

2022 CEEMEA Inflation and Rewards Actions Survey

Turkey

October 2022



Executive summary

- This study provides insights into how organizations in Turkey see and approach current challenges related to attraction, retention, and related pay management. We are also running monthly surveys to track salary increase budgets as well as pay actions to be taken in the current context.

Here are the highlights for Turkey based on 73 participating organizations:

- 90% of organizations expect 2022 performance to be as good or better than 2021
- One-third of organizations increased recruitment since the start of the year while most of them kept the same headcount
- Better growth opportunities and better pay opportunities are the most commonly cited reasons employees leave
- Organizations are more likely to experience problems attracting or retaining talent with digital skills with
- Organizations are more likely to have increased the annual salary budget or budgeted additional funds to make salary adjustments
- Inflationary pressures and driving improved retention are the primary reasons for budgeting for salary increases

About the survey - Turkey



73

Respondents from Turkey completed the survey



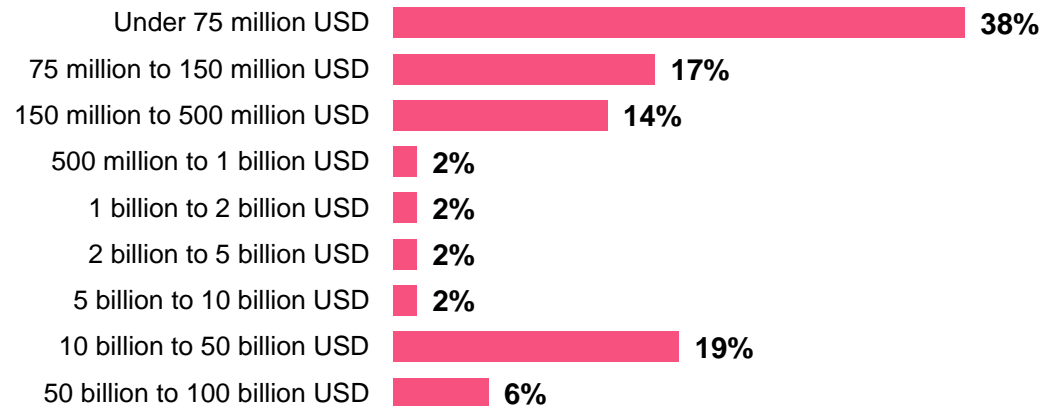
Local company / group

13%

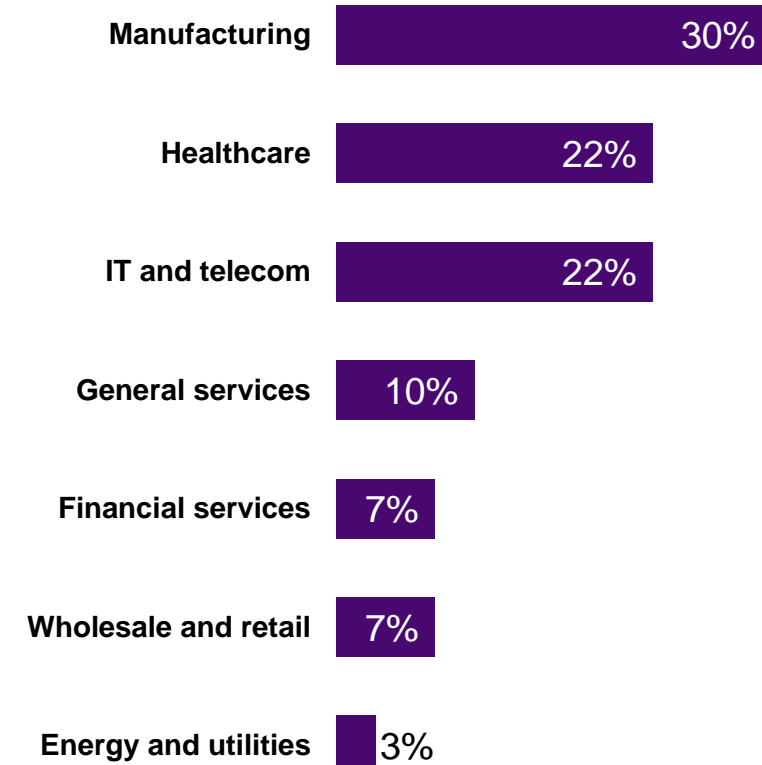
Subsidiary of international company

86%

Annual revenue in 2021



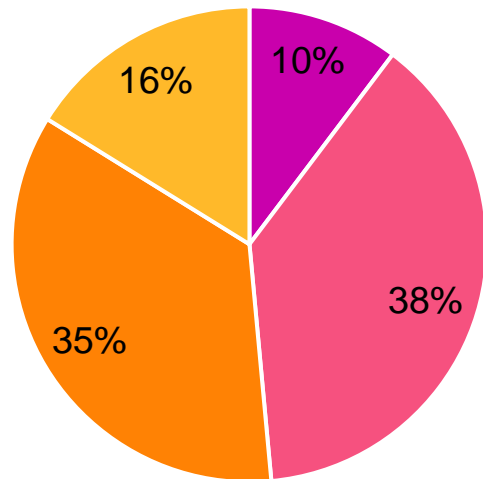
Industry



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

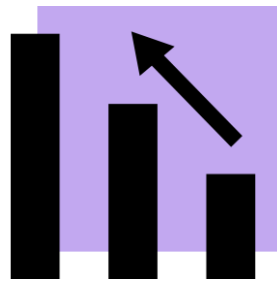
Nearly 3 in 10 organizations plan to add headcount in the next 12 months and one third of organizations increased recruitment since the start of the year
 90% of organizations expect 2022 performance to be as good or better than 2021

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



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

Compared to the start of the year, has the hiring/recruitment activity at your company...



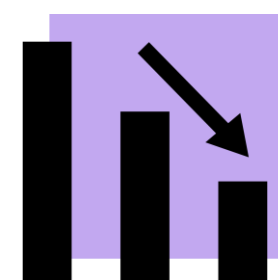
34%
Increased



59%
Stayed the same



6%
Decreased for some job roles



1%
Decreased across the board

Source: 2022 CEEMEA Inflation and Rewards Actions Survey, Turkey

Professional and sales staffs are more likely to leave the company

What is your overall company attrition rate for the past 12 months?

The attrition rate is calculated by dividing the number of employees leaving the company voluntarily / spontaneously (on their own initiative) or involuntarily (as per employer's decision), divided by the average total headcount for the last financial year.

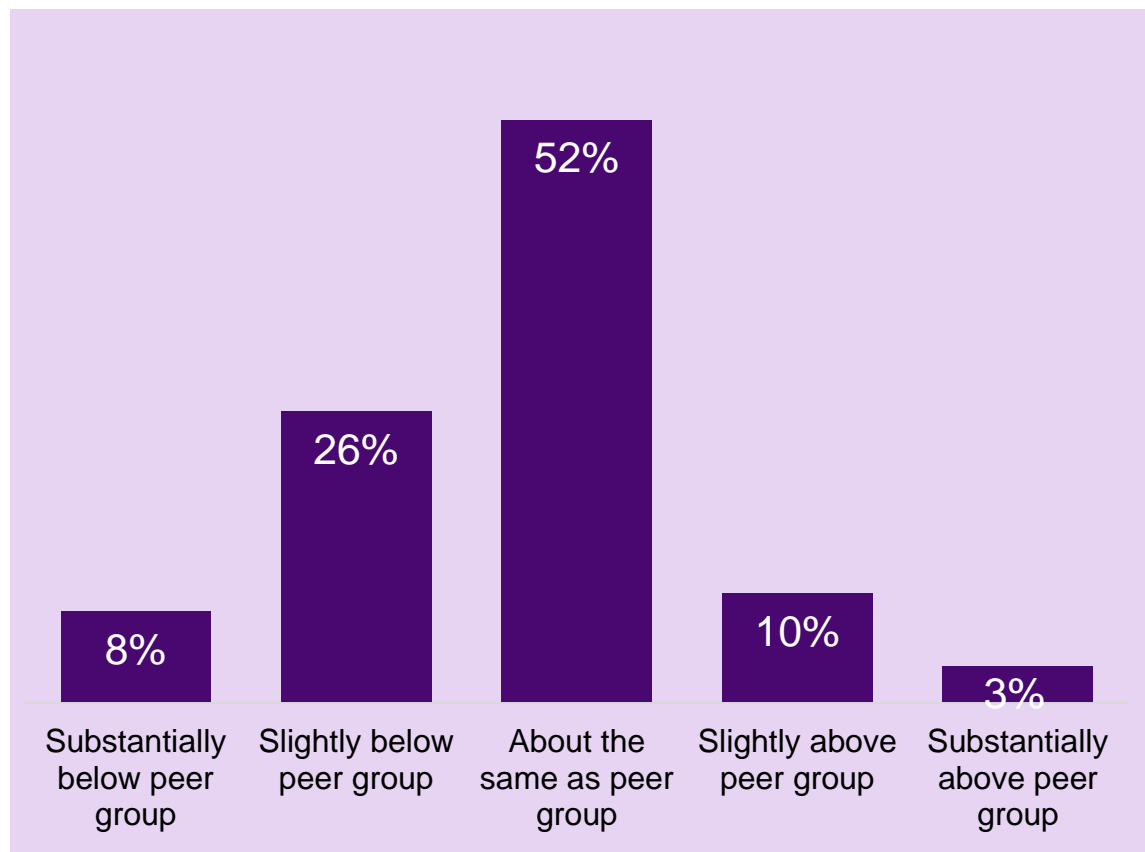
	Voluntary attrition*	Involuntary attrition*	Total attrition* (voluntary + involuntary)
Executives/top management^	2.2%	3.4%	5.6%
Middle management/senior professional^	4.9%	3.7%	8.6%
Professional^	7.3%	4.5%	11.8%
Sales staff^	9.9%	7.0%	16.9%
Support staff^	2.2%	4.9%	7.1%
Talent with digital skills^	1.1%	2.9%	4.0%
Overall: 14.8% mean 10.3% median			

^(n > 11 but less than 25)

Source: 2022 CEEMEA Inflation and Rewards Actions Survey, Turkey; note: percentages indicate the attrition rate. *Based on respondents that provided both voluntary and involuntary attrition. rates

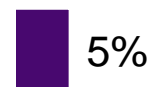
About a third of respondents consider their attrition rate to be below industry peers

How would you consider your company attrition rate within your industry?



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

Add significantly



Add



Maintain



Reduce



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

More than 80 percent of organizations conduct exit interviews prior to the employees leaving



86%

Yes

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



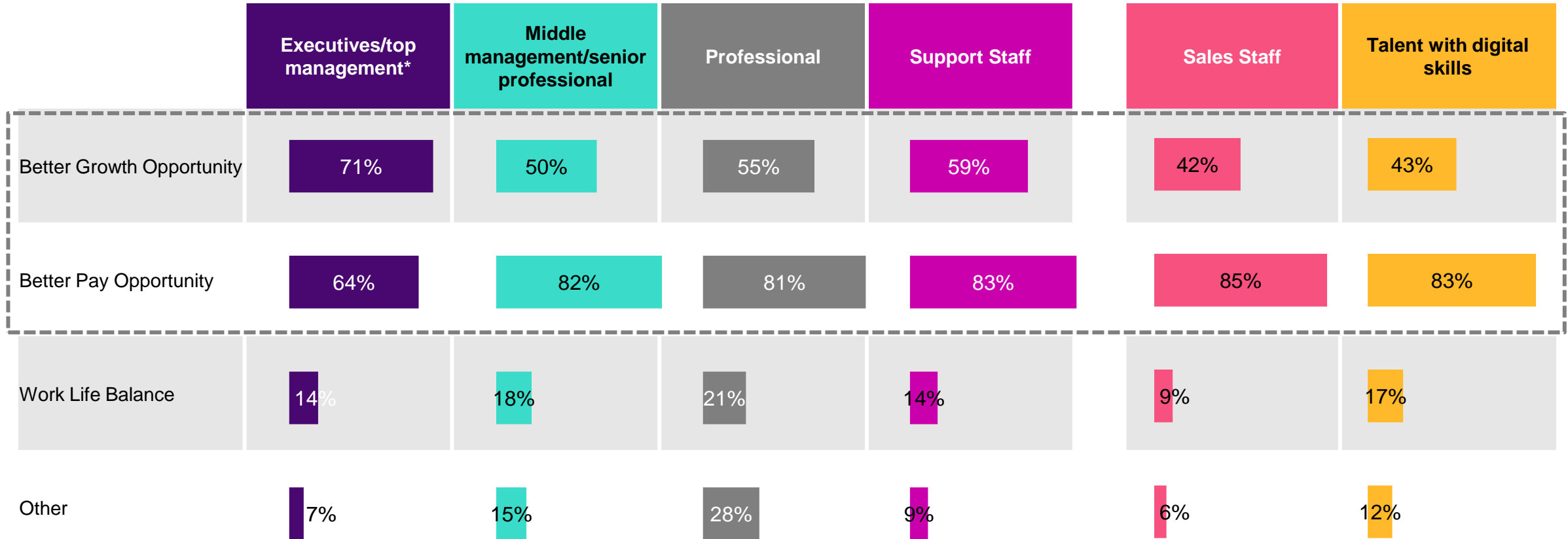
14%

No

Source: 2022 CEEMEA Inflation and Rewards Actions Survey, Turkey

Better growth opportunity and better pay 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?



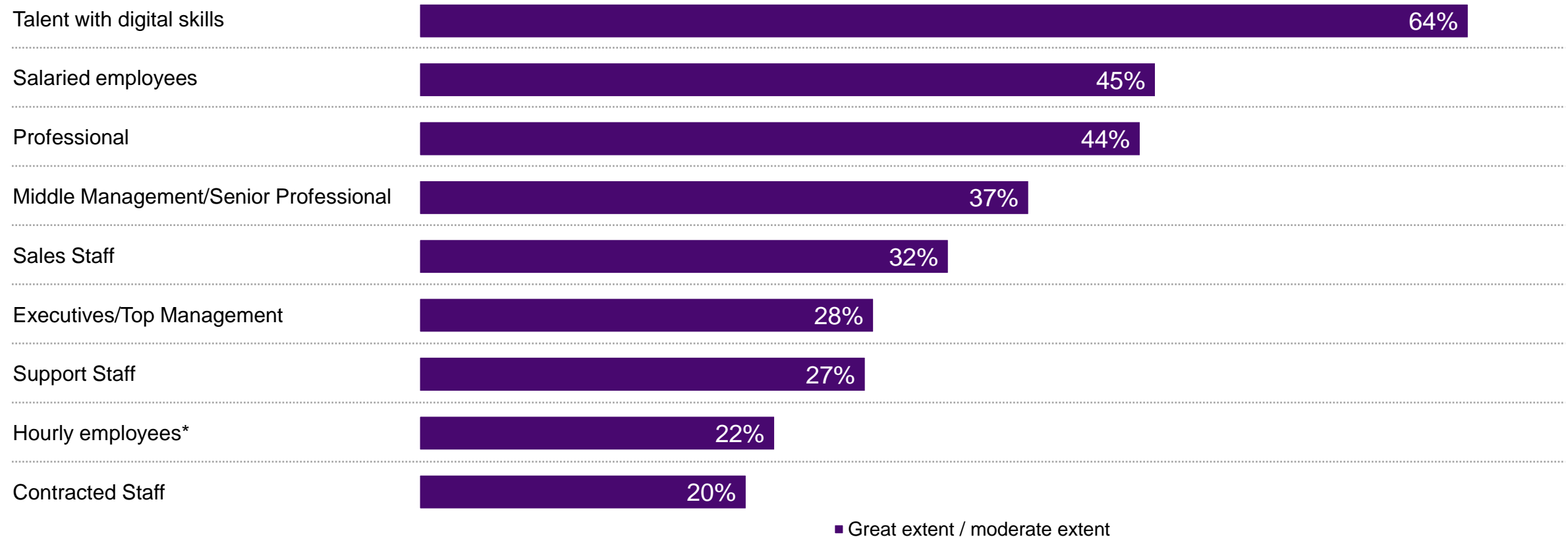
*(n=14)

Other section includes: "Better Employer Brand", "Educational Opportunities", "More Job Stability & Security", "Relationship with Manager", "Better Health and Wellness Benefits", "Better Retirement Benefits" and "More Challenging Work"

Source: 2022 CEEMEA Inflation and Rewards Actions Survey, Turkey

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?



*(n=23)

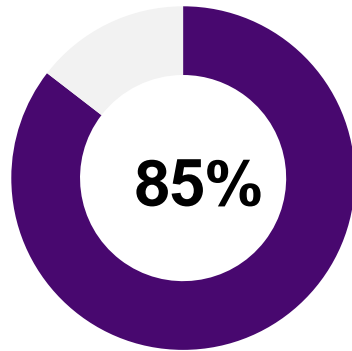
Source: 2022 CEEMEA Inflation and Rewards Actions Survey, Turkey

About 3 out of 4 organizations hire people high in the salary range, increase workplace flexibility to address attraction & retention difficulties

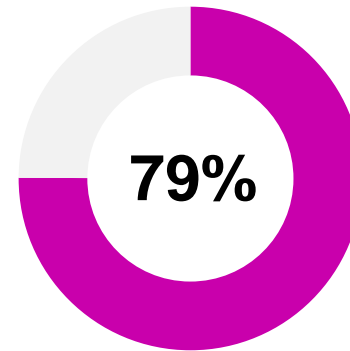
What informal actions do managers at your organization take to address the attraction, retention of these employee segments in their department?



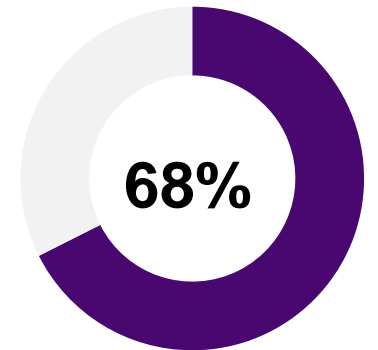
Hiring people high in the relevant salary range



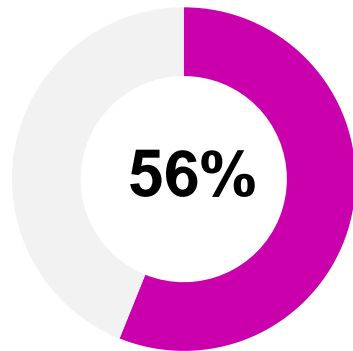
Increased workplace flexibility



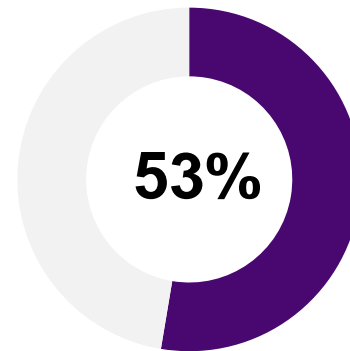
Increased/targeted use of training opportunities



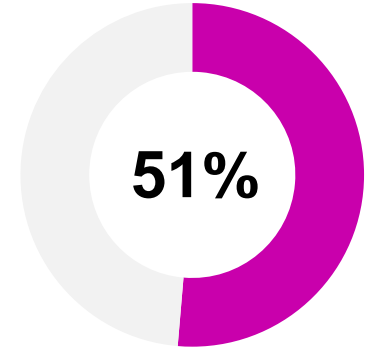
Use of retention bonuses



Sign-on bonuses



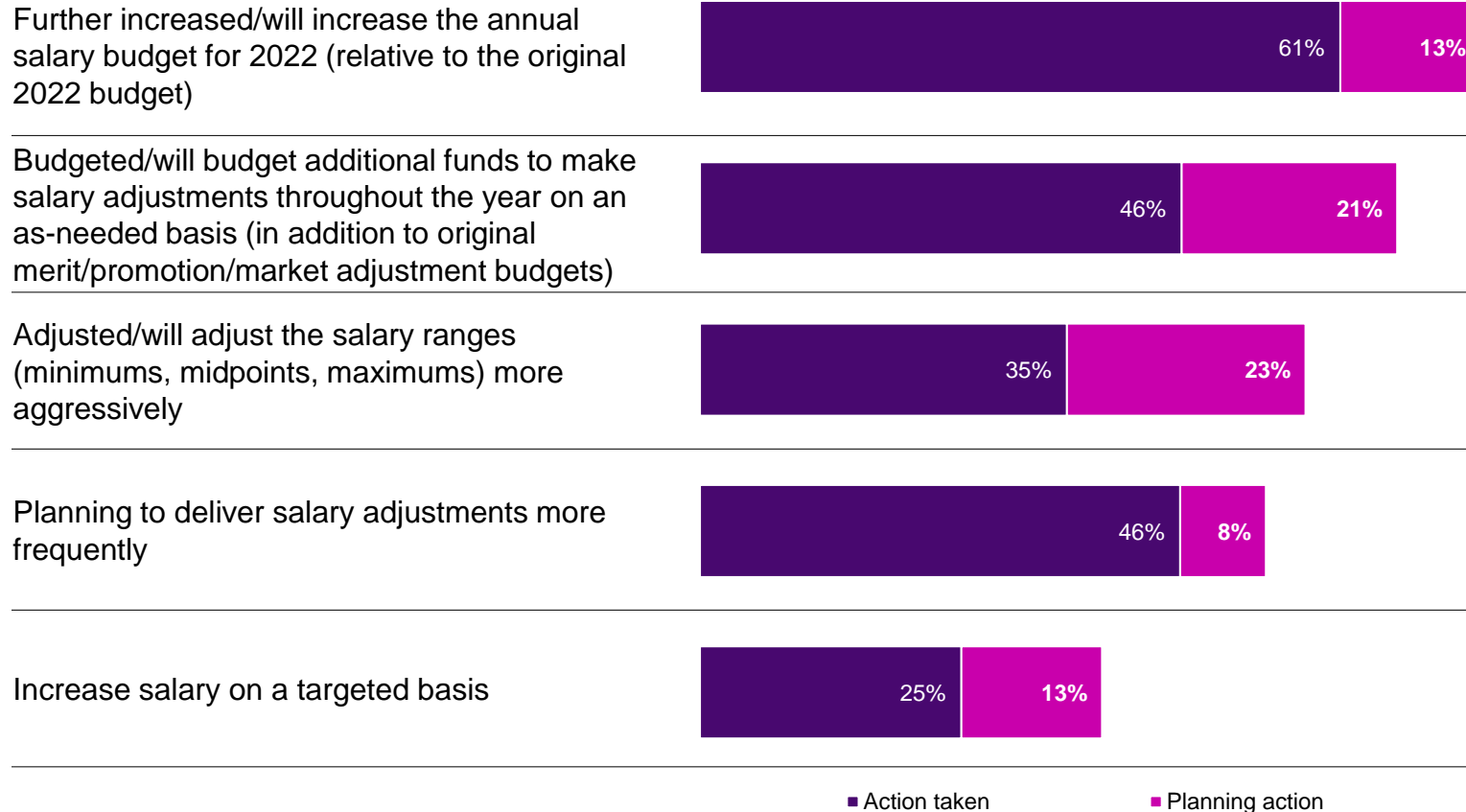
Use of spot rewards



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

Organizations are more likely to have increased the annual salary budget or budgeted additional funds to make salary adjustments

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



Other Options for Considerations..

- Place greater emphasis on non-financial elements of compensation
- Offer one off cash payments
- Increase opportunity under incentive plans
- Increase use of equity schemes
- Greater use of variable compensation
- Will use retention bonuses more extensively
- Re-negotiating union agreements early

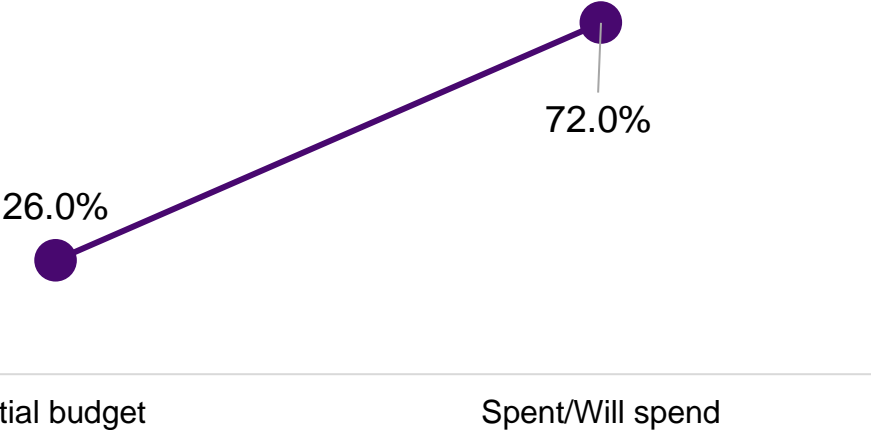
Source: 2022 CEEMEA Inflation and Rewards Actions Survey, Turkey. Note: "Not Applicable" removed

The median for the annual salary budget has increased by nearly 50 percent of payroll

Salary ranges were adjusted more aggressively

Further increased/will increase the focal annual salary budget for 2022 (relative to the original 2022 budget)

Typically, the budget (as % of payroll) is:



If merit is complete, the actual total budget spent **was typically 63% of payroll**

Note: Based on respondents that have increased or plan to increase the focal annual salary budget for 2022 (relative to the original 2022 budget)

Budgeted/will budget additional funds to make salary adjustments throughout the year on an as-needed basis (in addition to original merit/promotion/market adjustment budgets)

Additional budget is typically as 30% of payroll

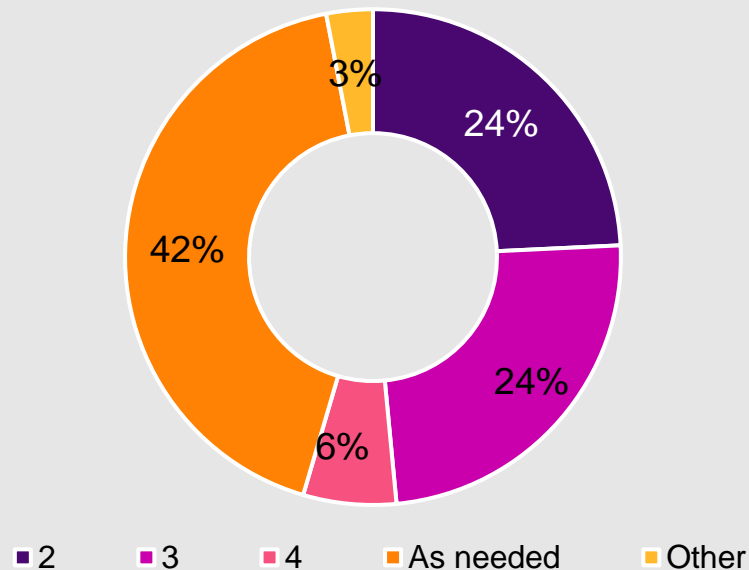
Note: Based on respondents shown on page 14 that budgeted/will budget additional funds to make salary adjustments throughout the year on an as-needed basis

Source: 2022 CEEMEA Inflation and Rewards Actions Survey, Turkey

Organizations that are planning to deliver salary adjustments are doing so for all employees

Planning to deliver salary adjustments more frequently

How many times per year are you planning to deliver adjustments?



- **Expected budget for each round of salary adjustments is typically as 20% of payroll**

Note: Based on respondents shown on page 14 that have delivered or are planning to deliver salary adjustments more frequently

Source: 2022 CEEMEA Inflation and Rewards Actions Survey, Turkey

Increase salary on a targeted basis

Groups that are taking priority for targeted salary increases*

Highest performers	69%
Colleagues identified as retention risk	69%
Colleagues identified as having rare/hot skills	56%
Lowest paid	38%
Professional	31%
Sales Staff	25%
Specific business unit/divisions	25%
Middle Management/Senior Professional	19%

Highest performers, retention risks and colleagues identified as having hot skills, are most likely to take priority for targeted salary increases

*(n=16)

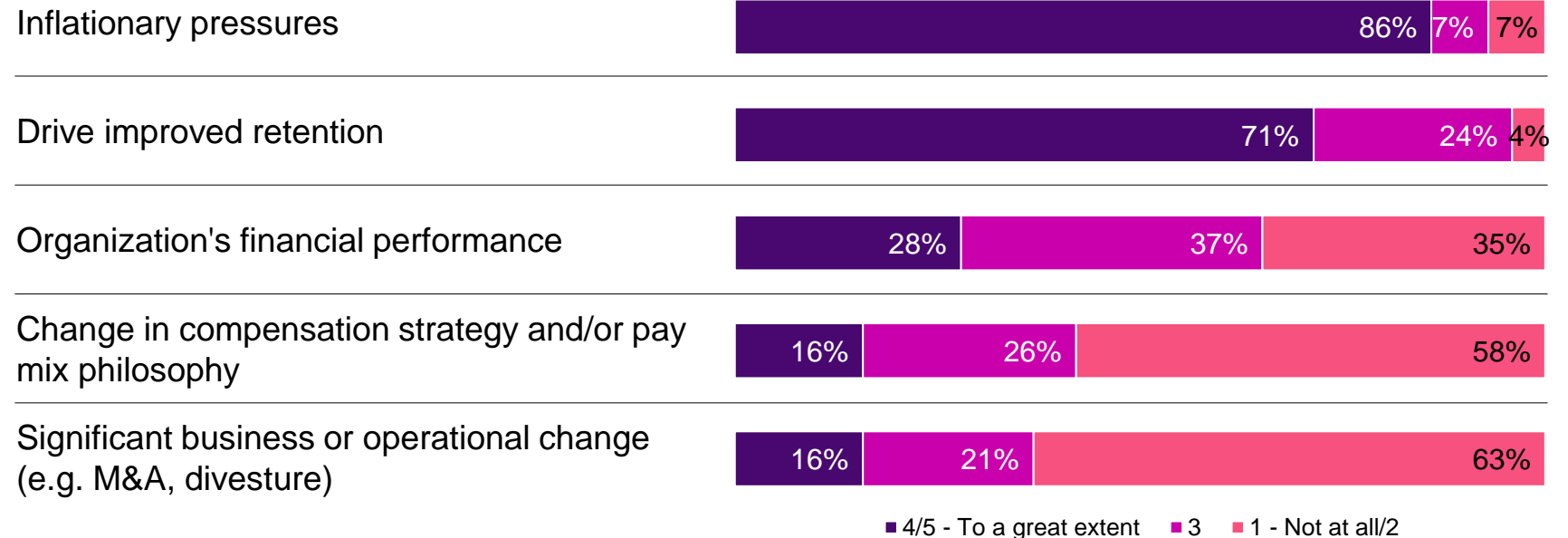
Note: Based on respondents shown on page 14 that have increased or plan to increase salary on a targeted basis

Source: 2022 CEEMEA Inflation and Rewards Actions Survey, Turkey

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?

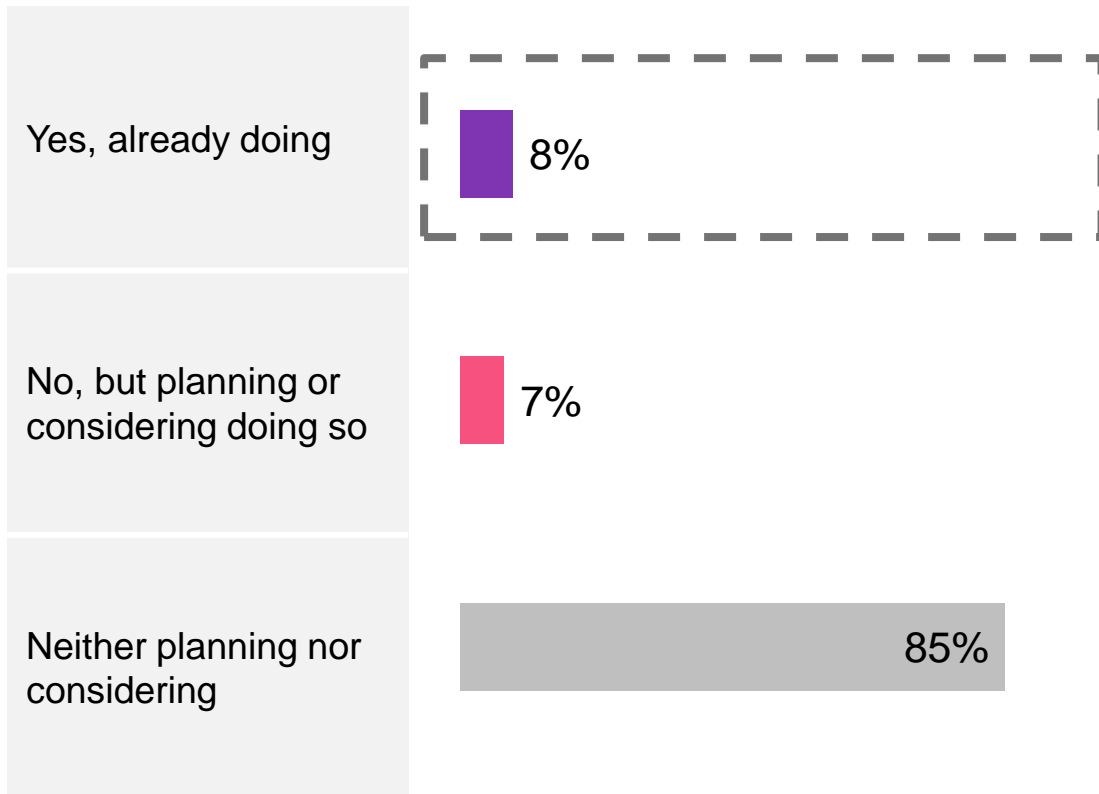


Note: Based on respondents shown on page 14 that have budgeted or plan to budget for salary increases (i.e. increase the focal annual salary budget, budget additional funds to make salary adjustments throughout the year on an as-needed basis, deliver salary adjustments more frequently, adjust salary ranges more aggressively, increase salary on a targeted basis)

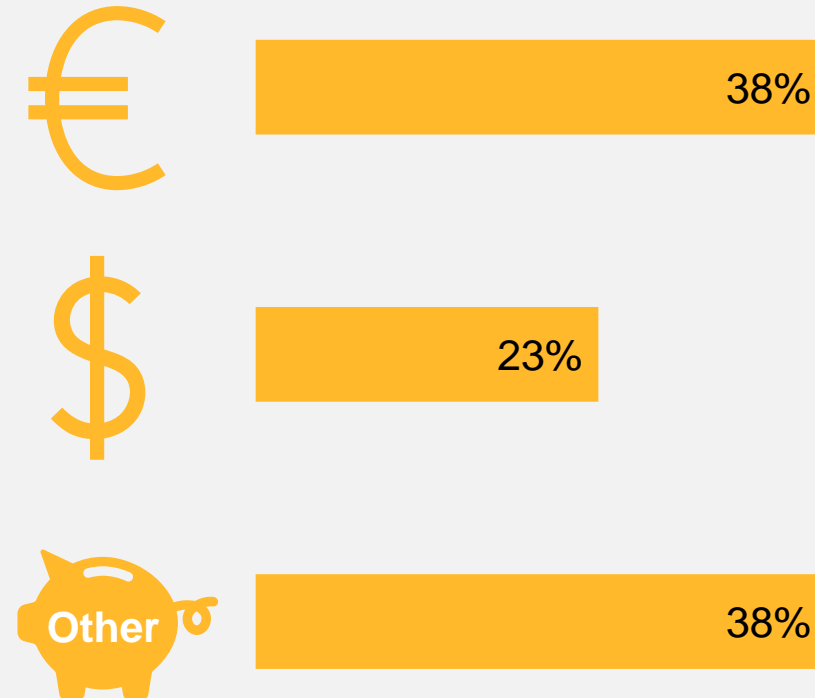
Source: 2022 CEEMEA Inflation and Rewards Actions Survey, Turkey

Only 8 percent are delivering compensation in a different currency to respond to inflationary pressures

Are you delivering compensation in a different currency to respond to inflationary pressures?



If yes, what currency would you shift to?*

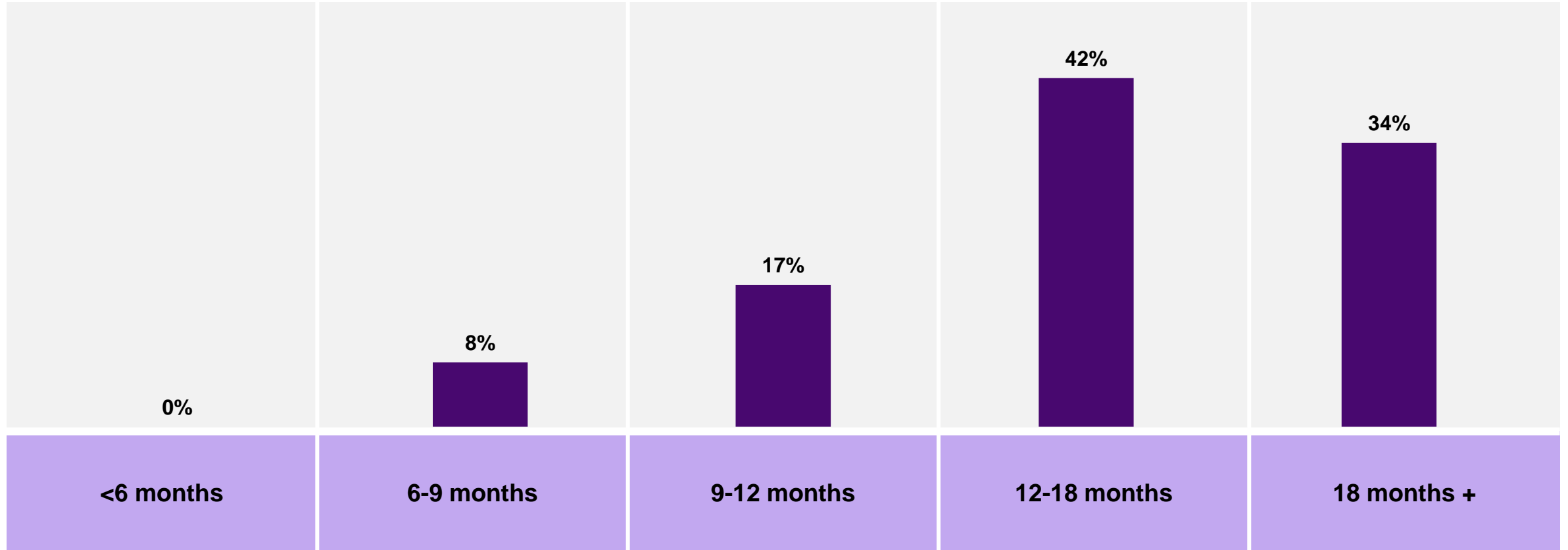


*(n=13)

Source: 2022 CEEMEA Inflation and Rewards Actions Survey, Turkey

Respondents expect the high inflation to last at least another 12-18 months

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



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

Budgeting additional funds to make salary adjustments through out the year and increasing annual budgets are changes 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?

Increase the annual salary budget



Budget additional funds to make salary adjustments throughout the year on an as-needed basis (in addition to original merit/promotion/market adjustment budgets)



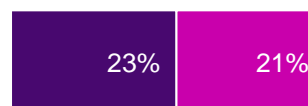
Deliver salary adjustments more frequently



Adjust the salary ranges (minimums, midpoints, maximums) more aggressively



Place greater emphasis on non-financial elements of compensation



■ Currently in place with NO END DATE UNTIL 2023 OR AFTER
 ■ Not in place, but PLANNING TO ADD

Other Options for Considerations..

- Increase salary on a targeted basis
- Place greater emphasis on non-financial elements of compensation
- Offer one off cash payments
- Increase opportunity under incentive plans
- Greater use of variable compensation
- Use retention bonuses more extensively
- Increase use of equity schemes
- Re-negotiate union agreements early

Source: 2022 CEEMEA Inflation and Rewards Actions Survey, Turkey