

# Compensation Planning in a Soft Labour Market

## *How Canadian Employers Are Adjusting Pay Strategies, Budgets & Retention Approaches*



### Introduction

As employment markets stabilize and wage growth moderates, many organizations are reconsidering how they plan salary increases, manage budgets, and allocate rewards. This survey explores how Canadian employers are planning compensation for 2026, balancing competitiveness, affordability, and internal equity in a shifting labour landscape.

HR leaders are invited to participate and gain access to timely benchmarks that will help inform salary planning, talent retention, and budgeting decisions.

### Labour Market & Hiring Sentiment

**1. What is your organization's overall workforce outlook for 2026?**

- Expanding
- Stable
- Slight reduction
- Significant reduction
- Unsure

**2. Based on roles you have hired for in the past 6 months, how easy was it to find qualified candidates compared to the previous hiring cycle?**

- Much easier
- Somewhat easier
- About the same
- Somewhat more difficult
- Much more difficult
- Not applicable – limited or no hiring

### Recent Hiring Practices

**3. Has your organization implemented a hiring freeze in the past 6 months, or is a freeze currently under consideration?**

- Yes, implemented organization-wide
- Yes, implemented in select departments
- Yes, currently under consideration
- No formal freeze, but we have not hired in the past 6 months (go to Question 6)
- No – hiring as usual

**4. For new hires, how have your typical starting salaries/wages changed over the past 6 months compared to the previous 6 months?**

- Increasing
- Holding steady
- Decreasing
- Not applicable – not consistently tracked

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**5. For roles you have filled over the past 6 months, how do the starting salaries/wages for new hires compare to the salaries of current employees in the same role?**

- New hires are typically paid more
- Paid about the same
- Paid less
- Varies significantly by role

### Salary Increases

**6. In 2025, what was your organization's actual total average base salary/wage increase across all employee groups?**

*If salary/wage increase percentages varied significantly by employee group, please provide the overall average across all employees.*

- Base salaries/wages were frozen in 2025
- >0% to 1%
- >1% to 2%
- >2% to 3%
- >3% to 4%
- Higher than 4%

**7. What is your organization's total base salary/wage increase budget for 2026 (planned or already implemented)?**

*If salary/wage increase percentages vary significantly by employee group, please provide the overall average across all employees.*

- Base salaries/wages are (or are planned to be) frozen in 2026
- >0% to 1%
- >1% to 2%
- >2% to 3%
- >3% to 4%
- Higher than 4%
- Not approved yet

**8. Overall, how would you describe the level of pressure on your organization to increase pay in 2026 (e.g., driven by labour market, employee expectations, internal equity)?**

- High pressure to increase pay
- Moderate pressure to increase pay
- Minimal pressure to increase pay
- Little or no pressure to increase pay
- Uncertain

**9. Does your organization set a budget for internal equity or compression adjustments?**

- Yes, a formal separate budget
- Yes, included within the overall salary increase budget
- Yes, occasional budget, as needed
- No
- Not applicable – internal equity/compression adjustments are not relevant in our structure

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**10. Does your organization have different salary/wage increase budgets for specific job groups (e.g., skilled trades, IT, union groups)?**

- Yes
- No (go to Question 12)
- Not yet, but under consideration

**11. For the job groups where different budgets apply or are under consideration, how does the 2026 budget compare to 2025 for each group?**

Job Group	Higher	Lower	Not Applicable
Unionized employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Skilled trades	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Information technology	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Engineering/technical	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Professional roles – core/operational (e.g., consultants, analysts, advisors, researchers, planners, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Professional roles – corporate/support (e.g., HR, Finance, Mktg., Legal, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Administrative/clerical roles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Frontline/customer-facing/operations roles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sales roles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Supervisors/Middle Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Executive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please specify) _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Off-Cycle Pay Adjustments

**12. In the past 12 months, did your organization provide any off-cycle increases (i.e., increases outside the regular timing for compensation increases)?**

- Yes, frequently
- Yes, occasionally
- No (go to Question 14)

**13. What were the primary reasons for the off-cycle increases? (check all that apply)**

- Retention concerns
- Market misalignment
- To counter offers from other employers
- Internal equity/compression
- Promotion or expanded responsibilities
- Manager request
- Other (please specify) \_\_\_\_\_

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**14. How would you describe your organization's likely off-cycle adjustments in 2026?**

- Increasing
- Holding steady
- Decreasing
- No off-cycle adjustments planned for 2026
- Not yet determined

## Differentiation by Role Type

**15. Does your organization provide larger or targeted salary/wage increases for specific critical or high-demand roles?**

- Yes, formally
- Yes, informally
- Not currently, but considering
- No

**16. Does your organization offer market premiums or supplements for employees with “hot skills” or critical roles?**

- Yes
- No
- Not currently, but considering

## Retention Trends & Tools

**17. Over the past 12 months, has your organization experienced an increase in involuntary turnover (e.g., layoffs, restructuring, role eliminations)?**

- Yes, significant increase
- Yes, moderate increase
- No change
- Decrease
- Not applicable/not tracked

**18. Over the past 12 months, has your organization's voluntary turnover rate:**

- Increased
- Stayed the same
- Decreased
- Not tracked

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**19. Has your organization used any of the following retention tools in the past 12 months? (check all that apply)**

- Retention bonuses
- Targeted market adjustments
- Programs that support internal moves (e.g., internal postings, career pathing, rotations)
- Career development support (e.g., training, certifications, tuition reimbursement)
- Enhanced flexibility options (e.g., hybrid arrangements, adjusted schedules)
- One-time recognition or spot bonuses
- Accelerated promotions or title changes for retention
- Increased counter-offers
- Other (please specify) \_\_\_\_\_
- Not applicable – no retention strategies used in the past 12 months

**20. Which of the following employee groups are considered at high risk of turnover in your organization? (check all that apply)**

Job Group	Voluntary Turnover	Involuntary Turnover	Not Applicable
Unionized employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Skilled trades	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Information technology	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Engineering/technical	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Professional roles – core/operational (e.g., consultants, analysts, advisors, researchers, planners, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Professional roles – corporate/support (e.g., HR, Finance, Mktg., Legal, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Administrative/clerical roles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Frontline/customer-facing/operations roles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sales roles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Supervisors/Middle Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Executive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please specify) _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**21. For internal promotions, is your standard base salary/wage increase typically:**

- Less than 5%
- 5% to 7%
- >7% to 10%
- More than 10%
- No standard - determined case-by-case
- Not applicable (few promotional moves)

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**22. For lateral internal moves, is your base salary/wage typically:**

- Not changed
- Adjusted within range (guided framework)
- Adjusted at manager discretion
- Not applicable (are few lateral moves)

## Short-Term Incentives (Annual Bonuses)

**23. For 2026, what is your best estimate of how short-term incentive (annual bonus) payouts will compare to 2025?**

- Higher payouts
- About the same
- Lower payouts
- Not applicable – employees are not eligible for short-term incentives (go to Question 25)

**24. Is your organization planning any changes to the short-term incentive performance metrics or weighting for 2026?**

- Yes, significant changes
- Yes, minor changes
- No

**25. Has your organization increased its use of one-time or ad-hoc bonuses in the past 12 months?**

- Yes
- No, usage has remained about the same
- We do not use one-time or ad-hoc bonuses

## Compensation Governance & Equity

**26. How significant are pay compression issues in your organization?**

- Very significant
- Moderately significant
- Slightly significant
- Not significant

**27. Does your organization have formal guidelines or processes for managing pay compression?**

- Yes
- Partial/informal guidelines
- No

**28. Does your organization have a formal process for maintaining pay equity (beyond legislative compliance requirements)?**

- Yes, a formal documented process
- Yes, an informal process
- No, we comply with pay equity legislation but do not maintain a separate internal process
- Not applicable – not subject to pay equity legislation

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**29. How transparent is your organization about how compensation decisions are made?**

- Highly transparent – employees receive clear information about how pay is determined
- Moderately transparent – some information is shared, but not consistently or in detail
- Minimally transparent – little information is shared beyond basic policies
- Not transparent – the basis for compensation decisions are not communicated to employees

**30. Is your organization considering changes to its pay transparency policies in 2026?**

- Yes, significant changes are planned
- Yes, minor changes are planned
- Changes are under consideration, but not yet decided
- No changes are planned
- Not applicable/unsure

**31. Do managers receive training on how to apply compensation policies in a constrained budget environment?**

- Yes
- Limited training
- No

## Organizational Information

The following data is used for analysis purposes and will not affect survey anonymity

**32. For us to send you the results of the survey, please complete the following:**

Organization Name:

Organization Name:	
Person Completing Survey:	
Position Title:	
Email Address:	

Person Completing Survey:

Position Title:

Email Address:

**33. Which sector describes your organization?**

- Private Sector
- Public Sector
- Not-for-Profit Sector

**34. How many employees (both full-time and part-time) do you have in Canada? (if unsure, please estimate)**

How many employees (both full-time and part-time) do you have in Canada? (if unsure, please estimate)
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**35. What is the appropriate industry classification for your organization?**

- Agriculture, fishing, and hunting
- Forestry and forest products
- Mining, quarrying and oil & gas extraction
- Utilities
- Construction
- Manufacturing
- Wholesale trade
- Retail trade
- Transportation & warehousing
- Information & cultural industries
- Finance & insurance
- Real estate & rental & leasing
- Professional, scientific & technical services
- Technology
- Management of companies & enterprises
- Administrative & support, waste management & remediation services
- Educational services
- Healthcare & social assistance
- Arts, entertainment, recreation, tourism, hospitality
- Accommodation & food services
- Other services (except public administration)
- Public administration
- Associations & Regulatory Bodies
- Other (please specify) \_\_\_\_\_

**36. How did you hear about this research project?**

- Email invitation (from WCBC)
- Work we have done with WCBC in the past
- From a colleague or peer
- Social media (LinkedIn, Facebook, X)
- WCBC website
- Unsure
- Other (please specify) \_\_\_\_\_