



Korn Ferry 2018 Salary Forecast: Smaller Real Wage Increases Across Most Parts of the World

December 12, 2017

- Adjusted for Inflation, Real Wages Up Only an Average of 1.5 Percent –

- U.S. Real Wage Growth Half of What it Was Last Year -

- U.K., UAE and Egypt See Declines in Real Wages-

- Asia Sees Highest Real Wage Growth, Though at Slower Pace Than Last Year -

LOS ANGELES--(BUSINESS WIRE)--Dec. 12, 2017-- A forecast issued today by the Hay Group division of Korn Ferry (NYSE: KFY) reveals that, adjusted for inflation, employees around the world are expected to see real wage increases of only an average of 1.5 percent, down from 2017's prediction of 2.3 percent and 2016's prediction of 2.5 percent.

"With inflation rising in most parts of the world, we're seeing a cut in real wage increases across the globe," said Bob Wesselkamper, Korn Ferry Global Head of Rewards and Benefits Solutions. "The percentage of salary increase or decrease will vary by role, industry, country and region, but one thing is clear, on average, employees are not seeing the same real pay growth they did even one year ago."

Australasia Sees the Lowest Real Salary Increase

Wages in Australasia are forecast to grow by 2.5 percent, which is an increase of 0.7 percent in real wages when adjusted for inflation. Australia will see a 2.5 percent top-line growth, a 2.1 percent inflation rate, and a 0.4 percent real wage increase. In New Zealand, a 2.5 percent salary increase is forecast, with 1.5 percent inflation, for a 1 percent real salary increase.

North America Lagging

In the United States, an average 3 percent pay increase is predicted, which is the same as last year. Adjusted for the expected 2 percent inflation rate in 2018, the real wage increase is 1 percent – down from last year's 1.9 percent. Canadian workers will see salaries increase by 2.6 percent, and with inflation at 1.7 percent, will experience real wage growth of 0.9 percent.

Eastern Europe Faring Better than Western Europe

According to the Korn Ferry forecast, employees in Eastern Europe are set to see an average salary increase of 6 percent in 2018. However, after taking inflation into account, real wages will only rise by 1.4 percent, which is down from 2.1 percent last year. In Western Europe, workers are expected to see lower wage increases, with an average increase of 2.3 percent, and inflation-adjusted real wage increases of 0.9 percent.

With the continued uncertainty following the Brexit decision, wages in the United Kingdom are up just 2 percent. Combined with a 2.5 percent inflation rate, real wages are expected to decrease by -0.5 percent. This is in contrast to 2017, when inflation-adjusted wages in the U.K. were up 1.9 percent. Employees in two of Europe's largest economies, France and Germany, are forecasted to see real wage rises of 0.7 percent and 0.8 percent respectively.

Smaller Increases in the Middle East

In the Middle East, wages are expected to increase by 3.8 percent, compared to 4.5 percent last year. Inflation-adjusted wage increases are predicted to be 0.9 percent, compared to 2.5 percent last year. In the UAE, inflation of 4.6 percent combined with pay increases of only 4.1 percent, means that real wages will fall by -0.5 percent.

Jordan and Lebanon saw the biggest drops in the region, with Jordan predicted to have a 1.6 percent real wage growth, down from 6.3 percent last year, and Lebanon predicted at 1.8 percent compared to 6.1 percent last year.

Inflation Tempers Salary Growth in Africa

Although top-line salaries will increase by 8.5 percent in Africa, high inflation means the real increase is only 1.7 percent, which is up from 0.7 percent last year. In Egypt, top-line salaries will increase by 15 percent, but an 18.8 percent inflation rate means employees will see a cut in real wages of -3.8 percent.

Latin America Sees Second-Highest Real Wage Growth

Employees in Latin America are forecasted to see a 6.2 percent increase in wages, and with inflation slowing down in the region, real wage increases will reach 2.1 percent, up from last year's 1.1 percent. In Colombia, inflation is expected to be 2.7 percent for 2018. With a salary increase projected at 5.3 percent, this puts real wages for Colombia up 2.6 percent. In Brazil, the expected salary increase is 7.3 percent, and with 4 percent inflation, the real increase is expected to reach 3.3 percent.

Highest real wage growth in Asia – Though Increases Slowed from Previous Year

In Asia, salaries are forecast to increase by 5.4 percent – down from 6.1 percent last year. Inflation-adjusted real wage increases are expected to be 2.8 percent – the highest globally, but down from 4.3 percent last year. China remained consistent with real wage increases predicted at 4.2 percent for 2018, compared to 4 percent last year. Most countries in this region saw a drop in year-over-year real wage prediction increases – including Vietnam's forecast of 4.6 percent, down from 7.2 percent, Singapore at 2.3 percent, down from 4.7 percent, and Japan at 1.6 percent, down from 2.1 percent.

“Slower economic growth in mature economies keeps a check on pay raises,” said Wesselkamper. “In emerging economies, upskilling workers is crucial for companies to maintain a competitive advantage – and those skilled employees can expect to see wages rise as talent shortages in certain regions drive salaries upward.”

Korn Ferry pay experts recommend taking a holistic approach when determining pay.

“While inflation indices are a solid benchmark for reviewing market trends in pay, we recommend that companies take a broader perspective by defining and agreeing upon their own measures of cost drivers, business strategy and local trading conditions,” said Benjamin Frost, Korn Ferry’s Global General Manager – Pay. “Compensation programs need to be regularly reviewed to make sure they align with changing business and market conditions.”

About the study

The data was drawn from Korn Ferry’s pay database which contains data for more than 20 million job holders in 25,000 organizations across more than 110 countries.

It shows predicted salary increases, as forecasted by global HR departments, for 2018 and compares them to predictions made at this time last year regarding 2017. It also compares them to 2018 inflation data from the Economist Intelligence Unit.

Our interactive site with more detailed figures, and downloadable infographic with headline figures for each country are [here](#).

Editor’s Note: Global averages exclude Venezuela, Argentina and Ukraine, and regional averages exclude Venezuela due to particularly high inflation.

Region	Country	2018 salary forecast	2018 inflation forecast	2018 "real" salary increase	2017 salary forecast	2017 "real" salary increase
East Europe	Albania	2.6%	2.8%	-0.2%	-	-
Africa	Algeria	6.5%	5.7%	0.8%	5.6%	-1.1%
Latin America	Argentina	21.9%	14.6%	7.3%	28.5%	-12.5%
East Europe	Armenia	5.3%	3.3%	2.0%	-	-
Pacific	Australia	2.5%	2.1%	0.4%	3.0%	1.6%
West Europe	Austria	2.5%	1.7%	0.8%	2.0%	1.1%
East Europe	Azerbaijan	10.0%	5.2%	4.8%	-	-
Middle East	Bahrain	4.0%	2.1%	1.9%	5.0%	1.8%
East Europe	Belarus	10.2%	10.5%	-0.3%	-	-
West Europe	Belgium	3.0%	1.7%	1.3%	2.8%	1.0%
Latin America	Bolivia	6.8%	4.4%	2.4%	-	-
Africa	Botswana	4.7%	4.0%	0.7%	5.4%	2.0%
Latin America	Brazil	7.3%	4.0%	3.3%	8.8%	0.4%
East Europe	Bulgaria	3.8%	2.0%	1.8%	4.0%	4.7%
North America	Canada	2.6%	1.7%	0.9%	2.5%	0.9%
Latin America	Chile	4.8%	2.7%	2.1%	4.9%	1.0%
Asia	China	6.0%	1.8%	4.2%	6.1%	4.0%
Latin America	Colombia	5.3%	2.7%	2.6%	6.8%	-0.8%
Latin America	Costa Rica	3.7%	3.3%	0.4%	5.0%	4.6%
East Europe	Croatia	2.8%	1.8%	1.0%	-	-
West Europe	Cyprus	3.7%	1.3%	2.4%	2.0%	3.1%
East Europe	Czech Republic	3.9%	2.0%	1.9%	2.8%	2.2%
West Europe	Denmark	2.0%	1.9%	0.1%	2.1%	1.7%
Latin America	Dominican Republic	5.1%	3.8%	1.3%	5.5%	3.9%
Latin America	Ecuador	5.0%	0.6%	4.4%	5.0%	3.3%
Africa	Egypt	15.0%	18.8%	-3.8%	9.8%	-3.0%
Latin America	El Salvador	3.7%	1.5%	2.2%	3.4%	2.7%
East Europe	Estonia	3.5%	3.0%	0.5%	3.3%	3.1%
West Europe	Finland	1.0%	1.2%	-0.2%	1.0%	0.6%
West Europe	France	2.0%	1.3%	0.7%	1.8%	1.5%
East Europe	Georgia	5.7%	3.1%	2.6%	-	-
West Europe	Germany	2.4%	1.6%	0.8%	2.5%	2.2%
Africa	Ghana	15.6%	9.7%	5.9%	-	-
West Europe	Greece	2.0%	1.0%	1.0%	2.0%	2.1%
Latin America	Guatemala	4.7%	4.7%	-0.0%	5.0%	0.6%

Latin America	Honduras	5.1%	4.1%	1.0%	6.0%	3.1%
Asia	Hong Kong	4.0%	2.3%	1.7%	4.2%	1.5%
East Europe	Hungary	4.6%	2.9%	1.7%	3.0%	2.9%
Asia	India	9.0%	4.3%	4.7%	10.0%	4.8%
Asia	Indonesia	8.0%	4.6%	3.4%	8.6%	4.9%
Middle East	Iraq	3.0%	2.0%	1.0%	-	-
West Europe	Ireland	2.3%	0.3%	2.0%	2.0%	2.0%
West Europe	Italy	2.7%	0.9%	1.8%	2.6%	2.6%
Asia	Japan	2.0%	0.4%	1.6%	2.0%	2.1%
Middle East	Jordan	4.0%	2.4%	1.6%	5.5%	6.3%
East Europe	Kazakhstan	9.0%	6.2%	2.8%	8.6%	-5.8%
Africa	Kenya	7.5%	6.5%	1.0%	-	-
Asia	Korea	4.5%	1.7%	2.8%	5.0%	4.1%
Middle East	Kuwait	4.3%	3.6%	0.7%	4.1%	0.8%
East Europe	Latvia	4.0%	3.0%	1.0%	4.0%	4.4%
Middle East	Lebanon	5.0%	3.2%	1.8%	5.1%	6.1%
East Europe	Lithuania	5.0%	2.8%	2.2%	4.3%	3.8%
West Europe	Luxembourg	2.6%	1.6%	1.0%	2.8%	2.9%
Asia	Malaysia	6.0%	2.5%	3.5%	5.8%	3.9%
Africa	Mauritius	4.2%	1.3%	2.9%	-	-
Latin America	Mexico	4.6%	3.9%	0.7%	4.6%	1.9%
Africa	Morocco	3.8%	1.2%	2.6%	3.5%	1.8%
Africa	Mozambique	10.0%	6.5%	3.5%	-	-
Africa	Namibia	7.0%	5.8%	1.2%	-	-
West Europe	Netherlands	2.6%	1.4%	1.2%	2.5%	2.3%
Pacific	New Zealand	2.5%	1.5%	1.0%	2.5%	1.9%
Latin America	Nicaragua	6.6%	4.5%	2.1%	5.8%	2.0%
Africa	Nigeria	10.8%	13.9%	-3.2%	-	-
West Europe	Norway	2.5%	1.8%	0.7%	2.0%	-1.5%
Middle East	Oman	3.0%	2.2%	0.8%	3.0%	1.8%
Latin America	Panama	3.0%	1.4%	1.6%	4.0%	3.2%
Asia	Papua New Guinea	4.0%	6.6%	-2.6%	-	-
Latin America	Peru	4.3%	2.8%	1.5%	5.0%	1.6%
Asia	Philippines	5.0%	2.2%	2.8%	6.0%	4.3%
East Europe	Poland	3.5%	2.2%	1.3%	3.0%	3.8%
West Europe	Portugal	2.0%	1.3%	0.7%	2.0%	1.3%
Middle East	Qatar	3.7%	2.6%	1.1%	5.0%	2.1%
East Europe	Romania	5.0%	2.5%	2.5%	4.3%	5.7%
East Europe	Russian Federation	7.0%	4.0%	3.0%	7.0%	-0.1%
Middle East	Saudi Arabia	3.2%	3.1%	0.1%	5.0%	0.8%
East Europe	Serbia	4.8%	2.7%	2.1%	4.1%	3.0%
Asia	Singapore	3.7%	1.4%	2.3%	4.0%	4.7%
East Europe	Slovakia	3.0%	1.7%	1.3%	2.6%	3.0%
Africa	South Africa	7.0%	5.4%	1.6%	7.0%	0.5%
West Europe	Spain	2.0%	1.0%	1.0%	1.9%	2.3%
West Europe	Sweden	2.0%	1.8%	0.2%	2.3%	1.5%
West Europe	Switzerland	1.7%	0.6%	1.1%	1.5%	1.8%
Asia	Taiwan	4.0%	0.7%	3.3%	-	-
Africa	Tanzania	7.9%	5.2%	2.7%	-	-
Asia	Thailand	5.5%	1.0%	4.5%	5.8%	5.6%
Africa	Tunisia	7.1%	4.9%	2.2%	7.3%	3.8%
East Europe	Turkey	9.0%	8.0%	1.0%	8.9%	1.2%
Africa	Uganda	8.0%	5.5%	2.5%	-	-
East Europe	Ukraine	15.0%	10.6%	4.4%	11.3%	-1.9%
Middle East	United Arab Emirates	4.1%	4.6%	-0.5%	3.0%	0.5%
West Europe	United Kingdom	2.0%	2.5%	-0.5%	2.5%	1.9%
North America	United States of America	3.0%	2.0%	1.0%	3.0%	1.9%

Latin America	Uruguay	7.9%	6.8%	1.1%	-	-
East Europe	Uzbekistan	7.3%	15.0%	-7.7%	-	-
Latin America	Venezuela	83.0%	1104.2%	-1021.2%	110.9%	-373.9%
Asia	Vietnam	8.6%	4.0%	4.6%	10.0%	7.2%
Africa	Zambia	12.3%	6.9%	5.4%	-	-

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