

Organisational Transformation

Segment development model

The Company embarked on implementing a new market strategy, which underpinned the long-term business model. In 2015, in order to implement this model successfully, Rostelecom has completed the first stage of transition to the segment regional model, when each client segment (B2C, B2B/B2G and B2O) operates in a separate financial and marketing area. This enables improving the Company's client service quality in general and provides transparency while evaluating each segment's performance. Moreover, the maximum speed of responding to changes in market environment will be achieved, which is critical in the period when new markets and product solutions are formed.

Changes were mainly introduced in the Company's commercial, technical and IT divisions. Also, technical and IT divisions are being integrated, which enables achieving better quality of services provided by the Company.

Staff development

Personnel structure by function, thousand people



Rostelecom experienced a challenging way from an integration of individual regional companies to the national communication operator. It took several years to develop shared corporate values and standards. In the mid-term, the Company will continue implementing new management tools successfully applied by the leading companies. In view of updating the business strategy through transformation of the Company's organizational and corporate structure, the Company creates the internal environment, where employees can complete their tasks and make qualified decisions to the maximum effect. The near-term priority is to create more opportunities for employees. Rostelecom is particularly focused on staff training and development.

The Company implemented the training system with main components being the corporate university, the institute of internal coaches and the corporate system of remote learning. New employees are involved in the system of mentorship and adaptation. The system of career planning has been developed and the Succession Pool program has been put in place to enable filling the major part of vacancies at the expense of in-house resources. With the help of modern crowdsourcing platforms, each employee can take part in joint finding of solutions and propose his/her own idea to optimize business processes. Rostelecom is one of the first companies in Russia, which started providing a systemic support to laid-off employees.

The support is provided at all stages as part of the staff outplacement program, including searching of new jobs in other divisions if a vacancy is available, and even in other companies. Today, the corporate culture of Rostelecom is underpinned by two strategic principles of the Company being the efficiency and the client focus. They were represented in the adopted Code of Corporate Conduct of PJSC Rostelecom's employees.

Priorities in human resources management

A large-scale restructuring of the core business was facilitated by optimizing the management system in all divisions. The key focus is to increase staff performance through the creation of necessary conditions to achieve success and raise the level of employees' engagement. Rostelecom builds a strong corporate culture and the team, where people understand each other well at all levels.

In 2015, Rostelecom started implementing the second stage of the long-term Staff Transformation program in order to improve the operating efficiency of its business.

Efforts were aimed at two drivingforce projects:

- develop employees' competences necessary for the development of new products and technical infrastructure upgrade;
- raise the level of engagement of Company's employees from 38% to average values within Russia (59%) and within the sector (60%).

As part of the transformation program, a set of actions has been implemented in the area of tangible incentives, social security, professional development, staff training, employees' awareness, and support of the corporate culture of Rostelecom.

Subject

Outcome

Appraisal	Create a regular appraisal cycle using created tools (appraisal calculator) in line with business requirements
Labour remuneration	Develop a system of employee's remuneration by creating the system of incentives to achieve extra results, and by developing and creating targeted program of staff incentives. Improve transparency and awareness of available incentive systems.
Social policy	Expand the corporate housing program Increase the scope of health resort treatment provided to employees Cooperate with a larger number of partner companies Promote the outplacement program Increase the number of client employees of the Company
Training	Arrange regular training in line with the appraisal result and business requirements Adhere to the targeted training principle
Corporate culture and awareness	Provide communication programs for mid- and top-level managers Host targeted awareness campaigns Monitor regularly and support the corporate culture, develop/correct its individual components
Recognition	Develop recognition programs based on the system of corporate bonuses and expert associations Form and develop expert associations to share and retain the key professional expertise