

Developing Compensation Pay Plans for, Chief Executive Officers, Managing Directors, Professionals, Paralegals, Clerks such as Accounting, Human Resource Officers, Qualified Practical Nurses, Secretaries to CEOs in Exempt and Non-exempted Jobs

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Abstract:- Developing a compensation pay plan clearly defines how to reward staff members based on their job tasks. The more difficult the job demands the higher the salary should be after the job would have been evaluated accordingly. There are instituted federal laws for a minimum wage payment plan that set the standard and rules for equal pay, child labour, and record-keeping. To make it easy these jobs have been categorised into exempt and nonexempt jobs of which these standards have been set by the Fair Labor Standard Act (FLSA) 1938. Employees who fall under this category of exempted jobs are executives, administrative managers, and professional employees, and they are excluded from the minimum wage and overtime requirements. Whereas, Employees who are categorised into non-exempt jobs are protected by the minimum wage and overtime provisions of the FLSA. They must be paid a minimum wage for the entire hours worked whilst exempted jobs are excluded. Compensable factors and job specifications are techniques used in pricing a job; compensable factors are features of the job elements such as talents, knowledge, effort, duties, and working conditions while job specifications are the skills and knowledge an employee should possess to perform the job. Job evaluation is a formal and systematic comparison of jobs to determine the worth of one job relative to another; it is used to determine the salaries of Chief Executive Officers, Managers, professionals, etc. There are different methods of job evaluation such as ranking, classification, factor comparison and point method all of the above mentioned have similarities and differences. Broad banding saves the time for human resource practitioners in evaluating jobs by slitting jobs into classes or grades of which each of these jobs has its classifiable perpendicular pay rates. This can only be achieved when salaries are paid according to jobs demands which are done through a comprehensive job evaluation, market-competitive pay plan, or both.

I. INTRODUCTION

Compensation depicts salaries and other incentives be it short, or long-term benefits and perks for an employee to work satisfactorily in an organization. Pay arrangements describe employee rewards for different jobs hierarchically. Rewarding management in an organization is the core that attracts, acquires, and retains skilled, experienced workers in an organization. It also creates goodwill for an organization and enhances that organization to be a very good corporate citizen because it is meeting one of its legal corporate social responsibilities. In doing so, salaries should be paid according to jobs demands and this can only be done through a comprehensive job evaluation, a market-competitive pay plan, or both.

Certain jobs should be exempted from those that should not be exempted in organizations. All jobs regardless of their tasks, levels, or skills required have compensable factors that are used to evaluate jobs. Each job evaluation method necessitates job analysis to deliver genuine facts about the jobs concerned. In short, job evaluation originates from job analysis and stops at a point where the value of the job is ascertained. In evaluating jobs, different methods are used so that an appropriate method will be used to ascertain the proper result.

II. EXEMPT, NONEXEMPT JOBS AS AGAINST COMPENSABLE FACTORS AND JOB SPECIFICATION

There is a particular federal law that institutes minimum wage and overtime pay requirements for different categories of workers. These are set standards and rules for equal pay and record-keeping coupled with child labor. It is called exempt and non-exempted jobs and these standards and rules are set by the Fair Labor Standards Act (FLSA) 1938. This Act provides guidelines of payment for minimum hours, overtime pay, and child labour protections. A worker

exempted hinges on the worker’s particular job tasks such as duties, salaries, etc. an example of such employees exempted are executive, administrative managers, and professional employees who are excluded from the minimum wage and overtime requirements. Exempt Jobs do classify as a result of their tasks, responsibilities, and salaries; workers in this category are not protected by the FLSA's minimum wage and overtime rules (Dessler, 2014). Employees who fall within this category are entitled to:

- Be rewarded on a salary basis without deductions for quality or quantity of work
- Performance must be an exempted-level obligation.
- Must be paid a minimum weekly salary of at least \$684 and \$35,568 annually.

Whereas, Employees who are categorised into non-exempt jobs are protected by the minimum wage and overtime provisions of the (FLSA). They must be paid a minimum wage for the entire hours worked. Furthermore, they must also be paid for overtime (1.5) one and one-half times their rate of pay and for all the entire hours worked in addition to (40) forty hours worked each week (MIT, 2020). Examples of employees who fall within this category are:

- Paralegals
- Clerks such as accounting, human resources, etc.
- Qualified practical nurses
- Secretaries to CEOs, Managing Directors,
- Clerical employees etc. (Dessler, 2014).

There is a linear relationship between compensable factors and job specifications. Compensable factors are the features of job elements such as talents, knowledge, effort, duties, and working conditions required for the job that has been drawn from the job analysis. Whilst job specification is a declaration of a worker's features and education required for him/her to be called a qualified worker (Dessler, 2014). For managers or human resource practitioners to talk about compensable factors, there is a need to talk about job evaluation. Job evaluation sets the stage for compensable factors and according to (Dessler, 2014) “Job evaluation is a formal and systematic comparison of jobs to determine the worth of one job relative to another”. Therefore compensable factors can be applied to an employee as against the other based on the result of the job evaluation. This is so because the job evaluation concept propelled jobs that necessitate superior qualifications, tasks, and more difficult job obligations must receive higher salaries than those jobs that

demand lesser qualifications, and skillset. Job evaluation serves as a determinant for compensable factors in the labour market when supplying and demanding labour comes into play. Now, compensable factors have been discussed on how they came into effect, living behind job specifications. There is no way all that has been discussed above will come to effect if there is no job specification. This is because job specification (person specification) calls for the qualifications, skills, and experiences the employees should possess to be given a job. Job specification enables a worker to be termed as a qualified employee because he/she would have possessed the necessary skills, knowledge, attributes, etc., and should be willing and able to work. There must be an employee with a particular job specification to seek a job that has been evaluated hence knowing the job worth and skills required for appropriate compensable factors as against other job compensable factors in the same industry or the labour market they are operating. In nutshell, compensable factors have a relationship with job specification; and this relationship is that job specification augments compensation factors by clearly indicating the type of skilled employee(s) (job specification) needed for a particular job that has been evaluated and knowing the type or quantum of compensating factors that should be given to that employee(s). Job specification is a sub-set of the universal set of compensating factors, which was why at the starting I categorically stated that they have a linear (straight/line) relationship. There will not be any practical compensable factors without job specification vis-à-vis and both work together to complete the cycle in performing job elements.

III. COMPARE AND CONTRAST THE FOLLOWING METHODS OF JOB EVALUATION: RANKING, CLASSIFICATION, FACTOR COMPARISON, AND POINT METHOD.

A. Job Evaluation

It is a methodical and logical manner of determining the worth of a job with other jobs. The rationale for job evaluation is to fix the correct rate of pay for a particular job. It is consequently not the same as job analysis but it follows the job analysis procedure that provides the rudimentary data to be assessed. There are different methods of job evaluation that are used to evaluate jobs namely raking, classification, factor comparison, and point method. Each of these methods is having similarities and differences; these aforementioned are going to be discussed therein in a table.

Types of Ranking	Detail	Similarities	Dissimilarities
Ranking	Is the most modest method that ranked all jobs from the toughest to the easiest jobs. It has several steps to go through such as: Locating the data of the job Handpicked and group the jobs Highlight compensable factors Rank jobs Conglomerate ratings	Ranking methods are modest and easy to clarify. Rank each job based on the difficulties. It is easy to use and user-friendly for the employees. It eats lesser time when compared to the other ranking.	The possibility of guessing is very high when a supervisor wants to measure things like difficulties in the job and this is because this method does not use a compensable factor. It is not capable of quantifying the value of different jobs. It only ranked jobs based on the highest difficulties to the lowest. This method is suitable for small firms because it is cost-

			effective than the other types of methods.
Job Classification	This method is widely used by the supervisor to categorize jobs into homogenous (classes) and heterogeneously (categories) the jobs are then compared to a model.	Job classification also ranks jobs but jobs are classified heterogeneously and homogeneously but all are ranked by order of difficulties. The same applied to job classification it is simple and easy to use and employees can operate it easily.	One major contrast is that it is problematic to write the classes or grade reports. It ranked jobs from the highest to the lowest and does not measure jobs by difficulty. It has no defined model and is very hard to explain. It ranked jobs homogeneously and heterogeneously and is far different from ranking methods because it ranked jobs based on classes and categories.
Factor Comparison	The comparison method ranked every job factor such as the qualification needed, job experience earned, and the intricacies. After the aforementioned, the points should be added in place of the degrees of each job factor. It is an investigative technique that is determining the right hierarchy of job posts regardless of the level of job difficulty.	It also ranks jobs by each job factor and difficulty. It is rarely used by firms.	Difficulty in the appropriate selection of key job posts - Subjective. Not widely used by firms and it is not ranked by jobs directly but by job factors.
Point Ranking Method	This type of ranking is used to determine and identify several compensable factors. Further to the aforementioned, it shows the degree to which each of these factors is presented in the job factors. It is based on the study of formerly defined benchmarks of the job and equates them to the scale. There is always a given figure that is attributed to each benchmark	Point ranking ranks based on the level of difficulties. But is based on former benchmarks and it is equated to a level set. Easy to use and also to evaluate subordinates. It is a quantitative point rating for each job and is the most widespread method used all over.	Application is complicated - It requires a great deal of knowledge on occupations, posts, tasks, etc. from the people creating the remuneration systems - Surface objectivity – giving points to criteria is based on subjective evaluation - Difficulty in explaining the difference between various levels of established criteria

Table 1**Source: (Dessler, 2014)****B. Broad Banding, its pros, and cons for Organisation to use it or not**

Broad banding slits jobs into classes or grades of which each of these jobs has its identifiable vertical pay rates. The utmost challenge is how wide-ranging the pay rates should be when we talk of job evaluation points. There is a Shortcoming of having so many contracted grades say up to eighteen (18) because it brings about a challenge in upgrading or downgrading employees' jobs. These employees may object to especially upgrading when the salary increase that should reflect will not. To save all of these challenges, most firms in recent times undertake what is called broad banding. Broad Banding simply means crumpling salary grades into limited wide-range levels or bands; each of which contains a relatively wide range of jobs and pay levels. Broad Banding According to (Dessler, 2014) means consolidating salary grades and ranges into just a few wide levels or "bands," each of which contains a relatively wide range of jobs and salary levels (Dessler, 2014).

C. Pros of Broad Banding➤ *Rationalizes Grading*

Broad banding lessens the number of levels or stratum (layers) within an organisation. This method saves an organisation's face to breakdown salary ranges and backup de-layering, organisation organogram is reduced from a tall structure to a flat or medium structure.

➤ *Simplifies Interior Movement*

Employees who have acquired the required requisite skills and have gathered particular work experiences for a specific job cannot take the job for the simple fact that the salary does not commensurate to the job. Broad banding enhances added internal movement as it expedites the current job and alternate position free movement as the salary is within the same range of pay.

➤ *Places Additional Dependence in Management*

Supervisors have Countless Leeway to pay what they want to a staff member. This unequivocally lessens the Push-Pull Amongst the employment supervisor and the Human Resources department.

D. Cons of Broad Banding

➤ *No Cognizance of Outside Market Rates*

When job evaluation and competitive pay plans are undertaken, management is aware of the existing salary structure within and outside the organisation. Broad Banding, does not allow a supervisor to pay at the market average rate, supervisors are left confused and guessing. There is no average in a broad banding.

➤ *May Lead to Discriminations*

Broad banding's elasticity and expectation in management can or cannot be necessary. Two employees can be performing the same responsibilities but the earnings are not the same and there is a huge difference between their salaries. Broad banding dwindles the relationship between salary growth and skill improvement for the next higher level since it is so far off as to not be a motivator. With broad banding supervisors and subordinates can be in the same salary structure.

➤ *Lack of Cost Controls*

Broad banding may necessitate thinking over other incentives that had earlier been tied to salary grades, such as short-term incentives such as bonuses or stock.

➤ *Kills the ability to promote employees Promotions*

Broad banding brings about prospects for not promoting employees. The smaller amount of salary bands leads to lesser chances to raise to the next level in the organisation (Seattle, 2020).

The University president is the name of the highest position in the academic administration of a University. He is the Principal Executive or Administrative Manager of the University. He executes unswervingly all executive and administrative responsibilities in linking with the operation of the College or campuses. To save the day, one must hasten to spell out that the University president falls under the category of top company executive or manager, and in compensating them the four main elements must be taken into consideration.

➤ *Base Pay*

Which includes the employees' fixed salary including guaranteed bonuses such as 10% of salary at the end of the fourth quarter of the fiscal year.

➤ *Short-Term Incentives*

Bonuses such as cash or stock in the achievement of goals set for short-term gains.

➤ *Long-Term Incentives*

These incentives include year-to-year achievement of goals, this incentive is designed to inspire the managers to work more hence achieving the strategic objectives of the company.

➤ *Benefits and Perks*

These are ending of service benefits such as pension schemes, additional life insurance, etc.

Whilst for CEO there is slight deviation as to that of the above mentioned; in the first, job evaluation is not necessary in this case as the salary is determined by the organisation's performance. Though that has little justification that has statistical facts up to thirty percent (30%). In veracity, the CEO's salaries are fixed by the board taking into consideration a series of factors such as the corporate strategy, company trends, and where the business wants to be in the short and long run. Three main factors that are related to the payment of salaries in this regard are:

- **Job Complexity:** this entails a span of control that covers the number of functional units (departments) that is governable by the CEO (executive) in the organization.
- **The Ability of the Employer to Pay Salary:** the employer will be able to pay CEOs much higher salaries if the company is making more profit and the annual rate of return on investment is high or continual.
- **Human Capital:** i.e. the CEO's educational achievement, skills, knowledge in a nutshell field of study, work experiences, etc.

Ideally, the board of directors set the salary for the CEO but practically the CEO has considerable influence over this board of directors, which makes the negotiation easier and short.

The foundation has been laid for the justification as to why the payment of the University president should not be paid more than the corporate CEO. Although they are almost in the same position in the organization, their responsibilities are of different types. The CEO has more daunting tasks than the University president. The CEO is responsible to implement the business strategy resoundingly, monitoring the corporate trend, and fulfilling the vision statement which dictates when the business intends to achieve its strategic plans. That makes it more likely and justifiable for the CEO to be paid more than the University president; this is because the CEO has more strategic responsibility to be achieved and this demands more skills, and creativity to actualise business strategy within the stipulated time frame. On the other hand, the University president's roles are:

- Is in charge of the organization and administration of the University.
- Formulate policy and make recommendations to the Board Members on all matters that affect the College.
- Applaud all embellishments or vicissitudes in workers and staff policies.
- Submit an annual budget and administer the Board approved budget.

- Have the power to exercise wide, optional power alongside the rules set by the board members, etc.

Imagine all of the above-mentioned demands for corporate skills, knowledge, etc. to ensure the roles are implemented judiciously. Yet, the role and functions of the CEO are more strategic than that of the University president and as such that sends a sense of belief that the compensable factors of the CEO have higher points than that of the University president and that warrants more pay rates for the CEO (Dessler, 2014).

IV. CONDUCTING A JOB EVALUATION

Before a job evaluation is undertaken there should have been a proper job analysis. A job analysis is an in-depth overview of the entire job thereby enabling users to know

what entails in the job. Detail knowledge about the job allows supervisors or the human resource manager to know the skills, experience, etc. needed to perform the task of the job (person specification/job specification) and the job elements (job description). Subsequently, job analysis and planning of job descriptions initiates the necessary phase of job evaluation; which is the logical comparison of jobs to enable the ranking of jobs in order of difficulties and to establish job hierarchy. The fundamental essence of job evaluation is to underscore job elements that demand the skills, knowledge, and qualifications to perform the job. This in the end will not only create enabling environments for effective and efficient job performance but also enhance career pathing and development for the employees and promote a win-win situation in the employer-employee relationship. There are seven steps to be followed universally in conducting a job evaluation exercise, although there are arguments from other human resource practitioners that it is eight to ten steps.

Phases	Explanation
Phase (1) One	State the Jobs
State the jobs	<p>In the first place, the jobs should be defined, and then a comprehensive job analysis should be undertaken thus; the information contained in the job analysis will enable the supervisor or human resource department/manager to know the job content and the person specification. At this point, the skills, knowledge required to perform such job tasks would have been spelt out and hence bringing out the actual compensable factors that will lead to the actual pay workers should be paid for the job they perform. In this regard, workers performing the same job will be paid the same salary which will not bring dissatisfaction amongst staff members hence a high attrition rate in the organization. This will aid managers to avoid biases and implement a formal way of assessing the pay rates of staff members.</p>
Phase (2) Two	Handpicked a job Evaluation Method
Handpicked a job evaluation method	<p>An appropriate job evaluation method should be selected and used to evaluate the job. Knowing the content of the job after a comprehensive job analysis enables the manager to know which type of ranking method that should be used. It is already known that there are different types of job evaluation methods that are available to rank a job to know the most difficult and crucial jobs hence assessing pay rates correctly. When the correct job evaluation method is chosen all the compensable factors will be analyzed and hence the correct payment will be paid for the different jobs based on their tasks and demands. Of course, there are different types of ranking methods namely:</p> <ul style="list-style-type: none"> - Ranking - Job Classification - Point Method and; - Comparison Method <p>Each of the above-mentioned can be used based on the nature of the job. When the correct type of job evaluation method is selected the job will be correctly evaluated and hence pay rates are addressed according to the demand of the jobs and job specification (person specification).</p>
Phase (3) Three	Choose which Factors are most Valued by the Organization
Choose which Factors are most Valued by the Organization	<p>As mentioned above, the appropriate job ranking method should be selected that suits not only the organization but the content of the job and the compensable factors. Managers should note that if you don't select the appropriate job ranking method for the job culture of the organization, correct pay will not be made to staff members based on the job tasks and skills demanded by the job.</p>

Phase (4) Four	Evaluate the jobs built on these factors
Evaluate the jobs built on these factors	The next stage is thus, an assessment should now be made based on these job factors. The compensable factors are the standards that will be used to regulate the comparative positions of jobs in the firm’s grading and enable staff members to know which contributions they are rewarded for.
Phase (5) Five	Rank the jobs in an organisation built on the factors chosen
Rank the jobs in an organisation built on the factors chosen	After the Jobs had been ranked using the appropriate ranking method, the job that carries the greatest points should be ranked higher than those with fewer points. This stage is the core of the job evaluation process.
Phase (6) Six	Institute the job hierarchy
Institute the job hierarchy	The job hierarchy must be instituted now and hence pay the assessment will be done based on the job hierarchical difficulties.
Phase (7) Seven	Apply the job hierarchy to emerging fresh human resource suites
Apply the job hierarchy to emerging fresh human resource suites	No sooner all the above-mentioned have been implemented, the human resource department will be able to establish a correct salary Scale for the jobs. Also, performance standards will be detailed including career pathing and development, training and development.

Table 2 Source: (Economic Research Institute, 2019)

❖ *Establishing a Market-Competitive Pay Plan*

According to (Dessler, 2014) “many firms simply price their jobs based on what other employers are using that is the market-based approach”. Almost all of the organizations fixed their pay plan and salary structure on job evaluations. This is because job evaluation allocates values, to the different jobs. Why this is done? Simply say; it is because it aids to pay staff members according to job demands equitably, fairly, and satisfactorily. Indeed, in the labour market, different industries are operating and jobs performed are almost the same at each level. This means that managers should modify pay plans and salary structures based on the market rate as against other employers (organisations) in the market and industry they are operating. Advisably, the pay plan, and salary structure should be viable or much more appreciable to the other competitors in the market they are operating. Drawing a market-competitive pay plan to the subject matter under discussion, employers should fix their pay rates based on two factors namely:

- Based on job evaluation that would have denoted the job value in the company and;
- Industrial market pay or pay rates employers (competitors) are paying for similar jobs in the marketplace.

From the aforementioned, the step by step explanations of how to establish a market competitive pay plan are discussed below thus:

➤ *Select Yardstick Jobs*

In the event an employer has numerous types of jobs it is unrealistic and unnecessary to undertake a job evaluation on each one of these jobs; unrealistically each of these jobs is not worthy to be evaluated individually. In this regard, the very first move towards this venture is to choose jobs that are similar and can represent the other jobs amongst the numerous jobs that are not worthy of individual evaluation.

A typical example of the aforementioned is a marketing officer or human resource officer who are very common positions in the market. This makes it very simple to rate jobs in the job market amongst competitors.

➤ *Select Compensable Factors*

After jobs have been selected based on similarities that will represent the other jobs, dozens of jobs will not be evaluated which is almost not possible. The next step in setting the market-competitive pay plan is selecting compensable factors for these jobs under job evaluation. Compensable factors are the compensable elements of a job that are evaluated to know the level of hierarchy or difficulty of a job such as skills demanded in the job, the effort an employee puts in the job, the responsibilities, working conditions, etc. it is from these factors listed that a manager will be able to put jobs hierarchically. If the skills demanded to perform a job for job A is far much higher than skills for job B; then job A should be paid much higher than job B. These go for all the other compensable factors in the entire exercise. Accorded with the aforementioned, if that particular job calls for more effort as against the other job, then the former in terms of that compensable factor seeks a higher pay rate.

➤ *Allocate Weights to Compensable Factors*

The former step, in summary, dictates comparing compensable factors for jobs based on the same factors for these different jobs i.e. job A compensable factor for skills as against job B's compensable factor. This third stage compares these factors in the same job against the other factor in the same job. It weighs or scales the level of importance or demands in these factors for example; in job A the level of importance given to skills, as against effort vis-à-vis responsibility as against working conditions in the same job. Afterward, weights are given to these factors accordingly. A lecturer demands more mental requirements (mental skills)

than a manual labourer that demands physical effort (manual effort). Therefore, on the part of the lecturer in weighing the compensable factors in his job, more weight will be given to skills rather than effort so forth, and so on.

➤ *Change Percentages to Points for Each Factor*

Subsequently, the percentage weights allocated to each compensable factor should be changed i.e. Changing values for each factor into points. A definite point should be given e.g. say 1,500 points.

- Accorded with the aforementioned, i.e. changing percentages to points for each factor; the procedure is thus:

Multiply the percentage weight for each compensable factor by 1,500. It will bring out the full number of points for each compensable factor. E.g. 70% of 1,500 and 50% of 1,500 for skill and responsibility respectively can be

converted thus: $1,500 * 0.70 = 1,050$ points for each skill and $1,500 * 0.50 = 750$ points for responsibility.

➤ *Define Each Factor's Degrees*

The succeeding stage state that each factor should be split into degrees and outline every degree for raters to critic the aggregate or degree of a compensable factor prevailing in a particular job. A typical example for the above mentioned is thus: a compensable factor for skill should have at least three (3) degrees stretching from the level of skills needed onto what type of skills is/are needed.

➤ *Define for Every Factor Its Factor Degrees' Points*

After the above-mentioned, the evaluation team must be competent to decide the number of points each job is value. From this point, the team needs to be able to inspect each job and then decide the notch of each compensable factor that job has. For the team to perform this task, we must first assign points must be allocated to every degree of each of the compensable factors.

POINTS ALLOCATED TO COMPENSABLE FACTORS AND TO THEIR DEGREES (REVIEWED)					
compensable Factors	First Degree Points	Second Degree points	Third Degree Points	Fourth Degree Points	Fifth Degree Points
Job Complexity (Aggregate Full Points Equal 900)	100	200	300	400	500
Effort (Aggregate Full Points Equals 550)	20	40	60	80	100
Working Conditions (Aggregate Full Points Equals 130)	30	60	90	110	130

Table 3 Source: (Sabry, 2019)

From the above table drawn, there are three compensable factors respectively given starting from job complexity, effort, and working conditions. Each of these compensable factors has five potential degrees from first degree to fifth-degree points. The highest degree for job complexity is 900, whilst the highest degree for effort is 550 and working condition is 130 respectively. Therefore, further to the analysis of the degrees given the first degree for job complexity is 100 which is one-fourth of 500. This goes for all of the other compensable factors and the respective degrees are given. The highest or fifth-degree for effort is 100 which is the highest degree and the first degree is 20 which is one-fourth of 100 etc. etc.

➤ *Assess Job Descriptions and Job Specifications*

The core of job evaluation is to determine the aggregate or degree to which the job has the designated compensable factor(s), in this case, the compensable factors are effort, job complexity, and working conditions. The committee embarking on the job evaluation should regularly do so by first revising each job's job description (work elements) and job specification (person specification). It is through the job analysis that the manager identifies the job's duties and

responsibilities and writes the work elements (job description) and job specification (person specification). Ideally, the job analyst included in the job description and specification information about the compensable factors (such as job complexity, effort, and working condition) around which the employer plans to build its compensation plan.

➤ *Assess the Jobs*

After the working group (team) has collected the job elements and person specifications for the yardstick jobs that will be compared. From that point, the team evaluates each of the aforementioned i.e. job description and job specification and then the team decides the degree to which each of these compensable factors is existing in each job. For example, for an accountant, the team will be able to decide that the accountant's job rates the fourth-degree level of job complexity points, second-degree level of effort points, and first-degree of working condition. From that point, the team will be able to know the level of compensable factors every job has and hence check the level of parallel points allocated to each of these degrees.

POINTS ALLOCATED TO COMPENSABLE FACTORS AND THEIR DEGREES (REVIEWED)					
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Working Conditions (Aggregate Full Points Equals 130)	30	60	90	110	130

Table 4 Source: (Sabry, 2019)

At the last stage, the team should add up these degree points for the entire job to decide each job's aggregate points. The accountant job definitely will score from the table compensable factors $400 + 40 + 30 = 470$. The team will be able to enlist grading of jobs grounded on each job point. This will also enable wage rates to be allocated based on the market-competitive pay plan and wage curve that would have been derived. The team should ensure that the market-competitive pay plan should then be determined by either the internal or external market pay rate or the wage curve which should complement the pay rates for the jobs and ranks allocated to each of the jobs that have been evaluated.

➤ *Plot the Existing (Internal) Wage Curve*

Accorded to the aforementioned, the internal wage rate curve should be drawn hence determining how each job's point is connected to its pay rate. A wage curve demonstrates the worth of the job and the usual wage paid for this job.

➤ *Conduct a Market Examination: Pay Rates Survey*

Following the preceding stage, the next move is to map out an external wage curve for the jobs based on the competitor's pay rates in the market for the same job. An investigation aiming at determining prevailing wage rates in the market. An effective pay rates investigation provides explicit wage rates for specific jobs. There must be a survey to research the market pay rates which should cover and capture the much data needed to plan the firm's pay rates. This helps to price jobs as against the market-competitive pay rates existing in the industry the firm is operating. Three things must be taken into consideration in this market survey; the data gathered from the survey must be used to price the jobs that have the same yardstick. Respectively, organisation characteristically rates their supplementary jobs in the marketplace at 20% or more in line with the same positions of the other jobs operating in the market. Lastly, the survey captures short and long-term benefits such as insurance, health insurance, benefits, and perks to plan their own employee's benefits. There are different sources of information employers used to gather these data; some of these sources are professional associations, government agencies, information from the internet, etc.

➤ *Draw the Market (External) Wage Curve*

The internal wage curve augments the latter curve (external), the external wage rate curve depicts pay rates whether salaries are high or low in your organisation. It helps employers to recognise to match salary structure in the market in line with the points assigned to the jobs by the external

points assigned to these compensable factors. In essence, we know the internal wage curve is done by the firm either by undertaking a job evaluation or pay culture in the firm, it does not tell whether pay rates are high or low. That is why an external wage curve is needed to assess the pay rates in the market the firm is operating.

➤ *Match and Change Current and Market Wage Rates for Jobs*

After the aforementioned, the employer should adjust the internal wage curve information to the external wage curve. For example, if the internal wage is low as compared to the external wage curve pay rates. The employer should adjust pay rates up to the points the market-competitive pay rates are by increasing the firms pay rates to equal or insignificantly lower to the prevailing rates in the operating in the market, vis-à-vis if it is high especially if the wage rate is extremely high the employer will do the same by decreasing it. This is because in the short-run the firm will enjoy retaining its staff members and attracting skilled staff from its competitors but will affect its industrial profit margin in the long run.

➤ *Cultivate Pay Grades*

From this point, standard pay rates would have been known and be ready to be made in the organisation in question i.e. a comprehensive job evaluation and market-competitive pay plan rates known in the existing market in which the firm is operating. Broad banding will be done from this point hence grouping jobs into grades and similarity for pay determinations. This grouping can be done based on the size of the organisation as we know universally broad banding ranges from 1-to 18, so left to the firm to group its pay grades accordingly. Additionally, a pay/wage should be commensurate or hierarchical based on the difficulties of the job got from the job evaluation.

The grades for the same points should be given accordingly to all the related jobs that are the same, e.g. if the range is 100 – 150, 150 – 200 points. The size of the grade set determines how many grades the firm will have.

➤ *Institute Rate Ranges*

Traditional and even in modern trends, organisations do not pay salaries to employees the same even when they are in the same pay grades. Employers may instead design perpendicular pay rate ranges based on the length of service even though they are in the same horizontal pay grades.

➤ *Discourse Outstanding Jobs*

The remaining jobs that were not included in the benchmark should be added to the wage arrangement and this can be done in two ways such as:

- By valuing the remaining jobs using the similar procedure undertaken or including them in the pay grades done based on their alignments with the other jobs.
- Secondly, those that are questionable in the alignment of the jobs aligned should go through the same exercise.

➤ *Fine Tune Out-of-Line Rates*

In conclusion, the wage rate the firm is paying may well be above, below, or outside the arrays for its grades. Depicting that the average pay for that job is now alarmingly below or above the other jobs in the firm. As mentioned earlier, underpaid jobs should be increased to match the same jobs in the hierarchy vis-à-vis when it is overpaid. Otherwise, employees should be promoted to match up their salaries to the jobs that equate to their pay rates. Lastly, pay rates should be halted for say half a year hence trying to transfer or promote the overpaid staff member(s). Otherwise, if you cannot, cut the rates of these employees to the extreme in the pay range of the existing grades (Sabry, 2019).

V. PRICING MANAGERIAL AND PROFESSIONAL JOBS

Pricing Managerial and Professional jobs are alike in much veneration; basically, the goal is matching such as embarking on attracting, choosing, inspiring, and holding employees. In terms of job evaluation, the same applies to principles for both Managerial and Professional jobs. Even though there are enormous dissimilarities between the two mentioned above, managerial jobs tend to stress tougher-to-quantify compensable factors such as judgment, and problem-solving compared to other clerical positions below the organisational chart. The two must be paid based on their output or on what they are capable of doing instead of basing their pay on compensable factors such as working conditions etc. in this regard, human resource managers or supervisors must be tactful when using job evaluation rating results to measure rewards such as benefits, bonuses, incentives, market rates, etc. this is because it plays a tertiary role in this case in point. Contrarily, in determining pay rates for professionals employers should first make sure that the individual is a professional under the law; this is because an individual calling him/herself one does not mean so. A professional must have acquired skills, highly skills, super skills i.e. advanced knowledge and salary should be at least \$455 per week. These skills acquired must be a formal course that entails protracted specialised intellectual instructions.

In short, pricing managerial as against professional jobs are distinctly different though both are regarded as exempt jobs yet the procedures and rules dictate the following thus:

➤ *Pricing Managerial Jobs:*

Managerial job pricing dictates four focal components such as base pay, short-term incentives, long-term incentives, and executive's benefits and perks. These four components that are used to price managerial jobs are judiciously

explained thus. It should be determined on price by a base pay which is the salary of the manager coupled with ten percent (10%) bonuses that are supposed to be certain at the end of the organisation's fourth-quarter financial year. This is mandatory whether the organisation makes a profit or not. Following that, short-term motivations such as money or stock bonuses for accomplishing short-range targets should be paid to managers alongside long-term managerial (executive) remunerations in addition to perks that will cover retirement benefits, additional life insurance, and health insurance excluding deductible coinsurance. This is how managerial salary should be priced but tax and other securities legislation must be taken into consideration in doing so.

➤ *Pricing Professional Jobs:*

As mentioned above inter earlier, professionals should be confirmed that they are professional by employers under the law. In the first place, professionals are exempted by the Fair Labour Standard Act from minimum wage and overtime pay for staff members who are working as bona fide executive or administrative professionals. Furthermore, being a professional should be earning a salary which is at least \$455 each week. This is because the employee (professional) focal responsibility demands advanced knowledge, skills, etc. which should have been acquired by a prolonged course of expert intellectual teachings.

In summary, managers' salaries are compensated or priced by four main components which are based pay, short-term incentives, long-term incentives, and executives' benefits and perks. Whilst professional's salaries are dictated by the Fair Labour Standard Act which exempts them from overtime, minimum, and maximum wage, and they being a professional must be paid earnings of \$455 per week (Dessler, 2014).

VI. CONCLUSION

The compensation plan is modest and anticipated; employers aligned pay with performance so that employees can exert effort to gain more. Benefits and Compensation are binary parts of reward management because compensation is the basic salary coupled with other fringe benefits to augment short, and long-term benefits to benefit the job hierarchy. Exemplifying the different types of jobs explained what exempt jobs are as against non-exempted jobs. Exempted jobs don't get overtime pay and are Bona Fide jobs like executives, administrative managers, and professionals that have their conditions in their pay structure or pay plan. Non-Exempted jobs are clerical or junior positions that enjoy overtime. Job evaluation enables an employer to structure jobs based on their difficulties and hence aligned the payment plans accordingly. Compensable factors are the central element such as skill, effort, responsibility, and working conditions. Benchmarking helps to rank and grade pay rates for a similar job already in existence at the same level.

Different types of ranking methods are available they are ranking, job classification, point method, and paired comparison. This helps job evaluation to get a precise result

for pay structure, coupled with a market-competitive pay plan that compares another organisation's salary to compare if the internal wage curve is equal to the external wage curve. The wage curve comprises two namely internal and external; the internal wage curve derives speaks of the pay plan within the organization got from job evaluation. Whilst the external wage curve existing in the market under operation shows whether the internal wage curve is embarking on underpayment, overpayment or it is aligned, etc. all of this information helps to price managerial, executives, and professional jobs.

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