



Monthly Strategies

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Preparing for Pay Transparency with Compensation Communications

Salary range transparency is the future of fair pay. States and cities either have passed, or plan to pass, legislation that requires pay ranges to be published in job postings. So far, eight states have salary transparency laws on the books: California, Colorado, Connecticut, Maryland, New York, Nevada, Rhode Island, and Washington. The following states have state-wide salary history bans: Alabama, California, Colorado, Connecticut, Delaware, DC, Hawaii, Illinois, Maine, Maryland, Massachusetts, New Jersey, New York, North Carolina, Oregon, Pennsylvania (state agencies only), Vermont, Virginia, and Washington. With these new regulations, employees now have access to competitive salary data at their fingertips or don't have to inform a potential employer what is their current compensation. To retain their workforce, organizations must ensure they have earned employees' trust around pay. Establishing a level of trust will help employees deem that they're being paid fairly and help retain your talent.

Unfortunately, data indicates there's work to do when it comes to building employee trust around pay. According to Gartner HR Research, a mere 32 percent of employees believe their pay is fair. Additionally, 57 percent of people who are paid at market and 42 percent who are paid above market believe they are underpaid, according to Payscale's research.

What's creating this perception for employees that they aren't paid fairly? At least part of the problem seems to be that organizations aren't providing the information employees need to fully understand and appreciate their pay. According to the Compensation Best Practices Report, 55 percent of organizations do not provide employees with a total rewards statement that outlines all their rewards (salary, bonuses, equity, health insurance, etc.). Communication about pay improves perceptions of pay fairness and it also builds trust in the organization. Investing in pay communications can

help organizations demonstrate to employees that they are valued.

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 businesses 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.

Motivate, retain, and engage employees: Businesses should see pay communications as an effective way to not only highlight the total compensation package, but also to reinforce that the organization values employee contributions. This active recognition can positively impact employee engagement and retention.

Five Compensation Best Practices for

Communicating About Pay: Whether it's through one-on-one conversations between managers and direct reports, benefits communications, or total rewards statements, businesses can empower all employees by communicating about pay. Here are some tips for getting started.

1. Before an organization adopts a pay communication approach, it is important to have a compensation philosophy and strategy that includes current compensation data for their positions. Once the fundamental approach and methods around pay and benefits are in place, it's much easier to communicate about pay in a way that attracts, engages, and retains talent.
2. The next step in pay communications is identifying what level of transparency your organization wants to have regarding pay. Are you at the "paycheck only" stage, are you sharing all salaries for all positions, or are you somewhere in between, sharing salary market data and pay strategies? The answer to this question will help set your communications approach.
3. Total rewards statements allow organizations to tailor pay communications to each employee and ensure everyone receives accurate information. Statements include salary information but can also provide details about the compensation philosophy, employee benefits, and other rewards. Managers can use these statements as helpful visual guides during compensation review conversations. It's best to use a method that ensures rewards statements are accurate and standardized.
4. For a holistic approach that builds and maintains trust between employees and the organization, leaders at all levels need to understand the impact of pay communication and their individual roles in the process. Managers are often the first point of contact for employees when compensation questions arise. As such, it's vital to offer compensation training for them so they can confidently talk about pay.
5. It used to be that pay conversations happened once a year during an annual review. Now, ongoing pay communications allow managers and leaders to regularly check in to support and

encourage employees. Use a consistent pay communication schedule to inform new and existing employees about policies for raises, total reward packages, and professional development opportunities.

Contact HR Strategies to have a Compensation Survey completed for any of your positions, especially those positions most critical to your business.

What is Artificial Intelligence and How is it Used in the Workplace?

Courtesy of SHRM

Artificial intelligence refers to computers or computer-controlled machines that can simulate human intelligence in various ways. These machines can range from a laptop or cellphone to computer-controlled robotics. Software programs, which give directions to control the behavior of the machine, are specialized to mimic human intelligence and capabilities. The coupling of hardware and this software brings about artificial intelligence.

AI is being used in multiple ways in today's workplaces, often focusing on the integration of human thought and innovation with the patterns AI can find within large amounts of data.

HR professionals were early adopters of AI, using talent acquisition programs to source, recruit, evaluate and communicate with candidates with great efficiency. Work simulations are utilized for training, and chatbots are deployed to support employees in learning, performance evaluation, benefits enrollment and more.

It's helpful to know of two prominent programming techniques being used in AI that are commonly referred to: natural language processing (NLP) and machine learning.

NLP is a branch of AI focused on giving computers the ability to comprehend text and spoken words in the same way humans can (think virtual assistants like Apple's Siri and Amazon's Alexa or chatbots).

Machine learning is the branch of AI concerned with the use of data and algorithms (a set of step-by-step instructions and rules) to imitate the way humans learn and continue to learn through experience. IBM's Watson, who won on "Jeopardy," used both machine learning to calculate probabilities of a

correct answer and NLP to respond using text-to-voice technology.

Employee support and assistance: Virtual assistants and chatbots are computer programs that not only provide information but learn to recognize contextual patterns to provide better responses over time. These programs simulate written or spoken conversation in lieu of human interaction. Many of us have interacted with them when using an online customer service chat feature that has the feel of chatting with a human when, in fact, it's AI.

Google Assistant and Microsoft's Cortana are virtual assistants used in the workplace to read texts and e-mail aloud, offer reminders to follow up on e-mail, schedule meetings, and find time in your schedule for focusing on certain tasks.

Chatbots are being used by HR in numerous ways, including in helping employees find company policies or benefits information; implementing wellness programs; engaging with job candidates during the recruitment process; and supporting employee learning and development by recommending courses, tracking goals, sending reminders, and answering frequently asked questions.

AI is everywhere: While there are some concerns about automation replacing human workers, AI is most successful when coupled with a human touch—or at least some human oversight. AI will likely play a large role in the future of work, but rather than replace employees, AI technology will change what type of work employees perform. Humans will still be better suited to data analysis, software development, creativity and jobs that are less likely to be automated, such as marketing and sales, and will largely be employed in these areas.

The reality is that AI is all around us, and its applications and usage will continue to grow. The following are just a few additional examples of how AI is commonly being used daily.

Spam detection: Most employers are likely using AI's text classification abilities to scan e-mail and identify text patterns that indicate spam attacks. Reviewing any junk folder will show how much of this e-mail is weeded out by these programs on a daily basis.

Machine translation: Multinational companies use this technology to quickly translate e-mail, presentations, and other documents into multiple

languages to enhance internal communication. Following global industry developments through the translation of news releases, advertising campaigns and patents is another useful application. Where more attention to specific nuances are needed, human translators are still required.

For online retailers, machine translation allows product reviews to be translated instantly to help consumers decide on purchases. Entire websites can also be translated into another language with the click of a button for ever-increasing access.

Sentiment analysis: Also known as opinion mining, this AI technique analyzes large amounts of text to determine if the data is positive, negative, or neutral. For example, companies may use sentiment analysis to review social media posts and online reviews to inform marketing and product development.

Text summarization: This technique extracts key information from original texts to create easily consumable summaries. Online news outlets and news aggregate apps use it to provide brief summaries for users to consume information quickly, and research databases use it to provide abstracts of dense material.

Robotics: Not all robots use AI, such as those long used in manufacturing to complete repetitive tasks. More and more AI robotics are entering the workplace, however, as this field continues to grow. Examples include:

- Delivery robots (self-driving vehicles) that navigate streets autonomously, delivering packages and food to customers.
- Security robots that patrol and scan areas, collect video evidence, shine a light, and give audio warnings when appropriate.
- Recycling robots that detect differences in materials and make sorting decisions at high speeds.
- AI-based drones that identify, record, and analyze objects on the ground.

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