



Innecto Pay Trends 2025 Survey Report:

Insights in Pay, Progression & Potential

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About

What do pay, skills and career pathways have in common? They're the foundations of organisational success – and our 2025 survey takes a closer look at those critical connections. At Innecto, we've always valued the simplicity and impact of pure pay awards data. But for the first time, we're expanding our scope to craft a richer, more compelling narrative.

This year's Pay Trends survey delves deeper, exploring the critical interplay between pay, skills and career pathways. Our goal is to provide insights that not only support the Pay Trends event but also help you drive meaningful employee experiences and positive organisational outcomes. After all, when you get pay, skills, and career pathways right, you unlock the full potential of attraction, retention, and engagement.

Who took part?

Our survey gathered responses from organisations across the UK, representing a broad mix of industries, sectors and sizes. This diversity ensures the insights reflect challenges and opportunities relevant to a wide range of organisations, from small businesses to large enterprises.

Top 5 sectors

(>50% of respondents)

1	Legal	13%
2	Manufacturing	11%
3	Not for Profit	11%
4	Healthcare	9%
5	Technology	9%

Company size breakdown

(Number of employees)

0-250	23%
251-500	9%
501-1,000	23%
1,001-5,000	34%
5,001+	11%

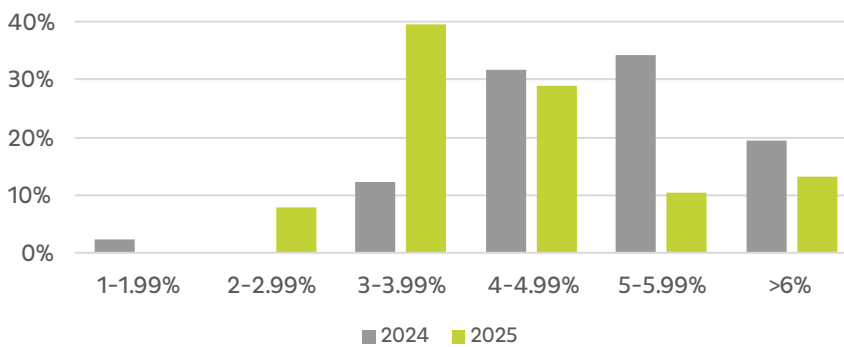


Pay Awards & Progression

We're anticipating a decline in pay awards in 2025, even in the wake of recent public sector increases. Managing pay progression remains a significant hurdle for many organisations:

- 57% identify budget constraints as a key barrier
- 47% point to external factors
- 38% admit they lack a clear policy or principles for pay progression

2024 Actual Pay Review Budget vs 2025 Estimated Pay Review Budget

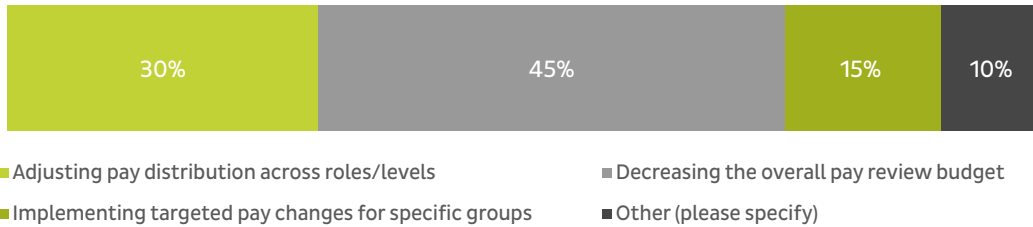


The upcoming National Insurance (NI) increase in April has introduced further uncertainty:

- 33% are considering adjustments to their pay budgets
- 30% plan to stick with their current approach
- 37% remain undecided

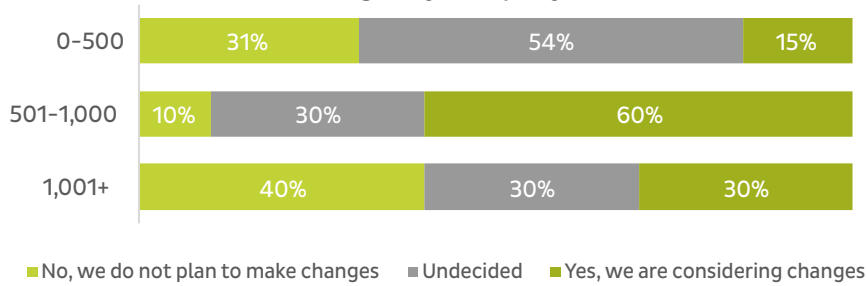
Of those considering changes, nearly half are opting for a blanket decrease in pay budgets, while the rest are exploring more targeted approaches for specific groups, levels, or roles.

If considering changes, what's the current plan?



Interestingly, mid-sized organisations (501-1,000 employees) are more likely to be considering changes, whereas larger organisations (1,001+ employees) are leaning toward maintaining their current approach.

NI changes by company size



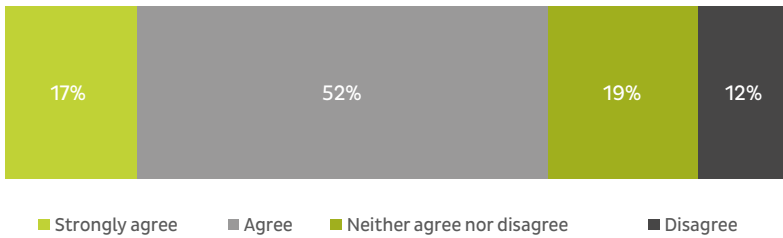
The challenges in managing pay progression offer an opportunity for organisations to rethink their frameworks. Clear policies and well-communicated strategies can help address budgetary constraints while ensuring fairness and alignment with organisational goals.



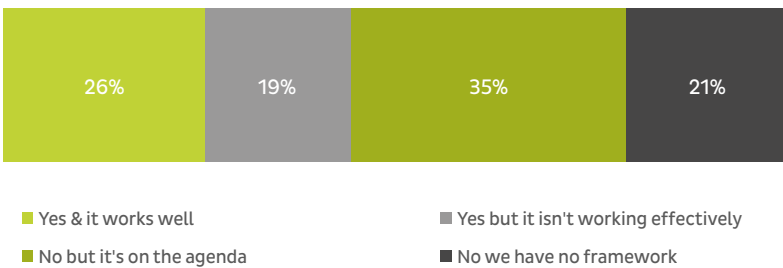
Pay & Compensation

Despite the challenges, there's a silver lining: 7 in 10 respondents believe their pay practices fairly reflect employee contributions and performance.

Our organisation's pay practices fairly reflect employee contributions and performance.



Do you have a framework in place to progress employees through your pay structure?



However, only 25% have a fully functioning pay framework to support employee progression. Over half either have it on the agenda or acknowledge their current framework is ineffective. And a surprising 20% admit to having no framework at all, even among some larger organisations. Most organisations use market alignment as a benchmark, but there is a clear opportunity to improve transparency and structure around pay progression. Adopting tiered models or linking progression to performance metrics could offer both clarity and motivation for employees whilst not adding complexity.



Career Progression

Career progression remains a missed opportunity for many organisations. We know that employee loyalty is paramount and that pay and career progression are key to driving retention – it's much cheaper and vastly more productive to retain your talented employees.

Only one-third of respondents believe they provide clear, transparent growth opportunities.

Over half acknowledge they fall short in this area, citing undefined career paths and poor communication as key barriers.

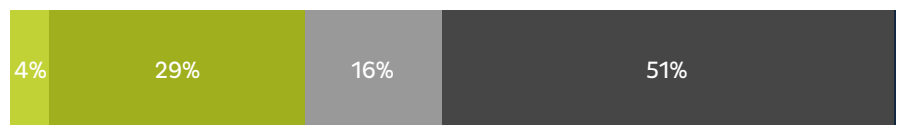
The intentions are broadly right. Most organisations seem to understand what's needed for a strong progression framework:

- 66% measure success through employee feedback
- 55% track retention rates
- 36% monitor promotion rates

However, the challenges are clear:

- 45% lack a career framework
- 36% struggle to identify skills and competencies
- 32% cannot effectively measure career progression
- 28% find it difficult to identify high-performing employees

Our organisation provides clear and transparent opportunities for career growth and progression, with skills and competencies fully integrated into our pay and progression frameworks



■ Strongly agree ■ Agree ■ Neither agree nor disagree ■ Disagree ■ Strongly disagree

Career pathways within our organisation are well defined and visible to employees



■ Strongly agree ■ Agree ■ Neither agree nor disagree ■ Disagree ■ Strongly disagree

Notably, 50% of organisations with 1,000+ employees report having no career framework in place. This represents a significant opportunity to implement structures that could drive retention and engagement at scale.

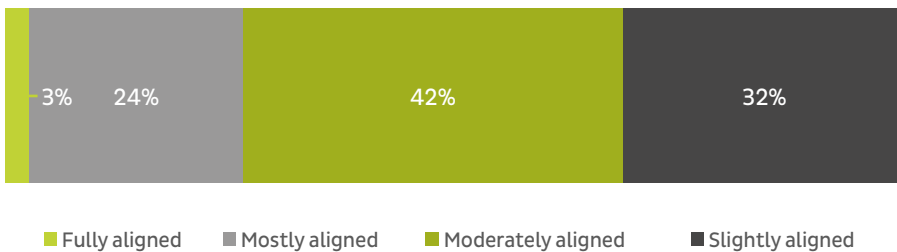
While these challenges are significant, the recognition of key metrics like retention and feedback shows a strong foundation for future improvements. Organisations that focus on clearly defining career pathways and aligning them with skills development are likely to see tangible benefits in engagement and retention.



On the Horizon

Progression is a priority, but alignment with long-term strategy remains a challenge. Only one respondent confidently stated their skill development initiatives are fully aligned with their organisational strategy. While the majority (75%) rate themselves as moderately aligned or worse.

How closely aligned are your organisation's skill development initiatives with its long term business strategy?



It's a big opportunity. Particularly as we look ahead, with three key challenges dominating the horizon:

- 1. Technology:** 70% cite AI, automation, and digital transformation as their biggest workforce challenge.
- 2. Wellbeing:** 64% highlight hybrid work models and employee wellbeing as critical areas of focus.
- 3. Sustainability:** While a third of respondents recognise ESG as a challenge, it's seen as a secondary priority compared to immediate socio-economic pressures.

To navigate these challenges, organisations should prioritise targeted skills development, flexible work models and transparent ESG goals, ensuring they remain competitive in an evolving landscape.

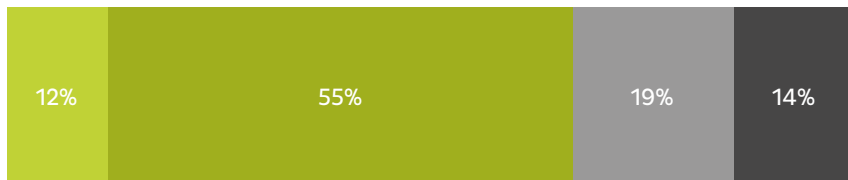


EVP (Employee Value Proposition) and beyond

A strong EVP (Employee Value Proposition) defines the unique set of benefits an organisation offers to attract, engage, and retain its employees. It reflects the alignment between what employees value and what the organisation delivers, encompassing pay, benefits, culture, career opportunities, and more. A well-articulated EVP is the cornerstone of aligning organisational goals with employee expectations.

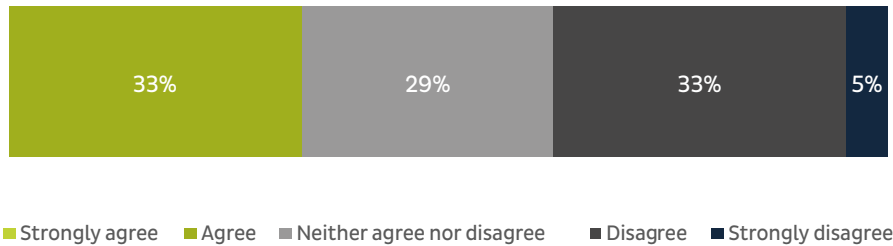
Our survey revealed that over two-thirds of respondents believe their benefit offerings are competitive. However, only a third agree that their EVP is effectively communicated. This disconnect presents an opportunity to enhance understanding and impact.

Our Employee benefits offerings are competitive and support the overall EVP



■ Strongly agree
 ■ Agree
 ■ Neither agree nor disagree
 ■ Disagree
 ■ Strongly disagree

Proportion of Responses to
"Our organisation effectively communicates its EVP to employees"



Encouragingly, **86%** of respondents believe their organisation recognises the link between employee satisfaction and customer outcomes. Moreover, over **80%** are committed to investing in EVP and employee experience improvements in the next two years.

We believe this is essential. Earlier, we highlighted the importance of retention—happy employees are not only more productive but also **three times more likely** to recommend their organisation. Providing employees with empowering and inspiring experiences is vital for organisational success. Frameworks that underpin a strong employee experience drive employee behaviour towards customers, boosting satisfaction, loyalty, and ultimately, profitability and growth.

This reflects the principles of the Service Profit Chain, developed by Harvard Business School professors Heskett, Sasser, and Schlesinger. As the framework suggests: a great employee experience leads to a great customer experience, which fuels sustainable success for organisations.


Final Thoughts

Our survey highlights both the challenges and opportunities facing organisations today. While progress is being made, there's still significant work to be done in aligning pay, skills, and career pathways with long-term goals. By addressing these gaps, organisations can better position themselves to attract, retain, and engage top talent—driving positive outcomes for both employees and the business.

At Innecto Reward, we specialise in creating pay policies and frameworks that connect employee progression, engagement, and success. Our tailored approach helps organisations unlock the potential of their people, driving retention and growth. Check out our “Ready” or “Not Ready” [Assessment Tool](#) to evaluate your organisation's readiness to implement a pay progression system, identify potential roadblocks, and address challenges. Better still, get in touch to explore how we can support your journey to aligning pay and progression with your long-term goals.

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 www.innecto.com

 +44 (0)20 3457 0894

 enquiries@innecto.com

 @InnectoReward