

HR Barometer

PwC Summary of results



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Foreword



Peter Burnie
Partner and HR
Consulting Leader,
PwC Serbia

We are pleased to share with you selected results of the first edition of HR Barometer for 2010. For this edition, 100 organisations from the region took part in this Survey including companies operating in: Albania, Bulgaria, Bosnia and Herzegovina, Macedonia, Montenegro and Serbia.

The HR Barometer asked questions which can be broadly divided into two groups:

The first set of questions reflects the level of satisfaction with respect to the savings and productivity gains companies accomplished during 2009 by implementing anti – crisis measures. We have also examined the impact these measures had on motivation of their employees.

The second set of questions addresses the expectations and priorities that companies have for 2010 when it comes to main HR issues such as: headcount, base and variable pay, external recruitment and L&D.

The Survey shows that the majority (72 %) of companies are satisfied with the savings they made by implementing anti-crisis measures in 2009. Also, 77% of companies stated that they are either satisfied or very satisfied with the level of productivity gains in the context of the implementation of anti-crisis measures in 2009.

All this is a very encouraging sign indicating that organisations have managed their human capital assets relatively well through the economically difficult 2009 and that HR managers have played their part in contributing to the bottom line.

However, as expected, more than half (55%) of the organisations in the Survey stated that there was a negative impact on employee motivation due to the implementation of anti-crisis measures in 2009. Some of them also stated that they are planning to conduct employee satisfaction surveys as a tool to gauge levels of motivation.

Our experience of carrying out such surveys shows that it is often possible to identify quick and inexpensive changes which can have a significant positive impact on employees' view of their workplace and employer.

When asked about their HR priorities for 2010 most of the companies stated that they will focus on retention, motivation and further development of their employees.

In fact, 59% of the participating companies stated that they plan to increase base pay of their employees while 33% plan to increase their variable pay portion.

continued

Our practice shows that when companies redesign their remuneration systems, in such a way that the policies driving increases in base and variable pay focus on effective performance management, it allows them to combine a number of benefits. Companies can measure the direct increase in their overall labor productivity and the long term outcome for companies is greater engagement of their employees and enhanced productivity – which is also one of the main HR priorities for 2010 among participants.

Another positive sign that companies are looking forward to the upturn is that 43% of them have stated that they are planning to increase the number of their employees in 2010 as they try to address rising demands of the market. Of course, a useful practice for many companies to consider, prior to either increase or decrease headcount, is to recognise the value of their current employees, the skills and competencies they have, as well as to assess if there is room to enhance the level of their engagement.

Yet another indication that the world of 2009 is behind us, is that 39% of Survey participants have indicated that they plan to increase their L&D budgets. Our experience points out that a L&D strategy together with career planning programmes are one of the most important factors for employee motivation, key talent retention and improvement of overall performance.

It is clear from this Survey that companies are starting to move on from “survival” mode towards the growth and progress options. While this change of direction will almost inevitably encourage a re – focus on employees, it is important to remind you that a company’s long term strategic business goals should not overlook the importance of employees views on their jobs, careers and reward packages as well as the potential of employees to learn, develop, and continuously contribute to the companies’ success.

We hope you gain some insight from selected results from the latest HR Barometer and we look forward to continuing our work in this area.



Peter Burnie
Partner and HRS Consulting Leader

Survey methodology

This edition of the HR Barometer Survey has been conducted in 6 countries: Albania, Bosnia & Herzegovina, Macedonia, Montenegro, Serbia and Bulgaria

- We received participation from 100 companies, belonging to various industry sectors: Banking, Other finance, Communications / Media, Technology / IT Technology, Pharma, Chemicals, Engineering / Construction, Manufacturing, Utilities, Retail and Services.
- Data was collected in February 2010.
- An on-line 10 question form was completed by companies participating in the Survey.
- The information was processed considering results by country and by industry. **However, this Summary only shows selected results by country.**
- The tables and graphs express the percentage of companies that answered the particular questions. All indicators expressed in percentages have been rounded up by addition.

Data Confidentiality

The data collected during the Survey is and will be treated as strictly confidential.

All included statistics are reported for a large enough number of respondents so that individual input data is not identifiable.

Our sample

List of participating companies by country

Country	Number of participants	Distribution cy country
Albania	15	15%
Bosnia & Herzegovina	7	7%
Macedonia	7	7%
Montenegro	6	6%
Serbia	47	47%
Bulgaria	18	18%
All countries	100	100%

Table 1: List of participants by country

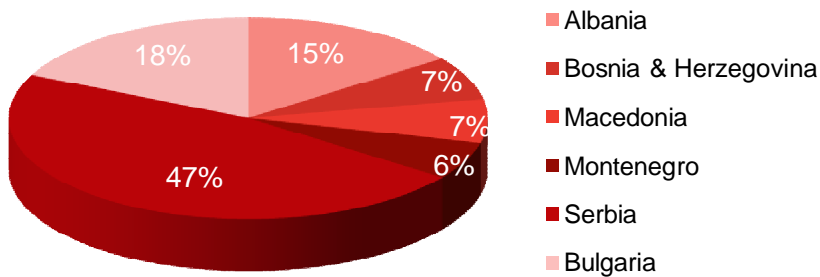


Chart 1: Distribution of participants by country

Only the names of companies that agreed to be included in a participants list are published in this Report

Serbia

IBM-International Business Machines doo	Atlas Group
MK Group	Victoria Group
Siemens doo Beograd	Credit Agricole Serbia ad Novi Sad
Opportunity Banka ad Novi Sad	PIRAEUS BANK ad Beograd
Global press	Findomestic Banka
Bayer doo	Greenhouse Telecommunications Holdings
United Serbian Brewedries	Zdravlje Actavis
VELUX Srbija doo	DHL International Beograd doo
P.S. "Telefonija" ad	Lift Truck Co doo
Novartis	ProCredit Bank ad
ERICSSON doo za telekomunikacije	Tigar Tyres doo
GlaxoSmithKline	Republic doo
King Sturge doo	Leoburnett
HYPO ALPE-ADRIA BANK AD BEOGRAD	Titan Cementara Kosjeric doo
Adria Media Serbia doo	Volksbank ad Srbija
Tarkett	Société Générale Banka Srbija ad
Asseco SEE	Alpha Bank Srbija ad

Bosnia & Herzegovina

Raiffeisen Bank dd Bosnia &Herzegovina
UniCredit Bank dd
PBH Technologies
EUPM

Table 2: Participating companies

Bulgaria

Atlas Copco Lifton EOOD	Gallaher Bulgaria
MKB Unionbank	Kamenitza AD
PAC "Doverie"	Abbott
Enel Maritza East 3 AD	BILLA Bulgaria EOOD
ESAB Electrodi JSC	MESOKOMBINAT LOVECH
Mercurius Sofia JSC	Forton International
Mobiltel EAD	

Albania

Statkraft Albania sh.p.k	DHL International (Albania) Ltd
Uji I Ftohte Tepelene sh.p.k.	Mercator-A Sh.p.k.
British American Tobacco Albania sh.p.k	Praktiker Albanien shpk
Raiffeisen Bank Albania	Intesa Sanpaolo Bank Albania
Tirana International Airport	

Macedonia

NLB Tutunska banka ad Skopje
GlaxoSmithKline
Imperial Tobacco TKS ad

Montenegro

Montenegro Stock Exchange
United Nations Development Programme
Atlasmont banka ad Podgorica
Erste Bank Podgorica
Capitalestate

Table 2: Participating companies *continued*

Selected Survey Results



Effects of anti-crisis measures in 2009

The phrase "anti – crisis measures" in this report refers to a number of strategies implemented in the human resources area by companies in order to decrease the negative impact the economic crisis has had on these companies.

Some of the main anti – crisis measures implemented during 2009 were:

- Headcount reduction / freeze
 - Base pay, variable pay reduction / freeze
 - L&D, external recruitment reduction / freeze etc.
-

Q1: How satisfied are you with the effects that anti – crisis measures taken in 2009 had on saving ?

The vast majority of the companies are either satisfied or very satisfied with the level of saving in 2009, made by implementing anti – crisis measures, up to the whole 100% of companies surveyed in Bosnia & Herzegovina.

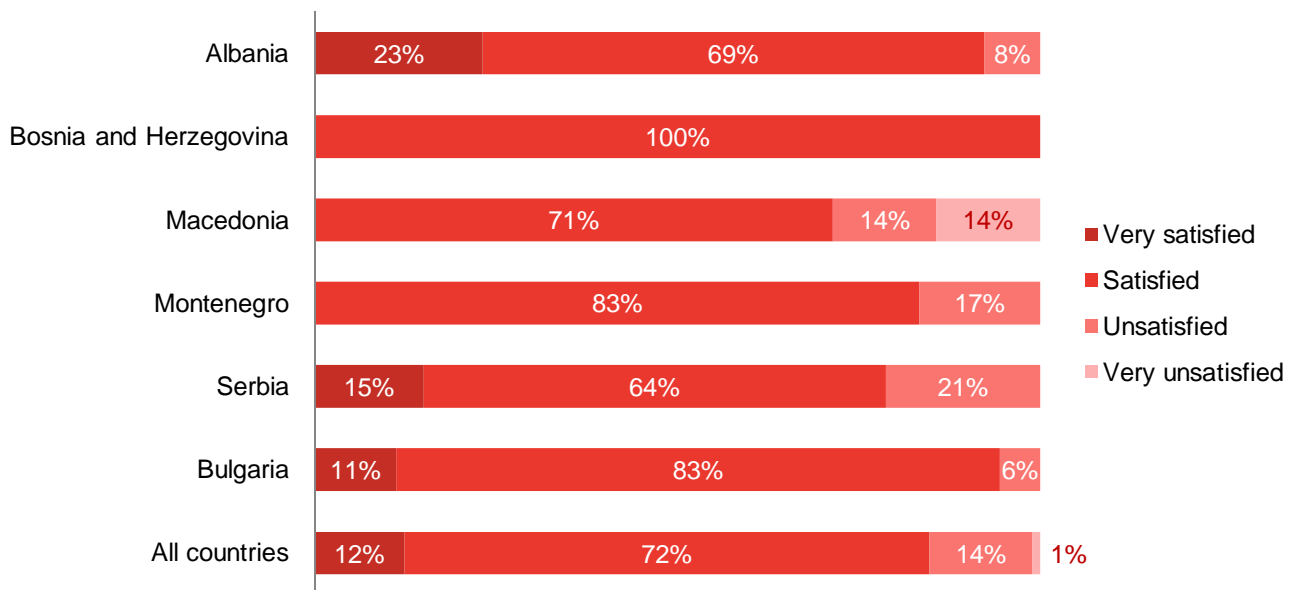


Chart 2: Effects of anti - crises measures on saving by country

Q2: How satisfied are you with the effects that HR anti-crisis measures taken in 2009 had on productivity?

The level of satisfaction of companies with the effects that HR measures had on productivity is slightly less (67%) than those satisfied with the savings, but still, there are no companies that are very unsatisfied.

It seems that companies in Albania were quite satisfied with the effects of anti – crisis measures in 2009 on productivity – 93%, while Bulgarian companies are close - with 82% of companies satisfied with the impact of these measures on productivity.

However, one in every four companies (almost ¼ of Survey participants) were unsatisfied with measures taken related to productivity.

Additional review of decisions made is needed to evaluate the impact and avoid reoccurrence.

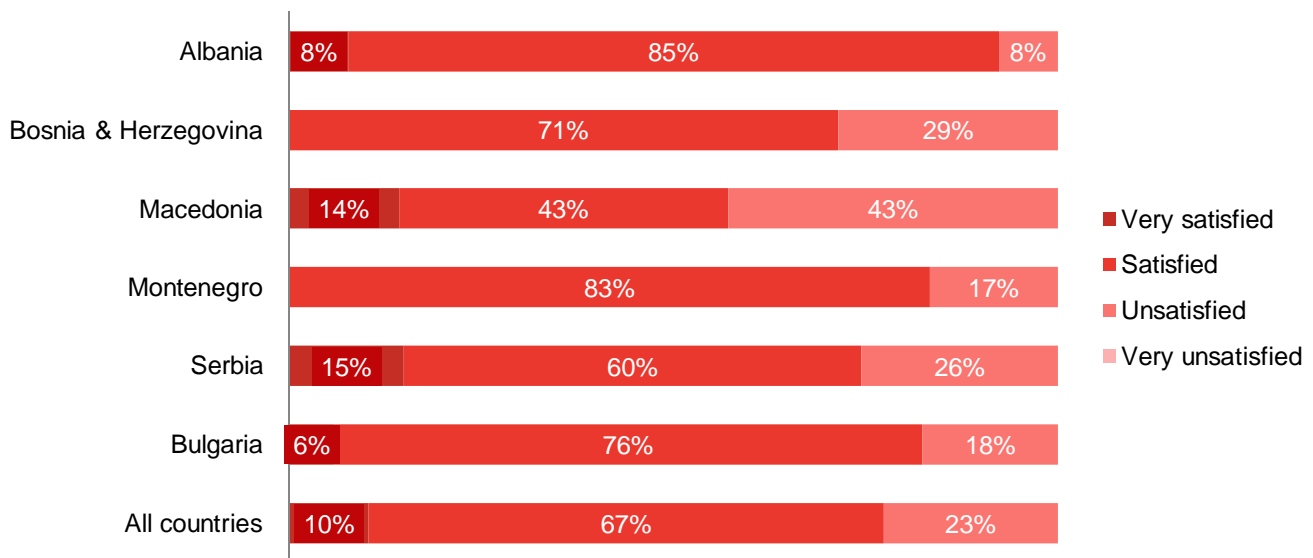


Chart 3: Effects of anti - crises measures on productivity by country

Q3: Do you think that HR anti-crisis measures taken in 2009 had a negative impact on motivation of employees?

As for motivation, 67% of companies believe that anti – crisis measures had a negative impact on motivation of their employees.

12% of the companies stated that this negative impact effected the motivation of their employees to a great extent.

At the same time, 55% of all companies believe that the impact on their employees' motivation was slight – from 28% in Bulgaria to 85% in Albania.

Only 30% of the companies that answered this question stated that their employees were not at all affected by HR measures taken in 2009.

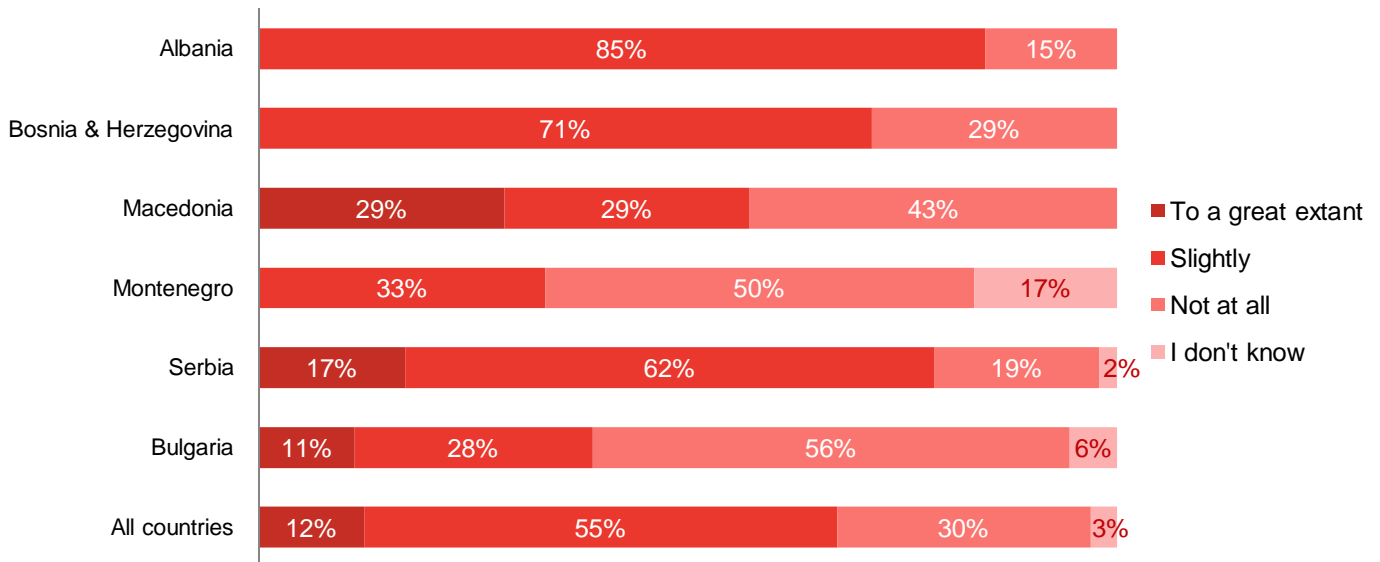


Chart 4: Impact of anti - crisis measures on motivation of employees by country

Expectations for 2010

Headcount – signs of recovery

Q4: How do you expect the headcount in your company to vary in 2010?

The fact that **43%** of companies plan to increase the number of their employees is encouraging. The percentage grows up to **50%** in Bulgaria and Montenegro and **71%** in Macedonia.

36% expect the headcount to remain at the same level.

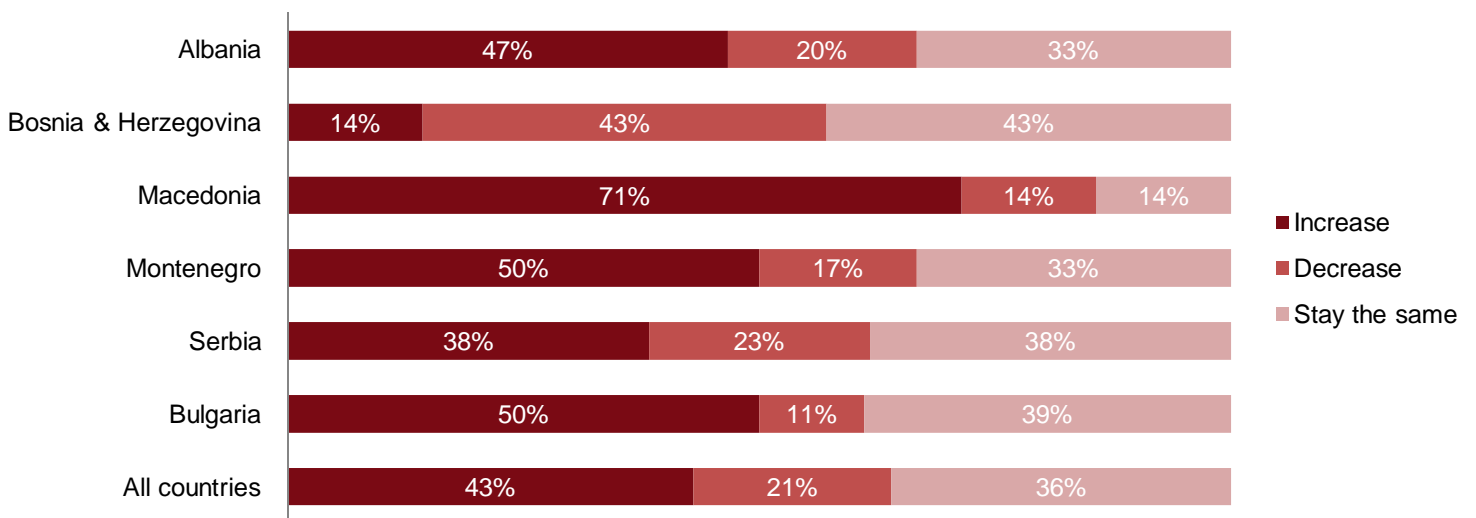


Chart 5: Headcount variation expectations for 2010 by country

Base pay in 2010

Q5: How do you expect base pay to change in 2010 compared to 2009, taking an average across the whole workforce?

It is clear that most of the companies (59%) are looking into motivating their employees by expecting to increase their base pay.

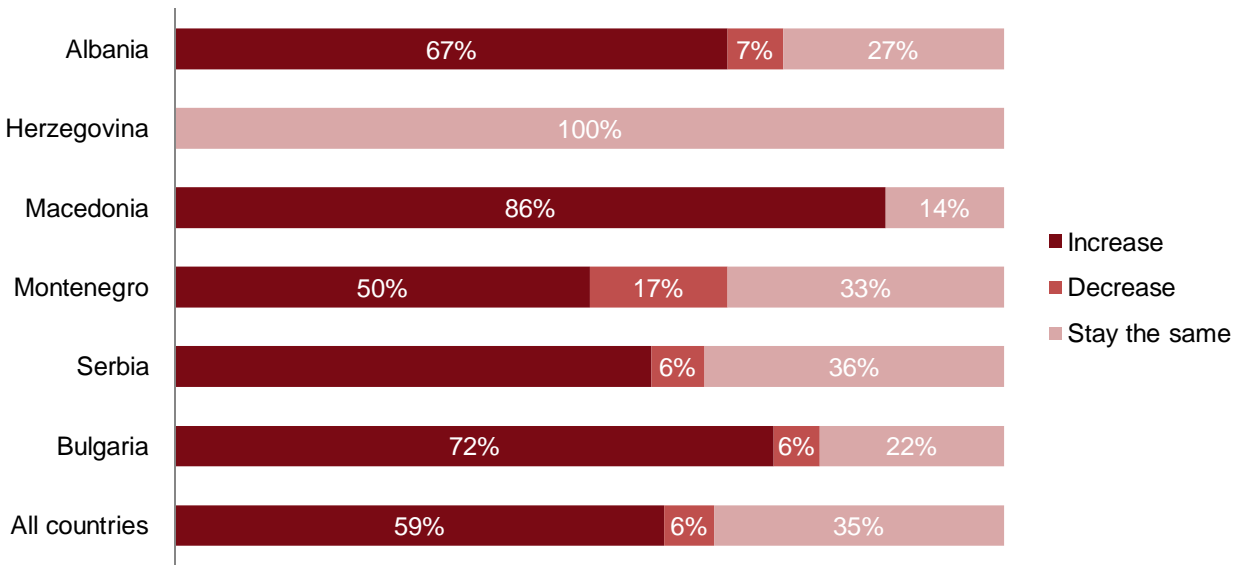


Chart 6: Base pay variations expectations for 2010 by country

Variable pay in 2010

Q6: How do you expect variable pay to change in 2010 compared to 2009, taking an average across the whole workforce?

Variable pay is expected to increase less often compared to base pay, only **32%** of companies plan to increase this element, while **56%** expect to keep it at the same level and **12%** even to decrease it.

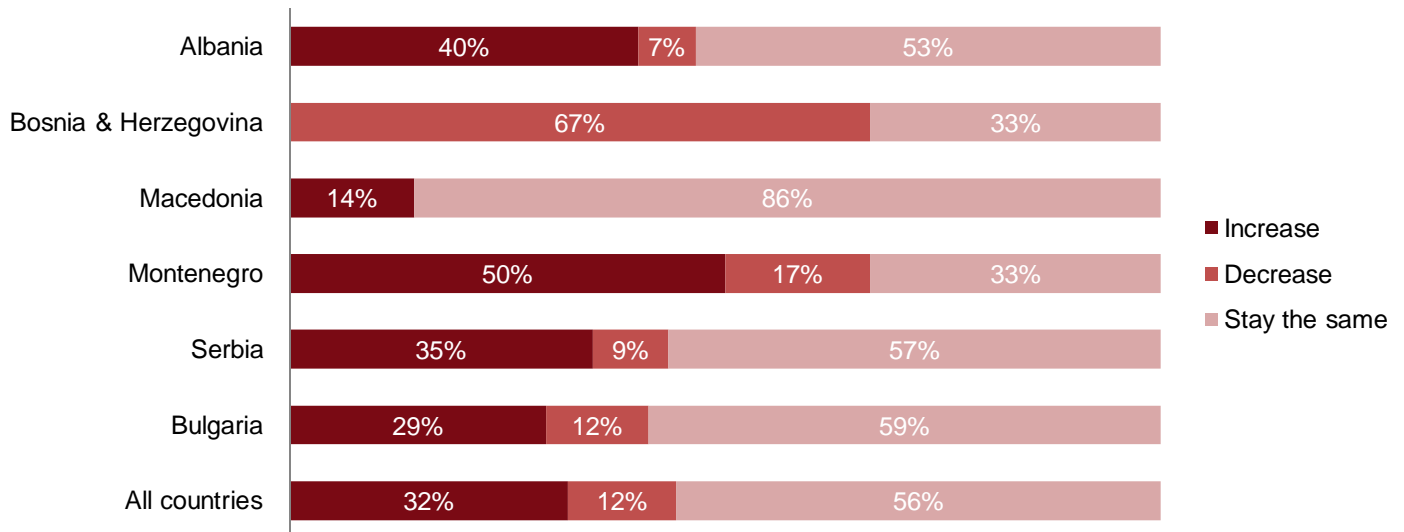


Chart 7: Variable pay variations expectations for 2010 by country

Learning and Development (L&D) budget in 2010

Q8: How will the Learning and Development (L&D) budget change in 2010 compared to 2009?

It seems that companies in Montenegro (50%), Macedonia (43%) and Serbia (39%) intend to invest the most in their L&D budgets, as means of encouraging them to learn and develop and therefore enhance their contribution to the company. This can also be one of the means for motivating and retaining employees.

At the same time, a significant percentage of companies in Bosnia & Herzegovina, 57% of them, expect to decrease this budget, which illustrates the fact that increasing the L&D budget is not becoming a trend in the region.

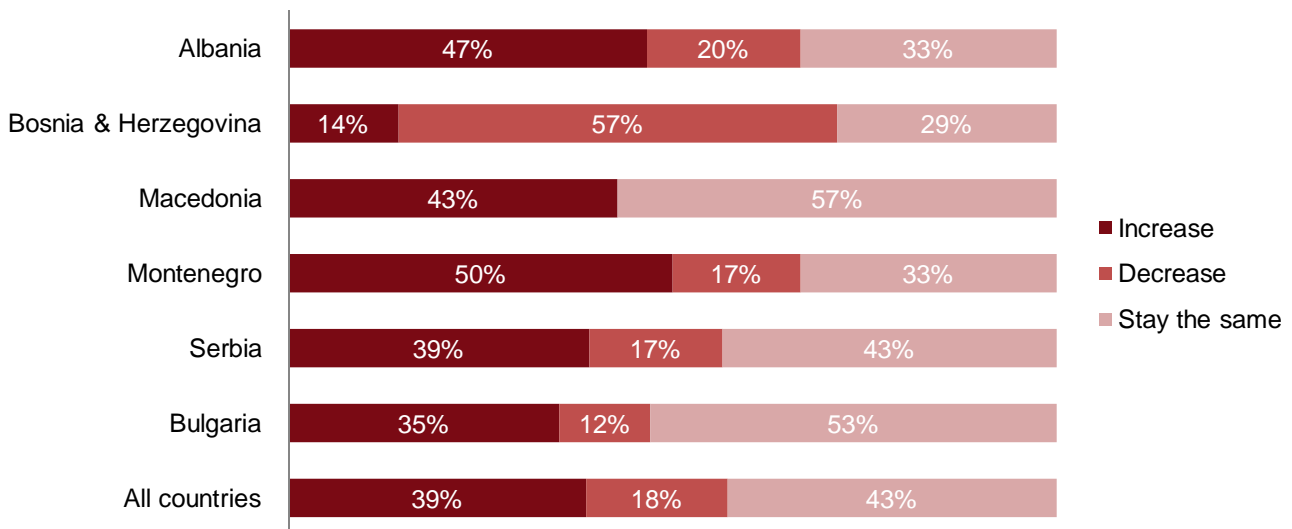


Chart 8: L&D budget change expectations for 2010 by country

Average number of training days per employee in 2010

Q9: How will the Learning and Development (L&D) budget change in 2010 compared to 2009?

53% of the Albanian companies expect that they will increase the number of training days per employee, 47% in Serbia, likewise, while 71% of Macedonian companies expect that they will maintain the L&D budget at the existing level.

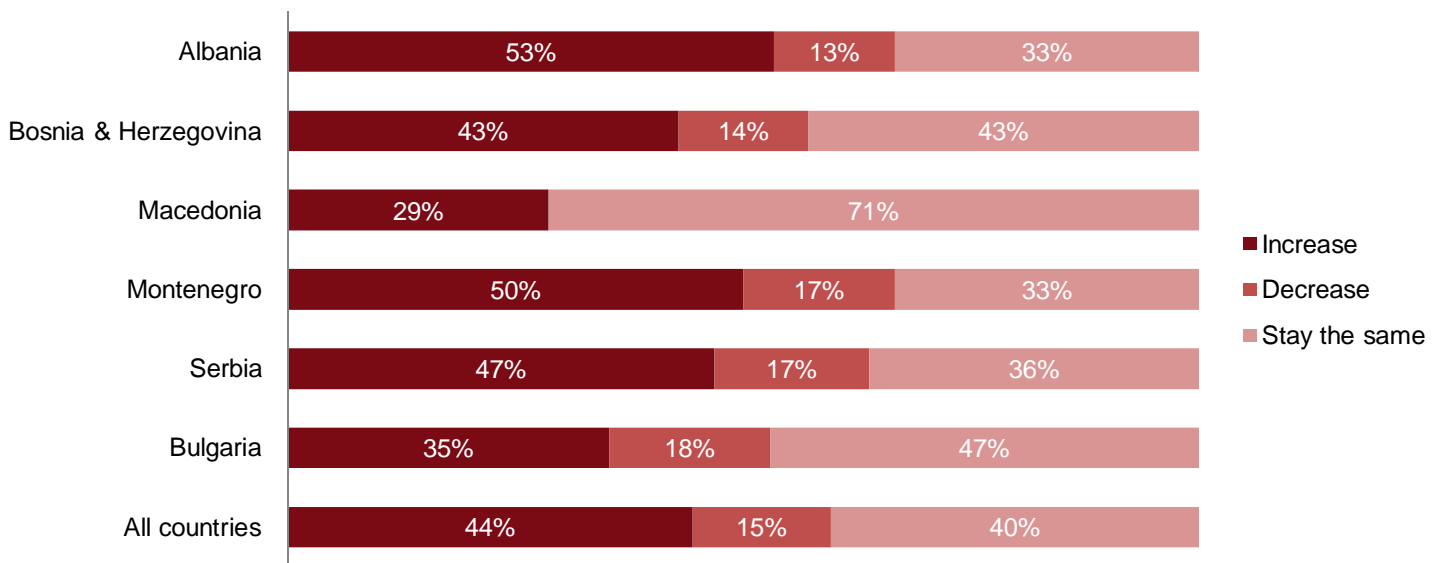


Chart 9: Average training days per employee in 2010 by country

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