



# One-fits-all or tailor-made C&B in practice

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# Evolution of employee categorization

## Historical view on workforce groups:

Executives



Employees



## Current outlook:

- **Key business roles** – employees holding the most important value-added positions
- **Experts** – employees with critical and unique skills and knowledge, which must be secured and developed within the company
- **Talents** – employees with advanced personal and professional skills and strong potential for further development



New look on employee differentiation calls for new C&B practices

# C&B response

## Before: one-fits-all approach

Standard packages for most employees and customized for (executives)

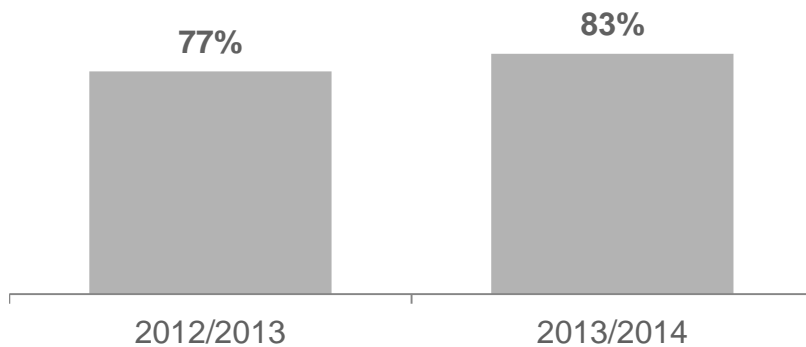
- + Easy to manage
- Limited retention and attraction potential
- Efficiency potential is not exhausted

## Now: “direct marketing” approach

Tailor packages to the expectations of targeted groups of employees

- + High retention and attraction potential
- + Higher efficiency potential
- Sophistication of C&B management practice required

## Individualized approach to salary review in Russia\*



\*According to EY compensation and benefits surveys

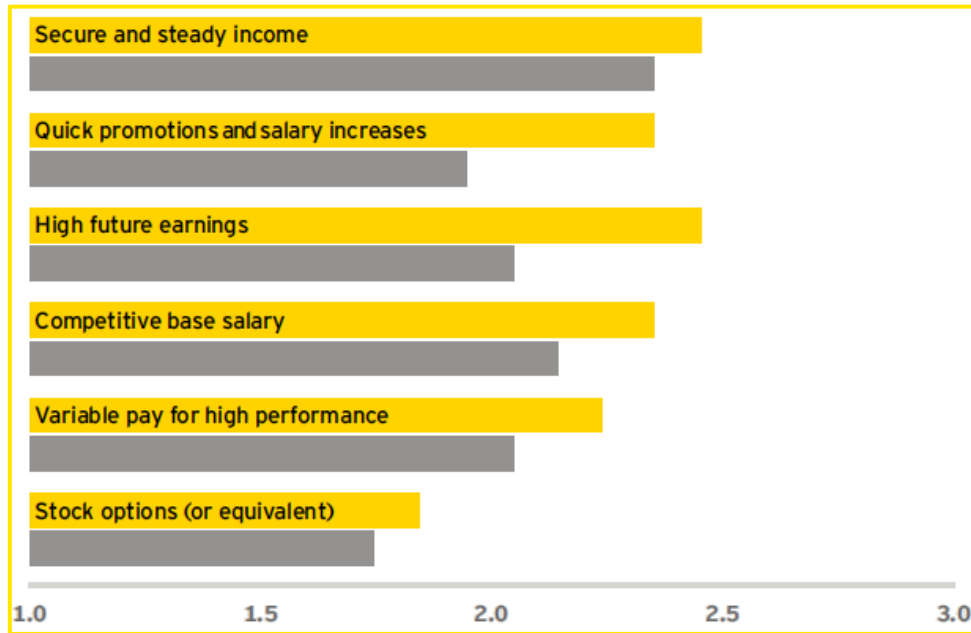


# Demand for compensation features

Some features of compensation and benefits packages may have a greater influence than others on the attraction and retention of key talent:

- Talent is most concerned about both current steady incomes and future earning potential, which is the area of greatest disparity between what's desired and what employees feel their employers provide.
- Steady income is more valuable than variable or equity-settled
- Clarity about future career paths and the associated earnings matters more than a competitive base salary today.

Compensation feature in emerging markets\*  
(3=most desired and highest rating of employer offering)



**■** The desirability of feature  
**■** The extent to which current employer offers feature

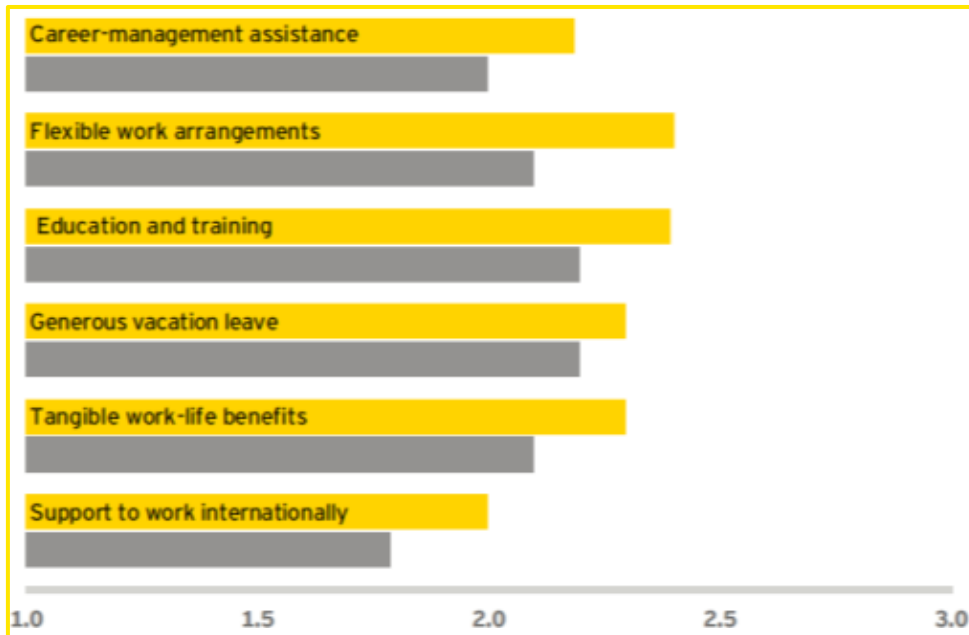
\*According to EY Differentiating for success survey

# Demand for benefits features

**Key low-cost, non-cash benefits are not currently available where they are most wanted.**

- Emerging markets rated education and training the highest. This is a demand that can obviously be fulfilled to the benefit of both employers and employees alike.
- However, career-management support, benefits such as flexible working arrangements, and other benefits related to work-life balance — which are highly valued — are not currently well provided.

**Benefit features in emerging markets\***  
(3=most desired and highest rating of employer offering)



- The desirability of feature
- The extent to which current employer offers feature

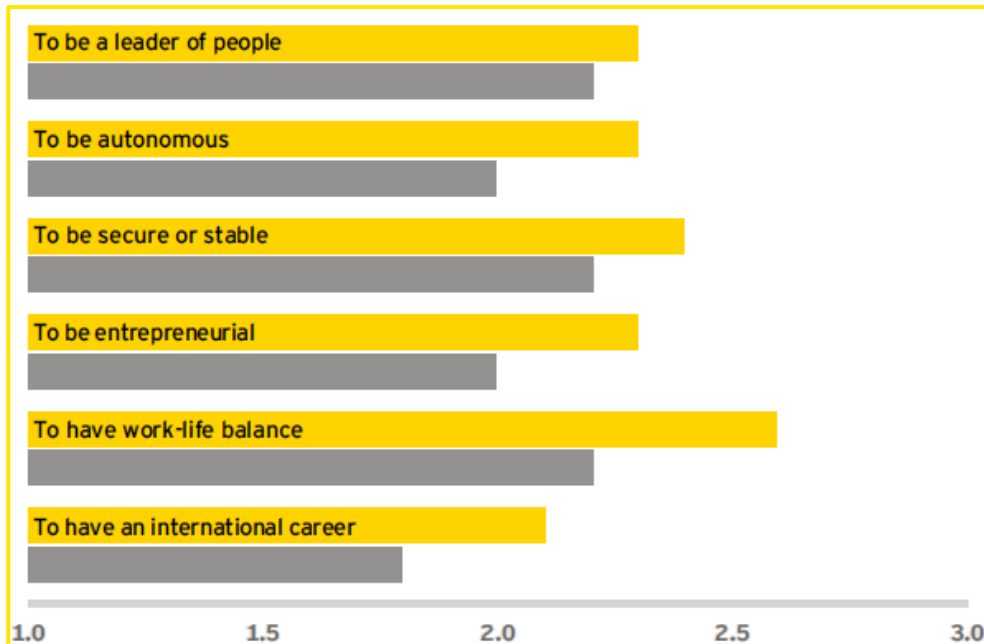
\*According to EY Differentiating for success survey

# Differences in values and goals

The differences in the values and goals among different groups of employees must be taken into account while creating new C&B approach, for example:

- Engineers want to be recognized as technical or functional experts.
- Business professionals have a strong desire for independence and are interested in quick promotions
- IT professionals demonstrate a high preference for flexible work arrangements.

Career goals feature\*  
(3=most desired and highest rating of employer offering)



**EVP is the perfect way to balance provided compensation and benefits and employee's performance at the workplace. The top 3 EVPs:**

- Clear vision of career path and career development;
- Work-life balance as an especially valuable benefit - #1 among career goals in Russia.

■ The desirability of feature  
■ The extent to which current employer offers feature

\*According to EY Differentiating for success survey

Career-management support and benefits related to work-life balance are highly valued by target groups, but are not currently well provided.

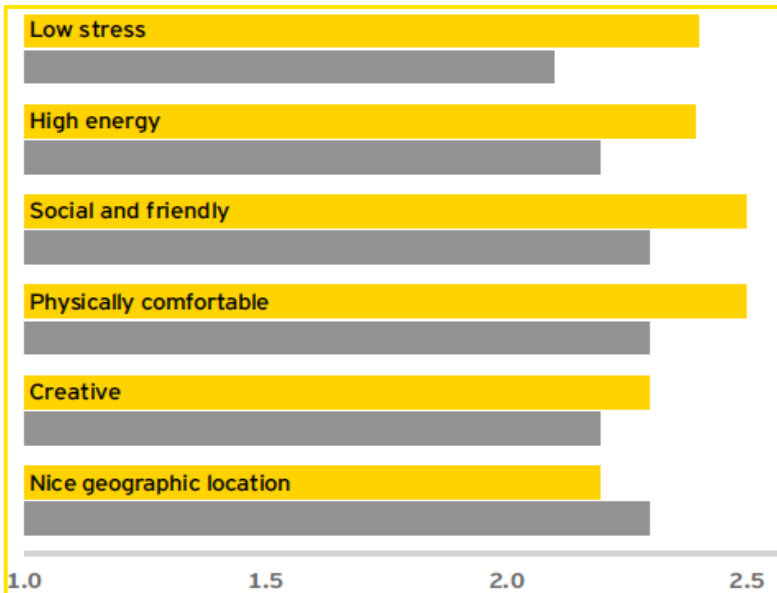
# Employer attractiveness

We tend to think of employer attractiveness as part of the employer brand and, therefore, as critical for attracting future employees. Our study found that organizational reputation was also important for the retention of current employees. The key findings are:

- People place greater value on a high-energy, sociable, friendly and comfortable environment
- Strong employer brand in Russia implies the company to be an elite industry leader

## Internal

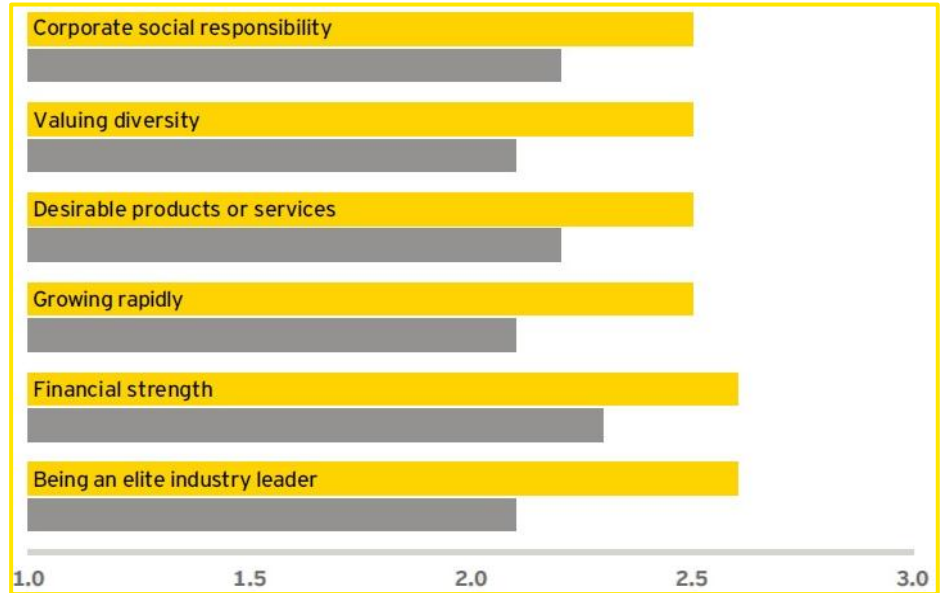
Work environment feature\*  
(3=most desired and highest rating of employer offering)



Focus on the internal design and the atmosphere of your workplace to create an environment that suits the preferences of the team.

## External

Reputation feature\*  
(3=most desired and highest rating of employer offering)



The desirability of feature  
 The extent to which current employer offers feature

\*According to EY Differentiating for success survey

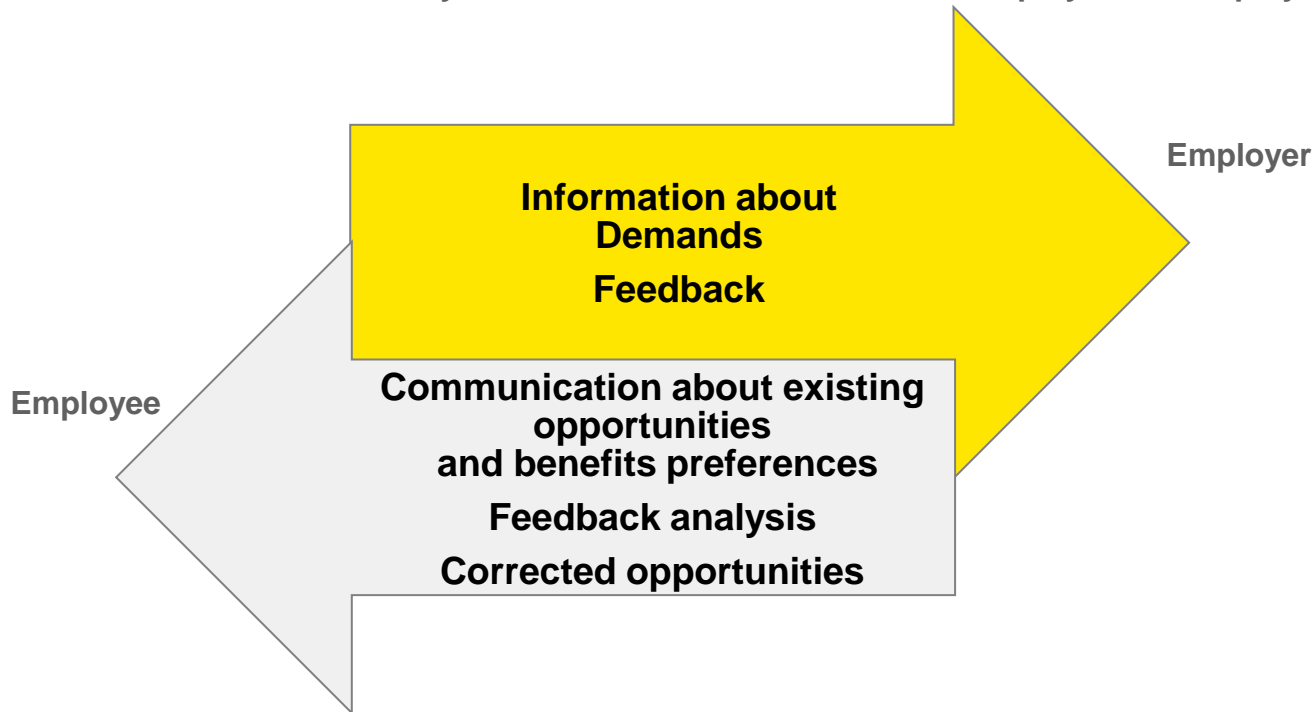
# Internal communication

## Building tailor-made C&B helps to achieve multiple commitment:

- Continuance commitment – desire to remain with current employer
- Normative commitment – feeling obligated to remain with current employer
- Affective commitment – feeling emotionally attached to current employer

**Job satisfaction  
and engagement**

Tailor-made C&B becomes effective only with clear communication between employer and employees





# Questions?



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