

## **What is “Market Rate”?**

The term “market rate” refers to the level of compensation an organization must provide to enable it to effectively compete against other organizations in attracting and retaining qualified employees. Wage rates differ among organizations and among employees in the same organization.

It is critical that the organization first identify those organizations with which it competes in the recruitment and retention of qualified employees and limit market comparisons to those relevant employers. Public and private sector organizations within the state of Kansas represent the primary organizations with whom the State of Kansas competes. Some jobs, e.g. driver’s license examiners, are unique to state government. The wage rates of relevant state governments are used in conducting market comparisons for such jobs. Wage rates comparisons for other jobs, e.g. tax examiners, include both instate organizations and other state governments.

Organizations conduct compensation surveys or use relative compensation surveys conducted by third party sources, such as consulting firms, to identify the wage rates paid by relevant organizations. Organizations use the data from these surveys to establish wage rates which enable the organization to effectively compete in attracting qualified employees and provide competitive wage rates which effectively reward the employees for their added value as they grow and contribute throughout their career.