

PAY RETHINK AND “TWO TIERED” WORKPLACES

RESILIENT REALISM

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This is a review of the Wall Street Journal article “It’s Time to Rethink Pay” (June 2021) and is a part of the Resilient Realism series authored by LINKCO. With twenty plus years of broad executive business experience cross industries, LINKCO is well situated to work with Middle Market CXO and Upper Management leaders in California and throughout the United States. LINKCO’s Executive Search system is “on” 24/7/365, AI informed, and laser focused on rapid, cost saving and “pain” free results.



The WSJ, in its *C-Suite Strategies* report, “It’s Time to Rethink Pay”*, asked the critical question that many of our clients are asking us, “How should compensation and benefits change in a hybrid workplace?” The article references Pay and Place data from the Bureau of Labor Statistics from large and mid-size Cities across a range of occupations in May 2020. It’s fair to assume that the data published in May is from right after initial COVID shutdowns-

Some of the issues highlighted in the article include:

1. The efficacy of “location-based pay” now that more of the workforce is working virtually.

Are employees’ physical location a best determinate of their worth? Shouldn’t the quality of their deliverables be the judge of their worth for the employer? The article references Prof. Cappelli, of the Wharton School at the University of Pennsylvania, who asks, if the employee is doing the same job from a different location, do they become less valuable? There is also the issue of pay equity if the same job is paid differently based on location. Currently 76% of our clients report that salaries are remaining the same regardless of employee location. 43% report that they are planning to review their location-based pay decisions 6 months after their States clear them to “return to work as usual”.

Pay equity issues and transparency about compensation range associated with job titles is highly topical for my clients and candidates. Particularly now. 74% of my clients are reviewing their diverse hiring and cultural practices with a hard look at how they will grow into organizations that will attract and retain the best talent now and, in the future.

2. Do you have a “TWO TIERED” workplace?

There are leadership challenges to managing in situ, hybrid, and remote employees. Are the “in office” employees benefitting from the best mentorship and career/project opportunities because you see them working? An easy fix, based on the article (and actual client feedback) is to allocate “virtual office hours” for your remote employees. To date 17% of our clients have virtual office hours and we note this as a growing trend.

Many of the management studies that came out this past year have put to bed the notion that remote employees are less productive. Remote workers generate significant cost savings for companies. A national study estimates companies save \$11,000/year with employees working remotely half time. And better still, one of the cost saving factors is the increased productivity born from the remote workforce.** Ask yourself how you are evaluating your employees and are the metrics used equitably for all employees in the same category regardless of location.

3. The pendulum is swinging again towards **project-based bonuses**.

The WSJ article refers to this as the “Entrepreneurialization” of workers. In this conceptualization of the new workforce, employees are always working on projects and the individuals and teams are rewarded by the quality of the work and project completion. Candidates we speak with like this model with the caveat that they are not penalized when Management determines that the overall project should not go forward. In a recent informal survey, 63% of candidates preferred this real-time bonus model focused on real project deliverables. However, 17% of our clients, and 37% of our candidates are concerned that compensation is too project focused. In this group we note that many HR leaders are including holistic questionnaires for employees and their managers to refocus evaluation criteria beyond actual project work.

4. Other agile leadership recommendations: budget for remote office, assistance with caring for family members.

Noted in the article and common during COVID, other recommendations include allocating budget to ensure hybrid and remote workers have the office equipment and supplies that they require. Highly resourceful companies are considering additional allocations towards supporting childcare and assistance for elderly relatives living with employees. As much as many of us experienced video call fatigue during COVID, the inadvertent “snapshots” of our home life did help humanize and personalize remote employees’ realities at home.

* WSJ 6/14/21, <https://www.wsj.com/articles/pay-benefits-hybrid-workplace-11623518403>

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