



09/
2021

FOURTH COVID-19 WAVE

BULGARIAN EMPLOYER AND EMPLOYEE
EXPECTATIONS

The country's business environment keeps being dynamic and difficult to predict which poses a number of challenges to both organizations and employees.

In order to make a more accurate analysis of the labor market trends for the last quarter of 2021 and help the implementation process of successful business practices, we developed two parallel questionnaires asking, on one hand, employers about their expectations and planned measures regarding a new COVID-19-induced situation, and employees, on the other.

We conducted the surveys in August 2021 among 185 companies and 366 employees from all business sectors and regions in Bulgaria.

RESPONDENTS' PROFILE

EMPLOYERS

Half of the surveyed companies are based in the city of Sofia or have locations across the country, 9% operate in Plovdiv and 19% — in the small towns of the country.

Two-thirds (32%) are small and medium-sized organizations with up to 50 employees, and 33% have between 51-200 staff members. 21% of the respondents currently employ 201-500 people, 5% have between 501-1000 employees, and the remaining 8% are representatives of the largest companies with over 1000 workers.

The majority of surveyed companies operate in the Trade & FMCG (17%) and Manufacturing (15%) sectors. The distribution of the respondents from the Information Technologies and Consulting sectors is equal — 8% each. Seven per cent of respondents operate in the Banking, Finance & Insurance and Engineering industries, and another 5% — in the Business Process Outsourcing sector. The remaining industry sectors are represented by a smaller number of respondents.

EMPLOYEES

26% of respondents are employed at lower organizational levels, 44% represent experts without managerial functions, 18% are managers, and the remaining 12% hold senior management positions.

The distribution of surveyed employees is similar to that of companies — little more than half of them are located in Sofia, 11% — in Plovdiv, and 15% — in the small towns of the country.

A third of respondents are employed in micro and small organizations, another 25% — in companies with 51-200 employees, and 15% — in organizations with 201-500 staff members. The respondents who work in large organizations (between 501-1000 people) reach 10%, and the remaining 16% are employed in companies with more than 1000 employees.

Sector-wise respondents are employed in the Information Technologies and Trade & FMCG sectors (13% each), Manufacturing and Consulting (10% each), Banks, Finance & Insurance and Tourism, Hotels & Restaurants (6% each), and 5% — in the Business Process Outsourcing sector. The number of respondents in the remaining industries is smaller.

EXPECTATIONS: BUSINESS CLOSURE

We asked both employers and staff members if they expected a new business closure in the last quarter of 2021. The prevailing responses were positive with 76% of employees and 61% of employers confirming such.

61%

of employers confirm that they expect a potential new business closure

76%

of employees also give a positive response

We asked an additional question to those who had answered in the affirmative: **Do you expect a partial or entire closure of your company's business operations in the last four months of the year?** Organizations' and employees' answers are exactly the same — 29% of them expect their companies to close, and the remaining 71% state that the organizations they work in will not cease business operations.

EXPACTATIONS: BUSINESS CLOSURE ACROSS INDUSTRIES

Regarding the different industries, half of companies and employees in the **Science & Education** sector expect a new closure in the September-December 2021 period.

As many as 75% of the organizations in the **Tourism, Hotels & Restaurants** sector also forecast a closure to impact their business while employees are a little more optimistic with half of them expecting to be affected.

Almost one-third of employers and just over a third of workers in the **Automotive and Manufacturing** sectors expect the companies they currently work in to close.

Exactly a quarter of **Healthcare & Pharma** employees expect their organizations to be affected by closures, while employers' percentage is slightly higher — 31%. Several companies add that they expect a possible new suspension of scheduled examinations and admissions but not to a closure of entire units.

EMPLOYERS

75% Tourism, Hotels & Restaurants 50%

50% Science & Education 50%

32% Automotive & Manufacturing 34%

31% Healthcare & Pharma 25%

EMPLOYEES

The forecast of the **Construction, Transport & Logistics and Banking, Finance & Insurance** sectors is moderate and relatively optimistic with 5-10% of surveyed employees and organizations expecting a potential business cessation of certain work processes rather than closure of entire companies.

Process Outsourcing, Consulting Services and Trade & FMCG employee and company expectations are the most optimistic ones with less than 5% of all respondents believing that their companies' business operations would come to a halt.

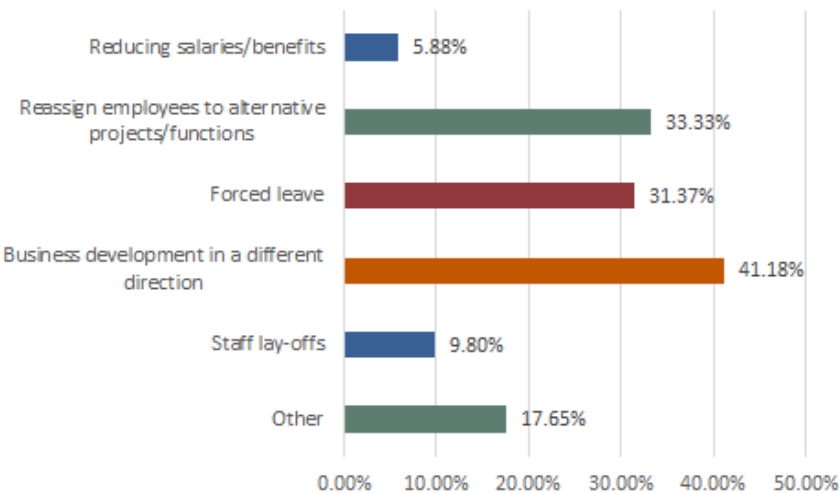
EXPECTATIONS: WORK ORGANIZATION

What measures would you take if you had to temporarily cease business operations?

EMPLOYERS

We asked employers what measures they would roll out in case of partial or entire closure of business operations. The vast majority of respondents **are set up to develop their business in a different direction**, and a third — **to reassign staff to other projects or functions**.

These are mainly companies located in the capital and the large cities with 51-200 employees, and the Consulting sector is best prepared for this possible step. Depending on the industry, business model and company specifics, similar flexible solutions are feasible in some organizations but very difficult to implement in others. You can find more on the topic in ManpowerGroup Bulgaria and Ironbridge Associates August study [Assessment of the Challenges Businesses in Bulgaria Face](#).



In the event of closure, **31%** of surveyed companies are ready to put some or all teams on **forced leave** with more than half representing organizations with up to 200 employees and operating mainly in the Manufacturing, Automotive and Construction & Engineering sectors.

10% of respondents — mainly in the Tourism, Hotels & Restaurants and Construction & Engineering sectors, would **lay off staff in case of business closure**.

Micro and small companies with up to 50 employees would **reduce staff salaries or benefits**, and the results show that such measure will affect mostly workers in the Tourism, Hotels & Restaurants and Consulting sectors.

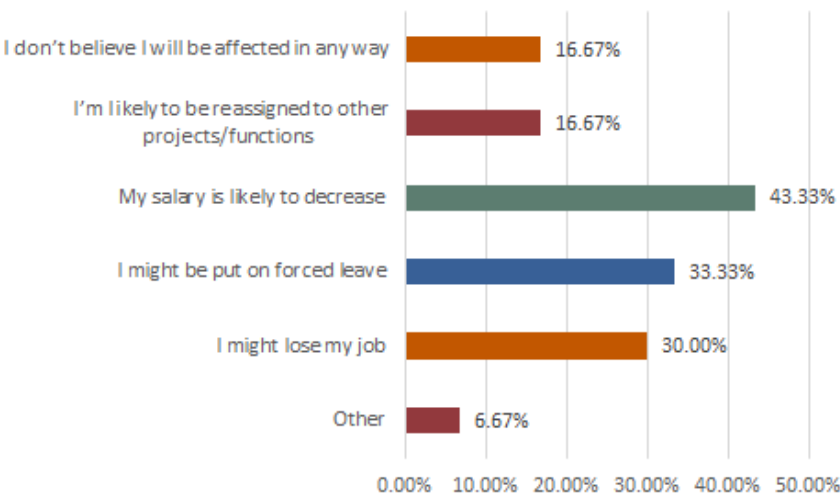
In addition, 15% of companies plan to change their operating model to telework, expecting this to be the only necessary measure they would have to introduce. The topic is discussed in detail in the next question of the analysis herein.

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We also asked employees how they expect to be affected by potential new measures induced by the spreading of Covid-19. As many as **43%** of them believe that such measures can affect their income in the form of **lower wages or fewer additional benefits**. The respondents who provided this answer work mainly in the Tourism, Hotels & Restaurants, Automotive and Trade & FMCG sectors and more than half of them (54%) are employed in micro and small enterprises outside the capital and hold low and expert positions without managerial functions.

One-third share that it is possible to be put on **forced leave**. The profile of the respondents who gave this answer is the same but the predominance of the Tourism, Hotels & Restaurants sector is even greater — as many as 60% of the employees in it expect to be put on forced leave.

Another **30%** of respondents deem it possible to **lose their jobs**, being employed mainly in the Tourism, Hotels & Restaurants, Transport & Logistics, Consulting and Trade & FMCG sectors. 89% of employees who provided this answer work in micro and small companies, another 11% — in organizations with 201-500 staff members.



17% of respondents — predominantly from the Banking, Finance & Insurance, Consulting and Information Technologies sectors, believe that it is likely they get reassigned to other projects or functions within their company.

Nearly half of them are top managers, and another 20% — expert staff in companies with 51-200 employees located in the capital and the major cities of the country.

The share of people who do not think they will be affected by the economic situation caused by the fourth COVID-19 wave is the same (17%). Almost half of them are experts, as well as managers and top managers (nearly 20% each) working mainly in the capital in companies with up to 50 or over 1000 employees, and representatives of the Business Process Outsourcing, Information Technologies and Healthcare & Pharma sectors.

OFFICE OR HOME?

One of the hot topics regarding roles which allow for a similar choice is work organization — at the office or remotely.

According to the respondents' answers more than half of the companies plan to use a hybrid model — 31% with predominance of work on the premises and 28% with more telecommuting.

HYBRID MODEL

The organizations which operate in the Business Process Outsourcing, Trade & FMCG and Construction & Engineering sectors are more likely to use the hybrid model with predominance of office work. The companies that will provide access to the office as well as more days of distance work operate mainly in the Information Technologies and Consulting sectors.

EMPLOYERS

EMPLOYEES

22%	At the office	20%
31%	Hybrid with more work at the office	12%
29%	Hybrid with more remote work	13%
6%	Fully remote	14%
12%	We let employees choose	41%
		I'd like to choose with no restrictions

AT THE OFFICE

23% of the organizations do not plan to provide remote work opportunities. They operate predominantly in the Manufacturing and Healthcare & Pharma sectors outside the capital and have up to 200 employees.

FULLY REMOTE

At the other extreme we have the organizations that intend to operate entirely remotely but they represent a significantly small share — only 6%. Nearly half of them are involved in the Information Technologies, and another 19% — in the Business Process Outsourcing sector. ManpowerGroup Bulgaria practice shows that this trend is observed mainly among newcomers and it is to become increasingly popular.

THE CHOICE IS UP TO THE EMPLOYEES

During the last quarter of the year, 12% of the organizations plan to let their employees choose between work at the office, remotely or both. The respondents are fairly evenly distributed between the Outsourcing, Information Technologies, Consulting, Trade & FMCG and Telecommunications sectors, representing companies of all sizes mainly in the cities of Sofia and Varna.

On the other hand we asked employees how they would like the work process to be organized.

The share of people who prefer to have the right to choose without any restrictions is significantly bigger than the respective share of employers — 41% of employees want to decide for themselves whether and when to work at the office and/or remotely.

This opportunity has been identified as key by representatives of all industries, their largest share being in the Information Technologies, Consulting and Trade & FMCG sectors. Almost half of them — 45%, hold expert positions.

AT THE OFFICE

Middle management preferences are focused on office-based work with 20% of respondents indicating this answer. They are employed mainly in the Manufacturing and Tourism, Hotels & Restaurants sectors in which teleworking is difficult to be organized and even impossible for certain roles.

FULLY REMOTE

14% of respondents prefer to work entirely remotely with just over half of them being employed in the IT and Business Process Outsourcing sectors at low or expert positions. This trend is practically imperceptible among managers.

HYBRID MODEL

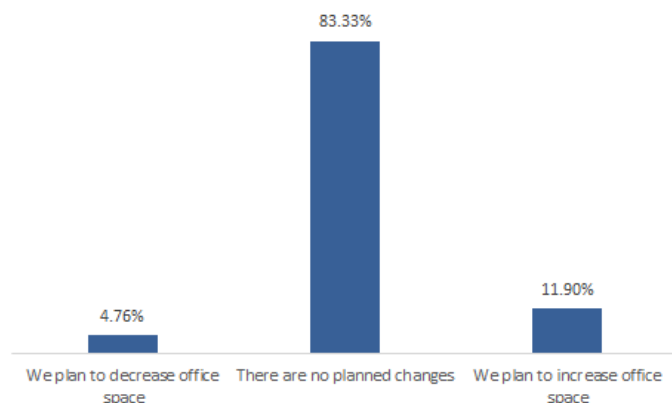
The people who want to work in a hybrid way with more remote opportunities (13%) or more office work (12%) are almost equally distributed with no significant differences between industry sectors, organizational levels, company size or location.

BIGGER OR SMALLER OFFICE SPACE?

In view of the data above employers' plans regarding the size of their offices were also included in the study. 83% of companies do not forecast office space changes while 12% plan to increase it.

A bigger office is likely to provide distance as well as enough space for in-demand additional staff and these are the reasons for organizations mainly from the Science & Education, Healthcare & Pharma and Information Technologies sectors to plan an increase of premises.

Only 5% of surveyed companies expect a decrease and they usually operate in the Consulting and Trade sectors.



ADDITIONAL COSTS OF DISTANCE WORK

Teleworking is increasingly associated with covering additional staff costs — a question we also included in the current study.

80% of surveyed companies cover employee additional costs in case of remote work by providing office equipment (e.g. printers, scanners, office chairs), or reimbursing monthly internet subscription plans.

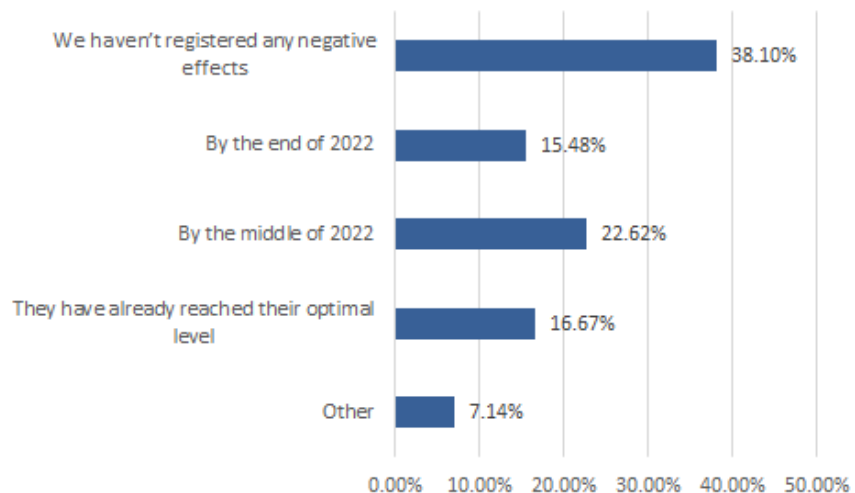
Only but a few organizations cover other costs such as utility bills.

From employees' point of view, the difference is obvious as **nearly 20% of them share that they expect their employers to cover utility bills or other household expenses.**

EXPECTATIONS: CORPORATE PROFIT AND PERSONAL INCOME

The COVID-19-induced situation affects not only work organization but also company profits and employee incomes.

We asked employers when they expect company profits to reach their optimal level in case they are negatively affected. The largest share of respondents (38%) has not registered any negative impact on their profits.



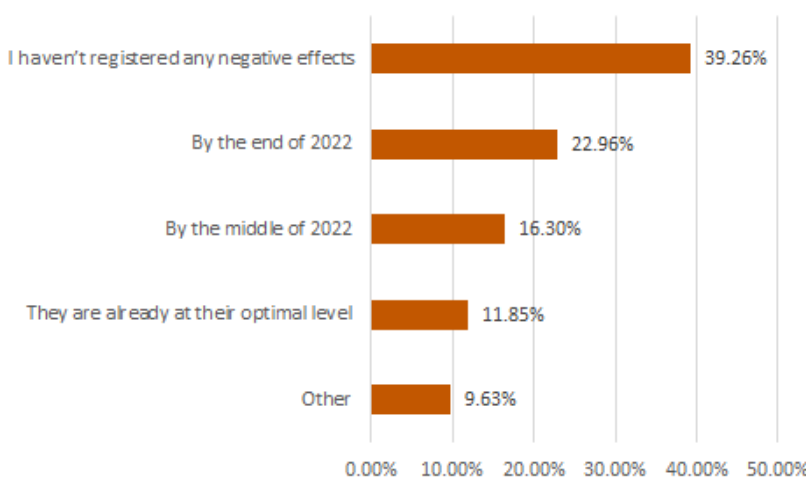
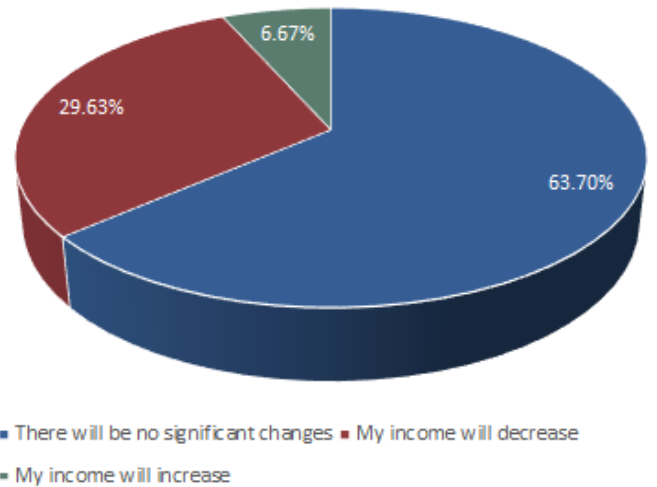
Nearly 20% of them operate in the Manufacturing sector, 18% — in Information Technologies, and 17% are represented by Trade & FMCG companies. Almost half of them have 51-200 employees and are based in the capital and the major cities.

Another 17%, mostly representatives of the Consulting, Banking, Finance & Insurance and Business Process Outsourcing sectors, share that the situation has had a negative effect on their profits but they have already returned back to normal.

23% of companies expect to see profits at their optimal level by the middle of 2022, and the ones who believe that this will happen at the end of next year are 15%, being representatives of all industries, regions and company sizes.

We asked employees to what extent they expect the COVID-19 situation to affect their personal incomes in the September-December 2021 period.

64% do not forecast any significant changes and another 30% believe that their income is likely to decrease, being employed mainly in the Tourism, Hotels & Restaurants and the Manufacturing sectors.



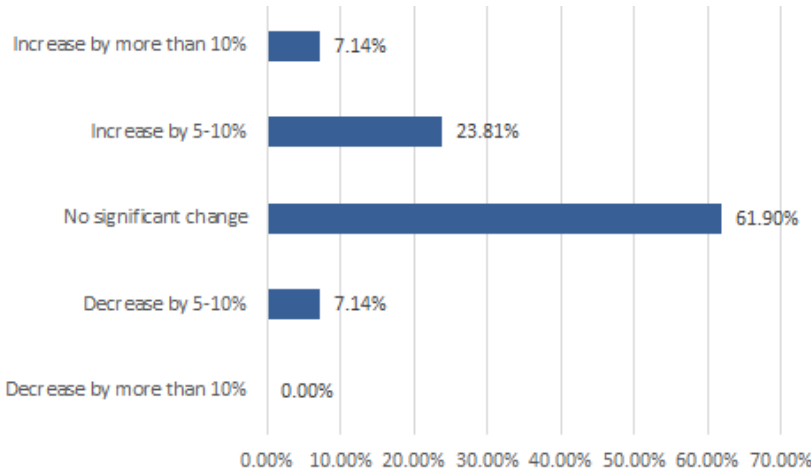
We also asked them if their job incomes are currently negatively affected, when they expect them to return to their optimal level. Almost 40% of surveyed employees state that they have not registered any negative impact and another 12% — that they have but their incomes have already normalized.

23% of respondents indicate the end of 2022 as the moment when they expect their optimal income to be back, being employed mainly in the Construction & Engineering and Trade & FMCG sectors in companies with up to 200 employees based predominantly in the small towns of the country.

EXPECTATIONS: PAYROLL

We asked employers about their intentions regarding the total number of employees in their companies during the September-December 2021 period compared to the same period last year.

The majority of companies (62%) do not expect any significant changes in the number of employees during said period while 24% plan a 5-10% staff increase compared to the same period last year. A quarter of them represent IT companies, 22% operate in the Manufacturing sector, and 15% — in the Trade & FMCG industry. Similar trends are also observed in the Business Process Outsourcing, Consulting and Transport & Logistics sectors.



The largest payroll increase by 5-10% is expected in the regions of Sofia, Varna and Plovdiv. Companies that share plans of staff increase by more than 10% are significantly fewer — 7% of all surveyed employers, representatives mainly of the Healthcare & Pharma, Business Process Outsourcing and Information Technologies sectors.

There is no tendency to reduce staff by more than 10% in the last quarter of 2021 with 7% of respondents planning a reduction between 5-10%. One third of them operate in the Tourism, Hotels & Restaurants sector, and another 17% — in the Construction & Engineering sector. A similar trend is expected among organizations from the Trade & FMCG sectors and they are based mainly in the smaller cities of the country.

CONCLUSION



About two-thirds of employers and employees in the country expect a new closure of certain business sectors and functions during the last quarter of 2021.



Employers are more likely to put efforts in new services and business functions than to lay off employees or reduce their pay.



The majority of employees expect the COVID-19 situation to affect their personal incomes.



40% of employees want to have the choice to decide about their job location while only 6% of companies are willing to grant them such.



Assert International services as part of ManpowerGroup Bulgaria portfolio help us conduct real-time surveys on key HR metrics such as salary levels, additional social benefits, staff satisfaction, and engagement combined with automated market researches of talent availability in specific regions and industry sectors.

Our surveys blend up-to-date business information, official statistical data and feedback from job candidates and current employees, thus allowing timely and informed decisions regarding human capital strategic development.

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