



Each month, in the Human Resources files, CEO Europe shares its expertise with a synthetic presentation of a topic.

Recruitment in CEE countries

As more and more foreign enterprises try to implant themselves in the CEE (countries of Eastern Europe), they are confronted to a lack of top managers. CEO Europe shares its expertise with you, to better understand the recruitment process in this region and accompany you in your research of top managers.

A/ **Internet**, a new channel for recruitment

The societies in this region are small and each country has its distinctive language and culture. The successful recruitment process is geared to the local practice and professionals who know the language and traditions. The demand for professionals and managerial staff is higher than supply. The high calibre candidates also know that and do not usually respond to job-ads in media. Hence the proactive search for candidates is the only way to make successful placements. **The headhunting is fully legal activity without any restrictions in CEE region. In some countries any position that is more senior than fresh graduate is filled by direct search. For junior positions the amount of online recruitment is really increasing.** The government's programs to facilitate Internet usage have increased the number of people connected to Internet through broadband, which has helped a lot to expand the audience one could reach out through the Internet job sites. For elderly group of blue-collar workers the traditional channels like local newspapers and job-ads in shopping malls are the most effective. **The government labour agencies are generally unable to supply quality workforce as their major target audience is long-term unemployed and socially excluded individuals.**

B/ **Employees** well protected by the **labour code**

The probation period is 3(4) month during which there is opportunity for the prompt dismissal of an employee. The confidentiality and non-competition clause is valid after the employment period only if there is continuous ongoing pay to employee in return to fulfilling these obligations. The fraud can be tackled and compensations claimed in civil courts however the courts are overcrowded and one must consider the court case will take in average 12 months from the claim to the satisfaction. The good practice is to prevent problems by involving professional partners in recruitment and if the problems occur, then settle the dispute based on mutual agreement.

The labour code as well as practice in the court is very much oriented towards protecting employees. The labour contracts must be very detailed and only the documented evidence can be considered to dismiss an employee. Labour Unions are weak though, for historical reasons. But they will definitely have a role to play in the future, even though the legislation provides pretty good protection already to an individual.

C/ A very precise **labour contract**

By default the labour contract is signed for indefinite time period. Only in limited occasions the definite period can be agreed. The working time, place, subordination, list of tasks and responsibilities are to be clearly formulated and could be changed only by mutual agreement. **The termination of the contract by employer's will could be arranged under the redundancies by 2-6 month due time notice period followed by 2-6 month severance payment.** The dismissal for misperformance is a long and heavy legal process. Everything must be documented and well proven. Usually the mutual agreement is found in those cases.

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CEO Europe In the CEE

CEO Europe is a partner of CVO Group, the first online international recruitment company in the CEE.

CEO Europe is currently developing its Management on demand™ offer in these countries.

CEO Europe and CVO Group's clients benefit from recruitment solutions and interim management inside these countries. Since their integration to the European Union, on May 1st 2004, the CEE represents real timeliness as relay of proximity growth within the European Union.

With this partnership, CEO Europe extends its interim management offer to middle management profiles, CVO Group being extremely active in that field.

*Report written after
interview with Agu Vahur,
CVO Group General
Director*

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D/ Young **top managers** looking for **international** careers

As a rule, recruitment of top management is a headhunting exercise. The economies are small and there are language barriers for mobility between the countries in the region. **Hence the supply of top managerial staff from particular industry is often non existing and companies are more flexible to accept top leaders from another industries.** So a CEO from FMCG can be changing it to a career in the banking sector. The successful companies have recruited young people to managerial positions in the 90's. Those people in top positions are now in their late thirties. **The top management in our region is surprisingly young and the retirements from top positions are rare occasions.** However those young top executives have what we call "career hangover". They have been used to quick promotions and taking next step after a couple of years. Now they are in the top positions where there is no next step in foreseeable future. **Those people are actively looking for opportunities abroad and they are the most mobile people to attract for international careers.**

E/ A classic **remuneration** for top managers

The most common way of remuneration is salary and aggressive cash bonuses for reaching quarterly and annual targets. Also fringe benefits are common in countries where that is not highly taxed yet. The company cars are bigger and mobile phones more expensive than management at the same level have in Western Europe. The share ownerships are not common yet. The stocks have been very volatile and minority shareholder rights not well protected. As the top managers are so young they are as well very confident on their employability and the golden parachutes are not important. It is usually themselves who choose to stay or leave...

The official average salary is between 400 and 800 Euros per month, being lowest in Latvia and highest in Slovenia. **However the managerial jobs and top professional job are remunerated already at the international pay level as companies compete for the top talent across borders. Top professionals are needed in London, Stockholm, and Amsterdam as much as locally in the region.**

In the private sector's successful companies, the top management earns anything between 3000 to 6000 euros, in small businesses. In big companies the salary levels for top management are between 5000 to 15000 euros.

F/ The most in demand **profiles:** technology and commercial professionals

The most in demand profiles are technology professionals with commercial skills. Indeed, there is a strong demand for people who have in depth technology knowledge and who at the same time, can take the commercial approach and sell the equipment and services to customers. **As well the demand for financial managers with ACCA and IAS certificates are in great demand as the requirements for the financial reporting are changing and systems in companies need to be upgraded.**

G/ To **conclude:** a **high demand** for top managers

The strong economic growth of the CEE creates a real tension on the recruitment of top managers. The foreign companies who are willing to implant themselves in the CEE and recruit local top managers are confronted to a rude competition. To succeed in that mission, it is important to call for help to experienced partners, who perfectly understand the culture and the economic tissue of the region. **CEO Europe, through efficient partnerships with recruitment companies, accompanies you in your process so that you access to the best qualified profiles and therefore optimise your implantation and/or to support your local development.**