COMPENSATION PLANNING IN A SOFT LABOUR MARKET

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

February 2026

INTRODUCTION

Canada's labour market entered 2026 showing clear signs of softening and rebalancing. Recent national labour market data shows modest declines in the unemployment rate driven, in part, by fewer individuals actively seeking work. These indicators suggest that labour demand is cooling, rather than signalling renewed hiring strength. Wage growth has moderated, job vacancies have declined and employers appear cautious in their workforce and compensation decisions.

WCBC's *Compensation Planning in a Soft Labour Market Survey* provides an employer-side perspective on how organizations are responding to these shifting conditions. Conducted in January 2026, the survey gathered responses from 198 organizations across the private, public, and not-for-profit sectors, consisting of a range of organization sizes and businesses.

Employers indicate stable workforce expectations, easing hiring conditions, and moderating salary increase levels. At the same time, most organizations continue to experience pressure to increase pay, particularly for specific roles and skill sets, highlighting that the labour market softening is uneven rather than universal.

The survey results suggest that organizations are moving away from reactive responses to labour scarcity and toward more measured, selective approaches to compensation and talent management. The findings highlight both the practices organizations are adopting and the broader implications emerging as employers navigate a more balanced, although still complex, labour market environment.

KEY INSIGHTS

The main takeaways include:

- **Workforce expectations are stable.**
  Most organizations expect no change in staffing levels for 2026, with limited anticipated contraction.
- **Hiring conditions are easing.**
  A majority report hiring has become easier or remained unchanged over the past six months.
- **Salary increases are moderating.**
  Most 2025 actual and 2026 budgeted increases remain in the 2%–4% range, with fewer extremes.
- **Pay pressure persists.**
  Despite moderation in increases, most organizations report continued pressure to raise pay in 2026.
- **Pay differentiation is selective.**
  Higher increases are more often directed to professional, management, and executive roles.
- **Off-cycle increases are tactical.**
  Used by many organizations, but most do not expect greater reliance on them in 2026.
- **Retention focuses beyond pay.**
  Development, internal mobility, and flexibility are the most common retention tools.
- **Voluntary turnover has eased.**
  More organizations report stable or declining voluntary turnover as opposed to increases.
- **Governance maturity varies.**
  Formal processes for equity, compression, transparency, and manager training remain uneven.

SURVEY FINDINGS

The results of WCBC's *Compensation Planning in a Soft Labour Market Survey* are summarized below.

LABOUR MARKET AND HIRING SENTIMENT

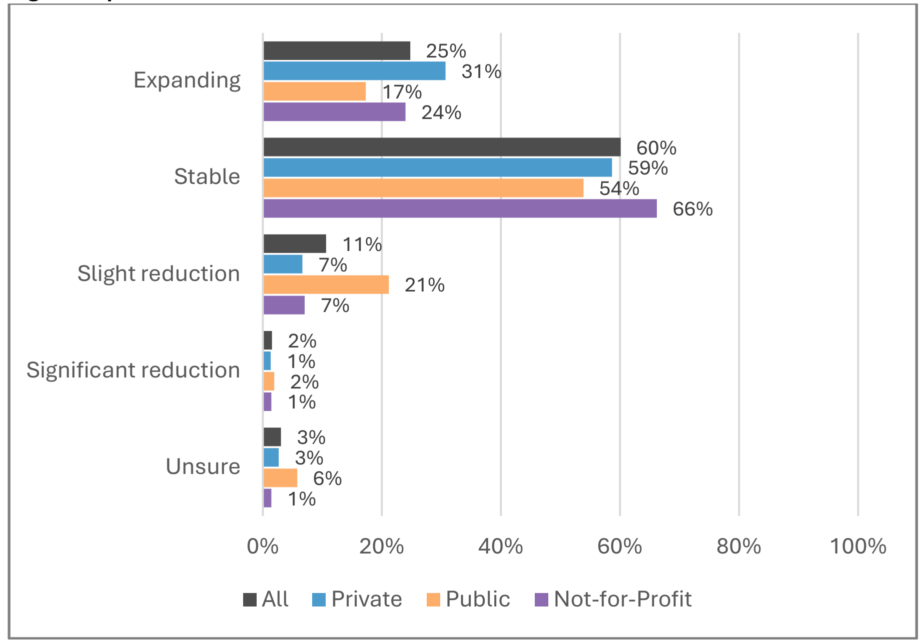
Workforce Outlook for 2026

Survey results suggest a generally steady workforce outlook for 2026. Most organizations expect staffing levels to remain stable, with a meaningful minority anticipating growth and relatively few anticipating reductions. Where contraction is expected, it is more likely to be slight rather than significant, and uncertainty is limited.

Private sector organizations are more likely to anticipate expansion, while public sector organizations are more cautious, with a higher incidence of slight reductions and a lower incidence of growth. Not-for-profit organizations are the most likely to anticipate stable staffing levels.

Differences by organization size are present but less consistent than sector patterns. Large employers are somewhat less likely to anticipate stable workforces and somewhat more likely to anticipate slight reductions, while mid-sized employers are the most likely to report stability.

Figure 1 | Overall Workforce Outlook For 2026



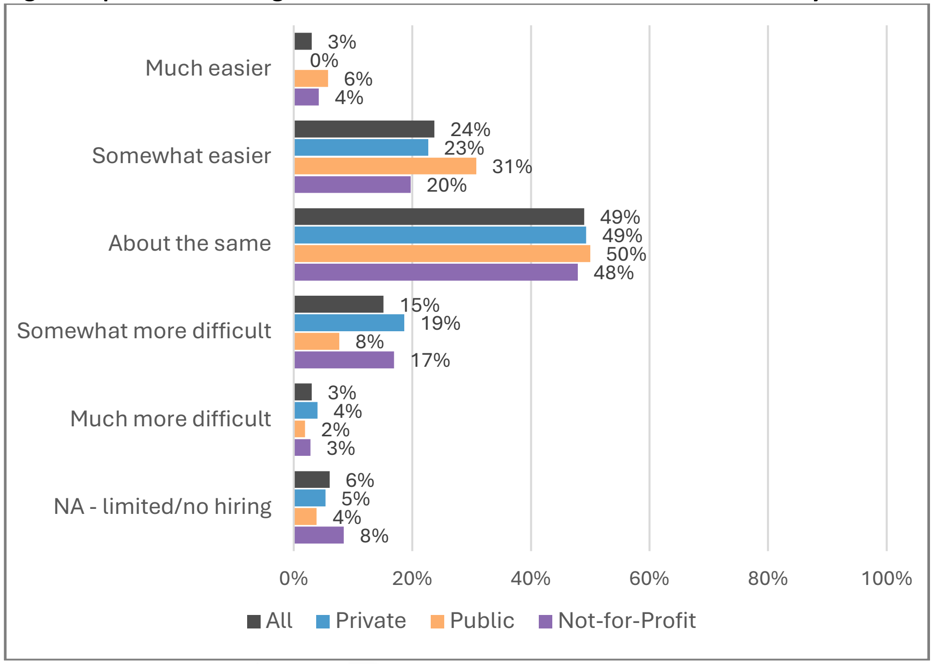
Ease of Finding Qualified Candidates

Hiring conditions appear to be easing or stabilizing for many organizations. Nearly half indicate that the ease of finding qualified candidates has remained about the same over the past six months, while for over one-quarter it has become easier. Fewer than one in five experienced increased difficulty, and only a small minority describe hiring as much more difficult.

Sector differences are notable. Public sector organizations are more likely to experience improving hiring conditions and less likely to encounter increased difficulty compared to private and not-for-profit organizations. Private sector organizations are the most likely to find candidate availability somewhat more difficult, suggesting continued competition for certain skill sets even in a softer market.

Differences by organization size are present but secondary. Small employers are more likely to have had limited or no hiring activity, while large employers most commonly describe conditions as unchanged or somewhat easier.

Figure 2 | Ease of Finding Qualified Candidates: Past 6 Months vs. Prior Cycle



RECENT HIRING PRACTICES

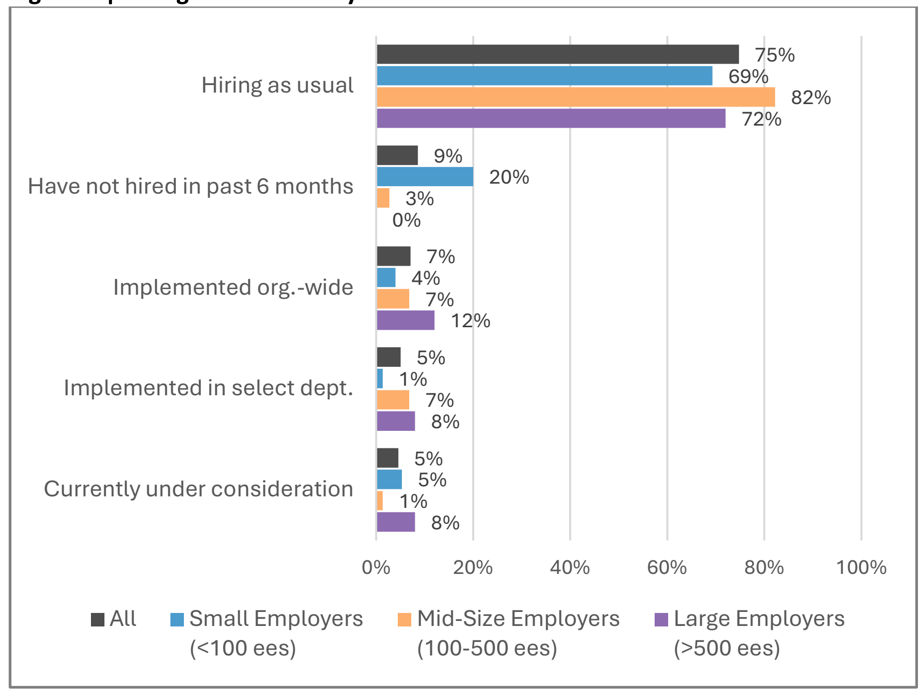
Hiring Freeze Activity

Consistent with the generally stable workforce outlook, most organizations indicate that hiring has continued as usual over the past six months. Hiring freezes, whether implemented or under consideration, remain the exception, although a notable minority indicate they have not hired during this period.

Sector-based differences are most evident in the incidence of organization-wide freezes. Public sector organizations are the most likely to have implemented organization-wide hiring freezes, while not-for-profit organizations are the most likely to have continued hiring as usual. These results likely reflect greater fiscal constraints and budget approval cycles in the public sector.

Differences by organization size are more pronounced. Small employers are significantly more likely to have had no hiring activity in the past six months, while large employers are more likely to have freeze activity under consideration or implemented organization-wide. This pattern suggests that "no hiring" among small employers may reflect limited turnover or recruitment volume, whereas freeze activity among larger employers may reflect active headcount management.

Figure 3 | Hiring Freeze Activity in the Past 6 Months



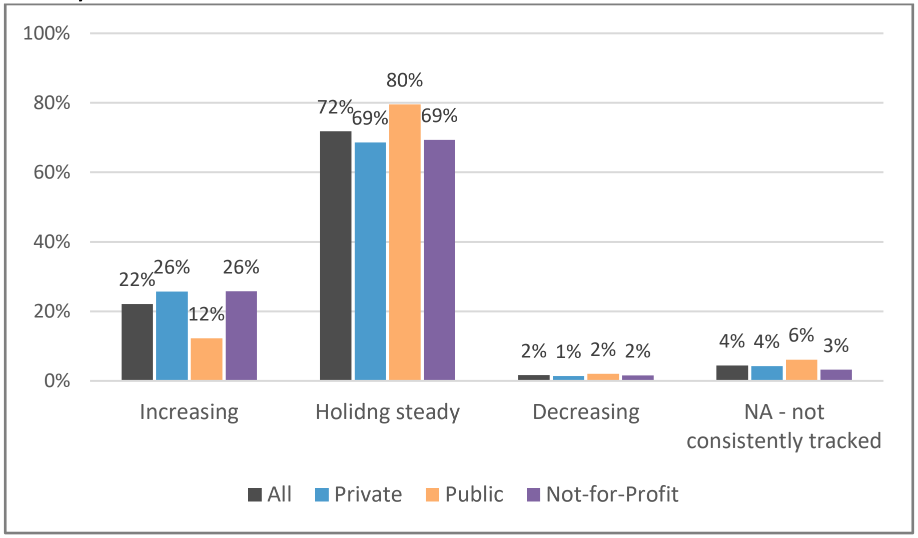
Starting Salary/Wage Changes for New Hires

Most organizations indicate that starting salaries and wages for new hires have remained steady over the past six months, with about one in five increasing starting pay and decreases rarely occurring. Overall, these findings suggest restraint in starting pay decisions, consistent with a stabilizing hiring environment.

Sector-based differences are meaningful. Public sector organizations are most likely to have held starting pay steady and least likely to have increased it, while private sector and not-for-profit organizations are more likely to have implemented increases. This aligns with the broader pattern of private sector organizations demonstrating more active labour market competition and the public sector demonstrating greater constraint.

Differences by organization size are present but less pronounced. Mid-sized employers are the most likely to have maintained stable starting pay, while small and large employers are somewhat more likely to have implemented increases. Large employers are also more likely to indicate that starting salary changes are not consistently tracked, which may reflect decentralized hiring practices or variation by job family.

Figure 4 | Starting Salary/Wage Changes for New Hires (Past 6 Months vs. Prior Period)



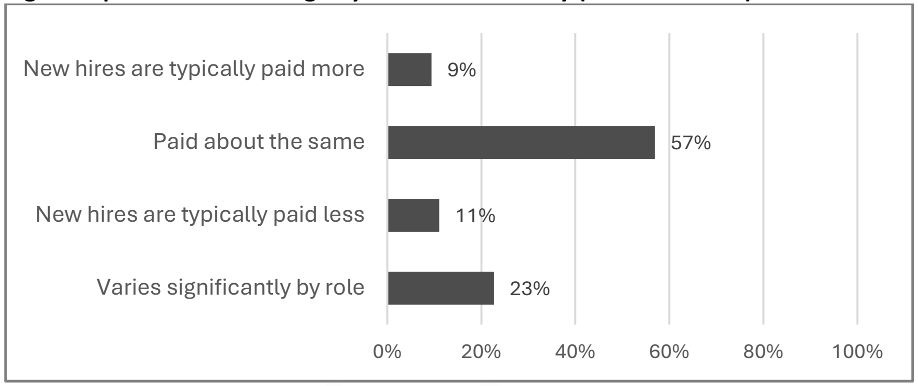
New-Hire Starting Pay vs. Incumbent Pay

Most organizations indicate that new hires are typically paid about the same as incumbents in comparable roles. A smaller share pay new hires more, while a similar share pay them less. Notably, nearly one-quarter indicate that pay relationships vary significantly by role, suggesting that pay positioning is being managed selectively depending on labour market conditions and the nature of the job.

Sector differences are modest but directionally consistent. Public sector organizations are more likely to maintain pay parity between new hires and incumbents, while private sector organizations are somewhat more likely to pay new hires above incumbent levels. Not-for-profit organizations are more likely than other sectors to pay new hires less than incumbents.

Differences by organization size are present but not dominant. Large employers are somewhat more likely to indicate that pay relationships vary significantly by role, while small employers are more likely to pay new hires more than incumbents.

Figure 5 | New-Hire Starting Pay vs. Incumbent Pay (Past 6 Months)



SALARY INCREASES AND PAY PRESSURE

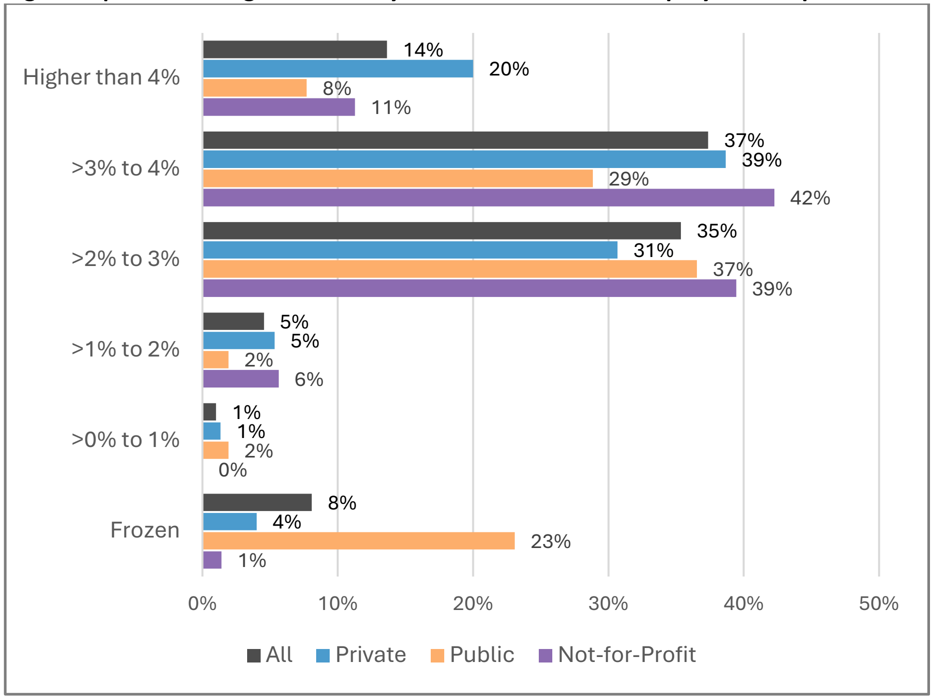
2025 Average Base Salary Increases

Actual 2025 base salary increases are largely clustered between 2% and 4%, with a smaller share exceeding 4% and a minority implementing salary freezes. Overall, this pattern suggests that organizations continued to deliver meaningful salary increases in 2025, while aggressive increase levels were not the norm.

Sector-based differences are pronounced. Private sector organizations are more likely to have awarded higher increases and less likely to have implemented freezes. In contrast, public sector organizations show lower increases overall, with a notably higher incidence of freezes. Not-for-profit organizations largely fall between these two patterns, with increases concentrated in the 2% to 4% range with minimal freezes.

Differences by organization size are present but secondary. Large employers are less likely to have exceeded 4% and more likely to have awarded lower increases, or implement freezes, suggesting relatively greater restraint among larger organizations.

Figure 6 | 2025 Average Base Salary Increases Across All Employee Groups



2026 Budgeted Base Salary Increases

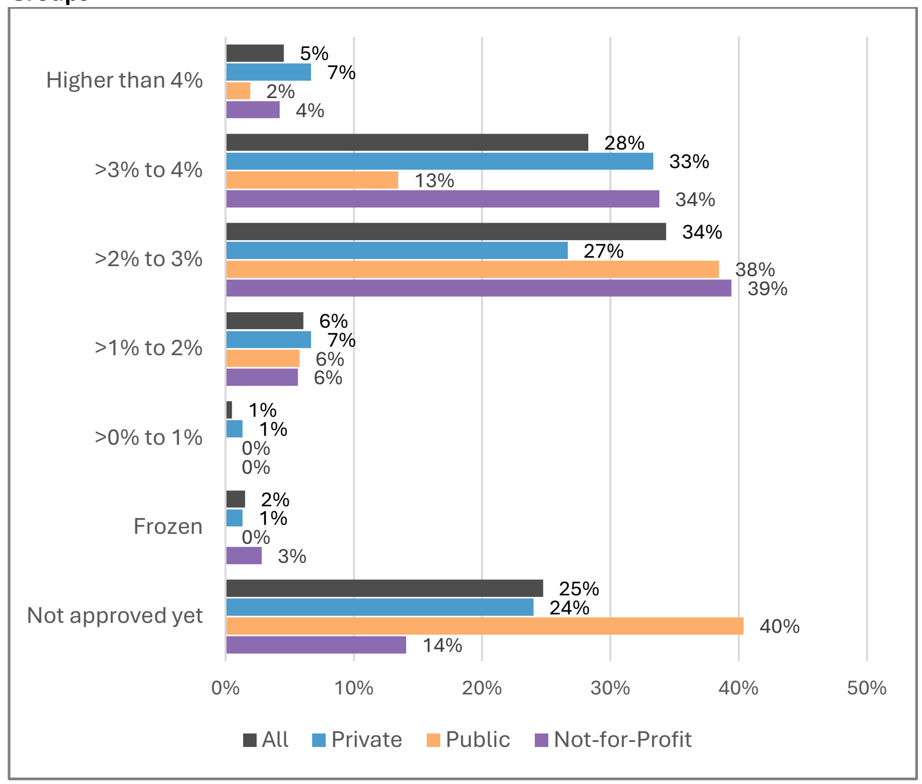
Budgeted base salary increases for 2026 remain broadly aligned with 2025 outcomes, with most organizations planning increases in the 2% to 4% range. However, the results suggest moderation: fewer organizations are budgeting increases above 4% than were awarded in 2025.

At the same time, salary freezes are less common in 2026 budgets to date than were realized in 2025. This likely reflects a combination of improved stability and the fact that a substantial share of organizations have not yet finalized their 2026 budgets.

Sector-based differences mirror 2025 patterns. Public sector organizations continue to indicate lower increase expectations and greater uncertainty, including a higher incidence of budgets not yet approved. Private sector organizations continue to budget higher increases than the public sector, although at more moderate levels than actually awarded in 2025. Not-for-profit organizations remain clustered in the 2% to 4% range with limited reliance on freezes.

Differences by organization size remain secondary. Small employers are more likely to have unapproved budgets, while large employers continue to cluster increases toward the lower end of the 2% to 4% range, with few, if any, exceeding 4%.

Figure 7 | 2026 Average Budgeted Base Salary Increases Across All Employee Groups



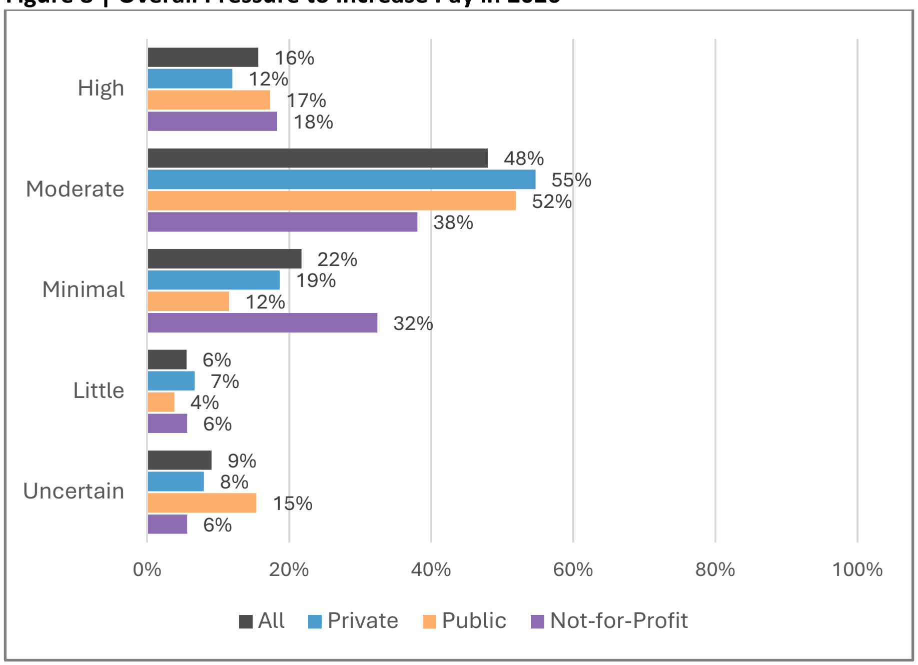
Overall Pressure to Increase Pay in 2026

Despite moderation in budgeted increases, most organizations describe moderate to high pressure to increase pay in 2026. This suggests that pay pressure is not solely determined by planned increase levels, but may reflect ongoing employee expectations, inflation sensitivity, labour market competition for certain roles, and internal equity considerations.

Sector-based differences are evident. Private sector organizations are the most likely to experience moderate pressure, while public sector organizations show a more polarized pattern, including higher uncertainty and a slightly greater share facing high pressure. Not-for-profit organizations are more likely than the other sectors to experience minimal pressure.

Differences by organization size are present but secondary. Small employers are more likely to experience minimal pressure, while mid-sized and large employers more commonly indicate moderate pressure.

Figure 8 | Overall Pressure to Increase Pay in 2026



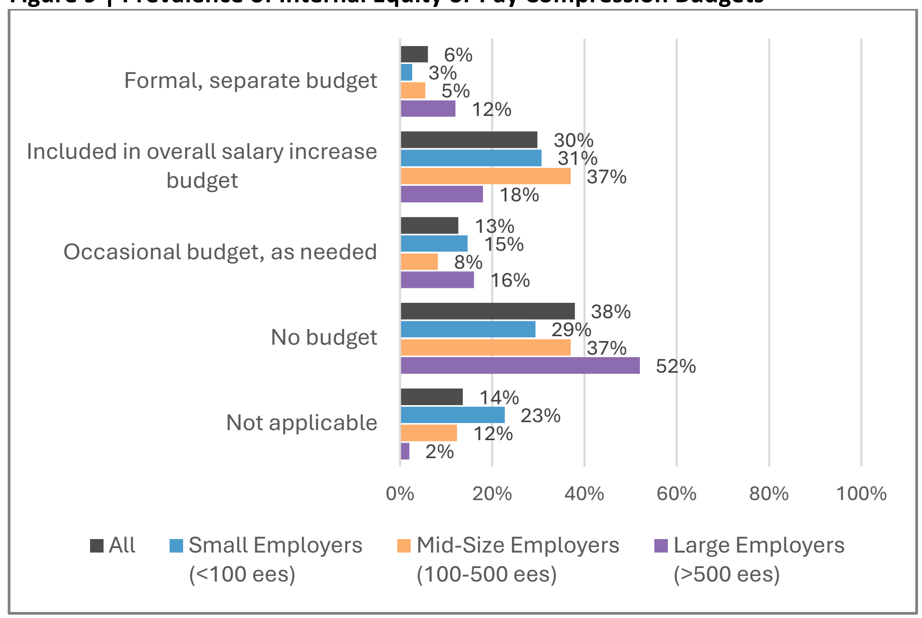
Internal Equity and Pay Compression Funding

Approaches to funding internal equity and pay compression vary widely. A substantial share of organizations have no dedicated budget, while a similar share incorporate equity and compression adjustments within the overall salary increase budget. Occasional, as-needed funding is less common, and formal separate budgets are relatively rare.

Sector differences are meaningful. Public sector organizations are most likely to have no budget for internal equity or compression adjustments. Not-for-profit organizations are more likely than other sectors to build equity and compression needs into the overall salary increase budget. Across all sectors, formal separate budgets remain uncommon.

Differences by organization size are more pronounced. Small employers are more likely to indicate that such budgets are not applicable and are least likely to maintain formal budgets. Large employers show greater polarization: they are more likely to have no dedicated budget, yet also most likely to maintain formal separate budgets, reflecting greater organizational complexity and governance variation.

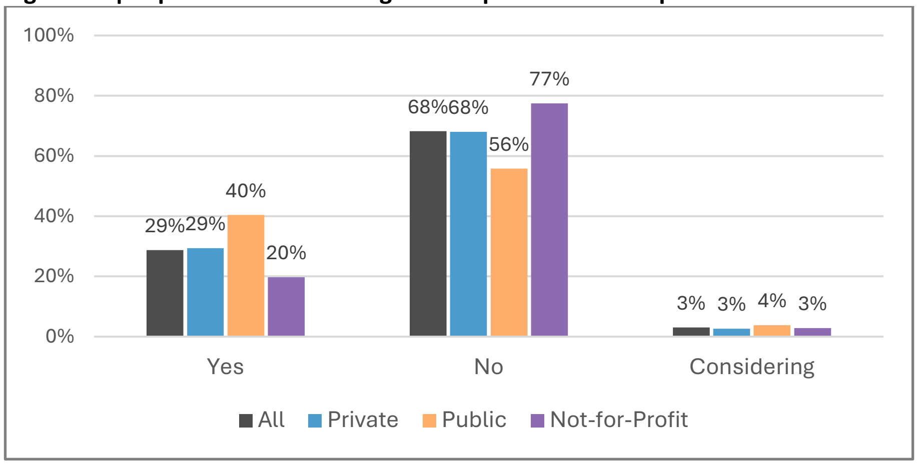
Figure 9 | Prevalence of Internal Equity or Pay Compression Budgets



Separate Increase Budgets for Specific Job Groups

Most organizations do not maintain separate increase budgets for specific job groups. Where such budgets exist, they are most common in the public sector and among large employers, indicating a greater likelihood of differentiated increase strategies where governance structures and workforce composition necessitated by.

Figure 10 | Separate Increase Budgets for Specific Job Groups



2026 vs. 2025 Budget Comparisons by Job Group

Across job groups, organizations are more likely to indicate that 2026 budgets will be higher than 2025 budgets as opposed to lower, although the degree of upward pressure varies by role.

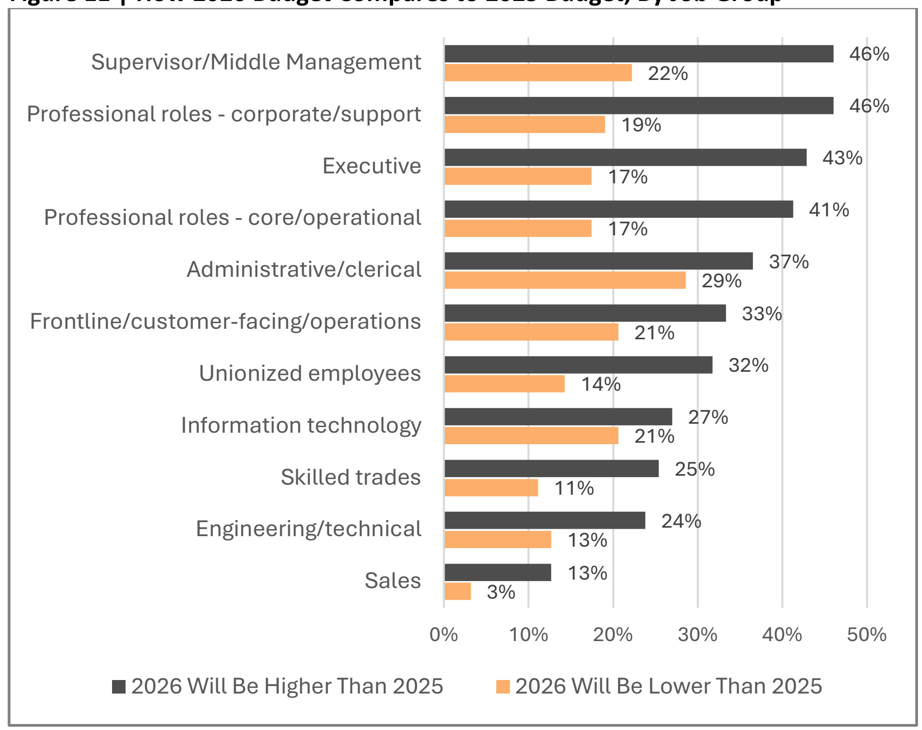
The strongest upward pressure is concentrated among professional, management, and executive roles. Nearly half of organizations anticipate higher budgets for corporate/support professional roles, supervisors, middle management and executives. Core/operational professional roles also show elevated upward pressure.

Frontline and administrative roles show the greatest variability. While a meaningful share of organizations anticipate higher budgets for administrative/clerical and frontline/customer-facing roles, these groups also show the highest incidence of decreases, suggesting more uneven treatment across organizations.

Technical and specialized roles show more moderate results. Between one-quarter and one-third of organizations expect higher budgets for unionized employees, IT, skilled trades, and engineering/technical roles, while decreases remain comparatively limited.

Overall, the pattern suggests that organizations are prioritizing pay differentiation for professional and leadership roles, while frontline and administrative roles exhibit the greatest dispersion between increases and decreases.

Figure 11 | How 2026 Budget Compares to 2025 Budget, By Job Group



Note: Percentages are calculated among organizations for which the job group is applicable. "Not applicable" responses are excluded; totals may not sum to 100%.

OFF-CYCLE PAY ADJUSTMENTS

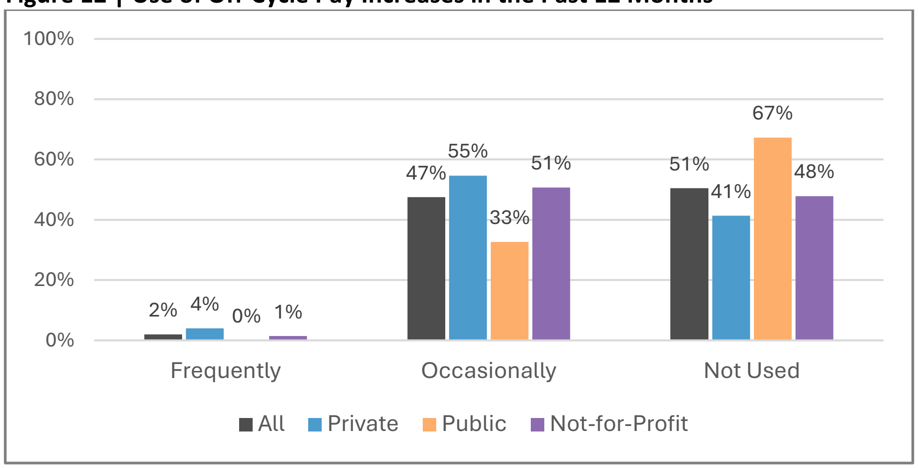
Use of Off-Cycle Pay Increases Over Past 12 Months

Over the past 12 months, off-cycle pay increases have been used by many organizations, although typically on an occasional basis rather than frequently. Just over half have not used off-cycle increases, nearly half have used them occasionally, and very few used them frequently.

Sector differences are meaningful. Private sector organizations were most likely to use off-cycle increases, while public sector organizations were least likely to do so. Not-for-profit organizations fall between these patterns.

Differences by organization size are present but secondary. Small employers were somewhat more likely to not use off-cycle increases, while mid-sized and large employers more commonly used them on an occasional basis.

Figure 12 | Use of Off-Cycle Pay Increases in the Past 12 Months



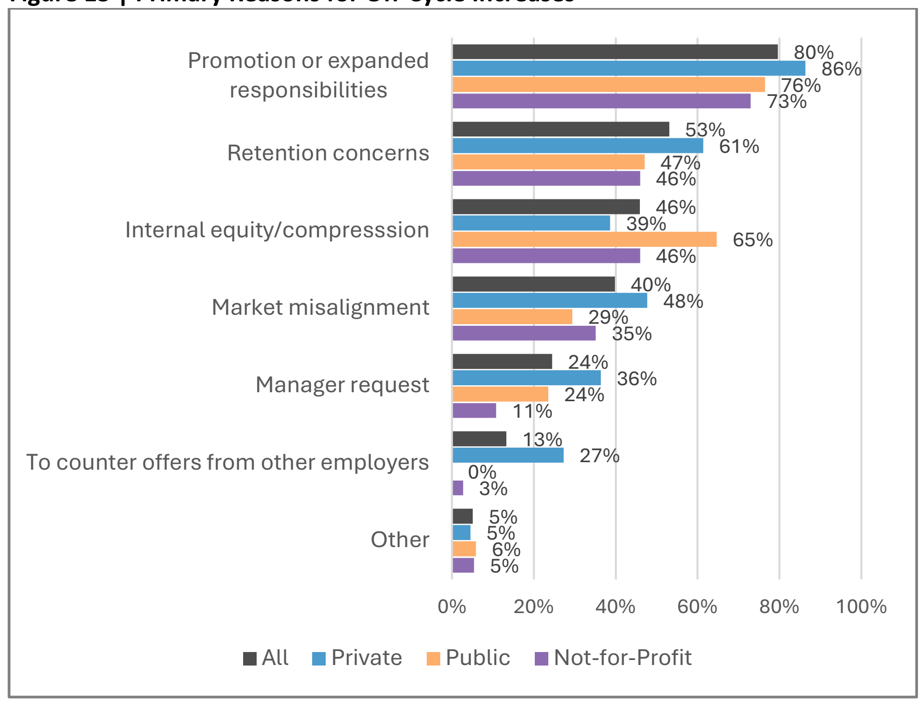
Primary Reasons for Off-Cycle Increases

Among organizations that used off-cycle increases, the most common driver is promotion or expanded responsibilities. Retention concerns and internal equity or pay compression are also prominent, followed by market misalignment. Less common drivers include manager requests and countering external offers.

Sector-based differences suggest different underlying pressures. Private sector organizations are more likely to cite retention and market-driven reasons and are the only sector where countering external offers emerges as a notable driver. Public sector organizations place greater emphasis on internal equity or compression and make limited use of counteroffer-related adjustments. Not-for-profit organizations show a more balanced pattern across the main reasons.

Differences by organization size are also evident. Large employers more often cite internal equity or compression and manager requests, consistent with more complex internal structures. Mid-sized employers more frequently point to market misalignment. Small employers tend to emphasize promotions and retention, with limited counteroffer activity.

Figure 13 | Primary Reasons for Off-Cycle Increases



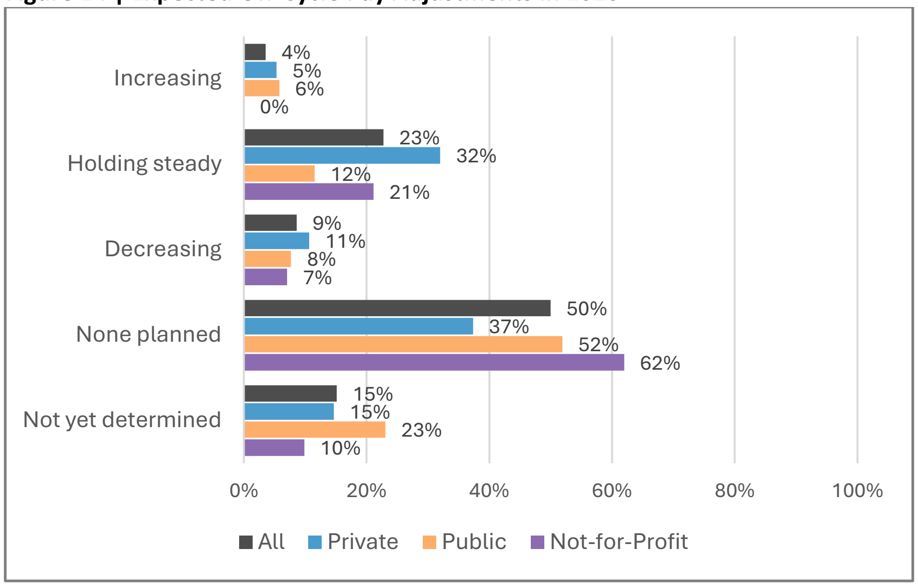
Expected Off-Cycle Pay Adjustments in 2026

Most organizations do not expect to rely on off-cycle pay adjustments in 2026. Among those with defined expectations, most anticipate off-cycle activity will remain stable or decrease, with relatively few expecting an increase. This suggests off-cycle increases are being used tactically rather than being used more frequently.

Sector differences are meaningful. Not-for-profit organizations are least likely to anticipate off-cycle activity, while public sector organizations demonstrate greater uncertainty. Private sector organizations show the greatest continuity, with more expecting off-cycle activity to hold steady.

Differences by organization size are present but secondary. Small employers are more likely to indicate no planned off-cycle activity or uncertainty, while large employers are somewhat more likely to anticipate either decreases or increases.

Figure 14 | Expected Off-Cycle Pay Adjustments in 2026



DIFFERENTIATION BY ROLE TYPE

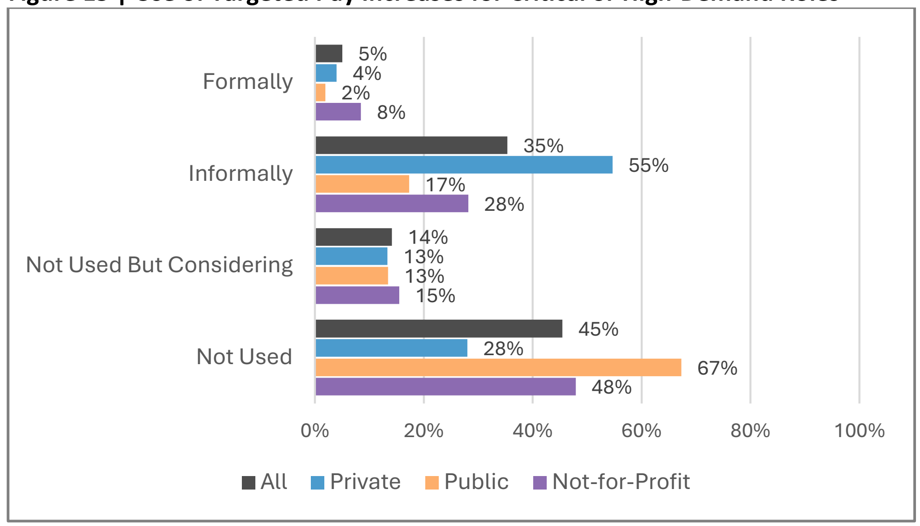
Targeted Pay Increases for Critical or High-Demand Roles

Targeted pay increases are used unevenly and are far more likely to be informal than formal. Overall, nearly half of organizations do not use targeted increases, while a meaningful share use them informally. Only a small minority maintain a formal program.

Sector differences are pronounced. Public sector organizations are least likely to use targeted increases. Private sector organizations are much more likely to apply informal targeted increases, consistent with greater flexibility and responsiveness to market conditions. Not-for-profit organizations fall between these patterns.

Differences by organization size are present but secondary. Large employers are more likely not to use targeted increases, suggesting greater reliance on structured approaches and internal controls.

Figure 15 | Use of Targeted Pay Increases for Critical or High-Demand Roles

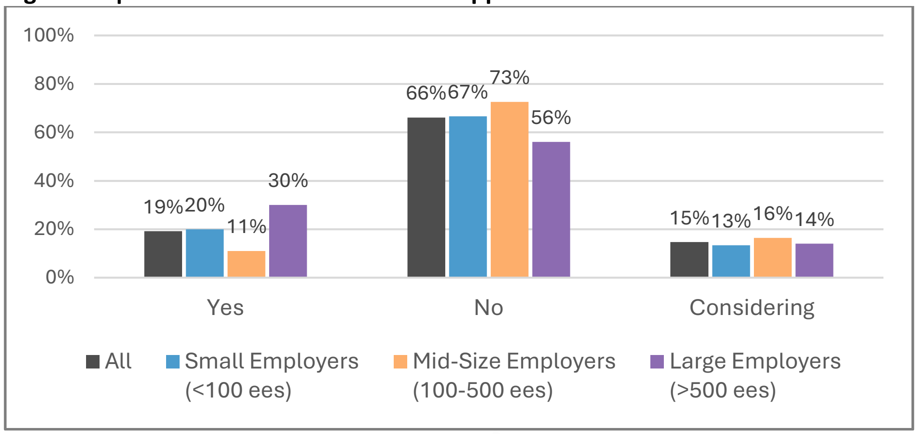


Market Premiums or Supplements for Hot Skills or Critical Roles

Market premiums remain relatively limited overall. Most organizations do not use premiums, although a meaningful minority either use them currently or are considering them.

Sector differences are modest, with similar usage rates across sectors. Differences by organization size are more notable: large employers are more likely to use market premiums, while mid-sized employers are least likely to use them and most likely to rely on standard pay structures.

Figure 16 | Use of Market Premiums or Supplements for Hot Skills or Critical Roles



RETENTION TRENDS AND TOOLS

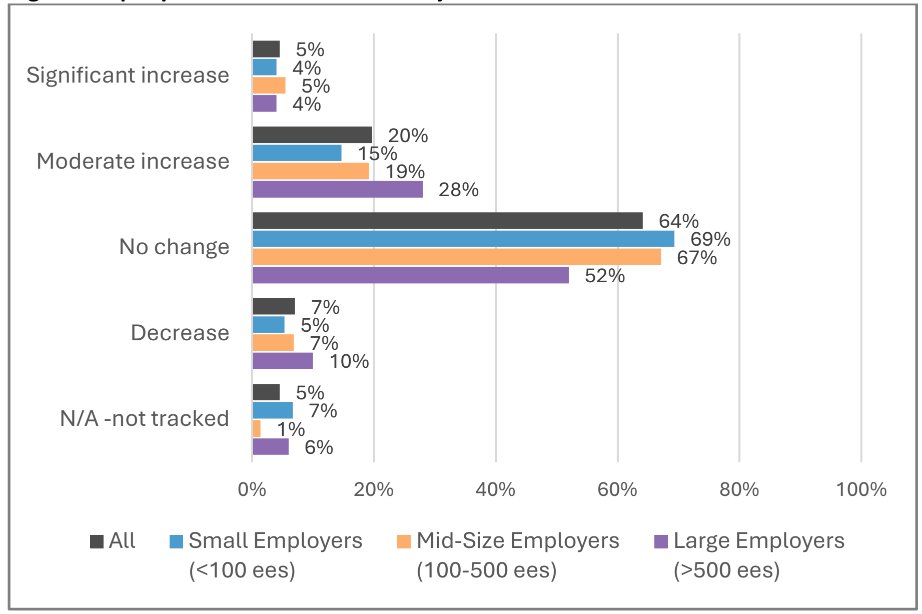
Experience with Involuntary Turnover Over Past 12 Months

Most organizations indicate no change in involuntary turnover over the past 12 months. Increases are more common than decreases, although significant increases remain uncommon.

Sector differences are present but measured, with private sector organizations somewhat more likely to experience increases and not-for-profit organizations most likely to maintain stability.

Differences by organization size are more pronounced. Large employers are more likely to have experienced increased involuntary turnover and less likely to have seen no change, suggesting greater recent workforce adjustment activity among larger organizations.

Figure 17 | Experience with Involuntary Turnover Over the Past 12 Months



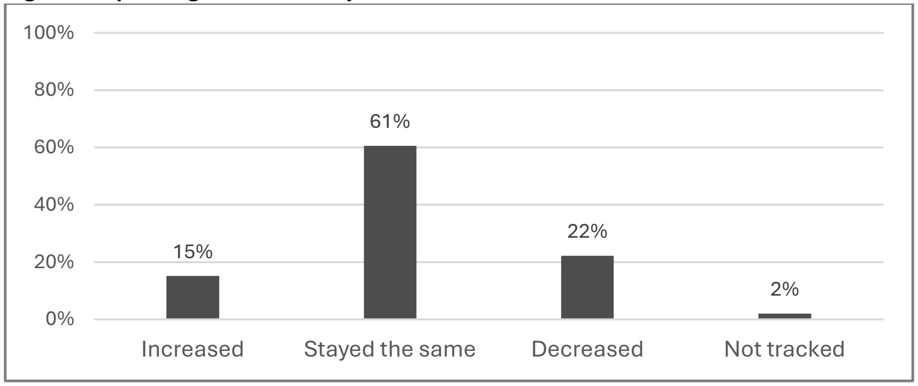
Change in Voluntary Turnover Over Past 12 Months

Most organizations indicate that voluntary turnover has remained stable over the past 12 months, with decreases occurring more frequently than increases. Overall, this suggests that voluntary turnover pressures may be easing relative to earlier periods of labour market tightness.

Sector differences are present but measured. Private sector organizations are more likely to have experienced increased voluntary turnover, while public sector organizations are more likely to have maintained stability.

Differences by organization size are modest but informative. Large employers are less likely to have seen stable turnover and more likely to have experienced decreases, potentially reflecting stronger retention capacity or reduced external movement.

Figure 18 | Change in Voluntary Turnover Over the Past 12 Month



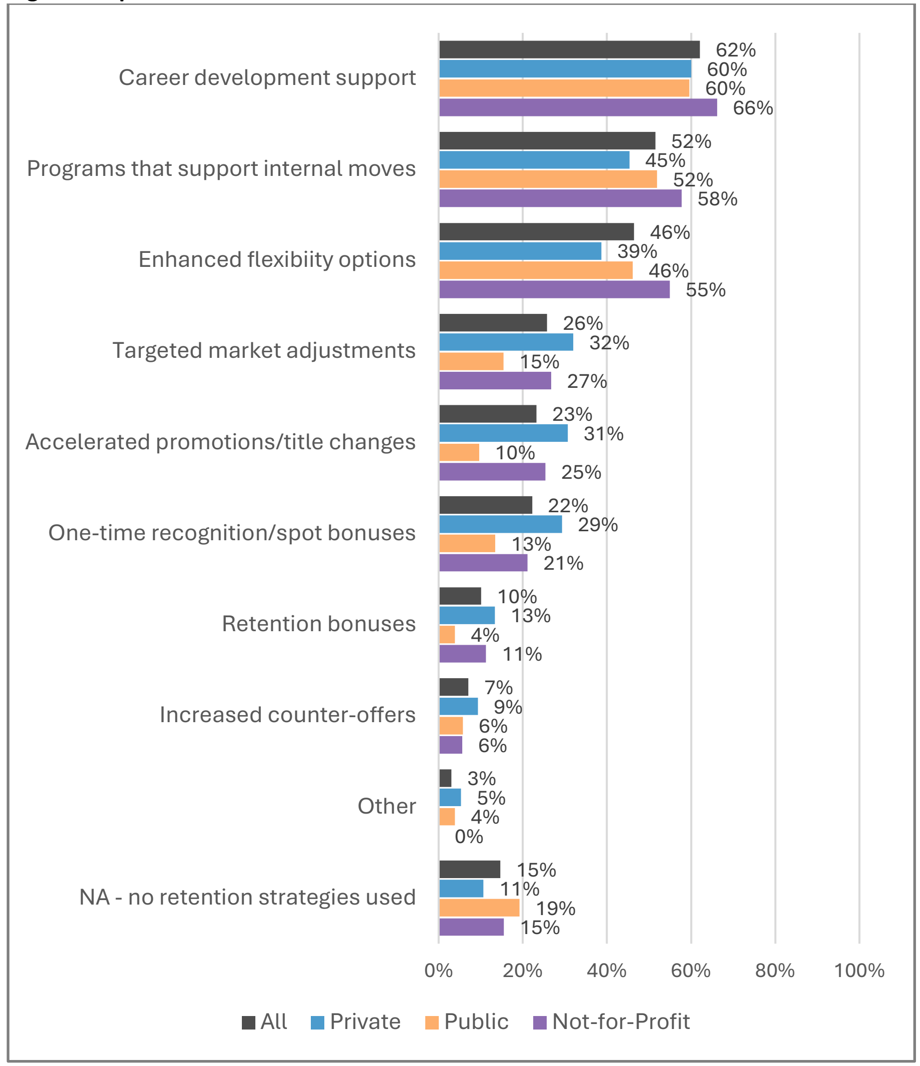
Retention Tools Used in the Past 12 Months

Organizations use a broad mix of retention tools, with the strongest emphasis on development and mobility. Career development support and internal mobility programs are most common, followed by enhanced flexibility options. More tactical or pay-driven tools, such as market adjustments, accelerated promotions, or spot bonuses, are used more selectively. A minority indicate no retention strategies in place.

Sector differences are meaningful. Private sector organizations make greater use of pay-driven and advancement-based tools, while public sector organizations emphasize development and internal mobility and make limited use of financial incentives. Not-for-profit organizations show particularly strong use of flexibility options and internal mobility supports.

Differences by organization size are present but secondary. Mid-sized employers show especially high use of internal mobility and career development supports, while large employers are more likely to use targeted market adjustments. Small employers are more likely to have no formal retention strategies.

Figure 20 | Retention Tools Used in the Past 12 Months

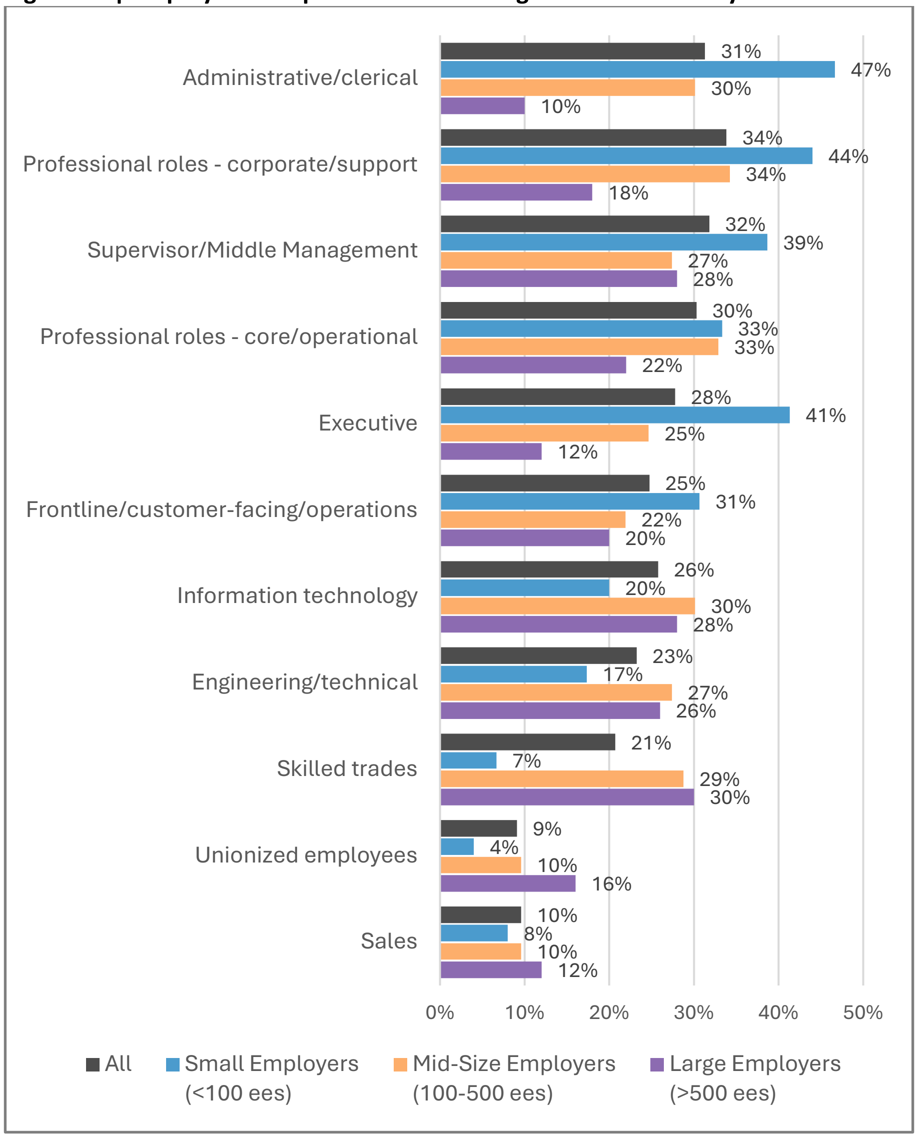


Employee Groups Considered at High Risk of Turnover

Organizations are far more likely to identify high risk of voluntary turnover versus involuntary turnover across job groups, suggesting that retention concerns are being driven primarily by employee choice rather than employer initiated exits.

Perceived voluntary turnover risk is concentrated among professional, leadership, and technical roles. Groups which are commonly identified as high risk, include supervisors and middle management, corporate/support professionals, operational professionals, executives, and administrative or clerical roles. Technical roles, including IT and engineering or technical positions, also feature prominently.

Figure 21 | Employee Groups Considered at High Risk of Voluntary Turnover



In contrast, perceived involuntary turnover risk is more limited and concentrated in fewer roles, with administrative or clerical roles most frequently identified, followed by supervisor or middle management and frontline or customer-facing roles.

Differences by organization size are more pronounced than sector differences. Small employers are more likely to identify a broad range of roles as high risk, while large employers more frequently highlight skilled trades, IT, and engineering or technical roles, consistent with competitive external markets for those skill sets. Sector differences remain secondary and appear to reflect workforce mix.

Typical Base Salary/Wage Increase for Internal Promotions

Organizations most commonly determine promotional increases on a case-by-case basis. Where standard ranges are used, promotional increases most frequently fall between 5% and 7%, followed by 7% to 10%. Larger promotional increases above 10% are less common, and a minority indicate relatively few promotional moves.

Sector-based differences suggest greater flexibility in the private sector, where case-by-case approaches are most common. Public sector organizations more frequently apply structured promotional increase ranges.

Differences by organization size are evident. Small employers are more likely to have relatively few promotional moves and to rely on case-by-case approaches. Large employers are more likely to apply defined promotional increase ranges and less likely to rely on case-by-case decisions.

Figure 22 | Typical Base Salary/Wage Increase for Internal Promotions

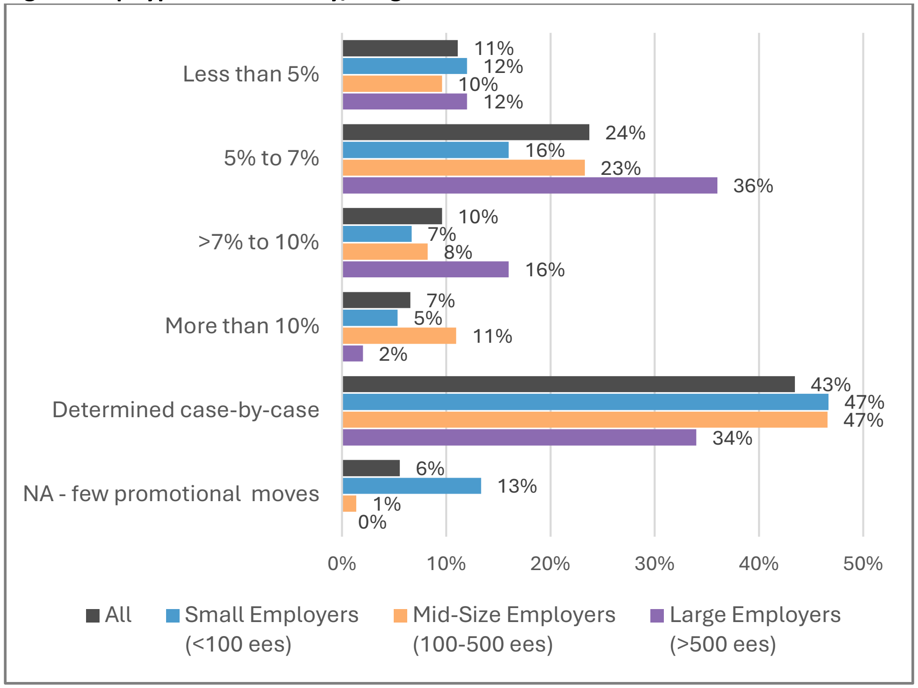
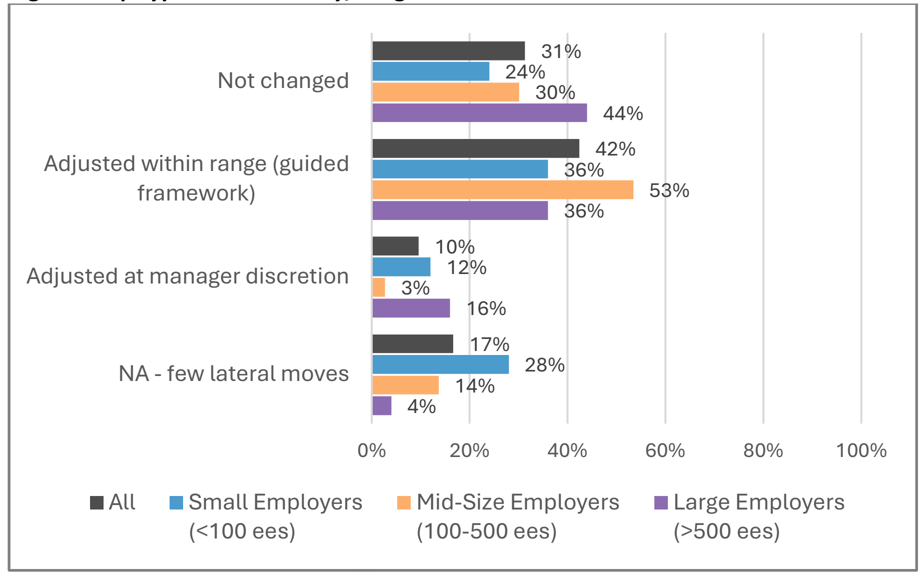


Figure 23 | Typical Base Salary/Wage Treatment for Lateral Internal Moves



Typical Base Salary/Wage Treatment for Lateral Internal Moves

Lateral internal moves most commonly result in a within-range adjustment guided by a framework, although nearly one-third of organizations make no pay change for lateral moves. A notable minority indicate relatively few lateral moves.

Public sector organizations are most likely to apply structured approaches or leave pay unchanged and least likely to rely on manager discretion. Private sector organizations are more likely to use manager discretion and less likely to leave pay unchanged.

Differences by organization size are more pronounced. Small employers are more likely to have relatively few lateral moves and to rely on discretion. Mid-sized employers most commonly apply guided within-range adjustments, while large employers are most likely to leave pay unchanged, reflecting higher internal mobility volume and more standardized treatment.

SHORT-TERM INCENTIVES AND ONE-TIME BONUSES

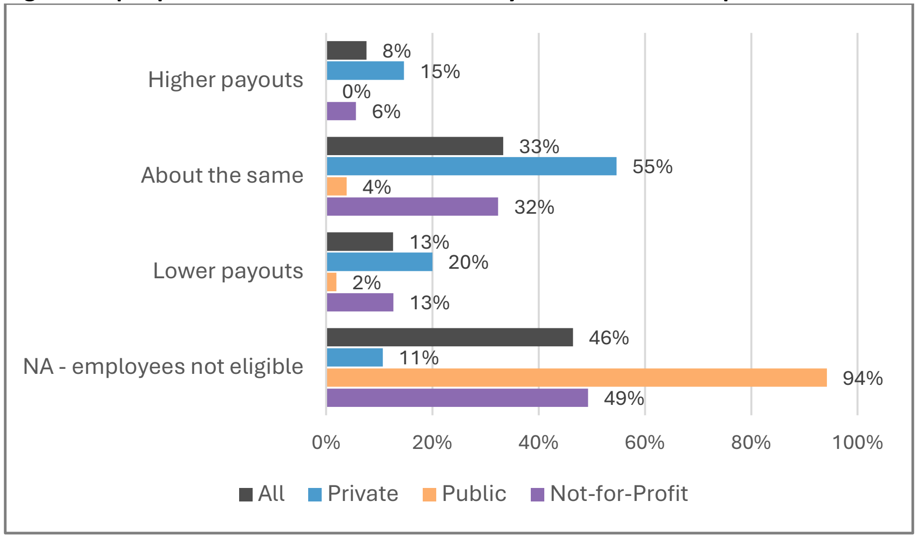
Expected Short-Term Incentive Payouts for 2026 Compared to 2025

Short-term incentive eligibility varies substantially across organizations and the plans are mainly provided in the private sector. Among organizations with eligible employees, most expect payouts to remain about the same, with smaller shares anticipating either lower or higher payouts.

Sector differences largely reflect eligibility patterns. Private sector organizations are more likely to anticipate changes in payouts, while public sector organizations have limited incentive eligibility. Not-for-profit organizations generally expect stability among those employers with eligible plans.

Differences by organization size are present but secondary. Small and large employers are somewhat more likely to be ineligible (47% and 50%, respectively), while mid-sized employers are more likely to expect payouts to remain unchanged (40%).

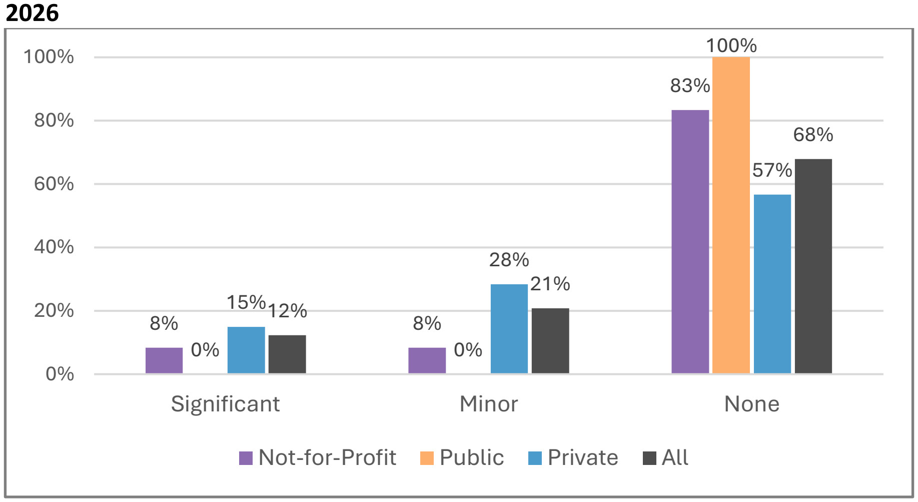
Figure 24 | Expected Short-Term Incentive Payouts for 2026 Compared to 2025



Planned Changes to Short-Term Incentive Metrics or Weighting for 2026

Most organizations have no planned changes to short-term incentive metrics or weighting for 2026, although a meaningful minority anticipate some level of change. Where changes are anticipated, they are more common in the private sector, consistent with the higher prevalence and more active management of incentive plans in that sector.

Figure 25 | Planned Changes to Short-Term Incentive Metrics or Weighting for 2026

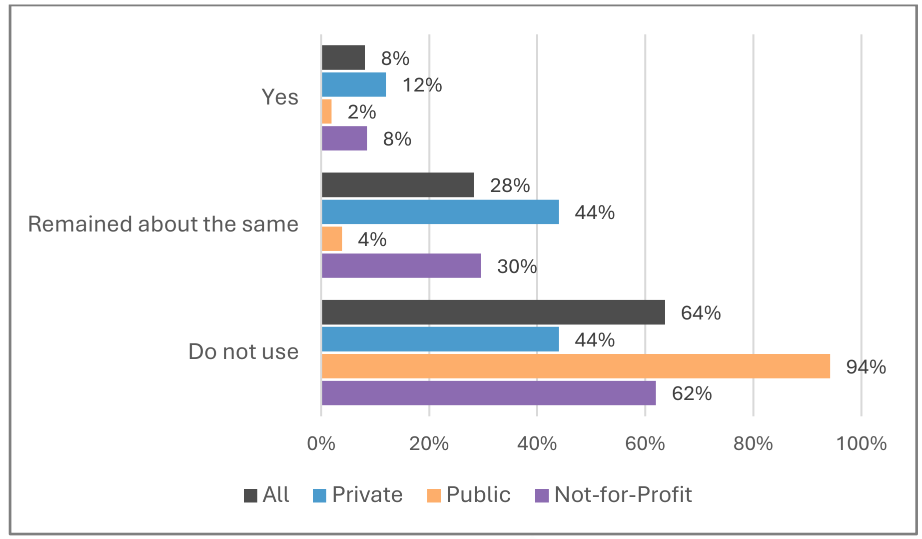


Change in Use of One-Time or Ad-Hoc Bonuses

Most organizations do not use one-time or ad-hoc bonuses. Among those that do, usage is more likely to have remained stable than to have increased.

Sector differences are pronounced. Public sector organizations overwhelmingly do not use one-time bonuses. Private sector organizations are far more likely to use them and more likely to have maintained or increased their use compared to other sectors. Not-for-profit organizations fall between these patterns.

Figure 26 | Change in Use of One-Time or Ad-Hoc Bonuses Over the Past 12 Months



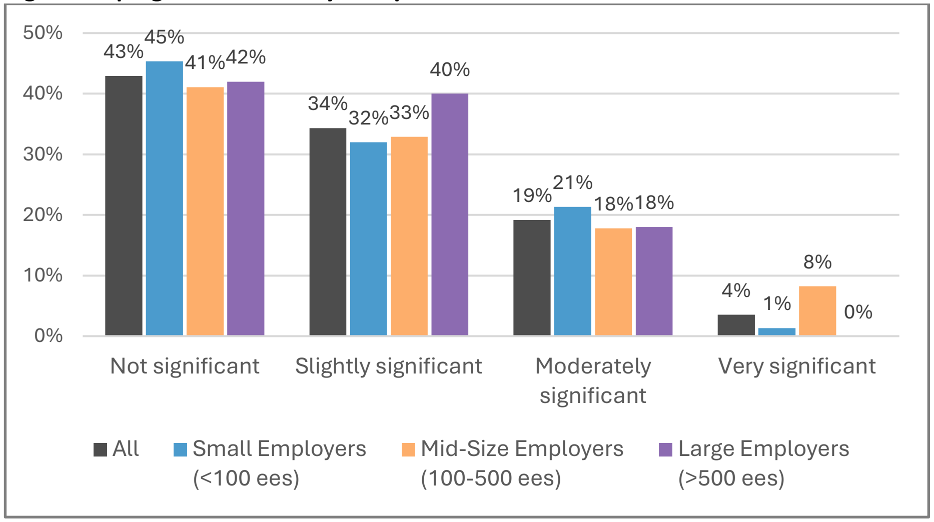
COMPENSATION GOVERNANCE, EQUITY, AND TRANSPARENCY

Significance of Pay Compression Issues

Pay compression is most often viewed as not significant or only slightly significant, although a meaningful minority describe it as moderate or very significant. Overall, this suggests that while compression remains a live issue for some organizations, it is not broadly characterized as severe.

Sector-based differences are modest. Differences by organization size are more evident, with mid-sized employers most likely to experience very significant compression.

Figure 27 | Significance of Pay Compression Issues



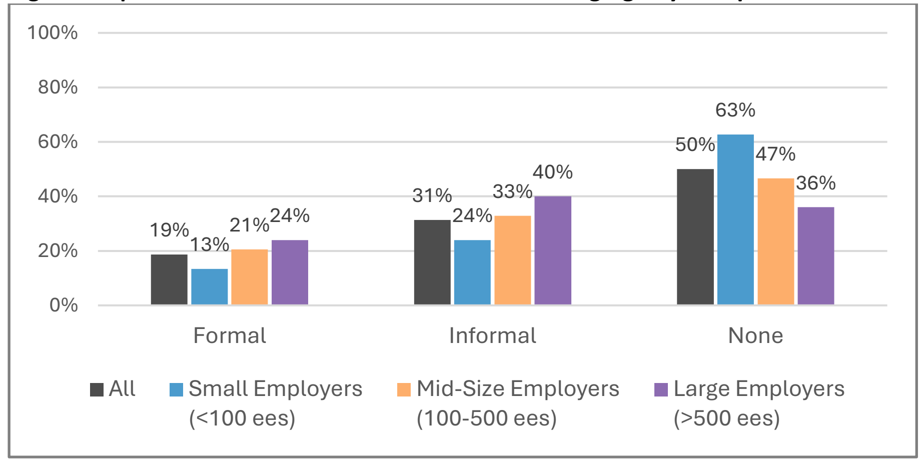
Guidelines or Processes for Managing Pay Compression

Half of organizations have no formal or informal guidelines for managing pay compression. Where guidelines exist, they are more likely to be informal than formal.

Sector-based differences are meaningful. Public sector organizations are most likely to have formal guidelines, while not-for-profit organizations are most likely to not have guidelines.

Differences by organization size are pronounced. Small employers are least likely to have any processes in place, while large employers are more likely to have either formal or informal structures, reflecting greater governance capacity and workforce complexity.

Figure 28 | Formal Guidelines or Processes for Managing Pay Compression

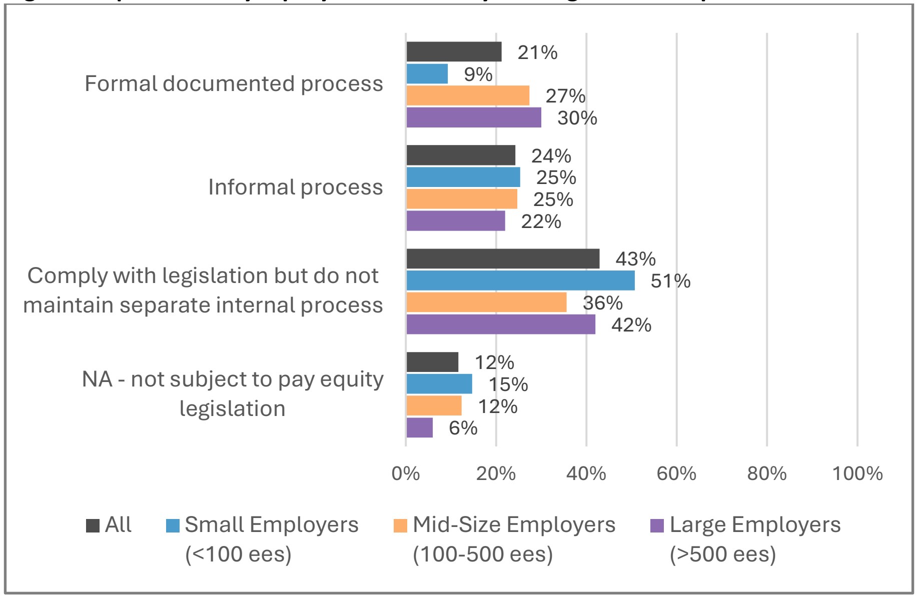


Formal Pay Equity Processes Beyond Legislative Requirements

Most organizations rely on legislative compliance without maintaining a separate internal pay equity process, while a meaningful minority have either informal or formally documented processes in place.

Public sector organizations are most likely to maintain formal pay equity processes, while private sector organizations most commonly rely on compliance-only approaches. Differences by organization size are pronounced: small employers are least likely to maintain documented processes, while mid-sized and large employers demonstrate higher levels of formalization.

Figure 29 | Formal Pay Equity Processes Beyond Legislative Requirements

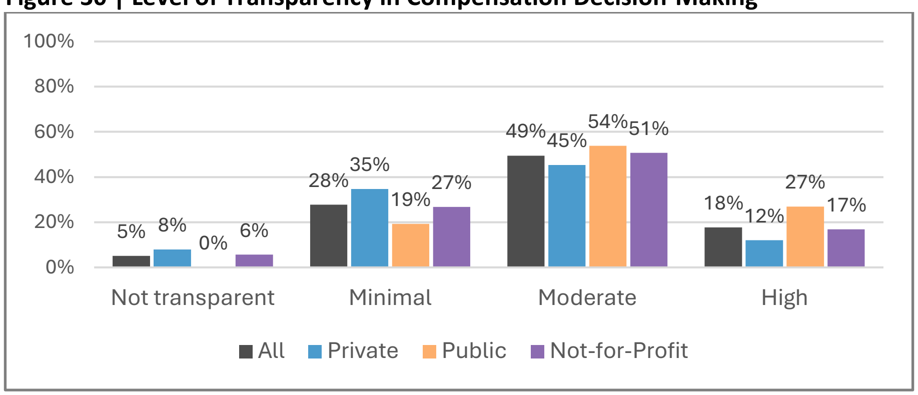


Level of Transparency in Compensation Decision-Making

Organizations most commonly describe their compensation transparency as moderate. A smaller share characterize transparency as high, while about one-third view it as minimal or not transparent.

Public sector organizations indicate higher transparency overall, while private sector organizations are more likely to characterize transparency as minimal.

Figure 30 | Level of Transparency in Compensation Decision-Making

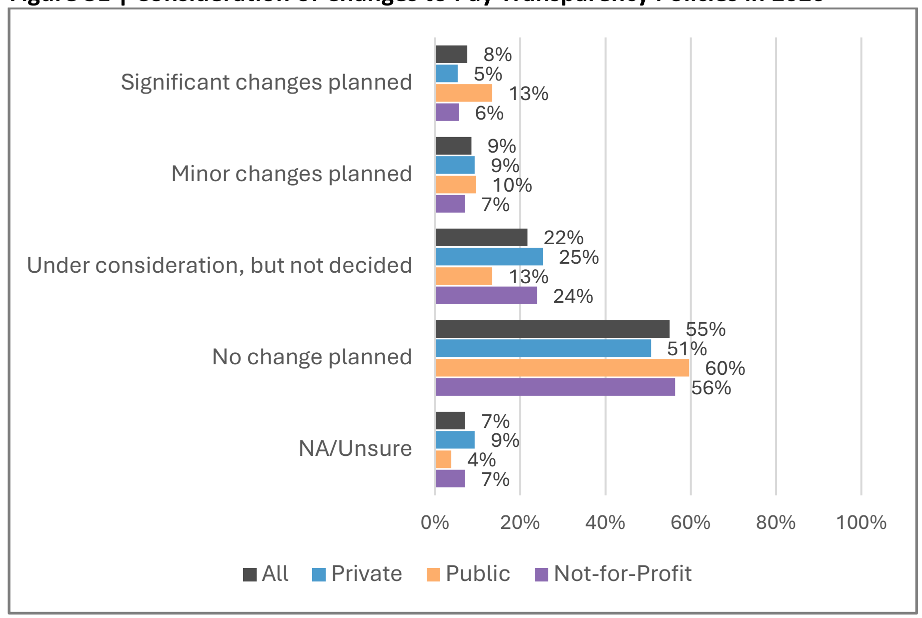


Consideration of Changes to Pay Transparency Policies in 2026

Most organizations have no planned changes to pay transparency policies in 2026, although a meaningful minority indicate that changes are under consideration. Planned changes, whether minor or significant, are not the dominant pattern, suggesting that many organizations are still evaluating their approach rather than implementing broad shifts.

Sector differences are meaningful but mixed. Public sector organizations show both a high incidence of no changes planned and the highest incidence of significant changes planned, suggesting a more polarized pattern. Private sector organizations are more likely to have changes under consideration.

Figure 31 | Consideration of Changes to Pay Transparency Policies in 2026

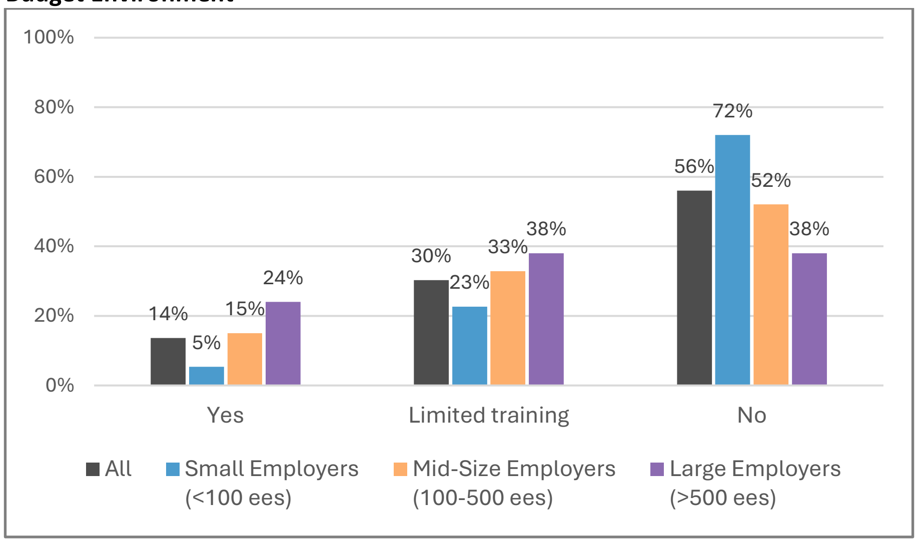


Manager Training on Applying Compensation Policies in a Constrained Budget Environment

Manager support in applying compensation policies under constrained budgets remains a notable shortcoming. Most organizations provide no training, a further share offer only limited training, and relatively few provide formal training.

Sector differences are meaningful. Private sector organizations are more likely to provide training than public and not-for-profit organizations. Differences by organization size are pronounced: small employers are least likely to provide training, while large employers are most likely to offer either formal or limited training, reflecting greater internal infrastructure for manager enablement.

Figure 32 | Manager Training on Applying Compensation Policies in a Constrained Budget Environment



CONCLUSIONS & CONSIDERATIONS FOR EMPLOYERS

The survey findings suggest that organizations are operating in a labour market characterized by greater stability and predictability than in recent years, but not without ongoing challenges. While labour shortages have eased, pressures related to pay affordability, internal equity, and employee expectations remain firmly in place.

Salary increase patterns indicate a clear move toward moderation, with fewer organizations pursuing aggressive increases and fewer relying on freezes. At the same time, the persistence of reported pay pressure highlights the importance of clear compensation strategies and communication. Organizations appear to be navigating a careful balance between maintaining competitiveness and managing longer-term cost sustainability.

The data also point to a growing emphasis on selective differentiation rather than broad-based escalation. Higher budget increases for professional, managerial, and executive roles, alongside more variable treatment of frontline and administrative roles, suggest that organizations are increasingly tailoring compensation responses to role-specific labour market dynamics.

Retention strategies reflect this same measured approach. Rather than relying heavily on pay-driven tools, many organizations are prioritizing development opportunities, internal mobility, and flexibility as mechanisms to support retention. This may indicate a longer-term view of workforce stability, particularly as voluntary turnover shows signs of easing.

Finally, the findings highlight meaningful gaps in compensation governance and manager enablement. The limited prevalence of formal processes for managing pay compression, pay equity, transparency, and manager training suggests potential risk as organizations continue to make nuanced compensation decisions in constrained environments. As pay pressures persist, even in a softer labour market, these governance elements may become increasingly important to support consistency, fairness, and employee trust.

Taken together, the results underscore the importance of deliberate, well-communicated compensation approaches that align market realities, internal equity considerations, and organizational capacity, rather than reactive or one-dimensional responses to changing labour market conditions.

ABOUT WCBC

WCBC is a leading compensation and benefits consulting firm serving clients for over 40 years. We specialize in assisting organizations determine how much and how to pay, motivate and retain employees. We offer a fully-integrated total compensation service, including strategic direction, benchmarking, design, implementation, and management of all aspects of the employee value proposition.

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