

m
by V S

Submission date: 18-Jul-2021 07:42AM (UTC-0400)

Submission ID: 1620973181

File name: compensation_strategy.edited.docx (26.69K)

Word count: 1081

Character count: 6269

Compensation Strategy

Name

Institution

Course

Instructor

Date

Compensation Strategy

Employees are a vital part of the organization because they ensure the goals and objectives of the company are achieved. Similarly, they have the skills needed to accomplish organizational processes and thus need to be motivated efficiently to enhance their performance. Employee motivation plays a critical role in improving their performance. Motivation is influenced by the direct and indirect rewards provided by the organization to the employees. Furthermore, employee inspiration is concerned with how engaged the workers feel with their goals and how empowered they feel. The rewards depend on the company's payment structure; for instance, some companies can offer several benefits to their staff, such as pension and retirement, paid time off, and stock purchase options. Therefore, this paper will propose a compensation package for mid-level manager position, discuss how the equal employment opportunity laws affect the company compensation approach, compare the employment types, discuss the motivation theories in containers, and evaluate

Employees are protected from discrimination by the equal employment opportunity commission (EEOC). Therefore, this commission has a role to play in implementing the federal laws that make it unlawful to discriminate workers or job applicants based on religion, color, race, disability, origin or sex (Maness & Conway-Klaassen, 2017). Also, the same source added that the laws could be utilized in all forms of work conditions such as promotions, hiring, benefits, training and firing. The equal pay act is one of the laws that can affect the organization's compensation approach. The act states that employers are not permitted to pay their workers different wages based on the gender of the workers (Maness & Conway-Klaassen, 2017). moreover, Title IV of the civil rights act forbids the discernment of the employees based on

origin, color, race, age or sex. Therefore, companies will not be permitted to develop specific compensation packages founded on discernment factors or reduce payment for the disabled.

Organizations can use two different policies to create a payment plan. The policies are paid for performance and competency-based pay. Pay for performance is also considered performance-related pay, and it is where the organization pays based on how employees perform their work (Rehman et al., 2019). Using this policy will need to provide procedures that explain the behaviors or performance assessment outcomes that can increase pay. Pay for performance has the advantages of enhancing motivation and morale because they know attaining certain performance expectations can lead to higher income. Also, this policy can attract and retain top talent because when they have higher performance, they add value to the organization and are rewarded better. On the other hand, pay for performance affects teamwork because employees work on enhancing their performance as individuals.

On the other hand, competence-based pay is a policy for paying employees based on progression and application of essential skills, actions, and behaviors that sustain a high team and company support (Wright, 2016). competence-based pay has the benefits of enhancing transparency because employees understand the pay system and the skills needed to have high pay. The drawbacks of competence-based pay are subjectivity problems and can result in favoritism hence causing tension. Pay for performance is the recommended pay approach because the organization needs to retain top talent and retain motivated employees who can better get more compensation.

Motivation is a strength that pushes an individual to work with a high level of commitment. Therefore, through inspiration, an individual works in a specific method to attain desired goals. The best motivational theory to be used in the multigeneration compensation

package is Maslow's hierarchy of needs. The theory was initiated by Abraham Maslow, suggesting that individuals will be inspired when their needs are fulfilled (Einstein et al., 2016). Different generations have varying needs that they need to fulfill. For example, the millennial generation born between 1977 and 1997 and generation z after 1997 still defines their career and desire to finish paying their education loans. Therefore, this population will require a salary to fulfill their needs which are essential and psychological requirements. Nevertheless, the baby boomers and generation x concentrate on self-actualizing wants. This generation focuses on indirect benefits such as retirement and insurance programs. Millennials require a pay structure that has paid time off, and the millennial will need indirect benefits such as health insurance.

Pay-for-performance is the recommended compensation package. The compensation package will contain both direct and indirect benefits. Khalid & Nawab (2018) stated that direct benefits are those benefits those workers get related to salary, commission and incentives. Similarly, the same source noted that indirect pay is those benefits that are not associated with work performance, such as insurance, retirement plans and vacation time. In this organization, the mid-level managers will be paid 33000 dollars every year. This is more than the minimum wage of 7.5 dollars per hour and the maximum salary of 11.0 per hour. Therefore, by paying more than the minimum wage, the company will not meet the managers' legal standards.

The organization will need to evaluate the compensation strategy after one year to confirm its effectiveness. Therefore, there are different ways of assessing the compensation strategy; one of the ways is to check the turnover rate of any part of the organization. It is vital to realize how employees leave the position. Another method of assessing compensation strategy effectiveness is by creating a performance report because the payments and employees' benefits are expenses to the organization; therefore, improved performance will mean workers are

motivated because of the effectiveness of the compensation strategy. Also, poor performance will mean employees are not motivated and satisfied with the compensation hence ineffectiveness in the compensation strategy.

References

- Einstein, A., Addams, J., & Roosevelt, E. (2016). Maslow's hierarchy of needs.
- Khalid, K., & Nawab, S. (2018). Employee participation and employee retention in view of compensation. *SAGE Open*, 8(4), 2158244018810067.
- Maness, L., & Conway-Klaassen, J. (2017). Laws to protect diverse employees. *American Society for Clinical Laboratory Science*, 30(1), 38-42.
- Rehman, S., Shahrukh, H. M., Virk, A. M., & Butt, M. (2019). Pay for Performance (PFP) increasing creativity through intrinsic motivation. *International Journal of Research in Business and Social Science*, 8(2), 74-90.
- Wright, A. (2016). Competency-based pay. In *Encyclopedia of Human Resource Management*. Edward Elgar Publishing Limited.

Appendix

Legally Mandated Benefits	Direct Benefits	Indirect Benefits
Unemployment compensation insurance	Yearly bonuses	Paid time off
Minimum wage	Base pay	Several health insurances such as medical, life and vision insurance
Federal insurance contributions act taxes that Medicare and social security	Relevant commissions	Retirement plans

m

ORIGINALITY REPORT

0%

SIMILARITY INDEX

0%

INTERNET SOURCES

0%

PUBLICATIONS

%

STUDENT PAPERS

PRIMARY SOURCES

Exclude quotes On

Exclude bibliography On

Exclude matches Off