



# Setting the right salary

It is a blessing to work in a growth industry, but how do we attract and retain the necessary talent to sustain this growth?

**Evan Davidge** says salary surveys are part of the answer.

With 2.44 million direct jobs, the hospitality sector is the UK's 5th biggest industry in employment terms, representing just below 8% of total employment. And, unlike other areas of the UK economy, it's growing, with one recent report suggesting the potential for 475,000 new jobs by 2020.\*

But its current size and the expected growth present significant human resource management challenges for the industry to attract, retain and motivate the right people – and to sustain this growth.

With high turnover rates and irregular working hours, there is a constant need for more workers, and it seems there is an unlimited supply particularly for the lower level job roles. However, attracting managers, specialists and other professionals and keeping hold of them by developing their careers can be a challenge.

We would argue that in order to attract talent and to retain it, the sector needs to take a longer term view of developing and rewarding people. In our experience, this requires a robust remuneration policy and structure: talent pools need to be built and competitive rates of pay offered. But where to start?

## Comparing the pay and reward of your people with that of others: defining the market rate

For most businesses, comparisons of remuneration policy and strategy with other organisations is a good place to start. These so-called market comparisons look to compare:

- The rates and benefits provided by your organisation, with those in other organisations both within and outside of the sector for equivalent jobs (*market rates*)

- The rates at which pay is increasing in other hospitality organisations (*going rates*) in order to provide guidance on pay rates

This data can then help you to decide on starting rates and help inform pay review and performance-related pay.

## The problem of defining the market rate

Many hospitality executives, and indeed many employees, believe it is quite simple to establish the 'market rate' for a job. It may be straightforward for the majority of low wage roles, as rates are determined by local custom and practice, but for those core roles that are critical to the future growth and success of the organisation, i.e. supervisors, managers and 'talented' people, it is a different matter.

Even organisations within the same sector and based in the same location, can pay differently and ultimately those differences are reflected in the market.

## The role of salary surveys

Robust, reliable salary surveys present market data. They tend to be commercial surveys offered by third party specialist survey providers: you pay a subscription or licence fee to both take part in the survey and have access to the analysed

data from all members so you are able to position both your own organisation, and understand the general trends in the industry, location, job roles etc. Of course, this doesn't show that one salary level is the 'correct' market rate for any given job but a good salary survey should be able to indicate the current range for salary levels.

An important point. This type of survey provides details of the actual package being paid – and not what is being advertised in a job vacancy posting, as some recruitment salary surveys do. As you know, what is offered on a recruitment advert can be very different to what is actually paid!

The market rate for many of your staff is easy to define based on local practice. But market data becomes hugely significant for those 'hard to fill' roles (supervisory and management grades) to understand what to pay. Accessing reliable market data is an important aspect not only of your talent management strategy but also your business strategy.

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*Attracting and retaining talented personnel can be a challenge.*



\*Oxford Economics, Hospitality: Driving Local Economies, commissioned by the British Hospitality Association, 2011