

Responding to Employees Who Believe They are Underpaid



Responding to employees who are challenging their compensation

How to respond to employees who are challenging their current compensation level can be difficult. Although you may not be in agreement, this type of discussion can help you improve your employees' satisfaction with their compensation and, ultimately, increase their level of engagement.

To begin with, it is important to address an employee's initial concern by carefully reviewing the salary information he or she has provided. Is the data from a reliable and relevant source? Sometimes, the employee is citing salary data from questionable sources (i.e., googling). Key factors to consider when determining the reliability of salary data are:

- Participating organizations
- Size of organizations
- Job description or summary for each position
- Geographic regions covered
- Survey methodology
- Data submission date
- Sample size

The first response should be welcoming the opportunity to have a valuable conversation about compensation.

If the employee presenting the data to you is unable to cite the size and type of participating companies, the geographic region surveyed, and other factors outlined above, this data is probably not from a reliable source.

The statement, "I'm underpaid!" is actually a good thing.

It's an opportunity, not a challenge, when you're faced with this question from your employees. It presents a good time to share information about your organization's compensation philosophy and how competitive pay rates are determined.

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A typical compensation philosophy may outline the organization's desire to attract and retain talented employees by paying at or above market, for example. Your compensation philosophy should be aligned closely with your organization's strategic goals and objectives.

Once you've shared your organization's compensation philosophy, you can speak to the methods that are used to ensure that each job is paid competitively. Many companies utilize reliable salary survey sources such as MRA's benchmark surveys, national surveys, and specialized surveys that may focus on your industry or niche.

The downside to free salary information found on the web is that most of it lacks the detail needed to determine whether the data is valid.

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