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Economic Clouds Buffet Jobs Market

By Mark H. Gay

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Western sanctions have so far been aimed at individuals but the Crimean issue could still have an impact on the broader economy. The European Union has already suspended trade talks and, as a later resort may consider economic and trade sanctions.

Sanctions would cut both ways. Before the crisis over Ukraine, Europe's largest economies were recovering, lifting the region's quarter on quarter growth rate to 0.3 per cent by the end of 2013. However the recovery, led by France and Germany, was largely driven by trade, while consumer spending remained weak.

ManpowerGroup in its look ahead to the second quarter of 2014 said signs of stabilization in Europe had lead to optimism with employers in 20 of 24 countries in Europe, the Middle East and Africa intending to boost their workforce over the next three months. That was in contrast to the U.S. where employers were "still guarded when it comes to hiring," said ManpowerGroup President Jonas Prising. "The second-quarter survey results do not point to a definitive turnaround in Europe, but there are several indications that employer optimism is gradually improving," he said in notes accompanying the survey.

Sanctions would jeopardize those signs of growth. Russia's exports to Europe — mostly oil, gas and raw materials — are worth $292 billion a year. Imports of refined petroleum products, machinery, consumer goods and food are worth $169 billion in European sales, according to the Organization for Economic Cooperation and Development.

VTB Capital forecasts that the Russian economy will shrink for at least two quarters and Sberbank warned the country risks recession if investors withdraw money from the country and outflows reach $100 billion. Deputy Economy Minister Andrei Klepach on Monday estimated the outflow in the first three months of this year at $65 billion to $70 billion. If confirmed, that would exceed the $62.7 billion that fled Russia in the whole of 2013.

Sberbank CEO German Gref said the risk of recession "unfortunately exists." The Russian economy grew by 1.3 per cent last year.

Recruiters said the market had got off to a slow start in 2014 and had not yet reacted to the prospects of a further slowdown. Average compensation growth merely tracked inflation, at near 8 per cent, according to Andrei Chulakhvarov, head of general staffing at Coleman Services.

The slowdown is hitting recruiters' earnings but also forcing them to be more productive. Teri Lindeberg, Staffwell founder and CEO, said her company had seen a 16 per cent decline in revenues compared to the first quarter of last year, partly due to the drop in market compensation caused by the ruble's devaluation. However, the number of vacancies closed has increased 12 per cent.

Chulakhvarov said some companies had responded to fewer numbers of vacancies by relying on in–house recruiters. This led to a tendency to assess the perceived quality of a candidate in terms of the number of interviews conducted, rather than by assessing objective skills. "Candidates from agencies are considered only if visibly superior to those sourced by the in-house recruiter," said Chulakhvarov. "A lot of responses to job ads remain unanswered, including good fits," he said.

Those sectors which are seeing significantly more hiring, compared to the first quarter of last year, include business-to-business, industrial, retail, fast moving consumer goods, manufacturing, automotive and consulting, said Lindeberg.

In terms of occupations, general management, finance, marketing and human resources have increased, as has engineering. However positions within I.T., operations and legal see less recruitment.

Top sectors include e-commerce. Penny Lane reports that I.T. and marketing specialists are in demand. The position of head of direct marketing or a product manager can command 200,000 rubles a month, while a head of development team can earn more than 300,000 rubles.

"E-commerce demonstrates a consistently dramatic increase from year to year," said Nadezhda Mikhina, head of client services at Penny Lane. "Specialists in this sphere remain in short supply. Russian e-commerce companies are ready to attract expats from Europe and the U.S. for top management positions."

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