



What Should Employers Pay Their Employees?

Description

By Lloyd Sherman, April 9, 2022

An age-old question in the work world has always been, how much should I pay (or get) for performing a particular job. That question is no different here in Hot Springs Village and we will occasionally see this issue come up on social media followed by opinions that vary. As someone who has addressed this subject, not only on social media, but in my capacity as a business consultant, owner of my own business, and previous executive in Corporate America, I thought I would take a run at this most difficult subject.

First, I think it important to describe the distinction between some of the terms that are thrown around when this discussion does come up.

What is a Living Wage? – “The living wage is the amount of income determined to provide a decent standard of living. It should pay for the cost of living in any location. It should also be adjusted to compensate for inflation. The purpose of a living wage is to make sure that all full-time workers have enough money to live above the federal poverty level.” (1)

What is a Minimum Wage? – “The minimum wage is the wage mandated by law, to keep employees above the poverty level in their area. However, the minimum wage is simply not enough to provide one with the means to live. It also is not enough to cover medical, auto, or renters and homeowner’s insurance.” (1)

What is Poverty Level? – This is the measure of income as determined by HHS as to federal levels that are used to determine eligibility for certain programs and benefits, including health insurance, Medicaid, and CHIP coverage.

Source: Massachusetts Institute of Technology Living Wage Calculator for Arkansas (Saline County)

Occupational Area	Typical Salaries	Occupational Area	Typical Salaries
Management	\$83,888	Protective Service	\$38,327
Business & Financial Operations	\$63,237	Food Preparation & Serving Related	\$22,877
Computer & Mathematical	\$74,686	Building & Grounds Cleaning & Maintenance	\$26,183
Architecture & Engineering	\$73,712	Personal Care & Service	\$24,792
Life, Physical, & Social Science	\$59,546	Sales & Related	\$28,451
Community & Social Service	\$42,383	Office & Administrative Support	\$35,235
Legal	\$62,456	Farming, Fishing, & Forestry	\$32,999
Education, Training, & Library	\$48,193	Construction & Extraction	\$40,125
Arts, Design, Entertainment, Sports, & Media	\$44,640	Installation, Maintenance, & Repair	\$44,394
Healthcare Practitioners & Technical	\$60,519	Production	\$34,711
Healthcare Support	\$26,590	Transportation & Material Moving	\$33,459

The above represents some general information regarding how much someone might need to “get-along” dependent upon the complexion of their family. The second chart represents what MIT believes

is a reasonable salary for those categories in Arkansas.

How do companies decide salary ranges? A typical job is broken down into its responsibilities, criticality, complexity, and market availability to name a few factors. In most organizations, salaries are determined by mapping roles and job descriptions with similar organizations, or like jobs in the market served. To ensure it is being done in an unbiased manner, it is highly recommended that this benchmarking be done by a third-party compensation and benchmarking service. One has to assume that is how the HSV POA sets our salary ranges but I have been unable to receive verification of that although I have asked the question on several occasions.

So, let's take a look at a specific job title within the POA. One that can be both seasonal and full-time might be that of a Greenskeeper. Below is the POA salary range for this position from information obtained in 2021:

GREENSKEEPER	2	\$11 (\$22,880)	\$13.75 (\$28,600)	\$17.19 (\$35,755)
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This is considered an entry-level position and is set at a level 2. As you can see, the starting pay is considered to be the Arkansas State minimum. The midpoint is \$13.75 and the max pay for this position is \$17.19. Theoretically, the hiring manager could start someone anywhere within that range dependent upon work history and experience. The other factor that many don't consider, however, is the need on the side of the hiring company. Do they need someone with experience who needs little to no supervision, or are they looking for someone who can simply take instruction and get the job done? The person looking to be hired is most likely not looking at it from the employer's side and probably believes they are worth more than \$11 an hour for instance. Their individual needs may not be in line with the specific job that is being offered, and as compensation is a huge line item in budgets, the company doesn't see things the way the potential employee does. However, another factor the employer must keep in mind is that of what other companies in the area are starting their entry-level employees. Failure to recognize this factor may well result in less productive employees or high turnover, which also can be very expensive for an employer.

When I compared this position to the published Arkansas 2020 Wage Survey, I found that the starting salary for a Greenskeeper in the Hot Springs area was \$3,000 short of our starting minimum wage. This 2020 information showed this position starting at \$12.47. Now, our upper salary was higher than this survey showed for this position but I doubt many ever get into a position where they are at the top end of this range.

My point in all of this is that potential employees do not get to set what they think a job is worth, that is the job of the company creating the position. Now unless someone has had experience in writing job descriptions and benchmarking jobs, they also shouldn't be setting salaries. Ultimately a company must decide what they can afford to pay for a position and factor in many of the items discussed in this document. The other factor that many don't consider in evaluating the salary that is paid is the benefits package that comes along with employment and while that doesn't show up in the salary received, it is certainly a cost to the company and must be factored in.

On an ending note, and from what I have recently read, our new GM appears to be focused on

ensuring that the employees who are out there on the front-line every day getting the job done are being fairly compensated, and from my perspective that is essential in ensuring consistent levels of service.

And while I am on the subject, and this may strike a nerve for some, I encourage those who want to support those employees who are out there every day getting the job done to consider donating to the Village Employee Benefit Fund. It's just another way of telling our employees how we appreciate them and the work they do. I give to this fund every year and hope others will also consider doing so if they have not previously done so.

(1)Quoted from US & World Economies

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Author

lynn