

Compensation:

☒ Compensation is the methods and practices of maintaining balance between interests of operating the company within the fiscal budget and attracting, developing, retaining, and rewarding high quality staff through wages and salaries which are competitive with the prevailing rates for similar employment in the competitive markets. It is the cornerstone of an effective talent management strategy.

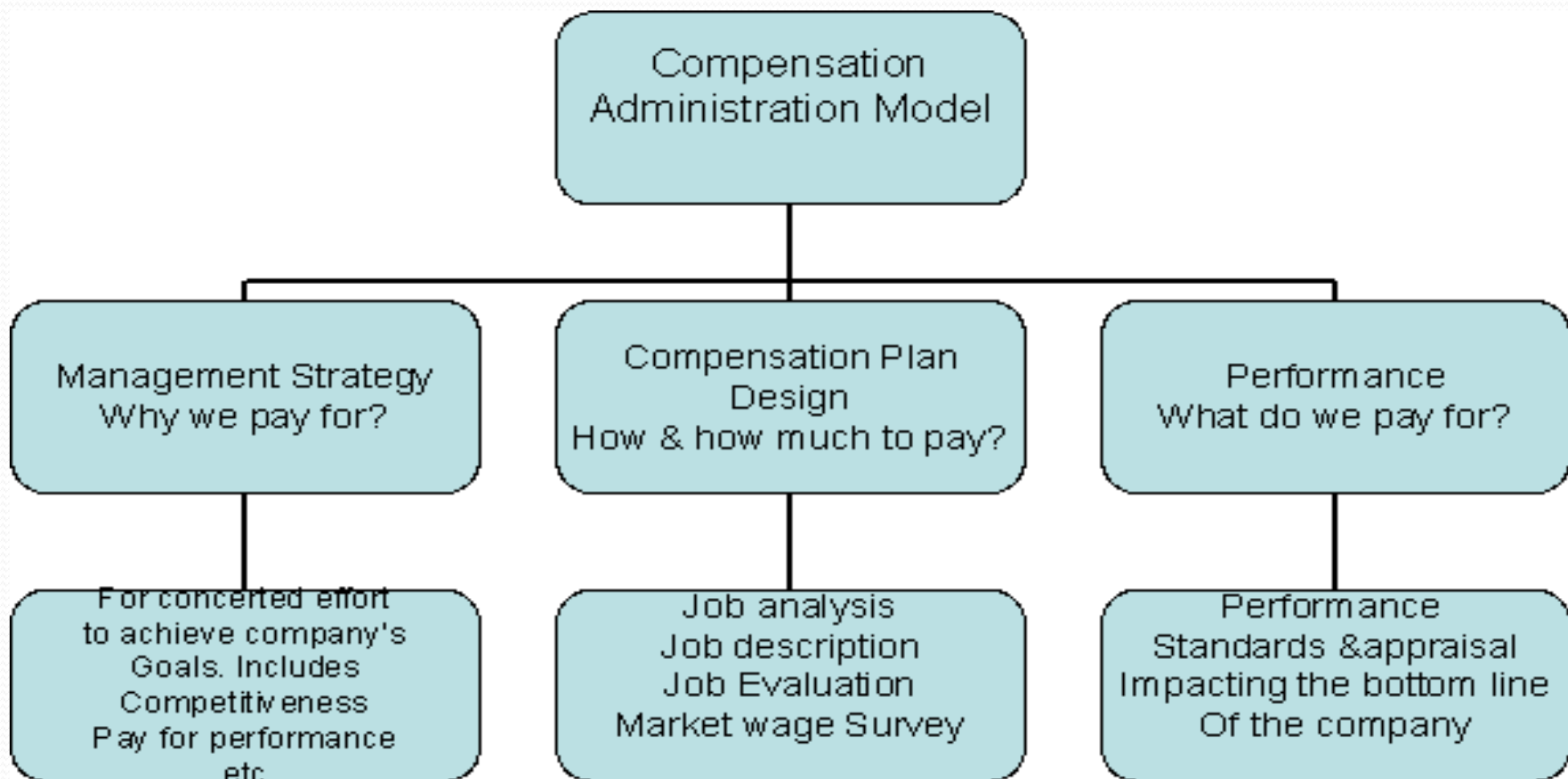
☒ Compensation strategies can affect many facts of the business. Such as;

- ☒ Improved employee morale and retention
- ☒ Increased employee engagement and productivity
- ☒ Strengthened governance and compliance with company vision and mission

Compensation Model

The Compensation model should be closely knitted with following three elements i.e.

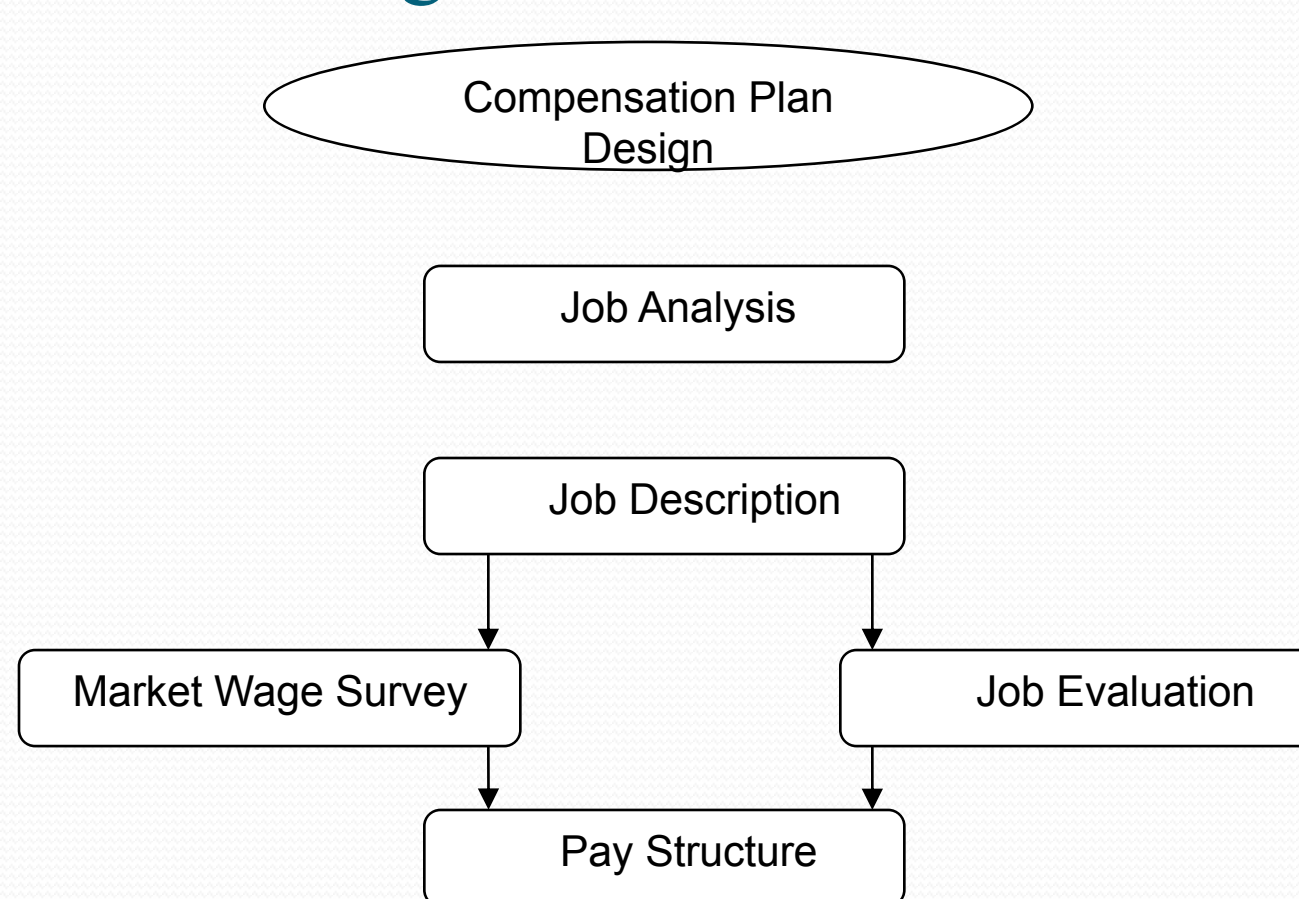
- Management Strategy
- Compensation Plan Design
- Performance



Management Strategy:

This relates to the basic existence of any organization its objectives and goals i.e. vision and mission of the enterprise, for which human resources are hired, and the organization pays to its employees to keep them motivated for accomplishing those set objectives in a cost effective manner.

Compensation Plan Design



Job Analysis

Job Analysis is a process to identify and determine in detail the particular job duties and requirements and the relative importance of these duties for a given job. Job Analysis is a process where judgments are made about data collected on a job. Job Analysis can be used in compensation to identify or determine:

- skill levels
- compensable job factors
- work environment (e.g., hazards; attention; physical effort)
- responsibilities (e.g., fiscal; supervisory)
- required level of education (indirectly related to salary level)

Job Description:

The output from analysis of a job is used to develop a job description and its specification. Together, they summarize job analysis information in a readable format and provide the basis for defensible job-related actions. They also identify individual jobs for employees by providing documentation from management. It identifies the tasks, duties and responsibilities of a job. It describes what is done, why it is done , where it is done, and briefly, how it is done .

Job Evaluation

The methods and practices of ordering jobs or positions with respect to their value or worth to the organization.

Contents:

- Ranking
- Classification
- Factor Comparison
- Point Method

Market Wage Surveys

The goal of labor market wage surveys is to find data from employers with whom the organization competes for employees. Once the data has been collected, it must be analyzed. The simplest analysis involves comparing the going market rate and approximating this rate within the organization's own pay structure.

Methods of Wage Surveys

Generally three methods are employed for wage surveys;

- Personal Interviews
- Mailed Questionnaires
- Telephone Inquiries

Pay Structure

The basis for most pay programs is a pay structure - a hierarchy of jobs with pay ranges and/or rates assigned. Pay structures are designed so that the greater the worth of a job (determined by internal or external equity), the higher the pay grade and range. At PP, pay program has certain objectives. The principal ones are as follows:

- Internal equity.
- External equity (or competitiveness),
- Individual equity,
- Process equity,
- Performance or productivity incentives,
- Maximum use of financial resources,
- Compliance with laws and regulations, and
- Administrative efficiency