



AIMS INSIGHTS

IMPACT OF NEW TAX MEASURES IN IT AND PERSPECTIVES FOR 2024

PULSE SURVEY
NOVEMBER 2023

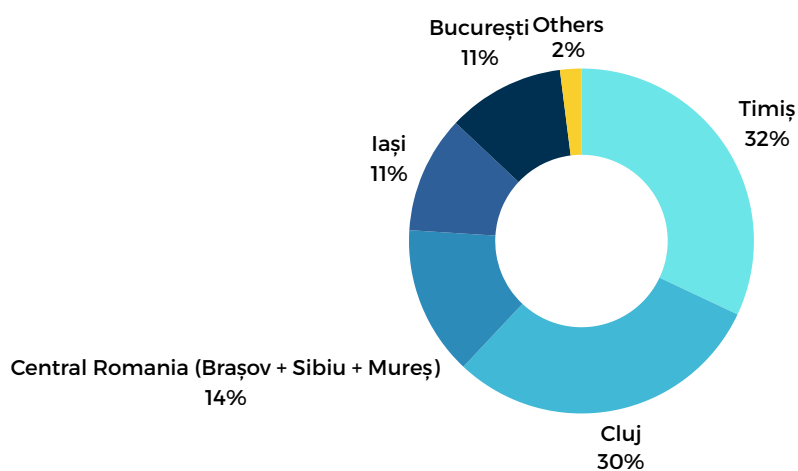
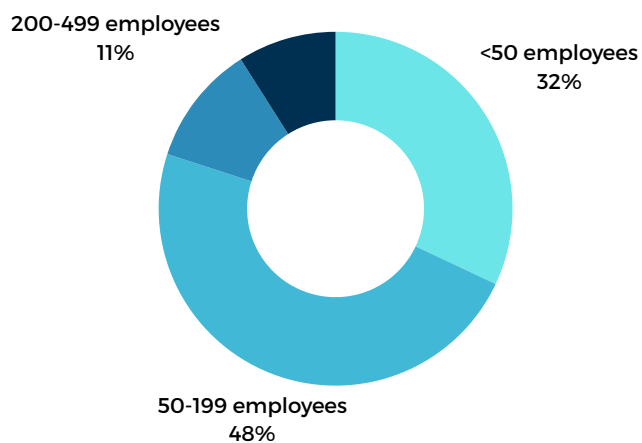
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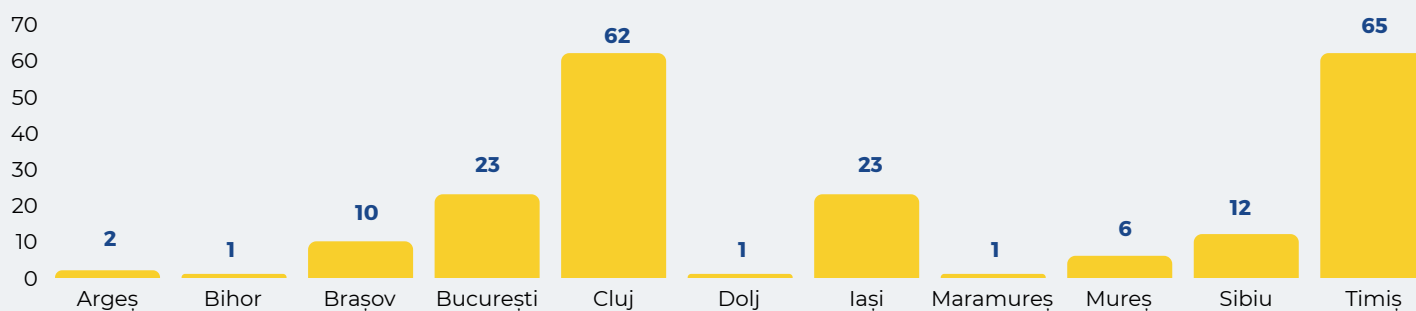
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PULSE SURVEY PARTICIPANTS

TOTAL = 206 COMPANIES



The figures reported below are not percentages, but numbers.



COMPLETE LIST OF PARTICIPANTS

COMPANY NAME	COUNTY	COMPANY SIZE
3P3Pillar Global Cluj	Cluj	50-199 employees
3Pillar Global Iași	Iași	50-199 employees
3Pillar Global Timișoara	Timiș	50-199 employees
8 West Revolution Technologies	Cluj	<50 employees
Accenture Industrial Software Solutions	Cluj	200-499 employees
Accenture Industrial Software Solutions - Tg. Mureș	Mureș	50-199 employees
Accenture Industrial Software Solutions - Timișoara	Timiș	50-199 employees
Access Workspace Romania	Timiș	≥500 employees
ACI Worldwide	Timiș	50-199 employees
Agile Networks Technologies	Sibiu	<50 employees
Agile Networks Technologies - Cluj	Cluj	<50 employees
Aixial CRO (former Cmed)	Timiș	50-199 employees
Alpha Aftermarket Services	Sibiu	50-199 employees
Amdaris Romania	Timiș	50-199 employees
Amdaris Romania - București	București	<50 employees
Appsbroker	Iași	<50 employees
ARCHIVE 360 SOFT	Cluj	50-199 employees
ATOSS Software	Timiș	50-199 employees
Autoliv Romania	Brașov	200-499 employees
Avaelgo	Timiș	<50 employees
Azets Insight Sibiu	Sibiu	<50 employees
Azets Insight Timișoara	Timiș	<50 employees
Banca Transilvania	Cluj	≥500 employees
Banca Transilvania București	București	50-199 employees
BearingPoint Romania	București	≥500 employees
BearingPoint Romania - Cluj	Cluj	<50 employees
BearingPoint Romania - Iași	Iași	<50 employees
BearingPoint Romania - Sibiu	Sibiu	50-199 employees
BearingPoint Romania - Timișoara	Timiș	50-199 employees
Beenear	Iași	50-199 employees
Bis Soft	Cluj	<50 employees
Bitdefender	București	≥500 employees
Bitdefender Cluj	Cluj	200-499 employees
Bitdefender Iași	Iași	200-499 employees
Bitdefender Tg.Mureș	Mureș	<50 employees
Bitdefender Timișoara	Timiș	<50 employees
BitStone	Cluj	50-199 employees
BoatyardX	Cluj	50-199 employees
Bosch Service Solutions	Timiș	200-499 employees
BTC Embedded Systems	Timiș	<50 employees
Camelweb	Mureș	<50 employees
Carl Zeiss MES Solutions	Timiș	<50 employees
Cloudflight	Cluj	50-199 employees
Codespring (Softech)	Cluj	50-199 employees
Cognizant	București	≥500 employees
Cognizant Baia-Mare	Maramureș	200-499 employees
Cognizant Brașov	Brașov	50-199 employees
Cognizant Cluj	Cluj	≥500 employees
Cognizant Iași	Iași	≥500 employees
Cognizant Timișoara	Timiș	≥500 employees
Cognyte	București	50-199 employees
Continental Automotive Romania	Timiș	≥500 employees
Continental Automotive Romania Iași	Iași	≥500 employees
Continental Automotive Systems	Sibiu	≥500 employees
CoSoSys	Cluj	50-199 employees
CREATEQ Engineering	Iași	50-199 employees
CyberBee Software	Timiș	<50 employees
Deltatel	Timiș	200-499 employees
DevNest	Cluj	50-199 employees
DialogData RO	Timiș	<50 employees
doctari group technologies	Timiș	<50 employees
DPR Drăxlmaier Procese de Producție România - Pitești	Argeș	200-499 employees
DPR Drăxlmaier Procese de Producție România - Timișoara	Timiș	200-499 employees
Dream Production	Timiș	<50 employees
DVSE RO (member of TOPMOTIVE)	Mureș	50-199 employees
Eberspaecher Controls Romania	Cluj	<50 employees
Eggs Unimedia Romania	Cluj	50-199 employees
Elektrobit Automotive Romania	Timiș	50-199 employees
Elektrobit Automotive Romania - Brașov	Brașov	200-499 employees
Elysian Software	Timiș	<50 employees
EMERSON	Cluj	200-499 employees
EPAM Romania București	București	50-199 employees
EPAM Romania Cluj	Cluj	50-199 employees
EPAM Romania Iași	Iași	50-199 employees

COMPLETE LIST OF PARTICIPANTS - CONTINUED

COMPANY NAME	COUNTY	COMPANY SIZE
Equal1 Laboratories Romania	Timiș	<50 employees
Eudonet CRM	Timiș	<50 employees
Everseen	Timiș	50-199 employees
Expert Network	Iași	50-199 employees
Fastbit	Timiș	<50 employees
FEV ECE Automotive	București	50-199 employees
FEV ECE Automotive - Timișoara	Timiș	<50 employees
FNT Software	Timiș	<50 employees
Forvia (Hella) Iași	Iași	<50 employees
Forvia (Hella) Oradea	Bihor	<50 employees
Forvia (Hella) Romania	Timiș	≥500 employees
Frequentis Romania	Cluj	50-199 employees
GEP Solutions Romania (GEP Worldwide)	Cluj	50-199 employees
Greensoft	Iași	50-199 employees
Haufe Group Romania	Timiș	50-199 employees
Haulotte Digital Support Center	Argeș	<50 employees
Helbako Electronica	Timiș	<50 employees
High-Tech Systems and Software (HTSS)	București	200-499 employees
High-Tech Systems and Software (HTSS) Iași	Iași	50-199 employees
Honeywell Life Safety	Timiș	<50 employees
Huf Romania	Timiș	50-199 employees
Imagination Technologies Romania	Timiș	<50 employees
imc information multimedia communication	Sibiu	50-199 employees
Infobest Romania	Timiș	50-199 employees
Iron Mountain	Cluj	200-499 employees
Jibe Dot Company	Cluj	<50 employees
Joyson Safety Systems	Timiș	50-199 employees
Krohne Solutions	Timiș	<50 employees
LASTING Software	Timiș	50-199 employees
Lateral Group	Cluj	50-199 employees
Leoni Shared Services	Cluj	<50 employees
Levi9 Romania	Iași	50-199 employees
Life is Hard - Work Soft	Cluj	50-199 employees
Linnify	Cluj	<50 employees
MassMutual Romania	București	200-499 employees
MassMutual Romania Cluj	Cluj	50-199 employees
METRO.digital Brașov	Brașov	50-199 employees
METRO.digital București	București	200-499 employees
METRO.digital Cluj	Cluj	50-199 employees
MHP Consulting Romania	Cluj	200-499 employees
MHP Consulting Romania - Timișoara	Timiș	50-199 employees
Mindsoft IT Solutions (Industrial Software)	Sibiu	50-199 employees
msg systems Romania	Cluj	200-499 employees
msg systems Romania - Tg. Mureș	Mureș	<50 employees
msg systems Romania - Timișoara	Timiș	<50 employees
Ness Digital Engineering	Iași	200-499 employees
Ness Romania	Timiș	50-199 employees
NetMatch	Cluj	<50 employees
Neusoft EDC	Cluj	50-199 employees
Newpharma Development (SmartValue)	Timiș	<50 employees
Newpharma Development (SmartValue) Cluj	Cluj	<50 employees
NXP Semiconductors Romania	București	≥500 employees
NXP Semiconductors Romania - Sibiu	Sibiu	50-199 employees
Nymphis Technologies	Cluj	<50 employees
Open Text (former Micro Focus)	Cluj	50-199 employees
Operative Romania	Dolj	50-199 employees
OPSWAT Technologies	Timiș	50-199 employees
PiNTeam Iași	Iași	<50 employees
PiNTeam Romania	Timiș	50-199 employees
PitechPlus	Cluj	50-199 employees
PitechPlus Tg.Mureș	Mureș	<50 employees
Plan.Net TechNest Romania	Timiș	50-199 employees
Porsche Engineering Romania	Cluj	50-199 employees
Porsche Engineering Romania - Timișoara	Timiș	50-199 employees
Preh Romania	Brașov	50-199 employees
Preh Romania Iași	Iași	50-199 employees
Prodigy IT Solutions	Cluj	<50 employees
Provably Fair	Cluj	<50 employees
QCatalyst	Cluj	<50 employees
QIAGEN	Cluj	50-199 employees
Red to Blue	Cluj	<50 employees
Regnology Romania	Sibiu	50-199 employees
Regnology Romania - București	București	50-199 employees
Regnology Romania - Timișoara	Timiș	<50 employees

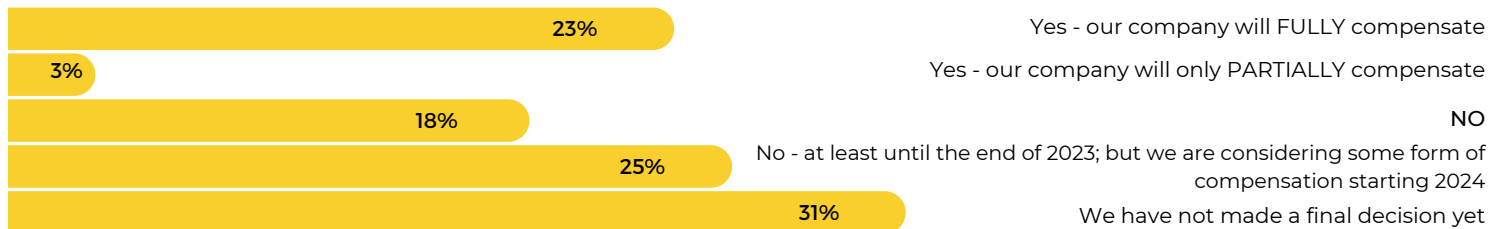
COMPLETE LIST OF PARTICIPANTS - CONTINUED

COMPANY NAME	COUNTY	COMPANY SIZE
Retarus	Timiș	<50 employees
RIA Solutions Group	Cluj	<50 employees
RIA Solutions Group Brașov	Brașov	<50 employees
Robert Bosch Engineering Center	Cluj	≥500 employees
Robert Bosch Engineering Center - București	București	50-199 employees
Sage Intacct	Cluj	50-199 employees
Salt and Pepper Solutions	Cluj	<50 employees
Samskip Services	Cluj	50-199 employees
Schaeffler Romania	Brașov	50-199 employees
Siemens Industry Software	Brașov	50-199 employees
Siemens Industry Software București	București	<50 employees
Silicon Service	Iași	50-199 employees
SIPA Engineering Romania	Timiș	50-199 employees
Smart ID Dynamics	București	50-199 employees
Snap-on Romania	Cluj	50-199 employees
SOFTIA	București	50-199 employees
SoftingRom	Cluj	50-199 employees
Spyrosoft Solutions Romania	Timiș	<50 employees
STRATEC Biomedical Romania	Cluj	50-199 employees
Sustainalytics Morningstar București	București	200-499 employees
Sustainalytics Morningstar Timișoara	Timiș	200-499 employees
Syneto	Timiș	<50 employees
T-Systems Romania	București	50-199 employees
TAZZ	Timiș	50-199 employees
TAZZ București	București	50-199 employees
TEC: Digital Agency	Cluj	50-199 employees
TechQuarter	Cluj	50-199 employees
Tecknoworks Europe	Cluj	50-199 employees
Thinslices Development	Iași	50-199 employees
ThreatConnect	Cluj	<50 employees
TORA Trading Services	Cluj	200-499 employees
Touch Vectron	Timiș	<50 employees
Trimble Romania	Brașov	50-199 employees
UnifiedPost Romania	Timiș	50-199 employees
Vast Visibility	Iași	<50 employees
Veoneer Romania Safety Systems	Timiș	50-199 employees
Veoneer Romania Safety Systems Iași	Iași	50-199 employees
Verifone	București	200-499 employees
Victory Square Partners	Timiș	50-199 employees
Visma Software	Sibiu	200-499 employees
Visma Software Iași	Iași	<50 employees
Visma Software Timișoara	Timiș	200-499 employees
Visteon Electronics Romania	Timiș	<50 employees
Vitesco Technologies Engineering	Timiș	≥500 employees
Vitesco Technologies Engineering Iași	Iași	≥500 employees
Vitesco Technologies Engineering Sibiu	Sibiu	50-199 employees
Waterford Research Romania	Timiș	<50 employees
Wayfare	Cluj	50-199 employees
wenglor electronic innovation Ito SCS	Sibiu	50-199 employees
WIN.app	Cluj	<50 employees
Wirtek	Cluj	50-199 employees
Wolters Kluwer Financial Services Romania	Cluj	≥500 employees
Yazaki Component Technology - Timișoara	Timiș	50-199 employees
Yokogawa	București	50-199 employees
YOPESO Romania	Cluj	50-199 employees
ZF R&D Tech Centre	Timiș	≥500 employees
ZITEC	București	200-499 employees
ZITEC Brașov	Brașov	<50 employees

A. LIMITATION OF TAX INCENTIVES FOR IT



Will you compensate IN ANY WAY the financial impact of the government measure according to which the income tax exemption in IT (10%) is eliminated for the part of monthly gross income that exceeds 10,000 LEI?



	Yes - our company will FULLY compensate	Yes - our company will only PARTIALLY compensate	NO	No - at least until the end of 2023; but we are considering some form of compensation starting 2024	We have not made a final decision yet
ALL PARTICIPANTS	23%	3%	18%	25%	31%
BY COUNTY / REGION					
Timiș	23%	5%	17%	23%	32%
Cluj	23%	3%	27%	15%	32%
Central Romania (Brașov + Sibiu + Mureș)	18%	4%	11%	39%	29%
Iași	35%	0%	13%	30%	22%
București	17%	0%	9%	30%	43%
BY COMPANY SIZE					
Very Large (≥500 employees)	6%	0%	11%	56%	28%
Large (200-499 employees)	20%	4%	20%	36%	20%
Medium-sized (50-199 employees)	20%	4%	15%	28%	33%
Small (<50 employees)	34%	2%	23%	8%	34%

60%

of employees (on average) will be affected by the new tax measures

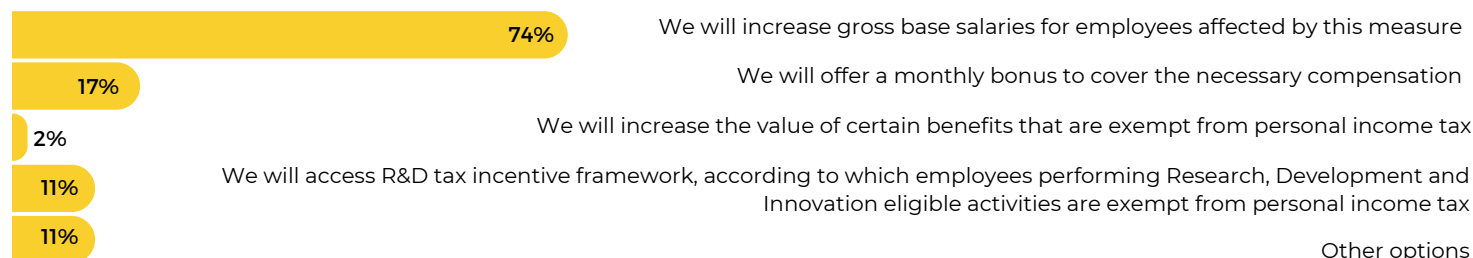
26%

surveyed companies reported they will compensate their employees (fully or partially) to cover for the loss in net salary

25%

surveyed companies are considering some form of compensation starting 2024

Companies reporting that they will compensate their employees (fully or partially) to cover for the loss in net salary were then asked HOW they will implement that compensation. Please find below their answers.



Other reported options:

- Compensating taxes by accessing fiscal facilities less accessed in the past;
- We will introduce meal vouchers and telework allowance in the compensation and benefits package, in order to keep the same net income.
- We will offer a monthly bonus on November and December 2023, starting January 2024 we will increase gross base salaries to include this bonus, together with the increase for 2024;
- We will offer a monthly bonus to cover the necessary compensation for a couple of months and then increase gross base salaries.

	We will increase gross base salaries for employees affected by this measure	We will offer a monthly bonus to cover the necessary compensation	We will increase the value of certain benefits that are exempt from personal income tax	We will access R&D tax incentive framework**
ALL PARTICIPANTS*	74%	17%	2%	11%
BY COUNTY / REGION				
Timiș	89%	11%	0%	11%
Cluj	75%	19%	6%	6%
Central Romania (Brașov + Sibiu + Mureș)	50%	17%	0%	17%
Iași	75%	13%	0%	13%
București	50%	25%	0%	25%
BY COMPANY SIZE				
Very Large (≥500 employees)	0%	0%	0%	100%
Large (200-499 employees)	50%	0%	0%	33%
Medium-sized (50-199 employees)	79%	21%	4%	4%
Small (<50 employees)	78%	17%	0%	9%

*only companies which answered that they will compensate (fully or partially) were considered.

** this framework stipulates that employees performing Research, Development and Innovation eligible activities are exempt from personal income tax

82% of companies will implement the compensation measures starting November 2023, 13% starting January 2024 and the rest in December 2023.



COMPANIES THAT WILL PARTIALLY COMPENSATE

... plan to cover on average 62% of the compensation need.

62%

of the
compensation need

94%

INDEFINITELY

COMPANIES THAT WILL COMPENSATE

... plan to offer this compensation indefinitely, in 94% of cases.

The other 6% of surveyed companies, which will cover compensation within a limited time frame, plan to cover it for the first 2 months (so until the end of this year) or the next 12 months (only one respondent company). In order to cover the necessary compensation, all these companies will offer a bonus during the 2 or 12 months.

COMPANIES THAT WILL COMPENSATE FULLY & INDEFINITELY

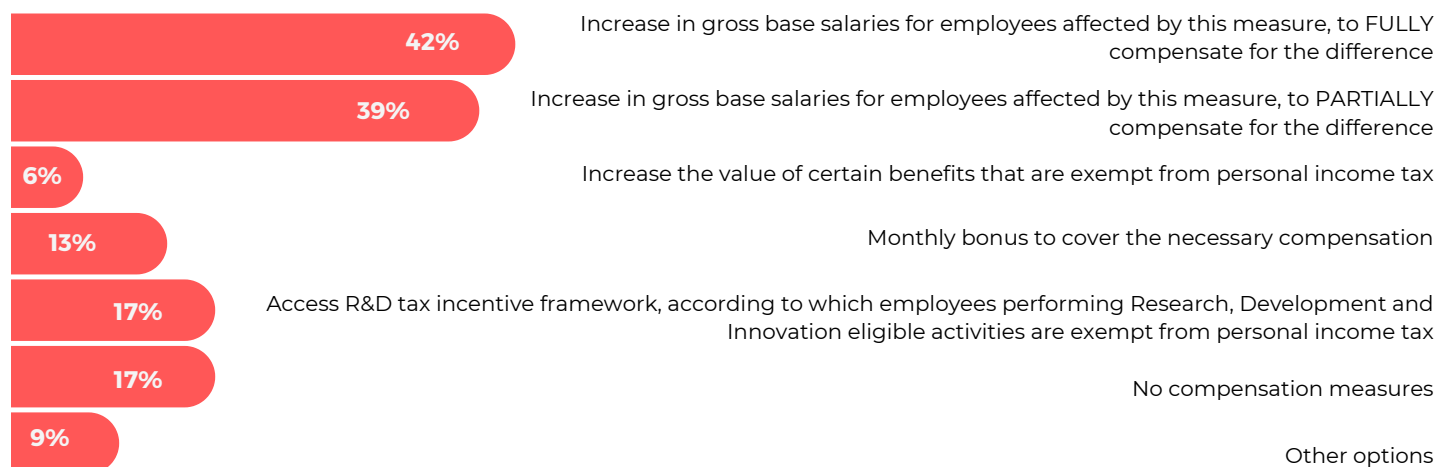
... and whose affected employees represent more than 40% of their workforce, expect, on average, an increase of 7% in the total salary budget (per company), as a result of this decision

+7%

total salary budget
(per company)

Even if you haven't made a decision yet, what compensation measures are you leaning towards?

17%
of the undecided
respondents are
considering **NO**
COMPENSATION at all

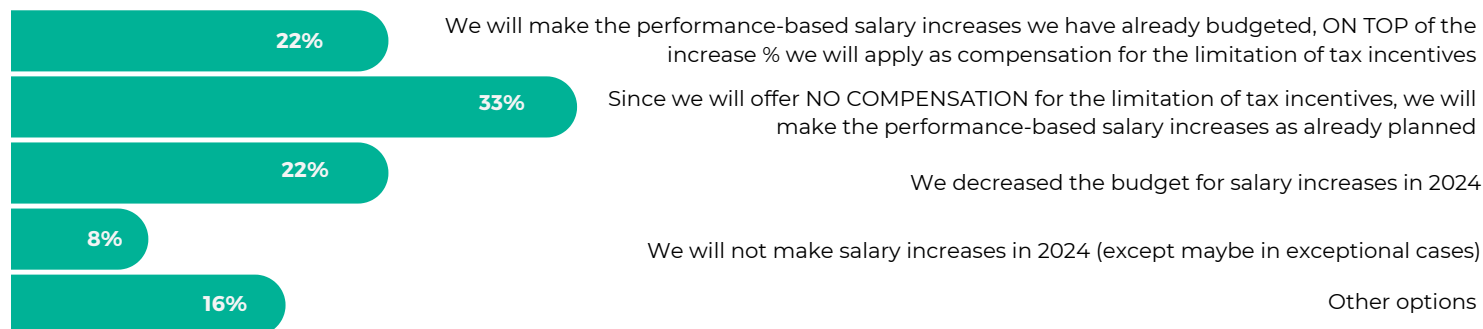


	Increase in gross base salaries to FULLY compensate for the difference	Increase in gross base salaries to PARTIALLY compensate for the difference	Monthly bonus to cover the necessary compensation	Access R&D tax incentive framework	No compensation measures
ALL PARTICIPANTS*	42%	39%	13%	17%	17%
BY COUNTY / REGION					
Timiș	38%	38%	24%	29%	14%
Cluj	55%	40%	15%	10%	10%
Central Romania (Brașov + Sibiu + Mureș)	50%	50%	0%	13%	13%
Iași	20%	20%	0%	20%	20%
București	30%	40%	0%	10%	40%
BY COMPANY SIZE					
Very Large (≥500 employees)	20%	40%	0%	40%	40%
Large (200-499 employees)	40%	20%	0%	0%	60%
Medium-sized (50-199 employees)	44%	38%	6%	13%	16%
Small (<50 employees)	45%	45%	27%	23%	5%

*only companies which were undecided at the moment of questionnaire completion were considered (the 31% on page 6)

- **Small and medium-sized companies** (less than 200 employees) seem more likely to lean towards increasing gross salaries in order to compensate fully or partially for the difference.
- **Large companies** seem to be torn between no compensation measures and increasing salaries (to fully or partially compensate).
- **Very large companies** would rather gravitate towards other measures, than increase gross salaries to fully compensate.

How does the general unpredictability and recent taxation changes affect the salary increases you had previously estimated for 2024?



Most companies that chose "Other options" have not yet made a decision, are still analysing the available budgets for increases. Other scenarios involve:

- There will be an individual solution and for sure the increase will be lower than in a "normal" situation.
- The salary increases will also take into account the need to compensate somewhat.
- Within the already agreed 2024 salary increase budget, we will make salary increases based on individual performance, where the compensation will also be taken into consideration.
- Most probably if we increase the base salary now, we will take this into consideration at the merit increase.
- Most probably the increase will only compensate the taxation.
- We were aware of the potential legislative changes for 2024 and included the changes in the budget for next year.
- Partially the increase % will cover inflation for all employees, partially the increase % will be performance-based, but not having in mind compensation in the first place.
- We redistributed the budget and the individual salary increases will take into account a mix of criteria: tax impact; employee performance; salary vs. market reference; budget for 2024.
- There will be increases, at least to cover the necessary compensation.
- It is under discussion, probably we will compensate within the approved budget for 2024.
- We are planning to make the performance-based salary increases we have already budgeted. Based on the overall 2024 budget we will decide if we give some % as compensation for the limitation of tax incentives on top or not.
- We might compensate partly at some point. We are going ahead separately with the planned increase in January.
- With the new budget starting April 2024 we will look at performance and market data and make some adjustments.
- We will postpone salary increases for April.

We will make the performance-based salary increases we have already budgeted, ON TOP of the increase % we will apply as compensation for the limitation of tax incentives

Since we will offer NO COMPENSATION for the limitation of tax incentives, we will make the performance-based salary increases as already planned

We decreased the budget for salary increases in 2024

We will not make salary increases in 2024 (except maybe in exceptional cases)

ALL PARTICIPANTS 22% 33% 22% 8%

BY COUNTY / REGION

Timiș	26%	35%	18%	5%
Cluj	21%	31%	18%	15%
Central Romania (Brașov + Sibiu + Mureș)	39%	21%	25%	4%
Iași	13%	39%	26%	4%
București	4%	39%	39%	4%

BY COMPANY SIZE

Very Large (≥500 employees)	6%	61%	17%	0%
Large (200-499 employees)	16%	40%	24%	12%
Medium-sized (50-199 employees)	19%	30%	26%	9%
Small (<50 employees)	34%	28%	18%	6%

We were curious to see in what way the **decision to compensate or not** the financial impact of the new tax regulations **influenced the budget for salary increases in 2024**.
So we correlated companies' answers on page 6 with their answers to the question on page 10 (*How does the general unpredictability and recent taxation changes affect the salary increases you had previously estimated for 2024?*)

COMPANIES reporting that they will FULLY COMPENSATE

- **42%** of them have kept their performance-based **salary increases budget intact** and will make these increases ON TOP of the increase % applied as compensation.
- **38%** of them have **decreased their budget for increases**
- **8%** of them **will not make increases in 2024** (except maybe in exceptional cases)
- while the remaining **12%** chose **Other options**.

8.53% is the **average salary increase percentage** that they budgeted for **2024**.

COMPANIES reporting that they will PARTIALLY COMPENSATE - they were too few to make a relevant analysis

COMPANIES reporting that they will NOT COMPENSATE - will, as expected, make the performance-based salary increases as already planned
9.10% is the **average salary increase percentage** that they budgeted for **2024**.

COMPANIES reporting that they will NOT COMPENSATE at least until the end of 2023, but are considering some form of compensation starting 2024

- **49%** of them reported that they **will make the performance-based salary increases as already planned**
- **29%** of them have **decreased their budget for increases**
- **4%** of them **will not make increases in 2024** (except maybe in exceptional cases)
- while the remaining **18%** chose **Other options**.

8.30% is the **average salary increase percentage** that they budgeted for **2024**.

COMPANIES reporting that they HAVE NOT MADE A FINAL DECISION YET about compensating

- **48%** of them reported that they **will make the performance-based salary increases as already planned**
- **17%** of them have **decreased their budget for increases**
- **13%** of them **will not make increases in 2024** (except maybe in exceptional cases)
- while the remaining **22%** chose **Other options**.

8.59% is the **average salary increase percentage** that they budgeted for **2024**.

AVERAGE SALARY INCREASES FOR 2024



ALL PARTICIPANTS

8.64%

BY COUNTY / REGION

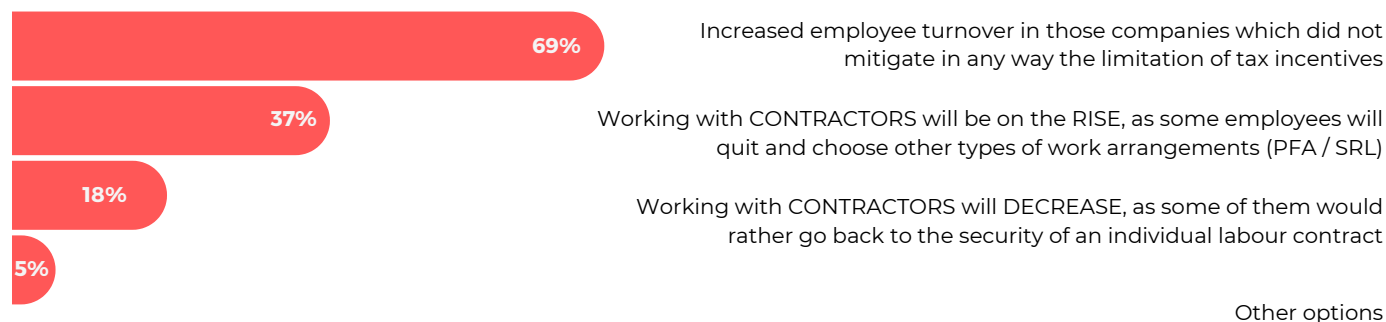
Timiș	8.60%
Cluj	8.62%
Central Romania (Brașov + Sibiu + Mureș)	8.73%
Iași	8.08%
București	9.07%

BY COMPANY SIZE

Very Large (≥500 employees)	10.00%
Large (200-499 employees)	7.89%
Medium-sized (50-199 employees)	8.46%
Small (<50 employees)	8.79%

It is interesting to note that the **reported percentages for salary increases** are **quite similar** among companies which COMPENSATE vs. those which DO NOT COMPENSATE at all vs. those which DO NOT COMPENSATE at least until the end of 2023, but are considering some form of compensation starting 2024 vs. companies which have not made a final decision yet. However, the salary increase percentage budgeted by companies that decided NOT to compensate is reported (understandably) just a bit higher, at **9.10%** (see detailed analysis above).

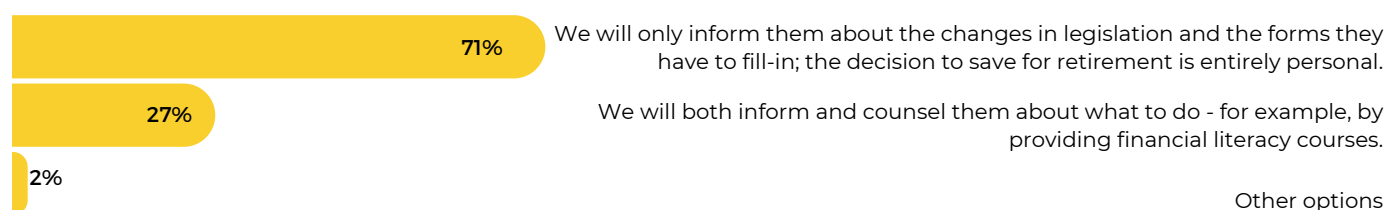
What other effects do you expect as a result of the new tax regulations in the IT industry?



Other reported options were the following:

- We expect there will be dissatisfaction among employees, but we don't expect a high increase in turnover, nor a change in working with contractors
- Not major changes, options are still not detailed enough. The legislation is still unclear and we have seen different interpretations of the same articles from the law.
- Keep a balance between employees and contractors
- Depends on how the market will adapt to this change and how big the impact will be on each employee
- Layoffs
- Employment efforts migrating to other countries with a lower financial risks than Romania.

Will your company inform / counsel employees about the fact that contribution to private pension Pillar 2 is optional until December 2028?



Other reported options were the following:

- We have not discussed this part yet.
- We will cover the private pension Pillar 2 for all employees

B. WHAT ELSE SHOULD WE EXPECT FROM 2024 - BUSINESS PERSPECTIVES

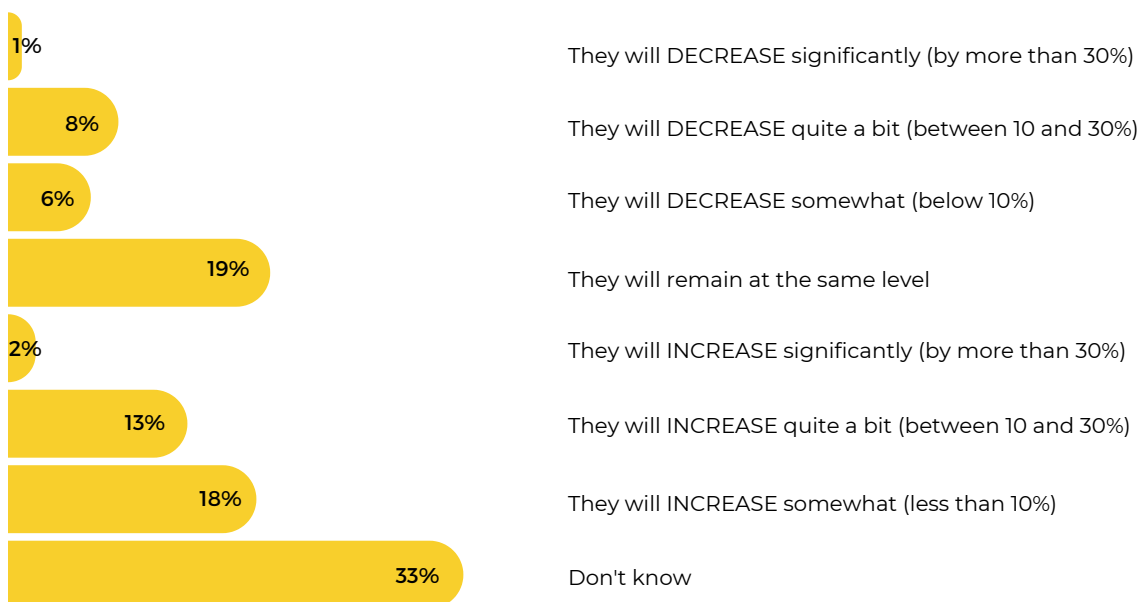
33%

surveyed companies expect an INCREASE in projects / sales / business opportunities for 2024

15%

surveyed companies expect a DECREASE in projects / sales / business opportunities for 2024

What does your company forecast in terms of orders / sales / projects for 2024?



REASONS TO BE OPTIMISTIC ABOUT 2024

Companies that expect an **INCREASE** in the number of orders / sales / projects in 2024 mentioned the following reasons for this optimistic business perspective:

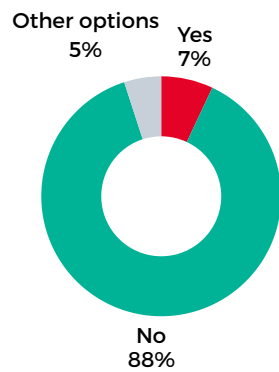
- New clients are requesting our business
- Being acquired by a Fortune 500 company and access to a bigger pool of new clients
- Product improvements
- Push on offshoring
- Existing level of requirements and bookings
- Investments we made in 2023, new products we launched
- Our partners have limited resources and freedom to extend their headcount, so they will outsource services to us
- We believe near-shoring will be on the rise in the upcoming year
- We began focusing a lot more on sales
- We are scaling the product and attracting more clients
- Current pipeline of projects
- Certain markets are spending again (e.g. Swiss market)
- Predictability regarding new development plans / projects in 2024
- In the past years this was the trend, slow increase
- Increased demand from customers
- We have a digital roadmap and visibility on the next 2 years
- Existing and future contracts
- Demand of new projects from our internal client
- Ongoing customer prospects for new projects
- The development of a new business vertical that we expect to produce results within a year
- Launching new services and products on the market, that have been in progress for some time
- New business coming from the HQ
- Clients starting to invest again in IT projects, targeting new clients
- Increase in sales on our products & services
- New markets, new products, European projects (IPCEI)
- More projects from customers that are now in quotation
- Company ramp-up
- We're expanding to a global market
- Change in business model
- Customers have delayed projects into 2024

REASONS TO BE PESSIMISTIC ABOUT 2024

Companies that expect a **DECREASE** in the number of orders / sales / projects in 2024 mentioned the following reasons for this pessimistic business perspective:

- The uncertainty of the taxation regulations creates the perfect context for an increased turnover in personnel, therefore we might encounter difficulties with human resources.
- Less competitive rates in comparison to the global market
- Less investments
- High interest rates worldwide
- Worldwide economical crises & wars
- Budget cuts
- Competition
- International economic context (potential recession)
- General bad state of the economy in the EU
- Economic volatility, lack of funding for startups
- Increase in taxes: IT, minimum wage, profit tax, voucher tax
- Market request in automotive industry, based on the general & political situation
- Communication with current clients
- Some industry sectors (e.g. retail) are affected by macroeconomic environment changes. We have some customers active in this sector and their activity also decreased.
- Decreased volumes at customers' requests
- US market is very conservative
- We chose to focus on core business projects instead of developing new ones
- The decrease is related to the low commitment of our customers for 2024 (related to their budgets)
- The world is not doing well. :-{
- Demand decreases from our customers
- Change in future strategy of automotive companies regarding electric cars
- This year was exceptionally good, with big projects, and we can't expect the same level next year

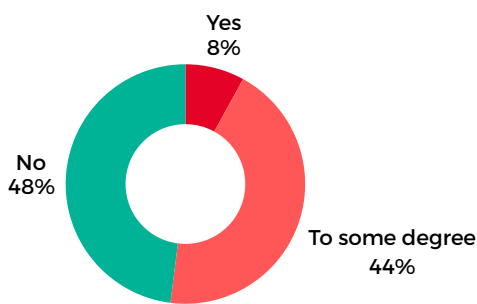
Taking into account the general unpredictability and recent taxation changes, is your company considering to relocate or reduce its operations in Romania?



Other reported options were the following:

- Do not know
- Until now no, but given the uncertainty caused by the fiscal changes, we consider growing in other markets, except Romania.
- A formal decision has not yet been made, however the international candidate pool is more predictable and attractive currently.
- Our company will not relocate or reduce its operations in Romania, but we won't be a first option for new projects anymore.

Is your company preparing with some specific measures for a potential recession / economic crisis in 2024?

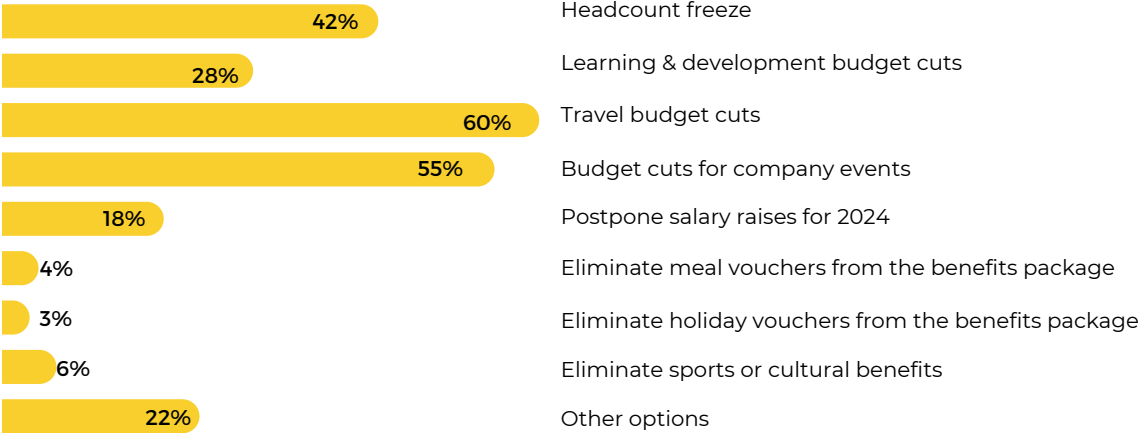


It was interesting to note that **even growing businesses** (the 33% that expect some sort of increase in 2024 - see page 13) or **stable businesses** (the 19% that expect things to stay the same - see page 13) are preparing in some way for a potential recession / economic downturn in 2024.

54% of **growing businesses** have answered this question with "Yes" or "To some degree", while 60% of **stable businesses** chose these two answers.

By contrast, 80% of companies with **decreasing businesses** are preparing with some measures to weather the storm next year.

What are these measures?

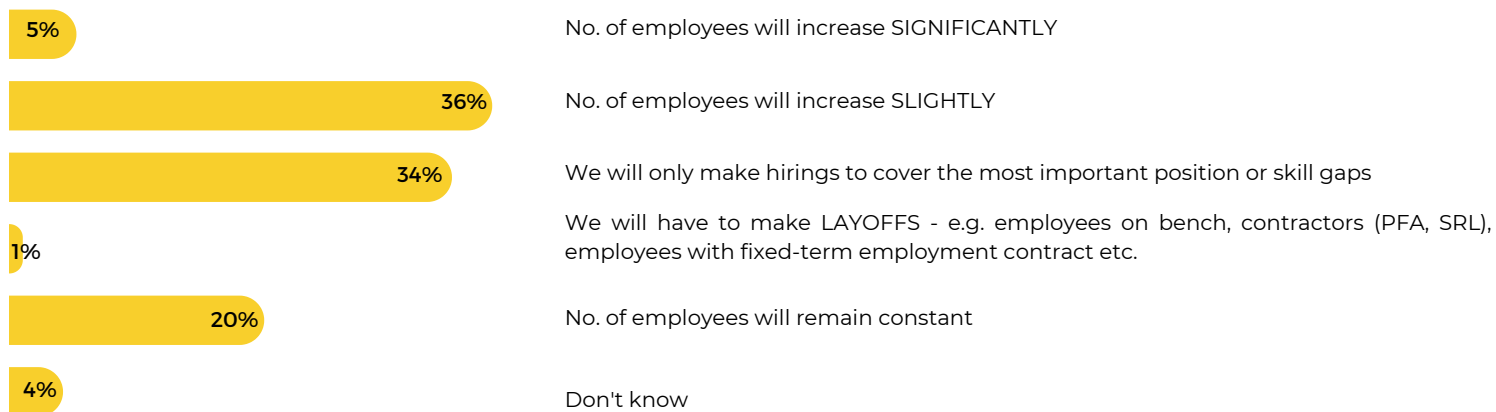


Other reported measures were the following:

- Moving to other markets
- Reassessing the new hire/replacement needs on a quarterly basis
- Not yet decided
- Review the salary budget; we have not made any decision yet regarding the measures in 2024
- Decrease of salary increase budget
- Headcount reduction
- Some cuts on all spending, except salaries; lower salary raises
- Build some cash reserves, focused sales on verticals that are not to be influenced by a potential recession
- Risk management and plan A, B, C where we see risks
- Hiring in lower cost locations
- A more cautious approach about headcount increase; allocate first everyone who is benched

- For **companies with more than 200 employees (large and very large)** the go-to preparation "recipe" for a potential recession consists of: travel budget cuts, budget cuts for company events and learning & development budget cuts (in this order). Actually, **learning & development budget cuts** were most likely to be implemented by large and very large companies in our benchmark (perhaps because their L&D budgets are usually quite significant).
- For **companies with less than 200 employees (small and medium-sized)** the plan is a combination of: travel budget cuts, budget cuts for company events and headcount freeze. Actually, **headcount freeze** was most likely to be implemented by small and medium-sized companies in our benchmark.

Which of the following options best describes the state of hiring in your company, in 2024?



- **Medium-sized companies** (50-199 employees) were more likely to report that their **no. of employees will increase (significantly or slightly)**.
- Compared to companies in other locations, our survey participants from **Timișoara** were more likely to report that their **no. of employees will increase (significantly or slightly)**.
- Compared to companies in other locations, our survey participants from **Cluj** were more likely to report **hirings to cover the most important position or skill gaps**.



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 - c. [Projections for 2023](#) - conducted in November 2022
 - d. [Impact of New Tax Measures in IT and Perspectives for 2024](#) - conducted in November 2023
- Customised labour market analyses
- Employee opinion and engagement surveys
- Employer branding & talent management surveys