Pay surveys (Shaun Tyson)

Pay surveys, both for senior and for junior employees can play an important part in the conduct of pay reviews. The recession and the lower inflation rates lead to more infrequent pay reviews, but the ‘war for talent’ has continued. The market may not be changing so rapidly now, but the labour market for those occupations much in demand by employers is as tight and as international as ever.

There are often different review dates for different groups and there may well be a need to obtain data of senior management pay and benefits separately from that of the rest of the workforce. For senior managers, and for board level staff, companies will most typically use reward consultancies, many of which regularly conduct their own pay surveys. For senior staff, the benefit package is often very significant, as possibly being worth as much or even more than their base pay, if one includes the incentive bonus system and stock option schemes. This needs comparators to be found according to the size of the company (e.g. market capitalization) industry sector and the specialism of the staff concerned (e.g. finance director, marketing director, chief operating officer), and the job size, as indicated by job evaluation (for example the Hay–McBer job evaluation system).

A systematic process needs to be conducted according to the requirement for accurate statistical data.

Although a quick telephone survey will give a general indication on pay and reward trends, as indicated above, to establish accurate comparisons, a formal and careful survey is essential.

The main issues for those conducting a postal, e-mail, or telephone survey are shown below. Experience is necessary to carry out this exercise without problems. Questionnaire design has to be undertaken with a view to the information needed, and the analysis categories to be used when the data is received. There must be no ambiguity, and precision in language is essential, with a telephone number available, in case the respondents want to ask questions about the survey. Time spent beforehand in piloting questionnaires and reading about survey design will be extremely useful.

- The scope of the survey must first be decided, for example, which roles are covered, and the amount of information which is to be sought.
- A database of companies is needed to be surveyed, according to the characteristics which most closely match the profiles of the companies concerned. It follows that industry level surveys and those based on labour markets from which the employees are typically to be recruited are most suitable. Labour markets are usually geographical and/or occupationally and/or industry sector determined.

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• In order to make accurate comparisons, detailed descriptions of the jobs to be covered must be included. (You should avoid using company jargon.)
• Make clear what you are looking for: basic wages, total earnings, the hours these represent, overtime rates, and bonus earnings need to be separately recorded.
• If the salary information given is in the form of scales, responding companies should be asked to indicate where new starters enter and where most of their current staff are on the scales. A total compensation approach allows you to gain the most accurate data, assuming your respondents can reciprocate.
• Information on other benefits, for example, company cars, pension schemes, and holidays, is also a useful guide to the total package. Some of this may be quite sensitive, e.g., where senior staff are concerned or where sales commission earnings are involved. A guarantee of confidentiality, by avoiding naming individual companies when publishing results and ensuring that there is no way that a particular company could be identified, should be a part of the arrangements with the responding companies.
• To encourage participation, feedback, and a copy of the analysis of results should be sent to all respondents.
• The results should be collated in graph form, with each graph clearly labelled and each axis marked. A short narrative report summarizing the findings will be helpful. To facilitate the analysis of the results it is often useful to consider the kinds of graphs which will be beneficial when designing the questionnaire so that the questions can be phrased to produce results in a convenient form.
• A high non-response rate to a postal survey would not be unusual, but can be minimized by including a personal letter with the questionnaire and a prepaid reply envelope, by keeping the format of the questionnaire short and simple, giving adequate time for completion, and by telephoning those people whose reply is still outstanding after the due date.