

# First Look at Chief Human Resources Officer Compensation Trends in 2019

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As the role of the chief human resources officer (CHRO) continues to evolve, so does year-over-year compensation for this role at many organizations. As we break it down, you'll notice that though changes in pay are occurring across the board, the more notable changes in pay are primarily occurring at larger companies.

This analysis looks at how CHRO pay has evolved alongside the role itself by comparing constant incumbent pay from Aon's 2019 Total Compensation Measurement® (TCM®) database. Overall salaries for the chief human resources officer role increased 6.2%. That's quite significant...but there is an explanation behind it, which we will get into. Overall, the median target total compensation for this role has increased across all components of pay in 2019 with an overall increase of 2%.

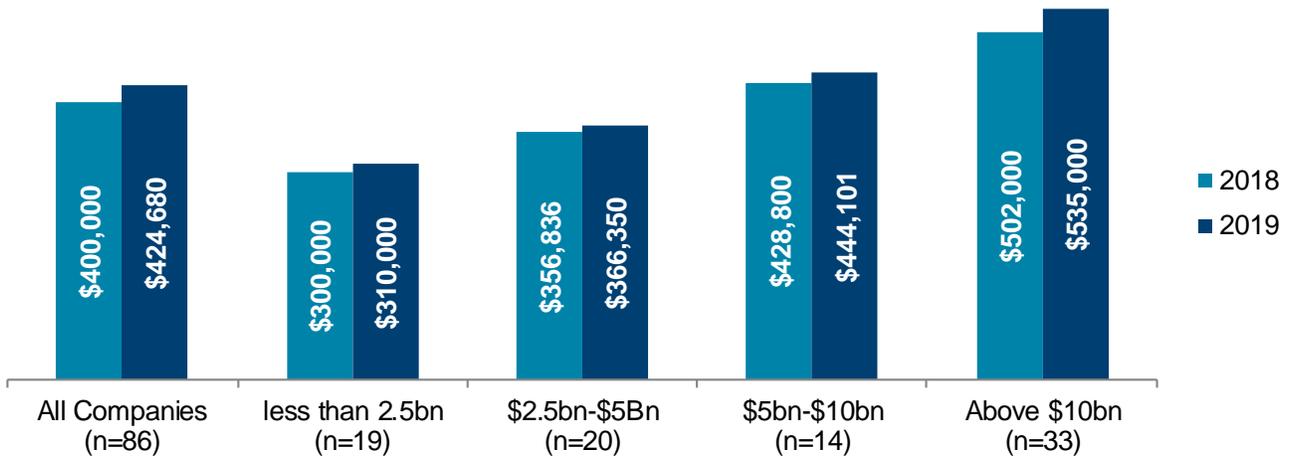
In this article, we will do a deep dive into all of this and more, providing a first look at changes to CHRO pay that need to be on your radar. For this analysis, we focus on 86 companies that had same CHRO role in 2018 and 2019, and includes details in the following areas of pay:

- Base salary
- Target bonus
- Long term incentives
- Target total compensation (base salary + target variable pay)

## Base Salary

There is some evidence that the growth in the CHRO role is being reflected in pay. Overall CHRO salaries rose 6.2%, which is substantially higher than the typical merit increase budget and *twice* that reported in our recent analysis of [CEO pay](#). It's important to note that the increase is really coming from CHROs at large companies with revenues above \$10 billion, while CHROs at companies with revenues below \$10 billion are seeing more typical increases.

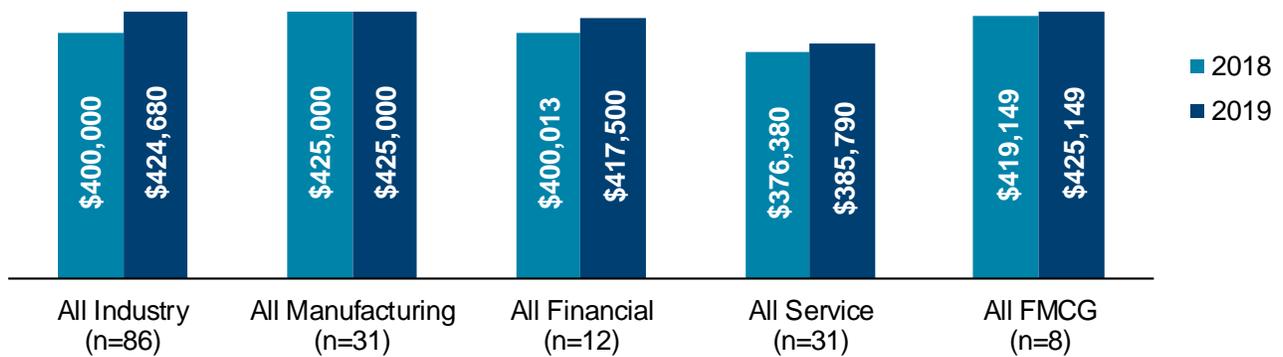
**Figure 1**  
**Base Salary Trend by Revenue**



Source: Aon's TCM

As we look at the results by industry, the largest change is among financial services CHROs, while other industries show modest increases or no increase at all.

**Figure 2**  
**Base Salary Trend by Industry**

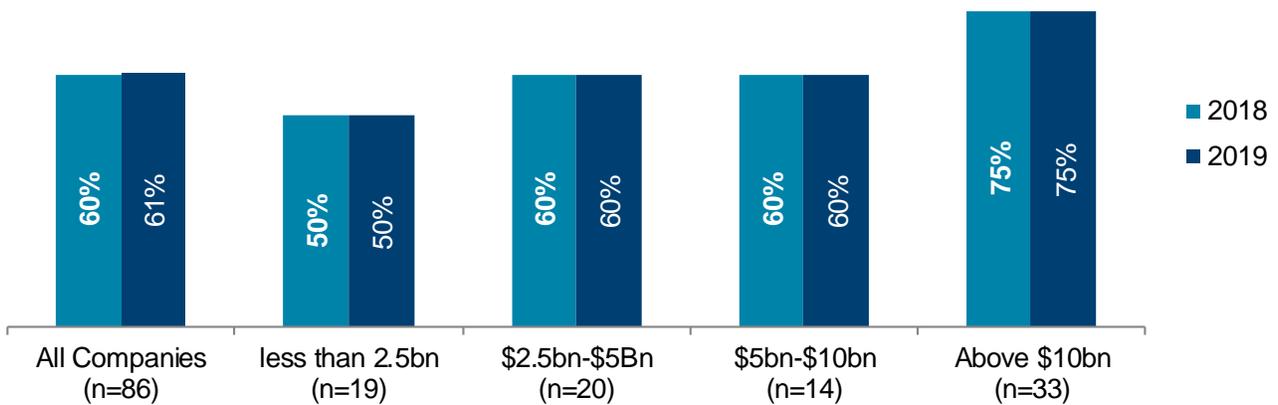


Source: Aon's TCM

## Short-Term Incentives

While salaries have risen year over year, annual incentive opportunities as a percent of salary remain unchanged, although the increases in salary do result in target bonus dollar amounts rising.

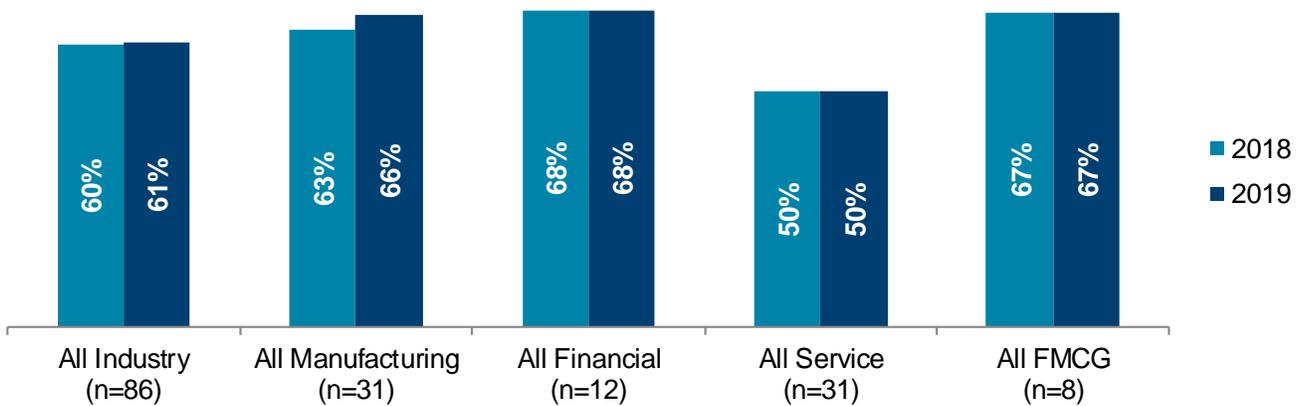
**Figure 3**  
Target Bonus Percentage by Revenue



Source: Aon's TCM

If we look at the target bonus opportunity by industry, only manufacturing shows a small increase (5%) while other industries are unchanged compared to prior year.

**Figure 4**  
Target Bonus Percentage by Industry

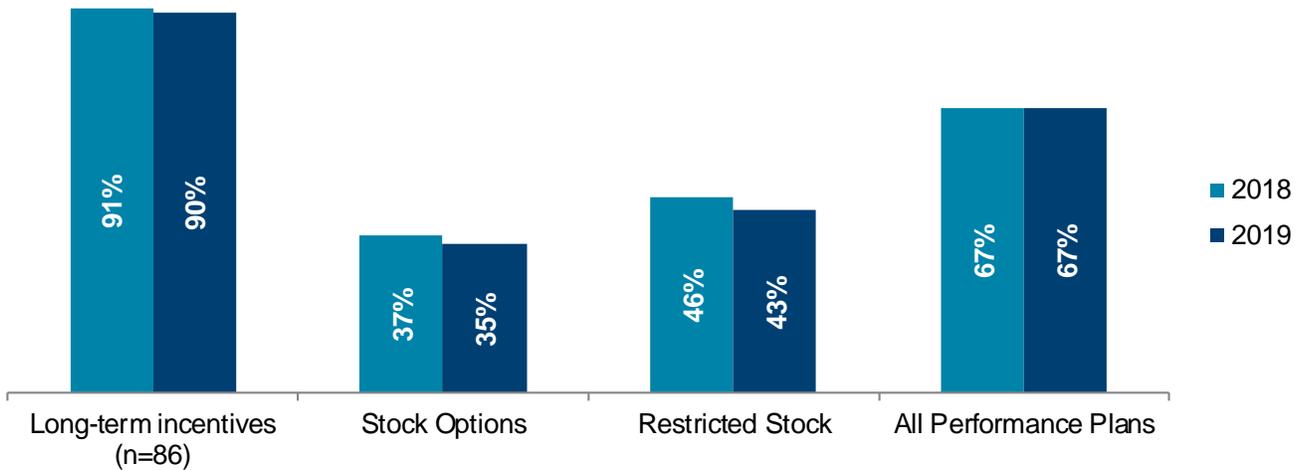


Source: Aon's TCM

## Long-Term Incentives

Among the 86 companies included in this analysis, 90% are offering long-term incentives to their CHROs this year. There is a slight decline in prevalence of stock options and restricted stock with no change in performance plans from last year.

**Figure 5**  
**LTI Prevalence Trends**

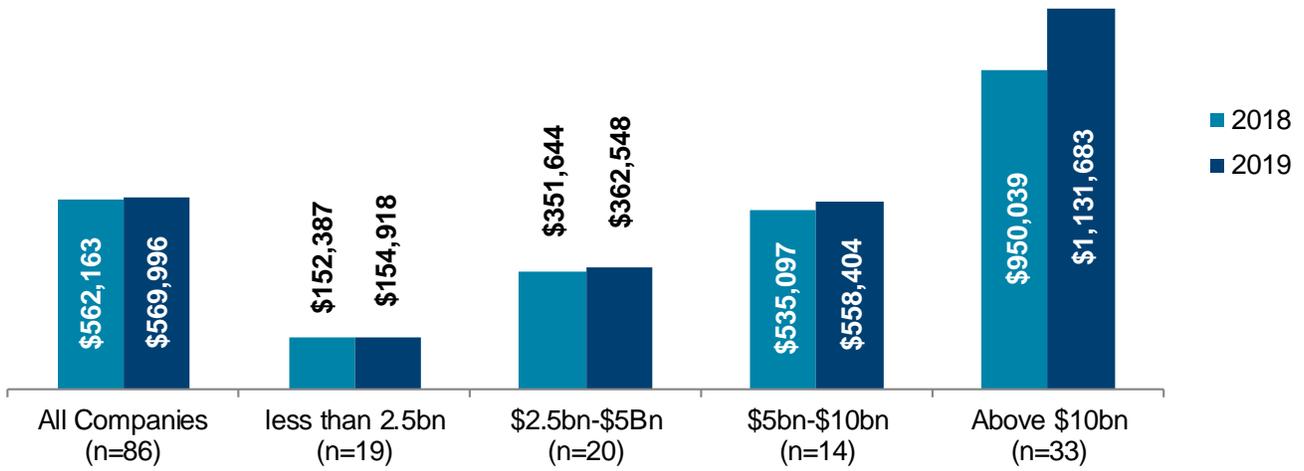


Source: Aon's TCM

The overall value of LTI awards has increased by 1% from 2018.

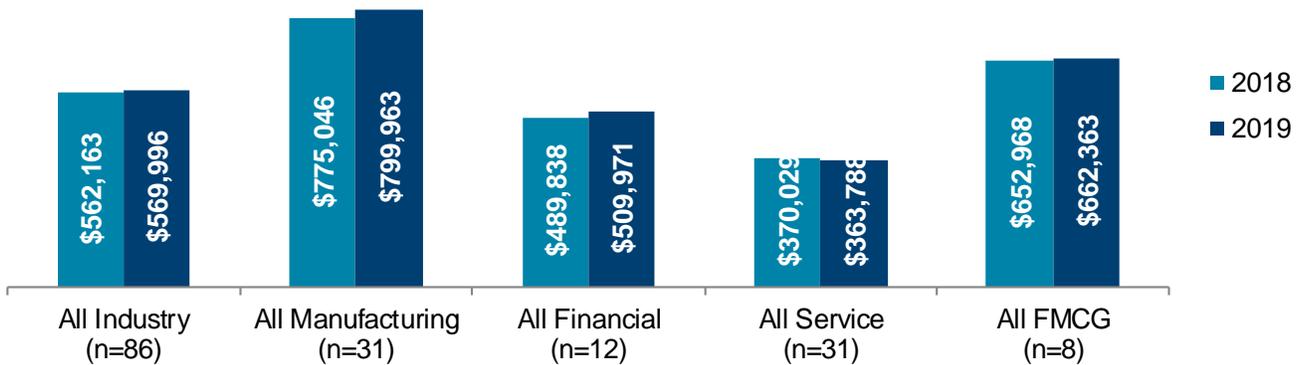
The largest increase in LTI value is among companies with revenue greater than \$10 billion (+19%), which also showed the largest salary increases. Smaller organizations show much smaller increases.

**Figure 6**  
**LTI Value by Revenue**



Source: Aon's TCM

**Figure 7**  
**LTI Value by Industry**



Source: Aon's TCM

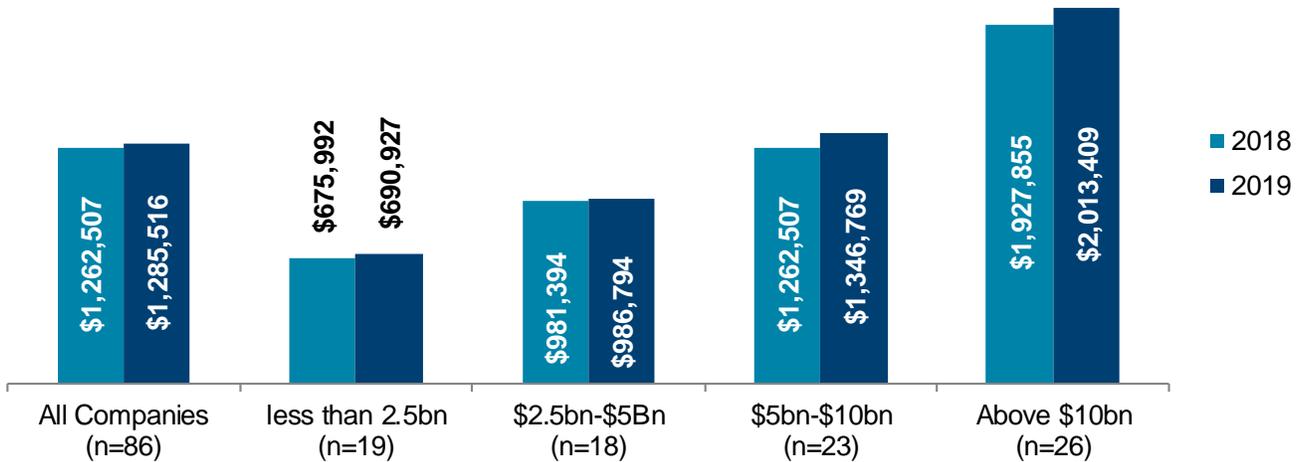
## Target Total Compensation

The median target total compensation for CHROs has increased across all components of pay with an overall increase of 2%. The median change by each component of pay is summarized below:

- Base salary: 6%
- Target bonus percentage: 1%
- Long-term incentives: 1%

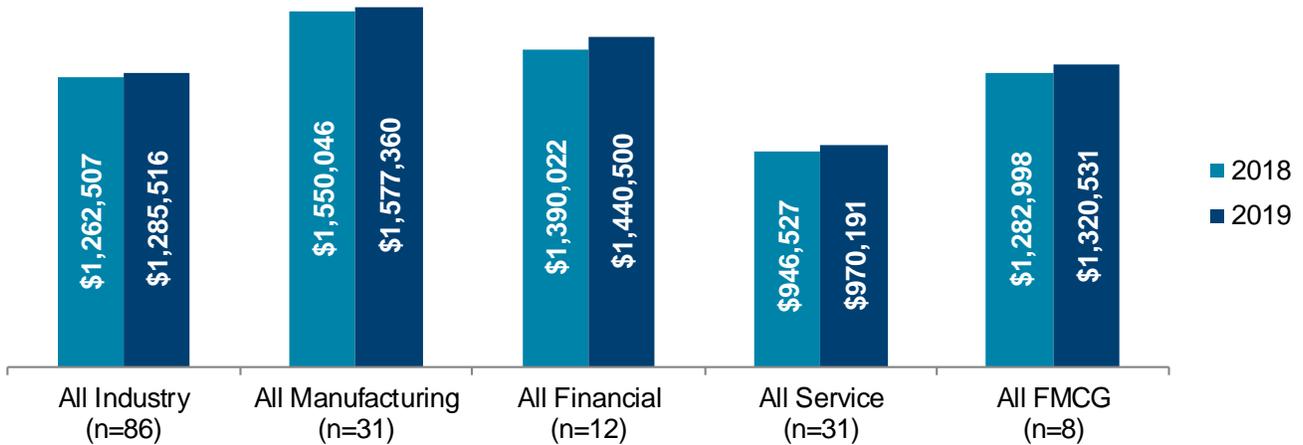
Target total compensation has increased among all company sizes. The largest increase we're seeing is among companies with a size of \$5 billion-\$10 billion.

**Figure 8**  
**Target Total Compensation by Revenue**



Source: Aon's TCM

**Figure 9**  
**Target Total Compensation by Industry**



Source: Aon's TCM

## Next Steps

As this analysis shows, the changes in pay are primarily occurring at large organizations – those above \$10 billion in revenue – while smaller organizations' pay has increased only modestly. This may be a reflection of how these larger organizations have leveraged HR as a strategic driver of business strategy before their smaller peers.

Aon's Total Compensation Measurement (TCM) Survey contains comprehensive compensation data for chief human resources officers — and many other existing and newly-added roles that matter to you — so you can ensure you are staying on top of the timeliest compensation trends in real time. It is a particularly valuable resource for executive roles that aren't typically Named Executive Officers that are reported in proxy filings. Besides being more up to date than proxy data, this analysis includes all CHROs, not just those making enough to be in the proxy.

To learn more about participating in the TCM survey, please contact [rewards-solutions@aon.com](mailto:rewards-solutions@aon.com).

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