WAGES, INFLATION, AND BENEFITS:
HOW ARE EMPLOYERS RESPONDING?

You know the saying: There are two things guaranteed in life, *death and taxes*. Well, in 2022, it seems like there's another guarantee: inflation. From gas prices to groceries and everything in between, Americans are tossing out Benjamins like we do trash. Undoubtedly, you're struggling like the rest of us who are faced with pricy supplies, a tight supply chain, increasing delivery costs, high demand for products, pressure to keep prices low, and, of course, a labor market that demands sky-high compensation. The question, of course, is *How are other companies getting through this?* And as you've come to expect, we have an answer! (Well, at least to the compensation and total rewards part.)

For the past fifteen-ish years, we've surveyed light-industrial employers across the U.S. about the total rewards offered to their entry-level staff members working in general production-type positions, and we released an annual book following every survey. But we've quickly come to realize that, like last year's pay rates, an annual book is no longer relevant. Base wages have increased significantly across the country in recent months as employers compete for a limited—and often shrinking—talent pool, and online resources like Salary.com, Glassdoor, and Indeed Salary Finder can provide local pay data faster than we can. However, we've also come to realize that online pay aggregators don't do one thing well: They don't address other parts of a rewards program, which have a profound effect on talent attraction and retention. And that's where we come in!

Our goal this year, and long into the future, is to be the premier source for light-industrial total rewards information, except for base wage or salary itself. You can expect quarterly reports from us that touch on everything from bonuses to bachelor's degrees and all the other ways companies take care of their employees.

In the first quarter of 2022, we surveyed 373 light-industrial employers about starting wage increases last year, planned starting wage increases this year, shift differentials, raises, and incentives. Here's what we learned:

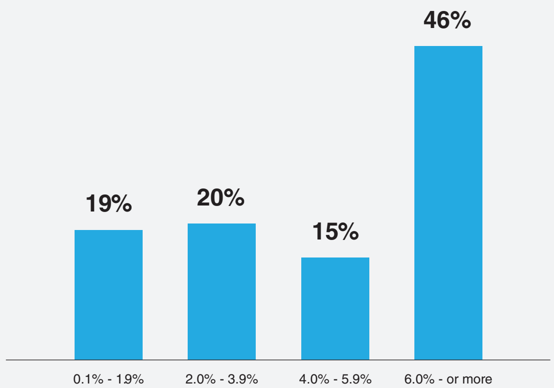
STARTING PAY TRENDS

80% of employers made at least one starting wage increase for entry-level positions in 2021, and 44% of those did so more than once per position. Nearly half of the starting wage increases (46%) were at or above 6% of the position's previous hourly wage. However, forecasts for 2022 look a little different: Of the 68% employers who plan to increase starting wages again this year, 83% say they will keep starting pay increases below 6% of the position's current pay rate.

Percent that increased starting wage

80%

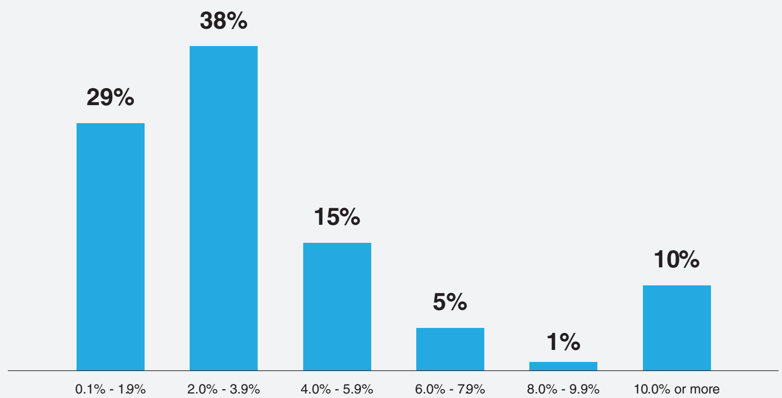
AMOUNT OF STARTING WAGE INCREASE
(as a % of the position's hourly pay rate)



Percent that plan to increase starting wage in 2022

68%

AMOUNT OF STARTING WAGE INCREASE
(as a % of the position's hourly pay rate)



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RAISES TRENDS

82% of employers offer planned pay raises throughout the first twelve months of employment. The median number of raises offered to an employee in their first year on the job is two, with the highest percentage of those raises happening between 61 – 90 days on the job (28%) and on the first anniversary date (44%).

Percent that offer at least one raise in first twelve months

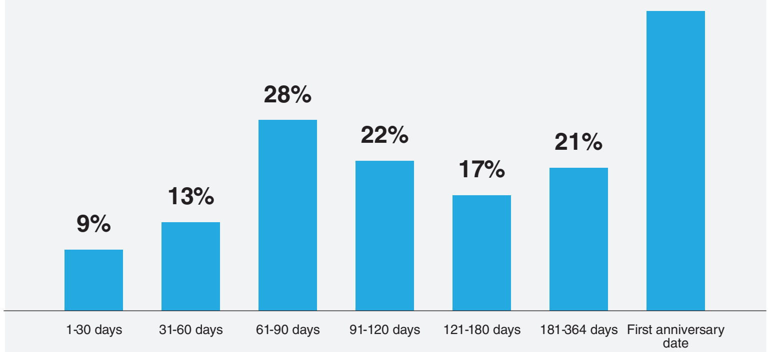
82%

Median number of raises offered in first twelve months

2

Of those that offer a raise ...

TIMING OF RAISE



SHIFT DIFFERENTIAL TRENDS

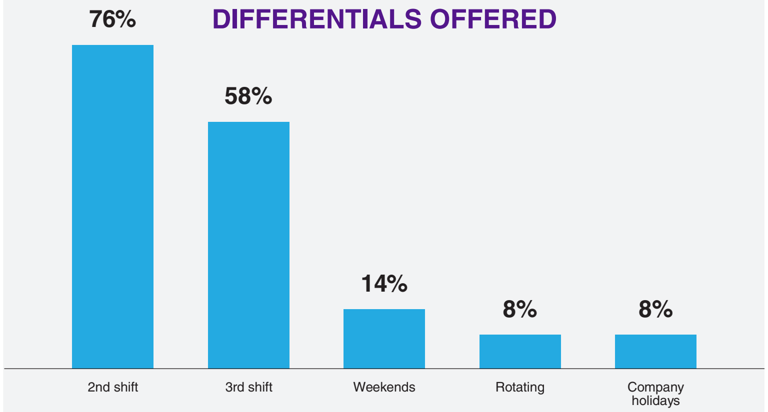
Just under two-thirds of employers with multiple shifts offer a shift differential. The two most-common shifts that command differentials are second shift (76%) and third shift (58%). Very few workers receive differential pay on holidays or if working a rotating shift schedule (8% for both).

Percent that offer shift differential

63%

Of those that offer a differential ...

DIFFERENTIALS OFFERED



INCENTIVES TRENDS

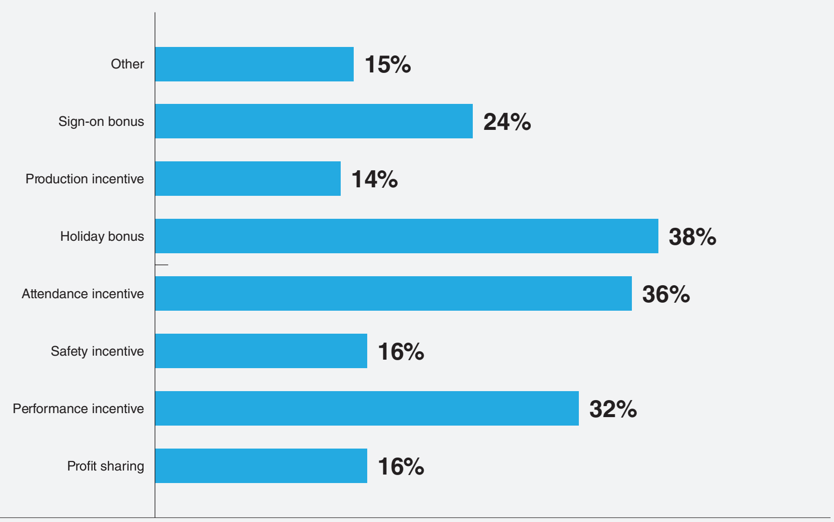
Two-thirds of employers reward workers with incentive pay throughout the year, most commonly around the holidays or to incent a specific behavior (safe environment and consistent attendance).

Percent that offer incentive pay

67%

Of those that offer incentive pay ...

INCENTIVE PAY TYPES OFFERED



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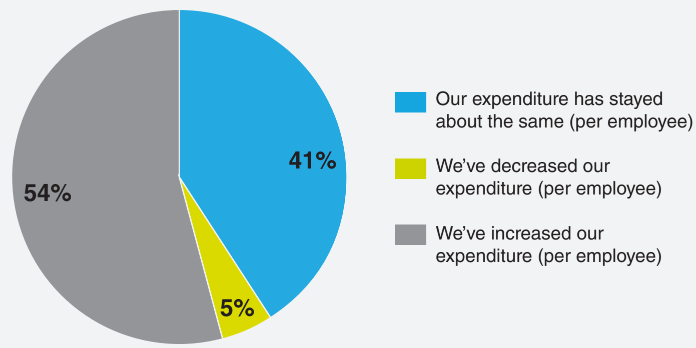
PERKS TRENDS
Despite lockdowns, shutdowns, and mass exoduses from once-full office buildings, only 5% of employers decreased the amount of money they spent on ancillary offerings, like donuts in the breakroom, wellness programs, annual awards, and the many other non-monetary perks found across corporate America. It seems most companies found a way to spend the dollars—just maybe a little differently than in years past. Over 40% of employers were able to keep their spend per employee the same year-over-year, while the remaining 54% found themselves shelling out extra dollars in attempt to keep employees engaged.

SPEND ON PERKS
Of those that offer incentive pay ...



CONCLUSION
Though inflation is making headlines, it's not necessarily making the agenda in many compensation strategy sessions. Sure, wages continue to rise as they have in recent years—but not much more than normal. Only 16% of employers say they plan to raise their starting wage by an amount that is more than this past year's cost of living increase as tracked by the Consumer Price Index. This is notable because it means 84% can't afford to continue large pay hikes, or have simply decided not to. In other words: Your ability to attract and retain talent hinges upon keeping up with the market, and—though you should probably allocate a few extra dollars per employee for perks—it's not looking like you'll get left too far behind if your wages can't keep pace with cost of living increases.

This document was researched, analyzed, written, and prepared by Elwood Staffing®, one of the largest light industrial staffing firms in the United States. Since its founding in 1980, Elwood has attracted millions of candidates, made hundreds of thousands of placements, and served tens of thousands of clients. Each and every day, our interactions with job seekers, workers, and employers generate valuable data we continually develop into actionable insights that guide better business decisions. We love data, and we love to share our knowledge to help employers like you make informed decisions. We are committed to finding new and consistent ways of sharing the valuable insights we gain, and we hope you look to us as an advisor with the knowledge and capabilities to help you get ahead.

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