

Technical Jobs Continue to Command Hefty Pay Premiums; Here's How Companies Can Prepare

Across management and professional jobs, technical roles continue to command pay premiums vs. non-technical roles. Companies can take the following steps to prepare and compete.

Most people involved in the technology sector in the United States (US) are familiar with the pay premiums certain technical job roles— ranging from product developers to engineers to data scientists— receive compared to non-technical roles like finance, marketing and sales. What is less well known is exactly how much more these jobs pay, where the trend lines are headed, and what companies can do to compete for these jobs while also staying mindful of internal pay equity concerns.

To understand how much of a premium technical roles pay and whether that premium is growing over time, we looked at how much higher base salaries are, on average, compared to non-technical roles in the same job level using data from the [Global Radford Technology Survey](#). Figure 1 shows professional job roles for levels P1, P3 and P5. The Radford survey defines technical roles as those that typically require employees to possess an engineering or computer science degree.

Figure 1

Base Salary Premium for Professional Technical Jobs vs. Non-Technical Jobs

Survey Year	P1 (Entry)	P3 (Career)	P5 (Expert)
2014	23%	18%	8%
2015	28%	18%	8%
2016	23%	20%	10%
2017	24%	21%	9%
2018	32%	20%	9%

Source: Radford Global Technology Survey

The pay premium for technical jobs is highest at entry-level jobs (P1), declines slightly at mid-level career jobs (P3) and then drops even more significantly at the most senior professional jobs we studied (P5). Notably, the technical premium for P1 jobs is also growing: base salary premiums averaged 24.5% from 2014 to 2017 and

then suddenly climbed to 32% this year. However, at the P3 and P5 jobs, the technical pay premium has remained fairly steady over the past five years.

Next, we turn to level 3 and 5 management jobs. The same dynamics are at play, where significant premiums exist, but narrow as you approach more senior levels. However, technical salary premiums for management jobs are fairly stable since 2014.

Figure 2
Base Salary Premium for Management Technical Jobs vs. Non-Technical Jobs

Survey Year	M3 (Manager)	M5 (Director)
2014	16.9%	5.7%
2015	17.5%	5.8%
2016	17.5%	5.4%
2017	18.3%	5.3%
2018	18.3%	6.2%

Source: Radford Global Technology Survey

Beware of Pay Equity Issues

High base salary premiums for technical jobs, particularly in early-career professional job families, can quickly create large internal pay equity issues. What's more, if you have a disproportionate percentage of males in technical roles who are receiving higher and higher initial sign-on packages, your overall pay gap between male and female workers will continue to grow.

Of course, while the key measure of pay equity (or pay fairness) should be focused on people doing similar jobs at a similar level, board awareness of pay equity across your entire workforce should also be evaluated on a regular basis. This is also what employees and the media are most likely to focus on. As such, in today's market for technical talent, compensation professionals should be extra vigilant when monitoring internal pay equity, pay compression and employee engagement to get ahead of any potential problems that could be lurking.

For more on these issues, and how you can prepare for the era of pay transparency, see our recent article: [The Era of Pay Transparency is Here. Is Your Organization Prepared?](#)

What's Next? Consider These Steps to Prepare

The data clearly shows that if technology companies aren't paying attention to the latest market data, they could fall behind in their pay targets for key jobs. This is particularly true for entry-level professional jobs where the pay gap is growing at an alarming rate. Below are some actions that may be appropriate depending on your company's local talent market and hiring strategy:

- Distinguish between certain job roles (or along broad technical functions) in your merit budget.
- Create different salary structures for technical roles. Consider this: If you have technical and non-technical jobs in the same salary structure and raise midpoints by a consistent rate each year, you could be either eroding your market position for technical roles or overpaying for non-technical roles.
- Use market reference points for certain hard-to-hire roles. You can read more about using market pricing in our article: [*Is it Time to Ditch Your Salary Structure for Market Pricing? We Debate the Pros and Cons.*](#)

To speak with a member of our compensation consulting group, please write to consulting@radford.com. To learn more about participating in a Radford survey, please [contact our team](#).

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