

Leverage trends to shape the future of your compensation and talent strategies

Payscale's [annual flagship report](#) that distills data and insights from the largest known survey focused on compensation management practices reveals 75 percent of organizations expected compensation to be more challenging this year and 70 percent correspondingly planned to invest more in compensation management.



Labor Shortages



Pay Increases



Strategy & Structure



Pay Equity

76%

of organizations have experienced labor shortages or difficulty attracting talent in the previous year. However, 75 percent are not looking to replace workers with automation to solve shortages.

44%

of organizations say that pay is the reason they are losing talent and 85 percent are worried about inflation, however, only 29 percent increased their budget for pay increases.

Labor challenges

Despite unemployment being high in recent years, organizations still faced challenges in hiring and retaining talent, with voluntary turnover higher than previous years. Compensation is a key driver for attraction and retention with total rewards offerings.

Pay increases

As unemployment started to decrease and inflation started increasing, compensation planning for base pay increases became critical to get right to mitigate risk and turnover. Organizations should brace for continued turnover if pay increases continue to be frozen.

86%

of organizations say they have a compensation strategy or are working on one, which is a 10 percent increase over the last year and a 16 percent increase over previous years.

66%

of organizations say pay equity analysis is a planned initiative this year, which is a 20 percent increase over last year. 68 percent share pay ranges with employees, but only 22 percent on ads.

Strategy and structure

Compensation management goes beyond salary data and market pricing to support hiring and planning pay increases. Creating a compensation philosophy and strategy is a key differentiator to align with a formal pay range and structure.

Pay equity

Social and legislative changes catapulted pay equity analysis to the forefront of businesses to measure and close pay gaps. As the workforce continues to evolve, the need for ongoing investment in this area will only increase.