

### SALARY REVIEWS AND BENCHMARKING

When bidding for contracts to undertake salary reviews and bench-marking, I have been surprised at how few people realise the enormity of the task. It is as if people expect the task to be completed in a matter of hours, but that is not the case if it is to be effective in creating value, and retaining talented staff. In this article, I outline some of the processes undertaken in completing a comprehensive salary review.

The processes undertaken will be much the same, whether you are considering the payment of a basic salary, or looking to include a full package. In addition to the basic salary (which will also attract on-costs, i.e. employers national insurance; and pension contributions if the incumbent has not opted out) a full package might include, but is not limited to:

- The cost of a full professional training package, a grant towards the cost of such a package, or a loan to cover training costs (to be recovered over a period of time).
- The cost of incremental promotion on a salary scale.
- Additional payment, or the early advancement on a pay scale, for those who have gained professional qualifications that add value by enhancing operational performance.
- Provision of a company car, or a regular payment to cover travel costs.
- Any additional fringe benefits, such as medical insurance schemes; or discount schemes contributed to by the employer.
- Any incentive that may be offered in order to retain a talented individual.

These are all costs to the organization that should be taken into account when undertaking a salary review. I suggest that the actual process for undertaking the review would require a full job evaluation for each position being audited. This would entail:

- Evaluating the basic tasks required of the post.
- Taking into consideration any management tasks related to the post.
- Identifying the qualifications, experience, and skills relating to the post.

- Identifying inter-departmental and external interactions required of the incumbent; evaluating any additional actions that these may present; and any additional skills required to facilitate those actions.

Once this evaluation is complete you should be in a position to start the benchmarking process.

When benchmarking we have found that management can be under the misapprehension that you can just look at similar posts advertised in the marketplace and utilise the salary scale offered to a prospective candidate by a similar organization. In fact, there is a need to carry out the same evaluation process for posts across the market sector in order to identify any differences in the job specification for those roles. The organization will then need to put a value on specific variations in the job specification in order to arrive at the salary scale to be used for the post being evaluated; whilst taking into account any incentives that may be required to retain their people.

I hope that you will find this article both enlightening, and of help when you are undertaking your next salary audit.

Kind regards,

George Kemish