

EXECUTIVE SEARCH



Webinar: HR Trends in China – Executive Recruitment



18 March 2021

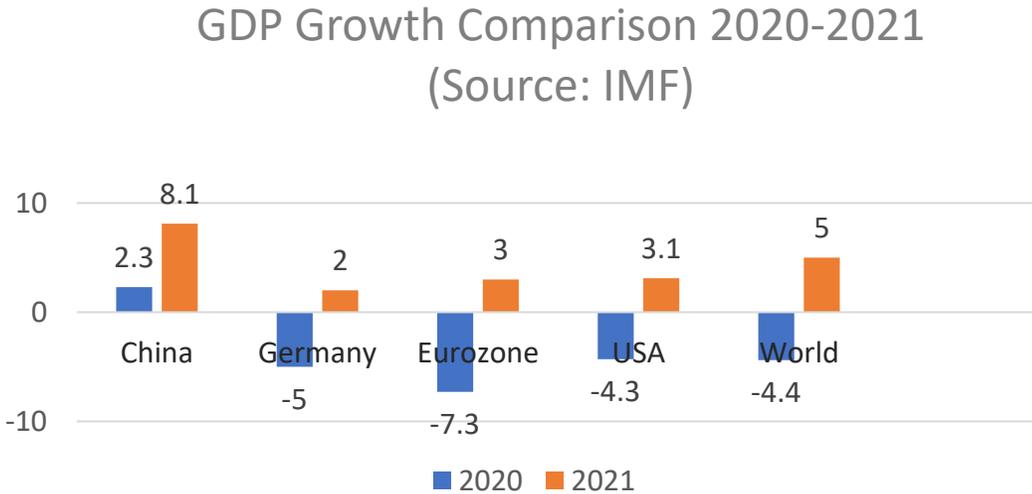
EXECUTIVE SEARCH EXPERTS IN THE EMERGING MARKETS

CT Executive Search focuses on placing key positions in Eastern Europe and the emerging markets – in Russia/CIS, Africa, the Middle East and Asia. We are experts in cross-border search processes and identifying high-performing candidates, adding value for international companies.

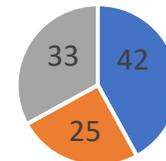
Leveraging a broad network of analysts and consultants across Eastern Europe and the emerging markets, CT Executive Search has established itself as a reliable partner to well-reputed international organizations.



CHINA: ONLY MAJOR ECONOMY TO GROW in 2020



Profits of German companies in China 2020



■ Increased profit ■ stable profit ■ lower profit



- 72% of German companies expect increased turnover in 2021
- 77% expect their Chinese business to perform better than elsewhere
- 96% have no plans to leave China
- 72% plan further investments
- Only 3% have made decision to relocate production capacity away from China

CHINESE HR MARKET: BASICS & COVID IMPACT

What makes the Chinese HR market special?

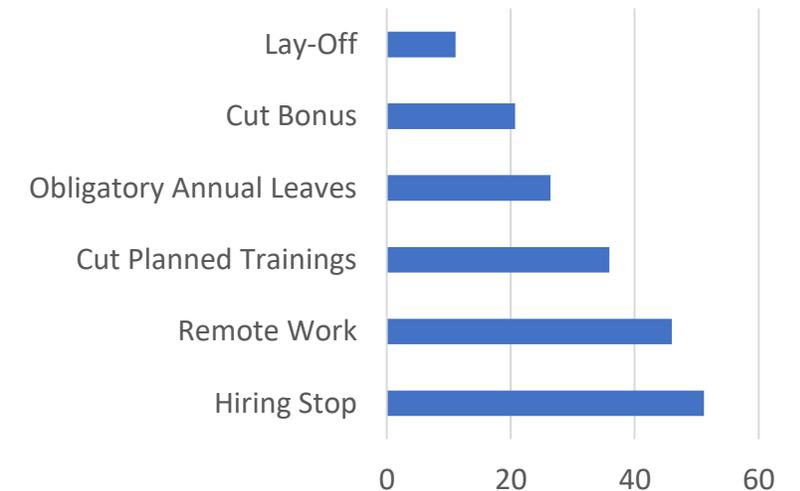
- Diversity (urban vs. rural, tier 1 cities vs. remote locations, local vs. international business environment, private vs. state-owned businesses)
- Employee-friendly labor law
- High competition for qualified employees
- High management salaries
- Talent concentration in few locations
- Generally low unemployment (2020: 4.2%)

What happened during the pandemic?

- Shrinking demand for labor (CIER=Chinese Institute for Employment Research index dropped to 1.02 from 2.91), especially in industries hit by lockdowns
- But demand spike in IT, E-Commerce, courier services etc.
- Manufacturing companies kept employees through the downturn, no large-scale layoffs

How did German companies react?

Measures Taken Due to Covid-19



2021: 5 TRENDS

Trend 1: On average, salaries will further increase (German companies expect increase of 3.8% in 2020, analysts expect 6%)

Trend 3: Gap between executive and employee remuneration will widen as bonuses rebound (in 2020, take-home pay for executives was approx. 20 times higher than entry-level staff's)

Trend 2: High demand in pharmaceutical, health industries and IT will sustain

Trend 4: Swing towards local managers intensifies, demand for expatriates further declines

Trend 5: Competition among international companies for talent will pick up as they revisit their long-term strategies



EXECUTIVE SEARCH in CHINA

What candidates do our clients look for?

- Positions reporting into global HQs
- Country Managers, local C-level
- Sales-oriented or manufacturing backgrounds
- Often in “remote” locations (manufacturing)
- Candidates required to have experience in international companies/exposure to international business standards
- Country Managers: require ability to “bridge” local market & HQ

How to identify the right people?

- No job advertising in China, but identification of potential candidates among international companies
- Direct approach (“headhunting”) with experienced Shanghai-based team
- Check for cultural fit by Chinese/German consultant team
- Check motivation and long-term commitment
- Rigorous background/reference checks
- Decide if expat/repatriate can be options



LOCAL OR EXPATRIATE?



Local manager

- Familiar with local legal and cultural framework
- Good understanding of local customers' needs
- Potential compliance risks
- Needs to be able to be "bridge" between local market and HQ
- Lower associated total costs than expat/repatriate

Expatriate

- Able to bring international best practices to local organization
- Costly option ("expat packages")
- Usually no long-term solution
- Weak understanding of local peculiarities

Realistic option if:

- A) there is a local management team
- B) Know-how transfer is planned
- C) The more „technical“ a role, the more it is suitable for an expat
- D) bridging function is required
- E) there is local talent pool to be tapped

"Local expats"

- Pool decreased during pandemic, but still readily available in tier-1 cities
- How well are candidates connected/aware of real life/hands-on?
- Are they prepared to stay long-term?
- Are they able to thrive in a Chinese-only environment?
- Can be best of both worlds, but candidates need to be individually assessed

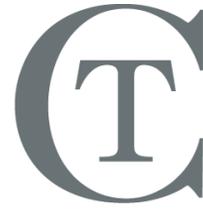
DEMAND AND OPERATIONS

How did Covid-19 impact the global executive search business?

- Some ongoing assignments were frozen in Q2 (Q1 in China)
- Companies globally reluctant to recruit (travel restrictions, economic downturn, unclear perspectives) in Q2 and Q3 2020
- Expansion plans postponed, priority on sorting out operational issues
- Remote interviewing/client meetings reluctantly accepted by most, trend is here to stay

Revival seen for cross-border executive search from Q4 seen as German/European SMEs have adapted to new environment and are resuming their pre-Corona business plans.





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Thank you for your attention !

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