

Google total compensation plan assignment

[Sociology](#)



Human Resource Management Google total compensation plan November 04, 2009 Introduction Google is a monopoly, and it has a different and special structure. Employees are linked between themselves, and after in a moment they become autonomous. In this paper we are going to talk about the total Compensation plan, and we are going to explain its importance in this company. First of all we are going to identify Google's pay philosophy. We will explain the terms of lead, match and lag and how they are used in this company.

Then the most important part of our project is the direct financial compensation, the wages, the salaries, the incentives, and also the indirect financial compensation which is the mandatory and voluntary benefits. The non-financial compensation as the job environment aspects will be clearly presented. The third part will be about the performance appraisal method that we have chosen to develop in for this company. In this part we will see that in a company like Google we cannot use only one performance method to distinguish differences between employees.

At last we will develop the factors that are used to evaluate employee performance. For example we have the skill, the knowledge, education or other factors. We have chosen these factors because they are really used in this company. Company's pay philosophy First of all it is important to define what kind of philosophy Google uses to pay its employees. When you apply a lead philosophy, you pay more than your competitors because it " can attract higher quality employees and to retain existing staff" (Heneman, 2002, p. 198) It means also that it reduces your turnover rate.

A lag philosophy is in fact the opposite; you will pay less your employees because you want the “ lower labor cost and more profits” (Heneman, 2002, p. 199). In this case you have to provide additional services to attract employees and limit the turnover rate because all your competitors pay more. “ A compromise position is to match the market and compete on grounds with other than labor costs. ” (Heneman, 2002, p. 199) If we compare Google to its main competitors they pay less but they give many advantages and ways to grow in the company that they attract a lot of people. People are eager to work at Google and applications to our job openings are exceedingly high (approximately 1, 300 resumes a day)” (Great Place to Work Institute, 2007, para. 4). This is in fact the perfect situation for Google CEO because it permits to the company to keep superstar employees, to recruit new employees and to get an incredible working place. In 2007 Google was rewarded like the best place to work. But the reason is because “ Google culture has vaulted this company to the Number 1 position on the 2007 100 Best Companies to Work For® list”. (Great Place to Work Institute, 2007, para. 4).

To conclude on the point of pay philosophy, Google use a lag strategy due to all advantages provided by the company. With approximately 1, 300 resumes received every day by the HR recruitment department, Google can reduce wages to reduce more labor cost and increase revenues. Financial part First of all, let’s put a definition on the difference between a salary and a wage. The wage is paid to the labor that is directly involved in the production, and in general, it is the money given to the employees per hour.

A salary is the amount of money given to the worker or staff related to the administration and selling, in general per year.

According to the figures we have found, there are only salaries at Google, and the salary given to a product marketing manager is in average \$100.000 per year, that's to say between \$90k and \$110k for example. Incentive pays are variable only one time that have to say on the amount paid who is linked to certain predefined behaviors or outcomes. In general, the incentives are bonuses added to the salaries. It is used by 90% of companies; Google uses it as well, because it is a very efficient way to motivate employees through the increase of the salary in case of an effective work.

Google has a very special way to reward its employees and especially with non-financial compensations. Indeed Google gives to its employees a lot of non financial advantages. First the schedule is adapted to everyone and very flexible. The schedule is composed with two kinds of workshop, that is to say flexible one which correspond to the autonomous works and researches and the set time workshops which correspond to the teamwork and other team activities. Second the facilities of Google are made to be pleasant for employees the can use their bikes inside the building, play a lot of games during their breaks even relax on a massage chair.

Everything is made to create a good work atmosphere and to awake the creativity. We would say that Google reward program is very complete and made to satisfy every employee and to get the best from them. The people who are interested in money will be happy because of the good salaries and

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indirect financial compensations whereas people who prefer a flexible schedule and other non-financial compensations (because they want to have free time for their family or because it is important to relax at their workplace) will find what they need with this reward program.

In our opinion the homogeneity of the reward program and the advance of Google in Human resource Management explain the success of this firm and its ability to innovate. Performance appraisal methods In a big company as Google is hard to choose only one method to evaluate employees' performance. We must use many methods, like making comparisons between employees, rating individuals or measuring their results. But we think that one of the most important one is rating individuals. That means that performance measurement can look at each employee' performance relative to a uniform set of standards.

The most important one we found is measuring results. For example productivity is an important measure of success, and the company could make a lot of profit. In this company productivity and innovation is very important and people are not only compared on their results but also on their behavior. " Management by objectives (MBO) is a system in which each people at each level of the organization set goals in a process that flows from top to bottom, so employees at all levels are contributing to the organization's overall goals. (McGraw, 2009). This is a system in which employee performance may be analyzed very easily because the evaluation of these results is more subjective than other kinds of performance measurement. But this methods could have some disadvantages because the company analyzes only the final results of on team, and that could fail to <https://assignbuster.com/google-total-compensation-plan-assignment/>

measure some significant aspects of performance that are not related to those results. For example people could neglect significant skills or behaviors. " Associating your work with outcomes creates vulnerability.

But without measurement, you will never know the extent of your accomplishments or the opportunities that exist for improvement. " (Jenny Schade, 2007). So the analysis of employee' results is very important but we have to make sure that we don't neglect any person's skills and qualities. Factors to evaluate employees Evaluate an employee is a large task because it requires taking in account a lot of criteria. In our opinion, we cannot forget one of these criteria, but we can give them more or less importance. First, if we were in Google Company we will use first the knowledge of work.

Indeed, it is in our opinion the base for doing a good work in a company. This criteria means how well the employee know his job and also what level of technical knowledge the employee demonstrate in order to accomplish the tasks of his function. As everybody knows, today, productivity is at the middle of preoccupations of companies, so if we want to stay in the market we must be more productive than the others. To achieve this goal, we must evaluate the quantity of work. We mean by that to evaluate the employee's rate of adequate production.

We must see if an employee is more productive or less than the others, and if he uses his time efficiently or not. We must also evaluate the employee judging the quality of his work, if he often makes mistakes, if he often needs assistance. However, in Google Company, people must help each other, but it is more important at the beginning, during the first months. After, you can

ask some help, it is normal, but not too much because it takes time to other employees and the productivity could decrease. Another criterion very important to use in Google Company is initiative.

As we explain in our last assignment, Google Hierarchy is not very structured because of its fast growth. So we need people who can take initiatives, without always asking to their supervisors. The empowerment is an essential quality for a Google worker, so they must take initiatives all days. Now, we will speak about the quality of interpersonal relations, a very large part of Google's worker job. Indeed, at the beginning of the company, Google was a group who worked together in the order to create a better world. It can seem a little bit demagogic but that is the philosophy of the company.

So, in our evaluation of employees, this criterion is essential and we always want them to communicate together, and try to have a sort of friendly relations. Moreover, today, in our company, employees evaluate their colleagues every month to know if he was available and nice to other colleagues, if he done a good job and also if he helped other colleagues by responding their questions. Conclusion In this company we see that the principal pay philosophy is the lag philosophy. This means that Google strategy is to give a lower salary to employees and to make more profit.

We saw that is not enough to talk about only one performance appraisal strategy, but we realized that in Google Measuring results is a very important one. At last we made a list and explained the principal factors that Google uses to evaluate employee performance. We think that the continual growth in this domain will change all strategies we have talked before in order to

accommodate to new consumers needs and to better respond to them.

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