

SALARY, ADDITIONAL BENEFITS, AND BONUSES - TREND RESEARCH

FIRST HALF OF 2023

MANPOWERGROUP BULGARIA- SATR/H1 2023



Manpower®



INTRODUCTION

In order to respond to the dynamics of the labour market, as well as the need for businesses to implement a sustainable strategy, ManpowerGroup's Business Intelligence department conducts focused market research as to analyse and track workforce, business and talent movement trends in detail.

Pressing questions such as "What are the actual changes in effect for employees and what inflation factor did businesses consider when changing remuneration and its structure in 2022?" and "Are any other changes planned for the first half of 2023 and for what portion of the workforce?" are addressed in the qualitative and quantitative analysis of the current Salary, Benefits and Financial Incentives trends study, which has been conducted for the fifth time in the past two years. Tracking these changes twice a year assists businesses in measuring changes that have occurred and presenting a projection of future changes in various business sectors across the country.

Data from the study is also included as a separate segment in the eponymous study of Manpower entire Southeast Europe region (including Serbia, Slovenia, Bosnia and Herzegovina and Croatia), the results of which are released periodically in September each year.

Methodology

In order to analyse business notions, we created a survey with 16 specific questions to measure changes occurring in 2022 for employees, and to forecast potential changes related to remuneration and benefits in the first half of 2023. Respondents were asked about both planned salary increases, benefits and financial incentives and the factors considered in building sustainable changes - inflation and turnover.

The survey was distributed and shared through ManpowerGroup's communications networks and partner industry and business organizations, and the ZOHO Survey and ZOHO Analytics platforms were used in the qualitative and quantitative analysis process. The results of the survey are presented in a systematic way through charts and statistics.

RESPONDENTS' PROFILE

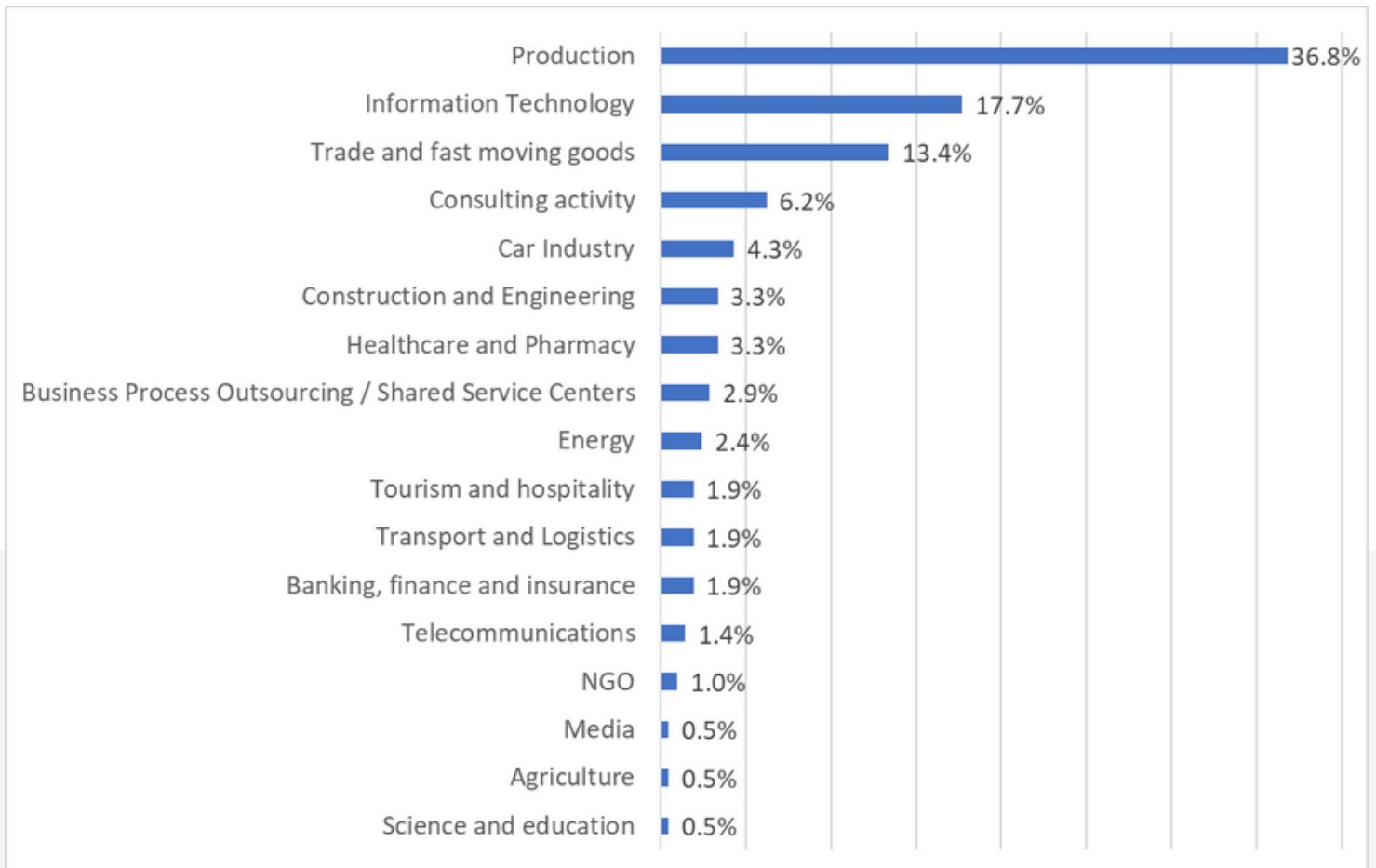
The business sectors that took part are 17 in total, with 209 unique responses for the entire survey. The largest proportion of responses comes from the sectors of Manufacturing (36.8%), followed by Information Technology (17.7%) and Retail and FMCG (13.4%).

17

BUSINESS SECTORS

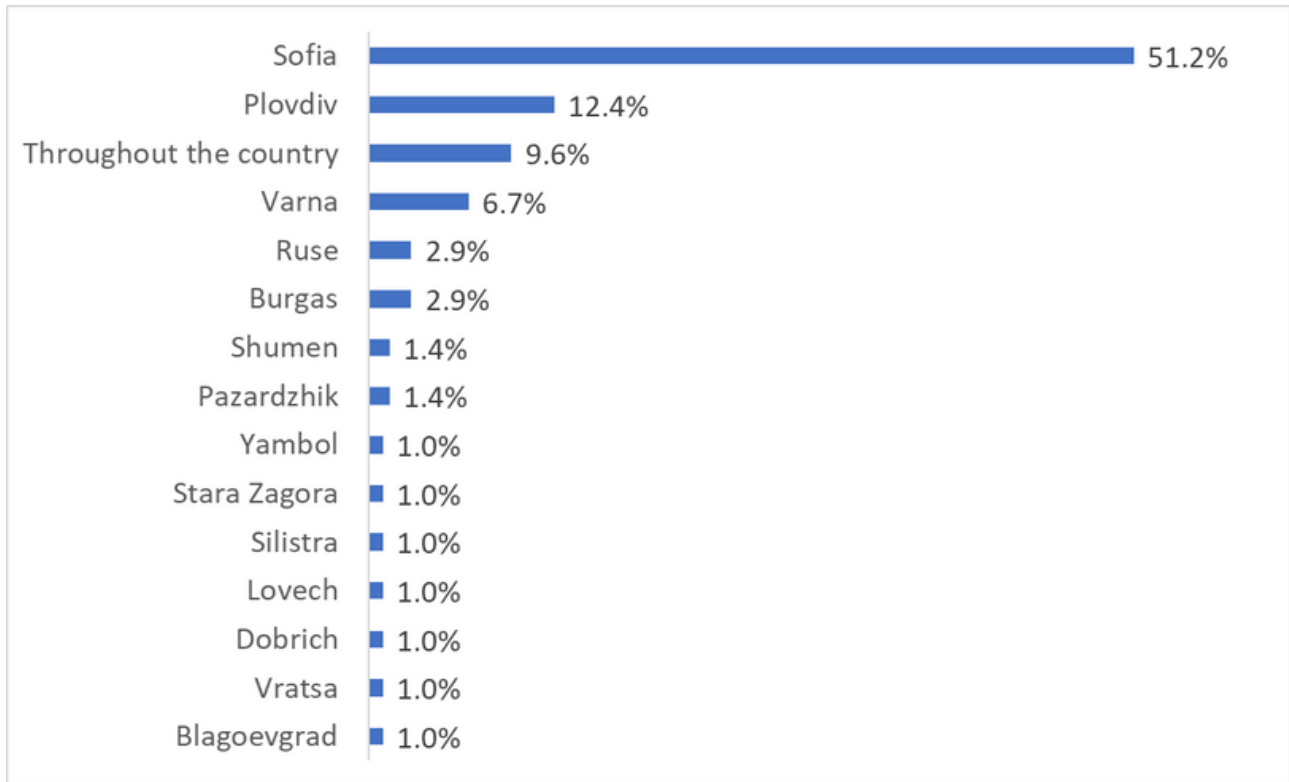
209

RESPONDENTS

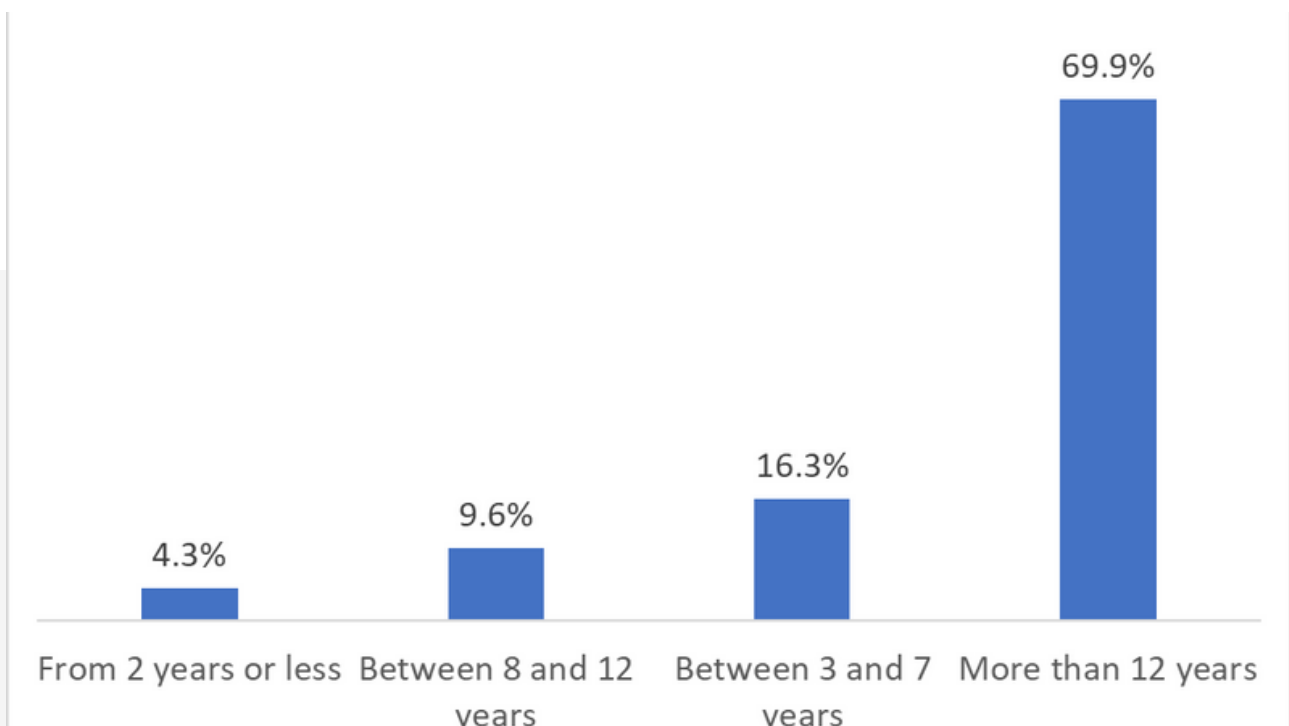


RESPONDENTS' PROFILE

The organizations with the highest activity in the survey are located in the cities of Sofia (51.2%), Plovdiv (12.4%) or indicated that they have offices throughout the country (9.6%).

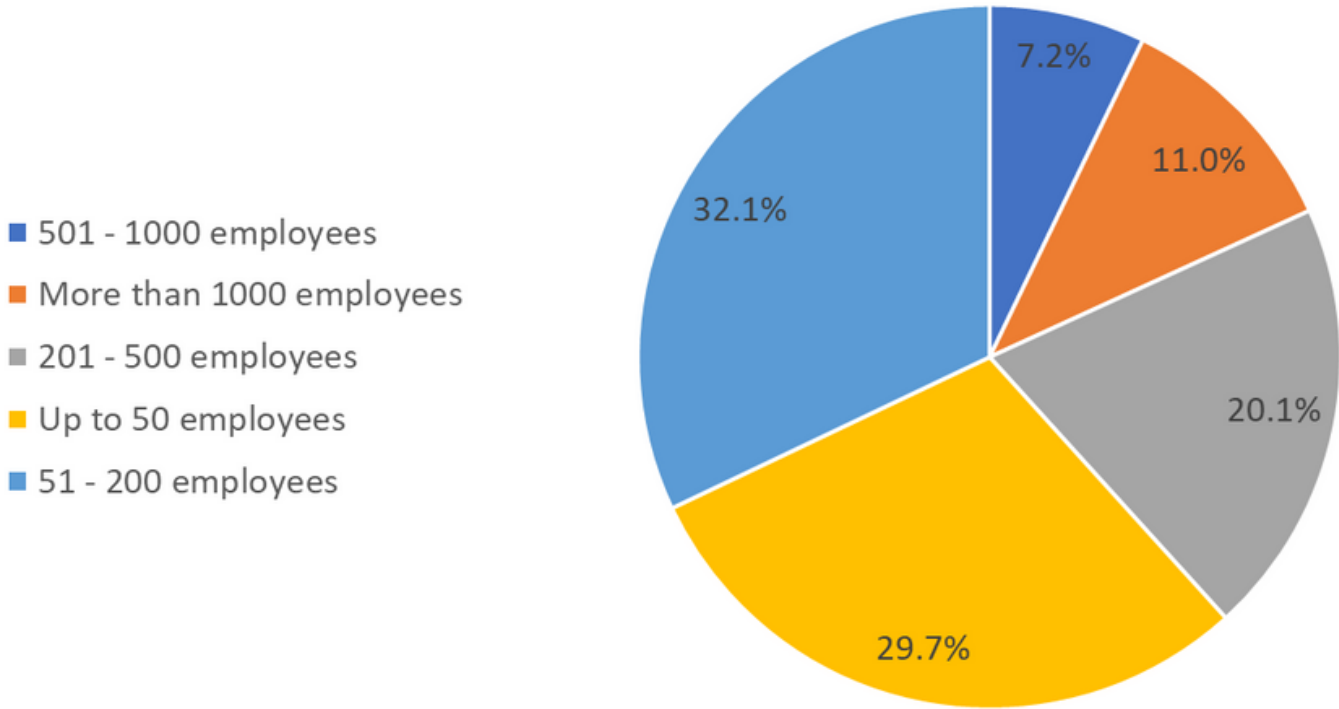


Most responses were given by companies operating in Bulgaria for more than 12 years (69.9%) as the size of the businesses highest interest is almost evenly split - 32.1% are those with up to 200 employees, followed by 29.7% of organizations with up to 50 employees.



RESPONDENTS' PROFILE

The size of your company:



GENERAL RESULTS FROM THE SURVEY

Occurred changes in 2022

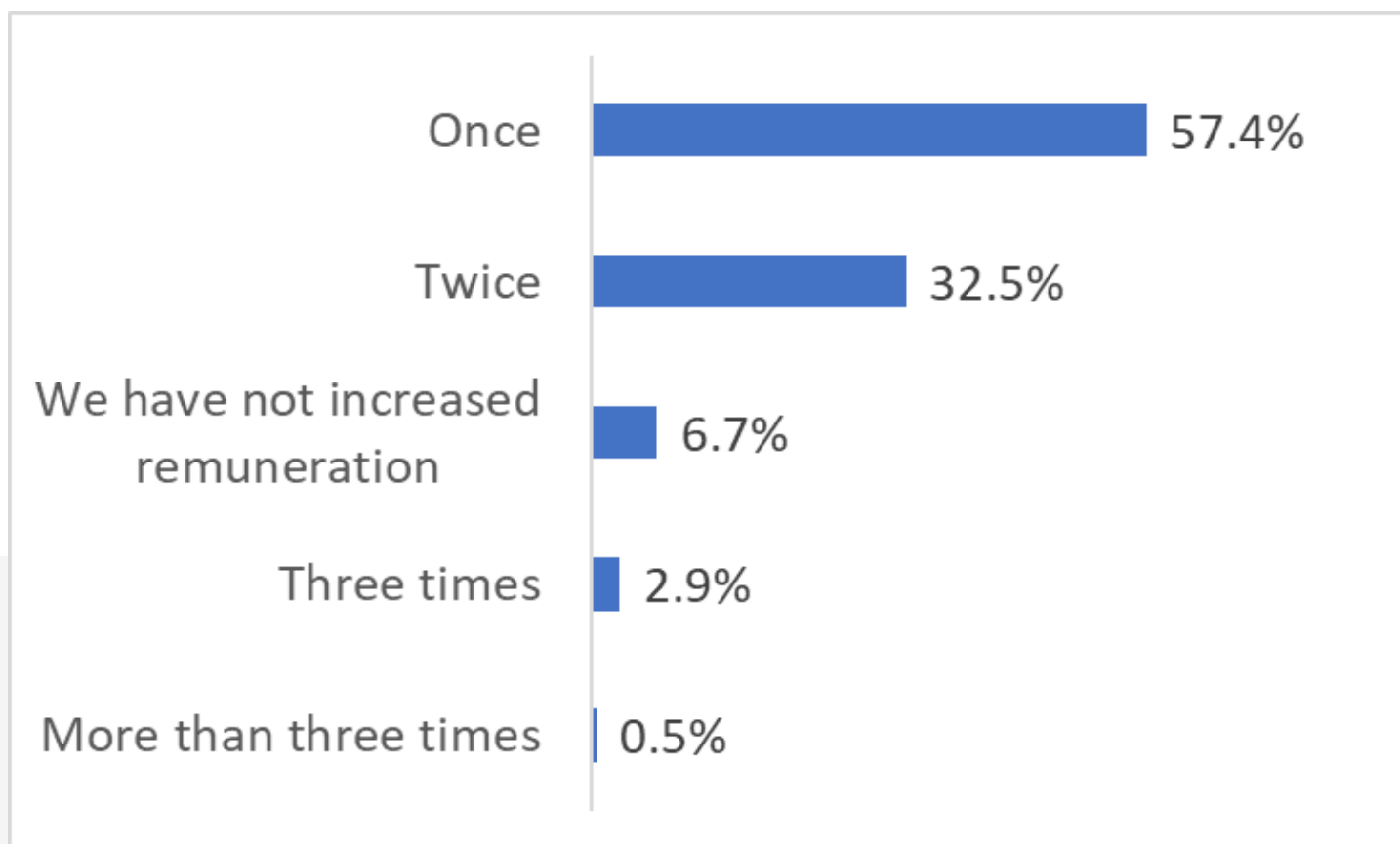
32,5%

out of the 209 who took part state that they have increased the remunerations twice for the year of 2022

57,4%

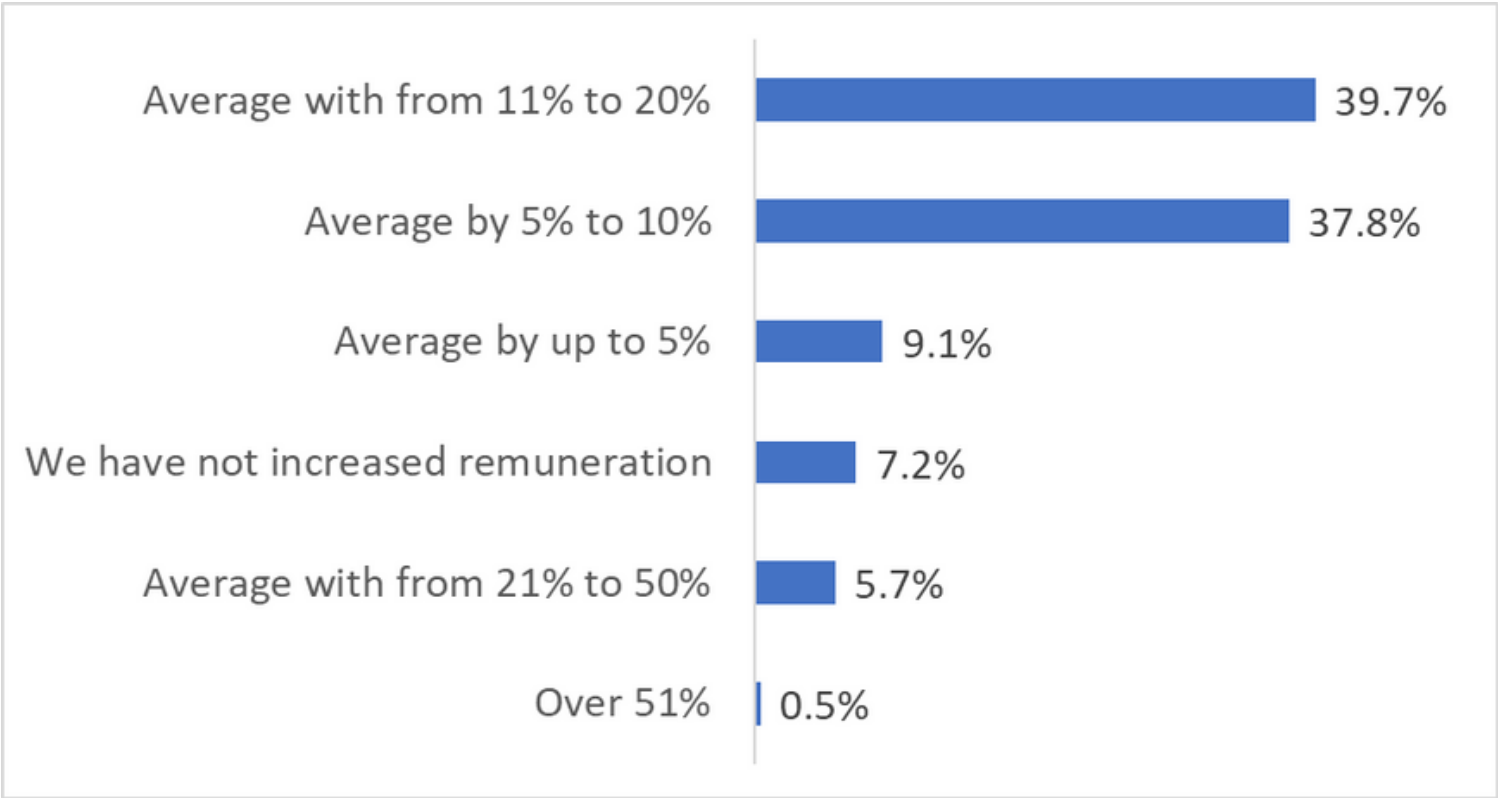
out of the 209 who took part state that they have increased the remunerations once for the year of 2022

How many times did your company increase employee remuneration in 2022?

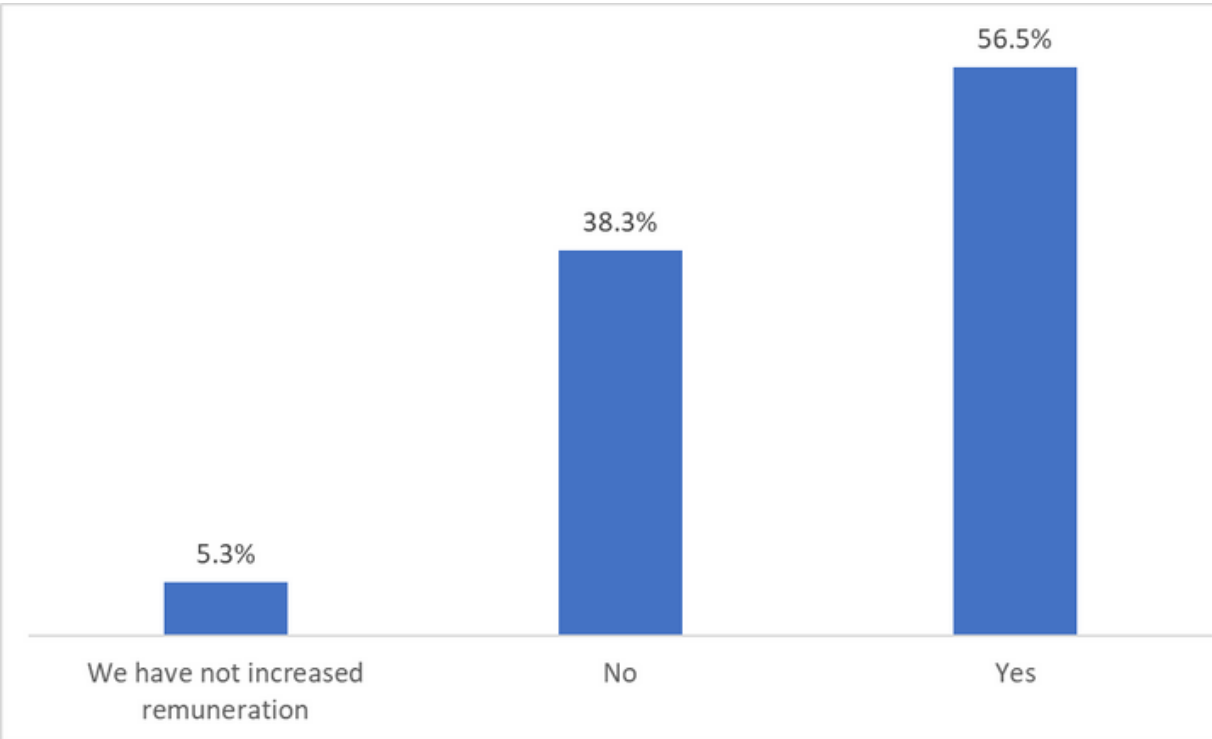


GENERAL RESULTS FROM THE SURVEY

On average, by what percentage did you increase the fixed monthly wages in 2022?

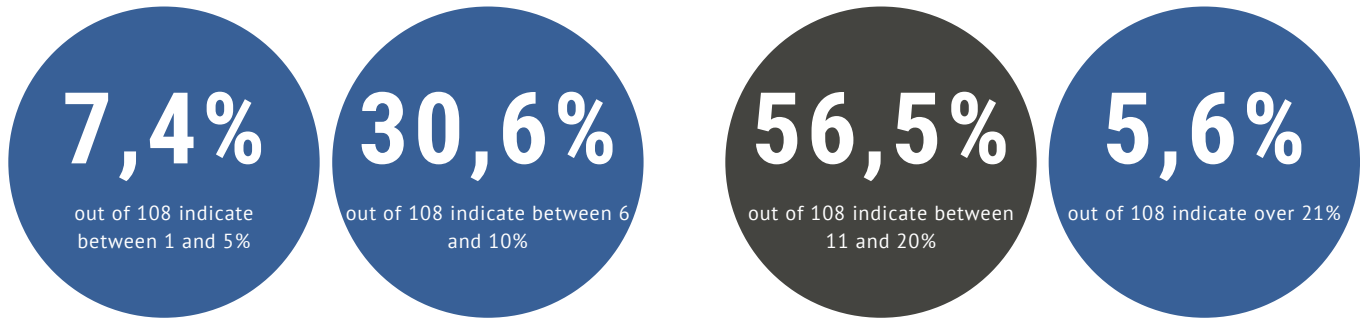


Did you take into account the high inflation rate in 2022?



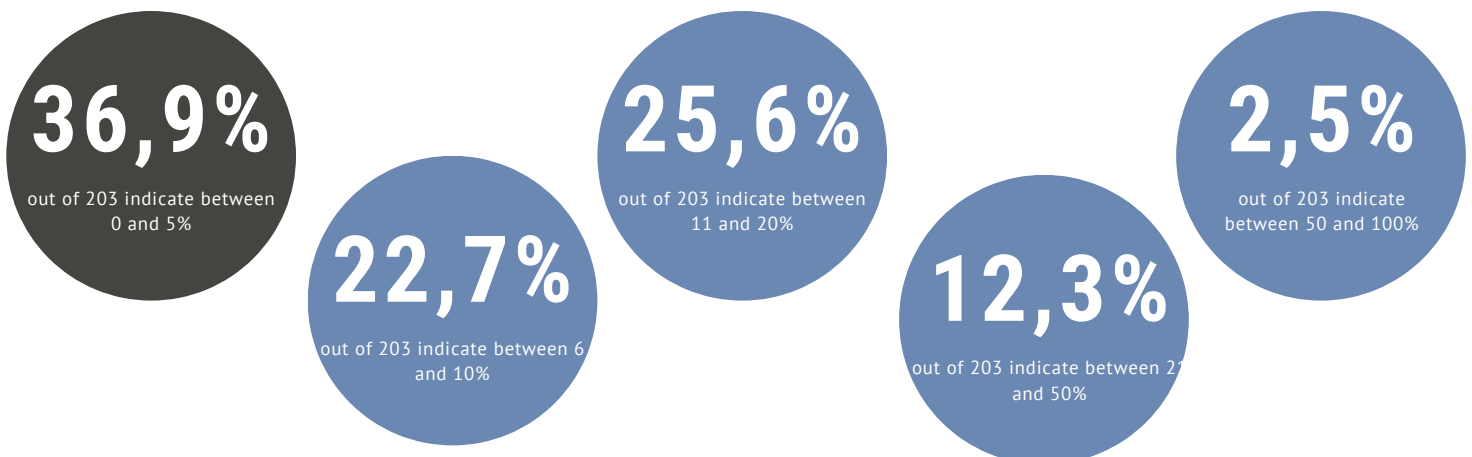
GENERAL RESULTS FROM THE SURVEY

We asked the respondents to share the inflation rate they had considered for 2022 in their organisations, with 108 out of 209 organisations responding with the following numbers:



- 8 companies (7.4% of 108) said they had considered between 1 and 5% for the full year
- 33 companies (30.6%) indicated that the inflation rate they had considered was between 6 and 10%
- 61 companies (56.5%) indicated between 11 and 20% for 2022
- 6 companies (5.6%) indicated over 21% taken into account

We asked the businesses what percentage of turnover they reported in 2022 in their organisations, and 203 out of 209 responded with the following numbers:



- 75 companies (36.9% of 203) said turnover was between 0 and 5% for the full year
- 46 companies (22.7%) indicated a range between 6 and 10%
- 52 companies (25.6%) indicated between 11 and 20% for 2022
- 25 companies (12.3%) indicated a turnover rate of 21 to 50%
- 5 companies (2.5%) indicated turnover between 50 and 100% for the past year

GENERAL ANALYSIS OF THE RESULTS

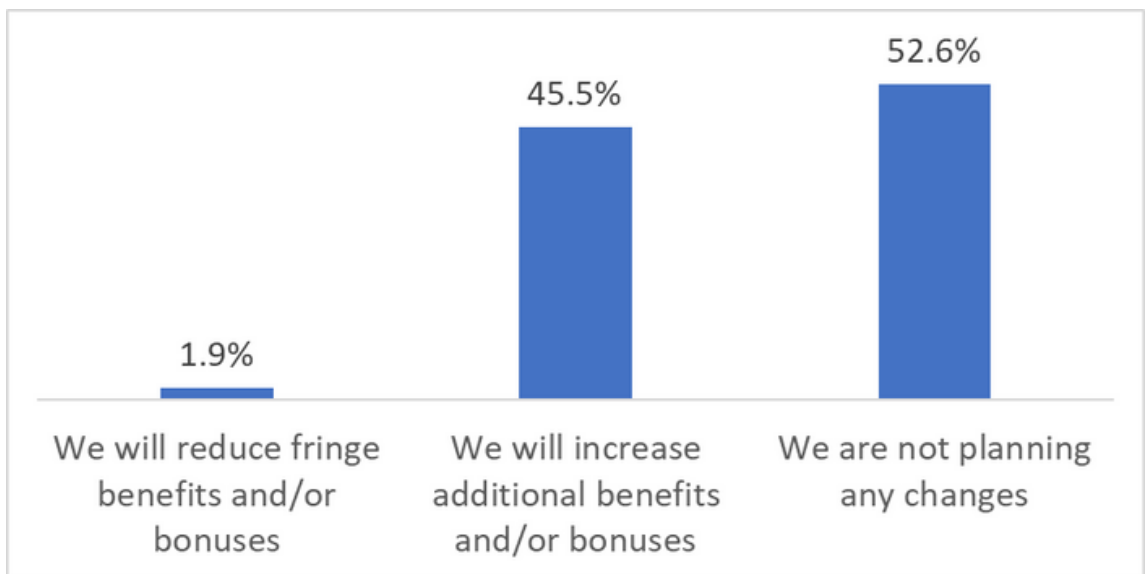
In the same survey from 2022, H2, around 80% of the respondents from different business sectors indicated planned pay increases for employees, with 35% of all 154 companies indicating an expected increase of up to 10%. Compared to the data from the current survey, the planned changes are confirmed in 118 companies, with another part of the respondents, nearly 33%, even indicating that they have increased the remuneration twice during the year.



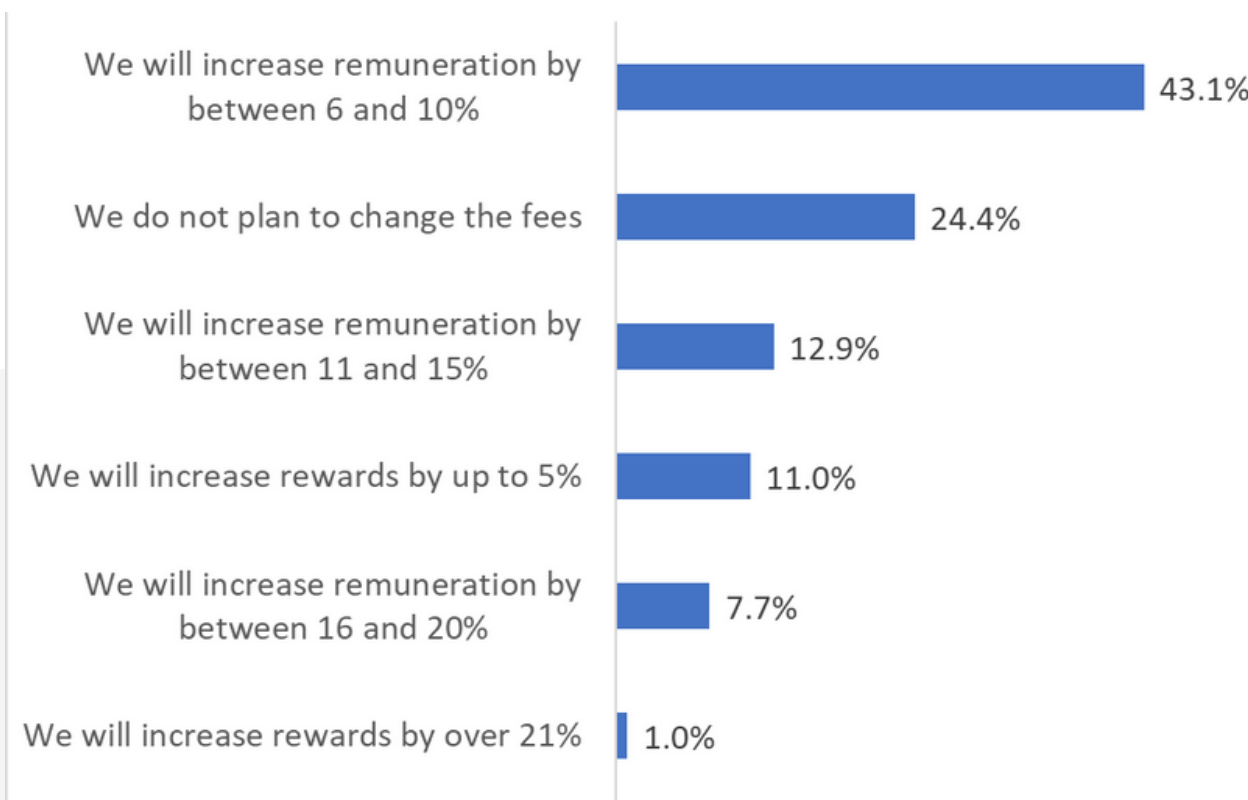
GENERAL ANALYSIS OF THE RESULTS

Planned changes for 2023

What changes are you planning in terms of benefits and financial incentives for employees in your company for the first half of 2023?

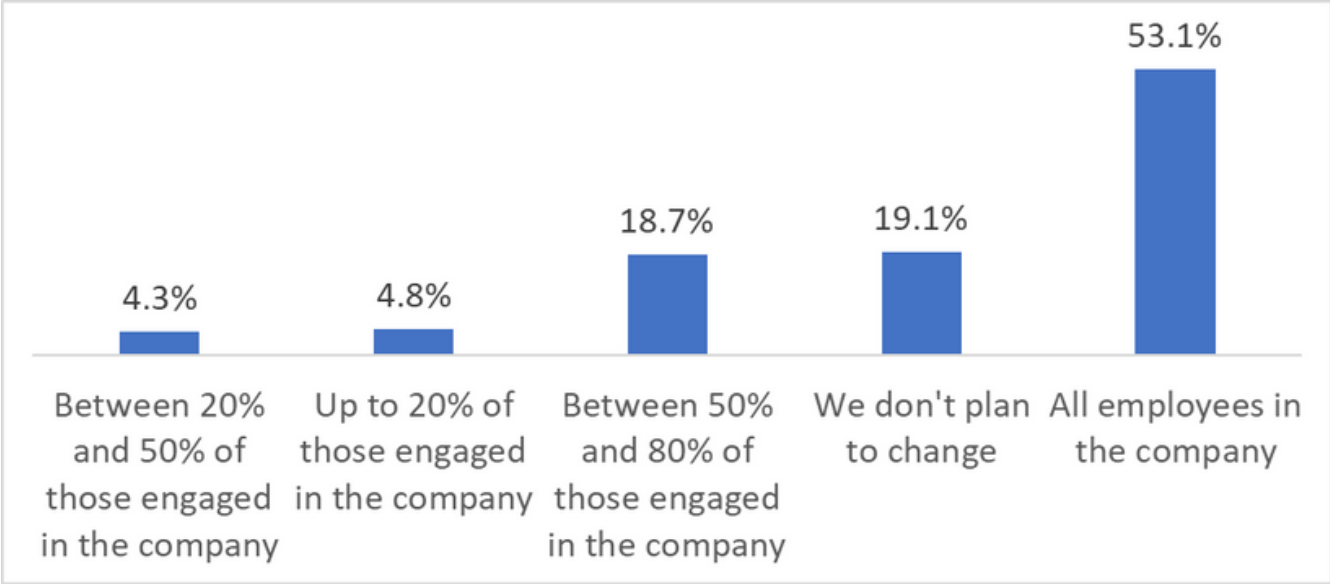


What changes do you plan in the monthly remuneration of employees in your company at the beginning of 2023?

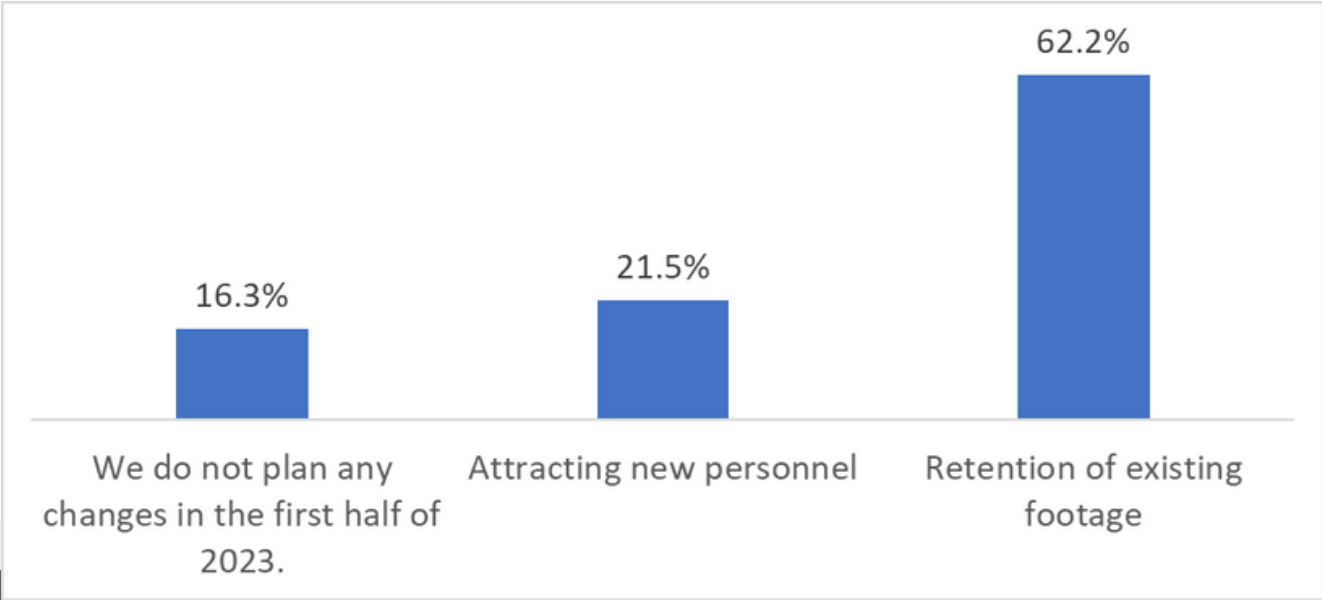


GENERAL RESULTS FROM THE SURVEY

What percentage of the employees in your company will be affected by the remuneration change?



What is the main aim of the changes you that will be undertaken in the first half of 2023?



Consistency has been stipulated in the companies' main objective for planned changes in both 2023 and 2022 - retention of existing staff. In 2022, for the second half of the year, 70% of businesses indicated that staff retention was a key objective, with this score nearly 10% lower for 2023.

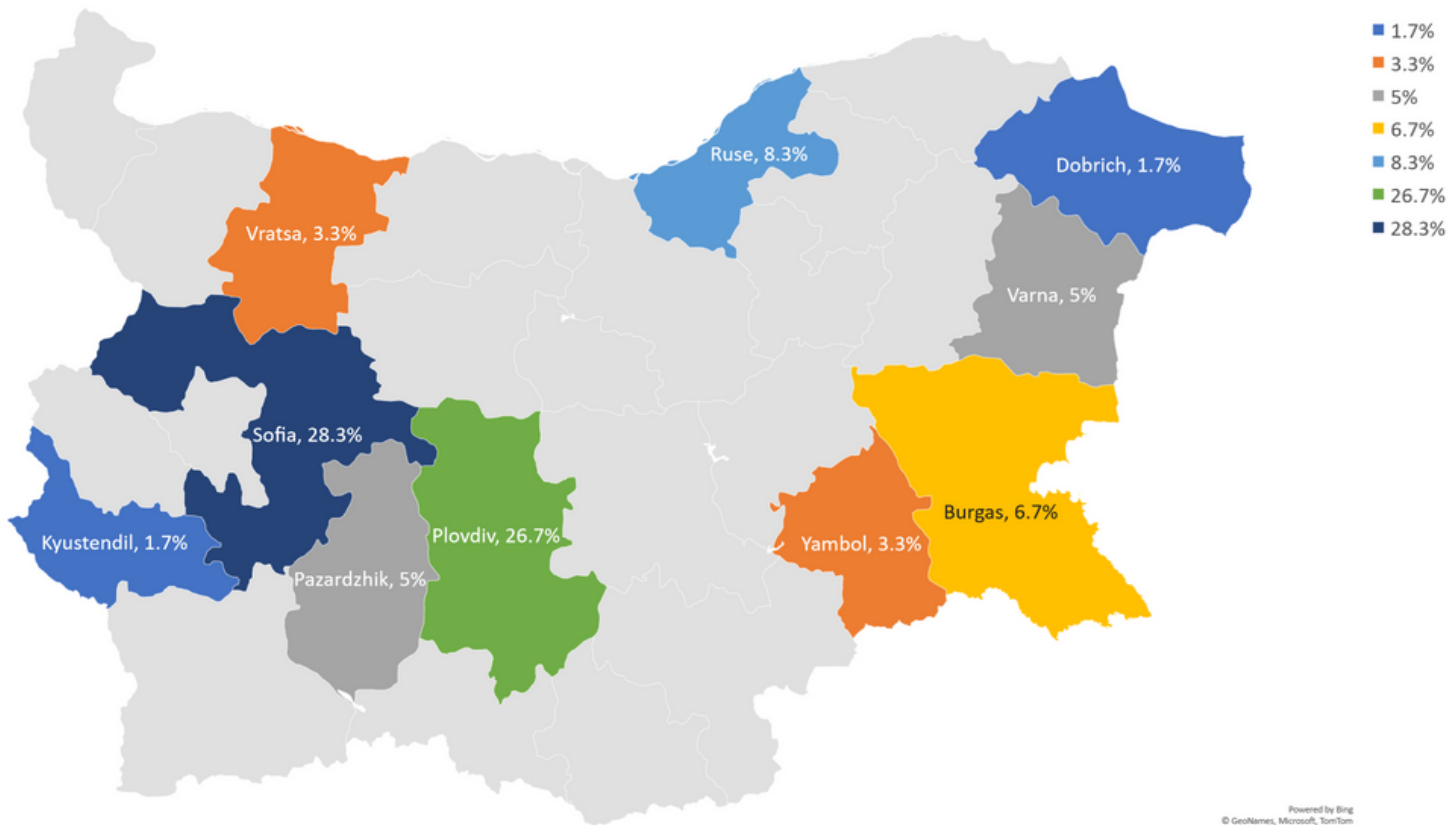
BUSINESS SECTORS WITH THE HIGHEST ACTIVITY IN THE SURVEY - ANALYSIS



MANUFACTURING

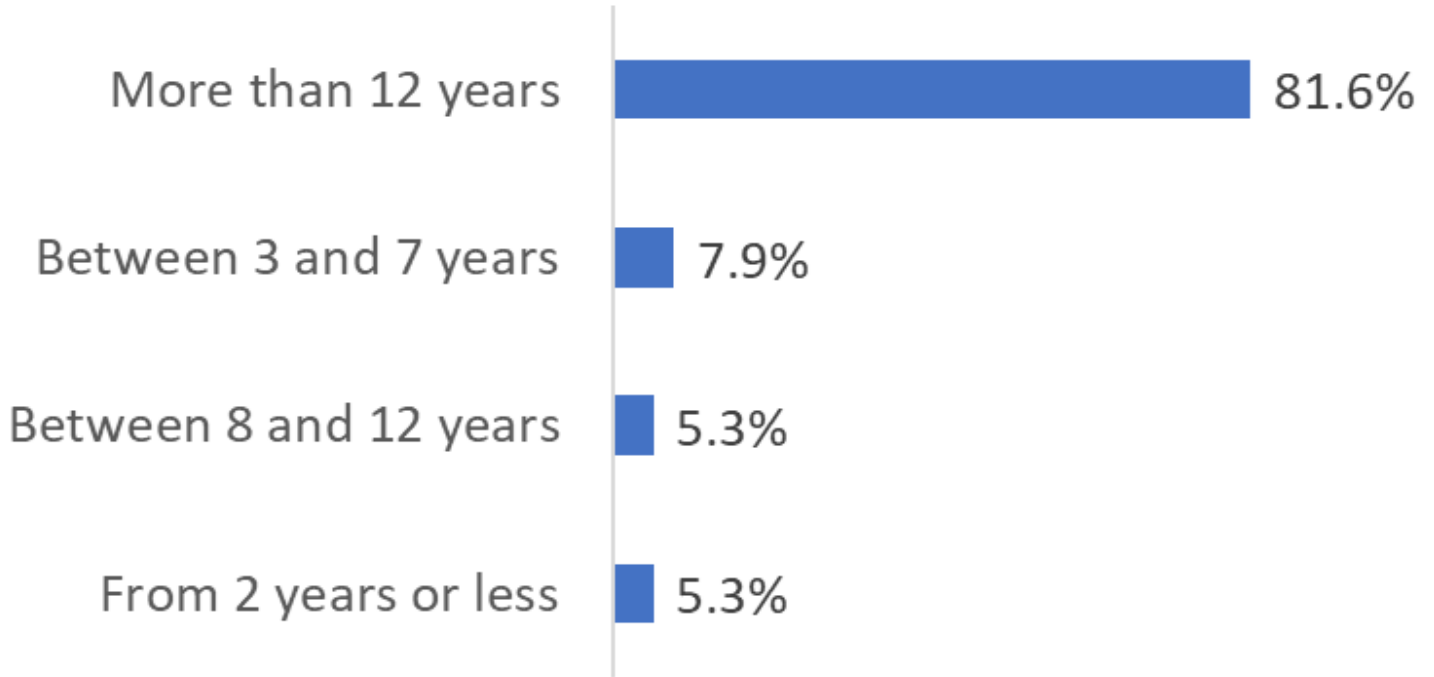
Respondents' profiles

Business Locations

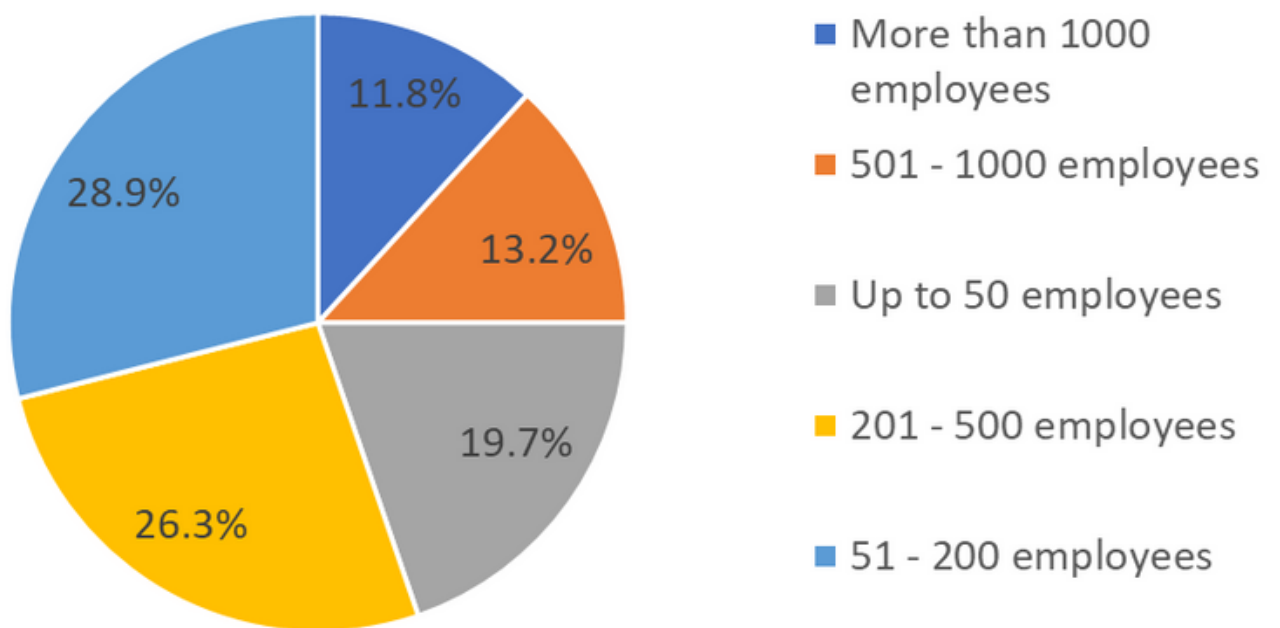


Respondents' profiles

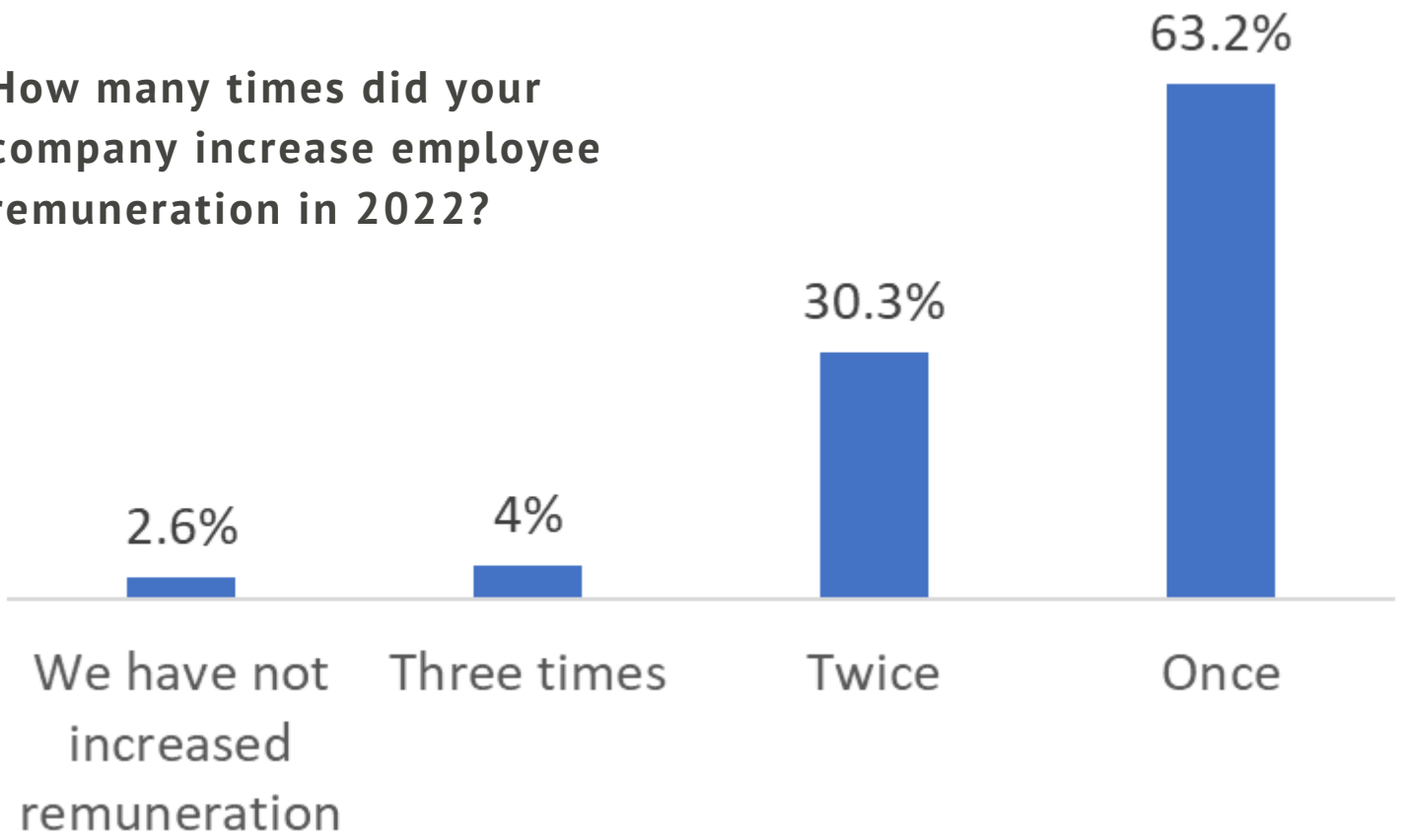
Years of activity on the market



Business size



How many times did your company increase employee remuneration in 2022?



Average with from 11% to 20%



Average by 5% to 10%

38.2%

Average by up to 5%

9.2%

We have not increased remuneration

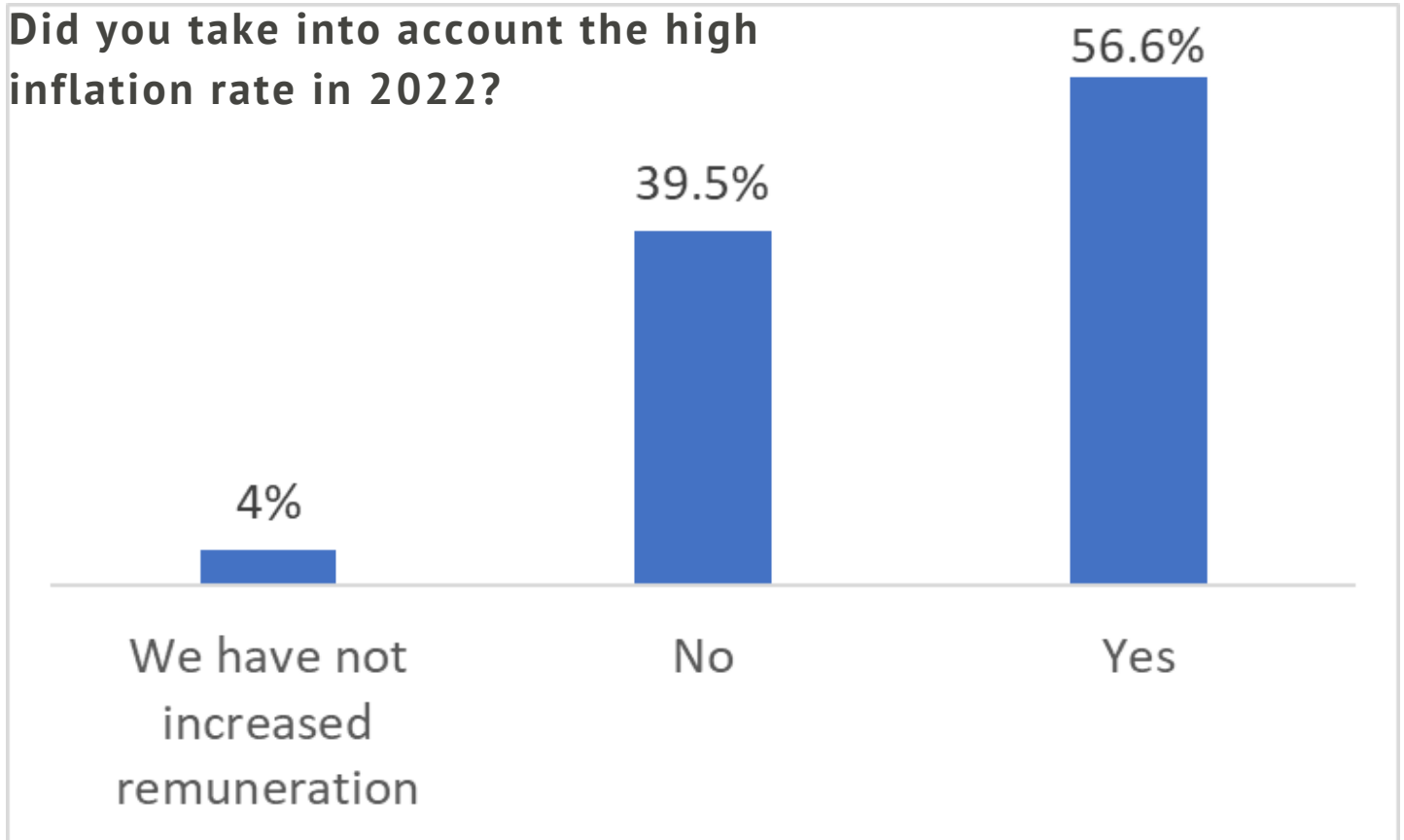
5.3%

Average with from 21% to 50%

4%

On average, by what percentage did you increase monthly wages in 2022?

Did you take into account the high inflation rate in 2022?



We asked respondents from the Manufacturing sector, representing 77 responses out of 209 who took part in the survey, what percentage of inflation has been considered for 2022 and the data shows:

- 1 company (2.6% of the 39 who shared information) has taken into consideration in between 1 and 5% for the full year
- 11 companies (28.2%) indicated that the inflation rate considered was between 6 and 10%
- 25 companies (64.1%) indicated between 11 and 20% for 2022
- 2 companies (5.1%) indicated over 21% taken into account

2,6%

out of 39 indicate between 1 and 5%

28,2%

out of 39 indicate between 6 and 10%

64,1%

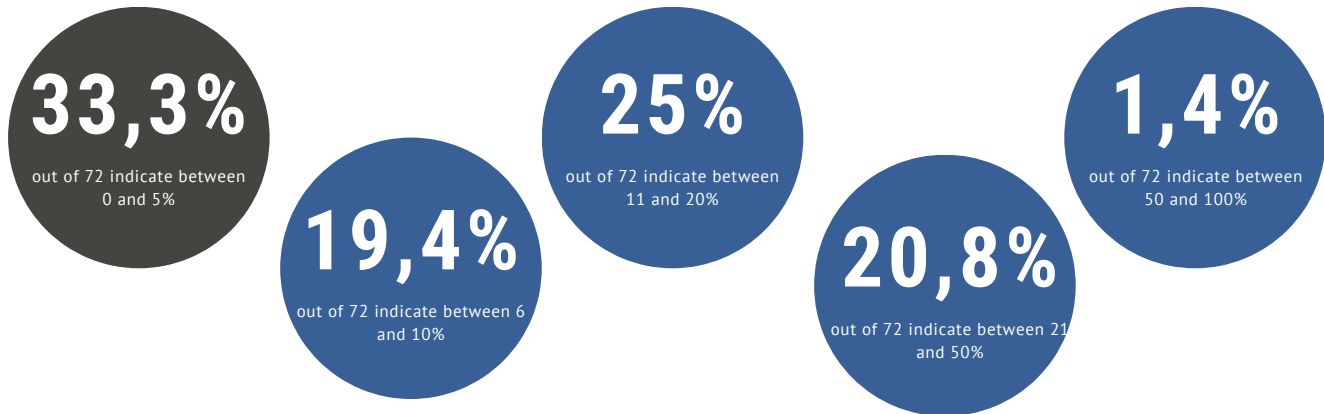
out of 39 indicate between 11 and 20%

5,2%

out of 39 indicate over 21%

Occurred changes in 2022

In the Manufacturing sector, 72 respondents answered the optional question about what percentage of total turnover they reported in 2022:



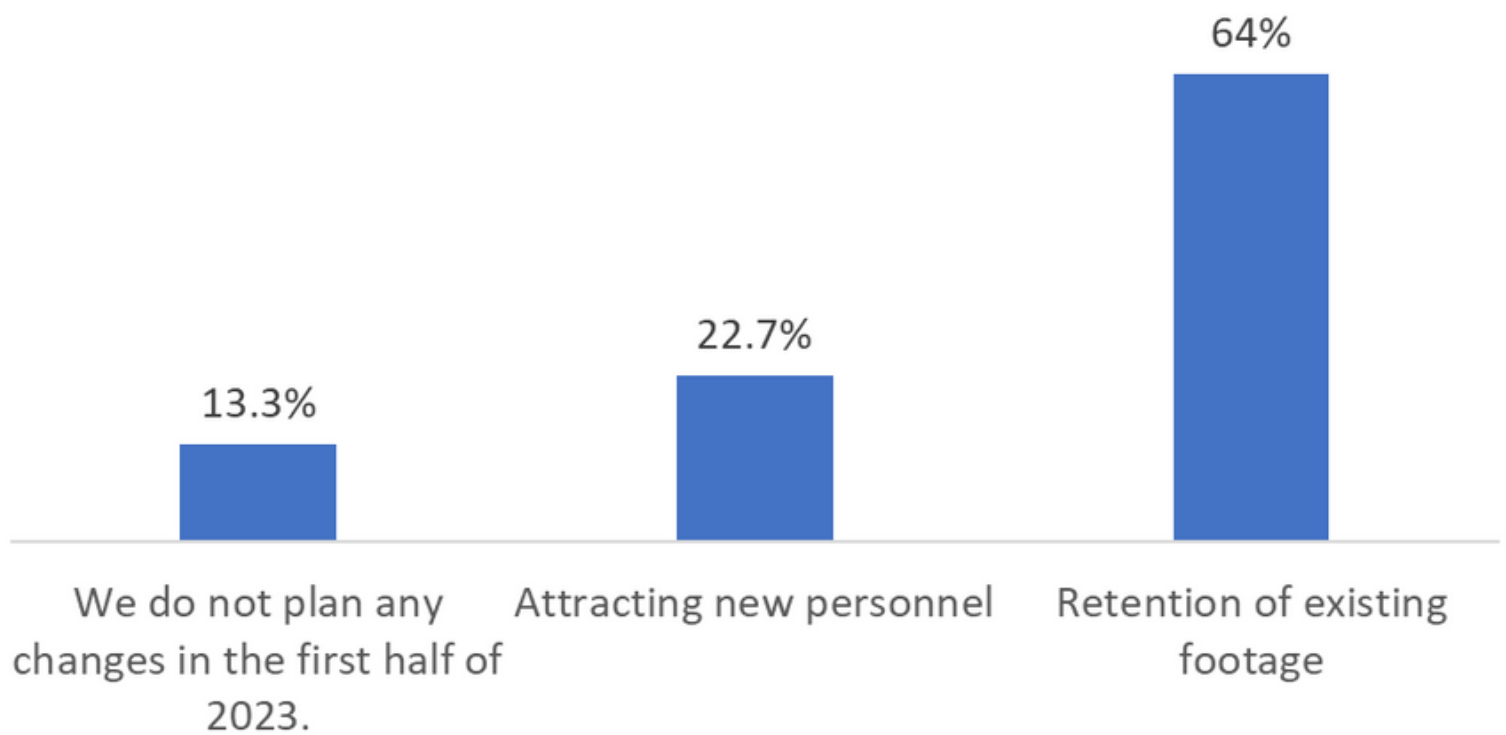
- 24 companies (33.3%) said turnover was between 0 and 5% for the full year of 2022
- 14 companies (19.4%) indicated a range between 6 and 10%
- 18 companies (25%) indicate between 11 and 20%
- 15 companies (20.8%) indicate a turnover rate of 21 to 50%
- 1 company (1.4%) indicated turnover between 50 and 100% for the past year

Reasons for staff turnover

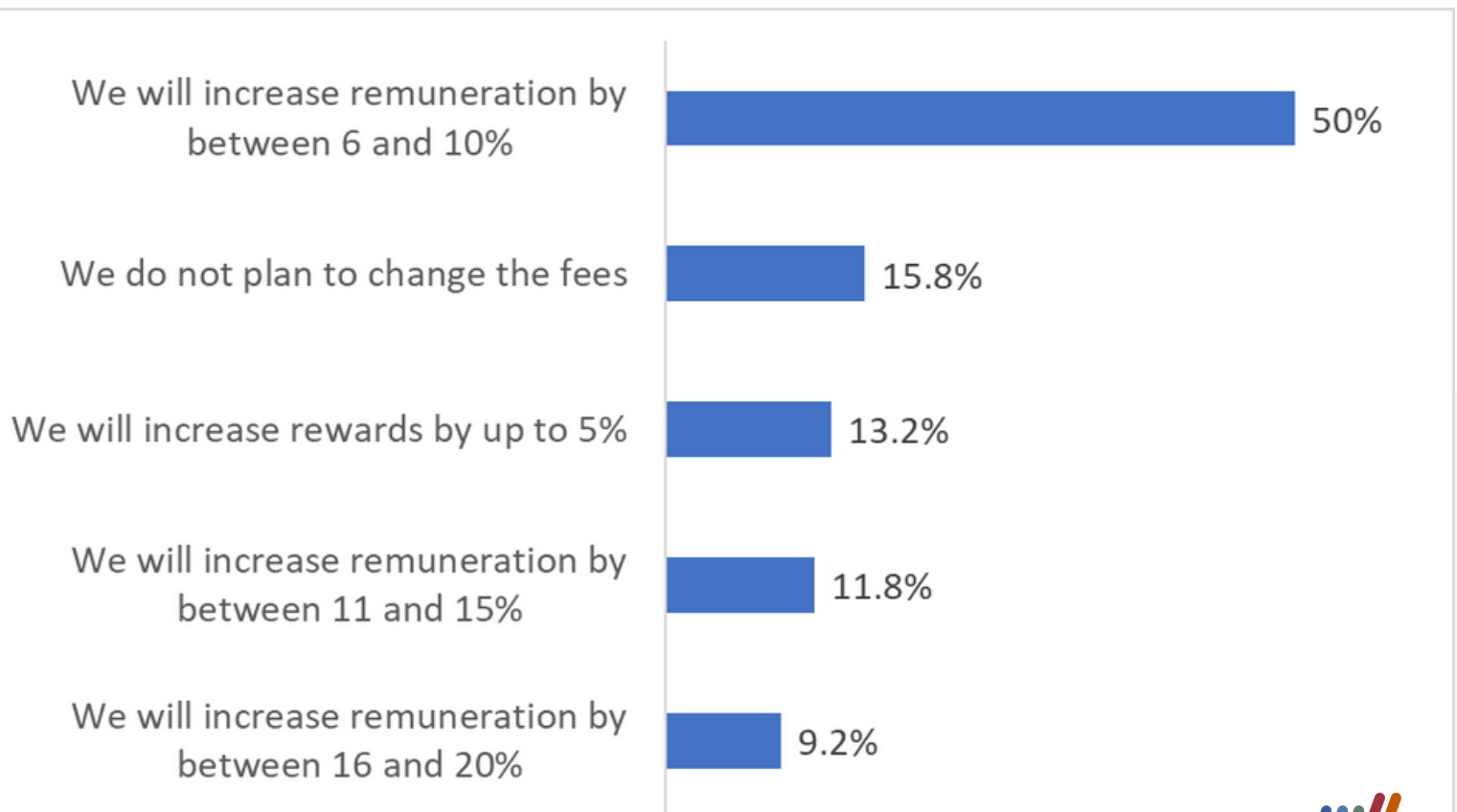


Planned changes in remuneration levels for the first half of 2023

What is the main aim for the changes that will be undertaken in the first half of 2023?

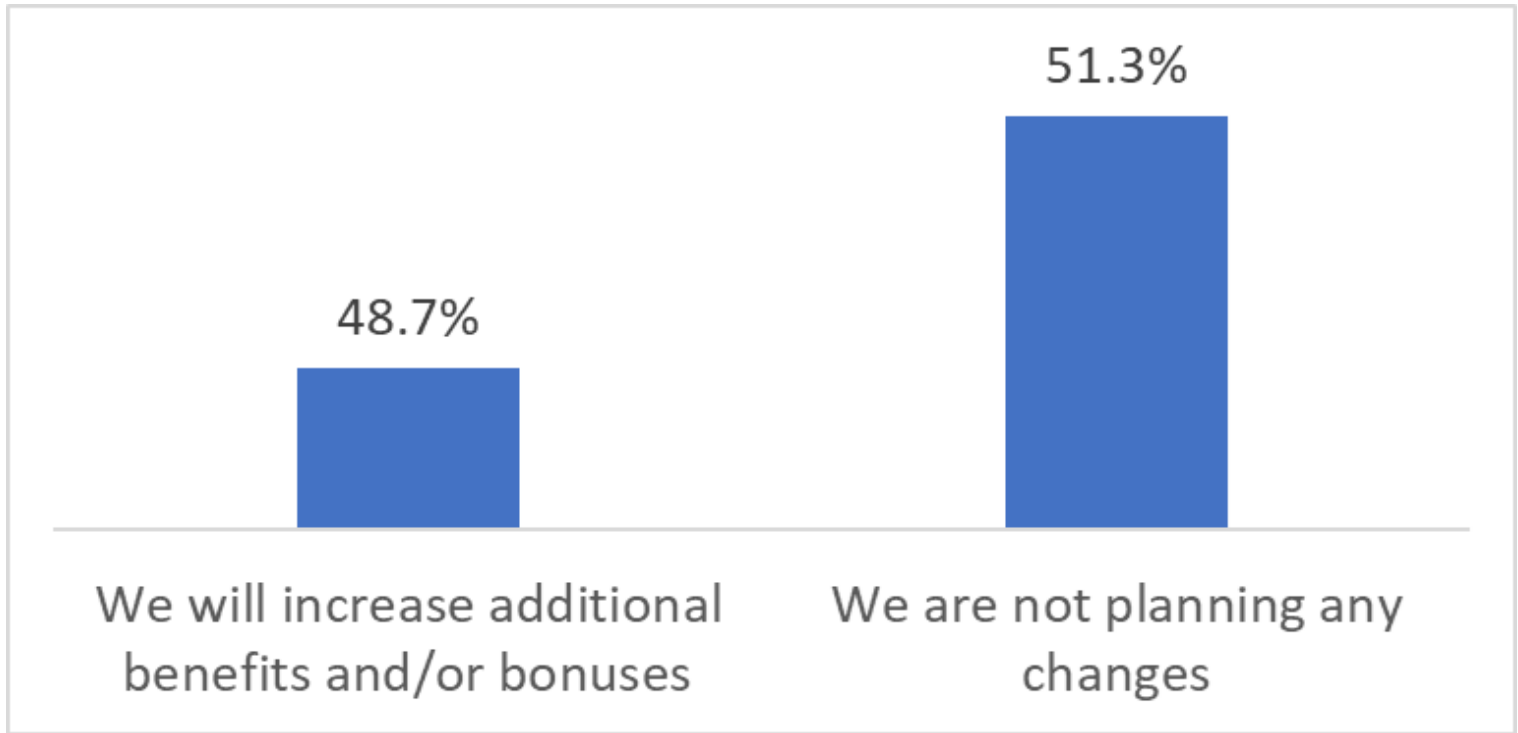


What changes are you planning in the basic monthly remuneration of employees in your company at the beginning of 2023?



Planned changes in remuneration levels for the first half of 2023

What changes are you planning in terms of benefits and financial incentives for employees in your company for the first half of 2023?



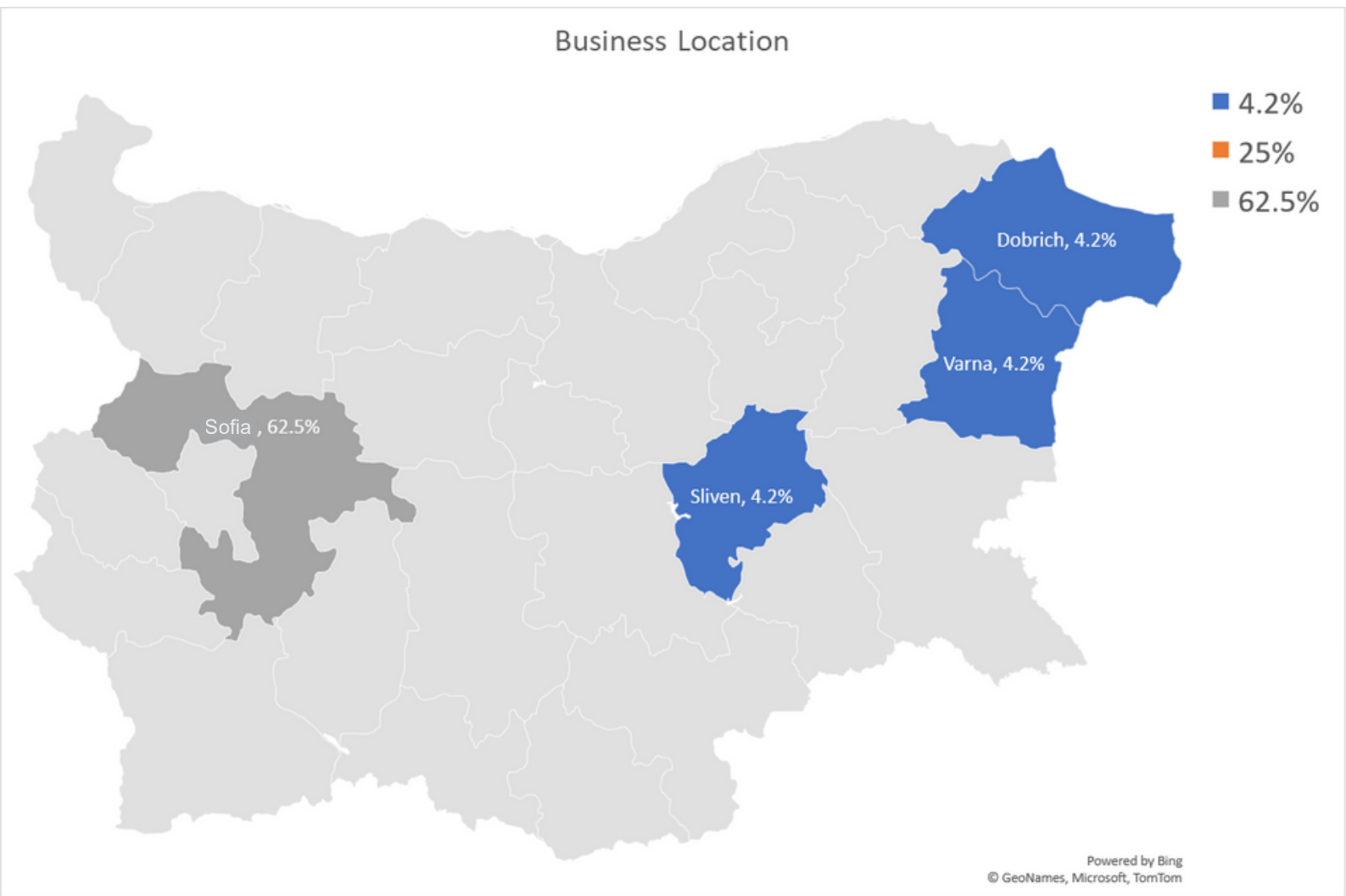
Data from the current survey reveals an increase of nearly 13% in respondents from the sector who plan to increase wages for workers by up to 10%. In the second half of 2022, 38.2% of Manufacturing sector businesses indicate an increase of up to 10%, with current respondents at 50% planning the same in early 2023.

The trend of increasing remuneration to attract and retain staff stipulates in early 2023 for the sector with an observation that, unlike 2022, the priority for planned changes in additional incentives and benefits for early 2023 is reduced. (an increase in benefits 2022 - 53.9% vs 2023 48.7%)

BUSINESS SECTORS WITH THE HIGHEST ACTIVITY IN THE SURVEY - ANALYSIS

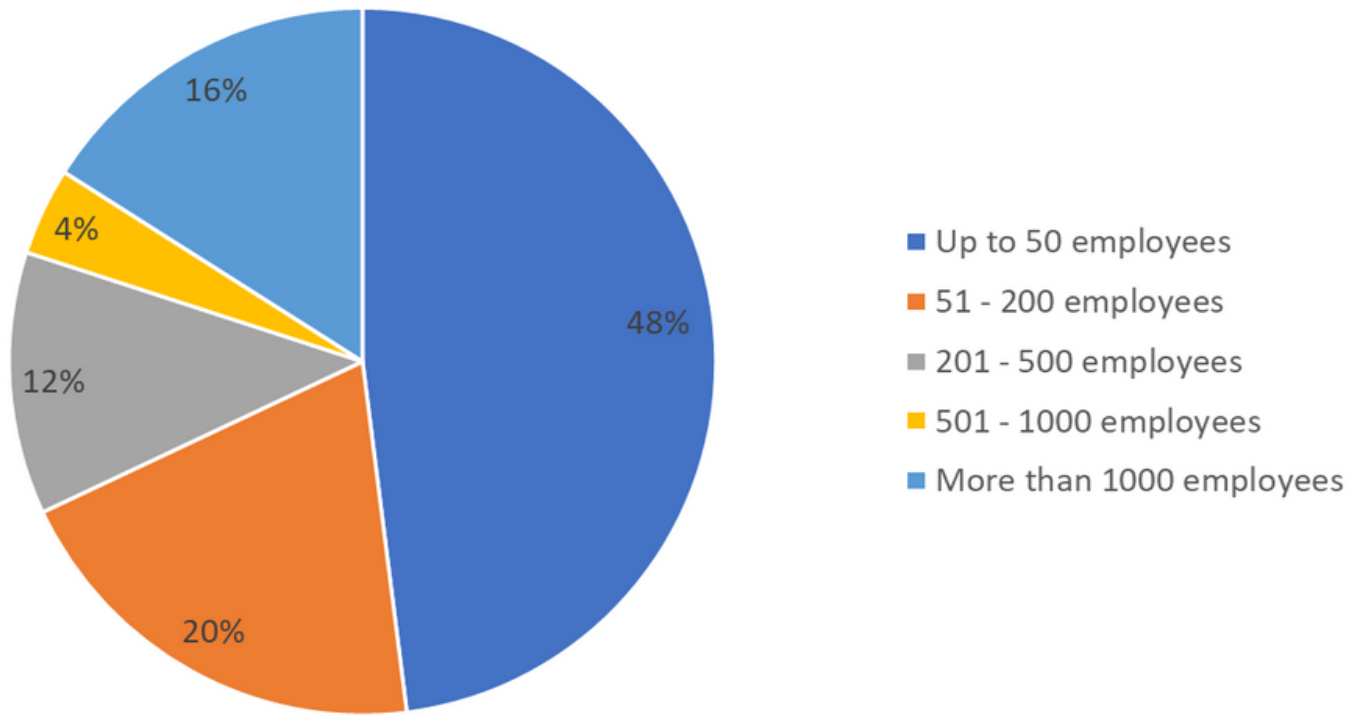
RETAIL AND FMCG

Respondents' profiles

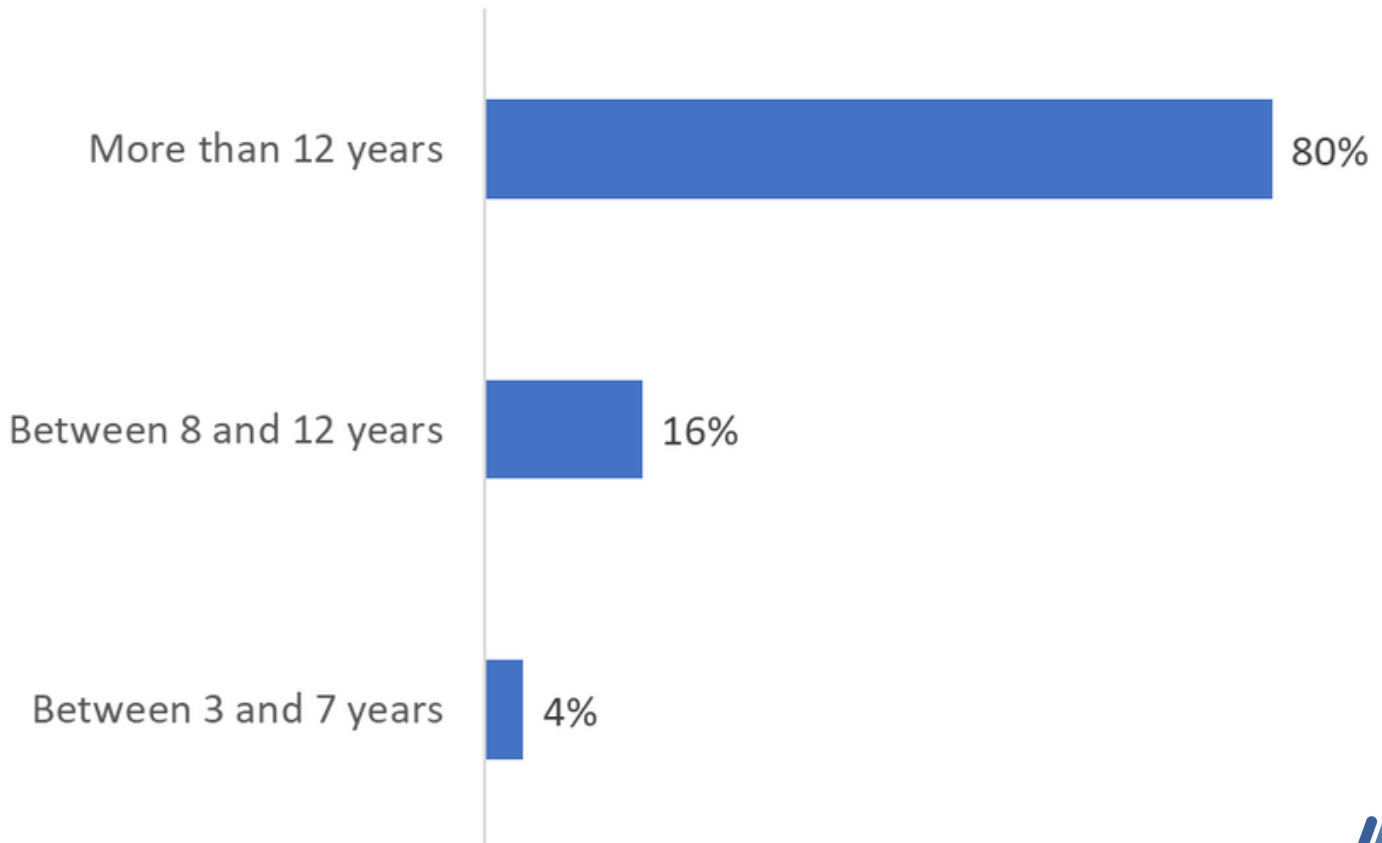


Respondents' profiles

Business size

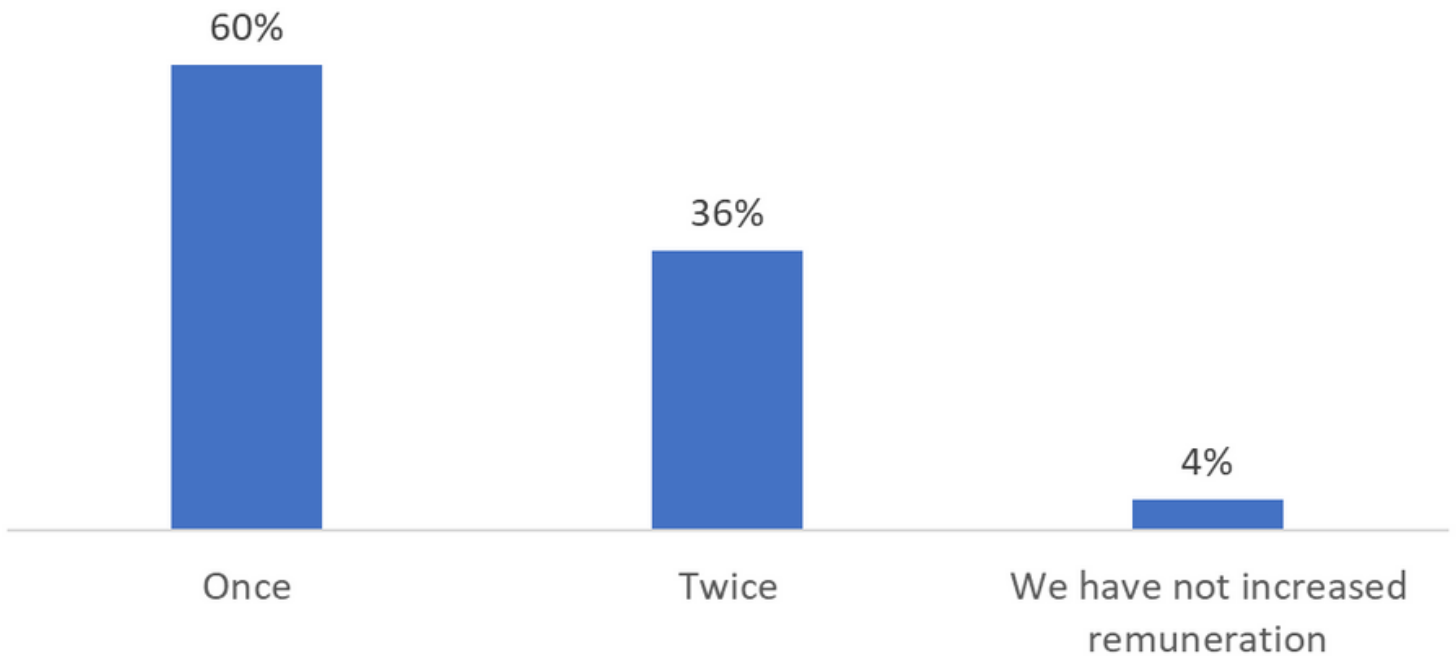


Years of activity on the market

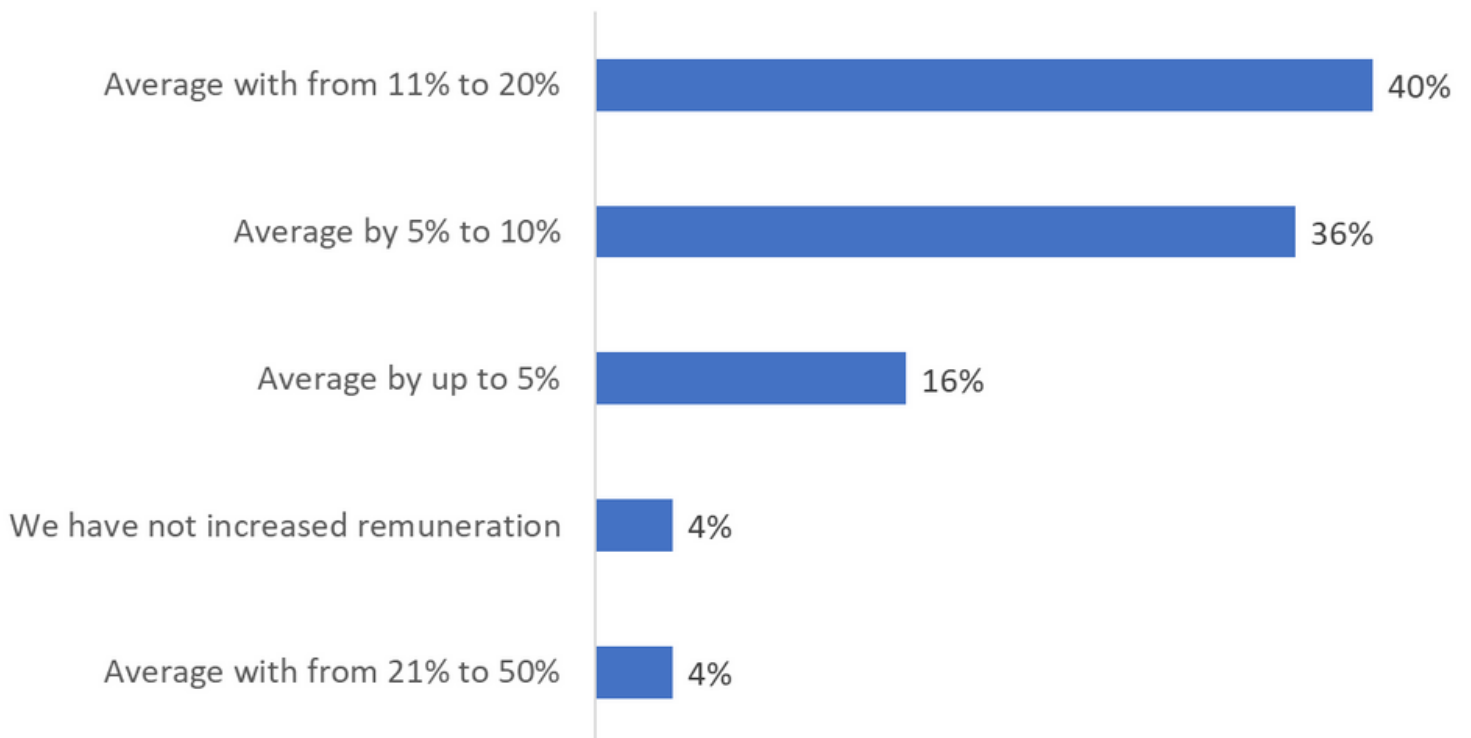


Occurred changes in 2022

How many times did you increase the remuneration of employees in your company in 2022?

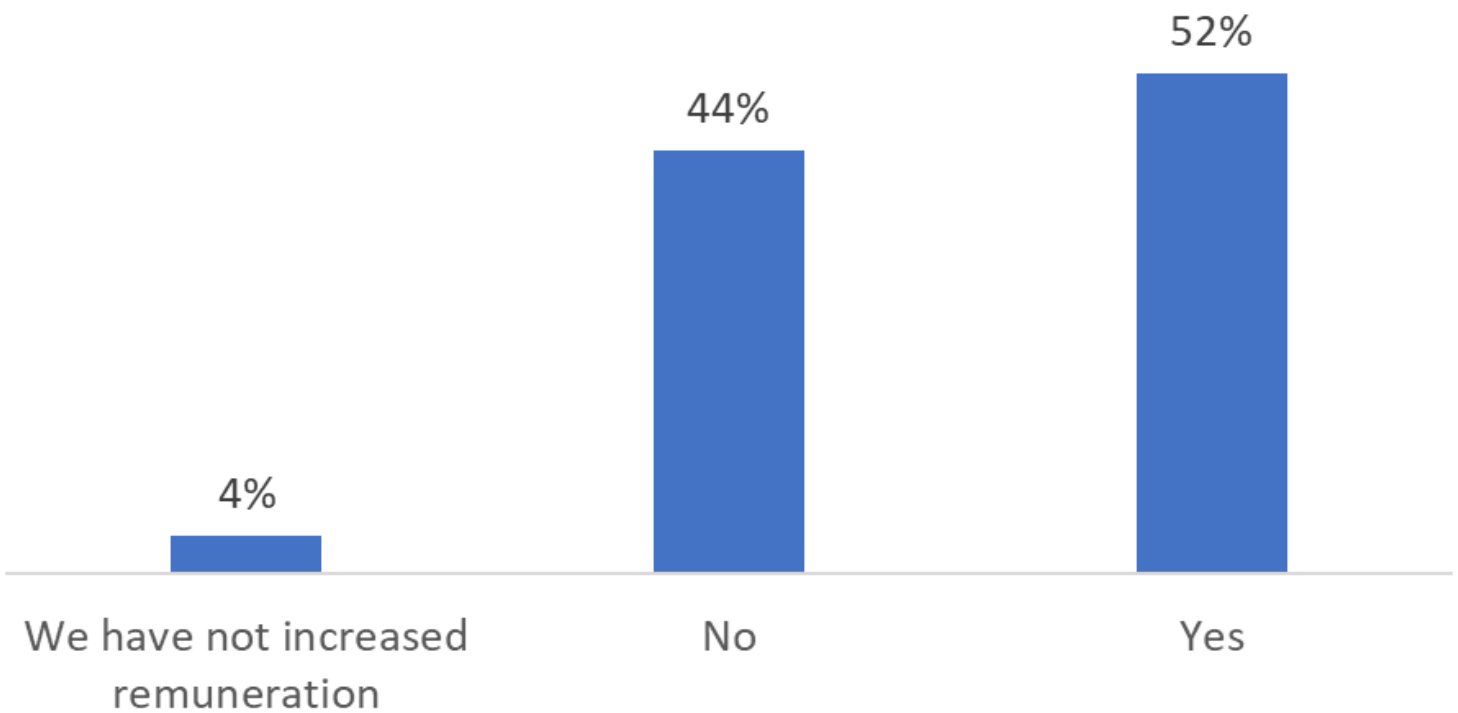


On average, by what percentage did you increase your fixed monthly fees in 2022?



Occurred changes in 2022

Have you factored in high inflation in 2022?



The Retail and FMCG sector shared the following inflation rate they have considered for 2022, with 12 out of 25 in the sector:

- 1 company (8.3% of 12) said that the inflation rate taken into account was between 1 and 5% for the year
- 3 companies (25%) indicate a range between 6 and 10%
- 7 companies (58.3%) indicate levels between 11 and 20% for 2022
- 1 company (8.3%) indicates a factored inflation rate above 21%

Occurred changes in 2022

Indicate the main reasons for turnover in your company in 2022:



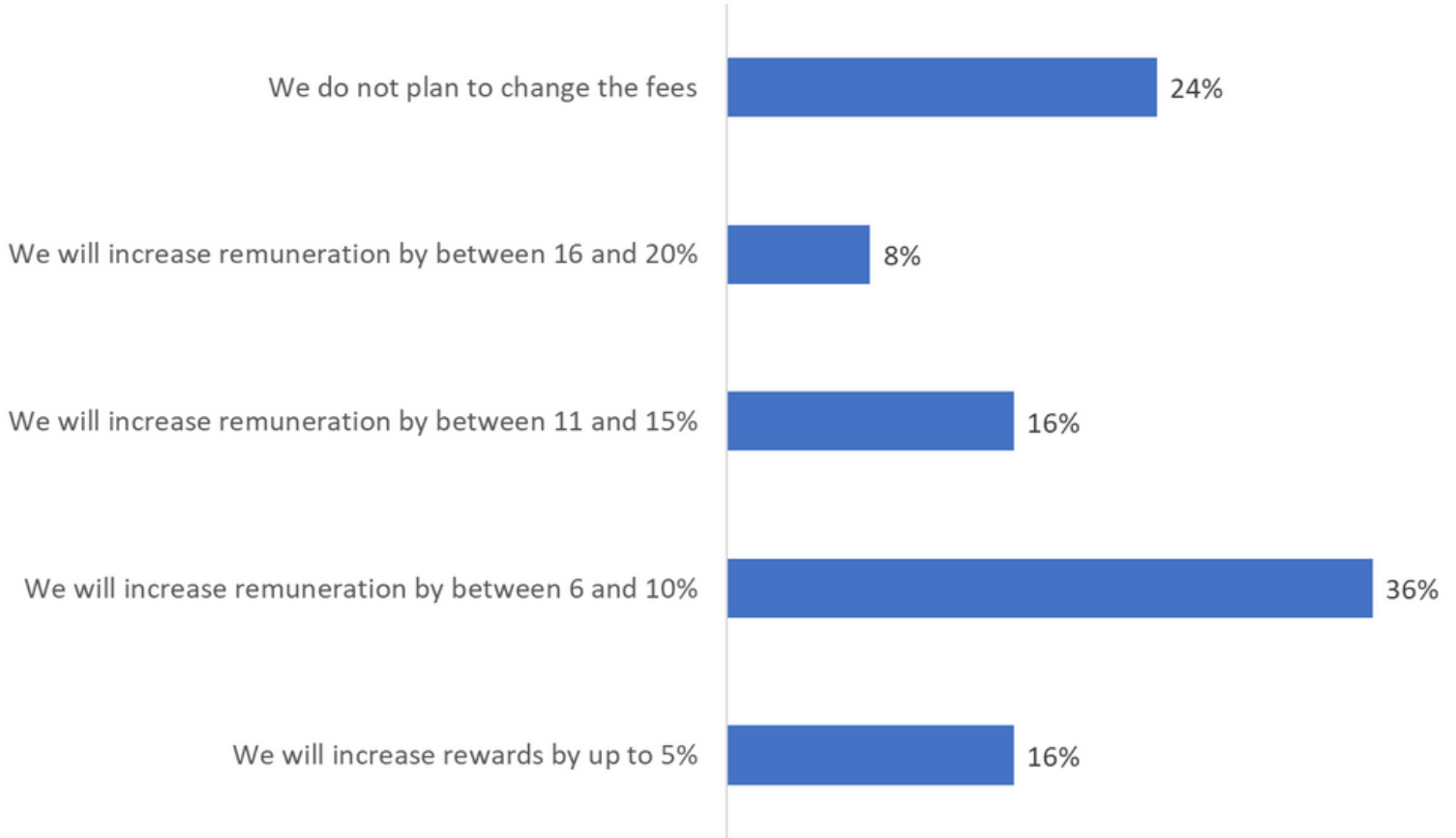
The optional question "What percentage of turnover did you report in 2022?" collected 23 responses in the Trade and FMCG sector, namely:

- 11 companies (47.8% of 23) said turnover was between 0 and 5% for the full year
- 5 companies (21.7%) indicate a range between 6 and 10%
- 2 companies (8.7%) report between 11 and 20% for 2022
- 3 companies (13%) indicate a turnover rate of 21 to 50%
- 2 companies (8.7%) indicate turnover between 50 and 100% for the past year

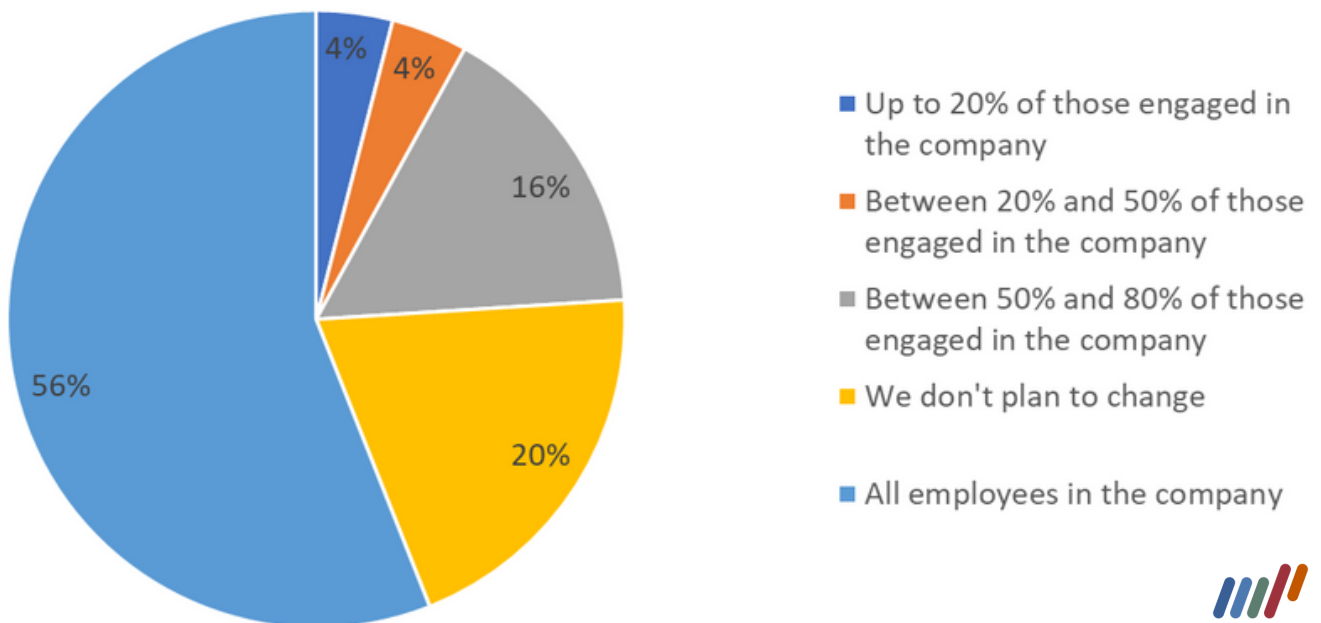
The Retail and FMCG sector at 32% for 2022 indicates that there are no plans for a salary increase for the second half of that year, but measuring current responses against the enacted changes, these have occurred for 96% of all respondents in the sector. 52% of all of these have taken inflation into account as a factor, which is also a likely reason for implementing previously unplanned changes.

Planned changes for the first half of 2023

What changes are you planning in the basic monthly remuneration of employees in your company at the beginning of 2023?

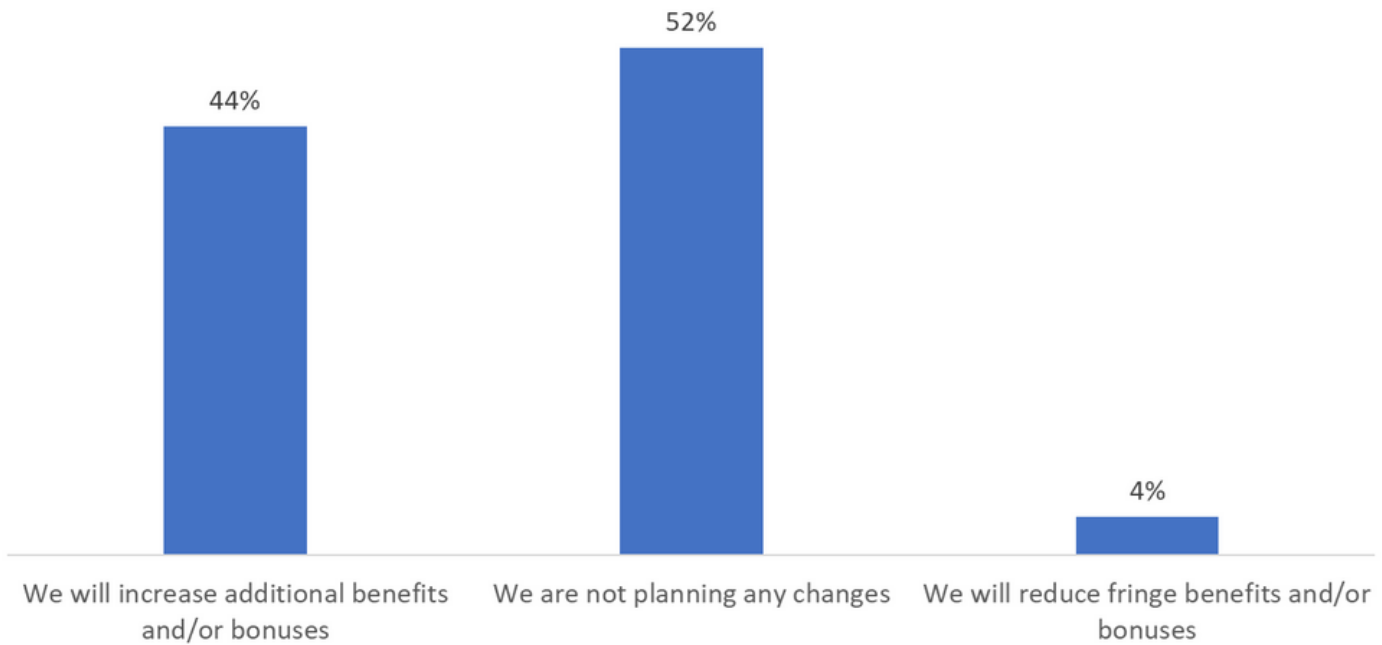


What changes are you planning in terms of additional benefits and financial incentives for employees in your company for the first half of 2023?

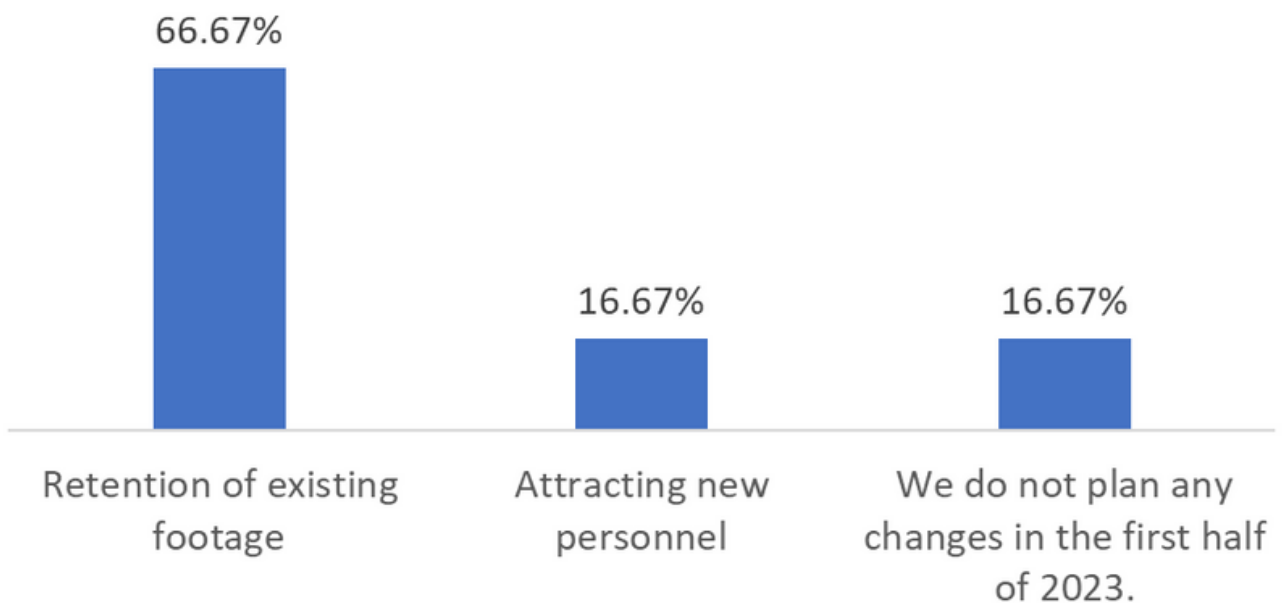


Planned changes for the first half of 2023

What changes are you planning in terms of additional benefits and financial incentives for employees in your company for the first half of 2023?



What is the main goal of the changes you will undertake in the first half of 2023?



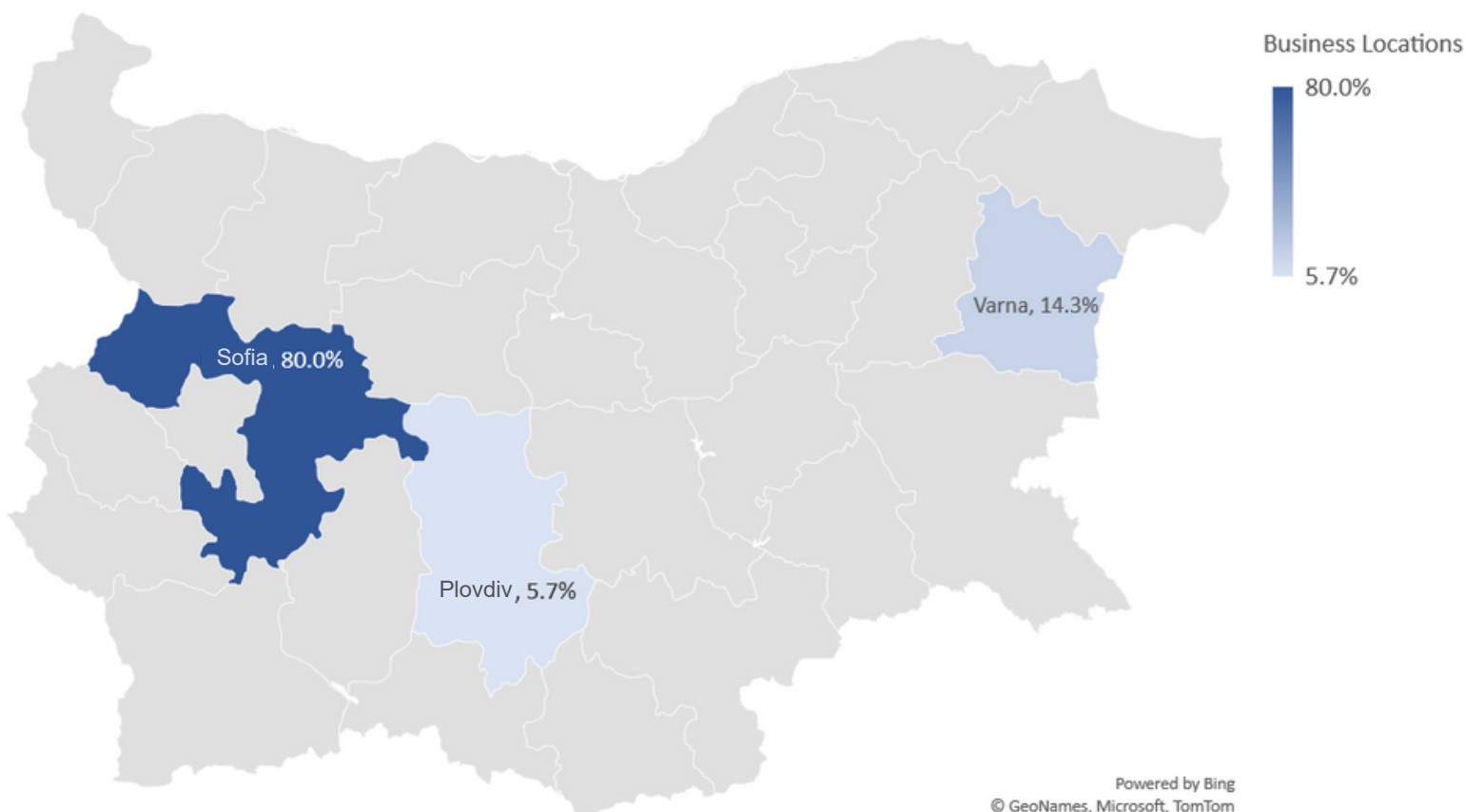
There are single responses (4%) with an objective for reduction in terms of benefits and incentives, which we do not find as a response for any company in 2022.

BUSINESS SECTORS WITH THE HIGHEST ACTIVITY IN THE SURVEY - ANALYSIS

Information Technologies

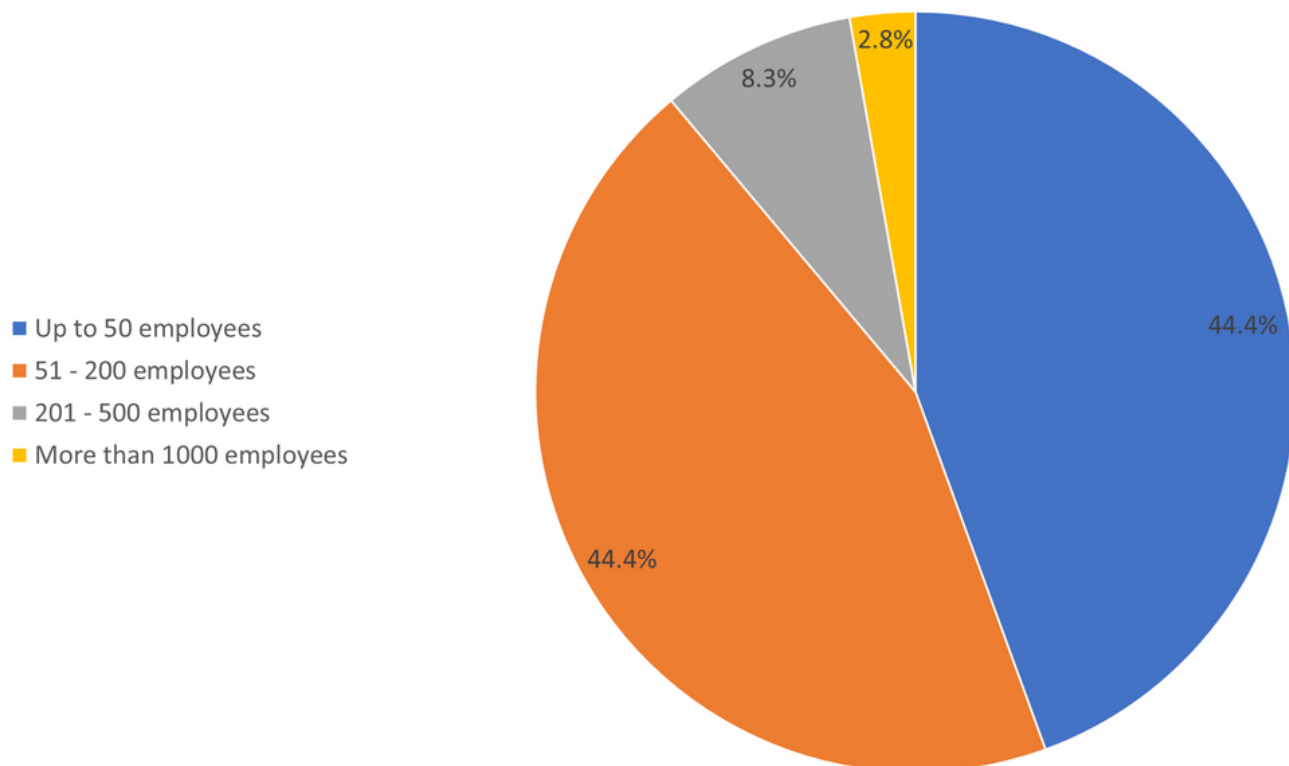
Respondents' profiles

Business Locations

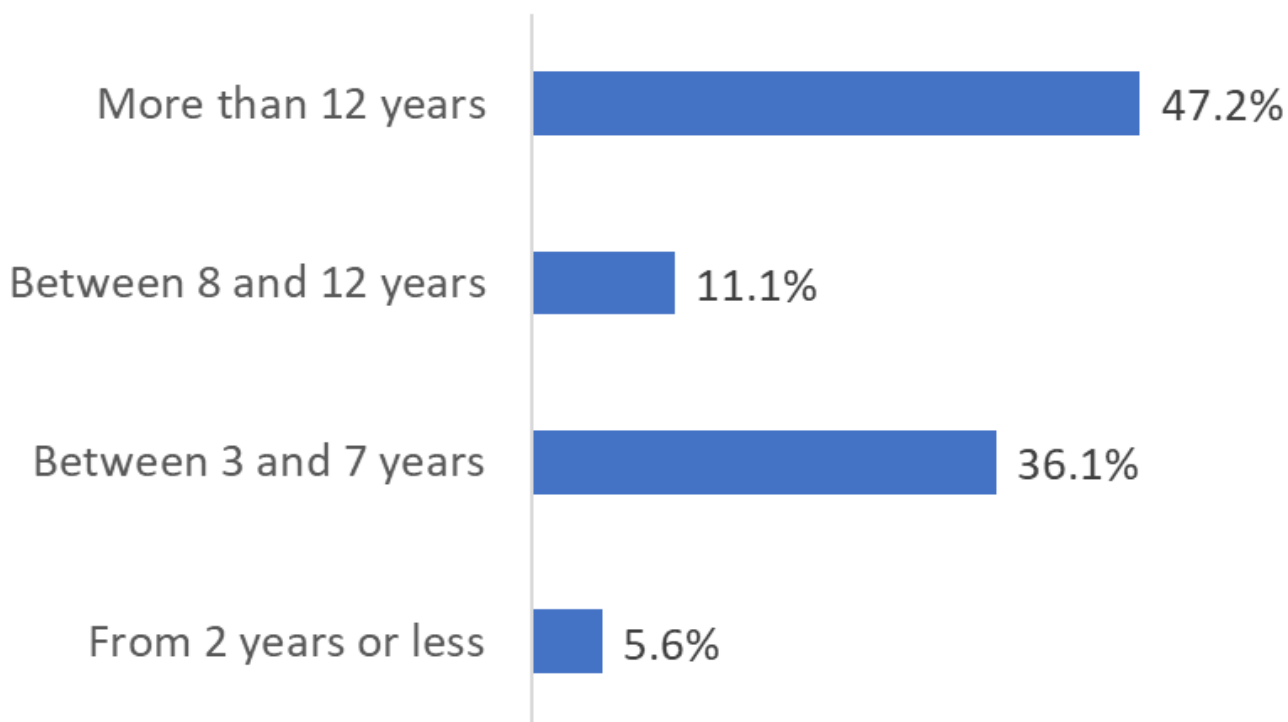


Respondents' profiles

Business size

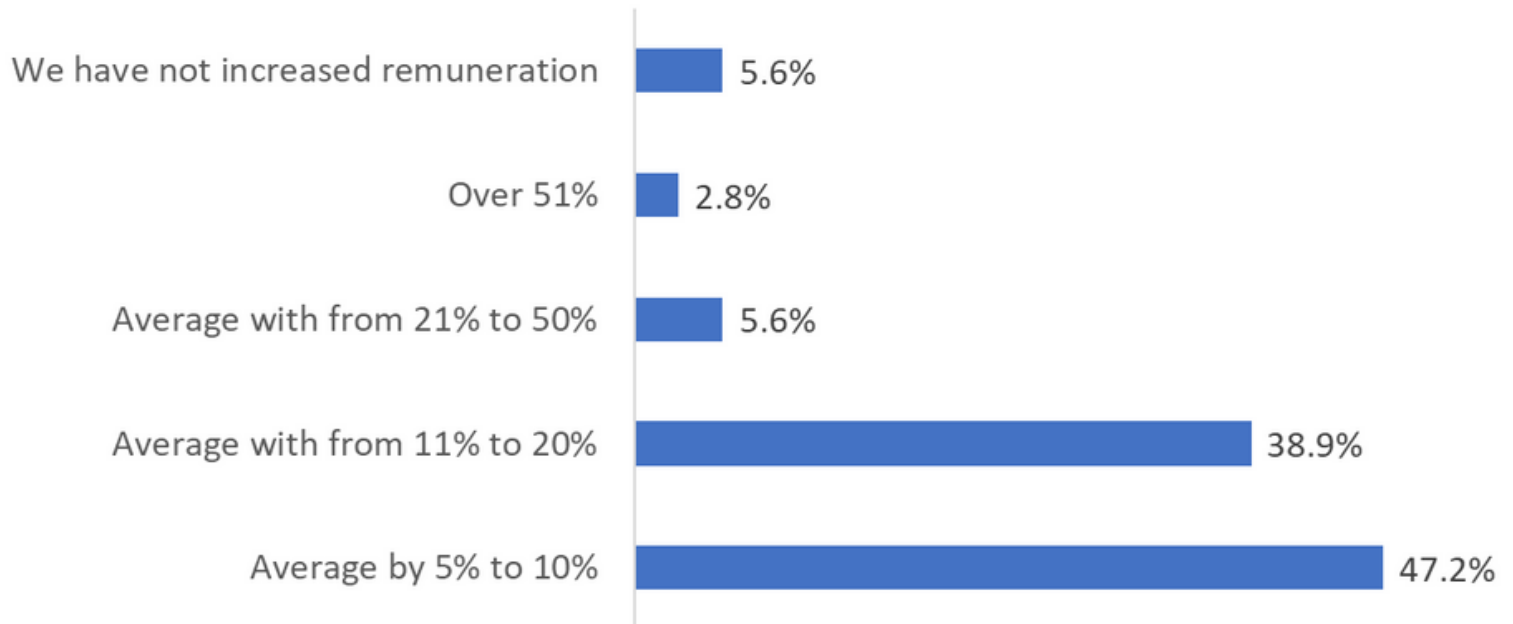


Years of activity on the market

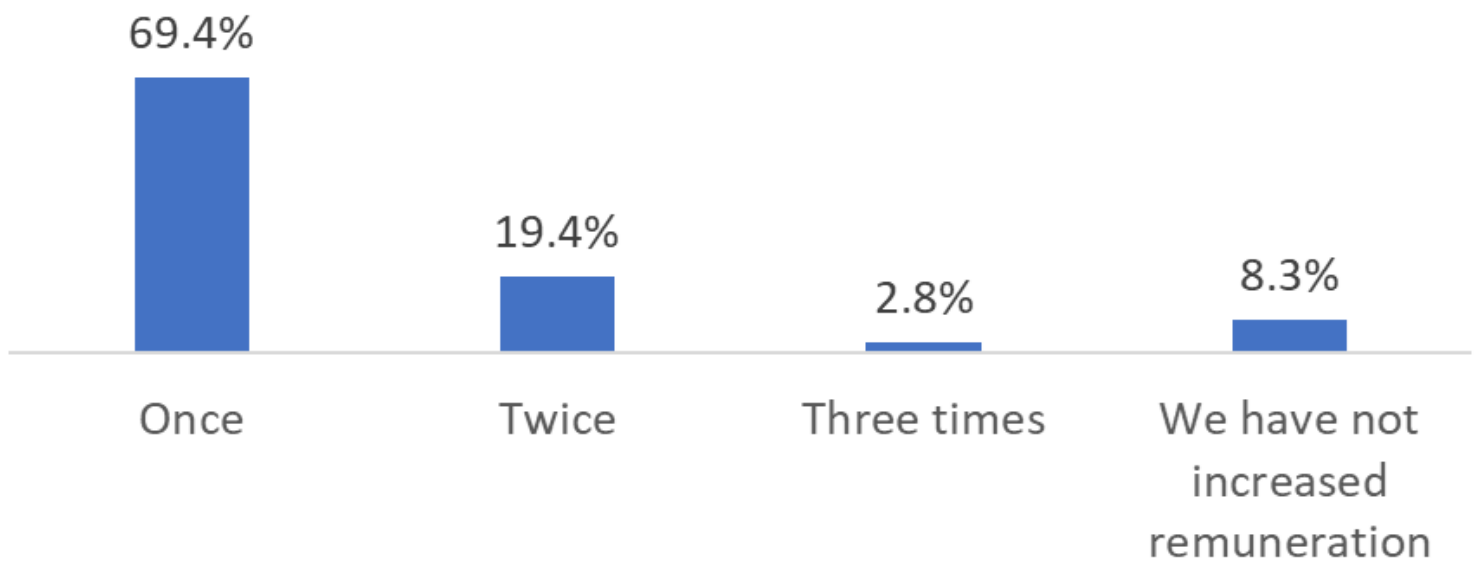


Occurred changes in 2022

On average, by what percentage did you increase your fixed monthly fees in 2022?

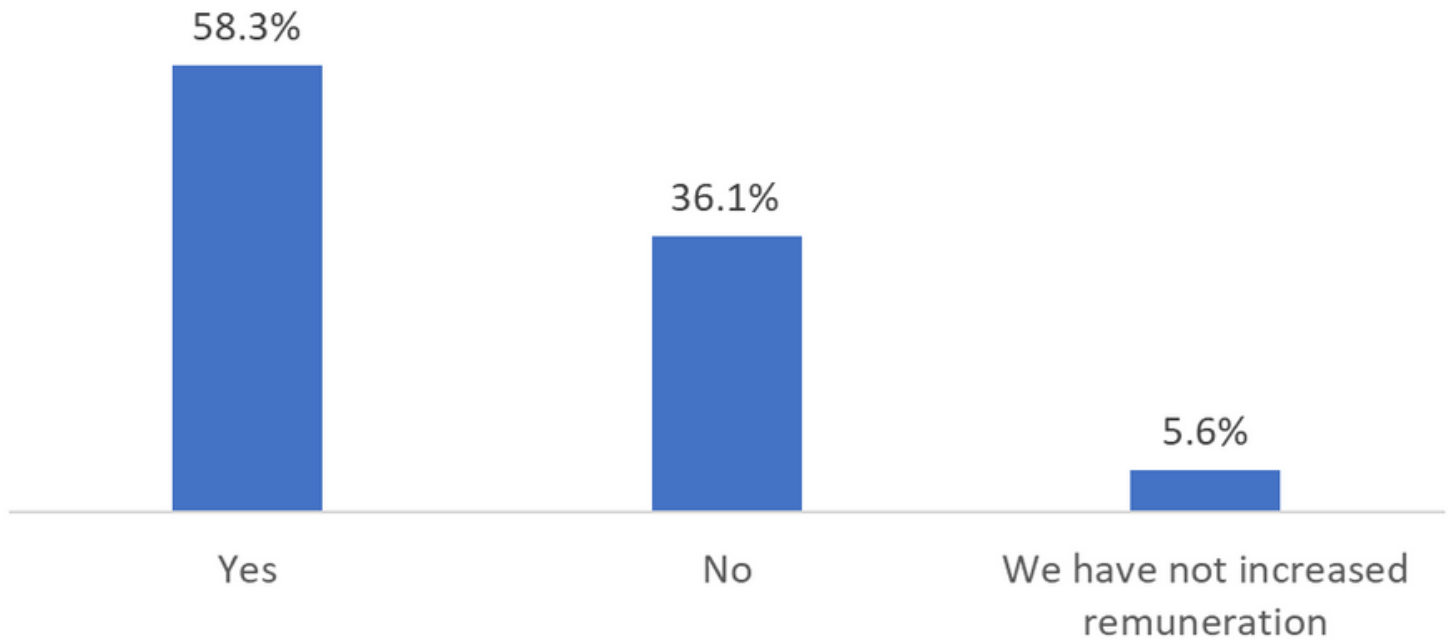


How many times did you increase the remuneration of employees in your company in 2022?



Occurred changes in 2022

Have you factored in high inflation in 2022?

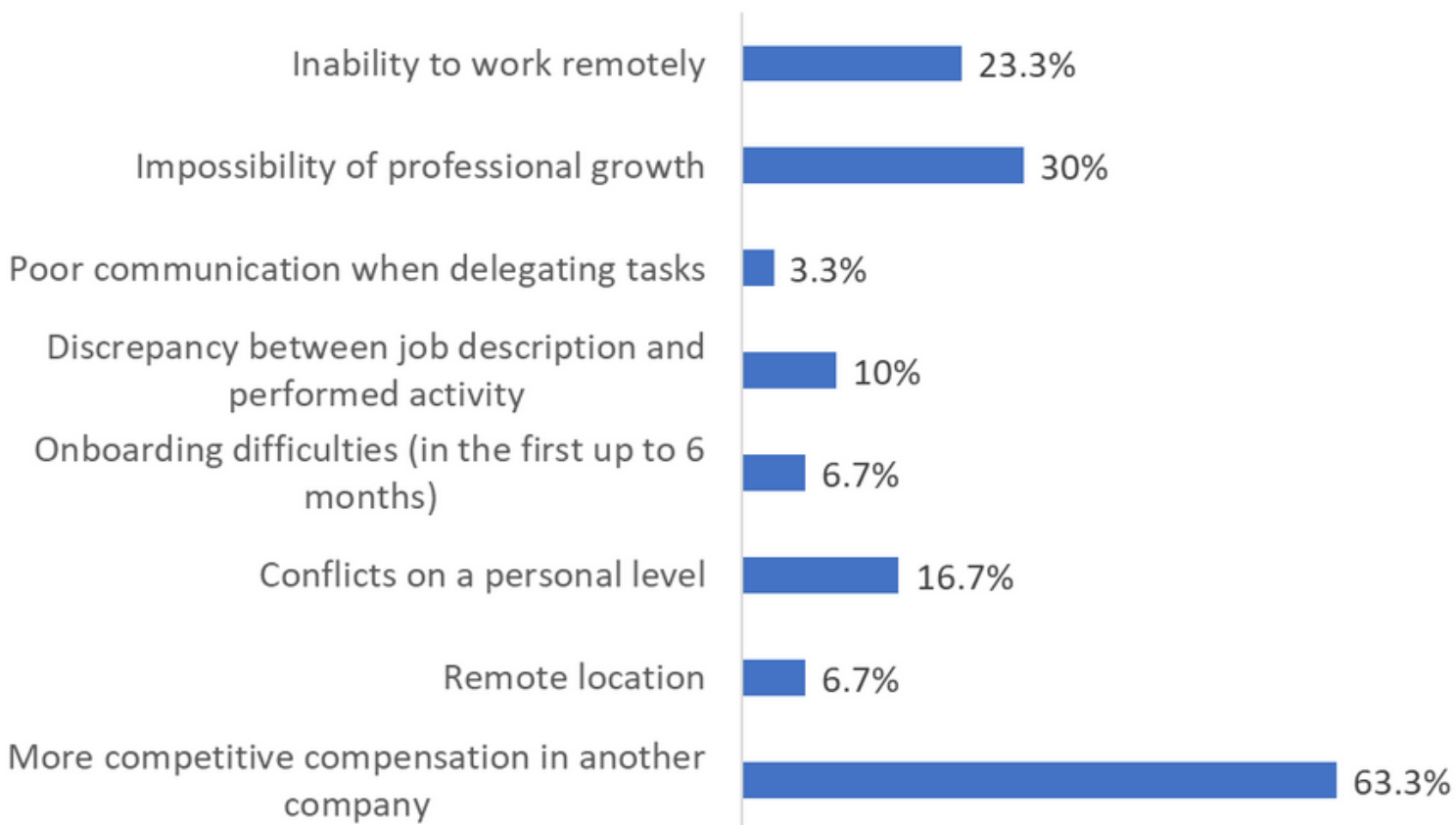


The optional question on how much inflation has affected decisions in 2022 collected 21 responses from the Information Technology sector, and the results are as follows:

- 3 companies (14.3% of the 21 responses) said they considered between 1 and 5% for the full year
- 6 companies (28.6%) indicated that the inflation rate they had considered was between 6 and 10%
- 9 companies (42.9%) indicated between 11 and 20% for 2022
- 1 company (4.8%) indicated between 21 and 50%
- 2 companies (9.5%) indicate more than 50% have been taken into account

Occurred changes in 2022

Indicate the main reasons for turnover in your company in 2022:

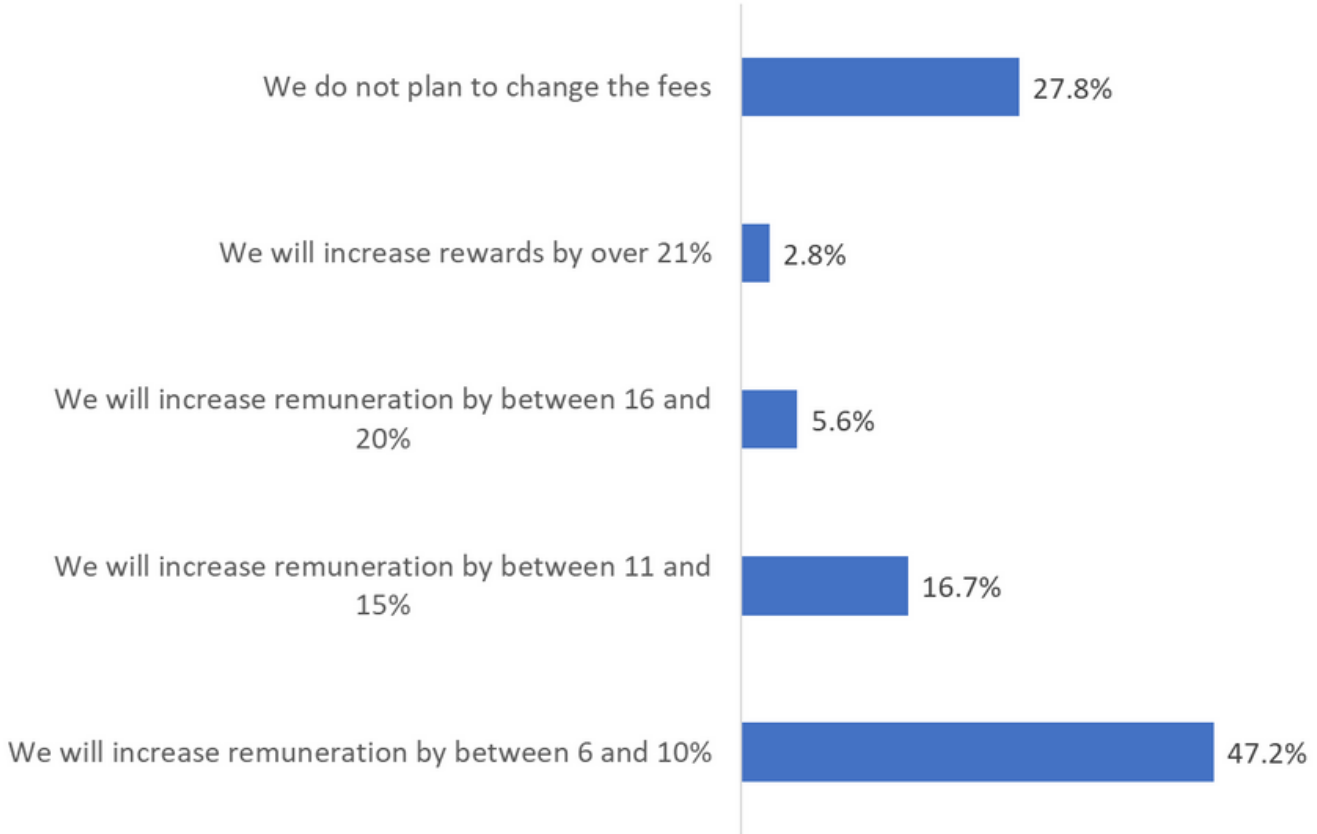


The optional question on what percentage is the reported total turnover for 2022 collected 30 respondents from the Information Technology sector, and the results are as follows:

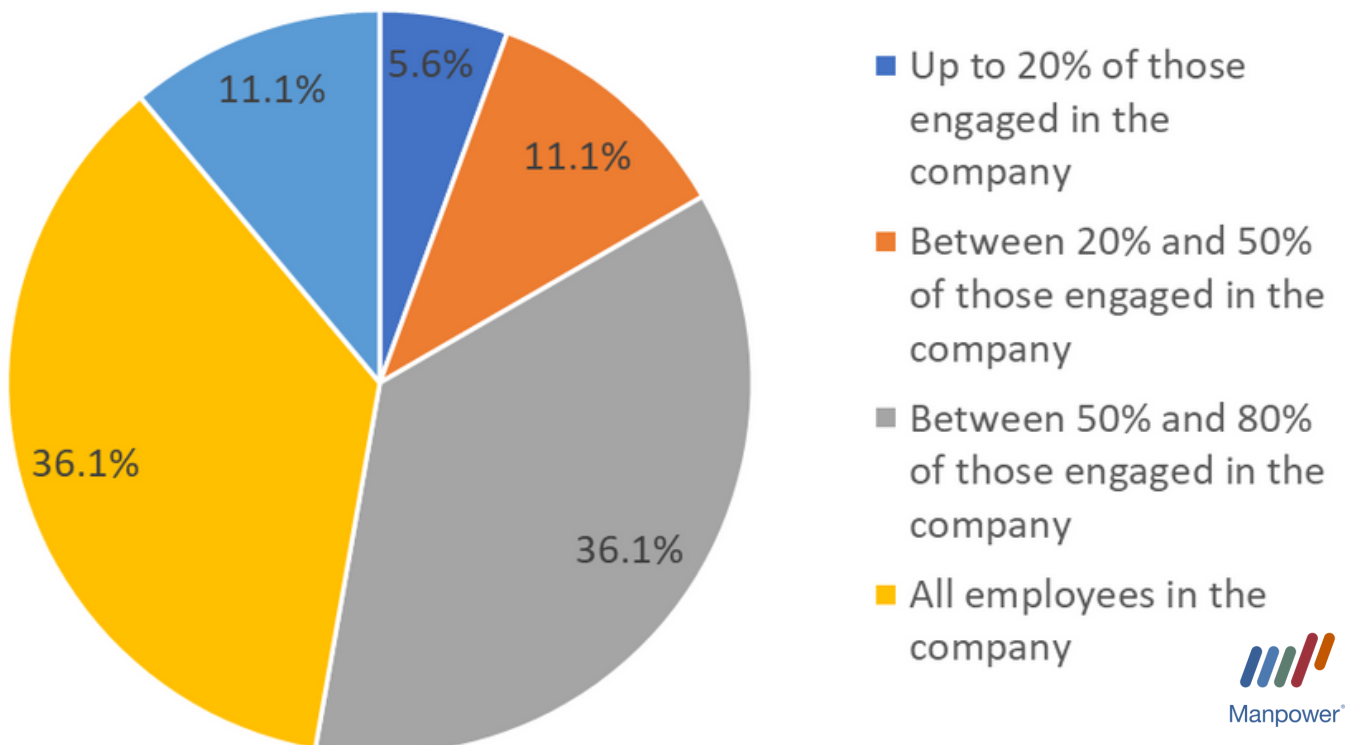
- 9 companies (30% of 77) say turnover is between 0 and 5% for the full year of 2022
- 8 companies (26.7%) indicate a range between 6 and 10%
- 12 companies (40%) indicate between 11 and 20% for 2022
- 1 company (3.3%) reports turnover between 21 and 50%

Planned changes for the first half of 2023

What changes are you planning in the basic monthly remuneration of employees in your company at the beginning of 2023?

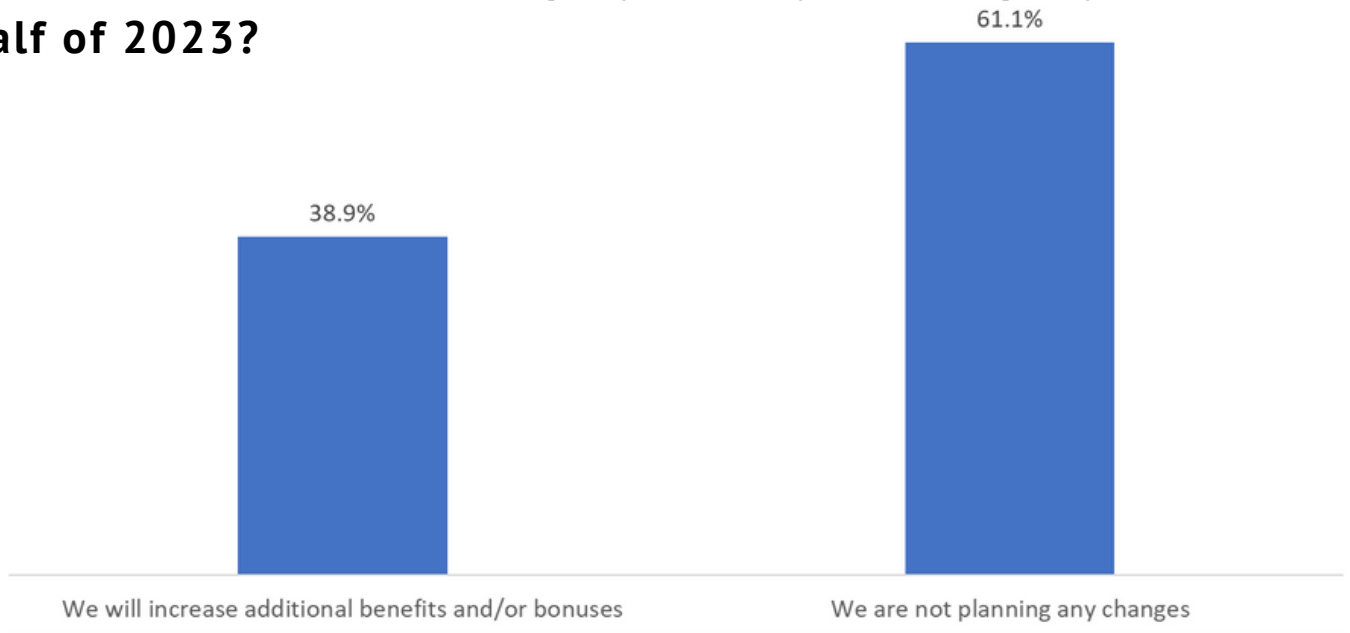


What percentage of your company's employees will be affected by the pay change?

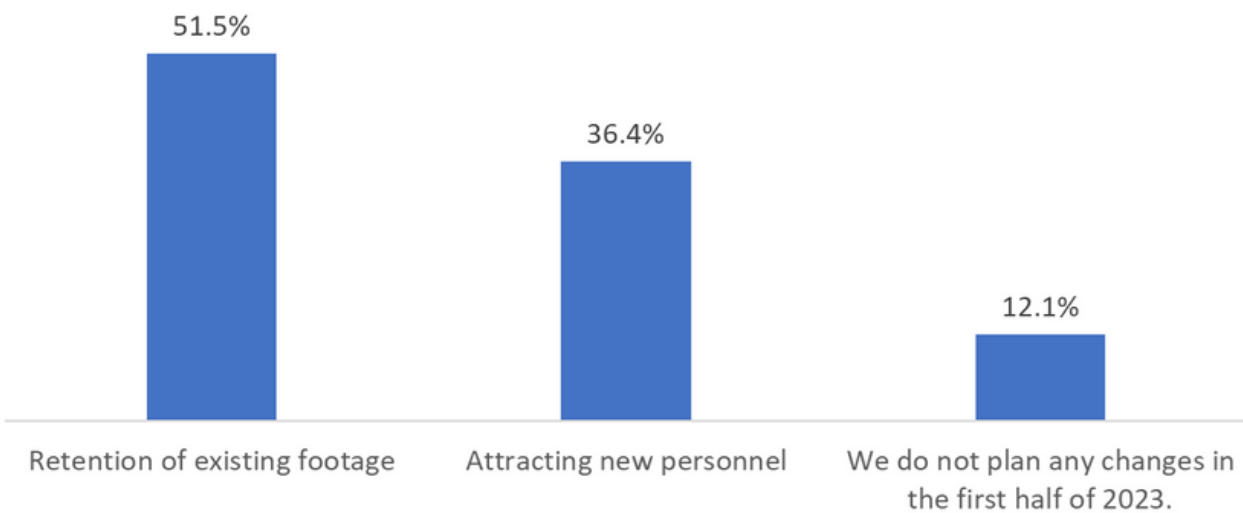


Planned changes for the first half of 2023

What changes are you planning in terms of benefits and financial incentives for the employees in your company for the first half of 2023?



What is the main goal of the changes you will undertake in the first half of 2023?



Regardless of the uncertain changes in the West, currently the IT sector remains protected in terms of cuts and re-budgeting for the first half of 2023. Increases of up to 10-15% are again planned for those working in the sector nationally, with the majority of respondents (36.4%) aiming to attract new staff by doing so. The same question in 2022 shows that only 20% of respondents plan to attract new talent and the difference is seen in the retention target. In 2022, 70% of companies have a primary goal of retaining current staff, but with the dynamics of the job market and the huge hunger for IT professionals, data now reveals only 51% have the same goal.

Key conclusions

This survey is a general market survey and, unlike ManpowerGroup SEE's targeted surveys, does not collect specific salary levels. The survey is intended to show broad market trends and the data is indicative.

- We expect that in the first half of 2023, businesses that have failed to match 2023 wage increases against record high inflation will increase their wages again.
- There is some persistence in the main objective of companies with planned changes in both 2023 and 2022 - retaining existing staff.

- For the time being, no cuts are expected in the IT sector in Bulgaria and salaries for large organisations will rise again.
- Dealing with talent shortages and staff availability indicates that remuneration rises are only the first step towards a sustainable business strategy.
- Only 6% of all 209 respondents have managed to take inflation rates above 21% for 2022. Unofficial sources reveals that inflation has reached over 35% for the market for 2022.



Manpower®

Adding Assert to our portfolio we aim to support the companies in making the business wise and people wise decisions and individuals in their personal career management by providing unique insights generated through application of internationally recognized and standardized methods.

Assert Business Intelligence - The aim is to provide every client with successful benchmarking, both regarding working conditions and human potential, in the labour market.

Assert Assessment - A wide range of quality solutions that provide information concerning abilities, skills, personality characteristics, motivation, preferences, emotional intelligence, and all other aspects which are important within the work environment.

Assert People Development - The approach is based on the precise identification of development needs, the application of the most efficient methods and techniques based on quality and innovative adapted development solutions.

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