



Line managers need guidance so they can effectively communicate with employees

There were some interesting nuggets in among the expected in the latest CIPD survey on pay. A desire to increase pay and benefits has become the main reason that employees want to change jobs, the CIPD revealed. Pay overtook 'improving job satisfaction' in this year's CIPD employee outlook survey, as the economic downturn continued to erode people's standard of living. Line managers are key to tackling the problems, says Ruth Thomas.

The survey of 2,000 employees found that more than half of workers (54%) said their top reason for wanting to change jobs was to increase their salary and benefits. Job satisfaction came second (42%). This is a reversal from last year when 61% cited job satisfaction and 48% said improving pay and benefits. The trends were the same across all sectors.

In an environment of pay freezes, high inflation and slow growth, 36% of those surveyed reported a decline in the quality of their life in the past six months, the CIPD said.

All these factors put severe strain on the relationship between employers and employees. I believe compensation leaders should find comfort that, despite these difficult economic times, employee engagement on pay is not necessarily around how much they are paid, but whether they perceive they have been paid fairly and equitably.

Achieving pay transparency requires business leaders to keep reward simple by focusing on what really matters. This is the best way to ensure that your reward strategy is understood from the top down. All too often, company revenues are used as the sole key metric for determining individual compensation. However, revenues are merely the result of a good company doing good business. There needs to be more focus on what the crucial drivers to corporate success are and, once these are determined, they should then be incorporated into reward strategy and programmes. Ultimately, a finely tuned compensation package that accounts for all the right goals is going to be most effective at retaining and motivating your workforce.

It is also critical that your reward policies are understood and perceived as fair by employees, so effective communication of compensation is key. Employees need to understand how their pay relates to internal factors such as their own contribution, their business unit and company performance and how their pay stacks up relative to internal benchmarks and external factors such as general market rates.

Many compensation leaders have deployed strategies to communicate 'Total Reward', but the role of the line manager in this communication is often overlooked. Even if your organisation has a great reward strategy, if this is not communicated to employees effectively the process falls down.

So what can be done to ensure line managers are best equipped to communicate the reward message? If you can ensure line managers have been in control of the reward decisions they make, feel they have had the relevant information to make decisions and allocate their compensation budgets accordingly and have retained oversight of compensation approvals, then they are more likely to be able to communicate the outcomes effectively to employees.

One aspect worth noting is that line managers are often overlooked and treated as straightforward data-inputters when making compensation recommendations. A significant number of companies still manage compensation processes through multiple spreadsheets or via legacy HRIS solutions that are not flexible enough to meet rapidly changing requirements and provide little value to line managers for budgeting and pay-for-performance initiatives.



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My own organisation, Curo, was inspired by these challenges to bring to the UK market a dedicated compensation planning software. We are working with clients who have recognised that to deliver compensation programmes that truly align with business goals in today's environment they require a solution that provides control over budget allocation, guiding and informing line managers so they can effectively onward communicate and reassure employees

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