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**Executive Summary of the Research on Management and Leadership Development Needs in Dynamically Changing Societies that was financially supported by EQUAL**

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The turmoil and changes in Central and Eastern Europe (CEE) in the past quarter century have created an environment that has led to numerous business challenges for companies in this region. Acknowledging and addressing these challenges is increasingly important for business survival today. With an aim to support the businesses in tackling these challenges, CEEMAN, International Association for Management Development in Dynamic Societies has just finished with the exploratory study on *Management and Leadership Development Needs* in 10 countries of Central and Eastern Europe (Croatia, Hungary, Estonia, Latvia, Lithuania, Poland, Russia, Slovakia, Slovenia, Ukraine) and in South Africa.

In this short summary, we will study the views of 212 decision makers from 145 companies in 11 countries on what are the current and future business challenges, what are the management and leadership development needs related to the current and future business challenges across the countries included in the study. Besides giving an insight into the business challenges and needs, we are also planning to share some thoughts on how business schools and the corporate world can better cooperate with one another in order to meet the challenges of the contemporary business environment and society<sup>1</sup>.

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<sup>1</sup> The results of a two year exploratory study were published by Springer in a book titled *Business and Society – Making Management Education Relevant for the 21st Century* (July 2018).

***What are the current and future business challenges in Central and Eastern Europe and in South Africa and how do companies cope with them?***

All companies, regardless of the industry in which they operate, have indicated that uncertainty is currently the biggest challenge. It is due to diverse circumstances. For example, “companies from Croatia, Hungary, Poland, Russia, South Africa, and Ukraine have given more emphasis on demographic challenges, focusing on changes in the labor market, whereas interviewees from Russia, Ukraine, South Africa and Lithuania indicated that political uncertainty also has an impact on the business sector. Respondents from Slovenia and Estonia focused more on business challenges related to increased competition, connected to globalization, the technological revolution, and the changed needs and behaviors of their customers” (Purg, Braček Lalić and Pope, 2018).

If we take into consideration the most crucial challenges faced by the companies in the CEE Region we can see that the number one challenge for this region in terms of human resources are the ***negative demographic trends***. Because of the negative demographic trends on one side and an increasing ease of mobility in the region on the other, companies in many of the countries in this study found it difficult to recruit and retain the best talents. According to the Boston Consulting Group estimation we will face “a global workforce crisis within the next 15 years, with a labor deficit in most of the 15 largest economies, including in three of the four BRIC nations. Given that these 15 economies make up 70% of global GDP, the crisis will affect almost every large multinational company” (BCG, 2017). The most frequent questions coped by HR professionals are therefore the following ones: ***“how and where to recruit human resources; how to retain the best talents; on which way to bridge the gap among different generations; how to tackle the aging workforce, and how to reach and manage globalized workforce?”*** Besides creating some recommendations for CEOs on how to cope with these challenges from the leadership perspective, we believe that some structural and systemic changes at the national levels would also have to be done in the near future in order to tackle the demographic challenge successfully.

Furthermore, the ***implications of the fourth industrial revolution*** are the second major challenge for companies in the CEE Region and South Africa. With regards to the aforementioned demographic trends, robotization and optimization of business services and products, which are associated with the fourth industrial revolution, could be perceived actually as the resolutions to the demographic challenges in this part of the world. Interviews with 212 CEOs and HRMs in 11 countries indicated that digitalization and artificial intelligence are the most frequently used terms in their companies. Some companies have approached this challenge in a proactive way in terms of innovating business models, services, products (through the support of incubators, start-up, accelerators, spin-offs), others have started following their competitors. There are still some companies which think that this trend will finish soon and they should not do anything regarding it. The lifespan of the latter companies is under the

question, for sure. Namely, “the 33-year average tenure of companies on the Standard & Poor's 500 in 1964 narrowed to 24 years by 2016 and is forecast to shrink to just 12 years by 2027” (Anthony et al., 2018). These figures show that companies will have to adapt or take advantage of these disruptive trends, otherwise they will be overtaken by a faster growing company or enter into a merger, acquisition or buyout deal, etc.

Additionally, the increasing complexity of the market place had led to another challenge for the business sector all around the globe; *changing customer wants and needs*. As the market place becomes more global, so do the customers. Customers are no longer satisfied with whatever is available. They are more aware of the world around them and what products and services are available around the globe (Purg, Braček Lalić and Pope, 2018).

Having explained the most crucial business challenges in the CEE Region, leadership, change management, innovation, continuous improvement, introducing agile structures, decision-making procedures, processes, culture are some of the answers on the question how to tackle with these disruptive trends. All companies included in the study have pointed out that the new challenges need to be addressed by developing new business models, recruiting and retaining the best talents, forecasting what will happen in the future, and investing more in research and development (innovation), digitalization, and lean structures in order to cope with this uncertainty, complexity, and need for change (Purg, Braček Lalić and Pope, 2018).

The question is whether the CEOs are aware of the implications of these disruptive trends and have capacities to transform their companies to adjust them to the current environment and its circumstances. Moreover, the question is whether the employees have the right skills and competences to tackle these challenges.

### ***What are the current and future management and leadership development needs in Central and Eastern Europe and in South Africa?***

Majority of CEOs and HRMs included in the study responded that agility is the number one requirement to adjust to the new business environment. Agility, which has been identified as one of the most important traits of small and medium-sized businesses, has also become an important factor for large multinationals to stay ahead of different competitors and new disruptions, and to be relevant to the needs of their customers. To become an agile organization there is a need to change the mindset of all employees, from top management to technical staff. As noted by a Slovene company:

*“The first thing that makes people be more creative is change in the company culture ... the biggest impact here is the role of the top managers.”*

Furthermore, companies included in the study have provided us with a list of required skills by their employees that could be divided into two groups: hard and soft skills. Soft skills such as problem solving, communication, people skills, decision making, creativity, negotiation, building trust and relationships with stakeholders, leadership, and empowering or coaching were emphasized, whereas the following hard skills were identified during the research: information management and Big Data management, IT, sales, growth management, etc.

***How could business schools help the companies in the CEE Region and in South Africa to thrive in the era of uncertainty?***

Management education has a major role to play in supporting the business sector and society to tackle the disruptive challenges. The main condition this to happen, is to establish a dialogue or enhance the existing partnership between the business sector and management education. The main objective of this partnership should be to develop and empower students and employees to be able to face different kinds of challenges and to make a difference in their society, which is needed.

Acknowledging the current business challenges and management and leadership development needs identified throughout this study gives the opportunity to business schools to address these challenges and needs and support the business sector and society to thrive.

Due to the fact that both sides have to invest their efforts into mutual collaboration in order to meet this objective, we would like to give some recommendations to both stakeholders for further consideration and to support the transformation of the business sector and consequently the society. The recommendations are the following:

Table 1: Recommendations for Strengthening the Partnership Between the Corporate world and HEIs

<b>The corporate world</b>	<b>Higher Education Institutions</b>
The corporate world should strengthen its dialogue with HEIs.	Development of educational offerings together with the corporate world.
Management and leadership development activities should not be limited to managers but should involve all groups of employees.	Systematic monitoring of the market's and society's needs.
Management development should be strategically adjusted to the needs of companies.	Educational programs should also include the development of practical and soft skills.
Treat management development as an incentive and a loyalty builder.	Innovative teaching methodologies.

Source: Purg, Braček Lalić and Pope, 2018

## Conclusions

CEEMAN, International Association for Management Development in Dynamic Societies has always been dedicated and committed to management education and research that are relevant to different stakeholders with an aim to help and support the business sector and consequently the society.

The main aim of the exploratory study on *Management and Leadership Development Needs* in 11 countries was not only providing the insights into the current business challenges that would be helpful and valuable for the business sector, but also to encourage other business schools in the CEE Region and in South Africa to understand these challenges and to be more responsive to the needs of the business sector by providing relevant education and research. Only through collaborative approach between education and the business sector the impact will be made. CEEMAN, International Association for Management Development in Dynamic Societies is the main promoter of this initiative around the globe, also through to the **CEEMAN MANIFESTO Changing the Course of Management Development: Combining Excellence with Relevance**, which is accessible from: <https://manifesto.ceeman.org/>

The results of a two year exploratory study were published by Springer in a book titled *Business and Society – Making Management Education Relevant for the 21st Century* (July 2018): <https://www.springer.com/gp/book/9783319788548>

## References

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