

HR INSIGHTS

Brought to you by the insurance professionals at
The Insurance Exchange

Candidate Salary Requests

The practice of requesting past salary information from job applicants is not uncommon in the United States. In fact, most employers who use this practice do so to help determine if it is reasonable to pursue applicants. However, as the United States continues to focus on pay equity, it is becoming a trend to refrain from asking for this information to avoid facing negative legal consequences and potential failures in recruiting.

This article provides an overview of candidate salary requests and provides suggestions for HR professionals and recruiters to base new hire salary offers without asking for past compensation history.

Keep in mind that some states have passed laws banning this practice and that this article is intended for informational use only and should not be used as legal advice. Please refer to state-specific guidance or professional legal counsel for more information.

Overview

Requesting a job applicant's salary history is one way that employers can gauge whether they can realistically pursue the applicant. While employers can base salary offers off current market average pay, knowing a candidate's past compensation can, in some cases, avoid mismanaged expectations by determining how likely the candidate is to accept whatever offer the employer is planning to make. Starting with accurate data can help HR professionals and recruiters negotiate the best deal for employers and employees and move toward a competitive offer. Asking for this information can also help manage an applicant's expectations.

However, some experts argue that using a candidate's salary history to set future pay can hurt an employer's profits and diversity efforts. These experts state that basing future salary on past salary could perpetuate pay discrimination faced by applicants and, in some cases, invite a discrimination claim against the new employer.

Even though an applicant's salary history can sometimes be helpful to employers, some states ban employers from asking for this information. Asking for salary history is also becoming less popular within the HR industry.

As the United States continues to focus on pay equity, it is becoming a trend to refrain from asking candidates for their salary history to avoid facing negative legal consequences and potential failures in recruiting.



Alternatives for Setting Candidate Salary Offers

HR professionals and recruiters need to find alternative ways to figure out appropriate salary ranges for positions before speaking to candidates. Some options to do this include the following:

- Base new-hire salaries on local market value.
- Ask a candidate what his or her target salary range is.
- Conduct internal wage audits to find out the pay range for certain positions within your organization.
- Post the salary range your organization is willing to pay an employee for a certain position within the job description.

Summary

By being aware of the laws surrounding inquiries into a candidate's past salary and the HR trend against this practice, you can avoid a potential discrimination claim and continue to attract and retain top talent. In the tight labor market of the United States today, successful recruiting and hiring can greatly affect a business's bottom line.