



MANUFACTURING INDUSTRY

From the 2018 Compensation Best Practices Report

675+ RESPONDENTS



PayScale's 2018 Compensation Best Practices Report gathered information from 7,000+ respondents across industries, geographies, and organizational sizes. This fact sheet shares compensation practices from more than 675 respondents in the manufacturing industry. Included are insights to guide your manufacturing organization, such as:

- Half of manufacturing companies use multiple geography-based pay ranges.
- Retention is a big motivator for changing compensation strategy.
- Most manufacturing companies pay for performance, with an emphasis on variable pay.

BASE PAY, MARKET STUDY AND BROAD COMP PRACTICE

83% of manufacturing organizations gave base pay increases in 2017 (vs. 79 percent of all).

Budgeted for Increases			Average Increase			Highest Increase		
	Manufacturing	All		Manufacturing	All		Manufacturing	All
Less than 1.00%	2%	3%	Less than 1.00%	2%	3%	Less than 1.00%	0%	2%
1.00-1.49%	5%	6%	1.00-1.49%	4%	6%	1.00-1.99%	2%	3%
1.50-1.99%	5%	6%	1.50-1.99%	8%	8%	2.00-2.99%	5%	6%
2.00-2.49%	13%	14%	2.00-2.49%	17%	16%	3%	5%	7%
2.50-2.99%	16%	11%	2.50-2.99%	18%	14%	3.01-3.49%	4%	3%
3.0%	34%	31%	3.0%	28%	25%	3.50-3.99%	4%	3%
3.01-3.49%	6%	6%	3.01-3.49%	7%	6%	4.00-4.99%	5%	7%
3.50-3.99%	5%	4%	3.50-3.99%	3%	4%	5.00-5.99%	15%	13%
4.00-5.0%	7%	10%	4.00-5.0%	6%	9%	6.00-7.49%	10%	8%
More than 5%	6%	9%	More than 5%	7%	10%	7.50-9.99%	12%	9%
						10.0-14.99%	24%	20%
						15.00-19.99%	7%	7%
						20-30%	5%	9%
						More than 30%	3%	4%

TOP REASONS FOR BASE PAY INCREASES IN 2017:

Performance (92 percent vs. 78 percent of all).

Retention (58 percent vs. 54 percent of all).

Cost-of-Living (46 percent vs. 42 percent of all).

MARKET AND DATA STUDY

53% of manufacturing companies have completed a full market study within the past year.

38% reference market data for individual jobs at least twice a year.

84% of manufacturing companies use two or more sources of market data. Just three percent don't use market data.

STRATEGY

35% of manufacturing companies have a compensation strategy (vs. 37 percent of all).

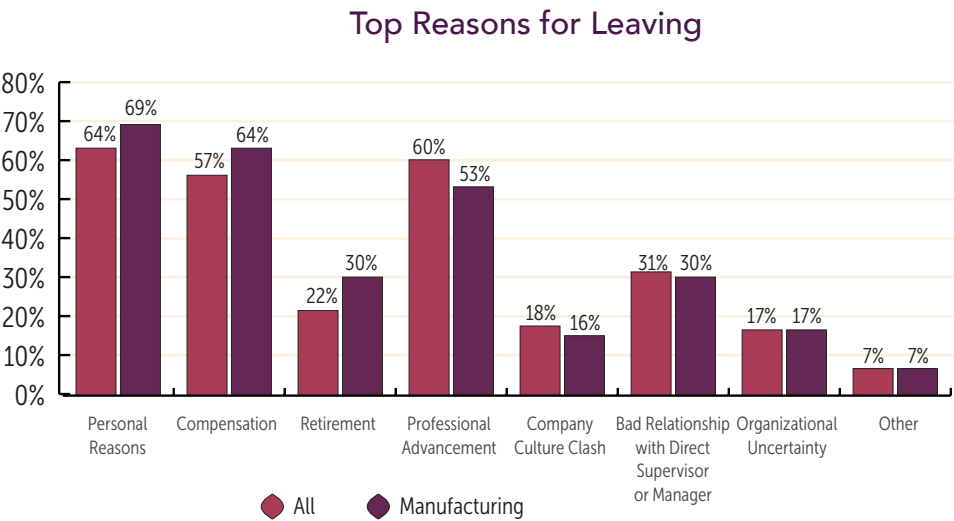
36% of manufacturing companies are developing a compensation strategy (vs. 37 percent of all).

59% of manufacturing companies pay more for competitive jobs.

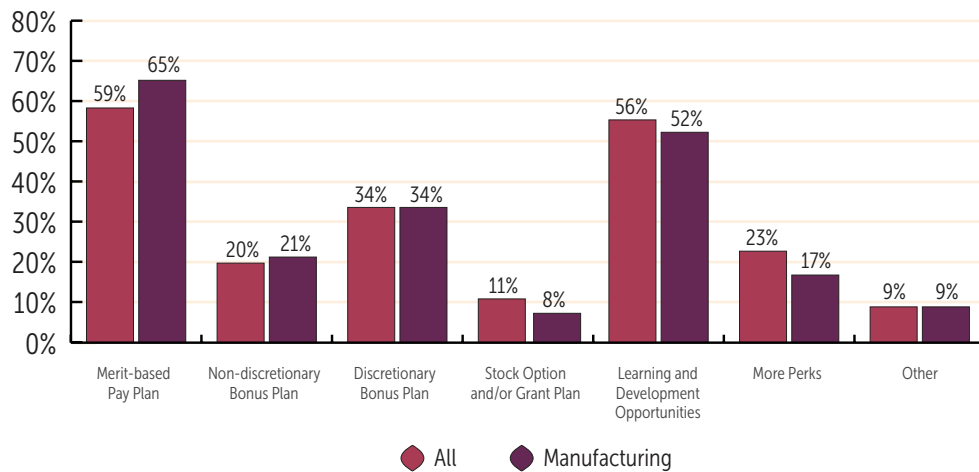
RETENTION

61% of manufacturing companies agree that employee retention is a major concern.

39% of manufacturing companies will counteroffer a hard-to-fill position or high-performing employee who received an outside offer (vs. 35 percent of all).

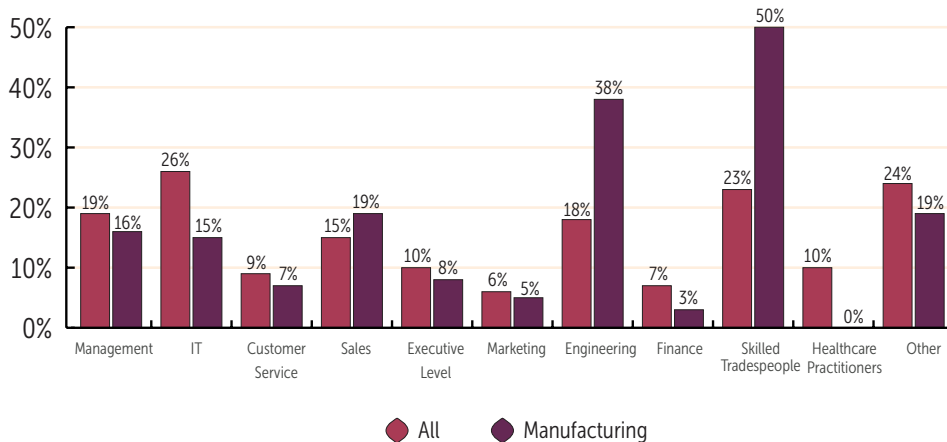


Rewards to Attract/Retain High-Performing Employees



63% of manufacturing companies agree there is a lack of qualified candidates for open positions (vs. 51 percent of all).

Tough-to-Fill Roles



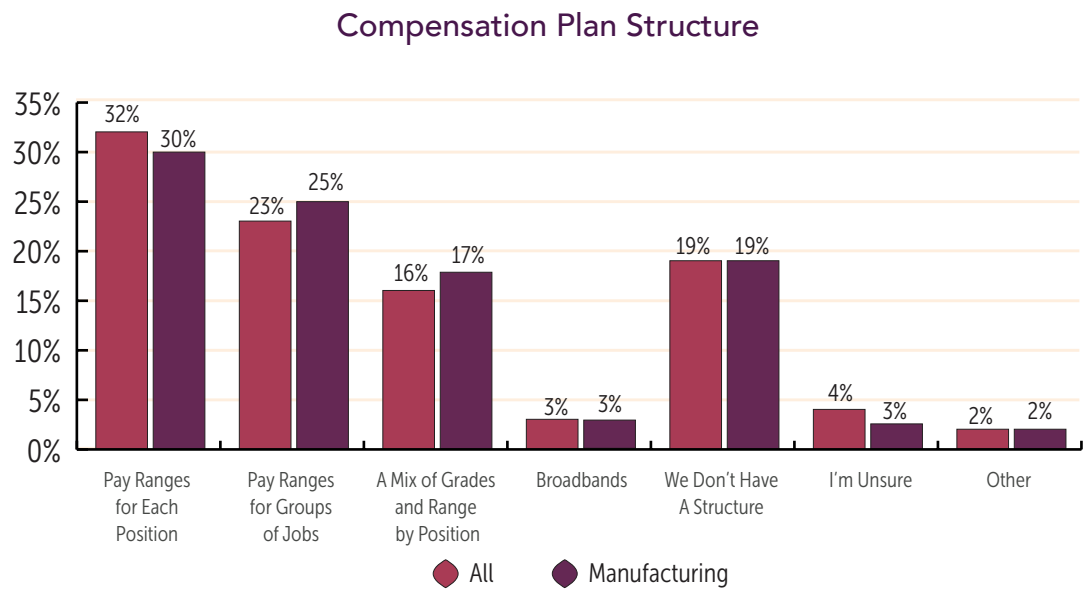
What makes those positions tough to fill? The number one answer for manufacturing was scarcity of qualified applicants (82 percent vs. 77 percent of all), followed by the inability to offer a competitive salary (30 percent vs. 34 percent of all).

GUIDELINES FOR PAY AND PAY STRUCTURE

62% of manufacturing companies have updated their ranges in the past year (vs. 61 percent of all).

35% of manufacturing companies adjusted ranges due to market movement, and another 36 percent due to changing priorities.

50% of manufacturing companies pay differently across geographies (vs. 40 percent of all).



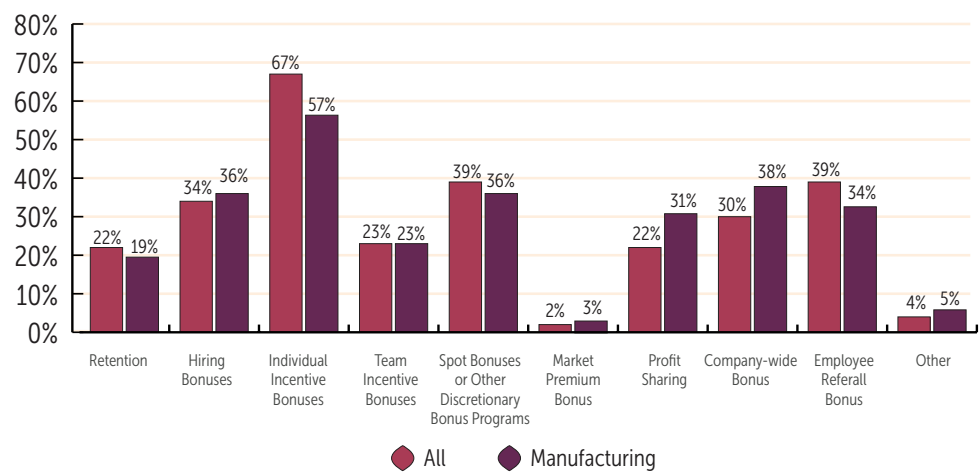
VARIABLE PAY AND TOTAL REWARDS

84% of manufacturing companies have variable pay (vs. 71 percent of all).

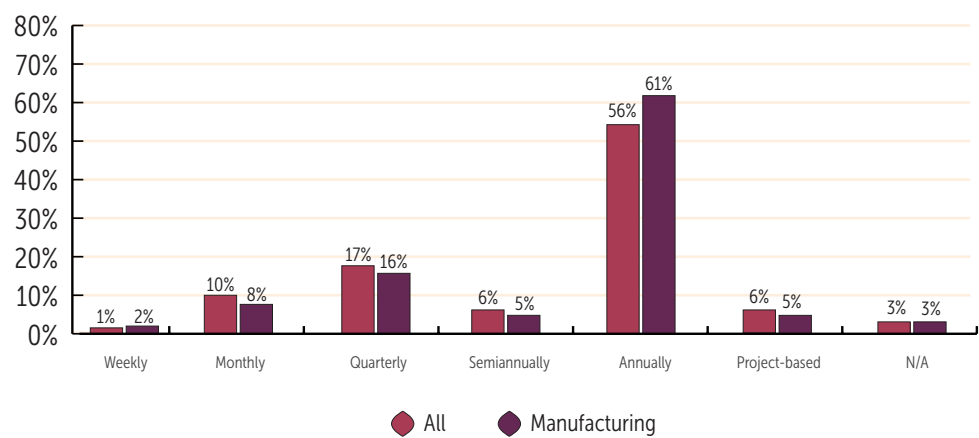
Variable Pay Options				
	Bonus	Incentive	Commissions	None
Executives	83%	32%	2%	5%
Directors and Managers	82%	27%	2%	5%
Sales Employees	51%	29%	56%	3%
Professional, Technical and Administrative Exempt Employees	70%	23%	1%	16%
Non-Exempt Employees	59%	23%	1%	26%

Factors That Influences Variable Pay			
	Company Performance	Team Performance	Individual Performance
Executives	86%	24%	38%
Directors and Managers	80%	37%	51%
Sales Employees	52%	23%	76%
Professional, Technical and Administrative Exempt Employees	63%	20%	51%
Non-Exempt Employees	55%	19%	41%

Type of Bonus



Frequency of Bonuses or Incentives



BENEFITS AND PERKS

	Manufacturing	All
Employer-paid medical, dental, etc.	76%	75%
Accrued or granted PTO	54%	54%
Unlimited PTO	1%	6%
Accrued or granted vacation	50%	44%
Paid vacation (reimbursed)	29%	26%
Accrued or granted sick	35%	45%
403b or 401k (or other retirement contributions)	75%	67%
Pension	10%	15%
Equity	10%	11%
Commute time	0%	3%
Remote work	28%	39%
Paid sabbatical	1%	4%
Unpaid sabbatical	5%	6%
Paid family leave	20%	29%
Education or tuition reimbursement	54%	46%
Gym membership or reimbursement	20%	22%
Transportation allowance	11%	19%
Paid childcare	2%	2%
Other	9%	12%

CULTURE (ENGAGEMENT, PERFORMANCE, COMMUNICATION)

45% of manufacturing companies agree that comp drives engagement (vs. 48 percent of all), but only 25 percent of manufacturing companies have changed pay as a result of engagement survey feedback (vs. 27 percent of all).

		Level 1 Your organization tells employees when and what to expect on their paycheck	Level 2 Your organization shares some market data with employees	Level 3 Your organization has a comp plan and shares pay ranges with individual employees	Level 4 Your organization's comp plan reflects org culture, drives talent strategy, and is open to EEs	Level 5 Ranges and employee pay information is available to all employees
Manufacturing Companies	2017 Level	51%	24%	19%	4%	2%
	2018 Target	27%	22%	29%	19%	3%
All Companies	2017 Level	48%	21%	17%	7%	6%
	2018 Target	24%	19%	27%	22%	8%

25% of manufacturing companies are currently transparent about pay (vs. 30 percent of all), but they plan to catch up in 2018 when 51 percent of manufacturing companies aim to be transparent (vs. 57 percent of all).

12% of manufacturing companies are very confident about their managers' abilities to have tough pay conversations with employees (vs. 17 percent of all). However, 28 percent of manufacturing companies train their managers to talk about pay (vs. 29 percent of all). And 29 percent of manufacturing companies share total compensation statements with employees (vs. 36 percent of all).

INDUSTRY DEMOGRAPHICS

Full-time Employees		
	All	Manufacturing
1-99 employees	48%	38%
100-749 employees	29%	37%
750-4,999 employees	13%	15%
5,000 or more employees	10%	11%

Separate Locations		
	All	Manufacturing
1 Exclusive Location	37%	39%
2-10 Separate Locations	42%	43%
11-20 Separate Locations	7%	6%
21+ Separate Locations	14%	12%

Part-time or Contract Employees		
	All	Manufacturing
0 part-time or contract employees	48%	23%
1-99 part-time or contract employees	48%	61%
100-749 part-time or contract employees	29%	10%
750-4,999 part-time or contract employees	13%	4%
5,000 or more part-time or contract employees	10%	3%

Role in Compensation			
	Approve	Recommend	Communicate
CEO	71%	19%	13%
CFO	36%	21%	9%
COO	22%	15%	9%
Board of Directors	16%	5%	2%
Function Vice President	27%	28%	18%
Function Director	17%	31%	21%
Function Manager	15%	43%	44%
HR Team/HR Manager	24%	50%	46%
Comp Team/Comp Manager	8%	19%	13%

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