RESPONDING TO INFLATION:

ACT NOW, OR WAIT AND SEE?

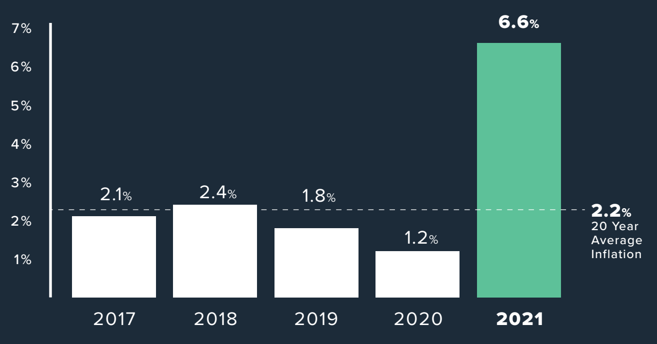
Most employers are not planning to adjust wages to account for inflation in 2022. But this approach can lead to expensive retention and turnover headaches.

3x FASTER:

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

ANNUAL INFLATION

2017-2021



+4.4%

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**

WILL WORKERS WAIT IT OUT?

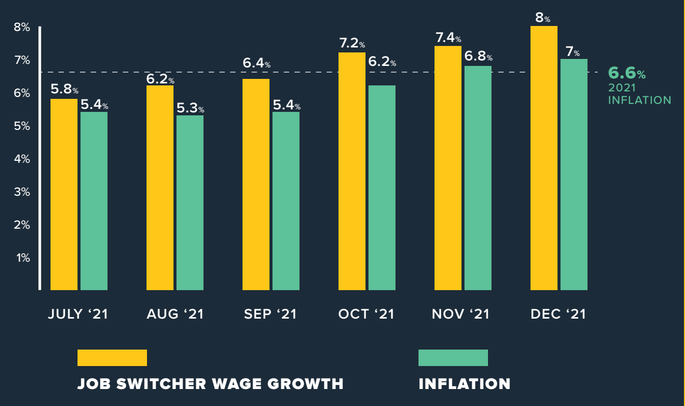
The answer:
Why should they?

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

+8%

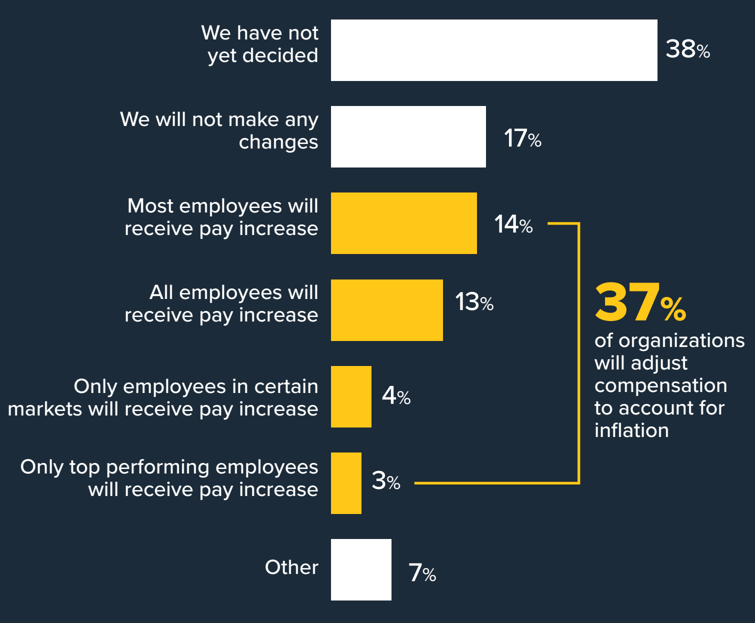
average pay increase for employees who changed jobs in December 2021, resulting in an inflation-adjusted pay raise.

JOB SWITCHER WAGE AND SALARY GROWTH VS INFLATION



WHAT EMPLOYERS ARE SAYING:

ADJUSTING COMPENSATION TO ACCOUNT FOR INFLATION



A RECORD 4.53 MIL

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

48%

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.**

Sources:
ADP Research Institute 'Historical Data'
Bureau of Labor Statistics
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