

2022 CEEMEA Inflation and Rewards Actions Survey

Romania

October 2022

About the survey - Romania



63

Respondents from Romania completed the survey



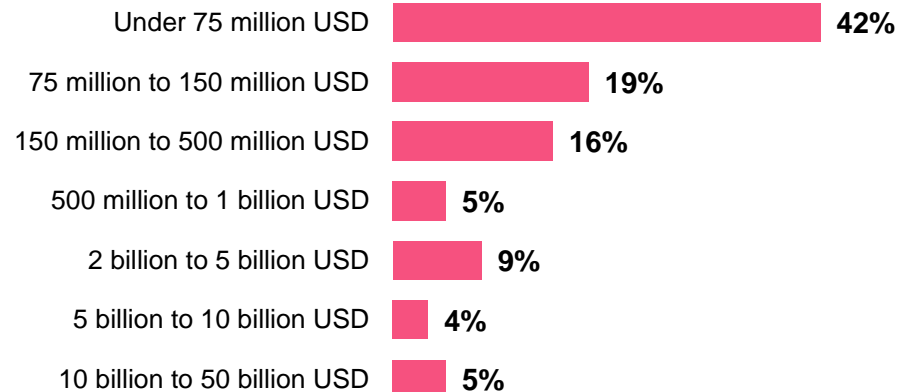
Local company / group

14%

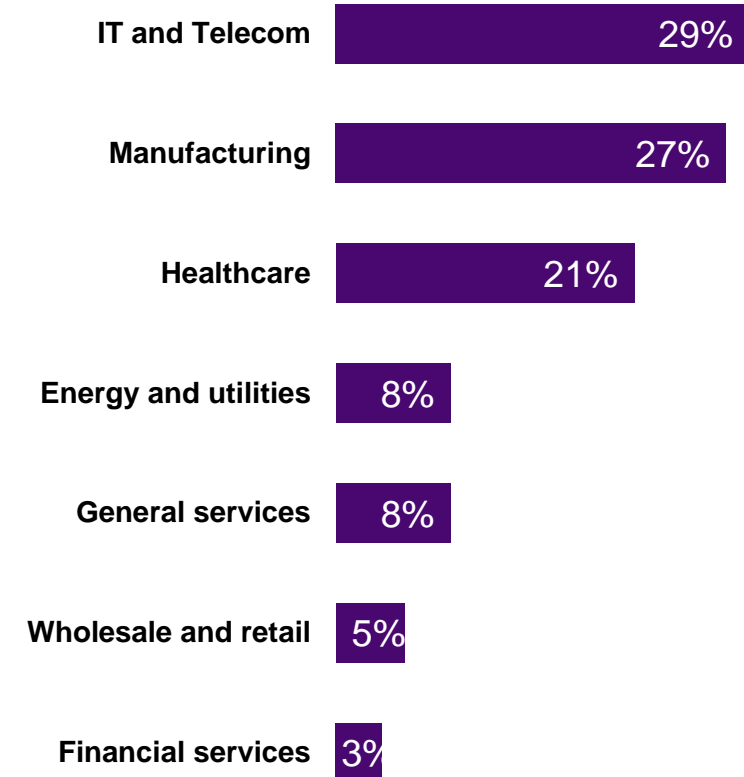
Subsidiary of international company

86%

Annual revenue in 2021



Industry



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



Executive summary

- Concerns about possible global recession coupled with tight labor 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 organizations in Romania approach current challenges related to high inflation/tight labor market environment and increased attraction, retention issues.
- The majority of the participating companies have increased or are planning to increase salary for specific employee groups. Most commonly these organizations are targeting increases at employees of highest performance, highest retention risk or with hot skills.
- Over half of respondents have adjusted or are planning to adjust salary ranges.
- Attraction and retention pressures force organizations to place greater emphasis on non-financial elements of compensation and extensive use of sign-on/retention bonuses.

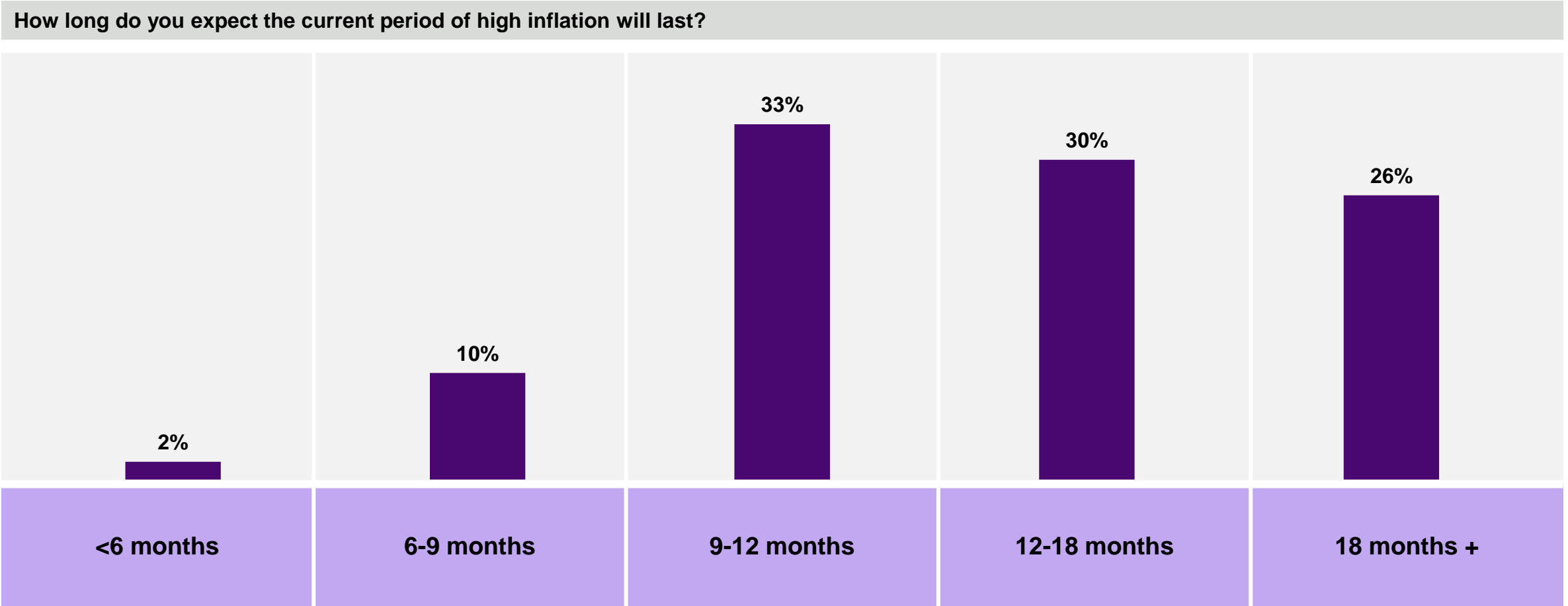
Inflation, attraction & retention issues push organizations to rethink compensation programs

These actions are being undertaken amidst scrutiny from stakeholders

Inflation is high & expected to remain so	Attraction & Retention
<ul style="list-style-type: none">▪ The annual inflation rate in Romania is forecast to be of 13.3% for 2022, the highest level since 1998.▪ The majority of companies expect high inflation to last over the next 9 -18 months (see details on next page)▪ Forecasts for 2023 show a decrease to 11%% for Romania.	<ul style="list-style-type: none">• Over half of organizations increased recruitment since the start of the year.• Organizations are currently experiencing problems attracting or retaining Talent with digital skills, Professionals & Salaried employees
Organizations are attempting to address these challenges through informal actions such as hiring higher in salary range, increasing workplace flexibility and targeted use of training, modifying and leveraging benefits and re-thinking their compensation programs	

Source: International Monetary Fund – IMF and 2022 CEEMEA Inflation and Reward Actions Survey, Romania

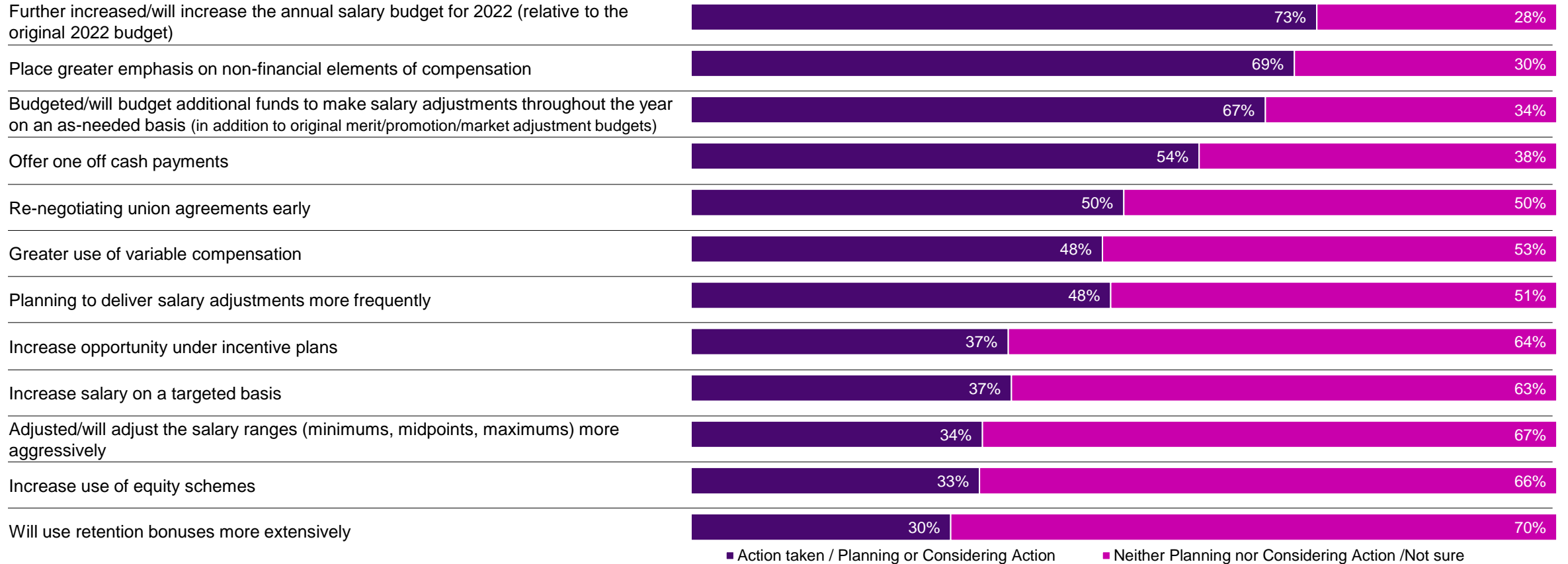
Two out of three respondents expect the high inflation to last over the next 6 to 18 months



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

Organizations are more likely to increase salary budget & place greater emphasis on non-financial elements of compensation

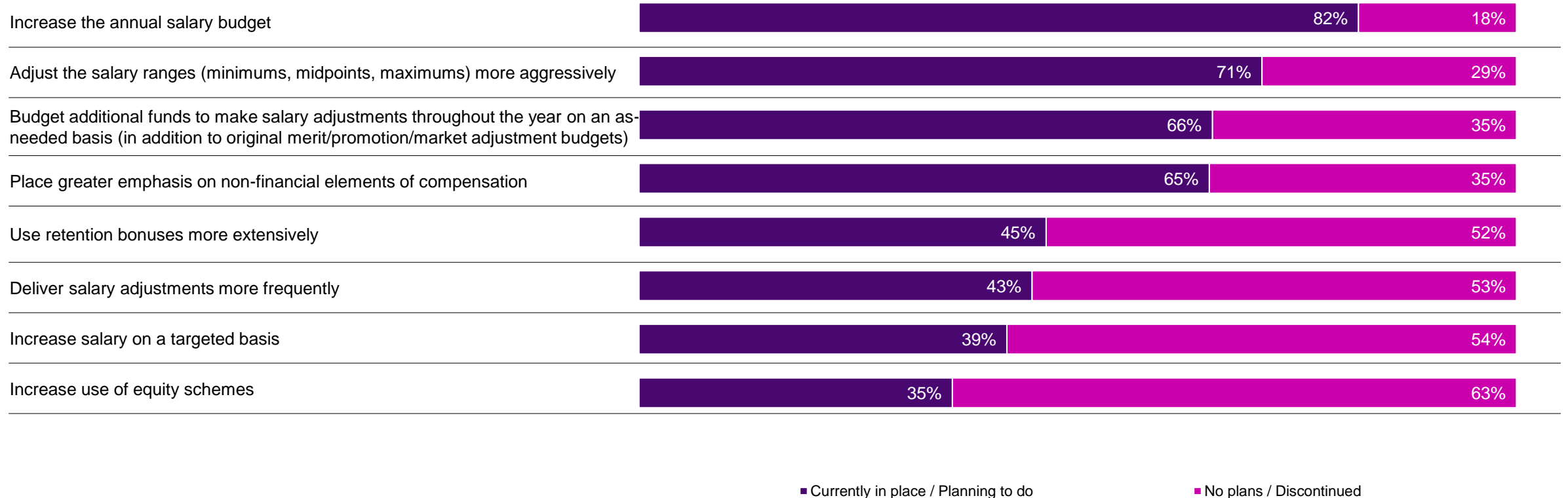
What approaches are you taking to address the impact of the competitive labor market and inflationary pressures on compensation management?



Source: 2022 CEEMEA Inflation and Reward Actions Survey, Romania

Increasing annual salary budget and adjusted salary ranges are the 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?



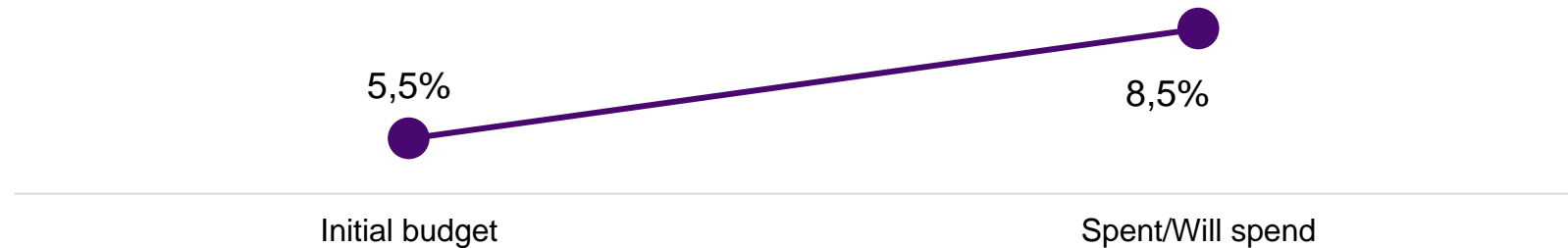
Source: 2022 CEEMEA Inflation and Reward Actions Survey, Romania

The median for the annual salary budget has increased by about 2 to 3 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 8%** of payroll

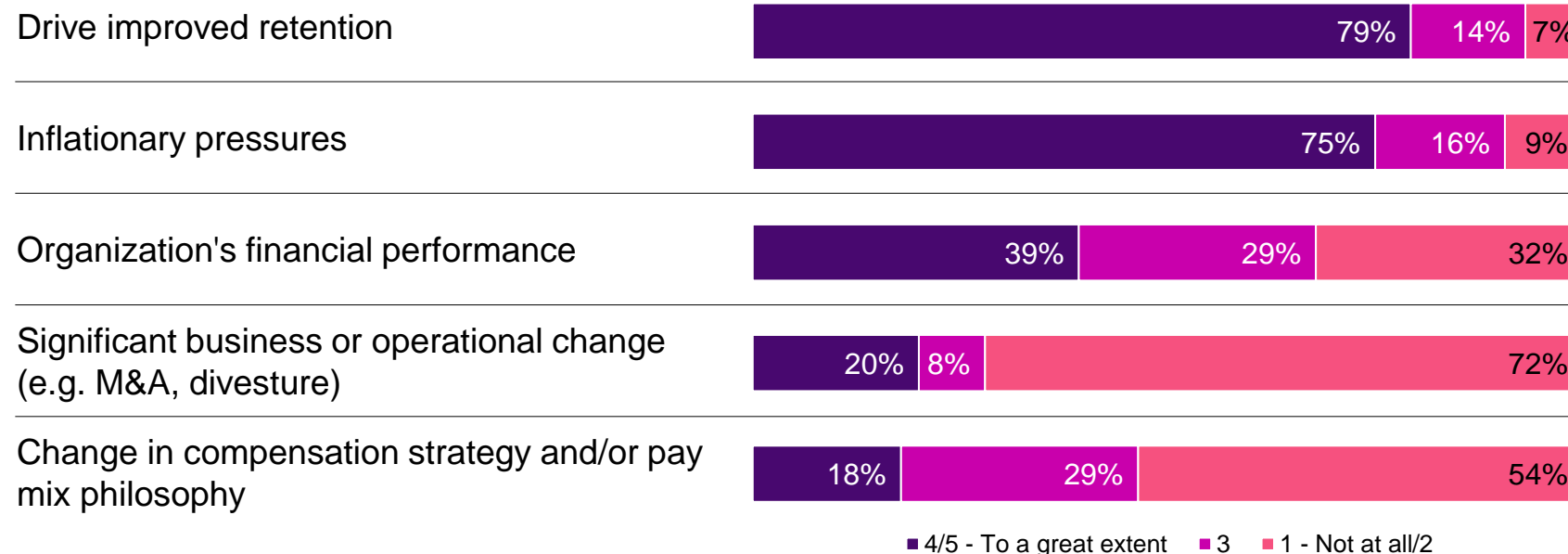
NB: This slide was developed based on responses collected during the summer of 2022. WTW is closely monitoring the evolution of responses that relate to increases in salary budgets as organizations draw closer to taking their final decision before year end.

Source: 2022 CEEMEA Inflation and Rewards Actions Survey, Romania

Organizations are budgeting for salary increases to improve retention and respond to inflationary pressures

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)

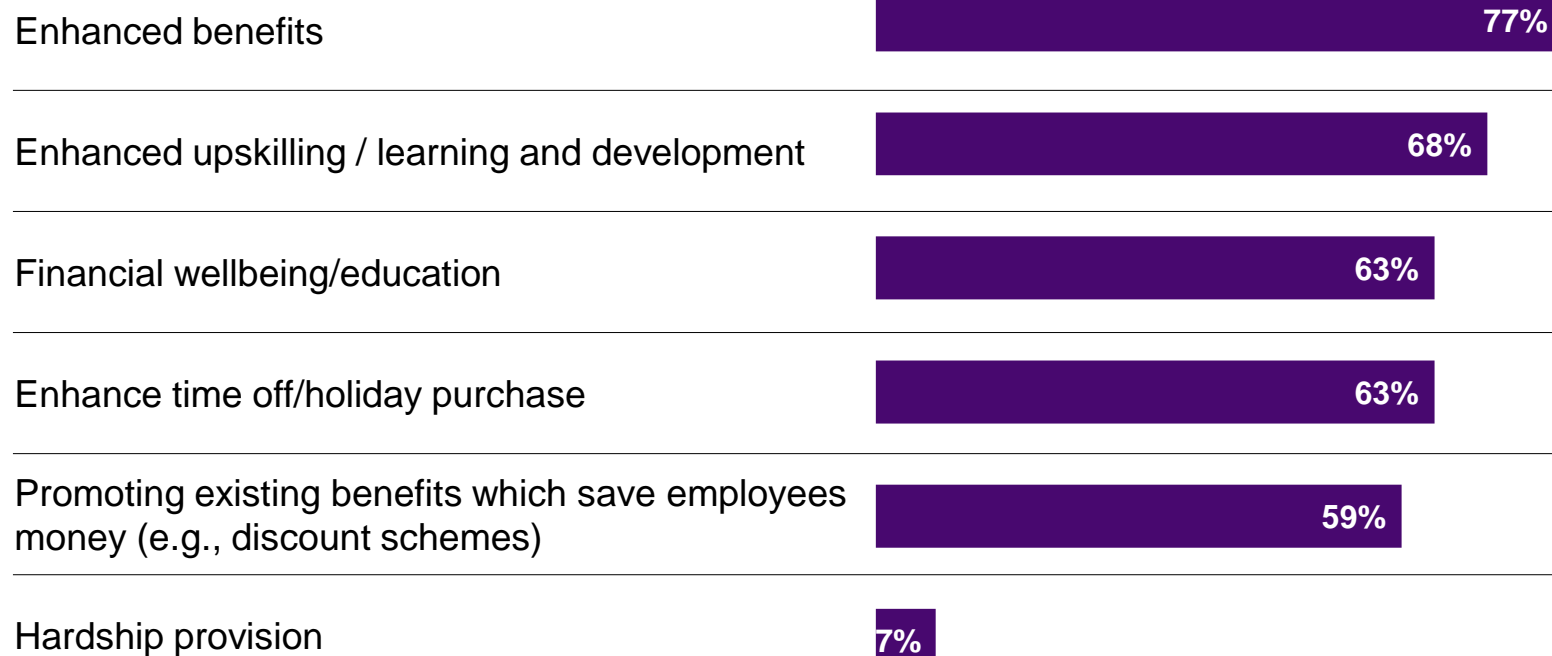
Source: 2022 CEEMEA Inflation and Reward Actions Survey, Romania

Most organizations are focusing on enhancing also benefits and upskilling/L&D

Place greater emphasis on non-financial elements of compensation

To what extent is your organization

focusing on these **additional elements?***



■ 4/5 - To a great extent

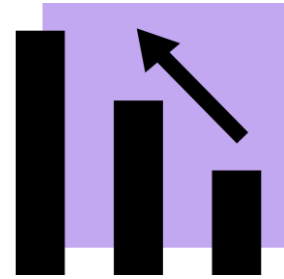
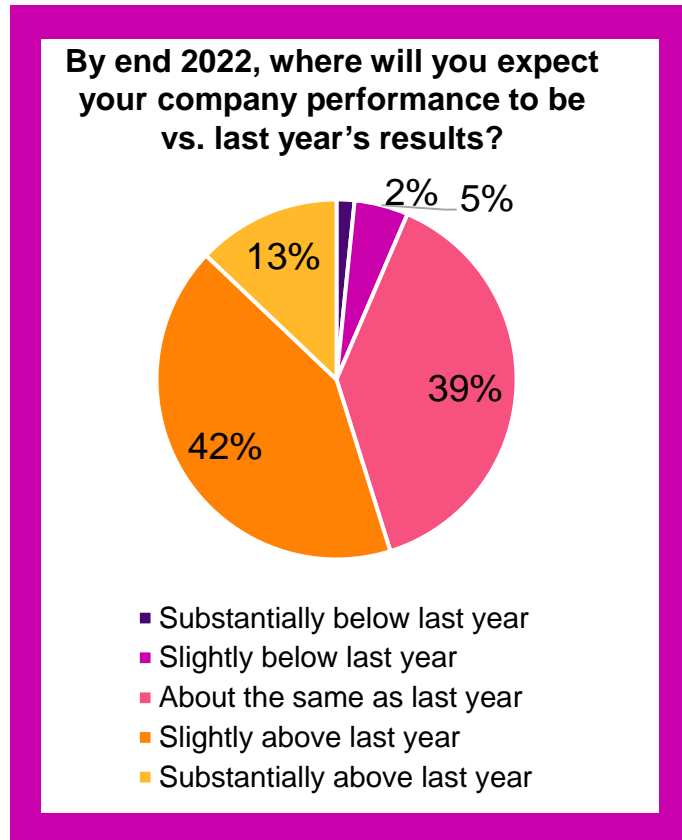
* (n > 12 but less than 25)

Note: Based on respondents shown on page 14 that have placed or plan to place greater emphasis on non-financial elements of compensation

Source: 2022 CEEMEA Inflation and Reward Actions Survey, Romania

Attraction and Retention Findings

Over half of organizations increased recruitment efforts since the start of the year, and are expecting that 2022 performance to be better than 2021



52%
Increased



35%
Stayed the same



11%
Decreased for
some job roles

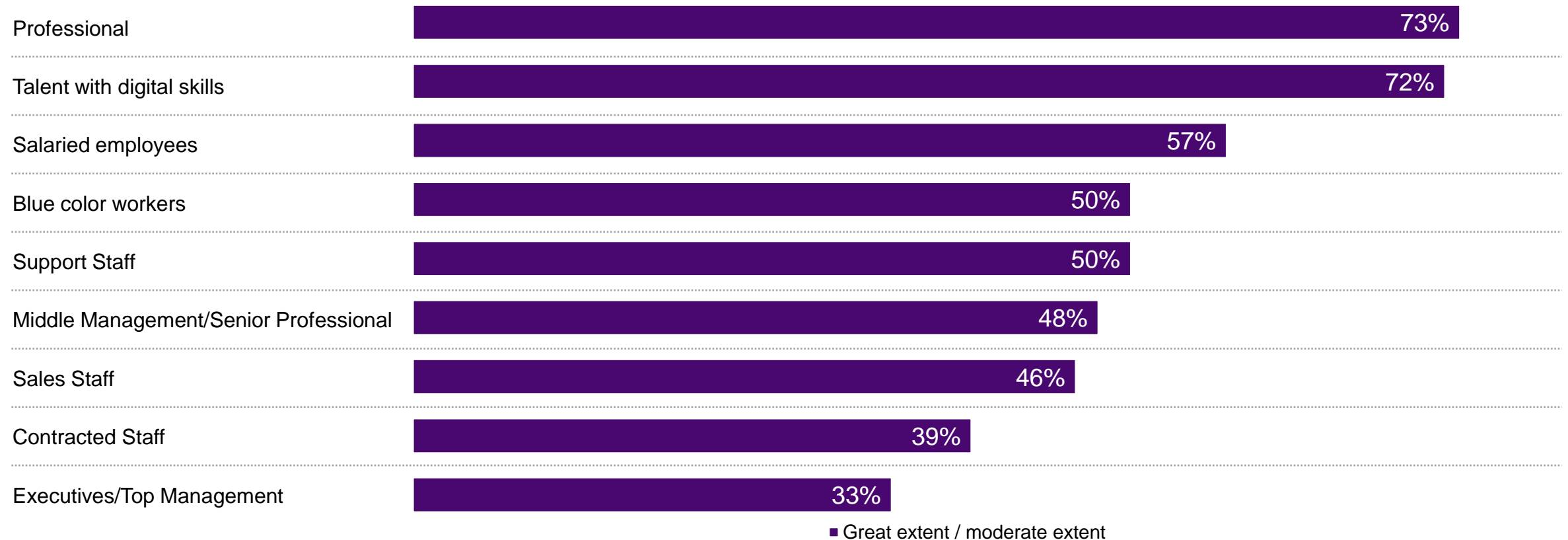


2%
Decreased
across the board

Source: 2022 CEEMEA Inflation and Reward Actions Survey, Romania

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

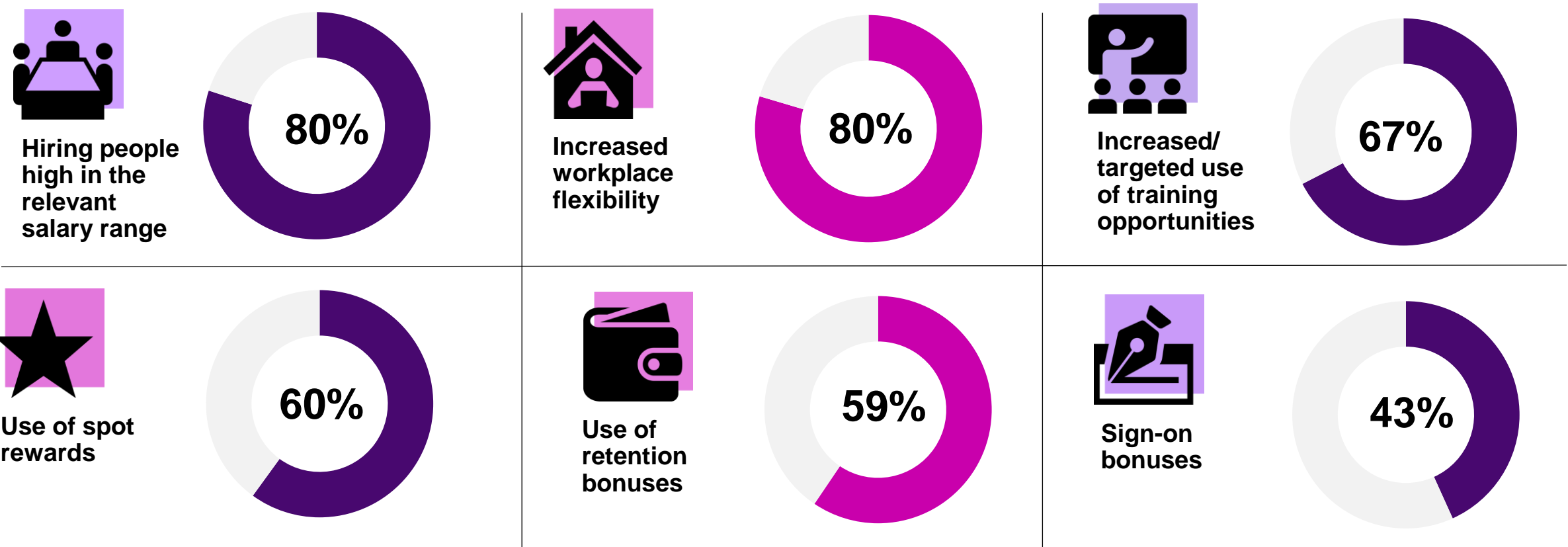
To what extent is your organization currently experiencing problems attracting or retaining employees in the following groups?



Source: 2022 CEEMEA Inflation and Reward Actions Survey, Romania

About 4 out of 5 organizations hire people high in the salary range, increase workplace flexibility to address attraction & retention difficulties

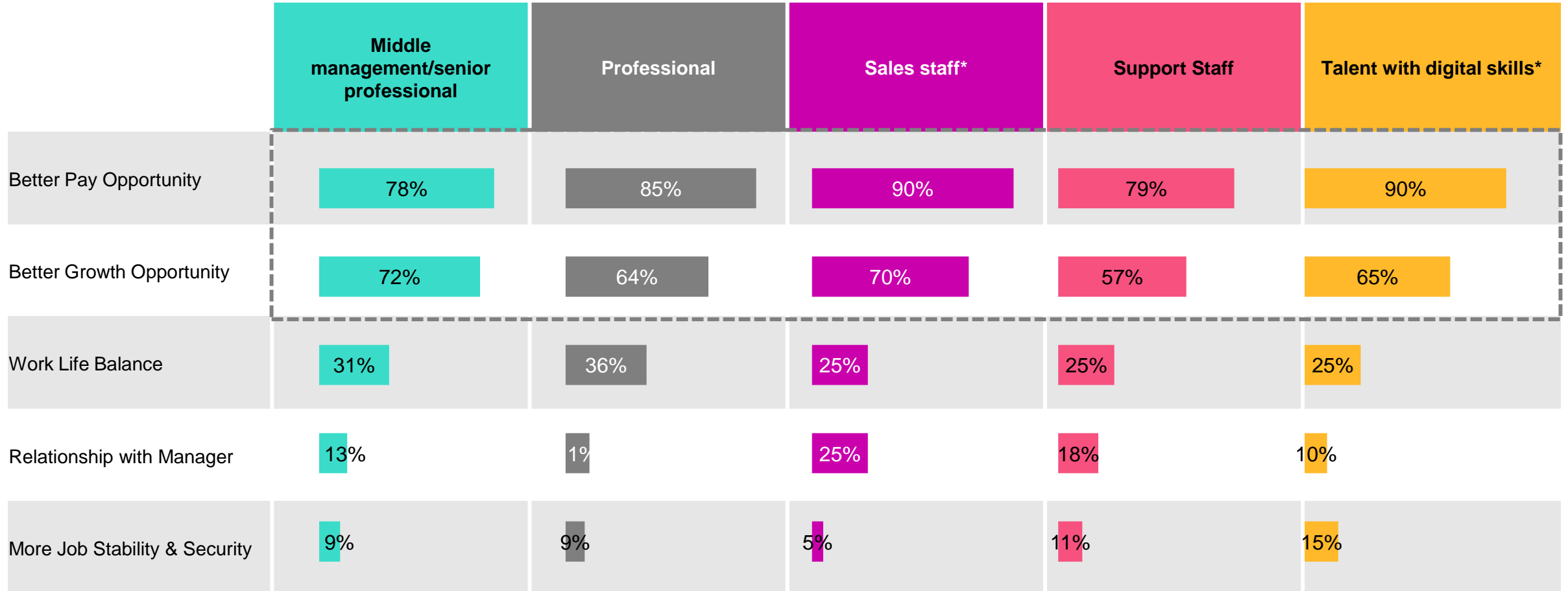
What informal actions do managers at your organization take to address the attraction, retention of these employee segments in their department?



Source: 2022 CEEMEA Inflation and Reward Actions Survey, Romania; Note: percentages indicate “taking action”

Better pay 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?*



Source: 2022 CEEMEA Inflation and Reward Actions Survey, Romania

Actions for 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 Reward Actions Survey, Romania



Thank you!