

# Compensation Planning Outlook 2024

Pulse Check



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# A biannual check-in: Understanding the pulse check report

Over the past few years, the Canadian compensation environment has changed more rapidly than usual. The ebbs and flows of the economy paired with ramifications of the pandemic and ever-changing employee expectations have had significant implications for organizations' ability to attract and retain key talent. To help companies mitigate these challenges, The Conference Board of Canada re-established its annual Compensation Planning Outlook Pulse Check survey and accompanying report.

Each spring, the Conference Board sends the Compensation Planning Outlook survey to compensation professionals working in a variety of Canadian industries and sectors. The survey gathers information on organizations' priorities in the total rewards space and looks at how they expect to adjust salary increases and incentive pay for non-unionized and unionized employees in the upcoming year. This data is then rolled up into the annual [Compensation Planning Outlook report](#).

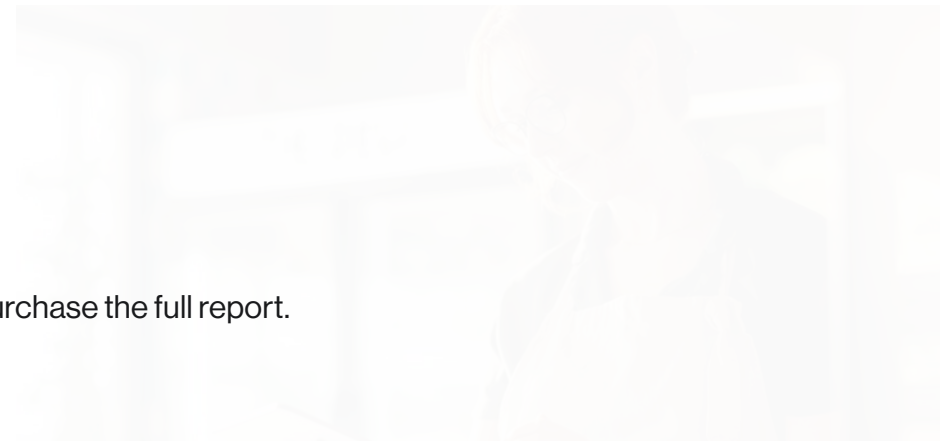
The Pulse Check survey is sent exclusively to organizations who completed the initial Compensation Planning Outlook survey. The Pulse Check is conducted in the fall and focuses on projected base pay and incentive pay adjustments for non-unionized employees in the upcoming fiscal year. The results highlight if and how organizations adjusted their compensation strategies between the spring and fall of each year, allowing readers to gauge the pace necessary for their organizations to stay competitive and in line with similar organizations.

# Salary projections stagnate alongside the Canadian economy

Between the spring and fall of 2023, inflation fluctuated between 2.8 and 4.0 per cent,<sup>1</sup> and it's expected to decrease steadily toward the Bank of Canada's target rate of 2.0 per cent<sup>2</sup> in 2024. However, uncertainty about the pace of reaching this goal persists. Moreover, economic growth is projected to stay subdued throughout 2024, averaging below 1.0 per cent in most quarters.<sup>3</sup>

With December 2023 marking another month of unchanged job growth rates and unemployment at 5.8 per cent, the bargaining power of Canadian workers is notably diminished compared with just one year prior. With the ongoing slackening of the labour market, modest economic growth projections and the normalization of inflation expectations among businesses and firms, wage growth is anticipated to moderate in the short term.<sup>4</sup>

The results of the Compensation Planning Outlook Pulse Check survey affirm that wage growth may stagnate for many Canadians over the next year, as over half (56.3 per cent) of respondent organizations reported that they have not adjusted their base salary increase estimates for 2024 in the past six months, holding firm at a projected 3.5 per cent. By comparison, between the 2023 Compensation Planning Outlook and its Pulse Check, salary projections increased by 0.6 percentage points, from 3.4 per cent to 4.0 per cent!



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