

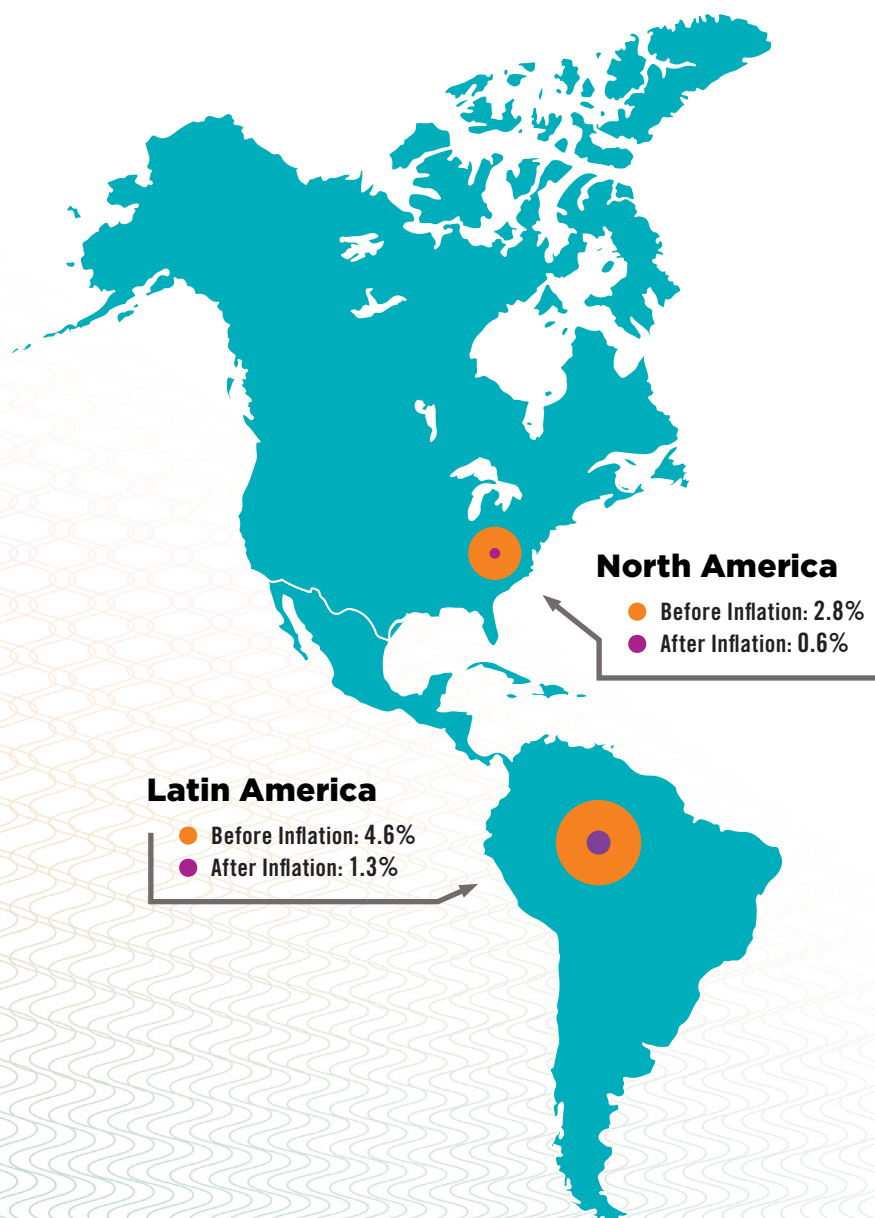
‘Unreal’ Wage Growth

Korn Ferry’s exclusive study predicts that salary gains will be modest worldwide.

BY SIMON CONSTABLE

Getting Real About Wages

Employers may be paying more out to employees, but the real after-inflation gains are modest at best.



IN THE ALL-TOO-CRITICAL WORLD of compensation, this may well be a year that will make neither companies nor their workers too happy.

According to Korn Ferry's annual global salary report, companies are expected to keep raising salaries this year—albeit in the modest 5.1 percent range. Yet even that won't get much notice among workers; thanks to a combination of factors from inflation to tariff wars, paychecks will only be about 1 percent higher. Call it the year of “ungrowth” comp.

Analysts say that's bound to create some frustration. In Africa, for example, companies will be raising salaries 7.7 percent—the highest

increase in the world. Go past this headline, though, and the raise is a humbler 0.9 percent after inflation. In response, Korn Ferry's experts suggest that leaders look at salaries as part of an overall compensation package. Because inflation is eating away gains, employees might appreciate different benefits, such as more days off, a flexible work schedule, or increased pension plan contributions. Or, as Benjamin Frost, Korn Ferry's global general manager for pay, advises, “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.”

