

Growing numbers expect pay rise

While pay negotiations may be on the cards for employees of bigger companies, those who are working in the SME sector may find no such luck, writes Gareth Naughton

With the economy stabilising and some companies predicting a return to profitability, the issue of pay negotiations is back on the agenda. In a report released this month by business advisory group Grant Thornton, 38 per cent of the Irish companies surveyed said they expected to increase employee remuneration at or above inflation this year.

The finding reflects an increasingly positive attitude among Irish businesses, with 40 per cent of Grant Thornton's respondents reporting plans to hire this year, and 66 per cent predicting a rise in profits.

"If you are in business today you are likely to stay in business," said Patrick Burke, partner, Grant Thornton.

"Over the past few years, you'll have gone through various issues and you've done that based on additional productivity from staff so they probably want a bit of a reward for that."

"All our take-home pay is substantially down and people's ability for discretionary income has been quite squeezed by the taxes coming in and health insurance going up.

"People are under pressure at a net pay level to make it through the month.

"They have been doing that for a while, now they see that the company is doing okay and they would like a piece of that."

The perception that the economy has stabilised somewhat also means that individual candidates are now more likely to change jobs. In companies where business has picked up, employees are also more likely to broach the pay rise subject.

"The overall survey showed that turnover is expected to increase substantially and two thirds of companies expected profits to be better. In an environment where the business is doing well, the employee is saying: 'where do I fit in this?'" said Burke.

Increases should, he added, be benchmarked against those in other countries. The challenge is to reward employees individually without damaging our overall competitiveness.

"If we were just to get back into an area of paying ourselves whatever we wanted to or without due recourse to what other countries are doing, that would be an absolute disaster," said Burke.

"If we acted in the collective interest of the country, our



Patrick Burke, partner, Grant Thornton: 'If you are in business today you are likely to stay in business' Picture: Maura Hickey

individual interests would be much better off.

"We would have lost an opportunity if we just started to pay ourselves a couple of per cent extra here and there. It is a much more fundamental change that is needed," he said.

Employee expectations

It goes without saying that everyone wants a pay rise, but there is evidence that while some companies are preparing for pay negotiations, more

employees expect something extra in their wage packet this year.

When Berkley Recruitment carried out its global sentiment survey last year, there was a marked increase in the number of Irish respondents saying they expected a pay rise.

"There was a 30-point jump," said Fergal Brosnan, managing director of the Berkley Group. "People who were expecting a pay rise of 1 to 2 per cent in Ireland jumped from 16 per cent to 45 per cent

in a nine-month period.

"They are reading what is happening within their own businesses and the expectation is there because from their perspective they can see that there seems to be space and room within the companies to give these pay rises."

He said the size of the jump was alarming, but pointed out that the wage increase was relatively small.

The survey also showed that finance is no longer a key motivator for those who move jobs.

"If it was greed that was coming in, then finance would have come up higher on the ranking of contributors to wanting to move job, but in fact what is increasing is career progression and job location," he said.

At the same time, workers are sending a clear message to their employers – they have taken the pain and now they want some recognition for that.

"They don't want a pay cut or the status quo, but some recognition that they have

taken some pain and things could potentially get back to an equilibrium. It is not going to change anyone's life and I don't think it is going to keep someone in a job in terms of making it attractive, but I think the good will of recognition will help retain them," he said.

SME trends

While pay negotiations may be on the cards for employees of bigger companies, those who are working in the SME sector may find no such luck.

The Irish Small and Medium Enterprises Association (ISME) has called for the very opposite by suggesting that a 12-month pay freeze is required to stabilise the economy.

Most SMEs are not in a position to increase staff pay and may not be so for another two years at least, according to ISME chief executive Mark Fielding.

"Our guys would say that there isn't a hope of getting a wage increase out of them. It would be way, way too early yet and our competitiveness would be shot if we started talking about wage increases," said Fielding.

"The bottom line for most SMEs is that they are hanging on by their fingertips and 82 per cent of them are saying absolutely no way. Owner-managers themselves haven't taken a wage increase in years and 76 per cent of small business owners do not expect any kind of an increase over the next year.

"I can guarantee you that there are very few SMEs that are doing well and hanging on to their money.

"Any ones that might be doing well are paying down the debts that they have accumulated over the last number of years."

Fielding said Ireland had a three-tier economy, dividing multinationals, SMEs and retailers who continue to face tough trading conditions. He acknowledged, however, that the economy was not as bleak as it was.

"Predictions are that it is a slow growth this year, but from an SME point of view, there isn't a hope of a wage increase because all they are trying to do at the moment is gain back from the massive debts that they have incurred over the last six or seven years since the bust," he said.

Some top tips for pay negotiations

Negotiating a pay increase is difficult at the best of times, but after such a lengthy period of pay cuts, we may all be out of practice.

For employees, the last few years have been a discussion about survival prospects, according to Richard Eardley, managing director of Hays in Ireland, but the change of tempo in the economy brings with it the chances of a more positive slant.

There is, however, a right and wrong way to go about it. Here Eardley outlines the steps you should take to ensure the best outcome achievable from pay negotiations.

Prepare: "The bulk of the work for any meeting is in the preparation. This is particularly true of meetings which discuss pay because they are so emotive.

"To make it easier for you, and your boss, put in the groundwork beforehand. If this is a planned meeting, part of a structured formal or informal review process, then make sure that pay is on the agenda. If it isn't, drop your boss a note asking for it to be included.

"By giving advance warning that pay is a live issue for you, you will facilitate a productive conversa-



For employees, the last few years have been a discussion about survival prospects

Review: "Have a look back at your job spec or most recent career review document. Analyse the tasks and responsibilities set for you and provide proof that you

have achieved them or exceeded them. Practice putting across this point succinctly.

Research: "The bottom line on your value is what it will cost to replace you. Sure, there are plenty of other factors governing whether or not you'll get a positive response, but when the hard thinking is going on – this is a sure test of your market value.

Finding out the value of your job has never been easier. A quick trawl online will give you an insight into what other companies are paying people for doing similar roles elsewhere. To back this up, most reputable recruitment firms will have salary guides available. Back up this research with a call or visit to a good recruiter to establish the market demand for your skills."

Establish objectives: "Entering into a pay discussion doesn't necessarily mean you'll get an immediate pay rise. As in any negotiation discussion, you should have a range of objectives. Improved remuneration may be on top of your list, but there may be other options that impact positively on your prospects. An enhanced role, wider responsibilities and

a refreshed career direction can provide the building blocks for long term financial gain at your workplace."

Be realistic: "It's unlikely that this will be a one-off discussion. Even if your employer is prepared for the meeting, they may well need some time to give you a response. This is no bad thing. You want a considered response, not an off-the-cuff reply. Your first meeting is to lay out your views, but it may take a follow up meeting, possibly two, to conclude the matter."

Even if you are unsuccessful in getting a pay rise, the process will serve a valuable purpose, said Eardley.

"Whether or not you achieve your goals, you will at least have made your employer aware that you, yourself, value your role in the business, and are aware of your market value.

"You should get some immediate payback for this, in pay or improved prospects. And, if the employer can't deliver, rest assured that the improved employment market may offer an alternative route," he said, with mortgage arrears.



Fergal Brosnan, managing director, Berkley Group

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■ The Institutes of Technology have elected a new chairman. Paul Hannigan is president of Letterkenny Institute of Technology, a role he has held for the past 16 years. He was also head of Dundalk Institute of Technology's business studies department.



■ William Grant & Sons has promoted Caspar McRae to the position of global brand director for Tullamore Dew Irish Whiskey. McRae has been the company's vice-president of brand marketing for the US for the past 19 months.



■ Andrew Pumphrey is CarTrawler's new chief marketing officer. Pumphrey joins from LateRooms Group, where he was global brands director for a subsidiary of TUI Travel in Britain for 12 months. He also spent a year as managing director of AsiaRooms.com in Singapore.



■ Caroline Collins is the Reputations Agency's new lead for healthcare and advocacy. Prior to this, Collins was account manager with Publicis D Healthcare in Dublin for 18 months. She also worked with the Alzheimer's Society of Ireland as a consultant in PR.



■ The Fitzpatrick Castle Hotel in Killiney, Co Dublin, has appointed a new general manager. A director of the hotel, Scott Lennon has been executive manager for the past 12 months. Prior to that, he was duty manager for two years.



■ Mark Kilbride has been appointed senior account manager at Elevate PR. He has been an account manager with the company for three years. Before that, he was a senior publicist with Entertainment Architects in Sandymount for 18 months.

People Problems Communication breakdown



Gerard Flynn

It was a case of "physician, heal thyself" recently for Majella Scanlan, a community doctor at the Rockfield Medical Campus in South Dublin.

Scanlan began working as a community doctor for Centric Health and Barrow Medical early in 2009.

She complained of "increasing pressure, harassment and stress" while working there in 2009 and 2011, and claimed that a failure to adopt

safe and proper procedures and inadequate office management made for an intolerable working environment, causing her anxiety and stress.

The situation didn't improve when Scanlan was told that a formal complaint had been made against her by a part-time manager at the clinic.

It turned out that the complaint had been made on behalf of another colleague, but without their knowledge or instructions.

By that stage, Scanlan had made her own complaint about alleged bullying and the management of the practice.

Despite the subsequent withdrawal of her colleague's formal complaint, the clinic's owners and management withdrew from a meeting without notice. It didn't go well, and she left her job in

January 2011.

At the same time, management at the clinic was carrying out its own investigation into Scanlan's complaint about alleged pressure and harassment.

Her complaints of bullying were not upheld by the investigation, and the clinic claimed that because the doctor had quit before their investigation was complete, she had not been forced into resigning.

It contended that quitting her job when the internal procedures had not been completed qualified as unreasonable behaviour.

Scanlan took a case against Arás Sláinte, trading as Barrow Medical at Rockfield Medical Campus at Sandymount, and also against Centric Health, the trading name of Dactyl Vi Ltd. The rights and wrongs of the

case were argued over six days last year at three separate sittings of the Employment Appeals Tribunal (EAT).

It concluded that "clear tensions presented themselves in the working relationships" between Scanlan and her colleagues; and that while no one person was responsible for these tensions, the clinic's owners had a duty to sort it out.

Instead, they had pressed ahead with a meeting to start a preliminary investigation into allegations made against Scanlan, even though she had not been told about them.

By leaving the clinic, Scanlan had not availed of the internal grievance procedure, but given her concerns about the way the clinic was run, her departure was "a proportionate response", the EAT found.

Though the doctor had not remained in the job and was in breach of agreed written procedures, that in itself was not enough to invalidate her decision to leave. Her departure was "a direct result of the deficient manner" in which the clinic was being run.

To add to the outcome, two months ago the EAT instructed Centric Health and Barrow Medical to pay €35,000 in compensation to Scanlan.

This case shows that it pays to deal with people problems speedily, and to inform employees of any allegations made and the investigative steps under consideration.

Gerard Flynn is an employment specialist with Align Management Solutions in Dublin. He can be contacted at gflynn@alignmanagement.net

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