IMPACT OF INFLATION
COMPANIES ARE MONITORING THE SLOWING ECONOMY, REDUCING HIRING

Q: Regarding talent strategy, how are you responding to a potentially slowing economy and/or rising inflation for 2023?

*Please specify the area(s) in which you are reducing:

- Every function is taking a 5% across the board reduction.
- Every budget will see reductions across the company.
- Across the board.
- Reduction of 15%.
- Targeting 40th percentile benchmark performance related to HR cost structure.
- We are benchmarking and targeting achieving the 40th percentile HR cost structure. In addition, we are evaluating benefit cost and ensuring we are investing in benefits that meet the evolving workforce needs.
- Professional Services, Professional Memberships, Travel, Training and Development.
- Discretionary Spending, Travel, Consultant Spend, Headcount.
- Talent Acquisition.
- Discretionary spend/travel and doing more internally with less outside partner support for marketing, comms and speakers.
- Recruiting.
- None of the above – our business is thriving and we have increased the HR Budget.

NOTE: Respondents could select more than one choice; totals may not equal 100%
**HIGHER MERIT INCREASES AND MARKET ADJUSTMENTS**

Q: Regarding compensation, how are you responding to rising inflation and the corresponding change in the market for talent for 2023-24?

*Other ways companies are responding:*

- We are setting merit budgets based on the market forecast for 2023, using market adjustments where needed to ensure employees are appropriately positioned based on skills and capabilities, and using targeted retention awards.
- We are looking at 0% merit increases based on the anticipated recession.
- We are not taking actions specifically related to inflation, but our budgets for merit are higher due to what we believe our competitors are providing (we want to stay aligned to market).
- We are incorporating annual equity grants in select non-executive job roles.
- We made off cycle retention adjustments in 2022 and are considering a slightly higher increase.
- We are opening eligibility to the annual bonus plan lower into the organization for select positions and granting more special LTI awards for those not normally eligible for the annual award.
- We implemented a higher merit increase in 2022 and increased wages of front-line associates to be competitive in market (industry increase).
- Due to the market, we are pushing out merit increase to July. We are doing a special bonus to reward for 2022 that will bridge the gap between beginning of the year and merit.
- We are continuing to monitor market merit increases.
41% ARE IMPLEMENTING OFF-CYCLE COMPENSATION ACTIONS

Q: What types of off-cycle compensation actions are you taking?

- Off-cycle (outside merit) salary increases for front-line employees only: 80%
- Special stock grants for key talent: 80%
- Retention bonuses for key talent: 60%
- We are considering other changes not listed here*: 20%

*Other off-cycle compensation actions:
- Off cycle salary increases for select talent

**NOTE:** Respondents could select more than one choice; totals may not equal 100%
MERIT BUDGET INCREASES AROUND 4%

Q: For your broad-based U.S. population, what is the total level of merit budget increase you are currently planning for 2023? This should include any “holdback” or “extra” for targeted positions.
51% OF MERIT BUDGETS TO INCLUDE BASE PLUS HOLDBACK PERCENTAGES

Q: How are you differentiating within your merit budget for 2023?

*Please specify how you are differentiating within your merit budget:

- Higher merit budget for employees below the manager level.
- We are withholding a merit budget for 2023.
- We are allowing managers to differentiate.
- Managers decide where to apply the budget based on performance and positioning to competitive benchmarks.
- This applies to our merit-eligible population. Our manufacturing workforce is subject to local pay determination (LPD) and rates are set based on roles and step levels. NOTE: LPD wage increases are 1.5-2.5% (despite the inflationary pressure).
- Budget will be administered with discretion based on performance and market positioning with a focus on bringing those below the range minimum above the minimum.

The budget will include a “base” percentage plus a “holdback” percentage for targeted adjustments to certain groups or functions: 51%

The budget will be applied evenly across the U.S. workforce: 39%

Neither of these apply*: 9%
PAY TRANSPARENCY
MOST COMPANIES REQUIRED TO INCLUDE PAY IN JOB POSTINGS

Q: Are you subject to a state or local pay transparency law that requires pay ranges to be included in job postings?

77% Yes
23% No, not yet
71% ARE INCLUDING PAY IN JOB POSTINGS ONLY WHERE REQUIRED BY LAW

Q: To what extent are you including salary ranges in job postings?

- Only where required by law: 50%
- Only where required by law, but are considering doing it for every job nationally or globally: 21%
- For all job postings nationally: 21%
- We do not provide salary ranges on any job postings: 8%
SALARY RANGE WIDTH FOR MOST JOB POSTINGS BETWEEN 20–39%

Q: Salary range width has come under fire in the media for misrepresenting realistic salary bands. In general, what is the width of the salary range are you including in most of your job postings, understanding there may be exceptions?

*Please specify the width of salary range you are including on most job postings:
- 25–50%
- 50–70%
MOST COMPANIES DO NOT USE THIRD PARTY IN CREATION OF JOB POSTINGS, SALARY RANGES

Q: Do you use a third party, such as a recruiter, to create job postings and salary ranges?

83% No
12% Yes
5% No, but may start doing so to comply with pay transparency laws
ONLY ONE SALARY RANGE PROVIDED PER POSTING

Q: Do you provide variation within a single job posting, such as additional salary ranges based on geographical location or level within a role?

No, we only provide one salary range per posting - 72%

Yes, we provide additional salary ranges for specific locations - 25%

Yes, we provide additional salary ranges for various levels of seniority within a role - 5%

**NOTE:** Respondents could select more than one choice; totals may not equal 100%
REMOTE POSITIONS SOMETIMES ACCOMPANIED BY SALARY RANGES

Q: Do you provide salary ranges for any remote positions?

- Yes: 52%
- No: 48%
REMOTE POSITIONS OFTEN USE NATIONAL ROLE-BASED RANGES REGARDLESS OF LOCATION

Q: How do you handle salary ranges for remote positions?

- **53%**: We use national role-based ranges (i.e., the national average plus 10% for a given role regardless of location)
- **24%**: We use geographical zones based on the closest office to the employee
- **15%**: We use geographical zones (i.e., national average plus extra for NYC or San Francisco) based on employee location
- **9%**: Other*

*Other methods of determining salary ranges for remote positions include:

- National ranges by salary grade
- Combination of local for non-exempt and national for exempt
MOST COMPANIES DO NOT EXCLUDE APPLICANTS BASED ON LOCATION

Q: For remote positions, do you exclude applicants from jurisdictions that have pay transparency laws?

- No: 88%
- No, but may begin to do so: 9%
- Yes: 3%
SALARY RANGE NOT ALWAYS PROVIDED TO EXISTING EMPLOYEES

Q: Do you provide salary ranges to existing employees for their jobs?

- No, we don’t provide any form of salary range to existing employees for their jobs (43%)
- Yes, we provide the full range (31%)
- No, we provide compa-ratio, but not the range to employees (Compa-ratio, or comparative ratio, expresses pay as a percentage of market or range midpoints.) (26%)