

## The Human Resources Agenda for CEE & CIS Trends, challenges and opportunities, 2009-2014

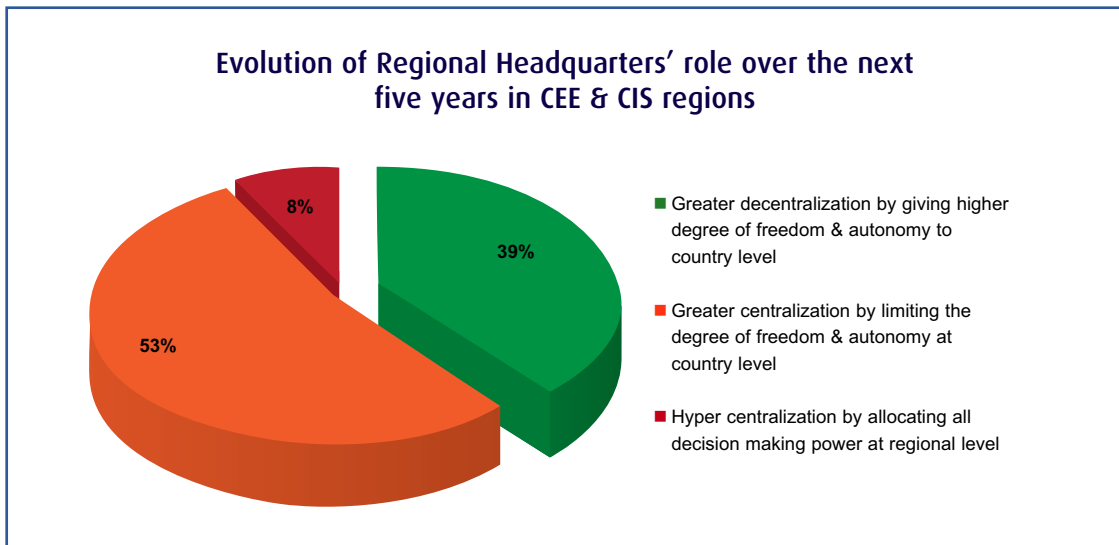
### About the Survey

In July and August 2009, The Amrop Hever Group surveyed the HR agenda of the leading investors already established and operating in Central & Eastern Europe (CEE) and/or the Commonwealth of Independent States (CIS). This survey aimed at comparing their last five years' key priorities with today's main concerns, ambitions and targets for the five year period until 2014. More than 300 CEOs and Regional and Country Human Resources Directors covering most industrial sectors responded. This survey addresses the main areas of strategic HR Management: regional governance (centralization vs decentralization), expatriate policy, talent management, training & development, and executive search & recruitment.

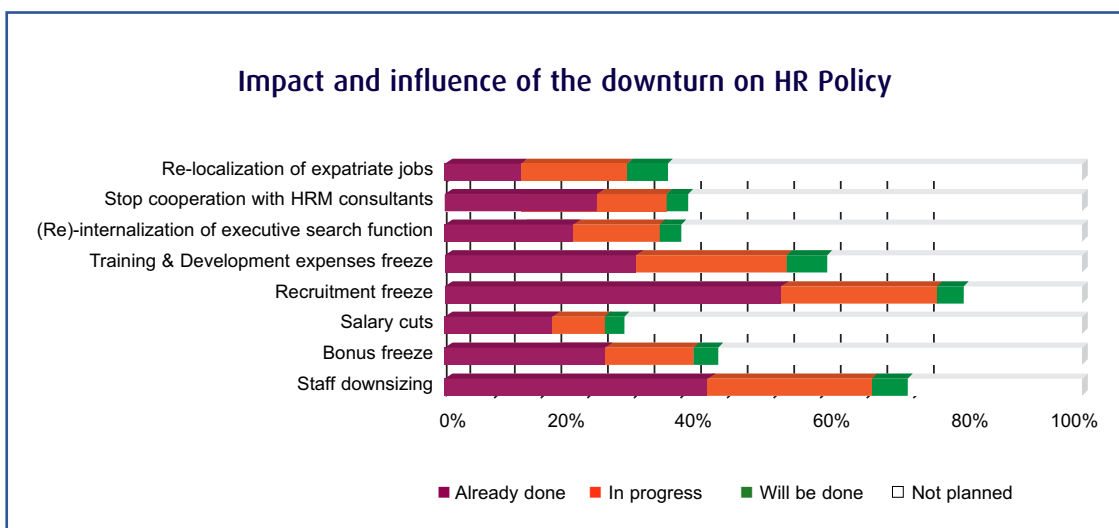
### Key findings

- Despite the global economic downturn, the strategic appetite for CEE and CIS remains almost intact for investors who already operate in the region. 61 % of respondents said they would maintain their initial investment plan, while the rest of the sample decided to postpone it; only a very few decided to stop investing altogether. Overall, investors seem to have maintained their confidence in the significant long-run potential of the region.
- The upgrading and restructuring of sales and marketing functions come first in the ranking of priorities as initiatives to recover performance in the region, ahead of cost-cutting programs.
- Management development, personnel cost optimization and strategic HR planning constitute the three main areas where investors are willing to concentrate their attention to by 2014.





- The role of regional headquarters will be reinforced by 2014. 61% of respondents declared their intention to implement a higher degree of centralization in the near future. The motivation is mainly financial. The move towards reinforcing management control is seen as a clear way to enhance the implementation of savings programs, and implementing and coordinating new synergies at the regional level.
- While the results of our research show a high importance placed on management development, 60% of surveyed companies have already or plan to freeze their training budget. The development of management will look for new alternatives and approaches; such as in-house engagement programs rather than traditional executive education. For instance, the demand for coaching is to increase by 25 % during the next five years in the region.
- One third of the studied sample plans to decrease the contingent of expatriates in CEE and/or CIS region(s). This movement illustrates the desire to empower the local country management team and save on costs.



- Recruitment freezes and staff downsizing are the main measures widely implemented by organizations operating in CEE and/or CIS to recover profitability affected by recession. 75% of surveyed companies already did it or plan to do it.
- 43% of the surveyed organizations believe that attracting and recruiting top talent for key positions will be as difficult or even more difficult in the period to 2014, despite the current downturn as compared to the recent fast growth context in the region.

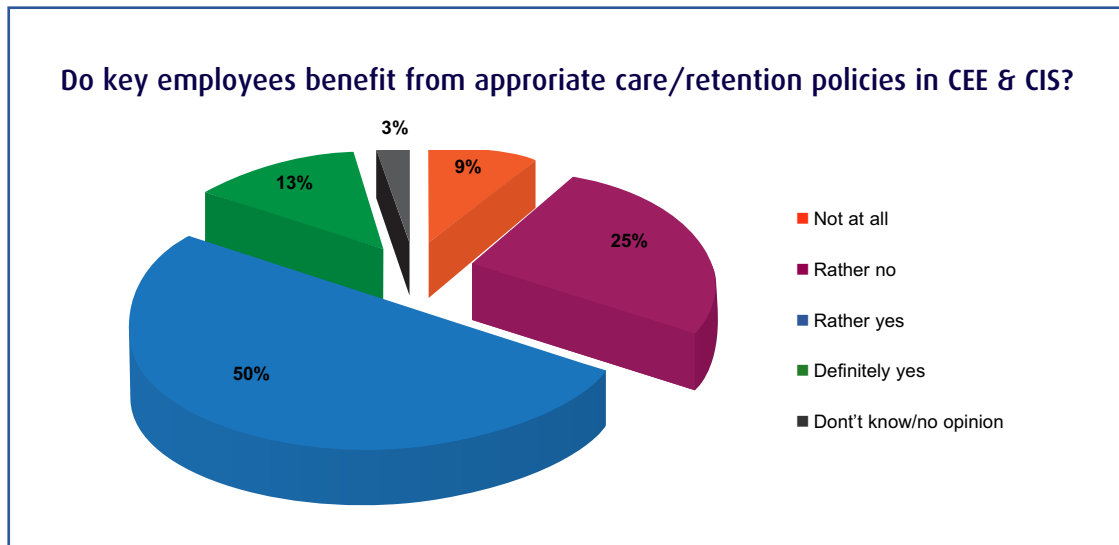
### Talent retention, development & engagement: a triptych for success in CEE & CIS

to deliver short term performance and make long term growth sustainable

45% of respondents estimate that the identified population of talent, high potentials and best performers in their organization is not managed as such in the region. One-third even emphasizes the absence of appropriate retention policies.

*Optimization* and *rationalization* become fashionable concepts when organizations strive for the optimum balance between their workforce and the workload generated by shrinking business portfolios. By freezing bonuses and cutting training and development expenses in the downturn, companies send a clear message to their personnel and face the risk of enhancing the gap between employee and employer expectations. Change has always been synonymous with “uncertainty”. Thus business leaders understand that top talent might be more likely to leave as a result of such a negative environment at work.

Key *people reviews* conducted recently by The Amrop Hever Group in the CEE and CIS region have demonstrated that these categories of “key employees” (top talent, high potentials and best performers) are above all looking for “prestigious” challenges; in other words: opportunities to achieve goals that will contribute to their own professional growth and make them visible to their superiors and within the company as a whole. They are eager to work hard provided they will see the results of their input, while at the same time being supported and recognized by their management for their achievements. The value of the assignment itself and its relation to the company as a whole, the quality of the organizational climate, top talent involvement in decision making, the quality of the management team and the work-life balance are the first ranked factors that can make a real difference in long term retention; more than the remuneration package and attached social benefits if used as the only incentives.



Despite many concerns with retention, the survey results show that the external mobility (leaving rates) of key employees has not increased in CEE & CIS since the beginning of the recession. In fact, retention is perceived as a major and harder issue to cope with for the next five years. Almost half of respondents believe that the risk of losing staff is greater today than before the crisis.

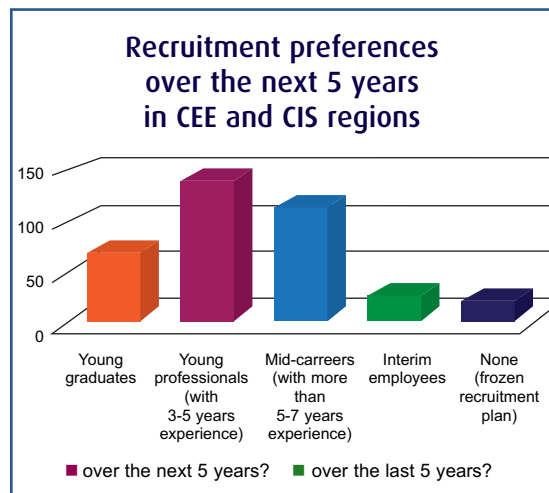
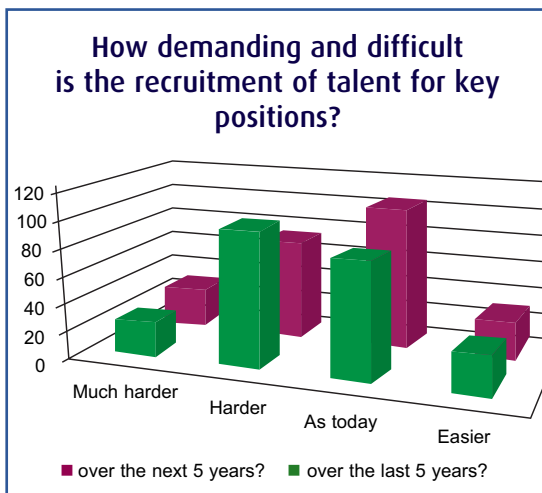
The risk of losing valuable managers is actually higher in the case of best performers and high-potentials for two main reasons. Firstly, these categories of employees are usually aware of their market value and confident when applying for new positions; whether hunted or not.

Secondly, thanks to the depressed labor market and companies' reaction to it, competitors can more easily recruit skilled and experienced talent, who are, on the contrary, more difficult to recruit in prosperous economic times. One reason why high achievers are more likely to leave their employer in a crisis can be found in the way a company treats employees who leave and stay; those who stay can be adversely affected psychologically if layoffs are not handled well and will carry these memories into better times when job offers might be more plentiful. The feeling of affiliation to the team and to the company depends a lot on the management style and dominating behaviors.

For that reason, companies surveyed are keen to invest more than before in management development, coaching and mentoring. By doing so, they want to reshape or strengthen new key competencies, such as shaping and driving change, fixing objectives and motivating people under uncertainty. Above all, they are keen to leverage the positive impact these programs have on individuals. Hence management would like to improve the quality of the follow-up on key employees' concerns, expectations, as well as take care of their "self-realization".

## Recruitment: attracting talented executives is to become more demanding

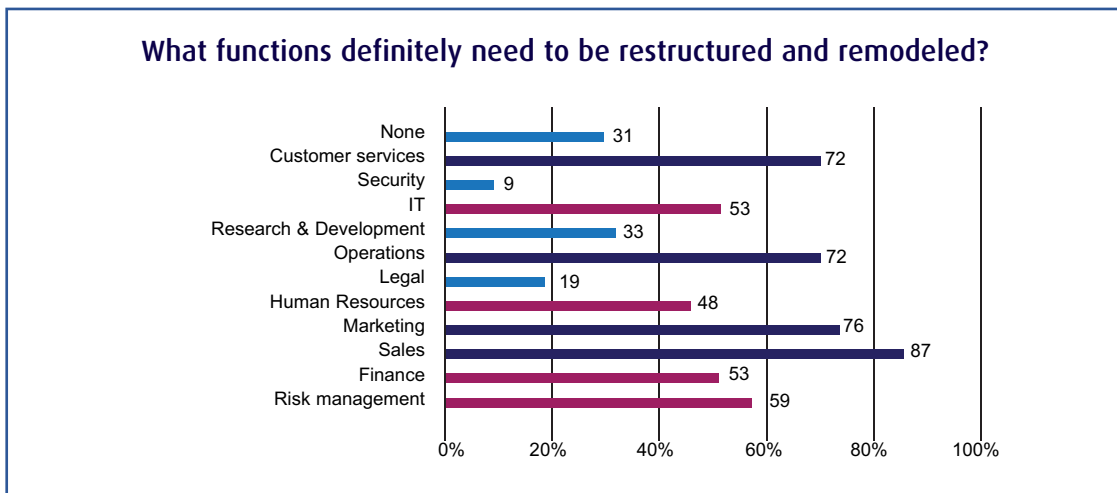
Employers in CEE and CIS see their ability to guarantee employment stability and provide clear career development opportunities diminishing over the next five years. At the same time, finding and attracting top talent will remain difficult. Hand-in-hand with, this, a major obstacle to attracting the best managers will be the company's inability to meet candidate expectations. However, the survey does show that the respondents feel there will be some modest improvement in this area over the next five year period.



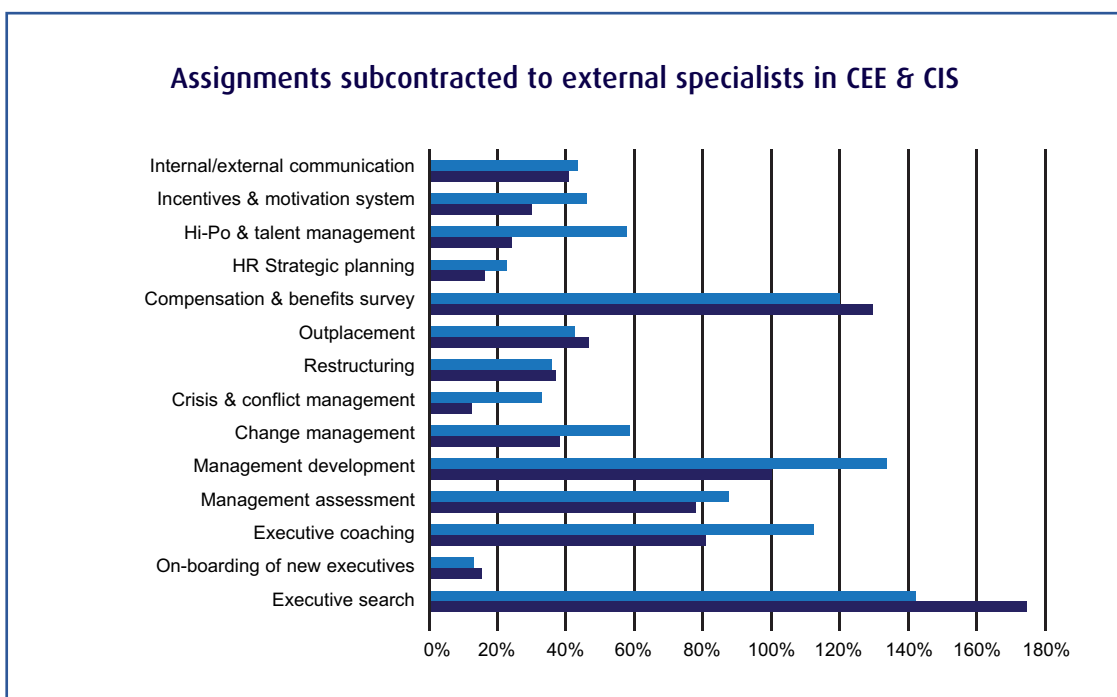
43% of respondents estimate that the recruitment of talent for key positions will be harder, and even much harder, over the next five years in comparison to the recent fast growth period. However, the executive search process will be partially (re)internalized. The movement is motivated by savings programs mainly if not exclusively.

## Human resources development in CEE & CIS: Sales is “king” more than ever before

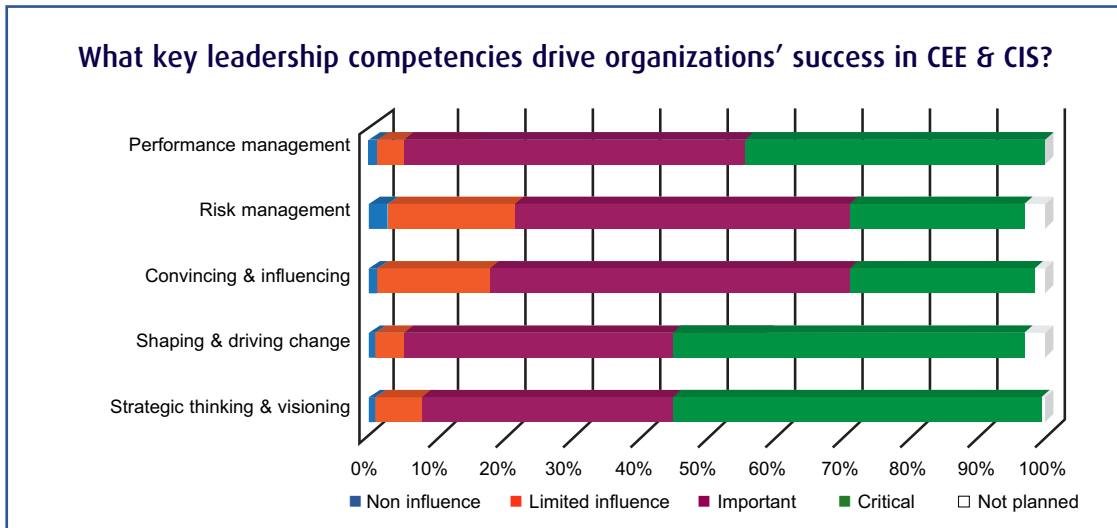
In the recent fast growth context, the real performance of the sales function was masked by the high market demand dynamic in CEE & CIS. The downturn has revealed the real value of each contributor. Consequently, a significant number of companies have initiated major restructurings of their sales and marketing departments.



Customer satisfaction, quality service and innovation are also strategic areas where most surveyed organizations want to make rapid progress. It seems that the downturn has contributed in a major way to the spreading of the “customer care” culture in the region. At least, the collective awareness is rising.



Internal promotion and in-house development and/or engagement programs are preferred to external sourcing and traditional executive education.



30% of the surveyed companies estimate that the leadership skills required to introduce and lead change effectively is missing among the existing management teams. Strategic thinking, "visioning", shaping and driving change are identified as the main leadership competencies that can lever companies' performance in the CEE & CIS region.



In addition, the current downturn raises a need for greater support and external assistance to deal with crisis and conflict management, change implementation, executive development and coaching.

## Conclusion

The word used for "crisis" in Chinese has the meaning of both danger and opportunity. This has never been more true than today.

Without a doubt the majority of organizations investing in the CEE and/or CIS today has to cope with difficult trade-offs and make uneasy decisions that will shape their business trends and condition their performance over the next five years.

However, investors who look for new opportunities and alternatives to cost cutting programs, adopting a positive approach to their talent and business initiatives, should overcome the recession more easily than others, having prepared the groundwork for growth and recovery with an advanced "people advantage" once the downturn is over. Actually, the ability of any organization to take over and develop further market share lost by competitors will require an adequate "HR reservoir", which is strong, engaged and motivated. Therefore, the winners will be the ones who keep investing in talent. Consequently, HR Directors will have to show their creativity and ability to innovate to tackle the downturn by combining approaches that focus not only on making savings, but also and above all on talent development and engagement.

In other words, developing talent and enhancing employees' commitment are to become the number one topics over the next five years.

### Amrop Hever's key recommendations to enhance performance through people

- Benchmark the key positions of your organization with what the market may offer to guarantee the "best in class" level;
- Conduct talent reviews on a regular basis to speed up the professional growth of individuals (promotion, cross-functional move, job enrichment), structure the retention plan and update the succession planning;
- Identify and segment the key contributors: top talents, best performers, high potentials, critical jobs;
- Qualify the main motivation driver and consider long-term individual expectations of key contributors;
- Structure and reinforce the follow-up on an individual basis for key contributors (coaching, mentoring);
- Test the organizational climate, monitor perceptions and reshape the management style when needed;
- Make sure of the alignment between individual objectives and the company strategy;
- Invest in engagement programs to enhance performance: improved retention will be an immediate outcome;
- Involve key contributors in the development of Progress Plans; participative management will lower resistance to change and motivate commitment to achieve and deliver.

## About The Amrop Hever Group

**One mission: deliver performance through talent**

The Amrop Hever Group is a global executive search network with over 80 offices in some 50 countries. With offices throughout the CEE and CIS regions, Amrop Hever is truly the leading firm in executive search in Central and Eastern Europe. As a strong proponent of leadership development and human capital solutions, Amrop Hever provides outstanding search services for top-level management and board positions. From Budapest to Moscow, from Tallinn to Sofia, Amrop Hever has a strong local team to meet your executive search needs.

To satisfy its clients' development needs, Amrop Hever also offers a range of complementary and innovative services that aim at enhancing HR performance, such as: new executive on-boarding, mentoring and executive coaching, engagement programs for best performers and top talent, management assessment and talent development.

### Author



Jerome Touiller leads Amrop Hever's Human Resources Services for the CEE/CIS region, which offers consulting in four main areas: Talent Management (identification, development, retention, succession planning), HR Acquisition & Integration, Management Development, and Performance & Engagement. Jerome has 13 years of experience and managed more than forty assignments in these areas, including seven years in Central and Eastern Europe. He has an MBA degree awarded "with distinction" at Warsaw University of Technology jointly with HEC Paris & London Business School (2004). Jerome is also a graduate from the University of Texas (USA) and INSEEC Paris. In addition to his native French, Jerome speaks English and Polish fluently.

### Your local contact



David Young  
Managing Partner  
Amrop Hever  
Hungary  
Tel: +36 1 391 0950  
Email: [david.young@amrop.hu](mailto:david.young@amrop.hu)  
[www.amrop.hu](http://www.amrop.hu)



The main findings of this survey will be discussed, put in perspective and completed through a cycle of panel discussions, conferences, workshops and face-to-face interviews with top decision makers from various industries and politicians by the end of this year. If you want to receive the full report in January 2010, please contact your local Amrop representative.