

COMPENSATION COMMUNICATION TOOLKIT FOR

# PEOPLE LEADERS

# Discussing Compensation

**Pay is personal, affecting real-life circumstances for employees and their families. Directly, or indirectly, pay serves as a signal of how we value an individual within the organization.**

As a result, discussing salary and merit pay with your employees can be difficult. As challenging as these discussions can be, they also present an opportunity to create and build a relationship of trust and respect. These conversations are some of the most important you will have with your employees.

This guide is intended to help you through these conversations and hopefully lead to higher engagement and motivation for strong future performance. It is important that your employees understand the university's compensation programs and processes and how compensation decisions are made that directly impact each employee.



**In the absence of effective communication of our program, employees will come to their own conclusions that may not be accurate.**

**We will give you the tools to have these conversations with your employees including:**

**1. Educate your employees on USask's compensation philosophy**

- how salaries are determined
- how ongoing salary progression works
- what our market strategy is and who are our comparator groups

**2. Explain the Merit process and how to have the discussions with employees when they:**

- receive a merit bonus
- didn't receive a merit bonus

**3. Remind employees that cash compensation is one aspect of the university's Total Rewards package, which includes:**

- salary
- benefits
- paid vacation
- pension
- staff discounts and more



## Online Total Rewards statements

Encourage your employees to view their online Total Rewards statement, available through their PAWS accounts. These personalized statements help employees understand their value to the university and helps increase awareness and appreciation of all of the benefits and services they have access to as USask employees that aren't necessarily captured on a paycheque.

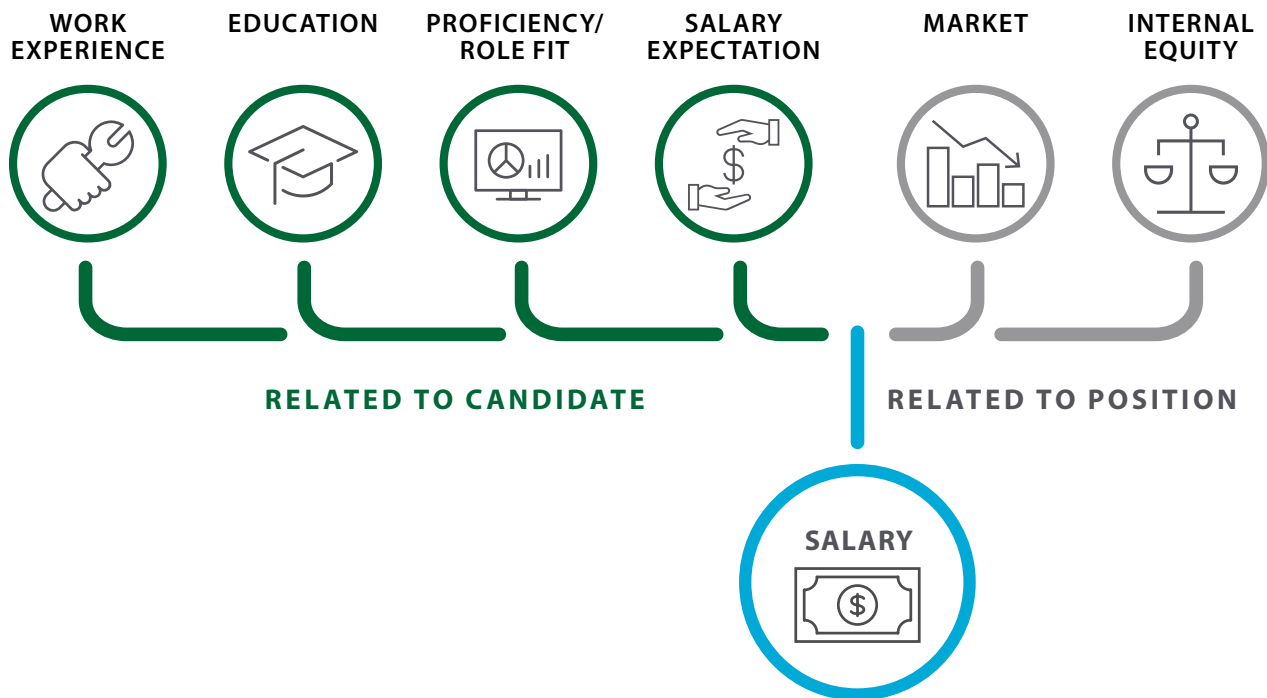
 [paws.usask.ca/go/mytotalrewards](https://paws.usask.ca/go/mytotalrewards)

# Compensation Model

As part of the Total Rewards strategy at the University of Saskatchewan, we are committed to offering competitive compensation that is reflective of the employee's contribution with the opportunity for performance-based pay, where collective agreements allow.

## DETERMINING STARTING SALARIES FOR NEW EMPLOYEES

There are a number of factors that contribute to the determination of an employee's starting salary.



## ONGOING SALARY PROGRESSION

Salary progression varies by employee group, but is based primarily on a combination of the following adjustment types.



### MARKET ADJUSTMENTS

#### General market adjustments

- across-the-board to all employees with a view to the broader competitive employment market

#### Individual market adjustments

- targeted to employees who are positioned below their market target



### SERVICE-BASED INCREMENT

#### Annual increase based on additional years of service

- **USFA** career development increase (CDI)
- **ASPA** increment percentage dependent upon employee's salary range quartile
- **CUPE 1975** regular increment



### MERIT INCREASES OR BONUS

#### Performance-based awards that can be provided as either an increase to salary or a one-time bonus payment

- **USFA special increases** – applied to base salary
- **ASPA merit awards** – can be provided as one-time performance bonuses
- **Exempt merit awards** – can be provided as one-time performance bonuses

# MARKET STRATEGY

A market strategy for compensation varies by employee group and is a combination of two factors:

## 1. OUR COMPARATOR GROUPS

The University uses market data to compare our pay levels with those in other organizations in Canada including:

- Canadian Universities
- National public/private sector organizations
- Local (SK) public/private organizations

### We gather our market data from multiple sources:

- Annual compensations surveys—in which we participate—that are administered by compensation consulting companies
- Subscriptions to online compensation databases
- U15 University-specific compensation reports
- Custom surveys created by USask

## 2. OUR MARKET TARGET

Part of our University’s compensation strategy is determining at what level do we want to pay our employees relative to our comparator groups.



### LEAD PAY STRATEGIES

Paying higher wages than the market rate for employees.  
*(Sometimes necessary to attract talent from other markets/industry)*



### MATCH STRATEGIES

Paying wages comparable to other positions in the market.



### LAG STRATEGIES

Paying wages that are intended to match market rates but on a delayed bases (e.g. 1-2 years).

**The university is committed to paying our employees competitively and equitably.**

# Tips on Communicating with your Employees

Being open and honest with your employees during the compensation and merit process is critical for maintaining a positive relationship of trust.



## Make sure you understand the compensation and merit process of your employees

Explain the university's compensation model annually to your employees so they understand:

- how we determine starting salaries;
- how salary progression works; and
- what is market strategy and how is it determined

There are different processes for compensation and merit depending on the employee group. Make sure you know the differences and can communicate them knowledgeably to your employees and be able to answer questions. If you don't know the answer, you can contact your HR SBA or email [compensation-inquiries@usask.ca](mailto:compensation-inquiries@usask.ca).



## Use merit to reward high performance

Award higher merit amounts to your highest performers. You may be tempted to give smaller bonuses to more employees to avoid having difficult conversations but spreading bonuses too "thin" can send an unintended, disengaging message to your highest performers, who invariably make the biggest contributions to your unit's success.



## Communicate the employee's value to your unit and university's goals

This conversation should affirm the employee's value and be forward looking in terms of your increased performance expectation in the future.



## Don't use this opportunity to discuss performance deficiencies or gaps

Compensation conversations are not intended to stand in the place of performance-related discussions that should be occurring throughout the year with respect to performance gaps. This is not the time to address performance challenges with employees.

- **FOR THOSE RECEIVING MERIT**, affirm their behavior and contributions that you want to continue to see.
- **FOR THOSE NOT RECEIVING MERIT**, first inform that no merit is awarded this year. Keep the conversation future looking, without making promises for future merit.

The objective of the compensation conversation is not for employees to necessarily agree with pay outcomes but that they understand the process, why these decisions have been made and our commitment to fairness throughout the process.



## Be Clear on What your Role is as a Leader in the Process

Take ownership of pay decisions, even if they were finalized by senior leaders above you.

**⚠ Do not blame others for these pay outcomes.**





## Be honest and open when discussing merit

### A) IF AN EMPLOYEE RECEIVES MERIT

1. Tell the employee why they received the bonus, thanking them for their contribution to achieving the unit, or university's goals.
2. Give specific examples, illustrating what contributed to their success in the past year.
3. Don't take for granted that your high performers know why they are receiving merit. Strong performers have the greatest potential to perform at even higher levels. Help them understand and build on current success.
4. Take this opportunity to encourage your employee to even higher levels of performance in the coming year.
5. Remind employees that not everyone will receive merit and that they should use discretion around co-workers.

### B) IF AN EMPLOYEE DOESN'T RECEIVE MERIT

1. Do not be afraid to have this conversation with your employee.
2. Be straight with your employee, let them know right away that they aren't receiving merit this year.
3. Explain the limitations of the program (fixed bonus pool, restrictions on participation rates) and that even some strong performers do not receive merit.
4. Affirm that you still value the employee on your team and affirm any positive performance over the past year.
5. Turn your focus to the coming year and the positive performance expectation you have for them.

### C) IF AN EMPLOYEE RECEIVED MERIT LAST YEAR BUT NOT THIS YEAR

1. Remind the employee that this a one-year evaluation process. The coming year is a new evaluation period.
  2. The comparative landscape changes each year, including relative comparisons to peers.
  3. Look forward to next year and affirm any positive performance over the past year.
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