Press release
July 2016

Promotion doesn't always bring a pay rise
89% of New Zealand CFOs say a promotion is no guarantee of a pay rise

- Only 11% of New Zealand CFOs and finance directors say promotion always goes hand-in-hand with a fatter pay cheque.
- Large companies are more inclined to always give a pay rise following a promotion compared to SMEs[1].
- 41% of respondents say the key reason for promoting without a pay rise is they want to assess an employee's performance before deciding whether to offer a pay rise following promotion.

Auckland, 26 July 2016 – A promotion doesn't automatically mean a bigger pay cheque. Independent research by specialised recruitment company Robert Half confirms only 11% of New Zealand businesses *always* provide a pay rise following a promotion. Large companies (15%) are more likely to always give a pay rise when promoting an employee, but SMEs are much more likely to give a status upgrade only.

Practical reasons for promoting without a pay rise
Companies cite various reasons why a pay rise doesn't always flow from a promotion. More than two out of five (41%) finance leaders say the primary reason for promoting without attributing a corresponding salary increase is because they want to assess an employee's performance first before pay is increased. More than a quarter (27%) refer to the business lacking the financial resources to increase salaries, followed by 12% who say the role had to be filled urgently.

Primary reason for promoting an employee without a corresponding pay rise

Employee performance needs to be assessed first	41%
Lack of financial resources	27%
The job had to be filled urgently	12%
Remuneration was too high for previous position	9%
We *never* promote without a corresponding pay rise	11%

Source: Independent survey commissioned by Robert Half among 100 New Zealand CFOs and finance directors.

Andrew Morris, Director, Robert Half New Zealand said: *"If an employee is promoted, it's a clear sign that their company has confidence in them and the work they are doing. But if they are expected to take on more responsibility and more complex tasks without receiving an increase in salary this can have a negative impact on their motivation. This in turn could influence an employee's desire to leave the organisation."*

"A pay rise can be a highly effective staff retention tool especially when employees are asked to take on additional responsibilities, and if they don't receive a pay rise at that time then it is important to explain to them why not. Employers need to offer clear guidelines on when their salary will be reviewed together with firm benchmarks that need to be attained in order for the employee to enjoy a salary uptick."

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[1] **Company Size Definitions**
Number of staff in the respondent's business

Small	50-149 staff
Medium	150-499 staff
Large	500+ staff

Andrew Morris concluded: *"There are other ways to get more out of a higher role including negotiating non-cash benefits that fit the pay rise, such as flexible working arrangements and loyalty leave. It is also important for employees to remember that the challenge of a more responsible role can deliver long-term career benefits which can compensate for the lack of an immediate pay rise."*

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About the research

The annual study is developed by Robert Half and conducted by an independent research firm, surveying 100 Chief Financial Officers (CFO) and finance directors in New Zealand. This survey is part of the international workplace survey, a questionnaire about job trends, talent management and trends in the workplace.

About Robert Half

Robert Half is the world's first and largest specialised recruitment consultancy and member of the S&P 500. Founded in 1948, the company has over 325 offices worldwide providing temporary, interim and permanent recruitment solutions for accounting, finance and technology in New Zealand. More information on roberthalf.co.nz

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