**Answering Employee Pay Questions**

If you've been in HR long enough, you've inevitably experienced uncomfortable conversations about pay. Whether it's with an unhappy employee or a frustrated manager, your staff looks to you for answers in these emotionally charged situations.

So what can you do to feel more comfortable and prepared the next time you're questioned about pay?

**First, check your emotions and don’t get defensive.**

If you aren’t comfortable answering the question, there are two reasons:

1) You have a knee-jerk reaction to conflict or just are “old school” and believe that an employee or manager who would advocate for more pay is too pushy.

2) You know your pay policy is hard to explain and may be out of date or not well researched.

In the first case, it is important to get used to the fact that employees are learning to advocate for themselves. Embrace it. At least you have an opportunity to correct the problem. In the past, corporate stiffness around this topic was such that employees were afraid to ask, and knew that to get an increase, the best option was to leave. Also, if it is a manager who is advocating for staff, it likely means they care, even if they do happen to be unreasonable about expectations at times.

In the second case, your issues with pay are a company problem. Don’t blame it on the employee. They still deserve a calm, respectful and well thought answer.

**Next: Don't avoid the question or immediately say "No"**.

Instead, start by asking questions of the manager or employee and gathering information.

* Why is pay suddenly an issue?
* If it's about an employee, is he/she a good performer?
* Does the employee demonstrate potential with your organization?
* If it's about hiring, has there been recent turnover in the position?
* Are you having a difficult time making an offer to candidates because of pay?

**After learning more, agree to look into the situation.**

Research market data about the position. Consider your answers to the questions in the example above. Go to trusted survey sources, like Catapult's Wage & Salary Survey, and potentially seek outside expertise.

* Look for answers to questions about the position:
	+ What is the market paying?
	+ Is this a market sensitive position?
	+ Is this an issue about low supply of the skill set?
	+ Are benefits and/or your total rewards package competitive?
* Look for answers to questions about the employee(s):
	+ How long has the employee(s) been in the position?
	+ What is the performance history of the individual?
	+ Is this employee a strong contributor with future potential?
	+ Are there implications for other employees within the department?

**Bring your findings to the appropriate decision-makers:**

Explain the specific situation to the team, but don’t forget that you may have an overall problem with compensation strategy. It is important to make the point that while now might not be the time to address the overall company issue, it might be time to get the ball rolling.

Perhaps that means working with Catapult’s compensation specialists to analyze your whole company or a division of your company to find out if you are underpaying overall. Fixing one person’s pay problem does not fix the overall situation. However, if this is a truly valuable employee and you know that you are on track to look at a bigger scope compensation project, it still may make sense to make an individual adjustment.

It almost never makes sense to overpay someone if you are not in the habit of doing so across the board except in a few unique situations. Ultimately, you may have to say no to the employee, but it is always best to go back armed with information about the market ranges and even some internal discussions related to fairness. There may be other things you can do instead of a pay increase – ask the employee for alternatives.

Remaining calm will help you have a better conversation about the issue.  Your goal is to maintain an objective perspective and develop a credible position based on facts and knowledge, not emotion. They will most likely come to the conversation with plenty of emotion of their own, so addressing their concerns with facts and research will help you both understand the situation better and have a good follow-up conversation. Whether you end up agreeing to make an adjustment or providing rationale for why the pay is appropriate as is, you will be more credible if you have confidence in your decision.

Written by a Catapult Advisor.

See state law for state specific requirements.