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**2018 TOTAL
REWARDS**
Conference & Exhibition



Engagement and Total Rewards

Rita Patterson, Manager, Product Implementation
Chris Martin, Director of Research

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Agenda

- Organizations are failing to strategically leverage payroll for better business outcomes
- The relationship between pay and engagement
- Using your total rewards plan to maximize engagement, productivity, and retention

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Is what you're
doing today
working?

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Turning \$\$\$
into
engagement



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On Pay, There's a Crucial Disconnect Between HR and Everyone Else

	HR Pros	Employees
Pay is Fair	<p>43%</p> <p><i>Employees at my organization feel they are paid fairly.</i></p>	<p>21%</p> <p><i>I feel that I am paid fairly.</i></p>
Pay Process is Transparent	<p>30%</p> <p><i>How pay is determined at my organization is a transparent process.</i></p>	<p>24%</p> <p><i>How pay is determined at my company is a transparent process.</i></p>

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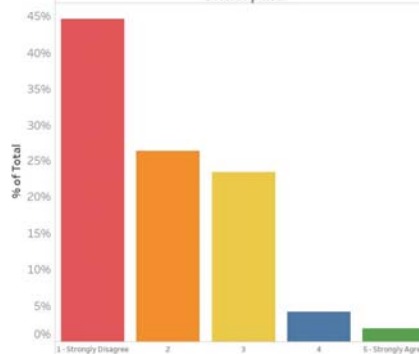
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Underpaid Workers Know They're Worth More Than They're Paid

Pay Satisfaction by Market Position

Agreement with the statement "I am satisfied with my pay."

Underpaid

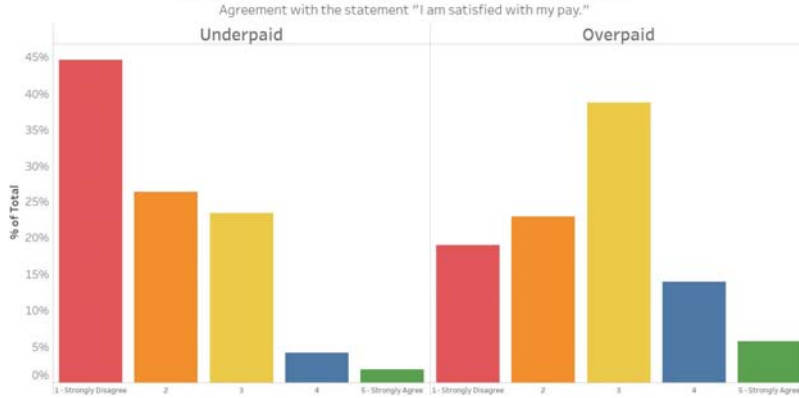


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Even Overpaid Workers Are Dissatisfied with Their Earnings

Pay Satisfaction by Market Position

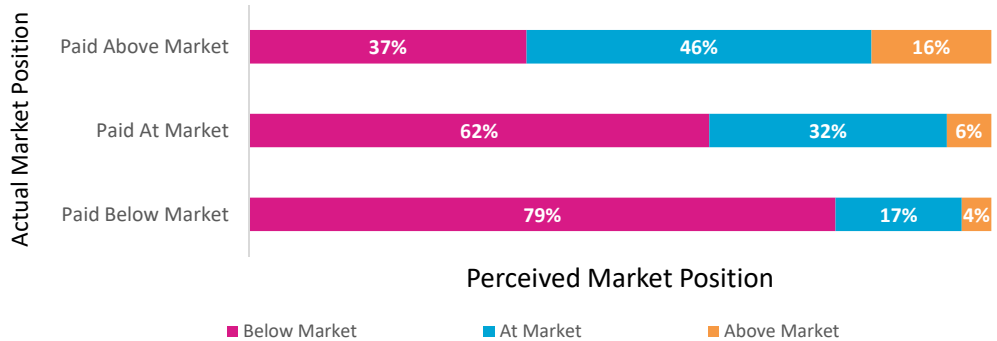


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The Majority of Workers Don't Know How Their Pay Stacks Up

Perception vs. Reality in Pay Relative to Market

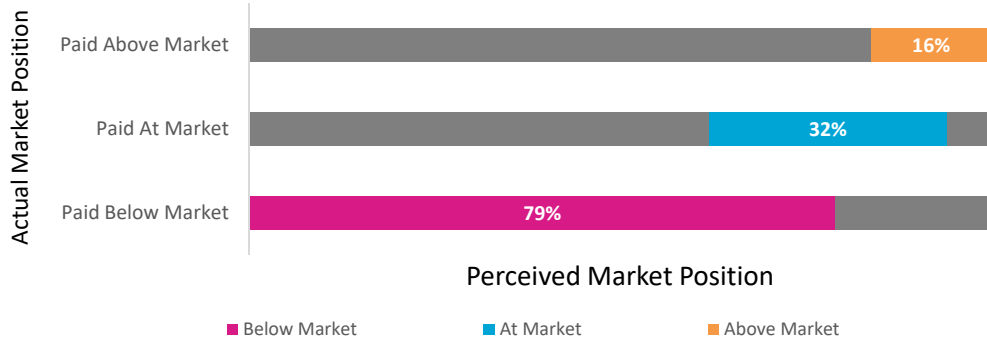


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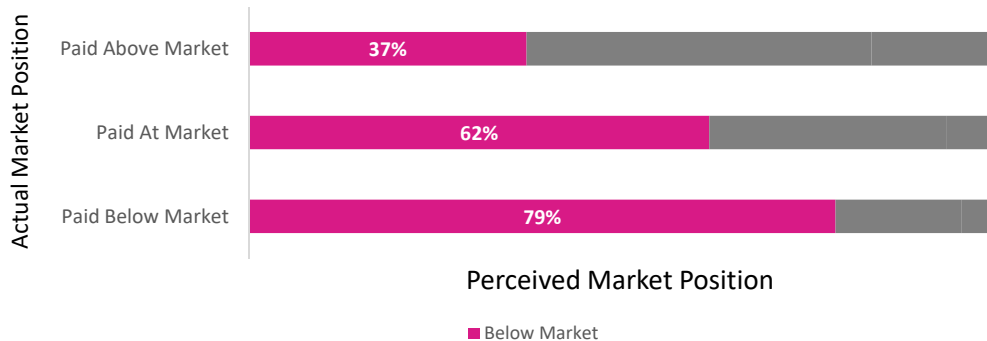


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The Majority of Workers Don't Know How Their Pay Stacks Up

Perception vs. Reality in Pay Relative to Market



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Your coworkers aren't getting the right message about their pay.

Paying people fairly matters to you.

You're investing in fair compensation.

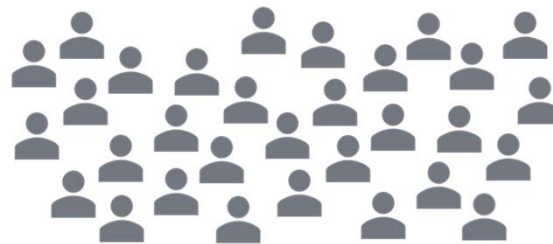
But the majority of people are unhappy and unaware of what's really going on with comp.

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We Conducted Research to Understand the Impact

PayScale's Engagement Data



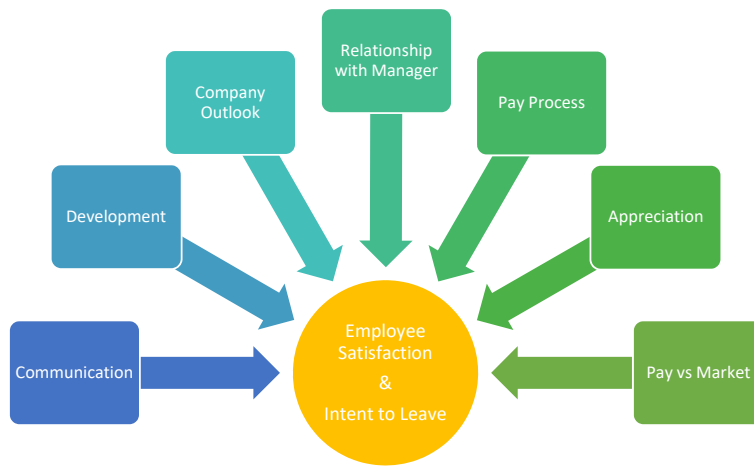
500,000 Surveys

2015-2016



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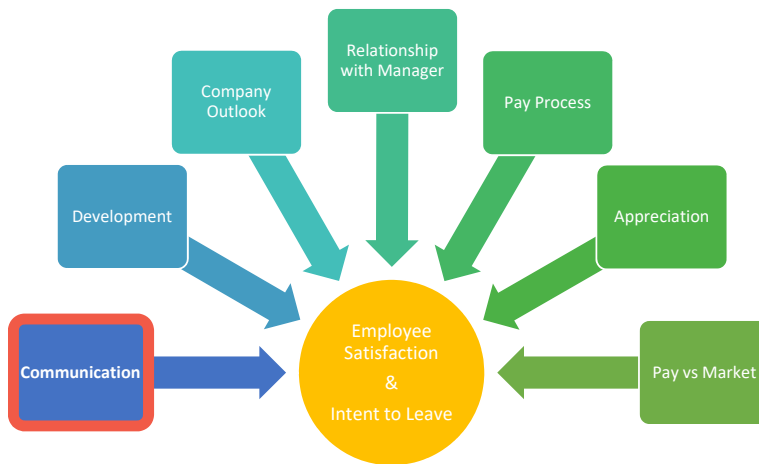
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Modeling Employee Engagement

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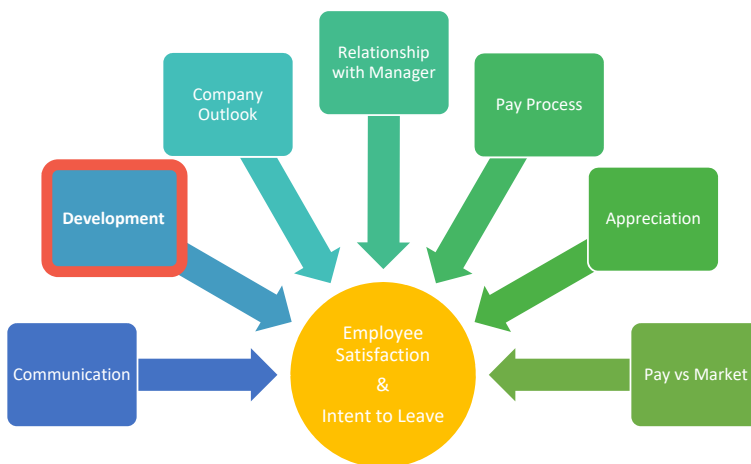
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“There is frequent, two-way communication between management and myself.”

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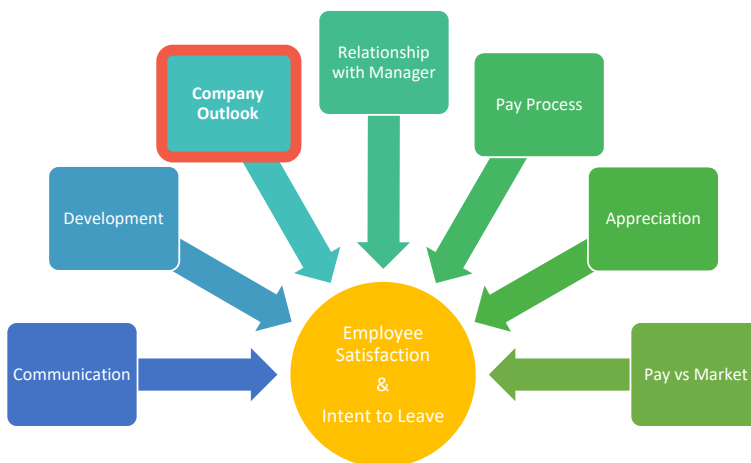
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"My employer provides me with sufficient opportunities for learning and development."

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"I am confident my employer has a bright future."

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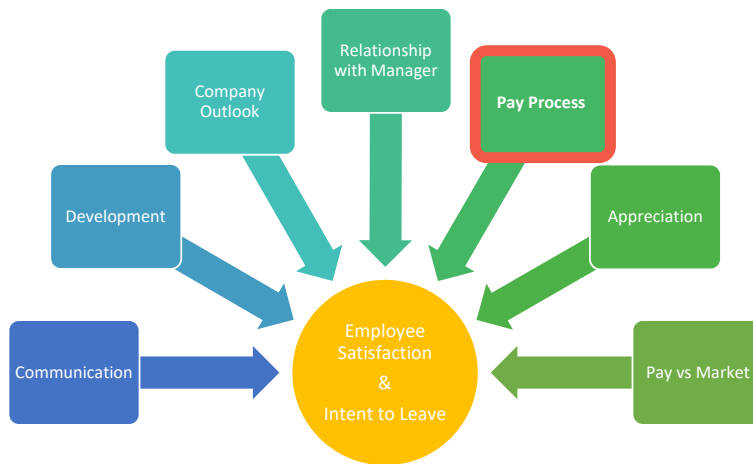
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"I have a great relationship with my direct manager."

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"How pay is determined at my company is a fair and transparent process."

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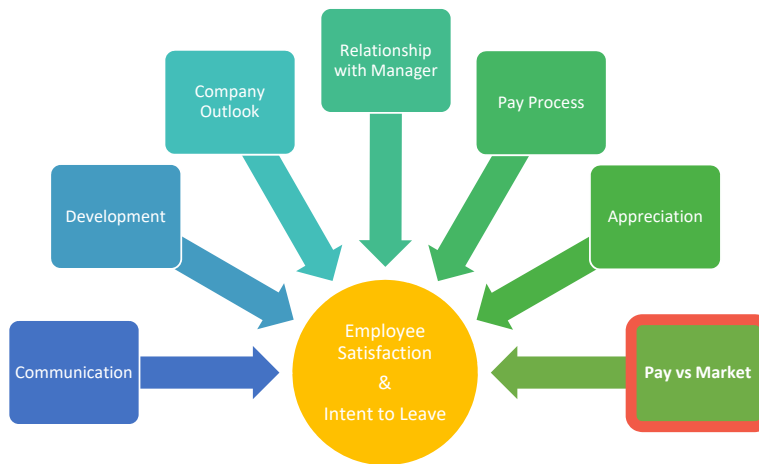
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"I feel appreciated at work."

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"How does someone's pay compare to what the PayScale compensation model predicts?"

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"I am extremely satisfied working for my employer."

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"In the next six months, I plan on actively seeking new jobs outside of my current company."

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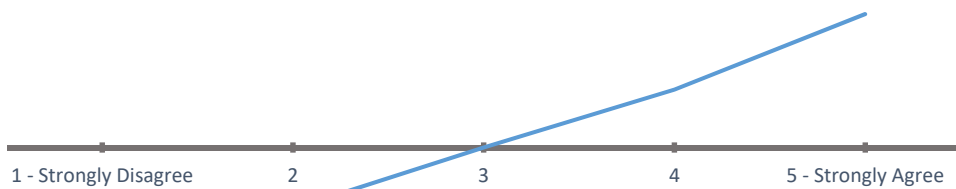


Response Scale:
1 - - - - 5
Strongly Disagree Strongly Agree

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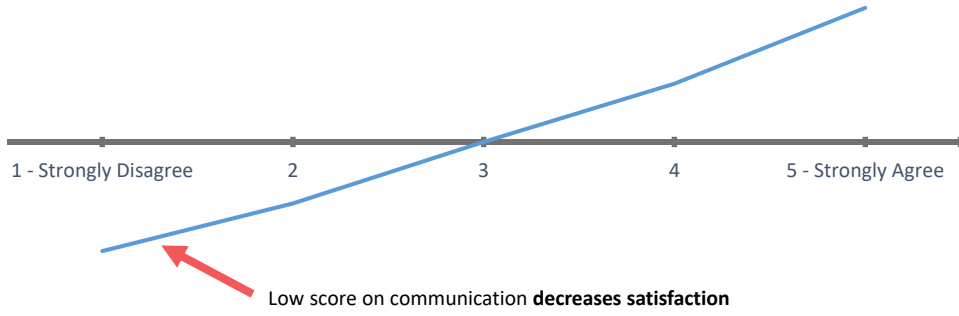
Interpreting Satisfaction



How Satisfaction with Employer is Impacted by:
— Communication

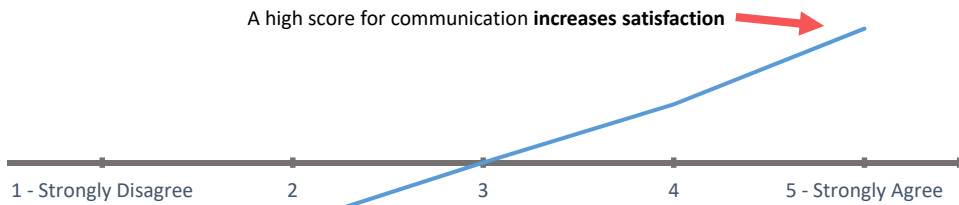
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Interpreting Satisfaction



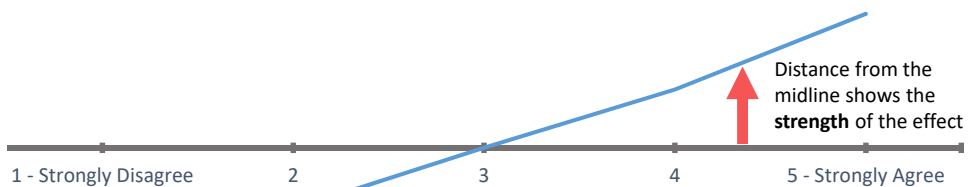
How Satisfaction with Employer is Impacted by:
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Interpreting Satisfaction



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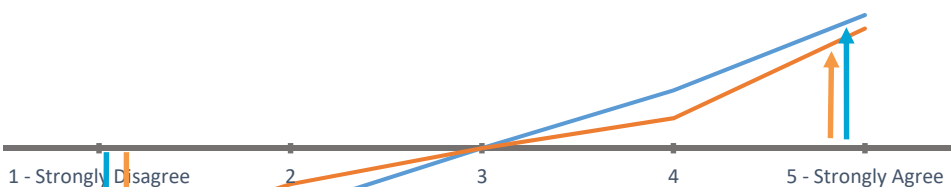


How Satisfaction with Employer is Impacted by:

— Communication

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Comparing Results



Because development is always closer to the midline, we know it has **less of an effect** on satisfaction than communication does

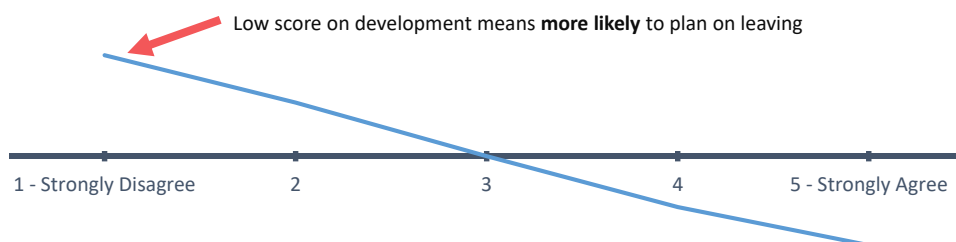
How Satisfaction with Employer is Impacted by:

— Communication

— Development

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Interpreting Intent to Leave



How Intent to Leave is Impacted by:

— Development

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What Does the Data Tell Us?

Pay Process Matters More than Pay vs. Market.

Having fair and transparent pay processes builds trust.

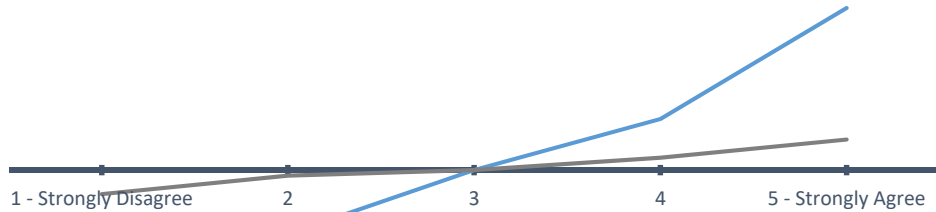
- 5.4 times more impactful than pay vs market
- Boosts engagement, satisfaction, and productivity

But part of being paid fairly is being paid a fair amount.

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Positive Sentiment on Pay Boosts Satisfaction with Employer



Note: Pay Process is sentiment, Pay vs. Market is compa-ratio

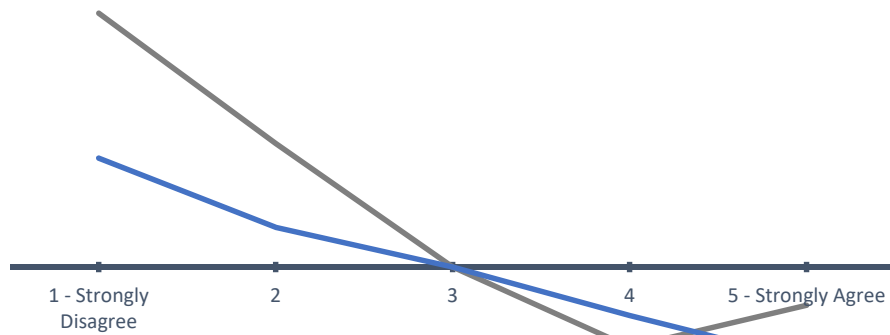
How Satisfaction with Employer is Impacted by:

— Pay Process — Pay vs. Market

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Positive Sentiment on Pay Lowers Intent to Leave



How Intent to Leave is Impacted by:

— Pay Process — Pay vs. Market

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What Does This Mean for Your Rewards Plan?

Be Intentional About Your Pay Brand.

However great your Pay Philosophy is, **no one will know about it unless you tell them.**

By turning your Philosophy into a unique PayBrand, and **sharing it with the world**, you can change perception both within your org and outside of it.

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How to Create a Winning Pay Brand:

1. Train Your Managers on Comp

Managers are the ones explaining pay to your workforce in real terms.

Training ensures they can have **productive, positive conversations** and pass on the correct information.

2. Provide Total Rewards Statements

Giving context to your employees will help them better assess their compensation.

Connecting your company's Pay Philosophy with market data and individual pay will build trust and understanding.

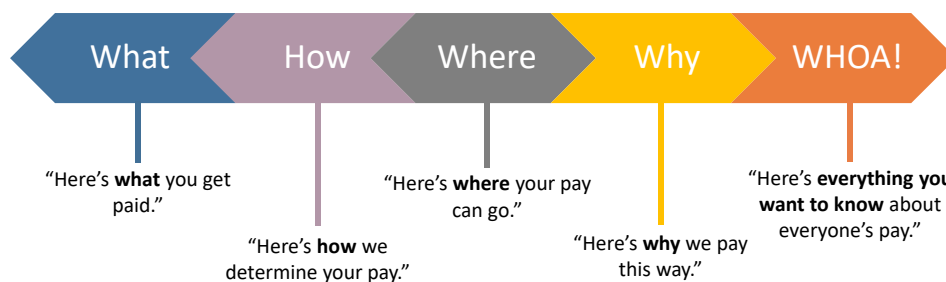
3. Create a Culture of Communication

Encourage out-of-cycle pay discussions and conversation amongst colleagues.

Encouraging conversation and openness around pay will prove your commitment to fairness and transparency.

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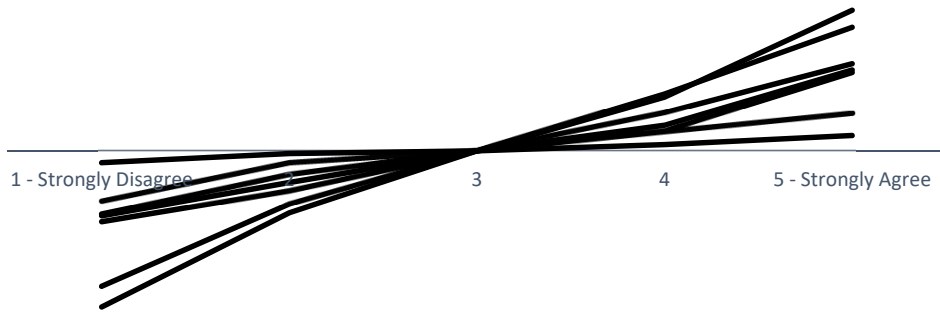
PayScale Transparency Spectrum



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The Primary Driver of Satisfaction

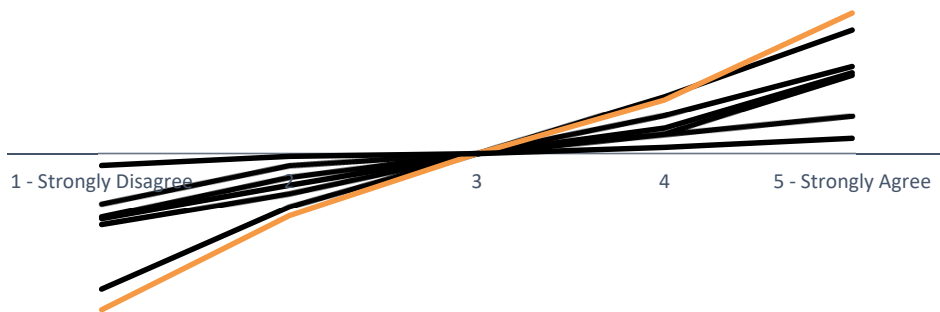


How is Satisfaction with Employer Impacted by:

- Communication
- Development
- Company Outlook
- Relationship with Manager
- Pay Process
- Appreciation
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The Primary Driver of Satisfaction: Employee Appreciation



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What Does This Mean for Your Rewards Plan?

Find Ways to Regularly Appreciate Your Employees.

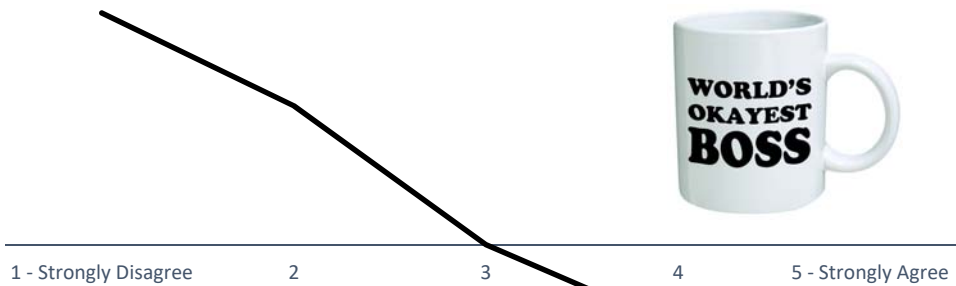
What is meaningful to your co-workers?

Showing appreciation doesn't have to be expensive, but it should be **consistent**.

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The Importance of Good Managers: "Good" is Good Enough



How is Intent to Leave Impacted by:
— Relationship with Manager

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Increasing Engagement Doesn't Require Paying More

1. Perception of Fairness Outweighs Pay vs Market

Build your Pay Brand and communicate your Total Rewards effectively.

2. Employee Appreciation Drives Satisfaction

Appreciation doesn't have to be expensive, but it should be frequent and consistent.

3. Positive Company Outlook Reduces Turnover

No one wants to be the last one on a sinking ship. Communicate your vision.

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On Monday Morning:

1. **Share this information** with stakeholders
2. **Develop comp training** for managers
3. Evaluate or implement **employee rewards statements**
4. Resurrect **regular all-hands meetings**

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Learn More About PayScale @ **Booth 429!**

Rita Patterson, Manager – Customer Education
Chris Martin, Director of Research

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