Title page

Human resource consultant

Introduction

Attracting and retaining talented employees for the long-term organizational success. Holland Enterprises face a complex situation because many employees have resigned the company. This reflects the existence of inadequate compensation and pay system. The firm employs 3,500 people but the workforce has declined by 25% since 2010. This is due to the inappropriate policies for employee retention. To overcome the situation the company has hired a human resource consultant who will identify the issues of compensations and suggests development of an effective system which will improve employees retention. The central reason for employees leaving Holland Enterprise is unfair benefit system compared to the market place. The new compensation and benefits strategy will emphasize on addressing the needs of the employees and the organization.

Discussion

Compensation and benefit package assist company in appealing high-quality workforce. Employees working in an organization are not only concerned about the cash or income but also consider benefits in the form of job security, stability and the future. It is crucial for a company to design a package that helps in attracting and retaining competent employees. Compensations are different from the benefits received by the organizational personnel. The compensations normally offered to the workers include salaries, bonuses and commission. This further include discretionary benefits for the workers such as profit sharing plans.

Enhanced organizational efficiency

Literature reveals that efficient compensation systems are directly linked with enhanced organizational performance. This is due to the fact improved compensations play vital role in motivating the employees. Psychology relies on thee elements for defining motivation that include activation, persistence, and intensity. Activation is the primary phase required for attaining a goal that is missing when organizations fail to offer adequate incentives to the employees. This can also be viewed as a phase in which an individual prepares himself for the test. Persistence is the second element that reflects one’s efforts for working towards a goal. Employees refrain for putting all efforts due to distractions for the attainment of a target (Kossivi, Ming, & Kalgora, 2016). Intensity is the third crucial element that is also missing and refers to one's ability to stick to the goal. Motivation is a desire that provides energy and directs behavior required for the completion of a certain task. Companies that managers to offer adequate compensations with enhance productivity that will leads to increased organizational efficiency.

Studies also reveal the negative association of inadequate compensations with organizational efficient. Low compensations undermine workers morale and discourage them for performing their tasks with efficient. When employees feel that they are underpaid or their salaries are below their expectations they exhibit low motivation and high dissatisfaction. This also includes other wage benefits such as health coverage from the organization and health insurance (Shakeel & but, 2015). In such conditions employees are not willing to work with dedication and also search for better job opportunities. Inadequate compensations thus causes low productivity which leads to declined organizational efficiency.

Principle components for revising compensation system

To mitigate the challenges of losing competent and skilled workforce the company has decided to revise its compensation system which addresses the needs of the employees. In offering compensations the Human Resource Consultant has to assure that the company has hired capable and efficient workers.

* Budget allocation

The primary component of revising compensation system is designing adequate budget allocation system. This will allow the manager and consultant to decide how much funds of the company will be allocated for paying salaries to the workforce. The budget decided will be based on the number of employees (3,500). Total budget decided will be classified into the salaries (75%) and benefits (25%). The benefits will be further classified into health benefits (10%), bonuses (10%) and retirements (5%).

* Pay structure architecture

Direct compensations which the company will offer include hourly wages, monthly salaries, bonuses and commissions. The next important component is to decide the salary ranges for the workers depending on their qualification, experience and most importantly their contribution to the company. In offering salaries it is more idea to consider the market compensations. The architecture identifies the pay scale selected for paying the workers according to their performance. Pay bands will be established that decides the pay after considering the external market information. Pay bands can be designed at any time and at more then one level. It is based on what a person should be paid. It is more practical to decide 4 pay grades.

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| --- | --- | --- | --- | --- |
| Pay grades | Step 1 | Step 2 | Step 3 | Step 4 |
| Pay grade 1 | $25,000 | $27,000 | $30,000 | $35,000 |
| Pay grade 2 | $30,000 | $33,000 | $37,000 | $42,000 |
| Pay grade 3 | $40,000 | $44,000 | $48,000 | $55,000 |
| Pay grade 4 | $50,000 | $54,000 | $60,000 | $65,000 |

* Ratio base pay to incentive bonus pay

The ration base for bonuses is based on two factors; how the employees are meeting organizational expectations and how organization is meeting expectations. Annual incentives are motivational and they are decided purely on the performance of the employees. Annual increment of 10 percept bonus will be decided for the employees who perform exceptions, 5% for the employees who perform good and 2% for the average performance. Bonuses will be denied to the employees who didn’t perform well.

* Salary audits

The company will also conduct salary audits for assuring that they are according to the skills and efforts of the workers. The goal is to assure that the salary is competitive and competitive compared to the other companies.

* Benefit package

This is another component which assures offering adequate benefit package to the employees which keep them loyal to the organization. The benefit package that the company aims at offering include health benefit, retirement benefit, insurance and annual leave. These factors will have direct impacts on enhancing the performance of employees and also encourage them to continue working for the company.

* Performance management system

Human resource in organizations relies on different assessment tools to conduct performance evaluation and ensure the availability of right people for jobs. Different assessment tools will be utilized for determining the current and future performance level. Feedback method is the time saving and allow HR team to examine the strengths and weaknesses of the workers (Shakeel & but, 2015). The main emphasis is on the selection of people that grab good knowledge but are incapable of performing well practically. The reliance on the referrals allows HR to recruit the people on their past behaviors and performance, but they ignore the young talent in the process (Malek, Kline, & DiPietro, 2018). The advantage of the psychoanalytical test is the assessment of nature and mood of the individual that influences his work. This method will help the HR coonsultant to find what factors encoruagee the eemployees to perform their job and also the factors that discourage them. The advantage of interviews is the face- to- face interaction with the candidate that allows HR to question about different things that provide them with an idea of individual’s capability and skills (Malek, Kline, & DiPietro, 2018).

The important role of HR consultant is to conduct performance evaluations for assuring that capable people are engaged in jobs according to their skills set. The selection of the right people depends on the organizational ability to choose efficient people. The Human resource management has a most effective role in the recruitment of staff for the management. The managerial staff is involved in managing the organizational work and links between different departments. The success and performance of organizations depend on the capabilities of the management staff. The effective tools that help the organization to recruit right managerial staff include the HR policy that focuses on merit and capability. HR policy directly influences the selection of management staff (Lind & Culler, 2009). The primary tool that helps the HR team to retaining right people is the comprehensive feedback sessions that allows HR to explore the skills and of applicants. A productive and more interactive interview results in a more effective choice. The second tool that leads to an assessment of staff includes psychometric tools and personality assessment. The psychometric tool allows assessing the motivation, work styles and skills related to customer services and management (Pinho, 2008). The competency-based assessment is another tool that involves testing and questioning related to the job and position. The reference check allows HR to learn about past experiences and behaviors of the individual. The necessary exercise of the training program includes building an effective communication system (McEwan, Ruissen, Eys, Zumbo, & Beauchamp, 2017).

* Legal compliance

This factor will assure that federal and state laws are adopted in designing the compensation package for the employees. The most important law considered is ‘minimum wage standard’. Similarly anti-discriminatory laws are also integrated which confirms that salaries are made on merit without any discrimination on the basis of color, caste or ethnicities. The strategy thus focuses on implementing the FLSA laws and minimum wage laws.

* Structured administration

One of the components considered for revising the compensation policy for the employees is structured administration. An annual review process is deigned that will assure that the company is paying to the employees according to their competency and capabilities. This process is also used for identifying thee type of rewards that are appropriate for the workers such as the short-term and long-term compensations.

External and internal equity

This is an important factor, which impacts the firm’s capability of making right payments to the employees depending on their contribution without any discrimination. External equity reflects measuring market competiveness in terms of paying wages to the employees. This is important for assuring that the employees receive competitive market salaries this will appeal them to develop loyalty for the company and they will avoid searching for jobs elsewhere. By assuring external equity the company also declined the possibilities of losing competent and skilled workforce. It is thus an effective strategy for retaining employees. External equity also stresses on paying salaries according to the potential of workers.

It is also important to determine if internal equity exists in the company or not. This is based on individual capability of the employees which include education, experience and skills level of the employees. The company confirms that the employees hired by it are capable of competing with the employees of other firms.

Type of benefits

It is important to identify the type of benefits, which are made to the employees. The company will pay following benefits to the employees;

* Deferred compensations

These are the compensations that are paid to the employees until a specific date and is applicable until their retirements. The amount is only paid once on the decided date such as by the end of the employment or on reaching the age of 60. This is a long-term compensation, which employees can also withdraw on reaching the age 58 but not before that. There will be 10% penalty for the employees who withdrew the amount before 60 years of age (Shahzadi, Javed, & Pirzada, 2014).

* Health insurance

Another long-term benefit offered to the employees for attracting and retaining them include health insurance. This has become an essential criteria for retaining the employees because all competing firms are paying it to their workers. This include individual insurance plans, monthly healthcare facilities and reimbursement.

* Vacation and sick leave

These are also important components that play crucial role in attracting and retaining the employees. Company needs to have an effective compensation strategy that is not limited to the monthly salaries. The company will send competent employees on vacations once in a year (McEwan, Ruissen, Eys, Zumbo, & Beauchamp, 2017). They will also be offered sick leave which will allow employees to build positive feelings towards the company by realizing that it cares for its people.

Conclusion

The purpose of hiring Human Resource Consultant is to examine the current procedures and policies of Holland Enterprises that is facing a complex situation because many employees have resigned the company. The consultant must be able to conduct a thorough analysis and decide the comprehensive plan that will be effective for retaining employees. The most important factors which impacts the decision of employees include salary range, compensations and other benefits. Employees working in an organization are not only concerned about the cash or income but also consider benefits in the form of job security, stability and the future. Budget allocation, pay structure architecture, Ratio base pay to incentive bonus pay, salary audits, benefit packages, Performance management system, legal compliance and structured administration are crucial for elements for revising the compensation policy of the company.

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