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Russian Businesses Take Aim at Employee Bonuses in Cost-Cutting Measure – Izvestia

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A view of the Moscow International Business Center (Moscow City). **Vasily Kuzmichenok / Moskva News Agency**

Russian companies are increasingly cutting or eliminating employee bonuses and incentive payments as they seek to reduce costs, a new report has revealed.

The report, compiled by the HeadHunter recruiting service and the pension fund NPF Evolyutsiya, was obtained by the pro-Kremlin newspaper Izvestia, which reported the findings on Friday.

Almost one-third of workers who previously received bonuses reported either a reduction or total loss of bonuses over the last year, a symptom of the slowing Russian economy.

The survey found that 20% of respondents noted a decrease in bonus amounts, while 9% said payments had stopped entirely.

For one-quarter of those surveyed, bonuses accounted for 10 to 30% of their total take-home pay.

Fifteen percent of workers reported bonuses equal to 10% of their pay, with a similar number of workers reporting that bonuses accounted for 30 to 50% of their income.

Managers, IT specialists, realtors and employees in sales, finance and construction were most likely to experience reduced or canceled bonuses, the data showed.

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The regions where employees most frequently reported a loss of bonuses were Sverdlovsk (42%), Novosibirsk (36%), Samara (32%), Rostov (31%) and the republic of Tatarstan (32%).

"Bonuses and incentive payments are typically the first expenses companies cut when seeking to save money without implementing official salary reductions or formal layoffs," Vladimir Chernov, an analyst at the online broker Freedom Finance Global, told Izvestia.

"Companies are becoming less flexible, especially with high interest rates and reduced access to loans. Businesses have reached a stage where financial incentives can't be the sole motivators," said Dmitry Dudarev, HR director at communications company CROS, referring to the Central Bank's key rate of 20%.

Alexander Vertekov, deputy general director of headhunting agency Rabota.ru, added that "businesses now seek to optimize processes and increase productivity. Reducing personnel costs helps companies reallocate their budgets to the development and implementation of new technologies."

Maria Koleda, a spokesperson for the independent trade union Novy Trud, told Izvestia that reduced bonuses make employees less motivated and more likely to leave their company.

Companies are increasingly turning to non-monetary incentives to retain key staff, including flexible schedules, remote work options, opportunities to join engaging projects and employer-sponsored training, Chernov said.

SuperJob, another job recruitment service, reported that employers have started giving holiday gifts more regularly, providing interest-free loans and arranging free consultations with psychologists, legal advisers and financial specialists to compensate for the reduction in bonuses.

Companies are also expanding benefits packages as well as non-material recognitions like certificates, internal news mentions and access to strategy sessions, according to Chernov.

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