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Why aren't I paid a fair wage?

Do you think your pay is a fair reflection of your experience and job performance? What about the person in the office / cubicle / work station next to you? Do you think their pay is fair? If you asked 100 of your fellow employees that question, what percentage would say yes?

Would you be surprised to find out that, at any given moment most employees feel they are deserving of more than what they are receiving?

So if that's a common employee perception, are the majority of companies intentionally underpaying their employees? Or are these employees filling their heads with overly ambitious fantasies of their own self-worth and entitlement?

Perhaps we should first understand, what exactly **is** a fair wage? Most would agree (by company definition and employee expectation) that it is being properly rewarded for an individual's experience and effort. Not in relation to the employee next to you, but as a reflection of one's own value to the organization.

You may be nodding your head now, but what confuses the issue every time is – what do they mean by “properly”?

Many employees have a tendency to consider themselves underpaid

- They hear stories about what their friends and relatives are being paid – and the stories are always about higher pay
- They learn of colleagues whom they consider as less valuable to the company being paid more than they consider “fair”
- They are exposed to a steady drumbeat of outside influences (recruiters, the media, those same friends and relatives) suggesting they could do better elsewhere
- In today's business environment an employee's natural skepticism allows that the company is offering only what it **has** to

Given the subjective and emotional nature of the above, even where the pay levels are high in relation to the competitive environment employees may well remain convinced that their lot is average at best. Unless the company makes a serious effort to communicate the relative market value of their pay program(s), left to their own devices employees will not appreciate what they have.

So what's an HR Manager to say when confronted by this most common employee gripe?

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Focus on how the individual is being treated, because if you get caught up defending anyone else's pay you'll have lost the point from your opening breath. Your questioner has only one employee in mind, and they won't be all that interested in listening to generalities of how the company has everyone's interest at heart, how they strive to provide opportunities for competitive pay, blah, blah.

Something else to keep in the back of your mind: most pay-for-performance systems have a critical flaw, in that company reward practices do not keep pace with the increased value of employees – thus creating a risk of disengagement and eventual separation.

- Salary ranges are increased in relation to the movement of the marketplace (usually), but individual pay is increased for different reasons. Thus employee growth within the salary range can be painfully slow
- Over time it is likely that an average employee could fall further back in their salary range, even as their experience and marketability improve
- Company policies often limit merit and promotional increases for budgetary purposes, restricting the pay growth of high performing employees
- Another reality is that squeaky wheels *do* get greased, and more often than we'd like. But those situations are exceptions and should not be pointed to as benchmark practices.

As seen in a previous newsletter article, companies do not react directly to the cost of living, either in midpoint or salary movement, but employees on the other hand do react to the COL as a barometer of whether their pay is fair.

Also, as companies continue to “carry” employees (reward for mediocre performance) they leave precious little resources for the reward of high performers – and at the end of the day who is it that leaves the company? It's the good workers who leave and the mediocre ones who remain. When a reward system is flawed the average level of performance tends to gradually decrease as good workers leave and other quality staff realize they won't be rewarded for their efforts. Over time a broad leveling effect takes place, to the detriment of your business.

How can an employee test whether or not their pay is fair?

- If the salary range is known, learn how present pay compares to what the company considers the “going rate” (midpoint). Significant job experience and consistent good performance ratings would suggest an above average pay level.

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- They should talk to HR or their first line management, in order to gain the company's perspective on their individual value and what opportunities the company has to offer
- Caution: the new wave of internet sites (salary.com et al) offer a distorted view and are not reliable for individual circumstances. When quoted by the employee, your best tactic is to bring Compensation staff into the discussion.
- If you need someone to tell you that you're underpaid, then you're not
- For most employees it's an act of faith that the company is playing fair – and if they come to believe otherwise it will be difficult to regain their trust

Do you consider yourself to be fairly paid? Be honest now. There's a line of thought that suggests there is little to gain in saying yes. Then the company will do nothing. But if you said h*** no! then perhaps the company will do something. Cynical? Skeptical? Yes on both counts, and that is exactly what your employees are thinking right now.