

How To Work Out What to Pay Your Employees

There is no mathematical equation or proven scientific test to establish an exact single rate of pay for a role. Rates may vary for the same occupation even in the same location. Some jobs are so specialised that few, or no, external comparators exist and assessment then has to be made against 'comparable' job content. However, here are a few tips to help you work out the market rates of pay for your employees.

Start by using your employees' current job descriptions to help you establish the market rate of each role. The content of the job descriptions can be assessed and compared against advertised jobs in order to identify a comparable current market rate. The accuracy of the market rate is dependent on the accuracy of the job description, which needs to be up to date and reflect the current type and level of duties and responsibilities of the jobholder. It should also contain sufficient detail to enable comparison with other advertised roles. An additional challenge is to identify comparable roles based on job content and not just on job title, as these will vary between employers.

Finding the market rate of pay. This involves collecting data to establish the rates paid for similar jobs in other organisations. Salaries can also be benchmarked against other roles within your organisation.

Analyse the information you can find on pay rates in organisations of a similar size, in the same sector and in your local area. This will help you to identify an upper and lower band, within which the salary for roles can be set. This allows for flexibility of pay between employees, if they are carrying out the same or similar jobs, but where there are measurable differences in responsibility, such as the number of people being managed.

Use the market rate in your internal and external recruitment adverts. As well as preventing current employees inaccurately speculating about what a new employee may be paid, it can help to make your recruitment process more efficient.

If you don't put a salary range on your advert then you may waste time on sifting and shortlisting the CVs of people who then drop out as soon as they find out that the salary being offered isn't near to their expectations. The majority of advertising for jobs takes place online as it is a quick and easy way for potential candidates to see and consider a range of different jobs. Most web sites give the option to filter job searches and one criteria is salary. With no salary, your advert may be sifted out or is most likely to be at the bottom of a very long list.

Remember that age discrimination law means that if someone is employed to do a job then they should be paid the same rate as other employees doing the same or similar work regardless of their age.

Where to find out what to pay:

- Job pages on the Internet publish salary surveys and have their own pay calculators
- Local and national recruitment agencies conduct and publish their own pay and benefits surveys
- Professional membership bodies or the Federation of Small Businesses may have local and national salary benefits information
- Large recruiter websites such as reed.co.uk and guardian.co.uk advertise a range of jobs for opportunities throughout the UK. Often these will link to employer pages where more details can be found about the jobs including more detailed job descriptions.