

# The flexible will respond well to crisis

HR is no longer just a support service but is becoming a strategic partnership

Turbulent times always open up new questions and societies can hardly progress until they effectively answer them. The global economic crisis has posed some tough questions for Slovakia's labour market and for human resources professionals but Igor Šulík believes that those who are flexible and innovative will respond effectively to them.

The Slovak Spectator spoke to Šulík, the Managing Partner of Amrop Hever Slovakia, a global executive search firm, about the challenge for the education sector to respond more effectively to the needs of the labour market, about the impacts that the economic crisis might have on HR firms and why he thinks that the HR sector is experiencing a kind of renaissance.

**The Slovak Spectator (TSS): How would you diagnose the aches of the Slovak labour market and the challenges it presents for firms and organisations in these times of global economic crisis?**

**Igor Šulík (IŠ):** One of the long-term problems that firms in Slovakia have been facing is the quality of labour they are hiring: a problem which is tightly connected to the quality of the universities and the graduates these institutions produce.

Until now, the main challenge for firms was how to keep their best people and their top professionals since there was pretty sharp competition for brains and also a relatively high level of mobility of these people among the firms. Since the market has not been producing enough high quality people the demand has been exceeding the supply.

The firms invested quite a lot into retention programmes to keep their best employees from leaving.

However, now in the times of crisis, the companies are restructuring their personnel costs and look at these programmes asking whether they need them or even if they can afford them at all. It is a tricky situation: once you have these programmes and you then cancel them you ultimately increase dissatisfaction at the companies. But all this

implies that finding good quality people and then being able to keep them are the biggest challenges that firms are facing.

**TSS: About six months ago you said that the human resources sector was experiencing its renaissance. Would you still say that now in early 2009?**

**IŠ:** I still will say that the HR sector is experiencing its revival. In Slovakia, human resources have long been viewed as a support service within a company's management, but what we are witnessing now is that HR is becoming a strategic partnership. There are an increasing number of HR directors who are now part of either the senior management team or the board of directors of companies. Today, HR has the same weight as finance, marketing or production itself. Besides, in times of crisis it is even more crucial that people responsible for human resources are part of the company's top management.

**TSS: In your opinion how will the global economic crisis influence firms active in the areas of HR and executive search?**

**IŠ:** As in other sectors, the competition will further escalate in HR consultancy. When companies are making cuts to their budgets, very often it happens through first cutting the consultants, then marketing and then a number of other employees follow. These are the three parts of company budgets that in tougher financial times get revised first.

It in fact means that the money package allocated for consultancy services remains the same in the better case, and gets reduced in the worse, while the number of players remains the same or eventually shrinks. On the positive side, it might also mean a certain cleansing of the HR market, which can be entered very easily. After all, stronger competition presses a business to make its costs more effective.

The second area is innovations, since the crisis literally requires companies to be more flexible and innovative in their operation. They will have to find ways to supply more added value to their clients for the same price. Maybe the trend for some consultants will be to continue to specialise more narrowly on one sphere and then create different joint models in order to solve the client's problem. While specialisation will be quite important, companies will clearly expect somehow more complex service packages. In practice it means



Photo: Courtesy of Amrop Hever

Igor Šulík

that if a client has a need that we cannot meet, we would simply supply the expertise from outside sources. This is the challenge: to find people who can deliver the expertise and not to worry about letting someone else communicate with our client.

**TSS: Based on a recent survey, most of the surveyed managers see in the current turbulent situation mainly opportunities in the area of human capital. How could these managers benefit from the situation in your opinion?**

**IŠ:** The most notable finding of the survey is that the managers thought this period would bring more opportunities than threats. HR managers expect that there to be a larger, more available workforce since the assumption is that some companies will not survive the crisis. They also assume that the tougher situation will allow the managers clean their companies of people who fail to face the tough competition. It in fact means that they will make redundant the employees who do not rank among those with the best results. Then the respondents also thought that people would value their current workplace more and speculate less about changing jobs. Last but not least, managers

expect a total rationalisation of expenses and more effective reallocation of resources.

**TSS: Some time ago, you also said that organisations in times of crisis and economic instability need managers and leaders even more than at any other time. Could you elaborate on this thought?**

**IŠ:** A manager is not necessarily a leader. An employee might have leadership qualities even if he or she does not hold a managerial position in an organisation. Different types of organisations need different kinds of leaders. Moreover, a different type of leader is needed in times of gradual growth while times of crisis call again for a different type of leader. Put simply: the choice of the right leader for the right time. Firms need a different type of leader when they plan to restructure their business or when they are making new acquisitions. Are leadership qualities measurable? Not in the sense of let's say the IQ of a person. There are psychological tests, but we rather examine how well the candidates have managed various challenges, changes, or even new projects.

In Slovakia, leadership is underestimated and firms do not systematically work on identifying these personalities and many organisations, if they do it, work with leadership rather intuitively. One of the frequent mistakes is, for example, requiring a top expert in a certain field to manage teams or lead units without having examined whether the person has the capacity and personal characteristics for leading people. The most valuable leadership merits are: strategic thinking and the ability to communicate and persuade. On the other side of spectrum were: physical strength, popularity, and dominance, or the fact that the person sits in the managerial chair.

**TSS: What are the main challenges that the public administration faces today in the area of human capital?**

**IŠ:** The quality of officials in public administration has been variable, and in many cases lags behind the quality of people active in the private and third sectors, which is not healthy for the functioning of the state as it creates imbalance. There are programmes which could help public administration to provide public services more effectively and to become more client-oriented. In many cases public administration fails to attract the top quality people available on the labour market. The competitive advantage of the public sector is its security and the relatively decent chance

for further growth and training. The public sector should work on attracting the topmost people and then manage them through their results and performance rather than through tables and schemes.

**TSS: How should the education sector react to the needs of the market? What education models does Slovakia lack?**

**IŠ:** There is far too little interconnection between the education sector and the needs of the labour market or of businesses and by saying so I do not mean only the universities but also high schools and secondary schools. The problem is that the universities have failed in their role of serving as centres of education, innovation and research; instead they have become sort of factories for people with certificates. Another serious problem is the credibility of the universities and high schools.

For example it is quite sad that, for me as a headhunter, the information that a candidate is a graduate of a certain university has little importance unless it is really from one of those internationally acknowledged universities. Of

Slovakia for top managers to have their MBA financed by the employer.

**TSS: What do you see as the most serious shortcomings of Slovakia's labour market?**

**IŠ:** Every employer would confirm that the labour market has lost some of its flexibility. This is one of the things that countries should look at in turbulent times. More flexibility in hiring and employing people helps both the employees and employers. The less flexible the labour market is, the less likely employers are to create new jobs. Then another problem, of course, is the long-term unemployed. There is quite a large group of people who have lost their working habits or never developed any at all, which is a problem for the economy. The trouble is in a deliberate building of dependency on the state, instead of teaching these people to take care of themselves.

**TSS: Over the last year there was a lot of talk about the lack of qualified labour for certain segments. Has the impact of the economic crisis this situation?**

### Universities have failed in their role of serving as centres of education, innovation and research, says Šulík.

course, the type of diploma has relevance when you are hiring someone for a technical job.

The challenge is also for the universities to teach people to actively use their knowledge, to be innovative and to make things happen. The universities should also work on better contacts with people with practical business knowledge who often have an interest in sharing their experiences. To get an interesting and credible speaker to lecture at the university would benefit not only the students but the professors too.

**TSS: Do Slovak companies devote, in your opinion, enough attention to the further education of their employees?**

**IŠ:** This is one of those better functioning spheres when it comes to HR policies. On one hand, it has been used as a tool to retain the better employees and, on the other hand, it is in the vital interests of the company not to stagnate. In times of crisis, it is the right time for companies to take a closer look at which areas they need to develop and what they can simply do without. It is not even unusual in

**IŠ:** Some sectors will continue to lack qualified labour. Part of it also goes back to the education sector. Just an example to illustrate how college education is not reflecting the needs of the market: if you look at how many different mass-media researchers are produced by colleges, and then how many IT experts, this difference wouldn't be as large as the market would require.

This is to illustrate how the college market does not accurately reflect what the labour market requires and what it needs. What may happen and what is happening: some people are returning from abroad and by this, I do not mean just low-qualified labour, but also experts.

But it also is evident that Slovakia is becoming interesting for Slovaks who have worked abroad and I do not mean only low-qualified labour. They often also acquired their education abroad. It is a positive trend because it supplies the labour market with experts.

And for managers from other countries, it is also becoming more attractive for them to have that Central European experience so they are more and more considering taking up jobs in Slovakia. ■