



EXECUTIVE SEARCH



CURRENT HR AND EXECUTIVE SEARCH TRENDS / SURVEY RESULTS



10th November 2021

EXECUTIVE SEARCH EXPERTS IN EASTERN EUROPE AND THE EMERGING MARKETS

CT Executive Search focuses on filling 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.



MOSCOW

★ CT Executive Search LLC
Central Office
Shlyuzovaya nab. 8,1
115114 Moscow, Russia
Telephone: +7 499 678 2111
E-Mail: office@ct-executive.com

HR MARKET RUSSIA: BASICS

Characteristics

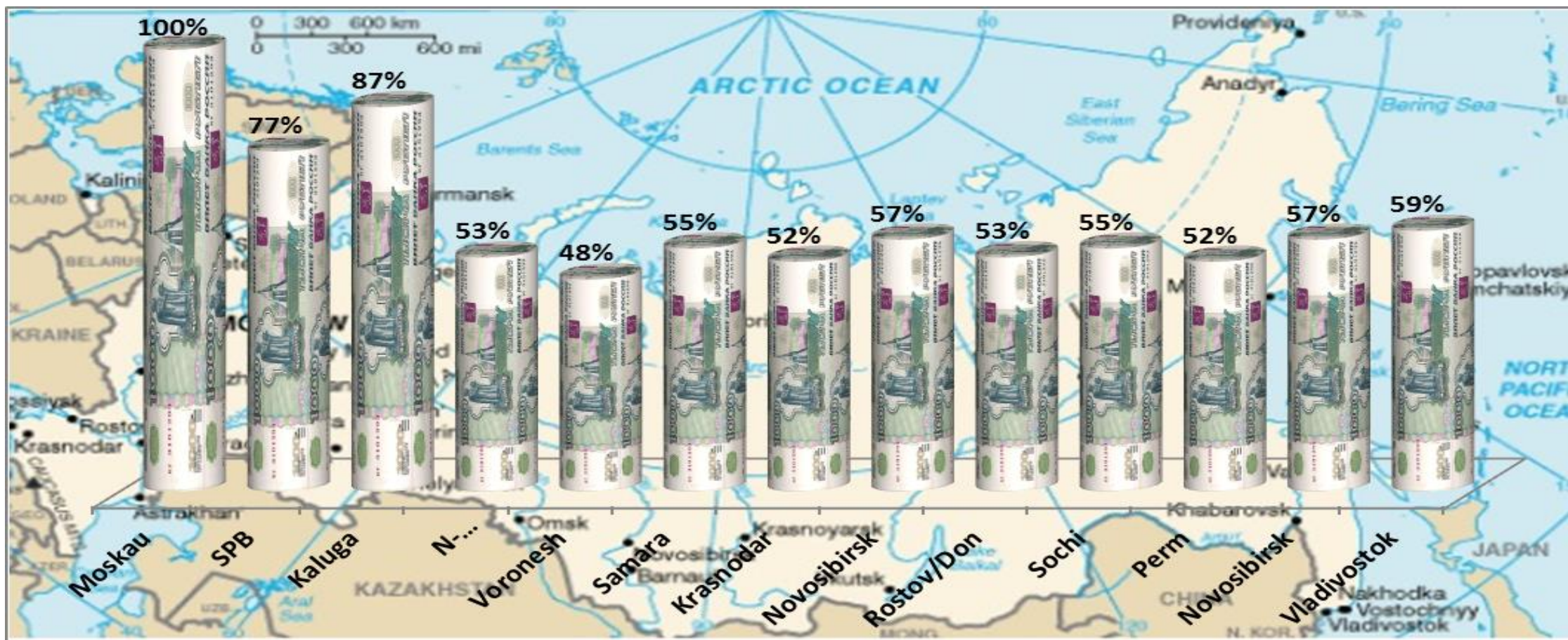
- Generally high level of education;
- Strong technical university education;
- Deficits in skilled worker training / availability of skilled workers;
- Internationally experienced employees are concentrated in a few locations;
- Low workforce mobility;
- Metropolis / "Province" dichotomy;
- Big differences in remuneration levels within Russia;
- Foreign companies are more popular employers than Russian companies (exceptions: Yandex, Gazprom, etc.).

Characteristics

- Employee-friendly labor law;
- Good infrastructure for expatriates in the metropolises;
- Employing foreigners is relatively easy;
- Relatively low wage and ancillary wage costs due to ruble devaluation;
- Low income taxation (13%-15%);
- Performance-related / variable remuneration is common and accepted.

HR Market Figures	
Population (Mln.)	146.7
Workforce (Mln.)	75.4
Unemployment (2021)	4.6%
Inflation (Sept. 2021)	7.4%
Illiteracy rate	0.3%
University rate	30.4%

SALARY DIFFERENCES: „MOSCOW VS. RUSSIA“



HR IN RUSSIA: 4 CURRENT TRENDS

Trends



1. Corona: Corona-related restrictions resulted in massive disruptions in the labor market in 2020 and 2021. An end to the pandemic is currently not in sight.

2. Blue-color workforce deficit: The Russian education system does not produce skilled workers in sufficient quality or quantity. The reasons are the low reputation of the vocational training and the focus on theoretical training.

3. Digitalisation: The pandemic was an accelerator for digitization. The importance of ERP and CRM systems as well as video platforms has increased rapidly. The state administration is also becoming increasingly digital.

4. From hierarchical to dynamic: Companies are increasingly dynamic instead of hierarchical/traditional. Dynamic company structures both come with their strengths (faster, more agile, more transparent). The mentality of the workforce, especially in Moscow and St. Petersburg, has long been changing towards more "democratic" styles of cooperation. This trend is reinforced by remote work, which requires employees to be more independent.

EXECUTIVE SEARCH IN RUSSIA



Which candidates are we looking for?

- Positions with reporting line into the European HQ;
- Managing Directors, local C level;
- Mostly sales or production background;
- Production often in "remote" locations;
- Candidates must have experience in international companies and know how these operate;
- Managing Director: The key qualification is a "bridge function" between the HQ and the local market.

How to identify the right candidates?

- No job advertisement, but identification of suitable candidates in the market;
- Direct approach ("headhunting") with our team in Moscow;
- Crucial: Checking the "cultural fit" with an international advisory team;
- Important: motivation / willingness to relocate long-term;
- Important: reference checks;
- Are expats an option?

EXPAT OR RUSSIAN?



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 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 Expat"

- Expat community greatly reduced in pandemic times, but still exists in Moscow and St. Petersburg;
- How well do they know the local market?
- Do they want to stay in Russia for the long term?
- Can they be successful in a purely Russian environment?
- Can be a good option, but always check on a case-by-case basis!

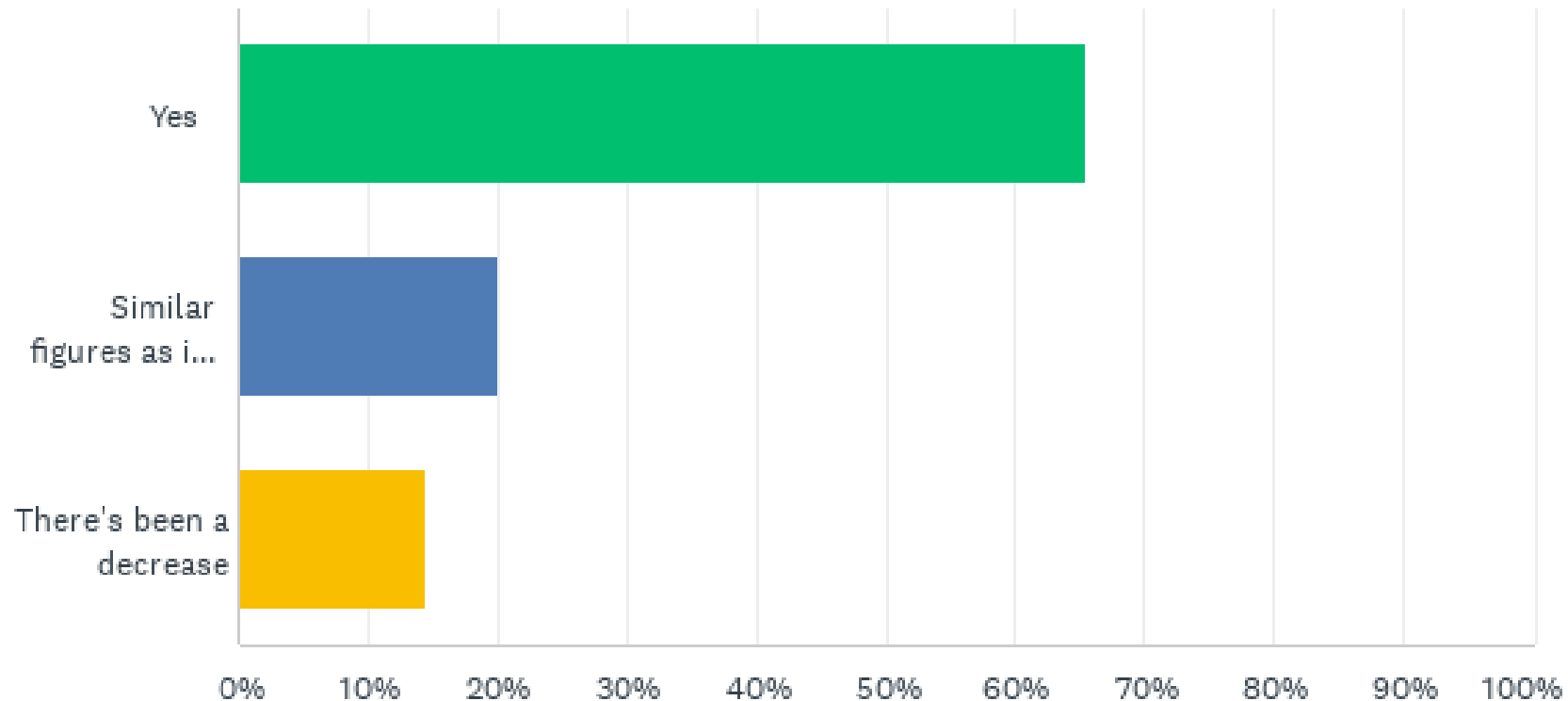
SURVEY STATS



- Majority of the respondents are based in Russia: 81.82%.
- Nearly 60% of the respondents are either Directors, Managing Directors/Heads of Representative Offices or CEOs.
- 110+ respondents.
- Survey period: late October/early November 2021.

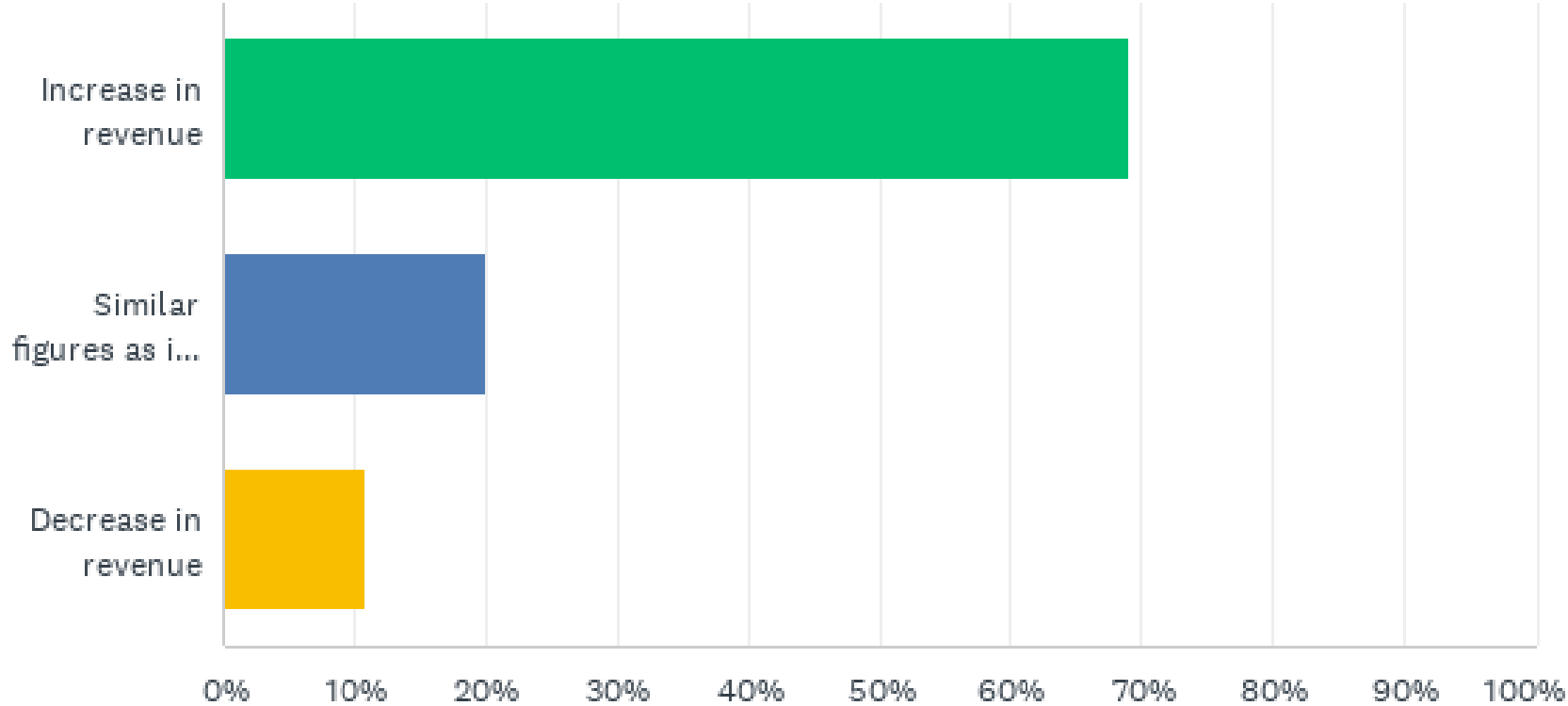
JOINT CCBLR AND CT EXECUTIVE SEARCH RUSSIA HR SURVEY

Has there been an increase in your company's revenue in comparison to 2020?



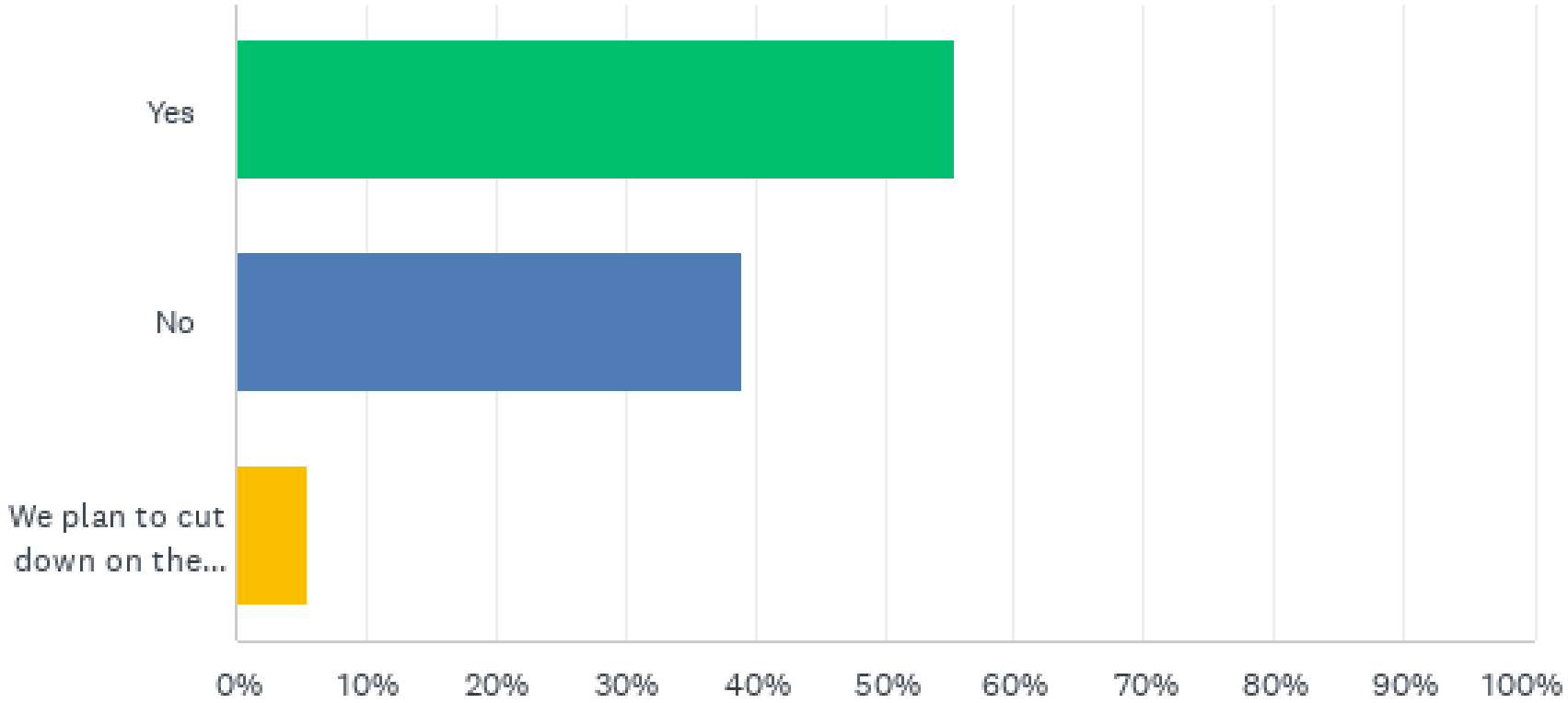
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What's your company's revenue forecast for 2022?



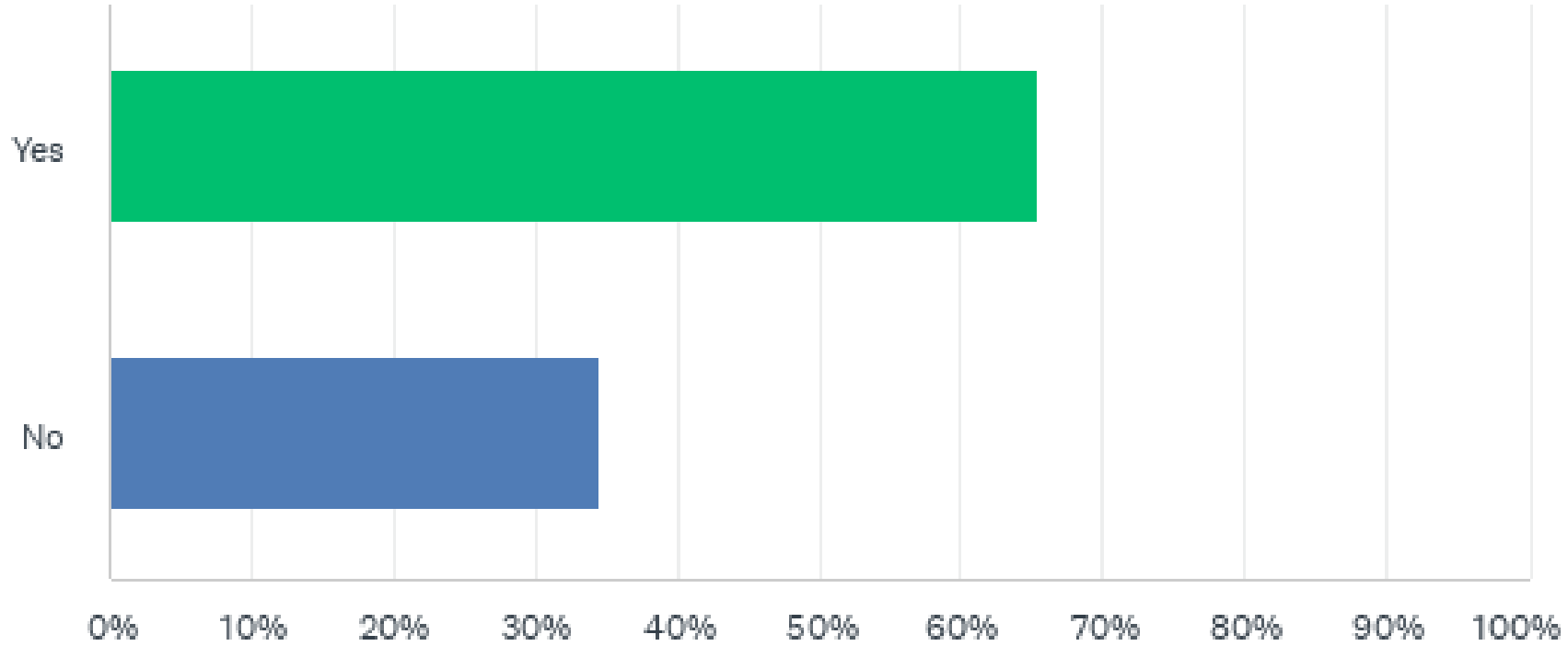
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Will you be hiring more people in 2022?



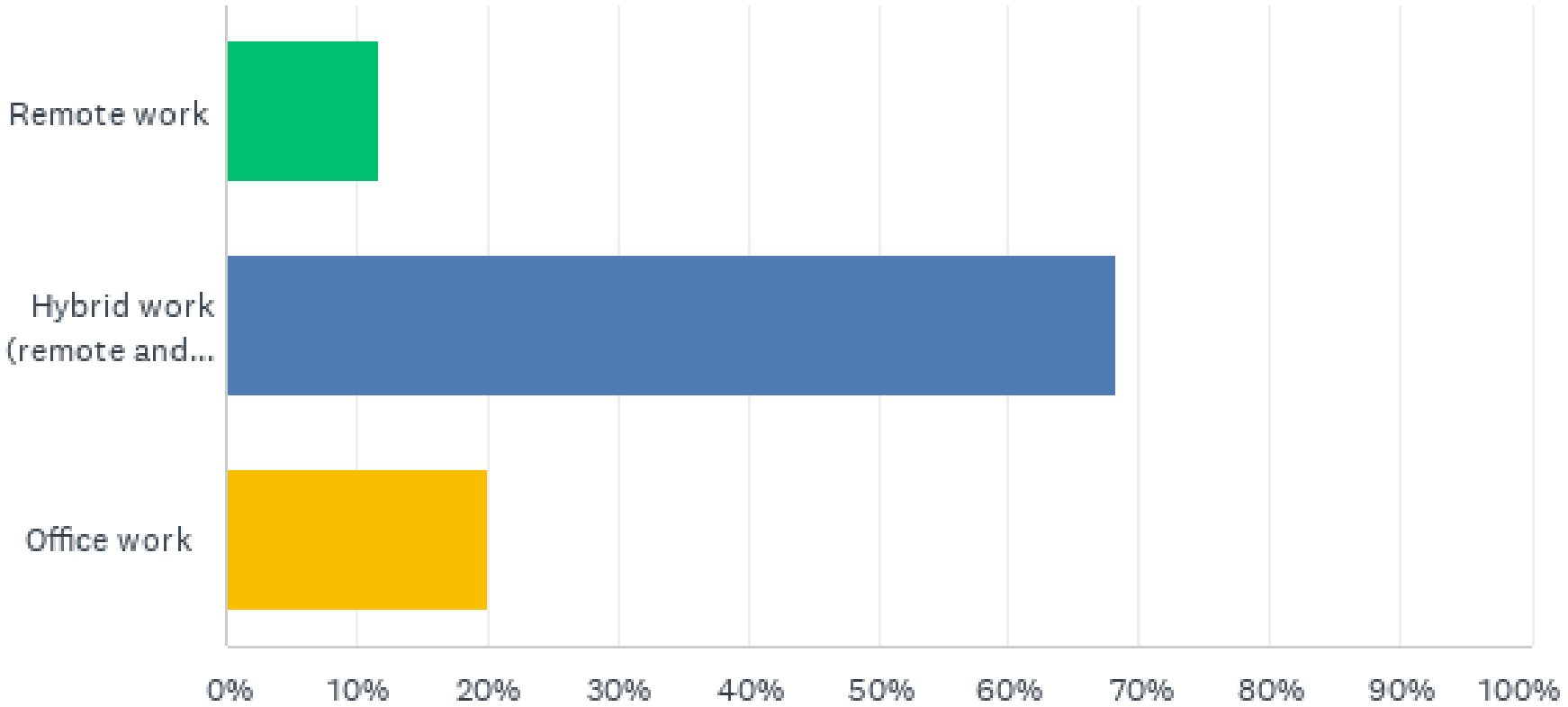
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Do you expect that the corona pandemic in 2022 will determine business activity in Russia to the same extent as in 2021?



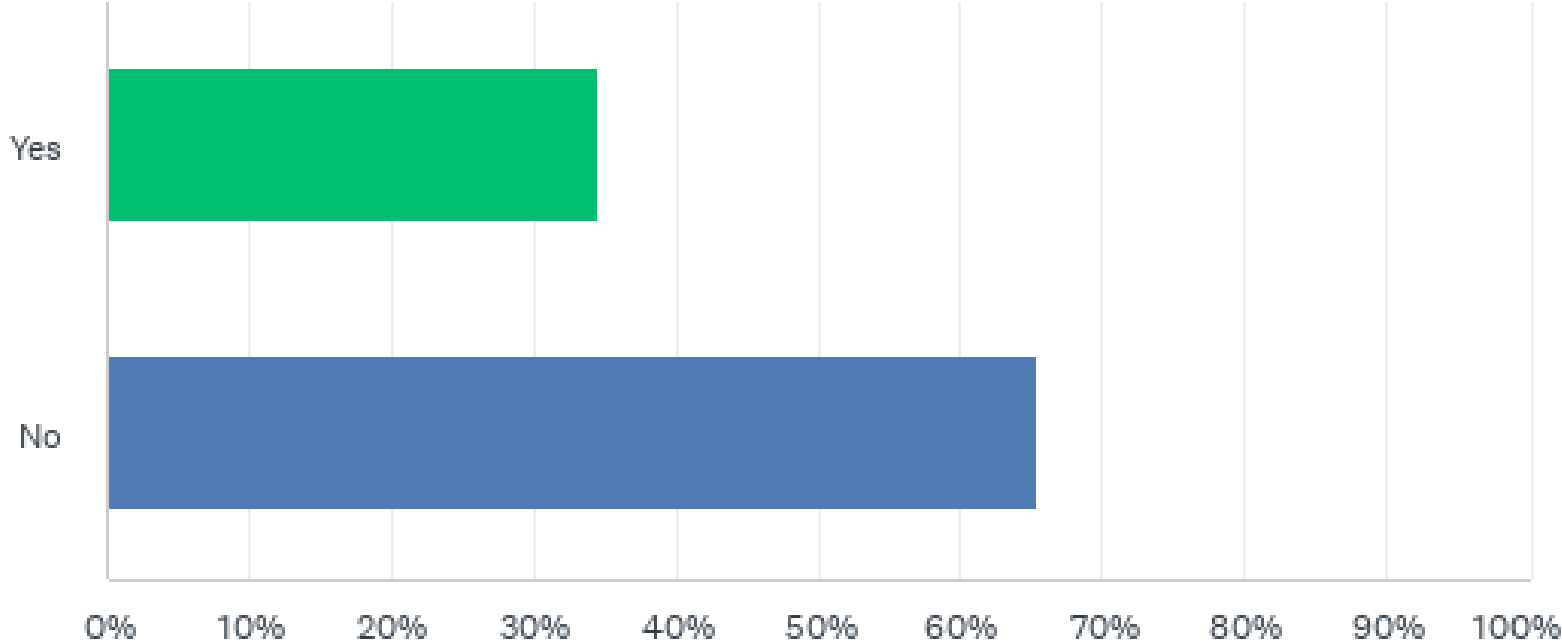
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What is your company's current work format?



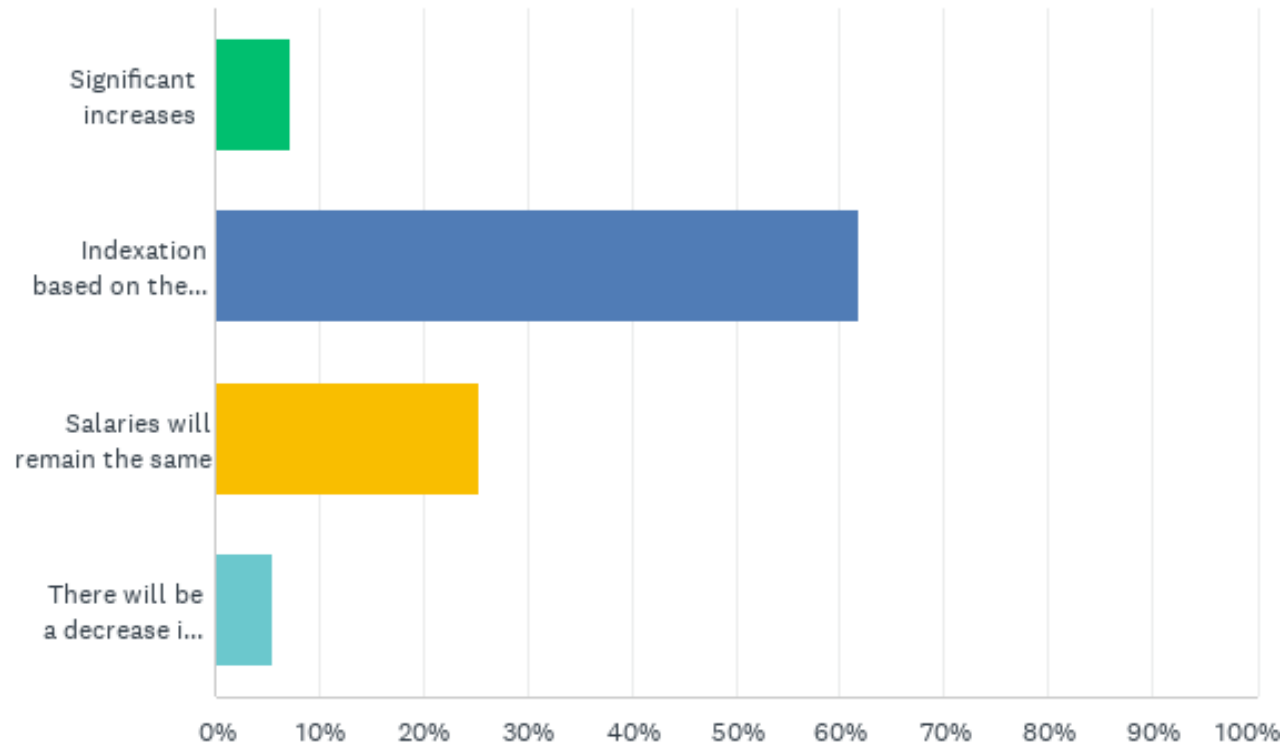
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Do you expect all employees to return to office work in 2022?



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What salary development do you expect for the Russian workforce in 2022





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Спасибо за внимание!

Christian Tegethoff

CT Executive Search

HQ: Shlyuzovaya nab., 8/1, Moscow

Tel: +7 499 678 2111

christian.tegethoff@ct-executive.com