FMBusinessDaily

Survey shows 79% of employers gave pay rises in January

3 years ago

Over three quarters (79%) of professional services firms have reported that they gave their employers a pay rise this January – with the average increase being between 4-6%.

The leading reasons for pay rises according to managers has been;

- To support employees with cost of living (46%)
- To aid morale and retention (37%)
- For a promotion, time served, or targets had been met (33%)

The findings come from global recruitment consultancy Robert Walters annual Salary Survey Guide 2023 – which tracks salary predictions for the coming year, as well as surveying 4,000 white collar professionals and 2,000 employers to identify upcoming workplace trends.

Managing director Chris Poole said:

"Historically pay rises have been used as a metric to reward hard work, loyalty, or progression. However, what this survey reveals is how truly unique the market is at the moment – where pay rises are now are being awarded out of necessity by employers who are fearful of not appearing as a responsible or ethical employer."

The Robert Walters survey revealed that a quarter of large firms were fearful of public scrutiny if they did not increase wages at the start of this year – with a third of senior leaders admitting that the public sector pay strikes in December further fuelled the private sectors decision to readdress pay ahead of the new year.

Pay increases marginal for less senior staff

Whilst cost of living may well be front-of-mind for employers, the Robert Walters Salary Survey Guide reveals that the average pay increase of 4-6% lags behind the latest ONS inflationary figure of 9.2%.

That means for the average professional salary of £35,000 – a 5% increase equates to an extra £1,750 per year. With cost of living increasing weekly by £57 – an annual increase of almost £3,000 – the average white-collar professional is in fact £1,200 worse off in 2023 despite the record number of pay rises.

The same cannot be said for senior managers, executives, and the leaders of an organisation – who have received increases of around 10%, 15%, and 20% respectively.

For the average senior leader at C-suite level earning around £75,000 – they will earn an extra £15,000 this year if they receive the anticipated 20% increase.

Mr Poole said: "It really isn't surprising to see these types of pay increases at the senior end of the market where across all industries we have contended with an acute candidate shortage.

"In turbulent times, companies often prefer experience over potential and so the war for talent has been more pronounced at the senior end of the market – with the key attraction in these times being pay rather than company security, career longevity, or the values of a prospective employer.

"Whilst it is tempting to jump at the offer of an inflated salary at another company we do advise professionals to approach this decision with caution. What goes up will come down. The candidate shortage is pushing up the salaries, but companies are also doing a lot of internal training and recruiting at the junior end to help plug this gap for the near future.

"When the candidate shortage levels out – which it will – companies will look at their biggest headcount costs and review whether they need to pay that price point any more. We saw similar happen in the pandemic – where the most cuts were made at mid-management level."

Companies compensating with benefits

Two thirds of employers have admitted to being 'concerned' about losing primary staff who have received below inflationary pay increases.

To help counter this, employers have increased investment back into workplace culture, the office interior and soft benefits – with the Robert Walters Market Intelligence Team identifying that on average employers are spending £280 per employee, per month on 'soft benefits,' almost double than what was spent pre-pandemic.