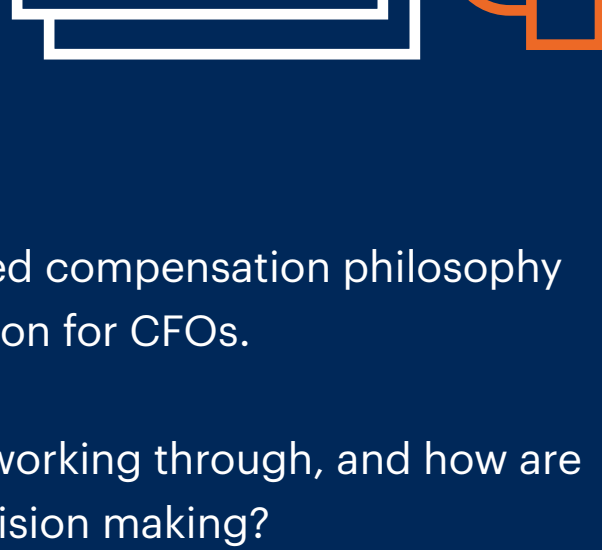


Finance Compensation Strategy & Philosophy: 2023



In today's dynamic landscape for talent, defining a balanced compensation philosophy and crafting an effective rewards strategy is a critical mission for CFOs.

What are the strategic considerations finance leaders are working through, and how are upcoming pay disclosure regulations influencing their decision making?

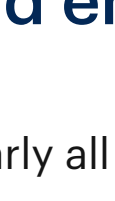
One-Minute Insights:



Regular compensation benchmark studies are the most common way that organizations ensure compensation is fair and equitable



Three-quarters of respondents cite available talent as a trend impacting their compensation strategy



More than half of finance professionals indicate their strategy focuses more on current employees than attracting new hires



Most finance leaders agree that pay disclosure regulations will make it harder to achieve their compensation goals and will require salary increases

One-Minute Insights on timely topics are available to [Gartner Peer Community](#) members. Sign up for access to over 100 more, and new insights each week.

Data collection: February 27th - August 12th, 2023

Respondents: 88 finance professionals whose organizations have an organized compensation strategy

Striving for equity and effectiveness in compensation strategy, finance leaders are embracing benchmarks and employee engagement surveys

Nearly all (98%) respondents rate their compensation strategy as very important (36%) or important (62%) to achieving their organization's overall financial objectives.

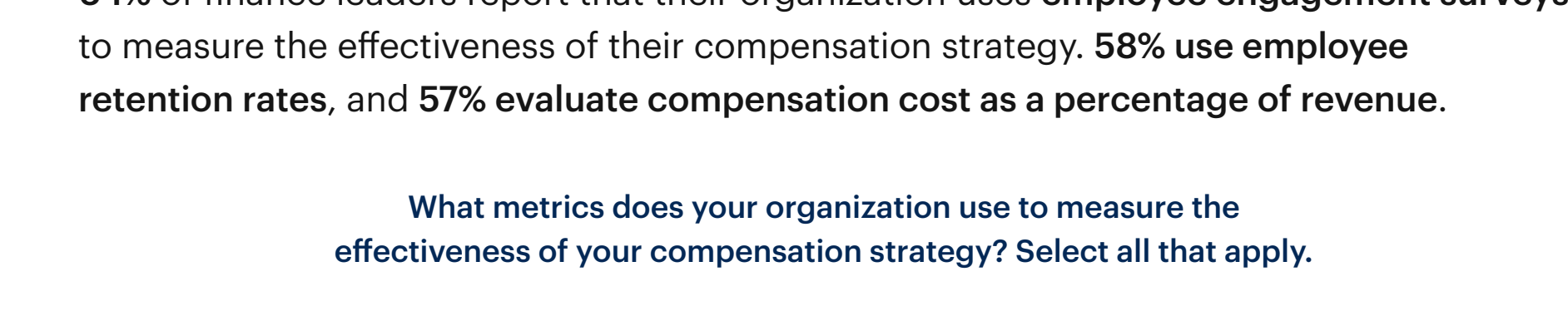
How important is your compensation strategy in achieving your organization's overall financial objectives?



Note: May not add up to 100% due to rounding.

The most common way organizations ensure their compensation strategies are fair and equitable is by **conducting regular compensation benchmarking studies** (75%).

How does your organization ensure that its compensation strategy is fair and equitable? Select all that apply.



Note: May not add up to 100% due to rounding



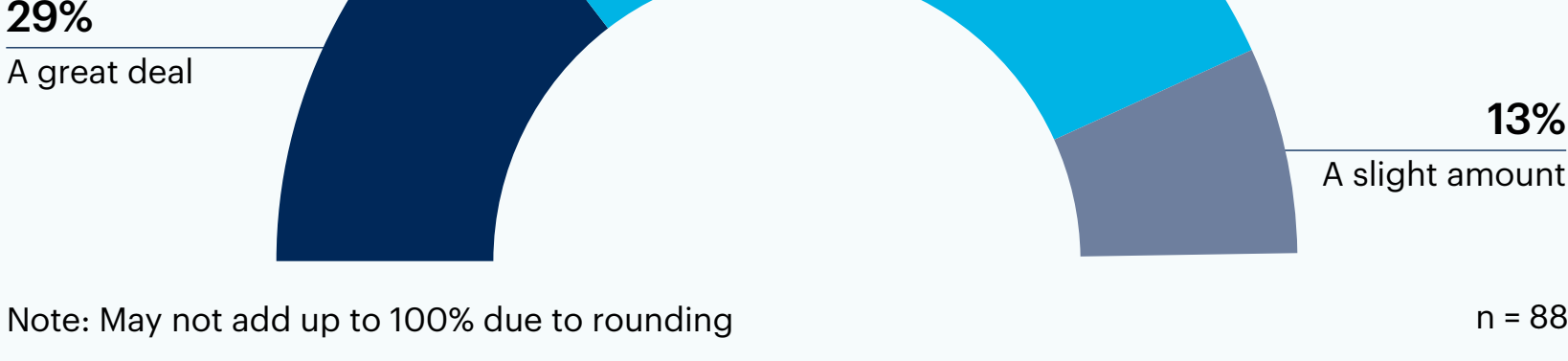
"Provide fair and competitive pay, with clear criteria for performance and recognition, while aligning with the organization's values, goals, and financial sustainability."

- Director, Construction, <1,000 employees

Question: In one sentence, how would you describe your organization's compensation philosophy?

64% of finance leaders report that their organization uses **employee engagement surveys** to measure the effectiveness of their compensation strategy. 58% use **employee retention rates**, and 57% evaluate **compensation cost as a percentage of revenue**.

What metrics does your organization use to measure the effectiveness of your compensation strategy? Select all that apply.



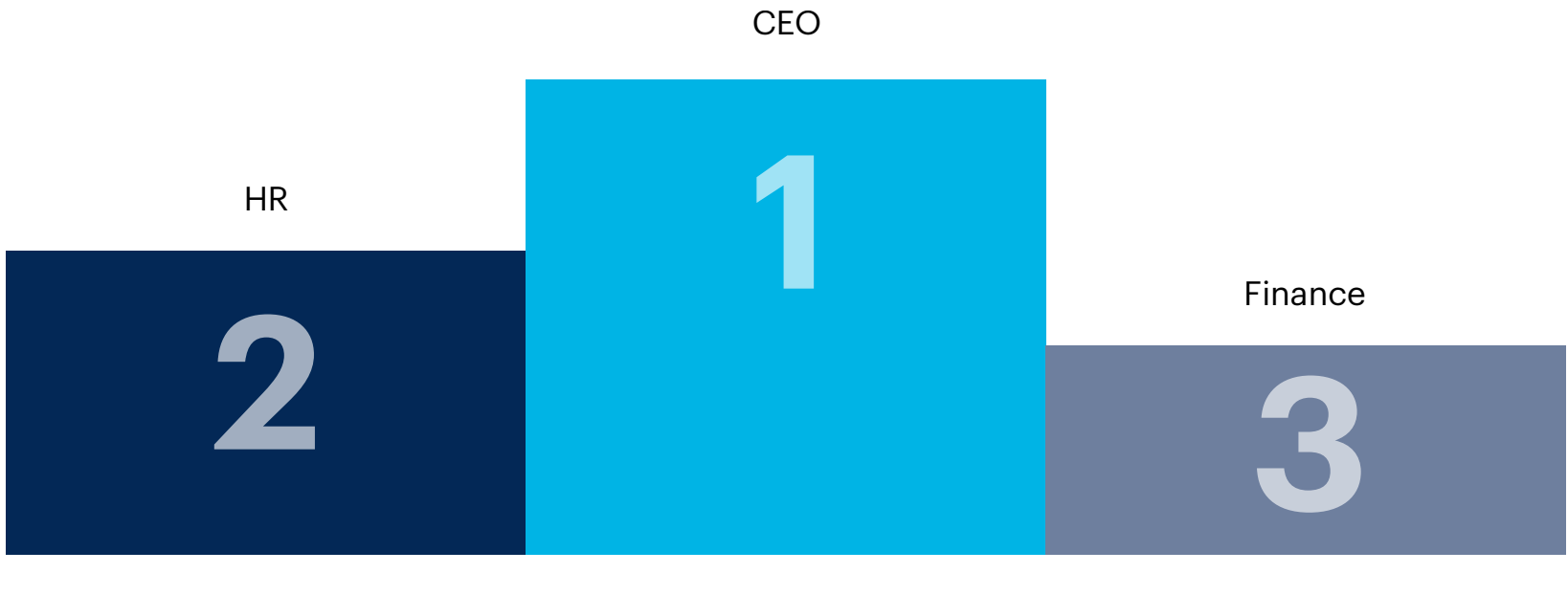
Other 1%

n = 88

Note: May not add up to 100% due to rounding

86% of respondents say that **non-financial incentives factor into their compensation strategies a great deal** (29%) or a **moderate amount** (57%).

How much do non-financial incentives and benefits factor into your compensation strategy?

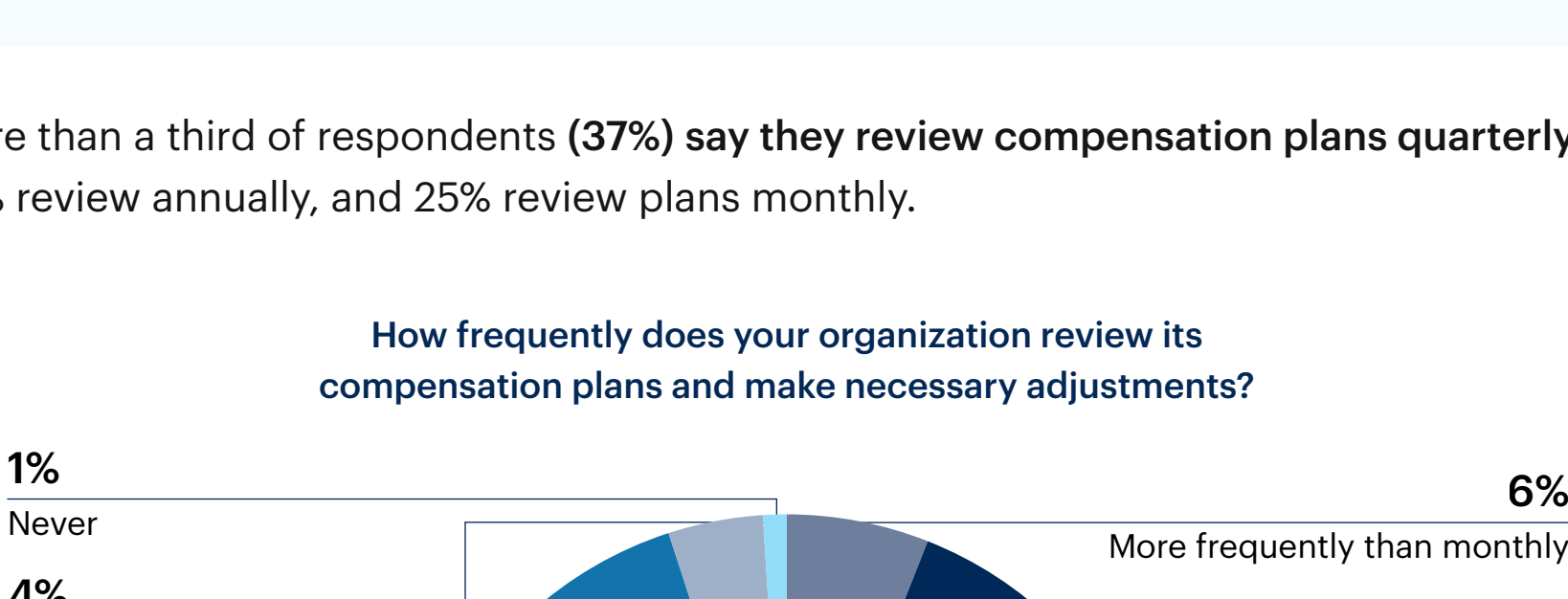


Note: May not add up to 100% due to rounding

C-suite leadership and talent availability drive most compensation decisions

Respondents ranked **CEO** as the top position who gets priority in making compensation decisions, followed by **HR** and **finance**.

Please rank the following functions by who gets priority in making compensation decisions.



#4 Individual line of business leaders

The most commonly selected trend impacting organizations' compensation strategies and philosophies is **available talent** (73%).

What current trends are impacting your organization's compensation strategy and philosophy? Select all that apply.

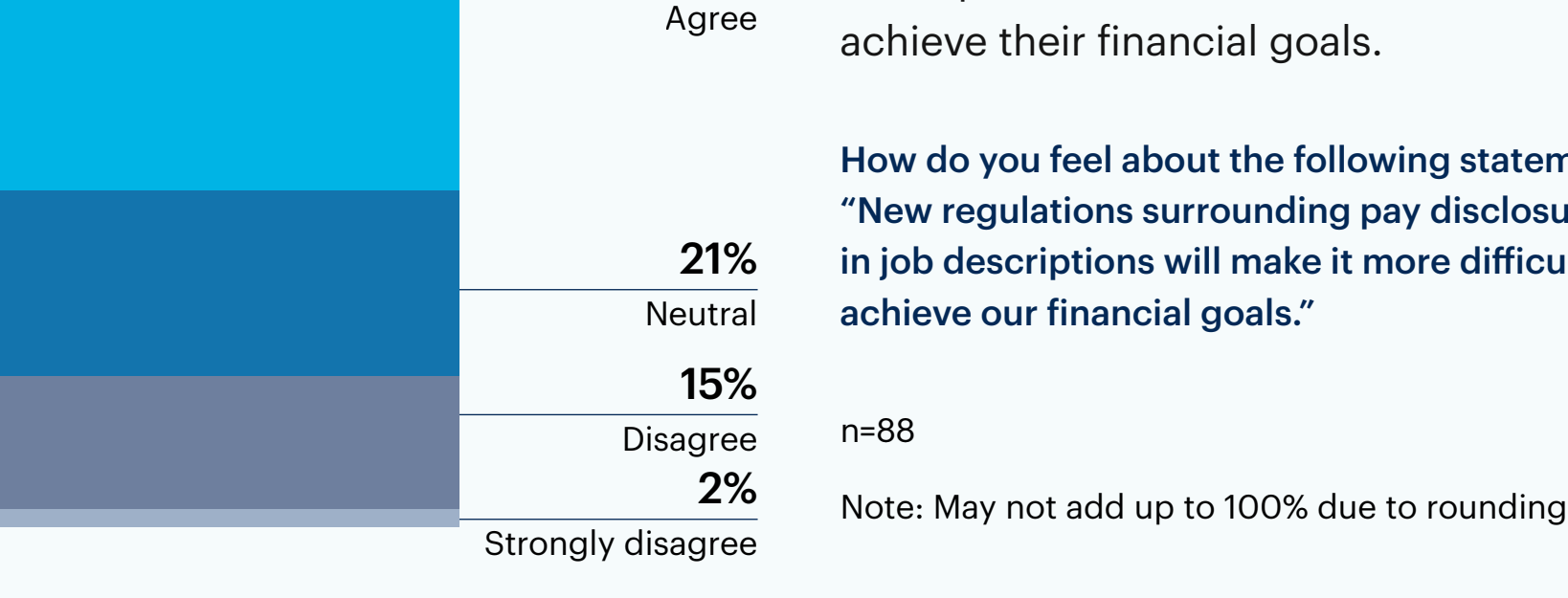
None of these 7%

n=88

Note: May not add up to 100% due to rounding

More than a third of respondents (37%) say they **review compensation plans quarterly**. 27% review annually, and 25% review plans monthly.

How frequently does your organization review its compensation plans and make necessary adjustments?



Note: May not add up to 100% due to rounding

With the focus on current employees, finance leaders are concerned about pay disclosure regulations impacting goals, and anticipate salary increases



62% of finance leaders **agree (42%) or strongly agree (20%)** that new regulations surrounding pay disclosure in job descriptions will make it more difficult to achieve their financial goals.

How do you feel about the following statement: "New regulations surrounding pay disclosure in job descriptions will make it more difficult to achieve our financial goals."

n=88

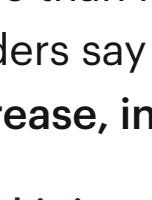
Note: May not add up to 100% due to rounding

65% of respondents report their organization plans to **increase its annual cash bonuses** across the next 12 months.

Over the next 12 months, does your organization plan to increase its annual cash bonuses handed to employees?

n=88

Note: May not add up to 100% due to rounding



"We believe in pay for performance and align our bonus structure to SMART goals developed by our employees and approved by their management team."

- VP, Real Estate, Rental, and Leasing, <1,000 employees

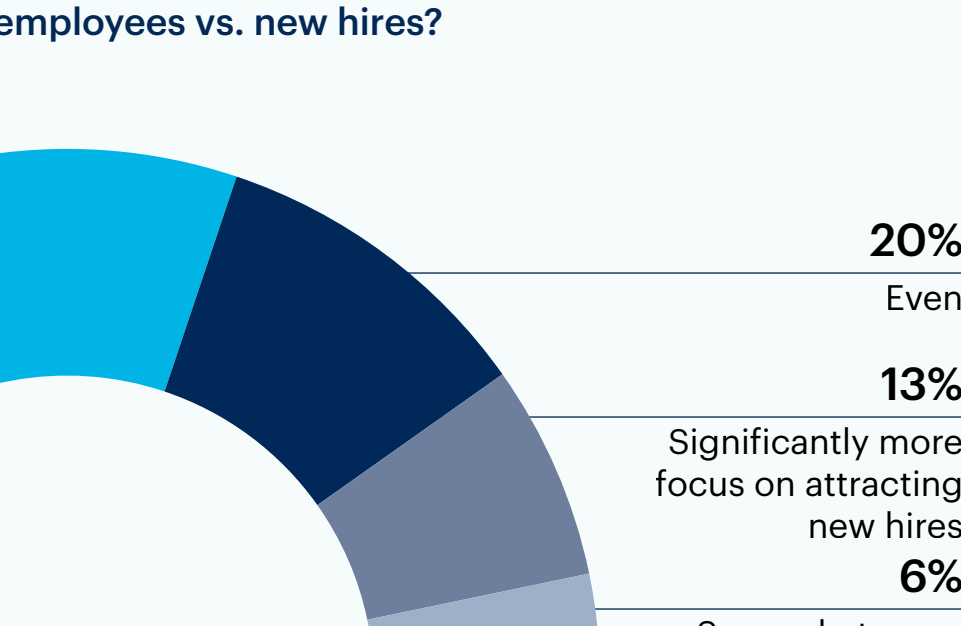
Question: In one sentence, how would you describe your organization's compensation philosophy?

More than half (60%) of finance leaders say **base compensation will increase, in concert, with bonuses**.

Will this increase in bonuses be balanced with a smaller increase in base compensation?

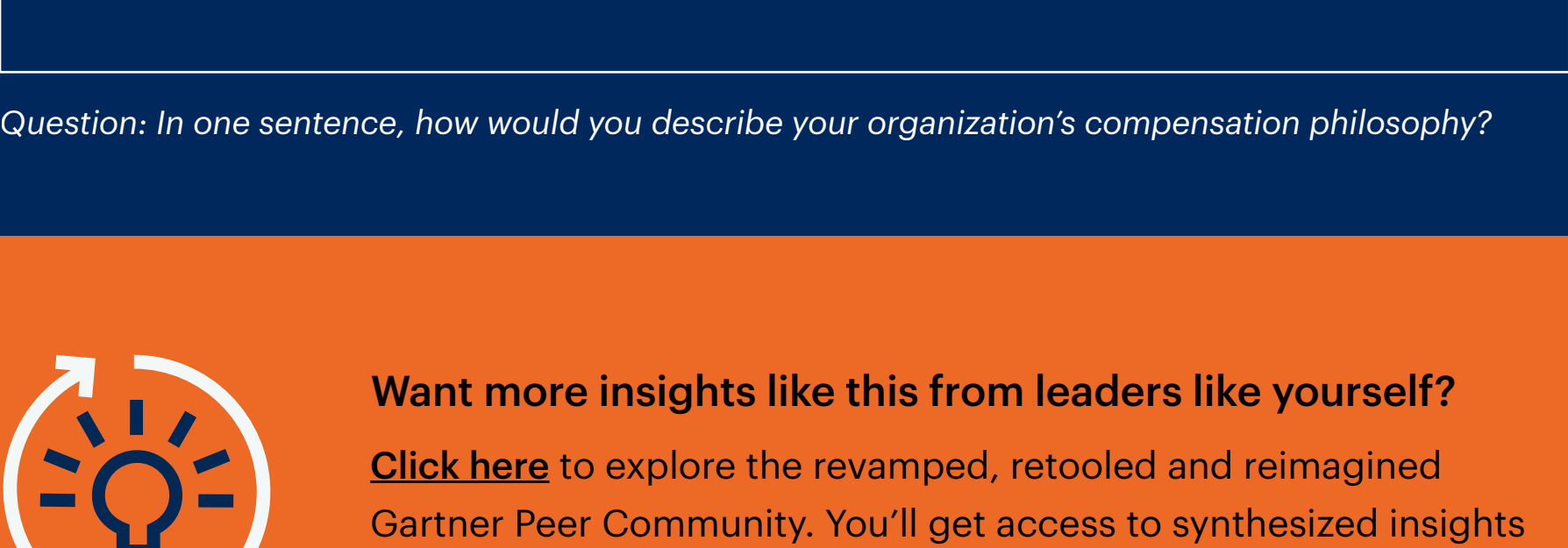
n = 58

Question only shown to respondents who answered "Yes, greatly" or "Yes, somewhat" to the question "Over the next 12 months, does your organization plan to increase its annual cash bonuses handed to employees?"



60% of respondents report that their compensation strategy **focuses more on current employees**, rather than new hires.

How much does your compensation strategy focus on current employees vs. new hires?



Note: May not add up to 100% due to rounding



"Needs to be more progressive and less out-of-touch. Compensation needs to align with talent strategy. Do we invest more on "recruit" vs "retain"?"

- Director, Consumer Goods, <1,000 employees

Question: In one sentence, how would you describe your organization's compensation philosophy?



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Respondent Breakdown

Region



Job Level

Company Size

