How to accelerate the pay-for-skills conversation in your organization?



Start with these five key questions:

1) What do we aim to achieve through skills-based pay?

The key strategic purposes for companies approaches include:

52%

42%

to deploy skills-based pay

Strategic necessity of revamping the organization key technical skill sets

strategic goals

Implicit need linked to

30%

29%

27%

Entry in new markets and/or development of new services/ products that requires a technical skill set enlargement

Aggressive strategic policy of hiring new high-end professionals (e.g., AI and digital)

Explicit goal present in the strategic plan

2) What skills do we need to track and how will we incorporate a skills taxonomy into our job architecture?

∼1/2 of companies are yet to develop an approach to classifying skills at any level of their structure a minimal change since 2021.

Of those who have some form of skills taxonomy:

82%

18% use either an open source skills

This implies that

of all respondents have already developed

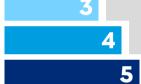
an in-house customized

skills taxonomy to manage at least a portion of their workforce. A tremendous effort!

have an in-house customized skills taxonomy

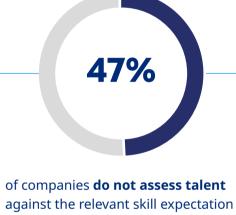
framework or one purchased from a third-party provider

3) What skill proficiency level do we expect for each role?



Three, four, five, six or even more proficiency levels? Proficiency scales are a priority, but there is no consensus in the

market on the optimum number of proficiency levels, with a fairly even distribution of approaches among companies.



do so only as needed

business forward? Monitoring skills across all employee groups is a sound, Companies are still building their

4) How do we assess the skills that will drive our

monitor formally informal monitoring.

competitive strategy.

monitor informally A minority of companies (just 8%) monitor the market demand or availability of skills formally whereas 60% report have emerged and are starting to mature. Remember, today's hot skill or hard-to-hire role can quickly

platforms and the related data sets that

familiarity with the skills-tracking

evolve and affect varying roles in your organization!

For the vast majority (80%) of companies, the main objective when linking rewards to skills is

5) How will we reward those with top skills?

of companies do not differentiate rewards for 46% specific skills.

attraction and retention of talent.

40%

The rest differentiate rewards for:



44%

Significantly,

do not link rewards to the ongoing development of skills.

of companies

create equity gaps in the organization over time!

This can potentially

- building skills taxonomies,
- tracking skills (both within an organization and in the market), • developing proficiency scales,

It highlights the most common approaches to:

operationalizing pay-for-skills strategies.

Read the full report to learn more!

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