



What Is The Value of Compensation?

2023



The True Value of Compensation

Compensation is personal.

Whether you're contemplating a career move or comparing job offers, for most of us, compensation plays an oversized role in employment decisions. When thinking about compensation, it's easy to focus solely on pay. Of course, salary or hourly wage are integral components of an overall package, but the value of that package extends far beyond base pay.

For job seekers, it's critical to remember that compensation consists of everything one receives as an employee, including health benefits, 401K plans, bonuses, stock options, paid time off, and other perks. It's also important to think through the benefits of your chosen compensation package in your personal life: What will that healthcare plan provide myself or family in the event of an emergency? How is the bonus structured and how can I use it to increase my financial net worth or help with retirement planning?

On the employer side, it's important to acknowledge that employees value these elements differently, and compensation shouldn't be approached as a one-size-fits-all package.

In fact, new survey [research](#) found that 76% of employees who receive equity from their employer would prefer this benefit as a lump sum of cash – even if it were tied to retention at the company.



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A New View of Compensation

Over the last few years, the employment landscape has changed significantly, with trends like The Great Resignation and “quiet quitting” putting more power in the hands of employees.

Finding and keeping top talent has always been a priority, but for many employers the events of the past few years have created added challenges. According to [NFIB’s January job report](#), 57% of small business owners were hiring or trying to hire during the month of January. Of that group, a whopping 91% found few or no qualified applicants for their positions. In that same vein, 45% of owners were unable to fill openings during the month – an increase from the month prior.

Indeed, recruiting and retaining skilled workers is a significant challenge. Employers across industries have been under pressure to show that they’re listening to and meeting workers’ needs, all in a manner that also benefits the company. Traditionally, employers consider a number of factors when determining compensation packages. While every organization is different, it’s common to reference similar positions within the company, what competitors are paying for comparable roles, as well as the experience and skillset of the candidate. Market factors, such as how many people are applying for roles versus open positions, can also impact a final offer.



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While these all remain valid considerations, determining compensation is no longer a cut and dry procedure. In today's challenging recruitment landscape, hiring managers must adapt and change the way they think about their offers.

Instead of considering compensation as a set value, **today's employers must focus on how each employee or candidate perceives that value**, and how they can deliver something that matters to that individual.





Focus on Personal Value

The value of a compensation package is inherently subjective.

Employees at different stages of life have distinct needs and thus will value potential compensation elements differently. A young adult fresh out of college, without dependents may not require strong family healthcare coverage, for example. Or, a more experienced employee who is closer to retirement may seek out a more generous 401K matching plan. When it comes to compensation, what incentivizes one employee may mean nothing to another, so when looking to recruit and retain top talent, employers must focus on delivering *personalized value* to each individual. This means understanding value through all lenses and tailoring offers to deliver on that promise.

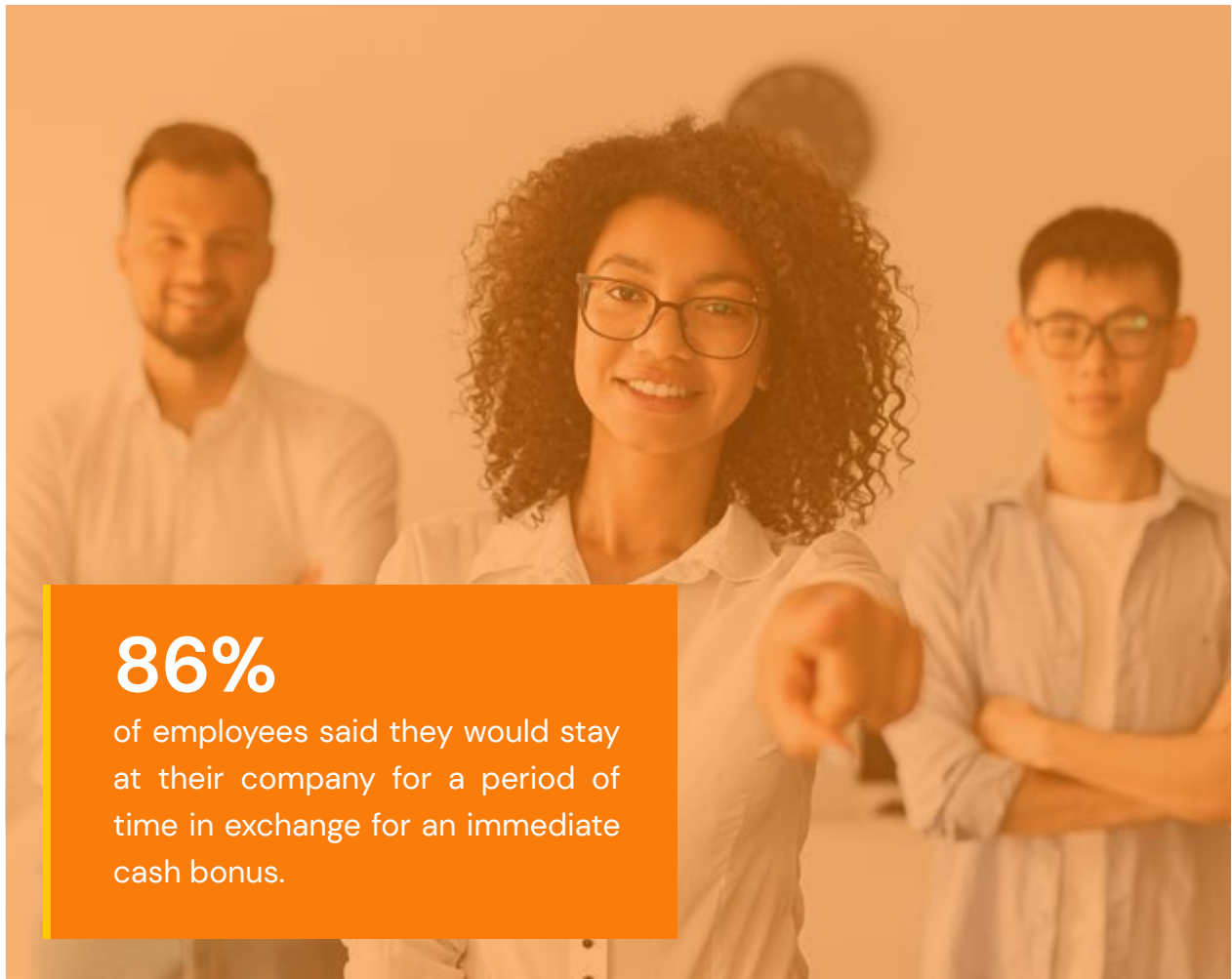
One effective way to do this is by including a vesting cash bonus in a compensation package. This lump sum of cash is given to employees at the start of employment, or the beginning of a given employment period, in exchange for agreement to stay with the company for a specified amount of time.

Throughout that time, there are key vesting milestones, and at each milestone the portion that vests no longer needs to be paid back should employment end.

The beauty of a vesting cash bonus is that it can be utilized however the employee needs in that moment of their life – and it has the power to make a meaningful, immediate impact for them, no matter their age or experience.

A [recent survey](#) found that out of more than 1,000 workers, 86% said they would stay at their company for a period of time in exchange for an upfront cash bonus.

When given options for how to spend the money, top answers included paying off debt, saving for retirement, and contributing to a down payment – all significant, life changing achievements that carry meaningful value for the individual. One other important benefit of using an upfront lump sum of cash in the above ways is they all contribute toward an employee’s net worth, which can hold more long term weight than a slight bump in salary.



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Cash Still Rules

A vesting cash bonus is a powerful addition to a compensation package for many reasons.

Unlike stock options – a relatively common offering these days, especially among technology companies – vesting cash bonuses are guaranteed and don't depend on the success of the company. While including equity in a package can be valuable in the long run, there is no certainty tied to it. Its reliance on company performance means that ultimately, the equity could be worth very little, or even nothing at all. Vesting cash bonuses eliminate that uncertainty and provide clear, measurable value for employees.

And as mentioned above, employees now recognize this uncertainty. A [recent survey](#) found that of those who currently receive equity, 76% would prefer a cash bonus in exchange for staying at the company for a certain period of time – a testament to the value that cash delivers.

What's more, it can take years for equity to deliver value (if at all) to the employee, whereas vesting cash bonuses deliver immediate value. There are also no confusing rules or questions around taxes and payout. And naturally, there are no stipulations on how the bonus is spent, which leaves each individual to apply it to their lives in whatever way benefits them the most. In today's employment climate, vesting cash bonuses are an effective way for companies to demonstrate they are listening to workers' needs and delivering more than just compensation, but true value, for any stage of life.



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A Tailored Approach to Drive Success

There's no question that the recruitment and employment landscape has changed significantly in recent years. Companies across sectors have had to rethink their compensation offerings to set themselves apart from the competition and attract, build, and retain a talented workforce.

In today's competitive job market, employers can no longer approach compensation packages as a one-size-fits-all endeavor. They must acknowledge that compensation is inherently subjective and that each individual values offer elements differently, depending on stage of life, goals, and current needs.

Instead of focusing on amount, **employers must look at perceived value for each individual** and work from there to create an enticing offer. By considering the value for each employee, an organization is more likely to successfully recruit and retain the talent needed to drive productivity and advance the business.

Is it time to rethink your approach to building compensation packages?

[Schedule a Keep demo today](#) if you're looking for flexible, value-driven compensation options.

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About Keep Financial

Keep Financial is revolutionizing how companies attract, engage, and retain talent with vesting cash bonuses — providing an easy-to-use platform to create and deploy usable cash to employees that is earned over their tenure.

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