**RESPONDING TO INFLATION:** 

# ACT NOW, OR **WAIT AND SEE?**

Most employers are not planning to adjust wages to account for inflation in 2022. But this approach can lead to expensive retention and turnover headaches.



### average pay increase

for all employees between December 2020 and December 2021

+6.6%

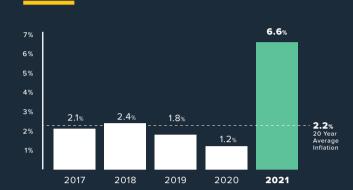
#### inflation rate in 2021

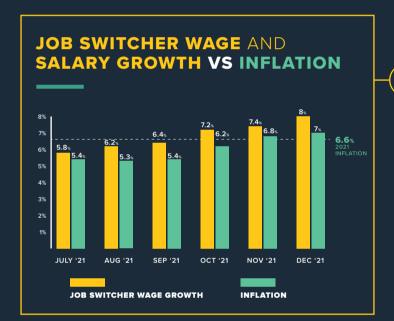
For the average employee. this resulted in an inflation-adjusted pay cut

## 3x FASTER:

the average rate of inflation last year, as compared to the average rate over the past 20 years

#### ANNUAL INFLATION 2017-2021





## **WILL WORKERS** WAIT IT OUT?

#### The answer: Why should they?

While organizations hesitate to increase pay for existing workers, new job offers are more highly responsive to market conditions.



average pay increase for employees who changed jobs in December 2021, resulting in an inflation-adjusted pay raise.

## WHAT EMPLOYERS **ARE SAYING:**

#### **ADJUSTING COMPENSATION TO ACCOUNT FOR INFLATION**

We have not 38% yet decided We will not make any 17% changes Most employees will receive pay increase 14% All employees will 13% receive pay increase of organizations will adjust Only employees in certain compensation 4% markets will receive pay increase to account for inflation Only top performing employees will receive pay incréase Other

A RECORD

U.S. workers quit their jobs in March 2022.

of workers cite better pay as the reason they are considering switching jobs.



Various studies estimate that replacing an employee can cost a business anywhere from 33% to 200% of their annual salary.

ADP Research Institute 'Historical Data'

Gartner strategies for Vaccination, Return to Worksites and Talent Attraction and Retention Creative Circle LinkedIn survey Bureau of Labor Statistics Job Openings and Labor Turnover Summary



If your organization is not in the position to make inflation wage adjustments, consider hiring freelancers or a flexible team to handle project-based work, instead of bringing on more team members full-time.