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Hook, Line, and Clincher: How Better Salary Survey Data Can Lure the Best Talent

Andrew Guigno

SURVEY OPERATIONS MANAGER

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The key to ongoing success in any team environment is depth. It sounds like a simple concept but, in an extremely competitive job market, finding that depth is a challenge. Regardless of industry, bench strength is built over time by hiring employees who are open to learning new job skills and advancing in the organization. New college graduates are the ideal resource for building a group of enthusiastic and dedicated employees who can add the depth that every organization needs.

It is expected that almost 2 million bachelor's degrees will be handed out in 2018, according to the National Center for Education Statistics. Although the market is highly competitive, there are still plenty of opportunities to bring in new talent that can help fortify teams and create solid succession plans. How do you ensure that your organization is an employer of choice for new grads?

It might be obvious to say that competitive hiring rates are critical to attract the best talent (and that's true, regardless of the generation). It may not be as obvious to your HR teams how they can uncover those competitive salaries and other valuable hiring information in such a dynamic labor environment.

Survey data is the most accessible tool for a compensation professional to ensure that he or she is offering the most competitive hiring package. Finding a survey is easy, but finding the right survey is key to successful recruiting. When it seems that the data changes every day, it may be tempting to rely on real-time or user-contributed sources of information. However, the quality and scope of data available from a reputable annual compensation survey is the best quantitative approach to attracting new college graduates. This is where you can pinpoint the information that's critical for setting entry-level salaries and associated benefits. Questions to ask when identifying the right survey data might include:

- Who are my organization's labor market competitors?

- Do I need to be concerned with industry?
- Am I hiring in a geographic region with particularly competitive salaries?

Understanding the Hiring Landscape

After broadly identifying a survey that may serve your needs, get into the specifics. Basic information is good, but does it really provide an edge on the fierce hiring battlefield? One especially valuable piece of information is data on jobs that require specialized skills and education, as these are likely to be positions that are difficult to fill.

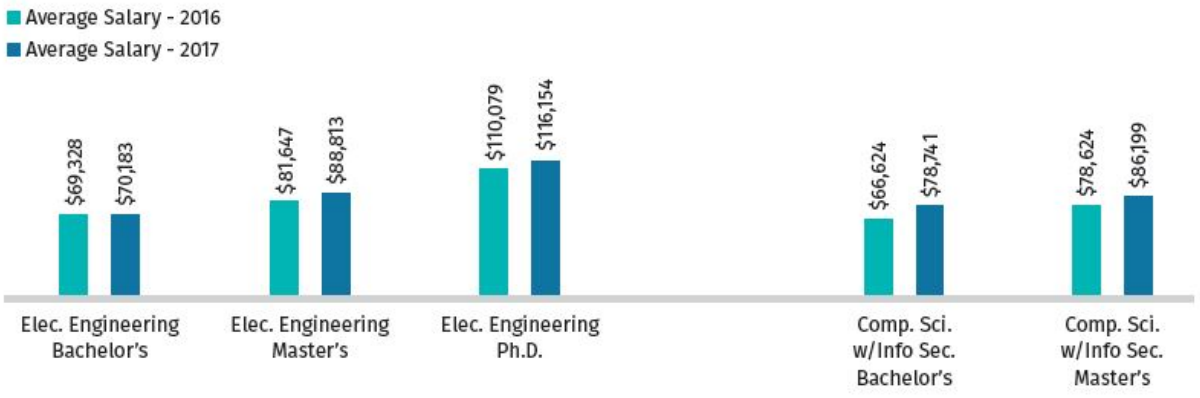
For example, the 2017 Pearl Meyer “College Graduate and Intern Compensation Survey” indicated that many hot job categories and jobs requiring advanced degrees have seen an increase in both starting salary and the prevalence of sign-on bonuses, which may be a new practice that some organizations may not have considered. Looking at data for new engineering hires, it’s clear that only accounting for significant year-over-year salary increases without information on the explosion of signing payments would put a company at a recruiting disadvantage.

Companies are becoming increasingly creative to attract these strategic hires by not only offering signing incentives, but also restricted stock (14.7%) and relocation packages (42.2%). Similarly, recruiting efforts are happening earlier in the college cycle, with 25% of survey participants beginning active recruiting during the fall of junior year, up from 17.2% starting at that time in 2016. Even early-acceptance incentives—paid in addition to other signing incentives—increased from the 2016 rate of 33.3% to 44.4% in 2017. This type of information provides recruiters a valuable head start on hiring for skilled positions.

The competitiveness of a particular job also can provide a challenge by affecting the market base salary. For example, the U.S. Bureau of Labor Statistics (BLS) projects that the employment of the information security analyst position will grow significantly faster than most positions in the next eight years. The average employment growth for all occupations between now and 2026 is 7%, but during the same period the demand for information security analysts is expected to grow by 28%. Salaries for new graduates in

this field of study will certainly require some monitoring.

Figure 1 | Change in Average Salary



	% with Sign-on Bonus 2016	% with Sign-on Bonus 2017
Electrical Engineering Bachelor's	13.1%	27.3%
Electrical Engineering Master's	33.8%	41.1%
Electrical Engineering Ph.D.	29.5%	45.0%
Computer Science with Information Security Emphasis Bachelor's	0.5%	35.7%
Computer Science with Information Security Emphasis Master's	0%	4.8%

Source: 2017 Pearl Meyer College Graduate and Intern Compensation Survey

There is a catch, though: Although a more competitive market can greatly affect pay, jobs with a less competitive job outlook also can have hard-to-predict leaps in salary. For example, according to the BLS, the electrical engineer position is expected to grow in line with the average of all job type expectations at 7%. Even though the job growth of this position is average, the salary of recent grads has increased rapidly for those graduating with a master's degree. This suggests that both highly competitive jobs and jobs with average growth projection require a close eye to the market when setting salaries for new graduates.

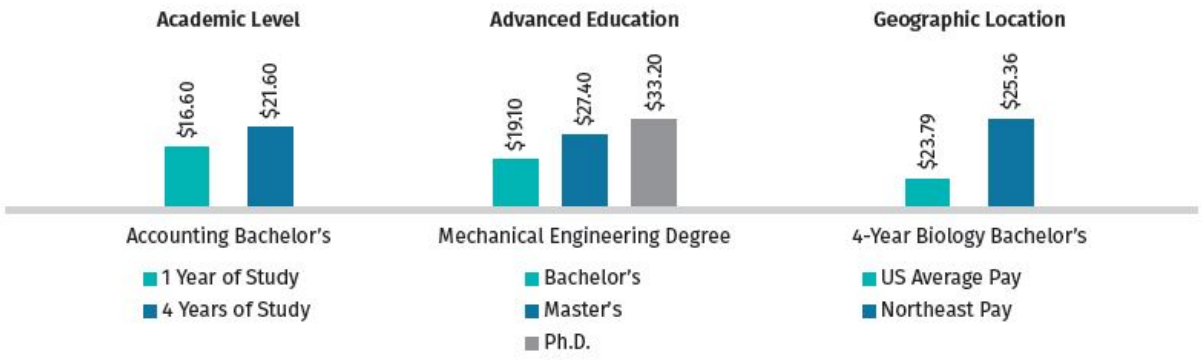
Building Depth Beyond New Graduates

In addition to hiring new graduates, interns can be the most grassroots way to build your depth. What better way to build a base of loyal, driven employees than establishing a relationship with the organization during their undergraduate years, before they focus on their post-graduate job search?

With many companies recognizing the value of establishing that relationship, the intern market has become as hot as the new-graduate market. The savvy HR team will go to data for guidance on straightforward intern hourly hiring rates by degree pursued and geography, as well as broader information such as permanent position hiring guidelines or even intern pay based on their year of study. The differences can be significant:

- In the United States, the average pay rate for an intern in his or her first year of study for a bachelor's degree in accounting is $16.60. For that same degree, the average pay rate jumps to $21.60 in the fourth year of study.
- The market pricing on interns at different levels of study also can have great variance. For instance, an intern studying for a mechanical engineering bachelor's degree in the first year of study has an average pay rate of $19.10, while a first-year master's mechanical engineering student has an average of $27.40. The rate increases to $33.20 for Ph.D. students.
- Like new graduates, intern pay fluctuates significantly based on geographic location. In the United States, the average pay rate for a fourth-year student studying for a bachelor's degree in biology is $23.79, but an intern in the Northeast studying for the same degree is paid an average of $25.36.

Figure 2 | Factors Affecting Average Pay Rate of College Interns



Source: 2017 Pearl Meyer College Graduate and Intern Compensation Survey

Using Data to Enact Strategic Change

If your organization is targeting new graduates and interns but is getting passed over by the best talent because of compensation issues, chances are good that better data will help solve the problem. In-depth salary survey data can be a great remedy for your bench-strength woes and allows your company to put forward competitive packages that attract and retain top talent.

And if your organization is not seeking new graduates and interns, it may be time to re-evaluate your hiring strategy and policies. Data may be the solution there, as well. While every organization wants to attract motivated employees (and who is more motivated than someone just hitting the job market?), the entry level may be an overlooked talent pool. Presenting the data to senior management—while explaining that this cohort is highly sought after and valued by other organizations—may provide a compelling argument for widening the recruitment lens.

About the Author

Andrew Guigno is a survey operations manager. In this role, Andrew manages client accounts as well as assists in the survey process.

About Pearl Meyer

Pearl Meyer is the leading advisor to boards and senior management helping organizations build, develop, and reward great leadership teams that drive long-term success. Our strategy-driven compensation and leadership consulting services act as powerful catalysts for value creation and competitive advantage by addressing the critical links between people and outcomes. Our clients stand at the forefront of their industries and range from emerging high-growth, not-for-profit, and private organizations to the Fortune 500.