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REWARD MANAGEMENT

Focus on pay

Report

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Report

Reward management: focus on pay

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Acknowledgements

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1 Introduction and summary of key findings

The sixteenth annual survey of UK reward management is based on comprehensive responses received from 465 organisations, across private, public and third sectors. These findings are complemented by findings from an employee attitudes survey, where almost 2,200 individuals were polled, and from a senior HR practitioner panel. The main aim is to provide readers with a benchmarking and information resource on current and emerging practice in UK reward management. This year's focus is on pay, and includes CIPD insights on the possible implications for the people profession. A summary of the key findings follows below.

The context

Employers face a variety of challenges when managing the pay of their workers. Traditionally, the focus has been on attracting, retaining and motivating employees to meet employer needs. Employee reward was structured to reflect the levels of capability as well as the responsibility in performing a role, and the levels paid tended to reflect the combination of what was judged to be the 'going rate' for particular skill sets across various job families as well as what the employer could afford to pay.

Of course, these factors still remain important, but as labour markets have deregulated, and greater flexibility has been demanded – by employees as well as employers – attention has shifted towards greater customisation of reward and to implementing pay approaches intended to encourage and recognise particular forms of behaviour and performance outcome.

However, there is a wider set of considerations arising from the social context in which organisations are seeking to manage, incentivise and reward their people. In particular, the issue of justice: are people paid fairly for their experience, skills, commitment and contribution?

To help validate such judgements, organisations need to be more transparent about their approach to paying people and the relative outcomes. Fairness can be assessed in terms of the pay outcomes and processes for certain groups of employees (such as those with caring responsibilities). It can also be assessed simply in terms of what is felt fair, such as comparing the pay awarded to individuals at the top of the organisation with the 'average' employee – though this does involve judgement as to where value is being created.

As well as internal pressure, pressure to be more transparent is coming from outside – most notably the requirements for large organisations to publish their gender pay ratios and large listed firms their CEO pay ratios. Investors are becoming interested in how the firms they invest in treat their 'most important asset' in terms of management, development and reward, and are looking for further disclosure to inform their decisions. In the realm of social media, employees, especially millennials, seem to be more open about sharing their terms and conditions through such sites as Glassdoor, as well as talking about their pay experiences and opinions on Twitter and Facebook.

In turn, our survey also explores issues around how pay levels and pay management processes are communicated. This is partly because a more sophisticated approach to pay management creates technical challenges for HR to explain what's being rewarded, how and why, but also because reward is emotive, and people make judgements about how they and their colleagues are remunerated. Because of this, there needs to be a strong narrative behind the employer's approach to reward and recognition.

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Another consideration is how pay decisions are made and communicated. In many instances, it is front-line managers who are communicating pay decisions, so one would expect HR teams to be giving thought to how they can support their line managers and assess their effectiveness in doing so.

This year's survey was designed with all these considerations in mind. The findings are presented from a managerial perspective and sometimes in the form of employee attitudes. All these factors can influence pay management policies and practices, and have sections dedicated to them. However, in focusing on interpersonal and political factors, the point has not been lost that economic context as well as internal strategic drivers on corporate decision-making on pay remain important. These aspects are also explored.

The following summary of research findings focuses first on the issue of pay fairness and the role of line managers, and then on how employers manage base and variable pay.

Summary of findings

How fair is pay management?

- There is a **difference between what HR respondents to the reward management survey believe is happening and what employees report**. Three-fifths (60%) of organisations claim they talk about the fairness of pay processes and outcomes. However, when we asked staff a similar question, only 10% reported that their line manager always or often talked about both the fairness of the pay process and outcomes.
- While most employers claim to talk about fairness, just a third report having a **definition of 'fairness'** that they use in their communications about pay management.
- **Few employers survey their employees** to check whether they think the pay process and outcomes are fair. The most common methods employers use to test pay equity are gender pay gap (used by 60% of respondents) and equal pay audits (39%).

How effective are line managers?

- **Line managers are the ones most likely to propose a pay increase** for their employees, though they are less involved when it comes to endorsing and approving salary increases, for which HR or the board are more likely to be involved. Similarly, they are less likely to be influential when it comes to determining the size of the organisation's budget for wage rises.
- There is a **stark contrast between the views of HR professionals and employees** regarding the role line managers have in communicating the application of pay policies. While around half of employers say that their line managers have moderate or full involvement in communicating to employees about pay levels and pay rises, nearly three-fifths of employees claim never to have had an explanation from their managers about why they get paid what they do.
- Where line managers do talk to their staff about pay issues, more **employees feel their line managers are doing a poor job of communicating** than those who think their managers are doing a good job.
- Among those employers that give line managers a role in making decisions about employee pay, **just 38% assess the effectiveness of their line managers** in this role.

How is risk, transparency and pay managed?

- **Risk management** is an important aspect of corporate governance. However, just under a fifth of organisations claim to have formal arrangements for risk-managing pay processes. A further third of organisations, though, while having no formal process, do have risk mitigation built into their review of the pay process.

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- Only around half of employers communicate about how pay increases are decided, how pay structures work and what staff need to do to get a pay rise. **Communicating on how pay is determined** in ways that enable individuals to compare their situation with others is even less prevalent.
- Most employers (60%) use a pay structure to organise base pay, with individual spot rates/salaries, narrow grade pay structures and salary increments being the most common. Pay progression along these grades is usually aligned to individual performance, competencies and skills. The **most common factors determining where jobs should go within pay grades** are the knowledge and skills required, the complexity of the job and the amount of judgement/decision-making needed.
- There appears to be a **long-term decline in the use of performance-related variable and non-variable reward schemes**, with only 44% reporting their use in 2019, down from 65% in 2012. As reported in 2017, HR professionals find increasing resistance among line managers to deal with the angst and bureaucracy of performance-pay arrangements without the ability to generate significant increases or bonus levels due to budgetary constraints: as one panellist notably put it, it's like 'moving grains of sand in the desert'.
- Our survey of employees finds that **almost a fifth (23%) of workers have asked for a pay rise** in the past two years; men (25%) appear to be more confident about asking for an increase than women (20%).

What influences pay management?

- Approximately a quarter of employers see sharing the success of the organisation with employees as a **key influence on pay policy**, along with being seen to be fair while supporting the purpose and values of the organisation. This compares with almost four-fifths who regard the traditional 'attract, recruit and retain employees and achieve current business strategy' as most important.
- When it comes to external issues, **competition with other employers** with similar pay rates is the most common factor cited by respondents as a key influence on their pay policies, followed by regulatory, legal and employment obligations and other employment rights legislation and economic conditions.

2 What do the findings mean for people professionals?

The 2019 CIPD *Reward Management* survey indicates that people professionals spend a lot of time on pay management, in regards to structures, levels and progression. But are their efforts having a positive impact?

To help organisations derive value from their pay system, people professionals should focus on the following:

Make sure that pay is fair

There is a disconnect between the views of people professionals and workers on pay fairness. While 75% of HR respondents think all or the majority of people in their organisation are paid fairly, relative to their responsibilities and achievements, only 33% of workers would agree that this is the case.

So how can people professionals help ensure that their organisation's pay processes and outcomes are fair? Our research shows that the more money a person receives, the more

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likely they are to view their pay as fair. Among those who earn less than £20,000, only 38% think their pay is fair. But among those who earn between £20,000 and £39,999, the proportion jumps to 50%, and increases further as personal earnings rise.

As such, people professionals should help their employers to explore whether they are paying their staff enough, and as a minimum a liveable wage. Paying a wage that their people can live on can actually help organisations, as money worries are a key driver of employee stress, which in turn impinges on productivity and organisational performance. The CIPD has further guidance and resources on supporting employee financial well-being.

It is recognised, however, that increasing wages can be challenging for employers. People professionals can help by reviewing the organisational design, the roles and functions, and how these can be improved to boost productivity and sustain wage increases – for instance, upskilling employees so that the firm can focus on producing goods and services that have higher profit margin.

Improve employee perception of pay fairness

Improving perceptions of fairness is also important, and one way to do this is to talk about fairness when communicating about pay processes and outcomes. This enables employees to better understand the reward 'deal' in terms of what the organisation wants from them and why, and then, in return, how it will reward and recognise their efforts. Currently, only 60% talk about the fairness of their pay processes and outcomes. A mere 25% survey their employees on what they think about the fairness of those processes, and just 23% do the same regarding pay outcomes. It is perhaps no surprise, then, that there is a resulting discrepancy between HR perceptions on pay fairness and those of employees.

A useful building block for employers to discuss the issue of pay fairness with employees is having a definition of fairness. Such a definition may vary from organisation to organisation depending on their contexts. However, some broader considerations on fairness could be used to guide the establishment of a definition. However, 70% say they do not have one. Having a definition can be a useful internal aid so that there is an agreed understanding among managers about what being fair looks like in terms of pay. Here, HR has an important role in helping develop one and ensuring that all managers behave fairly when making reward decisions.

Creating a definition and sharing it with employees not only allows them to understand how they will be treated, but it can also be a useful starting point to get their feedback. For instance, how do they define fairness and how does this compare with the management definition? This will help identify gaps in understanding and suggest ways in which these can be closed.

Encouraging line managers to talk to their teams about the fairness of pay processes and outcomes is another way to draw feedback from employees, but only a third of employers are currently doing this. The rest are missing out on an important opportunity to find out what their people think about how they manage pay. It is reasonable to expect that line managers will be more effective in this role if they receive suitable support from people professionals, but three in ten employers do not offer this.

Another way of evaluating pay fairness is to audit actual pay outcomes – for example, by conducting an equal pay audit or an analysis of pay gaps by gender or ethnicity. This can help shine a light on the fairness of decisions about pay, but also on other employment decisions that can influence pay progression (such as recruitment practices or flexible

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working policies). While most employers have produced a gender pay gap report (a legal requirement for firms with 250 or more people), few have carried out an equal pay audit and even fewer have looked at it from the perspective of other protected characteristics, such as ethnicity or disability.

Be open about what you're paying for, how and why

One of the reasons for the perception gap between what HR thinks is going on and what employees report could be due to how much pay information employers are prepared to be open about with their people. Just over half (56%) disclose the factors considered when deciding to increase employee salaries, around 50% also go on to explain how their grade structures work, while less than half (45%) explain what employees need to do to increase their pay. However, this means that around half do not give this information, and few within our sample provide any context, such as how an employee's pay compares with the minimum, median and maximum salaries in their grade, or how it compares with the rest of their team.

By helping their employer become more transparent, the people profession can show its value to the organisation. Transparency around pay will enable employers to show employees and other stakeholders the fairness of their pay approach and how this supports its people and the business.

If employers are not open about their pay practices and outcomes, employees will find it hard to judge whether they are being treated fairly and whether they can trust their organisation to be fair. However, there are several practical concerns that HR needs to overcome before transparency can be introduced: for example, getting senior management buy-in; dealing with data protection concerns; whether the performance measures used to inform pay decisions are 'market sensitive', and so on. Nevertheless, doing nothing can't be an option for most organisations. The direction of travel is towards greater pay openness, and starting early will help them to be better placed to overcome the challenges.

In this context, people professionals need to define what is meant by 'pay' and 'transparency' as well as who tells what to whom, why and how. For instance, if line managers are going to be expected to communicate about the pay processes and outcomes to their staff, what support does HR need to provide to them? If the firm is going to use technology to aid transparency, who is expected to use it, how accessible will it be and what training will be required?

Reward professionals also have an important role to play in creating a pay narrative, which can be shared with employees, about what behaviours the employer wants to reward, why and how. They will also need to evaluate this process and look at what they can improve for next time.

Support line managers

Our survey says line managers are very influential when it comes to proposing a pay increase, so it is important that their endorsements are fair. Establishing objective measures that align to organisational values and the reward 'deal' as discussed above will be crucial, as is communicating all of these to employees.

Line managers are a key channel of communication and also have a role in dealing with staff queries and passing on feedback to HR teams. And it is in this communication role, according to our respondents, where the involvement of line managers has increased and is predicted to grow further soon.

These results are also supported by the finding that while only a minority of line managers have moderate or full involvement in the design or implementation of pay systems, such as how salaries are set, the grades used to organise pay rates or performance-related financial rewards, they are expected to have far more input when it comes to communicating these systems to staff.

However, it is potentially a missed opportunity not to involve line managers more in the design and implementation of pay practices. Line managers will have more engagement with pay processes if they are involved in their design and implementation. Being part of the creation and rollout will also help them to be committed to their communication role.

As it is, over three in five surveyed employees report that their line manager has never explained to them why they get paid the amount of money that they do and, even if they do, staff do not rate their ability to do so very highly. Where line managers do have a role in making decisions about employee pay, such as salaries or incentives, 62% of employers do not assess the effectiveness of their line managers in this role. If employers do not assess line management impact, it becomes difficult for them to work out what needs to change if their pay approach is not working.

HR needs to support line managers to make the pay and/or bonus decisions the organisation expects them to make. However, only 22% say that they give their line managers full support, in terms of training, toolkits, coaching, briefings, and so on, while 20% admit that they give their line managers no support at all. Most only provide moderate support.

By investing in the people skills of their existing and potential line managers, they should be in a better position to make fair pay decisions and communicate the rationale behind these. In turn, this should build employee trust in the system and their commitment to the organisation.

HR should also take the lead in coming up with appropriate measures for evaluating the impact of line managers in pay decision-making and communications. Factors that can be used include employee turnover data, management feedback, employee experience surveys, and awareness of employees about how pay decisions are made. A useful starting point for using people data to make decisions and assess the impact of those decisions is the CIPD's content on data and research evidence.

3 Pay structures and pay progression

To assist you in this and subsequent parts of the report, brief definitions of key terminology referred to in categorising information from the survey are given. These are drawn from the collection of factsheets accessible online from the CIPD Knowledge Hub.

Pay structure

A pay structure is a collection of wage grades, levels or bands that link related jobs within a hierarchy or series, providing a framework to implement reward strategies and policies.

Pay structures have two key characteristics:

- the number of grades within the structure
- the span of each band (the percentage difference between the lowest and highest pay rates attached to each grade).

A pay structure is usually designed to:

- align reward strategy with the desired shape of the organisation, setting out different levels of role and accompanying ranges of salary
- bring order and clarity in managing pay rises and career development
- help ensure fairness and lawfulness, for example by avoiding gender pay discrimination.

To find out the extent to which pay structures are used, respondents were asked whether their organisation used them in relation to handling salaries (base pay).

Table 1: Who uses pay structures? (%)

NOTE: Figures throughout the tables presented on this and the following pages are percentage of cases – that is, percentage of respondents who answered that question/combination of questions.

	Yes	No
All	60	40
By sector		
Manufacturing and production	47	53
Private sector services, of which:	51	49
Retail, hospitality, catering, leisure and cleaning	63	38
Legal, financial, technology and other professional services	43	57
Other private sector	53	47
Public services	93	7
Voluntary, community, not-for-profit	72	28
By size		
SME (<250)	46	54
Large (250–9,999)	79	21
Very large (10,000+)	92	8

n=465

While 60% of organisations use pay structures, Table 1 shows that there is variation among the sectors and sizes of organisations. The public services sector and the voluntary sector are most likely to use such structures, whereas the 'legal, financial, technology and other professional services' sub-sector is least likely to do so.

The use of such structures increases notably with an increase in organisation size, reflecting the greater need for order and clarity as organisations become larger.

Organisation of base pay for different categories of employee

Among those who use pay structures, Table 52 in the appendices shows that all categories of pay structures have seen a rise in use over previous years, indicating that respondents are selecting a wider range of options. Individual rates/spot salaries remain the most common method of organising base pay and are used by 49% of organisations. Job families continue to become more widely used, as are narrow graded pay structures.

The manufacturing and private services sectors remain most likely to use individual rates. Private sector services and especially the 'retail, hospitality, catering, leisure and cleaning' sub-sector are most likely to use job families. The public sector is most likely to use incremental progression, while the voluntary sector utilises a broad range of structures without any single means dominating.

The use of individual rates decreases with increasing organisation size, while broadbanded pay structures and incremental salary progression are used more frequently as the organisation size increases.

While job families, incremental progression and narrow graded structures are used in broadly similar numbers for management/professional workers and other staff, individual rates and, to a lesser extent, broadbanded pay structures are more likely for management and professional employees.

This year, among all those employers that use pay structures, we asked respondents which criteria their organisation use to decide which jobs go in to their pay grades. Table 2 shows that almost all organisations report that 'knowledge and skills required' are a factor in decisions regarding pay grades; the complexity of the job and amount of judgement or decision-making required are also seen as important. The pace of the job, physical skills required, and scope of the role are least common.

The 'retail, hospitality, catering, leisure and cleaning' sub-sector are just as likely to consider the 'complexity of the job' as they are to cite 'knowledge and skills required', while other sectors, notably the public and voluntary sectors, use this much less often. The public and voluntary sectors are both more likely than others to consider the 'amount of strategy and planning' involved when allocating jobs to grades. Understandably, the manufacturing sector and the 'retail, hospitality, catering, leisure and cleaning' sub-sector are most likely to cite the 'physical skills required'. Within the private sector sub-sectors, the 'impact of the job on the organisation' is seen as particularly important in the 'retail, hospitality, catering, leisure and cleaning' sub-sector but less so in the other sub-sectors. This same pattern is seen in 'responsibility for financial resources', which are cited by over half of the 'retail, hospitality, catering, leisure and cleaning' sub-sector but around a third of the other sub-sectors.

'Knowledge and skills required' and 'complexity of the job' are decreasingly likely to be used as criteria as the organisation size increases. Conversely, the 'amount of judgement or decision-making', the 'amount of strategy or planning', 'responsibility for financial resources' and 'number of direct reports' all become more frequently used as the organisation size rises.

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Table 2: Which factors are used to decide which jobs go within their pay grades/bands? (%)

	Knowledge and skills required	Complexity of the job	Amount of judgement/ decision-making	Impact of job on organisation	Amount of strategy/ planning	Responsibility for financial resources	Number of direct reports	Interpersonal skills required	Pace of the job	Physical skills required	Scope of role
All	92	72	71	60	57	44	35	32	21	20	11
By sector*											
Manufacturing and production	94	74	80	71	51	31	49	20	29	37	14
Private sector services, of which:	91	79	64	62	49	38	29	39	25	22	16
Retail, hospitality, catering, leisure and cleaning	95	95	57	76	48	52	29	43	24	38	5
Legal, financial, technology and other professional services	86	81	62	62	51	32	27	35	30	14	16
Other private sector	92	70	68	56	48	36	30	40	22	22	20
Public services	97	63	84	51	65	54	35	27	11	14	2
Voluntary, community, not-for-profit	89	64	64	60	69	56	40	31	18	9	11
By size*											
SME (<250)	93	75	68	65	56	41	31	36	26	21	13
Large (250–9,999)	93	71	74	55	57	46	37	28	16	19	10
Very large (10,000+)	80	50	80	70	70	60	50	40	20	10	0
By employee category											
Management/ professional	76	50	61	48	55	41	27	10	3	3	9
Other employees	90	61	46	41	19	20	20	29	20	19	6

n=249. *% of respondents who report using pay structures, selecting either or both employee categories.

Pay progression

The methods employers use to manage employee pay progression vary. Length of service, competencies and skills, market rates, individual, team or organisational performance-linked increases are all among the approaches used.

Market rate increases tend to track similar roles in occupational and/or regional settings. In the case of competency pay, factors that recognise the individual's input to the job are used; by comparison, skills-based pay links the level awarded to acquiring a specific qualification or ability, having been trained in one or more tasks desired by the employer. Pay progression may involve a combination of these kinds of factors applied to occupations and individuals.

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When setting or reviewing progression arrangements, employers are advised to consider whether the approach fits the business strategy and ethos. It's also important to ensure that arrangements for pay advancement are free of unfair and/or unlawful bias in relation to an employee's age, gender or other protected characteristics.[1]

Table 3: Which criteria are used to progress employees along their pay grades? (%)

	Individual performance	Competencies	Skills	Employee potential/ retention	Market rates	Length of service	Negotiated with union
2019	75	62	56	55	55	29	21
2017*	74	61	57	53	41	26	24
2014*	74	64	60	52	61	35	–
2013*	72	65	58	51	64	31	–
2012*	79	49	44	48	57	29	–
By sector*							
Manufacturing and production	91	68	75	69	61	16	24
Private sector services, of which:	82	65	63	64	64	31	11
Retail, hospitality, catering, leisure and cleaning	77	58	58	58	71	35	10
Legal, financial, technology and other professional services	84	72	66	68	63	32	10
Other private sector	83	62	62	63	63	28	13
Public services	48	51	30	21	18	48	56
Voluntary, community, not-for-profit	59	52	38	39	52	23	14
By size*							
SME (<250)	79	64	63	61	58	27	9
Large (250–9,999)	71	58	47	47	51	31	38
Very large (10,000+)	55	64	36	36	36	55	36
By employee category							
Management/ professional	73	59	49	50	47	23	13
Other employees	62	52	48	41	49	24	20

n=395 management, n=379 other grades. *% of respondents selecting either or both employee categories.

Our survey asked respondents which criteria their employer used to manage employee pay rises as they moved along their grades. The responses, as shown in Table 3, indicate that individual performance is used for at least some of their employees by three-quarters of organisations, a proportion in line with previous years.

[1] CIPD factsheet: Pay structures and pay progression.

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Competencies, market rates, skills and employees' potential, value and retention are all cited in broadly similar numbers. Length of service and rises negotiated with a trade union or works council are less common. Employee potential and retention continues to show a rise.

Individual performance is most often used in the manufacturing and production and private service sectors and least often in the public and voluntary sectors, possibly reflecting that it can be easier to define, measure, communicate and assess performance in the for-profit sector or reflecting the belief in that sector that employee pay should mirror their performance. The manufacturing and production sector is also noticeably more likely than other sectors to use skills as a basis for pay management; this may be because, to use complex machinery, you need people who are suitably qualified and therefore their pay should reflect their skills. The public sector is far more likely than others to use length of service or negotiate with a union.

The figure for individual performance is lower among other employees than management and professional staff and is slightly lower in competencies, skills and employee potential, value and retention, possibly reflecting the belief that managers should be rewarded according to their performance. The use of market rates and length of service is broadly similar in different employee types, but negotiation with a union or works council is higher for other employees.

This year we asked respondents to indicate, to the best of their knowledge, the extent to which the criteria their employer uses to manage employee pay is applied consistently across the organisation. Most replied that the criteria are more consistently applied across the organisation for other staff than for management and professional employees.

Regarding management and professional employees, Table 4 finds that respondents from the public sector are most likely to report consistency and those from the voluntary sector least likely, although the 'retail, hospitality, catering, leisure and cleaning' sub-sector reports even less consistency. For other employees, the high public sector figure is more generally matched across other sectors and is exceeded by the 'retail, hospitality, catering, leisure and cleaning' sub-sector.

Table 4: How consistently are these pay progression criteria applied? (%)

	Applied consistently	No competencies	Cannot judge
Management and professional employees	**67**	**21**	**12**
By sector*			
Manufacturing and production	63	29	8
Private sector services, of which:	67	22	11
Retail, hospitality, catering, leisure and cleaning	58	32	10
Legal, financial, technology and other professional services	67	19	14
Other private sector	71	20	9
Public services	76	6	18
Voluntary, community, not-for-profit	62	26	12
By size*			
SME (<250)	68	20	12
Large (250–9,999)	66	23	12
Very large (10,000+)	73	18	9

Other employees	75	17	8
By sector			
Manufacturing and production	74	19	7
Private sector services, of which:	74	18	8
Retail, hospitality, catering, leisure and cleaning	84	10	6
Legal, financial, technology and other professional services	68	20	12
Other private sector	76	20	4
Public services	78	9	13
Voluntary, community, not-for-profit	74	21	5
By size			
SME (<250)	71	20	9
Large (250–9,999)	79	13	7
Very large (10,000+)	73	18	9

n=407 management, n=397 other grades

HR professionals responding to the management survey were also asked for their judgements as to which factor among those available to choose from is the most important in setting salaries in their organisation's pay structures.

Table 5 shows that an organisation's ability to pay is the most commonly used factor, followed by market rates using a job evaluation and market rates not using job evaluation.

Table 5: Which is the most important factor in setting salaries within pay structures? (%)

	Ability to pay	Market rates using job evaluation (JE)	Market rates not using JE	Collective bargaining	Cost of living
2019	35	34	26	21	17
2017*	35	45	25	16	–
2014*	46	30	18	7	–
By sector*					
Manufacturing and production	12	17	21	10	14
Private sector services, of which:	20	22	19	6	9
Retail, hospitality, catering, leisure and cleaning	27	22	27	5	8
Legal, financial, technology and other professional services	19	20	15	5	10
Other private sector	18	25	20	8	8
Public services	21	16	7	44	7
Voluntary, community, not-for-profit	47	29	7	2	14
By size*					
SME (<250)	22	23	14	5	12
Large (250–9,999)	20	20	18	23	7
Very large (10,000+)	21	0	14	29	21
By employee category					
Management/ professional	23	23	16	9	7
Other employees	22	20	14	15	12

n=359 management, n=351 other grades. Figures in 2017 and 2019 exceed 100% due to differing question structures and the ability of respondents to select more than one option. *% of respondents selecting either or both employee categories.

Collective bargaining is markedly more common in the public sector but remains low in other sectors. An 'organisation's ability to pay' ranges between 12% and 21% in most sectors, but rises to 27% in the 'retail, hospitality, catering, leisure and cleaning' sub-sector and 47% in the voluntary sector, possibly reflecting the tighter margins in these sectors. Market rates are used, in general, by around one in five organisations, but market rates without a job evaluation drops to 7% for the public and voluntary sectors and rises to 27% in the 'retail, hospitality, catering, leisure and cleaning' sub-sector, revealing the impact that the national minimum and living wages has in influencing the going rate in this sub-sector.

Collective bargaining and cost of living considerations come into play more for other employees than for management and professional staff, but market rates are used less for other employees. Ability to pay is significant for both groups of employee in broadly similar proportions.

Respondents were asked for their assessment of how compressed or dispersed pay is between different levels of the organisation, and how this compares with their competitors. Although Table 6 shows that most report that the spread of pay within their organisation is about the same as that of their competitors, slightly fewer see it as narrower than did so in 2017 and slightly more see it as significantly wider.

Table 6: How does an organisation's pay dispersion compare with its relevant competitors? (%)

	Significantly narrower	About the same	Significantly wider
2019*	10	76	14
2017*	14	78	8
By sector*			
Manufacturing and production	11	78	11
Private sector services, of which:	7	76	17
Retail, hospitality, catering, leisure and cleaning	18	82	0
Legal, financial, technology and other professional services	3	83	14
Other private sector	8	68	25
Public services	15	71	15
Voluntary, community, not-for-profit	14	80	6
By size*			
SME (<250)	11	81	9
Large (250–9,999)	9	80	11
Very large (10,000+)	0	0	0
By employee category			
Management/professional	10	80	10
Other employees	7	81	11

n=336 management, n=331 other grades. Percentage of those who do collect data. *% of respondents selecting either or both employee categories.

The 'legal, financial, technology and other professional services' sub-sector are least likely to see their pay dispersion as narrower than competitors, and the 'retail, hospitality, catering, leisure and cleaning' sub-sector most likely, which may be to do with the widespread use of the national minimum and living wages and the subsequent reduction in the size of pay differentials as these minimum pay rates increase.

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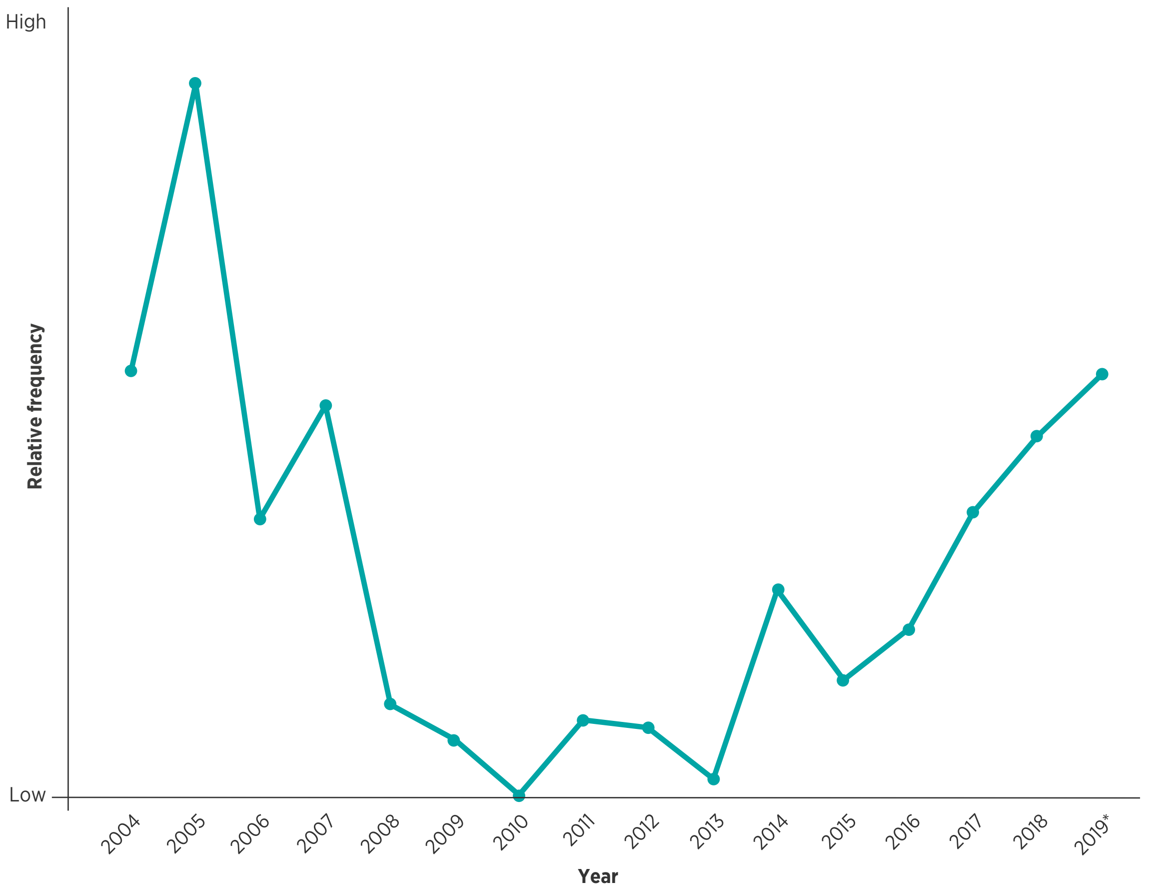
Who's been asking for a pay rise?

In our survey of 2,182 workers, we took the opportunity to ask whether in the past couple of years they had asked for a salary increase. As can be seen from Figure 1, the relative frequency of which people in the UK are googling the phrase 'how to ask for a pay rise' is recovering from the impact of the 2008 recession.

Figure 1: What's the relative frequency of people googling 'how to ask for a pay rise'?



*The frequency for 2019 is an imputed frequency, calculated by annualising the relative frequency for January to October 2019.

Overall, 23% of them have asked for a pay rise, men (25%) being a bit more likely to do so than women (20%). By age, 25–44-year-olds (28%) have been most likely to ask for a salary bump, while voluntary sector workers have also been likely (30%) to ask for a wage increase, followed by those working in the private (24%) and public (16%) sectors. Perhaps unsurprisingly, those who didn't think that their pay reflects their responsibilities and achievements are most likely to have asked for an increase (45%), compared with those who think that it does (37%).

Among those who did ask for a pay rise, 62% asked their line manager for their increase, 21% asked the person at the top of the organisation, while 19% went to their line manager's manager. However, just 5% went to their HR department to ask for a review.

Among those who have asked for a pay rise, 26% did not get one, 29% did get one, but it was less than was asked for, 22% did get the increase they requested, while 10% managed to be given a higher increase than for which they asked. Of the rest, 8% were still awaiting a response to their pay request while 2% had been given a non-financial reward instead, such as a new job title.

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By age, those aged 55 years and over have been most likely to have been refused a pay rise (31%), those aged between 35 and 44 have been most likely to get a rise that was less than they had asked for (39%), 45–54-year-olds are most likely to get the rise they wanted (29%), while 55-year-olds and over are most likely to be given a rise higher than they asked for (12%).

By sector, those working for public service sector employers have been most likely to have their request for a salary review turned down (45%), while those employed in the private sector have been most likely to get a pay rise of some form (37%), or a full increase or higher (37%). There are no significant differences by gender, with women being just as likely to be turned down for a pay rise as men, or getting less, the same or more than they asked for.

By gross personal income, those with higher earnings are more likely to get their pay request approved. While 58% of those earning £60,000 or more a year have been given a full increase or more, just 28% of those earning less than £20,000 were treated the same. Similarly, while just 6% of those earning £60,000 or more had their application for a pay rise turned down, 46% of those earning less than £20,000 had their pay request refused.

Among those who didn't get the pay rise they wanted, the most common explanation for their failure was that the person they asked said that they did not have the money to give them what had been asked for (47%). The other most common explanations are that the person that they asked: did not have the authority to increase the employee's pay by what they asked for (22%); and has so far given them no explanation as to why they had turned down their request (13%). In just over one in ten cases (12%), the employee was unable to give an explanation as to why they had not been given the pay rise that they had requested.

Why don't people ask for a pay rise?

Given that at the time of our survey real pay has not yet returned to its pre-2008 levels, we were interested why more employees had not asked for a pay rise. To find out, we asked the 77% of respondents who reported that they had not asked for a salary hike in the past two years why this was the case.

The most common response (25%) is that they had already been given a pay increase that they were happy or satisfied with, so there was no need to ask for more. However, this was less the case among public sector workers (14%), those whose personal gross income was £20,000 or less (19%), those aged between 35 and 44 (21%) and for staff who were non-white (18%).

The other most common response is that employees didn't think it was worth their while asking for a pay rise as they knew that their line manager/organisation would not give them an increase anyway (24%). Those aged 18–24 were most likely to take this attitude (40%), while those aged 55 and over were least likely to have this opinion (23%). Those earning less than £20,000 were also the most likely to take this view (32%), and those earning between £40,000 and £59,999 the least (18%). Those in the private sector are most likely to think this (27%) and the public sector the least (19%).

The third most common response is that staff believe that they already earned enough for them to enjoy a reasonable standard of living (17%), so there was no need to request a rise. Interestingly, there is a small difference by gender, with men (19%) more likely to have given this explanation than women (15%). Similarly, older workers are more likely to say this (20%) than those aged between 18 and 24 (8%). By ethnicity, non-whites (12%) are less likely to give this explanation.

The fourth most common reason was that employees thought that given their responsibilities and achievements in their job, they believed that they got paid appropriately (16%). Again, those earning less than £20,000 were least likely to give this reason (11%), while those getting more than £60,000 were the most likely (27%). Gay and lesbian workers were also more likely to give this explanation (21%).

Other explanations given by employees include: not knowing how to go about asking for a pay rise (8%); pay was decided by collective pay bargaining or national agreements (8%); feeling scared asking for more given the current economic and political uncertainty (7%); and thinking that asking for a rise would mean taking on more responsibilities, which they did not want to take on or could not take on at the moment (6%).

The above results vary; for instance, while 24% of public sector workers said that they had not asked for a pay rise as they are covered by collective bargaining or by a pay review body, just 3% of private sector workers have given this explanation. Among non-white staff, 14% have reported that they do not know how to go about asking for an increase, while this figure is 8% for white workers. Similarly, while 10% of women are unsure how to ask for a rise, just 5% of men say the same.

4 Variable pay

While salary progression may be considered a form of pay variation, including so-called merit-based increases for meeting pre-agreed objectives, normally the resulting amount is consolidated. By comparison, some forms of pay must be re-earned and are paid in the form of one-off amounts that will vary over time, depending on the type of arrangement and what the performance payments are linked with.

Bonuses and cash incentives are a form of variable pay based on the use of cash lump sum payments linked to individual, collective or organisational performance (or some combination of these). They are not consolidated into base pay, though in certain situations (such as due to cost constraints) they can be given as part of, or instead of, a pay rise. While not covered in this report, other variable awards may be made to employees in the form of non-cash future-facing incentives to perform, or retrospectively applied forms of recognition.[2]

HR practitioners responding to the management survey were asked to declare whether their organisations operate one or more performance-related pay or non-pay arrangements.

Table 7 shows that there appears to be a long-term decline in the use of performance-related variable and non-variable reward schemes, with only 44% reporting their use in 2019. The public and voluntary sectors use such pay markedly less than other sectors, while the private sector services and manufacturing sector use it at roughly equal rates. Use of such pay increases with organisation size.

2 CIPD factsheet: Bonuses and incentives.

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Table 7: Who uses performance-related (financial or non-financial) variable and non-variable reward schemes? (%)

2019	44
2017	48
2015	49
2013	55
2012	65
By sector	
Manufacturing and production	50
Private sector services, of which:	52
Retail, hospitality, catering, leisure and cleaning	55
Legal, financial, technology and other professional services	47
Other private sector	55
Public services	26
Voluntary, community, not-for-profit	28
By size	
SME (<250)	41
Large (250–9,999)	48
Very large (10,000+)	50

n=368

Who is eligible to receive variable pay?

In 44% of organisations, all or most management and professional staff are eligible for an annual or other form of short-term bonus related to targets, and in 37%, all or most other staff are eligible, according to Table 54 in the appendices. Other staff see a slightly more even spread of variable pay, as in 32% of organisations, all or most other staff are eligible for overtime rates above plain time rate, and in 22% all or most are eligible for unsocial hours pay.

Public sector services and the voluntary sector organisations are noticeably less likely to pay a short-term bonus for achieving or exceeding targets, with 83% and 82% reporting that no management or a minority received such pay. The figures for other staff are similar, at 87% and 80% respectively. The highest use of such pay is in the 'legal, financial, technology and other professional services' sub-sector and 'other private sector services' for management (58% in each case) and in the 'legal, financial, technology and other professional services' sub-sector for other staff (55%).

The highest use of a long-term incentive linked to corporate performance is among the private sector services (19% and 16% for the two different staff groups), and particularly the 'legal, financial, technology and other professional services' sub-sector, where a quarter of organisations use such pay for their managerial and professional staff. The lowest use of such pay is in the voluntary sector, where no organisations report that most or all staff receive this, while the public sector shows limited use.

Among all those respondents who use performance-based reward or recognition (44%), individual bonuses are still the most used individual performance-related reward scheme, at 62% (see Table 8). However, merit pay rises are now nearly as common as individual bonuses. Sales commission and ad hoc or project-based schemes have also grown.

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Piece rates remain used by only a few organisations. The use of individual non-monetary schemes to recognise exceptional achievement is also common.

Differences in the use of performance-related schemes according to size seem muted and no clear picture emerges. The only clear pattern appears to be that the use of individual non-monetary awards to recognise exceptional achievement is greatest among SMEs and diminishes as the organisations become larger. This might be because SMEs often have fewer resources and so must rely more on praise to recognise the contribution of individual employees.

Individual bonuses, merit pay rises and ad hoc or project-based schemes are all more commonly used for managers and professional staff than for other staff, while sales commission, combination schemes, and individual non-monetary awards to recognise exceptional achievement are more often used for other staff.

Private sector services are the heaviest users of individual bonuses, but the 'legal, financial, technology and other professional services' sub-sector seems to account for this high figure.

Table 8: Which types of individual performance-related schemes are used? (%)

	Individual bonuses	Merit pay rises	Sales commission	Combination schemes	Individual non-monetary to recognise exceptional achievement	Ad hoc/ project-based	Piece rates
2019*	62	61	46	40	38	33	5
2017*	66	58	43	43	43	23	4
2015*	57	51	29	46	–	24	3
2013*	60	56	37	49	–	20	0
2012*	67	57	37	40	–	18	2
By sector*							
Manufacturing and production	64	79	55	48	39	33	12
Private sector services, of which:	70	58	51	42	36	34	5
Retail, hospitality, catering, leisure and cleaning	60	60	67	53	33	33	13
Legal, financial, technology and other professional services	75	56	44	34	22	22	0
Other private sector	69	59	51	44	49	44	5
Public services	57	57	7	21	50	43	0
Voluntary, community, not-for-profit	25	44	31	25	38	19	0
By size*							
SME (<250)	64	65	42	41	41	32	5
Large (250–9,999)	61	56	52	39	34	36	7
Very large (10,000+)	67	67	0	0	33	0	0
By employee category							
Management/professional	57	56	28	33	26	26	3
Other employees	48	51	36	35	38	22	2

n=146 management, n=136 other grades. *% of respondents selecting either or both employee categories.

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Merit pay rises are used by around a half to three-quarters of organisations, with the voluntary sector the lowest and the manufacturing sector the highest. Sales commission is understandably low in the public and voluntary sectors. The manufacturing and private service sectors use it about half the time, with the 'retail, hospitality, catering, leisure and cleaning' sub-sector seeing the highest figure.

Individual non-monetary awards to recognise exceptional achievement are most often used in the public sector; this may be because they find it easier to recognise employee performance through non-financial means, or don't have the money to reward contribution through pay. Around a third of other organisations report using such schemes, with the 'legal, financial, technology and other professional services' sub-sector seeing the lowest use.

Among all those respondents who use performance-based reward or recognition, Table 9 shows that profit-sharing is the most common group performance-related scheme. Team bonuses or gain-sharing shows an increase. Goal-sharing is used by a third of organisations and appears to be in decline. Group non-monetary recognition awards are used by just under a third of organisations and do not seem to show a clear-cut long-term trend.

Table 9: Which types of group performance-related schemes are used? (%)

	Profit-sharing	Team bonuses/ gain-sharing	Goal-sharing	Group non-monetary recognition awards
2019*	51	47	33	30
2017*	47	41	35	38
2015*	40	20	53	30
2013*	40	12	50	35
2012*	38	22	48	27
By sector*				
Manufacturing and production	50	50	58	17
Private sector services, of which:	55	48	27	32
Retail, hospitality, catering, leisure and cleaning	44	67	22	33
Legal, financial, technology and other professional services	64	55	14	18
Other private sector	52	38	38	41
Public services	29	57	29	43
Voluntary, community, not-for-profit	33	17	0	50
By size*				
SME (<250)	52	43	29	32
Large (250–9,999)	51	54	38	26
Very large (10,000+)	0	50	50	50
By employee category				
Management/professional	51	35	28	26
Other employees	39	43	27	33

n=86 management, n=89 other grades. *% of respondents selecting either or both employee categories.

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Profit-sharing is more commonly offered to management and professional staff than to other employees, while the opposite is the case for team bonuses and group non-monetary recognition awards.

Around half of the manufacturing sector and private sector services share the success of the organisation with employees through profit-sharing, although in the 'retail, hospitality, catering, leisure and cleaning' sub-sector this proportion falls to 44%.

Team bonuses are widespread in the 'legal, financial, technology and other professional services' sub-sector, which may reflect the importance of knowledge-sharing and collaboration in achieving corporate goals.

The voluntary sector is the most likely to use group non-monetary recognition awards, with half of organisations reporting their use.

Among those organisations that use performance-related variable and non-variable reward, Table 10 shows that most use them only sparingly, with 92% reporting that between 70% and 90% of total pay is fixed and the rest is variable. Only 3% of organisations make extensive use of performance-based variable pay, where it represents between 70% and 90% of total pay. This is most commonly used in the retail, hospitality, catering, leisure and cleaning sub-sector and is probably associated with their high use of commission and team bonuses.

Table 10: What's the split between fixed and base pay? (%)

	Fixed 70–90%	Fixed 40–60%	Fixed 10–30%
All	92	5	3
By sector			
Manufacturing and production	91	6	3
Private sector services, of which:	93	4	4
Retail, hospitality, catering, leisure and cleaning	77	8	15
Legal, financial, technology and other professional services	94	6	0
Other private sector	97	0	3
Public services	91	9	0
Voluntary, community, not-for-profit	93	7	0
By size			
SME (<250)	96	4	0
Large (250–9,999)	86	7	7
Very large (10,000+)	100	0	0

n=140

Other forms of variable pay

We also asked respondents about their use of non-performance-related variable pay. The most common form is overtime pay above plain time rate, which is most prevalent in the manufacturing sector among other staff, where 63% of organisations report its use, followed by the public sector, where 41% use such pay for other staff and 22% for management grades. Table 54 in the appendices finds the lowest use of overtime pay is in the voluntary sector, where 6% of organisations use such pay for management and only 11% for other staff.

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Additional payments for unsocial hours working are the next most common form of non-performance-related variable pay. The manufacturing sector uses them most (37% reporting that all or most staff are eligible) and their lowest use is in the voluntary sector (13%), although the 'legal, financial, technology and other professional services' sub-sector is lower still at 8%. The only sector that makes much use of such payments for other management and professional staff is the public sector, at 22% for all or most staff, although 13% of the 'other private sector services' also use them for this group. More information on this and other payments can be found in Table 54 of the appendices.

5 Risk, transparency and pay management

There is a range of options available for organisations to reward their staff and recognise their contribution, each with their own opportunities and risks.[3] Mindful of the need to balance opportunity and risk, the view is that the most effective reward packages will be aligned with the business and staff needs and reflect the organisation's purpose and performance. From analysis of reporting by FTSE 100 companies, and what may be missing from corporate reports, the CIPD has identified seven areas of people risk, associated with:

- talent management
- health and safety
- diversity and equality
- employee relations
- business continuity
- reputation
- employee ethics.[4]

To varying degrees, how the efforts of employees are rewarded and recognised will determine the extent to which these seven areas are a source of people risk or opportunity.

HR practitioners responding to the management survey were invited to share their thoughts about how their organisations assess and mitigate the risks associated with pay management. These pay risks can include such issues as: it is difficult to change pay practices quickly; bonuses encourage inappropriate behaviour; pay does not engage employees; budget constraints mean that it is hard to increase salaries; workers don't understand performance and behaviour requirements underpinning pay decisions; personal pay data is at danger of being stolen, and so on.

3 CIPD factsheet: Reward and pay.

4 CIPD. (2018) Hidden figures: the missing data from corporate reports.

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Table 11: Do employers have a formal process to assess, manage and mitigate the various risks associated with pay? (%)

	Yes	No formal process – risk mitigation built into review of pay decisions	Only on an ad hoc basis	No
All	18	34	27	21
By sector				
Manufacturing and production	15	35	32	18
Private sector services, of which:	13	37	29	21
Retail, hospitality, catering, leisure and cleaning	4	36	32	29
Legal, financial, technology and other professional services	16	37	31	16
Other private sector	13	36	27	24
Public services	45	11	15	28
Voluntary, community, not-for-profit	12	44	26	18
By size				
SME (<250)	12	35	30	22
Large (250–9,999)	26	33	23	19
Very large (10,000+)	50	0	17	33

n=366

Table 11 shows that only 18% of employers surveyed have a formal process to assess and manage pay risk, though a further third say that risk mitigation is built into the review of pay decisions, while three in ten assess pay risks on an ad hoc basis.

Public services are most likely to have a formal process, possibly because their pay decisions are open to more scrutiny from the press, politicians and the public. Voluntary sector organisations are the least likely to have a formal process (apart from the 'retail, hospitality, catering, leisure and cleaning' sub-sector) but most likely to state that risk mitigation is built into the pay decision review process.

A formal process becomes more likely the larger the organisation is. Correspondingly, an ad hoc basis is more likely in the smaller organisations.

The danger with not adopting a formal process to assess, manage and mitigate pay risk is that certain pay risks may not be addressed. For instance, while mitigating the risk at the end of the process may make sure that no mistakes are made, it does mean that employers must rely on this backstop to catch any issues, rather than having a formal process that should help prevent the problems arising in the first place.

Also, while mitigation can stop a risk from arising, some risks can also create an opportunity for an employer, and it is only through having a formal process in the first place that employers can weigh up the hazards as well as the opportunities of various pay options, such as using a broadband to manage pay progression. Similarly, only looking at pay risk on an ad hoc basis also has its problems. For instance, by only assessing pay risk on an 'as and when' basis, you may miss these risks building up in the first place.

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Box 1: Transparency, pay and risk management

Particular attention in the discussion among practitioners focused on pay dispersion and the risks this may give rise to. While it was felt pay progression in public sector organisations was relatively clear, the looser structure applicable to pay management in some private sector employers raised issues. The data suggested that many organisations are simply not collecting the information they need to manage risk effectively: it was considered surprising that nearly half of responding organisations don't compare pay levels with others. Simply put:

> *If you don't collect the data, you cannot communicate.*

But it was argued that collecting competitor data was difficult for some organisations, not because the mechanics were prohibitive, but because 'there is a concern that you are forming a sort of cartel. So, we benchmark in broad terms rather than specifics.'

Commenting on the expansion of legal requirements to disclose pay data and its underlying features, concerns were raised. Pay ratios and expanding demographic comparisons, for example, beyond gender pay gap reporting carried risks:

> *It's harder to get reliable data on disability and ethnicity; it's a more complex picture, reliant on self-reporting: you can get odd results. Also, you have to compare with the geographic area you are located in to set a context for the population being compared with.*

Setting competitive pay levels

As mentioned earlier, one risk that organisations must manage is to do with the confidence that their pay levels are competitive against other organisations within similar markets for talent. Respondents to the survey were asked for their views on how their organisations target total cash pay levels compared with relevant competitors in their target sector.

The perception of organisations regarding their target pay level appears to have changed slightly over the years (Table 12), with a rise in those targeting their pay close to the median and a drop in the proportion of organisations positioning themselves either in the upper or lower quartile.

Public sector employers are least likely to see themselves as at or near the market median, while other sectors report this in about two-thirds of cases. Within the private sector sub-sectors, the 'retail, hospitality, catering, leisure and cleaning' sub-sector is most likely to see itself as near the median and the 'legal, financial, technology and other professional services' sub-sector least likely.

However, only 54% of respondents were able to give us these figures. The rest said that either their organisation did not collect this data or that they did not know how their employer compared with its competitors in terms of pay. If their employer is not collecting this information, there is a risk that salaries could become too low to attract and retain the talent it needs, and that the organisation only finds this out when it starts losing people.

Also, this data can be useful for HR to defend its existing approach. For instance, if line managers report that the organisation should increase its pay in response to an increase in employee turnover, HR can check its data to see whether its salaries have fallen below market rates. If that is not the case, something else is encouraging people to leave and HR should investigate what this is. This market data can also be useful in communicating with employees about how their pay compares with the market if some individuals believe they are being underpaid for what they do.

Table 12: How does total pay compare with an organisation's relevant competitors? (%)

	Top 10%	Upper quartile	At/close to median	Lower quartile	Bottom 10%
2019*	9	18	63	7	3
2017*	10	18	60	8	3
2015*	9	19	55	11	6
2012*	11	22	52	11	2
2011*	9	26	51	13	2
By sector*					
Manufacturing and production	9	16	67	2	5
Private sector services, of which:	10	18	63	7	2
Retail, hospitality, catering, leisure and cleaning	0	6	76	12	6
Legal, financial, technology and other professional services	16	22	57	4	0
Other private sector	8	18	64	8	2
Public services	9	13	52	17	9
Voluntary, community, not-for-profit	6	22	66	3	3
By size*					
SME (<250)	8	13	67	3	9
Large (250–9,999)	10	15	59	8	8
Very large (10,000+)	0	0	50	50	0
By employee category					
Management/professional	9	15	69	4	3
Other employees	7	15	69	7	2

n=336 management, n=326 other grades. *Percentage of the 54% who do collect data, selecting either or both employee categories.

Transparency in managing pay

An organisation's reward policies reflect its values, so it's important that an appropriate communications strategy is adopted to explain what staff behaviours and performances are being rewarded, how and why. Going further, as reported in the 2017 *Reward Management* survey, employers claim to have increased the openness in their practices about how pay levels and increases are set. In part, these trends may be driven by regulatory requirements – such as gender pay gap reporting and, from 2020, information reporting on pay ratios between the top and 'average' levels of employee in companies. The CIPD cites evidence prompting a need for public policy initiatives to underpin organisational change, such as greater mandates for broader, more transparent reporting and consequences for organisations that do not comply.[5]

To investigate this issue further, this year we asked respondents what aspects of pay information employers actively share with employees, that is, proactively talk with them rather than putting this information on the company intranet for people to find. Table 13 shows the responses.

Organisations are most likely to share information actively with employees regarding the factors considered in pay decisions, although the way an organisation's pay structure works, how jobs fit into the pay structure and what a person needs to do to increase their

5 CIPD. (2017) 'Fat Cat Wednesday' prompts call for greater transparency over executive pay.

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pay are also discussed. Individual matters are much less likely to be discussed, such as how a person's pay compares with others in the team (although individuals are not named) or how it compares with the minimum, maximum or median in their grade.

Public sector services are most likely to share information on how the organisation's pay structures work than any other group, while the next highest proportion is in the voluntary sector. The reason that public and voluntary sector organisations are more likely to talk about their pay grades is because they are more likely to have them than private sector organisations (see Table 1). The public sector is also most likely to talk about how a person's job fits into the pay structure.

Conversely, the public sector is less likely than any other to discuss what a person must do to increase their pay or factors used in deciding a pay increase. This reflects the fact that for many organisations in that sector, employee pay is determined by pay review bodies, by collective bargaining or by government pay policy, and so there is less opportunity for individuals to increase their own pay.

Table 13: What pay information do organisations actively share with employees? (%)

	Factors considered when deciding to increase their pay	How organisation's pay structure/ grades work	What they need to do to increase their pay	How jobs fitted into the pay structure/ grades	How their pay compares with minimum, median, maximum salaries in their pay grade	How their pay compares with others in team (individuals not named)
All	56	49	45	34	18	7
By sector*						
Manufacturing and production	61	43	57	35	20	4
Private sector services, of which:	59	36	49	24	14	7
Retail, hospitality, catering, leisure and cleaning	50	32	50	32	9	9
Legal, financial, technology and other professional services	63	31	52	19	10	8
Other private sector	57	43	47	26	21	4
Public services	28	75	21	57	26	11
Voluntary, community, not-for-profit	64	61	39	34	14	7
By size*						
SME (<250)	63	41	52	29	16	5
Large (250–9,999)	45	55	33	38	20	10
Very large (10,000+)	0	100	29	71	14	0

n=297

The voluntary sector is least likely to discuss what a person needs to do to increase their pay, but most likely to share the factors considered when deciding to increase pay. The manufacturing sector is reasonably likely to share information about both of these topics.

All sectors are broadly similar in their reluctance to share information on how pay compares with others in the team, although the public sector is slightly more likely to do so than other sectors. The public sector and manufacturing sectors are most likely to discuss how pay compares with the minimum, maximum and median salaries in the grade.

How an organisation's pay structure works and how jobs are fitted into the pay grades are both more likely to be discussed the larger the organisation is. On the other hand, what employees need to do to increase their pay and factors considered in deciding on a pay increase are cited less often with increasing size. These effects are muted when public sector organisations, which tend to be larger, are excluded, but are still noticeable, particularly about what is needed to increase pay and factors considered in pay increases.

There is an opportunity for HR to help their employers become more transparent about pay as transparency is a key element of building trust among employees in how rewards are managed and the perception that the pay process and outcomes will be fair.

Transparency of CEO pay

Anticipating the legal requirement from January 2020 for large publicly traded companies and, on a voluntary basis, large private companies, to publish details of the ratio of their chief executive's 'single figure' total remuneration to the median, 25th and 75th percentile total remuneration of their full-time equivalent UK employees, we took the opportunity to ask whether employers were already starting to do this.

Our findings, reported in Table 14, reveal that only 8% of respondents both collect and know the ratio between the pay of their chief executive and their median employee, while a further 20% report that their employer has calculated this information, but they do not know how big it is. There is no difference in the proportions between privately owned companies (where disclosure is so far voluntary) and publicly traded private sector organisations (where publication is now required). Organisations seem more likely to collect the figure, whether the respondent knows it, the larger they are.

One might have assumed that more HR respondents would have known the size of the CEO pay ratio in their organisation. However, it might be that HR simply supplied the data that has then been analysed by colleagues in another department, such as investor relations, but they have not been told the results.

However, going forward, this information will need to be shared with HR because they will need it to craft a narrative around the size of the CEO pay ratio, such as how the firm's reward principles impact on CEO and employee pay, so that internal and external stakeholders have a better appreciation of what's being paid, why and how.

Table 14: How many organisations calculate the CEO pay ratio? (%)

	Yes	Yes, but I don't know it	No
All	8	20	72
By sector			
Manufacturing and production	6	19	75
Private sector services, of which:	2	20	78
Retail, hospitality, catering, leisure and cleaning	0	24	76
Legal, financial, technology and other professional services	3	15	82
Other private sector	2	22	76
Public services	22	30	48
Voluntary, community, not-for-profit	18	11	71
By size			
SME (<250)	5	14	80
Large (250–9,999)	14	25	61
Very large (10,000+)	0	100	0

n=342

6 Role of line managers

Our previous two surveys have given views of the importance of the role played by front-line managers in reward management. This year, questions have been asked to understand what role they play relative to other organisational decision-makers on pay, and how respondents and employees assess line managers in those roles. The term 'front-line manager' or 'first-line manager' normally refers to those who supervise and manage employees who themselves have no supervisory responsibilities.

As the 'face' of HR to the employees they supervise, line managers are responsible for translating reward management policies into day-to-day practices. The fundamental paradox of line managers' involvement in people management and development is that they're expected to engage with and demonstrate consistency against the overall organisational policy, while at the same time tailoring their approach to the needs of individuals and teams.

Front-line managers are often promoted from operational roles and might not have any formal management education at the time of their appointment, so two key forms of support are needed to enable them to develop self-confidence and a robust sense of their own role in the organisation: first, to educate line managers in the behaviours required; and second, organisations must also ensure they're developing the environment and culture in which line managers are actively encouraged and permitted to exhibit the identified behaviours.[6]

To set the context for understanding first-line managers' role in managing pay progression, HR practitioners were asked in the *Reward Management* survey to describe which parties their organisations involve in proposing, endorsing and approving pay increases for employees in their organisations.

Table 15 shows that when it comes to proposing a pay increase for management and professional employees as well as for other staff, front-line managers have a significant role.

Table 15: Which parties are involved in proposing, endorsing and approving pay increases? (%)

Management/professionals	Line managers	Senior managers	HR/ reward	The board	Finance	Remuneration committee	Trade union/ works council	Company secretary/ lawyer
Proposes	50	40	36	18	9	5	5	1
Endorses	11	39	45	30	20	9	5	1
Approves	4	25	17	63	18	18	4	3

Other staff	Line managers	HR/ reward	Senior managers	The board	Finance	Trade union/ works council	Remuneration committee	Company secretary/ lawyer
Proposes	58	37	34	12	9	9	5	1
Endorses	15	41	41	23	18	7	6	1
Approves	6	17	28	54	17	5	14	3

n=346 management, n=330 other grades.

6 CIPD factsheet: Line managers' role in supporting the people profession.

However, when it comes to endorsing the proposal or approving it, their role is far less significant. HR is the party most likely to endorse a pay rise, both for management and professional employees as well as for other employees, alongside senior managers. When it comes to approving the pay increase decision, the board is most likely to have sign-off for both managers and professionals and for other staff. More about the responses to this question can be found in Table 53 in our appendices.

To develop this contextual understanding further, respondents were also asked to rate the parties judged to be the most influential in setting the overall financial framework (budget) for annual pay increases in their organisations (Table 16).

Table 16: Which parties are the most influential in setting the overall budget for annual pay rises? (%)

	The board	Senior managers	Remuneration committee	HR/reward	Finance	Trade union/ works council	Line managers	Company secretary/lawyer
All	38	18	14	10	10	7	4	1
By sector*								
Manufacturing and production	46	16	11	11	5	6	4	1
Private sector services, of which:	41	19	9	10	13	3	5	0
Retail, hospitality, catering, leisure and cleaning	42	17	6	6	14	8	8	0
Legal, financial, technology and other professional services	42	18	10	8	13	1	7	0
Other private sector	39	20	10	13	12	3	1	1
Public services	15	9	26	13	6	30	2	0
Voluntary, community, not-for-profit	32	27	23	5	10	2	2	0
By size*								
SME (<250)	43	23	8	9	8	4	3	1
Large (250–9,999)	29	10	21	12	14	11	4	0
Very large (10,000+)	43	14	29	0	0	0	14	0

n=319 management, n=298 other grades. *% of respondents selecting either or both employee categories.

Table 16 shows the role of front-line managers in this process is limited, with just 4% of respondents saying that this group of employees is the most influential party in setting the overall budget for pay increases. Instead, the party with the most influence is the board, and this remains true throughout the different sizes of organisation and all the sectors except the public sector, where the trade union or works council and the remuneration committee become the most influential. Senior managers are also important in this process, particularly in the voluntary sector. This sector is also reasonably likely to make use of a remuneration committee, while this remains a minor influence in the manufacturing and private sectors.

Perceived trends in line manager involvement

Respondents were asked for views on changes in their organisations about the involvement of line managers in the various aspects of pay management, initially looking over the immediately preceding period and then looking forward over the coming two

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years. The findings, which are shown in Table 17, reveal that the involvement of line managers in the pay policy process has changed little over the past two years except at the communication stage, where almost a quarter of respondents have reported more involvement.

Looking forward, 21% of respondents anticipated more line manager involvement in the design, 23% in the implementation and 32% in the communication of pay policies over the next two years.

Table 17: How has line management involvement in pay policy design, implementation and communication changed, and how is it predicted to change? (%)

Changes in previous two years	More involvement	Same involvement	Less involvement
Design	15	76	10
Implementation	14	76	9
Communication	24	69	7
Changes in next two years	**More involvement**	**Same involvement**	**Less involvement**
Design	21	72	7
Implementation	23	70	7
Communication	32	63	4

n=297

There are no clear trends according to size, but Table 18 shows that organisations differ markedly according to sector. The voluntary sector is the most likely of our four broad industries to report that line managers have been more involved in the design of pay policies, their implementation and their communication. The manufacturing sector has also seen line managers more involved in the design in a fifth of cases, and although this figure drops back for implementation, almost a fifth also report more involvement in the communication of policies.

Table 18: How has line management involvement in pay policy design, implementation and communication changed, and how is it predicted to change? (%)

More involvement, previous two years	Design	Implementation	Communication
Manufacturing	20	15	18
Private sector services, of which:	13	15	26
Retail, hospitality, catering, leisure and cleaning	17	26	30
Legal, financial, technology and other professional services	13	11	22
Other private sector services	11	15	29
Public sector services	8	7	17
Voluntary sector	20	16	29
More involvement, next two years			
Manufacturing	17	17	30
Private sector services, of which:	20	25	33
Retail, hospitality, catering, leisure and cleaning	22	35	41
Legal, financial, technology and other professional services	18	22	35
Other private sector services	21	23	29
Public sector services	17	20	27
Voluntary sector	33	31	39

n=293–296

Within the private sector services the picture is more mixed. Fewer respondents report more involvement in the design and implementation of pay policies, but a quarter report that line managers have been more involved in the communication of such policies.

Similar patterns are seen when respondents contemplate the next two years. A third of voluntary sector respondents anticipate more line manager involvement in the design of pay policies, a figure which rises to almost two-fifths in the case of communication. The manufacturing sector likewise anticipates an increasing role for line managers in the communication of pay policies. Private sector services also see a similar pattern but at even higher proportions than in the past two years.

It might be inferred that the rationale driving these responses may anticipate delegating more responsibility to line managers for pay decisions and/or an enhanced role in getting the organisation's message across as key communicators in the pay management process. However, our practitioner panel argued for caution around such assumptions even if they seem theoretically desirable, as they rely on the assumption too that line managers have both the desire and skills to be effective pay communicators and decision-makers (see Box 2).

Box 2: Line managers: striking a balance between autonomy and corporate control

The question of explaining to employees individually why pay policies apply as they do, when considered by the practitioner panel, raised the issue of striking a balance between overall corporate governance and allowing front-line managers to exercise autonomy:

> *What's more important in this pull and push – how every penny is spent, or that your managers can make a decision? The economic climate is a key factor – if micro-level governance is seen as the more important, managers may feel disengaged; their sense of autonomy compromised.*

In practice *'people tend to want both'* autonomy and control, which raises potential tensions, although it was suggested that *'strong managers should be able to deal with them'*.

Of course, it should not be assumed that front-line managers welcome greater involvement in pay management:

> *It depends on line managers' view of having to do it: they may see it as 'work shunt' or that 'HR should be doing it'.*

Attention is required, then, it was suggested, to encouraging the view among line managers that they should expect to have accountability to manage pay. So, there is a balance to be struck between capability and desire. And here there is a possible trust deficit: are line managers up to the task, even after they have had the training in pay management? The challenge voiced was that of bringing all managers up to a standard level, with questions around inhibitors to success:

> *An organisation had a benchmarking budget and then a discretionary budget. I said, 'would you give that money to line managers to use?' The reply came, 'oh no; we'll decide, not the line managers.'*

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> *If someone is promoted to a certain level of management, there is a sense of losing the job they are comfortable with. How much do they see this as 'something else being put on their shoulders' in resource-constrained environments?*

It was, however, felt that some managers were simply unaware that they can take the initiative, using reward as a means by which to engage the people they supervise. In developing skills, the suggestion was made that some basic skills were needed, like being able to interpret spreadsheets informing pay administration, while also having the confidence to adopt a flexible approach to guiding their teams in working flexibly.

There is also a messaging issue to be tackled, to help line managers understand that getting financial responsibility for pay management was not simply 'getting extra work' but being trusted to act in the organisation's best interests, balancing their immediate front-line situation with the wider corporate and strategic setting. And following a sustained period of austerity ('with so long on 1%'), it was felt there were *'some instances even within the HR function where people haven't had to have a conversation about reward'.* This had to be remedied before an attempt was made to involve line managers.

It remained important to tailor approaches to the capacity line managers bring to the role: *'some of our managers need a framework of what they can and can't do'*, and, more structurally, *'often it's middle managers trying to hold on to control, based on their view that "if I don't have control, then what's the point of me?"'*

Asked about assessing line manager success in discharging their accountability for pay management, panel views were that *'there is a long way to go'* – partly because of the organisation's philosophy underlying assessment:

> *Lots of organisations measure output; it's harder to measure people. Or at least, people don't like being measured in terms that make them feel threatened. So, organisations need to get better not only at showing what has happened and speculating about the future, but also in comparing predictions with what has actually happened.*

When asked about actions to help enable line managers, some investment in development programmes was cited. But how can all managers be enabled in a situation where *'the manager has to deliver their goals, improve their people, and their people must be willing to run through brick walls for them'*? Informal confidence-building was anticipated in these circumstances: *'If people are happy, they will tell others.'* The 'hiring decision' was perceived as 'a big weakness' in getting capable line managers: *'it all starts there.'* And then there is the environment:

> *The biggest single impact on how you manage is how* ***you*** *are, and have been, managed. Getting the cascade to work properly is a key factor in getting the system to function as intended.*

> *It's about giving line managers space to manage, giving them time to manage and making clear that it is a big part of the role and their performance will be assessed against this part of their role.*

There is the need also to respect diversity among individual managers and how they get results at all stages of their evolving management experience:

> *There needs to be a change in focus on tangible 'outputs'. Considering that the onus is on managers to have conversations – there is no tangible output from that,* ***the conversation is the output****.*

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We also asked this year about the extent to which line managers are involved in the design, implementation and communication of various aspects of pay in their organisation, with the responses reported in Table 19. Line managers' role in setting salary levels increases as the process develops, with only 32% of line managers having moderate or full involvement in the design and 33% in the implementation, but 49% having such involvement in communication of how salary levels have been set. A similar picture is seen in other aspects of pay, with line managers' involvement being greatest at the communication stage of the process.

Table 19: How involved are line managers in the design, implementation and communication of pay? (%)

	Not involved	Minimal involvement	Moderate input	Full involvement
How salary levels are set				
Design	45	23	20	12
Implementation	40	27	19	14
Communication	28	22	25	24
The grades used to organise pay rates				
Design	63	20	11	7
Implementation	58	25	11	5
Communication	48	22	17	14
Salary increases				
Design	36	24	26	14
Implementation	32	23	30	16
Communication	22	22	27	29
Individual- or team-based performance-related financial rewards				
Design	49	20	15	15
Implementation	43	20	20	17
Communication	37	17	20	25
Individual- or team-based performance-related non-financial rewards				
Design	51	18	16	14
Implementation	47	16	18	20
Communication	44	14	16	26

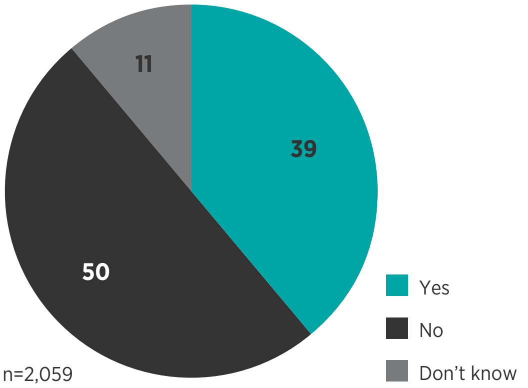
n=249–285

Employee views on their manager's role in setting their pay

This year, the *Reward Management* survey has been complemented by a survey of employee attitudes. One finding is that 39% of employees perceive that their line manager has a role in setting their salary, 50% believe not, while 11% do not know. This generally accords with our survey of employers in the reward survey, where around a third of line managers have full or moderate involvement in designing and implementing salary levels and two-fifths have such involvement in designing salary increases.

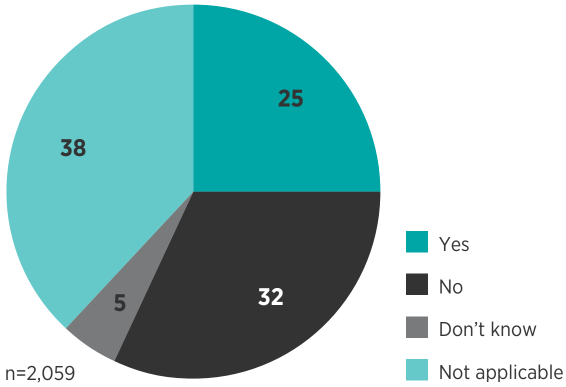
It is, however, less than the 46% of line managers who have such involvement in implementing pay increases. Of course, there are differences in our sample, and we may have found different results if we only surveyed those employees employed by those organisations that took part in our research. However, it does suggest that there could be a disconnect, with HR reporting one thing and employees experiencing another.

Figure 2: Do line managers have a say over the size of their employees' salary? (%)



n=2,059

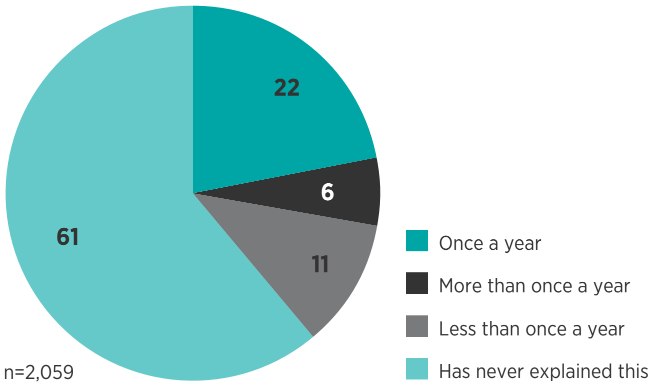
Figure 3: Do line managers have a say in the size of employee bonuses/incentives? (%)



n=2,059

The employee attitudes survey also asked employees whether their line manager has a say in the size of their bonus/incentive. Figure 3 shows that 25% of employees believe that their line manager does have a say in the size of their bonus or incentive reward, compared with the survey of HR professionals' views, where 30% of line managers are reported to have moderate or full input in the matter.

Figure 4: How often do line managers explain employee pay? (%)



n=2,059

However, the contrast between what HR practitioners say and what employees report is greatest when comparison is made between perceptions of communication. When asked how often their first-line manager explains why they get paid what they do, just 28% of employee respondents report that this happens once a year or more, 11% mention that this happens less than once a year, and 61% report that this has never happened.

This compares with responses from HR professionals in the management survey. When it comes to line managers having moderate or full input in communications: 49% of employers say this is the case when it comes to communicating how salary levels are set; 31% regarding the grades used to organise pay rates; and 56% in the case of salary increases (see Table 19).

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By employer size, Table 20 shows that SMEs are more likely to use line managers in the design and implementation of pay policies than their larger counterparts. Their involvement in the communication of salary levels is also greater than in large organisations. This pattern remains similar even if the public sector organisations (which tend to be larger) are disregarded. A similar pattern is seen throughout of line managers having a much greater influence on salary increases in the smaller organisation. This difference is less marked in the case of individual or group-based rewards, but it is still present.

Table 20: Where are line managers used most in pay design, implementation and communication, by organisation size? (%)

Moderate or full involvement	SME	Large or very large
How salary levels are set		
Design	37	24
Implementation	37	27
Communication	54	42
The grades used to organise pay rates		
Design	20	14
Implementation	20	10
Communication	33	27
Salary increases		
Design	47	29
Implementation	50	39
Communication	61	49
Individual- or team-based performance-related financial rewards		
Design	35	23
Implementation	39	33
Communication	46	44
Individual- or team-based performance-related non-financial rewards		
Design	33	26
Implementation	38	36
Communication	42	41

n=249–289. Large and very large organisations presented together due to low number of responses from very large organisations.

A similar pattern is seen in the employee attitudes survey findings, where an average of 57% of employees working for organisations employing fewer than 250 felt that their line manager had a say in their salary level, compared with 26% in larger organisations. The difference is less marked in the case of bonuses: 30% in smaller organisations report that their line manager has a say, as opposed to 22% in larger organisations.

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Table 21: Where line managers are used most in pay design, implementation and communication, by sector (%)

Moderate or full involvement	Manufacturing	Private sector services	Public sector services	Voluntary sector
How salary levels are set				
Design	39	32	17	33
Implementation	31	39	11	37
Communication	52	56	26	48
The grades used to organise pay rates				
Design	25	19	13	8
Implementation	18	23	6	5
Communication	30	40	17	18
Salary increases				
Design	46	46	20	33
Implementation	44	56	19	37
Communication	62	67	22	47
Individual- or team-based performance-related financial rewards				
Design	25	40	11	24
Implementation	31	47	15	29
Communication	45	58	18	33
Individual- or team-based performance-related non-financial rewards				
Design	24	37	18	28
Implementation	31	48	15	31
Communication	35	53	21	33

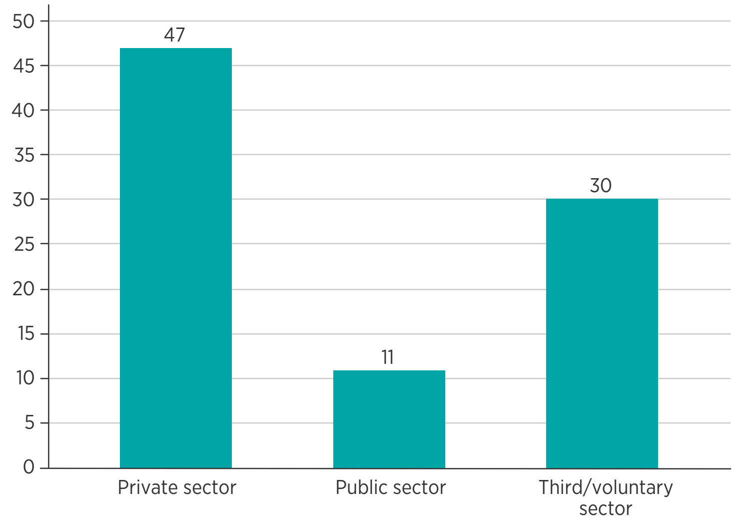
n=249–289

By sector, Table 21 shows that line managers in public services are least likely to have moderate or full involvement in the design, implementation or communication of pay levels and bonuses. For example, line managers have such involvement in the design of salary levels in only 17% of cases, 11% in the implementation and 26% in the communication. In terms of design and implementation at least, the findings probably reflect how pay is determined in most public sector employers, which is often outside the organisation (for example national pay review bodies).

The equivalent figures for other sectors range between 32% and 39% for design, 31% and 39% for implementation, and 48% and 56% for communication. One implication of being more likely to involve line managers in the communication stage rather than the design and implementation is that some first-line managers may not feel engaged about communicating with staff about something that they have only had limited involvement in creating and launching.

Similar patterns are seen in the survey findings for employee attitudes, although this does not differentiate between manufacturing and other private sector services. Line managers are noticeably less likely to be seen to have a role in salary sizes in the public sector (11%) or the bonus (13%), and in the voluntary sector the number of respondents perceiving that their line manager has a role in their bonus also drops to 13%.

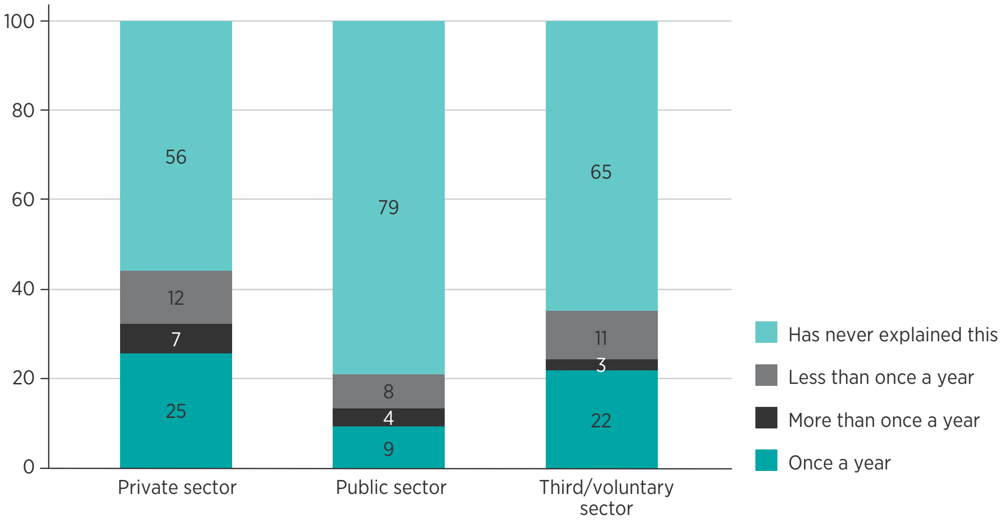
Figure 5: Do line managers have a say over employee salary levels? (by sector, %)



n=2,059

The public sector sees a similar drop in communication levels from the line managers, with only 21% reporting that their line manager has explained why they are paid as they are, as opposed to 44% in the private sector and 35% in the voluntary sector (see Figure 6).

Figure 6: How often do line managers explain pay levels? (by sector, %)



n=2,059

Table 22 indicates that there appears to be a consistent tendency for line managers to be used less often the more women there are in management. For example, 34% of respondents from organisations where women form the minority of management report that line managers had full or moderate involvement in how salary levels are set, while only 21% of those where women formed the majority or all of management reported this.

Table 22: Does the proportion of women managers have an impact on line management pay involvement? (%)

	Proportion of management that is female		
Moderate or full involvement	Minority	About half	Majority or all
How salary levels are set			
Design	34	32	21
Implementation	35	29	32
Communication	52	48	40
The grades used to organise pay rates			
Design	18	17	12
Implementation	18	13	13
Communication	30	33	22
Salary increases			
Design	40	40	37
Implementation	46	41	47
Communication	60	56	47
Individual- or team-based performance-related financial rewards			
Design	38	25	17
Implementation	40	35	27
Communication	52	44	30
Individual- or team-based performance-related non-financial rewards			
Design	30	32	30
Implementation	33	42	36
Communication	41	44	36

n=249–289. Figures where there were no females in management omitted as the numbers were so low as to give rogue results.

Even if public sector organisations are excluded from our analysis, a similar pattern is observed. This pattern is repeated in the implementation of salary levels (35% falling to 32%) and their communication (52% falling to 40%). Similar patterns are seen regarding the grades used to organise pay rates, salary increases and individual- or team-based financial rewards. Only in the case of performance-related non-financial rewards is the picture more mixed, with no such clear pattern emerging. Why this relationship exists is uncertain.

Evaluation of front-line managers

We have also asked respondents to the management survey if line managers have a role in taking decisions about employees' pay (such as what salary to offer a recruit), bonuses and incentives, and whether the organisation follows up on this and assesses the effectiveness of its line managers in this role.

If respondents said yes, we then asked them how they evaluated line manager effectiveness and how effective this group was in making pay decisions. If respondents said that their organisation did not review the effectiveness of its line managers in making pay decisions, we then asked them for their personal opinion.

Table 23 shows that more organisations do not assess the effectiveness of line managers in decision-making on pay, bonuses and incentives (39%) than do (24%). The manufacturing

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and private services sectors, including the private services sub-sectors, are very similar in this regard, reporting 'yes' between 25% and 30% of the time. The public sector and the voluntary sector are noticeably lower.

Table 23: Do employers assess line management effectiveness in taking decisions about employee pay, bonuses and incentives? (%)

	Yes	No	Line managers not involved
All	24	39	37
By sector			
Manufacturing and production	25	45	30
Private sector services, of which:	27	39	33
Retail, hospitality, catering, leisure and cleaning	30	52	17
Legal, financial, technology and other professional services	26	40	34
Other private sector	28	36	37
Public services	18	30	52
Voluntary, community, not-for-profit	16	41	43
By size			
SME (<250)	25	39	36
Large (250–9,999)	21	40	39
Very large (10,000+)	50	50	0

n=308

If employers have given line managers a role in making pay, bonus and incentive decisions, there is an opportunity for HR to assess that this decision to do so is generating value. A first step is carrying out an assessment of the effectiveness of line managers in pay decisions, but how? Table 24 shows the measures that are used by employers that do evaluate impact, and we would recommend those employers that do not assess impact to consider using some of these measures as a basis for assessment.

This table shows that among those employers that do evaluate impact, the most common methods of assessing line managers' effectiveness are employee turnover, leaver feedback, senior managers' feedback, employee feedback, employee satisfaction, commitment or engagement scores, and line manager feedback.

Less widely used methods include: employee performance or productivity data, despite the concerns about the UK productivity puzzle; employee well-being, despite the concerns about the mental health of the UK workforce; employee awareness of pay decision reasoning; and employee financial well-being data, despite the concerns about the financial health of the UK workforce.

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Table 24: Which factors are used to assess line management effectiveness in pay management processes? (%)

	Employee turnover/ retention data	Leaver feedback	Senior manager feedback	Employee feedback	Employee satisfaction/ commitment/ engagement scores
All	71	68	59	58	55
By sector					
Manufacturing and production	64	71	50	43	57
Private sector	71	66	66	63	51
Public services	100	63	50	63	63
Voluntary, community, not-for-profit	50	83	50	50	67
By size					
SME (<250)	64	64	60	60	49
Large and Very large (>=250)	77	69	54	50	62
	Line manager feedback	**Employee performance/ production data**	**Employee well-being**	**Employee awareness levels of how/why pay decisions made**	**Employee financial well-being data**
All	51	33	20	14	12
By sector					
Manufacturing and production	36	29	21	7	0
Private sector	56	34	15	12	15
Voluntary, community, not-for-profit	33	50	33	50	17
By size					
SME (<250)	49	29	22	18	11
Large and very large (>=250)	50	38	15	8	1

n=69. Two tables due to space constraints. 'We do not do this' omitted because filtered out by results of previous question. 'Other' omitted because it had no responses.

The use of employee turnover data is most prevalent in the public and manufacturing sectors, while the use of leaver feedback is most common in the private services and voluntary sectors. Having gathered views on whether or not managers were judged, and the kinds of criteria used to arrive at an assessment, respondents were invited to develop their views in a little more detail to understand the relative degree of effectiveness assessed – first in terms of the formal organisational view, and second, among those respondents who reported that their organisation did not carry out an assessment, to get their 'feel' as to whether their front-line managers are effective.

Table 25 shows that among those organisations that do carry out an assessment of their line managers when it comes to making pay decisions, no line managers are deemed to be 'not effective' in making pay decisions. However, Table 26 shows that in those organisations which do not formally carry out an assessment, respondents judged them to be ineffective in 14% of cases. Throughout, respondents (that is, HR professionals) judged line managers to be less effective than the formal assessment would do, with only 3% judging them to be fully effective, while organisations assessed 11% to be fully effective.

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Table 25: How effective are line managers in making pay decisions? (%)

	Not effective	Moderately effective	Considerably effective	Fully effective
All	0	49	40	11
By sector				
Manufacturing and production	0	50	29	21
Private sector services	0	44	49	7
Public services	0	75	13	13
Voluntary, community, not-for-profit	0	43	43	14
By size				
SME (<250)	0	40	47	13
Large and very large (>=250)	0	64	28	8

n=70

While an organisational assessment found that no line managers were ineffective, in the opinion of HR respondents in the public sector where no assessment takes place, 42% deemed their line managers to be ineffective. Respondents' own assessment of ineffectiveness ranged from 0% in the 'retail, hospitality, catering, leisure and cleaning' sub-sector to 19% in the 'other private sector services'. Of course, how accurate this 'feel' is for line management reward capability is open to question. Without a formal assessment, it is hard to work out what support line managers may need to be more effective in their reward roles.

Table 26: How effective are line managers in making pay decisions in the opinion of HR specialists? (%)

	Not effective	Moderately effective	Considerably effective	Fully effective	Unable to judge
All	14	53	24	3	6
By sector					
Manufacturing and production	12	52	20	4	12
Private sector services	11	48	31	5	5
Public services	42	50	8	0	0
Voluntary, community, not-for-profit	10	71	14	0	5
By size					
SME (<250)	10	47	33	6	4
Large and very large (>=250)	20	61	10	0	8

n=119

Comparing organisational and specialist managerial views with those of employees

These indications are complemented by findings from the employee attitudes survey: just 53% of respondents report being either happy or very happy with their line manager's decisions on pay, although respondents from the public sector are less likely to be happy than either the private sector or the voluntary sector (see Figure 7).

Our employee survey asked workers, in their opinion, how good or poor their current line manager was at explaining to them why they got paid the amount of money that they did. Of the 52% who reported that their line manager did do this, 40% of them thought that they had done a good, or very good, job of explaining, while the rest thought that they had done a poor, or very poor, job.

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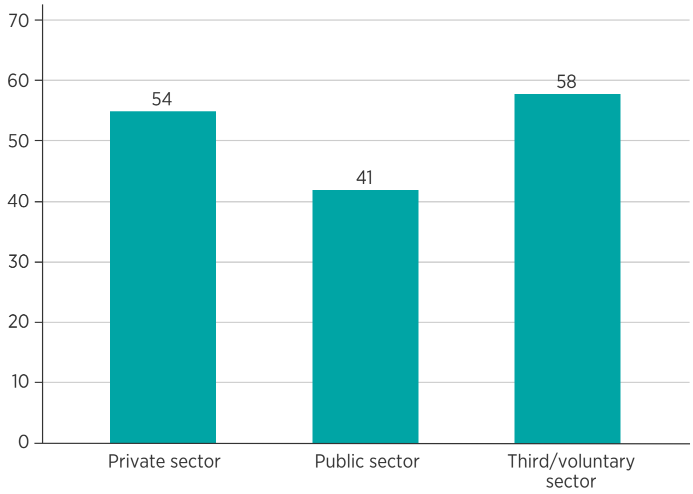
Figure 7: Are employees happy or very happy with their line manager pay decision? (by sector, %)



n=909

We also asked employees how good their line managers had been at explaining to them:

- What they needed to do to increase their pay – among the 47% who reported that their line manager did do this, 21% thought that they had done a good, or very good, job of explaining, while 26% thought that they had done a poor, or very poor, job.
- What their organisation needed to achieve before it's able to pay people more – among the 51% who reported that their line manager did do this, 19% thought that they had done a good, or very good, job of explaining, while 32% thought that they had done a poor, or very poor, job.
- How their pay compares with others' in the organisation – among the 51% who reported that their line manager did do this, 21% thought that they had done a good, or very good, job of explaining, while 30% thought that they had done a poor, or very poor, job.
- How their pay compares with others' in similar roles in other organisations – among the 49% who reported that their line manager did do this, 22% thought that they had done a good, or very good, job of explaining, while 28% thought that they had done a poor, or very poor, job.
- Why their organisation pays its workers the way it does, such as the values or principles behind its pay decisions – among the 53% who reported that their line manager did do this, 20% thought that they had done a good, or very good, job of explaining, while 33% thought that they had done a poor, or very poor, job.

Overall, only around half of employees report that their line manager has talked to them about various aspects of how the organisation manages pay and, usually, the explanation given has been poor. This is a challenging assessment of line management capabilities and does suggest that HR needs to invest more in line management capability.

Support for first-line managers

We noted in the introduction to this section that forms of support are needed to enable line managers to develop self-confidence and a robust sense of their own role in the organisation when involved in managing employee pay processes. Respondents were asked for their assessment of the extent to which the HR function in their organisations were providing this support to line managerial colleagues, such as through training, toolkits, coaching briefings, and so on, and their responses are listed in Table 27.

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Table 27: What is the extent of HR support for line managers' pay decisions? (%)

	No support	Moderate support	Considerable support	Full support
All	20	35	23	22
By sector				
Manufacturing and production	18	31	18	33
Private sector services, of which:	20	33	27	20
Retail, hospitality, catering, leisure and cleaning	4	35	39	22
Legal, financial, technology and other professional services	28	28	22	22
Other private sector	18	38	28	17
Public services	25	33	23	20
Voluntary, community, not-for-profit	21	46	13	21
By size				
SME (<250)	22	38	20	20
Large and very large (>=250)	17	30	27	26

n=296

Overall, only 45% of respondents offer their line managers considerable (23%) or full (22%) support. A quarter of public sector organisations offer no assistance, possibly a reflection of the more limited role that line managers have in this sector, while around a fifth of those in other sectors do likewise.

The 'legal, financial, technology and other professional services' sub-sector is most likely to offer no support, possibly because they don't think line managers need or want support, while the 'retail, hospitality, catering, leisure and cleaning' sub-sector is the least likely sub-sector at 4%; possibly because line managers have such a vital role in this customer-focused sector, they are more likely to get some assistance.

The manufacturing sector is most likely to offer full support (33%) with around a fifth of other organisations doing so.

Discussion in section 7 examines questions around the perceived fairness of pay management in the organisations surveyed. Relatedly, respondents were asked their views on the extent to which their organisations' line managers had the ability (such as the right skills, knowledge and experience) to arrive at pay decisions that may be viewed as fair.

Table 28: What proportion of line managers are able to make fair salary and/or bonus decisions? (%)

	None	A minority	About half	A majority or all
All	14	40	24	22
By sector				
Manufacturing and production	7	45	33	15
Private sector services, of which:	12	33	24	30
Retail, hospitality, catering, leisure and cleaning	4	39	35	22
Legal, financial, technology and other professional services	16	26	21	37
Other private sector	12	37	23	27
Public services	26	40	26	7
Voluntary, community, not-for-profit	16	53	14	16
By size				
SME (<250)	13	36	26	25
Large (250–9,999)	16	45	23	17
Very large (10,000+)	0	50	25	25

n=299

Table 28 reveals that just over half of employers (54%) feel that no line managers or a minority have the ability to make fair salary or bonus decisions. Only just over a fifth feel that a majority or all line managers had such ability. This finding is disappointing and could impact negatively on the employee experience. It is also perhaps not too surprising, when Table 27 shows that just 45% of organisations believe that their line managers are getting the assistance (considerable or full) they need to make effective salary and/or bonus decisions. If HR is not able to support line managers more fully in making or communicating about reward, line managers are not going to be fully effective in this role.

Private sector services line managers are seen as the most likely to be able to make fair decisions, with 54% of respondents reporting that half or more have such ability. Within the sub-sectors, the 'legal, financial, technology and other professional services' sub-sector saw 37% of respondents believing that the majority or all of their line managers have the capability, despite Table 27 showing that only 44% of these organisations give their line managers considerable or full support in this role.

In contrast, only 7% of public sector respondents believe that a majority or all line managers have the ability to make fair decisions, despite Table 27 showing that 43% of public sector employers feel that they give their line managers considerable or full support in making pay decisions. This raises questions as to the effectiveness of the support that line managers are getting in this sector if such a low proportion of respondents feel that this group is able to make fair pay decisions.

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7 Fairness in pay management

For the CIPD, adopting fair pay principles not only enables employers both to manage and mitigate reward risks, it is also an opportunity to improve employee performance and well-being. In sum, adopting principles of fair pay is seen as a comparatively simple approach to improving an organisation's ability to attract and retain the best people. Fair pay principles are defined as a set of policies that guide employers' total rewards provision, both now and in the future. Applying the principles may include paying employees a liveable wage, ensuring equal pay for equal work, and being up front and transparent with employees and the public about pay and benefits policies.[7]

Box 3: Fairness and pay management

The practitioner panel was surprised to see that among the influences on pay policies (see section 8) in the pay management survey findings, fairness was ranked lower than they would have expected, *'given all the media focus on gender and other demographics'*. They reflected on this finding in relation to a similarly lower than expected position for 'success sharing' as a key pay policy driver for employers.

There was a discussion about the nuances between *'being fair'* and *'being* ***seen*** *to be fair'*. One observation was that what is seen as fair by one group of people may be perceived as unfair by others. There was also a danger of complacency around managing pay fairly. For instance, ensuring that both women and men were paid the same for similar roles could stop employers looking at the other solutions of the gender pay gap, such as ensuring that policies are in place to reflect the likelihood of more breaks in a woman's career due to their disproportionate share of caring responsibilities. In one organisation present, in which the balance between women and men was one-quarter female compared with three-quarters male, planned intervention to increase the number of women progressing to senior roles and associated grades and pay levels was to have equal shortlists for every role being filled.

Caution was expressed when the notion of fairness was conflated with the idea of transparency in pay management, with another reference to demographic factors – this time age. *'The younger generation do not have a problem with transparency – they are used to things being open – but this does lead to questions about fairness'*, when people get to see different treatment between individuals.

The day most people leave the organisation is that day after bonuses are paid. It's not necessarily the amount but how it compares with others.

The importance of explaining was stressed: applying a 1% increase across the board might be pitched as *'that's fair'*, *'but it isn't'*; it's important organisations are open about why they are doing things. They must explain why what they are doing is fair. This process of explaining involves both corporate-level communications and crucially the ways in which front-line managers talk with the people they supervise.

To explore the topic of pay fairness in more depth, the CIPD asked a series of questions in its *Reward Management* survey. For instance, we asked whether in its communication with employees or investors organisations talk about the fairness of their pay processes and outcomes, as well as what steps they had taken to see whether how they managed

7 CIPD, *In a Nutshell*, Issue 75: Leading the way on fair pay.

pay was fair and what actions they may have taken in response to the outcomes of these steps. In addition, we also asked a series of questions on the same topic in our survey of employees.

First, we asked respondents, when their organisation communicates to employees about its pay processes and outcomes (such as how pay levels are organised, how jobs are valued or how pay rises are awarded), whether it also took the opportunity to talk about the fairness of these processes and outcomes.

Table 29 shows that most employers do talk about fairness when communicating with their people about their pay processes and outcomes, although there is a slight tendency to talk more about it when talking to employees about pay processes (67%) than about pay outcomes (62%), while just under a third (31%) do not talk about it at either stage. Overall, three in five employers (60%) talk about both the fairness of their pay process and outcomes.

Table 29: Does 'fairness' feature in employee communications about pay processes and outcomes? (%)

	Yes, the process	Yes, the outcomes	Yes, to both	Neither
All	67	62	60	31
By sector				
Manufacturing and production	57	53	49	40
Private sector services, of which:	65	60	57	33
Retail, hospitality, catering, leisure and cleaning	64	59	55	32
Legal, financial, technology and other professional services	60	57	55	39
Other private sector	69	63	60	29
Public sector services	83	80	80	18
Voluntary, community, not-for-profit	71	65	65	28
By size				
SME (<250)	63	60	57	34
Large and very large (>=250)	72	66	65	27
By females in management				
A minority	61	56	54	37
About half	69	65	63	29
A majority or all	80	76	76	20

n=285 processes, n=282 outcomes. Figures where there were no females in management omitted as the numbers were so low as to give rogue results.

The public sector is most likely to talk about fairness in both process and outcomes followed by the voluntary sector. This may be a consequence of the fact that they are both publicly subsidised and so may need to be seen as a fair employer by taxpayers and donors. It may also reflect the fact that being perceived as fair by employees may help employers in these sectors stand out in a competitive labour market.

The private services sector talks about fairness in around two-thirds of cases, with the manufacturing sector doing so in only just over half of cases. There seems to be a tendency for larger organisations to be more likely to talk about fairness.

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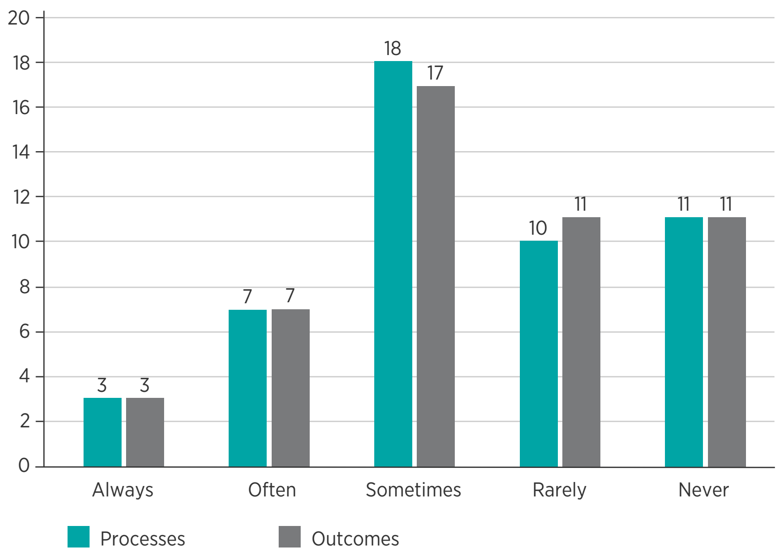
There is also a likelihood for organisations to talk more about fairness the more women there are in management. In employers where a minority of management is female, 61% of respondents report talking about fairness regarding the process and 56% the outcomes, but where women form the majority or all of management, 80% talk about the fairness of pay processes and 76% about the fairness of outcomes.

Whether or not line managers talk about the fairness of pay decisions is covered also in our survey of employees, and the results form a contrast with the information above. Employee responses are recorded in Figure 8, which shows that only 10% of workers say that their line manager always or often talks to them about fairness in relation to the process and 10% do so in the case of the outcomes, 28% report them doing so sometimes or rarely, while 11% say that this never happens. The remainder state that their line manager does not talk to them about how pay decisions are made. So, while Table 29 indicates that employers think fairness is featuring in a lot of communication, Figure 8 indicates that this might not actually be the case.

Figure 8: How often do employees think their line manager discusses pay fairness with them? (%)



n=2,182

The picture with regards to sectors reveals another contrast. Whereas the figures from our *Reward Management* survey indicate that it is in the public sector where there is most likelihood of employers communicating to employees about the fairness of the process that they use to make pay decisions, only 8% of employees from this sector say that their line manager does so (see Figure 9). The figures for the outcomes of the pay process are comparable, with most respondents to the *Reward Management* survey saying that their employer does communicate about the fairness of the pay process and most employees saying that they have not heard this message from their line manager.

This suggests that either line managers are not delivering these messages, or that employers are not using line managers to deliver them. If line managers are not delivering the message, this suggests that it may be being delivered through technology or some other means. Given that only a minority of employees believe that most of their colleagues are rewarded fairly, this suggests that the fairness message might not be getting through.

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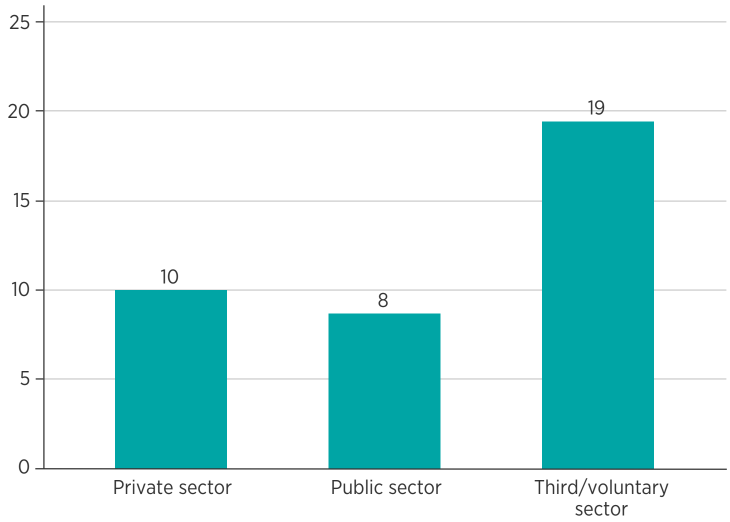
Figure 9: Do line managers always or often talk about pay fairness? (%)



n=2,182

One way of assessing whether employers see pay fairness as a key issue is to see if it is being discussed by senior management. To explore if this is the case, our survey asked respondents if, when HR talked with senior management about pay processes and outcomes, it took the opportunity to discuss the fairness of these processes and outcomes. The results are listed in Table 30 and it shows a similar pattern of findings to those reported in Table 29, albeit HR is more likely to talk about pay fairness with senior management than the organisation is to talk about it with its employees. More than four in five respondents report that HR talks to senior management about the fairness of both the pay process and the outcomes.

The voluntary sector is most likely to discuss pay fairness at senior management level. In the private sector services, it is the 'legal, financial, technology and other professional services' sub-sector where HR is least likely to discuss fairness.

Again, there is a tendency for fairness to be discussed more in the larger organisations, as opposed to SMEs. As with discussion with employees, the tendency for fairness to be discussed increases when there are more women in management, although the differences are not as pronounced.

Another measure of the importance of fairness is whether employers discuss the fairness of its pay processes and outcomes with their investors. The assumption is that investors will be concerned about investing in firms that do not have fair pay processes in place; for instance, some employees will not want to give their best and some customers may shun its products or services.

Table 30: Does 'fairness' feature when HR talks with senior management about pay processes and outcomes? (%)

	Yes, the process	Yes, the outcomes	Yes, to both	Neither
All	84	84	80	13
By sector				
Manufacturing and production	79	83	77	15
Private sector services, of which:	81	80	78	16
Retail, hospitality, catering, leisure and cleaning	86	82	77	9
Legal, financial, technology and other professional services	73	75	71	22
Other private sector	86	84	84	14
Public sector services	90	87	85	8
Voluntary, community, not-for-profit	94	91	91	7
By size				
SME (<250)	81	81	79	17
Large (250–9,999)	89	88	85	7
Very large (10,000+)	67	67	67	33
By females in management				
A minority	86	83	82	13
About half	81	83	79	14
A majority or all	90	90	88	8

n=283 processes, n=279 outcomes. Figures where there were no females in management omitted as the numbers were so low as to give rogue results.

Table 31 shows that among those respondents that do have investors, they are more likely (14%) than not (8%) to talk about this topic. The highest proportion that talk about fairness to investors is in the 'retail, hospitality, catering, leisure and cleaning' sub-sector, at 18%; this may reflect the fact that this sector employs a large number of low-waged employees and that, for reputational reasons, these kinds of employers want to show their shareholders how they are paying these workers fairly.

Table 31: When talking to investors, do organisations discuss the fairness of its pay processes and outcomes? (%)

	Yes	No	Not applicable
All	14	8	77
By sector			
Manufacturing and production	17	4	80
Private sector services, of which:	15	14	71
Retail, hospitality, catering, leisure and cleaning	18	14	68
Legal, financial, technology and other professional services	13	12	75
Other private sector	16	16	68

n=284

Even though respondents to the *Reward Management* survey say that many of their employers are talking about the fairness of pay processes both with and outside the organisation, Table 32 shows that seven in ten respondents do not define what they mean by fairness in their internal and external communications.

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The public sector is most likely to have such a definition, with 40% having the same definition for both internal and external audiences and 5% having differing definitions. The least likely to have such a definition is the voluntary sector, where the equivalent figures were 17% and 4%.

Our survey finds that those employers that have a definition of fairness are more likely to encourage their line managers to talk to their employees about fairness than those who do not. Regarding the pay *process*, 58% of those who have a fairness definition encourage their line managers to talk of fairness, but only 42% of those who do not have a definition do so, while the figures for pay *outcomes* are 59% and 41% respectively.

Presumably the impact of these internal and external pay communications is going to be reduced if the organisation is unable, or perhaps unwilling, to articulate what it means by fairness. There is an opportunity for HR to help their employer come up with an agreed definition of fairness, which it can then use in its communications to its stakeholders to justify why the organisation has the pay processes and outcomes that it does, and how it is working to improve them. Employees will struggle to understand how they are being rewarded if they do not understand the rationale behind it.

Similarly, employers will also struggle to get a return on the money they spend on pay if they do not make attempts to understand what employees see as fair reward practices and how these views can be taken on board.

Table 32: Do employers have a definition of fairness they use in communications? (%)

	Yes, same for internal/external audiences	Yes, different for internal/external audiences	No
All	26	4	70
By sector			
Manufacturing and production	28	4	69
Private sector services, of which:	25	3	71
Retail, hospitality, catering, leisure and cleaning	32	0	68
Legal, financial, technology and other professional services	22	6	73
Other private sector	26	3	71
Public sector services	40	5	55
Voluntary, community, not-for-profit	17	4	79
By size			
SME (<250)	24	4	72
Large (250–9,999)	29	4	66
Very large (10,000+)	33	0	67

n=284

However, when we asked respondents whether their organisation encouraged its line managers to talk to their employees to see if they think its pay processes and outcomes are fair, Table 33 finds that three-fifths (58%) do not.

Organisations seem to encourage line managers to talk about fairness slightly more in relation to pay outcomes than pay processes, with the voluntary and private services sectors being most likely to encourage talk about fairness in terms of pay outcomes and pay processes.

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As with other aspects of fairness, there seems to be more likelihood of discussion of fairness if there are more women in management.

Having a definition of fairness does have a slight impact. Regarding the pay process, 58% of employers that have a fairness definition encourage line managers to talk about fairness, but only 42% of those who do not have a definition do so. When it comes to pay outcomes, 59% of employers that have a fairness definition encourage line managers to talk about fairness, but only 41% of those who do not have a definition do so.

Table 33: Do employers encourage line managers to talk to staff about the fairness of its pay processes and outcomes? (%)

	Yes, the process	Yes, the outcomes	Both the process and outcomes	Neither the process nor outcomes
All	36	40	34	58
By sector				
Manufacturing and production	26	32	25	68
Private sector services, of which:	38	43	37	56
Retail, hospitality, catering, leisure and cleaning	35	45	36	55
Legal, financial, technology and other professional services	31	37	28	62
Other private sector	44	47	43	51
Public sector services	37	35	35	63
Voluntary, community, not-for-profit	40	43	38	57
By size				
SME (<250)	38	42	36	57
Large (250–9,999)	34	36	33	63
Very large (10,000+)	25	25	0	50
By females in management				
A minority	32	37	31	63
About half	36	37	34	61
A majority or all	45	52	43	48

n=291 processes, n=289 outcomes. Figures where there were no females in management omitted as the numbers were so low as to give rogue results.

As Figure 8 shows, when asked, just 10% of employees questioned said that their line manager talked about the fairness of the pay process and just 10% said that they talked about the fairness of the outcome.

At least employers that do encourage line managers to have conversations about pay fairness are also supporting them to do this. Of those that do encourage their line managers to talk to their staff to see if they think the pay process and outcomes are fair, 74% of organisations' HR teams go on to provide them with support, training, briefings and toolkits to help them talk to employees about the process, while 69% do so regarding the outcomes.

There is more support in the manufacturing and public sectors than in the private services and voluntary sectors. There is far more support for line managers in larger organisations: 95% of large and very large organisations provide support regarding the process as opposed to 65% of SMEs. The equivalent figures for the pay outcomes are 81% and 62%.

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Ensuring fairness in pay

Given the importance to employers of ensuring that both pay process and outcomes are fair and seen as fair, we asked respondents whether in the past three years they had taken steps to ensure pay fairness, whether the outcomes from these reviews had been shared with employees, and if anything had changed consequently.

Table 34 shows that a gender pay gap report is by far the most common means organisations have used to try and ensure pay fairness, 60% of all organisations having done so. Although, while 41% have shared the findings with employees, 19% have not. An equal pay audit has been undertaken by around two-fifths of organisations, but of those who have done so, more than half have not shared the findings, possibly reflecting a concern that the results of an equal pay audit could open the employer up to a legal challenge.

Table 34: What steps have been taken to ensure pay fairness? (%)

	Yes, and findings shared with employees	Yes, but findings not shared with employees	Yes (total)	No
Gender pay gap report	41	19	60	40
Equal pay audit	17	22	39	61
Survey of employee views on the fairness of pay outcomes	19	7	25	75
Survey of employee views on the fairness of pay processes	18	5	23	77
Survey of line manager views on the fairness of pay processes and outcomes	14	6	20	80
Ethnicity pay report	8	9	17	83
CEO pay ratio report	7	10	17	83
Disability pay report	5	4	9	91
LGBT pay report	5	4	8	92
Pay report of employees with child/elder care responsibilities	2	2	4	96

n=256–268

A survey about pay fairness, of employees or line managers, is used by between a fifth and a quarter of organisations, and the findings of these surveys are more likely to be shared with employees, while those who have carried out an ethnicity pay report and a CEO pay report (almost a fifth) are more likely not to have disclosed the results. A disability pay report, LGBT pay report or report on employees with care responsibilities is much less likely to be undertaken.

Table 35 shows the steps employers have taken subsequently to try and ensure fairness. It shows 90% of public sector organisations have carried out a gender pay gap report and over half of other organisations have done so.

The public services sector is also the most likely to have carried out an equal pay audit (74%), with all other sectors reporting half that number or less. The exception is the retail, hospitality, catering, leisure and cleaning sub-sector, possibly reflecting the equal pay claims going on in the retail sector, which sees a figure of 45%. The least likely to carry out such a report is the voluntary sector.

The public sector is also most likely to have carried out an ethnicity pay report. This may indicate that there is more external demand for this information, or that that sector is more likely to have already captured this data and so is able to report on ethnicity and pay.

Table 35: What steps have been taken to ensure pay fairness? (%)

Audit/report/survey on:	Gender pay gap	Equal pay	Employee views on pay outcomes fairness	Employee views on pay process	Line manager views on pay fairness	Ethnicity pay	CEO pay ratio
All	60	39	25	23	20	17	17
By sector							
Manufacturing and production	58	35	24	18	24	16	20
Private sector services, of which:	51	34	23	20	18	10	7
Retail, hospitality, catering, leisure and cleaning	75	45	30	20	25	5	15
Legal, financial, technology and other professional services	45	35	20	16	13	11	7
Other private sector	48	31	24	23	20	11	5
Public sector services	90	74	35	38	24	47	50
Voluntary, community, not-for-profit	64	26	24	26	15	14	17
By size							
SME (<250)	34	26	19	17	17	11	9
Large and very large (>=250)	97	57	35	32	24	26	30
By management age							
None under 40	30	15	5	5	10	10	0
A minority under 40	67	37	26	23	20	15	15
About half under 40	64	44	25	26	19	20	28
A majority under 40	52	52	28	24	28	25	4

n=268. For reasons of space and clarity, reports or surveys with under 10% rate of response are omitted and 'Yes' responses have been conflated irrespective of whether the results were shared with employees.

A similar pattern is shown in the case of a CEO pay ratio report, albeit at a lower level. Half of public sector organisations reported carrying out such an analysis, followed by the manufacturing sector.

The pattern is much more mixed when it comes to surveys on employees' and line managers' views on the fairness of pay processes and outcomes. Although the public sector still carries out these surveys more often than others, it is not so markedly different from other sectors.

There is a consistent pattern across all surveys and audits for the larger organisations to undertake such work more frequently.

Although there is no consistent pattern according to the gender of management in organisations, there appears to be a marked difference according to the age of management, particularly in the matter of equal pay, and gender pay and ethnicity pay gaps. In the case of employee and line manager surveys, the figures do not show such clear-cut patterns, although there still appears to be an increasing likelihood of the use of such surveys the younger the people in management are.

We also asked employees if their employer had told them that it had published a review of what men and women in the organisation typically earn, such as a gender pay review, or a

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gender pay audit. Among those employees working for large employers (which are legally required to publish a gender pay gap report), 38% said that it had. Of that number, 22% said that their employer had started to put in place ways to tackle the gender pay gap, 9% reported that their organisation seemed enthusiastic to make a change but had yet to put anything into place, while a further 7% said that their firm did not say much about it and do not appear to want to make many changes. Men were slightly more likely (27%) to claim that they knew how their organisation was planning to tackle the gender pay gap than women (21%).

These findings suggest even though firms are producing narratives and action plans, they are failing to communicate effectively to employees, otherwise more would be aware of them and know what actions were being planned. Some employees may also be less engaged with their employer because they do not know about the steps that it is taking to ensure fairness.

We asked those who had carried out the various fairness initiatives listed in Table 34 whether their organisation had subsequently changed the way it pays employees and/or communicates with them. The results are listed in Table 36, and it shows that just under a fifth of organisations questioned have changed their approach in response to their analysis of the fairness of its pay policies.

Table 36: Have there been changes to pay and/or pay communication? (%)

	Yes	No
All	19	81
By sector		
Manufacturing and production	15	85
Private sector services, of which:	22	78
Retail, hospitality, catering, leisure and cleaning	32	68
Legal, financial, technology and other professional services	24	76
Other private sector	18	82
Public sector services	15	85
Voluntary, community, not-for-profit	15	85
By size		
SME (<250)	14	86
Large (250–9,999)	26	74
Very large (10,000+)	25	75
By management age		
None under 40	10	90
A minority under 40	14	86
About half under 40	21	79
A majority under 40	33	67
By other staff age		
None under 40	17	83
A minority under 40	11	89
About half under 40	19	81
A majority under 40	27	73

n=283

This change is most likely in the private services sector, and is particularly marked in the 'retail, hospitality, catering, leisure and cleaning' sub-sector. The larger organisations also seem to be more likely to have made changes than the SMEs.

There also seems to be a trend for organisations with more under-40s in management to be more likely to have changed their policies in response to feedback. Interestingly, this trend also seems apparent where younger people are more represented among other staff.

We asked those respondents who reported that their employer had made changes in response to a pay review or survey, what they had changed, and their responses are summarised in Table 37.

The most common response has been to increase some pay rates, while just under half of responding organisations have changed pay grades or structures or changed how pay increase decisions are made.

Table 37: What has changed to pay and/or pay communication? (%)

	Increased some pay rates	Changed pay grades/bands/ structure	Changed how decisions made about pay increases	Changed how communicate about outcomes of pay decisions	Changed how decisions made about bonuses/ incentives	Changed how starting salaries decided
All	61	45	45	39	33	33
	Changed how communicate about pay grades/bands/ structure	**Introduced/ changed job evaluation scheme**	**Changed how communicate about how pay decisions made**	**Changed how performance-related pay decisions made**	**Trained line managers so they can make fairer pay decisions**	**Reduced pay rates for some jobs**
All	31	29	29	27	25	8

n=51

We asked our respondents whether in the next two years they anticipate their organisation will carry out any of the initiatives listed in Table 38 to ensure fairness in pay processes and outcomes. It shows that the intentions of organisations about to carry out fairness reviews in the future are similar in proportion to those who have already done so (see Table 35), although at a higher level.

For example, the figure is highest for a gender pay gap report, at 74%, mirroring the high point of 60% who have already produced such a report. It is interesting to note that this growth is high among SMEs (from 34% to 62%), either suggesting some are prepared to report voluntarily or because they anticipate employing 250 or more staff soon and so will be in scope of the legal requirement to disclose.

The intention of 59% of organisations to produce an equal pay audit compares with the 'second place' of 39% who have already done so. Roughly a third of organisations intend to carry out surveys of employees and line managers regarding the fairness of pay processes and outcomes compared with the figures of between a fifth and a quarter who have already done so.

There is a higher level of intention to carry out an ethnicity pay report (33%) or a CEO pay report (39%) than one might expect given the proportion of organisations who have already produced such reports. There is a stark difference in the intention to produce a CEO pay report between those firms that are privately owned and those which are publicly traded, for whom this will shortly become a legal requirement, with 71% of publicly traded organisations intending such a report as opposed to just over a quarter of privately owned firms (27%).

The percentages of organisations intending to carry out a disability, LGBT pay report or pay report of those with care responsibilities remain low, but higher than the percentage who have carried them out in the past.

Table 38: What actions are planned for the next two years? (%)

	Gender pay gap report	Equal pay audit	CEO pay ratio report	Survey of employee views on the fairness of pay processes	Ethnicity pay report	Survey of employee views on the fairness of pay outcomes
All	74	59	39	35	33	32
By sector						
Manufacturing and production	68	63	42	34	21	32
Private sector services, of which:	74	56	31	32	24	31
Retail, hospitality, catering, leisure and cleaning	89	72	33	33	39	33
Legal, financial, technology and other professional services	76	60	48	40	12	40
Other private sector	67	47	20	27	24	24
Public sector services	81	68	52	35	58	35
Voluntary, community, not-for-profit	76	55	45	42	47	34
By size						
SME (<250)	62	59	27	45	25	36
Large (250–9,999)	87	59	53	25	43	28
Very large (10,000+)	100	67	0	0	0	33

	Survey of line manager views on the fairness of pay processes/ outcomes	Disability pay report	LGBT pay report	Pay report of employees with child/elder care responsibilities
All	32	17	15	11
By sector				
Manufacturing and production	39	11	11	16
Private sector services, of which:	38	8	8	6
Retail, hospitality, catering, leisure and cleaning	50	6	11	6
Legal, financial, technology and other professional services	32	12	8	12
Other private sector	36	7	7	2
Public sector services	19	45	42	16
Voluntary, community, not-for-profit	24	21	16	16
By size				
SME (<250)	42	9	10	15
Large (250–9,999)	22	26	22	7
Very large (10,000+)	33	0	0	33

n=195

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Impact of fairness actions

What has been the impact of all this activity around communicating to employees about fairness, encouraging line managers to talk about it with their team, carrying out pay reviews and employee attitude surveys in terms of the proportion of the workforce that is now paid fairly?

To help answer this question, we asked our respondents whether, in terms of their achievement and responsibilities, what proportion of their employer's workforce was, in their opinion, paid fairly?

Overall, three-quarters of respondents feel that the majority or all the workforce in their organisation is paid fairly in terms of their responsibilities and achievements (see Table 39). Only 5% feel that no one or a minority is paid fairly. Public sector respondents are most likely to report that the majority or all the workforce is paid fairly, while in all other sectors the figure is around three-quarters.

Table 39: What proportion of the workforce do HR professionals think are paid fairly? (%)

	None	A minority	About half	The majority or all
All	1	4	20	75
By sector				
Manufacturing and production	2	0	25	73
Private sector services, of which:	1	4	21	74
Retail, hospitality, catering, leisure and cleaning	0	10	15	75
Legal, financial, technology and other professional services	2	2	22	73
Other private sector	0	4	22	74
Public sector services	0	5	13	82
Voluntary, community, not-for-profit	2	7	16	76
By size				
SME (<250)	2	3	19	76
Large (250–9,999)	0	6	20	74
Very large (10,000+)	0	0	33	67

n=272

In addition, we also asked workers in our survey of employees, what proportion of their employer's workforce, in their opinion, are paid fairly in terms of their responsibilities and achievements (see Figure 10). By contrast, just 33% of respondents feel that the majority or all their colleagues are paid fairly, while 23% felt that no colleagues or only a minority are paid fairly.

Public sector workers are most likely to feel that none or few are paid fairly, at 27%, while only 5% of HR public sector workers think that none or few are paid fairly. Similarly, while 21% of private sector workers think that none or few of the company workforce are paid fairly, just 3% of private sector HR professionals think the same.

Personally, 51% of the employees who responded to our survey think that they are paid fairly. By income, just 38% of those who earn less than £20,000 a year think they are paid fairly, while 50% of those with gross incomes between £20,000 and £39,999 think the same.

These findings suggest that there is opportunity for HR to help improve the perception among employees that the whole workforce is being treated fairly in terms of pay processes and outcomes.

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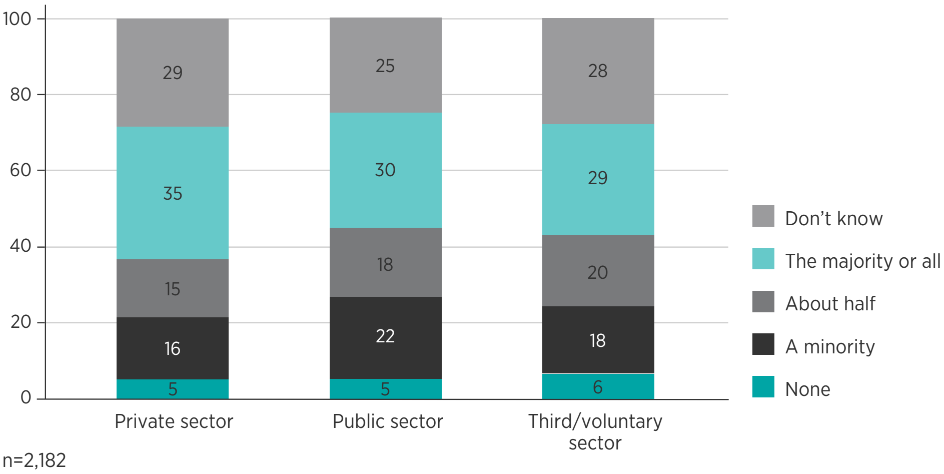
There is also the opportunity to look for ways that pay can be increased for the low-waged. If it can, it will be able to boost feelings of fairness among employees, their perceptions of their own well-being and their productivity.

Figure 10: What proportion of employees are paid fairly? (%)

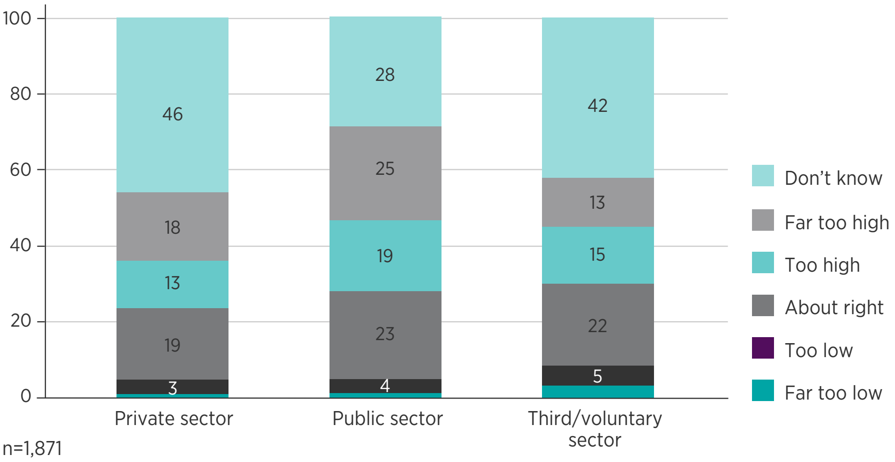


n=2,182

We asked respondents to our *Reward Management* survey to give their opinion as to whether they or their CEO was paid fairly in terms of responsibilities and achievements. Three-quarters (75%) of HR professionals felt that they were paid fairly, while 86% considered that their chief executive was also. The figures are remarkably consistent across all sectors and sub-sectors; the only noteworthy variation is that in the 'retail, hospitality, catering, leisure and cleaning' sub-sector, where 95% of HR professionals consider that their chief executive is paid fairly. Similarly, there is little variation in views over the different sized organisations.

We also asked respondents to the employee pay attitudes survey to give their opinion about CEO pay. These figures, which are reported in Figure 11, contrast strongly with what HR professionals think. Just 20% of employees feel that their CEO's salary is about right, with 33% feeling it is too high and 5% judging it as too low. The rest of the respondents were unable to give an opinion.

Figure 11: How do employees perceive CEO pay? (%)



n=1,871

Similarly, while 75% of respondents to the *Reward Management* survey thought that they were paid fairly in terms of responsibilities and achievements, just 51% of employees believe the same. Perhaps this should be the ambition for HR: for 75% of all employees to feel the same way about their pay as the people profession does about its own pay.

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8 Influences on pay management

We asked respondents which internal objectives influence their pay policies the most currently and which are expected to do so in the next two years. Table 40 shows the results.

Table 40: Which objectives influence pay policies the most now and in the future? (%)

	Attract, recruit, retain employees to support current business strategy		Attract, recruit, retain employees to support future business strategy		Keep pay rates as competitive as possible		Motivate/ incentivise desired employee behaviours/ encourage good performance		Promote work–life balance/ support employee health and well-being	
	Now	Future	Now	Future	Now	Future	Now	Future	Now	Future
All	79	73	48	47	47	42	45	48	40	43
By sector										
Manufacturing and production	84	72	38	38	60	44	60	54	28	50
Private sector services, of which:	75	78	53	46	48	43	46	48	39	44
Retail, hospitality, catering, leisure and cleaning	90	86	50	43	50	33	35	43	45	43
Legal, financial, technology and other professional services	76	75	43	45	46	41	50	50	43	55
Other private sector	70	77	62	48	48	48	47	48	33	36
Public sector services	77	50	51	62	29	29	34	35	40	41
Voluntary, community, not-for-profit	88	79	43	50	48	50	31	50	55	32
By size										
SME (<250)	79	70	46	46	46	40	42	47	44	50
Large and very large (>=250)	80	77	52	49	49	45	48	48	33	31

	Support the purpose and values of the organisation		Support employee engagement		Be seen by staff as fair when it comes to pay		Share the success of the business with employees		Spend as little on employee pay as possible	
	Now	Future	Now	Future	Now	Future	Now	Future	Now	Future
All	29	32	26	32	26	30	23	23	8	4
By sector										
Manufacturing and production	22	32	28	32	28	30	22	26	10	4
Private sector services, of which:	29	32	28	32	23	30	32	29	4	4
Retail, hospitality, catering, leisure and cleaning	45	48	15	33	25	48	20	24	0	5
Legal, financial, technology and other professional services	26	23	22	25	20	23	33	20	4	7
Other private sector	27	33	37	36	25	30	35	38	5	2
Public sector services	31	41	17	26	31	26	14	6	14	6
Voluntary, community, not-for-profit	33	39	26	39	26	34	7	11	12	0
By size										
SME (<250)	26	34	30	35	25	34	30	30	7	5
Large and very large (>=250)	32	34	21	28	27	25	13	11	10	2

n=253 now, n=248 future.

The most commonly cited employer objective influencing its pay policies is the need to attract, recruit and retain employees to support current business strategy, and this is seen as likely to continue over the next two years. As Table 40 shows, the next most common influences are the ability to: attract, recruit or retain employees to support the future business strategy; promote work–life balance and support employee well-being; motivate and incentivise desired behaviours and encourage good performance; and to keep pay rates as competitive as possible. These proportions stay much the same when the respondents consider the next two years.

Approximately a quarter of respondents see as influential sharing the success of the business with employees, supporting employee engagement, and being seen by staff as fair in pay matters and supporting the purpose and values of the organisation. Despite fairness being such a hot topic, it does not yet appear to be a major driver of policy, with only slightly more employers anticipating that being seen as fair in pay by employees will become an important factor influencing their approach to reward in the next few years. On the positive side, given the low take-up of 'fair pay', those that do adopt this approach will be more able to stand out from those that do not and quickly gain an advantage.

We also asked respondents which external factors influence their employer's pay policies the most now and in the next two years; the results are shown in Table 41.

The external factors that have the greatest impact on pay policies currently are regulatory requirements and legislation, followed by competition with other employers with similar pay rates, economic conditions, income tax and other tax obligations, and political uncertainty. Interestingly employers do not see pressures from their customers or investors to be fair payers as a key driver, but might that be about to change?

No, according to our sample. Regulatory requirements are anticipated to remain at about the same level, while competition is cited slightly more often when considering the next two years. Economic conditions and income tax and other obligations will become less of a factor, while political uncertainty is seen by slightly more respondents to be an issue in the next two years. There's good news for reward academics, with more respondents thinking that basing pay policies on what the evidence says will become more important in the future, possibly reacting to calls for the people profession to become more evidence-based in its decision-making.

Table 41: Which external factors influence pay policies the most now and in the future? (%)

	Competition with other employers with similar pay rates		Regulatory, legal, employment requirements, other employment rights legislation		Economic conditions		Income tax, capital gains tax, National Insurance contributions/ other tax obligations		Political uncertainty		Trade union pressures	
	Now	Future	Now	Future	Now	Future	Now	Future	Now	Future	Now	Future
All	68	71	62	61	62	56	29	26	21	25	13	14
By sector												
Manufacturing and production	76	78	64	57	78	65	24	24	22	24	12	14
Private sector services, of which:	74	73	58	60	56	52	34	29	17	24	5	6
Retail, hospitality, catering, leisure and cleaning	76	67	76	71	57	62	33	24	24	29	10	10
Legal, financial, technology and other professional services	76	77	58	59	56	48	40	36	13	23	0	0
Other private sector	72	73	52	56	57	53	30	25	18	24	7	8
Public sector services	34	50	69	72	63	50	29	28	26	22	49	47
Voluntary, community, not-for-profit	70	71	65	63	60	61	19	17	26	29	9	15
By size												
SME (<250)	71	70	59	58	61	56	29	26	19	25	4	5
Large and very large (>=250)	64	72	65	66	63	56	28	25	24	25	27	29
	Findings from academic research about which pay practices work and why		**To meet pressures from customers/ investors to be fair in terms of pay**		**Customer/ client pressures**		**Investor pressures**		**International pressures**		**Media coverage**	
	Now	Future	Now	Future	Now	Future	Now	Future	Now	Future	Now	Future
All	10	16	8	8	8	7	4	4	2	4	2	3
By sector												
Manufacturing and production	10	10	4	6	10	8	6	8	6	10	2	2
Private sector services, of which:	12	19	10	10	9	7	5	4	2	5	0	3
Retail, hospitality, catering, leisure and cleaning	10	14	10	14	14	14	10	5	0	5	0	10
Legal, financial, technology and other professional services	9	16	11	9	16	11	4	5	2	2	0	5
Other private sector	15	22	8	10	2	2	3	3	3	7	0	0
Public sector services	6	16	3	3	9	0	0	3	0	0	0	0
Voluntary, community, not-for-profit	9	17	12	7	5	10	0	0	0	0	9	5
By size												
SME (<250)	14	20	6	6	7	7	3	3	2	4	3	2
Large and very large (>=250)	5	11	11	12	11	7	5	5	3	5	1	4

n=254 now, n=246 future

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We also asked respondents whether in the past three years they had reviewed their pay policies to ensure that they supported the employer's business strategy as well as to whether they had plans to carry out a review in the next two years; the results are shown in Table 42. It shows that almost three-fifths of organisations have reviewed their pay policies to ensure that they support the employer's business strategy. This figure remains quite constant among different sectors, although it is highest in the 'legal, financial, technology and other professional services' sub-sector.

Table 42: Have employers reviewed their pay policies and do they intend to review them in the future? (%)

	Past three years	Next two years
All	58	67
By sector		
Manufacturing and production	57	64
Private sector services, of which:	59	66
Retail, hospitality, catering, leisure and cleaning	57	86
Legal, financial, technology and other professional services	60	51
Other private sector	59	70
Public services	55	58
Voluntary, community, not-for-profit	56	81
By size		
SME (<250)	57	66
Large and very large (>=250)	58	69

n=264, past three years, n=258, next two years

However, more respondents plan to carry out such a review in the next two years, although there is variation between sectors. The most likely to carry out such a review is the voluntary sector, followed by the private services sector and manufacturing. Within the private services sector, the 'retail, hospitality, catering, leisure and cleaning' sub-sector is very much more likely to intend a review than the 'legal, financial, technology and other professional services' sub-sector.

We asked those who had carried out a review how aligned their pay policies were with their business strategy.

The results in Table 43 show good news in that most (79%) employers report that their pay policies are mostly or fully aligned with their business strategy. The incidence of the policies being mostly or fully aligned is greatest in the manufacturing and production sector. Conversely, the voluntary and public sectors and the 'retail, hospitality, catering, leisure and cleaning' sub-sector and 'other private sector services' found that these policies were not at all or only slightly aligned in about a quarter of cases. The smaller organisations seemed to find less alignment than the larger.

The survey asked respondents what the main current 'business' or strategic focus was of their employer. Growing revenue is the most commonly cited focus among our sample (58%), followed by improving service or product quality (39%), growing market share in the UK (38%) and innovating to increase overall productivity levels (38%). More information can be found in Table 57 in the appendices.

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Table 43: Assessment of alignment between pay policies and business strategy (%)

	No alignment	Slightly aligned	Mostly aligned	Fully aligned
All	1	20	60	19
By sector				
Manufacturing and production	0	14	72	14
Private sector services, of which:	1	21	58	20
Retail, hospitality, catering, leisure and cleaning	0	25	58	17
Legal, financial, technology and other professional services	0	17	62	21
Other private sector	3	23	54	20
Public services	5	19	48	29
Voluntary, community, not-for-profit	0	25	63	13
By size				
SME (<250)	1	24	57	18
Large and very large (>=250)	2	13	65	20

n=150. Percentage of those who have reviewed their pay policies.

9 Background to the report

This is the sixteenth annual CIPD *Reward Management* survey. For 2019, the focus has been on pay policy – character, application and contexts. The main aims of the survey are to:

- inform the research and public policy work of the CIPD on reward management
- provide readers with an information and benchmarking resource in respect of current and emerging practice in UK reward management.

The following tables provide a breakdown of percentage of respondents to the management survey by sector, by ownership and by size of organisation (number of employees). They also include data by age and gender. The figures for the previous two years' survey demographics are included for reference.

Table 44: Organisation sector (%)

	2019	2018	2017
Manufacturing	19	18	23
Private sector services	51	53	44
Public sector	16	17	19
Voluntary sector	14	13	14

n=465

Just over half of respondents represent private sector services with a further fifth coming from manufacturing and production. The private sector is represented by similar proportions of the 'legal, financial, technology and other professional services' sub-sector and 'other private sector services' (20% and 22% respectively), while the 'retail, hospitality, catering, leisure and cleaning' sub-sector forms only 9% of the responses.

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The public and voluntary sectors represent slightly under a third of respondents.

Table 45: Ownership structure (%)

	2019	2018	2017
Private sector – privately owned	86	76	75
Private sector – publicly traded	11	22	22
Other, for example co-operative	2	2	4

n=328. Manufacturing and private sector services only.

While the 'other' category remains in line with other years, the proportion of privately owned organisations now forms 86% of the private sector respondents.

Table 46: Geographic ownership (%)

	2019	2018	2017
Mainly or wholly UK-owned organisation	74	69	71
Separate division/operation of mainly or wholly UK-owned organisation	4	7	7
Division of an internationally owned organisation	20	24	23

n=328. Manufacturing and private sector services only. No respondents chose the 'Other' option this year, so it has been omitted for ease of comparison.

Mainly or wholly UK-owned organisations form the bulk of responses to the 2019 survey.

Table 47: Organisation size (%)

	2019	2018	2017
SME (<250)	86	76	75
Large (250–9,999)	11	22	22
Very large (10,000+)	2	2	4

n=465

SMEs remain the largest group of respondents, with organisations employing between 50 and 249 people remaining the largest group.

In the employment attitudes survey, the size categories are not directly comparable since they do not differentiate the larger organisations, but seem to be more focused around the smaller organisation than the larger.

Table 48: Organisation size, employee attitudes survey (%)

Fewer than 10	16
10–49	17
50–249	13
250–999	12
1,000 or more	41

n=2,182

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Table 49: Proportion of female staff (%)

	Management		
	2019	**2018**	**2017**
None	3	2	3
A minority	43	38	42
About half	37	46	37
The majority or all	17	15	18

n=462

	Other grades		
	2019	**2018**	**2017**
None	3	3	3
A minority	28	27	42
About half	44	44	37
The majority or all	25	26	18

n=462

The proportions of female staff in organisations, both management and other grades, remains broadly stable, although more organisations report women being a minority than last year

Among other grades, more organisations report having half or a majority of women, broadly equivalent to last year.

Table 50: Proportion of young staff (%)

	Management		
	2019	**2018**	**2017**
None	9	17	12
A minority	43	57	57
About half	36	24	25
The majority or all	12	3	7

n=462

	Other grades		
	2019	**2018**	**2017**
None	4	5	3
A minority	27	41	30
About half	49	41	43
The majority or all	21	12	24

n=462. In 2017, 'Young' was defined as under 35 and in 2018 the question referred to 'under 30'. In 2019 the question concerned those 'under 40', so direct comparison is difficult.

In 52% of organisations there are either none or a minority of under-40s in management roles. The equivalent figure for other grades is 31%. Only 12% of organisations report having younger people in a majority or all management roles.

The Employee Attitudes Survey

A separate survey was conducted this year by polling organisation YouGov collecting data on the CIPD's behalf. The objective was to offer some insights into the ways in which employees themselves regard pay policies and their application. Most of the corresponding questions were posed in a different way with different options and related in the most part to individuals rather than organisations, so direct comparison is not possible. The respondents were employed in the private sector in 74% of cases, the public in 24%, and 7% of respondents came from the voluntary sector.

The survey represented broadly equal proportions of men and women but was more representative of older age groups than young, 38% being aged 55 or over.

Table 51: Employees by age and gender (%)

Male	52
Female	48
Age	
18–24	5
25–34	9
35–44	19
45–54	28
55+	38

n=2,182

Half of respondents (50%) had no management responsibility, the majority of the rest being at a senior or other management level (43%). Only 7% of respondents were at board level.

Data collection for the research was carried out during May and June 2019. The management survey was distributed electronically to senior reward/HR practitioners in the public, private and voluntary sectors. The number of respondents to this survey was 465. The employee attitudes, carried out in parallel via polling organisation YouGov, gathered views from among a sample of 2,182 employees.

In tabulating findings from the survey data for the purpose of the report, figures throughout are percentage of cases – that is, percentage of respondents who answered that particular question/combination of questions.

We have, in the course of commenting on the findings from this 2019 *Reward Management* survey dataset, made comparisons between the present and previous rounds of analysis. This is done exercising a little interpretative licence. A necessary caveat is that given the nature of the survey and its completion, we do not have a fixed panel of respondents to the online questionnaire year after year. Either due to rounding or to respondents being able to specify more than one response to a question in tables reporting on findings, figures may not total 100%.

1 2 3 4 5 6 7 8 9

Considerable input was received during the development and piloting of the research questionnaire, and in the course of structured reflection at an 'experts roundtable' of practitioners held at the CIPD's London Victoria offices in July 2019 from across the HR and reward management community. We would like to acknowledge all the professionals who invested their valuable time helping to inform the questionnaire, its completion and the resultant survey report.

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