

FULL REPORT

SEPTEMBER 2021

COMPENSATION PROGRAMS AND PRACTICES



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ABOUT WORLDATWORK

WorldatWork is the leading global nonprofit organization for professionals engaged in the critically important practice of Total Rewards. We serve those who are responsible for cultivating inspired, engaged, productive, and committed workers in effective and rewarding workplaces. We guide them in the design and delivery of Total Reward programs with our education and certification; idea exchange; thought leadership; knowledge creation; information sharing; research; advocacy; and networking.

CONNECT WITH US



OUR METHODOLOGY

WorldatWork invited its broader membership and customer base to participate in an electronic survey on base and variable compensation programs, policies and practices. A total of 920 responses were received, representing organizations of different sizes and across multiple industries.

Email invitations were sent directly to participants on 04/26/2021 and results were collected over a 15-day period. The survey has a 3% overall margin of error at a confidence level of 95%. Sample sizes vary by question.



KEY FINDINGS

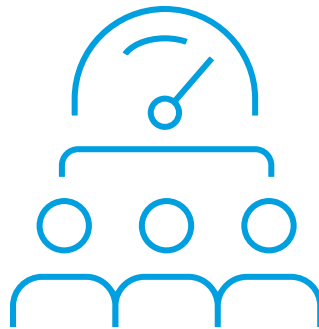


KEY FINDING

NO. 1

RATING-LESS PERFORMANCE REVIEWS ARE ON THE RISE IN 2021

The vast majority of organizations continue to vary base pay increases between top and bottom performers. Moderate variation (1.5 times average base pay increases for top performers) has dominated over the past several years and continues to be the most prevalent degree of variation in 2021 (39%), though is losing ground to the rise in base pay increases that aren't based on performance. This year, 12% of organizations are determining base pay increases on something other than individual performance, a 10% spike from 2018.



ALSO OF NOTE:

- Organizations most often use three to five performance rating levels.
- Employees are typically distributed on the performance scale with a bell shaped distribution around the middle or skewed toward higher performance ratings. There was a spike in organizations not tracking this information.

KEY FINDING

NO. 2

MOST ORGANIZATIONS INDICATE THEY ARE PAYING HIGH ENOUGH ABOVE STATUTORY MINIMUM WAGE RATES TO HAVE NOT BEEN IMPACTED BY ANY MINIMUM WAGE INCREASES WITHIN THE PAST 24 MONTHS

ALSO OF NOTE:

- When organizations adjust for minimum pay rate increases, the majority of those setting at statutory minimum wage alter on the mandated date while those setting above do so ahead of the mandated date all at once.
- For those setting their pay rates above the minimum wage, 63% set a rate independent of a defined relationship to the minimum wage.

41%

of organizations reported having jobs paid at or near legal minimum wage requirements, and of those, over half (56%) reported being impacted by statutory minimum wage increases in the last 24 months.



KEY FINDING

NO. 3

RECOGNITION AND BONUSES LEAD THE WAY IN THE TYPES OF VARIABLE PAY PLANS USED

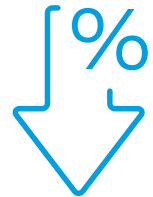
ALSO OF NOTE:

- Most organizations with variable pay programs share more than minimal pay-related information with employees.
- The information shared is often an employee's variable pay target opportunity or range (64%) and information regarding the design of the variable pay program (51%).



Use of individual incentives jumped from 40% in 2018 to 59% in 2021, a level of usage not seen since 2012 and possibly suggesting the interference of broader economic issues.

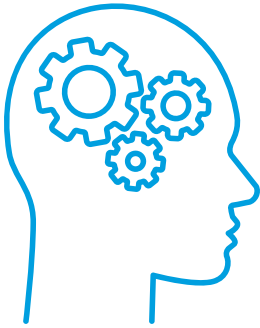
Performance sharing plan use saw a 23% decrease from 2018.



KEY FINDING

NO. 4

MAJORITY OF EMPLOYEES ARE NOT THOUGHT TO UNDERSTAND THE COMPENSATION PHILOSOPHY



Despite the vast majority of companies having either a written or unwritten compensation philosophy, organizations feel that their employees lack comprehension of it with 41% saying most of their employees do not understand.

Despite the vast majority of companies having either a written or unwritten compensation philosophy, organizations feel that their employees lack

ALSO OF NOTE:

- When information about the pay program is communicated, it is most often through individual discussions with supervisors, although dropping this year, giving rise to less formal approaches like emails or found on the company website (e.g. intranet, HR system).

COMPENSATION PHILOSOPHY

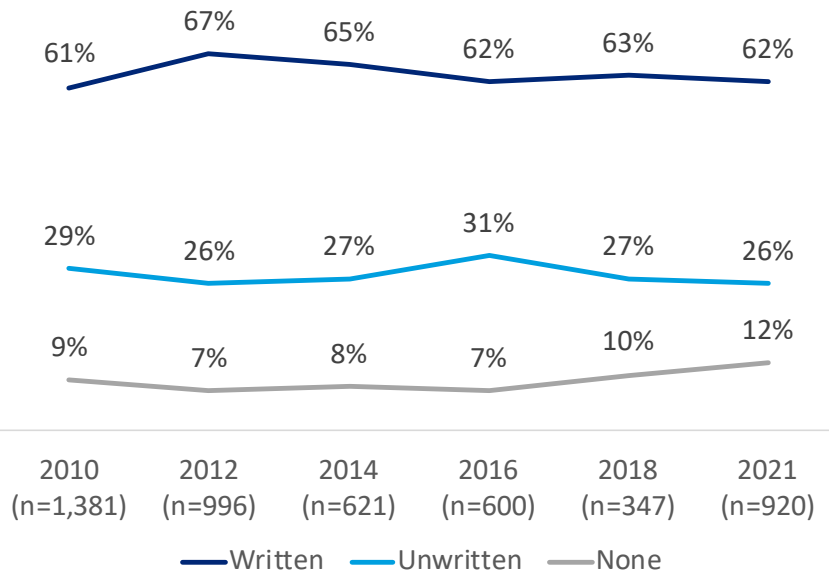


COMPENSATION PHILOSOPHIES

QUESTION

Does your organization have a compensation philosophy for paying employees?

RESULTS



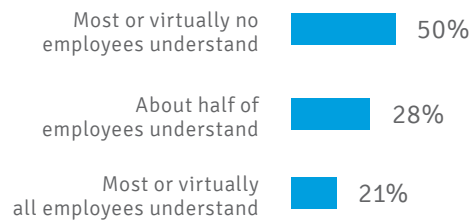
Compensation philosophies have remained relatively flat over the years.

QUESTION

To what extent do you think employees understand your organization's compensation philosophy?

n=811

RESULTS

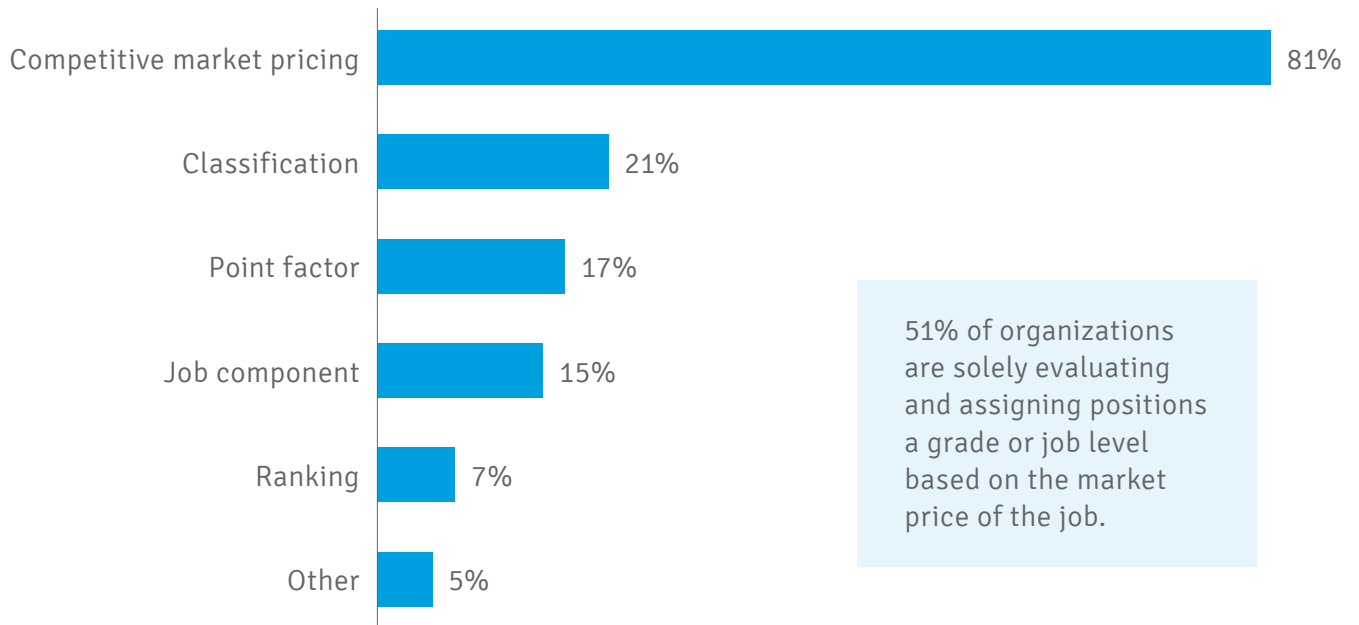


RELATIVE VALUE OF JOBS

QUESTION

How does your organization determine the relative value of jobs (i.e. job evaluation method)? Please select all that apply.

RESULTS



n=890



DETERMINATION OF BASE PAY INCREASES

QUESTION

For each of the following employee groups, how are base pay increases typically determined? Please select all that apply.

RESULTS

	Collective bargaining/ works council regulated	Clerical/ technical/ operational	Professional/ management	Officers/ executives
n=	320	780	820	790
Educational/certifications	8%	10%	12%	8%
General increase	68%	21%	16%	13%
Individual performance against job standards	19%	72%	73%	66%
Individual performance against MBOs	3%	22%	29%	39%
Market value of the position	11%	51%	54%	56%
Position in range	13%	55%	58%	46%
Skill or competency acquisition	11%	19%	19%	13%
Years of service	23%	10%	9%	7%

See the following pages for topline results (45).



VARIABLE PAY



TYPES OF VARIABLE PAY PLANS

QUESTION

Does your organization use variable pay (not including sales commission plans)?

RESULTS



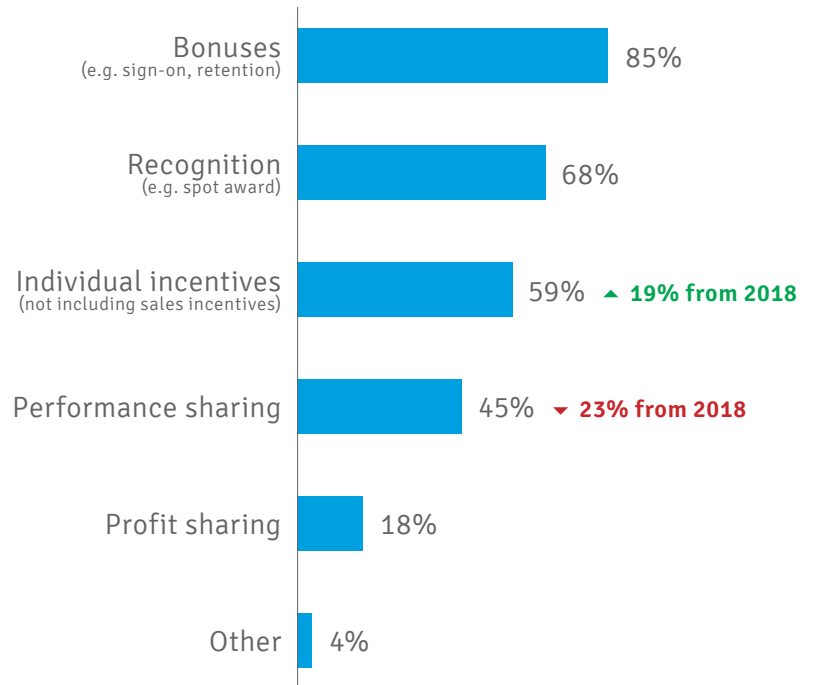
n=823

See the following pages for topline results (47-48).

QUESTION

Which of the following types of variable pay plans does your organization use for some or all employees? Please select all that apply.

RESULTS



n=632



PERFORMANCE MANAGEMENT

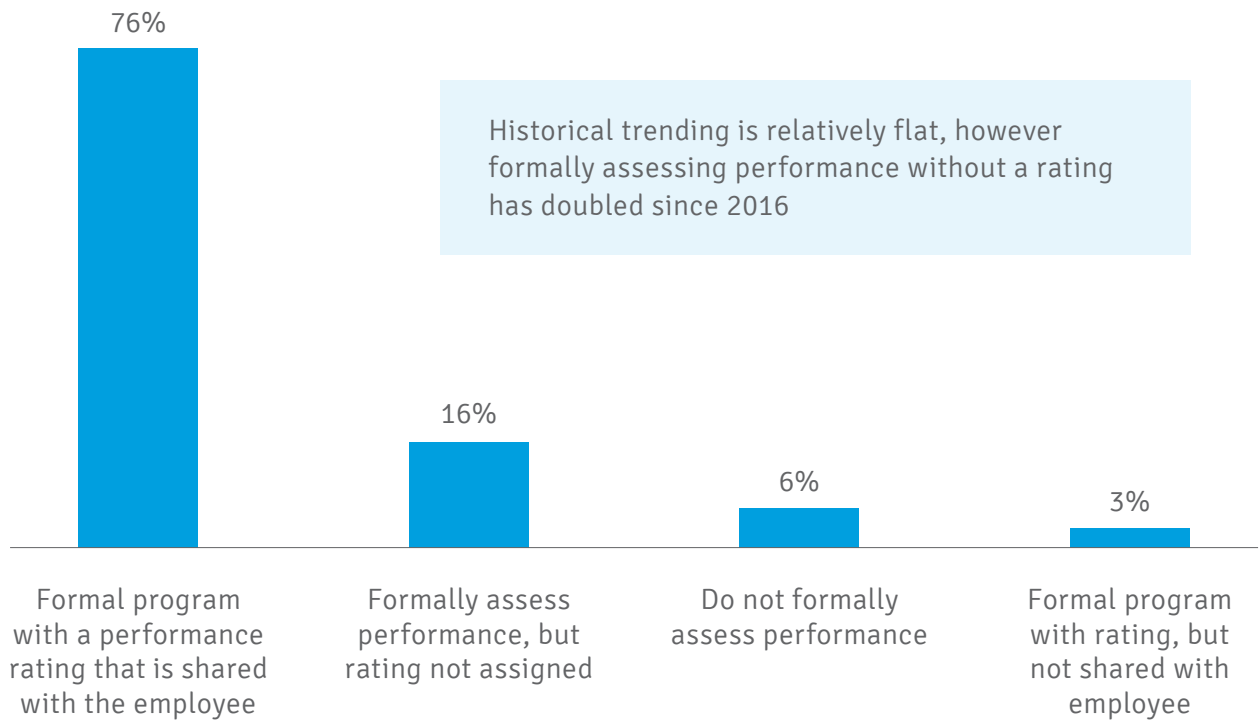


FORMAL EMPLOYEE PERFORMANCE MANAGEMENT PROCESS

QUESTION

Which of the following best describes your organizations formal employee performance management process?

RESULTS



n=812

See the following pages for topline results (49).



USE OF RANKING EMPLOYEES BY PERFORMANCE

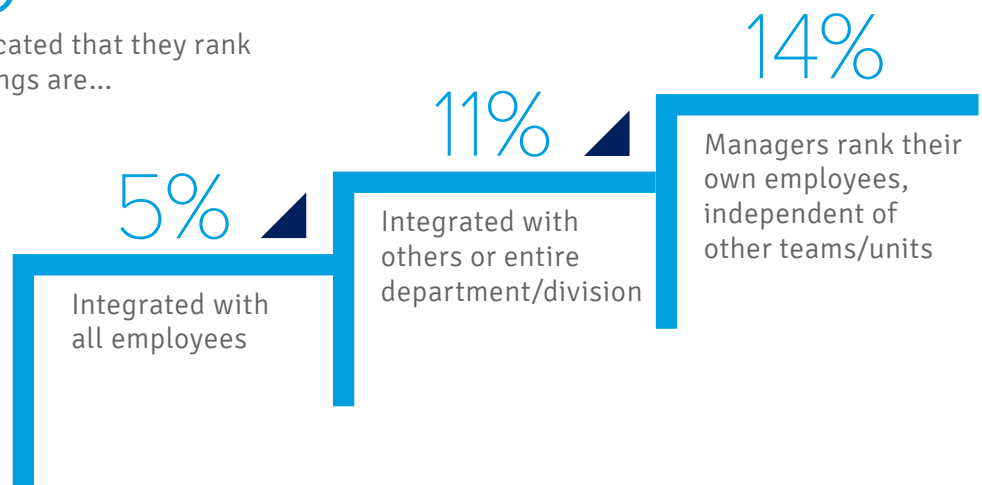
QUESTION

Does your organization rank employees based on performance?

RESULTS

30%

of organizations indicated that they rank employees and rankings are...



n=812

See the following pages for topline results (50).

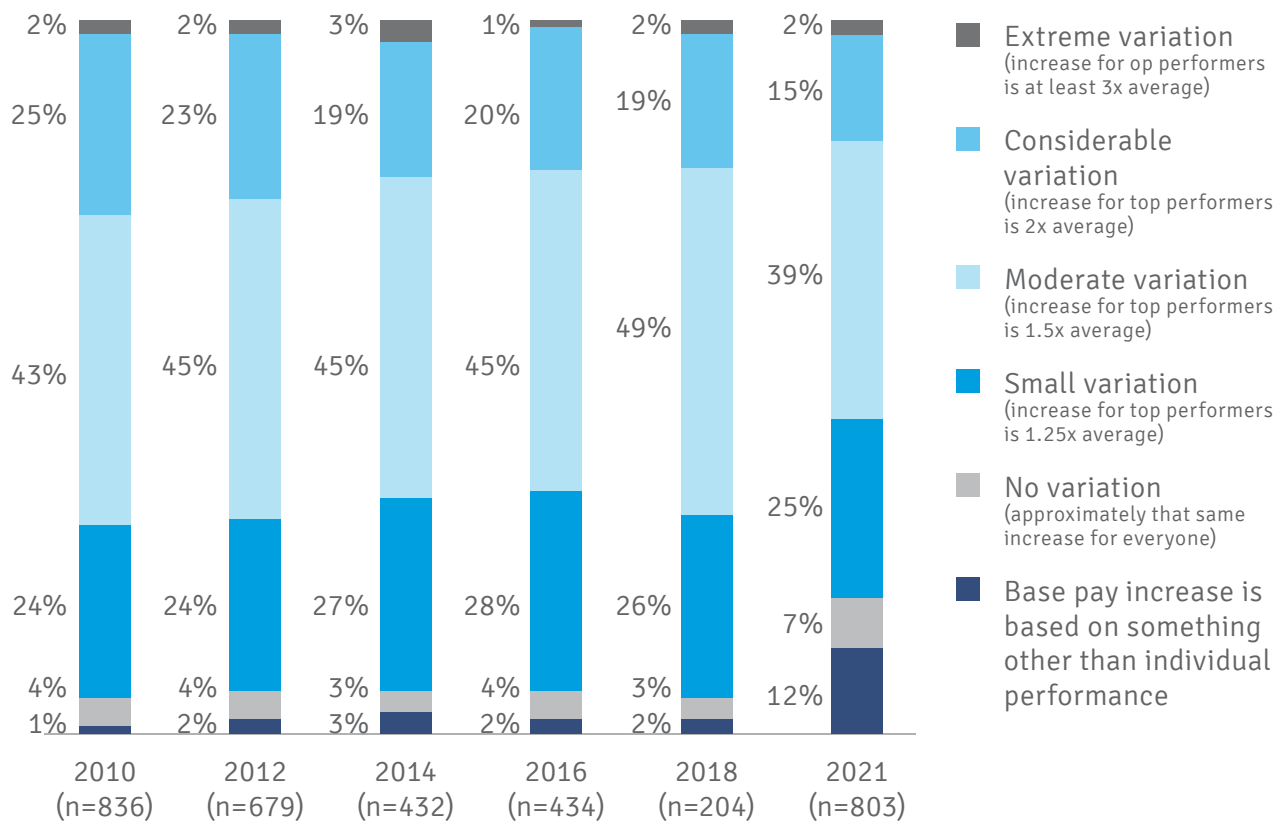


VARIATIONS IN BASE PAY INCREASES BASED ON PERFORMANCE

QUESTION

If pay increases are based on performance, which of the following best describes the variance plan between top performers and bottom performers?

RESULTS



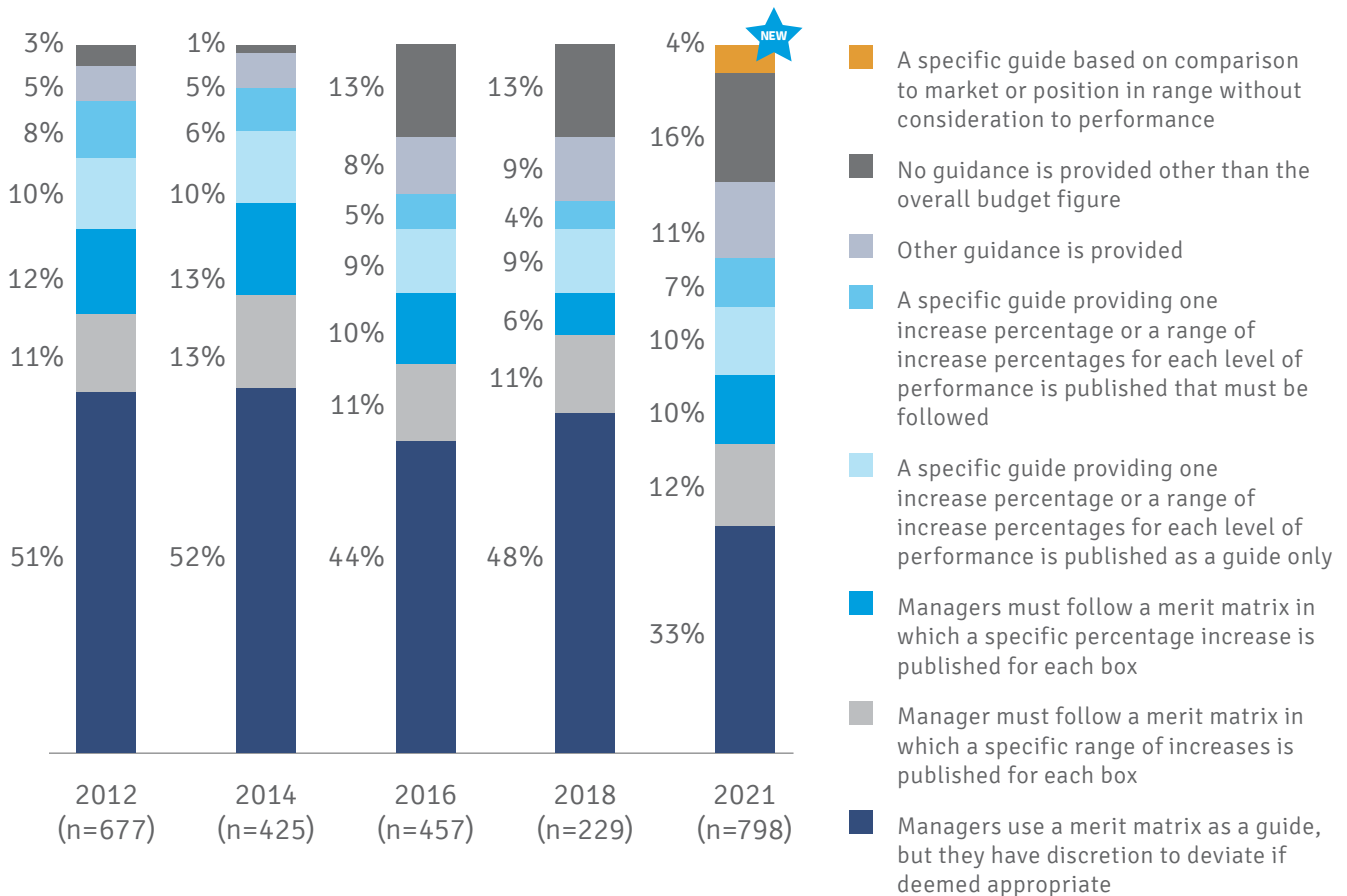
See the following pages for topline results (52).



METHOD FOR DETERMINING BASE PAY INCREASE BASED ON PERFORMANCE

QUESTION

Which of the following methods for determining the actual salary increase does your organization primarily use?



See the following pages for topline results (53).

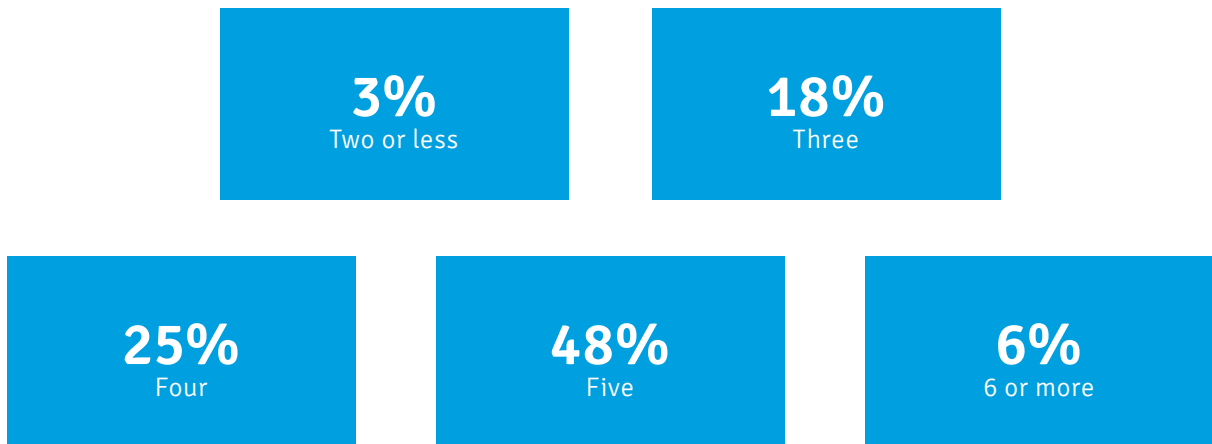


NUMBER OF PERFORMANCE LEVELS USED TO ASSESS INDIVIDUAL PERFORMANCE

QUESTION

How many performance ratings levels/categories are used when assessing individual performance? Please do not include levels such as “too new to rate” or “new hire.”

RESULTS



n=626

See the following pages for topline results (54).

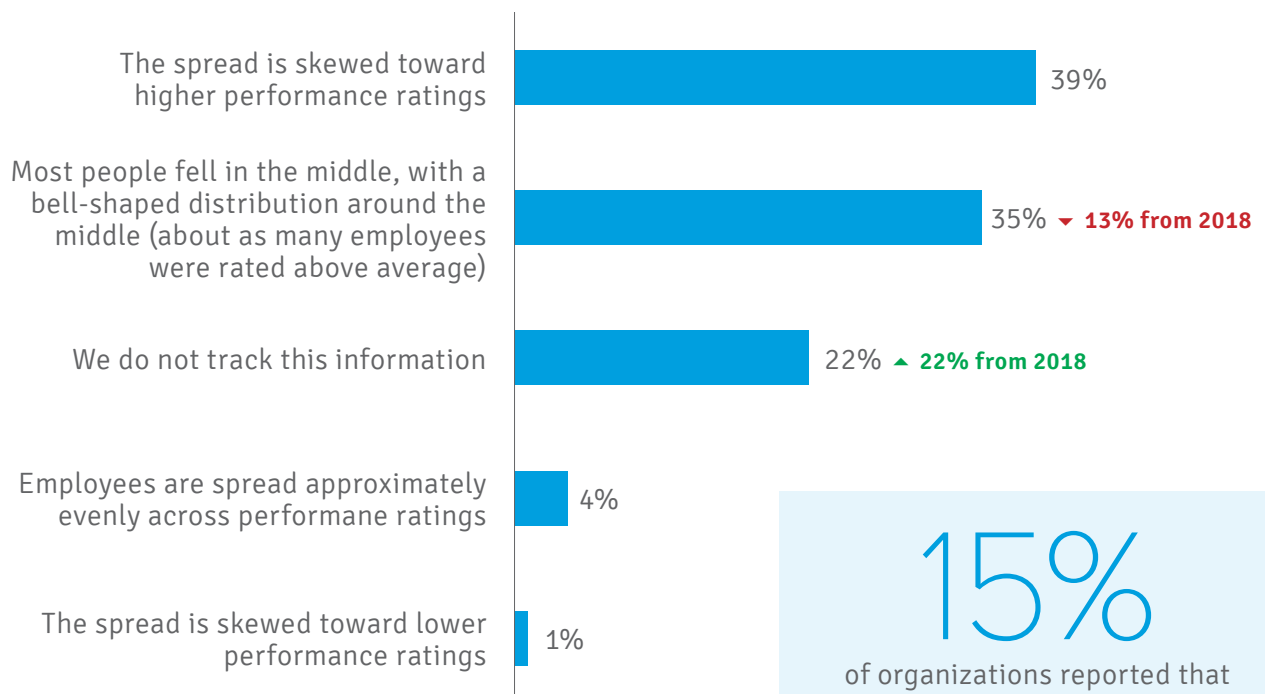


DISTRIBUTION OF EMPLOYEES ACROSS PERFORMANCE CATEGORIES

QUESTION

Thinking about the last performance evaluation period, how were your organization’s employees distributed on the performance scale?

RESULTS



15%
of organizations reported that they canceled performance evaluations due to the global pandemic impact.
(n=797)

n=681

See the following pages for topline results (55-56).



BASE PAY STRUCTURE



FORMAL BASE PAY STRUCTURES

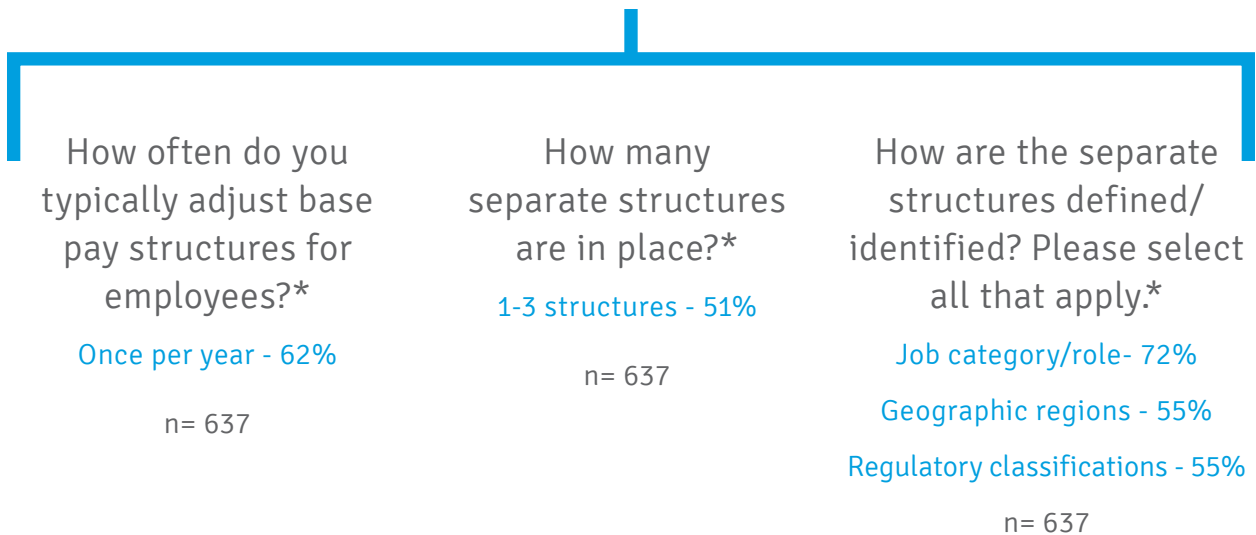
QUESTION

Does your organization use a formal base pay structure(s)?

RESULTS

81%

Yes
n= 797



*Full question breakdown is available in topline results pages 59-62.

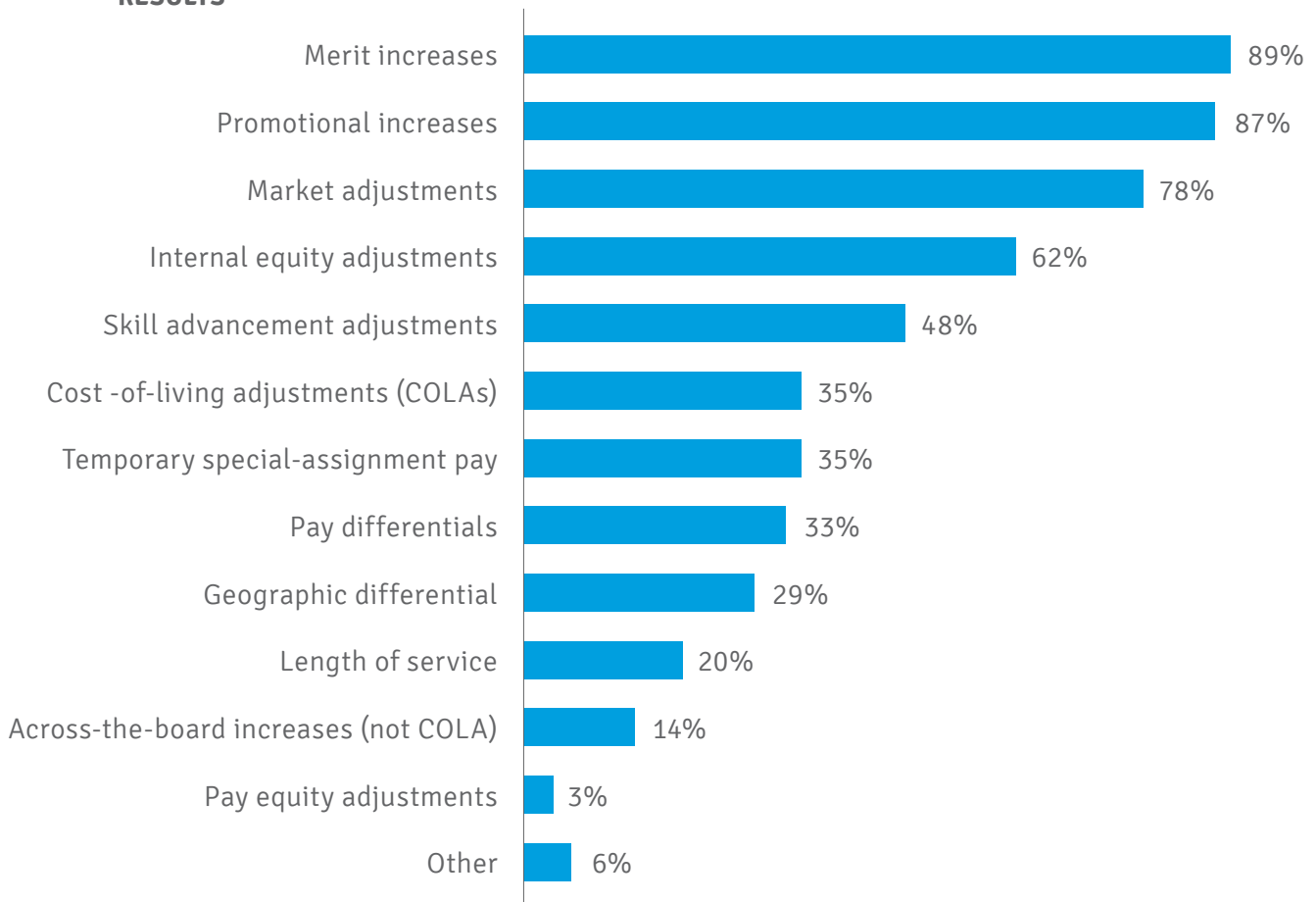


TYPES OF PAY INCREASES AND/OR ADJUSTMENTS AWARDED

QUESTION

What types of base pay increases and/or adjustments does your organization award to some or all employees? Please select all that apply.

RESULTS



n=770

See the following pages for topline results (66).



MINIMUM WAGE

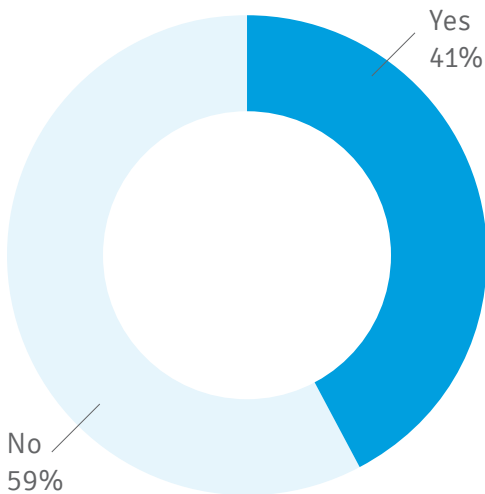


MINIMUM WAGE

QUESTION

Does your organization have jobs paid at or near statutory (national/regional/local) minimum wage rates?

RESULTS

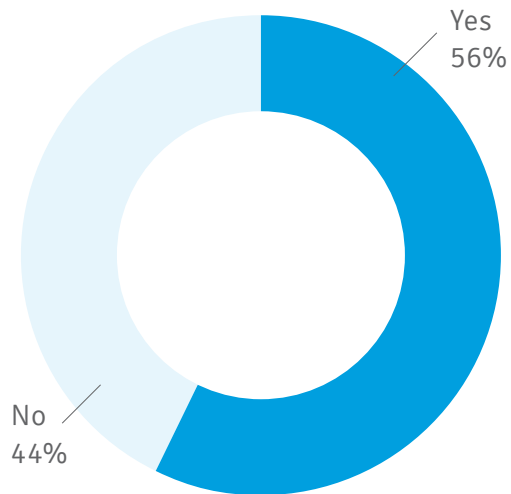


n=770

QUESTION

Has your organization been impacted by statutory (national/regional/local) minimum wage increases within the past 24 months?

RESULTS



n=315

See the following pages for topline results (68-67).

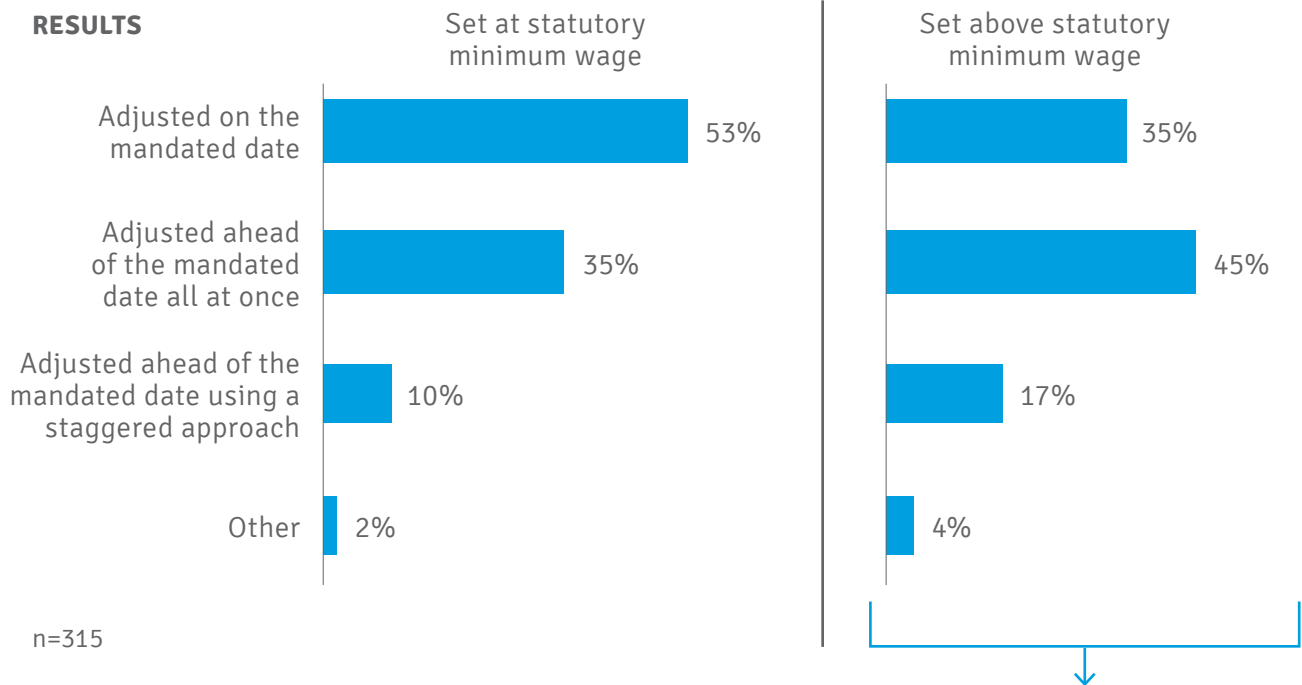


MINIMUM PAY RATE ADJUSTMENTS

QUESTION

When does your organization adjust entry/starting-level minimum pay rates for the following:

RESULTS



QUESTION

What is your organization's philosophy to set minimum pay rates above statutory minimum wage?

n=177

- 63% independent rate
- 14% percentage above minimum wage
- 14% set dollar amount
- 10% other

See the following pages for topline results (69-70).

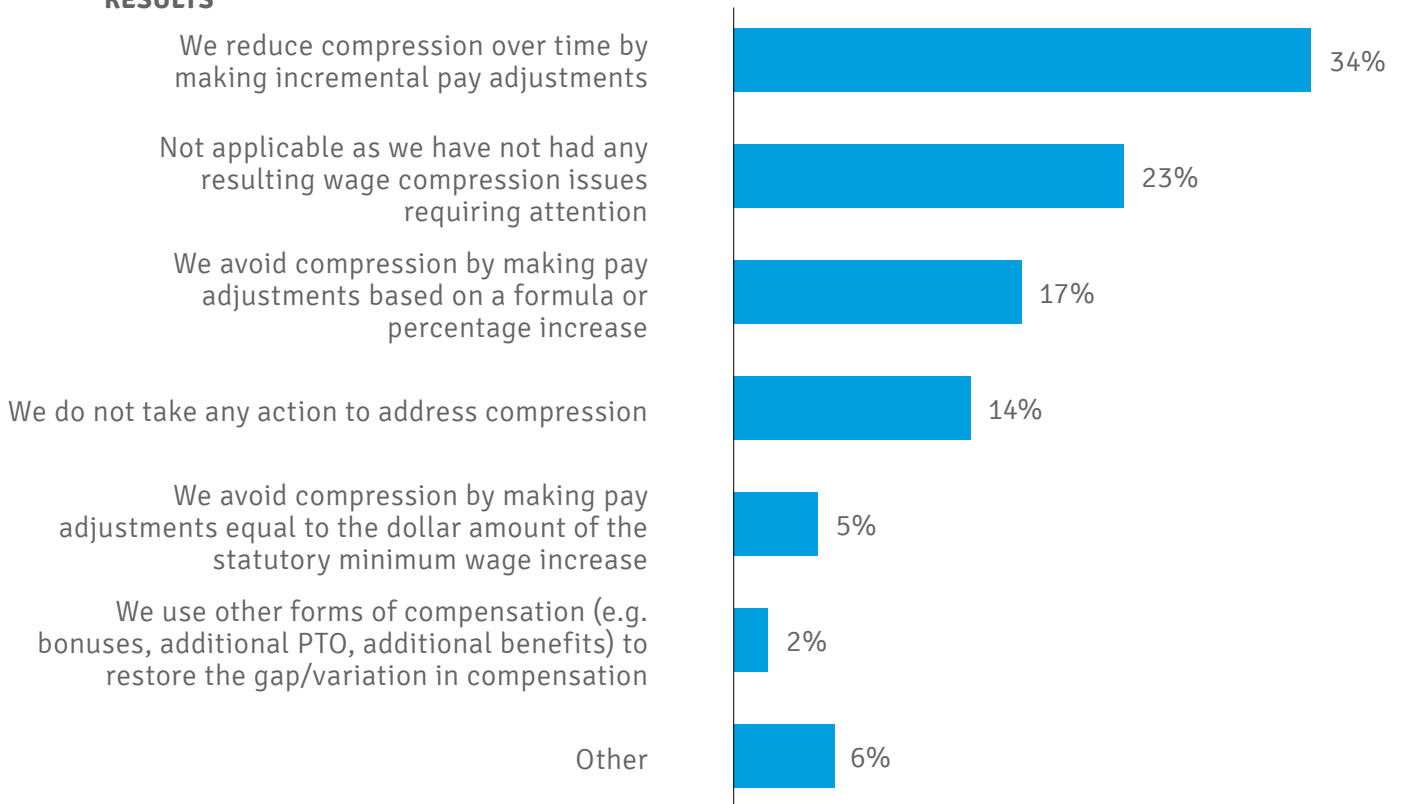


MINIMUM WAGE COMPRESSION

QUESTION

How does your organization address any wage compression with other employees/jobs resulting from implementing statutory minimum wage increase? Select all that apply.

RESULTS



n=310

See the following pages for topline results (71).



COMMUNICATION

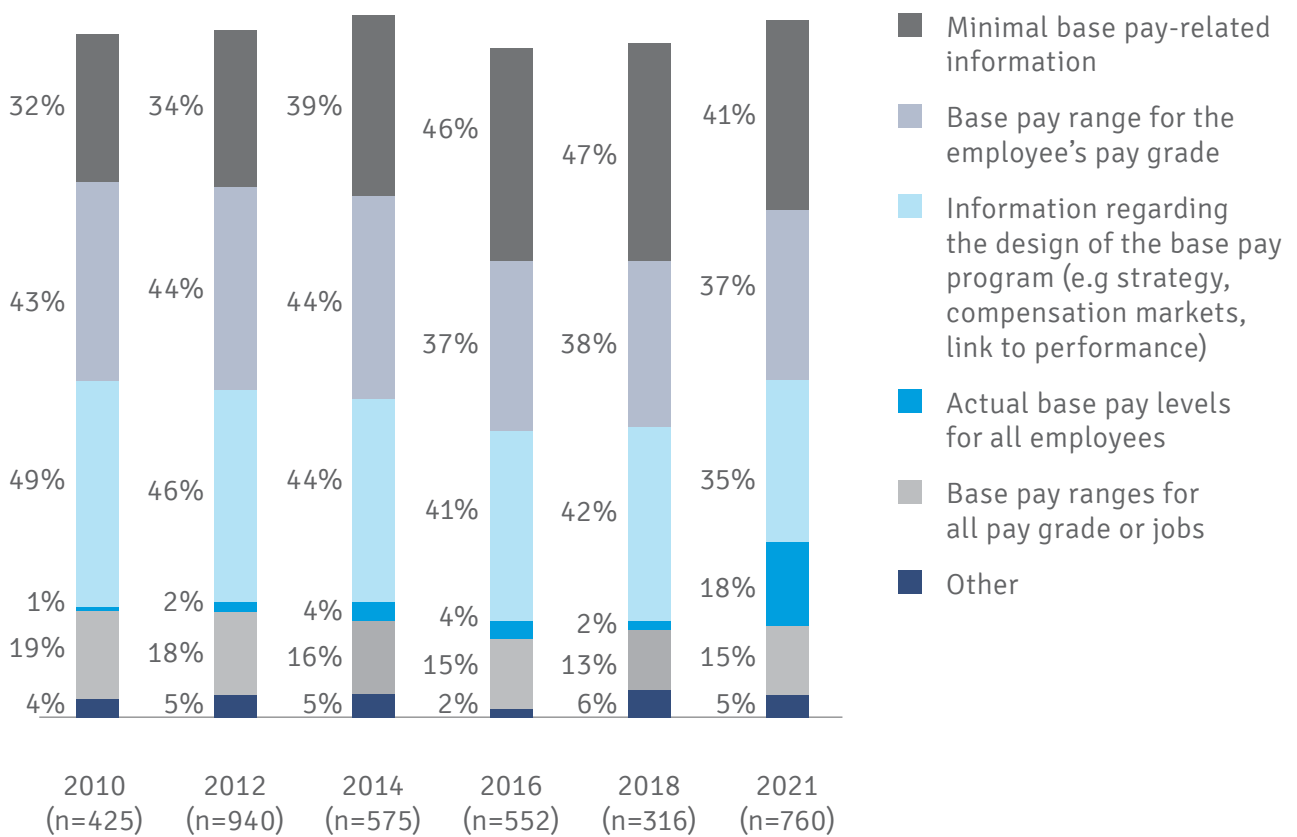


BASE PAY COMMUNICATION

QUESTION

How much information is shared with employees about their individual base pay?
Please select all that apply.

RESULTS



See the following pages for topline results (72).

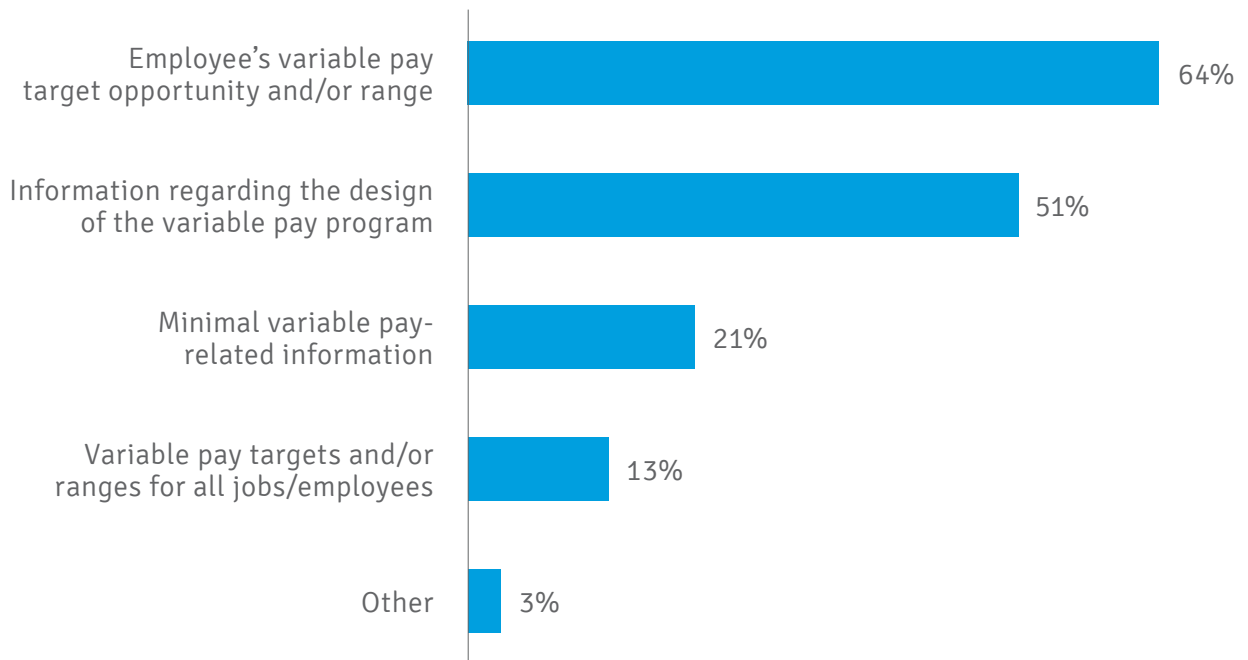


VARIABLE PAY COMMUNICATION

QUESTION

How much information is shared with employees about their individual variable pay? Please select all that apply.

RESULTS



n=760

See the following pages for topline results (73).



HOW EMPLOYEES RECEIVED COMMUNICATIONS ABOUT THE PAY IN THE PAST 12 MONTHS

QUESTION

In the past 12 months, how did employees receive communications about the pay program? Please select all that apply.

RESULTS



n=760

See the following pages for topline results (74).

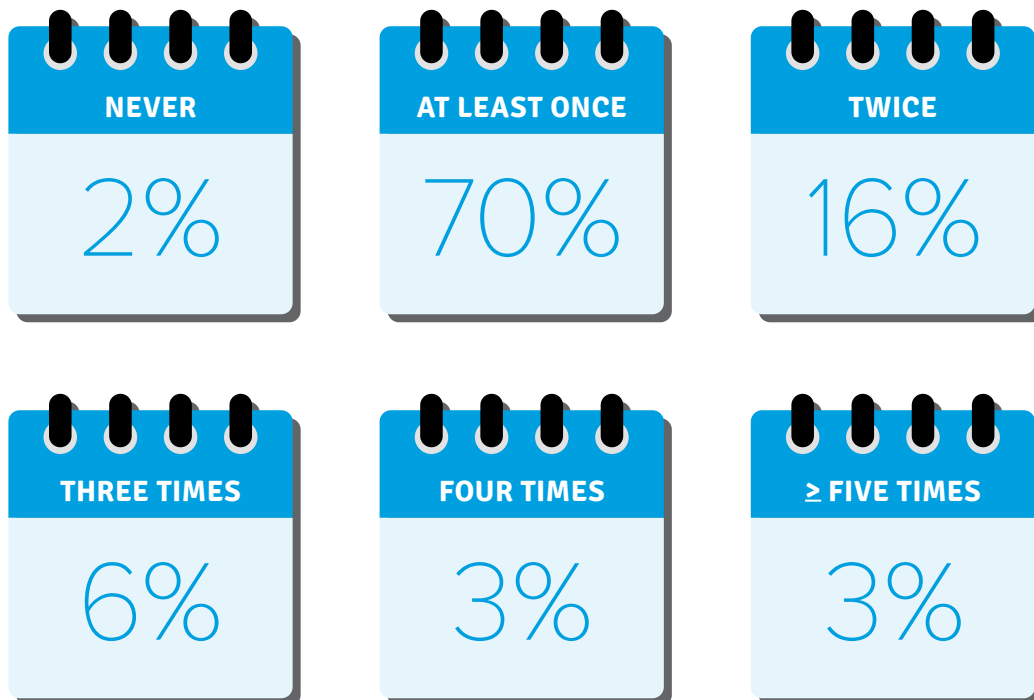


FREQUENCY OF EMPLOYEE COMMUNICATION ABOUT PAY IN PAST 12 MONTHS

QUESTION

How many times did employees receive communications about their individual pay in the past 12 months?

RESULTS



n=707

See the following pages for topline results (75).



COMPENSATION PROGRAM MANAGEMENT

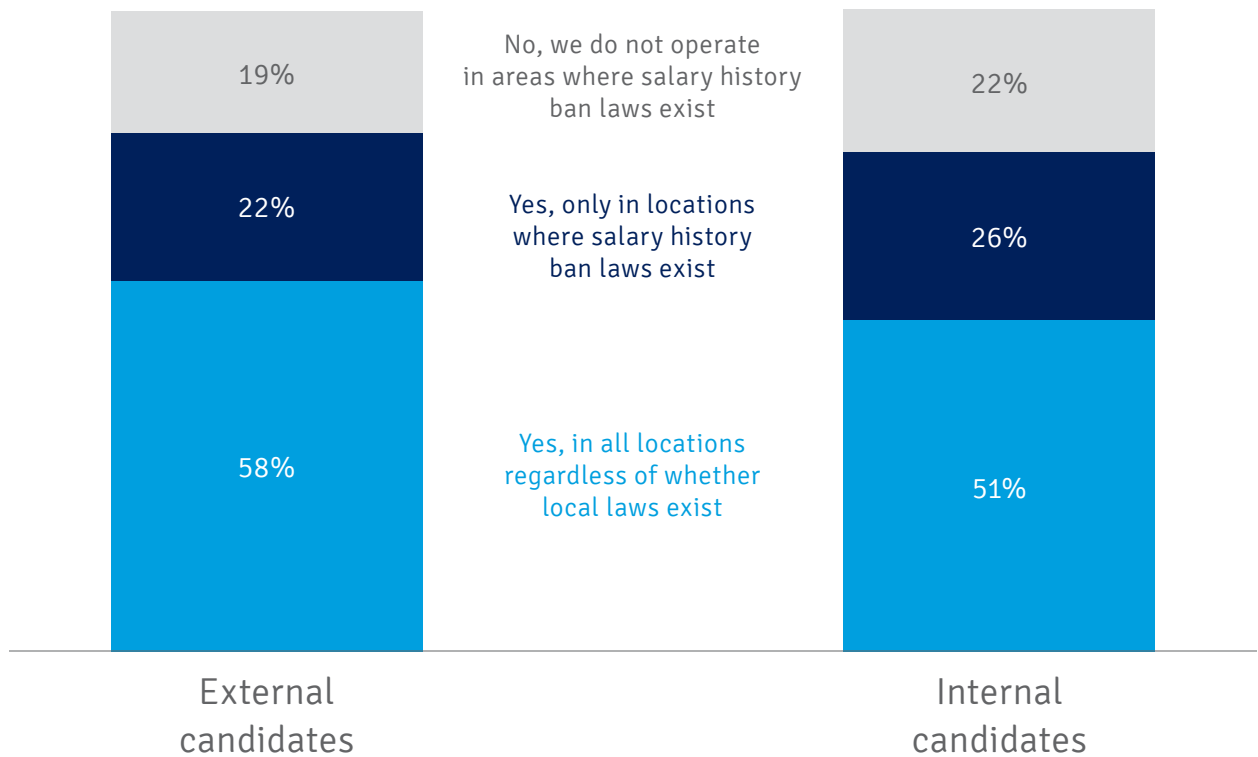


INQUIRING ABOUT PAY HISTORY

QUESTION

Does your organization currently prohibit hiring managers/recruiters from asking about a candidate's salary history?

RESULTS



n=757

See the following pages for topline results (78).

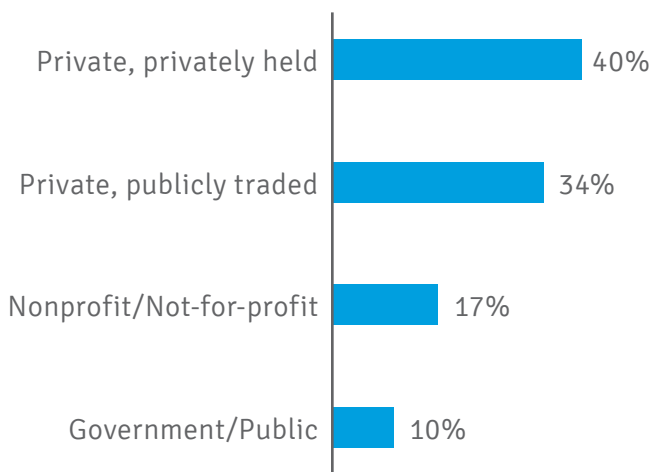


PARTICIPANT PROFILE



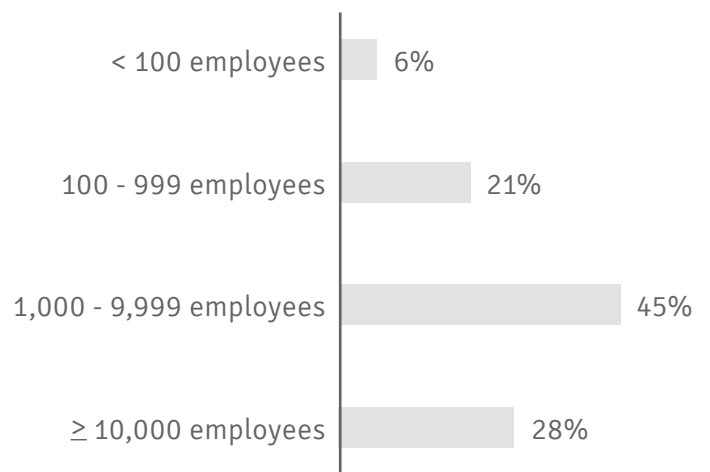
ORGANIZATION PROFILE

SECTOR



n=753

SIZE



n=753

INDUSTRY



n=753



TOPLINE RESULTS



REGIONAL RESPONSIBILITY

QUESTION

For which region(s) of the world do you have responsibility?
Please select all that apply.

RESULTS

U.S.	91%
Canada	27%
Africa	6%
Asia-Pacific	16%
Eastern Europe	10%
Western Europe	17%
Middle East	8%
Latin America	11%

n=920



COMPENSATION PHILOSOPHY

QUESTION

Does your organization have a compensation philosophy for paying employees?

RESULTS

	2010	2012	2014	2016	2018	2021
n=	1,318	996	621	600	347	920
We have a written compensation philosophy.	61%	67%	65%	62%	63%	62%
We have an unwritten compensation philosophy.	29%	26%	27%	31%	27%	26%
We do not have a compensation philosophy.	9%	7%	8%	7%	10%	12%

n=920

See the following pages for breakouts by industry (62); organization size (82).



PERCEIVED EMPLOYEE UNDERSTANDING OF COMPENSATION PHILOSOPHY

QUESTION

To what extent do you think employees understand your organization’s compensation philosophy?

Participants responding “We have a written compensation philosophy” or “We have an unwritten compensation philosophy” to their organization having a compensation philosophy for paying employees received this question.

RESULTS

	2010	2012	2014	2016	2018	2021
n=	1,237	921	561	547	347	811
Virtually no employees understand the compensation philosophy	7%	6%	7%	11%	9%	9%
Most do not understand the compensation philosophy	35%	38%	38%	42%	38%	41%
About half of employees understand the compensation philosophy	29%	28%	26%	27%	25%	28%
Most employees understand the compensation philosophy	26%	26%	27%	19%	26%	19%
Virtually all employees understand the compensation philosophy	3%	2%	1%	3%	2%	2%

See the following pages for breakouts by industry (98); organization size (131).



METHOD FOR DETERMINING RELATIVE VALUE OF JOBS

QUESTION

How does your organization determine the relative value of jobs (i.e. job evaluation method)? Please select all that apply.

Please refer to competitive market pricing as a market data emphasis approach, i.e., where positions are evaluated and assigned a grade based solely on the market price of the job. Job content emphasis approaches are: classification, job component, point factor, and ranking.

RESULTS

Competitive market pricing	81%
Classification	21%
Job component	15%
Point factor	17%
Ranking	7%
Other	5%
No method in place	3%

n=890

See the following pages for breakouts by industry (99); organization size (132).



EMPLOYEE GROUPS

QUESTION

Which of the following employee groups does your organization employ?
Please select all that apply.

RESULTS

Collective bargaining/works council regulated	39%
Clerical/technical/operational	95%
Professional/management	99%
Officers/executives	96%

n=890

See the following pages for breakouts by industry (100); organization size (133).



DETERMINATION OF BASE PAY INCREASES

QUESTION

For each of the following employee groups, how are base pay increases typically determined? Please select all that apply.

RESULTS

	Collective bargaining/ works council regulated	Clerical/ technical/ operational	Professional/ management	Officers/ executives
n=	345	842	884	854
Education/certifications	8%	10%	12%	8%
General increase	68%	21%	16%	13%
Individual performance against job standards	19%	72%	73%	66%
Market value of the position	11%	51%	54%	56%
Position in range	13%	55%	58%	46%
Skill or competency acquisition	11%	19%	19%	13%
Years of service	23%	10%	9%	7%
Individual performance against MBOs	3%	22%	29%	39%
Other	13%	2%	3%	7%

COMPENSATION PHILOSOPHY/TARGET

QUESTION

What is your compensation philosophy/target as it relates to your organization’s relevant labor market and what is your actual compensation practice for: base pay; variable pay; and total cash compensation (base pay plus variable pay)?

RESULTS

	25th percentile or below	Above 25th but below 50th percentile	50th percentile or median	Above 50th but below 75th percentile	75th percentile or above	N/A or do not have a target
Base pay target (or goal)	1%	4%	77%	9%	2%	7%
Base pay practice	1%	16%	63%	12%	2%	7%
Variable pay target (or goal)	1%	2%	51%	10%	2%	33%
Variable pay practice	2%	8%	41%	13%	2%	34%
Total cash compensation target (or goal)	0%	2%	55%	13%	4%	26%
Total cash compensation practice	1%	12%	44%	13%	4%	26%

n=826



VARIABLE PAY

QUESTION

Does your organization use variable pay (not including sales commission plans)?

RESULTS

	2010	2012	2014	2016	2018	2021
n=	1,347	989	604	588	337	823
Yes	80%	84%	87%	88%	91%	77%
No	20%	16%	13%	12%	9%	23%

See the following pages for breakouts by industry (101); organization size (134).



VARIABLE PAY PLANS

QUESTION

Which of the following types of variable pay plans does your organization use for some or all employees? Please select all that apply.

Participants responding “Yes” to their organization using variable pay (not including sales commission plans) received this question.

RESULTS

	2010	2012	2014	2016	2018	2021
n=	1,066	820	523	510	305	632
Bonuses (e.g. sign-on, retention)	59%	76%	82%	81%	83%	85%
Individual incentives (not including sales incentives)	67%	59%	42%	39%	40%	59%
Performance sharing (i.e. division or organization-wide payouts based on operating profit, net income and/or other financial or nonfinancial goals)	57%	58%	65%	62%	68%	45%
Profit sharing (i.e. division or organization-wide payouts based solely on operating profit or net income)	19%	19%	19%	20%	24%	18%
Recognition (e.g. spot award)	60%	66%	66%	65%	69%	68%
Other					<i>*New option in 2021</i>	3%

See the following pages for breakouts by industry (102); organization size (135).



FORMAL EMPLOYEE PERFORMANCE MANAGEMENT PROCESS

QUESTION

Which of the following best describes your organizations formal employee performance management process?

RESULTS

	2016	2018	2021
n=	581	334	812
We have a formal program with a performance rating that is shared with the employee	84%	74%	76%
We have a formal program with a performance rating, but the rating is not shared with the employee	2%	3%	3%
We formally assess performance, but do not assign a performance rating	8%	13%	16%
We do not formally assess performance	6%	10%	6%

See the following pages for breakouts by industry (103); organization size (136).



USE OF RANKING EMPLOYEES BY PERFORMANCE

QUESTION

Does your organization rank employees based on performance?

RESULTS

	2016	2018	2021
n=	581	334	812
Yes, managers rank their own employees, but rankings are not integrated with other managers' teams/units	13%	13%	14%
Yes, employees are ranked, and those rankings are integrated with rankings of employees of other managers or the entire department/division	15%	13%	11%
Yes, employees are ranked, and those rankings are integrated with rankings of all employees of the organization	5%	5%	5%
No, we do not rank employees	67%	70%	70%

See the following pages for breakouts by industry (104); organization size (137).



BASE PAY INCREASES TIED TO PERFORMANCE

QUESTION

Are base pay increases tied to the performance rating or ranking?
Please select all that apply.

Participants not responding “We do not formally assess performance” to their organization’s formal employee performance management process” or “No, we do not rank employees” to their organization ranking employees based on performance received this question.

RESULTS

	2018	2021
n=	302	760
Base pay increases are tied to the performance rating	66%	64%
Base pay increases are influenced by ranking	27%	24%
Base pay increases are not tied to or influenced by performance rating or ranking	15%	17%

See the following pages for breakouts by industry (105); organization size (138).



VARIATION IN BASE PAY INCREASES

QUESTION

If pay increases are based on performance, which of the following best describes the variance plan between top performers and bottom performers?

RESULTS

	2010	2012	2014	2016	2018	2021
n=	836	679	432	434	204	803
Base pay increase is based on something other than individual performance	1%	2%	3%	2%	2%	12%
No variation (approximately the same increase for everyone)	4%	4%	3%	4%	3%	7%
Small variation (increase for top performers is 1.25 times the average)	24%	24%	27%	28%	26%	25%
Moderate variation (increase for top performers is 1.5 times the average)	43%	45%	45%	45%	49%	39%
Considerable variation (increase for top performers is 2 times the average)	25%	23%	19%	20%	19%	15%
Extreme variation (increase for top performers is at least 3 times the average)	2%	2%	3%	1%	2%	2%

See the following pages for breakouts by industry (106); organization size (139).



METHOD FOR DETERMINING BASE PAY INCREASE BASED ON PERFORMANCE

QUESTION

Which of the following methods for determining the actual salary increase does your organization primarily use?

RESULTS

	2012	2014	2016	2018	2021
n=	677	425	457	229	789
A merit matrix (position in range and performance rating) is published that managers must follow in which a specific percentage increase is published for each box of the matrix	11%	13%	11%	11%	12%
A merit matrix is published that managers must follow in which a specific range of increases is published for each box of the matrix	12%	13%	10%	6%	8%
A merit matrix is published that managers use as a guide, but they have discretion to deviate if deemed appropriate	51%	52%	44%	48%	33%
A specific guide providing one increase percentage or range of increase percentages for each level of performance (position in salary range is not considered) is published that must be followed	8%	6%	5%	4%	7%
A specific guide providing one increase percentage or a range of increase percentages for each level of performance (position in salary range is not considered) is published as a guide only	10%	10%	9%	9%	10%
A specific guide based on comparison to market or position in range without consideration to performance	<i>*New option in 2021</i>				4%
Other guidance is provided	5%	5%	8%	9%	11%
No guidance is provided other than the overall budget figure	3%	1%	13%	13%	16%

See the following pages for breakouts by industry (107); organization size (140).



NUMBER OF PERFORMANCE LEVELS USED TO ASSESS INDIVIDUAL PERFORMANCE

QUESTION

How many performance ratings levels/categories are used when assessing individual performance? Please do not include levels such as “too new to rate” or “new hire.”

Participants responding “We have a formal program with a performance rating that is shared with the employee” or “We have a formal program with a performance rating, but the rating is not shared with the employee” to describe their organization’s formal performance management process received this question.

RESULTS

	2018	2021
n=	247	626
None	0%	2%
Two	2%	1%
Three	24%	18%
Four	22%	25%
Five	46%	48%
Six or more	6%	6%

See the following pages for breakouts by industry (108); organization size (141).



PANDEMIC IMPACT ON PERFORMANCE EVALUATIONS

QUESTION

Due to the global pandemic, did your organization cancel performance evaluations during this last performance evaluation period?

RESULTS

Yes	15%
No	85%

n=797

See the following pages for breakouts by industry (109); organization size (142).



DISTRIBUTION OF EMPLOYEES ACROSS PERFORMANCE CATEGORIES

QUESTION

Thinking about the last performance evaluation period, how were your organization’s employees distributed on the performance scale?

Participants responding “No” to their organization not canceling performance evaluations due to the global pandemic during this last performance evaluation period received this question.

RESULTS

	2010	2012	2014	2016	2018	2021
n=	1,112	839	526	485	246	681
Most people fell in the middle, with a bell-shaped distribution around the middle (about as many employees were rated above average as below average)	54%	54%	50%	45%	48%	35%
The spread is skewed toward higher performance ratings	39%	41%	42%	43%	42%	39%
The spread is skewed toward lower performance ratings	1%	1%	1%	1%	1%	1%
Employees are spread approximately evenly across performance ratings	1%	0%	1%	2%	0%	4%
We do not track this information	5%	5%	6%	9%	9%	22%

See the following pages for breakouts by industry (110); organization size (143).



FREQUENCY OF MARKET PRICING

QUESTION

How often do you assess the market pricing of jobs (e.g. pricing benchmarks or all jobs with salary survey data)?

RESULTS

	2010	2012	2014	2016	2018	2021
n=	1,315	956	590	565	322	797
Greater than once per year	7%	6%	6%	6%	8%	4%
Once per year	55%	59%	57%	53%	48%	56%
Once every two years	13%	11%	14%	15%	17%	15%
Less frequently than every two years	5%	4%	3%	5%	2%	5%
No consistent schedule (as needed)	19%	20%	20%	21%	25%	18%
We do not assess the market pricing of jobs	<i>*New option in 2021</i>					3%

See the following pages for breakouts by industry (111); organization size (144).



GLOBAL PANDEMIC IMPACT ON JOB MARKET PRICING

QUESTION

Did the global pandemic impact how often you assess the market pricing of jobs?

RESULTS

Yes	19%
No	81%

n=797

See the following pages for breakouts by industry (112); organization size (145).



FORMAL BASE PAY STRUCTURE(S) UTILIZATION

QUESTION

Does your organization use a formal base pay structure(s)?

RESULTS

	2018	2021
n=	322	772
Yes	84%	83%
No	16%	17%

See the following pages for breakouts by industry (113); organization size (146).



FREQUENCY OF BASE PAY STRUCTURE ADJUSTMENTS

QUESTION

How often do you typically adjust base pay structures for employees?

Participants responding “Yes” to their organization using a formal base pay structure(s) received this question.

RESULTS

	2010	2012	2014	2016	2018	2021
n=	1,297	872	551	509	302	637
Greater than once per year	0%	0%	0%	0%	8%	1%
Once per year	58%	55%	59%	60%	62%	62%
Once every two years	9%	9%	14%	12%	15%	16%
Less frequently than every two years	3%	4%	3%	3%	2%	4%
No consistent schedule (as needed)	30%	31%	24%	24%	22%	15%
We do not adjust base pay structures	<i>*New option in 2021</i>					2%

See the following pages for breakouts by industry (114); organization size (147).



NUMBER OF PAY STRUCTURES

QUESTION

How many separate structures are in place?

Participants responding “Yes” to their organization using a formal base pay structure(s) received this question.

RESULTS

One	20%
Two	15%
Three	16%
Four	9%
Five	7%
Six or more	33%

n=629

See the following pages for breakouts by industry (115); organization size (148).



HOW SEPARATE PAY STRUCTURES ARE DEFINED/IDENTIFIED

QUESTION

How are the separate structures defined/identified?
Please select all that apply.

Participants responding “Yes” to their organization using a formal base pay structure(s) received this question.

RESULTS

	2010	2012	2014	2016	2018	2021
n=	836	627	433	341	190	638
Bargaining unit/union	45%	52%	52%	60%	13%	28%
Business unit/subsidiary	32%	23%	44%	48%	22%	26%
FLSA exemption status or other regulatory classification	35%	33%	27%	29%	26%	55%
Geographic regions	25%	31%	18%	17%	63%	55%
Job category/role	7%	5%	15%	13%	53%	72%
Other	4%	4%	11%	6%	11%	4%

See the following pages for breakouts by industry (116); organization size (149).



PAY GRADES OR BROADBANDS IN BASE PAY STRUCTURES

QUESTION

Does your base pay structure(s) consist of pay grades or broadbands? Please select all that apply.

Participants responding “Yes” to their organization using a formal base pay structure(s) received this question.

RESULTS

	Broadbands	Pay grade ranges	Pay grade ranges with step progression	Other
Collective bargaining/works council regulated	5%	30%	47%	26%
Clerical/technical/operational	5%	84%	14%	3%
Professional/management	8%	87%	7%	3%
Officers/executives	14%	66%	4%	22%

n=639



TYPICAL RANGE SPREAD IN STRUCTURES

QUESTION

For the following positions, what is the typical spread [(maximum/minimum)-1] of ranges in your structure(s)?

RESULTS

	Collective bargaining/works council regulated	Clerical/technical/operational	Professional/management	Officers/executives
n=	299	742	775	749
<10%	10%	4%	2%	1%
10%-19%	7%	8%	7%	4%
20%-29%	8%	9%	8%	5%
30%-39%	5%	9%	7%	5%
40%-49%	5%	13%	9%	5%
50%-59%	11%	26%	28%	17%
60%-69%	4%	11%	14%	15%
70%-79%	1%	2%	5%	5%
80%-89%	1%	3%	5%	6%
90%-99%	0%	0%	1%	2%
100%-199%	3%	4%	4%	6%
>200%	1%	0%	1%	1%
No structure for this position	43%	12%	12%	27%

GENERAL MIDPOINT PROGRESSION

QUESTION

For the following positions, what is the general midpoint progression?

RESULTS

	Collective bargaining/works council regulated	Clerical/ technical/ operational	Professional/ management	Officers/ executives
n=	297	736	769	743
<5%	4%	3%	2%	1%
5%-9%	9%	15%	8%	4%
10%-14%	15%	27%	23%	12%
15%-19%	5%	14%	21%	12%
20%-24%	5%	9%	13%	15%
25%-29%	2%	3%	4%	7%
>30%	1%	2%	2%	5%
Midpoint not defined	36%	13%	13%	26%
Varies by defined structure	23%	14%	14%	17%



TYPES OF PAY INCREASES AND/OR ADJUSTMENTS AWARDED

QUESTION

What types of base pay increases and/or adjustments does your organization award to some or all employees? Please select all that apply.

RESULTS

	2010	2012	2014	2016	2018	2021
n=	1,306	946	584	558	316	770
Promotional increases	94%	97%	96%	96%	98%	87%
Merit increases	92%	94%	95%	94%	95%	89%
Market adjustments	76%	77%	77%	84%	84%	78%
Internal equity adjustments	64%	69%	70%	69%	71%	62%
Pay differentials	42%	49%	45%	48%	48%	33%
Geographic differential	<i>*New option in 2014.</i>		33%	36%	40%	29%
Temporary special-assignment pay	36%	39%	40%	35%	35%	35%
Cost-of-living adjustments (COLAs)	11%	12%	11%	12%	12%	14%
General across-the-board increases (not COLA)	12%	13%	10%	12%	12%	14%
Length of service	12%	13%	10%	12%	13%	20%
Pay equity adjustments	<i>*New option in 2021.</i>					48%
Skill advancement adjustments						21%
Other	4%	4%	3%	5%	3%	6%

See the following pages for breakouts by industry (117); organization size (150).



MINIMUM WAGE PREVALENCE

QUESTION

Does your organization have jobs paid at or near statutory (national/regional/local) minimum wage rates?

RESULTS

Yes	41%
No	59%

n=770

See the following pages for breakouts by industry (118); organization size (151).



MINIMUM WAGE IMPACT IN PAST 24 MONTHS

QUESTION

Has your organization been impacted by statutory (national/regional/local) minimum wage increases within the past 24 months?

Participants responding “Yes” to their organization having jobs paid at or near statutory minimum wage rates received this question.

RESULTS

Yes	56%
No	44%

n=315

See the following pages for breakouts by industry (119); organization size (152).



MINIMUM WAGE ADJUSTMENTS

QUESTION

When does your organization adjust entry/starting-level minimum pay rates to meet new statutory minimum wage requirements?

Participants responding “Yes” to their organization having jobs paid at or near statutory minimum wage rates received this question.

RESULTS

	Minimum pay rates are adjusted on the mandated date	Minimum pay rates are adjusted ahead of the mandated date all at once	Minimum pay rates are adjusted ahead of the mandated date using a staggered approach	Other
Set at statutory minimum wage	53%	35%	10%	2%
Set above statutory minimum wage	35%	45%	17%	4%

n=315



PAY RATES ABOVE STATUTORY MINIMUM WAGE PHILOSOPHY

QUESTION

What is your organization’s philosophy to set minimum pay rates above statutory minimum wage?

Participants responding “Set above statutory minimum wage” to when their organization adjusts entry/starting-level minimum pay rates received this question.

RESULTS

We maintain a percentage amount above statutory minimum wage	14%
We maintain at a set dollar amount above statutory minimum wage	14%
We set a rate independent of a defined relationship to minimum wage (but never below it)	63%
Other	10%

n=177

See the following pages for breakouts by industry (120); organization size (153).



METHODS TO ADDRESS WAGE COMPRESSION

QUESTION

How does your organization address any wage compression with other employees/jobs resulting from implementing statutory minimum wage increase?

Participants responding “Yes” to their organization having jobs paid at or near statutory minimum wage rates and “Set at statutory minimum wage” or “Set above statutory minimum wage” to how their organization approaches entry/starting-level minimum pay rates received this question.

RESULTS

We avoid compression by making pay adjustments equal to the dollar amount of the statutory minimum wage increase	5%
We avoid compression by making pay adjustments based on a formula or percentage increase	17%
We reduce compression over time by making incremental pay adjustments	34%
We use other forms of compensation (e.g. bonuses, additional PTO, additional benefits) to restore the gap/variation in compensation	2%
We do not take any action to address compression	14%
Not applicable as we have not had any resulting wage compression issues requiring attention	23%
Other	6%

n=310

See the following pages for breakouts by industry (121); organization size (154).



INFORMATION SHARED WITH EMPLOYEES ABOUT INDIVIDUAL BASE PAY

QUESTION

How much information is shared with employees about their individual base pay? Please select all that apply.

RESULTS

	2010	2012	2014	2016	2018	2021
n=	1,300	940	575	552	316	760
Actual base pay levels for all employees	1%	2%	4%	4%	2%	18%
Base pay range for the employee's pay grade	43%	44%	44%	37%	38%	37%
Base pay ranges for all pay grades or jobs	19%	18%	16%	15%	13%	15%
Information regarding the design of the base pay program (e.g. strategy, compensation markets, link to performance)	49%	46%	44%	41%	42%	35%
Minimal base pay-related information	32%	34%	39%	46%	47%	41%
Other	4%	5%	5%	2%	6%	5%

See the following pages for breakouts by industry (122); organization size (155).



INFORMATION SHARED WITH EMPLOYEES ABOUT INDIVIDUAL VARIABLE PAY

QUESTION

How much information is shared with employees about their individual variable pay? Please select all that apply.*

**Data is based on organizations that have a variable pay program.*

RESULTS

Employee's variable pay target opportunity and/or range	64%
Variable pay targets and/or ranges for all jobs/employees	13%
Information regarding the design of the variable pay program (e.g. strategy, links to performance, payout/award calculations)	51%
Minimal variable pay-related information	21%
Other	3%

n=590

See the following pages for breakouts by industry (123); organization size (156).



HOW EMPLOYEES RECEIVED PAY COMMUNICATIONS IN THE PAST 12 MONTHS

QUESTION

In the past 12 months, how did employees receive communications about the pay program? Please select all that apply.

RESULTS

	2010	2012	2014	2016	2018	2021
n=	1,299	940	582	555	317	760
Company website (e.g. intranet, HR system)	42%	41%	41%	37%	37%	41%
Employee handbook or orientation manual	21%	20%	15%	20%	18%	19%
Employee meetings	27%	23%	23%	24%	27%	29%
Individual discussions with HR/compensation department	30%	29%	28%	29%	30%	31%
Individual discussions with their supervisor	73%	79%	82%	81%	81%	72%
Memos, emails	43%	37%	42%	40%	42%	46%
Total rewards or compensation statements	n/a	n/a	43%	38%	48%	47%
Other	6%	7%	3%	4%	5%	3%
No pay communications	7%	7%	4%	7%	5%	7%

See the following pages for breakouts by industry (124); organization size (157).



FREQUENCY OF EMPLOYEE COMMUNICATION ABOUT PAY IN PAST 12 MONTHS

QUESTION

How many times did employees receive communications about their individual pay in the past 12 months?

Participants not responding “No pay communications” to employees receiving communications about the pay program received this question.

RESULTS

	2010	2012	2014	2016	2018	2021
n=	1,297	872	551	509	302	707
Never	6%	5%	2%	2%	1%	2%
At least once	76%	79%	77%	81%	82%	70%
Twice	12%	12%	16%	11%	12%	16%
Three times	3%	3%	3%	4%	2%	6%
Four times	1%	0%	0%	0%	3%	3%
Five times or more	2%	2%	2%	2%	1%	3%

See the following pages for breakouts by industry (125); organization size (158).



APPROACH TO COMMUNICATING INDIVIDUAL BASE PAY INCREASES

QUESTION

How does your organization communicate individual base pay increases?
Please select all that apply.

Participants not responding "No pay communications" to employees receiving communications about the pay program received this question.

RESULTS

	2010	2012	2014	2016	2018	2021
n=	871	871	552	510	300	708
Brief written communication	54%	54%	55%	59%	52%	53%
Detailed written communication	22%	25%	28%	20%	26%	26%
Brief verbal communication	49%	51%	53%	58%	56%	49%
Detailed verbal communication	24%	25%	20%	20%	20%	21%
Other	<i>*New option in 2021</i>					5%
We never communicate pay information	2%	1%	1%	0%	1%	1%

See the following pages for breakouts by industry (126); organization size (159).



DETERMINATION OF PAY PROGRAM EFFECTIVENESS

QUESTION

How does management determine if the pay program is effective? Please select all that apply.

RESULTS

	2010	2012	2014	2016	2018	2021
n=	1,258	922	563	537	305	760
Business/operating results	32%	29%	30%	28%	31%	37%
Employee productivity metrics	17%	16%	15%	15%	14%	16%
Employee satisfaction survey metrics	46%	50%	53%	47%	54%	52%
Employee turnover or retention	59%	63%	62%	61%	68%	70%
Employees tell us that it is working	18%	19%	16%	18%	19%	19%
Labor cost is controlled/lowered	15%	15%	14%	14%	14%	16%
Senior leadership tell us that it is working	21%	21%	19%	25%	21%	25%
Other	3%	4%	2%	4%	4%	4%
Management does not evaluate pay program effectiveness	22%	20%	22%	22%	15%	16%

See the following pages for breakouts by industry (127); organization size (160).



SALARY HISTORY BAN

QUESTION

Does your organization currently prohibit hiring managers/recruiters from asking about a candidate's salary history?

RESULTS

	Yes, in all locations regardless of whether local laws exist	Yes, we only prohibit asking in locations where salary history ban laws exist	No, we do not operate in areas where salary history ban laws exist
External candidates	58%	23%	19%
Internal candidates	51%	26%	22%

n=757



SYSTEMS USED TO MAINTAIN COMPENSATION RELATED EMPLOYEE DATA

QUESTION

What best describes your organization’s system(s) to maintain compensation-related employee data?

RESULTS

	2016	2018	2021
n=	555	316	757
One primary system that stores employee data for all employees within the organization, but it does not store any nonemployee data used by other function(s)	38%	38%	34%
An enterprise system (includes all employees in entire organization) that stores all employee data and data to manage other function(s) of the organization	34%	35%	39%
Multiple HRIS/payroll systems that store employee data and we must merge data to perform analyses on an organization-wide basis.	23%	23%	20%
A basic spreadsheet, software program(s) or other database that was not exclusively designed to store employee data.	5%	4%	5%
Other	1%	0%	2%

See the following pages for breakouts by industry (128); organization size (161).



APPROACH TO ANALYZE COMPENSATION-RELATED DATA

QUESTION

What is the approach your organization uses to analyze compensation-related data?

Participants responding “We have an enterprise system (includes all employees in entire organization) that is used to store all employee data as well as data to manage other function(s) of the organization such as financial, purchasing, logistics and so on” or “We have one primary system that stores employee data for all employees within the organization, but it does not store any nonemployee data used by other function(s)” or “We have multiple HRIS/payroll systems that store employee data and we must merge data to perform analyses on an organization-wide basis” to describe their organization’s system(s) to maintain compensation-related data received this question.

RESULTS

Our system offers analytical capability to do most/all analyses needed.	8%
Our system offers some analytical capability, but we often import data to an advanced business intelligence tool (e.g. Tableau, Alteryx Analytics, Qlik Sense, Power BI).	9%
Our system offers some analytical capability, but we often download data to a spreadsheet tool (e.g. Excel, Google Sheets) to perform additional analyses.	68%
Our system offers little/no analytical capability and no further tools are utilized.	10%
Other	4%

n=704

See the following pages for breakouts by industry (129); organization size (162).



COMPENSATION PHILOSOPHY VARIANCE

QUESTION

Does your organization apply your compensation philosophy the same across the company or does it vary by country or region?

RESULTS

	2014	2016	2018	2021
n=	136	158	108	206
Same across the company	82%	82%	82%	75%
Varies by country or region	18%	18%	18%	25%

PERFORMANCE MANAGEMENT APPLIED CONSISTENTLY TO ALL REGIONS

QUESTION

Does your organization apply the performance management program consistently to all countries?

RESULTS

	2014	2016	2018	2021
n=	147	161	114	206
Same across the company	84%	86%	85%	85%
Varies by country or region	16%	14%	15%	15%

VARIABLE PAY DESIGN AND ADMINISTRATION ACROSS REGIONS

QUESTION

If you have employees in multiple countries, how are your organization's variable pay programs designed and administered?

RESULTS

	2012	2014	2016	2018	2021
n=	235	147	165	112	206
Variable pay programs are designed exclusively at the corporate level, and all employees worldwide participate in the same programs.	33%	33%	31%	32%	43%
Variable pay programs are designed primarily at the corporate level, and all employees usually participate in the same programs, with flexibility for local countries to make limited adaptations or implement unique programs of nominal cost.	47%	50%	53%	53%	35%
Variable pay programs are designed with significant input from local HR and/or line management. One or a few core variable pay programs exist companywide, but different countries have significant latitude to implement additional local programs based on local practice and competitive factors.	17%	13%	15%	12%	11%
Variable pay programs are designed and administered primarily at the local level to ensure they are meeting the unique needs of local employees.	3%	4%	1%	4%	7%
Other	<i>*New option in 2021</i>				4%

TYPES OF VARIABLE PAY PLANS BY REGION

QUESTION

Which of the following types of variable pay plans does your organization use for some or all employees based on the regions you are responsible for? Please select all that apply.

RESULTS

	n=	Profit sharing	Performance sharing (based on other financial or nonfinancial goals)	Individual incentives (other than sales incentives)	Bonuses (e.g. sign-on, retention)	Recognition (e.g. spot award)
U.S.	836	94%	92%	91%	90%	93%
Canada	250	34%	32%	37%	40%	33%
Africa	51	8%	6%	10%	12%	8%
Asia-Pacific	143	22%	19%	24%	26%	22%
Eastern Europe	94	15%	13%	18%	19%	16%
Western Europe	154	24%	20%	26%	26%	24%
Middle East	75	12%	9%	13%	17%	12%
Latin America	97	15%	12%	17%	22%	14%

HISTORICAL TRENDS



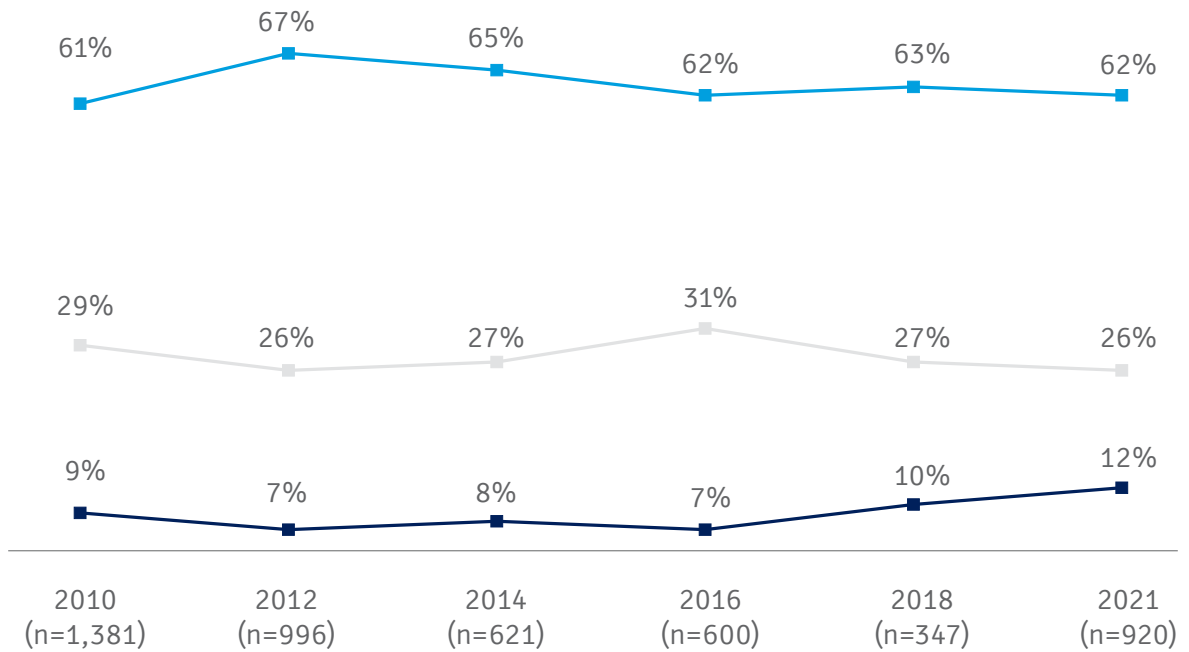
COMPENSATION PHILOSOPHY

QUESTION

Does your organization have a compensation philosophy for paying employees?

RESULTS

— Written — Unwritten — None



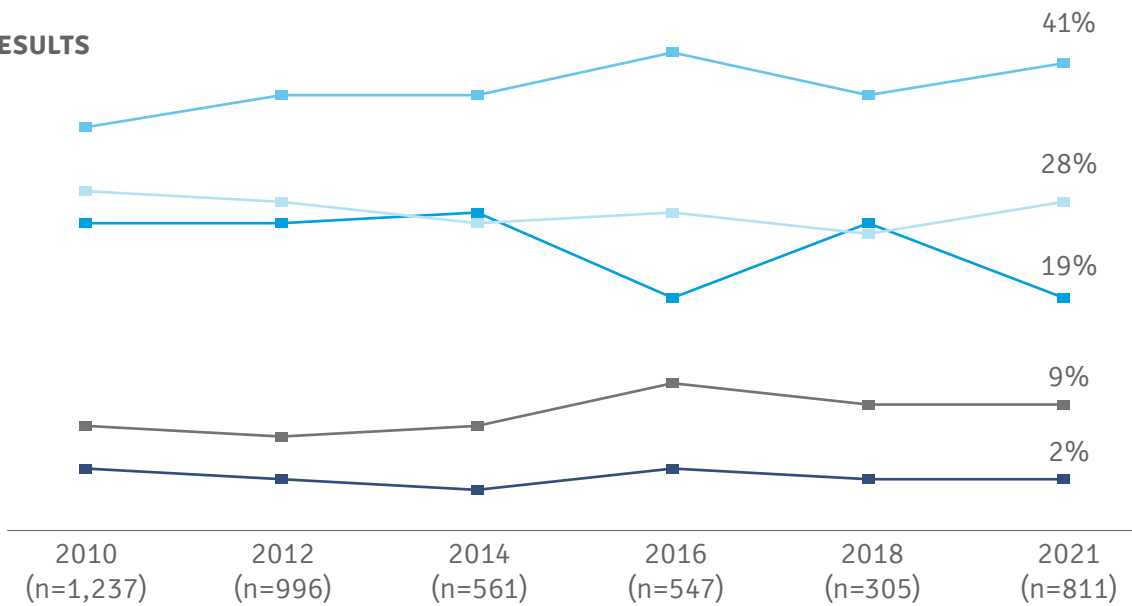
COMPENSATION PHILOSOPHIES

QUESTION

To what extent do you think employees understand your organization’s compensation philosophy?

Participants responding “We have a written compensation philosophy” or “We have an unwritten compensation philosophy” to their organization having a compensation philosophy for paying employees received this question.

RESULTS



- Virtually no employees understand the compensation philosophy
- Most do not understand the compensation philosophy
- About half of employees understand the compensation philosophy
- Most employees understand the compensation philosophy
- Virtually all employees understand the compensation philosophy

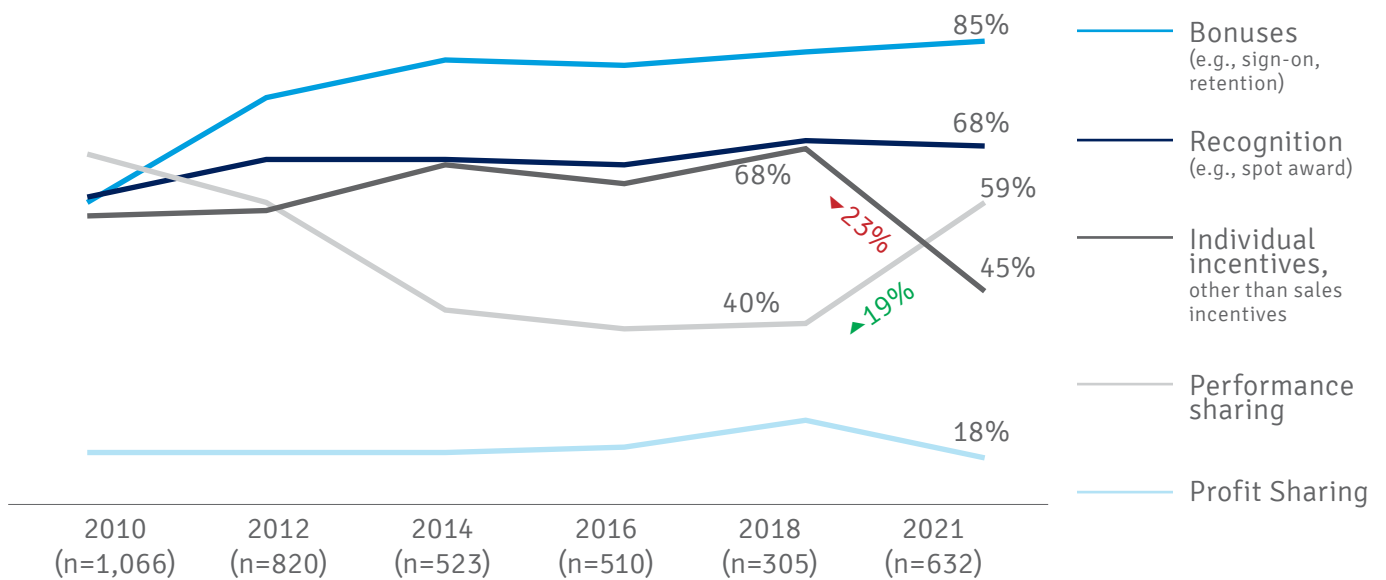


VARIABLE PAY PLAN UTILIZATION

QUESTION

Which of the following types of variable pay plans does your organization use for some or all employees? Please select all that apply.

RESULTS

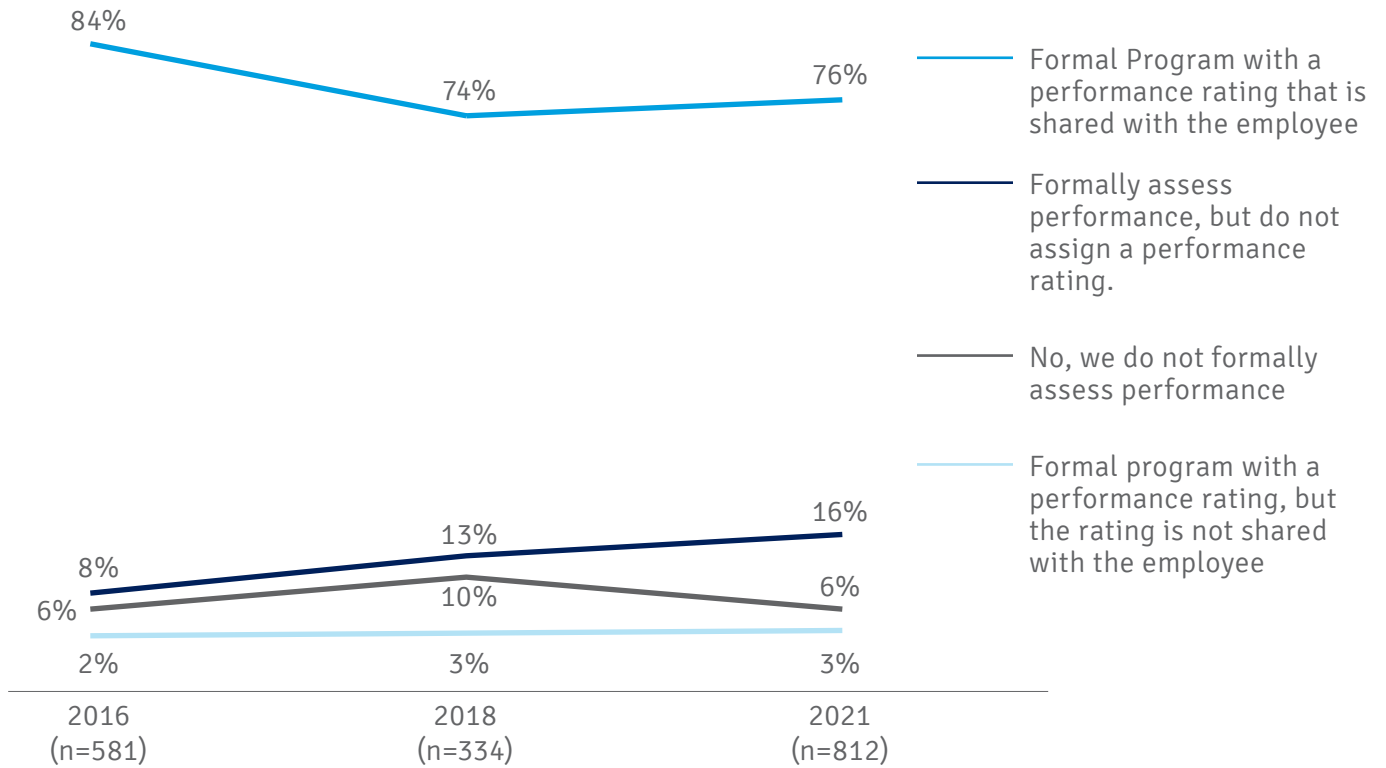


FORMAL EMPLOYEE PERFORMANCE MANAGEMENT PROCESS

QUESTION

Which of the following best describes your organizations formal employee performance management process?

RESULTS



USE OF RANKING EMPLOYEES BY PERFORMANCE

QUESTION

Does your organization rank employees based on performance?

RESULTS

67% 70% 70%

15% 13% 14%

4% 5% 5%

2016
(n=581)

2018
(n=334)

2021
(n=812)

- No, we do not rank employees
- Managers rank their own employees, but rankings are not integrated with other managers' teams/units
- Employees are ranked, and those rankings are integrated with rankings of employees of other managers or the entire department/division
- Formal program with a performance rating, but the rating is not shared with the employee

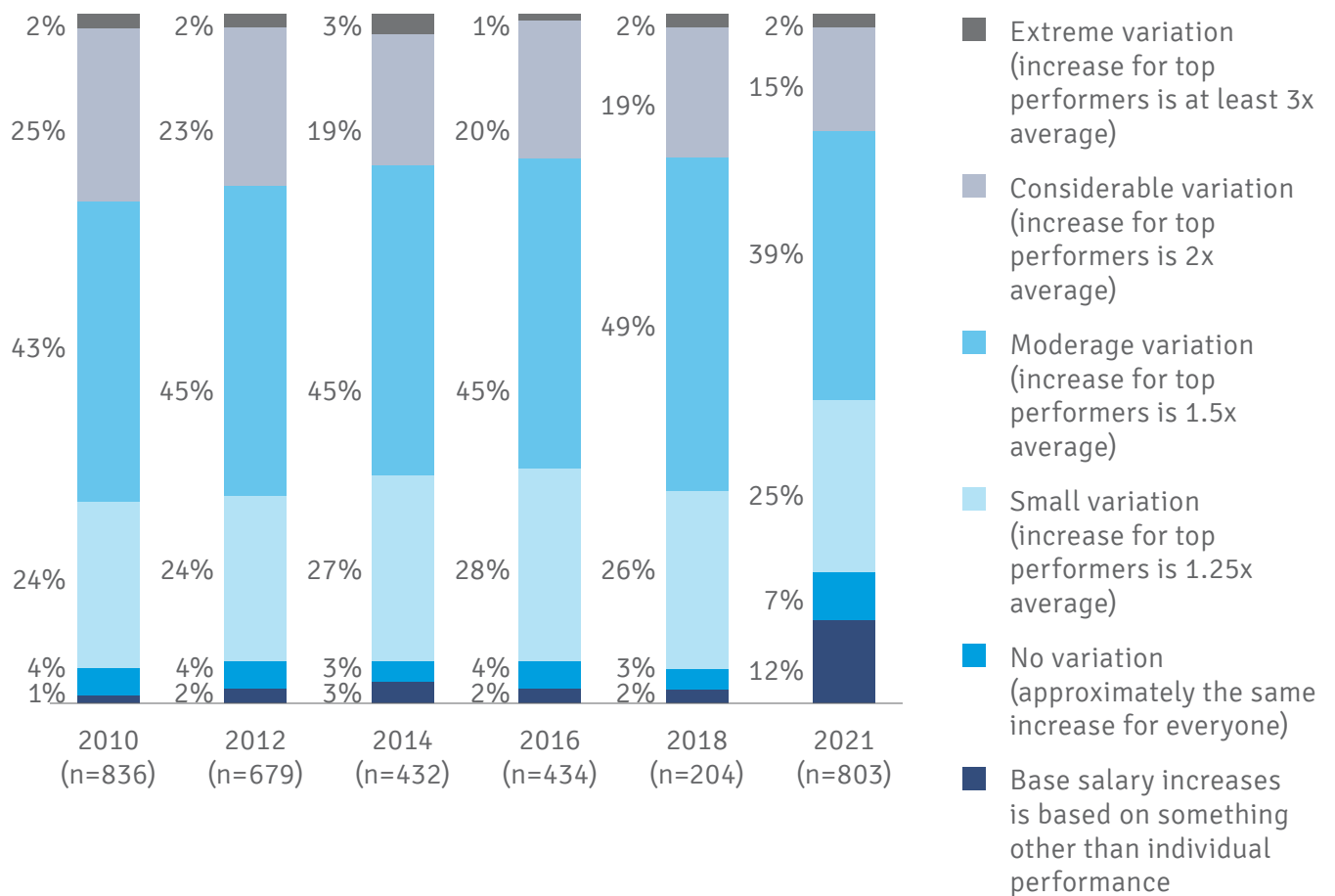


VARIATION IN BASE PAY INCREASES

QUESTION

If pay increases are based on performance, which of the following best describes the variance plan between top performers and bottom performers?

RESULTS



HOW EMPLOYEES RECEIVED COMMUNICATIONS ABOUT THE PAY IN THE PAST 12 MONTHS

QUESTION

In the past 12 months, how did employees receive communications about the pay program? Please select all that apply.

RESULTS

	2010	2012	2014	2016	2018	2021
n=	1,299	940	582	555	317	760
Individual discussions with supervisor	73%	79%	82%	81%	81%	72%
Memos, emails	43%	37%	42%	40%	42%	46%
Periodic total rewards or compensation statements	<i>*New option in 2014</i>		43%	38%	48%	47%
Company website	42%	41%	41%	37%	37%	41%
Individual discussions with HR/compensation department	30%	29%	28%	29%	30%	31%
Employee meetings	27%	23%	23%	24%	27%	29%
Employee handbook or orientation manual	21%	20%	15%	20%	18%	19%
No pay communications	7%	7%	4%	7%	5%	7%
Other	6%	7%	3%	4%	5%	3%

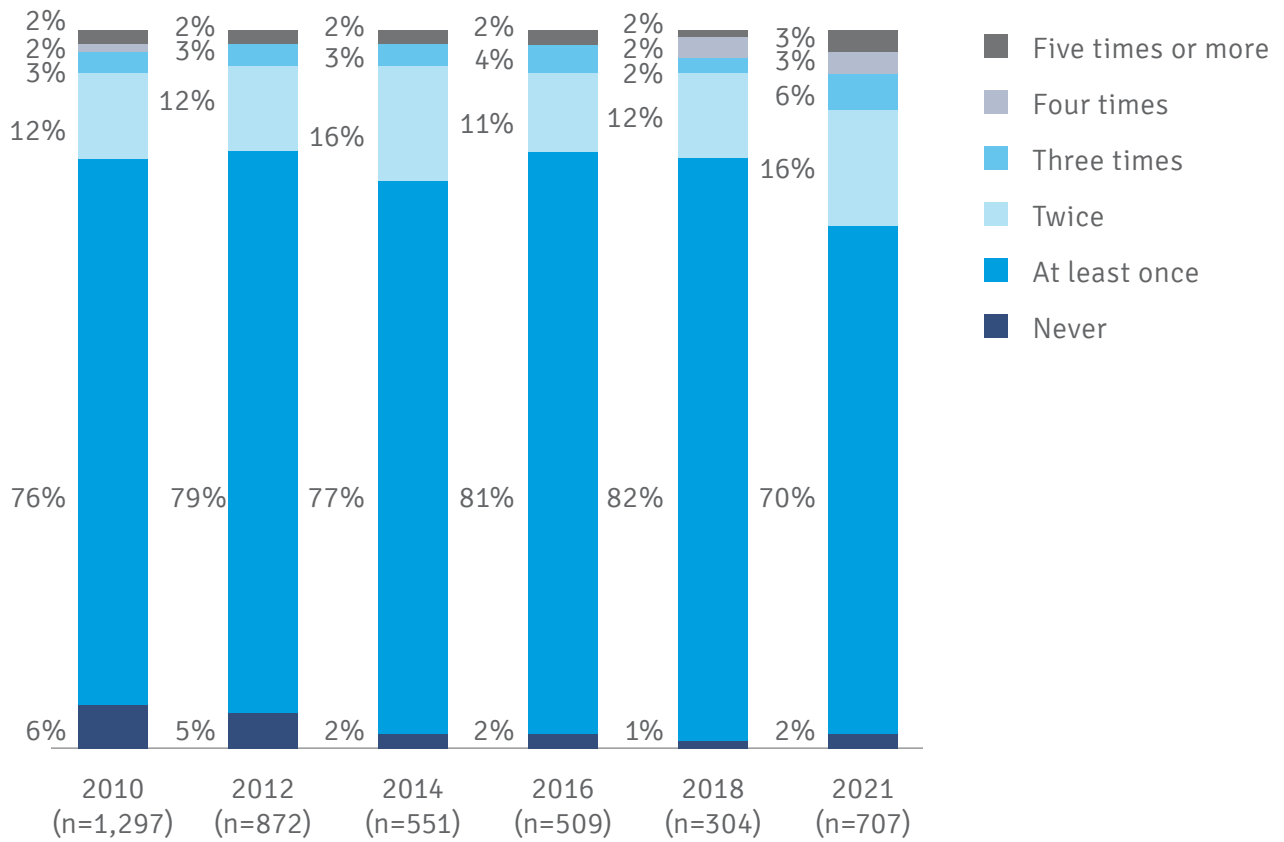
FREQUENCY OF EMPLOYEE COMMUNICATION ABOUT PAY IN PAST 12 MONTHS

QUESTION

How many times did employees receive communications about their individual pay in the past 12 months?

Participants not responding "No pay communications" to employees receiving communications about the pay program received this question.

RESULTS

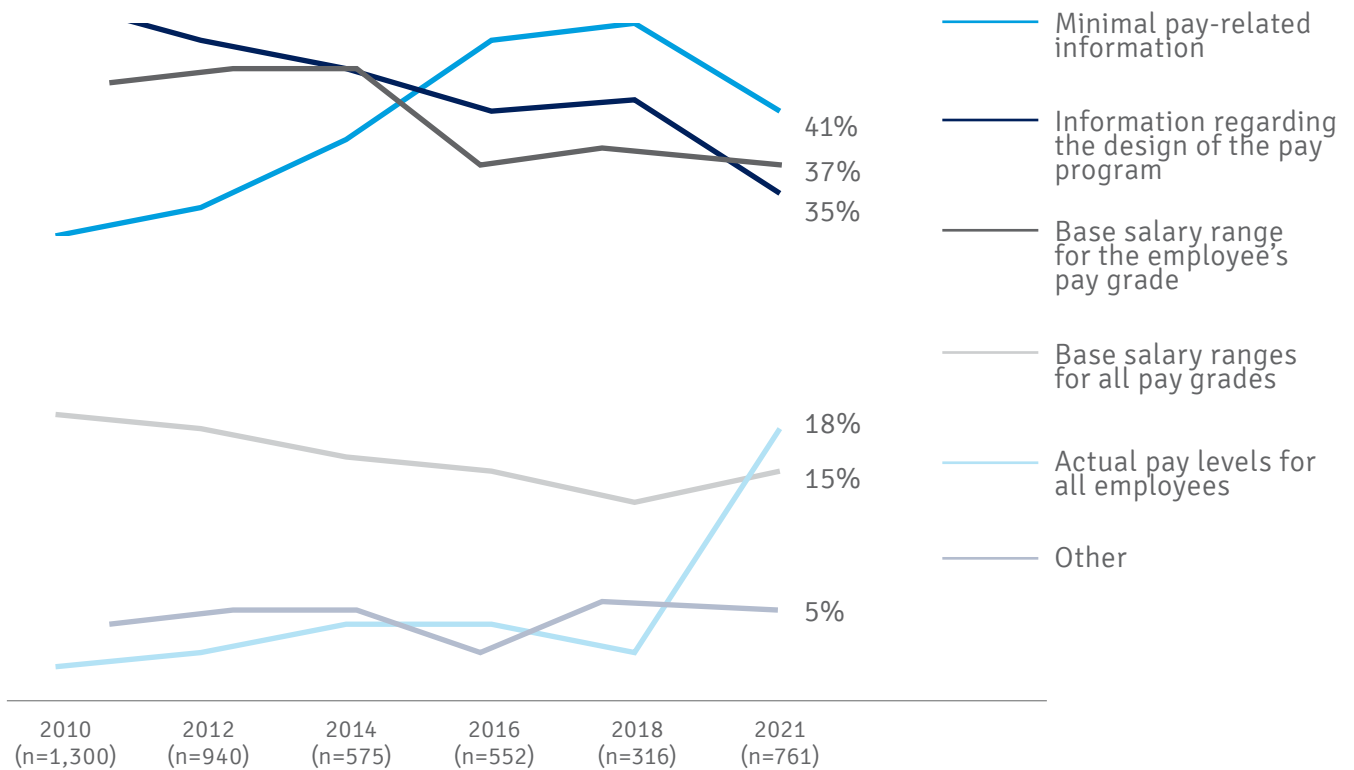


PAY INFORMATION SHARED WITH EMPLOYEES

QUESTION

How much information is shared with employees about their individual base pay? Please select all that apply.

RESULTS

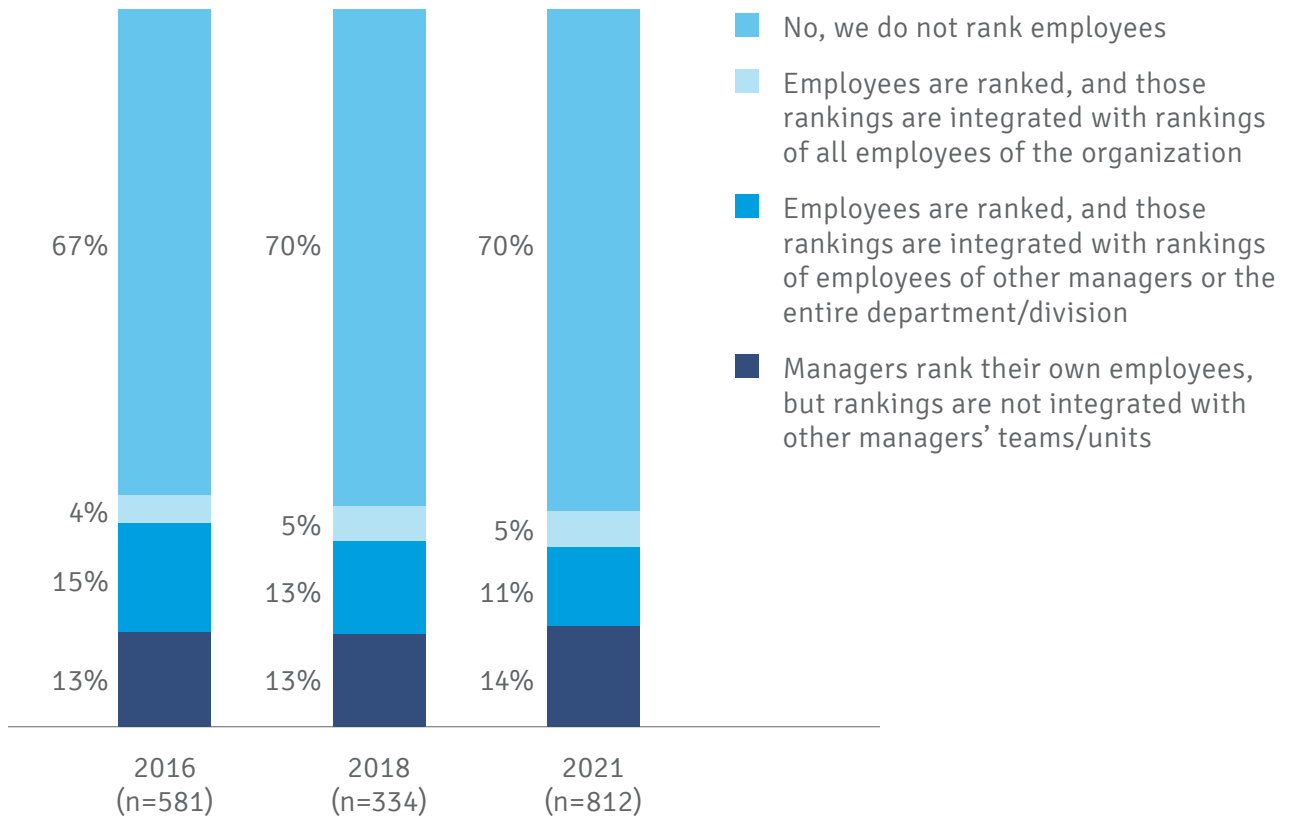


RANKING OF INDIVIDUAL EMPLOYEES BY PERFORMANCE IS RARE

QUESTION

Does your organization rank employees based on performance?

RESULTS



RESULTS BY GROUP

- ▶ **INDUSTRY**
- ▶ **ORGANIZATION SIZE**



INDUSTRY COMPENSATION PHILOSOPHY

QUESTION

Does your organization have a compensation philosophy for paying employees?

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	920	44	82	61
We have a written compensation philosophy.	62%	73%	67%	48%
We have an unwritten compensation philosophy.	26%	17%	27%	35%
We do not have a compensation philosophy.	12%	10%	6%	17%



INDUSTRY

PERCEIVED EMPLOYEE UNDERSTANDING OF COMPENSATION PHILOSOPHY

QUESTION

To what extent do you think employees understand your organization’s compensation philosophy?

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	811	54	115	106
Virtually no employees understand the compensation philosophy	9%	4%	9%	4%
Most do not understand the compensation philosophy	41%	52%	50%	48%
About half of employees understand the compensation philosophy	28%	35%	23%	28%
Most employees understand the compensation philosophy	19%	9%	18%	19%
Virtually all employees understand the compensation philosophy	2%	0%	1%	1%

INDUSTRY

METHOD FOR DETERMINING RELATIVE VALUE OF JOBS

QUESTION

How does your organization determine the relative value of jobs (i.e. job evaluation method)? Please select all that apply.

Please refer to competitive market pricing as a market data emphasis approach, i.e., where positions are evaluated and assigned a grade based solely on the market price of the job. Job content emphasis approaches are: classification, job component, point factor, and ranking.

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	890	60	122	128
Competitive market pricing	81%	87%	91%	85%
Classification	21%	18%	17%	16%
Job component	15%	18%	15%	15%
Point factor	17%	18%	7%	21%
Ranking	7%	7%	8%	9%
Other	5%	3%	3%	6%
No method in place	3%	5%	0%	5%

INDUSTRY EMPLOYEE GROUPS

QUESTION

Which of the following employee groups does your organization employ?
Please select all that apply.

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	890	60	122	128
Collective bargaining/works council regulated	39%	7%	38%	51%
Clerical/technical/operational	95%	95%	94%	99%
Professional/management	99%	100%	100%	98%
Officers/executives	96%	98%	98%	97%

INDUSTRY VARIABLE PAY

QUESTION

Does your organization use variable pay (not including sales commission plans)?

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	823	60	122	128
Yes	77%	92%	80%	90%
No	23%	8%	20%	10%

INDUSTRY VARIABLE PAY PLAN UTILIZATION

QUESTION

Which of the following types of variable pay plans does your organization use for some or all employees? Please select all that apply.

Participants responding “Yes” to their organization using variable pay received this question.

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	632	55	98	115
Bonuses (e.g. sign-on, retention)	85%	93%	89%	84%
Individual incentives (not including sales incentives)	59%	75%	62%	44%
Performance sharing (i.e. division or organization-wide payouts based on operating profit, net income and/or other financial or nonfinancial goals)	45%	44%	41%	57%
Profit sharing (i.e. division or organization-wide payouts based solely on operating profit or net income)	18%	18%	7%	34%
Recognition (e.g. spot award)	68%	76%	71%	60%
Other	4%	6%	2%	0%

INDUSTRY

FORMAL EMPLOYEE PERFORMANCE MANAGEMENT PROCESS

QUESTION

Which of the following best describes your organizations formal employee performance management process?

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	812	60	122	128
We have a formal program with a performance rating that is shared with the employee	76%	85%	80%	76%
We have a formal program with a performance rating, but the rating is not shared with the employee	3%	0%	4%	3%
We formally assess performance, but do not assign a performance rating	16%	10%	15%	16%
We do not formally assess performance	6%	5%	2%	5%

INDUSTRY

USE OF RANKING EMPLOYEES BY PERFORMANCE

QUESTION

Does your organization rank employees based on performance?

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	812	60	122	128
Yes, managers rank their own employees, but rankings are not integrated with other managers' teams/units	14%	10%	18%	15%
Yes, employees are ranked, and those rankings are integrated with rankings of employees of other managers or the entire department/division	11%	13%	5%	12%
Yes, employees are ranked, and those rankings are integrated with rankings of all employees of the organization	5%	5%	4%	6%
No, we do not rank employees	70%	71%	72%	68%

INDUSTRY

BASE PAY INCREASES TIED TO PERFORMANCE

QUESTION

Are base pay increases tied to the performance rating or ranking? Please select all that apply.

Participants not responding "We do not formally assess performance" to their organization's formal employee performance management process" or "No, we do not rank employees" to their organization ranking employees based on performance received this question.

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	812	58	121	123
Base pay increases are tied to the performance rating	64%	74%	68%	63%
Base pay increases are influenced by ranking	24%	22%	16%	31%
Base pay increases are not tied to or influenced by performance rating or ranking	17%	10%	20%	12%

INDUSTRY VARIATION IN BASE PAY INCREASES

QUESTION

If pay increases are based on performance, which of the following best describes the variance plan between top performers and bottom performers?

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	803	60	122	128
Base pay increase is based on something other than individual performance	12%	5%	12%	4%
No variation (approximately the same increase for everyone)	7%	3%	8%	5%
Small variation (increase for top performers is 1.25 times the average)	25%	17%	30%	36%
Moderate variation (increase for top performers is 1.5 times the average)	39%	58%	37%	34%
Considerable variation (increase for top performers is 2 times the average)	15%	15%	13%	19%
Extreme variation (increase for top performers is at least 3 times the average)	2%	2%	1%	3%

INDUSTRY

METHOD FOR DETERMINING BASE PAY INCREASE BASED ON

QUESTION

Which of the following methods for determining the actual salary increase does your organization primarily use?

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	798	60	122	128
A merit matrix (position in range and performance rating) is published that managers must follow in which a specific percentage increase is published for each box of the matrix	12%	12%	16%	11%
A merit matrix is published that managers must follow in which a specific range of increases is published for each box of the matrix	8%	13%	10%	9%
A merit matrix is published that managers use as a guide, but they have discretion to deviate if deemed appropriate	33%	38%	23%	44%
A specific guide providing one increase percentage or range of increase percentages for each level of performance (position in salary range is not considered) is published that must be followed	7%	3%	12%	4%
A specific guide providing one increase percentage or a range of increase percentages for each level of performance (position in salary range is not considered) is published as a guide only	10%	8%	12%	7%
A specific guide based on comparison to market or position in range without consideration to performance	4%	3%	7%	2%
Other guidance is provided	11%	7%	8%	7%
No guidance is provided other than the overall budget figure	16%	15%	13%	16%



INDUSTRY

NUMBER OF PERFORMANCE LEVELS USED TO ASSESS INDIVIDUAL

QUESTION

How many performance ratings levels/categories are used when assessing individual performance? Please do not include levels such as “too new to rate” or “new hire.”

Participants responding “We have a formal program with a performance rating that is shared with the employee” or “We have a formal program with a performance rating, but the rating is not shared with the employee” to describe their organization’s formal performance management process received this question.

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	626	51	102	101
None	2%	0%	2%	3%
Two	1%	4%	2%	0%
Three	18%	8%	28%	18%
Four	25%	29%	20%	31%
Five	48%	55%	42%	45%
Six or more	6%	4%	7%	4%

INDUSTRY PERFORMANCE EVALUATIONS

QUESTION

Due to the global pandemic, did your organization cancel performance evaluations during this last performance evaluation period?

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	797	60	122	128
Yes	15%	0%	16%	17%
No	85%	100%	84%	83%

INDUSTRY

DISTRIBUTION OF EMPLOYEES ACROSS PERFORMANCE CATEGORIES

QUESTION

Thinking about the last performance evaluation period, how were your organization’s employees distributed on the performance scale?

Participants responding “No” to their organization not canceling performance evaluations due to the global pandemic during this last performance evaluation period received this question.

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	681	60	103	106
Most people fell in the middle, with a bell-shaped distribution around the middle (about as many employees were rated above average as below average)	35%	37%	28%	16%
The spread is skewed toward higher performance ratings	39%	45%	44%	41%
The spread is skewed toward lower performance ratings	1%	0%	1%	0%
Employees are spread approximately evenly across performance ratings	4%	2%	8%	2%
We do not track this information	22%	17%	19%	22%

INDUSTRY FREQUENCY OF MARKET PRICING

QUESTION

How often do you assess the market pricing of jobs (e.g. pricing benchmarks or all jobs with salary survey data)?

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	797	60	122	128
Greater than once per year	4%	3%	7%	4%
Once per year	56%	48%	64%	50%
Once every two years	15%	10%	14%	13%
Less frequently than every two years	5%	2%	2%	4%
No consistent schedule (as needed)	18%	33%	14%	27%
We do not assess the market pricing of jobs	3%	3%	0%	3%

INDUSTRY MARKET PRICING OF JOBS

QUESTION

Did the global pandemic impact how often you assess the market pricing of jobs?

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	797	60	122	122
Yes	19%	15%	16%	24%
No	81%	85%	84%	76%

INDUSTRY FORMAL BASE PAY STRUCTURE(S) UTILIZATION

QUESTION

Does your organization use a formal base pay structure(s)?

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	797	60	122	128
Yes	80%	73%	84%	74%
No	16%	23%	13%	19%
Not sure	3%	3%	3%	7%

INDUSTRY

FREQUENCY OF BASE PAY STRUCTURE ADJUSTMENTS

QUESTION

How often do you typically adjust base pay structures for employees?

Participants responding “Yes” to their organization using a formal base pay structure(s) received this question.

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	637	44	103	95
Greater than once per year	1%	0%	2%	1%
Once per year	62%	48%	61%	67%
Once every two years	16%	23%	15%	12%
Less frequently than every two years	4%	5%	2%	8%
No consistent schedule (as needed)	15%	25%	16%	12%
We do not adjust base pay structures	2%	0%	5%	0%

INDUSTRY NUMBER OF PAY STRUCTURES

QUESTION

How many separate structures are in place?

Participants responding “Yes” to their organization using a formal base pay structure(s) received this question.

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	629	44	103	95
One	20%	25%	15%	15%
Two	15%	32%	13%	15%
Three	16%	7%	15%	18%
Four	9%	5%	10%	12%
Five	7%	7%	8%	11%
Six or more	33%	25%	38%	31%

INDUSTRY

HOW SEPARATE PAY STRUCTURES ARE DEFINED/IDENTIFIED

QUESTION

How are the separate structures defined/identified? Please select all that apply.

Participants responding “Yes” to their organization using a formal base pay structure(s) received this question.

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	638	44	103	95
Bargaining unit/union	28%	2%	29%	38%
Business unit/subsidiary	26%	18%	30%	32%
FLSA exemption status or other regulatory classification	55%	50%	55%	63%
Geographic regions	55%	52%	44%	68%
Job category/role	72%	77%	79%	67%
Other	4%	5%	1%	3%

INDUSTRY

TYPES OF PAY INCREASES AND/OR ADJUSTMENTS AWARDED

QUESTION

What types of base pay increases and/or adjustments does your organization award to some or all employees? Please select all that apply.

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	770	60	122	128
Cost-of-living adjustments (COLAs)	14%	12%	7%	18%
General across-the-board increases not considered COLA or market adjustments	20%	5%	27%	23%
Geographic differential	29%	35%	19%	34%
Internal equity adjustments	62%	70%	67%	59%
Length of service	6%	0%	7%	9%
Market adjustments	78%	83%	89%	78%
Merit increases	89%	97%	87%	92%
Pay differentials (usually related to atypical schedule, hazardous or unsecure work environment, special skill set or responsibilities)	33%	18%	44%	41%
Pay equity adjustments	48%	65%	50%	45%
Promotional increases (result of higher/greater level of responsibility)	87%	97%	93%	86%
Skill advancement adjustments	21%	23%	21%	32%
Temporary special assignment pay	35%	25%	53%	28%
Other	3%	2%	3%	1%



INDUSTRY MINIMUM WAGE PREVALENCE

QUESTION

Does your organization have jobs paid at or near statutory (national/regional/local) minimum wage rates?

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	770	60	122	128
Yes	41%	47%	43%	36%
No	59%	53%	57%	64%

INDUSTRY MINIMUM WAGE INCREASE

QUESTION

Has your organization been impacted by statutory (national/regional/local) minimum wage increases within the past 24 months?

Participants responding “Yes” to their organization having jobs paid at or near statutory minimum wage rates received this question.

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	315	28	53	46
Yes	56%	36%	68%	50%
No	44%	64%	62%	50%

INDUSTRY MINIMUM WAGE PHILOSOPHY

QUESTION

What is your organization’s philosophy to set minimum pay rates above statutory minimum wage?

Participants responding “Set above statutory minimum wage” to when their organization adjusts entry/starting-level minimum pay rates received this question.

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	177	18	29	34
We maintain a percentage amount above statutory minimum wage	14%	6%	14%	15%
We maintain at a set dollar amount above statutory minimum wage	14%	17%	14%	3%
We set a rate independent of a defined relationship to minimum wage (but never below it)	63%	72%	59%	74%
Other	10%	6%	14%	9%

INDUSTRY

METHODS TO ADDRESS WAGE COMPRESSION

QUESTION

How does your organization address any wage compression with other employees/jobs resulting from implementing statutory minimum wage increase?

Participants responding “Yes” to their organization having jobs paid at or near statutory minimum wage rates and “Set at statutory minimum wage” or “Set above statutory minimum wage” to how their organization approaches entry/starting-level minimum pay rates received this question.

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	177	28	53	46
We avoid compression by making pay adjustments equal to the dollar amount of the statutory minimum wage increase	5%	0%	8%	2%
We avoid compression by making pay adjustments based on a formula or percentage increase	17%	29%	26%	9%
We reduce compression over time by making incremental pay adjustments	34%	29%	36%	50%
We use other forms of compensation (e.g. bonuses, additional PTO, additional benefits) to restore the gap/variation in compensation	2%	4%	0%	4%
We do not take any action to address compression	14%	14%	8%	15%
Not applicable as we have not had any resulting wage compression issues requiring attention	23%	18%	21%	17%
Other	6%	7%	2%	2%



INDUSTRY

INFORMATION SHARED WITH EMPLOYEES ABOUT INDIVIDUAL BASE PAY

QUESTION

How much information is shared with employees about their individual base pay? Please select all that apply.

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	760	60	122	128
Actual base pay levels for all employees	18%	15%	20%	9%
Base pay range for the employee's pay grade	37%	38%	48%	37%
Base pay ranges for all pay grades or jobs	15%	22%	6%	9%
Information regarding the design of the base pay program (e.g. strategy, compensation markets, link to performance)	35%	43%	39%	31%
Minimal base pay-related information	41%	37%	45%	48%
Other	5%	5%	1%	6%

INDUSTRY

INFORMATION SHARED WITH EMPLOYEES ABOUT INDIVIDUAL VARIABLE PAY

QUESTION

How much information is shared with employees about their individual variable pay? Please select all that apply.

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	590	55	98	115
Employee's variable pay target opportunity and/or range	64%	58%	66%	65%
Variable pay targets and/or ranges for all jobs/ employees	13%	16%	12%	9%
Information regarding the design of the variable pay program (e.g. strategy, links to performance, payout/award calculations)	51%	60%	51%	51%
Minimal variable pay-related information	21%	20%	23%	23%
Other	3%	0%	3%	0%

INDUSTRY

HOW EMPLOYEES RECEIVED COMMUNICATIONS ABOUT THE PAY IN THE PAST 12 MONTHS

QUESTION

In the past 12 months, how did employees receive communications about the pay program? Please select all that apply.

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	760	60	122	128
Company website (e.g. intranet, HR system)	41%	52%	46%	27%
Employee handbook or orientation manual	19%	35%	19%	16%
Employee meetings	29%	33%	29%	27%
Individual discussions with HR/compensation department	31%	27%	32%	33%
Individual discussions with their supervisor	72%	82%	75%	73%
Memos, emails	46%	47%	48%	39%
Total rewards or compensation statements	47%	65%	53%	38%
Other	3%	0%	3%	2%
No pay communications	7%	8%	3%	6%

INDUSTRY

FREQUENCY OF EMPLOYEE COMMUNICATION ABOUT PAY IN PAST 12 MONTHS

QUESTION

How many times did employees receive communications about their individual pay in the past 12 months?

Participants not responding “No pay communications” to employees receiving communications about the pay program received this question.

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	707	55	119	120
Never	2%	0%	1%	5%
At least once	70%	73%	75%	67%
Twice	16%	15%	13%	18%
Three times	6%	7%	6%	4%
Four times	3%	4%	2%	4%
Five times or more	3%	2%	3%	2%

INDUSTRY

APPROACH TO COMMUNICATING INDIVIDUAL-BASED PAY INCREASES

QUESTION

How does your organization communicate individual base pay increases?
Please select all that apply.

Participants not responding "No pay communications" to employees receiving communications about the pay program received this question.

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	708	55	119	120
Brief written communication	53%	55%	52%	48%
Detailed written communication	26%	18%	24%	21%
Brief verbal communication	49%	51%	48%	53%
Detailed verbal communication	21%	29%	19%	20%
Other	5%	6%	9%	2%
We never communicate pay information	1%	0%	0%	2%

INDUSTRY

DETERMINATION OF PAY PROGRAM EFFECTIVENESS

QUESTION

How does management determine if the pay program is effective?
Please select all that apply.

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	760	60	122	128
Business/operating results	37%	32%	40%	37%
Employee productivity metrics	16%	20%	19%	18%
Employee satisfaction survey metrics	52%	58%	62%	41%
Employee turnover or retention	70%	72%	74%	65%
Employees tell us that it is working	19%	25%	21%	10%
Labor cost is controlled/lowered	16%	8%	19%	16%
Senior leadership tell us that it is working	25%	30%	19%	17%
Other	4%	8%	4%	2%
Management does not evaluate pay program effectiveness	16%	8%	8%	20%

INDUSTRY

SYSTEMS USED TO MAINTAIN COMPENSATION RELATED EMPLOYEE

QUESTION

What best describes your organization’s system(s) to maintain compensation-related employee data?

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	757	60	122	128
We have an enterprise system (includes all employees in entire organization) that is used to store all employee data as well as data to manage other function(s) of the organization such as financial, purchasing, logistics and so on.	39%	32%	40%	33%
We have one primary system that stores employee data for all employees within the organization, but it does not store any nonemployee data used by other function(s).	34%	38%	34%	38%
We have multiple HRIS/payroll systems that store employee data and we must merge data to perform analyses on an organization-wide basis.	20%	20%	22%	21%
We enter and maintain data in a basic spreadsheet, software program(s) or other database that was not exclusively designed to store employee data.	5%	5%	2%	6%
Other system(s)	2%	5%	2%	2%

INDUSTRY

APPROACH TO ANALYZE COMPENSATION-RELATED DATA

QUESTION

What is the approach your organization uses to analyze compensation-related data?

Participants not responding “We have an enterprise system (includes all employees in entire organization) that is used to store all employee data as well as data to manage other function(s) of the organization such as financial, purchasing, logistics and so on” or “We have one primary system that stores employee data for all employees within the organization, but it does not store any nonemployee data used by other function(s)” or “We have multiple HRIS/payroll systems that store employee data and we must merge data to perform analyses on an organization-wide basis” to describe their organization’s system(s) to maintain compensation-related data received this question.

RESULTS

	All	Financial Services	Health care/ Pharma	Manufacturing
n=	704	54	117	118
Our system offers analytical capability to do most/all analyses needed.	8%	9%	8%	5%
Our system offers some analytical capability, but we often import data to an advanced business intelligence tool (e.g. Tableau, Alteryx Analytics, Qlik Sense, Power BI).	9%	13%	12%	9%
Our system offers some analytical capability, but we often download data to a spreadsheet tool (e.g. Excel, Google Sheets) to perform additional analyses.	68%	69%	70%	64%
Our system offers little/no analytical capability and no further tools are utilized.	10%	2%	8%	14%
Other	4%	7%	3%	7%



ORGANIZATION SIZE COMPENSATION PHILOSOPHY

QUESTION

Does your organization have a compensation philosophy for paying employees?

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	920	45	158	339	211
We have a written compensation philosophy.	62%	40%	61%	59%	69%
We have an unwritten compensation philosophy.	26%	31%	27%	30%	21%
We do not have a compensation philosophy.	12%	29%	12%	11%	10%

ORGANIZATION SIZE

PERCEIVED EMPLOYEE UNDERSTANDING OF COMPENSATION PHILOSOPHY

QUESTION

To what extent do you think employees understand your organization's compensation philosophy?

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	811	32	139	303	191
Virtually no employees understand the compensation philosophy	9%	6%	11%	10%	8%
Most do not understand the compensation philosophy	41%	22%	40%	49%	38%
About half of employees understand the compensation philosophy	28%	34%	29%	25%	33%
Most employees understand the compensation philosophy	19%	16%	19%	16%	22%
Virtually all employees understand the compensation philosophy	2%	22%	2%	1%	0%

ORGANIZATION SIZE

METHOD FOR DETERMINING RELATIVE VALUE OF JOBS

QUESTION

How does your organization determine the relative value of jobs (i.e. job evaluation method)? Please select all that apply.

Please refer to competitive market pricing as a market data emphasis approach, i.e., where positions are evaluated and assigned a grade based solely on the market price of the job. Job content emphasis approaches are: classification, job component, point factor, and ranking.

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	890	45	158	339	211
Competitive market pricing	81%	67%	80%	85%	81%
Classification	21%	11%	22%	21%	20%
Job component	15%	7%	13%	15%	18%
Point factor	17%	11%	14%	16%	21%
Ranking	7%	2%	5%	8%	7%
Other	5%	4%	5%	6%	4%
No method in place	3%	13%	7%	2%	1%

ORGANIZATION SIZE EMPLOYEE GROUPS

QUESTION

Which of the following employee groups does your organization employ?
Please select all that apply.

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	890	45	45	339	211
Collective bargaining/ works council regulated	39%	2%	14%	42%	58%
Clerical/technical/ operational	95%	76%	93%	97%	98%
Professional/management	99%	96%	99%	99%	100%
Officers/executives	96%	76%	95%	98%	98%

ORGANIZATION SIZE VARIABLE PAY

QUESTION

Does your organization use variable pay (not including sales commission plans)?

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	823	45	45	339	211
Yes	77%	67%	70%	76%	87%
No	23%	33%	30%	24%	13%

ORGANIZATION SIZE VARIABLE PAY PLAN UTILIZATION

QUESTION

Which of the following types of variable pay plans does your organization use for some or all employees? Please select all that apply.

Participants responding “Yes” to their organization using variable pay received this question.

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	632	30	110	258	184
Bonuses (e.g. sign-on, retention)	85%	43%	77%	90%	91%
Individual incentives (not including sales incentives)	59%	57%	59%	58%	61%
Performance sharing (i.e. division or organization-wide payouts based on operating profit, net income and/or other financial or nonfinancial goals)	45%	37%	39%	46%	47%
Profit sharing (i.e. division or organization-wide payouts based solely on operating profit or net income)	18%	30%	17%	16%	18%
Recognition (e.g. spot award)	68%	43%	66%	71%	69%
Other	4%	0%	6%	4%	3%

ORGANIZATION SIZE

FORMAL EMPLOYEE PERFORMANCE MANAGEMENT PROCESS

QUESTION

Which of the following best describes your organizations formal employee performance management process?

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	812	45	158	339	211
We have a formal program with a performance rating that is shared with the employee	76%	48%	74%	78%	80%
We have a formal program with a performance rating, but the rating is not shared with the employee	3%	0%	1%	3%	5%
We formally assess performance, but do not assign a performance rating	16%	33%	19%	14%	13%
We do not formally assess performance	6%	18%	6%	6%	2%

ORGANIZATION SIZE

USE OF RANKING EMPLOYEES BY PERFORMANCE

QUESTION

Does your organization rank employees based on performance?

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	812	45	158	339	211
Yes, managers rank their own employees, but rankings are not integrated with other managers' teams/units	14%	11%	15%	15%	10%
Yes, employees are ranked, and those rankings are integrated with rankings of employees of other managers or the entire department/division	11%	0%	11%	12%	10%
Yes, employees are ranked, and those rankings are integrated with rankings of all employees of the organization	5%	3%	4%	7%	5%
No, we do not rank employees	70%	78%	70%	69%	73%

ORGANIZATION SIZE

BASE PAY INCREASES TIED TO PERFORMANCE

QUESTION

Are base pay increases tied to the performance rating or ranking?
Please select all that apply.

Participants not responding “We do not formally assess performance” to their organization’s formal employee performance management process” or “No, we do not rank employees” to their organization ranking employees based on performance received this question.

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	760	37	150	321	208
Base pay increases are tied to the performance rating	64%	65%	63%	63%	67%
Base pay increases are influenced by ranking	24%	27%	22%	25%	20%
Base pay increases are not tied to or influenced by performance rating or ranking	17%	14%	18%	17%	17%

ORGANIZATION SIZE VARIATION IN BASE PAY INCREASES

QUESTION

If pay increases are based on performance, which of the following best describes the variance plan between top performers and bottom performers?

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	803	45	158	339	211
Base pay increase is based on something other than individual performance	12%	22%	11%	11%	10%
No variation (approximately the same increase for everyone)	7%	9%	10%	8%	2%
Small variation (increase for top performers is 1.25 times the average)	25%	18%	22%	27%	28%
Moderate variation (increase for top performers is 1.5 times the average)	39%	24%	41%	36%	44%
Considerable variation (increase for top performers is 2 times the average)	15%	16%	16%	15%	14%
Extreme variation (increase for top performers is at least 3 times the average)	2%	11%	1%	2%	2%

ORGANIZATION SIZE

METHOD FOR DETERMINING BASE PAY INCREASE BASED ON PERFORMANCE

QUESTION

Which of the following methods for determining the actual salary increase does your organization primarily use?

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	798	45	158	339	211
A merit matrix (position in range and performance rating) is published that managers must follow in which a specific percentage increase is published for each box of the matrix	12%	13%	11%	10%	14%
A merit matrix is published that managers must follow in which a specific range of increases is published for each box of the matrix	8%	2%	13%	8%	7%
A merit matrix is published that managers use as a guide, but they have discretion to deviate if deemed appropriate	33%	11%	23%	39%	36%
A specific guide providing one increase percentage or range of increase percentages for each level of performance (position in salary range is not considered) is published that must be followed	7%	9%	8%	7%	6%
A specific guide providing one increase percentage or a range of increase percentages for each level of performance (position in salary range is not considered) is published as a guide only	10%	18%	5%	10%	10%
A specific guide based on comparison to market or position in range without consideration to performance	4%	2%	5%	4%	3%
Other guidance is provided	11%	9%	18%	7%	12%
No guidance is provided other than the overall budget figure	16%	36%	18%	16%	12%

ORGANIZATION SIZE

NUMBER OF PERFORMANCE LEVELS USED TO ASSESS INDIVIDUAL

QUESTION

How many performance ratings levels/categories are used when assessing individual performance? Please do not include levels such as “too new to rate” or “new hire.”

Participants responding “We have a formal program with a performance rating that is shared with the employee” or “We have a formal program with a performance rating, but the rating is not shared with the employee” to describe their organization’s formal performance management process received this question.

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	626	22	119	272	179
None	2%	5%	1%	2%	1%
Two	1%	5%	1%	1%	1%
Three	18%	23%	15%	18%	21%
Four	25%	14%	23%	26%	25%
Five	48%	50%	54%	47%	45%
Six or more	6%	5%	7%	4%	7%

ORGANIZATION SIZE PERFORMANCE EVALUATIONS

QUESTION

Due to the global pandemic, did your organization cancel performance evaluations during this last performance evaluation period?

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	797	45	158	339	211
Yes	15%	22%	11%	15%	14%
No	85%	78%	89%	85%	86%

ORGANIZATION SIZE DISTRIBUTION OF EMPLOYEES ACROSS PERFORMANCE CATEGORIES

QUESTION

Thinking about the last performance evaluation period, how were your organization’s employees distributed on the performance scale?

Participants responding “No” to their organization not canceling performance evaluations due to the global pandemic during this last performance evaluation period received this question.

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	681	35	141	288	181
Most people fell in the middle, with a bell-shaped distribution around the middle (about as many employees were rated above average as below average)	35%	26%	27%	35%	39%
The spread is skewed toward higher performance ratings	39%	20%	48%	40%	37%
The spread is skewed toward lower performance ratings	1%	0%	0%	0%	2%
Employees are spread approximately evenly across performance ratings	4%	11%	3%	3%	4%
We do not track this information	22%	43%	23%	21%	19%

ORGANIZATION SIZE FREQUENCY OF MARKET PRICING

QUESTION

How often do you assess the market pricing of jobs (e.g. pricing benchmarks or all jobs with salary survey data)?

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	797	45	158	339	211
Greater than once per year	4%	7%	4%	4%	3%
Once per year	56%	24%	51%	65%	55%
Once every two years	15%	31%	17%	14%	12%
Less frequently than every two years	5%	13%	5%	4%	2%
No consistent schedule (as needed)	18%	18%	18%	20%	17%
We do not assess the market pricing of jobs	3%	7%	4%	2%	1%

ORGANIZATION SIZE MARKET PRICING OF JOBS

QUESTION

Did the global pandemic impact how often you assess the market pricing of jobs?

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	797	45	158	339	211
Yes	19%	22%	21%	20%	16%
No	81%	78%	79%	80%	84%

ORGANIZATION SIZE FORMAL BASE PAY STRUCTURE(S) UTILIZATION

QUESTION

Does your organization use a formal base pay structure(s)?

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	797	45	158	339	211
Yes	80%	51%	70%	83%	87%
No	16%	47%	26%	13%	11%
Not sure	3%	2%	4%	4%	2%

ORGANIZATION SIZE

FREQUENCY OF BASE PAY STRUCTURE ADJUSTMENTS

QUESTION

How often do you typically adjust base pay structures for employees?

Participants responding “Yes” to their organization using a formal base pay structure(s) received this question.

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	637	23	111	281	183
Greater than once per year	1%	0%	1%	2%	0%
Once per year	62%	70%	56%	62%	62%
Once every two years	16%	26%	17%	15%	18%
Less frequently than every two years	4%	4%	5%	5%	3%
No consistent schedule (as needed)	15%	0%	20%	15%	15%
We do not adjust base pay structures	2%	0%	2%	1%	2%

ORGANIZATION SIZE NUMBER OF PAY STRUCTURES

QUESTION

How many separate structures are in place?

Participants responding “Yes” to their organization using a formal base pay structure(s) received this question.

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	629	23	111	281	183
One	20%	52%	27%	19%	13%
Two	15%	9%	21%	18%	9%
Three	16%	4%	17%	16%	16%
Four	9%	13%	7%	7%	11%
Five	7%	4%	3%	6%	9%
Six or more	33%	17%	23%	34%	40%

ORGANIZATION SIZE

HOW SEPARATE PAY STRUCTURES ARE DEFINED/IDENTIFIED

QUESTION

How are the separate structures defined/identified? Please select all that apply.

Participants responding “Yes” to their organization using a formal base pay structure(s) received this question.

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	638	23	111	281	183
Bargaining unit/union	28%	9%	13%	29%	40%
Business unit/subsidiary	26%	4%	20%	22%	39%
FLSA exemption status or other regulatory classification	55%	44%	51%	55%	57%
Geographic regions	55%	26%	46%	51%	71%
Job category/role	72%	83%	71%	72%	71%
Other	4%	0%	5%	5%	3%

ORGANIZATION SIZE

TYPES OF PAY INCREASES AND/OR ADJUSTMENTS AWARDED

QUESTION

What types of base pay increases and/or adjustments does your organization award to some or all employees? Please select all that apply.

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	770	45	158	339	211
Cost-of-living adjustments (COLAs)	14%	16%	13%	13%	16%
General across-the-board increases not considered COLA or market adjustments	20%	13%	18%	18%	26%
Geographic differential	29%	7%	27%	26%	41%
Internal equity adjustments	62%	40%	60%	63%	66%
Length of service	6%	4%	2%	8%	6%
Market adjustments	78%	64%	72%	81%	81%
Merit increases	89%	76%	88%	90%	91%
Pay differentials (usually related to atypical schedule, hazardous or unsecure work environment, special skill set or responsibilities)	33%	11%	16%	37%	44%
Pay equity adjustments	48%	20%	48%	47%	56%
Promotional increases (result of higher/greater level of responsibility)	87%	56%	85%	90%	90%
Skill advancement adjustments	21%	13%	16%	25%	19%
Temporary special assignment pay	35%	20%	27%	36%	41%
Other	3%	4%	4%	2%	3%



ORGANIZATION SIZE MINIMUM WAGE PREVALENCE

QUESTION

Does your organization have jobs paid at or near statutory (national/regional/local) minimum wage rates?

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	770	45	158	339	211
Yes	41%	9%	29%	42%	54%
No	59%	91%	71%	58%	46%

ORGANIZATION SIZE MINIMUM WAGE INCREASE

QUESTION

Has your organization been impacted by statutory (national/regional/local) minimum wage increases within the past 24 months?

Participants responding “Yes” to their organization having jobs paid at or near statutory minimum wage rates received this question.

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	315	4	46	142	114
Yes	56%	50%	39%	57%	63%
No	44%	50%	61%	43%	37%

ORGANIZATION SIZE MINIMUM WAGE PHILOSOPHY

QUESTION

What is your organization's philosophy to set minimum pay rates above statutory minimum wage?

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	177	2	21	81	71
We maintain a percentage amount above statutory minimum wage	14%	0%	10%	14%	15%
We maintain at a set dollar amount above statutory minimum wage	14%	50%	14%	14%	14%
We set a rate independent of a defined relationship to minimum wage (but never below it)	63%	0%	71%	60%	63%
Other	10%	50%	5%	12%	7%

ORGANIZATION SIZE

METHODS TO ADDRESS WAGE COMPRESSION

QUESTION

How does your organization address any wage compression with other employees/jobs resulting from implementing statutory minimum wage increase?

Participants responding “Yes” to their organization having jobs paid at or near statutory minimum wage rates and “Set at statutory minimum wage” or “Set above statutory minimum wage” to how their organization approaches entry/starting-level minimum pay rates received this question.

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	310	4	46	142	114
We avoid compression by making pay adjustments equal to the dollar amount of the statutory minimum wage increase	5%	25%	7%	6%	3%
We avoid compression by making pay adjustments based on a formula or percentage increase	17%	0%	17%	13%	22%
We reduce compression over time by making incremental pay adjustments	34%	25%	30%	31%	39%
We use other forms of compensation (e.g. bonuses, additional PTO, additional benefits) to restore the gap/variation in compensation	2%	0%	0%	3%	3%
We do not take any action to address compression	14%	25%	17%	11%	17%
Not applicable as we have not had any resulting wage compression issues requiring attention	23%	25%	24%	29%	12%
Other	6%	0%	4%	6%	5%

ORGANIZATION SIZE

INFORMATION SHARED WITH EMPLOYEES ABOUT INDIVIDUAL

QUESTION

How much information is shared with employees about their individual base pay? Please select all that apply.

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	760	45	158	339	211
Actual base pay levels for all employees	18%	20%	15%	17%	21%
Base pay range for the employee's pay grade	37%	27%	37%	35%	42%
Base pay ranges for all pay grades or jobs	15%	2%	15%	17%	16%
Information regarding the design of the base pay program (e.g. strategy, compensation markets, link to performance)	35%	31%	36%	32%	40%
Minimal base pay-related information	41%	40%	41%	45%	34%
Other	5%	4%	4%	6%	6%

ORGANIZATION SIZE

INFORMATION SHARED WITH EMPLOYEES ABOUT INDIVIDUAL

QUESTION

How much information is shared with employees about their individual variable pay? Please select all that apply.

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	590	30	110	258	184
Employee's variable pay target opportunity and/or range	64%	60%	59%	63%	68%
Variable pay targets and/or ranges for all jobs/employees	13%	20%	11%	11%	16%
Information regarding the design of the variable pay program (e.g. strategy, links to performance, payout/award calculations)	51%	33%	54%	48%	56%
Minimal variable pay-related information	21%	27%	25%	22%	16%
Other	3%	3%	3%	3%	3%

ORGANIZATION SIZE

HOW EMPLOYEES RECEIVED COMMUNICATIONS ABOUT THE PAY

QUESTION

In the past 12 months, how did employees receive communications about the pay program? Please select all that apply.

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	760	45	158	339	211
Company website (e.g. intranet, HR system)	41%	11%	34%	42%	51%
Employee handbook or orientation manual	19%	13%	24%	19%	16%
Employee meetings	29%	31%	26%	28%	31%
Individual discussions with HR/compensation department	31%	20%	26%	33%	33%
Individual discussions with their supervisor	72%	51%	70%	72%	78%
Memos, emails	46%	22%	46%	48%	48%
Total rewards or compensation statements	47%	29%	36%	50%	55%
Other	3%	0%	4%	3%	2%
No pay communications	7%	20%	8%	7%	3%

ORGANIZATION SIZE

FREQUENCY OF EMPLOYEE COMMUNICATION ABOUT PAY IN PAST 12 MONTHS

QUESTION

Question text

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	707	36	145	315	204
Never	2%	6%	1%	2%	1%
At least once	70%	47%	72%	73%	70%
Twice	16%	28%	20%	13%	16%
Three times	6%	8%	5%	5%	8%
Four times	3%	3%	1%	3%	2%
Five times or more	3%	8%	1%	3%	3%

ORGANIZATION SIZE

APPROACH TO COMMUNICATING INDIVIDUAL BASE PAY INCREASES

QUESTION

How does your organization communicate individual base pay increases?
Please select all that apply.

Participants not responding "No pay communications" to employees receiving communications about the pay program received this question.

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	708	36	145	315	204
Brief written communication	53%	47%	49%	53%	56%
Detailed written communication	26%	17%	23%	29%	25%
Brief verbal communication	49%	42%	43%	48%	55%
Detailed verbal communication	21%	31%	24%	20%	18%
Other	5%	0%	7%	5%	5%
We never communicate pay information	1%	3%	2%	0%	1%

ORGANIZATION SIZE

DETERMINATION OF PAY PROGRAM EFFECTIVENESS

QUESTION

How does management determine if the pay program is effective? Please select all that apply.

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	760	45	158	339	211
Business/operating results	37%	47%	39%	35%	39%
Employee productivity metrics	16%	24%	17%	14%	18%
Employee satisfaction survey metrics	52%	31%	48%	48%	65%
Employee turnover or retention	70%	58%	67%	68%	78%
Employees tell us that it is working	19%	20%	22%	19%	18%
Labor cost is controlled/ lowered	16%	11%	11%	17%	19%
Senior leadership tell us that it is working	25%	11%	20%	27%	29%
Other	4%	7%	5%	3%	4%
Management does not evaluate pay program effectiveness	16%	20%	18%	18%	10%

ORGANIZATION SIZE

SYSTEMS USED TO MAINTAIN COMPENSATION RELATED EMPLOYEE

QUESTION

What best describes your organization’s system(s) to maintain compensation-related employee data?

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	757	45	158	339	211
We have an enterprise system (includes all employees in entire organization) that is used to store all employee data as well as data to manage other function(s) of the organization such as financial, purchasing, logistics and so on.	39%	18%	30%	40%	46%
We have one primary system that stores employee data for all employees within the organization, but it does not store any nonemployee data used by other function(s).	34%	33%	39%	35%	29%
We have multiple HRIS/payroll systems that store employee data and we must merge data to perform analyses on an organization-wide basis.	20%	9%	20%	21%	23%
We enter and maintain data in a basic spreadsheet, software program(s) or other database that was not exclusively designed to store employee data.	5%	36%	8%	3%	0%
Other system(s)	2%	4%	3%	1%	1%

ORGANIZATION SIZE

APPROACH TO ANALYZE COMPENSATION-RELATED DATA

QUESTION

What is the approach your organization uses to analyze compensation-related data?

Participants not responding “We have an enterprise system (includes all employees in entire organization) that is used to store all employee data as well as data to manage other function(s) of the organization such as financial, purchasing, logistics and so on” or “We have one primary system that stores employee data for all employees within the organization, but it does not store any nonemployee data used by other function(s)” or “We have multiple HRIS/payroll systems that store employee data and we must merge data to perform analyses on an organization-wide basis” to describe their organization’s system(s) to maintain compensation-related data received this question.

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	704	45	158	339	211
Our system offers analytical capability to do most/all analyses needed.	8%	7%	10%	8%	7%
Our system offers some analytical capability, but we often import data to an advanced business intelligence tool (e.g. Tableau, Alteryx Analytics, Qlik Sense, Power BI).	9%	4%	5%	8%	15%
Our system offers some analytical capability, but we often download data to a spreadsheet tool (e.g. Excel, Google Sheets) to perform additional analyses.	68%	67%	68%	69%	65%
Our system offers little/no analytical capability and no further tools are utilized.	10%	22%	13%	10%	7%
Other	4%	0%	4%	4%	5%

ORGANIZATION SIZE COMPENSATION PHILOSOPHY VARIANCE

QUESTION

Does your organization apply your compensation philosophy the same across the company or does it vary by country or region?

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	206	2	31	92	81
Same across the company	75%	100%	84%	70%	78%
Varies by country or region	25%	0%	16%	30%	22%

ORGANIZATION SIZE PERFORMANCE MANAGEMENT APPLIED CONSISTENTLY TO ALL

QUESTION

Does your organization apply the performance management program consistently to all countries?

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	206	2	31	92	81
Yes	85%	100%	81%	85%	88%
No	15%	0%	19%	15%	12%

ORGANIZATION SIZE

VARIABLE PAY DESIGN AND ADMINISTRATION ACROSS REGIONS

QUESTION

If you have employees in multiple countries, how are your organization's variable pay programs designed and administered?

RESULTS

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	206	2	31	92	81
Variable pay programs are designed exclusively at the corporate level, and all employees worldwide participate in the same programs.	43%	100%	61%	47%	31%
Variable pay programs are designed primarily at the corporate level, and all employees usually participate in the same programs, with flexibility for local countries to make limited adaptations or implement unique programs of nominal cost.	35%	0%	13%	29%	49%
Variable pay programs are designed with significant input from local HR and/or line management. One or a few core variable pay programs exist companywide, but different countries have significant latitude to implement additional local programs based on local practice and competitive factors.	11%	0%	6%	12%	12%
Variable pay programs are designed and administered primarily at the local level to ensure they are meeting the unique needs of local employees.	7%	0%	10%	8%	5%
Other	4%	0%	10%	4%	2%

DEFINITIONS



DEFINITIONS

Base pay structure: The hierarchy of job grades and pay ranges established within an organization. The base pay structure may be expressed in terms of job grades, bands, job evaluation points or policy lines.

Compensation philosophy: A statement of what the organization believes about how people should be paid as well as how that pay should support the business strategy and fit within the organizational culture. A key component is how the organization intends to pay its people relative to its competitors (i.e. the desired market position).

Compensation policy: Ensures that a compensation program carries out the compensation strategy while supporting the compensation philosophy.

Variable pay: Short-term cash awards that are contingent upon performance, discretion or results achieved (for periods of one year or less), except for sales commission plans. This may include incentive plans, bonuses or cash recognition.



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Sincerely,
The WorldatWork Research Team

