2022 Compensation and Culture Report

Rethinking Pay Strategies for a Changing Workplace
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Methodology

This survey was conducted by beqom in April 2022. The goal was to get a comprehensive look at how the changing workplace landscape has altered employee perceptions around employee benefits and total rewards, transparency in the workplace, and pay equity. A 24-question survey was directed to mobile users across the US and UK via Pollfish. The results reflect answers from 1,000 respondents in each country (for a total of 2,000 respondents) who are currently employed.
Employers and Workers Face Economic Uncertainty

While the Great Resignation continues to put upward pressure on wages, conflicting economic factors are impacting the ability for many employers to meet employees’ calls for higher pay. While the inflation rate hovers around 8% in both the US and UK, the average salary increase in 2021 was just 5% for US workers and 5.4% for those in the UK. While some companies have the revenue and cash flow to raise salaries to keep pace with the rising cost of housing, groceries, gas and other essentials, many more cannot. These companies need to find other ways to address employee concerns about economic uncertainty.

In previous studies, we have set out to understand the current workplace culture with respect to workforce diversity, recruitment, retention, and the efforts to remedy gender and other pay gaps. We expanded our reach in this report, surveying 2,000 active employees, 1,000 in the US and 1,000 in the UK, to get a sense of their experiences and perspectives on: total compensation, work-life balance, transparency, and benefits, as well as diversity, equity, and inclusion (DE&I) initiatives.

Our findings uncovered the value placed on transparency in both compensation and job responsibilities. As there continue to be more job opportunities than workers to fill them, we found that candidates value transparency in salary, benefits, perks, and responsibilities when considering taking a position at a new company. Additionally, a majority of UK and US employees could easily be swayed to consider a new job if offered the right benefits and working conditions.

This report highlights the findings of our survey, what the results mean for employers, and the issues employers need to address to attract and retain employees.
The Great Realignment Continues

The Great Resignation has evolved into the Great Realignment, with 3 out of 4 Millennials (75% US, 77% UK) reporting they had looked for a job in the past year. They were hardly alone: Nearly two-thirds (65%) of all US respondents and nearly three-quarters (72%) of all UK respondents indicated they had looked for a new job during the previous 12 months.

In fact, the majority of US employees said they would consider switching jobs for more flexible working hours (70%). This was followed by unlimited paid time off (69%), more flexibility in working location (68%), more pay transparency than their employer currently provides (60%), executive compensation tied to environmental, social and governance (ESG) initiatives (52%), a greater focus on sustainability and corporate social responsibility (CSR) initiatives (51%), and a comprehensive DE&I strategy (46%). These results are a clear indication of the value of non-monetary compensation and corporate values as motivating factors for most employees.

“4 in 5 workers are more likely to apply for a job if the job description is transparent.”

A slightly higher percentage of UK workers (78%) would consider moving to a new job for more flexibility in working hours, followed by unlimited paid leave (77%), flexibility in working location (68%), greater pay transparency (57%), a built-out DE&I strategy (42%), a greater focus on sustainability and CSR (41%), and executive compensation tied to ESG initiatives (40%).

Transparency Expected on Salary, Benefits, Job Structure, and Roles

The No. 1 reason for applying for a job for both groups was the new position and its tasks (87% US, 93% UK). In the US, candidates also reported that if job descriptions were transparent about the benefits and perks offered (81%) and salary range of the role (79%), they were more likely to apply. UK candidates, however, said job descriptions that included a salary range (89%) and in-office/hybrid/remote work expectations (76%) were most likely to sway them to apply. Benefits and perks came in a distant fourth for UK respondents, at 67%, likely due to the country’s nationalized health care system.

Given the current economic environment, with inflation rising faster than wages in the U.S., as well as the stresses of the past two years, employers continue to offer and expand financial awareness and mental health wellness benefits as part of the total compensation package.
Has your employer added/expanded any of the following benefits?

- Mental health and wellness
- 401K or retirement
- Performance bonuses
- Cell phone or internet stipend
- Childcare program or subsidy
- Flexible working hours
- Hazard pay
- Remote work opportunities
- Paid leave policy

“US employers have heard employees’ calls for stronger financial and mental health wellness benefits, continuing to expand them.”
The data shows that UK employers made little change to health and wellness benefits, with just one-quarter of respondents saying their employer had those benefits. Similarly, financial perks were not widely adopted in the UK, with 19% of respondents saying new bonuses had been granted and only 8% of respondents receiving new retirement benefits.

**Would you prefer a higher salary and no bonus, or a lower base pay with a performance-based bonus?**

![Chart showing the preference for higher salary or lower pay with bonus](chart.png)

“**The majority of employees in both the US and UK would prefer to have a higher base salary than a performance-based bonus.**”

**Working Parents Feel Negative Impact**

Following the pandemic that kept schools and childcare facilities largely shuttered for two years, employers have come to accept more flexible work routines. Providing flexible schedules was more prevalent among UK employers, with nearly two-thirds (61%) of working parents saying their workplace had eased demands on strict “9-to-5” availability, compared to less than half (47%) of US working parents reporting the same.

More than a third of all respondents said their employer had established new policies for flexible hours (40% US, 36% UK) and remote work opportunities (35% US, 38% UK). While increased paid leave was cited by 47% of US workers, compared to 20% in our 2021 survey, paid parental leave was added for just 17% of UK workers.
Additionally, 40% of US respondents said their company had offered new childcare programs or subsidies in the past year, falling short of the 52% of US respondents in our previous survey who expected prospective employers to offer the benefit. In the UK, 1 in 5 employers expanded childcare benefits.

In terms of the impact two years of remote work has had on working parents’ career trajectories, nearly half (45%) of US working parents said they believed their path to promotion has been negatively affected due to childcare duties during the pandemic, roughly the same percentage (47%) as those who believed their ability to receive a pay raise had been negatively impacted. UK workers’ responses were in line with their stateside colleagues’, with 42% saying their career path had been affected, and an additional 42% saying their ability to get a raise was impacted.

“More than half of working parents have considered looking for a job with more flexibility.”

When asked about the impact of being a parent in the workplace on their career, a higher percentage of men reported experiencing negative effects. During the pandemic, more than 5 million women left the US workforce entirely due to childcare responsibilities; the UK workforce saw a similar level of working moms quit their jobs. Two years into the pandemic, many of the women who needed to leave their job to take care of their children as schools and daycares closed likely had already done so, leading to a higher percentage of men reporting an impact on their job.

Have you experienced any of the following during the past year?

<table>
<thead>
<tr>
<th>Impact</th>
<th>Men in US</th>
<th>UK</th>
<th>Women in US</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>I have been forced to reduce hours (and pay) to manage childcare</td>
<td>37%</td>
<td>42%</td>
<td>35%</td>
<td>40%</td>
</tr>
<tr>
<td>My path to promotion has been negatively impacted due to managing childcare</td>
<td>46%</td>
<td>44%</td>
<td>40%</td>
<td>47%</td>
</tr>
<tr>
<td>My ability to receive a pay raise has been negatively impacted due to managing childcare</td>
<td>49%</td>
<td>47%</td>
<td>38%</td>
<td>43%</td>
</tr>
<tr>
<td>I have considered leaving the workforce due to managing childcare</td>
<td>50%</td>
<td>46%</td>
<td>43%</td>
<td>40%</td>
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</tbody>
</table>
Salary Secrecy Undermined
Trust in Pay

Fewer than half (43% US, 33% UK) of all respondents said they were comfortable discussing their salary with colleagues. Those who do discuss their pay with colleagues often find that others are making more money for performing the same role with similar experiences. Nearly half (43%) of US workers who had discussed salaries with a colleague found they were earning less than the colleague; a third (35%) of UK workers reported the same. In the US, Gen Z (60.5%) and Millennials (62%) were more likely to discuss pay with a coworker than the older generations. In the UK, Gen X (62%) was the least likely to have shared salary information with a colleague, with the other generations hovering around 70%.

This lack of transparency fuels a feeling among roughly a third of respondents (29% US, 37% UK) that employers do not pay workers fairly. Nearly a quarter (24%) of US respondents and 18% of UK workers said they believe companies are deliberately secretive around the disclosure of salary and bonus information, while a relatively equal number of respondents (26%) said it was because their pay was lower than the same role at a competitor. One in 10 said they don’t think their company pays employees fairly because they don’t have any insight into why they’re paid their current salary. However, just 30% of US respondents and 13% of UK respondents would take a pay cut to create equal pay in their organization.

Do you think your company pays employees fairly?

US
- Yes: 55%
- No: 16%
- Don’t know: 29%

UK
- Yes: 50%
- No: 37%
- Don’t know: 13%
Workers Want to Know Their Total Compensation

Digging deeper into pay transparency, when asked whether they knew their total compensation, which comprises take-home pay plus the full value of an employee’s benefits and perks, fewer than half of US respondents (48%) said yes; the number was even lower (41%) for UK respondents. When asked what level of transparency they would like to see, many in both the US (38%) and UK (39%) said they wanted to understand their total compensation.

“Nearly half of all employees don’t understand their total compensation.”

While men and women were equally likely to know their total compensation across both markets, older generations were more likely to be aware of this value. While UK Gen Z workers (25%) were the least likely to know their total compensation, their US counterparts were not far behind (29%).
Gender Pay Gap Secrecy Fuels Suspicions

More than a third (37%) of US employees said their company does not share current gender pay gap data internally or externally, while just 16% share it both inside and outside the organization. Another 16% share the gender pay gap data internally only, and 11% share it externally. This lack of pay gap transparency is likely why 22% of US workers believe pay gaps have increased in the past 12 months.

Similarly, in the UK, 37% of employees said their company keeps its gender pay gap information secret, while just 13% share it both inside and outside the organization. Another 13% share this information internally, and just 1 in 10 share it externally only. Nearly one-third (31%) of UK respondents said they didn’t know whether there are pay gaps within their company and an additional 11% believe pay gaps have increased over the past year.

Pay is Starting to Reflect DE&I Goals

Employers are recognizing the value of DE&I and are starting to align compensation strategies accordingly. A third (34%) of US employees said their company has implemented a new or updated DE&I plan in the past year and nearly two-thirds (64%) of that group said that the new plan included an equal compensation strategy. The numbers were slightly lower for UK employers, with 1 in 5 (20%) of UK employees saying their company had implemented a new or updated DE&I plan. Nearly half of that group (48%) said the new plan included compensation.

“A third (34%) of US employers implemented a new or updated diversity, equity and inclusion (DE&I) plan in the past 12 months.”
Conclusion

This year’s Compensation and Culture Report found a changing work dynamic influenced by the effects of the pandemic and ongoing economic uncertainty. Among the key findings:

- **Flexibility and transparency are key.** The majority of workers reported looking for a new job, and said they would switch for flexible hours, more PTO, remote work options, and transparency in pay.

- **Having a heart matters.** But half also said social programs such as ESG, CSR, and DE&I are important considerations.

- **Candidates want transparency and remote options.** Job seekers want transparency on the potential role, salary, and benefits. And the vast majority of candidates want the ability to work remotely at least some of the time.

- **Employers are continuing to adapt.** Employers continue to address the Great Resignation by adopting flexible hours, remote work options, expanded paid leave, mental health and wellness benefits, added childcare subsidies, and a range of traditional financial benefits such as 401K and bonuses.

- **It’s not just talk.** Employers also are taking steps to ensure DE&I, and incorporating DE&I goals into compensation plans.

- **People want consistency.** Employees prefer higher base salaries and less dependence on variable bonuses for compensation.

- **Working parents need consideration.** Most still believe that childcare duties hamper their pay increases and promotions.

- **Employees need to understand their pay.** A lack of pay transparency leads to suspicions of unfair pay, and half of the employees surveyed don’t understand their total compensation.

So what can employers do to attract and retain today’s workers?

First, attract new employees with transparent job descriptions that clearly spell out the job’s role, what it pays, and the benefits that come with it. Employers can keep existing employees by offering flexibility in working hours and locations and by providing attractive PTO policies. Also, by prioritizing ESG, CSR, and DE&I programs, employers can boost brand reputation, which helps both recruitment and retention.

To squelch uncertainty around pay equity, employers can be transparent about the salary ranges for each position and install policies that ensure pay equity and transparency to ensure employees understand their total compensation. Employers may want to consider adjusting compensation toward a higher base salary and less variable compensation, but being careful not to lose their ability to tie pay to performance. For working parents, provide support such as flexible hours, paid leave, and childcare assistance and provide transparency around pay and raises to avoid suspicions that their caregiving responsibilities are negatively impacting their careers. And finally, make sure workers understand their total compensation and how it was calculated, including the value of their total rewards package.
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HR, sales, and finance departments leverage our platform to drive performance, retention, cost optimization and... happiness among their people.