



Alexander Hughes  
EXECUTIVE SEARCH CONSULTANTS



## AEB Relocation Conference 2015 „Bringing Expats to Russia“

17.02.2015

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### **EXPATRIATES - YES OR NO?**

**PRACTICAL AND PSYCHOLOGICAL  
ASPECTS OF HIRING FOREIGN LABOUR FORCES IN TIMES OF CRISIS.**

Expatriates – yes or no?

**The question is...**

**Bringing Expatriates to Russia?**

# Expatriates – yes or no?

The question should be ...

**Sending** Expatriates home?!

# Expatriates – yes or no?

## ... best practice?! 😊

Question from a German Headquarter: „Why, the hell, you are paying such high salaries in Russia?“

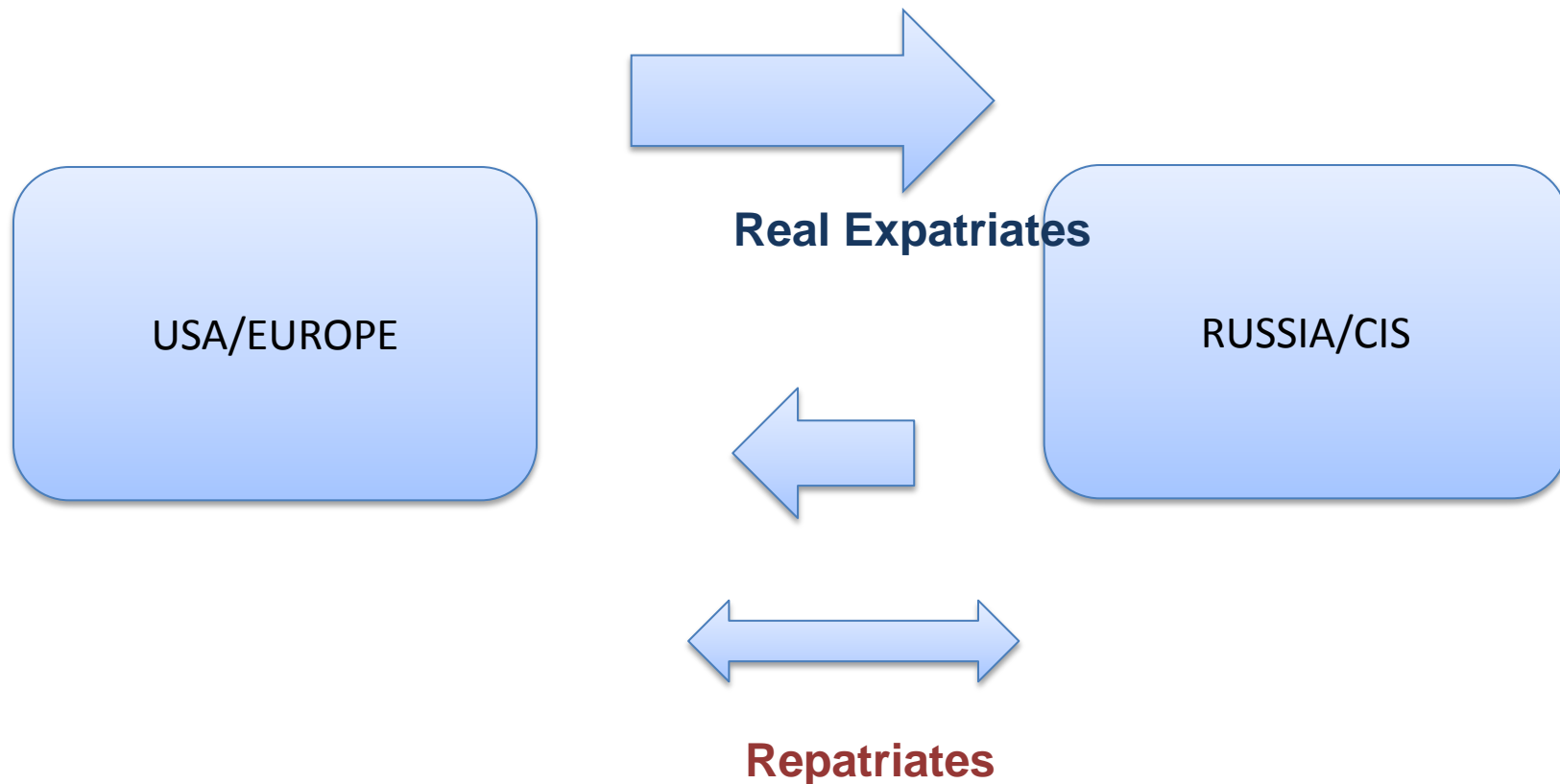
„I would like to hire a Russian as General Manager. But my headquarter is skeptical. They are permanently asking one and the same question: Can we trust the Russians?“

“Instead of four planned expatriates we have now 20. My HR budget is simply exploding.” (HRD, automotive manufacturer)

**“In Russia counts only money. Anything else – trainings, travelling, corporate events, fitness club ... is just nice to have.”**

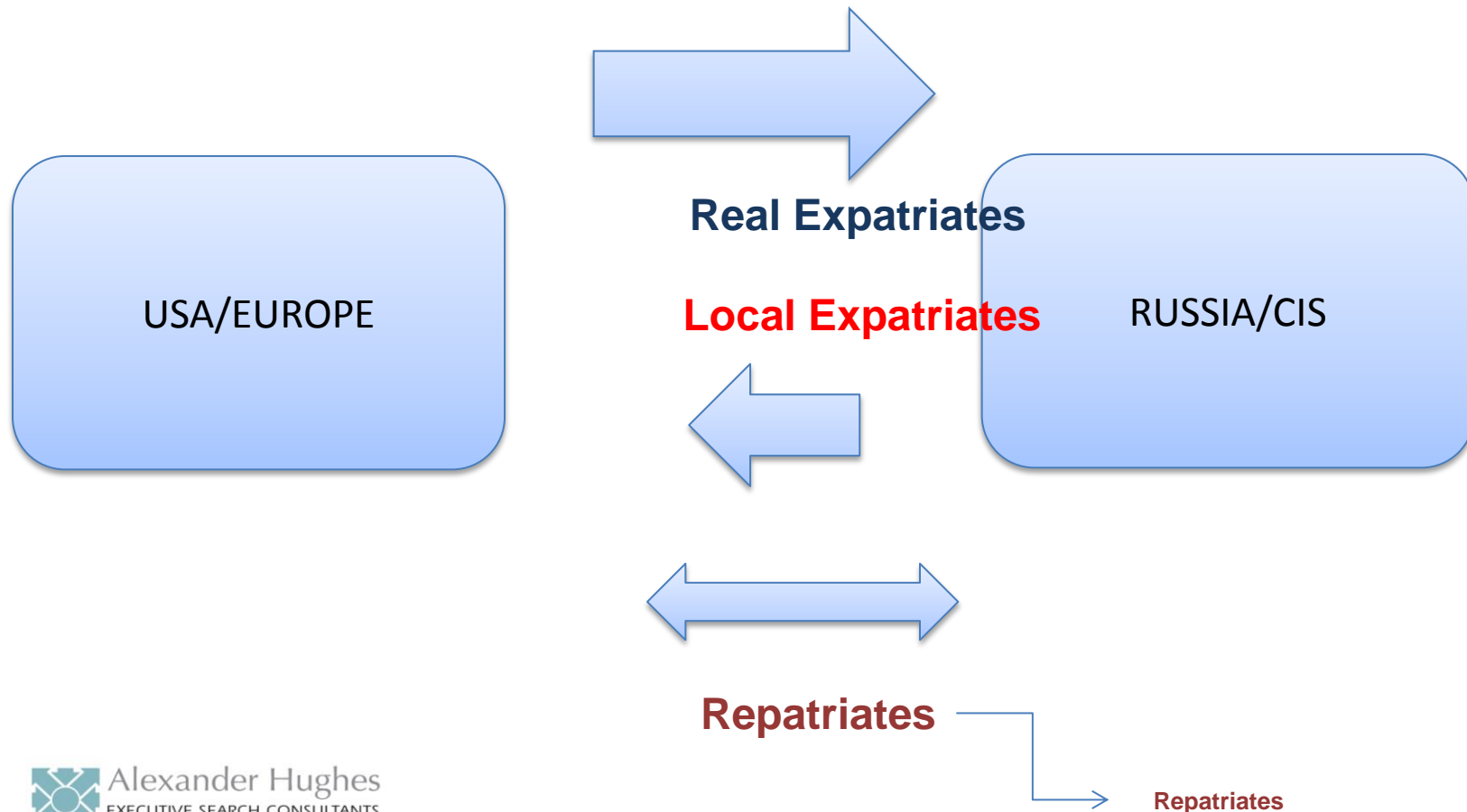
# Expatriates – yes or no?

## What was the reality?



# Expatriates – yes or no?

## What is the reality?



# Expatriates – yes or no?

## The Change In Foreigners In Russia Over The Course Of 2014

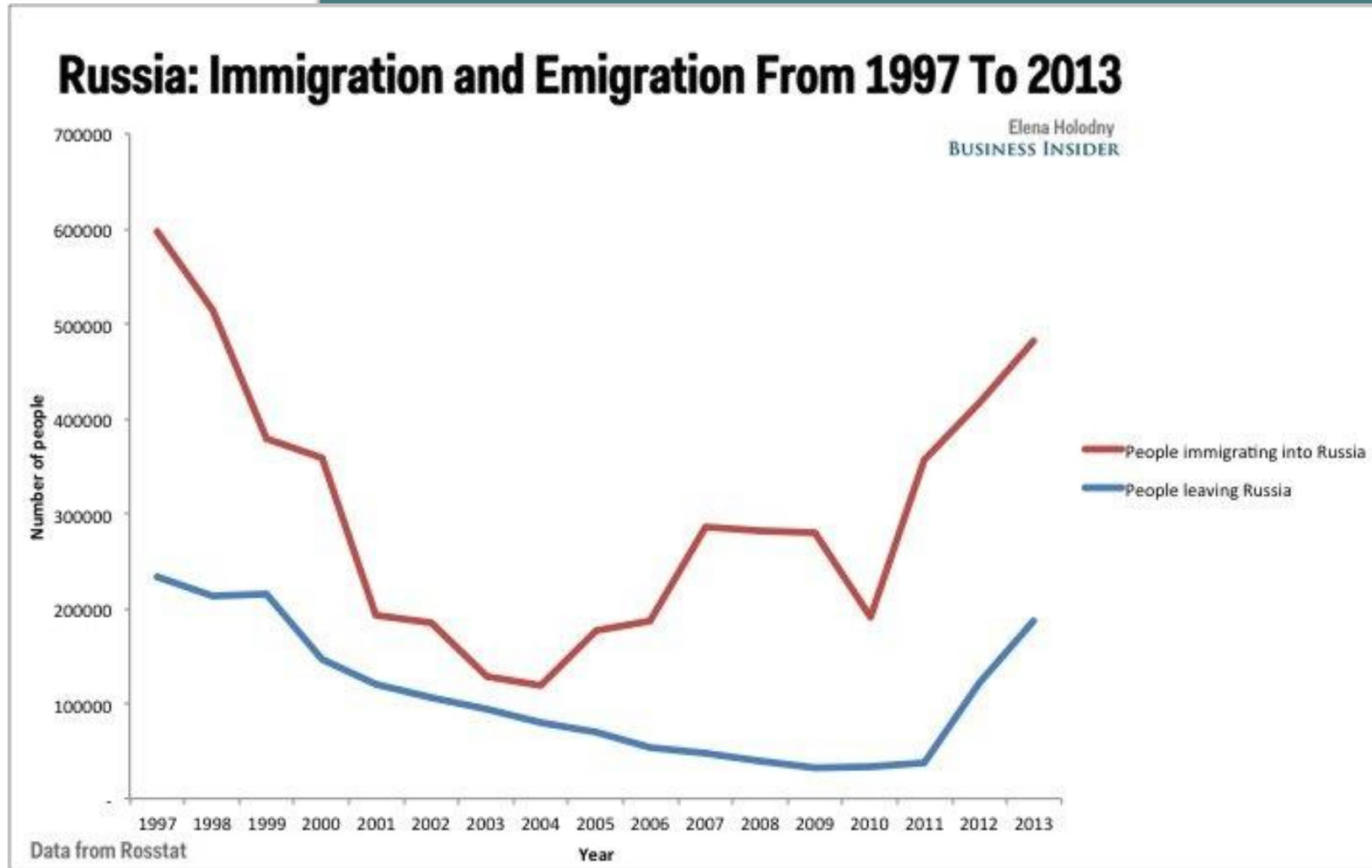
Nationality	Total number of foreigners in Russia		Change in 2014			
	Jan-14	Jan-15	First half-year	second half-	Total year	
Germany	348,539	240,113	-26,669	-81,757	-108,426	
Uzbekistan	2,316,348	2,215,780	264,258	-364,826	-100,568	
US	220,843	141,506	-16,963	-62,374	-79,337	
Great Britain	179,313	110,686	-21,968	-46,659	-68,627	
Finland	118,525	72,368	-16,091	-30,066	-46,157	
Spain	76,819	45,493	-5,902	-25,424	-31,326	
Italy	75,754	52,799	-3,662	-19,293	-22,955	
Tajikistan	1,021,379	999,169	156,325	-178,535	-22,210	
Canada	50,967	32,108	-5,456	-13,403	-18,859	
France	66,026	51,507	-3,416	-11,103	-14,519	
Turkey	118,482	105,570	-3,846	-9,066	-12,912	
Azerbaijan	591,228	579,493	16,461	-28,196	-11,735	
Georgia	28,404	30,836	176	2,256	2,432	
North Korea	28,617	33,257	2,008	2,632	4,640	
South Korea	17,151	26,725	5,065	4,509	9,574	
Moldova	544,511	561,033	51,949	-35,427	16,522	
Kyrgyzstan	524,877	544,956	27,375	-7,296	20,079	
Kazakhstan	571,527	597,559	5,450	20,582	26,032	
Armenia	435,661	480,017	89,228	-44,872	44,356	
China	167,555	235,695	75,995	-7,855	68,140	
Belarus	390,564	517,828	40,741	86,523	127,264	
Ukraine	1,559,921	2,417,575	305,168	552,486	857,654	
<b>All the countries</b>					<b>440,518</b>	
<b>All the countries without Ukraine</b>					<b>-417,136</b>	

Data from PBK

Elena Holodny  
BUSINESS  
INSIDER



# Expatriates – yes or no?





# Expatriates – yes or no?

## ... what makes them so expensive?

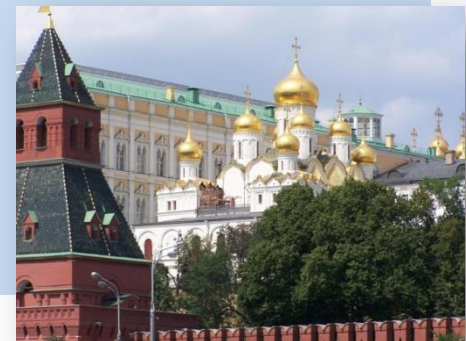
Native	Expatriates
Fixed basic salary	Fixed basic salary
Bonus/stock options	Bonus/stock options
Corporate Car	Corporate Car <b>with driver</b>
Office package	Office package
Medical insurance	Medical insurance <b>for the whole family</b>
	<b>School allowance</b>
	<b>Housing allowance</b>
	<b>Health Club</b>
	<b>Guaranteed career development</b> <b>Pension funds, additional insurances etc.</b>

# Expatriates – yes or no?

## Ausblick Arbeitsmarkt Russland 2012-2015 – Teil 2

### Wie geht es weiter mit den Expatriates?

- Mehr Bedarf von ausländischen Spezialisten in den Regionen
- Entwicklung Richtung Projektmanagement
- High-Potential Nachwuchsprogramme
- Realistische Gehaltsniveaus für Russland
- Mehr Rotationsmöglichkeiten für russische Arbeitnehmer in ausländischen Konzernen.
- Flexiblere Strukturen, Verträge und Gehälter
- Öffnung der Altersgrenze nach unten und oben!



# Expatriates – yes or no?

## Labour Market Russia 2012-2015

### How will it go on with expatriates?

- More needs for expatriates in the regions
- More project managers (short-term)
- Increasing number of High-Potential development programs
- Realistic level of salaries in Russia
- More rotation of Russian managers to other countries
- Higher flexibility in structures, contracts and remuneration
- Opening of the age limit up and down

# Expatriates – yes or no?

## Labour Market Russia 2020 - Outlook

### How will it go on with expatriates?

- Changes in expectations (expats no longer “pampered”)
- Local contracts increase chance to get the job
- Accepting lower salaries and bonuses
- Needs in Russian companies for expatriates (lean production etc.)
- Interims Management/short-term consultancy
- Change Management experience

Expatriates – yes or no?

Crisis is the time  
to check your expatriates  
for their motivation.

# Contact



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