

 Report

Salary Development Forecast 2027



Kienbaum



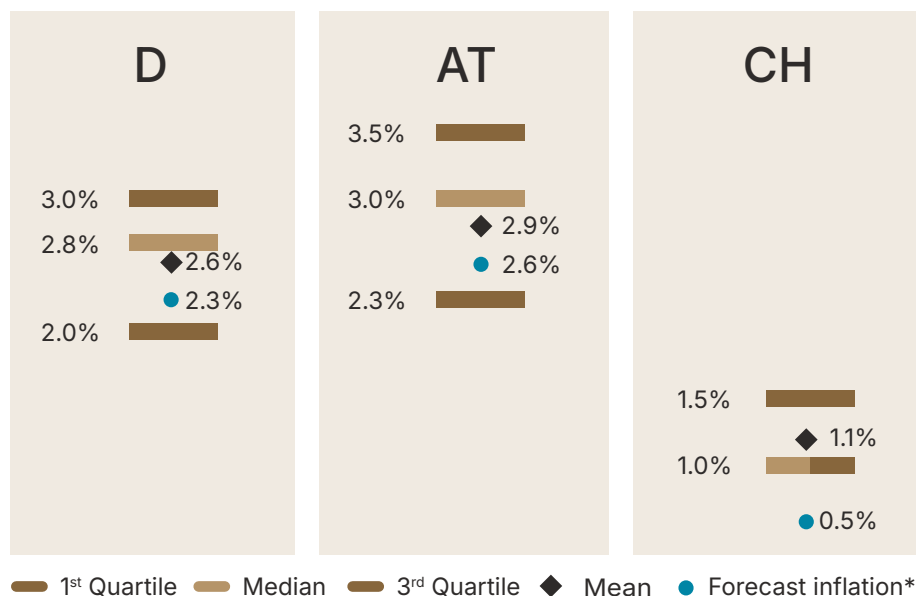
Executive Summary

Moderate salary increases – stronger focus on performance and key positions

The 2027 salary review is becoming more selective. Skills shortages are losing considerable importance as a broad-based driver of salary increases. At the same time, the labour market is easing: vacancies are becoming easier to fill and candidates' salary expectations are declining.

This is also changing how companies manage their salary review. Companies are differentiating more strongly: rather than applying broad-based adjustments, they are placing greater emphasis on high performers and key positions. Overall salary increases are nevertheless expected to remain moderate.

Forecast salary increases in the DACH region



*Source: IMF Inflation Forecast (26.08.26)

48%

>> of companies intend to target salary increases specifically at high performers and key positions (previous year: 46%).



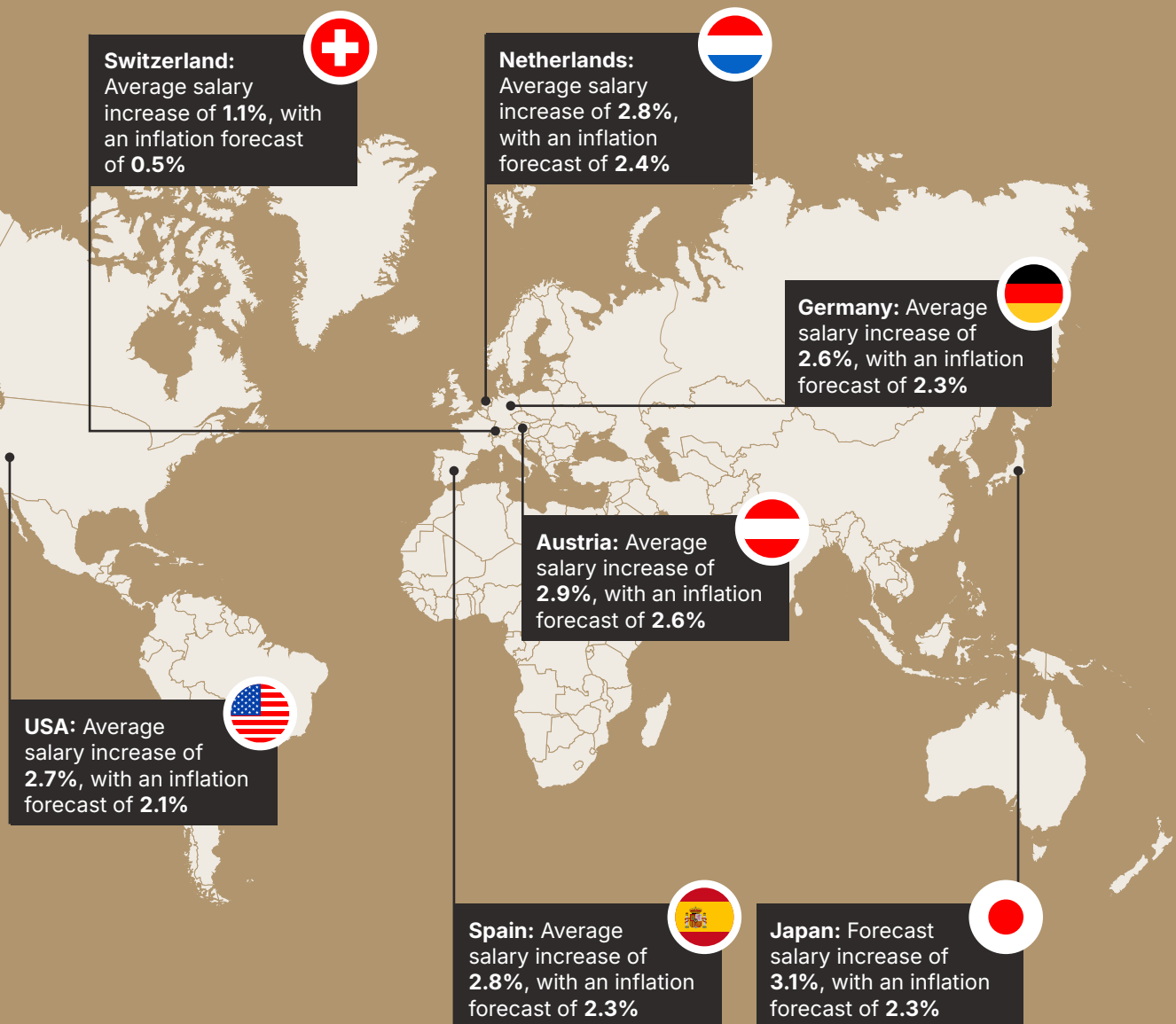
>> Despite economic uncertainty, around four in five companies are not planning to reduce their personnel cost budgets.

25%

>> Skills shortages have fallen from being one of the most important drivers to last place: only 25% now cite them as a factor influencing salary development.



Global perspective



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Editorial

Thanks to the participation of more than 1,500 companies, we are once again presenting our Kienbaum salary development forecast and providing you with the insights into expected compensation developments in a total of 41 countries.

The topic of compensation responds not only to political and economic trends, but also to social discussions on compensation issues. The current macroeconomic development is characterized by great uncertainty – including the war in the Middle East, repeated blockages of the Strait of Hormuz and the associated risks to energy prices, supply chains and inflation. In the context of this situation, guidance from external market benchmarks is essential for informed decision-making.

The purpose of this study is to provide you with the best possible support for your upcoming budgeting and salary negotiations. In addition to current salary development figures, the survey also considers the expected inflation data for 2027 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 2027.

Your Kienbaum Compensation &
Performance Management Team



1 Current situation

Economic outlook

Still no broad-based economic recovery

Companies are approaching their 2027 planning with cautious optimism. The majority of respondents assess their company's economic outlook as stable. At least one third of the companies surveyed are optimistic about the coming years. However, this does not yet point to a broad-based upswing.

As our study shows (p. 9), company performance is one of the most important drivers of salary increases. For the upcoming salary reviews, this means that economic expectations continue to provide some room for manoeuvre, but not to the same extent everywhere. The

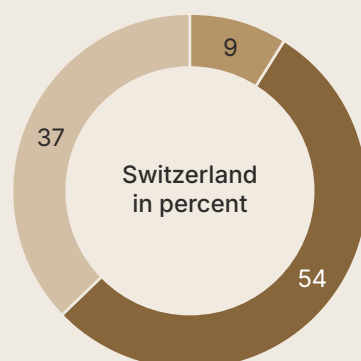
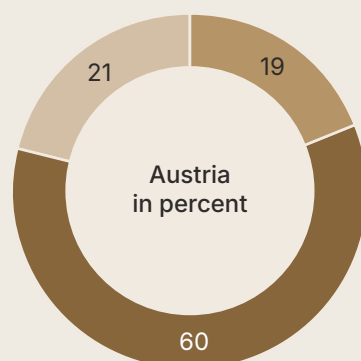
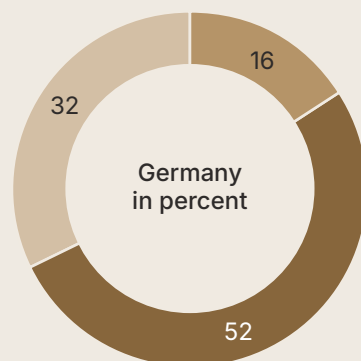
high proportion of companies expecting stable performance is likely to mean that salary increase budgets will continue to require careful consideration.



More than four in five respondents rate their company's medium-term prospects as stable or optimistic.

Economic expectations form the starting point for every salary review. The more positively companies assess their business development, the greater their financial scope for salary increases.

How do you assess your company's medium-term business outlook?



■ pessimistic
■ stable
■ optimistic

Recruiting is becoming easier, but salary pressure remains

As in recent years, the labour market appears to be continuing to ease from companies' perspective. 55% of companies say that vacancies are easier to fill than a year ago. In the previous Salary Development Forecast, the figure was 46%. The industry analysis for Germany shows the highest level of agreement in the public sector, at 76%. At the same time, the results show that candidates' salary expectations have continued to decline: 26% of companies currently report this, compared with 15% in the previous year. This is taking place in a labour market in which 71% of companies say that the pressure to offer competitive salaries remains.

Over recent years, companies have therefore increasingly reported an easing in recruitment conditions, without salary pressure declining to the same extent. For the existing workforce, market benchmarks, internal pay relationships and expectations of fair salary development continue to play an important role.

Make sense of current compensation challenges together with other HR professionals

How are other companies responding to pay pressures, tight budgets and new regulatory requirements? In the Kienbaum Compensation Network, you exchange insights with HR and compensation professionals who are facing challenges similar to yours.

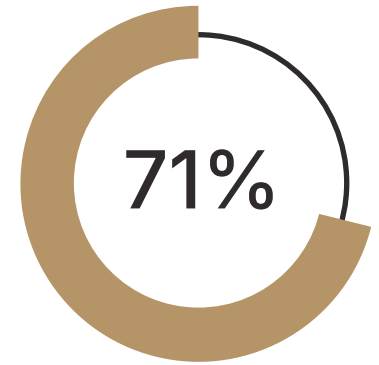
In monthly live Q&As and at in-person events, you discuss current developments, practical experiences and solutions.

As a member, you also gain access to Compensation News, webinars, studies, checklists and templates.

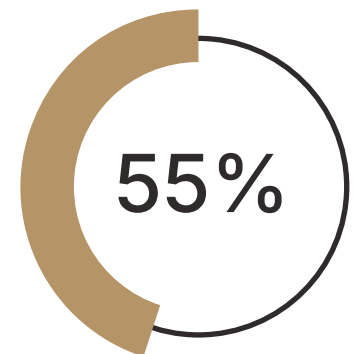
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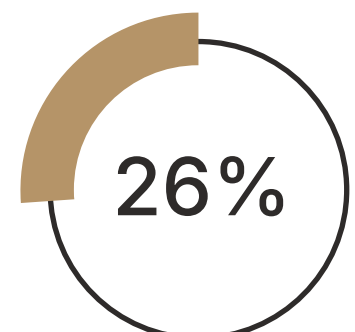
<https://compensationcenter.kienbaum.com/wissen-und-austausch/kienbaum-compensation-netzwerk/>



of the companies surveyed expect pressure for salary increases to remain high (previous year: 73%)



of the companies surveyed state that it is currently easier to fill vacancies than in the previous year (previous year: 46%)



of the companies surveyed report that candidates' expectations regarding starting salaries have fallen (previous year: 15%)

Company performance remains the most important driver

What factors are really shaping the 2027 salary review? Company performance ranks first at 52%. The influence of the overall economic environment and price developments has declined slightly compared with the previous year. Salary planning is therefore primarily guided by what the individual company can afford.

A particularly striking change compared with the previous year is the declining importance of skills shortages: their share has fallen from 35% to 25% – the largest decrease among all drivers surveyed. Skills shortages now rank last. As recently as 2025, they were the most important driver of salary development in Germany, at 52%. Their importance has also declined in Austria and Switzerland over the past two years. Skills shortages have by no means disappeared, but they currently influence the general salary review much less frequently than they did only a few years ago.

Austria remains a structural exception: collective agreements are the dominant driver of salary development there, at 75%, limiting the proportion of the budget that companies can allocate at their own discretion.

From pay trends to concrete compensation decisions

The salary forecast shows you how pay levels are expected to develop in the market. But how does a specific position at your company compare with the market today?

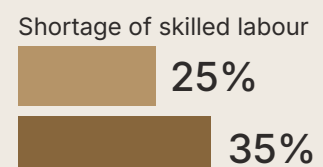
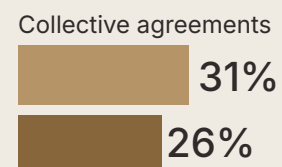
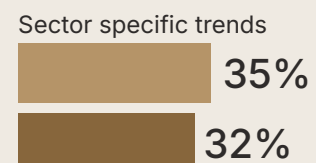
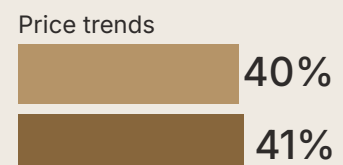
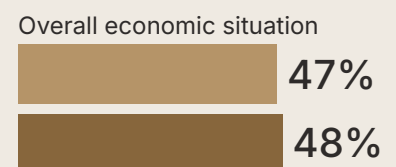
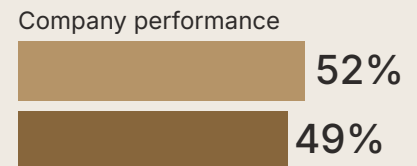
With the Kienbaum Compensation Portal, you can compare individual positions with market-based compensation and define your relevant peer market by industry, company size, region and other criteria.

The analysis is based on more than 1.6 million compensation data points from the DACH region.

[Explore the Compensation Portal](#) 

<https://compensationcenter.kienbaum.com/produkte/compensation/compensation-portal/>

What are the main drivers of salary development?



■ Salary development forecast 2027
■ Salary development forecast 2026
Multiple responses were possible.



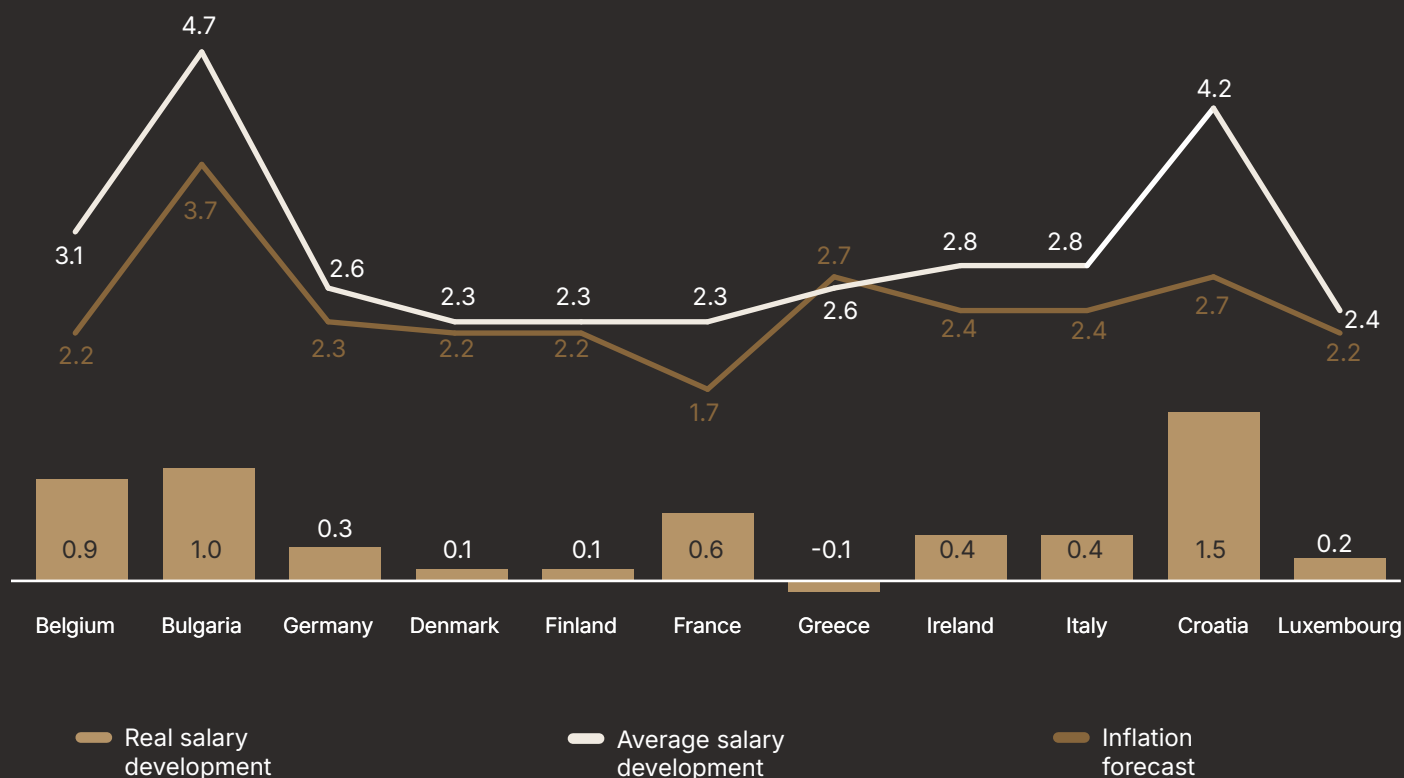
2 Salary development forecast

(EU countries)

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Salary growth in EU countries is expected to be between 2.3% and 5.5% for 2027

in percent

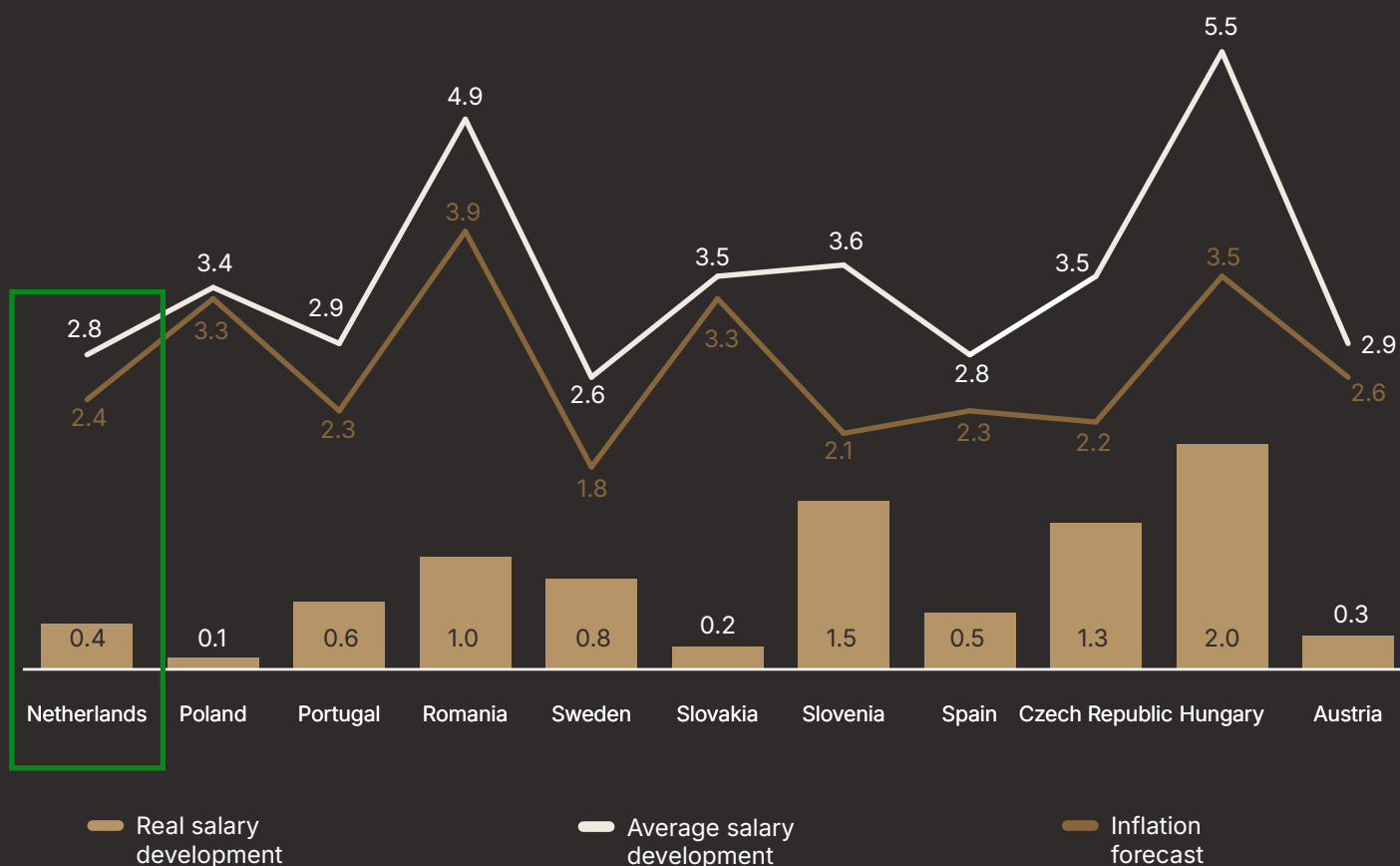


Our survey provided data for 22 EU countries.

2/2

Salary growth in EU countries is expected to be between 2.3% and 5.5% for 2027

in percent



Our survey provided data for 22 EU countries.

Comparison of nominal salary development by hierarchical level in EU countries in percent

Country	Top Management	Senior Management	Middle Management	Lower Management	Specialists & Professionals	All levels	Inflation forecast 2027
Belgium	3.0	2.8	2.7	2.6	3.1	3.1	2.2
Bulgaria	4.4	5.4	5.4	3.9	4.6	4.7	3.7
Germany	2.5	2.4	2.5	2.6	2.6	2.6	2.3
Denmark	2.3	2.5	2.4	2.4	2.3	2.3	2.2
Finland	2.3	2.3	2.3	2.3	2.3	2.3	2.2
France	2.0	2.1	2.2	2.5	2.3	2.3	1.7
Greece	2.3	2.5	2.5	2.6	2.6	2.6	2.7
Ireland	2.6	3.0	2.9	2.7	2.7	2.8	2.4
Italy	2.4	2.5	2.5	2.6	2.8	2.8	2.4
Croatia	3.6	3.8	3.9	4.3	4.3	4.2	2.7
Luxembourg	1.3	1.4	1.4	1.4	2.6	2.4	2.2
Netherlands	2.9	2.7	2.7	2.9	2.8	2.8	2.4
Poland	3.4	3.3	3.3	3.4	3.4	3.4	3.3
Portugal	1.8	1.7	1.8	3.0	3.0	2.9	2.3
Romania	4.4	4.7	4.5	4.6	5.0	4.9	3.9
Sweden	2.1	2.2	2.3	2.2	2.6	2.6	1.8
Slovakia	3.2	3.3	3.3	3.4	3.5	3.5	3.3
Slovenia	3.8	3.3	3.0	3.0	3.6	3.6	2.1
Spain	2.0	2.1	3.2	2.9	2.8	2.8	2.3
Czech Republic	3.7	3.7	3.3	3.4	3.5	3.5	2.2
Hungary	4.7	4.8	4.9	4.8	5.5	5.5	3.5
Austria	2.6	2.8	2.8	2.8	3.0	2.9	2.6

* Values are based on weighted average data for the individual hierarchy levels.



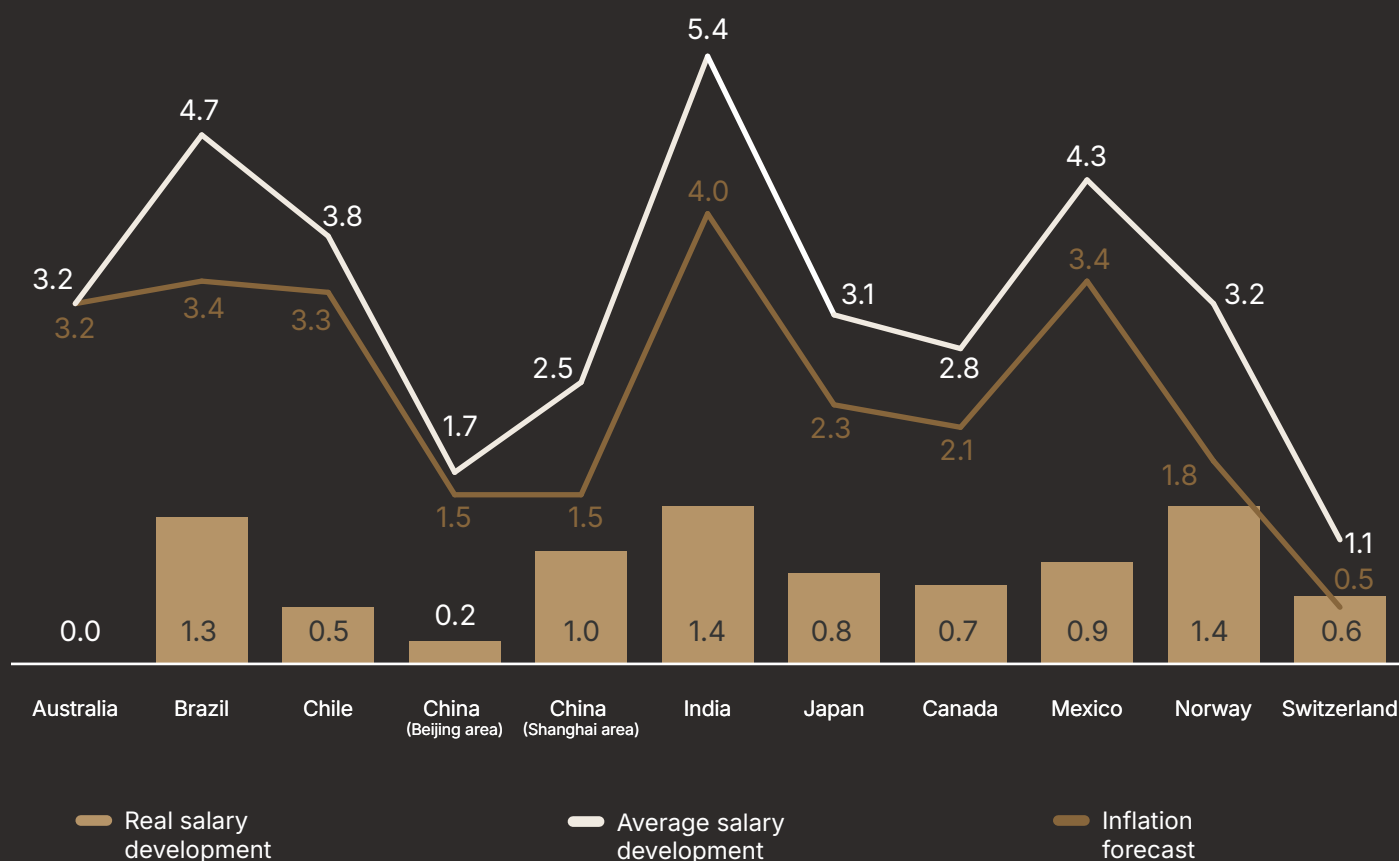
3 Salary development forecast

(Non-EU countries)

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Among non-EU countries Turkey stands out in particular. There are clear differences between countries

in percent

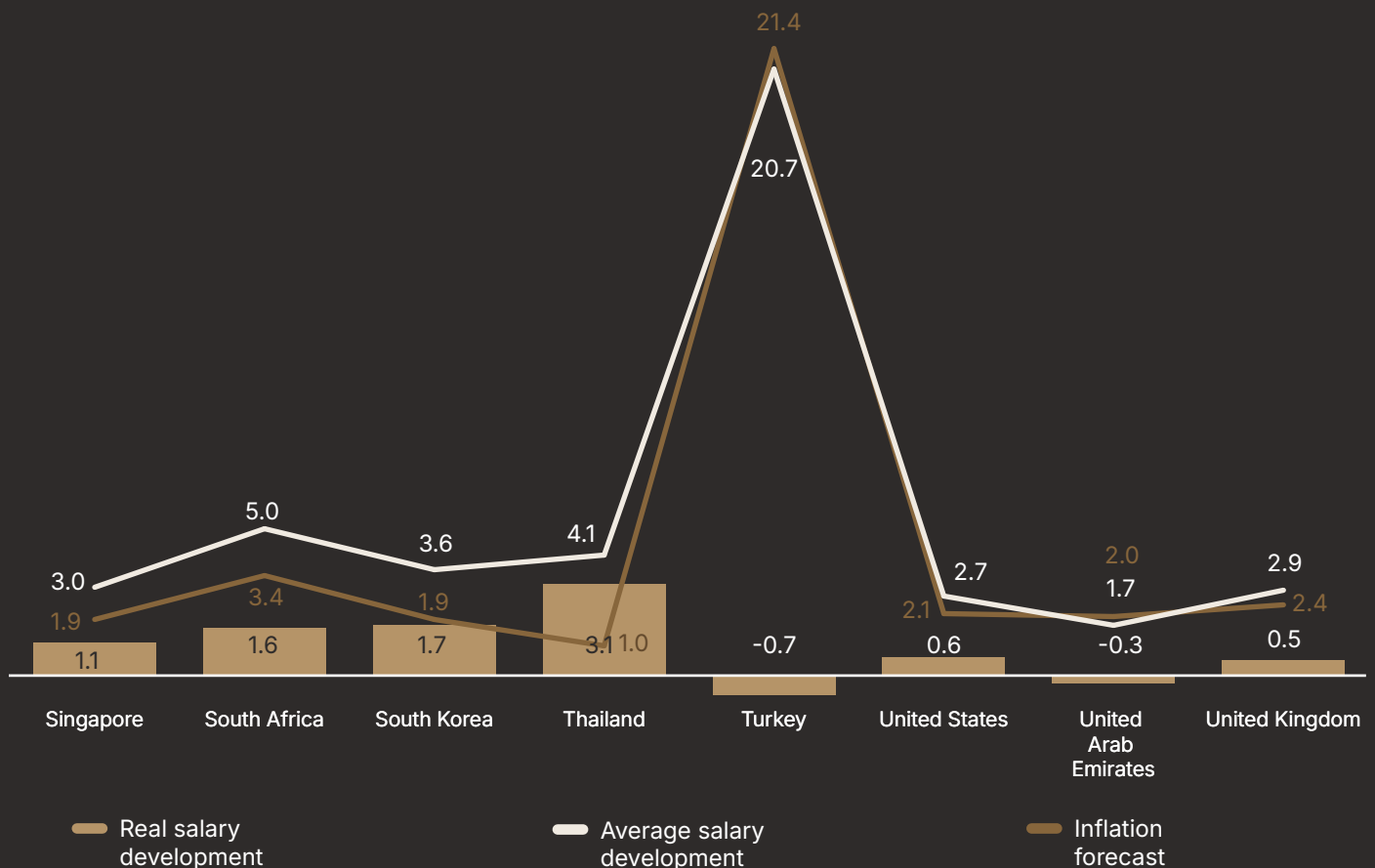


Our survey provided figures for 19 non-EU countries.

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Among non-EU countries Turkey stands out in particular. There are clear differences between countries

in percent



Our survey provided figures for 19 non-EU countries.

Comparison of nominal salary development by hierarchical level in non-EU countries in percent

Country	Top Management	Senior Management	Middle Management	Lower Management	Specialists & Professionals	All levels	Inflation forecast 2027
Australia	3.2	3.2	3.1	3.2	3.2	3.2	3.2
Brazil	4.8	4.7	4.7	4.7	4.7	4.7	3.4
Chile	4.3	4.3	3.8	3.8	3.8	3.8	3.3
China (Beijing area)	1.7	1.7	1.7	1.7	1.7	1.7	1.5
China (Shanghai area)	2.5	2.6	2.6	2.5	2.5	2.5	1.5
India	4.9	5.0	5.1	5.3	5.4	5.4	4.0
Japan	2.6	2.9	2.8	2.8	3.2	3.1	2.3
Canada	2.1	2.2	2.4	2.6	2.9	2.8	2.1
Mexico	4.2	4.3	4.5	4.4	4.2	4.3	3.4
Norway	3.2	3.2	3.2	3.2	3.2	3.2	1.8
Switzerland	0.9	1.0	1.1	1.1	1.1	1.1	0.5
Singapore	3.3	2.9	3.0	3.3	3.0	3.0	1.9
South Africa	5.3	5.3	5.2	5.0	5.0	5.0	3.4
South Korea	3.6	3.6	3.6	3.6	3.6	3.6	1.9
Thailand	4.1	4.1	4.3	4.2	4.1	4.1	1.0
Turkey	19.8	20.2	20.6	20.6	20.7	20.7	21.4
United States	2.3	2.4	2.7	2.6	2.8	2.7	2.1
United Arab Emirates	1.6	1.7	1.7	1.7	1.7	1.7	2.0
United Kingdom	2.8	2.8	2.8	2.8	2.9	2.9	2.4

* Values are based on weighted average data for the individual hierarchy levels.



4 Financing rising wage costs

Productivity and growth finance salary increases

AI is also gaining importance

In 2027, companies still expect to finance rising salary costs primarily through additional value creation. Productivity improvements remain the most important lever at 65%, closely followed by growth at 62%. Both approaches have gained slightly in importance compared with the previous survey.

The role of AI has changed particularly significantly: 59% of companies cite investment in AI as a lever for funding rising salary costs, compared with 43% in the previous year. For the first time, AI is therefore approaching the level of productivity and growth.

At the same time, cost-focused measures are also becoming somewhat more important. 38% cite workforce reductions, compared with 31% in the previous year. At 41%, the figure is particularly high in Germany and has risen significantly year on year; in the previous Salary Development Forecast it was 31%. Workforce reductions are cited most frequently as a funding measure in the chemicals industry. Savings in other areas, by contrast, have declined slightly in importance, from 35% to 32%. Lower-cost locations are mentioned more frequently than before, but at 11% remain a secondary approach, as does accepting lower corporate returns at 6%.

Pay transparency: What is the next step for your organisation?

Whether you are evaluating roles and defining work of equal value, analysing gender pay gaps or preparing for employee information requests, the right next step depends on where you are in the implementation process.

Find the support that fits your needs – from practical guidance and webinars to digital tools and tailored advice.

Find your next step 



How do companies plan to compensate for rising wage costs?



Budget flexibility: Differences in the DACH region

In an environment of tight budgets, what proportion of the salary increase budget remains available for discretionary allocation? Minimum-wage increases, collective agreements, and adjustments in the context of the EU Pay Transparency Directive commit funds before HR and management can set strategic priorities. The amount of remaining budget determines whether companies can target salary increases for top performers, key roles, critical skills or starting salaries.

The proportion of the 2027 salary increase budget that can actually be allocated at the company's discretion differs significantly across the DACH region:

Germany shows the widest spread: almost half of companies have a fully discretionary budget, while for one quarter of companies more than 75% of the available budget is already committed. These differences are largely explained by collective bargaining coverage: among

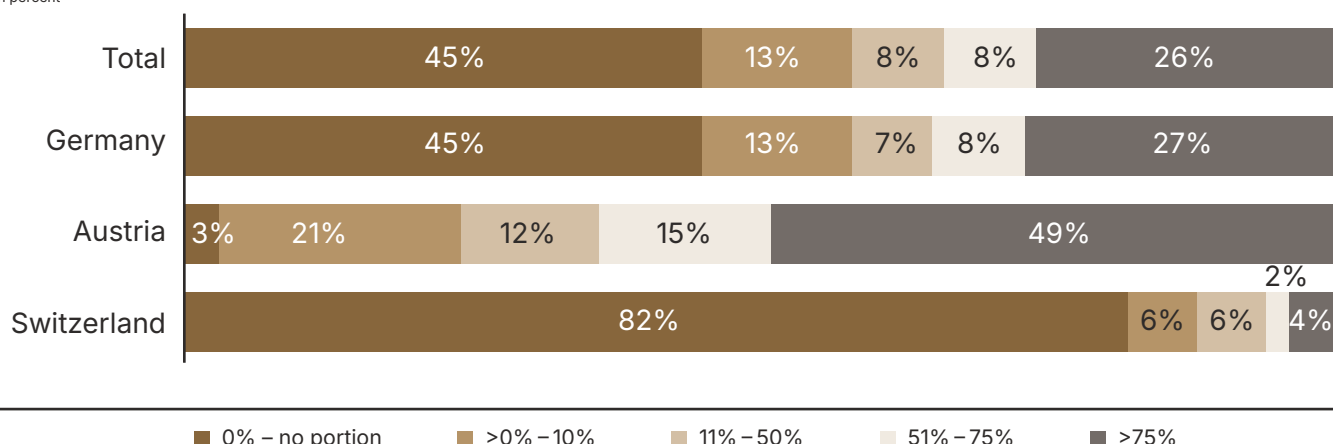
companies covered by collective agreements, only 7% can allocate their budget entirely at their own discretion. By contrast, 76% of companies without collective bargaining coverage can allocate their budget completely freely.

In Austria, the available budget is considerably more limited because collective agreements determine most salary adjustments. Only 3% of companies report that they can allocate their budget entirely at their own discretion. For almost half of companies, more than 75% of the budget is already committed.

Switzerland presents the opposite picture: 82% have a fully discretionary budget, while only 4% report that more than 75% of the budget is already committed. Switzerland therefore offers the greatest budget flexibility in the DACH comparison.

Proportion of the budget already committed due to external or regulatory requirements

in percent

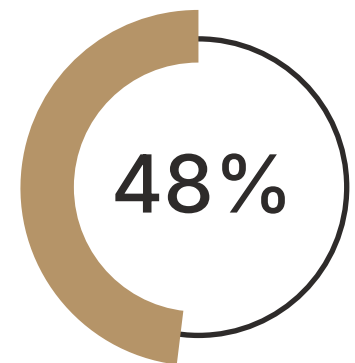


Pay for performance is on the rise

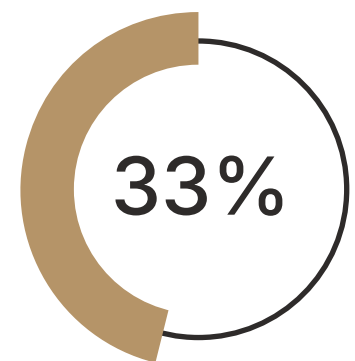
Almost half of companies plan to target salary increases specifically at high performers and key positions. In the previous year, the figure was 46%. At the same time, around one third of companies are using the salary review to address existing gender pay gaps. Salary increases are therefore increasingly being used as a strategic lever: for high performers, critical roles and areas where companies want to address specific market or retention risks. Particularly when budgets are tight, the key question is no longer simply "How much can we increase salaries?", but increasingly "Who should receive the money – and what impact should it have?"

This trend is particularly pronounced in Austria. There, 57% of companies intend to focus their budget on high performers and key positions, up from 41% in the previous year. At the same time, the share of companies using the salary review for equal-pay adjustments has risen from 31% to 48%. This is consistent with Austria's particular budget situation: where only a small proportion of the budget can be allocated freely, companies make even more selective decisions about how to use the remaining amount of budget.

In Germany and Switzerland, the figures are similar to the previous year. In Switzerland, the focus on high performers remains high at 57%.



of companies surveyed plan to allocate their salary increase budgets primarily to high performers and key roles



of companies surveyed use the next salary round to reduce gender pay gaps.

Practical tip: How to analyse gender pay gaps systematically

Individual case-by-case decisions may produce short-term results, but they rarely lead to a sustainable reduction in pay gaps. Long-term management requires systematic analysis and a robust data foundation.

With Kienbaum's Pay Equity Tool, you can identify pay gaps systematically and derive well-founded measures.

Would you first like to understand exactly what the requirements of the EU Pay Transparency Directive mean for your organisation?

Our checklist explains step by step what lies ahead for your organisation and how you can take a structured approach – clearly explained and illustrated with practical examples.

Learn more about the Pay Equity Tool



Download the free checklist



Limited reduction in personnel cost budgets

We asked companies how they expect their overall personnel cost budgets to change in the coming year. Given the weak economy and the public debate around job cuts, a much broader decline in personnel cost budgets might have seemed plausible. However, the data show a less drastic picture. Across all three DACH countries, around four in five companies intend to keep their budgets at least stable or increase them. Significant budget cuts remain the exception.

The picture is different among companies that cite workforce reductions as a measure to fund rising salary costs. 40% of these companies plan to reduce their personnel cost budgets.



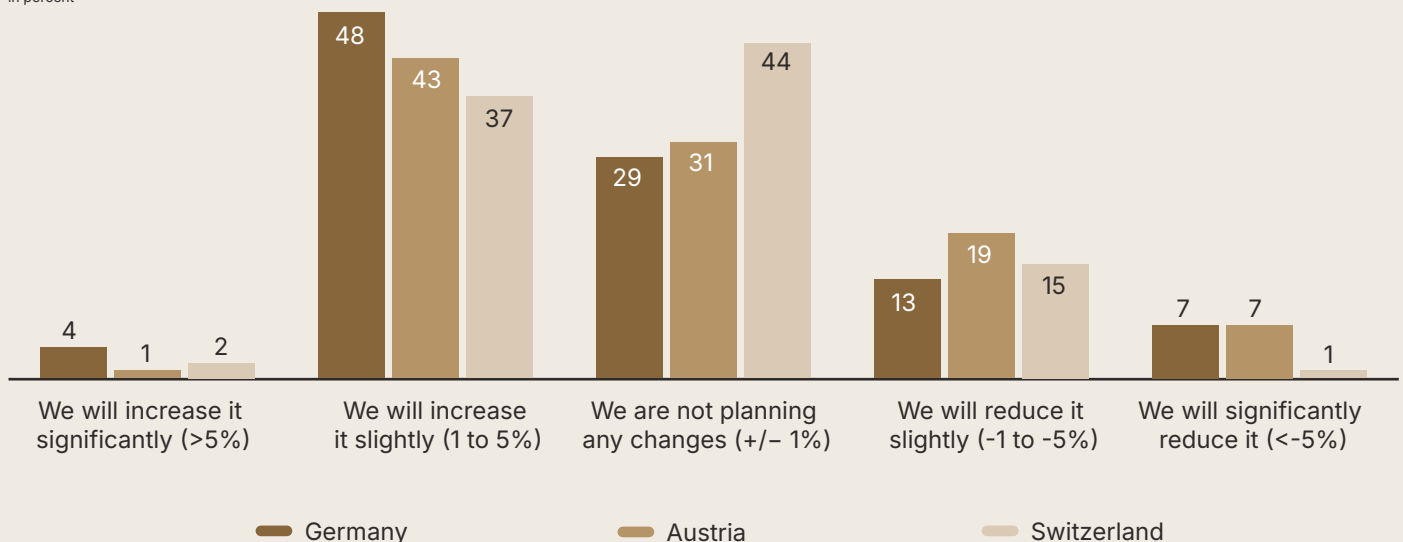
Four in five companies keep their personnel cost budgets stable or increase them.

This makes the distinction clear: there is no broad-based trend towards cost-cutting, but where companies are already using

workforce reductions as a funding lever, personnel cost budgets are also being cut much more sharply. Workforce reductions are therefore an indicator of greater overall cost pressure. For the majority of companies, however, the strategy is different: budgets are being kept stable or increased despite economic uncertainty, while priorities and differentiation within those budgets are becoming more pronounced.

How do you plan to adjust your personnel cost budget next year?

in percent





5 Spotlight: Artificial Intelligence in HR



Limited impact of AI on compensation

Artificial intelligence is also influencing HR. 58% of the companies surveyed are already investing in AI training, and 39% are recruiting AI skills. In compensation practice, however, AI still plays only a minor role: just 5% already take AI skills into account in compensation decisions. Across all company sizes, training and the consideration of AI skills in recruitment are the dominant approaches, while larger companies are more likely to recruit AI specialists specifically.

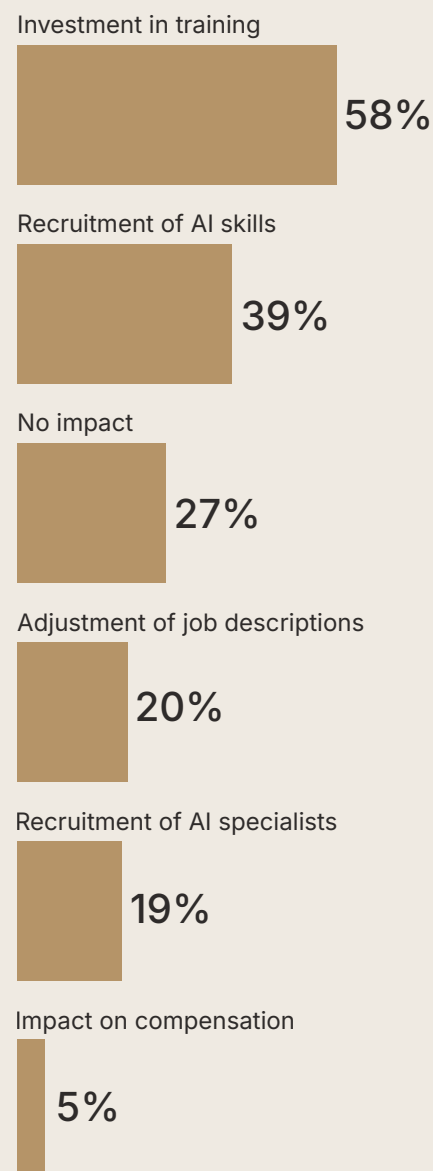
 **Only 5% already take AI skills into account in compensation decisions**

There are also differences between industries. Consulting, computer hardware and software, and insurance are the frontrunners in the use of AI in HR. In these industries, more

than 90% of the companies surveyed report that AI is already influencing HR activities. In manufacturing, retail and healthcare, the impact of AI on HR is currently lower.

Overall, AI is changing skill requirements and recruitment faster than job architecture and compensation. At the same time, 59% already cite investment in AI as a lever for funding rising salary costs. AI is therefore already economically relevant, but is still only selectively reflected in systematic compensation practices.

What impact is your company's AI strategy currently having on HR?



Multiple responses were possible.



6 Data

Details

Our Salary Development Forecast is based on a broad data set: more than 1,500 companies of various sizes and from different industries participated in this year's survey. Following thorough data preparation – in particular the removal of outliers, implausible response patterns and incomplete information – 1,039 data sets remained for analysis. This provides a solid foundation for well-founded benchmarks and practical guidance in the upcoming salary negotiations.

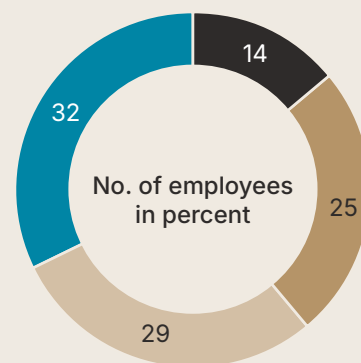
To transparently reflect differences between hierarchical levels, the data was clustered into five groups:

- **Top Management**
(executive management)
- **Senior Management**
(upper management, e.g., director, division manager)
- **Middle Management**
(middle management, e.g., department manager)
- **Lower Management**
(operational management level, e.g., team or project management)
- **Specialists & Professionals**
(positions without management responsibility)

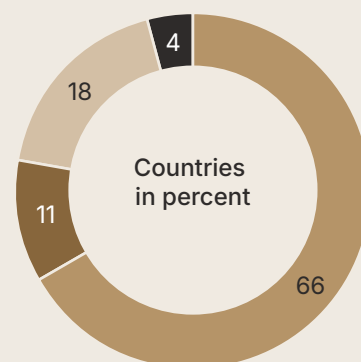
To calculate representative overall values, we weighted the survey results with official administrative data from the Federal Statistical Offices – both by company size and by the distribution of employees across hierarchical levels.

Design of the study

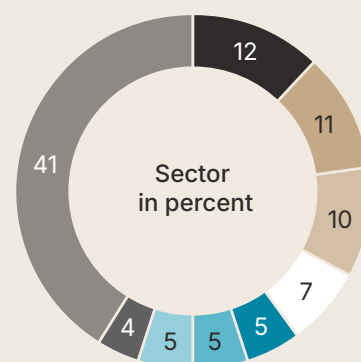
Sample	1,039
Type of survey	Online survey
Type of study	Quantitative
Time period	04.08.26 to 14.09.26



- below 100
- 101-500
- 501-2,000
- over 2,000



- Germany
- Austria
- Switzerland
- Other



- Energy
- Financial Services
- Mechanical Engineering
- Trade
- Consulting
- Public sector
- Automotive
- Consumer goods
- Other*

* Medical technology, chemistry, etc.



7 Contact

Contact

Germany



Dr. Michael Kind

Phone +49 221 801 72-368
michael.kind@kienbaum.de

Edmund-Rumpler-Straße 5
51149 Cologne

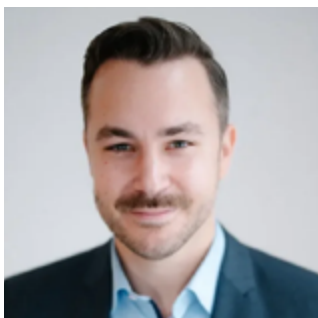
Netherlands



Hans Jonkers

Phone +31 20 697 14 10
hans.jonkers@kienbaum.nl

Austria



David Jaksch

Phone +43 1 533 51 88-57
david.jaksch@kienbaum.com

Tuchlauben 8
1010 Vienna



Klaas Bovenhuis

Phone +31 20 697 14 10
klaas.bovenhuis@kienbaum.nl

Switzerland



Timon Forrer

Phone +41 443 06 42 48
timon.forrer@kienbaum.com

Dufourstrasse 43
8008 Zurich



**Elisabeth van Ebbenhorst
Tengbergen**

Phone +31 20 697 14 10
elisabeth.tengbergen@kienbaum.nl

Extended study team

Jahnic Beck
Sylvia Löbach
Isabella Kießlich
Dominik Linke

Lucilla Schönauer
Rona Noorzai
Bianca Helms
Karin Aringer

Kevin Sander
Emma Seidl

Kienbaum Compensation Network

Compensation questions are easier to answer when you don't have to answer them alone

How are other companies addressing current compensation issues? What challenges are HR and compensation professionals facing – and which approaches work in practice?

The Kienbaum Compensation Network brings together HR and compensation professionals who are dealing with similar questions. Share experiences, make sense of current developments together and take away new ideas for your own compensation work.

As a member, you can expect:

- Monthly live Q&As: Concise expert insights on current topics, with plenty of room for your questions and discussion in a small group.
- In-person events: Meet other HR and compensation professionals in person and expand your network.
- Webinars and practical insights: Learn from experiences gained in current projects and explore relevant compensation topics in greater depth.
- Compensation News, studies, checklists and templates: Keep up to date with important developments and access practical resources for your day-to-day work.

Membership is free.

Discover the Kienbaum Compensation Network now 

Compensate competitively without losing sight of personnel costs

Where do you need to keep pace with the market on pay – and where might no adjustment be needed at all?

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You do not need to provide your own data to use the Kienbaum Compensation Portal.



Benefit from our compensation expertise. We act as your sounding board, helping you make the right decision.

Find out more





8 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 ratio of money supply to goods supply in an economy. Consumers feel the effects of this through price increases.

In the study, we use the IMF forecast to ensure international comparability of inflation figures. This is not possible when using local sources (e.g., federal authorities).

Sources of inflation data in the study:

IMF (2026), Inflation forecast, <https://www.imf.org/external/datamapper/PCPIPCH@WEO/OEMDC> (accessed on 26 August 2026)

Kienbaum Consultants International GmbH

Edmund-Rumpler-Straße 5

51149 Köln

www.kienbaum.com

Kienbaum NL

Herikerbergweg 292

1101 CT Amsterdam

www.kienbaum.nl

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