



The Association of European Businesses

Overview of Salary Surveys in Russia

Quality Information | Effective Lobbying | Valuable Networking

October 20, 2011

Hotel Marriott Royal Aurora

www.aebrus.ru

General Economic outlook 2011/2012

	2010	2011	2012 * (estimates)
GDP	3.8	4.1	4.5
Inflation (year end)	8.7	7.8	6.6
Real wages	4.2	4.5	4.8

Exchange rate

Social Security Contributions

Source : DT-Global Business Consulting GmbH, June 2011

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FMCG and Retention

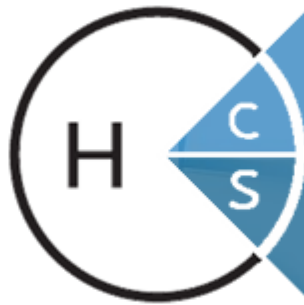
20 October 2011

Exclusive Partnership with

MERCER



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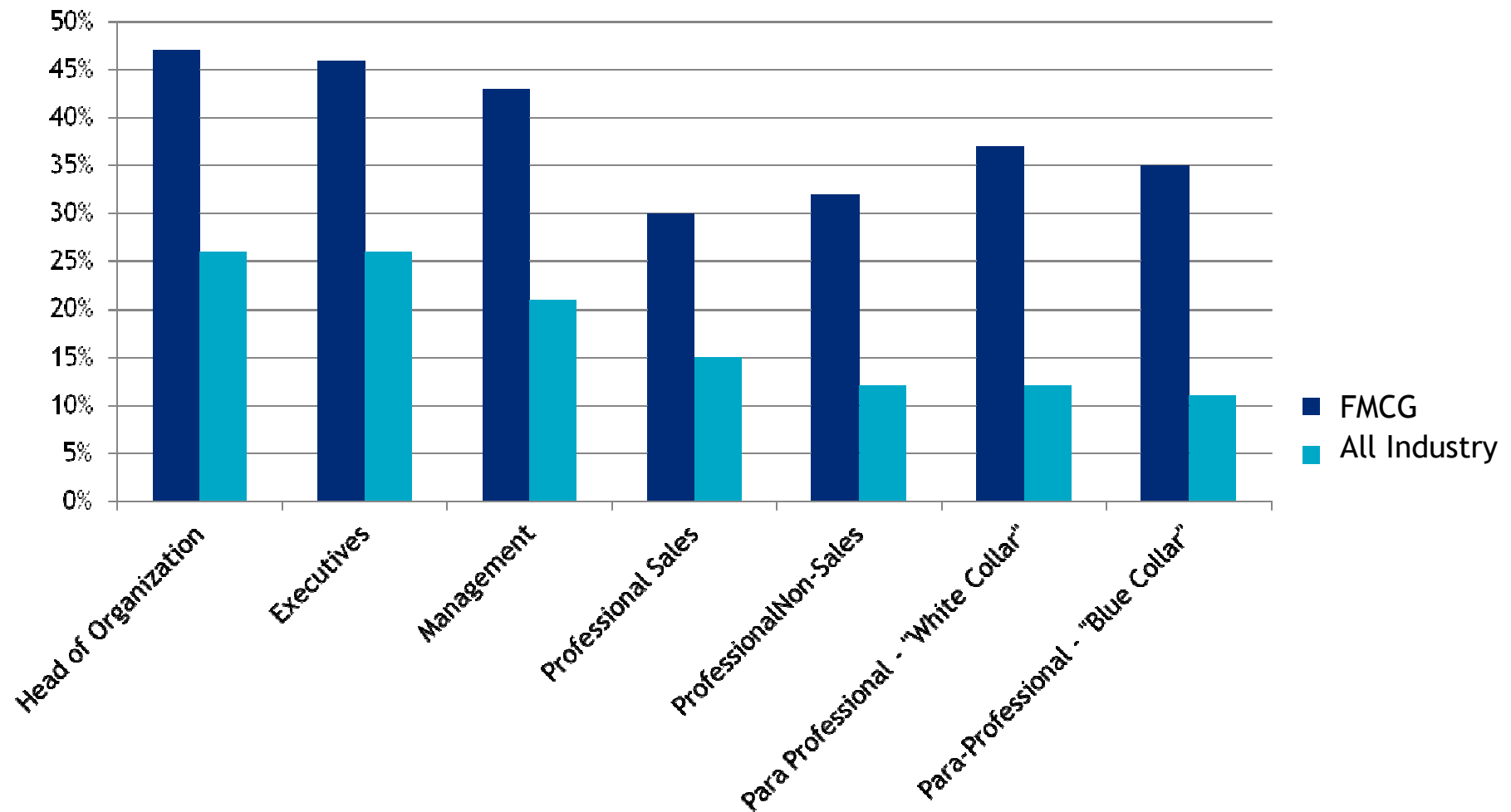
**HUMAN
CAPITAL
SOLUTIONS**

Salary survey results 2011

FMCG industry
Retention Practice

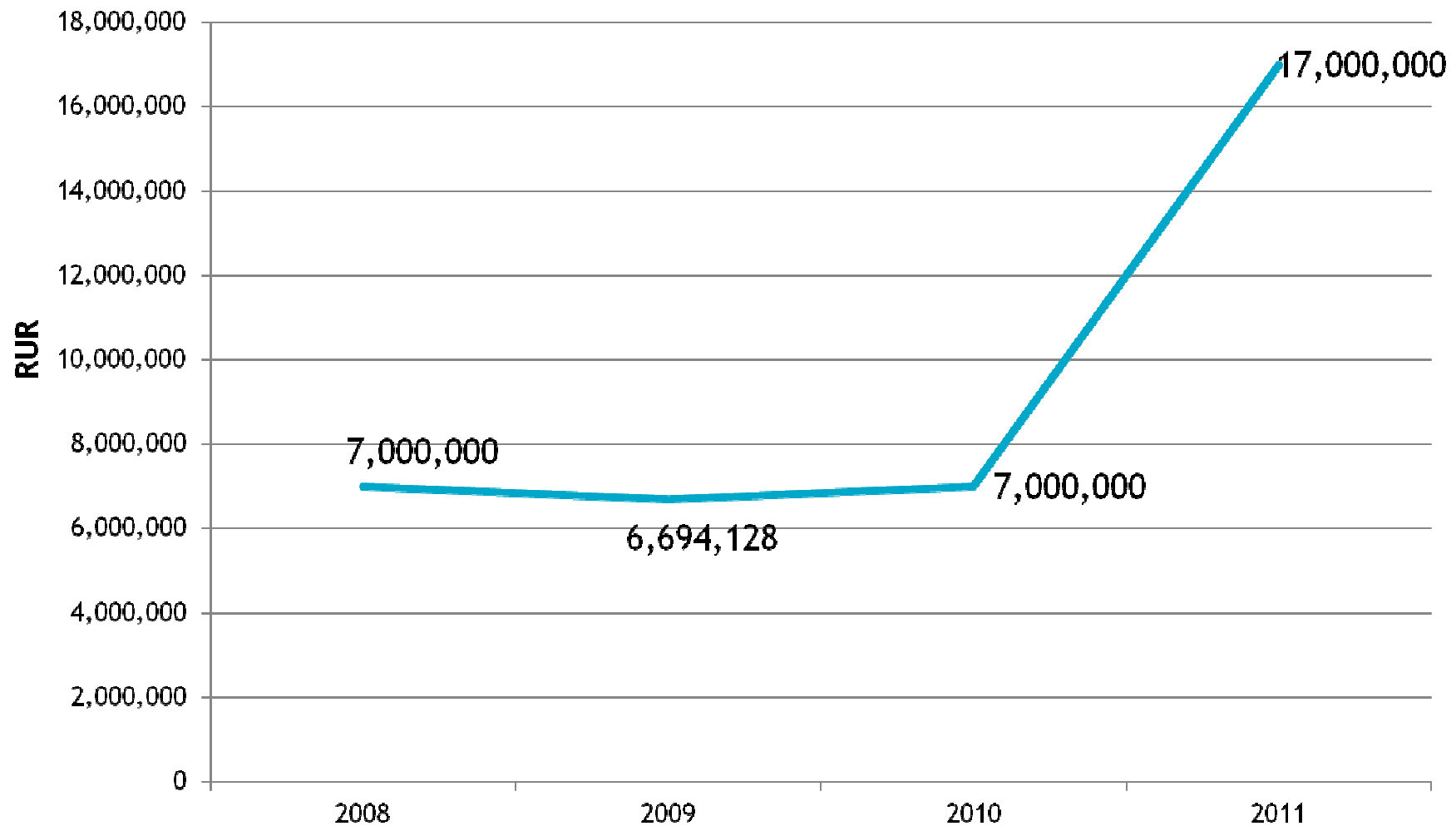
Target market pay levels for total cash in 2011 – P75

FMCG vs. All Industry



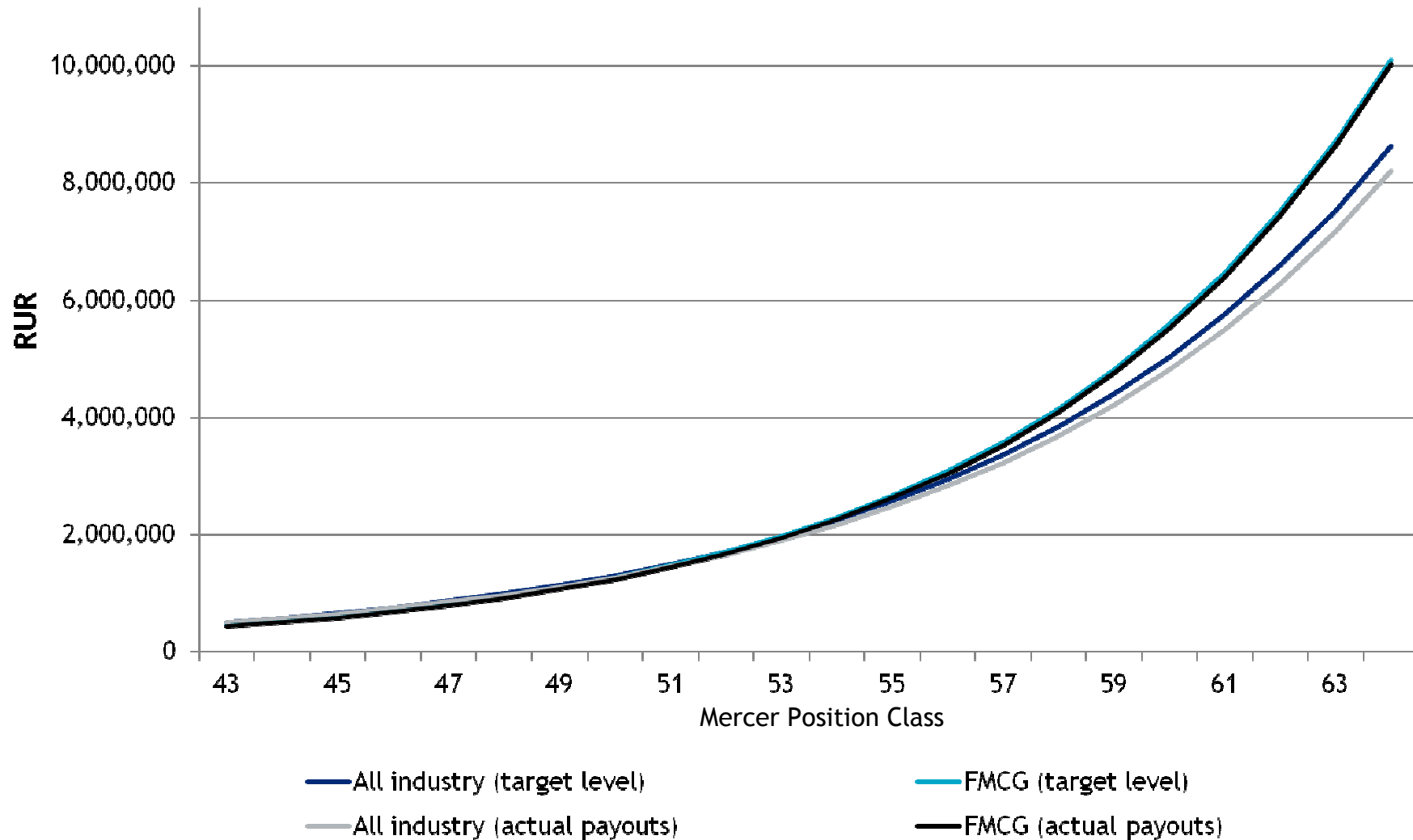
Training budget by median in RUR

Dynamics 2008-2011



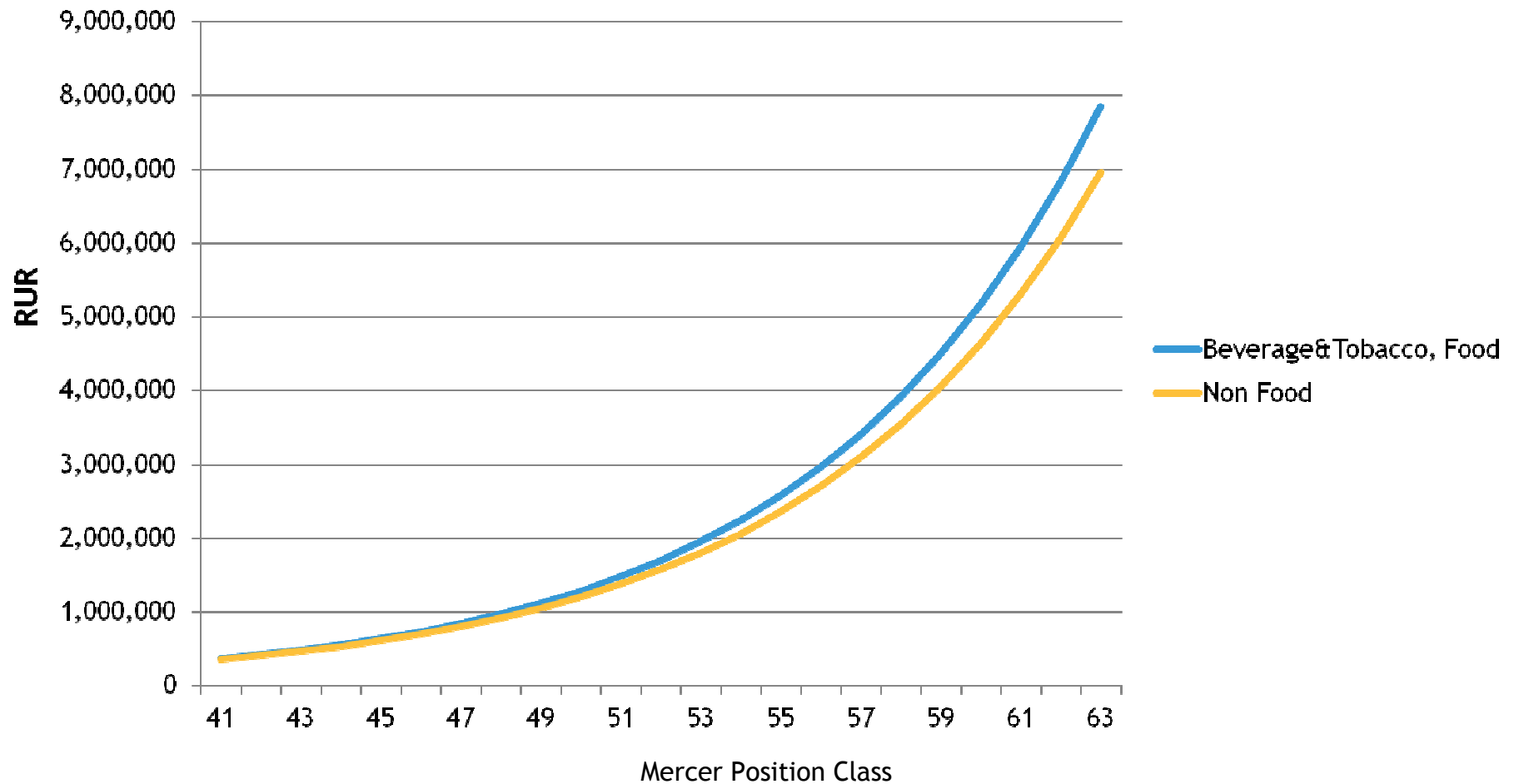
Median total cash in RUR

FMCG vs. All Industry



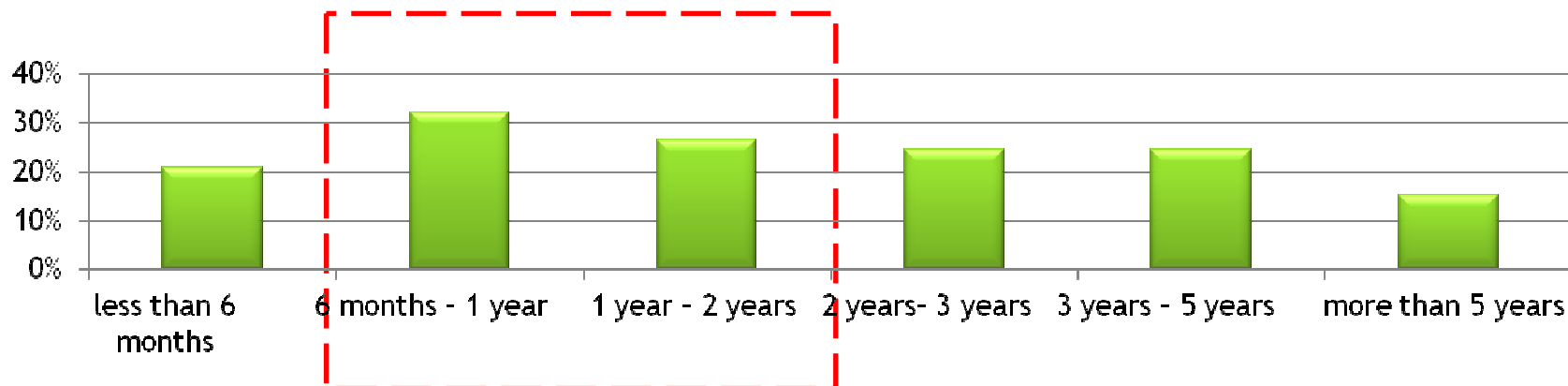
Median total cash in RUR

FMCG: Cross sub industry relativities

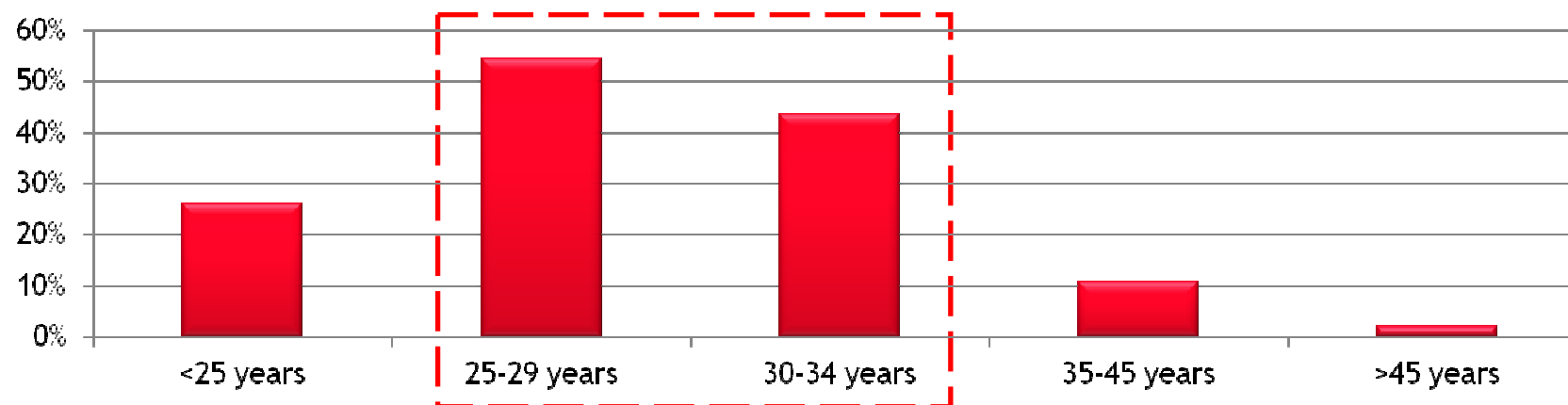


Turnover rate*

In the first half year of 2011, which groups of employees had the highest voluntary turnover rate in terms of period of service in your company?



In the first half year of 2011, which groups of employees had the highest voluntary turnover rate in terms of age?


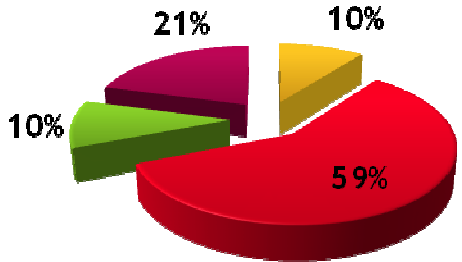


*Some companies indicated more than one option, therefore the total exceeds 100%




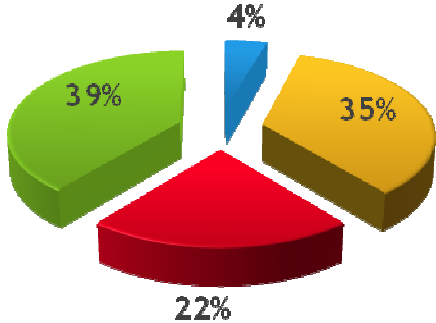
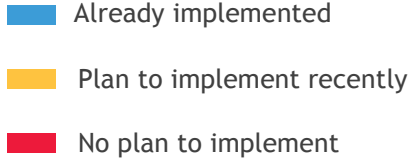
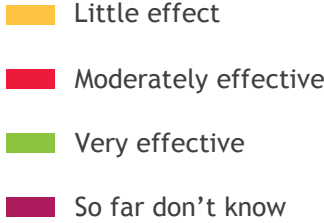
Compensation practice

Deferrable bonus

	Implementation	Effectiveness	Eligibility	
Deferrable Bonus			Senior Management	42%
			Management	38%
			Professional	8%
			High Performers	23%
			High Potential employees	27%
			Key Position employees	23%
			All employees	15%
			Others	15%
	<div> <div></div> Already implemented </div> <div> <div></div> Plan to implement recently </div> <div> <div></div> No plan to implement </div>	<div> <div></div> Little effect </div> <div> <div></div> Moderately effective </div> <div> <div></div> Very effective </div> <div> <div></div> So far don't know </div>	<ul style="list-style-type: none"> 53% of companies are planning to implement the Deferrable Bonus recently 59% of companies find this scheme moderately effective The following groups of employees are usually eligible for the scheme: senior management, management, high potential employees 	

Compensation practice

Retention bonus

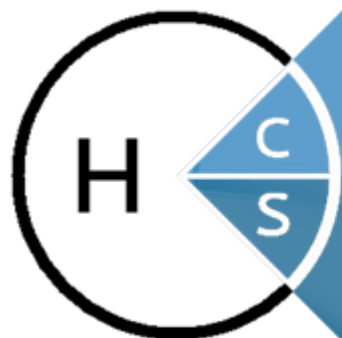
	Implementation	Effectiveness	Eligibility	
Retention Bonus			Senior Management	52%
			Management	48%
			Professional	4%
			High Performers	26%
			High Potential employees	26%
			Key Position employees	52%
			All employees	4%
			Others	9%
			<ul style="list-style-type: none"> 59% of companies are not planning to implement the Retention Bonus 39% of companies do not have any information about the effectiveness of this scheme The following groups of employees are usually eligible for the scheme: senior management, management, key position employees 	

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Oil and Gas sector

20 October 2011



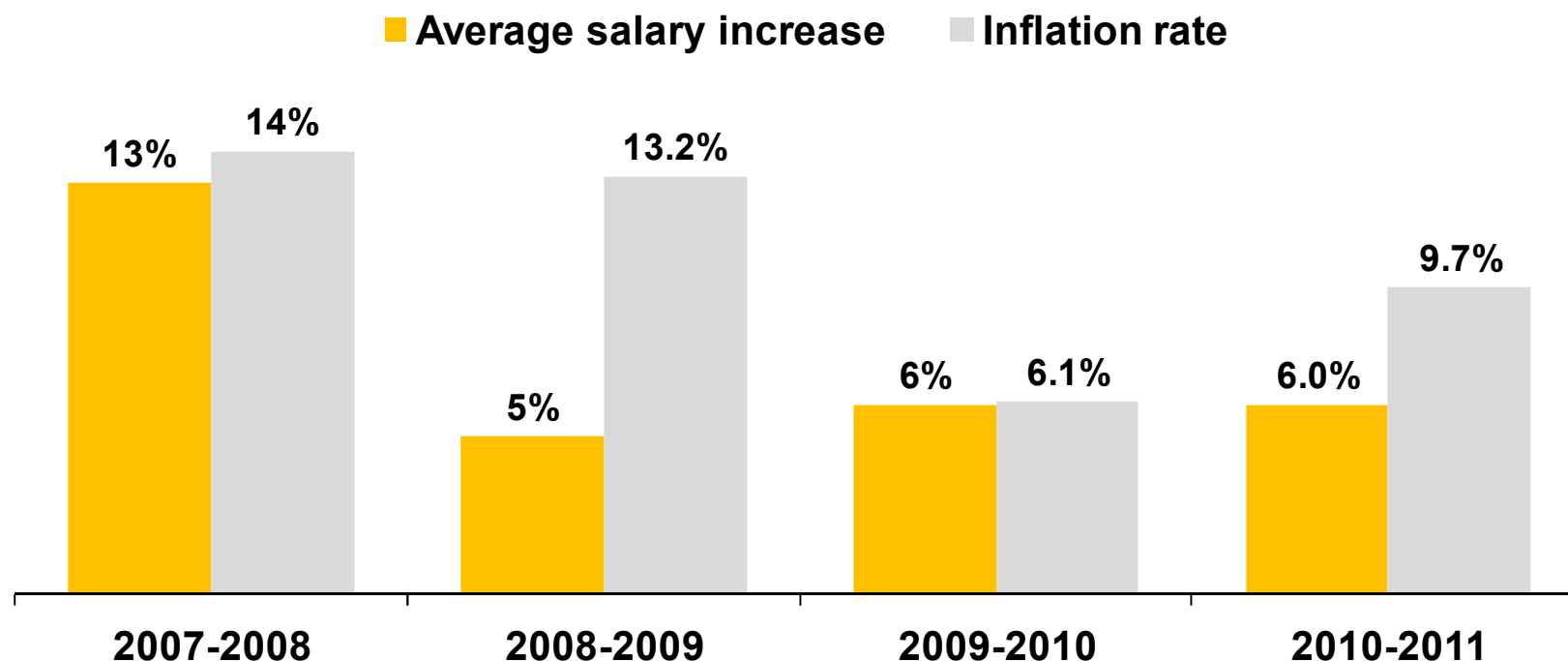
Ernst & Young Compensation and Benefits Survey 2011

Oil & Gas sector

October 20, 2011



Salary changes in Oil & Gas sector

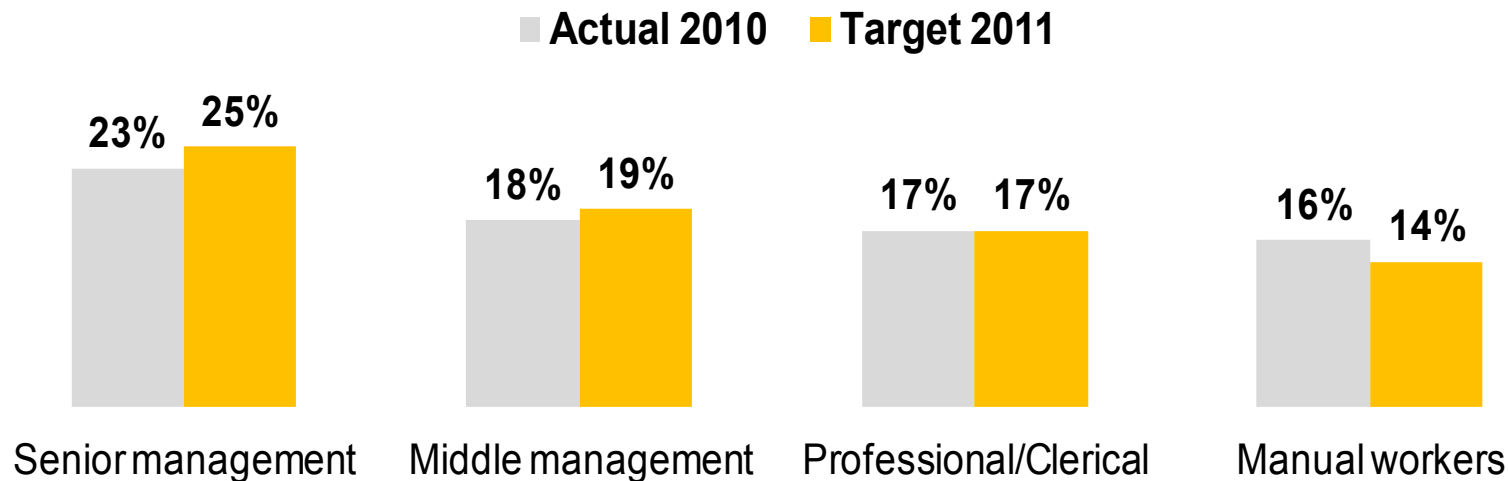


During several years average salary increases in Oil & Gas sector did not exceed the inflation rate, however, the salary levels remain significantly above the general market level

Variable part of compensation package

81% of companies paid performance-related bonuses for 2010 year

Performance-related bonus (% of annual base salary)



The target levels of performance-related bonus for 2011 are slightly above the actual payouts for 2010 for management and slightly below for manual workers

Benefits package

Benefits package varies upon the region

	KHMAO	Moscow
Medical Insurance	81%	100%
annual cost per employee (RUR)	10 831	38 306
Life Insurance (disability/ accident)	45%	81%
max coverage per employee (RUR)	630 435	2 512 139
Corporate Mobile Services	87%	96%
Sponsored Meals	36%	77%
Sponsored Sport Activities	42%	46%
Pension Plans	43%	35%
Sanatorium-resort therapy	61%	4%

Oil & Gas sector employers offer rich benefits packages to their employees

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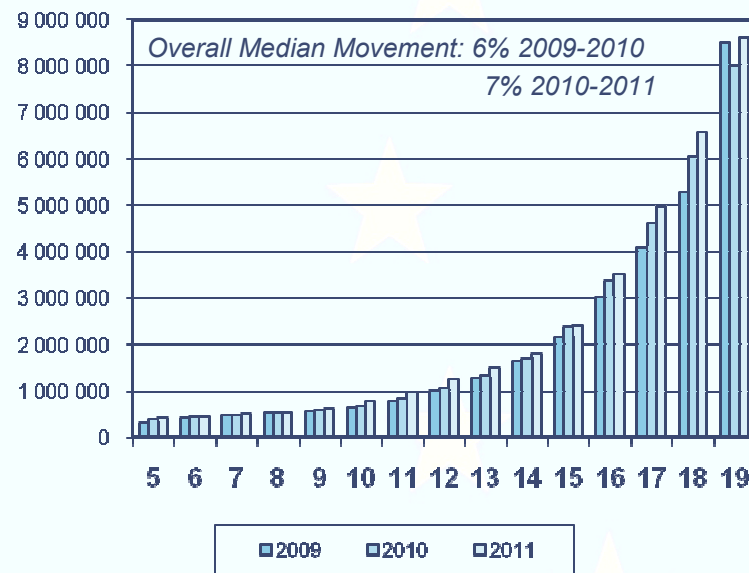
Hi-Tech Sector Survey Overview

20 October 2011

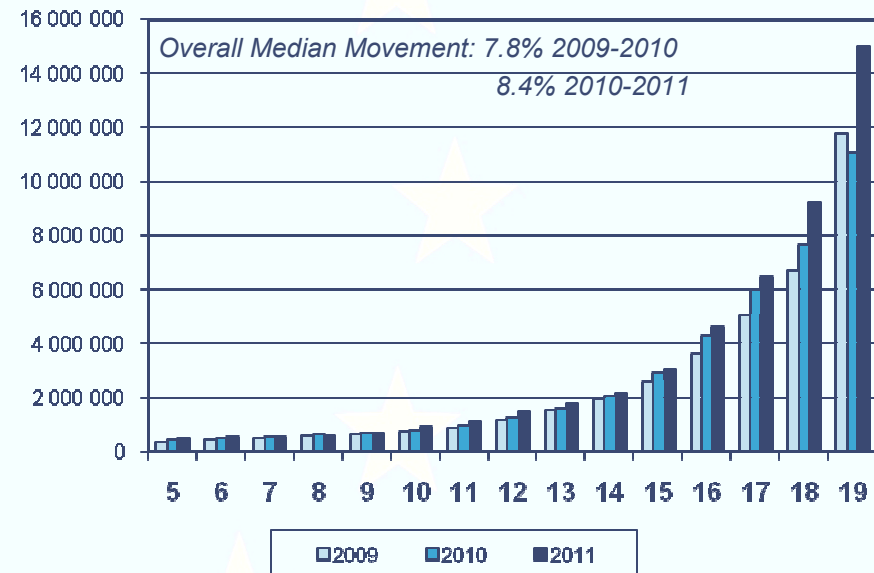
2011 Compensation Survey



**Basic Guaranteed Salary Evolution 2009-2011
Central Moscow, RUB by Global Grades**



**Actual Total Compensation Evolution 2009-2011
Central Moscow, RUB by Global Grades**

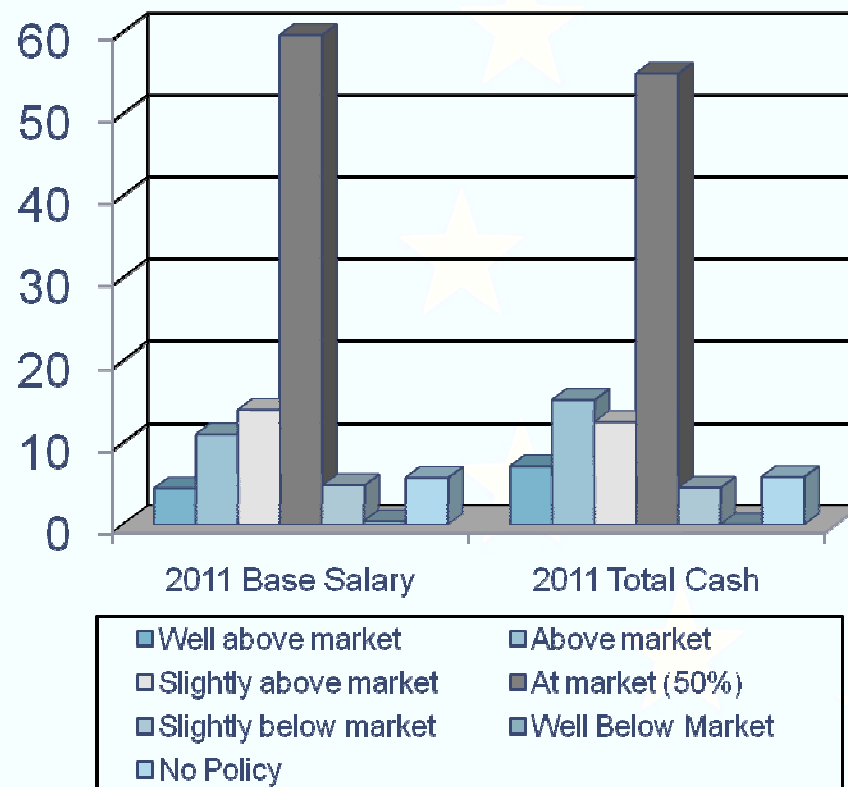


Source: Towers Watson Hi-Tech Sector Compensation Report 2011 (60 participants)

Market Position in Russia



POSITIONING OF COMPENSATION (% of participating companies)



- The majority of companies target market median (often a corporate policy)
- About 30% of companies target base salary above median and 35% for Total Cash
- Over 70% of participants have salary structures for managing compensation

Source: Towers Watson Hi-Tech Sector Compensation Report 2011 (60 participants)

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Total Reward

20 October 2010

The Total Rewards Perspective for Talent and Reward Management



PAY

- Base salary
- Permanent health insurance
- Other recognition



BENEFITS

- Retirement pension
- Life insurance
- Medical
- Childcare voucher scheme



- Career development
- Learning experiences
- Working abroad
- Succession planning
- High-potentials



LEARNING AND DEVELOPMENT

- Leadership
- Culture
- Involvement
- Diversity
- Work/life balance

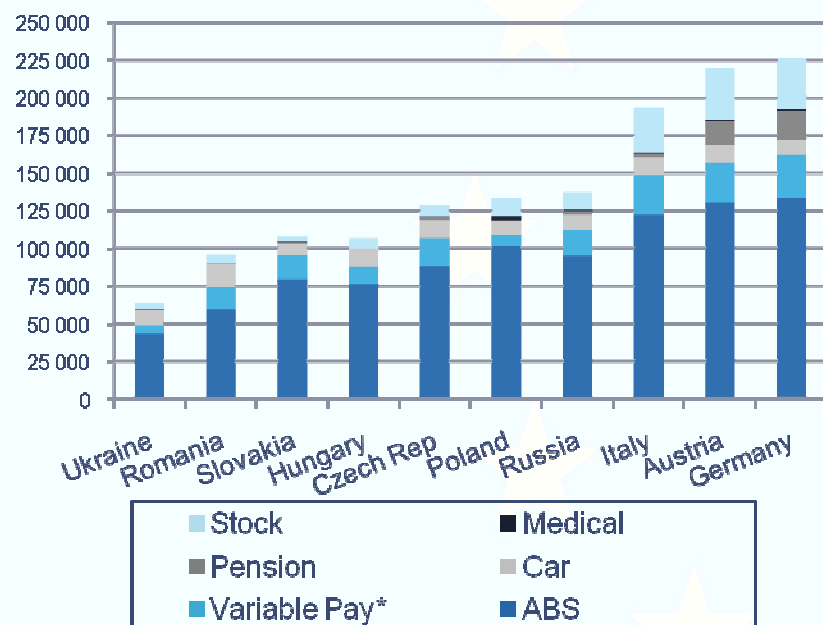


WORK ENVIRONMENT

Total Compensation

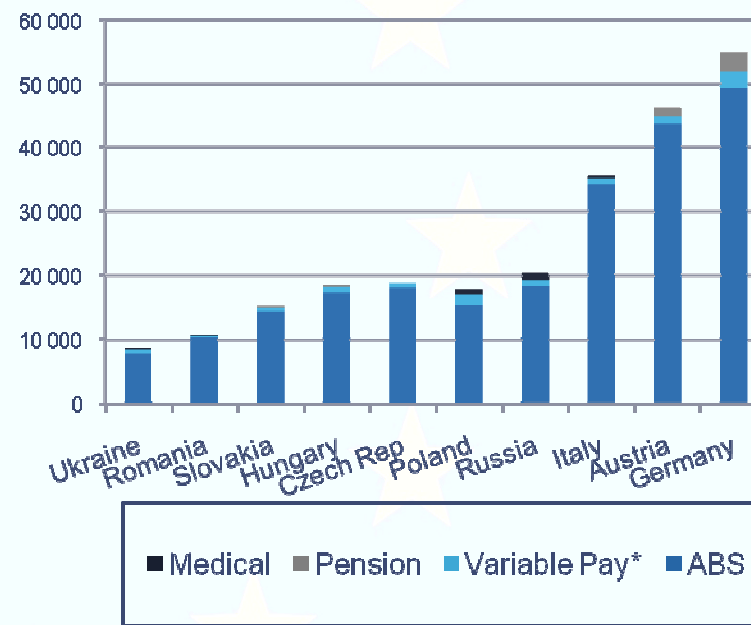
Executives

Head of Finance – Global Grade 15 (€)



Professionals

Accountant – Global Grade 10 (€)



Thank you!



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Financial Services and Executive compensation

20 October 2011

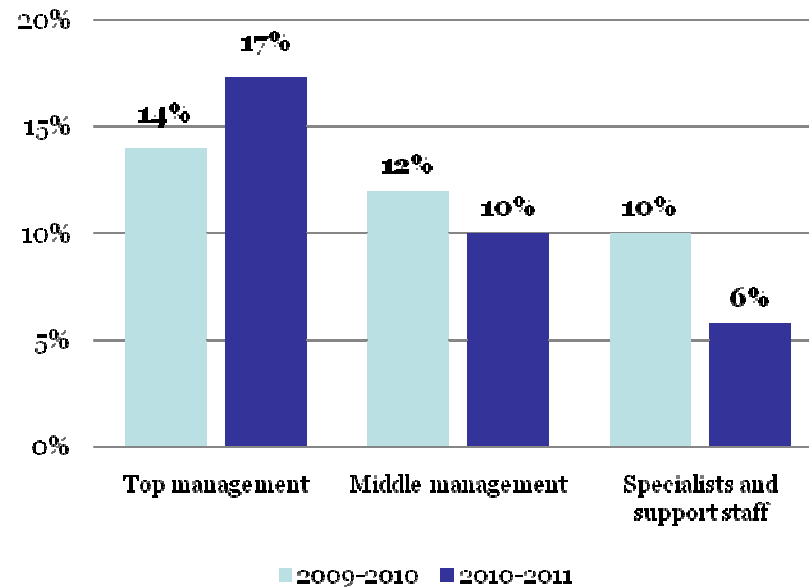
Trends in the Financial Sector

20 October 2011

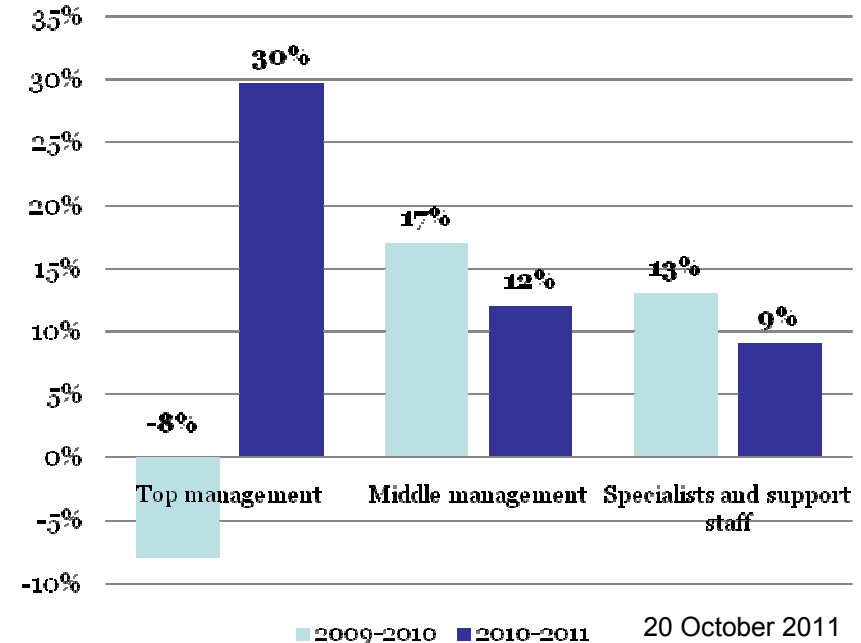
Ruxandra Stoian
Partner HR Consulting

Base pay and compensation mix

Base pay trends



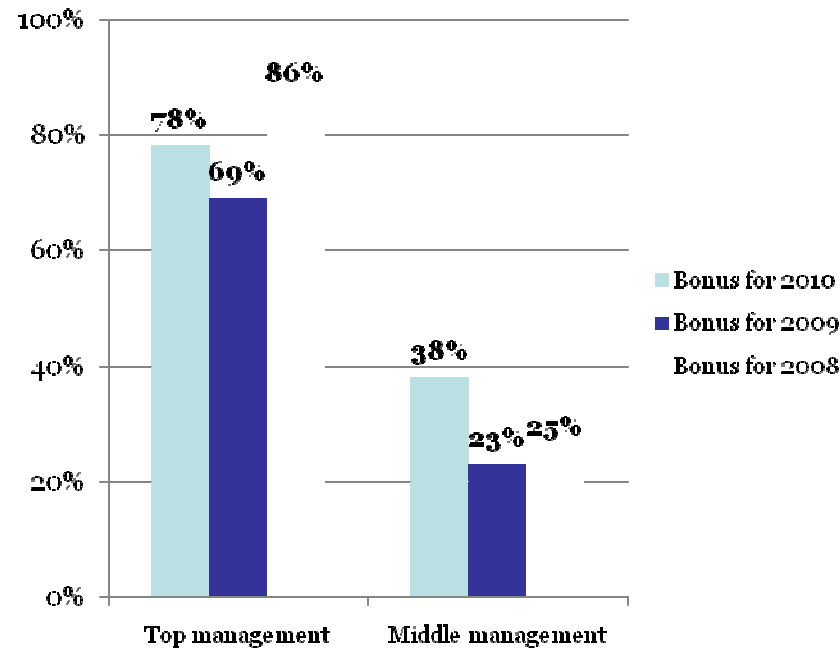
Total compensation



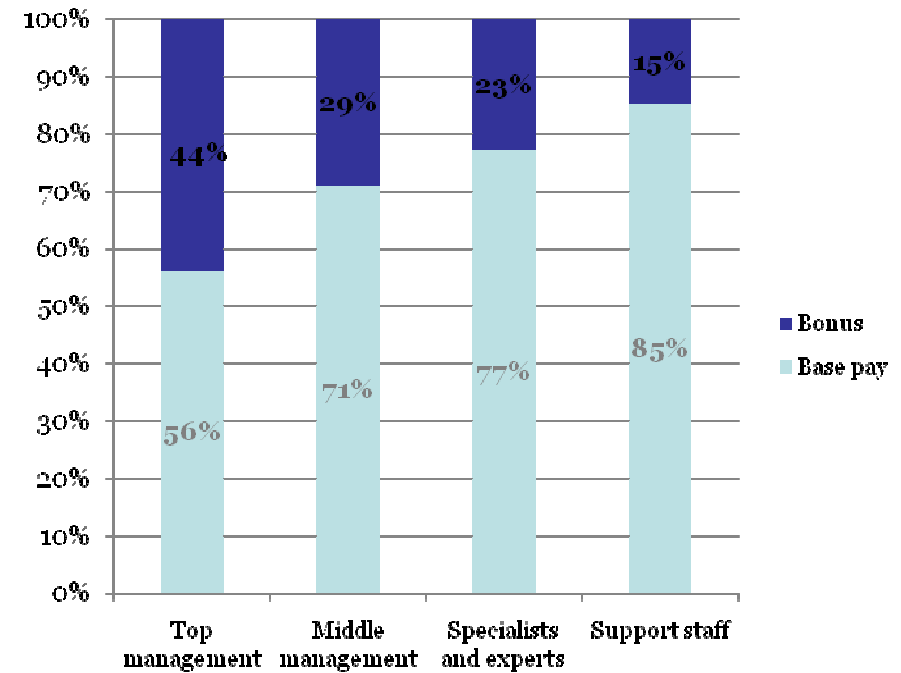
Bonus payments

PwC Financial Sector Compensation Survey 2011

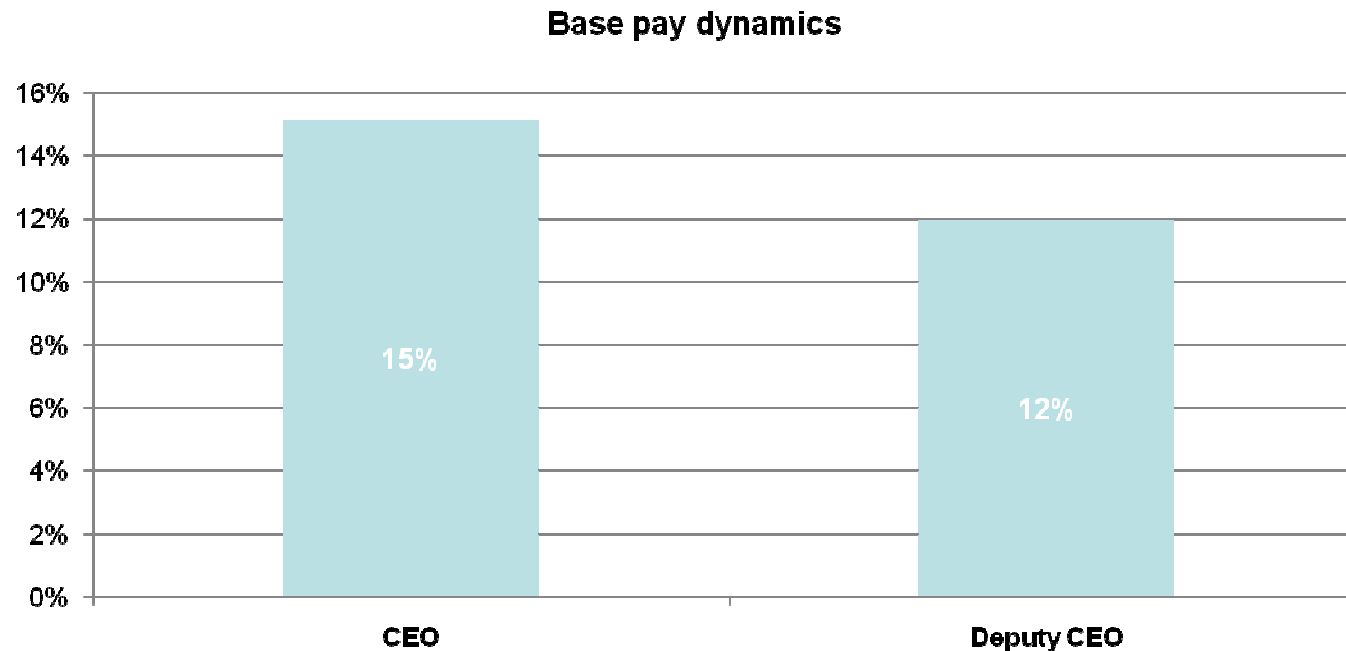
Bonus payments



Compensation mix



Executive Compensation

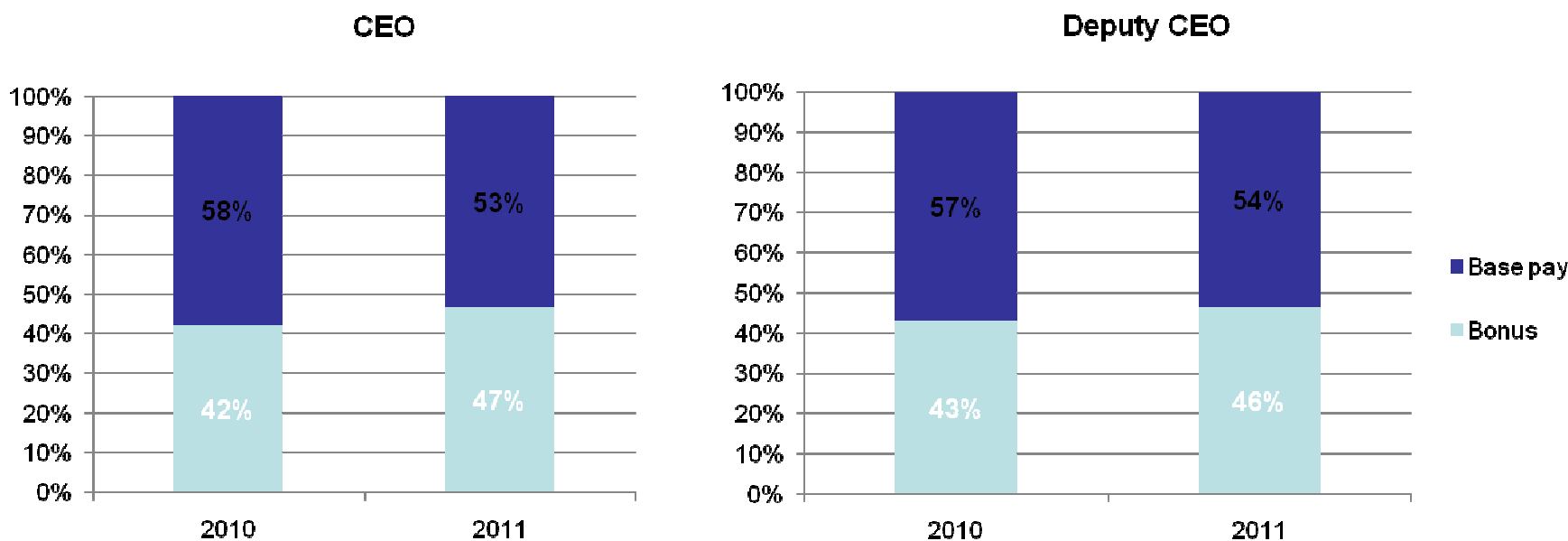


Base pay for top management (Chief Executive Officer and his deputies) in the major Russian companies showed 12-15% increase (for period 1 June 2010 – 1 June 2011), in line with the planned level – 10-15%.

PwC Top Management Survey

2011

Compensation mix in Russian companies as of 1 June 2011 shows that the amount of bonus increased in comparison with previous year:



- Companies are also planning to keep increasing the variable part for CEO and Deputy CEO in the next year close to 50%/50% ratio.

Contacts

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Regional Trends

20 October 2011

Hay Group Remuneration Survey in Russia

Take a deep dive into the Russian regional pay market

20 OCTOBER 2011

ANNA VYALOVA, CONSULTANT



Overview: trends of 2011

- GDP growth is supported this year by high oil prices, firm private and government consumption as well as by stronger gross fixed investment. As such, growth is expected to strengthen to 4.2% in 2011. Hereafter, economic growth is expected to accelerate further to 4.5% in 2012, before slipping back to 4.4% in 2013.
- Moderate economics growth is reflected also in the moderate salary market growth this year. Agerage salary increase was 8% for Russia, 8,3% for Moscow.
- The labour market becomes very competitive for employees again, not only in Moscow and now also in the regions. The unemployment rate is decreasing and is expected to be 6,8% by the end of the year. This year more companies reported that they experience scarcity for certain qualifications. Among the most mentioned are engineers, technologists and other production related jobs.

Southern and Far-East pay markets show stable growth

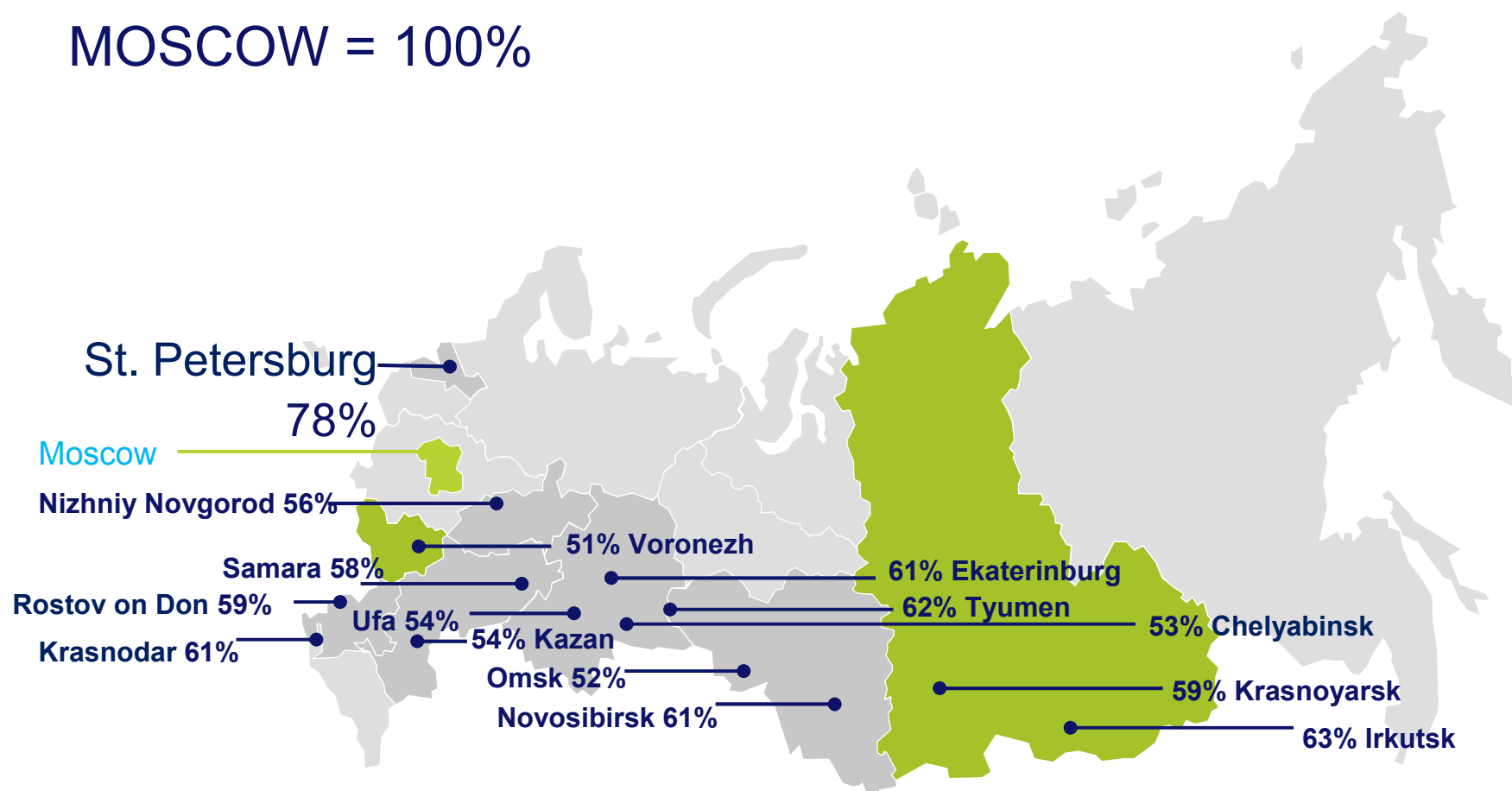
MOSCOW = 100%



Source: Hay Group PayNet database 2011, data from 310 companies and 506 000 data points

St. Petersburg is the most high-paid city after Moscow

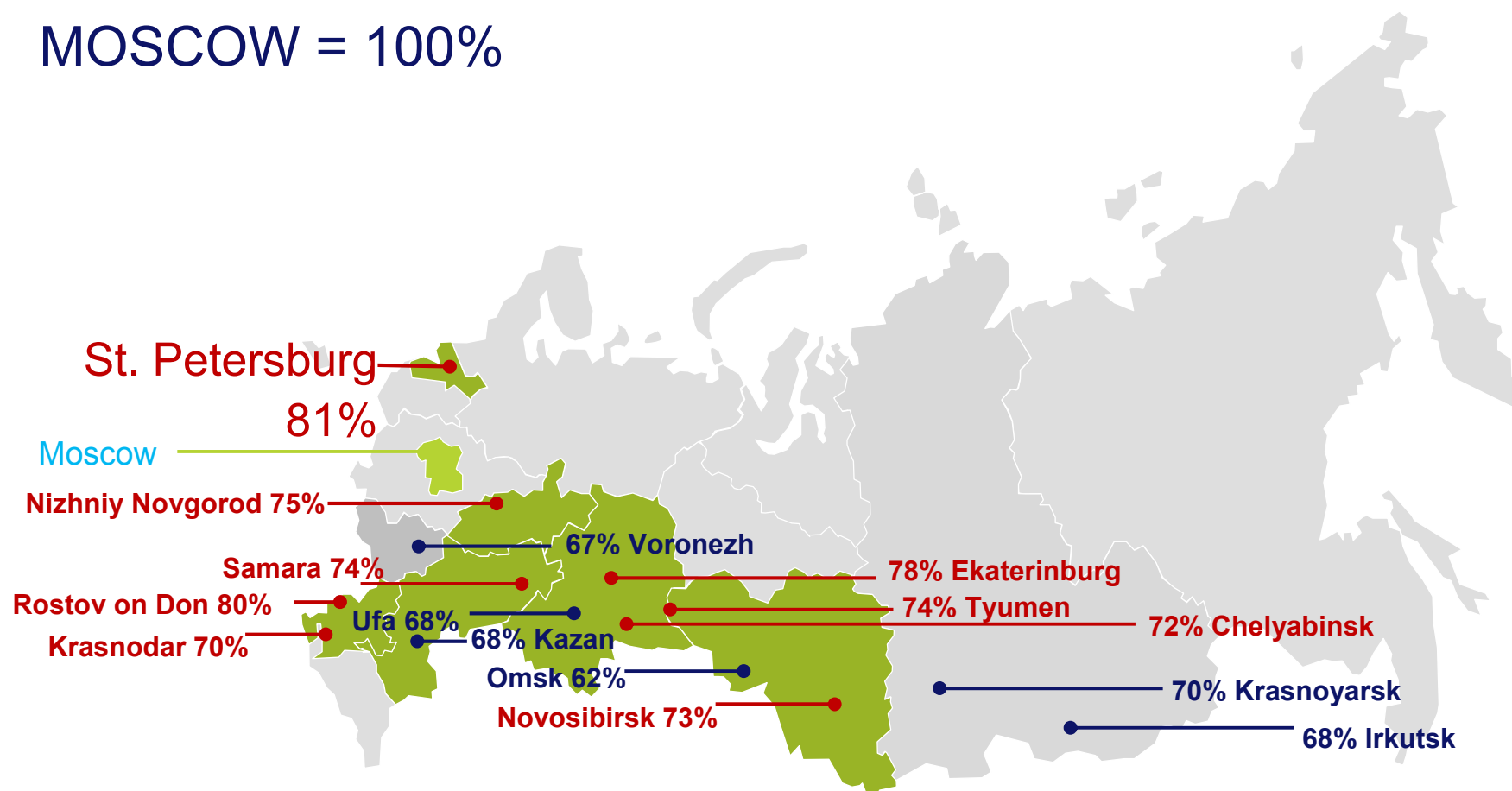
MOSCOW = 100%



Source: Hay Group PayNet database 2011, data from 310 companies and 506 000 data points

There is significant difference in pay of general market and sales jobs in FMCG in the regions of Russia

MOSCOW = 100%



Source: Hay Group PayNet database 2011, data from 61 FMCG companies and 18 000 data points

Retail: growing regional chains: do they have impact on regional pay markets growth?

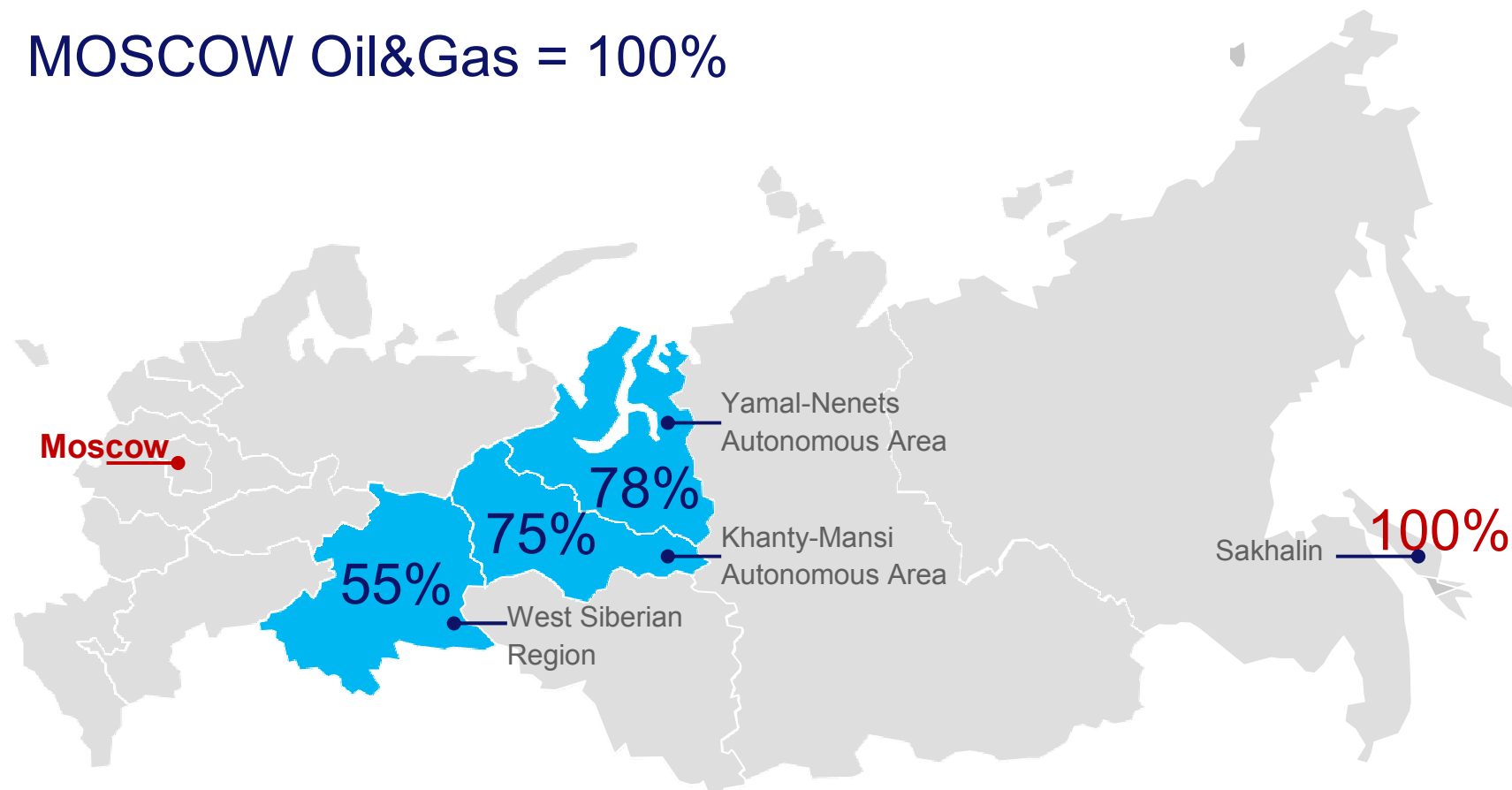
MOSCOW = 100%



Source: Hay Group PayNet database 2011, data from 29 Retail companies and 187 476 data points

Oil & Gas regional markets: is there a difference between pay for exploration & production?

MOSCOW Oil&Gas = 100%



Source: Hay Group PayNet database 2011, data from 23 Oil & Gas companies and 120 000 data points

Some jobs in the regions really changed their position to the median of the general pay market this year



Engineers
Production Jobs
Sales Specialists
IT Specialists

Demography: Male
2010 г – 65 544
2015 г. – 64 789 (-2,2%)



Accountants
Financial Specialists



Demography: Female
2010 г – 76 241
2015 г. – 75 718 (-1,5%)

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Enhancement of HR efficiency

20 October 2011

Enhancing HR efficiency

Only 12% of Oil & Gas companies measure HR function efficiency compared to 48% of companies from other industries but we see increasing focus on this area

Questions to answer

- ▶ Does your HR management system support smooth and effective functioning of business processes?
- ▶ Are the metrics used for evaluation of HR management performance aligned with HR business processes?
- ▶ Is the organizational structure of HR function efficient?

If the answer on 1 of 3 questions is “no” or “not available” it is time for HR process mapping exercise

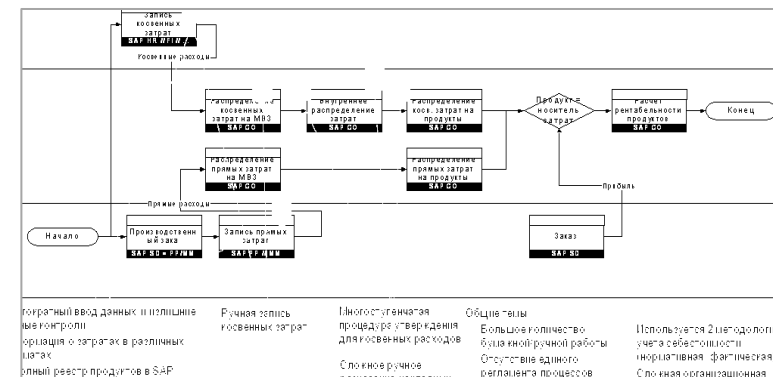
Process efficiency (including HR) is high priority for the management in the current economic environment

HR process mapping and re-engineering

Steps to high efficiency:

- ▶ Analyze the existing HR management system and HR business processes. Describe the HR business-process “as they are”.
- ▶ Analyze the organizational and functional HR department structure, its efficiency and number of employees.
- ▶ Define key requirements to HR management system to support the company’s business goals.
- ▶ Measure HR performance indicators and compare the results to the best market practice or monitor indicators in dynamics.
- ▶ Develop a target description of HR management system with a visual representation of “to be” HR business processes.
- ▶ Calculate financial effect of introducing improvements to existing HR management system.

“To be” HR business processes



Process efficiency (including HR) is high priority for the management in the current economic environment



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

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