



Nordicnews

Publication by the Nordic Chamber of Commerce in Croatia

02

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2008

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our experts. We also present one of our newest members: SAS Scandinavian Airlines. SAS is connecting Croatia and Sweden with its new direct routes – you can read about this as well as the companies plans for the future.

Finally, we bring you the introduction to Iceland. This year, the Chamber got its first two Icelandic member companies and we are cooperating for the first time with Iceland in the Nordic Days project. Therefore, we would like our members and readers to get a closer insight into this fascinating country and attractive market.

Now that summer is behind us, we are looking towards an eventful and exciting autumn. Special guest speakers will give presentations on our business breakfast and lunch meetings. We are planning a glamorous display of Scandinavian fashion in October. Finally, our activities will focus on the upcoming Nordic Days in Croatia in November, which has already attracted a record number of Croatian and Nordic companies from the energy and environment sector. You can read about all of this in our next issues.

Finally, I would like to invite you to contact the Executive office or the Board concerning topics and issues that you are interested in. We encourage your active participation, not only in the making of Nordic News, but in our work overall. Looking forward to meeting you at our next event!

Yours sincerely,

Jorgen Jorgensen

President of the Nordic Chamber of Commerce

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Graphic design: www.borisbenko.com

Dear members and associates,

We are pleased that our new publication – Nordic News – has received such positive feedback from you. Our Executive office got your letters of support and praise, for which we thank you.

Beginning of the summer was marked with our celebration of Midsummer, which took place on Bundeck Lake. We sincerely hope that the Midsummer Party will catch on and become a popular tradition in the years to come. Thanks to your kind support through purchase of raffle tickets and items on sale, we have gathered money to buy computers for a primary school in Dvor – more on the donation in our next issue of Nordic News.

In this issue of the Nordic News we are bringing a parallel interview with our member companies dealing with Human Resources – the immediate reason for the interview was the recently held seminar on HRM organized by the Chamber in May. You can read about different perspectives on HR issues from

Calendar of events September - December 2008

16.09.2008
September 2008
15.10.2008
October 2008
November 2008
24. - 25. 11. 2008

December 2008
December 2008

Business breakfast with the Agency for Market Protection
Corporate law breakfast with CMS
Scandinavian Fashion Night
Business breakfast: EU
Joint Chamber Event
Nordic Days in Croatia 2008 –
Energy Efficiency & Environment
General Assembly
Nordic Christmas

! Note: dates may change, for detailed information, please see web page and/or information bulletin

Events in brief



15.6.2008 First Midsummer Party

The Nordic Chamber of Commerce organized on Sunday, June 15th, 2008 the first Midsummer Party in Croatia. The celebration took place on Lake Bundek in Zagreb and it attracted a large number of visitors, both Nordic and Croatian. The tradition of welcoming the arrival of summer and the season of fertility in Nordic countries was for the first time brought to Croatia. As a relatively unknown tradition, the Party was very successful in attracting attention of the local people interested in learning more about this custom. On the other hand, the Nordic participants were glad to be able to celebrate the arrival of summer in the way it is being done in their home countries.

The celebration started at 14:00 when the visitors were welcomed by H.E. Mr. Jens Erik Grondahl, Charge D'Affaires of the Royal Norwegian Embassy; Mr. Wilfred Buchorn, Chief of UNHCR Delegation in Croatia; Ms. Jasmina Zečirević, Executive Director of the Nordic Chamber and Mr. Zvonimir Šostar from the Lord Mayor's Office. The host then invited participants to visit exhibit stands set up by sponsors as well as to try

Swedish and Croatian grill specialties. The children especially enjoyed decorating the Maypole, riding the ponies, sliding in the jumping castle, carousel rides and other activities. Raffle, food and drink tickets were sold for symbolic prices and all the collected proceeds will be donated to Dvor Primary School in cooperation with UNHCR Office in Croatia. In addition to promoting and strengthening the relationship between Croatian and Nordic countries, Midsummer party fulfilled its main objective which was to help UNHCR project in purchasing computer

equipment for the Dvor Primary School.

Finally, the whole event would not have succeeded without the help and support of the participants and sponsors: ABB, Atlantic Grupa, Carlsberg Croatia, City of Zagreb, Det Norske Veritas, Electrolux, Gripen, IKEA, MacGregor Croatia, Mmd, Nestle, Nemoj Stati (NEST), NOKIA, Podravka (Studena), Posao.hr, Saab International AB (Gripen), Saab Cars (Auto Centar Mitrović), SAS Scandinavian Airlines, Sixt Rent-a-Car, World Class Health Academy, TELE2, Terra Mystica and The Regent Esplanade Zagreb.



Events in brief

24.-25.11.2008

Nordic Days in Croatia - Energy Efficiency & Environment - announcement

Nordic Days in Croatia, a conference fair organized for the fifth time by Nordic Chamber of Commerce and the Embassies of Denmark, Iceland, Norway and in cooperation with Svea Kanal, will be held on 24-25 November 2008 at the Zagreb Fair.

This year's topic is energy efficiency and environment. The objective of the venue is to bring together Nordic, Croatian and regional companies and organizations from the sectors of energy and environment, to establish new business contacts, open new investment possibilities, encourage the exchange of know-how and experience and present new technologies and products relevant to the sectors. Special emphasis within the sectors will be placed on conventional and renewable energy sources, waste and wastewater management, environmental protection and energy efficiency. The Nordic Days 2008 are expected to host between 80-100 Nordic companies and 350-500 Croatian and regional companies whose interests are within the sectors of energy,

environmental protection, communal economy, energy efficiency, water protection and preservation, waste management, renewable energy and consulting. Some leading companies from the Nordic countries, such as the Norwegian StatoilHydro, a technology-based international energy company, and the Finnish Consulting Group, a unique know-how centre, have already confirmed their participation. In addition, a number of ministry and institution representatives from both sides covering the energy and environment sector, will also be present at the event.

The applications for participation have already started. The final deadline for application is 15th of September. After 1st of October the companies that have registered will be able to pre-book individual meetings with companies they would like to meet and choose seminars they would like to attend. Croatian companies can sign up for participation through the web page www.nordicdays.info or by contacting the Nordic Chamber of Commerce.

Nordic Days in Croatia 2008 - Energy Efficiency & Environment have the support of the Ministry of Environmental Protection, Physical Planning and Construction, Ministry of Economy, Labour and Entrepreneurship, Croatian Chamber of Economy, Delegation of the European Commission in Croatia, INA-Oil Industry, HEP-ESCO, Agency for Promotion of Investments, Energy Agency of Northwestern Croatia, Environment Protection and Energy Efficiency Fund, European Bank for Reconstruction and Development, Nordic Investment Bank and other institutions in Croatia.

Partners of this year's Nordic Days in Croatia are: Saab International AB (main partner), Agency for Development of Varaždin County, Croatia Airlines and Lufthansa (official airlines), The Regent Esplanade (official hotel), Sixt rent-a-car (official car provider), CMS Zagreb (partner), Schenker (official logistics provider), Mmd Corporate, Public Affairs & Public Relations Consultants (communications partner).



Focus: Human Resources Management



> Human Resources are one of the key elements of every company. Our recent seminar on HR management showed that this topic interests managers not only within the field itself. We have therefore decided to make the focus of this issue Human Resources and to use the expertise we have among our members in the HR business.

Artis Rei
(www.artis-rei.hr)



Artis Rei provides a rounded service spectrum within the Human Resources segment, including analysis and structuring of jobs, professional candidate selection, definition and implementation of competence systems, training, development and implementation of performance management systems, as well as analysis and development of organizational climate. Artis Rei is founded and managed by Barbara Ružić, graduated psychologist with postgraduate programme on the Department of Psychology at the Faculty of Philosophy in Zagreb. Ms. Ružić acquired additional education in human resources management (CIPD – London, IEDC – Bled, Achieve Global – Vienna, CBA Business School), and participated in a number of workshops for communication, selling and management skills development organised by different trainers. Barbara founded the company in 2006, after working as an HR manager for different companies for eight years.

Pedersen & Partners

Pedersen & Partners
EXECUTIVE SEARCH

(www.pedersenandpartners.com)

Pedersen & Partners is a leading international executive search firm. The company operates 33 wholly owned offices in Almaty, Athens, Baku, Belgrade, Bratislava, Bucharest, Budapest, Chisinau, Helsinki, Istanbul, Kiev, Ljubljana, Minsk, Moscow, Munich, Nicosia, Prague, Riga, Sarajevo, Skopje, Sofia, St. Petersburg, Tallinn, Tashkent, Tbilisi, Tehran, Tel-Aviv, Tirana, Toronto, Vienna, Vilnius, Warsaw and Zagreb. Their values Trust - Relationship - Professionalism apply to the company's interaction with clients as well as executives. Sanja Brkić-Fakleš was appointed County Manager at Pedersen & Partners in Croatia in 2008 as a result of Pedersen & Partners' acquisition of Alter Modus executive search firm. Ms. Brkić-Fakleš brings 12 years of experience of executive search from Croatia and has previously worked as a Human Resources Manager for Brown & Root.

Smartflex
(www.smartflex.hr)

smartflex
WORK SOLUTIONS

SmartFlex is specialized in providing solutions in the field of human resources. The company's mission is to ensure the ongoing success of their clients by effectively assisting them in the recruitment of top professionals. Their Executive Search commitment is to conduct the most extensive executive search in order to match the best talent to the needs of the clients. As a member of Smart Group, the leading employability specialist in the Netherlands, SmartFlex works closely with their clients as partners and with each other as a team. SmartFlex balances employer and employee advocacy in providing objective, expert guidance. The company is headquartered in Zagreb, overlooking two other branch offices in Rijeka and Varaždin. The company is managed by Kristijan Došen, who was raised and educated in the Netherlands, where he completed his MBA. He gained extensive managerial experience both in the Netherlands and Croatia in Numico and Cosun Sugar, as well as consulting experience in Ernst&Young in the Netherlands and KPMG in Croatia.

Q & A

1

> What kind of services do you provide to company and professionals (job seekers) and what is your comparative advantage on the market?

2

> What is the main advantage of dealing with HR through a company such as yours versus doing it internally?

3

> What are the benefits of cooperating with a recruitment company for candidates?

4

> How would you evaluate the labour market situation in Croatia at the moment in terms of availability of qualified employees?

5

> Concerning employee benefits and 'perks', what should the employers pay attention to if they want to attract and keep their key staff?

> We have asked these experts to give us their views in a parallel interview on Human Resources Management.

Barbara Ružić
Artis Rei

Sanja Brkić Fakleš
Pedersen & Partners

Kristijan Došen
Smartflex



Q & A

> Artis Rei

1. What kind of services do you provide to company and professionals (job seekers) and what is your comparative advantage on the market?

Artis Rei offers a full service solution in the area of human resource management: analysis and structuring of jobs, professional selection of candidates, definition and implementation of competence systems, trainings – competence development, creation and implementation of performance management systems and motivation systems, as well as analysis and development of organizational climate (including employee satisfaction). We are one of the rare companies on the market with a full-service approach to the HRM. Our key competences come from our long corporate experience of working within HR in companies and dealing with real problems in organizations.

Our services in the area of professional selection are aimed at candidate evaluation and advice in attracting potential candidates. We have developed our methods through testing of over 5000 candidates and conducting over 2000 competence interviews. We use different capability tests, giving us insight into the candidates' capabilities and speed of acquiring and applying information, understanding of relations, solving problems and dealing with new situations. Personality questionnaires provide us with information on the individuals' ways of behaviour in interaction with the surroundings or motivating factors. In order to match the candidates' characteristics with the requirements of the position, as well as the qualities of the company/team, we apply the competence interview (performed by consultants with relevant knowledge of the requirements for the position).

Our area of expertise includes motivation and development of employees. Most common questions that our clients ask us are 'how to objectively differentiate between excellent and less capable employees?'; 'how to recognize employees that are ready for promotion?', 'what to do with insufficiently motivated and inefficient employees?'. In order to help clients differentiate between their

employees, we cooperate with the client in development of the system for monitoring and motivating employees in their work. In cooperation with the client, we define goals and competences. Performance management is a process of acquiring understanding of what needs to be accomplished, as well as methods and timeframe for accomplishing it. The primary purpose is development – on individual basis, through perfecting competences, as well as on the organizational level, by establishing goals. There can hardly be any organizational development unless there is personal development. Our goal is to develop the clients' awareness of the fact that performance monitoring does not mean simply filling out forms, but that it is a process with four key elements: planning (definition of goals and competence development plan); continuous monitoring and year-long feedback, to ensure additional development of employees in the areas that require improvement; assessment in cycles, and, finally, rewarding, which is crucial for accomplishing the change in employee's behaviour and fulfillment of goals. The rewards system is created in cooperation with the client – the focus can be on material rewards or on the developmental component – career planning, education and similar.

Since performance management is still at its beginnings, and a lot of companies do not have the necessary elements or implementation level, there is a large need for such projects. During this year alone, we successfully completed three projects of introducing systems for monitoring and rewarding employees.

Finally, we also provide training services. Our speciality is the area of communication- and management skills, cooperation, teamwork, and development of HR knowledge. We have over 1000 participants at training sessions per year, and we are particularly proud to have positive feedback on the usefulness of our programs and its effects on employees' behaviour. This year, we initiated a special motivational program for production companies, targeting production management. In our experience, companies invest more into their sales and client-oriented staff, while employees and management in production are in some cases left to their

own devices. With this special program focused on production we have seen excellent results. Also, in cooperation with the agency Terra Mystica, we made a special program combining management and/or communication skills training with visits to Croatian landmarks. It is a completely new offer on the market, unlike classic 'team building'.

2. What is the main advantage of dealing with HR through a company such as yours versus doing it internally?

A lot of companies today have their own internal HR staff. An advantage of having internal HR personnel is their knowledge of the organizational culture and needs of the company. However, using our (outsourced) services saves costs, especially in projects without continuity. Also, it allows internal HR personnel to focus more on strategical definition of the HR function and internal communication towards the management and employees. Another advantage is the independence from possible attempts of internal influence. And, in case of Artis Rei, we also emphasize our expertise which contributes to the quality of implemented models and our innovative approach. It is important to stress that we are advisors, we give our clients an insight into advantages and disadvantages of certain processes or decisions. However, the final decision is always the client's.

3. What are the benefits of cooperating with a recruitment company for candidates?

The company is not dealing with headhunting, so this question does not apply.

4. How would you evaluate the labour market situation in Croatia at the moment in terms of availability of qualified employees?

Currently there is a lack of quality candidates on the market. Although the unemployment rate is still relatively high, it is questionable whether it is real unemployment. There are difficulties in finding good candidates regardless of their profile. Difficulties can increase if the profile in question is highly

Q & A

specialized, for example, engineers for platform construction work. Trainees are less difficult to find, but recently we have encountered a problem of finding quality candidates of lower qualified profiles for employment in tougher working conditions. There are of course regional differences between the availability of different employee profiles in Zagreb, Dubrovnik, Slavonia, Istria and Kvarner. There is also a difference in the interest of candidates for companies of different images on the market. Companies with developed HRM systems, as well as better market image, have less problems finding quality employees. This is best seen through the number of CVs received per posted ad. Therefore, we also consult companies not only regarding the process of attracting employees, but primarily on development of positive market image through well established HRM systems.

5. Concerning employee benefits and 'perks', what should the employers pay attention to if they want to attract and keep their key staff?

We can talk about material and immaterial rewards. Material rewards include adequate pay systems compatible with market conditions, performance-related bonuses. On the other hand, immaterial rewards include promotion possibilities and career development. An important factor is the superior, who can be considered a motivator or a de-motivator. Often, especially in case of more educated staff, employees leave the company as a way of escaping a bad style of management. Although all of us work in order to be able to have a decent life, the way in which the superior handles his or her team is an important factor. Without established formal reward systems and appropriate management style, we can hardly talk about retention and let alone motivation of the employees. I recommend my clients to develop the organizational culture, as well as a style of management which is cooperation-oriented. Controle, shouting and pressure can sometimes yield a result, but in most cases, it can be achieved faster through cooperation and trust.

> Pedersen & Partners

Pedersen & Partners is a leading international executive search firm. The company operates 33 wholly owned offices in Almaty, Athens, Baku, Belgrade, Bratislava, Bucharest, Budapest, Chisinau, Helsinki, Istanbul, Kiev, Ljubljana, Minsk, Moscow, Munich, Nicosia, Prague, Riga, Sarajevo, Skopje, Sofia, St. Petersburg, Tallinn, Tashkent, Tbilisi, Tehran, Tel-Aviv, Tirana, Toronto, Vienna, Vilnius, Warsaw and Zagreb. Their values Trust - Relationship - Professionalism apply to the firm's interaction with clients as well as executives. Sanja Brkić-Fakleš was appointed Country Manager at Pedersen & Partners in Croatia in 2008 as a result of Pedersen & Partners' acquisition of Alter Modus executive search firm. Ms. Brkić-Fakleš brings 12 years of experience in executive search from Croatia and has previously worked as a Human Resources Manager for Brown & Root.

1. What kind of services do you provide to company and professionals (job seekers) and what is your comparative advantage on the market?

Pedersen & Partners was founded on January 1, 2001. Since the very beginning we have focused solely on executive search – advising our clients on the recruitment of senior managers.

Our competitive advantages are:

- Local presence and extensive geographic coverage. We are a truly international executive search firm operating 33 wholly owned offices. We attach considerable importance to having an on-the-ground presence, as this enables us to stay in close touch with the candidate pool and to provide real guidance on cultural issues across the markets where we operate. We provide our clients with an integrated and high-quality executive search service and deliver consistent results both locally and internationally.

- Cross regional work and utilising our best expertise where it is needed to find competent recruitment solutions. At Pedersen & Partners it is our mission, every single time that we undertake a search, to find the best possible person

for the defined position within the agreed time frame. By consistently placing truly successful executives, we have gained the trust of our clients and are able to provide them with a competitive edge.

- Majority of consultants come from various industries, hence they understand clients' needs. Pedersen & Partners combines its country organisation with international practice groups. Our practice group professionals are focusing on their industry practices across countries. In consequence, they bring updated industry knowledge and a deep candidate network.

- Our team is supported by robust quality management processes, an intensive training program and a state-of-the-art IT system, giving our consultants immediate access to an extensive network of executives.

2. What is the main advantage of dealing with HR through a company such as yours versus doing it internally?

The advantages of using external consultants for recruitment are many: While HR managers are often very busy and have to deal with numerous and various HR issues, Executive search consultants are specialised in recruitment processes: defining the profile of the key executive, extensively researching the market, adjusting the profile if necessary, thoroughly interviewing the candidates to identify the best available for the opening position and presenting them to the client. HR managers' tools are usually limited to advertising and networking as recruitment methods, however these can be suitable for lower positions, not for identifying and attracting the key company employees. Top managers, especially the best ones, are rarely actively looking for jobs, therefore it is best when a professional executive search consultant approaches them. Sometimes a client knows the potential candidates, but cannot approach them directly due to business or ethical reasons.

Executive search consultants also have very good understanding of a particular market, different industries and pool of available candidates. Pedersen & Partners can also operate across borders where we have the option to look for managers in different countries and various categories: locals that live and work aboard, foreigners that want to relocate to Croatia, etc.

Q & A

Another value-added of using the services of an executive search firm is confidentiality, which is especially important during entry into a new market or for a confidential replacement, and the ability of the executive search consultants to discretely and professionally collect references on a given candidate.

3. What are the benefits of cooperating with a recruitment company for candidates?

Pedersen & Partners is specialised only in recruitment for management levels and candidates at this level expect and need to be treated with discretion, and this is exactly what the professional consulting companies like Pedersen & Partners provide. Also, consultants of Pedersen & Partners are able to give you career advice. We will discuss your professional past, experiences, why you are looking for a change, but maybe more importantly, where do you see yourself, what are your motives, what are your wishes for the future and how realistic they are within the market in which you want to work.

It is best to be pro-active in establishing a relationship with executive consultants, not right at the moment when you are not actually looking for a job, but rather when you are only starting to think about it. That would give the consultants the opportunity to offer you an excellent and adequate opportunity when it appears, without the time pressure and the stress of changing your job or quickly finding a new one. In our experience it takes between 6-12 months for a manager to find an adequate new carrier opportunity.

Pedersen & Partners consultants will create an honest relationship with you and tell you about the advantages and disadvantages of a certain position openly. We will advise you on salary issues and try to help you negotiate a win-win situation for both sides (employer and employee). We will help in communication in certain delicate issues when necessary. Most of the managerial positions are not advertised, so it is difficult to get information that the position is available. Being in touch with your consultant often means being in focus of events, knowing what is happening in the market.

4. How would you evaluate the labour

market situation in Croatia at the moment in terms of availability of qualified employees?

Concerning availability of qualified candidates on the market the situation is not very good. There are shortages everywhere, from both sides. On the one hand, there are plenty of good managers looking for a change, complaining that there are no interesting positions and good employers available on the market. On the other hand, there are employers complaining that they cannot find good people. And guess what: both sides are right.

The secret, in my view, is in the right match of the both: employees often have too high expectations in terms of position, salary, company, etc. while the employers often expect long-term experience, skills and hard work which they are not willing to compensate adequately according to market conditions. But this is not the only problem: it is also sometimes difficult to match "soft" issues, personality, company culture etc.

The biggest problem in my view is the middle management: the market and companies simply grew too fast, while there was not enough time to develop and train the people for such positions. Also, a decade ago there were no schools, training centres and similar institutions to provide the necessary education and experience. Consequently, some people were promoted in a hurry to positions that they had no skills for: some of them made it, some did not. In the meantime, there is more and more demand for those positions due to regional expansions and similar activities, but there is no critical mass of good people to fill these positions.

5. Concerning employee benefits and 'perks', what should the employers pay attention to if they want to attract and keep their key staff?

Retention is one of the key words in today's labour market. It is very difficult to find and employ good people. It is also very costly, so it is amazing to see how many companies still loose a great deal of people and do not know how to keep them. Well, employing a new person can be even more costly than trying to keep an old one. Employers need to pay a fair wage and other benefits, according to market conditions. They do not have to be the top payer in the market, although

that helps. However, concentrating your retention plan only on salary and bonuses will be an extremely expensive, but short-term strategy. It is simply a question of time when some other company will appear, which will be willing to pay more than you. I think that the companies should be flexible and willing to discover what really motivates each one of their key people. The motives could be different and not related to money at all. Listen to your employee. The motivators can be anywhere from flexible working hours, to working from home, less travel, etc. If the job itself allows these changes to be made try to accommodate your employee, as this will make them much happier and willing to stay, because they will feel that you really care.

> SmartFlex

1. What kind of services do you provide to company and professionals (job seekers) and what is your comparative advantage on the market?

SmartFlex offers its clients two different recruitment solutions; Search and selection of staff and line management positions; and Executive search of top management in specific industries. We are committed to provide our clients high level recruitment services and consult them on the job market in Croatia.

The most important is to build a strong business relationship with the client, and this is exactly what we have successfully managed to do in a relatively short period of time. Unlike some of our competitors who only forward CVs to the client, our candidates undergo a thorough recruitment process which guarantees the quality of our service.

There are several reasons why our clients prefer SmartFlex when it comes to recruitment. Firstly, they have recognized that our consultants have the background and experience in business environment, in a specific industry. This is crucial for the quality and the duration of the recruitment process. Secondly, our consultants have, in general, longer international management experience than our competitors' consultants. They held management positions in large multinationals and have proved themselves in their positions before they

Q & A

joined SmartFlex. Furthermore, we have a pool of external consultants who work for SmartFlex. They are specialists for different functional disciplines with extensive and proven professional track record. When needed, they are involved in the recruitment process, especially with the executive management candidates. Lastly, there are some agencies grown to that size that the „off limits“rules are becoming a serious problem for them. If you work for everybody, you can pull away people from nobody.

2. What is the main advantage of recruiting through a company such as yours versus doing it internally?

Recruitment is our core business, and we are fully devoted to this role. During the time, we have developed an extensive database with best in class candidates for specific industries. Thanks to our experience, we are able to give a proper advice to our clients. Smaller companies which have less recruitment experience can, with no doubt, take advantage of SmartFlex. In addition, when a company finds itself in a situation of large scale expansion, in periods when it might be difficult to recruit people, or in case their HR department does not have enough capacity – it is common that they choose to contact a recruitment agency. Moreover, if a client does not want to make it public that it is recruiting (e.g. client might decide to replace the existing employee), a recruitment company can approach interesting candidates without disclosing client's name.

Candidates who are clamoring to work for your organization may not be the ones you want to hire. If they are desperate to work for you, that desperation may be because they are having trouble finding jobs with anyone else. Candidates who are actively seeking employment are most likely to be unhappy with their current circumstances. Or don't have a job at all. And there may be a very good reason why not.

It is far better to attract candidates who are loyal to their employers, who have excellent work habits, get along with others and love their work. Unfortunately it is hard to find these individuals. These passive job seekers might explore a job opportunity only if it is presented to them. Recruiting companies like ours can offer in these cases effective solutions and

attract these elusive job seekers

3. What are the benefits of cooperating with a recruitment company for candidates?

There are several benefits for candidates when cooperating with a recruitment agency out of which we would like to point out the following:

1. No matter what the candidate's position, signing up with a recruitment company can be a great way to get the foot in the door at a company they would otherwise not have access to. The recruiters keep a running list of available positions along with a running list of available candidates, and they quite often know about openings that are not known to the general public. Especially benefit those candidates who work 40 hours a week and have a desire but no time to look around for new job opportunities – in this case the recruitment company does the legwork and saves them lots of time and energy.
2. Recruitment companies also possess a wide knowledge and experience about the labor market and its fluctuation and development. When showing the desire to change either the job or career path consultations from recruiters can be of huge advantage to any candidate; recruiters can provide with great advice and suggestions setting in tune candidate's desire along with the actual labor supply.
3. Lastly, when expressing interest for a job post, recruitment companies provide candidates with the opportunity to apply for an open position under top discretion. This is especially of high importance to those top qualified candidates who hold executive or high level positions at their current work place.

4. How would you evaluate the labor market situation in Croatia at the moment in terms of availability of qualified employees?

Past years the qualified labor market in Croatia has been experiencing noticeable emigration of 14,000 young, high educated Croatians towards more prosperous overseas and other West European countries. The major stimulus for this concerning situation is not only the fact of low compensation but a negative work environment as well as an inappropriate motivation structure within Croatian companies. Organizations often

do not observe the potential advantage and benefits young people carry along with their education, or they have an improper vision and understanding of the purpose of providing quality training, which on the other side causes low ambition and no motivation within qualified work force.

In addition to this, the hierarchy in several domestic enterprises is still very strict and the popular practice of incorrect promotions at work being not related to someone's skills and capabilities is still very common. Apparent from this, many young people feel demotivated and are unable to observe the significance in investing in their education. The difference between lower and higher degree has therefore no mean and only a small number of qualified workers make it to prosper and progress in their career.

Nevertheless, the past years also characterized Croatia as a country welcoming foreign, international companies that have brought new HR practices within organizations contributing a lot to changes on the Croatian labor market:

1. Where before it was common to hold a position within one company for decades a sign of respect and dedication, today professionals change 2-3 jobs within one's career.
2. Major companies today dispose of qualified labor force that has specialized knowledge in certain fields and have a wide spectrum of skills and proficiency as well as experience of the industry/sector they are in and are very result oriented with proven track records.
3. More and more significance is given to the human resource as today companies depend on the above mentioned specialist, who in turn request well prepared compensation packages and working conditions, not as before where the companies set up norms and working rules.

5. Concerning employee benefits and 'perks', what should the employers pay attention to if they want to attract and keep their key staff?

You have to keep in mind that you are a seller and this is a buyer's market. Most candidates who are happily employed elsewhere will need to be „sold“ on the idea of working for you. Therefore you can not merely list the job requirements

Introducing...

Iceland: Calmer times ahead?

> The Icelandic economy seems to be stabilizing. Icelanders do not mind attention. Just like everyone else they have often fought to be in the international spotlight. However, it is safe to say that the Icelandic public was more than a bit confused this spring when the international press seemed to focus on Iceland in a less than-flattering way.

Q & A

(what you expect from them) in your recruitment messages. You need to „woo“ candidates by spelling out what advantages they can expect from you.

Money is not on always on the first place. For example somebody who has a line management function in a large multinational will not move to a smaller company even if he can earn the double. People want to see the challenge. A clear improvement of the position: bigger responsibility, more international spread, more freedom. Only after that comes the money. Considering the major reasons why people stay with a company, the organization's reputation as a great place to work, satisfaction with the organization's people decisions and the good relationship with the supervisor come out as top reasons. Further training and personal/professional development, and the potential career track possibilities within the organization can have a direct impact on staff retention levels.

It is interesting that when you investigate why people at the end decide to quit their job the majority will mention the relation with their boss as the most important issue for their decision to quit.



(photos by Icelandic Tourist board)

The Economist, the Wall Street Journal and even the New Yorker have all written about the difficulties of the Icelandic economy. On March 27 the Economist wrote: "Iceland has long been a favoured destination for the 'carry trade', whereby investors borrow in lower-yielding currencies to invest in higher-yielding ones. But the country's central bank this week raised interest rates to 15 percent and injected liquidity into the banking system, after Icelandic banks faced difficulty getting foreign financing following a 22 percent drop in the krona against the euro this year." The krona has indeed lost ground to all major currencies this year and the

banks have faced difficulty getting financing. However, this is not a problem only for Icelandic banks. Almost all Western banks face similar problems. Why, then, is all the focus on Iceland? One reason may be that the foreign currency reserves of the Central Bank of Iceland have been rather low as a proportion of the short-term obligations of the banks. This means that the banks' position as lenders of last resort is weaker than that of the central banks in the US or within the European Union. This has been a matter of real concern to the government of Iceland and the Central Bank.

Introducing...



But there may be another side to the story. On April 8 the Financial Times published a most unusual article, one that resembled a thriller. It began like this:

“On a gloomy North Atlantic evening in January, a group of international hedge fund managers gathered in the stylish bar of 101 Hotel in downtown Reykjavik at 8pm for a drink before dinner. They had been flown to Iceland by Bear Stearns, the US investment bank that two months later had to be rescued. Bear had organised the excursion to discuss the bizarre state of Iceland’s economy. What transpired at this dinner has entered into legend within Iceland’s close-knit financial community.

“An executive who works with a big Icelandic bank recalls: ‘Upon entering the bar I was approached by one of the hedge fund managers. He informed me that all people in this party – except for him, of course – were shorting Iceland.’ The executive says the fund manager described Iceland’s profit-making potential as the ‘second coming of Christ’. “As dinner progressed – some people actually decided not to eat at all but just sit at the bar – and more drinks were

downed, the conversation and questions started to get more hostile and short positions openly declared,’ the executive says.”

This story is being investigated by the Financial Supervisory Authority in Iceland. In the days that followed, numerous members of the Icelandic media received warnings not to name names from some of the hedge funds believed to be involved. The Chairman of Kaupthing bank was not intimidated and named four funds that he said had been involved in the betting against Iceland. In May major steps were taken to strengthen the currency reserve position of the Central Bank. First, it was announced that three of the Nordic central banks had pledged that they would provide the Icelandic Central Bank with short-term financing of EUR 500 million each, a total of EUR 1,500 million. Second, Althingi, Iceland’s parliament, issued permission for the government to take loans of up to ISK 500 billion (about EUR 4,250 million) in foreign currency. This would also be used to strengthen the foreign currency reserves.

These measures have considerably calmed markets and it seems unlikely

that the krona will lose further strength. In fact, most financial analysts have predicted that the krona will be stronger by the end of the year. Hence indications are that the repercussions from the financial crisis that the Western hemisphere is facing will slow down the Icelandic economy but not stop it. The “second coming of Christ” will have to wait.



Introducing...



PHARMA INVESTMENT

Pharma Investment is a subsidiary of the Icelandic private investment company Milestone Group plc. Pharma Investmet is a special-purpose vehicle established in the Netherlands, which is currently investing in pharmaceutical retail companies in the Central and Eastern European Region,. The company has an investment programme where as EBRD has a stake of 15 million EUR.

Pharma Investment plans to build a regional pharmaceutical network of at least 500 pharmacies, with recognized brand names, both through acquisition and organic growth. Emerging markets have played a significant role in the strong global expansion of the pharma sector. The CEO of Milestone, Gudmondur Olason, said that Pharma Investment plans to become the leading player in the pharmaceuticals retail market in South East Europe. Pharma Investment's Croatian office is headed by Fjolvur Darri Rafnsson.

Milestone is a Nordic financial group comprising majority owned financial institutions operating within the fields of insurance, banking and asset management. Milestone's subsidiaries are amongst others the composite insurance companies Moderna and Sjova, the banks Banque Invik and Askar Capital, as well as asset management company Invik funds. Milestone's consolidated profit amounted to ISK 21.3 billion net of taxes in 2007 (1 USD =78.6 ISK). At year-end 2007 Milestone's total assets amounted to ISK 392 billion and have more than doubled since year-end 2006. In total, Milestone secured asset backed funding of ISK 44 billion in 2007, in addition to floating unsecured bonds and notes amounting ISK 14 billion on OMX Nordic Exchange in Iceland.

ICEBANK

Icebank is a commercial bank, focusing on wholesale and investment banking services to savings banks, Icelandic and foreign financial institutions and other large customers.

Icebank has been owned by the 38 Icelandic savings banks for 20 years, but unlike them it does not offer retail services. It employs a staff of about 100.

Icebank provides companies, professional investors and other large customers, both in Iceland and abroad, with a wide range of services, including long-term credits, foreign exchange and derivatives. It also supports Icelandic companies that are building up operations abroad through advice, lending and equity participation, at the same time taking part in various types of syndicated loans and structured finance both in Iceland and abroad.

Icebank's new department – Investment Banking, is initiating activities in the CEE Europe. The Investment Banking department was created through acquisition of Behrens Corporate Finance in 2007. Its main focus is the buy side advisory for Nordic clients acquiring companies in Central and Eastern Europe. Besides M&A, the bank operates within capital raising and financing, as well as other deal-specific banking services. The key competitive edge of Icebank Investment Banking is the relationship with the Nordic clients, and a unique understanding of the Baltic and CEE market. The bank has a close cooperation with the local CF consultants. Their objective in the region is to engage in expansion and private equity and asset management development.

Tilt Projekt

Tilt Projekt d.o.o. is an Icelandic company investing into biomass production. The backbone of the company is a private-owned investment company. Croatia was chosen to be the location for Tilt's production facility due to its huge biomass potential – plenty of wood as production material for pellets. Croatia's excellent geographical position, near the large Italian, German and French markets, is also an important factor.

Tilt Projekt is bringing state-of-the art, unique technology for wood pellet production. There are many small-scale pellet producers, using leftover materials. Tilt Projekt is raising the production to a real industry level – the yearly capacity of the Croatian plant will be 100.000 tonnes. In the light of the current energy situation in the world, wood pellets will be an important fuel for homes, industries and energy production.

Setting up production in Croatia is still at the very beginning. Tilt Projekt director Mr. Hjortur Hjartar explained that the process is moving unexpectedly slow, primarily because they are not able to find a suitable land plot for the facility. Unsettled land registry and ownership issues are making it difficult to identify the exact plot for this investment. Furthermore, the plant will need 2.5 MW of electricity, which some of the existing industrial zones are unable to supply. Mr. Hjartar explains that due to the land situation, as well as the bureaucratic requirements for this kind of investment (registrations, permits and similar), the 'administrative' setup could take up to two years – and is moving disappointingly slow. For comparison, Tilt was recently able to close the contract for purchase of land in Bosnia – even though the operation started later than in Croatia.

The ideal region for Tilt Projekt's production will be found in Gorski kotar, due to its proximity to Western Europe, as well as being the source of wood supply. The land Tilt is looking for should be 2.5 hectares, connected to a railway and/or motorway. Once the land is purchased and permits received, the plant construction will take only nine months, after which production can start. Tilt Projekt is a 'dream investment' for any country – it will create jobs for local people, increase Croatia's exports and make use of local raw material. And finally, in the times when countries are seeking ways to decrease energy dependency on fossil fuels, investments into renewables will steer Croatia into a greener future, from own resources.

Member profile



> The Scandinavian way to fly

SAS Scandinavian Airlines, the national carrier of not one, but three of the world's most contemporary, innovative and modern countries: Sweden, Denmark and Norway.

Despite being a large international player, SAS has not forgotten its heritage. The SAS slogan "It's Scandinavian" might be simple, but it truly encompasses everything that Scandinavian Airlines represents: from Internet check-in, some of the most modern airports in the world as main hubs, and unique and homey lounges, to the renowned Scandinavian World cooking onboard, Scandinavian design throughout the aircraft and a touch more legroom, no matter where you sit. Another typical Scandinavian feature SAS is proud to possess its effortless beauty. Like the Scandinavians, SAS' brands, products and fleet make the airline look younger and fresher than ever before—even past the age of 60.

The SAS Group—More than just Scandinavian Airlines

Scandinavian Airlines remains the main airline business, but SAS' hold in Europe spans far beyond Scandinavia these days. As one of the world's largest

airline groups, the SAS group currently owns or partly owns the largest or second largest airline in Finland (Blue1), Estonia (Estonian Air) and Latvia (Air Baltic).

SAS today – The friendly airlines

Since April this year, SAS expanded its network towards the Balkan countries. From Croatia, SAS flies between Zagreb and Stockholm, from Split it operates to Gothenburg and Stockholm. Through their cooperation with Croatia Airlines, SAS is able to offer codeshare flights between Zagreb and Copenhagen. SAS offers flexibility and value-for-money air travel with a great freedom of choice to both Business and Leisure travellers due to its fare structure. SAS classes on flights to Scandinavia and Europe are available to sell as one-way, combinable fares. These tickets can be combined in whatever way suits the customers' needs best. SAS was founding member (1997) of "STAR Alliance", the largest and most awarded airline alliance in the world. Today, SAS can offer a wide variety of destinations in cooperation with STAR Alliance partners.

SAS is taking the climate issue and

environment very seriously and took its social responsibility early on in a world where more and more fossil fuel is used with adverse environmental impacts. Sustainable development efforts are increasingly vital, as climate is a global issue. That is why SAS has adopted an ambitious environmental strategy where the vision for Group companies is to emit 20% less CO₂ than today by 2020, while maintaining traffic growth.

SAS was presented with the "Leadership in Technology Award" at the annual award ceremony of the trade magazine, Airline Business, which was held in London. SAS received the award primarily for its contributions to "green approaches" and the use of biometric at checking-in.



Member profile

> Four questions to Paul Kristensen, SAS General Manager for Central Europe



1. SAS has recently introduced new direct routes connecting Stockholm/Gothenburg to Zagreb and Split. What has encouraged SAS to introduce the routes this year?

SAS is constantly looking into new routes and business opportunities and both Zagreb and Split have been on our "radar" for some time, especially in regards to the demand from the Swedish home market. Besides the increased business relations between Sweden and Croatia, we also see the potential to satisfy the demand to link Swedes/Croatians living in Sweden with the homeland as well as tap into the growing interest in Croatia as a leisure destination.

2. Are there plans to expand the SAS offer with direct flights to new destinations in Scandinavia?

Presently we are working hard to secure the routes between Sweden and Croatia. They are developing positively and we do not foresee new non-stop routes in the coming 6-9 months. In cooperation with Croatia Airlines we offer direct flights from Zagreb to Copenhagen and with our other STAR Alliance partners we do serve Croatia with extensive number of connections via Zurich, Vienna and Frankfurt which opens up Copenhagen and the Nordic with daily alternatives.

3. The airline industry in the world is experiencing difficulties with the huge increase of fuel prices. What is the strategy for SAS in this respect?

Presently SAS as all other airlines worldwide is impacted negatively with the development of jet-fuel prices as well as the potential slowdown in the global economy. Short term we have introduced a number of actions to remain profitable in 2008, amongst this is reducing our staff numbers with approx. 10% worldwide as well as reducing our capacity when we enter the "low-season" during October 2008 - March 2009. Long term the SAS Group is committed to our Strategy 2011-plan, which covers several elements and which should maintain and grow SAS as the strongest airline company in the Nordic market. I hope the Nordic Chamber of Commerce and its members in Croatia will be supporting our efforts to build our business together and encourage all to fly SAS Scandinavian Airlines whenever to support our possibility to secure our new direct flights between Zagreb/Split and Stockholm/Gothenburg.

4. Climate changes are certainly an issue in focus for the airline industry. How is SAS taking on the environmental challenge and concern?

SAS is proactive in taking our environmental responsibilities serious. For several years SAS has been awarded for the focus we have on this important issue and it is an integrated part of our business plans.

Establishing communication between the airline's flight-path computer and the air-traffic control system created the possibility to predetermine approaches for optimal flying and considerable time precision. The results include energy saving, less emissions and better predictability for all players at the airport. SAS in Sweden has calculated that it involves an annual emission saving of approximately 23,000 tons of carbon dioxide, at Arlanda (Stockholm) Airport if full implementation was possible.

www.flysas.com/hr

> Upcoming events:

09/2008 Agency for Market Protection

09/2008 Corporate Law

> The Nordic Chamber of Commerce

The Nordic Chamber of Commerce is a non-profit organization established in November 2005. It is the only Chamber in the region gathering established Nordic companies. The Nordic Chamber of Commerce in Croatia has been founded with the purpose of establishing a platform for the exchange of ideas and experiences within the Nordic business community in Croatia, to promote and strengthen the network cooperation

between Nordic companies and the Republic of Croatia and to contribute to the development of business relations and activities between Nordic countries and the Republic of Croatia.

The activities in fulfilling the purpose of the Nordic Chamber of Commerce in Croatia are various : Supporting a constant improvement of the investment environment in Croatia, promoting Nordic

companies in Croatia through events, supporting and promoting activities which benefit the interest of the members of the Nordic Chamber of Commerce in Croatia, promoting economic, cultural and social relations between the Nordic countries and the Republic of Croatia, Striving for constructive solutions for trade between Nordic countries and the Republic of Croatia and organizing regular member meetings.

> Benefits of becoming a member:

Network

- * Taking part in the experience groups
- * Contact to Nordic and Croatian companies on management level
- * Joining sector groups
- * Attending/ socializing at dinners, breakfast meetings, presentations and social events
- * Cooperation with Nordic embassies in Croatia

Business services

- * Access to the contacts of members and associates
- * Special offer to/from members and associates via Chamber publications
- * Using Chamber services for conferences, round tables and m2m meetings
- * Partner searches, opening new possibilities in Croatia and the Nordic markets

Marketing

- * Sponsorship of business and social/networking events
- * Advertisements to other members and associates
- * Direct mailing by the Chamber to members and associates
- * Promotion in our publications and on the web page

> Membership categories:

Nordic member (patron, corporate, business, individual),
Associated member (institutional, business)
