

2024

Compensation Best Practices Report

Data insights to cultivate a best-in-class pay strategy and prepare for future growth.



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Readiness for the future

50% ↓

of orgs say compensation is more challenging in 2024, but investment in comp has dropped.

Readiness for the future

59% ↓

of orgs have a dedicated, in-house compensation professional or team.



Pay increases and fair pay

79% ↓

of orgs plan to give pay increases in 2024, which is a drop from 86 percent in 2023.

Readiness for the future

25%

of orgs use purpose-built comp technology, which is most associated with comp maturity.

Hot topics and trends

21% ↓

is the reported voluntary turnover in 2023, down 4 percent from last year's report.

Hot topics and trends

62%

of all participants view unions positively compared to 38 percent of executives.

Pay increases and fair pay

4.5% ↓

is the average base pay increase predicted for 2024, compared to 4.8 percent given in 2023.



Hot topics and trends

34%

of orgs say they have removed degree requirements for salaried positions.

Hot topics and trends

23% ↓

of orgs use geographic differentials to manage pay for employees in distributed locations or pay zones.

Pay increases and fair pay

54% ↓

of orgs consider pay compression an issue, though only a quarter say it is a big concern.

Hot topics and trends

49%

of participants are optimistic about AI, but only 7 percent are totally on board with using it to make pay decisions.

Hot topics and trends

27%

of orgs say that minimum wage increases have impacted their compensation strategy.



Pay increases and fair pay

27%

of orgs admit that they address severely underpaid employees only reactively.

Key



Number up from 2023



Number up/very similar from 2023



Number down from 2023



Number down/very similar from 2023

Pay transparency and communications

60% ↑

of orgs are publishing pay ranges in job ads compared to 45 percent last year.

Pay transparency and communications

14%

of orgs say that employees have left their organization over published pay ranges.

Salary data and market pricing

45% ↑

of orgs use HR-reported aggregate market data, which is also the second most trusted source.

Salary data and market pricing

56% ↑

of orgs use two to four data sources, with orgs of over 5,000 FTEs likely to use more than five.

Pay transparency and communications

51% ↑

of orgs train managers on pay communications, up from 49 percent in 2023.

Pay transparency and communications

58% ↑

of orgs provide a total rewards statement to employees; 16 percent do so using a module within purpose-built compensation technology.

Salary data and market pricing

58%

of orgs say they are investing in dynamic market data or would like to.

Salary data and market pricing

51%

of orgs say that data being specific to their industry is most important when assessing quality.



Compensation strategy and structure

83% ↓

of orgs either have a formal pay structure or are working on one.

Specialized areas of compensation

57% ↑

of orgs use a centralized system for job description management.

Specialized areas of compensation

62% ↓

of orgs say that pay equity analysis is a planned or current initiative.

Compensation strategy and structure

82% ↓

of orgs either have a compensation strategy or are working on one, which is similar to last year.

Compensation strategy and structure

62%

of orgs either have or are targeting market-based pay structures (job-based or grade-based).

Specialized areas of compensation

55%

of orgs are either fairly confident or very confident in their total rewards strategy.

Participate in next year's Compensation Best Practices Survey.

For the past 15 years, Payscale's Compensation Best Practices Survey has collected data from compensation professionals, HR leaders, and executives who make compensation decisions for their organizations. By participating, you'll receive an early copy of the results. Sign up to receive notifications to participate next year when the survey opens.

Sign up



Key



Number up from 2023



Number up/very similar from 2023



Number down from 2023



Number down/very similar from 2023

Introduction

The 2024 Compensation Best Practices survey gathered **5,735 responses** from November–December 2023 with a completion rate of 55 percent. A breakdown by organization size, industry, and other firmographics are available in the methodology at the end of this report.

If we were to capture how to approach 2024 in one phrase, it might be “cautious optimism.”

The economy is expected to continue to slow in 2024 and many organizations have shifted their scorecards to measure profitability rather than growth. At present, employers have the upper hand in the job market, at least for white-collar salaried employees. But the War for Talent isn't over; it's just on pause. While the Great Resignation has ended, employees continue to voice concerns over the cost of living, toxic workplaces, inflexible work-from-home policies, burnout, and overall job dissatisfaction. In other words, if more organizations were hiring, higher-than-average turnover could resume.

During this temporary reprieve, there is urgency to sow seeds now to compete in the future, especially when it comes to technology. According to our survey, HR leaders and compensation professionals **feel that compensation is the most challenging HR activity in 2024**, yet investment in HR activities has decreased compared to last year, in every area except modernizing HR software. Meanwhile, technology continues to advance at speed. Artificial intelligence could rapidly impact compensation management best practices as well as talent acquisition and other HR processes, especially when it comes to adopting a skills-based talent strategy to combat labor shortages. In other words, not investing in modern compensation technology today could leave your organization in the lurch tomorrow.

Compensation has also never been scrutinized in the public eye as it has during this period of economic turmoil and technological transformation — especially as pay transparency legislation expands, driving increased focus of pay equity. Unfortunately, a troubling 27 percent of organizations say they only address severely underpaid employees reactively — meaning only if the employee or their manager asks. In addition, pay increases look to be lower in 2024 (4.5 percent) compared to 2023 (4.8 percent), although above inflation for the first time in years.

In short, to both retain talent now and prepare for the job market of the future, organizations need to get serious about fair pay. This includes revisiting or formalizing their compensation strategy and pay structures, investing in the right salary data, and utilizing modern compensation technology with automated workflows and pay analysis features. Also, more than ever, organizations need to step up their compensation communications so that employees understand the “what” and “why” behind their pay — both to retain the talent they have now and to prepare for the next growth cycle.

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HR priorities and challenges

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Readiness for the future

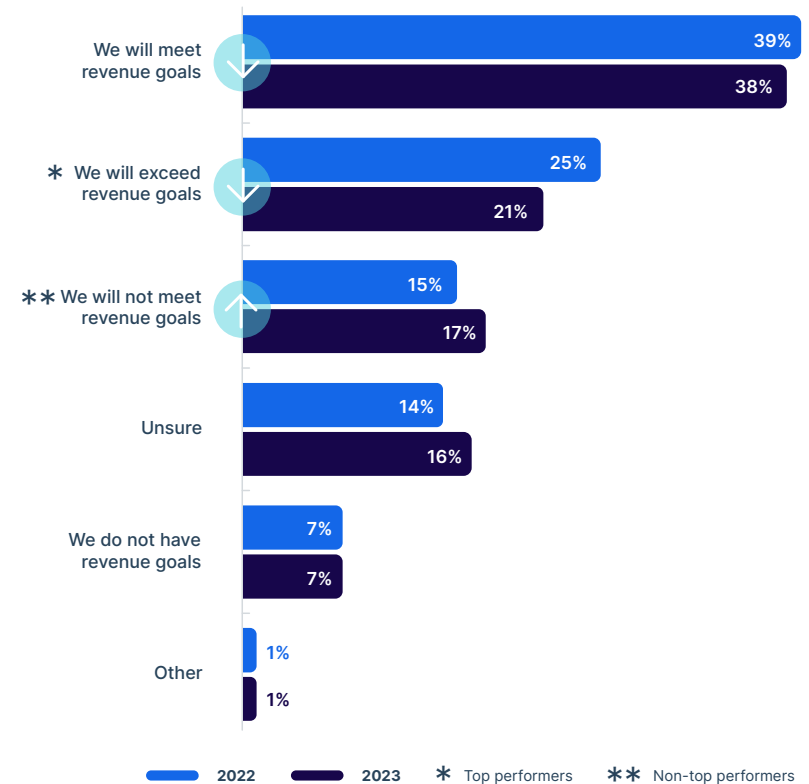
Over the last few years, the importance of compensation management has escalated due to a variety of factors, including the ratcheting of salary offers to attract and retain talent during the Great Resignation, increased scrutiny of pay equity, and recent legislation around pay transparency.

As a result, compensation professionals have found themselves thrust into the limelight, and organizations without mature compensation practices have had to up their game in a hurry.

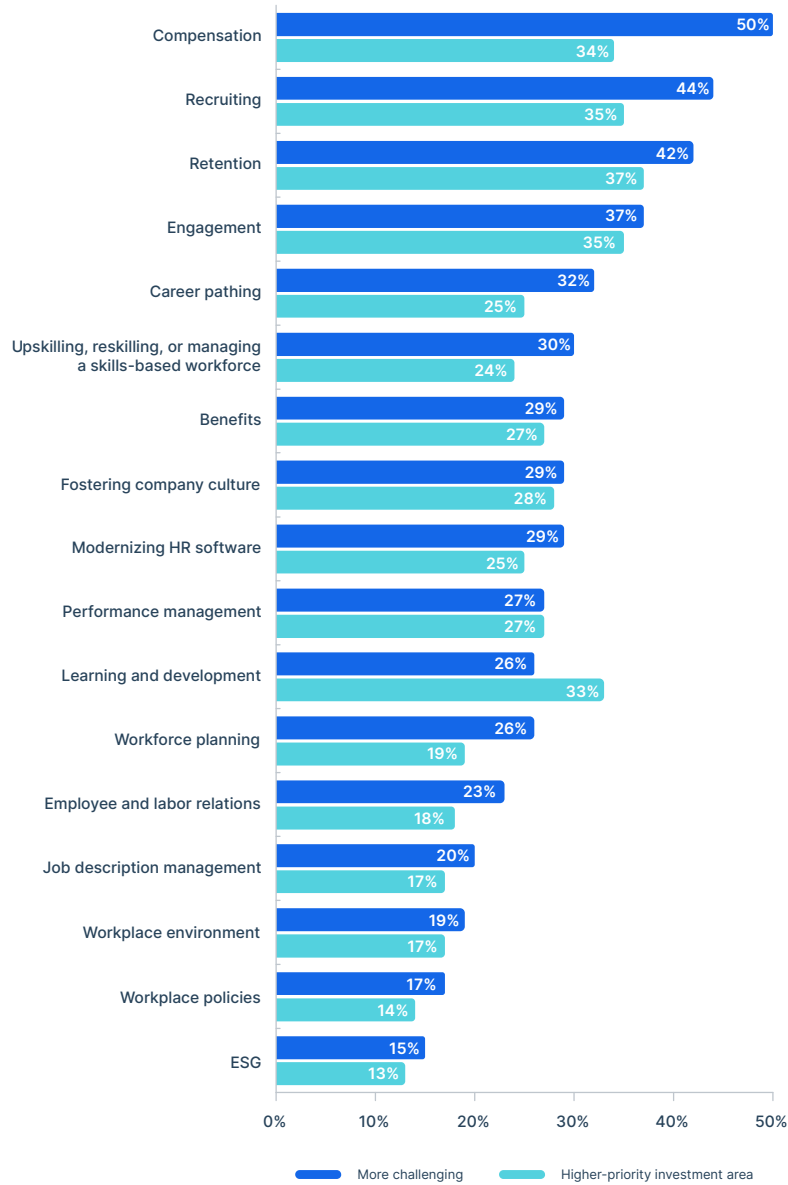
However, late 2022 and 2023 witnessed a shift in economic conditions and the labor market. Interest rates increased, growth forecasts faltered, the hiring frenzy subsided, and organizations have spent the last year rightsizing the workforce in anticipation of a recession. While a recession did not arrive in 2023 and may be avoided in 2024, compensation continues to be a challenge due to expanding pay transparency laws and the changed expectations of employees and job candidates when it comes to transparency and fairness.

In this section, we look at how HR challenges and investments have changed as well as how compensation management practices impact business performance. We are coming out of a year of economic uncertainty where fewer organizations predicted they would exceed revenue goals and more predicted they would not meet revenue goals compared to 2022. Those that predicted they'd exceed revenue goals are considered "top performers" in our analysis.

Will your company meet its overall revenue goals for the year?



Most challenging and highest priorities for HR in 2024



HR priorities and challenges

Year over year, we ask survey participants to tell us which HR activities they expect will be more challenging, less challenging, or unchanged compared to previous years. Every year, recruiting, retention, engagement, and compensation top the list of both the most challenging and areas of higher investment compared to previous years.

However, in 2024, there is a slight shift. Last year, compensation tied with retention as the highest-priority investment (49 percent) but was classified as less of a challenge (55 percent) than recruiting (58 percent). This year, compensation is considered the biggest challenge facing organizations (50 percent), yet it's also a slightly lower-priority investment (34 percent) compared to retention (37 percent), recruiting (35 percent), and engagement (35 percent).

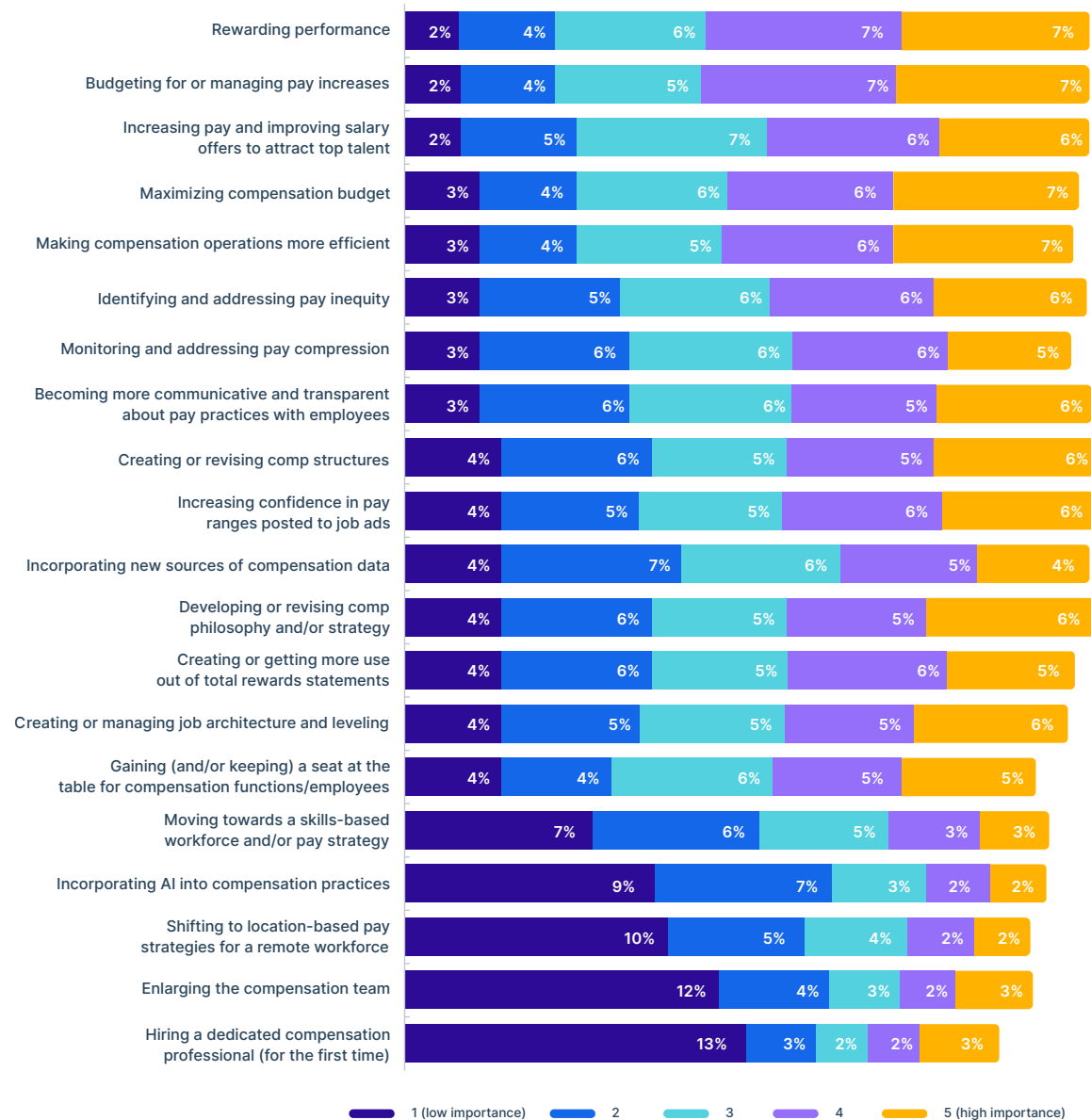
Overall, the perceived challenge of these HR activities as well as investment in HR programs have dropped in 2024 compared to 2023, which is why the percentages are lower even though the rankings are similar. We believe this reflects current economic conditions and the state of the labor market, which has eased pressure on HR but also reduced spend. The one exception is modernizing HR software, which respondents to this year's survey deemed more challenging (29 percent) compared to 2023 (25 percent).

Compensation priorities

Considering the challenge compensation management presents this year, we asked survey respondents to rank compensation activities in 2024 on a scale of one (low importance) to five (high importance).

Our analysis shows that the most important compensation activities are budgeting for or managing pay increases, rewarding performance, and maximizing compensation budgets. This may be particularly true in a year where economic conditions are difficult, leading to increased scrutiny of compensation spend and maximization of ROI — especially as interest rates have been rising and inflation and wage growth have both been falling but remain elevated. The lowest-priority activities this year include hiring a dedicated comp professional and enlarging the comp team. It's worth noting that headcount reduction and hiring freezes are common in an economic downturn but increase workloads for remaining employees.

Ranked importance of compensation activities in 2024



Compensation **resources**

A majority of organizations (59 percent) say they have at least one compensation professional in-house. It might be surprising that 35 percent of respondents say they do not have a dedicated compensation professional in their organization, given the low importance assigned this year to hiring a dedicated compensation professional or enlarging the compensation team.

However, most of these are smaller-sized organizations. When it comes to compensation, larger organizations are much more likely to have dedicated resources. The larger the organization, the bigger the compensation team is likely to be.

Does your organization have a person or team solely dedicated to the function of compensation?

35%

No, we have no dedicated compensation professionals in our organization

23%

Yes, we have one dedicated compensation professional

30%

Yes, we have multiple people dedicated to the function of compensation

6%

Yes, we have more than 10 people dedicated to the function of compensation

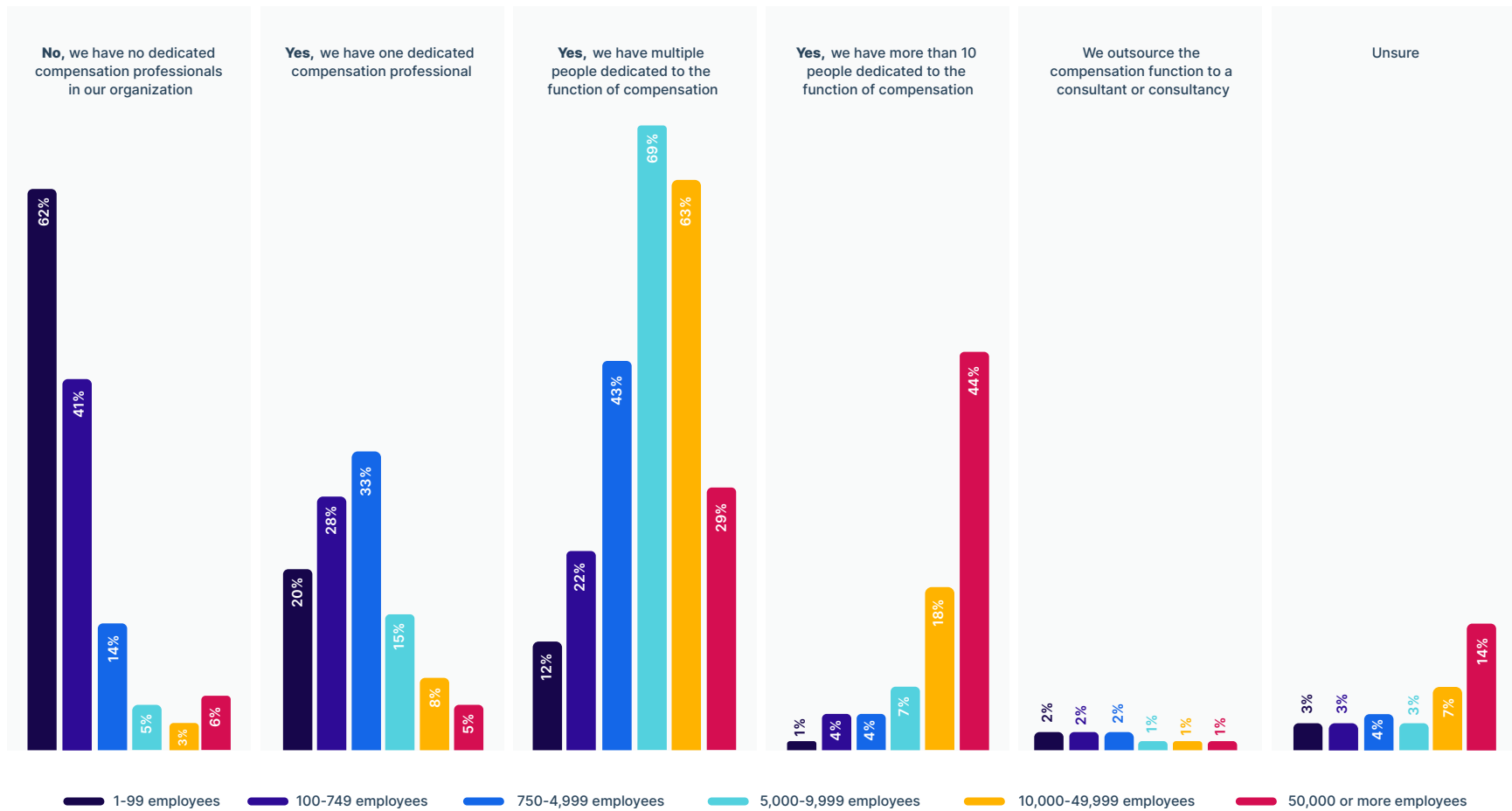
2%

We outsource the compensation function to a consultant or consultancy

4%

Unsure

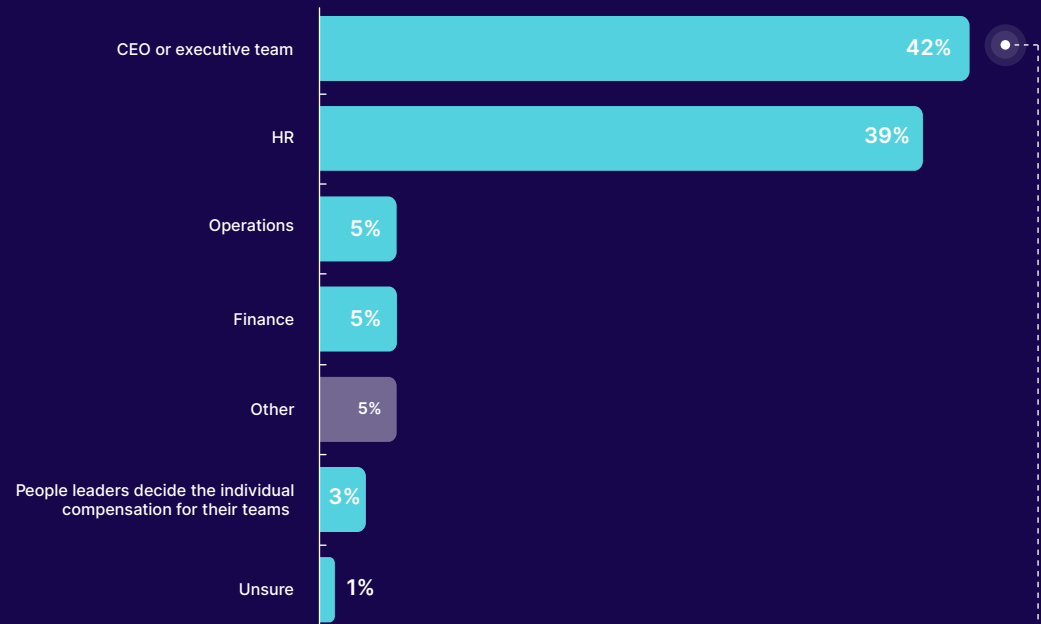
Does your organization have a person or team solely dedicated to the function of compensation?



Who leads compensation if there's no comp professional?

We asked organizations that don't have a compensation professional who then leads compensation decision-making for their organization. Answers were largely split between HR and the CEO or executive team. These respondents were entirely smaller-sized organizations, although they could be as large as 5,000 employees. The likelihood that the CEO or executive team leads compensation decisions gets larger the smaller the organization is. Organizations without compensation expertise within the organization may benefit from compensation technology in combination with related professional services.

In the absence of a dedicated compensation professional, who leads compensation decision-making in your organization?



Payscale compensation software provides **easy-to-use tools** for market pricing and managing pay increases.

[Learn more](#) →

CEO or executive team makes comp decisions

56%

1-99 employees

28%

100-749 employees

16%

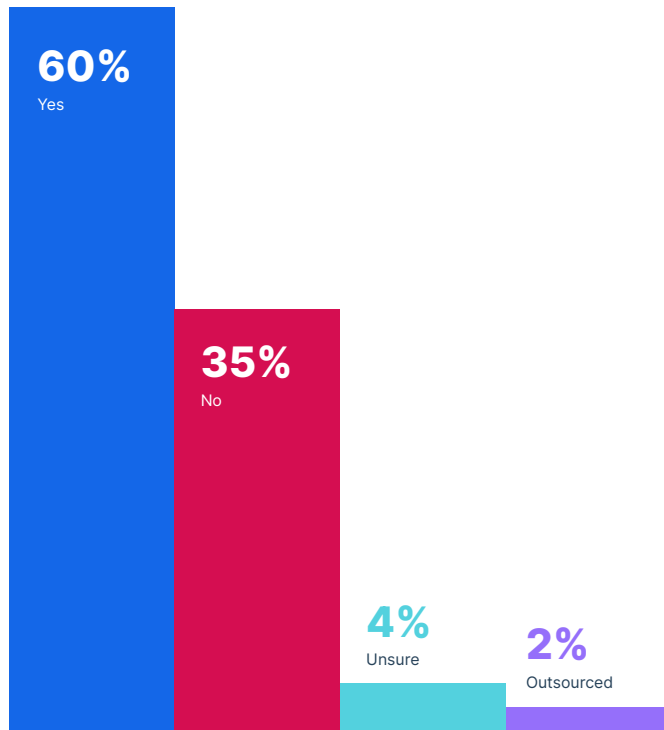
750-4,999 employees

Compensation resources: impact and industry

Organizations that have multiple people dedicated to compensation are more likely to be top performing organizations. Compensation expertise, whether in-house or outsourced to a consultant or managed services team, allows organizations to create strategies to manage fair pay for employees and maximize payroll budgets, which can have a sizable impact on business performance and efficiency.

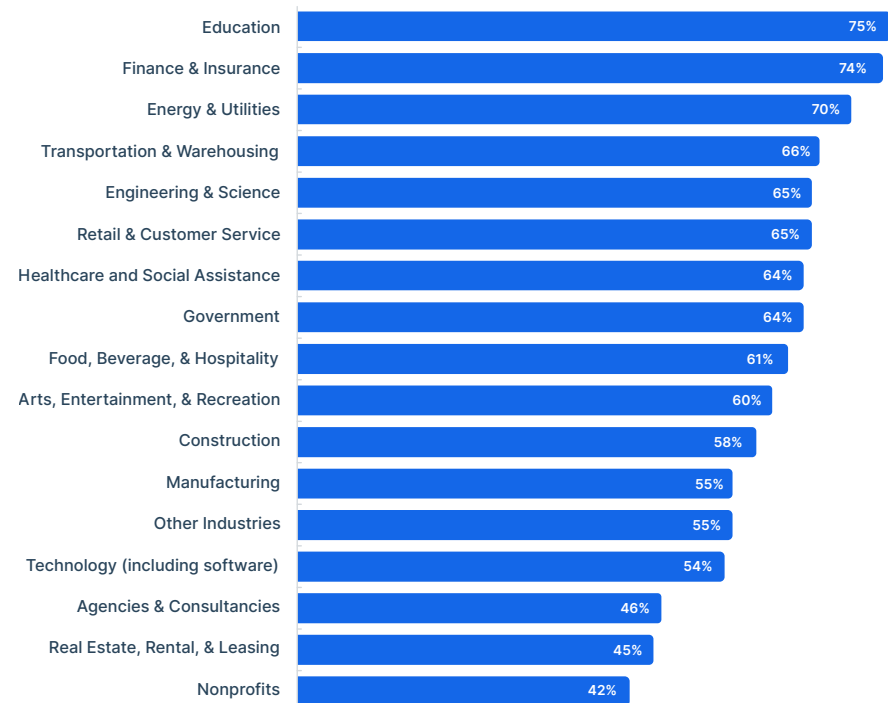
When looking at compensation resources by industry, we find that those with organizations that are least likely to have a dedicated compensation function include Nonprofits, Real Estate, and Agencies & Consultancies, which were all below 50 percent — even when accounting for the small percentage of orgs that outsource their compensation function to a third party. Small organizations across industries are also much more likely to have no one dedicated to compensation management.

Does your organization have a person or team solely dedicated to the function of compensation?



Does your organization have a person or team solely dedicated to the function of compensation?

Yes



Compensation **technology**

We asked our survey participants what technology they use to manage compensation and offered multiple answer choices. Compensation software can assist organizations with compensation management functions ranging from benchmarking to managing pay increases to pay analysis and reporting in order to ensure fair pay across the organization.

However, a strong majority of organizations (58 percent) report still using Excel to perform some compensation functions, and 12 percent do not use any technology to manage compensation. Only 25 percent of organizations use purpose-built compensation technology like Payscale — and as we will see, these orgs are likely to have more mature compensation practices. Those that don't may not be fully utilizing the technology. As more organizations lean on tech to streamline compensation processes, we expect “shadow work” in Excel to decrease.

What technology does your organization use to manage compensation today?

(Multiple answer choices allowed)

58%

Excel

36%

Compensation module within HRIS

25%

Purpose-built compensation technology

14%

“Homegrown” or proprietary technology exclusively used by our organization

12%

Our organization does not use any technology to manage compensation today

5%

Our compensation consultant uses technology on our behalf

See the future of compensation today



Get a demo.

Learn more about how purpose-built compensation management technology from Payscale gives employers and employees confidence in knowing the **“what”** and **“why”** behind their pay.

Request a demo

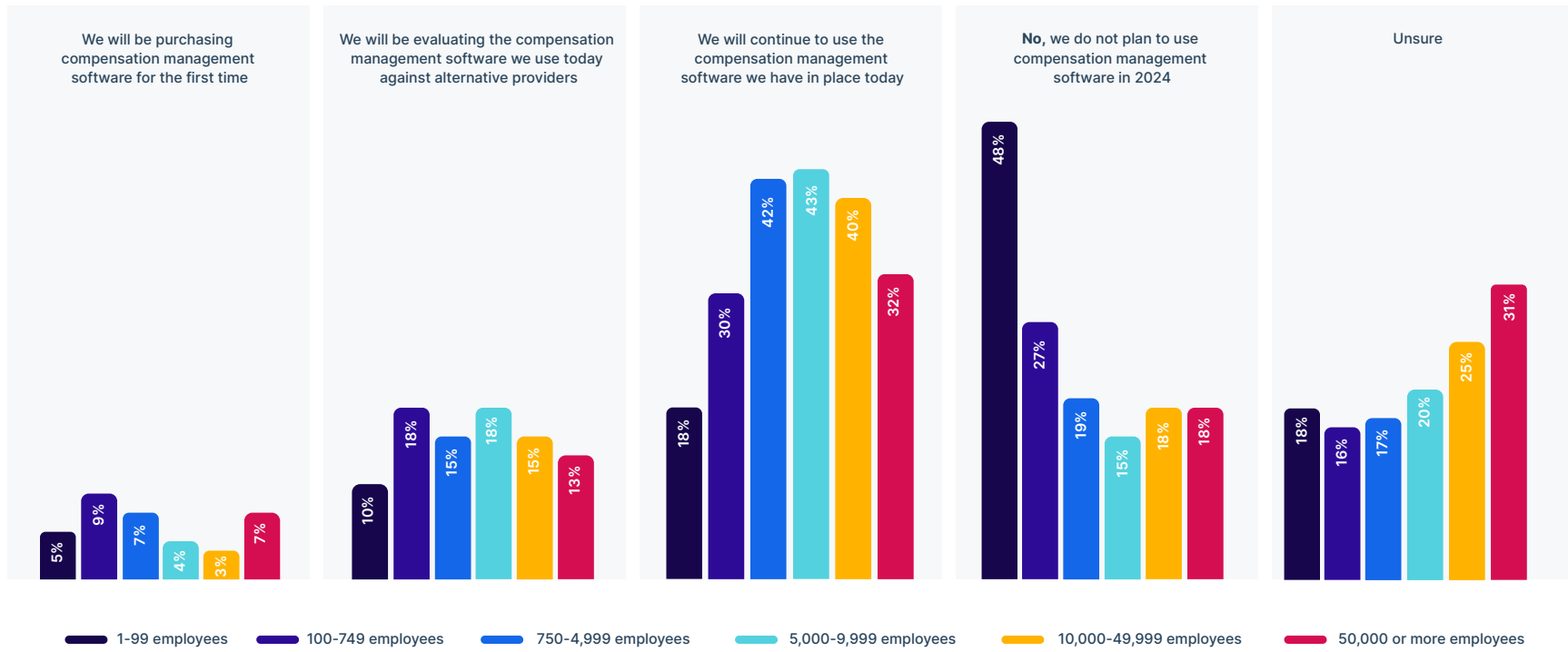


Evaluating compensation technology

We also asked organizations if they plan to purchase or change compensation management software in 2024 and looked at the breakout by organization size. Overall, most organizations (52 percent) are either continuing to use the same software, evaluating new software, or purchasing software for the first time. While still a majority, this is lower than last year (59 percent), likely due to continuing economic volatility.

However, it should be noted that while fewer organizations are planning to purchase compensation software for the first time this year than last year, the cohort of those that are has a higher representative sample of top-performing organizations compared to non-top performing organizations.

Will you be purchasing or evaluating compensation management software in 2024?



Which of the following best describes your organization's current compensation management maturity level?

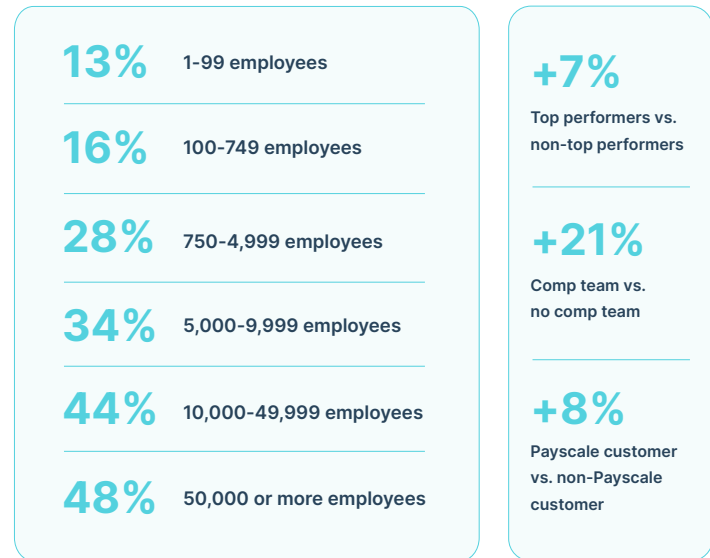


Compensation maturity

A compensation maturity model is a useful tool for measuring the current state of your compensation program and communicating with your executive team and business partners.

In asking survey participants to rate themselves according to Payscale's 2024 compensation maturity model, we can see that just over half (55 percent) are in either the Developing or Optimizing stages while 45 percent are in a less mature state.

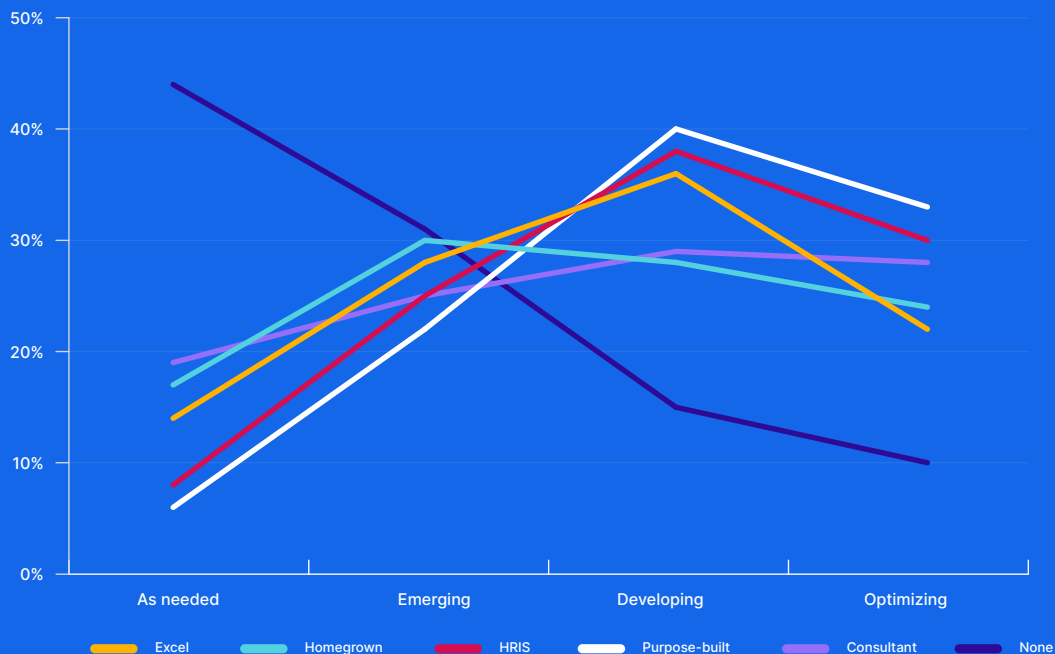
'Immature' organizations looking to implement pay transparency measures or improve pay communications around salary offers and pay increases should consider utilizing a compensation maturity model as part of their compensation strategy, as maturity is critical to implementing these solutions. It should be noted that 'fully mature' organizations in the Optimizing category (23 percent) are more likely to be top-performers and Payscale customers. They are also much more likely to have a dedicated compensation professional or team and be a larger-sized organization.



Correlation between comp technology and maturity

We analyzed the relationship between compensation technology type and compensation maturity and found a correlation between the use of software and rising maturity levels, with the strongest link seen between purpose-built compensation software like Payscale and both the Developing and the Optimizing stages of the compensation maturity model. Using purpose-built compensation software empowers organizations to automate workflows and focus on the strategic outcomes of compensation management.

Compensation technology usage against maturity



	As needed	Emerging	Developing	Optimizing
Excel	14%	28%	36%	22%
Homegrown	17%	30%	28%	24%
HRIS	8%	25%	38%	30%
Purpose-built	6%	22%	40%	33%
Consultant	19%	25%	29%	28%
None	44%	31%	15%	10%

Jump to section

Job market

Labor turnover

Impact of AI

Skills-based pay

Geographic pay

Minimum wage

Unionization

Hot topics and compensation trends



In this section, we put a spotlight on survey data that sheds light on current events and emerging trends that are impacting the compensation industry. These have been numerous over the last few years as the world of work turned upside down and compensation management emerged as an increasingly critical aspect of business operations.

Hot topics include the state of the job market in 2024, the impact of AI (especially generative AI), the shift to a skills-based workforce, how geographic pay strategies are trending amidst remote work and return-to-office mandates, how minimum wage increases are impacting employers when it comes to compensation management, and the rise in unionization observed over the past few years.

Pay transparency is also a hot topic that will continue to trend in 2024 but will be covered in more detail in its own section.

Job market

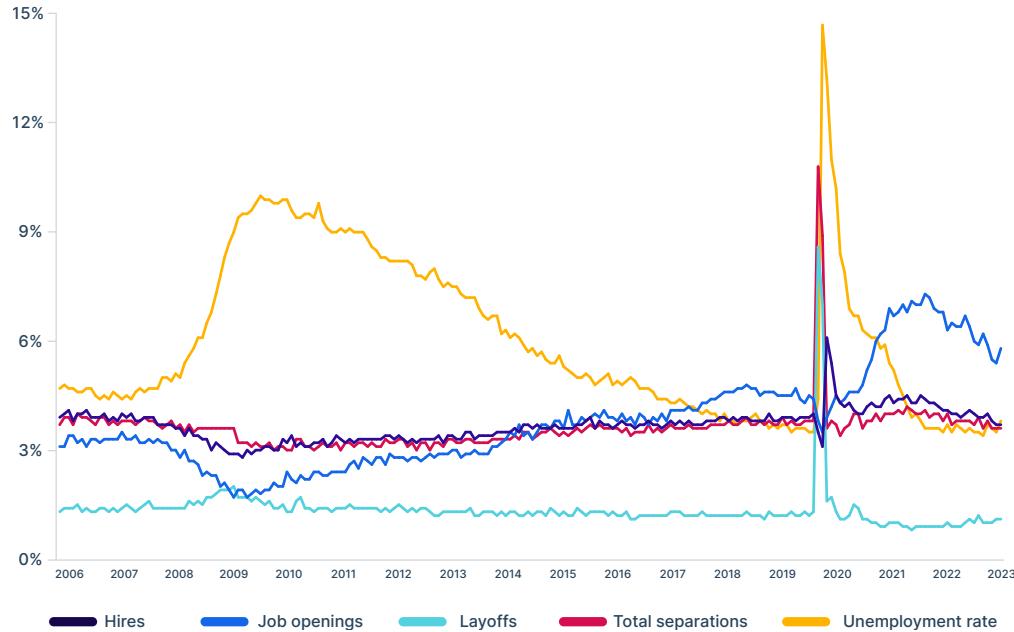
The job market in 2024 is unusual. The Great Resignation is over, but the phenomenon was such an aberration that it upended decades of consistent trends — which have yet to fully resume previous patterns. Nevertheless, the job market has cooled compared to previous years due to interest rate hikes that began in 2022 to tame inflation and rein in runaway wage growth.

However, the job market is experienced differently by those in white-collar versus blue-collar occupations:

- White-collar workers are experiencing layoffs, hiring slowdowns, and intense competition for employment opportunities, especially for positions where salaries are more transparent and/or remote work continues to be an option.
- Meanwhile, blue-collar occupations continue to experience labor shortages and higher wage growth. Increases in minimum wage present challenges to some employers facing tough economic conditions, and some industries are seeing increased interest in unionization where wages and work conditions are not meeting employee expectations.

Labor market trends

Source: U.S Bureau of Labor Statistics



While economists predict a sluggish economy in 2024, interest rate cuts planned for later in the year could reinvigorate the job market. Having already rightsized workforces, organizations are positioned to view the future of the labor economy optimistically and grow slowly and carefully. However, we may also see the trends of “resume collecting” and “labor hoarding” continue into 2024. HR leaders and compensation professionals are advised to monitor data on the labor market and wage growth carefully throughout the coming year to inform compensation planning and people strategy, especially when it comes to retention of top talent.

Additional resources

Read [Payscale's 2023 End-of-Year Report](#) to learn more about the state of the job market.

[Read report now](#) →

Track quarterly wage growth with the [Payscale Index](#).

[Get the data insights](#) →



Labor **turnover**

According to our survey, the average total turnover rate for 2023 was 26 percent, which is unchanged from the previous year. However, the voluntary turnover rate has decreased from 25 percent in 2022 to 21 percent in 2023. Moreover, reported voluntary turnover is significantly reduced from the Great Resignation of 2021, when it was 36 percent. These numbers corroborate the perception that the job market has cooled and that employers now have more control than job seekers, especially for salaried positions.

What was your overall
(total) employee turnover
rate in 2023?

26%

0%
+/-YOY

What was your
voluntary employee
turnover rate in 2023?

21%

-4%
+/-YOY

Traditional

33%
Overall turnover rate

30%
Voluntary employee turnover rate

Split by job type

26%
Overall turnover rate

23%
Voluntary employee turnover rate

Hybrid

21%
Overall turnover rate

16%
Voluntary employee turnover rate

Remote

20%
Overall turnover rate

13%
Voluntary employee turnover rate



However, it is interesting to note that voluntary turnover rates vary by workplace environment, with remote environments experiencing significantly less turnover than either hybrid or traditional settings. Voluntary turnover is also higher for some industries than others and has increased notably for the Technology industry compared to last year.



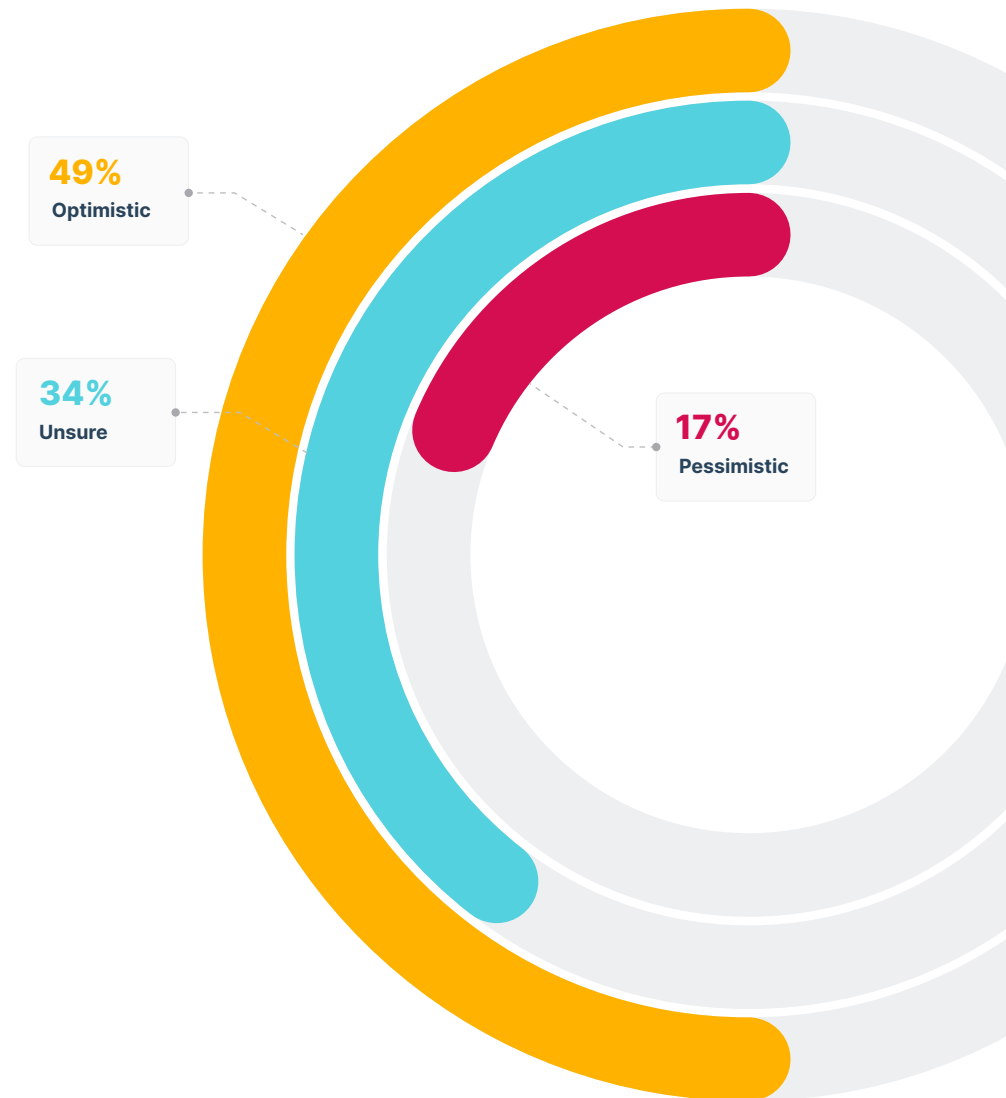
Arts, Entertainment, & Recreation, Government, and Retail & Customer Service did not have sufficient responses to be included in our analysis for this question.

Impact of AI

In 2023, AI officially entered the zeitgeist. While artificial intelligence is not new technology, the release of OpenAI's Chat-GPT-4 in March captured the attention of the general public. It showcased what AI is capable of (especially generative AI), ignited an interest in evaluating how technology innovation and advancements could overhaul HR and compensation workflows, and brought growing awareness of the need for governance on how AI is used.

According to our survey, HR leaders and compensation professionals feel largely positive when it comes to artificial intelligence. While still a slight minority, 49 percent of respondents said they are optimistic while 34 percent said they are unsure, and only 17 percent are pessimistic.

What best describes your overall personal sentiment around AI generally?



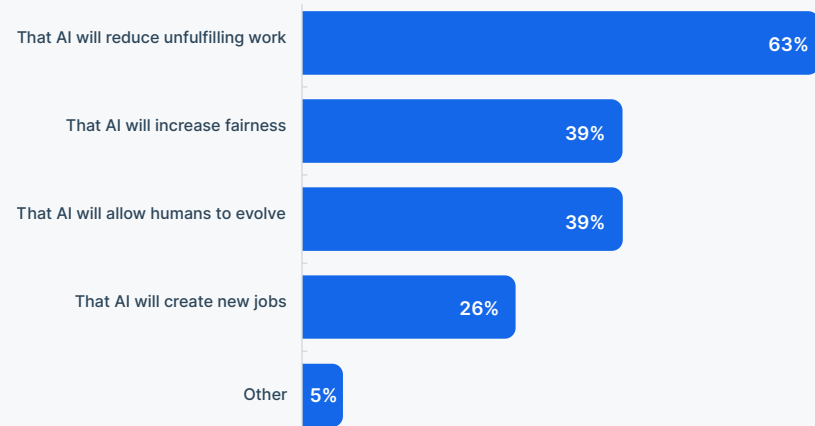
Based on how respondents answered this question, we followed up with another about what they are most excited or concerned about.

Out of the people who answered optimistically, they are primarily excited about the potential of AI to reduce unfulfilling work (63 percent). In addition, 39 percent of respondents are also excited about AI increasing fairness and allowing humans to evolve while 26 percent are excited about AI creating new jobs.

Out of the people who answered pessimistically, the biggest fear is that AI will extend bias rather than mitigate it (56 percent). People also report being worried that AI will replace jobs in a manner that will be detrimental to society (46 percent), while 24 percent are concerned that AI will replace their job in HR or compensation.

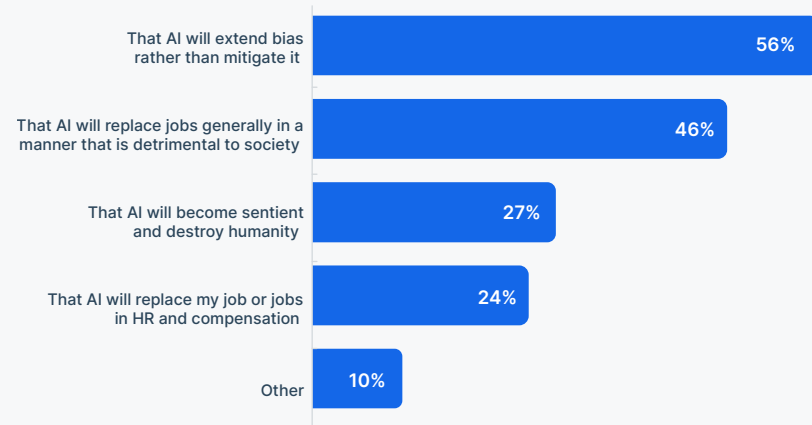


What are you personally excited about regarding AI?



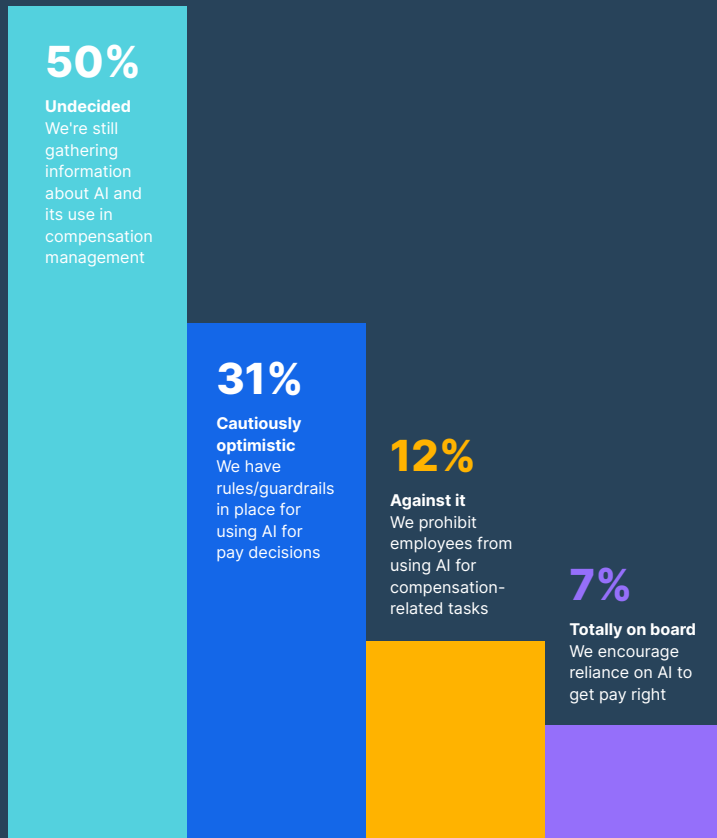
(Multiple answer choices allowed)

What are you personally concerned about regarding AI?



(Multiple answer choices allowed)

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



AI in compensation



In our survey, we asked participants about how their organization views using AI for making compensation decisions. Interestingly, despite a near majority of participants feeling optimistic about AI generally, the practical application of using AI for compensation decisions was viewed more cautiously by organizations, with only 7 percent of respondents being totally on board and 50 percent undecided.

This is fascinating given that some forms of artificial intelligence are already used in compensation technology for aggregating, aging, and analyzing salary data for market pricing and other functions — and have been for years.

Compensation decision-makers need education on how artificial intelligence can make many compensation-related decisions more accurate and efficient. AI can assist employers with job management, including writing and analyzing job descriptions, and AI is also used in market pricing and pay analysis. Of course, the potential for AI to extend bias rather than mitigate it is still a concern, especially where AI could unknowingly perpetuate historical salary discrimination and pay disparities for protected classes.

Ultimately, human intervention is required to ensure that AI-powered algorithms are properly informed and produce fair outputs. It should be understood that pay gaps are not excused by reliance on flawed models. If an employee can demonstrate that they are paid differently from another employee for equal or similar work, the burden shifts to the employer to demonstrate that the pay differential is due to a permissible reason, such as differences in skills, performance, location, or responsibility rather than conscious or unconscious bias or discrimination.

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 parse resumes and identify candidates that may be a good fit for jobs	9%	9%	31%	26%	25%
Use AI to help manage or generate job descriptions	10%	11%	36%	23%	20%
Use AI to identify or reduce bias in the interview process	5%	8%	34%	25%	29%
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%
Use AI to create or manage other standard HR policy documents	8%	9%	34%	25%	25%
Use AI to develop learning and training materials	7%	10%	35%	22%	26%
Use AI to assist employees with navigating our intranet for information	6%	9%	33%	24%	28%
Use AI to identify career pathing and opportunities for internal mobility	4%	8%	35%	24%	28%

AI transformation

We wanted to know how AI is impacting the HR function holistically and asked participants whether they are using AI for a variety of use cases.

Interestingly, only a small percentage of employees answered in the affirmative for any use case — even where AI-based technology such as natural language processing (NLP) already exists and powers commonly used tools, like job description generators and salary survey recommendations. The categories with the most use (either 'Using' or 'Developing uses') include managing or generating job descriptions (21 percent), parsing resumes and identifying candidates (18 percent), supporting L&D (17 percent), and crafting standard HR policy documents (17 percent).

Only around a third of organizations expressed interest in AI use cases that haven't been implemented while nearly half of respondents were either against the application of AI in various HR processes or unsure. Collectively, this suggests an opportunity for education around the use of AI in HR technology today to streamline workflows and validate datasets as well as its growing potential for the future.

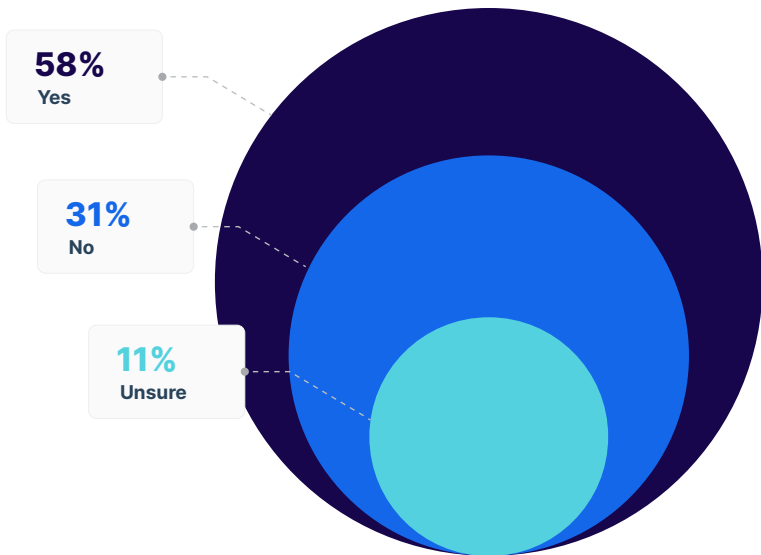


Skills-based **pay**

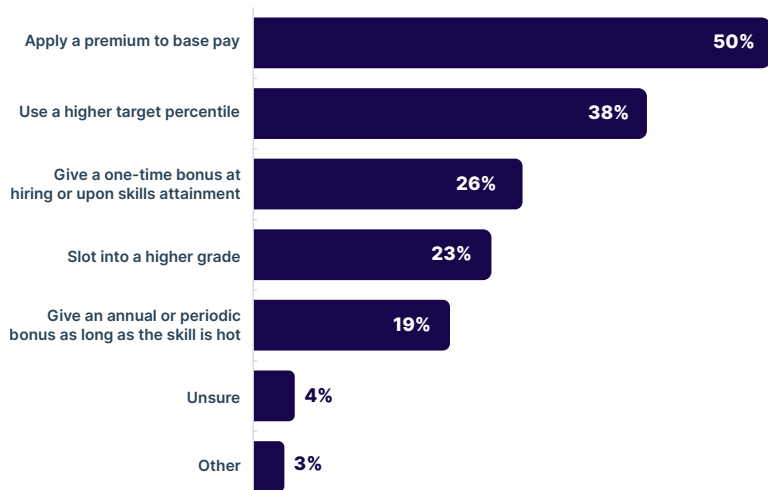
A rising trend in recent years is the shift to skills-based talent management, which refers to hiring and employee redeployment processes that emphasize capabilities over education or titles. Skills-based talent management has garnered increased interest because of its potential to solve labor shortages and increase business agility. Organizations with a clear understanding of the skills needed to do the jobs that they need done can respond to skills gaps with learning and development, organize business needs around people rather than jobs, and more easily identify talent to promote from within.

Skills-based pay is the compensation methodology that supports a skills-based talent management strategy by determining employee pay based on knowledge, experience, and compensable skills rather than job title. Skills-based pay can be effective at engaging employees by rewarding skills attainment or increased competency with pay progression.

Do you compensate for competitive skills?



How do you compensate for competitive skills?



(Multiple answer choices allowed)

Competitive skills

According to our survey, 58 percent of organizations say they compensate for competitive skills. Competitive skills are capabilities that may be eligible for pay premiums due to high demand. While having a methodology to compensate for competitive skills does not necessarily indicate that these organizations have adopted a skills-based talent management strategy, it is a requirement to move in that direction and shows awareness of the importance of valuing skills.

There are different ways to compensate for competitive skills. The most common approach used by organizations (50 percent) is to apply a premium to base pay, but multiple tactics may be used depending on the skill, such as applying a one-time bonus (26 percent) or periodic bonus (19 percent).

Paper ceiling

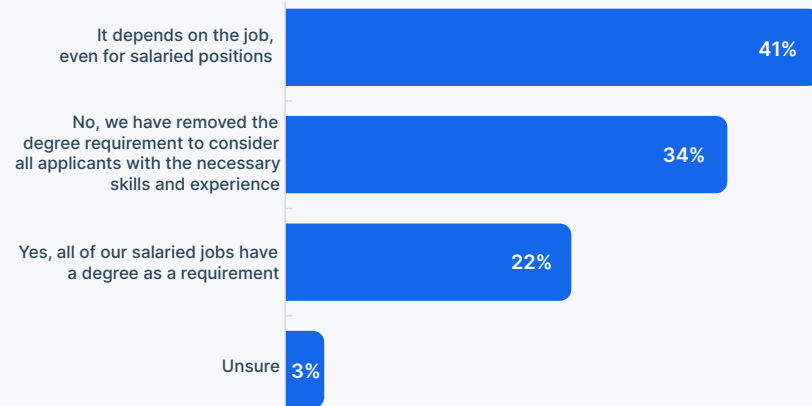
A skills-based talent model also has the potential to widen and diversify the talent acquisition pool. By removing any job history or education requirements (such as degrees), organizations can access a much broader pool of talent — including talent that is traditionally underrepresented, effectively eliminating the “[paper ceiling](#).”

According to our survey, 34 percent of organizations say they have removed degree requirements while another 41 percent say that it depends on the job. Overall, only a minority of organizations in 2024 say they still require a college degree for all salaried positions.

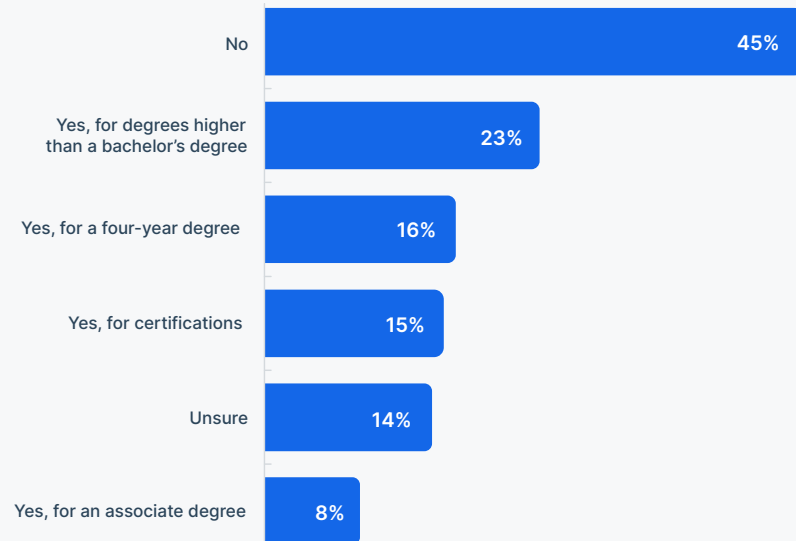
While many organizations are open to hiring talent without college degrees for salaried positions at least some of the time, a good number still compensate employees more for having a formal education. However, 45 percent do not consider education to be a compensable factor.



Do you require a college degree in order to consider applicants for salaried positions?



Do you compensate more for education, regardless of skills and experience?



(Multiple answer choices allowed)

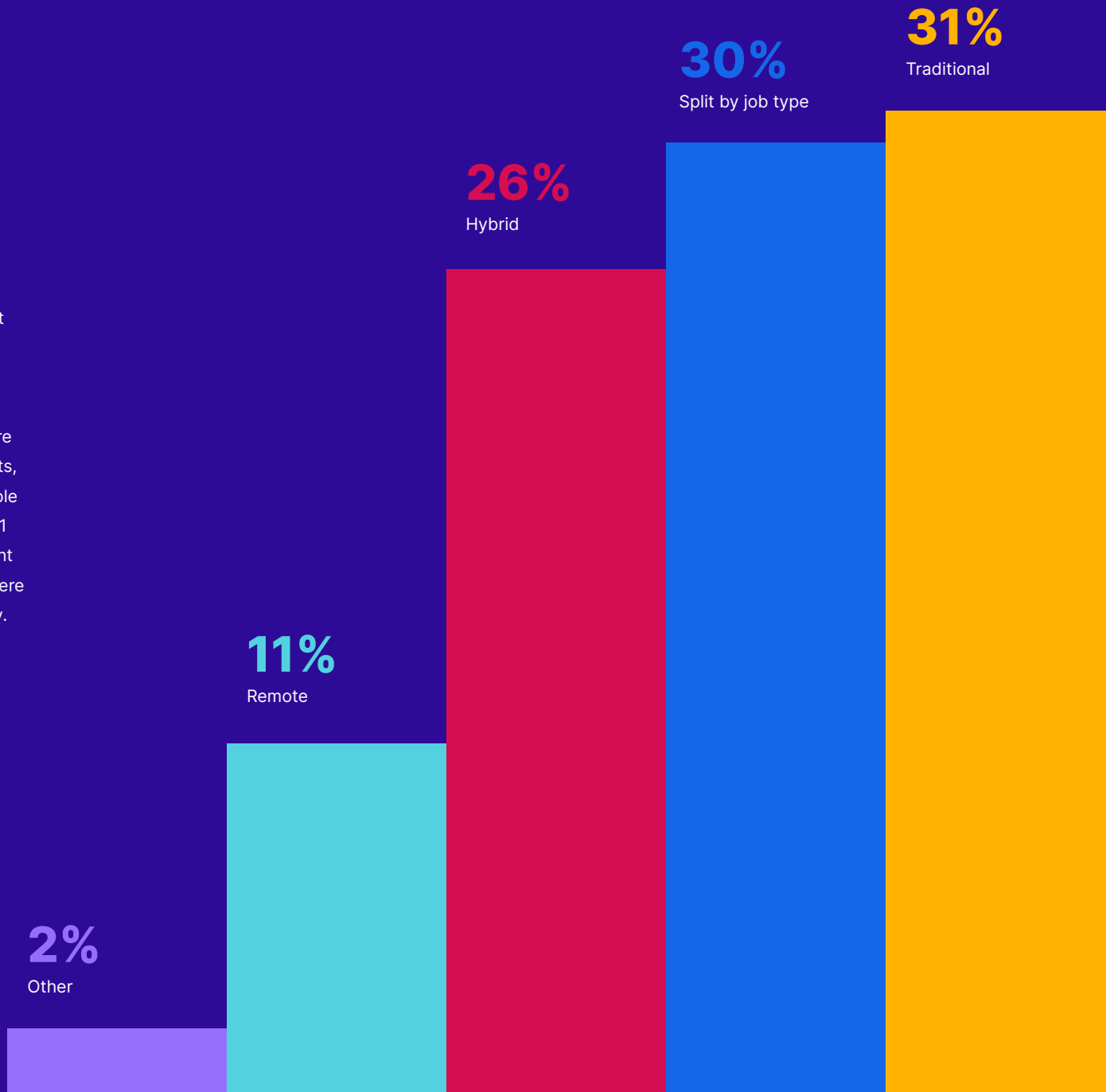
Which of the following best describes your organization's workforce?

Geographic pay

Workplace environments

Remote work continues to be a hot topic of debate, especially as return-to-office mandates intensify, but work environments and pay methodologies haven't changed significantly.

Employers that are embracing workplace flexibility are continuing to do so through hybrid work environments, which require that employees live within a commutable distance of an office. According to our survey, only 11 percent of employers describe their work environment as 'remote,' which means that employees choose where to work and may be highly distributed geographically. This is unchanged from last year.



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

	Traditional	Split	Hybrid	Remote	Other
Agencies & Consultancies	18%	18%	29%	30%	5%
Arts, Entertainment, & Recreation	32%	40%	17%	9%	2%
Construction	50%	30%	18%	2%	1%
Education	39%	32%	21%	7%	1%
Energy & Utilities	27%	38%	32%	2%	1%
Engineering & Science	24%	30%	38%	7%	2%
Finance & Insurance	18%	25%	43%	12%	1%
Food, Beverage, & Hospitality	48%	34%	16%	2%	0%
Government	44%	24%	27%	4%	1%
Healthcare and Social Assistance	33%	44%	15%	6%	1%
Manufacturing	47%	30%	19%	1%	2%
Nonprofit	29%	20%	30%	18%	2%
Real Estate, Rental, & Leasing	42%	40%	14%	3%	2%
Retail & Customer Service	38%	35%	22%	3%	1%
Technology (including software)	7%	19%	33%	38%	2%
Transportation & Warehousing	39%	35%	21%	5%	0%
Other Industries	26%	30%	29%	11%	4%

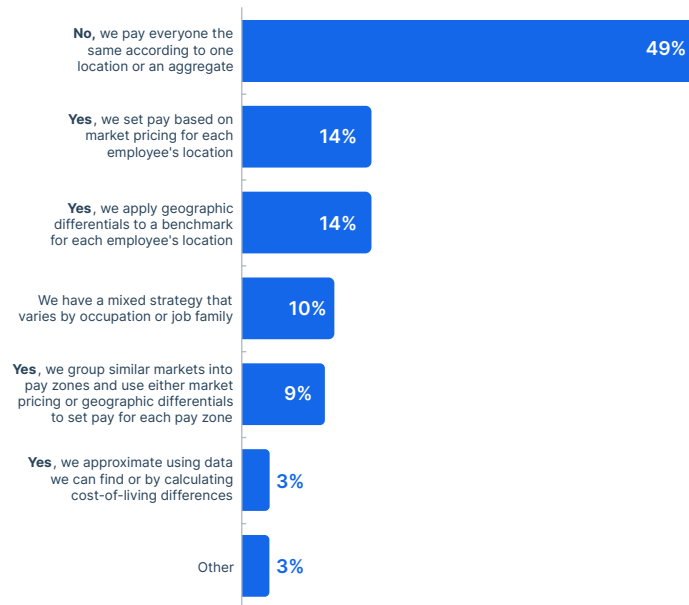
Remote work environments are considerably more common for Technology organizations (38 percent) and Agencies & Consultancies (30 percent). Meanwhile, Finance & Insurance companies are most likely to embrace hybrid environments (43 percent).



Geographic pay strategies

Since most employees still live within a commutable distance of their workplace, most employers still use a pay methodology based on market pricing for locations where they have offices. However, we are seeing continued interest in geographic differentials by employee location or the use of pay zones (23 percent) compared to last year (24 percent). Pay zones can be easier to administer consistently and equitably for larger organizations with a high number of employees in different geographies. We can also see that geographic pay methodologies are more common in larger organizations and in some industries, such as Engineering & Science and Finance & Insurance.

Do you have a pay strategy that encompasses a remote or distributed workforce?



	1-99 employees	100-749 employees	750-4,999 employees	5,000-9,999 employees	10,000-49,999 employees	50,000 or more employees
Pay everyone the same according to one location	60%	49%	43%	37%	38%	31%
Used market pricing for each employee's location	12%	16%	16%	10%	10%	13%
Geographic differentials for each employee's location	5%	14%	17%	21%	24%	24%
Group similar markets into pay zones	4%	8%	13%	17%	17%	13%
Approximate using data we can find or by calculating cost-of-living differences	4%	3%	2%	2%	2%	3%
Mixed strategy that varies by occupation or job family	12%	8%	8%	10%	8%	13%
Other	4%	2%	2%	3%	2%	4%

Do you have a pay strategy that encompasses a remote or distributed workforce?

Yes

	Pay everyone the same according to one location	Use market pricing for each employee's location	Geographic differentials for each employee's location	Group similar markets into pay zones	Approximate using data we can find or by calculating cost-of-living differences	Mixed strategy that varies by occupation or job family	Other
Agencies & Consultancies	47%	14%	11%	7%	2%	13%	6%
Arts, Entertainment, & Recreation	40%	25%	6%	5%	3%	18%	3%
Construction	42%	26%	11%	9%	2%	9%	1%
Education	52%	8%	11%	10%	4%	13%	1%
Energy & Utilities	50%	13%	17%	8%	3%	7%	2%
Engineering & Science	29%	15%	27%	14%	4%	10%	1%
Finance & Insurance	40%	14%	23%	11%	2%	7%	2%
Food, Beverage, & Hospitality	43%	20%	13%	10%	6%	7%	2%
Government	71%	7%	9%	2%	2%	8%	2%
Healthcare and Social Assistance	56%	10%	11%	8%	1%	10%	4%
Manufacturing	48%	16%	16%	8%	2%	8%	2%
Nonprofit	70%	7%	9%	4%	3%	5%	2%
Real Estate, Rental, & Leasing	48%	13%	5%	9%	5%	17%	3%
Retail & Customer Service	46%	12%	17%	7%	5%	13%	0%
Technology (including software)	41%	16%	10%	16%	5%	10%	2%
Transportation & Warehousing	46%	15%	21%	6%	3%	6%	3%
Other Industries	49%	12%	11%	10%	1%	11%	4%

Additional resources

Payscale's **2023 Remote Work Report** provides more data and analysis on remote work and return-to-office trends as well as pay strategies for distributed workforces.



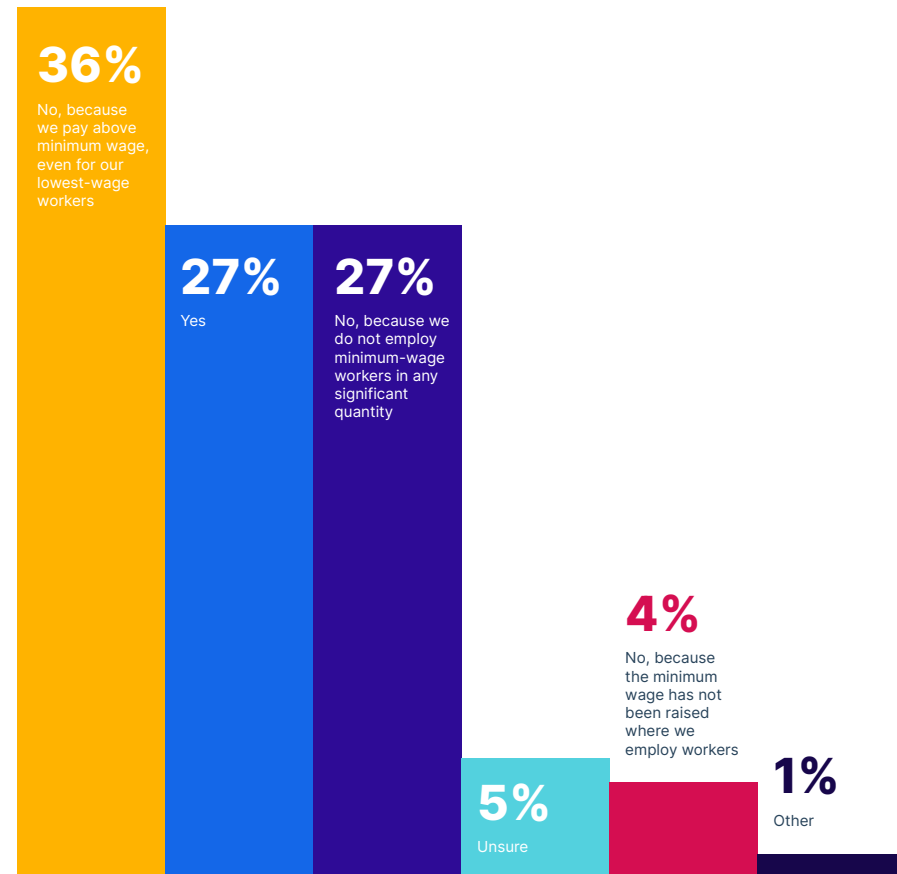
Minimum wage

Minimum wage will be a focus for compensation professionals in 2024 due to increases in statutory wage rates in nearly half of states and some additional municipalities. While most of these minimum wage increases went into effect January 1, 2024, some are scheduled for later in the year. The increases are quite large in some cases and organizations impacted by minimum wage are feeling the strain, especially those that haven't voluntarily been raising their floor rates. According to our survey, 27 percent of organizations say that minimum wage increases will impact their compensation strategy. This figure is over 30 percent for larger organizations and as high as 37 percent for organizations with more than 50,000 employees.

Of course, not every organization manages minimum wage employees. Over a quarter of organizations (27 percent) say that they do not employ workers who make minimum wage in any significant quantity. For those that do, 36 percent are not worried about minimum wage increases because they pay above minimum wage.

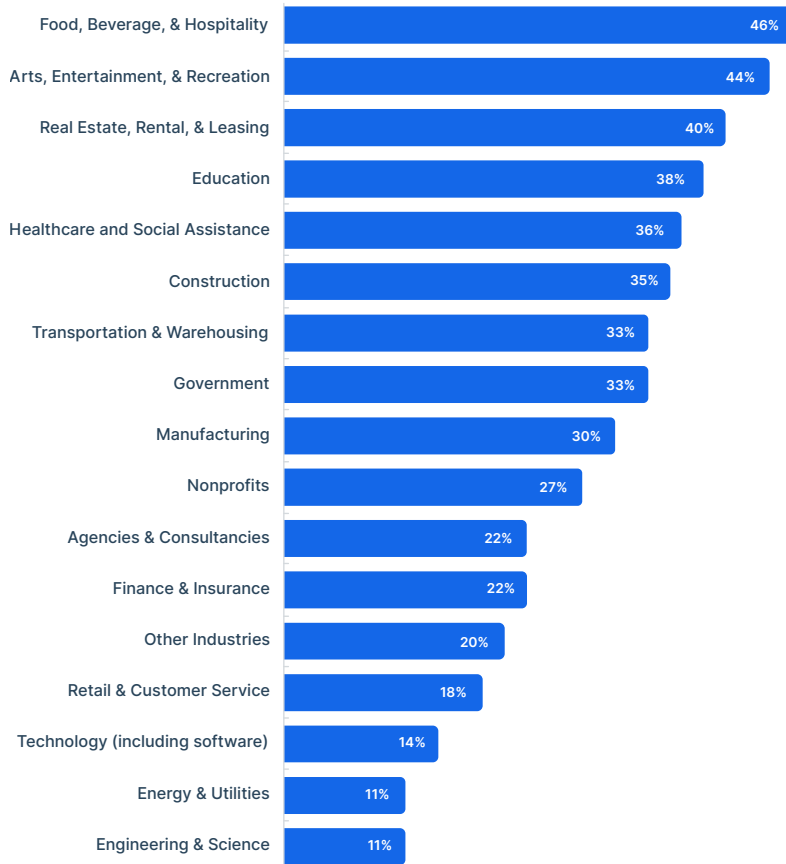
Organizations that are impacted may be concerned about how they will meet the investment required to adjust pay rates to keep pace with minimum wage increases. This can be accomplished by taking costs out of profits, raising prices, or reducing the workforce. Organizations will also want to review their compensation structures to manage pay compression for employees who make above minimum wage.

Have recent minimum wage increases and/or proposed legislation to increase the minimum wage impacted your compensation strategy?



Have recent minimum wage increases and/or proposed legislation to increase the minimum wage impacted your compensation strategy?

Yes



Expectedly, some industries are likely to be impacted more than others by increases to the minimum wage, with the Food, Beverage, & Hospitality industry at the top due because they tend to employ a higher percentage of low-wage workers. During the pandemic, the lowest-paid workers — including those who work in the Food, Beverage, & Hospitality, Retail & Customer Service, and Healthcare & Social Assistance industries — saw the fastest increases in real wages due to widespread labor shortages and a desperation to fill needed roles.

Raising the minimum wage is part of a broader wealth inequality debate, which may see increased interest in a U.S. presidential election year. Income and wealth inequality are **higher** in the United States than in almost any other developed country, and it is getting worse. Activism to address the cost-of-living crisis is on the rise. Inequality is a drag on economic growth, which may be stunted in 2024. Raising the minimum wage can lift workers out of poverty, stimulate the economy, and reduce income inequality and the potential for civil unrest.

According to our survey, 73 percent of employers are in favor of raising the federal minimum wage, which has been stuck at \$7.25 an hour for 15 years.

Additional resources

Payscale's **Minimum Wage Report** provides more information about employer sentiments around the minimum wage in the United States. If you are a Payscale customer, talk to your representative about our minimum wage tracker.

Read report now



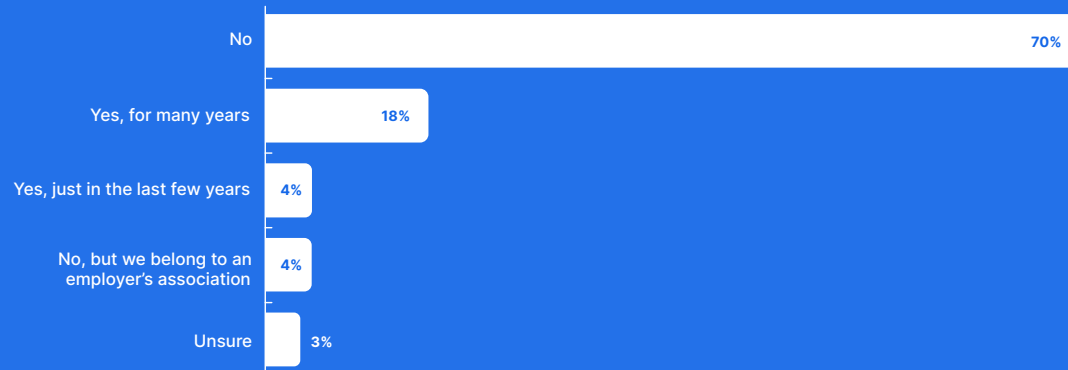
Unionization

Unionization has become a hot topic in the last few years amidst labor strikes and demands for better working conditions and fairer wages, especially for blue-collar workers in specialized occupations and in industries that are facing labor shortages.

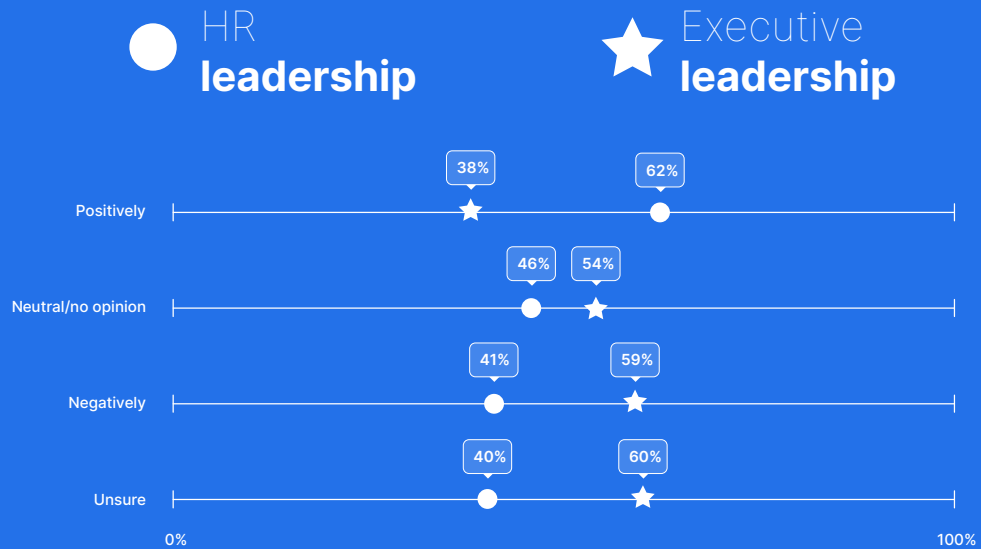
According to our survey, 22 percent of employers bargain with a union, with 18 percent having done so for many years and 4 percent just in the last few years. While not a large number, the 4 percent includes organizations of all sizes and industries. In contrast, organizations that have bargained with a union for many years are more likely to be larger and are concentrated in industries like Government (42 percent), Transportation & Warehousing (32 percent), and Energy & Utilities (30 percent).

Given that unions can be a contentious topic, we asked respondents to share how their organization views these groups, differentiating between the views of HR leadership and executive leadership. Perhaps unsurprisingly, HR leadership views unions significantly more positively (62 percent) compared to executives (38 percent).

Does your organization bargain with a union?



How does your organization's leadership view the union?



Future unionization

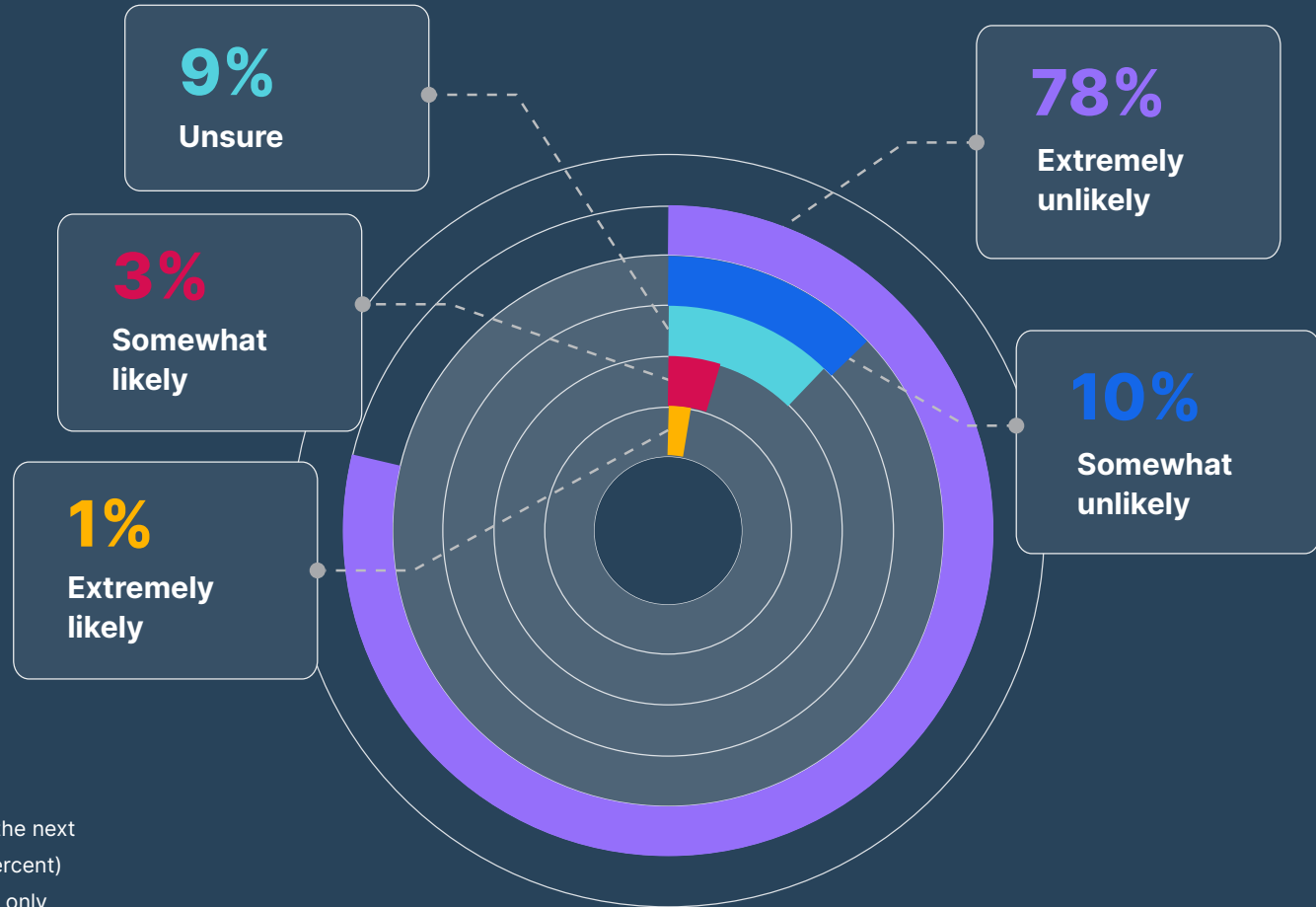
In the current political climate, unions are enjoying more public support than they have seen since the 1960s. According to a poll conducted by AFL-CIO, over **70 percent** of Americans —especially younger generations — support unions and workers going on strike for better wages, benefits, and working conditions. Where the labor market is tight due to talent shortages, unions have leverage and **some states are passing legislation** to strengthen workers' rights, such as repealing right-to-work laws, improving collective bargaining protections, and allowing tax deductions for union dues.

Despite rising sentiment in favor of unions, most organizations (72 percent) are not concerned about unionization. While this decreases as organization size increases, it remains high at 57 percent even for those with over 50,000 employees. The industries that were most likely to choose four or five ('Very concerned') are Construction and Retail and Customer Service at 14 percent each.

On a scale of one to five, how concerned are you about unionization?



How likely is it that your workforce will file for a union vote in the next 12 months?



When it comes to the belief that the workforce will file for a union vote in the next 12 months, most organizations (78 percent) thought it was extremely unlikely and only 4 percent thought it was somewhat likely or extremely likely. However, this jumps to 12 percent for the Retail & Customer Service industry and 11 percent for Food, Beverage, & Hospitality.

Pay increases

The last few years have been difficult for compensation professionals when it comes to budgeting for and managing pay increases.

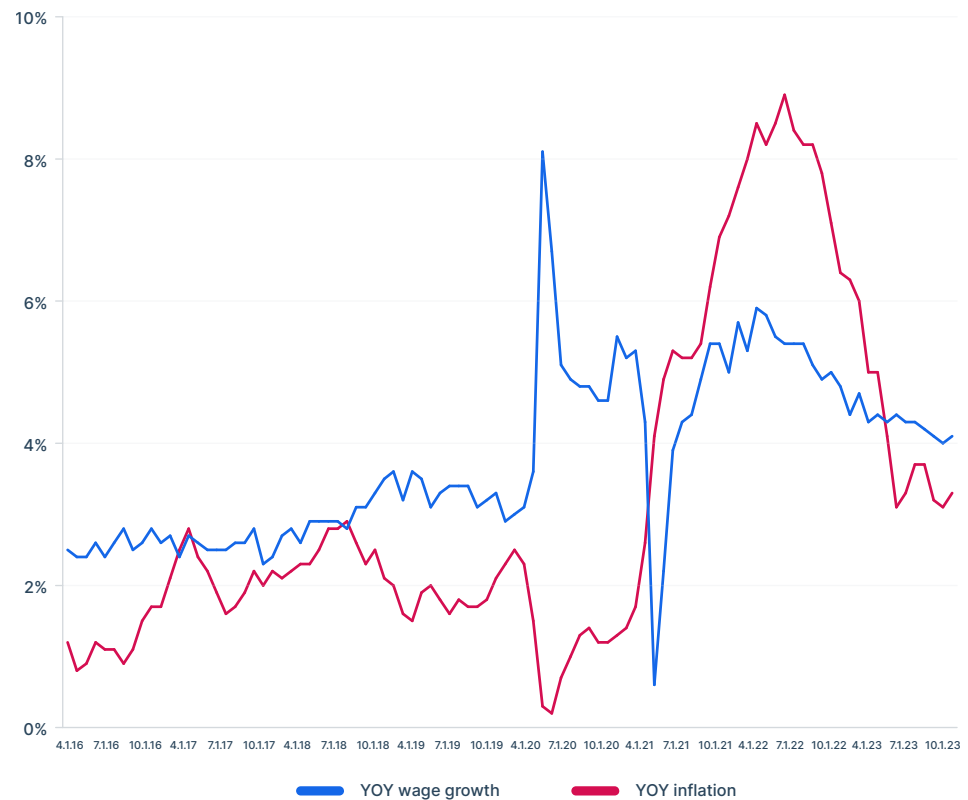
For decades before the pandemic, a 3 annual percent pay increase was the average given to keep employee pay at pace with the market. Three percent is just a little higher than both annual wage growth and inflation, which had remained steady at around 2 percent since the Great Recession of 2007–2009.

But in 2022, inflation spiked to heights that haven't been seen since the 1980s. Pay increases rose but came nowhere close to inflation for most employees. While a larger percent of organizations gave pay increases in the last couple of years than we typically see and while those pay increases were higher than 3 percent, they weren't enough to keep pace with cost of living, and employees found they could make more money by changing jobs. This was a contributing factor to the Great Resignation.

Inflation has fallen in 2024, but organizations need to continue giving higher pay increases to catch employee pay up to the market. This means that this year, pay increases are predicted to be higher than inflation for the first time in a long time, while still likely being lower than they were in 2023. This will come as a relief to employees who have been suffering under higher prices even as inflation decelerates.

YOY growth: Nominal wages vs. inflation

Source: U.S Bureau of Labor Statistics



Base pay increases: actual vs. predictions

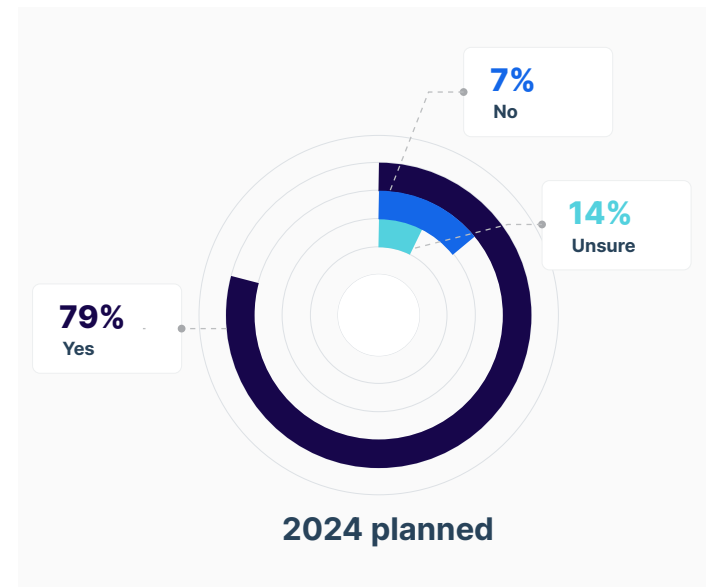
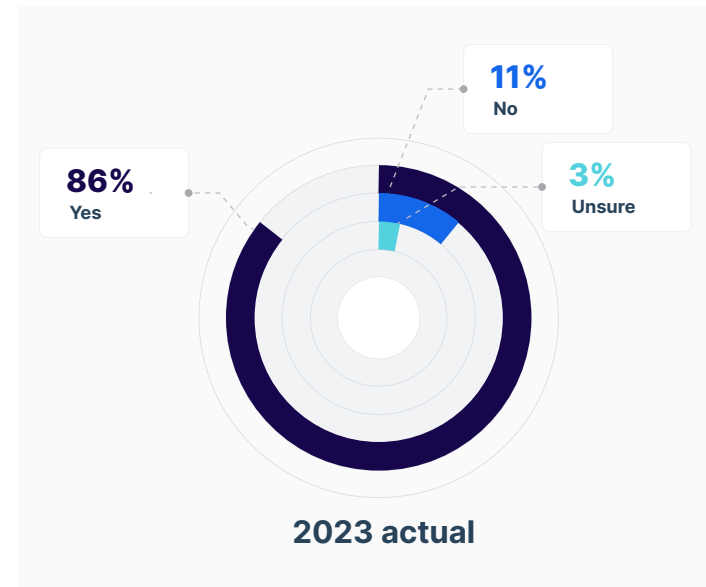
In our survey, we asked participants if they plan to give base pay increases in 2024. The number of those who said yes averaged around 80 percent in the years before the pandemic but rose to the mid-80s during the Great Resignation. In 2024, the percentage of employers saying they plan to give pay increases has dropped to 79 percent, which would be the lowest it has been in years if these predictions turn out to be correct.

However, it is worth noting that 14 percent of organizations say they are unsure. Pay increases are often considered against economic conditions, business performance, the state of the job market, and the importance of competitive pay in talent retention. In last year's report, 80 percent of organizations predicted they would give base pay increases in 2023 with 15 percent saying they were unsure, but we can see from this year's data that 86 percent of organizations actually gave base pay increases. We may see the same dynamic play out in 2024.

The intention to give base pay increases is more likely to be held by top-performing organizations (84 percent) in 2024 which is what we would expect, as these orgs predict they'll exceed revenue goals this year. Organizations that plan to give pay increases in 2024 are also more likely to have mature compensation practices (85 percent) as well as a dedicated compensation function (84 percent).



Does your organization plan to give base pay increases?

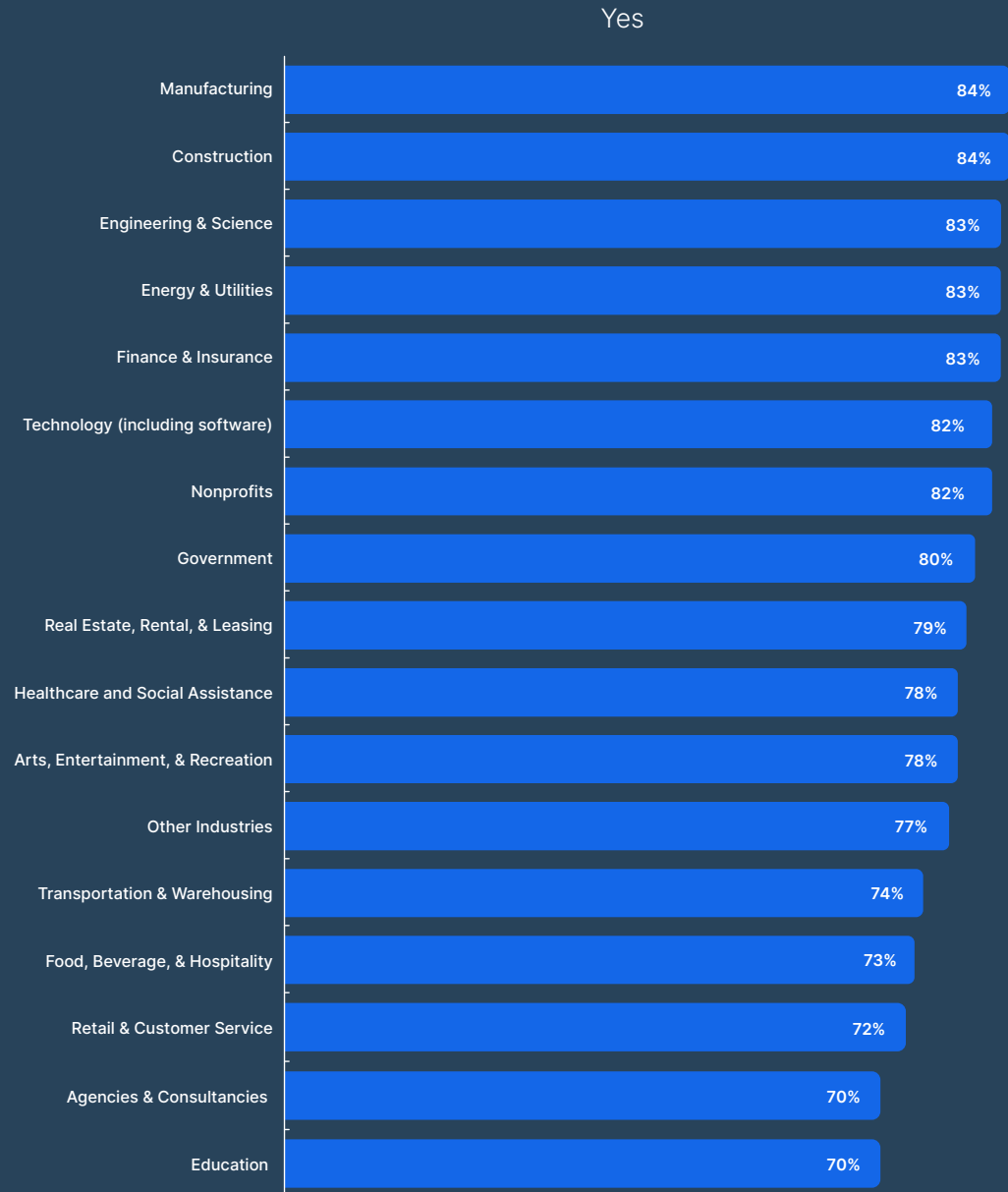


2024 planned base pay increases by industry

When we break down 2024 planned base pay increases by industry, we can see that those such as Manufacturing and Construction, which employ more blue-collar workers in specialized roles, are experiencing more challenges with labor shortages and are more likely to give base pay increases in 2024. Industries least likely to give base pay increases in 2024 include Education, Agencies & Consultancies, and Retail & Customer Service.

Interestingly, the Finance & Insurance industry and the Technology industry are both higher than the average for planned base pay increases in 2024. These industries saw more layoffs than other sectors in 2023 and thus may be keen to retain their remaining workers, especially against the backdrop of expanding pay transparency legislation and return-to-office struggles.

Our organization plans to give base pay increases in 2024



Base pay increase averages

How high are base pay increases predicted to be? This year, we asked survey participants to write in their planned average base pay increase. According to the aggregated data, base pay increases in 2023 averaged at 4.8 percent while base pay increases in 2024 are predicted to average at around 4.5 percent.

While base pay increases in 2023 reached their highest level in 20 years and are predicted to come down a little, compensation budgets look to remain elevated compared to before the pandemic. This is because employers know that pay must keep pace with the rising cost of living. Larger organizations are giving pay increases closer to 4 percent while smaller organizations (less than 750 employees) are giving pay increases closer to 5 percent.

The message is that competitive wages remain a priority, even in a sluggish economy.

More data cuts available on [Payscale.com](https://payscale.com).

Get notified to participate in Payscale's mid-year **2024–2025 Salary Budget Survey.**

Sign up now



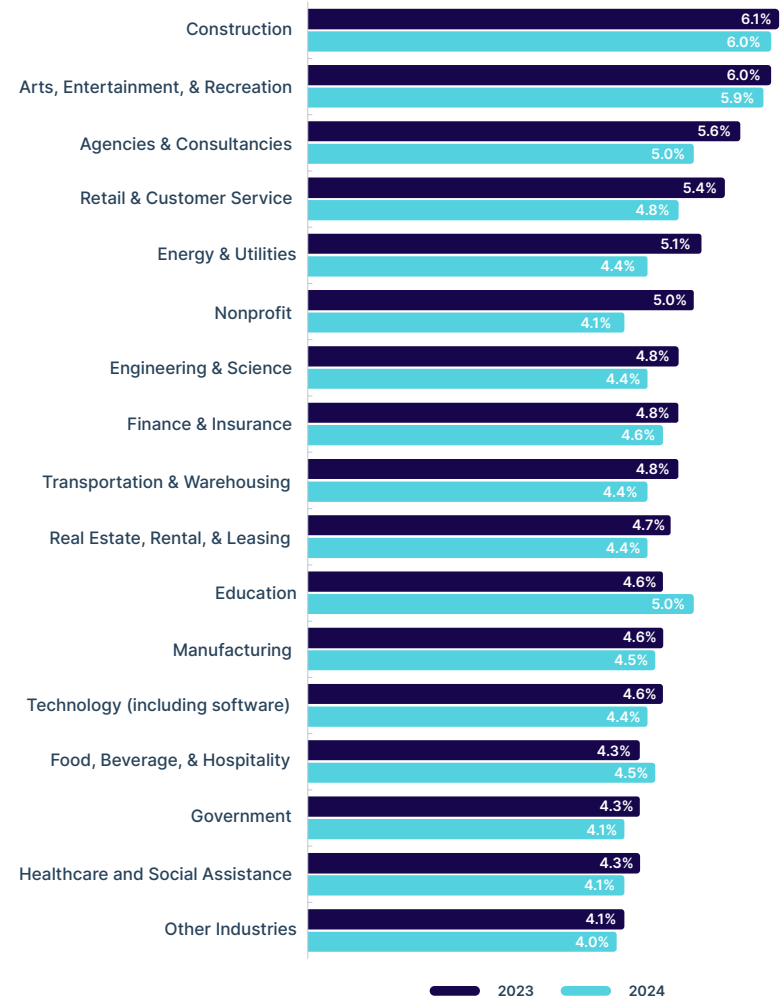
What do you expect will be the average percent base pay increase given to employees in your organization?

4.8%

2023

4.5%

2024



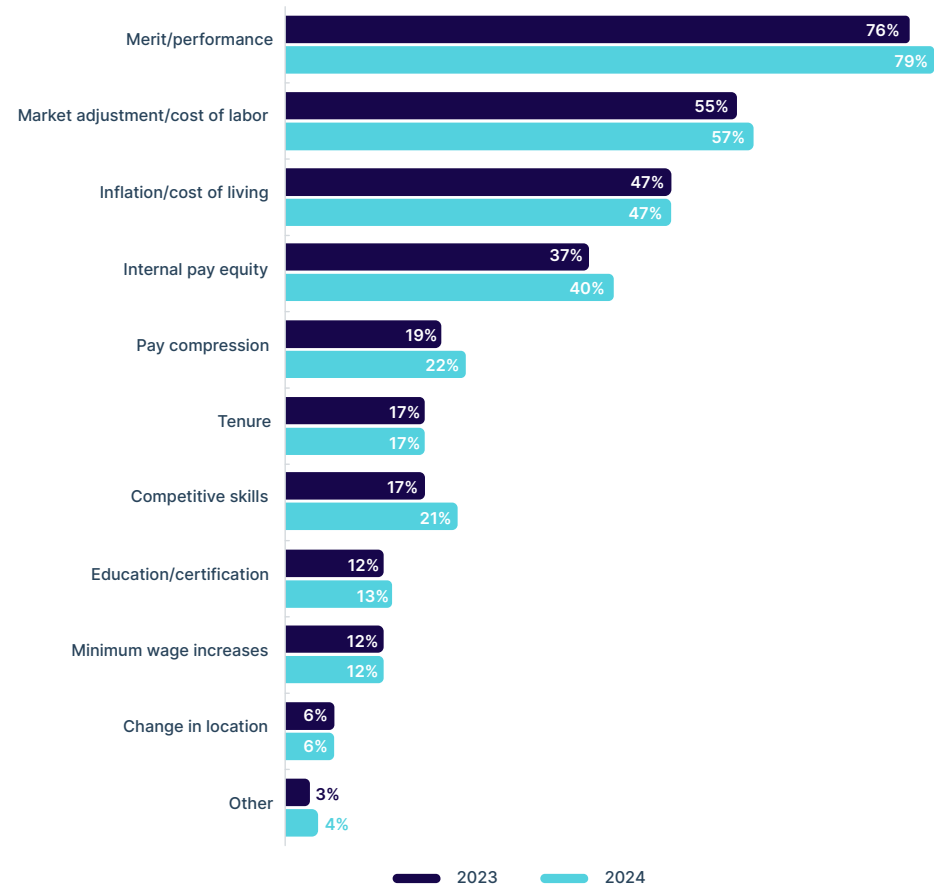
Pay increase factors

There is a lot that goes into managing pay increases — especially in recent years, with high inflation, new-hire wage increases causing pay compression, and more attention being given to pay equity and pay transparency.

We asked survey participants what they factored into pay increases both last year and this year. Overall, the areas to receive more focus this year compared to last year include merit/performance, market adjustments, pay compression, pay equity, and competitive skills.

This shows continued focus on fair pay in a competitive labor market where pay transparency is changing expectations around how pay is determined. Interestingly, inflation received no special focus. This contrasts with last year's report, in which inflation received stand-out attention compared to 2022, when inflation reached 9 percent in the United States.

Which of the following will be factored into base pay increases at your organization?



When communicating base pay increases to employees, do you line-item the total increase into distinct increase types?

59%

No, we combine them into one increase

33%

Yes, we line-item each pay increase type

29%

Non-top performing organizations

40%

Top performing organizations

7%

Unsure

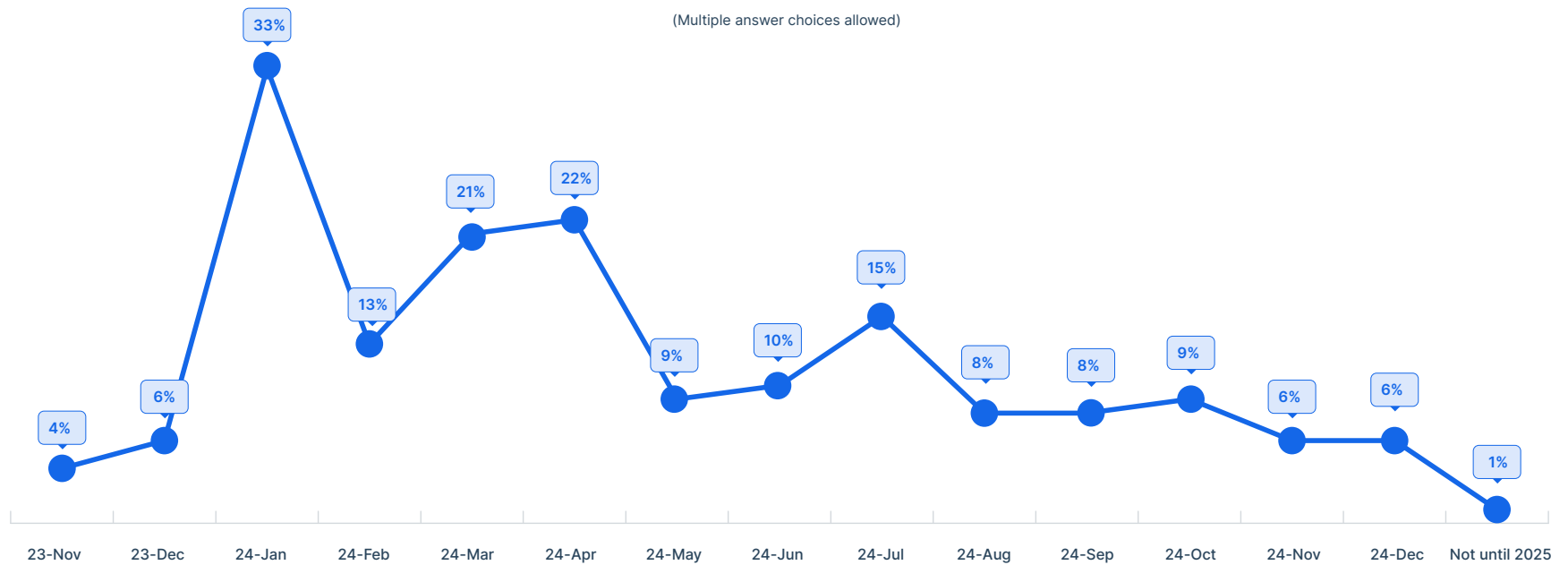
When it comes to communicating pay increases, the majority of organizations (59 percent) do not line-item each distinct factor, which may be due to the increased administrative burden. However, with the rise of pay transparency, clarity around which factors contribute to pay increases could be a differentiator. While we have not seen a trend around this practice increasing, we do see that organizations that line-item pay increase factors are more likely to be top performers.

Pay increase timeliness

When it comes to processes, the majority of organizations say that pay increases are reflected in employee paychecks within the first three or four months of the new year. This correlates with our data on pay frequency, which indicate that most still do an annual focal review.

When will 2024 base pay increases (adjustments for the 2023 merit year) become effective for employees in your organization?

(Multiple answer choices allowed)

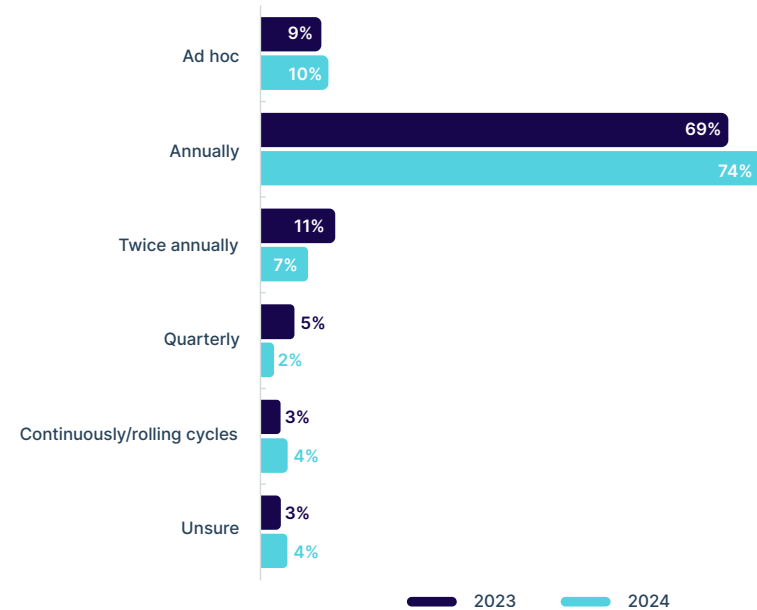


Pay increase frequency

It should be noted that some organizations provide pay increases more frequently than once a year. This can be an effective strategy to retain employees in a volatile labor market, which is perhaps why more frequent reviews were more prominent last year.

More frequent or continuously rolling pay review cycles can be an effective retention strategy, especially with new hires or young employees who are brought in at lower salaries but rapidly obtain skills. What's important is having the data to do **real-time calibration with the market** as you hire throughout the year so you can check internal pay equity and make pay adjustments with each hire in collaboration with managers as needed.

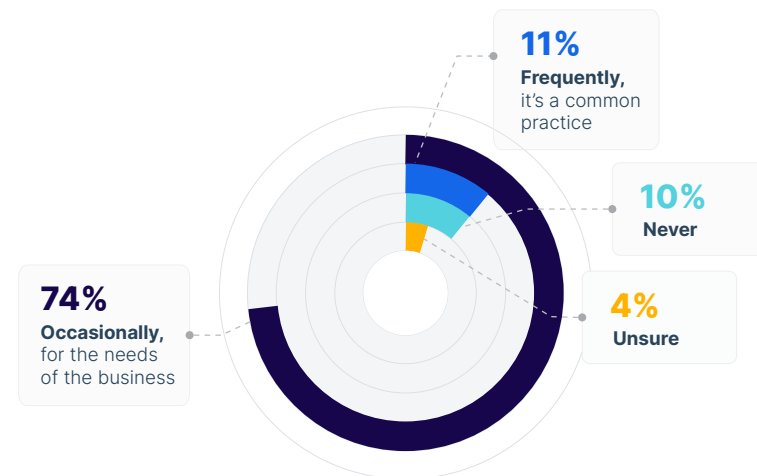
How often does your organization formally give pay increases?



Pay increases out of cycle

While a formal process for increasing pay more than once a year is uncommon, a strong majority of organizations (74 percent) do give pay increases out of cycle at least occasionally. Top performers are slightly more likely to give pay increases out of cycle frequently (16 percent) compared to non-top performers (10 percent).

Do you give pay increases out of cycle?



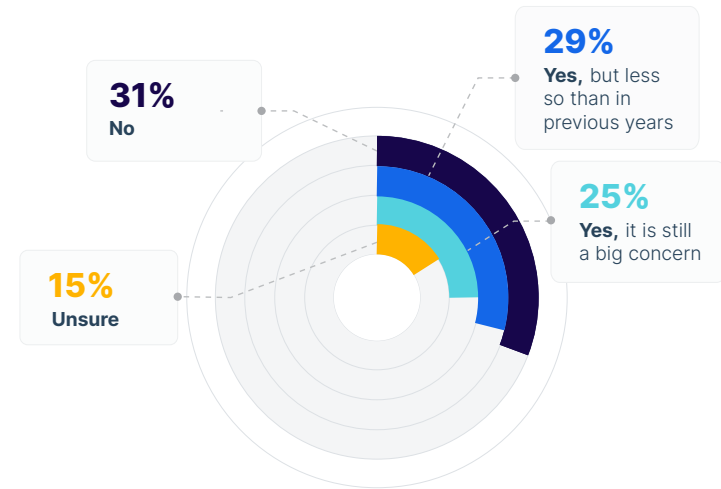
Pay compression

Pay compression occurs when the pay of one or more employees is very close to the pay of more experienced employees with the same job, or when employees in lower-level jobs are paid almost as much as those in more senior positions. While pay compression is perceived to be less of a concern in 2024 than last year or during the Great Resignation, it still impacts 54 percent of organizations.

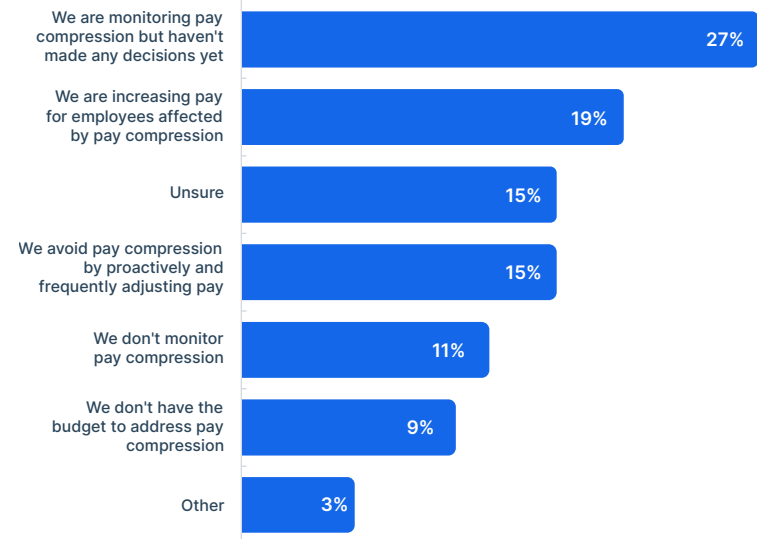


When it comes to addressing pay compression, many organizations are merely monitoring the situation (27 percent). Only 34 percent address pay compression by either increasing pay for affected employees (19 percent) or frequently adjusting pay to avoid the issue (15 percent). External labor market pressures like pay transparency and legislation to increase the minimum wage can create pay compression issues and require employers to have a proactive strategy.

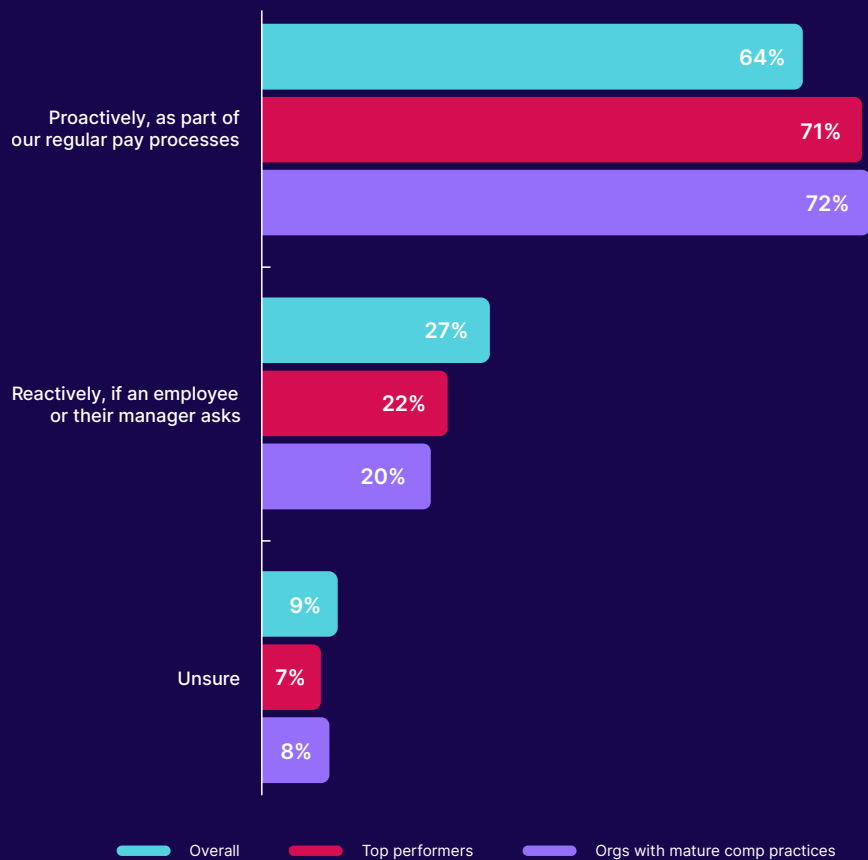
Is pay compression a concern for your organization going into 2024?



What are you doing to address pay compression?



Which of the following best describes how your organization addresses severely underpaid employees?



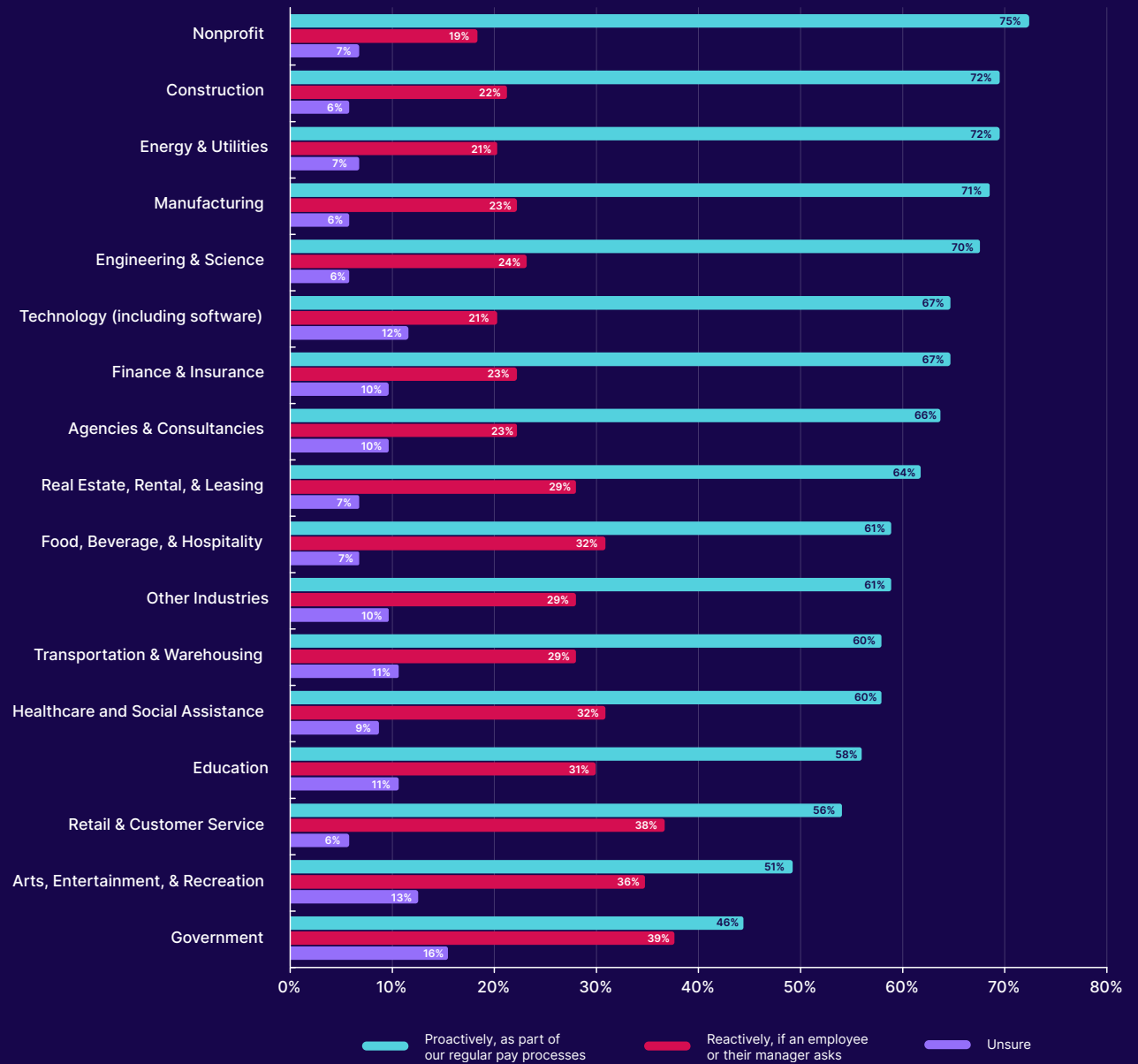
Addressing unfair pay

This year, we asked organizations whether they proactively address pay for severely underpaid employees or if they only do so reactively when the employee or their manager asks. Surprisingly, 27 percent said they are reactive. Unsurprisingly, top performers were more likely to be proactive about addressing pay for severely underpaid employees. Proactive organizations were also much likelier to have more mature compensation processes.

This is an important finding as it shows that over a quarter of employers are not invested in ensuring fair pay, which is a missed engagement opportunity. When employees are fairly rewarded, it enhances their motivation to perform to the best of their abilities, which in turn drives business performance.



How does your organization address severely underpaid employees?



When we look at the breakout by industry, the most proactive when it comes to addressing unfair pay are Nonprofits, Construction, and Energy & Utilities. The worst offenders when it comes to reactively addressing unfair pay are Government, Arts, Entertainment, & Recreation, Retail & Customer Service, Education, and Healthcare & Social Services.

Do you think you are losing talent due to insufficient pay increases?

The impact of pay increases

In our survey, we asked participants if they think they are losing talent due to insufficient pay increases. Only 30 percent of organizations felt that this was a leading reason, which is notably lower than last year (41 percent) and likely reflective of the cooling labor market as well as increased efforts over the last few years to address pay disparities. However, this is still almost a third of organizations. It should also be noted that top-performing organizations are less likely to be experiencing talent loss due to insufficient pay increases.

43%

No, insufficient pay increases are not a leading reason for why we're losing talent

30%

Yes, insufficient pay increases are a leading reason for why we're losing talent

16%

We are not experiencing talent loss

11%

Unsure

23%

Top performers

We also asked organizations if they felt that employee engagement has declined due to insufficient pay increases. This is an important distinction when the labor market has cooled off and fears of a recession deter unhappy employees from seeking a new job, especially following the “quiet quitting” trend of 2022–2023. A quarter of organizations (25 percent) feel that insufficient pay was a leading reason behind disengagement or a decline in productivity. While a minority of respondents, this is still a remarkable portion of organizations. Unsurprisingly, top performers are more likely to say they are not experiencing a decline in engagement due to insufficient pay increases.

Do you think your employee engagement has declined due to insufficient pay increases?



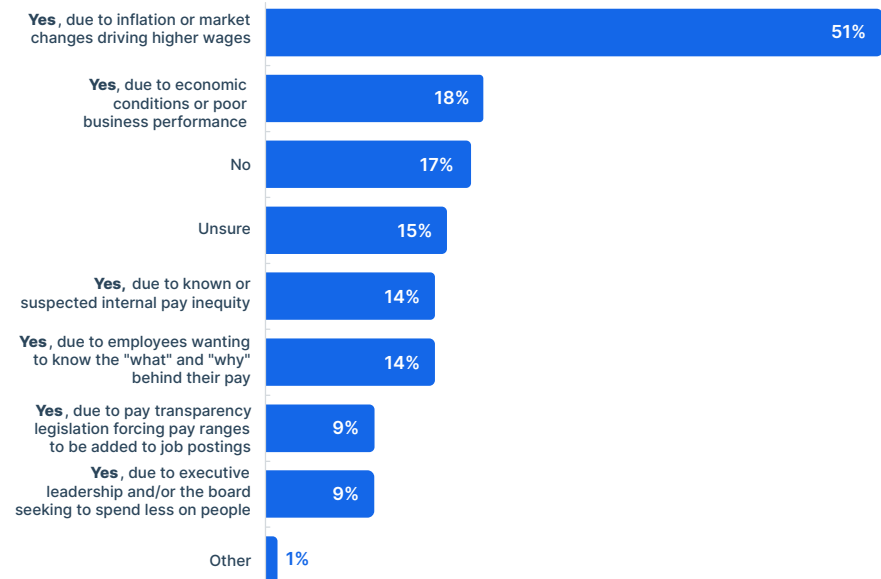
Tensions around fair pay

Given the relatively high percentage of organizations that are only addressing unfair pay reactively despite the known importance of fair pay in talent strategy, we wanted to know whether employers were experiencing increased tension between two major, competing priorities: ensuring fair pay versus optimizing spend on compensation.

Only a minority of respondents said they were not experiencing tension (17 percent) with another 15 percent unsure. Most organizations are struggling with at least some competing priorities, with high inflation and market changes topping the list at 51 percent. However, only 18 percent of organizations cited economic conditions or poor business performance, and even fewer (9 percent) referenced directives from executive leadership to spend less on people.

Is your organization experiencing increased tension between ensuring fair pay for employees and optimizing spend on compensation?

(Multiple answer choices allowed)



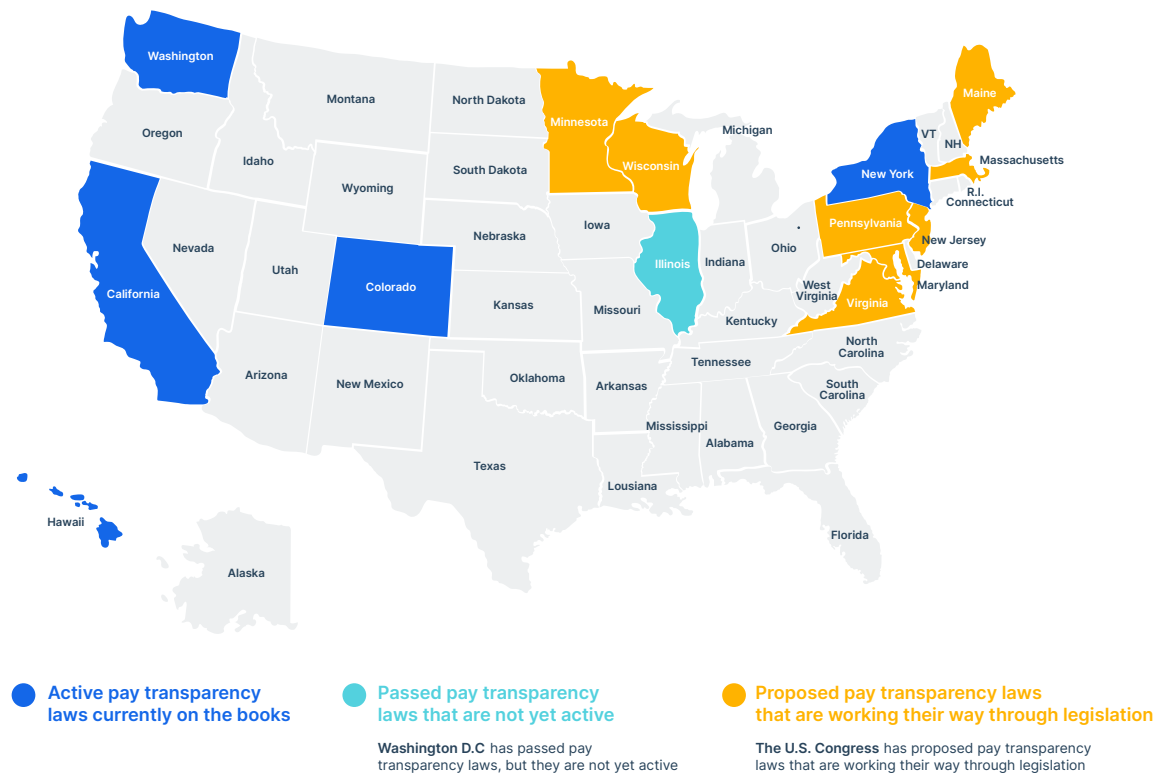
Pay transparency and communications

Pay transparency is a hot topic, with employers concerned about compliance with emerging pay transparency legislation and employees' raised expectations around understanding the "what" and the "why" behind their pay.

However, not every organization is ready to or wants to be fully transparent about pay, and different organizations comply with pay transparency legislation in different ways.

While it is still too early to evaluate whether pay transparency legislation had the desired effect of closing pay gaps throughout 2023, studies have evidenced that sharing pay ranges during the talent acquisition process enhances outcomes.

According to [ZipRecruiter](#), job postings that include salary data receive 50 percent more applications and are three times more likely to deliver quality candidates. In addition, according to [SHRM](#), 75 percent of U.S. workers are more likely to trust organizations that provide a salary range in job postings. In other words, organizations that do not adopt pay transparency will be left behind and will feel it in the quality of candidates as well as in attrition.



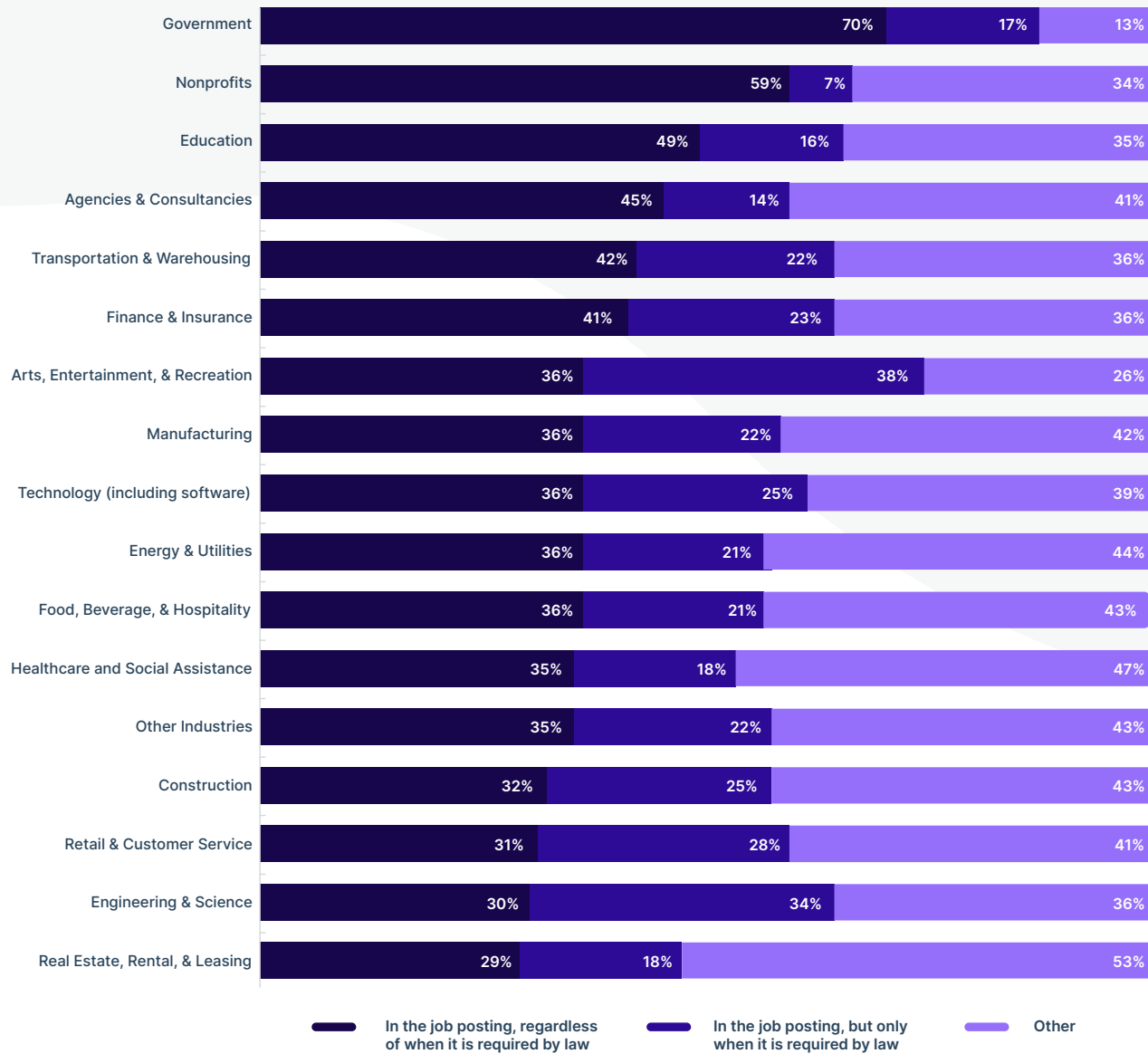
Pay ranges in job ads

To understand how organizations are reacting to pay transparency legislation, we asked when they first share pay ranges with prospective or current employees. Compared to last year, more organizations are jumping on the pay transparency bandwagon. While a greater percentage are doing so only when required by law, a majority of organizations (60 percent) are publishing pay ranges in job postings in 2024 compared to only 45 percent in 2023, which indicates that pay transparency has become a strategic compensation best practice in the wake of legislation.

When do you first share your organization's pay range for a job?



When do you first share your organization's pay range for a job (2024)?



Pay transparency spectrum

Payscale recognizes that pay transparency is a spectrum with two lenses: how pay ranges are shared and how actual individual employee pay is shared. For 2024, we asked employers to rate their organization's current and targeted approach to pay transparency for both lenses.

In this revised model, most organizations fall in the middle or on the lower end of the spectrum when it comes to being transparent about pay ranges, meaning that they are advertised where required by law and shared with individual and prospective employees but not actively published within departments or across the organization for other employees to see. More interestingly, most employers do not target a more transparent approach to pay ranges.

While the prevalent method centers on sharing pay ranges only with affected employees, as pay transparency becomes more ubiquitous, it is

important to think about the impact publishing ranges can have on employee retention — both positive and negative. Even more critical is the importance of empowering managers to have proactive conversations with employees about pay and the organization's approach to it through pay communications.

As managers become more familiar with pay conversations, openness about pay ranges will become more normalized and will support meaningful discussions with employees about their careers and pay progression.

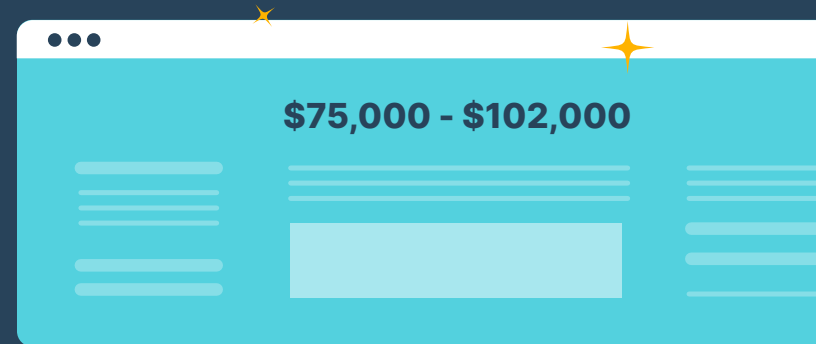
More uncertain is whether sharing individual employee pay will become increasingly normalized. At present, the vast majority of organizations (69 percent) do not encourage the sharing of individual pay. While employees are legally protected if they do so, there is still a taboo on being transparent about pay, especially pay between peers, likely due to the impact on attrition.

Describe your organization's current position and 2024 target on the pay range transparency spectrum.

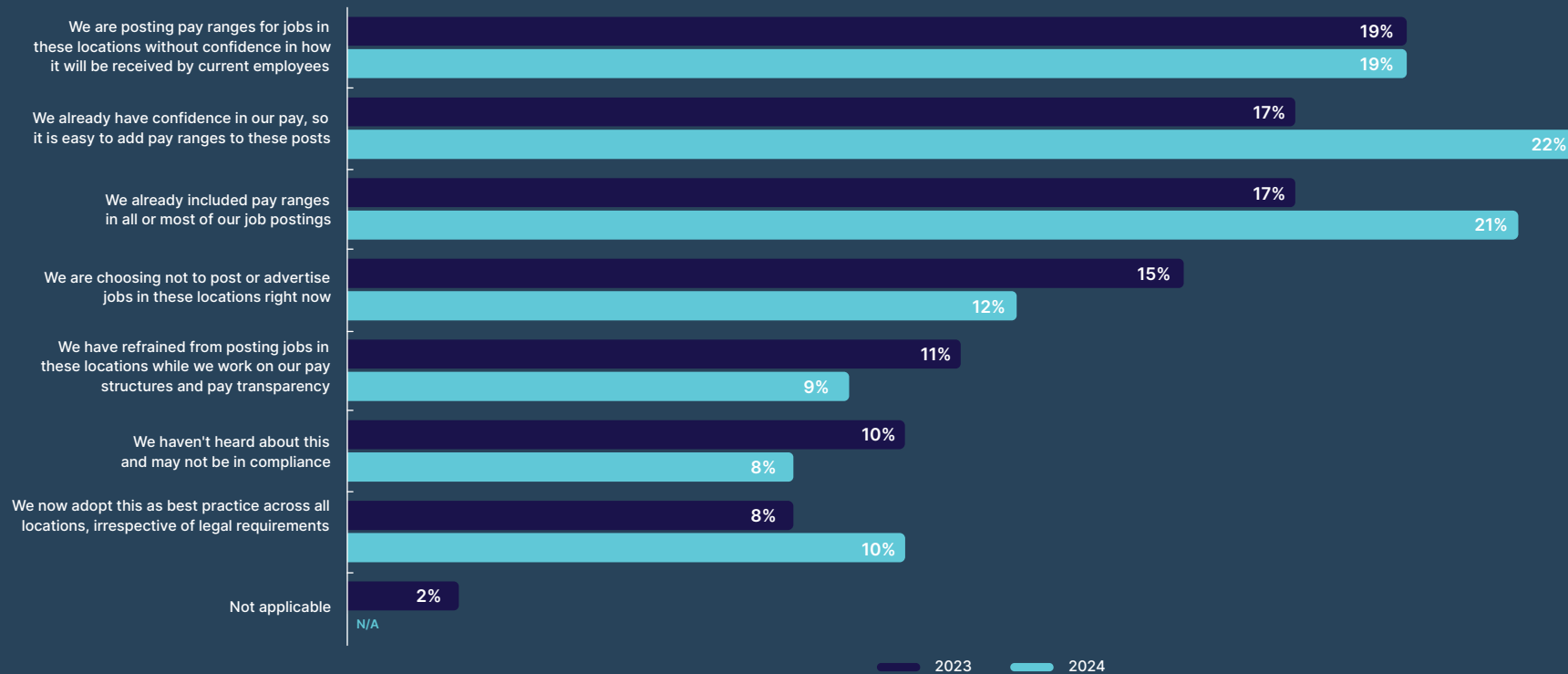
	None Pay ranges are not shared	Required ...is shared with the employee only	Individual ...to be shared among workers on an interpersonal basis	Department ...openly shared and published within departments	Organization ...openly shared and published across the organization	Public ...openly shared and published publicly
Current						
Individual pay	N/A	69%	14%	6%	5%	5%
Pay ranges	21%	27%	26%	9%	9%	8%
2024 target						
Individual pay	N/A	65%	16%	7%	6%	6%
Pay ranges	14%	24%	26%	12%	14%	10%

Pay transparency legislation

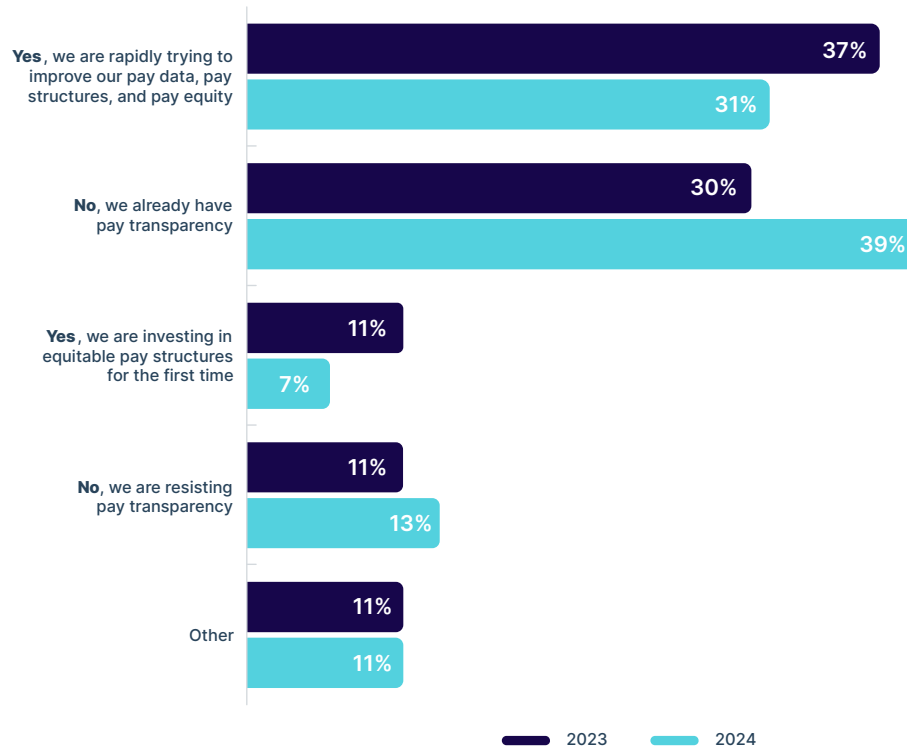
Pay transparency legislation first passed in 2022 and picked up steam in 2023. Going into 2024, we can see that more organizations are aware of and responding to pay transparency legislation, with slightly more in 2024 compared to 2023 saying they have confidence in their pay, already include pay ranges in their job postings, or have adopted pay transparency as a best practice regardless of legal requirements.



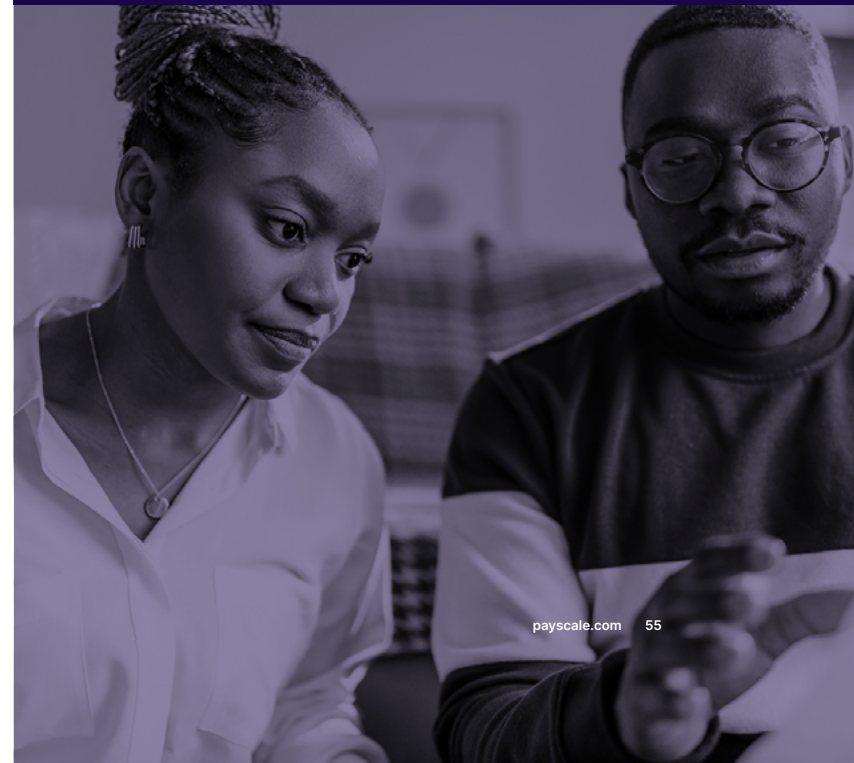
What has been your organization's reaction to recent pay transparency legislation requiring pay ranges in job postings for certain areas?



Has recent pay transparency legislation driven your organization to change its compensation practices?



The impact of pay transparency legislation can be even more clearly observed when employers respond to being directly asked about whether it's had an impact. More organizations (39 percent) say they already have pay transparency in 2024 compared to last year (30 percent). However, there has also been a slight uptick in organizations saying they are resisting pay transparency.



Employee reactions to pay transparency

In a new question this year, we asked organizations about how employees have reacted to pay transparency legislation. Interestingly, a majority of organizations (52 percent) say they haven't heard anything from employees. However, over a quarter (27 percent) say that employees have been asking more questions about their pay, and 14 percent have had employees leave their organization because they saw job postings with higher pay elsewhere or realized they were being paid less for a similar job at that organization (11 percent).

More encouragingly, 14 percent say that employees have expressed appreciation for their transparent approach to pay, which was more likely for top-performing organizations (17 percent).

What employee reactions has your organization experienced due to pay transparency legislation?

(Multiple answer choices allowed)



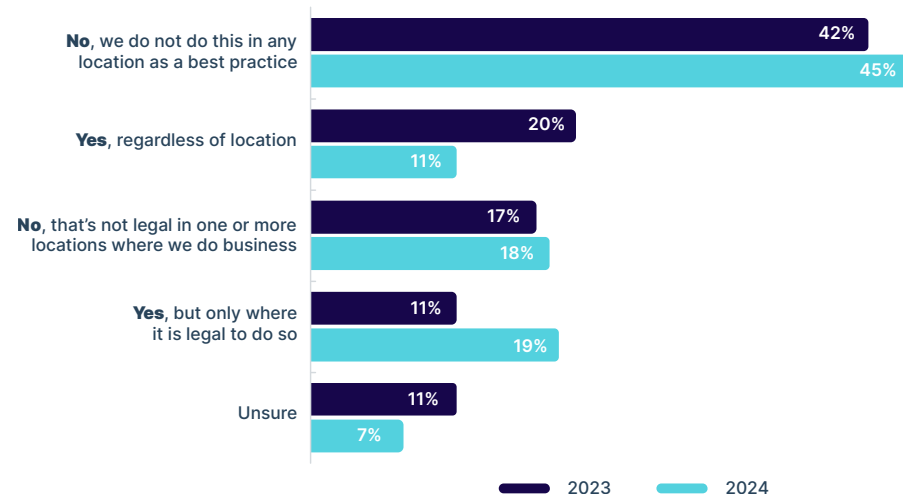
See breakouts by industry at [PayScale.com](https://www.payscale.com).

Salary history bans

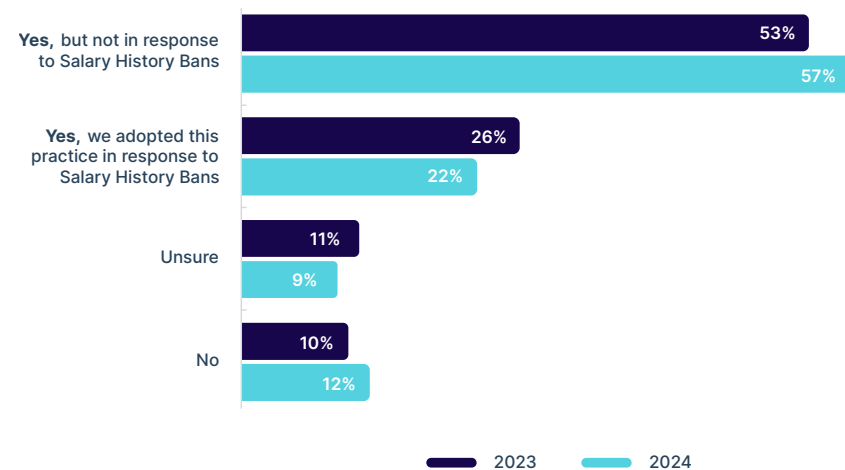
It is illegal in about half of U.S. states to ask prospective employees about their salary history. Nevertheless, some organizations still admit to doing this, with 11 percent doing so regardless of location — including where it may be illegal. These employers are less likely to have mature compensation practices, but this policy was seen in organizations of all sizes and industries. Fortunately, 45 percent of organizations do not ask about salary history in any location as a best practice, which has risen compared to last year.

We also asked organizations if they ask prospective employees about their salary expectations during the hiring process, a practice that some adopted in response to salary history ban legislation. According to our survey, 79 percent of organizations ask about salary expectations. It will be interesting to observe if more drop this practice as pay transparency becomes more common. The number of organizations that say they do not ask about salary expectations increased by two percent in 2024 compared to 2023.

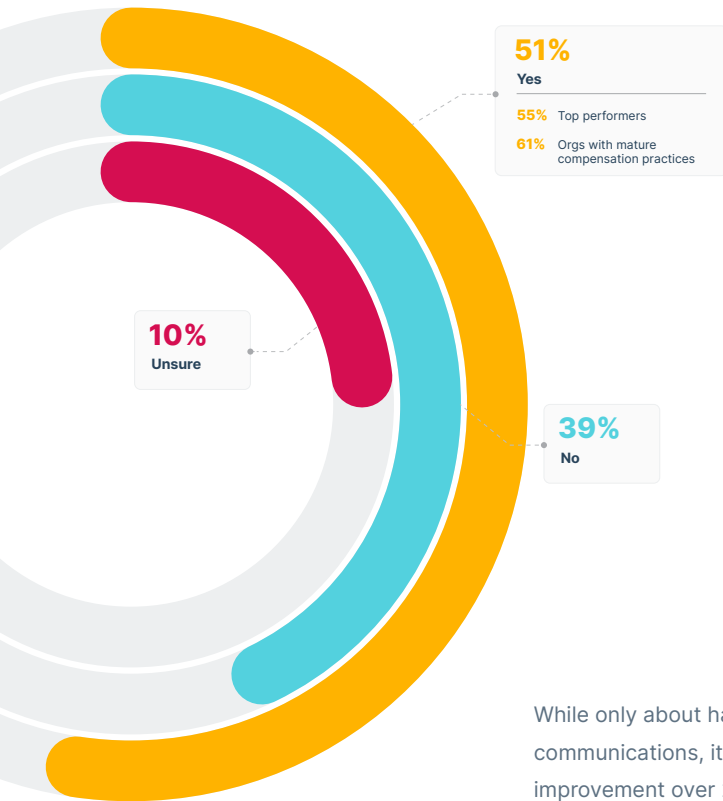
Does your organization ask prospective employees about their salary history?



Does your organization ask prospective employees about their salary expectations?



Does your organization train managers on how to have pay conversations with employees?



Pay communications

Having a strategic approach to compensation — even when combined with pay transparency — is less effective than it could be if it does not also include pay communications. In fact, pay communications are often part of the journey to pay transparency, starting with compensation strategy and processes to support fair pay and culminating in effective communications to show that pay is fair.

Unfortunately, according to our survey, only half of organizations (51 percent) train managers on how to have pay conversations with employees. While this percentage increases substantially for organizations with mature compensation practices (61 percent), it is surprising that so many still do not offer this type of training, especially as pay communications are also more common for top performers (55 percent).

While only about half of organizations train managers on pay communications, it is at least a majority in 2024 — which is an improvement over 2023 (49 percent), with the trend having slowly increased year over year during the last few years. A key component of executing pay transparency well is ensuring that managers can provide employees with accurate information about pay determination and progression.



Visit [Payscale.com](https://www.payscale.com) to see manager pay communications training data segmented by organization size and industry.

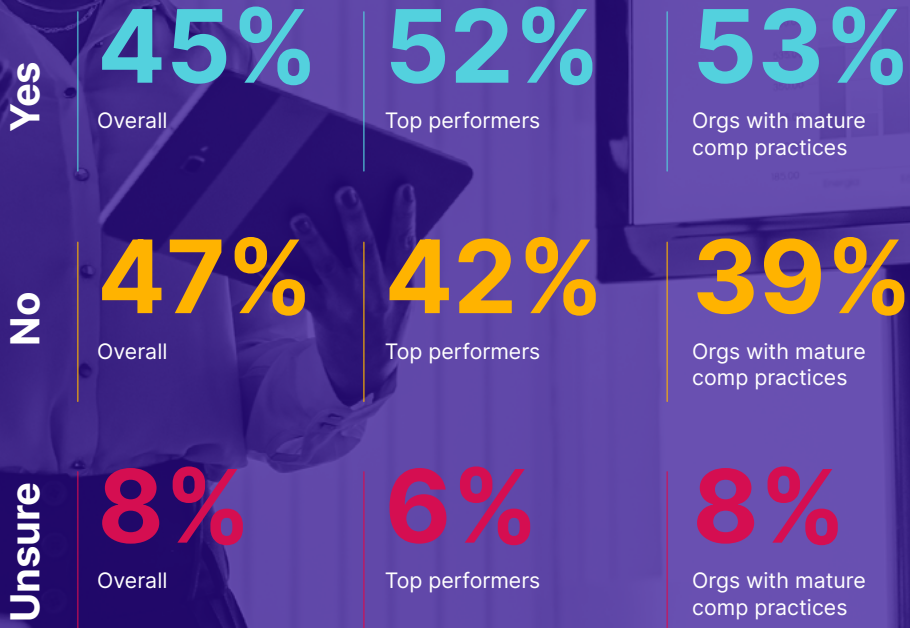
Show me →



Does your organization provide always-accessible information to employees about your organization's pay philosophy, strategy, and the "why" behind how you pay?



We also asked survey participants if they provide resources to employees about pay practices that are always available and accessible and don't require them to initiate uncomfortable conversations with their managers. While less than half of organizations provide this information overall, more than half of top-performing organizations or organizations with mature compensation practices do.



Total rewards statements



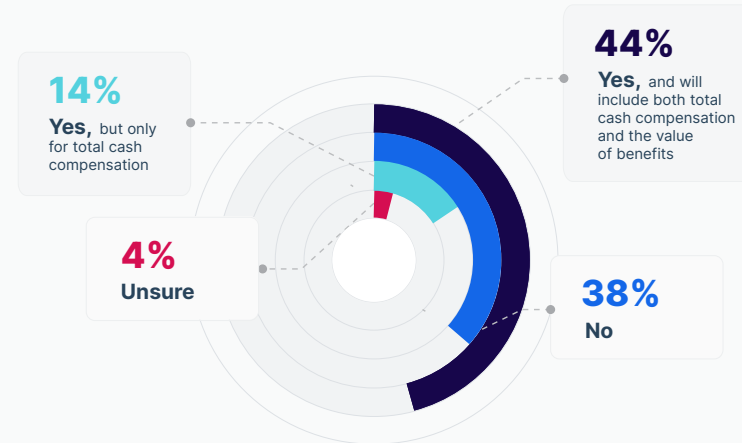
When conducting pay reviews, a total rewards statement (TRS) is an incredibly useful tool for managers. The information on a total rewards statement varies by organization and can often be customized for different jobs, but in general, it lays out an employee's base pay and variable pay as well as any benefits with monetary values,

such as stock options. A total rewards statement may also include an employee's pay range along with their compa-ratio, range penetration, or both to facilitate conversations about pay fairness, pay progression, and potential for growth.

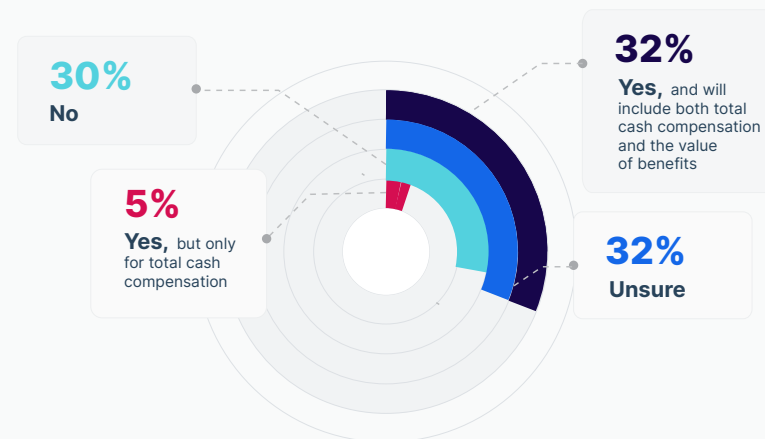
According to our survey, 58 percent of organizations provide a total rewards statement to employees, although 14 percent include only total cash compensation. This is comparable to last year. Providing a total rewards statement is more common in larger organizations and for top performers (65 percent).

We also asked survey participants if they plan to offer a total rewards statement in the future. These results were comparable to last year too, with 32 percent of organizations saying yes and another 32 percent being unsure.

Does your organization provide a total rewards statement to employees?



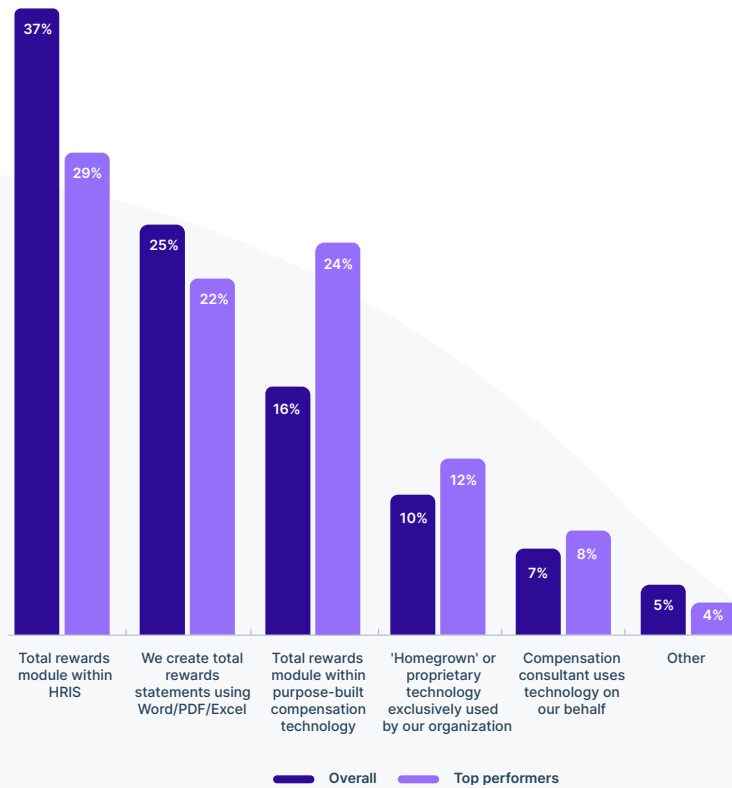
If you do not provide a total rewards statement, do you plan to in the near future?



Total rewards statement technology

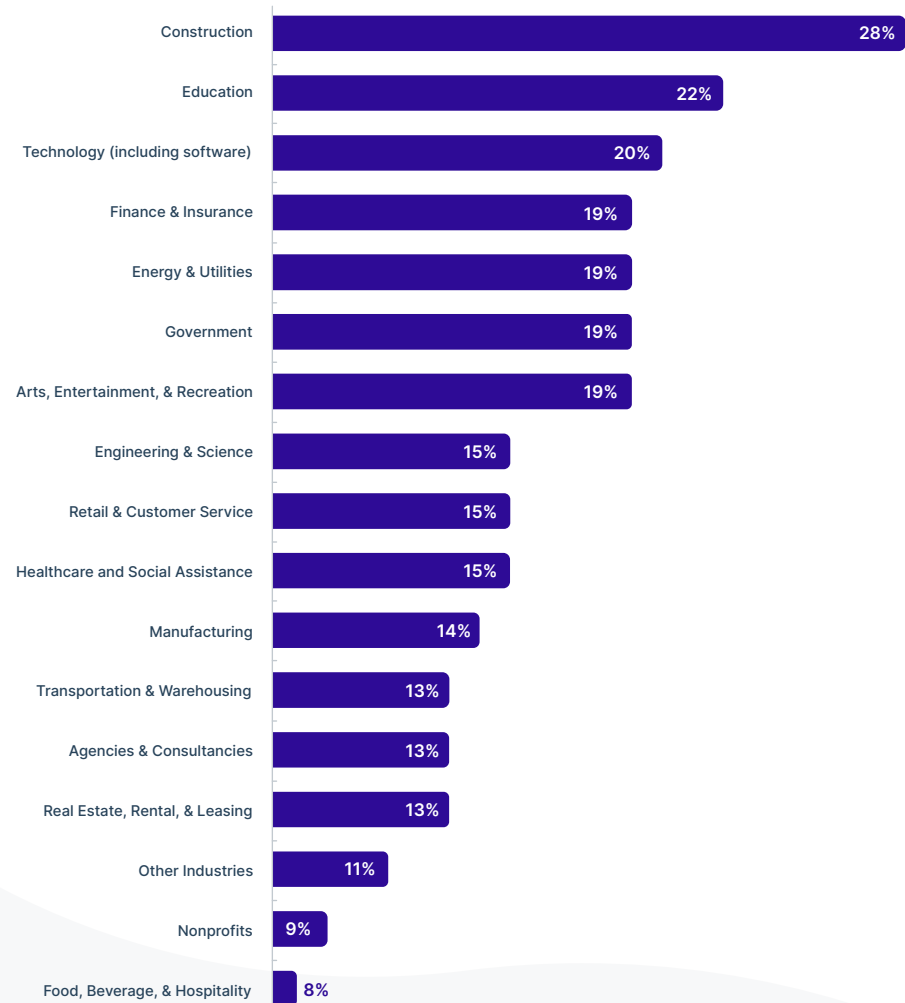
Lastly, we asked organizations what type of technology they use to provide total rewards statements to employees. While the most popular solution is a module within an HRIS, we were pleased to see that 16 percent use a module within purpose-built compensation technology like Payscale — and that this was even higher for top-performing organizations (24 percent). Industries with orgs that are most likely to use a module within purpose-built compensation technology include Construction, Education, and Technology.

What type of technology do you use to provide total rewards statements to your employees?



What type of technology do you use to provide total rewards statements to your employees?

Industries with total rewards module within purpose-built compensation technology

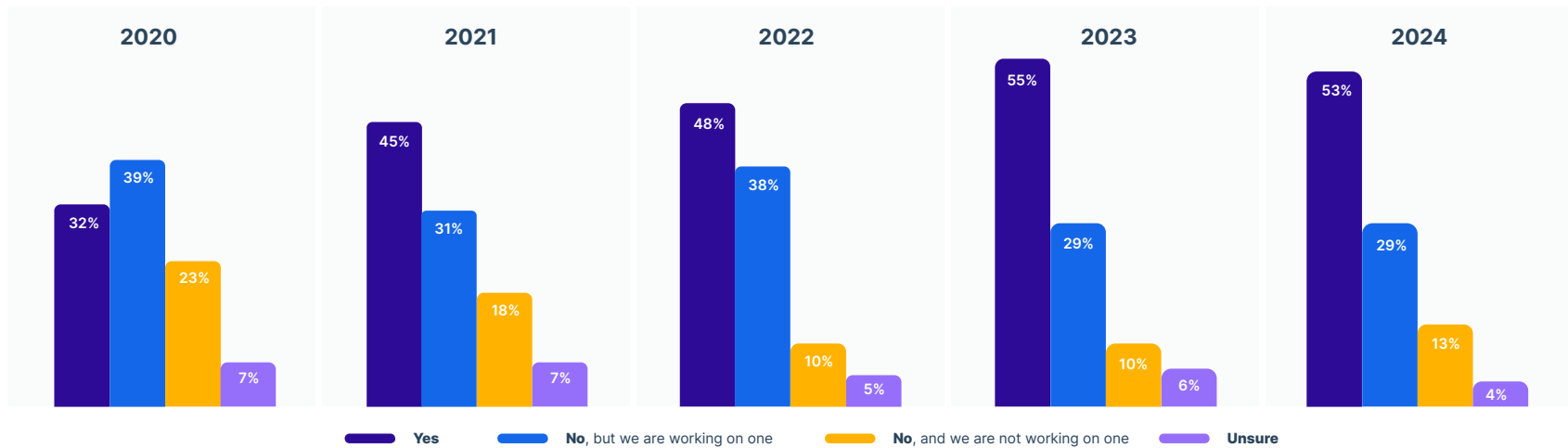


Compensation **strategy and structure**

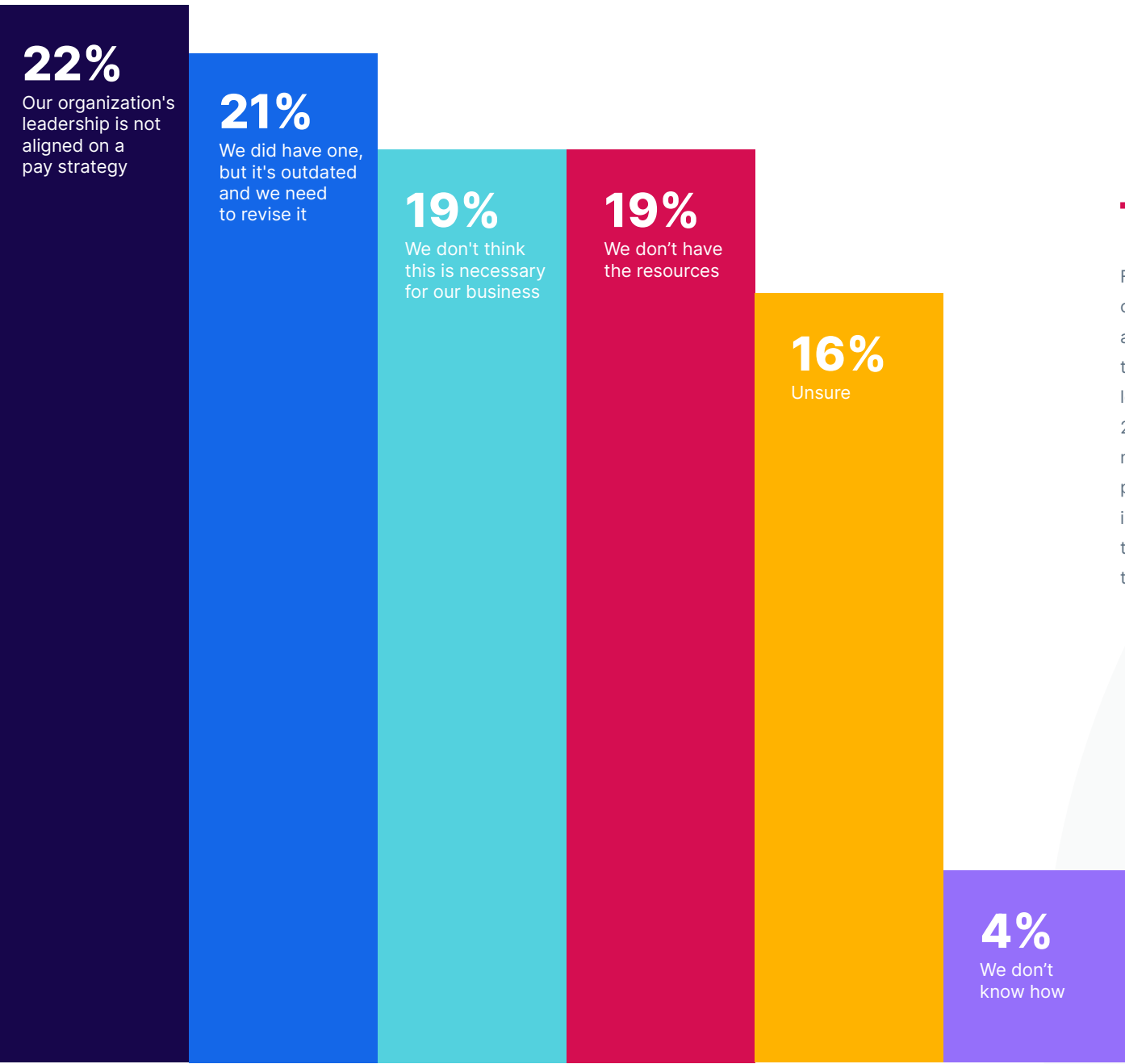
Having a compensation strategy

While there has been a slight shift from yes to no in 2024 compared to 2023, the percentage of organizations that have a formal compensation strategy/philosophy or are working on one largely remains unchanged. Compared to pre-pandemic levels, compensation strategy has become indispensable to most organizations. This is largely due to wild wage growth during the Great Resignation, the need to justify higher pay increases to combat high inflation, the need to control costs, and pay transparency legislation. In addition, the likelihood of having a compensation strategy increases with organization size, with 63 percent of orgs with 750–4,999 employees saying they have a compensation strategy in 2024 and 79 percent of orgs with over 50,000 employees saying the same.

Does your company have a formal compensation strategy/philosophy?

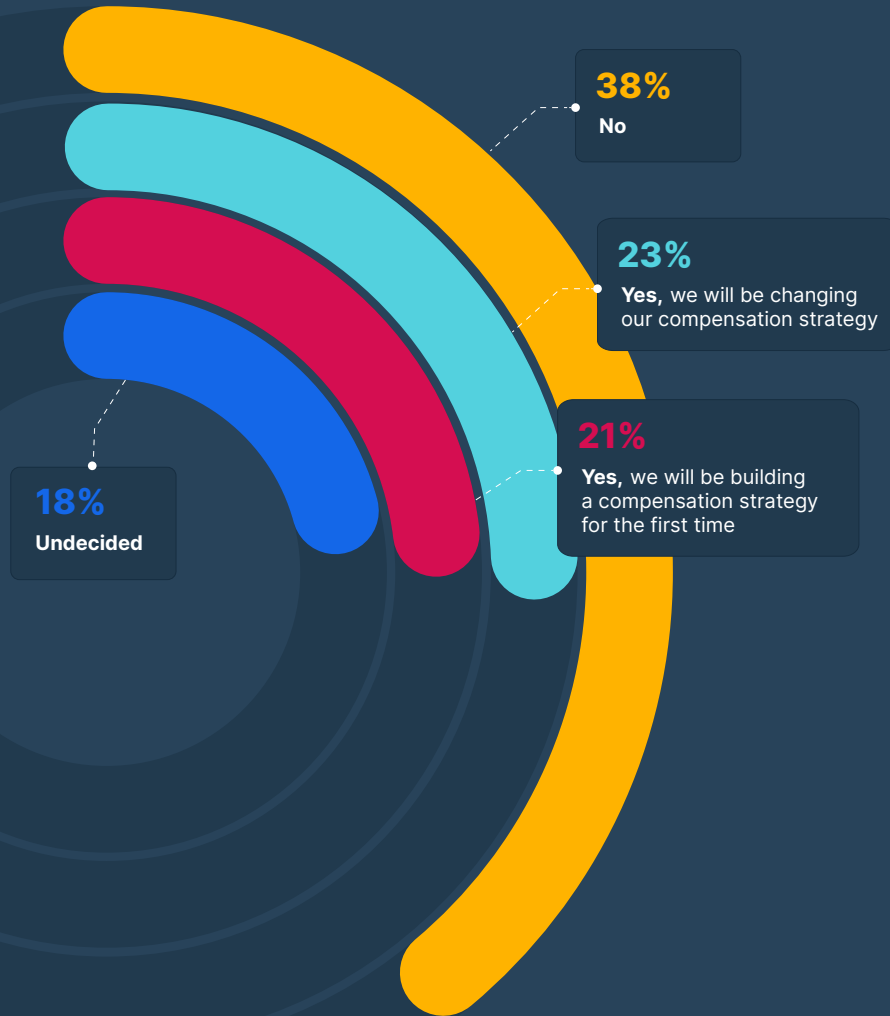


What's the primary reason you don't have a formal comp philosophy/strategy?



For the organizations that do not have a formal compensation strategy and/or philosophy, we asked why. A new answer choice was also added to this question this year — “Our organization’s leadership is not aligned on a pay strategy” — which 22 percent of respondents selected, making it the most popular answer choice. Importantly, only 19 percent do not believe that a compensation strategy is important for their organization. Notably, about a third of these (32 percent) are very small, with fewer than 100 full-time employees.

Have you or will you adjust your compensation strategy for 2024?



Adjusting compensation strategy

We asked survey participants if they plan to adjust their compensation strategy for 2024. Answers were split, with 21 percent of organizations saying they will be building a compensation strategy for the first time, 23 percent saying they will change their strategy, and 38 percent saying they have no plans to change their strategy.

There are many reasons an organization might need to change their compensation strategy, from external pressures like the introduction of pay transparency legislation to shifting business priorities and changing talent requirements and/or markets. Top performers were more likely to say they would be building a compensation strategy for the first time (26 percent). However, organizations building a compensation strategy for the first time were also more likely to be smaller in size, with fewer than 750 employees.

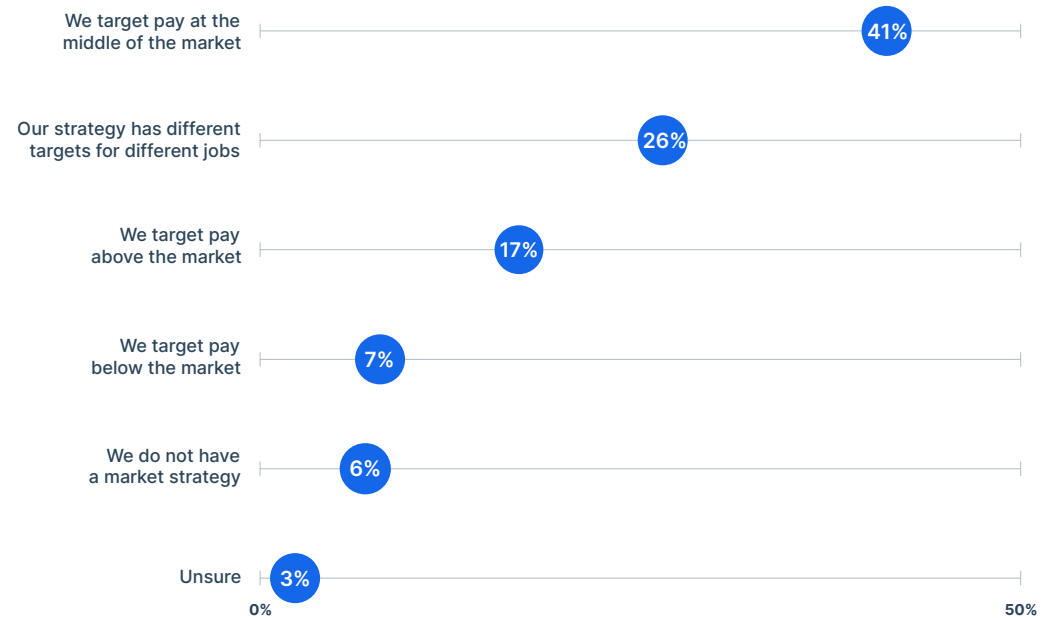
Responses to this question have not changed much from last year when 42 percent of organizations said yes, they were changing their strategy, compared to 44 percent in 2024. However, more people said no in 2024 (38 percent) compared to 27 percent in 2023. This demonstrates that organizations are less concerned about needing to revise their approach to compensation in 2024 compared to 2023, likely due to the cooling labor economy.

Market strategy

We also asked organizations to describe their market strategy, meaning how they price their jobs in comparison to the market to attract and retain talent. The most popular answer choice is targeting pay at the middle of the market (41 percent), but paying above the market (17 percent) was more likely for top-performing organizations (23 percent) compared to non-top performers (14 percent). Targeting pay above market was also more common for organizations with fewer than 100 employees (23 percent).



Which of the following best describes your organization's market strategy?



To help organizations devise their market strategy compared to peers, we also break these answer choices out by industry. The industry most likely to pay above market is Construction at 31 percent.

Which of the following best describes your organization's market strategy?

	We target pay at the middle of the market (50th percentile)	We target pay below the market	We target pay above the market	Our strategy has different targets for different jobs	We do not have a market strategy	Unsure
Agencies & Consultancies	39%	5%	18%	28%	5%	5%
Arts, Entertainment, & Recreation	24%	21%	15%	27%	7%	6%
Construction	31%	13%	31%	20%	4%	2%
Education	30%	14%	16%	27%	6%	6%
Energy & Utilities	45%	9%	22%	21%	4%	0%
Engineering & Science	42%	7%	21%	21%	6%	3%
Finance & Insurance	50%	5%	14%	24%	5%	2%
Food, Beverage, & Hospitality	40%	7%	18%	27%	3%	5%
Government	41%	10%	15%	23%	4%	8%
Healthcare and Social Assistance	44%	6%	12%	28%	5%	5%
Manufacturing	45%	9%	16%	22%	5%	3%
Nonprofit	39%	5%	19%	29%	7%	1%
Real Estate, Rental, & Leasing	47%	8%	9%	18%	15%	3%
Retail & Customer Service	32%	7%	16%	36%	8%	1%
Technology (including software)	42%	5%	13%	31%	6%	4%
Transportation & Warehousing	43%	11%	14%	23%	3%	6%
Other Industries	41%	4%	18%	24%	10%	3%

Does your organization have a job architecture?

57%

Yes

20%

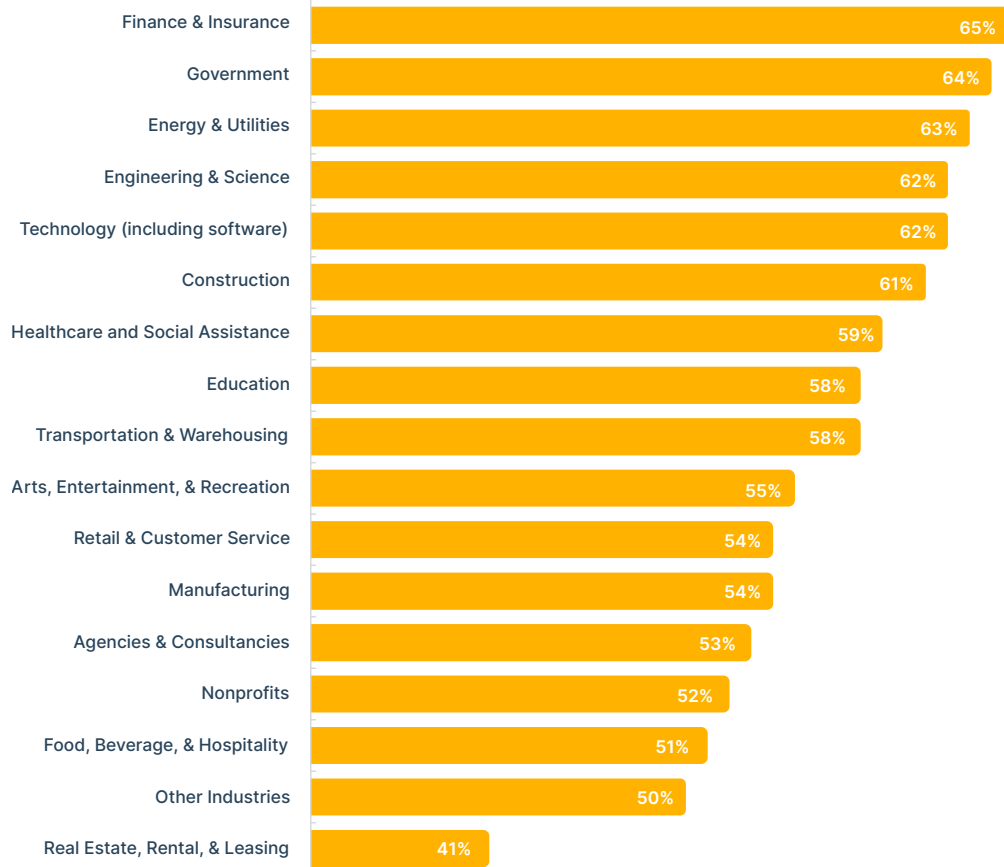
No, but we are working on one

19%

No, and we are not working on one

4%

Unsure



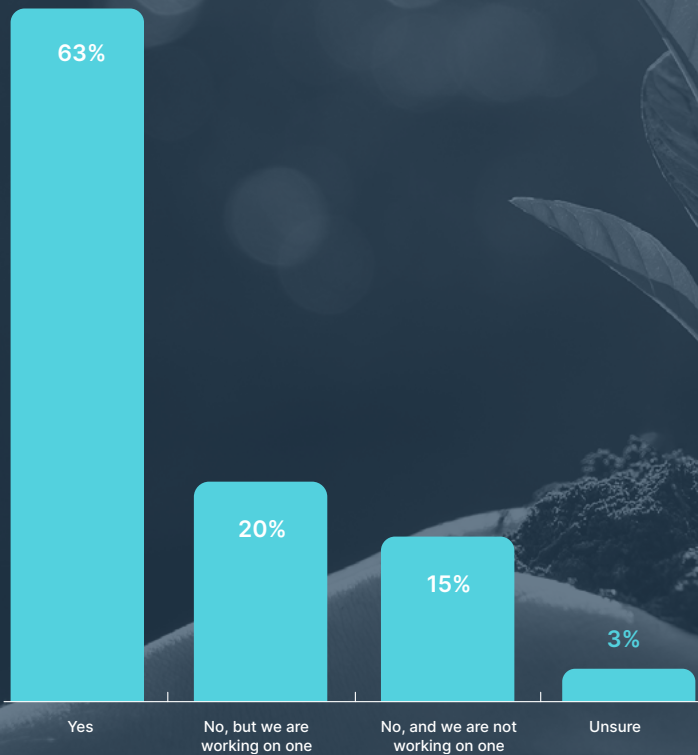
Job architecture

A job architecture offers a framework for job functions, job families, and job levels in your organization. Having this framework in place provides the basis for consistent and fair pay decisions and can help show employees how their career and salary can progress at your organization. It is increasingly important for pay equity analysis and confidence in pay transparency and pay communications.

Most organizations have a job architecture (57 percent). A job architecture is more common in larger organizations and especially those with a dedicated compensation function (66 percent) and a mature approach to compensation (70 percent).

When broken down by industry, those with organizations that are most likely to have a job architecture include Finance & Insurance, Government, Energy & Utilities, Engineering & Science, and Technology. These industries employ more white-collar, salaried employees. Some are also more regulated.

Does your organization have a formal pay structure?



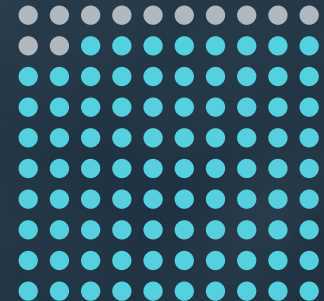
Formal pay structures

Even more common than job architecture is having a formal pay structure (e.g., range, grades). According to our survey, 63 percent of organizations have a formal pay structure and another 20 percent are working on one. As with job architecture, a formal pay structure is more common in larger organizations, especially those with a dedicated compensation function (72 percent) and a mature approach to compensation (79 percent).

Moreover, organizations report that, on average, 88 percent of their jobs have a formal pay structure.

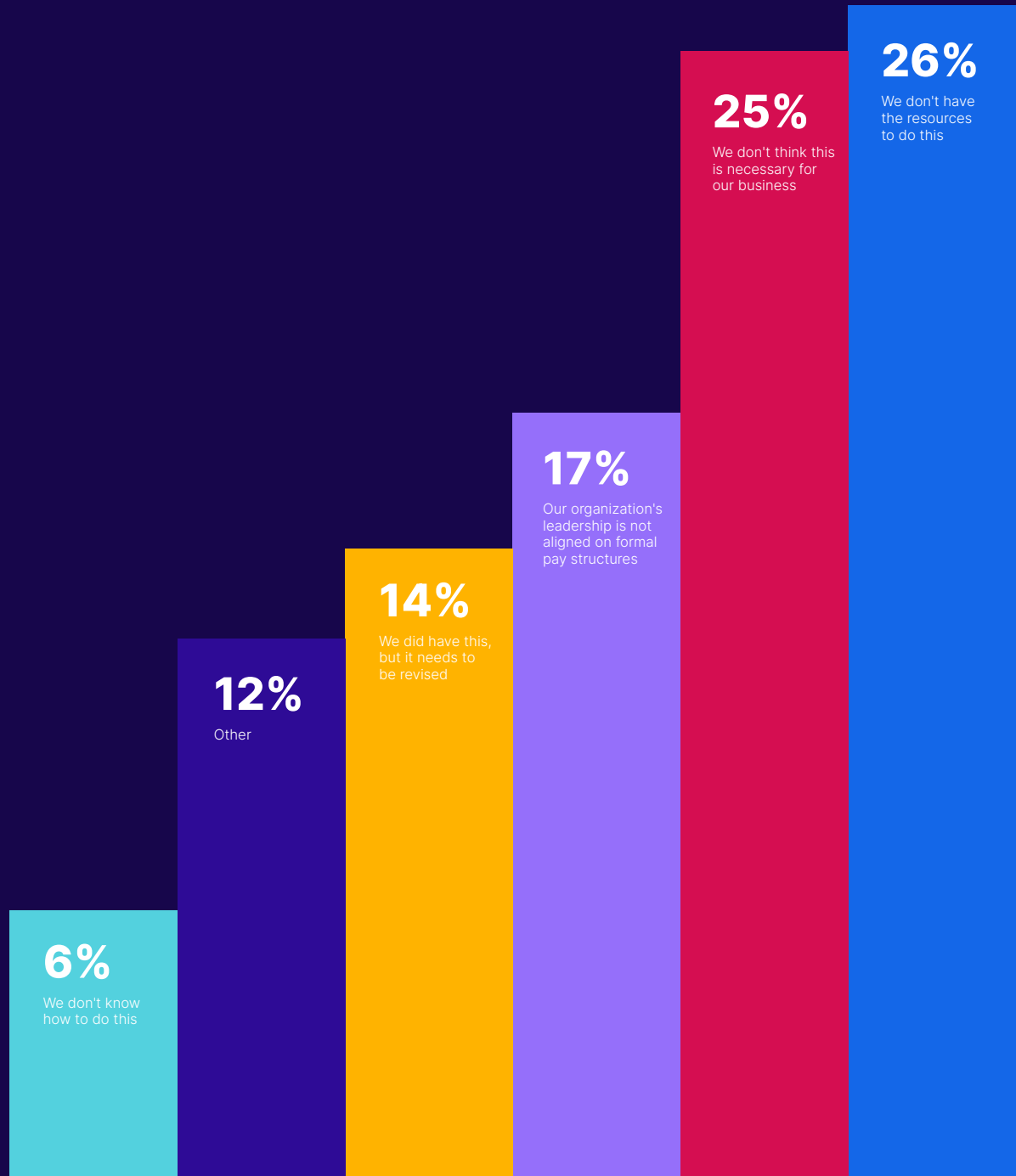
What percentage of your jobs have a formal pay structure?

88%



For the minority of organizations that don't have a formal pay structure, the top reasons were not having the resources (26 percent) or feeling that it is unnecessary for their organization (25 percent). However, similar to organizations lacking a compensation philosophy/strategy, most of those who do not think formal pay structures are necessary for them are smaller organizations. The expansion of pay transparency legislation may impact these organizations in the future.

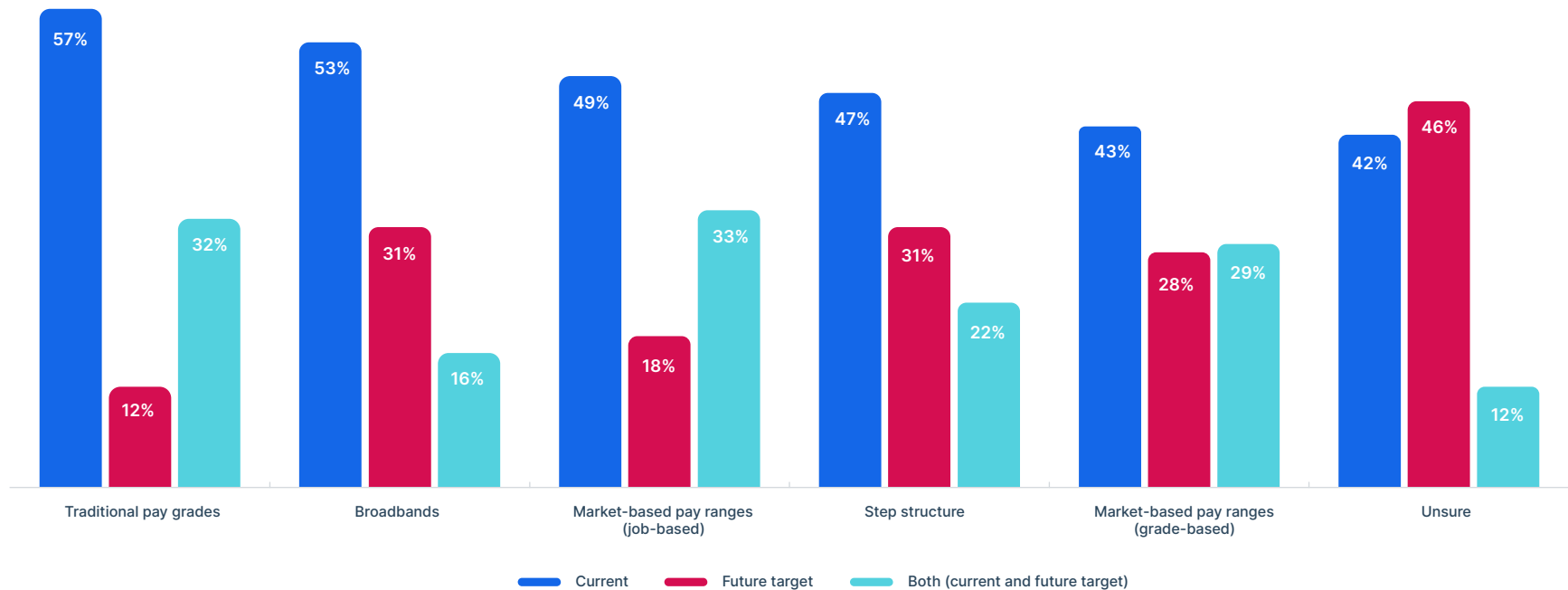
What's the primary reason you don't have formal pay structures?



Types of pay structures

There are many ways to build formal pay structures. The best approach depends on the industry and location of your organization as well as how you compete for talent. According to our survey, traditional pay grades continue to be the most popular type of pay structure. However, market-based pay ranges, both job-based and grade-based, are rising in popularity when considering both current and future target states. Grade-based ranges are being more strongly considered by organizations undertaking job architecture and job leveling for pay equity and pay transparency.

How does your organization structure pay?



Pay structure **definitions**



Traditional pay grades

A group(s) of comparable jobs (e.g., same level and job family) with one pay range that may or may not have been created using market data



Broadbands

A wide group of jobs (e.g., more than one level and/or job family) with one pay range that has been created predominately using market data



Step structure

A pay rate for a job with pre-defined increases for experience or tenure



Job-based

Market-based pay ranges

A range created using market data that only applies to one job. In this system, each job has its own range



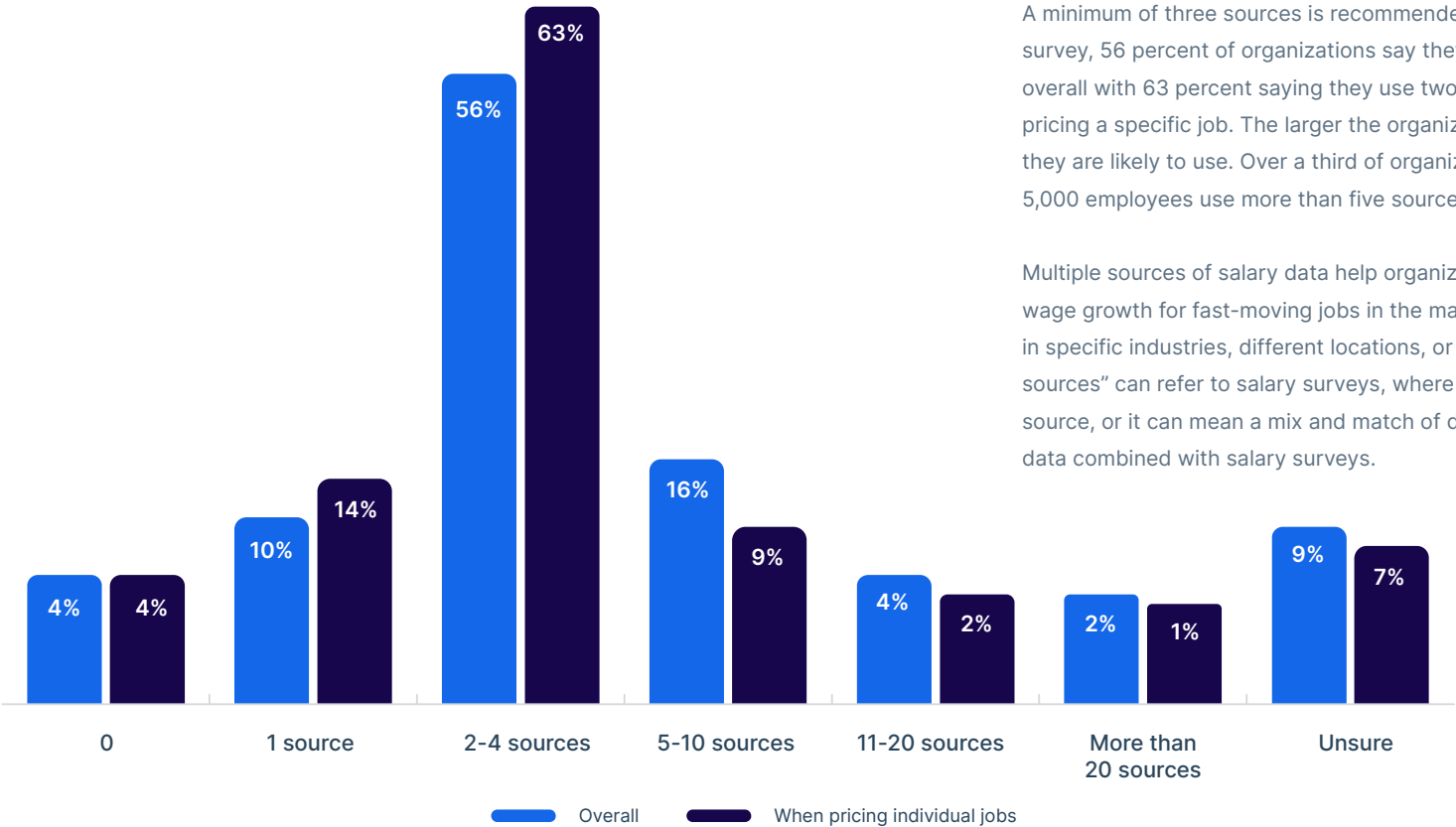
Grade-based

Market-based pay ranges

A group(s) of comparable jobs (e.g., same level and job family) with one pay range that has been created predominately using market data

Salary data and market pricing

How many total sources of market data do you use?



The foundation of compensation management is salary data. Most organizations rely on multiple sources of market data to inform base pay structures and conduct job pricing.

A minimum of three sources is recommended. According to our survey, 56 percent of organizations say they use two to four sources overall with 63 percent saying they use two to four sources when pricing a specific job. The larger the organization, the more sources they are likely to use. Over a third of organizations with more than 5,000 employees use more than five sources.

Multiple sources of salary data help organizations keep pace with wage growth for fast-moving jobs in the market as well as price jobs in specific industries, different locations, or with niche skills. “Multiple sources” can refer to salary surveys, where each survey is one source, or it can mean a mix and match of different types of salary data combined with salary surveys.

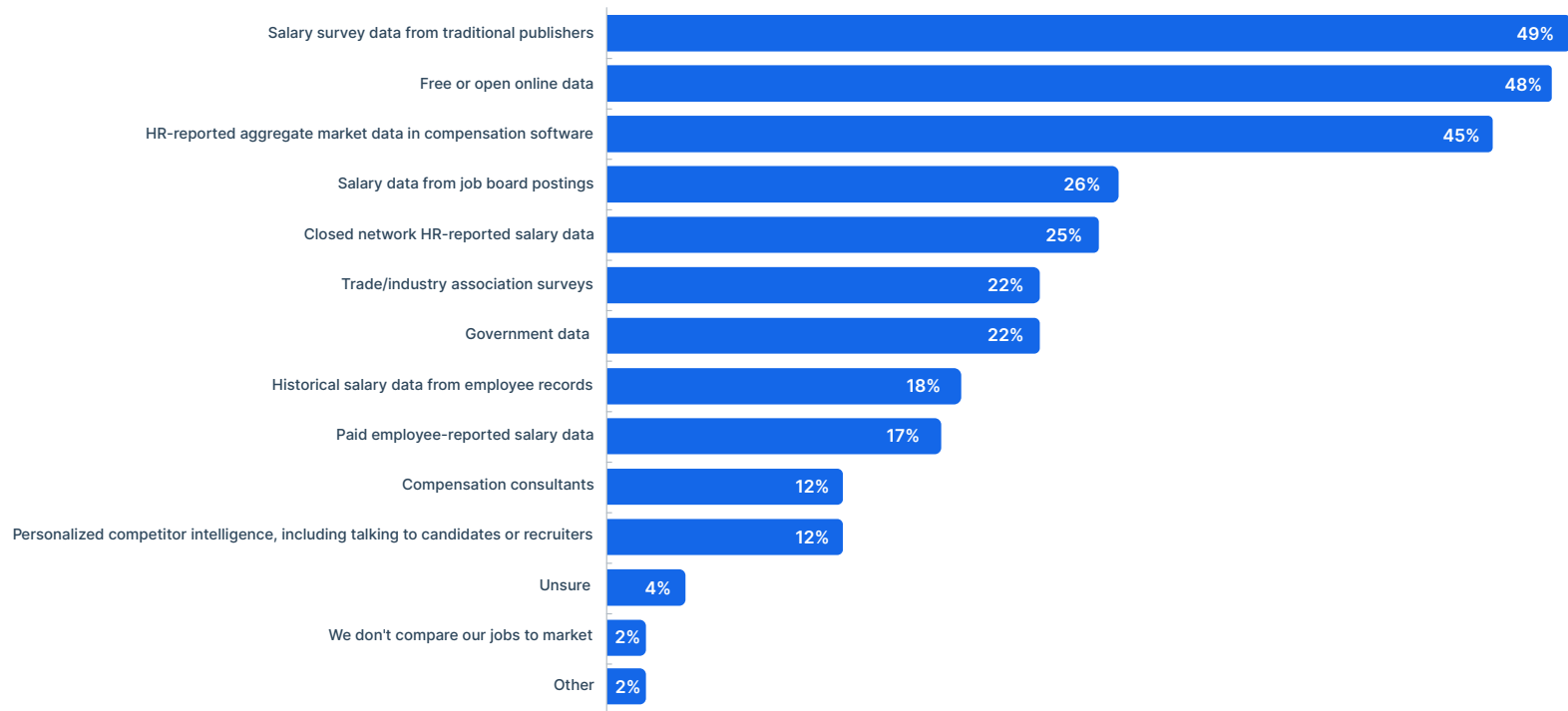
Most popular types of salary data sources

There are different types of salary data sources beyond traditional surveys. These include aggregated HR-reported data from users of compensation technology (e.g., Payscale's Payfactors platform) as well as free or paid salary data crowdsourced online (e.g., employee-reported data from Payscale.com's online salary survey).

We asked which sources organizations use to obtain market data. As has been true in previous years, free or open online data is one of the most popular choices at 48 percent. However, this year it is outstripped slightly by

salary data from traditional publishers (49 percent), followed by HR-reported aggregated data from technology software (45 percent) such as Payfactors, which has seen a notable increase from 2023 (37 percent). We also saw closed network HR-reported data (e.g., Peer) (25 percent) increase slightly from last year (21 percent), a source that is also available with Payfactors. As technology advances and more organizations adopt purpose-built compensation management software, the use of APIs to support evergreen live access to HR-reported employee salary data increasingly becomes a differentiator from traditional survey processes in terms of speed and accuracy.

Which sources do you use to obtain market data?

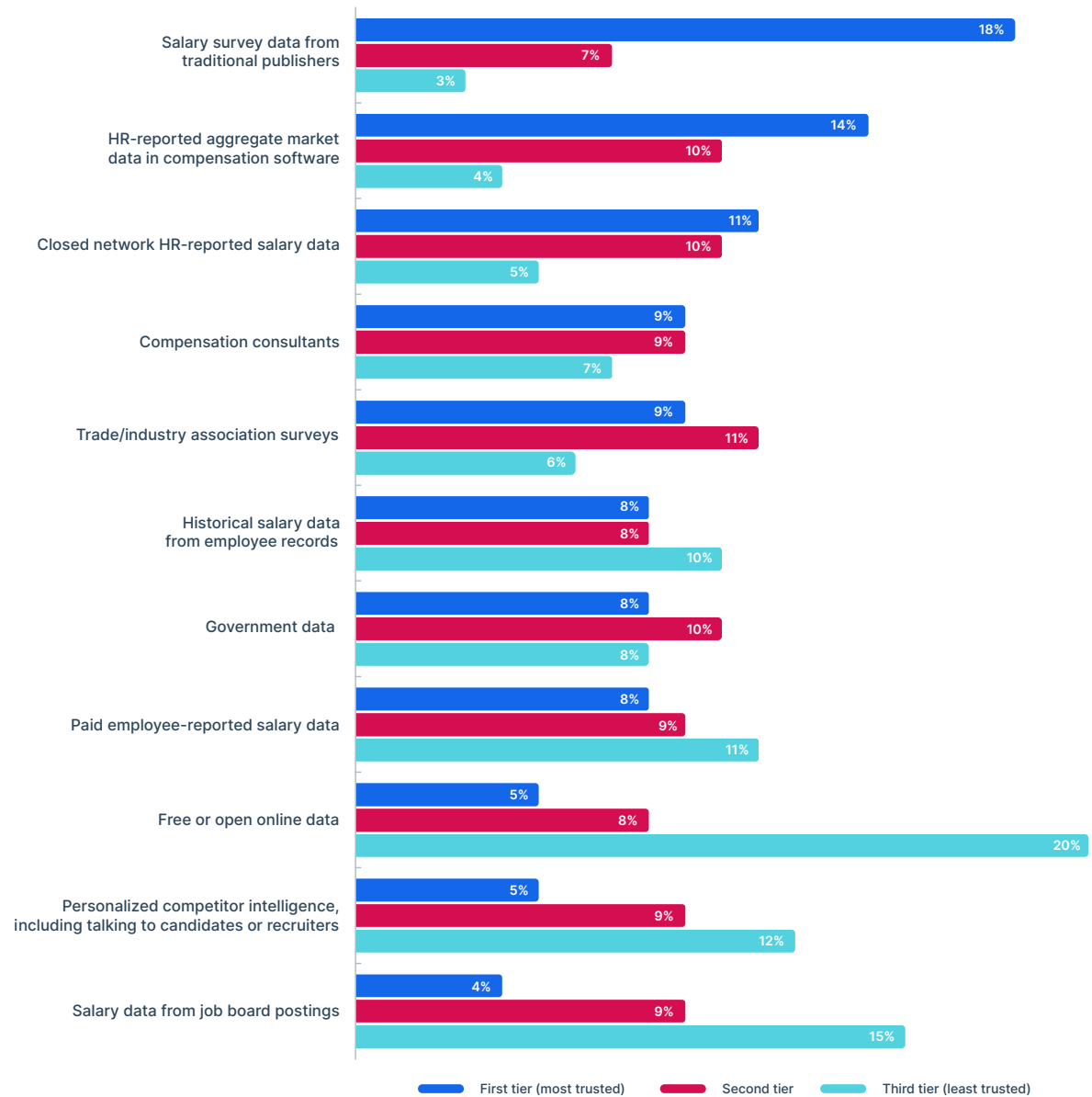


Most trusted types of salary data sources

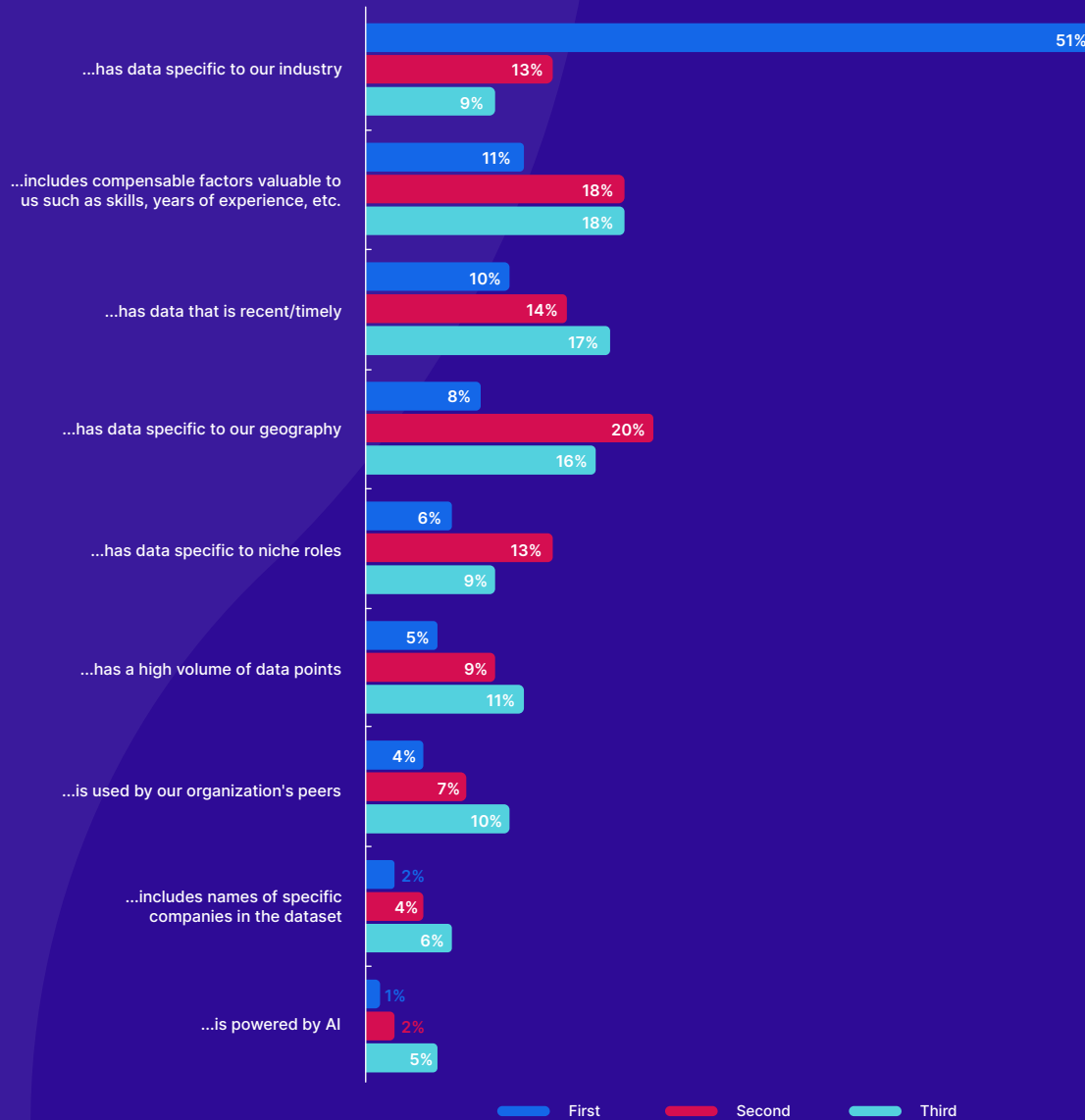
While some salary data sources are popular because they are cheap, free, or easily accessible (so, you might as well use them), organizations rank salary data sources differently when it comes to trust in using them to market price jobs. The most trusted salary data source is salary surveys from traditional publishers, which has remained the top trusted source year over year. However, HR-reported aggregate market data in compensation software is close behind and catching up compared to last year. In addition, closed network HR-reported salary data has jumped from the middle of the pack to the third most-trusted option over the past few years.

Rank sources by how much you trust and rely on them for accuracy in market pricing.

(Multiple answer choices allowed)



For your organization, what are the three most important characteristics for assessing the quality of a data source used to price a job?



Most important characteristics of salary data

What makes salary data trustworthy? In a new question this year, we asked survey participants to choose the top three most important considerations when selecting salary data to use in market pricing.

The top answer choice by a landslide (51 percent of responses) is salary data sets that are specific to their industry. Coming in second and third are salary data that includes compensable factors valuable to the organization and salary data that is recent/timely. Salary data specific to geography was a close fourth as a first-tier option and takes third place when combining first- and second-tier options.

Dynamic salary data

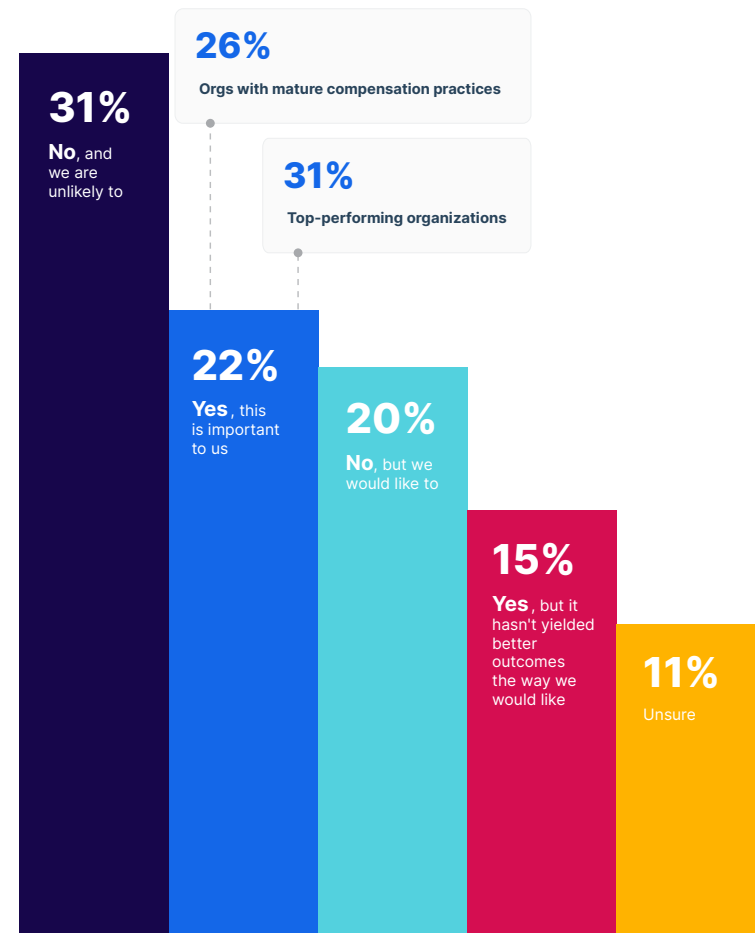
Given the recent shift in the most trusted salary data sources and the characteristics that employers find most important, we asked survey participants if they invest in any besides traditional surveys, such as sources that are designed to better keep abreast of fast-changing markets.

The rapid shifts in the labor market over the last few years in combination with pay transparency legislation make timely market data more essential to compensation management. This is particularly true as job candidates become more knowledgeable about salary data and better equipped to advocate for fair pay. To engage effectively with top talent, compensation professionals must have access to reliable, dynamic salary data that ensures they can be competitive in the market.

While only 22 percent of organizations said that investing in dynamic salary data is important for keeping abreast of market changes, another 20 percent said they would like to invest in dynamic data but haven't yet. Top-performing organizations are much more likely to say that timely salary data is important (31 percent) compared to non-top performers (17 percent). Unsurprisingly, this answer choice is also more common for organizations with mature compensation practices (26 percent) compared to organizations with more immature compensation practices (17 percent). Interestingly, there was less of a stand-out correlation by organization size.

Industries that are most likely to invest in dynamic salary data include Construction (30 percent), Real Estate, Rental, & Leasing (28 percent), Retail (27 percent), and Finance & Insurance (26 percent).

Do you invest in data sources other than traditional surveys to help you keep abreast of fast-changing market conditions?



Diverse and dynamic compensation data

Access multiple perspectives
on market data with Payscale.



HR Market Analysis

HR-reported aggregate data to drive
confident and competitive pay decisions

Employee Reported

Data to prepare for effective pay conversations.
Employees can also access this data at Payscale.com

Peer

A transparent and dynamic HR-reported data
network with an intuitive user experience

250+
billion data
points

15,400+
job titles

7,500+
skills &
certifications

40+ million
active employee
profiles

Survey data from traditional publishers

Trusted partners enable a strong data foundation.

Traditional survey data that is submitted by HR
professionals can be purchased and loaded into
Payscale's compensation management software
or purchased more conveniently through our
breadth of partnerships

10,000+
surveys

300+
publishers

Marketplace of
25+ partners

Metrics and reporting

It is difficult to assess the effectiveness of your talent and compensation strategies without metrics. Data allows organizations to see what is working, what needs to be improved, and how to adapt to their workforce's needs.

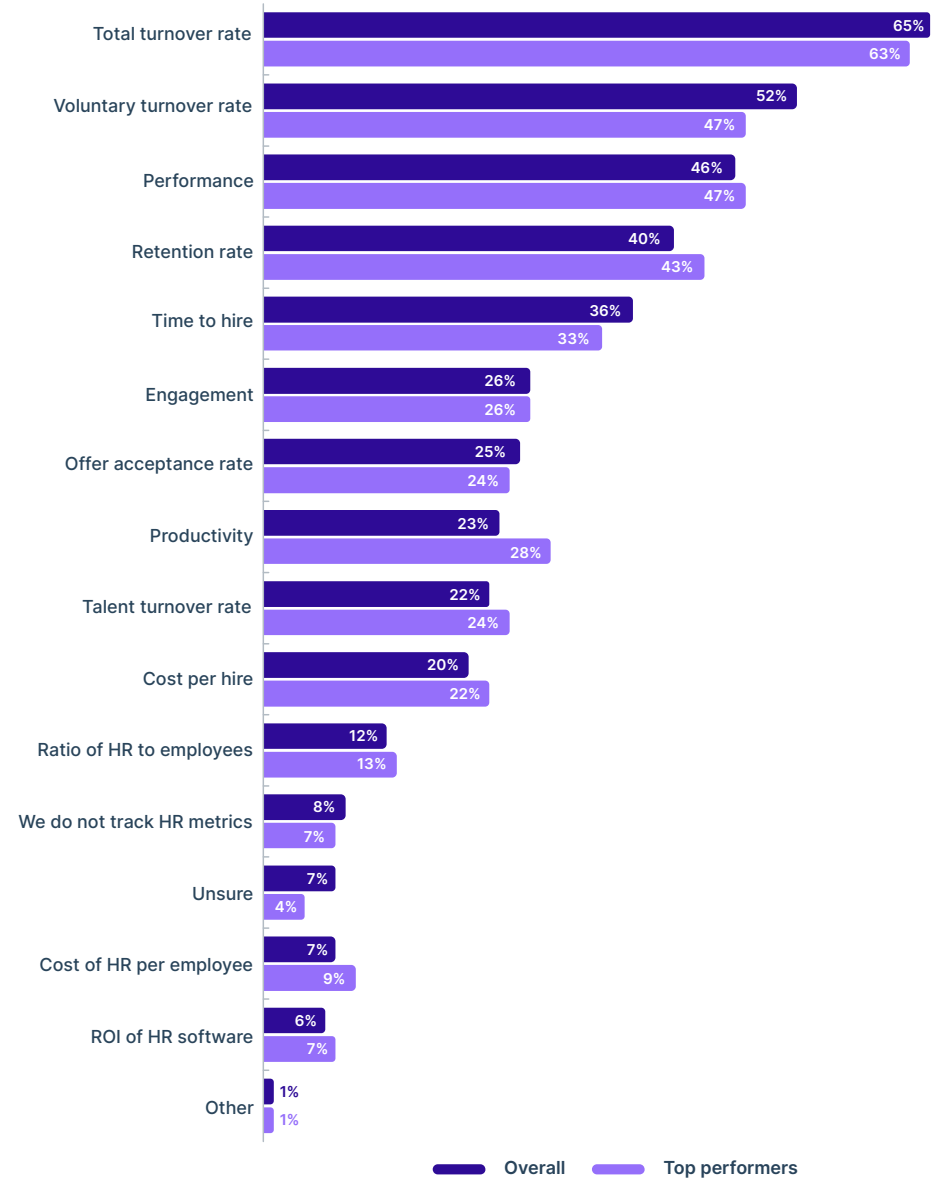
Unfortunately, fewer organizations track valuable HR metrics than might be expected. In fact, only 65 percent track turnover, though this is higher than last year (58 percent). It can be challenging to respond to the shifting labor market if you don't know how your organization is being impacted.

Unsurprisingly, the likelihood of tracking HR metrics increases with organization size due to the fact that larger orgs have more resources and expertise for this type of analysis. However, the number of larger organizations tracking metrics outside of total turnover, voluntary turnover and performance does not reach a majority.

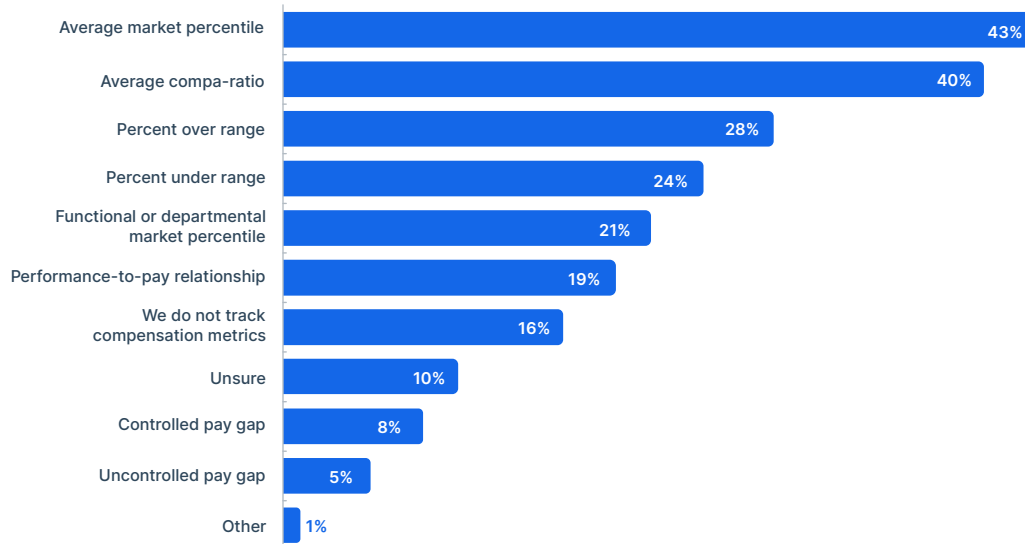
Top-performing organizations are more likely to measure productivity, which has also seen a notable increase since last year (17 percent) — possibly due to the debate around remote work and return-to-office mandates in the wake of falling productivity. Top-performing organizations are also more likely to measure high-performer turnover rate, retention rate, performance, cost per hire, ratio of HR to employees, cost of HR to employees, and ROI of HR software.

Which of the following HR metrics does your organization track?

(Multiple answer choices allowed)

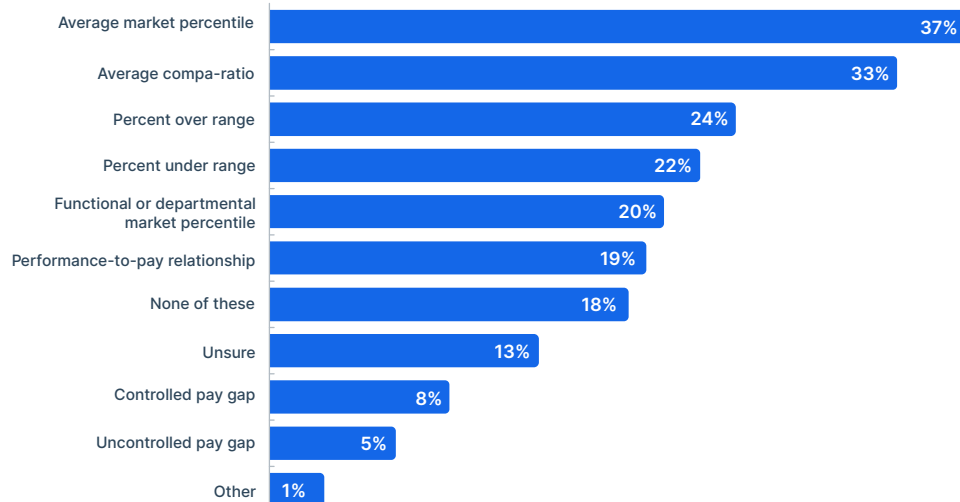


Which of the following compensation metrics does your organization track?



(Multiple answer choices allowed)

Which of the following compensation metrics do you share with your executive team?



(Multiple answer choices allowed)

Compensation metrics

When it comes to compensation metrics, organizations should be able to use them to demonstrate that they are paying employees fairly. This is achieved through **pay analysis**, which can be used to calculate measurements like compa-ratio, or how close someone's pay is to market averages.

There are more pay analysis metrics than those listed here. Which ones you need will depend on your compensation strategy and reporting processes. Many organizations create dashboards for the metrics that they use most often, which may be compared to other HR metrics such as retention rate, productivity, performance, engagement, or turnover to demonstrate the impact of compensation on talent strategy.

We also asked which metrics are shared with executives. While most were reported up the chain at rates a little below the analysis being performed, the performance-to-pay relationship tracked one to one (19 percent), suggesting its importance.

Additional resources

Read our whitepaper to learn more about **the basics of pay analysis** with Payscale.

[Read now](#) →

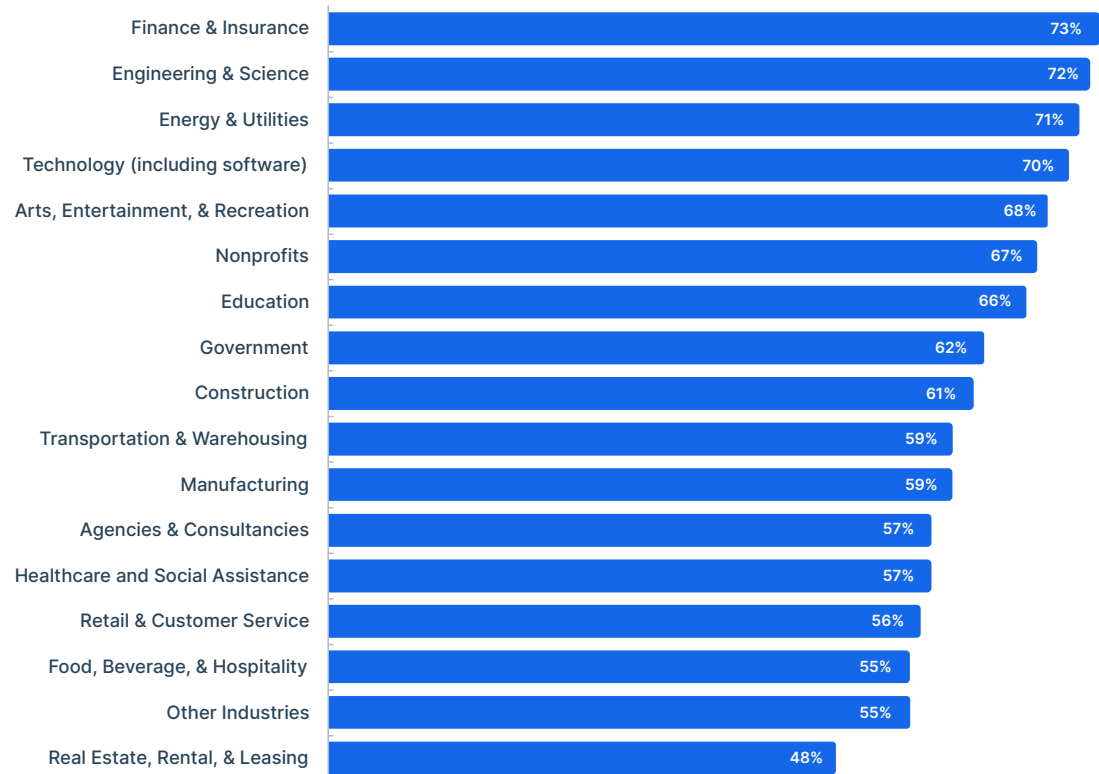
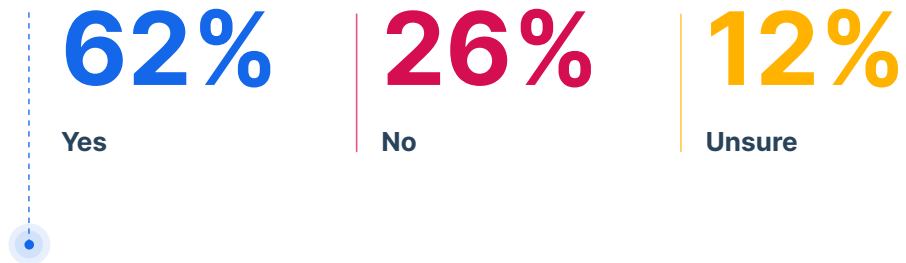
Pay equity

One type of pay analysis that is important to many organizations, especially in recent years, is pay equity. According to our survey, 62 percent of organizations say that pay equity analysis is a planned or current initiative at their organization. While that represents a one-percent decrease from last year, it has jumped up considerably since before the pandemic, when it was below a majority.

Top-performing organizations are more likely to be investing in pay equity (65 percent), as are Payscale customers (69 percent), organizations with compensation teams (71 percent), and organizations with mature compensation practices (72 percent). Pay equity analysis is also more common in organizations with over 5,000 employees (75 percent) and in certain industries such as Technology, Energy & Utilities, Engineering & Science, and Finance & Insurance.

Collectively, this shows that pay equity is still a central pillar of compensation management best practices in 2024. This is not surprising given that pay equity is necessary for organizations to feel confident in pay transparency and pay communications.

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



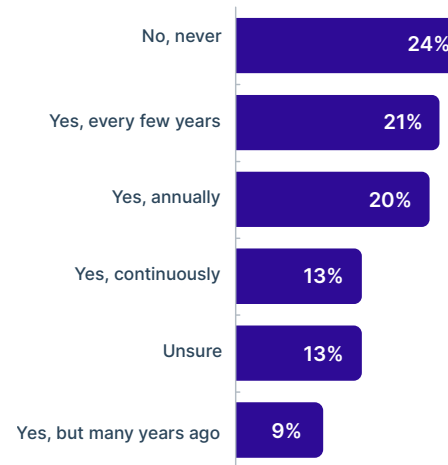
Pay equity analysis frequency

Pay equity analysis is commonly thought of as an audit that organizations perform as a one-and-done every few years. However, with a growing focus on sustainable fair pay, some organizations are moving to a more continuous process of assessing pay equity — for example, every time they post a job ad with a pay range or onboard a new hire. According to our survey, only 20 percent of organizations conduct pay equity analysis annually and only 13 percent do so continuously.

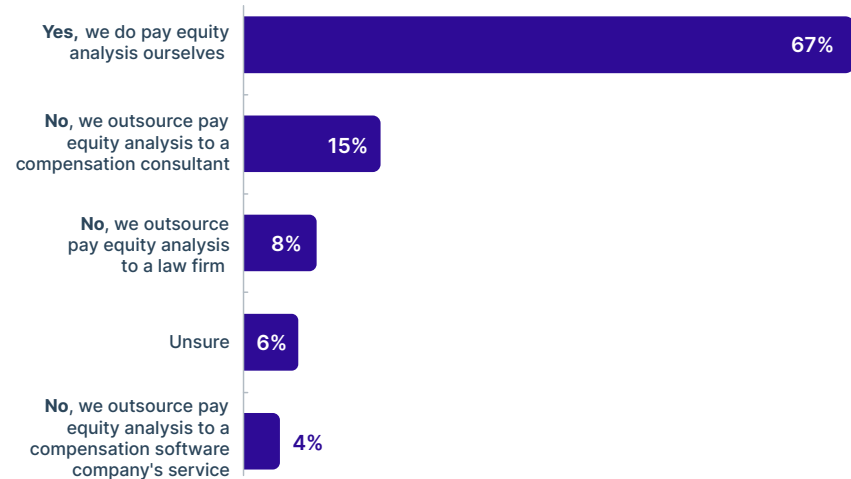
Pay equity analysis outsourcing

When it comes to performing pay equity analysis, the majority of organizations (67 percent) do it themselves while 27 percent outsource to a consultant, law firm, or other service. The popularity of performing pay equity analysis in-house has increased since last year, perhaps due to pay transparency. However, pay equity analysis also may mean different things to different organizations.

Has your organization conducted pay equity analysis?



Do you conduct pay equity analysis internally?



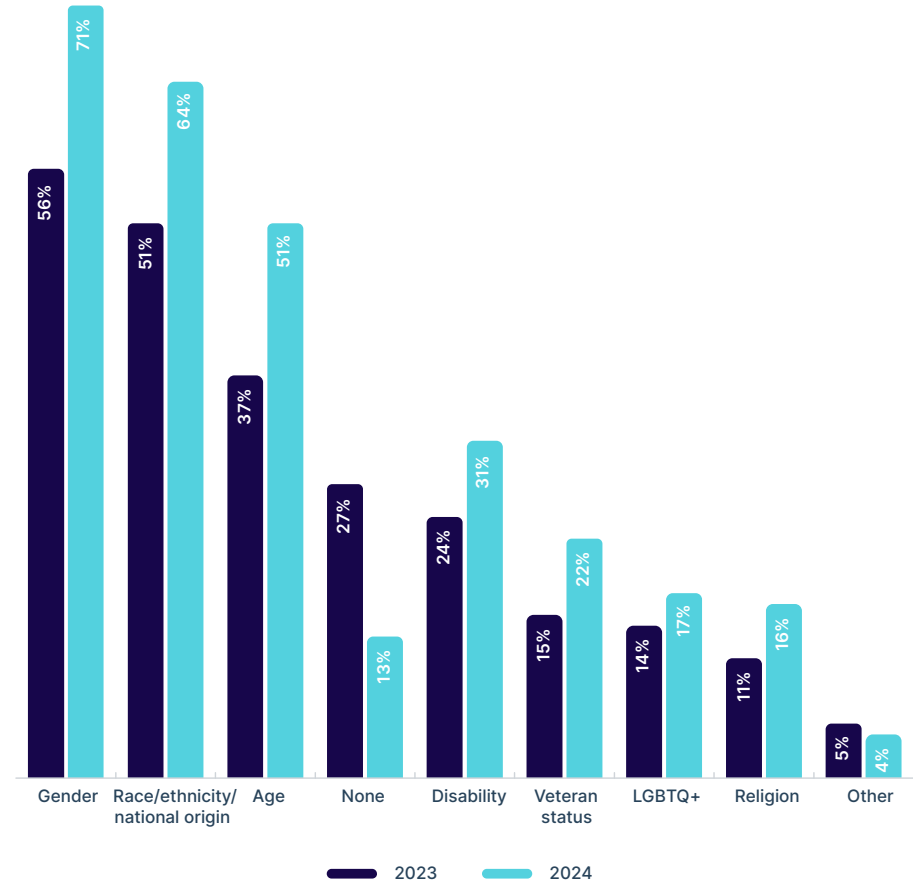
Pay equity measurements

We asked organizations for which protected classes they measure pay equity. The most popular choice is gender (71 percent), which has increased substantially from last year, followed by race (64 percent). However, disability, religion, LGBTQ+, and veteran pay equity are only measured by a minority of organizations, albeit at an increased frequency compared to last year.



What protected classes do you analyze for pay equity?

(Multiple answer choices allowed)



Pay equity by status and level

We also asked organizations about other statuses and levels for which pay equity analysis can be conducted. Only half of organizations said they measure pay equity across jobs (regardless of protected class) and only 49 percent do so at the job level. Effective pay analysis needs to consider the value of jobs and job levels across the whole organization, which requires job architecture. This is to ensure compliance with equal pay laws that mandate fair pay among employees who perform “substantially similar work” when viewed as a composite of skill, effort, and responsibility. An even smaller minority of organizations measure other types of pay equity, suggesting that many can do more to ensure pay fairness across the organization.

At what other status or levels are you measuring pay equity?

(Multiple answer choices allowed)



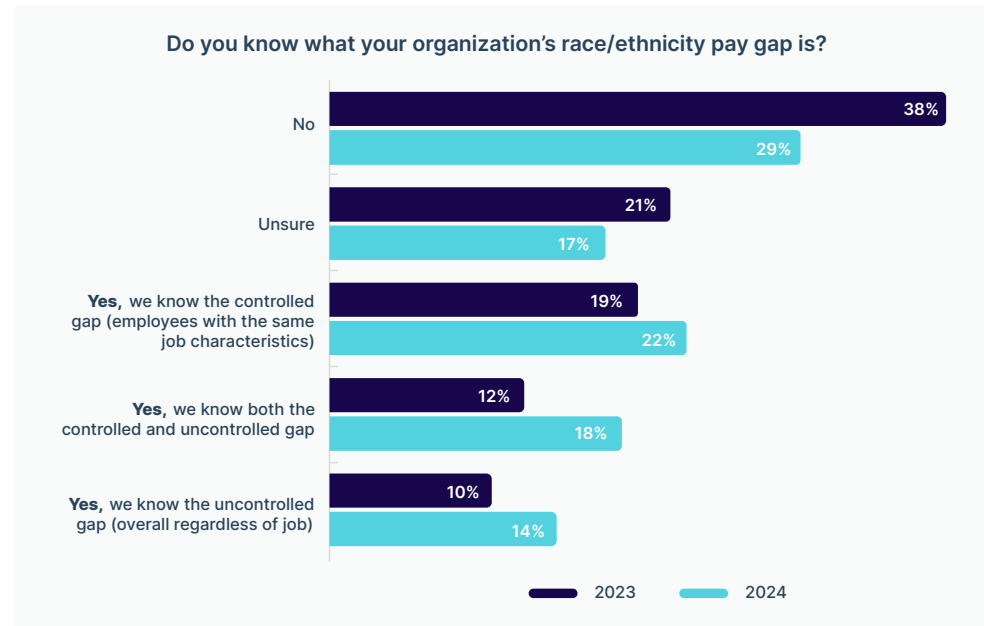
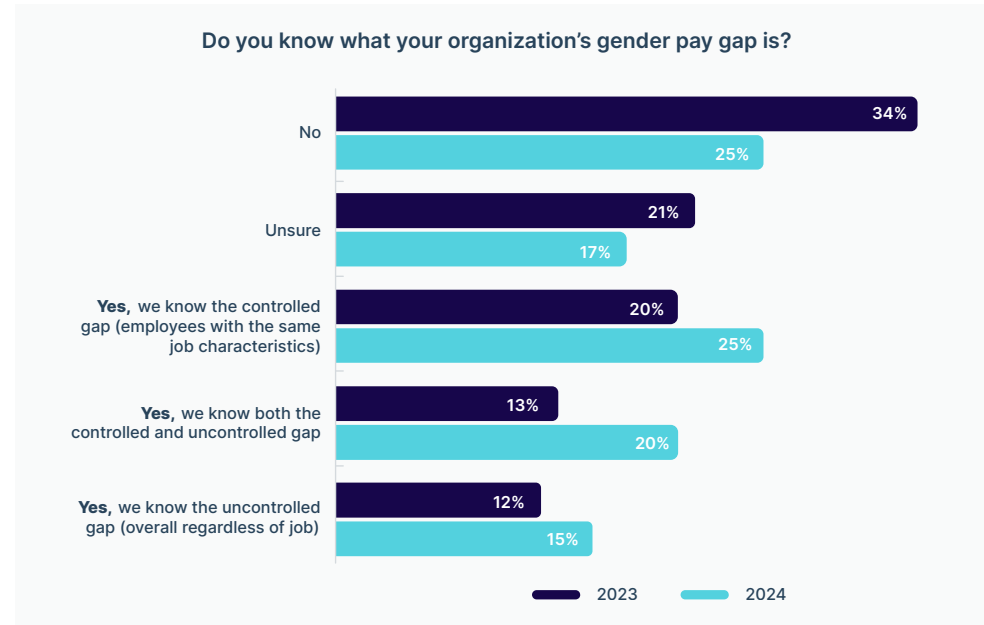
Knowledge of pay gaps

To determine whether organizations have really conducted pay equity analysis rather than simply assuming they do or aspiring to do so, we asked if they know what their pay gaps are for both gender and race/ethnicity.

Disappointingly but unsurprisingly, the percentage of organizations who know what their gender pay gaps are drops to 60 percent in 2024 compared to the percentage of organizations that say they analyze pay equity for gender (71 percent). However, this is still higher than in 2023.

Correspondingly, the percentage of organizations that know their racial pay gap is 54 percent, which is lower than the percentage of organizations that say they measure racial pay gaps (64 percent). This is also considerably higher than last year.

Organizations are also more likely to know their controlled pay gap compared to their uncontrolled pay gap, meaning how men and women are paid in the same or similar jobs versus men and women holistically. However, it is important to measure both if the objective is equality in the workplace rather than just avoiding potential lawsuits.



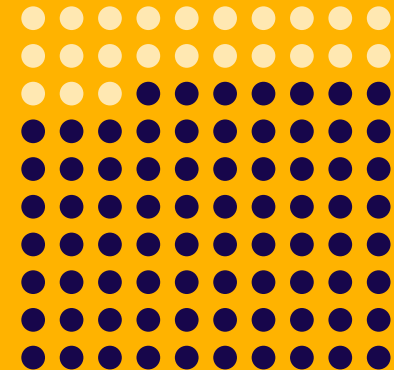


Job description management

Job description management is the process that companies undergo to create and manage job descriptions as part of recruiting, hiring, and managing the expectations for specific positions within the organization. Job descriptions are also an important part of compensation decisions and skills-based talent strategy. They can factor in to pay equity analysis and pay transparency as well.

According to our survey, 77 percent of organizations maintain HR-approved job descriptions for their active, incumbent jobs. This is consistent across both organization size and industry.

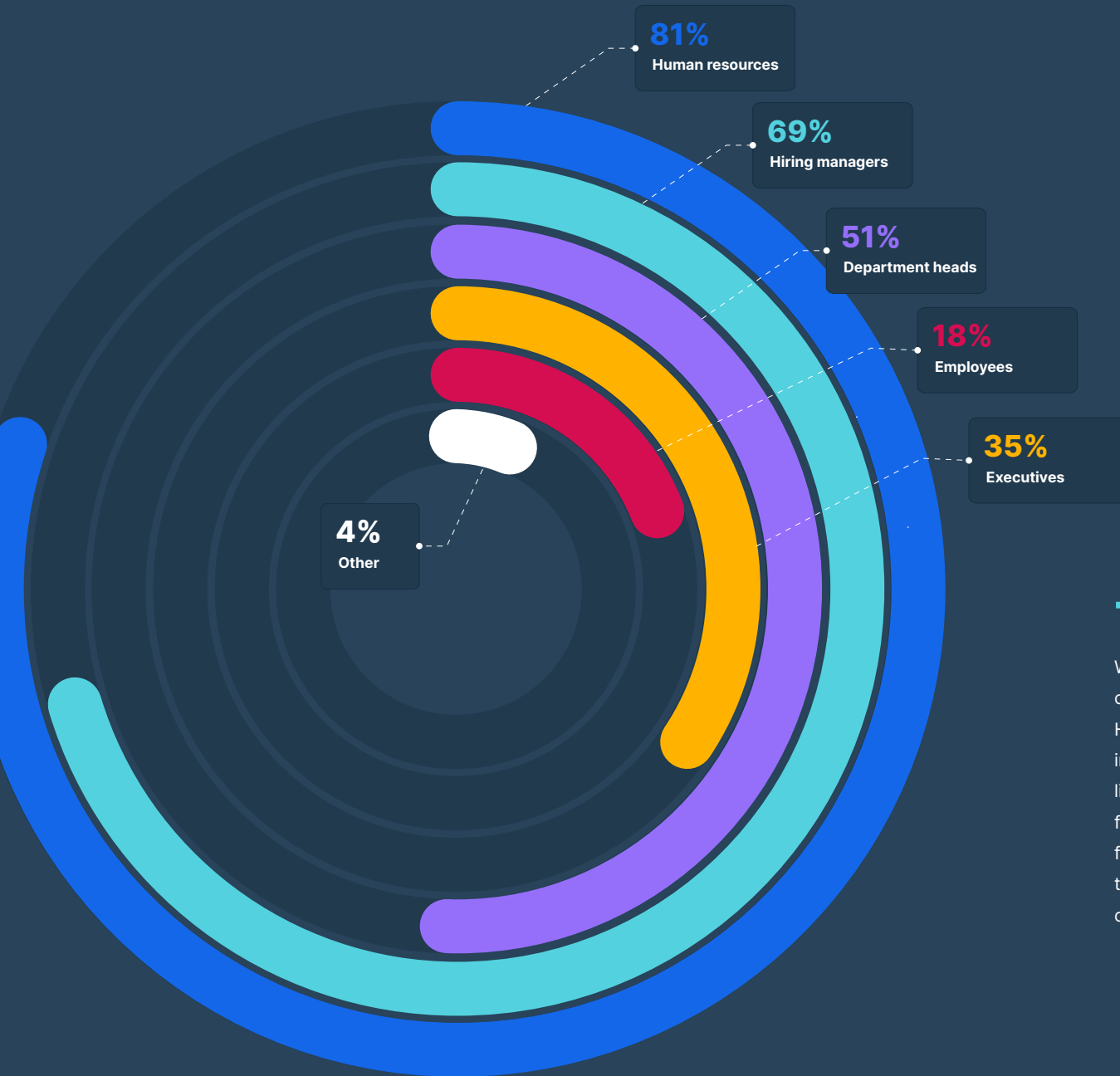
For what percent of active, incumbent jobs do you have HR-approved job descriptions?



77%

Who contributes to the creation, approval, and maintenance of job descriptions?

(Multiple answer choices allowed)



When it comes to creation, approval, and maintenance of job descriptions, 81 percent of organizations say that HR is involved, but hiring managers are only involved in 69 percent of organizations. Employees are least likely to be involved at 18 percent. A centralized system for managing job descriptions can help organizations facilitate collaboration across affected groups with tailored permissions and streamlined workflows for how changing job descriptions impact compensation.

Centralizing job description management

When it comes to managing job descriptions, only 57 percent of organizations do so in a centralized system (such as job management technology) where HR, people managers, and other impacted parties can collaborate on updates and approvals that may impact compensation. This increases to 63 percent for top-performing organizations. Using such a system is also much more likely for Payscale customers (61 percent) than non-Payscale customers (46 percent).

Do you have a centralized management system for creating, approving, and maintaining job descriptions?

63%
Top-performing organizations

61%
Payscale customers

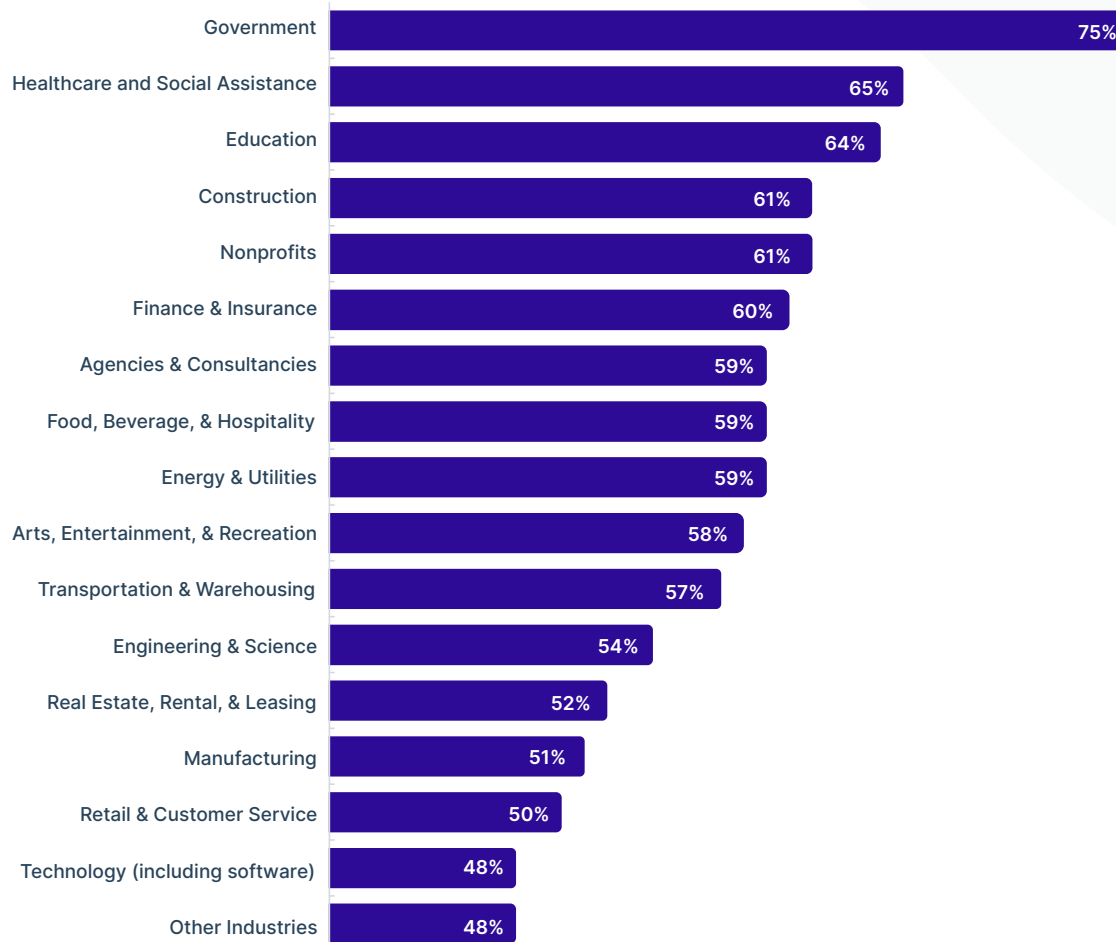
57%
Yes

39%
No

4%
Unsure

Do you have a centralized management system for creating, approving, and maintaining job descriptions?

Yes



When breaking it out by industry, we can see that orgs in Government, Healthcare and Social Assistance, and Education are most likely to use a centralized system for job description management — perhaps because these are more highly regulated industries. Interestingly, orgs in Technology are the least likely to use a centralized management system for job descriptions.

Total rewards

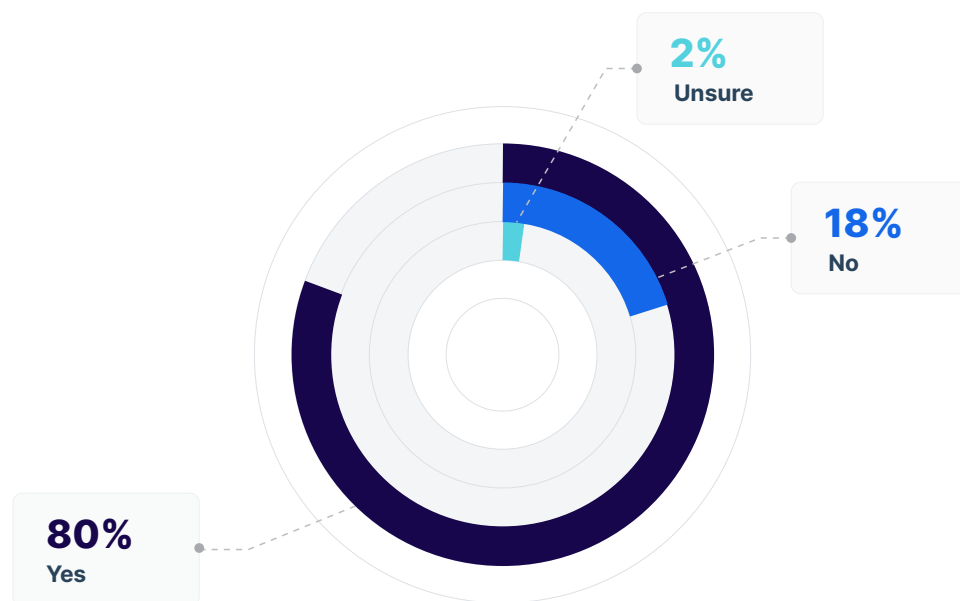
Base pay is just one aspect of total cash compensation. Providing the right mix of total rewards is key to attracting, retaining, and engaging talent, especially when it comes to rewarding performance.

Variable pay

According to our survey, 80 percent of organizations offer variable pay, which is a two-percentage-point increase from last year and a 10-percentage-point increase compared to several years ago.

In other words, over time, more organizations are investing in a total rewards strategy that includes variable pay.

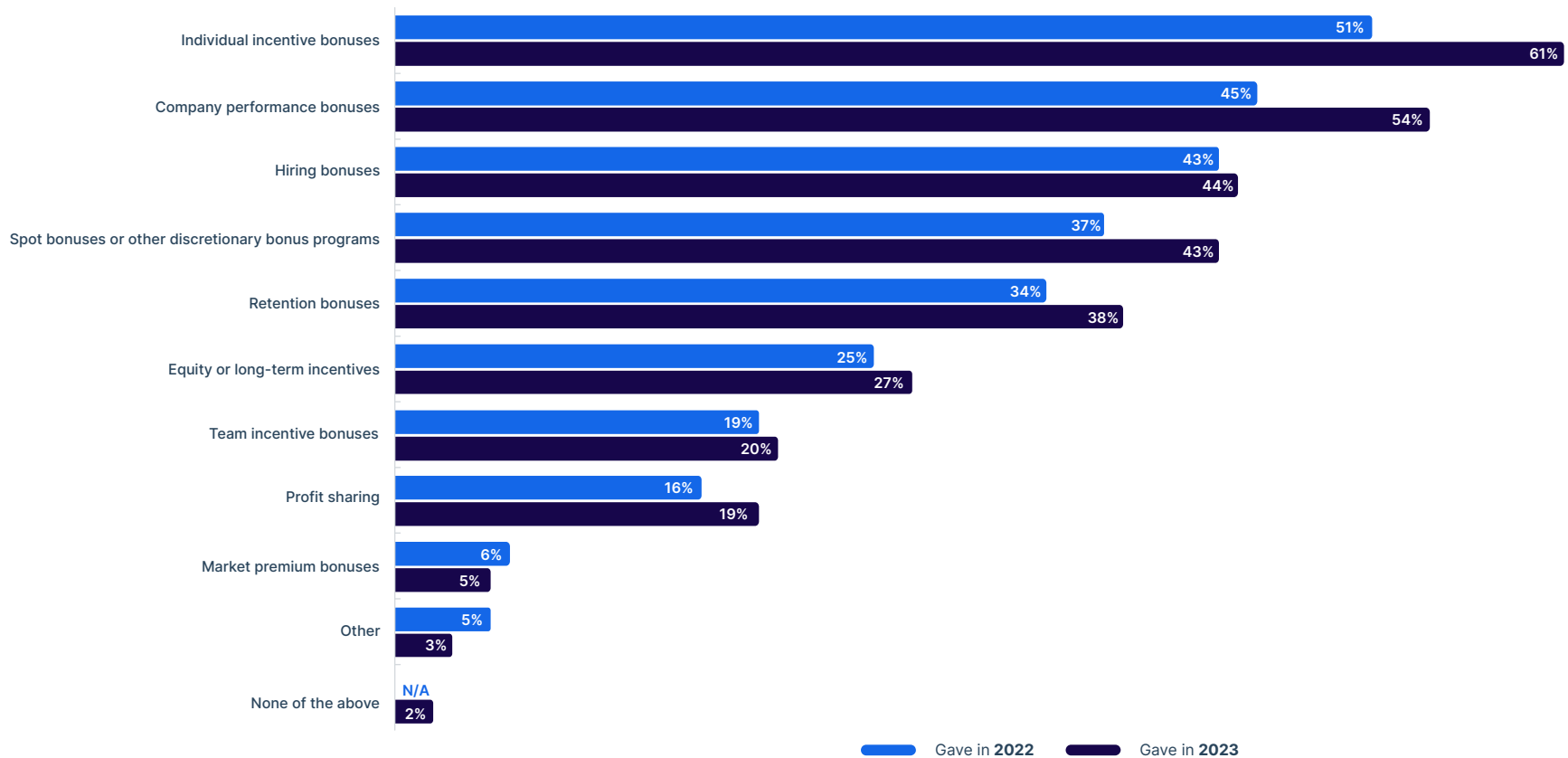
Does your company offer variable pay?



When it comes to the types of variable pay offered, individual incentive bonuses remain the most popular type at 61 percent in 2023, which is an increase compared to the year before. Company performance bonuses have increased the most, likely due to increased focus on productivity in 2023 because of the current economic environment. Spot bonuses or discretionary bonuses have also increased, as have retention bonuses, profit sharing, and equity, which are all strategies to retain high-performing employees.

What types of bonuses or incentives did your organization use to reward top performers in 2023?

(Multiple answer choices allowed)





Benefits

When it comes to benefits, very little has changed since last year. In a precarious economy, employers sometimes pull back on benefits, and it may be that organizations are still waiting to see what happens in 2024 before investing in differentiating programs. We did see that mental health or total wellness programs saw a slight increase as did unlimited PTO, which speaks to growing awareness of the importance of employee well-being in the workplace. We also saw a slight increase in student loan repayment as a benefit, which might be in reaction to the U.S. Supreme Court striking down Biden's 2022 student loan forgiveness plan in 2023.

Which of the following benefits, perks, or rewards will your organization offer most or all employees in 2024?

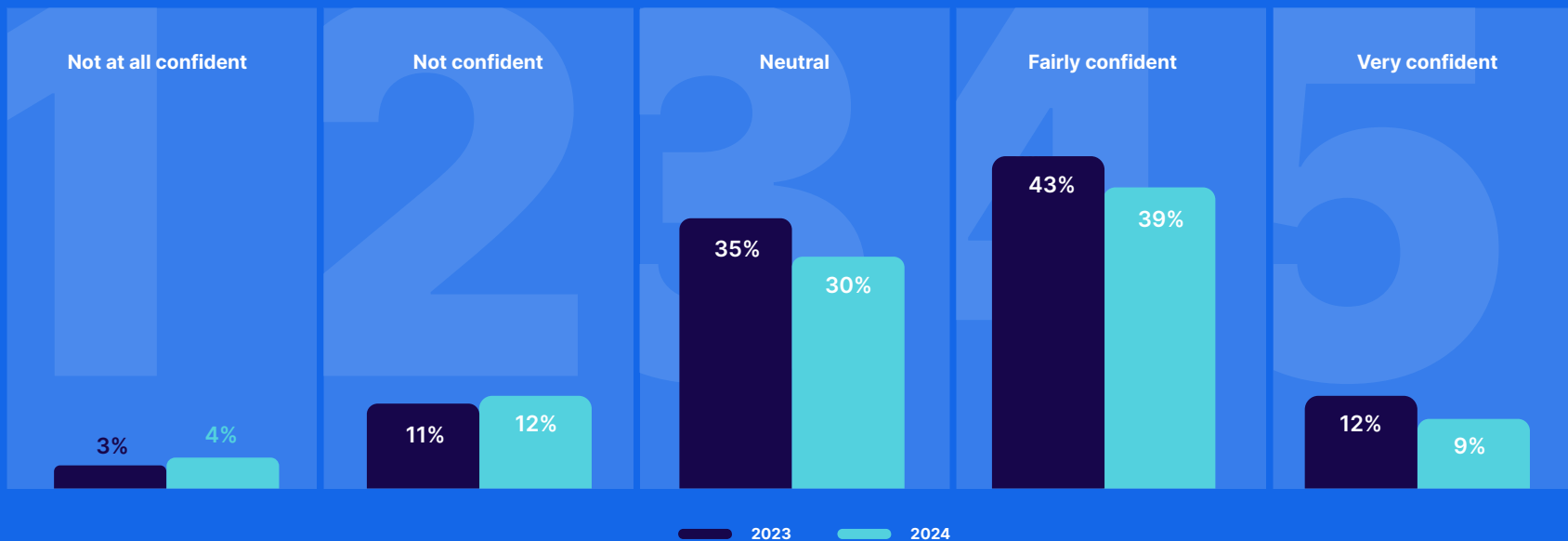
	2023	2024	Growth		2023	2024	Growth
Unlimited PTO	12%	13%	↑ 1%	Charitable contribution matching	12%	11%	↓ -1%
Mental health or total wellness program	55%	56%	↑ 1%	Short-term disability	67%	66%	↓ -1%
Student loan repayment	7%	8%	↑ 1%	Employee assistance	63%	63%	↓ -1%
Other	4%	4%	↑ 0%	Accrued or granted PTO	62%	61%	↓ -1%
Extended paid family leave	18%	18%	→ 0%	Paid lunch, snacks, or food allowance	15%	14%	↓ -1%
Paid or subsidized childcare	5%	5%	→ 0%	Extended family leave	21%	20%	↓ -1%
Menopause leave	1%	1%	→ 0%	Fertility or family planning services	11%	10%	↓ -1%
Long-term disability	68%	68%	→ 0%	Vision insurance	79%	78%	↓ -1%
Life insurance	76%	76%	→ 0%	Commuter allowance	10%	9%	↓ -1%
Pet insurance	18%	18%	→ 0%	Accrued or granted sick days	49%	48%	↓ -1%
Financial advisor/debt services	16%	16%	→ 0%	Employer-paid medical insurance	76%	75%	↓ -1%
Gym membership or reimbursement	20%	20%	→ 0%	Dental insurance	82%	80%	↓ -2%
Stock/equity	18%	18%	→ 0%	Ability to work fully remote	32%	30%	↓ -2%
Menstrual leave	1%	1%	→ 0%	Paid vacation (reimbursed)	34%	32%	↓ -2%
4-day work week	8%	8%	→ 0%	Flextime	24%	21%	↓ -3%
Paid sabbatical	6%	6%	→ 0%	401k, 403b, or other retirement contributions	72%	69%	↓ -3%
Work-from-home stipend	9%	9%	→ 0%	Education or tuition reimbursement	45%	41%	↓ -4%
Unpaid sabbatical	6%	6%	→ 0%	Ability to work from home	57%	53%	↓ -4%
Pension	14%	13%	↓ -1%	Fixed holiday schedule	63%	57%	↓ -6%
Travel benefits/perks for frequent travelers	7%	6%	↓ -1%				

(Multiple answer choices allowed)

Confidence in total rewards

In our survey, we asked participants on a scale of one to five how confident they are in their current total rewards package being effective at attracting and retaining talent. Overall, 55 percent of organizations selected either 'Fairly confident' or 'Very confident,' which is a 7 percent increase over last year. Top-performing organizations are even more confident at 65 percent, which also exceeds last year (53 percent).

On a scale of 1–5, how confident are you in your current total rewards packages being effective at attracting and retaining talent?

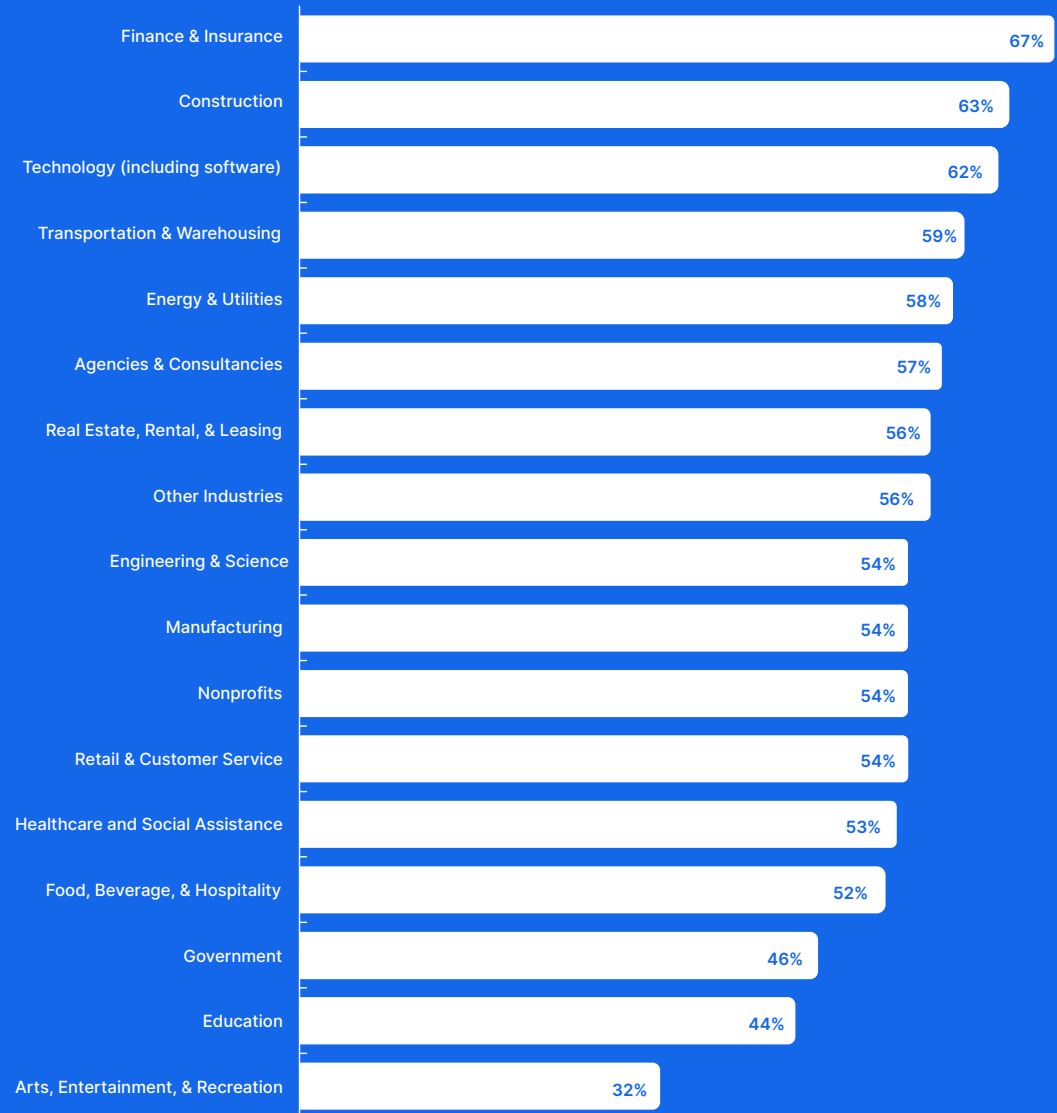




Interestingly, there is almost no change in the percentage of confident organizations by size. However, there are considerable differences by industry. Finance & Insurance, Construction, and Technology stand out as the sectors most confident in their total rewards packages while Government, Education, and Arts, Entertainment, & Recreation were least confident.

On a scale of 1–5, how confident are you in your current total rewards packages being effective at attracting and retaining talent?

Fairly confident or very confident



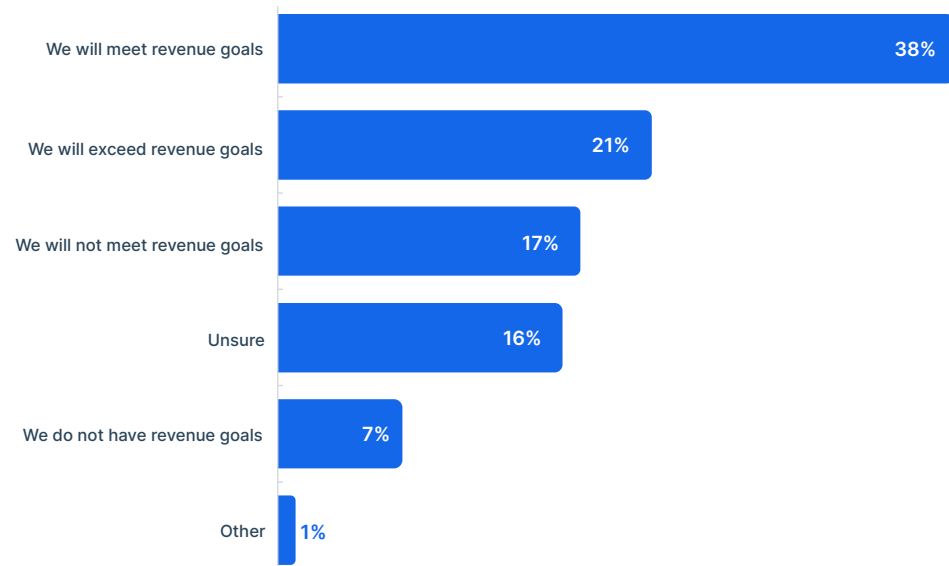
Methodology and firmographics

The 2024 Compensation Best Practices survey gathered 5,735 responses from November–December 2023 with a completion rate of 55 percent.

Top-performing organizations

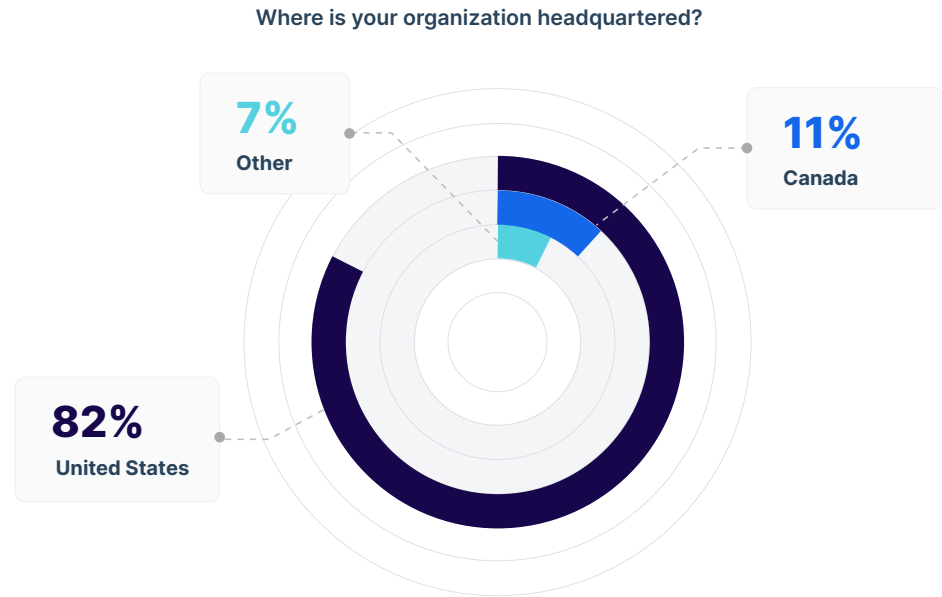
Top-performing organizations are defined as those who exceeded their revenue goals in 2023 based on a self-selected answer choice in the survey. In this year's study, 21 percent of respondents fit this criterion, which is slightly below last year (25 percent).

Will your company meet its overall revenue goals for the year?

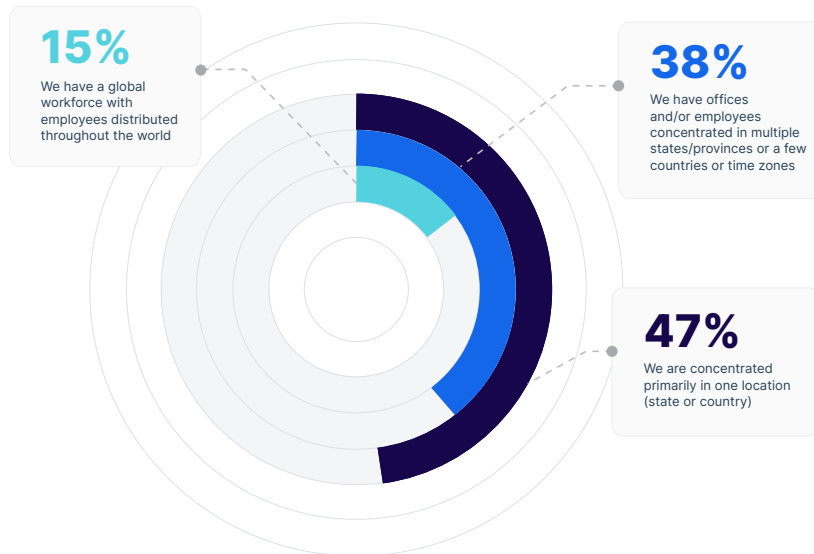


Location headquarters

Respondents to this year's survey were predominantly in the United States (82 percent), with 11 percent in Canada and the rest from other countries, with no other country representing more than one percent.



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



Geographic distribution

This year, we asked participants to define how their workforce is concentrated or distributed across locations. Responses were similar to last year, with 47 percent of organizations concentrated in one location, 38 percent spread out across a few locations, and 15 percent global organizations with employees located across the world.

How many full-time employees are in your organization?

30%

1-99
employees

29%

100-749
employees

21%

750-4,999
employees

7%

5,000-9,999
employees

8%

10,000-49,999
employees

4%

50,000 or more
employees

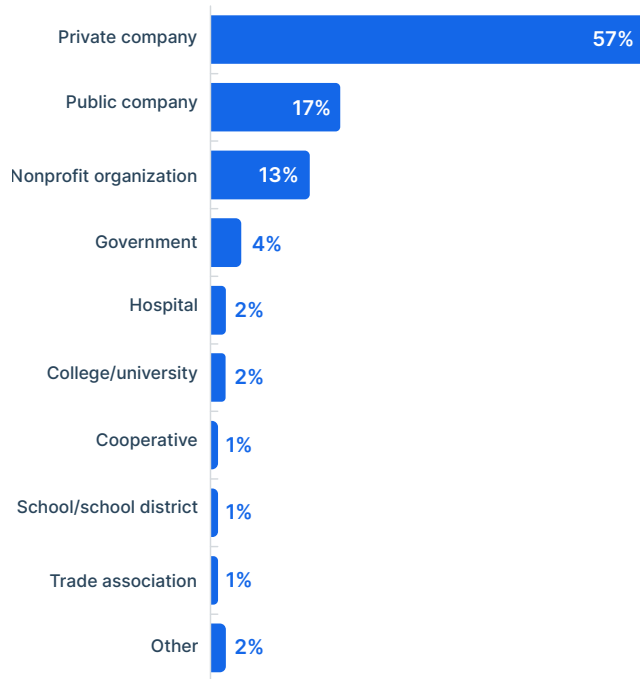
Organization size

We separated out six organizational sizes for comparison, with 30 percent of respondents representing those with fewer than 100 employees and 4 percent over 50,000 employees.

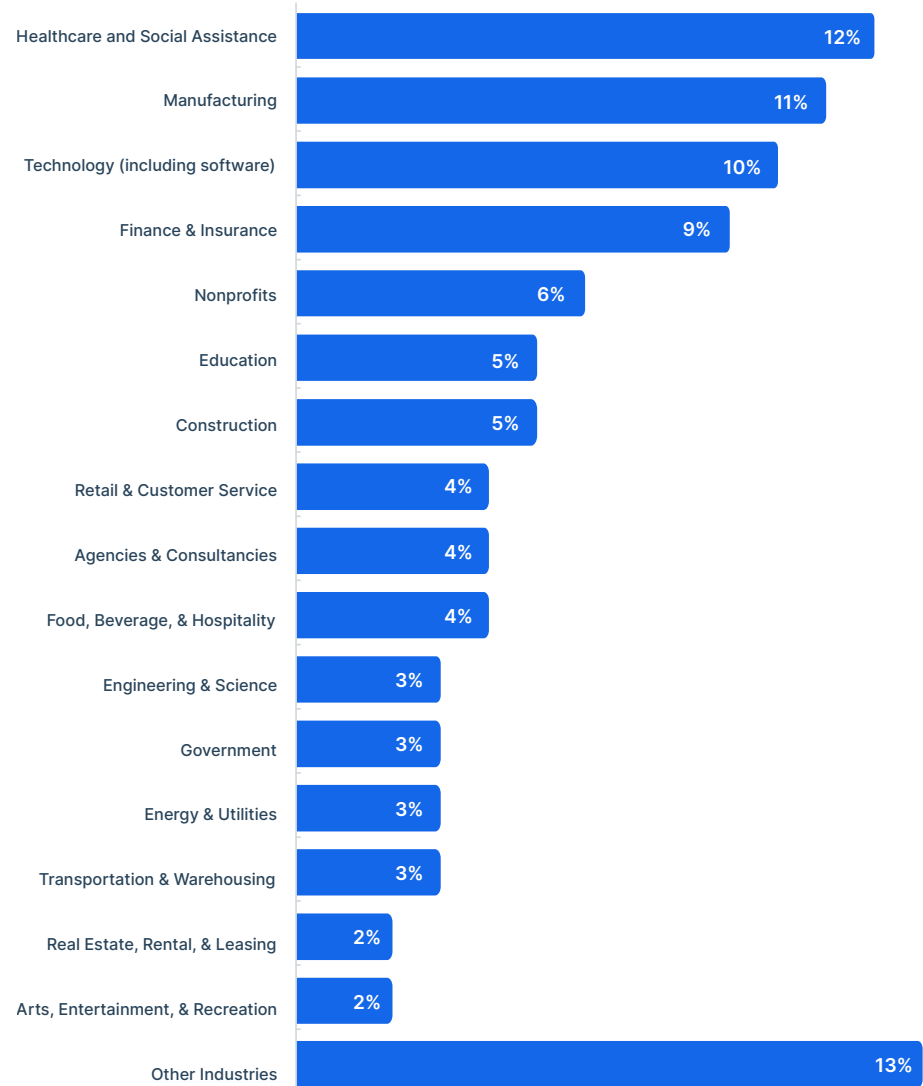
Industry and organization type

The top industries represented in the survey are Healthcare & Social Assistance (12 percent), Manufacturing (11 percent), Technology (including software) (10 percent), and Finance & Insurance (9 percent). In terms of organization type, most respondents were either from a private company, public company, or nonprofit, but we also have respondents from government, schools, colleges/universities, hospitals, cooperatives, and trade associations.

Which of the following best describes your organization?



What is your primary industry?

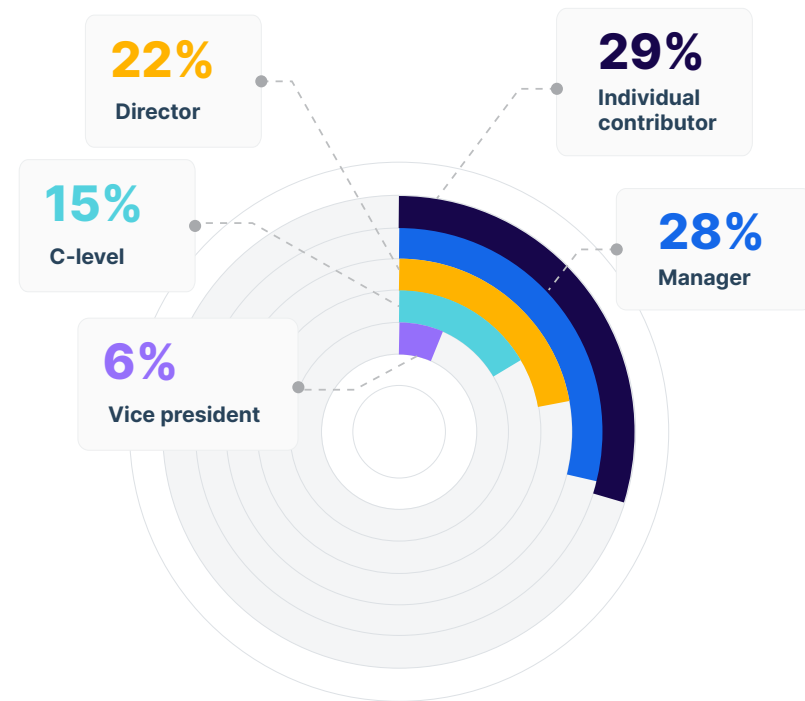


Job level

Respondents were a mix of job levels this year. Managers or directors made up half of respondents at 50 percent combined. Executives made up 21 percent of respondents with VPs and C-suite positions combined. Individual contributors made up 29 percent of respondents.



What is your job level?



Roles

Our respondents play a variety of roles in the compensation process, including reviewing and making pay-increase recommendations (58 percent), completing comp market studies (45 percent), creating or managing job descriptions (63 percent), selecting data sources (50 percent), using compensation software to manage pay (32 percent), and more.

What role(s) do you play in compensation?

(Multiple answer choices allowed)



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 to make sustainable fair pay a reality. Empowering more than 50 percent of the Fortune 500 in 198 countries, Payscale provides a combination of diverse and dynamic data sources, experienced compensation services, and scalable software to enable organizations such as Angel City Football Club, Target, United Healthcare, Gainsight, eBay, and The Washington Post to make fair and appropriate pay decisions.



Pay is powerful™

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