

HR: Expectations versus reality of head-

Benchmarking in human resources, “cross border cooperation”, and movement of managers are always hot topics.

Therefore, we use the knowledge of the Arthur Hunt Group, which includes experience from the Czech Republic, France, Hungary, Poland, Austria, Romania, Russia and Slovakia, to gain better perspectives on the European territory.

The survey of different HR topics explores movement in the labor market over the past four years, when regional contracts have increased significantly. On the one hand, we have a long-term relationships with foreigners, for whom it is normal to migrate for work. On the other, we have are Slovaks moving higher on the ladder of success. Managing just one territory, such as Slovakia, becomes very limiting and demotivating.

To compare individual locations we chose attractive topics such as labor mobility, salary levels and benefits, the most popular positions, along with the current acceptance of foreigners.

In terms of labor mobility

It is clear from the survey that the Austrian and French job markets are the most conservative, reserved and credible.

In France, labor mobility has decreased significantly since 2008, especially for middle management positions, though further geographic mobility still depends on the preferred regions of west and southwest France. Austrians do not want to work abroad; they tend to stay and work only at home on a long-term basis. In Russia, there are a few cities that are especially attractive to candidates: Moscow, St. Petersburg, Kazan and Nizhny Novgorod.

The Czech Republic has always had extremely low geographical mobility. Applicants that wish to relocate to Prague are often also considering moving to foreign countries as well.

Before the turbulent economic situation in 2008, candidates in Hungary were significantly more mobile. Today it is much harder to motivate them to face personal interviews. This is caused by the fact that they are largely tied to their own companies and they respond only to very attractive offers with a real possibility of positive change.

Even in Poland, security and belonging to the company outweigh the candidate’s willingness to relocate for another job and enter the unknown.

Geographic mobility in Romania showed a slight improvement, though we saw a slight decrease in changing positions internally within companies. Even, it has weakened the movement of employees among companies. Slovaks historically have always

travelled for attractive work. Before 2008, they were more willing to travel outside the region and outside the country. In top management positions, they are much more interested in a change. Today, Slovaks are more cautious, but generally prefer to work abroad over another city in Slovakia.

Salary levels and benefits

Overall, in France and Austria, salaries are quite stable. Firms add to their “Com & Ben” systems with bonuses and other incentive instruments. However, they enjoy some conservatism and loyalty of their employees.

In the Czech Republic, there is far lower pressure on wages compared to the previous period. There are always candidates who are trying to reclaim particular compensation and bonuses. We observed a salary increase ranging from 2% to 4% per annum. Large companies have moved from benefits such as training and development programs or a “cafeteria system” to a more efficient contribution to pensions,

with health insurance plans and a financial rewards that are bound to EBIT and meet its objectives.

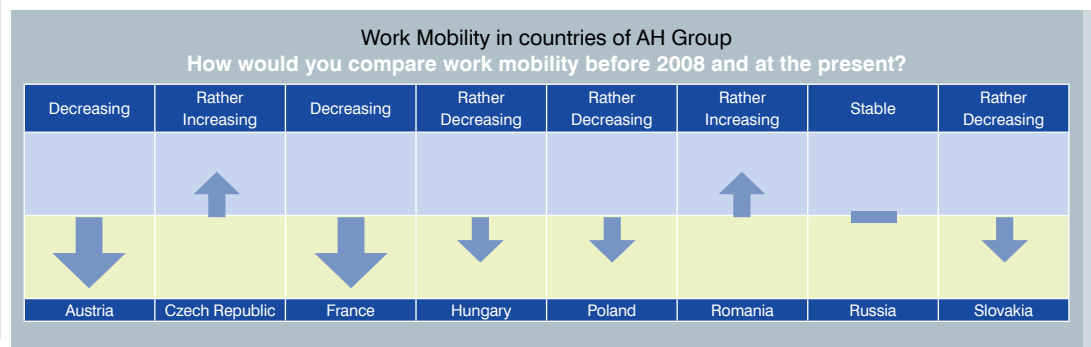
In Hungary, the increase in salaries is rather limited. If this happens, however, it is a systematic increase particularly for identified talents within organizations. In order to retain key people, there are bonus settings based on individual contribution and there are other motivational tools, such as development centers, coaching meetings, and talent programs.

In Poland financial remuneration was very attractive before 2008, but now the salary increase varies from 10% to 20% of the fixed amount. Benefits are provided at a minimal level.

Inter-annual salary has increased slightly in Romania for stable employees. New employees must face the fact that their salary will be much lower.

In Russia, we register an average increase in wages of 15% to 20% since 2008. However, the benefits packages and bonus systems remain almost the same compared the years prior to the crisis.

In Slovakia, there are wage increases, although the percentage of the increases were small, from 1.5% to 4%. There is also a significant change in the payment and compensation policies at the positions where there was a fixed and variable component, the ratio



hunting in Europe and Russia

ARTHUR HUNT
EXECUTIVE SEARCH
&
HUMAN RESOURCES CONSULTING

of variable increases. However, there are individual exceptions in specialist or managerial positions, where salaries have risen by 10% to 15%.

Acceptance of foreigners

It should be noted that we are talking about the years 2008 to 2012, when there was the biggest boom of foreigners remaining particularly in the head offices of multinational companies.

In France, foreign candidature for managerial positions can be beneficial, compared with locals, especially in the field of new projects. It's obviously a question of labor cost comparison.

Foreigners in Austria who speak fluent German are accepted mainly for specialist positions. The Austrian labor market is open but small. Clients mostly accept domestic Austrian citizens for top management positions.

Foreigners are accepted much less in the Czech Republic. The new legal and administrative environment is very difficult, especially for non-EU citizens, including citizens of North America. In contrast, many foreign executives have established themselves in the Czech Republic, have family here and have decided to stay. These people are much more flexible at the acceptance of a local contract

and thus, they represent strong competition for locals.

In Hungary, knowledge of the local language and culture is necessary for a foreigner. If foreigners are well integrated, they are strong candidates for top management and will be able to maintain relationships with management and informal contacts with their surroundings.

In Poland companies employ expatriate, as in other countries, particularly for regional headquarters in the country or HQ for the region. At the local level, most employees are Polish. Foreigners who know the mentality and language of a country that is gradually becoming their second home and do not ask for greater financial compensation than locals are very positively assessed.

Acceptance of foreigners for employment in Romania is not really supported. Of course, this is because of cost. However, if local management does not have the necessary knowledge, expatriates are needed and called for support. It is good to mention the number of specialists and managers who have worked abroad and wish to return home. The question of high financial expectations and difficulties to reintegrate is really problematic. They are not sufficiently flexible

toward the domestic Romanian market.

Russia has suffered from a declining global trend of foreign workers at home. Companies seek to reduce costs and utilize a new generation of top Russian managers with comparable or even better skills than expatriates. On the other hand, in conglomerates such as Volkswagen, the number of foreign workers remains high. They have skills that the local Russian labor market does not offer at all.

In Slovakia, it very much depends on whether the applicant has a good background in our country, private or business relationships, knows the local conditions, and is able to adapt. Companies are looking for creative solutions, and if they can not find them within the country, they are open to offering jobs to foreigners. But they are careful in financial compensation, as given budgets are not always prepared for the level of salaries abroad.

The most popular positions

While in Russia, France and Austria there has been a noticeable shift in job market orientation, this does not occur in other countries. We see again a strong focus on trade and sales positions needed in the market. In the past, companies got business very easily through their own logos and brands. The present trend caught them off guard.

In the Czech Republic and Poland, there is a great need for good sales people. Green lights have been given mainly for commercial and financial positions also in Hungary. There, the market experienced declining needs compared to the period before 2008, especially in the segments of: pharmacy, banking and FMCG.

Furthermore, marketing positions are not really wanted. Also, companies with regional headquarters and Shared Service Centers are constantly looking for specialists.

In Romania, there was a boom in 2008 in pharmaceuticals, banking, real estate and IT. At present, there are vast requirements on project directors and software developers. Other segments that are also calling for candidates are: manufacturing, agriculture, trade, energy and infrastructure.

Slovakia before 2008 was mainly dedicated to searching for top management and specialists in IT, finance, FMCG, trade, banking, manufacturing, and construction. After 2008, there has been a noticeable tendency to favour the trade and finance segments, but there is also a need for high quality profile on production, healthcare and management. At the same time, the IT segment has strengthened its need for top candidates with a different vision and strong values.

What is executive search like now?

There are significant improvements and changes in the quality of communication within the triangle of client, candidate and us. The client always knows what he needs and it is our job to find unconventional solutions from a different perspective.

Therefore, we spend much more time with clients. It is our job to provide accurate information, collect references and sometimes show great openness in explaining the potential pitfalls of the candidate.



Katarína Bittalová
Partner / Senior
Consultant
Arthur Hunt s.r.o.

Increase of managerial salaries: 2008-2012

