

# HR Salary Survey

Pay for training and development positions is rising, and the American Society for Training & Development is working to provide more and better salary survey information. Here are highlights from the 1999 SHRM/Mercer Human Resources Management Compensation Survey.

## About the Survey

Responding to the needs of its members for competitive compensation information, ASTD has joined forces with William M. Mercer and the Society for Human Resource Management to expand the coverage of training and development positions to produce an industry benchmark report, the SHRM/Mercer Human Resources Management Compensation Survey. Beginning in 2000, the annual survey will include data for an even wider variety of training and development positions, with two to three times the number of related jobs.

Further, ASTD and Mercer are working together to rewrite the training and development position descriptions used for collecting pay data in the survey. The survey's job definitions will be updated and improved to reflect changes that have occurred in recent years. Functions such as instructional design, executive development, and training center management will be covered with greater specificity. Driving that effort are the growing importance of HR jobs and the need to provide compensation packages that can attract and retain employees with t&d background

and skills. The past 20 years of corporate mergers, acquisitions, downsizings, and global competition have put a premium on people who can facilitate effective leadership, development, and organizational change. In response, pay levels for such jobs have risen significantly, and the need to measure that has become crucial.

Until now, few (if any) compensation surveys have provided in-depth competitive pay data for the profession, making it difficult for organizations to compare internal jobs to the market. Although *trainer* and *training manager*

are common titles in some reports, important subtleties such as the differences between people designing versus delivering training aren't being captured. The ASTD/SHRM/Mercer initiative will provide a much richer database of information that's accurate and relevant for t&d positions.

The 1999 SHRM/Mercer Human Resources Management Compensation Survey reports data from nearly 1,000 companies on 86 different HR jobs.

To obtain the survey or receive additional information, contact Mercer at 800.333.7070.

# Higher salaries, more incentives

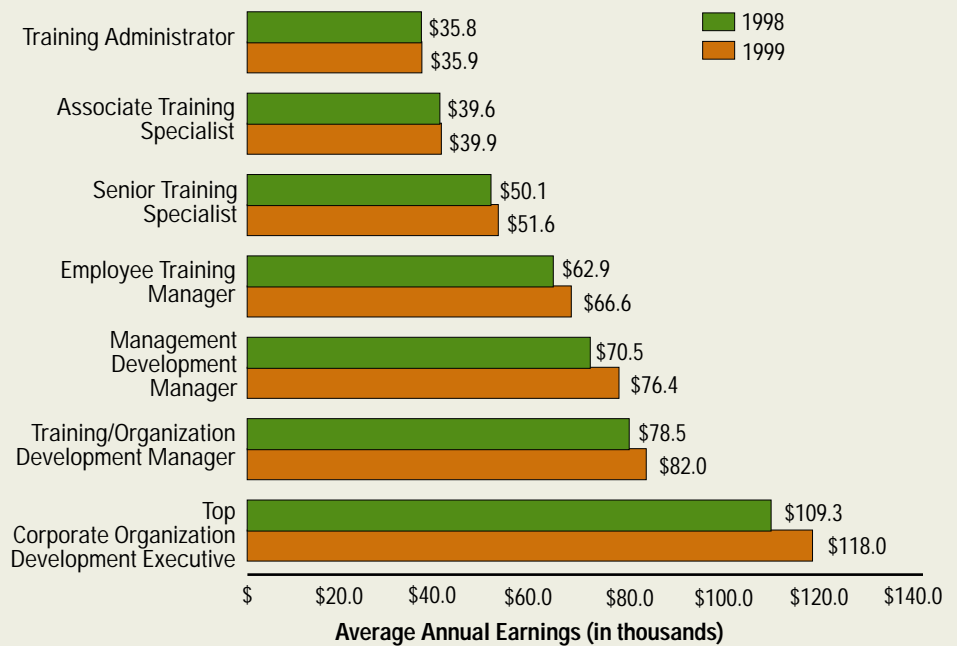
More than 1,000 organizations submit data to the annual SHRM/Mercer HRM survey on competitive pay for HR positions in the United States. The survey shows that in recent years, HR salaries have been growing faster than salaries in the general market, that annual bonuses have been increasing dramatically, and that a large percentage of HR professionals have become eligible for a variety of incentive programs, including stock options.

Reflecting the importance of the people issues associated with learning, development, and change management in recent years, pay in the training and development function has also been on the rise. For the seven t&d jobs on the 1999 SHRM/Mercer survey, average base salaries were up nearly 5.5 percent over 1998. Compared to typical average salary growth rates of just over 4 percent, it appears that compensation for t&d jobs is outpacing the general market.

Figure 1 shows the average pay reported in 1998 and 1999 for the seven jobs currently surveyed in the t&d function. The largest increases are seen in high-level development jobs, such as the top corporate organization development executive and the management development manager—both showing salary increases of about 8 percent. Total cash compensation, which combines base salary and any annual bonuses or incentives, grew at a faster pace over the same period, up nearly 7 percent this year for the seven training and development jobs.

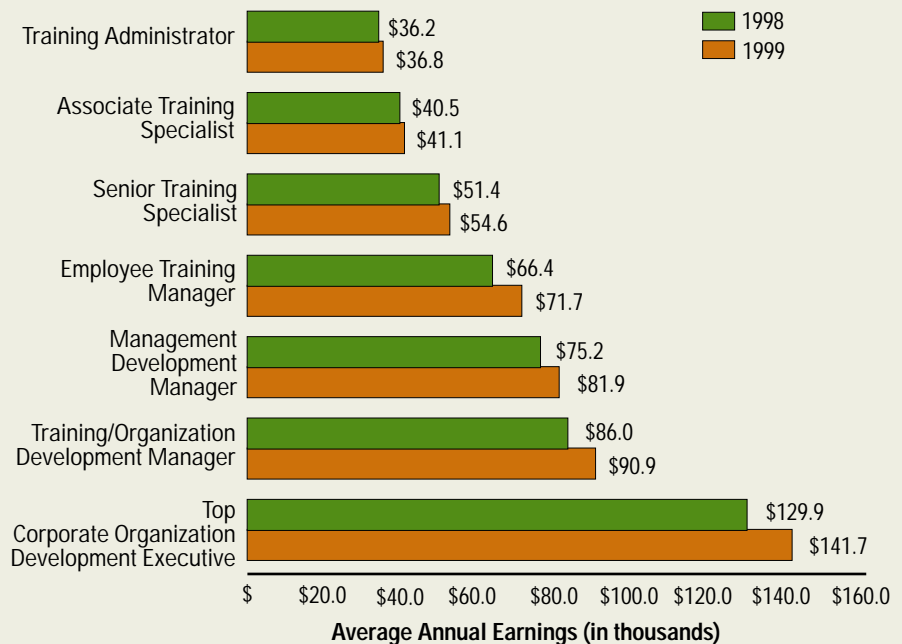
Figure 2 illustrates the average total cash earnings reported for each of the job titles in 1998 and 1999. Again,

**Figure 1: Average Base Salaries for Training & Development Positions**



Source: SHRM/Mercer Human Resources Management Compensation Survey, 1998 and 1999.

**Figure 2: Average Total Cash for Training & Development Positions**



Source: SHRM/Mercer Human Resources Management Compensation Survey, 1998 and 1999.

the higher-level jobs fared better, with 8 to 9 percent increases in the titles employee training manager, management development manager, and top corporate organization development executive.

It should be noted that many factors (such as company size, industry, and geography) affect competitive pay levels for the job positions, particularly at

the executive level. Without considering such factors, it would not be appropriate to draw conclusions about the competitiveness of pay for jobs in your organization, based on the data shown here. Nor should you be matching your organization's positions to this data on job title alone. For reliable competitive comparisons, review the survey report, which includes full descriptions

of the listed jobs and the statistics about pay levels broken out by relevant factors.

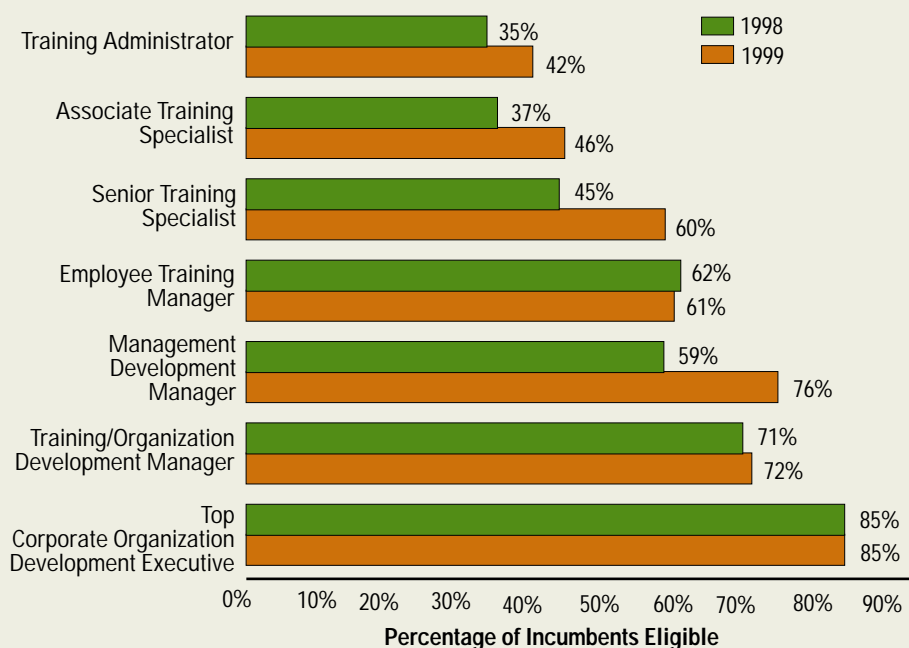
# Higher bonuses, more of them

Among the most interesting data reported in the SHRM/Mercer survey in recent years is the increasing use of annual bonuses and incentives for HR positions. For the most common and highly populated HR jobs examined in the survey, average bonuses and incentives grew at a rate of 14.5 percent from 1998 to 1999.

It seems that in tighter labor markets, organizations are shifting a significant portion of additional compensation spending into variable pay programs. These one-time bonus and incentive payments must be re-earned each year and don't compound over time as base salary increases do. There's long-term cost advantage to using that approach to pay. Consequently, companies are spending more on compensation for HR positions but are avoiding some of the long-term risks of increasing their fixed (base salary) costs.

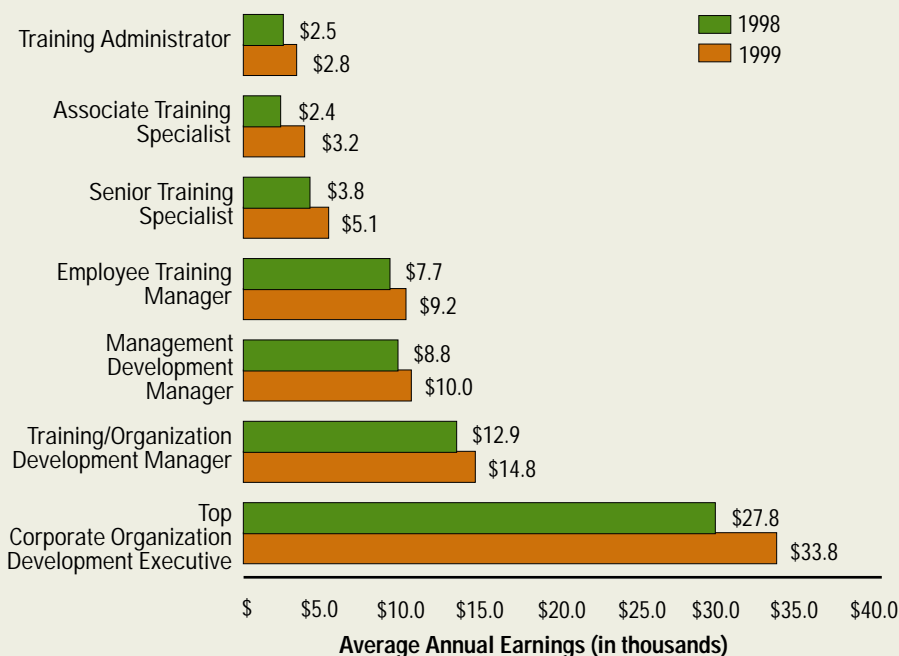
The t&d positions in the SHRM/Mercer survey are experiencing that growth, apparently moving to pay programs that are more highly leveraged with incentive earnings. As figure 3 shows, the percentage of incumbents eligible for short-term incentive programs is growing significantly, particularly at the low end of the salary scale. That's consistent with trends we see across all industries and job specialties, as organizations extend incentive programs from top management positions down through the professional ranks. In dollars, the aver-

**Figure 3: Growth in Short-Term Incentive Eligibility**



Source: SHRM/Mercer Human Resources Management Compensation Survey, 1998 and 1999.

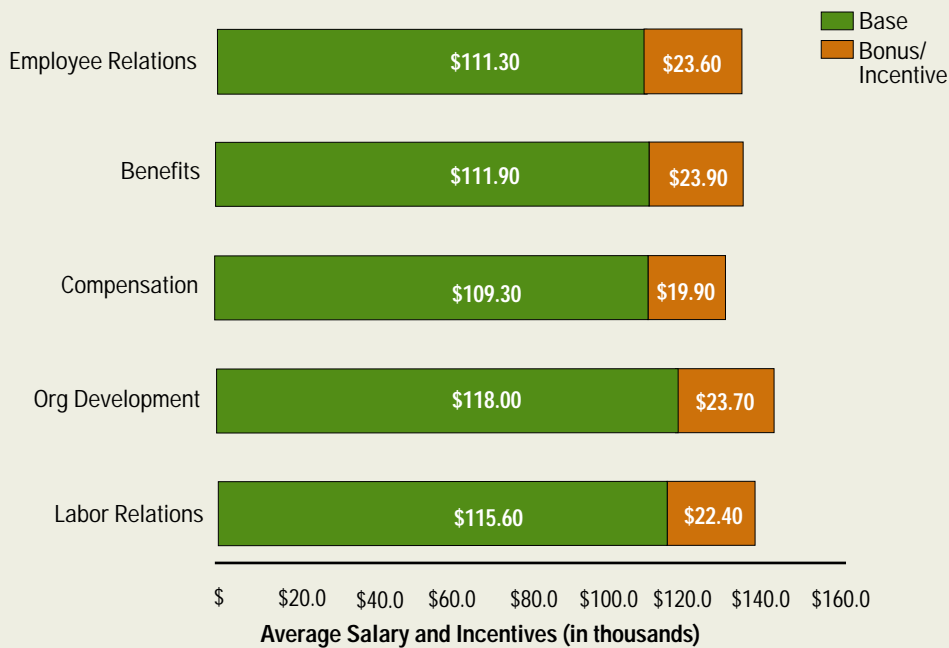
**Figure 4: Average Annual Bonuses for Training & Development Positions**



Source: SHRM/Mercer Human Resources Management Compensation Survey, 1998 and 1999.

age bonuses paid to training and development positions have risen significantly. For the seven jobs on the survey, the average bonus reported was up about 20 percent in 1999. For the top corporate OD executive, the average incentive or bonus rose to an all-time high, according to the survey, with an average of \$33,800. Figure 4 illustrates the data by job position for 1998 and 1999.

**Figure 5: Average Cash Compensation for HR's Top Corporate Executives**

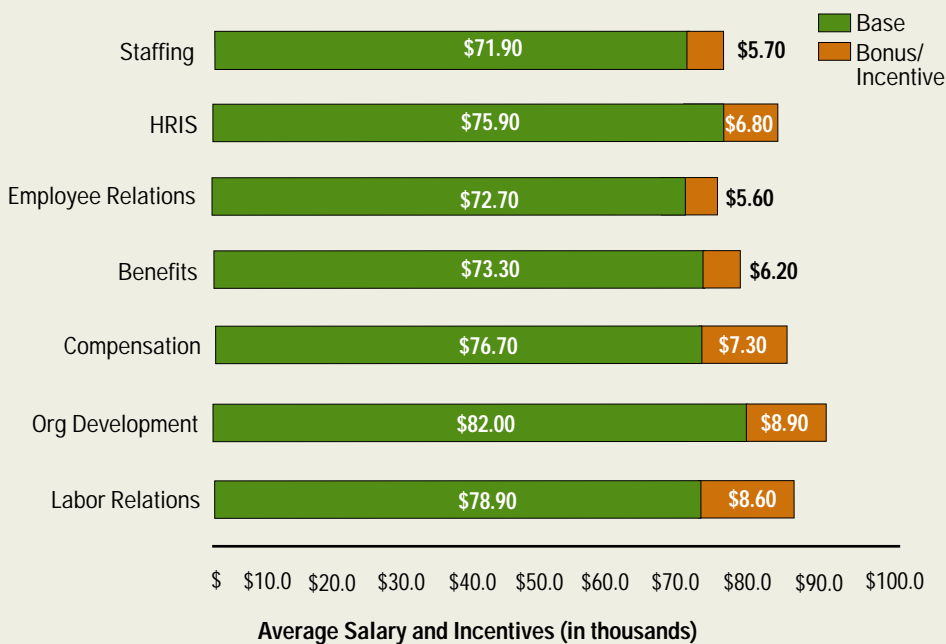


Source: SHRM/Mercer Human Resources Management Compensation Survey, 1998 and 1999.

# T&D versus other HR specialties

How does pay in training and development stack up against other areas of HR? Quite well, particularly at the manager and executive levels. For several years now, average pay levels for the t&d jobs on the SHRM/Mercer survey have been at the top of the list of HR specialties. That continued in the 1999 survey, as shown in figures 5 and 6. At the top executive and manager levels, the organization development jobs were the highest paid in the group.

**Figure 6: Average Cash Compensation for HR Managers**



Source: SHRM/Mercer Human Resources Management Compensation Survey, 1998 and 1999.

# Long-term incentives: growth at the top

For each position on the SHRM/Mercer survey, the report provides the percentage that is eligible for long-term incentive awards. LTI awards are most commonly in the form of stock options but may include multiyear incentives such as restricted stock, performance shares/units, or long-term cash awards.

As illustrated in figure 7, more t&d professionals at the manager and above levels are now eligible for LTI awards. Although still in the minority, the growth is dramatic from 1998 to 1999, and consistent with broader industry trends, in which we see more use of broad-based stock option programs. Nearly half of the top corporate OD executive positions are

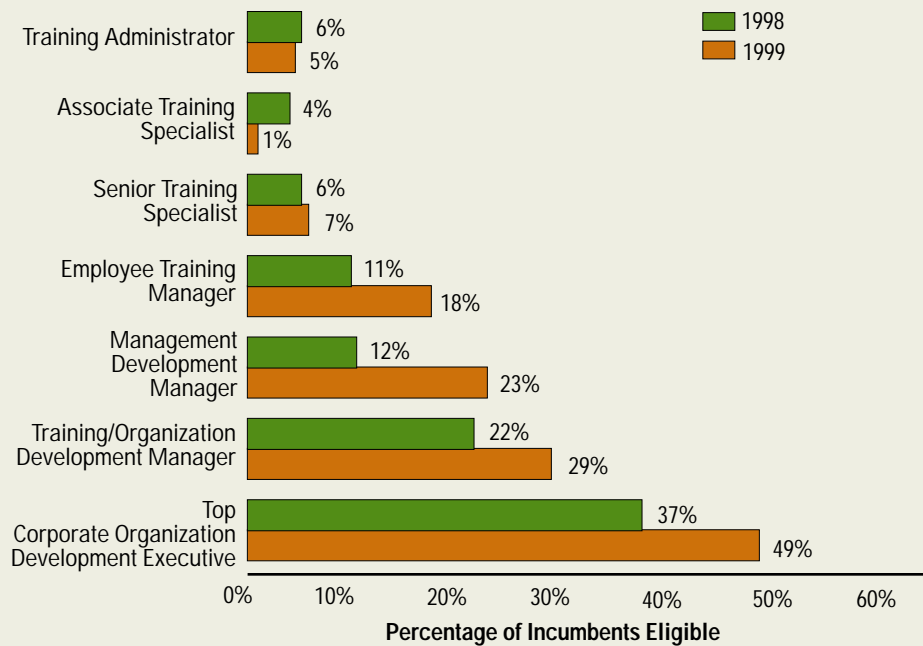
eligible for long-term incentive awards this year, compared to just over one-third reported on the 1998 survey.

Providing a competitive compensation package is an important part of an organization's attraction and retention strategy, particularly in the current environment of low employment and highly competitive labor markets. Accurate and reliable market data is an important tool for making decisions about starting salary and pay increases and for establishing a reasonable range of pay for a given position. Salaries in the training and development function are clearly on the rise. The mix of compensation elements being offered (base, incentive, stock options) is changing along with broader industry trends. To keep pace, organizations must keep an eye on competitive data, collecting and interpreting salary survey information as appropriate. □

---

*Reported by Mark Avery, principal, William M. Mercer; mark.avery@us.wmm Mercer.com.*

**Figure 7: Growth in Long-Term Incentive Eligibility**



Source: SHRM/Mercer Human Resources Management Compensation Survey, 1998 and 1999.