

## 1.13: Putting It Together- Compensation and Benefits



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It's vital for HR management to ensure that the compensation and benefits offered to employees match employees' needs and desires and keeps in step with a changing workforce. In addition to a changing workforce, many other factors affect the types of compensation and benefits companies offer, including changing legislation, rising cost of living, the presence of labor unions, and what an industry is able to pay.

Compensation practices are further complicated by growing income inequality in the United States, the gender pay gap, and rising health care costs. The United States—the second wealthiest nation in the world—has the highest level of income inequality of major developed nations. Income inequality and rising cost of living has led to a growing number of Americans living paycheck to paycheck, with a 2017 CareerBuilder survey finding that 78% of U.S. workers live paycheck to paycheck.<sup>[1]</sup> The quality of a compensation and benefits package can make the difference between falling into hundreds of thousands of dollars of medical debt, or being able to save for an emergency or retirement. If companies want to create an environment where their employees can focus on more than just meeting their basic needs and avoiding financial ruin, they should pay close attention to the compensation needs of their employees and the changing financial landscape.

Causes of the gender pay gap are multifaceted and pervasive.<sup>[2]</sup> HR personnel should be familiar with the ways that bias insinuates itself in compensation practices and work towards developing systems and procedures for eradicating biases in compensation and benefits.



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While financial compensation is important, it is not the only factor that motivates and retains employees. Other motivation factors include work-life balance, personal well-being, job security, and company or brand reputation.<sup>[3]</sup> As the workforce changes, companies can expect to experience more demand for flexible schedules, student debt repayment benefits, wellness benefits, and more.<sup>[4]</sup>

For the modern company and HR management department, it's worth thinking about ways that we can change the way we do business to promote income equality and reduce the impact of business on the earth's environment. With issues including poverty,

climate change, and an aging population<sup>[5]</sup>, companies have a lot to consider when making decisions about how to best keep the workforce motivated and provide adequate support in a changing financial environment. It may be a good idea for companies to stay on the cutting edge of the compensation and benefits environment instead of remaining satisfied by the status quo.

1. "[Living Paycheck to Paycheck is a Way of Life for Majority of U.S. Workers, According to New CareerBuilder Study.](#)" CareerBuilder. August 24, 2017. Accessed August 22, 2019. ↵
2. Salam, Maya. "Womansplaining the Pay Gap." The New York Times. April 02, 2019. Accessed August 22, 2019; Graf, Nikki, Anna Brown, and Eileen Patten. "[The Narrowing, but Persistent, Gender Gap in Pay.](#)" Pew Research Center. March 22, 2019. Accessed August 22, 2019. ↵
3. Mann, Annamarie and Amy Adkins. "[The Dream Job.](#)" Gallup. March 1, 2017. Accessed August 22, 2019. ↵
4. Mucha, Rachel. "[A 2020 Vision: Is Your Benefits Package Ready for the Future?](#)" HR Morning. February 13, 2019. Accessed August 22, 2019. ↵
5. Vespa, Johnathan. "[The Graying of America: More Older Adults than Kids by 2035.](#)" United States Census Bureau. March 13, 2018. Accessed August 23, 2019. ↵

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