

# How to Conduct a Salary Survey

*By Jerry Jensen*

Public and private organizations, including nonprofits, nearly all use market parity as a starting point in structuring their pay systems. Even when these systems are not formalized, decisions about pay are usually based on some kind of market-based rationale.

Employees expect objectivity and equity in decisions about their pay, and good managers do their best to meet that expectation. One very important tool to help them determine market parity is the salary survey.

Surveys can be as casual as a telephone call regarding a single job or as structured as a ten-page questionnaire sent to dozens of agencies. This discussion covers a middle ground between these extremes; it is aimed at the agency administrator who is not a statistician and whose experience in salary administration may be limited.

## Whom to Include in Your Survey

Consider the following in deciding which organizations to include in your salary survey:

- **Agency location.** Are your interests local, regional, or national? Surveys on support staff jobs are usually done locally because recruiting for those jobs is local. Professional or management job surveys are regional or national because that labor market is geographically dispersed.
- **Agency size.** Big organizations tend to have more higher-paying jobs carrying more responsibility. Small agencies often find data from bigger organizations useful, but the reverse is seldom true.
- **Comparability of agency function or services.** Are activities, clients served, and revenue sources similar or complementary to those of your agency? A nonprofit agency that serves a disadvantaged clientele and is funded by government grants may have little in common with one that serves the arts and is financed by private philanthropy.

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- **Public/private/nonprofit boundaries.** Do people in your organization have employment alternatives in other kinds of organizations? If so, you should survey all organizations that demand the same skills that your agency requires.
- **Quality of salary management.** Is the agency experienced in administering pay? Beware of limiting your survey to inexperienced agencies; mistakes can be compounded by following poor examples.

Using the foregoing selection criteria, there is no minimum or maximum number of organizations that must be included in a formal salary survey. Once the number exceeds about 10, however, the job of putting the survey together and using it becomes much harder. If time is a constraint, concentrate on those few organizations that best meet the selection criteria you have chosen. Don't worry about the statistical validity of your resulting data just because you have limited your survey. That is more of a concern when hundreds of jobs are involved with thousands of employees and statistical sampling techniques have been used to save time and effort. Organizations participate in salary surveys because they see a mutual benefit in so doing: they want information and are willing to give some in return. Never ask someone to give you salary information without offering to share the results of the survey with them. This is both common courtesy and a basic rule of the survey game. It is also why your list of prospective participants should include organizations that are likely to be as interested in one another as you are in them. Each participant will expect to know who else is contributing to the survey. Revise the list until you think you have compiled a compatible group.

### **Making Contact with Prospective Applicants**

Never drop a salary survey questionnaire in the mail without first making personal contact with someone in the prospective participant agency. This should be a person with the authority to release the information you want. In small agencies, that will be the chief executive; in larger ones it will be the business manager, controller, or personnel director. In any case, the questionnaire should be addressed to an individual who is expecting it and who can act on it. Prior telephone contact is usually sufficient; explain the purpose of the proposed survey, its scope, and potential advantages to all participants. *Make your appeal on the basis of helping all participants solve common questions about salaries, not just on the basis of helping to answer your own questions.*

Some agencies will be reluctant to share the information you seek, especially for higher-level jobs. Many have understandable reasons for wanting salaries to be as confidential as possible: fear of criticism that their pay is too high or too low; fear that key people may be lured away by higher salaries elsewhere; desire for employee privacy; doubt that the distribution of information will be limited to responsible people with a need to know; and a desire to conceal known deficiencies in their pay systems. If the person you contact is unwilling to participate, don't force the issue. Suggest that another time might be better, and move on.

If a source requests confidentiality as a condition for cooperating, you might offer to present the survey results in code. Each participating organization should know who is included in the survey, but actual data would be shown as that of Agency A, Agency B, Agency C, etc. Codes are easy to decipher, however, unless there are many participants in the survey. Use of codes also demands that the survey organizer be perceived as trustworthy enough not to reveal the code to unauthorized persons. In most cases, a request for confidentiality is not motivated by a paranoid desire for secrecy but, rather, by a need for reassurance that data will be used by responsible people. Generating that confidence is another important reason to make personal contact before a salary survey begins.

## **Designing Your Survey**

Before contacting potential survey participants, compile a list of positions you plan to include in the survey so that you can confirm mutual interest in those jobs. Others may be added as a result of your conversations. Although there is no limit to the number of job titles you include, remember that the more you do include, the more time it will take to respond to the survey and analyze results. In addition, a questionnaire that covers more than 15 positions may discourage potential respondents from filling it out.

Prepare a separate job data sheet for each job being surveyed. This should include other possible titles for the job, as well as a brief job description, so that respondents can decide whether or not they have a comparable position.

Comparing job titles is tricky. The title "administrative assistant," for example, can cover a wide range of responsibilities. In some agencies, the duties of the administrative assistant may only be secretarial in nature. In others, significant staff or supervisory responsibility may be included.

Respondents should be able to explain briefly how their jobs may be different from others reported in the survey with similar titles.

Range of pay for the job should be indicated, as well as actual pay received by those doing the job at present. Incumbents' average years on the job, average years of related experience, and average years of education may explain why average pay may be relatively high or low. Experienced personnel will probably be found in the upper end of the range, with less experienced personnel nearer the bottom. Education level may also be a factor.

In addition to sending out a job data sheet for each position covered by the survey, you should gather some general information about each participating organization. This will help you to organize, analyze, and explain the actual salary information you gather. You will also find it useful to gather information about benefits to complement the information that relates directly to pay. This can be done in a separate questionnaire that is included in the survey package

The survey questionnaire should be attached to a cover letter addressed to the appropriate person in each participating organization. This letter should include any special instructions, a reasonable deadline for return of the information, confirmation that the survey results will be shared with all participants by a specified date, and reassurances of confidentiality as appropriate.

### **Look Before You Leap**

By now it should be apparent that conducting a formal salary survey is no small task. The more organizations and jobs included, the more time it will take and the more responsibility the survey organizer has. Without sufficient staff or time, it is best not to commit your agency to this task. If it is not done well, your organization's reputation for effective administration will be tarnished. If you do not follow through as promised or do not handle shared information in a responsible way, you will jeopardize your chance of conducting a subsequent survey if you need to update your salary program.

On the other hand, if you decide to go ahead and do turn out competent results, you will gain the good will and confidence of the agencies that cooperated in your effort.

Deciding what a job should pay involves much more than simply seeking answers in a salary survey. Other critical considerations are what the agency can afford, internal salary relationships, increases in the cost of living, recruiting problems and policy constraints. Information from surveys only helps to determine whether or not your pay is equitable in the marketplace.

Once that is determined, you still must decide how to establish, maintain, or regain market parity. Achieving this parity is difficult at best, but a good salary survey is a necessary step in the right direction.