



Here We Go Again: 3 Percent Base Salary Increases Forecasted to Continue in 2018, According to Korn Ferry

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LOS ANGELES--(BUSINESS WIRE)--Aug. 24, 2017-- For the seventh year in a row, U.S. employees can expect to see a 3 percent median base salary increase in 2018, according to new research released by the Hay Group division of Korn Ferry (NYSE:KFY). Additionally, nearly all surveyed companies (97 percent) reported planning salary increases in 2018.

The salary increase figure is consistent with the actual pay increase of 3 percent reported by the surveyed companies in 2017. These projected and actual increases have remained consistent since the end of the recession and reflect employers' consistent conservative attitude toward base salary increases.

There is also consistency across most industries and employee groups, with companies indicating a 3 percent median increase across the board. "I'm not surprised we are once again seeing a 3 percent base salary increase this year," said Maryam Morse, North American Rewards and Benefits Leader, Korn Ferry Hay Group. "It reflects our new pay reality that substantial pay growth isn't a given."

There is some variation of practices across organizations in the survey. Organizations at the 90th percentile indicated a 3.3 percent to 3.5 percent increase across employee groups, while the 10th percentile is showing a consistent 2.5 percent increase across all groups. "While the 3 percent salary increase number has become the norm, that doesn't mean that top performers won't be rewarded, which is critical in this tight labor market," added Morse. "These individuals often receive two times the median salary increase of other employees."

"Companies are continuing to evolve how they reward employees. They are relying more on short and long-term incentive plans and financial recognition programs versus simply providing larger annual increases across the board," said Morse. "The key is for organizations to ensure they are optimizing their reward investment to drive performance and retain their best employees."

About the survey

Korn Ferry Hay Group's forecast results are based on the latest data available from Hay Group's U.S. PayNet database, provided by participants representing 450 U.S. organizations from March through June 2017. Actual pay data is gathered from the same group of respondents and tabulated in July each year. This is Hay Group's 38th year of conducting the survey. Typical respondents to the survey include compensation professionals in the Human Resources departments of small to large U.S. organizations across a wide range of industries. Hay Group's U.S. PayNet database represents compensation practices for more than 2,200 companies and more than 4.3 million employees.

About Korn Ferry

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