HR MANAGEMENT AND WAR: IMPACT AND CONSEQUENCES FOR INTERNATIONAL CONSULTING COMPANIES IN UKRAINE

This study examines how military actions affect human resource management in the "Big Four" international consulting firms (Deloitte, PricewaterhouseCoopers, Ernst&Young, KPMG) in Ukraine. Wartime poses unique challenges like staff safety, business disruption, and the need for psychological support. These firms adapted by implementing flexible work arrangements, improving internal communication, and prioritizing corporate social responsibility. Consequently, they saw positive shifts in employer rankings, enhancing competitiveness in Ukraine's consulting market. However, issues such as motivation, talent retention, and fair reward systems warrant further HR management analysis and strategy development. The study offers insights into effective personnel management amidst instability.

Keywords: HR management, consulting companies, military actions, talent retention, motivation, corporate social responsibility.

У дослідженні аналізується трансформація та пристосування HR-менеджменту в провідних міжнародних консалтингових компаніях "Великої четвірки" (Deloitte, PricewaterhouseCoopers, Ernst&Young, KPMG) на українському ринку, до безпрецедентних викликів, спричинених воєнними діями на території країни. Повномасштабне вторгнення спричиняло низку критичних проблем для ефективного функціонування цих компаній, включаючи необхідність забезпечення безпеки персоналу, порушення звичних бізнес-процесів, логістичні складності, а також гостру потребу в наданні психологічної підтримки співробітникам. Незважаючи на складність ситуації, консалтингові гіганти продемонстрували здатність до швидкої адаптації, впроваджуючи гнучкі форми роботи, удосконалюючи системи внутрішньої комунікації та посилюючи фокус на корпоративні соціальні відповідальність. Це зумовлено відображалося в позитивних змінах в рейтингах найкращих роботодавців України, що сприяло підтримці їхньої конкурентоспроможності на вітчизняному ринку консалтингових послуг. Водночас, дослідження виявило низку проблемних аспектів, які потребують подальшого аналізу та розробки ефективних стратегій управління персоналом умовами нестації та воєнних дій.

Ключові слова: HR менеджмент, консалтингові компанії, воєнні дії, утримання талантів, мотивація, корпоративна соціальна відповідальність.
Problem statement. The outbreak of hostilities changed the internal environment of many companies in Ukraine, forcing them to adapt to a challenging economic and political environment. Businesses have been forced to find ways to continue their operations in the face of a constant lack of security, logistical problems and other military challenges. One of the most devastating effects of the hostilities has been on the process of human resource management, especially in those companies that are most dependent on their employees. As a result, modern human resources management in international consulting companies in Ukraine is facing unprecedented challenges in the context of the war. This situation has a significant impact on the activities of the Big Four companies (Deloitte Touche Tohmatsu, PricewaterhouseCoopers, Ernst & Young, KPMG), especially in the area of human resources management. The globalisation and the dynamic development of these consulting companies, which have so far focused on the expansion and diversification of their activities, are now facing a new challenge – doing business in a time of war. The military conflict in Ukraine not only threatens the safety of personnel, but also disrupts normal business processes, requiring HR managers to adapt to new realities and respond quickly to changes. Issues related to work intensification, staff turnover and the need to provide psychological support to employees are particularly relevant.

These challenges require a detailed analysis and the development of new strategies for managing human resources that take into account the unique nature of martial law and how it has affected organisational culture and productivity.

Analysis of recent research and publications. The issues of resource management analysis in the field of international business have been the subject of research by such domestic scientists as O. Lazareva, O. Kuzmin, G. Glukha, S. Khodol and foreign scientists: D. Ditta, D. Welch, A. Presbitero and others.

However, it should be noted that most of the scientific works do not focus on the specifics of human resources management in the field of consulting services in the context of unstable market conditions due to the negative impact of military operations, and this makes it necessary to conduct additional research on this issue.

Formulating the purposes of the article. The objective of this study is to examine the influence of military operations on human resources management in the Big Four international consulting companies. This includes an investigation into the impact on staff turnover, motivation and remuneration systems, as well as the provision of psychological support to employees.

Methodology. In order to achieve this goal, the following research methods were employed: analysis and synthesis to study existing approaches to human resource management; a comparative method to assess changes in HR strategies before and during military operations; a monographic method to study literature, statistics and employee surveys in order to provide a deep understanding of the impact of military operations on HR management in consulting companies.

Presentation of the main research material. The Big Four are the four most influential consulting firms in the world, comprising Deloitte, PricewaterhouseCoopers (PwC), Ernst & Young (EY) and KPMG [3]. Their activities cover a wide range of services in the areas of audit, tax consulting, risk management, financial consulting and business advisory. The companies have been present on the Ukrainian market since the 1990s and have contributed to the significant development of consulting in Ukraine since then. Consequently, as of 2022, all four of the Big Four companies are among the five largest consulting firms in Ukraine, generating a significant proportion of their revenues from consulting services.

However, in 2022, the positions of the consulting giants declined significantly due to the outbreak of hostilities. For example, net sales revenues decreased by approximately 15% for EY and KPMG and by approximately 8% for Deloitte and PwC (Figure 1). This is primarily due to the inability to ensure the successful completion of planned projects due to military risks and the unstable economic and political situation. The profitability of consulting companies is contingent upon the efficacy of their human resources, which play a pivotal role in the functioning of this business sector. Consequently, the decline in revenues observed in 2022 across all Big Four firms was accompanied by a reduction in the number of employees (Fig. 2).

Consequently, the largest reductions were experienced by Deloitte and PwC, with a 19% and 10% decline, respectively. KPMG experienced a 9% reduction, while EY experienced a 5% reduction. The primary reasons for the decline in the number of employees were the substantial outflow of working-age individuals abroad and mobilisation measures.

Furthermore, the consulting industry is characterised by high levels of staff turnover, which can be attributed to the nature of project teams and the work environment itself. Although the Big Four companies offer an appealing employment proposition for young professional workers, there is a lack of work-life balance, resulting in employees experiencing gradual fatigue and high turnover rates, particularly at lower positions. Generally speaking, work in the companies is structured in a way that allows those who meet the established KPIs to be promoted to a higher position each year. The Big Four companies are distinguished by a systematic and predictable career progression for their employees, with each position on the promotion scale clearly delineated (Figure 3).

Concurrently, the work of project teams necessitates the recruitment of auditors occupying various positions. Typically, the ratio is as follows:

- A partner or director (for less complex projects) who directly approves the project;
- A manager who oversees the project and is directly involved in the initial recruitment of personnel for the project. Typically, a manager oversees several projects concurrently, thus performing an advisory function on certain issues.

The senior auditor assumes the responsibility for distributing tasks among participants, checking the work of junior specialists and providing comprehensive support for the project from its initial planning stages until its conclusion. The senior auditor is the most active auditor on a project, as they are responsible for ensuring that the project is completed within the specified timeframe and that the scope of tasks is met.

Auditors with two to three years of experience perform the majority of the tasks on the audit with the support of the senior auditor.
Interns or junior specialists are first-year auditors who perform the simplest tasks on the project, but which require the greatest amount of time. Typically, a single small project may be assigned up to three to four interns, whereas only one to two auditors of two to three years' experience are typically involved.

The distribution of roles within consulting firms indicates that the greatest demand for junior specialists exists. While firms may wish to promote such employees, it is important to recognise that the optimal ratio is to minimise the number of senior employees and maximise the number of junior ones. On the one hand, this contributes to the correct division of labour in teams. However, on the other hand, it causes significant overload of employees in the positions of senior auditor and above, which in turn leads to their outflow to more relaxed and harmonious workplaces. For companies, this is a problem of attracting and retaining talent, especially qualified personnel.

The issue is addressed by companies through an established culture that encourages employees to continuously learn and develop, provides flexibility in shaping their schedules, and introduces and supports diversity and inclusion in the workplace. Training is provided in mandatory programmes for those seeking promotions and in voluntary programmes that address various professional aspects of work, such as developing technology, communication, leadership, and managing stress. Training and development are central to the corporate culture of the Big Four companies, as they emphasise the value of meeting the demands of the times and the highly competitive business environment.

The military actions that commenced in Ukraine in February 2022 had a significant impact on the human resources management of the Big Four. The companies encountered challenges that called into question their continued effective operation in the Ukrainian consulting services market. Firstly, there was a substantial exodus...
of personnel abroad, which threatened to lose qualified personnel and development potential. Therefore, companies promptly introduced the possibility of remote work. This mode continues to the present day and has already become part of the corporate culture. Previously, the primary requirement for employees was to work exclusively in the office. However, the advent of remote work has made it possible for employees to work from anywhere in the world, without any obstacles. Consequently, even employees who have relocated abroad can continue to work for Ukrainian offices. Furthermore, the ability to work remotely is an additional competitive advantage, as it is attractive to the younger generation of specialists, who constitute a significant proportion of the company's employees.

However, the advent of remote work has led to a new challenge: the need to establish effective communication between team members. In response, companies have introduced a range of technological solutions that enable them to monitor the success of projects in real time, track their progress and the amount of work performed, work on tasks collectively and exchange information in a timely manner. These solutions include both specialised technical software and other forms of communication. Their implementation has provided the necessary flexibility in a challenging market environment. In the current business environment, the technological orientation of development has become a significant factor in the strategic management of the Big Four companies.

Second, the Big Four companies place a high value on the well-being of their employees. This is evidenced by their actions in recalculating salaries due to a significant overall price increase and providing additional funding for employee amenities. Such actions not only help employees cope with the challenges of martial law but also reflect the commitment of companies to care for and support their staff in difficult times.

In addition, there is growing evidence of the role played by the growth of corporate social responsibility (CSR) in companies’ response to martial law. Transformations in corporate culture, including a concentration on the protection and well-being of employees, have elicited a constructive response from both employees and the general public. Companies that proactively assist their employees in various scenarios, such as offering financial, psychological, and evacuation assistance, are regarded as socially responsible and gain a reputation as dependable and appealing employers. This contributed to three of them being included in the Top 50 Employers of Ukraine in 2023, as they demonstrate not only a business focus but also a commitment to social responsibility and support for their employees in difficult circumstances.

For instance, three of the four Big Four companies were included in the TOP 50 Best Employers ranking by Forbes Ukraine for April-May 2023: Deloitte (33rd place), PwC (937th place) and KPMG (42nd place). The rating evaluated employers according to the following criteria: employer brand, remuneration, working conditions, social package, company's contribution to the victory, information transparency, sense of security, development opportunities and other factors [11]. The scores were provided by the employees of these companies, indicating the attitude of the company's employees towards the implemented internal governance policy. The distribution of scores by company and key factors (see Table 1) reveals that employees of the Big Four highly value the sense of protection in an unstable military situation provided by the companies (all five factors have a score of 5 out of 5). Conversely, the factor of "opportunities for development" has an average score above average (4 out of 5), as the companies place significant emphasis on employee training. Other factors rated above average were working conditions (approximately 10 points out of 15) and benefits package (6 points out of 10). It is noteworthy that in a similar study conducted in 2021, none of the Big Four companies were included in the top 50 best employers in Ukraine [1].

The evidence suggests that the consulting giants are implementing enhanced protection measures for their personnel engaged in military operations, and that they are focusing on the development of effective human resources management systems and on the implementation of measures designed to enhance the security and well-being of their employees.

However, on the other hand, there are factors that are rated by employees as not high enough. For example, the factor of remuneration and remuneration of labour is assessed by the employees of the Big Four as below average (on average, 8 points out of 20 maximum). It is evident that employee dissatisfaction is justified by the uneven remuneration for the amount of work performed. This is due to the high levels of stress, especially during the "busy season", which occurs after the New Year and coincides with the period when most companies prepare their financial statements and there is a significant demand for audit services. Consequently, the consulting industry is characterised by a certain level of seasonality; during the
summer months, the workload is relatively low, whereas in the winter and spring, there is a high level of demand. The seasonality of the industry is mitigated by the establishment of an industry-wide average salary and the remuneration of overtime during the busy season. Nevertheless, even this remuneration scheme is insufficiently attractive to employees, which in turn results in high staff turnover.

In general, the actions of the Big Four companies during the recent military conflict in Ukraine demonstrate their readiness to adapt to new working conditions. This ensures the continuity of essential business processes, as well as a high level of corporate responsibility and care for their employees. For instance, Deloitte participated in the 2023 CSR Index rating, where it achieved 70 points out of 100, placing it 6th out of 30 participating companies. The firm received the highest number of points for the factors "safety of employees" and "unity", which can be interpreted as an indication that it places a significant priority on the well-being of its employees. Nevertheless, it should be noted that certain aspects of the Big Four firms' operations remain imperfect and present a potential obstacle to their ability to compete in the highly competitive Ukrainian consulting market, namely:

The incentive and remuneration system is subject to challenge as a consequence of the necessity to adapt to changing market conditions and employee expectations. It is of the utmost importance that the reward system is fair and transparent, taking into account the individual achievements and contributions of each employee. In order to ensure the continued success of a company, it is vital that competitive salaries and bonuses are provided that reflect the contribution of employees, especially during periods of increased workload.

The attraction and retention of talent is of the utmost importance in order to ensure the sustainable development of a company. In the context of a global conflict, it is imperative to implement specific measures to facilitate the growth and advancement of employees. This entails creating conducive environments for professional development and career progression, offering flexibility in determining the location and format of work, and maintaining a healthy work-life balance and employee well-being. Professional development programmes, mentoring, training, and skill development opportunities can effectively attract and retain talent.

In conclusion, it is of paramount importance for the Big Four companies to persevere in their efforts to adapt to evolving circumstances, to remain flexible in their approaches to human resources management and to actively work to resolve existing issues in order to ensure optimal performance and employee satisfaction.

Conclusions. The following conclusions can be drawn from the analysis of human resource management (HRM) in the Big Four accounting firms operating in Ukraine. These firms have faced considerable challenges in ensuring the effective functioning of their employees in the context of military operations. Furthermore, they have had to cope with high employee turnover and low productivity levels. However, despite these difficulties, the Big Four firms have demonstrated their ability to adapt to these circumstances by implementing flexible working arrangements, developing robust internal communication systems and increasing their focus on corporate social responsibility (CSR). These efforts are reflected in the positive dynamics in employer ratings and help maintain competitiveness in the Ukrainian consulting services market. However, there are still challenges that require further analysis and development of effective HR strategies by the Big Four HR management, particularly in the areas of motivation and retention of talent.

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