

# [Role of compensation and benefit in attracting and retaining qualified employees ...](https://assignbuster.com/role-of-compensation-and-benefit-in-attracting-and-retaining-qualified-employees-article-review-samples/)

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## Introduction

People engage themselves into employment in order to get compensation in monetary terms, and other benefits that come along with employment. Every organization aims at employing the most qualified employees creating a stiff competition in the corporate world. In addition, any employee would like to achieve higher levels of qualification in their careers in order to attract the attention of best paying companies. Human resource management is a global recognized part necessary in running of any organization. Compensation forms one of the most essential human resource tools used by companies in an effort to manage their employees. Compensation system of an organization must align with its HR strategies and goals. In addition, companies offer other forms of benefits such as pension, retirement benefits, and hospital insurance funds, and social security funds among others in an effort to create a better working environment and retain their employees. Generally, attractive compensation and workplace benefits play a significant role in attracting and retaining qualified employees in an organization.   
Based on the above argument, the following discussion provides an analysis of an article that focuses on the role of compensation and benefits in attracting and retaining qualified employees. David J. Smith of Grand Rapid Business Journal published the analyzed article on October 1, 2012. Its title reads “ The secret to attracting and retaining qualified employees”.

## Summary of the article and key points

On this article, Smith looks on the rising rate of unemployment in West Michigan, and yet organizations lack qualified employees. He argues that the high rate of globalization leading into high efficiency and productivity has led to the reduction of the reduction of number of experienced employees. The key points discussed by Smith in his article were competition, retention, compensation, and benefits. Firstly, the article focuses on pay as the main driver to employees into acquiring employment in a firm. Organizations that pay low salaries are always experiencing shortage of employees because they tend to resign and look for greener pastures. Smith’s evaluation has shown that most organizations fix the above problem by increasing the number of duties given to an employee, or by paying them more than usual. This approach creates a competitive ground where an employee retains his or her position in a given organization because of higher than normal compensation. Smith, however, argues that the employee must deliver what the employer wants to compensate for the high pay (Smith, 2012).   
Secondly, the article discusses the issue of retaining employees in times when the demand for employment is high. Under these circumstances, Smith recommends organizations to practice internal equity. This approach ensures a company maintains a high level of employee engagement by ensuring equality of all irrespective of the rank. An organization pays above market rates and provides more than average benefits in order to attract and retain qualified employees. Smith argues that misunderstandings arise when an organization gives more focus to a specific segment of employees by increasing their salaries and offering them more benefits while ignoring the other (Smith, 2012).   
Competition is another key issue discussed by Smith. The writer argues that employees always demand most competitive organizations because they offer good compensations and benefits, and employees work in an attractive working environment. Organizations compete for prominent employees who have better qualifications because they play a role in promoting growth and development in a company. Such kind of competition is present in the present business environment and Smith urges employers to provide strong merit pay systems that attract professional employees (Smith, 2012).   
The article also focuses on the employer behavior in attracting and maintaining qualified employees. According to Smith (2012), most employers make a mistake when they pay employees based on who the employee is and the period they have worked in the organization instead of deciding compensation based on the profession and output of the employee. Any organization that practices compensation on choice has difficult retaining employees because they fear some people are taking advantage of them and taking home more than half their usual salaries. Smith proposes that any organization willing to retain highly qualified employees should establish and define achievable performances associated with understandable rewards, and eventually apply them to all employees without fear or favor.   
Finally, the article evaluates employee’s performance in workplace in terms of interest in a selected career. According to Smith (2012), an employee who is very happy with the working environment has the potential of delivering quality services. Such an employee is satisfied with the amount of pay and benefits offered by the employer. On this issue, the writer has blamed organizations for not creating a better working environment for their employees because it plays a big role in attracting other employees (Smith, 2012).

## Significant learning” outcome based on assignment

The following reading has a lot of significance towards both an employer and an employee. Starting with an employer, the article provides effective recommendations on how employers should treat their employees in the workplace in order to retain them, and attract teams that are more qualified. According to the writer, an employer must balance between the company goals and strategies with those of employees in order to balance them. As Smith states, the role of employer in retaining and attracting qualified employees is through increasing their compensations and offering them more benefits. In addition, the article warns against employers who compensate employers not on merits, but based on their status and stay in an organization. Smith discriminates against the above approach because it tends to chase employees to seek alternatives in other companies. Another point of significance for an employer based on the topic involves consistency in an organization. After studying the article, employers learn how to disperse salaries and offer promotions to employees in a consistent way. Employers who are trustworthy, fair, and equitable in their deals always attract and retain qualified employees.   
The article is also significant to employees. Employees learn how to conduct themselves in a working environment in order to improve their ranks and get higher pays. According to Smith (2012), any employee who shows consistence and interest in their duties has higher chances of getting a pay rise. Commitment in any work proves to an employer that one is ready to take any risk in order to make the company grow and develop. The writer has talked about competition in the employment sector. Only qualified employees and those with enough experience in their fields are at an advantage when it comes to recruiting. The only way an employee can achieve these qualities is through hard work, commitment, and patience.   
Lessons learned from the above article also are of great significance to organizations and firms that offer employment. It has given a clear guideline on how HR managers should present themselves when dealing with issues of compensation and benefit allocation. A firm gets promoted by how it handles its employees. Attractive compensations and effective benefits play a role in this.

## Reference

Smith, D. J. (2012). The secret to attracting and retaining qualified employees. Retrieved April   
10, 2014 from:   
http://www. grbj. com/articles/74520-the-secret-to-attracting-and-retaining-qualified-employees   
APPENDIX-Copy of the article   
The secret to attracting and retaining qualified employees   
October 1, 2012   
David J. Smith |   
There is a shortage of qualified workers in West Michigan, yet unemployment remains at unacceptably high levels. Improvements in efficiency and productivity within all industries have reduced the number of employees needed to meet customer demands, yet employers are struggling to find employees ready and able to work for the pay and benefits they can afford to offer.   
Pay, however, is only one factor when trying to attract or retain talent, and not, according to most studies, even the most important consideration.   
During this time of continued strong employment demand, retaining employees is much more cost effective than hiring replacement workers, yet many of the practices that retain employees will ultimately help to attract them.   
Internal equity is much more important than external competitiveness when establishing compensation structures. An organization can maintain a high level of employee engagement when paying slightly below market if all employees, including the management team, receive equitable treatment. Organizations paying slightly above market rates and providing better than average benefits are at an obvious advantage when attracting new employees IF the environment fosters creativity, initiative and empowers workers to act. Dissatisfaction (causing high turnover, negative employee relations and difficulty in hiring new employees) almost always results when one group or segment of the work force receives a different " relative rate of pay" than another.   
Strong merit pay systems tend to attract and retain high performers (and over-achievers) while " time in job" based systems tend to attract risk-averse employees and retain mediocre workers. When definitive performance standards that link additional pay and/or bonus to accomplishments are communicated to employees, capable employees will step forward and perspective employees willing and able to work will step in.   
When allowed the opportunity to earn more by doing more – quickly, efficiently and safely – employees tend to take control of their own future. Systems that pay all individuals equally, regardless of results, tend to equalize abilities (at a minimally acceptable level) and pay (typically at an " average" rate), creating an " averages-based" structure that attracts and retains average employees.   
Organizations not having an objective means to establish a job's value or worth linking it to a defensible rate of pay tend to compensate employees based more on who they are than on what they contribute.   
Whenever employers make pay decisions based on who is in the job or how long they have worked for the company rather than on what the job does for the organization and how well it is being done, favoritism and inequity (whether real or imagined) will begin to destroy internal employee relations.   
If an employee's sub-standard performance is " covered" by job redesign, with mishandled responsibilities being spread out to peers more qualified to handle them without any negative consequences, how can an organization be an employer of choice? When employees sense favoritism or inequitable treatment, they will seek outside opportunities that better acknowledge their talents OR remain working for you while complaining and talking negatively to anyone that will listen.   
The best way to retain highly qualified employees is to establish and communicate achievable performance expectations linked to understandable rewards and then consistently apply them to all employees.   
Consistency is MOST important. Employees who know (and trust) that you will be fair and equitable (not necessarily equal) in your dealings with them become a part of the organization's ongoing success. When employees doubt management credibility or see the inconsistent application of policies or practices, they become more a part of the problem than the solution.   
An employee who enjoys the work, is reasonably happy with the work environment and is relatively satisfied with the pay and benefits rarely seeks greener pastures. Further, happy employees serve as magnets to attract other employees sharing their abilities, values and needs, so it is critical that you retain the kind of work force you wish to attract.   
Do not be fooled into thinking that business has established a " new normal" in regard to paying people at reduced rates or expecting them to be " happy" simply having a job. Paying people the minimum for their talents thinking they cannot find work elsewhere is a " penny-wise" practice that may generate a short-term profit but will prove to be " pound-foolish" when high-performers leave for different jobs that recognize their value.   
It is strange how many organizations end up paying more for an " unknown replacement" than they will pay to retain a known commodity.   
The secret to attracting a highly qualified work force begins with retaining the employees you already have. Identifying your organization's unique culture, defined by its values, standards and work ethic, and then hiring individuals who will thrive within that environment will insure that your staff remains strong and stable.   
As business conditions change, however, recognize that different skill sets and abilities may be required. Continually train and work with your staff so that evolving needs can be met through work force adaptations – stability that will help to attract similarly minded workers as you strive to achieve operational excellence.   
David Smith is president and CEO of The Employers' Association in Grand Rapid