



# 2020 US Compensation Policy & Practices Survey

National Report



welcome to brighter

# Table of Contents

## Overview

3

About the Survey

3

About the Report

3

Confidentiality

7

If You Have Questions

7

About Mercer

7

## Participant Profile

8

Super Sector

8

Organization Type

9

Type Of Ownership

10

Annual Dollar Volume Amount

11

Total Number Of Full-Time Equivalent

Employees (FTEs)

12

Location Of employees

12

## Survey Results

13

Compensation Management

14

Work Arrangements

25

Paid Time-Off (PTO)

30

Maternity and Parental Leave

45

Overtime

51

On-call Pay

56

Shift Premiums

59

Hiring/Retention/Separation

66

Car Policies

83

Perquisites

90

Continuing Education

102

Managing Multi-Generational Workforces

111

Performance Management

115

Harassment Policies

118

Diversity & Inclusion

120

Business Continuity

124

# Overview

## About the survey

Mercer is pleased to present results from the 2020 US Compensation Policies and Practices survey. A total of 430 US organizations submitted compensation policy and practice data through an online questionnaire over a multi-year period, providing current market policies and practices.

## About the report

The report is divided into the sections listed below. An Excel participant list is included in the attachments panel.



Please click here to see attachments panel

- |    |                              |    |  |
|----|------------------------------|----|--|
| A. | Compensation Management      | I. | Car Policies                           |
| B. | Work Arrangements            | J. | Perquisites                            |
| C. | Paid Time-Off (PTO)          | K. | Continuing Education                   |
| D. | Maternity and Parental Leave | L. | Managing Multi-Generational Workforces |
| E. | Overtime                     | M. | Performance Management                 |
| F. | On-call Pay                  | N. | Harassment Policies                    |
| G. | Shift Premiums               | O. | Diversity & Inclusion                  |
| H. | Hiring/Retention/Separation  | P. | Business Continuity                    |

## Overview

This is the National report; all results within this report represent national data. Additional data cuts are available in the detailed report. The data cuts included are as follows:



### By Net Sale Revenue amount (USD)

- Less than 500 million
- 500 million < 1 billion
- 1 billion < 2.5 billion
- 2.5 billion < 5 billion
- 5 billion < 10 billion
- 10 billion or More



### Ownership

- Publicly Traded on a Stock Exchange
- Privately Owned Organization
- Government and Broader Public Sector (including Crown Corporations)
- Joint Venture
- Not-for-Profit



### By industry

- Banking/Financial Services
- Chemicals
- Consumer Goods
- Energy
- Healthcare Services
- High Tech
- Insurance/Reinsurance
- Life Sciences
- Other Manufacturing
- Other Non-Manufacturing
- Retail & Wholesale
- Services (Non-Financial)
- Transportation Equipment



## Overview

### A few survey reporting notes:

- Percentages may not sum to 100% due to rounding.
- Percentages may not sum to 100% when organizations are given the option to provide more than one response to a specific question. Those responses are valid and are further explained after each table.
- Unless otherwise specified, percentages included in this report represent the percentage of responding organizations.
- In the data tables displaying survey results, the term “N” refers to the number of respondents answering for the given item. Because every question does not pertain to every organization, and every organization did not answer every question, the “N” varies from question to question.
- All dollar amounts in this report are provided in USD.
- Results to questions with insufficient data were removed.
- There was insufficient data to show results for the Logistics and Mining & Metals industries in the detailed report.
- Mercer reminds participants to exercise caution in drawing definitive conclusions on data where sample sizes are small (e.g., less than 10 organizations). This could potentially represent an insufficient sample size and not be an accurate reflection of the marketplace.

### Data definitions:

- **25<sup>th</sup> Percentile** — The data point that is higher than 25% of all other data in the sample when ranked from low to high. Also known as the first quartile.
- **75<sup>th</sup> Percentile** — The data point that is higher than 75% of all other data in the sample when ranked from low to high. Also known as the third quartile.
- **Average** — The sum of all data reported divided by the number of observations in the sample. Also called the mean.
- **Median** — The data point that is higher than 50% of all other data in the sample when ranked from low to high. Also known as the 50<sup>th</sup> percentile.



## Overview

### Employee group definitions:

- **CEO** – Head of your organization.
- **Executive** – Top or senior management, typically the CEO/COO through the EVP or VP level.
- **Management** – Employees who can have a significant impact on the direction and profitability of a division or business unit. Typically includes corporate directors, department managers, line-of-business managers, and managers reporting directly to an executive. Considered to be exempt in the US.
- **Individual Professional** – Individual contributors with no supervisory responsibility in a technical function or professional role. Typically has a degree, full trade qualification, or equivalent. May coach or instruct less experienced staff. May or may not be considered exempt in the US.
- **Para-professional/Support** – Employees in skilled, semi-skilled, or unskilled roles without supervisory responsibility. Does not require a university degree. May require some formal professional training and/or certification. May be paid on an hourly or salaried basis. Often considered to be non-exempt in the US.

Both National and Detailed reports are available for participants and non-participants to purchase.

If you wish to purchase the Detailed report, please contact Mercer customer service at **800 333 3070**.



## Overview

### Confidentiality

To ensure confidentiality, results of the survey are summarized. Individual company data are never identified.

Where values are provided in the response (e.g., number of days or dollar amounts), the average and median values are reported only if five or more organizations provided data; and the 25th and 75th percentiles only if a minimum of seven organizations provided data. A double hyphen i.e., "--" has been indicated where there are insufficient data for analysis.

The information and data contained in this report are for informational purposes only and are not intended nor implied to be a substitute for professional advice. In no event will Mercer be liable to you or to any third party for any decision made or action taken in reliance of the results obtained through the use of the information and/or data contained or provided herein.

**If you have questions regarding the survey or the report, call us or email us at:**

**Telephone:**  
800 333 3070

**Email:**  
[surveys@mercer.com](mailto:surveys@mercer.com)

### About Mercer

Mercer is a leading global provider of consulting, outsourcing and investment services, with more than 25,000 clients worldwide. Mercer consultants help clients design and manage health, retirement and other benefits and optimize human capital. The firm also provides customized administration, technology and total benefit outsourcing solutions. Mercer's investment services include global leadership in investment consulting and multimanager investment management.

Mercer's global network of more than 20,000 employees, based in over 40 countries, helps ensure integrated, worldwide solutions. Our consultants work with clients to develop solutions that address global and country-specific challenges and opportunities. Mercer is experienced in assisting both major and growing, midsize companies.

The company is a wholly owned subsidiary of Marsh & McLennan Companies, Inc., which lists its stock (ticker symbol: MMC) on the New York, Chicago and London stock exchanges.

# Participant Profile

## Super sector



13%

Services  
(Non-Financial)



10%

Health Care  
Services



9%

High Tech



9%

Insurance/  
Reinsurance



9%

Other  
Manufacturing



9%

Retail &  
Wholesale



8%

Energy



7%

Life Sciences



7%

Other  
Non-Manufacturing



6%

Consumer Goods



5%

Banking/  
Financial Services



3%

Chemicals



3%

Transportation  
Equipment



1%

Logistics



1%

Mining & Metals



# Participant Profile

## Organization type



### Parent Company / Independent Company / Corporate

The highest reporting entity without any organization above it (i.e., parent organization). Typically, management and the board of directors are responsible to shareholders for overall organization performance. Organizations who are structured as Joint Ventures should report themselves as corporate.



### Subsidiary

The subsidiary is a legally chartered independent entity with majority interest held by a corporate entity; it often has multiple business units and is responsible for all organization functions. Although a subsidiary may ultimately roll up into a corporate entity, management performs all functions of a stand-alone organization and is accountable to the corporate organization for operations and financial performance.



### Multi-Profit Center (Group)

An independent business unit consisting of multiple profit centers or divisions. The group is held accountable to a corporate entity similar to a subsidiary. The difference between the group organization type and subsidiary organization type is the group is not legally chartered and does not have a board of directors.



### Division

An independent entity accountable for all organization functions typically for a select group of organization product lines. Generally, a division consists of a single profit center or operating unit that is fully accountable to the corporate, subsidiary, or group organization types.

## Participant Profile

### Ownership type



Publicly Traded on a Stock Exchange



Privately Owned Organization



Government and Broader Public Sector (including Crown Corporations)



Joint Venture



Not-for-Profit

N=430

**Publicly Traded on a Stock Exchange** - A company that has issued securities through an initial public offering and which are traded in at least one stock exchange or over-the-counter market.

Note: This category may include publicly traded for-profit higher education institutions (corporations that have schools or learning centers) and publicly traded for-profit healthcare organizations.

**Privately Owned Organization** - Sole Proprietorship or the company's stock is owned by a relatively small number of holders who do not trade the stock publicly on a stock exchange/market.

Note: This category may include member-owned cooperatives, mutual companies, privately owned for-profit higher education institutions (corporations that have schools or learning centers) and for-profit healthcare organizations.

**Not-for-Profit** - An organization operating on a not-for-profit basis, including not-for-profit tax status, which is primarily funded through charitable donations, member dues, or government transfers.

Note: This category may include charities, religious organizations, hospitals and health plan companies.

**Joint Venture** - A joint venture exists when two or more companies enter into an agreement to contribute resources to a common business venture. Resources might include capital, skills or services. A joint venture is not a separate legal entity.

Note: There are no formal regulations governing joint ventures. Generally, contractual obligations govern joint ventures.

**Government and Broader Public Sector (including Crown Corporations)** - Taxpayer-funded or levy-receiving organizations primarily operating in the public's interest. Boards typically include government representatives, or some members are chosen by elected officials.

Note: This category may include university hospitals, Veterans Affairs Hospitals, and a small amount of health plan companies.

**Federal Reserve Bank companies are classified as Government.**

## Participant Profile

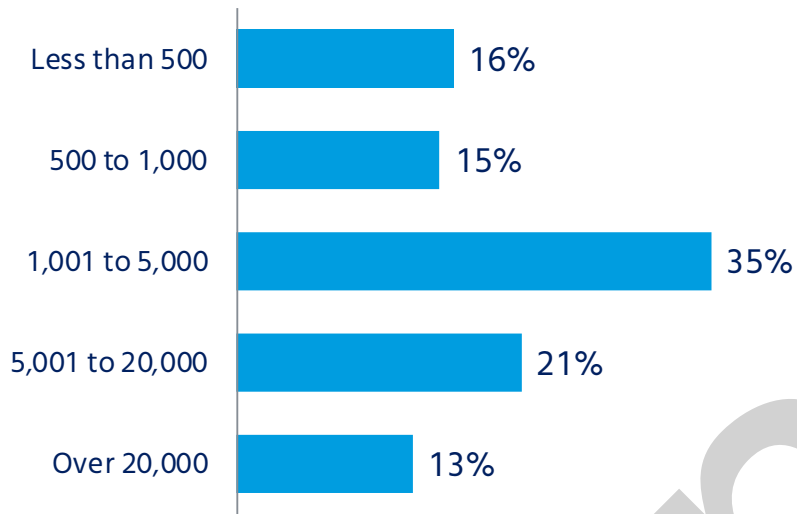
### Annual dollar volume amount

Annual Dollar Volume Amount	Net Revenue	Net Sales Revenue	Gross Premiums	Operating Expenses/ Budget	Assets
Less than 500 Million	18%	26%	23%	23%	7%
500 Million < 1 Billion	5%	13%	7%	14%	10%
1 Billion < 2.5 Billion	38%	18%	13%	27%	3%
2.5 Billion < 5 Billion	26%	16%	27%	17%	10%
5 Billion < 10 Billion	8%	10%	10%	11%	21%
10 Billion or More	5%	16%	20%	8%	48%
<b>N</b>	<b>39</b>	<b>289</b>	<b>30</b>	<b>64</b>	<b>29</b>



## Participant Profile

### Total number of full-time equivalent employees (FTEs)



N=430

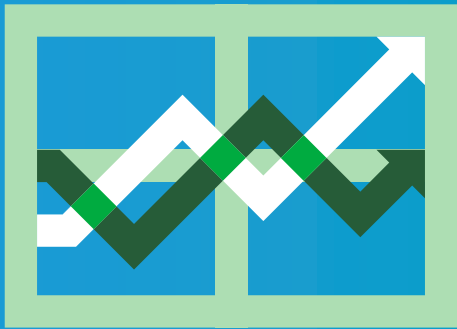


### Location of employees

Region	Executive	Management	Individual Professional	Para-Professional/Support
North Central Region	38%	57%	60%	56%
Northeast Region	42%	59%	61%	55%
Southeast Region	30%	55%	57%	53%
South Central Region	30%	52%	56%	50%
West Coast Region	31%	52%	56%	50%
<b>N</b>	<b>419</b>	<b>424</b>	<b>424</b>	<b>414</b>

Multiple responses were allowed; therefore, the total may exceed 100%.

# Survey results



Sample

# A. Compensation Management

## A.1. What tools do organizations use to document and/or communicate job responsibilities, requirements and expectations?

**Formal job descriptions/role profiles** - A summary of duties, responsibilities, and reporting relationships pertaining to a particular job.

**Survey benchmarks and level** - Capsule descriptions of a job's duties, responsibilities and reporting relationships that are typically three to four sentences long. Jobs are leveled within the organization relative to a specific set of factors such as responsibility, knowledge and skills.

**Career framework** - Jobs that are related to one another are grouped into "job families" (e.g., Human Resources or Finance). A career level may progress from Entry to Intermediate to Senior to Specialist to Supervisor to Manager, with a descriptor for each level describing the duties, accountabilities and expectations.

**Competency- or skills-based models/charts** - Describes a group of competencies required in a particular job or career level, usually 10 to 15, often bundled in clusters and tied to an organization's business strategy or competitive advantage.

Tools	Percentage of Organizations
Formal job descriptions/role profiles	95%
Survey benchmarks and level	42%
Career framework	38%
Competency- or skills-based models/charts	23%
None of the above	1%
<b>N</b>	422

Multiple responses were allowed; therefore, the total may exceed 100%.

## A.2. Which internal job evaluation processes do organizations use to value jobs?

**Whole job ranking** - A job hierarchy is developed by determining, for each job, the job that falls directly above and below it within the organization. The result is a hierarchical list from the most valuable to the least valuable positions in an organization.

**Custom point-factor** - Non-standardized method for calculating the point factor methods. The method takes into account factors and sub-factors for which each job is assigned a point value. The job's overall value is determined by the summation of each sub-factors calculated point value.

**Standardized point-factor** - Method of establishing the internal relative value of different jobs within an organization across functions, divisions and locations. The job's overall value is determined by the summation of each sub-factors' calculated point value. Standardization allows for the comparison of jobs between organizations that use the same system.

**Career framework** - Jobs that are related to one another are grouped into "job families" (e.g., Human Resources or Finance). A career level may progress from Entry to Intermediate to Senior to Specialist to Supervisor to Manager, with a descriptor for each level describing the duties, accountabilities and expectations.

**Market pricing** - An internal job evaluation process is not used. Jobs are reviewed against market data for similar or closely matched jobs. Salaries and ranges are then determined based on what the market is paying.

Internal Job Evaluation Process	Percentage of Organizations
Market pricing	59%
Career framework	36%
Whole job ranking	15%
Standardized point-factor	9%
Custom point-factor	6%
None of the above	3%
<b>N</b>	410

Multiple responses were allowed; therefore, the total may exceed 100%.