

# CAREER & EMPLOYMENT

## GUIDE 2009

**CRISIS:  
MARKET  
FACES NEW  
CHALLENGES**

Education is the best  
insurance policy;  
if it provides  
the right skills

Unemployment  
calls for  
new cure

Tougher  
economic  
times:  
end to  
brain-dran?

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# Turbulence challenges time-tested methods

The global economic crisis has created a completely new environment which poses tough challenges for industries and employees across all national economies. Crisis packages, layoffs, staff reductions, shift cuts, salary and hiring freezes are now words quite frequently found in news headlines. The downturn has been changing labour markets worldwide and transmitting a clear message to all the players: time-tested methods in many cases can no longer be applied.

Human resources specialists themselves are not immune. They admit that the market in which they operate will be severely tested and that a number of HR firms might simply disappear. But they also say that human capital firms will now be forced to undertake some innovations that they have been delaying for some time.

A good education in the right skills can provide an insurance policy against turbulence in the labour market, according to European Commissioner for Education, Training, Culture and Youth Ján Figel'. This is one of the reasons why the European Commission has been calling for a wide reform of European universities. It is also hoping for an academic ear more tuned to the needs of the labour market; greater diversity in the programmes that universities offer; more mobility for both students and teachers; greater flexibility in admission policies; and improved human resources policies at the universities themselves.

The Slovak Spectator in its Career Guide 2009 aspires to offer a map to orient the reader in this turbulent labour market and its inter-related components for the coming year and to help diagnose and answer many of the urgent questions of the day. Yet, the publication will leave a few of the questions unanswered for a very pragmatic reason: the market itself will be seeking the right answers for quite a while yet.

*Beata Balogová*



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# Crisis will test human capital

## State set to preserve jobs; HR firms to innovate

Since the beginning of 2009, Slovakia has been operating in what the finance minister has described as 'crisis mode'. The tsunami-like economic crisis which rolled across the Atlantic and began to swamp Western Europe last year has hit Slovakia harder than market watchers and state officials had been expecting. The wave washed away rosy predictions and there is now broad consensus that the country's economy will grow at a considerably slower pace than the government had assumed in late November 2008.

Several big businesses have modified their working hours and cut shifts and some, in a much bleaker scenario for their employees, have started announcing layoffs or decided to shut up shop completely.

Slovakia's labour authority estimates that up to 16,000 people could lose jobs through major cutbacks. Some human capital professionals suggest that a worst-case scenario might add as many as 50,000 people to the country's army of unemployed.

Prime Minister Robert Fico said that the goal of his government will be to preserve employment at any expense and by mid February three crisis packages had been drafted by the Fico team, designed in part to keep businesses afloat.

Finance Minister Ján Počiatek admitted that the packages might end up inflating the government deficit.

"We are entering crisis mode, in which everything can be modified," Počiatek said, as quoted by the Sme daily.

Slovakia's economy will grow at 2.4 percent in 2009, the Finance Ministry said on February 4, trimming its previous 4.6 percent GDP growth forecast made in late November 2008. The revision came a couple of weeks after the European Commission (EC) scaled back its own 2009 GDP growth prediction for Slovakia, which it originally made in autumn 2008, from 4.9 percent to 2.7 percent.

### NEW TRIALS FOR HUMAN CAPITAL

The downturn has created a completely new environment, posing tough challenges not only for businesses economy-wide, but also for human capital firms which now find that tried and tested methods can in many cases no longer be applied.

One quarter of companies in central Europe and 37 percent of companies in the eastern European region are now dealing with a decline

in orders while a little over half of managers are predicting further falls in the future, according to a January 13 statement by executive search firm Anderson Willinger.

"The first changes in companies will address cost reductions, which will be reflected in human resources," said Lucie Teisler of Anderson Willinger.

In more than three quarters of organisations operating in Slovakia, human resources managers expect the current situation in the world economy to affect them to some degree, according to a recent survey by global executive search company Amrop Hever.

The impact of the economic crisis on human capital is so far being felt least by firms in the pharmaceutical and energy sectors. By contrast, personnel managers at automotive firms are the most affected, the survey suggested.

Businesses, including HR firms, have found themselves in a situation that neither Slovakia nor anyone else in the world has experienced before, Martin Krekáč, co-founder of the Jenewein Group global consultancy firm, told The Slovak Spectator.

### WHAT DO BUSINESSES EXPECT?

Human resources specialists are offering no rosy scenarios and admit that the market they operate in will be tested harshly, and that a number of HR firms might simply disappear. Employers are likely to be more careful and to start seeking simpler ways of managing their approach to employment.

The impact of the crisis on the Slovak labour market will be massive, even if problems as huge as in the Czech Republic or Hungary are not expected, said the chairman of the board of directors of Trenkwalder, Luboš Sirota.

"Currently, HR is a sector under heavy stress," Sirota told The Slovak Spectator. "The worst-case scenario assumes that about 50,000 people might lose their jobs as a consequence of the crisis."

According to Mariana Turanová, managing partner at executive search company Target, the market is already experiencing a 'hiring freeze'.

"We haven't been in this situation for many years," Turanová told The Slovak Spectator. "Actually, looking back at the 10-year history of my company in Slovakia, this has never happened before."

What human resources specialists must solve now, according to Sirota, is principally the question of how to use the current crisis in the long term.

"This year will certainly witness a big decrease in the number of HR service providers who have been performing poorly," Gerard Koolen, managing partner at HR management



Prime Minister Robert Fico



Foto: TASR

The government has started meeting regularly with advisers to discuss anti-crisis measures.

company Lugera & Makler, told The Slovak Spectator.

Due to changing market conditions and changed demands from customers only those HR service providers showing a flexible and creative attitude will be able to survive, and to keep or even gain market share, Koolen added.

Branislav Hunčík, senior manager in human resource services at PricewaterhouseCoopers, agrees with Koolen that HR consulting firms will survive only if they change significantly.

### The Finance Ministry has marked down its GDP growth forecast for 2009 and some observers are predicting up to 50,000 job losses.

"Today's businesses require HR skills that are different from those that were necessary in the last few years," Hunčík told The Slovak Spectator.

An HR consultant will be appreciated only if he comes up with a solution to short-term problems without destroying long-term goals. Basically, it is about cutting costs while maintaining competitive human capital, according to Hunčík.

Indeed tougher times in the market will push the human capital firms to undergo innovations that they have been delaying for a while.

"You cannot succeed with traditional processes, which is why innovation and creativity are needed," said Krekáč. "Indeed, the need for innovation has been here for a longer time, perhaps five years, but firms kept using the same know-how that was left behind by other countries. The crisis now makes innovation inevitable."

According to Krekáč, by cutting work hours or laying off employees, which are precisely the old practices used, for example, during the first economic crisis in the United States, firms achieve only one-off savings and delay solving their problems.

"If, when you make savings, you do not innovate, it is all in vain," Krekáč added.

### LOYALTY VERSUS JOBLESSNESS?

However, human resources managers in Slovakia also see in the crisis some opportunities for the human resources sector. Managers link this assumption to the fact that their companies might be able to take advantage of the unfavourable situation faced by other firms - for example, by using the freed up human capital in Slovakia or abroad - according to the Amrop Hever survey.

Human resources professionals also assume that employees will lower their wage expectations and become more loyal to their current employers.

"The impacts on the human resources sector will have different dimensions," Boris Lukáč, country manager at human capital consulting firm Hudson, told The Slovak Spectator. "One of them is stronger loyalty towards the employer and a weaker tendency to change jobs in general."

Employees will need stronger and more significant reasons for change said Lukáč, adding that another positive aspect could be a more significant differentiation of top-performers

within firms in order to retain these people and create new value.

Dana Blechová, country manager at executive search company Iventa, agrees with Lukáč, suggesting that employees will value their work more and consider carefully any employment change.

"They will certainly be more careful with their choices, especially if they have a good job," Blechová told *The Slovak Spectator*.

While on the one hand recruitment firms and HR departments will get a larger number of job applications, on the other hand they will face more difficulty persuading potential candidates to make a career change, Blechová added.

Andrea Horvathová, senior consultant with executive search company Arthur Hunt, predicts that the crisis will improve the quality of people employed by firms.

"Firms will not only eliminate over-employment, which has been tolerated because of the economic boom, but will also focus on strengthening their teams with the most effective people," Horvathová told *The Slovak Spectator*.

Hunčík suggests that voluntary employee turnover has already gone down.

"Pressure on wage costs will be significantly lower and absenteeism costs will go down," Hunčík said. "Now employers have a clear reason for changing the entire remuneration system to establish true performance-based remuneration, and pay bonuses only for real performance."

According to Hunčík, talent will always be scarce, and very few companies have started a talent retention programme in response to this crisis.

"So, for brave and savvy companies, this is an excellent time to hire some key talent at a reasonable price," Hunčík said.

Hunčík said that employer brands face a testing time.

"Over the last few years, many companies have come up with HR marketing campaigns, communicating their values and brand as an employer," Hunčík said. "Now, we will see whether these were real values or only marketing values. And talent will be the decision-maker on this issue, by taking action and leaving those brands with no true values."

Although, before the crisis, some companies were talking about talent management but doing nothing, more companies will be forced to establish a system by the time this crisis ends, said Hunčík.

For recruiters, Hunčík suggests that they re-qualify as outplacement specialists, or change their businesses to interim executive-outsourcing companies.

According to a December 2008 report by the consulting department of Deloitte, the current financial crisis will further strengthen the state's role in national economies. These developments will place further pressures on the human capital within public administration.

Another example of the do-more-with-less challenge that characterises the global financial crisis will be to attract talent to work for the public sector because it will offer more

challenges with fewer guaranteed comforts, according to Greg Pellegrino, global public sector leader at Deloitte Touche Tohmatsu. This will make public sector recruitment a transformative opportunity, he added.

"Governments across the globe may emerge from this shift with a new generation of public servants at the helm, people who come to the profession with plans and expectations that differ from those of their predecessors," said Pellegrino in an official release by Deloitte.

### CRISIS MAKES GOVERNMENT MORE OPEN TO LABOUR MARKET FLEXIBILITY

The government of Robert Fico has now produced three packages aimed at keeping businesses afloat, helping employers maintain jobs and giving a boost to the slowing economy.

The Fico team, which shortly after taking power in 2006 revised the Labour Code to make it kinder to employees and stricter towards employers, has been working on new changes to labour market legislation in Slovakia.

The crisis has been pushing up the jobless rate in Slovakia. At the end of December 2008, almost 219,000 Slovaks were unemployed and ready to take a job, 15,490 more than the previous month. Slovakia posted an unemployment rate of 8.39 percent in December, up from November's 7.80 percent, and the highest rate since April 2007, the National Labour, Social Affairs and Family Office (ÚPSVAR) announced on January 20.

The country's labour ministry proposed seven special amendments to the law on employment services to support the sustainability of current employment, the creation of new jobs, as well as support for the unemployed to launch their own businesses.

Viera Tomanová's Labour Ministry in early February announced its ambition to support existing jobs and to help create about 63,000 more in 2009, and the same number the following year. The labour-boosting measures are expected to consume €141.4 million in 2009 and €175.4 million in 2010 from the state budget.

The state will help employers who are experiencing serious operational problems to cover compulsory health and social insurance payments for their employees during periods when the employees receive only 60 percent of their salaries. The average annual assistance to such employers is projected to be €677 per employee.

The government also plans to allocate a total of €5.3 million to subsidise new jobs. An average monthly contribution from the state of €212 for each new job is proposed and the state hopes that this will help create 2,500 new jobs.

The state will also support the founding of so-called 'social firms' which could provide as many as 10,000 jobs for the unemployed.

"The social firms are public services that use low-qualified labour and people who are disadvantaged in the labour market," said Tomanová, as quoted by the TASR newswire.

The state also proposed support for unemployed people who become self-employed.

Those who start their own business can get support from the state to cover their compulsory health and social insurance payments for up to two years.

Through another measure, the government wants to motivate the jobless to be more active in searching for new jobs. Those who have been jobless for at least three months can receive an average monthly state contribution of €153 if they find a new job on their own and their gross monthly wage does not exceed 1.7 times the subsistence level, which is currently set at €3,435 per year in Slovakia. This measure is projected to help 7,000 people find jobs and would cost the state €10.8 million.

The government has also made changes to the country's tax laws in order to help businesses save costs if they maintain jobs. While observers give the government some credit for the changes, they also suggest that cutting payroll taxes would be a more effective way to help suffering businesses.

The revision to the law on investment assistance, which parliament passed in a second reading on February 11, should free the government to provide financial injections to more businesses between April 1, 2009 and December 31, 2010.

The government has also proposed a bill cutting the period for VAT refunds from 60 to 30 days, along with an amendment to the income tax law which increases the non-taxable portion of incomes of the lowest earners from €3,435 per annum to €4,026.

Self-employed people whose annual income is under €170,000 and who do not have any employees could be exempted from book keeping duties, under the revision, the SITA newswire reported.

The government will also extend the so-called employee bonus, which makes minimum wage earners eligible for negative tax, paid annually starting in 2009.

"We still think that cutting payroll taxes would help the Slovak labour market more," said Richard Ďurana, director of INESS, the Institute of Economic and Social Studies, an economic think tank.

According to Ďurana, cutting payroll taxes would be a flat and non-discriminatory measure, which would help all businesses in all regions of Slovakia, both established and new, foreign and domestic.

The measure would immediately boost their finances and employers would immediately see their labour costs fall and would thus be able to keep more jobs, said Ďurana; it might even inspire the creation of new positions, he added.

"This measure would also be immune to abuse and cronyism," Ďurana told *The Slovak Spectator*. "It is a good tool to eliminate the impact of the strong euro, which is making Slovak labour relatively more expensive when compared to neighbouring countries, the currencies of which have weakened against the euro."

The National Union of Employers (RÚZ), which represents two-thirds of the employers in

## THE ECONOMIC CRISIS



GENERAL PARTNER

Slovakia, welcomed the government moves.

“We see the proposals as quite positive, even though we would certainly welcome the measures more if they were more systemic, for example by bringing a cut in payroll taxes, reducing red tape, and making labour legislation more flexible,” Martin Hošťák of RÚZ told The Slovak Spectator.

RÚZ gave the government credit for its measures to preserve existing jobs, motivate the long-term unemployed to find jobs, and create better conditions for people to start their own businesses.

Hošťák was more sceptical about measure to support social firms, suggesting that these might not have the desired effects. The costs of such measures could be relatively high and their final effects are questionable, Hošťák said.

The fact that the government is dealing with the problem by preparing such packages is indeed positive, said Jozef Uhrík, President of the Slovak Industry Association.

“Many of the measures that the government adopted were in fact responses to requirements that we had submitted,” Uhrík told The Slovak Spectator.

Uhrík was particularly positive about the reduction in the time taken to refund VAT payments to some companies.

Uhrík also praised measures which will help companies to keep employing more people than current production levels, currently much

reduced, would otherwise justify.

“As far as other measures are concerned, we could produce a long list of what else could be adopted, but we understand that the state budget has its limitations and we want to respect the priorities which have been defined as an effort to preserve employment at any price,” Uhrík concluded.

Robert Kičina, the executive director of the Slovak Business Alliance (PAS), said that though the measures are intended to ease the impacts of the crisis, they do not have the drive to lift the economy. Kičina also suggested that the implementation of these measures will have to be closely watched.

“What I see as negative is that all these measures might lead to speculation and deformed business decisions and it will be difficult to control their implementation,” Kičina told The Slovak Spectator.

Similarly to Hošťák of RÚZ, for Kičina the most doubtful decision is the support for the establishment of social companies, which was included in the first crisis package.

“On the one hand, [social companies] deform competition and, on the other, assistance will go to a very narrow group of people,” Kičina said. “Assistance for the self-employed who are just starting their businesses could easily be abused and might lead to massive cancellations of self-employed status and then re-registration as

newly self-employed after three months.”

Kičina said that the least negative aspect of the plan is the intention to subsidise jobs so that companies do not lay people off.

“The good thing is that every businessman should be able to access the assistance after meeting the given conditions,” he said. “Also, this measure would support good companies which are thereby not forced to lay people off during the year.”

According to Kičina, in times of crisis it is normal for companies to lay off redundant people so that they can survive, and later expand production again and re-hire employees. He added that the vast majority of businesses, including members of PAS, are experiencing serious negative effects from the crisis.

“This is why we will very carefully watch how the government distributes the money that everybody has collected through paying taxes,” Kičina said. “It is precisely cuts in taxes and payroll taxes that I see as being more appropriate assistance [since] businesses will feel an immediate effect.”

If not permanently, taxes could be cut at least for a limited time so that the financial burden on companies was eased during the crisis, he said. Kičina said he would welcome unambiguous information about where and how many cuts are to be made to the operation of the public administration. ■

# Europe's hopes for university reform

More flexibility, diversity, mobility and tighter ties with business are on the EC's wish list

The European Commission (EC) is calling for a wide reform of European universities and higher education institutions suggesting that they "have failed to unleash their full potential so as to stimulate economic growth, social cohesion and improvement in the quality and quantity of jobs". More flexibility and a more sympathetic ear for the needs of the labour market; greater diversity in the programmes they offer; more mobility for both students and teachers; flexible admission policies; and improved human resources policies at the universities: all these items are on the EC's wish-list. But the commission is not alone in wanting them: business representatives and human resources professionals share its vision of a root-and-branch reform of universities in Europe, not least in Slovakia.

Observers of the Slovak labour market argue that the country's education sector is in urgent need of restructuring, in order to achieve the reform and revival that that other sectors of society have undergone, if it wants to attract the best students, retain the best minds in academia and become internationally competitive.

Slovak universities say they are already internationally competitive and have the potential to produce students who meet international requirements and can perform well as postgraduates at any university abroad. However, university rectors also warn that they have to make do with as little as a quarter of the funds available to leading European universities.

What both university leaders and human resources experts can agree on is that the Slovak

education system faces serious challenges which need to be systematically addressed without delay. First, the education sector must effectively respond to changes in the Slovak labour market.

Today, many talented young Slovaks get their university education abroad but then seek jobs at home in Slovakia, demonstrating that the labour market is in fact one step ahead of the education sector, says Martin Krekáč, a co-founder of the Jenewein Group global consultancy firm and the president of the Business Alliance of Slovakia.

"The education sector must become, through what it offers and the environment it provides, attractive to the young generation," Krekáč told The Slovak Spectator.

## QUANTITY AND RAPID DEVELOPMENT VERSUS QUALITY

Slovakia's university system is suffering from a drop in the quality of the candidates who apply to study in its programmes, generally low quality of teachers, a high level of corruption, an inability to meet the requirements of the labour market and insufficient cooperation with the private sector, according to a study published in 2008 by the European Public Policy Partnership (EPPP), a think-tank which is part of the Jenewein Group.

The number of university students tripled between 1990 and 2007, reaching more than 200,000, the study – entitled System of Universities in Slovakia: Reality, Problems and Possible Solutions – reported. Since 2001 the president has appointed 115 professors per year on average, and there are now 1,500 professors at Slovak universities. Two thirds of Slovakia's total of 33 universities were founded in the last 15 years and are therefore still relatively new, the EPPP noted.

"Among the reasons for the quantitative increase in university education is the positive demographic development in the 1970s-1980s - the so-called baby boom - the efforts of the new state to build its own university system and the system of financing which allocates money to schools according to their number of students," said Miroslav Řádek, the author of the EPPP study.



Photo: TASR

Universities face tough challenges all around the European Union.

While the Slovak university education system may be applauded for its enormous effort to increase higher education participation, and universities for their efforts to expand their portfolio and boost research potential, the quality of educational and research activities has at the same time suffered from the speed and insufficient financial coverage of that expansion, found another report, by the European University Association (EUA), released in January 2008. The report, entitled Institutional evaluation of the Slovak higher education system and its research capacity, had been widely anticipated by the academic community in Slovakia.

"The time has come to address the quality of educational provision and to allow for sufficient internal differentiation to cater for the wide range of diverse needs and student profiles," the report said.

### Economically active population by education in 2Q/2008\*

	Slovakia	Bratislava Region	Trnava Region	Trenčín Region	Nitra Region	Žilina Region	B. Bystrica Region	Prešov Region	Košice Region
Economically active population	2,675,600 (100%)	344,100 (100%)	292,600 (100%)	297,100 (100%)	363,200 (100%)	334,900 (100%)	326,900 (100%)	370,100 (100%)	346,700 (100%)
Elementary and without education	188,500 (7.0%)	20,300 (5.9%)	16,600 (5.7%)	13,400 (4.5%)	25,400 (7.0%)	22,200 (6.6%)	35,700 (10.9%)	30,300 (8.2%)	24,600 (7.1%)
Secondary without A grade	920,200 (34.4%)	72,400 (21.0%)	99,300 (33.9%)	119,100 (40.1%)	148,500 (40.9%)	128,900 (38.5%)	97,700 (29.9%)	132,300 (35.7%)	122,000 (35.2%)
High school with A grade	1,174,200 (43.9%)	156,500 (45.5%)	144,500 (49.4%)	121,000 (40.7%)	149,300 (41.1%)	141,000 (42.1%)	146,400 (44.8%)	158,700 (42.9%)	156,900 (45.3%)
University	392,700 (14.7%)	94,900 (27.6%)	32,100 (11.0%)	43,700 (14.7%)	40,100 (11.0%)	43,000 (12.8%)	47,000 (14.4%)	48,800 (13.2%)	43,100 (12.4%)

\* - data for 2Q/2008 are based on a labour force sample survey (LFS)

Source: The Statistics Office of the Slovak Republic

# 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. ■

# In search of good governance for universities

Countries all across Europe have been searching for the best models with which to manage their universities and colleges. Appropriate models for good administration and good governance of these institutions of higher education have become regular issues of discussion at both national and European levels with assessments and recommendations being made by public officials and by professional organisations.

The administrative councils of colleges and universities are assuming more responsibility for implementing the strategies developed by their societies and assuring that results are achieved. These councils also have ambitions to boost the prestige of certain colleges and universities and to play a crucial role in choosing and evaluating the managers and leaders of the educational institutions.

By observing the principles of good administration and good governance colleges and universities directly support growth, innovation and competitiveness in the institutions of higher education and in this way influence the overall quality of a nation's educational system.

University governance is the term used to describe various models of administration and governance of both colleges and universities and involves the process of developing a system of values for colleges and universities, determining decision-making methods and influencing the allocation of resources. University governance also describes various functional systems of managerial hierarchy, including the defining of appropriate authorities and succession methods. University governance also connects colleges and universities to other important players within academia and also to the public, private, and non-profit sectors.

Academic self-administration bodies are generally seen to have the following tasks: overseeing financial management of the college or university; appointing and dismissing administrative leaders; securing conditions for appropriate courses of study and certifying academic degrees; being responsible for the property of the college or university; and preparing and approving the statute of the college and any of its revisions.

## THE SLOVAK REALITY

In Slovakia, the state constitution, the Act on Universities and Degrees, and regulations of the Education Ministry define basic relations and establish the governance methods of Slovak institutions of higher education. Specific bodies that are involved in governance of Slovak colleges and

universities are the executive and legislative branches of the state, the leadership groups of public colleges and universities such as rectors, chancellors and academic senates, and various professional organisations.

Since academic rights and freedoms have regained their rightful place, there is now a fairly open discussion over the operation of Slovakia's whole system of colleges and universities including the above-mentioned principles of good administration and good governance. Once these principles are fully applied to the life of these institutions, they should contribute to a higher degree of effectiveness and rationality in the educational system.

The Slovak Constitution defines the fundamental guidelines for the operation and management of colleges and universities and articles 42 and 103 establish the right of citizens to study at colleges and universities in line with their personal abilities and possibilities of society. The constitution also stipulates the principle that non-public schools can charge for providing education and it gives the Slovak president the power to award academic credentials.

The Act on Colleges and Universities defines their overall status, establishes basic academic rights and freedoms, provides rules of operation and sets the status of academic self-administration bodies such as the academic senate, the rector, research council and disciplinary committees. The individual schools or faculties within a university have their own self-administration bodies, academic insignia and the like. The university rector approves the establishment, closure or fusion of individual faculties after agreement by the respective academic senates and the Slovak Accreditation Commission.

The government has oversight over the duties of the Slovak Accreditation Commission and allocates the finances necessary for evaluating full-time and part-time courses. The Education Ministry regulates the amount of maximum annual tuition for a given academic year for part-time courses, publishes a list of colleges and universities in Slovakia and oversees the use of state funds by public colleges and universities and the acknowledgement of awarded certificates.

The Slovak Accreditation Commission is a 21-member advisory body of the government which assesses and evaluates the operation of colleges and universities. The commission primarily decides on the eligibility of educational institutions to implement specific study courses and authorises each school to grant academic titles.

The academic community has various professional associations such as the Slovak

Rectors' Conference and the Council of Colleges and Universities of Slovakia, which has a governing board consisting of members elected by academic senates of all universities and colleges. The Council of Students of Universities and Colleges of Slovakia is a similar body. Both of these councils serve as partners to the Education Ministry.

To stabilise and then further develop Slovakia's colleges and universities, it is necessary to implement the principles of good administration and governance. The basic legal and economic tools which are being used to transform colleges and universities in Slovakia are changing their statutes, eliminating a direct connection between the budgets of non-public colleges and universities with the state budget. Taxpayers would no longer co-finance the non-public colleges and universities, political connections would be reduced and thus the indistinct 'political responsibility' for the operation and performance of these schools would end.

Once these principles of good governance and administration are applied to the system, the status and functions of the Slovak Accreditation Commission would need to be redefined as well. The administrative council and management of each higher education institution will carry the responsibility for the performance of their individual college or university. Also, academic titles of professors and associate professors should no longer be granted by the Slovak head of the state. These should be 'functional', meaning that a college or university educator serves as a professor or associate professor only for the time when he or she is actively performing in the position.

The current public character of colleges and universities which, on the one hand, generates an almost exclusive orientation towards classes and forms of study that the students demand and on the other hand, gives minimal consideration to the interests of employers, causes several institutional problems.

Adopting the principles of good administration and good governance would tune the colleges and universities more towards the requirements of the labour market and thus better meet the expectations of society.

**Miroslav Řádek is a policy analyst with the EPPP think tank**

*(The opinions expressed herein do not reflect the views of The Slovak Spectator. The analysis and opinion pieces published in the guide are intended to provide a wider scope of views and opinions and inspire further debate.) ■*



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