payscale

Helping leadership navigate rising inflation without eroding the value of pay increases through competitive pay strategies

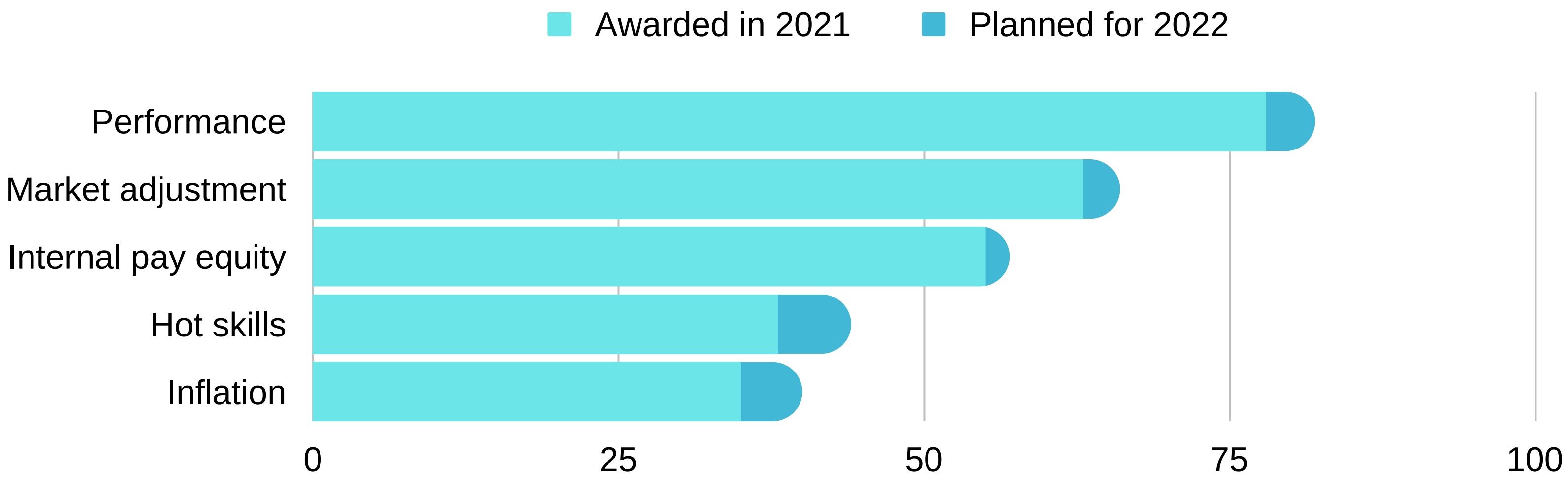
Inflation in the U.S. is at its highest annual rate in over 40 years. The rising cost of living layered with increased competition for labor have resulted in the perfect storm for upward wage pressure. Leveraging timely market data to inform competitive, equitable and livable wages will deliver better talent, culture, and results.

Concern about inflation

Most organizations have not had to consider cost of living adjustments (COLA) in their annual wage reviews, but now they do. These increases will vary in degree and timing, depending on geographic, occupation, and even industry characteristics. Workers will need more money simply to maintain their lives. Competitive compensation adjustments are among the best tools for maximizing retention and attracting talent and why leaders need access to diverse sources of salary data to keep pace of market trends.

Reasons for pay increases

There are multiple reasons to give pay increases. Some organizations separate out inflation from merit increases and market adjustments, which may be a valuable strategy for 2023. The top five reasons organizations gave increases in 2021 versus what was planned for 2022 is as follows:



Impact on retention

Lack of sufficient pay increases has been one of the reasons why organizations are struggling to attract and retain talent in the current economic climate. It would stand to reason that the risk of turnover increases for organizations that fail to give pay increases to make up for pay cuts or pay freezes in 2020.

Yes, pay is a leading reason for why we're losing talent

No, pay is not a leading reason for why we're losing talent

We are not experiencing talent loss

Unsure

Read the full report for more insights on approaching inflation in pay decisions.