

# Master Compensation Alchemy:

*Transform Uncertainty  
Into HR Success*



With our job market, legal landscape, and economy in a seemingly constant state of flux, unlocking compensation secrets will help you attract and retain talent, boost morale and engagement, improve budgeting, and stay compliant. Understand the trends and best practices through the information in this eBook – and wield your magic!

*In this eBook, you'll uncover:*

- Tips to attract new employees and retain your best talent with compensation transparency,
- Strategies for using compensation to boost employee morale and engagement,
- Budgeting and cost management secrets, and
- Ways to stay compliant in areas of pay equity and transparency.

*Ready? Wands up!*



## *Turning Uncertainty Into HR Gold: The Alchemy of Compensation*

As an HR professional or hiring manager, you understand that economic uncertainty can impact every facet of your organization, especially when it comes to compensation. It's a critical time to stay ahead of the curve and proactively address the evolving needs of your employees and the market.

This eBook has been crafted to give you the tools and knowledge to navigate the intricate world of compensation during these uncertain times. If you are an HR professional or hiring manager, these tips will help you master “compensation alchemy,” giving you the power to transform economic uncertainty into resounding success.

Let's venture forth together to unveil the secrets of Compensation Alchemy: a unique approach that will bestow you with the power to attract and retain talent, enhance morale and engagement, work magic with your budgeting, and demystify compliance.



# 1 *Attracting and Retaining Talent: Brewing the Perfect Compensation Potion*

As an employer, you know how difficult it is to concoct the right blend of pay, benefits, perks and culture to attract and retain exceptional people. The economy isn't making it any easier. It seems you would need to be a clairvoyant to understand where the economy is going in the coming months and years. Unemployment is at 3.5% as of July 2023.

The U.S. inflation rate is 2.97%, down 67.23% over June 2022 when it peaked at 9.1%. While healthy economic numbers may sound great, rising consumer confidence often makes employees more comfortable leaving secure employment to seek a better job. As a result, it's tougher than ever to find and keep great employees.

To stay ahead, many organizations are offering sign-on bonuses, unlimited PTO, and professional development opportunities. Even after implementing these strategies, employers face fierce competition to attract and retain top talent. Workers may wonder if the grass is greener elsewhere and may be tempted to dust off their resume to see if they can find an employer offering greater compensation and benefits.

*How can you craft the perfect compensation potion to nurture a loyal, thriving workforce?*



## *Total Compensation and the Talent Market*

Here's what employers are doing to attract and retain great people:

According to [HR Works 2023 HR Industry Trends: Employer Survey](#):

- 75% of responding companies reported difficulty with retention and attraction.
- 85% said they are offering additional compensation beyond base salary (e.g., bonuses, shift differentials, etc.).
- 35% have not offered additional benefits in the last year to attract/retain talent.
- 15% offered employees the option to telework.
- 58% offer less than 3 weeks of total PTO upon hire.

A [Salary.com article about employee compensation](#) noted:

- 56% of companies are struggling to fill open positions.
- 33% have increased compensation offers by an average of 5-10%.
- 41% have increased compensation offers by an average of 10-20%.



## *Conjure the Right Compensation Potion Recipe*

While competitive pay is essential, for most employees it's not the only factor that leads to a candidate deciding to accept a position or a tenured employee to stay. How can you brew a salary and benefits potion that will attract – and keep – the best and brightest? It all starts with communication.

*Find out what employees want. How? Ask!*

- Survey employees to find out if they are satisfied with their compensation and optimistic about the possibilities for career growth within the organization. (They may be more forthcoming if the surveys are anonymous.)
- Ask for feedback during reviews or even informal conversations to learn what they are thinking. Why lose a valued employee because they are happy with something you could easily fix.
- Exit interviews have long been a tool used by employers, but they are only helpful if you take concerns seriously and make the required changes.
- Stay interviews are gaining popularity to learn what is and isn't working. Ideally, your employees will feel comfortable coming to you anytime with their feedback.



## *Now, Put This Compensation Magic Into Action*

Mastering these five areas of compensation improves recruiting and retention, boosts employer brand affinity and financial performance, and promotes a more diverse workforce by contributing to a more inclusive workplace.

- ***Pay Transparency:*** Businesses that voluntarily disclose salary ranges and prioritize fair pay see improved outcomes in attracting and keeping top talent. What's more, a growing number of candidates expect pay transparency in their job search with 85% of U.S. graduates indicating they are less likely to apply to jobs without disclosed salary ranges. Employees also believe they have the right to know how they stack up against their peers.
- ***Performance-Based Pay:*** Performance-based pay allows companies to adjust employee incentives without a threat to their livelihood. For instance, businesses may restructure sales incentives during economic volatility.
- ***Competitive Base Salaries:*** Keeping abreast of industry benchmarks is vital to attract top talent, especially in highly skilled and sought-after professions. Regularly reviewing and adjusting compensation based on reliable benchmark data ensures a competitive edge.
- ***Embracing Analytics:*** HR leaders are increasingly relying on software and algorithms to reduce labor costs. Using analytics, past performance data is examined to identify areas for cost-cutting. Moreover, analyzing performance data helps distinguish consistently high-performing workers from those struggling to meet targets.
- ***Boost Benefits:*** If you are struggling to meet salary demand, instead offer a range of benefits, such as health insurance, retirement plans, and paid time off.





## *Add the Secret Ingredient To Recruiting and Retention: A Staffing Partner*

A staffing partner can be the secret ingredient that puts the magic into your talent attraction and retention. They can assist with many of your toughest challenges by:

- ***Providing Market Insights:*** Staffing agencies have access to up-to-date market data and trends. They can provide you with valuable insights on competitive compensation packages, allowing you to design attractive offers that align with industry standards and attract top talent.
- ***Offering Talent Pool Access:*** Staffing firms maintain extensive networks and databases of qualified candidates. By partnering with them, you can tap into a broader talent pool, increasing your chances of finding the right candidates who align with your compensation strategy and organizational goals.
- ***Proactively Marketing Job Opportunities:*** They identify suitable platforms for advertisement, from job boards to professional networking sites, and create appealing job descriptions that attract well-qualified candidates for your needs.
- ***Managing Offer Negotiations:*** A staffing agency can act as an intermediary between the candidate and you, handling details like salary, benefits, and start dates, ensuring both parties are satisfied with the terms.
- ***Recruiting Passive Candidates:*** Staffing agencies can engage those not actively seeking new opportunities with personalized approaches, effectively selling the job and enticing them to consider a potential career move.





## 2 *Enchanting Your Team: How Compensation Can Enhance Employee Morale and Engagement*

Financial concerns and doubts that they are being compensated fairly can undermine employee morale. What's more, fostering engagement in remote or flexible working arrangements requires extra effort.

How can you meet these complex challenges?

### *1: Know What Factors Matter Most*

Workers say fair compensation is about more than the number on their paycheck. Many would accept a pay cut for benefits such as health insurance, paid time off, and flexible working options.

In a [Harvard Business Review](#) survey of 5,000 workers around the world:

- 59% of respondents said flexibility is more important than salary or other benefits.
- 77% want to work for a company that allows them to work from anywhere.
- 59% said they wouldn't work for a company that required five days a week in the office.

A survey of 1,000 full-time, salaried employees in the U.S. by [BambooHR](#) reveals:

- 75% of employees would consider leaving their current job for a salary increase.
- 82% consider perks and benefits among the top three factors when evaluating potential employers.
- 60% rule out employers who aren't transparent about salary.
- 41% would be willing to take a salary cut for health insurance benefits.
- 38% would be willing to take a salary cut for paid time off.
- 37% would be willing to take a salary cut for flexible work locations and/or hours.



## *2. Focus On Total Compensation, Not Just Pay*

A total compensation and rewards approach is a powerful elixir that helps improve engagement and employee morale in the workplace. During economic uncertainty, cash incentives may be challenging, but smart companies find alternative ways to retain employees.

Keep employees engaged and satisfied when pay raises aren't an option by offering benefits like:

- Enhanced leave options
- Flexible work schedules
- Mental health resources
- Daycare programs for children
- Remote work options
- Career advancement opportunities



## *Boost Employee Morale and Engagement With a Staffing Partner*

A staffing agency can help you breathe new life into your teams and improve overall morale and engagement by:

- ***Ensuring Adequate Staff Levels:*** Staffing agencies can promptly fill vacancies, provide substitutes for employees on leave, or add extra hands during peak periods, preventing burnout, keeping morale high and ensuring smooth operations.
- ***Improving Focus:*** Keep your core team engaged in tasks that make the best use of their skills, by outsourcing repetitive or lower-level activities to staffing agencies.
- ***Helping You Staffing Strategically:*** If you have predictable busy seasons or notoriously high turnover positions, a staffing partner can develop strategic solutions to support your core team and keep them focused on high-value activities.
- ***Offering Expert Advice:*** They can provide insights on best practices and help design incentive structures that align with your company values, thereby boosting morale and motivation.
- ***Share Employee Feedback:*** Staffing agencies that survey their employees about their experience on assignment can share what they've learned from these "ears on the ground" with their employer partners.



### 3 *Managing Costs: Working Magic With Your Budget*

In times of economic uncertainty, cost management becomes paramount.

But candidates and employees aren't necessarily thinking about budget constraints. Regardless of the economy, they often ask for more. And while most employers wish they could meet those requests, they can't simply pull pay raises out of a hat or magically meet counteroffers.

Instead, many organizations are responding by updating salary structures and offering incentives like sign-on bonuses, merit raises, and professional development opportunities to address employee value. By understanding the latest compensation trends, employers can strike a delicate balance between managing costs and ensuring that their organization remains competitive.



## *Is There a Secret Formula To Budgeting for Talent?*

Here's what employers have to say:

Salary.com surveyed 1,000 HR professionals and found:

- 50% of employers implemented higher budget increases in 2023 compared to 2022.
- 4% had been the median raise rate in the U.S. in 2023 (1% higher than in 2022).
- 25% of employers reported raises between 5-7%.
- 63% of organizations report inflation-based compensation adjustments this year.
- 3% - 4% (the typical yearly raise) may not be enough to hang onto valuable talent.



# Budget Wizardry: How Your Staffing Partner Can Help

## Your Staffing Partner Can Help You Manage Costs and Remain Within Budget

Staffing agencies are wizards at managing workforce costs. They lend their expertise to HR professionals looking for ways to control costs without compromising their standards for quality of talent. Offering options such as contingent staffing, temporary placements, and workforce planning, a qualified staffing partner can help you make the most of your compensation-related budget allocation.

Your staffing partner can significantly aid in managing your costs effectively while keeping your company within its set budget by:

- **Reducing Fixed Expenses:** Strategically staff your business to reduce the number of direct, permanent employees needed for day-to-day operations. Temporary or part-time staff can step in during peak demand or for project requirements.
- **Tapping Into Expertise On-Demand:** Why keep expensive specialized talent on staff for occasional needs? A staffing firm can provide the experts you need just in time without adding to your headcount.
- **Minimizing Benefit Expenses:** Leverage temporary staffing to limit the expenses associated with full-time benefits. Temporary workers are employed by the staffing agency which provides any benefits.
- **Eliminating Excessive Overtime:** Use temporary staff to manage workload overflow, reducing the amount of overtime incurred by your permanent staff.
- **Reducing Unemployment Claims:** By choosing to use a temporary workforce rather than laying off permanent employees, you can mitigate the risk of a rise in unemployment claims.
- **Enhancing Operational Efficiency:** Outsourcing selected tasks and responsibilities can help decrease expenses, improve performance, and enable your business to focus on its core competencies.
- **Benchmarking and Forecasting:** Staffing agencies can provide benchmarking data and forecast future compensation trends. This information allows you to make informed decisions when allocating budget resources, ensuring you stay ahead of market changes while maintaining budgetary control.



## *4 Demystifying Compensation Compliance: Understanding Pay Transparency and Equity*

As laws continue to chip away at gender and other pay gaps, employers that fail to prioritize pay equity and transparency face ever-increasing risks.

Organizations that prioritize fair compensation practices and foster transparency, however, create a more engaged and loyal workforce. By implementing policies and practices that promote pay equity and transparency, businesses can stay out of legal crosshairs while significantly improving employee satisfaction, productivity, and retention.

### *Defining Pay Equity and Transparency*

Pay equity seeks to ensure fair and equitable compensation for employees doing comparable tasks without discrimination based on gender, race, or any other protected class. It is intended to diminish the wage disparity, fostering a more balanced workplace.

Pay transparency refers to openly sharing details about a company's pay construct, including aspects such as wages, bonuses, and benefits. This kind of transparency cultivates trust among the workforce, and it allows employees to gauge the equity of their pay in relation to their colleagues.





# Unlock the Magic of Pay Equity & Transparency

*Note: This content is for informational purposes only. State and local requirements vary and change frequently, so check with your compliance expert or attorney for the latest information on these requirements.*

Pay transparency has its core in pay equity. When you are certain your organization compensates all employees fairly, it's much easier to be transparent about your compensation guidelines and decision-making processes.

## *Start by Promoting Pay Equity*

Unequal pay practices don't just drive away talent. They also violate the law. Make sure you adhere to relevant legislation impacting pay equity such as:

- Protected classes and human rights laws. Understand federal, state, and local laws that protect employees from discrimination based on factors such as race, gender, age, disability, and pregnancy. Complying with Title VII, ADA, ADEA, and other relevant statutes is key.
- The Fair Labor Standards Act (FLSA). This covers a wide range of employer activities related to compensation, overtime, recordkeeping, and other requirements. It sets the minimum wage, provides rules for calculating overtime, and more. These requirements are enforced by the U.S. Department of Labor's Wage and Hour Division.
- The federal Equal Pay Act (EPA) was passed in 1963. It's incorporated into the Fair Labor Standards Act, and its enforcement is overseen by the Equal Employment Opportunity Commission (EEOC). The EPA prohibits wage discrimination on the basis of sex when employees:
  - work in the same establishment.
  - do jobs with substantially equal skill, effort, and responsibility.
  - work under similar working conditions.



In addition, consider implementing processes such as:

- Conducting regular pay audits
- Evaluating job descriptions and titles for bias
- Setting clear criteria for promotion and salary increases
- Providing negotiation training to employees

These measures help ensure that employees are compensated fairly based on their contribution and skill set, rather than extraneous factors.

## *Take a Proactive Approach To Pay Transparency*

Create a work environment that adheres to legal requirements, minimizes risks, and fosters a positive and fair experience for all employees. To stay compliant, it is crucial to be aware of and adhere to the growing patchwork of pay-transparency-related laws:

- Stay updated on salary history bans. Be aware of state or local laws that prohibit inquiries about salary history.
- Understand which, if any, pay range disclosure laws impact your organization. Several states and local jurisdictions have pay transparency laws requiring employers to disclose a wage or wage range to prospective candidates and/or current employees. These laws vary significantly; be sure you understand if the disclosure is required upon request only, at a certain point in the hiring process, or publicly in a job posting.
- Address wage and hour issues. Ensure compliance with wage and hour laws, including work performed by non-exempt employees outside of scheduled work hours or travel time based on the employee's home as the work location.

### *Prepare for These Pay Transparency Questions With Employees*

Ensure that anyone involved with hiring understands your pay policies and knows the answers to these questions:

- How does your company establish pay ranges?
- What geographic and market considerations impact your pay ranges?
- Is the pay range for this position competitive with the open market?
- What data does your organization use to determine market competitiveness?
- How do you determine pay ranges for positions that can be performed remotely?
- Have you evaluated your compensation structure to ensure equitable pay among current employees?

Consult with your legal counsel to determine appropriate responses.

## *Catalyst for Compliance: Your Staffing Partner*

Typically, staffing agencies have a team of experts who are knowledgeable about employment laws and regulations. They can provide guidance, monitor compliance, and navigate complicated requirements, so you can focus on core organizational functions and goals.

### *Your staffing partner can:*

- Assist with compliance monitoring, maintaining updated information on compensation laws and regulations, and providing guidance on best practices that align with compliance requirements. They can help you identify and review compliance requirements to ensure your organization is staying current on changes, new requirements, and updates of relevant legislation and regulations.
- Review classification issues related to independent contractors. Staffing agencies can help ensure you are properly classifying employees according to the Fair Labor Standards Act (FLSA), as well as making sure you properly maintain employment records.
- Perform job analyses and benchmarking. Your staffing partner can assist with analyzing roles and creating accurate job descriptions and titles, both of which are critical for compensation compliance. Further, they may help you execute salary structure and compensation benchmarking audits.



## *Master Compensation Alchemy With the Right Staffing Partner*

You've taken the first step towards transforming your HR strategies and unlocking your organization's potential. Now, it's time to put your newfound knowledge to use. Attract and retain top talent, elevate employee morale and engagement, better manage your staffing budget, and ensure compliance, all with the support of a dedicated staffing partner.

*Don't wait* – contact your staffing partner today and let them work their magic! With our job market, legal landscape, and economy in a seemingly constant state of flux, unlocking compensation secrets will help you attract and retain talent, boost morale and engagement, improve budgeting, and stay compliant. Understand the trends and best practices through the information in this eBook – and wield your magic!

