2024 Compensation Best Practices Panel

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Today's Panelists

Lexi Clarke

Chief People Officer

James Redfern

Chief Finance Officer

Minde Stone

Senior Director, Rewards, HR Operations and TA

Amy Stewart

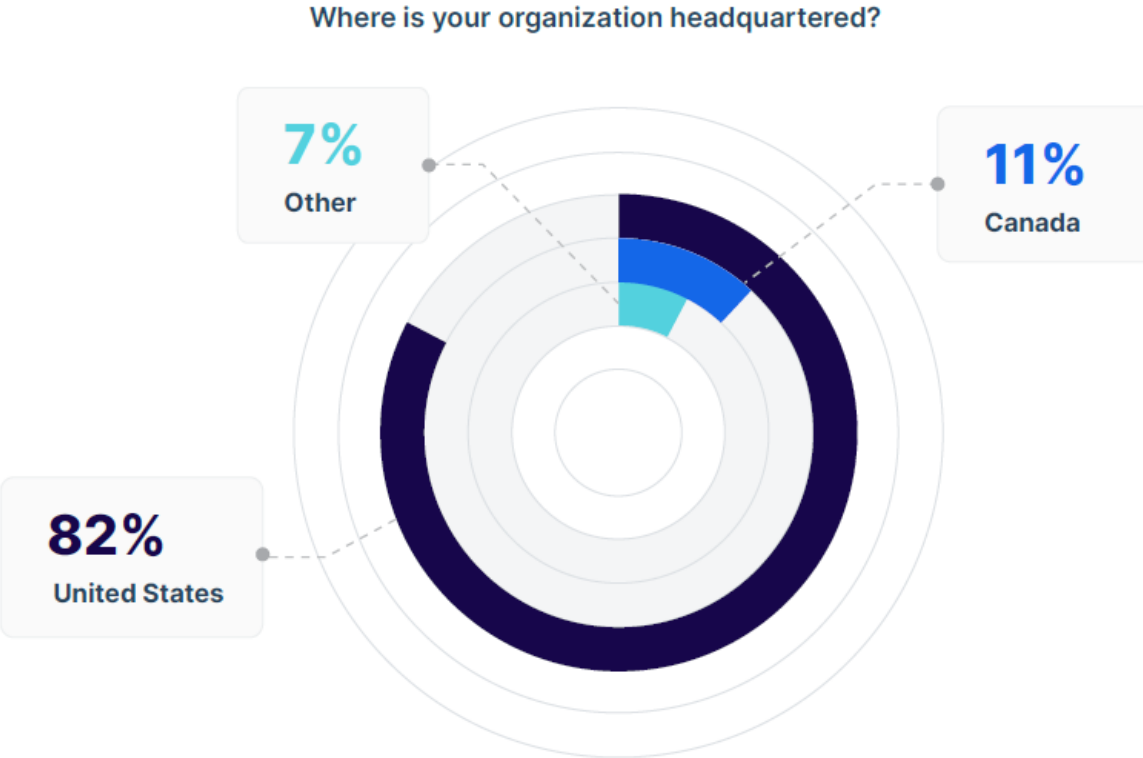Associate Director of Content

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Today's Agenda

- Compensation Best Practices Report introduction and methodology

- Panel

- Audience Q&A

Methodology

*The 2024 Compensation Best Practices survey gathered **5,735 responses** from November–December 2023 with a completion rate of 55%. A breakdown by organization size, industry, and other firmographics are available in the methodology at the end of the report.*

Where is your organization headquartered?

7%
Other

11%
Canada

82%
United States

Which of the following best describes your organization's total workforce?

15%
We have a global workforce with employees distributed throughout the world

38%
We have offices and/or employees concentrated in multiple states/provinces or a few countries or time zones

47%
We are concentrated primarily in one location (state or country)

30%
1-99
employees

29%
100-749
employees

21%
750-4,999
employees

7%
5,000-9,999
employees

8%
10,000-49,999
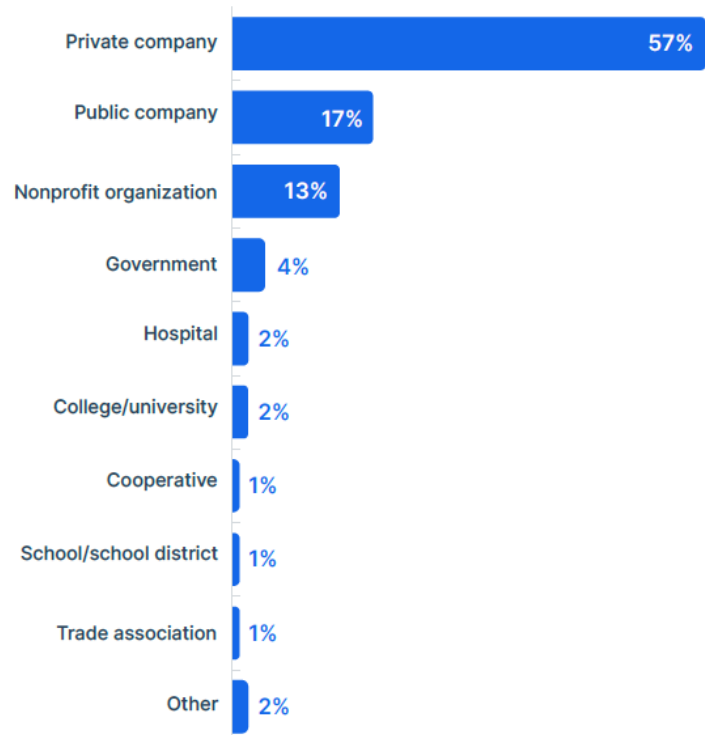employees

4%
50,000 or more
employees

Organization size

We separated out six organizational sizes for comparison, with 30 percent of respondents representing those with fewer than 100 employees and 4 percent over 50,000 employees.
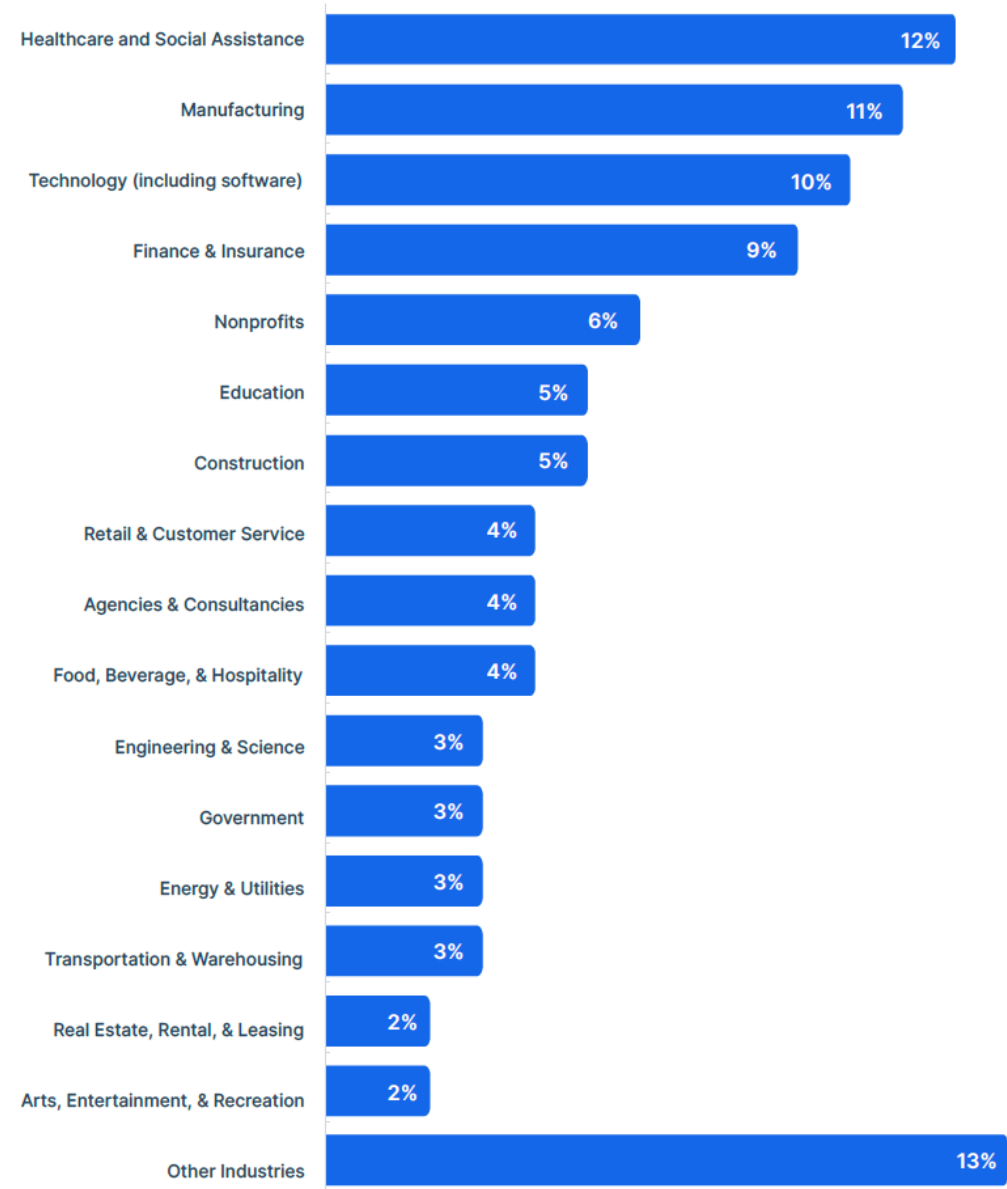
Industry and organization type

The top industries represented in the survey are Healthcare & Social Assistance (12 percent), Manufacturing (11 percent), Technology (including software) (10 percent), and Finance & Insurance (9 percent). In terms of organization type, most respondents were either from a private company, public company, or nonprofit, but we also have respondents from government, schools, colleges/universities, hospitals, cooperatives, and trade associations.

What is your primary industry?

Industry	%
Healthcare and Social Assistance	12%
Manufacturing	11%
Technology (including software)	10%
Finance & Insurance	9%
Nonprofits	6%
Education	5%
Construction	5%
Retail & Customer Service	4%
Agencies & Consultancies	4%
Food, Beverage, & Hospitality	4%
Engineering & Science	3%
Government	3%
Energy & Utilities	3%
Transportation & Warehousing	3%
Real Estate, Rental, & Leasing	2%
Arts, Entertainment, & Recreation	2%
Other Industries	13%

Which of the following best describes your organization?

Organization	%
Private company	57%
Public company	17%
Nonprofit organization	13%
Government	4%
Hospital	2%
College/university	2%
Cooperative	1%
School/school district	1%
Trade association	1%
Other	2%

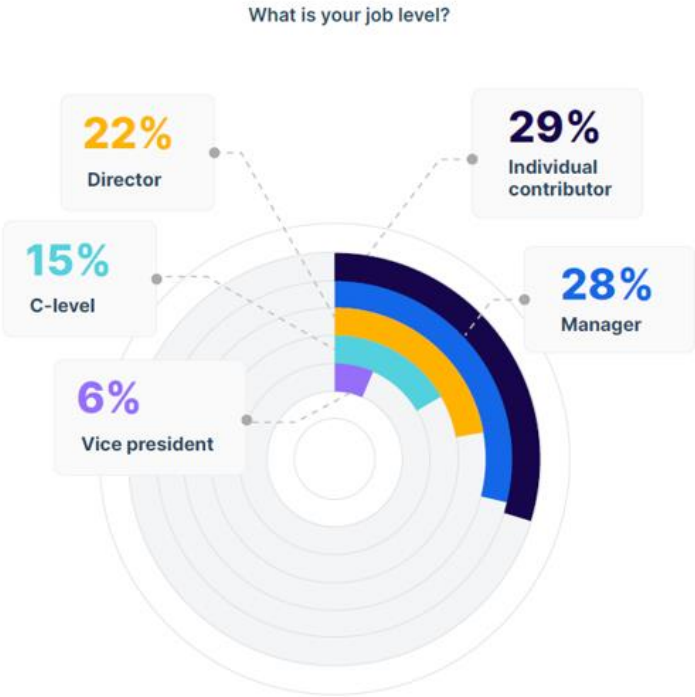## Roles

Our respondents play a variety of roles in the compensation process, including reviewing and making pay-increase recommendations (58 percent), completing comp market studies (45 percent), creating or managing job descriptions (63 percent), selecting data sources (50 percent), using compensation software to manage pay (32 percent), and more.
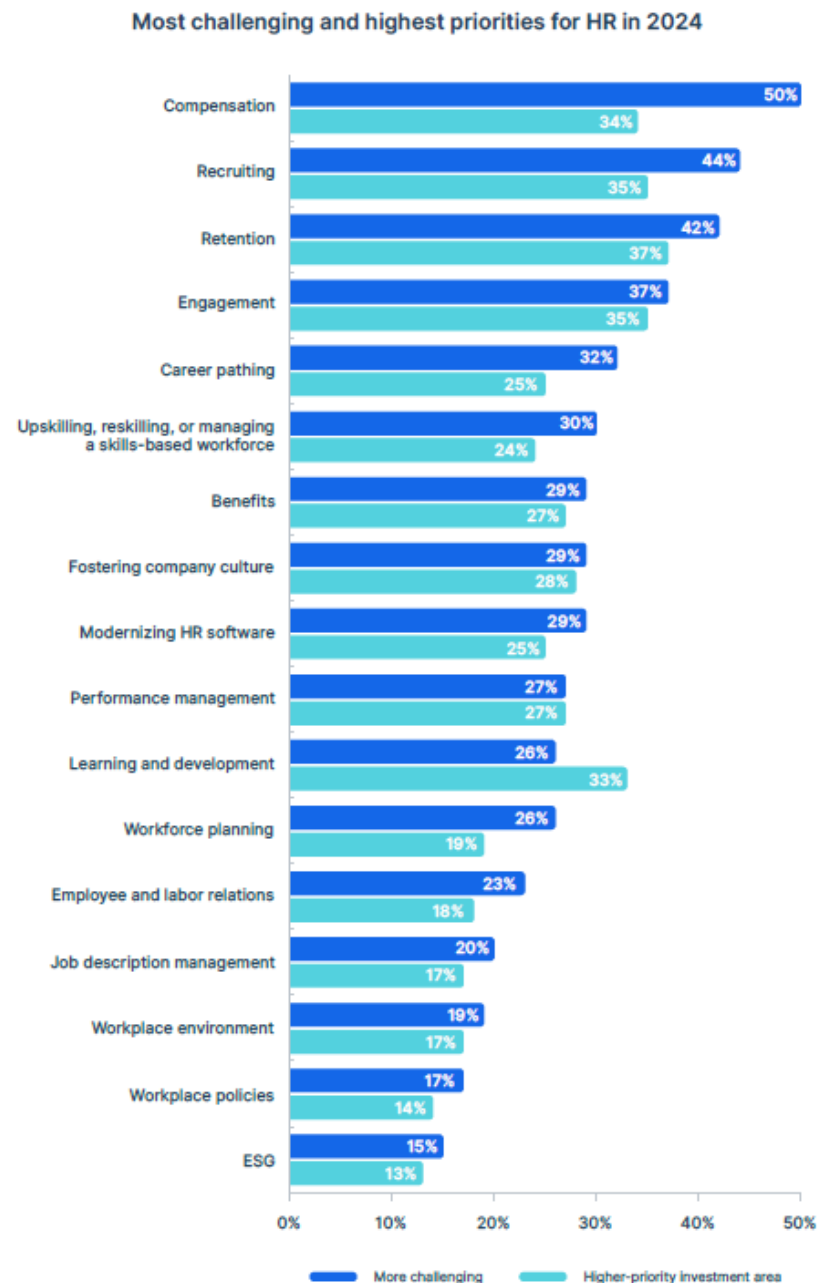
What is your job level?

22% Director

29% Individual contributor

15% C-level

28% Manager

6% Vice president

What role(s) do you play in compensation?

(Multiple answer choices allowed)

Role	Percentage
Create, manage, or evaluate job descriptions	63%
Create, manage, or evaluate compensation structures	58%
Review or make pay-increase recommendations	58%
Participate in or manage compensation surveys	55%
Market price or benchmark jobs	53%
Select compensation data sources	50%
Create compensation philosophy and/or strategy	48%
Create, manage, or evaluate job architecture and/or job leveling	47%
Engage in employee pay communications	45%
Complete compensation market studies	45%
Perform other types of pay analysis	43%
Complete or support pay equity analysis	43%
Create, manage, or evaluate compensation budgets	40%
Approve pay increases	37%
Create, manage, or evaluate variable pay for the whole organization	36%
Produce reporting for an executive audience regarding compensation	34%
Use compensation software to manage pay	32%
Select or approve purchase of or subscription to compensation software	27%
Lead employee pay communications training	25%
Create, manage, or evaluate executive comp	24%
Create, manage, or evaluate variable pay (incentive and bonus plans) for my team	24%
Create, manage, or evaluate sales comp or commission-based pay	18%
None of the above	8%

Panel

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HR challenges and areas of investment

Most challenging and highest priorities for HR in 2024

Category	More challenging	Higher-priority investment area
Compensation	50%	34%
Recruiting	44%	35%
Retention	42%	37%
Engagement	37%	35%
Career pathing	32%	25%
Upskilling, reskilling, or managing a skills-based workforce	30%	24%
Benefits	29%	27%
Fostering company culture	29%	28%
Modernizing HR software	29%	25%
Performance management	27%	27%
Learning and development	26%	33%
Workforce planning	26%	19%
Employee and labor relations	23%	18%
Job description management	20%	17%
Workplace environment	19%	17%
Workplace policies	17%	14%
ESG	15%	13%

■ More challenging   ■ Higher-priority investment area

The labor market

Labor market trends

Source: U.S. Bureau of Labor Statistics

Legend: Hires, Job openings, Layoffs, Total separations, Unemployment rate

What was your voluntary employee turnover rate in 2023?

21%
2023 overall

-4%
YoY change

Remote Work Policy

- Traditional — **30%**
- Split by job type — **23%**
- Hybrid — **16%**
- Remote — **13%**

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Remote work

Workplace environment

"Which of the following best describes your organization's workforce?"

Legend: Traditional, Hybrid, Split by job type, Remote, Other

Bar values: 31%, 30%, 26%, 11%, 2%

Which of the following best describes your organization's workforce?	Traditional	Split	Hybrid	Remote	Other
Agencies & Consultancies	18%	18%	29%	30%	5%
Arts, Entertainment, & Recreation	32%	40%	17%	9%	2%
Construction	50%	30%	18%	2%	1%
Education	39%	32%	21%	7%	1%
Energy & Utilities	27%	38%	32%	2%	1%
Engineering & Science	24%	30%	38%	7%	2%
Finance & Insurance	18%	25%	43%	12%	1%
Food, Beverage, & Hospitality	48%	34%	16%	2%	0%
Government	44%	24%	27%	4%	1%
Healthcare and Social Assistance	33%	44%	15%	6%	1%
Manufacturing	47%	30%	19%	1%	2%
Nonprofit	29%	20%	30%	18%	2%
Real Estate, Rental, & Leasing	42%	40%	14%	3%	2%
Retail & Customer Service	38%	35%	22%	3%	1%
Technology (including software)	7%	19%	33%	38%	2%
Transportation & Warehousing	39%	35%	21%	5%	0%
Other Industries	26%	30%	29%	11%	4%

Pay increases

Does your organization plan to give base pay increases?

11% No

3% Unsure

86% Yes

2023 actual

7% No

14% Unsure

79% Yes

2024 planned
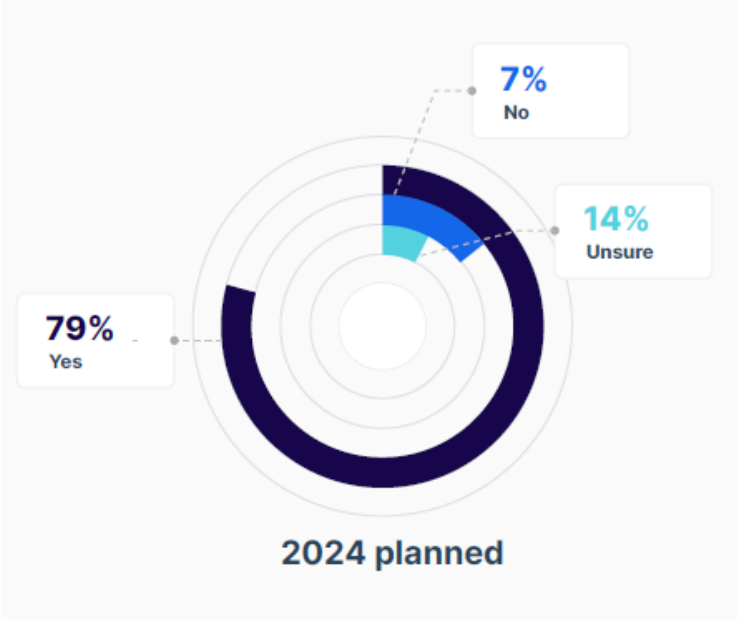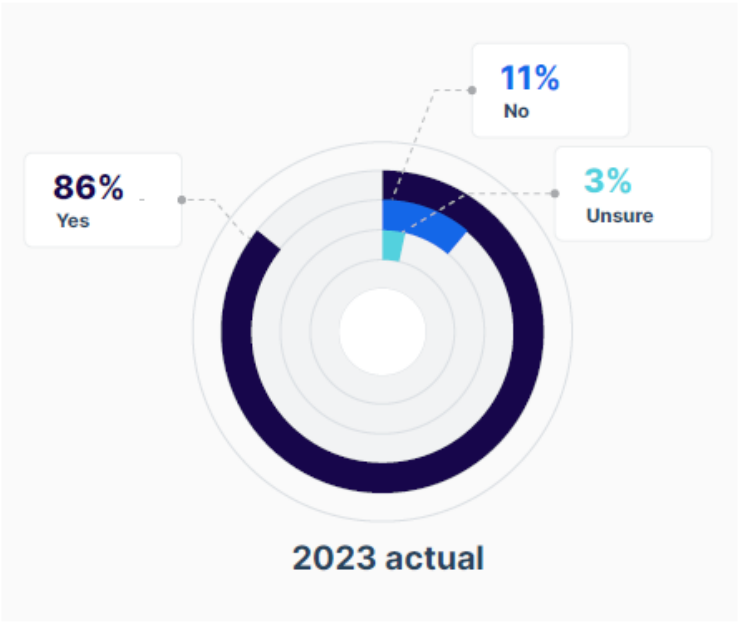
What do you expect will be the average percent base pay increase given to employees in your organization?

4.8% 2023   **4.5%** 2024

Industry	2023	2024
Construction	6.1%	6.0%
Arts, Entertainment, & Recreation	6.0%	5.9%
Agencies & Consultancies	5.6%	5.0%
Retail & Customer Service	5.4%	4.8%
Energy & Utilities	5.1%	4.4%
Nonprofit	5.0%	4.1%
Engineering & Science	4.8%	4.4%
Finance & Insurance	4.8%	4.6%
Transportation & Warehousing	4.8%	4.4%
Real Estate, Rental, & Leasing	4.7%	4.4%
Education	4.6%	5.0%
Manufacturing	4.6%	4.5%
Technology (including software)	4.6%	4.4%
Food, Beverage, & Hospitality	4.3%	4.5%
Government	4.3%	4.1%
Healthcare and Social Assistance	4.3%	4.1%
Other Industries	4.1%	4.0%

2023   2024

Fair pay

Do you give pay increases out of cycle?

11%
Frequently, it's a common practice

10%
Never

4%
Unsure

74%
Occasionally, for the needs of the business
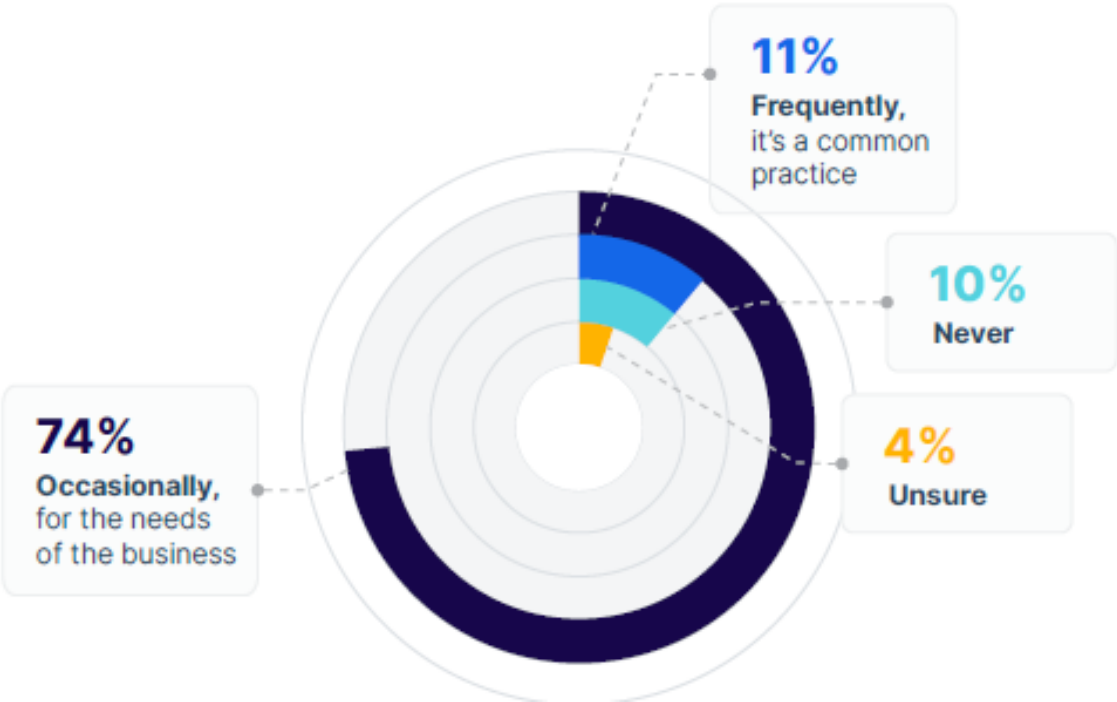
Which of the following best describes how your organization addresses severely underpaid employees?

9%
Unsure

27%
Reactively, if an employee or their manager asks

64%
Proactively, as part of our regular pay processes

Pay communications
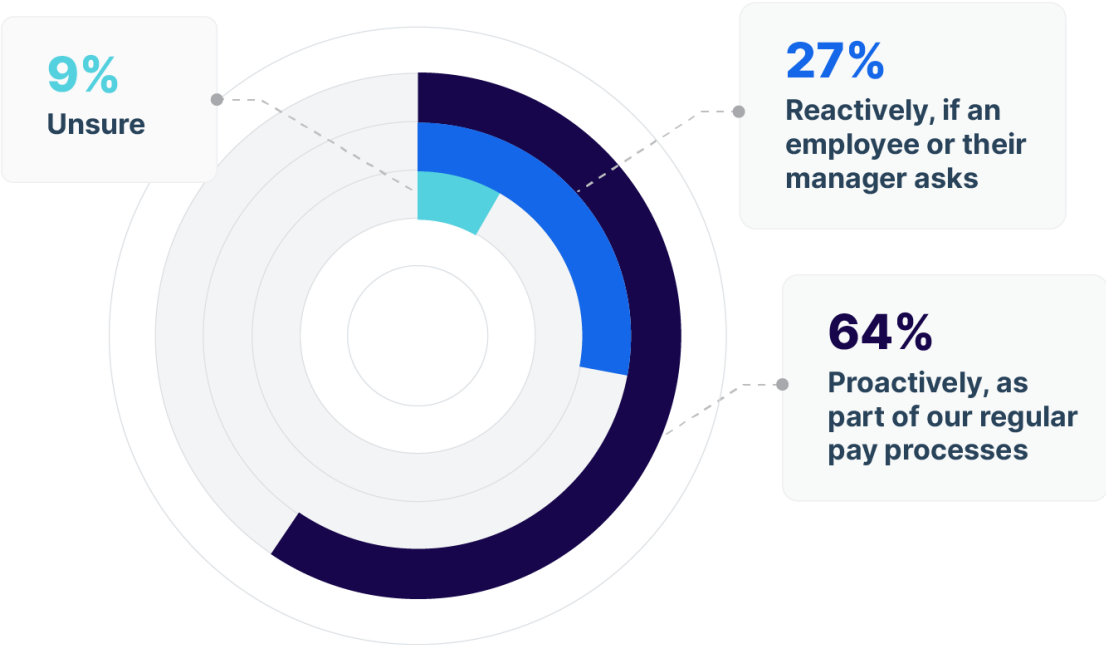
Does your organization train managers on how to have pay conversations with employees?

51% Yes

55% Top performers

61% Orgs with mature compensation practices

10% Unsure

39% No
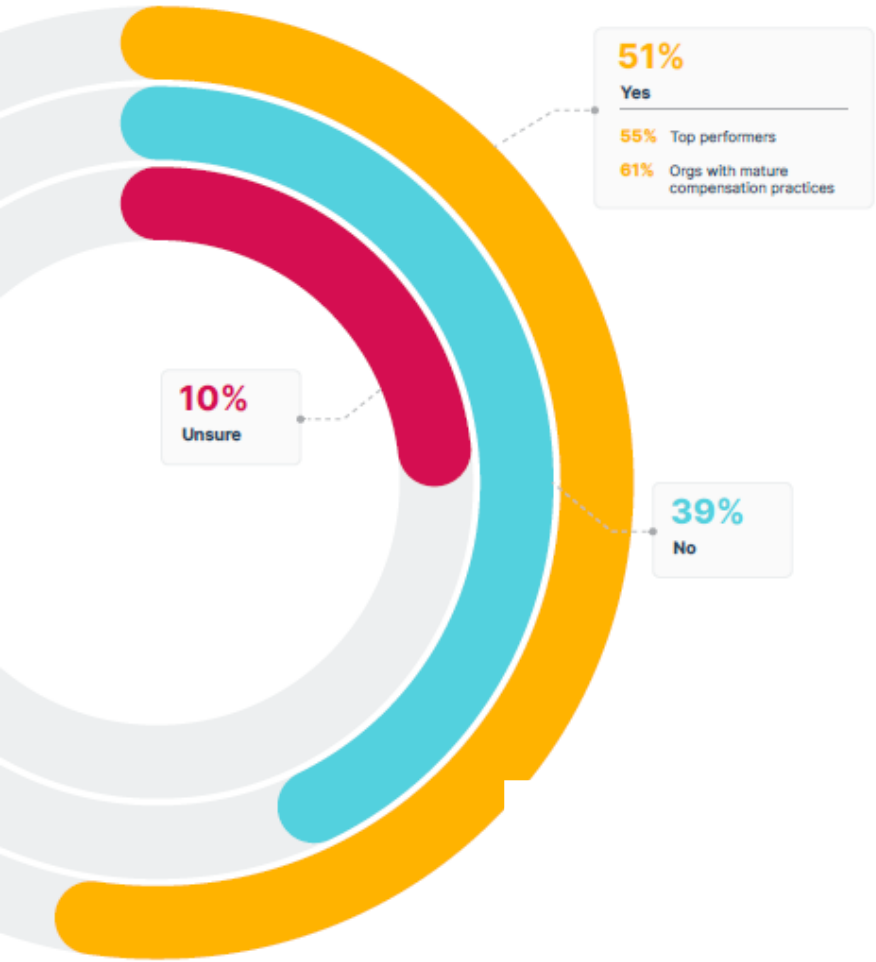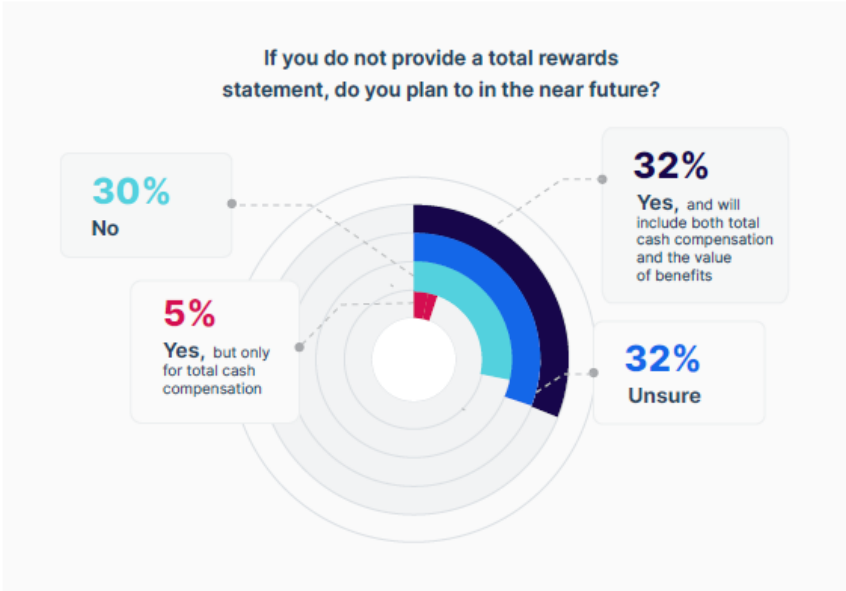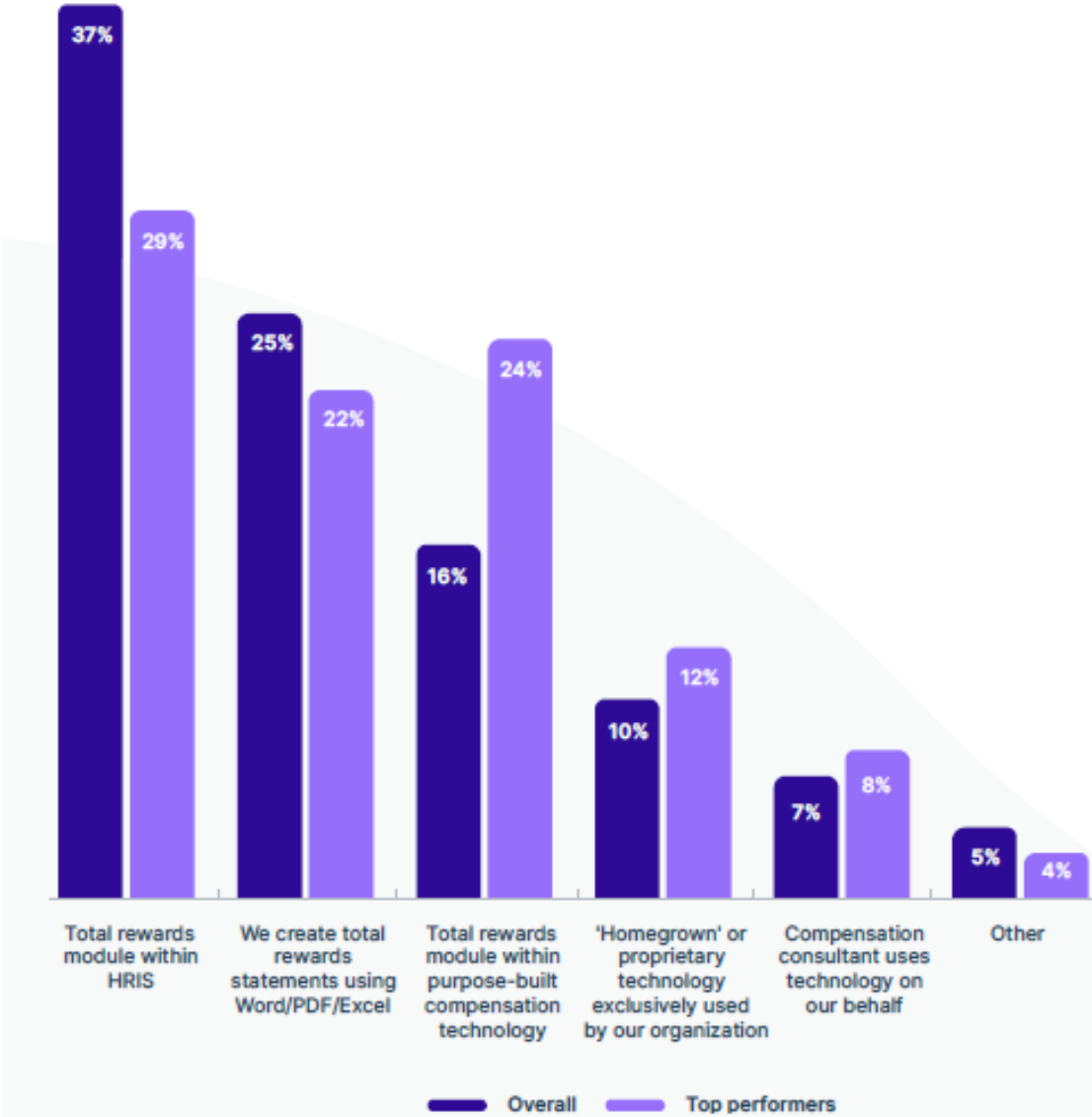
Describe your organization's current position and 2024 target on the pay range transparency spectrum.

	None Pay ranges are not shared	Required ...is shared with the employee only	Individual ...to be shared among workers on an interpersonal basis	Department ...openly shared and published within departments	Organization ...openly shared and published across the organization	Public ...openly shared and published publicly
Current						
Individual pay	N/A	69%	14%	6%	5%	5%
Pay ranges	21%	27%	26%	9%	9%	8%
2024 target						
Individual pay	N/A	65%	16%	7%	6%	6%
Pay ranges	14%	24%	26%	12%	14%	10%

Total Rewards Statements

Does your organization provide a total rewards statement to employees?

- **44%** Yes, and will include both total cash compensation and the value of benefits
- **14%** Yes, but only for total cash compensation
- **4%** Unsure
- **38%** No

If you do not provide a total rewards statement, do you plan to in the near future?

- **32%** Yes, and will include both total cash compensation and the value of benefits
- **30%** No
- **5%** Yes, but only for total cash compensation
- **32%** Unsure

What type of technology do you use to provide total rewards statements to your employees?

Category	Overall	Top performers
Total rewards module within HRIS	37%	29%
We create total rewards statements using Word/PDF/Excel	25%	22%
Total rewards module within purpose-built compensation technology	16%	24%
'Homegrown' or proprietary technology exclusively used by our organization	10%	12%
Compensation consultant uses technology on our behalf	7%	8%
Other	5%	4%

Pay transparency

When do you first share your organization's pay range for a job with prospective employees?

Category	2023	2024
In the job posting, regardless of when it is required by law	27%	39%
In the job posting, but only when it is required by law	18%	21%
At the first live conversation	17%	11%
During the first full interview	10%	8%
When the initial verbal offer is provided	7%	5%
When the initial written offer is provided	3%	2%
At the first employee review	1%	1%
We don't have pay ranges	4%	3%
We do not share the pay range for a job with employees	13%	8%

45%
60%

● 2023 ● 2024

What employee reactions has your organization experienced due to pay transparency legislation?

(Multiple answer choices allowed)

Reaction	
We haven't heard anything from employees about pay transparency	52%
Employees have been asking more questions about their pay	27%
Employees have left our organization because they saw job postings with higher ranges elsewhere	14%
Employees have expressed appreciation for our transparent approach to pay	14%
Employees have seen a job posting in our organization and realized they were being paid less for a similar job	11%
Other	4%

0%   100%

Compensation strategy

Does your company have a formal compensation strategy/philosophy?

	2020	2021	2022	2023	2024
Yes	32%	45%	48%	55%	53%
No, but we are considering it	39%	31%	38%	29%	29%
No, and we are not working on one	23%	18%	10%	10%	13%
Unsure	7%	7%	5%	6%	4%
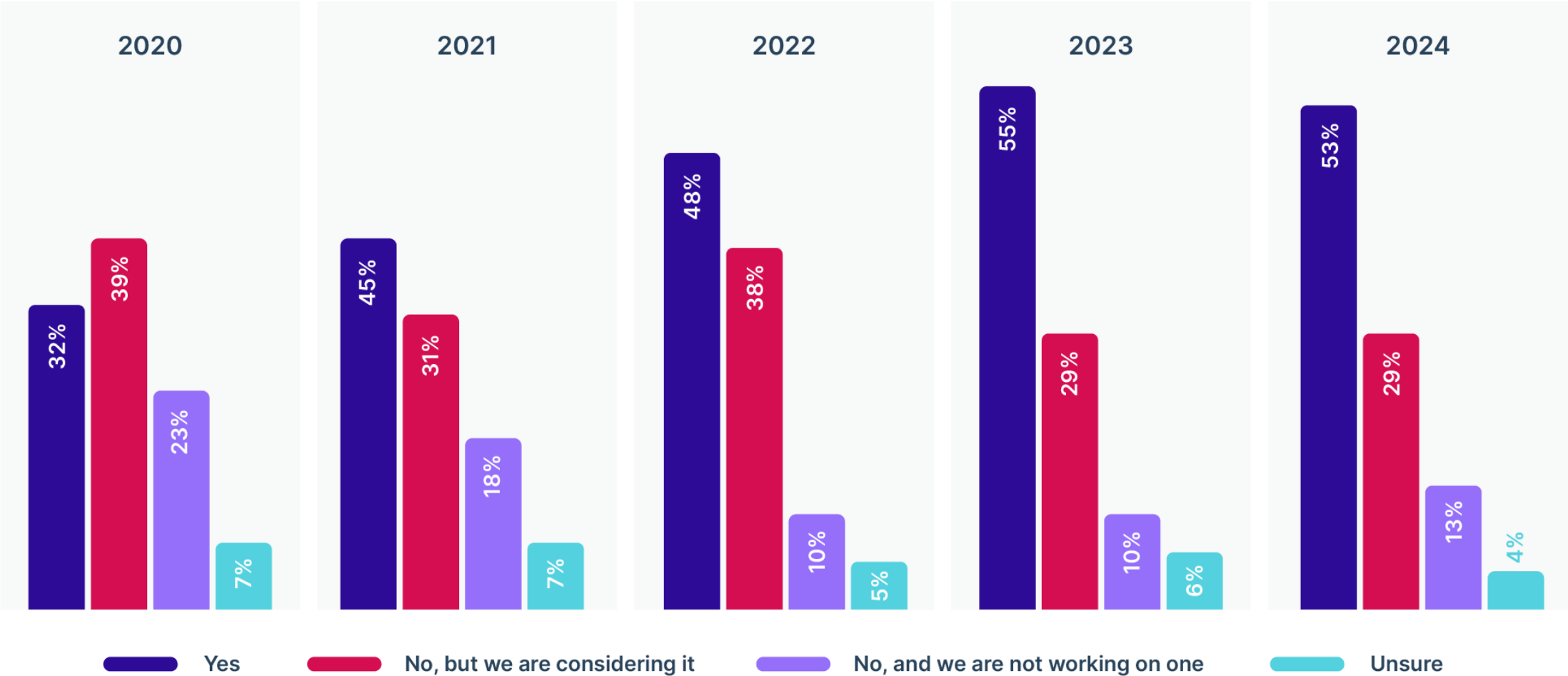
Compensation maturity model

Which of the following best describes your organization's current compensation management maturity level?

- **As needed**
  We mainly worry about compensation at time of hire or when ad hoc needs emerge. We haven't standardized our compensation processes and rely exclusively on free data sources accessed online.

- **Emerging**
  We have begun developing a few key compensation processes and do our best to use some consistent approaches. We use a variety of salary data sources but have at least one source we regularly refer to.

- **Developing**
  We have developed an approach to managing salary data and use our data sources consistently. We have created (or are in the process of creating) a compensation strategy supported by consistent processes, tools, and/or technology.
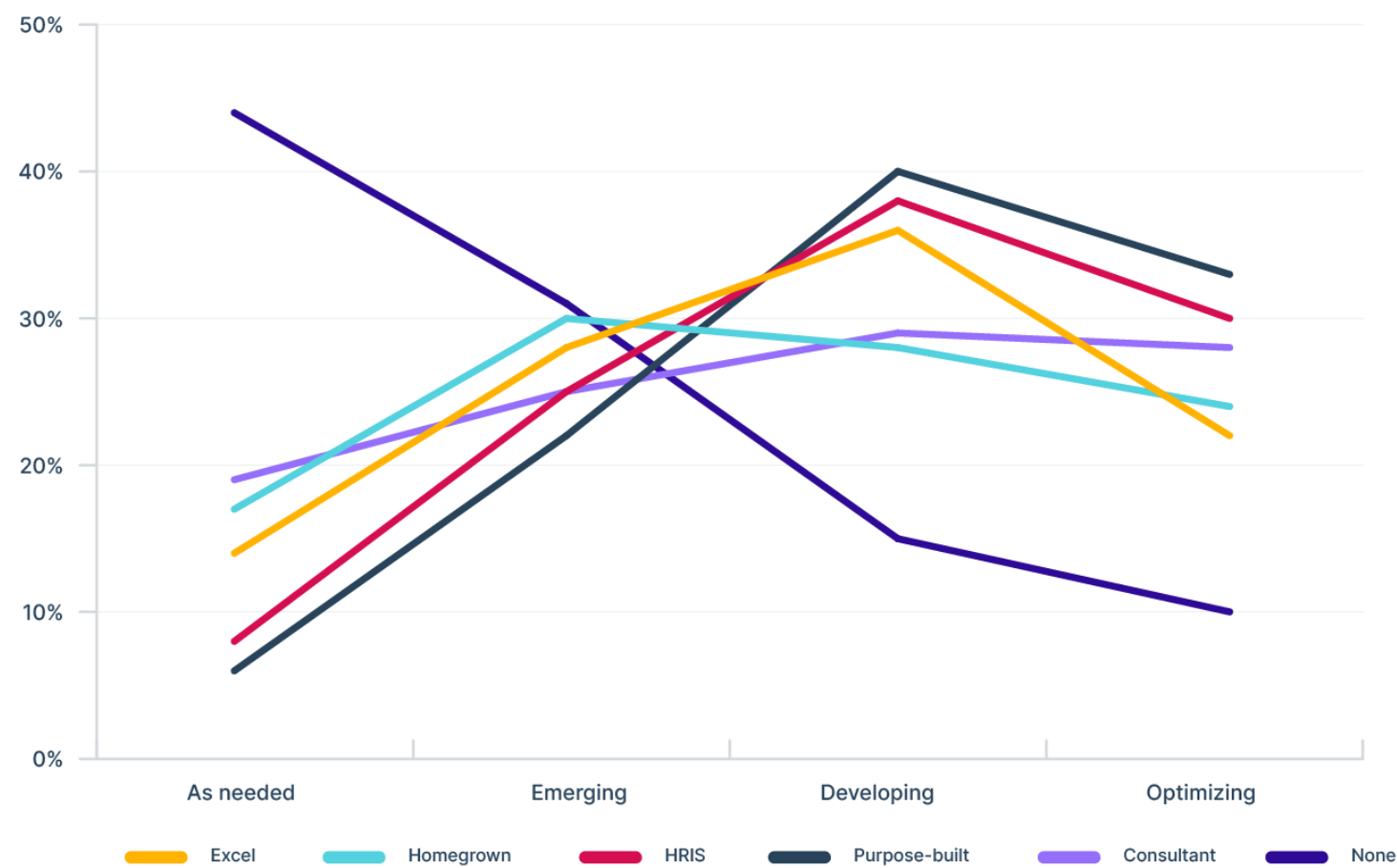
- **Optimizing**
  We have reliable, standardized compensation data sources that are strategically tailored to our organization. We have a strong compensation philosophy, strategy, and formal structures for a majority of our occupations as well as widely understood processes, tools, and/or technology that help our organization manage pay.

17% | **28%** | **32%** | **23%**
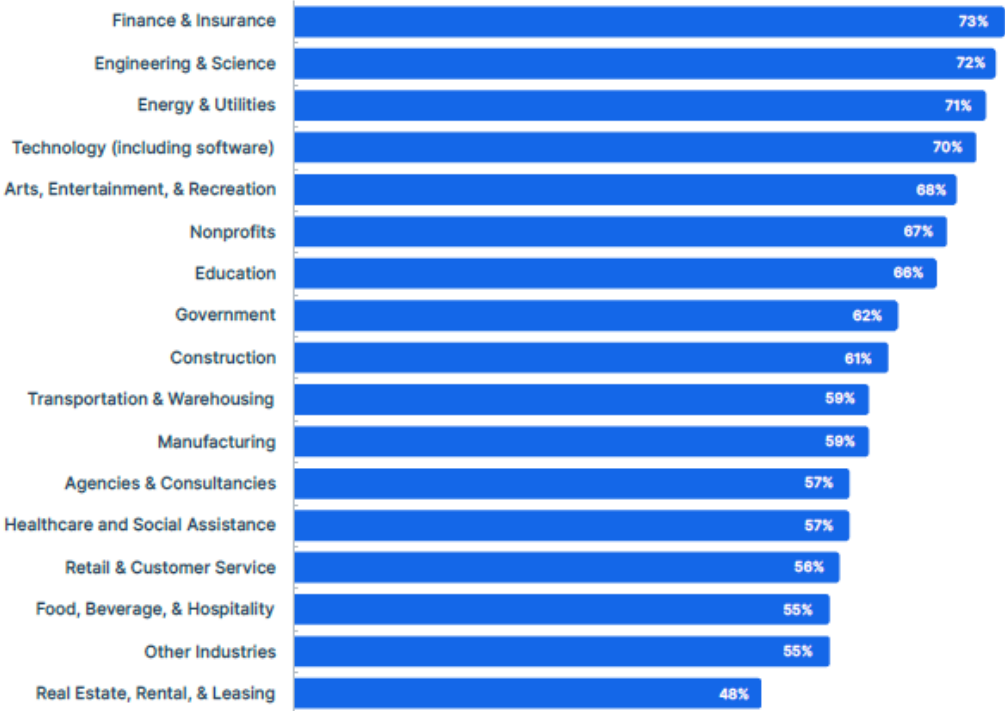
Compensation technology

Compensation technology usage against maturity

	As needed	Emerging	Developing	Optimizing
Excel	14%	28%	36%	22%
Homegrown	17%	30%	28%	24%
HRIS	8%	25%	38%	30%
Purpose-built	6%	22%	40%	33%
Consultant	19%	25%	29%	28%
None	44%	31%	15%	10%

Excel   Homegrown   HRIS   Purpose-built   Consultant   None

Pay equity

Is pay equity analysis a planned or current initiative at your organization?

62% Yes   26% No   12% Unsure

Industry	%
Finance & Insurance	73%
Engineering & Science	72%
Energy & Utilities	71%
Technology (including software)	70%
Arts, Entertainment, & Recreation	68%
Nonprofits	67%
Education	66%
Government	62%
Construction	61%
Transportation & Warehousing	59%
Manufacturing	59%
Agencies & Consultancies	57%
Healthcare and Social Assistance	57%
Retail & Customer Service	56%
Food, Beverage, & Hospitality	55%
Other Industries	55%
Real Estate, Rental, & Leasing	48%

What protected classes do you analyze for pay equity?

(Multiple answer choices allowed)

Protected class	2023	2024
Gender	56%	71%
Race/ethnicity/national origin	51%	64%
Age	37%	51%
None	27%	13%
Disability	24%	31%
Veteran status	15%	22%
LGBTQ+	14%	17%
Religion	11%	16%
Other	5%	4%
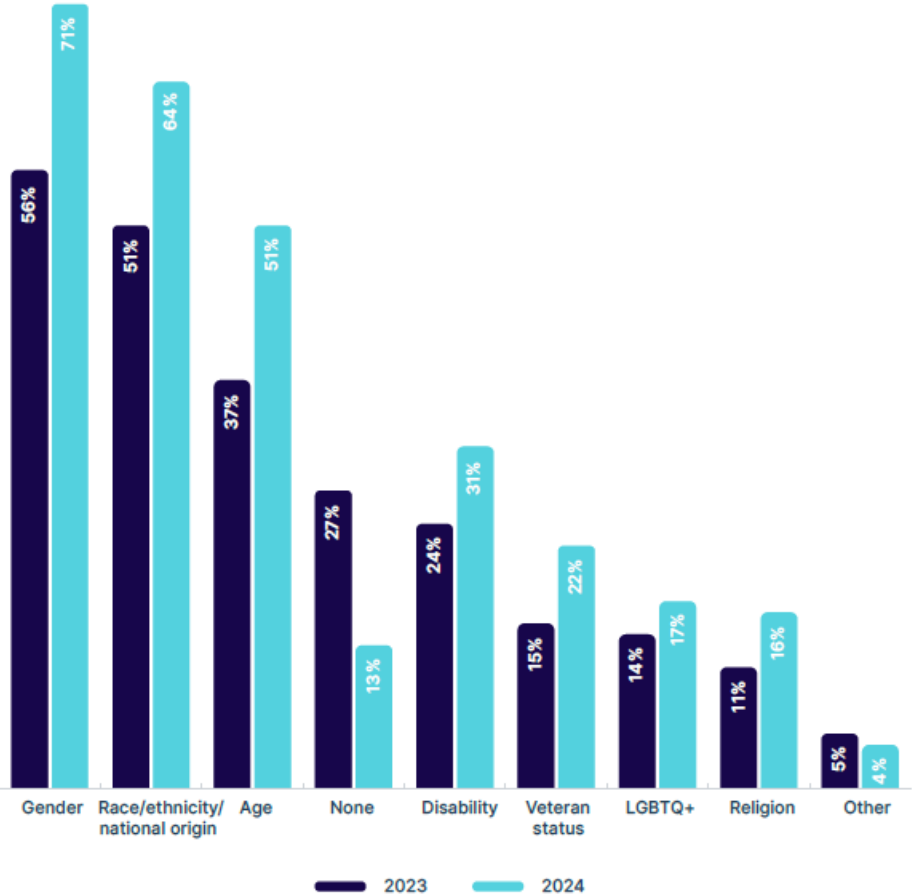
Salary data

How many total sources of market data do you use?

	0	1 source	2-4 sources	5-10 sources	11-20 sources	More than 20 sources	Unsure
Overall	4%	10%	56%	16%	4%	2%	9%
When pricing individual jobs	4%	14%	63%	9%	2%	1%	7%
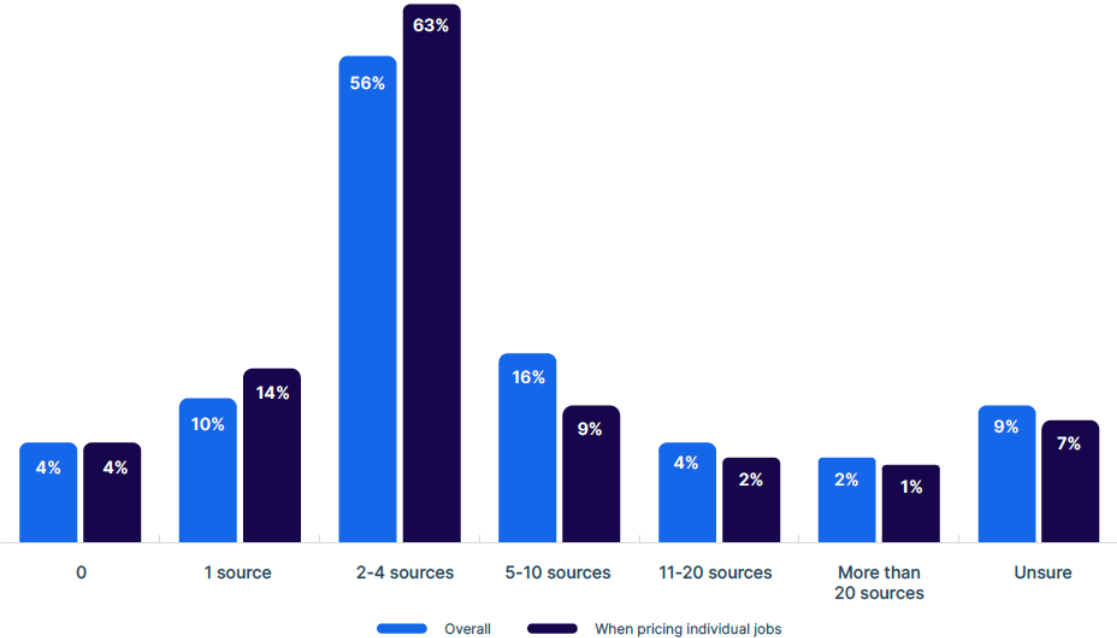
Rank sources by how much you trust and rely on them for accuracy in market pricing.

(Multiple answer choices allowed)
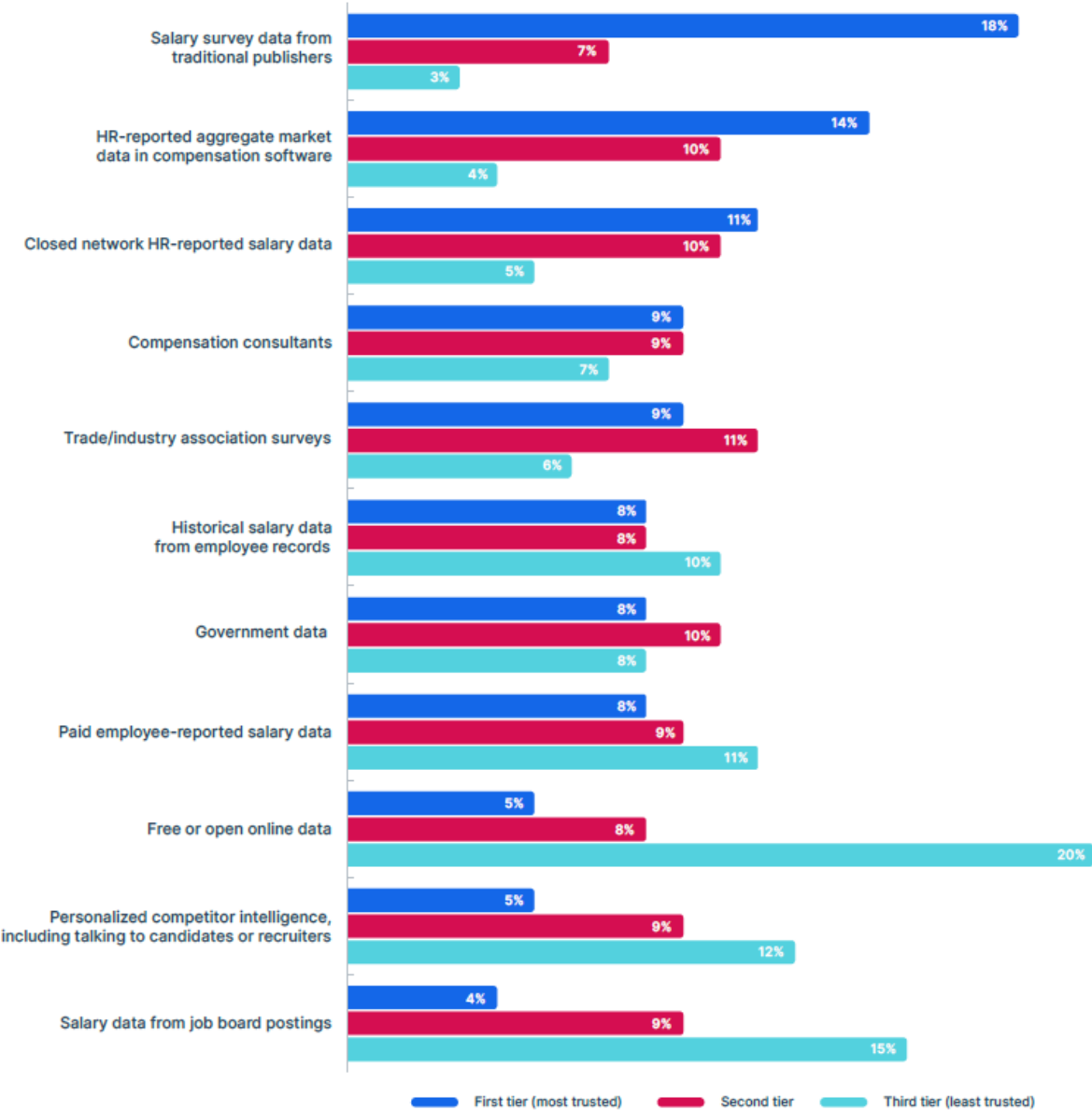
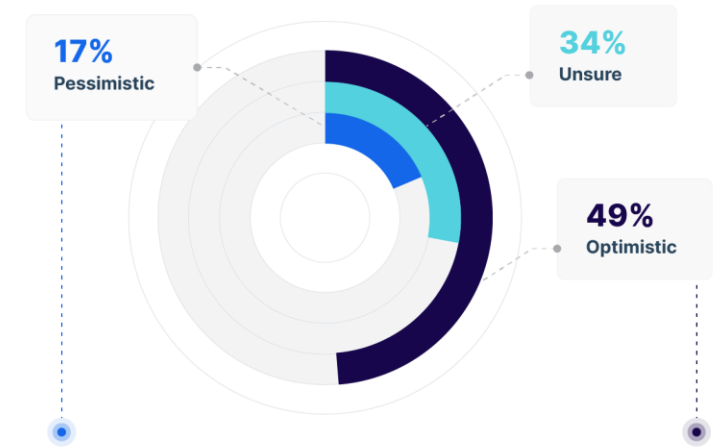| Source	First tier (most trusted)	Second tier	Third tier (least trusted)
Salary survey data from traditional publishers	18%	7%	3%
HR-reported aggregate market data in compensation software	14%	10%	4%
Closed network HR-reported salary data	11%	10%	5%
Compensation consultants	9%	9%	7%
Trade/industry association surveys	9%	11%	6%
Historical salary data from employee records	8%	8%	10%
Government data	8%	10%	8%
Paid employee-reported salary data	8%	9%	11%
Free or open online data	5%	8%	20%
Personalized competitor intelligence, including talking to candidates or recruiters	5%	9%	12%
Salary data from job board postings	4%	9%	15%

Benefits

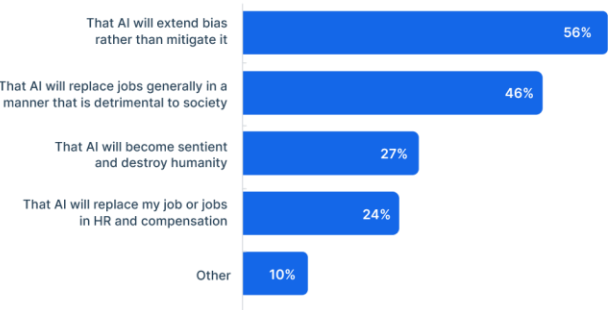|	2023	2024	Growth		2023	2024	Growth
Unlimited PTO	12%	13% ↑	1%	Charitable contribution matching	12%	11% ↓	-1%
Mental health or total wellness program	55%	56% ↑	1%	Short-term disability	67%	66% ↓	-1%
Student loan repayment	7%	8% ↑	1%	Employee assistance	63%	63% ↓	-1%
Other	4%	4% ↑	0%	Accrued or granted PTO	62%	61% ↓	-1%
Extended paid family leave	18%	18% →	0%	Paid lunch, snacks, or food allowance	15%	14% ↓	-1%
Paid or subsidized childcare	5%	5% →	0%	Extended family leave	21%	20% ↓	-1%
Menopause leave	1%	1% →	0%	Fertility or family planning services	11%	10% ↓	-1%
Long-term disability	68%	68% →	0%	Vision insurance	79%	78% ↓	-1%
Life insurance	76%	76% →	0%	Commuter allowance	10%	9% ↓	-1%
Pet insurance	18%	18% →	0%	Accrued or granted sick days	49%	48% ↓	-1%
Financial advisor/debt services	16%	16% →	0%	Employer-paid medical insurance	76%	75% ↓	-1%
Gym membership or reimbursement	20%	20% →	0%	Dental insurance	82%	80% ↓	-2%
Stock/equity	18%	18% →	0%	Ability to work fully remote	32%	30% ↓	-2%
Menstrual leave	1%	1% →	0%	Paid vacation (reimbursed)	34%	32% ↓	-2%
4-day work week	8%	8% →	0%	Flextime	24%	21% ↓	-3%
Paid sabbatical	6%	6% →	0%	401k, 403b, or other retirement contributions	72%	69% ↓	-3%
Work-from-home stipend	9%	9% →	0%	Education or tuition reimbursement	45%	41% ↓	-4%
Unpaid sabbatical	6%	6% →	0%	Ability to work from home	57%	53% ↓	-4%
Pension	14%	13% ↓	-1%	Fixed holiday schedule	63%	57% ↓	-6%
Travel benefits/perks for frequent travelers	7%	6% ↓	-1%				

(Multiple answer choices allowed)

Artificial intelligence

What best describes your overall personal sentiment around AI generally?

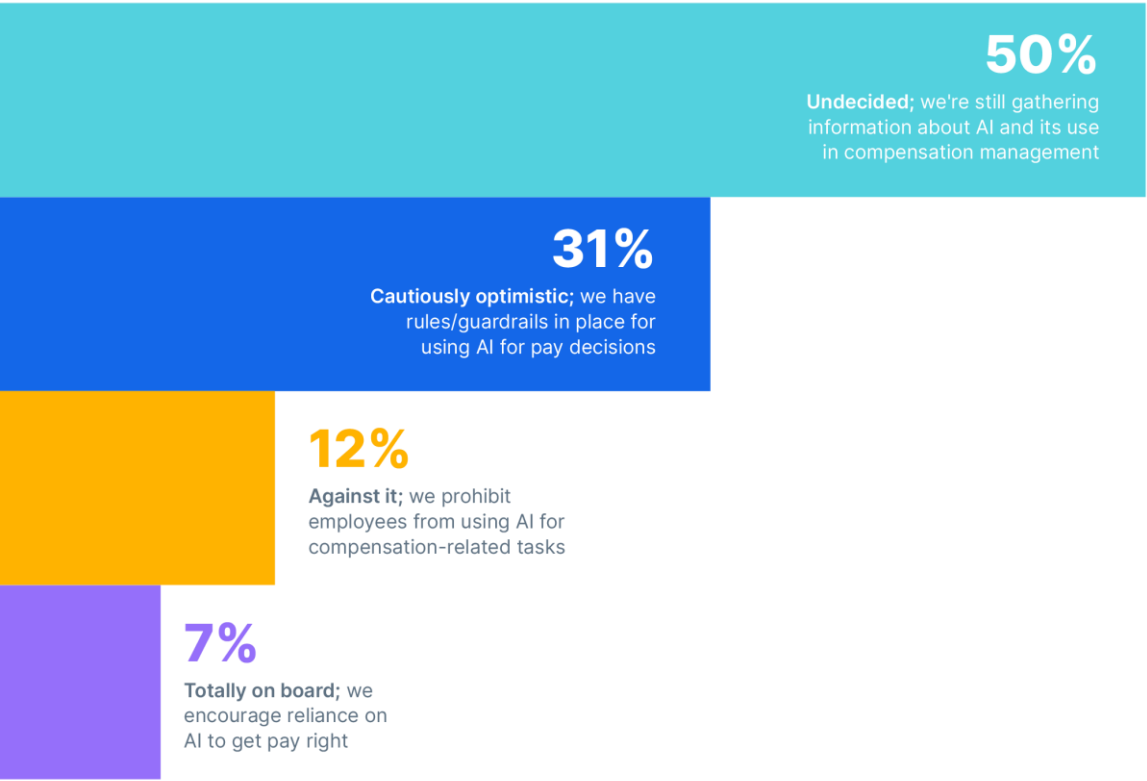

17% Pessimistic

34% Unsure

49% Optimistic

What are you personally concerned about regarding AI?
(Multiple answer choices allowed)

That AI will extend bias rather than mitigate it	56%
That AI will replace jobs generally in a manner that is detrimental to society	46%
That AI will become sentient and destroy humanity	27%
That AI will replace my job or jobs in HR and compensation	24%
Other	10%

What are you personally excited about regarding AI?
(Multiple answer choices allowed)

That AI will reduce unfulfilling work	63%
That AI will increase fairness	39%
That AI will allow humans to evolve	39%
That AI will create new jobs	26%
Other	5%
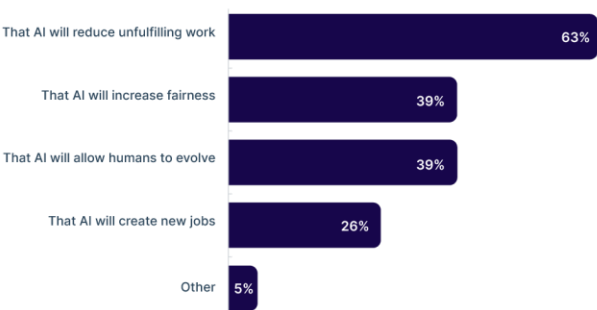
What is your organization's overall sentiment around using AI in making compensation decisions?

50% **Undecided**; we're still gathering information about AI and its use in compensation management

31% **Cautiously optimistic**; we have rules/guardrails in place for using AI for pay decisions

12% **Against it**; we prohibit employees from using AI for compensation-related tasks

7% **Totally on board**; we encourage reliance on AI to get pay right

Skills-based pay

Do you require a college degree in order to consider applicants for salaried positions?

Response	Percentage
It depends on the job, even for salaried positions	41%
No, we have removed the degree requirement to consider all applicants with the necessary skills and experience	34%
Yes, all of our salaried jobs have a degree as a requirement	22%
Unsure	3%
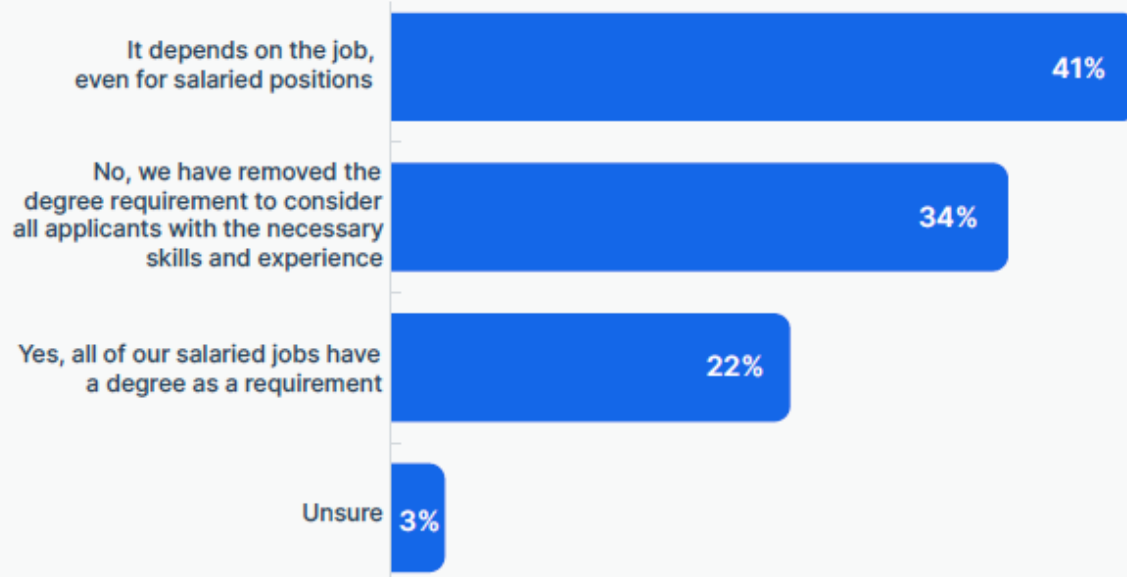
Do you compensate for competitive skills?

- 58% Yes
- 31% No
- 11% Unsure
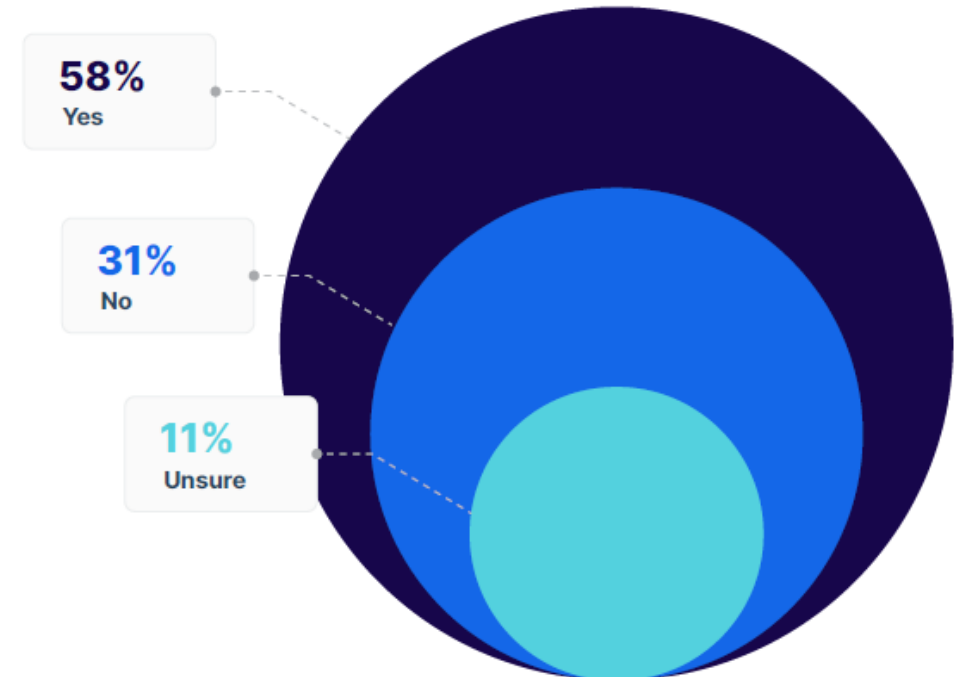
Scale and future-proof your compensation program with our comprehensive solutions

Payfactors
Save time by centralizing your pay data, surveys, decisions and communication in one location.

Peer
Additional Data Source
For organizations who need more timely, transparent employer reported data based on their industry peers

Job Description Management
Build, standardize and maintain job descriptions to ensure accurate and consistent pay

Total Rewards Statements
Increase transparency and communicate custom total reward statements with your employees

Compensation Planning
Facilitate collaborative compensation planning aligned with your schedule

Managed Services
Whether you're building your compensation strategy, or you have limited resources, we can help you so your team can focus on what you do best.

Partnerships
Leverage our exclusive partnerships for global data or more executive data to build a comprehensive strategy

Align job descriptions with pay

Determine competitive pay

in surveys

Create compensation statements

Pay equity analysis

Executive Reporting

Retain & retain top talent

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Q&A

Feel free to ask any questions in the chat!

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