Translated by: www.isurvey.ir

Contents

Executive Summary

This marks the seventh year PayScale has analyzed compensation practices and published the Compensation Best Practices Report (CBPR)—a comprehensive survey that reflects employers' attitudes and perceptions about key business issues including compensation practices, raises, incentive and variable pay, hiring trends, HR technology, and other topics related to effective talent management. The 2016 CBPR represents PayScale's largest research endeavor yet, as we compiled responses from nearly 7,600 business leaders from companies of every size across a wide section of industries.

For the first time, we compare top performing companies—defined as those who were first in their industry and exceeded revenue projections in 2015—to all respondents, revealing a correlation between modern pay practices and business success. Top performing companies are more likely to embrace transparency, exercise variable pay practices, and report valuing their employees more highly than average companies. This link allows top performers to reach the desirable land of Comptopia—where smart pay practices drive business results, and all comp woes are cast away.

The CBPR also shows that companies are optimistic for the future and expect 2016 to be prosperous, with the majority of respondents expecting to see financial improvement. Though hopes for 2016 are high overall, there are a few obstacles that have persisted year over year. Employee retention continues to be a top concern for the majority of respondents for the fourth year in a row. For the fifth year in a row, respondents cite compensation as a top reason people voluntarily left a company.

This year's results show that, despite buzz surrounding employee engagement, there is still a chasm between employee and employer perceptions on many key issues: pay perceptions, pay transparency, and employee value. Employee and employer perceptions did align in a few areas, namely the impact of a manager on employee satisfaction and the value of investing in learning and development.

The 2016 CBPR also reveals key shifts in attitudes around pay transparency, employee engagement, and variable pay. Our data shows a steady increase in the number of companies giving bonuses since 2013. We believe this trend of giving bonuses is the result of continued low wages for employees and also a very competitive talent environment for companies in certain industries.

Survey Methodology

Location

The most recent Compensation Best Practices survey was conducted in November and December 2015. There were nearly 7,600 respondents from across the globe. The US, Canada and the UK had the largest number of respondents.

Company Size

Survey results were analyzed to create comparisons between small companies (<100 employees), medium companies (100- 1,000 employees), and large companies (1000+ employees) as well as comparisons by industry.

Industry

The top five industries represented in the survey were Manufacturing, Technology, Medical & Healthcare, Nonprofit, and Education.

Job Level

51% of respondents identified as managers, while 27% identified as vice presidents or C-level. 22% identified as an individual contributor.

Welcome to Comptopia

In 2016, cast your compensation cares away and escape to an idyllic island known as Comptopia. In this sparkling land, your pay struggles melt away like an ice cream cone in a sizzling tropical locale. Candidates accept your first offer and don't try to use you as leverage against a competitor's offer. Hiring managers nod agreeably when you recommend a salary. Market rate is no longer a hazy mirage, but an accessible metric that appears magically at your fingertips, on command. With this insider's guide, you'll get a step-by-step map of what it takes to join the Comptopians, carefree natives whose top performing practices make every day of their lives a pay paradise.

Meet the Comptopians

Comptopians are those whose comp woes are whisked away by putting compensation best practices into play. For the first time ever, we compare the compensation practices of average companies to those of top performing companies. Top performers are defined as those who are number one in their industry and exceeded revenue projections in 2015.

Top 5 Insights from CBPR 2016

- While **73%** of employers consider their employees fairly paid, only **36%** of employees feel they are paid fairly.

- For the fifth year in a row, compensation, aka "seeking higher pay elsewhere," was a top reason employees left companies, falling second only to "personal reasons/life change" (marriage, spouse relocating, parenthood, etc.)

- Almost **40%** of companies report that they have transparent, open communication around pay. Top performing companies are significantly more likely to embrace transparency, at **47%.**

- Top performers pay their people. In 2015, **90%** of top performers gave pay raises compared to **84%** of average companies.

- **44%** of respondents cited replacing traditional annual performance reviews with ongoing, real-time feedback as the hottest HR trend for 2016.

2015 Year in Review

In 2015, 84% of average companies and 90% of top performing companies gave pay increases. Small companies were less likely to give pay raises, at just under 80%. Nearly 87% of both large and medium sized companies gave raises in 2015. 89% of companies in the Retail & Customer Service Industry gave raises in 2015, while only 78% of those in the Education Industry gave raises.

Of those who gave raises, 39% of average companies and 42% of top performing companies gave increases to 96-100% of their employees. Nearly 80% of average companies and top performing companies alike gave an average increase amount of a 0-5%. Only 14% of average companies and 15% of top performing companies who gave raises in 2015 reported giving average increases in the range of 6-10%.

Compensation Structures: Who's on First?

The Head of HR was still most likely to be responsible for setting compensation structures in 2015, with this being the norm in nearly 50% of average companies and 55% of top performing companies. However, CEOs were most likely to set compensation structures in small companies, at 53%, while less than 20% of large companies report this being a CEO's task. The majority of medium companies report that the Head of HR is responsible for setting compensation structures (65%).

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For the majority of small and medium companies, CEOs continue to set the compensation budget. In large companies, we see this trend shift, as only 36% report that this is the CEO's responsibility. CEOs only slightly edge out CFOs in this area at medium companies, with 49% of medium companies reporting that this is a CFO responsibility and 52% saying it belongs to the CEO.

The landscape also varied when it came to the employment of dedicated compensation professionals, either internal or external. Small and medium companies reported being unlikely to have an internal compensation professional or external compensation consultant setting compensation structures. Only 5% of large companies report hiring an external compensation consultant to set compensation structures; however, 32% report that compensation structures are set by an internal compensation professional.

Nearly 65% of all average companies believe HR and Finance should remain independent, stating they believe HR should report to the CEO. Less than 8% of average companies and top performing companies alike report that they believe HR should report to Finance. This belief is consistent across companies of all sizes and industries.

Who Uses Salary Ranges?

Assigning salary ranges to groups of jobs (grades) is the most common reported way of structuring compensation, at 40%. Small companies are least likely (30%) to structure comp this way; as 44% of small companies structure compensation by individual salary ranges for each position instead.

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