

# E- compensation research papers examples

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The web based compensation tool is an online system that helps the organization in collecting, analyzing, manipulating, storing and distributing data as well as employee's compensation information. The increased technology use has made it significant for a majority of companies to adopt the web based compensation tool due to the benefits that it accrues to the implementing organization. It is further revealed that the process of implementing this new tool of compensation is quite easier to execute for the company (Gueutal & Stone, 2005). The web based compensation tool has various advantages that make it suitable for use in an organization. To begin with, the web based tool ensures that there is no loss of compensation information that belongs to the organization. This system makes the transfer of information from one organization to the other much easier and more accurate to use hence ensuring no information loss. Secondly, it enables the human resource manager in a company to maintain a constant track of compensation information of employees without encountering any difficulties. Thus, the HR manager is in a position to capture any information that may occur regarding an employee's compensation plan and incorporate it into the web based tool.

Lastly, the web based system ensures that the management of merits in the organization is optimized. Hence, any merit that is realized in the course of the employee's job is recorded in the system and consequently this is adjusted in the employee salary. As a result, this system tends to assure the welfare of employees in terms of compensation thereby making it certain that employees acquire recognition from the company and thus increase their performance. Conversely, the web based compensation tool also has

some disadvantages which would render the system unfit for use in the company. Foremost, the system is quite expensive to acquire and hence it would need more resources allocated for its adoption. Furthermore, the system would also require that the company hires high level expertise to incorporate the system into the company's work processes. Lastly, the web based tool of compensation would also require the company to retrain the human resource managers on the use of the system. This therefore, presents additional costs to the company and in some cases the company may be forced to hire new employees who possess the skills of controlling this system.

On the other hand, the client server compensation system offers some advantages to the company which includes; improved accessibility, it can be customized to meet the company's needs and the system can sustain various users in a given time. However, the client server compensation tool exhibits some disadvantages which may undermine its usability. These include; it incurs the company higher overhead costs, its access is limited within the offices and the function of upgrades is the responsibility of the system. However, for an organization that seeks to improve the stakeholder's value, the best compensation system to choose would be the web based system. The justification for the adoption of this compensation system is due to the following reasons. Foremost, the system has the potential of controlling costs in the company thus it is cost effective. Secondly, the web based system ensures that the HR managers would receive the compensation information in real time hence it is an efficient system. Thirdly, the system eradicates the function of upgrades therefore

making it easier for the managers to work with the system as well as managing its updates (Scullion & Collings, 2010). Lastly, the system can be easily accessed as long as there is available internet connection thus making the system more reliable for use by a company.

The use of e compensation in the job evaluation process has been thought to be an efficient strategy that is convenient to both the employees and the company management. In the perspective of human resource, e compensation is the best solution for developing employee compensation programs in a company. This can be offered either for individual employees or a group of employees by utilizing the functions of compensation administration, planning as well as reporting. The integration of e-compensation with the human resources and e-performance makes it certain that the organization would acquire up to date information on employee job evaluations. In the management perspective, e-compensation equips the management with the relevant tools to determine salary and strategic plans that drive performance. As a result, the company managers are equipped to present the reports for total compensation of the employees and hence this encourages employee retention by the company. Hence, the management can present direct reports with regards to employee salary, cash items as well as non cash components from a centralized location. The employee's standpoint on the use of e-compensation on job evaluation is that this system usually presents requests for employee salary increase which is then queued for approval in a particular review period.

A company would make a choice of the best approach to adopt in managing the employees' merit pay programs depending on the nature of the

organizational principles. Hence, the management would opt to choose either the centralized approach or the decentralized approach for merit pay programs. However, these approaches exhibit some given benefits and drawbacks which they accrue to the company, management and employees (Ceccon, 2004). The centralized approach to merit pay programs has the following benefits. Foremost, the centralized approach has a faster response to business and organizational changes. This ensures that managers would be able to capture any change with regards to merit pay for employees and incorporate it into the system up to date hence ensuring that the company is highly responsive to its employee's compensation. Secondly, the centralized approach for merit pay improves the association between pay and performance which is very important for the company. This helps the company employees to recognize the relationship between their work activities which result to performance with their expected pay. Having the knowledge of their performance relationship with pay ensures that employees put more efforts to improve their performance, thus, improving the company's performance. Lastly, this approach enables the management to centralize information, reporting and metrics.

This offers the management with the opportunity of maintaining a repository of data from which they can perform standardized analysis to come up with definite policies of strengthening merit pay programs. The centralized approach for merit pay also has some drawbacks which it accrues to the organization. To begin with, it is possible that in a centralized approach a compensation plan may be suitable for general corporate requirements but not to focused departmental requirements. This would therefore initiate the

need for the development of compensation committees with members being representatives of various departments so as to harmonize the merit pay programs in the organization (Scullion & Collings, 2010). Secondly, the centralized approach lacks flexibility and hence it is inefficient in portraying the diverse needs of employees and the company. Thus, a centralized approach does not capture every employee's compensation demands hence it might not be effective in sustaining merit pay programs. Lastly, the centralized approach also has the drawback of managing longer compensation program cycles hence leading to much effort and time being used in the merit pay processes. It is believed that e-compensation tools require some integrated analytic features which are significant in compensation planning and decision making in a company.

Firstly, the systems would require being equipped with compensation alerts which are important in notifying the manager every time that a compensation cycle is presented for their team. This assist the managers in planning for compensation in terms of making the necessary changes and directing the plans for approval. Secondly, the compensation systems also depict the feature of having a view of total compensation for employees as well as other associated information which would facilitate direct reporting from a centralized location. Some of the information which could also be reported through this analytical feature includes; cash items, salary and non cash components which are attributed to compensation. Lastly, another analytical feature that must be present in the e-compensation system is the analytical feature of granting an increase in the base salary of employees which are further queued for approval during the set period of review (Rynes

& Gerhart, 2000). All these features make the e-compensation system much more efficient in planning for compensation as well as to serve as decision support for the company managers. Consequently, an organization might not be able to realize full potential from a web based compensation tool due to some impending barriers that might pose as bottlenecks to the performance of this system.

A majority of these barriers to the web based internal equity tools are believed to be organizational challenges rather than technical challenges. To begin with, the quality of the data provided to the web based internal equity tools would compromise the outcome of the evaluation made by this system. Hence, it is advisable that the company and the management must come up with better methods of ensuring acquisition of quality data so as to make it certain that they yield maximally from the set system. This would also require the organization to maintain a comprehensive up to date database that would ensure that quality data is stored for the purpose of securing this system. The organization must also be careful with the nature of data that it receives from surveys or market benchmarks to ensure that they are given quality data or else they must improve their data cleaning skills. Secondly, there would be chances of incompetence amongst the management which would pose as a challenge to achieving the full potential of the internal equity tools of the web based system.

Therefore, the company's human resource department must be keen to ensure that the management receives the relevant training so that they may be able to manage the system adequately with enhanced professionalism. It is always a best practice for the organization to offer training to their

employees in the event of having a new system installed into the organizations activities. Lastly, inconsistencies among salary survey jobs and benchmark jobs due to the integration between various types of data would also present a barrier to the web based internal equity tools. Hence, the organization must ensure that there is consistency in these jobs that directly affect the e-compensation system in order for it to gain more benefits (Stifler, 2001). Some of the possible approaches that could be adopted in correcting these barriers that are prevalent to the web based internal equity tools includes; proper data management, training and development and appropriate integration of data to enhance consistency. It is also an arising matter that human resource manager must come up with distinct and informed strategies of evaluating the quality of data received from surveys and benchmark studies performed by third parties.

Some of the strategies which would be adopted by the managers are outlined here. Foremost, the managers should assess the background of the research company used in conducting the market surveys. This is to make it certain that this firm is of the best reputation and also to find out if the firm utilizes proven and acceptable methods of collecting and analyzing data. Secondly, managers must also review the survey methodology used by the research firm to ensure that they are consistent with the industry accepted methodology. This is to ensure that the research person would be efficient at gathering data that is appropriate with respect to employee compensation. Hence, the company would acquire quality data that would be relevant in drawing the desired inferences for employees. Lastly, the managers must also ensure that they formulate a proper sampling method which would be



prudent in utilizing the best number of participants who would be a good representative of the company or the target population for the surveys. This would be helpful in ensuring that the quality of the data received for the web based system is enhanced so as to guarantee that the system would serve the company to its potential.

## **References**

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