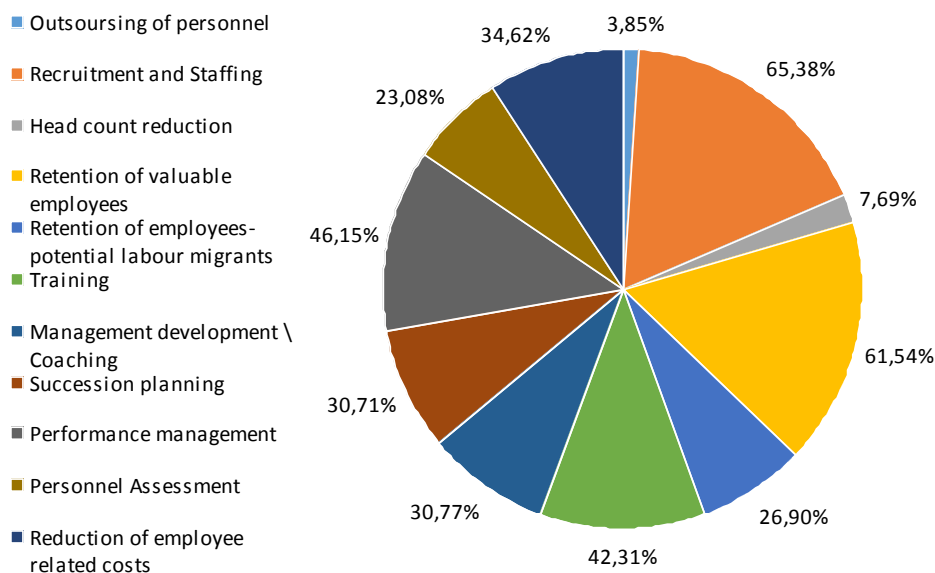


EBA Western Ukrainian Office together with Lviv Consulting Group keep monitoring the labor market of Western Ukraine and are happy to share with you results of the 11th Wave, Western Ukraine Labour Index, conducted in June 2016. The survey's objective was to identify major trends and dynamics of the labour market and to compare them with the previous wave's indices.

Businesses based in Western Ukraine, mostly with foreign investments, were invited to participate in the survey. The majority of the participants (70%) are companies active in production (automotive, construction, machine building, electronics, agriculture, wood working, textile and food processing) with average headcount 500 to 1000 employees. 25% of them employ several thousand employees. Among the survey participants are businesses providing services in banking, retail, sales and distribution, transport, logistic and IT with headcount up to 100 employees and 500 through 1000 employees.

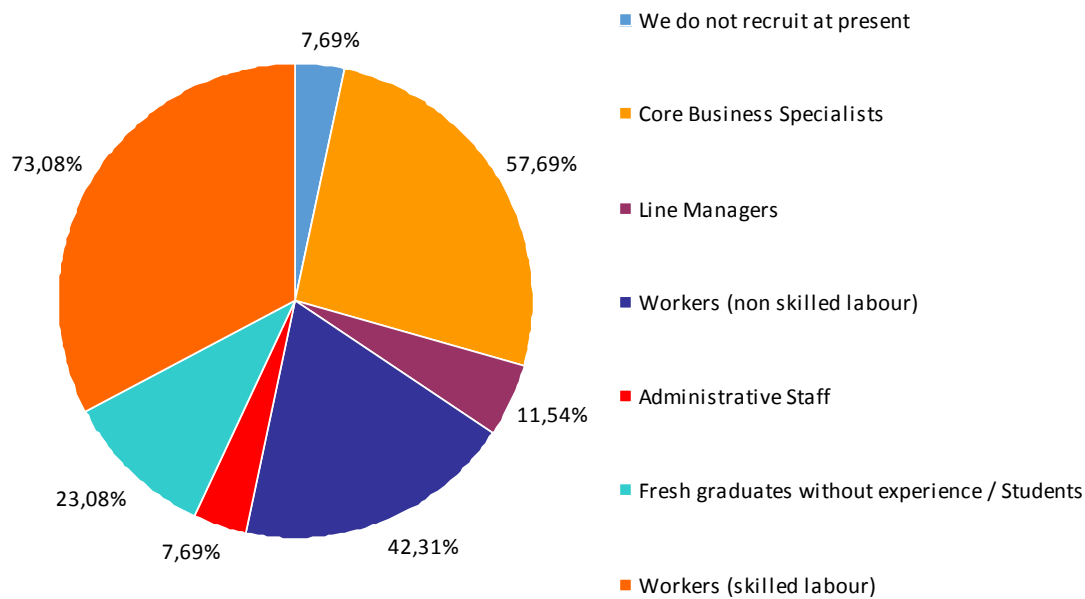
Please indicate current priorities in managing human resources in your company



Recruitment of new employees and retention of valuable employees, as well as performance management are top priorities in managing human resources for majority of the businesses. More participants compete for potential employees in the market with employers from outside of Ukraine; this is today an issue for large production companies in machine building, automotive, food processing industries and in agriculture. 20% less companies are ready to invest in employees training and development. More companies do performance evaluation related to employee achievements, especially in service companies.

For two concurrent waves we have observed a persistent tendency among businesses to increase headcount – 65% of respondents plan to hire. These are construction and distribution firms, retailers, partially IT firms, as well as production companies in various industries with existing headcount above 500 employees. 30% of businesses plan to keep the headcount unchanged during the next three months, among them: agricultural businesses, food processing and wood working firms, banks and logistic companies. Only one respondent plans to reduce headcount.

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

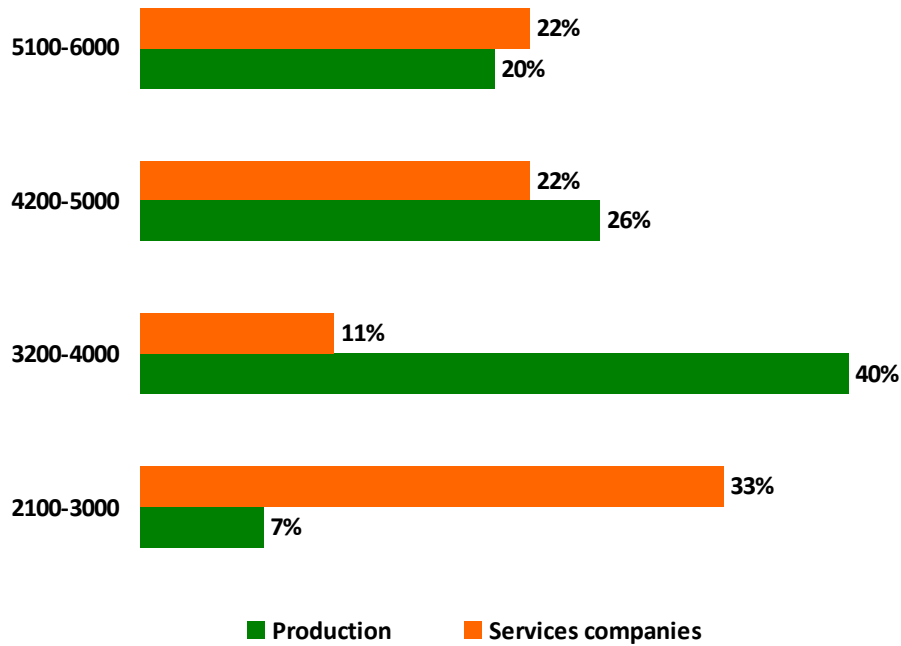


93% of respondents reported to actively hire new employees from the open market. This is a strong tendency we have observed during 12 months. There is a continuous, persistent demand for qualified specialists. Service companies are most frequently looking for IT scientists, analysts, accountants, logistic and B2B sales specialists. Production companies seek for engineers, agronomists and financiers. Demand for skilled and semi-skilled labor increased threefold, e.g. mechanical technicians, electricians, welders, millers, locksmiths, machine fitters, waiters, call center operators, receptionists and sales agents. Employers' interest in fresh graduates kept growing during the past three waves. 25% of respondents are ready to employ young people without experience in production, retail and hospitality. Administrative specialists are less interesting for employers both in production and service companies. Thus, there are few job opportunities for lawyers, administrative staff, etc. A small number of companies have been seeking candidates for top management positions during the past 12 months and the number went down from 14% to 4%. Only a few companies in the automotive and construction industries are ready to hire for top managerial positions.

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

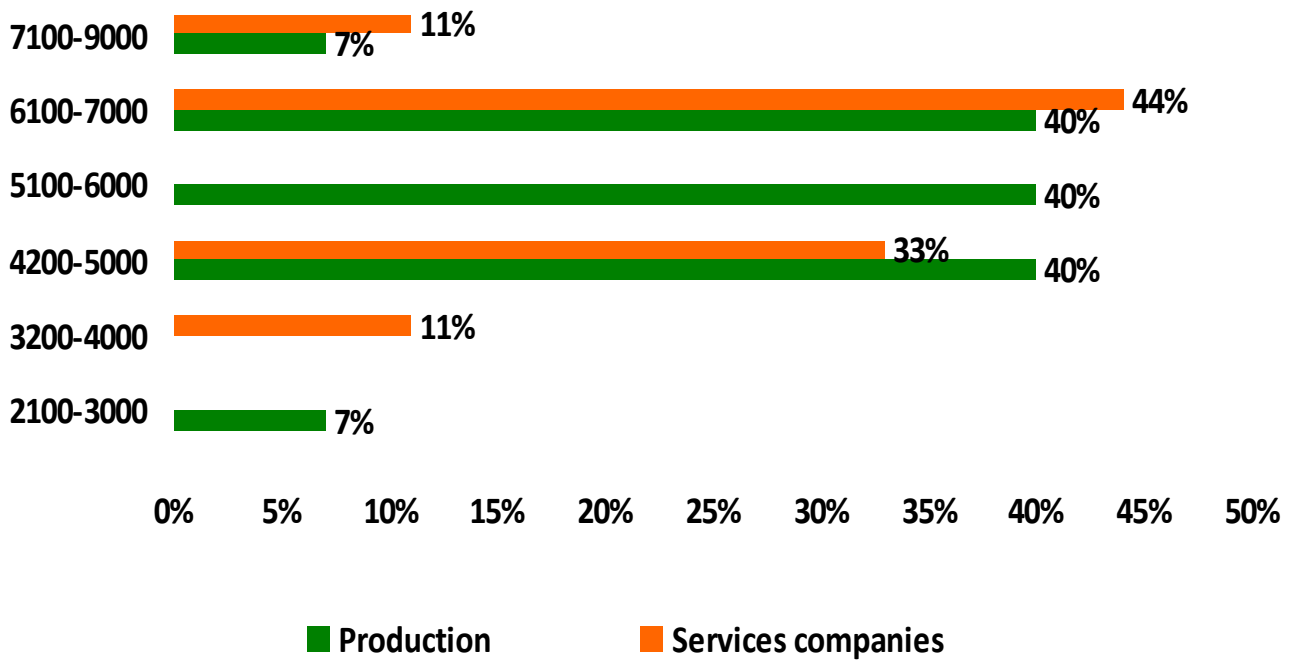
Diagrams present information on average salary ranges for five groups of employees; % indicates a relative number of companies paying salaries in a specific range.

Non-skilled /semi-skilled labour operators, seamstresses

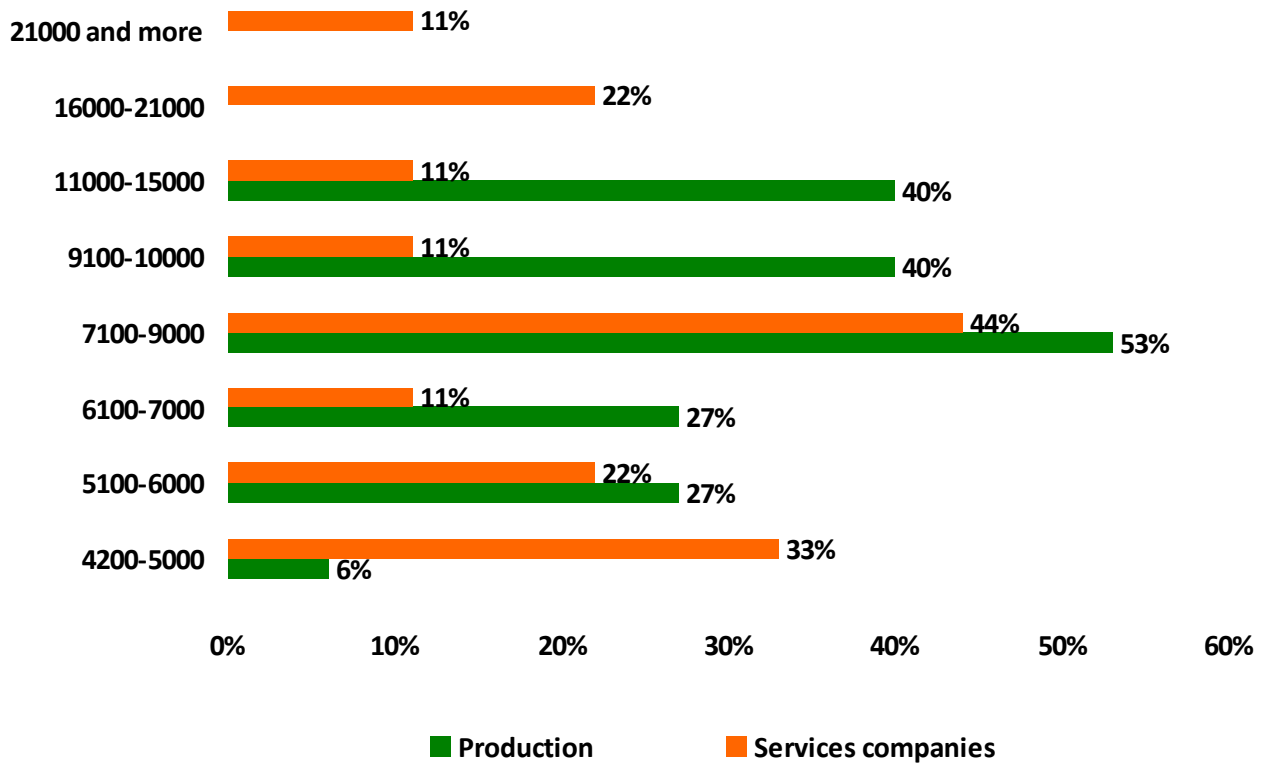


Skilled labor

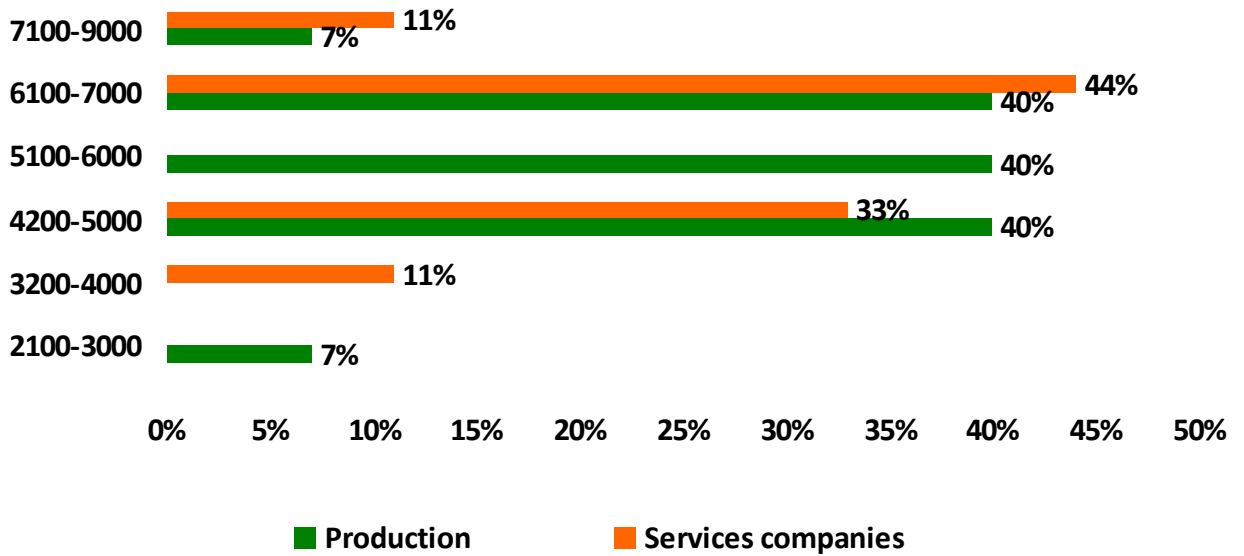
mechanics, locksmiths / call centre operators, clerks, cashiers, senior sales agents



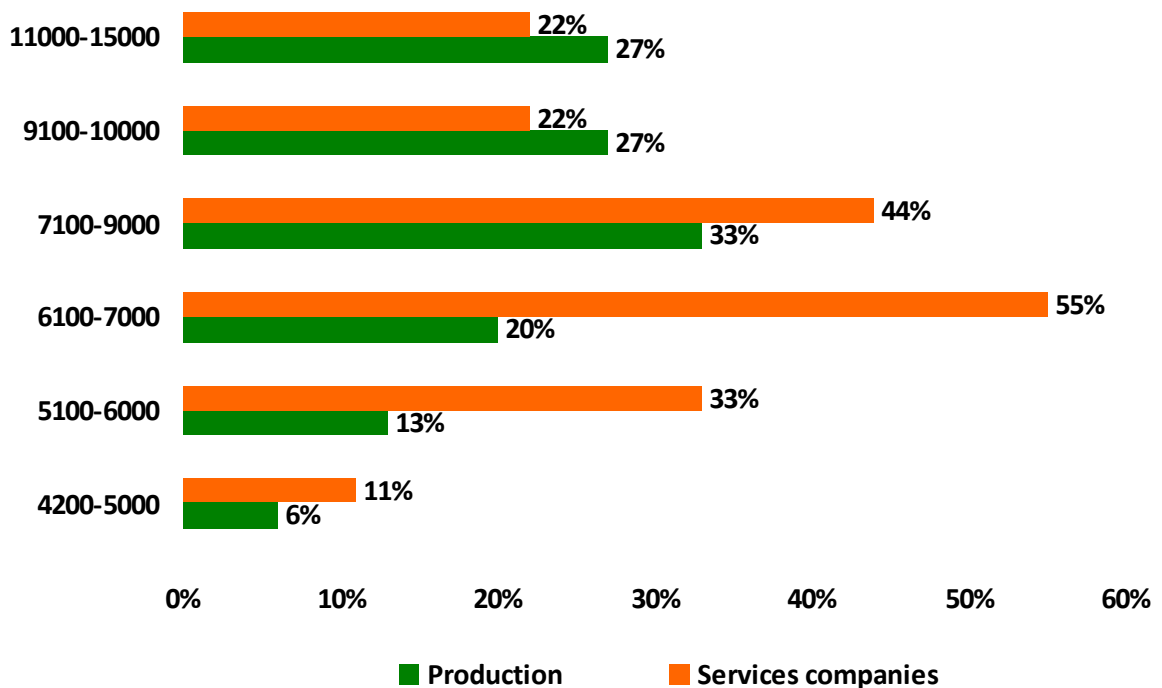
**Administrative and office personnel
accountants, analysts, administrators, lawyers, office managers**



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



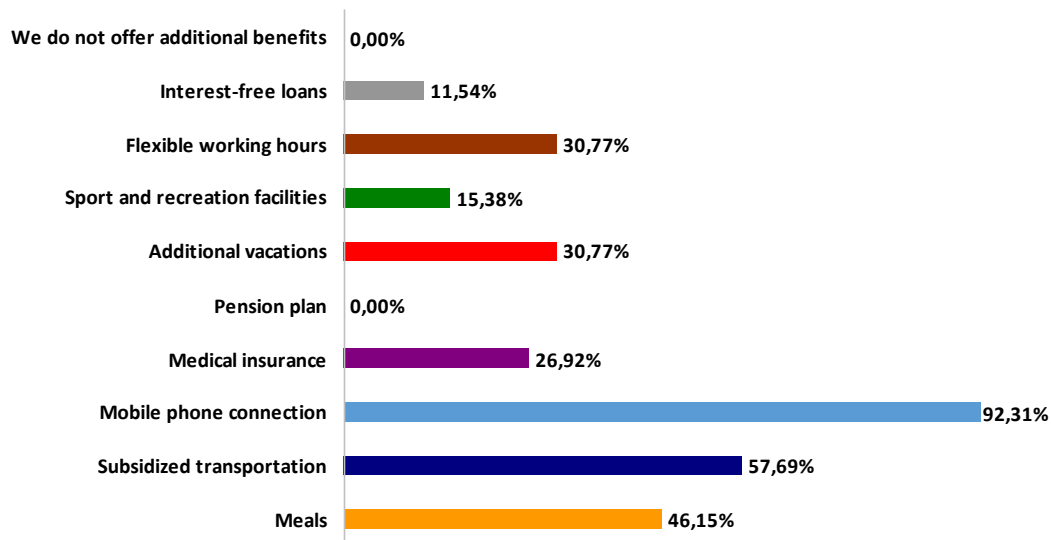
Mid level managers, heads of departments



In comparison with the 10th wave pay levels of non-skilled and skilled labor increased by 20%-35%; administrative clerks and middle level managers in production and service companies now enjoy a higher pay (by 18-20%). There is a substantial increase by 18-40% in average pay levels of specialists both in production and service companies. Data on pay levels of top managers and IT professionals is not sufficient to make conclusions.

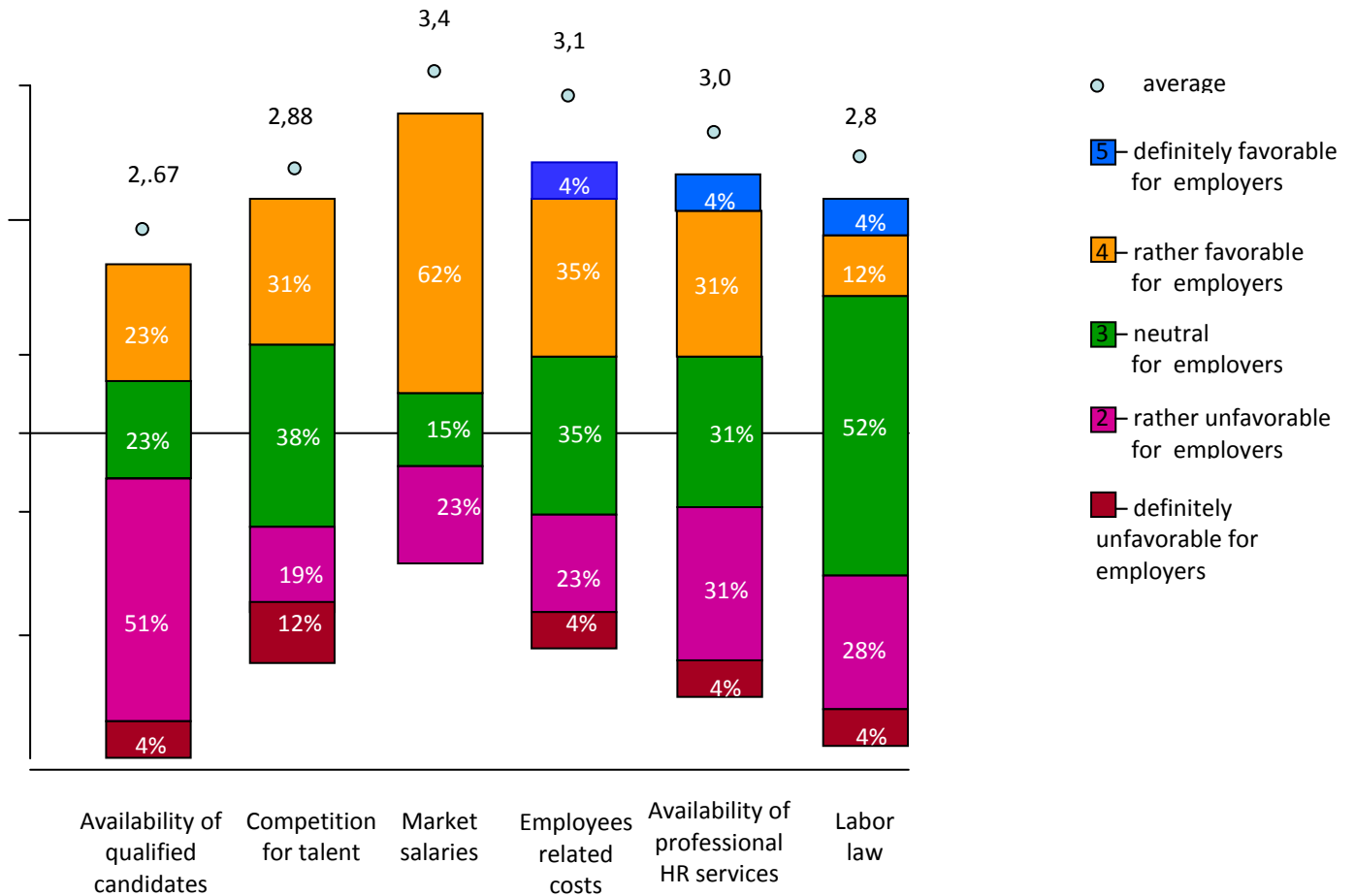
For three concurrent waves none of respondents indicated reduction of pay levels. Since beginning of 2016 62% of companies have increased pay by 7%-15%. Among them at least 25% plan to review pay levels one more time during the year. Majority of production companies will increase wages of skilled workers by 6%-12% and salaries of specialists by 15%-20%; service companies will add on average 10%-15% more to existing wages. During the next three months 25% more companies will review salary levels for the first time this year. On average pay increase by 10%-15% will take place in banking, retail, automotive and electronic industries; only machine building companies plan a larger, 20%-35% increase in pay. Around 20% of companies active in food processing, construction, IT, sales and logistic spheres have not reviewed pay this year and do not plan to do it in the next three months.

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



During the past 12 months none of survey participants deprived their employees of additional benefits. Subsidized mobile phone connection for majority of employees in the company is still the most popular benefit. Among production companies there are 15% more businesses providing transportation and subsidized meals. Flexible working hours are offered to employees of service companies; production companies instead provide additional days-off. The structure of compensation package in the service company has not changed since the previous wave. It includes subsidized meals, medical insurance and free sport and recreation facilities.

How would you estimate the current labor market?



Labour Market Index in June 2016 was 2,98.

The index is defined as an average indicator of the individual categories. Individual indicators were defined as follows: e.g. "Labor law": $1 \cdot 4\% + 2 \cdot 28\% + 3 \cdot 52\% + 4 \cdot 12\% + 5 \cdot 4\% = 2.8$.

Labour market Index in June 2016 went up by 0.11 since February 2016 and is at the level of 2,98. The labor market is unstable or neutral for employers. The survey participants believe market salaries and employee related costs are still very attractive for businesses, though it becomes more difficult for employers to find and hire qualified candidates in the market.

Labour Market Index Dynamics

