

# How to Choose and Use Salary Data

# Today's Presenters

---



**Ruth Thomas**  
Chief Evangelist



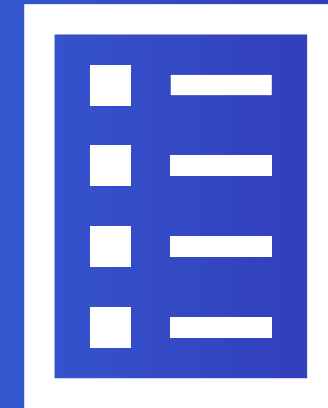
**Sara Hillenmeyer, PhD**  
Senior Director, Data  
Science



**Vicky Peakman**  
Director of Product, Data

# Today's Agenda

- A deep dive into the various data sources available
- Considerations when selecting data for your organization
- Considerations for using and communicating the data within your organization



# Welcome to the Data Age!

**Data is everywhere,  
and growth is  
exponential**

**AI and technological  
advancements are  
fueling the power of  
data**

**Demand for data  
transparency**

**All this is impacting the data we use to support compensation management.**



**What data  
sources are  
available?**

# Market data available today



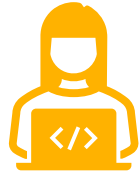
## HR Reported Data

Annual Salary Survey Data

Closed network HR reported data (eg Peer)

HR aggregated data (eg HRMA)

Club/association surveys



## Publicly Available Data

Government data

Free online data

Job posting data



## Employee Reported Data

Payscale ERD



## Ad hoc data

Recruiter and candidate insights

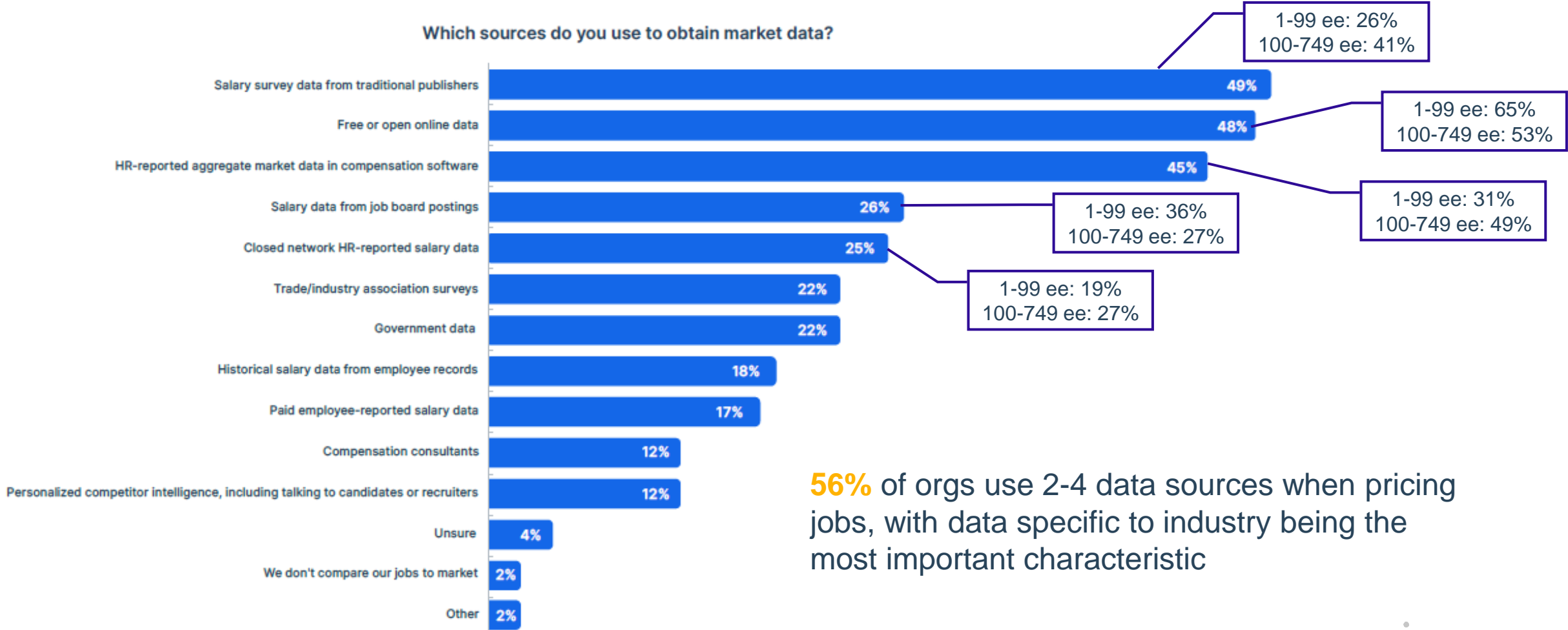
Compensation consultant insights



## **Poll 1: From which sources do you obtain market data (select all that apply)?**

- Free or open online data
- Salary survey data from traditional publishers
- HR-reported aggregate market data in compensation software (HRMA)
- Closed network HR-reported salary data (Peer / Club Surveys)
- Paid employee-reported salary data (ERD)
- Trade/industry association surveys
- Government data
- Salary data from job board postings
- Personalized competitor intelligence, including talking to candidates or recruiters

# Which sources are used?



56% of orgs use 2-4 data sources when pricing jobs, with data specific to industry being the most important characteristic



## Myth busting #1

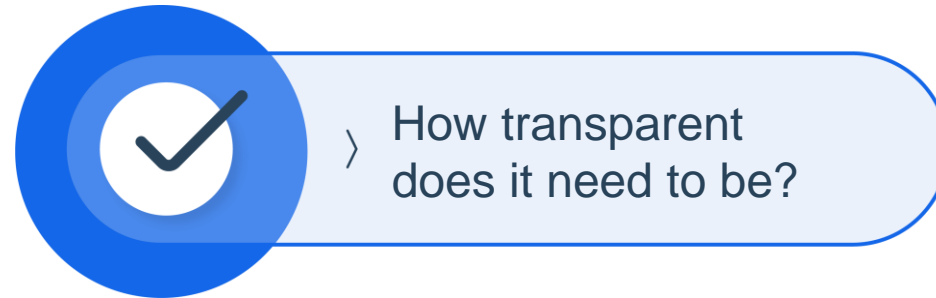
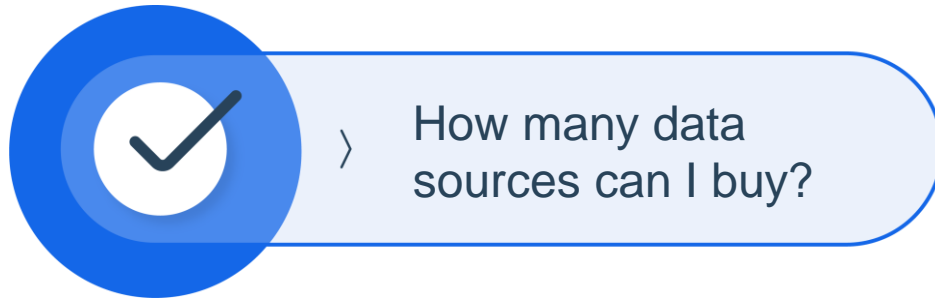
---

There is not one magic number!

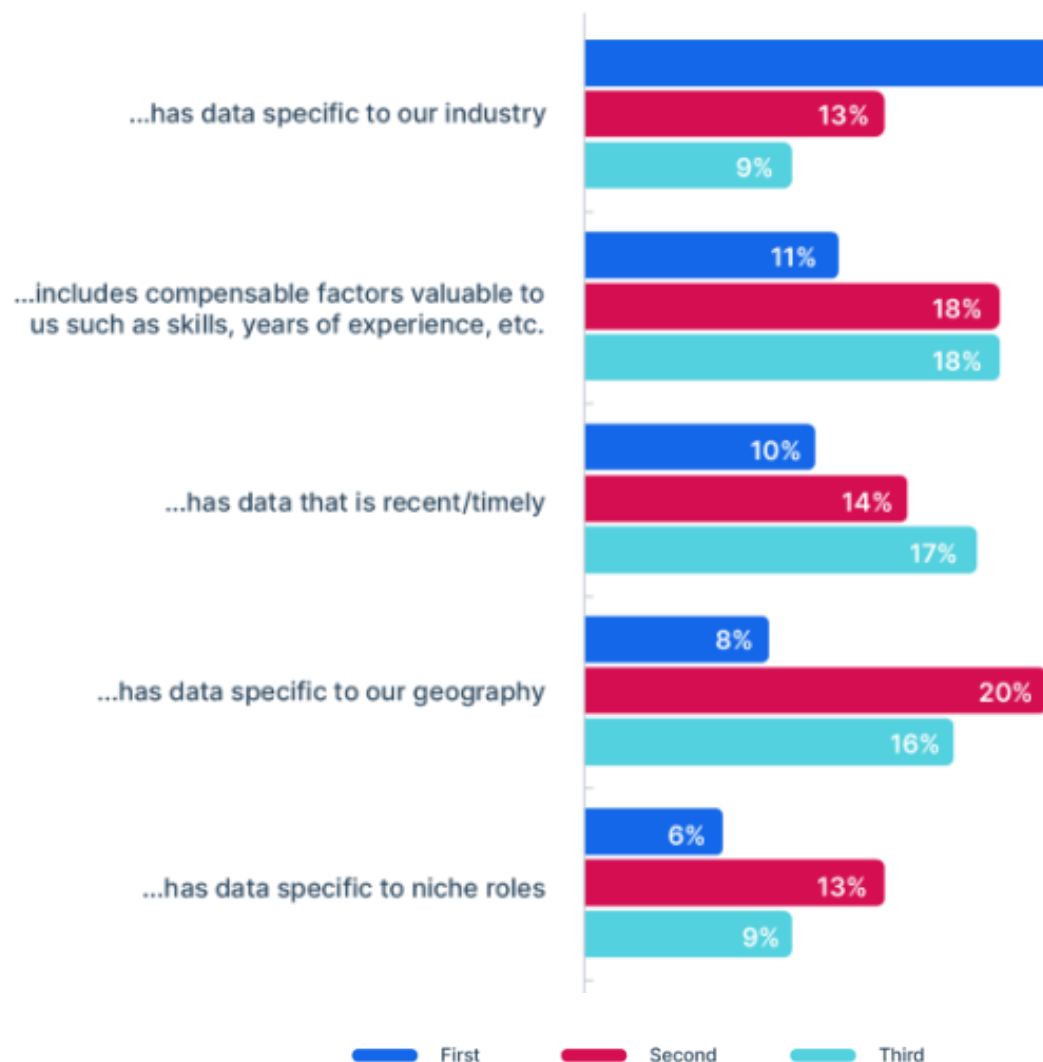


## Considerations when selecting data

# Market data strategy



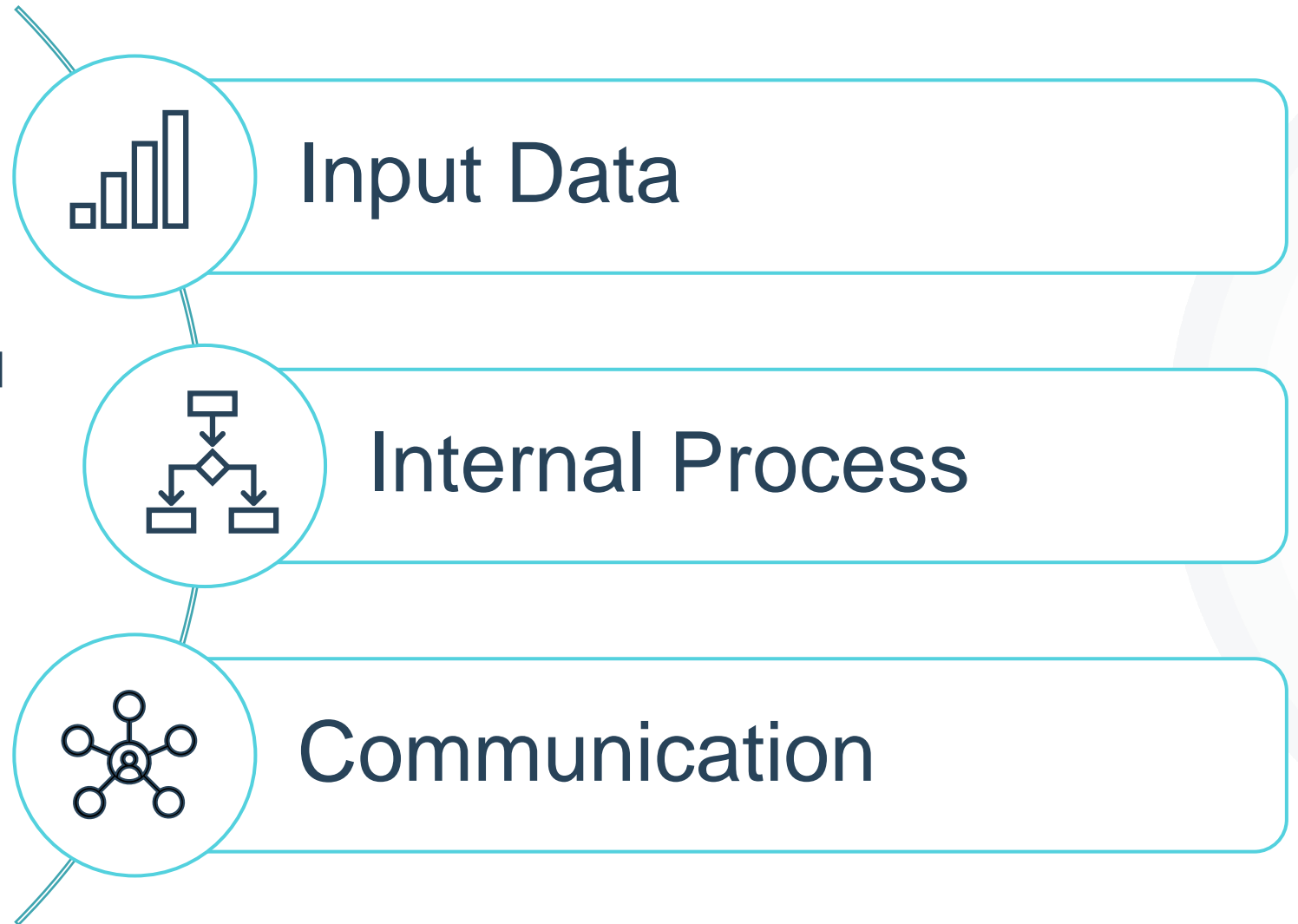
# Considerations when selecting data



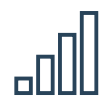
What are the top three most important considerations when selecting salary data to use in market pricing? **51 percent** say salary data that is specific to industry.

Coming in second and third is salary data that includes compensable factors valuable to the organization and salary data that is recent/timely.

**A compensation data strategy has three components**



# Compensation data strategy has three components



## Input Data

Coverage

Repeatability

Methodology and  
Explainability

Freshness

Biases



## Internal Process

Aggregation

Integrate internal data

Comparable jobs

Ranges

Job Postings



## Communication

How transparent will we  
be?

What will we provide to  
employees?

How will we explain the  
data sources?

What more do we need to  
know?

# Questions to answer as you evaluate any data source

Coverage

Can I find (or slot) my jobs?

# Questions to answer as you evaluate any data source

Coverage

Can I find (or slot) my jobs?

Repeatability

How easy is it to repeat my methods, queries? Are the numbers noisy over time?



# Questions to answer as you evaluate any data source

Coverage

Can I find (or slot) my jobs?

Repeatability

How easy is it to repeat my methods, queries? Are the numbers noisy over time?

Methodology and  
Explainability

Where are the numbers from?  
How are they calculated?  
Are any numbers derived? By what methodology?

# Questions to answer as you evaluate any data source

Coverage

Can I find (or slot) my jobs?

Repeatability

How easy is it to repeat my methods, queries? Are the numbers noisy over time?

Methodology and  
Explainability

Where are the numbers from?  
How are they calculated?  
Are any numbers derived? By what methodology?

Freshness

How old are the data?

# Questions to answer as you evaluate any data source

Coverage

Can I find (or slot) my jobs?

Repeatability

How easy is it to repeat my methods, queries? Are the numbers noisy over time?

Methodology and  
Explainability

Where are the numbers from?  
How are they calculated?  
Are any numbers derived? By what methodology?

Freshness

How old are the data?

Biases

Are the data biased towards larger companies? Mostly from one location?

# Questions to answer as you evaluate any data source

Coverage

Can I find (or slot) my jobs?

Repeatability

How easy is it to repeat my methods, queries? Are the numbers noisy over time?

Methodology and  
Explainability

Where are the numbers from?  
How are they calculated?  
Are any numbers derived? By what methodology?

Freshness

How old are the data?

Biases

Are the data biased towards larger companies? Mostly from one location?

Audience

Who can see these data? Will my employees also be able to access this information?



## Considerations when using data

# The priority of these factors varies based on how you will use the data



> Recruitment / promotion



> Employee conversations



> Structures / annual reviews



## **Poll 2: What are you using data for today (select all that apply)?**

- Recruitment
- Promotion or internal movement
- To develop pay structures
- For our merit review
- To support employee conversations



## > Recruitment / promotion

### Coverage

May only need to apply to one job, if it's a new role

### Repeatability

Doesn't necessarily need to be repeatable, but does need to agree with your comp philosophy and internal equity

### Methodology and Explainability

Need to be able to explain methodology for generating a range for a job AND identify where in the range a new hire should land

### Freshness

Needs to be very fresh for hot markets or jobs

### Biases

Could bias towards recent offers for similar jobs

### Audience

Could be public, if you post salary ranges in job postings





> Recruitment / promotion

# Typical Data Sources

\$-\$\$\$	Whichever dataset(s) you use for Structures/Annual Review
\$\$	Closed-network HR-reported data like Payscale’s Peer Dataset
0-\$	Salaries from Job Postings (either in software or a one-off Google search)



## > Structures / annual reviews

### Coverage

Single methodology should cover all jobs in the company or at least in a job family

### Repeatability

Needs to be repeatable each year

### Methodology and Explainability

- Need to be able to explain methodology for generating a range for a job.
- Well matched jobs

### Freshness

Tolerant to slightly older data (within 1 year)

### Biases

Better to bias towards datasets that report current incumbents (rather than using only job postings or new offers)

### Audience

HR sees the raw input data, others (managers, employees, exec) may view the pricings for each job



> Structures / annual reviews

# Typical Data Sources

\$	Aggregated HR-reported data like HRMA
\$\$-\$\$\$	Traditional Surveys
\$\$	Closed-network HR-reported data like PayScale’s Peer Dataset
Free	Government Data (BLS)

# What do employees want to know?





## **Poll 3: How transparent are you with your data strategy?**

- We communicate to HR or senior management only
- We communicate this to managers only
- We communicate this to all
- We want to move towards transparency
- We are not transparent currently
- I don't know



## > Employee conversations

### Coverage

Need to explain every employee, every job

### Repeatability

Year over Year changes will be noticed

### Methodology and Explainability

- Explain where ranges come from and explain employee's position in range
- This may require understanding how factors like experience, education, and specific skills contribute to pay

### Freshness

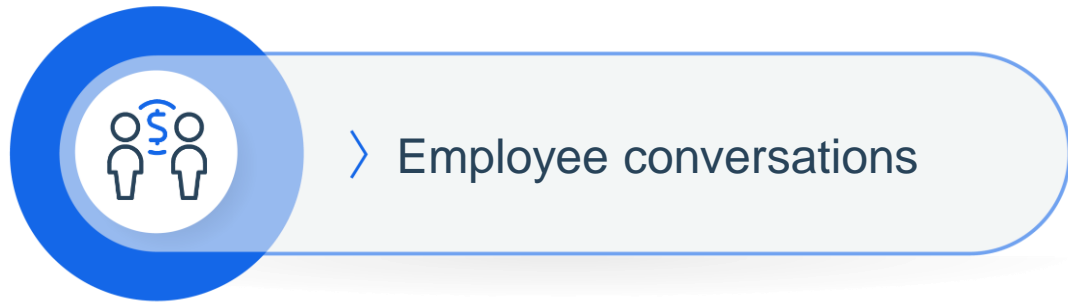
Should be aware of recent public data like postings from competition

### Biases

Could bias towards publicly viewable data sources

### Audience

Could be public, if you post salary ranges in job postings



# Typical Data Sources

\$-\$\$\$	Whichever dataset(s) you use for Structures/Annual Review
0-\$	Salaries from Job Postings (either in software or a one-off Google search)
0-\$	Payscale’s Employee Reported Data (ERD), Levels.fyi, Glassdoor, etc.

## Myth busting #2

---

The market price isn't the end of the story!



# How to use the data



## Input Data

Coverage

Repeatability

Methodology and  
Explainability

Freshness

Biases



## Internal Process

Aggregation

Integrate internal data

Comparable jobs

Ranges

Job Postings



## Communication

How transparent will we  
be?

What will we provide to  
employees?

How will we explain the  
data sources?

What more do we need to  
know?

# Questions to answer as you develop your internal processes and compensation strategy

Aggregation

How do we aggregate multiple sources?

Integrate internal data

How do we handle the company's "old" ranges or pay of current incumbents when we make a new offer?

Comparable jobs

How do we ensure consistent pay ranges across comparable jobs?

Ranges

How do we generate ranges?

Job Postings

How will we calculate what range we will list in a job posting?

# How do I communicate the data



## Input Data

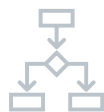
Coverage

Repeatability

Methodology and  
Explainability

Freshness

Biases



## Internal Process

Aggregation

Integrate internal data

Comparable jobs

Ranges

Job Postings



## Communication

How transparent will we  
be?

What will we provide to  
employees?

How will we explain the  
data sources?

What more do we need to  
know?

# Questions to answer as you develop your internal processes and compensation strategy

How transparent will we be?

Will we share methodology / ranges / market data / pay?

What will we provide to employees?

Will we tell employees where they sit against the range / market / their colleagues?

How will we explain the data sources?

Will we talk about which data sources we use, why and how?  
Will we talk about how we aggregate data?

What more do we need to know?

What regulations apply to us?  
What are our competitors for talent doing?

# Recommendations

- ✓ Aim for consistency of methodology
- 🔍 Aim for transparency so you can explain each number
- 🌐 Be willing to explore the full market data landscape
- 📊 Develop a market data strategy for each situation

Request a demo of  
Payscale data in the polls  
tab now!

## Payscale's Diverse & Dynamic Data Portfolio

Intelligent streams of curated, validated, compensation data

### Employee Reported

The world's largest  
real-time salary database

**100 M** salary profiles *(all time)*

**40M** salary profiles in use

**350,000** new profiles/month

**15,000** jobs

**8,000** skills/certifications

### HR Market Analysis

A composite of analyst curated  
employer reported survey data

**1 billion+** data points

**4,900** jobs

**15** countries



### Peer

A transparent & dynamic  
HR reported data network

**2,400** organizations

**4,500** jobs

**7M** employees

**100+** industries

### Compensation Survey

A modern, quarterly  
compensation survey

**1,350** organizations

**6,111** jobs

**2.9M** employees

### Published Survey Data

Trusted data partner

**10,000** surveys

From **300+** publishers

AON

EMPSIGHT  
compensation surveys & consulting

MERCER

MainData  
GROUP

# Q&A

Feel free to ask any questions in the chat!

