

# GLOBAL REWARDS PULSE SURVEY

## Compensation practices and salary increase projections for 2022

The data shows four key trends impacting pay in the coming year:

1. Most organizations globally are reporting an uptick in their median total salary increase budgets for 2022 vs what they had planned in 2021.
2. A majority of organizations are granting a significant percentage of their employees a salary increase this year (i.e., at least 90% of employees will receive an increase).
3. Organizations are generally split between those who include vs. exclude promotions, internal equity adjustments, market adjustments, key contributor increases and other off-cycle increases in these projections. As a result, forecasted increases are likely understated to actual total increase practices by as much as 25-33% of the overall budget.
4. There's an increased use of select cash compensation programs in the new 'war for talent' and increased utilization of select non-financial reward programs.

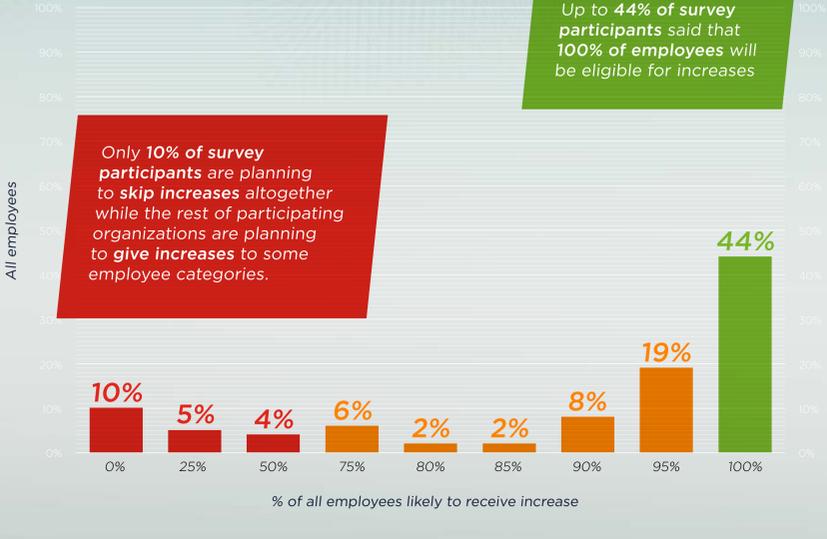
We've combined annual compensation survey data and recent rewards and benefits pulse surveys to provide anticipated salary increases for 2022.

As expected, this year, the majority of organizations are planning to provide salary increases in 2022.

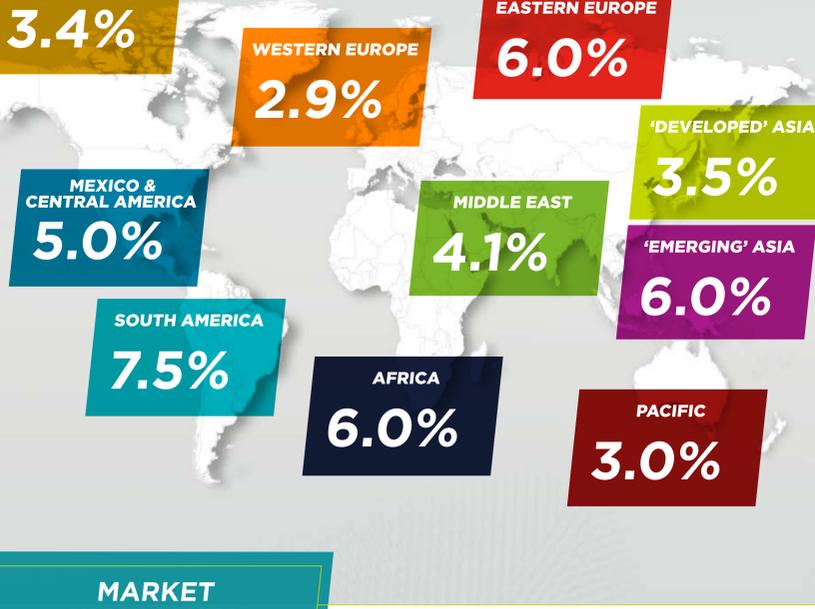
We have provided the data excluding those organizations that are not providing an increase.

All country salary values are the median increases presented at headline values, unless otherwise stated.

### PERCENTAGE OF EMPLOYEES LIKELY TO RECEIVE SALARY INCREASES GLOBALLY



### REGIONAL SALARY INCREASE DATA



### MARKET HIGHLIGHTS

Forecasted salary increases across various employee categories

COUNTRY	EXECUTIVE / SENIOR MANAGEMENT	MIDDLE MANAGEMENT / SEASONED PROFESSIONAL	SUPERVISORY / JUNIOR PROFESSIONAL	CLERICAL / OPERATIONS
Australia	3.0	3.0	3.0	3.0
Brazil	7.2	7.2	7.7	7.4
Canada	3.0	3.0	3.0	3.0
China	5.7	6.0	6.0	6.0
France	2.5	2.5	2.5	2.5
Germany	3.0	3.0	3.0	3.0
Italy	2.6	2.9	2.9	2.5
Japan	2.1	2.1	2.1	2.1
Netherlands	3.0	3.0	3.0	3.0
Russian Federation	7.5	7.5	7.5	7.8
Saudi Arabia	5.0	4.6	4.2	4.2
Spain	2.5	2.5	2.5	2.5
United Arab Emirates	4.0	4.0	4.0	4.0
United Kingdom	3.0	3.0	3.0	3.0
United States of America	3.5	3.5	3.5	3.5

### COUNTRY SALARY INCREASE DATA

Median salary forecasts for all employee categories by country.



### Trends from the 2022 global salary increase survey.

We continue to stand at a crossroads in the world of work. As a result of the last two years of adapting and evolving, organizations globally have charted new business and talent strategies, and this has had a significant impact on the direction of reward programs.

This is the sixth in a series of global pulse surveys from Korn Ferry designed to gather insights into how organizations are adapting their reward programs in response to a rapidly changing world, and to assess how their plans for future rewards programs are evolving. For this survey, there is a particular focus on salary increase projections for 2022.

We were prompted to initiate this survey when it became increasingly clear from our clients toward the latter part of 2021 that early compensation increase projections for 2022 may no longer be relevant. Given the continued impact of the pandemic on business conditions, accelerating inflation, and labor supply and demand imbalances, organizations felt compelled to adjust their compensation increase budgets in the latter part of 2021 and early 2022.

This survey ran from December 2021 to January 2022 and it reflects responses from 5,042 participants in 116 countries. Survey respondents are typically HR professionals, and their organizations cover a broad range of size, geography, and ownership structure.

The survey findings indicate that organizations globally are in the process of making, or are considering, significant changes in their salary increase budgets for 2022. There are several findings that are worth noting from our survey of global practices.

Most organizations globally are reporting an uptick in their median total salary increase budgets for 2022 vs what they had planned in 2021.

For example, the US median increases have risen from 3.0% (during the middle of 2021) to 3.5% (as of now).

The UK has gone from 2.5% to 3.0% (from the middle of 2021 to now), Australia from 2.4% to 3.0%, Brazil from 6.1% to 7.4%, Turkey from 18% to 30%, Ukraine from 6.5% to 10.3%, and Russia from 5% to 7.5%.

Organizations should take care in interpreting this forecast data as there is a significant variance in company practices regarding the types of pay increases that are included in these projections.

Organizations are generally split between those who include vs. exclude promotions, internal equity adjustments, market adjustments, key contributor increases and other off-cycle increases in these projections.

As a result, forecasted increases are likely understated to actual total increase practices by as much as 25-33% of the overall budget.

Organizations should use this and other salary increase projection information directionally and engage leaders in a discussion focused on internal needs and objectives vs. over-indexing on external market data.

A majority of organizations are granting a significant percentage of their employees a salary increase this year (i.e., at least 90% of employees will receive an increase).

This high rate of employees receiving increases results in the typical organization not being able to significantly differentiate increases between competent and outstanding performers. The typical practice is a 1.5X difference in increase percentages between these performers (e.g. an outstanding performer receives a 4.5% increase vs. a competent performer receiving 3.0%).

While a majority of organizations are reporting very little change in their base salary administration processes vs. pre-pandemic, there is a higher percentage of organizations utilizing:

- More centralized review, calibration, and control processes of base salary increases
- Greater differentiation in increases between outstanding and competent performers

Increased use of select cash compensation programs in the new 'war for talent'. These include:

- Sign-on bonuses
- Retention bonuses
- Special incentive / bonus programs
- The use of sustainability, ESG and DEI metrics in incentive plans

Increased utilization of select non-financial reward programs. The most increased focus is in the following areas:

- Connecting the organization does to its mission, vision, and values
- Clarifying and communicating employee growth and career development opportunities
- Engaging with employees in organization change priorities
- Building manager and leader effectiveness to build connections and inclusivity within their teams

### NON-CASH REWARDS MATTER MORE THAN EVER

The results of this survey show that as salary increases stall, employers will need to get creative about non-cash rewards to retain and engage employees. To find out what creative approaches you can be taking, contact us here.