Applying market data in
front-line industries

During "the Great Reshuffle" brought on by the pandemic, it was more difficult to retain workers in front-line jobs that require in-person attendance. Since then, employers in front-line industries have continued to experience significant challenges. Employee expectations and demands have increased; as a result, many front-line workers have chosen to leave their jobs altogether, and employers have scrambled to find people to fill open roles.

Front-line employers have been in the eye of the storm as they navigate wage growth brought on by a myriad of factors including pay transparency legislation, minimum wage increases, and inflation. In this guide, we examine how employers are adjusting compensation strategies to retain and attract critical talent but also uphold fiscal responsibility.

Salary data sources and market pricing trends

The backbone of compensation management is salary data.

With pay transparency legislation passing in many states, accurate and timely salary data has become more important than ever for both recruiting and retention purposes.
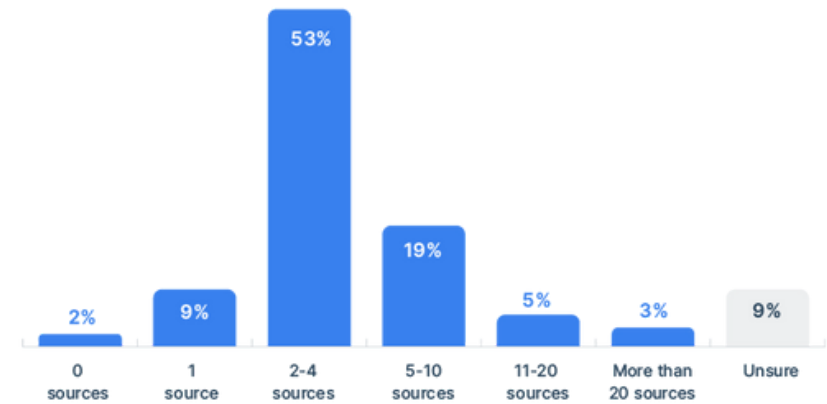
Most organizations (53 percent) **use between two and four distinct data sources** to inform market pricing for salaries, according to the 2023 Compensation Best Practices Report (CBPR).

These sources might include several salary surveys or diverse types of salary data combined with traditional salary surveys. In addition to traditional data sources, there are also newer types, including online salary surveys taken by employees and job seekers and aggregated employer-reported data from users of compensation management software.
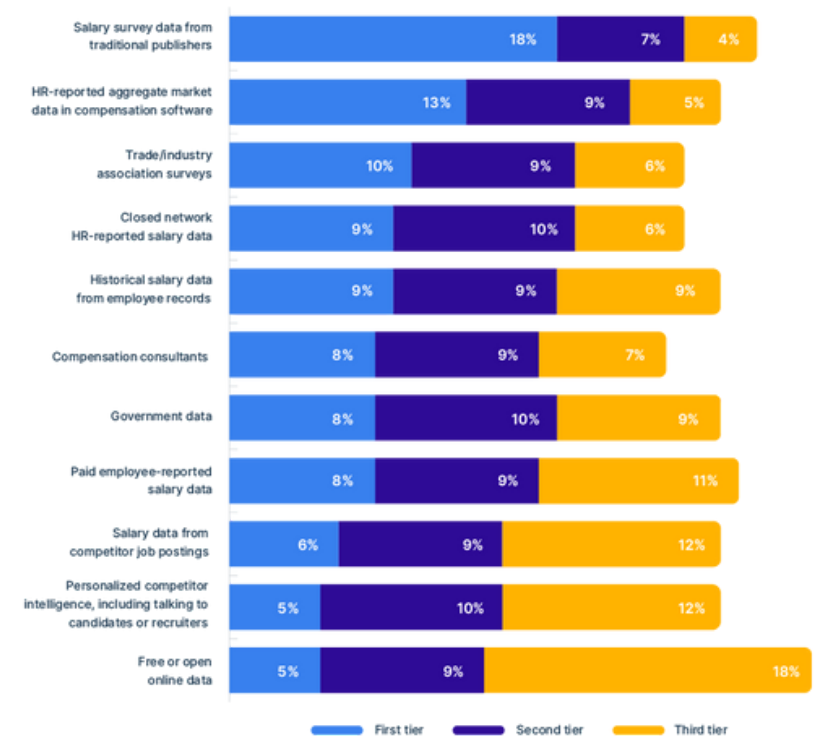
According to the 2023 CBPR, **43 percent of organizations made changes to their salary data strategy in 2022** and 60 percent said they needed to adjust data sources to account for rapid changes in the market.

The most trusted sources of data include salary survey data from traditional publishers followed by HR-reported aggregate market data in compensation software.

How many distinct sources of market data do you use?

Category	Percentage
0 sources	2%
1 source	9%
2-4 sources	53%
5-10 sources	19%
11-20 sources	5%
More than 20 sources	3%
Unsure	9%

Which data sources are trusted the most?

Data source	First tier	Second tier	Third tier
Salary survey data from traditional publishers	18%	7%	4%
HR-reported aggregate market data in compensation software	13%	9%	5%
Trade/industry association surveys	10%	9%	6%
Closed network HR-reported salary data	9%	10%	6%
Historical salary data from employee records	9%	9%	9%
Compensation consultants	8%	9%	7%
Government data	8%	10%	9%
Paid employee-reported salary data	8%	9%	11%
Salary data from competitor job postings	6%	9%	12%
Personalized competitor intelligence, including talking to candidates or recruiters	5%	10%	12%
Free or open online data	5%	9%	18%

Payscale Index

Not surprisingly, data from the **Payscale Index** indicates that wages for these front-line jobs are increasing at a rapid rate compared to national wage growth. In Q1 2023, the Accommodation & Food Services industry had the largest nominal wage growth: 8.2 percent year over year. Retail roles experienced a 7 percent year over year growth, and nominal wages for Healthcare roles grew 6.2 percent year over year. By comparison, national wage growth year over year was at 6.1 percent as of Q1 2023.

Wage growth Q1 2023   Check out the Payscale Index here

National	**Food Services**	**Retail & Customer Service**	**Healthcare**
1.4% since last quarter	1.8% since last quarter	1.6% since last quarter	1.3% since last quarter
6.1% year over year	8.2% year over year	7.0% year over year	6.2% year over year
30.2% since 2006	29.5% since 2006	30.0% since 2006	29.1% since 2006

Practitioner perspectives

Adapting to the unique conditions impacting front-line compensation

Comp and HR professionals in front-line industries have had to use both traditional and non-traditional market data sources to adapt to an ever-evolving talent market. Annual surveys were not keeping pace with market movement; organizations needed access to more frequent data in order to staff roles as well as to design rewards strategies that entice workers.

"

Use diverse data sources

"Some of the salary data sources we'd relied on quickly became outdated during the pandemic. Our new sources included signs in the windows of similar front-line level roles and network events where we could hear from others in the healthcare industry about what they were doing. We had to review data across all jobs — not just for base pay, but also for shift incentives and sign-on or retention bonuses. Our definition of comparable jobs expanded so we could compete against the industries to which we were losing our talent. To attract and retain talent, we will continue to use a diverse approach when it comes to salary data."

Angie Riddell

Compensation Manager, Healthcare industry

Collaborate with leaders to overcome challenges

"Compensation truly became everyone's job due to the uncertainty of the pandemic, the Great Resignation, and economic volatility. As a company, we are working together to figure out the best approach to attract and retain front-line team members. Our comp team listens to front-line leaders to understand what their teams need and evaluates what our local competition is doing regarding compensation. We also serve as a knowledgeable resource by providing the data and cost analysis for market adjustments. This partnership has helped prevent unintended negative impacts across the business."

Brooke Trochinski

·Compensation Manager, Kwik Trip

Invest in total rewards

"Money matters — it creates a baseline of trust and security. But money must also be combined with layering in cultural foundations to keep employees engaged. One way we do this is by offering short-term job rotations. These positions encourage development, build the internal talent pipeline, and reinforce our dedication to development opportunities. Those rotations include a pay premium in some cases; however, where we really see the benefits is in job satisfaction and increased employee retention."

Megan Surdo

Director of Compensation, IHG Hotels & Resorts

Five compensation best practices for applying market data

As comp and HR pros navigate the eye of the front-line storm, it can be hard to know how to address volatile wage growth, inflation, and minimum wage increases. Here are five best practices to help you respond with agility by adapting your market salary and total rewards strategies.

1

Seek to understand the unique needs of your workforce.

When it comes to compensation and benefits, it's essential that organizations understand what motivates and engages their workforce. Whether it's through surveys and assessments, focus groups, or one-one-one discussions, promote open communication to gather insights and feedback.

2

Use multiple sources for market data to triangulate an accurate reflection of the market.

Since there are a variety of compensation data sources available, it's crucial to choose wisely. When selecting market data sources, look for current, accurate, and validated sources that support the jobs, geographies, and industries that are relevant for your organization. Data variety is part of any high-performing compensation strategy.

3

Connect with compensation peers.

Networking with peers is a powerful way to expand knowledge, share best practices, and challenge the status quo. Especially during times of massive change, peer connections help uncover new perspectives, drive innovative solutions, and pave the way for transformative strategies.

4

Review your total rewards strategy.

While pay is paramount, organizations also need to respond by developing creative total rewards packages that are fiscally responsible and will keep employees engaged for the long term. Don't be afraid to sunset outdated rewards and pilot new options to uncover what's most enticing for your workforce.

5

Decide how to communicate about pay.

Meaningful pay conversations to show employees exactly how much the organization values them. With the right communications, employees will know what they are paid, where they fall within a salary band or pay range, and why, which can increase retention.

Compensation data available from Payscale

Payscale offers a variety of market data, including two different source methodologies (HR-reported data and employee-reported data), to help organizations respond to unique and rapidly changing market conditions and get a holistic view of the market. Payscale delivers fresh data to help you keep a finger on the pulse of the market.

Peer

Peer is a fully transparent HR-reported data network that's updated daily as new data becomes available. It is fully customizable and allows compensation and HR professionals to analyze their workforce, total comp, and compensation practices against the market as they define it.

Employee-Reported Data

Payscale's Employee-Reported Data (ERD) is the world's largest real-time salary database. It helps you keep a finger on the pulse of the market with timely compensation and skills data so you can drive a competitive talent strategy that's in tune with market trends.

HR Market Analysis

HR Market Analysis (HRMA) is a curated HR-reported compensation data model that ensures there is always an answer for every job and all combinations of industry, size, and location. It is derived from internal Payscale data sources and supplemented with licensed external data.

Learn more about salary data from Payscale

Learn more →

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About Payscale

As the industry leader in compensation management, Payscale is on a mission to help job seekers, employees, and businesses get pay right and make sustainable fair pay a reality. Empowering more than 50% of the Fortune 500 in 198 countries, Payscale provides a combination of diverse and dynamic data sources, compensation services, and scalable software to enable organizations such as Angel City Football Club, Perry Ellis International, United Healthcare, Vista, and The Washington Post to make fair and appropriate pay decisions.

Pay is powerful™

To learn more, visit **payscale.com**.