

HR management practices in economic downturn

Association of European Businesses

Zhanna Dobritskaya

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 **ERNST & YOUNG**
Quality In Everything We Do

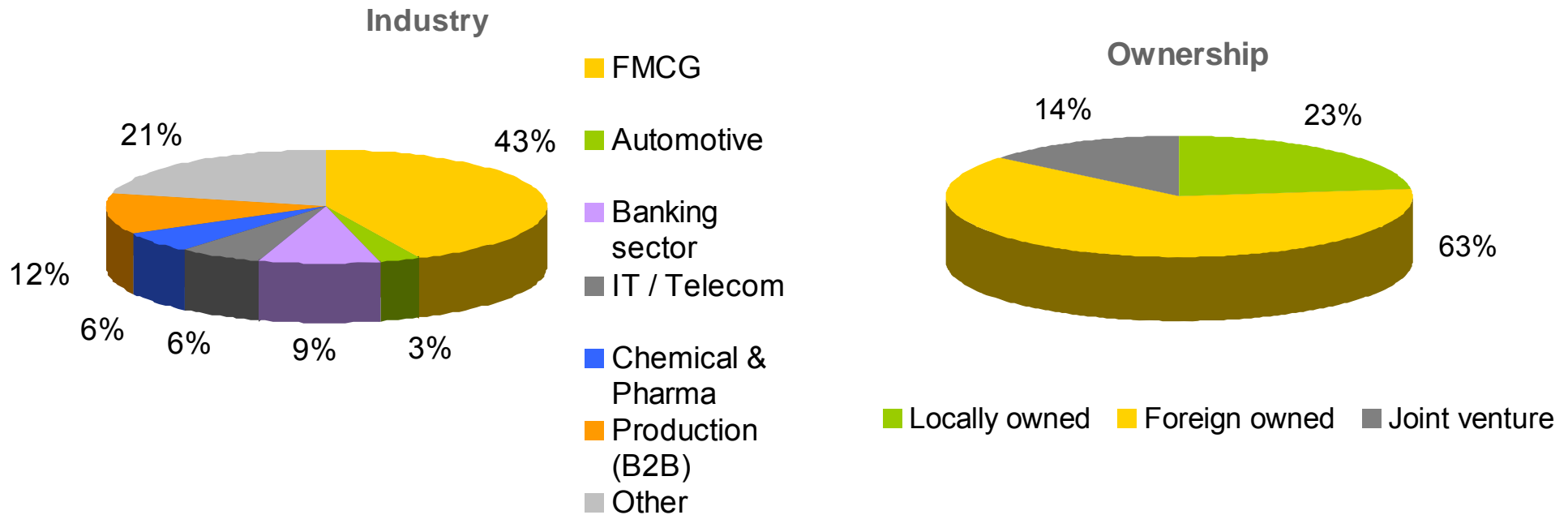
Data source. Ernst & Young compensation & benefits survey. February 2009

Information on the changes in the area of compensation & benefits is based on the results of February 2009 issue of the survey:

100 companies took part in the survey

- ▶ 25% of respondents with annual sales volume of more than USD 1 billion
- ▶ 17% of respondents with headcount of more than 5 000 employees in Russia

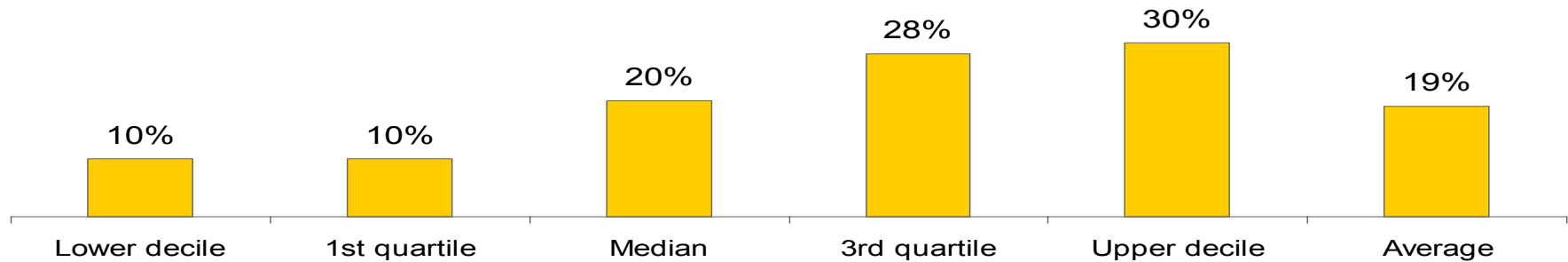
Characteristics of the participants



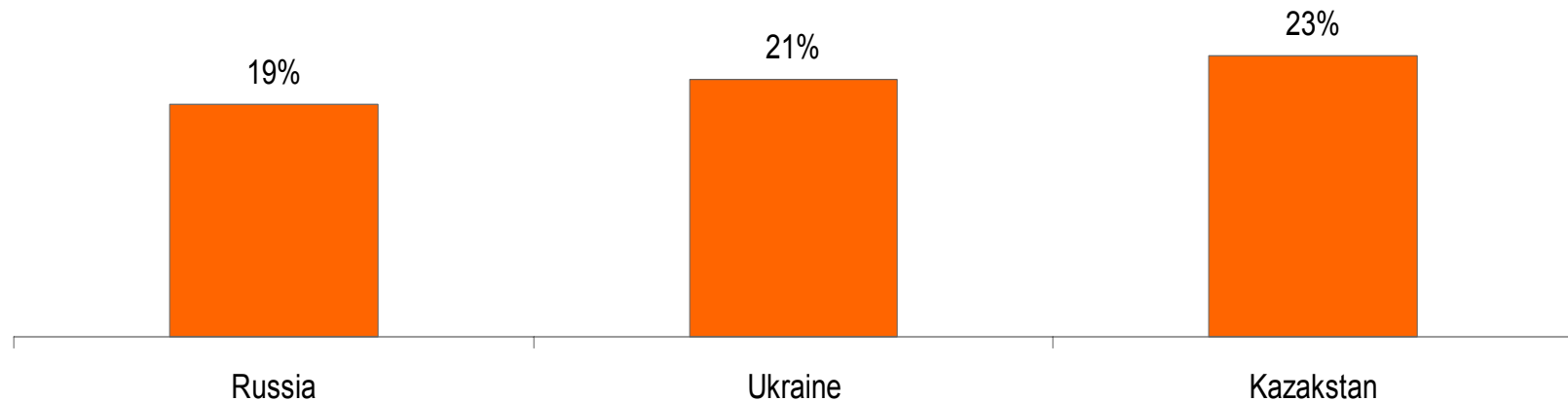
HR cost optimization plans

In Russia 54% of respondents are planning to cut personnel related costs in 2009

% of planned personnel related cost reduction in 2009 in Russia



% of planned personnel related cost reduction in 2009 on average in CIS countries



HR areas subject to cost reduction

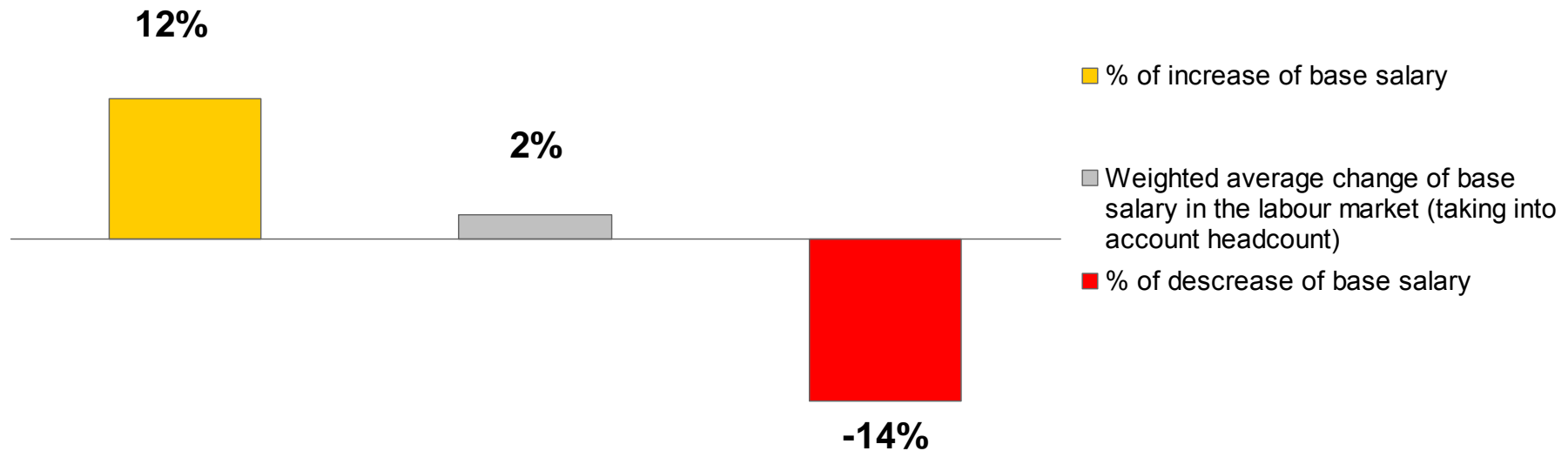
- ▶ **Training**
 - ▶ 45% of companies have reduced training budget in 2008
 - ▶ 64% of companies plan to reduce training budget in 2009
- ▶ **Business travel policy**
 - ▶ 54% of companies plan to reduce per diems, change class of hotels and flights in 2009
- ▶ **Corporate events**
 - ▶ 73% of companies plan to cut corporate events costs in 2009
- ▶ **Staff promotion policy**
 - ▶ 22% of companies plan to revise promotion policy in 2009
- ▶ **Remuneration policy**
- ▶ **Incentive plans**
- ▶ **Benefits policy**
- ▶ **Headcount optimization**



Remuneration policy. Base salary changes

- 57% of respondents plan to review base salary in 2009

Plans for 2009 as of February 2009



- Planned base salary increases are generally lower than initial estimates
- Other survey participants do not plan to change base salary in 2009 or have not yet made a decision on salary revision (new update is anticipated in mid-April)

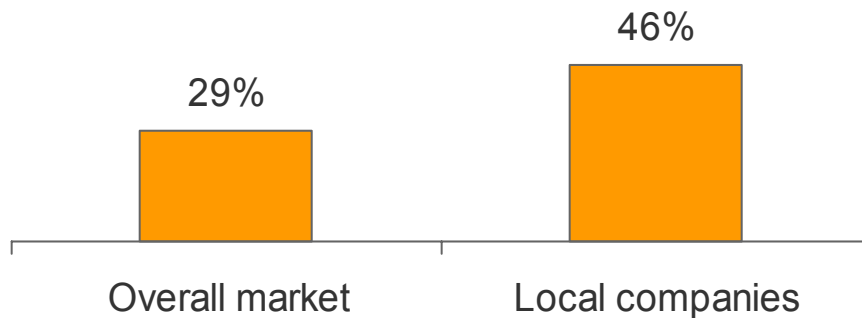
Headcount optimization

Most typical headcount optimization measures:

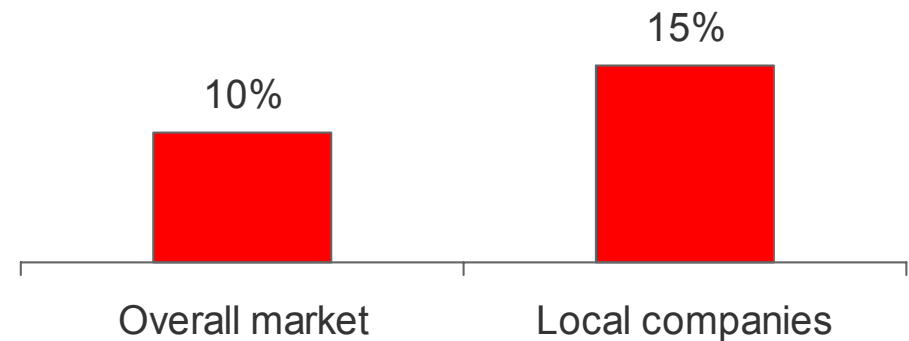
- ▶ Formal headcount / staff reduction
- ▶ Unpaid (partly paid) vacation
- ▶ Reduced workday / week

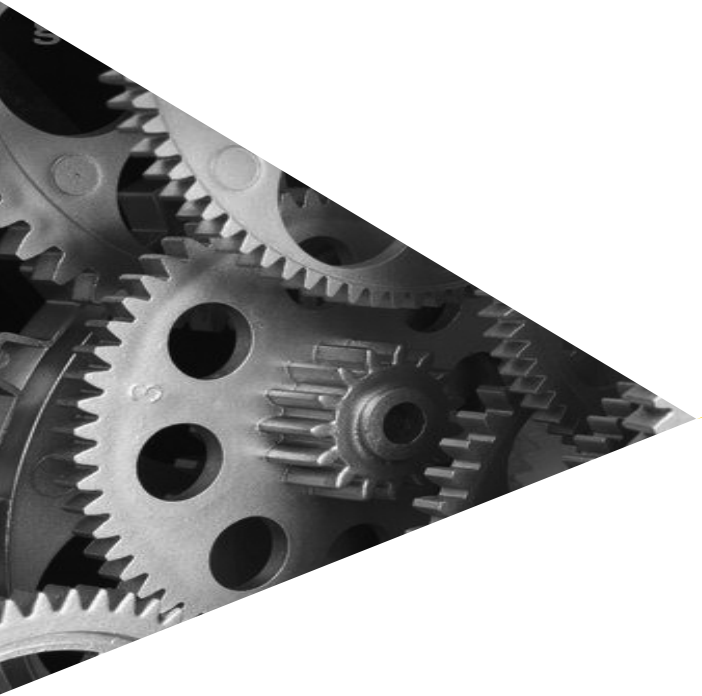


Staff reduction plans for 2009
(% of respondents)



Average % of staff reduction





Please address your questions on HR
management to our Human Capital team:

+7 495 755 9675

Zhanna.Dobritskaya@ru.ey.com

+7 495 641 2932

Ekaterina.Ukhova@ru.ey.com