



Korn Ferry Executive Survey: Corporate Savings Due to Tax Overhaul Will Not Mean Salary Increases or One-Time Bonuses for Workers

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LOS ANGELES--(BUSINESS WIRE)--Oct. 3, 2018-- Workers who thought they might see salary increases or one-time bonuses due to the largest corporate tax overhaul in decades will be sorely disappointed. That according to a new survey of senior executives (CEOs, CFOs, CHROs, Total Rewards Leaders) by [Korn Ferry](#) (NYSE:KFY).

Eighty-six percent of the respondents said their organizations will not be providing additional base salary increases to employees as a result of the new legislation, which cuts the corporate tax rate from as high as 35 percent to a flat rate of 21 percent, among other changes that favor business. Ninety-one percent of organizations also indicated that it is not likely that they will be providing a one-time bonus to employees due to the tax savings.

According to the survey, the top five planned ways corporations will use the savings from the tax cut include (in order):

1. Increasing capital investments at a faster rate (49 percent)
2. Increasing cash reserves (41 percent)
3. Increasing investment in training and development (34 percent)
4. Increasing acquisition of new businesses (32 percent)
5. Passing on the savings to shareholders via increased dividends (32 percent)

"While it is a positive sign that companies are planning to use the tax savings to invest in their people through training and development, the sentiment that compensation will increase as a result of the new legislation appears to not be panning out," said Tom McMullen, global leader of Korn Ferry's Intellectual Capital for its Rewards Practice. "Organizational leaders are seeking a better ROI in balancing the allocation of savings into longer-term capital and people investments, such as training, as well as passing savings along to shareholders. In addition, a number of executives suggested that savings resulting from the U.S. tax cut are likely to be offset by new international trade tariffs."

The survey also found that even though the corporate tax cut legislation went into effect on Jan. 1 of this year, many organizations still have work to do. Nearly half of organizations (47 percent) said their senior executive teams have not yet met to discuss allocation of the savings.

Only a third (31 percent) say their organizations are very firm on what they will do with the savings, and about half (46 percent) say they are not yet sure how much the total tax savings will be.

"This is the most sweeping tax overhaul in decades, and it is critical that organizations work quickly to first quantify the savings and then put in place comprehensive strategic plans to address range of investment alternatives," said McMullen.

About the survey

The Korn Ferry survey of top executives (CEOs, CFOs, CHROs, Total Rewards Leaders) at 152 corporations in a wide range of industry sectors took place in July and August 2018. The companies have roughly \$700 billion in combined annual revenue.

About Korn Ferry

Korn Ferry is a global organizational consulting firm. We help clients synchronize strategy and talent to drive superior performance. We work with organizations to design their structures, roles, and responsibilities. We help them hire the right people to bring their strategy to life. And we advise them on how to reward, develop, and motivate their people.

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