

# How to Implement a Data-Driven Compensation Strategy

# Today's Presenters

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**Ruth Thomas**  
Chief Evangelist



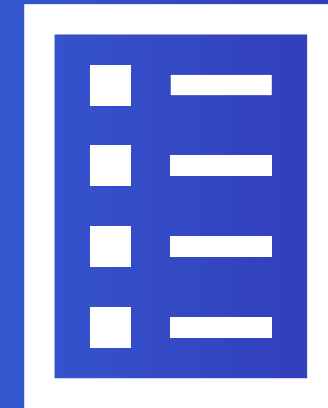
**Sara Hillenmeyer, PhD**  
Senior Director, Data  
Science



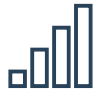
**Vicky Peakman**  
Director of Product, Data

# Today's Agenda

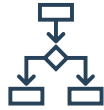
- How to build the best data strategy for your organization
- Other considerations:
  - Data transparency
  - Data bias
  - Data and AI
- Q&A



# A compensation data strategy has three components



**Input Data**



**Internal Process**



**Communication**

# A compensation data strategy has three components



**Input Data**

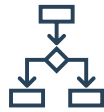
Coverage

Repeatability

Methodology and  
Explainability

Freshness

Biases



**Internal Process**



**Communication**

# A compensation data strategy has three components



## Input Data

Coverage

Repeatability

Methodology and  
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Freshness

Biases



## Internal Process

Aggregation

Integrate internal data

Comparable jobs

Ranges

Job Postings



## Communication

# A compensation data strategy has three components



## Input Data

Coverage

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Methodology and  
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Biases



## Internal Process

Aggregation

Integrate internal data

Comparable jobs

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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?



## Data transparency

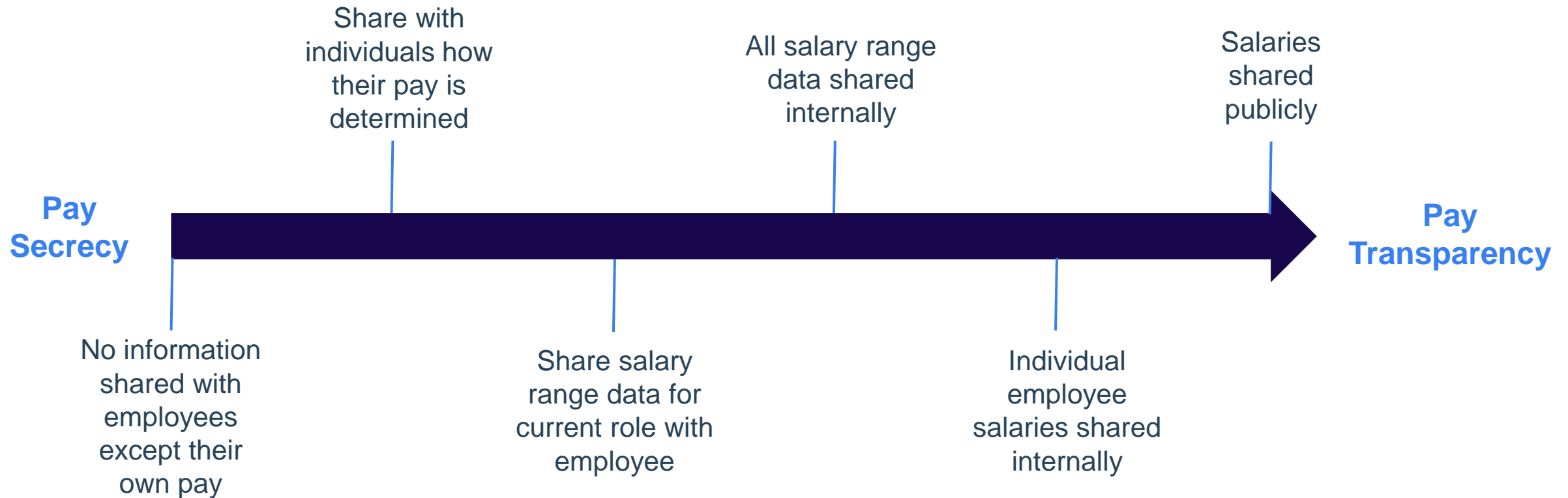


# Data Transparency

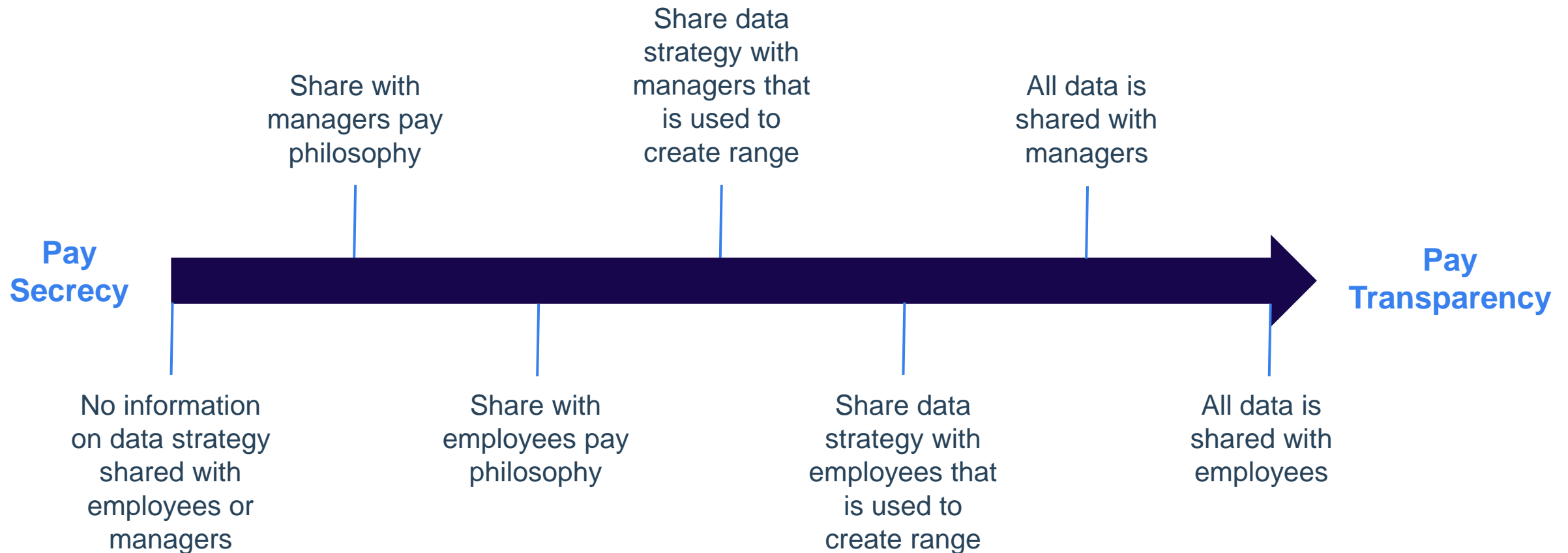
- **Pay transparency** is on the rise.
- The primary goal of pay transparency is to promote fairness, equity, and trust by ensuring that employees understand **how their pay is determined** and **how it compares** to that of their peers.
- In practice this means openly sharing information about employee compensation-including **how it is determined**.
- This can extend to **transparency of data**, including sources and data strategy.



# The pay transparency continuum



# The pay transparency continuum – data strategy





## **Poll 1: 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

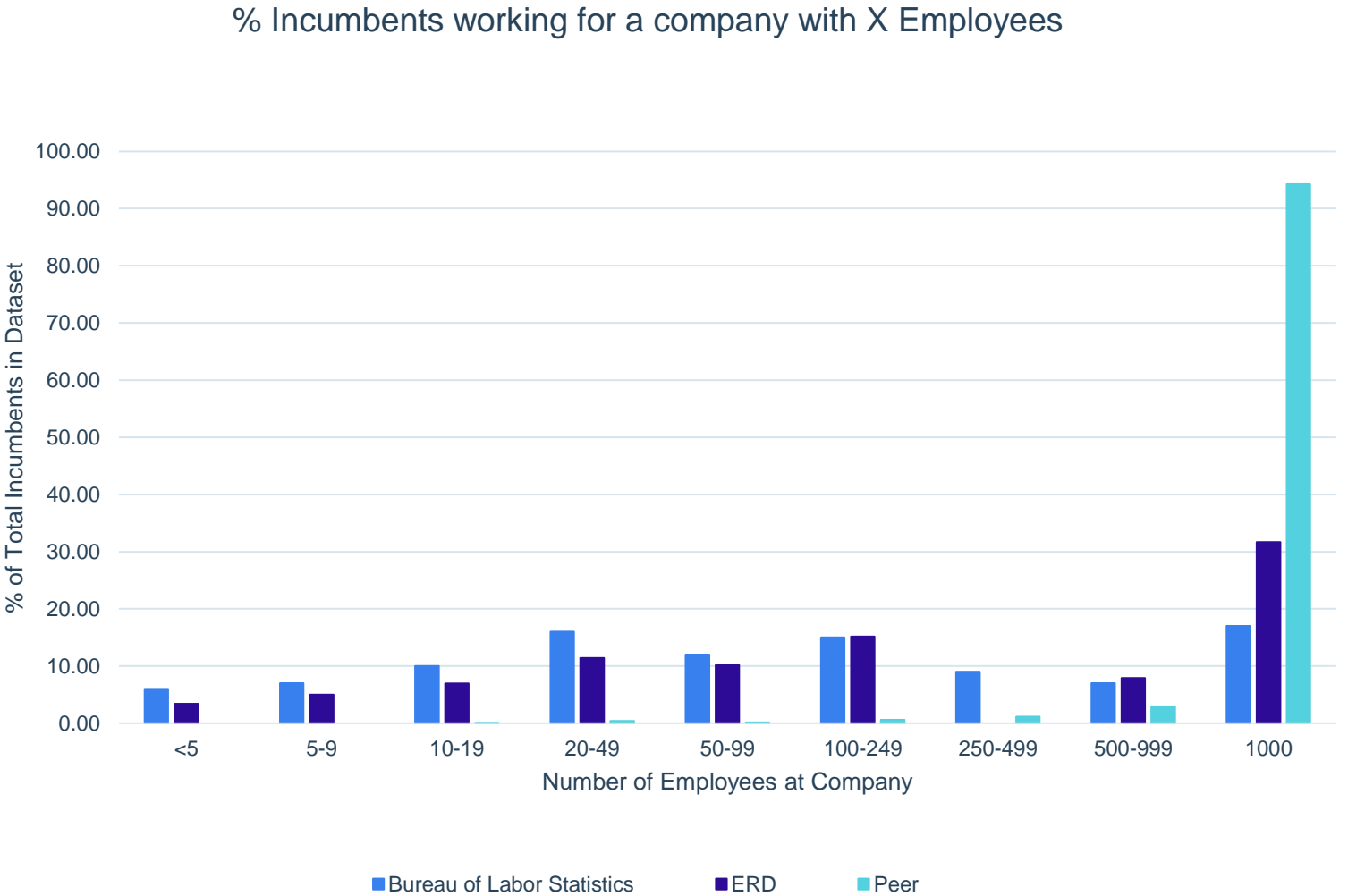


## Data bias

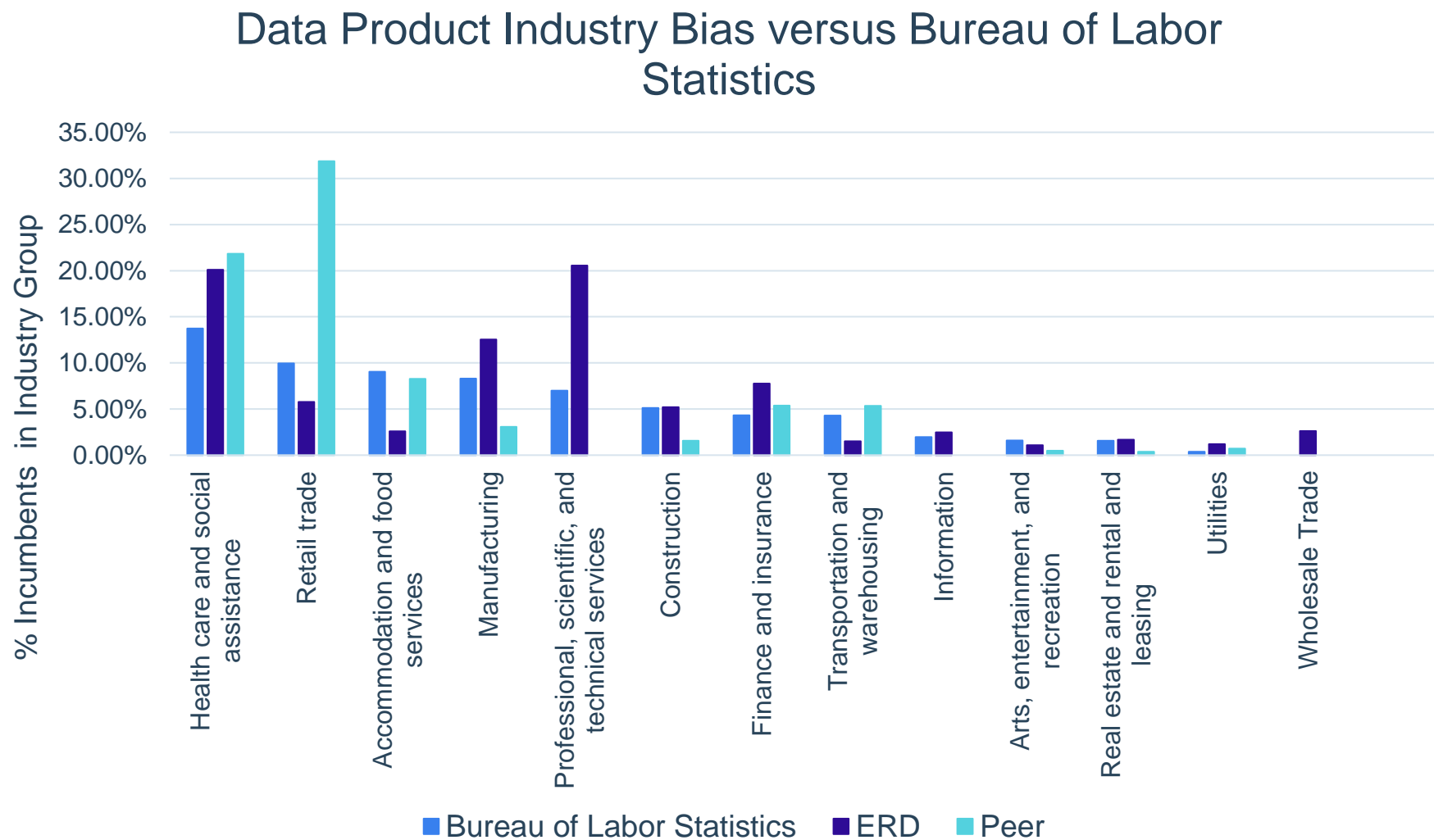
# All market data is biased

- **Surveys/Peer** are collected from companies that participate (generally skews toward larger companies)
- **ERD and other employee-reported data** (glassdoor, levels.fyi, etc) often skews towards people who look up their pay information online (younger, more technical)
- **Aggregated data from job postings** are biased towards states that have pay transparency legislation
- **Bureau of Labor Statistics** tries to “even out” their data to get make it a representative sample of labor in the US. Most compensation data providers do not do this! (None, that I know of.)

# Peer, like many HR-participation-based data sources, is biased toward larger companies



# Peer is biased toward Retail companies; ERD toward Professional, Scientific, and Technical Services



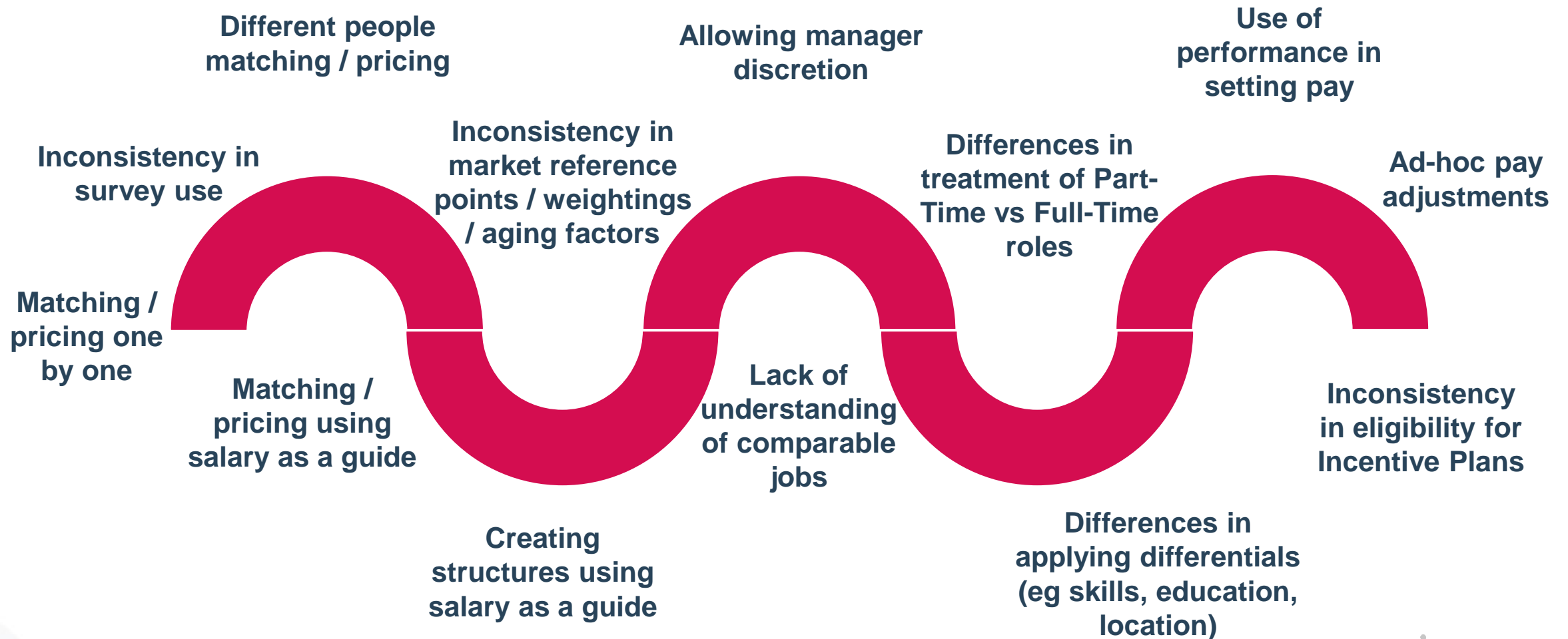


# What should you do? It depends!

- You may **WANT** biased data! (if it matches your pay market)
- Sometimes the bias doesn't matter
- Sometimes you can counter-act the overall bias by sub-setting the data (using a scope)
- Sometimes you may want to counter-act the bias with an adjustment factor



# Where can bias creep into the process?





## **Poll 2: Do you monitor your data processes for bias?**

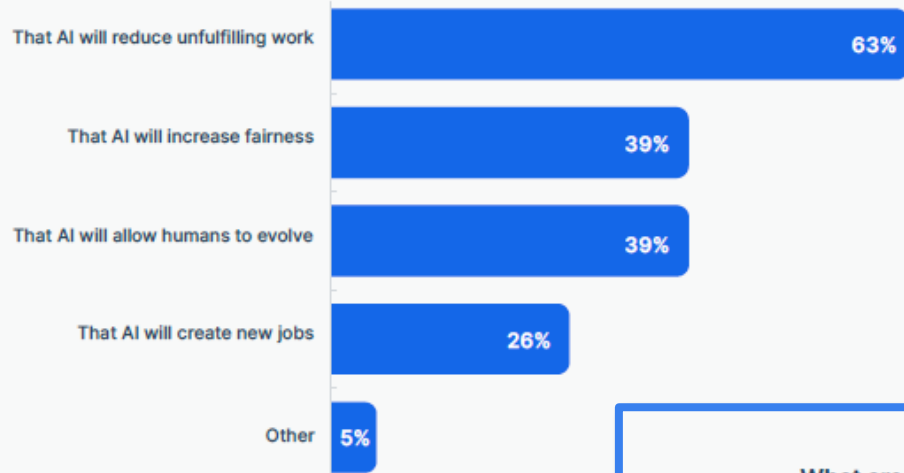
- Yes, continuously
- Yes, occasionally
- No, but we are planning to
- No, I was not aware of the issue
- I don't know



## AI as part of a data strategy

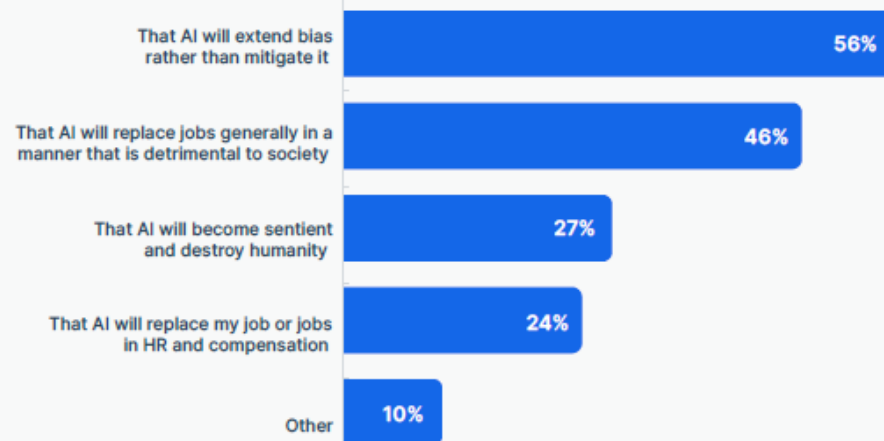
# AI sentiment

## What are you personally excited about regarding AI?



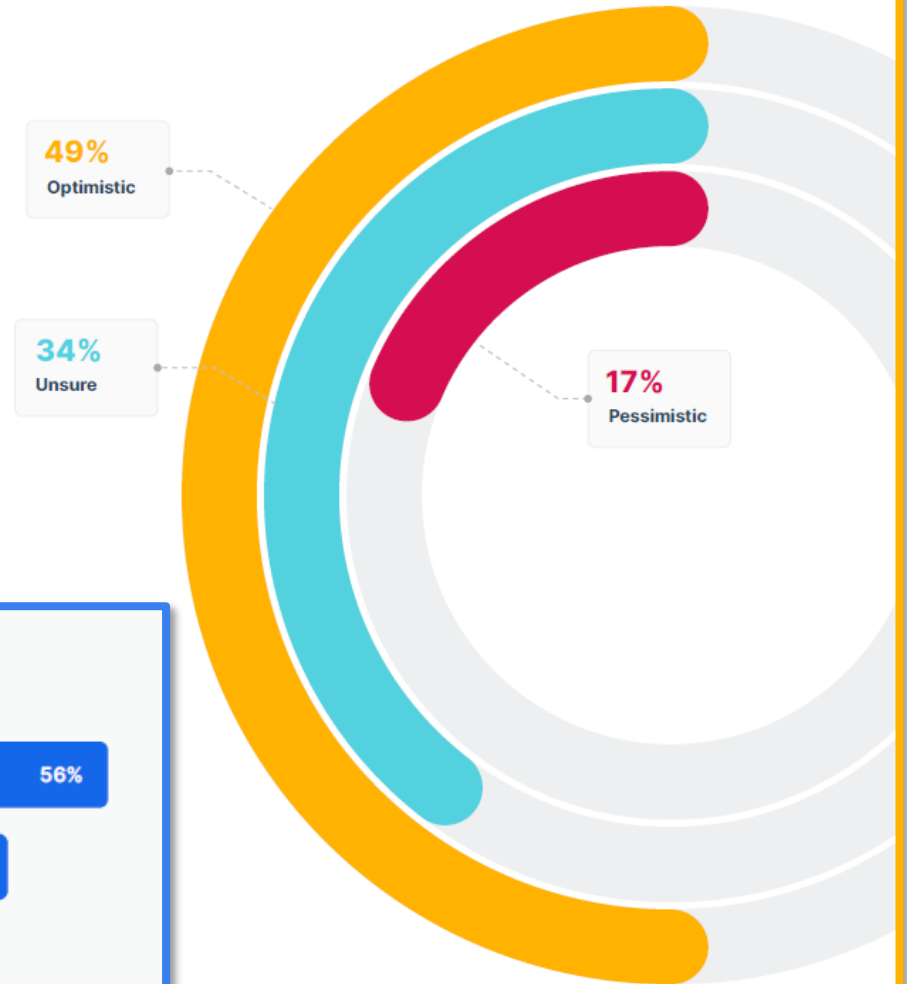
(Multiple answer choices allowed)

## What are you personally concerned about regarding AI?



(Multiple answer choices allowed)

## What best describes your overall personal sentiment around AI generally?

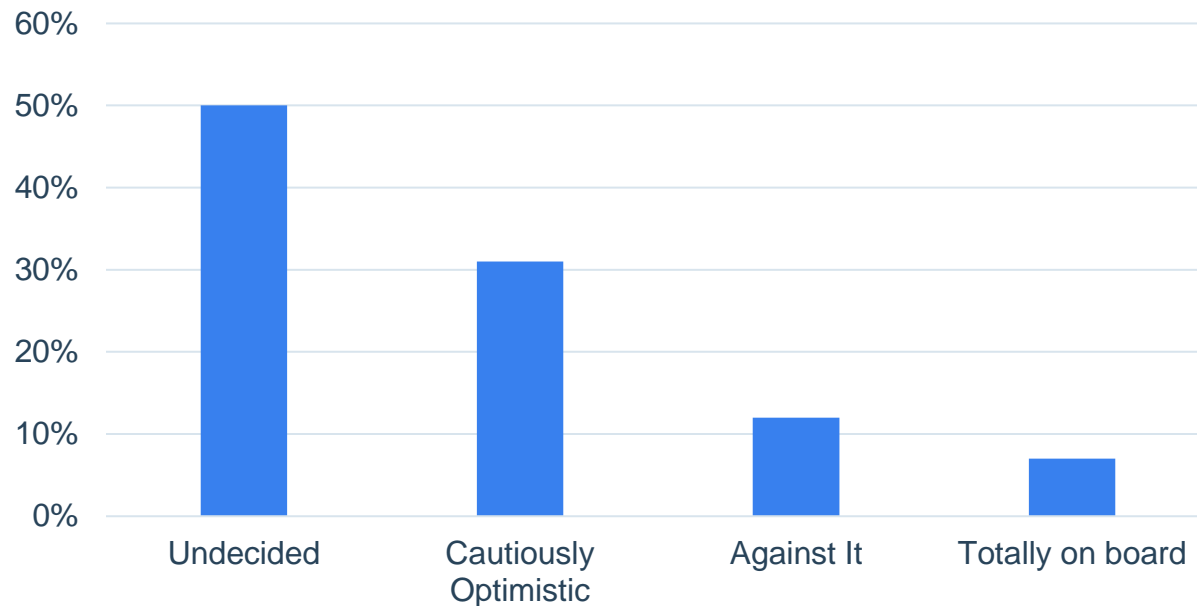


## Is AI transforming your organization's approach to human resources, talent management, and/or compensation?

	Yes, we are using AI for this	Yes, we are developing uses of AI for this	We are interested but haven't implemented	No, we are against this application of AI	Unsure
Use AI to benchmark and price jobs or predict pay ranges	5%	7%	39%	26%	23%
Use AI to monitor for pay equity and/or suggest pay increases	4%	7%	38%	26%	25%
Use AI to collect intelligence on skills for recruiting, education/upskilling, career pathing, and/or compensation	5%	8%	36%	23%	27%
Use AI to write offer letters and generate total rewards statements	7%	8%	33%	28%	25%

# AI as part of data strategy

What is your organization's overall sentiment around using AI in making compensation decisions?



## Forms of AI are already widely used:

- Aggregating data
- Aging data
- Calculating and applying differentials for location, industry, company size

## Future:

- Improved precision/accuracy in calculated market ranges
- Better de-biasing of underlying data sources

# Now and near-term use cases for AI in compensation



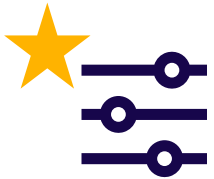
**Survey  
matching**  
*automated*



**Geo & skills-  
based** pay  
adjustments  
*recommended*



*Job descriptions  
auto-generated*



**Benchmark  
jobs** and predict  
pay ranges



**Comp trends &  
market monitoring**  
*with alerts*



**Total Rewards  
Statement (TRS)**  
*auto-generated*



**Salary offer**  
acceptance and  
ROI analysis



**Pay increase**  
recommendations  
and pay equity  
monitoring



**Pay communications**  
*auto-generated*



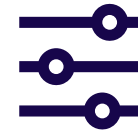
# Things AI Cannot Do...



***Determine comp  
strategy***  
*to achieve key goals*



***Eliminate  
human review  
and oversight***







***Eliminate bias  
in pay***



## Poll 3: How are you using AI (select all that apply)?

- Use AI to benchmark and price jobs or predict pay ranges
- Use AI to monitor for pay equity and/or suggest pay increases
- Use AI to collect intelligence on skills for recruiting, education/upskilling, career pathing, and/or compensation
- Use AI to write offer letters and generate total rewards statements
- Use AI to speed up survey participation and year-over-year updates
- None of the above
- I don't know

# Recommendations

-  Aim for consistency of methodology
-  Aim for transparency so you can explain each number
-  Understand the biases in the data and in your processes
-  Understand how AI can help you now and in the future

# Payscale's Diverse & Dynamic Data Portfolio

Intelligent streams of curated, validated, compensation data

Request a demo of  
Payscale data in the polls  
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## 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

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compensation surveys & consulting

MERCER

MainData  
GROUP

# Q&A

Feel free to ask any questions in the chat!

