



Get ready for compensation planning season with Payscale

Compensation is an essential function within any business, however, initiatives around pay are much more complex today than in previous years. HR and compensation teams are trying to **balance budgeting for competitive pay in a volatile market** for retention and attraction while keeping an eye on the bottom line of the business and compliance with pay transparency legislation requirements.

Current employees and prospective candidates are demanding more equality and transparency while the market continues to create uncertainties around pay compression, inflation, cost-of-living, and more. There's a lot for HR and compensation professionals to consider when budgeting for the new compensation cycle, and we're here to help you get organized with **recommendations from compensation experts at Payscale**.

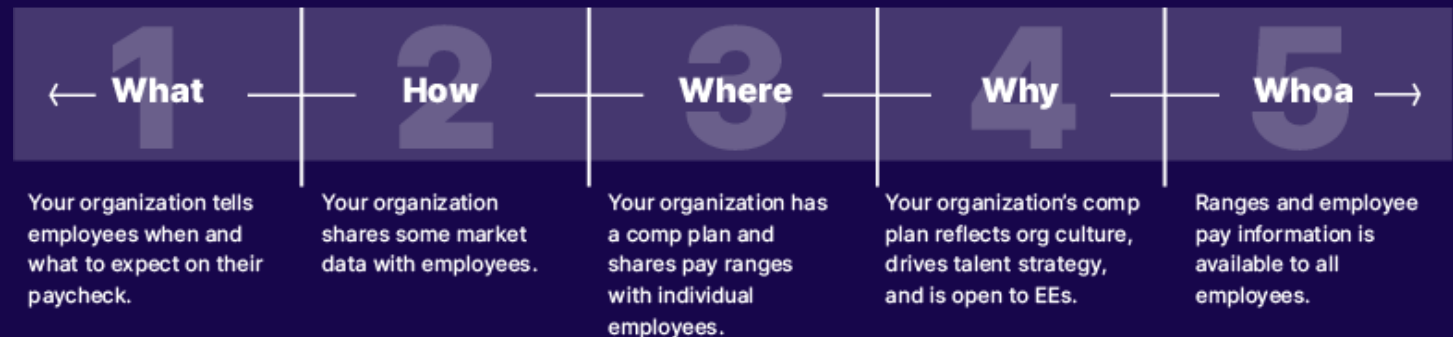
As organizations begin planning and kickstarting their end of year merit increase cycle, there is a big opportunity to pause and make sure you are prepared to take on this massive undertaking in the best way possible for your organization. In a recent webinar, Payscale's Chief People Officer and Senior Director of Product Marketing shared key insights and tips for ensuring a **smooth year end compensation planning process**.

Choosing what to communicate about pay

Some organizations may fear that pay communications require full transparency. That's simply not the case. Pay communication and pay transparency are related. But they're not synonymous. Pay communication is a practice and pay transparency is a spectrum.

Pay communication is the information you choose to provide to employees about pay and how pay is decided. This can include having conversations with employees about pay ranges, sharing how salary increases are determined, and offering total rewards statements with monetary details. What HR and compensation leaders decide to communicate about pay is based on where their organization lies on the pay transparency spectrum.

The pay transparency spectrum



At the far-left side of the spectrum, employers share the most basic compensation information: an employee's pay. At the fully transparent end of the spectrum on the far right, salaries for all positions are communicated internally and maybe externally. Most organizations find themselves somewhere in the middle, with a desire to become a little more transparent than they are currently.

Regardless of where an organization sits on the pay transparency spectrum, it's possible to communicate and engage with employees about pay. As organizations begin publishing salary ranges, they'll have the opportunity to move beyond just sharing what's on a paycheck to implementing a system for communicating total rewards. In this quick guide, we share insights about communicating about pay, as well as five best practices that can help organizations get started.

Practitioner perspectives

Answering our customer's top questions around compensation planning

There's a lot for HR and compensation teams to consider this planning season including labor market challenges, addressing pay equity and compression, how to optimize compensation budgets, addressing pay transparency, and being data and process ready. Here's a few areas customers are questioning.

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Merit increases and cost-of-living adjustments

“Generally, when we think about how HR leaders are talking about the traditional 3% increase, they're not always thinking about cost-of-living adjustments. We have found that those who refer to the 3% is usually merit-based only and then they'll add on things like COLA or market adjustment separately or in addition to as it differs depending on methodology and company.”

Lexi Clarke

Chief People Officer at Payscale

Education and support for managers

“One of the services that are provided to our customers is a manager training program where essentially we will work with you to develop a curriculum that supports your compensation philosophy and your compensation strategy. Then, we will deliver that to your managers, as well as work with you to make sure that you're providing good conversations for them..”

Brooke Grimes

Senior Director of Product Marketing at Payscale

Discussing market data with employees

“If you're not at a transparent place yet and you don't quite know where to start, often employees just want to know what process you're following and what factors you're layering into that process. That can be a really powerful first conversation or first step along that journey.”

Lexi Clarke

Chief People Officer at Payscale

Four key areas for managing compensation planning with certainty and readiness.

To support your planning as your organization enters the end of year compensation cycle, here are tips for effective and fair compensation planning so you can continue to attract and retain talent while growing the business.

In case you missed it, watch now to learn what you can do now to set your organization up for success through the end of the year.

[Learn more](#)



1

Identify your compensation strategy.

To succeed at acquiring and engaging talent, organizations need a compensation philosophy that defines their fundamental approach, and a strategy that enables implementation of that philosophy. Each organization has unique needs when it comes to maintaining and growing their business, including industry and market constraints that influence and impact how they compete for talent. As the market fluctuates, organizations need to evolve compensation strategies to support the shifts.

2

Building a strong foundation.

From understanding the value of your jobs to thinking about how to pay for performance and compensate employees—the foundation of a solid compensation management strategy must include job management, salary data and market pricing, pay structures, variable pay, and complex compensation for specialized skills. Setting up a framework will help your organization be strategic rather than reactive when faced with labor market challenges and growing fair pay legislation.

3

Managing the compensation cycle.

Several components go into managing compensation and fair pay, including pay analysis and reporting, compensation planning for pay increases, collaboration and impact, and pay communications and transparency. Compensation is the largest expense item for organizations, and many factors are impacting the planning for the next compensation cycle including, cost of living, market and pay equity adjustments, merit increases, and pay compression. Additionally, organizations need to be able to communicate pay decisions transparently and confidently across the organizations.

4

Tracking pay trends and hot topics.

Pay is a hot topic that matters to all of us. Now more than ever, organizations need to keep up with new legislation, concerns of the public, and other hot topics that impact compensation management as a function. Inflation, compression, wage growth, wage laws, income inequality, skills-based economy, and the gig economy are all examples of trends that organizations should follow to understand the potential impact on the future of work and to inform your scenario planning and modeling.



About Payscale

As the industry leader in compensation management, Payscale is on a mission to help job seekers, employees, and businesses get pay right and make sustainable fair pay a reality. Empowering more than 50% of the Fortune 500 in 198 countries, Payscale provides a combination of diverse and dynamic data sources, compensation services, and scalable software to enable organizations such as Angel City Football Club, Perry Ellis International, United Healthcare, Vista, and The Washington Post to make fair and appropriate pay decisions.

Pay is powerful™

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