

Salary Structures Policies and Practices Study 2026

In partnership with Deloitte

Glossary of Terms

You may find the following definitions to be helpful in completing this survey.

Salary structure or Compensation Structure refers to the hierarchy of job grades and pay ranges established within an organization. The salary structure may be expressed in terms of job grades, job evaluation points, or policy lines.

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

Range spread or Pay-range width is the width or spread of a pay range, measured by the ratio: $\text{width} = (\text{maximum pay} - \text{minimum pay}) / \text{minimum pay}$.

Midpoint Progression or midpoint Differential is the difference in wage rates paid in the midpoints of two adjacent grades. A midpoint differential is calculated by taking the difference between two adjacent midpoints as a percentage of the lower of the midpoints.

Market Rate refers to prevailing or going pay rate for a job paid by competitors in the external labor market.

Salary Structure Change/Adjustment is an adjustment in salary structure expressed as the percentage by which the sum of all midpoints of the new structure exceed (or lag) the corresponding sum of the midpoints of the old structure.



Pay Compressions are pay differentials too small to be considered equitable. The term may apply to differences between 1) the pay of supervisors and subordinates, 2) the pay of experienced and newly hired personnel of the same job, and 3) pay-range midpoints in successive job grades or related grades across pay structures.

Job Evaluation is the formal process used to establish a job worth hierarchy within an organization, which determines the value of an organization's jobs relative to each other. The two basic approaches analyze market data and job content.

Broadbands refers to a pay structure that consolidates a large number of pay grades and salary ranges into much fewer broad bands with relatively wide salary ranges, typically with 100 percent or more difference between minimum and maximum.

Salary Grades are a group of jobs of the same or similar value, used for compensation purposes. All jobs in a salary grade have the same salary range: minimum, midpoint and maximum.

Retention bonus is a payment to certain critical employees in exchange for agreement to continue employment until a specified date or for a specified period of time. Often used in mergers, acquisitions, bankruptcies, closing/ceasing operations. Other criteria used for those individuals in revenue and non-revenue roles include PMP rating, potential compensation loss and specific and unique skills. The objective is to provide continuity when there is uncertainty. Formulas are often used (e.g., X number of weeks' pay for every X+Y weeks worked) and payment is forfeited if the employee terminates prior to a specified end date.



Spot bonus is a type of informal recognition that is delivered spontaneously or "on the spot."

Signing bonus is a specific bonus given at the beginning of a service period, usually for accepting an employment offer. It could also be used at the beginning of a new reward program. Typically, it is used to offset forfeited benefits left behind.

Pay Equity is the concept that employees should be paid fairly and consistently, without discrimination based on gender, race or other protected categories. Pay may reflect job-related factors such as education, experience and tenure. Laws/regulations may dictate specific pay equity requirements.

Variable Pay is compensation that is contingent on discretion, performance or results achieved. It may be referred to as pay at risk.

Pay Transparency is the extent to which an organization is open and clear about pay and supports workforce freedom to share. This includes transparency into pay and rewards philosophies, administrative guidelines, salary structures and grades, pay levels and more.

[This survey refers to the following employee groups:](#)

Officers/executives (highest-ranking executive of the organization regardless of actual title)

Salaried management (direct reports to the CEO or highest-ranking executive)

Salaried nonmanagement (salaried professional staff who are not people managers and perform specialized, professional, or technical work as individual contributors)



Nonunion hourly nonmanagement (workers paid on an hourly basis; in the U.S. non-exempt hourly and salaried workers should be included in this category)