



Overview of HR in Russia

AEB HR Conference

16 May 2008

Welcome

- ▶ Our biggest ever conference
- ▶ What to leave out?
- ▶ Administration
 - ▶ Coffee
 - ▶ Lunch
 - ▶ Drinks
- ▶ Separate Sessions – C&B, Recruitment, T D & A
- ▶ Ask Questions, Meet Peers & Enjoy Yourself
- ▶ Mobile Phones
- ▶ Feedback

Overview

- ▶ Some Background Issues
- ▶ Compensation & Benefits
- ▶ Training & Development
- ▶ Recruitment, Retention & Resourcing
- ▶ Performance Management & Assessment
- ▶ Technical Stuff
- ▶ Conclusions

Background Issues

- ▶ Demographics
- ▶ Education?
- ▶ Health?
- ▶ Inflation & Dollar Devaluation
- ▶ Property Prices
- ▶ Regional Expansion and Internal Mobility
- ▶ Outbound Russian Investment and External Mobility
- ▶ How long will it last?

Compensation & Benefits

- ▶ Second year in a row of wage inflation exceeding inflation
- ▶ Greater standard deviations
- ▶ Almost complete rublisation of pay
- ▶ Increased complexity and sophistication of pay
- ▶ Pensions?
- ▶ Insurance?
- ▶ Base pay remains vital
- ▶ First indications of a slow down????

Incentives

- ▶ A short history of executive compensation
- ▶ STIPs
 - ▶ Heavily metricised
 - ▶ More and more moving to annual
- ▶ LTIPs
 - ▶ Further depth in organisations
 - ▶ Issues with catch up
 - ▶ Technical problems remain
- ▶ Mismatch between Russian and foreign pay?

Training & Development

- ▶ Is going to be increasingly important as demographics and market make resourcing more difficult
- ▶ Russia still overvalues this compared to the rest of the world, especially if its foreign and/or certified
- ▶ Better organisation and targetting
- ▶ Much greater focus on talent management in past twelve months
- ▶ Corporate Universities; fast track programs
- ▶ Graduate onboarding and basic training – issues with Russian education?
- ▶ Better HR qualifications

Recruitment, Retention and Resourcing

- ▶ Quality, experienced executive search and recruitment consultants mean that your staff will receive a better understanding of genuine opportunity costs
- ▶ More recruiting and much more aggressive cold calling means they will get a better understanding of false opportunity costs
- ▶ Internet based opportunities make the level of attack on your staff higher than ever
- ▶ Got to get the money right
- ▶ But.....then you must rely on excellent basic HR
- ▶ Think creatively about resourcing – Regions, CIS, Expatriates

Performance Management & Assessment

- ▶ Ever better links into training & development and into incentives
- ▶ More systematised
- ▶ Objectivity, trust and fairness paramount
- ▶ More focus on training and how this should be done
- ▶ 360 degree and other MSF type arrangements creeping in

Technical Stuff

- ▶ Immigration still a nightmare and getting worse
- ▶ Legislation around equity incentives needed
- ▶ Level of labour inspection increasing, willingness to fine increasing, very little of this constructive and helpful
- ▶ Attitude of Tax Inspectors not very helpful with regard to complicated compensation structures
- ▶ Questions around legislation on outsourcing
- ▶ Given a health and education government agenda what might we see change?

Conclusions

- ▶ The business environment remains very excellent at the moment
- ▶ People are ever more the defining restriction on the maximisation of business opportunity
- ▶ Two week notice periods are a big stick to make employers behave themselves, or else
- ▶ Get the money right first
- ▶ But...the quality of HR in Russia is improving with every year
- ▶ And...if you do not have a piece of this then you will be losing your competitive edge

Conclusions

So, yes, we people who live in HR, are
that important!!