

# Shortfall of qualified workers depresses the Slovak labour market

## Experts find a way out by reshaping the education scheme

In early 2018 the flow of good news about the arrivals of new foreign investors to Slovakia was interrupted by the South Korean company Samsung announcing the closure of one of its two local plants in the Trnava Region, citing the lack of workers and intensifying pressure on raising wages as the reason.

The Samsung news can be read in two ways: Slovakia is no longer a country that offers a cheap labour force and the situation on the Slovak labour market has become really tense, highlighted by a six-day strike at the oldest carmaker in Slovakia, Volkswagen in Bratislava, in 2017. While the first realisation is not a new discovery at all, the lack of qualified labour has become a real challenge for Slovakia's economy and its further development.

"The situation on the labour market in 2017 noticeably harmed the economy of individual companies and thus Slovakia's economy as a whole," Luboš Sirota of the recruitment agency McRoy Group told The Slovak Spectator, adding that many companies reached the limits of their staff capacities in 2017. "We expect that this development will continue in 2018."

Companies are struggling to hire new workers, either to fill positions vacated by those who have retired or for brand new positions as companies expand. At the same time, there are still about 162,000 people without jobs. The reason for this paradox is what has been called a skills gap resulting from a mismatch between what jobseekers can offer and the specific skills demanded by employers.



Photo: SME

Employers eager to fill their vacancies are calling for easier conditions for employing foreigners and an education system reform. They are requesting the curricula at schools and universities is better aligned with the needs of companies as they continue to pin their hopes on the dual education scheme. The latter, re-introduced to generate enough workers for manufacturing plants, has not been fulfilling original plans.

The government has responded with facilitating inward migration rules and a distraintment amnesty that would allow people to walk free of their debt areas towards state institutions. These people are currently discouraged from working at the official labour market since their income would be seized by the bailiff. The government estimates that the amnesty could return 40,000-70,000 debt-laden Slovaks to the labour market.

On the other hand, the government has increased surcharges for work during night,

weekends and holidays as well as introducing 13<sup>th</sup> and 14<sup>th</sup> salaries, making the situation on the market even more tightened.

### LABOUR MARKET IN 2017

The increasing shortfall of the qualified labour force, more vacancies and decreasing unemployment were, similarly to 2016, the main features of the labour market in 2017.

"The shortage of qualified labour, but in some regions also any labour, keeps growing," Mario Fondati, managing client partner at Amrop Slovakia told The Slovak Spectator. "This increases the demand for more universal workers with personal qualifications and a desire for further education and development. In such cases employers do not hesitate to invest into their re-qualification."

Also, the higher offer of job positions brings ordinary workers and managers a bigger choice when looking for a new career, Fondati added.

Unemployment rate by education in 2Q/2017\*

	Slovakia	Bratislava Region	Trnava Region	Trenčín Region	Nitra Region	Žilina Region	B. Bystrica Region	Prešov Region	Košice Region
Unemployed	223,200 (100%)	15,900 (100%)	18,900 (100%)	13,700 (100%)	21,600 (100%)	21,400 (100%)	43,000 (100%)	50,500 (100%)	38,400 (100%)
Elementary and without education	48,100 (21.6%)	1,000 (6.3%)	2,900 (15.3%)	900 (6.6%)	4,900 (22.7%)	1,900 (8.9%)	11,400 (26.5%)	17,100 (33.9%)	8,100 (21.1%)
Secondary without A grade	67,400 (30.2%)	3,000 (18.9%)	6,100 (32.3%)	4,500 (32.8%)	7,100 (32.9%)	9,500 (44.4%)	12,400 (28.8%)	12,200 (24.2%)	12,800 (33.3%)
High school with A grade	80,700 (36.2%)	6,700 (42.1%)	7,000 (37%)	5,600 (40.9%)	8,000 (37%)	7,900 (36.9%)	13,900 (32.3%)	17,200 (34.1%)	14,200 (37%)
University	27,100 (12.1%)	5,200 (32.7%)	2,900 (15.3%)	2,600 (19%)	1,600 (7.4%)	2,000 (9.3%)	5,500 (12.8%)	4,100 (8.1%)	3,300 (8.6%)

Economically active population by education in 2Q/2017\*

	Slovakia	Bratislava Region	Trnava Region	Trenčín Region	Nitra Region	Žilina Region	B. Bystrica Region	Prešov Region	Košice Region
Economically active population	2,750,000 (100%)	354,400 (100%)	301,100 (100%)	300,400 (100%)	345,200 (100%)	344,300 (100%)	334,600 (100%)	399,600 (100%)	370,500 (100%)
Elementary and without education	166,500 (6.1%)	8,600 (2.4%)	17,400 (5.8%)	9,600 (3.2%)	24,300 (7%)	9,600 (2.8%)	36,700 (11%)	29,100 (7.3%)	31,200 (8.4%)
Secondary without A grade	733,400 (26.7%)	50,600 (14.3%)	100,800 (33.5%)	86,700 (28.9%)	90,200 (26.1%)	111,300 (32.3%)	89,500 (26.7%)	110,900 (27.8%)	93,500 (25.2%)
High school with A grade	1,211,100 (44%)	141,100 (39.8%)	124,400 (41.3%)	136,700 (45.5%)	155,900 (45.2%)	156,400 (45.4%)	145,800 (43.6%)	179,800 (45%)	171,200 (46.2%)
University	639,000 (23.2%)	154,100 (43.5%)	58,500 (19.4%)	67,400 (22.4%)	74,900 (21.7%)	66,900 (19.4%)	62,600 (18.7%)	79,800 (20%)	74,700 (20.2%)

\* data based on a labour force sample survey (LFS)

Source: Statistics Office of the Slovak Republic

As a consequence workers have become bolder when negotiating their wages.

Last year it was the local arm of the German carmaker Volkswagen that experienced the first severe employee strike for higher wages in Slovakia. It paralysed production in the biggest carmaker in Slovakia for six days. VW employees walked out with an increase in salaries by 14.12 percent in the next two years, a one-off bonus as part of the July payslip, and two extra days off.

**JOBLESS RATE HIT RECORD**

The unemployment rate in Slovakia kept decreasing in 2017. In December, the registered unemployment rate, i.e. the rate calculated from the number of the unemployed able to take a job immediately, decreased by 2.82 percentage points to 5.94 percent compared to December 2016, based on data of the Labour, Central Office of Social Affairs and Family (ÚPSVaR).

The labour offices registered 161,915 job-seekers able to take on a job immediately at the end of December. The total number of registered jobseekers represented 195,583. The unemployment rate calculated from this number was 7.18 percent, down 2.98 percentage points from 10.16 percent over the year.

The latest statistical data confirm the mismatch between what jobseekers can offer and what employers require.

“In most regions of Slovakia, especially in western Slovakia, it is not the lack of vacancies but the unsuitable structure of jobseekers that prevents the unemployment rate from decreasing more significantly,” analyst Lubomír Koršňák of the UniCredit Bank Czech Republic and Slovakia wrote in his memo.



Photo: SIME

In December 2017 the Trnava Region overtook the Bratislava Region in terms of the lowest registered unemployment rate. Its jobless rate decreased to 2.6 percent while in the Bratislava Region it went down to 3.05 percent. The jobless rating also changed on the lower end when the Banská Bystrica Region with 8.67 percent climbed by one ranking to the third position from the bottom, compared to 2016. The Košice Region fell to the last position with 9.94 percent. The Prešov Region reported the second worst unemployment rate of 9.68 percent, based on ÚPSVaR data.

Data from Slovakia’s Statistics Office, based on the labour force sample survey, confirm the drop in the jobless rate, reporting 8 percent for the third quarter of 2017 compared to 9.7 percent for all of 2016.

Labour Minister Ján Richter pointed out that the number of jobseekers reduced in all

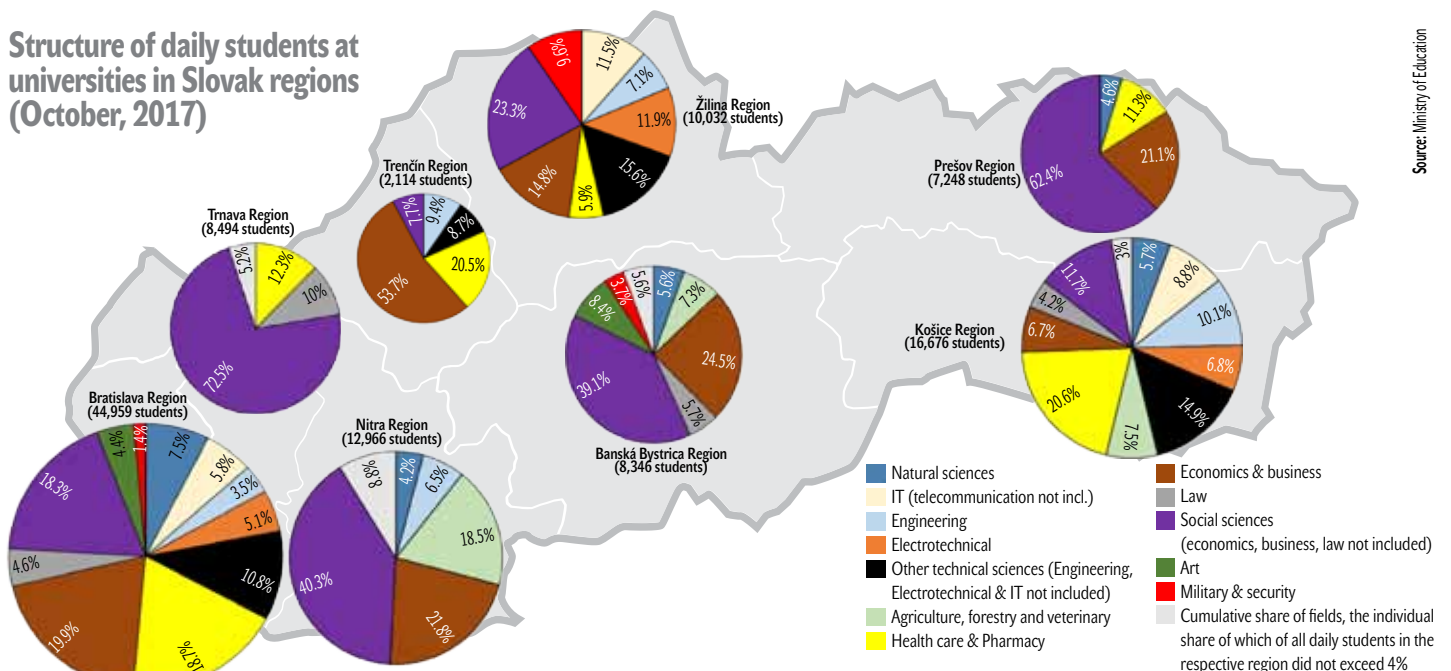
disadvantaged categories. In the group of the young jobless up to 29 years of age, the drop was as high as 33.95 percent year-on-year at the end of December 2017 and in the category of those older than 50 years of age, the number of job-seekers decreased by 24.85 percent year-on-year.

Long-term unemployment decreased. The number of people without a job for more than 12 months fell by 36.78 percent year-on-year, when the drop in the category of people without a job for more than 48 months was a bit lower, at 30.68 percent.

“These are very positive numbers since they prove that we are also managing to help those people with lower chances of getting a job,” Richter told The Slovak Spectator. Nevertheless, the drop in unemployment reflects the change in Slovak legislation adopted in 2017.

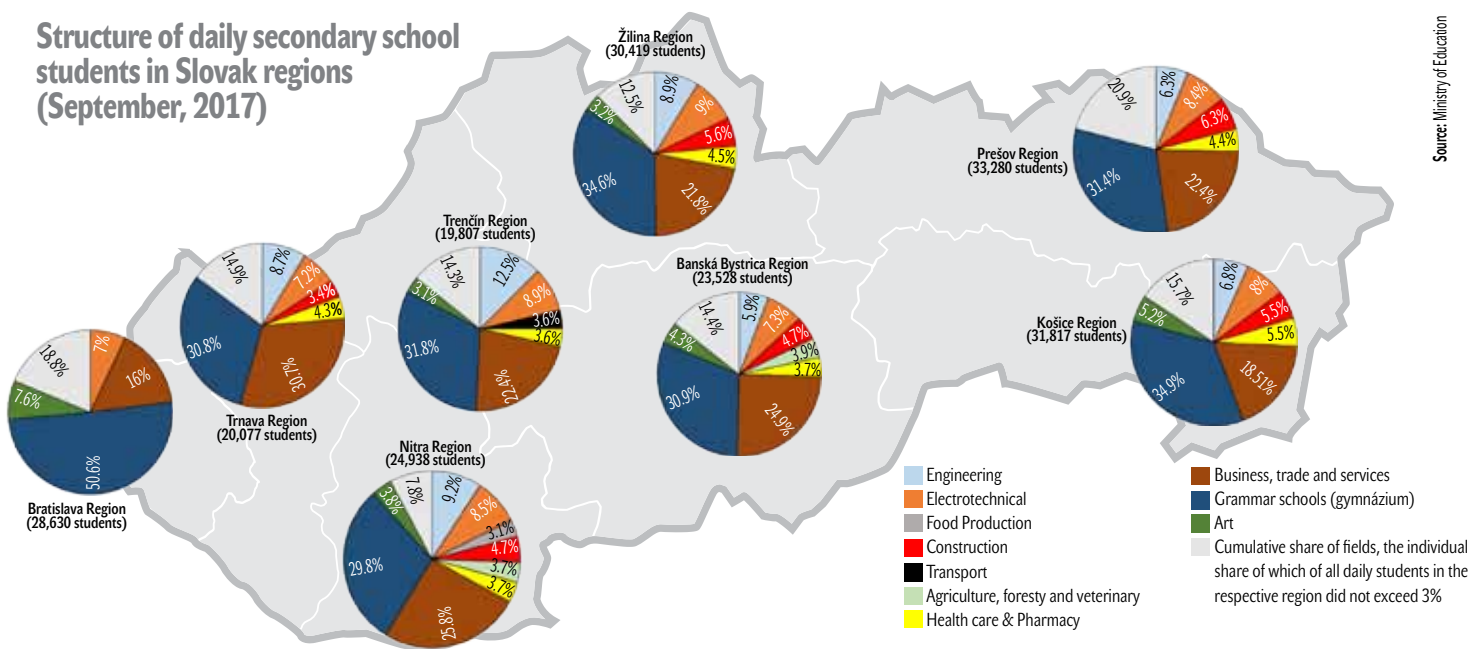
“The aim of these changes is to prevent abuse of the registration of the unemployed

**Structure of daily students at universities in Slovak regions (October, 2017)**



Source: Ministry of Education

Structure of daily secondary school students in Slovak regions (September, 2017)



Source: Ministry of Education

with labour offices and to make helping jobless people more effective,” explained Richter. “It is important to direct help to those with a real interest in getting a job. If somebody does not want to work, there is no reason for him or her to be in the register.”

The revision to the law on employment services effective as of May 1, 2017 curbs the possibilities of jobseekers working on short-term contracts and simultaneously being in the register. Now they can work only up to 40 days a year and their monthly wage cannot exceed the subsistence level, which is now €198.09. Originally, there was no time restriction when the only limit was the wage, which could not have been higher than 75 percent of the subsistence level.

**MORE WORK OPPORTUNITIES**

The number of vacancies keeps growing along with the employment rate. The growth of overall employment accelerated to 1.6 percent to a total of 2.543 million employed people for the third quarter of 2017, based on the Statistics Office’s data.

The number of employed people in Slovakia increased during the first three quarters of 2017, reaching a historical record. This growth is especially driven by industrial production, when companies are not able to increase production without hiring new workers any more. The sector of services is reporting strong growth, too.

The vacancies almost doubled from 35,284 at the end of December 2016 to 69,375 in December 2017, the ÚPSVaR data show. Nevertheless, the experience of HR experts is that the real number of vacancies is double, estimating it at

more than 100,000. The market lacks thousands of IT experts as well as workers in the automotive, machine engineering and electro-technical sectors.

**THE NUMBER OF FOREIGN WORKERS IS INCREASING**

Companies unable to find workers with required skills for affordable wages on the local labour market have started looking beyond the borders to fill their vacancies. This has already been reflected in the increasing number of foreigners working in Slovakia. Juraj Valachy, economic analyst of Tatra Banka, estimates that about every fourth new job position is filled by a foreigner.

At the end of December 2017 the Labour Ministry registered 49,478 foreign workers in Slovakia (27,726 were workers from EU member countries who do not need any special permission to work here and 21,752 people were from third countries, i.e. non-EU member countries). Most foreign workers from non-EU countries are from Serbia, Ukraine and Vietnam. Foreign workers work most often in the districts of Bratislava, Trnava and Nitra.

Compared to the end of 2016, the total number of foreigners working in Slovakia increased by 14,388. At the end of December 2016, there were 35,090 foreigners working in Slovakia (24,054 were from EU member countries and 11,036 from non-EU member countries).

In western Europe, the share of foreign workers is 10 percent and more of the total labour force. So foreign workers still comprise a

small share of the Slovak labour force of about 2 percent. HR experts expect it to grow further.

The Labour Ministry has heard the calls of companies and have eased inward migration rules for foreign workers. It has prepared a revision to the law on employment services to be effective as of May 1, 2018, easing the import of workers from third countries for selected professions for which companies are unable to find workers and in districts with a jobless rate below 5 percent. But they will not be able to comprise a portion bigger than 30 percent of total workers of the given company. Parliament passed the revision on February 8.

**OTHER MEASURES**

The Labour Ministry is preparing other measures and projects to help the unemployed get a job. It has allocated €62 million for various re-qualification projects and schemes. It is also increasing contributions for commuting as well as moving for work to support labour mobility.

The labour mobility of people out of work in Slovakia is decreasing for the third consecutive year based on a regular survey conducted by the HR Alliance, organisation of HR companies in Slovakia. Its experts ascribe this to decreasing unemployment and the increasing number of vacancies.

“Although half of the unemployed claim to be willing to travel for work, in reality, their mobility is very low,” said Jana Mesárová, HR Alliance’s vice-president, when presenting the results of the survey in late January 2018. “More than 60 percent of them want to spend at most €50 euros a month on commuting to work, which represents about €2.50 a day to get to work and

back. More than 70 percent of the unemployed are willing to travel from work and back for an hour at maximum.”

In the case of moving for a job, people prefer moving abroad to moving within Slovakia. This is because the main motive for people changing their permanent address is going where they will earn significantly more than in their native region.

As of May 1, 2018, companies will also be obliged to publish the basic salary in their vacancy ads. Presently, only about one third of job ads state the offered wage. With this new duty the Labour Ministry wants to protect vulnerable groups of employees so that they are not paid less than others.

### SAMSUNG IS CONSOLIDATING PRODUCTION IN SLOVAKIA

In January 2018, Samsung confirmed the consolidation of its local production. After 10 years of operation, it will close down the plant with less sophisticated production in Voderady near Trnava and move it 20 km away to its second plant in Galanta. Samsung stated the lack of workers and intensifying pressure on increasing wages as the reason.

“The company has decided to consolidate the factories in Voderady and Galanta with the objective of more efficiently managing the production process in Slovakia,” explained Ján Nemašík, compliance manager at Samsung Electronics Slovakia, as quoted by the *Sme* daily.

In its Slovak plants, the company has a production with low added value – in fact, the factories are assembly workshops. In Voderady, displays are produced and transported to Galanta, where the monitors are then completed – around seven million devices a year.

Martin Jesný, industrial analyst at the *Revue Priemyslu* magazine, estimated for the *Denník N* daily that it does not make any economic sense for Samsung to maintain such production with a large share of manual work in Slovakia, given the current pressure on increasing wages.

“And producing here with imported workers from Serbia or Ukraine has obviously been disadvantageous,” said Jesný, as cited by the daily. “They made a pragmatic decision.”

All core employees in Voderady were offered positions in Galanta, *Sme* informed. The plant in Voderady currently has 568 core employees while 1,000 more are hired from external sources. In Galanta, Samsung has almost 1,500 core employees and 1,000 people are hired from external sources.

Until now, Slovakia has not been used to big companies leaving the country. On the contrary,

it has rather been the country where companies tend to come.

“This trend is changing and companies may start leaving,” head of the Employment Institute, Michal Páleník, told *Sme*. “So far, we have been very lucky since the carmakers that impact many other industries and branches have been growing.”

Samsung is not the only company in Slovakia plagued by a lack of workers and constantly changing legislation as well as increasing labour costs. Allegedly, some companies are considering leaving while other companies, instead of launching new production in Slovakia, opted for abroad.

The representatives of the automotive industry even refer to 2018 as critical. They fear that the accumulated problems, including lack of qualified labour, a malfunctioning education system unable to generate a labour force as well as intensifying pressure on higher wages, could make Slovakia less attractive for new projects from carmakers.

### OUTLOOK

HR specialists expect the development of 2017 to continue in 2018. The unemployment rate will keep decreasing, but at a slower pace due to the structure of the unemployed, when only a small portion of them can offer skills demanded by companies.

“In Slovakia, the labour market already ceases to work properly at 7 percent,” said Sirota, adding that in western Europe it is mostly 4 percent.

This is also because the natural unemployment rate in Slovakia is higher than in other countries, and the jobless rate has already gone below 4 percent in many districts.

The Amrop experts anticipate that the short-fall of the labour force would further increase

when companies continue to fill their vacancies with workers imported from abroad.

“The initiated trend of the increasing lack of not only qualified, but in some regions any labour force, will continue,” said Marek Hradílek, client partner at Amrop, adding that this intensifies pressure on companies and their HR experts to secure enough or suitable labour force and talents in advance on their own.

The pressure on increasing wages will continue while they may again increase faster than labour productivity. Sirota expects the most dynamic development in the automotive and machine engineering sectors.

“The demand for new workers, and thus the pressure on the growth of wages, will be in western Slovakia,” said Sirota, recalling that the British carmaker Jaguar Land Rover is planning to launch production in its new Nitra plant in late 2018. “Companies in the regions of Košice and Prešov should have a similarly strong appetite.”

The corporate sector and HR experts have welcomed the latest measures adopted by the Labour Ministry, but see them as either insufficient or arriving too late.

“Several of them have their logic, but they are becoming effective only now or are just being prepared,” said Sirota, adding that these include the partial liberalisation of the employment of people from outside the EU, an increase in contribution for moving for work as well as the distraintment amnesty. “It was necessary to adopt these steps one year ago.”

Amrop experts believe the main problem is the education scheme.

“It is obsolete and does not reflect the needs of the market and current trends in the world,” said Fondati. “Until we change this, our outlook for relevant qualified labour will continue to be very limited.”

*By Jana Liptáková*



Photo: SME

# Career counselling lags in schools

Slovakia is likely to return millions of euros to the European Union's coffers if it fails to meet its goal of enrolling at least 12,000 students in the dual education system by 2020, employers' representatives warn.

So far, around 2,800 students from 80 secondary vocational schools have joined the system in its first two years of operation, the Education Ministry's statistics show.

Employers point mainly to the lack of state support and insufficient awareness of the system and its benefits among primary school pupils and their parents. Career counselling should play an important role at schools, but observers admit it is not working properly.

"Educational consultants don't have enough time for individual career counselling which is badly needed at schools," Alžbeta Štofková Dianovská, chair of the Association of Educational Advisors, told *The Slovak Spectator*.

## PRIMARY SCHOOLS IMPORTANT FOR TECHNICAL STUDIES

Observers agree the motivation to study technical specialisations should already start in primary school.

"It is a basic prerequisite for successful vocational education and preparation for employment based on market needs," Viliam Gonda, head of the Department of Informatics and Communication at the Slovak Chamber of Commerce and Industry, told *The Slovak Spectator*.

But many specialisations currently lacking in the labour market are gradually disappearing, or have already vanished from schools. Now companies are trying to re-launch them, for example, with dual education, said Lucia Nacíková from the Amrop consulting company.

It is important to actively contribute to increasing the quality of education and its connection with the needs of employers in regards to the rising quality of graduates and their entrance into the job market, adds Peter Rusiňák, policy officer and coordinator for the committee on business-academic cooperation at the American Chamber of Commerce in Slovakia.

"Given the creative potential children naturally possess, we believe the education system at primary level should stipulate their technical as well as soft skills, respectively," Rusiňák told *The Slovak Spectator*.

If children are not motivated to focus on technical subjects at schools, they often pick grammar school or a business academy for their



Photo: TASR

future studies, and end up at university with a focus on humanities, according to Luboš Sirota, deputy chair of the board at the consulting company McRoy Group.

Moreover, many children shy away from technical specialisations because they are afraid of maths. Overcoming these fears and presenting science and technology in a motivating way are important for primary school teachers, opines Guido Glania, president of the German-Slovak Chamber of Commerce and Industry.

## MAKING THE RIGHT CHOICES

To increase the interest in technical studies, the State Institute for Vocational Education (ŠIOV) has introduced a new subject - technology - and has trained teachers of physics, biology, technology and chemistry to use interactive methodology and encourage their pupils to focus on technical subjects, said Lenka Dorčáková of ŠIOV.

Dual education also plays an important role in training people for professions that are currently lacking in the market. Employers, however, often complain of less than adequate promotion at schools. One way to improve this situation is quality career counselling.

Pupils should learn how to pick the right job by utilising self-evaluation methods, seeking information, planning, making decisions and developing their own personality. They can subsequently use such skills throughout their lives when trying to search for a profession, Štofková Dianovská said.

"Career education creates a foundation for 'proper' career counselling, which means not only offering information about the labour market and schools, and searching for every child's potential, but also connecting these two elements," she added.

Advisors should explain to parents that it is not good to pick any school with school leaving exams, but to find the right one based on their child's needs. This already starts in the fifth grade of primary school, Štofková Dianovská explained.

## CAREER COUNSELLING FUNCTIONS POORLY

Career counselling is currently provided mostly by educational advisors at schools, and the Centres of Pedagogical-Psychological Counseling and Prevention. The problem is they often do not have time for individual career counselling.

"Compared with neighbouring countries, Slovakia lags behind in the support of pupils' career development," Dorčáková told *The Slovak Spectator*. "We want pupils to have sufficiently developed self-evaluation of their hobbies and talents to make the right decision about their future job and preparation for it."

Observers also say career counselling in its current form is insufficient.

"The current system of career advisory in Slovakia is underdeveloped both personally and financially and therefore unable to respond to the current trends in the labour market," Rusiňák said. Moreover, the Education Act does not define a position of career consultant, only educational advisor, Gonda said, stressing that this area is not an educational problem.

Schools and educational advisors often struggle with pupils' behaviour which takes much of their time, so they are then unable to help them with their future career, Sirota said.

"The continuing disregard of their demands to carry out at least minimal standards of career counselling at schools is reflected across society," Štofková Dianovská said.

## CHANGES NECESSARY

As a result, observers call for changing the whole system. Such consultants would need to have outstanding communication skills, understanding of the motivation and competencies of young people, knowledge of the various career paths, prospects of the labour market, and knowledge of relevant employers in the region, Glania stressed.

"Obviously, a lot needs to be done to enable career consultants to live up to these challenges," he added.

To improve their work, the state should immediately adopt several measures. One is to increase the time for career counselling to at

least six hours a week, according to Štofková Dianovská. Currently, they have only two hours a week to carry out their work, Rusiňák said.

Employers also agree it is necessary to reinforce the position of career advisors within the structure of respective schools, for example, by creating positions for full-time career consultants.

### ALL INFORMATION IN ONE PLACE

Currently, 1,400 educational consultants work in Slovakia, but they are unable to organise meetings between employers and potential students, present study offers to pupils based on their needs, organise student visits with potential employers, and help every pupil interested in dual education go through the process, the Education Ministry admits.

To help these processes, the state has decided to create contact places for dual education to offer more information about the system, the so-called dual points.

“They are expected to create a single space and information source to inform on the dual education system, fields of study, and to connect primary schools, secondary vocational schools, employers, pupils and their parents in one place,” Dorčáková said.

Pupils and their parents should then find more information about dual education and about schools and employers in respective regions, as well as benefits, the fields of study and the possibilities of practical education.

The dual points will also offer space for secondary vocational schools to promote the offered specialisations and meet regional coordinators that help those interested in joining dual education. Employers will be able to promote the jobs they offer and address parents who often do not know much about dual education.

In addition, the centres should train career counsellors and instructors who work with students directly in companies.

The dual points, based on an Austrian concept, should be open in every region. They are still missing in Košice and Nitra, the Education Ministry’s press department informed.

### OPINIONS ON DUAL POINTS DIFFER

ŠIOV stresses the dual points should not replace the work of educational and career consultants. They are expected to serve as contact places where the consultants will meet trained employees who will help them with answers to specific questions pupils might have about dual education, and exchange experiences, Dorčáková said.

The dual points serve as one of the pillars for effective operation of dual education, according to Martin Hošták, secretary of the National Union of Employers.

On the other hand, Štofková Dianovská perceives dual points as an additional information source for pupils, parents and educational advisors.

“We don’t consider them a systemic and sustainable measure that would fundamentally impact the quality of career counselling,” she added. “On the other hand, we appreciate the effort of employers to seek possibilities to solve the problem with placement of young people in the labour market.”

She expects that all parties involved will gather at one table and create one functional model of school counselling, part of which will include practical career advisory.

### FURTHER CHANGES IN PIPELINE

The Education Ministry is meanwhile working on an amendment to the law on vocational

education with the aim of supporting the dual education system, motivating employers and schools to join the system, and introducing more benefits for employers. Part of it shall include measures concerning career counselling at primary schools.

The law is expected to come into force in September 2018, the ministry’s press department said.

Rusiňák opines that to make dual education more attractive, the amendment should create much more flexible conditions for both educational institutions and employers and let them define the “rules of the game”. This includes increasing the tax deduction opportunities for companies that join the system, he added.

Andrej Hutta of the Federation of Employers’ Associations has welcomed the ministry’s decision to increase the time educational consultants will work with students.

“However, it is necessary to say that we should inspire more with the practice from the German-speaking countries where the career orientation has a long tradition,” Hutta said, adding there are also specialised centres for this purpose.

Gonda would like to see more significant changes to career counselling, claiming that it is necessary to “clearly define the role of career advisor at schools”, and provide the public with a sufficient explanation of the changes.

“We are confident that the upcoming changes of the legal and financial framework will be a step in the right direction,” Glania said. “However, a proactive stance of all stakeholders and coordinated action is needed in order to achieve the target of 12,000 students by 2020.”

*By Radka Minarechová*

## Slovak education system

**Pre-schools** are comprised of nursery schools and kindergartens. **Nursery schools** provide care for children up to three years of age while **kindergartens** are assigned for children from three to six years of age. Their main function is to care for children and prepare them for primary school.

**Primary Schools** provide general, health and physical education as well as religious studies. Primary school lasts for nine years and the curriculum varies, mainly in the higher grades. Primary schools are comprised of nine grades, with compulsory education lasting 10 years. After graduating from primary schools, students must apply to secondary schools.

**Secondary Grammar Schools**, called gymnasiums, provide general secondary education and prepare students for studying at higher education institutions. The studies last four years and end with the “maturita” examination. Another form of secondary school is the eight-year gymnasium.

**Secondary School** education is comprised of three types of schools: gymnasiums, secondary specialised schools and secondary vocational schools. Applicants must pass selective exams for all types of secondary schools.

**Secondary Specialised Schools** prepare students mainly for occupations in the technical and economic sectors, pre-school education, medical nursery care, and fine arts and design. Students in specialised schools must pass the maturita exam in both general and specialised subjects.

**Conservatories** provide education in fields like music, dancing and the dramatic arts. It generally takes four years to complete one’s education at a conservatory.

**Secondary Vocational Schools** prepare students for various occupations and work activities, which may or may not require training and the maturita exam. The general and vocational sections involve

education and training. Studying at those schools takes two to four years to complete.

**Special Schools** use special educational and training methods and tools to teach students with mental, sensory or physical handicaps.

**Post-Secondary Education:** Many secondary vocational schools offer graduates the option to continue their education for two or three more years. This form of education results in an upgrade to an already received qualification. After completion, graduates obtain a certificate which entitles them to become a certified specialist in the respective field.

**Institutions of Higher Education** can be divided into universities and colleges, depending on the nature of the programme and amount of work involved. Universities and colleges are divided into public, state, private and international institutions.

*Source: The J. W. Fulbright Commission webpage*

# Cure for lack of workers: foreigners and automation



Photo: TASR

Companies will continue to struggle with hiring qualified people for certain positions this year, HR experts addressed by The Slovak Spectator agree. While some have started educating future staffers, employing foreigners to fill vacancies remains a viable option.

The Slovak Spectator spoke about the problems and expectations of the labour market in 2018 with Luboš Sirota, vice chairman of the board of directors at McRoy Group; Ivana Heretik Vačoková, permanent placement director at Adecco Slovakia; Jana Harnošová, onsite director at Adecco Slovakia; Mario Fondati, managing client partner at Amrop; Martin Krekáč, chairman and founding partner at Amrop; Ladislava Molnárová, talent acquisition partner at Amrop; and Zuzana Boorová, member of the board of HRcomm.

**The Slovak Spectator (TSS): What are the main challenges the labour market will face this year?**

**Luboš Sirota (LS):** The main challenge will be the increasing lack of available labour force and related increase in the number of vacant positions. Many companies will struggle with the growing insufficiency of staffers, while pressure on wage increases will become more intensive.

**Ivana Heretik Vačoková (IHV):** Lack of employees in all positions, from workers to specialists due to the historically low unemployment rate and decreased willingness of people to commute to work. We will see more positions open for foreigners, mainly in lower-qualified and specialist roles. At the same time, company branding and good reputation will become more important for attracting employees.

**Mario Fondati:** The increasing lack of qualified, and in some regions any type of labour force will continue. At the same time, the demands of working with people and the responsibilities of employees involved in the HR agenda will go up. It is inevitable that companies will

have to deal with the influx of required labour force in advance and secure talents for positions that they know will be needed in the near future. Of course, companies will continue balancing the lack of labour force with the recruitment of foreigners.

**Zuzana Boorová (ZB):** Employers will certainly be dealing with the lack of qualified labour force and, at the same time, strive for keeping trained employees who are already working for the companies. Everything will be happening in a business environment that provides incentives for employers like the upcoming package of social measures.

**TSS: The unemployment rate keeps falling, which only deepens the problem with the lack of qualified workers, particularly in western regions. How can employers tackle this?**

**LS:** In districts like Bratislava, Malacky, Trnava, Nitra and Galanta, the unemployment rate is so low that it is nearly impossible to hire

enough qualified workers from a respective region. As a result, the only solution is to bring employees from other regions in Slovakia or abroad. Another solution is the increased level of automation which can lower the demand for workers.

**IHV:** The solution is providing attractive positions with attractive salaries to retain as many employees as possible, as well as preparing the organisations for hiring foreigners and their acceptance within the organisations.

**Martin Krekáč:** The current lack of qualified workers is a bigger problem than the number of the unemployed people registered with the labour offices. A significant portion of the unemployed people in Slovakia are hard to be employed. The number of vacancies will continue increasing during the year, particularly in production, the automotive industry, logistics and retail. This will also be reflected in wage increases. It is possible that wages will grow faster than productivity. The higher wages and non-qualified workers will gradually result in Slovakia becoming less attractive for foreign investors.

Thousands of Slovaks are working abroad. As the wages in Slovakia can be comparable to other countries, one of the solutions is to motivate these people to return. This is advantageous because employees will keep acquired working habits and will probably speak another foreign language. The qualified labour force is a deciding factor for four carmakers in Slovakia. Since schools don't prepare students for practice, several employers have substituted the role of state and started educating them, either via requalification courses or by building their own secondary school or preparing dual education projects.

The missing workers in the Slovak market might be substituted with workers from Ukraine, Serbia, Bosnia and Herzegovina, Romania and Macedonia. Another solution is the support of labour mobility by various contributions on relocation or commuting.

**ZB:** The unemployment rate has reached a historical minimum but the rate of 5.94 percent does not reflect reality. Employers can seek opportunities to improve the dual education system, support the professional re-qualification of current employees or recruit foreign labour. Their level of success can be increased through government representatives providing common-sense solutions.

**TSS: The state has prepared several measures to simplify the hiring of foreign workers. How do you perceive these steps?**

**LS:** We consider it a step that may help the Slovak labour market, but it comes too late. It would be better if such measure was valid for at least a year. Still, it is better to adopt it later rather than never.

**IHV:** This measure is a positive sign, but it still isn't a complex solution we can rely on. We need to work with the long-term unemployed and our school system so we can produce as many qualified people as possible. Automation and robotisation of work or processes could help as well.

**Ladislava Molnárová:** Many companies have been trying to solve their problems with the lack of not only qualified, but also low-qualified workforce in Slovakia by hiring workers from abroad, particularly Ukraine. This is the case in production, logistics and health care. However, they face big bureaucratic barriers when dealing with Slovak authorities. Some IT firms, for example, established a branch in Brno as the Czech government simplified the recruitment of Ukrainians in 2014. The introduction of a visa-free regime for Ukraine helped companies in Slovakia hire people to fill vacancies.

The recruitment of foreigners has been easier in Slovakia since May 2017. Non-EU citizens can acquire seasonal jobs without temporary residence. Employers welcomed that the validity of the so-called blue cards, issued for four years for highly-qualified workers with university education, has been prolonged. The current solutions, however, cannot be considered sufficient. If we don't progress in this field, our outlook for a relevant qualified labour force will be very limited.

**TSS: The state plans to increase the surcharges for night shifts and work during**

**weekends and holiday. What impact will it have on the labour market in your opinion?**

**LS:** The costs for many employers will increase quite significantly. Their space for increasing the basic tariff component of the wages will be limited as well. At the same time, some may reduce work at night and during holidays. For example, small shops may remain closed on Sundays when sales are quite low as it may become economically disadvantageous for them to remain open if they have to pay higher surcharges to shop assistants.

**Jana Harnošová:** The increase in surcharges has always been welcomed by employees. The intention to compensate for work conducted within specific times during nights, weekends and holidays motivates some production workers to focus primarily on choosing these kinds of shifts in order to earn more whenever possible, which may not meet the primary idea of their work-life balance.

Employers themselves are open to implementing new, attractive bonus schemes as well but it is only a partial solution to the labour market situation. Many production workers choose not to work even when they are offered attractive packages due to their debts. They know once they start working, they will have to pay. Usually, most of the salary is taken from them in this manner and many of them are not able to handle it in the long run. This population is unfortunately quite big. Therefore, another solution for improving the labour market may be regulation on debt claims management, along with foreign candidate resources and the redefining of social benefits for the unemployed.

*By Radka Minarechová*



Photo: TASR



# Automation – an opportunity or a threat?

The search is underway for talent to fill jobs that do not even exist today

Automation is happening. It's all around us, and will be part of our future which has always been unpredictable. Obviously, we assume that it will have an impact on our jobs and on our lives. Of course it will, but if we look to the past, using telecommunications as an example, there were ladies, sitting in a room with headphones on, connecting phone calls by plugging and unplugging a jungle of cables. Since then, hundreds of new jobs have been created within this field and in other fields as well. On the other hand, hundreds of jobs have been modified or have disappeared.

The best examples of applied automation are found in industrial companies, where advanced robotics has become the centre of attention.

The Financial Times reported that analysts for Goldman Sachs have forecasted that in China, it now only takes 1.3 years, on average, for an industrial robot to pay back on its investment, down from 11.8 years in 2008. The trend in Slovakia is very similar. Universal Robots (UR) is the world's number one in collaborative robotics (robots that can operate safely in proximity to people). The price of one UR3 model weighing 3 kg is €20,000, for the UR5 it is €24,000 and the UR10 it costs €30,000. The robot itself needs some additions – a base, tentacle and installation. Let's say that a fully-equipped UR5 model costs €30,000. It's maintenance-free, with a guarantee of 35,000 working hours and it can be leased; a 5-year lease costs €480 a month.

The cost of a human may be at least twice as much. Cheaper, more capable and advanced technologies are accelerating the growth of fully-automated production facilities. Advances in artificial intelligence and sensor technologies will allow robots to cope with a far greater degree of task-to-task variability. The ability to adapt their actions in response to changes in their environment will create opportunities for automation in areas such as the processing of agricultural products.

In Japan, trials have already demonstrated that robots can cut the time required to harvest strawberries by up to 40 percent, using a stereoscopic imaging system to identify the location of the fruit and evaluate its ripeness. Other areas where robotics have the potential to replace human labor are fast food chains and coffee shops. As Martin Ford, futurist and author of the bestseller 'Rise of the Robots: Technology



Photo: SME

and the 'Threat of a Jobless Future' explains, the jobs that are most at risk are those which "are on some level routine, repetitive and predictable".

As Singularity Hub points out, the robots are coming, and they will take our jobs. In fact, up to 45 percent of the tasks that workers perform now can be automated using current technology before considering future forecasts. However, there is a side of this story that is often overlooked: while emerging technologies will destroy many jobs, they will also create many new ones. In fact, over half of the jobs current secondary school students will have in the future do not even exist today. Widespread innovation is continuing to give birth to exciting new industries, all of which are sources of new jobs.

This requires taking on a more strategic approach on how employers look at potential employees, how they evaluate their skills and competencies and assess their talents and potential. The Applying Strategic Talent Acquisition approach enables us to see the person, not just a candidate for an open role. That we can then link to the (un)foreseen future job that the person may hold in an organisation. Of course,

it is more difficult to hire for the future, but it is necessary to succeed in this VUCA world (Volatile, Uncertain, Complex and Ambiguous).

On top of that, people must develop their personal leadership styles to be up to date with competencies of the 21<sup>st</sup> century like performance, collaboration, innovation and agility as introduced and measured in the i4 neuroleader model based on cutting edge neuroscience findings.

Today, automation is an opportunity, a challenge and a chance to reinvent not only businesses, but also individual people. Knowledge of neuroplasticity confirms people are not only capable of changing, but they do change all the time. The search for talents for the positions that might not even exist today is underway.

Keep your eyes and minds open so as not to overlook the right talent!

*By Igor Šulík and Michal Lukáč*

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