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Finance And Energy Sectors See Hiring Pause

By Mark H. Gay

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Some professions are keeping the recruiters busy but they are not the industries that Russia is famous for.

Recruitment in the oil and gas sector slowed noticeably in the first quarter of 2013. The acquisition of TNK-BP by Rosneft may be responsible for less activity among service companies, said Vladislav Bykhanov, a partner in the "Cornerstone" headhunting firm.

Many banks have stopped hiring, except to replace existing employees. The beginning of 2013 saw a new wave of layoffs from banks around the world, and Russia was no exception. Russia's banking sector continues to consolidate, led by Otkrytie, VTB and Sberbank, resulting in layoffs, partly offset by an expansion in the consumer credit sector.

Narrower sectors are producing revenues for recruiters, The Moscow Times found from talking to key figures in the industry, which has encouraged production industries,

leasing and outsourcing, less general recruitment and more special projects. Some large organizations are handling their own recruitment, such as in the healthcare industry. This is driving up salaries of human resources specialists, said Teri Lindeberg, CEO of the recruitment firm Staffwell.

Despite a slowing economy, the unemployment rate for professionals in Moscow stands at less than 0.4 percent on some estimates.

Those industries that are seeing growth in hiring include machinery, chemicals and fast-moving consumer goods, recruiters said. Innovation in the pharmaceuticals sector is also driving hiring, among established companies and start-ups, as well as in the field of clinical research and drug testing.

Russia's pharmaceutical industry is expected to produce generic or domestic substitutes for up to half the drugs it imports, which currently account for 80 percent of the market. Foreign companies like Cleveland BioLabs, Celtic Pharma Holdings, Pfizer and AstraZeneca have entered into partnerships with Russian companies to develop pre-clinical drug candidates.

The Information Technology sector is benefitting from, but is also highly dependent on, the growth in government IT budgets. The government is rolling out a program to shift the work of many ministries online and that keeps IT vacancies on the books.

Software offers higher margins, so many IT companies have moved away from producing or assembling hardware. Cloud technology is one example of a trend that is a growing Russian business: the remote storage of data on servers that can also run software.

Whether a sector dominated by startups can be a bread and butter industry for recruiters is another matter. "Talking of high-tech startups, they do use recruiters, but they are not very substantial in terms of manpower, and they do not tend to have high turnover," said Andrei Chulakhvarov, head of general staffing at Coleman Services.

More companies are hiring their own in-house legal staff, said Staffwell's Lindeberg. There is an increase in the number of such legal vacancies compared to vacancies from law firms. While senior lawyers are more open to new opportunities, it is hard to find good legal secretaries for international law firms, she said.

Seeking Savings

Despite signs of a slowing economy, the labor market remains tight. Government data on GDP and industrial production, and HSBC's purchasing managers' index suggest a slowing economy. Yet the actual unemployment rate in Moscow, among professionals, is 0.3 to 0.4 percent, according to Coleman Services. This is about one third of Rosstat's estimate. But while Rosstat reflects the age range from 17 to 72, recruitment agencies mostly deal with graduates from 22 years old up to about 60.

In general terms, the labor market has recovered from the slowdown in the second half of 2012, and companies are hiring for new projects, though paying attention to "labor effectiveness," said Alexey Mironov, director of the strategic development, ANCOR. "It can be concluded that big changes on the Russian labor market will take only in case of drastic global economic or political changes."

Penny Lane Personnel expects the recruitment market to increase its volume by about 7 percent in 2013. Tatiana Dolyakova, the general director, said IT, FMCG, marketing and industrial production were steady and active recruiters.

Coleman Services reported that turnover in mid-to-senior roles had decreased, meaning fewer managerial openings and less chance for candidates to advance quickly.

Soft Skills

Many companies want to hire middle managers, but the pool of candidates who have experience in western companies and speak good English is restricted. "It's a lot of middle management roles: they are the difficult segment because the demand is higher than the supply. The top roles also are harder to fill because the number of people is more limited," said Hays Russia Managing Director, Alex Shteingardt.

Felix Kugel, Vice President & Managing Director of ManpowerGroup Russia & CIS, cited demand for specialists: Mechanical and civil engineers, candidates with scientific, technical, engineering and maths skills.

Trends are not restricted to high-demand technical knowledge but soft skills as well, Kugel added. Companies have followed the business cycle and have cut jobs and costs. Now, the accent is on ensuring that their current staff is motivated and efficient. Appointing managers with titles like change or leadership officer is not enough, he said. "The good organization of this world will act like a symphony orchestra. Everyone plays a different instrument, but the music is the same, so it is not about giving people different titles. People need to look behind the title at the overall orchestration."

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