

Pearl Meyer

Quick Poll



2022 Implemented Base Salary Increases

Executive Summary



Table of Contents

▪ Introduction	3
▪ Key Findings	4
▪ Timing of 2022 Salary Increases	5
▪ 2022 Increases Compared to 2021	6
▪ Primary Factor for Higher Increase	7
▪ 2022 Implemented Increases	8
▪ Total Increases by Range of Responses	9
▪ Mid-Year Adjustments	10
▪ Focus of Mid-Year Adjustments	11
▪ Demographics	12
▪ About Pearl Meyer	15



Introduction

Based on participant responses collected during the third quarter of 2021, Pearl Meyer's annual, in-depth compensation planning survey projected that 2022 salary increase budgets would be consistent with previous years. However, after that survey was conducted, inflation continued to rise through the fall and the labor market became even more competitive.

We conducted a subsequent Quick Poll at the end of the year to see what changes were taking place as organizations finalized their 2022 budgets and learned that nearly all respondents were planning base salary increases for the coming year and those increases were expected to be higher than normal. This Quick Poll was conducted to understand if and how those expectations have been implemented.

The survey was conducted in May of 2022, with total participation of 337 companies.

We hope you find this information useful. If you have any questions or are interested in discussing these findings, please contact:

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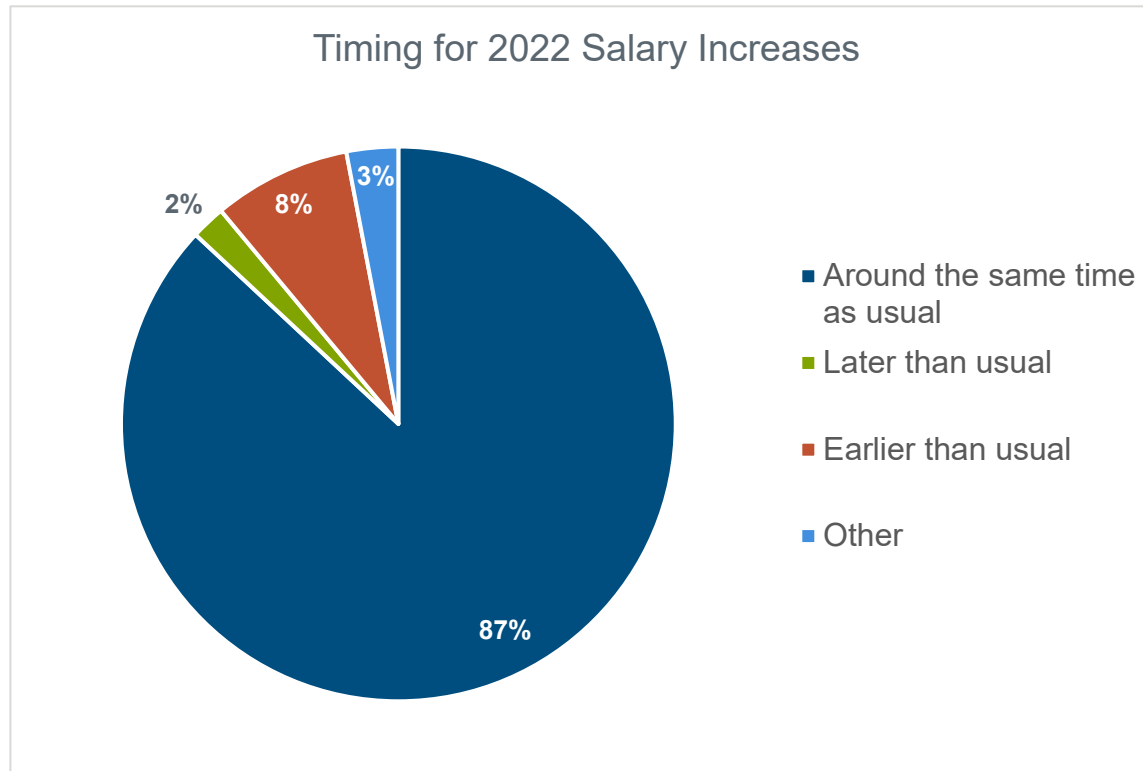


Key Findings

- After more than two decades of very flat total base salary increases hovering in the low 3% range, 2022 increases were 4.8% for all employee groups combined. Moreover, total increases were over 4% for two-thirds of survey participants, and over 6% for a quarter of organizations.
- Results indicate that organizations responded to this perfect storm of record inflation, high turnover rates, and a shortage of labor by providing more generous increases as a tool to attract and retain talent.
- This very timely survey reports that about one-third of organizations are considering or planning to provide mid-year salary increases in 2022. Historically, mid-year increases have been rarely used so this will be an interesting trend to watch. Most companies are giving thoughtful consideration to mid-year increases and are providing them to key employees, targeted job families, and top performers rather than granting increases across the board.
- These and other survey findings are addressed in more detail on the following pages.

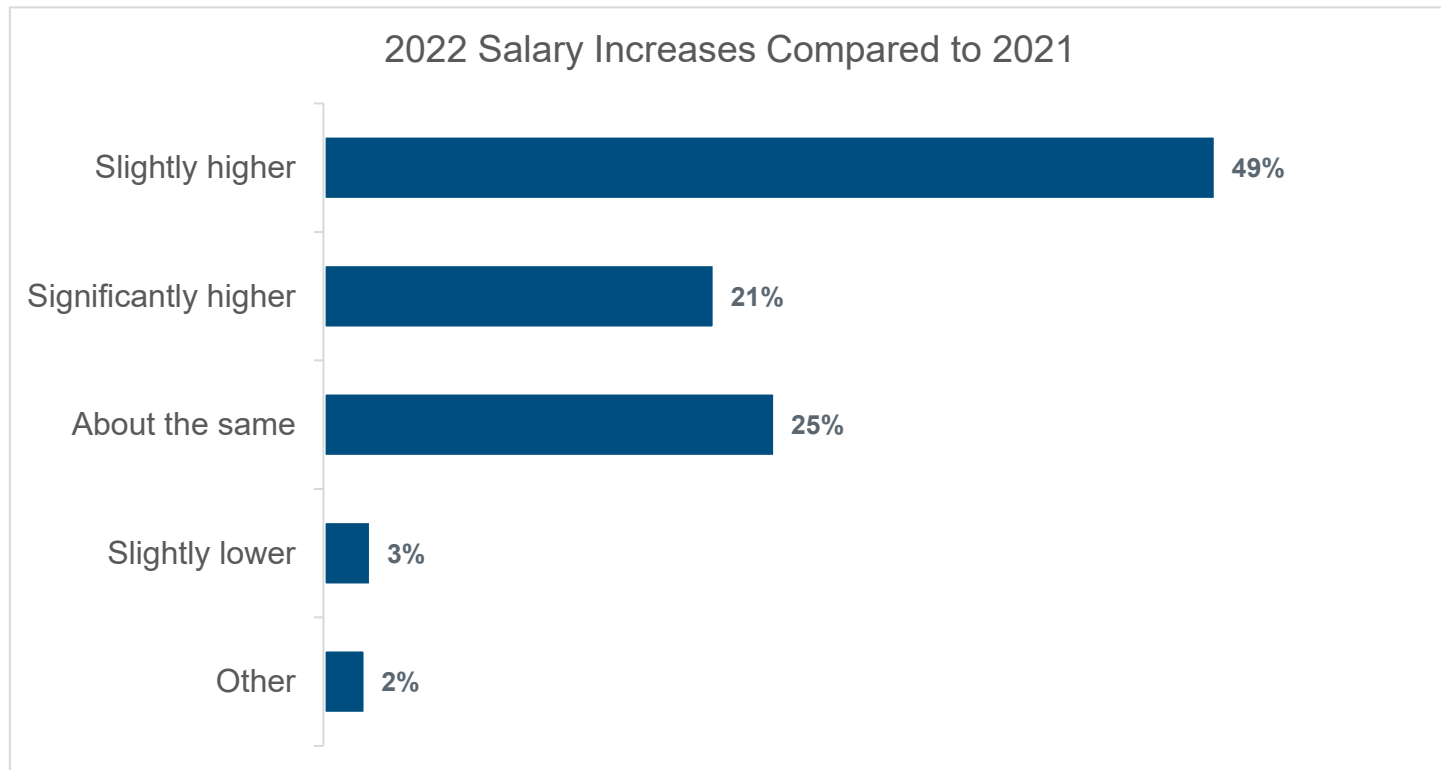
Did your organization accelerate the timing of salary increases this year?

- The majority of organizations (87%) implemented salary increases around the same time as usual in 2022, and 8% of organizations implemented increases earlier than usual.
- Very few organizations (2%) implemented salary increases later than usual.



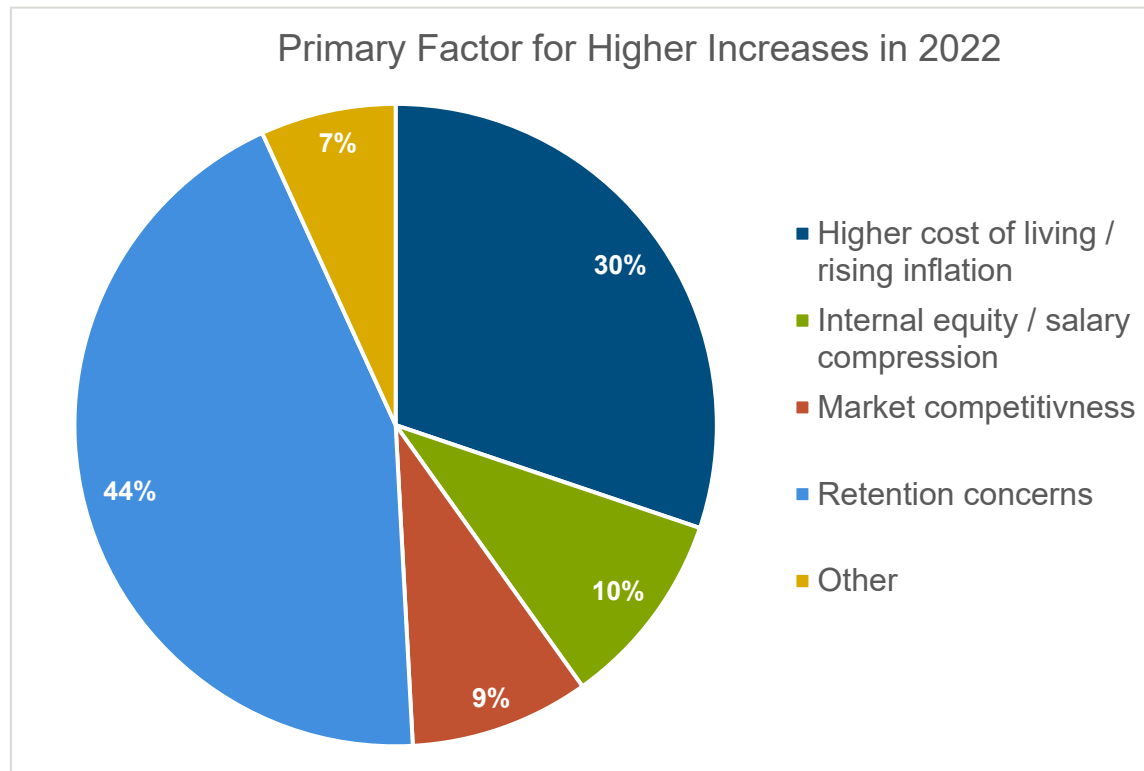
How did your organization's actual 2022 salary increases compare to 2021?

- Most organizations' (70%) salary increases were higher in 2022 than in 2021, with 21% reporting significantly higher increases.
- One-quarter of respondents reported that salary increases were about the same in both years.
- Only 3% of organizations had slightly lower salary increases compared to 2021.



For organizations with higher increases in 2022, what was the primary factor?

- Of the 70% of surveyed organizations with higher increases in 2022, the most prevalent primary factor was retention concerns (44%), followed by the higher cost of living and rising inflation (30%).
- Many of the organizations reporting “other” (7%) commented that the reason is a combination of several factors below.



What is your organization's implemented 2022 US base pay increases for the following employee groups?

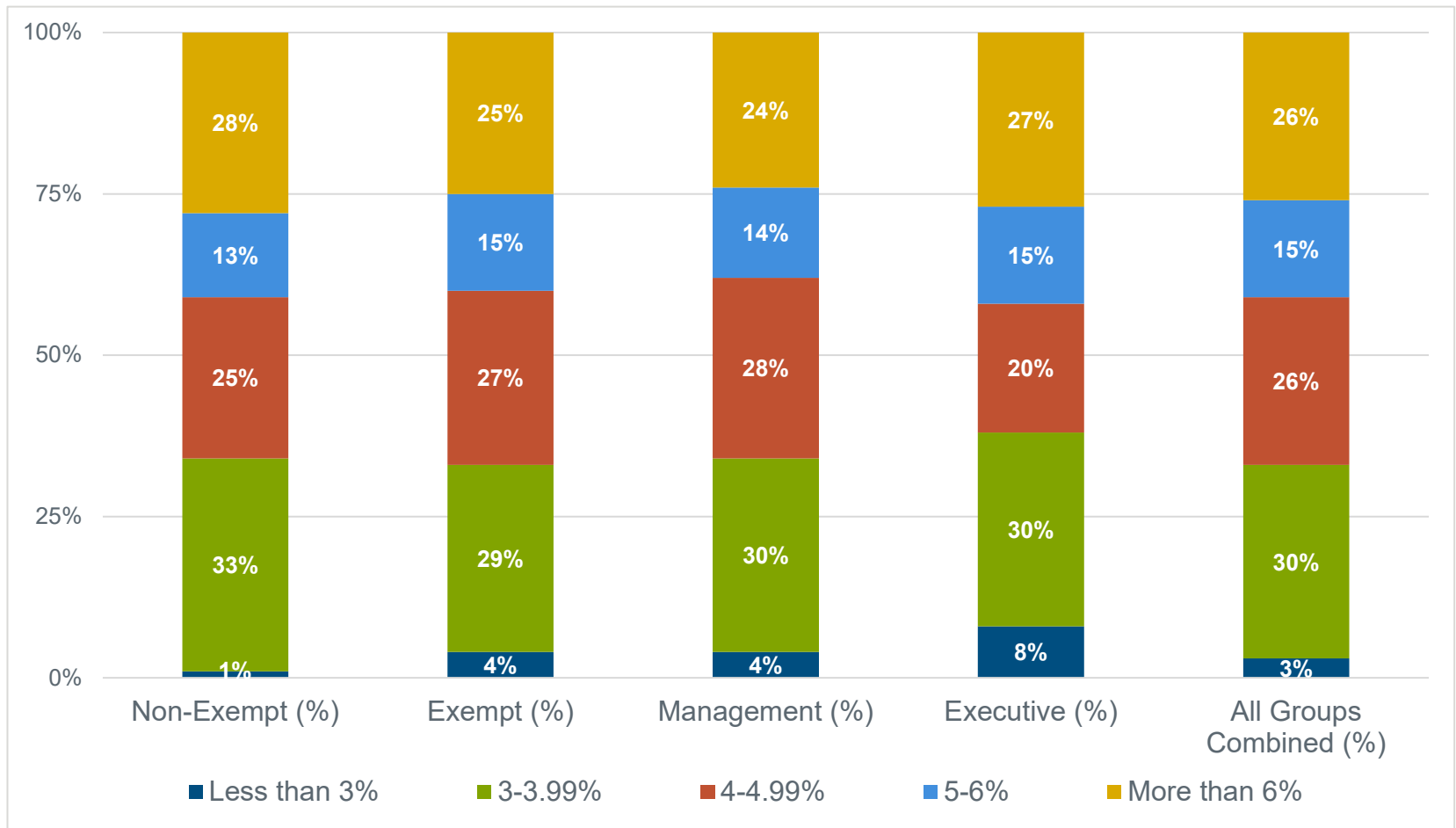
- The table below provides data for the full sample of 337 respondents.
- The average total increase for all employee groups combined is 4.8%.
- There is little difference in increase amounts by employee category.

All Survey Respondents (336)					
Employee Category	General Increase/Cost of Living (COLA)	Merit Increase	Other Increase (Not including promotional)	Market/Equity Increase	Total Increase
Non-Exempt (%)	2.4%	3.3%	1.5%	1.9%	4.5%
Exempt (%)	2.4%	3.3%	1.0%	2.2%	4.3%
Management (%)	2.3%	3.3%	1.0%	2.3%	4.2%
Executive (%)	2.3%	3.4%	0.9%	1.9%	4.2%
All Groups Combined (%)	3.1%	3.4%	1.9%	2.3%	4.8%

NOTE: The variables above are collected independently with some firms only reporting in one category or another. Accordingly, each increase type will not exactly equal total increase, unless by coincidence. Additionally, some organizations were not able to break out responses by employee category and simply provided the figures for all groups combined.

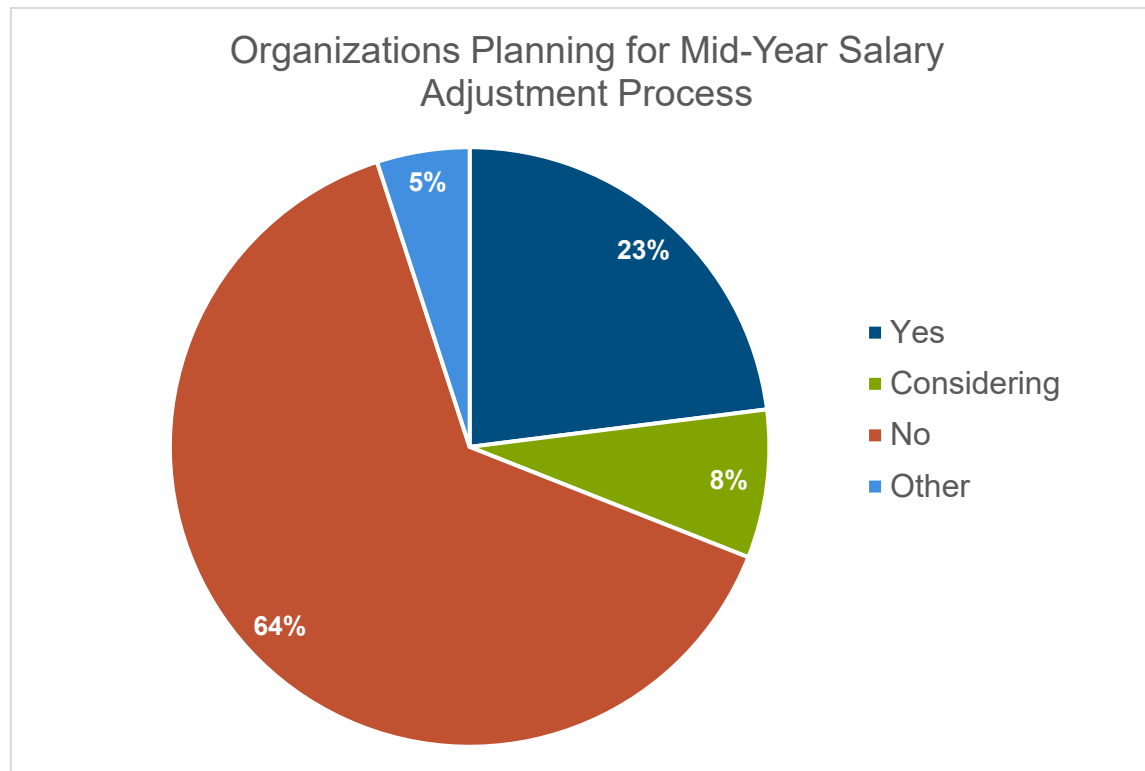
Total Salary Increases for All Participants by Range of Responses

- There is little difference in the range of salary increases based on employee type.
- More than a quarter of organizations report total increases over 6%.
- Only one-third of organizations report total increases less than 4%



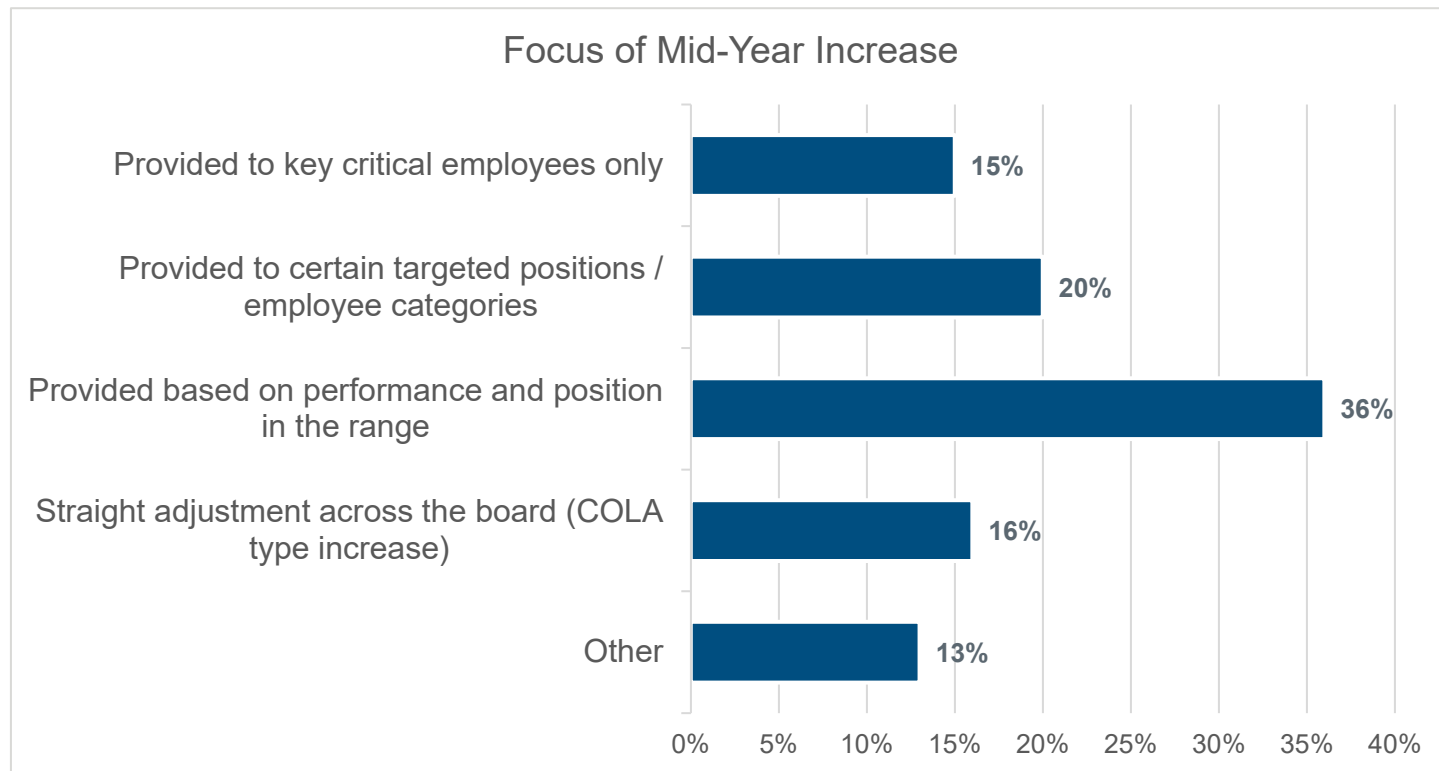
Is your organization planning for a mid-year salary adjustment process?

- Most organizations (64%) are not planning a mid-year salary adjustment process.
- Many of the organizations reporting “other” (5%) commented that they will do mid-year adjustments for targeted roles and/or in retention issues, but not as a widespread practice.

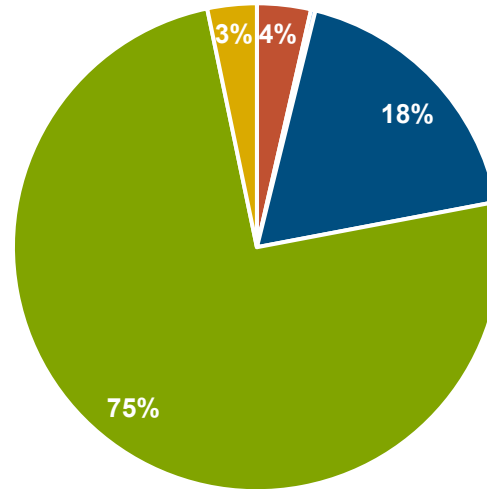


Which of the following will apply to the mid-year salary adjustment process?

- Most organizations will provide targeted increases to top performers, specific employee categories and critical staff.
- Only 16% of organizations will provide across the board (COLA) mid-year increases.



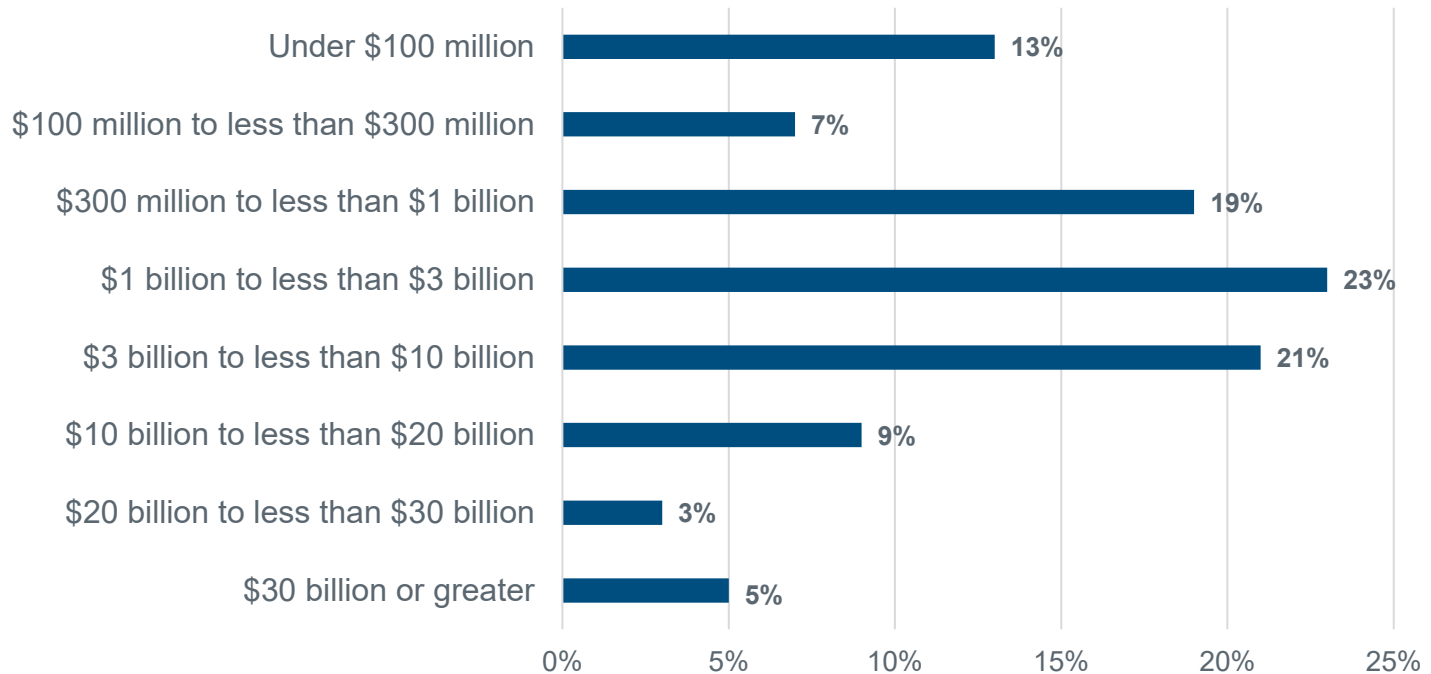
Role Within Organization



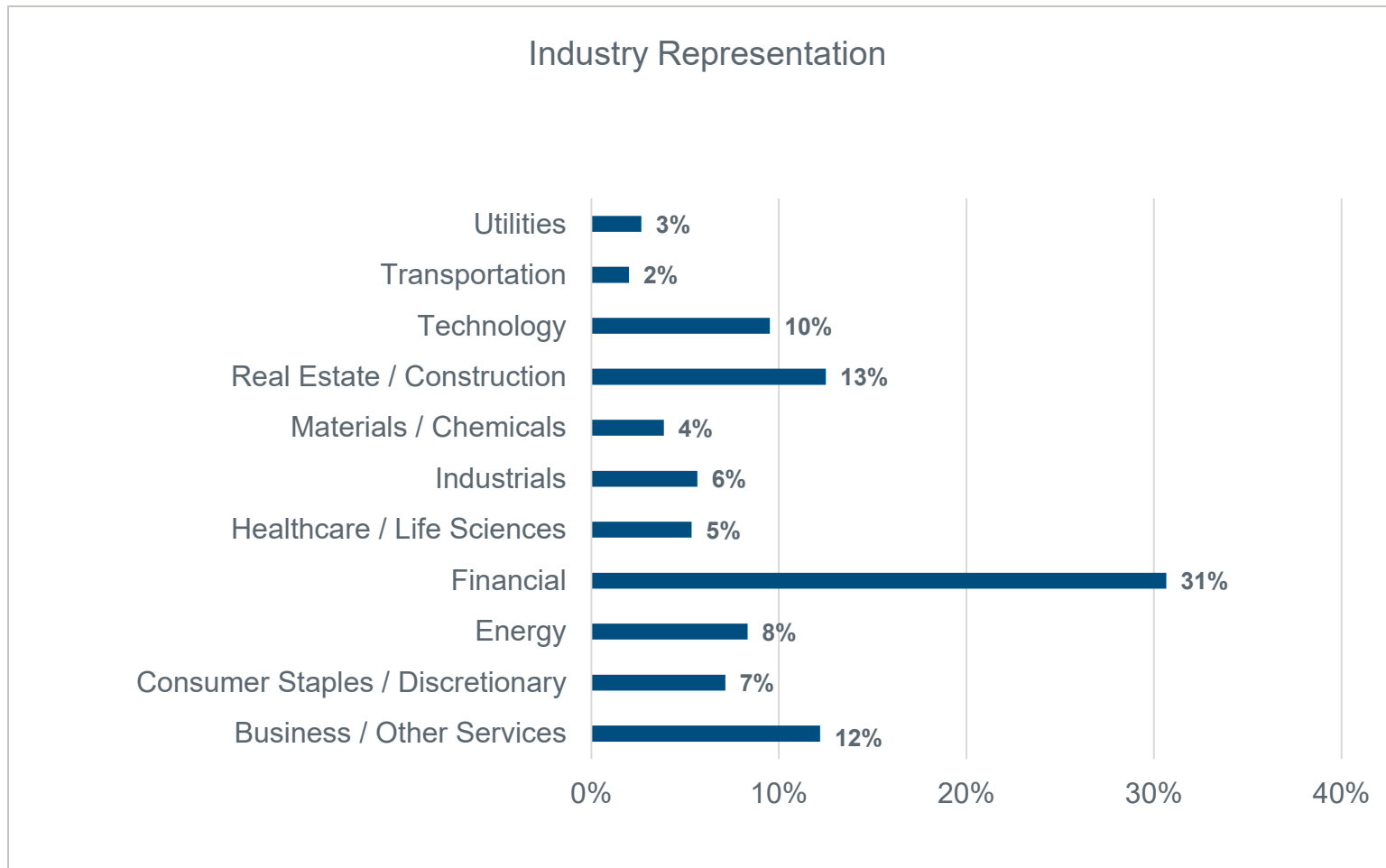
- Board Member: Compensation Committee
- Board Member: Not on Compensation Committee
- Employee of the Company: C-Suite
- Employee of the Company: Human Resources
- Other

Demographics

Revenue Range (or Asset Size for Financial Institutions) for the Most Recently Completed Fiscal Year



Demographics





About Pearl Meyer

Pearl Meyer is the leading advisor to boards and senior management on the alignment of executive compensation with business and leadership strategy, making pay programs a powerful catalyst for value creation and competitive advantage. Pearl Meyer's global clients stand at the forefront of their industries and range from emerging high-growth, not-for-profit, and private companies to the Fortune 500 and FTSE 350. The firm has offices in Atlanta, Boston, Charlotte, Chicago, Houston, London, Los Angeles, New York, Rochester, and San Jose.



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