Understanding the candidate market is more critical in 2016 than it has ever been in the past decade. Employers must be aware of what the hiring landscape looks like so that they are ready to react with today’s hiring strategies. With that comes the need to also have a handle on appropriate salary ranges for your market.

Here’s the interesting data we uncovered when assembling our 2016 Salary and Management Resource Guide. The compensation data published last year hasn’t changed very much. While we saw significant changes to pay rate ranges in 2014 and again in 2015, it looks like there was some catching up after the recession and things have leveled off. The entry level (or low end) of salary ranges will see a moderate increase of about 1% and the high end of most salary ranges will see an increase of 2-3% in 2016.

That doesn’t mean that pay raises will be minimal in 2016! This is where it gets interesting. While there is no cost-of-living adjustment forecasted for 2016 by the federal government, employers are budgeting to increase salaries in order to reward their best employees and to lure top performers away from competitors.

Retention
Now is the time to review your department budget(s) and be keenly aware of which employees are vital to the success of your team or company. It is more cost-effective to keep those employees in place than to try and fill their position. Review salary data with your staffing partner or recruiter and make sure your top performers are rewarded with competitive salary.

Most organizations offer an annual cost-of-living adjustment which typically hovers around 1-2% higher than the federal cost-of-living factor. In 2016, the federal cost-of-living increase is … zero. Most companies will still provide pay raises of 1-2% across the board, but, according to the Society for Human Resource Management (SHRM), there is a growing trend for HR budgets to include both cost-of-living adjustments and performance-based pay increases.

(continued...)

2016 Ultimate Staffing Salary and Management Resource Guide
We have compiled comprehensive data to forecast pay rates for 2016. Ask us to reserve a copy for you. It’s completely FREE. Our salary guides also contain unemployment rates, candidate availability trends, and tips from top employers on how to recruit and retain top talent.
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“How much would you pay a new hire to come in and perform at the same level your current employee is performing?” Make sure your current top performer is being compensated at the same level, if not higher than, what you would end up having to pay their replacement.

A hiring environment has emerged where employees are encouraged to leave. According to the Bureau of Labor Statistics, today’s average employee remains at a job for 4.4 years. Consider this … the average raise a good employee can typically expect is about 3% per year. If an employee leaves a company, they are likely to find an opportunity that pays them about 10% more.
“We’ve cultivated a system in which employees who are loyal to their companies are financially punished and those who jump ship every few years are financially rewarded,” says Sean Fitzpatrick, President and CEO of TalentMap.

This year, employers anticipate raising salaries by about 2%, but make room in your budget to award increases to employees who contribute to your work culture and who consistently perform with excellence. Employees who have adopted a performance-based pay structure plan to increase salaries of top performers by 5–10% to help with retention.

Average Tenure by Generation

As you propose your salary adjustments with retention in mind, remember that salary is important, but pay won’t keep an employee from leaving. Get salary right … and then make sure you are excelling in the other areas of employee engagement (meaningful work, challenging work, career advancement opportunities, and recognition).

New Hires

You cannot afford to waste any time when making a new hire. We haven’t seen the candidate market this hot in a long time. When a great candidate comes along, we know that our business customers have about 4–5 days to interview them and make an offer before they’re taken. And those are just the active job seekers who work with our staffing firm to find a new opportunity – we’re also seeing passive candidates willing to consider a change when we reach out and introduce available open positions.

It is a great time for hiring and a great time for recruiting, but only if you are ready to act fast. “We are witnessing the perfect storm in the employment market with unemployment declining, job growth accelerating and a significant shortage in skilled labor,” said Julie Hagan Belka, Sr. Vice President of Professional Services at Roth Staffing Companies (the parent company of Ultimate Staffing), “We must adjust to the lightning speed at which candidates are securing new opportunities. Most hiring managers are not moving their process along quickly enough. If you are currently hiring, I can assure you that the candidate you want to hire will have multiple offers, including a counter-offer from their current employer. Many of our customers who have not hired in a long time have been caught off guard by the speed of today’s market and overall difficulty identifying great talent.”

However, a quick hiring process is no substitute for a practical and effective hiring system. “With today’s tight talent market, the screening process has to change … it has to be more efficient, yet still effective,” said Mimi Taylor, Sr. Vice President of Finance & Accounting at Roth Staffing Companies. “When you know, you know. If they are a hit, hire them. If they are … just okay … move on to the next candidate – don’t settle for less than excellent. Commit to only hiring the most talented and best culture fit – make this your hiring philosophy and stick to it. The outcome of having a team filled with exceptional hires is worth it!”

When it’s time to make your next hire, do your homework first. Reach out to your recruiting partners and get very familiar with the current salary ranges and the availability of candidates for that position in your market. Have all the research completed quickly and then dive in. Be ready to arrange interviews fast. A staffing partner can weed through most of the interviews, but if you’re doing it on your own, be ready to interview a lot of candidates until you get that “ahhh, just right” feeling. When you find the right one, offer them the job before they leave and ask for an answer by the next day. Yes, it really has come to this.

Great candidates are getting gobbled up quickly. Don’t try to cut corners on salary. Be willing to pay a salary that makes your best candidates feel valued and respected from day one. In some cases, you may want to show them the research you have conducted and why you feel your offer is competitive.

Recruiting Top Talent

You may want to find an exceptional performer who is already in place somewhere else … a professional who you know fits with your work culture and the position requirements. Work with a recruiter or staffing partner to approach top talent in your industry. There are a lot of professionals who are willing to consider new and different opportunities. Be willing to offer a competitive salary to capture their attention, and then be ready to tell your story.

“Salary is a factor and people want to work for a company that has competitive pay and a good reputation,” says Doug
Hoffman, Senior Specialist of Talent Acquisition for Princess Cruises. “As important as salary is, people want to work for a company that offers advancement opportunities and know that the company is financially stable, if not growing in their industry. In this market, many candidates want to work for an organization that is involved and active in their community - a company that gives back. They want to work for a place that has a great product and great people.”

Another great way to passively attract potential top performers is to use multiple social channels to share your company’s story, or the story of your individual department. Post photos of team events, activities, volunteering, and office celebrations. Regularly include messaging in these posts that say, “we want to hear from you if this is the kind of team you want to work with.” A passive candidate may not want to go through the process of finding your job posts or uploading a resume, but they can reach out with a LinkedIn message and say, “Although I’m happy where I am, let me know if you ever have an opening for [my position], I think I would have fun there.”

Today’s recruiting is social. You just may find your best candidates from a casual online interaction.

2016 Salary Trends
In summary, the salary ranges you were using this year are not going to see much of an adjustment in 2016. However, you need to be ready to offer pay that is closer to the middle or high end of that range to attract the best talent.

When it comes to recruiting passive talent, if you are luring a professional away who you know is a great fit with your team environment and a proven top performer, then be willing to offer a competitive salary to capture their attention and show how much you value their potential contribution to your organization. Ensure that you immediately follow up with a defined career path and enforce the numerous ways that they will be challenged and recognized in your work environment. The competitive salary offer will dazzle, but also engage their heart and mind. When a top performer prepares to leave an organization, they will likely receive a counter-offer to consider. Make sure your job offer is more powerful – that means competitive salary plus a clear picture of how they will be engaged.

When it comes to keeping your best employees from leaving, be proactive. What would a competitor be willing to offer in order to recruit the talent of your top performers? Although offering more puts a strain on salary budgets, it doesn’t compare to the cost you will incur to replace that employee, onboard someone new, and get them up to speed and performing at the same level your current talent is delivering.