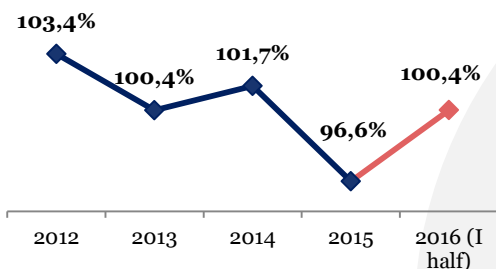


# *Main salary market trends: what has changed and future outlook*

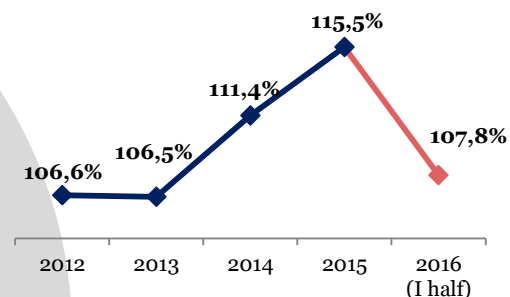


# Key economic factors influencing the labor market

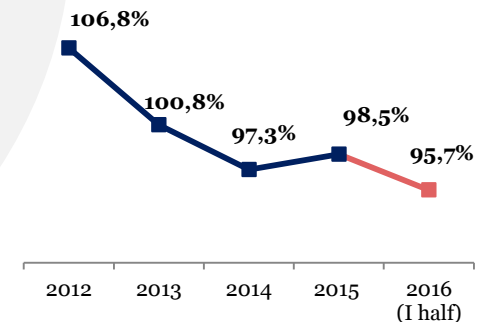
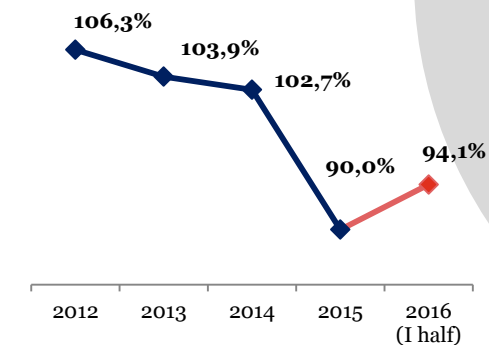
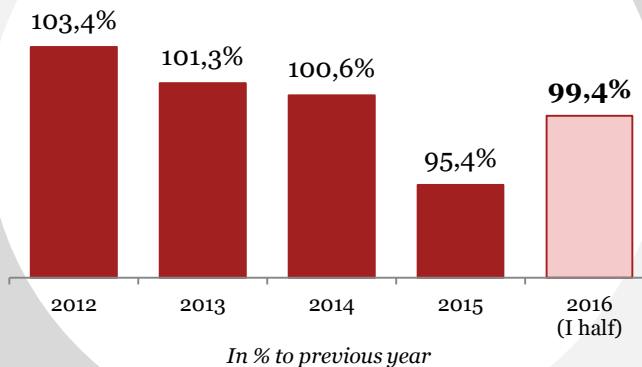
## Industrial production index



## Consumer price index



## The decline in GDP growth



## Retail trade turnover

## Capital investments

# Relationship between labor productivity, profit per employee and salary increase

Revenue per FTE

↑ RUB 14,485,000  
RUB 12,555,000

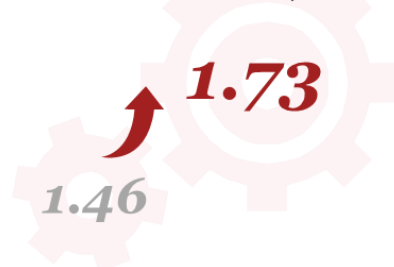
Profit per FTE

↑ RUB 827,104  
RUB 492,269

Total costs per FTE

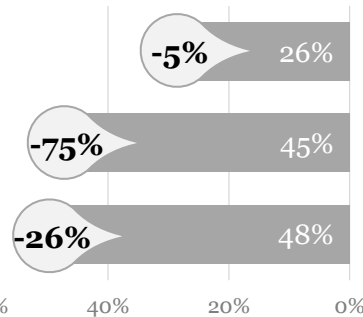
↑ RUB 13,164,000  
RUB 12,630,000

HC ROI, RUB:

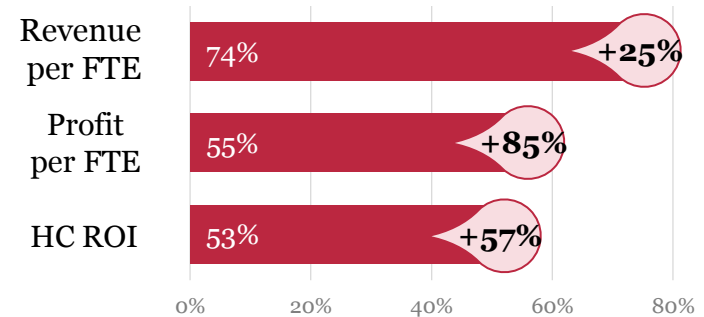


## Key metrics for labor productivity

Companies with negative growth rate



Companies with positive growth rate



$x$   $x$  – percentage of companies  $x$   
 $y$   $y$  – median of growth rate  $y$

# Compensation growth does not offset for price inflation and results in the drop of real income

**i** Historical data analysis shows that the real wage growth has always been positive (except last 2 years).

## Planned salary review for 2017 (by results of the survey in 2016)

5,8%<sup>2017</sup>  
44% of companies

6%<sup>2016</sup>  
40% of companies

### Moscow

guaranteed pay

6,2%

total pay

5,1%



### Saint Petersburg

guaranteed pay

5,3%

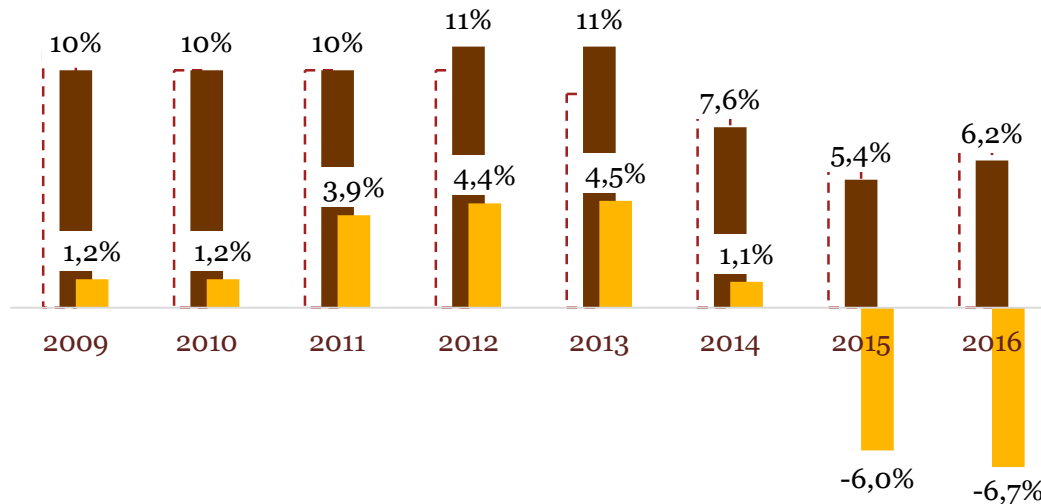
total pay

6,1%



## Dynamics of the nominal and real growth of base pay

▬ Planned salary review  
▬ Nominal income growth  
▬ Real income growth/downturn (taking into account inflation for the year\*)

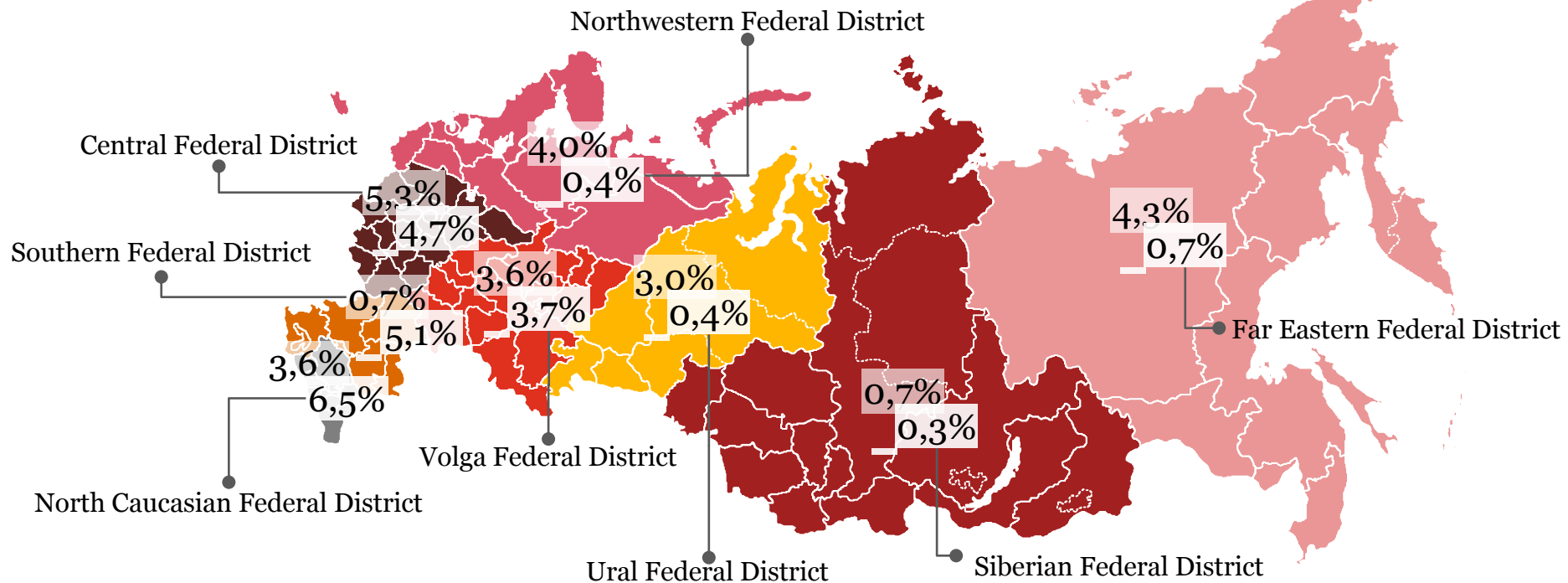


## Regional labor markets show similar trends



Average increase of the guaranteed pay in Russia for the period was 3,3%, total pay average increase was 4,2%.

In the regions the picture is quite diversified: average increase in the base pay in regions of east and north part of Russia is less than 1%, while several regions (North Caucasian Federal District and Southern Federal District) demonstrated increase in the base pay close to the one in Moscow and St. Petersburg.

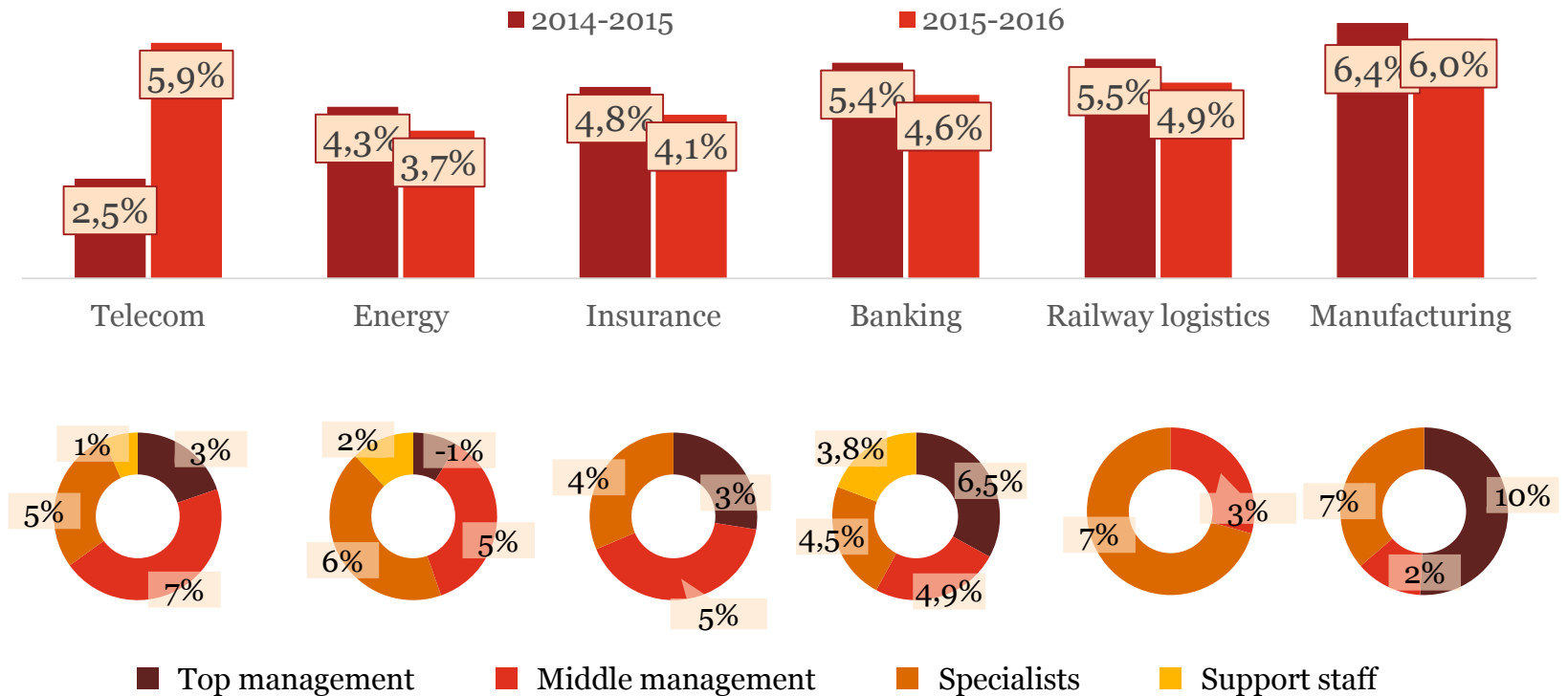


# Compensation growth levels are differs depending on the industries and sectors



Growth dynamics of compensation level remains steady in mostly all sectors, however doesn't show positive increase compared to last year.

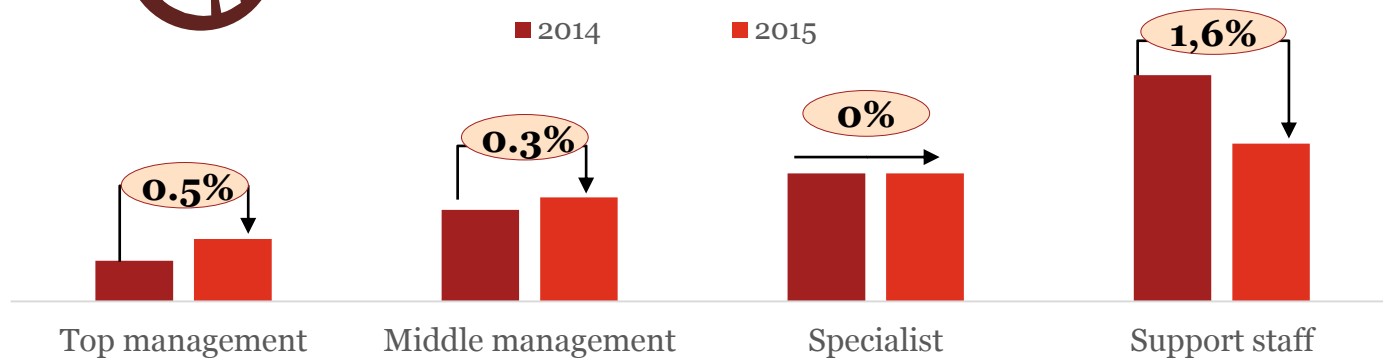
## Analysis of guaranteed pay dynamics in 2014-2016



# Overall companies across all the sectors showed growth in benefits



**Benefits as % of the guaranteed pay**  
(by results of the survey in 2015-2016)



## Benefits per employee (in RUR)

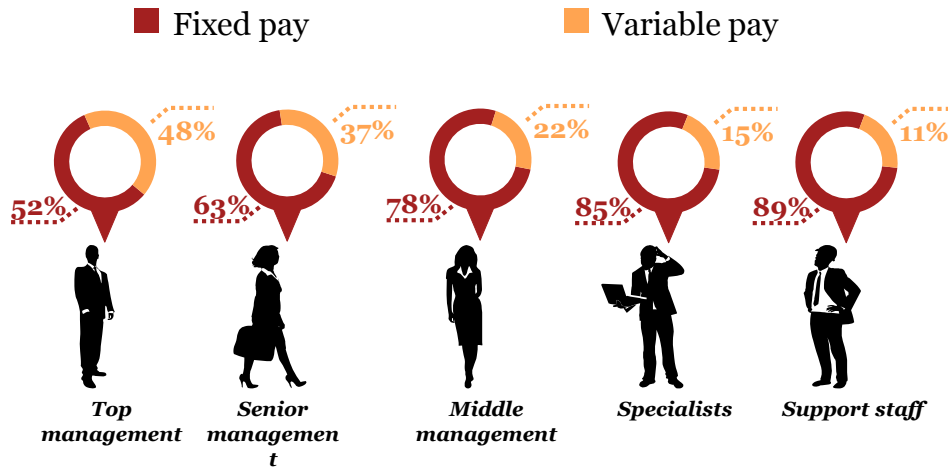


## Medical insurance (annual premium paid by employer (in RUR))



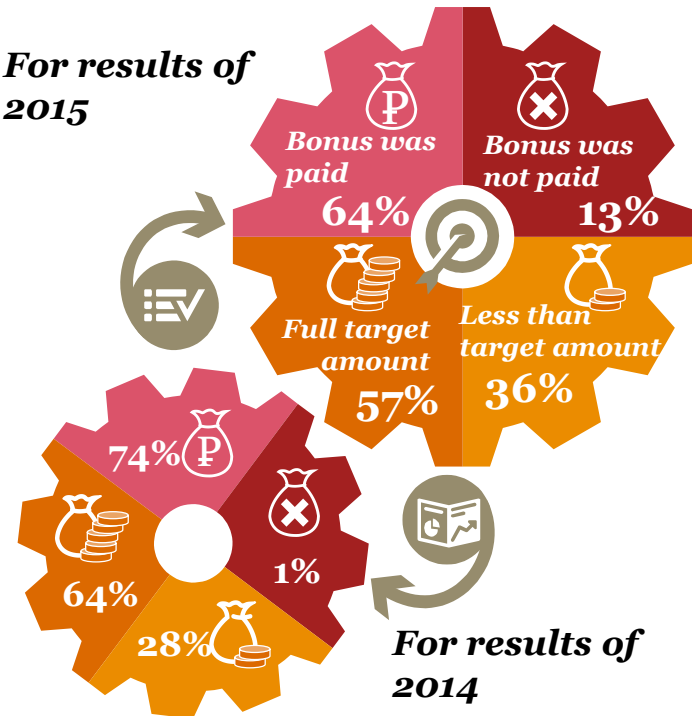
# Compensation mix. Annual bonuses

## Compensation mix by categories of employees



## Annual bonus payments

For results of 2015



Compensation mix analysis by job level showed that last years the compensation structure didn't change: the higher the job the bigger is the share of bonus in total compensation.

The economic reality of recent years has been prompting companies to review the bonus payout policy. In 2016 the ratio of companies which implement bonus payments well-timed reduced from 74% to 64%. Moreover the proportion of companies which paid off bonuses in full target amount has decreased from 64% to 57%.



# *Future outlook: what can we expect in the next 1-2 years ...?*



## *Payment structure*

### **Base pay**

- 74% of are planning to provide salary increase in 2016\*
- Most of the companies tend to have differentiated approach to salary increase



### **Bonus**

- Most of the companies won't make significant changes in bonus policy
- Changes mostly cover periodicity, scale levels



### **Long-term**

Actively implemented only for Top managers. Employees of lower grades usually are not part of the programs



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# *Q&A session*

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