

Ukrainian employers facing **HR perfect storm**

Companies must compete against expanding EU employment options and booming IT sector

According to UN figures, the CEE region is home to the ten fastest-shrinking populations in the world. This process poses a major threat to Ukraine's economic well-being, since Ukrainians represent the best solution to long-term demographic decline for many Central and Eastern European countries. Currently Ukraine ranks in the top five of the UN's fastest-shrinking populations. It is one of a number of factors contributing to a perfect storm of recruitment and retention challenges facing Ukrainian employers.

Central Europe Recruits Ukrainians

From the Baltic to the Balkans, national governments are relaxing employment regulations and looking at ways to bolster their Ukrainian workforce. Many are actively recruiting within Ukraine itself, with billboards in towns and cities advertising seasonal work or full-scale emigration. For now, Poland is the regional leader with a workforce of approximately 1.5 million Ukrainians. Others are seeking to catch up. For example, the Czech Republic announced early this year its plans to double the annual quota for Ukrainian fast-track migrant workers from 9,600 to 19,600. Three years ago, the quota had been just 3,800. Prague's message is clear - Ukrainian workers are not merely welcome but vital to the Czech Republic's economy.

Growing Domestic Competition

As the HR Director at Credit Agricole Bank in Ukraine, Galina Nechaeva has watched this perfect storm gain momentum in recent years. She acknowledges the effect of economic migration to neighboring EU countries. The recent relaxation of Euro zone restrictions has contributed to the outflow of qualified specialists. This factor comes in parallel to increasingly intensive competition for the nation's limited HR resources from Ukraine's own thriving IT and commercial sectors, especially the agribusiness sector.

The domestic economic situation in Ukraine is improving but not fast enough to ensure the prosperity of the business sector. The rate of inflation is still high, leading to higher salary expectations and staff turnover that has reached 30% in the banking sector in particular. This is forcing companies in Ukraine to overpay in to keep the staff onboard. The staff turnover at Credit Agricole represented about 24% over the past year - lower than average for the banking sector in Ukraine but still high.

These trends are taking shape against the backdrop of Ukraine's own demo-

graphic crisis. The record low birthrates of the mid-1990s mean the country is now witnessing a generational drop in the number of university graduates and young recruits entering the job market.

Companies Must Compete

With a diminishing pool of potential recruits and greater competition from both domestic and international alternatives, Galina argues that Ukrainian employers must find ways to become more competitive. "We are faced with an unappealing overall picture of the human resources situation in Ukraine," she says. "It is becoming more difficult to attract quality candidates and young talent. For instance, nowadays it takes companies twice as much time to fill vacant positions, while 3% of vacancies in our bank remain open."

Part of the solution is to boost the benefits on offer to potential employees. Credit Agricole has long been among the Ukrainian market leaders in terms of the corporate benefits on offer to staff members, with medical and life insurance alongside highly preferential loan options and a special mortgage program designed to help employees get onto the property ladder. The bank revised and upgraded the terms of these benefits in early 2017 as part of efforts to reward employee loyalty and attract quality candidates.

Teambuilding Appeal

Galina Nechaeva believes that in Ukraine's increasingly competitive recruitment market, corporate teambuilding can play an important role in retaining employees. Credit Agricole invests significantly in corporate activities for staff members, with a number of major events on the annual calendar along with sponsorship of sports leagues and participation in cycling races and marathons. She cites the specific example of a manager who recently turned down a lucrative offer to leave the bank, stating that he was happy in his current job and particularly valued his extracurricular involvement in the company football team. "We actively promote a sense of team spirit," says Ms. Nechaeva. "This warm atmosphere and sense of belonging is definitely an attractive feature for potential employees."

This approach chimes well with the priorities of young Ukrainians. While salary demands remain a key concern, Ms. Nechaeva says factors such as office perks and work-life balance are now playing far more prominent roles in the decision-making processes of the emerging generation. "Many young Ukraini-

With a diminishing pool of potential recruits and greater competition from both domestic and international alternatives, Ukrainian employers must find ways to become more competitive

ans are familiar with the less formal working environment at IT companies and are interested in things like open space offices, full-scope benefits, and the possibilities of working from home. As a bank, we are not always able to meet these expectations, but we aim to offer other work-life benefits including corporate teambuilding.”

Investing in Employees

In the battle to attract the best candidates, opportunities for career growth are an important selling point where more well-established companies enjoy potential advantages over the uncertainties of EU employment and many of the more recent IT arrivals. Credit Agricole seeks to emphasize the opportunities within the company via its internal mobility approach and give priority to existing employees for all vacancies. Meanwhile, high potential employees seeking further educational qualifications may count on company support to study either in Ukraine or internationally, with the bank providing living expenses as well as tuition fees. “We cover everything,” says Galina. “It is an investment in our staff and it is also a retention tool that involves a contractual commitment to further employment with the bank for a given period.”

She also advocates active engagement with undergraduates in order to help them develop the practical skillset needed to enter the workforce upon graduation. This is not always a popular policy among management, where many prefer to target professionally experienced recruits, but Galina believes the benefits of engaging at the undergraduate level far outweigh the costs. “Graduate recruits tend to be the most loyal and cost effective in the long run, but they do require investment in terms of training.”

Rising Salaries

Ultimately, salaries will remain one of the most important factors in the battle



About the author: **Galina Nechaeva** is HR Director at Credit Agricole Bank in Ukraine

to attract and retain Ukraine’s promising employees. Galina says salary expectations have risen significantly over the past year, with broadening employment options and the rising cost of living fueling this growth. Credit Agricole have responded by putting in place an action plan with a balanced combination between salary increases and additional benefits. Ms. Nechaeva believes Ukrainian employers need to address these rising salary expectations if they are to avoid losing staff. “This is not just an issue for the banking sector. It is evident throughout the Ukrainian economy. Companies have to be more imaginative and proactive if willing to compete for the best specialists.”

AMERICAN MEDICAL CENTERS

We Accept Your Health Insurance

The longest serving and most trusted preferred health provider among global insurances in the region, including Cigna, Allianz, and Bupa. AMC’s goal is to make quality healthcare accessible to everyone.

Call us to learn more about insurance direct billing and AMC’s many benefits.



www.amcenters.com

Kyiv Lviv Odessa
Tbilisi Batumi Almaty

+38 (044) 490 76 00