

---

## Compensation Analyst interview questions

Ask these Compensation Analyst interview questions as part of your hiring process to evaluate candidates for your HR department.

### Compensation Analyst Interview Questions

Compensation Analysts develop salary structures based on industry statistics, benchmarking data and internal goals and budgets.

Candidates for this role usually have a Human Resources degree and experience in payroll. During your interviews, test candidates' knowledge of compensation and benefits packages and labor legislation. You could also ask questions about market analysis, as your future hires will have to research, analyze and present salary benchmarks and statistics.

Keep an eye out for candidates who can handle sensitive information with confidentiality. They should also be able to manage salary spreadsheets and quickly spot numerical errors. If necessary, include Excel tests in your hiring process or test how familiar candidates are with HRIS systems.

### Operational and Situational questions

- What methodology would you use to modify a prospective hire's compensation package, if they wanted to negotiate a higher salary?
- If an employee was underpaid due to a payroll mistake, is it better to compensate the difference as soon as possible or add it to next month's payroll? Why?
- In the next year, we plan to hire X senior-level employees and Y junior employees. If our annual turnover rate is Z%, how would you calculate our budget for next year's payroll expenses? What additional information would you need to make a more accurate forecast?
- How would you measure whether there's a [gender pay gap](#) here companywide and by department?

### Role-specific questions

- Describe step-by-step how you would conduct a compensation analysis for a specific position (e.g. salespeople.)
- How do you check the accuracy of your data entry?
- What's included in local taxes withholdings?
- What kind of payroll software (e.g. HRIS) are you familiar with?

## Behavioral questions

- How do you stay up-to-date with changes in labor legislation?
- Describe how your attention to detail has helped you proactively identify an error in payroll.
- How do you explain financial and insurance details to employees in simple terms?
- What's the biggest challenge you faced at work and how did you deal with it? (e.g. preparing stock option plans or managing disability insurance benefits)