

Market competitiveness essay

[Business](#), [Company](#)



Market Competitive Salaries

Market competitiveness comes in various forms and it is very essential for a company or organization to be highly updated on the strategic competitive trends in the market in order to be able to maintain quality productivity and higher profits. An employee salary is one of the major aspects that is normally ignored by organizations when they are analyzing the competition trends in the market. A pay policy that is competitive articulates the strategy of an organization to compete within the labor markets targets for employee recruitments in order to achieve success in their businesses. These policies are meant to guide the managers in decision making which is effective regarding the investment of the company in assets of human capital. The effectiveness of pay program is optimized by how an organization is able to articulate its pay policy competitiveness.

An organization overall competitive strategy is highly determined by a pay policy that is effective an aspect that is considered very important. It is evident that companies also compete for talented employees as much as they compete to sell products and this is a very important factor in determining the success of a company. Intelligent minds are very essential for the continuity and quality production of an organizations product. However, it is clear that also talented employees come at a price and this is the reason why employees mostly hop from one company to another as they look for financial satisfaction. For a company to maintain high quality employees they must ensure that motivation in terms of good remuneration is provided otherwise they will end up losing good employees to other

companies. Therefore, a pay policy that is competitive is considered as the cornerstone of a company's strategy of human capital investment.

Alternative Approaches for Organizations with Limited Financial Resources

Not all organizations can afford to pay their employees highly however, they can seek ways of maintaining these employees. Organizations with limited financial resources need to acquire approaches that they can use in order to maintain talented employees if they can not afford to pay them well as their competitors. One approach is creating a pay policy that starts all the employees at the pay range that is minimum. This however may be termed as inappropriate for the employees who are highly experienced and turn out favorable for the inexperienced.

Another approach that can fit organizations with limited financial resources is for the organization to ensure they establish payment practices that replicate the capabilities of employees. Through this an interview is conducted that evaluates the competencies and skills of the candidates and this will help determine the level of payment with respects to the competitive pay policy of an organization, the internal policy, the constraints of the budget and the guidelines of administration that cover the capabilities of the employee. This approach ensues in the pay of the employee being created as an appropriate value within the range of the market.

Steps to Minimize the Impact

Limited financial resources can call for dissatisfaction to employees and thus result to various impacts such as strikes, change of jobs and low production levels for employees. Therefore, for a company that has limited financial

resources to avoid all these impacts and promote the success of the organization, various steps should be introduced in order to maintain the good employees and avoid losing them to the competitors. Compensation strategies are one step that the organization should introduce in order to motivate its employees so that they will not compare their pay with their competitor employees. Rewarding and recognizing employees is very critical and considered a proper market driven structure of compensation. An organization should introduce commissions and employee benefit packages which act as great benefit in retaining potential employees. It is important for the management to determine which benefit packages that their employees may need in order to create a great relationship and ensure that the employees get more attached to their jobs compared to the highly paid. These packages can be in terms of medical covers, holidays, gift vouchers and others which are the essentials of day to day living.

Another step to ensure that companies with limited financial resources maintain quality employees and gain positive results is ensuring that pay practices are consistently administered and not arbitrarily and thus do not discriminate. Pay policies should be designed in a flexible style that helps in recognizing and rewarding employees who achieve their major jobs and also at their various stages of development. Employers should also learn to communicate with their employees so that they will have a clear indication of what is happening in the company and participate in making decisions. This will also help in creation of a sense of fairness since the employees will be able to understand how pay is determined. Skepticism is created where there is lack of communication towards the employees in the belief that they

are fairly paid. The company's management should always be in a position to create and develop a clear message that can be frequently and consistently communicated regarding the reasons why a certain pay policy had to be adapted in the organization. The pay policy is claimed to support retention especially when employees are very much aware and understand that the employer is building an intensive effort to give a pay that is equitable and fair.

References

J. Mortocchio, J. (2011). Strategic Compensation: A Human Resource Management Approach (6th Edition). New Jersey: Prentice Hall.