



Pay Compression: Current Challenges & How to Overcome Them

October 1, 2024



It's great to meet you



Jen Ferris

Principal Solutions Consultant,
Payscale



Lexi Clarke

Chief People Officer, Payscale



Ryan Fowler

Director, Compensation &
People Analytics, Symetra



Jenni Marquez

Director of Compensation,
Accolade

Agenda

The pay compression challenge

Market volatility and pay compression

Compression's impact on employees and organizations

Strategies to address pay compression

DEIB efforts, future trends, and creative ideas

Questions to takeaway

The pay compression challenge

Pay Compression 101

Pay compression ...

- Arises when there is little difference in pay between employees regardless of their experience, skills, or tenure within an organization or
- When there are minimal salary differences between managers and their direct reports

Salary inversion ...

- Occurs when new hires are paid more than current employees in similar roles, often due to market demands or the need to attract new talent

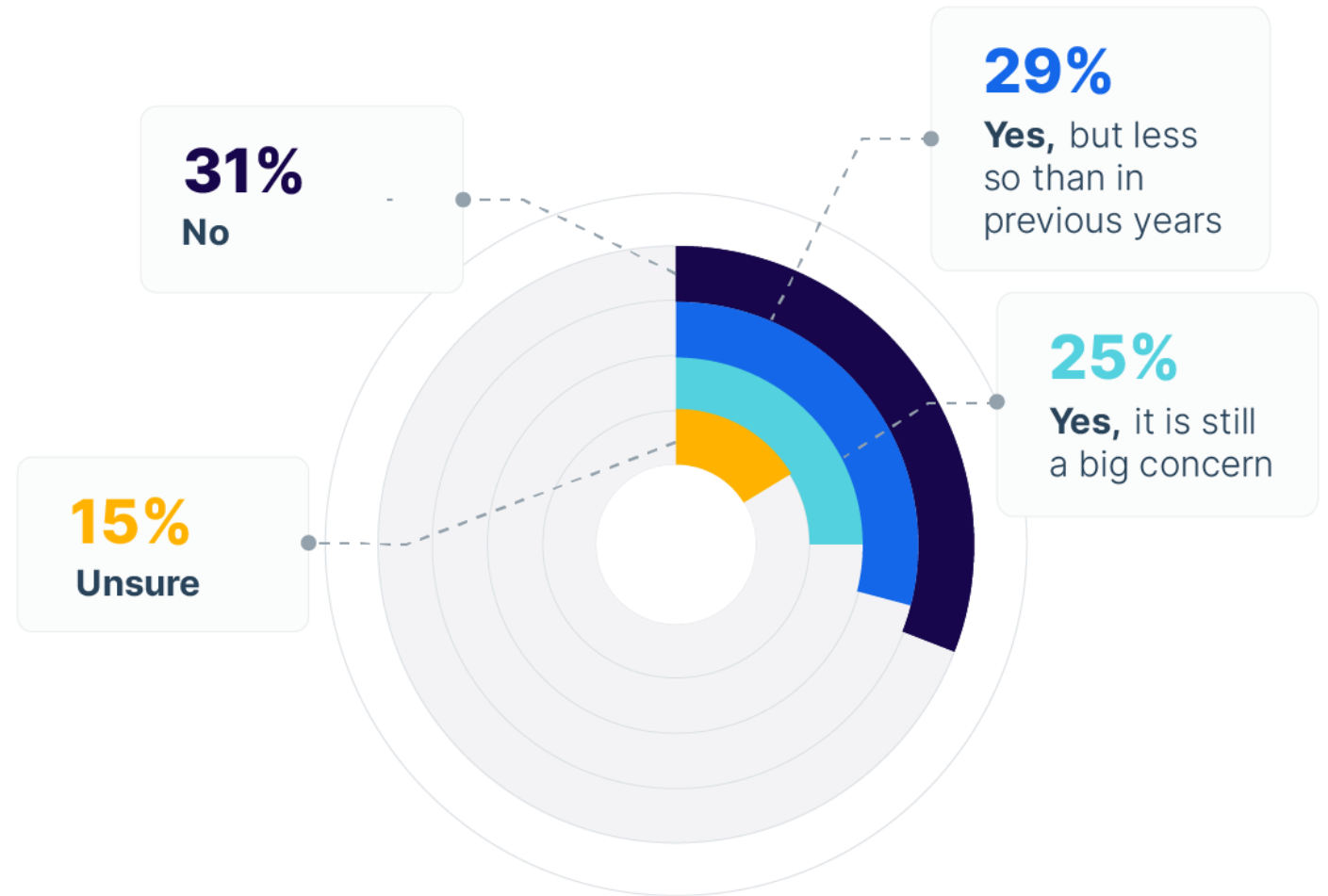
POLL

To what degree are you experiencing compression challenges in your organization?

- It's impacting a significant portion of our workforce
- We have experienced challenges with a few cohorts
- We haven't encountered this challenge yet

Is pay compression a concern for your organization going into 2024?

**Payscale
Compensation Best
Practice Report 2024**



Panel Discussion

What metrics and tools are most effective for diagnosing pay compression?

How should organizations prioritize addressing pay compression compared to other compensation challenges?



Market Volatility and Pay Compression

POST-PANDEMIC
WAGE
FLUCTUATIONS
ACROSS SECTORS

HIGH DEMAND AND
LIMITED SUPPLY FOR
SPECIFIC SKILLS
AND ROLES

EVER-EVOLVING
REGULATORY
ENVIRONMENT

SHIFTING PAY
STRATEGIES FOR
REMOTE AND
HYBRID WORK

INCREASING
EXPECTATIONS OF
PAY
TRANSPARENCY

HESITANCY TO
INCREASE EXISTING
EE SALARIES DUE TO
ECONOMIC
UNCERTAINTY

Panel Discussion

Of the factors at play due to our current environment, which are you most concerned about for your organization?



Compression's Impact on Orgs and Employees

**LOSS OF
INSTITUTIONAL
KNOWLEDGE**

**TURNOVER IN
TRANSFERABLE
SKILLS**

**LONG-TERM
PLANNING
DIFFICULTIES**

**LACK OF INCENTIVE
FOR EMPLOYEE
MOBILITY**

**EMPLOYEE ANXIETY
+ DISENGAGEMENT**

**REDUCED
PRODUCTIVITY =
REDUCED REVENUE**

Panel Discussion

Have you seen compression impact your workforce or organization in other ways?

What role does transparency play in managing and mitigating pay compression?



Strategies to address pay compression

Addressing Compression Amid Uncertainty

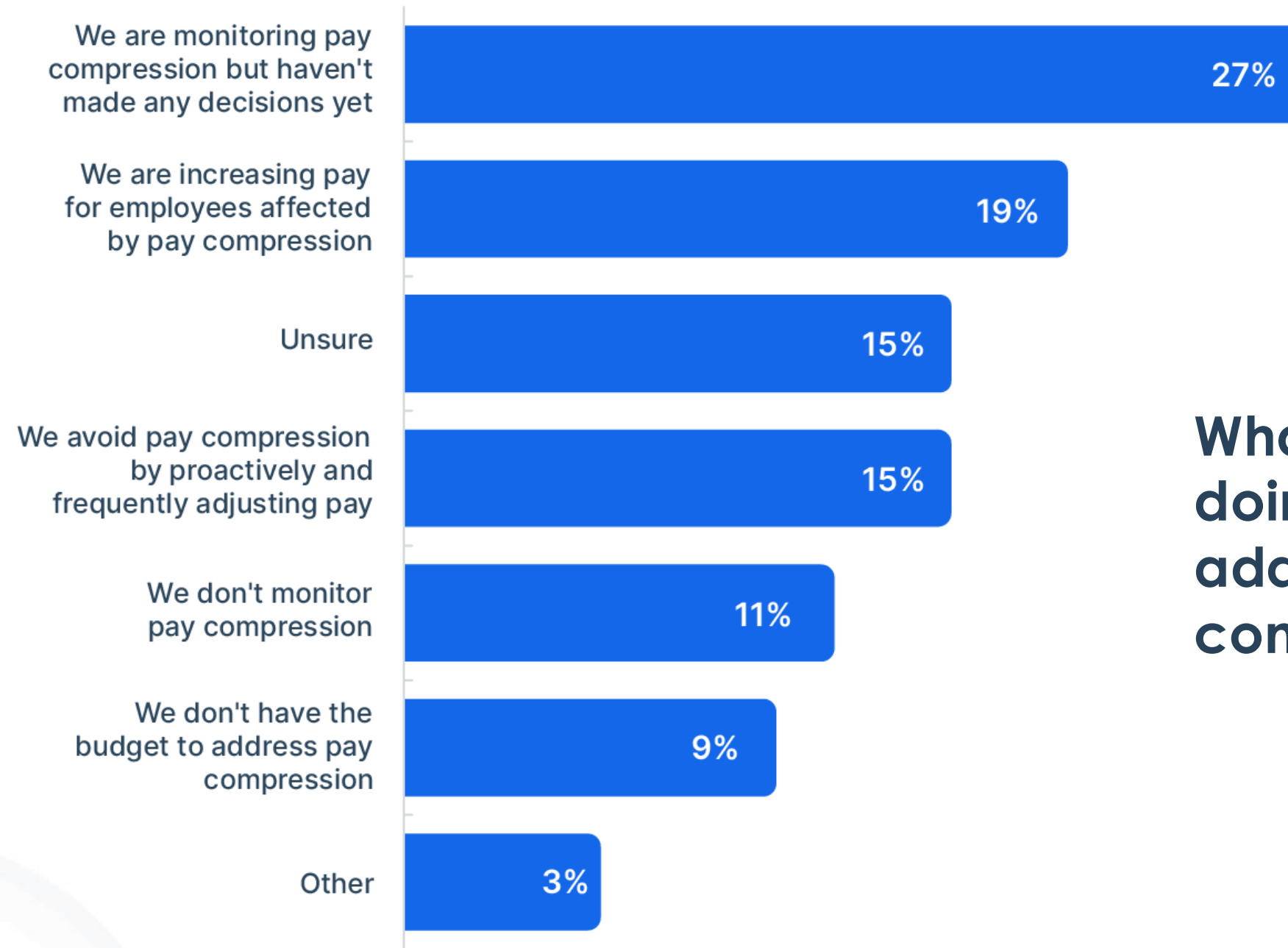
**TOTAL REWARDS
FOCUS**

**ADJUST SALARIES
GRADUALLY TO
ADDRESS
DISCREPANCIES**

**RETENTION
STRATEGIES**

**FLEXIBLE
COMPENSATION
MODELS**

**MORE FREQUENT
MARKET REVIEWS**



What are you doing to address pay compression?

Panel Discussion

What strategies have been most effective in addressing compression at your company?

What strategies are you employing to retain key talent in high-demand roles without exacerbating salary compression?



**Today's equity,
tomorrow's trends, and
transformative ideas**

Panel Discussion

How can pay compression influence diversity, equity, inclusion, and belonging efforts within an organization?

What future trends do you foresee in compensation management that could impact pay compression?

What are some innovative compensation models that can help address pay compression?



Questions to Takeaway

- 1** Do you have the data and analytics to identify compression at your organization?
- 2** How are external market pressures impacting compression for your workforce?
- 3** How is compression impacting your employees and your organization?
- 4** What are you doing today to combat compression?
- 5** What else can you do to control compression proactively?

Q&A

