

PRESS RELEASE

Skilled Employees in Eastern Europe: Investment in Qualification Necessary

A new study conducted by ROI Management Consulting AG shows the criteria for setting up facilities in Eastern Europe

Munich, September 14, 2015 – Thanks to considerable potential savings in labor costs, Eastern European production sites are very attractive for small and medium-sized businesses – just because increasing wages also result in the need to invest in improved employee qualifications. These are the findings of the new study, "Skilled Employees in Eastern Europe. Stocktaking from the Perspective of German SMEs", an analysis conducted jointly by ROI Management Consulting AG and the magazine "Markt und Mittelstand".

Based on the responses from more than one hundred senior decision makers in medium-sized industrial and service companies, the study sheds light on the expectations of those surveyed regarding facilities in Eastern Europe, describes the cultural differences, and draws conclusions about satisfaction with the availability and qualification of employees. The study focuses on Poland, Romania, Slovakia, Czech Republic and Hungary. In addition to the survey findings, the study also gives concrete ideas about choosing and developing sites in these countries using best-practice examples.

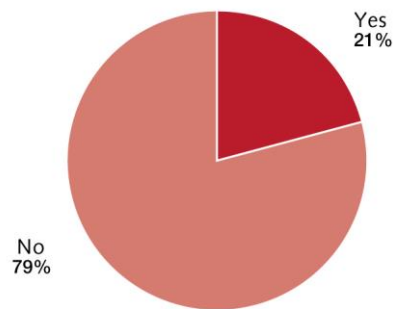
Convergence with the West

"The study polled managers in medium-sized businesses who have been operating for an average of 13 years in Eastern Europe and who, therefore, have been able to gather considerable experience in establishing locations there," says Hans-Georg Scheibe, Member of the Management Board of ROI Management Consulting AG, commenting upon the findings. "It brings to light significant differences between the countries. For example the Czech Republic has almost drawn level with standards in the West with regard to the skills of its technical specialists. In contrast, it is difficult for many companies in Hungary to find appropriately qualified employees at a management level." Nevertheless, the main reason for or against facilities in an Eastern Europe EU member state continues to be wage levels. 90 percent of the medium-sized business leaders surveyed realize a double-digit percentage savings potential, while 60 percent of respondents save as much as 30 to 50 percent.

Continue Roaming Far and Wide?

However, there is a limit to the enthusiasm to move east among respondents. A large majority of almost 80 percent do not intend to set up any more branches or production sites. "Wage levels for skilled employees climb rapidly in key industries like car manufacturing. This is now being felt by many medium-sized component suppliers who followed their customers to Eastern Europe," Scheibe explains.

Are you planning to open a further site in Eastern Europe in the near future?



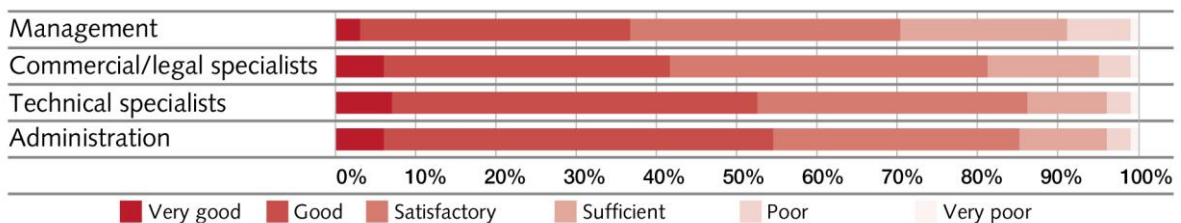
(n=102)

Source: Markt und Mittelstand-Research

Poor Marks for the Level of Qualification

The reticence of survey participants with regard to further plans for expansion can also be explained by their experience of the topic of employee qualification. Respondents think that the supply of skilled and managerial employees and their level of qualification could be better. Opinions concerning the qualification of managers in Eastern Europe are especially negative – only a third of participants regard it as "good". At any rate, one in two medium-sized business managers awards this mark to the skills of technicians and administrative employees.

How do you rate the qualification of employees in Eastern Europe in the following areas (using the German school grading system)?



(n=102)

Source: Markt und Mittelstand-Research

You can request your complimentary copy of the study with additional information and numerous diagrams from grund@roi.de.

About ROI:

With over 1,000 successful projects, ROI Management Consulting AG is one of the leading business consultants in global footprint design, development and production. ROI helps industrial companies to optimize products, processes, technologies and global production networks in accordance with the principles of lean management and operational excellence and to adapt to the changing demands of markets, customers and technologies. As initiator and co-organizer of the Industry 4.0 Awards, presented for the first time in 2013, ROI actively promotes the development of technological innovation in Germany.

ROI has won several prestigious awards and prizes for its highly implementation-oriented projects. The company has around 100 employees at its locations in Munich, Beijing, Prague, Vienna and Zurich and is represented by partner offices in Italy, France, United Kingdom, Thailand, India and the USA.

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