

WHO GETS A BONUS? WHO WANTS ONE?

In this month's Instep, we step into the world of variable pay for HR professionals. We look at who gets a bonus in HR and who doesn't from a gender perspective. We also explore HR professionals' expectations in the area of variable pay and if these expectations are being met.

Total rewards

A total rewards approach is understood and employed by a large number of organisations, in a wide range of industries. There is nothing particularly new about this.

A fundamental element of the total rewards approach is variable pay (such as bonuses, incentive pay, and commissions), which along with other benefits and tools, help employers link rewards to an employee's measured performance. Whilst HR practitioners know the theory and apply this in their organisation, the question remains – how is this theory being applied in the HR function?

"Who gets a bonus in HR?" and "Who wants one?" were two of the questions covered in a national survey conducted by The Next Step of almost 2,000 HR professionals from all levels and from all sectors across Australia. The distribution was even through levels and industries. The response from the senior market was strong with over 39.5% of respondents nominating themselves at the HRD, Group HRM or Senior HR Manager level. Of this group of senior respondents, females represented more than 50%.

So who does get a bonus in HR?

HR roles have as many opportunities to link performance with reward as any other role. The cop-out about not being sales generating, is just that – a cop-out! The survey found that 35.8% of HR professionals earn no bonus at all. This combined with the next band (0 to 10% bonus) gave the result that a whopping 60.4% of all HR professionals earn less than a 10% bonus.

At the other end of the continuum, only 6.03% of all HR professionals said they earn over a 30% bonus. So therefore, there is obviously a shortfall of HR professionals earning a bonus.

Gender differences

Are there any differentiators in terms of bonus distribution from a gender perspective? One of the big differences between HR

and other professions is that it is dominated by females. Two independent research projects conducted by The Next Step found that approximately 70% of people in HR are female, (this finding is supported by other studies and anecdotal evidence). Therefore, looking at a gender and bonus payment distribution is relevant.

- Almost half (49%) of all males in the survey indicated that they either earned no bonus or received less than 10%. This is compared to nearly two-thirds (64.3%) of females in HR who indicated that they receive no bonus or less than 10%.
- In the band earning 11–20% bonus, the figures even out between males and females – 23.7% of males to 20.8% of females.
- In the bands above 21% bonus, males do better than females by a factor of about 2 to 1. Earning a bonus of 21–50% was 23.5% of males versus only 11.6% of females.

Clearly from the above results, males are more likely to earn a significant variable bonus payment compared to females in HR. The reasons could be explained by generalisations about the type of work that early career people do in HR. The early HR career market is dominated by females, and it would seem, therefore less likely to achieve a bonus. Nevertheless, it is still a concern that whilst males are fewer in number, they are more likely to earn a decent bonus.

Who would like a bonus?

When asked if they would like a bonus, the HR profession spoke with a very loud voice:

- Only 22.5% of females and 16.7% of males said that no bonus or less than 10% was OK by them.
- 41.2% of females and 37.1% of males reported that they should receive a bonus in the 11–20% band. This is a significant increase on the levels that actually do receive a bonus in this band.
- 31.2% of females and 39.2% of males think they should receive a bonus in the bands between 21% and 50%. This means that females that expect a bonus versus those who actually received a bonus in this band is tripled.

So what does all this mean?

At its most basic, there are many, many people in HR not earning the bonus they believe they should expect.

There is also a large number of HR professionals who have no visible personal pay link between performance and reward.

There must be a fundamental internal conflict for HR professionals created by the fact that they design and administer variable rewards programs yet, quite often, don't participate in these programs.

The discrepancy between variable reward payments for females versus males is just plain wrong and is a real concern for a profession that is responsible for championing diversity and pay equity.

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