

2022 CEEMEA Inflation and Rewards Actions Survey

Egypt results

November 2022



Executive summary

Concerns about possible global recession coupled with tight labour market and inflationary pressures in some economies led us to conduct a recent Inflation and Reward Actions Pulse Survey across CEEMEA.

This study provides insights on how organisations in Egypt approach the current economic challenges in relationship related to attraction and retention of Talent and managing rewards in a high inflation/ currency devaluation environment.

In Egypt, companies are placing greater emphasis on non-financial elements of compensation, revisiting salary increase budgets and reviewing salary structures and using retention bonuses more extensively. At this stage, most organizations (86%) hire people high in the salary range to address attraction & retention difficulties.

Better pay opportunity and better growth opportunity are the most cited reasons employees leave.

About the survey - Egypt



26

Respondents from Egypt completed the survey



Local company / group

17%

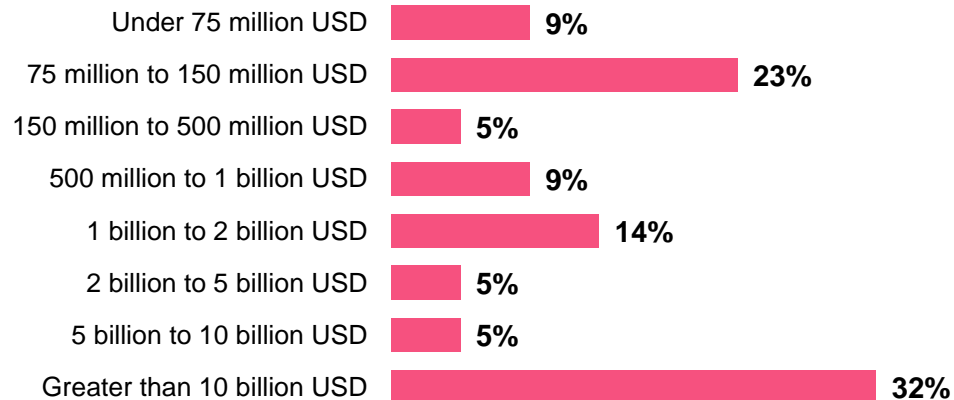
Subsidiary of international company

70%

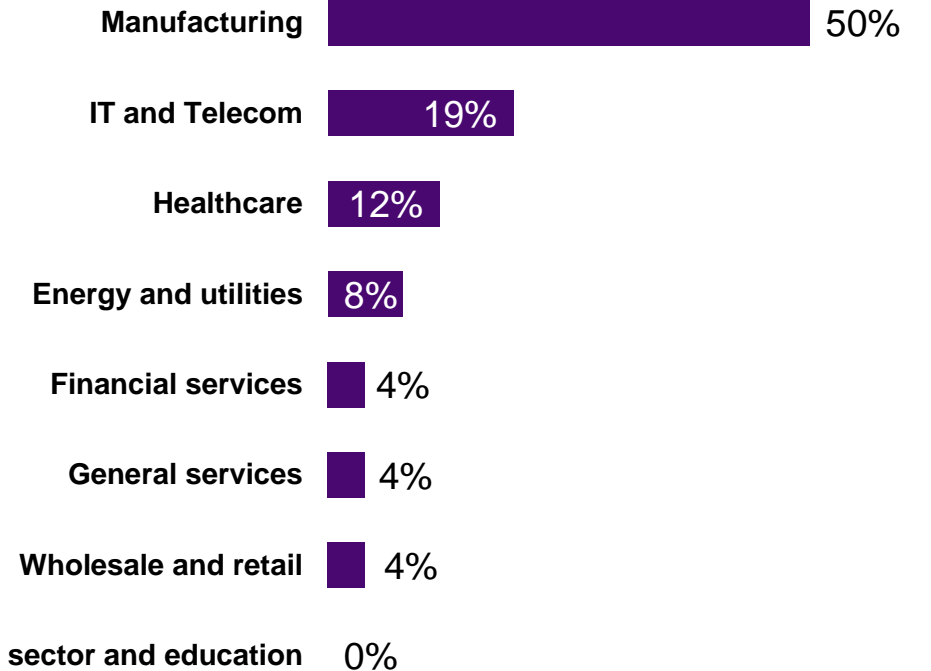
Joint venture

13%

Annual revenue in 2021 (n=22)



Industry



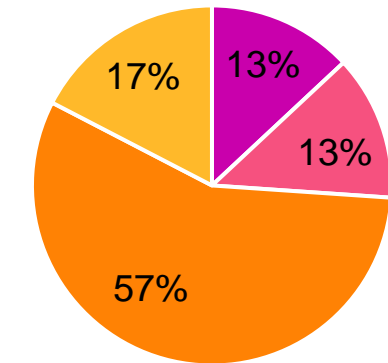
58% have a long-term incentive (LTI) plan

Source: 2022 CEEMEA Inflation and Rewards Actions Survey, Egypt

About half of organizations plan to add headcount in the next 12 months

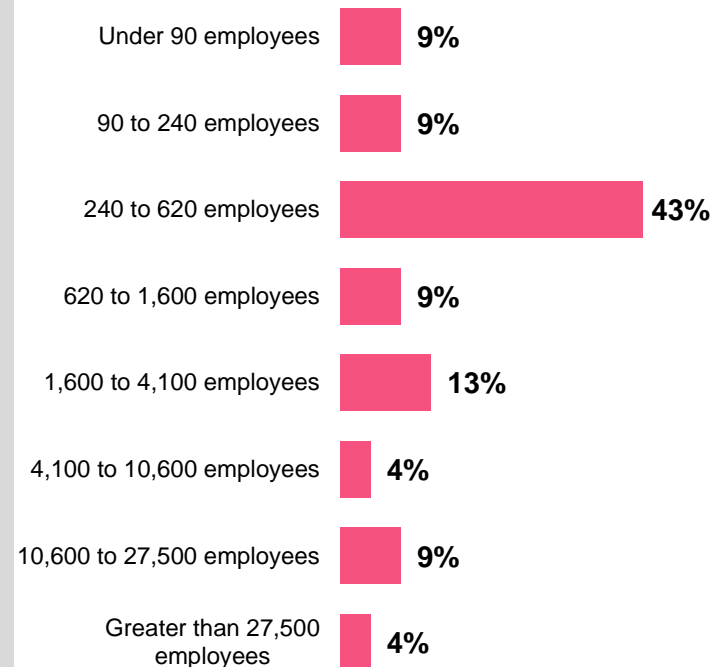
Three out of 4 respondents expect 2022 performance to be better than 2021

By end 2022, where will you expect your company performance to be vs. last year's results?*



- Substantially below last year
- Slightly below last year
- About the same as last year
- Slightly above last year
- Substantially above last year

What is the total workforce of your company in?*



Is your company planning to add, reduce or maintain headcount in the next 12 months?*

Add significantly

■ 4%

Add

■ 43%

Maintain

■ 48%

Reduce

■ 4%

Reduce significantly

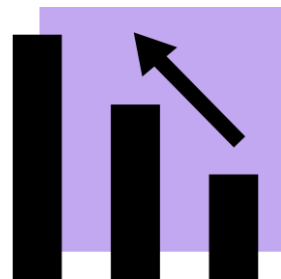
0%

Note: *(n=23)

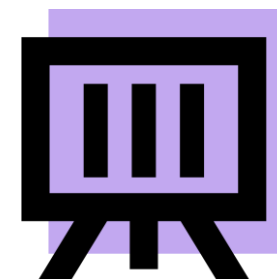
Source: 2022 CEEMEA Inflation and Rewards Actions Survey, Egypt; note: percentages may not add up to 100% due to rounding

Nearly half of organizations increased recruitment since the start of the year

Compared to the **start of the year** has the hiring/recruitment activity at your company:



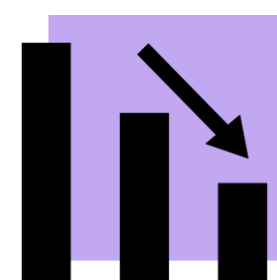
46%
Increased



42%
Stayed the same



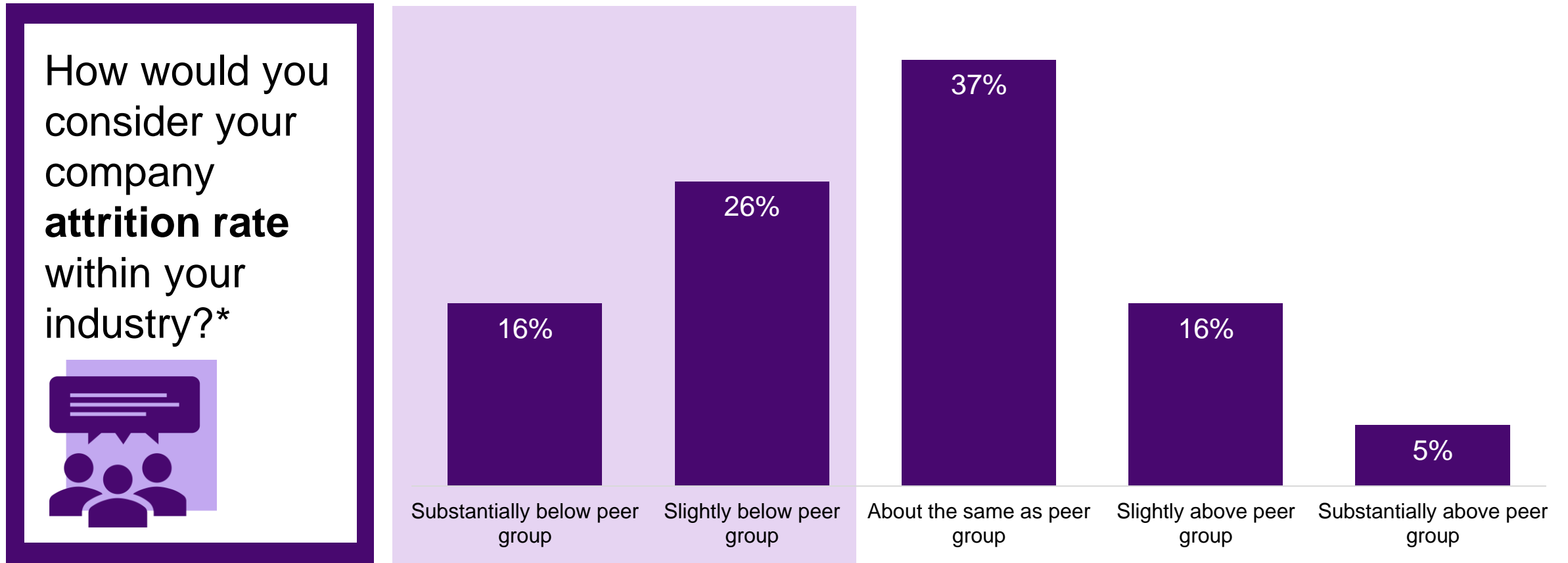
8%
Decreased for
some job roles



4%
Decreased
across the board

Source: 2022 CEEMEA Inflation and Rewards Actions Survey, Egypt

Over 2 in 5 respondents consider their attrition rate below industry peers



Note: *(n=19)

Source: 2022 CEEMEA Inflation and Rewards Actions Survey, Egypt; note: "Don't know" removed

Organizations typically conduct exit interviews prior to the employees leaving



100%

Yes

Does your company
conduct **exit
interviews** prior to
the employees
leaving?

(n=22)



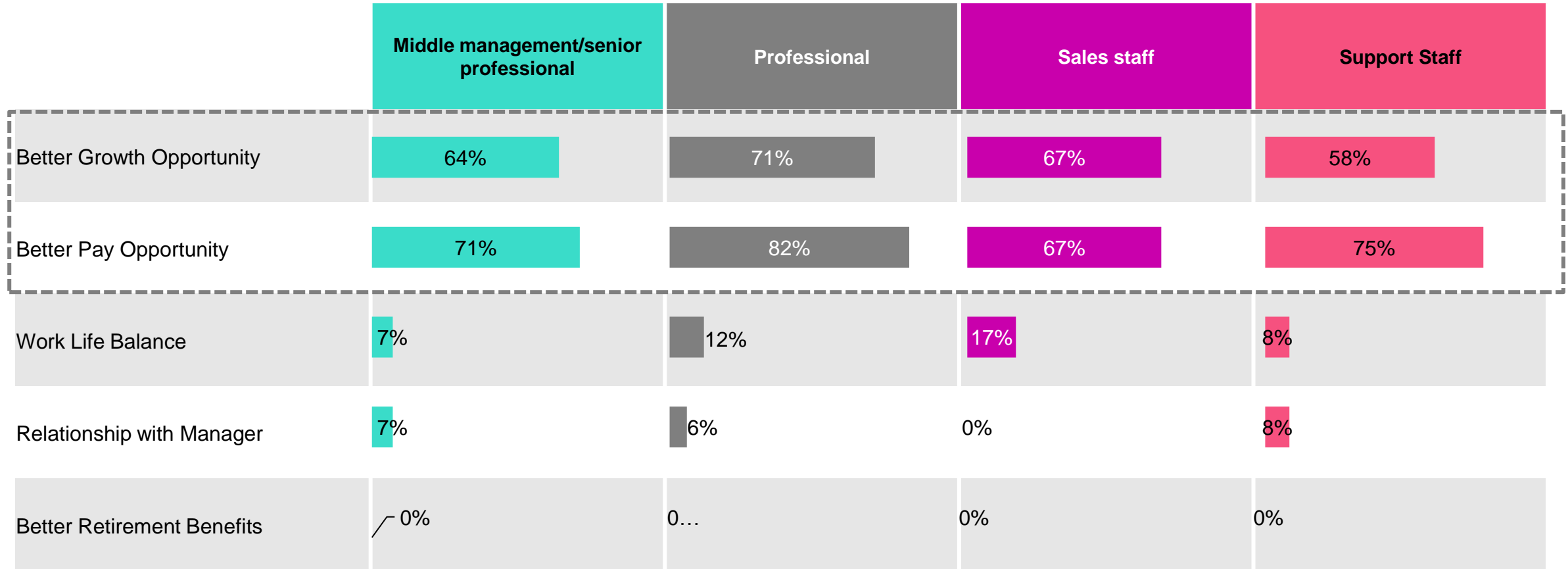
0%

No

Source: 2022 CEEMEA Inflation and Rewards Actions Survey, Egypt

Better pay opportunity and better growth opportunity are the most cited reasons employees leave, Retirement Benefits underestimated.

What is(are) employee's main reason(s) for leaving your organization over past 6 months?*

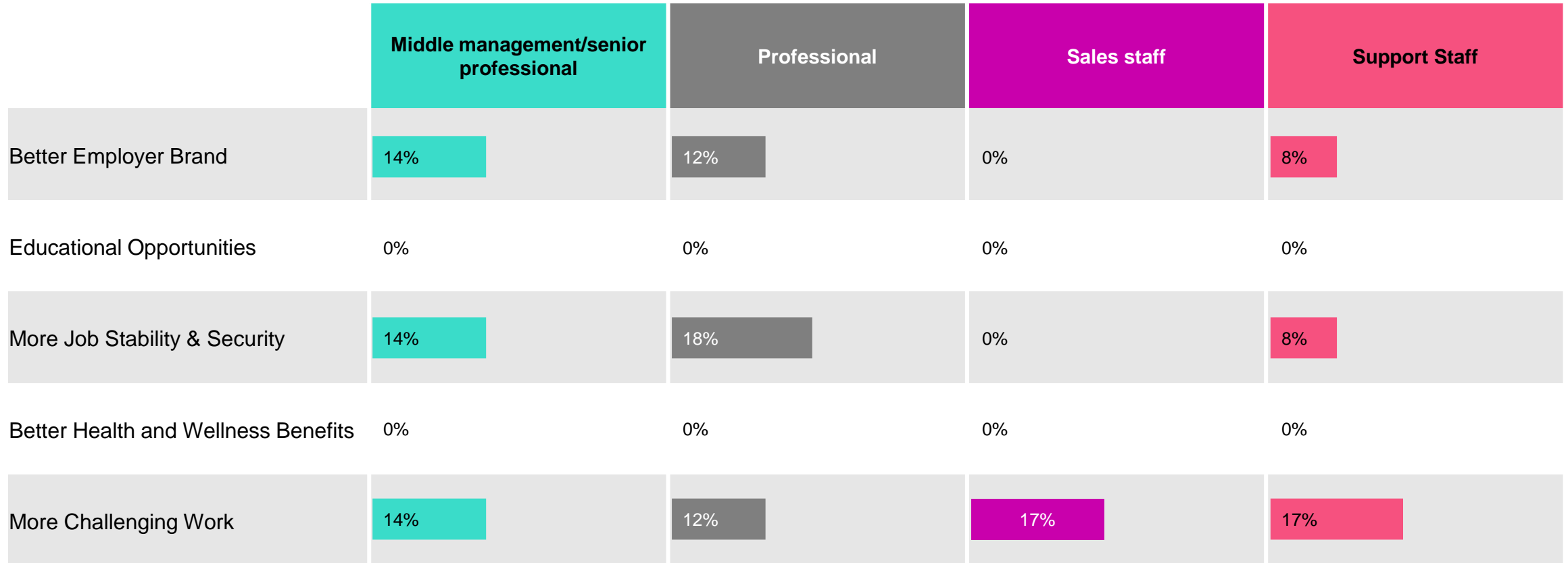


Note: *(n >11 but less than 25)

Source: 2022 CEEMEA Inflation and Rewards Actions Survey, Egypt

Better pay opportunity and better growth opportunity are the most commonly cited reasons employees leave

What is(are) employee's main reason(s) for leaving your organization over past 6 months?*

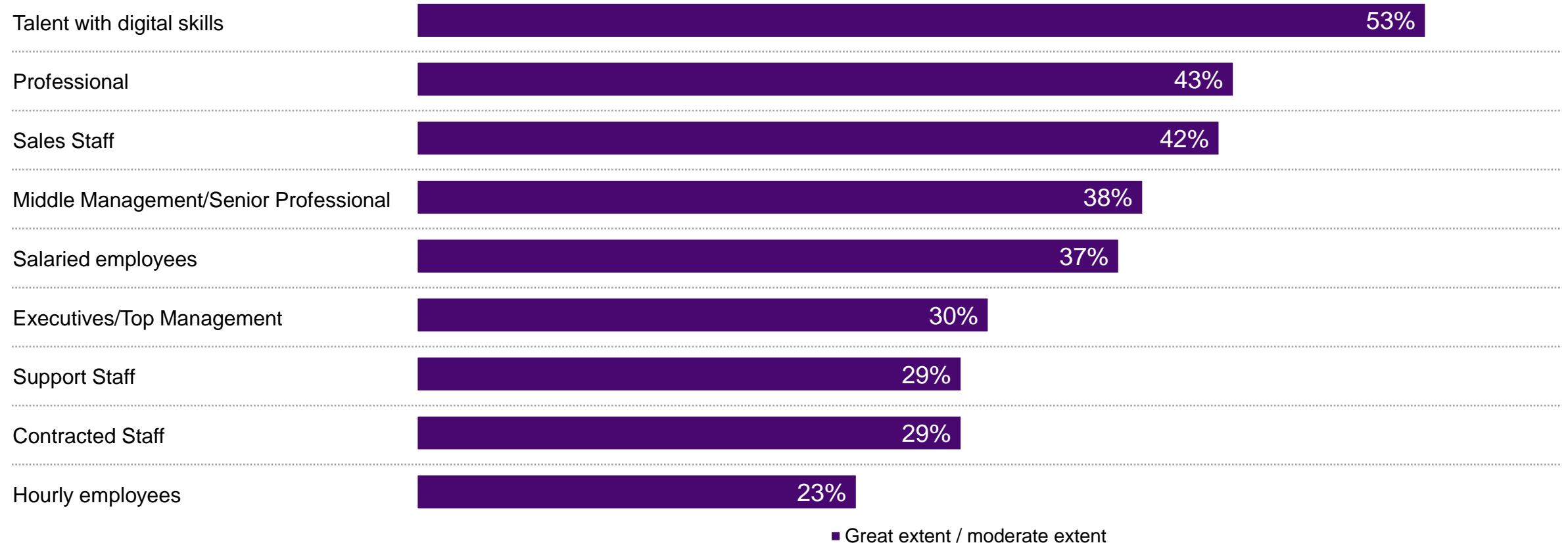


Note: *(n >11 but less than 25)

Source: 2022 CEEMEA Inflation and Rewards Actions Survey, Egypt

Organizations are more likely to experience problems attracting or retaining talent with digital skills

To what extent is your organization currently experiencing problems attracting or retaining employees in the following groups?*



Note: *(n > 12 but less than 25)

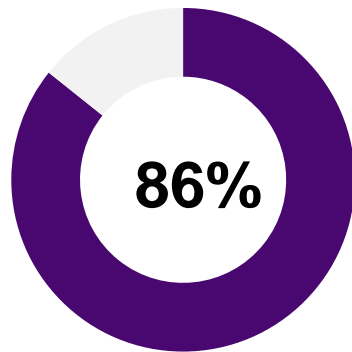
Source: 2022 CEEMEA Inflation and Rewards Actions Survey, Egypt

Four out of 5 organizations hire people high in the salary range to address attraction & retention difficulties

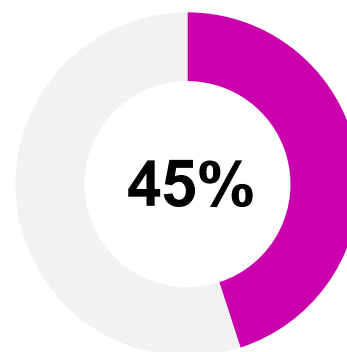
What informal actions do managers at your organization take to address the attraction, retention of these employee segments in their department?*



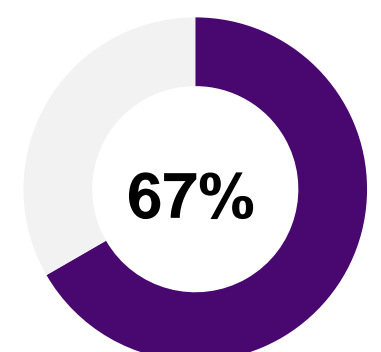
Hiring people high in the relevant salary range



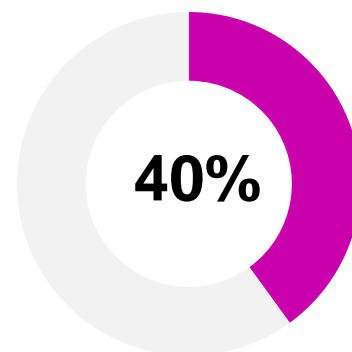
Increased workplace flexibility



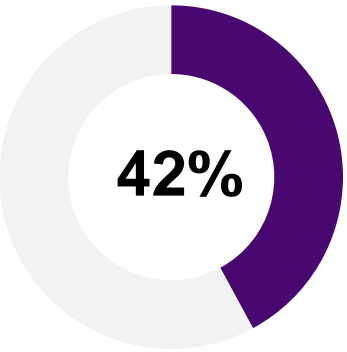
Increased/targeted use of training opportunities



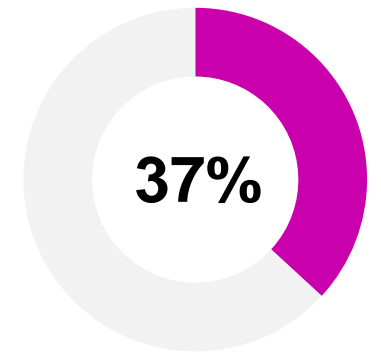
Use of retention bonuses



Sign-on bonuses



Use of spot rewards

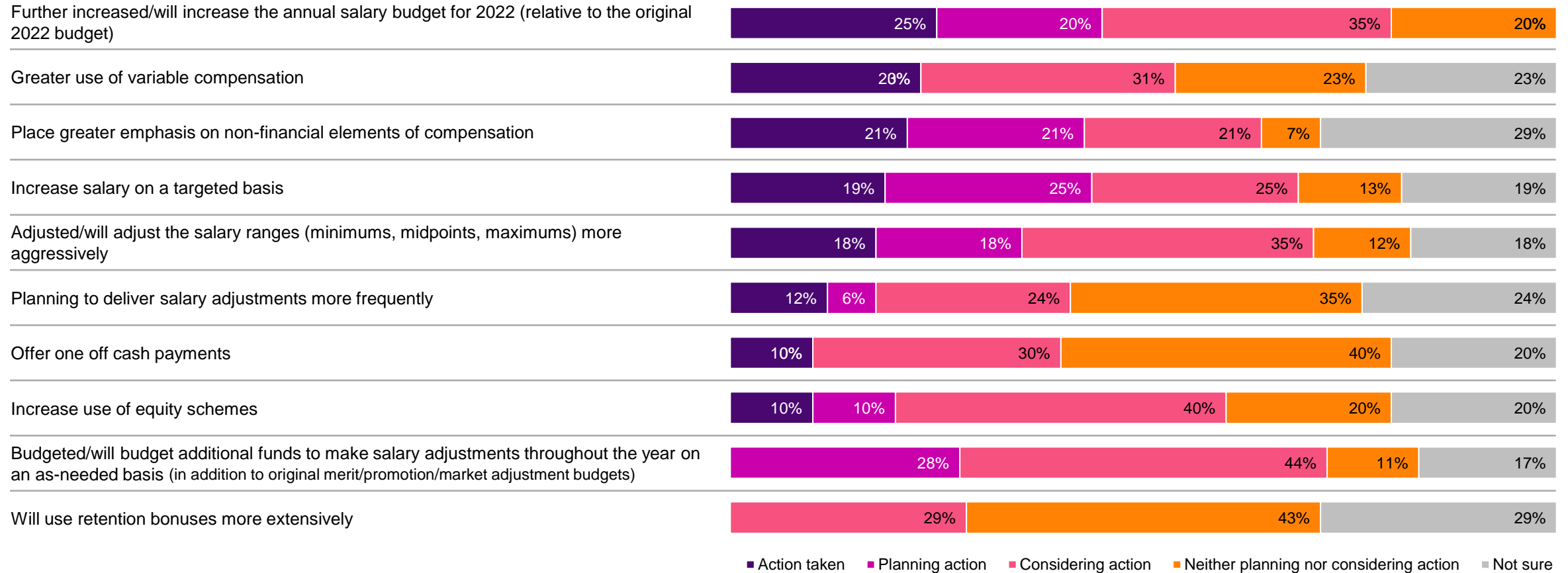


* (n > 18 but less than 25)

Source: 2022 CEEMEA Inflation and Rewards Actions Survey, Egypt; note: percentages indicate "taking action"

Most organizations are planning or considering increasing the annual salary budget – many have already done so

What approaches are you taking to address the impact of the competitive labor market and inflationary pressures on compensation management?*



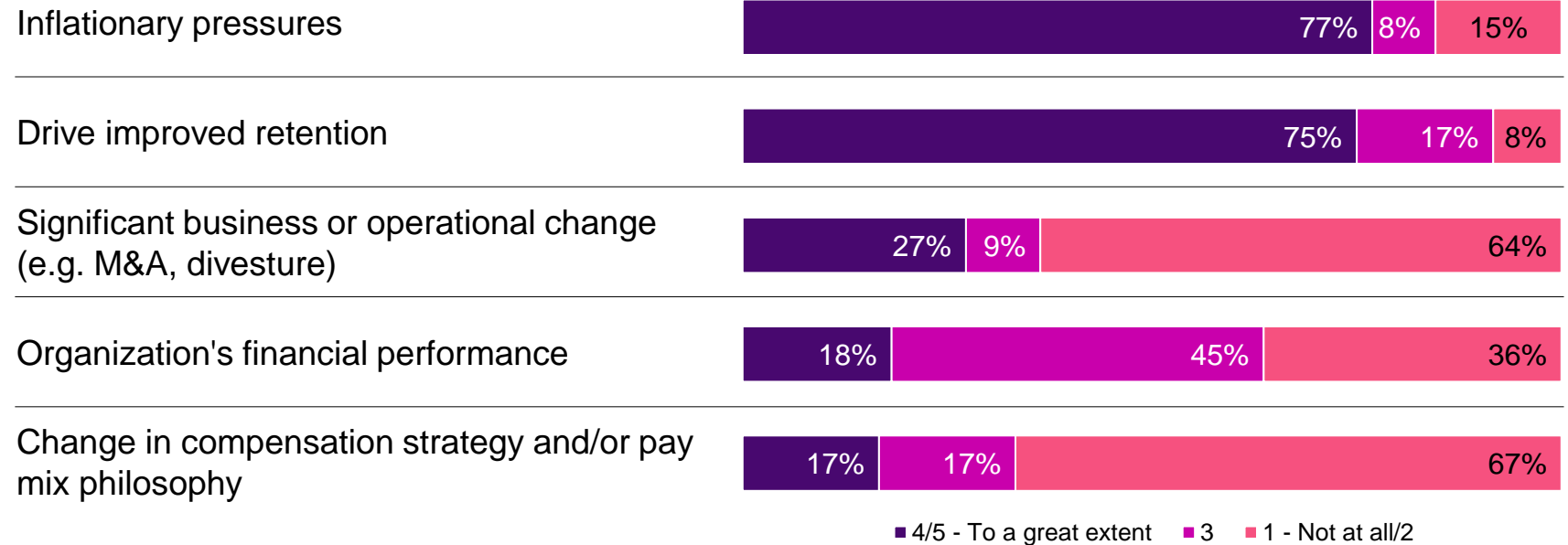
* (n > 9 but less than 25)

Source: 2022 CEEMEA Inflation and Rewards Actions Survey, Egypt Note: “Not applicable” removed

Inflationary pressures and driving improved retention are the primary reasons for budgeting for salary increases

Budget for salary increases

To what extent are the following **primary reasons** for budgeting for salary increases?*



Note: Based on respondents shown on page 13 that have budgeted or plan to budget for salary increases (i.e. increase the focal annual salary budget, budget additional funds to make salary adjustments throughout the year on an as-needed basis, deliver salary adjustments more frequently, adjust salary ranges more aggressively, increase salary on a targeted basis)

* (n > 10 but less than 25)

Source: 2022 CEEMEA Inflation and Rewards Actions Survey, Egypt

Respondents are not delivering compensation in a different currency to respond to inflationary pressures

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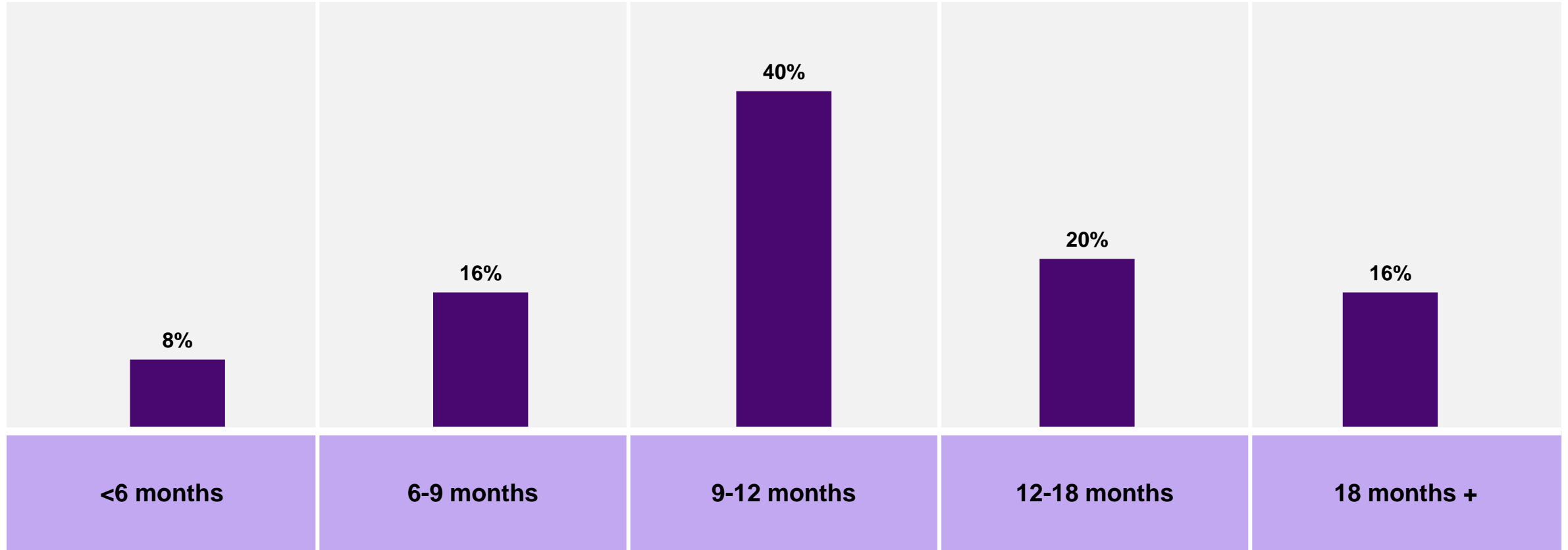
Inflation has a direct impact on purchasing power

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- 100% of the respondents mentioned they are not planning or considering this option.
- Egypt witnessed 2 currency devaluations in 2022, the last of which was last weekend in October.
- The devaluation has(and is) affecting the level of inflation, and accordingly the value of the currency/ purchasing power.
- Despite high inflation rates, organizations deliver pay in EGP, few peg to hard currency.
- Are you delivering compensation in a different currency to respond to inflationary pressures?

Most of respondents expect the high inflation to last at least 9-12 months

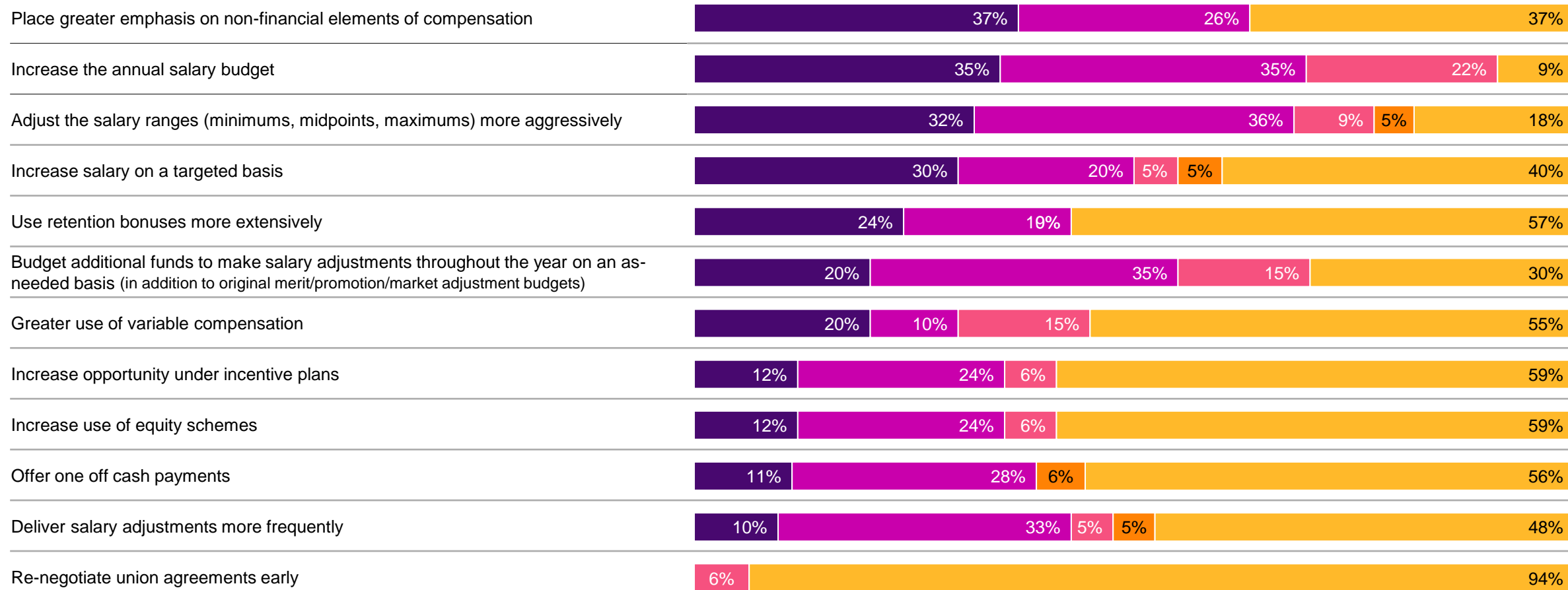
How long do you expect the current period of high inflation will last?



Source: 2022 CEEMEA Inflation and Rewards Actions Survey, Egypt

Greater emphasis on non-financial elements of compensation is the change most likely to last beyond 2023

Do you anticipate these changes to be temporary or are you considering implementing these programs for 2023 and beyond?*



Note: *(n > 15 but less than 25)

Source: 2022 CEEMEA Inflation and Rewards Actions Survey, Egypt

■ Currently in place with NO END DATE UNTIL 2023 OR AFTER
 ■ Not in place, but PLANNING TO ADD
 ■ Currently in place, but WILL END IN 2022
 ■ Previously in place, but DISCONTINUED
 ■ Never in place, NO PLANS TO ADD

Actions companies to consider



Refine and enhance the organization's reward philosophy

Revisit reward levers and determine the purpose and eligibility of each within the context of the broader career and employee experience



Optimize reward spend

Conduct Total Rewards Prioritization/Optimization exercise to define optimal reward spend and increase employee retention and attraction



Review market data and update salary structures

Analyze pay relative to market, also confirming areas of pay pressure (hot in demand roles) and determine where salary structure ranges have not kept pace with actual pay increases



Enhance manager capability and accountability in work and rewards decisions

Educate managers on the full set of monetary and non-monetary programs to enable their autonomy in driving talent retention

Source: 2022 CEEMEA Inflation and Rewards Actions Survey, Egypt



Thank you!