

HR PRACTITIONER

A conversation with

Amparo Diaz Llauro

The Spanish HR Director talks about the economic situation nationally, well-known practices in compensation and benefits and why flexible compensation may be the next big thing.

by Peter Raj

Apr 2010 | Expectations have been curtailed in Spain. On the whole, people are not anticipating promotions, nor looking for salary increases. Instead, many are much more inclined to worry about keeping their position with the organisation.

On a busy Friday morning recently, Amparo Diaz Llauro squeezed in a long telephone conversation, talking to us about the global financial crisis as it affected their country and what she has come across in terms of effective compensation packages.

Talking quickly and passionately, Amparo sounded positive though despite the gloom in some of the early news that she relayed.

Most recently the Human Resources Director at an IT company based in Barcelona, Amparo made it clear that the global financial crisis had left its mark on Spain. Everyone was feeling it. According to Amparo, the real estate sector was one of those hardest hit. IT was badly affected, as well, with a steady stream of job cuts. This was understandable. With software purchases, there may be updates and upgrades but this will necessarily be bottom of your priority list especially if the software itself is working fine in its current form.

Compensation and benefits perhaps, now more than at any other time, seem to be a focal point. Our mood has been affected and it's hard to keep motivated in depressing, challenging times. The tendency to quit, to move jobs for a small pay hike or just trudge are some of the ways people have managed this situation. Organisations the world over, are spending lots of time figuring out how best to motivate and cajole talent in this environment, and necessarily money is one of the triggers.

According to Amparo, at one of the biggest banks in Spain, incentives have still formed an important part of the remuneration package. While financial incentives have been lowered since last year, compensation has been viewed through a number of other lenses. As Amparo explains, "If you're the branch director, you might be earning less than what you did compared to last year. But it's likely to be replaced by say, a higher level of engagement with the organisation. There might be more meetings, for example, with senior management or the senior executive committee."

So while money per se may not form part of many organisations' plans for reward, this is not the end of the road. There are many other avenues open. Some look to increase the provision of training and development opportunities.

An interesting development Amparo mentioned is the possibility for non-sales executives to take up sales opportunities. "For example, an administration executive may refer a friend or family member to the organisation. There may be a fit with the product or service offering and in that sense, you are given the opportunity to move beyond the strict confines of your role and start thinking about the organisation as a whole. If a non-sales executive were to bring in a customer, if the customer does make a purchase, the executive is remunerated", Amparo clarifies. In this way, everyone is more engaged in moving the organisation forward and in what the organisation does.

Social security provision in Spain means free health insurance in hospitals. But, interestingly enough, some progressive organisations have been noted to take it a level up by providing additional private health insurance as one of the benefits. It was a sign that the company cared.

Life insurance policies was another benefit organisations provided for employees. A relatively inexpensive option, this was seen as a good way to establish and cement stronger relations with key talent and was very well received.

But it appears that one of the more interesting things around at present is the concept of flexible compensation. Relatively unknown locally, Amparo is positive that this is a likely upcoming trend.

This type of compensation allows an individual an option to have more than just his salary - he can have his expenses or utilities paid for. For example, the organisation could reduce the salary component and agree to pick up a year's worth of accommodation rent payments. The flexibility lies in what other components outside of the salary can be paid for as well as the duration that this is done. This also poses benefits for the organisation as eligible expenses may be paid with pre-tax dollars rather than after-tax dollars.

From what Amparo has seen of this trend, it has really taken off. Initially, there is a level of hesitation. People may appear to be reluctant about it when first presented with such choice but once deployed, they begin to truly see its impact and value. They are thrilled with these options. It gives them choice.

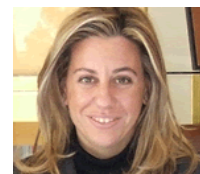
"There's tremendous value here", Amparo argues. "I see this taking off in the future. But this is not the only thing organisations can do. One of the things I've seen over here is discounts or sponsorship towards employee education and training. Especially if it's related to your job".

Like most other organisations, subsidy or sponsorship of gym membership have been employed. Organisations see the link between contented employees, reduced stress levels and an emphasis on a balanced lifestyle.

But coming back to the point about flexible compensation, one of the most significant advantages to an employee is the tax break. Since a flexible compensation plan uses pre-tax dollars for reimbursement of otherwise after-tax expenses, an employee reduces his Social Security and income tax base by reducing his salary and thus his taxes. In other words, the more an employee uses flexible compensation, the lower his tax base is and the more net spendable income he has. While there may be differences in how these packages are employed across organisations, industry and geography, the good news is that both employer and employee can jointly craft a plan that makes sense, that is fluid, that meets real needs and is a win-win to both of them. And this is a good reason to celebrate. ■



HR Matters Magazine
Issue 10 | April 2010



Amparo Diaz Llauro is an Human Resources Director with an IT company based on Barcelona, Spain,

Amparo has had extensive experience in a diverse range of areas including talent management, compensation & benefits, employer branding and diversity management. Proficient in aligning human resources functions with business strategies and possessing two years' private and corporate banking experience,

Amparo holds an MA Management of Human Resources and Compensation

Plans at the University Ramon Llull, Amparo has also lectured and taught courses for Citigroup, China Citic Bank and the University of Barcelona to name a few. She has developed her professional career by holding key positions in HR at Citigroup, Unit4, Banco de la Exportación and Caja de Arquitectos.