



AIMS INSIGHTS

NEXT NORMAL ... LOADING

MAY 2020

AIMS INTERNATIONAL
ROMANIA

www.aims.ro



INTRODUCTION



"The next normal" is the phrase that best expresses the way we all, people and companies, have adapted to the world in a full-blown medical, economic and trust crisis, due to the new coronavirus. Confused at first, we have tried to understand, react and learn fast. Now we are adapting.

Adaptation is precisely the point in the **survey series "The Next Normal ... loading"**, which we will conduct in the next months. The present report is the result of the pilot-episode of this series, which managed to gain the attention of **309 respondent companies from all over the country**.

309 online forms completed in just 4 days! A figure that speaks for itself, very well expressing the need for a guiding light, best practices, the need for relevant and current information on those "pain points" that any business has - even more so in the next normal.

We hope that the present report satisfies this thirst for information, that it helps you overcome the current crisis (or at least make it bearable) and identify appropriate solutions that fit the reality of your organisation.

The current report comprises the following chapters:

- A. THE BUSINESS IMPACT OF THE HEALTH AND ECONOMIC CRISIS
- B. JOBS PROTECTION POLICY
- C. THE IMPACT OF WORK-FROM-HOME
- D. HEALTH PROTECTION MEASURES
- E. COMPENSATION AND BENEFITS POLICY

The next surveys will be conducted on a **monthly basis**, which is how the participants to the current edition have chosen.

We thank all of those who have contributed with ideas to the first questionnaire in this survey series. If your suggestions were not reflected in the questions of the online survey, be sure that they will be in the next.

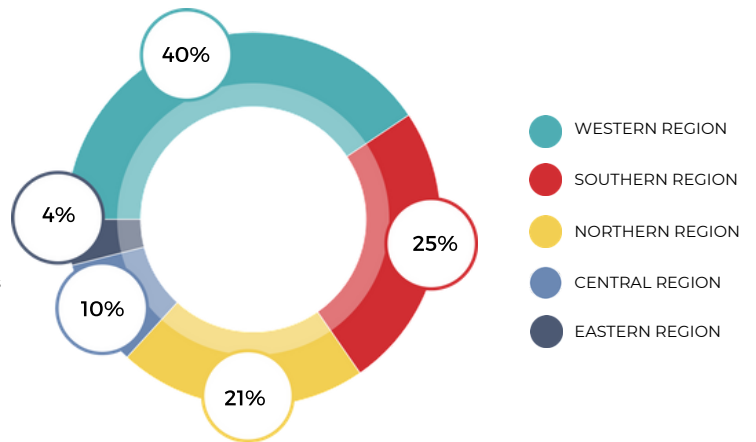
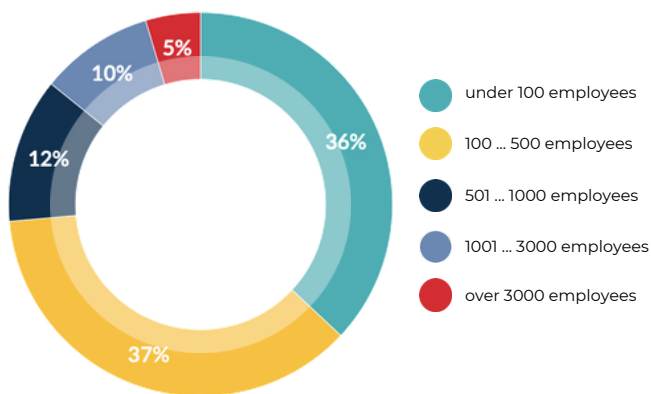
Let's keep in touch and hear each other again in a month. Meanwhile, #staysafe and enjoy reading this report!

AIMS Insights Team

BENCHMARK - PARTICIPANT COMPANIES

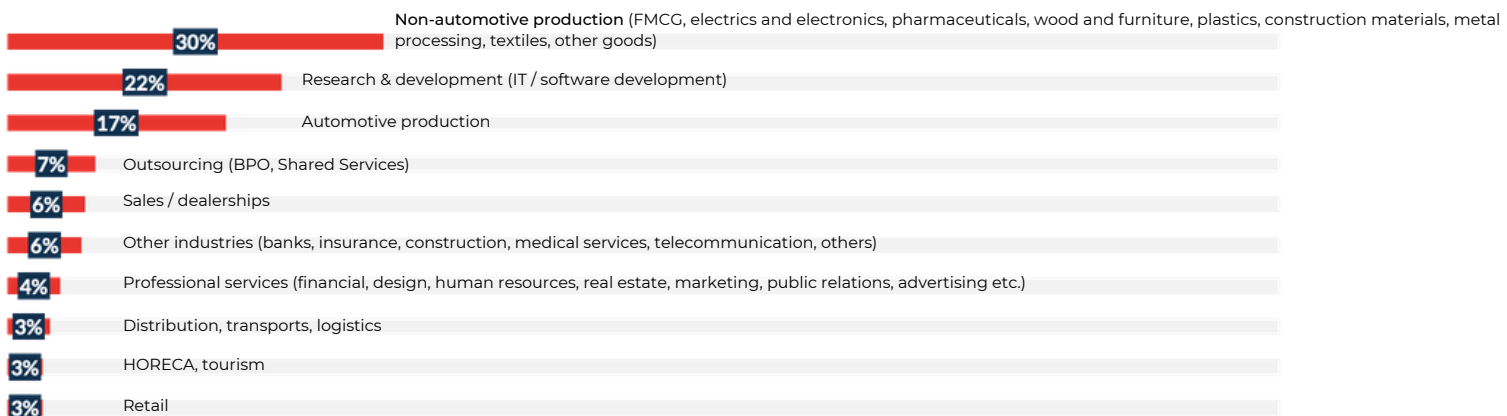
TOTAL = 309 COMPANIES FROM THE ENTIRE COUNTRY

Most of them multinationals, but also Romanian entrepreneurial companies



- WESTERN REGION: Timiș, Arad, Caraș-Severin
- SOUTHERN REGION: Bucharest, Prahova, Argeș, Dolj, Ilfov (without Bucharest), Giurgiu, Dâmbovița, Ialomița, Olt, Teleorman, Tulcea
- NORTHERN REGION: Cluj, Bihor, Maramureș, Satu Mare, Sălaj
- CENTRAL REGION: Brașov, Mureș, Sibiu, Alba
- EASTERN REGION: Iași, Neamț, Vrancea

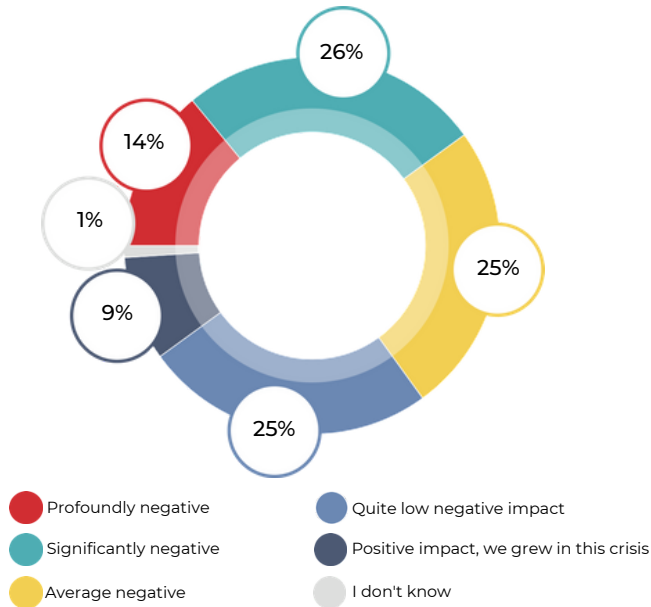
% PARTICIPANTS / INDUSTRY



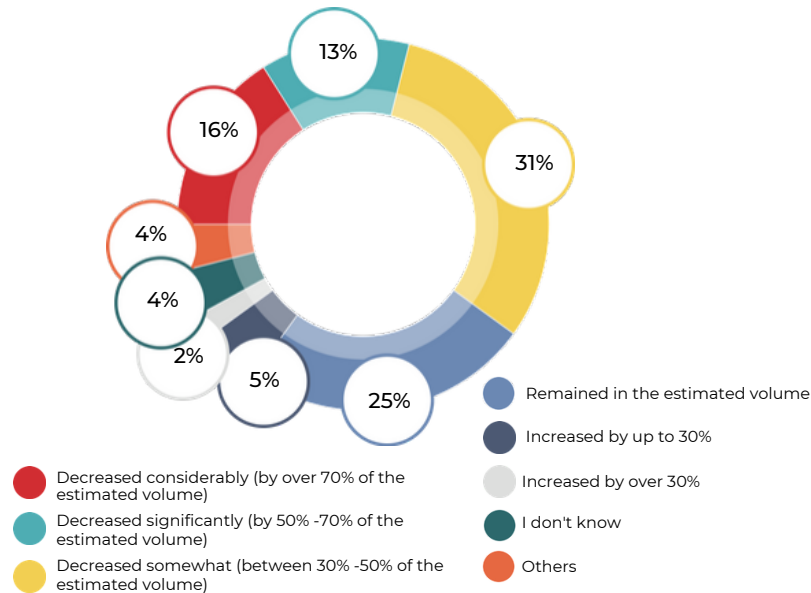
A. THE BUSINESS IMPACT OF THE HEALTH AND ECONOMIC CRISIS



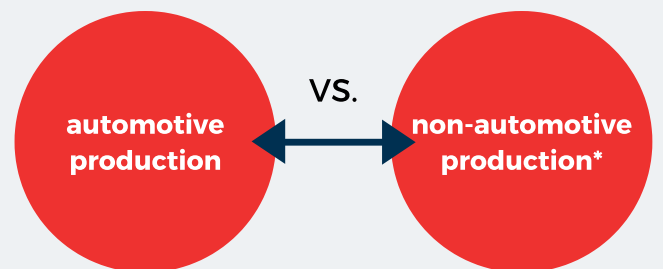
What was the impact of the current health and economic crisis on your organisation?



How have the orders/sales/projects of the local organisation been affected so far?



Automotive production companies and **HORECA** industry have felt the impact of the crisis most strongly - 78%, respectively 90% of the companies from these two industries have reported a **profoundly negative** and a **significantly negative** impact on their business. 72% of **automotive production** companies reported a drop in sales of over 50%, and for **HORECA** 80% of participants reported sales decrease with over 70%.

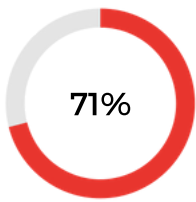


There are also companies which seem unaffected by this crisis. For example, **distribution** companies (18%) and **sales / dealerships** (14%) reported a **positive impact** of the crisis on their business. In **research & development (IT / software development)**, 54% of the participants maintained projects and sales in the estimated figures, this industry being the least affected by sales decreases - only 4% of these companies reported a drop in sales of over 50%.

72% of these companies report a drop in sales of over 50%

only 19% of these companies report a drop in sales of over 50%.

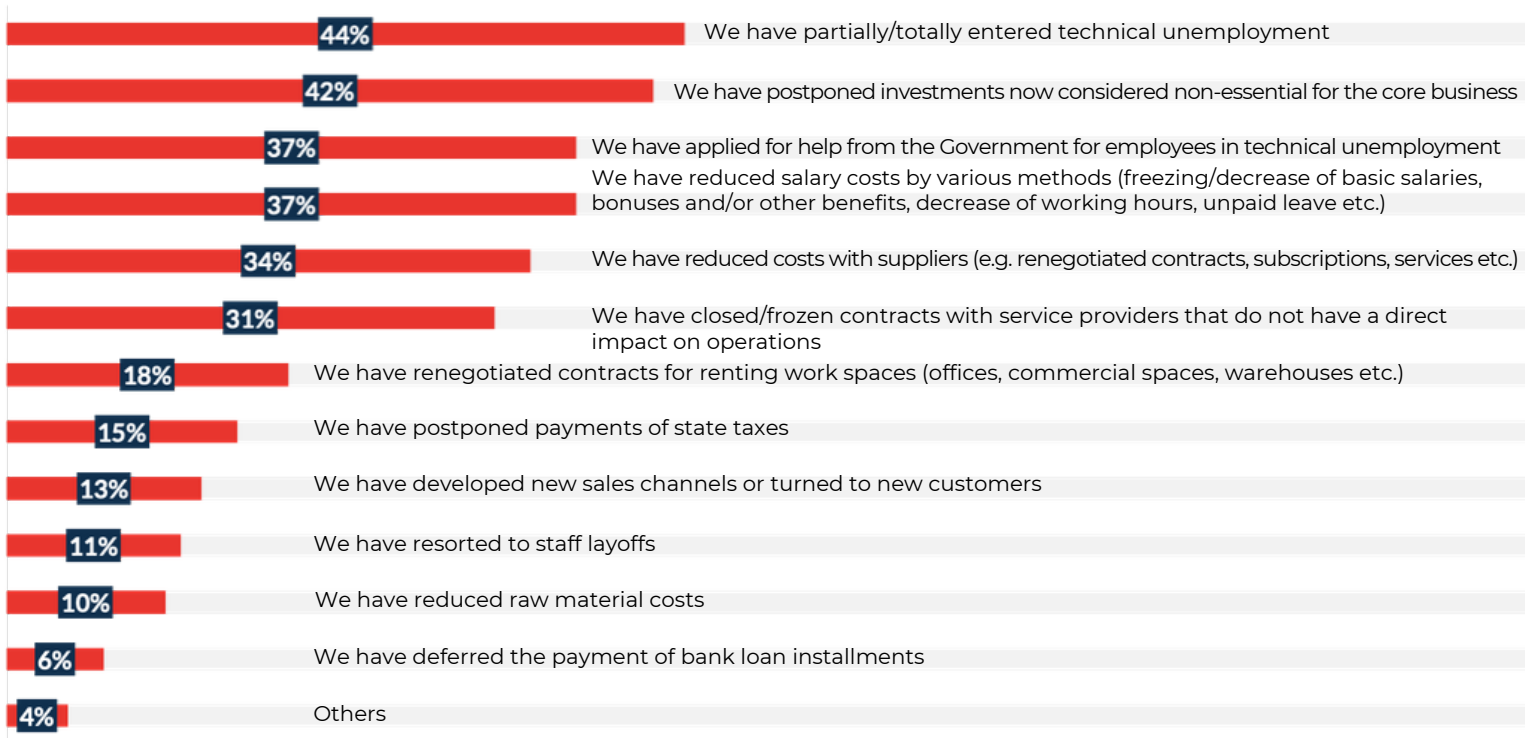
**Non-automotive production* refers to companies from: FMCG, electrics and electronics, pharmaceuticals, wood and furniture, plastics, construction materials, metal processing, textiles, other goods.



71% of participant companies have taken cost-cutting measures

For 40-45% of companies from **research & development (IT / software development)**, **distribution** and **other industries** there was no reason to resort to cost-cutting in the first 2 months of the crisis.

What cost-cutting measures have you taken so far?



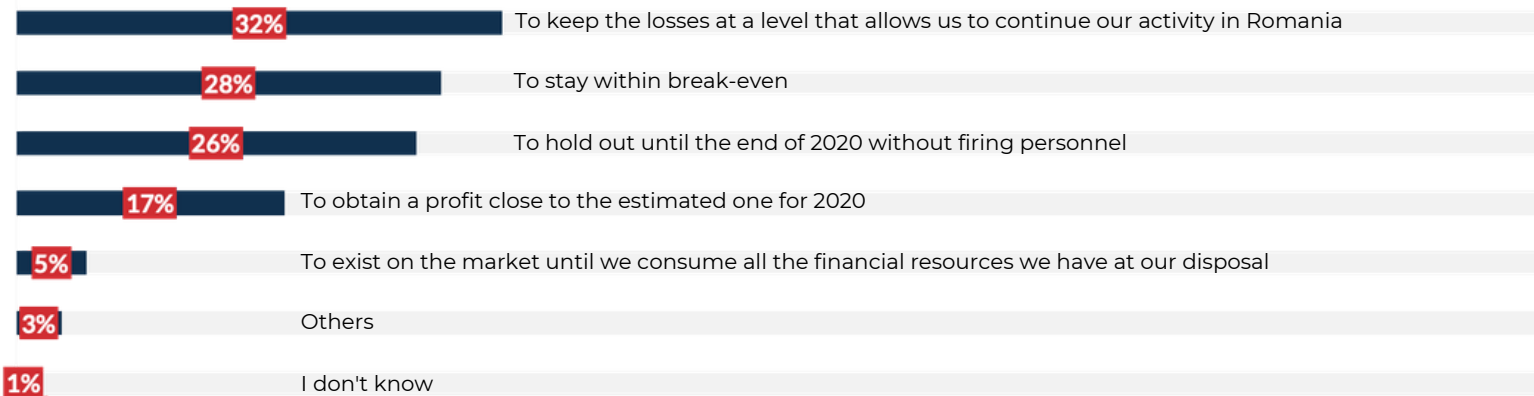
Non-automotive companies entered technical unemployment totally/partially and filed for governmental aid in a percentage of approximately 40%, compared to almost double (around 80%) in the case of **automotive production**.

Reducing salary costs was applied mostly by **automotive production**, **HORECA**, **professional services** and **outsourcing** companies.

In **research & development (IT / software development)**, the most frequent cost-cutting measures were postponing non-essential investments and renegotiating contracts with service suppliers and workspace renting suppliers.

In **outsourcing**, the most frequent cost-cutting measures were reducing salary costs, filing for technical unemployment, reducing costs with suppliers and postponing non-essential investments.

What were the main reasons you have taken the respective cost reduction measures?



41% of **outsourcing** companies hope to stay within break-even, while 57% of **automotive** multinationals have reduced costs to ensure a level that allows them to continue their activity in Romania.

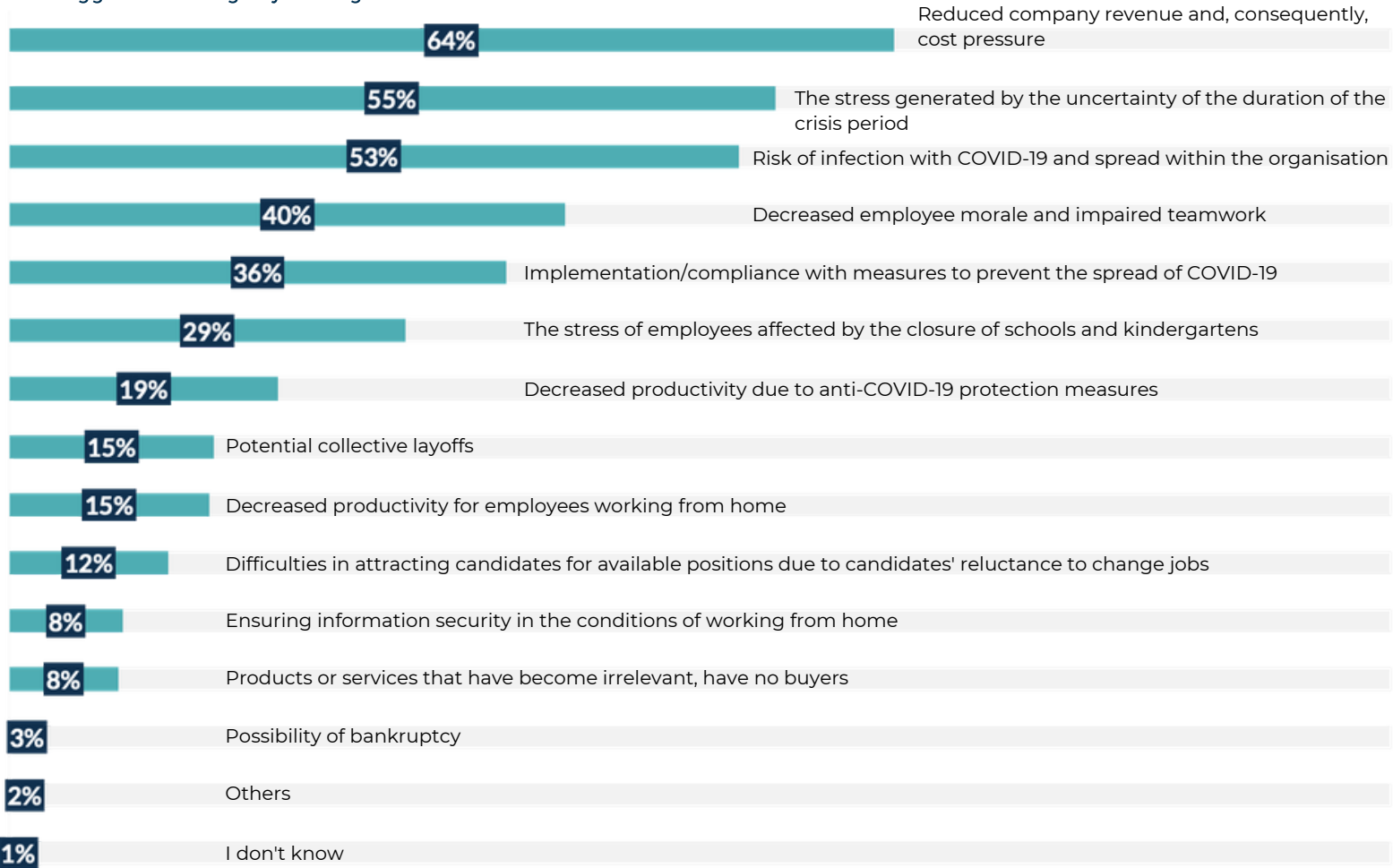
40% of **HORECA** respondents hope to hold out until the end of 2020 without firing personnel.

If you have/have had your activity totally or partially suspended, for what reasons did it occur?



If in **automotive production** 90% reported having their activity partially or totally suspended for lack of orders, in **research & development (IT / software development)** the drop in orders/projects was felt only by 14,47% of participants. Including in software development for automotive, the decrease in projects was not applicable in the first 2 months of the crisis, but there is some concern in this respect for the coming months.

The biggest challenges your organisation will face in the next month

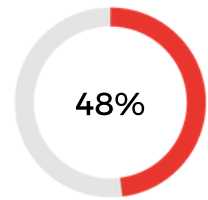


The **cost pressure** will continue to represent a challenge for most companies from **retail** (90%), **automotive production** (85%), **HORECA** (70%). **Collective layoffs** are a possible risk, as well, for 47% of **automotive production** companies, although in the first 2 months this was not a frequent cost-cutting measure.

The **risk of infection with COVID-19** is strongly felt in **distribution** (73% of companies), **outsourcing** (66%) and **automotive production** (65%).

In **research & development (IT / software development)** and **outsourcing**, two major challenges are related to how teamwork was affected and the stress generated by how long the crisis period will last. For **research & development** another challenge was the stress of employees affected by the closure of schools and kindergartens (49%).

B. JOBS PROTECTION POLICY



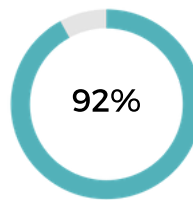
48% had personnel in technical unemployment in March/April 2020

46% of companies have filed for technical unemployment for over 70% of their employees (between 70% and 100% of employees). 72% of companies had between 10-30 days of technical unemployment. The most frequent number of days of technical unemployment was 20 days - 22 companies (15%).

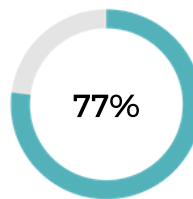
FROM THE COMPANIES REPORTING TECHNICAL UNEMPLOYMENT IN MARCH/APRIL	AVERAGE % OF EMPLOYEES IN TECHNICAL UNEMPLOYMENT	AVERAGE NO. OF DAYS OF TECHNICAL UNEMPLOYMENT
HORECA, tourism	76%	35
Automotive production	72%	19
Retail	70%	27
Sales / dealerships	49%	20
Professional services	48%	23
Non-automotive production	45%	16
Other industries	41%	33
Outsourcing (BPO, Shared Services)	30%	14
Distribution, transport, logistics	29%	17
Research & development (IT/software development)	24%	13

In the following AIMS surveys, we will investigate in detail this chapter on the policy applied by companies with regard to jobs protection measures. We will address issues such as unemployment, reduced working hours or possible dismissals, but we will also have questions about the recruitment market, the reactions of candidates, staff turnover, absenteeism.

C. THE IMPACT OF WORK-FROM-HOME



had employees who worked from home in March/April 2020

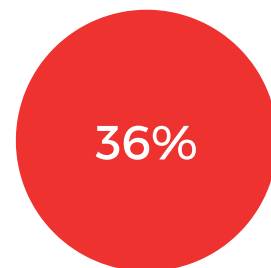


will keep the work-from-home option for some employees, even after the emergency state has been lifted

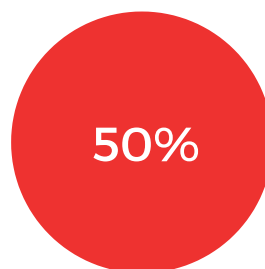
30% of companies from **production, HORECA, retail and sales / dealerships** will no longer allow or do not yet know if WFH will still be allowed after the state of emergency is lifted.

CHALLENGES OF WORK-FROM-HOME (WFH)

THE BIGGEST BUSINESS-RELATED CHALLENGE



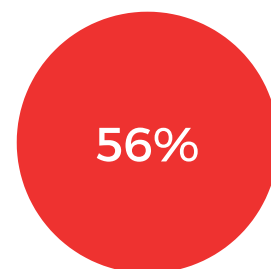
Ensuring IT / telecommunications infrastructure for the proper functioning of WFH



THE BIGGEST MANAGEMENT-RELATED CHALLENGE

Adapting personal leadership style to the reality of coordinating a virtual team

THE BIGGEST EMPLOYEE-RELATED CHALLENGE



Proper organisation of daily time, to take into account both job and family demands

CHALLENGES OF WORK-FROM-HOME (WFH)

BUSINESS

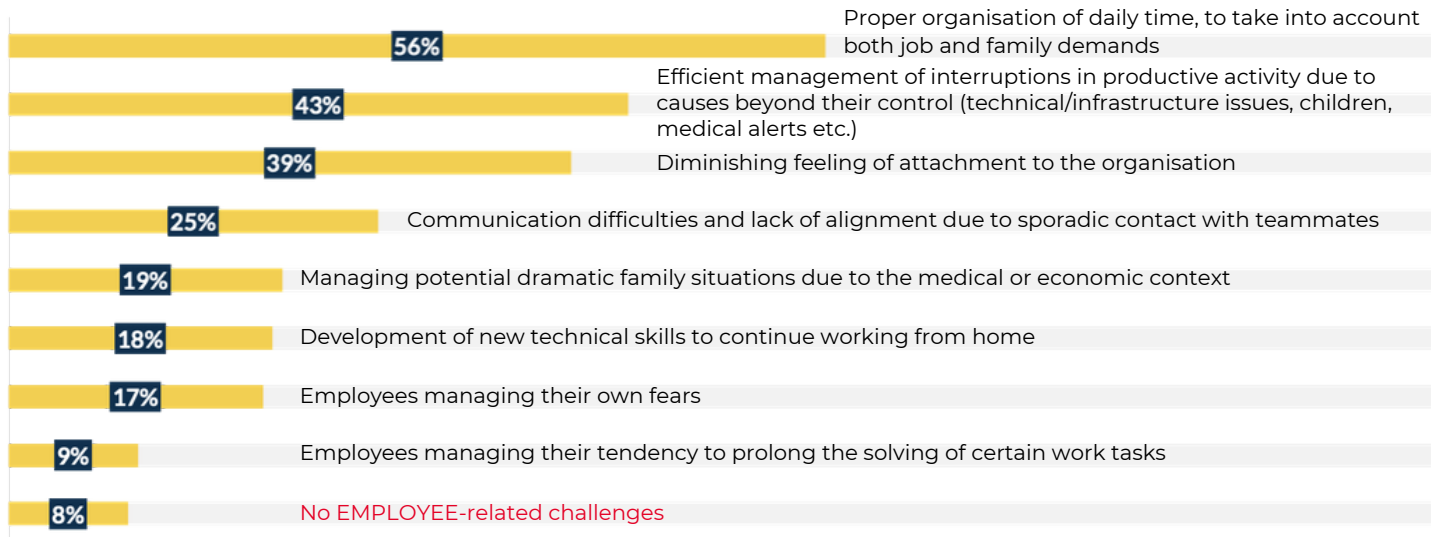


MANAGEMENT

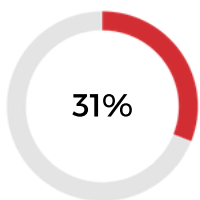


60-70% of companies from **research & development (IT/software development)**, **outsourcing** and **professional services** have faced difficulties regarding team morale and adjustment of leadership style to remote teams to a higher degree than other companies.

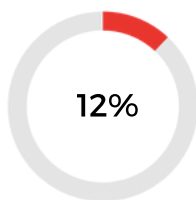
EMPLOYEES



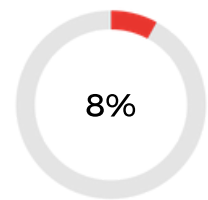
In **research & development (IT/software development)** and **outsourcing**, the most frequent challenges were the diminishing employee attachment to the organisation (54%), as well as the proper organisation of working time, while juggling multiple family-job priorities (79% **outsourcing**, 65% **research & development**).



did not report any BUSINESS-related challenge of WFH



did not report any MANAGEMENT-related challenge of WFH

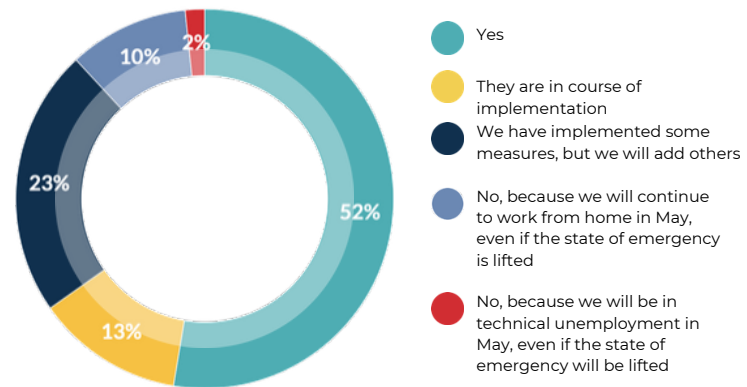


did not report any EMPLOYEE-related challenge of WFH

D. HEALTH PROTECTION MEASURES



Have you implemented health protection measures for MAY 2020?



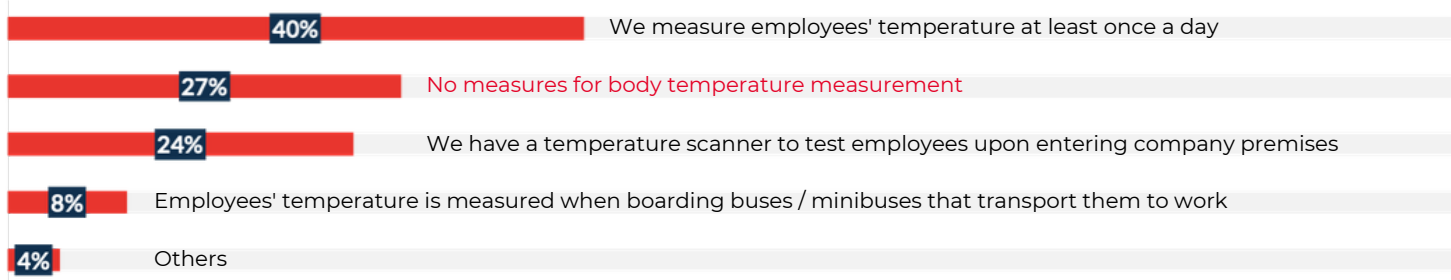
Production companies have already implemented employee protection measures - over 67%, while in other industries these measures are in the course of implementation.

Between 20-30% of **research & development (IT / software development)**, **outsourcing** and **professional services** companies will work from home in May, as well, after the state of emergency is lifted.

The next graphs represent the processing of answers from those companies which answered the question above affirmatively (the first 3 options).

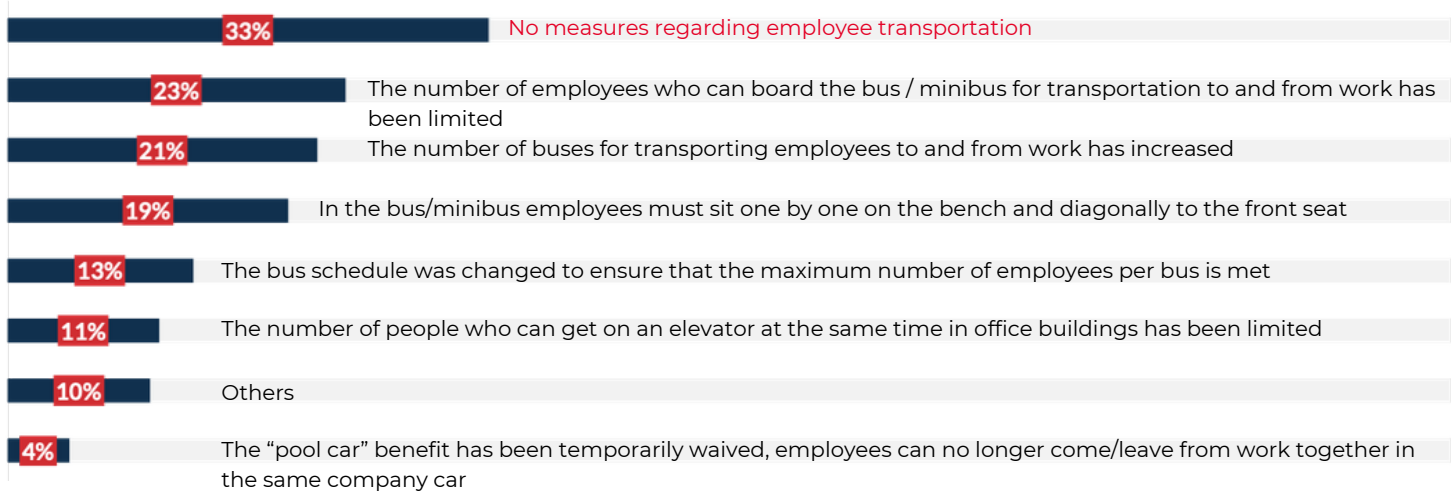
PROTECTION MEASURES (DETAILS)

TEMPERATURE MEASUREMENT



Companies which chose "Others" option mentioned that the temperature measurement is done randomly or by request, or that they will ask employees to take their own temperature before coming to work.

EMPLOYEE TRANSPORTATION



In the "Others" section several companies mentioned that they encouraged employees to use their own personal cars (some going as far as offering a cash refund for fuel or free parking) or a taxi service, as opposed to public transportation. Other companies have introduced for the first time their own buses/minibuses, in order to be able to control disinfection operations. Two companies with HQ in office buildings reported that only employees who own a personal car will come in the office.

DISINFECTION



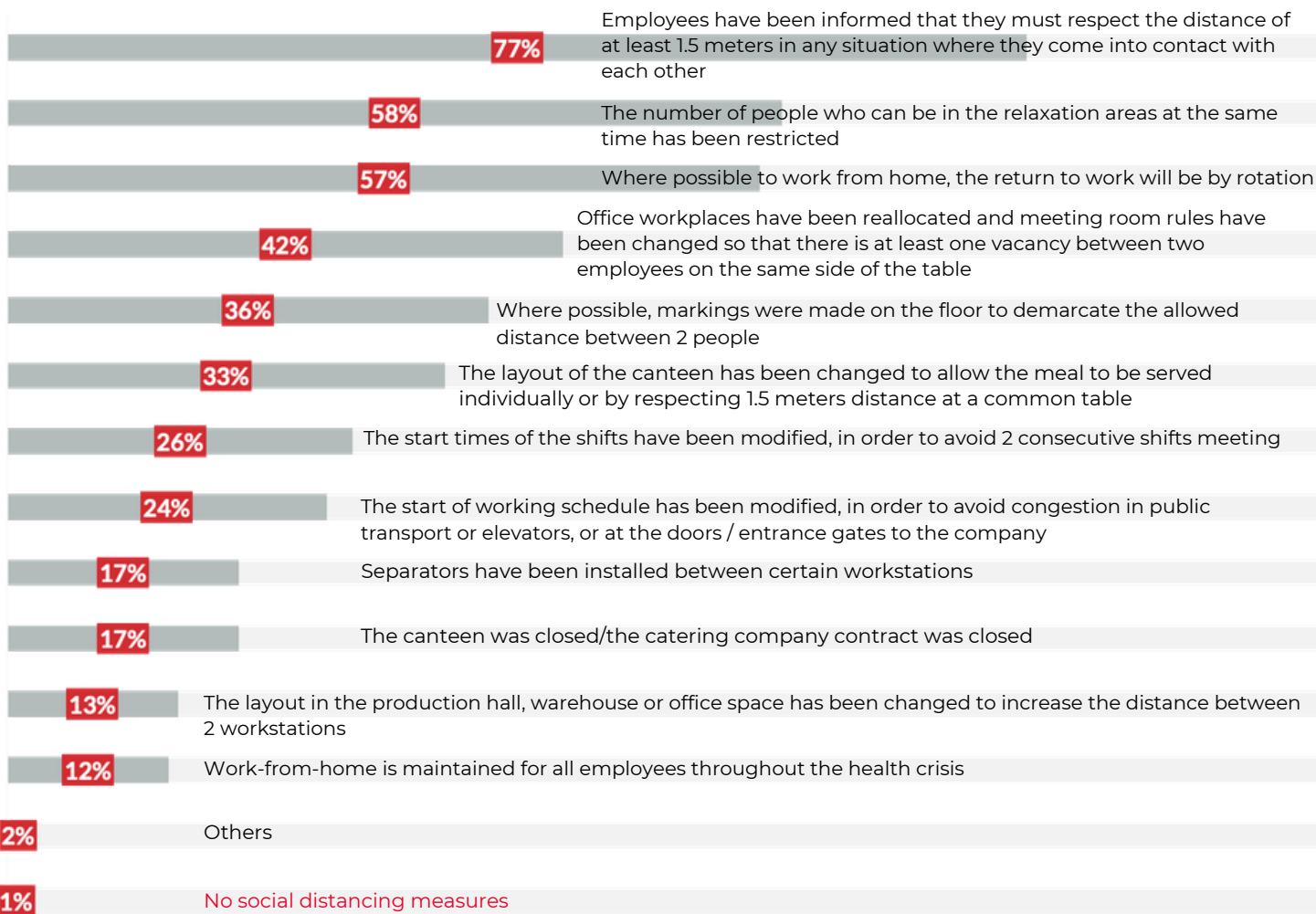
In the "Others" section several companies, especially from production, reported having blocked the doors in the OPEN position, so that there's no need to touch the doorknobs. Moreover, they mentioned the purchase of UV lamps for workplace disinfection.

PROTECTION MEASURES (DETAILS)

MEDICAL PROTECTION



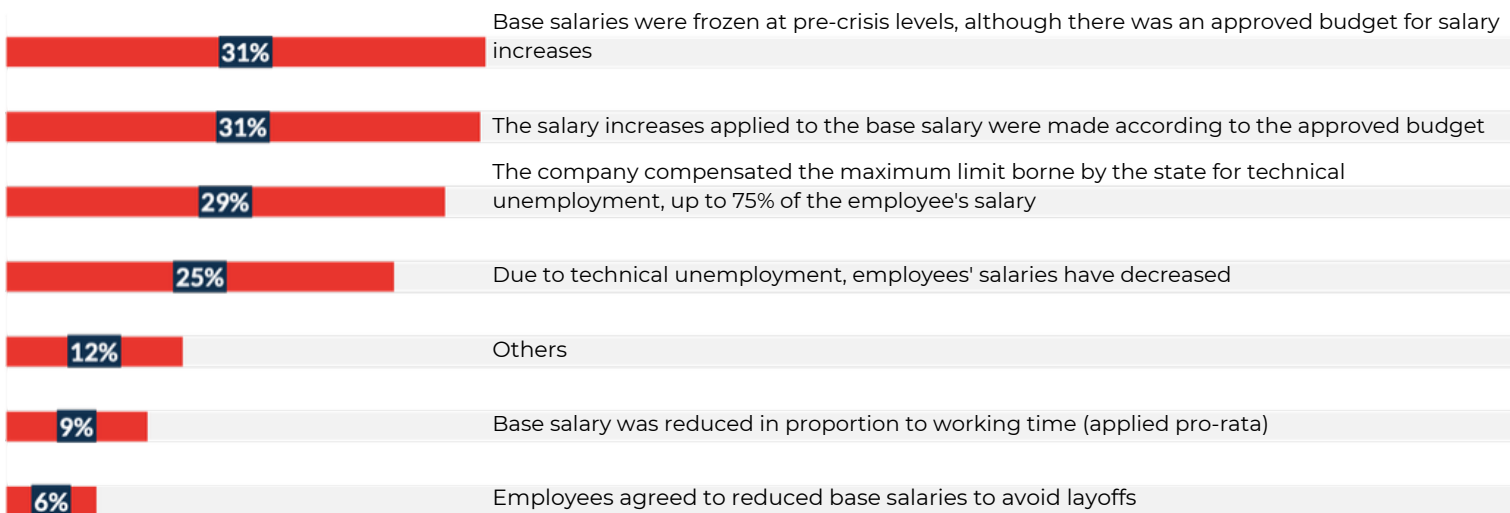
SOCIAL DISTANCING



E. COMPENSATION AND BENEFITS POLICY



What have been the decisions made so far regarding the base salary in your company?



An average decrease percentage of 21% was calculated for those companies "cutting" employees' base salaries, as compared with February.

In the case of employees whose salaries were reduced due to technical unemployment, it was calculated that they received on average 75% of gross base salary.

Most companies choosing the "Others" option mentioned that they did not operate any changes to the employees' base salary.

In the following AIMS surveys, we will investigate in detail how companies' compensation and benefits policy has been affected by global anti-COVID-19 measures. We will detail whether decisions have been made on base salaries (decreases, increases, freezes), bonuses (what has been dropped or added, for example in the area of medical benefits) or other changes to the benefit packages and we will ask for concrete figures from the companies participating in the survey.

AIMS ROMANIA

As one of the pioneers in executive search and HR consulting in Romania, with more than **28 years of experience** on the local market and a history of doing things differently, of innovation and experimentation, you can rely on us for a **solution-focused, agile and customised approach** to any of your challenges in the areas of:

RECRUITMENT & SELECTION

- Executive search
- Talent mapping

PEOPLE & LEADERSHIP DEVELOPMENT

- Assessment and development centres
- 360 degree feedback assessments
- **Training** (soft skills & HR)
- **Solution-focused coaching**
- Career counselling
- **Design Sprint Master** certification programme

ORGANIZATIONAL & HR DEVELOPMENT

- Pay market surveys (manufacturing, software development, outsourcing) - **AIMS SalaryMap**
- Compensation and benefits consulting
- Market research projects (e.g. pulse surveys, labour market analyses, employer branding & talent management surveys, employee opinion & engagement surveys etc.)
- Employer brand assessment (audit and consulting)
- Recruitment marketing and communication consulting
- Design and implementation of HR management systems
- HR audits
- Organisational/team culture diagnoses and change projects
- Fast innovation through **Design Sprint**

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