

2.6: Making the Offer

Learning Objectives

1. Explain the steps in making the offer to the candidate.

Oftentimes once the decision is made to hire a candidate, HR professionals feel their job is finished. But making the offer to the chosen candidate can be equally as important as the interview process. If the offer is not handled properly, you can lose the candidate, or if the candidate takes the job, he or she could start off on the wrong foot.

According to Paul Falcone, vice president for human resources at the *Fortune* 500 company Time Warner, detailed information should be asked of the candidate before the offer is even made (Falcone, 2011). He says that as soon as the offer is made, power is shifted to the candidate. To handle this, he suggests asking salary questions in the interview, including the following:

1. **“If we were to make a job offer today, when would you be in a position to accept or reject the offer?”** If the candidate answers “right now,” this indicates they do not have other job offers on the table or if they do, you are their first choice.
2. **“At what point, dollar wise, would you accept our job offer and at what point, dollar wise would you reject the offer?”** The advantage of using this strategy is that it gets to the point of understanding the candidate’s expectations. If the interviewee does not respond right away, you can clarify by asking, “I am asking this question because I would like to gauge your interest level. Share with me the ideal salary offer versus at what point you would be willing to walk away from this opportunity.”

Asking these questions can assist in qualifying candidates, based on salary expectations. For example, if a candidate requests 20 percent more than you are able to pay for the job, this discussion can be had before the offer is even made, perhaps making this candidate no longer viable.

Once you have determined in the interview process that the salary expectation is in the range of what you can offer, the first step is to make the offer as soon as the decision is made. In a tight labor market, waiting a week or two may impact your ability to hire your first choice. You probably already have a salary range in mind and can begin to narrow down the offer based on the individual’s KSAOs. Based on the range of salary you can offer, consider the following questions when making the offer to a candidate:

- What is the scarcity of the particular skills set?
- What are the “going” wages in your geographic area?
- What are the current economic conditions?
- What is the current pay for similar positions in your organization?
- What is your organizational compensation strategy?
- What is the fair market value of the job?
- What is the level of the job within the organization?
- What are your budget constraints?
- How soon will the employee be productive in the organization?
- Are there other candidates equally qualified that might have lower salary expectations?
- What are the national and regional unemployment rates?
- If you cannot pay more, can you offer other perks such as a signing bonus or flexible work schedule?

Once the offer has been made, it is reasonable to give the candidate some time to decide, but not too long, as this can result in losing other candidates should this candidate reject the job offer. It is likely the candidate may come back and ask for higher salary or benefits. Some tips to successfully negotiate are included below and in the following Video:

1. Be prepared. Know exactly what you can and can’t offer.
2. Explain the career growth the organization can provide.
3. Address the benefits of the candidate’s joining the organization.
4. Discuss the entire offer, including other benefits offered to the employee.
5. View the negotiation as a win-win situation.
6. Be able to provide salary research of similar positions and competitors for the same job title.
7. Use the trading technique. For example, “I cannot offer you the salary you are requesting right now, but what if we were able to review salary at your six-month performance review, assuming ____ objectives are met?”

Once the phone call is made and the candidate accepts the offer, an e-mail or formal letter should follow, outlining details of the employment agreement. The employment agreement or offer letter should include the following:

1. Job title
2. Salary
3. Other compensation, such as bonuses or stock options
4. Benefits, such as health-care coverage, 401(k)
5. Vacation time/paid holidays
6. Start date
7. Noncompete agreement expectations
8. Additional considerations such as relocation expenses

Once the pay and benefits package has been successfully negotiated and the offer letter (or e-mail) sent, you should clarify acceptance details in writing and receive confirmation of the start date. It is not unusual for people in higher-level positions to need a month or even two to transition from their old jobs. During this period, make sure to stay in touch and even complete the new hire paperwork in the meantime.

Pirates of the Caribbean Negotiation Analysis



This lively video, using the movie *Pirates of the Caribbean*, offers great analysis and tips on how to successfully negotiate just about anything.

Key Takeaways

- The HR professional's job isn't finished once the selection is made. The next step is to actually make the offer. This step is important, because if it isn't done properly, you could lose the candidate or have ill feelings at the onset of the employment relationship.
- Once you have made the decision to hire someone, make the offer to the candidate right away. Normally this is done through a phone call and a follow-up e-mail, outlining the details of the offer.
- It is not unusual for someone to negotiate salary or benefits. Know how far you can negotiate and also be aware of how your current employees will be affected if you offer this person a higher salary.
- If you are having trouble coming to an agreement, be creative in what you can offer; for example, offer flextime instead of higher pay.

Exercise 2.6.1

1. Research "salary negotiation" on the Internet. What tips are provided for job seekers? Do you think these same tips could apply to the HR professional? Why or why not?

References

Falcone, P., "The New Hire: Five Questions to Ask before Making the Job Offer," n.d., Monster.com, accessed July 13, 2011, <http://hiring.monster.com/hr/hr-best-practices/recruiting-hiring-advice/acquiring-job-candidates/making-a-job-offer.aspx>.

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