

# Facilitating Salary Conversations

GUIDE

# The Role of HR Professionals

**Salary conversations are pivotal for a healthy work environment, serving to recognize contributions, address concerns, and align compensation with organizational goals. They often involve sensitive topics like personal finances and career progression. HR professionals enable line managers to navigate these discussions effectively, bridging the gap between employees and management with essential guidance and support. Their expertise ensures fairness, transparency, and compliance with company policies, fostering trust and satisfaction for organizational success.**

Supporting line managers means coaching them to navigate complex situations effectively, including conversations like salary discussions. This involves providing guidance and support structures, establishing channels for ongoing assistance, and fostering collaboration and feedback.

## Keep in mind

- Salary discussions should be integrated into regular conversations the manager has with their team rather than being intimidating events that instill fear and discomfort.
- Managers should maintain dignity and respect when addressing employees about rewards, ensuring transparency and sensitivity.
- Managers should expand discussions beyond salary alone and consider the broader employee value proposition and experience factors, fostering a holistic conversation.

## BEST PRACTICES

- Position the HR team as an enabler, not a substitute, for line managers in salary discussions. Equip line managers with skills and guidance to lead these conversations confidently, fostering accountability and alignment with organizational goals.
- Create support structures to assist line managers in addressing employee concerns and resolving issues related to salary discussions promptly.
- Establish open communication channels where line managers can seek guidance, share experiences, and receive feedback from HR professionals and peers regarding salary discussions.
- Use insights gained from proficient managers who effectively conduct salary conversations to educate and empower others.
- Regularly solicit feedback from line managers regarding their experiences, challenges, and needs related to supporting employees through salary discussions. Use this feedback to evaluate the effectiveness of support initiatives and make necessary improvements.

# Establishing Clear Guidelines

**Establishing guidelines for salary discussions is crucial for fairness, transparency, and employee satisfaction.** They provide a roadmap for managers and HR, outlining best practices and expectations for determining and communicating salary adjustments. Clear guidelines ensure equity, trust, and open dialogue, promoting effective compensation discussions. These are eight best practices to get the most from the discussion.

1

## Transparency

Clearly communicate to employees the criteria used to determine salary increases, such as performance metrics and market trends; that way, employees can see how their salary is determined.

2

## Fairness

Ensure adherence to a fair and consistent process that promotes equity among all individuals.

3

## Create clarity

Ensure that conversations are factual and clear and do not leave any room for ambiguity.

4

## Documentation

Keep records of salary discussions, including meeting minutes and any agreed-upon salary changes, to maintain transparency and accountability.

5

## Manager training

Train managers in conducting fair and constructive salary discussions, focusing on empathy and communication skills. Equip them with tools, information, and decision-making abilities to manage these conversations effectively.

6

## Open dialogue

Encourage employees to express their salary expectations and concerns openly during performance reviews or one-on-one meetings with their managers.

7

## Benchmark your information

Compare the salaries offered by your company to industry benchmarks to ensure they remain competitive and attractive to top talent.

8

## Flexibility

Consider individual factors such as tenure, specialized skills, or exceptional performance when determining salary adjustments.

# Discussing Salary in the Context of End-to-End Employee Experience

**Discussing salary in the context of other benefits and experiences that the organization provides is helpful to create a holistic picture of what the organization offers to employees.**

Salary discussions should always be contextualized within the broader employee value proposition (EVP). Doing so is helpful when salary adjustments are also not meeting expectations that employees have or when employees are not sure of the broader tangible and intangible value the business provides to employees.

## Tangibles

- Compensation
- Benefits
- Incentives
- Bonuses

*The tangibles of an EVP are the concrete benefits and rewards that employees receive from their organization.*

## Intangibles

- Wellbeing
- Work-life integration
- Recognition
- Growth and development
- Culture and purpose

*The intangibles of an EVP are the nonmaterial benefits that contribute to an employee's experience and satisfaction at work.*

## KEEP IN MIND

It is helpful to keep the following in mind when discussing salary and the broader employee value proposition:



### People have different needs

Recognize that different employees may value different forms of recognition. Take the time to understand individual preferences and tailor rewards accordingly.



### Empower employee recognition

Encourage a culture of appreciation and acknowledgment where employees feel empowered to celebrate each other's achievements and contributions.



### Offer variety and choice

Provide a diverse range of alternative options for reward and recognition, including nonmonetary incentives, professional development opportunities, and flexible work arrangements.



### Highlight success stories

Share success stories and examples of how employees have benefited from alternative rewards and recognition.



### Ask for feedback regularly

Continuously ask for feedback from employees to assess the effectiveness of your initiatives. Refine existing programs and identify new opportunities for improvement and innovation.

# Giving Feedback When Adjustments Are Not Feasible

**Communicating limitations is critical in managing salary discussions effectively. This involves employing transparent strategies and addressing employee expectations.** It's important to acknowledge that while salary increases may not always be feasible, the organization values their contributions. By openly communicating limitations and exploring alternative

options, organizations can foster understanding, mitigate disappointment, and maintain employee engagement and morale. At times, line managers must provide feedback to employees that adjustments are not possible or will not meet their expectations. Here are nine best practices you can share with line managers on how to approach this conversation.



**Be transparent.** Clearly communicate the reasons and constraints behind the limitations in salary adjustments to ensure employees understand the context.



**Offer context.** Provide background information on external factors or industry trends that may impact the organization's ability to provide salary increases.



**Maintain open communication and follow up.** Keep employees updated on financial changes and revisit salary discussions regularly. After communicating limitations, follow up with employees to address questions, offer support, and provide guidance.



**Set realistic expectations.** Manage employee expectations by providing honest assessments of the organization's financial situation and the feasibility of salary increases.



**Listen actively and be empathetic.** Encourage employees to share concerns and perspectives; actively listen to their feedback to foster empathy. Acknowledge limitations' impact on employees, showing empathy for their concerns and aspirations.



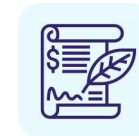
**Focus on long-term growth.** Emphasize the organization's commitment to employee development and career progression, highlighting opportunities for growth beyond immediate salary adjustments.



**Focus on facts.** Use data and metrics to support your communication, illustrating the rationale behind the limitations objectively.



**Provide alternatives.** Offer alternative solutions or nonmonetary benefits, such as professional development opportunities or opportunities to work on other projects beyond their current position.



**Do not promise something you cannot deliver.** Be upfront about what is possible and only make commitments that you can keep.

# Equipping Line Managers for Salary Conversations

**Preparing line managers to conduct these discussions is important.** Review the checklist to ensure your company effectively enables line managers to have these discussions in a respectful, dignified, and productive manner.

## Line managers in my organization have access to:

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Individual information for each employee on past salary adjustments

Negotiation skills workshops focusing on salary discussions

Reliable salary benchmarking platforms or databases

Communication training to enhance interpersonal skills and convey messages effectively

Guidance on interpreting and applying benchmarking data to salary discussions

Conflict resolution sessions to address potential challenges during salary negotiations

Regular updates on industry trends and changes in compensation practices

Detailed documentation outlining the organization's salary negotiation process

Templates for offer letters, salary adjustment notifications, and performance review scripts

Clarity on the criteria used to determine salary adjustments and promotions

Customizable templates tailored to different salary negotiation scenarios and employee levels

Guidelines on handling sensitive topics such as salary disparities and counteroffers with fairness and professionalism

Training on how to effectively use and personalize communication templates for specific situations