I'm not a bot

Salary Increase Budgets Surge to Highest Level in 20 Years, According to WorldatWork's Survey The latest survey from Salary.com reveals that a significant shift is happening in salary budget increases for organizations worldwide. In contrast to the previous year's nearly 10% of companies planning an increase, this year it stands at over 41%. This represents a notable change in merit increases, which are expected to see a higher budget allocation compared to last year, with the exception of some categories. The survey also shows that more organizations plan on giving higher salary budget increases in 2022 than they did in previous years. A rise in minimum wage legislation and changes in the job market have likely contributed to this shift. According to Salary.com's Senior Vice President of Compensation, Chris Fusco, a significant change is seen among hourly employees due to stagnant wages and minimum wage laws nationwide. Furthermore, as Baby Boomers retire and pandemic-related worker shortages continue, this scenario shows that we now have more jobs than available workers, causing businesses to increase their budgets. The US labor market has undergone significant changes in recent decades, with most employers shifting their focus from cost of living wage increases to cost of labor — the market rate for the job being performed. This approach is still reflected in some labor contracts and collective bargaining agreements where wage increases remain indexed to CPI. However, research suggests that this method has delivered larger compensation increases to workers than if budgets were indexed to CPI. In fact, countries experiencing hyperinflation or persistent high inflation, such as Turkey and Argentina, may take action to offset rising costs, like lump sum awards or more frequent salary reviews. Those in the younger demographic, aged 16-24, tend to receive higher average annual raises, with women slightly outpacing men at 14.6% compared to 14.4%. In contrast, older workers between 55-85 see significantly lower increases, averaging around 5.1% for men and a slightly higher 5.3% for women. Interestingly, men in the 25-34 age range experience higher raises than their female counterparts at 11.1% compared to 10.9%. A closer look at job-switchers reveals that women tend to see greater wage growth when changing jobs, averaging around 14% compared to a mere 5.5% for men. Furthermore, the data suggests that women have experienced a more consistent increase in wage growth over time, with a 1.1% uptick from 2020-2021, whereas men's growth was only 0.2%. Despite these trends, women continue to earn less than men on average, making $32.61 compared to the men's $27.79. When you haven't received a raise in over a year, it's okay to ask for one, especially if you feel your work has become more challenging or you've taken on additional responsibilities. Generally, working without a raise for at least one to two years is acceptable. However, if you're starting a new job, wait until after six months before requesting a salary increase. A good yearly raise should be between 3% and 5%, but this depends on your industry and location. Raises above 10% are not uncommon in certain fields like mining. To determine if your raise is average or above, consider factors such as your industry's growth, occupation demand, and overall economy. Industries with low growth often have slower wage increases. Researching current trends and understanding what to expect from a company can help you negotiate a better salary. Recently, many companies are responding to the economic challenges by offering higher pay raises. According to recent reports, 44% of organizations plan to give pay increases above 3%. However, these raises may not keep pace with inflation rates that have been increasing steadily over the past few years. Raising expectations of what one can get by July 2022, these statistics show a 5.3% wage growth in the private sector during the past year. This includes all types of pay increases, but it's essential to note that not every worker received a 5.3% raise. Companies with merit-based systems will exhibit greater variation in pay raises per employee. ###ARTICLEJob searching while still employed can be a lucrative strategy, especially since it's a common way for people to boost their income. One simple method is setting up job alerts. By doing so, you'll get notifications about new openings as soon as they're posted and even the listed salary. To estimate what you could earn with a potential change, check online resources such as surveys or calculators that provide insights into salaries based on your qualifications. Recent studies from the Federal Reserve Bank of Atlanta indicate a 5.3% median wage growth in June 2022 and 5.5% in July 2022. However, some industries, like Public Administration, experienced lower wage growth during the same period. The ideal raise depends on the year and industry. A recent survey conducted by Pearl Meyer revealed an average base salary increase of 4.8%. From 2002 to 2022, average base salary increases typically hovered around 3% per annum. For a respectable pay rise, consider values between 3% and 6%. The practice of offering cost-of-living wage increases has largely faded in favor of cost-of-labor-based increases. The "going rate" for jobs is determined through compensation surveys, reflecting the supply and demand dynamics. Today, due to high inflation levels, this might seem less favorable to workers. Nevertheless, over the past two decades, this approach has consistently delivered larger compensation increases. Countries with higher inflation rates, such as Turkey or Argentina, may adopt alternative strategies like lump sum awards or more frequent salary reviews to offset rising costs. The US, however, is likely to experience temporary high inflation driven by supply shocks and COVID-related events. The Federal Reserve's recent actions signal a return to normal inflation levels. When it comes to AI in hiring and firing decisions, HR must incorporate human oversight to ensure compliance with strict standards. Meeting these regulations can help prevent potential issues. A recent survey indicates U.S. employers expect an average 3.4% raise for workers in 2022, driven by factors including inflation and a competitive job market. This projected wage growth exceeds actual raises paid over the past two years, highlighting the importance of addressing worker shortages and maintaining competitiveness in the labor market. The Great Resignation is driving employers to rethink their strategies, with labor shortages and rising costs leading to increased wages and salary projections. According to a survey by Willis Towers Watson, 74% of companies cited the tight labor market as a reason to boost pay, while only 31% mentioned inflation as a factor. With period ending in March, wage and salary increases ranging from 4% for construction and maintenance occupations to 7.8% for some service occupations, employees' expectations are growing. According to the Federal Reserve Bank of Atlanta's wage tracker, hourly wages have been rising faster than salaries, with annual wage growth reaching 6.1%. This is significant, especially when considering that average hourly earnings over the last 12 months increased by only 5.2% and the average price of consumer goods (CPI) rose by 8.6%. Since mid-2021, the gap between these two has continued to grow, with some employers revising their payroll budgets for 2022 upward in an effort to keep pace. A survey of U.S. organizations by Salary.com found that 73% were targeting a payroll budget increase of 4% or more this year, while a similar study from Aon reported that U.S. companies are averaging a salary increase of 5.2%, including merit increases and promotions. It's worth noting that these increases are part of the overall payroll budget, which is expected to rise by 4-5.2%. Merit increases are also on the rise, with some employers offering increases of 5% or more. However, it's essential for employers to recognize that these merit increases are part of the total increase, rather than a separate standalone percentage rate. The question remains whether inflation should be taken into account when determining pay strategies. Generally speaking, it's not typically a factor in payroll budgets, as much as focusing on supply and demand of labor. Wages and salaries are driven by changes to labor market conditions, such as demographic trends, technological advances, and growth in productivity. For example, during low-inflation periods, like 2020, salary increase budgets were still higher than average inflation rates. However, during high-inflation years, the opposite is true. Employers must balance the need to attract top talent with the risk of pay compression issues, where current employees' wages may become too similar to those of new hires. To address this issue, some employers are considering mid-year pay increases to focus on retaining key employees and targeted job families. Others are exploring alternative benefits, such as flexible work arrangements, grocery store gift cards, or gym membership coverage, to help employees offset the cost of inflation. Offering gift cards, flexible bonus opportunities, stock awards, retention bonuses, longevity pay, enhanced recognition programs, career development, robust tuition reimbursement programs, incentive opportunities related to job tasks and goals, year-end bonuses, and improving employee benefits plans can help employers create a strong culture and employee experience. These incentives may be more cost-effective than increasing wages and salaries, which should be considered in relation to current inflation rates and labor market growth. Understanding the difference between these factors is crucial for making informed decisions about payroll budgets and retention strategies. Employers must weigh their financial situation against the need to retain employees, considering both options carefully. This issue highlights the importance of employers staying up-to-date on wage and salary trends, as well as best practices in employee incentives and benefits.