

Pay For-Learning-Programs

Pay-For-Learning Programs are compensation strategies that link base wages and salaries to knowledge and skills rather than the job or position that is actually performed. These programs are also known as knowledge-based-pay, pay-for-knowledge, skill-based-compensation, and pay-for-skills. Pay-For-Learning Programs were originally developed to allow employees to take over the duties of other employees in the case of absences. It was first used in the 1940's by assembly line workers. Now it is being used to downsize and cross train employees. As organization's focus on quality they can use cross training to help the employee to understand the goals of the company. Companies are able to down size because with this program employees are able to perform multiple jobs.

Two Basic Forms

There are two basic forms of Pay-For-Learning Programs: increased-knowledge-based systems and multi-skill-based systems. Increased-knowledge-based systems pay employees for the amount of skills that they possess in one job specification. Multi-skill-based systems are newer and not as common. Pay increases are based on the number of jobs that the employee can perform throughout the whole organization.

The different skills that are involved with these programs are vertical, horizontal, and depth. Acquiring skills of a higher level is known as vertical skills. Horizontal skills are the broadening of skills with regard to tasks. Having a high level of skills in specialized area in the same job is known as depth skills.

Reasons for using Pay-For-Learning Programs

Pay-For-Learning Programs provide a flexible workforce, where production is not interrupted when employees are absent. Employees may have a greater sense of security because with more skills they have the more valuable they are to the organization. The employees may also work harder to obtain more skills to be more of an asset to the company. From a company perspective, an employee can be most productive when he/she possesses a broad range of skills. Pay-For-Learning Programs also promote the skills that are needed currently and also the skills that are needed for future work.

Things To Consider

Employees have to embrace the program before implementation. Employee's who look at this program in a positive way and see how it can increase their pay is more satisfied and more willing to embrace it. As more employees that embrace the program, the more likely it will be successful. They also need to see the fairness in the program. Employees have to see that the same rules are applied to everyone consistently. Training will greatly help the success of the program, the employees will have a chance to understand it and also be able to see how it can affect them and their pay. If the

employees understand it, they are more likely to give it a fair chance. Employee perceptions need to be addressed early on in the development of the program. Also allowing employees the chance to give feedback and then making adjustments is important to the survival of the Pay-For-Learning Program. This will allow the employees to feel like their concerns and opinions are being addressed and taken seriously.

Advantages

Some advantages include:

- Increased ability to focus employees and be able to avoid idle time
- Enhanced productivity and quality
- Flexibility in being able to cover for absenteeism
- Broadening skills helps employees understand the business needs better
- Better commitment to organizational goals
- Employment security with skill enhancement
- Increased self-esteem with each skill that is gained
- Reduces the need to find promotions for pay increases
- Unnecessary jobs are eliminated
- Greater job satisfaction
- Improved self-management
- Faster adaptations to changes
- Lower turnover
- Improved communication with everyone involved

Disadvantages

Some disadvantages include:

- Higher training costs
- Increased time for training
- Harder to compare jobs and wages with the competition
- Some employees are not willing to learn new skills
- Higher pay rates
- Harder to assess skills
- Higher administrative costs
- Getting to the top of the pay structure with no where else to go

Designing the Program

The design of the program needs to be able to add value to the organization. Do not stop the program after you have started, if you feel you cannot go through with it, then do not start it. Involve as many people as possible with the design of the program; this will help the employees to accept it. The program should be simple and focused on the goals of the organization. The person who is in charge should have a good working

relationship with the employees. This relationship may help create a sense of loyalty. Employees and management both need to believe it can work.

Before Implementation

Before implementing the Pay-For-Learning Program, identify why current skill levels are unable to meet the quality and quantity that is desired. Then create a training program to help develop the skills needed to meet the quality and quantity desired. Determine which tasks need to be performed by more employees to help the organization reach its goals. That will help to decide which skills need to be included in the Pay-For-Learning Program. The trainings and certification programs should also be designed before the program is implemented. Develop a process to deal with the employees who have already obtained the skills that are being trained for. A process to handle the employees who abuse the system is also very important to have. A system for monitoring employee's progress should also be developed. Most of all get management approval and input before going through with implementation.

Introduction of the Program

When the program is introduced to the employees the skill requirement for advancement should already be established. The jobs and skills that are and are not covered in the system should be identified. Jobs should be classified into job families where skills are similar and base pays need to be set up for these families. Trainings need to be in place with the resources that are allocated for it already identified. The time that it takes to move from one skill level to the next skill level needs to be spelled out clearly for each employee. Also the criterion for payment advances needs to be determined.

Methods For Certification

There are many ways to certify employees after they have achieved additional skills. One example would be get management approval, if the manager feels that the proper skills have been obtained for advancement then that manager could certify the employee. Performance evaluations are another way to certify the employee. After the employee has been observed using the skills correctly then they may receive the increased pay that was predetermined. Committees may be able to decide what it takes to get certified. If there are any standards setup by the organization, then once those standards are reached the employee may be certified.

Organizations Using the Program

The organizations that are currently using Pay-for-Learning Programs include social workers, police officers, fire fighters, engineers, and plant operators. These organizations are all included because they are able to be broken down into smaller jobs. Because of this these jobs are perfect for the Pay-For-Learning Programs. Many of these jobs are also very observable, so it is much easier to see when the skills are obtained.

Pay-For-Learning Programs are a great way to help organizations achieve their goals through employee advancement. If the organization is willing to put the time and effort into developing the program, then it can have dramatic impacts on employee satisfaction. Employees will take more pride in their work which means that the quality of products and services provided will be greater. The advantages and disadvantages need to be evaluated before the program is implemented. The design of the program needs to be tailored to the organizational goals and missions. The most important thing to remember is that the Pay-For-Learning Program needs to be fair to all who are involved.

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