# 2023 Compensation Best Practices Panel



# **Today's Panelists**



Lexi Clarke
Chief Human
Resources Officer



Emily Kent
Director, Talent
Acquisition



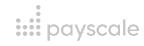
Minde Stone
Director, Total
Rewards



Tim Douglass
Director, People



Amy Stewart
Associate Director
of Content



# Today's Agenda

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



# Methodology



# Compensation Best Practices Report Methodology

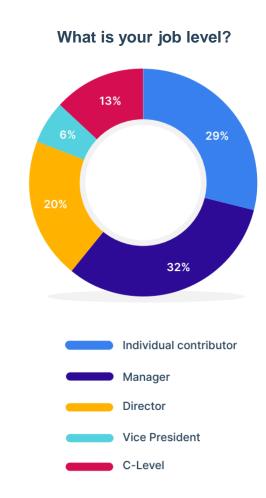
The 2023 Compensation Best Practices Survey gathered responses from October 2022 to December 2022.

This is Payscale's 14th annual CBPR!

There were **4,933** respondents comprised of compensation professionals, HR leaders, and executives filling a variety of roles related to compensation.

Our analysis includes cuts of the data across multiple factors, including top performing versus non-top performing organizations, organization size, and industry. We also collect data on location as well as information on the survey participant's job level and role.

The completion rate (**55 percent**) was the highest of any CBPR in recent history and contains both more international responses, enterprise responses, and responses from executives than previous years.





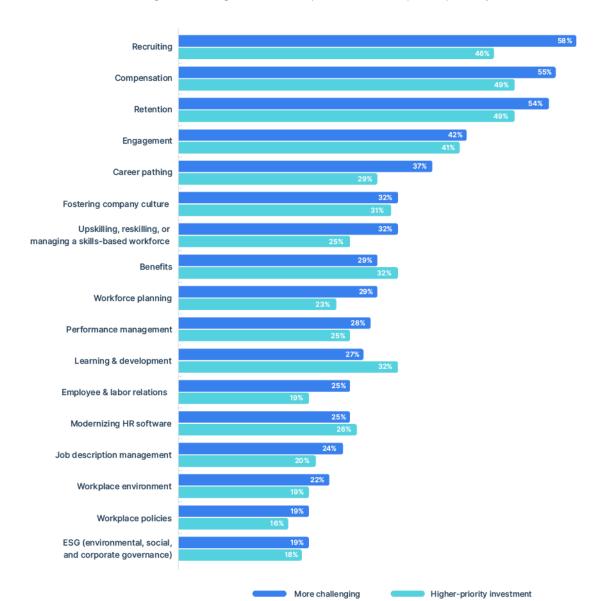
# **Panel**



**Predictions** 

### Most challenging and highest-priority investments for HR

What will be the greatest challenges and investment priorities in 2023 compared to previous years?

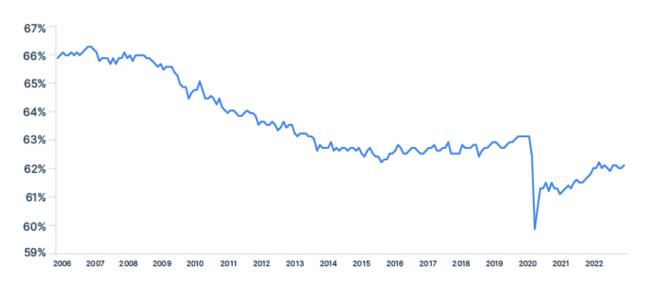




# 15% 9% 6% 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 Hires — Job openings — Layoffs — Total separations — Unemployment rate

### Labor force participation over time

Source: Bureau of Labor Statistics (BLS)



### The Labor Market

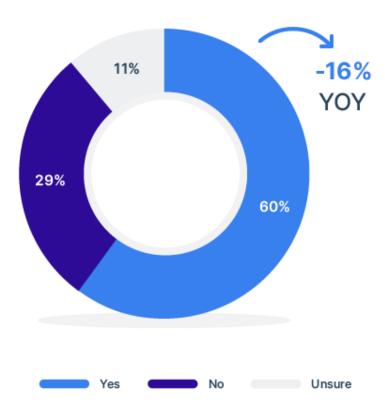




### The Labor Market

### Perception of labor challenges in 2022

Have you experienced higher voluntary turnover, labor shortages, or trouble attracting and retaining talent in 2022 that is greater than previous years?



### What is most to blame for voluntary turnover?

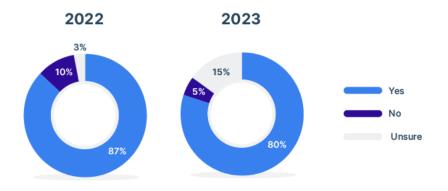
What do you suspect is MOST to blame for higher voluntary turnover at your organization?

	First	Second	Third
Compensation	35%	18%	10%
Limited advancement opportunities	11%	17%	14%
Employee entitlement/grass-is-greener syndrome	11%	9%	12%
Burnout due to being understaffed/overworked	10%	11%	13%
Management skills	8%	7%	7%
Desire for greater workplace flexibility/remote work	7%	10%	10%
Important benefits are missing or not competitive	4%	13%	7%
Interpersonal conflicts within teams	4%	4%	6%
Arduous or unpleasant work conditions	3%	4%	4%
Company culture and values	3%	3%	7%
Unsure	2%	2%	4%
Outdated or underserviced technology that inhibits productivity	1%	2%	5%

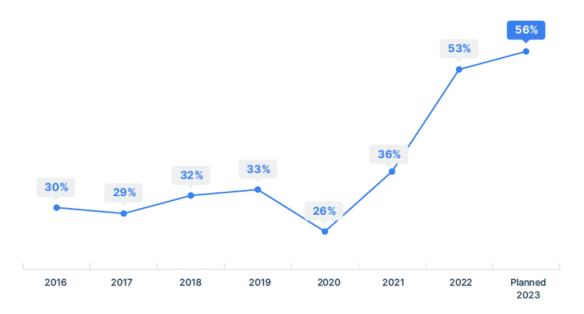


### Percent of organizations giving base pay increases

Did you/do you plan to give base pay increases?



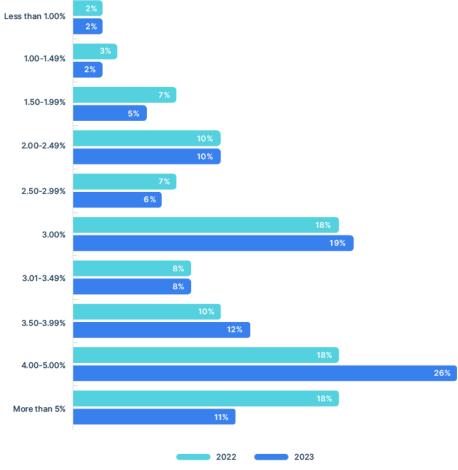
### Percent of organizations giving base pay increases over 3 percent



# Pay Increases

### Distribution of average base pay increases

What do you expect will be the average pay increase given to employees?

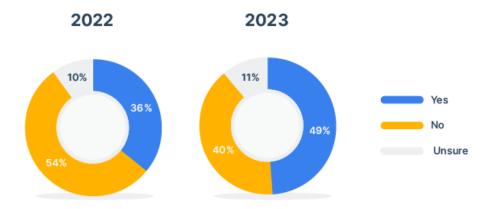


Note: 3.01-3.49% through More than 5% rounded by hand is 57 percent, but using the full sequence of the number in our master data sheet it is actually 56.4 percent which rounds down to 56 percent.



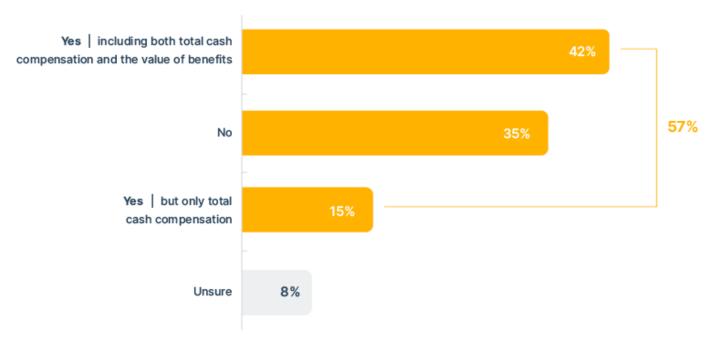
# **Pay Communications**

Does your organization train managers on pay communications?



### Employers that provide a total rewards statement

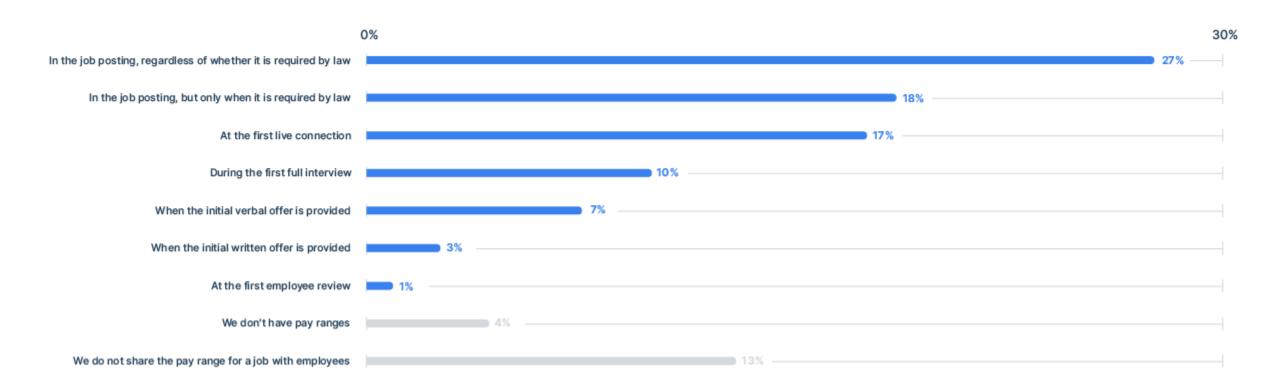
A total rewards statement outlines all of an employee's rewards and often applies a monetary value to non-cash items. Does your organization provide this kind of statement to employees?





# Pay Transparency

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

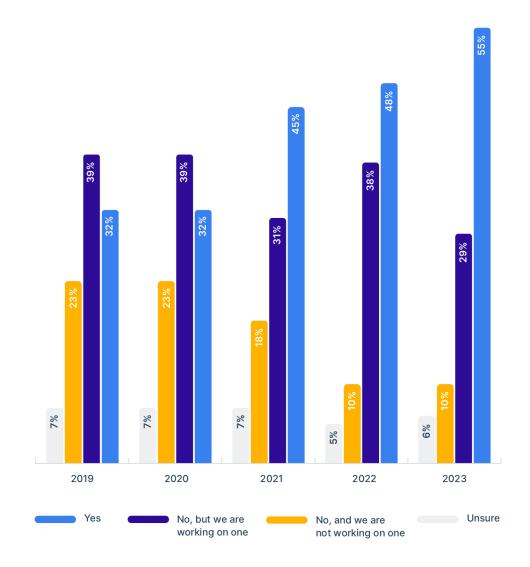




### Compensation strategy/philosophy

Does your company have a formal compensation strategy/philosophy?

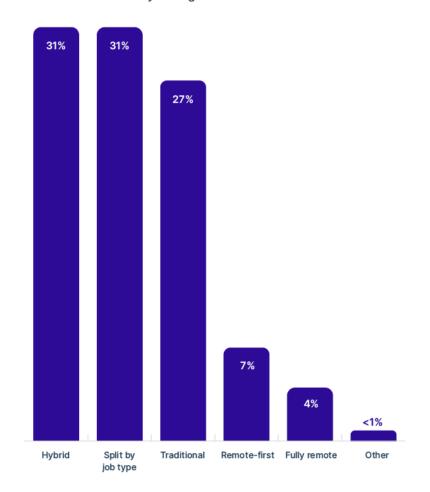
# **Compensation Strategy**



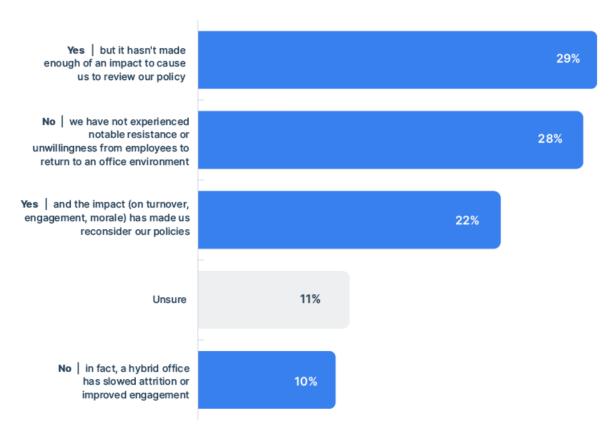


### **Return to Office**

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



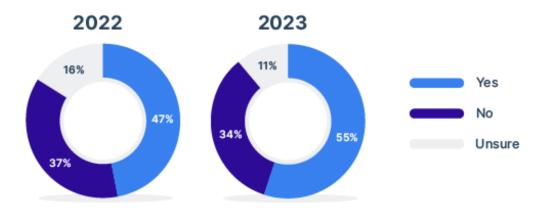
Have you experienced resistance or unwillingness from employees to return to either traditional or hybrid offices?





# Remote Work Impact on TA&R

Is remote work impacting how you compete for talent?



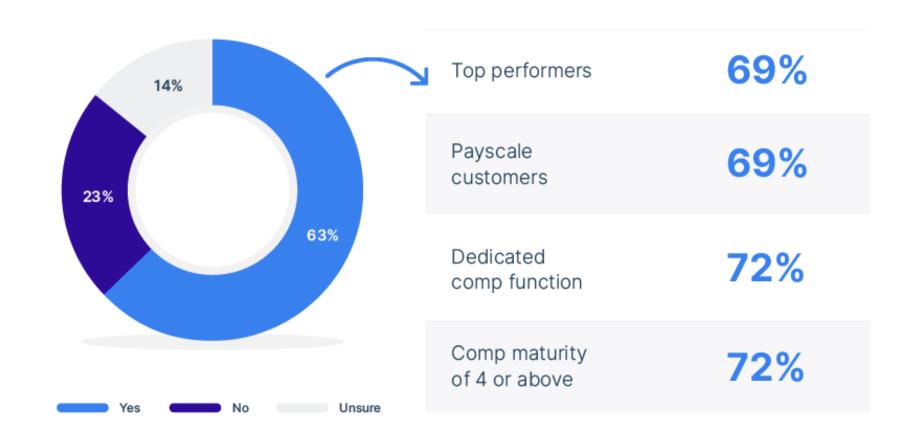
### Is remote work impacting how you compete for talent in 2023?

Industry	Yes
Energy & Utilities	72%
Agencies & Consultancies	68%
Finance & Insurance	67%
Engineering & Science	62%
Real Estate, Rental, & Leasing	60%
Retail & Customer Service	60%
Arts, Entertainment, & Recreation	58%
Education	57%
Technology (including software)	56%
Government	54%
Healthcare & Social Assistance	52%
Manufacturing	48%
Other Industries	48%
Construction	47%
Food, Beverage, & Hospitality	47%
Nonprofit	44%



# **Pay Equity**

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

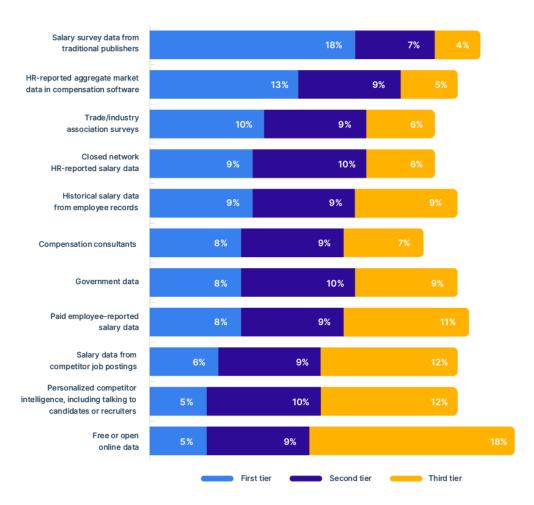




# Salary Data and Market Pricing

### Which sources do you use to obtain market data? Free or open online data 50% Salary survey data from traditional publishers 47% HR-reported aggregate market data 37% in compensation software Salary data from competitor job postings 32% Historical salary data from employee records 25% Trade/Industry association surveys 22% 22% Government data Closed network HR-reported salary data 21% Paid employee-reported salary data 16% Compensation consultants 15% Personalized competitor intelligence, 13% including talking to candidates or recruiters Unsure 5% 3% Other We don't compare our jobs to market 1%

### Which data sources are trusted the most?





### The Payscale portfolio supports you through the entire talent lifecycle

The fair pay

journey with

**:::** payscale

Compensation Philosophy and Strategy

Develop an internal philosophy that creates consistency in how pay decisions will be made

Pay Equity

### **Complete Pay Equity Analysis**

Understand **representation and statistical pay gaps** within your organization

Complete **remediation planning** based on your budget

Compensation Planning

### Facilitate Collaborative Compensation Planning

Automate the merit cycle including HR, Comp and front-line management teams, empowering more meaningful pay conversations

**Enforce budgets, strategy and timelines** from a single location

### **Understand Employees Jobs**

Rapidly **build**, **standardize** and **maintain job descriptions** to ensure accurate and consistent pay.

Job Description Manager, MarketPay Jobs Powered by JDXpert

## Understand Competitive Market & Determine Data Strategy

Choose data sources that reflects the market & your competition around the world

Leverage Payscale data and/or manage and participate in third party surveys.

HR Market Analysis, Employee Reported, Peer

# **Benchmark Jobs and Create Pay Structures**

Payfactors, MarketPay

**Benchmark jobs** at scale in alignment with your pay strategy

Develop your **job architecture** that supports the complexity of your entire organization

**Reporting** makes it easy to make pay decisions but budget in mind

Total Rewards Statements, Payfactors, MarketPay

# **Communicate Compensation Internally and Externally**

Communicate total compensation internally by securely delivering customized **compensation statements** 

Confidently **develop competitive salary ranges** in line with your strategy for external transparency

# Q&A

Feel free to ask any questions in the chat!

