



Putting compensation data to work: Creating a customized compensation and employee engagement survey

Ask the average Canadian what a nonprofit organization looks like, and he or she might describe a community agency, an arts organization, or perhaps an environmental group. The problem for Wendy Miyagawa, Operations Manager at Engineers Canada, was that those kinds of organizations also tend to be the focus of many of the compensation surveys in the nonprofit sector. “A lot of salary surveys focus heavily on charitable or community-based organizations,” Miyagawa observes. “For a national organization like ours, these comparators are not very helpful. Different kinds of nonprofits have different competitive landscapes when it comes to recruitment and retention. In our case, in order to fulfill our mandate we need to recruit and retain professionals who could, in many cases, find attractive opportunities in the public and private sectors. We’re not competing so much with the community agency down the street as we are with the wider field of engineering and, in some cases, policy and governance.”

Engineers Canada is the national organization of the 12 provincial and territorial associations that regulate the practice of engineering in Canada and license the country’s more than 250,000 professional engineers. It advances self-regulation and the engineering profession in the public interest. Whereas it may be relatively straightforward to find compensation data for engineers themselves, the nonprofit group that oversees the profession is another matter. Miyagawa notes, “Our

organization is made up of experts across different fields—such as communications, government relations, research, and so on—not only managers with engineering backgrounds.”

Miyagawa had been in her role at Engineers Canada for almost two years when it came time for the organization’s triennial compensation review. Although Engineers Canada had taken the compensation of its 34 employees seriously in the past, Miyagawa was the organization’s first dedicated HR professional, and her goal was to undertake an especially rigorous process that would enable HR to more easily monitor and enhance their compensation practices in the future.

The critical task was finding true apples-to-apples comparisons for the positions at Engineers Canada. To achieve this, Miyagawa tapped into her HR network, inviting organizations to complete Engineers Canada’s custom survey. She also pulled relevant broader public sector data from the database of the Hay Group, a management consultancy EC had engaged for the compensation review. “It was pretty labour intensive matching our jobs to those in a compensation system not designed for nonprofit organizations. But it was important for us to compare beyond the nonprofit sector.” Miyagawa notes that although nonprofit organizations sometimes think of other nonprofits as their main competition in terms of recruitment and retention, it is not uncommon for nonprofits to lose employees such as fundraising professionals or policy analysts to the

public or private sector. For this reason, it is important for nonprofit organizations to take into account compensation data from beyond their own sector.

The final piece in Engineers' Canada's review was the annual compensation report compiled by the Canadian Society of Association Executives.

A robust compensation review was an important step toward ensuring a transparent, equitable, and competitive compensation program. "Engineers Canada had been doing a good job with compensation, but did not have a fully integrated compensation program. Some of the processes were a bit piecemeal," Miyagawa recalls of her assessment when she was hired. She wanted to take this first compensation survey during her tenure as an opportunity to ensure that Engineers Canada's compensation system was clear and considered. "It is important for all organizations—even nonprofits—to know what their compensation philosophy is, and to know where they stand relative to other organizations. Knowing these two things enables you to explain to your staff exactly why you've made the choices you have—with respect to both your own organization's priorities and the wider labour market."

Inviting participation in the compensation survey

The process began with the alignment of benchmark jobs from Engineers Canada's existing Job Evaluation system with the Hay Group's job inventory. Miyagawa acknowledges that this stage was time-consuming, but ultimately she found it worthwhile. "Matching benchmark positions from our earlier job evaluation process with positions from the Hay Group database was rewarding in a couple of ways. First, we were able to affirm the validity of our own JE process because our evaluation was supported by the Hay data. Second, we could then draw on the Hay material to explain positions and their compensation to any employees who expressed concerns. It made our practices more defensible."

Once the benchmark jobs had been aligned with jobs in the Hay database, the next step was attracting participation in Engineers Canada's compensation survey. Because apples-to-apples comparisons would likely be difficult to find, it was vital to approach as

A compensation philosophy

is developed to guide the design and complexity of your compensation programs; this is done by identifying your goals and objectives, considering your competitiveness in attracting and retaining employees, your emphasis on internal and/or external equity, and whether performance is tied to pay increases. Understanding what balance you want to achieve between direct and indirect financial compensation is critical in developing your overall total compensation approach. A consistent philosophy provides a strong foundation for both the organization and the employee.

many comparable nonprofit organizations as possible and invite them to share their compensation information. The survey would only provide real insight for Engineers Canada if the compensation survey was expanded to include a wider range of organizations than had been surveyed in the past.

Miyagawa took a number of steps to encourage maximal participation. First, she reached out to as many organizations as she could, inviting them to participate and offering a detailed aggregate report of findings in exchange for their participation.

Second, Miyagawa gave careful thought to the experience of completing the survey itself, recognizing that her marketing efforts might ultimately be undermined if the survey process proved too time-consuming or confusing for respondents. For instance, Miyagawa made sure that she completed the same online forms as the organizations she had asked to complete the survey. This ensured that she would experience directly any possible points of confusion or difficulty.

One important decision made in order to increase respondents' likelihood of completing the survey was to invest in a custom survey that would be easier to complete. "At first," Miyagawa recalls, "we had intended to keep costs down by going with a non-custom survey. But we soon realized participants had to do significantly more work in order to complete that survey. To make it easier for other organizations to participate, we shifted to a custom tool; we tailored the survey to

the organizations in our network, which reduced the amount of work respondents had to do.”

Finally, she asked the Hay Group [<http://www.haygroup.com/ca/>] consultants to contact each participant to ensure that they understood the process, questions, and definitions fully. “Non-profit organizations may operate differently, and may have varying degrees of compensation expertise on staff,” Miyagawa explains. “For instance, in other sectors it is common to base interpretations of salary policies on salary ‘mid-points.’ For a variety of reasons, some nonprofits may rely less heavily on mid-points. Because of those kinds of particularities in the nonprofit sector, I thought it was important for respondents to be able to access the consultants, and get them to answer questions and clarify terms.”

All this outreach and attention was not only in support of positive user experiences for survey respondents—it was in support of high-quality data. The more Miyagawa could increase participation, and the more clarity she could give respondents about the terms and mechanics of the survey, the more likely it was she would be able to gather data on genuinely comparable positions for those at Engineers Canada.

Surveying staff

In addition to gathering compensation data from other organizations, Engineers Canada conducted an employee engagement survey. In part, the survey looked at employees’ sense of internal equity—whether they felt fairly compensated relative to others in view of their contributions to the organization. This was an important component of the overall research because the goal of the research was to ensure both market competitiveness and internal equity. Ultimately, it is employees’ perceptions of both that determine an organization’s ability to recruit and retain the right talent.

The findings of the staff survey were very affirming. “We engaged TalentMap for this survey [<http://www.talentmap.com/>], and were told that we received the

highest scores on compensation,” says Miyagawa. Overall, staff expressed very high satisfaction with the fairness of their compensation based on their knowledge of the labour market and their roles in their own organization.

Outcomes

Nothing changed radically about Engineers Canada’s practices as a result of their job evaluation work and compensation survey. A few positions were found to be under- or over-compensated, and the job evaluation exercise of the previous year supported the creation of a new job class. The organization made adjustments to the salary ranges immediately following the survey. “There were no surprises,” reflects Miyagawa. “We anticipated which positions in our organization would be slightly out of line with the market. And it was confirmed that one area of our benefits package was not as competitive.”

But the fact that the process did not give rise to sweeping changes is not to say it did not deliver value to the organization. First, the organization can be much more confident that its compensation practices are appropriate. “There will always be a few employees who are not satisfied with their compensation. The important thing is to know that what we’re doing as an organization is equitable and defensible, and in line with our compensation philosophy. “The survey findings were very validating for the decisions we had been making over the past two years,” Miyagawa says.

Moreover, the investments they have made this time around will pay off in future. Having laid a strong job evaluation foundation, and aligned their compensation information with the Hay system, in the future Engineers Canada should only need to make modest updates and adjustments in order to take a snapshot of how they are performing relative to the rest of the market.