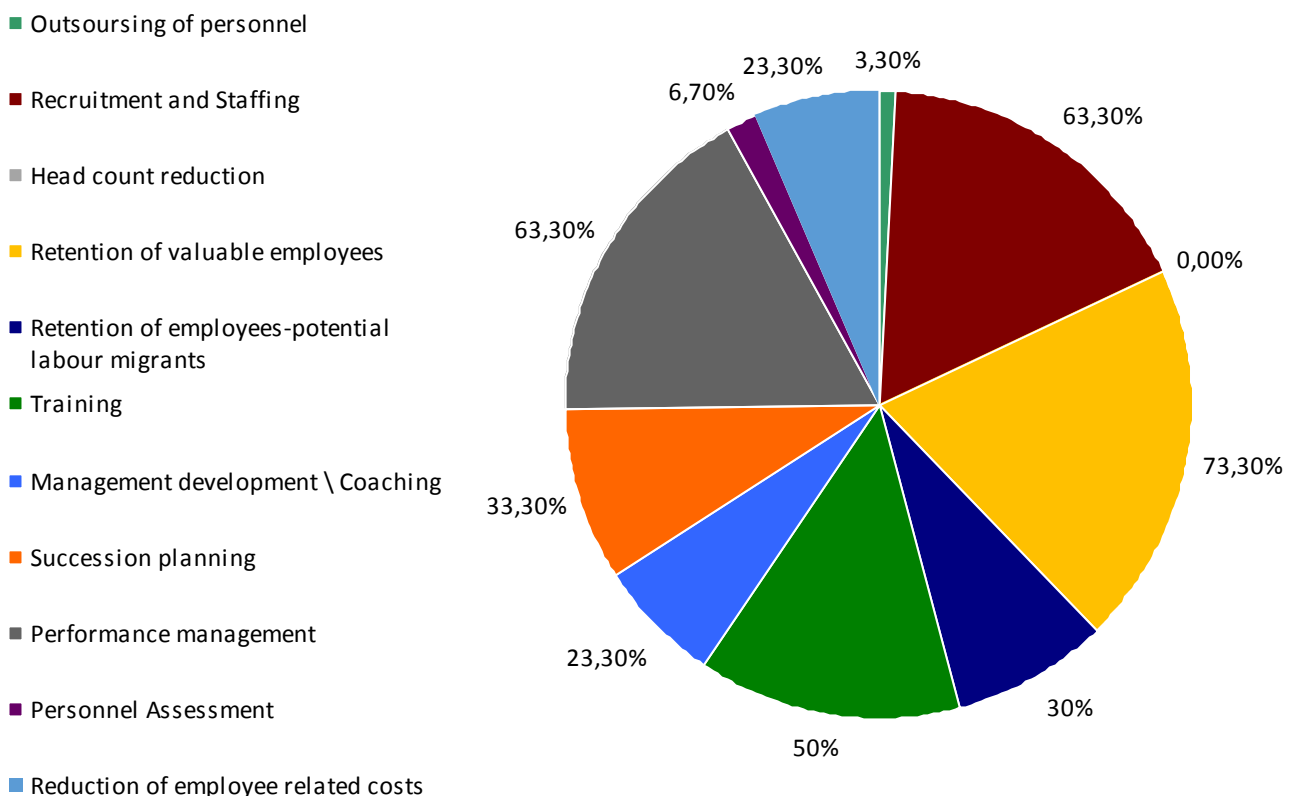


EBA Western Ukrainian Office together with Lviv Consulting Group keep monitoring the labor market of Western Ukraine and are happy to share with you results of the 12th Wave, Western Ukraine Labour Index, conducted in February 2017. The survey's objective was to identify major trends and dynamics of the labour market and to compare them with the previous wave's indices.

Businesses with foreign capital based in Western Ukraine were invited to participate in the survey. Majority of participants are involved in the production field, namely Metalworking, Woodworking, Textile and Shoes Manufacturing, Automotive, Machine Building, Electronics and Agriculture. Companies with head count above 500-1000 employees prevail; 25% of the companies have over several thousand employees and another 25% of them have less than 100 employees. Service providers also took part in the survey, among them Retail, HR, Training, Sales and Distribution, Logistics, E-commerce, Telecom and IT firms with head count up to 100 employees.

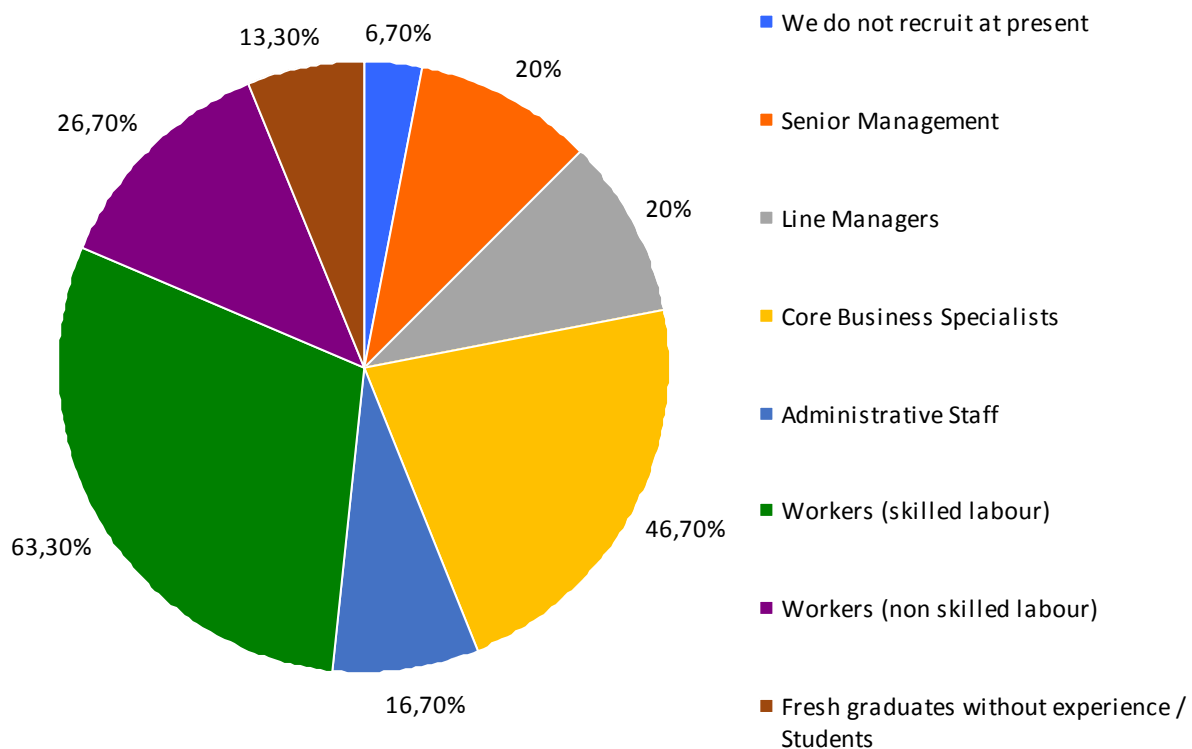
Please indicate current priorities in managing human resources in your company



During four concurrent waves Retention of valuable employees and Recruitment and Staffing were top priorities in HRM for majority of companies. There are more companies willing to retain valuable employees by introducing Performance management. On the contrary to the previous Wave there are less companies focused on Personnel Assessment, Management Development and Coaching. We observe an increase in number of companies competing for people with employers from abroad; in addition to production companies

this tendency is confirmed by Retail, Sales and Logistic firms. For the first time during the four waves not a single company plans to reduce head count. On the contrary, there is a pronounced and stable trend to increase personnel. 74% of participants have plans to increase head count, this is 10% more than in the previous wave. These companies include Consulting, HR, Telecom, E-Commerce, partially IT, and various Production businesses with head count above 500-1000 employees. Around 25% of respondents will keep the head count unchanged, among them Logistic, Transportation, Hotel and Machine Building businesses.

**Please indicate what categories
of employees are currently in demand in your company**

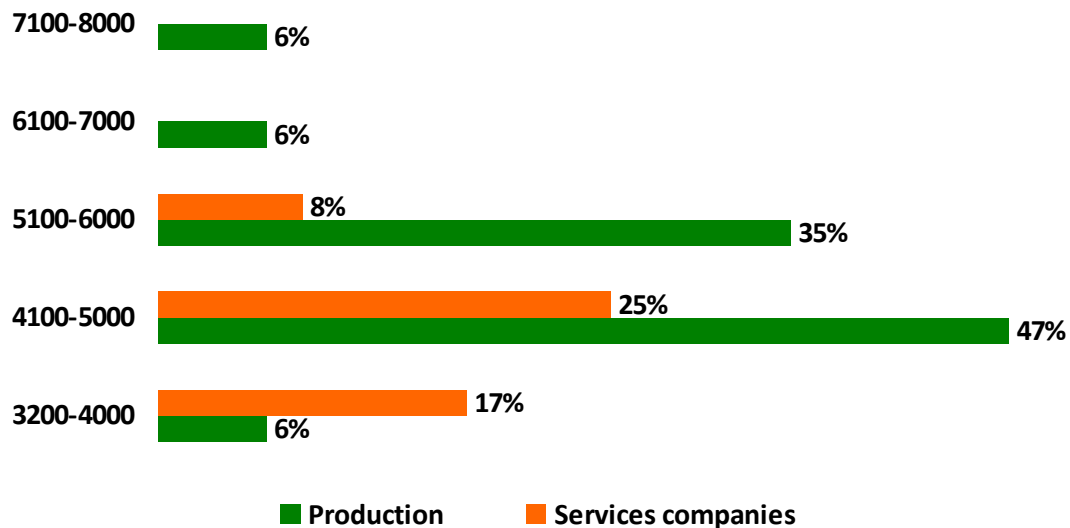


93% of respondents reported to actively hire new employees from the open market. This is a strong tendency we have observed during the past 18 months. Most frequently the companies look for qualified labor: welders, mechanics, electricians, lock smiths, as well as for book-keepers, analytics, engineers, logistics, and purchasing specialists and agronomists. Demand for non-qualified labor among production companies decreased twofolds, only automotive and wood working companies are still looking for such employees. Demand for fresh graduates - high and stable during the past year, has gone down by half. Only metal working companies, telecom and consulting services providers are ready to hire and retain fresh graduates. Demand for top and middle managers went up from 4% to 20% in servicing companies: IT, e-commerce, sales and distribution.

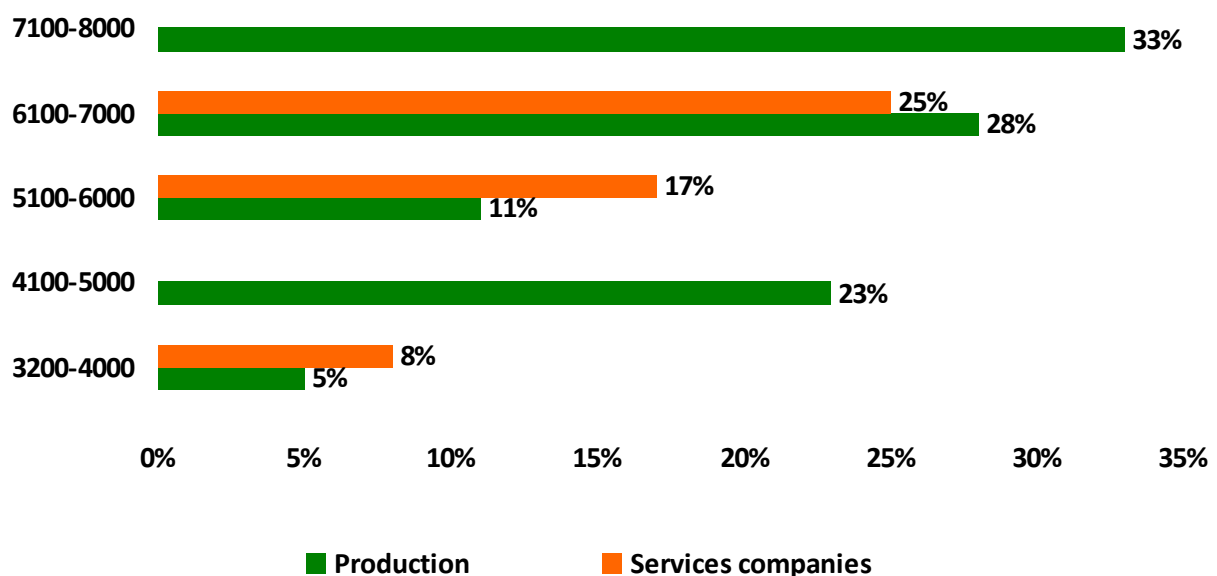
Average salary ranges (before taxes) in production and service companies, UAH

Diagrams present information on average salary ranges for four groups of employees; % indicates a relative number of companies paying salaries in a specific range.

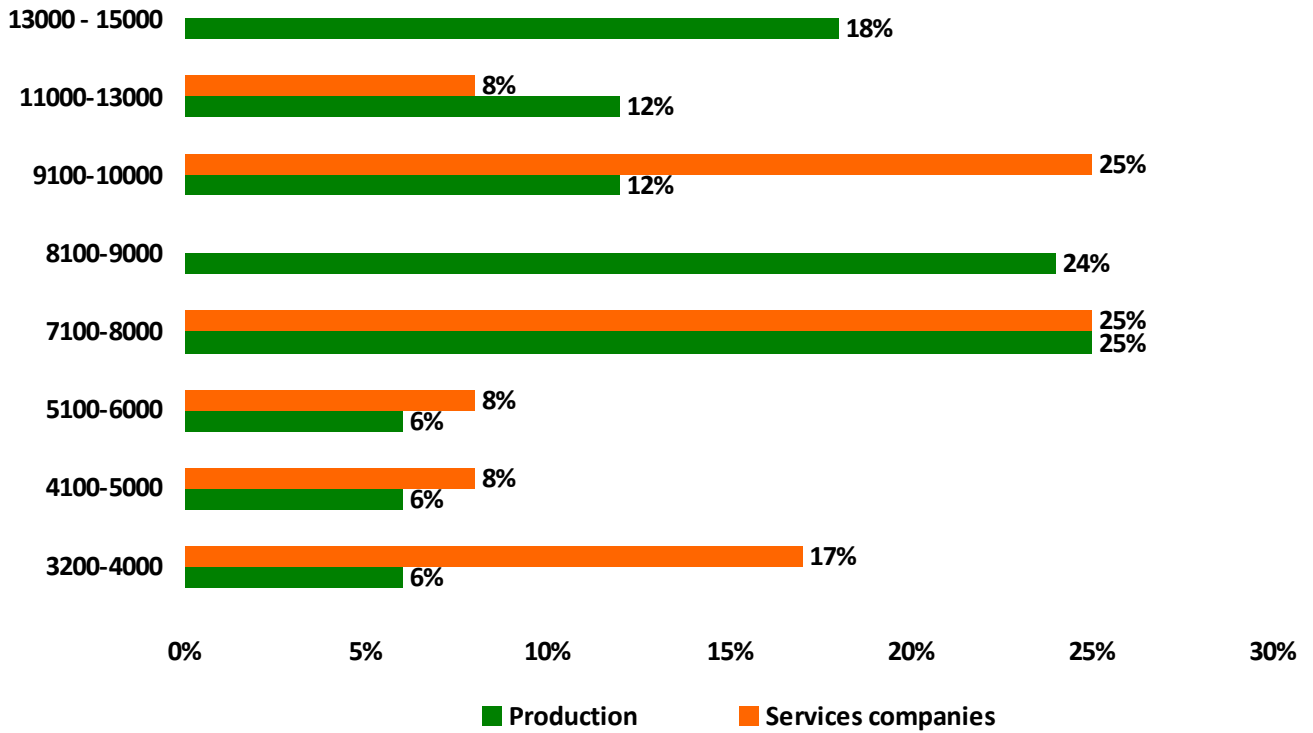
Non-skilled /semi-skilled labour operators, seamstresses



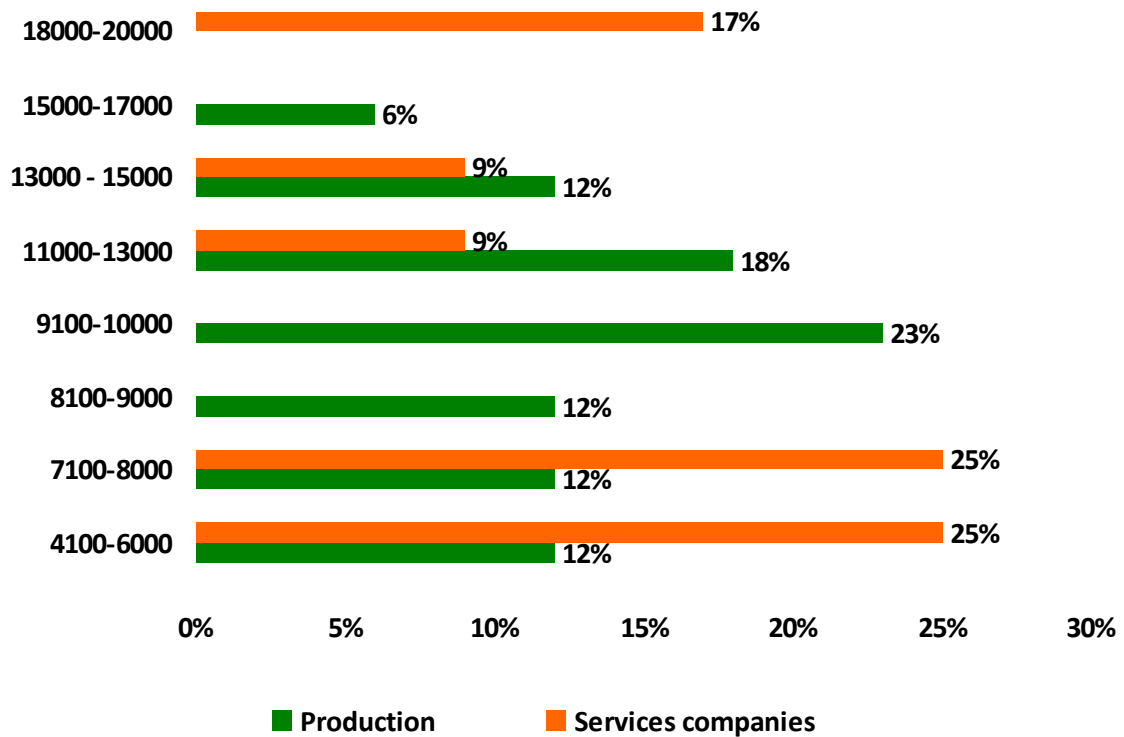
Skilled labor mechanics, locksmiths / call centre operators, clerks, cashiers, senior sales agents



**Administrative and office personnel
accountants, analysts, administrators, lawyers, office managers**



**Specialists
engineers, logistic, consultants, HR, agronomists/
logistics, consultants, HR, sales managers**



In comparison with the 11th wave pay levels of non-skilled labor have increased and on average amount to 4100 – 5500 uah; in service companies there are no salaries below the official minimal level, though the average pay level in these companies remained the same. Qualified workers in service companies enjoy larger salaries in the range 5500 – 7000 uah that is 20% higher compared to the previous period. In production the minimal wage went up to 4000 uah, the average wage is 6100-7500 uah.

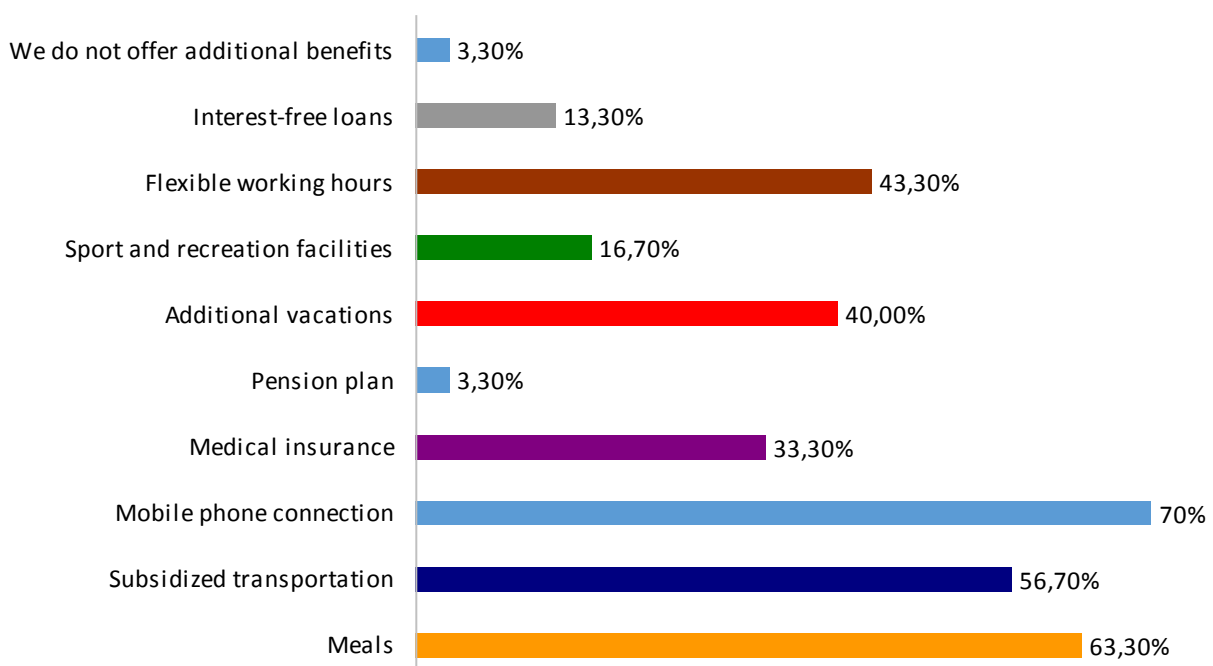
Average salary of administrative personnel now is in the range of 7100 -9000 uah; salaries of employees with 5+ years experience in departments that support production went up to 13000–15000 uah. In service companies increase in salaries of administrative personnel was very modest –only by 5%-9%.

Specialists in production now earn by 15% to 22% more due to shortage of active candidates in the market; in service companies pay levels of specialists remain unchanged.

During the past 4 waves companies did not reduce pay levels – this is a very positive trend. Increase of the official minimal salary level to 3200 uah has impacted only 17% of respondents: Metal working, Textile, Training and Consulting service providers, they had to establish higher salaries for certain groups of employees starting on January 1, 2017.

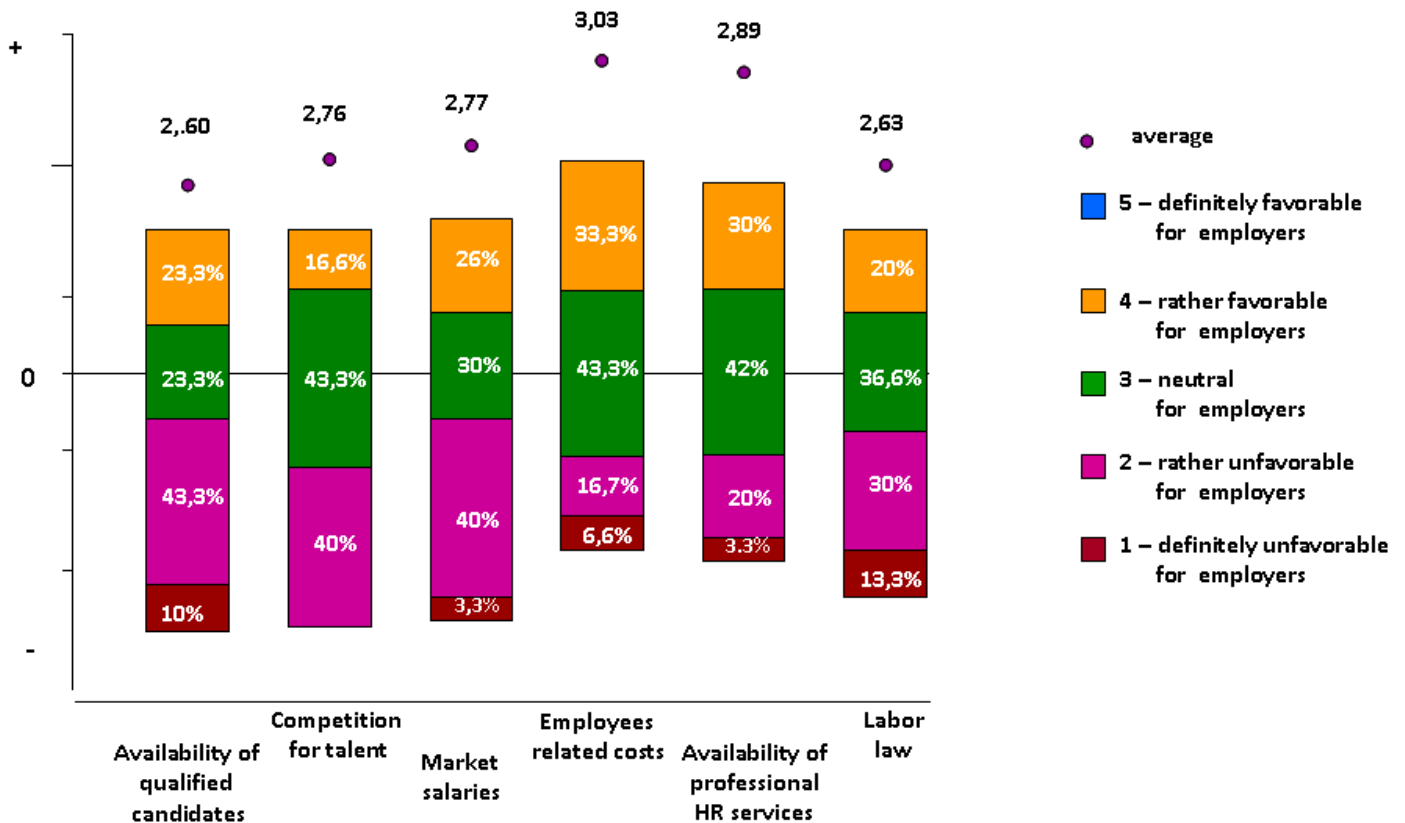
27% of companies will not review pay levels in the next 3 months. 56% have reviewed salaries at the beginning of 2017 and plan an additional pay increase; among those automotive and chemical companies, transportation and logistic firms, e-commerce and retail businesses plan a 10%-15% increase in pay. Every fifth respondent plans to increase pay by 20%-35% (agriculture, wood processing, electronics and IT).

**Please indicate what benefits your company offers to employees,
in addition to those required by the law**



The list of most popular benefits provided by employers has been the same for the past 4 waves, but there are some peculiarities. 20% less production companies provide mobile phone connection to employees; more service companies started to provide subsidized meals. Medical insurance used to be popular among service firms, e.g. IT and Telecom. In the current wave it is included in the compensation packages of automotive, metal working, machine building, food processing companies. Flexible working hours and sport/recreation facilities become more popular benefits not only with service providers, but also among production companies.

How would you estimate the current labor market?



Labour Market Index in February 2017 was 2,78

The index is defined as an average indicator of the individual categories. Individual indicators were defined as follows: e.g. "Labor law": $1 \cdot 13.3\% + 2 \cdot 30\% + 3 \cdot 36.6\% + 4 \cdot 20\% = 2,63$.

Labour market Index in February 2017 went down by 0.20 since 2016 and was at the level of 2,78. The labor market remained unstable or neutral for employers. The survey participants believe the pool of qualified candidates in the market is shrinking, the competition for talents increases and market salaries are going up as well.

Labour Market Index Dynamics

