



2022 Compensation Best Practices Panel

Thursday, March 17th



Agenda

- Overview of CBPR

TOPIC DEEP DIVES

- Labor Challenges
- Pay Increases
- Pay Equity
- Comp Strategy & Future

CBPR Overview

Payscale's 2022 Compensation Best Practices Report is a 60+ page analysis of compensation trends and charts taken from our survey of 5,578 respondents gathered responses from November 2021 to January 2022.

Cuts of the data include:

- Company Size (1-99, 100-749, 750-4,999, 5K-49,999, 50K+)
- Industries (15)
- Top Performers vs. Non-Top Performers
- Compensation Team vs. No Compensation Team



13th
Year!

"I love this report and
can't wait to dig in."

-Teri Zipper,
Managing Partner,
Sapient Insights

Structure of the Report

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Today's Panelists



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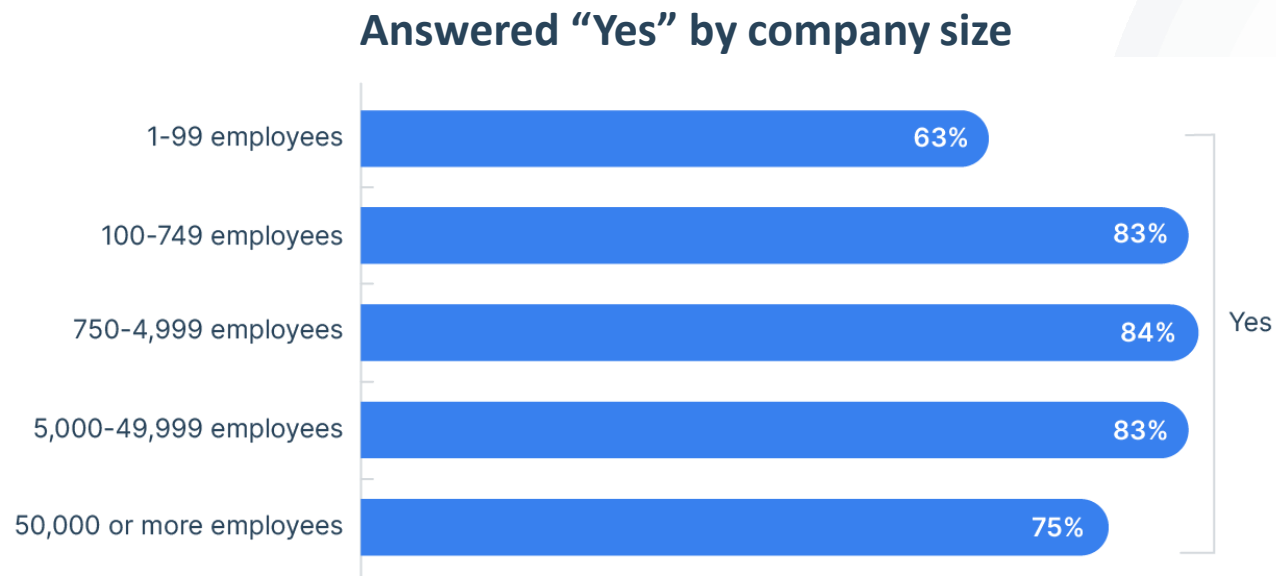
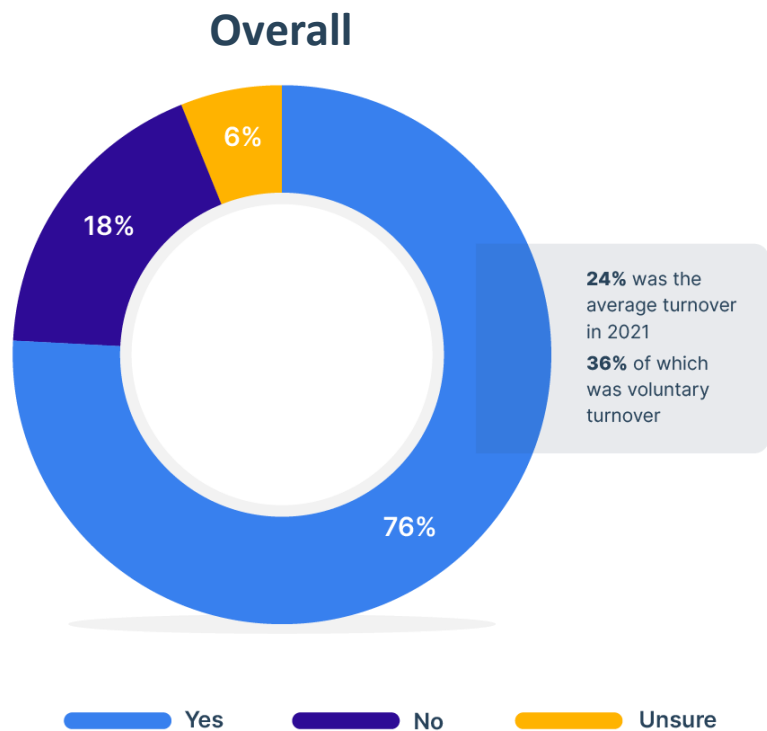
Senior Content
Marketing Manager
& Author of CBPR

CBPR 2022

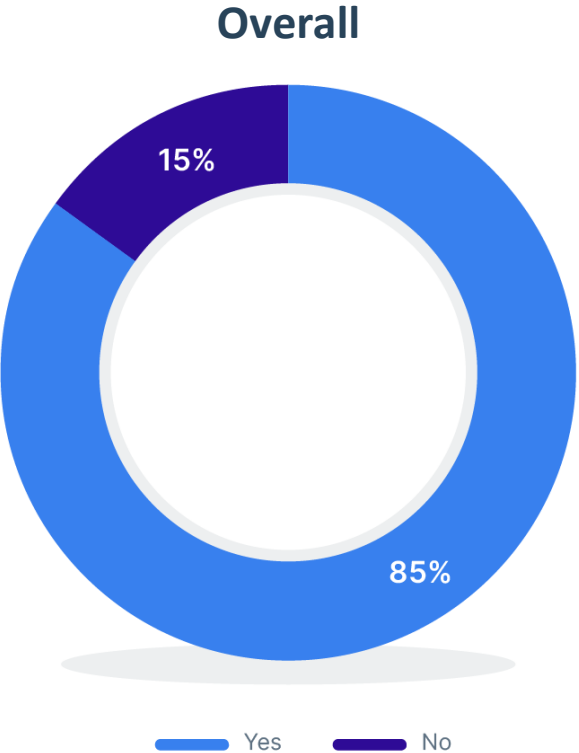
Labor Challenges

Poll: Are You Experiencing Labor Challenges?

Have you experienced labor shortages or trouble attracting talent in 2021 that is greater than previous years?

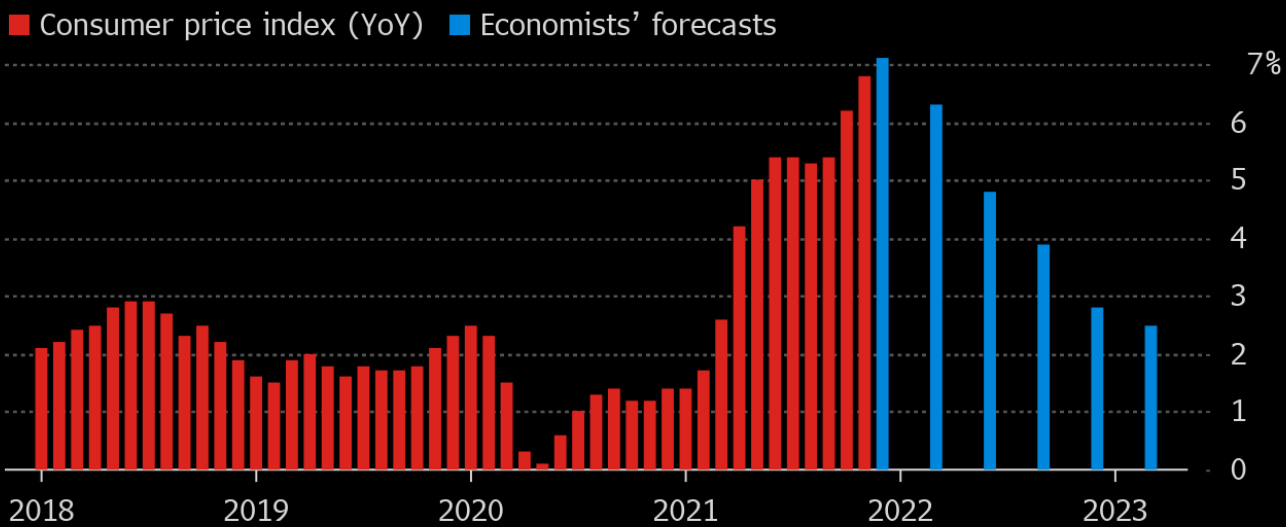


Are you concerned about rising inflation in 2021 eroding the value of pay increases?



Peak Inflation?

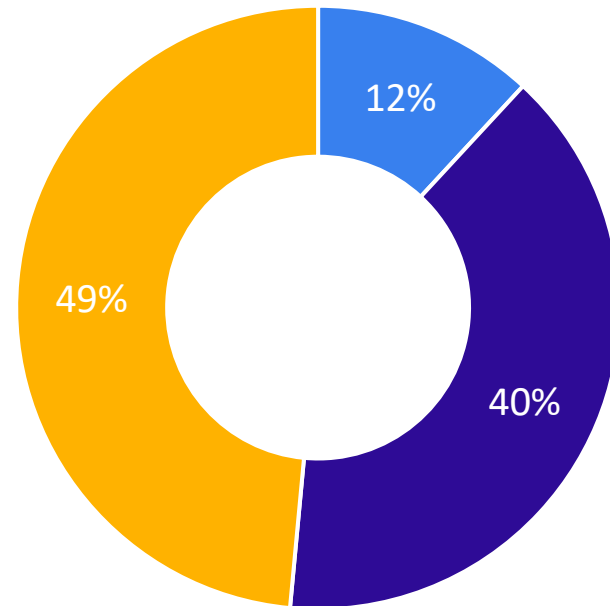
Inflation is expected to top 7% at the end of 2021 – then fall steadily



Source: Bureau of Labor Statistics, forecasts compiled by Bloomberg

Bloomberg

How did your voluntary turnover in 2021 compare to previous years



- Lower than previous years
- About the same as previous years
- Higher than previous years

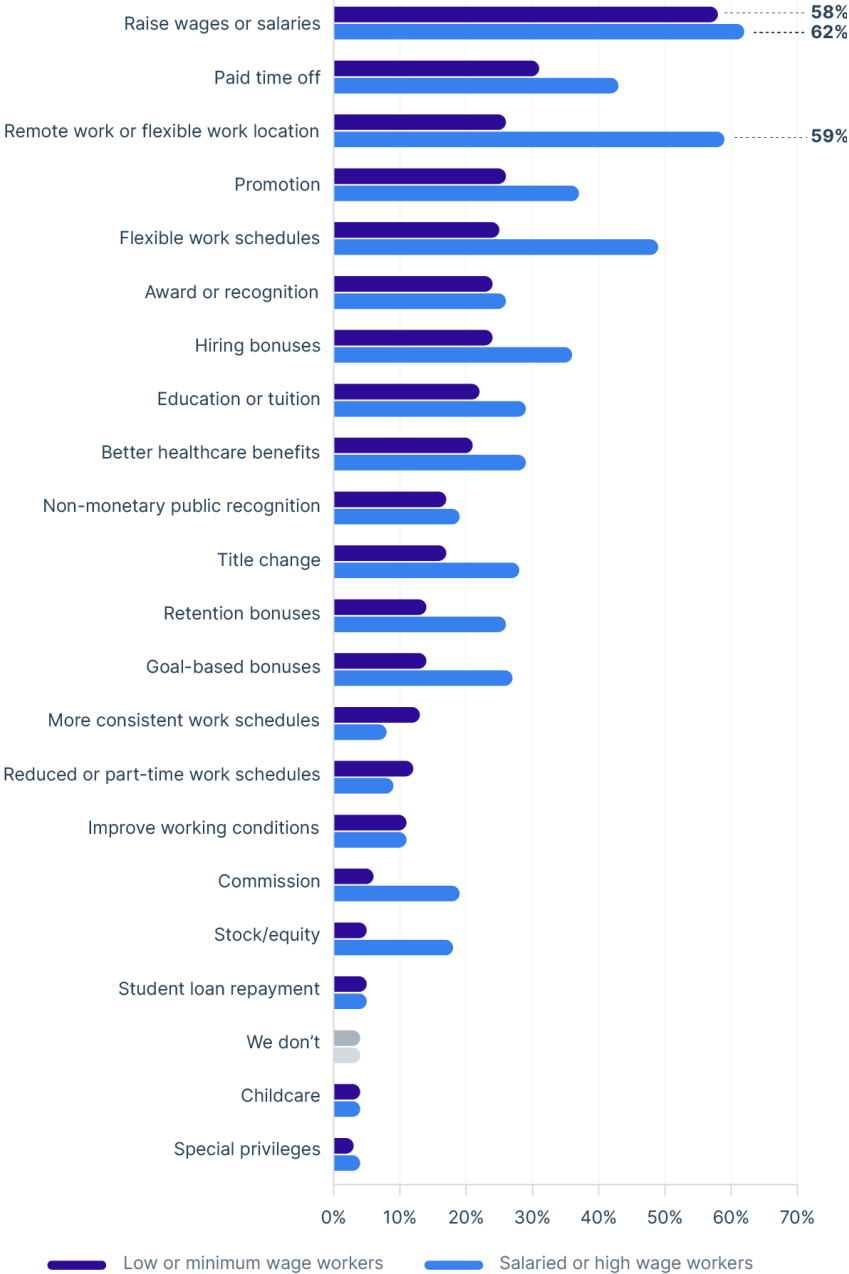
24% Average
Turnover

36% Average
Voluntary Turnover

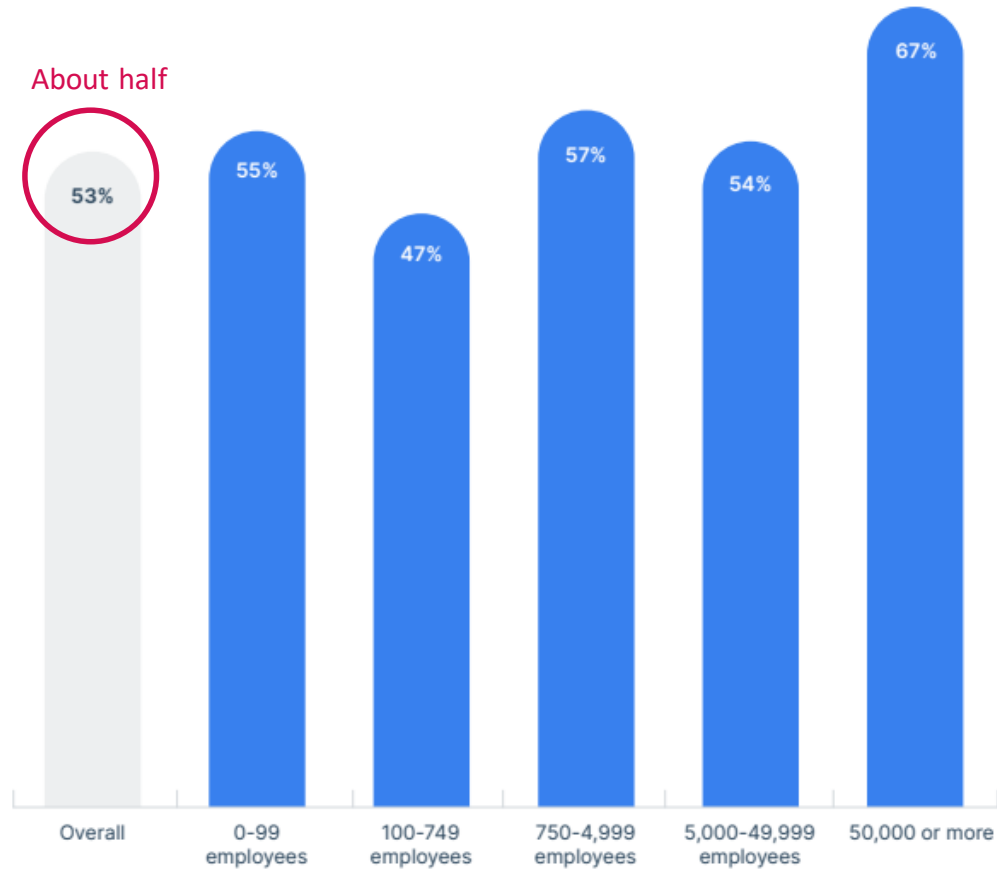
What is your organization doing to attract and retain talent?

We asked organizations what they are doing to attract and retain talent in the current economy for salaried or high wage workers versus low or minimum wage workers.

For both groups, the most popular strategy is to raise wages or salaries.

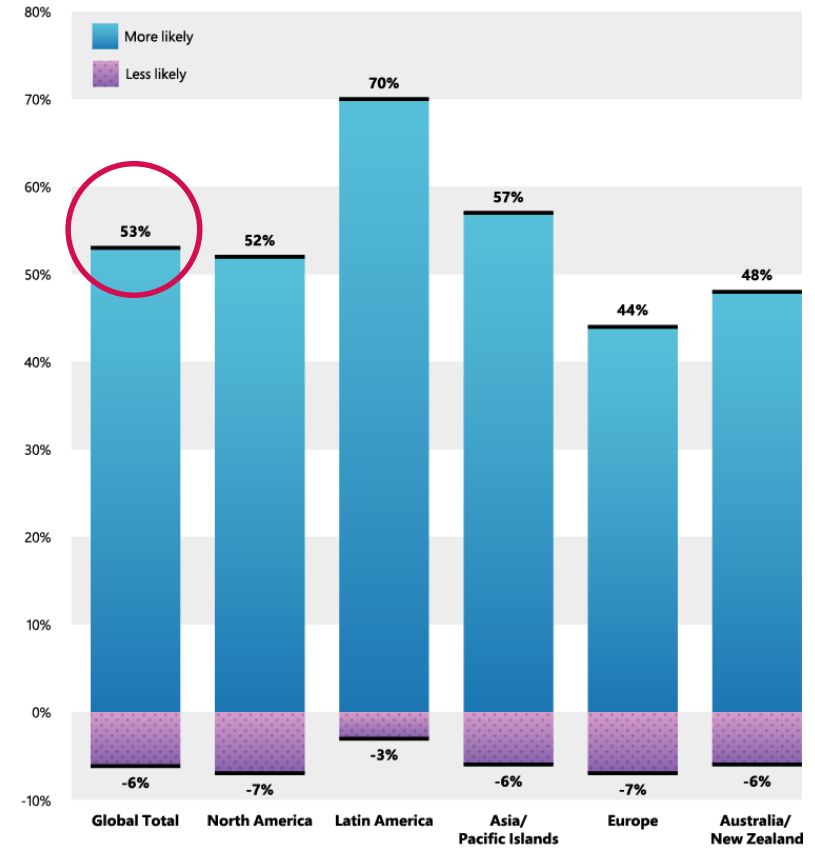


Percentage of organizations who answered 4 or 5 that they are **confident** in the ability of their **compensation packages** to attract and retain talent.



2022 Microsoft Work Trends Index

Compared to before the COVID-19 pandemic, how likely are you to prioritize your **health and wellbeing** over work?



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Pay Increases

Poll: Are You Giving Pay Increases That Are Higher Than Usual?

Percent of organizations that participated in giving pay increases

92%

Planned
for 2022

85%

Gave pay
increases in 2021

64%

Gave pay
increases in 2020

Do you think you are losing more talent than prior years due to insufficient pay increases?



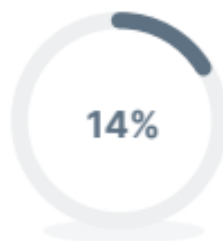
Yes, pay is a leading
reason for why we're
losing talent



No, pay is not a leading
reason for why we're
losing talent

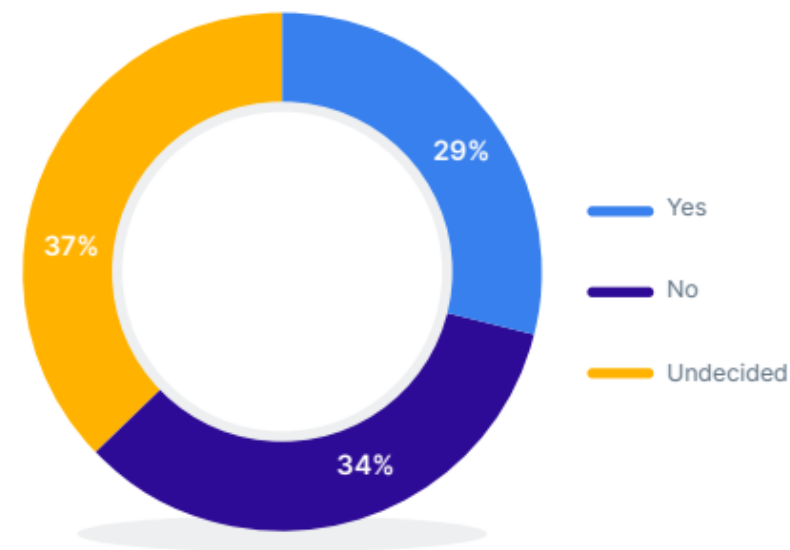


We are not
experiencing
talent loss



Unsure

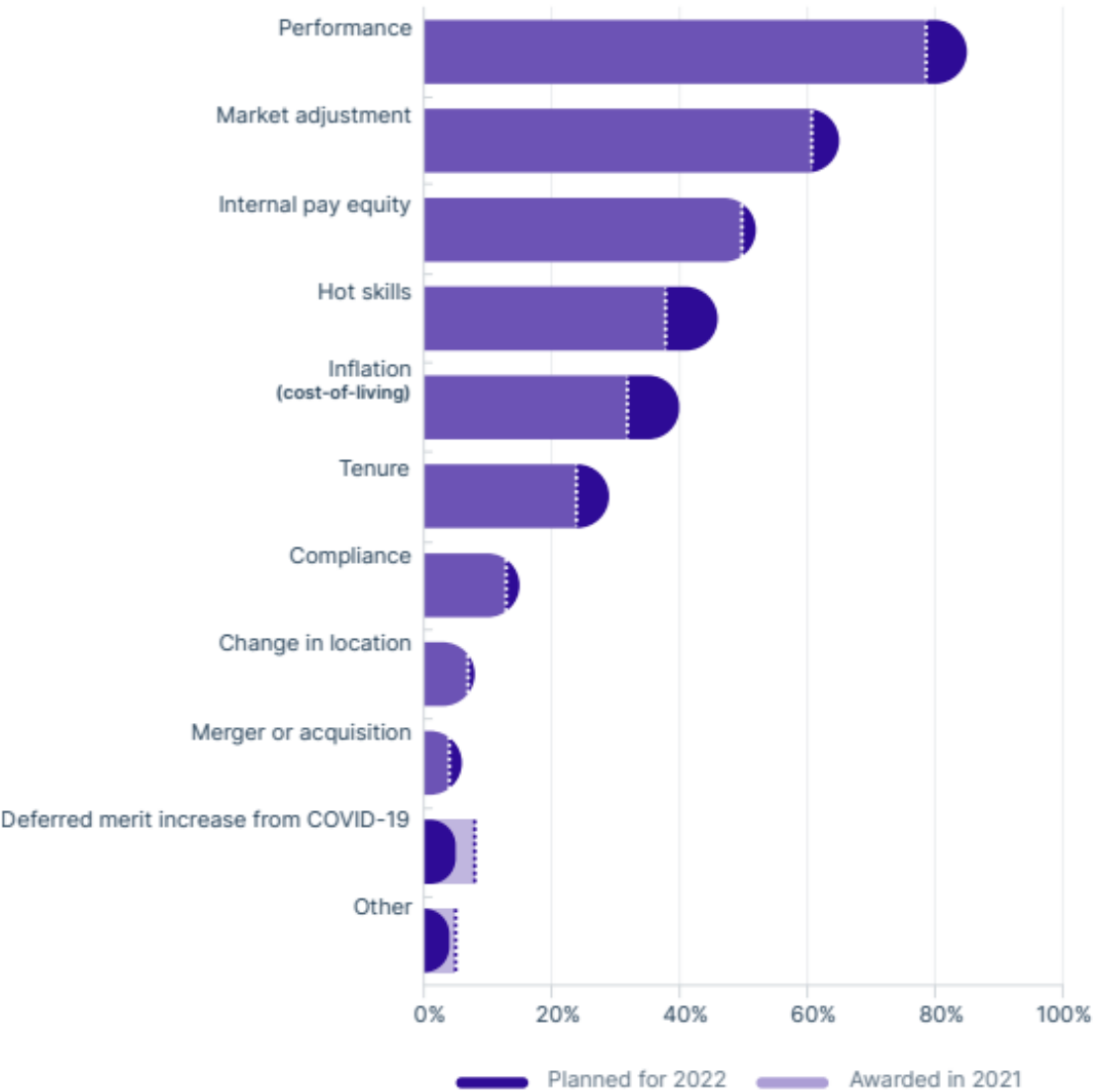
Given the volatile state of the economy, have you adjusted your 2022 pay increase budget beyond what you previously planned?



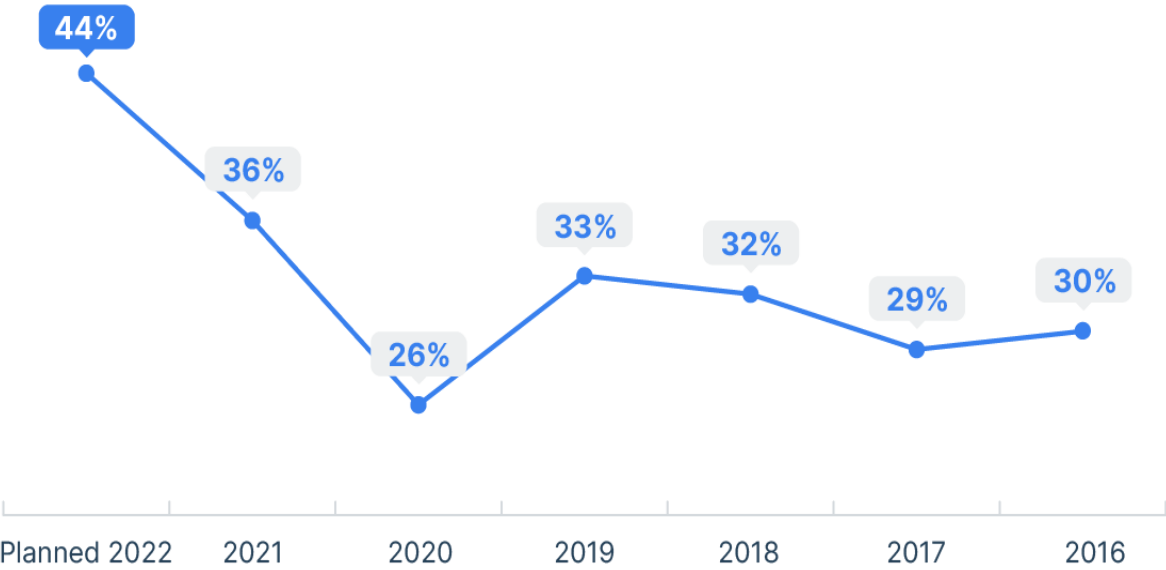
When providing pay increases, do you make a distinction between merit increases, market adjustments, and increases for inflation?

- 40% combine into one increase
- 31% line-item for each increase type
- 24% make no distinction
- 6% are unsure

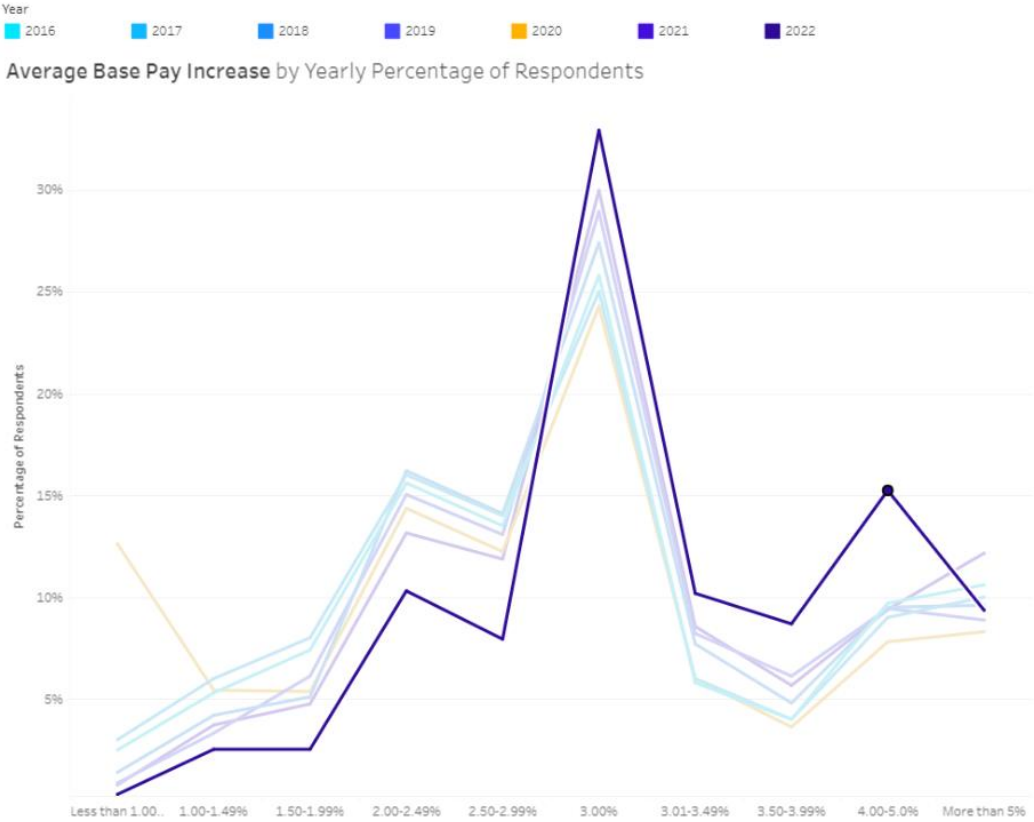
Which of the following is factored into base pay increases?



Average base pay increases over 3% given to employees in 2022 compared to previous years



Distribution of pay increases planned in 2022 compared to previous years



Industries **most likely** to give pay increases over 3 percent

58%	Technology
55%	Engineering & Science
48%	Finance & Insurance
48%	Agencies & Consultancies
48%	Construction
47%	Real Estate & Rentals
44%	Manufacturing

Industries **least likely** to give pay increases over 3 percent

40%	Energy & Utilities
40%	Retail & Customer Service
36%	Government
32%	Nonprofits
32%	Healthcare & Social Assistance
32%	Food, Beverage & Hospitality
25%	Education

Excluding promotions, what will be the highest base pay increase given to any employee in 2022?



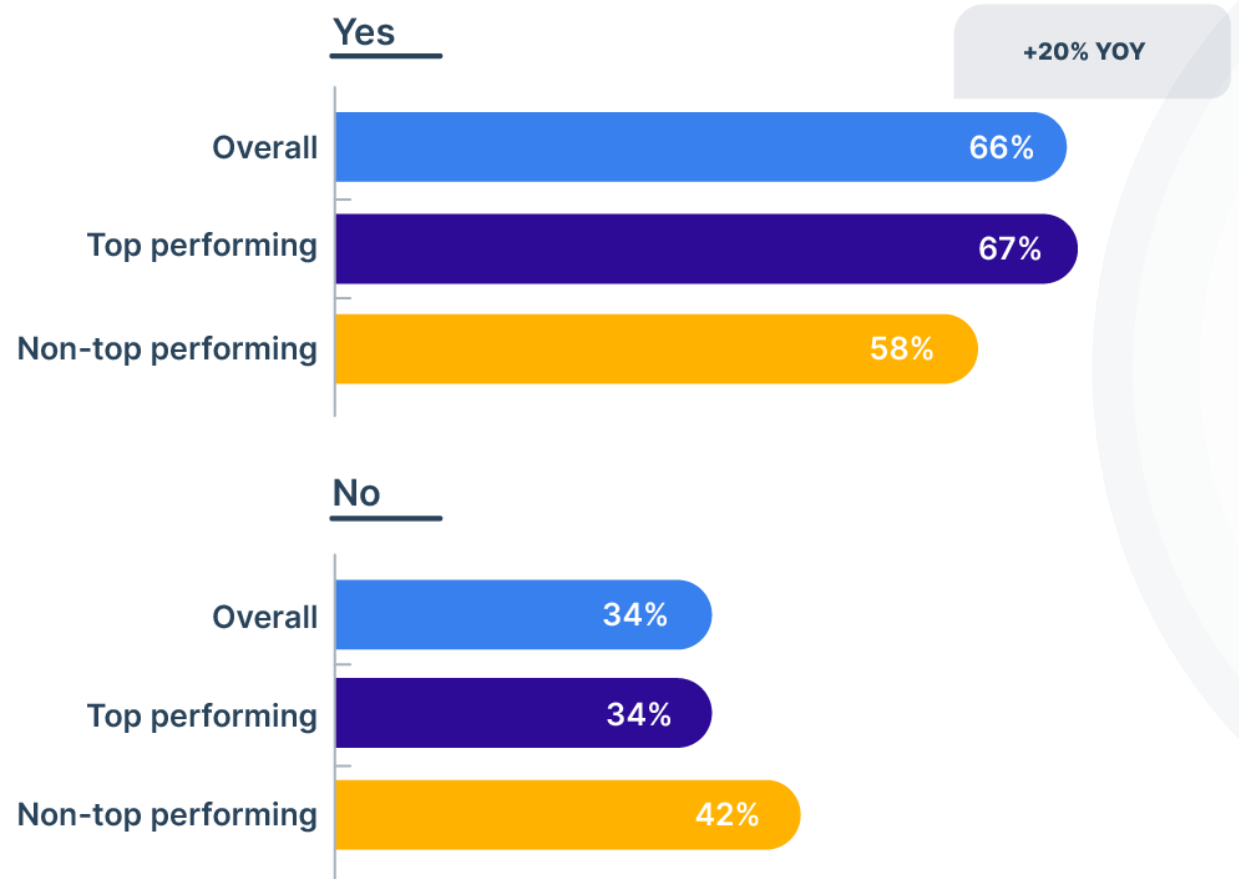
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Pay Equity

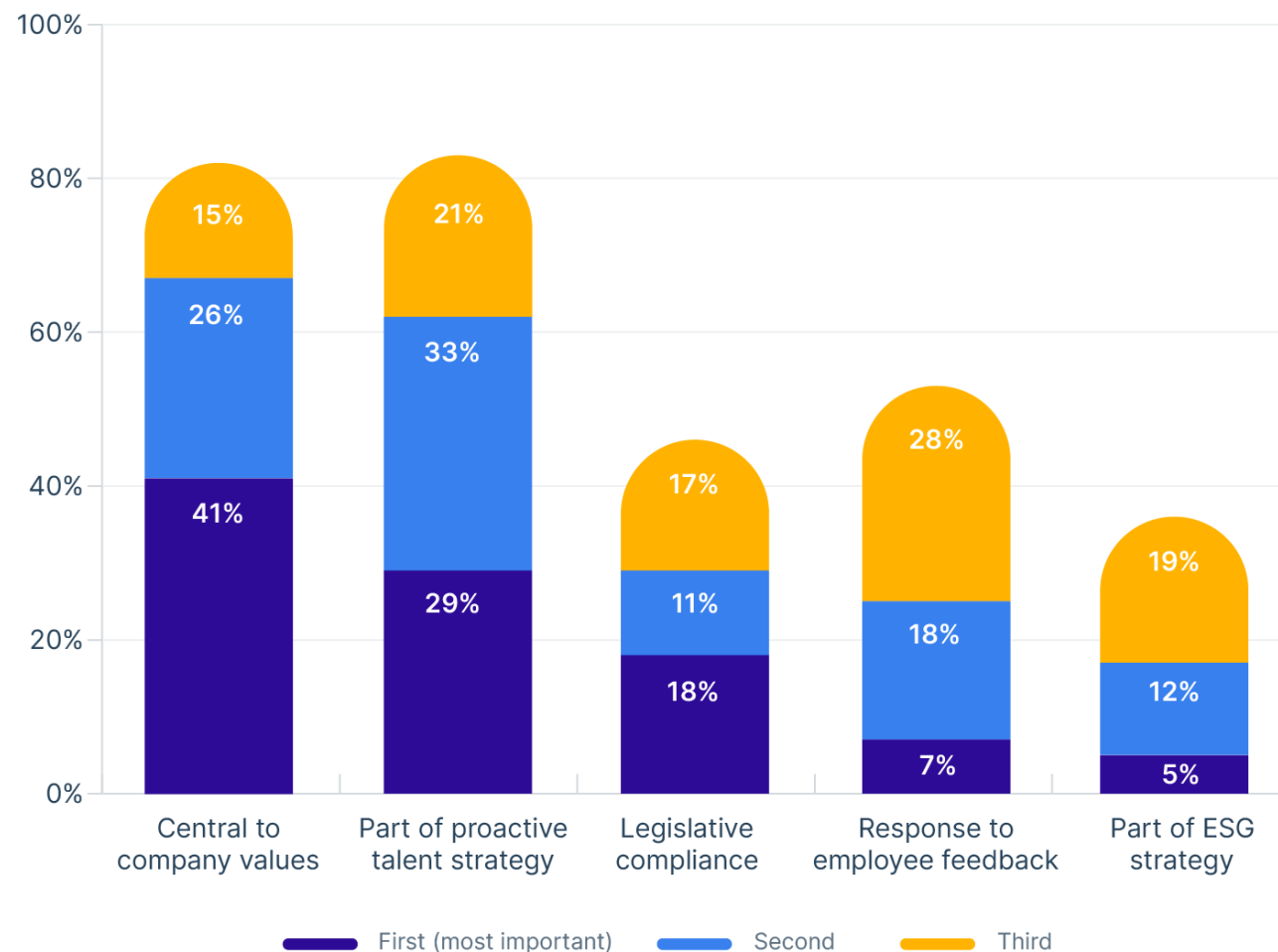
Pay equity intent is on the rise.

For the first time in the history of CBPR, pay equity analysis is now something a majority of organizations are planning on doing.

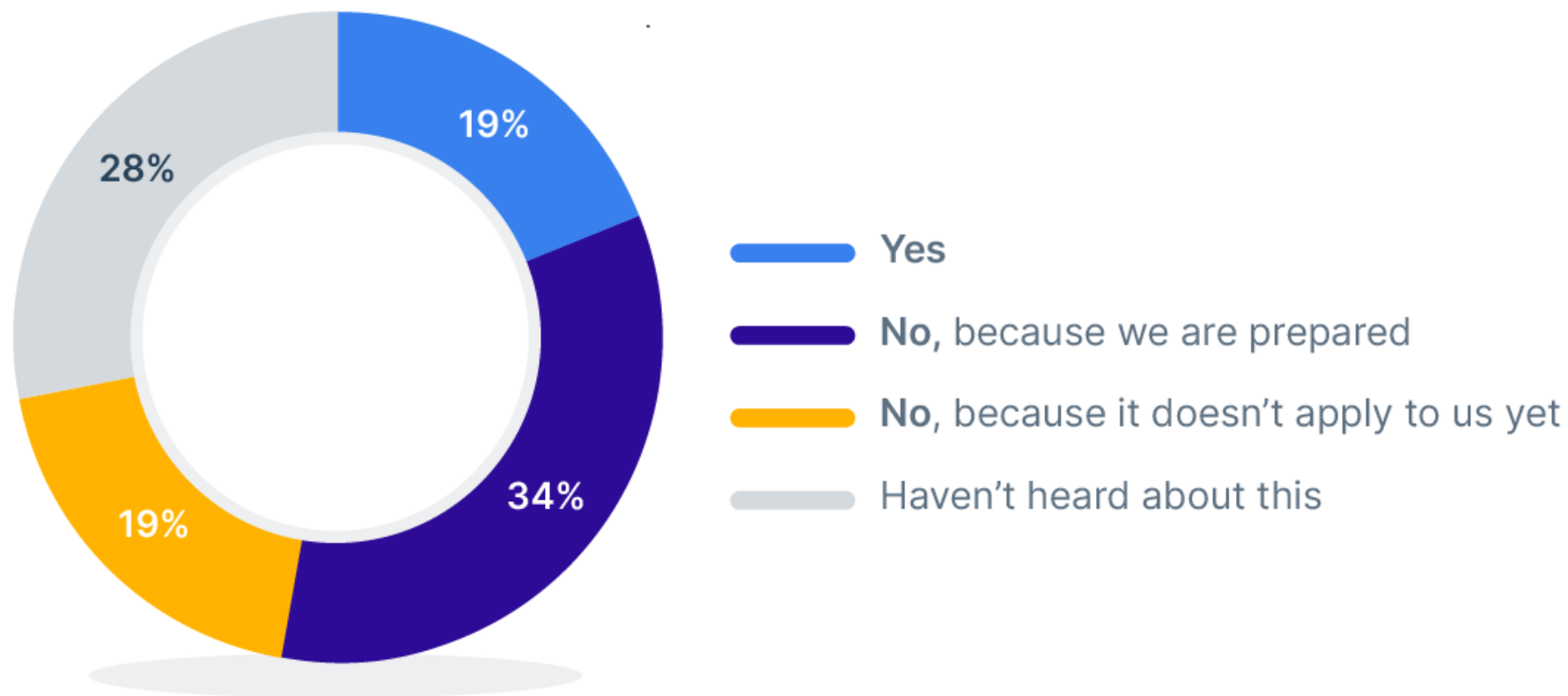
Is pay equity analysis a planned or current initiative at your organization?



Why is pay equity a planned or current initiative? (rank top 3 in order of importance)

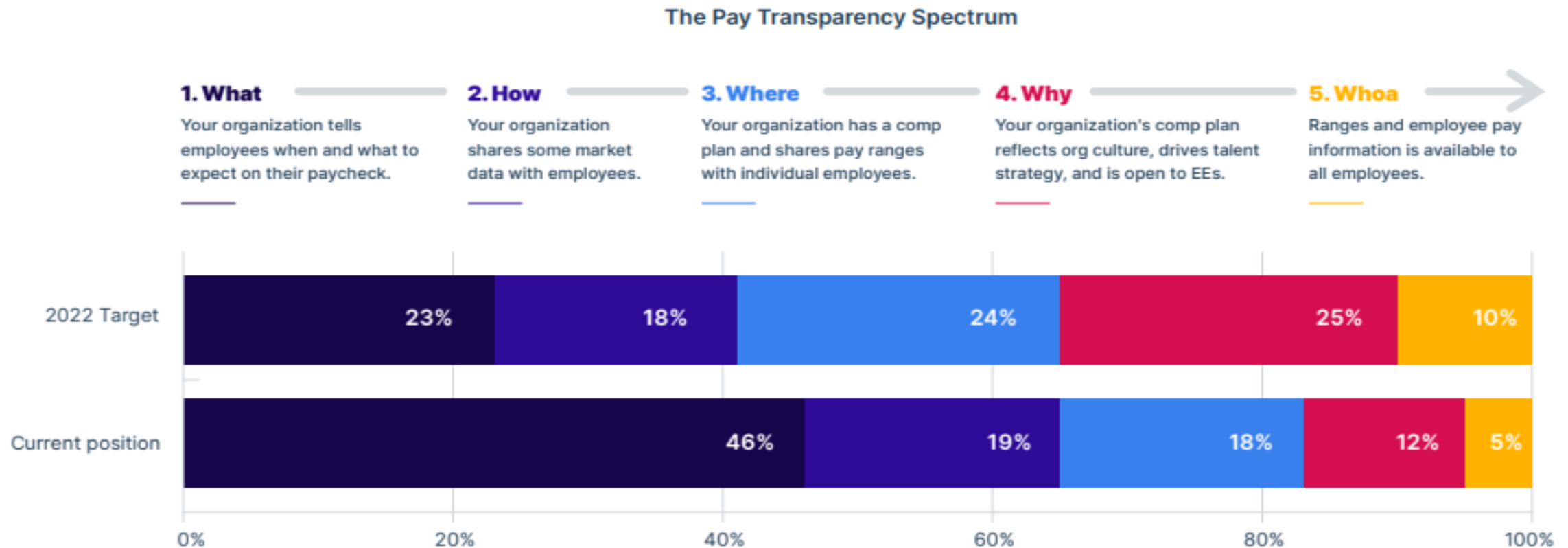


Are you concerned about new legislation related to pay equity or pay equity reporting?



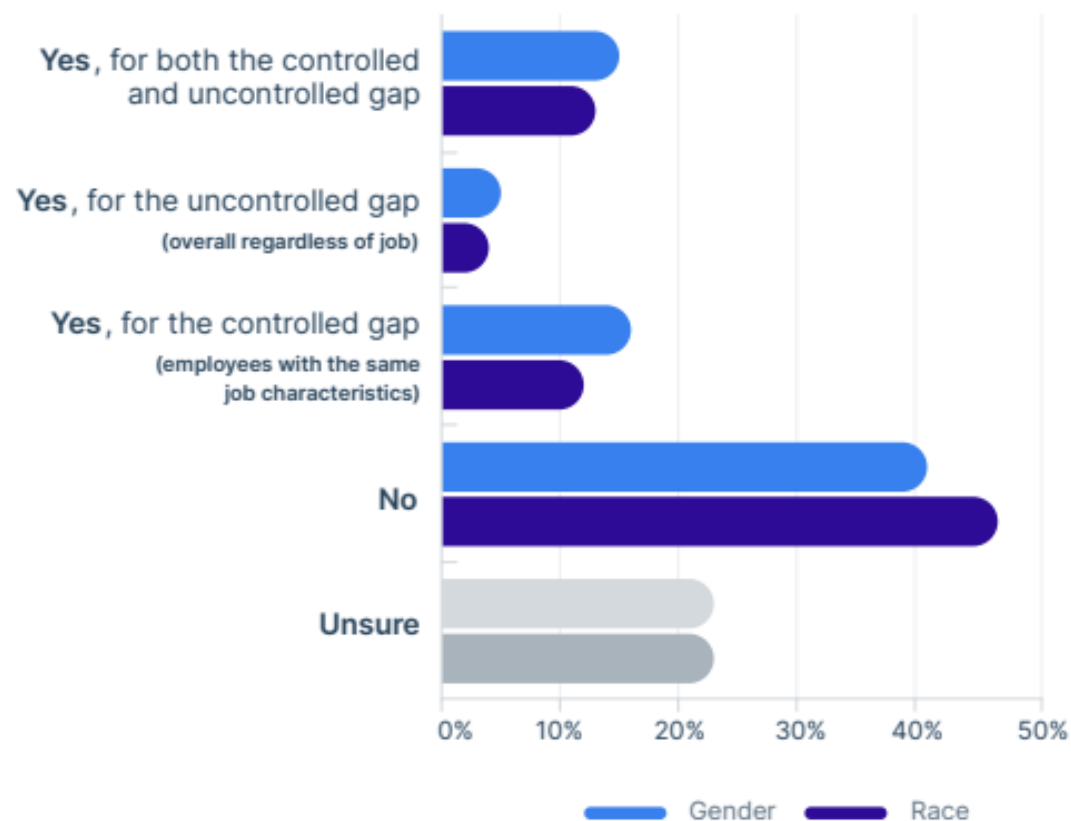
Little progress has been made on pay transparency, which requires pay equity

Almost **60%** of orgs want to be at least a 3 on the pay transparency spectrum and **35%** currently evaluate themselves as such (3-5). Last year, **55%** wanted to be at least a 3 on the spectrum in 2021 and **34%** of respondents evaluated themselves as such — so not much progress.

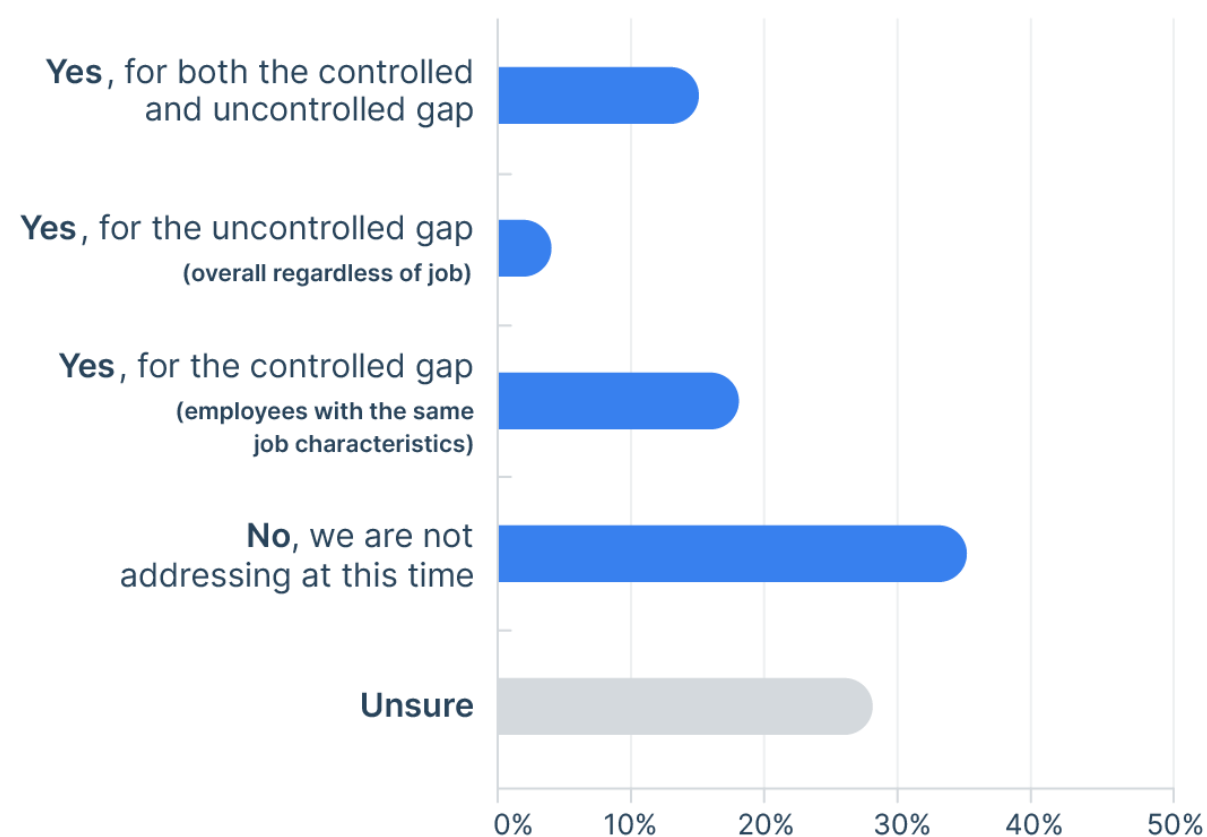


Pay equity requires measurement – you can't assume you don't have gaps

Do you know what your pay gaps are?



Are you doing something to address your pay gaps?



Our customers are likely to be more mature and have more compensation best practice because they partner with us - but there is room to grow.

41% of Payscale customers are **advancing** or **optimizing** their pay practices compared to 23% of non-Payscale customers.



CBPR 2022

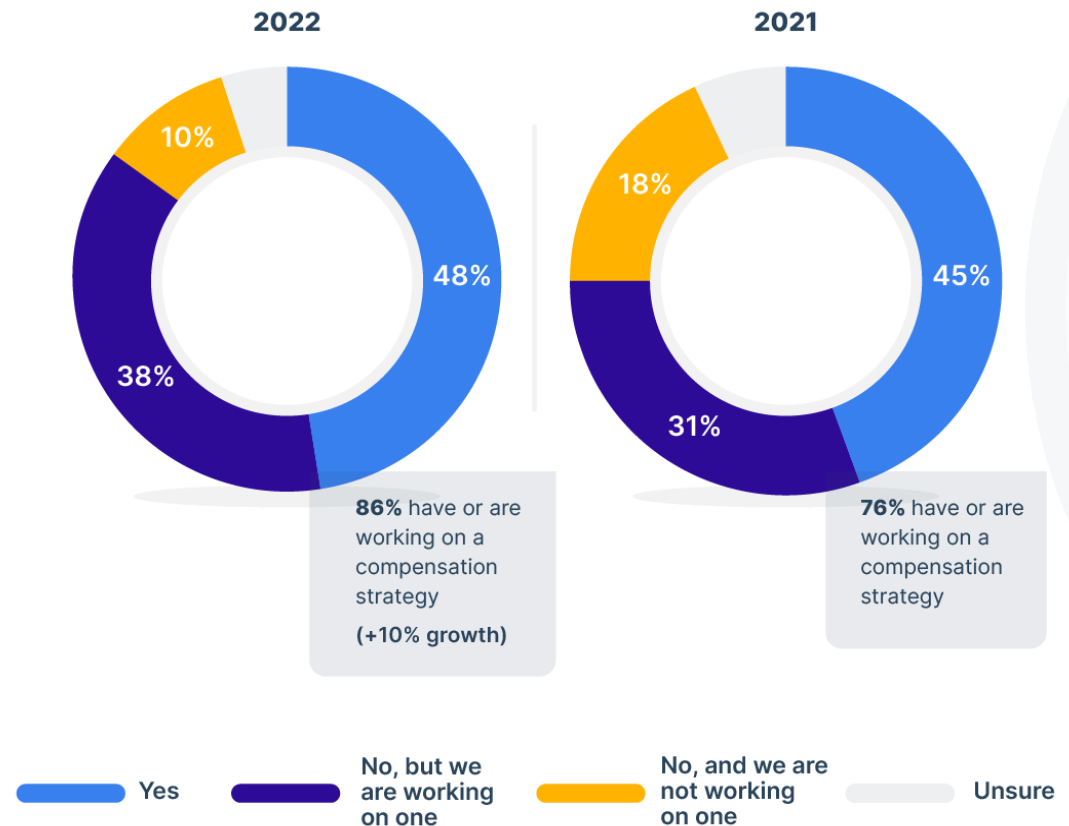
Comp Strategy & Future

More organizations are recognizing a need for a strategic approach to compensation.

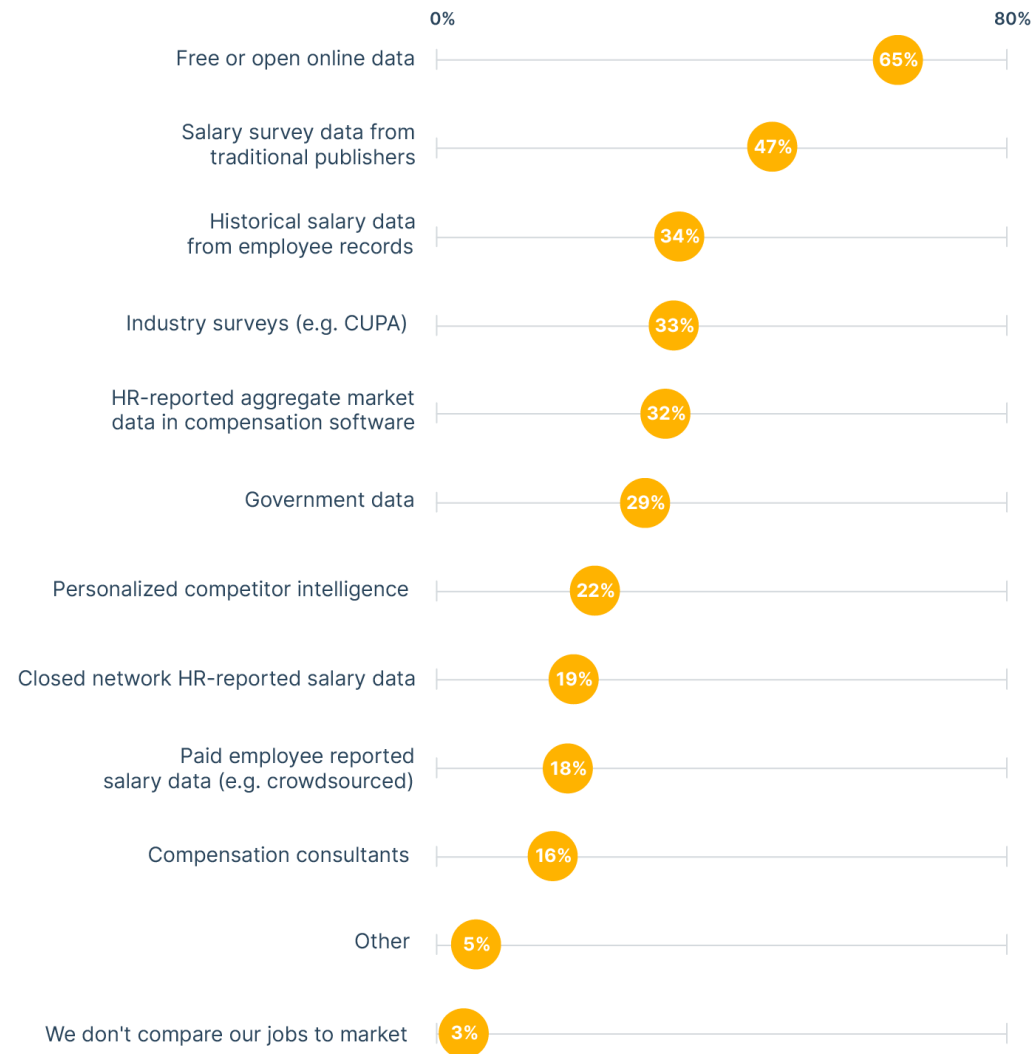
86% of orgs say they have a compensation strategy or are working on one — a **10%** increase from last year and a **16%** increase from previous years (when this stat hung out at **70%** YOY).

However, only about half of orgs are confident in their strategy.

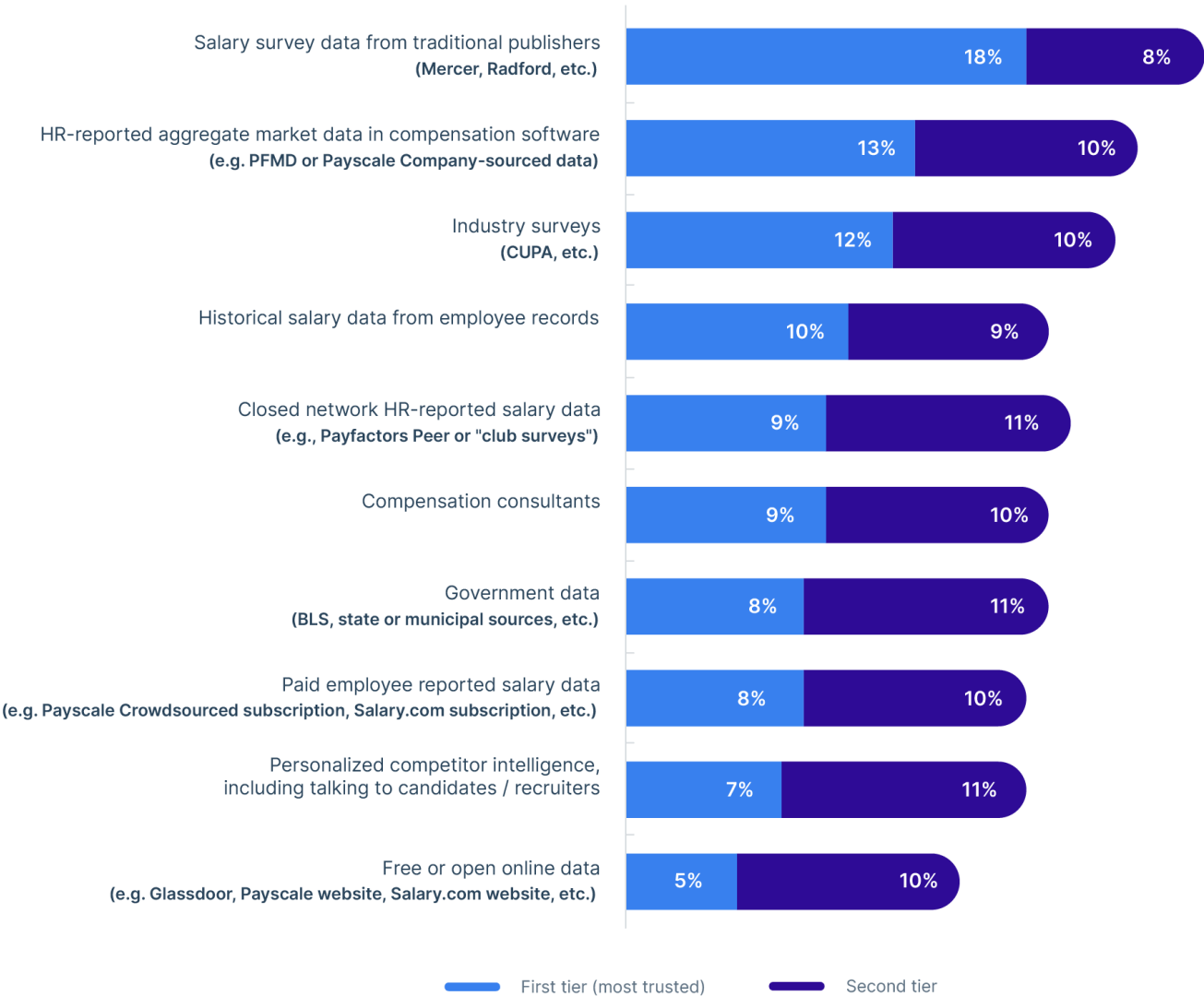
Does your company have a formal compensation strategy/philosophy?



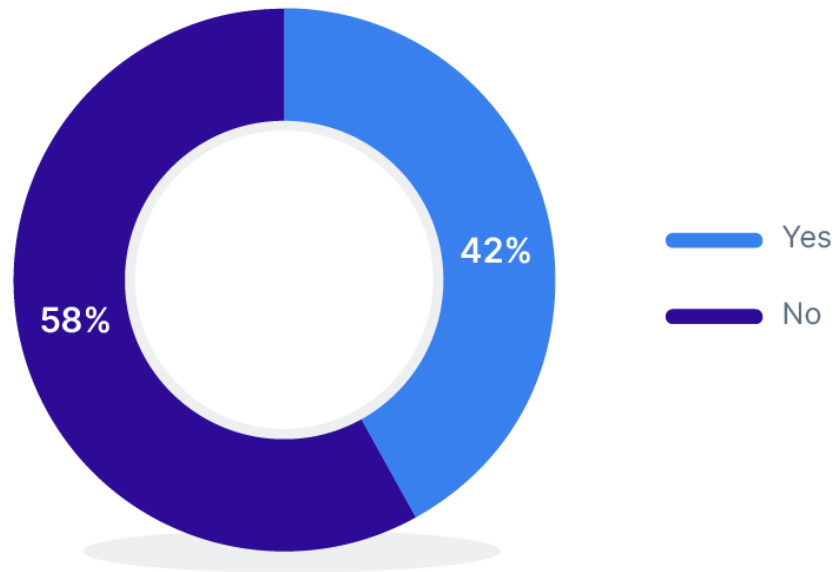
Which sources do you use to obtain market data in 2022?



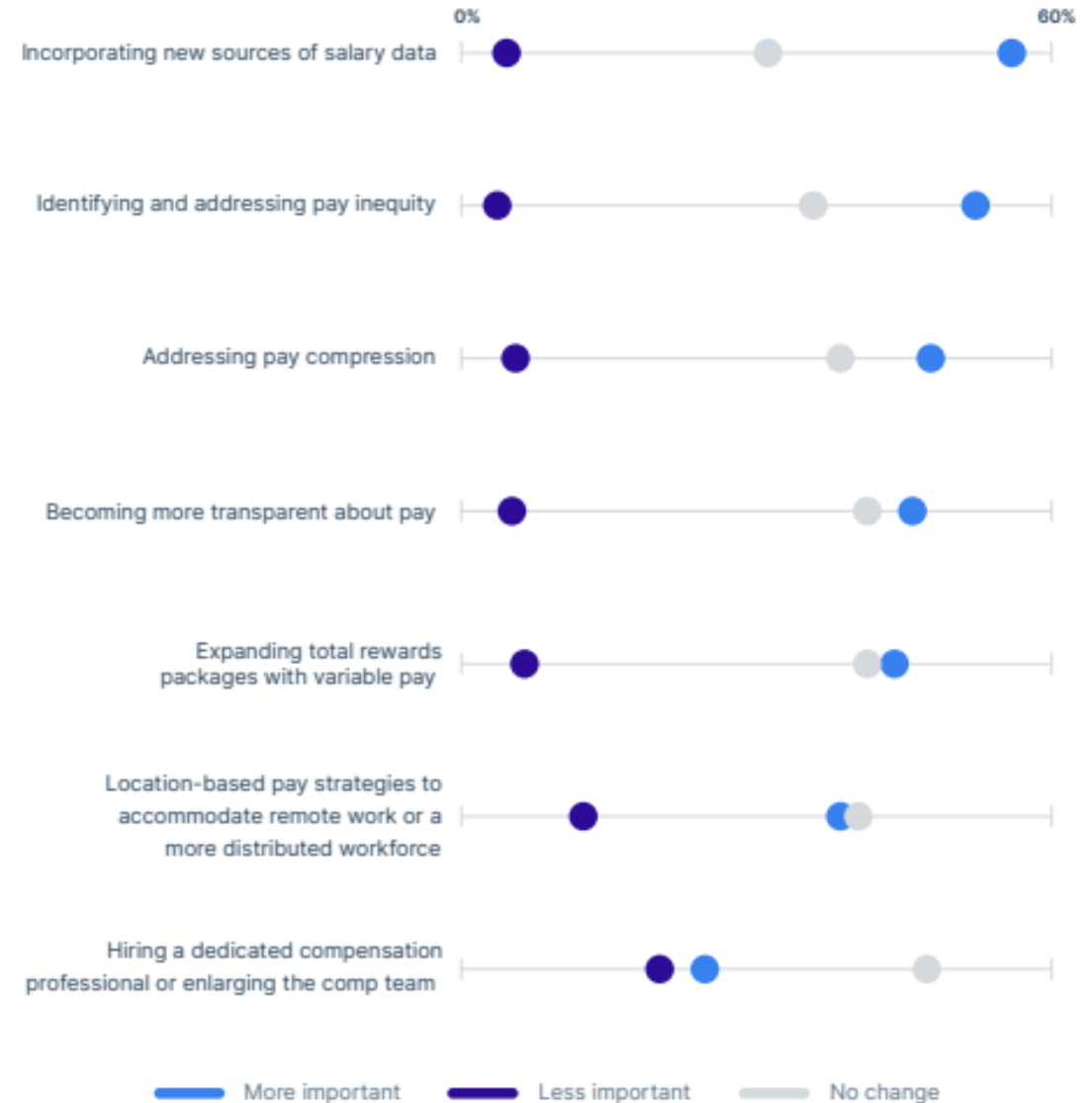
Sources ranked by how much you trust and rely on them for market pricing



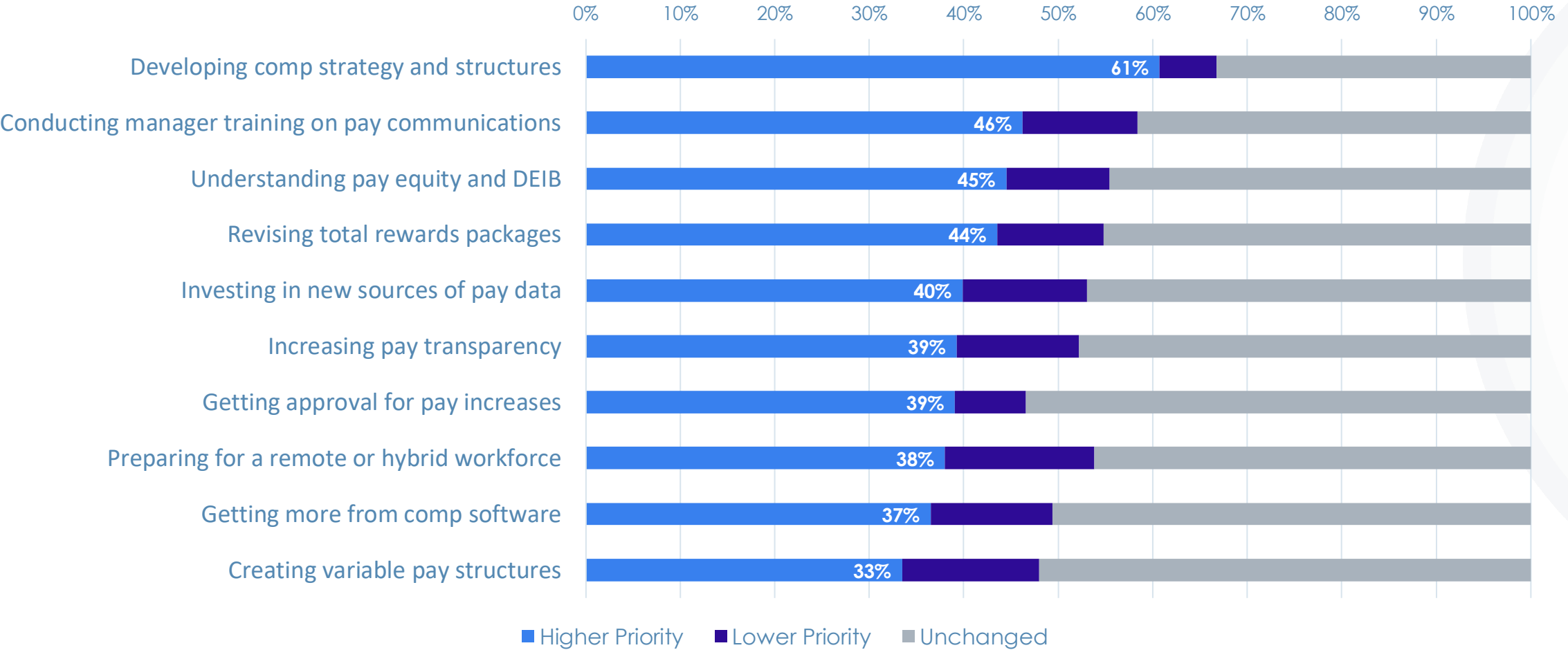
Did you make significant changes to your compensation data strategy in 2020 or 2021?



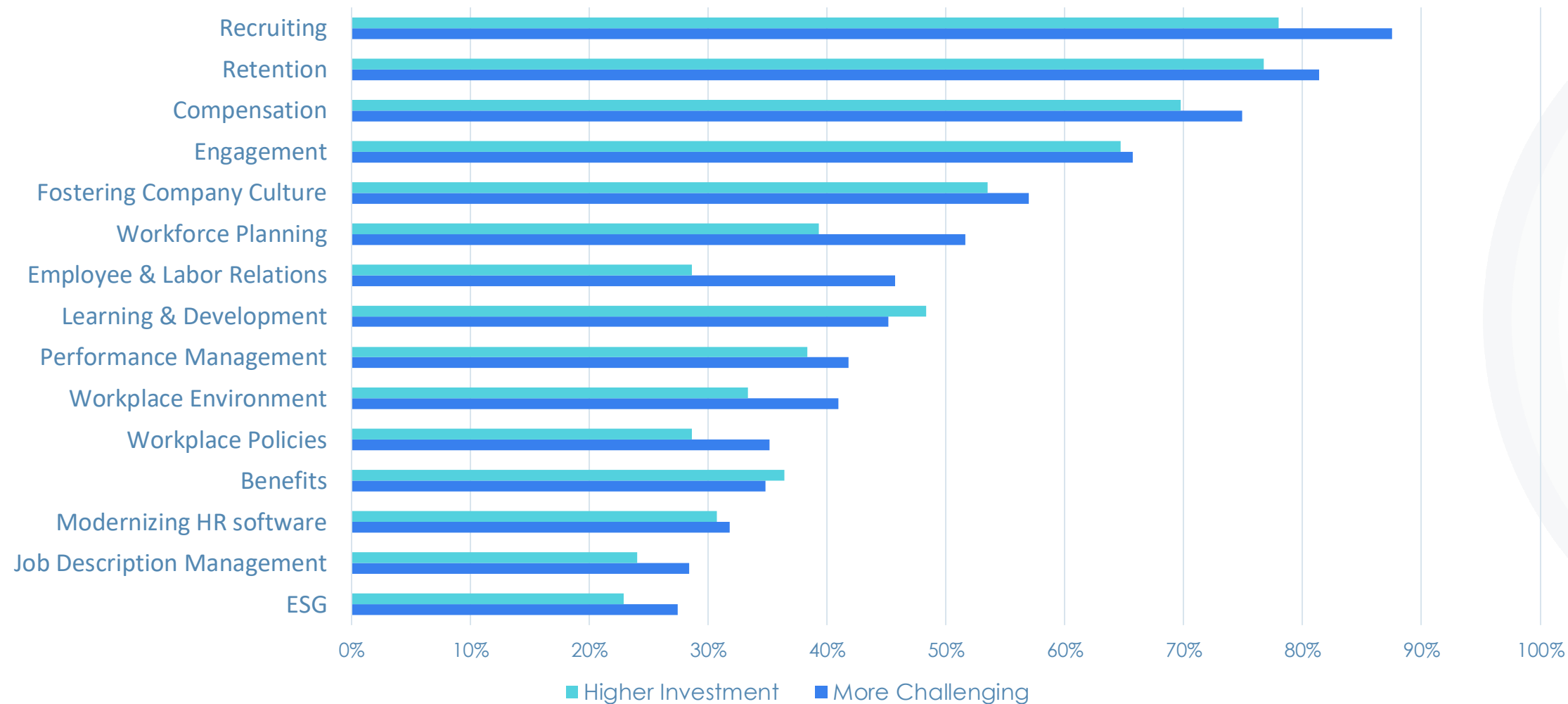
Importance of compensation activities in the next few years compared to today



How will you prioritize the following compensation activities in 2022 compared to previous years?



Greatest challenges and investments for HR going into 2022



Q&A

