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What To Do When A New Hire Earns More Than You Do | Aparna Sharma | Senior HR Professional & Certified Corporate Director | Editor's Collection

In most organizations, compensation information isn't made public. Most of us don't know how much money our co-workers make. But what happens when you do stumble on this sort of information — and discover that a peer makes more money than you do? How should you react? Should you tell your colleague that you know? Talk to your boss? How can you use the information to ask for a raise?

It can be demoralizing when an employer offers a bigger salary to someone who will have the same role as you, but it's not unusual. For some jobs, the external market value increases faster than company salary levels, so employers must offer more to recruit such candidates.

Sometimes, applicants can demand more because they have skills current employees lack. This is common in technical or engineering fields. Younger hires might earn more than older, more experienced employees since they have more up-to-date knowledge and skills.



Skill shortages also cause external pay to rise.

Typically, what staffers make isn't as secret as managers might think it is and that means paying new hires more than current staffers can create employee relations issues as well as disgruntlement. It's okay to ask your supervisor why the new recruit earns more. Your boss may say the increase was justified to attract someone with skills the company needs.

Before meeting the supervisor, go through the company's compensation philosophy, which often is stated on its Web site or Employee Handbook. This can tell you whether the company's intent is to reward performance and whether it matches or pays more or less than market to attract new people.

Ask what you need to do to increase your pay commensurately. You may need to learn a new skill, participate in more difficult projects or get involved in other activities. It's crucial to always speak in terms of your value and not about fairness. Try to make an agreement with your boss on goals and outcomes, such as a performance review in three or six months to assess your progress. It's possible that your performance hasn't met expectations and that you need to work on it.

If you get the added knowledge and improve your performance, hopefully it will be recognized in your next review or salary adjustment.

Some companies want to improve pay for current employees after bringing in higher paid candidates but their hands are tied because they lack funds to award increases or because company policies allow them to only do so at certain intervals. In these cases, employees need to be patient. Companies often don't have the cash to fix it right away. It may take some time & will be done in a phase wise manner.

When you learn that someone in a job similar to yours is paid more than you, it's natural to feel angry or frustrated. But your goal should be to move beyond those feelings and to ultimately get a raise. Here are some pointers on how to do that.

Remain calm

Your impulse might be to storm into your boss's office and demand that he fork over more cash. Or maybe you just feel like scowling across the cubicle at your higher-earning colleague with a sneer: "Seriously? You?" These actions, of course, are not advisable. Take a breath. Take a walk. Do not make any rash decisions. And do not confront anyone. You'll feel some "psychological pain," and you may think, "I must not be valued" or "My company isn't fair." But try to stay clear-headed. Recognize your emotions; appreciate them. Then move on. You need to change the way you are talking to yourself about the situation.

Take time to process

To digest the news, consider the situation from your manager's perspective. Think about why certain pay decisions might have been made. Perhaps the higher-earning colleague has more seniority, more experience, or better qualifications. Maybe he was recruited away from another company. Think, too, about your performance, productivity, and contributions. The point of this exercise is to ask yourself, "Am I, in relative terms, paid fairly?". If the answer is yes, all things considered, use the knowledge to help make a better case for yourself when your next review comes up. If the answer is no, you need to talk to your boss. It's probably not a good idea to broach the subject with your higher-earning co-worker unless you're looking for general support and guidance.

Talk to your manager

The way you found out about the pay discrepancy — whether it was through the rumor mill or because a document was mistakenly left on the copy machine — is not relevant. But your awareness of the gap most certainly is. When you talk to your boss, say something like, "It has come to my attention that others make much more for doing the same job." You're not being hostile or demanding; you're telling your boss that you know the score. Then say something like, "I've been working hard and I love working here. What can I do to improve my chances of getting a significant raise at my next review?" This tactic puts your boss on notice and lets him know that you're not going to be placated with a tiny raise. Do not mention any particular co-worker by name if you can help it. This is a conversation about you, the value you bring to the company, and how you can get the money you want.

Get more context from HR

You don't want to undermine your relationship with your manager, which is "the single most important relationship you have at work." But when it comes to bolstering your argument for a raise, you need as much information as you can get. Reach out to your organization's HR department for context, with your boss's blessing. HR will likely have a very clinical conversation with you about your company's pay scale bands [but] it will give you a better sense about the salary range for positions equivalent to yours. When you know where you fall — top, bottom, or somewhere in the middle — you can better understand the extent of room for growth and where your company is in terms of its ability to give raises. Approach the conversation from a point of "curiosity and cooperation" and having "specific questions" ready. Don't accuse and don't be presumptuous. If you discover you're in a lower pay bracket, and you're a high performer, the onus is on HR to explain it to you in the name of transparency.

Be realistic

When it comes time for your official salary review, it's important to be realistic about what's possible. The fact is that you're unlikely to dramatically change your fortunes at a company unless you get a promotion or a new position altogether. It's corporate protocol. But if a big raise isn't in the cards, think about other ways to redress the gap. Perhaps a one-time performance bonus, an extra week of vacation, or additional support staff would provide sufficient "recognition and reward."

If alternatives don't pass muster, it may be time to start looking for a new job. The search process is a way to "test your market value" and "see what you're worth".

Principles to Remember

Do:

- Consider your manager's perspective
- Think creatively about other ways to redress the gap if a big raise isn't immediately possible
- Try to get more context from HR

Don't:

- Be rash. Your frustration is understandable, but do your best to stay calm and clear-headed.
- Mention your higher-earning co-worker by name during your salary review. Focus on the value you bring to the company.
- Stay in a job if your employer refuses to pay you market value for your role



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