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PayWell 2012/2013 Ukraine

Salary Survey

*Human Resource Services
Ukraine
2013*

The PwC logo, consisting of the lowercase letters 'pwc' in a bold, black, sans-serif font. A small red horizontal bar is positioned above the 'p'.

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1. Introduction

We are happy to present the final results of our annual salary survey, **PayWell 2012/2013 Ukraine**.

First of all, we would like to thank all the participants of our survey, namely the employees of the 47 companies assisted filling out our questionnaires and sharing their company's remuneration statistics. It would be impossible to complete this project and receive fair market data without such efforts.

PwC Ukraine has been completing the **PayWell Ukraine** salary survey for over 11 years. Our study is focused on an analysis of remuneration systems applicable to Ukrainian specialists in domestic and foreign companies. The same salary survey is conducted in many countries of Central and Eastern Europe and the CIS, including:

1. Slovakia
2. Russia
3. Czech Republic
4. Romania
5. Poland
6. Kazakhstan
7. Moldova
8. Azerbaijan
9. Hungary
10. Serbia
11. Bulgaria
12. Macedonia
13. Croatia
14. Bosnia and Herzegovina

In most of these countries, **PayWell** is the leading study in the field of personnel remuneration.

This year we received a significant amount of feedback and suggestions for the further development of labor market research in Ukraine. The majority of Ukrainian clients are interested in the development of industry specific surveys.

We hope that the information provided in this report will be useful for your business. After reading our report, we anticipate you will be able to understand the main trends of the Ukrainian labour market.

We also look forward to long-term cooperation with your company in the Ukrainian labour market regarding personnel remuneration.

2. Survey methodology

The purpose of the **PayWell 2012/2013 Ukraine** salary survey is to obtain actual, comprehensive and reliable data on the personnel remuneration systems in the labor market of Ukraine.

To ensure the high quality of our survey, we applied the long-term experience of our remuneration experts in Central and Eastern Europe, as well as our time-tested methodology developed and refined over the course of several years.

In our 2012 research, we studied the current market situation and identified certain trends in personnel remuneration. We conducted a quantitative evaluation of the various statistical indicators, as well as a qualitative analysis of HR policies and practices that exist in the Ukrainian business environment. The salary analysis in our survey is related only to full-time Ukrainian employees in foreign and domestic companies.

Salary data was collected as of 1 November 2012. Information about remuneration policies and practices was gathered for the period from November 1, 2011 to October 31, 2012, with a forecast for the next 12 months.

Information was provided by the participants during the period from November 1 to December 24, 2012. The consultants of PricewaterhouseCoopers received statistics from the participants in the form of completed questionnaires. All the collected data is strictly confidential and processed in such a way as to avoid identifying a specific company.

During this process, we retain the right to exclude any data from our report which was provided by a participant in an inappropriate format, as well as in case of insufficient data quantity and quality. We do not audit the received data from participants, and are not responsible for the completeness and correctness of information provided by the survey participants in the form of completed questionnaires.

We do not bear responsibility in connection with the use by the participants or any third parties of the information in our report on salary survey. Any actions taken by the survey participants or any third parties that are based upon the information contained in these materials and our report shall be taken by the survey participants and/or such third parties at their own risk. The survey participants or any third parties take full responsibility for any actions taken and business decisions made based on the information contained in these materials and our report.

Calculation method

We performed a statistical analysis of the salary data based on individual job positions. The survey participants provided different data amounts according to their job position. Therefore, all data arrays passed through special filters (percentiles and share in the sample). This means that this analysis is based only on the information received from each company for each position. This is done in order to prevent the distortion of the statistical sample by including too much information from certain companies, or by including extremely high or low values (below the 10th or above the 90th percentile).

We used specific rules for calculation purposes; in particular, we established a minimum size for the statistical sample. The minimal sample consists of three salary records for three employees (job holders) from three different companies. In case this condition is not met, the respective cell in the report is marked with "-" or "N/A". No statistical information has been included for analysis or publication, if at least three companies have not provided their information for this field. We have used the following rules in our analysis [...]

Salary analysis – JobPage

You will receive relevant statistical information (JobPage) depending on the economic sector to which your company belongs, and depending on the survey type which you have ordered / purchased.

The general sample consists of all the companies that participated in the **PayWell 2012/2013 Ukraine** salary survey.

We also present a set of additional information (in addition to base pay, guaranteed pay, total pay, actual and target variable pay) on the job position characteristics in our survey, in particular the following:

- the number of companies that provided statistical information for the specific job position (general market sample and sector sample separately);
- the number of employees holding each job position (the number of job holders);
- the cash equivalent of the benefits package which is provided for the job position. This indicator allows employers to calculate costs for total remuneration;
- the number of companies that pay bonuses to their employees, %;
- the number of companies that provide corporate cars, %;
- the car acquisition price for each job position [...]

2.2. HR policies and practices

We also present the results of an analysis of the HR practices that exist in the Ukrainian labor market, as well as the trends in remuneration for Ukrainian employees. The results of the analysis are divided into the following sections.

Remuneration strategy, Target position in the labor market, Key employees, Initial salaries

This section contains information about the target company's position in the Ukrainian labor market. We have studied the frequency and the timing of salary reviews, as well as the actual and planned growth of base salaries. We have considered whether the companies define a "key employee pool". We have also analyzed the level of initial salaries that are paid to graduates of various educational institutions.

Employee performance evaluation

We have analyzed the frequency and methods of employee performance evaluations. We provide clients with information on the impact of performance evaluation results on remuneration, career growth and learning activities. We also cover plans regarding employee performance evaluations for the next year.

Variable pay

In this section you will find information about the actual and planned amount of variable bonuses, the frequency of such payments, as well as the basis for their calculation and the factors that affect their size. We briefly cover the granting of 13th salary, and guaranteed and unguaranteed payments, which companies provide to their employees in order to compensate them for work above the statutory requirements (e.g. overtime, night shifts).

Working hours

This section addresses working hours, overtime compensation, time control systems, flexible, overtime and special working hours. The section also includes information on annual vacations and sick and maternity leaves.

Benefits

This section addresses the provision of various benefits: social (vacations, days off, recreation, health and child care), financial (loans, insurance), domestic (food, transport, accommodation), sports and cultural (corporate sports, cultural events) and others (mobile phones, gifts, etc.).

Corporate cars

In this section, we deal with issues regarding the acquisition, provision and replacement of corporate cars to employees according to the class of the car, its cost/price, and how different cars relate to each employee category. Here we also address the issue of corporate fleet management [...]

3. List of the participants and their characteristics

This year, 47 companies participated in our **PayWell 2012/2013 Ukraine** salary survey. Below is a list of the participants, divided by economic sectors.

Agricultural sector (5)		Leasing Sector (5)	
ADM Ukraine		Euro Leasing	
Borivage		First Lease (ALD Automotive)	
Kusto Agro		OTP Leasing	
Monsanto Ukraine		Raiffeisen Leasing Aval	
Salix Energy		UniCredit Leasing	
Automotive Sector (6)		FMCG Sector (6)	
Iveco Ukraine		HiPP Ukraine	
Renault Trucks Ukraine		Huhtamaki SNG	
SE Bordnetze – Ukraine		Mironivsky Hliboproduct	
Sumitec Ukraine		Panasonic Ukraine	
T.L. Auto		Premier Distribution Company	
Toyota Ukraine		Toshiba Rus	
Information and Communications Sector (11)		Non-Government Organization (5)	
Ericsson		Foundation for Development of Ukraine	
Incom Company		GURT Resource Centre	
KM Core		Plast	
Kuadriga		US Embassy	
Markason TM modnakasta		Women`s Consortium of Ukraine	
Mirantis			
Provectus			
Softjourn			
SysIQ			
Ubisoft Ukraine			
Win Interactive			
Other companies (9)			
Astellas Pharma Europe B.V.		Marka Ukraine - Marks & Spencer Ukraine	
COMFY Trade		Praktiker	
EBRD		Stalex	
ENI Ukraine		Wizz Air	
Group DF International Ukraine			

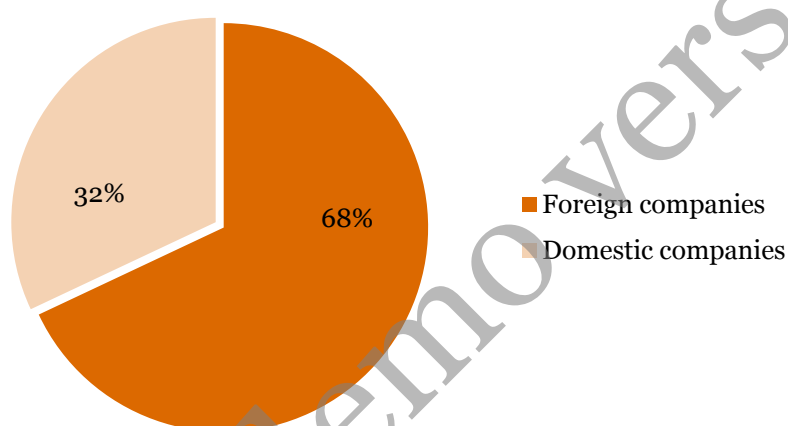
The 47 participants of our survey represent 6 sectors of the Ukrainian economy.

Table 1. Classification of the participants by sector

Sector	% of companies
1. Information and communication technologies (ICT)	23%
2. Automotive Sector	13%
3. FMCG Sector	13%
4. Leasing Sector	11%
5. Non-Government Organization	11%
6. Agricultural Sector	11%
Other companies	19%

The majority of survey participants are foreign companies/subsidiaries which operate in the Ukrainian market.

Graph 1. Classification of participants by origin of capital



We have also classified the survey participants by the country of their parent company.

Table 2. Classification of the survey participants by the country of their parent company

Country of origin	% of companies
Ukraine	32%
Japan	17%
USA	15%
Italy	9%
Germany	4%
France	4%
Hungary	4%
Other Countries	15%

PayWell 2012/2013 Ukraine

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*Part 1. Practices and trends in
personnel remuneration*

*Human Resource Services
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4.1. Remuneration strategy

4.1.1. Salary reviews

The majority of survey participants (___%) **review salaries annually**. The review is most commonly performed in April (___%), January, December or March (___%).

___% of companies take **inflation rates** into account during salary reviews, which is ___ % less than in the previous year. In fact, salary growth stimulates inflation rate increases...

A **key factor** for salary reviews should be the business's **productivity and efficiency**.

4.1.2. Planned and actual salary increases

According to the conducted analysis, the **actual salary increase** in 2012 across all companies that participated in the survey was about ___%.

The companies that participated in our survey have **planned** for a nominal salary growth of ___% in 2013.

4.1.3. Target market position

The survey participants most often use the market average (___% of companies) and the range between the market median and 75th percentile (___% of companies) as a remuneration strategy.

4.1.4. Salary Denomination

All Ukrainian companies that participated in our survey pay salaries in the national currency, the hryvnia. Only IT and foreign companies pay salaries in [...]

4.1.5. Key employees

Key employees possess unique business competencies, knowledge and skills. They make a significant contribution to achieving the strategic business goals. The loss of a key employee could affect the achievement of the strategic goals or disrupt business processes [...]

4.1.6. Entry pay levels

___% of companies review **salaries for entry-level positions** after a probation period [...]

Table 9. Actual entry pay levels for graduates in 2012 year, UAH

	Average
Graduates of higher educational institutes	_____
Graduates of vocational schools	_____

4.2. Employee Performance Evaluation

___% of companies use an evaluation system to appraise the performance of their employees.
___% of companies use evaluation of staff performance for all categories of staff.

Table 11. Employee performance evaluation (% of companies)

Category	% companies
Business function specialists	___%
Administration	___%

Most companies (___%) conduct a formal evaluation of staff based on the achievement of set objectives and/or performance indicators. **The two most common** methods of evaluation are [...]

Table 12. Methods for employee performance evaluations (% of companies)

Method	% of companies
Evaluation based on results (KPI, MBO)	___%
Evaluation based on competencies	___%
360°	___%
Panel evaluation	___%

4.3. Variable pay

Variable pay is a part of remuneration that depends on individual, team and company performance (business results). The variable pay portion of total remuneration depends on [...]

4.3.1. Performance related pay

When making the decision to pay bonuses and calculating the size of the bonus, companies take into account **performance** appraisal **results** (individual, team, and general business performance). If you look at the **different categories** of employees, the results of the analysis is as follows [...]

Table 16. The impact of appraisal results on variable bonus payments (% of companies)

Category	% of companies
Business function specialists	__%
Administration	__%

We analyzed the effect of certain performance **factors**, such as individual and team performance and general business results, and found that such factors affect the payment and size of bonuses. We prepared a special **breakdown by staff category** [...]

Table 19. The impact of performance factors on variable bonus size and payment, %

Category	Company performance	Team performance	Individual performance
Business function specialists	__%	__%	__%
Administration	__%	__%	__%

4.3.2. Guaranteed payments

__% of companies pay **guaranteed** financial **compensation**. The main reasons for such payments are:

- **innovative activity** (__%),
- **seniority** (__%) [...]

4.4. Working hours and vacations

4.4.1. Working hours

The majority of companies (___%) establish regular working hours for all staff categories. Almost all participants use a standard 40 hour working week. A **control system** of working hours is implemented in ___% of companies.

___% **of companies** use the practice of irregular working hours. Typically, this type of work arrangement is compensated by additional days-off. On average, companies provide ___calendar days of additional leave.

Regarding **overtime working hours**, ___% of companies keep overtime records. At the same time, only ___% of companies compensate the overtime work of their employees.

4.4.2. Annual and other vacations

Almost all companies (___%) that participated in the survey have an annual vacation **monitoring system**. ___% of companies provide additional days-off (in addition to the amount envisaged by law) to their employees (on average, up to [...] days per year). The main reasons for granting additional vacation days are irregular working hours and employee seniority. [...]

___% of companies pay salaries without providing sick leave during periods of temporary disability. ___% of companies provide this benefit for all staff categories [...]

4.4.3. Additional day-offs

Half of the companies give their employees the right to take **additional days-off** for various reasons. The most common reasons are:

Table 21. Reasons for additional days-off

Reason	% of companies	Number of days
Child birth	___%	—
Wedding	___%	—

4.5. Benefits

4.5.1. General information

The provision of benefits is an important element of the overall cost of staff remuneration. According to an analysis of the questionnaires received in 2012, the average cost of the provision of benefits to one employee was _____ UAH before taxes as of [...]

4.5.2. Meals, accommodations, transportation

Meals. Only ___% of companies offer meal tickets. The average cost of daily pay for food is [...]

Transportation. ___% of companies compensate transportation expenses to their employees.

4.5.3. Insurance

Medical insurance. Medical insurance is provided to the employees of ___% of the companies. The average annual cost of medical insurance per employee is _____ UAH. The provision [...]

4.5.4. Wellness and recreation

Social, sports and cultural events. Various corporate, social and sport activities are an important component of benefits packages for both employees and employers [...]

4.5.5. Mobile phones

Almost all companies (___%) that participated in the survey provide corporate mobile phones to their employees. Also, most companies allow the use of corporate phones for **personal purposes**, and cover all costs of the employee or a fixed amount. More details regarding the provision of mobile phones is presented in the following tables [...]

4.5.6. Corporate cars

When an employer gives a corporate car for employees from a certain category, ___% of the companies take into account the **model of the car**, while ___% of companies consider, first of all, the **car's price** [...]

Table 32. Most popular models of corporate cars in each class

Car class	Model
A – mini class	Peugeot 107, Kia Picanto, Hyundai i10, Citroen C1, Fiat 500
H – commercial vans	VW Caddy, Peugeot Partner, Citroen Berlingo, Skoda Praktik

4.5.7. Other benefits

Among other benefits, special discounts on the purchase of company products are quite common. This benefit is provided by ___% of the companies that participated in the survey.

___% of companies are planning to implement new benefits in 2013 year [...]

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Salary Survey

Part 2. Pay Level Statistics

*Human Resource Services
Ukraine
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Glossary (1)

PayWell 2012/13 Ukraine

Job Identifiers

Job Code

The Job Code has the following structure:

The first symbol represents department or sector of a job;

The second symbol is a number that represents a job level (1 – top-management, 2 – middle management, 3 – specialists, 4 – administrative personnel, 5 - workers);

The third (and in some cases fourth and fifth) symbol differentiates jobs of one category in one department or sector.

Difficulty Level

The level of difficulty is determined by PwC international methodology IFA/JOSS, which evaluates the following factors for each job position: expertise, independence, responsibility and working conditions. Our job catalogue contains positions on IFA/JOSS levels 1-16.

Description of Indicators

Base Pay (monthly)

Monthly gross salary in UAH, as defined in the employment agreement.

Guaranteed Pay (annually)

Total amount of base pay and fixed bonuses paid out for 12 months. Fixed bonuses are guaranteed amounts (for specific competencies, seniority or work conditions) not dependent on the employee or company performance. Usually these bonuses are paid either at the end of the year in one amount, monthly, or as a percent of base salary above the levels set in the legislation (if any).

Variable Pay Paid Out (annually)

Amount actually received, which depends on the fulfillment of set annual goals. A percentage from sales operations and compensation for specific work conditions (night shifts, harmful conditions etc.) above the levels set in the legislation (if any) are included. Variable bonuses are usually paid out according to performance or evaluation results as a percentage of the base salary, or as one annual payment. These amounts can be paid out either during the work period, or after its conclusion (deferred variable bonuses).

Target Variable Pay (annually)

The total amount of variable payments (results as a percent of the base salary for the work period, usually for one year), which is paid out to an employee for achievement of 100% of the set goals.

Total Pay (annually)

Total amount of guaranteed pay and variable pay paid out annually. This indicator sums up all components of monetary remuneration. This amount has to be divided by 12 to calculate the monthly total pay.

Total Remuneration (annually)

Sum of total pay and the monetary equivalent of the benefits package provided to the employees during the year.

All statistical data is in gross amounts in UAH as of 1 November 2012

C - Internal Support

Internal Support		
C3A	9	Board of Director's Secretary
C3I	9	Process Analyst I
C3C	9	Interpreter / Translator
Internal Audit		
C2E	11	Internal Audit Manager
Strategic Planning		
C3D	9	Strategic Planning Specialist
Secretariat		
C3G	9	Office Manager
C4B	7	Director's Assistant
C4C	6	Assistant I
C4E	5	Archivist
Reception Desk		
C4F	6	Receptionist I
Security		
C2A	9	Security Manager
C4M	6	Security Technician
Facilities and Property		
C2B	9	Facilities Manager
C4I	7	Inventory Administrator
C5B	4	Maintenance Keeper
C5C	1	Cleaner
Health & Safety		
C4J	7	Health & Safety Technician
Car Fleet		
C3H	8	Car Fleet Manager
C4L	6	Car Fleet Administrator
C5D	4	Driver / Courier

Office Manager

Ensures, organises and manages maintenance and purchase of company property.

General Market

Job Code C3G

All Sectors

IFA/JOSS 9

Statistics	Base Pay (monthly)		Guaranteed Pay (annually)		Target Variable Pay (annually)		Variable Pay Paid Out (annually)		Total Cash (annually)		Total Reward (annually)	
	General	Sector	General	Sector	General	Sector	General	Sector	General	Sector	General	Sector
10. percentile	4,992	-	59,899	-	-	-	-	-	59,899	-	59,899	-
25. percentile	7,268	-	87,217	-	-	-	-	-	87,217	-	87,217	-
Median	9,561	-	114,729	-	-	-	-	-	114,729	-	114,729	-
75. percentile	12,061	-	144,734	-	-	-	-	-	144,734	-	144,734	-
90. percentile	16,410	-	196,925	-	-	-	-	-	196,925	-	196,925	-
Average	9,947	-	119,359	-	-	-	-	-	119,359	-	119,359	-

Categories (annually) Guaranteed Pay (incl. fixed bonus)	Salaries Depending on Number of Employees				Salaries Depending on Annual Turnover				Benefit costs (annually)	General	Sector
	<50	51-250	251-999	>1000	<24 mln	25-160 mln	161-799 mln	>800 mln			
25. percentile	-	82,330	-	-	-	-	73,584	120,208	25. percentile	-	-
Median	-	114,194	-	-	-	116,355	88,804	158,206	Median	-	-
75. percentile	-	134,429	-	-	-	-	118,878	178,745	75. percentile	-	-

Total Cash	<50	51-250	251-999	>1000	<24 mln	25-160 mln	161-799 mln	>800 mln
25. percentile	-	82,330	-	-	-	-	73,584	120,208
Median	-	114,194	-	-	-	116,355	88,804	158,206
75. percentile	-	134,429	-	-	-	-	118,878	178,745

Categories (annually) Guaranteed Pay (incl. fixed bonus)	Regional Comparison				Salaries Depending on Origin of Capital	
	Kyiv	West	Nor-Cent	South-East	Domestic	Foreign
25. percentile	89,236	-	-	-	90,161	84,275
Median	118,251	-	-	-	111,301	117,660
75. percentile	143,827	-	-	-	178,080	133,766

Total Cash	Kyiv	West	Nor-Cent	South-East	Domestic	Foreign
25. percentile	89,236	-	-	-	90,161	84,275
Median	118,251	-	-	-	111,301	117,660
75. percentile	143,827	-	-	-	178,080	133,766

Bonus	General	
Bonus eligibility	-	
Car	General	
Car eligibility	-	
Acquisition car price	General	
Average	-	
Sample	General	Sector
Sample (Nr of companies)	18	-
Sample (Nr of employees)	20	-

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All statistical data is gross amounts in UAH as of 1 November 2012

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