

Central Europe Executive Search Market Outlook

2022/23

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This report calls on IIC Partners search consultants from five countries in Central Europe (Germany, Austria, Switzerland, Czech Republic, and Slovakia) to discuss the executive search industry outlook, along with other HR trends.

The executive search industry has been extremely strong over the last two years. After the initial shock of the pandemic, organizations looked to grow and recover, and they needed executive talent with new skills to lead the way. This led to a 'war for talent', and salaries increased dramatically.

We are now approaching a period of increased economic uncertainty, and rapid growth has begun to slow. However, as you will see in this report, the outlook is highly variable: some markets, industries, and roles are still on ascending paths of growth. We also see an increase in demand for interim management and coaching services.

Another key trend is the shift towards an 'employee market' where high competition for talent has led to employers being more flexible and offering benefits such as 100% remote working and 4-day workweeks. If competition for talent slows, there could be a rebalancing of power. Yet, we are confident that many improvements to working life are here to stay.

Executive search firms are renowned for helping organizations navigate shifting market conditions by hiring and developing the right talent at the right time. We look forward to assisting our clients in the coming months and please [contact our consultants](#) to discuss any topics raised.



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How strong is the current demand for executive search services?



Marlière & Gerstlauer: The demand for search services is decreasing as employers prepare for a potential recession. However, there is still strong demand for smaller positions below an annual salary of 85K EUR. Large organizations are trying to complete searches first with in-house resources before engaging a search firm.

Ingeniam: In MedTech, Pharma, and Biotech there is high demand up to the Director/VP level to fill the retirement wave of baby boomers. There is also strong demand for transformation managers to help fill the post-pandemic supply shortage.



Eblinger & Partner: The demand for search services is high: not just for the senior level, where headhunters have always been requested, but also for mid-management and specialists. Even blue-collar positions and entry-level positions are hard to fill. Managers are desperate and ask us (by mistake) for help. As an executive search firm, we recommend contingency recruiting agencies for these lower-level positions.



Level Consulting: The demand for search services remains strong as Switzerland continues to be in a growth market: 2% according to the Swiss State Secretariat for Economic Affairs, and the inflation rate of 3% is low compared to other European countries. The shortage of skilled workers has been observed for some time, especially in healthcare, IT, industrial, and finance, and is leading to high demand for executive search as well as interim management solutions.



Teamconsult: There is an above-average demand for executive search services in Slovakia, especially at the top management level. In the Czech Republic, the demand is more on an average level, mostly focusing on senior specialist and mid-management positions.

Which industries and functions are most in demand?



Marlière & Gerstlauer: Branch managers, middle management, and plant managers in the industrial sector are currently in high demand.

Ingeniam: In MedTech, Pharma, and Biotech, the functions most in demand are marketing and sales, business development, and research and development. However, successful candidates must show experience in transformation.



Eblinger & Partner: Finance and IT positions are most in demand and very hard to fill.



Level Consulting: The industries and functions most in demand are Healthcare (Board, C-Suite, medical staff), IT (CIO, Head Digital Officer, IT project leaders), Finance, and Industrial (digitalization, quality management, and sales). Across industries, we are seeing more demand for Head of HR/Business Partner positions and for roles that manage compensation and benefits and digitalization in HR, which requires new skills. There is also an increasing demand for interim management.



Teamconsult: There is strong demand from the professional services industry in the Czech Republic and Slovakia, especially for senior lawyers and tax advisors. Manufacturing companies are looking for supply chain and quality managers, as well as plant managers and CEOs.

How are salaries changing in our markets?



Marlière & Gerstlauer: Salaries have risen significantly across all sectors. But for some time now, we have seen this trend stagnating due to companies attempting to slow the continual rise. Despite this situation, candidates are demanding higher and higher salaries due to the current inflation. This naturally impacts passive candidates' willingness to change roles if employers cannot meet their expectations.

Ingeniam: There is a substantial increase in middle management salaries. However, we are also hearing from many job seekers who would love to sacrifice part of their salary for more freedom and work-life balance.



Eblinger & Partner: Salary expectations are increasing, and for positions in high demand, we are seeing increases of up to 40%. High competition for talent is providing candidates with multiple competing offers, and there seems to be no limit to requests for higher compensation. Secondly, there appears to be a generational shift where Gen Y and Z are very confident in asking for higher income or 4-day workweeks for the same salary.



Level Consulting: In general, salary increases due to inflation have become very common and a tight market for talent is boosting salary expectations. We expect this to peak in the first half of 2023. In healthcare, non-medical management positions have been on a continual upward trend due to backlog demand, which is now flattening.



Teamconsult: Salaries in the second quarter of 2022 in the Czech Republic rose by 4.4%, but real wages dropped in the same period by 10% due to inflation. Inflation has continued to grow and reached 17% in September. Pressure on employers to further increase salaries is therefore very high.

What are some other HR trends we are seeing?



Marlière & Gerstlauer: Employees want more free time with the same salary and are increasingly demanding permanent 100% remote working, as is common in the IT sector.

Ingeniam: In MedTech, Pharma, and Biotech, HR teams are increasingly using Recruitment Process Outsourcing (RPO) for middle management positions, and there is a higher demand for interim management.



Eblinger & Partner: There is an increase in positions that offer 4-day workweeks for the same salary as 5 days, and there are more 100% remote roles.



Level Consulting: The development of an employee market continues, and companies must consider how they can remain attractive to applicants and stand out. That includes more flexible working models in less rigid structures, remote work, 4-day weeks, and working in project organizations.



Teamconsult: There is more demand for coaching services, including for employees below the top management level. Companies are hiring for more project-related positions, offering only limited contracts, and interim management is in high demand. Remote working has become standard practice after the pandemic.

What is the search market outlook for 2023?



Marlière & Gerstlauer: We see continued demand for smaller positions while demand for c-suite and senior management will decline. And should a recession occur, we will see a decrease in vacant jobs. In addition, both candidates and clients are becoming more selective in their requirements, making it harder to complete searches.

Ingeniam: Very high demand for people who do the groundwork (blue collar) and a restrained market for Management and C-level positions if economic and geopolitical circumstances do not improve.



Eblinger & Partner: We expect the search market to continue to be in high demand as there is no solution on the horizon to increase the number of participants in the labor market. Only a recession could decrease the number of vacant jobs.



Level Consulting: We expect the demand for search services to remain high and the shortage of skilled workers to become more acute. Furthermore, digitization and other triggers for transformation lead to more complex skillsets and candidates are expected to have a large intersection of technology and people management skills. In addition, clients are seeking more diversity and gender equity at the executive level. As a result, they require a better representation of women in candidate pipelines. Demand for career coaching services and interim management solutions continues to increase.



Teamconsult: For the last ten years, companies have searched for managers to handle growth and increased demand. For at least the next two years, we expect a different type of manager to be in demand: budget control, cost-cutting, and restructuring will be the new key qualifications on a manager's CV.

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