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# Russian Businesses Enter 'Era of Survival' as Pay Increases Stall, Experts Say

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**Sergei Vedyashkin / Moskva News Agency**

Most Russian employers have no plans to raise wages this year, according to a survey by recruitment platform HeadHunter, as mounting financial pressure on businesses weakens one of the key drivers of consumer spending during the war economy.

Only 33% of companies increased salaries in the first half of 2026, while 59% left pay unchanged, HeadHunter said. Looking ahead, just 29% of employers plan further wage increases before the end of the year, while 58% intend to keep salaries at current levels, according to data provided to Forbes.

The figures suggest Russia's rapid wage growth, fueled by labor shortages, military recruitment and government spending since the start of the war in Ukraine, may be losing momentum as companies grapple with declining profits, sanctions and slowing economic activity.

Pay increases were most common in the energy sector, where half of surveyed organizations raised salaries. Food producers followed at 48%, ahead of telecommunications companies at 46%. Healthcare and pharmaceuticals reported a 44% share, while electronics manufacturers stood at 39%. Education, financial services, consumer services and the oil and gas sector each reported increases at 36%, while heavy machinery manufacturers lagged at 33%.

HeadHunter said employers in those industries were continuing to compete for scarce workers and were using higher wages to retain staff and attract new hires.

At the same time, financial performance among Russia's largest companies has deteriorated sharply.

The Vedomosti business daily reported that the combined revenue of 28 of Russia's largest companies fell by 8.6 trillion rubles ($119.5 billion) in 2025, a decline of 16.7%, while net profit dropped by 1.9 trillion rubles ($26.4 billion), or 30.8%.

Rosneft's profit nearly quadrupled downward, while profits at Gazprom Neft and Tatneft roughly halved. Lukoil reported a loss of 1.06 trillion rubles ($14.7 billion), its first annual loss in three decades, according to the newspaper. State railway monopoly Russian Railways saw profit fall 22-fold.

**Related article**: Russian Wage Arrears Nearly Double as Regional Budgets and Businesses Come Under Strain

Pyotr Arronet, chief analyst at Ingo Bank, described the current environment as an "era of survival" for Russian businesses, citing sanctions pressure, discounts on commodity exports and shrinking external markets.

Meanwhile, wage arrears have continued to rise.

State statistics service Rosstat said overdue wage payments reached 2.88 billion rubles ($40 million) in April, up 35% from the previous month and 94% higher than a year earlier. Since the start of 2025, unpaid wages have increased nearly sixfold.

More than 85% of wage arrears, roughly 2.4 billion rubles ($33.4 million), were concentrated among workers in electricity and gas supply, construction and manufacturing industries outside the raw materials sector. Around one-third of outstanding wage debts date back to last year, while 10.7% have remained unpaid for more than two years.

Yevgeny Kogan, a professor at Moscow's Higher School of Economics, said the sharp increase in wage arrears was "a clear signal of a deterioration in companies' financial condition."

The pressure is also being felt among smaller businesses.

According to corporate database Kontur.Focus, 209,000 small and medium-sized enterprises were liquidated in Russia during the first quarter of 2026, up 9% from a year earlier.

Tatyana Pushkova, head of business valuation practice at consulting firm Neo, said retail trade, beauty salons and restaurants were among the sectors facing the greatest strain.

Economist Dmitry Polevoy said many privately owned companies had exhausted their financial buffers and warned that further tax increases could trigger a new wave of bankruptcies.

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