



# Traversing Compensation Trends in 2024

What You Should Know, Why It Matters, and What To Do About It





## Global Compensation Trends

In the US, **compensation costs rose by 4.1%**, with wages and salaries **increasing by 4.3%** for the 12-month period ending December 2023 (source: US Bureau of Labor Statistics).

Globally, the “sticker shock” phenomenon persists as candidate compensation expectations exceed budgetary limits, especially challenging post-COVID in relocating in-office talent. Rising housing costs highlight the struggle for compensation to keep up with the increasing cost of living.

Executives worldwide grapple with the dilemma of balancing candidate expectations and budget constraints, leading to internal equity concerns as elevated compensation for premier candidates may cause discontent among existing employees.

The long-term global challenge of internal equity intensifies due to technological advancements, requiring higher compensation for leaders with evolving skills. Additional trends include a rise in performance-based pay and executives seeking raises for outstanding 2023 performances.

## Atlanta Compensation Trends

In Atlanta, compensation dynamics reveal notable shifts in 2024. The Atlanta-Athens-Clarke County-Sandy Springs, GA CSA experienced a **3.8% increase in compensation costs** for private industry workers in the year ending December 2023, compared to a 4.4% gain a year prior.

Locally, wages and salaries, the largest component of compensation costs, advanced at a **4.4% pace** for the same period. Atlanta's 3.8% gain contrasts with the range of 5.5% to 3.5% in other southern metropolitan areas (Dallas-Fort Worth, Houston-The Woodlands, Miami, and Washington-Baltimore-Arlington).

These figures suggest a nuanced compensation landscape in Atlanta, displaying a slight deceleration in the annual increase compared to the previous year, echoing national trends (source: US Bureau of Labor Statistics).





## Pay Raises and Bonuses Expected to Cool Down This Year

After experiencing significant salary increases in the past two years, the trend of pay raises and bonuses is expected to cool in 2024. This cooling is attributed to concerns about bloated payrolls and the need to capture an adequate return on investment.



## Pay Raise Trends

Despite the expected slowdown in salary growth, **most companies are still planning to give raises in 2024. Data from Payscale Inc. indicates an average expected raise of 3.8%**, slightly less than the 4% paid out in 2023.

**Are you offering pay raises this year?**



## Positive and Negative Ways Pay Raises Can Impact Your Hiring

### Positive Impact:

- Pay raises enhance employee retention, fostering a stable workforce and reducing turnover costs.
- Competitive pay raises attract top talent, giving the company an advantage in the hiring market.
- Well-publicized fair pay practices contribute to a positive company reputation, making it easier to attract talented individuals.

### Negative Impact:

- Budget constraints from pay raises may limit resources for hiring new talent, hindering workforce expansion.
- Widespread pay raises can lead to salary compression, making it challenging to attract experienced candidates.
- Focusing on pay raises may shift resources from crucial areas, impacting the overall attractiveness of the company to potential hires.



## Salary Transparency Trends

**70%** of American job postings include pay range data in 2024  
(source: Onwardsearch)

It was around **45% in April 2023**, which was more than double the rate of 20%, before the pandemic. 60% of US companies also share pay range data with their current employees (source: onwardsearch). Recent trends don't show a slowing down. A host of states and cities have also passed pay transparency laws that are causing challenges for companies as they contemplate their salary strategies.

## Are you sharing salary info?

### Here's why you should:

- Promotes pay equity between different demographic groups - younger executives will soon require it
- Empowers job seekers to make more informed decisions
- Builds trust within the organization when pay can be discussed openly
- Attracts top talent as prospective employees often appreciate organizations that are open about compensation
- Enhances employee satisfaction when employees know their compensation is on par with industry standard

### Here's why you shouldn't:

- Companies can be at a disadvantage if their salaries are higher than what others in the industry pay
- Privacy concerns as some employees may prefer to keep their salary details private
- Complex salary structures that don't lead to flexibility when making an offer
- Unintended consequences that might lead to dissatisfaction among employees who perceive disparities
- Legal and compliance risks if it violates privacy laws or local regulations

## Staying Informed = Staying Competitive

Navigating and adapting to compensation trends is crucial for both executives and companies, as it profoundly influences an organization's ability to attract, retain, and motivate top-tier talent. Staying well-informed about these trends is essential for companies aiming to maintain competitiveness in the talent market, align with industry standards, and ultimately contribute to overall organizational success.

### Things Compensation Can Affect:



#### Attracting Top Talent:

A responsive approach to compensation trends enhances the organization's appeal to high-caliber professionals, ensuring that it remains an attractive destination for top talent.



#### Retention and Employee Morale:

Adapting compensation strategies helps address pay disparities, contributing to higher employee satisfaction, morale, and long-term retention rates.



#### Market Competitiveness:

Staying attuned to compensation trends ensures the organization remains competitive within its industry, preventing the risk of losing talent to rival companies offering more attractive packages.



#### Organizational Reputation:

Managing compensation effectively contributes to a positive organizational reputation, portraying the company as fair, transparent, and committed to employee well-being.



#### Risk Mitigation:

Failing to handle compensation challenges, such as pay equity issues, may lead to increased turnover, legal risks, and a negative impact on overall organizational stability.



Staying aware of compensation trends is key for companies to stay agile and poised for success in the ever-evolving job market.

## 3 Ways to Navigate the Compensation Gap

1

### Tailored Search Strategy:

Develop a customized search strategy addressing industry and regional disparities. Align with clients' preferences on industry experience, recognizing situations where skills are transferable, and industry experience may not be imperative.

2

### Industry Focus:

Determine the necessity of industry-specific experience. If less critical, emphasize industries with more moderate compensation levels. Alternatively, consider the size of the candidate's current employer as an indicator.

3

### Regional Considerations:

Acknowledge regional variations in compensation and cost of living. Identify certain geographies as "off-limits" due to inflated pay and living costs. Prioritize local candidates to simplify logistics and avoid complications related to family commitments and real estate transactions.

## 10 Questions to Consider When Thinking About Compensation Trends

As leaders navigate the evolving landscape of compensation trends, considering key questions is paramount. Here are ten questions to guide your strategic thinking:

1

### Balancing Employee Expectations and Budget Constraints:

How can your organization balance the growing expectations of employees with realistic budget constraints on a global scale?

2

### Leveraging Internal Equity for Fair Compensation:

In what ways can you leverage internal equity to foster a fair and transparent compensation structure across different regions?

3

### Addressing Challenges of Remote Work:

What strategies can be implemented to address the challenges of remote work and its impact on compensation globally?

4

### Ensuring Competitive Compensation Packages:

How does your organization plan to remain competitive in offering compensation packages that attract top talent?

5

### Adapting to Shifting Job Market Dynamics:

With the job market undergoing significant shifts, how will your compensation strategies adapt to changing dynamics?



6

**Navigating Pay Transparency:**

How will your organization balance the need for transparency with strategic confidentiality in the era of increasing pay transparency?

7

**Retaining Key Talent:**

What retention strategies will you employ to retain key talent, especially in light of rising job-hopping trends?

8

**Aligning Compensation with Organizational Values:**

How can compensation structures align with your organization's values and contribute to a positive workplace culture?

9

**Investing in Employee Development:**

Considering the importance of skill development, how will your organization invest in employee growth and development while ensuring fair compensation?

10

**Monitoring Regulatory Changes:**

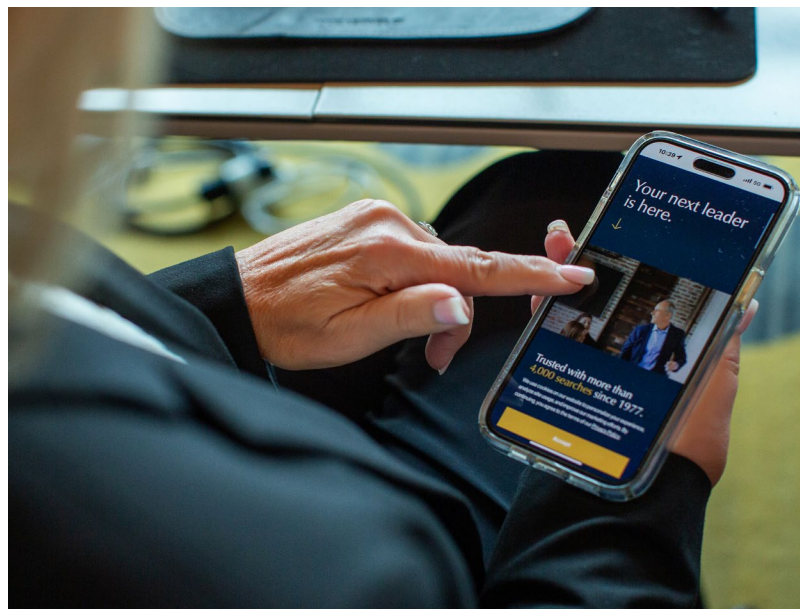
With transparency laws evolving, how will your organization stay vigilant and adapt to regulatory changes affecting compensation?



## Additional Resources to Help Navigate Compensation Trends

What should a hiring executive do when the budget cannot meet candidate expectations?

When faced with budget limitations that fall short of candidate expectations, it's important to collaborate with hiring managers to tailor the role requirements. You need to explore modifying experience or skills and consider less-experienced, more affordable executives, emphasizing their potential for effective leadership. This not only tackles budget constraints but also aligns with long-term commitment and career growth. An executive search firm can help target candidates poised for a significant leadership leap in their client's organization.



## How can you navigate internal equity?

1

### Evaluate Rapid Growth:

Rapid growth in candidate compensation expectations demands a close examination of its impact on internal equity.

3

### Value of Subject Matter Experts:

Subject matter experts bring unique value; their compensation may justify every dollar spent if aligned with organizational needs.

2

### New Skill Sets and Leadership:

Companies seeking leaders with new skill sets not available internally should carefully consider the impact on equity - it may be worth it.

4

### Long-Term Consideration:

While internal equity might be challenging in the short term, considering the long-term value of new leadership skills is crucial.



## Handler's Every Day, Real-Time Results.

Engaging directly with hiring executives on role budgets is our daily practice. This hands-on approach enables us to tailor solutions for our diverse client base, spanning large corporations to private, small, and mid-cap clients. Our commitment to real-time data involves ongoing testing of compensation levels in the marketplace, ensuring that the information we bring back fosters collaborative decision-making.

Our compensation approach is condensed into five essential steps:

- 1 **Expert Collaboration:** Foundation laid by our Research Team and compensation experts.
- 2 **Client Partnership:** Close collaboration with clients for offers extending beyond base salaries.
- 3 **Comprehensive Factors:** Exploration beyond monetary figures, covering bonus incentives, stock plans, and more.
- 4 **Cultural Alignment:** Examination of company culture and leadership growth mindset.
- 5 **Total Package:** A holistic view encompassing health, wellness, vacation, PTO, and career advancement.

! Navigating compensation trends is essential for leaders worth following to ensure the recruitment of transformational leaders ready to positively impact your organization.



If you need help navigating compensation or handling your next significant hiring decision, Eric Handler, our CEO, is available to advise.

[Book a meeting](#) with Eric directly or call 770.434.2044.