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IC Market Tracking®

Temporary Staffing in CEE - 5 2015

Free Summary

June 2015



Thanks for Your Cooperation



- Your input was valuable information in order to analyze the Temporary Staffing Market. We would like to thank once again for your cooperation.
- As promised you are receiving within this presentation the summary of the total market development.
- At the end of this presentation we have included some additional information about the total report and our company.
- We are looking forward to cooperating with you in the future.
- In case of any further questions please do not hesitate to contact us.



1. Introduction

Market Structure

Methodology

Definition and Demarcation

2. Market Summary

3. Business Environment

General Economy

Labor Market

4. Total Market Analysis

Market Forecast Analysis

Competition Analysis

5. Pivot Table



1. Introduction

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Staffing Services

Hungary	Poland	Czech Republic
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Slovakia	Russian Federation
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Qualifications

Unskilled

Skilled

Graduates & Others

Personnel Services

Temporary Staffing

Permanent Staffing

Other Services

Job Groups

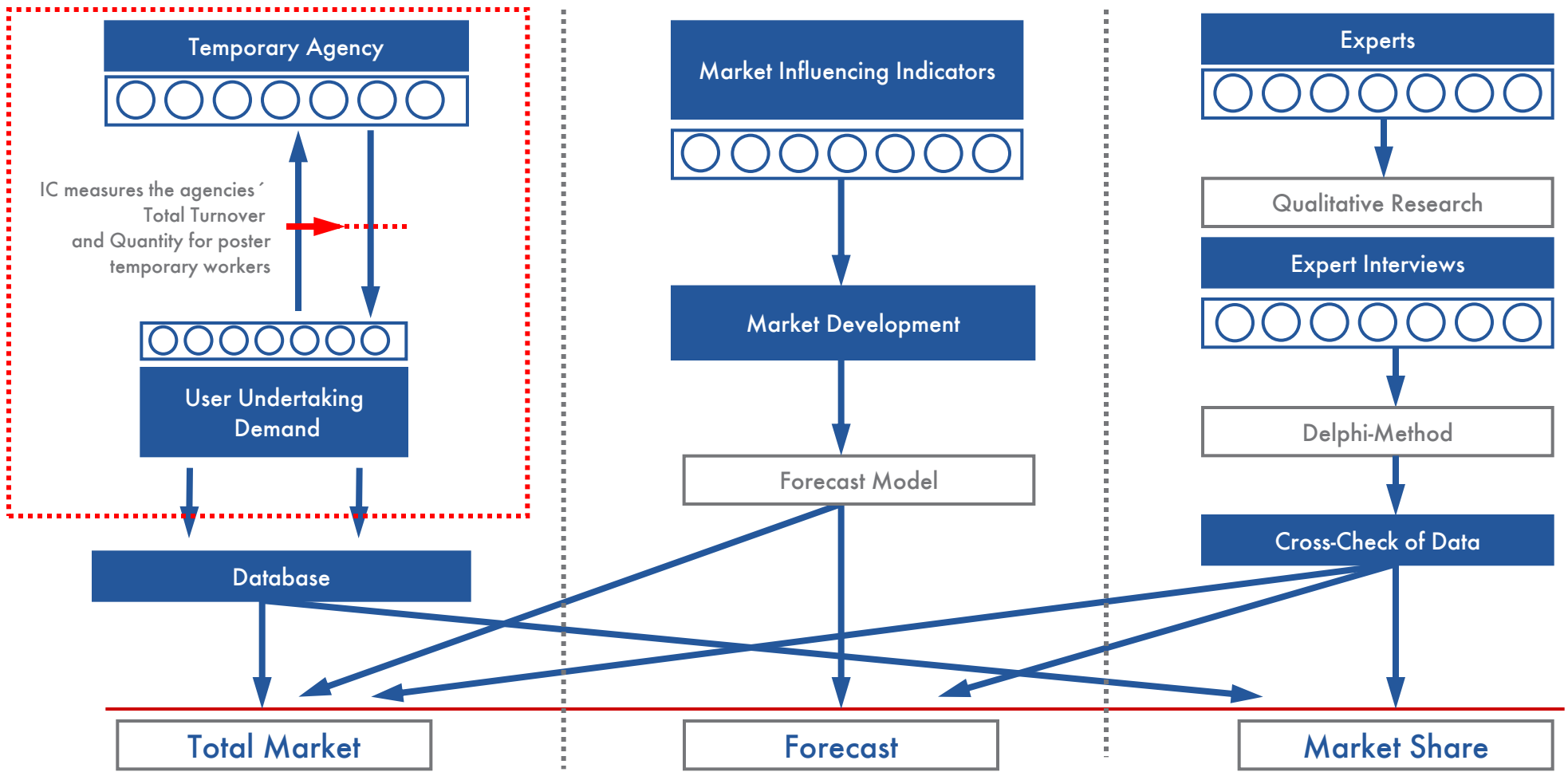
Office & Administration	Finance	Technical Staff & Engineering	IT & Telecommunications	Healthcare
Storage & Industry	Construction	Sales & Marketing	Telephone services & Callcenter	Others

For each segment the total market and market shares of the top players for the last four years and forecasts for the next three years are available in the study



Basis of Primary Research by Companies & Experts

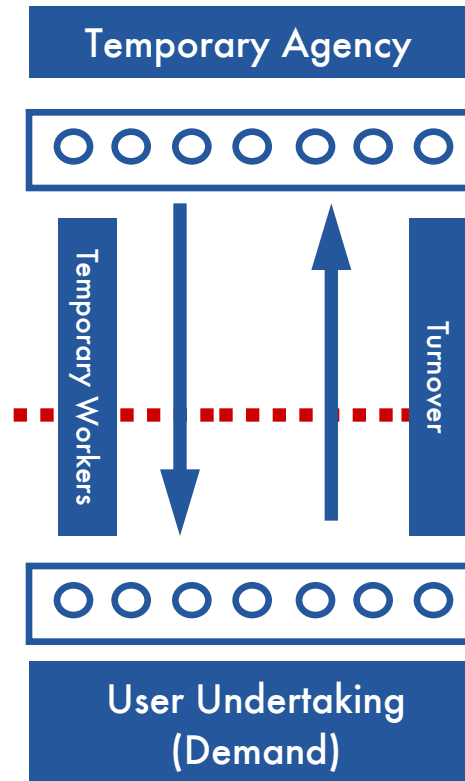
Description Structure of Survey Methodology





The basis for the analysis was interviews conducted with the market leaders and federations of the branch, who donated information through written questionnaires or telephone interviews.

As a symbol of our gratitude for their cooperation, cooperating companies receive a selection of slides, excluding market and strategy analysis, for free.



Interconnection measures the temporary agencies' total turnover and quantity of posted temporary workers along two supply segments (occupation and qualification) for the respective time frame.



The Logic of Temporary Work

Temporary Work

A form of employment that involves three parties in the following way: workers with a contract of employment or employment relationship with a temporary agency are posted to user undertakings to work temporarily under their supervision.



Temporary Worker

A person with a contract of employment or an employment relationship with a temporary agency with a view of being posted to a user undertaking to work temporarily under its supervision (demand side)



Temporary Agency

Any natural or legal person, who, in compliance with national law, concludes contracts of employment or employment relationships with temporary workers in order to post them to user undertakings to work temporarily under the latter's supervision (supply side).



User Undertaking

Any natural or legal person for whom and under the supervision of whom a temporary worker works temporarily (demand side).



Posting

The period during which the temporary worker is placed at the user undertaking to work temporarily under its supervision.

Job Groups Change

This year IC changed the Job Groups Split: Production Sphere is included into Technical Staff and Engineering Segment.



Definition of Key Concepts

Turnover in Mio. Euros

Refers to the temporary agencies' total earnings incurred in the time period January 1 and December 31 of the respective year.

The concept is expanded in the sense that any turnover incurred by the temporary agency after the takeover of a temporary employee by the user undertakings also belongs to the Interconnection turnover concept (compensation payments to the temporary agency by the former user undertaking). The turnover is divided into two Personnel Services (temporary and permanent staffing). The main purpose of the survey is the temporary work segment.

Number of Posted Temporary Workers

Refers to the total amount of temporary workers posted to user undertakings on a reference date (31.12)

CAGR

Compound Annual Growth Rate over the period 2014 - 2018f. To calculate CAGR, one must solve the equation: where E is the ending value, B the beginning value, and T is the number of changes between years. (For example, there are 4 year changes between 2014 and 2018f). $r=(E/B)^{(1/T)}-1$.

Avg. Share

Average Share over the period 2014 - 2018f.

2015_e/2018_f

Estimated/Forecasted.



Definition of Job Groups

Office & Administration

Includes: Secretaries, Assistants, Receptionists, Personnel.

Finance

Includes: Banking, Controllers, Accounting, Salary Administration.

Technical Staff & Engineering

Includes: Engineers, Science, Quality controlling, Laboratory, Production.

IT & Telecommunications

Includes: IT Technicians, PC-Support, Helpdesk, Web administrator.

Healthcare

Includes : Nurses, Doctors.

Storage & Industry

Includes: Storage, Trucker, Blue Collar Worker, Transportation.

Construction

Includes: Construction.

Sales & Marketing

Includes: Sales, Marketing, Hosts, Retail Assistants.

Telephone Services & Callcenter

Includes: Agents, Telemarketing, Customer support.

Others

Includes: Security, Cleaning, Education etc.



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Double-digit growth of 14,4% on CEE – 5 Market

CEE - 5: Total Temporary Staffing Market, 2013 - 2014

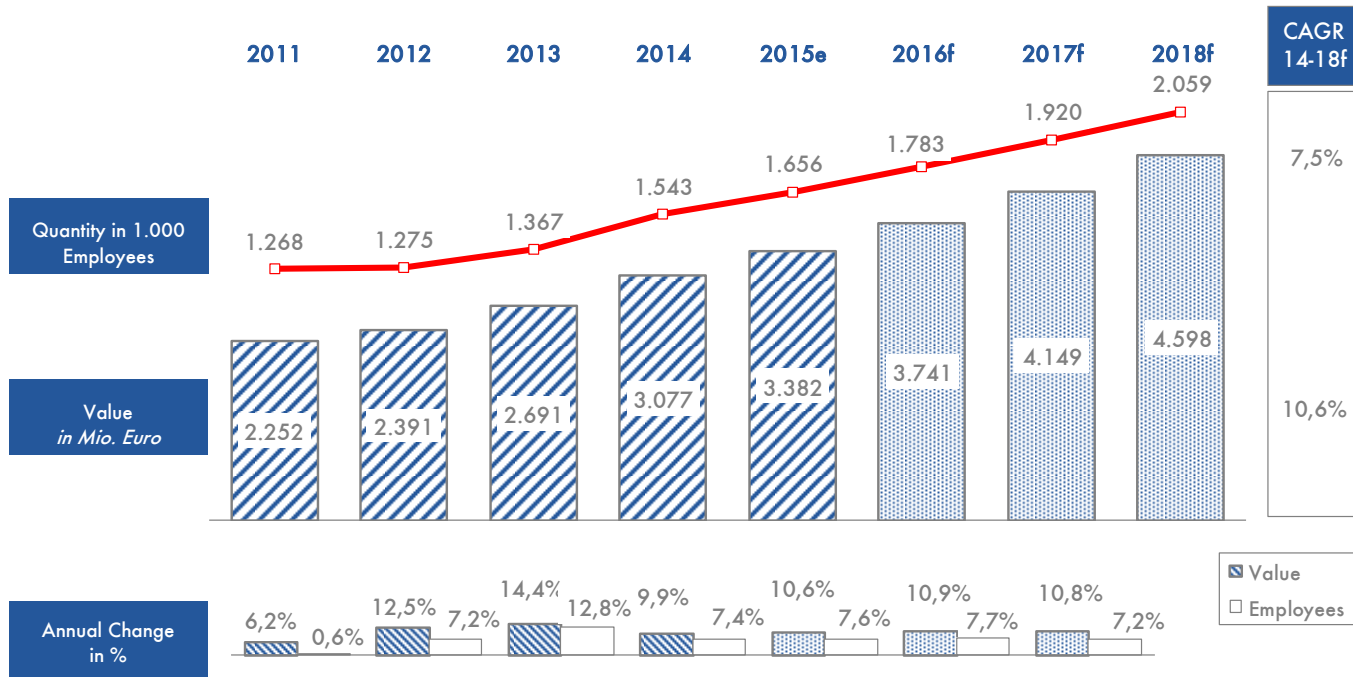
- Almost all CEE - 5 economies are following a path of healthy GDP growth, falling unemployment, higher real wages and lowering inflation. Russia is the only country which is now suffering from harsh economic decline and uncertain political situation.
- In a lot of countries governments understand the importance of Staffing Market and are trying to favor its growth with the new legislation. Yet, less restrictive regulation on agency work helps to reduce size of undeclared work. Agencies also try to launch marketing campaigns to develop confidence among businesses to hire skilled people and candidate confidence to move jobs.
- The Total Staffing Services Market in CEE - 5 displays a double-digit growth of 14,4% in value in 2014. There is a good growth almost in all countries each year. We can see a boom on the Polish market in 2014. The popularity of temporary work in Poland is growing, but still we are far from saturation of the market. Temporary Staffing market in this country increased by more than a quarter in value, showing the biggest increase during last 5 years. Poland is the biggest market for Temporary Staffing in Europe, covering a market share of 39,0% in terms of value.
- Despite economic and political difficulties in Russia, this market keeps on growing. One reason for this is crisis in the country: companies are looking for the ways to optimize costs in the first place, having to reduce staff positions and using temporary staffing services to solve this problem. In addition, the temporary staffing service itself is gaining popularity in the Russian market. Entering into force the law on contract labor from 01.01.2016 makes it difficult to predict the situation on the Russian market in the years 2015e - 2018f. In general, large companies are looking forward to a steady growth in the market of temporary staffing, smaller ones most likely will be leaving the market.
- There is a big difference between Russian Federation and the rest of CEE countries regarding Job Groups Split. In Russia the most popular Job Group is Sales and Marketing with the share of 27,1% in terms of value in 2014. And for example in Hungary the Sales boom is ended and the Share of this segment is decreasing each year.
- Regarding Czech and Slovak markets, at the beginning of 2014 we saw labor market recovery in Slovakia and in the middle of 2014 in Czech Republic. Companies started hiring and increasing the number of temporary staff because of the uncertain future. Main sector for temporary staffing there is automotive and connected industry. Concerning legislation, there are some complications in Slovakia since 2015 and we expect the same in 2016 in Czech Republic. But the stricter regulation doesn't decrease temporary staff. Just make companies to use illegal methods or illegal agencies.



Confident Market Development till 2018f

Total Staffing Market in CEE - 5

- The market for Temporary Staffing in CEE Top-5 shows a steady upward trend with an annual growth rate of 7,5% in terms of quantity and 10,6% in terms of value. The total market value reached a volume of 3.077 Mio.€ in 2014 and is expected to grow up to 4.648 Mio.€ until 2018f.



CEE - 5: Temporary Staffing Market 2011 - 2018f, Value in Mio. €

- Biggest growth is expected in Poland and Hungary. In the year 2014 Poland showed a leap of 27,2% and 21,0% in terms of value and quantity respectively.
- Hungarian temporary staffing market records a stable development with growth rates in value around the market average, being one of the most aware regions in terms of temporary staffing.
- Interconnection expects the increase of Temporary Staffing Market by 10,8% in 2018f. For the upcoming years, temporary employees quantity is forecasted to constantly increase with average growth rate of 7,5% between 2014 and 2018f.
- The total market value reached 3,1 Bn. € in 2014 and is projected to expand to 4,6 Bn. € in 2018f.



STRENGTHS	WEAKNESSES
<ul style="list-style-type: none">• Higher staff productivity.• Intense marketing campaigns.• Healthy GDP growth and low inflation in CEE Top-5.• High level of well-educated labor force.	<ul style="list-style-type: none">• Stiff competition and low demand are restricting the turnover growth.• It is harder to find highly qualified staff.• Increasing labor costs.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none">• New scope of investments.• New laws introduced by government favoring Temporary Work.• Effective marketing steps to develop confidence among businesses to hire skilled people and candidate confidence to move jobs.	<ul style="list-style-type: none">• Salary hike because of complications in hiring and keeping qualified staff.• Shadow economy and tax avoidance.• East-West labor migration.• Low employment rates in population with low levels of education



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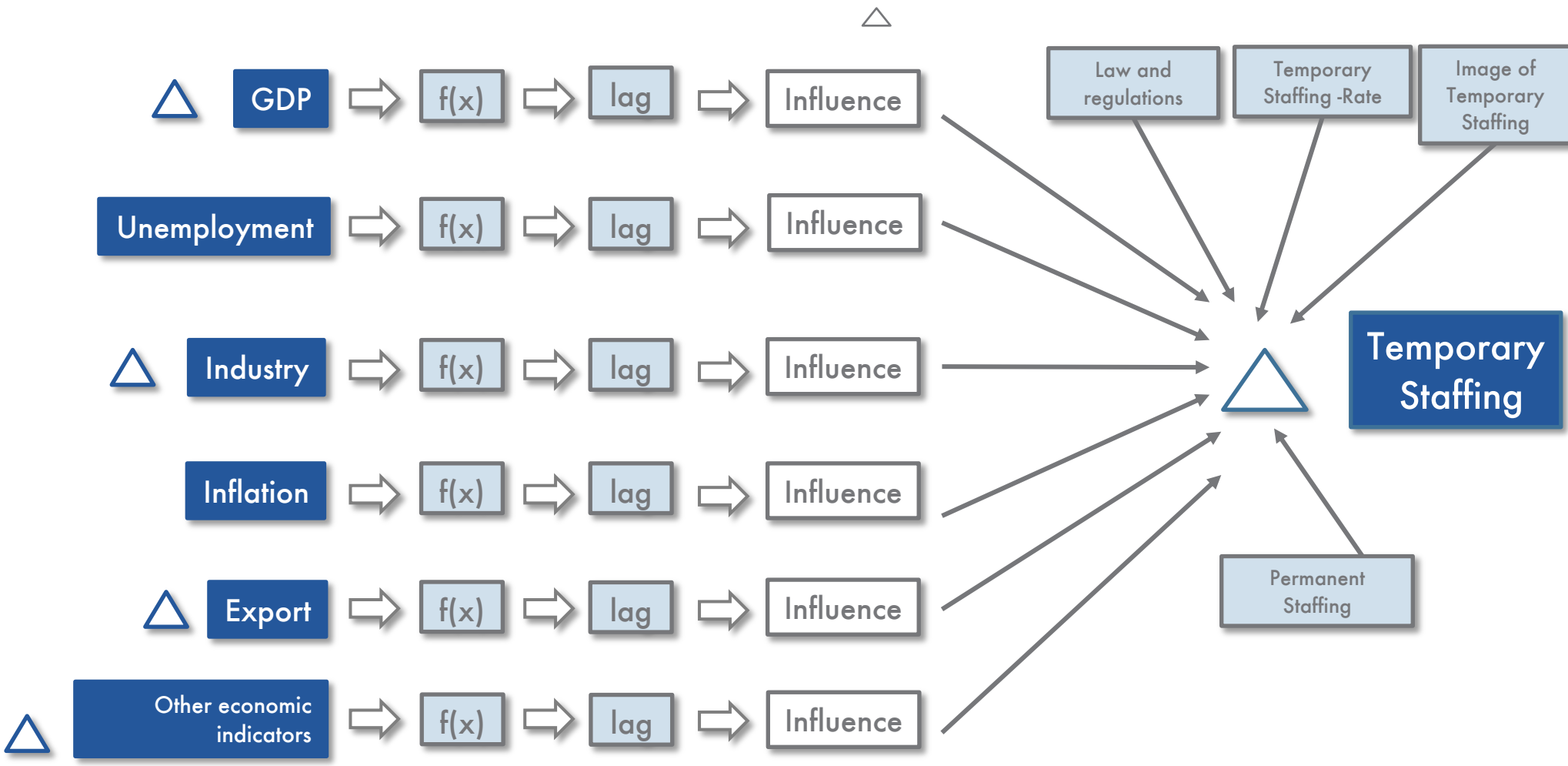
5. Pivot Table



Model for Temporary Staffing Market Forecast

Indicators: Influence of indicators on Temporary Staffing Market(= Change)

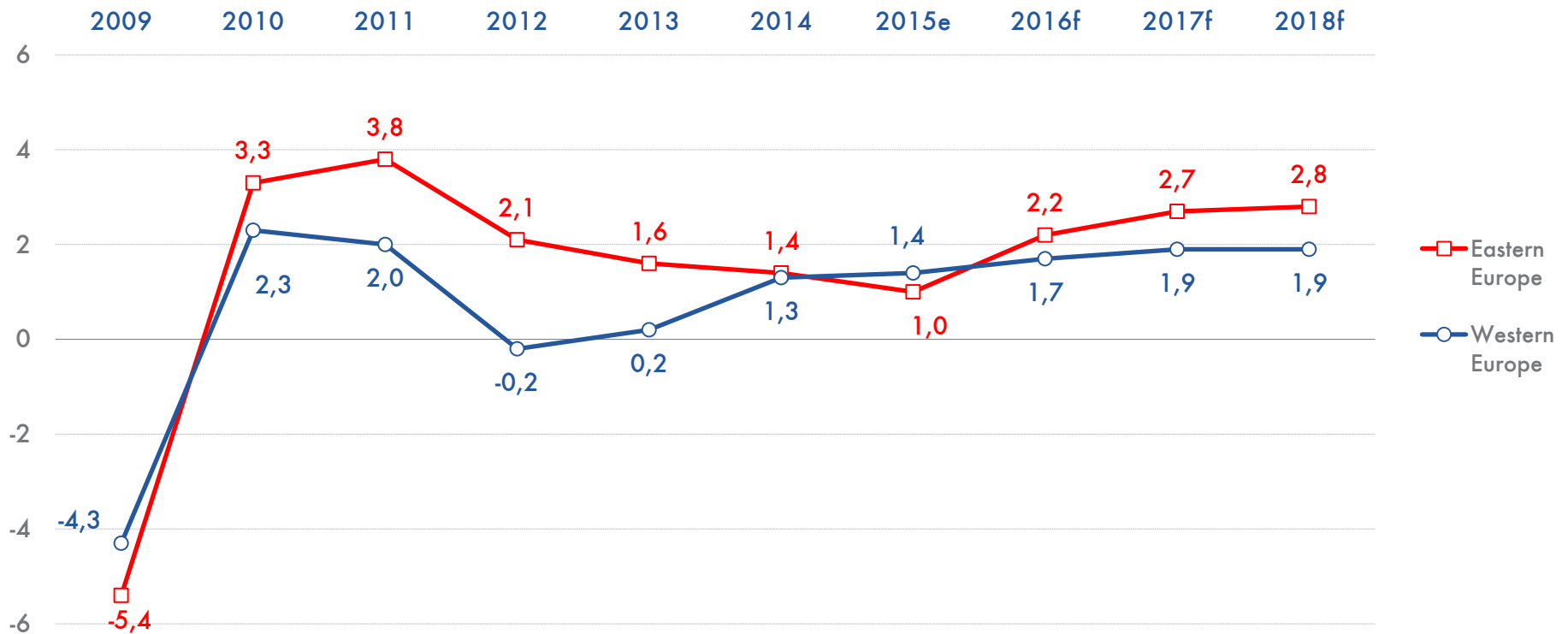
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Eastern Europe is Doing Better than Western European Countries

GDP growth, Annual Change in 2009-2018f in %



Western Europe: Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Malta, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom.

Eastern Europe: Azerbaijan, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Kazakhstan, Lithuania, Latvia, Macedonia, Moldova, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Ukraine, Uzbekistan.



Eastern Europe Shows the Way

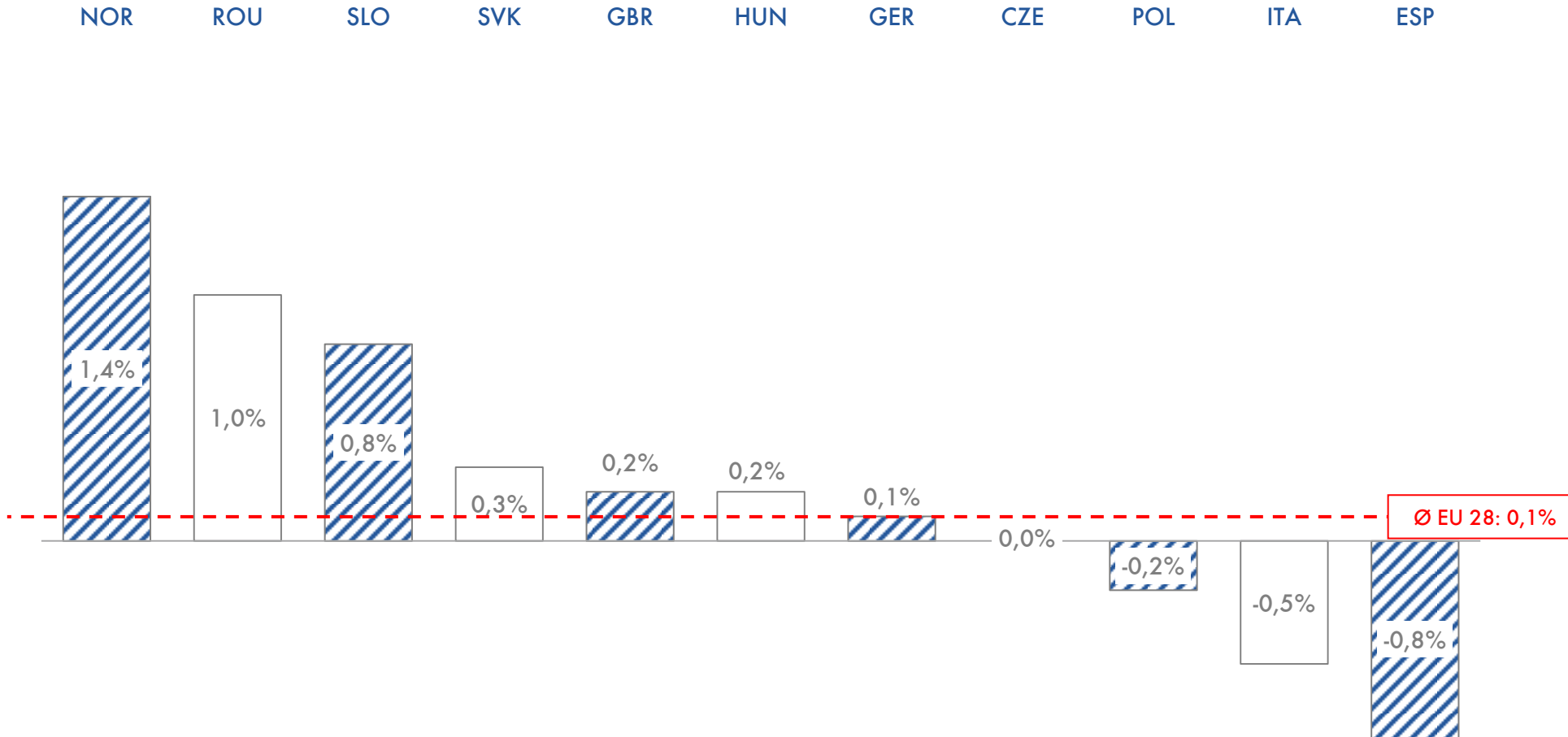
GDP-Growth: Comparison of Growth 2015e, in %





Hungary is One Step Above EU Average

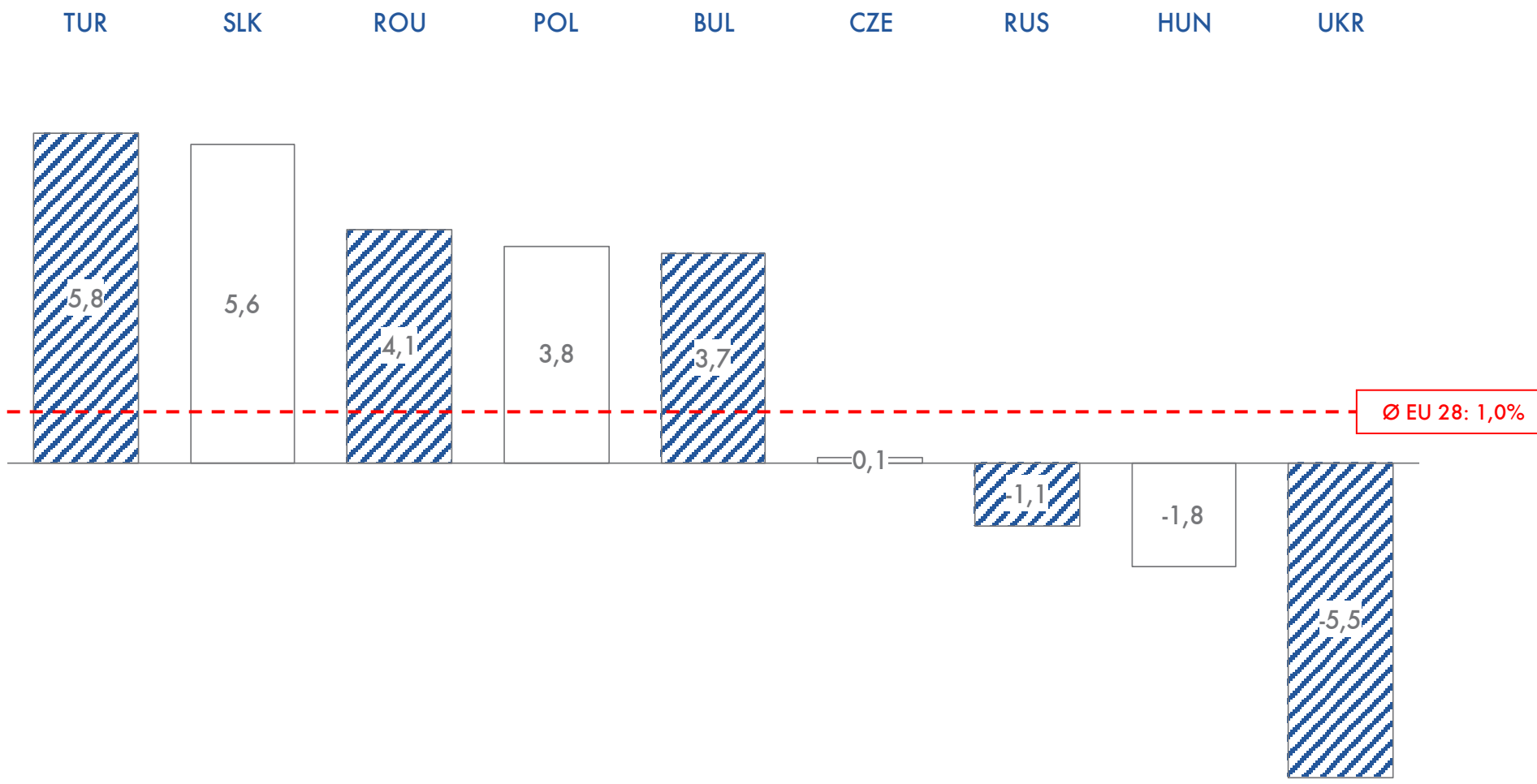
Inflation Rate in %, measured by HICPs, Annual Change 2015e





Real Disposable Income in Russia is on a Low Level

Central and Eastern Europe: *Real Personal Disposable Income*, % change pa (2014 - 2013)



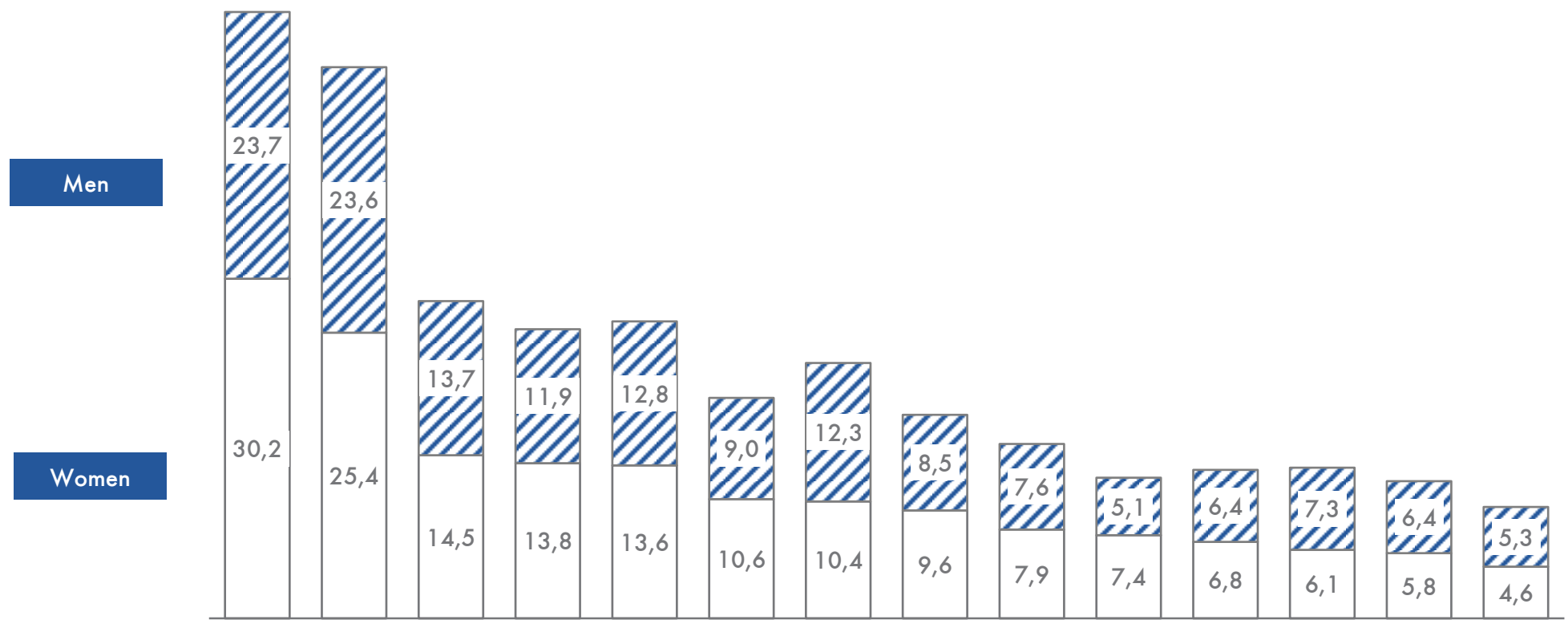
Source: EIU Country Data 04/2015



7,4% of Women Remained Unemployed in Czech Republic

Unemployment Rate: Share of Unemployed Men & Women in Europe % 2014

Greece Spain Portugal Italy Slovakia Slovenia Bulgaria Poland Hungary Czech Republic Denmark Romania United Kingdom Germany

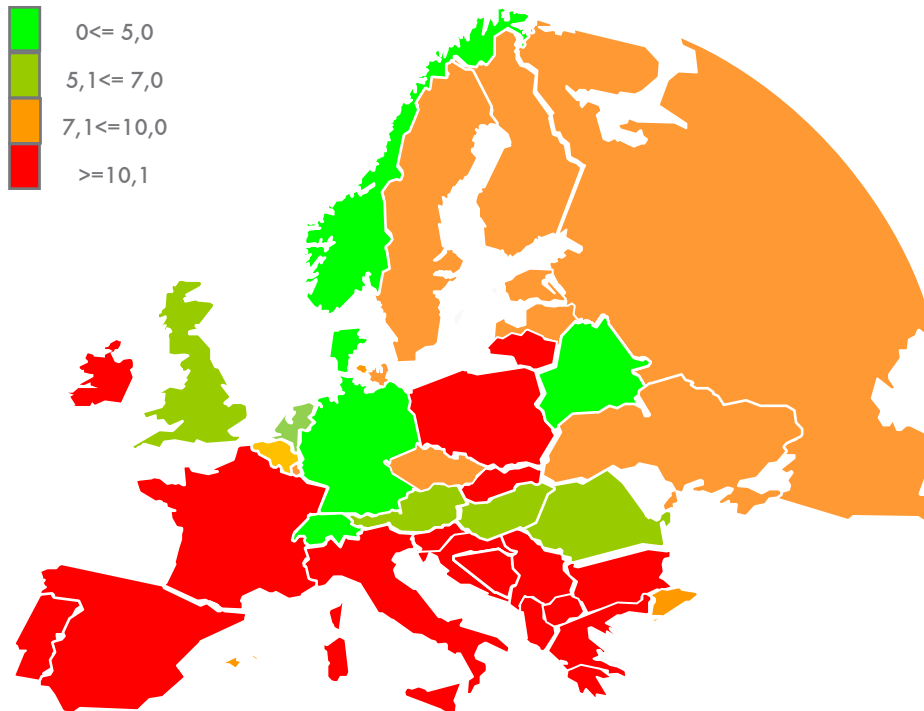


Source: Eurostat 2014

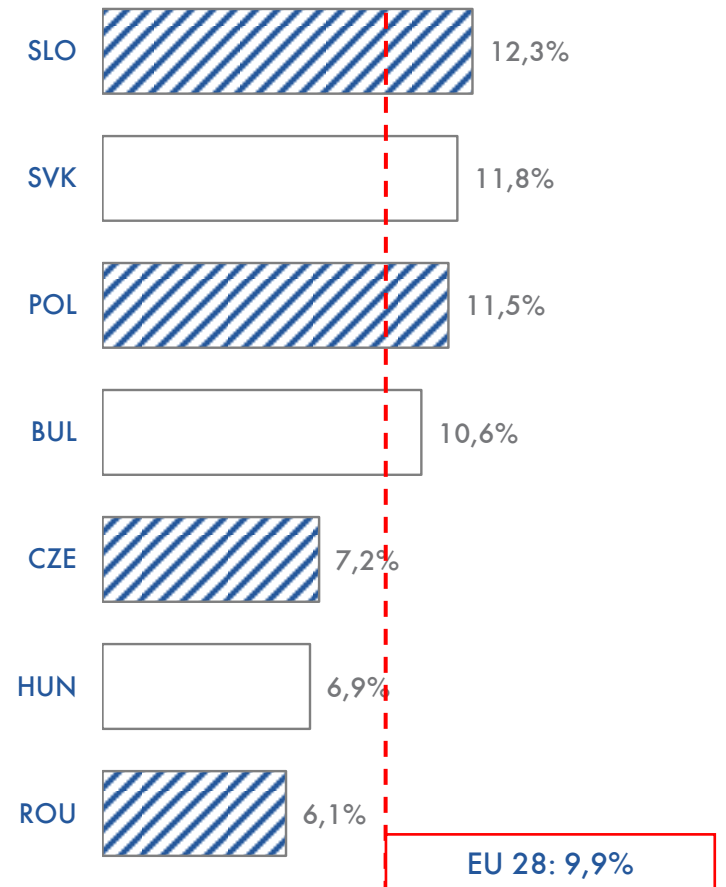


Tough Times on Slovakia's Labor Market

CEE: Unemployment Rate 2015e in %



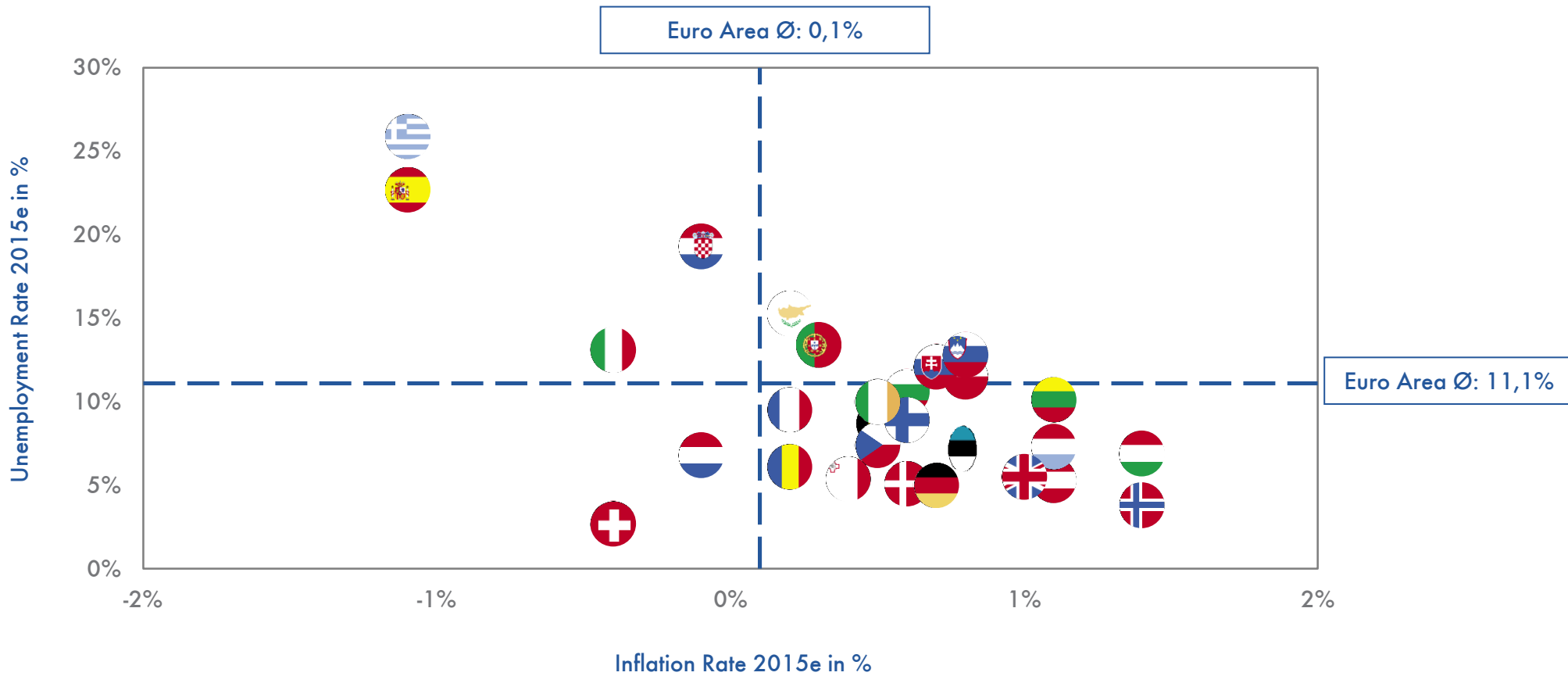
Unemployment Rate in 2015e in %





Greece and Spain Compete For Throne of Unemployment

Inflation-Unemployment Portfolio 2015e (EU-28 + Norway & Switzerland)

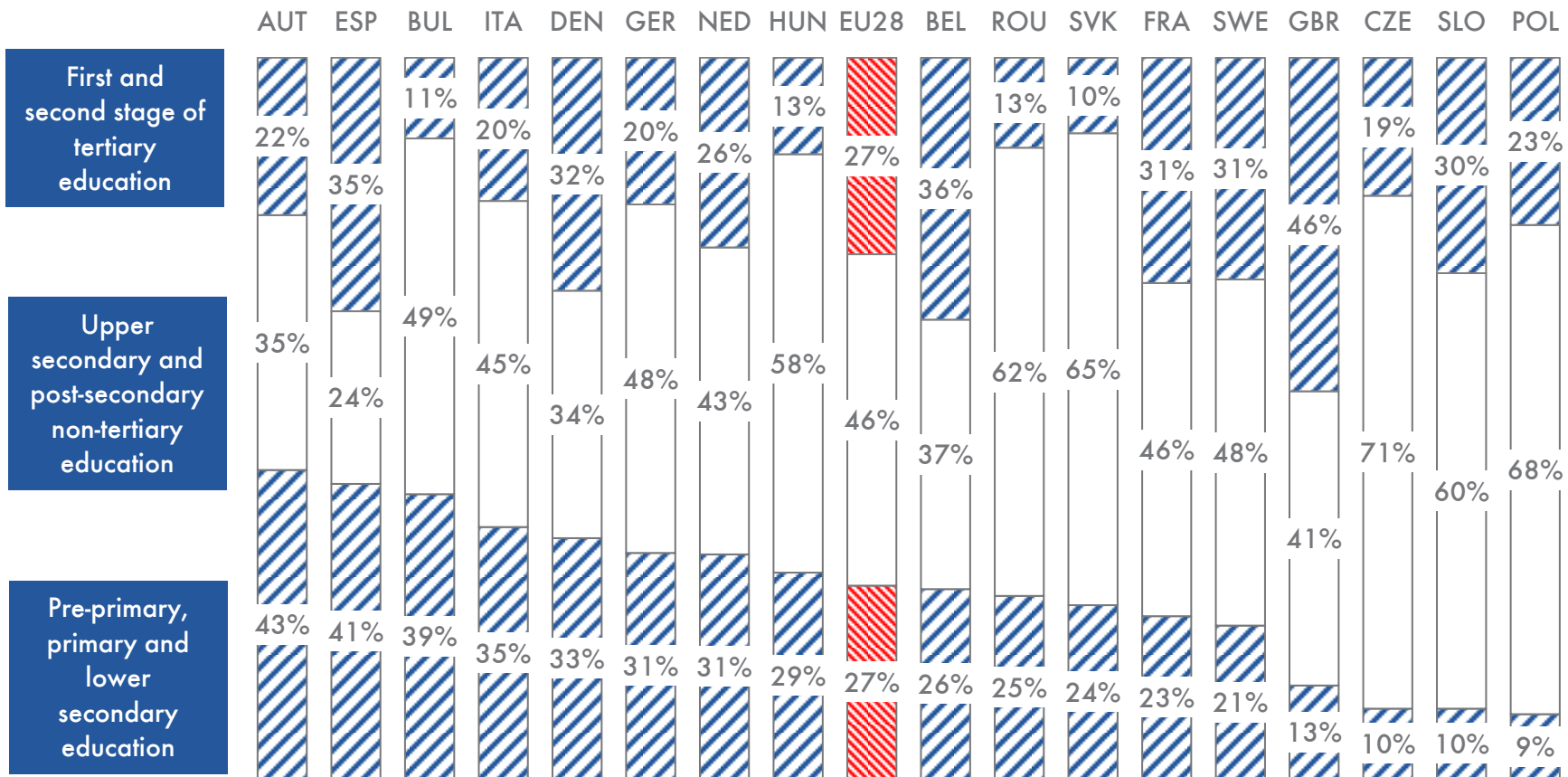


Source: EIU Country Data 02/2015



80,9% of Czechs do not Have Tertiary Education

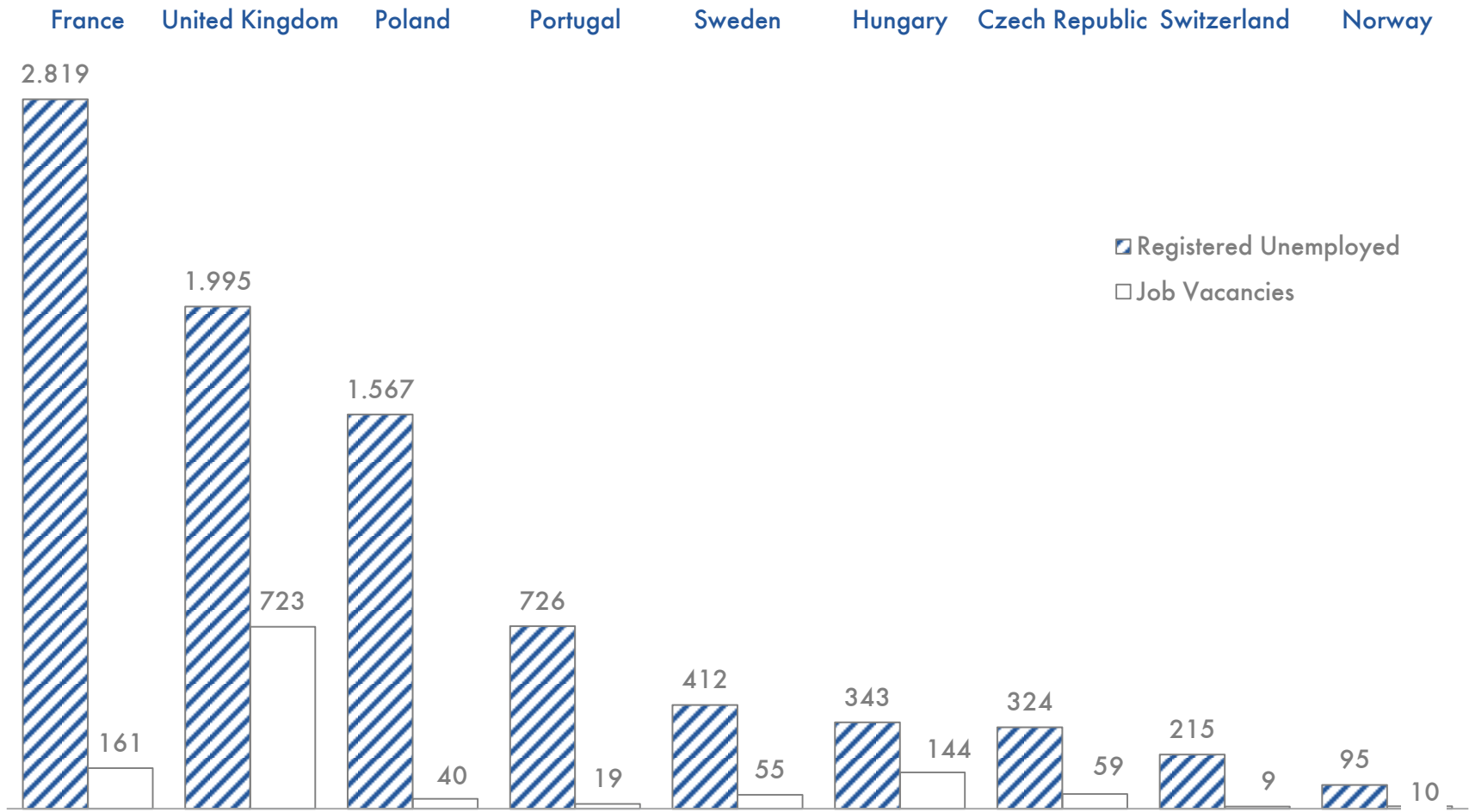
Temporary Employment by Highest Level of Education Attained: 15 - 64 Years, 2014 (in %)





France is a Winner in a Number of Unemployed People

Unfilled job vacancies: Registered Unemployed and Job Vacancies, Quantity in 2014 in 1.000 units

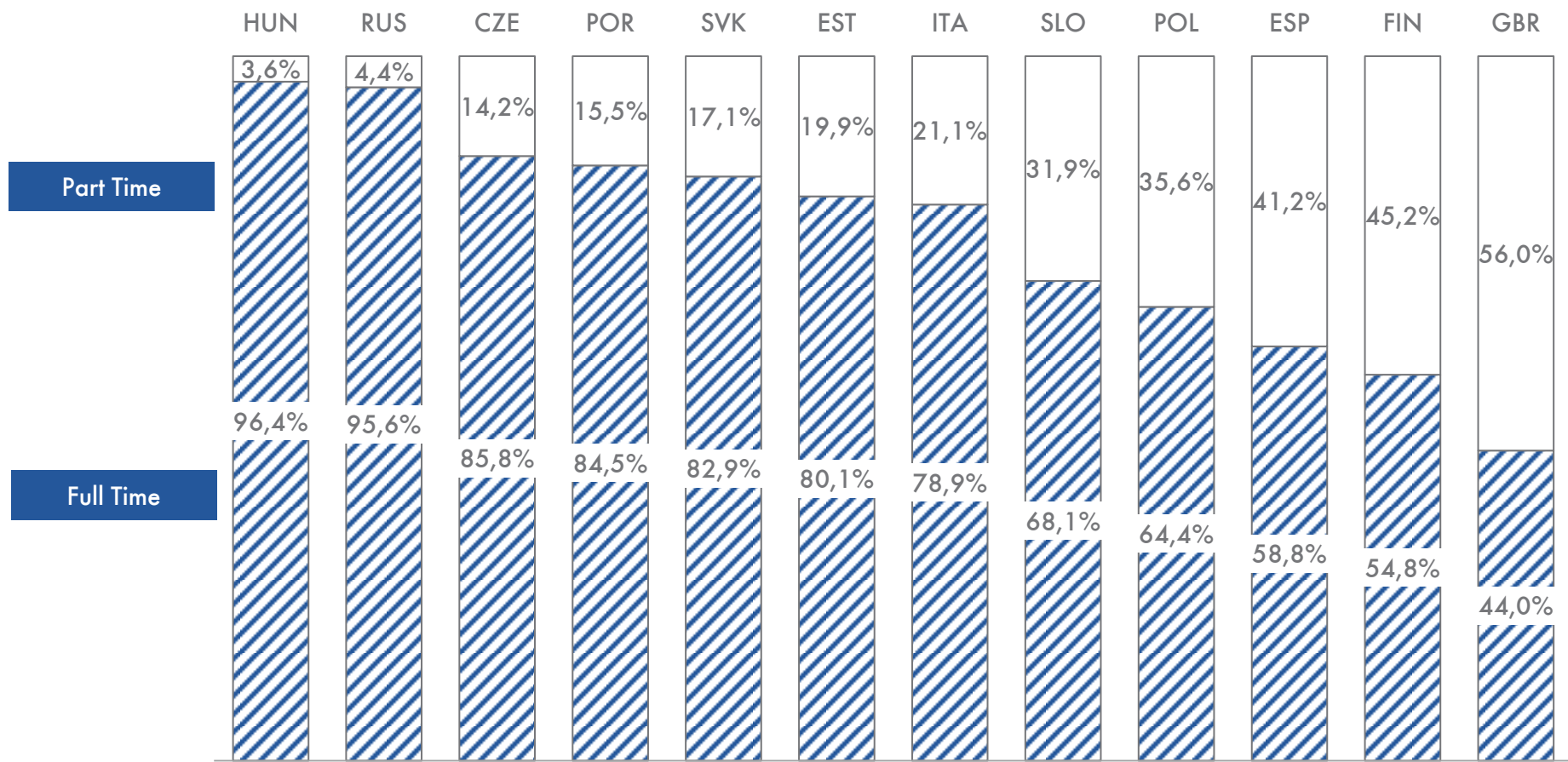


Source: Eurostat 04/2015



6 out of 10 Poles are Full-Time Employees

Part Time vs. Full Time Employment: Employment % of workforce, 2014

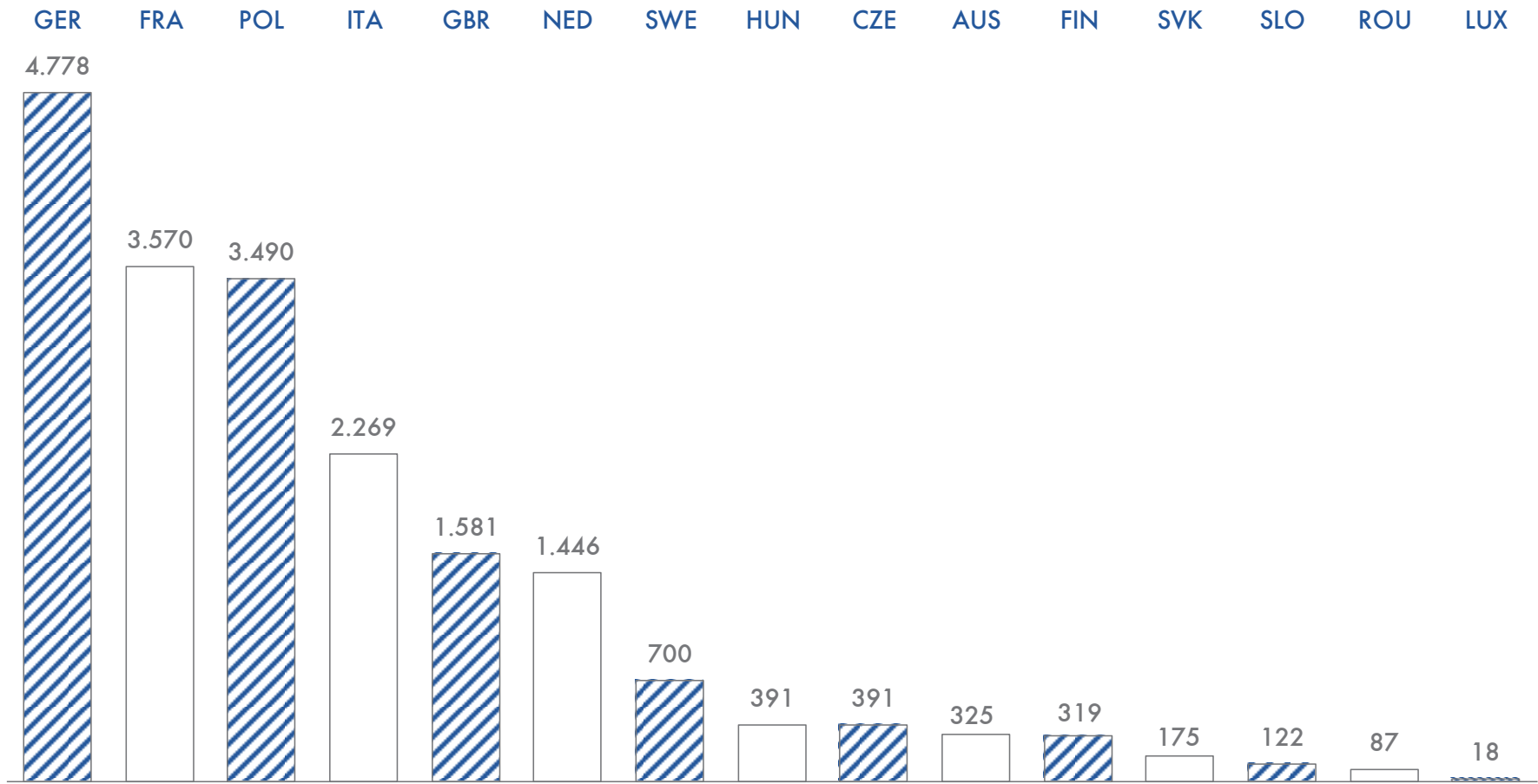


Source: OECD 06/2014



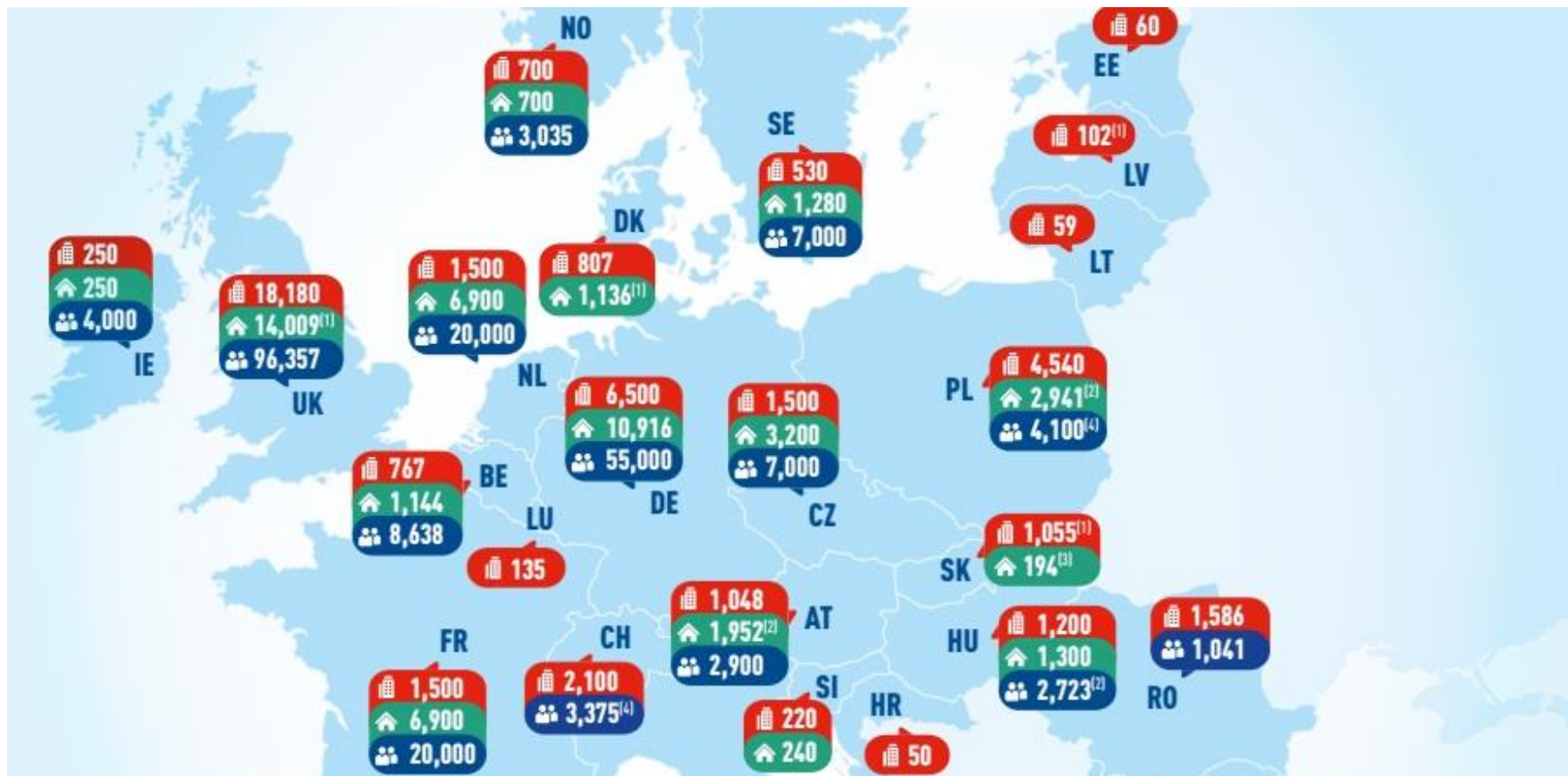
Temporary Staff Still not so Common in Eastern Europe as in Western

Temporary Employees: from 15 to 64 years, in 1.000 employees, 2014



Private Employment Services with Widespread Network of Specialists

Private Employment Agencies: Number of Agencies, Branches and Internal Staff, 2014





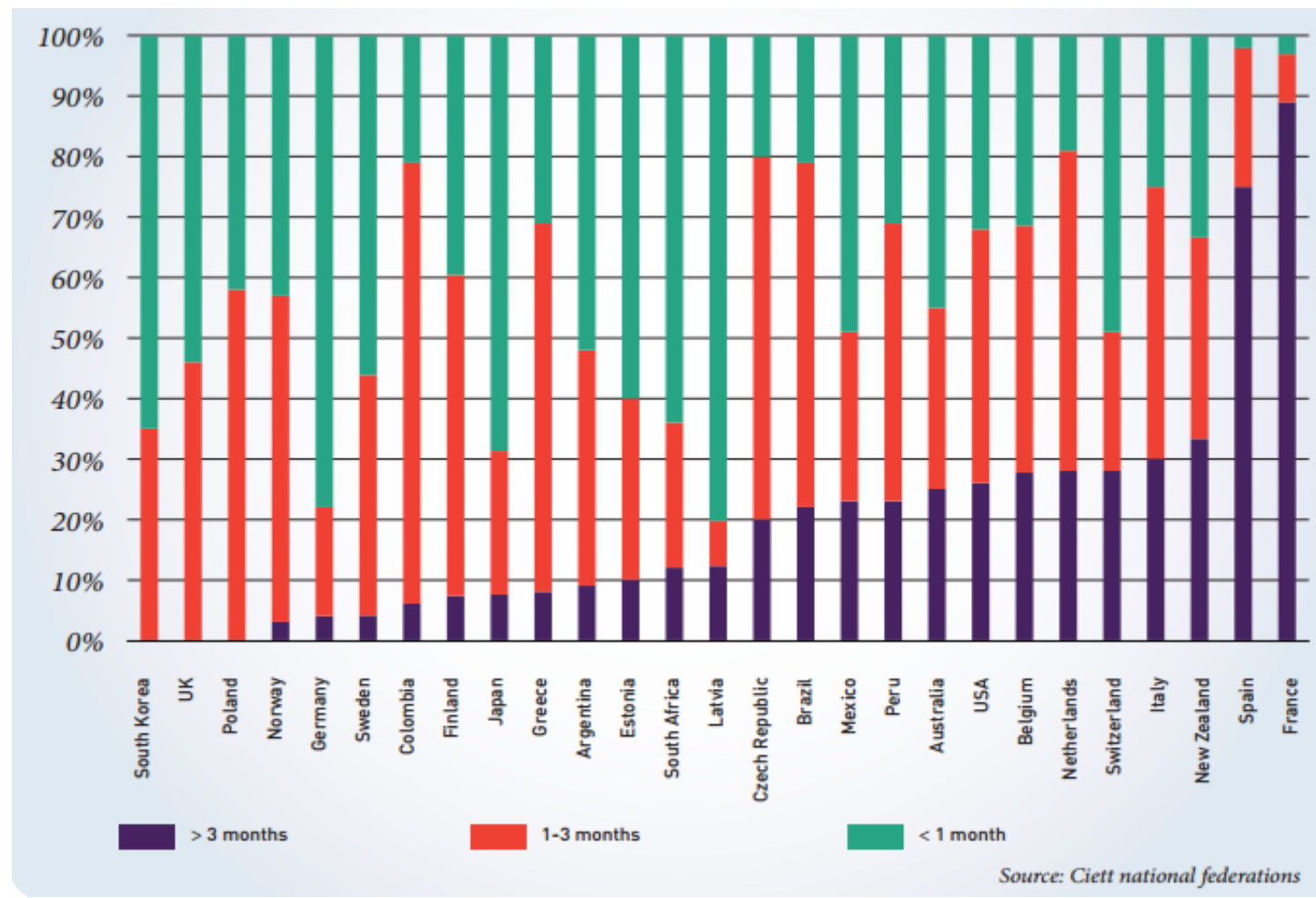
25% of Assignments Last Less Than 1 Month

Duration of the Contract, Average length of agency work assignments, by country, 2014

48%
>3 MONTHS

29%
1-3 MONTHS

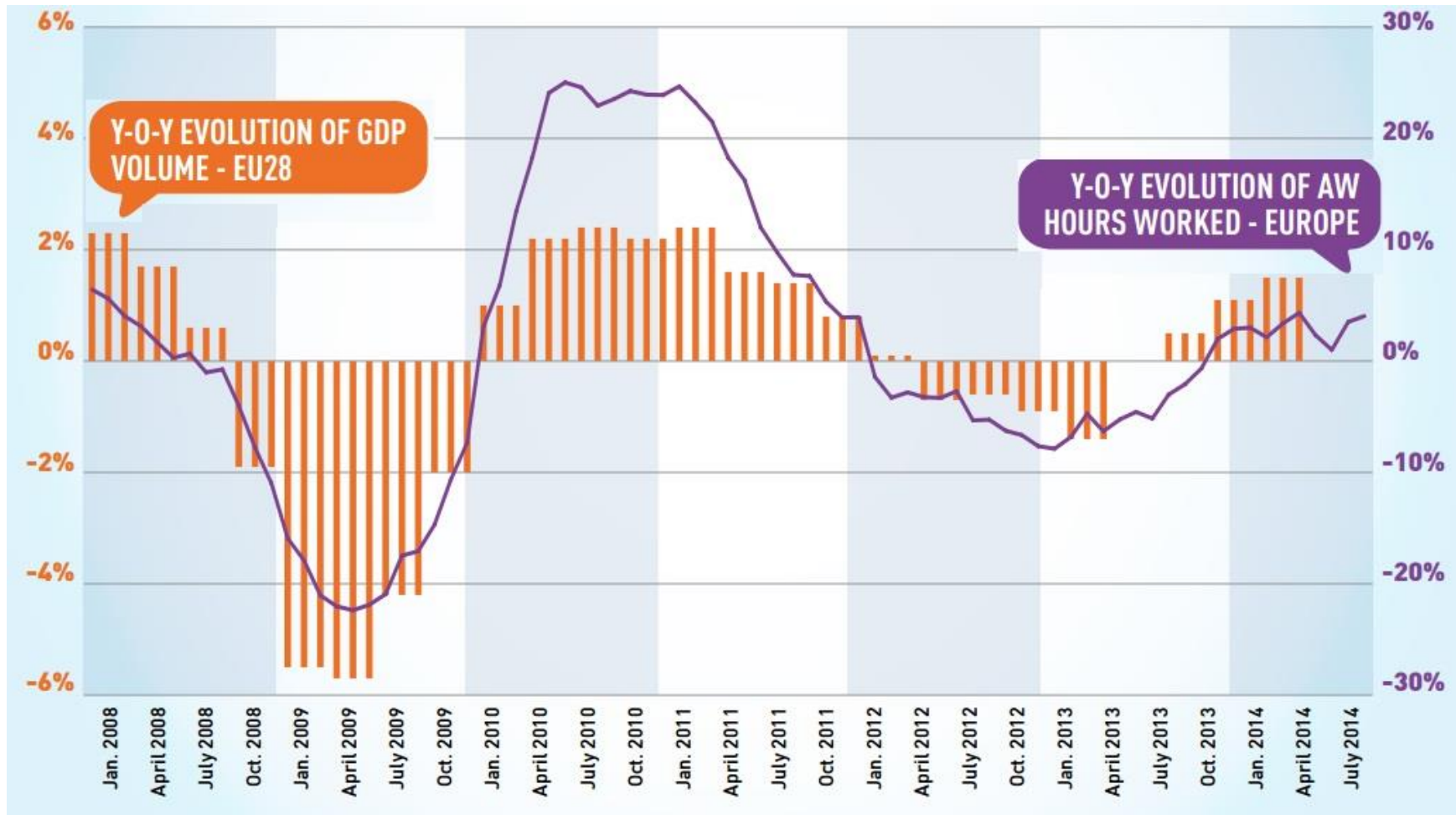
25%
<1 MONTH





Agency Work Growth Lagging Behind GDP Development

Evolution of Number of Hours Worked by Agency Workers (year on year) vs. EU 28 GDP Growth Rate (year on year)

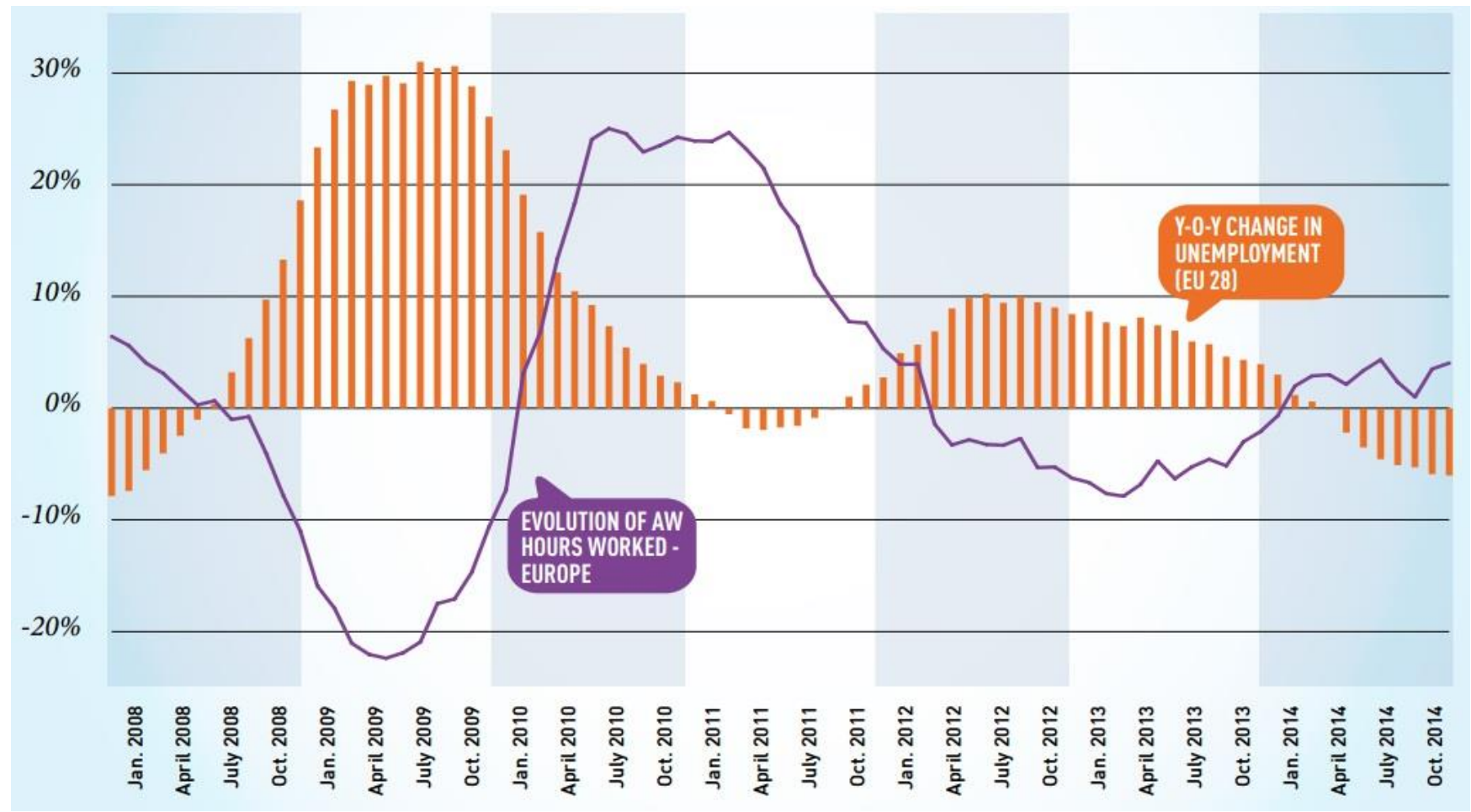


Source: CIETT National Federation members / Eurostat



Unemployment Going Down as Agency Work Continues to Grow

Evolution of Number of Hours Worked by Agency Workers (y-o-y) vs. Average EU 28 Unemployment Change (y-o-y)



Source: CIETT 2015



Most Agency Workers Employed in Services and Manufacturing

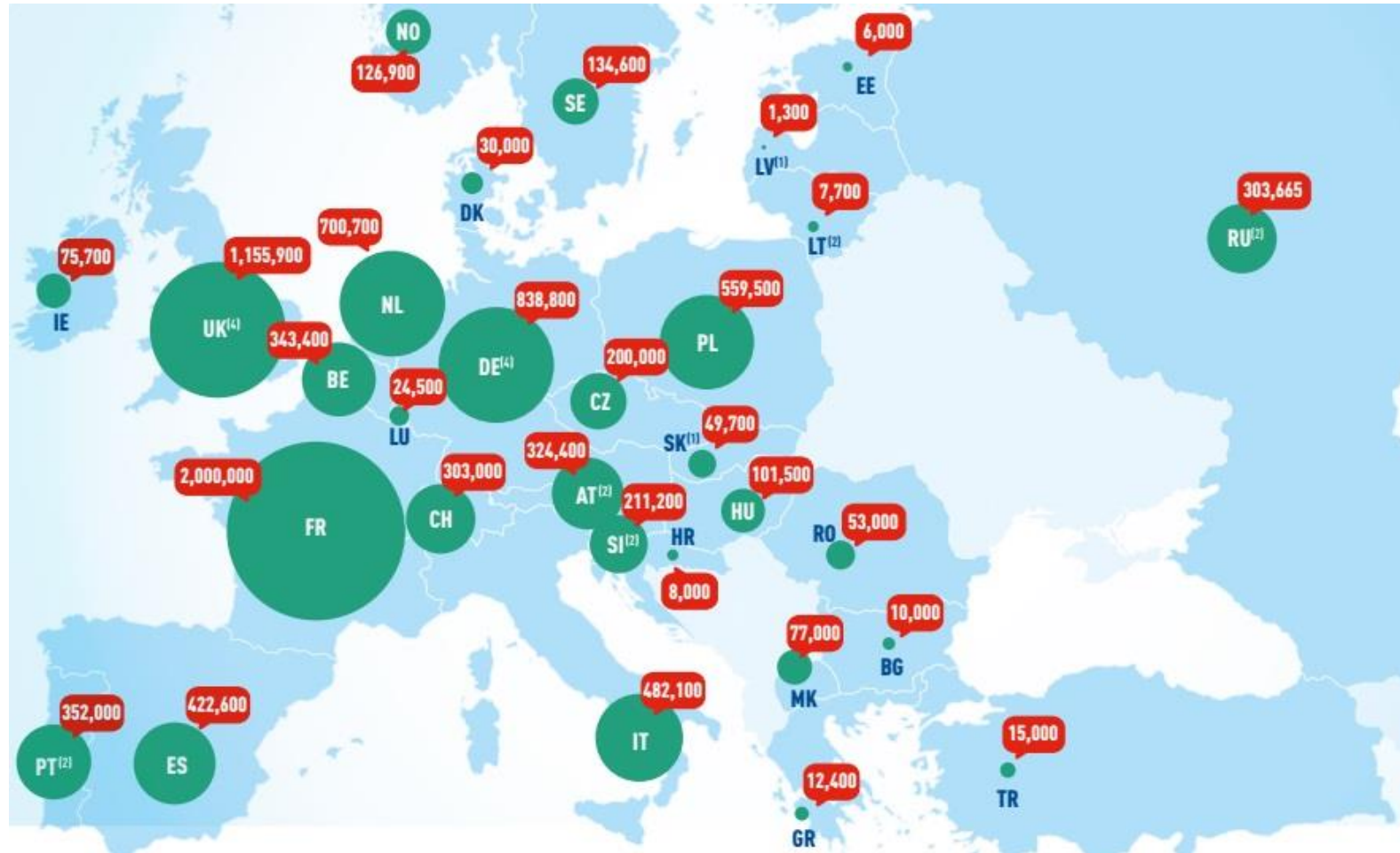
Agency Work Employment by Sector



Source: CIETT 2015

100K Agency Workers in Hungary

Europe : *Total Number of Agency Workers in 1.000 employees, 2014*



Two Thirds of Agency Work is Medium to High Skilled Work

Europe : *Level of Skills Required by Agency Work Assignments* in %, 2014



22%

HIGH SKILLED

45%

MEDIUM SKILLED

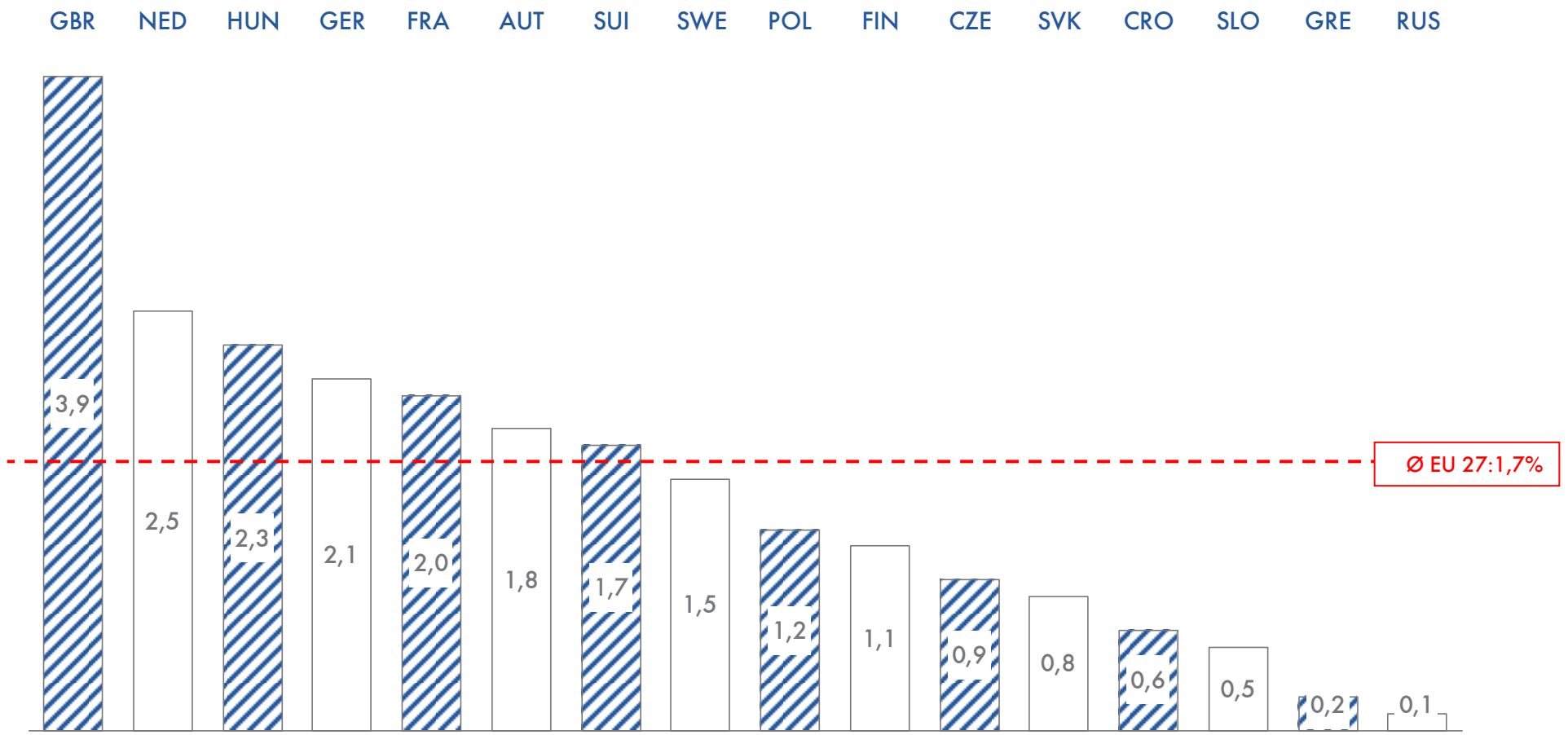
33%

LOW SKILLED



Agency Workers Represent 1,7% of the Total Working Population

Penetration Rate of Agency Work in 2013 in %



Source: Ciett national federations; ILO - ILOSTAT Database.



Eastern Europe Displays Lower Level of Labor Productivity

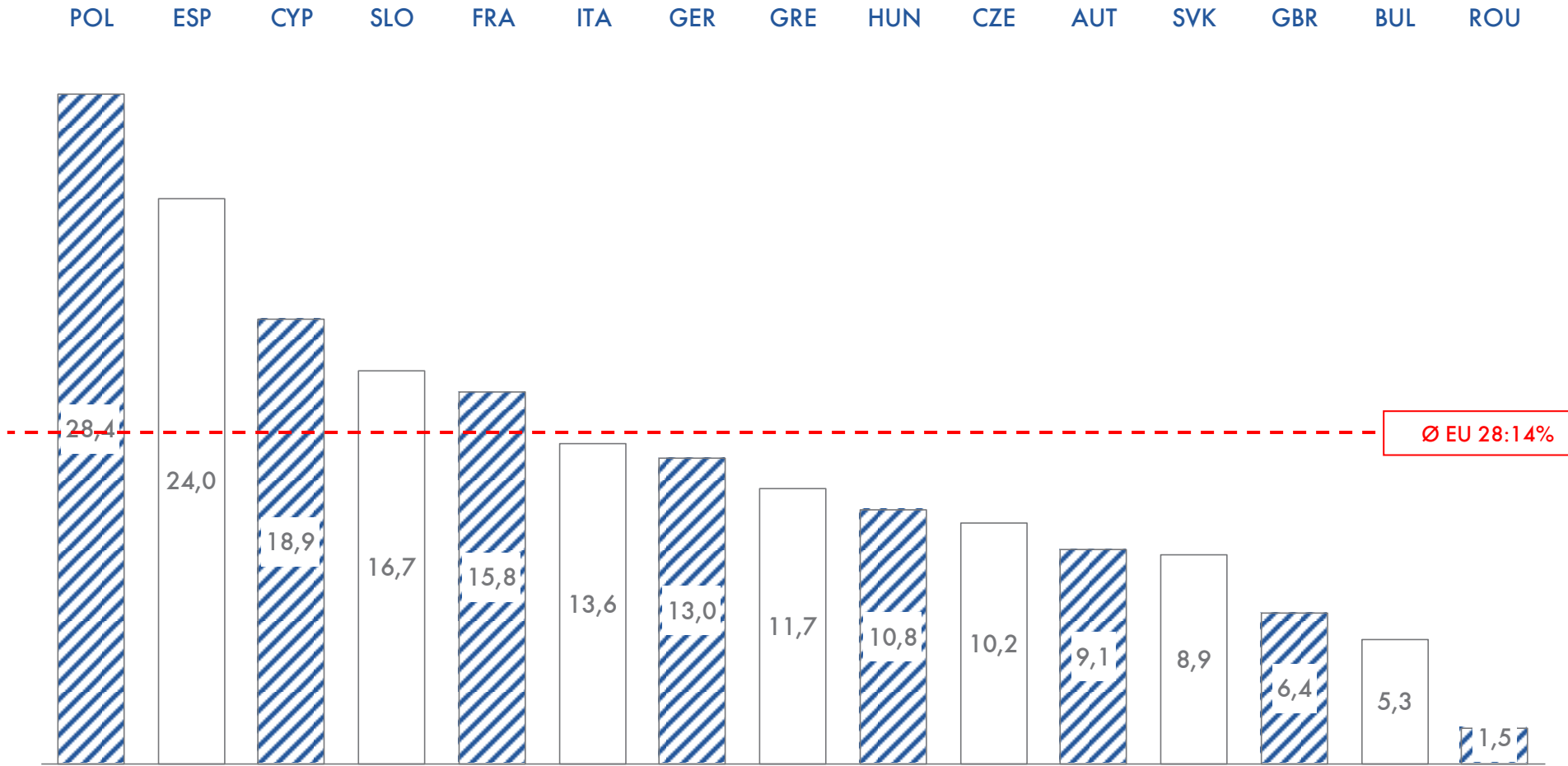
Labor Productivity per Hour Worked, Euro per Hour Worked (Index 2005 =100)





Temporary Staff Accounts for 28,4% in Poland in 2014

Temporary employees as % of the total number of employees, 2014



Source: Eurostat 04/2015



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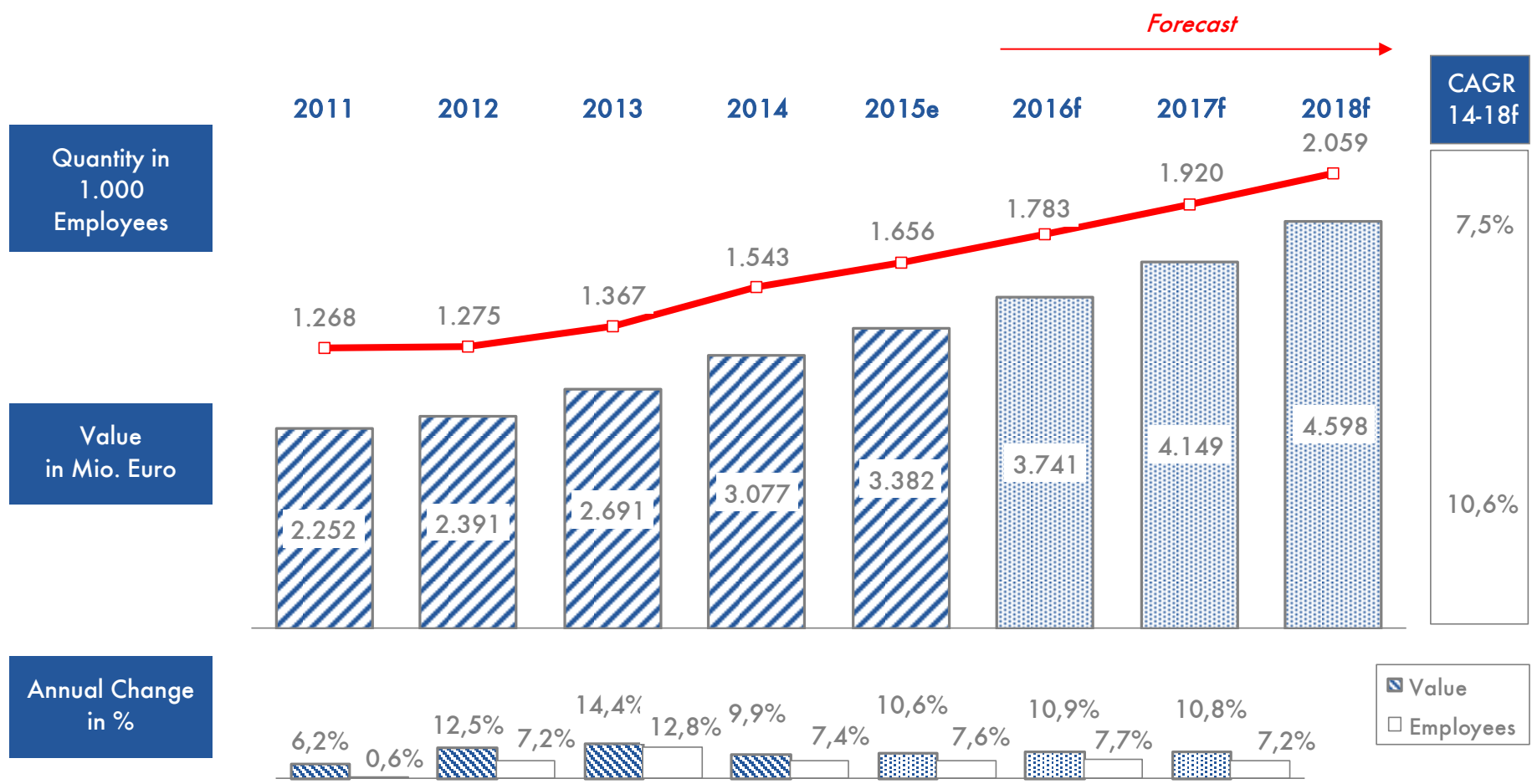
4. Total Market Analysis

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Stable Growth Projected for the Temporary Staffing Market in CEE

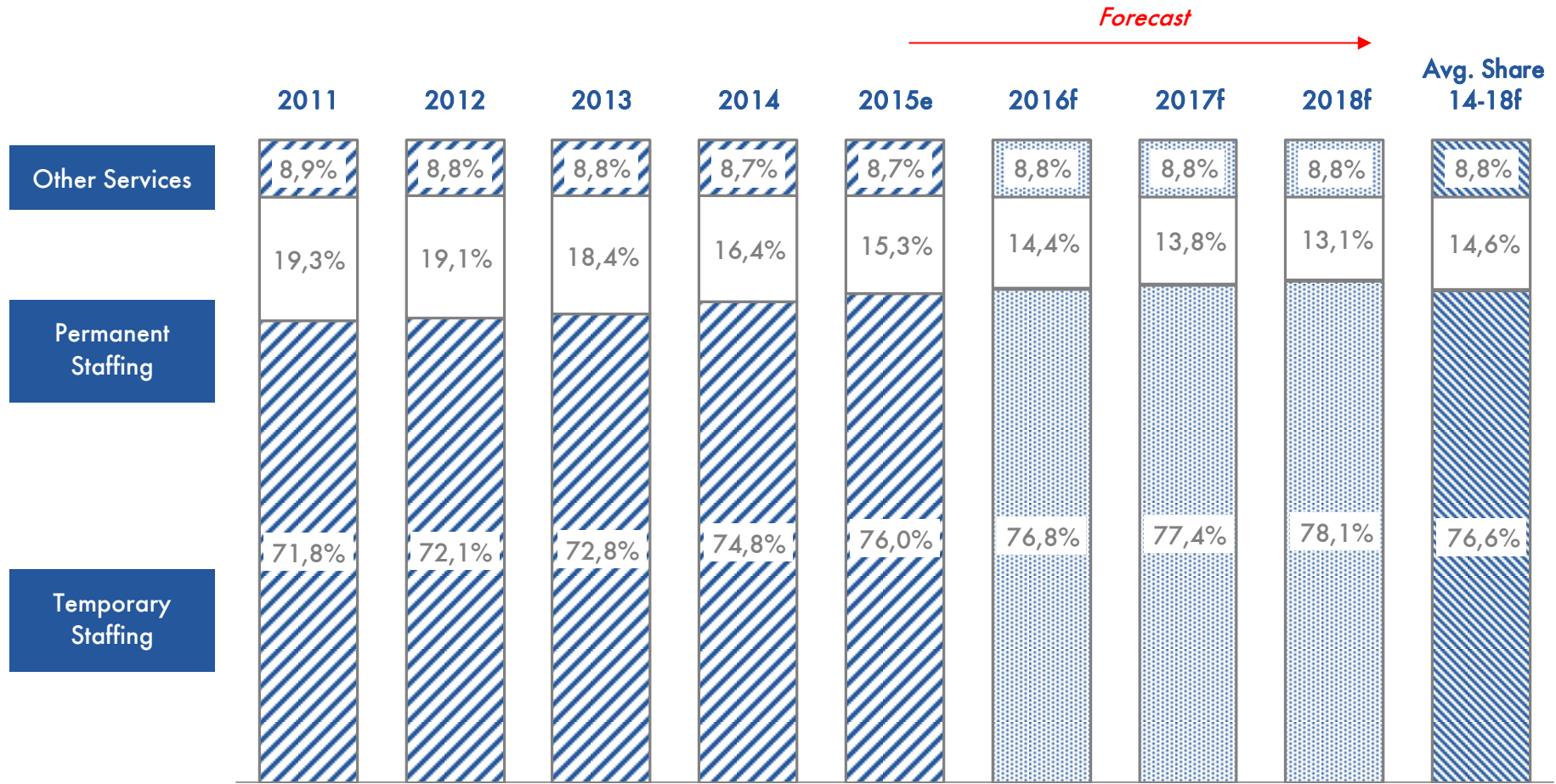
Total Staffing Services Market: Market Development 2011 - 2018f by Quantity in 1.000 Employees, by Value in Mio. Euro





Temporary Staffing Can't Stop Growing

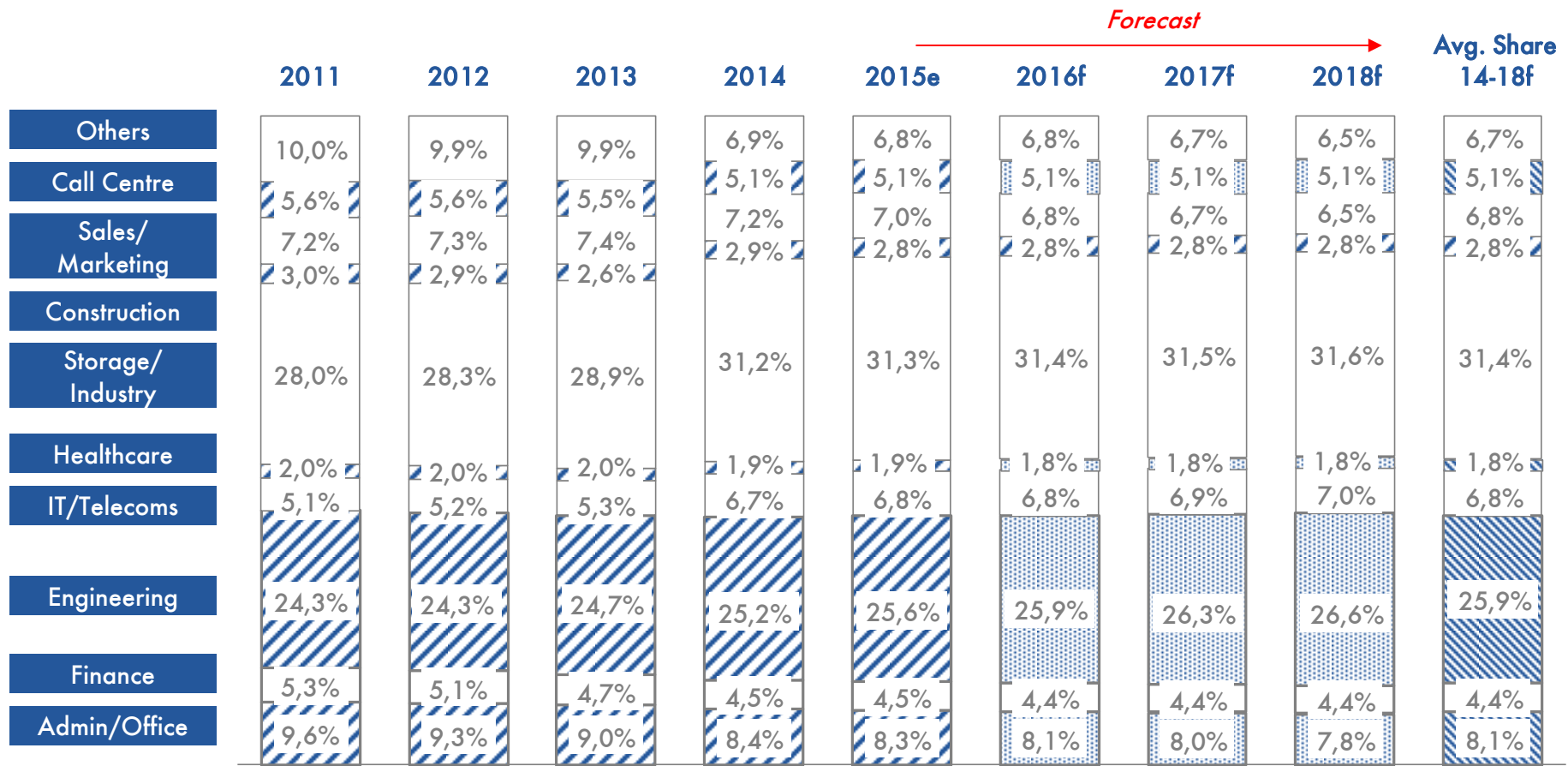
Personnel Services: Market Development 2011 - 2018f by Value in %





Storage and Industry Average Share is 31,4%

Temporary Staffing: Market Development 2011 - 2018f by Job Group, Quantity in %

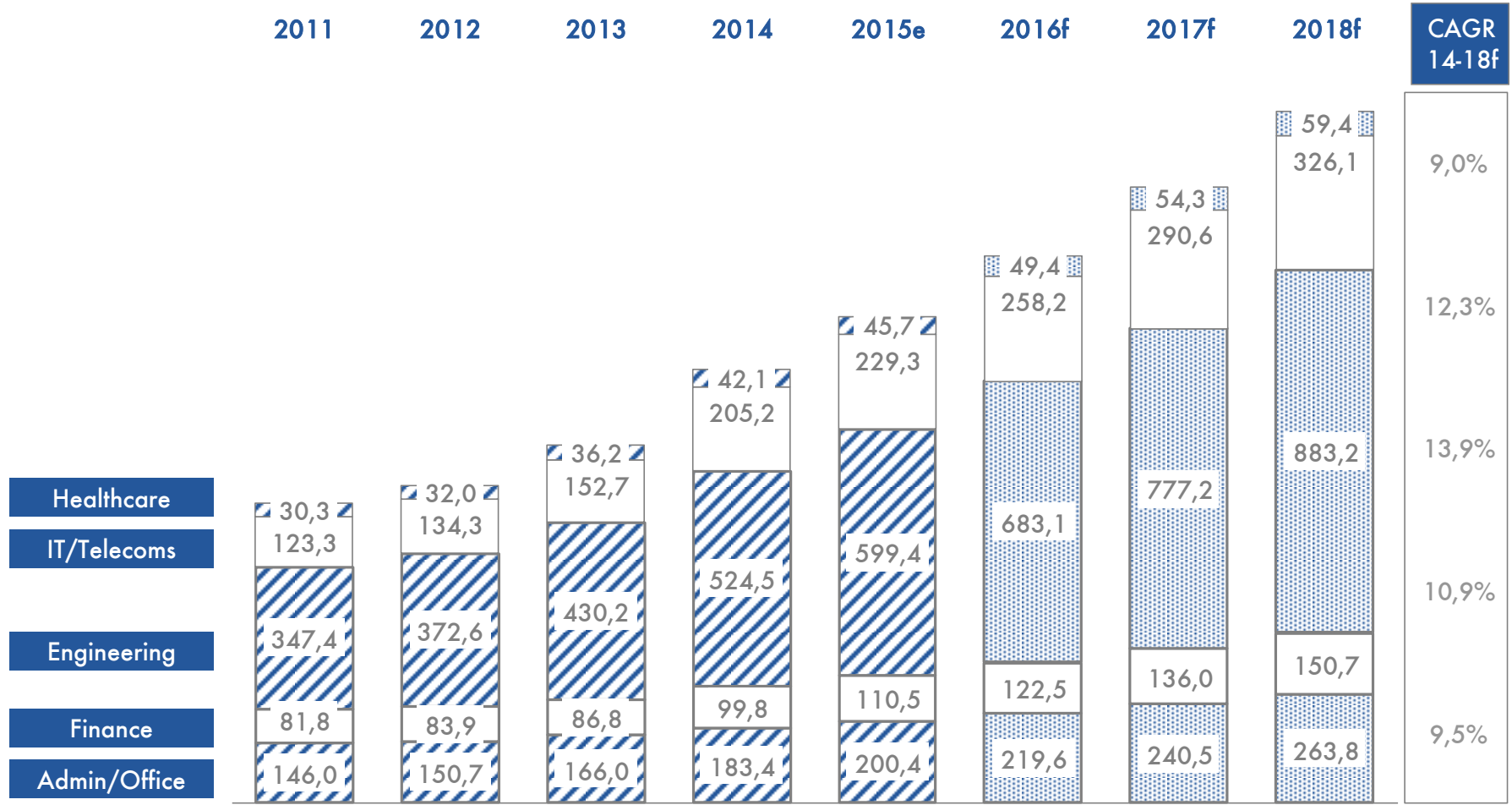




IT Segment is the Growth Leader

Temporary Staffing: Market Development 2011 - 2018f by Job Group, Value in Mio. €

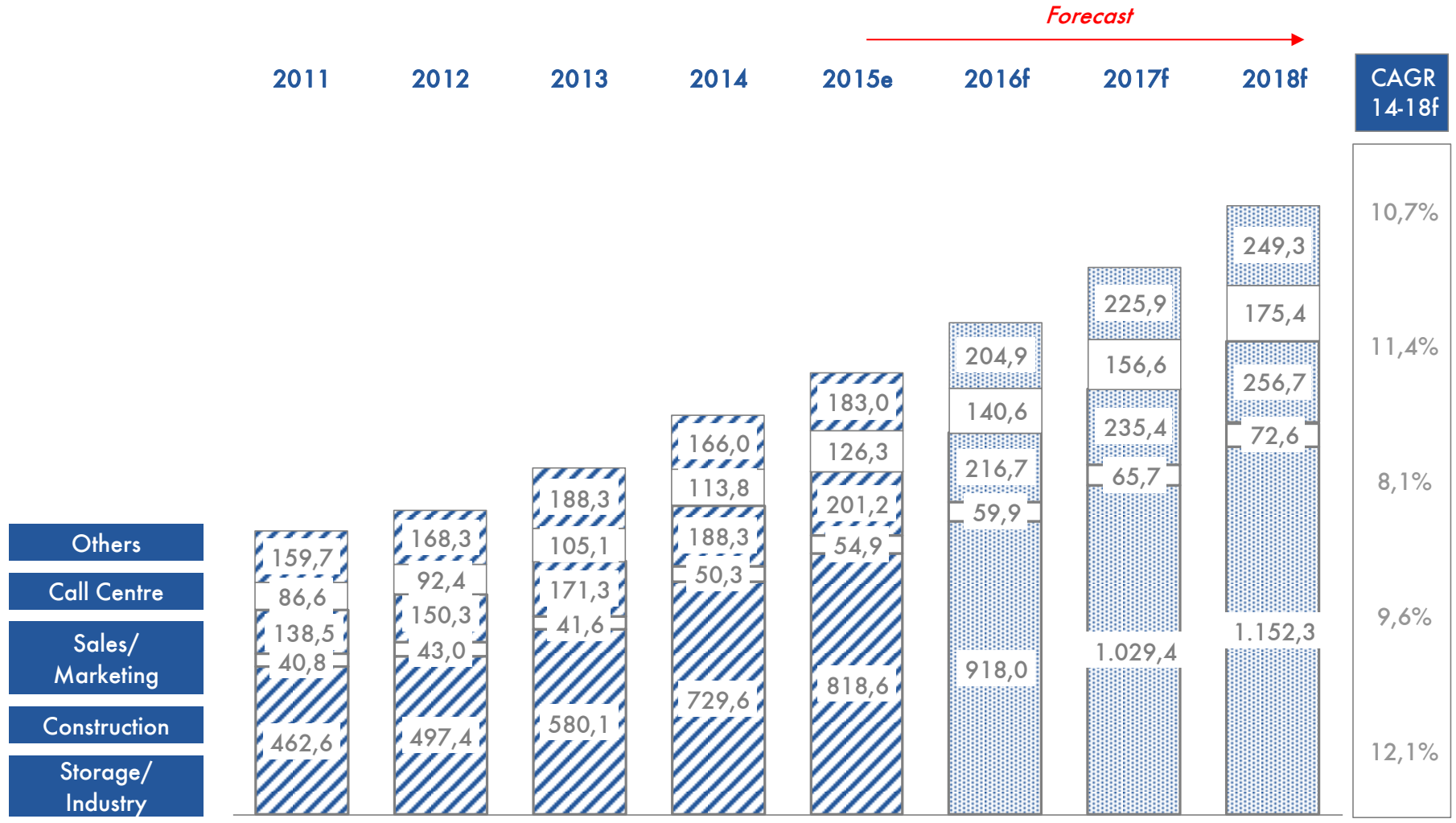
Forecast →





Storage & Industry is the Largest Segment in Temporary Staffing

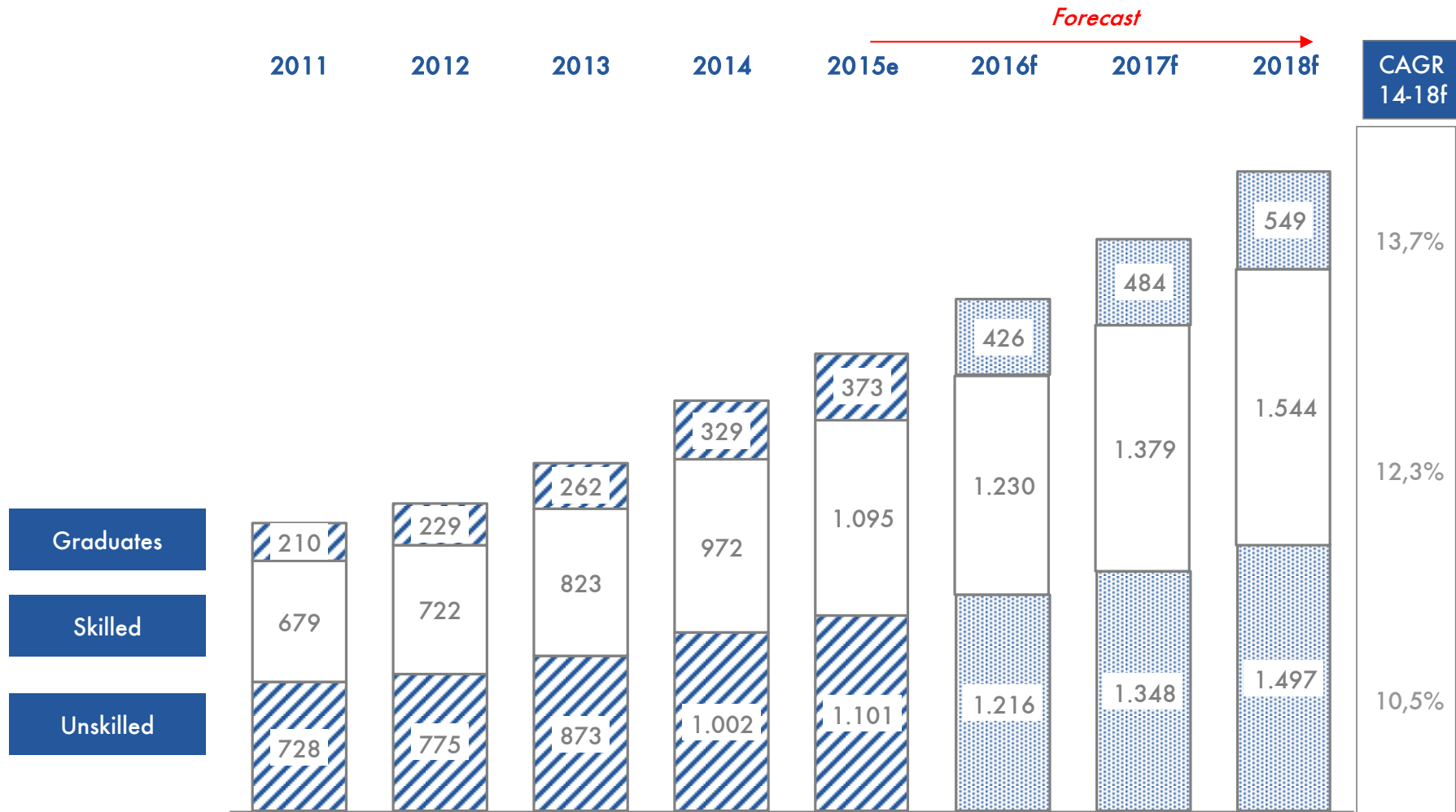
Temporary Staffing: Market Development 2011 - 2018f by Job Group, Value in Mio. €





All Qualifications Grow at a Fast Pace

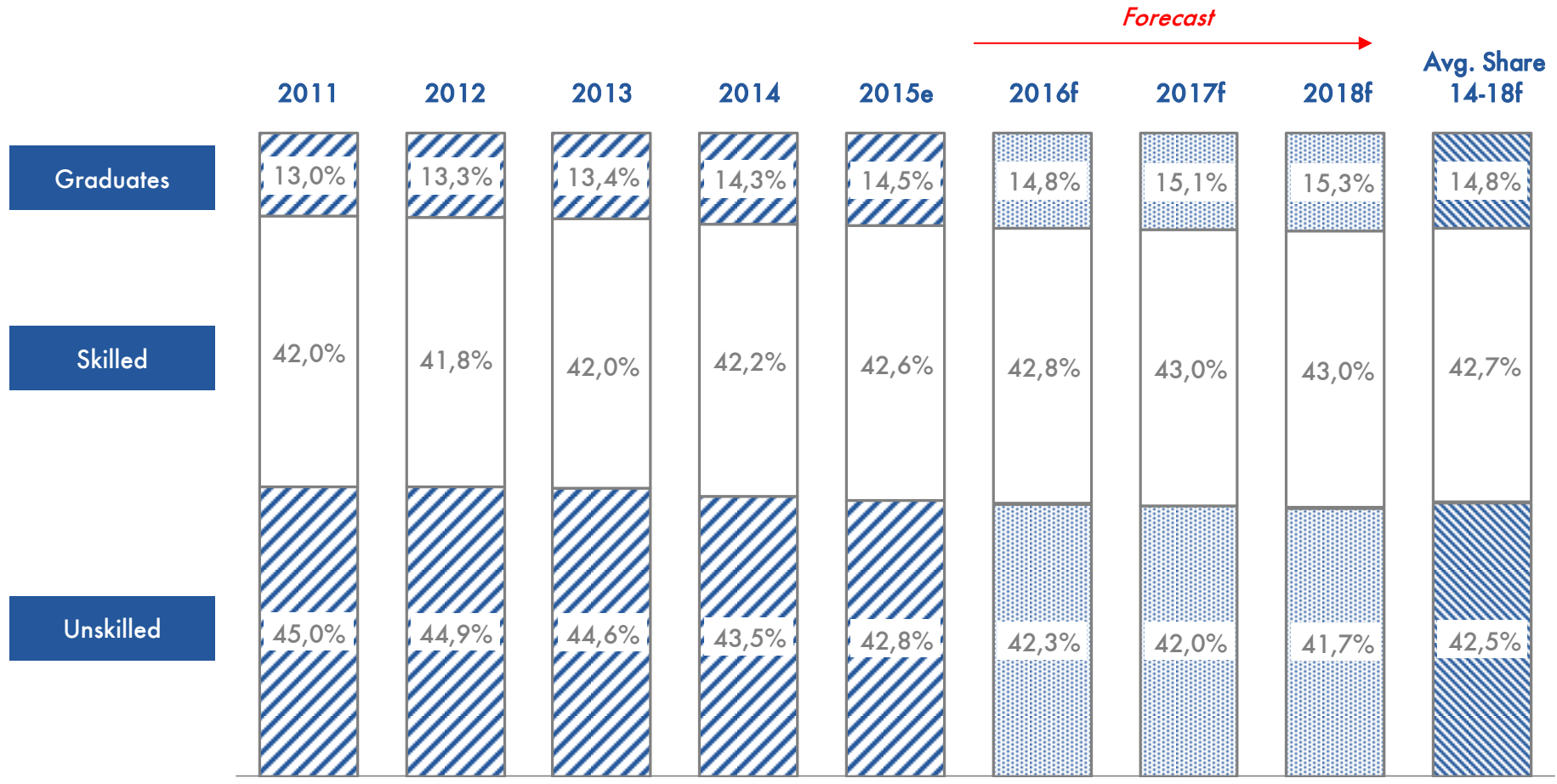
Temporary Staffing: Market Development 2011 - 2018f by Qualifications, Value in Mio €





Skilled and Unskilled with Similar Average Market Shares in Value

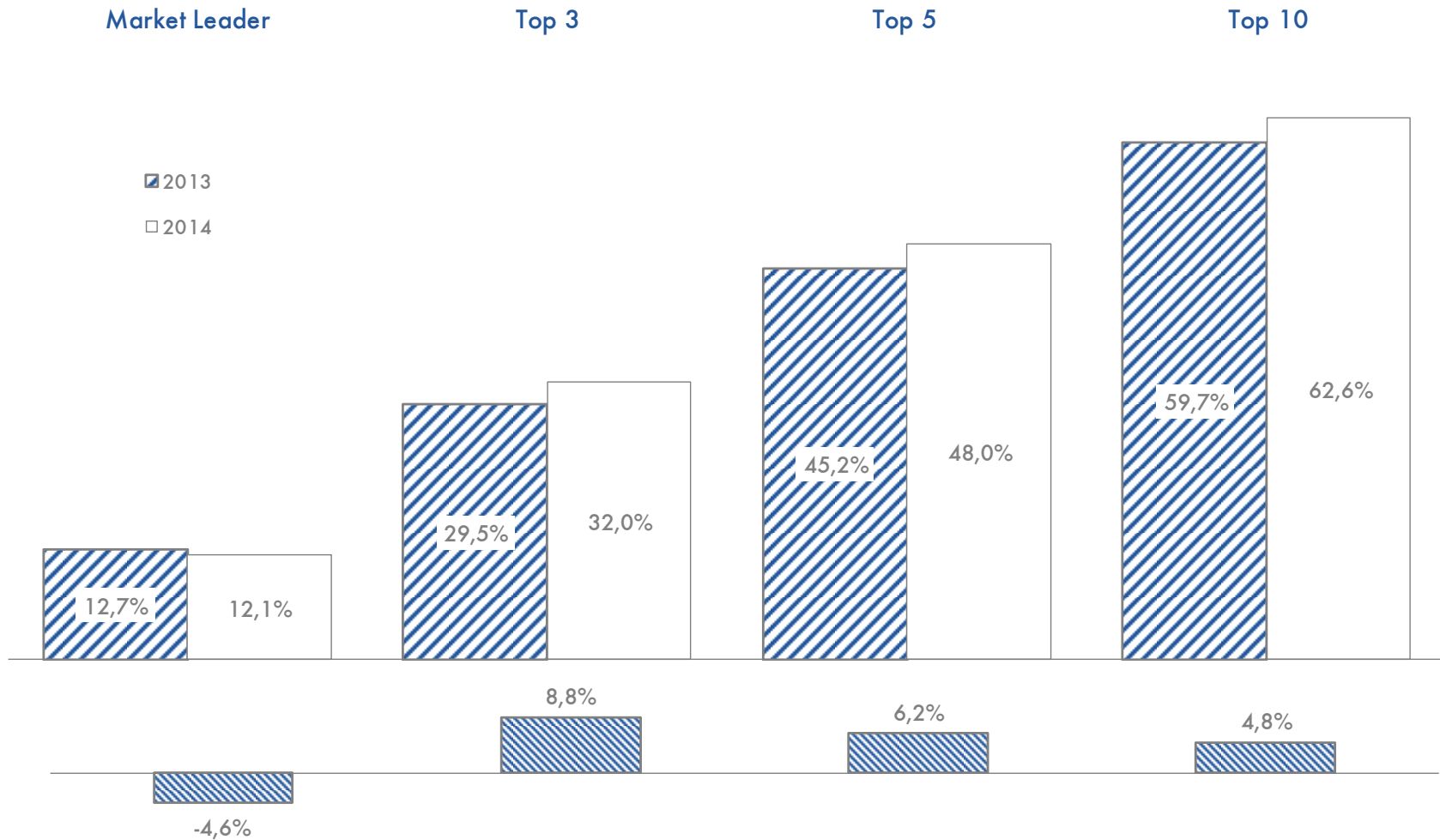
Temporary Staffing: Market Development 2011 - 2018f by Qualifications, Value in %





Top - 3 Companies Increased by 8,8% in 2014 and Hold 32,0%

Market Concentration, 2013 - 2014





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Thank you once more!
We are looking forward to further strengthening
our collaboration with you.



The Benefits of the Pivot-Table Section:

The Pivot-Table Section comes in combination with the report and is a multi-user version.

The user is now in a position to easily and efficiently:

- ❖ visualise complex spreadsheet and statistical data with just one mouse click.
- ❖ compare market developments between countries, periods, companies, segments, technologies, size classes, or resolution levels.
- ❖ define own multiple selection criteria and thereby create user-focused and adapted reports.
- ❖ make use of the accompanying chart table that is automatically linked to the results of the pivot table.
- ❖ copy and paste the output (data tables, charts) into PowerPoint or Word for internal presentations, reporting or publicity.

5,90%	6,24%	Impel	5,90%
4,68%	5,01%	Active Plus	4,68%
2,32%	2,47%	Work Express	2,32%
1,54%	1,66%	Simplika	1,54%
1,47%	2,15%	ALL OTHERS	21,82%
1,04%	1,12%		
0,92%	0,99%		
0,87%	0,94%		
0,68%	0,73%		
0,68%	0,74%		
0,53%	0,57%		
0,47%	0,50%		
0,43%	0,45%		
0,42%	0,46%		
0,41%	0,44%		
0,34%	0,39%		
0,32%	0,34%		



IC Market Tracking® Temporary Staffing CEE 2015

	Subscription ¹	Single Issue
Czech Republic	€ 2.500,-	€ 2.950,-
Hungary	€ 2.500,-	€ 2.950,-
Poland	€ 2.500,-	€ 2.950,-
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<u>Scale of discounts: (not applicable for packages)</u>	
From a buying price of:	
7.000,- EUR	10%
10.000,- EUR	20%
15.000,- EUR	25%
20.000,- EUR	33%
24.000,- EUR	40%

Packages	Subscription ¹	Single Issue
CEE 5	€ 13.125,-	€ 13.836,-

¹ Annual price for at least two orders of the study (order year and the following year). The subscription can be cancelled after two purchases of the study, but not later than at the 31.12. of the year in which the last study has been received. Price changes must be announced by Interconnection at least two months before the issue of a new study. In case of not-cancellation the subscription extends for a further year automatically.

Price includes an interactive PDF in electronic form. All prices shown exclude sales tax.



Interconnection Delivers Data for Company Decisions

- Interconnection is the leading institute for market data in the staffing industry.
- Our studies support the leading companies in defining targets, and marketing strategies, including competition monitoring and control of marketing actions.
- Interconnection draws its Know-how from over 100 international market studies per year and a number of Ad-hoc studies in the construction industry.
- Next to market data we offer for the staffing industry Ad-hoc studies in the field of distribution analyses, pricing, market entry strategies, customer satisfaction, image analyses etc.
- Our Consultant supports companies also when it comes to translating data into actions, i.e. the development of marketing strategies.





Market Analysis



- Market Volume
- Market Shares & Entry
- Competition Analysis

Distribution Analysis



- Channel Map
- Distribution Matrix
- Margins

Customer Insight



- Focus Groups
- Buying Motives
- Customer Benefits

Market Forecasts



- Indicator Models
- Life Cycle Models
- Econometric Analysis

Brand Analysis



- Brand Scorecards
- Brand - Triangle
- Brand Affinity

Customer Satisfaction



- Importance/Satisfaction Portfolios
- Customer Loyalty
- Customer Typology

Price Research



- Price-Sales-Function
- Price-Simulation-Tool
- Optimal Pricing

Web**verstärker**



- E Commerce Insights
- Search Engine Marketing
- Web Channel Analysis



References from the Temporary Staffing and Recruitment Market





If there are any questions please
feel free to contact us!

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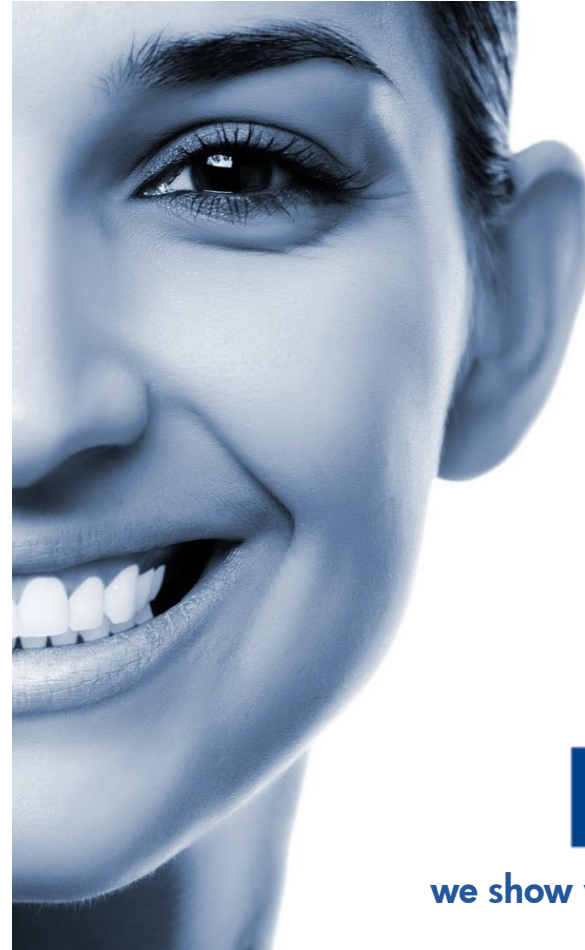
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