CoderPad

# 15 Most-Asked Questions on Developer Salaries, Answered

Introduction

If you need to hire and retain talented developers, and you have questions around compensation and salary, then you're in the right place.

We've compiled a list of the 15 most-asked questions on developer salaries and provided answers, drawing on insights from industry experts and providing links to additional resources on each subject.

Dive in, skim, head straight to the questions that are top-of-mind for you. Leverage the expertise of tech hiring professionals and explore the latest trends in developer compensation.

Enjoy!
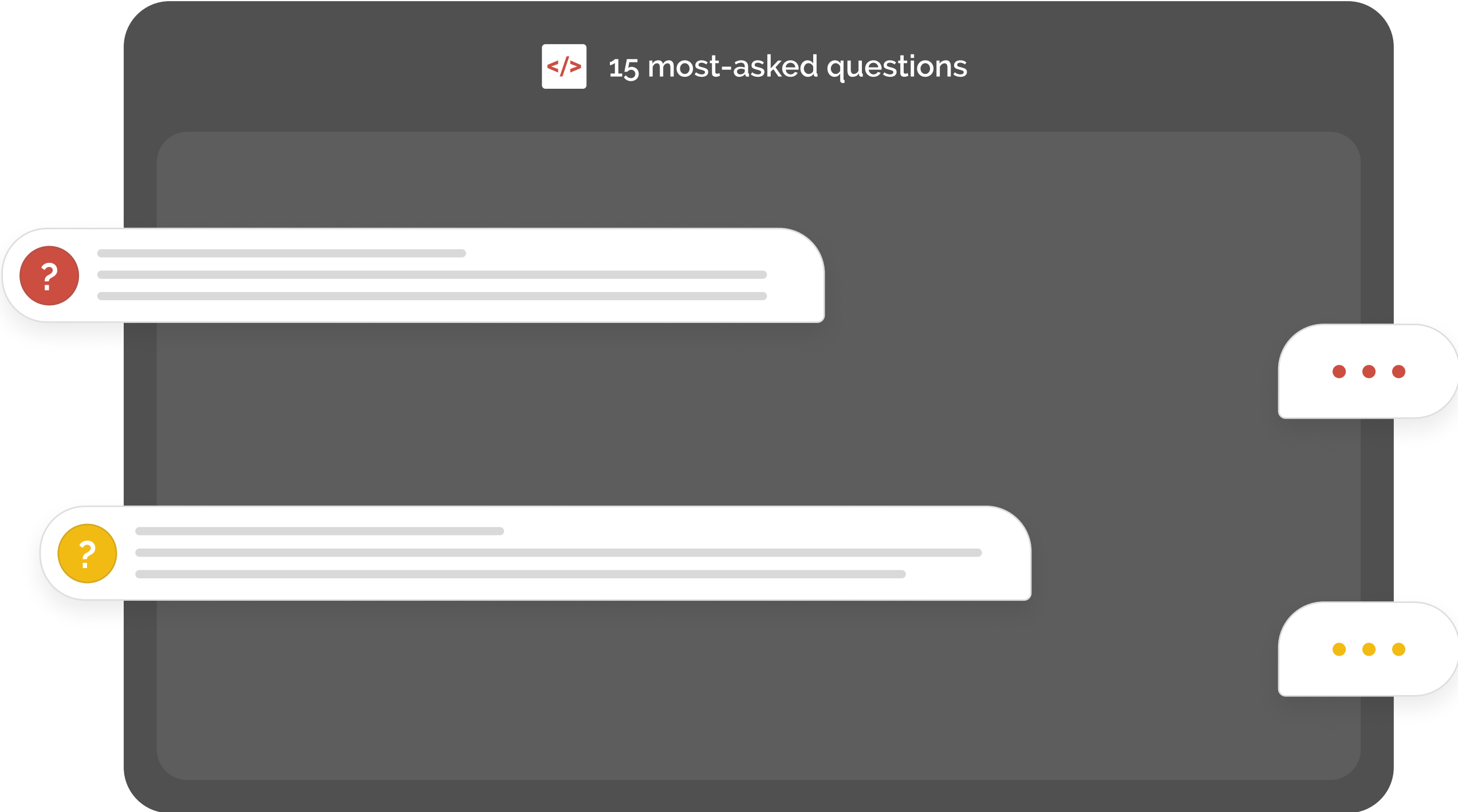
About CoderPad

CoderPad is a simple yet powerful **online technical hiring platform**. We empower technology teams around the world to **screen and interview** best-in-class engineers with gamified assessments, take-home projects, and live paired programming interviews.

Visit www.coderpad.io for more information.

A note from the author

"I really hope you find this content as interesting to read as it was to write. Of course, from every question stem additional thoughts and wonderings. If you wish to follow-up on any of the subjects mentioned, if you're inspired to share your own experience or if you have suggestions for parallel tech hiring subjects you'd like me to write about, then please reach out"
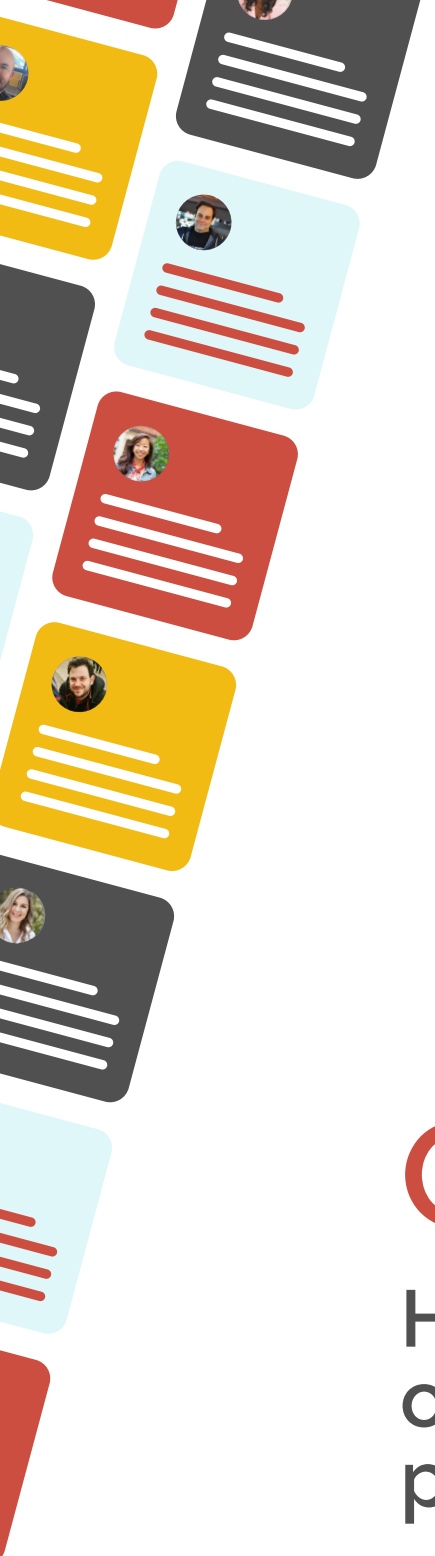
Nathalie Figuière
Senior Content Marketing Manager at CoderPad

CoderPad

Most-asked questions

Question N°1

How should I communicate on salary during the hiring process?

You've got an opening. You're looking to hire a developer.

One of the first compensation-related questions you're going to ask yourself (and one of the first "messages" you're going to send to candidates) is: "**Should I publish a salary range on my job posting?**". This is debatable.

Although the general tendency is tipping in favor of salary transparency (it's even becoming a legal requirement in some places, recently in New York) some HR professionals, such as Ophélie Delienne, argue that there are also advantages to refraining from displaying salary information on job postings.

In an interview with Welcome to the Jungle, she stated three advantages to not displaying salary:

- **Skill-based compensation:** Not displaying a salary bracket would allow you to adjust salary according to skills. For example, you could take a developer's technical test results into account when deciding what salary to offer.
- **Outside-the-box opportunities/flexibility to snag unexpected profiles:** Not displaying salary would allow you to not put off any potential talent. You might decide to pay more than originally budgeted for an exceptional, must-have profile.
- **Candidate diversity:** Not displaying a salary could help avoid discouraging women (statistically more likely to underestimate what they should/could be paid).

Those that argue in favor of transparent and upfront communication around salary say that it **saves both candidates and recruiters precious time, builds trust**, and can be a **strong differentiator** for companies battling for talent.

As far as discussing salary in an interview, we definitely wouldn't suggest using salary as an icebreaker or an opening line. However, it's important to have the salary conversation fairly early on, to avoid disappointment on both sides.

This being said, salary isn't the only thing developers care about. Make time to **discuss the role** (the technologies, project management methodology, the short and long-term goals, etc.) and **general company ambience** (company values, social perks, team culture, etc.).

We'd suggest you communicate openly on these subjects from the get-go and potentially before touching on salary. You never know: if, in the end, your highest offer is still a little low, non-monetary assets may well sway developers.

Question N°1

How should I communicate on salary during the hiring process?

More than a third (37%) of candidates said they'd be willing to accept a lower salary offer for a chance to learn new skills.

Slightly over half (51%) would forgo higher salaries for more flexibility. That's even higher among women (53%) and those who have been in the workforce longer (56%).

MORE ON THE SUBJECT

- Display the pay: how New York City's salary transparency law will affect job hunters
- This Is Why You Should Include Salary Ranges in Your Job Posts
- Why Pay Transparency Is A Good Business Practice And How To Approach It
- Developer Job Posts: Should You Include Salary Ranges?

Question N°2

How much should I pay developers?

The age old question. How do you come up with a number?
The easy (ish) answer is to rely on a **benchmarking tool** that will do the hard work for you. Tools (ERI or iMercer, for example) will give you an average wage to work with.

The trickier, but more thorough and holistic way to do things, is to **build your own pay structure**. A custom-made pay structure is specifically applicable to your company, includes pay grade systems and salary ranges, and takes into account elements such as education, experience, expertise, market rates, etc.

An in-house system gives you the flexibility to adjust your system according to your company culture and compensation philosophy.

Are you sure you want to prioritize formal education, for example? 59% of developers do not have a university degree in Computer Science and close to a third of developers consider themselves to be primarily self-taught. In an increasingly skill-led tech job market, it doesn't necessarily make sense to compensate according to level of education.

An external tool is a great starting point, but building and improving your own system over time is even better. It's an ongoing process, to be optimized over time as you gather internal data and as your company culture, values and commitments grow.

NOTE

Although several tools promote themselves as international, we recommend looking for a tool that applies to your country. If you're in France, for example, a french tool like DataRecrutement or https://salaires.dev/ will be more precise than an international tool.

Question N°2

How much should I pay developers?

"The hardest thing about salary benchmarking or building a salary structure is figuring out what factors you take into consideration.

With the world moving to remote, does geography play a role in salary (higher cost of living city vs. a lower cost of living city)? If you're a global company, what should you consider about benefits (health insurance especially) and legal norms for specific countries?

The options are endless - so I would come up with 2-3 different models to see what fits your company's culture and compensation philosophy."

Sejal Patel
People Operations Manager at CoderPad

Question N°2

How much should I pay developers?

State of Tech Hiring in 2023

According to our State of Tech Hiring in 2023 report, the best-paid technical positions are Product Managers, Architects and Tech Leads.

- 19 Developer Salary Tools: Where to Find a Benchmark Salary When Hiring Software Engineers in 2022
- Building a Market-Based Pay Structure from Scratch

Question N°3

How much should I pay freelance developers?

Freelance development work is increasing in popularity. 63% of recruiters now say that their company hires contingent workers for tech needs, up from 42% last year.

Figuring out how much to pay freelance developers is a little different vs. internal team members.

Online marketplaces like Upwork or Codeable will provide you with a valuable overview of a developer's past experience and reviews. These websites also allow you to "window shop", giving you a better view of what skills are available and at what price.

Additionally, if you want to double check that you're not over or under paying, you can use a tool like Arc's Freelance Developer Rate Explorer.

However, it's not simply a case of what you pay but also how you pay (that would be too easy!). **Fee per project vs. hour rate vs. day rate vs. value-based rates…**

Our experience shows that the way you pay developers depends both on the nature of the project at hand and the freelancer's level of experience. For a well-defined development project, a fixed project fee might work best, but for a longer, more complex project (building a website, for example) a day rate is probably your best bet.

Honestly, a very rare few freelance developers would accept a flat fee for a large, complex project such as building a website or an app from scratch.

You don't want to be wasting precious budget but you also really don't want to be underpaying. **Pamper the good ones!** A solid freelancer relationship is worth its weight in gold and a bad experience (or a crushing pile of bad experiences) could cost you for a long time (think, spaghetti code).

Question N°3

How much should I pay freelance developers?

"I often need to hire freelance developers for short-term and well-defined projects. Given the predictability of the work (in terms of scope, schedule, and deliverables), I prefer to use a flat fee per project, with several scheduled milestone payments.

This gives me better control over my budget and allows me to avoid traditional negotiations around hourly rate and productivity. The staggered payments compensate for the risk taken by both the client and the developer.

For this method to work for both parties, I recommend that you always clearly define deliverables up front, so that the developer can estimate how much time it will take and see if the project fee more or less matches their usual hourly or day rate."

Nicolas Graf
Lead Product Manager at CodinGame

Question N°3

How much should I pay freelance developers?

By 2027, 86.5 million people will be freelancing in the United States, with freelancers making up 50.9% of the total U.S. workforce.

MORE ON THE SUBJECT

- Niall Maher on a developer perspective to freelance pricing (29:00)

Question N°4

How do I know if I offer fair and competitive salaries?

There are a number of clues to whether you're offering competitive salaries or not. Keep your eyes and ears peeled:

1 . Look at salaries within your industry and/or area
To get a real idea of how competitive your salaries are, you need to compare apples to apples 🍎
Benchmark your salaries within your industry and area. A relatively easy way to do this is to use tools such as ERI or iMercer.

2 . Look at your employee retention rate
You should definitely be monitoring your employee retention rate over time. If your retention is suffering, that might be a sign that your salaries aren't competitive enough.

3 . Look at why people are leaving your company
A smooth offboarding process is crucial to any company and part of that process may well be asking employees if they are leaving for another job and if they are getting a higher salary. While employees can choose whether or not they want to share that information, many will. Monitor people's feedback and see if you can pick up on any trends.

4 . Listen to what employees have to say about their compensation
Employee experience surveys and/or annual performance reviews are also great opportunities to address the subject of compensation and get a feel for employees' impressions.

You can use a tool like Trakstar or Culture Amp to send regular employee engagement surveys, or "pulse" surveys. Compensation can be one of the topics you check in on regularly with questions such as: "On a scale of 1 to 5, how do you feel about the following statement(s)?"
(1) Strongly disagree; (2) Disagree; (3) Neither agree nor disagree; (4) Agree; (5) Strongly agree

- I am fairly rewarded (e.g., pay, promotion, training) for my contributions to [company]
- The process for calculating salary in our organization seems fair and unbiased
- I can have well-informed and constructive conversations with my manager about salary
- I find my salary competitive with similar jobs in the industry

Question N°4
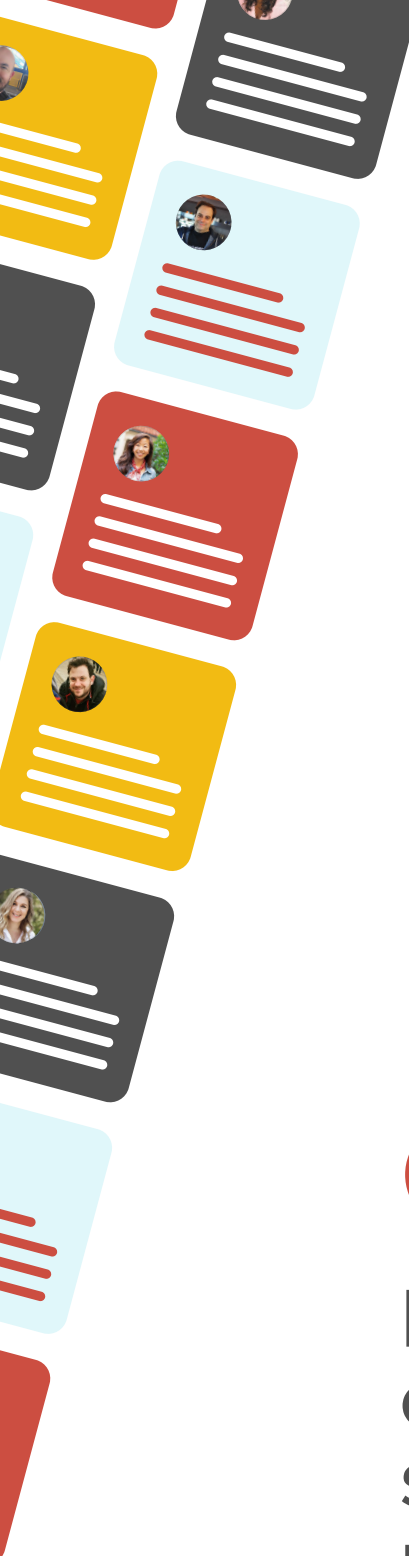
How do I know if I offer fair and competitive salaries?

CoderPad State of Tech Hiring

Hardware, insurance, and media are the most lucrative industries for developers (CoderPad State of Tech Hiring).

MORE ON THE SUBJECT

- 10 Best Employee Survey Tools For Employee Feedback In 2023

Question N°5

I'm not able to beat my competitors in terms of salary, what can I do to remain attractive to developers? ☀️

Yes, salary is important to developers. But, it's not the only thing they care about.

Developers care about **work-life balance**, **remote work options, flexibility and freedom.** They also want to be **intellectually stimulated**.

You need to make sure your team is working on interesting projects, with an up-to-date technical stack, and that they have room for innovation. Whether that means externalizing the more menial, repetitive tasks, clearly communicating advancement opportunities (not only in terms of management, but in terms of skills and scope), or organizing regular opportunities for developers to put forward suggestions and provide feedback.

Keep the passion alive, keep your teams happy and you might just outshine companies offering bigger bucks ☀️

Question N°5

I'm not able to beat my competitors in terms of salary, what can I do to remain attractive to developers?

"I'd been working at the company for a long time and my mind was set on change. Since I had become a pillar of the development team, the company offered me a raise and some equity if I chose to stay.

Ultimately, it didn't make any difference as I wasn't leaving for monetary reasons at all. I wasn't happy there anymore and money was not going to change that."

Anonymous
Full-stack Developer

Question N°5

I'm not able to beat my competitors in terms of salary, what can I do to remain attractive to developers?

38.5% of developers say that flexible working hours/good work-life balance is what matters most to them when considering a job offer.

MORE ON THE SUBJECT

- Top 5 Things Developers Look for in a Job Offer
- The 5 best developer and engineering job ads posted on JOIN

Question N°6

Is it fair to adjust pay according to place of residence?

Location-based pay isn't a completely new concept.

Large, multinational companies, with similar roles distributed in different offices around the country and/or around the world, have been dealing with location-based pay for quite some time.

However, instead of it being something only HR teams in larger, distributed corporations had to think about, it's now something almost everyone has to think about. In a remote and hybrid world, there are more pay discrepancies within the same teams, which can lead to tension and misunderstandings. Communication and transparency around pay have also changed massively in the past years.

All in all, today, location-based pay is a subject of debate. There are a number of arguments both **for and against location-based pay**, but here's the very (very) short version:

"Location-based pay is a **fair** business decision, allowing companies to offer competitive and cost-effective salaries, while leveling the playing field in terms of buying power and take-home pay, accounting for local tax rates and cost of living."

vs.

"Location-based pay is **unfair**, because it emphasizes a compensation factor decorrelated from value and performance. An employee brings the same value to the company whether they work here or here, and should therefore receive the same pay."

Question N°6

Is it fair to adjust pay according to place of residence?

"I think that higher pay adjustments for living in a city like New York are fully justified, but only if you're physically in the city, paying rent. The adjustment wouldn't make sense if you were fully remote, working for a company based in New York, and living elsewhere.

I don't necessarily know that it's harder to get a job somewhere else, after having worked in NYC, unless you're adamant about receiving the same pay.

I can't say for sure whether I would accept a job with lower pay, but I do think that I would be open to it at a different stage in my life (not right now), if it meant being fully remote."

Sarah Teng
Global Product Marketing Manager at TikTok (New York City)

Question N°6

Is it fair to adjust pay according to place of residence?

📊 The most lucrative countries to be a developer are the USA, Switzerland, and Denmark.

MORE ON THE SUBJECT

- Company leaders weighed in on location-based salaries. Here are the pros and cons
- Companies are grappling over whether fully remote employees should be paid the same as in-office staff. What is the right way forward?

Question N°7

Am I at risk of losing developer employees because of salary?

Short answer? Absolutely.

Why?
- Developers are aware that they're in high demand, and that they'd get a bigger salary bump by switching companies.
- Developers willing to work remotely now have access to even more job opportunities.
- It's pretty easy for developers to look up how they fare in the job market.
- Developers know developers. There's a good chance they know how much their peers are making.

Basically, **don't assume that developers aren't aware of where they stand**. They may well be prepared to accept an average or even below average salary, so long as they're happy where they are. However, as soon as you see engagement start to decline, you can bet your bottom dollar they're looking at jobs and salaries elsewhere (and being solicited by recruiters too!).

You should also bear in mind that a **compensation package is more than just salary**. What can you offer or improve, liquid or not (insurance, retirement, PTO, bonuses, stock options, working conditions, etc.), to give you that competitive edge?

Offer the most competitive compensation package you can, **communicate openly and honestly** on how developers can expect to evolve, don't make promises you can't keep, and strive to create a work environment that gives developers a reason to stay, besides salary.

Question N°7

Am I at risk of losing developer employees because of salary?

"I once worked for a company as a mid-weight engineer, where in the yearly review, they promised they would review my salary in 6 months.

6 months went, and I was informed there was no room for a salary increase. I didn't feel my value was being matched. I found a new job and handed in my notice. On my last day, my former boss said to me: "I think you're making a mistake leaving at this point in the company's history".

Fast forward a few years and I was still in the new job, had been promoted 3 times, had a pay rise 5 times, got taken on company holidays and worked under incredible leaders who taught me some valuable lessons I still use today.

If you're not being valued in the workplace, are constantly having the carrot dangled further and further away, GET OUT. Put fear aside and put yourself first. Your career WILL stall if you are willing to spend years at a place that doesn't fulfill you."

Ryan Murphy
Engineering Manager at Yelp

Question N°7

Am I at risk of losing developer employees because of salary?

We asked respondents thinking about resigning or who had recently changed jobs about their motivations. For the strong majority (67%), their top reason is to get a higher salary.

Developers will job hop for a raise. 40% of our survey respondents who got a raise from switching jobs grew their salaries by over 25%.

64% of workers seeking an opportunity for a pay raise said they would stay at their current job if their employer gave them the compensation they were looking for.

MORE ON THE SUBJECT

- New data: What makes developers happy at work
- How To Communicate Compensation Decisions To Employees

We could write a book on how to approach pay raises for software engineers 📖

Deciding who, when, how much and why can be rather complex. Especially since salary increase budgets rarely reflect the work, success and value of each developer.

In a nutshell, you're going to want to try your best to:
1. **Support and reassure** your teams in the face of life events and market inflation.
2. **Reward and retain** those that bring value to your company.

Developers' company "value" can be defined by, among others, how they drive revenue, reduce costs, and reduce cycle time. Josh Doody, Salary Negotiation Coach for Senior Software Engineers and Engineering Managers, lists these examples:
• More efficient development (cost reduction)
• More efficient project management (revenue and cost reduction)
• Fast bug fixes (cost and cycle time reduction)
• Train new team members (cost and cycle time reduction)
• Mentor other software developers (cycle time reduction)

Of course, there are a few things that can throw a spanner in the works. For example:
• Discrepancies between old and new hires (salary inversion)
• Budget limitations
• Unexpected increases in living costs

So where do you start? We recommend building an **internal** salary increase matrix. This framework will help you to give fair raises in a timely manner, but also to keep your finances in check. It's a lot of work to set up, but serves as something to refer to to ensure objectivity and avoid guesstimating.

Finally, as always, communication is key when it comes to pay raises. Take the time to explain the motives behind a raise or lack thereof.

Question N°8

How should I approach pay raises?

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"Suppose you hire 100 yak drivers at $10 an hour, but then the Tibetan economy heats up, and you have trouble finding more yak drivers. The market rate might rise to $15 an hour. The weak-kneed thing to do is to hire new employees at $15 and hope that the senior people don't discover that the rookies are making more money than they are.

This is technically called salary inversion -- if you're the kind of person who likes to use self-important HR jargon.

Salary inversion can lead to strife within an organization. It can also completely warp the relationships among managers, HR, and employees.

This may seem ridiculous and sound apocryphal, but I actually once heard that managers at a major corporation told their key employees to quit and reapply for their old jobs, because the bureaucracy had made it nearly impossible to give them raises that reflected the competitive job market.

At Fog Creek, we decided that the right thing to do when the labor market tightens is to give raises to everybody at the same level. This move can be painful and expensive, but the alternative is worse. I don't know about you, but I'm scared of pitchforks."

Joel Spolsky
Founder of Stack Overflow, Trello, HASH, and Glitch

Question N°8

How should I approach pay raises?

📊

67% of developers got a pay raise in the last year. The major part of developers who received a raise say it was between 0-5% (37% of respondents). However, for a substantial part of respondents (18%) it was an increase of over 25%.

MORE ON THE SUBJECT

- How to decide who gets a pay rise
- Software developers: here's how to get a raise without changing jobs
- How do I create a salary increase matrix for calculating annual merit increases?

Question N°9

Am I at risk of losing candidates because of salary (candidate engagement)?

Yes, you are.

If you're offering less than what a developer is currently earning, there's little chance they'll want to move forward in the hiring process.

There are some exceptions. A developer looking to relocate to a place where the cost of living is lower or a developer who fully commits to your company mission (in the case of non-profit organizations, for example) may be willing to accept a smaller compensation package.

But, if your most competitive possible salary is irreconcilable with your candidate's expectations, there's really not much you can do.

Salary aside, investing in your **employer brand and your candidate experience** will limit the amount of candidates you lose (or who ghost you! 👻) along the way.

Question N°9

Am I at risk of losing candidates because of salary (candidate engagement)?

"I usually try to put our employer brand forward in an initial screening call. I give background on the company, background on the eng team, and then background on the role.

I generally wrap up all the things that are attractive about the company in that sync, and use it as a way to start a conversation. When it comes to what we have to offer, besides salary, I make sure to get into the specifics of anti-micro management, employee empowerment, work-life balance and objective-based management.

What will strike a cord with developers depends dramatically on the candidate, but more and more care about remote flexibility, that's one I see come up commonly."

Nathan Sutter
Global VP Engineering at CoderPad

Question N°9

Am I at risk of losing candidates because of salary (candidate engagement)?

According to our 2023 "State of Tech Hiring" survey, salary is the number one thing that developers look for in a job. (In 2021, salary was in third position, behind work-life balance (1st) and interesting technical challenges (2nd).

MORE ON THE SUBJECT

- 5 Reasons Why Developers Are Ghosting You & How to Avoid It

Question N°10

How can I address salary expectations with graduates?

Whether you specialize in university recruitment or it's simply one part of the patchwork that is your job, you'll know that talking salary with graduate developers is a whole other ball game ⚽

While it's not wise to generalize, the workforce is changing.

Graduates today have different priorities to graduates in the past. Many value diversity and **social impact, pay transparency** and **growth opportunities**. This can be seen in the increasing number of influencers and advocates for these subjects on social media.

The new generation of developers is better informed, and more comfortable negotiating compensation. They'll likely come prepared, having done their research on industry rates, your company values, your technical stack, your non-monetary benefits, etc.

They're likely to want to know about your compensation package as a whole. Take the time to have an **open, honest and holistic two-way conversation about benefits.**

Question N°10

How can I address salary expectations with graduates?

"I'm not prepared to make a blanket statement about whether Gen Z is asking for "too much" or "not enough" during the job-search process. What I can say is that this new group of professionals is more comfortable asking about compensation than its predecessors.

Millennials, for one, would've been more apt to simply accept an initial offer—even a low initial offer—based on a company's flashy name alone. When they were graduating from college and transitioning into the career world, status was more typically conflated with industry stability. Thanks to Gen Z, that notion of "getting your foot in the door" with an impressive employer and a low paycheck is falling to the wayside."

Chelsea Williams
Founder and CEO of Reimagine Talent Co.

Question N°10

How can I address salary expectations with graduates?

85% of upcoming and recent grads say they're less likely to apply for a job if the company does not disclose the salary range in the job posting.

MORE ON THE SUBJECT

- Adobe's Future Workforce Study reveals what Gen Z is looking for in the workplace
- Gen Zers are demanding more money, benefits and opportunities and employers should be thrilled about it
- @salarytransparentstreet on TikTok

Question N°11

Does or should remote/ hybrid organization have an impact on salaries?

The majority of tech teams are now a hybrid between remote and on–site work. Only 15% of developers work fully on-site. The pandemic, unsurprisingly, is the main driver of this shift.

Today's work structure is prompting employers to rethink the way they pay developers. Should remote workers earn more, or less? Should there be a distinction between hybrid and remote salaries?

Some employers are using **remote work as a bargaining chip**, to slow wage increases. According to a July 2022 report from the National Bureau of Economic Research, 38% of U.S-based companies are using remote work opportunities to "keep employees happy and moderate wage growth pressures". Others are adjusting their pay policies to include **work-from-home allowances and/or remote stipends.**

The move to remote has also catalyzed debate around location-based pay, value-based pay, single-market rates, etc. To add to the heat, major companies are rolling out "back-to-office" policies and thus creating additional inequalities between in-office, remote and hybrid workers.

Developers' work environments are changing, it's understandable that compensation policies be revisited too. However, companies should be vigilant of the pay gaps threatening the current tech talent market.

Question N°11

Does or should remote/ hybrid organization have an impact on salaries?

"Part of our compensation philosophy at CoderPad is that place of residence affects salary, due to the related cost of living.

Ultimately, the same role will make less in Richmond, Virginia than in San Francisco—and that's ok because rents and cost of living are lower there too. Globally, a developer in France will make less than a developer in NYC.

Do we sometimes make the strategic choice to hire in less expensive markets? Yes. We're remote and global, and we're lucky enough to have hugely talented people join us from all over the world."

Amanda Richardson
CEO at CoderPad

Question N°11

Does or should remote/ hybrid organization have an impact on salaries?

The majority of tech teams (74%) are now a hybrid between remote and on–site work. Only 15% of developers work fully on-site, and only 11% work exclusively from home.

MORE ON THE SUBJECT

- Salary Setbacks Might Be A Reality For Some Remote Workers
- Is your employer paying remote and hybrid workers differently?

Question N°12

How can you determine pay for a role that is new to the company?

Sure, a brand new position can be trickier to budget for.

You don't have any reference, you don't have an expert to turn to… but it pretty much comes down to the same essential questions: industry numbers, a candidate's experience and skillset, how much talent is competing for the role, etc.

All the same, here are a couple of tips for deciding on pay, specifically for a new role:

- **Look at similar positions across the company**
Despite their different areas of focus, software engineers and data engineers, for example, share several fundamental skills (programming skills, understanding of software development processes, problem-solving skills, etc.). These positions are also comparable in terms of responsibility level and required experience. Looking at what other technical positions are earning at your company can give you some context.

- **Use a site like Glassdoor or PayScale**
Look up what your competitors are paying for the same role.

- **Check your salary budget**
You need to keep in mind whatever budget you have available now, but also projected wage growth, promotional increases, "wiggle room" for salary negotiations, etc.

Question N°12

How can you determine pay for a role that is new to the company?

The salary and benefits for the average employee totals 1.25-1.4 times the base salary.

MORE ON THE SUBJECT

- How much does a Software Developer make?
- How to Budget for a New Role

Question N°13

How can our compensation strategy support DEI?

While an increasing number of organizations are sitting up and taking notice of DEI, it's still very much an ongoing battle. Software development particularly, still has a long way to go as an industry, with some of the biggest reported gender pay gaps.

Incorporating DEI into your compensation strategy is a powerful way to drive change. Some words of advice:
- **Build a standardized compensation strategy** to avoid bias.
- Carry out **regular critical analysis** (internally or with the help of an external organization) of your pay structure to identify any inequalities and make strategic adjustments.
- Look at **pay equity as more than just salary**, make sure to evaluate access to bonuses, stock options, advancement opportunities, etc.
- Take a stand on **salary transparency** (whether it's clearly communicating why employees earn what they earn and how they can earn more, including salary ranges on job posts, or making employee salaries public).

Question N°13

How can our compensation strategy support DEI?

"The first step to understanding how to approach compensation from a DEI perspective is to understand the underlying data. It's important to have a full picture of current total compensation and to bring into that data any demographical information on the workforce. Once you have the data in a good place you can analyse, paying specific attention to pay equity of similar or same positions in relation to different diverse populations in the organisation.

Pay gap analysis is helpful to understanding, at a macro level, the differences between the hourly rates of populations. Currently in the UK, gender pay gap analysis is mandatory for organisations with more than 250 employees, but smaller organisations can also publish their gap analysis. However, ethnicity pay gap reporting has been touted for some time with an anticipated government announcement on guidance coming soon. For an inclusive employer, it's important to be ahead of the curve, not waiting for legislation to dictate reporting but to instead be open and transparent about compensation.

In many organisations the pay gaps seen can often be attributed to not having diversity at senior levels. To remedy this, I'd recommend an organisation look at their talent management strategy holistically and nurture diverse talent into senior positions. A compensation strategy should only form part of the greater reward strategy. By focusing on internal development of skills and providing career and pay progression opportunities, organisations can benefit from an enhanced employee value proposition."

Anonymous

People Analytics and HRMI Manager at large banking corporation

Question N°13

How can our compensation strategy support DEI?

Uniting Cloud's recent survey revealed a gender pay gap of 4% among junior developers, 27% gap among mid-level developers and 31% among experienced developers.

MORE ON THE SUBJECT

- Do Your Pay Practices Support Diversity, Equity, and Inclusion?
- New research finds gender pay gap of up to 31% in software development
- 3 ways to make pay equity central to your compensation strategy

Question N°14

How can I align with hiring managers on salary ranges?

Generally, **Talent Acquisition professionals** have a good grasp of the tech talent market (supply and demand) and a strategic, holistic view of compensation and budget across the company. **Hiring managers**, on the other hand, know about value, skill sets, experience and industry trends. Together, you're a match made in heaven! You have all of the insights you need to make an informed decision on salary range.

The definition of a salary range should be an integral part of your recruitment process. After identifying the "problem" and agreeing that a new hire is the "solution", discuss the specifics of the job and define an appropriate salary range.

Deciding on a salary range should be collaborative. If it's not, you're missing out.

NOTE

The **MoSCoW method** can be useful here:
what skills are "Must Have", vs. "Should Have", vs. "Could Have" vs. "Would Like to Have"?

Question N°14

How can I align with hiring managers on salary ranges?

13.3% of our recruiter community say that "Aligning with hiring managers' requirements" is the hardest part of hiring developers.

MORE ON THE SUBJECT

- How to Establish Salary Ranges
- Improving the recruiter and hiring manager relationship

Question N°15

Is it cheaper to outsource development?

ANSWER

Yes and no.

The main incentive to outsource is, generally, to **reduce hiring costs**. The money saved can be otherwise put towards the project outcome. You can quickly and easily scale up or down depending on business needs and budget.

The **flip side to these cost savings** is that there are certain challenges that come with outsourcing (especially offshore outsourcing): time zone differences, cultural differences, language barriers, and the risk of a hard-to-maintain, Frankenstein codebase.

Question N°15

Is it cheaper to outsource development?

On average, outsourcing accounts for 13.6% of the total IT budget.

Disaster recovery, database administration and desktop support are the top IT functions for reducing costs through outsourcing.

Application development is the most frequently outsourced function. Around 60% of organizations outsource some or all of this function.

MORE ON THE SUBJECT

- Hiring developers vs outsourcing: Which is better for your business?

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