



# EXECUTIVE PAY TRENDS

Global Total Rewards Pulse Survey

JULY 2025

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# EXECUTIVE SUMMARY



# INTRODUCTION

**This survey focuses on executive pay and governance as well as the business outlook. Areas covered in this survey include:**

- Executive benchmarking
- Setting pay levels
- Incentive design
- Governance, design, and fairness
- Employee turnover
- 2025 and 2026 salary increase forecasts
- 2025 bonus forecasts

This is the latest in a series of Global Pulse Surveys by Korn Ferry, designed to gather insights into how organizations are adapting their reward programs in evolving business climates.

This survey focuses on understanding current and emerging trends in pay, with a particular emphasis on executive compensation and governance practices. In addition, the survey covers the market's business outlook and projected base salary increase and bonus payouts for 2025 and 2026.

This survey was fielded in June 2025 and reflects responses from 3,880 participating organizations in 132 countries. Survey respondents are typically HR and total rewards professionals, and their organizations cover a broad range of size, geography, and ownership structure.

Market practices will continue to evolve, and Korn Ferry will continue to monitor and report on future trends. If you have additional questions on this information, please contact us here: [KornFerryPayServices@kornferry.com](mailto:KornFerryPayServices@kornferry.com)



# **EXECUTIVE SUMMARY: EXECUTIVE PAY AND GOVERNANCE**

# EXECUTIVE PAY AND GOVERNANCE CHALLENGES IMPLICATIONS FOR COMPANIES TODAY

It is clear from our latest pulse survey that changes are coming to the practice of executive compensation. There is broad dissatisfaction and opportunities for improvement in the following areas:

- Approaches to benchmarking.
- Setting pay levels.
- Pay mix.
- Incentive design.
- Equity design.
- Fairness of the programs relative to employees.

In fact, some of the findings are quite provocative (or, at least, are finally speaking to long-buried truths) such as:

- CEO benchmarking is not as important as benchmarking other executives (who are the ones more likely to leave).
- Surveys are not as effective as they need to be.
- CEO's target pay should look more like an athlete, where pay is highest at their peak, not at the end of their tenure.
- Incentive payouts continue to have more variation than expected.
- One-time awards should be a more prevalent pay characteristic.
- Generally, most respondents believe relative total shareholder return (rTSR) plans are not aligned to company performance.
- Companies would add more retention mechanisms to LTI if given a broader blessing from the market.

However, while many respondents are willing to make modest changes to their executive compensation processes and design, most respondents would rather be fast followers than make any bold changes in the next 12-18 months. Korn Ferry believes that change will be coming more rapidly in the next 18 months than participants might expect which may drive faster change.

# EXECUTIVE COMPENSATION CHALLENGES

## BENCHMARKING

- With constant focus on executive pay, most organizations benchmark pay at least annually.
- In doing so, most companies say they believe that blending public data and survey data is at best somewhat effective.
- Surveys, in particular, are seen as not very effective in providing accurate data.
- Most organizations are not satisfied with how they benchmark executives today, particularly the CEO role.
- Despite this, most organizations are not willing to embrace different models (e.g., creating pay ratios between executives) yet.
- Benchmarking executives that are second- or third-country nationals (“Citizens of the World”) continues to be a challenge, with most deals set on a case-by-case basis. This can present fairness concerns.

## SETTING PAY LEVELS

- Organizations recognize that target pay levels should align with the CEO’s/executive’s mastery of and performance in their role.
- However, it usually does not work that way, as pay is often maximized in later career stages.
- And while performance discussions are usually seen as rigorous, linkages to pay seem less rigorous.
- Most believe that career earnings of executives should not be capped by any context, history, or performance.
- However, context, history, and performance make a relatively modest impact in the annual setting of pay, with external market comparisons remaining more important.
- As a contrast, for actual pay context, history, and performance make a bigger impact. Annual payouts should have a governor on them related to total performance of the enterprise.

# EXECUTIVE COMPENSATION CHALLENGES

## SETTING PAY LEVELS (CONT.)

- Prevalence is a bit mixed on whether CEOs and executives should receive base salary increases every year, with a small majority choosing an annual cycle.
- As it relates to using/setting other pay models (such as a private equity style pay design), a strong majority prefer the current process of annual pay level changes.

## INCENTIVE DESIGN

- Respondents desire less variation in incentive payouts than currently exists. They think there should be more at-target payouts and less below/above target ones. This suggests continued refinement of goal setting will be important as companies wrestle with pay for performance.
- Organizations have less certainty about the importance of short-term incentives (STI) compared to long-term incentives (LTI). But as mentioned before, many companies are unlikely to make a dramatic move and reduce the pay mix portion of STI in favor of more LTI.

## INCENTIVE DESIGN (CONT.)

- In addition to being critical to the success of the executive pay program, LTI is getting a bit of a makeover, with many companies investigating the use of non-financial, strategic, or qualitative metrics.
- Companies also suggest there should be more use of one-time or special awards for executives. However, these designs are expected to fall short of so-called moonshot awards (significant mega-grants with very difficult performance hurdles).
- As for today's economic uncertainties, many companies have dusted off their "COVID playbooks" and like they did then, respondents are looking to use both more narrowly defined adjusted metrics and take advantage of committee discretion. However, despite having these tools at the ready, most committees are currently taking a wait and see approach before making any changes.

# EXECUTIVE COMPENSATION CHALLENGES

## GOVERNANCE AND EQUITY DESIGN

- Despite the support of proxy advisors and some institutional investors, most respondents do not believe relative TSR plans are aligned to actual company performance.
- However, if financial metrics were to be used instead in the performance plan, 85% of organizations suggest that goal setting is/will be quite difficult.
- In the current environment, respondents were mixed about changing their equity vehicle mix and in which direction (performance v. retention).
- However, if sentiment moved towards retention (Restricted Stock Units over Performance Stock Units), more companies would consider changing their mix, particularly if Institutional Shareholder Services (ISS) made a definitive policy change.
- Most respondents believe additional vesting is a fair trade-off for having less performance-based vehicles.

## GOVERNANCE AND EQUITY DESIGN (CONT.)

- Proxy advisors have had significant success in influencing executive pay in the last decade, but as they have driven more shareholder engagement, we would have expected their future influence to be waning, but we were surprised that respondents suggested that they may have even more influence in the near-term future.

## FAIRNESS

- Organizations believe that executives should have a separate salary increase pool, but that it should be tethered to the broader employee pool.
- Most companies still do not have sufficient alignment between the executive programs and the broader employee pay programs, which may suggest fairness issues organizationally.

# EXECUTIVE SUMMARY: BUSINESS OUTLOOK

# BUSINESS OUTLOOK

## 2025 BUSINESS OUTLOOK

- Rewards professionals remain optimistic about moderate growth this year. However, this view of growth is less widespread than our March Pulse Survey.

## EMPLOYEE TURNOVER

- A healthy majority of organizations (76%) anticipate 2025 employee headcounts to be within +/- 5% of 2024 levels.
- There is a slight lean toward organizations increasing (vs. decreasing) staffing levels in 2025, which is consistent with our previous survey in March.

## BONUS/INCENTIVE PAYMENTS

- 66% paid bonuses/incentives comparable to or above the target. This finding is slightly less than our previous research suggested in Oct 2024 (at 68%).
- 70% anticipate paying bonuses/incentives comparable to or above the target. This finding is slightly higher than our previous research in Oct 2024 (at 67%).

## 2025 AND 2026 BASE SALARY FORECASTS

- There is little differentiation in 2025 and 2026 salary increase forecasts across employee groups (i.e., clerical to executive). There is also a tight clustering in forecasts around median.
- Globally, annual salary increases are received by most employees in a majority of organizations. In 2025 and 2026 respectively, 43% (and 44% in 2026) of organizations provide increases to at least 95% of its employees. 79% (and 80% in 2026) of organizations will provide increases to at least 80% of its employees.
- In general, 2025 and 2026 salary forecasts are comparable to each other. For 2025, 63% of organizations report that there is no change in their forecasted increase from earlier in the year, while 33% report a decrease and only 3% report an increase to initial forecasts.

## IMPLICATIONS

- Even in an environment of political and economic uncertainty, business, employment, and reward prospects are somewhat stable for a majority of global participants.
- However, this uncertainty presents challenges in organizations' planning and allocating of financial resources. As such, planning and budgeting processes are likely to become more dynamic than typical.

# SUMMARY OF 2025 BASE SALARY FORECASTS

## MAJOR MARKETS (TOTAL SALARY INCREASE)

Country	All Employees		Median Increase (%) by Employee Group			
	Med. (%)	Avg. (%)	Executive/ Senior Management	Middle Management/ Seasoned Professional	Supervisory/ Junior Professional	Clerical/ Operations
Australia	3.5	5.4	3.5	3.5	3.5	3.5
Brazil	5.4	6.7	5.0	5.4	5.5	5.5
Canada	3.3	3.3	3.4	3.3	3.3	3.2
China	4.5	4.6	4.2	4.6	4.4	4.5
France	3.0	3.2	3.0	3.0	3.0	3.0
Germany	3.0	3.1	3.0	3.0	3.0	3.0
Italy	3.2	3.5	3.0	3.2	3.5	3.1
Japan	3.0	2.7	3.0	2.9	2.8	3.0
Netherlands	3.6	5.4	3.6	3.6	3.7	3.6
Saudi Arabia	4.0	3.9	4.0	4.0	4.0	4.1
Spain	3.4	3.4	3.4	3.5	3.5	3.1
United Arab Emirates	4.0	3.9	4.0	4.0	4.0	4.0
United Kingdom	3.1	3.6	3.0	3.2	3.5	3.5
United States of America	3.5	3.6	3.5	3.5	3.5	3.5

*Note that in many markets, there are statutorily required minimum increases that must be provided, and these are reflected in the above forecasts where appropriate.*



# SUMMARY OF 2026 BASE SALARY FORECASTS

## MAJOR MARKETS (TOTAL SALARY INCREASE)

Country	All Employees		Median Increase (%) by Employee Group			
	Med. (%)	Avg. (%)	Executive/ Senior Management	Middle Management/ Seasoned Professional	Supervisory/ Junior Professional	Clerical/ Operations
Australia	3.5	3.5	3.5	3.5	3.5	3.5
Brazil	5.0	5.8	5.0	5.0	5.0	5.0
Canada	3.3	3.4	3.3	3.3	3.4	3.0
China	4.0	4.1	4.5	4.0	4.0	4.0
France	3.0	3.0	3.0	3.0	3.0	3.0
Germany	3.0	3.1	3.0	3.0	3.0	3.0
Italy	3.4	3.9	3.3	3.3	3.5	3.5
Japan	3.0	3.4	3.0	3.0	3.0	3.0
Netherlands	3.9	7.1	3.8	3.9	4.0	3.9
Saudi Arabia	-	-	-	-	-	-
Spain	3.0	3.0	3.0	3.0	3.0	3.0
United Arab Emirates	4.0	4.0	4.0	4.0	4.0	4.0
United Kingdom	3.5	5.3	3.0	3.5	3.5	3.5
United States of America	3.5	3.6	3.5	3.5	3.5	3.5

*Note that in many markets, there are statutorily required minimum increases that must be provided, and these are reflected in the above forecasts where appropriate.*



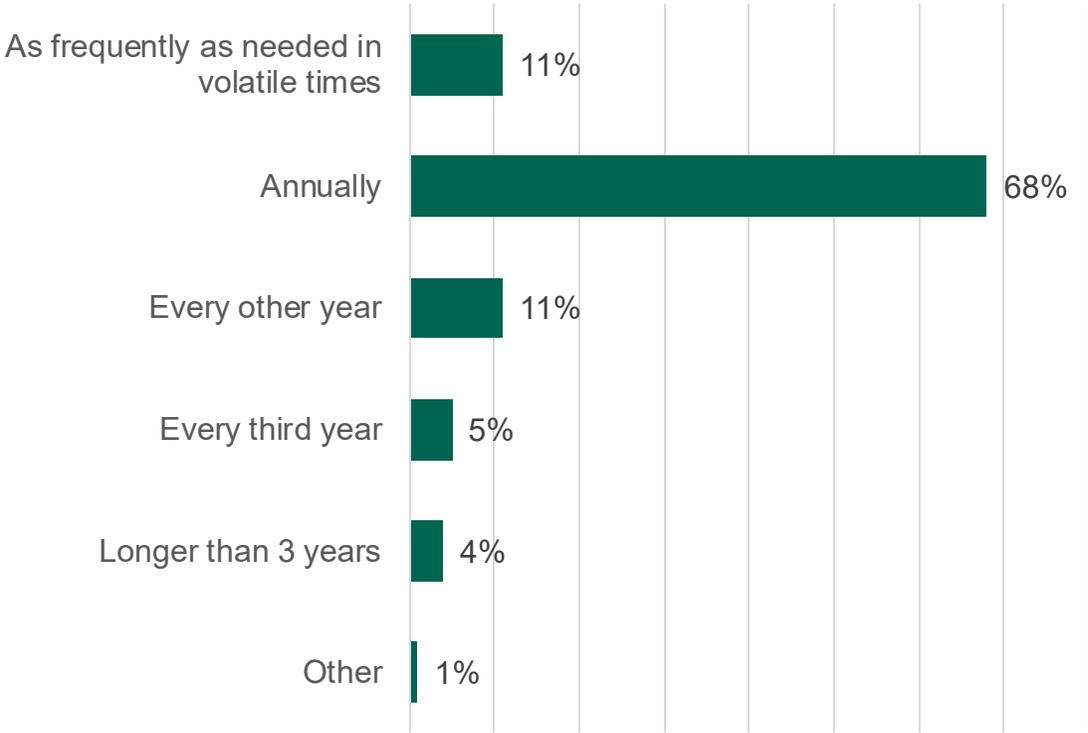
# EXECUTIVE PAY AND GOVERNANCE FINDINGS

# EXECUTIVE BENCHMARKING

# EXECUTIVE PAY AND GOVERNANCE

## EXECUTIVE BENCHMARKING

### HOW FREQUENTLY DO YOU BENCHMARK EXECUTIVES?



### FINDINGS

Close to 80% of respondents continue to benchmark executive pay annually (or more frequently).

The remaining 20% benchmark every other year (or longer).

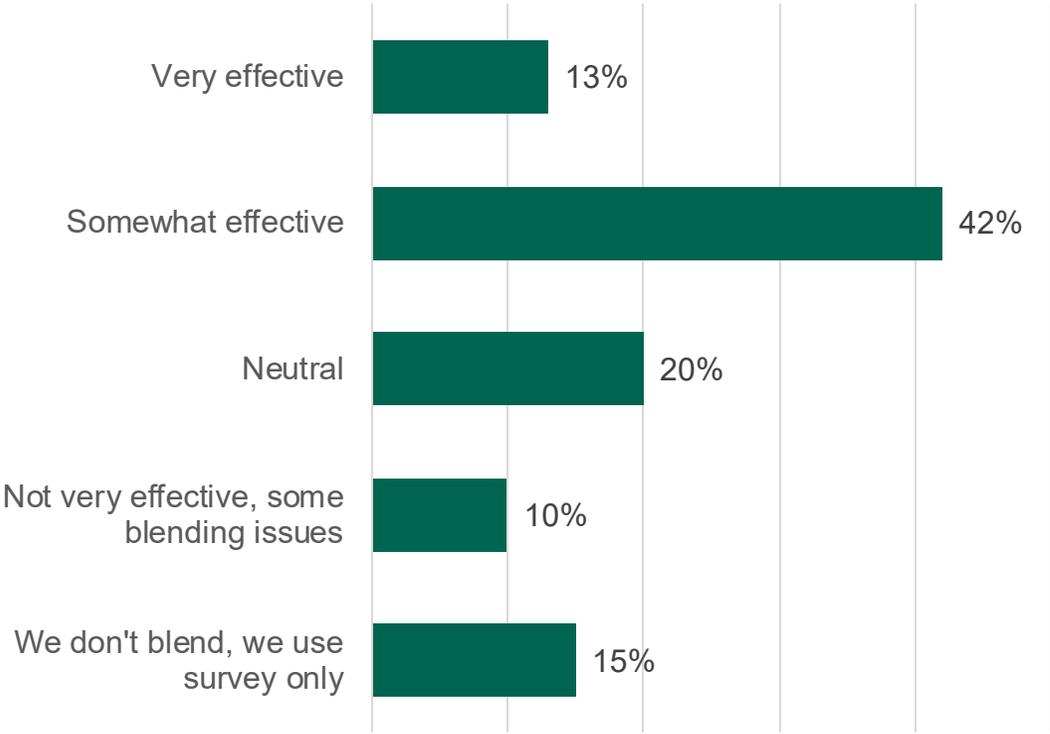
Annual frequency is most common for publicly traded companies.



# EXECUTIVE PAY AND GOVERNANCE

## EXECUTIVE BENCHMARKING

### PERCEIVED EFFECTIVENESS OF COMBINING PUBLIC AND SURVEY DATA FOR EXECUTIVE PAY EVALUATION



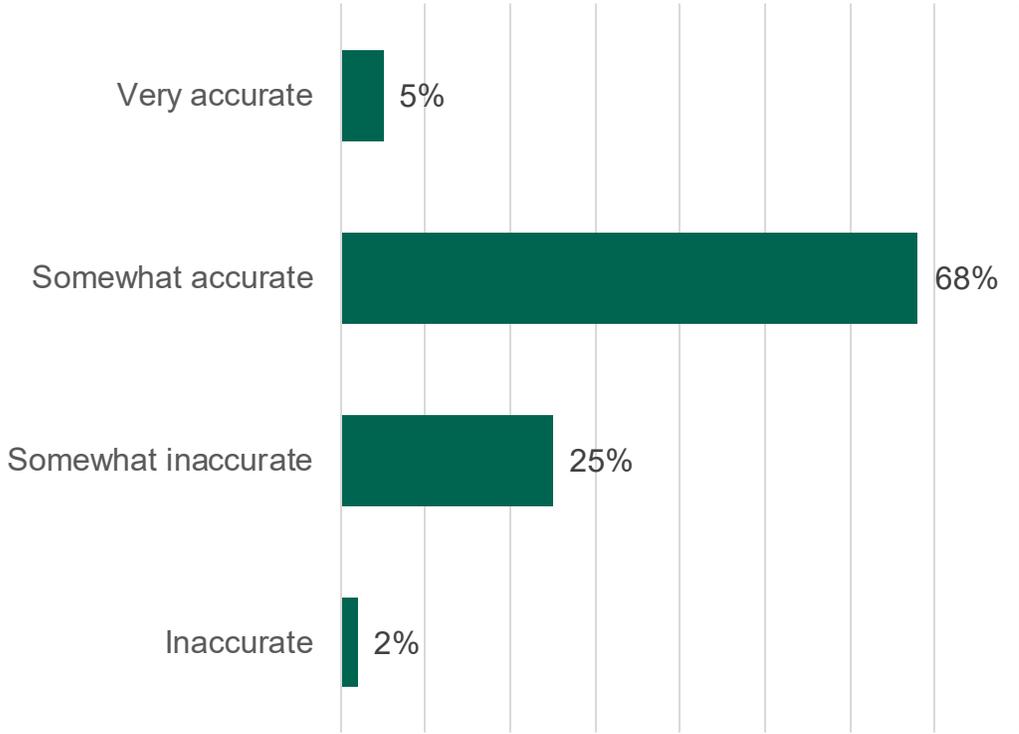
### FINDINGS

For companies that use both public data and surveys, most respondents believe this to be, at most, somewhat effective. Very few see it as very effective.

# EXECUTIVE PAY AND GOVERNANCE

## EXECUTIVE BENCHMARKING

### ACCURACY OF MARKET DATA FOR EXECUTIVES BASED ON SURVEYS ONLY



### FINDINGS

Very few respondents believe that executive market data is very accurate (only 5%).

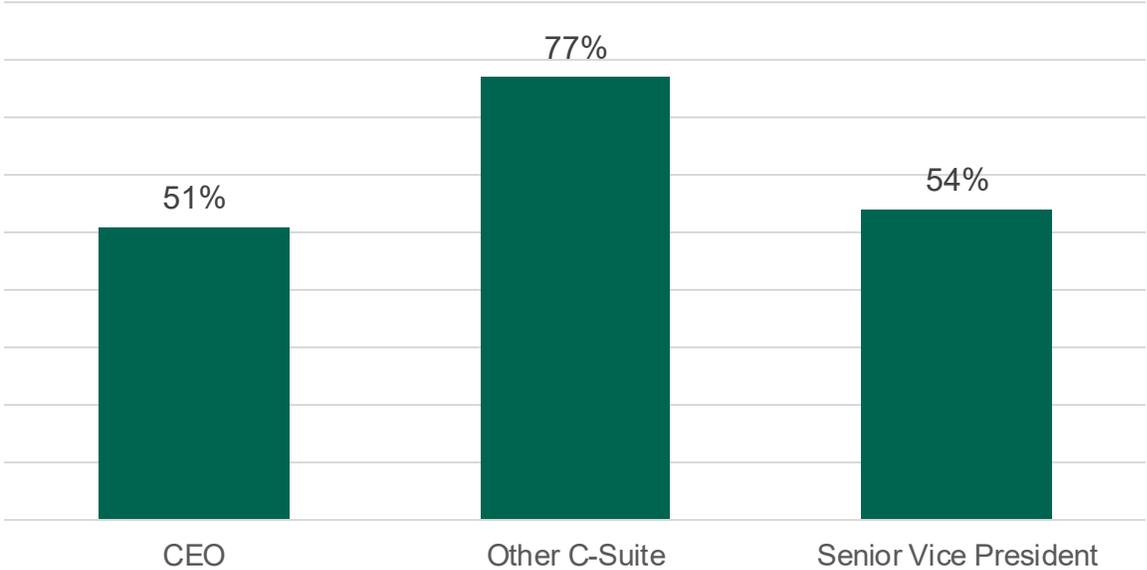
95% of respondents believe that surveys are somewhat accurate at best.

Most companies that selected “Inaccurate” find it feasible to compare individual elements, but not the total package. A few specifically struggle with comparing LTI.

# EXECUTIVE PAY AND GOVERNANCE

## EXECUTIVE BENCHMARKING

### MOST CRITICAL EXECUTIVE ROLES TO BENCHMARK REGULARLY



Note: Multiple responses allowed

### FINDINGS

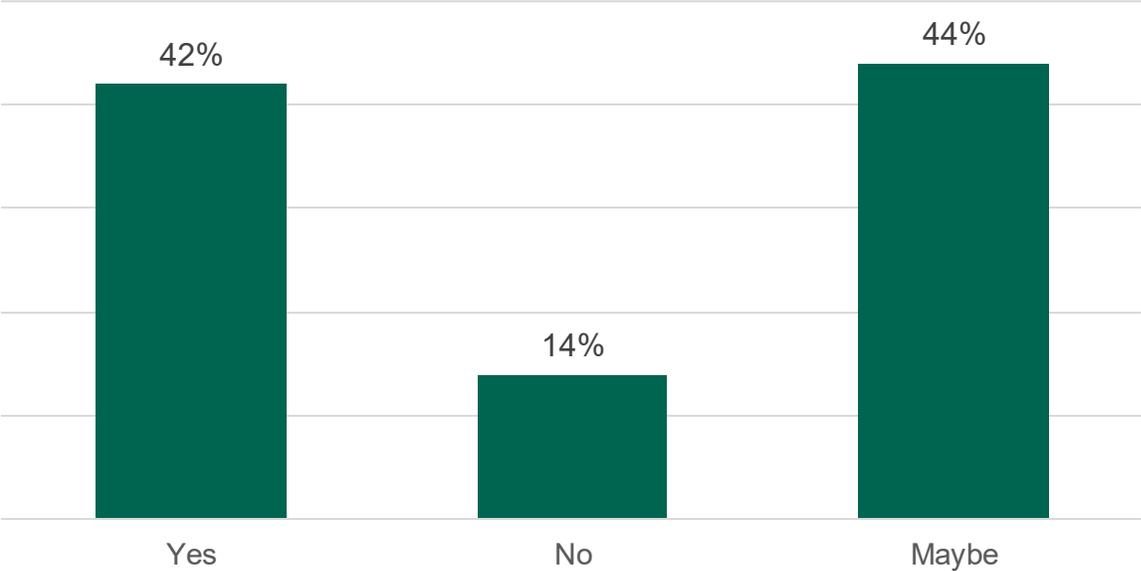
There may be a question as to the criticality of CEO benchmarking considering anecdotally how seldom CEOs leave for similarly sized competitors.

While it remains important, it is not as important as ensuring appropriate benchmarks for other senior executives, according to respondents. This may be due in part to challenges in benchmarking these roles.

# EXECUTIVE PAY AND GOVERNANCE

## EXECUTIVE BENCHMARKING

### WOULD YOU CONSIDER ALTERNATIVE APPROACHES TO CEO BENCHMARKING?



### FINDINGS

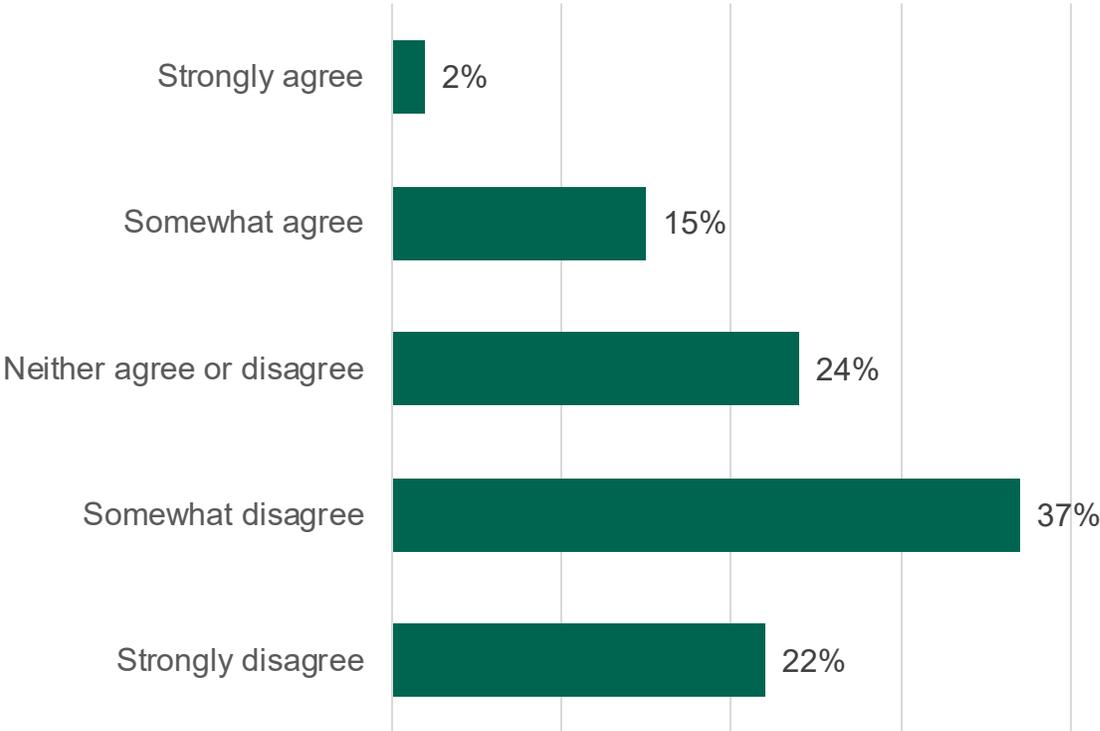
Most respondents would actively consider changing approaches to CEO benchmarking or would consider it.

Very few respondents are satisfied or would not change.

# EXECUTIVE PAY AND GOVERNANCE

## EXECUTIVE BENCHMARKING

### AGREEMENT LEVEL WITH FIXED CEO-TO-EXECUTIVE PAY RATIO (VS. BENCHMARKING)



### FINDINGS

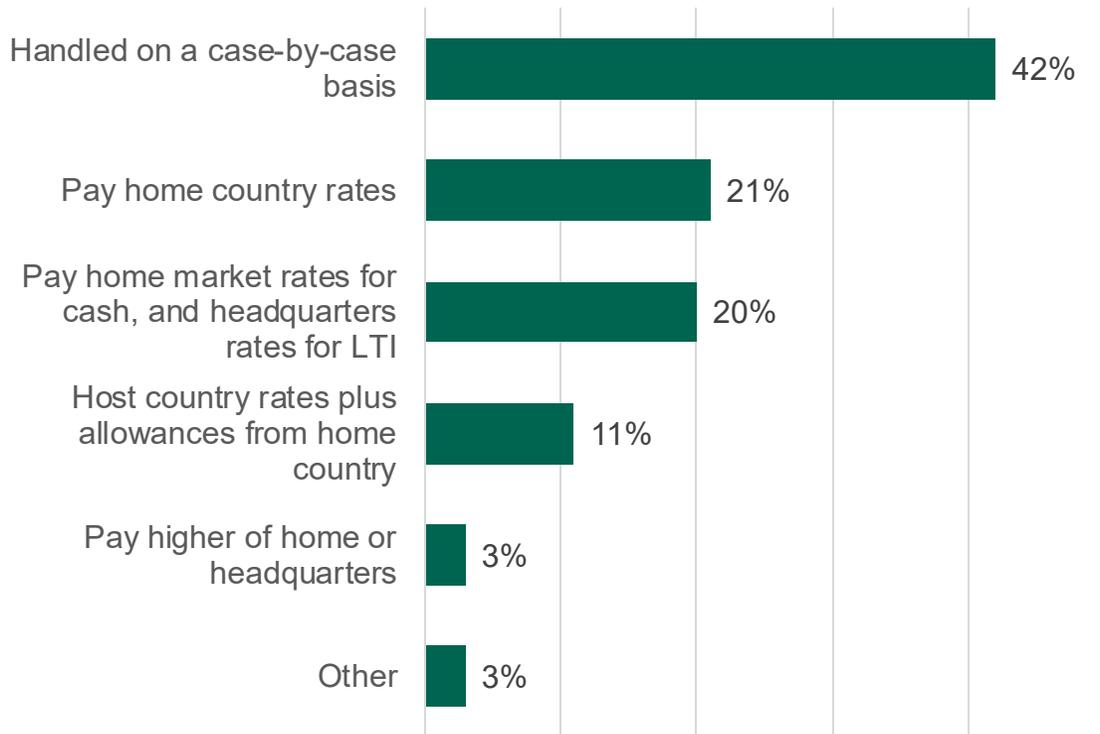
The chart shows respondents' level of agreement with the following statement: "CEO pay should be determined using a fixed ratio (e.g., 2:1) compared to other senior leaders (e.g., CFO), rather than relying on standard market benchmarking methodologies."

While not currently satisfied with current benchmarking approaches, respondents are very reluctant to adopt this approach.

# EXECUTIVE PAY AND GOVERNANCE

## EXECUTIVE BENCHMARKING

### BENCHMARKING EXECUTIVES WHO ARE “WORLD CITIZENS”



### FINDINGS

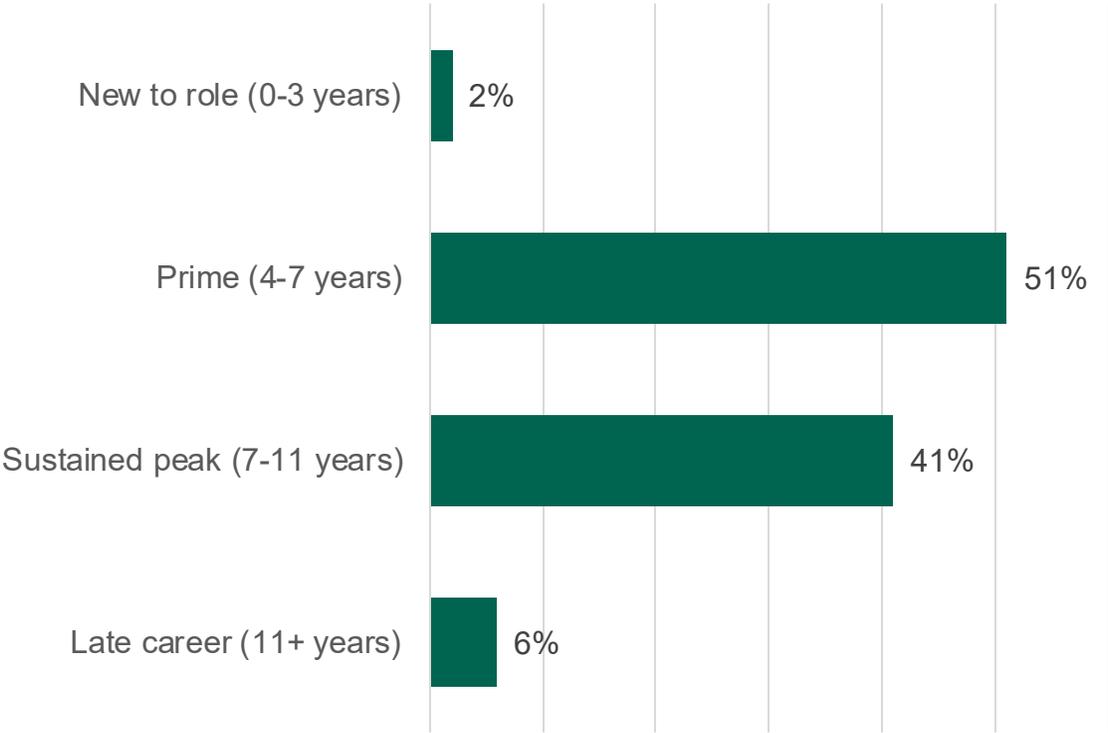
Companies continue to struggle with how to pay executives that are headquartered outside their home country or that live in a country that is outside their own or their corporate office. The most prevalent practice is “case-by-case” for these executives. While a high touch approach, this may lead to internal equity and consistency issues.

The next two most prevalent choices are either using home country rates or a blend (particularly with LTI).

# SETTING PAY LEVELS

# EXECUTIVE PAY AND GOVERNANCE SETTING PAY LEVELS

## WHEN SHOULD A CEO'S TARGET COMPENSATION BE AT ITS HIGHEST?



## FINDINGS

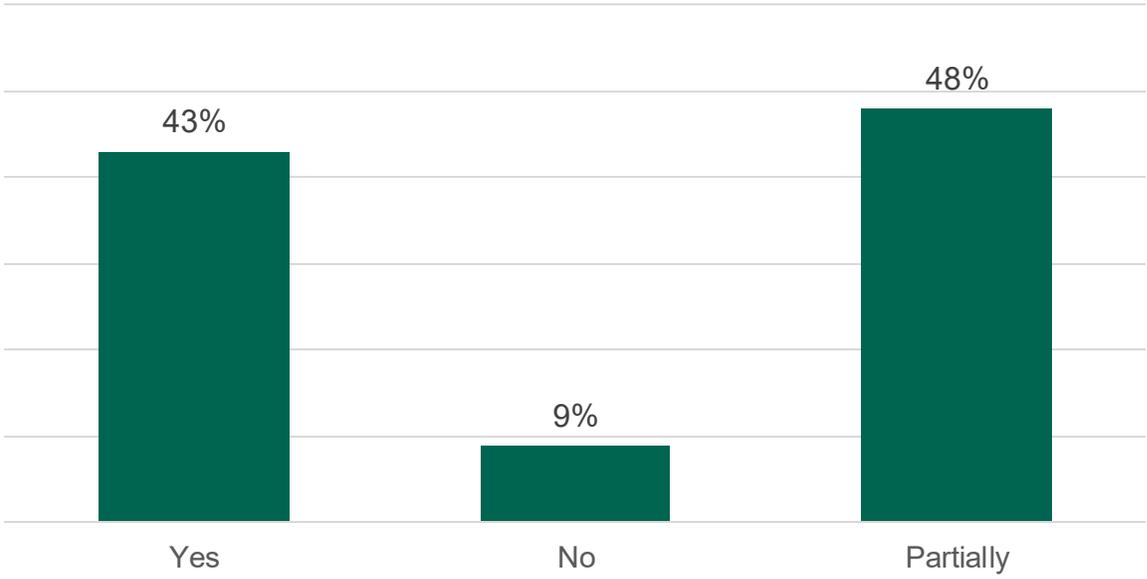
Most organizations believe that the CEO's target pay should be at its highest after the CEO has seen some success (prime) and has been able to sustain it (sustained peak).

Interestingly, most organizations do not believe that CEOs in the later stages of their career should receive pay like they did when they were at their peak.

Similarly, new CEOs should be made to "earn" high pay and should not achieve high pay in their early years.

# EXECUTIVE PAY AND GOVERNANCE SETTING PAY LEVELS

DOES CURRENT PRACTICE REFLECT THE  
STATED IDEAL (PREVIOUS SLIDE)?



## FINDINGS

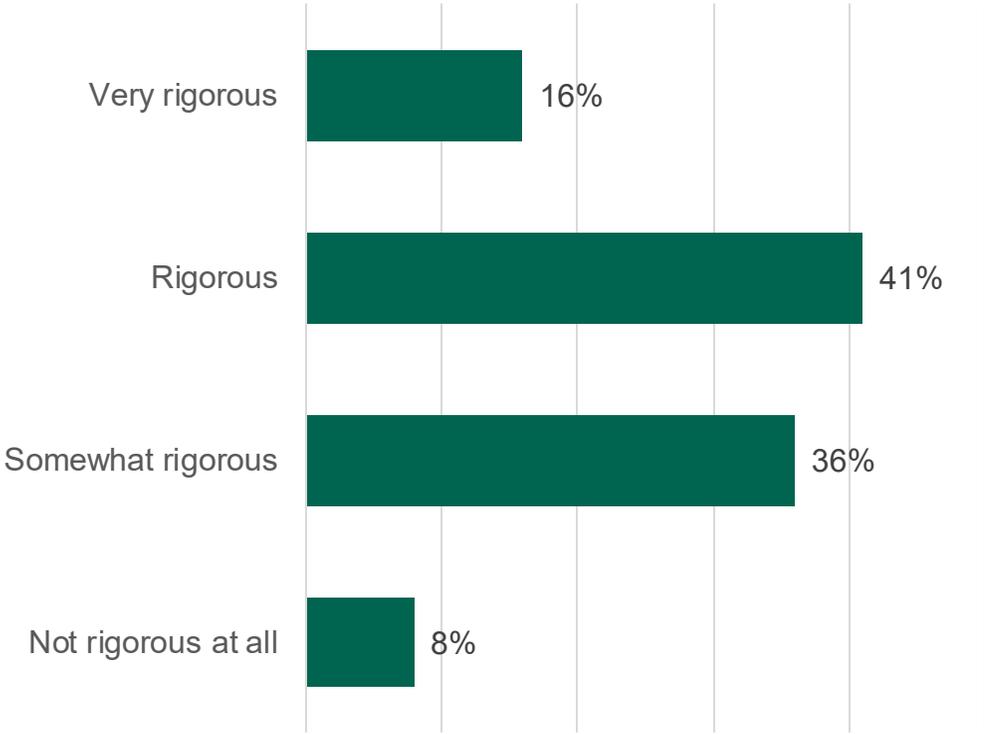
Despite suggesting that target pay should be at its highest in the “peak years,” more companies believe that this is not fully the case.

This is likely because CEO pay is at its highest in the last few years of a CEO’s tenure.



# EXECUTIVE PAY AND GOVERNANCE SETTING PAY LEVELS

## HOW RIGOROUS ARE YOUR CEO/EXECUTIVE PERFORMANCE DISCUSSIONS?



## FINDINGS

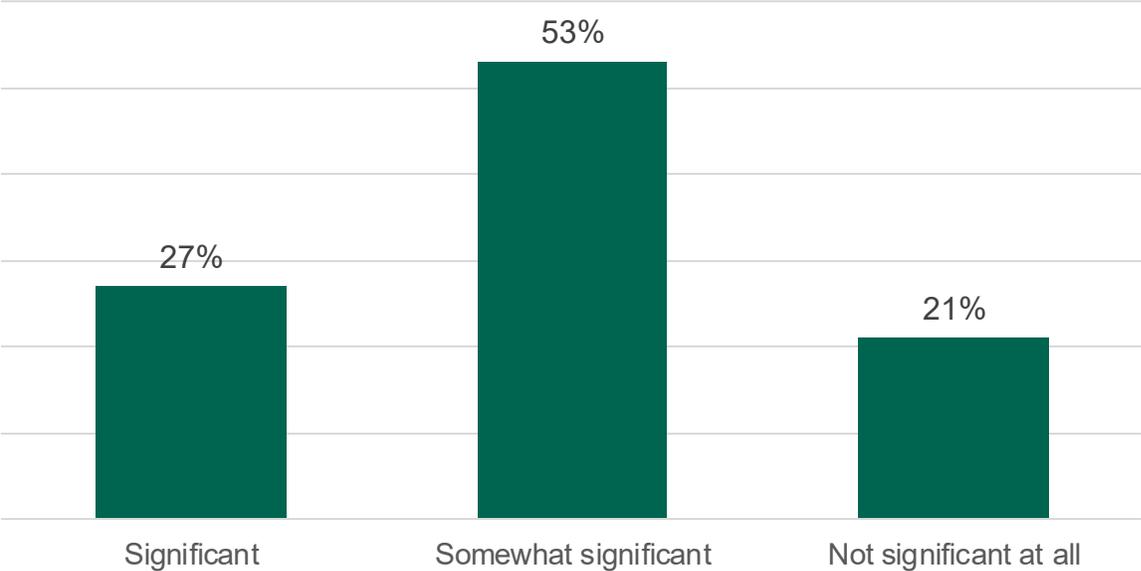
A slight majority of organizations believe that their CEO and/or executive performance discussions are rigorous.

However, a significant minority of organizations believe them to be only somewhat rigorous or not rigorous at all.

This has a significant implication regarding the perception and reality of a strong performance culture within the organization.

# EXECUTIVE PAY AND GOVERNANCE SETTING PAY LEVELS

## HOW MUCH IMPACT DOES CEO PERFORMANCE RATING HAVE ON SALARY LEVELS?



## FINDINGS

Whether the performance discussion was rigorous or not, the overwhelming majority of organizations believe that these discussions have either a somewhat significant or a not significant impact on salary increases/levels.

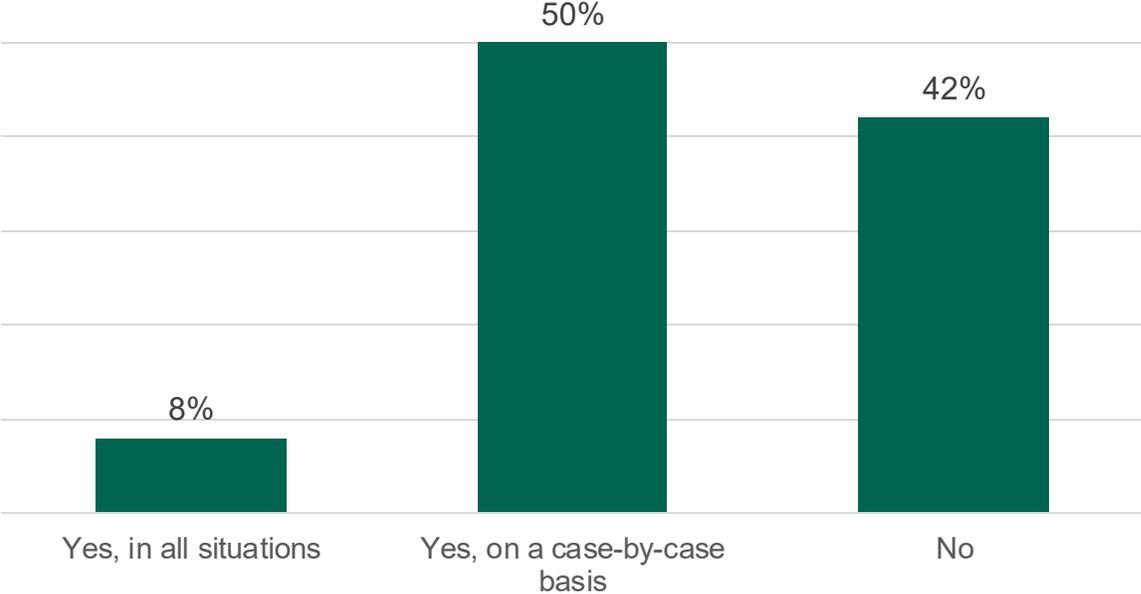
Only 27% of firms view there is significant alignment between performance feedback and salary level.

This may be due to a perception in many organizations that base pay determination is more market- vs. performance-driven.



# EXECUTIVE PAY AND GOVERNANCE SETTING PAY LEVELS

## SHOULD AN EXECUTIVE'S CAREER EARNINGS BE CAPPED?



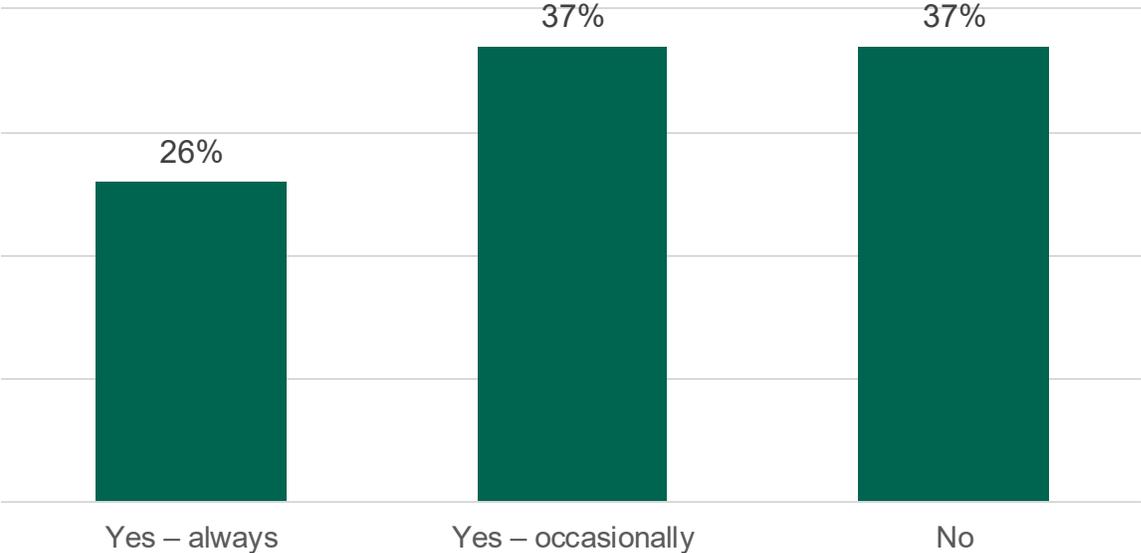
## FINDINGS

How much is too much? 92% of our respondents believe there should not be a hard-and-fast limit on how much pay an executive can make in their career.

Only 8% believe that in all situations, career earnings should be capped.

# EXECUTIVE PAY AND GOVERNANCE SETTING PAY LEVELS

## DO YOU CONSIDER CAREER EARNING LEVELS WHEN DETERMINING PAY INCREASES?



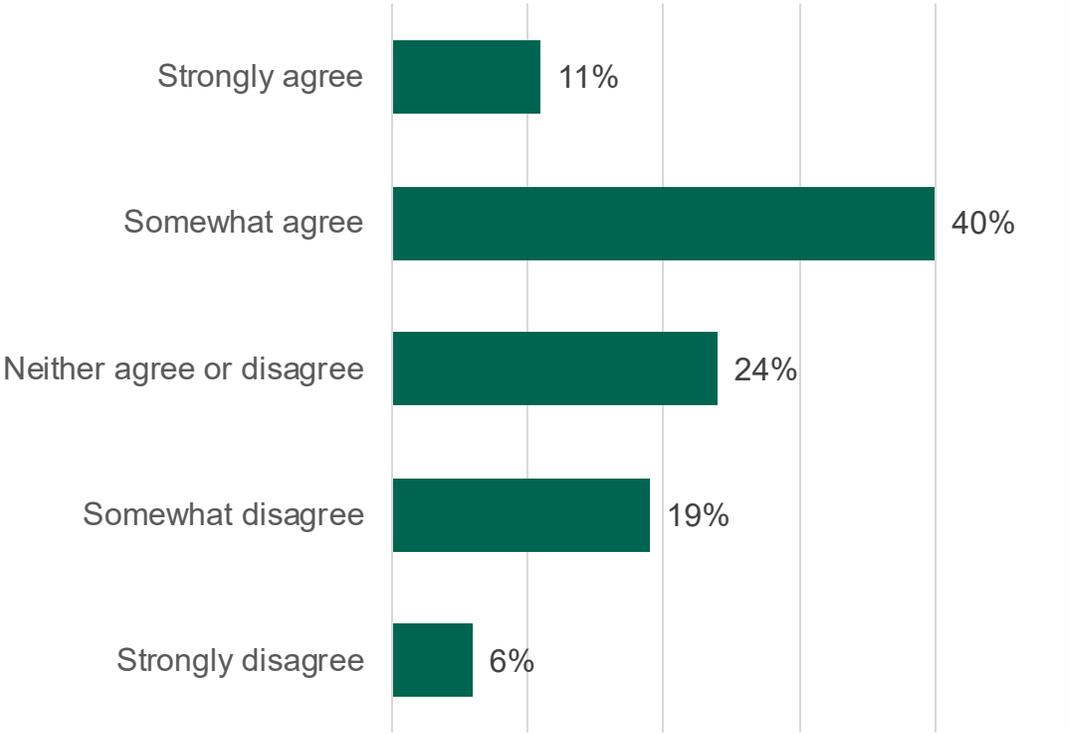
## FINDINGS

Many companies, at least occasionally, ensure that total compensation earned over the executive’s career be a factor in whether an increase to target pay is appropriate.

This means that context and history can be as important for setting pay as market data and benchmarks.

# EXECUTIVE PAY AND GOVERNANCE SETTING PAY LEVELS

## CONSIDERATION OF STOCK PRICE AND ECONOMIC ENVIRONMENT IN SETTING TARGET INCENTIVES



## FINDINGS

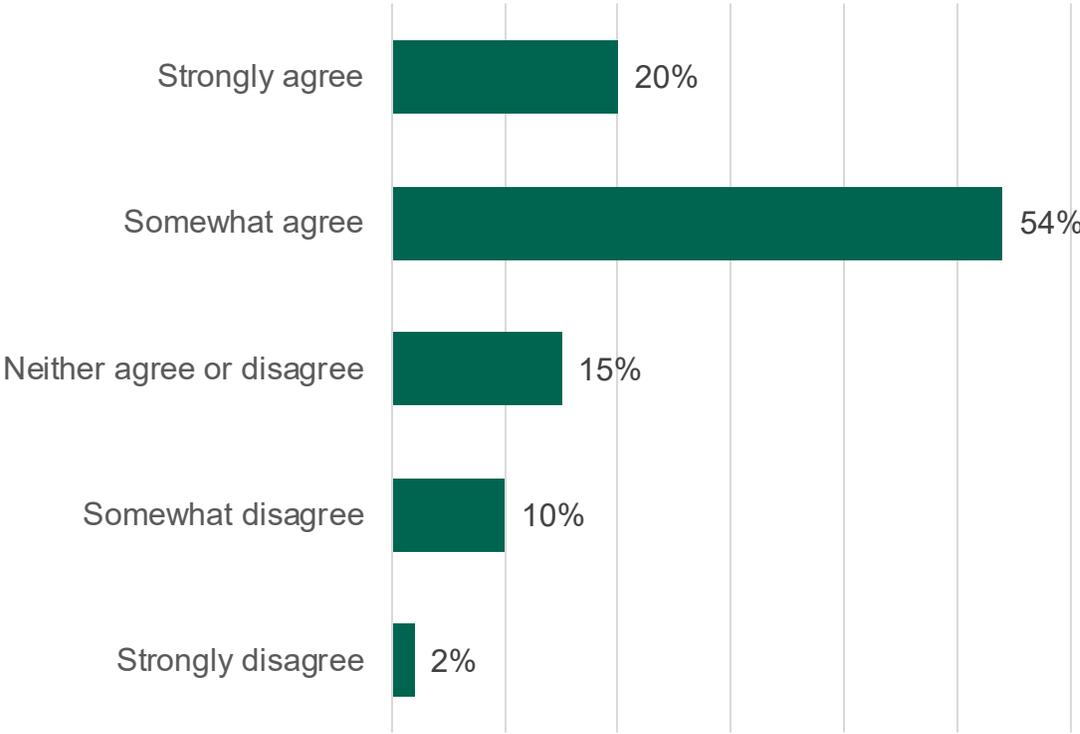
Respondents are split (50 / 50) as to whether current year context related to company performance impacts the setting of pay levels, particularly for incentive targets.

This suggests that market data remains a primary driver for setting pay targets.



# EXECUTIVE PAY AND GOVERNANCE SETTING PAY LEVELS

## SHOULD "IN YEAR" EXECUTIVE PAY BE CAPPED BY PROFITS, STOCK PRICE, OR OTHER METRICS?

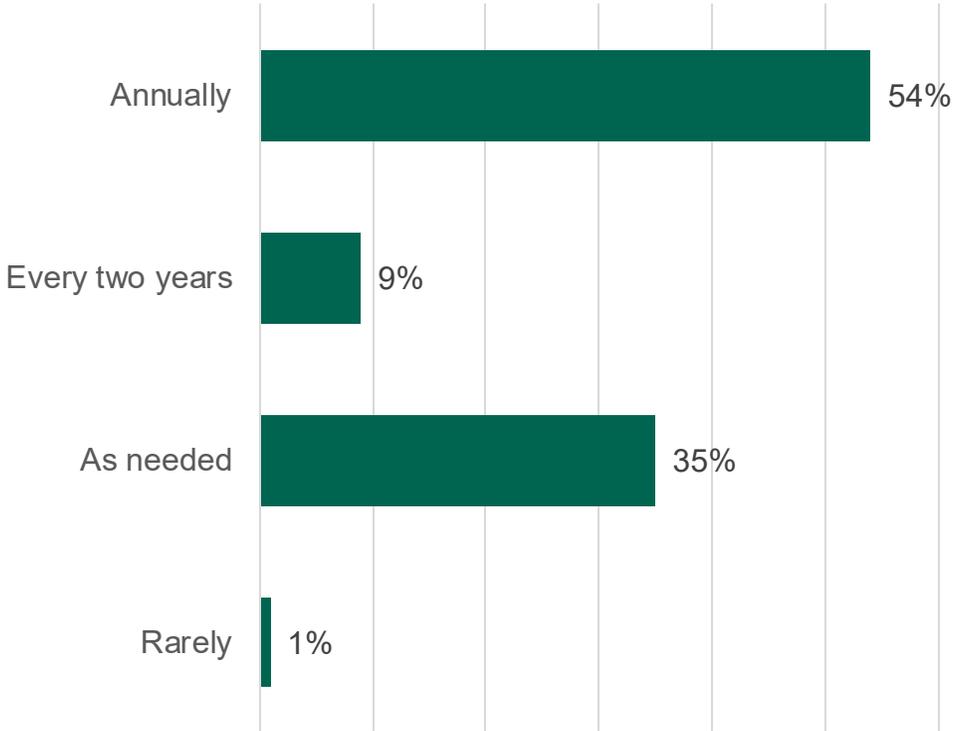


## FINDINGS

While we see company performance having a mixed impact on setting pay levels, respondents strongly believe that actual pay should be capped by overall company performance.

# EXECUTIVE PAY AND GOVERNANCE SETTING PAY LEVELS

## HOW FREQUENTLY SHOULD EXECUTIVES RECEIVE PAY CHANGES?



## FINDINGS

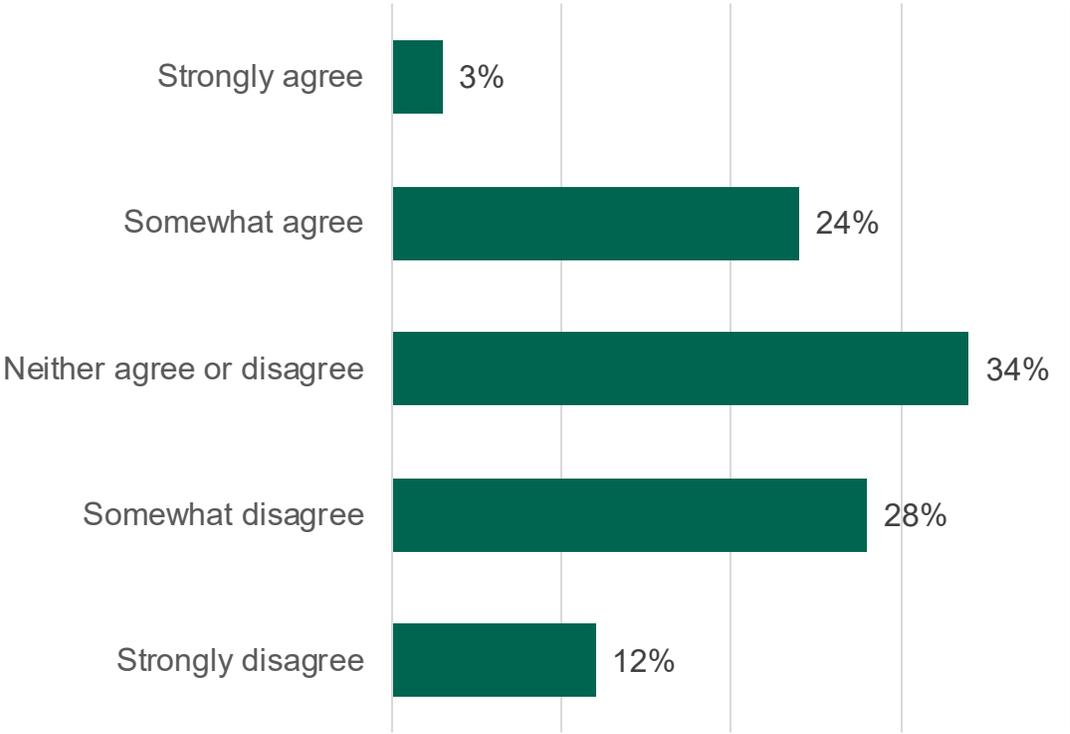
Despite previously seeing that executive benchmarking should occur annually, prevalence is more mixed in how frequently executives should receive pay changes.

There is a slight preference for annual increases where the remaining organizations are either every other year or as needed.



# EXECUTIVE PAY AND GOVERNANCE SETTING PAY LEVELS

WOULD YOU CONSIDER LARGER PAY PACKAGES EARLIER IN AN EXECUTIVE'S TIME IN ROLE AND MORE MODEST PACKAGES ON AN ONGOING BASIS?



## FINDINGS

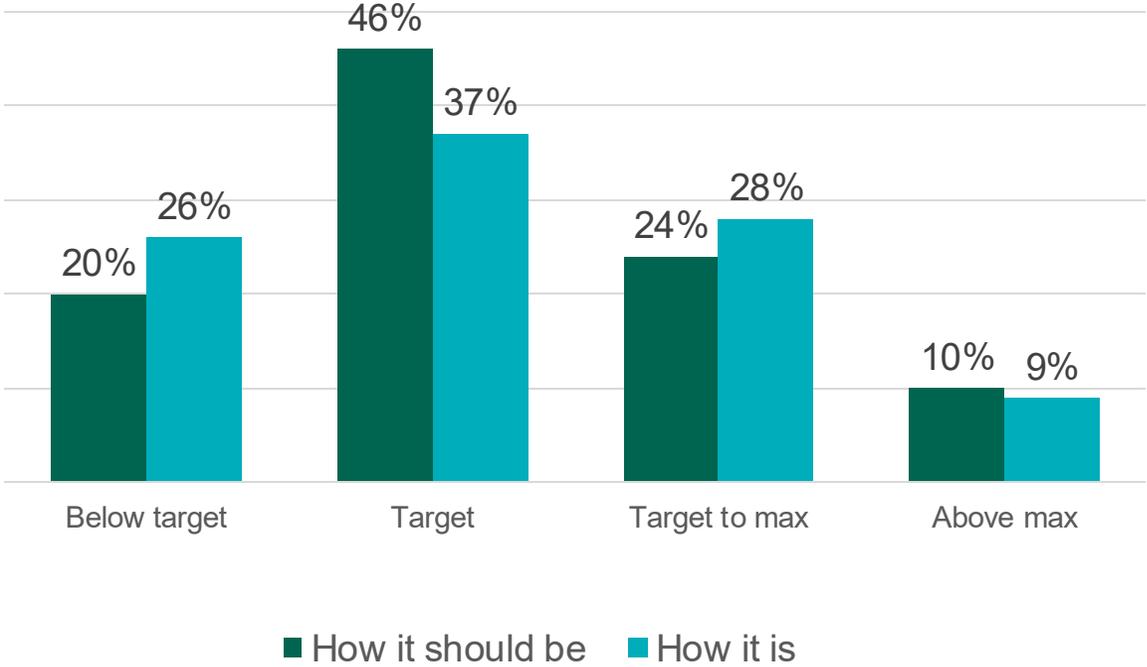
Only a quarter of our respondents suggest that they would consider private equity-style pay practices in their environment (e.g., high initial pay followed by 3-5 years of more modest pay).

The majority believe the historical approach of market-based awards annually fits their circumstances better.

# INCENTIVE DESIGN

# EXECUTIVE PAY AND GOVERNANCE INCENTIVE DESIGN

## DISTRIBUTION OF PAYOUTS BASED ON FINANCIAL METRICS IN SHORT-TERM INCENTIVE PROGRAMS OVER A TYPICAL 10-YEAR PERIOD



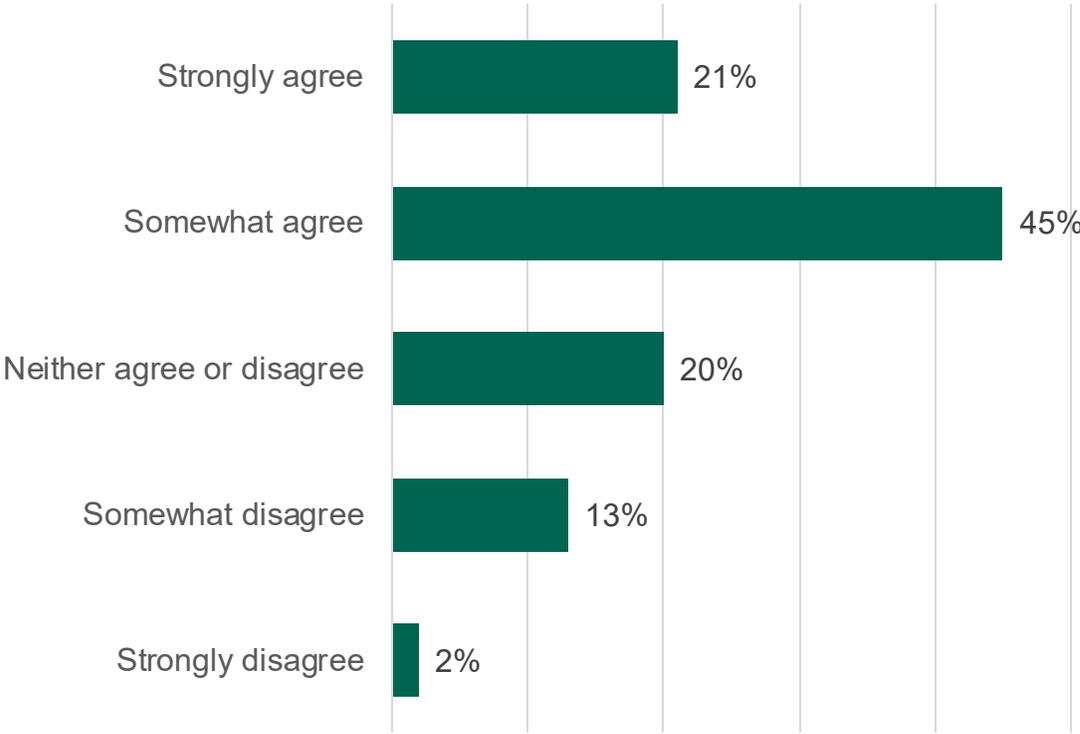
## FINDINGS

Our respondents, in an ideal world, would expect more payouts around target and less variation of payouts above/below target.

The perception of our respondents of how it actually happens is one of more equal variation across the payout curve, with much fewer instances of target payouts, and more payouts above/below target.

# EXECUTIVE PAY AND GOVERNANCE INCENTIVE DESIGN

## SHOULD SHORT-TERM INCENTIVES HAVE A PRIMARY ROLE IN EXECUTIVE PAY?



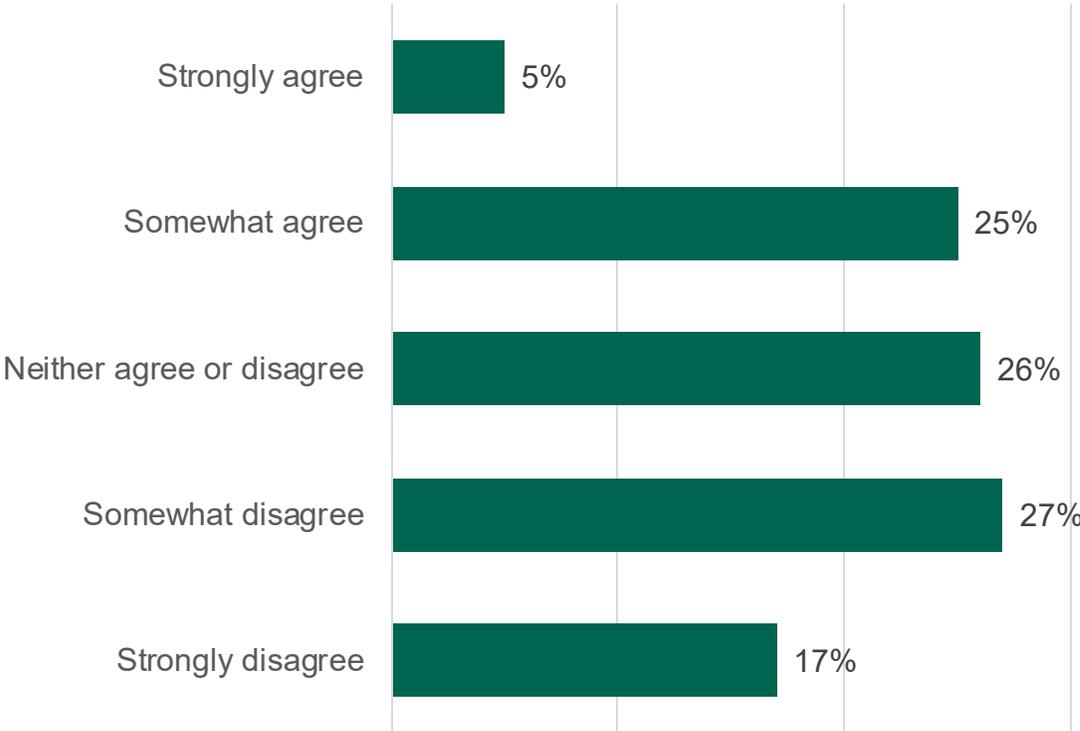
## FINDINGS

The view of short-term incentives as an important executive compensation vehicle has less agreement amongst our respondents than LTI (see page 37).

Only 21% strongly agree, with the remainder less certain.

# EXECUTIVE PAY AND GOVERNANCE INCENTIVE DESIGN

## SHOULD SHORT-TERM AWARDS BE PHASED OUT FOR EXECUTIVES AND BE REPLACED BY LARGER LONG-TERM AWARDS?



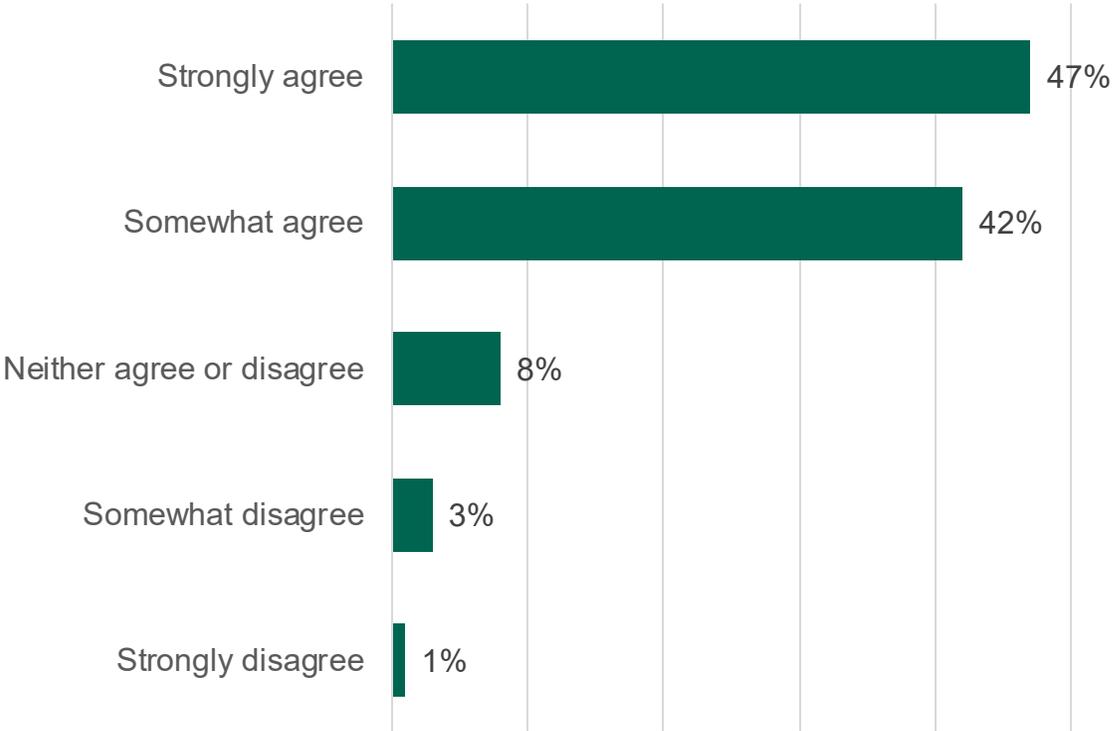
## FINDINGS

The findings are more mixed about whether short-term incentives should be partially or fully replaced by more/larger LTI grants.

A slight majority suggests that leaving pay mix the same as it is today should continue to be the answer.

# EXECUTIVE PAY AND GOVERNANCE INCENTIVE DESIGN

## SHOULD LONG-TERM INCENTIVES HAVE A PRIMARY ROLE IN EXECUTIVE PAY?



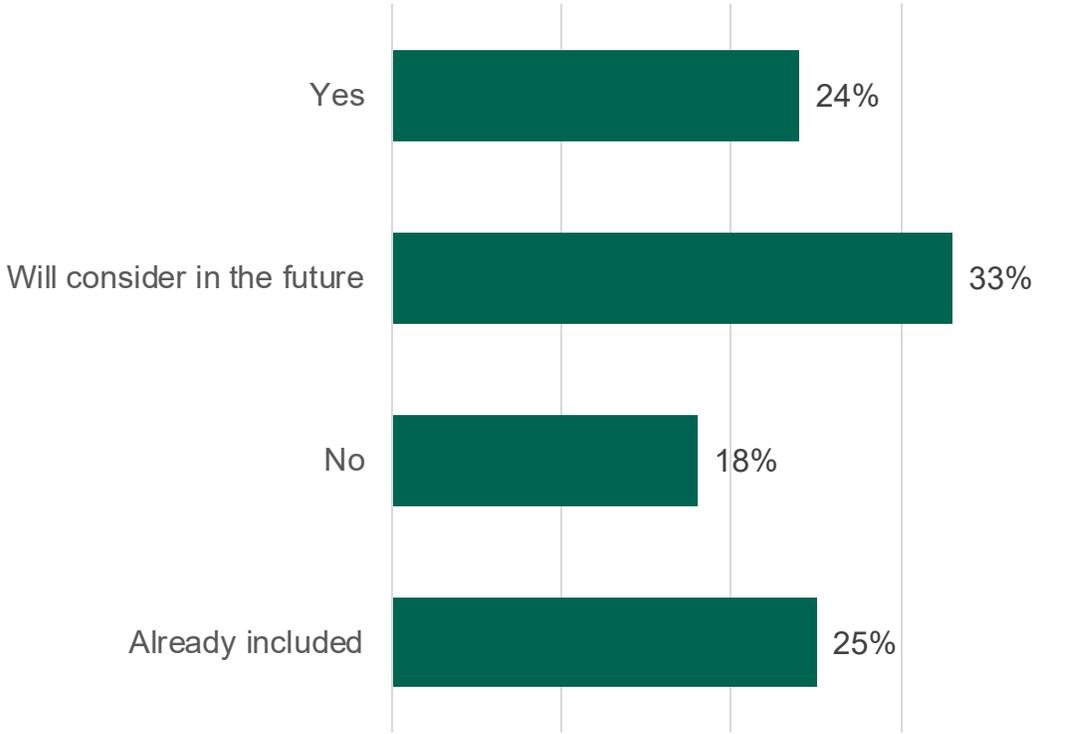
## FINDINGS

Long-term incentives' primacy is validated by virtually 90% of organizations generally agreeing.

Very few companies disagree (less than 5%) with this sentiment concerning LTI.

# EXECUTIVE PAY AND GOVERNANCE INCENTIVE DESIGN

## ARE YOU CONSIDERING THE USE OF STRATEGIC/ QUALITATIVE METRICS IN YOUR LONG-TERM PERFORMANCE AWARDS?



## FINDINGS

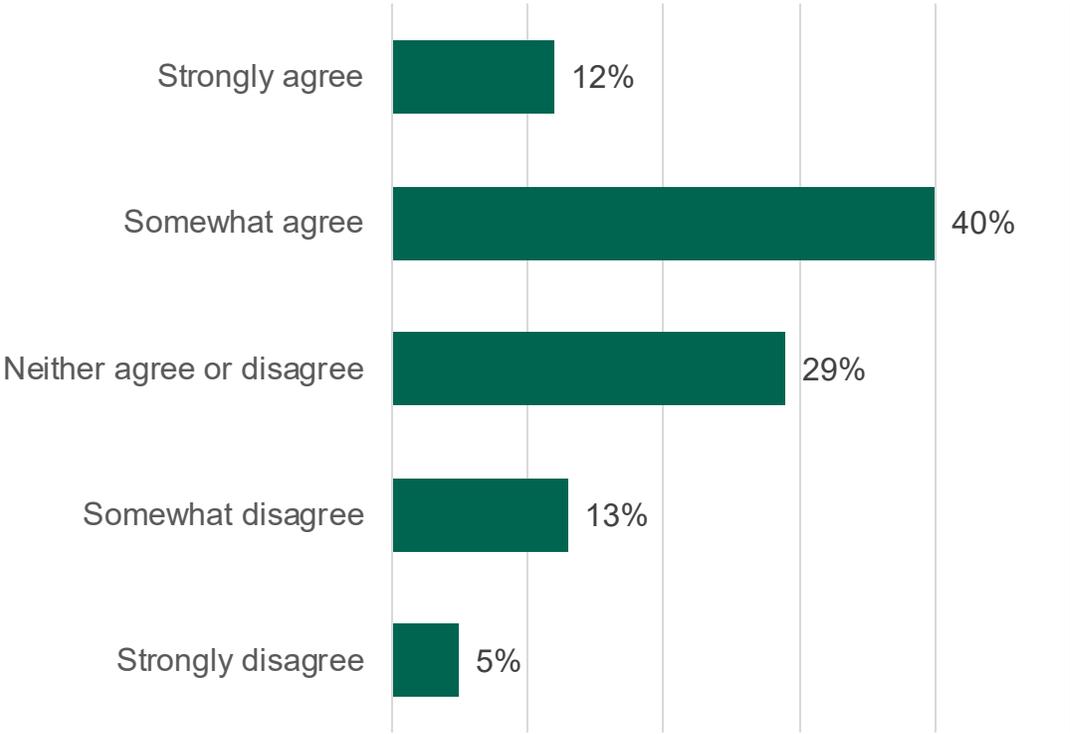
Unlike STI, the use of strategic or qualitative metrics in LTI is less prevalent (only 25% do this today).

However, in the near term, another 25% are actively considering implementing this type of metrics, and a full third will be considering it in the future.

Very few organizations have little interest in strategic or qualitative metrics (18%).

# EXECUTIVE PAY AND GOVERNANCE INCENTIVE DESIGN

## SHOULD LARGER, ONE-TIME LONG-TERM INCENTIVE AWARDS BE A CORE PART OF EXECUTIVE PAY?



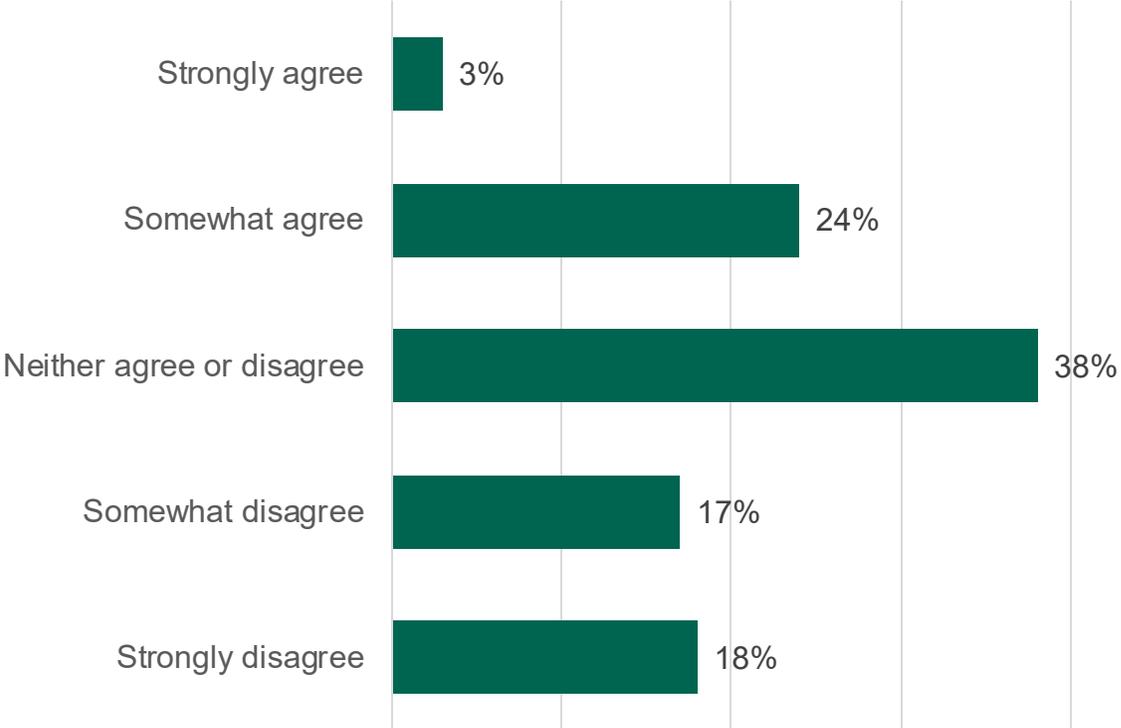
## FINDINGS

Outside of the current pay mix, a majority of our respondents believe that companies should take more advantage of the use of one-time or one-off grants to executives.

Very few organizations do not agree (18%) with adding/using this design more frequently as part of their pay strategy.

# EXECUTIVE PAY AND GOVERNANCE INCENTIVE DESIGN

## SHOULD "MOONSHOT" MEGA-GRANTS WITH TOUGH PERFORMANCE HURDLES BE MORE COMMON IN OUR REWARD SCHEME?



## FINDINGS

While most respondents agree that one-time awards (see previous page) should be a design component in executive pay, most of our respondents believe that these awards should stop short of mimicking the so-called “moonshot” design.

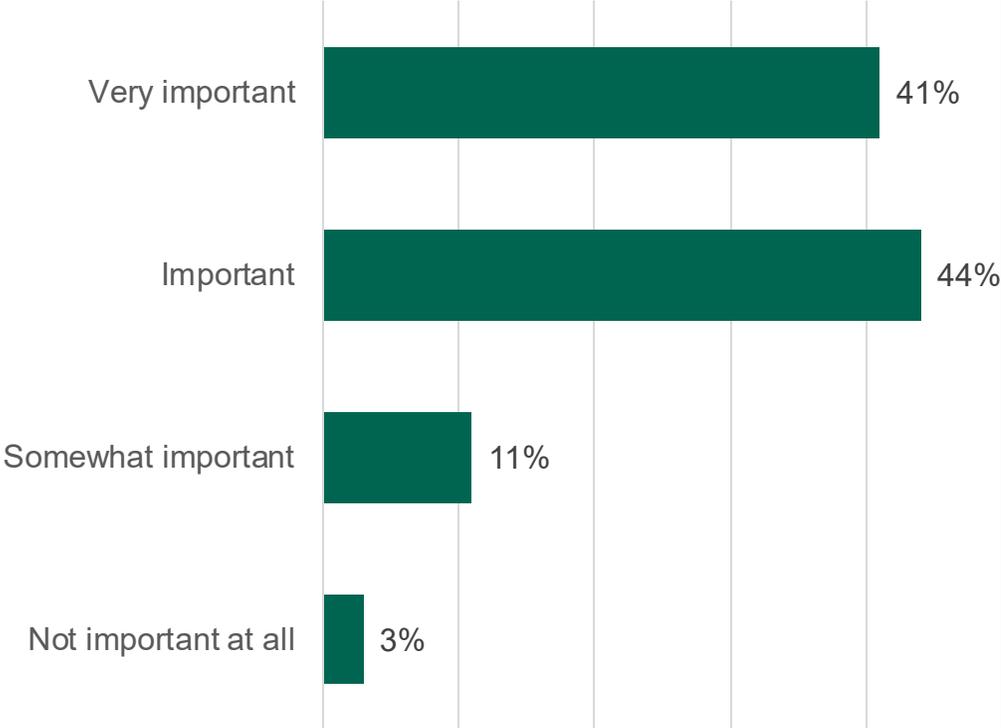
Although, according to our survey, moonshots are not as sharply dismissed as other design ideas.

(Moonshot: Significant mega-grants with very difficult performance hurdles, popular in the US in recent years.)



# EXECUTIVE PAY AND GOVERNANCE INCENTIVE DESIGN

## IMPORTANCE OF DEFINING METRIC ADJUSTMENTS PRIOR TO THE START OF A PERFORMANCE PERIOD



## FINDINGS

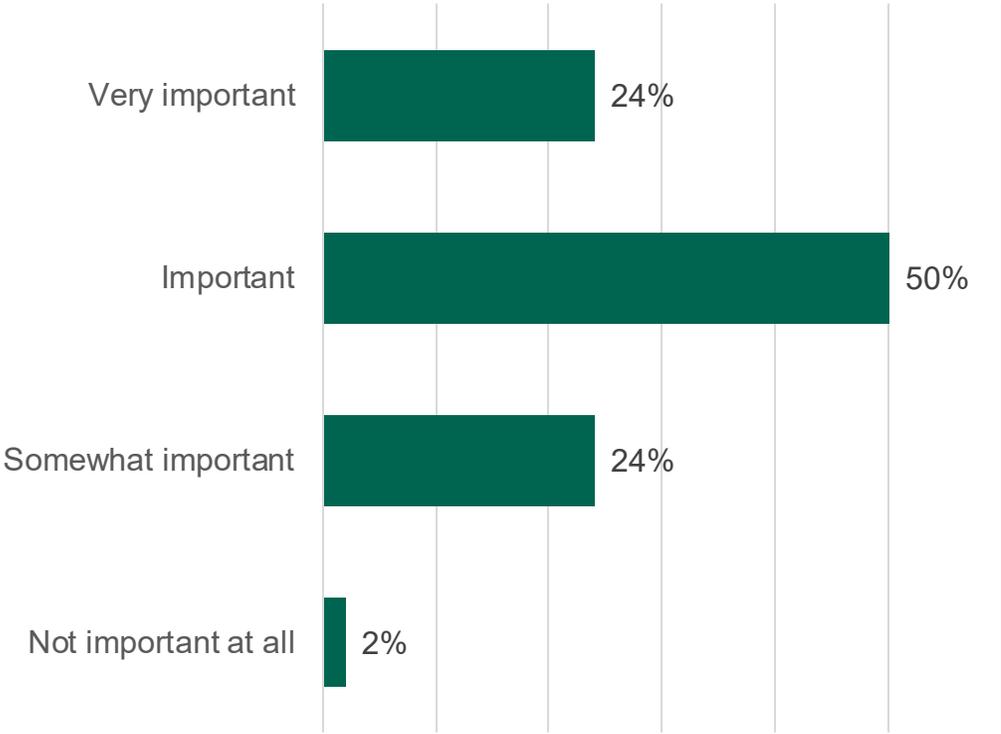
A significant majority of organizations (85%) believe it is important to pre-define adjustments to performance metrics prior to the start of the performance period.

Very few organizations think it is not important at all (3%).

Defining adjustments can be critical to managing performance in periods of uncertainty.

# EXECUTIVE PAY AND GOVERNANCE INCENTIVE DESIGN

## IMPORTANCE OF COMPENSATION COMMITTEE/REMCO DISCRETION IN EXCEPTIONAL BUSINESS CIRCUMSTANCES



## FINDINGS

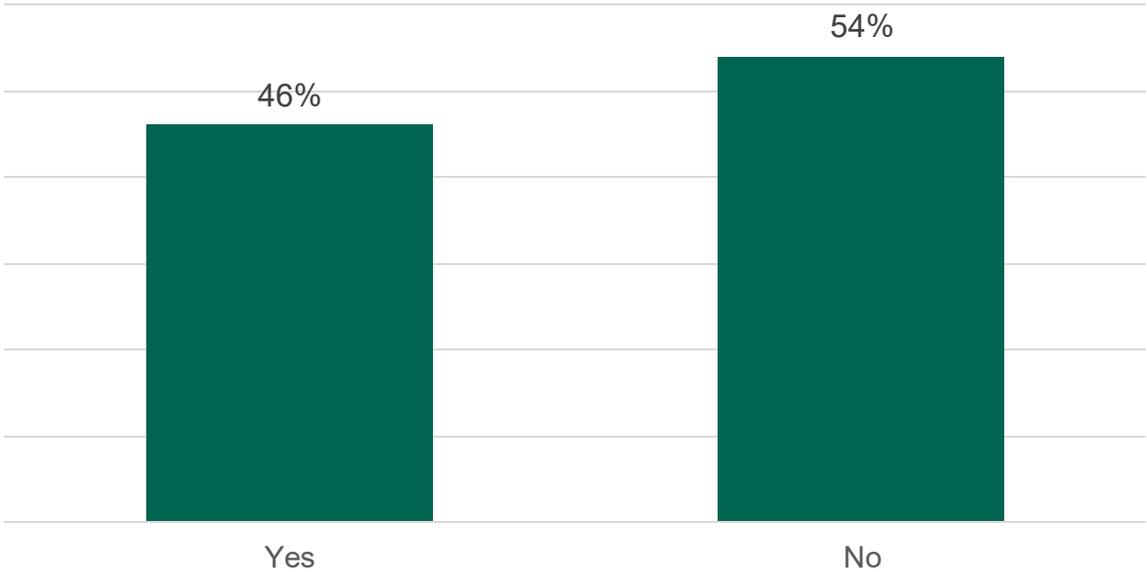
Even if an organization is very good at defining exceptions, there still can be economic environments where the company is (negatively) impacted through no fault of management.

Typically, the REMCO /(Remuneration Committee)/Comp Committee retains the power to override the incentive plan results in situations like these.

Almost all respondents (98%) believe it to be important that this flexibility be retained and used when necessary.

# EXECUTIVE PAY AND GOVERNANCE INCENTIVE DESIGN

HAVE COMPANIES INITIATED INTERNAL DISCUSSIONS ON ADJUSTING ANNUAL INCENTIVE PLANS DUE TO ECONOMIC UNCERTAINTY?



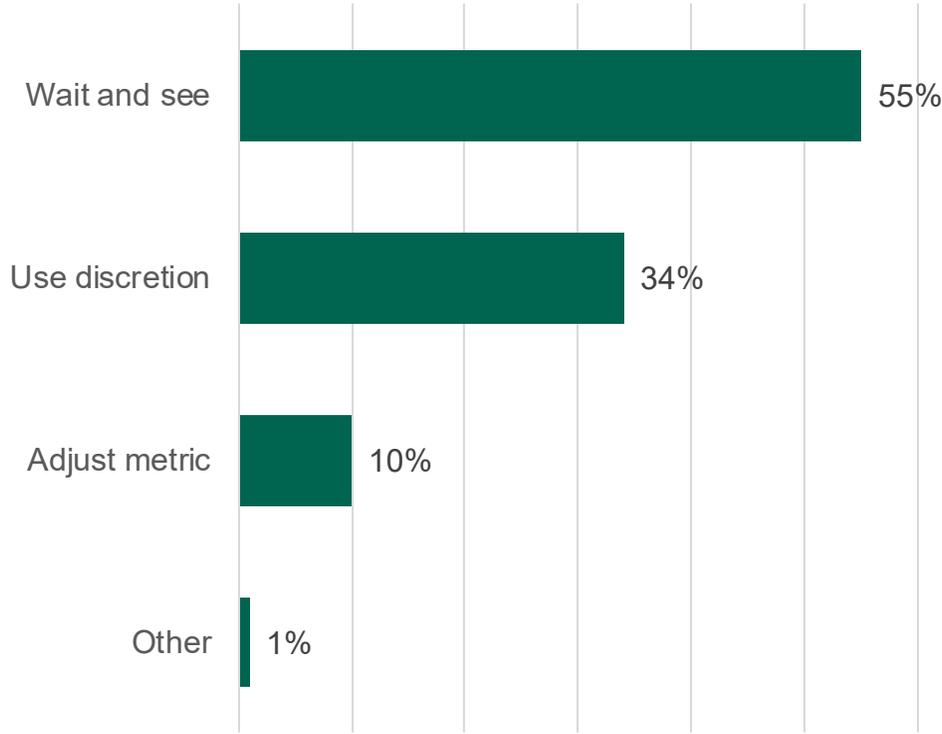
## FINDINGS

The current economic environment suggests some companies should have adjusted their metrics to account for some of the economic turbulence and uncertainty, and to have begun discussions with their REMCO/Comp Committee to plan for some discretion to be applied.

In our survey, approximately half of our respondents have begun to address the impact of the economic uncertainty in their incentive planning.

# EXECUTIVE PAY AND GOVERNANCE INCENTIVE DESIGN

## CURRENT CONSENSUS ON ECONOMIC UNCERTAINTY AND TARIFF IMPACT (ON INCENTIVE PLANS)



## FINDINGS

While many REMCO/Comp Committees are discussing how the current economic climate may impact incentive plan results, a majority are still taking a “wait-and-see” approach to see how the rest of the year plays out.

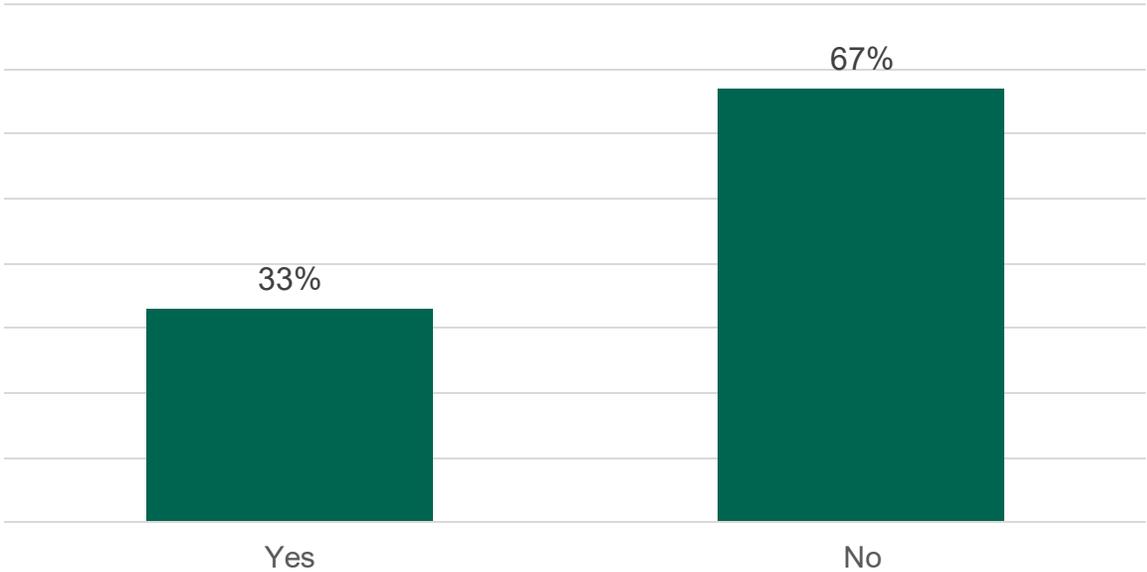
About a third of the companies have decided that discretion will likely be applied in their circumstances.



# GOVERNANCE, DESIGN, AND FAIRNESS

# EXECUTIVE PAY AND GOVERNANCE GOVERNANCE, DESIGN, AND FAIRNESS

**DO LONG-TERM INCENTIVE AWARDS BASED SOLELY ON RELATIVE TSR ACCURATELY REFLECT COMPANY PERFORMANCE?**

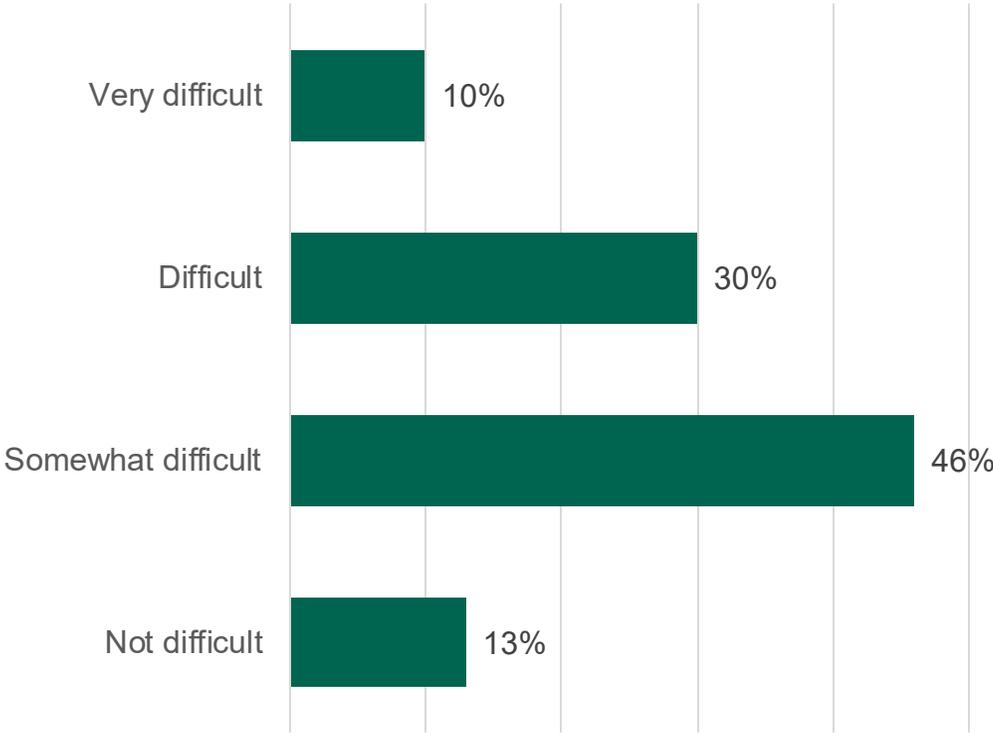


## FINDINGS

While relative TSR is the darling of the proxy advisors (and some institutional investors), respondents confirm what has been long suspected, that these plans do not reflect actual company performance.

# EXECUTIVE PAY AND GOVERNANCE GOVERNANCE, DESIGN, AND FAIRNESS

## HOW DIFFICULT IS IT TO SET LONG-TERM INCENTIVE FINANCIAL PERFORMANCE GOALS FOR PLANS NOT SOLELY BASED ON RELATIVE TSR?



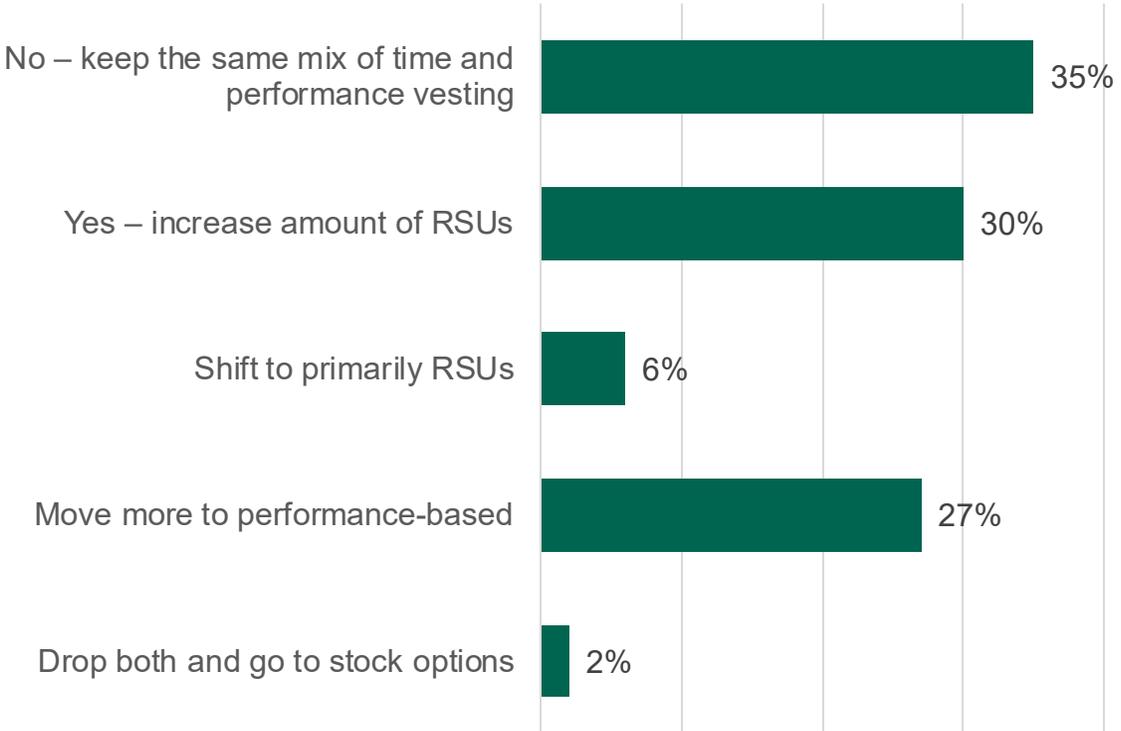
### FINDINGS

At least 85% of organizations believe that setting goals for long-term performance plans is difficult.

Very few organizations view this as a simple exercise.

# EXECUTIVE PAY AND GOVERNANCE GOVERNANCE, DESIGN, AND FAIRNESS

## IF POSSIBLE, WOULD YOU REPLACE LONG-TERM PERFORMANCE PLANS WITH MORE RETENTION/RSU-STYLE AWARDS?



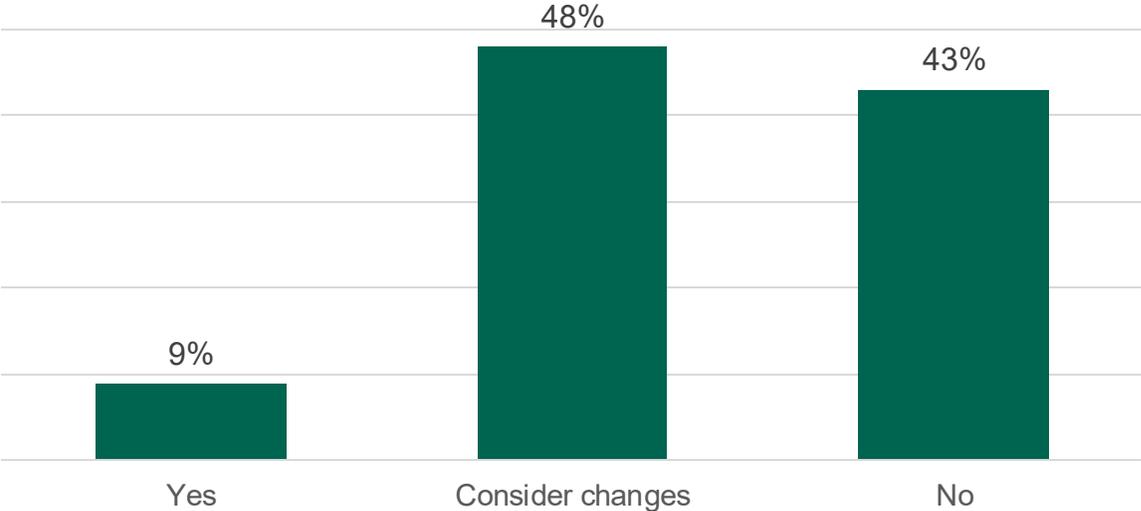
## FINDINGS

Approximately one-third of companies would keep vehicle mix the same, slightly more would increase time-based vehicles (like RSUs), and a little less than a third would add more performance.

No one is currently advocating for increasing use of stock options.

# EXECUTIVE PAY AND GOVERNANCE GOVERNANCE, DESIGN, AND FAIRNESS

IF EXTERNAL FORCES (E.G., ISS, INVESTORS, REGULATORS) FAVORED MORE RETENTION VEHICLES OVER PERFORMANCE VEHICLES, WOULD YOUR PREVIOUS ANSWER CHANGE?

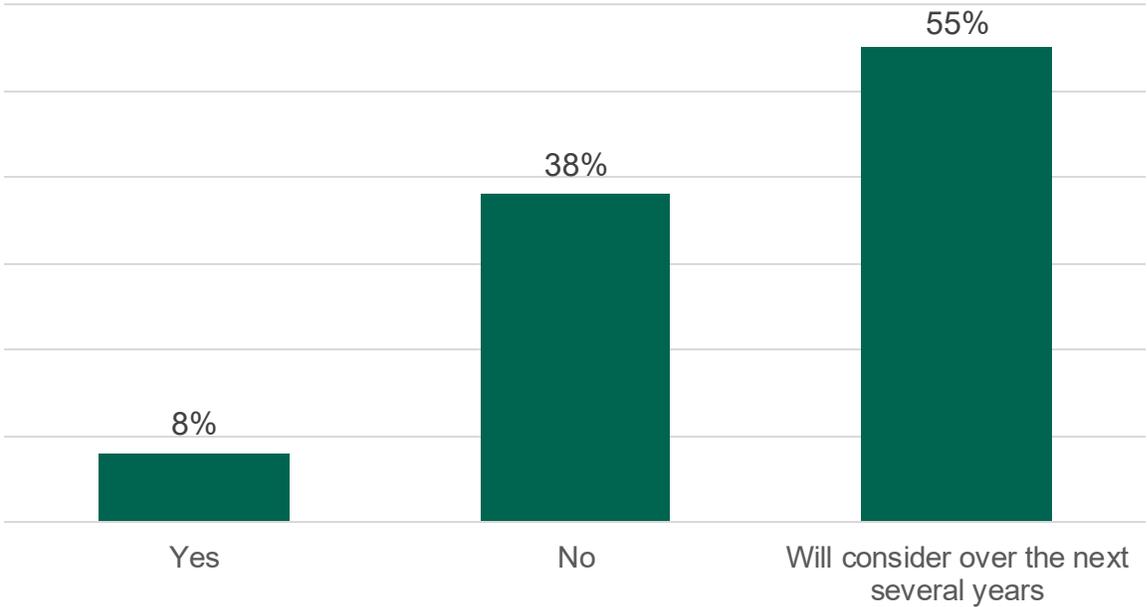


## FINDINGS

Despite the balanced feedback on the previous page, a majority would consider more time-based/retention vehicles to LTI if outside forces were in favor of the change.

# EXECUTIVE PAY AND GOVERNANCE GOVERNANCE, DESIGN, AND FAIRNESS

WOULD YOU FOLLOW ISS'S EXPECTED SHIFT TOWARD MORE TIME-BASED AWARDS IN EXECUTIVE COMPENSATION?



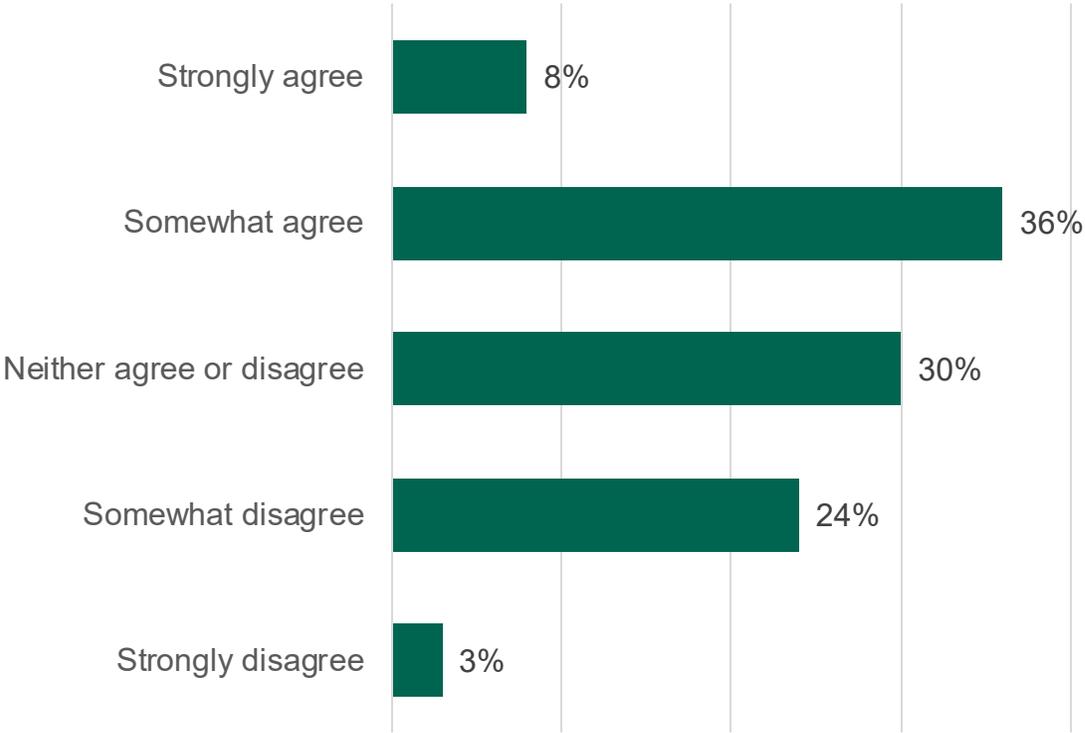
## FINDINGS

ISS is actively considering amending its policy to allow for more time-based retention vehicles (compared to performance).

In this case, close to two-thirds may consider moving to more RSUs.

# EXECUTIVE PAY AND GOVERNANCE GOVERNANCE, DESIGN, AND FAIRNESS

## IS LONGER VESTING AN APPROPRIATE TRADE-OFF FOR MORE RETENTION AND LESS PERFORMANCE-BASED AWARDS?



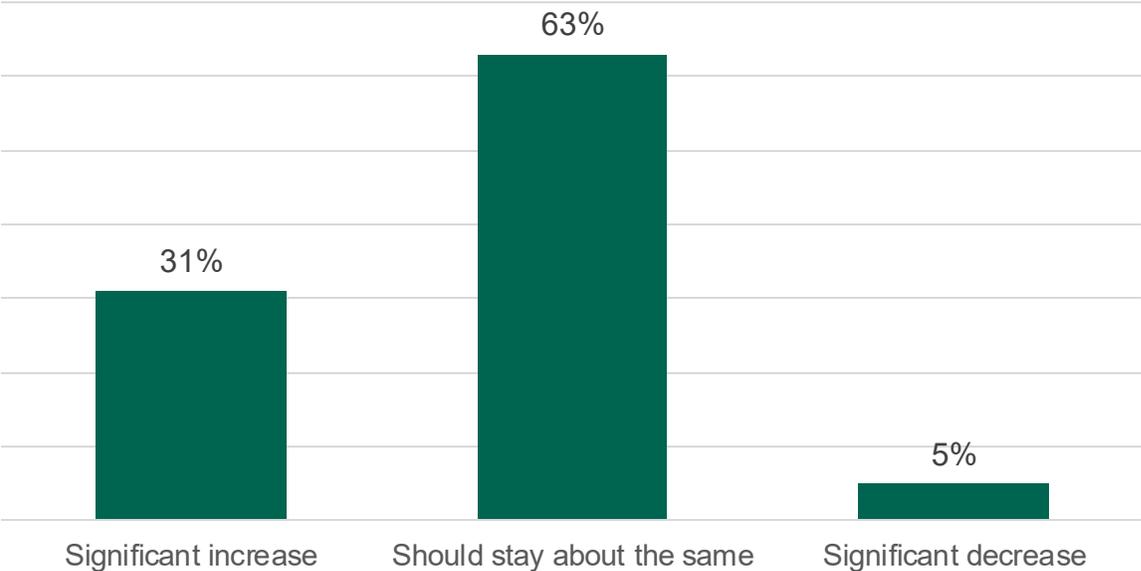
## FINDINGS

If companies were given more freedom to use RSUs/time-based vehicles, it is likely that there is an expectation that vesting would be longer.

Generally, a majority of our respondents agree with this being a fair trade-off.

# EXECUTIVE PAY AND GOVERNANCE GOVERNANCE, DESIGN, AND FAIRNESS

**DO YOU EXPECT PROXY AND STAKEHOLDER INFLUENCE TO INCREASE OR DECREASE VS. THE PAST FIVE YEARS?**



## FINDINGS

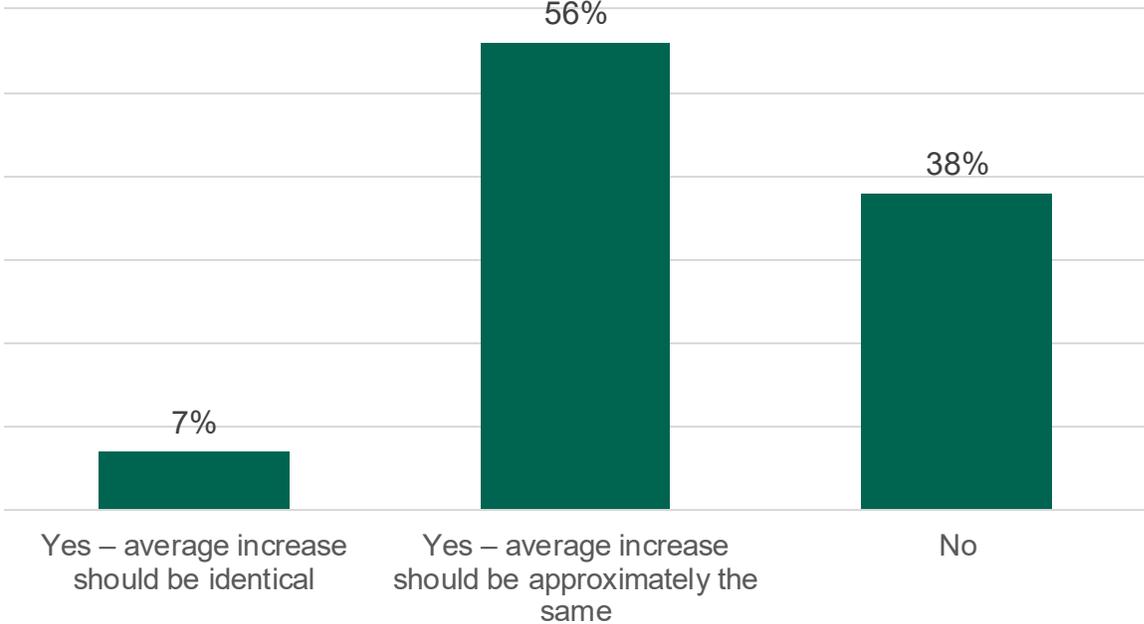
Surprisingly, as companies are talking more directly with investors (driven in part by proxy advisors), companies continue to believe these proxy advisors will continue to have the same influence.

In fact, almost one-third of the companies believe that they may have even more influence in the future.

# EXECUTIVE PAY AND GOVERNANCE

## GOVERNANCE, DESIGN, AND FAIRNESS

SHOULD EXECUTIVE SALARY INCREASES GENERALLY BE LIKE THE INCREASED PERCENTAGES FOR THE BROADER EMPLOYEE POPULATION?

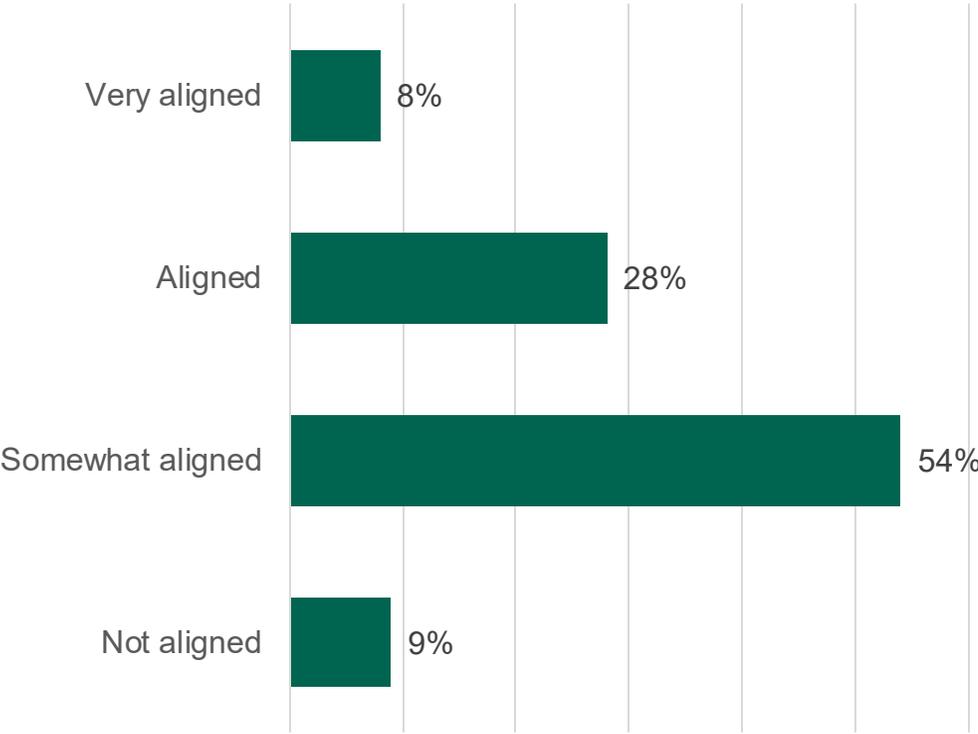


### FINDINGS

Most companies believe that executives should have separate salary increase budgets from other employee groups, but a majority believe these budgets should have some relationship to the broader employee budget.

# EXECUTIVE PAY AND GOVERNANCE GOVERNANCE, DESIGN, AND FAIRNESS

## HOW WELL DO EXECUTIVE PAY PACKAGES ALIGN TO THE BROADER EMPLOYEE POPULATION?



## FINDINGS

A majority of our respondents believe executive pay is only loosely related to how the broader employee population is paid.

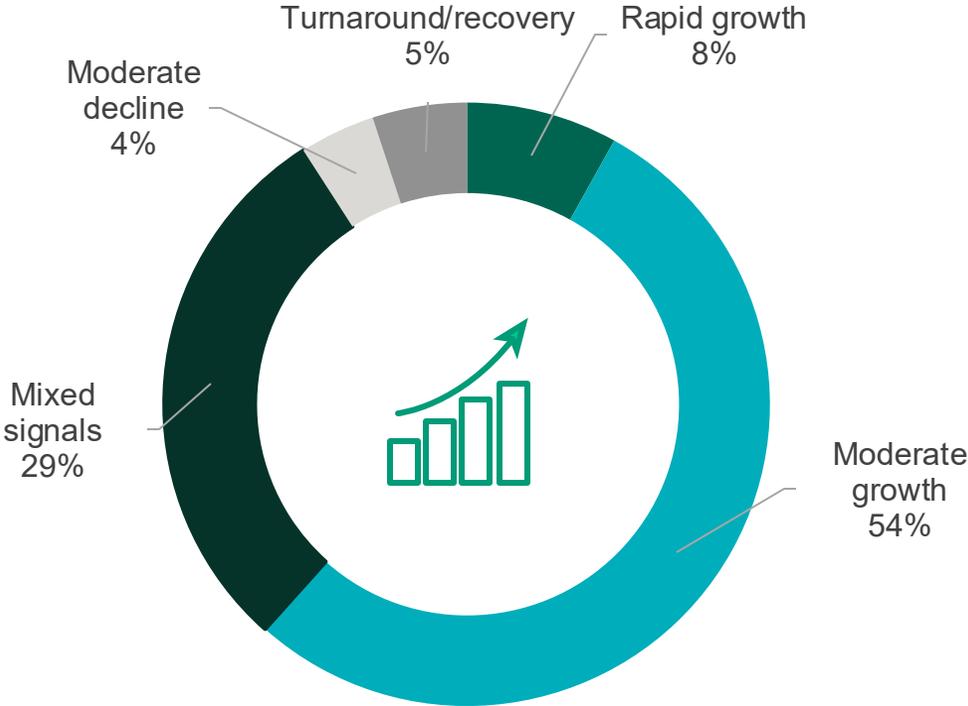
Very few companies believe that it is very aligned with employees.

# BUSINESS OUTLOOK



# BUSINESS OUTLOOK GROWTH PROSPECTS

## CURRENT BUSINESS PROSPECTS FOR THE ORGANIZATION



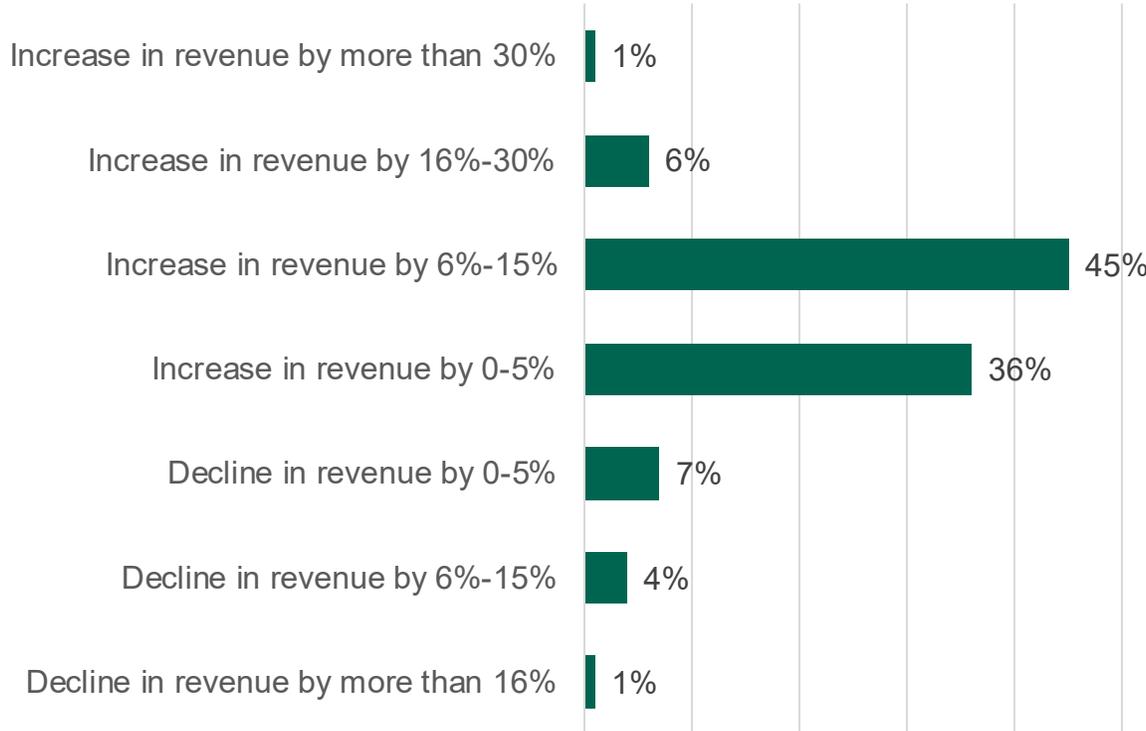
## FINDINGS

**62%** of organizations report that they anticipate moderate-to-rapid growth in 2025.

Rewards professionals remain optimistic about moderate growth this year. However, this view of growth is less widespread than our March Pulse Survey (69%).

# BUSINESS OUTLOOK REVENUE FORECAST

## EXPECTED BUSINESS OUTLOOK FOR THE NEXT 12 MONTHS



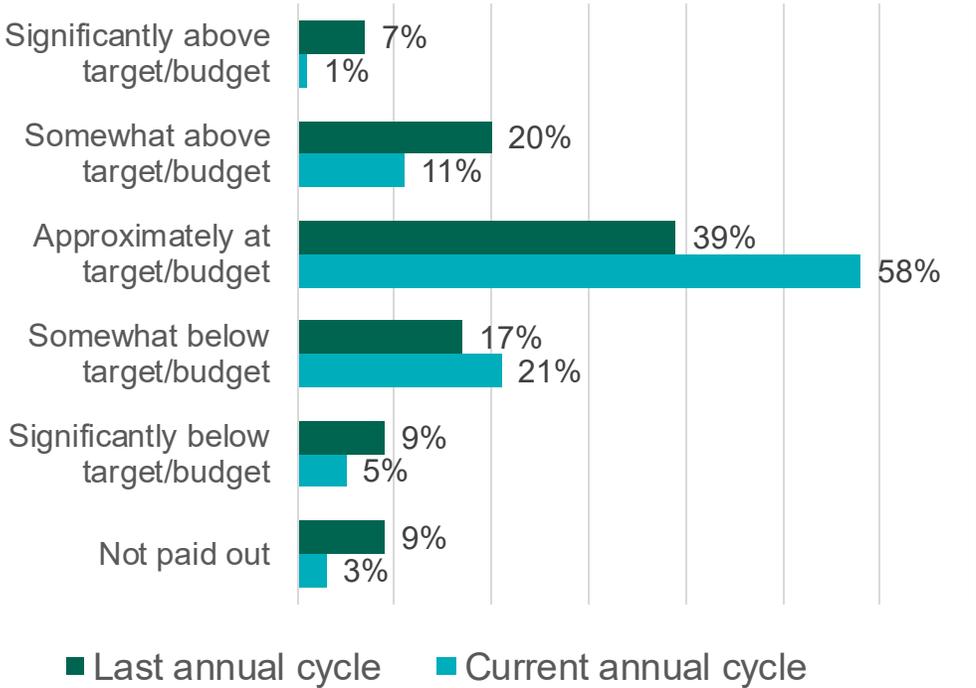
## FINDINGS

**88%** of organizations report that they anticipate revenue growth in the next year.

**52%** of organizations report anticipated revenue growth of 6% or more in the next year.

# BUSINESS OUTLOOK INCENTIVE PAYOUTS

## BONUS PAYMENT RELATIVE TO THE TARGET BONUS



Respondents unsure about this year's payment were not included in the above chart.

## FINDINGS

**66%** paid bonuses/incentives comparable to or above the target in the previous fiscal year, while **70%** anticipate paying bonuses/incentives comparable to or above the target this fiscal year.

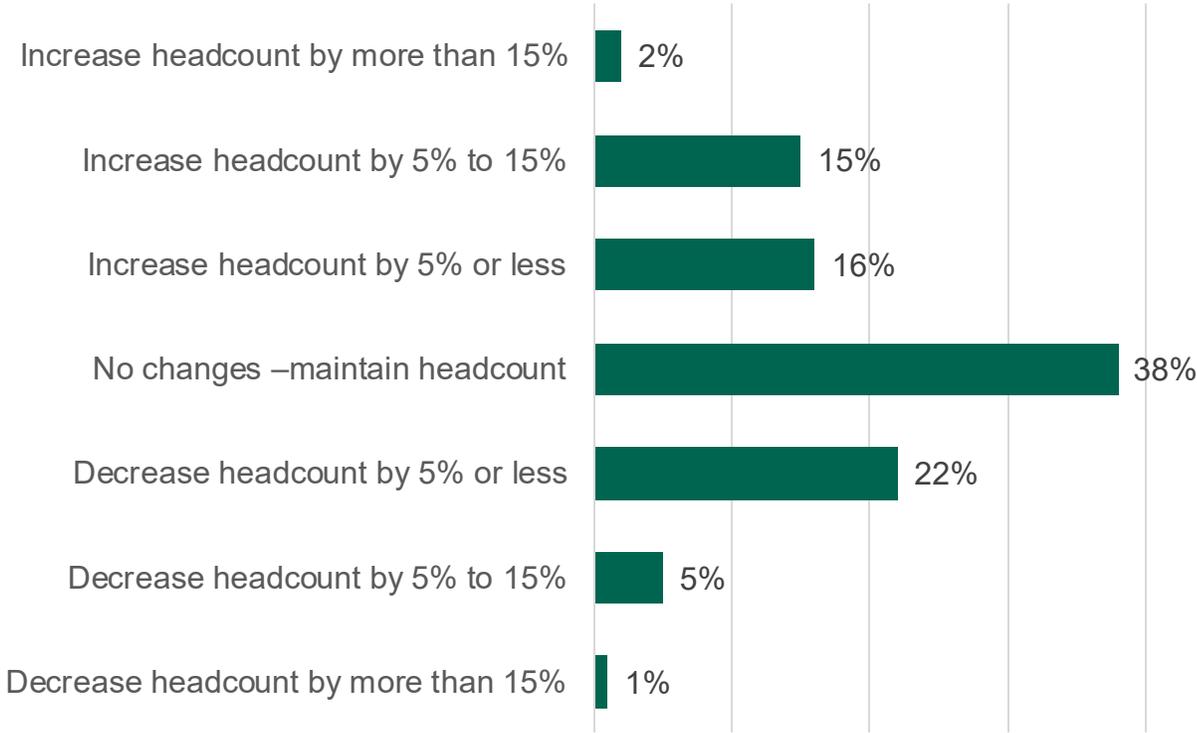
These findings are generally in line with the previous research from February 2025 (at 68% and 67%, respectively).



# BUSINESS OUTLOOK

## EMPLOYEE TURNOVER

### PLANNED CHANGES TO EMPLOYEE HEADCOUNT IN 2025



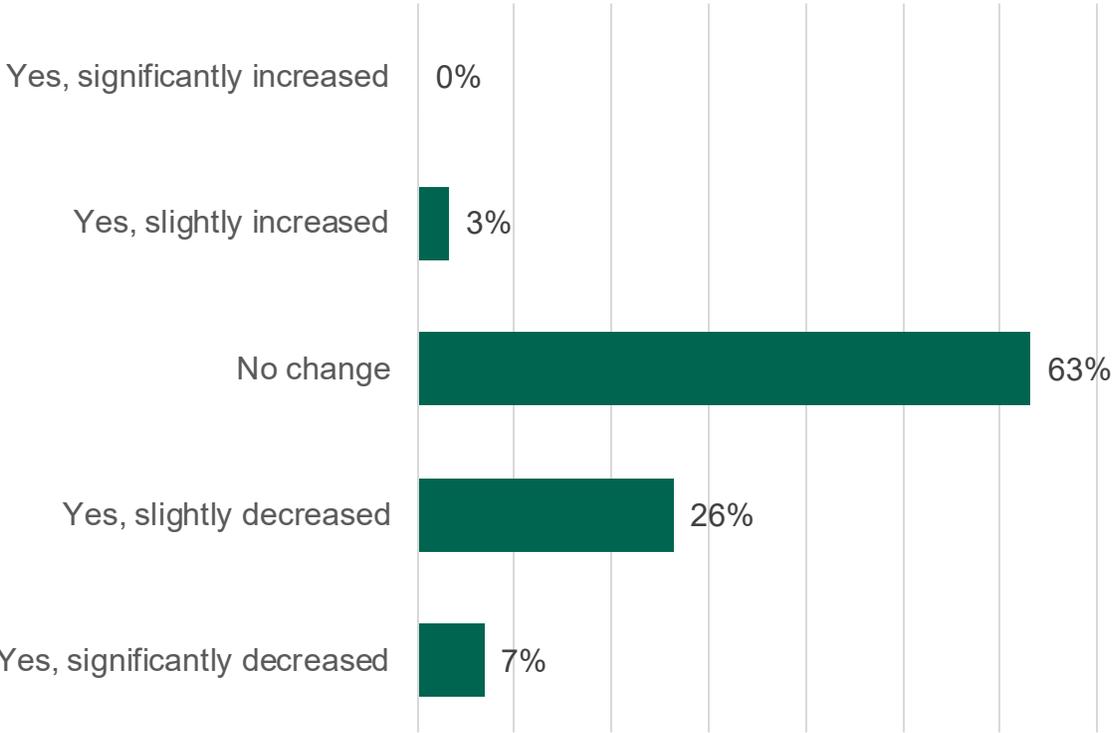
### FINDINGS

A strong majority of organizations **(76%)** anticipate 2025 employee headcounts to be within +/- 5% of 2024 levels.

# SALARY INCREASE FORECASTS

# SALARY INCREASE FORECASTS ECONOMIC UNCERTAINTY IMPACT

## HAS ECONOMIC UNCERTAINTY IMPACTED YOUR COMPANY'S PLANNED SALARY INCREASES THIS YEAR?



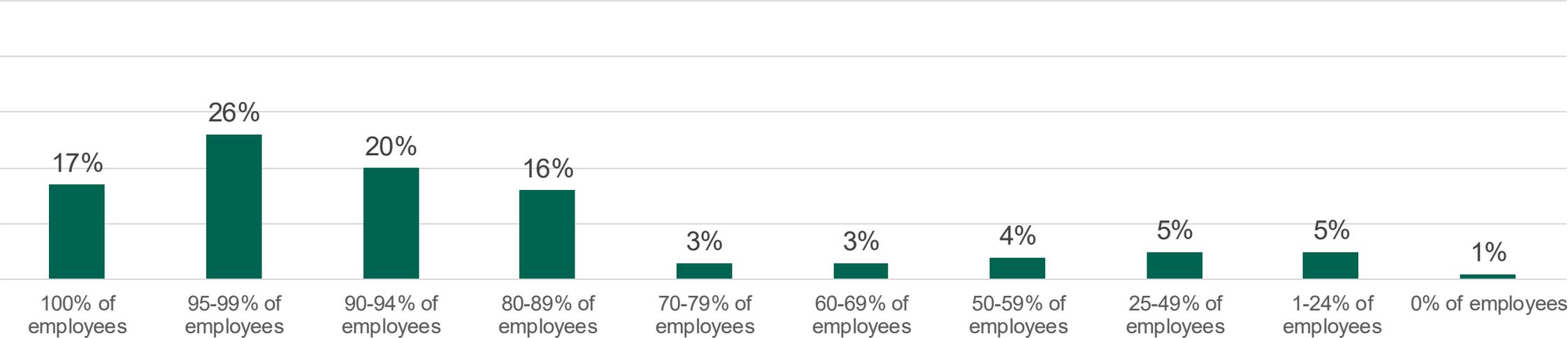
## FINDINGS

One-third of the companies surveyed reported that they have reduced their planned salary budgets for the year due to economic uncertainty, partly driven by U.S. tariffs.

# 2025 BASE SALARY INCREASE FORECASTS

# SALARY INCREASE 2025 BASE SALARY INCREASE FORECASTS

% OF EMPLOYEES RECEIVING SALARY INCREASES IN 2025



Globally, annual salary increases are received by most employees in a majority of organizations. **43%** of organizations will provide increases to at least 95% of its employees. **79%** of organizations will provide increases to at least 80% of its employees. These participation rates are slightly higher than our previous forecast (Feb '25) when **72%** of organizations reported providing increases to 80% of employees.

# 2025 BASE SALARY INCREASE FORECASTS

## TOTAL SALARY INCREASES

Country	All Employees		Median Increase (%) by Employee Group			
	Med. (%)	Avg. (%)	Executive/ Senior Management	Middle Management/ Seasoned Professional	Supervisory/ Junior Professional	Clerical/ Operations
Australia	3.5	5.4	3.5	3.5	3.5	3.5
Austria	3.5	3.2	3.5	3.5	3.5	3.4
Belgium	3.6	3.7	3.6	3.6	3.6	3.5
Brazil	5.4	6.7	5.0	5.4	5.5	5.5
Bulgaria	5.4	5.5	5.5	5.4	5.4	5.4
Canada	3.3	3.3	3.4	3.3	3.3	3.2
Chile	4.5	4.9	4.5	4.7	4.6	4.5
China	4.5	4.6	4.2	4.6	4.4	4.5
Colombia	6.2	6.1	5.8	6.1	6.2	6.5
Czech Republic	4.0	4.2	4.0	4.0	4.6	4.3
Denmark	3.3	3.0	3.2	3.3	3.3	3.2
Ecuador	3.0	3.0	3.0	3.0	3.0	-
Egypt	19.0	19.3	18.0	20.0	20.0	19.0
Finland	3.0	3.5	3.0	3.0	3.1	3.0
France	3.0	3.2	3.0	3.0	3.0	3.0

Data reported for countries with a minimum of 12 participants.



# 2025 BASE SALARY INCREASE FORECASTS

## TOTAL SALARY INCREASES

Country	All Employees		Median Increase (%) by Employee Group			
	Med. (%)	Avg. (%)	Executive/ Senior Management	Middle Management/ Seasoned Professional	Supervisory/ Junior Professional	Clerical/ Operations
Germany	3.0	3.1	3.0	3.0	3.0	3.0
Greece	3.1	3.9	3.0	3.5	3.5	3.5
Hong Kong, China	3.9	4.0	3.9	3.9	3.9	3.9
Hungary	7.0	6.6	6.0	7.0	7.0	7.0
India	9.0	8.5	8.5	9.0	9.0	9.0
Indonesia	6.0	5.5	6.0	5.9	6.0	6.0
Ireland	3.5	6.6	3.4	3.5	3.5	3.5
Italy	3.2	3.5	3.0	3.2	3.5	3.1
Japan	3.0	2.7	3.0	2.9	2.8	3.0
Lithuania	5.0	5.0	4.3	5.5	5.1	5.0
Luxembourg	2.5	2.2	-	2.5	2.5	-
Malaysia	5.0	4.5	4.9	5.0	5.0	4.9
Mexico	5.3	5.1	5.0	5.2	5.3	5.5
Morocco	4.6	4.6	4.5	4.6	4.7	-
Netherlands	3.6	5.4	3.6	3.6	3.7	3.6

Data reported for countries with a minimum of 12 participants.



# 2025 BASE SALARY INCREASE FORECASTS

## TOTAL SALARY INCREASES

Country	All Employees		Median Increase (%) by Employee Group			
	Med. (%)	Avg. (%)	Executive/ Senior Management	Middle Management/ Seasoned Professional	Supervisory/ Junior Professional	Clerical/ Operations
New Zealand	3.0	2.9	3.0	3.0	3.0	3.0
Norway	4.0	3.7	4.0	4.0	4.1	4.0
Pakistan	12.6	12.3	-	12.3	-	-
Peru	4.2	4.0	4.4	4.3	4.0	4.3
Philippines	5.5	5.7	5.5	5.1	5.5	5.5
Poland	6.0	5.9	6.0	6.0	6.0	6.0
Portugal	3.5	4.2	3.4	3.6	3.6	3.4
Romania	6.9	6.6	6.4	6.9	6.9	6.9
Saudi Arabia	4.0	3.9	4.0	4.0	4.0	4.1
Singapore	4.0	3.9	4.0	4.0	4.0	4.0
Slovakia	4.5	4.7	4.8	4.3	4.5	4.6
South Africa	5.6	5.6	5.6	5.6	5.5	5.7
South Korea	4.1	4.2	4.4	4.0	4.1	4.1
Spain	3.4	3.4	3.4	3.5	3.5	3.1
Sweden	3.3	3.5	3.3	3.3	3.3	3.3

Data reported for countries with a minimum of 12 participants.



# 2025 BASE SALARY INCREASE FORECASTS

## TOTAL SALARY INCREASES

Country	All Employees		Median Increase (%) by Employee Group			
	Med. (%)	Avg. (%)	Executive/ Senior Management	Middle Management/ Seasoned Professional	Supervisory/ Junior Professional	Clerical/ Operations
Switzerland	2.0	2.1	2.0	2.0	2.0	2.0
Taiwan, China	4.0	3.9	4.0	4.0	4.0	4.0
Thailand	4.6	4.5	4.5	4.5	4.5	5.0
Ukraine	11.4	12.3	10.0	11.4	12.0	12.0
United Arab Emirates	4.0	3.9	4.0	4.0	4.0	4.0
United Kingdom	3.1	3.6	3.0	3.2	3.5	3.5
United States of America	3.5	3.6	3.5	3.5	3.5	3.5
Vietnam	7.0	6.4	7.0	6.6	7.0	7.0

Data reported for countries with a minimum of 12 participants.

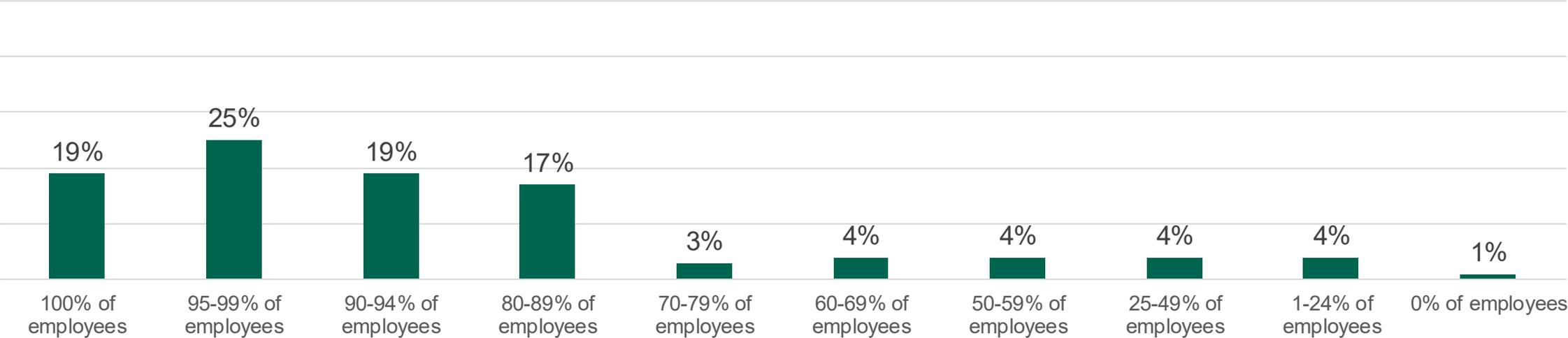


# 2026 BASE SALARY INCREASE FORECASTS

# SALARY INCREASE

## 2026 BASE SALARY INCREASE FORECASTS

% OF EMPLOYEES RECEIVING SALARY INCREASES IN 2026



Globally, annual salary increases will be received by most employees in a majority of organizations. **44%** of organizations will provide increases to at least 95% of its employees. **80%** of organizations will provide increases to at least 80% of its employees. Aligned with the projected share of employees receiving salary increases in 2025.

# 2026 BASE SALARY INCREASE FORECASTS

## TOTAL SALARY INCREASES

Country	All Employees		Median Increase (%) by Employee Group			
	Med. (%)	Avg. (%)	Executive/ Senior Management	Middle Management/ Seasoned Professional	Supervisory/ Junior Professional	Clerical/ Operations
Australia	3.5	3.5	3.5	3.5	3.5	3.5
Austria	3.6	3.4	3.8	3.9	3.6	3.4
Belgium	3.0	3.2	3.4	3.0	3.2	3.0
Brazil	5.0	5.8	5.0	5.0	5.0	5.0
Canada	3.3	3.4	3.3	3.3	3.4	3.0
China	4.0	4.1	4.5	4.0	4.0	4.0
Colombia	5.1	6.7	5.0	5.1	5.6	6.0
Czech Republic	5.0	4.1	4.0	4.7	5.0	5.0
Denmark	3.0	2.9	3.0	3.0	3.0	3.0
Finland	3.0	2.9	3.0	-	-	-
France	3.0	3.0	3.0	3.0	3.0	3.0
Germany	3.0	3.1	3.0	3.0	3.0	3.0
Hong Kong, China	4.0	4.0	4.0	4.0	4.0	4.0
Hungary	6.5	6.2	6.0	6.5	6.1	7.0
India	9.0	8.6	9.0	9.0	9.0	9.0

Data reported for countries with a minimum of 12 participants.



# 2026 BASE SALARY INCREASE FORECASTS

## TOTAL SALARY INCREASES

Country	All Employees		Median Increase (%) by Employee Group			
	Med. (%)	Avg. (%)	Executive/ Senior Management	Middle Management/ Seasoned Professional	Supervisory/ Junior Professional	Clerical/ Operations
Indonesia	6.8	6.4	6.5	6.5	7.0	-
Ireland	3.5	3.4	3.5	3.5	3.5	3.5
Italy	3.4	3.9	3.3	3.3	3.5	3.5
Japan	3.0	3.4	3.0	3.0	3.0	3.0
Malaysia	5.0	4.9	5.0	5.0	5.0	5.0
Mexico	5.5	5.4	5.3	5.5	5.5	5.5
Netherlands	3.9	7.1	3.8	3.9	4.0	3.9
New Zealand	3.0	2.9	3.0	3.0	3.0	3.0
Norway	3.7	3.6	3.7	3.7	3.6	3.5
Peru	4.5	4.6	4.5	4.6	-	-
Philippines	5.0	5.2	5.0	5.3	5.3	-
Poland	6.0	5.5	5.8	6.0	6.0	6.0
Portugal	3.0	3.2	3.4	3.0	-	-
Romania	6.0	6.0	6.0	6.0	6.0	6.8
Singapore	4.0	3.8	4.0	4.0	4.0	4.0

Data reported for countries with a minimum of 12 participants.



# 2026 BASE SALARY INCREASE FORECASTS

## TOTAL SALARY INCREASES

Country	All Employees		Median Increase (%) by Employee Group			
	Med. (%)	Avg. (%)	Executive/ Senior Management	Middle Management/ Seasoned Professional	Supervisory/ Junior Professional	Clerical/ Operations
Slovakia	4.5	4.5	-	4.5	4.4	4.5
South Africa	6.0	6.3	-	6.0	-	-
South Korea	4.5	4.5	4.5	4.5	4.5	4.5
Spain	3.0	3.0	3.0	3.0	3.0	3.0
Sweden	3.1	3.2	3.1	3.3	3.2	3.1
Switzerland	2.0	2.0	2.0	2.2	2.5	2.2
Thailand	5.0	4.8	5.0	5.0	5.0	5.0
Ukraine	10.0	12.1	10.0	10.0	10.0	11.4
United Arab Emirates	4.0	4.0	4.0	4.0	4.0	4.0
United Kingdom	3.5	5.3	3.0	3.5	3.5	3.5
United States of America	3.5	3.6	3.5	3.5	3.5	3.5
Vietnam	7.0	6.7	-	7.0	7.0	7.0

Data reported for countries with a minimum of 12 participants.

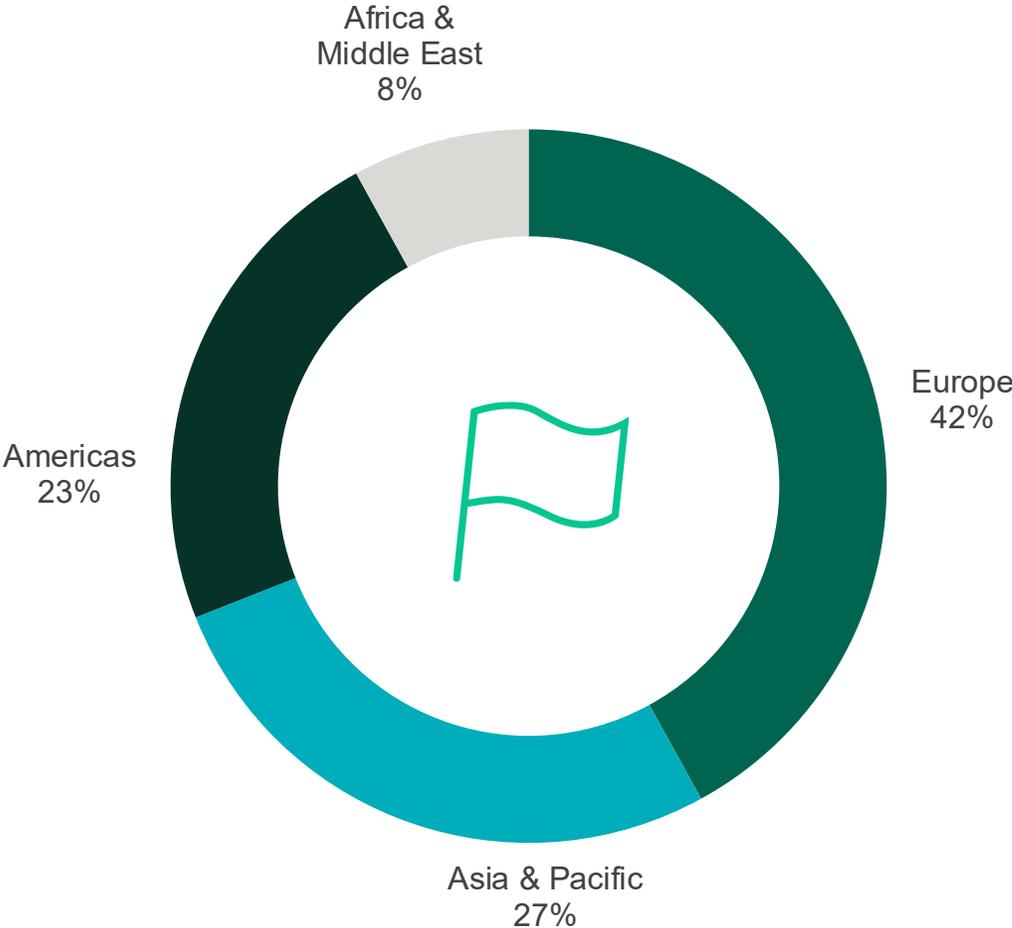


# PARTICIPANT OVERVIEW

# PARTICIPANT OVERVIEW GEOGRAPHY

This report reflects responses from 3,880 participants in 132 countries. Organizations span a broad range of geographies, industries, size, and ownership structures.

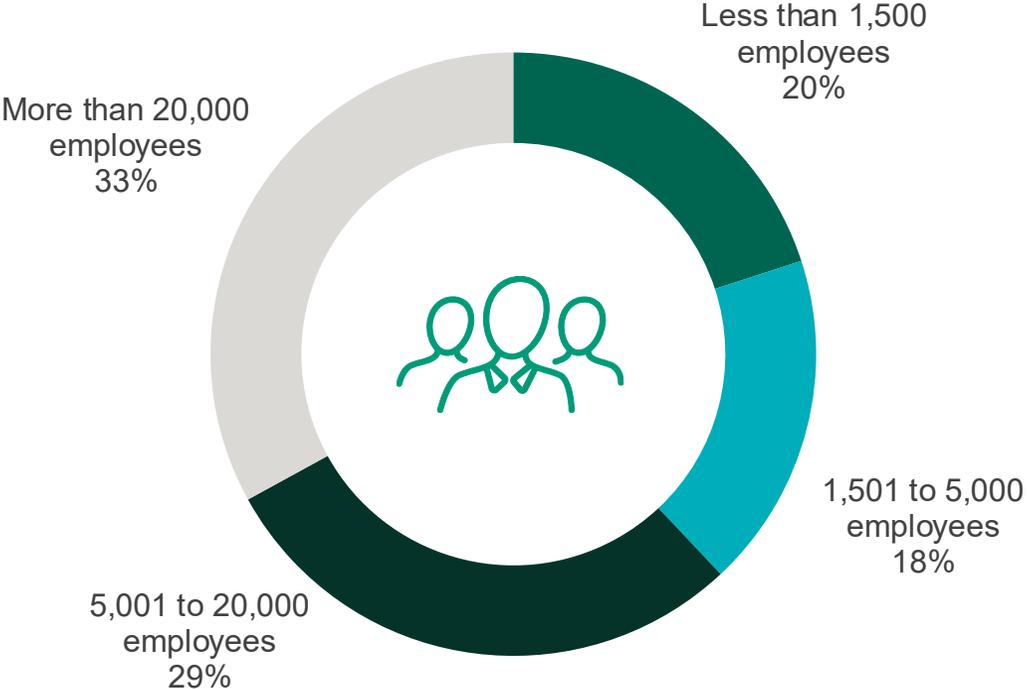
Respondents are largely from the Human Resources function and include total rewards practitioners, HR business partners, and HR leaders.



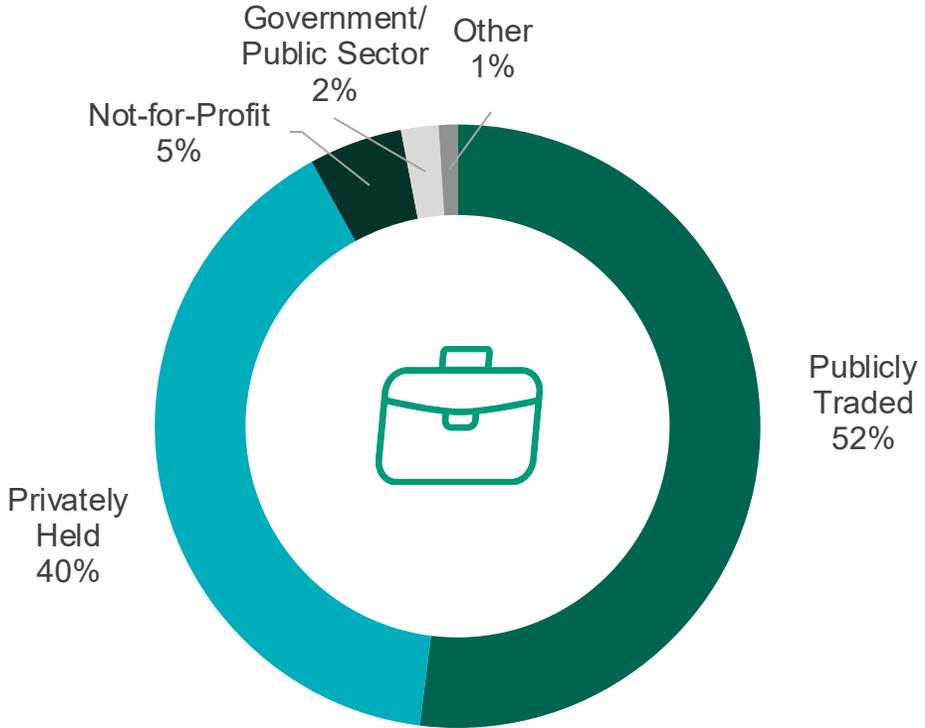
# PARTICIPANT OVERVIEW

## SIZE OF ORGANIZATION

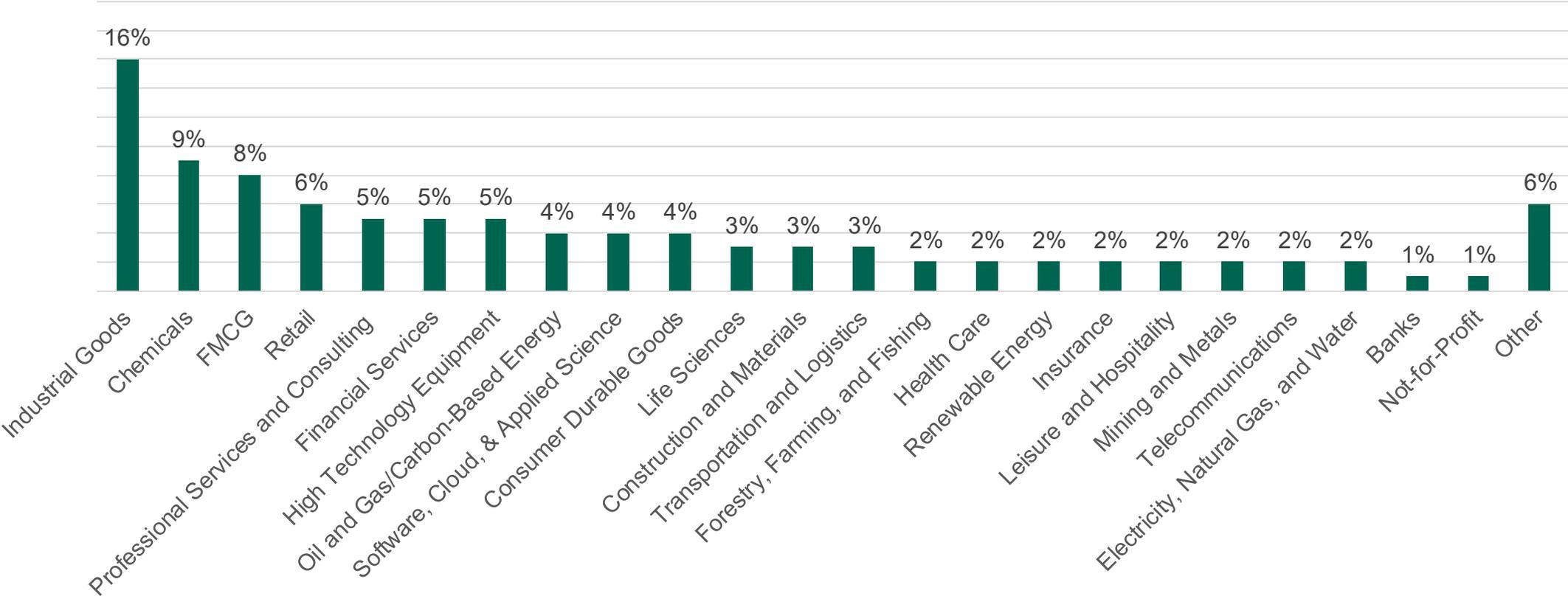
BY NUMBER OF EMPLOYEES (GLOBALLY)



BY OWNERSHIP TYPE



# PARTICIPANT OVERVIEW BY INDUSTRY



# ADDITIONAL RESOURCES

# LET US BE PART OF YOUR SUCCESS STORY

At Korn Ferry, we help you design total rewards programs that attract, engage, and retain the talent you need—backed by data, deep expertise, and a global lens. Our approach aligns your rewards strategy with business goals and employee expectations, so you can deliver lasting impact. With practical solutions and human-centered insights, we support smarter decisions every step of the way.

## KORN FERRY PAY

An all-in-one platform to help you benchmark, design, and manage competitive pay strategies backed by real-time market insights and analytics.

## PAY TRANSPARENCY IN THE WORKPLACE

A practical guide to help you navigate increasing pay transparency expectations while strengthening trust, compliance, and organizational clarity.

## KORN FERRY PAY EQUITY

A data-driven solution to help you identify, understand, and close pay gaps—supporting fair, equitable compensation decisions across your organization.

## OUR LATEST GLOBAL TOTAL REWARDS PULSE SURVEY

Released in March 2025, a timely snapshot to help you understand how AI is reshaping rewards strategies—and what leaders are doing to stay ahead of workforce trends.

# READY FOR MORE?

Let's connect. Speak with a Korn Ferry expert.

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# THANK YOU

Korn Ferry is a global consulting firm that powers performance. We unlock the potential in your people and unleash transformation across your business—synchronizing strategy, operations, and talent to accelerate performance, fuel growth, and inspire a legacy of change. That's why the world's most forward-thinking companies across every major industry turn to us—for a shared commitment to lasting impact and the bold ambition to *Be More Than*.

Business advisors.  
Career makers.

RESEARCH REPORT

