

**Pearl Meyer**

Quick Poll



# 2022 Projected Base Salary Increase

Executive Summary



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## Introduction

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Pearl Meyer conducted this survey to help participants understand whether or not companies are amending their previously planned merit budgets for 2022, given the growing concerns about rising inflation and increasing competition for talent.

The survey was conducted in November and December of 2021, with total participation of 339 companies, including 179 publicly traded, 109 private-for-profit, and 51 not-for-profit (NFP) organizations.

This report is broken into two sections. First, results are shown for all participating firms. Next, we took a closer look at the 50% of organizations with projected 2022 pay increases that are higher than originally expected earlier this year.

We hope you find this information useful as you make compensation-related decisions for the coming year. If you have any questions or are interested in discussing these findings, please contact:

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## Key Findings

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After more than two decades of very flat total base salary increases hovering in the low 3% range, we are expecting 2022 increases to surpass 4% for all employee groups combined. Moreover, nearly all survey respondents will be providing employees with base salary increases in the coming year.

Results indicate that organizations are responding 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.

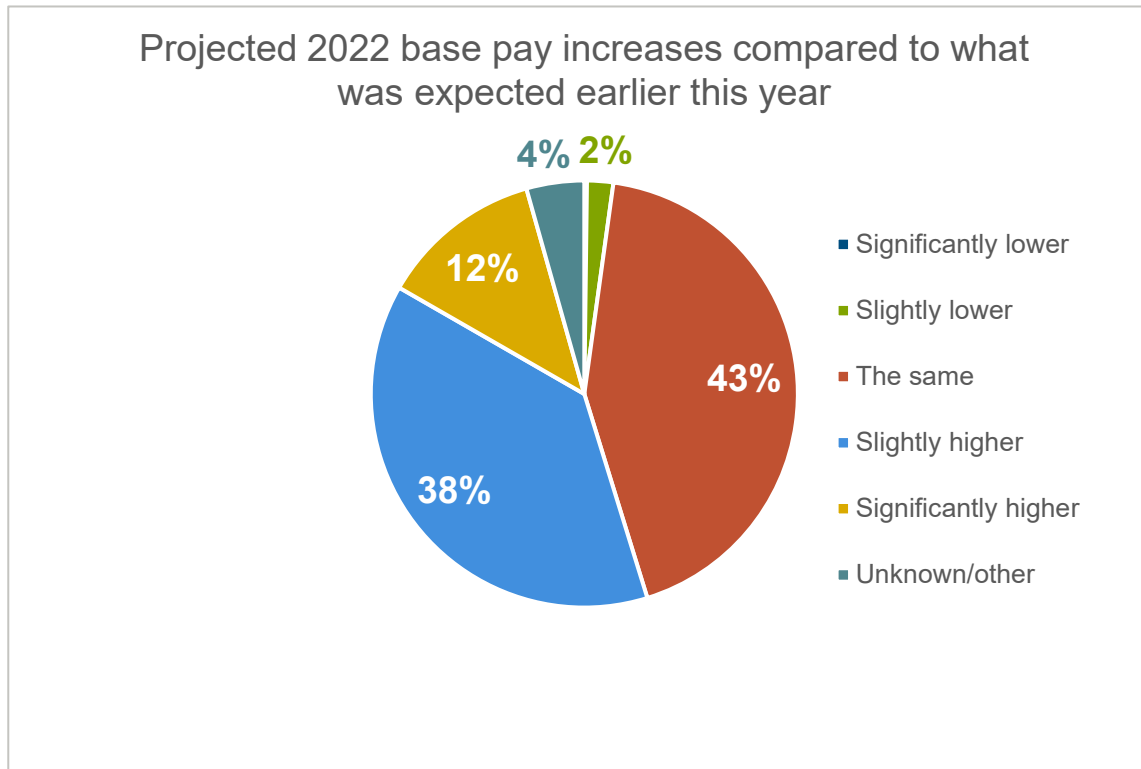
Private-for-profit organizations reported the highest total increase figures, followed by publicly traded companies.

This very timely survey reports that half of respondents anticipate 2022 base pay increases to be higher than what was originally expected earlier in the year, indicating that organizations are revisiting the annual compensation planning exercise. Of those organizations with higher projected increases than was originally expected earlier in the year, 40% report increases greater than 5%.

These and other survey findings are addressed in more detail on the following pages.

# Have your organization's projected base pay increases changed from what was originally expected earlier this year?

- Approximately half of respondents anticipate 2022 base pay increases to be higher than what was originally expected earlier in the year, with 12% expecting increases to be significantly higher.
- Very few organizations expect that increases will be lower (2%) than originally projected.





# Analysis of all 339 Survey Respondents

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

- The table below provides data for the full sample of 339 respondents.
  - The average total increase for all employee groups combined is 4.2%.
  - For companies reporting that increase projections have not changed, the average total increase for all employees is 3.4%.
  - There are significantly higher total increases for the organizations that reported their organization's base pay increases will be higher than what was originally expected earlier in the year (see table on page 11).

All Survey Respondents (339)					
Employee Category	General Increase/Cost of Living (COLA)	Merit Increase	Other Increase (Not including promotional)	Market/Equity Increase	Total Increase
Non-Exempt (%)	2.2%	3.2%	0.4%	1.4%	4.1%
Exempt (%)	2.2%	3.2%	0.5%	1.2%	4.1%
Management (%)	1.9%	3.2%	0.6%	1.2%	4.0%
Executive (%)	1.9%	3.6%	0.5%	1.2%	4.4%
All Groups Combined (%)	2.2%	3.4%	0.7%	1.6%	4.2%

*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.*

## What is your organization's projected 2022 US base pay increases for the following employee groups by ownership?

- Total increases for all employee groups combined are highest for private for-profit companies (4.8%).
- Total increases for publicly traded companies are more modest than private companies, likely because public firms may utilize other vehicles to reward employees including more widespread equity programs.
- Not for-profit entities have the lowest total pay increases which is unsurprising given the nature of their organizations and inability to raise prices to fund more generous salaries.

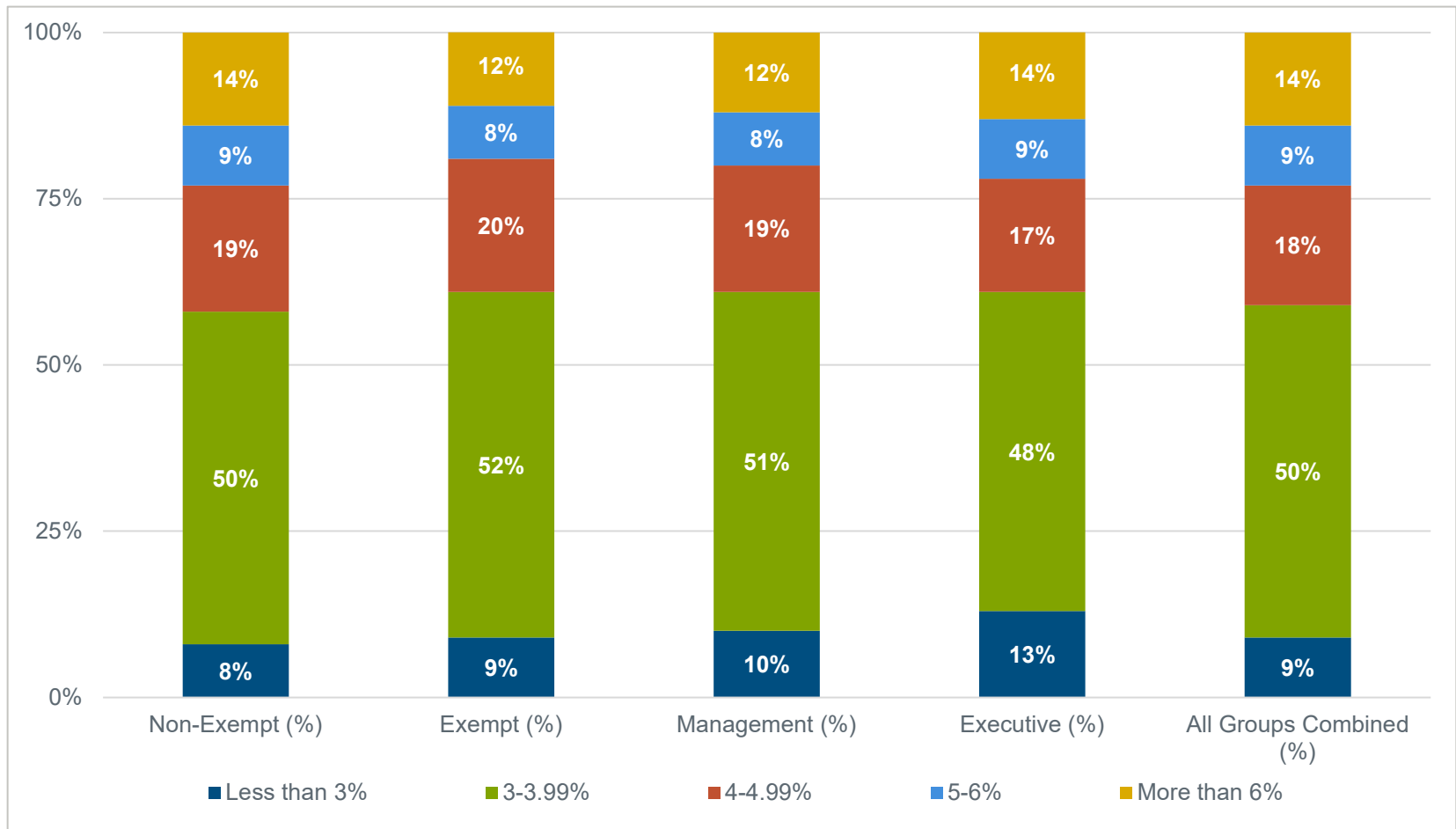
Employee Category	Total Salary Increase (All Firms)		
	Publicly Traded	Private (For-Profit)	Private (NFP)
Non-Exempt (%)	4.1%	4.6%	3.6%
Exempt (%)	3.9%	4.5%	3.3%
Management (%)	4.0%	4.2%	3.5%
Executive (%)	4.0%	5.6%	3.5%
All Groups Combined (%)	4.0%	4.8%	3.7%

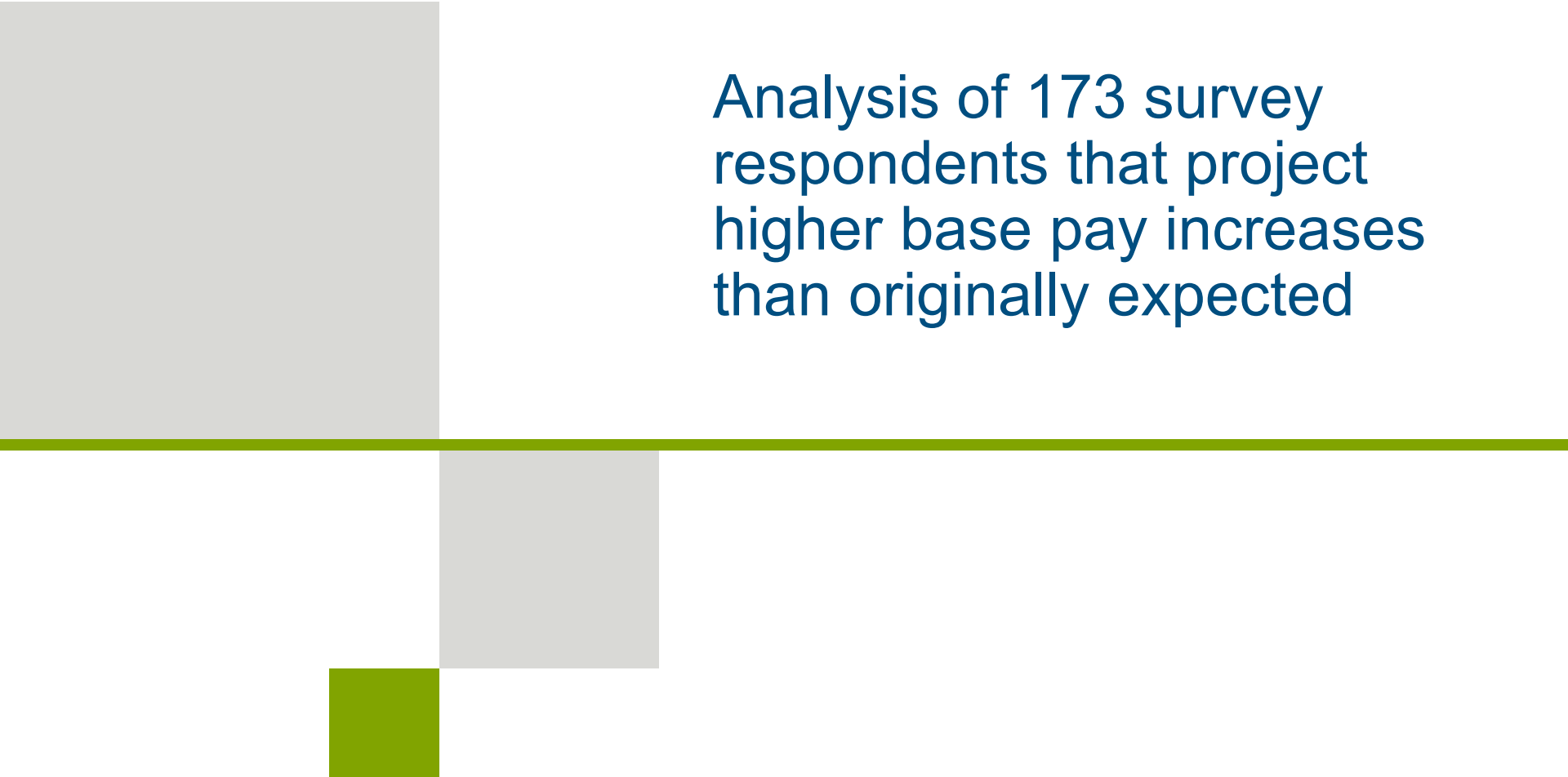
*The variables above are collected independently with some firms only reporting in one category or another. Accordingly, each increase type will not exactly equal total increase, unless by coincidence.*



# Total Salary Increases for All Participants by Range of Responses

- There is little difference in the range of salary increases based on employee type.
- Approximately half of companies report total increases between 3-3.99%.
- Only 9% of organizations report total increases less than 3%.
- 41% report increases greater than 4%, with 14% reporting increases greater than 6%.





Analysis of 173 survey respondents that project higher base pay increases than originally expected

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

- The table below provides data for 173 organizations that expect base pay increases to be higher than what was originally projected earlier this year.
  - The average total increase for all employee groups combined among firms with higher-than-expected increases is 5.2%, compared to 4.2% in the full survey sample.

Organizations expecting base pay increases will be higher than originally projected (173)					
Employee Category	General Increase/Cost of Living (COLA)	Merit Increase	Other Increase (Not including promotional)	Market/Equity Increase	Total Increase
Non-Exempt (%)	2.8%	3.5%	0.6%	1.9%	5.0%
Exempt (%)	2.8%	3.5%	0.8%	1.7%	5.0%
Management (%)	2.4%	3.6%	1.0%	1.6%	4.8%
Executive (%)	2.4%	3.7%	0.9%	1.6%	4.8%
All Groups Combined (%)	2.9%	3.8%	1.2%	2.3%	5.2%

*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.*

## What is your organization's projected 2022 US base pay increases for the following employee groups by ownership?

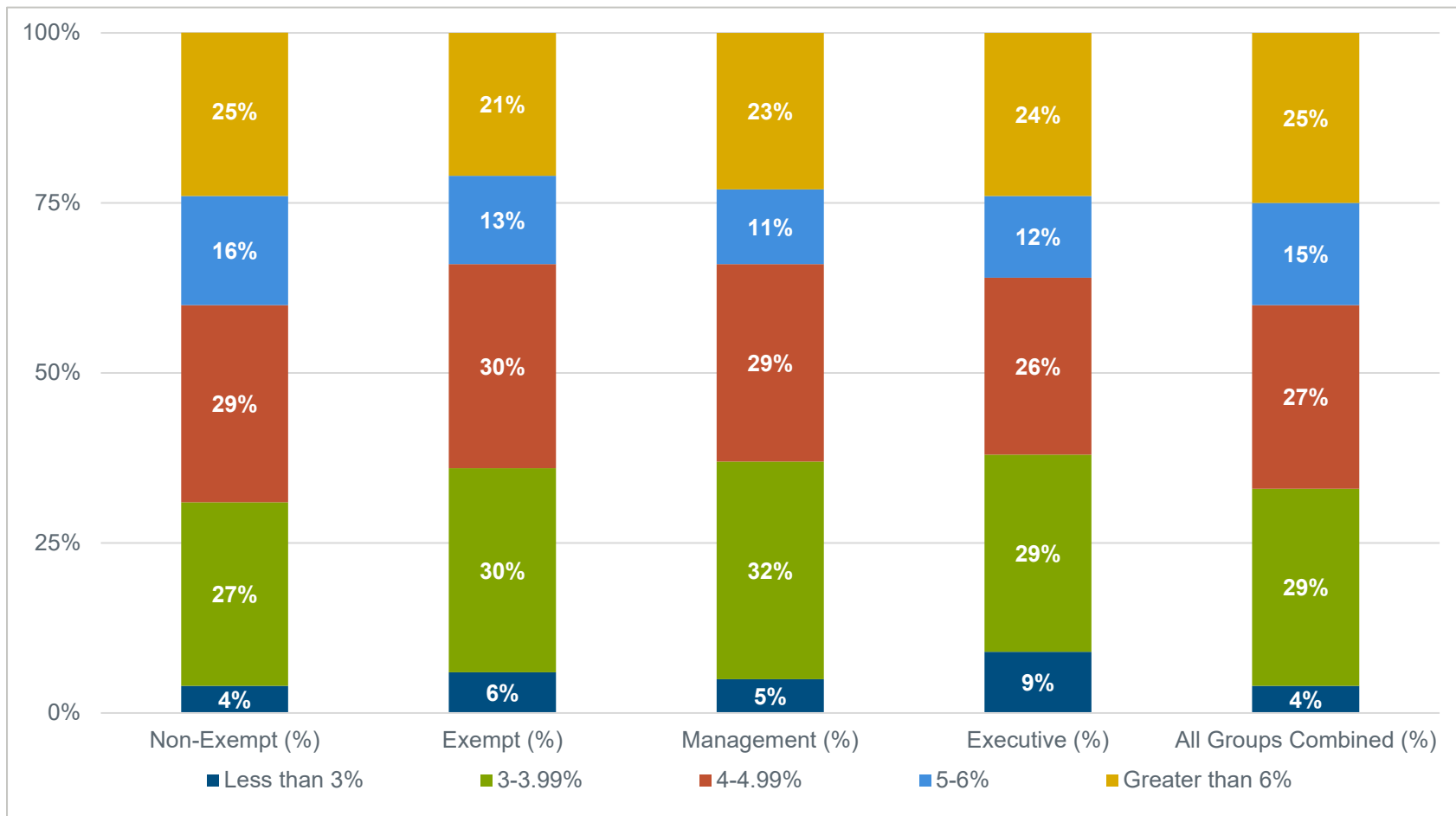
- Like the full survey sample, total increases for all employee groups combined are highest for private for-profit companies (5.8%).
- In this group of firms expecting higher than originally anticipated pay increases, total increases for all groups combined are .6% to 1% higher than the full survey sample.

Employee Category	Total Salary Increase for organizations expecting pay increases to be higher than originally projected (173)		
	Publicly Traded	Private (For-Profit)	Private (NFP)
Non-Exempt (%)	4.8%	5.6%	4.3%
Exempt (%)	4.9%	5.6%	3.7%
Management (%)	4.7%	5.1%	4.1%
Executive (%)	4.8%	5.2%	3.8%
All Groups Combined (%)	4.9%	5.8%	4.3%

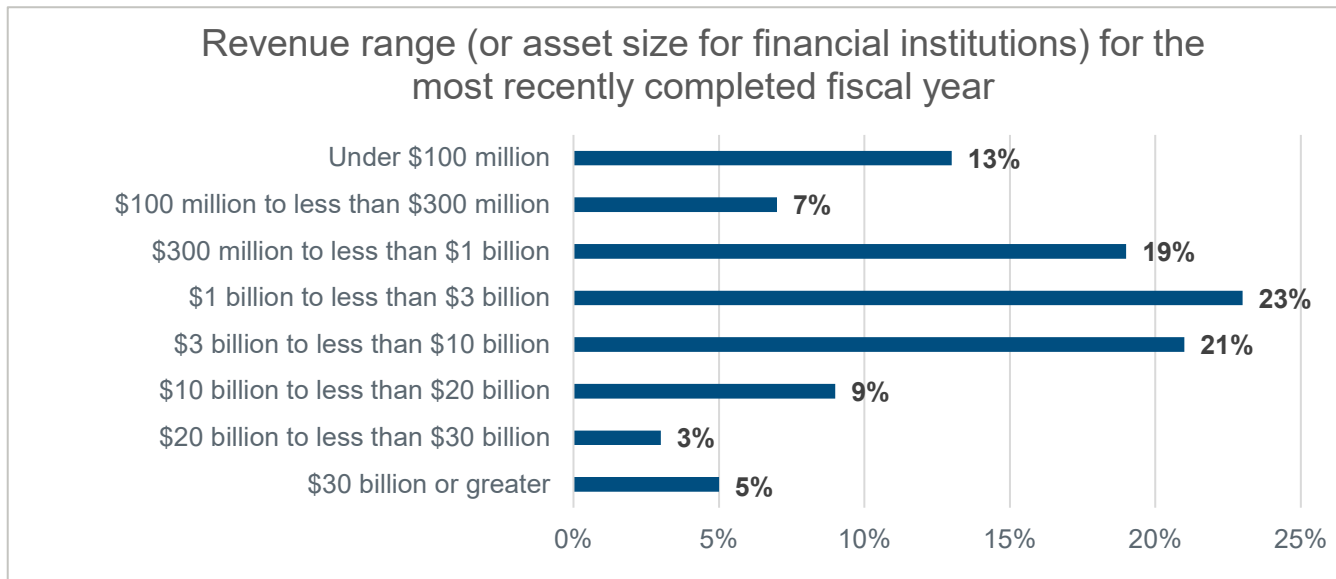
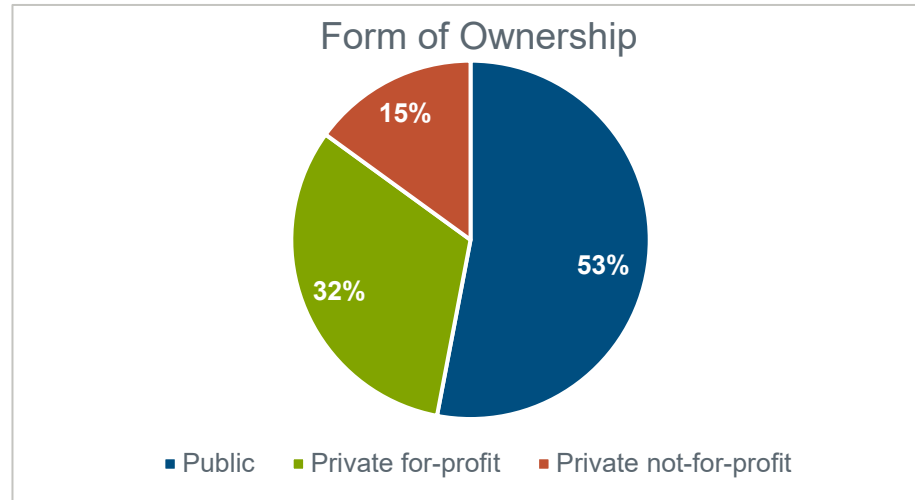
*The variables above are collected independently with some firms only reporting in one category or another. Accordingly, each increase type will not exactly equal total increase, unless by coincidence.*

# Total Salary Increases for Firms Expecting Higher than Anticipated Increases by Range of Responses

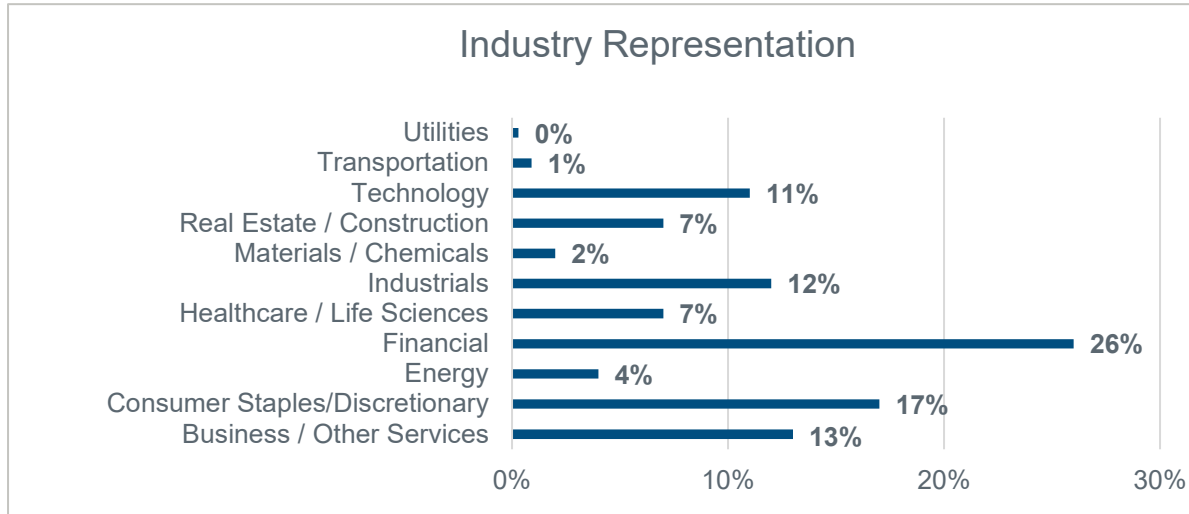
- There is little difference in the range of base salary increases based on employee type.
- Approximately a third of companies in this sample report total increase less than 4%.
- 40% percent of firms report total increases more than 5%, with 25% of firms reporting total increases greater than 6%.



# Demographics



# Demographics





## About Pearl Meyer

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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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