

SALARY AND ADDITIONAL BENEFITS - TREND RESEARCH

ManpowerGroup Bulgaria – H1/2022 data



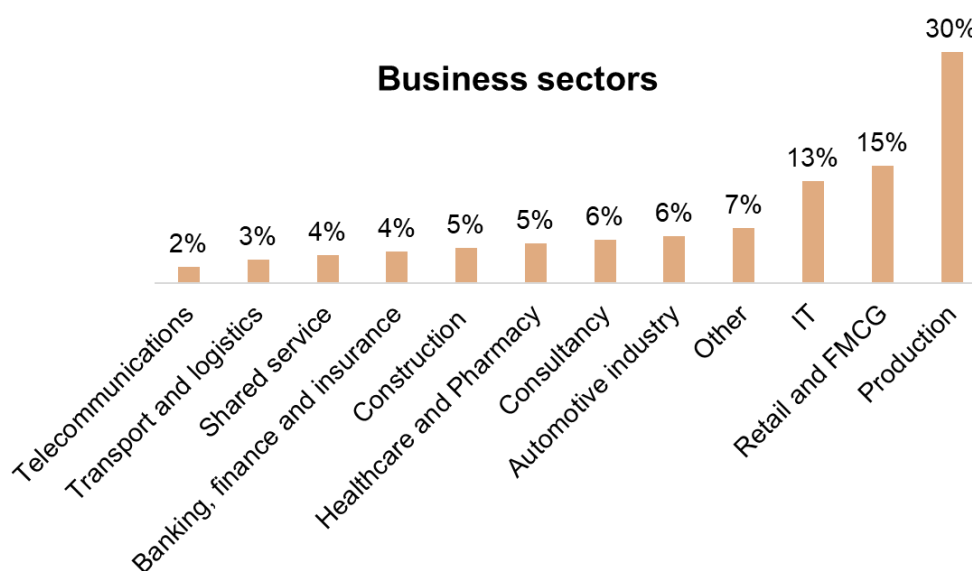
SATR H1/2022

STUDY OBJECTIVE

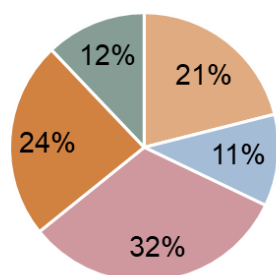
The purpose of this study is to identify attitudes towards changes in salaries and additional benefits in different business sectors throughout the country in the first half of 2022. The study collected responses from 196 companies from 19 business sectors.

The survey is a regular project of ManpowerGroup Bulgaria and is conducted every six months. This year it is also part of ManpowerGroup SEE's larger market analysis - the same research will be published for Serbia, Croatia, Slovenia and Bosnia and Herzegovina by the end of January 2022.

196 companies 19 business sectors



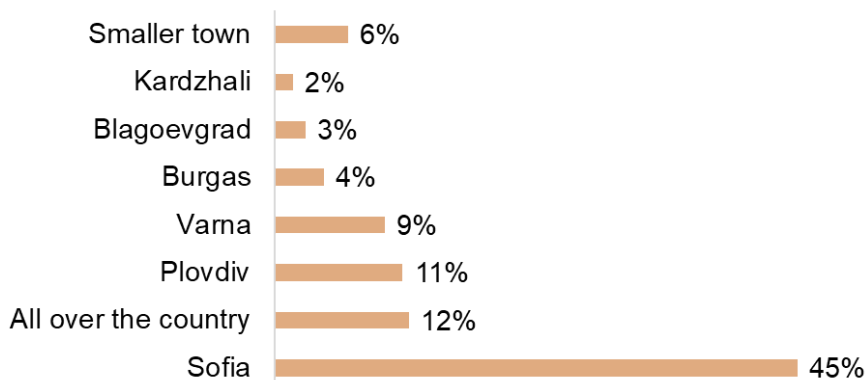
Company size



- 201 - 500 employees
- 501 - 1000 employees
- 51 - 200 employees
- Up to 50 employees
- More than 1000 employees

Nearly 50% of the surveyed companies have their offices mainly in Sofia and all companies indicated that they have at least one more office, warehouse or other representation in another city or smaller town.

Company location



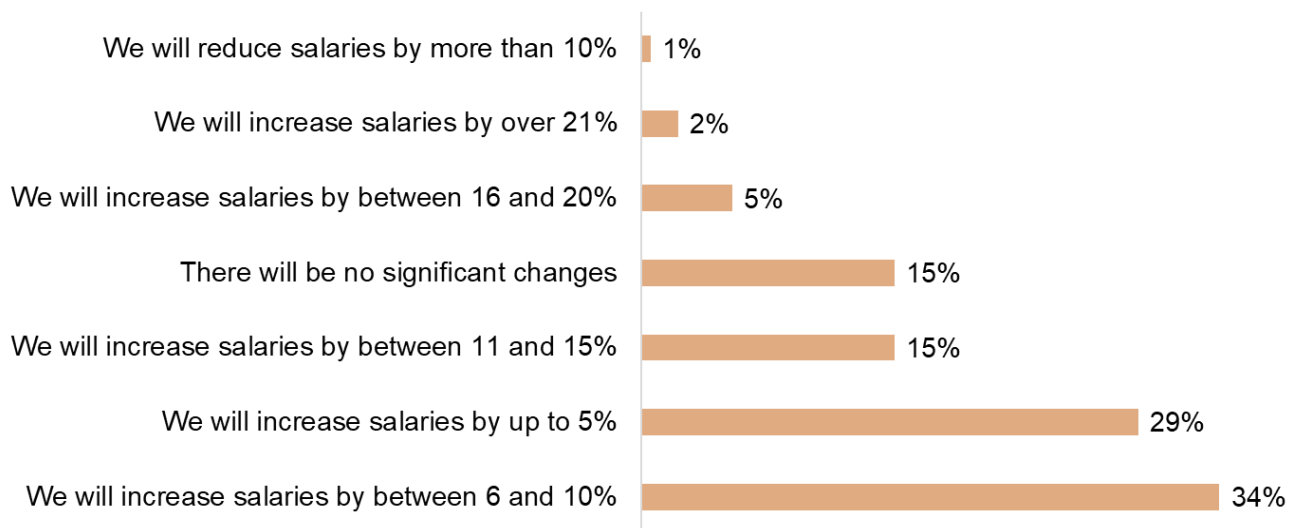
SALARY PROJECTIONS

In 2021, the forecast for an increase in salaries in almost all sectors was confirmed. Employers have also reinforced the need to change the established working order, which has also imposed a trend of voluntary turnover.

ManpowerGroup Bulgaria's "Employee Turnover Rate in 2021" survey identified that higher pay offered in another company or even business sphere is the main reason for employees leaving.

WILL REMUNERATION INCREASE AT A RAPID PACE BECAUSE OF THIS TREND?

Planned remuneration changes

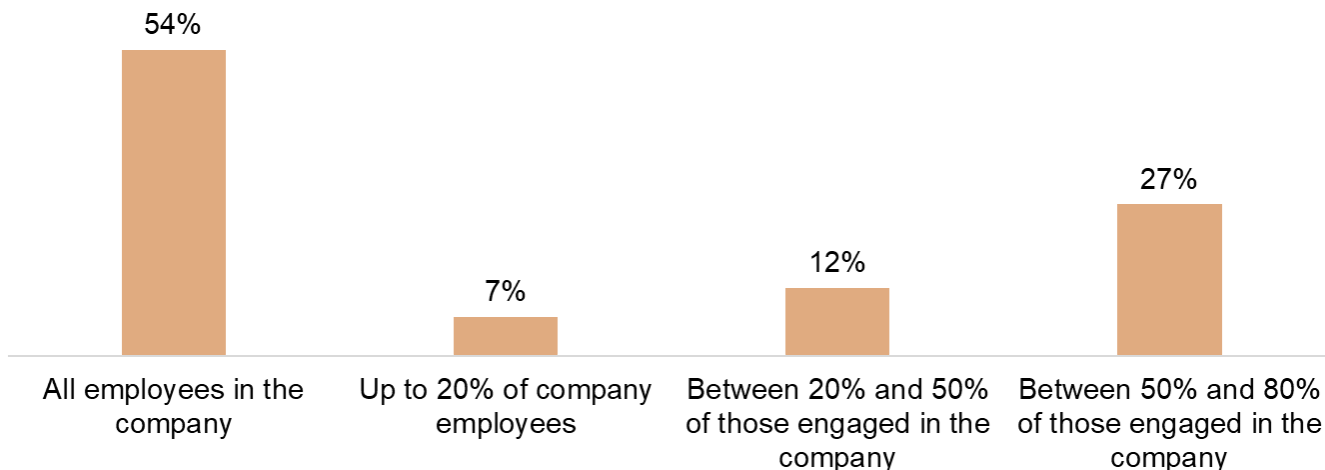


Unlike the second half of 2021, this year we have also received single responses to imposing pay cuts. However, the upward trend remains, with 34% of the surveyed companies planning salary increases of up to 10% and 30% of the rest planning increases of up to 5%.



Nearly 60% of the companies that took part in the survey plan for the changes to affect all of their employees, and only 7% plan for no more than 20% of their employees to be affected. The trend evidently shows that almost all employees will be massively affected by positive pay changes in the first half of 2022.

How many of your employees will be affected by the pay change?

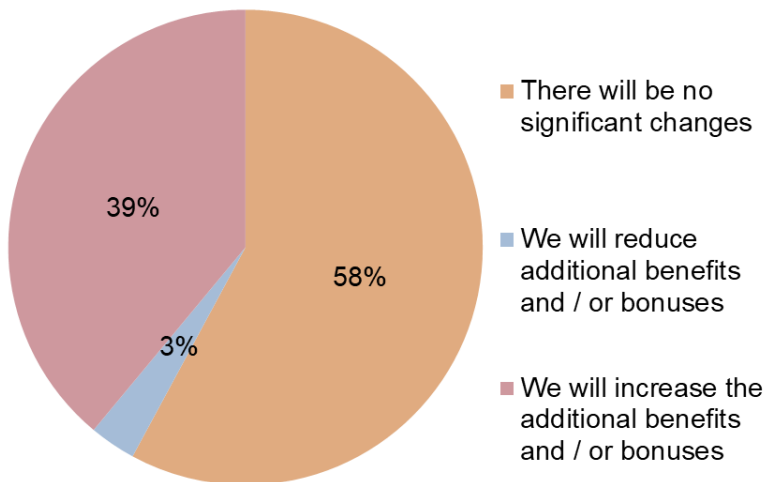


ADDITIONAL BENEFITS PROJECTIONS

According to the responses in the survey, forecast for planned changes in the additional benefits shows that nearly 40% of the employers plan or have already started to increase them.

Only 3% intend to reduce existing incentives offered in addition to basic salary. More than half of the organizations (58%) do not plan any significant changes.

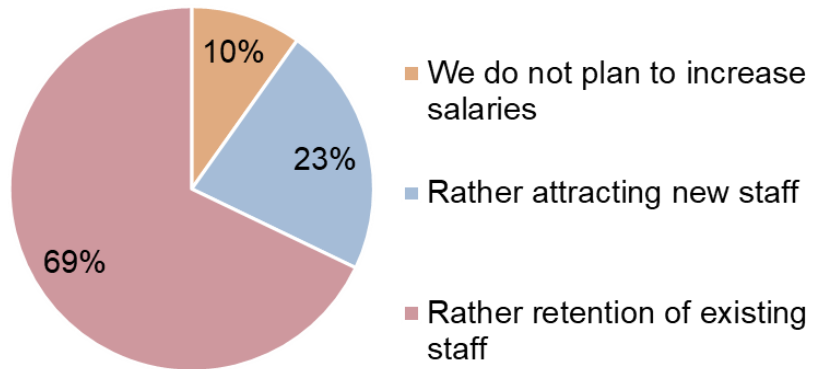
Planned changes in additional benefits



INDUSTRY SECTOR PROJECTIONS

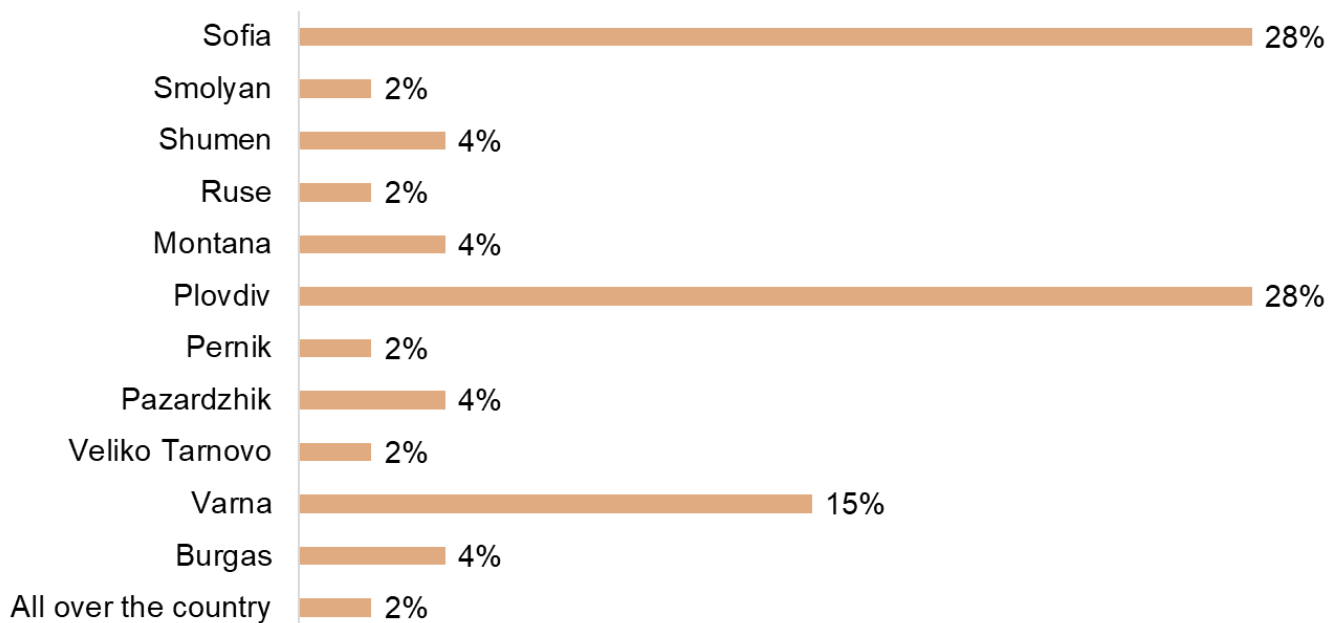
Data from the ManpowerGroup Bulgaria staff turnover survey in November 2021 shows that the labor market is experiencing a "hunger" for staff in the "Manufacturing", "Automotive" and "Trade" sectors - these are the sectors with the highest voluntary turnover at the end of last year. In this regard, 69% of companies that plan to increase wages, benefits and bonuses will take this step, driven mostly by the goal of retaining **their current employees**. Around 23% will take a step towards positive review of remuneration and additional packages to attract new recruits.

Reason for planned changes

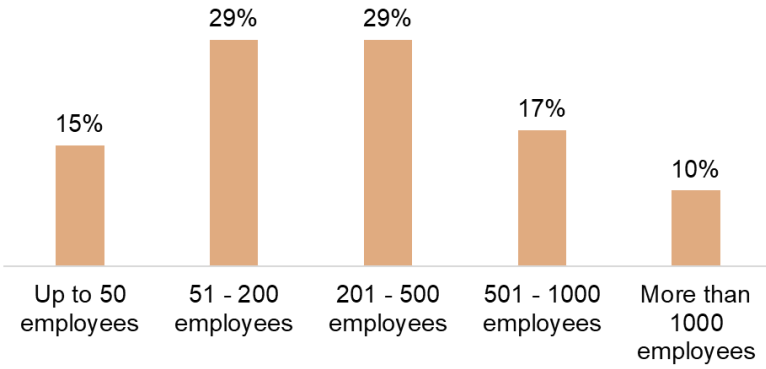


MANUFACTURING SECTOR

Locations of the Manufacturing sector



Companies' size

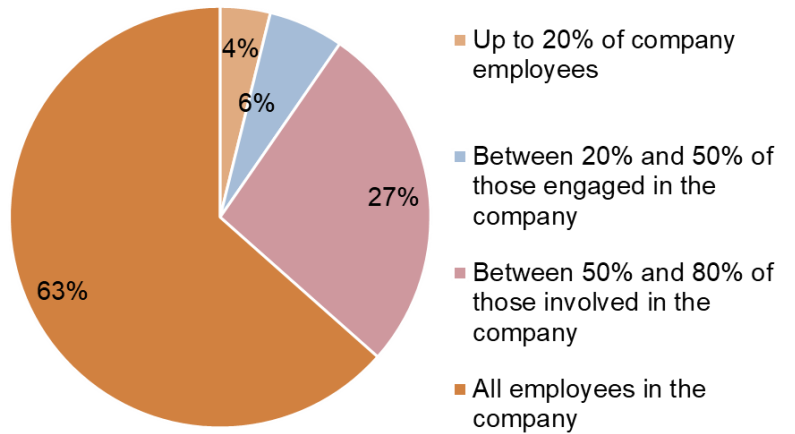


In the Manufacturing sector, companies clearly state their intention to retain current employees - nearly 80% share that this is the main reason for positive change of remuneration. Increases in salaries in nearly 50% of the companies in the sector will be up to +10%, and 40% of companies plan to increase benefits as well.

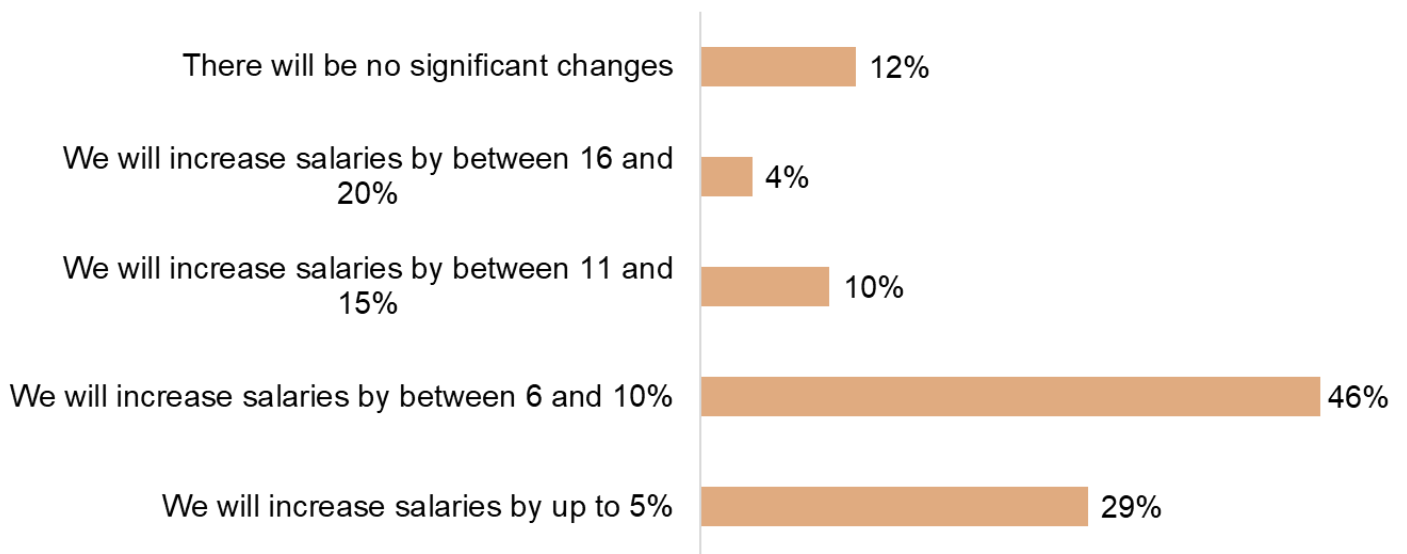
63% of the companies in the Manufacturing sector state that up to half of their employees will be affected by the changes, and 30% of the organization plan for these changes to affect most of their staff - up to 80% of their teams.

A big concern for the companies in the sector is whether they will be able to afford to implement the shared plans, given the rising costs of utility and other bills.

What proportion of employees will be affected by the changes?



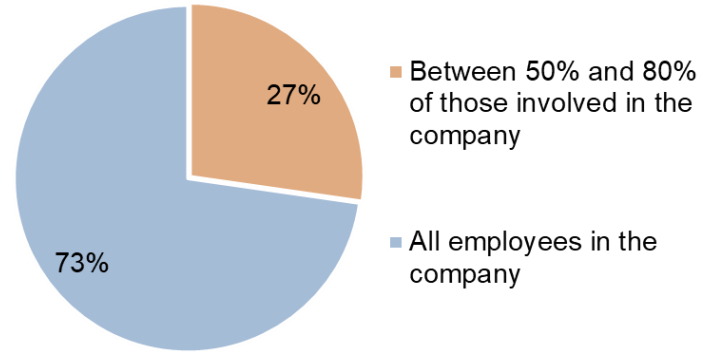
Planned changes in remuneration



AUTOMOTIVE SECTOR

56% of the surveyed organizations from the Automotive sector are located in the capital, 22% in Plovdiv - the rest in smaller cities of the country. Expectations in the whole sector are similar to the rest, however, 9% of respondents indicated that they are also planning changes in the direction of pay cuts for the first half of 2022.

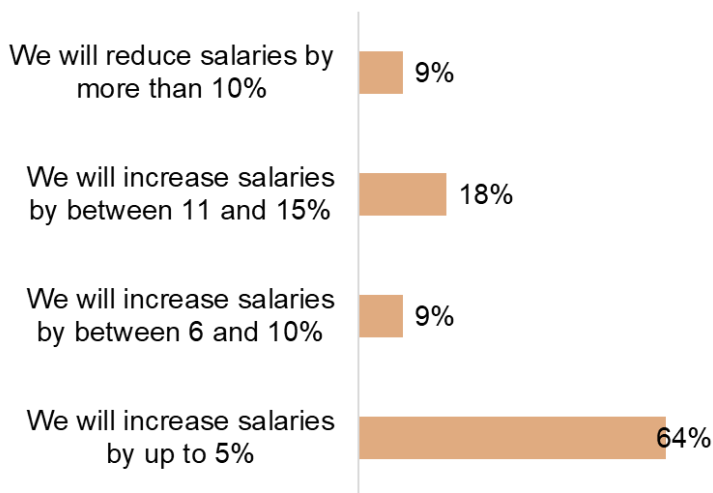
What proportion of the employees will be affected by the changes?



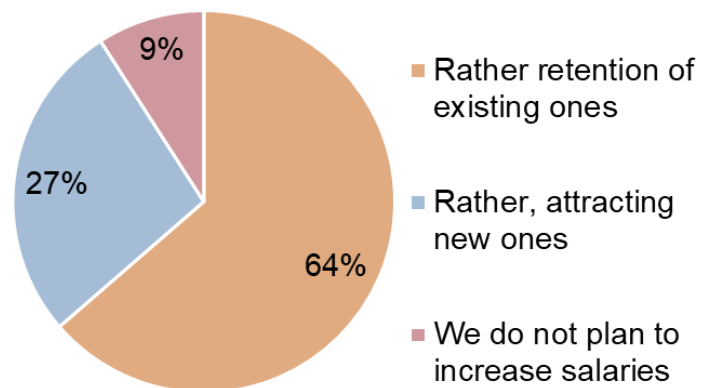
THE CHANGES WILL AFFECT ALL OR AT LEAST MOST OF THE EMPLOYEES IN THESE ORGANIZATIONS.

Despite the overall positive attitudes of nearly 65% of the representations from the Automotive sector, 9% say they will reduce employees' salaries by up to 10% in the first half of 2022. Respectively, 80% of the companies confirm that they will increase the additional benefits and bonuses for the employees in the sector. In some organizations it is possible that the reduction of the basic monthly salaries is connected with the increase of the additional financial and non-financial incentives.

Planned changes in remuneration



Reason for planned changes

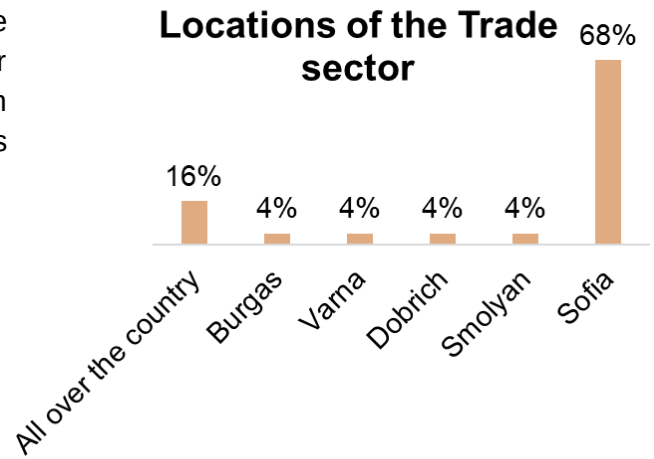


Retention of existing people and teams is the main focus for respondents in the Automotive industry. 64% of survey respondents indicated that the planned changes to remuneration are based on this trend. 27% of the respondents plan to increase wages driven by the need to attract new people.

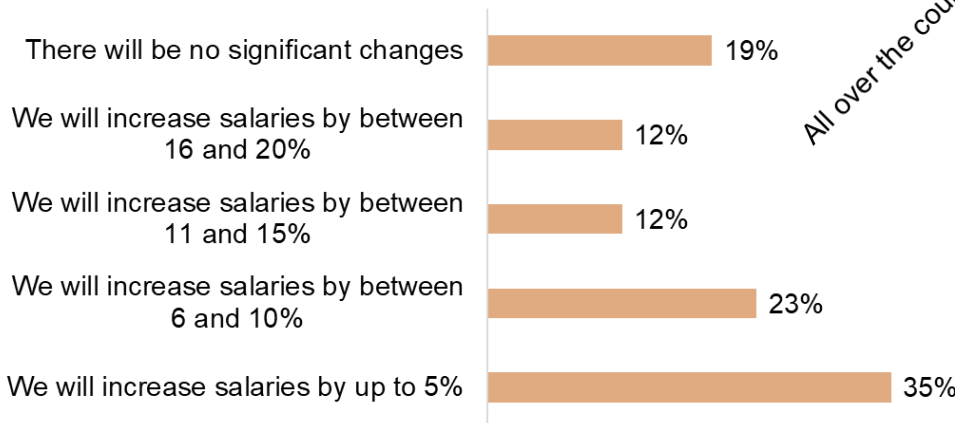
TRADE SECTOR

Half of the respondents from the Trade sector plan for the changes to affect up to 50% of the employees in their companies. The majority of companies that participated in the survey operate in the capital, while 16% have offices across the country.

Locations of the Trade sector

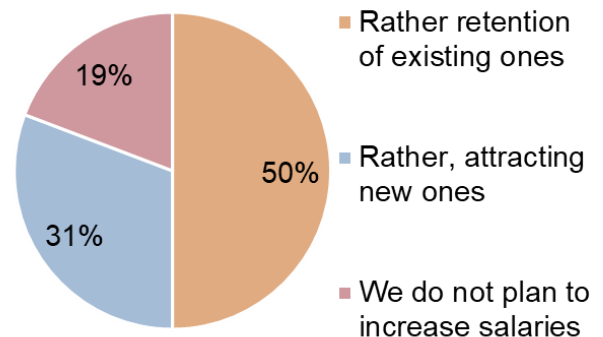


Planned changes in remuneration

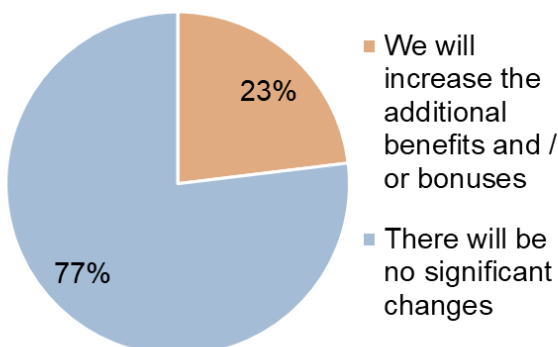


A quarter of the organizations from the sector are planning monthly salary increases of up to 10%. This tendency has been driven once more by the desire of companies in the sector to successfully retain their existing employees.

Reason for planned changes



Planned changes in benefits and/or bonuses

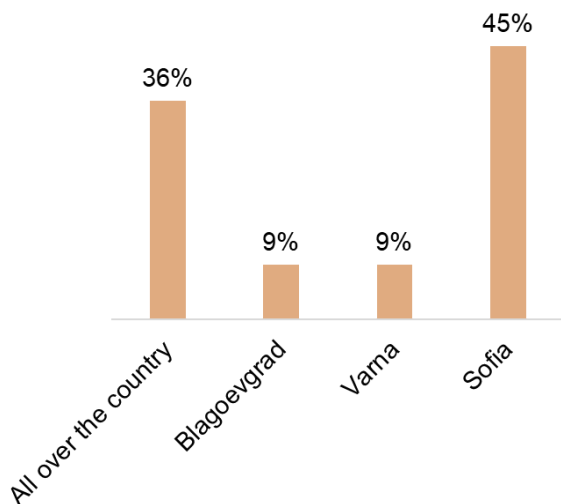


The forecasts for additional benefits and bonuses in the sector are clear - 77% of companies do not plan significant changes in this area.

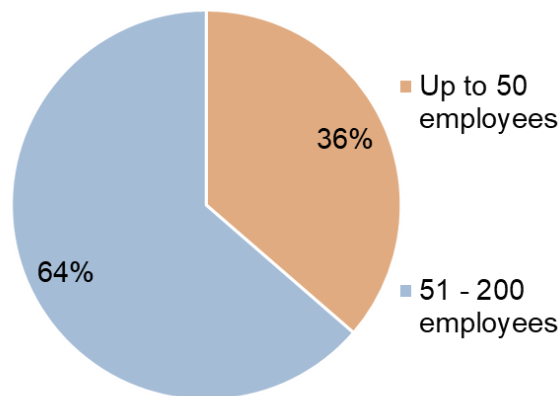
CONSULTANCY SECTOR

The majority of respondents in the Consultancy sector are companies with up to 200 employees, with offices in more than two cities.

Locations of the Consultancy sector

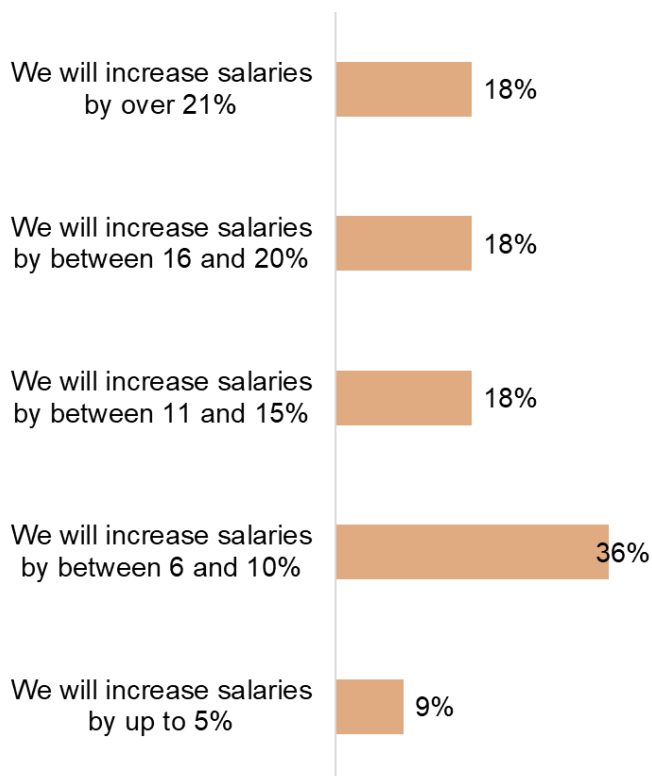


Company size

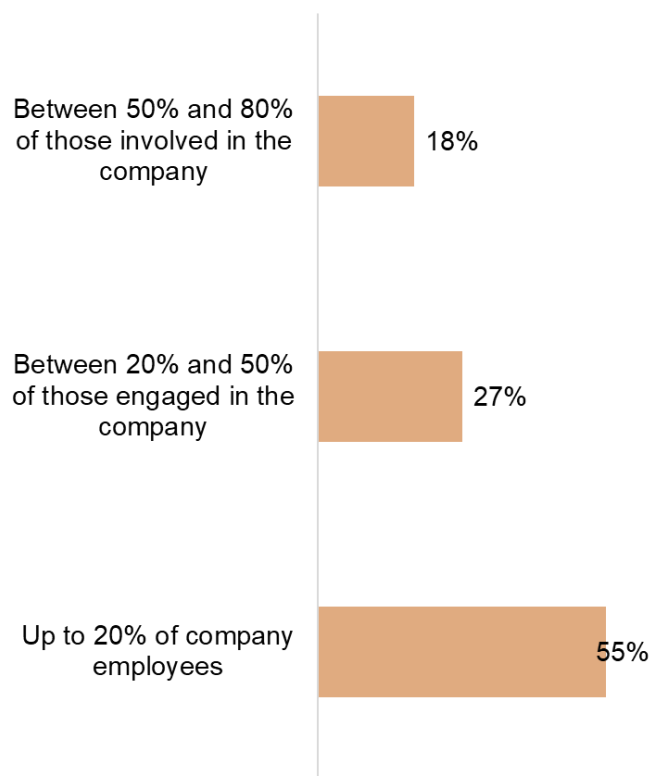


Companies in the sector have pointed out that there will be increase in employees' salaries. No reduction in remuneration or benefits has been planned for the first six months of 2022. Nearly 40% of respondents will increase salaries by up to 10%, and 55% of respondents indicate that there will be positive change in benefits and bonuses as well. 68% of respondents confirm that this will affect up to 80% of their employees, and the main reason is retention.

Planned changes in remuneration



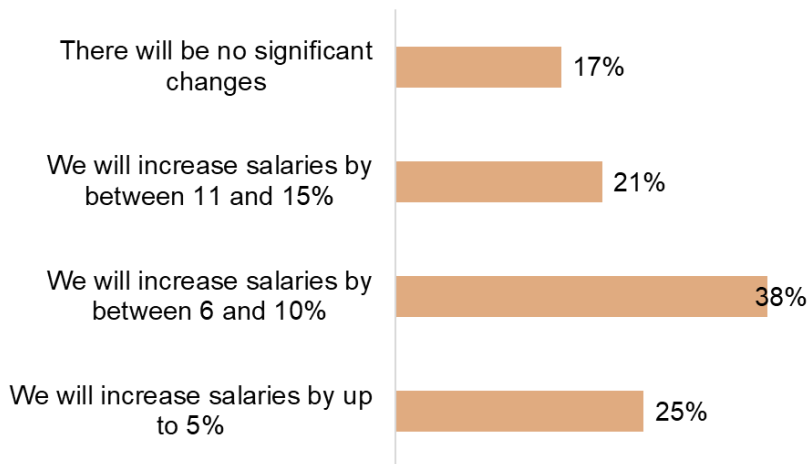
Planned changes in benefits and/or bonuses



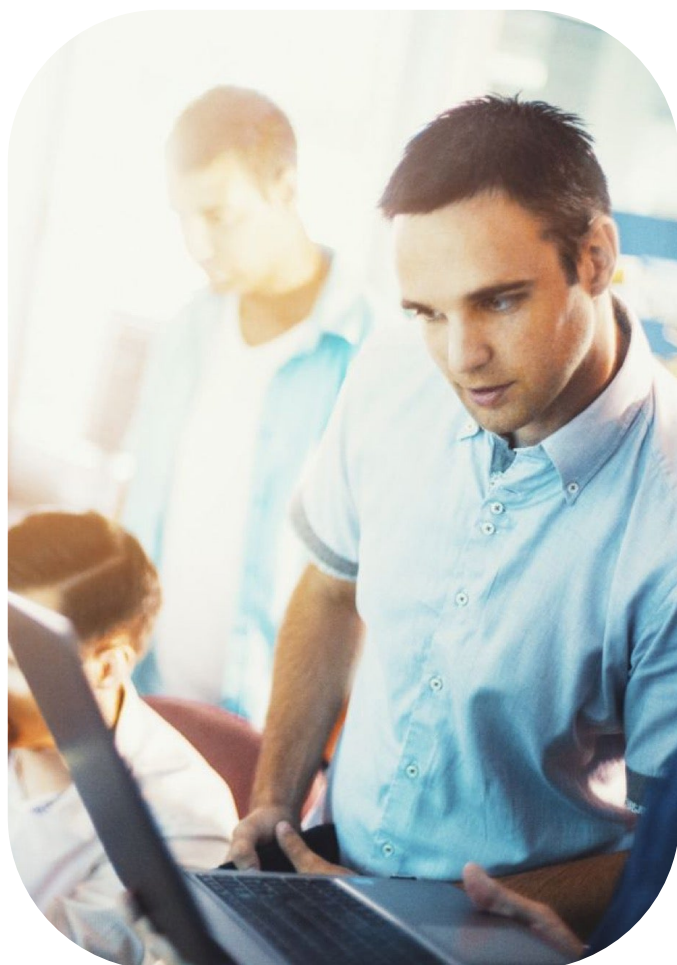
INFORMATION TECHNOLOGY SECTOR

Forecasts for the IT sector in the first half of 2022 show that just over half of employers do not plan significant changes to additional benefits and bonuses, while another 46% plan increases

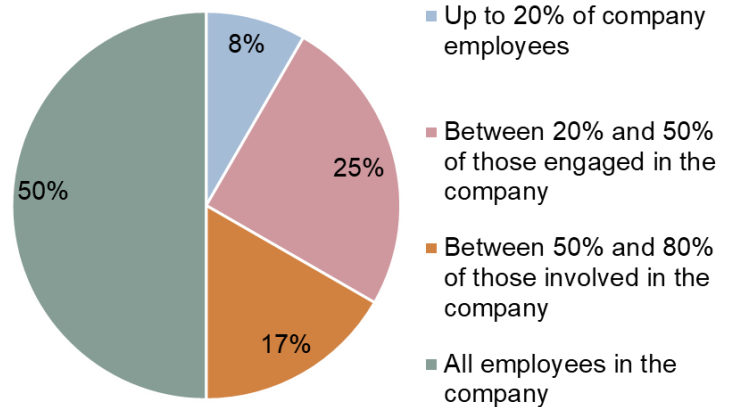
Planned changes in remuneration



Expectations for fixed monthly wages in the sector are that they will be raised once again. Only 17% plan no changes, while nearly 40% will increase employees' pay by up to 10%.



What proportion of the employees will be affected by the pay change?

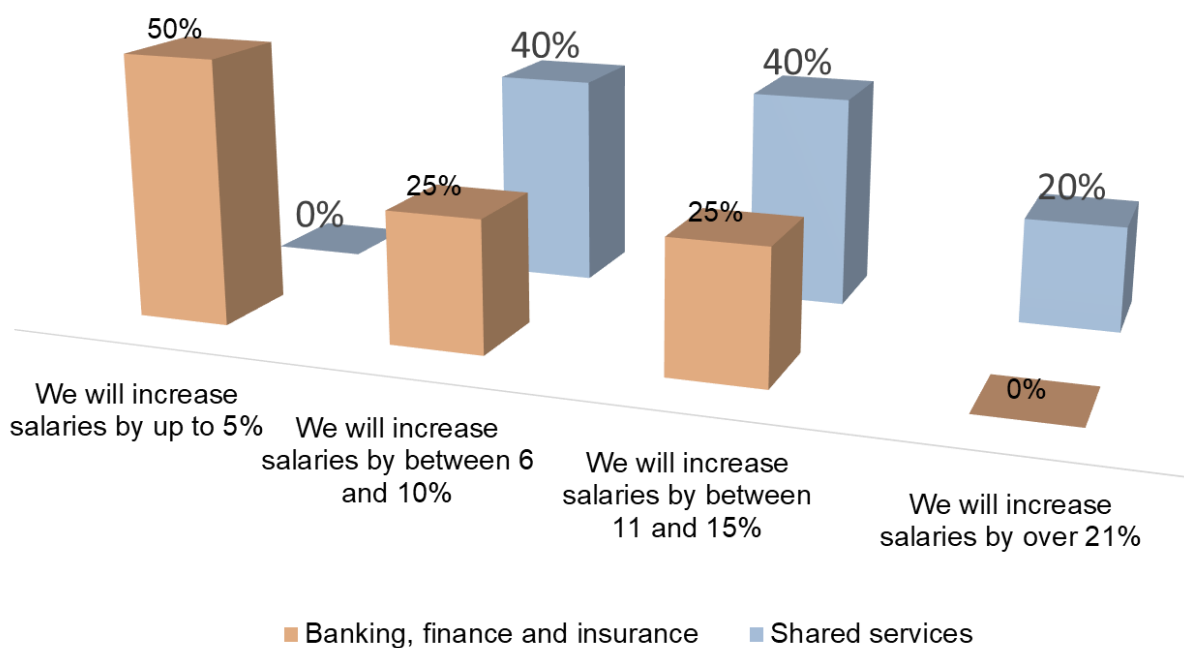


The focus in this sector falls primarily on staff retention - two thirds of respondents said they would increase salaries for this very reason. The planned changes are expected to apply mostly to all or at least the majority of employees in the companies concerned.

SECTORS: "SHARED SERVICES" AND "BANKS, FINANCE AND INSURANCE"

A SIGNIFICANT NUMBER OF EMPLOYEES WILL BE AFFECTED BY THE PLANNED CHANGES FOR THE SECTORS: "SHARED SERVICES" AND "BANKING, FINANCE AND INSURANCE"

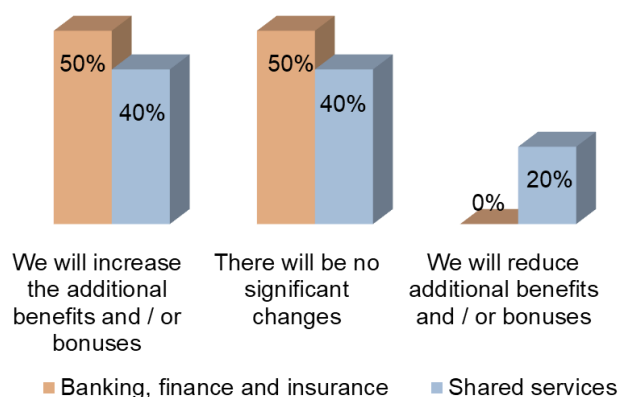
Planned changes in remuneration



Both sectors are planning tangible changes in the first half of 2022. While 20% of the Shared Services sector plans to increase remuneration by more than 21%, in Banking, Finance and Insurance, half of the companies are planning an increase of up to 5%. However, both sectors confirm the general trend - the reason for the changes for almost all respondents is retention of current employees.

In the Shared Services sector, there has been planning for a reduction in benefits at the expense of the increase in base salaries. In the Banking and Finance sector, the situation is balanced - either there will be positive changes or none at all.

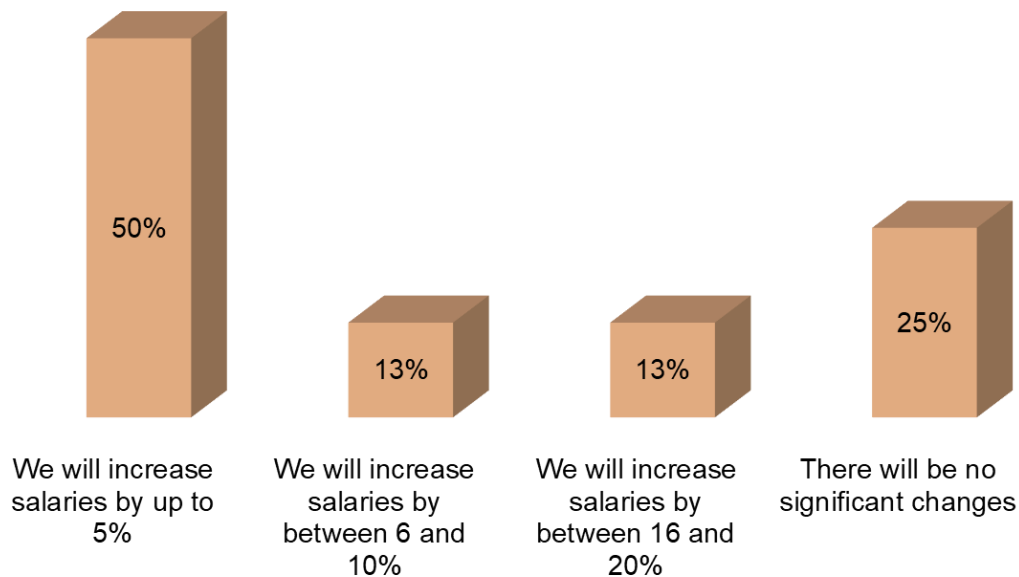
Planned changes in benefits and/or bonuses



HEALTHCARE AND PHARMACEUTICAL SECTOR

In one of the most turbulent sectors over the last two years, the planned changes confirm the general trends. There will be salary increases of up to 5%, but for nearly 25% of companies there will be no significant changes. 13% of those who responded to the survey indicate high increases in basic monthly salaries - of between 16 and 20 per cent.

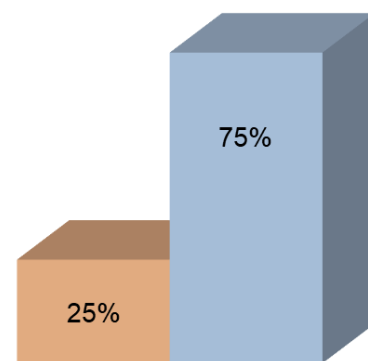
Planned remuneration changes in 2022



AS FOR ADDITIONAL BONUSES AND BENEFITS FOR EMPLOYEES, 75% OF COMPANIES INDICATE THAT THEY DO NOT PLAN SIGNIFICANT CHANGES.

Most employees in the sector will be affected by the changes, and for one in four companies the reason will be to attract new talent.

Planned changes in benefits and/or bonuses



- We will increase the additional benefits and / or bonuses
- There will be no significant changes

SECTORS "SCIENCE AND EDUCATION", "TOURISM AND HOSPITALITY" AND "TELECOMMUNICATIONS"

Respondents in the Science and Education and Tourism and Hospitality sectors also plan salary increases of up to 5%. The Telecommunications sector noted balanced responses - salaries are more likely to remain similar to last year, but benefits will be increased.

Representatives from the science and education sector are adamant that the main changes will be implemented in order to attract new staff and talent. The market in Bulgaria has for years felt the need for qualified teachers and dedicated professionals. This was confirmed in the "Employee Turnover Rate in 2021" study from November 2021.



KEY CONCLUSIONS

The data herein should support wage planning for the first half of 2022, as well as provide an overview of the changes in the salary levels and additional benefits that will characterize the labor market as a whole.

The study key findings show that:

THE MAIN GOAL OF EMPLOYERS IN BULGARIA IS TO RETAIN CURRENT TALENT IN THEIR ORGANIZATIONS.

WAGE INCREASES ARE EXPECTED IN ALL MONITORED SECTORS.

THE PLANNED INCREASES WILL AFFECT THE MAJORITY OF EMPLOYEES IN THE SURVEYED COMPANIES.

ALTHOUGH RARE, SLIGHT DECLINES OR STAGNANT LEVELS ARE ALSO EXPECTED IN SOME INDUSTRIES, MAINLY DUE TO INCREASED COSTS OF ELECTRICITY, GAS, ETC.



Assert International services as part of ManpowerGroup Bulgaria portfolio help us conduct real-time surveys on key HR metrics such as pay levels, additional benefits, staff turnover, employee satisfaction and engagement in combination with automated market research on staff availability in specific regions and industries.

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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