

# Reward in Downturn: how different sectors act?

Based on Hay Group Compensation Survey 2008 and  
Hay Group Downturn Survey 2009

APRIL 01, 2009



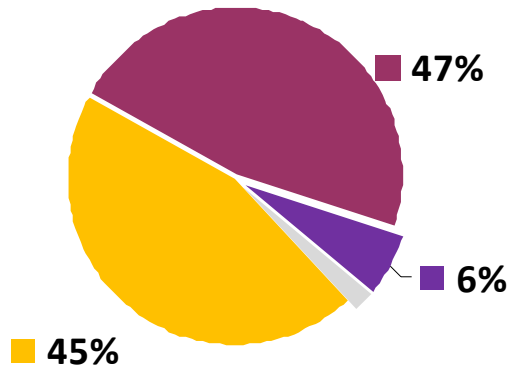
What **changes** New Year brought?

What **decisions** had been taken by the companies **responding** to rouble **devaluation**?

Are bonuses **cancelled** and salaries **decreased**?

# Base Salary Forecast for 2009

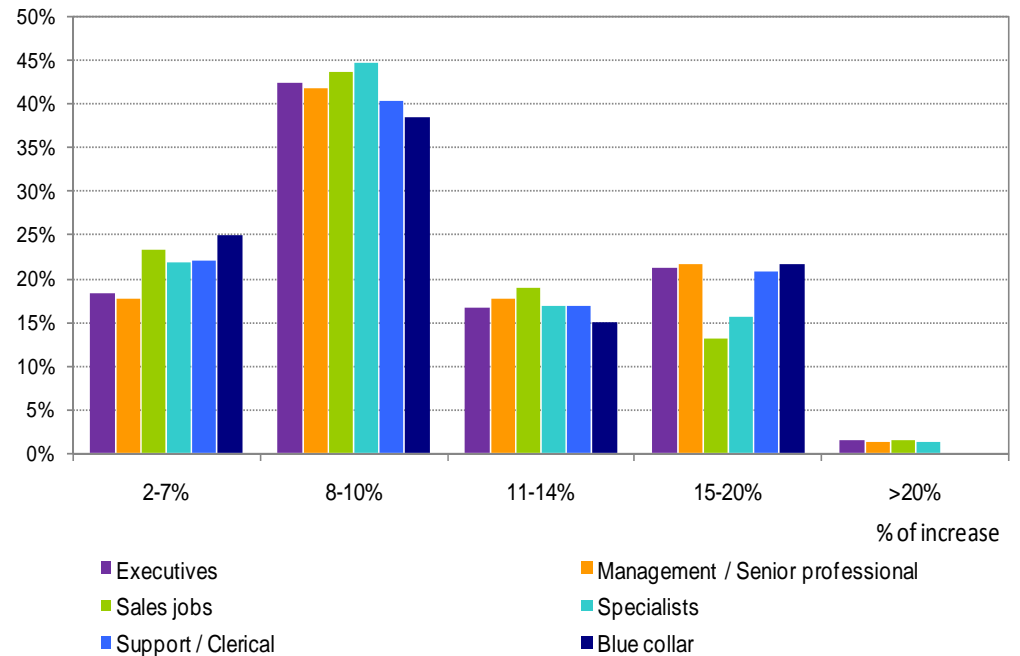
## Companies' plans in respect of salary increases



- Are not planning to freeze or postpone salary increase
- Postponed increases for later
- Freezed salaries or planning to freeze them
- Temporarily reduced salary level

## Salary Increase Distribution Scale

### Level of increases

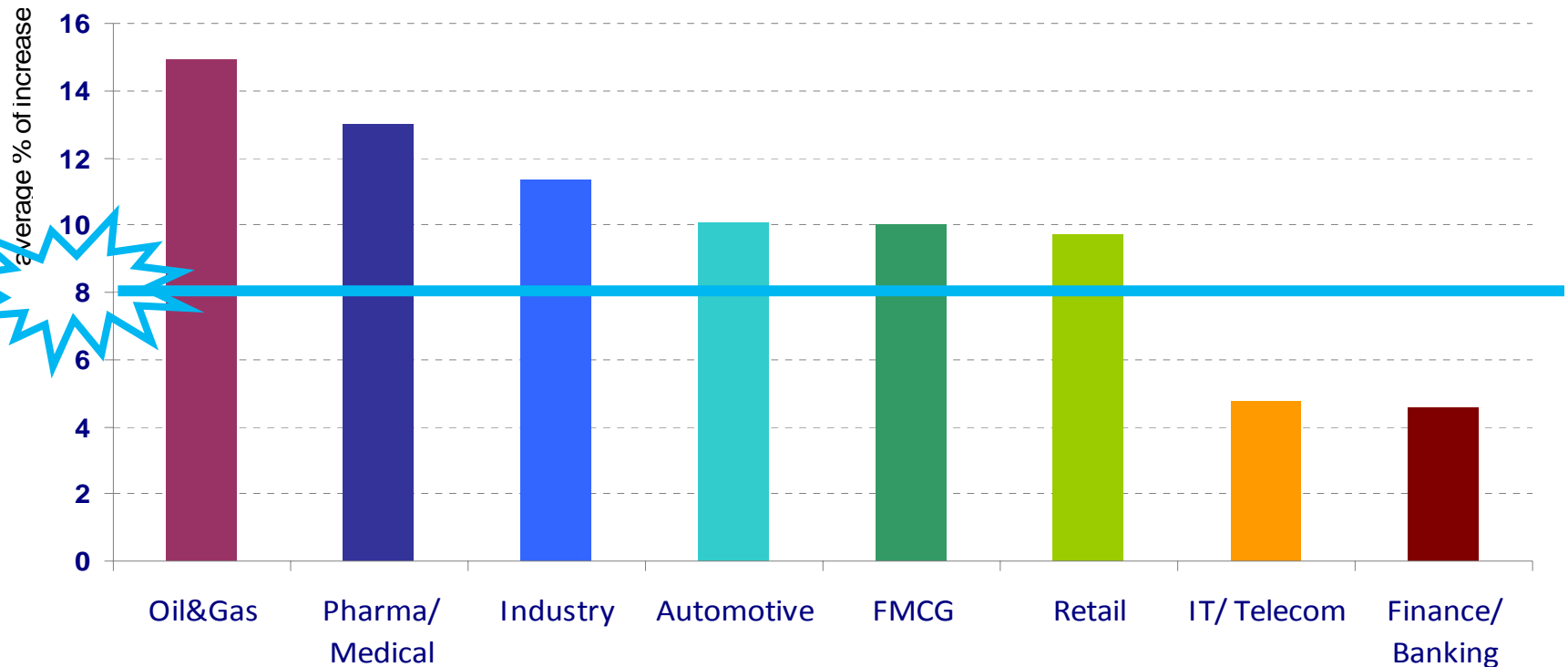


The scale was created based on the responses from the companies indicated that they are planning to increase salaries.

Source: Hay Group Spot Survey

The reference date for the all collected data is 01.02.2009

# Base Salary Forecast for 2009: sector comparison



Only **50%** of companies in **Oil & Gas** sector are planning increases in 2009

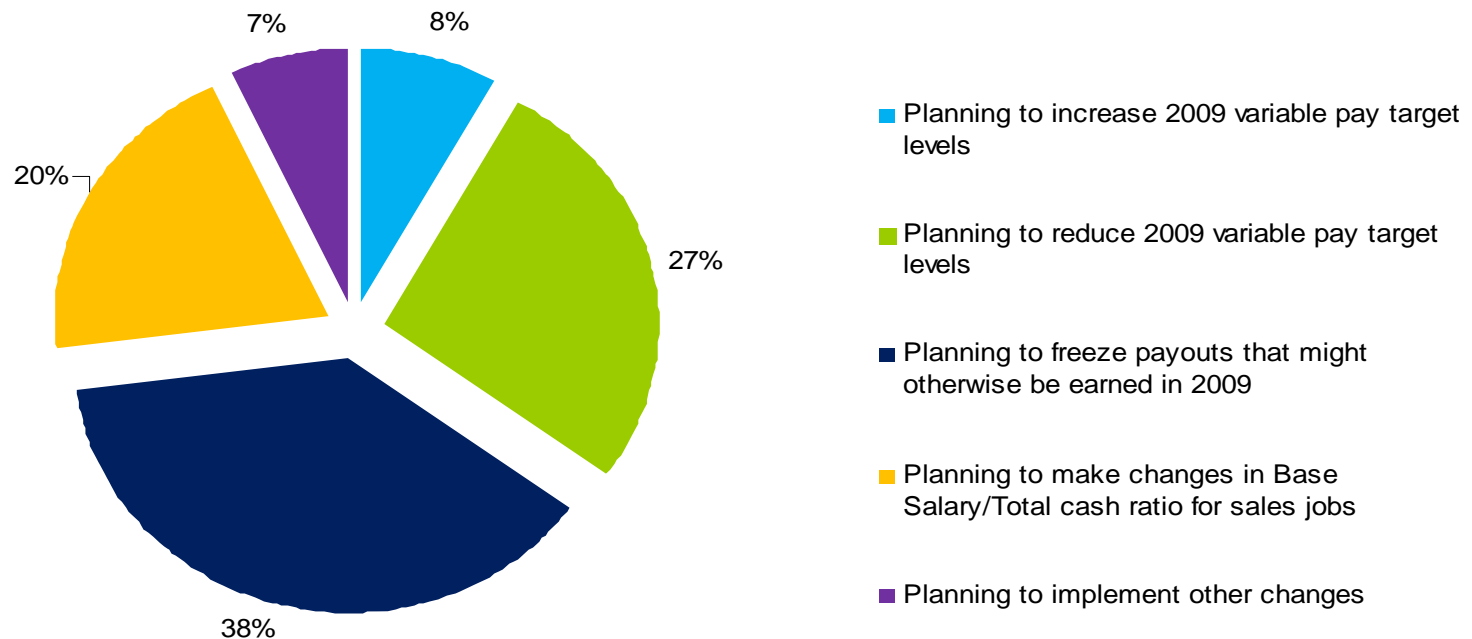
**56%** in **Retail** sector and **46%** in **Finance/Banking** sector decreased their HR budgets

**45%** of **FMCG** companies deferred increases for later

# Changes in short-term incentive program: plans for 2009

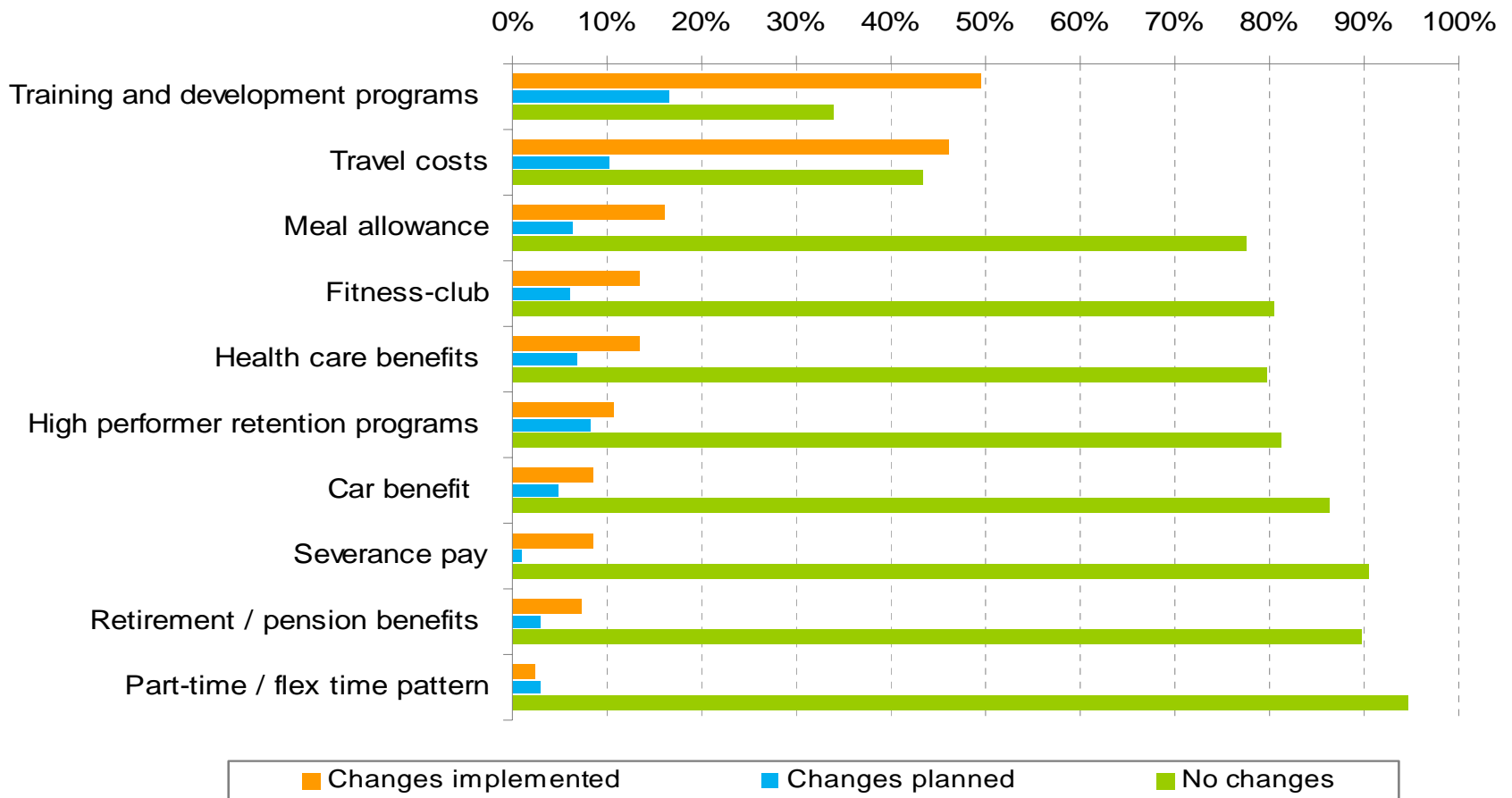
## Why 45 % of companies are planning changes in STI plans?

- New **market** conditions lead to **tuning** of all **reward tools**
- **Talent pool** should act and should be rewarded
- **Sales Force Effectiveness** became very important, especially in **Retail** and **Media / Advertising**



Source: Hay Group Spot Survey. The reference date for the all collected data is 01.02.2009

# Major Benefits are kept, but... providers are put at stake



Source: Hay Group Spot Survey. The reference date for the all collected data is 01.02.2009

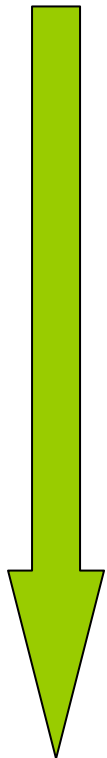
It should be noted that 2 answers were possible: "some changes were done" and "further will be implemented"

# General trends

- **Optimization** of business processes and review of organizational structures
- **Keeping** plans to **increase** base pay, but at the same time **reducing** previously **planned** % of base pay increases **by 3-5%** on average
- Many companies note that **increases** will be made only **for key employees**
- **STI plans** is a subject of change
- **Keeping** benefits, but **differentiating** programs and **negotiating price reduction** and content of programs with providers
- Adjusting **recruitment** plans
- **Reducing** costs for **training** and business **trips**
- Careful **monitoring** of the situation **during the year** based on quarterly results of the company and **market data**

# Top 5 areas of focus

**Shorter  
Term**



**Longer  
Term**

1. Communicating clearly and frequently
2. Pruning the rose bush
3. Retaining your top talent
4. Taking a broader reward perspective
5. Ensuring a solid reward foundation





# Appendix

# Reward Info Services in Russia and CIS: key information

## ■ **RUSSIA**

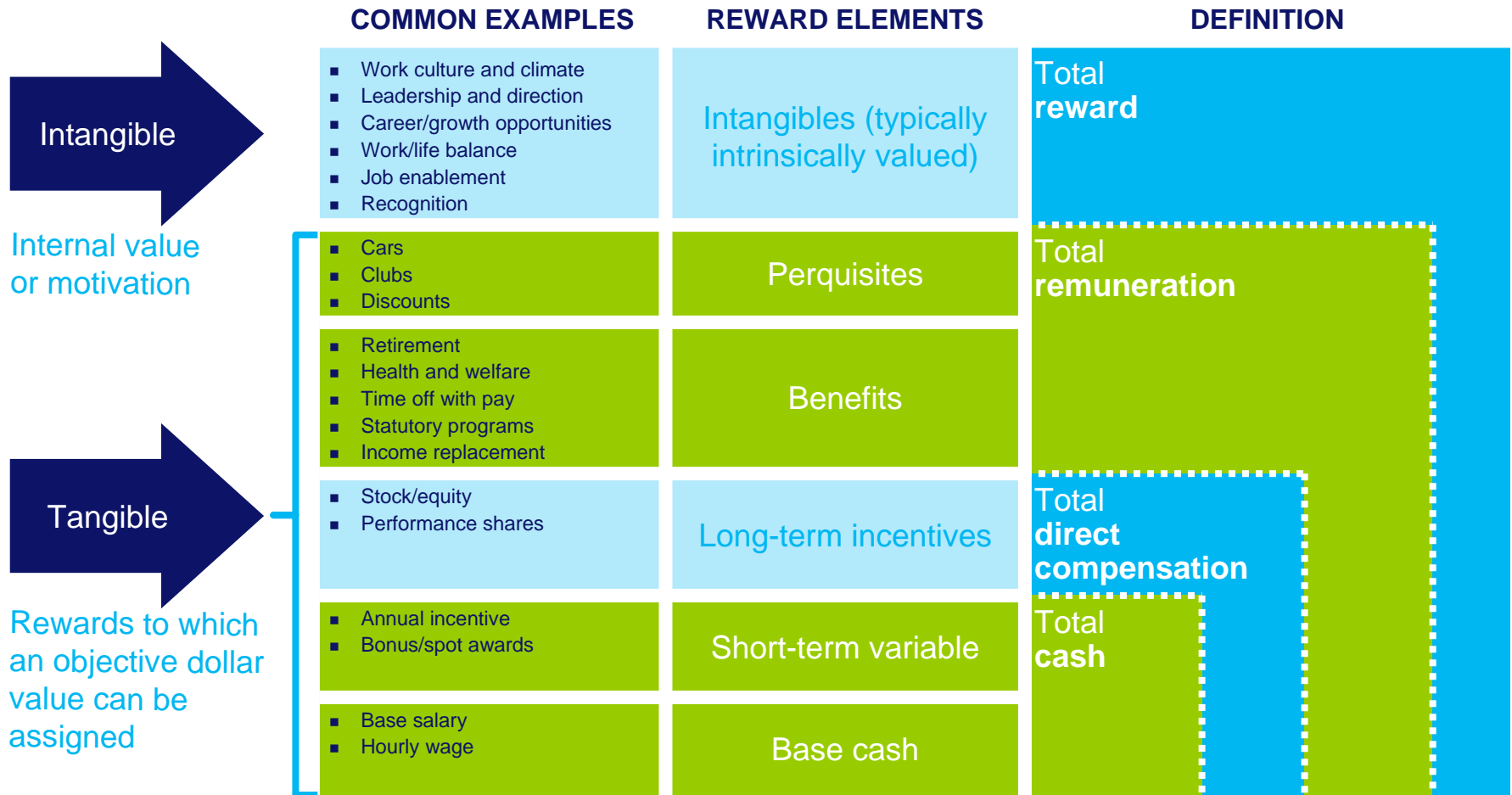
- 220 participating organizations
- 500 000 of incumbents in our database
- 9 business sectors covered, including FMCG, Oil and Gas, Retail, Industry/Machinery, Automotive, Chemical, Medical/Pharma, Services, Media/Advertising
- Data available for Moscow, St. Petersburg, Sakhalin and 12 macro regions of Russia
- We conduct regular, regional, sector and club surveys

## ■ **CIS countries, where we have reward data include:**

- Ukraine, Belarus, Kazakhstan, Armenia, Uzbekistan



# Total reward and total remuneration



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