

NEWSLETTER

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SAUDI ARABIA IN FOCUS: MARKET OPPORTUNITIES FOR SMALL AND MEDIUM-SIZED ENTERPRISES

With exports up 7.5% to €8.7 billion in 2024, and a further 13.2% growth in the first quarter of 2025, Saudi Arabia is one of Germany's leading export markets in the MENA region. What conditions and dynamics currently determine market entry, and the activities of German companies in the Kingdom?

In recent years, Saudi Arabia has developed into one of the most dynamic markets in the Middle East as part of its Vision 2030. This applies not only to infrastructure and major projects, but increasingly also to its role as an attractive business location for international companies with regional appeal. The framework conditions are generally positive for German companies. The political will for economic diversification is clearly evident. Regulatory processes have been modernised, and there are concrete support programmes for foreign investment, for example, through Invest Saudi or special economic zones. In addition, there is increasingly visible political stability and the Kingdom's strategic anchoring in the international system. Close relations with European countries and the USA, reflected among other things in a high number of official state visits, further strengthen the confidence of international partners. However, strategic alignment with the core sectors of Vision 2030 is crucial for successful market entry. These include renewable energies, hydrogen, health-care, education, tourism, digitalisation and industrial manufacturing. Companies that align their own competencies with the country's goals increase their relevance and thus also improve their chances of sustainable success. Equally important is the establishment of genuine partnerships. The Saudi market rewards long-term commitment and cultural understanding. Companies that view the country not only as a sales market but also as a strategic partner, and are prepared to engage locally, for example, through joint ventures, local value creation or cooperation with government actors – gain clear competitive advantages.

Industrial projects worth billions as part of Vision 2030 are creating new business opportunities for German companies, particularly, in mechanical engineering, electrical engineering, chemicals and construction. In your expert opinion, what is the best way to build strong connections with key decision-makers at both the national and regional levels?

Access to the right decision-makers in Saudi Arabia, both at the national and regional levels, is a key success factor for German companies that want to get involved in Vision 2030. In a country where trust, commitment and long-term relationships play a major role, it is not enough to simply present a convincing product portfolio.

Personal contact with key institutions is crucial. In addition to the Ministry of Investment (MISA), these include economically relevant players such as the Royal Commission for Riyadh City, the Royal Commission for Jubail and Yanbu (RCJY),



Dr Holger Bingmann

is the founder and CEO of Thinking Arabian, a boutique consultancy focusing on establishing business activities in Saudi Arabia, the UAE and other countries in the MENA region. His work centres on strategic issues, the framework conditions for medium-sized investors and advising on political, economic and social developments in the region.

After decades as the founder of several logistics and media companies, he took over the presidency of the Federal Association of Wholesale, Foreign Trade and Services (BGA) from 2017 to 2020. In this capacity, he acted as the principal liaison to political and business leaders on matters of foreign trade and SME policy. Since 2021, he has been President of ICC Germany, the German National Committee of the International Chamber of Commerce, and a member of the Board of Directors of the global ICC in Paris.

project developers such as NEOM, Red Sea Global, Diriyah Gate and ROSHN, as well as industry-specific support structures in areas such as energy, logistics, digitalisation and construction.

Another key success factor is physical presence in the country. Companies that are active locally with a representative office, a local office or close partnerships send a strong signal to Saudi decision-makers. This presence creates the basis for trusting discussions, continuous exchange and strategic participation in key projects. Of particular importance is Saudi Arabia's clear desire to attract companies that actively participate in local value creation.

It is frowned upon when companies merely raise capital and then operate from abroad. Those who are committed and willing to build local structures are perceived as reliable partners – as we are currently experiencing very clearly in a project with a German SME. Saudi Arabia promotes access through numerous international trade fairs and industry events. These are valuable platforms for relationship building, informal exchange and direct contact with ministries and project sponsors. Those who use them increase their chances of entering the market as a strategic partner. This is exactly where our work at Thinking Arabian comes in. Together with partners from Germany, Austria and Switzerland, we are organising a delegation trip to Saudi Arabia in January 2026. The aim is to show interested companies the business opportunities in the Kingdom, facilitate local contacts and promote dialogue with relevant decision-makers. They expressly welcome European companies, especially those from Germany, contributing their technical expertise to the implementation of the Vision 2030 goals.

IT IS FROWNED UPON WHEN COMPANIES MERELY RAISE CAPITAL AND THEN OPERATE FROM ABROAD.

Entering the market in Saudi Arabia often leads to neighbouring markets also being considered. What decisions lay the foundation for promising regional expansion?

Today, Saudi Arabia is much more than a single target market. It is increasingly positioning itself as a strategic hub for the entire Middle East. Those who successfully establish themselves there, create an ideal base for expansion into markets such as the UAE, Bahrain, Oman, Qatar and Egypt.

A common mistake is to compare it with Dubai. This often overlooks the fact that the kingdom is of a completely different dimension in terms of size, structure and dynamics. Saudi Arabia is eight times the size of Germany, and combines a variety of economically important regions – from the east coast, with access to Bahrain, Kuwait and Southeast Asia to the west coast, with the Red Sea as a gateway to Africa.

This geographical span creates regional diversity within the country, each with its own industrial focus, decision-making structures and partner networks. Successful market development, therefore, requires locally differentiated strategies, adapted to the respective circumstances.

In addition, Saudi Arabia is also developing in the area of tax framework conditions, and is working intensively on free trade agreements with international partners. For German companies, this could result in interesting structural options for a regionally integrated presence in the future, similar to what many companies are already practising in the UAE today.

The Kingdom also offers numerous links to neighbouring markets through its membership in the Gulf Cooperation Council (GCC), infrastructure projects and emerging cross-border industrial clusters. Those who think regionally from the onset lay the foundation for sustainable growth beyond Saudi Arabia.

THOSE WHO THINK REGIONALLY
FROM THE ONSET LAY THE
FOUNDATION FOR SUSTAINABLE
GROWTH BEYOND SAUDI ARABIA.

The key to this is a scalable structure that can be controlled centrally and adapted locally at the same time, for example, through modular business models, flexible partnerships, resilient networks and cultural translation skills to transfer successful approaches to other markets.

The competition for talent in Saudi Arabia is intensifying in the wake of growing internationalisation and increasing industry diversity. What long-term trends are emerging in the search for and employment of qualified specialists and executives?

Competition for qualified specialists and executives in Saudi Arabia is increasing significantly. This is not a short-term development, but rather a fundamental change in the course of the country's economic transformation. At this point, a comparison with Dubai in the early 2000s is useful. It was clear there as well, that building an international economic metropolis could only succeed with global talent. However, Saudi Arabia's ambitions under Vision 2030 are much more comprehensive. The comparison can only be made on a significantly higher scale.

In almost all areas, such as construction, industry, logistics, health, technology and digitalisation, not only investment but also expertise and entrepreneurial thinking are needed. International talent is in demand, talent that is willing to contribute its know-how in a dynamic and culturally challenging environment.

A key difference from the past is that foreign professionals are no longer seen as temporary external consultants. Instead, they are expected to play an active role in the country's social and economic development. Those who want to succeed must integrate culturally, make a long-term commitment to the country, and become part of the economic ecosystem.

At the same time, the enormous potential of the young Saudi population should not be underestimated. Over 70% of the population is under 30 years of age. Many have an international education, and are actively invested in shaping their country. Companies that manage to meaningfully integrate this generation are positioning themselves for long-term success.

In the long term, success will belong to those who combine international expertise with local talent. This includes diverse teams, targeted promotion of young talent, mentoring initiatives and joint innovation projects. Saudi Arabia offers the platform to make these approaches a reality and be part of a new economic era.

When working with Saudi partners, different management styles, decision-making processes and cultural influences come together. In light of these converging factors, what skills should a manager possess to operate effectively on site, as a representative of German management?

Managers working on behalf of a German company in Saudi Arabia face the challenge of combining professional excellence with cultural sensitivity. Success depends not only on strategic orientation, but also significantly on how well one navigates the social and business fabric of the country.

In the past, international specialists and managers were often deployed on an ad hoc basis without any real integration into the local reality. Today, expectations are fundamentally different. Active integration into the culture and society is required, not just a mere presence for a project. Trust, continuity and personal relationships count more than ever. Hence, cultural competence not an added bonus, but a key success factor. Our experience and feedback from the market show various ways to develop this competence. In addition to classic intercultural training, the go-and-see-yourself approach is particularly crucial. Those who spend time in the country, attend industry events and seek direct exchange with local players develop an authentic and sustainable understanding.

MANAGERS WORKING ON
BEHALF OF A GERMAN COMPANY
IN SAUDI ARABIA FACE THE
CHALLENGE OF COMBINING
PROFESSIONAL EXCELLENCE
WITH CULTURAL SENSITIVITY.

Language is an often underestimated lever. Even a basic knowledge of Arabic phrases or consciously observing cultural forms of greeting opens many doors. Equally important is a feel for the local hierarchical culture and negotiation logic. In Saudi Arabia, decision-making processes are more indirect and relationship-oriented than in the UK. Direct confrontation is usually avoided; decisions are made on the basis of trust, not pressure.

Added to this is the young Saudi generation, which is increasingly well-educated and internationally minded. Over 70% of the population is under 30. They expect openness, respect and cooperative partnership, and at the same time contribute a great deal of innovative energy. Managers who are willing to adapt, listen and build genuine relationships will not only be accepted in the long term, but also valued as true partners on an equal footing.

UNDERSTANDING INDIA: MARKET INSIGHTS BEYOND THE RANKINGS

According to the International Monetary Fund, with the current growth rate of around 6%, India will overtake Japan as the world's fourth-largest economy this year. Which market trends do you think deserve particular attention at present?

India is now one of the world's largest economies, but serious challenges remain. The large informal sector and slow income growth prevent large parts of the population from benefiting from the overall economic development. Without far-reaching reforms, social inequalities may continue to increase, and many people could remain in poverty. Despite all the progress made, per capita income is rising too slowly in international comparison, especially, in relation to China.

I have been following this economic ranking since 2008, when India first entered the top 12. My impression is that a better ranking and a higher gross domestic product (GDP), do not automatically lead to noticeable improvements in infrastructure or in connecting the rural population. Nevertheless, political and social discussions rarely touch upon the most pressing issues. For example, there is a strong focus on academic education, while vocational training receives little support from society. Problems such as high youth unemployment, and the lack of transparency in the unorganised sector pose considerable risks to both economic development and social peace.

The ambitious goals of the 'Make in India' initiative have also not yet been fully achieved. However, the market segments highlighted in the initiative are of particular interest to German companies. Access to value-adding international supply chains has only been partially realised so far. This hinders investment, as does the lack of bilateral trade agreements. Although India is gradually developing into an interesting sales market, the purchasing power of a large part of the population remains limited.

At the same time, it is clear that India will benefit from political stability and ongoing reforms, despite the fact that many infrastructure and manufacturing investments have so far remained largely aspirational – a considerable hinderance to India becoming a truly dynamic industrial nation at the centre of global supply chains in the short term. In addition, trade policy measures such as higher US tariffs could further hamper this development.

This opens up opportunities for German small and medium enterprises (SMEs), because their market strategy is not directly dependent on political measures. In such areas, specialised companies with niche expertise, the hidden champions, can make their mark. I can well imagine that in the fields of goods and services, IT, e-commerce and automation, initial ideas will very quickly give rise to viable market models.



Georg Graf

Advisory Board Member,
CT Executive Search

Georg Graf worked at Freudenberg Group India from 2008 to 2023. After six years as CFO overseeing Indian and Asia-Pacific operations, he became Director and CEO in 2014, establishing the Regional Corporate Office to support Indian group companies, with centralized functions and standards.

As the Regional Representative for India, he also headed a vocational school for industrial training in Tamil Nadu. Mr Graf has been a member of the board of the Indo-German Chamber of Commerce (IGCC/AHK) since 2016, and was its president from 2019 - 2020.

Mr. Graf currently consults small and medium-sized enterprises on strategic entry into the Indian market, providing high-level guidance informed by deep market expertise, and extensive operational leadership experience in India.

This opens up realistic entry options and rapid development opportunities for German SMEs. The healthcare sector, which is seeing growing demand for higher-quality products and services as incomes rise, also offers good long-term prospects in this regard. This presents viable opportunities for German SMEs, which have always stood for proven and practical expertise.

Over 2,000 German companies are now actively present in India, primarily in the mechanical engineering, automotive and healthcare sectors. Looking ahead, which industries and regions beyond the established hubs of Pune, Bangalore, Mumbai, and Chennai are likely to emerge as areas of economic importance?

THIS OPENS UP OPPORTUNITIES FOR GERMAN SMALL AND MEDIUM ENTERPRISES (SMES), BECAUSE THEIR MARKET STRATEGY IS NOT DIRECTLY DEPENDENT ON POLITICAL MEASURES.

I would like to add Kerala, Telangana and Gujarat to your list. Hyderabad would also be worth considering as another very interesting metropolis.

Companies in India have always faced the challenge of efficiently tapping into this large country. This also applies to German manufacturing companies. The distance between Bangalore and Delhi is about 1,700 kilometres, which corresponds to approximately three hours of flight time and is comparable to the distance from Sicily to Berlin. However, German corporate headquarters often consider Bangalore and Delhi to be interchangeable, and do not differentiate their decisions and specifications.

German companies established in India have found that the country cannot be viewed as a 'uniform India'. The framework conditions in the north or south, as well as in the various states and union territories, have a significant impact on business activity. Even though improvements have been made in the area of logistics and transport, it is assumed that the densely populated states in the north will not be competitive in the next twenty years. Therefore, I would advise SMEs not to stray too far from the major cities. I consider the risk of choosing a location away from the well-known metropolitan regions to be too high. However, German SMEs

generally have good chances of success in India, if they take a professional and long-term approach and do not compromise on their core competencies.

GERMAN SMES GENERALLY HAVE GOOD CHANCES OF SUCCESS IN INDIA, IF THEY TAKE A PROFESSIONAL AND LONG-TERM APPROACH AND DO NOT COMPROMISE ON THEIR CORE COMPETENCIES.

While India continues to enhance its appeal as a business destination, the market is still shaped by a multifaceted regulatory framework and certain operational complexities. How do companies navigate these conditions to achieve success?

First of all, Indian companies also face these particular challenges. Many German companies have been operating successfully in India for decades, even if their contribution to their company's global business is often still small. Patience and relations are crucial; overly tight control from Germany can also hamper the success of subsidiaries.

Best practices in other countries do not necessarily work in India, as the country is more complex and time-consuming. Rigid German project management methods are often counterproductive here. Bureaucracy, and complex and sometimes opaque regulations, are often cited as showstoppers.

At the same time, however, significant improvements can be seen in numerous processes. Increasing digital literacy has helped to make many processes more transparent and available online. Nevertheless, the human factor continues to play a central role in decision-making processes and requires a high degree of patience and relationship management.

A demanding market like India requires local leaders who are a good fit. In your experience, what personal qualities or professional backgrounds have proven to be particularly suitable?

This question addresses a problem that occurs in many companies. Mistakes are made in this area. It can be challenging to work exclusively with local managers. Especially at the beginning, or in times of crisis, managers are needed who can mediate between India and headquarters. Local managers are only capable of doing this to a limited extent.

Although there are global HR and recruitment guidelines, positions in India are often filled without complying with them. This usually happens when a top manager is on site and receives recommendations from business partners. However, recruitment in India requires the professional support of specialists from the human resources area. Decisions should not be made arbitrarily, but based on defined criteria. After all, specialised consultants are always consulted for other compliance processes.

RECRUITMENT IN INDIA REQUIRES THE PROFESSIONAL SUPPORT OF SPECIALISTS FROM THE HUMAN RESOURCES AREA.

Sometimes, it may be better not to hire the 'top candidate' – there is a risk that overqualified candidates will only use the position as a stepping stone and leave the company after a short time. Candidates who are ranked lower in the selection process often prove to be long-term performers, especially, if they can grow with the company. Work ethic and attitude are difficult to change, while local employees can usually quickly catch up in terms of technical qualifications.

Local managers in India build long-term and close relationships with senior leadership. Delegated communication via assistants or infrequent visits is not enough for Indian employees. They expect a level of commitment that goes beyond standard professional expectations one meets in the West.

German managers should receive specific training in this area. In India, automatic out-of-office emails, long weekends and switching off phones at weekends are uncommon.

German companies in India often have to meet the expectations of their headquarters, while adapting to local market realities. In your opinion, what specific demands does this dynamic place on local managers?

Your question could easily be applied to expats as well. In many situations, there is now hardly any difference between the two groups.

Medium-sized and smaller companies are often present in 40 to 60 countries. In larger companies, the organisation is often divided into several regions, for example three, five or seven. In many cases, India is managed within a region called 'Asia' from the German headquarters, Singapore or the Gulf States, without direct support at board level. Local managers usually report to managers at the second or third management level in the group, who in turn report to assistants or the executive board.

However, successful cooperation with Indian managers requires active commitment from management, local knowledge, patience and respect – which is often lacking. Everyday problems such as logistics, joint ventures, weather, regulatory requirements, public holidays or trade unions are rarely addressed, and usually remain without a competent contact person at headquarters. This causes dissatisfaction, as headquarters often appears uninterested.

Given the dynamic nature of India's market, what should companies factor into their current and future market entry strategies, as opposed to those used five years ago?

The conditions for market entry in India remain unchanged, but deglobalisation requires new approaches. The Indian market is primarily used by companies that already have a presence there and are considering additional locations or centres of excellence. It is advisable not to view India solely as an alternative to other markets. Without a shared service centre – which encompasses more than just IT – larger companies can hardly take advantage of the digital, AI-oriented and HR-related opportunities in India.

Currently, market entry in India is particularly relevant for smaller medium-sized companies and family businesses. Access to the market has become easier as chambers of commerce and consultants provide comprehensive support and processes have become more transparent. Numerous companies, including SMEs, already have business relationships in India, for example with customers, suppliers or affiliated companies. Thus, pure market entries are less common; it is often more a question of expanding existing structures.

In any case, thorough and honest preparation is essential, as quick success is not to be expected. India requires patience. SMEs in particular, should not compromise on business ethics, quality, investment in employees, training or succession planning. The owners and management must actively support the India project – the issue should be given absolute priority and must be a 'top priority' from the onset.

THE OWNERS AND MANAGEMENT MUST ACTIVELY SUPPORT THE INDIA PROJECT – THE ISSUE SHOULD BE GIVEN ABSOLUTE PRIORITY AND MUST BE A 'TOP PRIORITY' FROM THE ONSET.

India projects often fail when travel and time expenditure are avoided or when responsibility for the project lies exclusively with subordinate hierarchies.

The term 'commitment to the difficult Indian market' is often used. Medium-sized companies, with their long-term business approach are particularly well positioned for the sometimes rocky road to the Indian market.

ROMANIAN LABOR MARKET: LEGAL AND HR UPDATES

Legal Updates and HR Insights from Christian Tegethoff and Christian Weident

Germany and Romania realigned their bilateral cooperation in July 2025 with a joint action plan. The agreement between Federal Chancellor Friedrich Merz and President Nicușor Dan covers, among other things, security policy issues, the promotion of investment and the deepening of cooperation in energy, the automotive industry and industrial development. In the area of economic policy, this creates a framework for action that gives German companies greater access to projects in the defence and energy sectors, and to industrial investments.

The European Bank for Reconstruction and Development forecasts a growth of 1.8% for Romania in 2025, while also pointing to dampening factors, which include persistent inflationary pressure and restrictive monetary policy.

The Romanian labour market is characterised by strong competition for experienced skilled workers, especially, in the technical and industrial sectors. For companies, this means rising wage costs, and the need to offer attractive career and development prospects in order to retain employees in the long term.

In a double interview, Christian Tegethoff, recruitment expert and managing director of CT Executive Search, and Christian Weident, managing partner and employment law expert at STALFORT Legal.Tax.Audit., shed more lights on what is important when filling executive positions for subsidiaries of German companies in Romania.

How can you tell if a candidate is suitable for management in Romania, and how can you secure this contractually?

CT: The first step is to develop a requirements profile together with the client, with a clear distinction between mandatory and optional criteria. In addition to professional competence and industry experience, the most important factor is whether the candidate can lead a team in Romania, while also working reliably with the German headquarters.



Christian Tegethoff

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Christian Weident

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Thorough interviews and reliable references are necessary for a sound professional assessment. Depending on the position, tests or practical tasks may also be useful. Candidates who have already worked in German or international SME structures are familiar with the processes and have a good sense of how Romanian business practices can be reconciled with the expectations of the parent company. Such candidates are more likely to be able to effectively advance the business locally, without a long training period.

In Romania, it is also important for managers to be present and actively involved in the day-to-day running of the company. Those who keep their distance will quickly lose the trust of their team.

CW: Uncertainty in contract negotiations can generally indicate a candidate's lack of experience. In Romania, managers often ask very specific questions about the tasks they will be responsible for, and where their responsibilities end. In principle, this is a positive thing, because it signals a sense of responsibility and transparency – two qualities that promote corporate success. At the same time, it is important to remember that the areas of responsibility for senior executives are usually broad. They are often defined in general terms, without going into detail. Experienced managers know this and accept it, while less experienced ones tend to insist on very precise contractual specifications.

IN ROMANIA, MANAGERS OFTEN
ASK VERY SPECIFIC QUESTIONS
ABOUT THE TASKS THEY WILL BE
RESPONSIBLE FOR, AND WHERE
THEIR RESPONSIBILITIES END.

When an employment contract is concluded, the essential requirements for the candidate and the position should be clearly stated in it. This way, the employer also fulfils his legal obligation to provide information. The job description, which is a mandatory part of the employment contract in Romania, provides the necessary clarity. In addition, criteria for regular employee evaluations must be established. It should be noted that dismissal due to poor performance is legally challenging. It requires a structured evaluation process that the employer must set up and apply consistently.

A crucial point is often overlooked, namely, whether the candidate will work as a managing director or as a senior executive. For managing directors, an employment contract can be signed that is not subject to labour law, and is very advantageous for the company. This distinction is not widely known in Romania. An employment contract for managing directors is also legally possible. If a candidate is aware of this difference, it speaks to their entrepreneurial experience. This would be a strong argument for their suitability, especially, in an international environment.

What should a company consider when an executive employee plans to terminate their contract, and what measures can reduce risks from the start?

CT: There are warning signs that should be taken seriously: targets are consistently missed, unrest spreads within the team, and the manager increasingly withdraws from strategic planning.

In such cases, it is crucial to seek dialogue at an early stage – openly, constructively and with a focus on solutions. An additional feedback session or an adjustment of the area of responsibility can also help to defuse the situation.

Nevertheless, a separation can sometimes be unavoidable, or even in the best interests of the company. Therefore, the company may consider monitoring the candidate market discreetly, while simultaneously trying to sort the issue internally.

In Romania, the number of labour law disputes, particularly, those involving allegations of bullying, has risen in recent years. These include cases related to contract termination. Therefore, it is important to document all steps clearly and to seek advice on labour law at an early stage – ideally from a qualified local law firm.

IN ROMANIA, THE NUMBER OF LABOUR LAW DISPUTES, PARTICULARLY, THOSE INVOLVING ALLEGATIONS OF BULLYING, HAS RISEN IN RECENT YEARS.

CW: Romanian labour law is strict and formalistic when it comes to dismissals. Managing directors enjoy greater flexibility if they have a corresponding employment contract. If a separation due to poor performance is imminent, all relevant processes should be clearly documented. From a legal perspective, orderly communication is crucial; in particular, regular employee evaluations must reflect actual performance. If no negative feedback has been given, or if positive feedback has been given that does not correspond to reality, this can make dismissal considerably more difficult. For dismissal due to poor performance, the employer's prescribed evaluation procedure must be strictly adhered to and implemented in practice.

A distinction must also be made between dismissal for conduct-related reasons, which is subject to a separate procedure. In practice, many employment relationships end by mutual agreement in return for a severance payment, especially, if the employer's employment contract documents are flawed. Therefore, it is important to ensure the quality of internal documentation and communication from the outset.

A current issue is the right of employees to complain if they suspect bullying. Such allegations oblige the employer to conduct comprehensive investigations, and can weaken their position in the event of dismissal. In practice, allegations of bullying are increasingly being used strategically by employees.

What are the common challenges when filling management positions in Romania, and how can they be avoided from a legal perspective?

CT: When filling management positions in Romania, similar stumbling blocks repeatedly arise, many of which can be avoided if you are familiar with the local market and its peculiarities.

One common mistake concerns salary levels. In cities such as Bucharest or Cluj, especially in the IT and service sectors, the market rates for experienced managers are often significantly higher than German employers expect. Those who set their sights too low here usually lose potential candidates at an early stage of the selection process.

Cultural differences also play a role. In many traditional Romanian companies, hierarchy continues to carry a lot of weight. It is therefore worth taking a close look at a candidate's career to date, for example, how independent and/or team-oriented they have been in the past.

The Romanian labour market is also very dynamic. In urban centres in particular, numerous companies compete for well-qualified specialists and managers. Frequent job changes are therefore not uncommon. For many German SMEs, this is initially off-putting, but it is the reality of a competitive market.

Another potential weak point lies in the selection process itself. SMEs in particular, often make decisions based on personal impressions. Some forego structured procedures, reference checks or objective aptitude tests. However, a professional selection process that also takes cultural and legal peculiarities into account makes it much easier to find the right manager for the local organisation.

CW: Filling management positions in Romania often involves legal pitfalls, but these can be minimised through targeted legal measures. One major challenge lies in drafting contracts for managing directors, where the choice of contract type is crucial. A service contract offers more flexible and advantageous conditions for the company than a regular employment contract. The contract should clearly define the candidate's role and responsibilities.

It is equally important to clearly communicate the position, requirements and type of contract, before the contract is signed. Transparent information on areas of responsibility, qualifications and contract form create legal certainty and prevent misunderstandings.

TRANSPARENT INFORMATION
ON AREAS OF RESPONSIBILITY,
QUALIFICATIONS AND CONTRACT
FORM CREATE LEGAL CERTAINTY AND
PREVENT MISUNDERSTANDINGS.

Differences in mentality and working methods between Romania and Germany should not be underestimated. It is rarely realistic to expect a Romanian executive to have the same independence and approach as a German colleague. That is why structured onboarding and targeted integration into existing structures and hierarchies are crucial, especially at the beginning. If these steps are not taken, there is a risk that the Romanian branch will develop its own procedures that differ significantly from those of the German management. This could lead to legal disputes.

With clear contract design, transparent communication and targeted cultural integration, these risks can be minimised to a large extent, and the basis for successful corporate management and business activities in Romania can be created.



EXECUTIVE SEARCH

EXECUTIVE SEARCH EXPERTS IN EASTERN EUROPE AND THE EMERGING MARKETS

CT Executive Search focuses on placing key positions in Eastern Europe and the Emerging Markets – in CIS, Africa, the Middle East and Asia. We are experts in cross-border search processes and identifying high-performing candidates, adding value to international companies. Leveraging a broad network of analysts and consultants across Eastern Europe and the emerging markets, CT Executive Search has established itself as a reliable partner to well-reputed multinational companies.

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