|  |  |  |
| --- | --- | --- |
| ***The MAPS***  ***Group***  Management  and  Personnel Services  102 Lochwood West Drive  phone  919.233.3914  mobile  919.616.5965  e-mail: bveazey@  themapsgroup.com  [themapsgroup.com](http://www.themapsgroup.com/)  A consulting group  specializing in  Human Resource Management |  | Methodology for Selecting Salary Comparison Organizations This summary reflects the standard methodology for selecting organizations for inclusion in a market salary study. The methodology includes the following principles:  1. Identify and gather data from the organization’s “core market.” The core market are the organization’s most intense competitors because they are the organizations that hire people to do the same thing the organization hires people to do and are within a commutable area. This means that employees do not have to move to take a job with that organization. In addition, because the core market is in the same geographic area, it reflects the local cost of living including housing and land prices. In special areas, such as beach communities, sometimes we need to go out of the commutable area to use other beach communities of similar size to reflect special tourism or cost of living issues.  2. If necessary, go outside the core market if a) it does not provide enough survey participants; b) it is heavily weighted with larger or smaller organizations; c) or not all of the functional areas in the organization’s workforce are included in the core market. However, we also have methodology to deal with these factors if necessary.  3. **Size of Organizations.** It is best to have a mix of larger and smaller organizations. Obviously, the comparisons from significantly larger or smaller jurisdictions, especially in supervisory/management roles, are carefully considered to determine when the scope of the jobs are similar or different because of the substantially greater numbers in the workforce. The entry level positions, such as Police Officer, are not typically an issue because the jobs are basically the same.  Sometimes we encounter a misconception that larger organizations should not be considered because they can “afford” to pay more. In reality, the main difference in entry level positions is that larger organizations have to have more of them. However, the market for similar positions is the same regardless of the size of the organization. In larger organizations, supervisory and management roles are often in higher salary ranges than those in smaller organizations because they have a greater scope of responsibility.  One other misconception that we sometimes encounter is that an organization’s tax base should be a consideration in setting salaries. Essentially, setting market salary rates has no more to do with tax base than the cost of apples at the grocery store has to do with the level of income in an area. In both cases they are set by market forces. For example, the salary range for Police Officer reflects what it costs in the market to purchase a certain set of knowledges, skills, abilities and certifications (BLET). In most cases, organizations hiring police officers in a local market are competing for the same group of BLET graduates. Those that choose to pay less are often hiring those not chosen by higher paying organizations or becoming a training ground. Being a training ground is more costly than being competitive in many jobs because the cost of turnover is from 66% to 125% of the annual salary of the employee that leaves according to the US Chamber of Commerce. For some jobs, high turnover also impacts morale, safety and organizational liability because of having less experienced employees on staff.  4. Normally an effective salary survey has data from between seven and eleven comparison organizations. It is important for the selection of survey organizations to have credibility with elected officials, citizens and employees. |