

## **Compensation Strategies to Improve Employee Morale**

Today's workers no longer foresee job security; they expect to be rewarded in some manner for excellent work, especially if the remuneration helps enhance their marketability. The strategies outlined below can be applied to nearly any industry.

In a day and age where organisations are struggling to keep employee attrition down, innovative compensation strategies and a paradigm shift in the approach to compensation management has led to a more professional and mutually beneficial relationship. The old contract guaranteed employee loyalty and commitment in exchange for implicit promises of lifetime employment and tenure-based advancement. Given the business realities of the past decade, today's psychological contract requires that companies offer their workforces explicit time bound exchanges of rewards for performance, particularly rewards that enhance an individual's marketability.

The following are strategies for motivating employees under the new covenant:

### **Paying for Competencies**

Analyze key organizational positions to determine what competencies- that is skills, knowledge, attributes- differentiate average from outstanding performance., Particularly those competencies most critical to achieving the organization's future focused objectives. Once determined, these competencies offer an empirically based standard against which to compensate employees.

In addition to expanding position, salary bands, competency-based compensation might involve merit-based pay, spot bonuses, year end bonuses., stock options, or other rewards predicated on outstanding performance- instead of hierarchical advancement.

### **Promoting for Development**

The notion of building professional and behavioral competencies also forms a solid basis for planning development. Instead of moving people into "bigger" jobs, a competency-based approach might focus on providing targeted experiences in employees' current jobs- for example, special projects, task forces, or other temporary assignments- that promote important skills, knowledge, and behaviors.

The key to making this approach succeed is clearly communicating what competencies are needed and providing human resources systems that foster their development. One way to meet these objectives is to post development opportunities that build key competencies, just as organizations frequently post open positions. Employees who want or need to acquire a particular competency can then apply for these opportunities.

Posted opportunities may be temporary assignments in different parts of the company, opportunities to act as mentors or coaches for new hires, or part time assignments that enlarge someone's current responsibilities. In addition to enhancing employees' skills and

abilities, competency posting helps align career expectations with business needs- and can change individuals' perceptions of their opportunities for growth within the organization.

### **Offering "Proxies" for Promotion**

In today's delayered organizations, traditional symbols of advancement - bigger budgets, more subordinates, etc.- are becoming outmoded as indicators of success. In their place, streamlined organizations can identify benefits typically associated with senior positions, and then incorporate these benefits into lower-level positions. In other words, talented employees can be given a "proxy" for promotion. This proxy might be an opportunity for professional development or a chance to increase one's visibility, responsibility, or authority.

For instance, instead of being given traditional promotions, star performers might be asked to meet with important customers, participate in strategic planning sessions, make presentations to senior management, represent the company at professional gatherings, or work on high impact projects.

### **Putting Employees in Charge**

Employees, for their part, must seize the initiative to get ahead. Progressive companies provide information, tools and resources to facilitate career and professional development. But employees are typically responsible for managing their own careers. This can include conveying their career goals, looking for ways to enrich and enlarge their jobs, building future focused professional skills, and using informal networks throughout the organization and beyond to gain recognition and become aware of growth opportunities.

### **Benefits of a Flattened Operating Structure**

Despite initial drawbacks, downsizing and delayering should ultimately have a positive effect on career and professional development. Although streamlined organizations- compared to vast bureaucracies- do indeed offer fewer levels for traditional promotions, they are also less likely to hinder talented people. A flattened operating structure can mean new learning opportunities, greater levels of responsibility, increased access to senior management and added autonomy- all of which support growth and motivation. Perhaps the key challenge lies in eradicating the entrenched, hierarchy-based notions of success, which led to unnecessary layers of management in the first place.

It is established today that a good compensation plan within the context of a total reward system is one that provides a method for reinforcing the value-added contributions of each individual through the application of their talents, the growth of their capabilities, and the outcome of their actions consistent with the key success factors of the organization. While specific compensation plan designs will vary according to company and industry, and be based on culture, management style and overall objectives, the basic

outcome should remain the same- increased retention of valuable employees, and increased satisfaction of all stakeholders.

It is the endeavor of the CAREERSINDIA research team to bring to you the contemporary developments in the field of Human Resources. These articles are published papers obtained by scanning the web extensively. This month's article is originally by Samuel H. Marcus and Andrew H. Szpekman