

MONSTER

Compensation Strategies for Today's Hottest Labor Markets



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Some of today's hottest labor markets are pushing the boundaries of [compensation](#). Data geniuses in finance can demand a big bump-up in pay. SQL and Java programmers are needed in great numbers, and their pay is rising apace. Healthcare executives who manage to maintain both quality and profits can earn big bonuses.

But beyond those and closely related examples, the majority of employers are successfully holding increases in cash compensation to new-normal lows as part of their [compensation strategy](#).

That's the conclusion of observers across the US economy. Here's how pay hikes are playing out on compensation strategies through one of the most drawn-out recoveries in American history.

In-demand talent is commanding substantial increases. When it comes to [IT, healthcare and finance](#), year-over-year pay hikes are getting the attention of hard-to-find specialists, if not giving them a lot to brag about.

"Employers are competing in a super-tough market," says John Reed, senior executive director of [Robert Half Technology](#). "The average [IT compensation](#) increase is 5.3 percent this year over last."

Most other pay increases continue to be modest. When in-demand professionals are getting a significant bump up in pay, it's against a background of average increases that are barely above inflation.

“Everything’s pretty flat,” says [E. James Brennan](#), a compensation consultant in Bellingham, Wash. “There’s very little pressure to increase pay, and lots of lassitude. Increases of between 2.9 percent and 3 percent are pretty much the norm.”

Signs that key employees have the advantage. Employers generally are loathe to return to compensation practices that might sow internal turmoil or bring on a cascade of compensation cost increases. But in select occupations and industries, they’re feeling the need to do so in 2016. “Signing bonuses are up, and we’re seeing a rise in [counteroffers](#),” Cox says.

Big data is leading IT pay increases. [Data](#) is a business mega-trend of the 2010s, and employers are finding that they must compensate data experts accordingly.

“Anything in the data category is outpacing pay increases in other IT specialties,” says Reed. Developers, analytics experts, and data scientists and engineers are all commanding high salary increases, he says.

Cybersecurity pros are cracking the compensation ceiling. With costly hacks, electronic theft and other cybercrimes and misdemeanors so prominent in the news, security professionals are pulling down paychecks that reflect their increased importance to the organization. “[Cybersecurity](#) is outpacing many other tech specialties,” Reed says.

Completion bonuses make sense for [IT project](#) contractors. Many top developers continue to embrace the contract lifestyle. Employers bringing in these hired guns on a project basis are structuring compensation accordingly by including a balloon payment for seeing the work through to completion. For contract talent, companies are offering project-completion bonuses fairly consistently, Reed says.

Healthcare professionals’ greater expectations. Medicine is going corporate, and so are healthcare professionals with their expectations of how they will be compensated.

“A healthcare worker today wants the salary and healthcare benefits and 401(k) of a traditional offer, but they also want to know about the bonuses for high performers, how high performance is defined, and what kind of training and development programs are available,” says Abigail Tremble, president of [Randstad Healthcare](#).

Pay for healthcare productivity. Healthcare professionals – both clinicians and administrators – have often been asked to do more without necessarily getting paid more, for the sake of patients. For some in-demand specialists and executives, that’s changing.

“If you’re asking someone to manage a higher patient volume, they’ll be looking for incentives on their end,” says Tremble.

Healthcare executives look for substantial bonuses. Healthcare leaders in particular are expecting their pay to align with their business achievements. “In healthcare today, there are so many new

technologies and complex regulations and reimbursement issues,” says Andy Barberio, a senior account executive at [Fortus Healthcare Resources](#).

“So when you find someone who can skate through all that and keep profits up while providing great service and great patient care and outcomes, paying a bonus of 20 percent to 30 percent can be worth it.”

Adding perks in lieu of bigger raises. Whether they see perks as a higher-value alternative to bigger pay increases or as a way to burnish their [employer brand](#), many companies are taking another look at total rewards. Among the extras that some employers now offer are personal financial-planning and legal services, additional paid time off, and health and [wellness benefits](#), says Nicole Cox, chief recruitment officer at [Decision Toolbox](#).

Underemployment holds down pay increases. In the end, many employers are curbing compensation increases simply because they’re finding that in the current economy, they can field sufficient talent just by keeping up with inflation.

“So many people are underemployed, they have no choice but to take low increases,” says Brennan.