

New job offer: Tips to negotiating a fair salary package

When faced with a new job offer, the subject of salary presents a challenge for those who would prefer to negotiate in line with the value they bring, not their historic remuneration. In South Africa, however, it is still standard practice for many companies to ask prospective new employees for proof of their previous salary before making a concrete offer.



Image source: Duncan Andison – [123RF.com](https://www.123RF.com)

“After having gone through the job search, application, shortlisting, interview and assessment process, it can feel that your job is done. But if not handled correctly, things can still go awry during the package negotiations if not handled diplomatically,” says Advaita Naidoo, Africa MD at executive search firm, Jack Hammer.

Package negotiations present a difficult situation, as the candidate for obvious reasons would like to negotiate remuneration in line with what they believe they are worth, which may not necessarily be equivalent to their current compensation. On the other hand, companies – again for obvious reasons – would like to manage their costs and risk where possible, Naidoo notes.

Regulations

Interestingly, the practice of asking for previous salary disclosure is not universal. For instance, in the USA, there are very specific regulations around how companies can discuss pay. In some states, companies may not ask candidates to disclose current income. And the EU Pay Transparency Directive for 2024 suggests that, depending on the size of a company, it might in future be non-compliant if it asks candidates for current salaries.

Naidoo says there are many reasons why candidates may currently be on a salary that doesn't match the value that they bring to a company. For instance, the employee may have been receiving only inflation-linked increases for many years, raises may have been put on hold due to company performance in the past, or someone may have been on the receiving end of pay inequality based on race or gender bias.



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"For those being offered a new position, who believe that they should not merely be receiving an incremental raise based on their previous remuneration, but rather an offer that is in line with the value they bring and what the company is willing and able to pay, this can present an uncomfortable situation," she says.

"Fortunately, when headhunters or recruiters who have their finger on the pulse of executive remuneration trends are involved in the negotiations, this issue arises less frequently. However, where negotiations take place directly between the candidate and the employer, conversations about package expectations can get tricky. Nevertheless, there are ways to approach this matter diplomatically in a way that presents a win for both parties."

Be prepared

The key to ensuring a fair resolution, is to enter the negotiations prepared and with ample supporting evidence, says Naidoo.

"A candidate must do their homework to determine firstly what the range of a market-related salary would be, and secondly, where in that range they will fall. This information can be hard to obtain, but some resources do exist, such as industry-related salary surveys and benchmarking.

"Candidates should match current industry compensation to their own experience, skills and track record, and then also align that to the stage of maturity, size of company, industry, location, current financial position and growth prospects. All of these variables play a role in determining what 'fair' entails."



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If one is armed with the relevant information and evidence, providing the rationale for one's package expectations becomes a less fraught experience. In addition, Naidoo recommends that candidates have a solid understanding of their current remuneration package and structure before they head into offer negotiations, to ensure they don't inadvertently lowball themselves.

"We see at all levels that people don't really understand total compensation and their actual cost to company," she says, "so make sure you don't actually end up poorer! Every company structures packages differently, so understand all your

current benefits, including health, retirement, life, as well as all the extra perks and benefits that are you are receiving.”

Building trust

Ultimately, negotiating a fair package is in the interest of both employer and the new employee.

“Negotiating your salary is not only about ensuring that you are getting paid what you are worth, but also about building a positive and trusting relationship with your future employer. The process may undoubtedly be thorny at times, but it also presents an opportunity to build a solid foundation for the future relationship.”

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