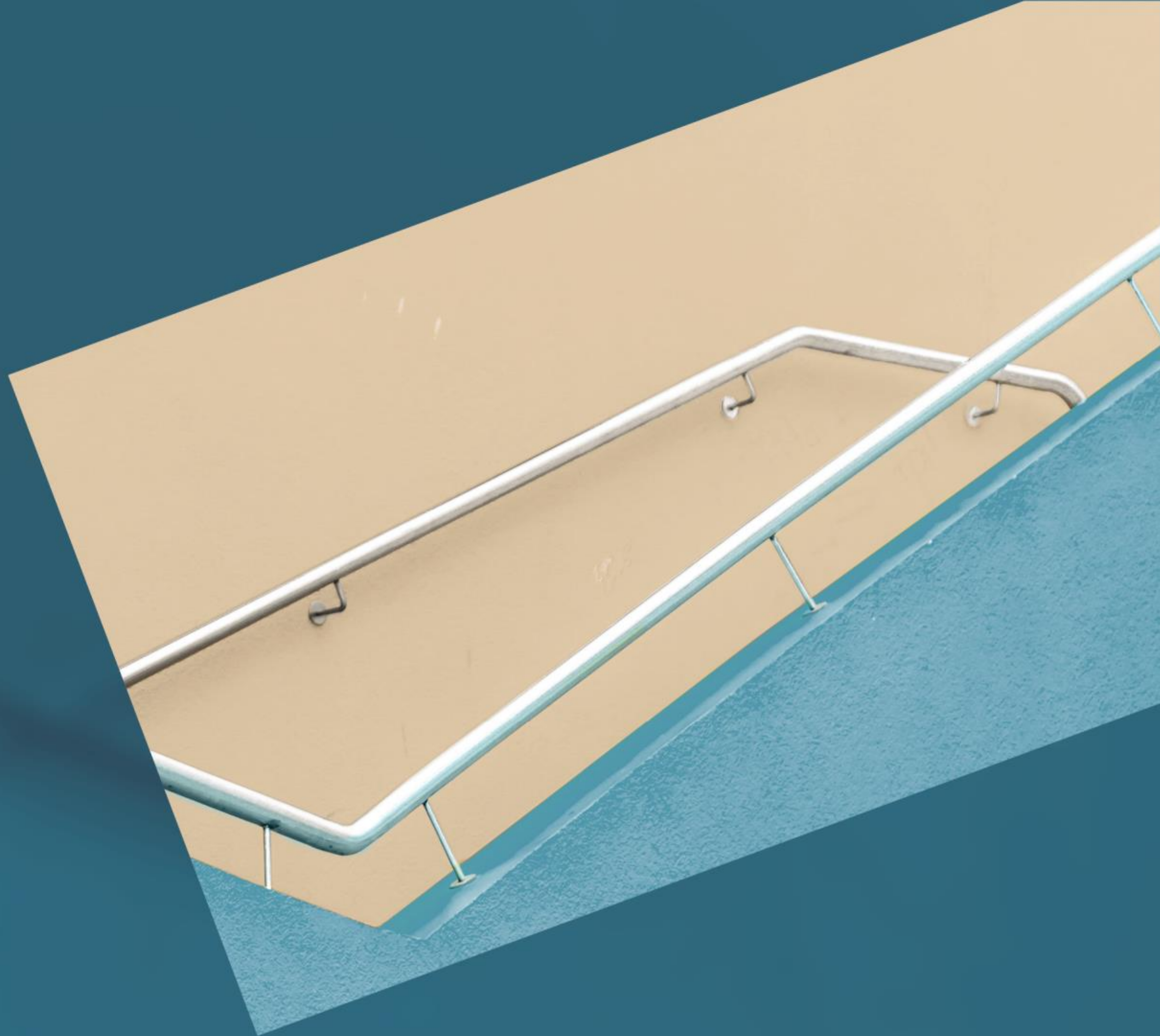
Report | October 2024

Salary development forecast 2025



Kienbaum

Content

Editorial

Thanks to the **more than 1,250 participating companies**, we are once again presenting our Kienbaum Salary Development Forecast and inform you about the expected development of remuneration in a total of **38 countries**.

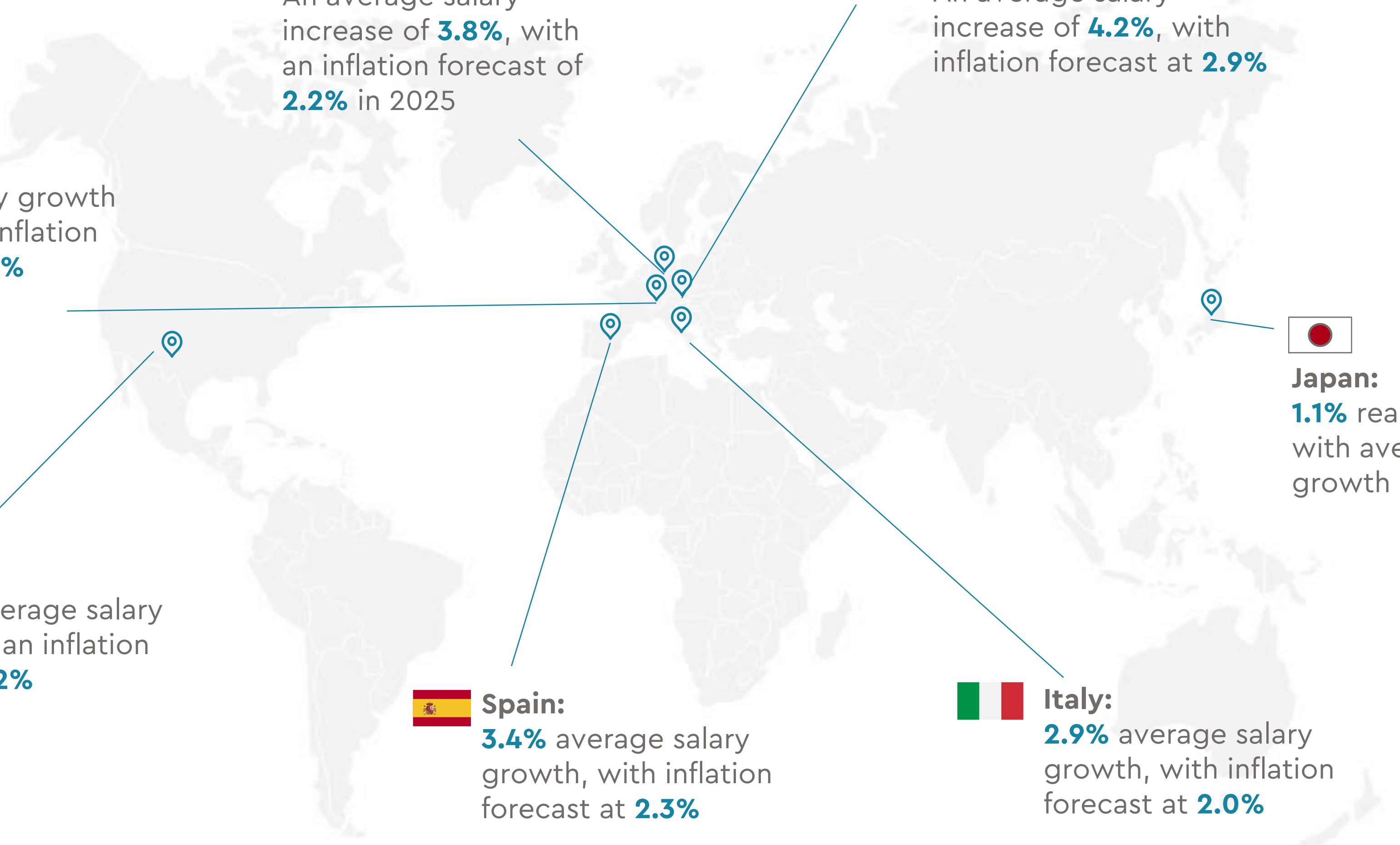
The topic of compensation not only reacts to political and economic trends, but also to social discussions on compensation issues. Corporate decisions are sometimes strongly influenced by intensively discussed topics such as transparency, fair pay, economic growth, global trade relations or the simplification and streamlining of remuneration systems.

The aim of this study is to provide you with the best possible support for upcoming budgeting and salary reviews. In addition to current figures on salary development, the survey also takes into account the **expected inflation** data for 2025 in order to show you not only the average **nominal salary development** but also the **real salary development** for each country.

We would like to thank all participants and wish you an interesting read of our
Kienbaum Salary Development Forecast 2025.

Your
Kienbaum
Compensation & Performance Management Team

Global perspective



Germany:
An average salary increase of **3.8%**, with an inflation forecast of **2.2%** in 2025

Austria:
An average salary increase of **4.2%**, with inflation forecast at **2.9%**

Switzerland:
Average salary growth of **1.6%**, with inflation forecast at **1.4%**

Japan:
1.1% real salary growth with average salary growth of **3.1%**

USA:
3.3% is the average salary increase with an inflation forecast of **2.2%**

Spain:
3.4% average salary growth, with inflation forecast at **2.3%**

Italy:
2.9% average salary growth, with inflation forecast at **2.0%**

Current situation

The pressure on salaries remains high - Applicants' demands for high salaries are not decreasing

80%

of the companies in the survey assume that the **pressure to increase salaries** will continue.

34%

of the companies in the survey state that it is currently **easier to fill vacancies** than in the previous year.

9%

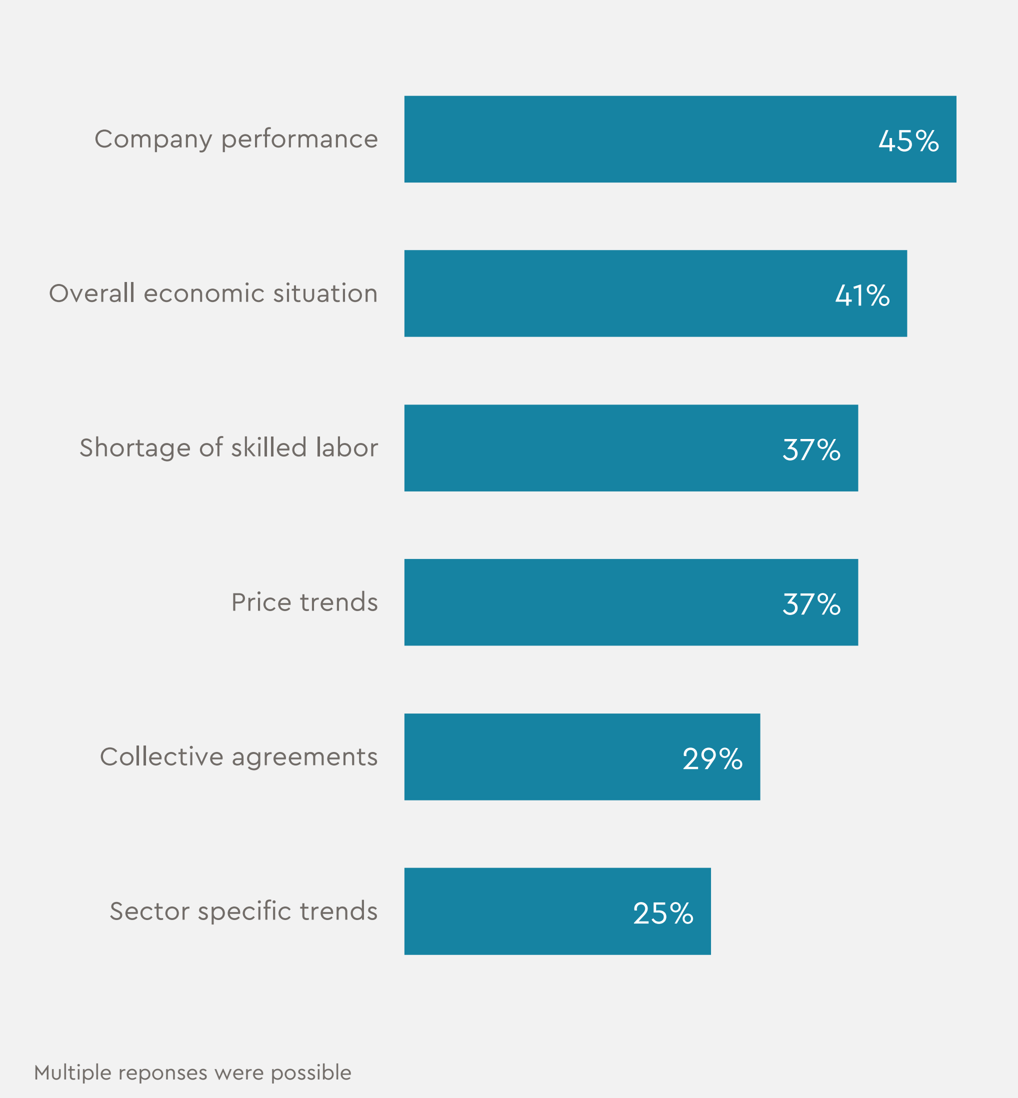
of the companies in the survey report that **applicants' expectations of starting salaries have fallen**.

In many of our consulting projects, we observe that our clients are aware of excessive salary demands from applicants. Many companies give in to these demands as it is sometimes difficult to fill vacant positions.

Our data shows that applicants' demands are not decreasing noticeably, despite the somewhat uncertain economic times. Just one in ten companies is observing such a trend.

However, the tense economic situation in e.g. Germany seems to be making it somewhat easier to fill vacancies. While only 25% of the German companies reported this at the beginning of the year, the figure is currently just under 32%. From the companies' point of view, the labor market seems to be easing somewhat.

Company performance as the primary driver of salary development. There are clear differences between the countries.



The overall economic situation is becoming increasingly challenging. It is striking that this year, **company performance** is seen as **the most important driver of salary development** across all countries. Last year, this was the price trend (by a considerable margin). With the decline in inflation, this driver is expected to become less relevant.

However, the figures shown in the chart vary significantly by country.

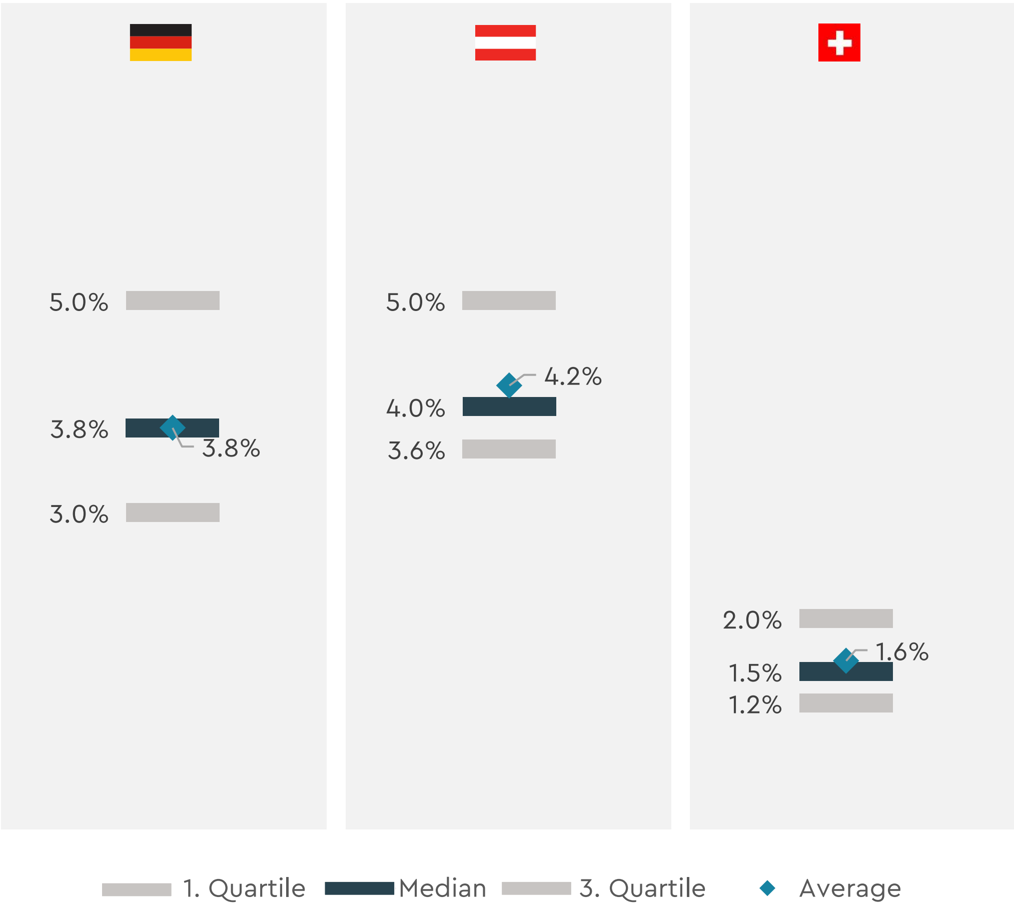
The situation in **Austria** is the most striking. With almost 75% of the companies surveyed agreeing, increases in **collective agreements** dominate as the main driver of salary development. With almost 100% coverage, the agreements have a major impact. We know from our consulting projects that many companies in Austria are facing challenges due to the tense overall economic situation and the significant increases in collective agreements. The scope for companies to target their salary adjustments is significantly limited.

In **Germany**, the **shortage of skilled workers** is cited as the most important driver of salary development with 52% agreement. Collective bargaining and collective agreements follow in second place with 48% of responses. The agreements, some of which last several years, are therefore still noticeable for many companies in the budget rounds.

The situation is different again in **Switzerland**, where **company performance** dominates with 57% approval. Followed by price development in second place with 51%. Collective bargaining and collective agreements are known to play hardly any role in Switzerland due to their low prevalence.

Focus on Germany, Austria and Switzerland

Overview of salary development for 2025 in Germany, Austria and Switzerland

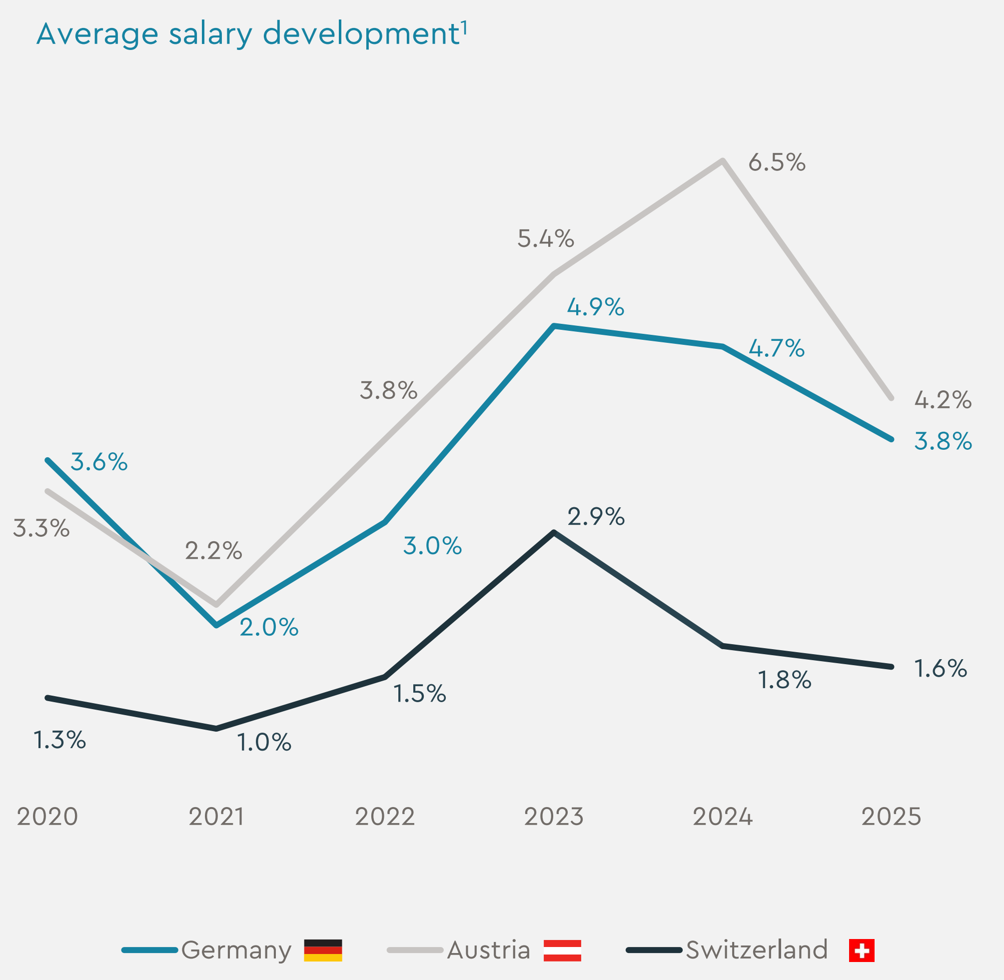


The average salary development in **Germany** (mean and median) is 3.8% (compared to 4.7% in the previous year). The quartiles range from 3.0% (lQ) to 5.0% (uQ).

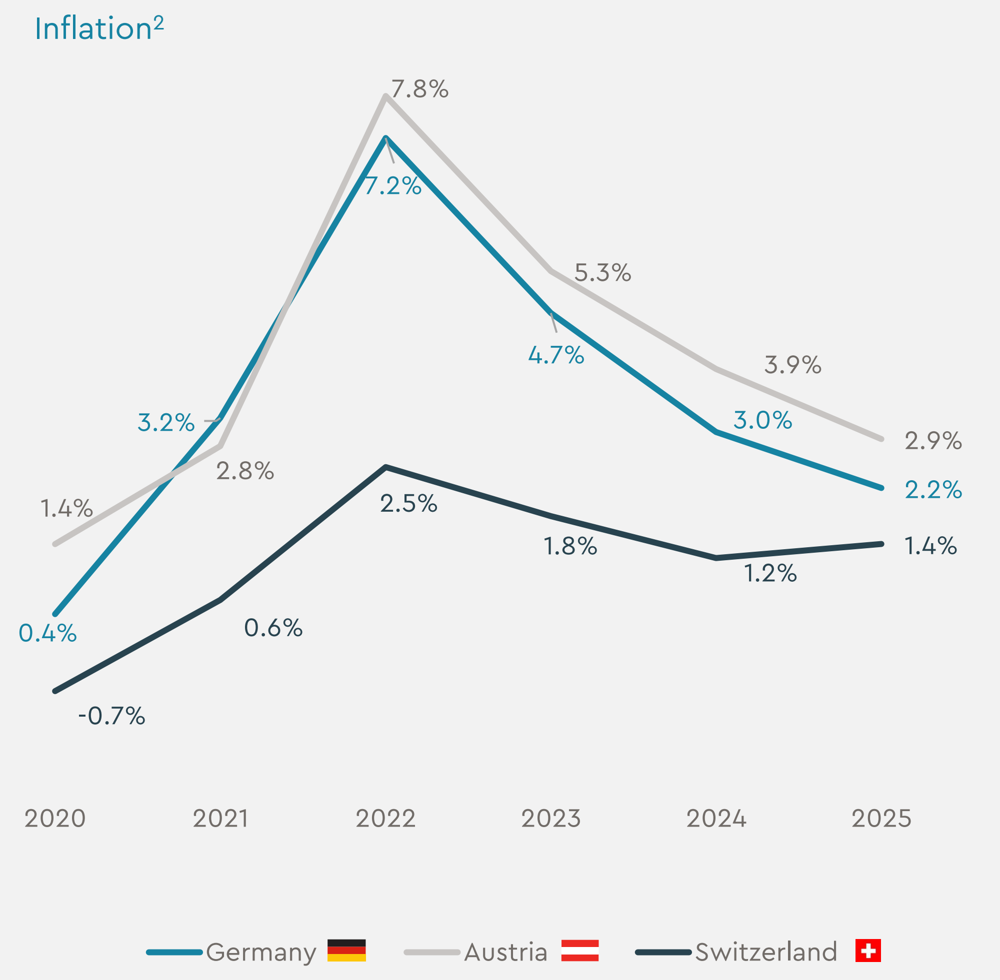
Compared to Germany, the average salary development in **Austria** is slightly higher. The mean value is 4.2% (6.5% in the previous year). The quartiles range from 3.6% (lQ) to 5.0% (uQ).

In contrast to the other two countries in the so called DACH region, salary development in **Switzerland** is lower. The quartiles range from 1.2% (lQ) to 2.0% (uQ). With a median of 1.5% and a mean of 1.6% (compared to 1.8% in the previous year).

Development of salaries and inflation in Germany, Austria and Switzerland in the years 2020 to 2025



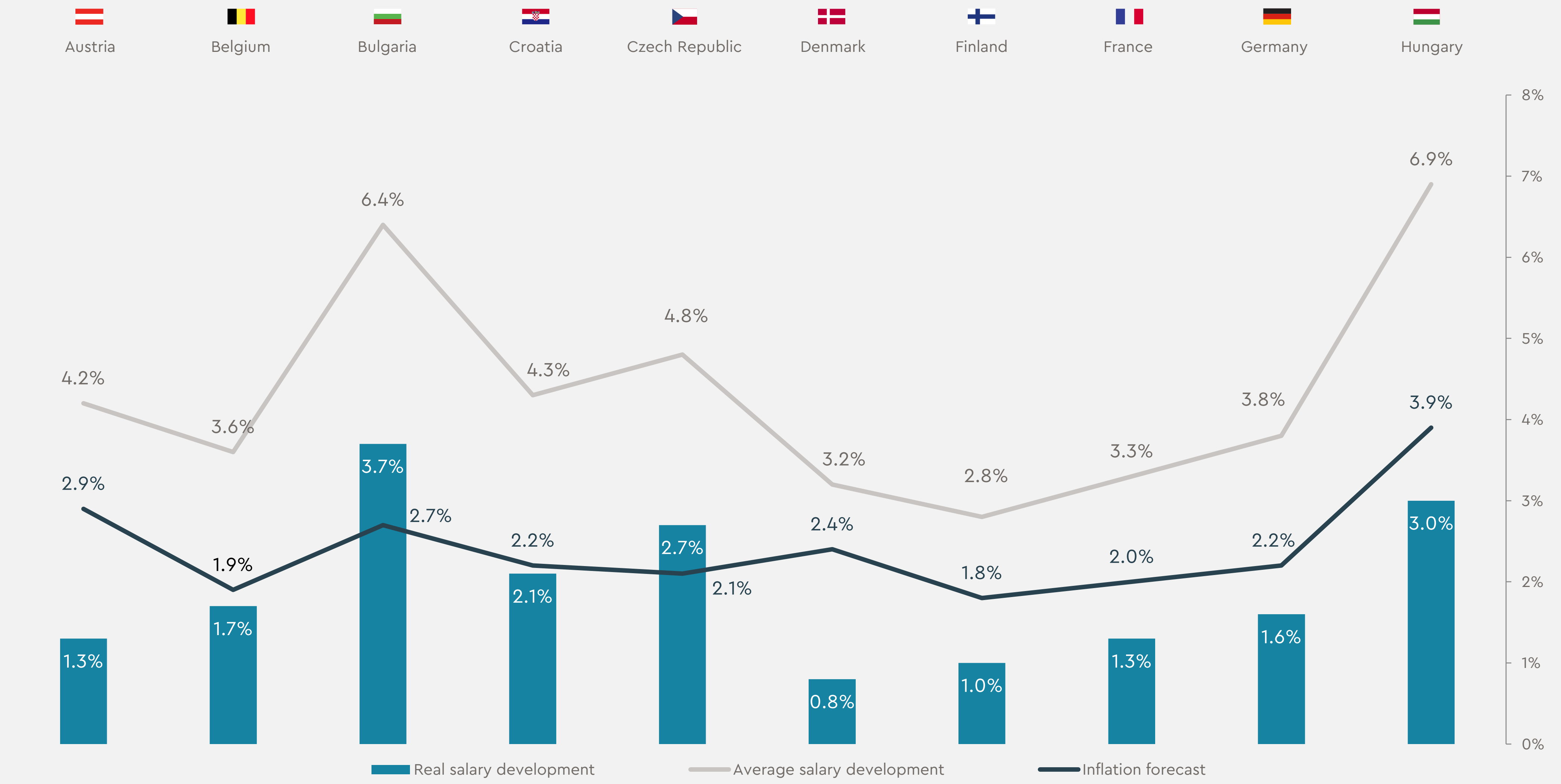
[1]Figures refer to the Kienbaum salary development forecasts



[2]Inflation data for Germany, Austria and Switzerland taken from OECD; source see glossary

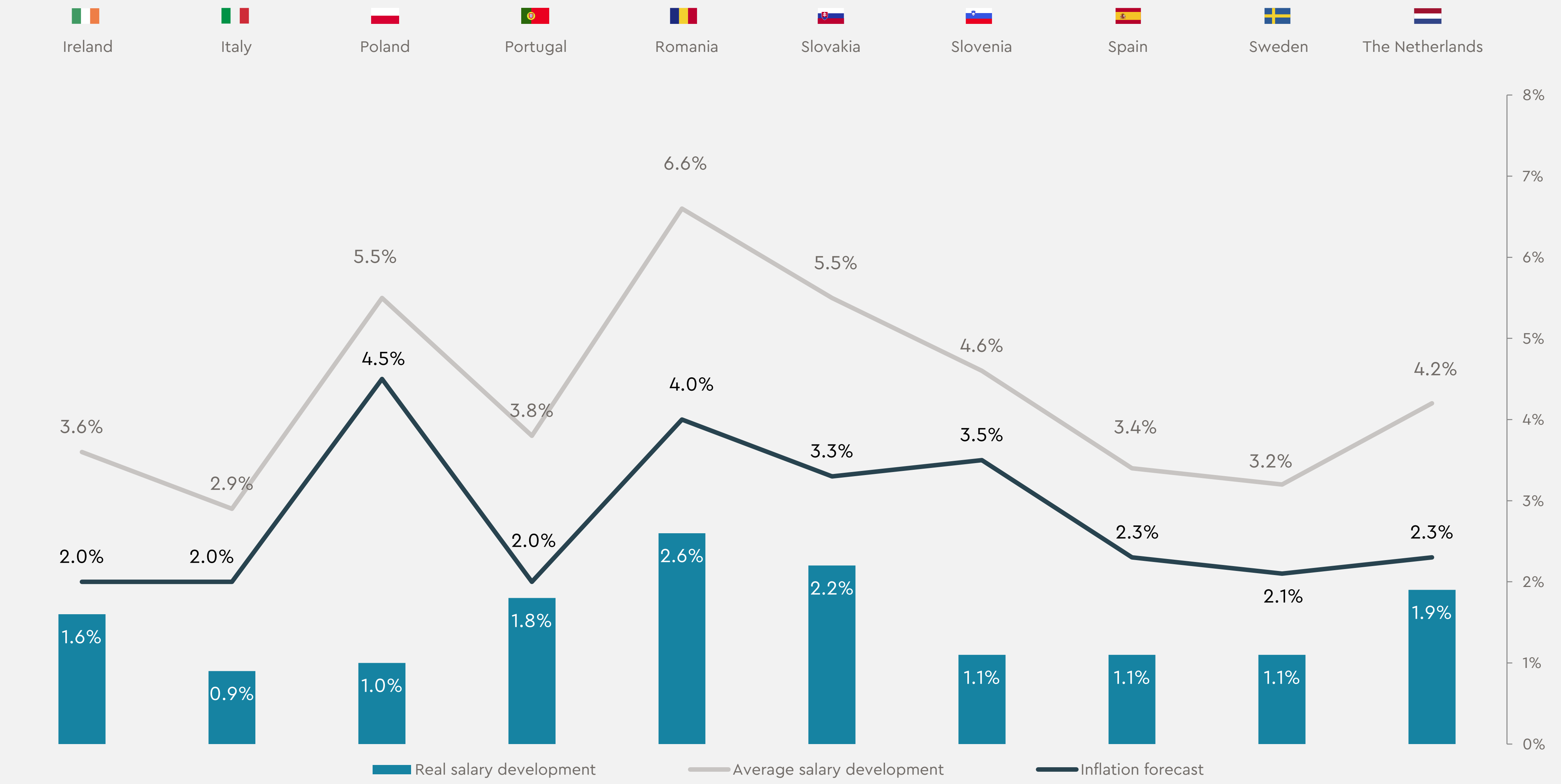
Salary development forecast (EU-countries)

Salary growth in the EU countries* is expected to be between 2.8% and 6.9% in 2025 (1/2)



* Our survey provides figures for 20 EU countries

Salary growth in the EU countries* is expected to be between 2.8% and 6.9% in 2025 (2/2)



* Our survey provides figures for 20 EU countries

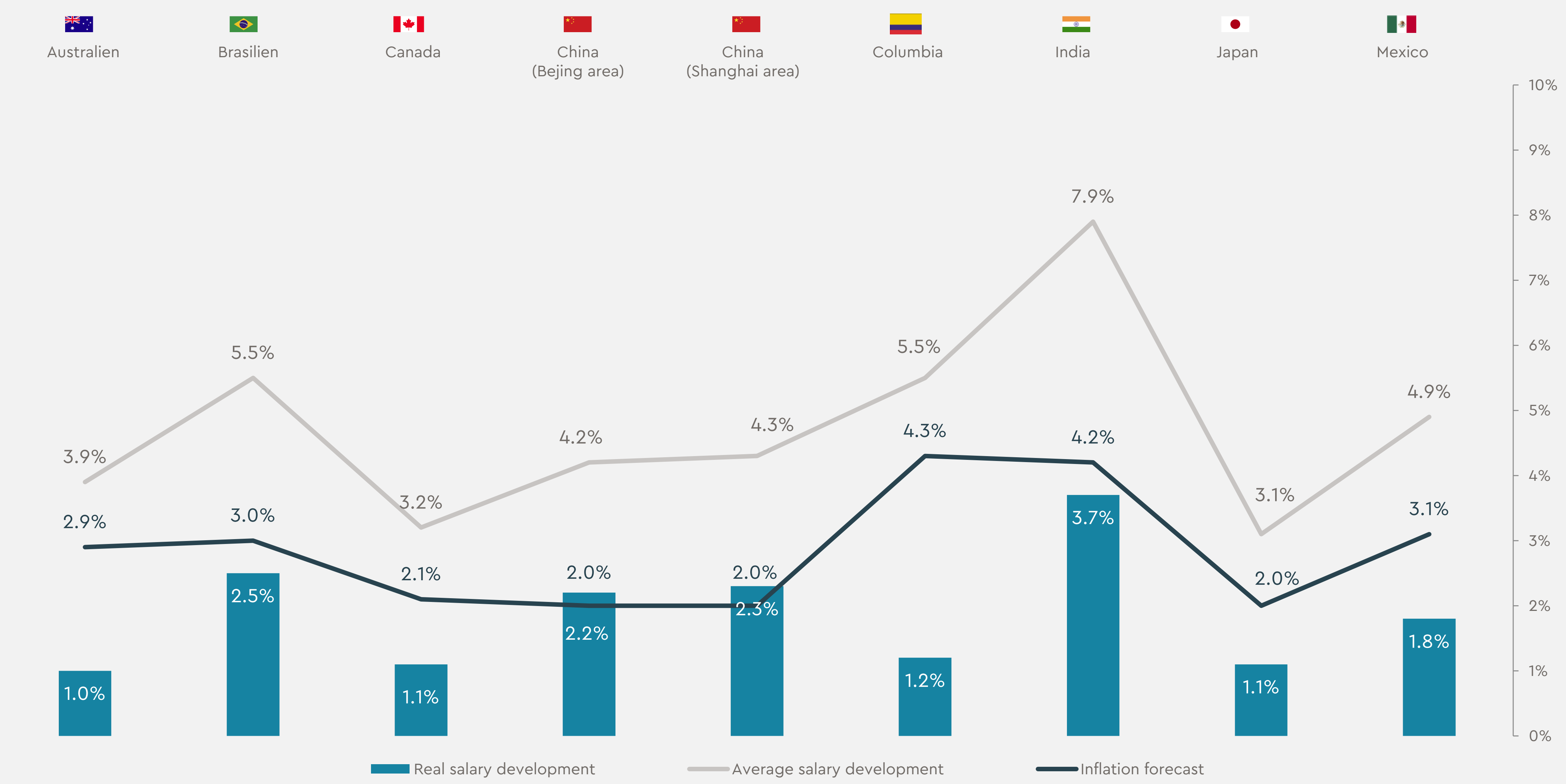
Comparison of salary development by hierarchy level in the EU countries

Country	Top Management	Senior Management	Middle Management	Lower Management	Specialists & Professionals	All levels*	Inflation forecast 2025
Austria	3.6%	4.2%	4.3%	4.3%	4.2%	4.2%	2.9%
Belgium	3.3%	3.1%	3.3%	3.4%	3.7%	3.6%	1.9%
Bulgaria	4.4%	4.9%	5.2%	5.3%	6.6%	6.4%	2.7%
Croatia	3.7%	3.8%	4.0%	3.9%	4.3%	4.3%	2.2%
Czech Republic	4.5%	4.8%	4.7%	4.6%	4.8%	4.8%	2.1%
Denmark	3.0%	3.0%	2.9%	3.0%	3.2%	3.2%	2.4%
Finland	2.9%	2.9%	2.9%	2.8%	2.8%	2.8%	1.8%
France	3.3%	3.2%	3.2%	3.3%	3.3%	3.3%	2.0%
Germany	3.4%	3.6%	3.6%	3.7%	3.9%	3.8%	2.2%
Hungary	5.3%	5.8%	6.1%	6.2%	7.1%	6.9%	3.9%
Ireland	3.6%	3.6%	3.6%	3.7%	3.7%	3.6%	2.0%
Italy	3.0%	2.9%	2.9%	2.9%	3.0%	2.9%	2.0%
Poland	5.9%	5.5%	5.6%	5.7%	5.5%	5.5%	4.5%
Portugal	3.5%	2.9%	2.9%	3.5%	3.9%	3.8%	2.0%
Romania	5.6%	5.7%	6.0%	6.5%	6.7%	6.6%	4.0%
Slovakia	3.5%	4.9%	5.0%	5.0%	5.6%	5.5%	3.3%
Slovenia	3.2%	4.2%	4.4%	4.3%	4.7%	4.6%	3.5%
Spain	3.5%	3.3%	3.3%	3.2%	3.4%	3.4%	2.3%
Sweden	3.3%	3.3%	3.2%	3.2%	3.2%	3.2%	2.1%
The Netherlands	4.2%	4.3%	4.1%	4.0%	4.1%	4.2%	2.3%

* Values are derived from the weighted average data of the individual levels

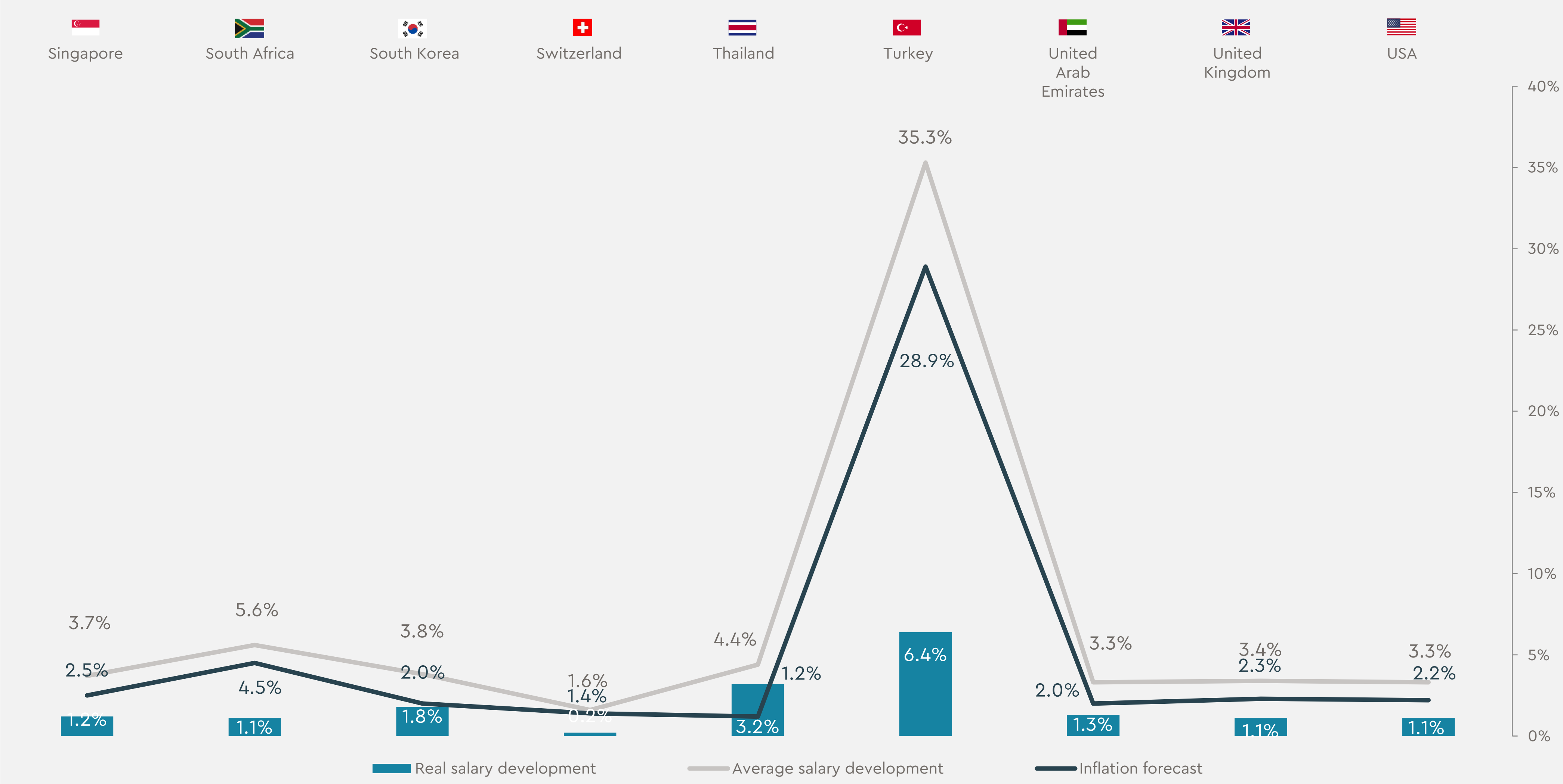
Salary development forecast (non-EU-countries)

Among the non-EU-countries*, Turkey stands out in particular. There are clear differences between the countries (1/2)



* Our survey provides figures for 18 non-EU-countries

Among the non-EU-countries*, Turkey stands out in particular. There are clear differences between the countries (2/2)



* Our survey provides figures for 18 non-EU-countries

Comparison of salary development by hierarchy level in non-EU-countries

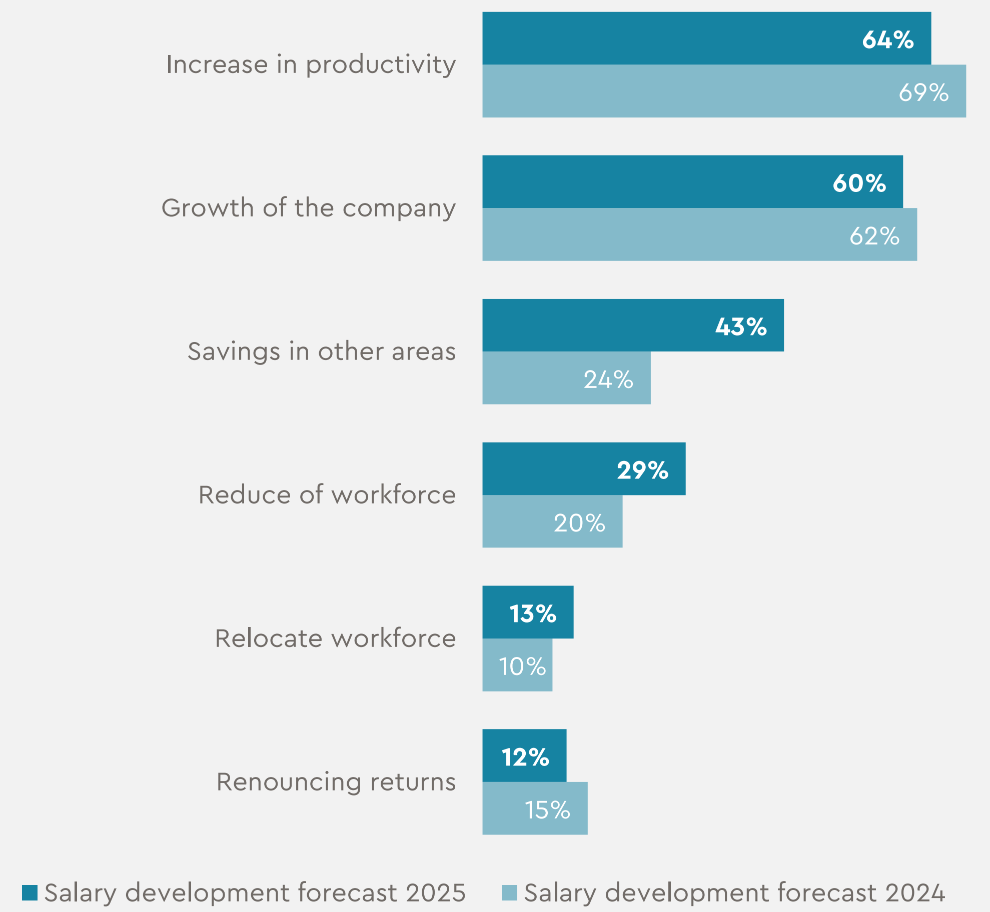
Country	Top Management	Senior Management	Middle Management	Lower Management	Specialists & Professionals	All levels*	Inflation forecast 2025
Australia	3.7%	3.7%	3.8%	3.9%	3.9%	3.9%	2.9%
Brasil	5.3%	5.4%	5.5%	5.5%	5.5%	5.5%	3.0%
Canada	3.1%	3.2%	3.2%	3.3%	3.3%	3.2%	2.1%
China (Bejing Area)	3.6%	3.7%	4.6%	3.9%	4.3%	4.2%	2.0%
China (Shanghai Area)	4.0%	4.2%	4.2%	4.2%	4.3%	4.3%	2.0%
Columbia	5.2%	5.2%	5.3%	5.5%	5.5%	5.5%	4.3%
India	7.3%	7.2%	7.9%	7.9%	7.9%	7.9%	4.2%
Japan	2.5%	2.5%	2.6%	2.8%	3.1%	3.1%	2.0%
Mexico	4.7%	4.7%	4.8%	4.9%	4.9%	4.9%	3.1%
Singapore	3.4%	4.0%	3.9%	3.7%	3.7%	3.7%	2.5%
South Africa	5.2%	5.3%	5.4%	5.6%	5.6%	5.6%	4.5%
South Korea	3.7%	3.7%	3.8%	3.9%	3.9%	3.8%	2.0%
Switzerland	1.3%	1.5%	1.6%	1.7%	1.6%	1.6%	1.4%
Thailand	4.7%	4.5%	4.5%	4.5%	4.3%	4.4%	1.2%
Turkey	34.8%	34.8%	35.3%	35.3%	35.3%	35.3%	28.9%
United Arab Emirates	3.7%	3.7%	3.9%	3.4%	3.3%	3.3%	2.0%
United Kingdom	3.1%	3.2%	3.3%	3.4%	3.4%	3.4%	2.3%
USA	3.1%	3.2%	3.2%	3.3%	3.3%	3.3%	2.2%

* Values are derived from the weighted average data of the individual levels

Financing of salary developments

In times of weak economies, savings and staff reductions to finance rising wage costs become increasingly important

How are companies planning to finance rising wage costs?



Increasing wage costs raise the question of how companies plan to finance them. Our data shows that the order of measures mentioned by companies to finance rising wage costs has not changed significantly compared to the previous year.

Companies continue to plan to compensate for rising wage costs primarily through **productivity increases** and **additional growth**. However, the proportion of companies focusing on growth and increasing productivity is decreasing. This seems plausible in view of the tense overall economic situation in many countries.

The data shows that companies are now looking more closely at costs. While only 24% of the companies surveyed last year stated that they would finance rising wage costs with **savings in other areas**, this figure has risen to 43% of the companies surveyed for 2025. The pressure to cut costs has increased significantly due to the various macroeconomic challenges. This is also reflected in the proportion of respondents citing **staff cuts** as a compensation strategy. While around 20% of the companies surveyed in the last salary development forecast mentioned this, the figure is now 29%.

We are currently encountering both topics more frequently in our consulting projects. The need to deploy resources carefully has increased. This makes professional compensation management even more important.

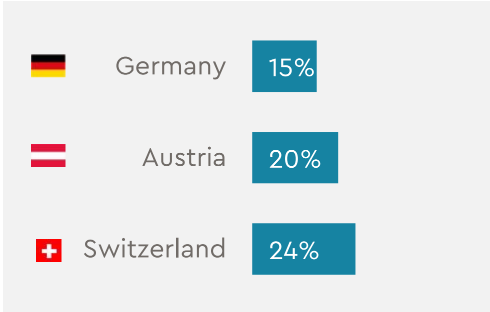
Equal Pay

Equal Pay - In the context of the EU directive, the pressure on companies to act is increasing

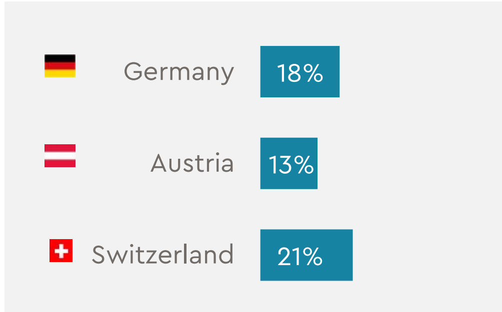
In March 2023, the European Parliament adopted the **Pay Transparency Directive (EU/2023/970)** and it is due to be transposed into national legislation. The EU directive obliges companies above a certain size to create transparency about the salaries of their employees and to take measures to close a potential gender pay gap.

From 2027, companies will be obliged to determine their gender pay gap based on data from the previous year. This means that the remuneration paid out in 2026 will define the gender pay gap to be published in 2027.

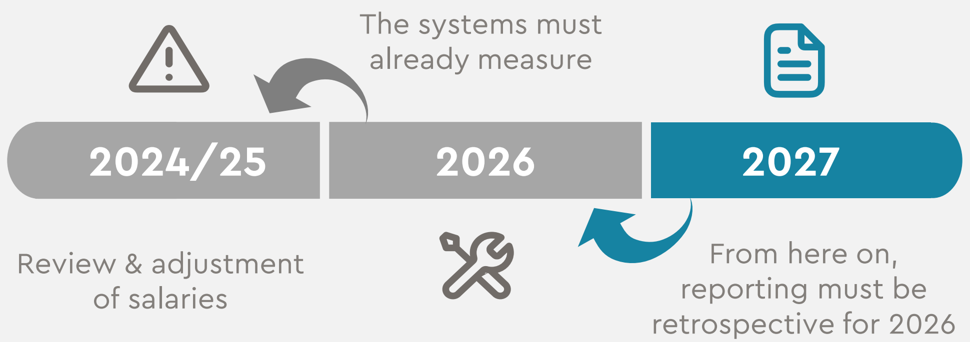
What percentage of companies specifically use **part of the salary adjustment budget** to correct salary differences in gender in the next salary round?



What **percentage of the budget for salary adjustments** in the next budget round will be used for these corrections?



Timing in the context of the EU Directive (EU/2023/970)

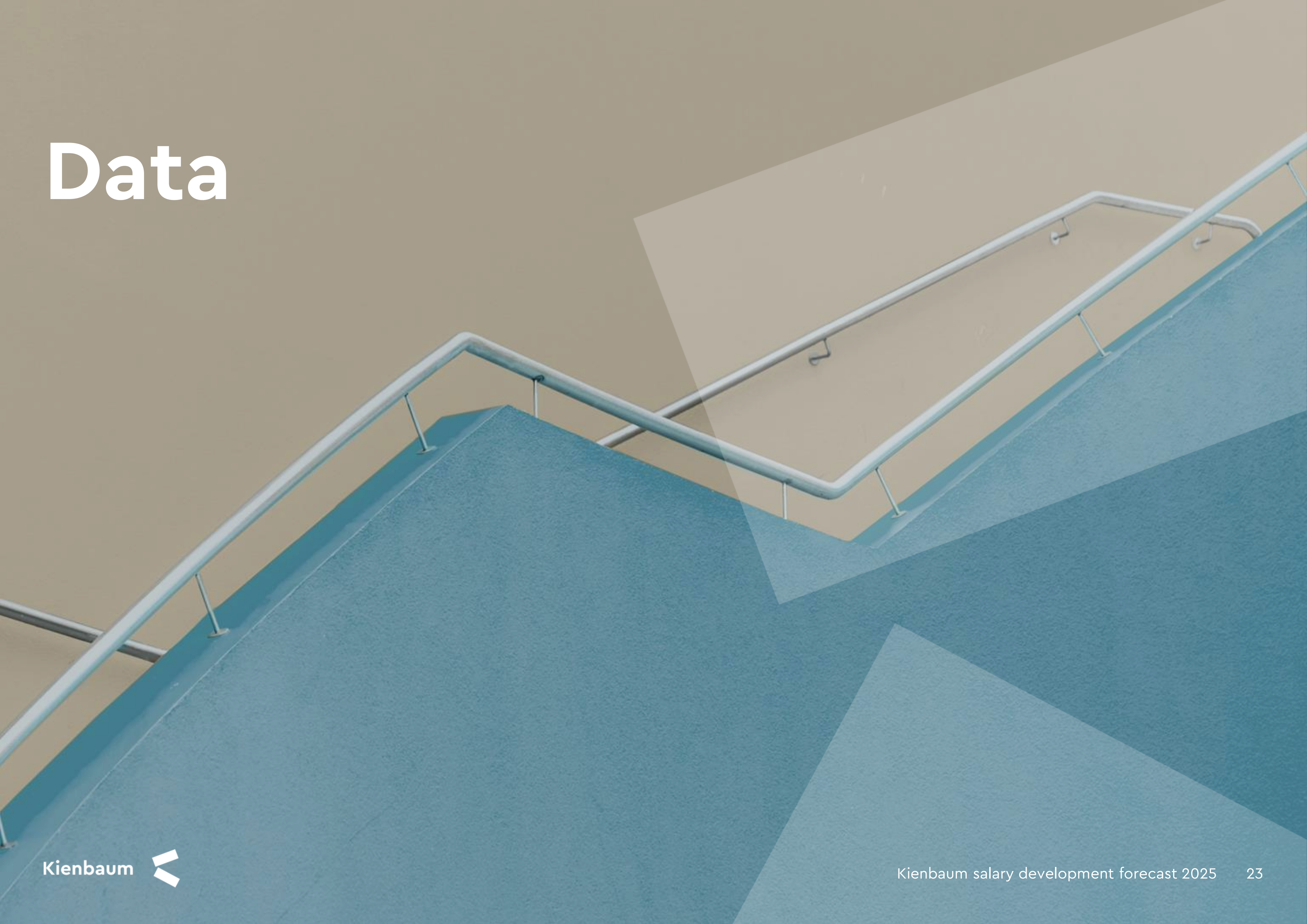


The upcoming salary round offers the opportunity to use part of the budget for salary adjustments to reduce or even close the gender pay gap (if it exists). As time is short until 2026, companies are well advised to take advantage of this opportunity in order to be well positioned for the reporting obligation under the EU directive.

Our survey shows that 15% of the companies surveyed in Germany and 20% in Austria will take advantage of the upcoming salary round. The companies that plan to do so will use an average of 18% (in Germany) and 13% (in Austria) of their budget for this purpose.

In Switzerland, where a similar obligation to reduce the gender pay gap has been in place for several years, the use of the salary review to combat the pay gap already appears to be more established. Here, 24% of the companies surveyed use part of their budget to reduce the pay gap. At 21% on average, the volume used is also slightly higher than in Germany and Austria.

Data



Database

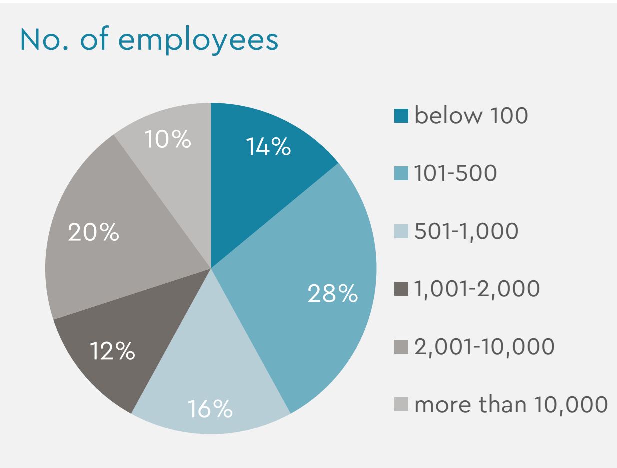
The study is based on a survey of our clients and partners.

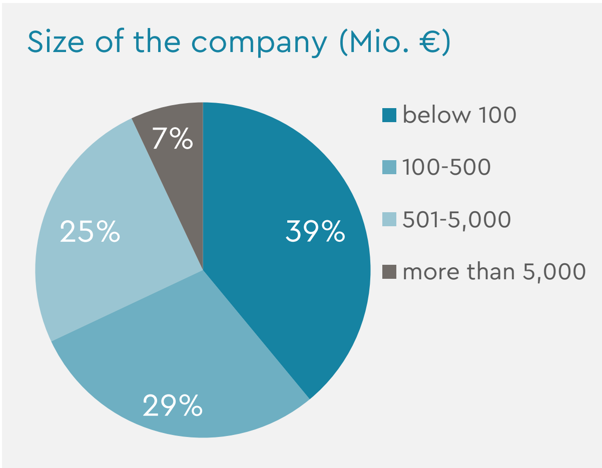
This year, 1,258 companies of different sizes and from different sectors took part in the study and provided information on salary development, which you can use as a basis for information in the form of targeted benchmarks for the upcoming salary rounds.

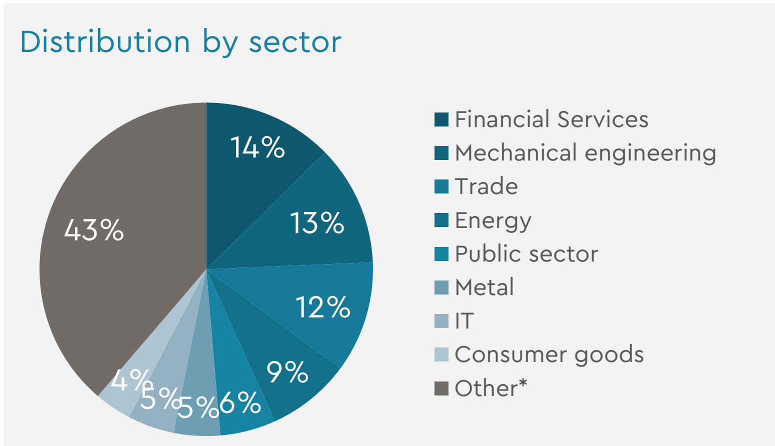
The clustering of levels of responsibility in companies is as follows:

Top Management (management), Senior Management (upper management level, e.g. director, divisional management), Middle Management (middle management level, e.g. department management), Lower Management (operational management level, e.g. team/project management).
The Specialists & Professionals category includes all functions without management responsibility.

Design of the study	
Sample	1,258
Type of survey	Online survey
Type of study	Quantitative
Period	26.8.2024 to 23.9.2024

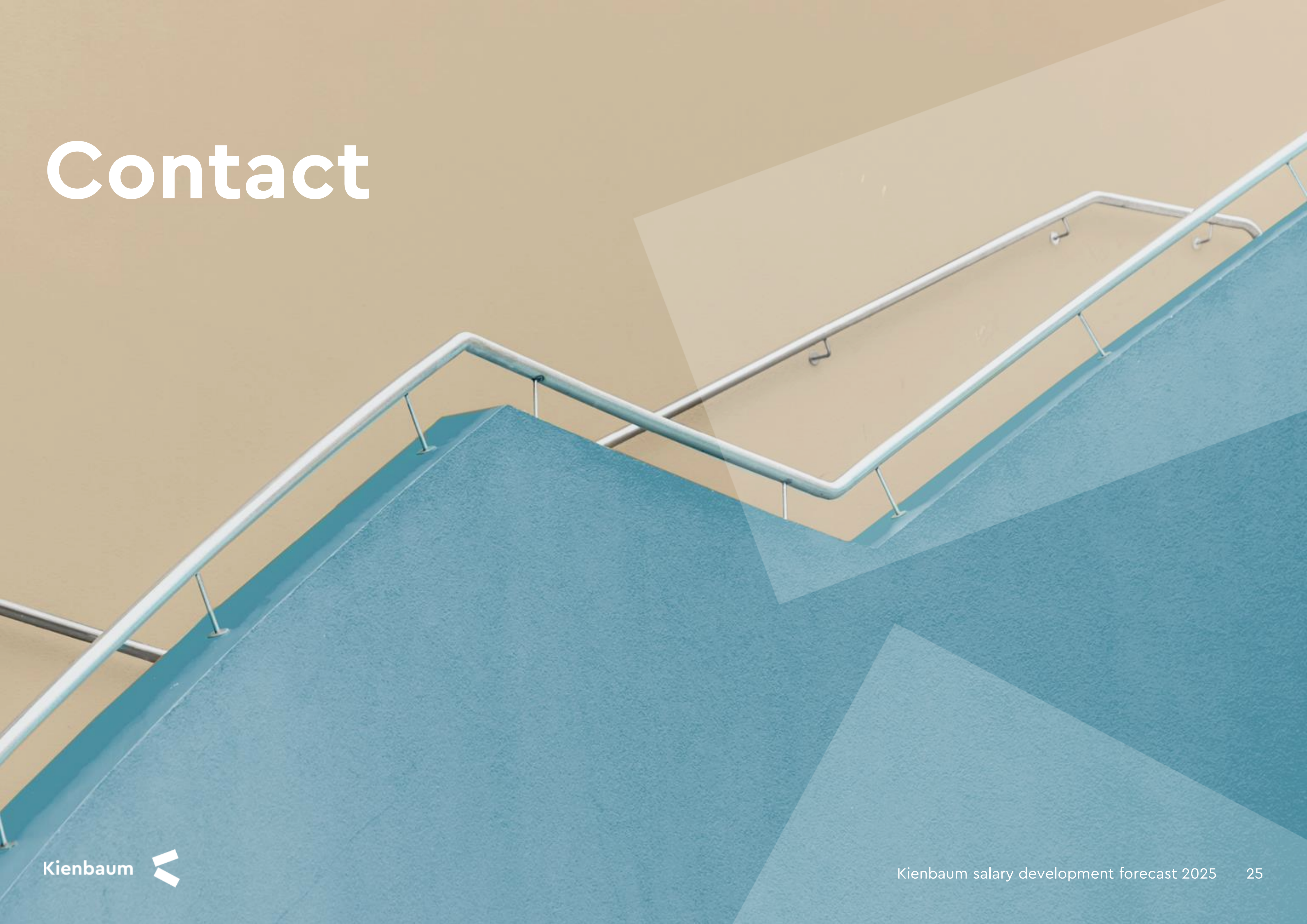






*Automobile, Medical Technology, Chemistry, etc.

Contact



Contact

Germany

"In the current overall economic situation, budgets for salary adjustments are falling somewhat. However, companies remain under pressure to offer attractive salaries due to the shortage of skilled workers."

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Austria

"Salary increases have fallen significantly compared to the previous year. The tense overall economic situation and collective bargaining agreements are putting companies under further pressure. The tight budgets must be used wisely."

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Switzerland

"Salary levels in Switzerland are already high by international standards and inflation remains low. In combination with the moderate economic outlook, this could be the reason why the upcoming salary round is relatively low despite the tight labor market. Companies are now particularly challenged to contribute to retaining key personnel through consistent compensation management."

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Jahnic Beck
Marvin Hornickel
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Newsletter

Kienbaum Compensation News

You will regularly receive first-hand information on the latest compensation topics.

Whether it's information on our latest studies, invitations to events or updates on legal topics.

→ Our "Compensation News" will keep you up to date.
(available in German only)

Registration

https://compensationportal.kienbaum.com/de/newsletter-anmeldung

Your compensation database for the DACH region – The Kienbaum Compensation Portal

The Kienbaum Compensation Portal offers you **unrestricted access** to the **online compensation database** of Kienbaum Consultants International GmbH and is therefore the professional tool for routine compensation issues in day-to-day HR work.

https://compensationportal.kienbaum.com/de/

Easy to use
Modern HR online tool, without software installation. Unlimited number of queries.

Individual queries
300+ detailed job profiles that can be combined and weighted as desired. Regional differentiation down to ZIP code regions.

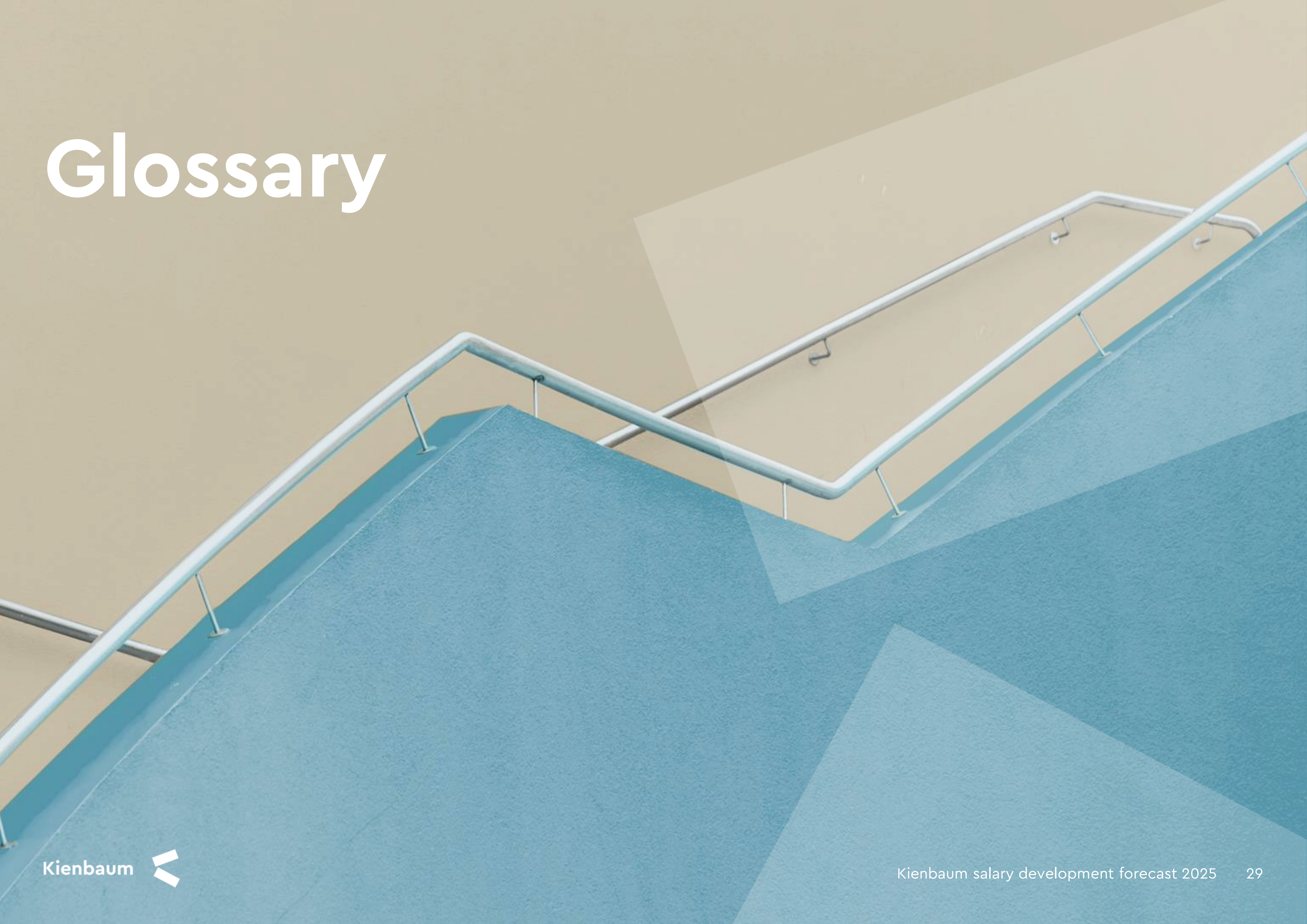
Personal support
Free webinar for introduction and support by Kienbaum salary experts, as well as hotline Mon-Fri, from 09:00-18:00.

Extensive database
You can rely on over 1,100,000 current data records from more than 15,000 companies.

Full flexibility
Different terms available.14-day non-binding trial access.

Highest data security
Hosting exclusively on servers in Germany. Compliance with all GDPR standards and certified to ISO 27001.

Glossary



Glossary

Notes on the study

Average salary development:
The assessment of the change in salaries provided by the study participants.

Real salary development:
The average salary development adjusted for inflation.

Mean value:
Statistical indicator for the average value, where the sum of all values is divided by the number of values.

Median:
Statistical indicator that divides the total amount of data into two equal halves, so that 50% of the values are less than or equal to this value and 50% are greater than or equal to this value.

Quartiles:
Similar to the median, quartiles divide the data into equal parts. Quartiles divide the data into four parts, each containing 25% of the data. Accordingly, 25% of the data is less than or equal to the lower quartile (lQ). The median corresponds exactly to the middle quartile, while the upper quartile (uQ) divides the data into the lower 75% and the upper 25%.

Inflation forecast:
The ongoing devaluation of money (purchasing power) due to changes in the amount of money in circulation and the quantity of goods in an economy. It is felt by consumers through price increases.

Sources of all inflation data in the study:

OECD (2024), Inflation forecast, https://www.oecd.org/en/data/indicators/inflation-forecast.html (accessed on September 24, 2024)

IMF (2024), Inflation forecast, https://www.imf.org/external/datamapper/PCPIPCH@WEO/OEMDC(accessed September 24, 2024)

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