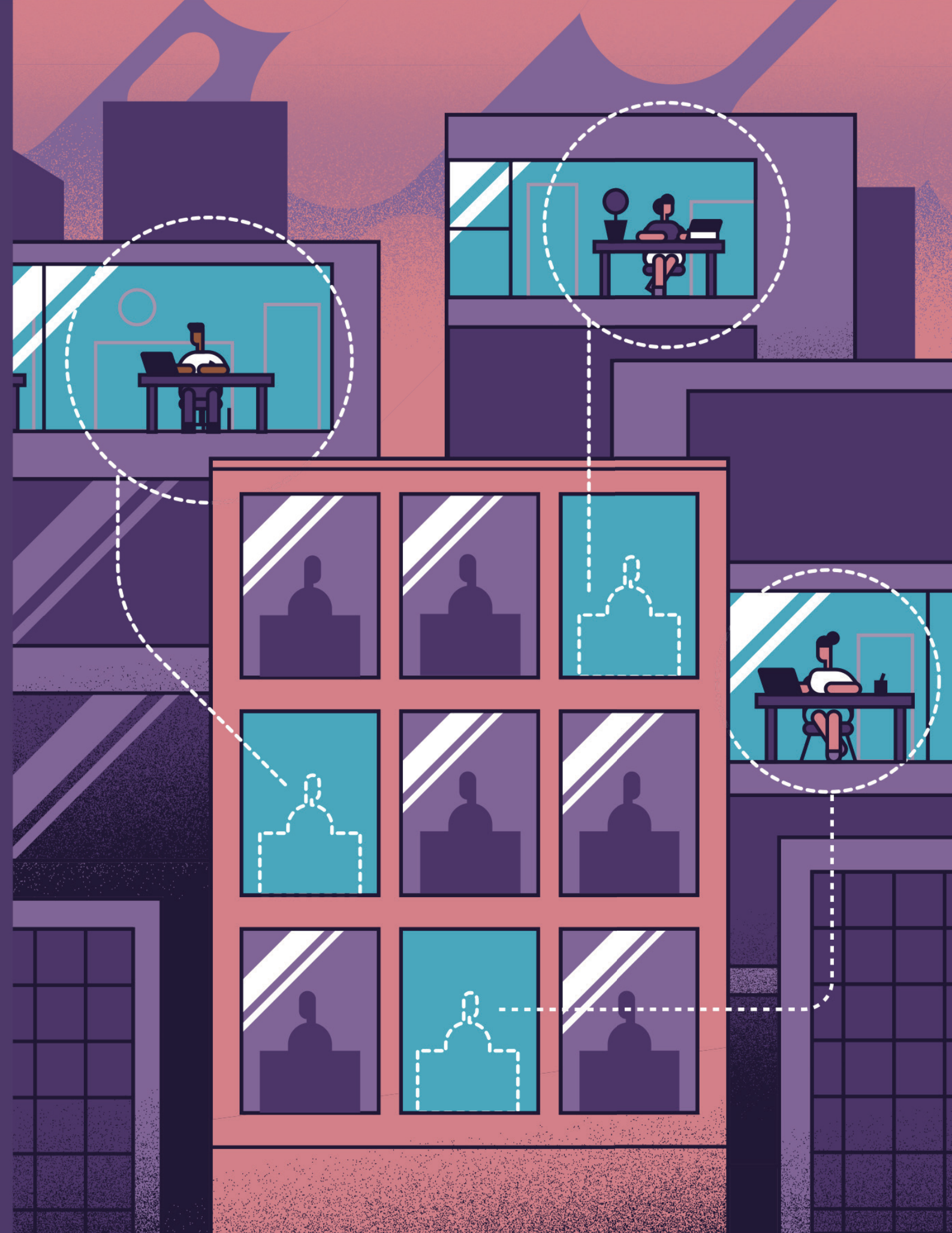
**Future of HR** focuses in the importance that the HR function should have in an organization. This topic is explained in terms of capital investments in the HR function. Moreover, it focuses in the new challenges that the organizations are facing related to talent such as: Acquisition, Mobility and Learning & Development.







# **| Future of workforce**



# Future of the Workforce

## Albania's top trends

In our understanding, work is a place where employees use their physical, mental and emotional capabilities to execute the given tasks based on different work relationship arrangements, from traditional types to most innovative ones. According to IFTF, it is believed that 85 percent of the jobs that will exist in 2030 have not been invented yet.<sup>9</sup> Technology and robotics are also a driving force in changing the nature of work. Employees now have the opportunity to work anytime, anywhere and also they can choose on the type of labor contracts - full time employees, part-time employees or seasonal workers. The flexibility in work arrangements is giving employees the lead in the labor market, meaning that now they have a stronger voice in their career development.

The shift in work arrangement types is becoming a trend in Albania too. Organizations are employing new segments of workforces driven by emerging needs for new capabilities, cost effectiveness and new generation's approach and aspirations to work<sup>10</sup>. New types of arrangements and job profiles are emerging, which could not have been perceived in the past, the so-called "alternative work". Nowadays in Albania, as in other countries, regardless of the level of sophistication and integration with global markets: freelancers, gig workers (paid for tasks), contactors, remote workers and entrepreneurs are becoming a reality. Market shortages in skilled employees and new requirements for capabilities, high turnover rates and the emerging of the Millennials generation as one of the most important active workforce segments, pose new challenges for the existing leadership mindset and work organization for Albanian businesses.

### From Jobs to Super-Jobs

The Albanian market is developing and changing fast and so are customer behaviors, especially those of Millennials.

Albanian businesses are facing an increasing level of competition in terms of talents, customers and innovation. To maintain competitiveness, it becomes imperative to offer customers products and services not only of high quality, but also through customization with the human touch at the core of the customer relationship. In the Albanian reality, consideration and action through further investments in automation of business processes might be a response to emerging trends of shrinking workforce due to immigration and aging of population, in addition to the need for reduction of excessive labor cost and optimization of work processes. Managing such a change requires a combination of employees' upskills with technological advancement - performing super-jobs.

The evolution of jobs can be explained in three main categories: (i) Standard Jobs, which include roles that complete work using a specified and narrow skill set. Generally, this job is organized around repeatable tasks and standard processes; (ii) Hybrid Jobs, which include roles that perform work using a combination of skill sets, drawing on both technical and soft skills.

Historically, these types of skills have not been combined in the same job; (iii) Superjobs, which include roles that combine work and responsibilities from multiple traditional jobs, using technology to both augment and broaden the scope of the work performed by involving a more complex set of domain, technical and human skills. Superjobs accelerate hybrid jobs to a new level.<sup>11</sup>

The use of technology and automation, contrary to human resistance towards them, will have a positive impact on employees<sup>12</sup>. Routine work will be replaced by automation and for work, which relies on creativeness, problem-solving and critical thinking, new job profiles will be needed. 71.43 percent of the Albanian respondents are currently in the phase of exploring new technology opportunities.



FIGURE 12

### Organizations' current use of automation

Don't currently use

14.29%

Exploring/piloting automation

71.43%

Implementing across multiple functions

14.29%

Source: Deloitte Global Human Capital Trends Survey, 2019.

With the implementation of these new technologies, Albanian businesses are finding out that, almost every job must change and that the jobs of the future are digital, more multi-disciplinary and more data and information driven. As human capital is gaining more importance as an asset rather than a cost, the emerging of alternative work and of super-jobs is becoming a reality. This followed by the approach to work and life by the young generation, prompt the need for proactive approach by organizations towards implementation of new technologies and recoding of employee skills.

### Leadership

Leadership development has been classified by 27.59 percent of our respondents as the third most urgent topic for their organizations in 2019. Indeed, to be effective in the 21<sup>st</sup> century, leaders must take a different approach to pursue business goals. This is dictated by the context in which such goals must be achieved and draws on critical new competencies. To get there, new requirements are needed such as leading through change, embracing ambiguity and uncertainty and understanding digital, cognitive and AI driven technologies.

FIGURE 13

### Reasons for new requirements for 21<sup>st</sup> century leaders

Pace of change

57.14%

Demographics/emp expectations

57.14%

New technology

85.71%

Customer expectations

42.86%

Changing regulations

28.57%

Diversity

14.29%

Globalization

57.14%

New values for work

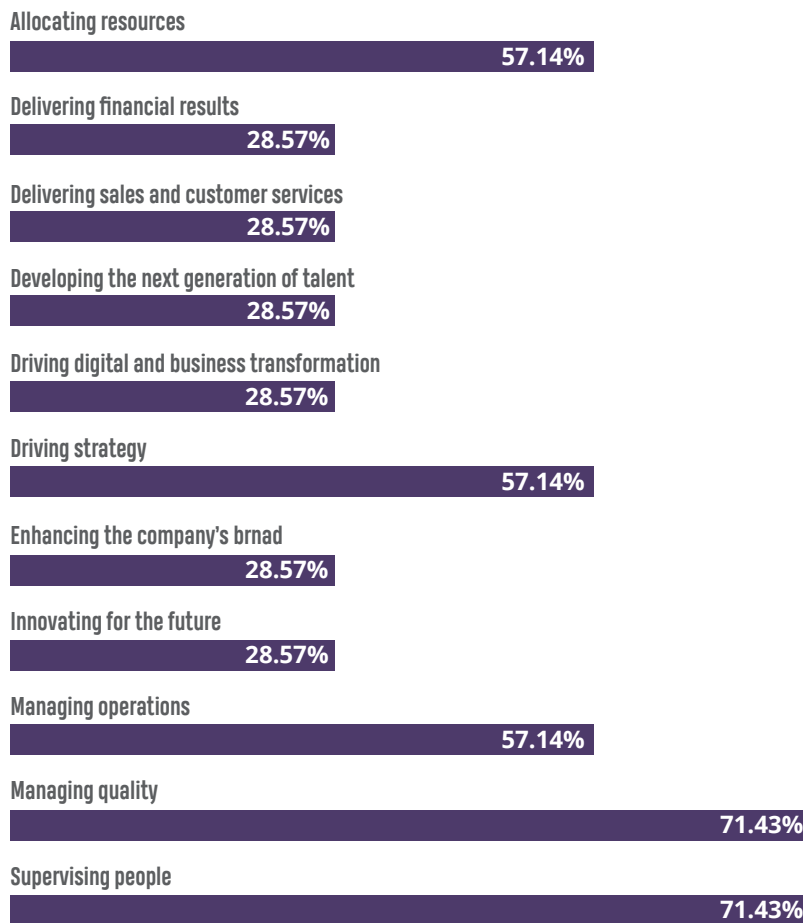
42.86%

Source: Deloitte Global Human Capital Trends Survey, 2019.

According to the survey results, for 85.71 percent of the respondents, these requirements are related to the implementation of new technology, followed by the pace of change, demographics expectations and globalization.

FIGURE 14

### Most important role of leaders in the organization



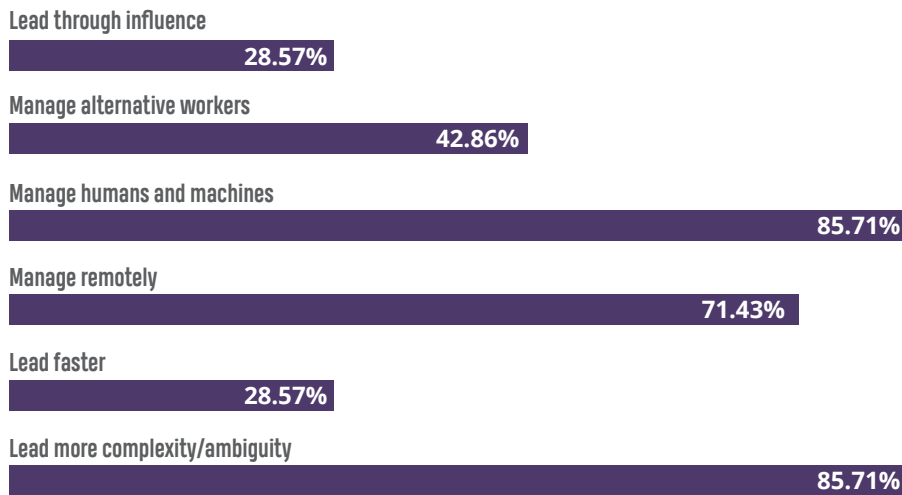
Source: Deloitte Global Human Capital Trends Survey, 2019.

In that regards, leaders of the 21<sup>st</sup> century should include some new attributes in their leadership style. The first one addresses the most important role that a leader should play in an organization. According to the results, managing quality and people, followed by driving strategy and allocating resources are ranked at the top first roles of the refreshed leaders. Traditional traits of leaders are still important.

However, in order for them to play such a role, they need to upskill themselves. Those skills are the abilities to manage humans & machines and the ability to lead in complex and ambiguous situations.

FIGURE 15

**If there are new requirements for 21<sup>st</sup> century leaders, what are they**



Source: Deloitte Global Human Capital Trends Survey, 2019.

Leaders must recognize that they have the responsibility to help employees to adapt their skills, by providing them with learning tools and experiences that will enable them to adapt to changes in the market, which are affecting leaders themselves. On the other hand, the perception of the Albanian younger generation on traits, attributes and capabilities of the business leaders they want to work for place strategic thinking and democratic approach as the top most desired attributes<sup>13</sup>.

Identifying new leadership competencies and requirements is the first step in building a highly effective organization. However, finding the right people with such attributes or upskilling existing leaders to play such a role is an important duty for every organization. This is imperative as the business leaders are the ones who influence, set the tone, motivate and engage employees towards the achievement of organization's goals.



# | Future of the organization



# Future of the Organization

## Albanian's top trends

As organizations become digital, they face a growing imperative to redesign themselves to move faster, adapt quickly, facilitate rapid learning, and embrace the dynamic career demands of their people. In Albania, organizations are generally organized as Limited Companies (LTD) or Incorporated Companies (INC). Considering the number of employees, around 88 percent of the enterprises have 1 to 4 employees, whereas medium and large enterprises, which hire more than 50 employees, comprise only 1.2 percent of the total number of enterprises. One should interpret the following results by considering that our respondents are classified as medium to large enterprises.

### Business performance

#### SHIFTING FROM HIERARCHIES TO TEAMS

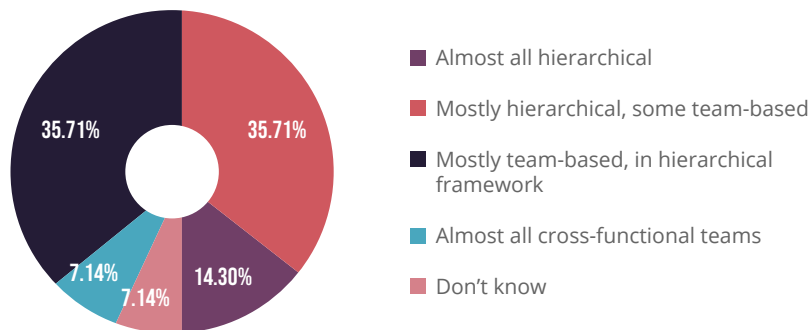
When it comes to organizational structure, hierarchical models of organizations are most common in the Albanian market. This structure allows employees to have promotion and career advancement as a way to increase their engagement.

There is a clear division of roles and responsibilities, and it allows for more roles' specialization. The new global trend of organization structure imposes a new management model, the team based model. In team-based structures, employees have more autonomy in performing tasks and taking decisions. In addition, this structure supports talent mobility within functions, projects, assignments, organization itself and countries. On the other side, this model of organizational structure makes the distinguishing of performing employees a challenge.

Is this a trend in the Albanian market? For 44.44 percent of the Albanian respondents, their organizational structure is mostly team-based though, in a hierarchical framework. However, for the majority of the respondents (42.86 percent), the shift from hierarchical structure to a team based one, was not accompanied by improvement in performance. Whereas, 28.57 percent of them claim to have had a significant improvement resulting from this shift.

FIGURE 16

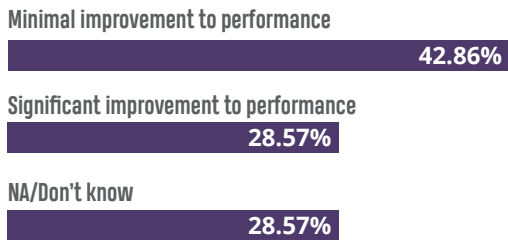
### Your Organization's progress in moving to a team/network-based organization



Source: Deloitte Global Human Capital Trends Survey, 2019.

FIGURE 17

### If work done in teams, what has been impact on organizational performance of transition to team-based organization



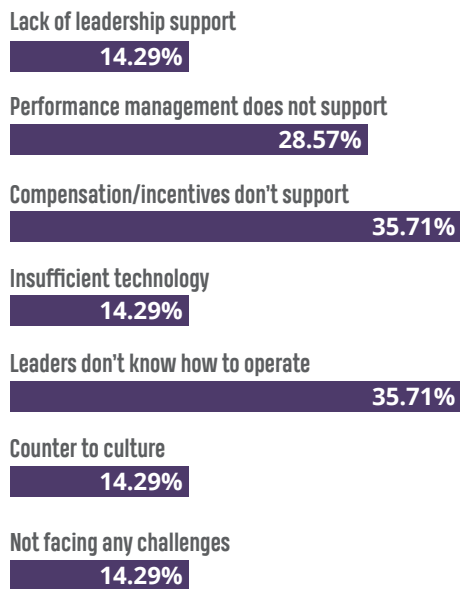
Source: Deloitte Global Human Capital Trends Survey, 2019.

Moving from a hierarchical structure to a team-based one poses some challenges. The most important ones relate to the gap in compensation/incentive policies aiming to promote the teaming behavior, and the lack of leaders' skills to operate efficiently in this model. Traditionally, organizations are used to promoting employees based on their title and position.

In implementing a team-based structure, other competences should be considered in evaluating performance such as team spirit, communication skills, fairness, etc. Consequently, it requires a rewiring of the performance management approach associated with a shift of mindset and people management skills for managers.

FIGURE 18

### Top two challenges in moving to team-based model



Source: Deloitte Global Human Capital Trends Survey, 2019.

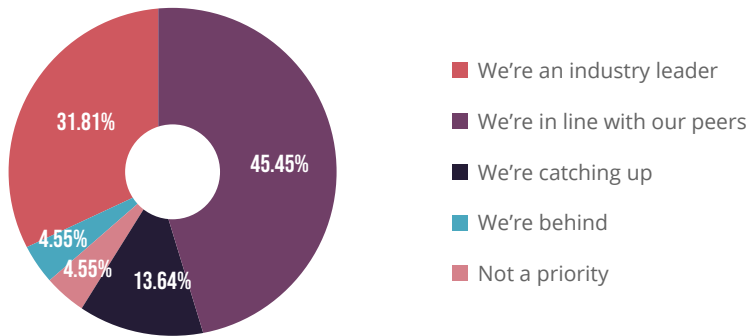


## Social Enterprises

Deloitte’s global research on Leadership in the Fourth Industrial Revolution, underscores the value CEOs and business leaders place on social impact, and its importance in measuring success when evaluating annual business performance<sup>14</sup>.

This year’s Global Human Capital Trends survey confirmed this trend by showing an accelerating growth in the role of the social enterprise, but also supported the social enterprise’s positive link to financial performance. Social enterprises are organizations whose mission combines revenue growth and profit-making with the need to respect and support its environment and stakeholder network.<sup>15</sup>

FIGURE 19  
**Level of maturity of the organizations as social enterprises**

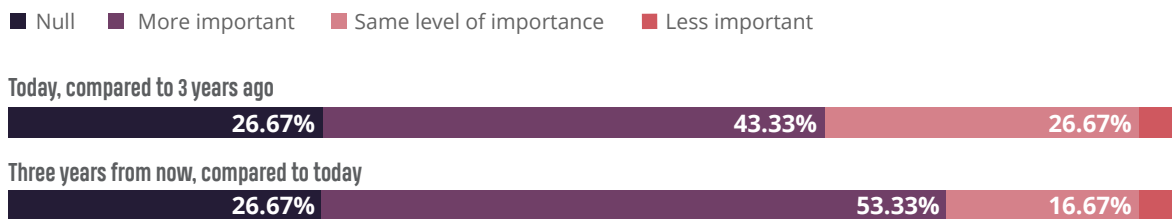


Source: Deloitte Global Human Capital Trends Survey, 2019.

The majority of the Albanian respondents (45.45 percent) claim that their level of maturity as a social enterprise is in line with their peers, whereas 31.82 percent believe to be already an industry leader in that regard. The importance and influence of social enterprises has increased during the last years.

Compared to 3 years ago, social enterprises have become more important for 43.33 percent of our respondents and this trend will continue to increase in the next three years. The use of social enterprises in organization performance has affected somewhat the organization and for 17.99 percent of the surveyed it has had a successful impact.

FIGURE 20  
**Importance of social enterprise to your organization**

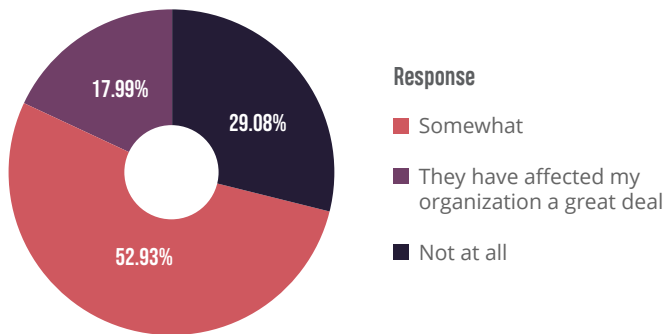


Source: Deloitte Global Human Capital Trends Survey, 2019.

Judging from our perspective and knowledge of the market, CSR is becoming increasingly present in Albanian businesses' objectives. Besides respondents that have the public interest at the heart of their objectives i.e. regulators; we may assume that the understanding of Albanian businesses on social enterprise as a new trend is tied mostly to CSR as a formal policy and for annual reporting purposes. However, this remains a subject for deeper further analysis and a focus of the future series of this survey.

Today, being a social enterprise means knowing your stakeholders very well, especially those that have a vocal voice in its success, such as employees, communities, governments and other regulators. This requires an open and transparent discussion with stakeholders, sharing with them more information on products and services, publishing relevant reports on the impact in the community, in the market and in taking a stand on social issues<sup>16</sup>. The importance of the social enterprise for organizations is linked with creating a higher reputation in the market and communities, with customers, as well as attracting critical workforce, especially Millennials.<sup>17</sup>

FIGURE 21  
Influence of social issue movements on the organization



Source: Deloitte Global Human Capital Trends Survey, 2019.

### Employee Experience

In Albania, one of the main trends that has been identified, is the importance of improving employee experience. Based on the survey results, employee experience is ranked as the fourth most urgent topic for Albanian businesses in 2019 (27.59 percent of the respondents). According to Bersin<sup>18</sup>, employee experience is “the sum total of all the touchpoints an employee has with his or her employer, from the time of being a candidate (active or passive) to becoming an alumnus or alumna”.

Three main aspects compose employee experience: growth and development, pay and benefits and time management (work-life balance). A better employee experience translates into higher employee engagement, higher retention rate, reduction of recruitment costs, preservation of business know how and expertise and as a consequence, higher human capital productivity.

FIGURE 22  
Employee Life Cycle

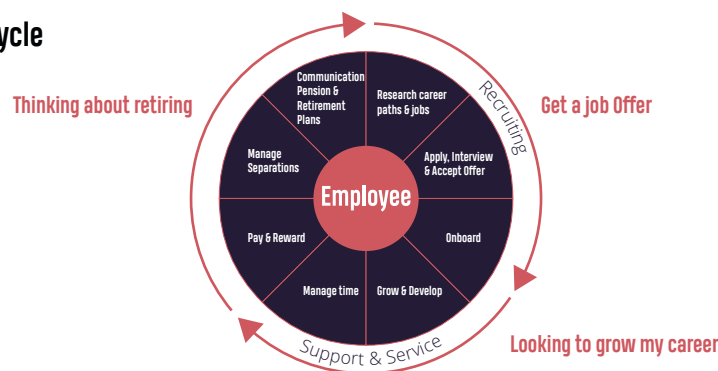
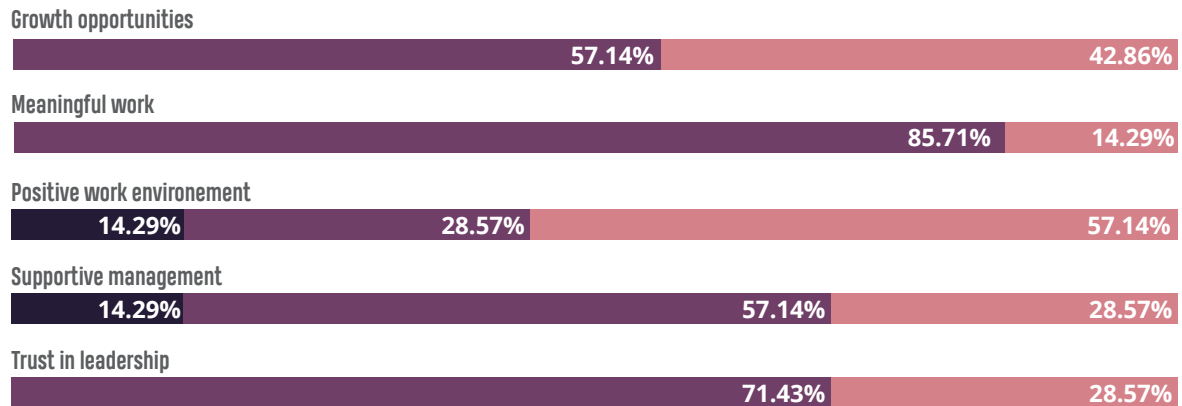


FIGURE 23

### Effectiveness of your organization in engaging employees

■ Very effective ■ Effective ■ Somewhat effective



Source: Deloitte Global Human Capital Trends Survey, 2019.

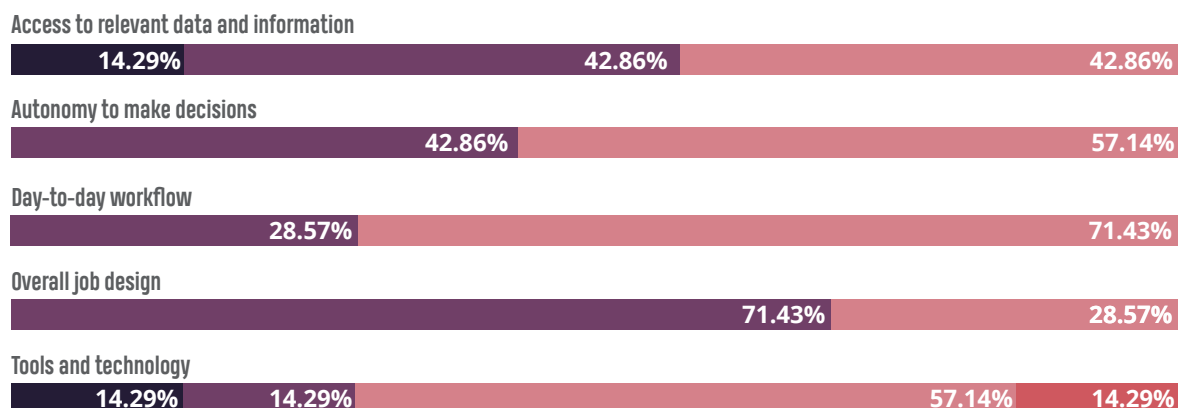
Albanian respondents believe that they are doing a good job regarding employee experience, especially when it comes to providing meaningful work and trust in leadership. However, there is a high level of awareness on the need for improvement in creating a positive work environment.

Employee experience is strongly related to work itself (growth and development). According to the respondents, in general, their employees are satisfied with their job design. Two areas for improvement were identified: day-to-day workflow and the use of tools and technology.

FIGURE 24

### Level of employee satisfaction with their job design

■ Very satisfied ■ Satisfied ■ Somewhat satisfied ■ Not satisfied



Source: Deloitte Global Human Capital Trends Survey, 2019.

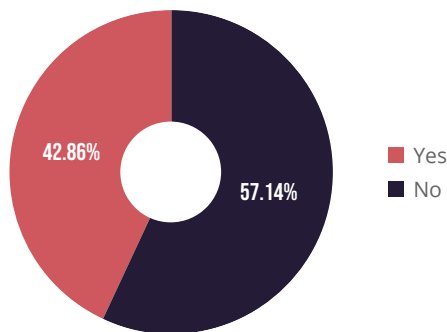
Even though organizations tend to invest on improving employee experience, they do not really measure the impact of their investment on the productivity. Measuring the effectiveness of implemented policies and technology is crucial in understanding the achievement of the goals of such initiatives as well as the effectiveness of the investments made. One other approach we suggest to Albanian businesses in improving employee experience with efficiency is to shift to another level of direct communication with their people by gathering feedback through People Surveys, upward and 360-degree feedbacks.

Most importantly, when it comes to implementation of new technologies, design-thinking process would help them in better understanding the areas of intervention and focusing effectively their efforts and investments on them.

Employee experience is a matter of individual beliefs and perceptions on work itself, learning, development and growth opportunities, on supportive behaviors of the management as well as perceived work environment. These are only some of the aspects the management should take into consideration when designing work and policies for employees, setting the tone and culture of their organization as well as investing in new technology and in managing change.

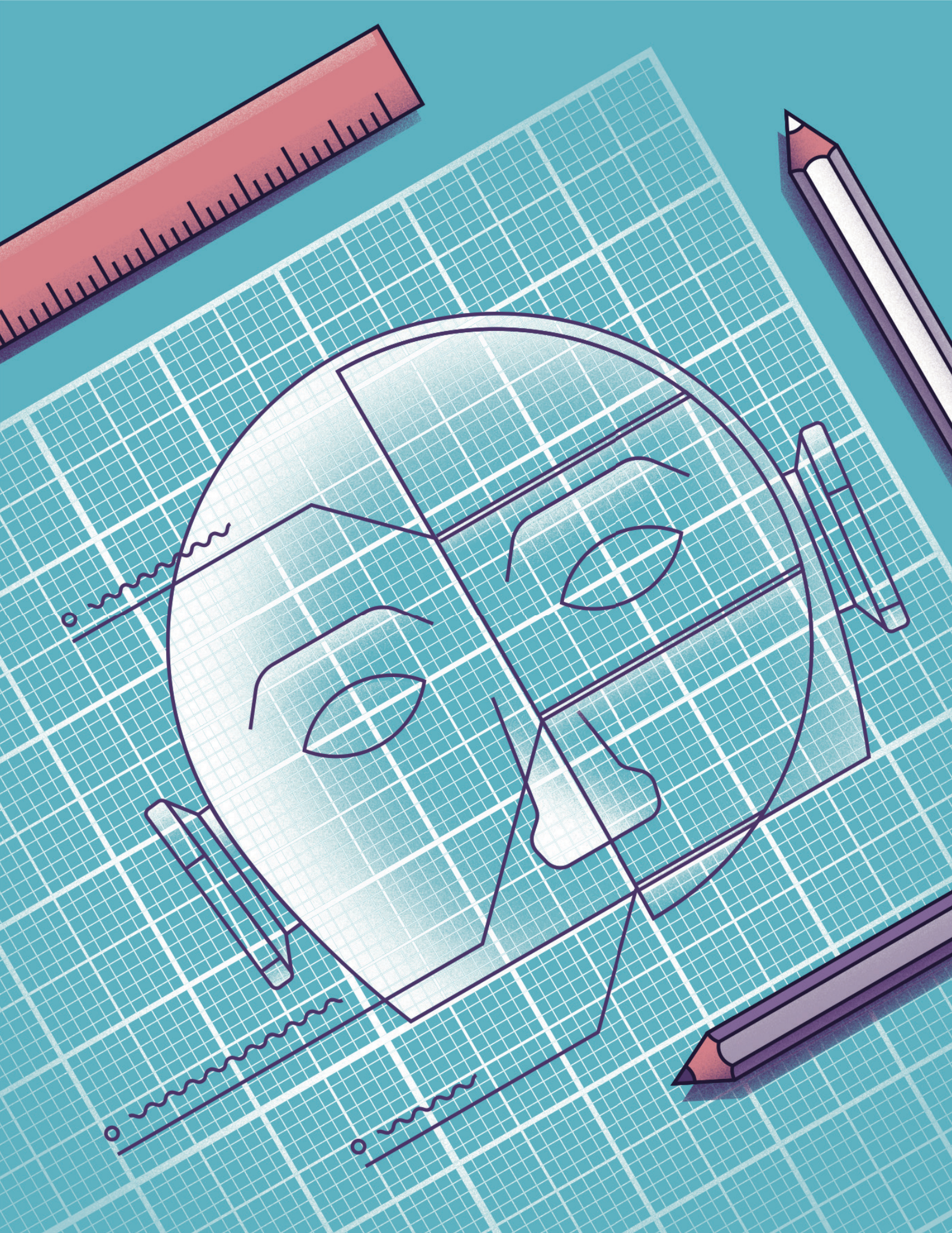
FIGURE 25

**Do you measure correlation between employees engagement and productivity**

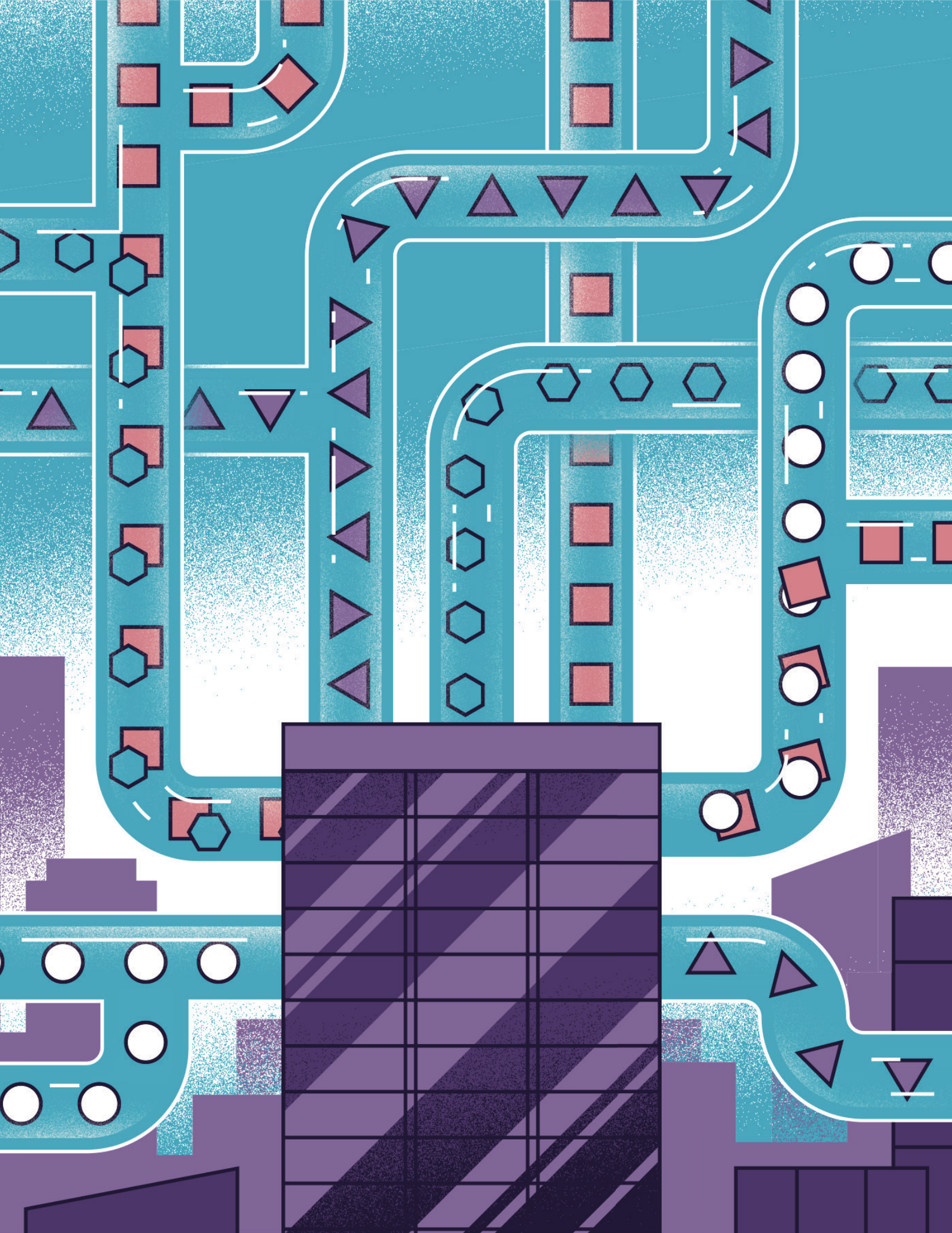


Source: Deloitte Global Human Capital Trends Survey, 2019.





# | Future of HR





# Future of HR

## Albanian's top trends

In general, the Human Resources Function in Albanian businesses, especially those locally owned, is perceived as a cost center with administrative/transactional types of tasks, in many cases merged with other functions such as legal or finance. However, with the consolidation of these businesses in terms of structure, capital and size, there is a growing interest and focus on transforming their HR function to a strategic level and advisory role. The survey results analyzed in this chapter confirm this emerging need.

With the disruptive changes and technology developments, HR function is gaining more importance and need to win the seat in the boardroom. It is expected from HR to enable organizations to achieve their strategic business imperatives by delivering HR services in a highly effective and efficient way. The HR function in an advisory and strategic goal is expected to have a proactive impact on improving the company's performance and productivity through people.

However, to do so there are some prerequisites such as defining and implementing the proper operating model for the HR organization, building strategic advisory and business partnering capabilities, be able to act as an agent of change, be technology savvy and position the HR function in the right place in the ladder of the organizational chart<sup>19</sup>.

### Investments in HR Function

The survey results indicate that 52.38 percent of the respondents are planning to increase investments in HR function at only 1-5 percent rate for the next 12-18 months. More than 14.29 percent report that in their plans for this period, the increase of investments in HR is more than 5 percent. Around 19 percent plan to continue to invest in HR on the same level as in the previous year.

FIGURE 26

### Organization's plans to invest in HR in the next 12-18 months

Significantly increase (more than 5%)

14.29%

Increase (1-5%)

52.38%

Remain the same (0%)

19.05%

Not applicable

14.29%

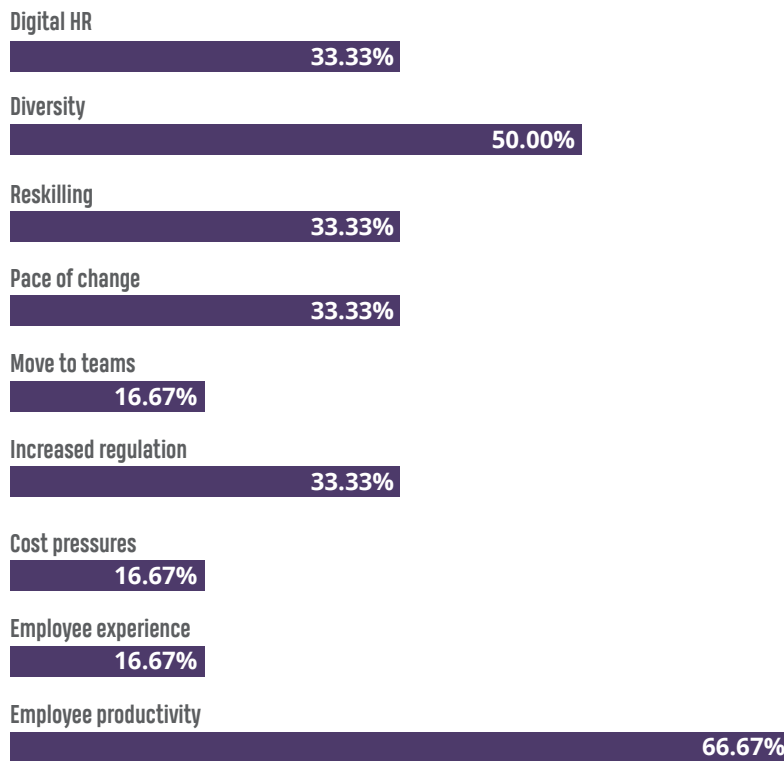
Source: Deloitte Global Human Capital Trends Survey, 2019.

Based on responses on two other questions in figure 27 and 28 below, we assume that these investments will focus on enforcing the HR role in improving Employee Productivity, in leveraging Diversity; Digitalization of HR; Reskilling the workforce to meet the business needs, and in improving Employee Experience.

These investments would also address the changes HR is expected to deal with such as taking a strategic and consultative role, building more technical and analytical skills, as well as dealing with and leveraging the automation of HR work processes.

FIGURE 27

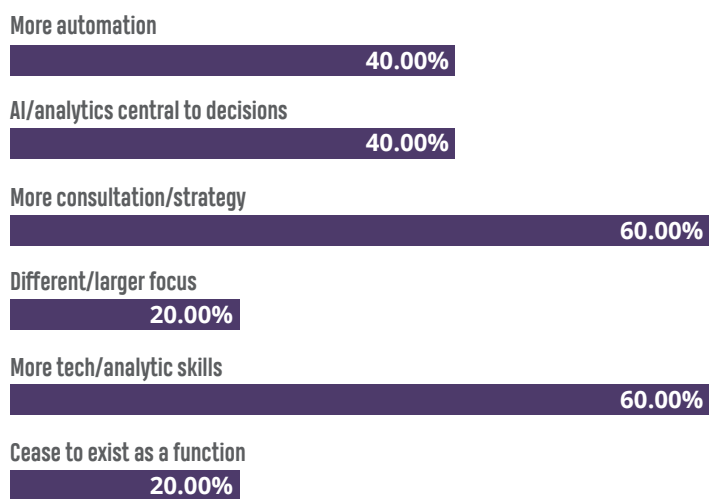
**Top issues that will impact HR in the next 3 years**



Source: Deloitte Global Human Capital Trends Survey, 2019.

FIGURE 28

**Expected changes in HR in the next 3 years**



Source: Deloitte Global Human Capital Trends Survey, 2019.

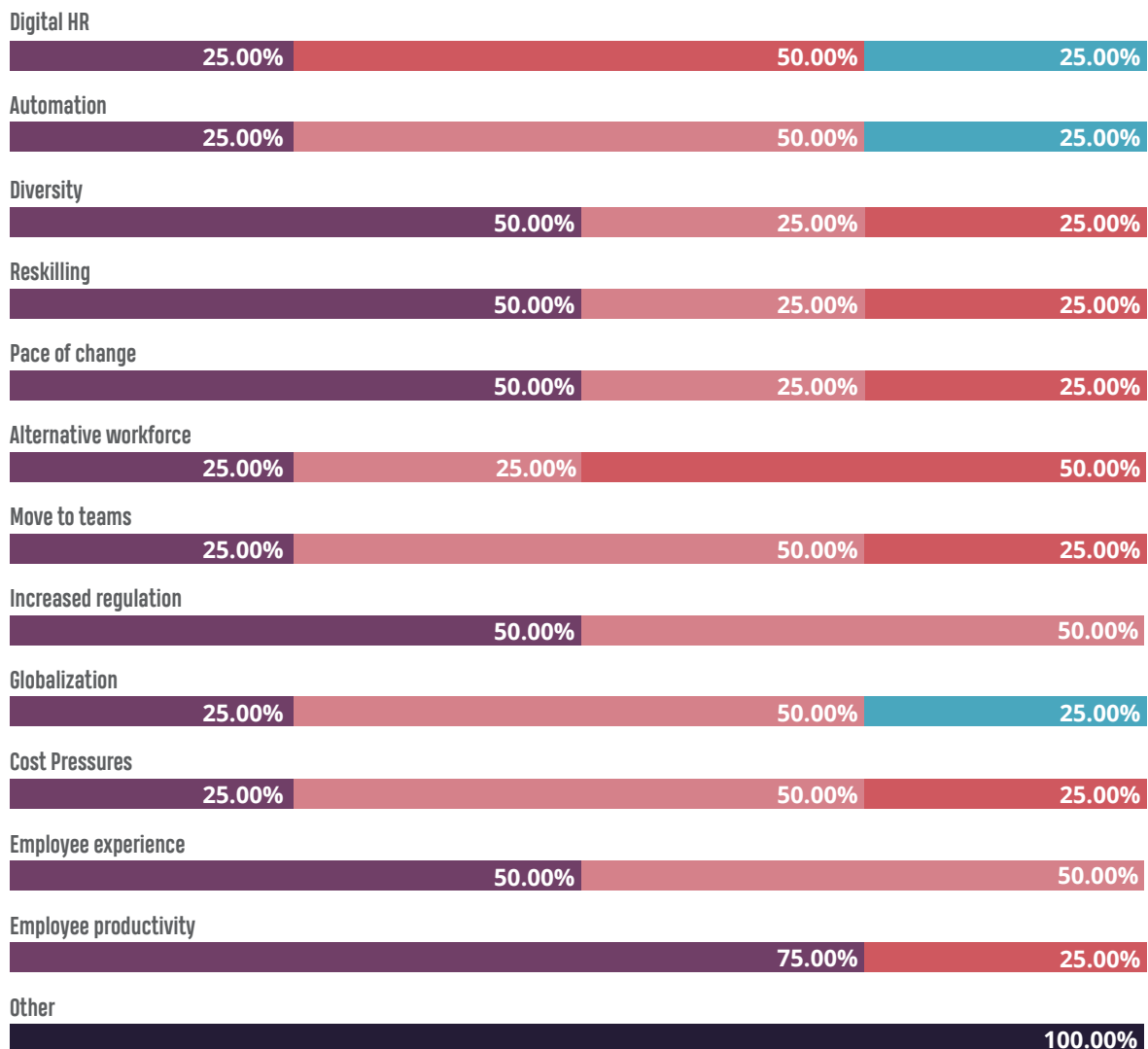
However, there is a gap between the plans for investments in the spotted areas and the readiness of their HR teams in terms of level of actual skills and capabilities to deal with such changes. In order to deal with digitalization of HR and alternative workforce, Albanian HR teams need more reskilling or realignment.

On the other hand, they report to be ready to deal with the need to improve employee productivity and experience as well as diversity and reskilling of the workforce. It is inspiring especially when it comes to plans for investments and readiness to deal with employee experience improvement, as this is top human capital trend in Albania in 2019 along with learning and development and business leadership.

FIGURE 29

### Readiness of your organization's HR team for the changes

■ Very ready ■ Ready ■ Somewhat ready ■ Not ready ■ Crisis



Source: Deloitte Global Human Capital Trends Survey, 2019.

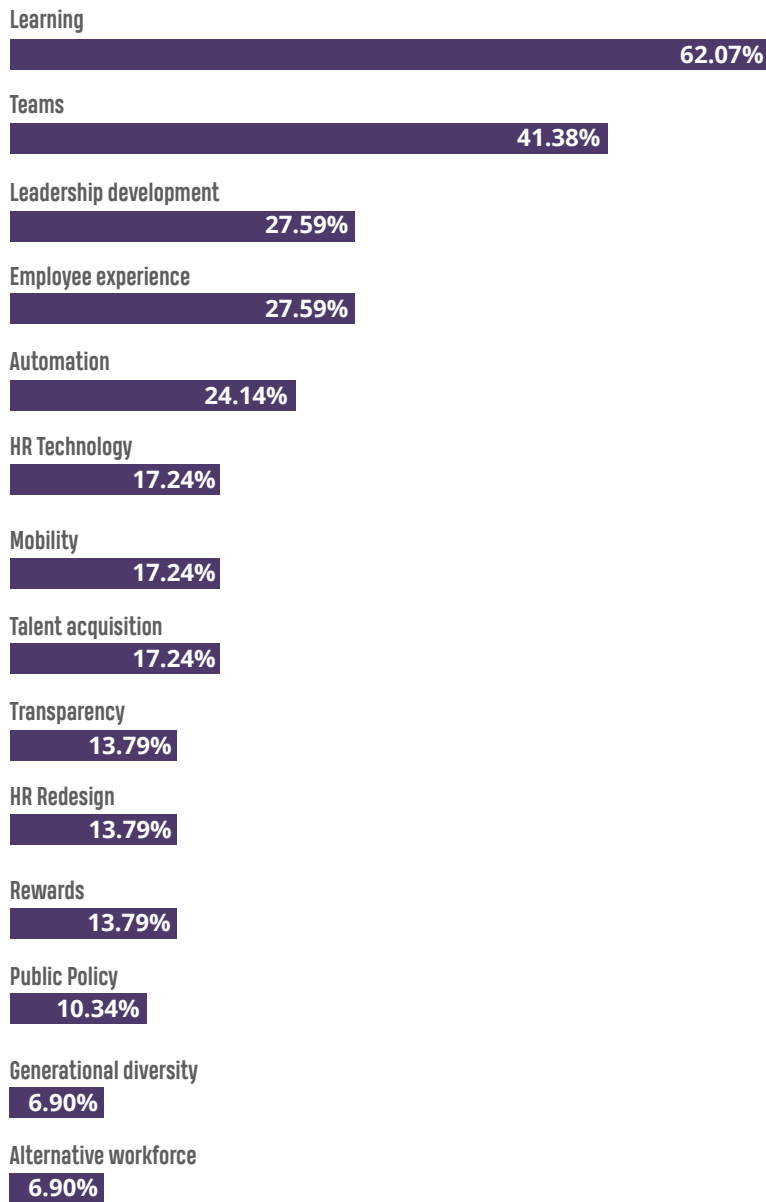
## Learning & Development

While employee experience, business leadership and learning and development rank as top most important trends in 2019, learning and development is ranked as the top most urgent trend (62.07 percent) that needs to be addressed.

However, regardless of the importance, only 60 percent of respondents claim they are ready to address learning and development, thus creating a gap at a rate of 30 percent (see Figure 31).

FIGURE 30

### Most urgent topics for the organizations

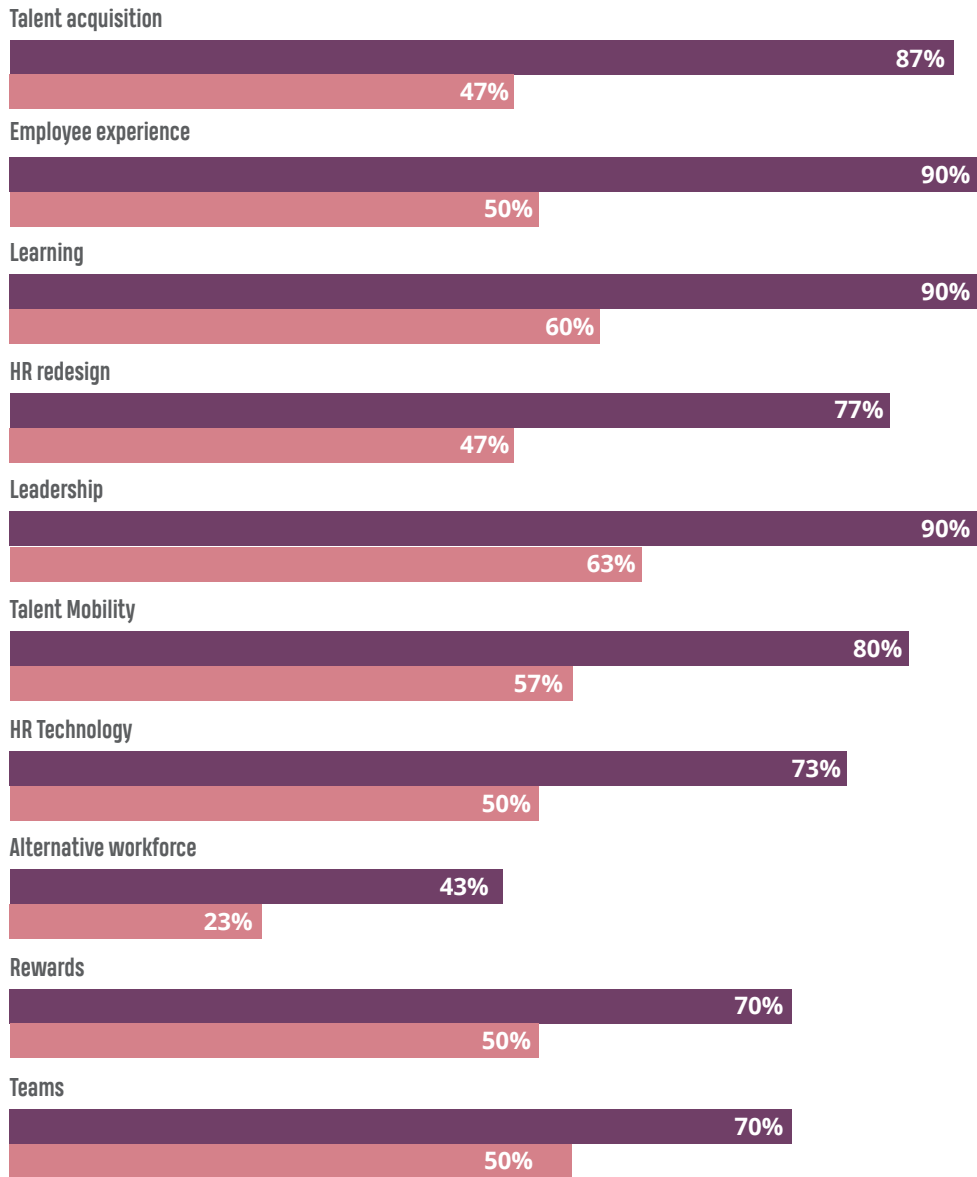


Source: Deloitte Global Human Capital Trends Survey, 2019.

FIGURE 31

**Human capital trends gap analysis**

■ Importance   ■ Readiness



Source: Deloitte Global Human Capital Trends Survey, 2019.

The urgency reported is enforced also by the Albanian National Institute of Statistics <sup>20</sup>, which indicates that the Training and Development costs comprise only 0.42 percent of the total labor cost in the labor market. This is quite low to meet the changes and requirements for reskilling and dealing with changes and new requirements for capabilities.

Furthermore, it is believed, that acquisition of new skills is awarded as part of year-end performance evaluation results, by not considering and supporting the acquisition of new skills as on ongoing goal and process.

FIGURE 32

### Link between acquisition of new skills and workforce incentives

Inextricably linked



Linked through annual comp/performance evaluation



Not linked at all



Source: Deloitte Global Human Capital Trends Survey, 2019.

With the technology advancement, existing jobs are changing and new jobs are expected to be invented. To address these disruptive developments, will require reskilling and upskilling of employees in innovative ways and by leveraging advanced tools providing access to all employees to learning in an individualized way. Organizations need to identify ahead, which are the most important new skills they will need in order to succeed. They should design and communicate the required skills for each employee, considering their individual actual and future role and provide them with the necessary tools to learn and develop.

To address this challenges for upskilling, Albanian businesses might consider consolidating the Learning and Development function by positioning it as a dedicated strategic function within the organization, with a well-defined leading role in this domain. Actually, the "Learning and Development" function is seen by Albanian businesses more as a shared responsibility within the organization and among business lines (47.06 percent), and less as separate unit either under the HR function umbrella or as a separate function (23.53 percent).

FIGURE 33

### Primary responsibility of learning and development function within the organization

Exclusively L&D



Primarily L&D business input



Shared responsibility



Primarily business, L&D guidance



Exclusively business



Source: Deloitte Global Human Capital Trends Survey, 2019.

Improving employee’s engagement is highly correlated with investments in Learning and Development. Maintaining the desired employee retention rate, in a situation when Albania is experiencing an emerging trend of high migration, requires a shift of leadership mindset and consideration on Learning and Development. This would address also the aspirations of Albanian Millennials generation as one of the most important workforce segment in the country. One of the top reasons of Albanian Millennials to choose or change their employer, is the possibility to develop and acquire new skills <sup>21</sup>.

## Talent Acquisition

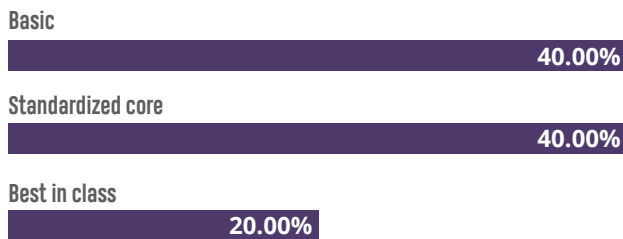
Talent acquisition encompasses the entire process of hiring, from sourcing of candidates through screening and skills assessments, to interview management and ultimately employment offer extension and acceptance. It also involves employer branding and talent pipelining, forecasting, and assessment.

For a business to grow rapidly, a well-designed talent acquisition strategy can save a great deal of time in finding people to lead the growth. As the labor market has become more competitive and organizations’ needs for skills undergo rapid change, it is time to think on how to “access talent” continuously in varying ways: mobilizing internal resources, finding people in the alternative workforce and strategically leveraging technology to augment sourcing and boost recruiting productivity <sup>22</sup>.

The Albanian businesses report that they possess only the basic capabilities in talent acquisition exhibited in basic requirements of transactional talent acquisition, lacking standard processes and coordination with key partners (40 percent). The other 40 percent claim to have established standard processes and are somewhat integrated among talent acquisition, the HR team and the business units. While 20 percent of respondents report that they have best in class capabilities in talent acquisition by constantly innovating and refining the processes, automation of such processes seems to not be in use at all in the Albanian businesses or in their spotlight for investment.

FIGURE 34

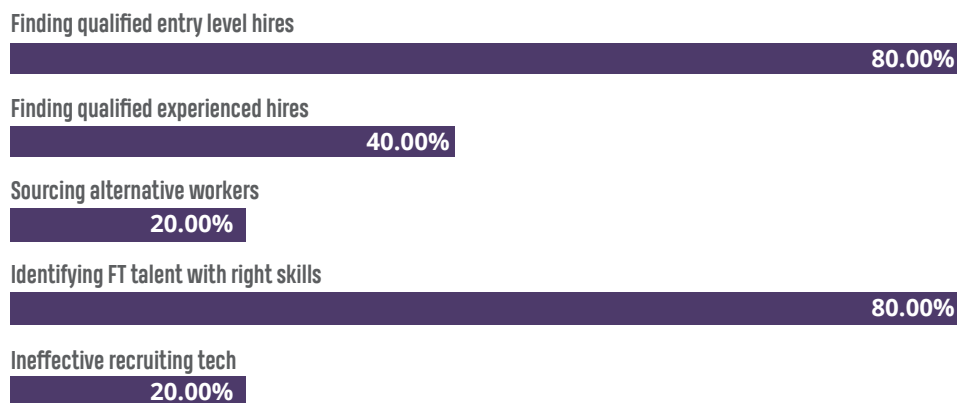
### Organization capabilities in talent acquisition



Source: Deloitte Global Human Capital Trends Survey, 2019.

FIGURE 35

### Biggest challenges with the talent acquisition process



Source: Deloitte Global Human Capital Trends Survey, 2019.

For most of the respondents, their biggest challenges in talent acquisition are finding qualified entry level hires, identifying full-time talents with the right skills and attracting qualified experienced hires.

As identified in the Deloitte “First steps in the labor market” survey results, the Albanian young generation claims that they are not well prepared for their future professional duties. In addition, they perceive a lack of some key skills required by employers in order to successfully enter the labor market <sup>23</sup>.

In the light of these insights, Albanian businesses, with the help of their refined HR functions’ operating models, should find ways to either build effective collaboration bridges with academic institutions for sourcing young talents and contributing to their development at the auditoriums, or rewind onboarding training curricula especially for entry-level hires.

In addition, as employer branding is quite an underdeveloped concept in the Albanian market, the businesses would benefit in designing Employer Branding strategies and a compelling value proposition to attract entry-level talents as well as the scarce qualified experienced ones.

The economy is changing rapidly, raising the need for agile and flexible workforces. Continuous improvement and growth requires having the best people able to learn and play several roles. Talent mobility is an enforcing trend enabling the assignment of the right talents in different projects, departments, offices whenever it is needed. But is this easy?

Organizations can no longer expect to source and hire people with all the capabilities they need, due to a growing shortage of skills; they must develop and reallocate people internally to thrive. To enable this, organizations need to embrace flexible structures. Moreover, they need to know their talents in terms of skills they possess, capabilities they have built, as well as their motivation drivers.

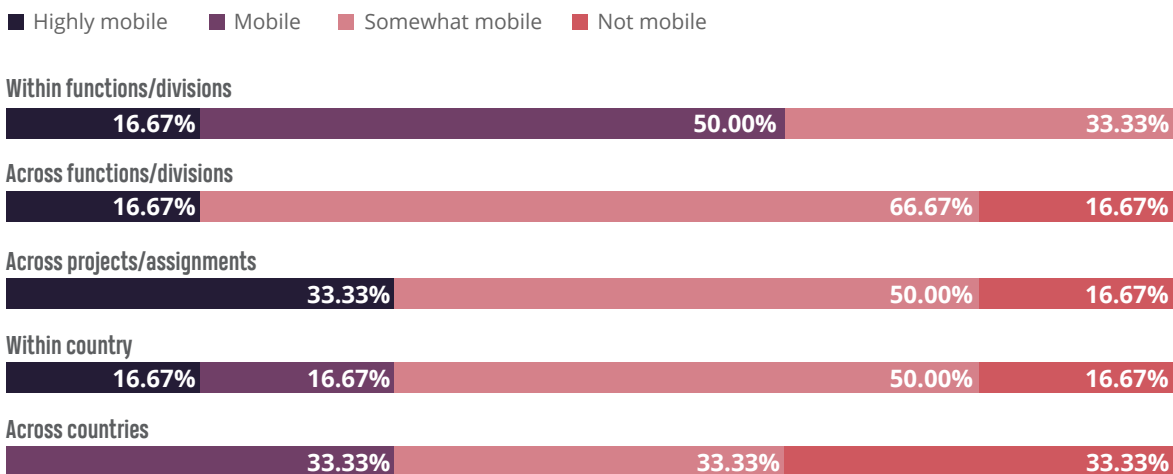
Talent Mobility in Albanian organizations is not yet a strong trend. For all categories, the Talent Mobility on average is reported at the “Somewhat mobile” level. In most organizations, the talents are more mobile within functions and divisions, and within and across countries. Only 33.33 percent of respondents claim that their talent is highly mobile across projects and assignments, which goes in line with the team-based trend of their organizational structure.

## Talent Mobility

The competition for talents is peaking, and so is the focus on employee engagement and retention.

FIGURE 36

### Current level of internal talent mobility within the organization

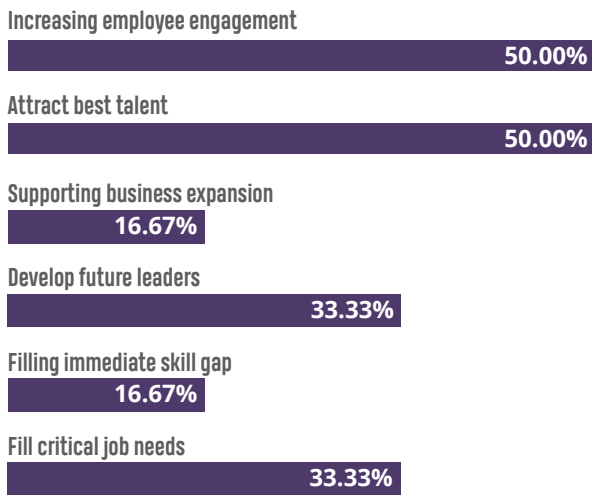


Source: Deloitte Global Human Capital Trends Survey, 2019.



FIGURE 37

**Top 2 purposes for internal mobility in the organizations**



Source: Deloitte Global Human Capital Trends Survey, 2019.

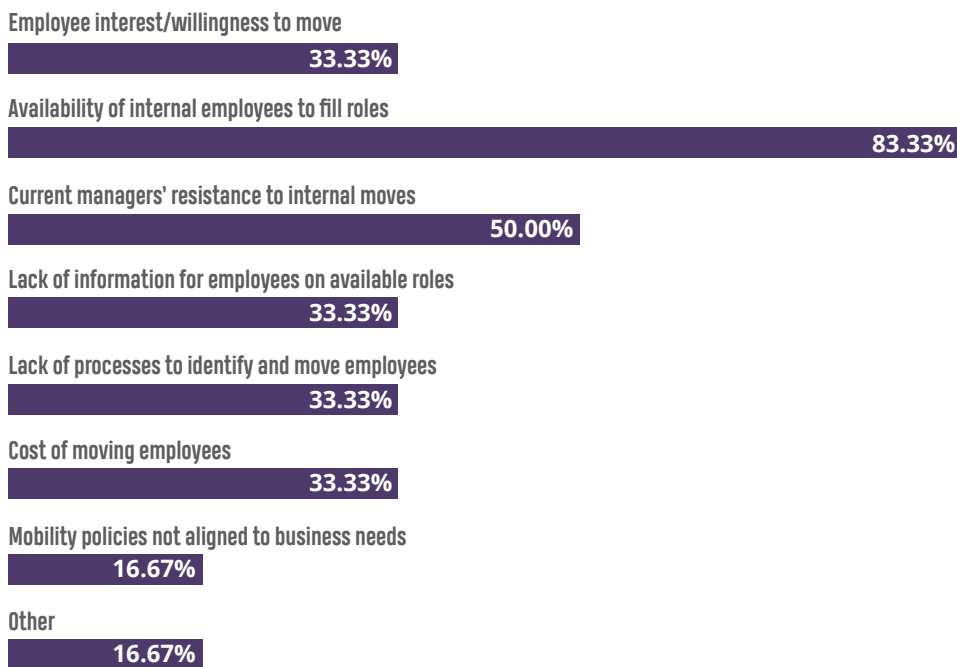
A surprising fact is that Albanian businesses (50 percent of the respondents) consider the Talent Mobility as a driver of increasing employee engagement and a value proposition in attracting the best talent.

If organizations are ready to put their efforts in improving internal mobility, are there any challenges? Around 83 percent of the respondents claim that one of the biggest challenges is the availability of the internal employees to fill roles. When entering a company, employees are advised to improve their skills to succeed

in their specific role and job profile, to specialize and advance in the career path offered for that given profile. Internal mobility requires that employees be flexible and possess multi-tasking capabilities. Another challenge is managers' resistance to internal moves, as it makes their managing role difficult. This is also a matter of mindset instilled by the traditional organizational hierarchical structures.

FIGURE 38

### Top barriers to internal talent mobility



Source: Deloitte Global Human Capital Trends Survey, 2019.

# Conclusion

The Albanian Global Human Capital Report addresses the key trends identified by business leaders and HR professionals with regard to changes that businesses need to face to remain competitive in the market.

In the report, we have focused not only on the why and the what, but also the how. For all trends, we described that reinvention can happen in three ways by refreshing, rewiring and recoding:

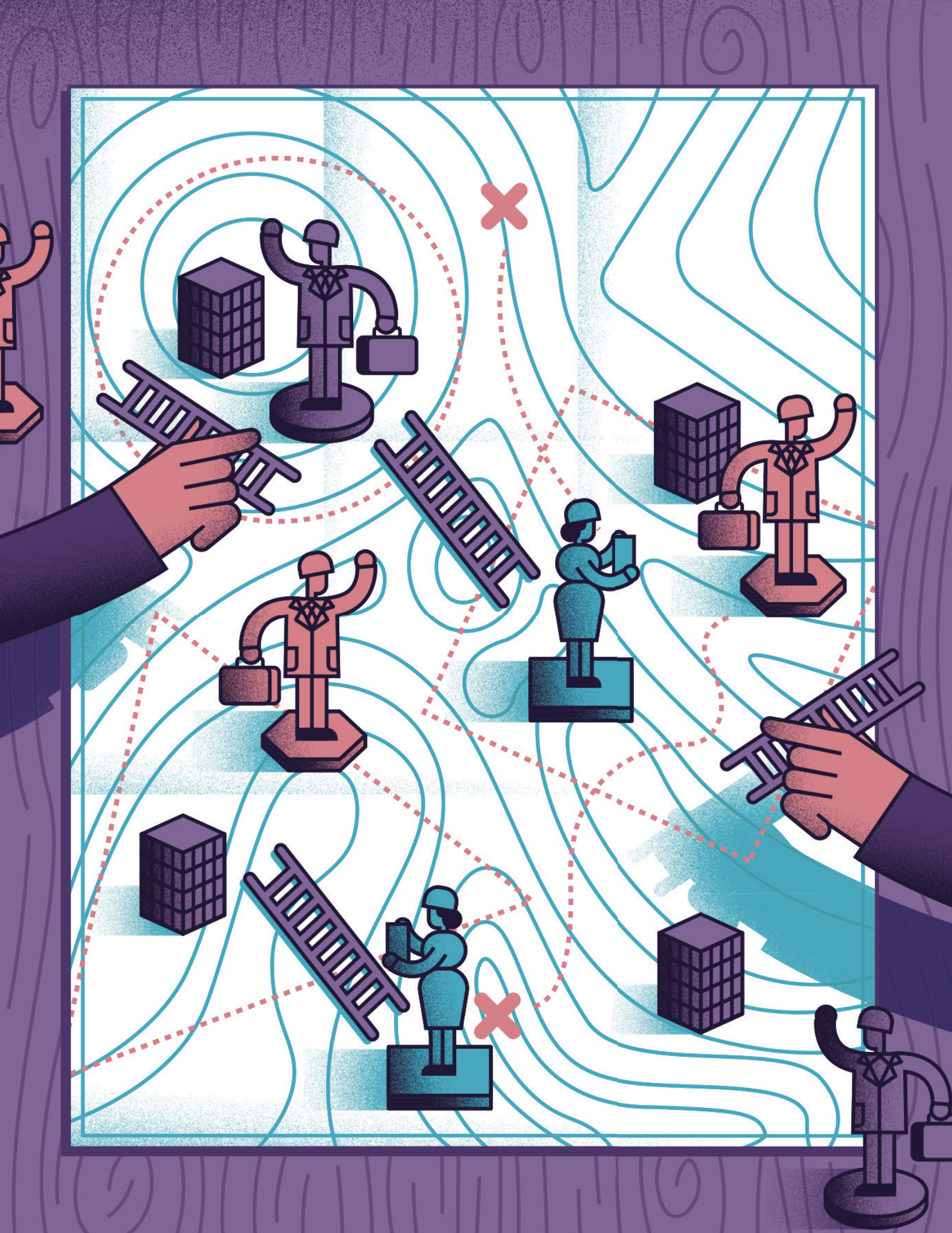
	 Refresh	 Rewire	 Recode
Future of the workforce		<ul style="list-style-type: none"> <li>• Leadership</li> </ul>	<ul style="list-style-type: none"> <li>• Super-jobs</li> </ul>
Future of the organization	<ul style="list-style-type: none"> <li>• Shifting from Hierarchies to Teams</li> </ul>	<ul style="list-style-type: none"> <li>• Social Enterprise</li> <li>• Employee Experience</li> </ul>	
Future of HR		<ul style="list-style-type: none"> <li>• Learning &amp; Development</li> <li>• Talent Acquisition</li> </ul>	<ul style="list-style-type: none"> <li>• Talent Mobility</li> </ul>

Below we provide a list of key actions and suggestions in line with the Albanian top three Human Capital Trends, for building a learning organization and for better engagement and development of employees. To lead the effort in addressing these trends, we recommend Albanian businesses to invest in building HR capacity and empowering their HR functions towards a strategic role, which at the same time delivers high quality services.

Learning and Development	Employee Experience	Leadership
<p>Consolidate the Learning and Development function by positioning it as a dedicated strategic function within the organization, facilitate it and reward those who actively engage in it.</p> <p>Continuously upskill employees by providing them with the necessary tools to enhance the needed skills;</p> <p>Organizations should identify and communicate skills that will be valued in the future and the various opportunities that exist to build their future careers.</p>	<p>Provide employees with growing opportunities and create a positive work environment. We suggest businesses to improve their performance management systems with a focus on career path.</p> <p>We suggest businesses to have direct communication with their employees by gathering feedback through People Survey, upwards and 360-degree feedback. Instill meaning into work, because employees want to have meaningful work and to feel that their work have an impact in the achievement of organization objectives.</p> <p>Understanding employees working style, skills they possess and capabilities to increase their mobility. This will ensure that business are assigning the right talents in different projects, department, offices whenever is needed.</p>	<p>Leaders should upskill themselves in terms of managing humans and leading in complex and ambiguous situations. It is suggested for leaders to assess themselves with regard to these skills;</p> <p>Leaders should develop their management and technical skills in order to adapt with the new business requirements as a results of continuous changes in the market.</p> <p>Leaders must recognize that they have the responsibility to help employees to adapt their skills, by providing them with learning tools and experiences that will enable them to adapt with the changes in the market, which are affecting leaders themselves.</p>

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