



# **AEB HR Conference 2008**

## **Recruitment Market Overview**

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**by Tremayne Elson**  
**Antal International Russia Limited**



## 2008 Market Overview

- 2007 predictions – Accurate?
- Current Market Domestic and International
- 2008-2009 Predictions
- In the context of managing growth



## 2007 – Last year's Predictions...

- HR More professional
- HR systems more sophisticated
- International HR understand more
- More recruitment firms
- International Recruitment firms with no Russia presence
- Industry Hopping FMCG -> Financial Services
- Candidate sourcing from regions



## Other predictions for 2007

- **Recruitment Process Outsourcing**
- **Preferred Supplier Lists**
- **Headhunting vs Advertised Selection**
- **New recruitment entrants discounting**
- **Roublisation of salaries**



## Current Domestic Employment Market Overview

- Candidate Driven
  - Candidate's average age / experience level is lower than other markets
  - Their salary expectations are higher 1) moving **recruitment 25%** 2) staying **retention 15%**
  - Their career growth expectations are more aggressive
  - Multiple Offers / Counter Offers
  - Accurate Salary Info / Discrepancies



## Current Domestic Employment Market Overview – Why such High demand?

### Economic structure

Sep 7th 2007

From the Economist Intelligence Unit

Source: Country Profile

	2002(a)	2003(a)	2004(a)	2005(a)	2006(a)
GDP at market prices (Rb bn)(b)	10,818	13,243	17,048	21,620	26,781
GDP (US\$ bn)(b)	345.1	431.5	591.7	764.4	984.6
Real GDP growth (%)	4.7	7.3	7.2	6.4	6.7
Consumer price inflation (av; %)	15.8	13.7	10.9	12.7	9.7
Population (m)	145.3	144.6	143.8	143.1	142.6
Exports of goods fob (US\$ m)	107,302	135,930	183,207	243,569	303,926
Imports of goods fob (US\$ m)	-60,965	-76,069	-97,382	-125,303	-164,692
Current-account balance (US\$ m)	29,116	35,410	59,003	83,348	94,467
Foreign-exchange reserves excl gold (US\$ m)	44,054	73,175	120,809	175,891	295,568
Total external debt (US\$ bn)	147.4	175.7	196.8	229.0	282.3(c)
Debt-service ratio, paid (%)	11.1	11.6	9.7	14.3	13.7(c)
Exchange rate (av) Rb:US\$	31.35	30.69	28.81	28.28	27.20

(a) Actual. (b) Includes statistical discrepancy. (c) Economist Intelligence Unit estimates.

- Booming Domestic Economy
- Falling birthrate – long term trend
- Dollar denominated salaries causing inconsistencies in employment market



## Global Recruitment Market Overview – some features

- **Credit Crunch – Talks of Stagflation / Recession**
- **Most markets are still domestic – 15,000+ recruitment in UK - how many are international? Hit hard**
- **Very few truly international recruitment firms or HR departments with truly international vision**
- **Workforce is predominantly immobile internationally – but more Russians returning**



## Global Recruitment Market Overview – some features

- Despite good profit figures confidence in global recruitment sector is low (except BRIC)







## Recruitment Market Predictions for 08->09

- More M&A activity focussed in BRIC / international
- More European recruitment firms in Russia (new entrant setup or acquisition)
- More remote recruitment from European markets
- Downward pressure on recruitment fees from US & Euro HQ
- More recruitment freezes / budget reductions from Corp HQ
- RPO (Recruitment Process Outsourcing) will feature less



## Recruitment Market Predictions for 08->09

- **More online recruitment Printed Media pricing themselves out of market**
- **We are entering heightened competition – good firms will maintain fees, those who can't compete will discount or fade into obscurity**
- **More sophistication in recruitment markets – better training, management, branding, candidate initiatives, client service (AEB recruitment fairs!)**
- **Russian firms will continue to be better employers – this may lead to lower differentials in salary between Russian / Western firms...**
- **Death of the expat? Work Visa....**



## Salary Survey – Russian / Western pay differentials

	Multinational Companies					Russian Companies				
	Average basic salary in K USD a month, Gross					Average basic salary K USD a month, Gross				
	B2B	FMCG	Oil&Gas	Retail	IT/Telecom	B2B	FMCG	Oil&Gas	Retail	IT/Telecom
General Director/CEO	12	20	24	20	20	13	24	24	25	24
Financial Director/CFO	15	15	18	24	14	16	16	24	25	15
Commercial Director	6	11,5	12	12	14	10	12	14	14	15
Business Development Director	8	9	12	7	9	10	10	14	15	10
IT Director/CIO	8,5	8,5	8	14	9	8	9	9	15	10
Marketing Director	6,5	11,5	7	14	9	8	12	9	15	10
Sales Director	6,5	12	7	20	9	10	13	9	22	11
HR Director	7	7,5	11	10	11	8	14	12	14	12



## Summary in the context of Managing Growth

- No end in sight of Candidate led market
- More remote recruitment from European markets
- Downward pressure on recruitment fees from US & Euro HQ
- More recruitment freezes / budget reductions from Corp HQ
- More of the same rather than fresh set of challenges...



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Antal.com (495) 935 8606

telson@antal.com

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