

What should you be paying your staff?

www.ebrs.co.uk | admin@ebrs.co.uk | 01454 501686

Developing a strategy for setting the pay in your organisation can be a daunting process. We provide some pointers for you in this article.

It is tempting to maintain the status quo or to simply pay your staff what feels right. After all, most employers know broadly what the typical rates of pay are for most of their roles, based on current adverts and by speaking to local recruitment agencies.

But reliance on 'gut feelings' can over-simplify the process, leading to problems. If you set pay too low, then you risk disenchanted employees looking for recognition elsewhere.

Fix salaries too high and you'll not only be eating into your profit margin, but your workforce can become stale as people won't be keen to move on!

When we advise clients on how they should go about setting pay rates, we encourage them to first take a step back and consider what they want to reward.

These can be categorised into four areas, which we explain in this article. Clearly the qualities of the employee and the work that they are doing are key determinants of pay. The context of your organisation and factors outside your control will also be influential.

The post holder

People's skills and knowledge are taken into account when they join, but perhaps an increase is merited once they complete their induction.



Experience in a role is sometimes reflected in annual incremental pay rises, but this should be handled carefully to avoid age discrimination. Such rises should also relate to increased levels of contribution.

If employees' performance, contribution and development are measured and monitored robustly through appraisal, then these can be reflected in their pay.

The job role

Of course, you know what your roles involve and how they fit into your organisation's structure. However, making accurate comparisons between different types of role can be tricky to get right.

To overcome this, you can measure the relative size of jobs by applying job evaluation. This doesn't have to be overly complex or bureaucratic, but does need to be set up carefully to ensure that it is compliant with equal pay legislation.

As well as helping to establish structure and hierarchy, job evaluation can also help with recruitment and performance management. It does this by breaking roles into their component parts, such as by identifying the level of skill needed.

External factors

Supply and demand in the job market that you operate within will affect pay levels. As well as looking at current job advertisements, you can obtain market data from quality pay surveys.

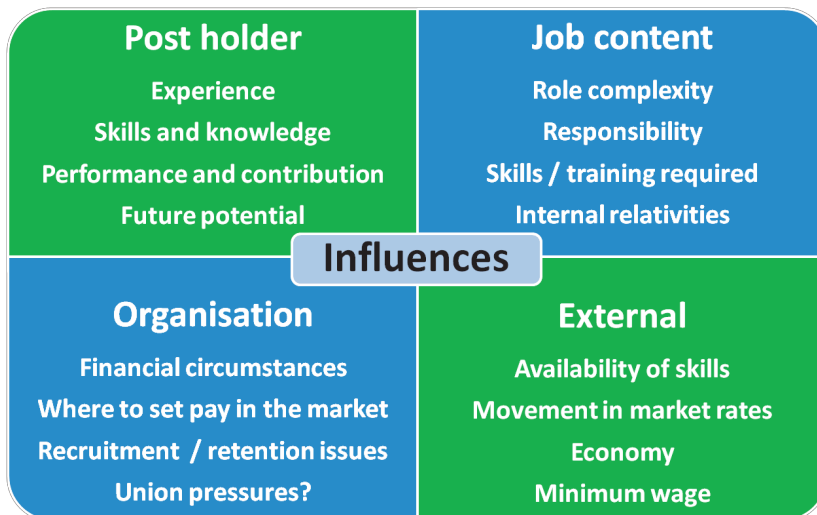
Jobs with the same title may have very different responsibilities. If you have evaluated role size, then you can use this information to get a precise assessment.

Inflation and pay rise forecasts can help you to plan pay increases. Pressures on pay have been limited during the recession, However, subdued pay rises, combined with higher inflation, mean that organisations will need to take these into account more as the economy recovers.

Your organisation

The final area is focused on your own organisation's circumstances. Affordability will clearly dictate what you can pay, but if your priority is for growth, then you may want to pay above market rates to attract talented candidates.

If trends show that key people are leaving, then you may need to focus on these roles to ensure that you are paying enough. If funding is limited, then you may need to target pay rises at your top performers to keep them engaged.



How EBRS can help

We can guide you through the process of designing a robust pay structure that meets your organisation's needs.

Our job evaluation system can be customised to suit your organisation. We can smoothly introduce it for you, providing you with a simple framework to allocate subsequent new and changed roles yourself.

We can benchmark the market value of your roles using our database of salary information, pay survey data sources and recruitment advertisements. The comprehensive report we provide to our clients gives them an objective assessment that can also cover bonus and benefits levels.

We design pay structures that reward performance and provide salary progression that is based on merit. By finding out about your organisation's pay pressures and reward requirements, we will cost out several options for you and can support the implementation of your chosen approach.



essential benchmarking
and reward solutions

110 Brackendene
Bradley Stoke
Bristol BS32 9DH

Phone: 01454 501686

Fax: 01454 302502

admin@ebrs.co.uk

www.ebrs.co.uk

Established in 2009, EBRS specialises in helping you to get reward right.

It is led by Karl Ellis, who is a reward specialist and a Member of the Chartered Institute of Personnel and Development. He has more than 15 years of broad HR experience.

Before launching EBRS, Karl led the pay and reward team in the HR consulting arm of a highly respected financial services company.

He works nationally with clients in the private and not-for-profit sectors, providing practical advice and helping them to establish and maintain effective reward strategies.

He has also worked for Lloyds TSB and has extensive NHS, civil service and local government experience.