



SATR H2/2021

SALARY AND ADDITIONAL BENEFITS - TREND RESEARCH

ManpowerGroup Bulgaria – H2/2021 data

STUDY OBJECTIVE

The objective of the current study is to outline the changes employers from different sectors and regions in Bulgaria plan to make in the amount of monthly remunerations and benefit packages.

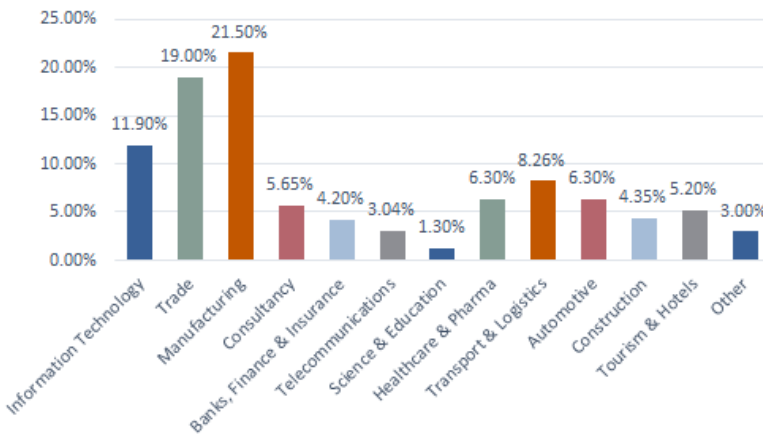
SATR H2 2021 is the first study of a series of regular analyses of the trends in this area surveying employers from all regions and economic sectors in the country regardless of their companies' size. The surveys will be conducted semi-annually in order to identify employers' plans for the following six months.

513
respondents

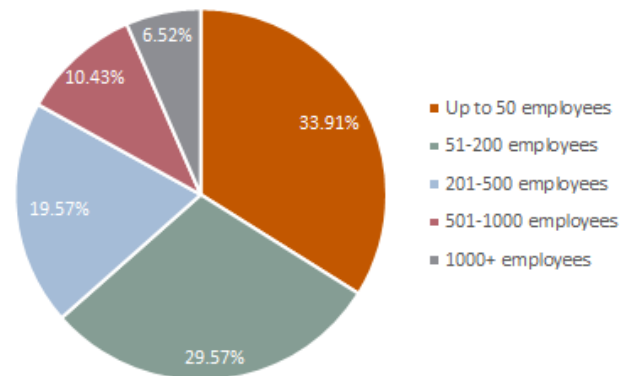
12
business sectors

The analysis herein includes the results of a survey conducted in June 2021 among 513 respondents of their expectations for the second half of the year.

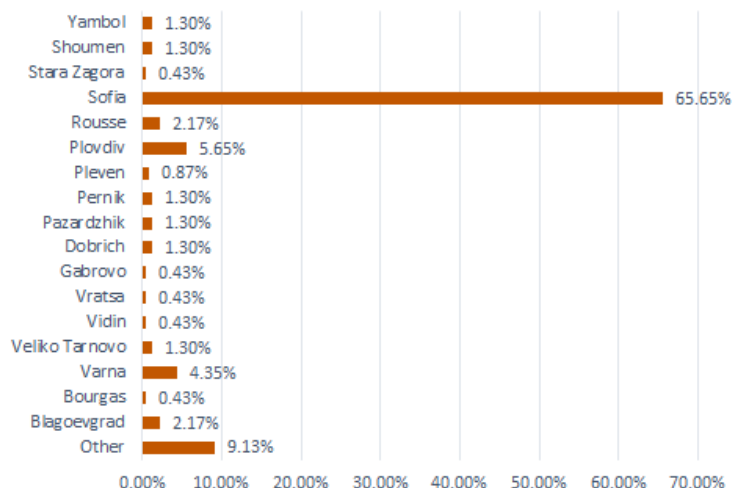
Industry Sector



Company size



Company location

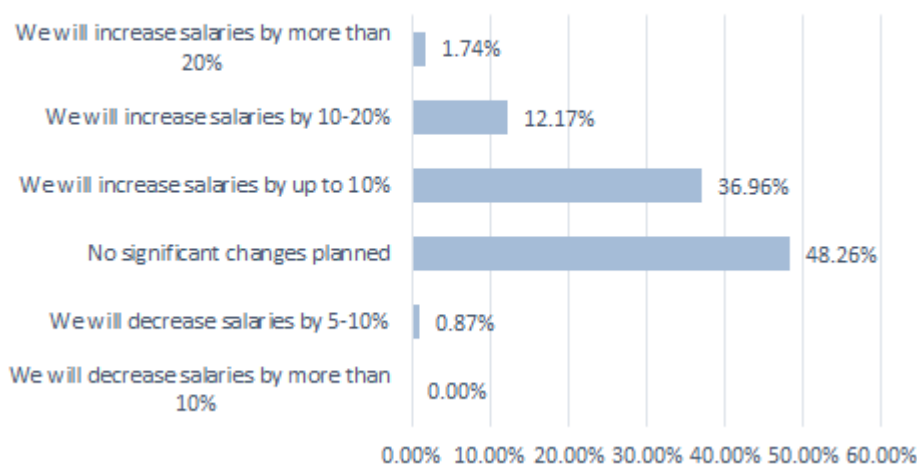


The majority of respondents are based in Sofia and most of them have offices, production facilities or retail outlets in other cities in the country.

SALARY PROJECTIONS

The average monthly salary increased by 11% in the first quarter of 2021 compared to the same period last year according to the National Statistical Institute (NSI). However, is wage growth to continue at this dynamic pace until the end of 2021?

Salary Projections



When asked "What changes do you plan to make in employee's monthly salaries in your company in the second half of 2021?" more than half of the respondents forecast significant and positive ones.

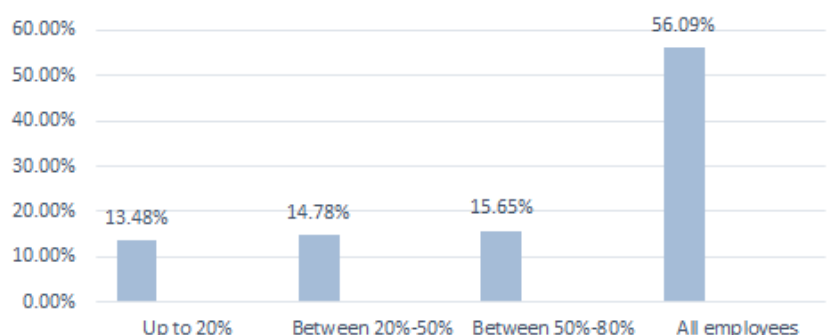
37% state that they plan to increase them by 10%, and 12% forecast higher growth - between 10% and 20%. Only 2% are to increase salary levels by more than 20%

A clear positive trend is that less than 1% of the respondents plan to reduce wages.

In addition, said changes will affect all employees in more than half of the companies.

The rest of the answers are balanced – forecast changes will affect between 50% -80% of all employees in 16% of companies, less than half of them (between 20% -50%) in 15%, and relatively few employees and workers - less than 20%, in 14% of surveyed organizations.

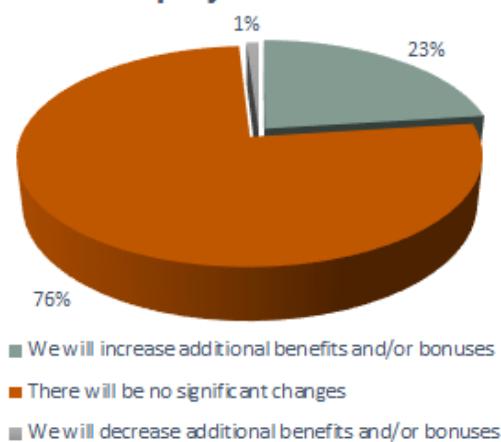
What percentage of your employees will be affected by the planned changes?



ADDITIONAL BENEFITS PROJECTIONS

In terms of perks, forecasts are more conservative.

Additional benefits and financial stimuli projections:



76% of companies do not plan significant changes in this direction, however, no reductions are expected either - only 1% of respondents forecast such.

23% of organizations expect to add new benefits to employees' compensation packages or to increase the amount of the existing ones.

ManpowerGroup observations show that increasingly more companies plan to offer remote work once the state of emergency is over.

Regarding roles which cannot benefit from this option due to job specifics, employers usually cover employees' travel costs, e.g. for mass transit and fuel, and provide staff transport.



Additional health insurance is also a benefit employers in the country have started offering more often. It is of interest in all business sectors, especially in the capital and the major cities.



Another trend among top employers is the so-called dynamic "Flexi Benefits" packages. They allow employees to modify perks from a pre-set list depending on their current preferences and needs, and to take advantage of different options on a monthly basis.

INDUSTRY SECTOR PROJECTIONS

According to ManpowerGroup observations Bulgaria’s labor market has been exceptionally dynamic, even much so compared to the situation before the pandemic. This is particularly noticeable in view of the most sought-after specialists on the market, e.g. skilled workers, engineers, information security and technology experts, financial employees, medical workers, human resources specialists and others. The lack of enough candidates to fill such positions in has a serious impact on all business operations and employers are willing to offer higher remunerations in order to gain access to talent.

Here is what the survey data show for the three most strongly represented industry sectors:

MANUFACTURING SECTOR

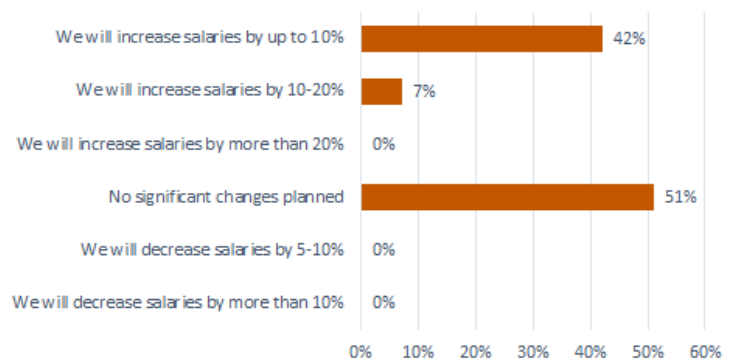
The Manufacturing sector is still experiencing serious fluctuations as a result from the pandemic and the market shocks it has caused. Many companies report significant growth in the number of employees while others continue to keep lower staff levels.

Another trend which affects the market development of the sector is Bulgaria’s successful positioning as a destination for production relocation in the process of shortening the supply chains (nearshoring) across the world. The branding of Bulgaria as a key location for transfer of production capacities leads to a growing number of nearshoring projects in the country while there is still shortage of skilled workers.

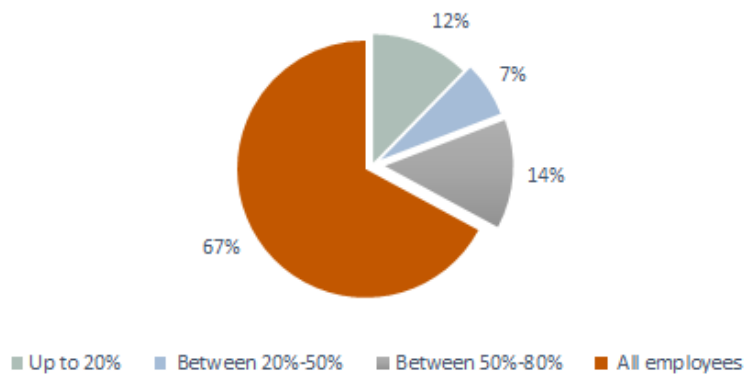
These trends provide an explanation for employers’ plans to massively increase salary levels by up to 10% in the second half of the year, and the growth will affect more than half of their workers.

In terms of additional benefits, plans are more moderate - only 9% of employers in the sector forecast an increase while the rest do not expect any significant changes.

Salary projections

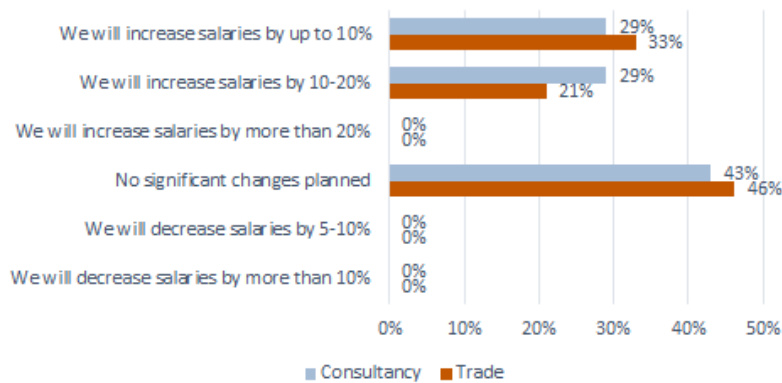


What percentage of your employees will be affected by the planned changes?



TRADE AND CONSULTANCY SECTORS

Salary projections



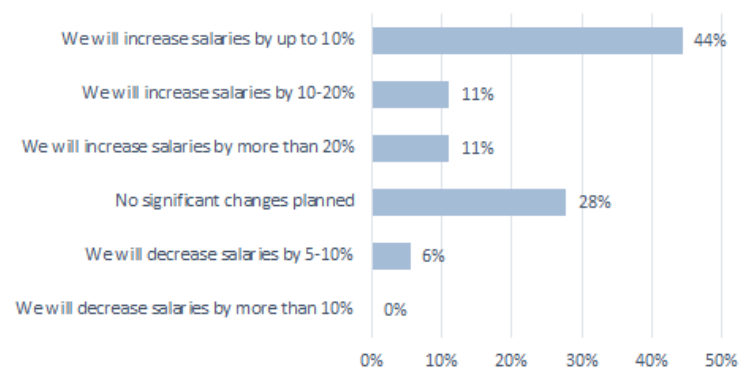
Salary levels are expected to increase up to 20% in the Trade and Consultancy sectors with every second employer anticipating said changes to take place by the end of 2021.

The standard combination of basic and additional remuneration (commissions) in these sectors will lead to a growth of employees' monthly income with the market awakening after the third pandemic wave. Increased work volumes which are currently noticeable in many companies result in higher commissions and explain the forecast rise of staff salaries.

INFORMATION TECHNOLOGY SECTOR

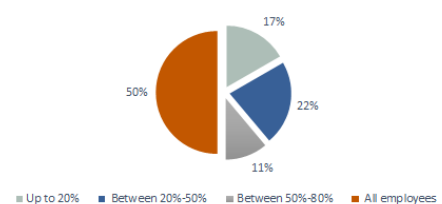
Massive growth is also expected in the sector with the highest demand for specialists. While almost half of the surveyed companies share plans to increase wages up to 10%, less than a third of the industry representatives state they do not anticipate any significant changes until the end of 2021. It is interesting to note that this is the only sector with some employers sharing plans for wage reductions.

Salary projections

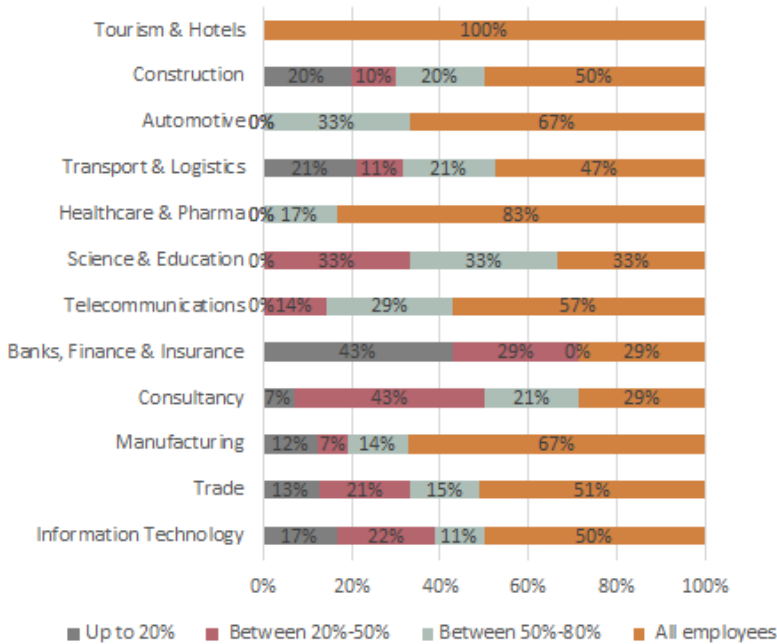


In addition, the severe talent shortage in the sector often leads to the import of specialists from other European and third countries. Attracting such talent, in turn, also affects the levels of remuneration and their respective increase given that higher wages are one of the prerequisites for talents to relocate.

What percentage of your employees will be affected by the planned changes?



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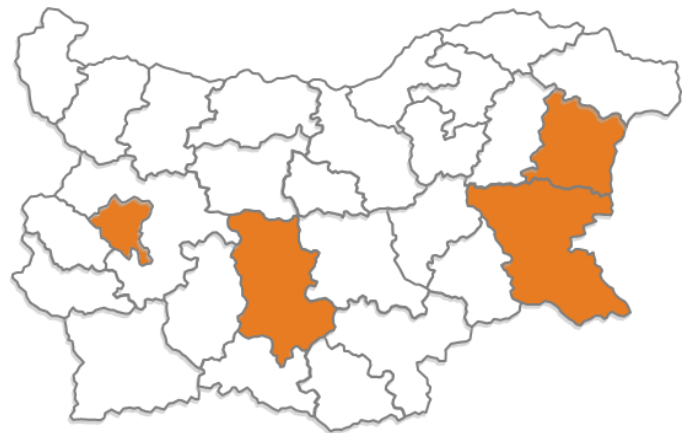


Mass salary increases are also planned in the **Tourism and Hotels, Health and Pharma** and **Automotive sectors**, and they are to affect more than two-thirds of all company employees.

As for the other business sectors, the changes will be rather gradual and will affect a smaller percentage of the employees.

REGIONAL PROJECTIONS

Analyzing regional data, the most significant salary growth is expected in the regions of Sofia, Bourgas and Varna where employers plan an increase between 10% and 20% until the end of the year. Plovdiv is also likely to see a mass growth of salary levels by up to 10%.



On the other hand, ManpowerGroup Bulgaria observations show that the penetration of distance work as a common practice in the last 16 months leads to the narrowing of the wage gap between the people who work in and outside the capital. This trend mainly affects medium- and highly-qualified specialists from the **Information Technology, Business Process Outsourcing and Consulting sectors**.

KEY CONCLUSIONS

The data herein should support wage planning until the end of 2021, 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:

1

Salary levels are expected to increase in almost all business sectors in the second half of 2021 with the Tourism and Hotels, Healthcare and Pharma and Automotive sectors presenting a significant mass growth.

2

Every fourth employer will increase employee additional benefits and/or bonuses.

3

No business sector or region is forecast to witness a reduction in staff wages or perks.

These general labor market observations are a good starting point for strategy formulation. However, in order to devise an effective employee compensation package, we recommend that employers turn to ManpowerGroup for targeted research on specific positions.

Despite the expected positive development of the salary levels, ManpowerGroup recommends that employers do not focus solely on employees' financial incentives. Key elements in attracting and retaining talent are the provision of excellent working conditions, good process organization and purposeful adaptation of job proposals to workers' expectations and needs.

In view of the dynamically changing business environment which witnesses sharp changes in the levels of on-demand talent in different sectors, ManpowerGroup recommends that candidates who are in the process of choosing a new employer do not focus only on the monthly salary but look for long-term opportunities to develop their knowledge, skills and career path.



Assert International services as part of ManpowerGroup Bulgariaportfolio 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.

For more information, please contact our experts:

Maria Stoeva
Head of Sales and Business Development
maria.stoeva@manpower.bg
+359 879 958 628

Gerasim Naydenov
Senior Consultant
gerasim.naydenov@manpower.bg
+359 879 958 620

www.manpower.bg