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# 51% of Companies Plan to Raise Wages Only for Top Performers

Only 28% of CEOs and CFOs polled will increase pay for all employees in response to inflation.

Aug. 04, 2022



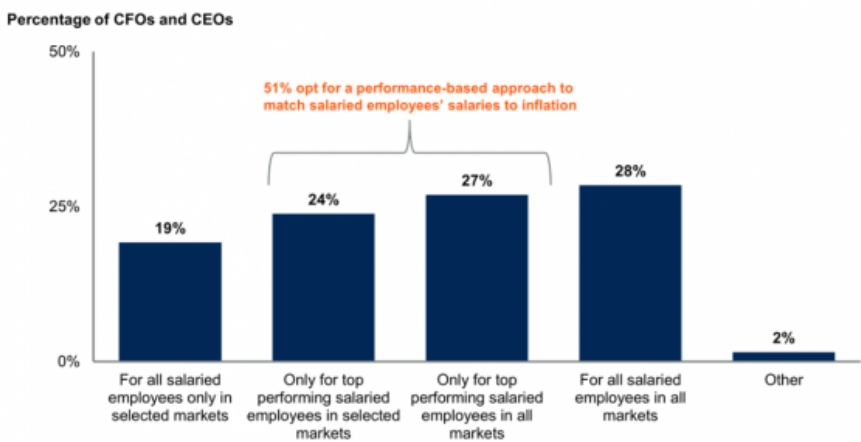
A June 2022 survey of 130 CFOs and CEOs showed that 51% of organizations favor salary adjustments for only top performing employees as an employee compensation strategy, according to Gartner, Inc. Survey respondents indicated that employee performance will be a key determinant in awarding pay rises to both salaried and hourly employees as a response to cost of living increases from ongoing high levels of inflation.

“Rising labor costs are among the most negatively impactful to operating cash flow, and it follows that we see a more limited approach to pay rises either by performance or in select markets for now,” said Randeep Rathindran, vice president, research in the Gartner Finance practice. “Organizations will continue to look at benefits beyond compensation as an approach to fight employee attrition and keep costs across the labor force as balanced as possible.”

Despite a tight labor market, and high attrition risk, CEOs and CFOs are attempting to limit expectations for across-the-board pay hikes. Seventy percent of those polled indicated that pay rises would only be forthcoming either to top performing employees or those located in select markets. Nearly one in four respondents favored the most restrictive approach, offering pay increases to only top performers within selected geographic markets where inflation was the most severe.

**Figure 1: Most CFOs and CEOs Plan to Adjust Salaries for Employees Based on Performance**

**CFOs' and CEOs' Plans to Adjust Salaries to Match Inflation for Salaried Employees**



n = 130 (total)  
Q08A: Which best describes how your organization plans to adjust compensation for salaried employees to match inflation (accounting for cost-of-living adjustment, not merit increment)?  
Source: 2022 Gartner Inflation Response Survey  
Multiple responses allowed



Source: Gartner (August 2022)

“The data shows that for now, executive leaders intend to hold the line against large-scale pay increases, and many employees expecting pay adjustments that fully compensate for cost-of-living increase may be disappointed,” said Rathindran. “It’s

clear that organizations are attempting to buy more time to read the tea leaves between persistently high inflation, the threat of recession and the state of the labor market before making significant strategic shifts.”

Rathindran said that while CEOs and CFOs are resisting across the board salary increases in the near term, additional survey data indicates that they are planning for heavier compensation investments in the future. A majority of respondents see permanent pay adjustments as a primary tactic for retaining talent, with 43% of respondents indicating they plan to deploy one-time bonuses to employees in addition to regular pay adjustments to retain talent, while an additional 39% of respondents indicated they plan to fully or partially index pay adjustments to inflation.

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