

Don't Let Stale Survey Data Keep You from Being Competitive

Originally published in the February issue of Workspan magazine, Radford's Tim Brown outlines the benefits of an evergreen salary survey compared to other types of surveys.

One of the most common questions I get asked is, "How often do I need fresh salary survey data?" My short answer? "At least annually." Beyond that, it all depends on how the data is applied. If you think annual (or even more frequent) survey data is overkill, you may not be using survey data to its full potential. There are many reasons why annual participation in salary surveys is ideal, along with different ways to use the data beyond the traditional base-salary application.

Labor Demands and Pay Equality Are Changing Needs

If developing your company's base salary structure is the main reason you source market data, you might think getting compensation survey data every other year is sufficient. With merit budget funding in the United States expected to remain at the now-normal 3% of payroll, salary range midpoints may only need to move a percentage point or two to maintain your company's current level of competitiveness. That's pretty much a rounding error for the range limits on many job levels anyway, right?

Yes, less frequent data analysis may suffice for salary increase budgets, but that's about the extent of it. If you want to use survey data for other uses, like market pay benchmarks for new hires (I recommend and follow this practice), you're better off using fresher data for several reasons.

In a commendable effort to break down systematic pay inequalities, many businesses are trying to eliminate biases that might be carried over from a job candidate's prior pay history. To do that, employers need reliable market pay data that can be filtered by specific roles and levels, reflecting responsibilities and typical education and experience requirements. Massachusetts and New York City now have laws on the books that prohibit employers from asking for a candidate's salary history. With other jurisdictions likely to follow suit, if it's not already your company's standard practice to search for reliable market data in place of salary history, it may soon be mandatory in your area.

In addition, companies in competitive job markets (e.g., software industry) are increasingly pricing certain hot jobs individually rather than grouping them into salary bands. In a competitive job market, having fresh market data at your fingertips can help you achieve the end goal of attracting, retaining and engaging employees. A market-pricing strategy likely will be a growing trend in certain industries given the ease with which data can be obtained

for many positions. Nearly 40% of participants in the “Radford Global Technology Survey” reported using market data to price individual jobs rather than relying on traditional salary grade ranges.

Finally, tapping into specific labor markets for analysis beyond basic salary levels allows insight into the movement of compensation levels within pay elements. For example, identifying changes in the dispersion of pay over time with a survey may be an indicator of how compensation for top performers can move significantly, even in a market where “average pay” hasn’t changed much.

Crowdsourced, Annual and Evergreen Data

Annual survey providers tend to collect data at a specific point in time; everyone submits data as of the same date. This approach provides an effective snapshot of the market at that time, but it does have its shortcomings. Although it typically is refreshed annually, 12 months may be plenty of time for data that’s specific to certain volatile or fast-changing markets to grow stale.

Some companies use online, crowdsourced data to fill the holes between survey years. While there are many more crowdsourced data providers these days, they differ from traditional survey providers in some big ways. For example, there’s no certainty about how data is vetted, and data typically are self-reported from individuals who may not be matching their positions using definitions aligned to industry norms.

When compensation data are used to make important decisions (e.g., presenting a cost-of-labor analysis to develop a recommendation on alternative areas for expansion), you need to know you’ve accurately validated market benchmarks. While crowdsourced data providers offer the benefits of on-demand data that are constantly refreshed, federal safe-harbor guidelines do require that survey data be at least 90 days old.

One alternative that provides data verification and timeliness is an evergreen survey, which both collects and publishes data throughout the year. Participants only submit data once a year, but the collection is staggered to ensure the database is refreshed to include new data multiple times throughout the year. This reflects current market practices that fall within safe-harbor guidelines.

Beyond the basic function of providing base-salary increase data, the benefits of an evergreen survey include:

- The ability to price new positions being introduced into the organization throughout the year with greater confidence than merely slotting them into a pay grade
- Insight into current pay practices in global markets in which rates of pay may be moving quickly
- Ongoing participation encourages efficient and consistent internal data-capturing methodologies for easier survey submission (e.g., storing survey job codes in one’s HRIS system when jobs are created makes it easy to link company jobs to survey jobs)
- Awareness of changes in the compensation landscape when a survey provider introduces new benchmark jobs and new data elements
- Greater ability to differentiate the movement of pay at the individual job level and in specific labor markets over time

- Access to additional resources that typically are included with participation, such as flash surveys on hot topics, a compensation community and support in matching hard-to-price jobs to a survey

Next Steps

Most employees think about their pay programs and compensation levels throughout the course of the year. Compensation professionals, whose job is to advocate for both the interests of their companies as well as employees, should be equally aware of market movements and how competitively their employees are paid. If they're not, they risk losing talent to companies that may be acting on more informed data.

To learn more about participating in a Radford survey, please [contact our team](#). To speak with a member of our compensation consulting group, please write to consulting@radford.com.

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