2025 Compensation Best Practices Panel

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Today’s panelists

Lexi Clarke

Chief People Officer

Minde Stone

Senior Director, Total Rewards and People Ops

Zach Jamieson

Senior Manager, HR

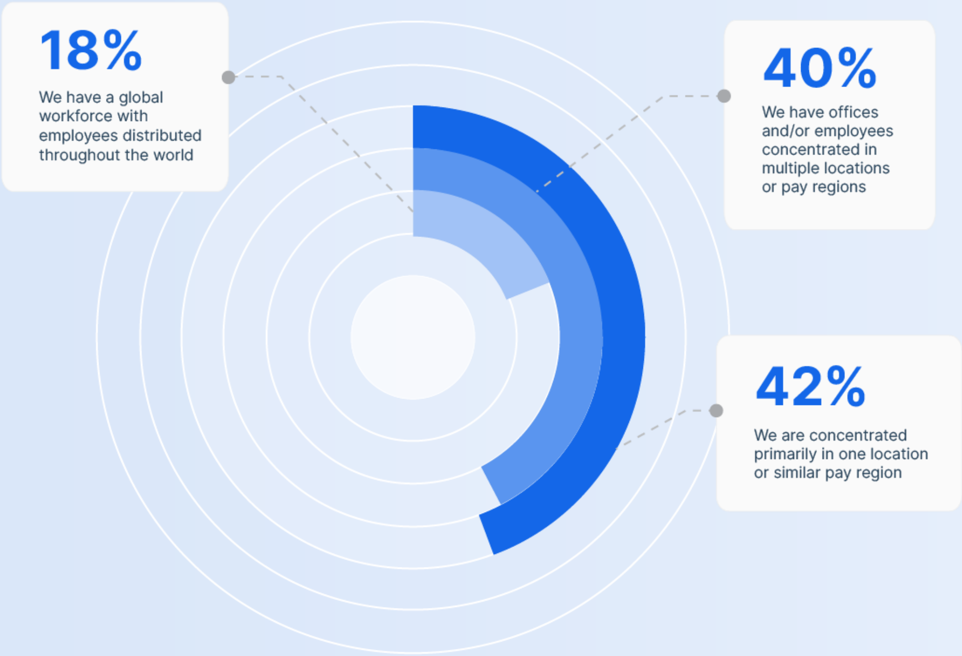
Today's agenda

- Compensation Best Practices Report introduction and methodology
- Panel
- Audience Q&A

Methodology

*The 2025 Compensation Best Practices survey gathered **3,595 responses** from November–December 2024 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.*

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



Where is your organization headquartered?

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How many full-time employees are in your organization?

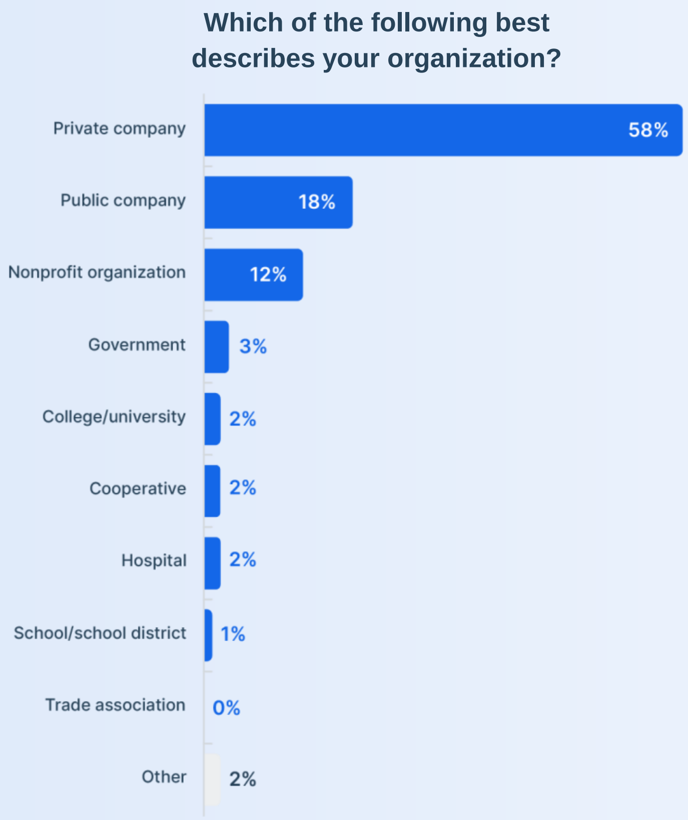
27%	1–99 employees
31%	100–749 employees
25%	750–4,999 employees
7%	5,000–9,999 employees
8%	10,000–49,999 employees
2%	50,000 or more employees

Organization size

We separated out six organizational sizes for comparison, with 27 percent of respondents representing those with fewer than 100 employees and 2 percent with over 50,000 employees. The median org size in our study has 475 employees. The average is 7,117.

Industry and organization type

The top industries represented in the survey are Healthcare & Social Assistance (11 percent), Manufacturing (11 percent), Technology (9 percent), and Finance & Insurance (8 percent). In terms of organization type, most respondents were either from a private company, public company, or nonprofit, but we also have respondents from governments, schools, colleges/universities, hospitals, cooperatives, and trade associations.




What role(s) do you play in compensation?
(Multiple answer choices allowed)
Create, manage, or evaluate job descriptions
65%
Create, manage, or evaluate compensation structures
59%
Make or review pay increase recommendations
56%
Participate in or manage compensation surveys
53%
Market price or benchmark jobs
52%
Create, manage, or evaluate job architecture and/or job leveling
51%
Create compensation philosophy and/or strategy
49%
Select compensation data sources
49%
Complete or support pay equity analysis
45%
Perform other types of pay analysis
44%
Create, manage, or evaluate compensation budgets
42%
Approve pay increases
40%
Create, manage, or evaluate variable pay (bonuses) for the whole organization
38%
Use compensation software to manage pay
36%
Develop pay communications or lead training
36%
Produce reporting for an executive audience regarding compensation
34%
Select or approve purchase of or subscription to compensation software
28%
Create, manage, or evaluate executive comp
26%
Create, manage, or evaluate sales comp or commission-based pay
21%
None of the above
5%
0%
100%

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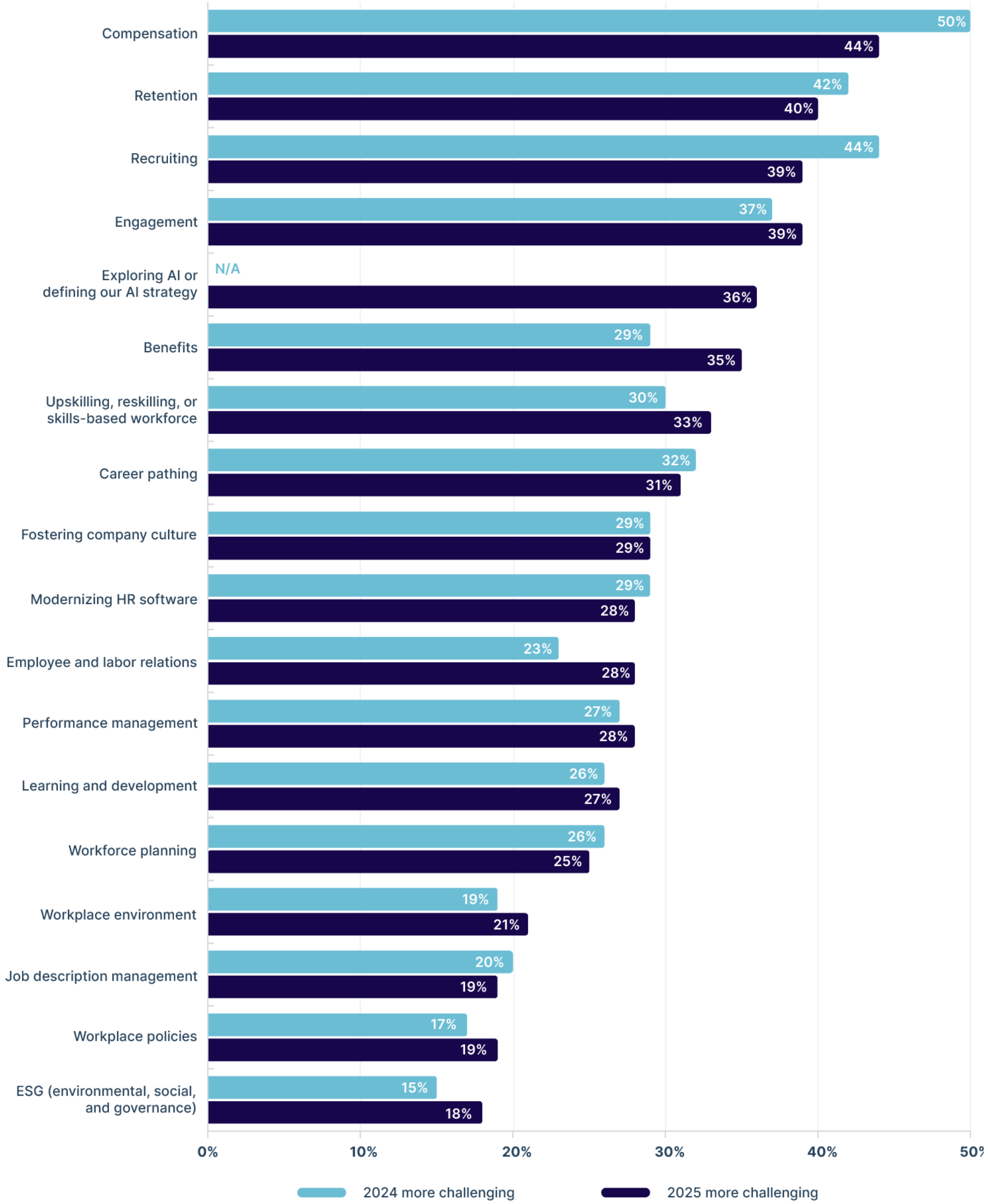
Panel

What are your thoughts and reactions to the top challenges of 2025?

What will be the greatest challenges for HR in your organization in 2025 compared to previous years?



Poll: What will be the greatest challenges for HR in your organization in 2025 compared to previous years?

A. Compensation
B. Retention
C. Recruitment
D. Engagement
E. Exploring AI or defining our AI strategy
F. Career pathing
G. Fostering company culture
H. Modernizing HR software
I. Employee and labor relations
J. Performance management
K. Learning and development
L. Workforce planning
M. Workplace environment
N. Job description management
O. Workplace policies
P. ESG (environmental, social, and governance)

How will this unique labor market impact recruiting and retention? What can we expect in terms of the labor market in 2025?

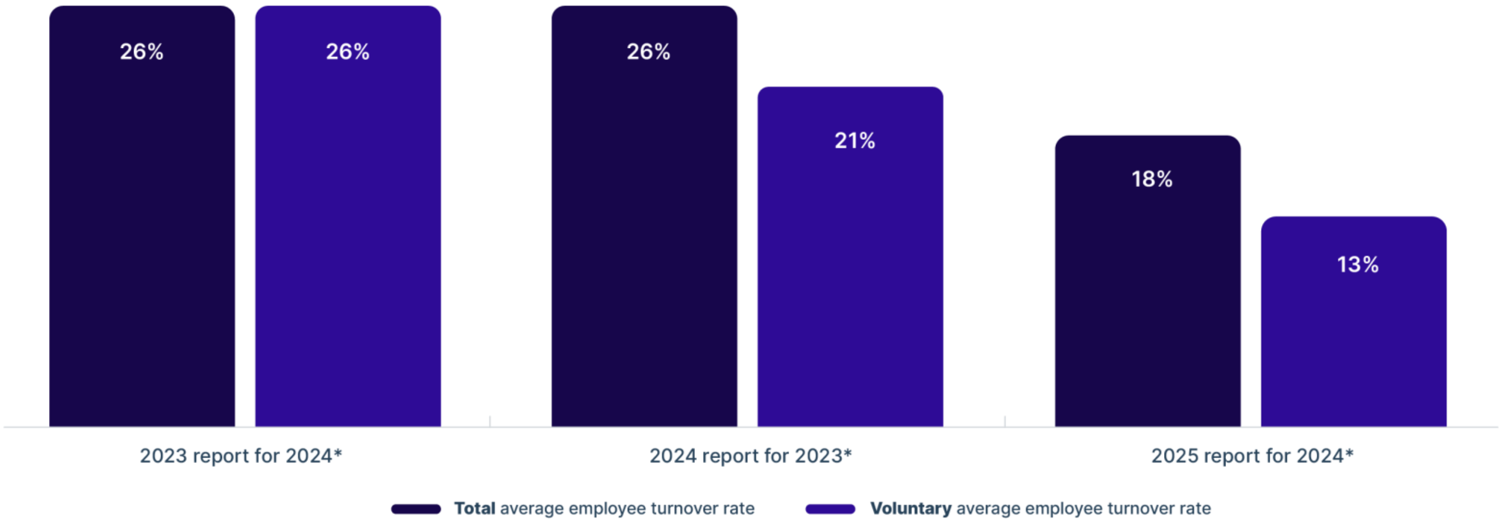
Median employee turnover

What was your organization's employee turnover rate in 2024?

15%
Total median

10%
Voluntary median turnover

Average employee turnover



What are we seeing with pay increases? Do you think it is too high, are we concerned?

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

Median percent base-pay increase

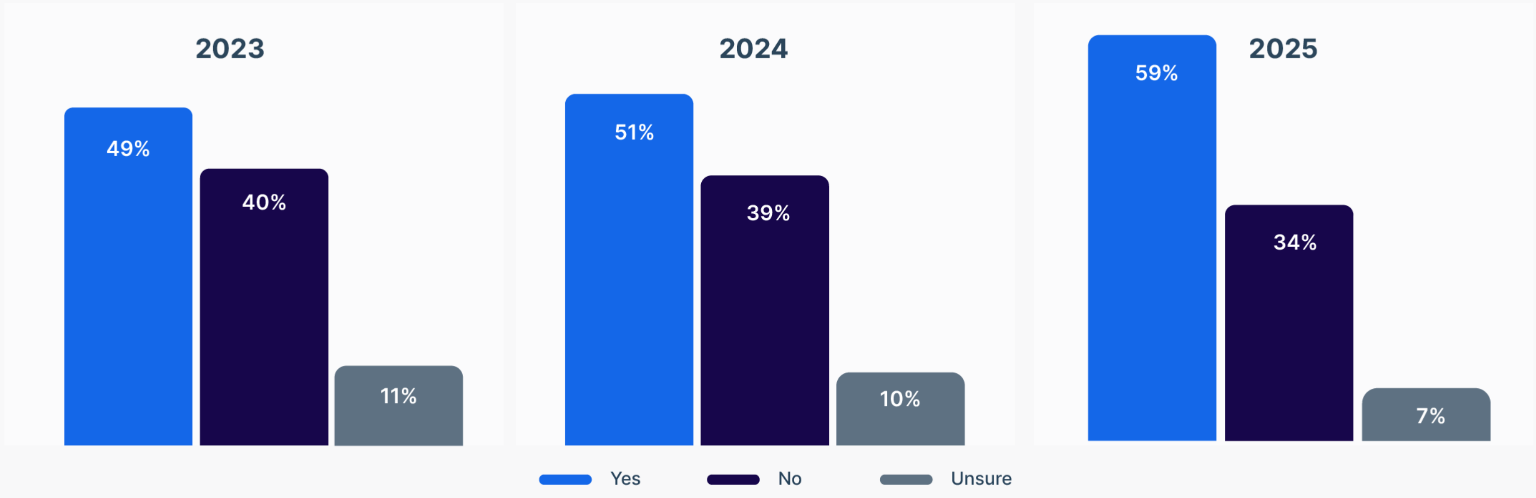
2024 actual	2025 planned
3.8%	3.5%

Does your organization plan to give base-pay increases in 2025?

	2024 actual	2025 planned
Yes	86%	81%
No	12%	5%
Unsure	2%	13%

Why are pay communications so essential in the current times and how do you enable your managers to do this work successfully?

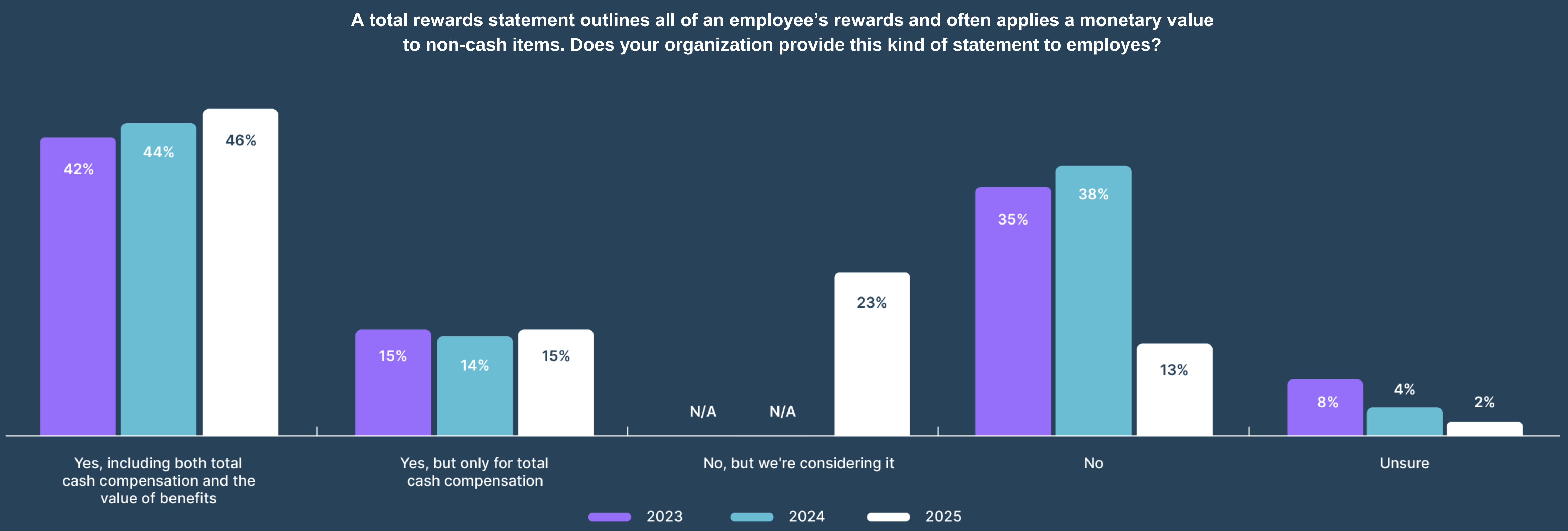
Does your organization train managers on how to have pay conversations with employees?



Yes

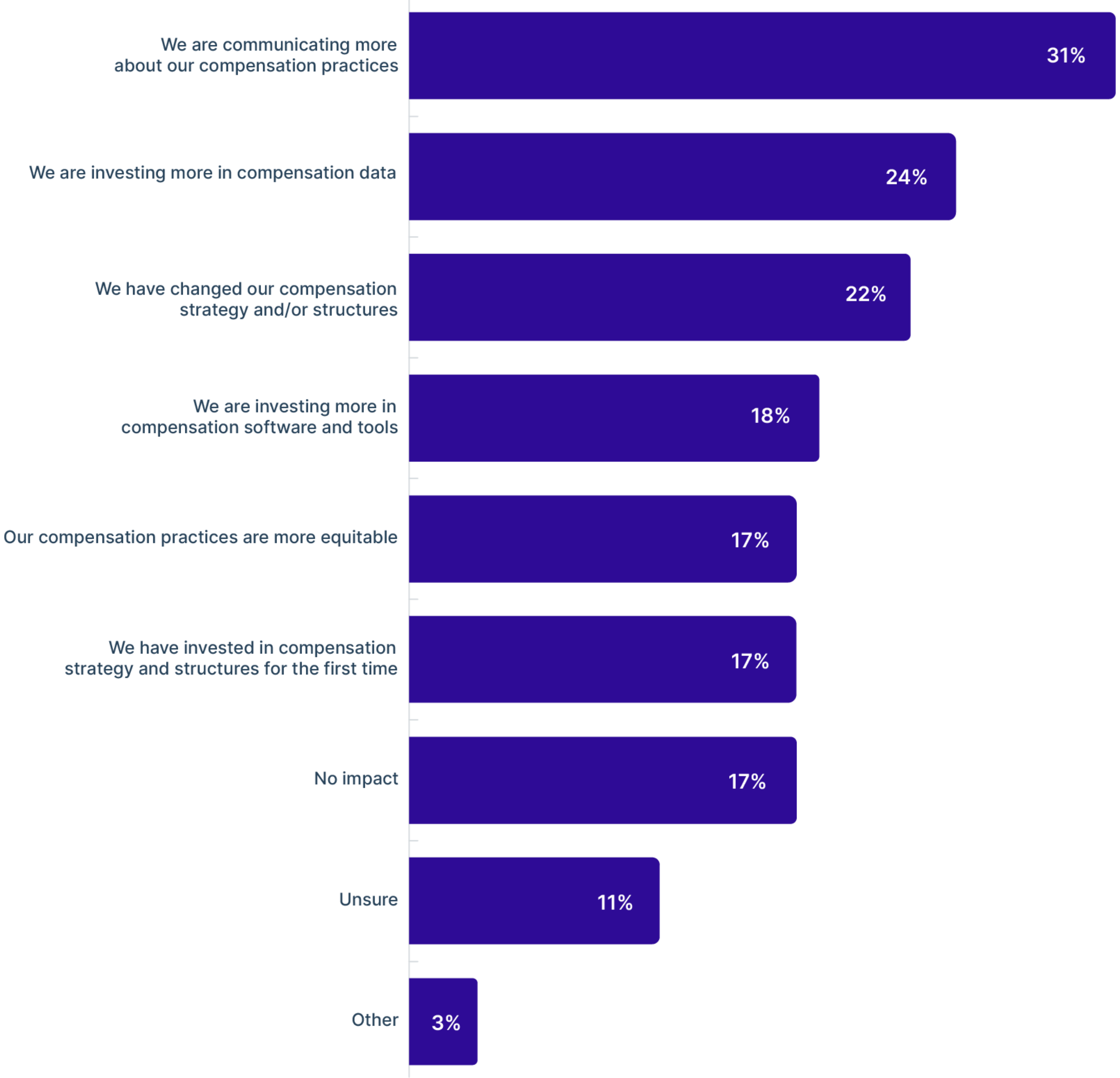
47%	58%	68%	60%	70%	81%
1–99 employees	100–749 employees	750–4,999 employees	5,000–9,999 employees	10,000–49,999 employees	50,000 or more employees

How is a total rewards statement useful as a strategy, are there other strategies you recommend?

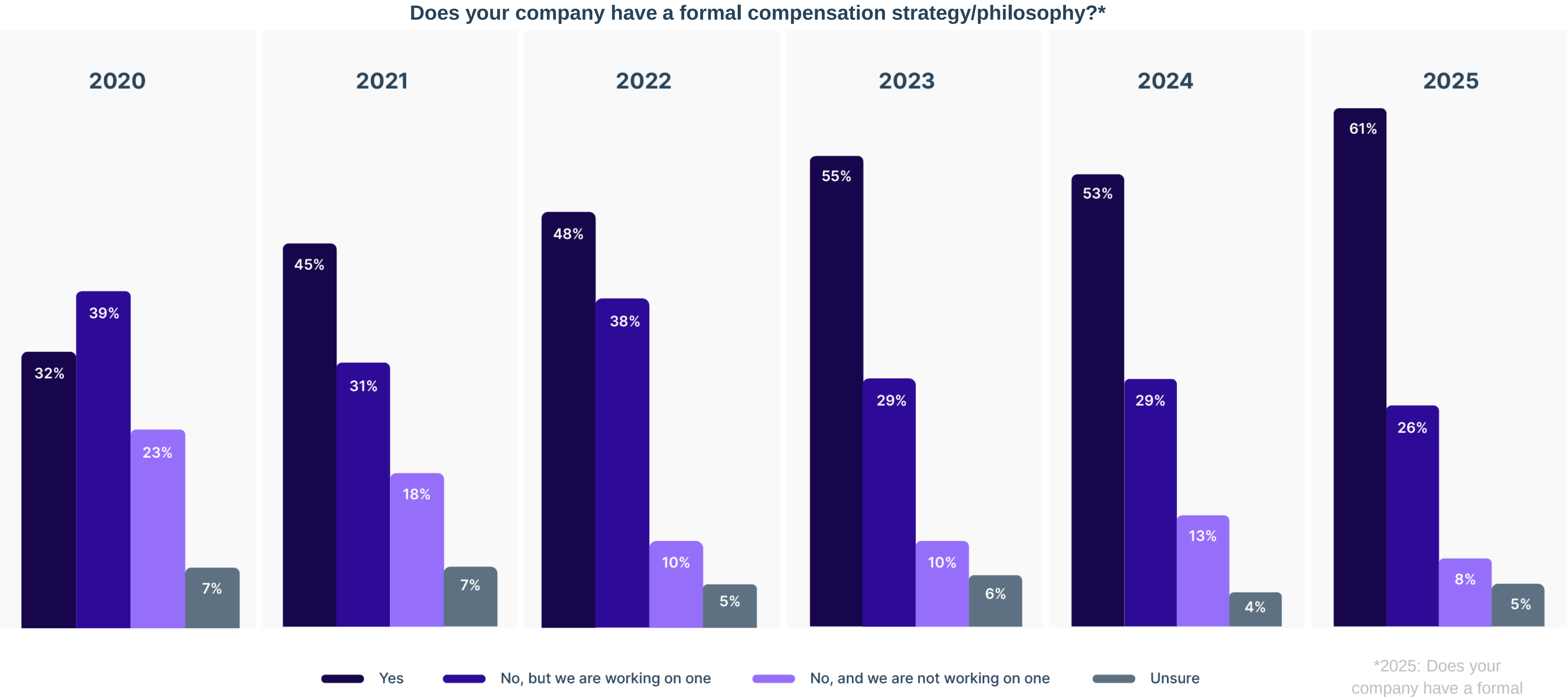


What does increasing pay transparency legislation mean for HR and compensation teams?

How has pay transparency legislation impacted your compensation practices?
(Multiple answer choices allowed)

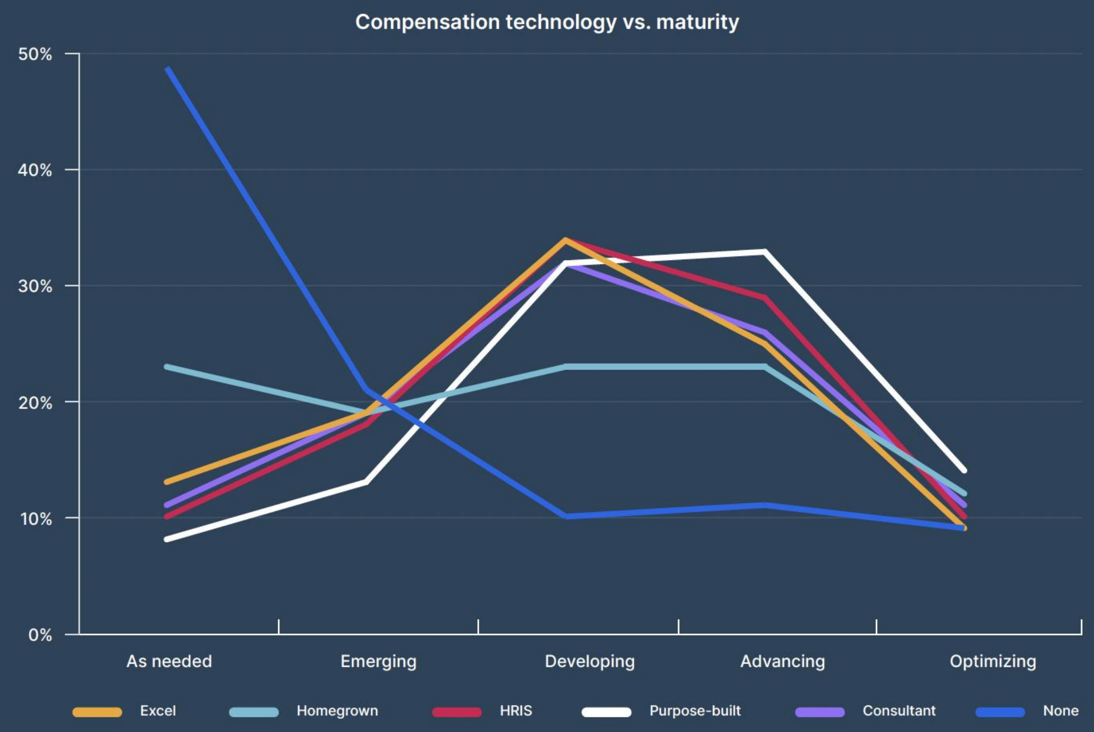


More folks than ever have a compensation strategy, how important will a compensation strategy be to success in 2025?



*2025: Does your company have a formal compensation strategy?

Why are folks not investing in compensation tech?



What technology does your organization use to manage compensation today?

(Multiple answer choices allowed)

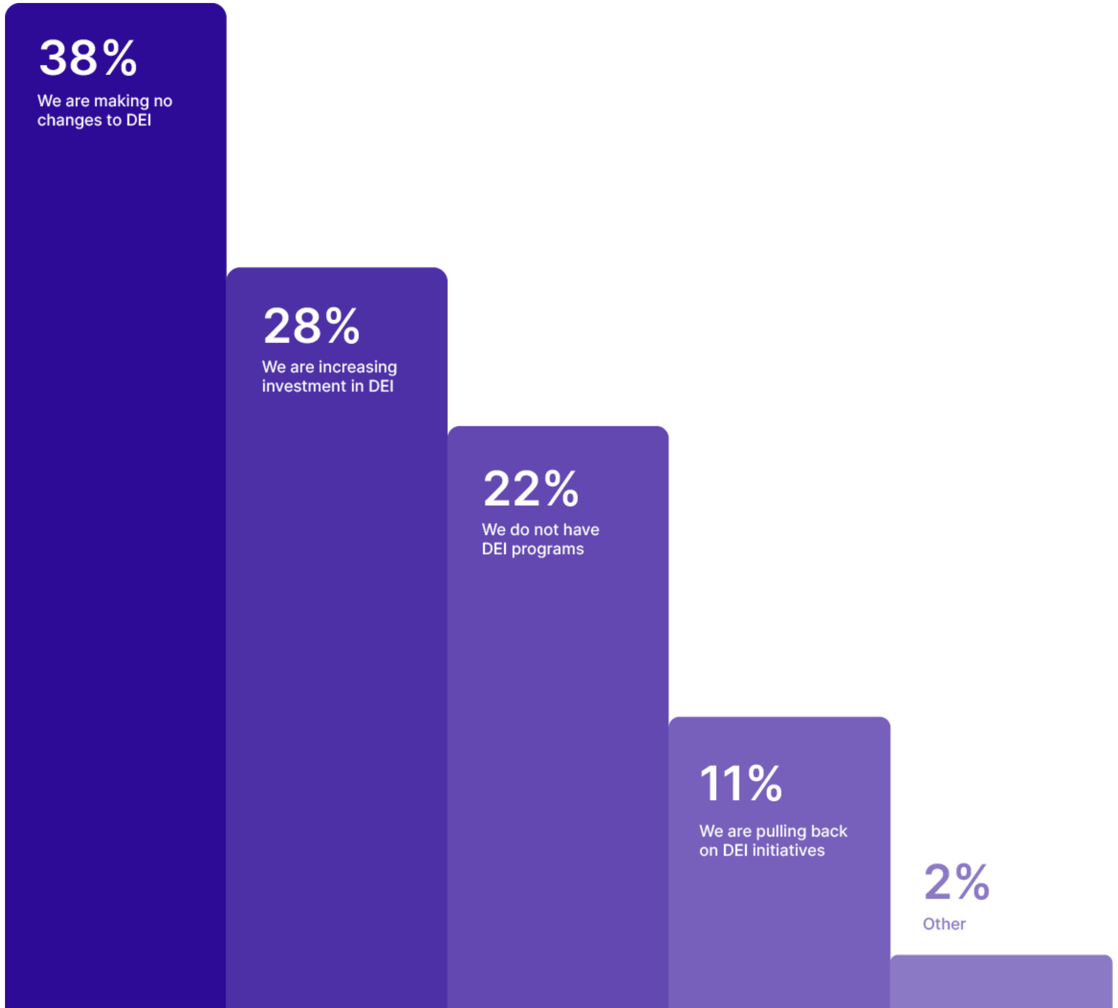
	As needed	Emerging	Developing	Advancing	Optimizing
Excel	13%	19%	34%	25%	9%
"Homegrown" or proprietary technology exclusively used by our organization	23%	19%	23%	23%	12%
Compensation module within HRIS	10%	18%	34%	29%	10%
Purpose-built compensation technology	8%	13%	32%	33%	14%
Our compensation consultant uses technology on our behalf	11%	19%	32%	26%	11%
Our organization does not use any technology to manage compensation today	49%	21%	10%	11%	9%

Is pay equity/DEI still a priority amidst everything going on?

In your personal opinion, should equity remain a central pillar of diversity, equity, and inclusion (DEI?)

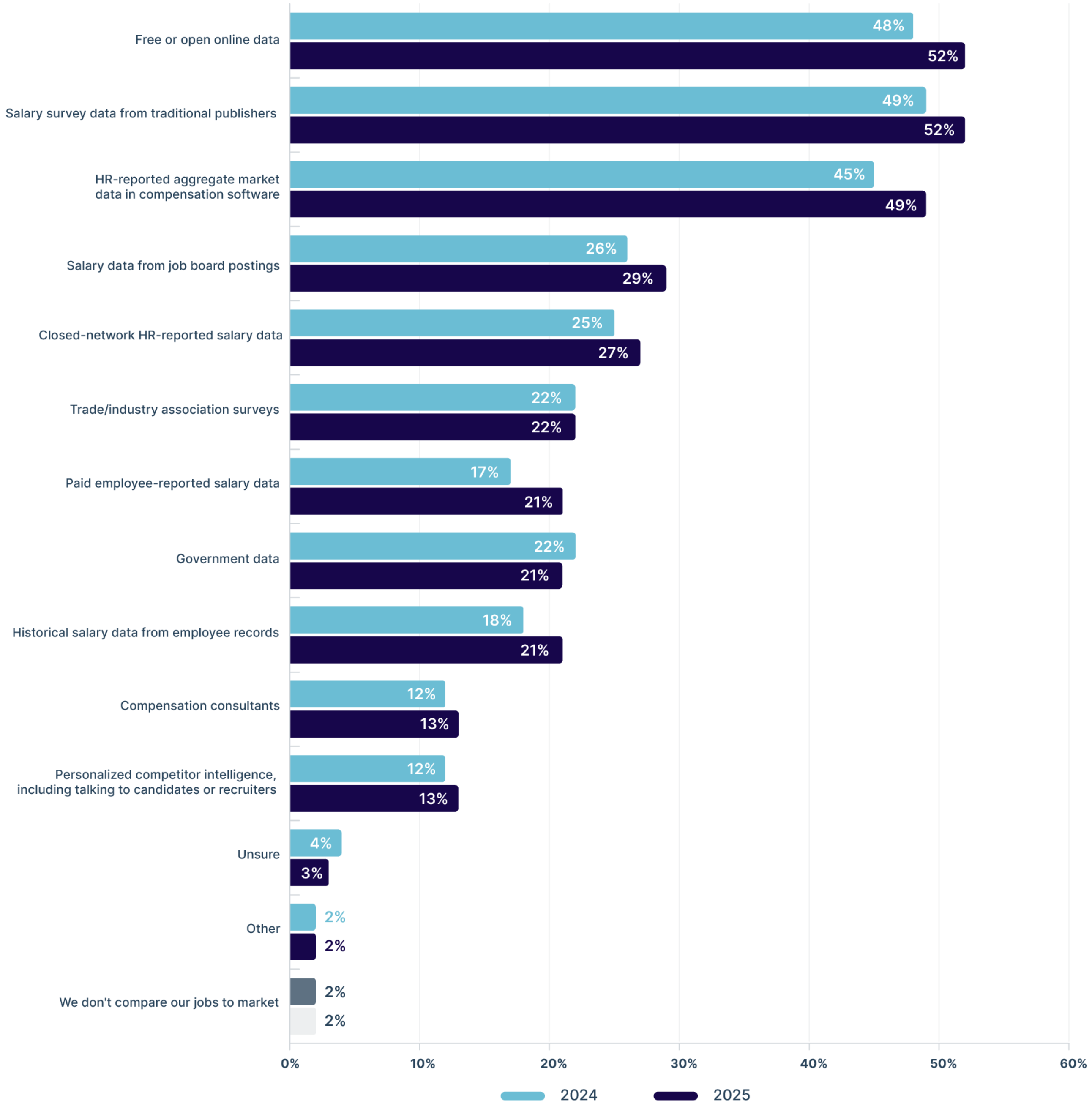
66%	18%	18%
Yes	No	Unsure

Which best describes your organization's approach to DEI for 2025?



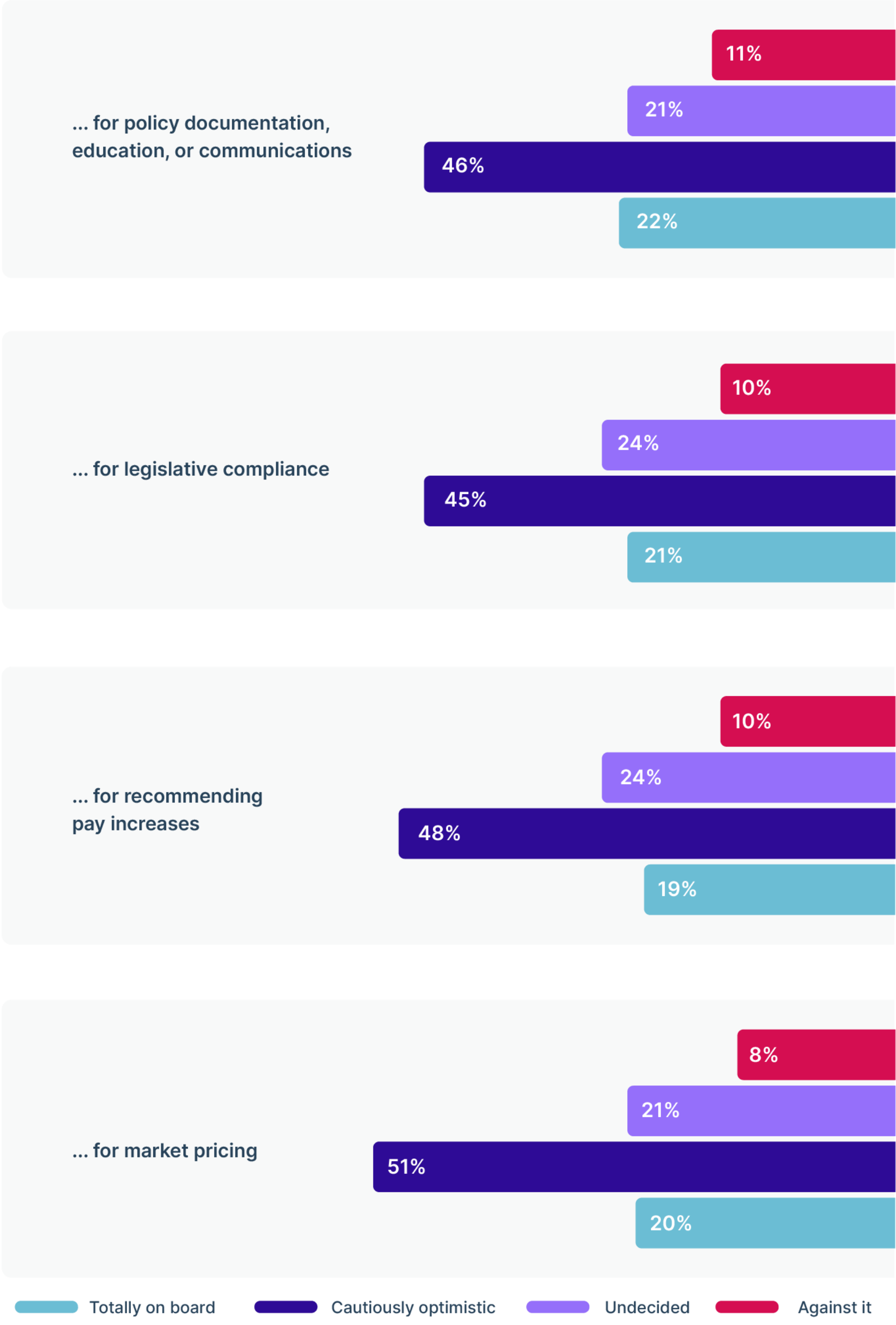
Are sources that folks are using for salary data and market pricing changing?

Which sources do you use to obtain market data?
(Multiple answer choices allowed)



With AI becoming more prevalent, how will it play into compensation? What advice do you have for folks?

What best describes your sentiment around leveraging AI/machine learning?



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What benefits are driving impact in terms of attraction, retention, and engagement?

Which of the following benefits, perks, or rewards did your organization offer most or all employees?

	2024	2025	Difference
Menopause leave	1.5%	2.3%	0.8%
Work-from-home stipend	7.5%	8.0%	0.5%
Menstrual leave	2.1%	2.5%	0.4%
Unlimited PTO	12.2%	12.5%	0.3%
Commuter allowance	9.2%	9.5%	0.3%
Travel benefits/perks for frequent travelers	7.2%	7.2%	0%
Mental health or total wellness program	52%	52%	0%
Gym membership or reimbursement	18.2%	18.2%	0%
Student loan repayment	7.3%	7.1%	-0.2%
Paid sabbatical	6.6%	6.4%	-0.2%
Paid or subsidized childcare	5.8%	5.6%	-0.2%
Four-day workweek	7.9%	7.5%	-0.4%
Short-term disability	61.0%	60.4%	-0.6%
Stock/equity	17.3%	16.6%	-0.7%
Paid lunch, snacks, or food allowance	14.8%	13.9%	-1%
Fertility or family planning services	10.5%	9.5%	-1%
Extended paid family leave	17.3%	16.2%	-1.1%
Accrued or granted sick days	44.1%	43%	-1.1%
Pet insurance	18.6%	17.4%	-1.2%
Charitable contribution matching	9.7%	8.3%	-1.4%

	2024	2025	Difference
Unpaid sabbatical	7.2%	5.8%	-1.4%
Financial advisor/debt services	16.5%	15.1%	-1.4%
Long-term disability	63.6%	62.0%	-1.6%
Pension	15.9%	14.1%	-1.8%
Ability to work fully remote	26%	24%	-2%
Extended family leave	19.1%	16.9%	-2.2%
Vision insurance	73.7%	71.2%	-2.5%
Employee assistance	59%	56.3%	-2.7%
Accrued or granted PTO	53%	50.2%	-2.8%
Flextime	19.4%	16.4%	-3%
Life insurance	71.9%	68.8%	-3.1%
Paid vacation (reimbursed)	31.6%	28.3%	-3.3%
Medical insurance	84.8%	81.2%	-3.6%
Dental insurance	78%	73.9%	-4.1%
401(k), 403(b), or other retirement contributions	63.4%	59%	-4.4%
Ability to work from home	48.9%	44.4%	-4.5%
Education or tuition reimbursement	37.6%	33%	-4.6%
Fixed holiday schedule	50.6%	45.1%	-5.5%
Other	2.1%	2.3%	0.2%
None of the above	1.22%	2.30%	1.1%

Poll: Is your organization focusing on skills-based pay?

A. Yes

B. Yes, for certain roles

C. We are considering it

D. No

E. Unsure

How do you see skills-based pay evolving in the future?

Are you experiencing skills gaps in your workforce?

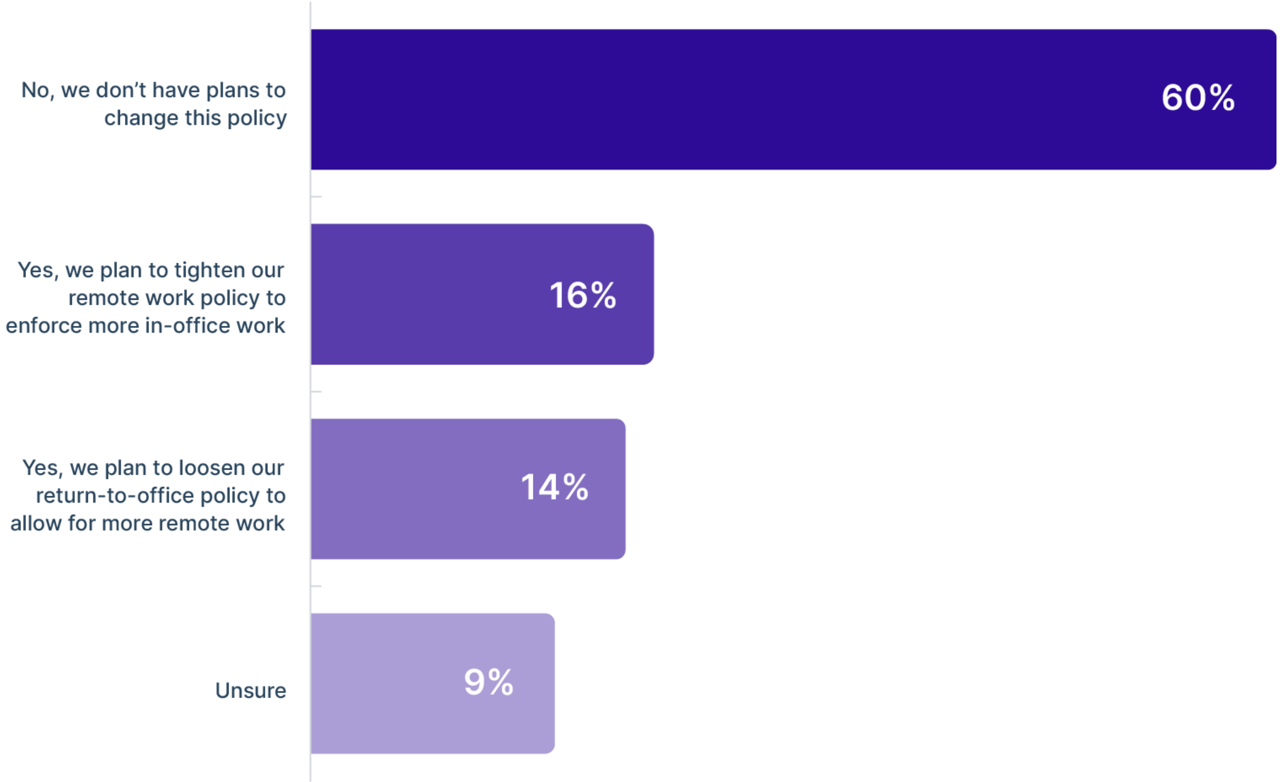
48%	36%	16%
Yes	No	Unsure

Are you moving toward a skills-based hiring and talent management strategy?

50%	26%	23%
Yes	No	Unsure

How are organizations navigating remote work and return to office mandates?

Do you plan to make changes to your organization's remote work/return-to-office policy in 2025?



Are you losing talent over return-to-office policies?
(These answer choices are asked only to the 41% who said yes)

39%
Yes

47%
No

14%
Unsure

Q&A

Feel free to ask any questions in the chat!

Would you like a demo of Payscale's compensation management solutions?

Let us know in the open poll!