

PULSE SURVEY:

COMPENSATION TRENDS





Compensation approaches are becoming more dynamic than ever given the expansion of remote work, emergence of global roles, talent shortages, and more. This complexity is creating unprecedented challenges in how companies are determining competitive compensation packages to attract and retain the best employees.

In the face of current economic factors, one-quarter of organizations are planning to change their overall compensation philosophy.

The foundation of many compensation approaches is cost of labor survey data, which helps in understanding past trends for typical compensation levels. However, in this dynamic environment, additional inputs are needed to help address new pressures on compensation levels. Of the participants, **56% reported an increase in the use of inflation data** and **46% reported an increase of cost of living data in determining compensation levels.**

In the current state, companies are still reconciling how to pay employees working remotely and whether to adjust pay based on location. There doesn't seem to be a compelling trend yet towards creating a separate salary structure just for remote workers. While some respondents predict there will be a trend toward more geo-differentiated structures, others predict a move toward more national compensation approaches.

Beyond remote work, the talent shortage in general is having a profound impact on how companies fill roles. Broadening

the pool of candidates means sourcing talent from potentially anywhere or allowing the workforce to become more distributed. This is causing questions about pay equity, not just domestically, but also globally with **39% of respondents predicting that future global salary structures will be set considering pay equity between countries.**

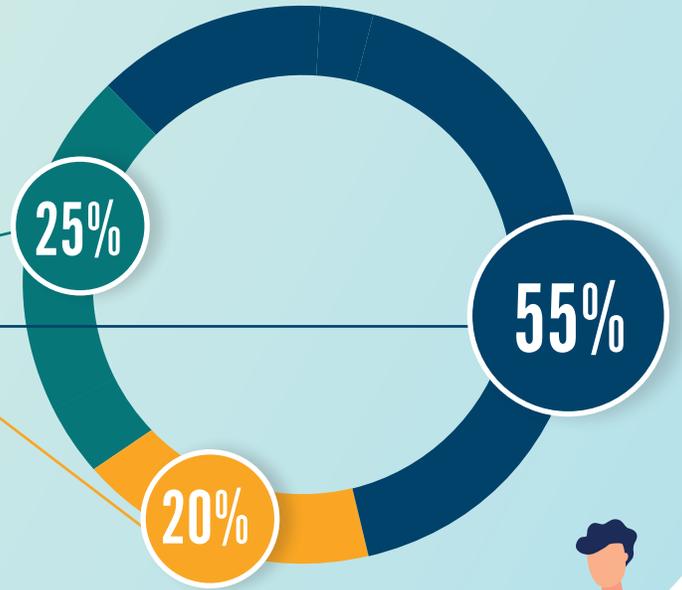
With all these factors at play, relying on a single source of data when setting compensation is no longer sufficient. Compensation practitioners are turning to multiple resources to understand the impact of things like cost of living and wage inflation in addition to cost of labor. Layered on top of these considerations are concerns of pay equity and wage transparency. For companies with an increasingly distributed workforce, there's a greater need to approach compensation with a global mindset.

This is an exciting time in the world of compensation. Despite the complexities – or perhaps because of them – organizations are examining their compensation philosophy and evaluating new and innovative ways to determine pay.

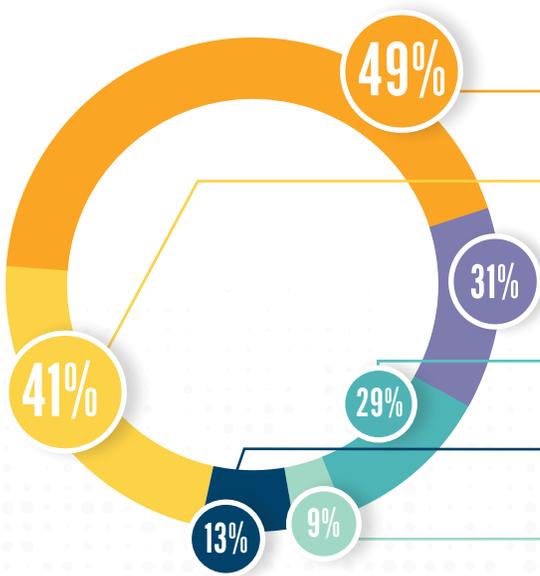


1 Is your organization planning to change its overall compensation philosophy in the coming year?

	RESPONSE #	%
Yes	20	25%
No	43	55%
Unsure	16	20%
Total Responses	79	100%



2 If so, what factors are causing your organization to potentially change its compensation philosophy? Select all that apply.



	RESPONSE #	%
N/A, we're not looking to change our compensation philosophy	33	49%
Talent shortages	28	41%
Remote work	21	31%
Inflation	20	29%
ESG considerations	9	13%
Other	6	9%
Total Responses	117	

3 Has your use of the following data sources for compensation increased, decreased, or remained the same in the past year?

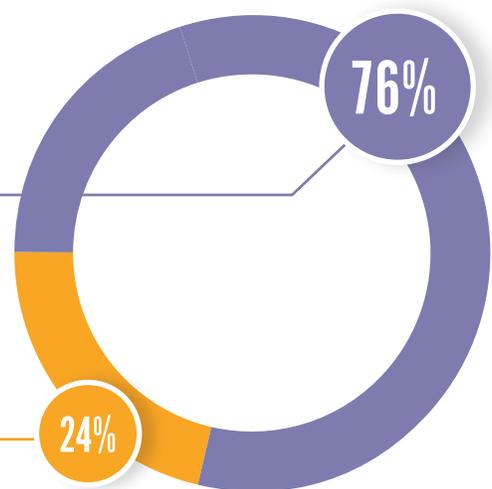
	INCREASED	DECREASED	REMAINED THE SAME	N/A
Inflation data	56%	0%	38%	6%
Cost of labor	54%	1%	41%	4%
Cost of living	46%	0%	48%	6%



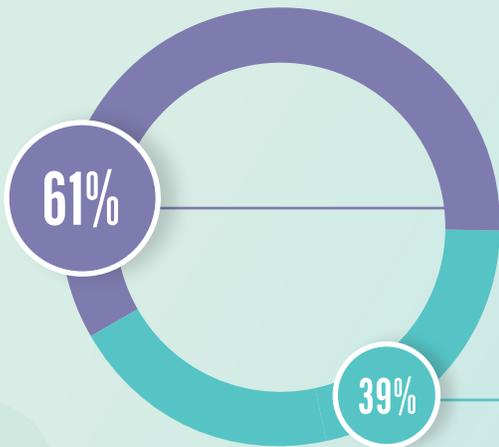
4 In general, what's your prediction for U.S. compensation in the future?



	RESPONSE #	%
The trend will be towards increased variation across the nation (e.g., multiple, geo-differentiated salary structures)	54	76%
The trend will be towards uniform salaries across the nation (e.g., one national structure rather than geo-differentiated salary structures)	17	24%
Total Responses	71	100%



5 In general, what's your prediction for global compensation in the future?



	RESPONSE #	%
Salary structures will be set for each country with little or no consideration for pay equity in relation to other countries	46	61%
Salary structures will be set for each country taking into consideration pay equity in relation to other countries	29	39%
Total Responses	75	100%

U.S. DOMESTIC COMPENSATION

6 What's your current approach to setting salary structures in the U.S.?

We have several salary structures based on geographic differentials



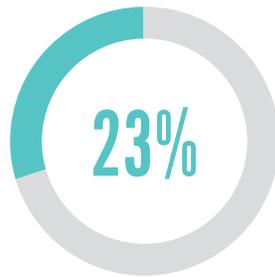
Response Number: 24

We have one, national salary structure with no geographic differentials



Response Number: 18

We have one, national salary structure but pay a separate geographic adjustment



Response Number: 14

Other



Response Number: 6

7 What SHOULD be your approach for setting salary structures in the U.S.?

We should have several salary structures based on geographic differentials



Response Number: 22

We should have one, national salary structure but pay a separate geographic adjustment



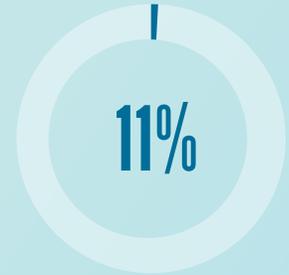
Response Number: 22

We should have one, national salary structure with no geographic differentials



Response Number: 12

Other

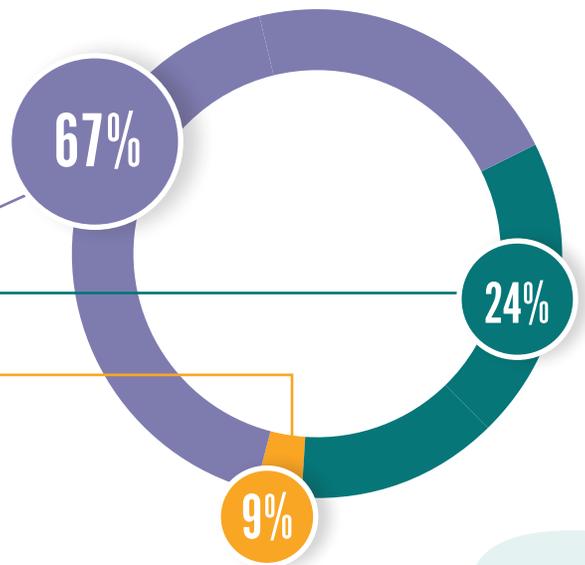


Response Number: 6

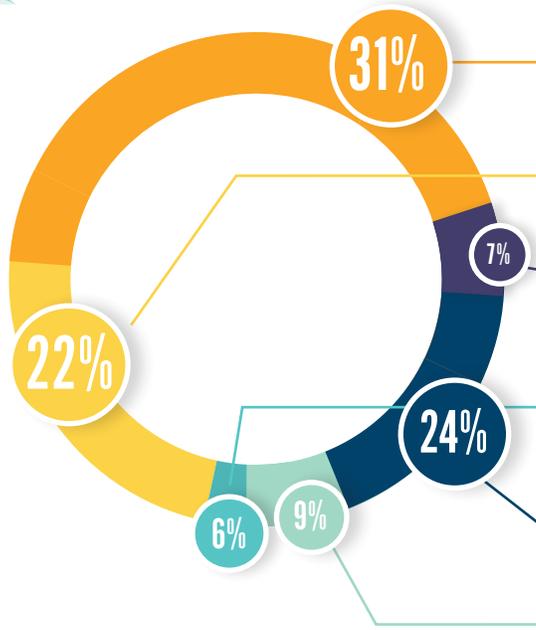


8 Are you considering developing (or have already developed) a separate salary structure for remote workers in the U.S.?

	RESPONSE #	%
No	44	67%
Unsure	16	24%
Yes	6	9%
Total Responses	66	100%



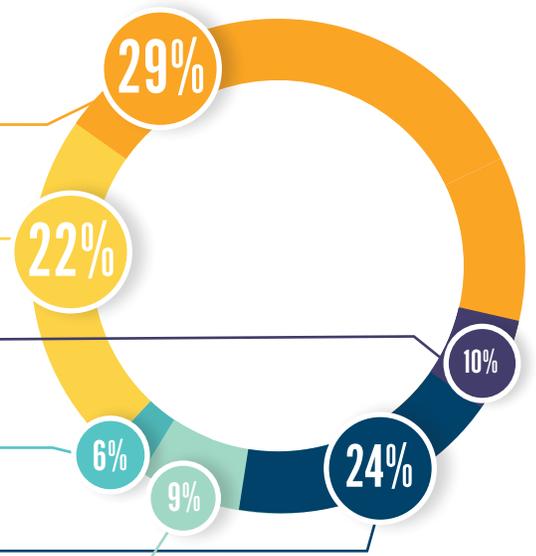
9 If an existing employee requests to work remotely in a lower-cost location, what is your approach?



	RESPONSE #	%
No change to their salary, we have a national salary structure	21	31%
We have a geo differential approach to pay, but we keep the salary the same and red circle it	15	22%
We have a geo differential approach to pay, but all remote workers receive a national rate of pay	5	7%
We have a geo differential approach to pay and decrease the salary	4	6%
N/A, we don't have employee-requested remote work	16	24%
Other	6	9%
Total Responses	67	100%

10 If an existing employee requests to work remotely in a higher-cost location, what is your approach?

	RESPONSE #	%
No change to their salary, we have a national salary structure	20	29%
We have a geo differential approach to pay, but we keep the salary the same	15	22%
We have a geo differential approach to pay and increase the salary	7	10%
We have a geo differential approach to pay, but all remote workers receive a national rate of pay	4	6%
N/A, we don't have employee-requested remote work	16	24%
Other	6	9%
Total Responses	68	100%



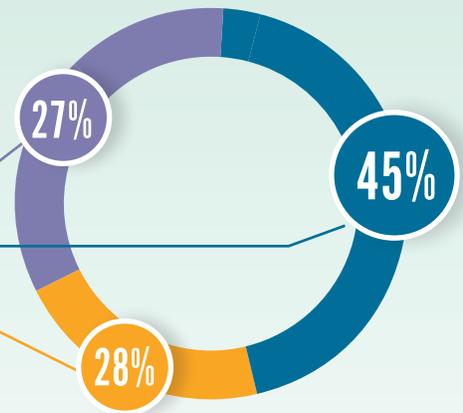
11 If you recruit an external hire who performs their role remotely, what is your compensation approach?

	Response #	%
We have a national salary structure	18	26%
We have a geo differential approach to pay and they receive the pay for the location in which their role sits	14	21%
We have a geo differential approach to pay and they receive the pay for the location in which they live	13	19%
We have a geo differential approach to pay, but all remote workers receive a national rate of pay	5	7%
N/A, we don't have external hires performing remote work	15	22%
Other	3	4%
Total Responses	68	100%

GLOBAL COMPENSATION

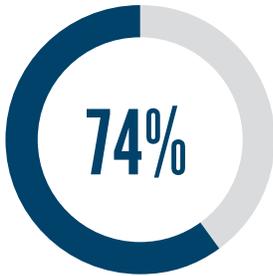
12 Are you concerned about pay equity on a global basis?

	RESPONSE #	%
Yes	20	27%
Somewhat	34	45%
No	21	28%
Total Responses	75	100%



13 When an existing employee moves from one country's salary structure to another, what factors do you take into consideration when determining their pay? Select all that apply.

Local market rates of compensation only



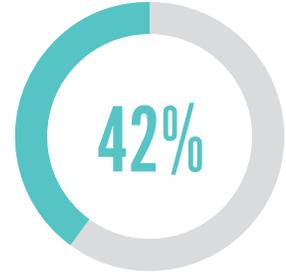
Response Number: 54

Cost of living differences



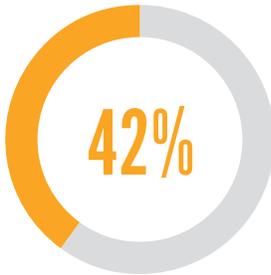
Response Number: 40

Income tax differences



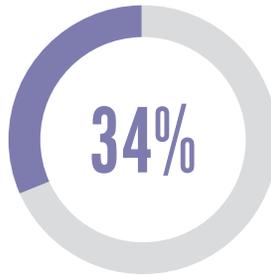
Response Number: 31

Housing differences



Response Number: 31

Exchange rate conversions



Response Number: 25

Other



Response Number: 11

14 If you have an employee sitting in one country but performing a job role for another country, or a global role, what is their rate of pay?

	Response #	%
Local rate of pay	52	70%
HQ rate of pay	6	8%
Global rate of pay	4	5%
N/A, we don't have this situation	9	12%
Other	3	4%
Total Responses	74	100%

SURVEY PARTICIPANTS

79 LEADING COMPANIES

participated in the survey.

Top industries represented

11%

Consumer Goods



10%

Automotive & Manufacturing



11%

Tech



10%

Oil/Gas & Energy Services



10%

Financial & Professional Services

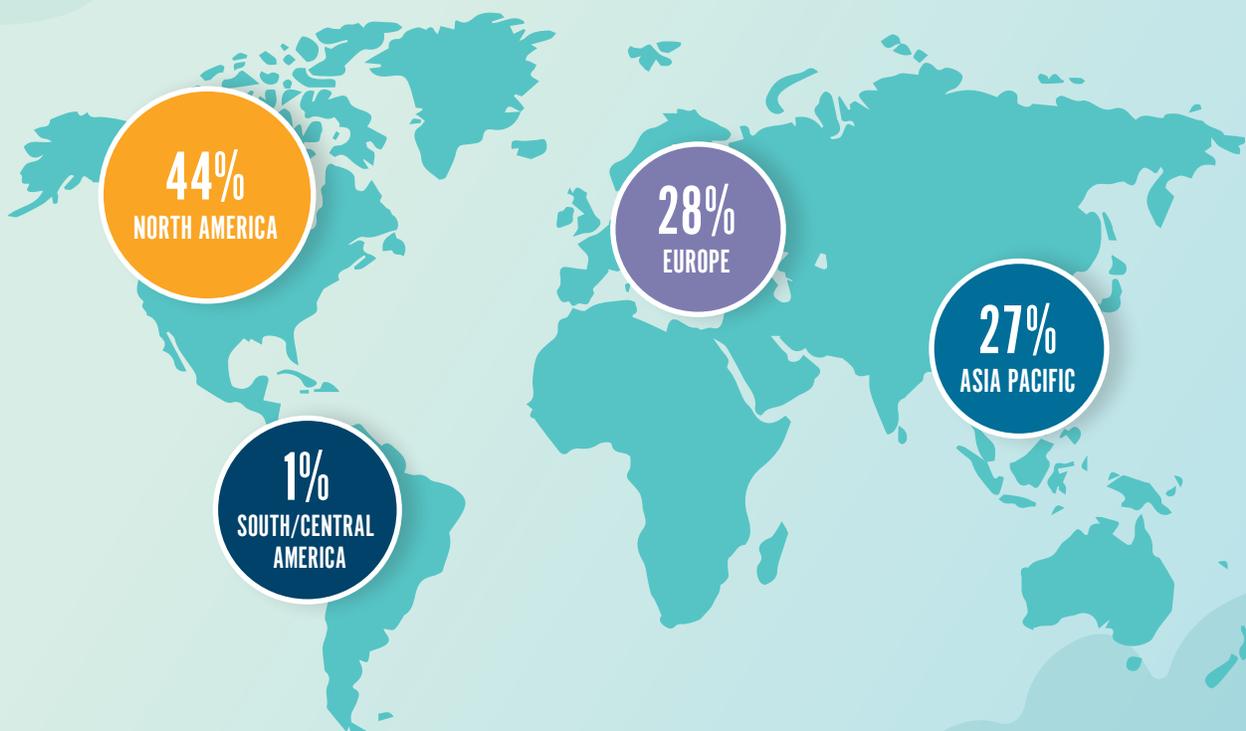


8%

Apparel/Retail



Headquarters Region



Partial list of participating companies:

ACG World	Fiskars Group	PTTEP
Air New Zealand	Fortive Corporation	Red Hat Inc
AlixPartners	H&H Group	REV Group Inc.
Allbirds Inc.	IMS Nanofabrication GmbH	RTI International
Allegion	ISS World Services A/S	Sime Darby Auto Bavaria Sdn Bhd
American Bureau of Shipping	John Deere Brasil	Sims Metal Management Limited
Appian	Kellogg	SunRice
argenx	Kreditanstalt für Wiederaufbau	Swiss Re
Aurecon	Mandarin Oriental Hotel Group	The Aerospace Corporation
Baker McKenzie	Mavenir Systems Inc	The Manitowoc Co.
BAT	MCR Consulting	TRILITY Group
Bayer corp	Merck KGaA, Darmstadt, Germany	University of Phoenix
BD - Becton Dickinson	Molson Coors	UOB Limited
Bechtel	Morningstar India	URC
BetMGM	Neovia Logistics	WEC Energy Group
BrandSafway	Oil Search	Welltec A/S
Collabora	OMV Aktiengesellschaft	
Commerzbank AG	Ontario Teachers Pension Plan	
CPF	O'Reilly Auto Parts	
Designer Brands Inc	Petroliam Nasional Berhad	
Equinor	PMI	
FactSet	Primark	
Farfetch		

