

Member's Quarterly

Winter 2017 Edition

Feature

Attracting and Retaining Star Employees

It's not just about the salary

In today's highly competitive job market, we all want to attract the star employees. In an environment where people are known to relocate often during their careers, we want to retain those star employees for as long as possible. I believe that this can be accomplished when we get our compensation plan perfect and have a winning company reputation.



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According to the textbook "*Managing Human Resources, Fourth Canadian Edition*", authors Belcourt, Bohlander and Snell define a Strategic Compensation Plan as "the compensation of employees in ways that enhance motivation and growth, while at the same time aligning efforts with objectives, philosophies, and the culture of the organization." This is not just about salary. It is the whole package: salary, benefits, vacation time, ongoing training, sales incentives, bonuses, community involvement, environmental sensitivity and a system of showing appreciation towards employees. Getting your compensation plan right will not only help you to attract and retain the star employees, it will also create loyalty and a dedication to excellence in your existing employees.

Formal Compensation Policy Statements cover the following:

- The rate of pay within the organization and whether it is to be above, below, or at the prevailing community rate. To find the community rate, go to www.Jobs4Canada.com, www.monster.ca or www.worldatwork.org. Your goal is to remain competitive in the labour market.
- The ability of the pay program to gain employee acceptance while motivating employees to perform to the best of their abilities. You reward employees for their experience, education and ongoing training.
- How to mesh employee's future performance with organizational goals. In other words, if you want the latest and greatest information in technologies, your compensation plan encourages and rewards constant training. If you stand for continuous improvement, you reward innovation.
- The pay level at which employees may be recruited and the pay differential between new and more senior employees. Be careful that in your vigour to recruit star employees, this does not get out of proportion. There is a need to insure fairness to all employees.
- The interval at which pay raises are to be granted and the extent to which merit and/or seniority will influence the raises.
- The pay levels needed to facilitate the achievement of a sound financial position in relation to the products or services offered.

Creating Pay Equity

"Research clearly demonstrates that employees' perceptions of pay equity, or inequity, can have dramatic effects on their motivation for both work behaviour and productivity." – (Ramon J. Aldag, *Organizational Behaviour and Management*) Simply defined, pay equity embraces the concept of fairness. Individuals are paid according to their inputs (abilities, skills, experience and education) and outputs (the value of the work performed, stress level, responsibilities); and then the outcome (salary and benefits) are compared to other jobs both within the company and externally. For more information you can go to www.payequity.com.

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To determine what is fair you need to create a clear chart of all positions within the company, illustrating the education, training and tasks required for the position. You also want to evaluate the mental demands, problem-solving issues, risk tolerance and stress tolerance related to the job. Other things to consider are travel and safety hazards. This chart will also help you to show employees what they need to accomplish to reach the next level or take on a different role within the company.

From my personal experience as a HR Manager and also acting as a consultant with other companies, I have seen the power of this chart. When you get this right and are able to show the employees the chart, it is possible to encourage them to strive towards excellence in their role which means greater productivity, increased employee learning, improved staffing flexibility and reduced absenteeism. The increase in pay levels allows the company to consider specific job responsibilities, individual skills and competencies, and career mobility patterns.

In his book "*The Healing Spirit*", Paul Fleishman says, "It is not enough to feel significant, it has to be witnessed and appreciated." Never underestimate the power of employee appreciation certificates and awards. People love to hear their names read out in front of others and the sound of clapping warms the heart. According to Gallup research, the number one reason employees leave their organization is not because they were not being paid enough — they leave because they were not given enough appreciation.

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