The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Edelman Closing its Local Operation

By Irina Filatova

July 15, 2012



Edelman's Moscow office led the announcement of PepsiCo's purchase of Wimm-Bill-Dann, Russia's largest dairy company, in Moscow in December.

A global public relations firm got mired in a labor scandal in Russia, having said Friday that it is closing its local unit, which hadn't met the parent company's expectations.

U.S.-headquartered Edelman, which operates locally under the brand Edelman Imageland, will close its Russian operations in October, said Kerry Irwin, the company's general director in Russia.

"We've been undertaking a strategic review of the Russian operations since the end of last year. ... Unfortunately, the Imageland business hadn't met Edelman's expectations over the last several years," she told The Moscow Times, adding that it was impossible to continue business because of some commercial problems, the nature of which she didn't specify.

The announcement came amid a battle between the company's local management and a group of its employees, who claimed that they had been forced to quit.

The company announced in May that it would lay off 10 employees starting Aug. 1, said project director Alexander Sokolov, who is also due to leave.

The official reason for firing people was a lack of work, Sokolov said, adding that in fact he and his colleagues had long-term clients and successful projects.

Among Edelman's customers in Russia were Procter & Gamble, Motorola, Microsoft, and big pharmaceutical companies like Takeda and Pfizer.

But instead of just cutting the staff, Sokolov said, the company insisted that those leaving sign documents stating that they had resigned based on mutual agreement with the firm.

The employees with Edelman Imageland, who formed a labor union to protect their rights, plan to submit a claim with the General Prosecutor's Office, said Sokolov, the labor union's deputy head.

Unlike a staff reduction, when an employee can return to work after proving in court that the dismissal was groundless, resignation based on mutual agreement is hard to dispute in court.

Even if an employee signs such an agreement under pressure from the company, it will be impossible to prove that the person had been forced to do so, said Olesya Salayeva, a lawyer with Yukov, Khrenov and Partners.

To avoid subsequent claims, some companies that are cutting staff insist that the employees sign the documents confirming that they are resigning under mutual agreement, she said by telephone.

Meanwhile, Robert Phillips, Edelman's President and chief executive for Europe, Middle East and Africa, denied any wrongdoing, saying the company was acting "in compliance with the Russian law."

He also hinted that Edelman would like to maintain a presence in Russia, but declined to comment on further plans, saying only that a few official announcements might be made during the next few months.

"We remain committed to Russia and our Russian clients," he said by telephone from London.

Edelman Imageland was created in 2008 when the global company bought Imageland, one of the oldest PR firms in Russia.

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