

# Understanding how salaries are calculated

The subject of salary usually comes up at the end of an interview, but the way it is calculated happens well in advance. While your skills and experience will play a big role, there are a number of other factors that will help determine the final figure.

Employers will always consider the unique qualities you can bring to their organisation, however the salary you are offered sits within a range based on a combination of four key factors - demand for skills, Industry benchmarking plays an important role in determining the size of your salary. “Good employers are constantly benchmarking their salaries within the industry and there are companies that assist them with this,” says Peter Noblet, Senior Regional Director of recruitment firm Hays. “Employers then make a decision about where they want to sit within this range. Some will want to be at the very top while others may sit in the middle or lower end of the scale and add other incentives, such as training and development or flexible working conditions in order to be attractive to candidates.”

You can also access industry benchmarking data from recruitment firms such as Hays, which publishes an annual salary guide across various industries and roles. SEEK also publishes quarterly [salary trends](#) based on average advertised salaries across industries in New Zealand. This information can give you more bargaining power.

- **Market trends.** Economic conditions will always have an impact on salaries, so it pays to keep an eye on market trends. “Although the economy is doing quite well, employers are remaining cost conscious,” says Noblet. “We are seeing some movement, but attitudes towards salaries are remaining cautious. In this case, candidates can look at other benefits of a job, such as company culture and career progression.”
- **A polished sales pitch.** If you’re planning to move jobs, now is the time to refine your negotiating skills because they may have an impact on your salary. “The way a salary is calculated often comes down to the attitude of the candidate,” says Noblet. “Employers will have a range that they are willing to pay and if the best candidate is willing to push for what they really want, this can make a difference.”

Negotiating a salary also depends upon your ability to show tangible career achievements and results, so be sure to have clear examples that you can draw on. Knowledge is also a valuable asset. “Understand what the current market rates are and make sure you can be clear about what you can bring to an organisation that might be different to other candidates,” says Noblet. “You can also try to negotiate a salary review within a certain timeframe if you don’t get the starting salary you want.”

Money may not be everything but it's certainly important. If your job offer doesn't come with the salary you expect, consider the other benefits a company may offer, such as work-life balance, career progression opportunities and training. If these benefits are attractive, they may form an overall package that's right for you.