

» Newsletter International

Czech Republic



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Greeting



Dear readers,

It is my great pleasure to introduce to you another issue of our international newsletter covering activities of our Prague office which is in charge of our clients in the Czech Republic and Slovakia.

In June this year, we celebrated fifteen years since our Prague branch had been established, and throughout this period we implemented more than 1,000 projects. We work in a broad range of industries and for diverse clients, while key players in our economies are automotive companies that contribute to country's GDP by more than 30%. We have most of projects in this field. The Czech and Slovak Republics have ranked recently among the most significant car manufacturers worldwide and both countries are even at the 1st and 2nd places in the world as to the number of produced cars per capita! Thanks to their strategically important location in the centre of Europe and due to strong economic ties to Western Europe (at the beginning of the 1990's) and the entry of strategic investors from Asia and the USA in the years to come, both countries have become stable economies that got over even the worldwide economic crisis in a good shape. The Czech and Slovak Republics's unique location might be the only place in the world where the investors from the European Union, Asia and both Americas meet side by side, make a production in "their" companies and establish joint ventures. In this way, not only employee professional expertise but also population culture change for the better.

In the next couple of pages, let me introduce to you our team and activities. I believe you will find here something interesting and in such a case please contact us or come to see us in our office.

With best regards

A handwritten signature in black ink, appearing to read 'P. Hruška', written over a white background.

Petr Hruška
Managing Director, Partner

Team

From left to right: Věra Starková (Office Manager), Alice Robovská (Consultant), Martina Dvořáková (Researcher), Petr Hruška (Director und Partner), Andrea Kalinová (Researcher), Miroslava Slámová (Consultant), Václava Hupáková (Consultant.)



Competencies of the team

Petr Hruška

Managing Director, Partner



- » Executive Search, Management Audit, Assessment Center, NewPlacement
 - » Sectors : Manufacturing, Automotive Industry, Consumer Goods & Retail, New Media, Publishing and Direct Mail
 - » Language : Czech, Slovak, German, English
-

Miroslava Slámová

Consultant – Executive Search



- » Executive Search, Management Audit, Assessment Center, NewPlacement
 - » Sectors : Manufacturing, Automotive Industry, Financial Services, Energy, New Media
 - » Language : Czech, Slovak, German, English
-

Alice Robovská

Consultant – Executive Search



- » Executive Search, Management Audit, New Placement
 - » Sectors : Engineering & Manufacturing , Automotive Industry, Consumer Goods & Retail, Pharma
 - » Language : Czech, Slovak, German, English
-

Václava Hupáková

Consultant – Executive Search



- » Executive Search, Management Audit, New Placement
 - » Sectors : Automotive Industry, Industrial, Consumer Goods & Retail, Transport & Logistics
 - » Language : Czech, English, German, Italian
-

Radek Primus

Head of Management Consulting



- » Executive Search, Management Audit, Assessment Center, NewPlacement
- » Sectors : Manufacturing, Automotive Industry, Financial Services, Energy, New Media
- » Language : Czech, Slovak, German, English

Iva Hollerová

Senior Consultant – Management Consulting



- » Executive Search, Management Audit, Assessment Center, NewPlacement
- » Sectors : Manufacturing, Automotive Industry, Consumer Goods & Retail, New Media, Publishing and Direct Mail
- » Language : Czech, Slovak, German, English

News

Labour market in Central and Eastern Europe

The economic situation in the countries of Central and Eastern Europe is improving again which can be seen in many aspects. One of the meaningful criteria is employee and job applicant behaviour. At the end of the last year, for the first time after crisis end, growing self-confidence of job applicants, as to their expected pay, and of employees, as to their preparedness to change their secure job for a new job challenge, became evident. Due to the high demand for qualified labour force wages have grown above average over the last couple of years. Common wage growth in Russia, Poland and Romania was 15 to 20 % year to year. In the Czech Republic, Hungary and Slovakia the wage growth was 5 to 10 %. Although the economic crisis slowed down significantly wage growth expectations, companies expect wage growth again in 2012 (similarly as in 2011). In the Czech Republic and Slovakia it should be about seven percent.

Remuneration comparison

Large regional differences in remuneration can be seen at the north-south axis. While the Czech Republic, Hungary and Slovakia are getting closer to the West-European standard just gradually, Russia and Poland have already reached it. This can be seen mostly at top management and specialist positions in large multinational enterprises. However, just in those countries there are huge differences in pay structure and amount as well as in its range.

Remuneration surveys in the Czech Republic, Poland, Hungary, Russia and Slovakia, conducted by Kienbaum at the end of 2010, are shown in the table as follows:

Total yearly income in EUR rounded as per individual level in medium companies with comparable organizational structure			
Country	top management	1st level executives	2nd level executives
Poland	112 000	55 000	32 000
Russia	125 000	62 000	37 000
Slovakia	82 000	45 000	26 000
Czech Republic	96 000	51 000	29 000
Hungary	88 000	46 000	25 000

* It is necessary to take into account the differences in individual countries that can differ in the number of surveyed positions at individual levels. In this comparison the factors such as exchange rates when exchanging national currencies to Euro as well as wage taxes, cost of living and diverse social systems were not considered.

Variable remuneration

While basic wages grew in all Central and Eastern European countries also in 2010 (though very slowly compared to previous years), the real paid-out variable wage components decreased in two consecutive years on average by 30 to 50 %. This shows that variable remuneration is increasingly tied to company success. Thus the variable remuneration system gives the company larger manipulation room. In economic crisis period it then does not need to resolve the situation through immediate employee reduction because HR cost "breath" together with company success.

Remuneration study 2011/2012

We offer our clients a comprehensive consulting service an integral part of which are also remuneration studies. For a number of years, we have been making extensive studies focused on executive remuneration on the Czech and Slovak markets. The study subject is detailed remuneration information split according to several key parameters as well as broad information on the Czech labour market. The studies are conducted in close mutual cooperation with the Czech-German and Slovak-German Chamber of Commerce and Industry. Such studies are accompanied by a number of partial reference studies providing comprehensive information on the remuneration in the CR and the SR and serve as a supporting tool for creating remuneration strategy for companies. The remuneration study will be issued in December in the CR and January in the SR. Thus Kienbaum belongs to the companies that have the information on remuneration developments in the last period among the first ones.



For more information:

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KEC & KMC

The Czech office has been offering its clients the service in the area of both KEC and KMC throughout the whole of its existence since 1996. Executive Search is supplemented with a wide range of services in the area of human resource strategic planning supported by managerial diagnostics in the form of assessment centres and other key tools as well as HR development area where mainly trainings and coaching belong to.

15 years of Kienbaum Prague office

This year our Prague branch celebrated 15 years since its establishment. We implement between 80 and 100 projects a year that are mainly in engineering industry, especially in automotive manufacturing. Among our clients there are large multinational companies, to a considerable extent still with German capital. The sign of the quality of our services is a high degree of repetitive business as nearly as much as 60 percent of our contracts come from the customers that address us regularly. Our customers appreciate our quick order fulfillment, fair approach and professional execution. In the field of Executive Search, we are among the largest and most successful companies in the Czech Republic. We thank all our customers and colleagues for their long-term and high quality cooperation that keeps moving us ahead.

For more information:

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Deutsch-Tschechische
Industrie- und Handelskammer
Česko-německá
obchodní a průmyslová komora

Cooperation with chambers of commerce

For many years we have been cooperating with the Czech-German Chamber of Commerce and in recent years also with the Czech-Slovak Chamber of Commerce. In this close cooperation remuneration studies and other projects focused on company development are prepared.



Kienbaum Prague as a Young MBSA member

Young MBSA is a communication platform of young entrepreneurs, managers, scientists, sportsmen and artists. The objective of the organization is making new contacts and opportunities, sharing information, exchanging experience, designing and implementing common projects, introducing individual members, exchanging information on investments possibilities and job opportunities, market conditions, etc. Young MBSA is part of YES multinational, non-governmental formation that groups 17 similar associations and non-profit organizations worldwide. Kienbaum Prague takes part in the organizing of individual events and is an active member of this formations.

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Foreign investments keep growing

While for many investors Western Europe is still the most attractive investment region, Central and Eastern Europe is interesting as the region with low wage cost. This is certainly also one of the reasons why more foreign investment flow nowadays to Central and Eastern Europe than to France, Germany, Spain and Belgium combined. In the CR the most of foreign investments was attracted by automotive industry that was and remains the most dynamically developing economic sector. At the second place there is high technology. The Czech Republic features, comparing to other countries, relatively flexible labour legislation, good availability of manufacturing premises and attractive land pricing. The latest industrial production results show that manufacturing grows slowly, mostly in just mentioned automotive industry as well as in the field of machinery and equipment manufacture and metalworking. On the other hand the manufacture of computers, electronic and optical instruments and equipment as well as food industry decrease. The reason for this decrease is still moderate demand growth in the CR and the risks of the demand development in the countries that are critical for the CR. Also the growth in pricing of inputs, especially raw materials, energy and fuels is not favourable for industry. For the CR the key is foreign investments and that is why the CR keeps improving investment incentives. From these days on such incentives are attractive also for the companies dealing with research and development or strategic services such as software development. Also

the period for which companies can make use of tax relief is prolonged from current five to ten years. New conditions for strategic investors that will be able to get a direct investment subsidy are being introduced. Thus new room is created for the companies focused on technology or services such as development laboratories or software centres. The condition for such incentives is creating new jobs and investments at a certain amount.

Also Slovakia, a Eurozone member state since January 2009, is a country with political and economic stability that presents itself as an appropriate location for foreign investments. Such a decision is surely enabled by its good geographic location, low cost of qualified work force at a relatively high productivity of labour and a large selection of industrial zones.

Over the last couple of years, Slovakia has been repeatedly one of the most rapidly growing economies in the EU. In 2010, the Slovakia's GDP growth was the highest among the EU countries.

The Slovak economy strongly depends on export and reacts sensitively to the fluctuations in automotive sector that is the main export commodity (25.9% - KIA, PCA, VOLKSWAGEN). Among exported goods there is also machine and electrical equipment (21.3%), metals (14.6%) and chemical preparations (10.1%).

Unemployment rate reached 13.9 % which is year-over-year decrease by 1.2%. It has been the largest decrease over the last 2 years.

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Impressum



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