

Deloitte.

RESULTS OF SURVEY ON THE APPROACHES TO HUMAN CAPITAL MANAGEMENT IN UKRAINE

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YEARS
IN UKRAINE

AMERICAN CHAMBER
OF COMMERCE

December 2022

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Purpose

The survey by Deloitte Ukraine and the American Chamber of Commerce in Ukraine was conducted in order to understand the current challenges for employers in Ukraine in managing human capital, to understand the current actions of organizations and priorities for 2023.

Tasks

- To identify the challenges and priorities of organizations in Ukraine in the area of human capital
- To analyze changes in headcount, return and retention of key employees
- To analyze changes in approaches to remuneration of employees and providing additional support
- To identify challenges in assessing the effectiveness of employees during the war
- To study organizations' approaches to hybrid/remote work

Methodology

We used a quantitative approach to analysis. We collected inputs via an online survey from top managers, HR function leaders and other business representatives (members of the American Chamber of Commerce in Ukraine).

Study timeline: November 29 - December 14. The total number of participants - 40.

EXECUTIVE SUMMARY



Key findings (1/3)

-  The biggest challenges in human resources management are employees' safety (60%), ensuring the continuity of work processes (60%), employees' mental health supporting (55%). These results are comparable to trends as of May 2022.
-  Key priorities of organizations in the field of HR management for 2023 are real-time support and assistance of employees (50%), review of the workforce plan/organizational structure (38%), workload management (38%), and development/adaptation of employees' well-being program (38%).
-  More than half of the surveyed organizations (58%) have decreased their headcount since the beginning of the full-scale war (median value for the decrease was 10%). Regarding plans for 2023, only 17% of organizations plan to decrease headcount, 35% - do not plan to review the headcount, another 25% - could not answer this question.
-  On average, about 70% of the employees of the surveyed organizations have not been relocated abroad since the beginning of the full-scale war. About 46% of the employees who were relocated abroad have already returned to Ukraine and are here permanently or most of the time (on average, 14% of the total amount). Currently, in most surveyed organizations, the majority of the management team is located in Ukraine.
-  Due to the security risks most organizations with employees who remain abroad do not currently actively encourage employees to return from abroad.

The specified percentages are applicable to the number of respondents for the relevant question - see further in the report

Key findings (2/3)

-  The vast majority of the organizations paid salaries in full to all employees in October (72%), and only 22% of the organizations paid salaries for some employees in full, and for some employees partially. These results show a slight improvement compared to the trend at the end of spring 2022.
-  About half of the respondents (49%) mentioned that they plan to review compensation levels in 2023 despite the circumstances (by 10% on median), 59% of them plan to do it once per year. However, 43% of respondents could not answer this question.
-  About a quarter of organizations (23%) mentioned that their organization has reviewed the approach to variable pay in 2022 since the outbreak of full-scale war. Performance indicators were reviewed most often, mainly for some categories of personnel. The same number of respondents indicated that they have plans to do so in the next year.
-  71% of the companies support employees in Ukraine. Among the financial aid the most popular are medical insurance (75%), financial help (71%), and coverage of mobile communication costs (67%). Among the non-financial aid are mental health support (75%), flexible schedule (71%), and learning opportunities/reskilling (46%).
-  42% of respondents indicated that they offered additional support to employees due to power outages. The most common forms of support are providing power banks and supplying workplaces (offices, facilities etc.) with backup power sources (power generators).

The specified percentages are applicable to the number of respondents for the relevant question - see further in the report

Key findings (3/3)

-  The main challenges related to performance management observed in organizations are uneven workloads in teams (62%), goal setting in times of uncertainty (50%) and difficulties in administrating the process under the current conditions (44%).
-  Only 18% of respondents mentioned that they adjusted the approach to performance management in their organization after the outbreak of full-scale war. Performance indicators, goal-setting process and decisions made upon assessment results were reviewed most often. 35% of respondents indicated that they have plans to do so in the next year.
-  Almost all respondents (88%) note that the majority of the organization's employees currently work either in a hybrid format or remotely. Key challenges related to hybrid work observed in organizations: difficult communication (37%) and difficult onboarding process (37%).
-  According to the respondents, the key areas of work for organizations to increase the effectiveness of hybrid work include redesigning work processes (50%), implementing enabling technology (43%), and educating leaders to manage distributed teams (37%).

The specified percentages are applicable to the number of respondents for the relevant question - see further in the report

SURVEY PARTICIPANTS



Profile of respondents

Role



Number of respondents - 40

Function

(for top management , middle management and non management position)

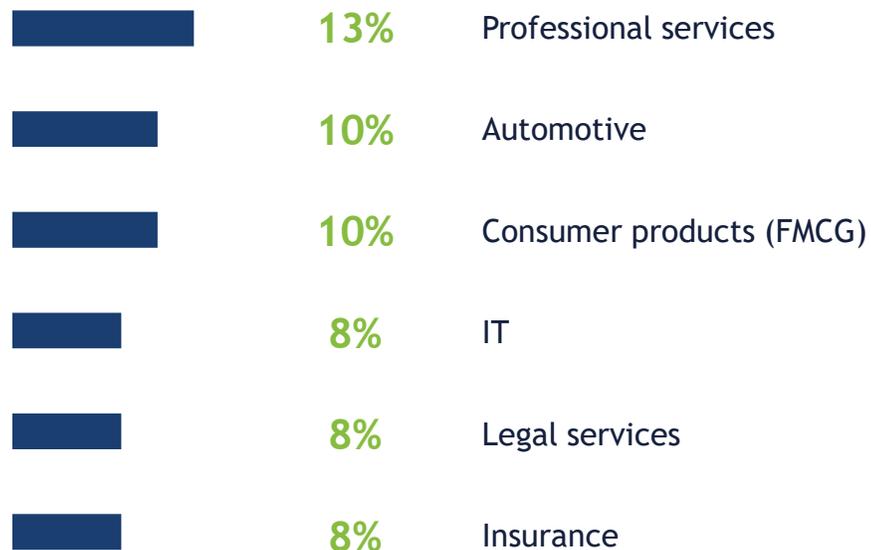


Number of respondents - 26

Profile of companies represented by respondents (1/2)

Industry

(the most represented)

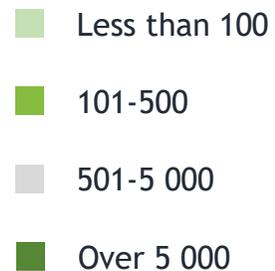
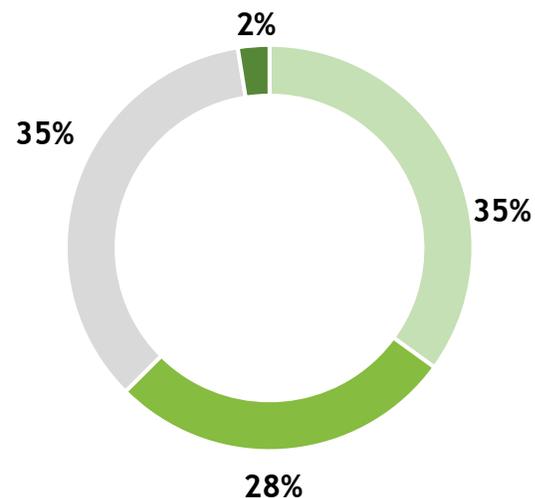


Survey participants also include representatives of such industries: pharmaceutical, telecommunications, health care, industrial products and construction, agriculture, media, banking, finance, non-profit organizations

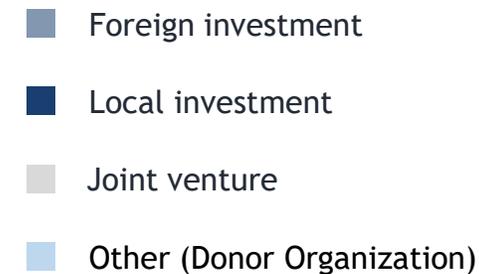
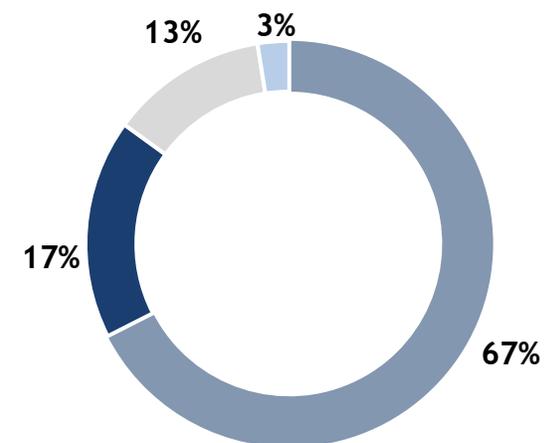
Number of respondents - 40

Size

(by number of employees in Ukraine)



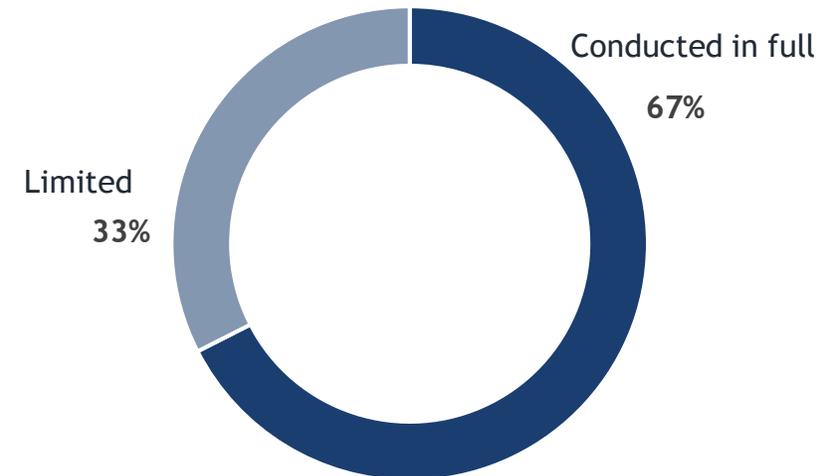
Ownership structure



Does the company's operations take place in the regions where active combat take place*?



Status of the current operations



*Kharkiv, Kherson, Mykolaiv, Zaporizhzhia, Donetsk, Luhansk regions

Number of respondents - 40

CURRENT CHALLENGES IN HUMAN CAPITAL MANAGEMENT

The situation is current as of the end of November -
the beginning of December 2022

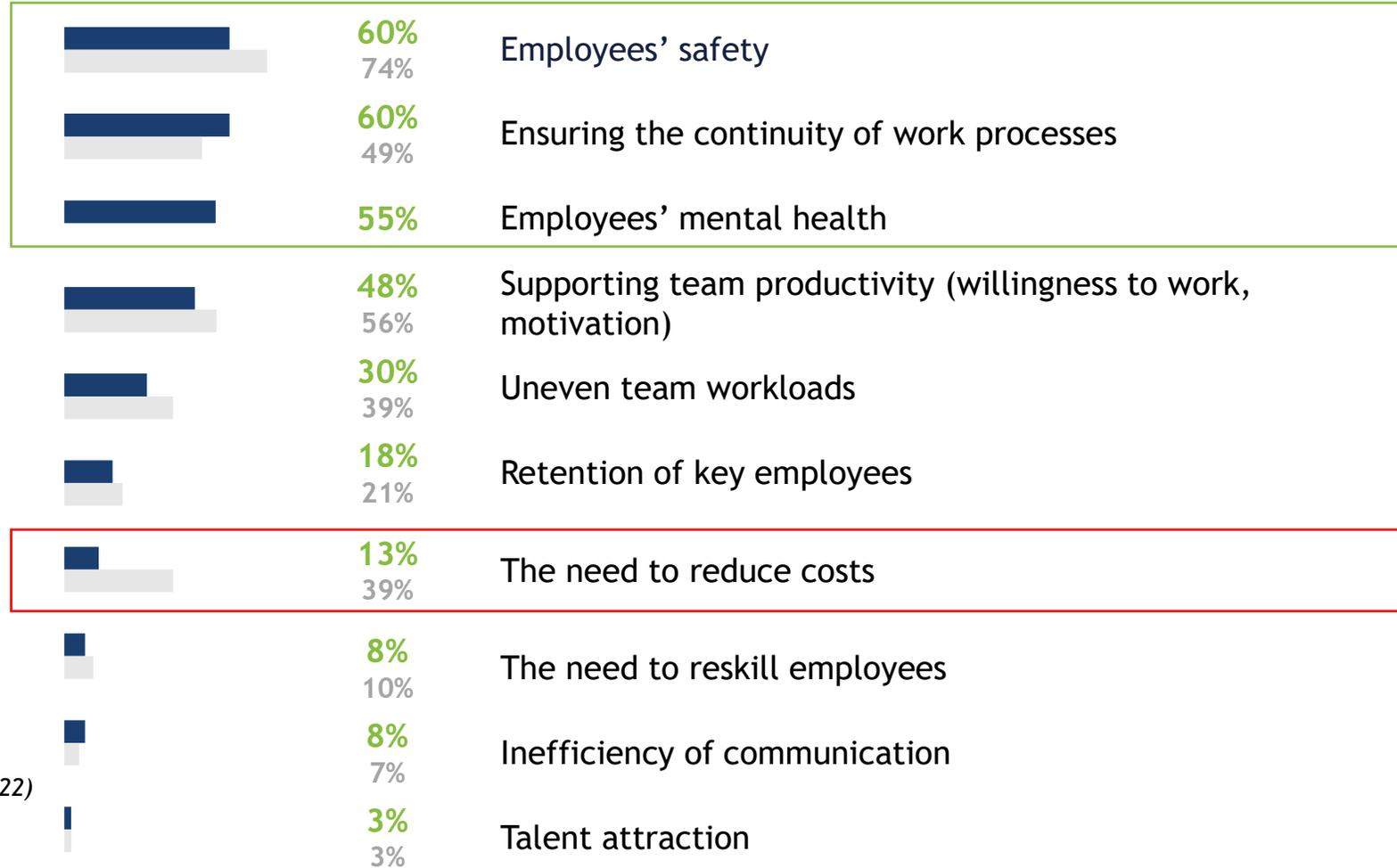


Current challenges in human capital management

Respondents were asked to select top 3 factors that are the most important in their opinion

■ December 2022

■ May 2022



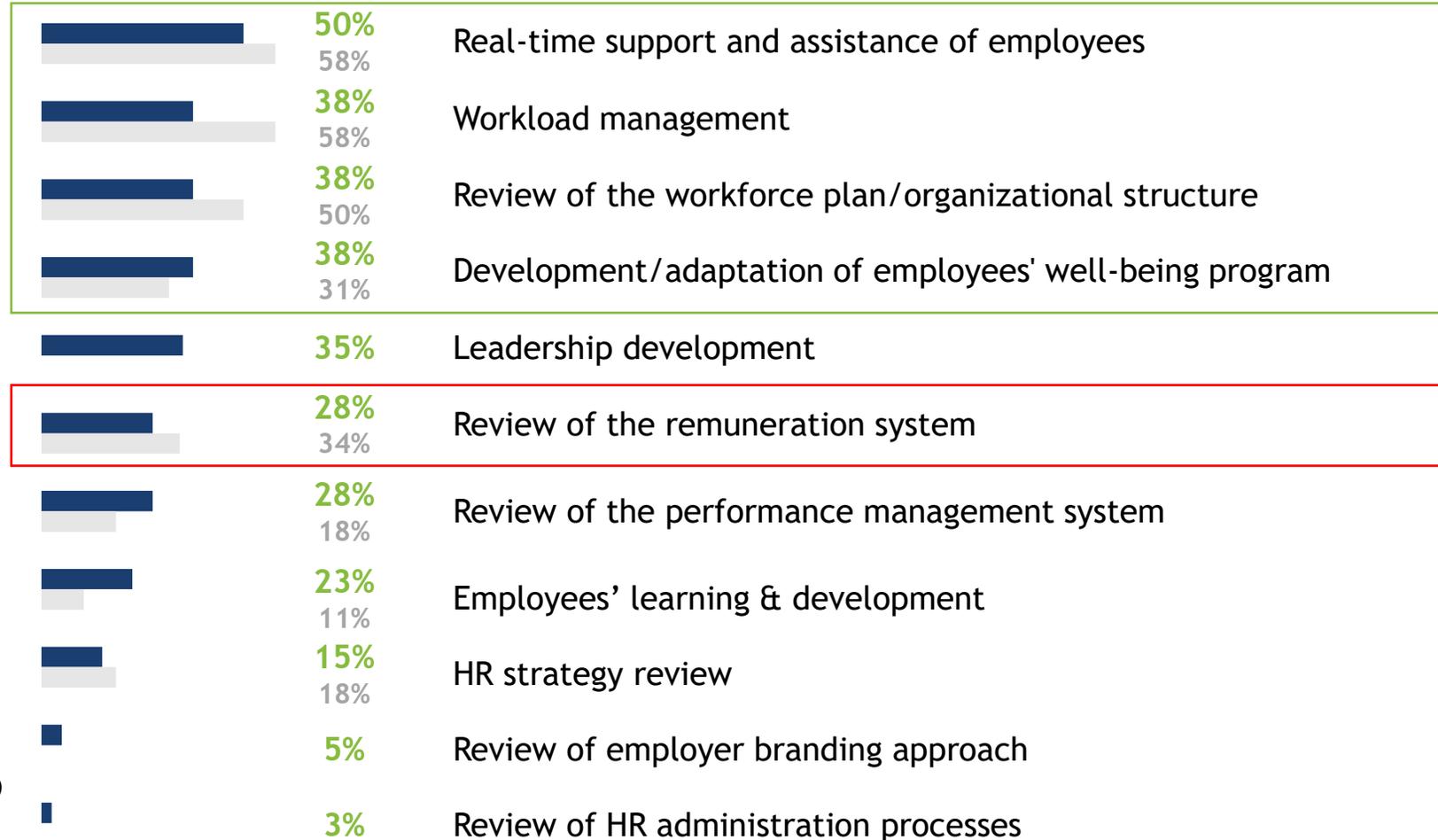
Number of respondents - 40 (December 2022)
 Number of respondents - 39 (May 2022)

Priorities of your organization in the field of HR management for 2023

Respondents were asked to select top 3 factors that are the most important in their opinion

■ December 2022

■ May 2022*



In a previous survey, respondents indicated their priorities for 2022, considering the impact of the war

Number of respondents - 40 (December 2022)

Number of respondents - 39 (May 2022)

HEADCOUNT AND LOCATION



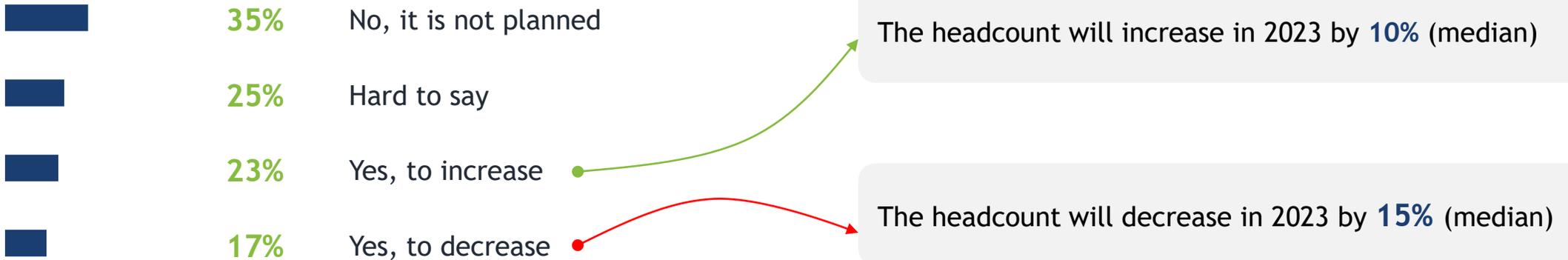
The headcount changes in the companies since the beginning of the active phase of the war and plans to review the headcount in 2023

The headcount changes since February 24, 2022:



Number of respondents - 40

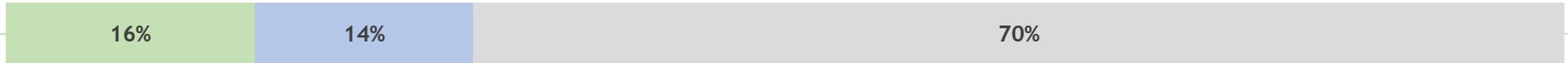
Do you have plans to review the headcount in 2023?



Number of respondents - 40

Location of the organization's employees

What percentage of your company's employees are abroad / in Ukraine now?



- Relocated abroad and as of now **remain abroad** temporarily or most of the time
- Relocated abroad and as of now **returned to Ukraine** temporarily or spend most of the time here
- **Did not relocate abroad**, remained in Ukraine

Number of respondents - 38

How does an organization encourage employees to return from abroad?

- Full payment of salary to workers in Ukraine and assistance to victims of active combat
- Motivating leadership and own example of top management of companies
- The possibility of making short-term trips to Ukraine
- Preservation of the workplace in case of return (if the working conditions do not provide for remote work)

How does an organization retain key employees in Ukraine?

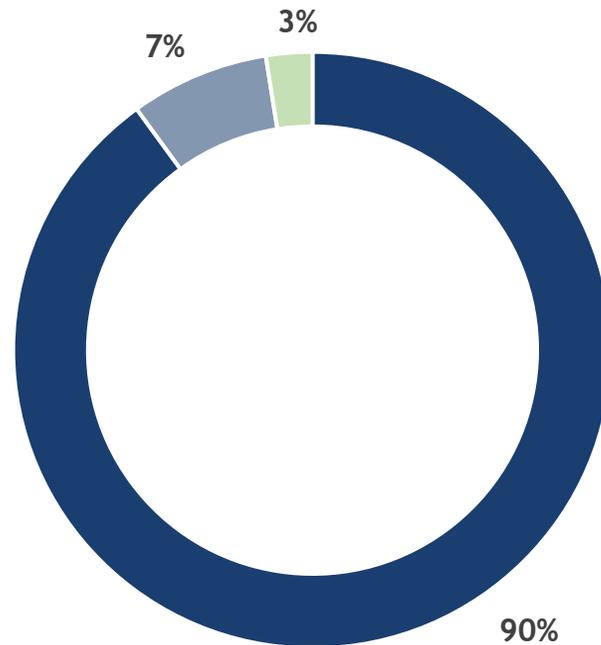
- Regular salary payments, compensation for inflation and exchange rate fluctuations, bonuses and allowances, social package
- Paid accommodation in hotels in western Ukraine
- Technical support for the possibility of continuous work
- Career growth, expansion of powers, transfer within the group of companies
- Motivating leadership, patriotism



Due to the security risks, most respondents indicated that they do not actively encourage employees to return from abroad now

Location of organization's top management

Select where the top management of the organization is located during most of their working time:



- Most of the management team is in Ukraine
- Most of the management team is abroad
- All management team is in Ukraine

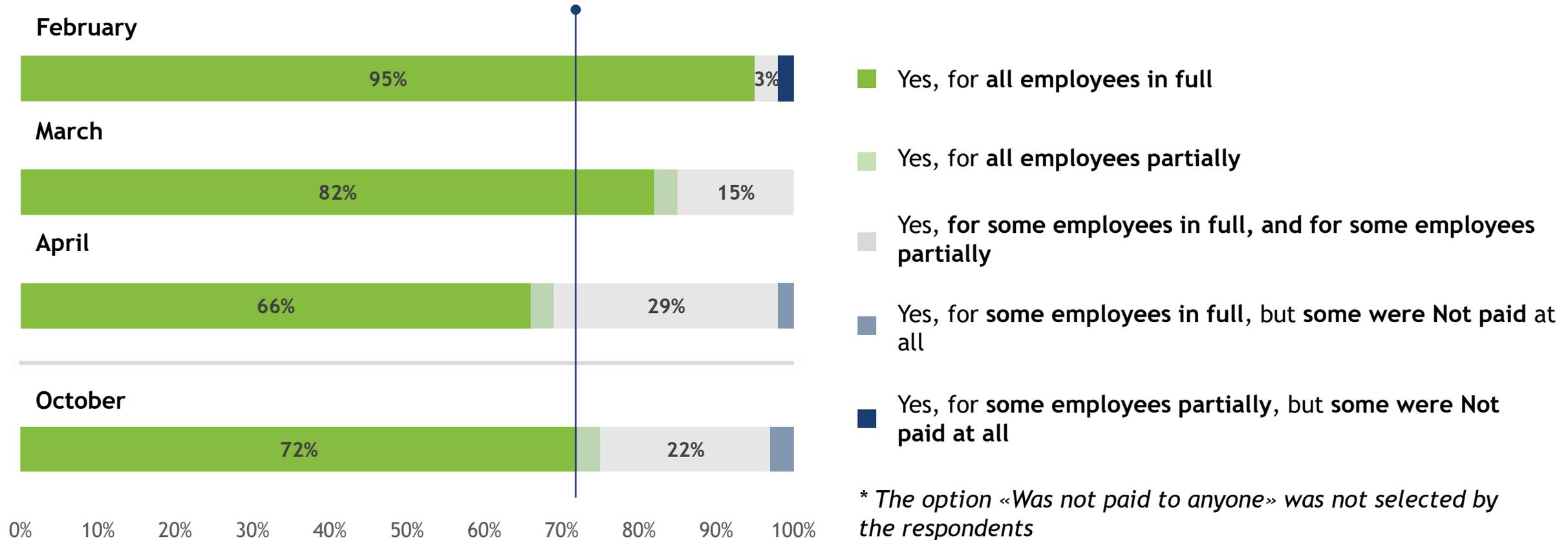
** The option «All management team is abroad» was not selected by the respondents*

Number of respondents - 40

REMUNERATION



Salary payments to employees in 2022



Number of respondents - 36

Planned review of compensation levels in 2023

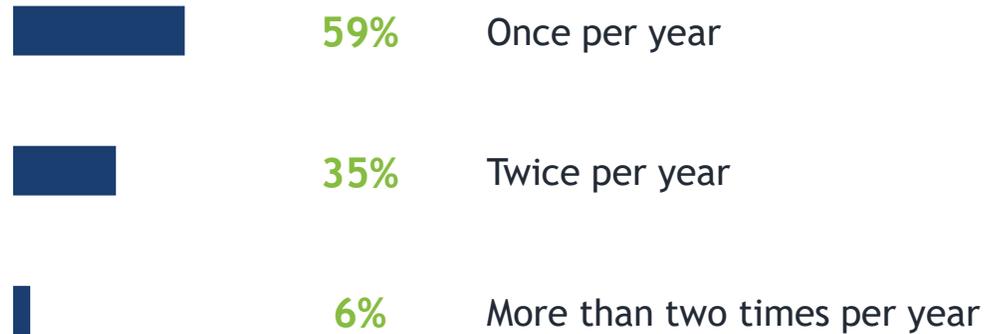
Do you plan to review compensation levels in 2023?

■ Yes, despite the circumstances ■ I don't know ■ Yes, if the war is over ■ No



Number of respondents - 35

How many times a year is it planned to review the levels of employee compensation?



Number of respondents - 17

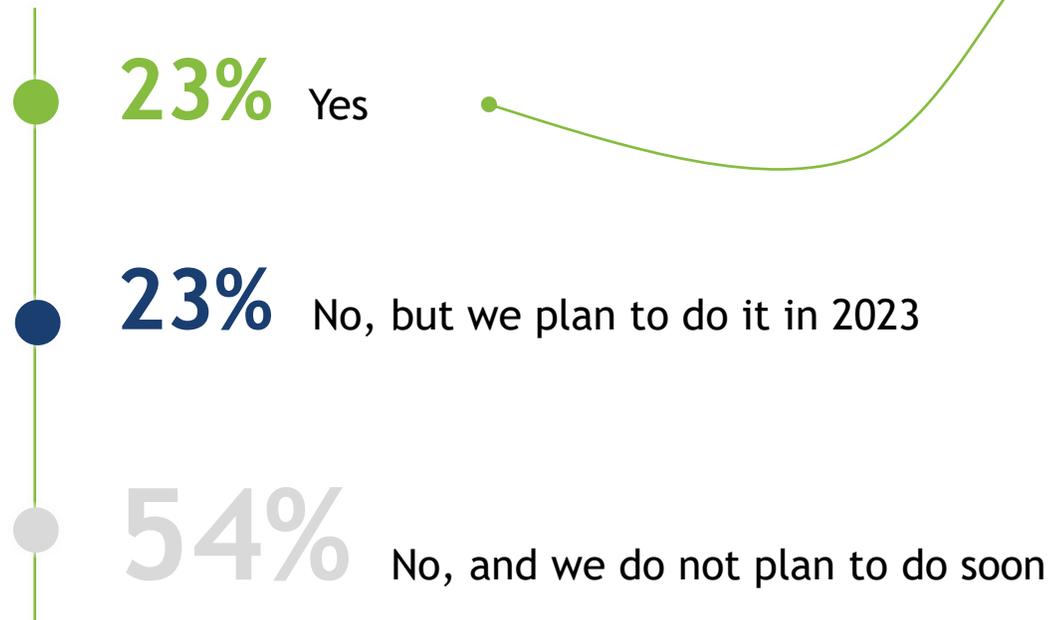
10%

the total percentage of remuneration level increase was/will be budgeted for 2023 (median)

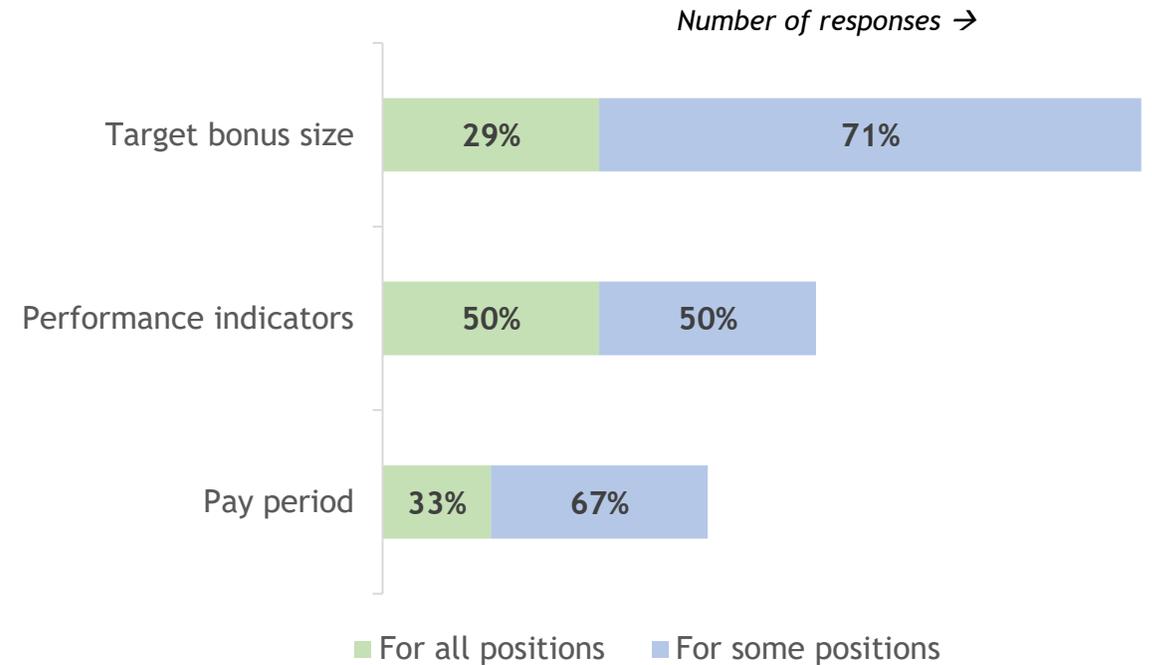
Number of respondents - 32

Plans regarding reviewing the approach to variable pay

Has your organization reviewed the approach to variable pay since the outbreak of full-scale war?



What aspects of variable pay have changed in your organization?



Number of respondents - 35

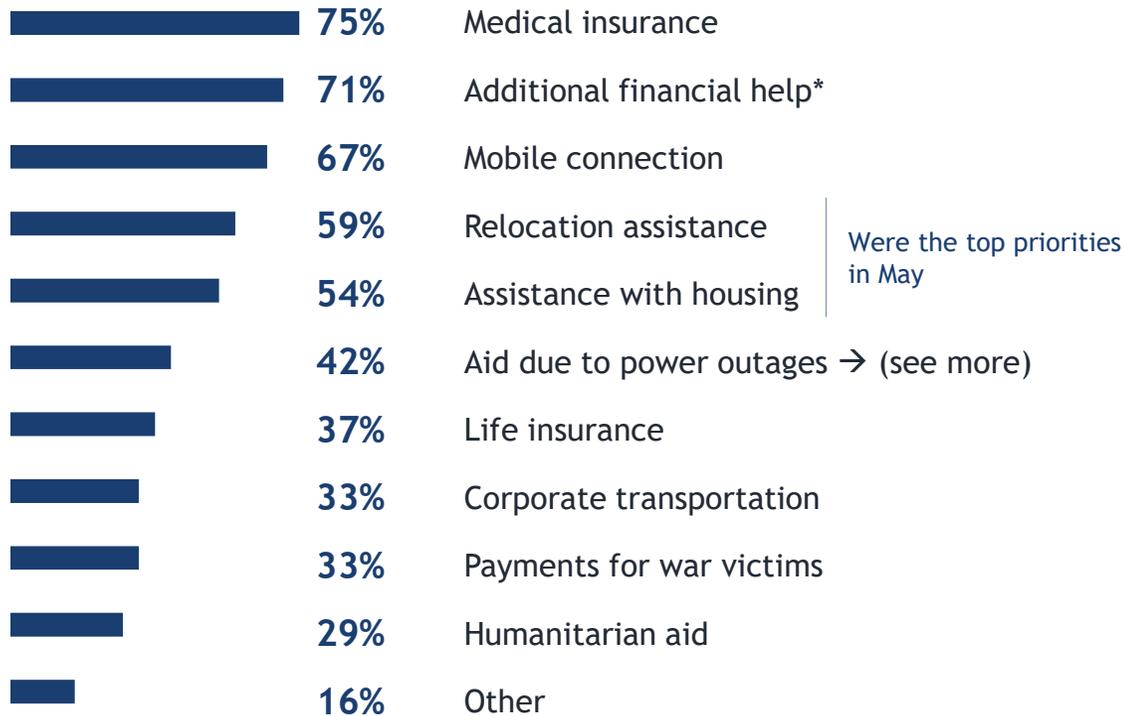
SUPPORTING EMPLOYEES



Support to employees by type of assistance

More than **71%** of the respondents indicate that they provide additional support to employees in Ukraine (in addition to regular benefits)

Financial aid



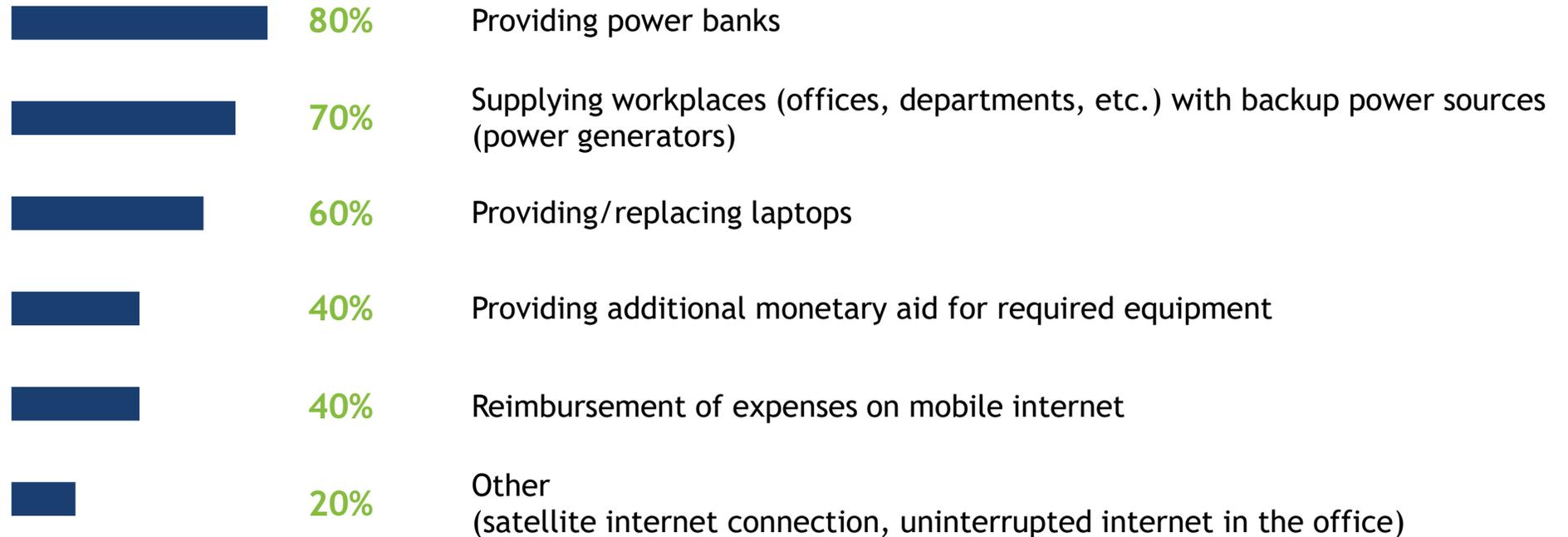
Non-financial aid



Number of respondents - 24

* including one-time payments of up to \$5,000, one-time payments for the partial restoration of housing, monthly fixed assistance, one-time assistance for mobilized people, additional assistance for housing rent (up to 6 months), full coverage of apartment rent, coverage of 3 meals for families and employees

What additional support is offered to employees due to power outages?



**Answers were provided by those respondents who selected the "Aid due to power outages" option in the previous question*

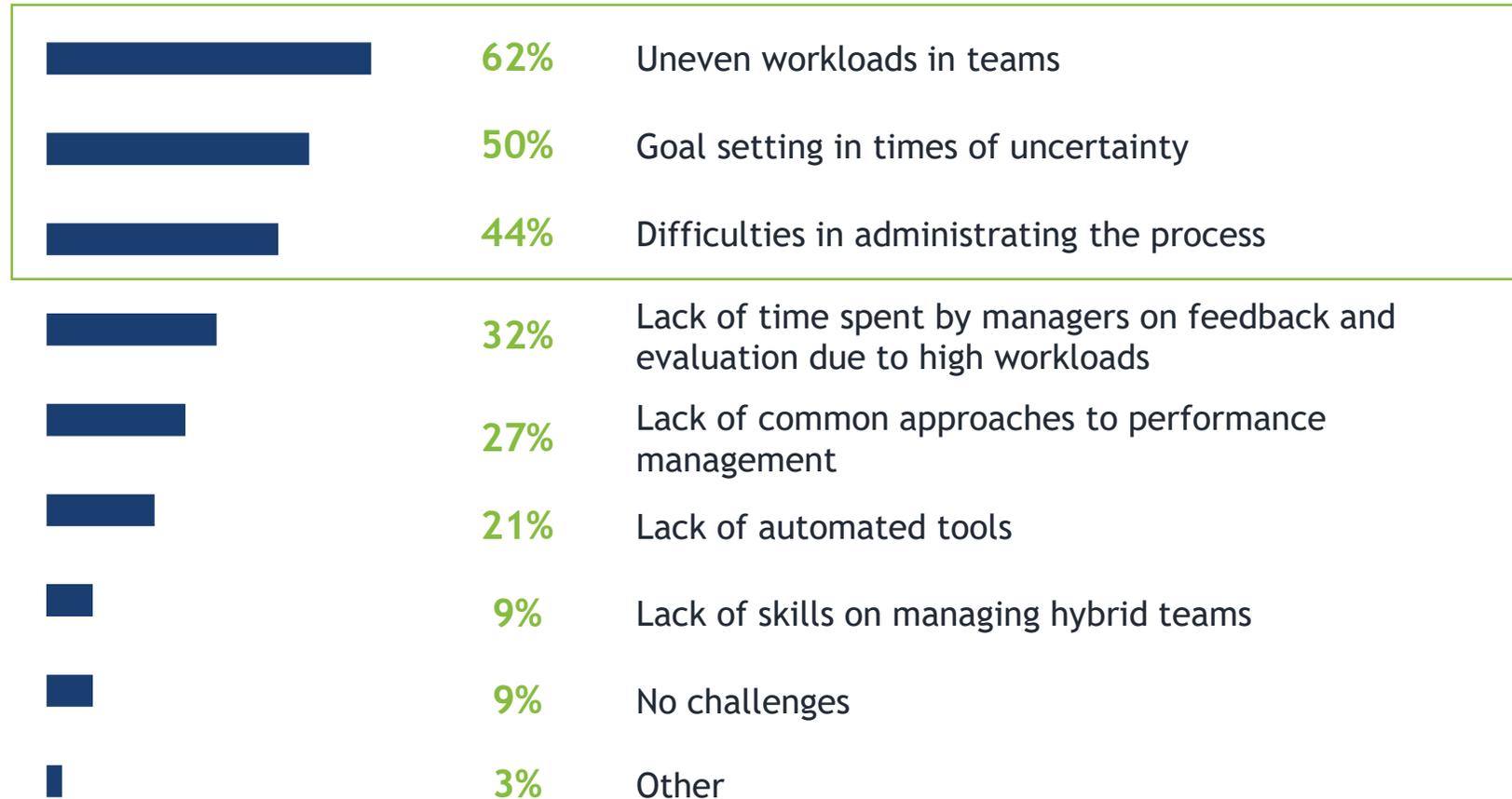
Number of respondents - 10

PERFORMANCE MANAGEMENT



Challenges related to performance management

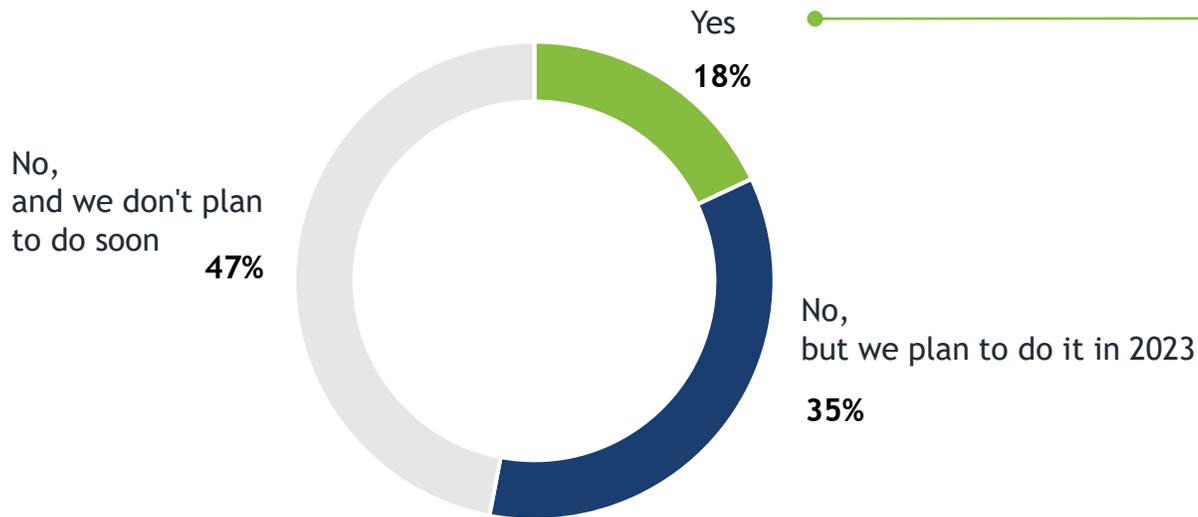
What challenges related to performance management do you observe in your organization?



Number of respondents - 34

Adjustment of the approach to performance management

Have you adjusted the approach to performance management in your organization after the outbreak of full-scale war?



What components of performance management system have been reviewed in your organization?

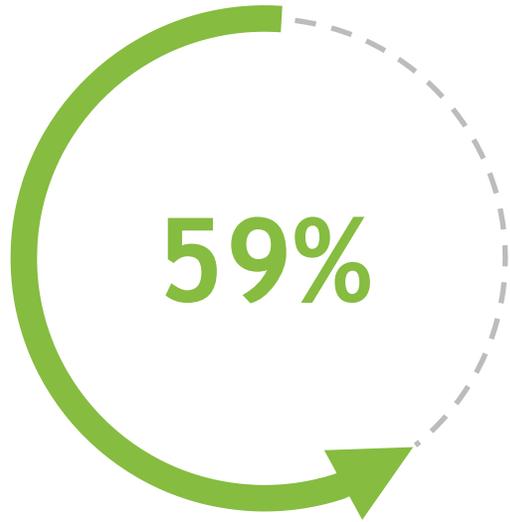


Number of respondents - 34

HYBRID WORK



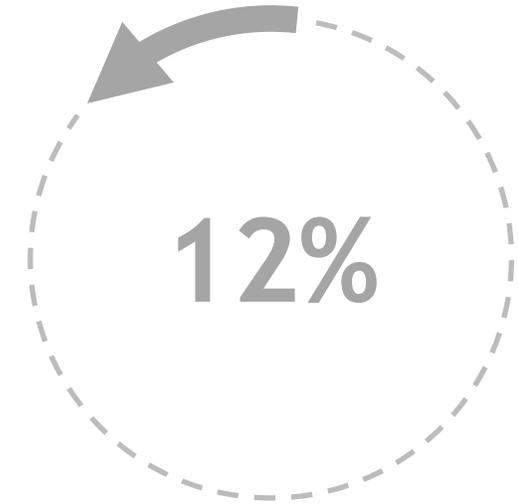
Work format of the majority of employees, % of organizations



Hybrid work



Remote work

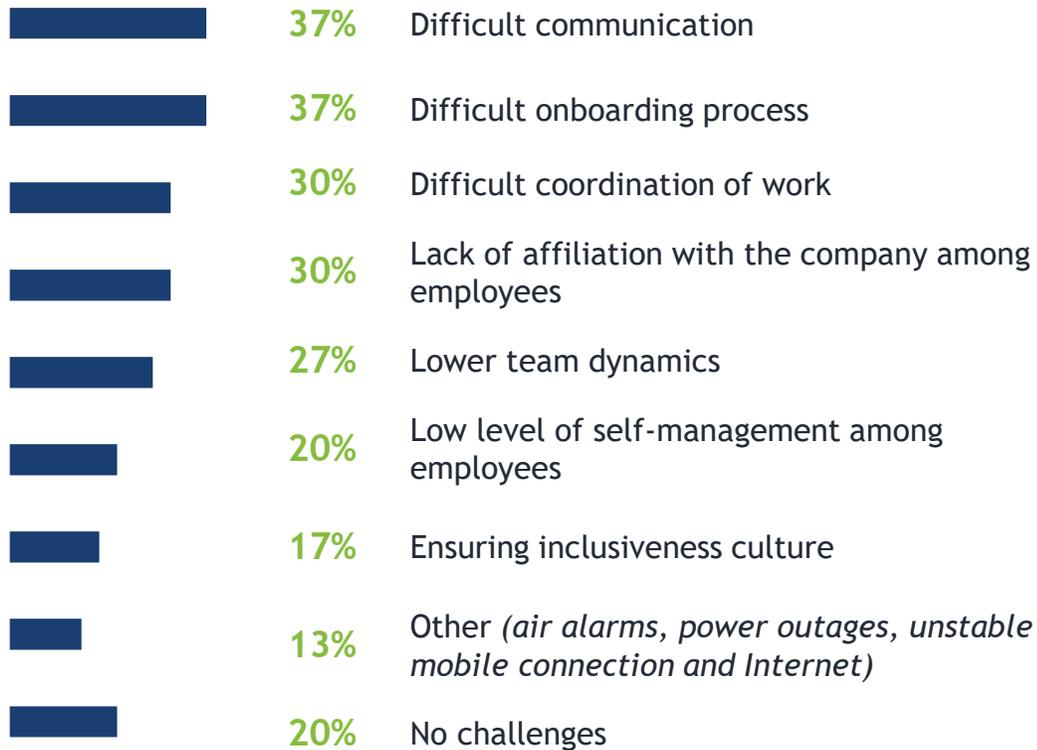


On-site work

Number of respondents - 34

Challenges and priorities related to hybrid work

What challenges related to hybrid work do you observe in your organization?



Number of respondents - 30

What are the key areas of work for your organization to increase the effectiveness of hybrid work?



Number of respondents - 30

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