

# Geographic Pay Policies Study

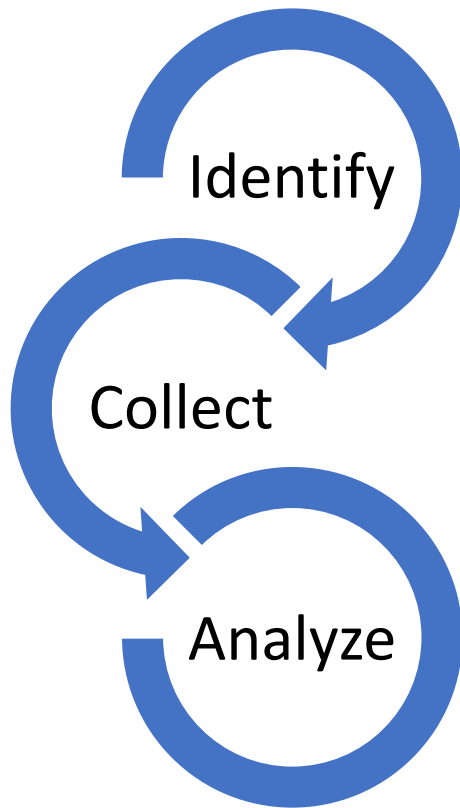
April 2021

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# Methodology



WorldatWork invited its broader membership and customer base to participate in an electronic survey on U.S. geographic pay policies. A total of 1,063 responses were received, representing organizations of different sizes and across multiple industries.

WorldatWork also obtained feedback from 503 full-time business professionals in the U.S. via the MarketCube panel online. The sample was sourced primarily based on gender, geography, and age.

Email invitations were sent directly to participants on 02/11/2021 and results were collected over a seven-day period. The survey has a 3% overall margin of error at a confidence level of 95%. Sample sizes vary by question.

Geographic pay differentials are pay differences established for the same job based on variations in costs of labor or costs of living among two or more geographic areas.



Icon indicates the voice of the employee



# Key Findings

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# Organizations are implementing or modifying geographic pay policies

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- The nature of work is changing and of the 62% of organizations with existing U.S. geographic pay policies in place, 44% of those are considering modifying or have recently modified their policies with the increase of full-time remote work. Expanding or consolidating the pay differential application are the most considered in relation to their geographic pay philosophy, and 48% of those changes would impact employee pay immediately upon the policy rollout.
- These changes and/or considerations are pertinent as 67% of employees expect their pay to differ based on a geographic location.
- The more locations an organization has, the more likely they are to consider creating a U.S. geographic pay policy, especially as full-time remote work rises.

## Few organizations rely on a national pay structure

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- 41% of organizations' geographic pay philosophy is applying pay differentials as a premium or discount to either structure or individual pay, and 33% create separate base pay structures for each/different geographic location.
- Employee geographic pay locations are most often determined by their reporting location.
- 55% of organizations use city/metro area as the indicator in which geographical pay differentials are based, and cost of labor is overwhelmingly a greater influence than cost of living for determining the pay policy approach.

## More than 60% of organizations have employees that work remotely full-time

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- Almost all organizations are somewhat or moderately flexible to allow voluntary relocations for their full-time remote workers, with only 29% willing to establish a legal entity anywhere in the U.S.
- In contrast, most do not allow relocations outside of pre-existing geographic or legal entities. The biggest challenges for these organizations are legal, regulatory and tax implications, followed by cost.
- 50% of employees say that a pay adjustment would be very or extremely influential in their decision to voluntarily relocate.

# U.S. Geographic Pay Policies

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# U.S. Geographic Pay Policy Prevalence

Does your organization have a U.S. geographic pay policy?

Yes – 62%

No – 38%

n = 1,043

With the increase in full-time remote work, has your organization considered modifying or recently modified the U.S. geographic pay policy?

Yes, we are considering modifying – 35%

Yes, we recently modified within past 12 months – 9%

No – 56%

n = 551

With an increase in full-time remote work, are you considering creating a U.S. geographic pay policy?

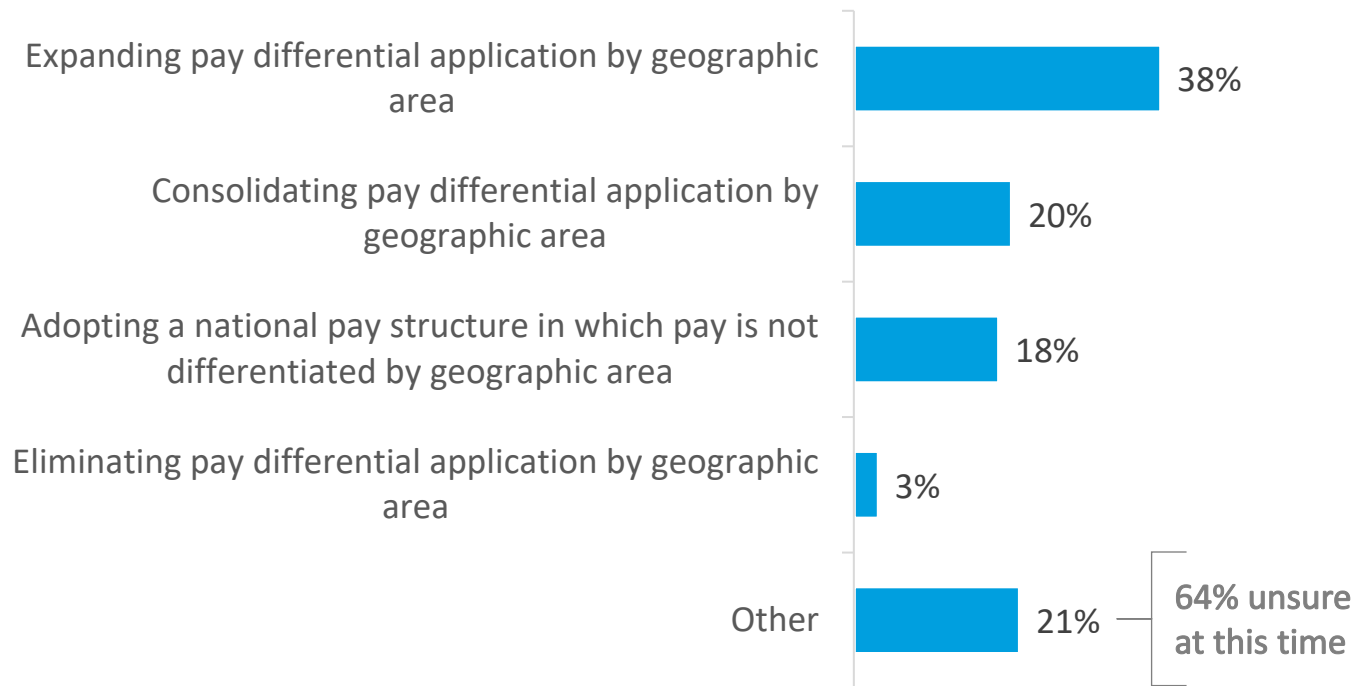
Yes – 47%

No – 54%

n = 282

# Policy Modification Considerations with Remote Work Increase

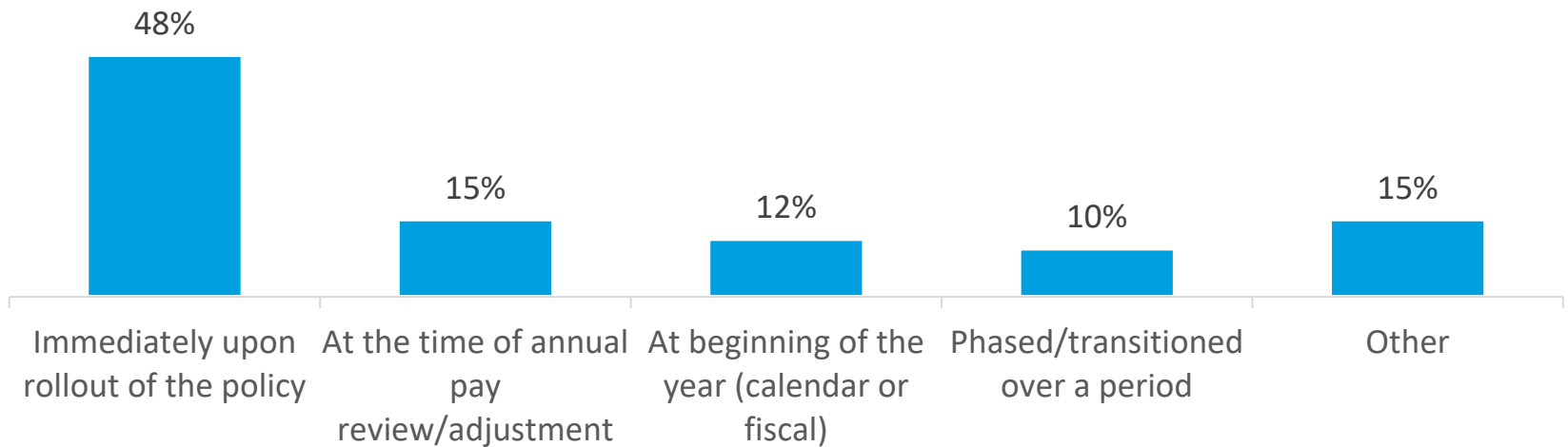
*In what way is your organization considering modification to the pay philosophy in relation to geography?*



n = 193

# Effective Date for Pay Adjustments from Modified Geographic Pay Policies

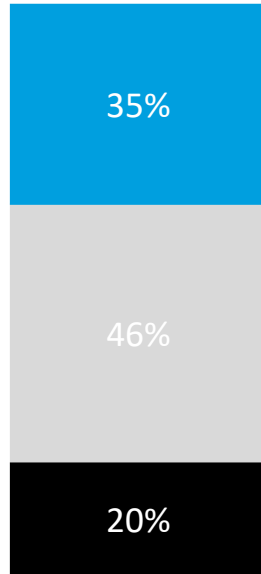
*With your organization's geographic pay policy modification, when did or will those changes to employee pay take effect?*



n = 52

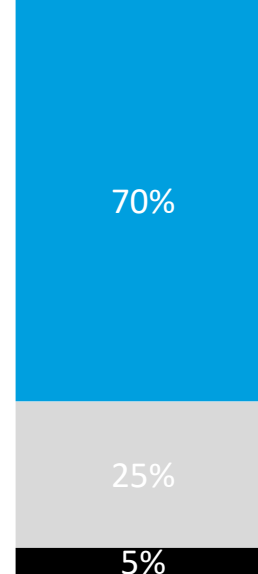
# Transparency of Geographic Pay Policies

*Employer: How transparent is your organization at communicating the geographic pay policy and procedure to employees?*



n = 589

*Employee: How transparent do you feel your organization is at communicating the geographic pay policy and procedure?*



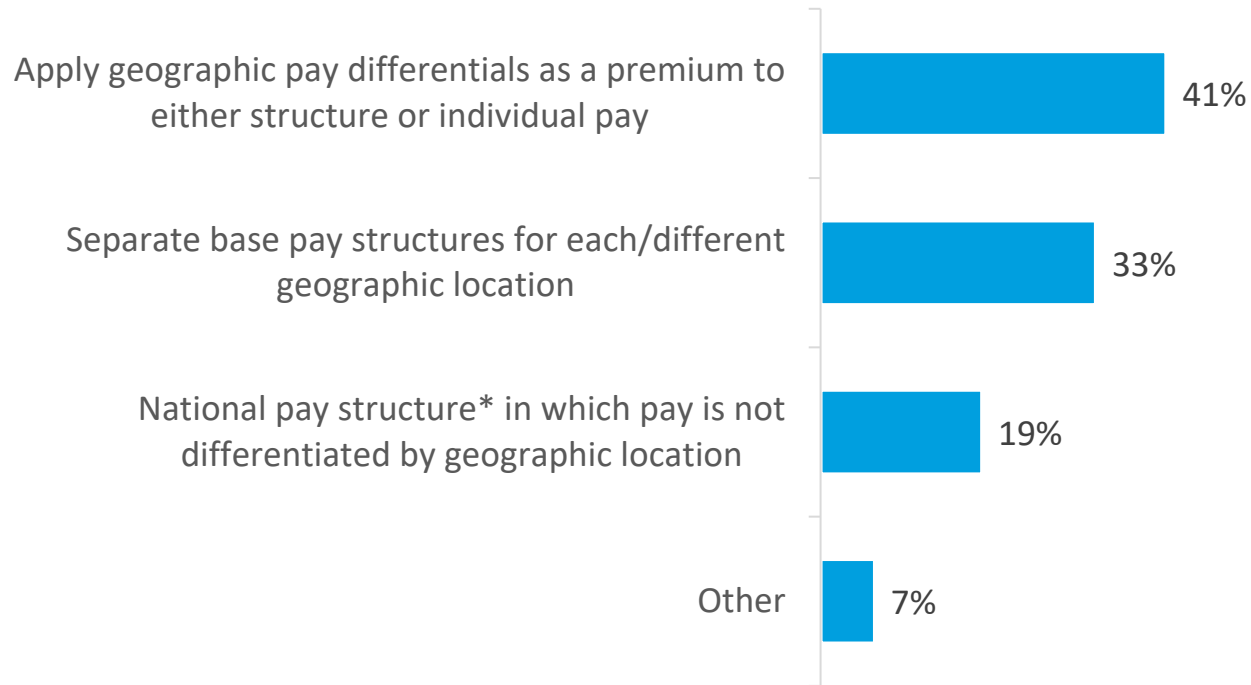
n = 232

# Geographic Pay Philosophy

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# Geographic Pay Policy Philosophy

*What is your organization's pay philosophy in relationship to geography?*

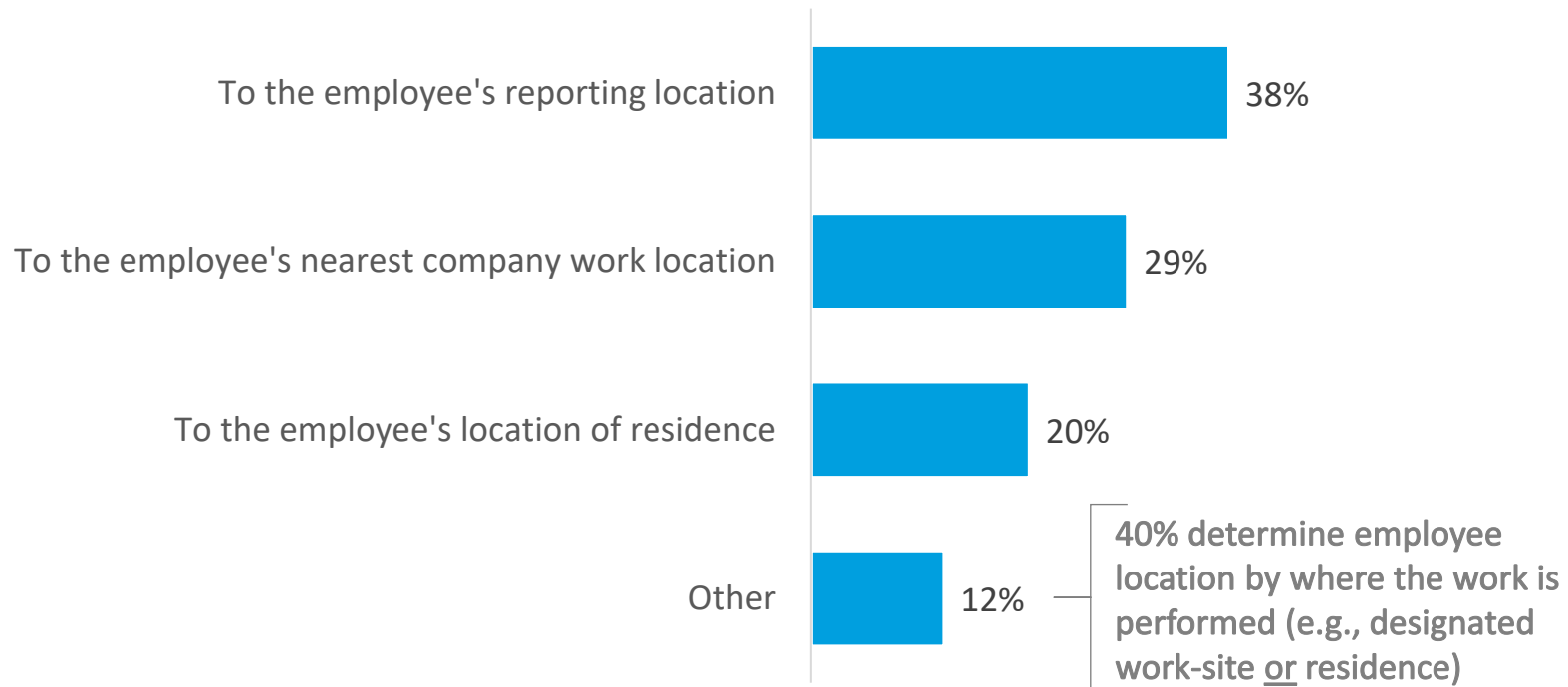


n = 1,063

# Determination of Employee Pay Location

*How does your organization determine employees geographic pay location?\**

\*Data is based on organizations that don't have a national pay structure



n = 786

# Employee Categories Affected by the Geographic Pay Policy

*Which employee categories are affected by your organization's geographic pay policy? Please select all that apply.*



**94%** Exempt salaried



**80%** Nonexempt hourly nonunion



**67%** Nonexempt salaried



**33%** Officers/executives

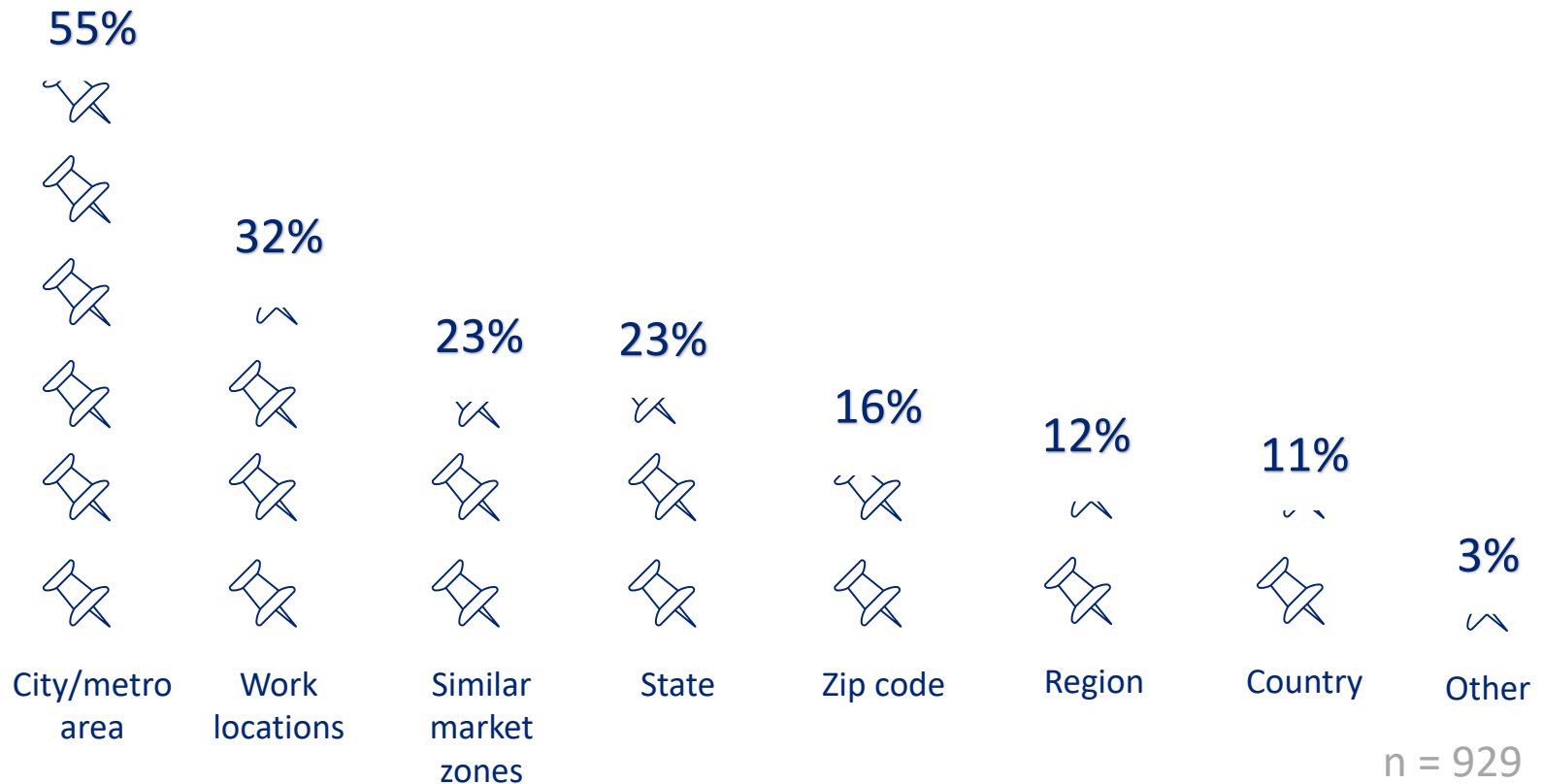


**16%** Nonexempt hourly unionized



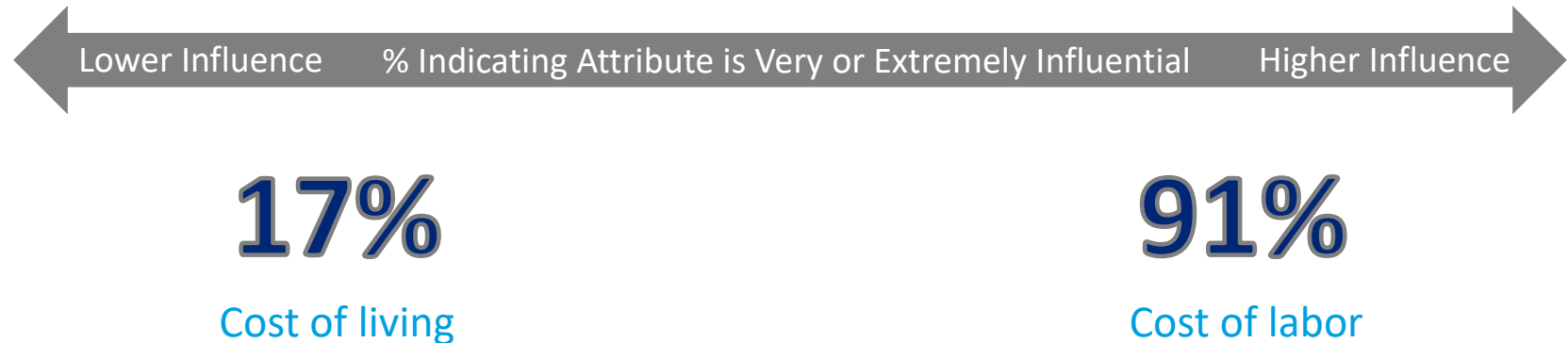
# Geographic Differential Indicators

What indicator(s) is/are your organization's geographic differential based on? Please select all that apply.



# Geographic Pay Policy Attributes

*How influential are each of the following attributes on determining your organization's geographic pay policy approach?*



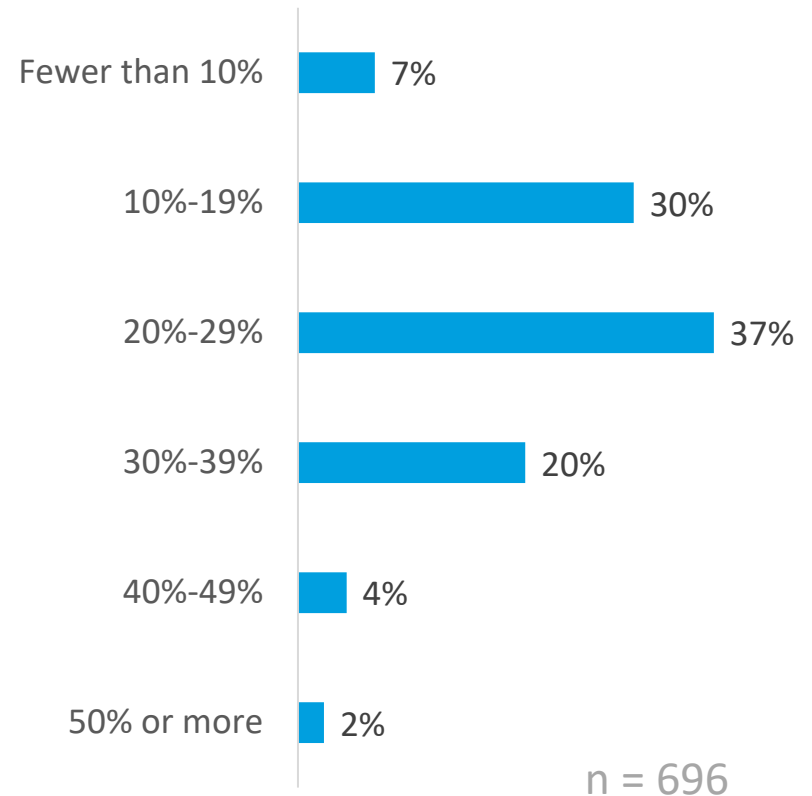
# Geographic Pay Adjustments

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# Organization Geographic Pay Differences

*What is the percentage difference between your lowest and highest geographic pay levels?*

**80%** of organizations have employees working in more than one U.S. geographic area, and the average difference in pay between high and low geographies is **19%**.



# Employee Pay Adjustment Influence on Relocation



**67%** of employees expect pay to be different based on geographic location

n = 443



**50%** of employees say a pay adjustment would be very or extremely influential in their decision to voluntarily relocate

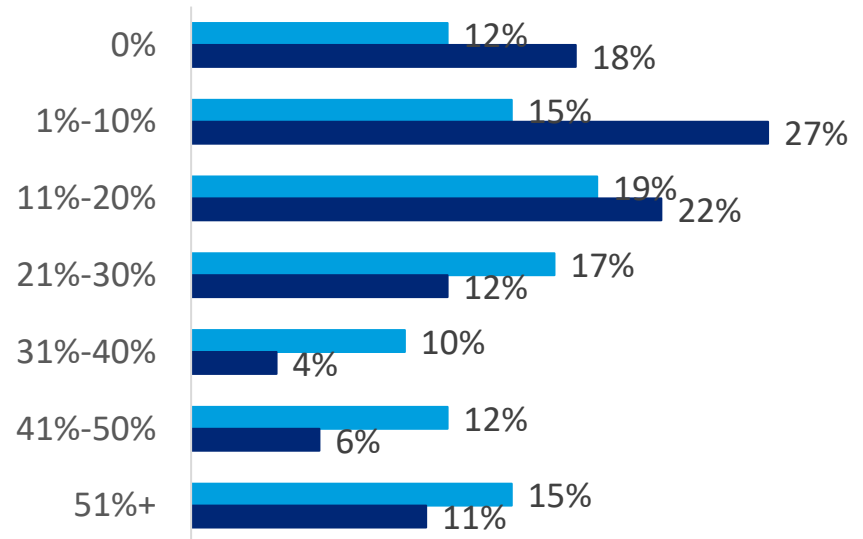
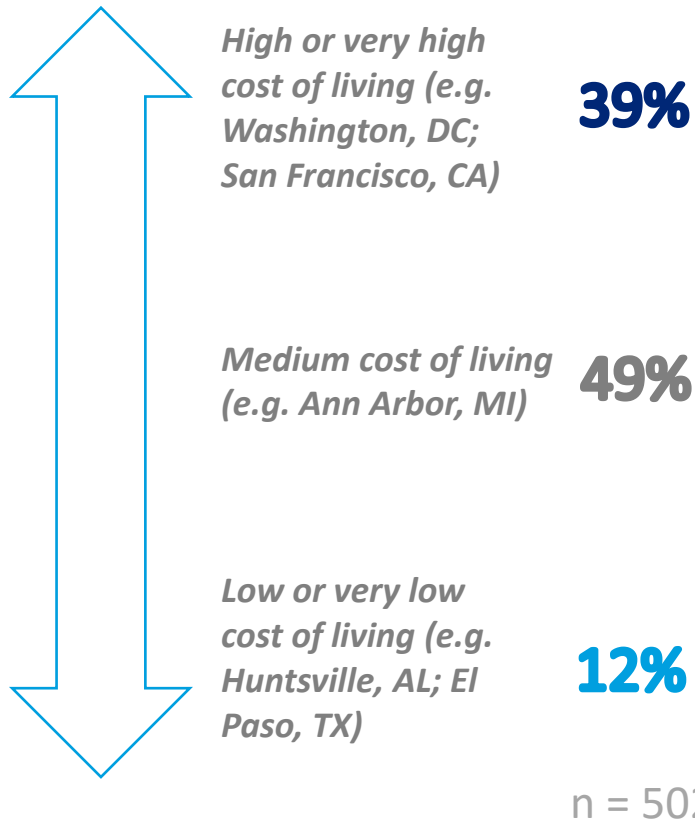
n = 502

# Employee Expected Pay Adjustments for Relocation



Please indicate where you currently reside:

If you relocated, what percentage of your salary would you expect to be adjusted?



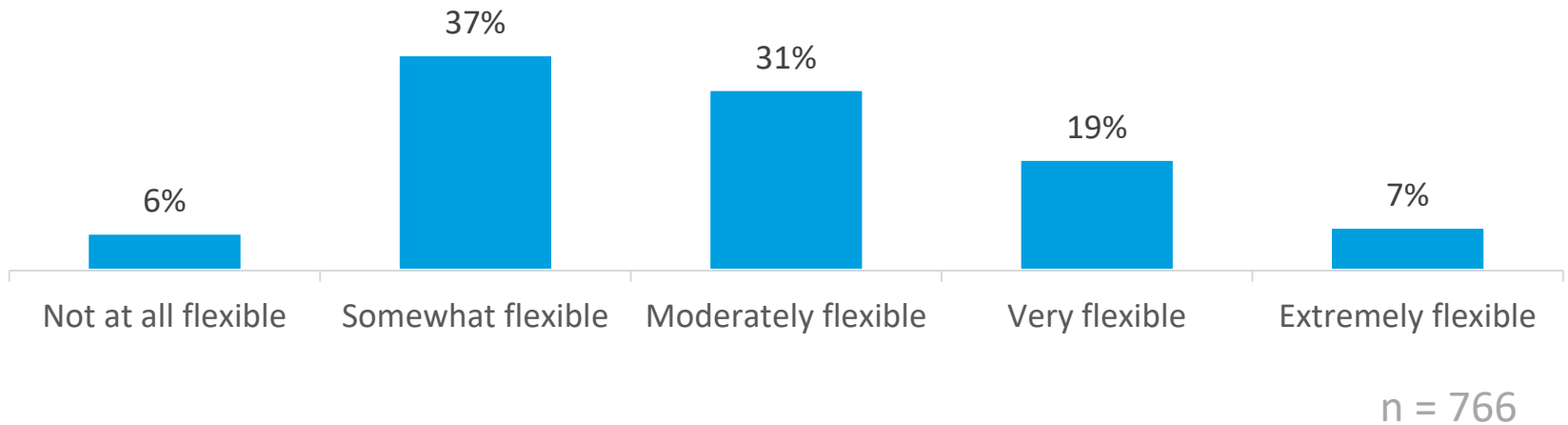
■ Relocating from low to high cost of living (n = 59) **31% average**  
■ Relocating from high to low cost of living (n = 196) **22% average**

# Voluntary Relocations

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# Remote Work Relocation Flexibility

*What is your organization's degree of flexibility to allow full-time remote workers to voluntarily relocate?*

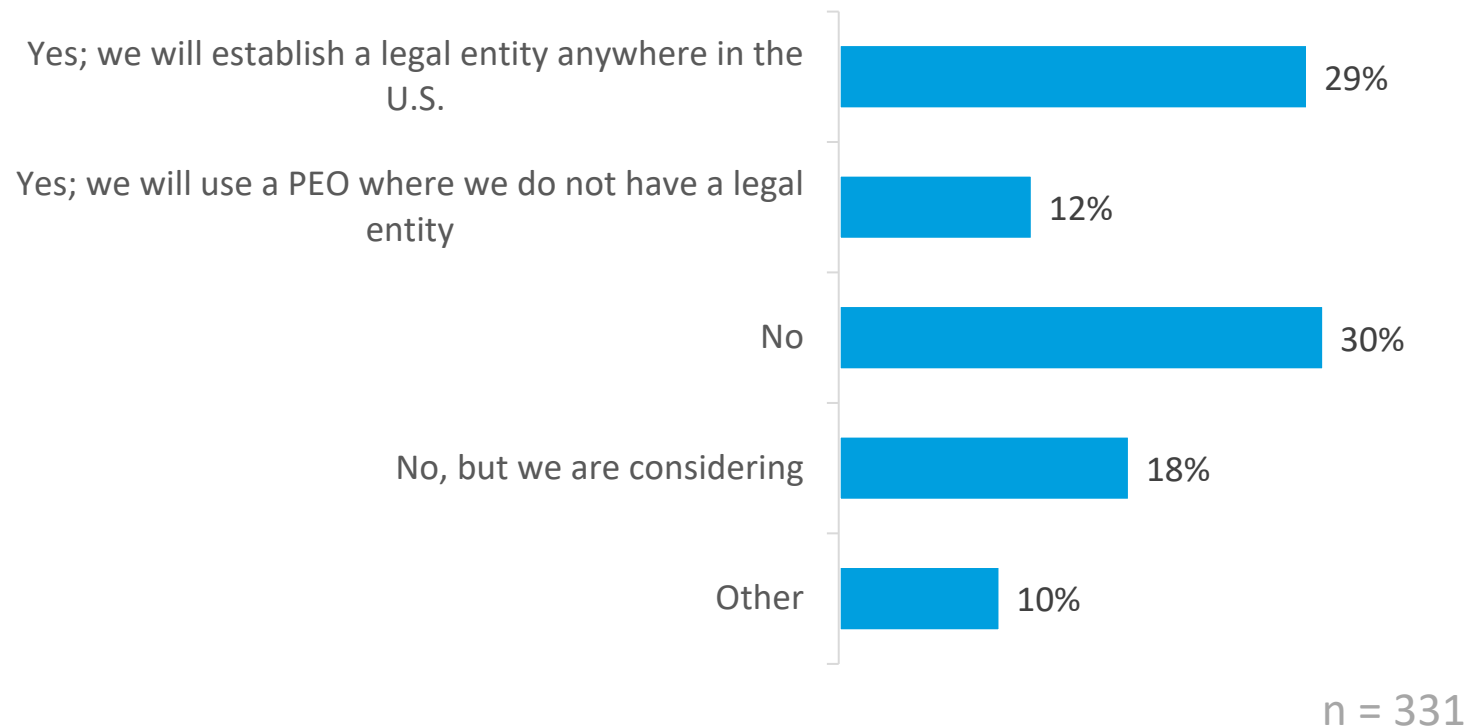




# Employee Relocations Outside Geographic/ Legal Entity

*Does your organization allow full-time remote workers to relocate where you do not currently have a geographic/legal entity established?\**

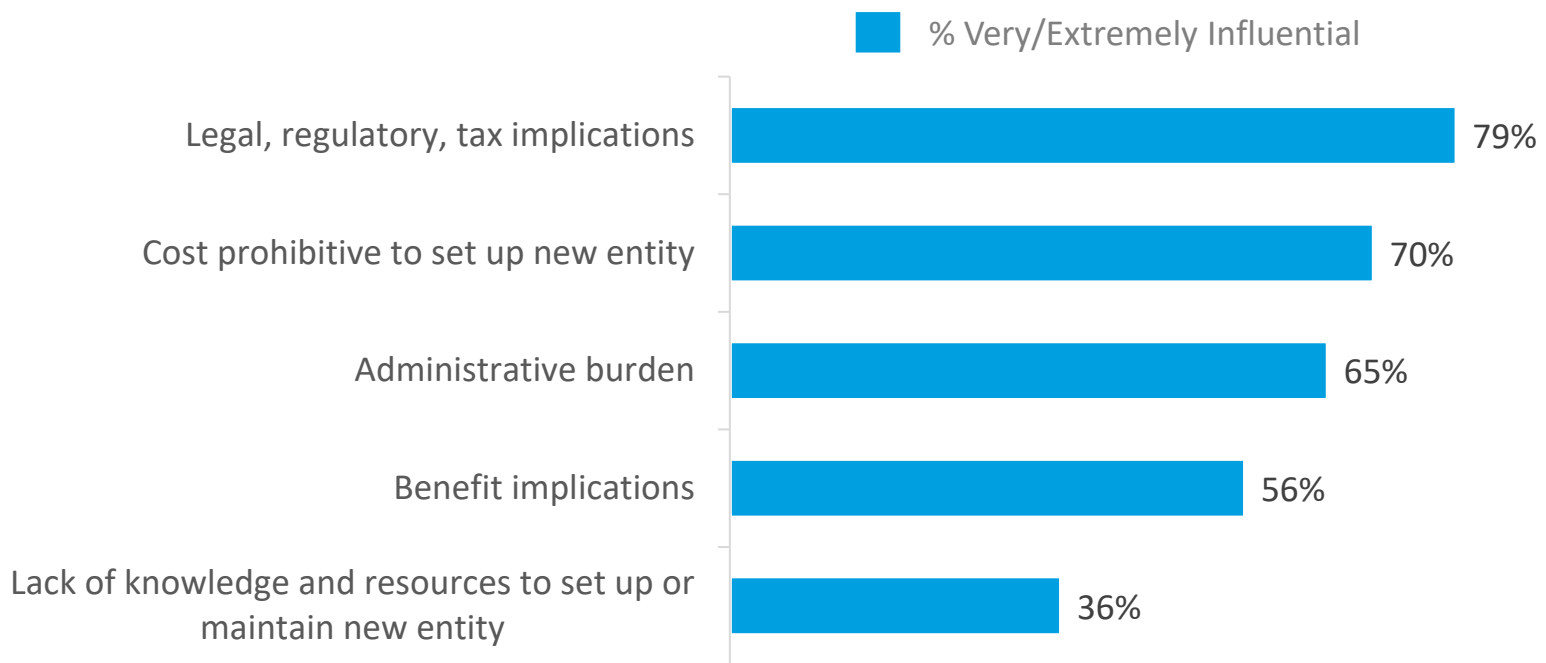
\*Data is based on organizations that employ full-time remote workers within the U.S.



# Factors Limiting Decisions for Employee Relocations

*How influential were the following factors for your organization's decision not to allow full-time remote workers to relocate where a legal entity is not already established?*

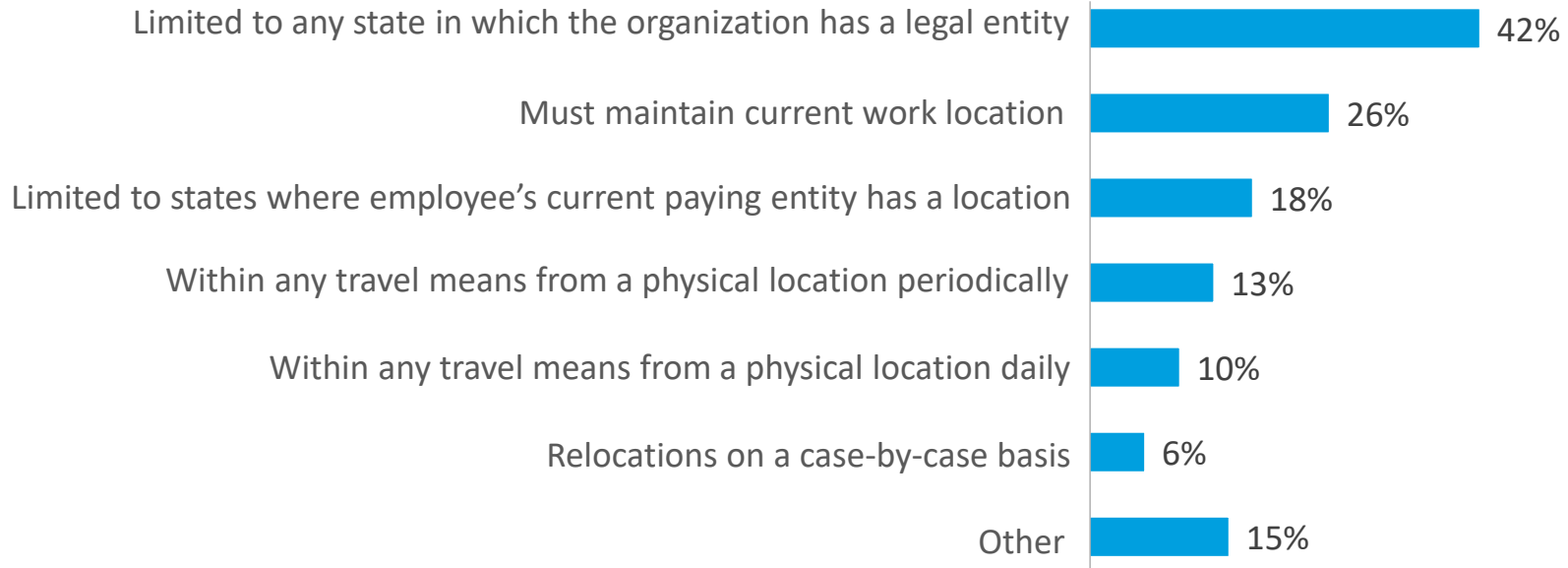
\*Data is based on organizations that employ full-time remote workers within the U.S.



# Stipulations to Voluntary Relocation

57% of organizations indicate they do not have stipulations in place

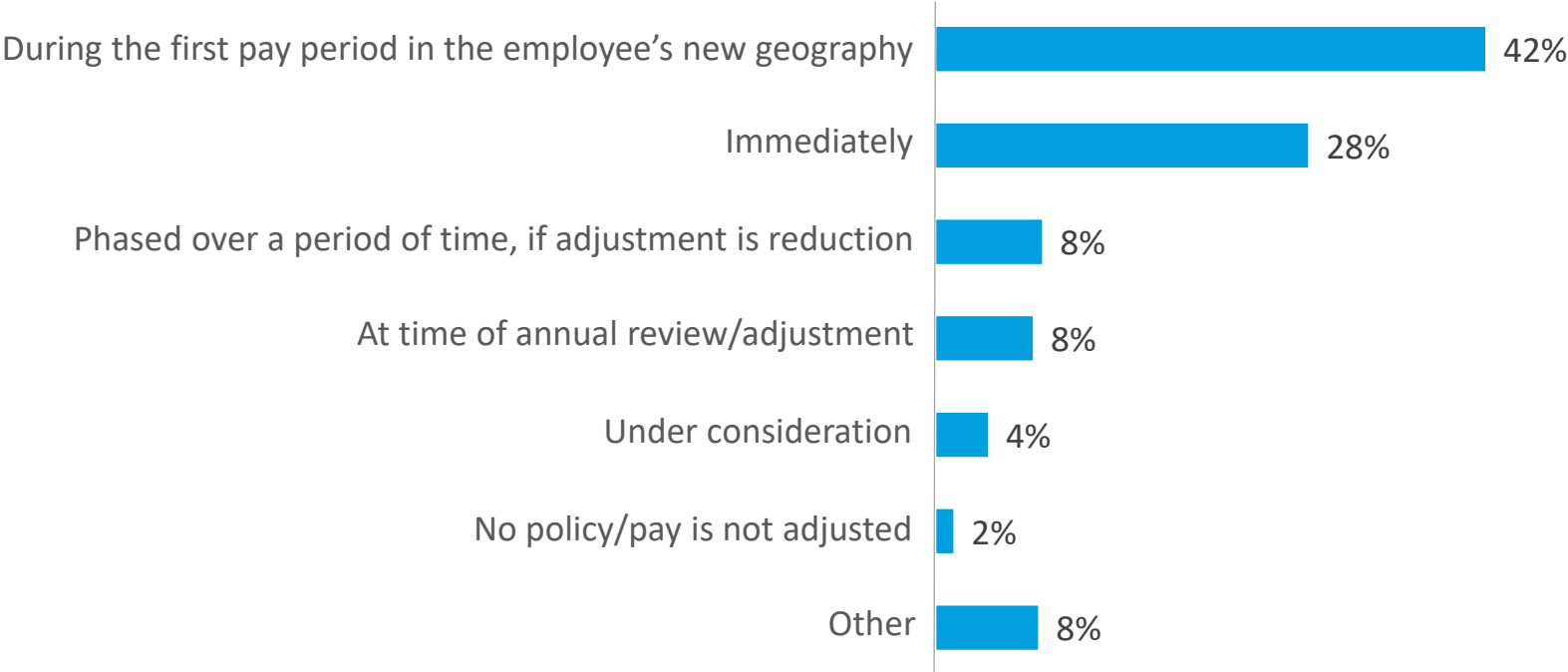
*To be considered under the geographic pay policy, what are the stipulations to employees voluntarily relocating to a different geography? Please select all that apply.*



n = 563

# Effective Date for Pay Adjustments

*For current employees voluntarily changing to a new geography within policy, when will the transition take effect?*



n = 552

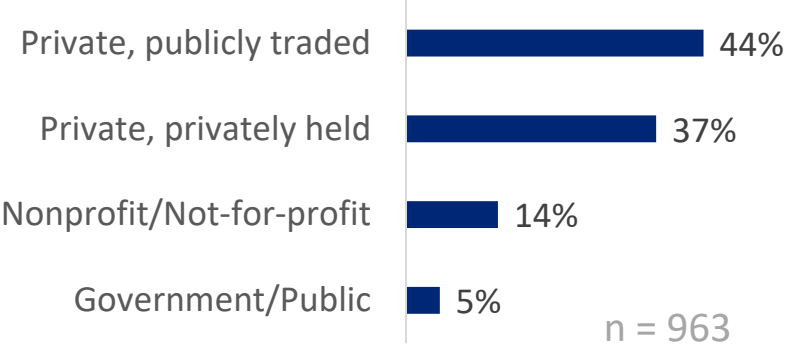


# Participant Profile

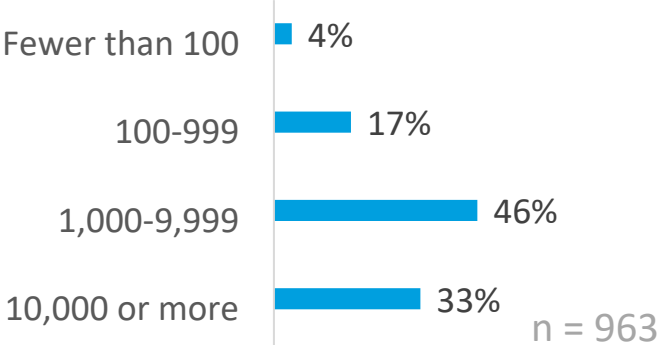
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# Organization Profile

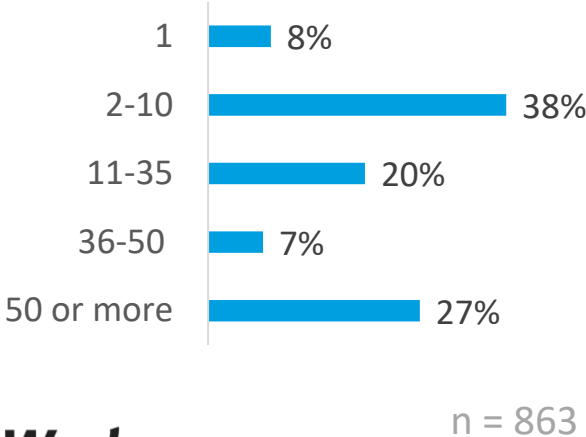
## Sector



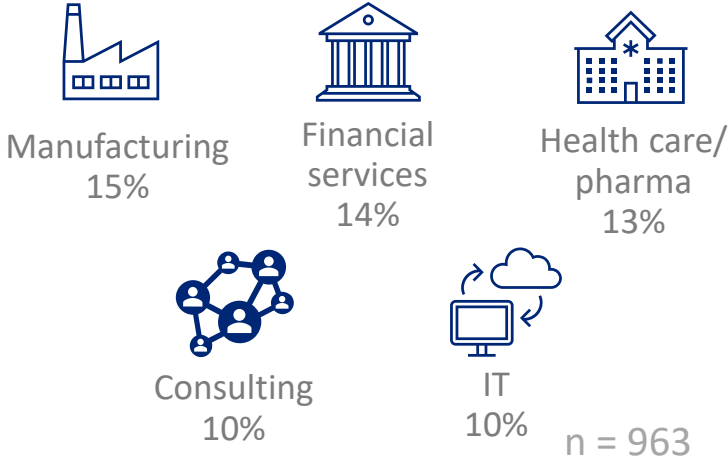
## Size



## Number of U.S. Locations

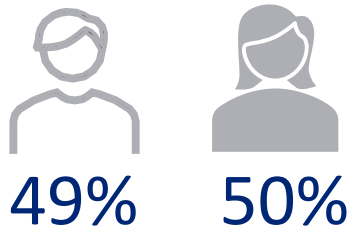


## Industry



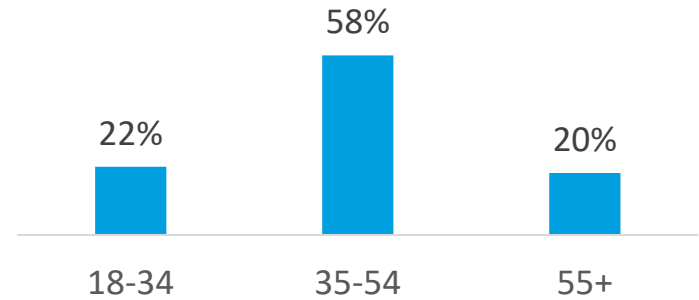
# Employee Profile

## Gender



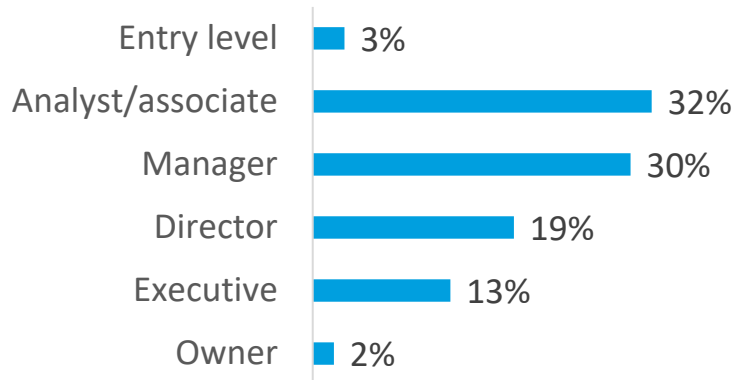
n = 502

## Age



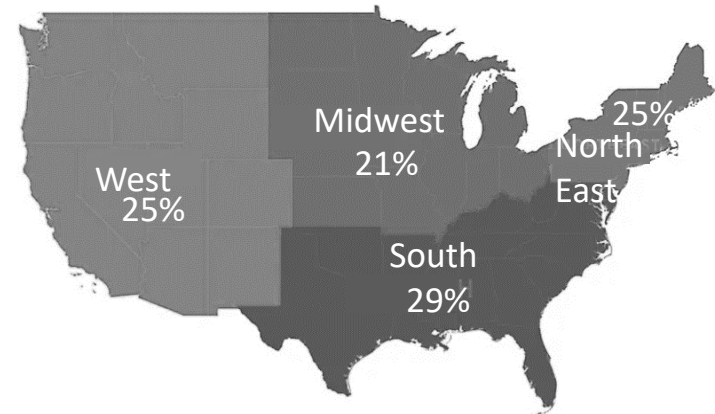
n = 502

## Job Title



n = 489

## Region



n = 489



# Topline Results

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# U.S. Geographic Pay Policy

*Does your organization have a U.S. geographic pay policy?*

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Yes	62%
No	38%

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n = 1,043

# Geographic Pay Policy Creation Consideration

*With an increase in full-time remote work, are you considering creating a U.S. geographic pay policy?*

Participants responding “No” to having a U.S. geographic pay policy received this question.

---

Yes	47%
No	54%

---

n = 282

# Geographic Pay Policy Modification Consideration

*With the increase in full-time remote work, has your organization considered modifying or has recently modified the U.S. geographic pay policy?*

Participants responding “Yes” to considering a U.S. geographic pay policy received this question.

---

Yes, we are considering modifying our policy	35%
Yes, we have modified our policy within the past 12 months	9%
No	56%

n = 551

# Geographic Pay Policy Modification Approaches

*In what way is your organization considering modification to the pay philosophy in relationship to geography?*

Participants responding “Yes, we are considering modifying our policy” to having a U.S. geographic pay policy received this question.

---

Expanding pay differential application by geographic area	38%
Consolidating pay differential application by geographic area	20%
Eliminating pay differential application by geographic area	3%
Adopting a national pay structure in which pay is not differentiated by geographic area	18%
Other	21%

n = 193

# Effective Date for Pay Adjustments from Modified Policy

*With your organization's geographic pay policy modification, when did or will those changes to employee pay take effect?*

Participants responding "Yes, we have modified our policy within the past 12 months" to having a U.S. geographic pay policy received this question.

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Immediately upon rollout of the policy	48%
At the time of annual pay review/adjustment	15%
At beginning of the year (calendar or fiscal)	12%
Phased/transitioned over a period	10%
Other	15%

n = 52

# Geographic Pay Philosophy

*What is your organization's pay philosophy in relationship to geography?*

---

Separate base pay structures for each/different geographic area	33%
Apply geographic pay differentials as a premium to either structure or individual pay	41%
National pay structure, in which pay is not differentiated by geographic area	19%
Other	7%

---

n = 1,063

# Geographic Pay Differences

## *What is the percentage difference between your lowest and highest geographic pay levels?*

Participants responding “Separate base pay structures for each/different geographic area” or “Apply geographic pay differentials as a premium to either structure or individual pay” or “Other” to their organization’s pay philosophy in relation to geography received this question.

---

Fewer than 10%	7%
10%-19%	30%
20%-29%	37%
30%-39%	20%
40%-49%	4%
50% or more	2%

---

n = 696

# Geographic Differential Indicators

*What indicator(s) is/are your organization's geographic differential based on? Please select all that apply.*

---

Zip code	16%
City/metropolitan area	55%
State	23%
Work locations (e.g. offices, factories, distribution centers)	32%
Region (e.g. West Coast, Southeast)	12%
Country	11%
Similar market zones (e.g. 1 = NYC, San Francisco; 2 = Boston, Chicago)	23%
Other	3%

---

n = 929



# Geographic Pay Location Determination

## *How does your organization determine employees' geographic pay location?*

\*Data is based on organizations that don't have a national pay structure

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To the employee's nearest company work location	29%
To the employee's location of residence	20%
To the employee's reporting location (e.g. corporate headquarters, business unit)	38%
Other	12%

---

n = 786

# Geographic Pay Policy Attributes

*How influential are each of the following attributes on determining your organization’s geographic pay policy approach?*

Participants responding “Yes” to having a U.S. geographic pay policy received this question.

	<b>Not at all influential</b>	<b>Somewhat influential</b>	<b>Moderately influential</b>	<b>Very influential</b>	<b>Extremely influential</b>
Cost of labor (e.g. market pay rate) (n=590)	1%	3%	5%	25%	66%
Cost of living (e.g. income tax rates; employment/unemployment insurance; inflation) (n=555)	41%	27%	16%	13%	4%

# Employee Groups Affected by Geographic Pay Policy

*Which employee categories are affected by your organization's geographic pay policy? Please select all that apply.*

Participants responding "Yes" to having a U.S. geographic pay policy received this question.

---

Nonexempt hourly nonunion (n=473)	80%
Nonexempt hourly unionized (n=94)	16%
Nonexempt salaried (n=397)	67%
Exempt salaried (n=556)	94%
Officers/executives (n=194)	33%

# Full-Time Remote Worker Relocation Flexibility

*What is your organization's degree of flexibility to allow full-time remote workers to voluntarily relocate?*

Participants responding "We have employees that work full-time remotely within the U.S." received this question.

---

Not at all flexible	6%
Somewhat flexible	37%
Moderately flexible	31%
Very flexible	19%
Extremely flexible	7%

n = 766

# Full-Time Remote Worker Relocation

*Does your organization allow full-time remote workers to relocate where you do not currently have a geographic/legal entity established?*

Participants responding “Yes” to having a U.S. geographic pay policy received this question.  
Data is based on organizations that employ full-time remote workers within the U.S.

---

Yes; we will establish a legal entity anywhere in the U.S.	29%
Yes; we will use a PEO where we do not have a legal entity	12%
No	30%
No, but we are considering	18%
Other	10%

n = 331

# Factors Limiting Relocations

*How influential were the following factors for your organization’s decision not to allow full-time remote workers to relocate where a legal entity is not already established?*

Participants responding “No” to allowing full-time remote workers to relocate where they do not currently have a geographic/legal entity established received this question.

Data is based on organizations that employ full-time remote workers within the U.S.

	<b>Not at all influential</b>	<b>Somewhat influential</b>	<b>Moderately influential</b>	<b>Very influential</b>	<b>Extremely influential</b>
Administrative burden (n=80)	5%	16%	14%	39%	26%
Benefit implications (n=75)	16%	12%	16%	33%	23%
Cost prohibitive to set up new entity (n=82)	7%	5%	18%	32%	38%
Lack of knowledge and resources to set up or maintain new entity (n=67)	39%	10%	15%	18%	18%
Legal, regulatory, tax implications (n=85)	2%	5%	14%	29%	49%

# Geographic Pay Policy Transparency

*How transparent is your organization at communicating the geographic pay policy and procedure to employees?*

Participants responding “Yes” to having a U.S. geographic pay policy received this question.

---

Not at all transparent	20%
Somewhat transparent	46%
Moderately transparent	16%
Very transparent	11%
Extremely transparent	8%

\*Error in programming scale point order.

n = 589

# Relocation Stipulations

*To be considered under the geographic pay policy, what are the stipulations to employees voluntarily relocating to a different geography? Please select all that apply.*

Participants responding “Yes” to having a U.S. geographic pay policy received this question.

There are no stipulations or stipulations are under consideration to changing geographic location	57%
Limited to any state in which the organization has a legal entity	43%
Must maintain current work location	26%
Limited to states where the employee’s current paying entity has a location/legal establishment	18%
Other, please specify	15%
Within any travel means from a physical location periodically	13%
Within any travel means from a physical location daily (e.g. east coast takes long train daily)	10%
Relocations on case-by-case basis	3%

n = 563



# Effective Date for Voluntary Relocation Pay Adjustments

*For employees voluntarily relocating and impacted by the geographic pay policy resulting in a pay change, when will the change take effect?*

Participants responding “Yes” to having a U.S. geographic pay policy received this question.

Immediately	28%
During the first pay period in the employee’s new geography	42%
Phased/transitioned over a period of time, if adjustment is reduction	8%
At the time of annual review/adjustment	8%
Under consideration	4%
No policy/pay is not adjusted	2%
Other	8%

n = 552

# Employee Perspective of Geographic Pay Policy Transparency



*How transparent do you feel your organization is at communicating the geographic pay policy and procedure?\**

Not at all transparent	5%
Somewhat transparent	25%
Moderately transparent	17%
Very transparent	23%
Extremely transparent	30%

\*Error in programming scale point order.

n = 232



# Employee Pay Expectations

*Do you expect your pay to differ based on variations in cost of living/labor in connection with your work location?*

---

Yes	67%
No	33%

---

n = 502

# Employee Classification of Current Location



*Please classify where you currently reside:*

---

Very low cost of living (e.g. El Paso, TX)	2%
Low cost of living (e.g. Huntsville, AL)	10%
Medium cost of living (e.g. Ann Arbor, MI)	49%
High cost of living (e.g. Washington, D.C.)	22%
Very high cost of living (e.g. San Francisco, CA)	17%

n = 502



# Employee Pay Adjustment Expectations

*If you relocated to a very low cost of living area, what percentage of your salary would you expect to be adjusted?*

Participants responding “High cost of living (e.g. Washington, D.C.)” or “Very high cost of living (e.g. San Francisco, CA)” to classifying where they currently reside received this question.

---

0%	18%
1%-10%	27%
11%-20%	22%
21%-30%	22%
31%-40%	4%
41%-50%	5%
51% or more	11%

n = 196



# Employee Pay Adjustment Expectations

*If you relocated to a very high cost of living area, what percentage of your salary would you expect to be adjusted?*

Participants responding “Low cost of living (e.g. El Paso, TX)” or “Very low cost of living (e.g. Huntsville, AL)” to classifying where they currently reside received this question.

---

0%	12%
1%-10%	15%
11%-20%	19%
21%-30%	17%
31%-40%	10%
41%-50%	12%
51% or more	15%

n = 59

# Pay Adjustment Influence on Employee Relocation



*How influential would a pay adjustment be in your decision to voluntarily relocate?*

---

Not at all influential	8%
Somewhat influential	22%
Moderately influential	21%
Very influential	30%
Extremely influential	20%

n = 502

# Results by Industry

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# U.S. Geographic Pay Policy

*Does your organization have a U.S. geographic pay policy?*

	All	Consulting	Financial Services	Health care/ Pharma	IT	Manufacturing
n=	1,043	89	130	115	97	131
Yes	62%	65%	67%	52%	74%	57%
No	38%	35%	33%	48%	26%	44%

# Geographic Pay Policy Modification Consideration

*With the increase in full-time remote work, has your organization considered modifying or has recently modified the U.S. geographic pay policy?*

	All	Consulting	Financial Services	Health care/ Pharma	IT	Manufacturing
n=	551	49	78	54	65	63
Yes, we are considering modifying our policy	35%	47%	44%	22%	37%	18%
Yes, we have modified our policy within the past 12 months	9%	8%	12%	7%	22%	6%
No	56%	45%	45%	70%	42%	76%

# Geographic Pay Philosophy

*What is your organization's pay philosophy in relationship to geography?*

	All	Consulting	Financial Services	Health care/ Pharma	IT	Manufacturing
n=	1,063	96	133	120	98	141
Separate base pay structures for each/different geographic area	33%	32%	34%	25%	40%	27%
Apply geographic pay differentials as a premium to either structure or individual pay	41%	41%	43%	33%	43%	28%
National pay structure, in which pay is not differentiated by geographic area	19%	21%	14%	27%	12%	28%
Other	7%	6%	9%	15%	5%	18%

# Geographic Pay Differences

*What is the percentage difference between your lowest and highest geographic pay levels?*

	All	Consulting	Financial Services	Health care/ Pharma	IT	Manufacturing
n=	696	67	101	72	81	95
Fewer than 10%	7%	3%	5%	13%	5%	7%
10%-19%	30%	30%	28%	35%	28%	36%
20%-29%	37%	37%	45%	26%	47%	38%
30%-39%	20%	25%	20%	18%	16%	16%
40%-49%	4%	5%	1%	7%	3%	1%
50% or more	2%	0%	2%	1%	1%	2%

# Geographic Differential Indicators

*What indicator(s) is your organization's geographic differential based on? Please select all that apply.*

	All	Consulting	Financial Services	Health care/ Pharma	IT	Manufacturing
n=	929	95	132	119	97	138
Zip code	16%	11%	18%	16%	21%	9%
City/metropolitan area	55%	56%	62%	45%	55%	52%
State	23%	13%	29%	21%	35%	23%
Work locations (e.g. offices, factories, distribution centers)	32%	34%	30%	38%	25%	39%
Region (e.g. West Coast, Northwest)	12%	9%	8%	10%	15%	9%
Country	11%	12%	7%	11%	20%	15%
Similar market zones (e.g. 1 = NYC, San Francisco; 2 = Boston, Chicago)	23%	33%	22%	20%	31%	21%
Other	3%	2%	4%	4%	1%	5%

# Geographic Pay Location Determination

*How does your organization determine employees geographic pay location?*

	All	Consulting	Financial Services	Health care/ Pharma	IT	Manufacturing
n=	786	92	128	107	96	132
To the employee's nearest company work location	29%	33%	26%	20%	31%	27%
To the employee's location of residence	20%	16%	20%	23%	31%	18%
To the employee's reporting location (e.g. corporate headquarters, business unit)	38%	40%	47%	47%	23%	39%
Other	12%	11%	19%	10%	15%	15%

# Geographic Pay Policy Attributes

*How influential are each of the following attributes on determining your organization's geographic pay policy approach?\**

	All	Consulting	Financial Services	Health care/ Pharma	IT	Manufacturing
n=	590	77	107	100	75	114
Cost of labor (e.g. market pay rate)	91%	88%	93%	93%	96%	92%
Cost of living (e.g. income tax rates; employment/unemployment insurance; inflation)	17%	21%	12%	20%	19%	15%

**% Very/extremely influential**

\*Sample size varies by attribute

# Full-Time Remote Worker Relocation Flexibility

*What is your organization's degree of flexibility to allow full-time remote workers to voluntarily relocate?*

	All	Consulting	Financial Services	Health care/ Pharma	IT	Manufacturing
n=	766	77	107	100	75	114
Not at all flexible	6%	0%	3%	4%	5%	11%
Somewhat flexible	37%	22%	36%	37%	20%	48%
Moderately flexible	31%	33%	38%	29%	36%	21%
Very flexible	19%	31%	17%	23%	24%	17%
Extremely flexible	7%	14%	7%	7%	15%	4%



# Full-Time Remote Worker Relocation

*Does your organization allow full-time remote workers to relocate where you do not currently have a geographic/legal entity established?*

	All	Consulting	Financial Services	Health care/ Pharma	IT	Manufacturing
n=	331	43	63	42	56	49
Yes; we will establish a legal entity anywhere in the U.S.	29%	30%	33%	36%	25%	20%
Yes; we will use a PEO where we do not have a legal entity	12%	12%	11%	19%	14%	8%
No	30%	16%	25%	17%	39%	43%
No, but we are considering	18%	37%	11%	10%	16%	18%
Other	10%	5%	19%	19%	5%	10%

# Geographic Pay Policy Transparency

*How transparent is your organization at communicating the geographic pay policy and procedure to employees?\**

	All	Consulting	Financial Services	Health care/ Pharma	IT	Manufacturing
n=	589	58	87	60	72	74
Not at all transparent	20%	19%	9%	32%	10%	23%
Somewhat transparent	46%	52%	32%	42%	49%	49%
Moderately transparent	16%	10%	17%	8%	22%	7%
Very transparent	11%	14%	30%	11%	11%	14%
Extremely transparent	8%	5%	12%	7%	8%	8%

\*Error in programming scale point order.

# Relocation Stipulations

*To be considered under the geographic pay policy, what are the stipulations to employees voluntarily relocating to a different geography? Please select all that apply.*

	All	Consulting	Financial Services	Health care/ Pharma	IT	Manufacturing
n=	563	57	87	59	70	73
Must maintain current work location	11%	5%	6%	7%	13%	19%
Limited to any state the organization has a legal entity	18%	16%	14%	10%	21%	19%
Within any travel means from a physical location daily	4%	5%	5%	2%	9%	3%
Within any travel means from a physical location periodically	6%	7%	5%	3%	9%	6%

# Relocation Stipulations (cont.)

*To be considered under the geographic pay policy, what are the stipulations to employees voluntarily relocating to a different geography? Please select all that apply.*

	All	Consulting	Financial Services	Health care/ Pharma	IT	Manufacturing
n=	563	57	87	59	70	73
Limited to states where the employee's current paying entity has a location/legal establishment	8%	4%	4%	2%	11%	10%
Other	7%	4%	8%	12%	4%	7%
We are considering stipulations to changing geographic location to employees	19%	30%	20%	12%	6%	18%
There are no stipulations to changing geographic locations to employees	38%	40%	47%	54%	40%	27%
Relocations on a case-by-case basis	3%	0%	4%	2%	7%	4%

# Effective Date for Voluntary Relocation Pay Adjustments

*For employees voluntarily relocating and impacted by the geographic pay policy resulting in a pay change, when will the change take effect?*

	All	Consulting	Financial Services	Health care/ Pharma	IT	Manufacturing
n=	552	58	85	57	69	72
Immediately	28%	22%	38%	19%	41%	17%
During the first pay period in the employee's new geography	42%	38%	42%	44%	35%	57%
Phased/transitioned over a period of time, if adjustment is reduction	8%	12%	9%	4%	6%	6%
At the time of annual review/adjustment	8%	14%	2%	11%	4%	8%
No policy	2%	3%	1%	2%	0%	1%
Under consideration	4%	10%	2%	2%	4%	3%
Other	8%	0%	5%	19%	10%	8%

# Results by Number of U.S. Locations

**WorldatWork**<sup>®</sup>  
Total Rewards Association

# U.S. Geographic Pay Policy

*Does your organization have a U.S. geographic pay policy?*

	<b>All</b>	<b>1 location</b>	<b>2-10 locations</b>	<b>11-35 locations</b>	<b>36-50 locations</b>	<b>&gt;50 locations</b>
n=	1,043	67	317	161	58	222
Yes	62%	28%	56%	67%	71%	74%
No	38%	72%	44%	33%	29%	26%

# Geographic Pay Policy Creation Consideration

*With an increase in full-time remote work, are you considering creating a U.S. geographic pay policy?*

	All	1 location	2-10 locations	11-35 locations	36-50 locations	>50 locations
n=	282	34	107	37	11	39
Yes	47%	28%	56%	67%	71%	74%
No	54%	72%	44%	33%	29%	26%



# Geographic Pay Policy Modification Consideration

*With the increase in full-time remote work, has your organization considered modifying or has recently modified the U.S. geographic pay policy?*

	All	1 location	2-10 locations	11-35 locations	36-50 locations	>50 locations
n=	551	17	155	98	36	144
Yes, we are considering modifying our policy	35%	18%	26%	35%	47%	43%
Yes, we have modified our policy within the past 12 months	9%	24%	12%	11%	6%	5%
No	56%	59%	62%	54%	47%	52%

# Geographic Pay Philosophy

*What is your organization's pay philosophy in relationship to geography?*

	All	1 location	2-10 locations	11-35 locations	36-50 locations	>50 locations
n=	1,063	67	318	169	61	232
Separate base pay structures for each/different geographic area	33%	8%	36%	39%	38%	34%
Apply geographic pay differentials as a premium to either structure or individual pay	41%	37%	35%	42%	43%	47%
National pay structure, in which pay is not differentiated by geographic area	19%	45%	21%	17%	12%	13%
Other	7%	10%	3%	3%	8%	6%

# Geographic Pay Differences

*What is the percentage difference between your lowest and highest geographic pay levels?*

	All	1 location	2-10 locations	11-35 locations	36-50 locations	>50 locations
n=	696	21	227	128	50	181
Fewer than 10%	7%	10%	8%	2%	2%	5%
10%-19%	30%	29%	44%	16%	16%	18%
20%-29%	37%	52%	34%	46%	46%	35%
30%-39%	20%	10%	10%	24%	24%	31%
40%-49%	4%	0%	3%	10%	10%	5%
50% or more	2%	0%	0%	2%	2%	7%

# Geographic Differential Indicators

*What indicator(s) is/are your organization's geographic differential based on? Please select all that apply.*

	All	1 location	2-10 locations	11-35 locations	36-50 locations	>50 locations
n=	929	69	328	170	61	234
Zip code	16%	8%	15%	16%	27%	7%
City/metropolitan area	55%	52%	52%	51%	51%	41%
State	23%	25%	22%	21%	16%	16%
Work locations (e.g. offices, factories, distribution centers)	32%	23%	38%	39%	38%	7%
Region (e.g. West Coast, Northwest)	12%	14%	11%	10%	9%	12%
Country	11%	11%	8%	15%	11%	16%
Similar market zones (e.g. 1 = NYC, San Francisco; 2 = Boston, Chicago)	23%	20%	31%	18%	23%	13%
Other	3%	6%	6%	5%	5%	28%

# Geographic Pay Location Determination

*How does your organization determine employees' geographic pay location?*

	All	1 location	2-10 locations	11-35 locations	36-50 locations	>50 locations
n=	786	49	308	160	59	31
To the employee's nearest company work location	29%	10%	22%	34%	29%	32%
To the employee's location of residence	20%	35%	25%	17%	14%	12%
To the employee's reporting location (e.g. corporate headquarters, business unit)	38%	35%	43%	33%	46%	42%
Other	12%	20%	11%	16%	12%	14%

# Geographic Pay Policy Attributes

*How influential are each of the following attributes on determining your organization's geographic pay policy approach?\**

	All	1 location	2-10 locations	11-35 locations	36-50 locations	>50 locations
n=	590	18	177	108	41	164
Cost of labor (e.g. market pay rate)	91%	61%	89%	94%	100%	94%
Cost of living (e.g. income tax rates; employment/unemployment insurance; inflation)	17%	28%	25%	13%	11%	10%

% Very/Extremely Influential

\*Sample size varies by attribute

# Full-Time Remote Worker Relocation Flexibility

*What is your organization's degree of flexibility to allow full-time remote workers to voluntarily relocate?*

	All	1 location	2-10 locations	11-35 locations	36-50 locations	>50 locations
n=	766	58	252	135	46	184
Not at all flexible	6%	16%	4%	7%	9%	6%
Somewhat flexible	37%	36%	40%	42%	24%	33%
Moderately flexible	31%	11%	28%	35%	28%	34%
Very flexible	19%	19%	19%	13%	30%	20%
Extremely flexible	7%	9%	8%	4%	9%	8%

# Full-Time Remote Worker Relocation

*Does your organization allow full-time remote workers to relocate where you do not currently have a geographic/legal entity established?*

	All	1 location	2-10 locations	11-35 locations	36-50 locations	>50 locations
n=	331	17	138	84	31	106
Yes; we will establish a legal entity anywhere in the U.S.	29%	24%	23%	30%	32%	26%
Yes; we will use a PEO where we do not have a legal entity	12%	18%	9%	11%	13%	11%
No	30%	12%	33%	31%	26%	32%
No, but we are considering	18%	29%	23%	20%	19%	17%
Other	10%	18%	12%	8%	10%	13%



# Geographic Pay Policy Transparency

*How transparent is your organization at communicating the geographic pay policy and procedure to employees?*

	All	1 location	2-10 locations	11-35 locations	36-50 locations	>50 locations
n=	589	19	178	108	41	165
Not at all transparent	20%	11%	21%	14%	17%	22%
Somewhat transparent	46%	58%	40%	51%	59%	47%
Moderately transparent	16%	26%	21%	10%	5%	13%
Very transparent	11%	5%	9%	15%	12%	12%
Extremely transparent	8%	0%	9%	10%	7%	5%

# Relocation Stipulations

*To be considered under the geographic pay policy, what are the stipulations to employees voluntarily relocating to a different geography? Please select all that apply.*

	All	1 location	2-10 locations	11-35 locations	36-50 locations	>50 locations
n=	563	19	177	104	39	162
Must maintain current work location	38%	26%	12%	12%	3%	10%
Limited to any state the organization has a legal entity	19%	11%	19%	23%	21%	14%
Within any travel means from a physical location daily	18%	0%	5%	6%	3%	5%
Within any travel means from a physical location periodically	11%	11%	7%	7%	3%	4%
Limited to states where the employee's current paying entity has a location/legal establishment	8%	5%	10%	11%	5%	5%

# Relocation Stipulations (cont.)

*To be considered under the geographic pay policy, what are the stipulations to employees voluntarily relocating to a different geography? Please select all that apply.*

	All	1 location	2-10 locations	11-35 locations	36-50 locations	>50 locations
n=	501	19	177	104	39	162
Other	7%	5%	5%	8%	8%	7%
We are considering stipulations to changing geographic location to employees	6%	16%	17%	22%	13%	22%
There are no stipulations to changing geographic locations to employees	4%	42%	36%	26%	51%	43%
Relocations offered on a case-by-case basis	3%	5%	3%	5%	0%	2%

# Effective Date for Voluntary Relocation Pay Adjustments

*For employees voluntarily relocating and impacted by the geographic pay policy resulting in a pay change, when will the change take effect?*

	All	1 location	2-10 locations	11-35 locations	36-50 locations	>50 locations
n=	552	18	171	104	40	157
Immediately	28%	28%	26%	25%	33%	27%
During the first pay period in the employee's new geography	42%	22%	43%	45%	38%	46%
Phased/transitioned over a period of time, if adjustment is reduction	8%	17%	9%	9%	8%	6%
At the time of annual review/adjustment	8%	28%	9%	7%	0%	6%
No policy	4%	0%	1%	1%	10%	1%
Under consideration	2%	0%	5%	3%	5%	9%
Other	8%	6%	6%	11%	8%	4%

# Results by Organization Size

**WorldatWork**<sup>®</sup>  
Total Rewards Association

# U.S. Geographic Pay Policy

*Does your organization have a U.S. geographic pay policy?*

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	1,043	38	160	417	304
Yes	62%	42%	53%	60%	73%
No	38%	58%	48%	41%	27%

# Geographic Pay Policy Creation Consideration

*With an increase in full-time remote work, are you considering creating a U.S. geographic pay policy?*

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	282	19	58	118	60
Yes	47%	42%	45%	51%	48%
No	54%	58%	55%	49%	52%

# Geographic Pay Policy Modification Consideration

*With the increase in full-time remote work, has your organization considered modifying or has recently modified the U.S. geographic pay policy?*

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	551	16	77	216	190
Yes, we are considering modifying our policy	35%	31%	26%	32%	44%
Yes, we have modified our policy within the past 12 months	9%	6%	16%	13%	5%
No	56%	63%	58%	56%	51%



# Geographic Pay Philosophy

*What is your organization's pay philosophy in relationship to geography?*

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	1,063	39	162	430	315
Separate base pay structures for each/different geographic area	33%	23%	36%	28%	36%
Apply geographic pay differentials as a premium to either structure or individual pay	41%	28%	33%	46%	42%
National pay structure, in which pay is not differentiated by geographic area	19%	41%	25%	19%	15%
Other	7%	8%	6%	6%	7%

# Geographic Pay Differences

*What is the percentage difference between your lowest and highest geographic pay levels?*

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	696	15	102	314	237
Fewer than 10%	7%	0%	14%	8%	4%
10%-19%	30%	40%	38%	33%	22%
20%-29%	37%	47%	32%	35%	41%
30%-39%	20%	13%	14%	19%	25%
40%-49%	4%	0%	1%	5%	5%
50% or more	2%	0%	1%	1%	5%

# Geographic Differential Indicators

*What indicator(s) is/are your organization's geographic differential based on? Please select all that apply.*

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	929	32	154	408	297
Zip code	16%	3%	8%	15%	24%
City/metropolitan area	55%	66%	55%	55%	54%
State	23%	25%	29%	23%	20%
Work locations (e.g. offices, factories, distribution centers)	32%	16%	20%	35%	36%
Region (e.g. West Coast, Northwest)	12%	16%	18%	10%	11%
Country	11%	9%	11%	11%	13%
Similar market zones (e.g. 1 = NYC, San Francisco; 2 = Boston, Chicago)	23%	13%	22%	22%	27%
Other	3%	6%	3%	4%	3%

# Geographic Pay Location Determination

*How does your organization determine employees' geographic pay location?*

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	786	33	154	407	300
To the employee's nearest company work location	29%	30%	21%	27%	31%
To the employee's location of residence	20%	36%	27%	17%	18%
To the employee's reporting location (e.g. corporate headquarters, business unit)	38%	24%	41%	42%	37%
Other	12%	9%	10%	14%	14%

# Geographic Pay Policy Attributes

*How influential are each of the following attributes on determining your organization's geographic pay policy approach?\**

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	590	16	83	247	220
Cost of labor (e.g. market pay rate)	91%	81%	93%	87%	95%
Cost of living (e.g. income tax rates; employment/unemployment insurance; inflation)	17%	31%	23%	19%	10%

**% Very/Extremely Influential**

\*Sample size varies by attribute

# Full-Time Remote Worker Relocation Flexibility

*What is your organization's degree of flexibility to allow full-time remote workers to voluntarily relocate?*

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	766	28	132	329	252
Not at all flexible	6%	7%	7%	6%	6%
Somewhat flexible	37%	29%	37%	42%	32%
Moderately flexible	31%	29%	32%	26%	35%
Very flexible	19%	14%	17%	19%	21%
Extremely flexible	7%	21%	7%	7%	6%

# Full-Time Remote Worker Relocation

*Does your organization allow full-time remote workers to relocate where you do not currently have a geographic/legal entity established?*

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	331	13	74	184	138
Yes; we will establish a legal entity anywhere in the U.S.	29%	15%	21%	26%	28%
Yes; we will use a PEO where we do not have a legal entity	12%	23%	12%	8%	13%
No	30%	15%	31%	35%	29%
No, but we are considering	18%	46%	18%	22%	19%
Other	10%	0%	16%	10%	11%

# Geographic Pay Policy Transparency

*How transparent is your organization at communicating the geographic pay policy and procedure to employees?*

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	589	16	84	248	221
Not at all transparent	20%	19%	19%	19%	21%
Somewhat transparent	46%	31%	44%	47%	47%
Moderately transparent	16%	19%	6%	10%	13%
Very transparent	11%	25%	23%	16%	11%
Extremely transparent	8%	6%	8%	7%	8%



# Relocation Stipulations

*To be considered under the geographic pay policy, what are the stipulations to employees voluntarily relocating to a different geography? Please select all that apply.*

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	563	16	83	245	215
Must maintain current work location	11%	0%	12%	12%	11%
Limited to any state the organization has a legal entity	18%	13%	21%	20%	16%
Within any travel means from a physical location daily	4%	0%	11%	3%	4%
Within any travel means from a physical location periodically	6%	6%	8%	5%	5%
Limited to states where the employee's current paying entity has a location/legal establishment	8%	6%	11%	10%	4%

# Relocation Stipulations (cont.)

*To be considered under the geographic pay policy, what are the stipulations to employees voluntarily relocating to a different geography? Please select all that apply.*

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	563	16	83	245	215
Other	7%	0%	9%	5%	8%
We are considering stipulations to changing geographic location to employees	19%	31%	19%	18%	18%
There are no stipulations to changing geographic location to employees	38%	44%	29%	38%	42%
Relocations offered on a case-by-case basis	3%	0%	1%	2%	4%

# Effective Date for Voluntary Relocation Pay Adjustments

*For employees voluntarily relocating and impacted by the geographic pay policy resulting in a pay change, when will the change take effect?*

	All	<100 employees	100-999 employees	1,000-9,999 employees	>10,000 employees
n=	552	16	79	239	214
Immediately	28%	6%	33%	26%	31%
During the first pay period in the employee's new geography	42%	44%	33%	46%	41%
Phased/transitioned over a period of time, if adjustment is reduction	8%	25%	10%	8%	6%
At the time of annual review/adjustment	8%	0%	17%	6%	7%
Other	8%	0%	5%	9%	9%
No policy	2%	0%	3%	1%	2%
Under consideration	4%	25%	0%	4%	4%

# Results by Employee Age

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# Employee Perspective of Geographic Pay Policy Transparency



*How transparent do you feel your organization is at communicating the geographic pay policy and procedure?*

	All	18-34	35-54	55+
n=	232	68	143	21
Not at all transparent	5%	2%	6%	5%
Somewhat transparent	25%	27%	22%	43%
Moderately transparent	17%	28%	20%	24%
Very transparent	23%	21%	15%	19%
Extremely transparent	30%	24%	36%	10%



# Employee Pay Expectations

*Do you expect your pay to be different based on variations in cost of living/labor based on your work location?*

	All	18-34	35-54	55+
n=	502	110	293	99
Yes	67%	81%	70%	43%
No	33%	19%	30%	57%



# Employee Pay Adjustment Expectations

*If you relocated to a very low cost of living area, what percentage of your salary would you expect to be adjusted?*

	All	18-34	35-54	55+
n=	196	41	123	196
0%	18%	12%	18%	25%
1%-10%	27%	29%	25%	28%
11%-20%	22%	27%	20%	28%
21%-30%	12%	7%	14%	13%
31%-40%	4%	2%	6%	4%
41%-50%	6%	5%	7%	3%
51% or more	15%	17%	11%	3%

# Pay Adjustment Influence on Employee Relocation



*How influential would a pay adjustment be in your decision to voluntarily relocate?*

	<b>All</b>	<b>18-34</b>	<b>35-54</b>	<b>55+</b>
n=	502	110	293	99
Not at all influential	8%	5%	7%	12%
Somewhat influential	22%	21%	23%	21%
Moderately influential	21%	26%	20%	18%
Very influential	30%	30%	30%	29%
Extremely influential	20%	19%	21%	19%



# Results by Employee Gender

**WorldatWork**<sup>®</sup>  
Total Rewards Association

# Employee Perspective of Transparency for Their Organization's Geographic Pay Policy



*How transparent do you feel your organization is at communicating the geographic pay policy and procedure?*

	All	Male	Female
n=	232	143	88
Not at all transparent	5%	2%	9%
Somewhat transparent	25%	22%	31%
Moderately transparent	17%	24%	22%
Very transparent	23%	18%	14%
Extremely transparent	30%	34%	25%



# Employee Pay Expectations

*Do you expect your pay to be different based on variations in cost of living/labor based on your work location?*

	All	Male	Female
n=	502	248	251
Yes	67%	75%	60%
No	33%	25%	40%



# Employee Pay Adjustment Expectations

*If you relocated to a very low cost of living area, what percentage of your salary would you expect to be adjusted?*

	All	Male	Female
n=	196	103	93
0%	18%	13%	24%
1%-10%	27%	31%	22%
11%-20%	22%	19%	26%
21%-30%	12%	14%	11%
31%-40%	4%	3%	5%
41%-50%	5%	5%	7%
51% or more	11%	16%	7%

# Pay Adjustment Influence on Employee Relocation



*How influential would a pay adjustment be in your decision to voluntarily relocate?*

	All	Male	Female
n=	502	248	251
Not at all influential	8%	5%	10%
Somewhat influential	22%	26%	18%
Moderately influential	21%	19%	22%
Very influential	30%	30%	30%
Extremely influential	20%	21%	20%

A network of interconnected circles on a blue background. The circles are arranged in a grid-like pattern, with lines connecting them to form a mesh. The circles are white with a dark blue outline, and the lines are a lighter shade of blue.

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# Tell us what you think of this report!

As researchers, we love gathering feedback and your opinions are extremely valuable for helping us provide the research you want to see. Please take a couple minutes to complete a short survey. Thank you in advance for participating!

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Sincerely,

The WorldatWork Research Team