

CHAPTER 8

REMUNERATION

PART ONE : REMUNERATION POLICY

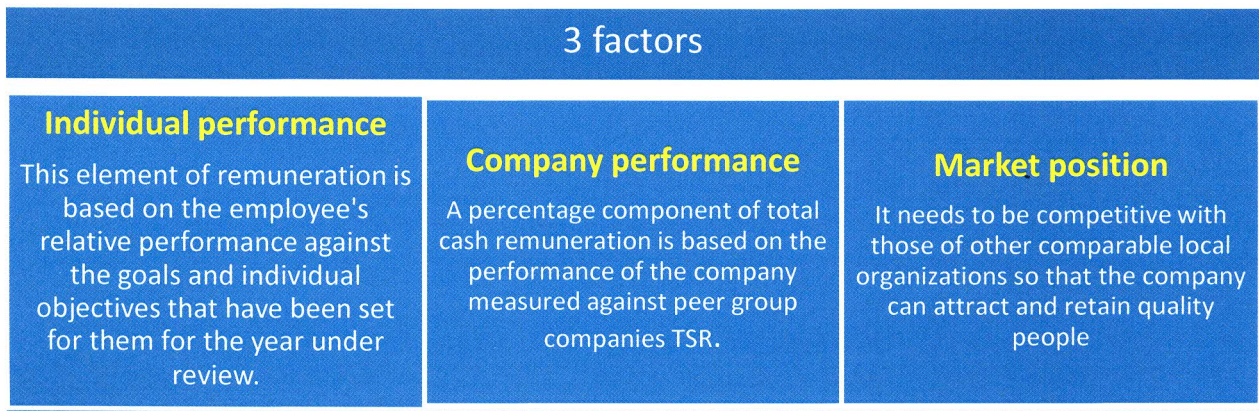
HR's role in determining the level of salary and benefits for a position or employee is an important factor in attraction, engagement, motivation and retention of employees. Remuneration, reward, engagement and motivation considerations, in addition to salary, are offered to an employee to improve their engagement and motivation at work.

Executive and staff remuneration policy

The process aligns business objectives with specific and measurable individual objectives and targets. Performance by individual employees against these objectives is assessed half yearly and yearly. The Board Compensation Committee also obtains independently assessed remuneration information for comparative purposes. Salary reviews and short-term incentives (STIs) are determined by assessing performance against objectives and peer group total shareholder returns (TSR) performance. Long-term incentives (LTIs) are assessed against the company's TSR compared with that of peer group companies.

REMUNERATION PROCESS

Employee remuneration is reviewed annually. Employees' rewards are influenced by three factors:



REMUNERATION COMPONENTS

Executive and staff remuneration comprises:

- **fixed remuneration (FAR)** - this is referred to as 'fixed annual reward' (FAR) and is the component of total remuneration specified in an employee's contract of employment and subsequent periodic salary reviews. It is inclusive of superannuation contributions (both company contributions and salary sacrifice contributions).
- **variable (incentive) payments** - contracts for executive and professional employees include a component of remuneration linked to short-term incentives (STIs) and long-term incentives (LTIs). Policies defining STIs and LTIs are established by the Board Compensation Committee and reviewed on an annual basis.

PART TWO : REMUNERATION PACKAGES

Remuneration packages should fit the business situation and reflects the responsibilities and duties of the position and skills and competence of the employee. To attract and retain staff, it is also important to consider current market rates being offered for similar positions. The total remuneration package represents the sum of

- ✓ base salary
- ✓ superannuation (inc. employer productivity, superannuation contribution or guarantee)
- ✓ other fixed benefit items including fringe benefits tax

Remuneration includes;

salary	wage
overtime allowance	incentives
bonus	commission
meal allowance	uniform allowance
tool allowance	annual leave
accommodation allowance	home-entertainment allowance
qualification allowance	skill allowance
fares for travel	footwear allowance
clothing	dry cleaning
credit units	first aid allowance
health insurance	life insurance
personal accident insurance	sickness insurance
holiday pay	club subscriptions
professional membership fees	airline lounge membership
site allowance	remote area allowance
Industry allowance	instructor allowance
motor vehicle allowance	rental allowance
home PC	remote access IT allowance
living allowance	locality allowance
leave loading	call-out (call back) allowance
spouse-accompanied travel	education allowance
Director's fee and emoluments	high duty allowance
stand-by (on-call) allowance	long service leave
employee incentive plan contribution	supplementary payment

Remuneration excludes;

- Termination payments or redundancy severance pay or eligible termination payments
- Payment by an employer in to a fund for a worker's redundancy/severance payments in accordance with a registered industrial agreement or industrial award.
- Income maintenance paid to workers as a result of a compensable injury under the Act
- Payments made to workers for reimbursement of expenses incurred on behalf of an employer's business

Reward and benefits

It covers the non salary rewards and benefits that can be offered to employees to recognize the contribution they make in their role. It includes both tangible (bonuses, technology, vehicles, etc.) and intangible benefits (positive culture and climate, flexible work practices, etc.) which contribute to an employee's motivation, engagement and retention.

PART THREE : NEGOTIATING BENEFITS

It is sometimes possible to negotiate the salary and benefits that are offered with a job. Experts often recommend that people know what their skills are worth and what the average salaries and benefits are in the industry so that they can tell if an offer is fair. Negotiations are often more successful if they are realistic and based on reliable research; they can also serve to show a potential employer that the person is ambitious and well-informed. Not all companies are willing to negotiate, however, and compensation is best discussed late in the interview process. It is often more difficult for entry level employees, who may not have the experience to back up their demands, to negotiate, but higher level executives are often in a better position to demonstrate their value with a history of success.

Useful phrase
Negotiating
Persuading
It would be to your advantage of It might be in your interest to We can reassure you on that point totally. It's the best offer around. You won't find a better one. I was wondering if you had any thoughts about ? Wouldn't it be an excellent idea if ?
Bargaining and compromising
We could consider that if you promised to ? How would it look if we offered ? Sorry, we've already had a better offer, so We would agree on one condition : Our pay deal is conditional on If you agree to , we can If you threaten us, we will withdraw the offer. If we had to , it is unlikely we could We might put a better offer on the table, provided that you I'd go along with that on condition that you returned to work. Unless you return to work, we will withdraw our offer. That seems a good compromise, as long as there is

Talking about salary and welfare
A : So how much are you making now ?
B : Actually, it 's against company policy to discuss salaries.
A : I've made a lot of money for the company, and I haven't had a raise for a year.
B : I will discuss it with HR Director and get back to you on Friday.
A : We are going to need to do some overtime to get this project finished on time.
B : Fill out an overtime request form and we will talk about it.
A : I wasn't paid my full hours this paycheck.
B : Let's go over the details and find out where this mistake is.
A : I didn't get any pay deposit this month.
B : A few employees were left off the list accidentally. You will be credited this Wednesday.
A : I really think I should be at higher rating. My performance and sales volume have jumped, and I will have been here for three years in November.
B : Your performance has been great. I will work on upping your rating so I can get you a better bonus.

Salary Talk : The Interview

Postpone Salary Talk: Example Conversations

Sample 1 ;

- Employer: What kind of salary would you require to accept this position ?
- You: I'm very excited about this position and exploring the Compensation package.
I would be interested in learning if there is a salary range already budgeted for this position.
- Employer: The details are still being constructed within upper management.
What do you think you deserve to get paid in this position?
- You: I am looking for the right opportunity and while salary is important, the position and organization are more important. I am sure that your organization will offer something fair that is compensable with my education and experience.
- Employer: We do try our best, but I was hoping you could provide me with a specific dollar amount.
- You: Though my salary requirements are flexible, they range in the mid-to-high fifties.

Sample 2 ;

- Employer: What is your current position offering you in compensation ?
- You: I am paid fairly for my responsibilities in my present job, with respect to my educational and professional background.
- Employer: What do you think would be a fair salary for this position?
- You: I have an idea of the general market rate, and an idea of the ongoing rate for this position, but I would first like to start with your range for this position.
- Employer: Our range is broad and is unique between past, present and future candidates. I'm curious, what would be your ideal salary offer for this position?
- You: I am honored to be considered for this position and I am confident that I can make a strong contribution to the organization based on my skills, abilities and experiences. I am sure we can come to an ideal salary agreement when the time comes.

The Art of Negotiating

Salary Negotiation: Example Conversation

- Employer: I want to thank you for your efforts over the course of our recruiting process, and for considering our organization as a potential employer. We've come to a conclusion in our job search and would like to offer you the position! Our organization is willing to offer you \$47,000 plus a benefits package for the position of Assistant Program Officer."
- You: Thank you for the offer! I'm so excited about this position! \$47,000 sounds like a good starting point.
- You: [pause]
- You: I am excited to become part of your team and I am confident that I can make a strong contribution to your organization. However, the salary range is a little below what I had in mind, considering the level of responsibilities this job entails. Does your budget allow a salary that is closer to the low \$50's rather than the high \$ 40's?
- Employer: The amount I've offered is really the highest my organization has budgeted for this particular position's salary.
- You: I am really looking forward to being part of your organization and I'd like to come to an agreement that works for the both of us. Can we go over the entire compensation package because the benefits package we've dis-cussed before might be equally attractive.
- Employer: Sure. I think that we may have more room to massage the numbers in that capacity

Salary Talk: The Interview

What are your salary expectations?

Some organizations will ask you this tough question during your initial meeting. It's very important for you to expect this question and prepare your response.

Remember this is not the time for negotiation.

Negotiation will begin only after you've been offered the position

Tactics to answer this question:

- Start with explaining you are open to negotiation based on the position and overall compensation package
- Tell the employer you'd like to know more about the responsibilities and challenges of the job prior to discussing salary
- If pressed to offer a dollar amount, offer a **wide salary range**, based on your research

Postpone Salary Talk: Example Conversations

Example 1

Employer: "What kind of salary would you require to accept this position?"

You: "I'm very excited about this position and exploring the Compensation package. I would be interested in learning if there is a salary range already budgeted for this position."

Employer: "The details are still being constructed within upper management. What do you think you deserve to get paid in this position?"

You: "I am looking for the right opportunity and while salary is important, the position and organization are more important. I am sure that your organization will offer something fair that is compensable with my education and experience."

Employer: "We do try our best, but I was hoping you could provide me with a specific dollar amount."

You: "Though my salary requirements are flexible, they range in the mid-to-high fifties."

3

1 You can divert the salary question back to an employer and give them the opportunity to tackle salary figures first.

2 Try to postpone salary talk by drumming up talk about your skills and abilities that are of worth to an employer.

3 If pressed, give a wide range. Since the employer specifically asked for an amount, you need to oblige, but only slightly, with a range.

Example 2

Employer: "What is your current position offering you in compensation?"

You: "I am paid fairly for my responsibilities in my present job, with respect to my educational and professional background."

Employer: "What do you think would be a fair salary for this position?"

You: "I have an idea of the general market rate, and an idea of the ongoing rate for this position, but I would first like to start with your range for this position."

Employer: "Our range is broad and is unique between past, present and future candidates. I'm curious, what would be your ideal salary offer for this position?"

You: "I am honored to be considered for this position and I am confident that I can make a strong contribution to the organization based on my skills, abilities and experiences. I am sure we can come to an ideal salary agreement when the time comes."

3

1 Postpone the salary topic with broad, undescriptive information.

2 Diversion back to the employer is a great tactic. Answer their question with another question.

3 Do not offer a dollar amount, even a range, if you aren't specifically asked to give one.

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Postpone Salary Talk: Example Conversations

Employer: "What kind of salary would you require to accept this position?"

You: "I'm very excited about this position and exploring the Compensation package. I would be interested in learning if there is a salary range already budgeted for this position." ①

Employer: "The details are still being constructed within upper management. What do you think you deserve to get paid in this position?"

You: "I am looking for the right opportunity and while salary is important, the position and organization are more important. I am sure that your organization will offer something fair that is compensable with my education and experience."

Employer: "We do try our best, but I was hoping you could provide me with a specific dollar amount." ②

You: "Though my salary requirements are flexible, they range in the mid-to-high fifties." ③

① You can divert the salary question back to an employer and give them the opportunity to tackle salary figures first.

② Try to postpone salary talk by drumming up talk about your skills and abilities that are of worth to an employer.

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Employer: "Our range is broad and is unique between past, present and future candidates. I'm curious, what would be your ideal salary offer for this position?"

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② Diversion back to the employer is a great tactic. Answer their question with another question.

③ Do not offer a dollar amount, even a range, if you aren't specifically asked to give one.

Money Isn't Everything

In preparation for your salary negotiations,

Sometimes there is not a lot of room for salary negotiation, especially in the nonprofit sector. It's important to realize there are many things you can **negotiate besides salary**. Benefits can add thousands of dollars to the compensation package.

Open negotiations to:

- Health and dental benefits
- Retirement package
- Stock options and investment opportunities
- Your type of schedule and start date
- Vacation, personal and sick leave
- Maternity and paternity leave
- Air Travel
- Health club membership
- Educational assistance
- Free mobile phone service or laptop
- Career development and management training
- Relocation assistance

Sometimes you can even re-enter salary negotiations after you demonstrate your worth to the organization. As a part of your offer, you can ask for a **6 month review** in order to revisit a potentially higher salary. **Not every job will provide these forms of compensation but be knowledgeable about your options!**

The Initial Offer

Once you have been offered the job, you have the opportunity to discuss with the employer the terms of your employment.

After the initial offer:

1. Let them know you are **excited** about the position and get the initial offer in writing.
2. Express your interest and ask for a specified time to think about the offer of employment. **Be very clear about when they can expect to hear from you**
3. Ask if you could discuss the compensation package.
4. Don't stop selling your skills even after the job offer is made.

Please Note:

For some organizations, incoming employees cannot negotiate salary. If you open up salary negotiations, you may be jeopardizing the offer by focusing on that aspect of the package. There is always risk involved in opening up salary discussions so do your homework about the organization before venturing negotiations.

Knowing the typical salaries in your field, in the particular organization and in the location, will give perspective to the initial offer. Be realistic about what you are worth and what the organization can offer.

Always remain grateful and polite during the negotiation process!

After all, the organization liked you and thought you would be a good fit for the organization.