Manager Guide: Merit Conversations

Purpose: Clarity, trust, and understanding through transparency

Before the Conversation – Prepare

- **Know the numbers.** Make sure you know the team member's current pay information, the merit increase amount, and their new pay information. Understand how the merit increase was determined and what factors influenced it – overall performance rating, position-in-range, and merit budget. You don't need to share every detail, but you should be able to speak to it confidently.
- **Anticipate reactions.** Think about how this particular employee is likely to respond. Will they be pleased, disappointed, or somewhere in between? Mentally preparing for their likely reaction helps you stay composed and respond thoughtfully rather than reactively.
- **Know what you can and cannot say.** Be clear on what information is appropriate to share and where the boundaries are. For example, you should not discuss what increases colleagues received. If you are unsure, check with Human Resources before the meeting.
- **Schedule dedicated time.** Don't deliver this news in passing or tack it onto the end of a regular one-on-one. Set aside focused, private time so the employee feels the conversation is being taken seriously.
- **Have the conversation early.** Managers have a two-week window to speak with employees before merit increases are visible in Workday. Do not wait until the end of that window. Employees who hear about their increase directly from their manager – rather than seeing it appear in the system – are more likely to feel respected and informed.

During the Conversation – Engage

- **Lead with the number, not a preamble.** Managers often delay getting to the point out of anxiety, which can make employees more nervous. State the increase clearly and early, then provide context.
- **Connect the increase to performance.** Where possible, tie the merit increase to specific contributions the employee made during the year. This makes the conversation feel personal and meaningful rather than administrative.
- **Listen more than you talk.** After delivering the news, give the employee space to respond. Resist the urge to fill silence or over-explain. Their reaction will guide where the conversation needs to go.

During the Conversation – Engage (cont.)

- **Acknowledge disappointment without over-apologizing.** If a team member is disappointed, validate their feelings without being dismissive or excessively apologetic. Something as simple as "I understand this may not be what you were hoping for" goes a long way. Avoid phrases like "I know this isn't great" or "I fought for you but..." as these can undermine confidence in the process.
- **Don't make promises you can't keep.** In an effort to soften disappointment, managers sometimes hint at future increases or special considerations. Unless you are certain, avoid this as it creates expectations that can damage trust later.

Handling Difficult Reactions

- **If an employee pushes back hard, don't get defensive.** Acknowledge their perspective and, if needed, offer to reconnect after they've had time to process. You don't have to resolve every concern in the moment.
- **If they ask how their increase compares to others, redirect.** Explain that compensation conversations are confidential and that you're happy to focus on what influenced their specific outcome.
- **If they raise concerns about fairness or equity, take it seriously.** Don't dismiss the concern. Let them know you will follow up with Human Resources if needed, and actually do it.

After the Conversation

- **Follow up in writing.** A brief follow-up a few days later shows that you care about the relationship beyond the transaction. A few sentences reaffirming the increase amount, expressing appreciation for the employee's contributions, and leaving the door open for further questions is sufficient.
- **Debrief with HR if needed.** If a conversation was particularly difficult or raised questions you weren't sure how to handle, loop in Human Resources.