



# Connect Event Insights: Manufacturing

Payscale data validates the top reported challenges facing manufacturing organizations in 2023.

Payscale recently hosted a Connect Event with manufacturing organizations from the United States and Canada to discuss the current compensation trends and challenges that are impacting their priorities. Participants of the session took a closer look at these hot topics along with findings from Payscale's annual **Compensation Best Practices Report (CBPR)**. According to the data, many other manufacturing organizations reported the same compensation strategy and management challenges as these top-tier organizations, validating the experiences of our Connect Event participants.

The shared perspectives and data among Connect Event attendees and Payscale team members have made these networking events possible. We are grateful for all the collaborative insights that our participants bring, and we hope you can join us at a future Connect Event!

## 2023 CBPR highlights: Manufacturing

**20%**

was the average voluntary turnover rate in the manufacturing industry in 2022, compared to 25% overall

**67%**

of manufacturing orgs feel they are experiencing high voluntary turnover and have trouble attracting and retaining talent

**48%**

believe that remote work is impacting how they compete for talent

**44%**

plan on performing a race or gender pay equity analysis by the end of 2023

**40%**

plan to adjust their compensation strategy in 2023

**22%**

post pay ranges for jobs in locations where legislation requires it, but without confidence in how it will be received by current employees

## Retention and responses to inflation

Manufacturers are doing what they can to retain talent throughout their organizations. Keeping pace with the market is one key to retaining talent, and compensation professionals point to using salary market data to analyze and make adjustments as needed. Market adjustments for cost of labor will be factored into base pay increases for 75% of manufacturing companies in 2023, compared to 67% of organizations overall according to the CBPR.

Benefits such as wellness offerings, “create-your-own” benefits with budgets that employees can apply as they wish (e.g., for pet insurance or childcare), and timely new programs (e.g., mental health days during the pandemic) have also helped engage talent. Implementing a flexible four-day workweek has helped retain employees who want to reduce the time they spend commuting. Similarly, manager education and conversations about what’s required for an employee to move up to the next job level have also positively impacted retention efforts.

**61% of manufacturing organizations say inflation will be factored into base pay increases in 2023, compared to 54% of organizations overall**

### Comp pros in manufacturing also recommend the following to improve retention:

- Implement training to retain new hires
- Maximize higher retention rates for referrals
- Use salary data to inform hourly wage strategies by geo-location
- Enable managers to communicate differences between merit increases and inflation
- Establish and communicate a career path for production floor employees

Along with career paths, employers are helping their employees identify what skills are required to move up in the organization (e.g., learning how to use other devices and machinery), and then compensating them when they gain those skills. To compete for talent in the manufacturing industry, comp pros [need skills data](#) that is near real time and reflective of the market.

## Variable pay

According to data from the 2023 CBPR, 90% of manufacturing organizations offer variable pay, compared to 78% of organizations overall. Additionally, 56% of manufacturing organizations offer a company performance bonus, compared to 45% of organizations overall. Some manufacturing employers are also offering lump sum bonuses for tenure or supervisor levels to offset compression. Others are using signing bonuses as an attraction tool, which prevent compression by eliminating the need for base pay increases in offers. Another approach employers are using is assessing frontline roles and leveling them up as appropriate, which helps prevent the need for yearly adjustments to meet minimum wage legislation requirements.

## Pay ranges in job postings

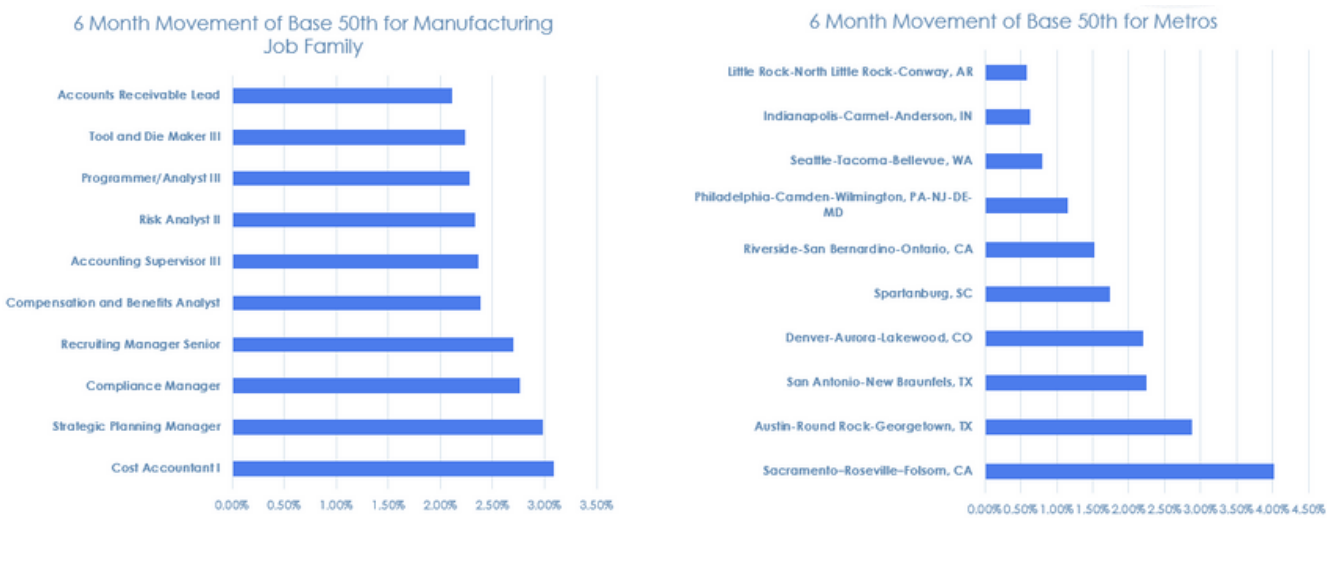
Recent [pay transparency legislation](#) is affecting manufacturers with employees in impacted states as well as organizations that are hiring for remote jobs. To meet requirements for including ranges in job postings, some employers post the existing pay ranges without any modification. Others are using “hiring ranges,” which can be established in a variety of ways. Basically, they use the minimum of the range up to a rate that’s equal to or less than the midpoint. This reflects the entry point of the range for a candidate who may have less experience.

Manufacturing organizations also see the potential for pay ranges in job postings to entice employees to leave if internal pay rates aren’t competitive. If a salary range for an advertised role is much higher than a current employee makes in the same role, it will likely cause a decline in employee morale and could even lead high performers to seek employment elsewhere. Find out about the steps you can take to avoid this in [What Employers Need to Know About the Evolving Trend of Pay Transparency Legislation](#).

Peer trends

Data from Payscale’s Peer trends highlight areas of the United States as well as specific roles where there has been significant movement in base 50th for the manufacturing job family between October 2022 and March 2023. The data point to where salaries could be more of a concern for retention within the manufacturing industry.

Six-month movement of base 50th for manufacturing job family



As the world of compensation becomes increasingly dynamic and complex and employees yearn for more transparency and understanding, having effective resources and opportunities to collaborate with peers is more important than ever. Whether it’s providing the appropriate data to determine compensation strategies, producing regular thought leadership and best practices, or creating environments where industry professionals can come together to share and gain knowledge, Payscale is invested in offering the right solutions to ensure the success of our customers. A perfect example of the community Payscale is creating is [Compensation Today](#), our expansive LinkedIn group where individuals from around the world come together to learn from each other and explore tangible solutions to manage pay.

**Come join in the compensation conversation today!**

## About Payscale

As the industry leader in compensation management, Payscale is on a mission to help job seekers, employees, and businesses get pay right and to make sustainable fair pay a reality. Empowering more than 50% of the Fortune 500 in 198 countries, Payscale provides a combination of diverse and dynamic data sources, experienced compensation services, and scalable software to enable organizations such as Angel City Football Club, Target, Gainsight, and eBay to make fair and appropriate pay decisions.

To learn more, visit [www.payscale.com](https://www.payscale.com).

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