

PayWell 2020: Private sector gross wages increased by a year-on-year average of 6.79% in the first half of 2020, but such increases are expected to fall to 4.68% in 2021



The gross wages at private companies increased by a year-on-year average of 6.79% in the first six months of 2020, according to PwC Romania's PayWell Salary and Benefits 2020 Survey. The respondents estimated that the reported level of increases would be maintained until the end of the year. The reported 2020 average salary increase is in line with the estimates provided by respondent companies in PayWell 2019.

For 2021, private companies estimate a year-on-year 4.68% average gross wage increase.

"The wage increases in the first half of this year were based on good performance in 2019. The trend seems to be continuing, but not at the same pace, as most companies are preparing more conservative budgets for 2021 due to the global economic uncertainty generated by the current pandemic. In the current situation, organisations need to remain sustainable in the long term, so cost reductions are inevitable. The adjustments differ depending on the industry, the market position and each company's resilience, but it is increasingly likely that the economic situation will remain difficult next year", said **Ionuț Simion**, *Country Managing Partner of PwC Romania*.

Of the industries represented in the study, the retail sector recorded the highest average wage growth, of 9.87%, followed by banking with 7.39%. The pharmaceutical sector recorded a below survey-average increase of 4.17%.

In terms of staff categories, the trend of increasing wages amongst unskilled or low-skilled personnel (workers, operators) continues, as an average of 7.32%, but even that is a reduction from last year's growth rate in excess of 10%.

In 2020, operational management position salaries increased by 7%, with top management's growing by 6.72%. At the other end of the scale, administrative staff, technicians and employees with little experience saw their salaries rise by 6.6%.

In terms of benefits, meal tickets, additional days off, medical subscriptions, free coffee and refreshments, and special occasion bonuses continue to be in the top of preferences.

To reduce costs since the COVID-19 pandemic outbreak, 49% of the companies surveyed implemented work from home policies, 29% worked in shifts, 5% reduced working time and 5% implemented furloughs.

“As we can see from the results, companies are making efforts to maintain jobs and a level of productivity that allows faster recovery after lockdown. Thus, with the support of technology, employers have quickly moved to more flexible, virtual and diversified work models that support autonomy and adaptability. In addition, due to the pandemic, companies' investments to protect the health and safety of employees have become real differentiators for employers. We will certainly see the continuation of these trends in the future and even accelerated by the pandemic: digital transformation, the development of skills for the future labour market, working-time flexibility, versatility of professions / positions and, last but not least, for the good of the people. All these things will change the paradigm in motivating and rewarding employees, and we will continue to capture, through our studies, market practices and trends”, said **Oana Munteanu**, *PwC Romania Senior Manager*.

About PayWell 2020

PwC conducted the survey on 52 private companies from the Banking, Pharmaceuticals and Retail sectors. Participation in the survey implies provision of information on salary levels and compensation and benefits policies currently in place within the surveyed organisations.