

Compensation Strategies to Ensure Your Organizational Success



In today's competitive job market and uncertain economic climate, organizations must do more than just offer a paycheck—they need a well-rounded, transparent, and regularly reviewed total compensation strategy to attract and retain top talent. As compensation experts, we frequently encounter employers who struggle with compensation strategies. Often, they make critical mistakes that impact their workforce, leaving employees confused about how compensation decisions are made. The confusion can lead to feelings of unfair treatment resulting in lower engagement or even prompting employees to leave the organization for financial reasons.

Effective total compensation reviews have become an essential and foundational part of a strong talent strategy. Here are important considerations to help your organization optimize its approach.

1. Adopt a Data-Driven Approach

One of the most common pitfalls employers face is misunderstanding market rates. Relying on outdated compensation data or failing to consider geographic differences can lead to salary structures that are either uncompetitive or unsustainable. Over the past few years, there have been significant shifts in compensation structures, impacting many roles due to increased competition or changing demands. Employers must regularly analyze market trends, using up-to-date industry benchmarks to ensure their compensation packages align with current realities.

2. Consider Annual Adjustments

Total compensation increases over time, influenced by inflation, labour market

competition and individual performance. How much an employer should increase compensation each year is often a subject of great debate.

Annual reviews and adjustments have become common practice to ensure employers can both attract and retain the talent they need and mitigate the risk of falling behind. Relying on the Consumer Price Index (CPI) alone can be misleading, as it can be a volatile and influenced by short-term economic changes. It does not reflect factors like market conditions including skill shortages and the competitive nature of salaries in different fields and industries. To stay competitive, employers need to consider a more balanced approach that considers merit-based raises, market rate adjustments, performance-based incentives, and, increasingly, offering non-monetary benefits, such as flexibility and professional development.

3. Build Trust Through Transparency

Many organizations still operate with opaque pay structures, leading to employee dissatisfaction and retention challenges. Transparency in compensation means not only providing clear salary bands but also openly communicating how pay decisions are made. Employees who understand their earning potential and career progression paths are more likely to feel valued and engaged.

Pay transparency is becoming an industry standard, with several Canadian provinces implementing mandates. For example, British Columbia, Prince Edward Island, and Ontario (effective January 1, 2026) require salary ranges to be included in job postings. Pay equity reporting has also become a requirement of federally regulated organizations as well as many organizations that operate in Quebec, British Columbia, and Newfoundland and Labrador (public sector).

Further to this, a growing number of Provinces and States across North America prohibit employers from asking about an applicant's past compensation to ensure this information does not perpetuate existing pay disparities and to reduce bias in the hiring process. This shifting regulatory landscape has forced many employers to reconsider how their current compensation philosophy and structure will appear in a more transparent world.

4. Link Performance to Compensation

A common misstep in compensation strategies is taking a one-size-fits-all approach to pay increases and bonuses. A well-structured total compensation review should include a strong

linkage between performance and rewards. Employers must ensure their compensation structures are aligned with company goals, motivating employees while maintaining fairness and consistency.

5. Explore Non-Monetary Benefits

Salary is just one part of the equation. Benefits such as flexible work arrangements, professional development opportunities, and wellness programs are becoming increasingly valuable to employees. Employers who focus solely on monetary compensation risk overlooking what truly motivates and retains their workforce. Additionally, in times of economic uncertainty, employees place even greater importance on stability and well-being, making wellness-focused benefits a key component of a strong compensation strategy. Employers we work with are exploring a wide variety of fresh and innovative non-monetary benefits, including:



Personalized recognition: Custom rewards, team and individual shout-outs, or experience-based incentives.



Paid volunteer days: Align company values with employee engagement.



Mental health and wellness: Access to therapy, stress management tools, and wellness programs.



Career development: Certifications, leadership programs, and skills workshops to foster loyalty and growth.



Financial wellness support: Financial literacy resources, and retirement planning assistance to help employees navigate economic challenges.

6. Stay Compliant with Labour Laws

Compliance is another crucial factor in compensation strategies. With evolving federal and provincial labour laws, organizations must stay informed about changes in minimum wage, pay equity requirements, and industry-specific regulations. Failing to comply can result in legal issues, financial penalties, and reputational damage.

7. Listen to Employee Feedback

Ignoring employee input is a critical mistake. Compensation strategies should be informed by direct feedback from employees. Conducting engagement surveys and creating space for discussions about compensation concerns can provide valuable insights into what employees truly value, helping to shape more effective and equitable pay structures.

Employers must shift from a reactive to a proactive approach when it comes to compensation. Often, a sudden role vacancy triggers a compensation review, which might have been avoided if perceived compensation gaps had been addressed earlier. The cost of hiring, training, and onboarding is significant. A plan to ensure competitive compensation can significantly mitigate the risk of talented employees leaving to seek compensation better aligned with their value.

Additionally, the increasing trend of including compensation in job postings has prompted many employers to consider the inequities within their organization. If making current employees aware of the compensation offered to new hires raises concern about internal conflict and potential attrition, it is time to reflect on your compensation strategy.

Investing in continuous learning, leveraging market data, and seeking guidance from compensation consultants can help organizations refine their strategies. Compensation strategies should not be static. Organizations that fail to review and adjust their compensation structures regularly risk falling behind industry standards. By prioritizing transparency, fairness, employee well-being, and a holistic approach to rewards, organizations can create a work environment where employees feel valued and motivated to contribute their best efforts.

A well-structured total compensation review is not just an administrative task—it's a strategic investment in the success of an organization and its people..

How We Help Align Compensation Strategies to Your Organizational Goals

Our data-driven approach combines market intelligence with your organization's unique realities to develop sound strategies that optimize your compensation structure. We tailor our services to your specific needs, providing insights to help you attract top talent, motivate performance, and retain high performers.

Our experienced team delivers pragmatic, people-focused solutions, including market analysis, compensation structure design, incentive programs, job evaluations and executive compensation reviews and plans.

The Right Solution Starts with a Conversation

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