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Is delaying pay rises leading to staff turnover? 47% of employers say yes

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Nearly half of business leaders have seen an increase in employee turnover after delaying pay rises for professionals and white-collar workers, according to new research from global talent solutions business Robert Walters.

With an evolving economic landscape, many employers are facing difficult financial decisions. Controlling overheads has become a priority – and in many cases, that has meant deferring or scaling back salary reviews.

While this approach may offer short-term savings, 36% of respondents said that delaying pay rises has led to disengagement within their teams. Over time, this could have wider implications for morale, employee retention, and company culture.

"Businesses are under immense pressure to keep costs down, and for many, salary increases just haven't been feasible this year. In fact, 64% of business leaders said budget constraints and business performance were the top reasons for delaying or reducing pay rises." says Chris Eldridge, CEO of Robert Walters UK&I. "Our research shows that these decisions, while understandable, are not without consequence. Whether it's higher turnover or a gradual drop in motivation, companies are starting to feel the effects."

The survey also reveals a widening disconnect between employer decisions and employee expectations. Among UK employees who didn't receive a pay rise this year, 63% said they are now actively looking for a new job. Even among those who did receive an increase, 61% said it was lower than expected.

"There's a clear message here: even if employees understand the business pressures, unmet expectations are still pushing them to reconsider their options. And with AI tools streamlining the job application process, employees have more opportunities than ever to explore new roles," adds Chris.

Sinead Hourigan, Global Head of CX, Commercial and Customer Experience at Robert Walters, comments: "This is where salary benchmarking and market insights become so important. Workers who haven't seen a pay rise may be planning to discuss salary in their mid-year reviews, and employers will need market data to communicate credibly, demonstrate fairness, and manage expectations."

Beyond pay, Robert Walters advises employers to think creatively about what they can offer, including meaningful career development, flexible working arrangements, and internal mobility pathways.

"We're seeing more employers ask how they can retain their best people when pay increases aren't on the table," concludes Sinead "When salaries are constrained, culture and communication matter more than ever. The organisations that succeed will be those that balance cost control with a thoughtful, market-informed approach to employee engagement."

To help business leaders make more informed decisions, Robert Walters 2025 Salary Survey provides up-to-date insights into pay levels and hiring trends. The guide is designed to help leaders have transparent, evidence-based conversations with their teams about compensation and expectations.

To find out more about salary benchmarking, visit: Robert Walters Salary Survey.