



ASSOCIATION OF BUSINESS SERVICE LEADERS
IN THE CZECH REPUBLIC
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ABS L: the growth of the business services sector is affected by 5 factors

Even though the business services sector in the Czech Republic is growing vigorously, it will still have to deal with several issues in the future, which could endanger its development or even stop it. This is the result of the annual survey of the business services market realised by the ABS L Association.

1. Heavy competition between centres

Competition is increasing among existing business services centres, which are not competing in the field of commerce, but in the field of human resources. The survey indicates that this competition is rated at about 7.6 points on a ten-point scale. The solution is to acquire more employees, but even this is made more difficult by a number of issues, for example the lengthy immigration process when recruiting employees from outside the EU or insufficient support of various employment models. *“We are trying to discuss this issue with the government, but we have not been heard out yet,”* says Ota Kulháněk, president of the ABS L, and he adds: *“We believe the fact that the Czech Republic is losing a business opportunity in the value of 10-15 million dollars per year could be the basis of a constructive discussion. We are ready for it and have prepared a number of suggestions for collaboration.”*

2. The quality of university graduates is getting worse

Even though the inadequate quality of university graduates has been on the tables for several years, we have still not seen any improvement. Students have poor knowledge of technologies and languages and are not prepared for practically carrying out their vocation. They lack basic analytical skills, soft skills and frequently have no proper work habits established. Companies are therefore forced to partially supplement the education system and invest massively into employee education. Companies have to spend 3 -6 months on employee job training and subsequent employee training for the purpose of promoting professional growth ranges between 35 – 45 hours a year according to a survey by the ABS L. Nearly 70% of business services centres also invest into training their managers in the field of coaching and 74% into language courses.

3. Work flexibility

The option of working from home at least some of the time is a standard benefit offered by business centres and is utilised by nearly 80% of employees. The new legislation, which regulates the terms and conditions for home office and which should come into force from April this year, may result in a number of problems and excessive administration for employers. Even though it is still not clear how the new regulations will be implemented, it is already evident that employers will not be willing to take on the additional costs and





responsibility for the occupational safety of their employees when they work from home. And this may lead to a decision to restrict the option of working from home. *“Instead of supporting work flexibility, Czech legislation is going in the opposite direction. And this is not good news for development of our segment,”* says Ota Kulhánek.

4. Protracted immigration process

Because candidates are sometimes required to speak unusual language combinations, which cannot even be studied in the Czech Republic, attention must be focused on citizens of other countries. These make up a third of all employees in our segment and there is a growing trend in these numbers. Recruitment of people from the EU is easy, but there are problems with people from countries outside the EU. The process is too lengthy and complicated for the dynamics of our segment. Projects such as “Special procedures for highly qualified employees from Ukraine” are a step in the right direction, but they are not enough.

5. High levies for employees

According to a recent study by our strategic partner, the Deloitte Company, the Czech Republic imposes the highest levies on employees in Central Europe and is near the top of the scale within the terms of the whole EUR. Only France, Sweden, Italy, Belgium and Austria impose higher levies on employees. Even though investors have not been interested in the Czech Republic as a source of cheap labour for some time, they are interested in this country due to the stability and quality they receive here, but the high levies may discourage companies active in the business services sector in the future.

“We, as well as our members, are prepared to discuss collaboration with universities and government organisations. We believe that the voice of a segment with over 75,000 people and representing 3% of the country’s GDP should be heard. We are interested in developing a segment, which provides real added value and offers people qualified work and an interesting career,” Ota Kulhánek concluded.