



2025 High-Impact Total Rewards research





Introduction

When we first conducted our High-Impact Total Rewards study in 2018, we found a lot to be excited about within the world of rewards—but even more room for growth. Mature rewards organizations were building communication strategies, evaluating the ways in which rewards fit within organizational objectives and culture, and laying the groundwork for collaboration to align rewards strategy with the broader vision of the organization. However, mature and successful rewards functions were few and far between. The vast majority of organizations we surveyed lacked clarity around rewards strategy and decision-making, recognition programs frequently left workers feeling disconnected and unmotivated, and rewards technology and data and analytics were a landscape of missed opportunities. In fact, people were so often dissatisfied with their organization’s rewards offerings that they were actually hurting organizations’ employment brand. Simply put, rewards just wasn’t rewarding.

Since our 2018 study, the purpose of the rewards function has not changed: Rewards remains a critical lever to attract and retain the talent foundational to organizational success. But our refreshed 2024 High-Impact Total Rewards research reveals a good deal of exciting change in rewards organizations. Organizations are getting clear about their rewards strategy and communications via advanced technology, executing more frequent base and variable cycles, prioritizing well-being above the bare minimum, and powering effective decision-making with data and analytics that capitalize on an unprecedented wealth of information. Even as the world of work continues to weather torrents of change, the state of rewards is improving and evolving.

Our new High-Impact Total Rewards research yields an updated Total Rewards Maturity Model and highlights the strategies and approaches that currently separate leading rewards organizations from the rest of the pack. This report details takeaways from our 2024 Total Rewards research, highlighting seven key findings:

1. Rewards is on the rise.
2. Rewards strategies are competitive and agile.
3. Building a culture of always-on recognition.
4. Experience and rewards tech go hand in hand.
5. Rewards transparency is more than just a buzz word.
6. The end of information asymmetry.
7. Skills-based rewards are here—but they're not what you were expecting.

High-Impact Total Rewards research methodology



Our updated rewards research began with a literature review to sense and understand current organizational approaches and challenges related to total rewards from sources including leading research reports, academic journals, popular press, and publications from rewards professionals.

We used the output from our literature review and interviews to inform the construction of a survey instrument exploring total rewards strategies and practices, as well as talent and business outcomes. The survey was completed by over 700 rewards practitioners and business leaders, who each answered questions covering a broad range of topics ranging from compensation and benefits offerings to communication, transparency, technology, data and analytics approaches, and much more.

The resulting data and insights underpinned the creation of our updated Total Rewards Maturity Model, which describes organizational rewards capabilities across multiple factors and dimensions, and informed seven findings on the current state of total rewards.



Rewards is on the rise

In 2018, we found the rewards function had some real work to do: the Net Promoter Score¹ for total rewards among surveyed organizations was an abysmal negative 15. That's bad enough on its own, but it's particularly concerning given that organizations spend an average of 62 percent of bottom-line dollars on their rewards offering.² This low score indicated that total rewards needed to improve its reputation, and the same study also identified a potential cause for this low regard: 80 percent of the organizations we surveyed fell into the low end of our total rewards maturity model.³

In 2024, our research shows a real shift in both the perception and the maturity of practice in total rewards. The NPS on rewards has skyrocketed from the poor negative 15 rating to an inspiring positive 37, highlighting an uplifted view of total rewards. At the same time, the ratio of low maturity to high maturity has shifted in a positive direction as well. Although the majority of survey respondents still fall into the lower end of our maturity model, the percentage of organizations at the top end of maturity doubled—against an updated model—indicating that rewards functions have indeed raised their game over the past six years. So, what's behind this new and improved rewards function—and the sea change in the way the workforce views rewards?

A new perspective on rewards

Organizations are finally beginning to understand and accept that total rewards are not a sunk cost. It is becoming more evident that rewards programs can be leveraged as competitive differentiators as well as critical tools to attract new talent, recognize and encourage performance and growth, support well-being, engage the workforce, and enable retention of the talent necessary to meet organizational objectives. To achieve that level of impact, mature rewards functions are strengthening their practices, solidifying strategies, and honing agile approaches to address evolving business needs and workforce expectations.

This is especially relevant for a workforce that knows the options available in the market and who demand a more competitive and holistic approach. Today, rewards leaders are more likely to prioritize workforce experience, treating their employees as customers and listening attentively—and pivoting frequently—to align with their needs and preferences. One demand from workers as well as society has been for greater transparency, often linked to a call for fairer rewards. Rewards teams are responding, creating better visibility through more open and frequent communication often facilitated by improved technology and data analytics.

Compared to 2018, organizations are recognizing that the definition of rewards has broadened beyond compensation and benefits, and they are building more comprehensive total rewards philosophies to reflect this view. Current philosophies include robust approaches to recognition, less traditional elements like growth and development opportunities, and a focus on well-being that goes beyond physical to include mental, financial, belonging, and more.

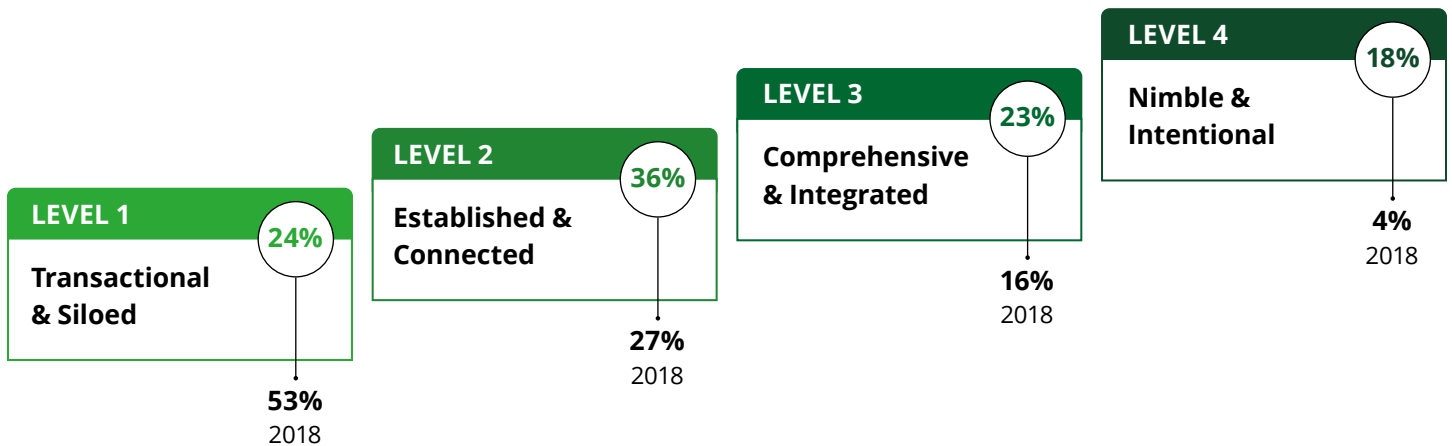
Our 2024 High-Impact Total Rewards research finds that these advances in the practice of total rewards are as much a boon for employers as they are for the workforce. Compared to 2018, organizations today are 3 times more likely to report optimizing a return on their rewards investment and are 15 percent more likely to effectively retain high performers. All this change is reflected in the fact that only 24 percent of organizations remain in Level 1 of the Total Rewards Maturity Model (compared to 53 percent in 2018), and 18 percent are now operating at the highest level of maturity (compared to 4 percent in 2018).⁴ Simply put, there are more organizations doing more to drive an enhanced rewards experience. However, that means achieving competitive differentiation, and maintaining it, becomes more and more difficult even at the higher maturity levels.

1. "Net Promoter Score" (NPS) is based on the fundamental perspective that every company's customers can be divided into three categories—promoters, passives, and detractors. By asking one simple question, "How likely is it that you would recommend [Company X] to a friend or colleague?" you can track these groups and get a clear measure of your company's performance through its customers' eyes. Customers respond on a 0-to-10-point rating scale and are categorized as follows: "Promoters" (score 9 to 10) are loyal enthusiasts who will keep buying and refer others, fueling growth. "Passives" (score 7 to 8) are satisfied but unenthusiastic customers who are vulnerable to competitive offerings. "Detractors" (score 0 to 6) are unhappy customers who can damage your brand and impede growth through negative word of mouth. To calculate your company's NPS, take the percentage of customers who are promoters and subtract the percentage who are detractors.

2. *Employer Costs for Employee Compensation – June 2024*, Bureau of Labor Statistics / U.S. Department of Labor, 2024.

3. High-Impact Rewards research, Deloitte Consulting LLP, 2024.

4. High-Impact Rewards research, Deloitte Consulting LLP, 2024.



Source: High-Impact Total Rewards research, Deloitte Consulting LLP, 2024.

The path to a more mature rewards function

Organizations seeking to mature their rewards function and establish rewards as a competitive differentiator should consider:



Starting with strategy

The strongest driver of maturity is the development and deployment of a clear business-aligned total rewards strategy and holistic philosophy, encompassing a variety of elements beyond the basics of pay and traditional benefits, such as an expanded focus on well-being, career development, and recognition.



Creating connections

Do not develop and implement approaches in a vacuum! Build cross-functional relationships within HR and across the business. For example, implementing new rewards technology will likely go better if colleagues from IT, finance, and other areas are connected to support a seamless workforce experience. Similarly, connecting with employees like they are customers may further improve workforce experience through understanding employee preferences and personalization opportunities.



Committing to communication

Develop a well-defined communication strategy with consistent and clearly branded avenues to help employees understand what they receive and its value as well as the underlying rationale or philosophy underpinning the offering. Additionally, encourage clarity on the variety of offerings available and how to take advantage of them.

2018
(Then)

Rewards was not rewarding

The NPS for rewards among surveyed organizations was a dismal **-15%**, and **80%** of surveyed organizations reported low maturity.

2024
(Now)

Rewards is on the rise

The NPS for rewards has leapt to **+37**, and **41%** of organizations now operate at high levels of rewards maturity.



Rewards strategies are competitive and agile

Set-it-and-forget-it rewards strategies won't cut it in the current state of work. As organizations work to stay ahead of a perpetual state of change, they're realizing the importance of an agile total rewards function as a competitive differentiator to help source and retain the talent needed to achieve organizational outcomes. Our 2024 High-Impact Total Rewards research finds that mature rewards organizations are competitive and agile, utilizing diverse sets of data to sense market conditions and the wants and needs of the internal and external workforce, and then taking this data and regularly tailoring rewards offerings to stand out in a crowded market.

Flexible strategies win out

To maintain the role of total rewards as a critical differentiator, it is imperative that organizations remain nimble and responsive to both the state of the workforce and the market, sensing market conditions and adjusting in the flow of business. Our 2024 research found that mature rewards organizations are 4.6 times more likely to modify compensation and total rewards strategies to account for market conditions, demonstrating a level of agility not possible with low-maturity approaches.

Of late, organizations have been paying particular attention to compensation as a lever for amplifying their employment brands and staying ahead of competition. Forty-nine percent of surveyed organizations now report targeting base pay above the market median (compared to only 36 percent in 2018), with mature organizations almost 3 times more likely to do so.⁵ Clearly, if so many organizations continue to target above the median, the median itself will continue to rise. We see this upward trend as a temporary reaction to recent talent trends and inflation; a sign that mature organizations quickly identify changing circumstances and adapt their strategy. As conditions stabilize, some mature organizations will likely adjust back toward the median. It's not enough to simply update compensation based on arbitrary review periods, especially as worker expectations evolve due to competition for talent as well as increasing visibility into the offerings of various employers. Instead, mature organizations take an aggressive approach to keeping compensation competitive and use real-time market data to lead the way with nimble strategy.

For mature rewards organizations, agility doesn't stop at compensation. Fifty-eight percent of organizations report that they adjust total rewards strategies in response to market changes, a number that rises to seventy-nine percent at Level 3 maturity. These mature organizations stay on top of new options and innovative ideas to select appropriate additions to their portfolio of benefits offerings as opportunities arise. These leaders are willing to try new approaches to see what works, such as broadening their scope for well-being or building a deeper recognition program.

Accelerating rewards agility

Participants in our 2024 High-Impact Total Rewards survey indicated that organizations are building muscles to support flexibility and agility. Mature organizations create a total rewards strategy with built-in channels to adjust quickly and easily based on fluctuating conditions. One way to tie pay more tightly to current business and market realities is to increase the frequency of compensation cycles. While 32 percent of surveyed organizations review and adjust base pay more than once per year, highly mature organizations are three times as likely to do this than low-maturity respondents. And while 47 percent overall report paying bonuses more often than annually, mature organizations are almost 8 times more likely to use this approach. This increased cadence for adjusting pay and delivering bonuses at mature organizations enables them to better align to the market.⁶

5. High-Impact Rewards research, Deloitte Consulting LLP, 2024.

6. High-Impact Rewards research, Deloitte Consulting LLP, 2024.



49%
of organizations

currently target base pay above the median

High-maturity rewards organizations are ...



3x

*more likely to review and adjust base pay
more than once a year*



7.8x

more likely to pay out broad-based short-term bonuses / variable pay plans more than once a year

Source: High-Impact Total Rewards research, Deloitte Consulting LLP, 2024.

As mature organizations look to surface emerging opportunities to grow the impact of total rewards by recognizing the offerings that matter the most to their workers, they maintain clear lines of communication with employees to keep a finger on the pulse of their rewards preferences—and pivot accordingly when those preferences change. Many organizations are harnessing tech to facilitate those communications and provide workers with centralized self-service portals that, in addition to transparently presenting rewards offerings, allow employees to voice their rewards preferences. Our research shows the rise of an array of support for workers at different life stages, such as programs to help with student loan debt, adoption, childcare, and eldercare.

Advanced technology has also ushered in a golden age of analytics⁷, and many total rewards functions are heeding the call. The majority (82 percent) of mature organizations report using a variety of data sources—gathering input from employees and the external workforce to create a holistic picture of current trends to make necessary adjustments. A current and nuanced understanding of worker sentiment, combined with acute insights on market conditions, as well as internal and external data, can enable a truly agile approach to total rewards.



7. [2023 High-Impact People Analytics Research](#), Deloitte Consulting LLP / Eric Lesser, Pete DeBellis, and Marc Solow, 2024.

Strategies for staying agile and competitive

Organizations seeking to mature their rewards function and remain agile and competitive in today's market should consider:



Regularly adjusting compensation

It may no longer be enough to make reviewing base and variable pay an annual affair. Mature organizations frequently assess and adjust compensation and pay out variable pay awards more than once per year.



Understanding employee rewards preferences

An effective rewards strategy is one built on the feedback and needs of workers themselves. Organizations should consider how frequently they are soliciting worker feedback and how they are harnessing active and passive data and analytics to inform their rewards decision-making.



Gathering data from a variety of sources

Mature organizations combine employee input with HRIS data, market survey information, exit-survey responses, crowd-sourced perspectives (from professional networking and other social media sites), and even from solution providers and job applicants. This can provide a more well-rounded set of insights.



A race to the middle

The most common rewards strategies targeted pay and total rewards packages at the market median.



Compensation takes the lead

There's been a shift in favor of compensation strategies targeted above median which, over time, will increase market-competitive compensations levels.



3

Building a culture of always-on recognition

Seeking recognition for a job well done is not just a workforce trend—it is part of human nature. Our 2018 High-Impact Rewards study found that while recognition existed, many organizations treated it as a box to be checked rather than a strategic employment differentiator. And while mature organizations were more likely to prioritize recognition, these practices were not identified as a driver of maturity in that study.

Today, organizations across maturity levels have enhanced their approaches to employee recognition. Mature rewards functions are deploying robust recognition strategies that are aligned with the business strategy, while also amplifying the unique nature of the work the organization is doing and, more importantly, the employees who serve the organization. Through individual and team-based recognition—from formal recognition delivered through digital programs to celebrating anniversaries or other personal and professional milestones to just saying “thank you”—these organizations elevate recognition from a generic program to a competitive differentiator.

Recognition's rising tides

Our 2018 High-Impact Rewards study revealed that high-performing organizations were 1.7 times more likely to embed recognition into their rewards philosophy than their lower-performing peers. However, the personalized and robust recognition strategies that we see today were rare. Only 2 percent of organizations considered employee recognition programs to be a competitive differentiator, while 31 percent did not consider them to be a differentiator at all.⁸ So, what has changed since then?

Over the past several years, a variety of disruptors like pandemic lockdowns forcing increased levels of remote work, economic turbulence, the great resignation, and the resulting impacts on mental health and well-being have changed how, when, and where work is done. These factors and others contributed to an important evolution in how workers view work and workplace culture.

With the shifts to remote and hybrid work models, organizations had to find new ways to supplement or replace day-to-day informal

interactions that contributed to worker appreciation in the past. But even frontline workers in industries and roles not suited to remote work have faced recognition challenges—with many raising concerns about their safety and treatment by customers. In response, many organizations have turned to total rewards as a lever to improve the workforce experience, which includes recognition programs that reflect organizational values and align with the impact that workers are making when reflecting those values.

A new lens on recognizing work

Our 2024 High-Impact Rewards study reveals that recognition for individuals and teams alike has risen in prominence, practice, and impact. Today, recognition has become both a competitive differentiator and an indicator of total rewards maturity. In a constantly disrupted world of work, recognition provides a critical emotional connection between organizations and the humans that generate organizational value.



8. High-Impact Rewards research, Deloitte Consulting LLP, 2018.

High-maturity rewards organizations are ...



5.7x

more likely to have recognition integrated into the overall total rewards strategy



4.6x

more likely to leverage recognition as a competitive differentiator



7.2x

more likely to gather and use data and analytics to personalize recognition approached using employee preference data



3.4x

more likely to provide nonmonetary rewards (e.g., public acknowledgement, awards)

... than are lower-maturity organizations.

Source: High-Impact Total Rewards research, Deloitte Consulting LLP, 2024.

Countless ways to recognize employees

Mature rewards functions have found that one size does not fit all when it comes to acknowledging challenging work. Many recognition methods are widely used—for example, most organizations we surveyed leverage anniversary rewards and recognition for personal and professional life events (e.g., birthdays, promotions), and most offer at least some form of monetary recognition (e.g., “spot awards”).⁹

However, mature organizations know that acknowledging worker contributions does not always have to come with a price tag. Deloitte research has shown that a simple thank you can be even more effective than some gestures with financial value. For example, 54 percent of workers prefer a verbal thank you for day-to-day accomplishments, compared to only 7 percent for celebrations and gifts.¹⁰ But words of appreciation are not the only form of nonmonetary acknowledgement popular among the workforce. The same Deloitte study found that new opportunities for growth and learning are highly valued across workforce segments as a means of recognizing noteworthy achievements or milestones.

The reason and context for individual recognition can vary greatly. Some workers may prefer private acknowledgement, while others may prefer a public recognition or within a small group. Worker preferences also differ around who should convey that recognition—broad leadership, direct supervisors, or peers—and the type of accomplishments that warrant recognition.¹¹ Mature rewards organizations understand that no two workers

are alike and are 7.2 times more likely to routinely gather and use data and analysis to understand worker preferences to personalize recognition.¹²

While it is especially important to recognize individual accomplishments, much of today's work happens in team settings. Success frequently comes from collaboration and combined efforts, which may warrant team-based recognition. High-maturity organizations are 2.8 times more likely to provide team-based recognition than their low-maturity counterparts.¹³ By acknowledging the collective efforts of teams, organizations can foster a sense of camaraderie and shared purpose, further enhancing employee engagement and retention.

By consistently personalizing recognition strategies according to the preferences of individual workers, the most mature organizations build a *culture* of recognition. This culture prioritizes embedding the recognition of individuals and teams into daily routines, ensuring it becomes a natural and continuous part of everyday work. These mature organizations have honed their understanding of employee preference and measure the impact of their programs to fine-tune their recognition strategies in support of what is most meaningful to the workforce. They have also integrated recognition technology, either developed internally or secured through a third-party provider, into the software and platforms where employees spend most of their time, allowing for in-the-moment recognition with just a few clicks.

9. High-Impact Rewards research, Deloitte Consulting LLP, 2024.

10. [The Practical Magic of 'Thank You'](#), Deloitte Greenhouse / Suzanne Vickberg, PhD, Melanie Langsett, and Kim Christfort, 2019.

11. [The Power of Personalized Recognition](#), Deloitte Consulting LLP, 2022.

12. High-Impact Rewards research, Deloitte Consulting LLP, 2024.

13. High-Impact Rewards research, Deloitte Consulting LLP, 2024.

Refining recognition

Organizations seeking to leverage robust and effective recognition programs as part of their total rewards strategy should consider:



Intentional strategies

Building a culture of recognition can start simply, even with a single program. Develop a broader strategy that allows for multiple programs and approaches based on employee preferences and a clear connection to rewarding behaviors that align with organizational values and strategy.



Beyond dollars and cents

Competitive compensation and benefits packages are table-stakes, but recognition does not have to cost an arm and a leg. Harness the power of nonmonetary recognition, like opportunities to gain new skills and grow career paths or a simple note of thanks and appreciation from a peer or leader in the business.



There is no 'I' in team

Recognize individual achievements while also applauding team contributions. In modern work environments, success frequently arises from collaborative efforts within teams.



Embed the experience

Identify opportunities to build integrations between your recognition platform and existing software and programs where employees collaborate frequently. This can allow team members to more easily recognize peers for their contributions during the flow of work.



Recognition was reeling

Recognition was a disconnected group of programs and only positioned as a real competitive differentiator at 9% of organizations.



Recognition gets recognized

Organizations have recognized the value of a cohesive recognition approach with 58% of organizations effectively using it as a competitive differentiator.



4

Experience and rewards tech go hand in hand

When we conducted our first High-Impact Rewards study in 2018, we found technology to be a landscape of missed opportunities, with little more than spreadsheets and narrow, single-purpose solutions to define the space. Today, we find a proliferation of sophisticated rewards tech to support the rewards experience for both employees as well as the teams activating and administering rewards strategies. And while technology is increasingly enabling the rewards function's ability to influence workforce experience, the inverse is also true: Organizational goals around workforce experience and sentiment are beginning to serve as meaningful inputs to developing rewards technology solutions.

Tech logs on

Workforce experience is defined as the sum of a person's lived experiences at work and how they feel about their organization.¹⁴ Our research has shown that workers consistently seek out modern organizations that offer consistent workforce experience. When it comes to total rewards, workers are too often bogged down with disparate processes and disjointed networks of providers and solutions that can create more problems than they solve. Imagine a worker getting married who cannot figure out how to initiate benefits changes, or one dealing with a family medical crisis who struggles to find information on leaves of absence. If total rewards technology impedes workers' abilities to get the information they need when they need it, it's more likely to detract from the experience—and work directly against the purpose of the rewards function.

Mature rewards organizations leverage technology to solve for these types of situations—in fact, they're 3.7 times more likely to integrate rewards systems and solution interfaces under a centralized portal or platform.¹⁵ Providing easy-to-use, self-service rewards tech facilitates more personalized rewards offerings and allows workers to confidently navigate solution interfaces at the time and place that suits them best. Of course, no two individuals are alike, and mature organizations are 3.8 times more likely to provide rewards technologies through multiple form factors (e.g., web and mobile platforms, wearables) so workers can interact with solutions in the way that works best for them and their life.¹⁶

Moments that matter—the interactions and experiences that evoke memorable, emotional reactions and encourage the best work from individuals—determine the strength of the workforce experience. By its nature, total rewards often play a crucial role during significant moments for employees—such as professional achievements, challenging periods, and major life milestones. Mature organizations know the importance of the workforce experience in these moments and, as such, are 3.4 times more likely to leverage integrated rewards technology to enhance the experience of both employees and rewards professionals.¹⁷

Tech strategy, refined by experience

A mature approach to rewards technology is critical to the success of the rewards function, but in a market of fast-changing and disruptive solutions, cutting through the noise to implement the right solutions can be overwhelming. Just as mature organizations use technology to shape workforce experience, they also leverage their workforce experience goals to inform technology strategy and employ data and analytics to understand employee preferences around rewards technologies. These organizations constantly sense employee sentiment through an array of sources—including traditional methods like engagement surveys and data from benchmarking as well as nontraditional sources like latent data from tech use and AI—to gain a holistic sense of the ways in which employees interact with technology and identify gaps and areas of opportunity within their current solutions.

14. [Research shows workforce experience drives loyalty and retention](#), Deloitte Digital / Courtney Sherman, 2023.

15. High-Impact Rewards research, Deloitte Consulting LLP, 2024.

16. High-Impact Rewards research, Deloitte Consulting LLP, 2024.

17. High-Impact Rewards research, Deloitte Consulting LLP, 2024.

AI has been dominating conversations across every facet of the workplace for years now, including the rewards function—both in its potential to help technology elevate experience and vice versa. While our research does indicate that mature rewards organizations are 8.6 times more likely to apply AI and automation to self-service rewards technologies¹⁸, the majority of organizations we spoke to are still in nascent stages of experimentation. That said, the potential for AI to revolutionize the rewards experience is clear. AI can help streamline worker interactions with rewards solutions and platforms to improve experience, drive efficiencies, and help organizations gauge worker preferences by aggregating and augmenting the analysis of vast sets of data. Mature organizations recognize this potential and are carefully identifying AI-enabled solutions that both meet worker expectations and boost their experience. Worker input will be imperative in determining the appropriate use of AI in rewards tech.

A single-point, one-stop-shop style portal for rewards offerings can significantly improve workers' rewards experience, but some mature organizations take it a step further by *curating* rewards to the preferences of individual workers. AI can help with that, too. By learning individual rewards preferences, AI-enabled solutions can provide expedient rewards offering recommendations suited to a worker's needs to cut through cumbersome swaths of information. Mature organizations consistently use data to sense changes in the pulse of workforce experience and preferences and ensure their rewards offerings grow in tandem with the people they serve. All of this, taken together, illustrates the reciprocal relationship between rewards tech and worker experience as both continue to evolve.



18. High-Impact Rewards research, Deloitte Consulting LLP, 2024.

Tech and experience, elevated together

In mature organizations, rewards technology strategy is influenced by maintaining a comprehensive understanding of workforce preferences and sentiment—which, in turn, results in improvements to the experience and delivery of rewards. Rewards organizations seeking to increase the impact of their rewards technology and enhance workforce experience can consider the following:



Streamline rewards tech interfaces

Easy-to-use, self-service rewards technologies like centralized platforms and portals can help provide access to information in a quick and simple manner. Utilizing multiple form factors like mobile and wearable tech can also help to integrate this data, seamlessly, into the flow of life for workers.



Listen, really listen

While it may seem easier and faster to make decisions based on narrower inputs, achieving a strong workforce experience likely necessitates input from the workers themselves. This may include, among other activities, surveys, focus groups, cocreation with workers, and deep dives into organizational use cases to understand how technology use is working well today and how it could evolve in the future.



Rewards practitioners are employees, too

It's important to tailor rewards technology to worker needs and preferences, and mature organizations consider the experience of rewards practitioners while deciding which tech solutions best fit the rewards objectives for the organization. How can the work of the rewards team be done more easily, efficiently, and effectively with enhanced technology use?



Keep an eye on AI

Artificial intelligence is already beginning to deliver on its promise to revolutionize the way work gets done, including the rewards experience. Consider how AI solutions might facilitate ease of access in rewards platforms and help sense employee sentiment around workforce experience.



Ode to obsolescence

Many organizations relied on little more than spreadsheets to plot and track compensation. Workers just weren't getting the consumer-grade tech experience they expected.



Tech has entered the chat

Workers have far greater access to centralized self-service portals and a variety of rewards technology. Better rewards tech is improving the rewards experience for individuals and rewards teams alike.

5

Transparency and fairness are intertwined

Fair treatment is one of the most basic expectations employees have for their employers. A prime opportunity for organizations to demonstrate this characteristic is through rewards programs decisions—after all, rewards programs touch every employee in the organization and fundamentally impact employees' financial, mental, and physical well-being, all of which can meaningfully drive the value they bring to the organization. While many factors influence the perception of fairness, it is not surprising that transparency often serves as one of the more significant contributing factors. The value of transparency is clear, but too often, workers find their organizations' rewards offerings and philosophies opaque.

In our 2018 High-Impact Total Rewards study, we noted that employees had little visibility into the details of their organization's compensation structures, let alone the underlying policies and decision-making processes, pushing many to seek the information they needed from third-party and crowd-sourced platforms. That meant workers' understanding was potentially compromised by misinformation—and having to turn to sources outside the organization for needed information dealt a painful blow to organizational trust. Workers just couldn't be sure that they were being fairly compensated for their work compared to their colleagues and peers.

Our updated 2024 High-Impact Total Rewards study reveals that mature organizations are drawing back the curtains from their rewards strategies. Increasing public demand and changing regulations have pushed these organizations to create more transparency into their compensation structures and clearly communicate the philosophies that drive rewards decisions. And, of course, increased transparency has placed a heightened focus on the fairness of rewards practices. Mature organizations are answering that call, too. In fact, 98 percent of surveyed organizations at Level 4 of our updated Total Rewards Maturity Model embed a focus on fairness into their rewards strategy (versus only 67 percent of organizations at Level 1).¹⁹ This article explores the ways in which transparency and fairness are intrinsically intertwined—and how mature organizations are stepping up practices around both.

Clarity comes into focus

Transparency is growing, and for most organizations—regardless of maturity—that increased transparency starts with pay. Updated federal and local regulations have pushed organizations to share more information about the way people across the workforce are rewarded for their work, but pay transparency isn't just a matter of compliance—through increased openness around compensation structures, organizations are able to improve trust, build the employment brand, and posit the rewards function as a competitive differentiator. Clearly, it pays to be transparent around pay.

That might be why mature rewards organizations go above and beyond: Organizations at Level 4 of our Total Rewards Maturity Model are 5 times more likely to make pay-range data accessible to job applicants beyond what's legally required. When it comes to

current employees, these organizations are 5.4 times more likely to share pay-range data related to employees' current positions and 5.8 times more likely to disclose pay ranges for future roles to facilitate career planning.²⁰

Beyond compensation

Pay might be the first step in the journey toward rewards clarity, but a mature approach to transparency doesn't stop at compensation. Mature organizations also foster clarity around the policies, processes, strategies, and structures that inform and govern rewards decisions. Clear and personalized rewards communications across a variety of platforms can help employees to have full awareness of available rewards offerings and understand the philosophies guiding their rewards package.

19. High-Impact Rewards research, Deloitte Consulting LLP, 2024.

20. High-Impact Rewards research, Deloitte Consulting LLP, 2024.

Accordingly, 61 percent of organizations at Level 4 rewards maturity report being transparent with the workforce regarding base pay policies and structure (e.g., determinants, budgeting), compared to only 9 percent of organizations at Level 1. Seventy-three percent of Level 4 organizations also share information around variable pay and bonus policies and structure, versus only 12 percent of Level 1 organizations. Mature organizations are also 4.2 times more likely to consider the needs of individuals across the workforce when designing and evaluating the availability of their health benefits programs.²¹

This transparency around the engine that drives rewards decision-making is a big win for organizational trust, and increasing clarity around rewards strategy is a significant factor in the radical leap in the overall perception of the rewards function.²² Employees appreciate clear communication about how rewards are designed, who qualifies for them, and when they are available. When this transparency is achieved, it can foster trust between employees and employers, which is crucial for making rewards a competitive advantage.

Playing (and paying) fairly

Of course, increased transparency in the rewards function can mean that employees have a clearer view not only of their own compensation and benefits but also the general pay structure and processes across the organization. The more information an organization shares with the workforce, the more that organization is vulnerable to scrutiny and perceptions of bias. That’s why it’s critical that organizations ensure their rewards offerings are designed with fairness in mind and communicate a commitment to impartial pay and rewards to the workforce. Our updated High-Impact Total Rewards research finds a positive correlation between mature organizations and an intentional focus on fairness. Mature organizations are transparent organizations, so it’s no surprise that they prioritize providing equal pay for equal work across the workforce.

Organizations at Level 4 of the Total Rewards Maturity Model are ...



2.1x

more likely to report providing equal pay for equal work across the workforce



2x

more likely to have a well-defined rewards communication strategy that demonstrates fairness to the workforce

... than are organizations at Level 1.

Source: High-Impact Total Rewards research, Deloitte Consulting LLP, 2024.



21. High-Impact Rewards research, Deloitte Consulting LLP, 2024.

22. High-Impact Rewards research, Deloitte Consulting LLP, 2024.

Looking ahead

In today's world of work, the workforce expects a clear view of both their available rewards offerings and the philosophies that inform rewards decision-making—and demands that those rewards offerings are designed with fairness in mind. Organizations seeking to increase the transparency and fairness of their rewards function should consider the following steps:



Build a clear strategy

Determine a strategic approach to transparency that balances the need to provide insight with the need to mitigate risk from oversharing by deciding who can see what when it comes to pay or rewards data.



Shine a light on rewards

Think about how to create greater clarity for the workforce on the philosophy and processes that guide pay decisions by sharing the policies and structure that often sit in a black box, incomprehensible or unknown to the average worker.



Facilitating fairness

Consider how you might message the organization's commitment to fairness by weaving it into your total rewards strategy and philosophy—and throughout any rewards communications aimed at increasing workforce awareness.



Rewards were opaque

Workers lacked clarity about their pay and benefits, as well as the behind-the-scenes policies and processes.



Transparency is coming into view

Organizations are sharing more pay range data—as well as the process and thinking behind pay and rewards decisions.





The end of information asymmetry

In today's world of work, when so much information is available online at your fingertips, workers want and expect clear, personalized communications and easy access to details about their total rewards package. And considering that organizations continue to increase the variety and number of programs and offerings available while growing the level of choice granted to employees, they need as much support as they can get to ensure they understand what they have—and how to leverage it. This trend has been developing in recent years, and our 2024 High-Impact Total Rewards study only amplifies it—workers today are demanding greater transparency, stronger communications, better technology, and insights informed by enhanced data and analytics.

Our 2018 study found that clear and comprehensive total rewards communication approaches were the exception. In fact, only 26 percent of respondents reported having a well-defined rewards communication strategy²³—a robust communication strategy was rare enough that we noted it as an indicator of a highly mature rewards function. Piecemeal, one-way communications were the norm, often resulting in poor comprehension of rewards offerings by workers—for example, workers already inundated with emails missed both critical and educational rewards communications. As such, many workers were relying on word of mouth for rewards information, or worse, consulting third-party and crowd-sourced platforms to gain a better understanding about rewards offerings and trends. In addition, leaders lacked the data and insights about their workforce necessary to make informed and effective rewards decisions.

Fast forward to 2024: Our latest research finds that many organizations are providing more and better (i.e., personalized) information to empower workers and managers alike with the information they need—and this practice is even more evident in high-performing organizations. Clear communications (written, virtual, and in-person) and access to online resources provide employees with support to allow them to understand and leverage all elements of their rewards package according to their personal circumstances. Managers are able harness data and analytics to gain insights around market trends and worker preference to make rewards decisions that drive outcomes.

Better communications fuel rewards comprehension

In 2018, the lack of consistent rewards communication was indicative of the essential asymmetry of rewards information: employers had all the knowledge and shared it in an unbranded way, with zero personalization and crowded with legalese, leading workers to search for the information they needed from colleagues and from beyond the organization's walls. Today, the availability of publicly available online intelligence on pay and benefits, along with increased regulation on pay transparency, has spurred organizations across the board to level the playing field for rewards information and provide better insight into total rewards to their workers.

In this new era, leaders and workers have access to more rewards information from their employers, with mature organizations leveraging multiple methods to ensure real comprehension. In fact, the 18 percent of organizations that achieved Level 4 of our High-Impact Total Rewards Maturity Model almost universally

maintain a well-defined, intentional rewards communication strategy. Additionally, they are 2.4 times more likely to communicate the holistic value and actual costs of total rewards offerings to employees²⁴ through both traditional and established mediums, as well as emerging and enhanced mediums, including portal / platform solutions.

All of this contributes to an enhanced workforce understanding of rewards. But how are mature organizations effectively delivering this information? In 2018, highly mature organizations were differentiated by having robust annual rewards statements that included more than just the basics of base and variable pay. Today, that's table stakes. In addition to providing comprehensive rewards summaries, mature rewards organizations develop targeted and personalized communications, provide ongoing education on their offerings, and ensure that rewards decisions are delivered personally from leaders to workers. They also support transparency around rewards programs by leveraging technology and data.

23. High-Impact Rewards research, Deloitte Consulting LLP, 2018.

24. High-Impact Rewards research, Deloitte Consulting LLP, 2024.

High-maturity rewards organizations are ...



2.6x
more likely

to customize rewards communications for different employee segments based on personas, journey maps, and other demographics



1.6x
more likely

to provide general education for employees on rewards topics beyond new-hire orientation and annual enrollment



1.7x
more likely

to have rewards decisions communicated directly to employees by decision-makers

... than are lower-maturity rewards organizations.

Source: High-Impact Total Rewards research, Deloitte Consulting LLP, 2024.

Tech and data support transparency

Mature organizations communicate and drive understanding using a variety of channels and have realized the value of technology and analytics in creating a truly transparent approach to total rewards. These organizations are 4.1x more likely to provide easy-to-use self-service rewards technologies to employees.²⁵ Centralized platforms and portals provide easy access to compensation details and the policies that govern pay decisions. They also allow employees to navigate available rewards and benefits and gain clarity about the

offerings that best suit their needs. Analytics-driven technology can align personalized rewards recommendations to workers so that specific relevant offerings (e.g., family planning, fertility benefits) don't get lost in the shadow of broadly applicable programs (e.g., wellness stipends). Mature organizations provide information and education via multiple form factors—from traditional browsers to mobile to wearables—to allow workers to have on-demand access to the knowledge they need at their convenience.

High-maturity rewards organizations are ...



6.8x
more likely

to be transparent with employees regarding base-pay policies and structure



6.1x
more likely

to be transparent with employees regarding variable pay and bonus policies and structure



5.4x
more likely

to make pay-range data accessible to employees

... than are lower-maturity rewards organizations.

25. High-Impact Rewards research, Deloitte Consulting LLP, 2024.

Rewards understanding across audiences

There are three audiences who need a deep understanding of an organization's total rewards programs: leaders, managers, and workers. While robust communication and transparency for workers is a major element of rewards comprehension, managers need a clear picture of workforce data to inform allocation decisions around pay programs, and rewards leaders need up-to-date insights to ensure that program and strategy-level decisions support organizational outcomes. Mature organizations provide training for managers to help them make rewards allocation decisions and provide technological support, with nearly three-quarters of Level 4 rewards organizations providing access to enabling tech for decision-makers.²⁶

Leaders of mature rewards functions need a different kind of clarity—an understanding of employee needs and preferences as well as external market context. Organizations that don't harness

the power of data and analytics to access such insights will see the information asymmetry mentioned earlier slope in the opposite direction, with workers having access to more information than their organizations—conditions that can significantly impact organizational brand and trust. Finally, for those organizations that provide rewards platforms and technologies to employees, the data collected from those mediums can (and should!) be leveraged by leaders to better understand employee preferences, which can then result in even more effective decision-making.

By increasing rewards comprehension, mature organizations create work environments in which the employer and the worker strike the right balance in rewards information distribution, reduce the impact of misinformation from unreliable sources, and maintain a better handle on organizational brand and narrative through an accessible and well-communicated rewards philosophy.

Building rewards comprehension

Organizations seeking to establish a transparent and effective understanding of total rewards should consider:



Defining a strong approach to communication

Leaders can build out a clear rewards communication strategy with a focus on creating deeper employee awareness and understanding—not just around their compensation or the benefits available but also the rationale behind what's offered and how decisions are made.



Implementing support mechanisms into rewards decision-making

Mature organizations provide rewards allocation decision-makers with access to enabling technology, data and analytics, and the training they need to make effective choices.



Exploring technology and data to create transparency

It may be possible to use existing platforms and tools in new ways to provide more access to information while looking for potential new technology to integrate down the line.



Tangled lines

Rewards communications were too often piecemeal and one-way, and communication strategies were inconsistent—if they existed at all.



Clear communications

High-performing organizations are executing well-defined communications strategies customized to the needs and preferences of individuals.

26. High-Impact Total Rewards research, Deloitte Consulting LLP, 2024.

7

Skills-based rewards are here—but they're not what you were expecting

It's clear that skills and capabilities are a critical foundation for achieving organizational outcomes. But how do organizations encourage the acquisition of the skills they need their workforce to have—both now and in the future—to succeed? For years, high-performing organizations have looked toward the idea of the *skills-based organization*: a model that enables organizations to capture data around skills demand and skills supply and leverage that data to make more fluid decisions around matching workers with work—from whom to hire, to how to develop them, to deploying and rewarding them. The idea of skills-based pay aligns to this approach. And if you believe all the buzz in the market, employers are moving toward an almost magical process of identifying and valuing key skills and paying workers based on the current market value of those skills, all continually updated in real-time.

Putting that idea into practice, however, has been tricky. That kind of fluid approach faces a number of obstacles such as getting credible market data; the ongoing validation, application, and tracking of worker skills; capability gaps in technology and analytics; and the cultural component of handling pay for a skill which has decreased in value.

Even if skills-based pay has not yet measured up to the hype in the press, the idea of pay grounded in the value of the skills needed to perform the work is foundational to the rewards function. High-performing rewards organizations understand that skills and capabilities are the currency of work today and leverage various rewards approaches to support the concept of organizational value driven by skills.

Effective rewards policies prioritize skills

The concept of skills-based pay sounds simple: workers should be compensated based on the value they bring to an organization rather than on an (often arbitrary) job title or potentially inaccurate job description, and much of that value sits in the skills and capabilities they bring to the work. However, organizations often struggle with the administrative burden of developing a pay strategy based wholly on skill sets. Identifying in-demand skills, and their monetary value, is not a once-and-done task; the world of work continues to change rapidly, and so do the skills relevant to organizational success. Moreover, a pay philosophy based solely on skills means workers might see fluctuations in their compensation based on changing skills market values, which can make leaders and workers alike hesitant to adopt a purely skills-based pay model.

Still, the value of promoting skills development through rewards hasn't wavered. Many organizations are updating their job architecture, pivoting job descriptions, surveys, and market research toward a more skill-specific focus and making job offers anchored to the skill sets of prospective employees. For mature organizations,

a compensation and benefits strategy informed by skills doesn't stop there. Our research finds organizations at Level 4 of our High-Impact Total Rewards Maturity Model are 4.3 times more likely to employ a skill-based approach to setting base pay and salaries and are just as likely to apply the same approach to variable pay.²⁷ These organizations view skills not as trends to chase but as a foundational tenet of their total rewards philosophy.

A new look at skills-based compensation

Mature organizations in our research are five times more likely to leverage pay policies and structures to incentivize skill procurement and development²⁸, but the mechanics of doing so can look different for every organization. No two organizations are alike, and the ways in which organizations incentivize skills through rewards—including bonuses and premiums, spot rewards, and recognition—will look different across rewards functions. Skills-based pay requires a constant and diligent understanding of the current and future conditions of the market along with strong workforce planning grounded in clarity on what skills the organization needs today and also will need in the future.

27. High-Impact Total Rewards research, Deloitte Consulting LLP, 2024.

28. High-Impact Total Rewards research, Deloitte Consulting LLP, 2024.

Accordingly, some mature organizations bake skill premiums into their salary models as a tactical, tangible way to value skills without causing significant fluctuations to base pay. Individuals aren't brought into an organization solely for one skill but the totality of their skill set; premiums allow organizations to provide small, in-the-moment incentives for in-demand skills without ignoring the value of a worker's holistic potential. Other organizations solve that conundrum using one-time bonuses when a needed skill is acquired rather than baking that money permanently into base pay. Many organizations are also leveraging AI and other advanced technologies to inform compensation decisions with market supply and demand, internal forecasts, and attrition data for a skill or cluster of skills.²⁹

Regardless of the method, prioritizing skills within a total rewards philosophy requires an ability to think and act with agility and to present rewards structures transparently to the workforce. A skills-based approach also can mean that organizations set pay on a case-by-case basis tied to skills—often with greater than annual frequency—and pivot quickly and efficiently based on global and local conditions. Additionally, it's crucial that organizations make their philosophy of rewarding for skills clear to the workforce. Mature organizations tend to be more transparent not just with their pay structures but also around the policies, processes, and strategies that inform rewards decisions. Such transparency may not only instill confidence in the fairness of compensation across the workforce but further incentivize workers to pursue and develop the skills critical to organizational success.

Looking forward

The value of a skills-based approach is clear, and skills-based pay remains top of mind for many organizations—but developing and executing a rewards and compensation philosophy anchored in skills can be difficult. Rewards organizations seeking to prioritize skills in their approach to total rewards can consider the following:



Institute agile sensing practices

In-demand skills can be hot one minute and not so much the next. Constantly sensing external conditions may enable organizations to adjust compensation to align current market realities. Increasing the frequency of base pay adjustments and bonus payouts may make that alignment easier.



Establish skills related reward strategies

Each organization may employ different approaches to bring their specific strategy to life. Skill premiums, one-time bonuses, and various recognition programs can all help organizations prioritize the skills they need without undervaluing the full potential an individual brings to the business.



Leverage analytics and technology

Advanced technology, including AI, offers organizations unprecedented insight into skills. Technology can be used to assess conditions across local and global markets and understand the gaps between the current skill sets of the workforce and those necessary for key organizational objectives.



All talk

Organizations were looking toward the idea of the skills-based organization, but few—if any—were compensating employees based on the acquisition of specific skills.



Realizing value in skills

Mature organizations are developing a skills-based rewards philosophy, baking premiums into salaries for in-demand skills and leveraging pay policies to incentivize development.

29. [The skills-based organization: A new operating model for work and the workforce](#), Deloitte Insights / Sue Cantrell et al., 2022.



Conclusion

The time between our 2018 and 2024 High-Impact Total Rewards studies reveals a monumental amount of change, and not just in the rewards function. The world of work remains as mercurial as ever, and as markets and the criteria for organizational success continue to rapidly evolve, it's critical that the rewards function remains agile and constantly tailors their rewards offerings to suit the needs of the workforce and attract, retain, and motivate the talent necessary for success.

Fortunately, our updated research shows that organizations are trending in the right direction. Mature rewards organizations are leveraging vast swaths of data and advanced analytics to power impactful decision-making, making rewards offerings and philosophies clear through cutting-edge technology, and executing recognition programs that both drive organizational outcomes and posit the rewards function as a competitive differentiator. The future remains uncertain, but with a mature rewards function that stays vigilantly attuned to the shifting conditions of the market and workforce, organizations are well-equipped to engage the talent they need with confidence.



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Notes



Notes



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