



FAQs about your Aggregate Pay System and Management Rights

Each year, you and your co-workers receive a pay increase. That pay increase is tied to your semi-annual reviews and what is called an “aggregate salary increase.” Together, these are referred to as a “pay for performance” pay structure. This means your pay increase *should* be a reflection of your demonstrated performance in the workplace. However, there are factors outside of a workers’ control that have little to do with their performance, leaving most workers with a pay increase that falls far short of inflation.

Below are some of the most common questions we have been asked by GSU members.

Q: What is an *aggregate salary increase*?

A. In your collective agreement, your annual wage increase is attached to an “aggregate” which is another word for “on average”. Each year the company is required to issue pay increases that round-out to that aggregate, meaning that *on average* you and your co-workers will receive pay increases that equal X% across the company.

Q: How does the *aggregate salary increase* affect me?

A. Each facility is given a lump sum amount of money for annual pay increases. That lump sum is like a pie, and the company divides out slices to each of their facilities for the workers. A problem with this scheme is that there is not enough pie to go around. So even if each worker is deserving of a full slice of pie, that doesn’t guarantee they will receive it. Some workers will receive smaller slices while others receive larger slices. Your slice might be larger or smaller than your coworkers regardless of what you and they deserved.

Q: How does the *aggregate salary increase* apply to my performance?

A. An aggregate system takes your performance and weighs it against your co-workers. In an environment where teamwork and cooperation is essential to productivity, having workers competing against one another conflicts with those values as everyone’s annual pay increase is based on their *individual* performance. And, as explained in the previous question, in situations where every single member of the team contributed equally, not everyone will get the same amount in pay increases.

In addition, over time you will begin to scale toward the top of your salary range and your salary will start to creep above the average. Even though you have been with the company for years to reach this stage, your annual pay increases will shrink so as to not drive up the *average* (in other words, the *cost of labour*).

New workers may see an initial bump in pay that might be above the aggregate. This is because their starting salary often sits well below the average market rate of labour and this is a quick way to situate them near or at the average.

Q: Wouldn't a pay-for-performance model incentivize workers to be more productive?

- A.** Money helps, but it is not necessarily what makes a worker more (or less) productive. Extrinsic values such as pride, respect, and an innate urge to improve at a technical skill is what drives productivity. Investing in training opportunities, sponsoring programs that improve morale, and a fair wage for a fair day's work is what motivates a worker to work. If conditions are unsafe, work-life balance is non-existent, and unreasonable expectations in the workplace are prevalent, waving money in workers' faces is not a motivator – especially when workers know their efforts won't be reflected in their pay increase when annual review time comes.

Q: What if a co-worker still is not performing?

- A.** A core feature of any collective agreement is "Management Rights" which recognizes the company as the sole authority to hire, fire, and discipline employees who are not meeting the standards of their employment. This right gives your employer the ability to address issues of performance as they arise. If a co-worker is not meeting the requirements of their employment, it is important that your management work with them to remedy the situation. Your GSU staff rep can also work with the member and your employer to diagnose what might be affecting the worker's performance, and assist in arranging a "Performance Improvement Plans" to outline what is needed to improve and a plan of how to get there.

There are many factors outside of the workplace that have a pervasive effect on people and their workplace behaviour. The loss of a loved one or other matters (like substance use and mental health) can affect an employee's work, and it is important these workers be treated with compassion, respect and fairness until matters at home are resolved.

With the busy fall season approaching, and the daily pressures associated with your work stress the importance of everyone carrying their weight. It is rightfully frustrating when one of your co-workers is not keeping up, but it is important to remember that because of Management Rights it is company management who is in charge of the situation. You and your co-workers are not the ones who control putting yourselves into stressful or high-pressure situations such as working short-staffed or being assigned a mountain of work. These things put undue strain on you and exacerbate or intensify moments when someone else is not performing. Ultimately, it's management who should not be putting you in situations where you're under-resourced.

Everyone does better when EVERYONE does better.

A pay increase ought to keep up with inflation. When it does not, you and your fellow members effectively become poorer each year.

The current pay-for-performance model has the effect of keeping most wage increases well below the rate of inflation. We challenge everyone to better their situation by seeking improvements in their collective agreement. The best way to attract talent, retain it, and motivate to aspire for more is to have a work environment that recognizes and compensates employees accordingly.