

HR Presentation on Talent Management in a Changing Organization: Part 2

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Traditional Compensation Methods

In this new and exciting time after Thoreau Enterprises' acquisition of several other companies, uncertainty can arise within the ranks of the companies and Thoreau Enterprises needs to work on improving company morale and needs to get a solid grip on all compensation methods currently employed within the conglomerate keeping in mind that some may need to be added, removed, or changed. Compensation is crucial in attracting and retaining quality and skilled employees (Blazejak, 2018, p. 1). There are many *traditional* compensation methods which can be implemented or developed further; this presentation will focus on two. The first is a benefit package (Lotich, 2017, p. 3). Many firms use benefit packages which compensate the employee above and beyond salary to retain employees, reduce turnover, and to attract new ones. Implementing an effective benefit package will positively influence employee engagement, morale, and productivity while promoting employee retention. (Lotich, 2017, p. 3). Employers should often be competitive with their benefits package. Some examples include: health insurance, retirement contributions and matching, tuition reimbursement, and other benefits.

A second compensation method involves commissions, profit-sharing and an employee bonus structure. All are considered traditional compensation methods which are commonly employed (Ameritrade, 2012, p. 7). Giving employees an incentive like this results in increased efficiency and devotion to work, often without any increase in payroll, but rather maximizing productivity in the hours already worked. In the deployment of any incentive program, as described, it is important to be clear with employees what exactly is required to earn the incentive and to set up clear ways that employees' performance can be measured, tracked, and then rewarded (Ameritrade, 2012, p. 8). Some performance indicators will be measuring quality

of employee output and some will be measuring the quantity of employee output; both are valuable to establishing this traditional compensation method (Ameritrade, 2012, p. 8). The better the employees understand how their performance will be tracked and measured, the more they will attempt to meet these deliverables and goals and the more success they will have in these endeavors; a concept called gamification.

Nontraditional Compensation Methods

Whilst traditional compensation methods are highly effective motivators toward the end result of employee productivity and efficiency, there are some nontraditional compensation methods which Thoreau Enterprises can choose to employ. One such method is to provide lunch for employees (Dickson, 2019, p. 17). This concept can manifest itself in many ways, to wit; a cafeteria or food-truck on-site, the employer having lunch brought in and paid for daily, or the employer occasionally taking select staff or departments out for lunch. This has several benefits that extend far and beyond merely saving the employee the cost of each day's meal. One such benefit to employers is that employees will be on-site during lunch time and there is always the option for a lunch break to be cut short should an office emergency crop up or an unexpected business matter warrant the employee's attention and the interruption. Meanwhile, a second benefit is the team-bonding and corporate culture which will have an opportunity to thrive due to increased down-time and intermingling amongst employees (Dickson, 2019, p. 17).

Another great perquisite which serves as a nontraditional method of compensation can come either in the form of flexible scheduling or the employee's ability to set his or her own schedule (Dickson, 2019, p. 18). Given the nature of the work assignment, employers may

choose to permit additional flexibility to skilled workers. Employees may be permitted increased autonomy and be able to set their own hours, or perhaps leave in the middle of a work day to take care of a personal errand, or be able to work evenings or weekends as necessary to complete the tasks which they have been assigned. Employees may appreciate some sleep-in days and some days of earlier releases from work. In addition to flexible scheduling, another tangential perquisite includes more paid time-off. These incentives increase employee satisfaction and thus boost morale, improve the corporate culture, increase employee productivity and efficiency. Additional time for rest and relaxation creates a better work-life balance for the employee and the freedom to take care of certain personal commitments spontaneously will ease pressure while at work and improve employee performance (Dickson, 2019, p. 18).

Developing a Compensation Strategy

Components

As Thoreau Enterprises works diligently to develop their compensation strategy, they must begin by placing their focus on the company's goals and the strategies by which executives have outlined for how they plan to achieve those goals. HR would benefit from an assessment of corporate culture and determining what the workers value and evaluating existing behaviors in the workplace (Ameritrade, 2012). Secondly, whatever employees see being rewarded they will put effort to increase in; thus, from an HR perspective, the compensation strategy needs to be developed around the quality or quantity of output which the employer is seeking. Thirdly, compensation should be competitive, as should the perquisites offered. Lastly, an effective compensation strategy is a balancing act between what the company can afford and what it is willing to extend. By way of example, as may be necessary to achieve this balance, Thoreau

Enterprises can lower base salaries and increase commissions, profit-sharing, and employee bonuses to strike that perfect balance.

Risks

In developing the perfect compensation strategy that is both effective and achieves the goals which have been previously set forth, there are certain potential risks which need to be overcome and some which can be mitigated. First, sometimes employees' gamification efforts can be taken to an extreme and some truly unanticipated commissions, profit-sharing, and employee bonuses can be "earned". A great example of this is when banks incentivize employees based on the number of new accounts they open. An easy gamification tactic would be to convince new customers that it is customary to open a savings and a money market account at the same time they are opening a new checking account, resulting in three 'new' accounts for every one new customer. Another risk comes about when there is poor communication to employees about what quality or quantity of work is required to earn certain incentives and bonuses resulting in employees perhaps falsely believing they have reached a performance incentive when they have not. Lastly, the compensation strategy must be evaluated with respect to the corporate budget and what the company can afford and what is sustainable while keeping the requirements for performance in line with the goals and strategies of the company (Ameritrade, 2012).

References

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