

# Compensation strategy essay

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



The main aim of compensation strategy is to shape the work force and ensure that the employees are always focused on the strategic performance objectives. When a compensation program is designed to reward the strategic goals, the employees will always try to understand the goals and aim at achieving them (Bernardin et al., 1996).

For this work, I have selected the Position of Senior Manager, Human resources. The identity of the company highlighted hereunder remains concealed. The person occupying this position is expected to drive the company towards success by handling a variety of crucial duties. The individual is expected to handle the compensation activities (payroll management) for well over a thousand employees, and restructuring the salary grades. The individual is also in charge of the automization of human resources; the recruitments, where he/she prepares the job description, short listing and interviewing the relevant candidates, and preparing the offer and agreement letters. Other duties include preparation of quarterly ER, communication, budgeting, and branding; design and implementation of recognition and reward programs meant for employee motivation; employee induction; grievance handling and settling disputes; facilitating of the performance appraisals (performance management); and job postings, both internal and external.

Being at the best position of ensuring that the company meets its goals -- both short-term and long-term -- the Senior Manager HR is expected to be a great performer and achiever. The evaluation of the performance of the individual is categorized under operational objectives and employees objectives. Under operational objectives, the company looks at the

percentage of performance appraisals and the duties that the individual manage to complete within the due dates; the percentage of employees with working development plans; the time spent (person-hours) in managing the PMS; and the money spent in PMS management. The individual is also evaluated against the stipulated tasks, i. e. whether he/she has achieved within the allocated time. Considering peoples objectives, the Senior Manager Human Resources is evaluated depending on the percentage of employees satisfied with his/her work; percentage of employees whose performance rating has improved within the given time; percentage of supervisors and managers satisfied with the work of the individual; and the percentage of employees who quit their jobs due to poor performance of the management. In summary, the evaluation techniques put into account the behavior and the task outcomes of the individual (Cascio, 1998).

After these evaluations, the performance of the Senior Manager is categorized as Excellent (A), Good (B), Average (C), and Below Average (D), and Poor (E). Every category of these five evaluation classes has a reward. If the individual falls within class E, then he/she faces a sack after a three months notice. The individual however goes home with all the benefits. The class D individuals are given the opportunity to improve their performance. However, if an individual remains in class D for three consecutive assessment periods, then he/she faces a sack. The class C individuals are considered as average and there is a general belief that they can do well if properly motivated. They are given a 3% pay increase, with a promise of more increase if the individual attains a higher class in the following period. Class B individuals receive a 5% pay increase and some income tax reliefs,

while the class A employees get a 10% pay rise and more allowances. A Senior Manager HR earns an average annual salary of \$ 70, 500. As compared to other international companies, this position corresponds to that of Human Resources Manager, or the Chief Accounting Manager, whose annual salary ranges from \$ 55000 to 65000.

From the above analysis and comparison, we conclude that the company discussed herein employs better compensation strategies as compared to others.

## **Reference**

- Bernardin, H. J., Kane, J. S., Ross, S., Spina, J. D., and Johnson, D. L. (1996). " Performance Appraisal Design, Development, and Implementation." In Handbook of Human Resource Management, Gerald R. Ferris, Sherman D. Rosen, and Darold T. Barnum ed., Cambridge, Mass: Blackwell, 462-493.
- Cascio, W. F. (1998). Applied Psychology in Human Resource Management, 5th ed. Upper Saddle River, NJ: Prentice-Hall.
- Cawley, B. D., Keeping, L. M., and Levy, P. E. (1998). " Participation in the Performance Appraisal Process and Employee Reactions: A Meta-Analytic Review of Field Investigations," Journal of Applied Psychology, 83(4): 615-633.
- Greller, M. M. (1998). " Participation in the Performance Appraisal Review: Inflexible Manager Behavior and Variable Worker Needs," Human Relations, vol. 51, no. 8, pp 1061-1083.
- Mount, M. K., Judge, J. A., Scullen, S. E., Sytsma, M. R., and Hezlett, S. A. (1998). " Trait, Rater, and Level Effects in 360-Degree Performance," Personnel Psychology, 51, 3: 557.