

Pay Gap Widens Between Higher-Level and Lower-Level Employees in Every Region in the World, According to Korn Ferry Analysis

- Gap Grows in More than Three-Quarters of Countries in Analysis -

- Largest Increases Seen in Middle East and Africa -

- Lowest Increases in Europe, Where Several Countries Have Seen the Gap Narrow -

LOS ANGELES--(BUSINESS WIRE)-- The pay gap between lower-level employees and senior managers has grown in every region of the world since 2008. That according to a [new study](#) published by [Korn Ferry](#) (NYSE: KFY). The study, which draws on data from Korn Ferry's world-class pay database, shows the pay gap increasing in 77 percent of 58 countries in the analysis.

The Korn Ferry analysis points to several reasons for the widening gap.

“At the lower end of these labor markets, automation and offshoring means that enhanced productivity results in an abundance of available labor – more people than jobs – which slows the increases in pay,” said Bob Wesselkamper, Korn Ferry Global Head of Rewards and Benefits Solutions. “Meanwhile, at the higher end, there’s a shortage of people with important hard skills and proven experience, such as STEM. Organizations also have to compete for senior managers with in-demand soft skills, such as emotional intelligence, creative thinking and the ability to manage large and complex teams. Therefore, pay at this level is going up – and is likely to increase faster than other jobs.”

While a widening gap is the norm in the majority of nations, there are areas where the gap is narrowing.

“Pay at top job levels in some counties has remained relatively stagnant. Higher tax levels for top earners means companies are disinclined to raise wages, since most of it would go to the government,” said Korn Ferry Vice President and General Manager of Reward, Ben Frost. “In addition, government and union intervention in pay at the lower level, including minimum wage requirements and restrictions on the ability for companies to cut pay, means pay rises in lower-level roles.”

Following is a breakdown by region:

North America: United States sees larger increases than Canada

The United States saw a pay gap growth of 12 percent, which was significantly higher than

the regional average of 9 percent, while its neighbor, Canada, saw a relatively low pay gap growth of 5 percent.

Europe: Majority of countries where gap is narrowing are in this region

On average, the pay gap increase is only 2 percent in the region. Of the 13 countries that have reduced the pay gap between lower-level and higher-level employees, most are in the European region. Notable among these are France (-6 percent), Italy (-3 percent), Poland (-13 percent), and the Russian Federation (-3 percent). The United Kingdom's pay gap increased by 9 percent, with only three countries in Europe recording higher increases than the U.K. – Portugal (10 percent), Greece (11 percent) and Ukraine (79 percent).

Middle East and Africa see most dramatic increases in pay gap

The pay gap increase between lower-level and higher-level employees is significantly larger in the Middle East and Africa than in other regions, with increases of 58 percent and 49 percent respectively. Six of the 10 countries with the biggest increase in their pay gap are in the Middle East. This includes Bahrain, which, at 118 percent, saw the largest increase of any country included in the study.

Latin America narrows the pay gap in two countries

Most countries in Latin America experienced an increase in the pay gap, with an average 13 percent increase in the region. Colombia saw the highest increase in pay gap of 32 percent. Argentina and Venezuela were the exceptions for the region, with narrowing pay gaps of 2 percent and 18 percent respectively.

Asia sees consistent growth across countries

Eight out of the nine countries in Asia saw moderate increases in their pay gaps between lower-level and higher-level employees. The average increase in the region is 15 percent. India bucks this trend with a dramatic increase of 66 percent in the pay gap.

The Pacific has second smallest increase in average pay gap

With an average of 7 percent, the Pacific saw the second smallest average increase in pay gap, after Europe's average increase of 2 percent. Australia saw an increase of 8 percent and New Zealand saw an increase of 5 percent.

Methodology

All the data are drawn from Korn Ferry's world-leading pay database, which contains information on more than 20 million job holders in 25,000 organizations across more than 130 countries, including 70 percent of global Fortune Top 200 companies. Fifty-eight countries are included in this analysis.

The pay gap was calculated by dividing the typical pay for people at senior management levels in each country by the typical pay for people at entry-level positions. The result was then compared with the equivalent result from 2008, with the difference being calculated as a percentage figure.

All figures are rounded up.

About Korn Ferry

Korn Ferry is a global organizational consulting firm. We work with clients to design their organizational structures, roles and responsibilities. We help them hire the right people and advise them on how to reward, develop and motivate their workforce. And, we help professionals navigate and advance their careers.

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Tracy Kurschner

Tracy.kurschner@KornFerry.com

612.309.3957

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