

Employees earn 25% less than last year

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Salaries fell some 25 percent in the first half of this year, as companies focused on measures to stimulate results, by raising the share of performance bonuses in the total earnings of employees, according to market players.

According to a survey carried out by the Hewitt Associates consultancy company published in May, 41 percent of companies cut their salary funds, while 46 percent maintained them at the same level. Only 13 percent of them operated increases.

“Salaries will slide on average by 20-30 percent, but it depends on the field of operations. The highest drops will be registered by middle and top management positions,” the Managing Partner of the Total Business Solutions advisory company, Daniela Necefor, said.

The sectors that registered the highest salary drops this year include real estate, auto, construction, banking, specialists said, while the only sector that maintained its salary level compared to the previous years is fast-moving consumer goods (FMCG). Bonuses also suffered a reduction, as employees were unable to meet their performance targets. “Considering that most companies are struggling to survive, it is hard to believe that any extraordinary performances will be registered on the back of the general decline on net sales,” the Human Resource (HR) Operations Manager of the Luger&Makler recruitment company, Florin Ochiană. Together with bonuses, other components of the salary package, such as meal tickets, car, or vacation bonus have been reduced by companies, according to the General Manager of the HR Professional advisory company, Cristina Pasat.

In the banking sector, salary growth rates fell significantly from the 20 percent level registered in the banks’ expansion period, last year. “The trend is to cut salary growth rates. Salaries will not increase as much, by 16-20 percent, as the average growth rate posted in previous years. Now, the increase will be of 7-8 percent, at best,” the Human Resource Manager of GarantiBank, Virginia Oăel, said. While GarantiBank froze salaries this year, maintaining them at their 2008 levels, lenders such as Unicredit Őiriac Bank, OTP Bank, and Bank of Cyprus granted no salary increases since the beginning of this year. Financial brokers were forced to reduce their staff, due to the economic crisis. Moreover, bonuses granted to the employees who did not lose their job plummeted by up to 75 percent. “The fixed part of salaries did not decline, but the number of employees fell significantly, and, as a consequence, the total value of fixed salaries dropped by some 40 percent. Sales bonuses plunged almost down to zero. Compared to last year, the total level of bonuses offered to employee by the company plunged 75 percent,” the President of the KD Capital Management brokerage firm, Silviu Enache, said.

The first measures taken by companies to counter the economic crisis included freezing recruitment intentions, decided upon by 52.4 percent of companies, according to the Hewitt Associates survey, which indicates that over 30 percent of Romania’s private companies plan to operate layoffs this year, while 41 percent cut their salary budget.

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