



# CUTTINGS

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Compiled and edited by Geof Cox

## Why don't we communicate about pay?

A study by the CIPD in the UK has some astonishing findings. I have been reporting a lot about employee engagement in the last few issues of Cuttings, and this survey identifies organisations and managers shooting themselves in the foot when it comes to utilising opportunities to build engagement. After all, other studies have found that at all income levels, the more knowledge employees have about their pay system, the more likely they are to be satisfied with their pay and be engaged at work.

In fact, it seems that a quarter of all employees in the UK did not get any explanation of why they received a pay increase in 2008, and over half received the explanation by an impersonal means like letter, email or notice.

Generally, less than half of organisations (47%) have explained to employees about how their salary level is determined, and even fewer (22%) know how other pay levels in the organisation are determined. Under half of employees (48%) think that they receive about the right level of communication about pay.

Even more worryingly, especially in the current climate, is that only 28% of employees have been given

any explanation about what they need to do to get a pay rise in 2009.

We seem to be missing a massive opportunity, especially when 56% of employees would like to be rewarded based on how well they perform (compared with only 19% based on length of service and 2% on age).

Why do we get it wrong? From my own and others experience of working with organisations to improve compensation communications, we hear a few explanations:

- It's an HR issue – Yet we know that the relationship with the line manager is the key to engagement in an organisation.
- It's a taboo subject or kept secret. This doesn't work either, as nature abhors a vacuum, so misinformation will fill the gap.
- We don't get any questions from staff – this is more likely to be due to a perception that they won't get an honest answer or could give them a black mark, rather than a lack of interest.
- The line manager lacks the confidence or competence to handle the discussion. (Twice as many managers express lack of confidence in answering pay questions than answering performance questions.)

And, often linked to the first and last points – a reliance on mass communications and a one-size-fits-all process. Studies consistently find that people find that the most effective communications route is through personal, one-to-one contact with the line manager.

This all points to a big need to give line managers the information and help them to develop confidence in holding conversations. A need supported by the CIPD report: on a scale of 0 (none) – 3 (fully), organisations averaged 1.5 in providing managers with development and support to communicate pay, and managers were ranked at an average of 1.0 in terms of confidence in their ability to handle the discussion.

And, as one observer puts it “I can't think of a better time in the last twenty years to reveal more about how pay systems work and decisions are made. In the current environment, we may not be able to distribute more pay, but we can distribute more knowledge.”

*CIPD Reward Management Report 2008*

*Compensation: What's the big secret? HBS Working Knowledge*

*Knowledge of Pay, WorldatWork.org*

## Dramatising is Counter-productive

Making a drama of the current business issues may introduce a fear factor—there's something big and unmanageable coming to get us – that will deliver a constant state of energy-sapping stress from which there is little relief.

It will encourage presenteeism—people showing up for work, but

engaging in 'busy' work and long hours to demonstrate they are committed and believe the story.

Add the next statement (implicit or explicit): “We reward individuals based on performance” and you get performance equating with heroics.

Exhausted employees whose mental, spiritual, physical, and

emotional energies are weakened are not productive.

So, let's be truthful but not over-dramatise the problems we face. Otherwise we face the outcome of another drama – Pigmalion – a self-fulfilling prophecy.

*Business Dramas. Jim Loehr, HR.com*

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# Snippets

A collection of thought provokers and quotations...

- ✂ “...help us work for that day when black will not be asked to get back, when brown can stick around—when yellow will be mellow—when the red man can get ahead, man—and when white will embrace what is right.” *Rev. Joseph Lowery*
- ✂ “We can draw lessons from the past, but we cannot live in it.” *Lyndon B. Johnson*
- ✂ “Realize that true happiness lies within you. Waste no time and effort searching for peace and contentment and joy in the world outside. Remember that there is no happiness in having or in getting, but only in giving. Reach out. Share. Smile. Hug. Happiness is a perfume you cannot pour on others without getting a few drops on yourself.” *Og Mandino*
- ✂ “Happiness is when what you think, what you say, and what you do are in harmony.” *Mohandas Gandhi*
- ✂ Before you criticize someone, you should walk a mile in their shoes. That way, when you criticize them, you're a mile away and you have their shoes,
- ✂ “Do not go where the path may lead. Go instead where there is no path and leave a trail.” *Charles Elachi*
- ✂ “The invariable mark of wisdom is to see the miraculous in the common.” *Ralph Waldo Emerson*
- ✂ “Whatever you are by nature, keep to it; never desert your line of talent. Be what nature intended you for and you will succeed.” *Sydney Smith*
- ✂ “There are worse things than looking stupid. Sleeping through life is one of them.” *Laura Preble*
- ✂ “The great thing in this world is not so much where you stand, as in what direction you are moving.” *Oliver Wendell Holmes*
- ✂ “Be brave. Take risks. Nothing can substitute experience.” *Paulo Coelho*

## Some data on the Strengths Revolution

Marcus Buckingham and his colleagues have spent 10 years researching productivity and motivation. Their major conclusion: “The master lever is getting each employee to play to their strengths”.

Key research supporting this conclusion includes:

Dr Jim Hartner of Gallup and Dr Frank Schmidt of the University of Iowa studied the difference between employee attitudes on low and high performing teams (2002, *Journal of Applied Psychology*). They used the Gallup Q12™ questions (from the Gallup engagement survey and the book *First Break all the Rules*) and asked 198,000 people on 7,989 teams in 36 different organisations. Correlations were highest or second highest in 4 of the 5 measures of Productivity, Profitability, Safety, Customer Satisfaction, and Employee Turnover, for the question: “At work, do you have an opportunity to do what you do best everyday?”

In 2007, thirteen major organisations participated in a benchmark strengths study of high performing teams. The teams came from different levels within organisations, and from different countries. 65 teams participated containing 783 members averaging a team size of 12. 55% of the high performing teams believe that building on their strengths is the best way to succeed compared to 37% a national sample. 42% of the high performers say their managers talk with them about their strengths, versus 24% of the national survey. And, 33% of them say they do what they really like to do at work “most of the time,” as compared to only 14% of the national sample.

And, from a sample of the US workforce, if you ask them what their ideal job is, 60% of them say either “what I am doing now with increased responsibility” or “a specialised subset of what I am doing now.” Only 31% say “a different job.”

These data show a well-substantiated correlation between people working to their strengths

and team and organisation high performance.

Most jobs contain enough opportunity to do more of what we do best. In teams, we have the potential to reallocate work to those who have the strengths to do it well. The data suggest we do not have to redesign entire organisations to begin improving performance.

Simply put: As managers we should build on people’s strengths and manage around their weaknesses.

*Leading the Strengths Revolution, HR.com*

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7-10 September (English, location tbd)  
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3-4 June (Brussels)  
6-7 July (London)

#### Managing Technical Professionals

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