

GLOBAL SALARY FORECAST 2020

[Focus on Asia-Pacific]

What does our forecast
mean for businesses?



Meet your presenters



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Agenda

- 1 ABOUT KORN FERRY
- 2 GLOBAL SALARY FORECAST – DATA
- 3 WHAT THIS MEANS FOR BUSINESSES
- 4 SOME ADVICE AND BEST PRACTICE
- 5 Q&A

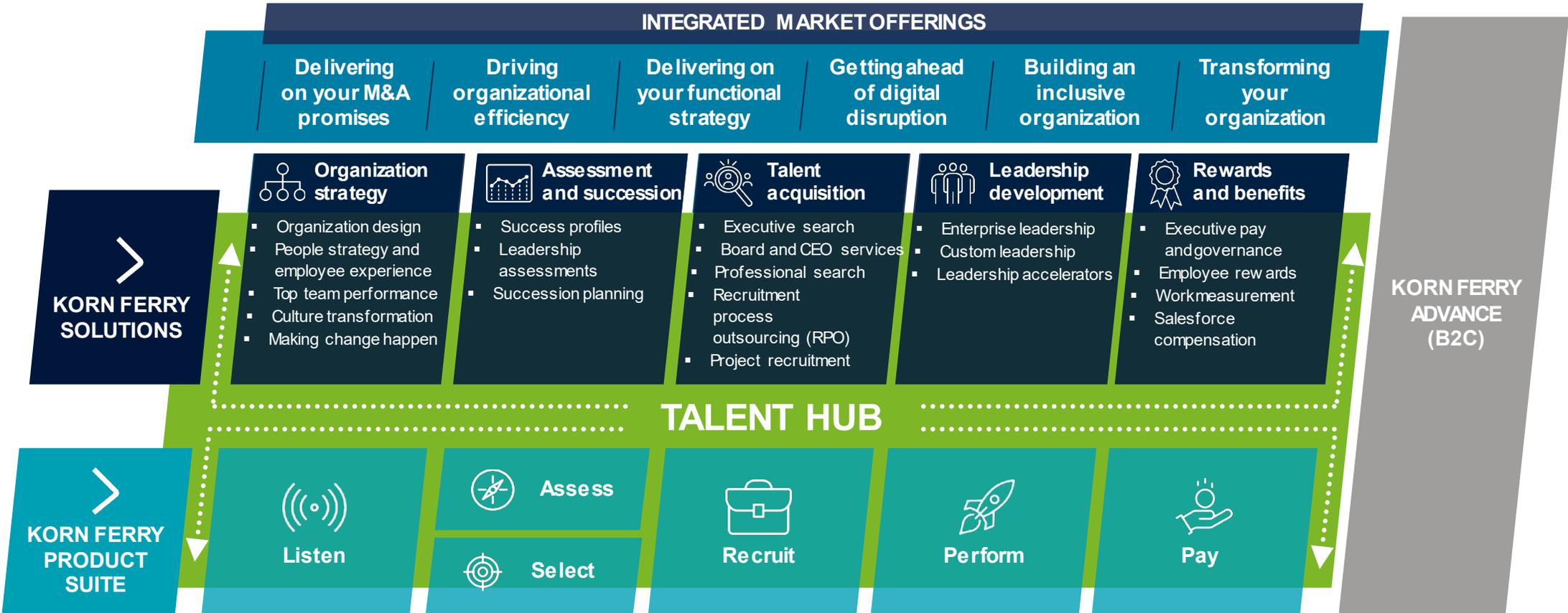




1

About Korn Ferry

Our expertise covers the whole talent journey



Rewards and benefits

Executive pay and governance: We develop executive pay frameworks that attract the best talent and motivate them to deliver on your business strategy.

Employee rewards: We help you get the best ROI on your investment by developing fair and competitive reward programs that your employees value and that encourage the behaviors and performance your business needs.

Work measurement: We design and evaluate jobs, put in place grade structures and develop career frameworks so you can match the right people to the right role, pay them fairly and competitively and enable them to progress.

Sales compensation and incentives: We develop game-changing sales incentive programs that help you attract and retain key talent and build dynamic sales teams that deliver on strategic objectives and fill pipelines.



Korn Ferry Pay: We provide access to a comprehensive rewards database, which includes interactive reports on the effectiveness of your rewards programs and analytics on where your rewards program stands in the market, in order to deliver impactful rewards strategies.

By building integrated rewards programs that are in sync with your strategy, we give you more.

We get your business needs in line with the rewards your people value. As a result, you're in the best position to energize your teams, improve performance and grow your business.





2

Global Salary Forecast - Data



Our pay data: key figures

150+

Countries where we collect and provide pay data.

25,000

organizations in our pay database worldwide.

20m+

Job holders for whom we have salary data in 2019.

70%

of the Fortune 500 use our pay data & contribute to our database.

70

Every 70 seconds, a user logs into the pay platform.

71%

of the 60 largest countries where we are #1 or #2 in data density.

15+

years of sustained global database growth.



MILESTONE 150

OUR PAY
DATABASE IS NOW
AVAILABLE IN
150+ COUNTRIES
SEE WHERE
WE'VE GROWN

GLOBAL
150+ countries
25,000 companies
20,000,000 employees

NORTH & CENTRAL AMERICA

16 countries
3100 companies
5,591,000 employees

SOUTH AMERICA

10 countries
1,900 companies
3,009,000 employees

EUROPE

46 countries
11,900 companies
8,566,000 employees

AFRICA

37 countries
1500 companies
607,000 employees

MIDDLE EAST

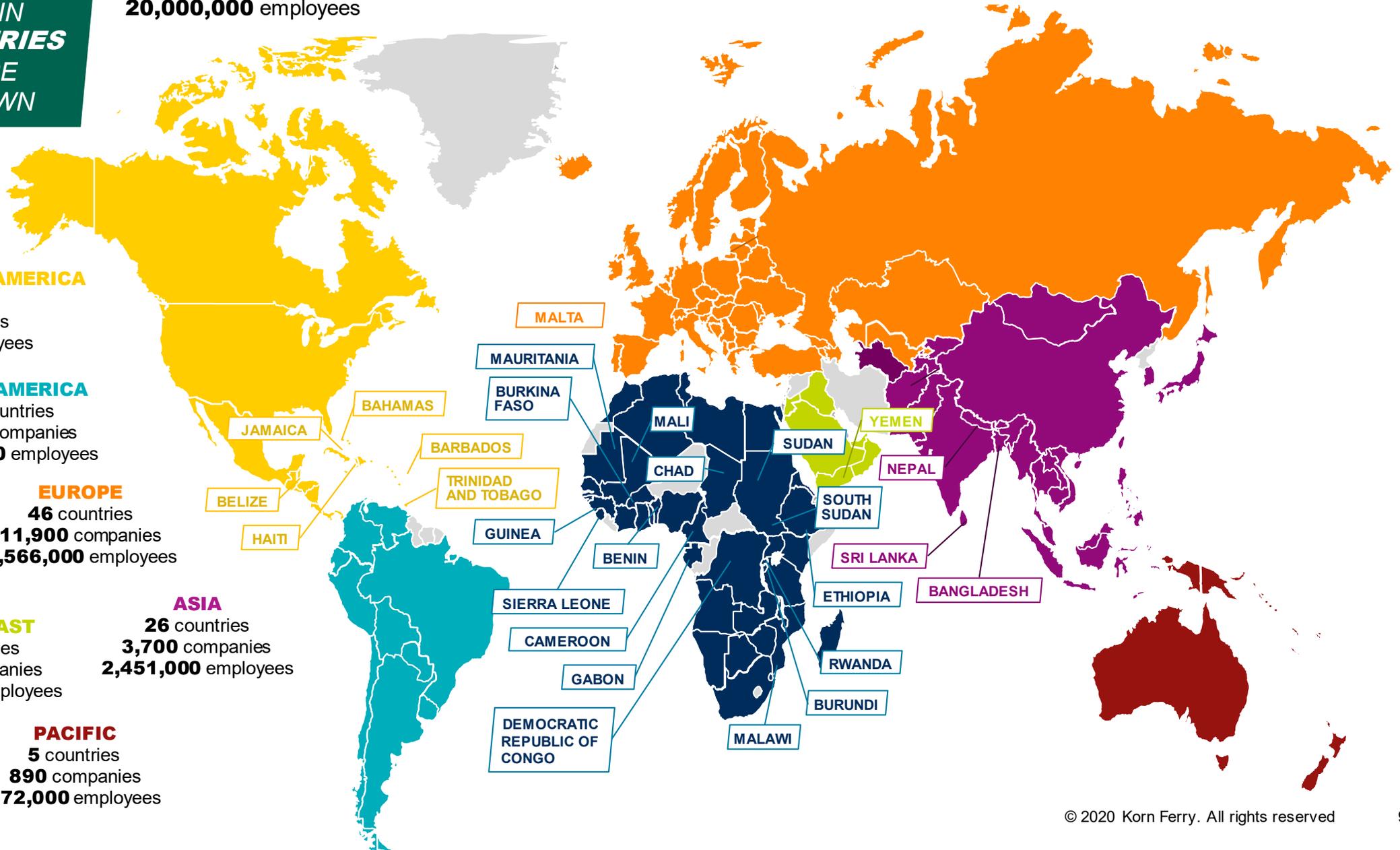
11 countries
2,100 companies
1,181,000 employees

ASIA

26 countries
3,700 companies
2,451,000 employees

PACIFIC

5 countries
890 companies
472,000 employees



Salary forecasts 2020



GLOBAL

Salary Increase

4.9%

Real Salary Increase

2.1%

NORTH AMERICA

Salary increase
2.8%
Real salary increase
1.1%

LATIN AMERICA

Salary increase
4.9%
Real salary increase
2.0%

AFRICA

Salary increase
7.9%
Real salary increase
2.3%

MIDDLE EAST

Salary increase
3.6%
Real salary increase
1.6%

WESTERN EUROPE

Salary increase
2.5%
Real salary increase
1.2%

EASTERN EUROPE

Salary increase
6.2%
Real salary increase
2.6%

ASIA

Salary increase
5.3%
Real salary increase
3.1%

PACIFIC

Salary increase
2.5%
Real salary increase
0.8%



Salary forecasts 2020 – country detail



GLOBAL

Salary Increase

4.9%

Real Salary Increase

2.1%

NORTH AMERICA

USA – 3.0%/1.4%
Canada – 2.6%/0.7%

LATIN AMERICA

Brazil – 5.3%/1.6%
Mexico – 5.0%/1.7%
Argentina – 37.5%/-6.8%

AFRICA

South Africa – 6.8%/1.7%
Nigeria – 13.1%/1.8%
Egypt – 13.5%/6.6%

MIDDLE EAST

UAE – 3.5%/2.5%
Saudi Arabia – 4.0%/2.0%

WESTERN EUROPE

Germany – 2.9%/1.4%
UK – 2.5%/0.4%
France – 2.0%/0.6%

EASTERN EUROPE

Russia – 5.1%/0.9%
Turkey – 18.0%/7.9%

ASIA

China – 6.0%/2.9%
India – 9.2%/5.0%
Japan – 2.0%/0.6%

PACIFIC

Australia – 2.5%/1.0%
New Zealand – 2.5%/0.6%



Salary forecasts 2020 – APAC country detail



ASIA

Salary Increase

5.3%

Real Salary Increase

3.1%

CHINA 6.0% - 2.9%	AUSTRALIA 2.5% - 1.0%	NEW ZEALAND 2.5% - 0.6%	HONG KONG 4.0% - 1.4%	JAPAN 2.0% - 0.6%	PHILIPPINES 5.9% - 3.5%
INDIA 9.2% - 5.0%	INDONESIA 8.1% - 5.1%	SINGAPORE 4.0% - 3.6%	MALAYSIA 5.0% - 3.5%	THAILAND 5.0% - 3.7%	VIETNAM 7.7% - 4.6%



Salary forecasts 2020 / 2019 / 2018

GLOBAL 2020	Salary increase	Real salary increase
	4.9%	2.1%

GLOBAL 2019	Salary increase	Real salary increase
	5.1%	1.0%

GLOBAL 2018	Salary increase	Real salary increase
	5.3%	1.5%

Nominal salary forecasts have been similar for at least the last 5 years.

- Inflation forecasted for 2020 is lower than previous years for most economies.
- Real increases (nominal minus inflation) are therefore better for employees.



Global economic trends

Inflation forecasts for 2020 are lower than the previous few years. This is because there is increasing concern about a possible economic slowdown.

So, while lower inflation may seem like good news for employees (because it means higher 'real' pay increases), there are also warning signs in the data.

Inflation is often bouncing up and down – but our data shows that company salary increase budgets are not as closely tracked to inflation as one might expect. So when inflation moves, it means employees' 'real' increases fluctuate from year to year. This year is a 'good' year for employees.



Headlines can be misleading

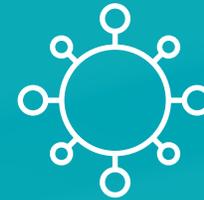
The salary forecast numbers are high-level averages, but a lot is going on beneath the surface.



**Differences
by level**



**Differences
by function**



**Differences
by industry**



3

*What this
means for
businesses*

What this means for businesses



**Limited scope to
increase pay**



**Many demands on
increase budget**



**Need to
be smart**



4

*Advice and
best practice*

Employers are doing 3 things



Being clever with the salary increase funds they do have available



Looking at the way pay is delivered



Recognizing that pay increases are just one part of the overall offer – and not necessarily the most important one

Being smarter with what we have

Some best practices for managing limited pay increase budgets

Spending the available extra reward budget on rewards that have high impact

Benefits/ non-financial rewards, rather than “just cash”

Giving the increase in one shot, rather than spread out over many paychecks, where it is not noticed



First, you need to understand what these are!
For example – if an employee’s annual increase is a few hundred dollars a year, would a one-off event or holiday gift card create more goodwill and engagement than a small (\$30/month) pay increase?

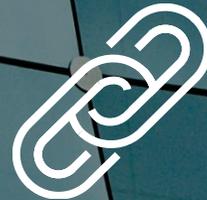
Changing how pay is delivered

Looking at improving how pay is delivered.

Two big themes

1

Individualization –
different groups in
the workforce want
different things



Linked to
this is

2

Flexibility –
allowing employees
some flexibility
over how their
reward is delivered



The bigger picture

Reward is one part of the story. Short vs long-term incentives.

What else should employers be looking at?



**Motivation
and drivers**



**Engagement and
enablement**



**Personal development
opportunities**

(drives engagement and can be a reward in and of itself). Pay now vs development now and more pay later.



The importance of personal development

Recent research shows that 70% of employees have not mastered the skills they need for their jobs today—increasing to 80% when looking at the skills needed for both today and their future career.

Most engagement research shows that learning opportunities, professional development and career progression are among the top drivers of employee satisfaction – in addition to the more obvious benefit of driving higher performance.

Employee expectations and needs differ by employee group.

Engagement Driver	Millennials	Gen X	Baby boomers	Veterans
Respect & recognition	1st	2nd		
Professional Development	2nd	1st		
Purpose & Strategy			2nd	
Pay & Benefits			1st	2nd
Performance Management				1st

Development is increasingly expected – and a major driver in retaining the best young talent.

Source: Korn Ferry Engagement & Culture normative database





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Q&A



Thank you

