Designing Compensation package

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**Introduction**

Employees are key resource for the successful performance of a company. The performance of a company depends on the way employees are treated. According to Yan (2014), the treated of employees is based on the compensation and other benefits. A research conducted by Harvard Business School concluded that motivation of employees is a key to success and organization whose workforce is highly motivated realizes continued high level of performance. Therefore, the compensation package is a key ingredient for performance. A study conducted by Kolne (2014) pointed out that compensation triggers performance and therefore, organization usually has better packages for key employees. The idea is to ensure that employees are comfortable for them to focus on job delivery. An attempt to make sure that employees are optimal performance and retention can be achieved with a better compensation package. It is therefore, important to state that designing compensation package is essential for organizations. The designed compensation package must reflect the goal and vision of the organization to provide a greater motivation to employees. Therefore, the designing of compensation package must be completed after understanding, the job description, duties, and performance. The evaluation will also be conducted randomly to make sure that specific tasks are completed as required and the compensation is done appropriately.

**Compensation package design**

Compensation package is an important part of corporate governance structure. It does not matter whether the compensation system is reasonable and scientific it has a great impact in the development of organizations. According to Yan (2014), the reasonable salaries can manage to motivate and create enthusiasm and therefore, could encourage employees to make an effort for the organization to be able to achieve its goals. It can retain and attract highly quality competitive employees. However, compensation package includes all the salaries, and all other benefits which are paid to employees. . Therefore, designing compensation package requires proper understanding of the job responsibilities of an employee, the terms of employee and the achievement or performance. According to Osibanjo, Adeniji, Olubusayo, and Thelma (2014), the development of compensation package require the understanding of what employees do to derive the compensation based on the input. There various mode of payment such as pay per hour, monthly pay based on the workload completed.

However, it is important for companies to use holistic approach to address the issue compensation. It is important for companies to conduct analytic method to understand its situation before deciding on the kind of compensation to use. It is normally pointed that the analysis to be conducted by the company on its methods included the number of workforce, job descriptions and its profits and losses. This allows the company to design the best compensation package for all employees. It is also important for a company to stop implementing several compensation approaches without conducting analysis of its operations and business objectives. As pointed by McPhie, Sapin, Nelson, & John (2018), understanding business stategy, HR strategy and the business culture are essential methods needed for the delivery of optimal services. It is important to ensure that compensation is designed to reflect the obejctive and the performance of the company in the market. This would help the company to realize groeth,

**Compensation strategy**

The compensatio strategy provide the a clear roadmap how employees would be compoesated. It also provide the method which can be used to determine the benefits and other mode of payment to employees. The best compensation strategy which can trigger the growth of a company should be based on the performance of amn employees. The compensation therefore should be performance base rather than monthly remunaration. However, it is important to think about the organization before coming up with a strategy for compensation. The human resource ashould think about the company’s culture, business strategy, and human resource strategy. As pointed by Hopkins (2017), the compensation of employees should always be done in away that reflect the organization culture. The organization is referred as the way the company operates, its strategies, methods of compensation. The company must look into previous compensation methods how such position was being compensated before, derving a new compensation method for any position. The business strategy is the financial position of the company and its future business plan. Compensation of workers should not be allowed to make an organiation bankrupt. The human resource and the financial depertment must coordinate effectively to derive compensation which is appropriate and the companyh can afford without much difficult. Without considering business strategy of an organzation, a compensation strategy which is unreliable and ureliastic can be developed. For instance, promising a compensation which an organization cannot afford could force an organization into reccession. The human resource must also look into its strategies of compensation and this could be the best way to develop a proper compensation.

In addition, an orgnization should also look at what it wants to reward or compensate. The job description, work experience and expected input of an employee must be considered when developing a good compensation strategy. Therefore, an organization can pay employees based on the relevant skills and experience of an employees. This is the reasons there are different pay rates for employees in almost all organizations. Therefore, a company must evaluate itself to determine the kind of skills it needs before hiring any employees. However, in some cases, it is important for an organization to look into the talent landscape. Rthe talent landscape would help an organization to understand what other organization is paying for certain job position. It is important to analyze the pay scale of orgnization in the same field. For example, a bank should check how other banks in the market are paying their cashier and tallers and adopt the same formula if its working and can be comfortable applied by the organzuation.

It is therefroe, important to state that the best compensations method would be hourly pay rate for employees. Though setting this type of payment method is sometimes not accepted by competitive employees, it ensures that the pay rate system is not bias and salaries are paid based on the work or responsbilities of employees. The hourly pay rate will depend on the experience an skills of workers and most important the input on every employee in the company.

**Job description**

It is referred as an internal document, which clearly indicates job requirement, job responsibilities, job duties and skills and experience needed for certain job. According to McPhie, Sapin, Nelson, and John (2018), the job description provides a guideline which can be sued by the human resource during the recruitment process. The human resource ensure that an individual hired have the listed job requirement. For instance, the position of compensation and human resource analysts require an individual with broad knowledge in human resource, and have high experience and skills working with the human resource to address the challenges faced by employees. The job description provide a clear road map on what is needed from an employee and therefore, when recruitment is done a person with experience and willing to work is selected. For example, in the case of the job with County Government, the job descriptions are to develop annual work plan, training calendar and budget for Capacity Building and Development Trainings for the youth and women, to ensure adequate capacity to manage and deliver the work plan, by creating and managing member volunteering opportunities and/or contracts with external suppliers. The position of program coordinator also require an individual with ability to monitor delivery of the work plan by volunteers, staff & contractors, problem-solving issues and report regularly to the Board of Directors on progress and risks. A program coordinator also ensures effective communication and co-ordination between the youth, women and volunteers and also facilitates the organization’s participation in relevant and appropriate meetings, trainings, seminars and conferences. Besides he or she is also assign the responsibilities to develop project proposal for donor funding on behalf of the organization and to provide facilitative leadership to volunteers, staff & youth group leaders involved in Capacity building.

With these kinds of job description, the human resource department would easily create compensation. The compensation would be assigned based on deliverable

# Evaluating the Job Description

The plan for evaluating the job description involves the point system of job evaluation, which is based on a comparison of different compensable factors. These compensable factors help in determining the worth of a job relative to the other jobs in the organization. The plan considers the factors of skill, responsibilities, effort, and working conditions to evaluate the job. Skills can be subdivided into experience, education, and ability of the employee or candidate. Responsibilities can be fiscal or supervisory. The effort of an employee can be mental or/and physical. Working conditions vary according to the location, hazards, or the extremities of nature. Based on these factors, the job will be evaluated and compensation is offered. Every factor is assigned certain points for evaluation. The total score for the job will be calculated by summing up points for all factors (Weathington, Weathington, 2020). This job evaluation plan provides a comprehensive view of the job. By using this plan, the job can be evaluated in monetary terms. It can evaluate a wide range of jobs.

# Evaluation of the Two Plans

The position requires strong HR qualification, experience, and skills as they will train the employees assigned to them. Their ability to create positive relationships among employees will make an impact on the organizational culture. Their responsibilities are supervisory. Their work entails mental as well as physical effort. They might have to travel long distances to fulfill the requirements of jobs (Caldwell, 2008).The talent recruiter has to work closely with the management. The job needs skills in research, interviewing, and staffing. The job responsibilities are varied (Brymer, Paraskevas, Ellram, &Josefy, 2019). The employer also expects an efficient hiring in monetary terms. There is no more physical effort. The recruiter does not have to travel long distances, as much of the recruiting work can be completed online.

**Intrinsic and extrinsic benefits**

Intrinsic is regarded as non-physical reward given to an employee. The intrinsic rare emotionally connected to an employee and therefore, they cannot be seen. Mostly they have direct impact on employees since it provide clear understanding on the performance of an employee. According to Kolne (2014)), intrinsic is helping and workers and therefore, a good human resource manager would consider an employee with such certificate for promotion or a job before everyone. Intrinsic reward is directly connected to the performance. The higher the success rate of an employee, the higher the chances of getting an intrinsic reward and therefore, workers usually compete to receive the best.

**Measure of performance**

The performance of employees is critical for the success of a company. According to (), the performance are used to determine how to promote workers. Without proper method of measuring performance it would be difficult to determine the best compensation for employees. The performance can be measured through employee evaluation. The evaluation of employees can be done through feedbacks from customers, performance of each department and through self evaluation. It can also be done through checklists and management objectives and 360 degree feedback. The company can decide to use graphic rating, Self-Evaluation and management by Objectives to measure the performance of employees. According to (), some companies conduct regular check of the performance of each department to make sure that it is working towards the objectives of the company.

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