



► Human resource management: A manual for employer and business membership organizations

Tool 3: Compensation and benefits



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A manual for employer and business
membership organizations**

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Foreword

This manual – consisting of seven stand-alone tools – aims to assist employer and business membership organizations (EBMOs) to transition towards more structured, formal and strategic governance measures. The manual contains useful information on the business of human resource management and related best practices for EBMOs, based on real-world examples. Although this publication is not intended as a resource for EBMOs to use in providing guidance to member companies, some of its content can be used for this purpose.

Human resource management bridges the gap between an organization's staff and its executive administration. It enables organizations to tackle human resource issues strategically, supporting them to attract and retain talent and assisting their leaders and employees to adapt to organizational change. Human resource management has a critical role in managing staff and helping EBMOs work effectively and creatively, thereby allowing the organization to better support its members and achieve its mission.

A successful EBMO requires human resource management that is committed to the progress and growth of the organization and the services it provides to its members. Best practices in managing human resources, including practices that adopt a culture of diversity and inclusion, are fundamental for EBMOs, particularly because they should set an example to those they serve and represent. Additionally, an EBMO's board of directors (or executive committee) and secretariat should help identify structural barriers or exclusionary criteria and then help find solutions for eliminating them.

Having a manual of human resource management is also considered a best practice. Thus, this manual encourages human resource teams to pull from it applicable and contextualized portions to create or refine their own manual for better managing the staff within their EBMO.

This tool 3 was produced to assist EBMOs towards improving their productivity and impact by optimizing the effectiveness of their compensation and benefits processes and practices. The tool discusses the need to have strategies and policies for staff salaries, benefits and other compensation, how these elements may be structured and the importance of classifying positions within the organization.

The primary audience for this tool is the EBMO's chief executive officer, senior management and human resource officers. But the language used and guidance offered are also designed to make the information relevant to all EBMO staff members.

Each tool includes additional resources (checklists, templates, examples and/or guidance) that can be adapted by an EBMO when customizing it to their individual needs or for inclusion in their own human resource management manual.

Introduction to the manual

The theory behind human resource management is that staff who are provided with effective administration can more efficiently and productively contribute to an organization's direction, thereby ensuring that it achieves its goals and objectives. Human resource management covers a spectrum of components for creating, managing and cultivating the employer–employee relationship and includes both strategic and comprehensive approaches to managing people, the organizational culture and the workplace environment.

In practice, the role of human resource managers (or the executive with that function) in an employer and business membership organization (EBMO) is to ensure that its most important asset – its human capital – is nurtured and supported through the creation and management of programmes, policies and procedures and by fostering a positive work environment through effective employee–employer relations.

The International Labour Organization's (ILO) Bureau for Employers' Activities recommends that this human resource management manual be adapted and maintained by an EBMO's executives and human resource managers. This manual's intent is to educate and guide the chief executive officer, human resource officers and senior management to a high level of strategic success and achievement in accordance with best practices. The manual an EBMO produces (or updates) should contain relevant information, policies and procedures as a tool to facilitate the improved understanding of good governance, legal obligations and better practices as they relate to managing the organization's human resources.

Each of the seven tools that constitute this manual provides definitions, explanations and resources to improve the management of the human capital within an EBMO. The content also may be of value to EBMOs looking to assist member companies towards improving their human resource management. For an overview of EBMO services in the field of industrial relations and human resource management, please refer to *The Effective Employers' Organization*, a publication from the ILO and its International Training Centre.

The content of this tool is based on relevant best practice at the time of its preparation and was developed with input from the ILO's Employers Specialists working in all regions and from EBMOs of all sizes. The manual takes into account best practices and guidance from human resource industry bodies as well as the practical guides on building and managing an EBMO more strategically and effectively that the ILO's International Training Centre has created.

This publication is not exhaustive. Thus, readers are encouraged to consult the cited resources to improve their knowledge in areas of particular importance or relevance and to adapt the information provided according to the needs and requirements of their particular EBMO and to the legal framework of the country in which the organization operates.



WARNING: When creating strategies, policies and procedures, specific terms and conditions need to be reviewed and updated by an EBMO to reflect actual obligations under national legislation and regulations, contracts of employment or other industrial instruments relevant to each jurisdiction.

How to use the manual

This human resource management manual consists of seven tools, each with its own checklists, examples, templates and other resources. Each tool breaks down a human resource management function, as the table highlights. Collectively, the tools have two purposes: (a) to remind (or inform) human resource officers and upper management of an EBMO of the best practices in managing all staff members of the organization and (b) to offer guidance to EBMOs for developing their own internal guidance in these different areas.

Tool 1. HRM in the organization – Fundamentals

Tool 2. Staffing and recruitment

► Tool 3. Benefits and compensation

Tool 4. Performance management

Tool 5. Development and training

Tool 6. Employee relations

Tool 7. Separation practices

First, refer to the definitions and abbreviations section in each tool (located at the back, before the additional resources) to become familiar with the terms commonly used in human resource management, governance and organizational management processes.

Second, review the main portion of each tool, which will take you through the basic elements of a specific function of human resource management. Where possible, examples are included to bring clarity on how to approach drafting and implementing a process, strategy or policy. Take what you need from this section for your own internal guidance for managing human resource (or even the employee handbook) and adapt it to your EBMO and jurisdiction.

Following the various prompts

	This mechanical signal highlights advice, guidance or direction to a relevant link.
	This magnifier leads to further guidance in the additional resources section.
	This pointer suggests possible content for your own human resource management manual.

Third, review each tool's additional resources section. The first checklist is a prompt for producing organization-specific documentation, policies and other information for your own human resource management manual. Where applicable, the additional resources include templates and guides for EBMOs to use. Make sure your documents are relevant, up to date and complete – this is important for the validity and accuracy of implementing human resource management functions and ensuring legal compliance.

Fourth, consult the ILO for additional online resources relevant to the tool or subsections for further advice and guidance.

Fifth, as with this manual, the human resource management manual that an EBMO produces ultimately should be a living document, updated as policies and procedures change. Thus, it is best to present your EBMO manual in a loose-leaf format, which will allow pages to be separated or added as required. Ideally, if technology and competency permit, the organization should consider producing an electronic version and printing only when necessary.



► Tool 3

Compensation and benefits

This third tool aims to help EBMOs optimize the effectiveness of their compensation and benefits processes and practices. The tool discusses the need to have strategies and policies for staff salaries, benefits and other compensation, how these components may be structured and the importance of classifying positions within the organization.



Key points

- Compensation packages should be kept consistent with job descriptions and salary grading.
- Fairness and transparency create better performance and promote quality workplace environments.
- Pay attention to legal requirements for setting compensation and benefits packages.
- Employment contracts are legally binding and a tool that benefits both employee and employer.



Compensation and benefits strategy

How an organization pays and rewards its employees has a big impact on its ability to attract the best people, ensure that they are challenged and motivated and then retain them.

The objective of a compensation strategy is to support:

- the overall organizational strategy;
- the human resource management strategy; and
- the desired organizational culture.

The compensation strategy sets forth the general guidelines for the compensation components and the priorities for implementing the human resource management strategy.

A successful compensation strategy will assist an EBMO to recruit the right people with the appropriate mix of skills and ensure that it can meet its business objectives. The compensation strategy must balance four interrelated components:

- the EBMO's needs and values;
- the needs and aspirations of the organization's staff;
- the internal balance between positions and roles; and
- the external market value of the positions and skills needed.



Managing generational differences in job expectations

Given that shifting demographics are changing the workplace, many EBMOs now need to confront the challenge of a multigenerational workforce comprising baby boomers, Generations X, Y and Z (millennials) who have different concepts about what it means to work and different professional needs. EBMOs need to make sense of this more horizontal workforce by developing new management models and strategies that play to the strengths of a workforce that is not only more diverse but increasingly highly technologically adept and geographically dispersed.

An effective compensation strategy for an EBMO should incorporate the following elements.

- ▶ **Expenditure allocation.** Decide what the total budget is and what share is allocated to salary, benefits and/or incentives.
- ▶ **Defined salary ranges.** Establish salary ranges that match all job descriptions and ensure that employee pay is competitive with other similar organizations.
- ▶ **Salary audits.** Conduct routine audits to ensure that the salary ranges reflect current compensation trends in not-for-profit organizations and EBMOs and reference the ranges in the private and public sector.
- ▶ **Benefits package.** Use a benefits package, in addition to salary, to help attract and retain staff.
- ▶ **Performance management system.** Use a structured performance management process to ensure that staff are meeting corporate objectives.
- ▶ **Compliance.** Implement a compliance strategy that incorporates legal requirements to make sure that the organization is in compliance with all laws.
- ▶ **Structured reviews.** Develop an annual review process and have a focal point who is responsible for all compensation areas.



Compensation policy

While the compensation strategy sets forth the compensation goals, the compensation policy describes the details of the individual compensation components and the roles in the organization's compensation scheme.

Having a written and countersigned reward or compensation policy also helps staff to understand consequences and how to align their work with their goals. This should be included in the employee handbook as well as the organization's human resource management manual.

Many organizations view salary and benefits within the context of the total compensation package, which includes the range of benefits that make up the overall employment proposition (such as learning and development, career development, the environment and working patterns).

Effective implementation of a compensation policy is a critical piece of an overall human resource management strategy and supports the EBMO in attracting the right staff necessary to further its mission and motivating them to stay as valued contributors to the organization.

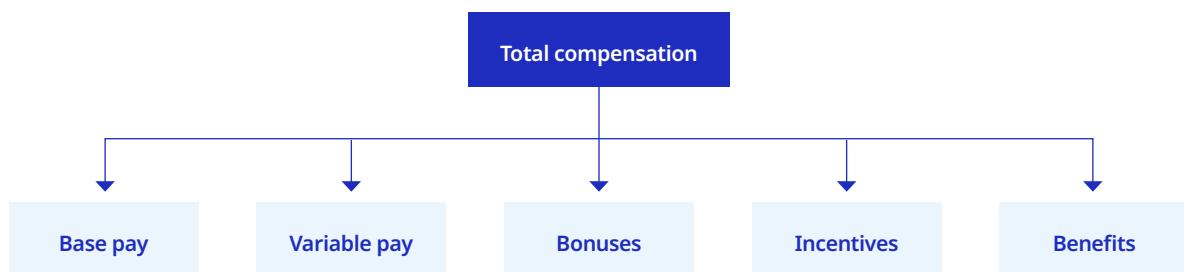
In terms of the benefits it provides for an EBMO, a compensation policy:

- ▶ promotes development of compensation structures that are equitable with logical and fair-pay relationships between differently valued jobs;
- ▶ helps to manage pay structures to mirror inflationary effects;
- ▶ ensures that salary and benefits costs reflect changes in market rates or organizational change;
- ▶ promotes appraisal of employee performance and provides for progression;
- ▶ promotes continual compliance with legal requirements;
- ▶ provides a mechanism for maintaining compensation levels and control of salary costs; and
- ▶ ensures retention of staff, keeping in mind that good staff can be poached by larger, wealthier EBMO members through the offer of disproportionately better financial packages.

Compensation plans and salary setting

Compensation and benefits plans spur staff motivation and allow employees to be recognized for strong performance. Thus, it is essential that EBMOs have a fair and transparent compensation system in place for all staff.

The illustration below reflects the elements of a compensation package, which consists of both financial and non-financial rewards.



See the additional resources section for an example of a compensation package.



Easiest route to best employees? Competitive salaries!

If you want to attract and retain the best staff members in your EBMO, you need to pay competitive salaries. Yet, you need to be practical and avoid setting unreasonably high salaries. To find a good balance, you should weigh potential candidates' compensation expectations against your budget and other factors.

[Continue on the next page >](#)



How do you begin? Start with research.

To attract and retain strong talent, the EBMO's salary range for a particular role should be on par with what member companies are paying for that position. If your EBMO does not have this data on hand, you could consult with human resource associations and the human resource team at big company members to get an idea. Another approach could be to conduct a corporate compensation survey among members. You should also review job advertisements and online career boards for insights into industry trends for certain positions.

After establishing a position's salary and benefits package, you will need to determine if the candidate for the role has salary expectations that fall within your budget. Use the recruitment process interviews to arrive at this clarity.

If every applicant wants a salary that is way above the offered range, it may be a sign to reassess your EBMO's expectations or financial means.

If a highly desirable candidate's salary requirement is only slightly out of your budget, you can highlight the additional compensation offered through the benefits package. For example, maybe you provide unlimited paid time off or remote work options. For many individuals employed by an EBMO, the organization's values and mission are also a major motivational factor. In the applicant's eyes, these could make up for what your employment offer lacks in salary.

Keep in mind, however, that you want new hires to be happy with their salary. Don't try to lowball candidates and then pressure them into taking the job – they likely will be unhappy in the long run. Employee satisfaction is often linked to higher productivity and lower employee turnover rates, so it's essential that workers feel they are appropriately compensated for their work.

Source: Adapted from www.businessnewsdaily.com/15832-how-to-determine-salary.html.

Compensation package

Salary component

Salaries should be consistent with the organization's job descriptions and, where possible, grading structure. When calculating salary levels, EBMOs should consider first gathering data and conducting salary surveys in the local market for the sake of comparison with other similar organizations. In addition, they need to consider any relevant legal requirements and budget constraints while communicating to job candidates how salaries and payment schemes are calculated.

Sources for market remuneration data include recruitment agencies and personal contacts. A recruitment agency can provide advice about current market rates and remuneration benchmarks. Even if your EBMO does not use one, a recruitment agency may still be willing to provide relevant information, particularly if they are interested in establishing a collaborative relationship with your organization or one of its members.

Some EBMOs may conduct salary surveys for advocacy and as part of advisory services to their members. To ensure that salary data collection and analysis are robust, consider: the number of sources contributing data regarding the job role being analysed; whether there is enough information to compare with your own organization's remuneration structure; and whether you are matching like with like.



Salaries and age variations can get sticky!

Salary setting based on market rates and job roles inevitably leads to management having to deal with issues surrounding age and/or length of employment in the EBMO.

Culturally, having younger staff with specialist skills that demand higher salaries than older staff with more years of service may provoke upset among some employees and require transparent and clear communication, reinforcing the message that all staff are valued members of the organization.

Ensuring that the EBMO can achieve its mission and goals by attracting and retaining staff – of varying ages and salary levels – is an important role of human resource management in the organization.

The salary component may be composed of:

- a. Base pay (market position)
- b. Pay progression
- c. Incentives or variable pay
- d. Bonuses
- e. Per diems

The following guidance for EBMOs addresses the first four of the salary components.

a. Base pay

- i. **Definition:** A fixed amount of money paid by the employer to an employee for work performed. The base pay does not include any bonuses, incentives, variables or other potential but uncertain payments by employers.
- ii. **How base pay is determined:** There are many ways to establish base wages within an EBMO. All of them include some sort of job analysis (to determine the value of the job to the organization), market survey or benchmarking (to determine the market value and ensure recruitment and retention capacity) and ranging (to define payment ranges).

b. Pay progression

- i. **Definition:** Part of the base pay that determines how it will increase over time.
- ii. **How base progression is determined:** Pay progression can be determined on the basis of:
 - Seniority or knowledge, when base pay increases are scheduled over a period of time and according to experience accumulated, under the assumption that increased years of experience bring increased knowledge. (A typical example is a percentage increase for every year spent with the organization.)
 - Merit increase, reflecting employee performance (this should not be mistaken for variable pay). A merit increase is a permanent increase of base pay and thus should be used to reward and/or stimulate long-term or continuous staff performance. (A typical example is a scheduled raise in pay grade.)
 - Cost-of-living increase (typically tied to the consumer price index).
 - Comparison of pay rates with equitable organizations (for example, chambers of commerce). This is also a staff retention strategy to ensure that your best staff are kept.

iii. Aspects of pay progression to consider

- ▶ Establish at least some system of pay progression because it signals to an employee that “your salary will increase over time”, which helps with staff retention and motivation. A fixed wage with no prospects of improvement sends the message, “This is what it is” – which is not an incentive for anyone.
- ▶ Scheduled wage increases should be made with care, noting that these can inflate payroll costs if they are too lavish or too frequent, particularly if not followed by increases in productivity or revenue. The scheduled increase should never exceed the increase in an employee’s productivity – often a challenge to establish.



Most EBMOs are familiar with the practice of pay grade progression because it is an issue that member companies need to deal with. And yet, few EBMOs apply it in their organization. This is partly because they are not covered by awards that dictate this. But too many EBMOs fail to recognize member companies as competition in the labour market and thus do not factor in this competition when making an offer to a potential new employee.

c. Variable pay, or incentives

- i. **Definition:** An element of direct pay linked to individual, team or organizational performance.
- ii. **How variable pay is determined:** Variable pay is directly linked to employee performance (and performance appraisal). The achievement of established performance goals triggers the scheduled (conditional) part of the pay.

iii. Aspects of variable pay to consider

- ▶ It can be tied to achievement of individual goals, team goals or organizational goals (or some combination thereof).
- ▶ It is known in advance. At the start of the appraisal period when objectives are set, the incentive for reaching or surpassing the objectives are set as well.
- ▶ It is best used to stimulate the desired performance or behaviour of an employee.
- ▶ The following highlights two examples of variable pay options for EBMO roles.

Membership manager	General manager
Percentage of membership renewals according to planning	Percentage of membership retention
Revenue from renewal fees according to budget	Profit (income minus expenditure)
Percentage of membership activation	Percentage compliance with the public advocacy plan set by the board of directors

The general rule of thumb is that with incentives, an employer rewards a desired employee’s behaviour or performance. The employee behaviour desired should be reflected in an employee’s variable pay scheme and might also embrace such things as learning attitude, relations with clients, new competencies acquisition and punctuality.

Merit pay increases a base pay, so it is permanent. An incentive is a one-off payment on top of the base pay and needs to be re-earned every time. Merit pay rewards the past (usually continuous) performance. The incentive stimulates future performance (hence the name).



Examples of incentives an EBMO can offer

- ▶ The secretary-general's variable pay is linked to overall organizational performance, such as budget realization, cost savings and members' acquisition and retention. With wide-ranging triggers for the incentives, the EBMO stimulates across-the-board improvements in the executive's performance and good management in all aspects.
- ▶ A manager of member relations has their variable pay linked to the number of new members acquired during the year, member retention rate, member satisfaction rate and so on. With this variable pay incentive, the organization rewards improved relations with its members and incentivizes the manager to improve their end-of-year performance.
- ▶ A public relations or communication officer has their variable pay linked to the results of media clippings, increased media presence, the share of positive-context news about the EBMO in the media, and so on. With this incentive, the organization awards positive exposure of the organization in the media and stimulates the proactive work of the communication officer.
- ▶ A financial administrative clerk has their variable pay linked to the percentage of membership fee invoices distributed and membership fees collected.
- ▶ A members' services officer has their incentives linked to the quantity and quality of services delivered to members. If services are charged (and/or offered to non-members) than the incentive can be tied to financial performance (the revenue generated by the services).



See the additional resources section for details of a variable pay (incentive) model for an EBMO.

d. Bonuses

- i. **Definition:** In this context bonuses cover a wide range of stimulation plans that are not part of the regular variable pay scheme, in particular, those that are not known in advance, are not scheduled and are not linked to performance appraisals. Bonuses are designed to reward unexpected successes and extraordinary performance of an employee beyond their usual work (for which they can receive variable pay).
- ii. **How a bonus is determined:** Bonuses are decided in many different ways, such as through discretionary schemes, recognition schemes, profit-sharing schemes, lump-sum merits, commission schemes, individual plans, bonus plans or unit plans. A typical example for an EBMO is a project success-sharing scheme whereby individuals or groups who are involved in a project that turns out successfully are rewarded with a bonus.

iii. Aspects of bonuses to consider

- ▶ Although EBMOs by definition cannot have profit-sharing schemes as an option to stimulate achievement of specific goals, they can address this through other means, such as project bonuses.
- ▶ A bonus may be awarded for successful implementation of a project.
- ▶ Bonuses for projects must be applied with the utmost care because they may be perceived by excluded employees as unfair treatment. As an example, while some members of an EBMO's secretariat are busy implementing a project, staff not involved in the project may be supporting them by successfully carrying out the organization's core business. If only those involved in the project are awarded, it would be perceived as unfair by those staff who missed out.



Bonuses vs variable pay

The size of variable pay, or incentives, and the trigger criteria are known in advance and are usually linked to performance appraisal. The size of a bonus is determined by extraordinary successes that were not foreseen. The variable pay, or incentive, scheme is usually linked to the core activities of an employee and the everyday operations of an individual, team or organization. Bonuses usually apply to special or one-off projects not linked to regular duties.

Often, managers' salaries (especially in larger organizations) are determined by measures different from those applying to the rest of the secretariat. Strong management and leadership are critical, so retaining leaders and motivating them to achieve high performance levels is important.

Separate managerial remuneration measures and policies can motivate superior performance and allow greater flexibility. It may avoid a conflict of interest if a manager seeks an increase in staff pay, where all staff salary is regulated by the same policy. Conversely, it may be demotivating for other employees if they deem the manager's salary as unfair by comparison.

By formally structuring the way salaries are set and encouraging positive attitudes and performance, the EBMO is aligning its compensation strategy with its business mission, vision, purpose, culture and organizational strategy. Creating order and clarity in managing pay rises helps to ensure fairness and lawfulness (that is, avoid pay discrimination).



To assist in structuring managerial salaries, compensation should focus on the variable pay scheme, which, in turn, is strongly linked to overall organizational performance.



Benefits component

The benefits component of an EBMO compensation plan may be offered for business reasons such as motivating staff to achieve organizational objectives and also for "moral" reasons based on a desire to care for staff well-being.

The use of benefits has the potential to enhance employee engagement in the organization. Obviously, prevailing financial, legal and social contexts also factor into the development and shaping of an EBMO's benefit practices.

Many regard employee benefits as a strategic tool to help attract, retain and motivate the talent needed to support an organization's purpose and goals.

Benefits packages for staff may be composed of:

- ▶ pension scheme, life insurance or social security;
- ▶ medical benefits;
- ▶ family-friendly benefits;
- ▶ various types of leave and flexible working hours;
- ▶ overtime pay;
- ▶ mobile phone allowance;
- ▶ mobility benefits;
- ▶ staff events and retreats;
- ▶ use of office equipment or facilities;
- ▶ perks, such as company vehicle or gym membership; and
- ▶ access to member companies' services.



Member companies' services can be part of a benefits package!

EBMO member companies may offer advantages, discounts or benefits to the people working in the EBMO secretariat – it is like an exclusive formalized sponsorship for the EBMO. One example of this is when member companies cannot afford to pay higher membership fees or service fees but can offer exclusive benefits to the secretariat staff as a gesture of appreciation. With a number of members offering some kind of discount or benefits under a formal agreement, this component can develop into a very attractive benefits package and become a significant part of the total compensation package.

EBMOs will need to consider any legal requirements regarding benefits offered. Some employers may be obligated to offer benefits by law. For instance, in some jurisdictions, flexible work is a legal obligation and there are limited grounds on which an employer can refuse such a request – although there is no requirement for an employer to agree to a request for flexible working arrangements. In Australia, for example, employees are entitled to ten days of paid personal or carer's leave and two days of unpaid compassionate leave per year. Additionally, some companies offer study leave as part of their benefits package.

Social security schemes (or retirement benefits) provide for disability, retirement and additional benefits, whereby employees fund social security benefits through special payroll taxes designated under federal legislation.

Social security is also intended for the families of individuals who are retired, disabled or deceased. Retirement and financial planning offerings are the most valuable benefits offered by organizations today. Employers are more frequently using these benefits for retention and recruitment strategies at all levels of their organizations.



Don't forget to check the tax obligations on benefits!

Some benefits will attract fringe benefits tax in certain jurisdictions. There are schemes that can place fringe benefits under the cover of regular salary. You should check the fiscal regulations for things like fringe benefit taxes to update your EBMO's benefits scheme and do it well before offering certain elements of a benefits package.

Performance-related pay

Organizations may choose to initiate salary levels based on performance, which can have several benefits for the employee and the organization. Performance-related pay is a way of managing pay by linking salary progression to an assessment of individual performance, usually measured against pre-agreed objectives.

Three common approaches that an EBMO may apply are:

- ▶ **Incentive schemes.** Increasing employee productivity and performance by having defined rewards for achieving certain performance targets.
- ▶ **Discretionary bonuses.** Generally determined and awarded after certain performance objectives have been met. It is not necessarily guaranteed that if the same performance targets are met at a later date that the bonus will be paid again.
- ▶ **Competency-based pay.** Staff receive pay increases when they meet certain competency levels, encouraging employees to develop and acquire new skills.



Organizations using performance-related pay should consider linking pay to a wider definition of employees' "contribution" rather than simple "performance", where the emphasis is not only performance in the sense of the output (result) but also the input (contribution of the employee).

For performance-related pay models to succeed, effective measures must be in place to define, appraise and manage performance. The establishing of evaluation criteria and key performance indicators is critical in this instance. The focus should be on first encouraging high-quality performance, reinforced by an effective performance management system and then on pay as a reward to help achieve that goal.

Pay progression

Pay progression refers to an employee moving to a higher pay level within a particular grade and is regarded as a measure of real wage growth. It is distinct from salary increases linked to inflation or associated with a formal promotion to a higher band.

An EBMO may use pay progression to encourage and reward desired employee behaviours, maintain salary competitiveness while controlling payroll costs within set parameters, or provide a fair and transparent process for determining an individual wage increase.

There are several mechanisms that may trigger salary progression within the organization. However, they must also be fair and avoid unlawful bias due to an employee's age, gender or ethnicity. Metrics include:

- ▶ length of service;
- ▶ market rates;
- ▶ skills-based pay; and
- ▶ inflation-linked pay.



Pay progression can nurture employee satisfaction!

Pay progression ideally should be tied to some criteria that increases the productivity of an employee or positively impacts the performance of the organization. In some jurisdictions, progression through pay points is mandated by an industrial award or enterprise agreement, and the employer may have little or no discretion as to whether this progression can occur. In reality, few EBMOs are directly affected by this, but they must be mindful of them as the conditions of employment that competitors might offer.

Pay grade progression can increase employee satisfaction and retention by providing clarity to the process of pay raises. There are different approaches to pay progression, the following being the most common among EBMOs.

- **Length of time employed: Increase staff compensation based on the length of each employment.** For example, an EBMO might increase an employee's salary by \$500 per year every two years. This type of structure rewards employees who stay with an EBMO for several years and thus encourages employee retention.
- **Individual performance: An EBMO may award pay raises to employees with strong individual performance.** The purpose of this type of pay progression structure is to encourage employees to excel in their job. This structure motivates individuals to perform at a high level, which can increase employee morale.
- **Team performance: Along with individual performance, some EBMOs base their pay rates on team performance.** They use metrics, such as member recruitment and retention, to review the performance of the secretariat and determine the appropriate pay increase. This type of pay progression can encourage teamwork and commitment to an EBMO's vision and objectives.
- **Skill development: An EBMO may increase employees' pay in exchange for them developing new skills.** The purpose of this pay progression structure is to encourage employees to continue building skill sets that make them better at their jobs. In a tight labour market where it's more difficult for an EBMO to attract top talent, this might provide an avenue for bringing onboard a candidate with slightly lower qualifications and experience than ideally hoped for with an incentive for them to build up the needed skills.
- **Inflation-related pay raises: Pay rates can also change due to inflation.** This occurs when surrounding prices are increasing, so the EBMO increases employee compensation to keep up with the changes. For example, if the cost of living increases in an EBMO's city, the EBMO might increase its pay rates so employees can continue to live in the city comfortably.

Contracts of employment

Some EBMO's terms and conditions of employment are set out in the staff member's employment contract. They may derive from relevant legislation or industry awards or enterprise agreements. In general, employment contracts are classified into permanent contracts, fixed-term contracts, casual contracts and service contracts.

A contract of employment is a legally binding agreement between an employer and employee. Depending on a specific country's laws, the term "employee" may be defined in legislation as an individual who has entered into or works under a contract of service or apprenticeship, and there is a mixture of "express" and "implied" terms within an employment contract.

As many terms as possible should be clearly set out in writing and given to the new employee before or when they commence the job to help avoid uncertainty or a dispute between the employer and the employee about such terms.

A well-written job description will create certainty about an employee's role, and this certainty is important when an employer needs to raise issues with an employee about their capacity to perform the role.

However, the EBMO should be aware that the use of a job description in conjunction with an employment contract may also attract legal risks. If an organization contracts with an employee to perform a role that is described in specific detail, either in the body of the employment contract or in a job description attached to the contract, the organization may later be restricted in changing aspects of that role.

Permanent and fixed-term contracts aim to organize the labour relationship between the organization and its staff. This is a difference to casual and service contracts that aim to arrange the rights and liabilities between the organization and an external party not formally employed as a staff member of the organization.

An organization, therefore, must make the relationship clear at the outset because rights in law differ between staff and others employed under different working arrangements.



Salary vs wage expectations: A common confusion among EBMO staff

An all-too-common reason for staff turnover in an EBMO is employee dissatisfaction with what they perceive to be lack of compensation for hours worked arising from confusion over work hour limitations and overtime pay. Offboarding staff have reported that they worked way longer than the contracted hours but were never paid overtime.

This situation suggests that the difference between salaried employees and waged employees is not always understood. Nor are EBMOs making it clear to their staff to which category they belong. Whereby salaried staff of an EBMO earn a specific amount over the year in fixed increments, waged employees earn their income by the hour. This is important clarity in an EBMO so that management cannot be accused of disrespecting the rights of their employees. There are pros and cons to each arrangement, but on the issue of overtime specifically, the rules governing overtime for each category of employment are not the same. For salaried workers, it is rarely a simple case of accounting for hours worked.

Compensation disclosure in job advertising

Many EBMOs promote transparency and fairness as organizational values, so this should be evident in the organization's job advertising. Clearly defined compensation structures and salary ranges with sound justification for compensation levels can highlight to potential employees that there exists a transparent internal culture in the organization.

Without clarity around the pay point for a particular role, some candidates may assume the package on offer doesn't meet their expectations – and the EBMO may miss out on a talented candidate because relevant information was not provided. Of course, in some competitive industries, disclosing salaries in advertisements may arm EBMO competitors with information that would allow them to outbid the EBMO for the talent. Thus, disclosure of compensation in advertising is something that EBMOs must consider carefully and strategically.

Additionally, advertising salaries for roles may also create internal issues within a team around pay points. Any reluctance to disclose salary may potentially lead to concerns among jobseekers about unacknowledged problems with pay parity in the organization – an example being that when no one knows how much people are paid, there may be questions over whether women and men are being fairly compensated.



See the additional resources section for examples of job advertisements.

Position classification and reclassification

Position classification is the process of determining the relative rank of different jobs in the organization. It is important because the classification that a job has in the organizational hierarchy underlies many human resource decisions. The army provides an example of a job classification system with its multiple ranks, such as privates, corporals and general.

Job classification is a qualitative way of evaluating the value of a job. Based on a ranking, a grade system can be attached to the job, which is then likely to be linked to a pay range.

To put this into effect, an employer will conduct job evaluation schemes for the development of clear and orderly position or grading classifications (this may help to counter any equal pay claims and also assist with market pricing where required).

There are two main types of job evaluation: analytical schemes, whereby jobs are broken down into their core components, and non-analytical schemes, whereby jobs are viewed as a whole.

A single job evaluation may be implemented to cover the whole workforce. It is a commonly favoured approach because it is likely to help counter any potential equal pay issues. This is a complex and time-consuming task, wherein the expertise of external organizations is often sought. Issues to consider:

- Because jobs and work change, job evaluation is an ongoing process.
- Clear, detailed and up-to-date job descriptions must be created and made available.
- The more complex the job classification scheme, the more detailed the job description must be.
- Accurate records of decisions must be kept.
- Results must be checked for existence of pay anomalies.
- Communication is essential because staff may have concerns over future job classification and pay.
- Individuals making decisions on job roles must be impartial and skilled in the chosen system.

In job classification, the job is evaluated and not the person. A job can be held by multiple people at the same time, each with different distinctions in their role.

Every job is part of a job family, and every job family is part of a function. This way, the job classification makes logical sense and enables easier categorization of existing and new jobs when relevant.

Definitions and abbreviations

ACTEMP	Bureau for Employers' Activities, which is a specialized unit within the ILO.
Compensation	The total remuneration, in cash or in kind, payable by an enterprise to an employee in return for work done by the latter during the accounting period. The compensation of employees has two main components: (a) wages and salaries payable in cash or in kind and (b) social insurance contributions payable by employers.
Competency-based pay	When an employee's salary is determined by their skills or competencies rather than by a universal rate. This may persuade more skilled applicants to apply and incentivize upskilling within the workforce.
Conflict of interest	When a person's personal or commercial interests conflict with their professional duties.
Discrimination	A bias and/or unfair treatment that occurs when a person or a group of people is regarded less favourable than another person or group because of their background or certain personal characteristics. In some jurisdictions, discrimination will have a technical legal definition.
Diversity	Characteristics that make us humans unique, such as our cognitive skills, personality traits, values and workstyles along with factors that shape our identity (for example, race, colour, age, gender, religion, political opinion, disability, sexual orientation, cultural background, national extraction and social origin).
EBMO	Employer and business membership organization, which is the target audience of this manual.
Fringe benefits	Employment compensation other than wages or salary. For example, annual and sick leave, medical insurance, life insurance, retirement benefits and profit-sharing. <i>NOTE: Fringe benefit is not used here in its taxation sense. EBMO staff should seek specialist taxation or accounting advice on what entitlements may or may not be reportable fringe benefits in their jurisdiction.</i>
Gender pay gap	The average difference in earnings between men and women. Data shows that women consistently earn less than men even after controlling for differences in age, occupation and location.
Generation X	The term used to refer to people born between 1965 and 1980.

Generation Y	The term used to refer to people born between 1980 and the mid-1990s.
Generation Z	The term used to refer to people born in the second half of the 1990s, who grew up in the internet age.
HRM	Human resource management, which is the practice of administering policies and programmes that optimizes employee performance and advance an organization's business goals. The programmes include employee recruitment, training, compensation, benefits and professional development.
HR manager	Human resource manager, which is the person who leads and directs the routine functions of recruiting and interviewing staff, administering pay, benefits and leave and enforcing company policies and practices.
Human capital	The "asset" that employees bring to a business, including their expertise, qualifications and skills, that add value to the organization.
Inclusion	The process of valuing people's differences to enable everyone to thrive at work.
Inclusive leadership	An authentic leadership style that treats everyone equitably, creates a strong sense of belonging for all staff and supports staff to reach their full potential. It also rules out discrimination, bias and favour based on colour, race and other protected characteristics and allows employees to feel valued for their inputs.
Employment relations	The management and analysis of the relationship between employers, employees and representative groups, such as trade unions.
ILO	International Labour Organization, which is part of the United Nations system.
Job description	Document providing an overview of the tasks, duties, responsibilities, qualifications, skills and experience required for a particular role.
KPIs	Key performance indicators, which are measurable values that demonstrate how effectively an organization is achieving organizational objectives and upon which the performance of employees is evaluated (for example, sales per month, customers served and units manufactured).
KSAs	Knowledge, skills and abilities, which are the proficiencies and competencies required for a particular position or role.
Mentoring	A process used to link junior employees with a mentor in a more senior position to provide coaching, training and development. It can be informal or formalized through meetings and measured outcomes.
Millennial	Anyone born between 1981 and 1996, also known as Generation Y.

Mission statement	A statement that expresses what an organization does to achieve its purpose.
Organizational culture	The beliefs, ethics, mission and attitudes shared by the organization and its staff.
Performance management	The process or system by which an organization measures and improves performance within its workforce and incorporates performance, remuneration, promotions, disciplinary procedures, terminations, transfers and development needs.
Performance review	A formal assessment of an employee's work performance that identifies their strengths and weaknesses, provides feedback and sets goals for future performance. Performance reviews are also called performance appraisals or performance evaluations.
Staff	Persons contracted to work for an organization (or business) in return for compensation. Staff are differentiated from other workers, such as contractors, in that they are an integral part of the organization, which has the legal right to dictate the conditions, hours and manner of work performed.
Staff retention	Organizational policies and practices that are designed to encourage staff to remain employed by the organization.
Transparency	The process that enables others to see and understand that an organization or business is operating in an honest way. To achieve transparency, an organization (or business) must provide accurate and complete information about its activities and governance to stakeholders in a timely manner.
Turnover	When referring to employees, a turnover rate is the measurement of the number of employees who leave an organization during a specified time period, typically one year.
Workers' compensation	A type of insurance that provides benefits to employees who have been injured on the job.
Workplace environment	Encompasses the physical conditions as well as the mental demands, social aspects and support levels between colleagues and management in the workplace.

Additional resources for tool 3

This section offers checklists, examples and descriptions of compensation and benefits to further assist the human resource team in managing the EBMO's recruitment and staff retention processes in terms of benefits and compensation packages. This section also can help in either compiling or updating a human resource management manual and the employee handbook.

Where you see “[EBMO]”, “[purpose]” or “[xxx]”, the idea is for you to insert the name of your EBMO or the appropriate phrasing if you decide to adapt this resource to your own human resource management manual.

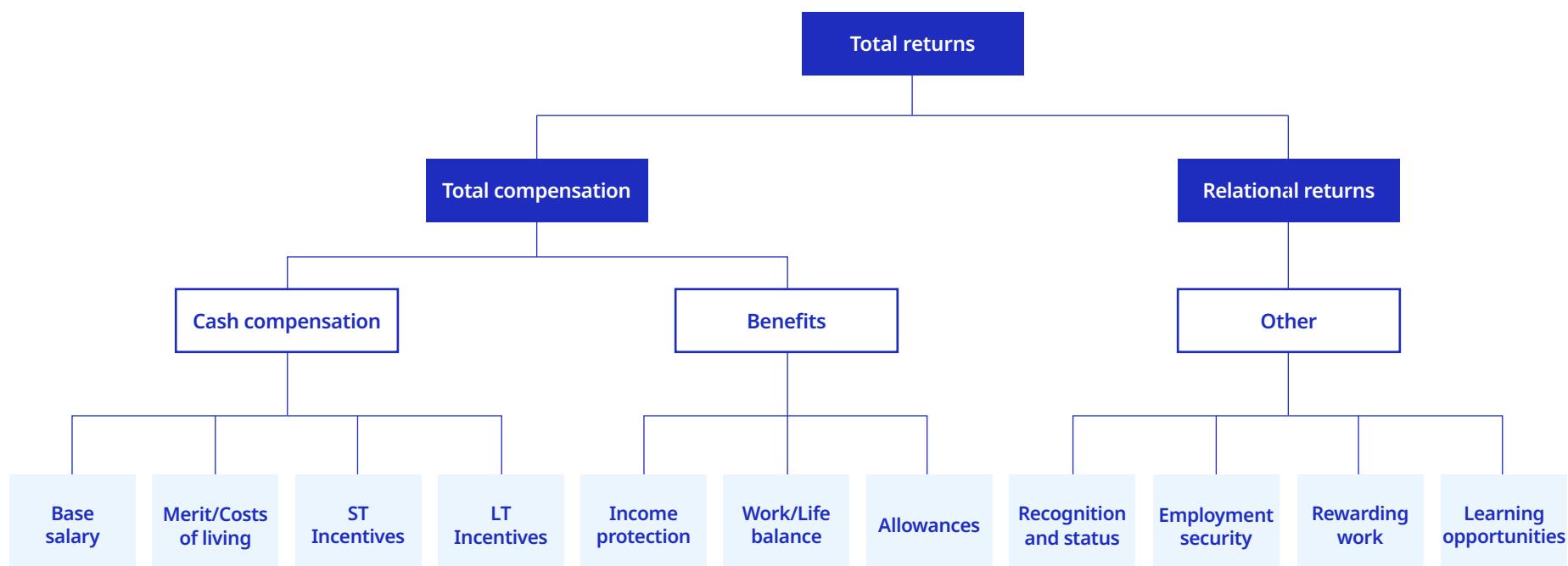
Human resource management manual checklist

As the next step to producing a human resource management manual for your EBMO, this checklist can be used to compile the basic documents that should be included.

- Prepare the EBMO's compensation strategy
- Prepare the EBMO's compensation policy
- Prepare the EBMO's salary survey checklist
- Prepare the EBMO's contract of employment template

Example of compensation package components

The possibilities of a compensation package are depicted in this illustration. They of course will vary based on the size of an EBMO and possibly its jurisdiction. As well, an EBMO's willingness to be competitive with other potential employers of candidates whom the EBMO would like to attract will factor into which of these components are adopted.



Defining the elements of a compensation strategy

The compensation strategy should ensure the strategic fit of compensation with the other strategies and objectives of the organization. It is one of the main tools supporting organizations to reach their strategic objectives.

The following questions will assist an EBMO in formulating its compensation strategy.

a. Internal vs external equity

- i. Will the compensation plan be perceived as fair within the organization?
- ii. Or will it be perceived as fair relative to what other employers are paying for the same type of labour?

b. Fixed vs variable pay

- i. Will compensation be paid monthly on a fixed basis – through base salaries – or will it fluctuate depending on some criteria, such as performance or organizational performance?
- ii. What will the proportion be between the base pay and the variable part of the pay (the ratio varies between companies, jobs, sectors, countries and so forth)?

c. Performance vs participation

- i. Will compensation emphasize performance and tie pay to individual or group contributions?
- ii. Or will it emphasize belonging to the organization – logging in a prescribed number of hours each week and progressing up the organizational ladder?

d. Job vs individual pay

- i. Will compensation be based on how the organization values a particular job?
- ii. Or will it be based on how much skill and knowledge an employee brings to that job?

e. Egalitarianism vs elitism

- i. Will the compensation plan place most staff under the same compensation system (egalitarianism)?
- ii. Or will it establish different plans by organizational level and/or employee group (elitism)?

f. Below-market vs above-market pay

- i. Will staff be compensated at below-market levels, at market levels or at above-market levels?

g. Monetary vs non-monetary rewards

- i. Will the compensation plan emphasize motivating staff through monetary rewards, such as salary and stock options?
- ii. Or will it stress non-monetary rewards, such as interesting work and job security?

h. Open vs confidential pay

- i. Will staff have access to information about other workers' compensation levels and how compensation decisions are made (open pay)?
- ii. Or will this knowledge be withheld from staff (secret pay)?

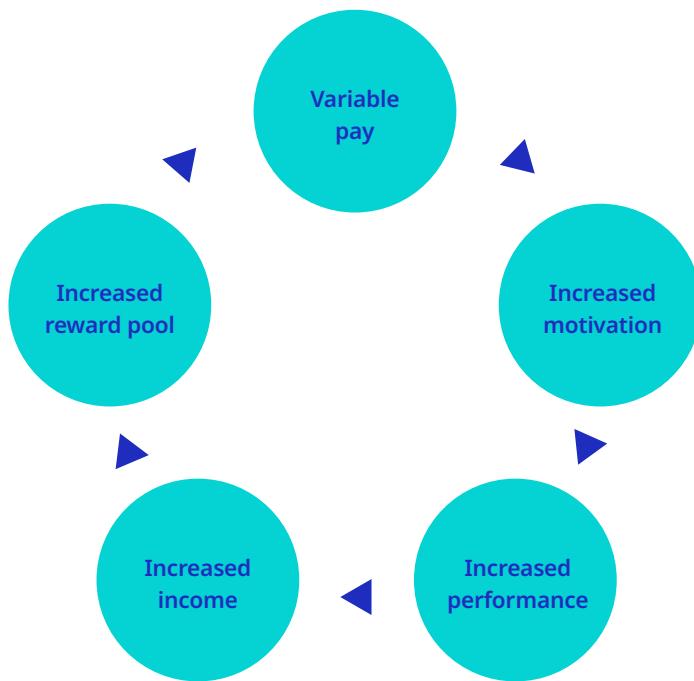
i. Centralized vs decentralized pay decisions

- i. Will compensation decisions be made in a tightly controlled central location?
- ii. Or will they be delegated to managers?

Description of a variable pay model

Every well-designed variable pay system is a self-financing one. If the variable pay system is not funding itself, then it has not achieved its purpose.

The illustration here depicts an ideal variable pay model.



Financing a variable pay scheme can be achieved through:

- an additional budget;
- converting part of merit increases to variable pay;
- converting part of base pay to variable pay; or
- self-financing effects of variable pay (the ideal scenario), where increased motivation leads to increased performance and increased income, as shown in the illustration.



Compensation plans need to be carefully tailored to stimulate performance improvement that generates an increase in earnings that is consistently above the associated cost increase.

One concern about the variable pay scheme is the cost impact – a common concern of all bonus plans that do not strictly depend on the organization's earnings success. The implication is that pure profit-sharing plans do not usually carry cost-rise risks. For example, if a certain percentage of increased income is paid out to staff as profit-sharing, there is no direct cost risk because the plan is self-funding. If no increased income to finance the scheme has been generated, there is no variable pay. All variable pay (incentive) plans that are not strongly embedded in improved performance or productivity or an income increase bear the risk of a cost explosion.

If establishing a variable pay scheme, consider the following:

- ▶ Establish a reward pool that is closely linked to the performance of the organization, and ensure that the organization has generated earnings before funds are distributed as a compensation increase to staff.
- ▶ Make sure that the amount of additional pay never exceeds 100 per cent of what would be possible if 100 per cent of objectives are achieved.

Example of a contract for employment

This is an example contract for employment that EBMOs can use to benchmark their contracts.



WARNING: This is an example but likely has limitations. Employers need to obtain advice about their unique employment situation and legal obligations.

[EBMO name]

Contract of Employment

Private and Confidential

Date

<Employee's name>

<Address details>

Dear [employee name],

We are pleased to offer you the position of [insert position title] with us here at [EBMO], where we hope you will enjoy your role and make a significant contribution to the success of the organization and its members.

Commencement date

Your employment will commence on [insert starting date].

Location

You will be located at [address] and may be required to work at such other locations within [country/region] as reasonably determined by the needs of the organization.

[Insert details as required re: working location/s]

Position

[Insert position title] - reporting to <insert manager's position title>

The roles and responsibilities of this position will be described separately in an attached position description.

Term

This is a permanent full-time position.

Trial period

1. A [one-month] trial period will apply to this role. During this time you will receive advice, training and guidance to help you become familiar with, and competent in, performing the work you have been appointed to do.
2. The appointment is subject to the satisfactory completion of the trial period, which itself is subject to termination during any stage, by either party, upon one week's notice in writing or by payment in lieu of notice.

Terms of employment

This employment contract should be read in conjunction with [insert registered agreement or award name if relevant].

Award:

Classification:

Or [insert terms of employment if employee]

Hours of work

[EBMO's] general working hours are between [8.30 a.m. and 5 p.m.] Monday to Friday. It is expected that you will work an average of [XX] hours per week during general working hours.

From time to time, you will be required to work reasonable additional hours or after hours when necessary to perform your duties.

Overtime payments or time in lieu will be calculated in accordance with the [insert name of award or enterprise agreement or how this will be calculated if overtime or time in lieu will apply].

Remuneration

Your salary is at a rate of [insert salary or hourly amount stating inclusive or exclusive of Social Security].

Payment

- Your salary will be paid [state frequency and day], with the first salary to be paid on [date].

Superannuation (Social Security)

- Superannuation payments will be made on your behalf in accordance with the [insert relevant legislation].

Salary review

- Your remuneration package will be reviewed annually or in accordance with workplace laws.

Leave entitlements

You are entitled to [annual leave, personal leave, carer's leave, parental leave and long-service leave] in accordance with the [National Employment Standards].

Termination

Under the [legislation], [EBMO] may terminate your employment by providing in writing the following period of notice (or payment in lieu) depending on service.

Length of continuous service with employer	Period of notice
Not more than 1 year	1 week
More than 1 year but less than 3 years	2 weeks
More than 3 years but less than 5 years	3 weeks
More than 5 years	4 weeks

If you are older than 45 with more than two years of continuous service, you will receive an additional week's notice (or payment in lieu).

[EBMO] may terminate your employment at any time without notice if you are guilty of serious misconduct or you are in material breach of a provision of this contract, including confidentiality undertakings.

Following the termination of your employment, you will be required to return all [EBMO] property.

If you wish to terminate your employment, you are required to provide the employer with notice in writing in accordance with the notice period listed above.

Privacy

You are required to observe and uphold all of [EBMO's] privacy policies and procedures as implemented or varied from time to time.

Collection, storage, access to and dissemination of employee personal information will be in accordance with privacy legislation.

Company policy

[EBMO] has in place policies that you are required to comply with.

A failure to comply with these policies may result in disciplinary action being taken against you. You need to follow all reasonable and lawful directions given to you by the employer.

These policies are found [insert where policies are located]. These policies do not form part of this contract of employment.

You are required to perform all duties to the best of your ability at all times and to use your best efforts to promote and protect the interests of [EBMO].

Confidentiality of information

In the course of your employment, you may become aware of information relating to the business of [EBMO], including but not limited to member lists, trade secrets, client details and financial information [include any other specific information particular to the EBMO].

Confidential information, including but not limited to member lists, trade secrets, client details, financial information and all documents created by you in the course of your employment, remain the sole property of [EBMO].

By accepting this letter of offer, you acknowledge and agree that you will not, during the course of your employment or thereafter, except with the consent of the employer, as required by law or in the performance of your duties, use or disclose confidential information relating to the organization of the employer, including but not limited to member lists, trade secrets, client details and financial information.

Jurisdiction

This contract is made in [state/country]. You will be entitled to all national public holidays. Public holidays will be paid at the ordinary rate of pay, or if worked, will be paid in accordance with [award name].

Welcome and acceptance

[Insert employee's name], we would like to take this opportunity to welcome you to [EBMO] and wish you a long and rewarding career with us. If you have any questions about the terms and conditions of your employment, please don't hesitate to contact [insert manager name]

Yours sincerely,

[Name and Position Title].

I, [Insert Employee's name], accept the terms and conditions of this contract.

Signed: _____

Dated: _____

Example of a compensation policy (executive level)

This comprehensive policy, mostly suited to larger, more complex EBMO, delegates the authority, specifies responsibilities and outlines a process for determining executive compensation.

Compensation

1. Authority

- 1.1 The Board of Directors has the authority to hire, employ and compensate such personnel as are needed to provide a well-coordinated, effective organization.
- 1.2 **Compensation policy.** The Board retains the authority to establish compensation guidelines for annual increases and the principles and standards for distribution except as noted below. The Human resource Committee of the Board shall be responsible for making a recommendation regarding distribution of salary increase funds. The Financial Affairs Committee of the board shall be responsible for making a recommendation about funding of the annual increase.
 - 1.2.1 **Role.** The Executive Committee is a permanent committee of the board. In the responsibilities and authority of the Executive Committee is that relating to executive compensation. This committee is responsible for the hiring and evaluation of the principal management of the organization. The committee reviews compensation practices and programmes for principal managers, provides leadership in this area, and upholds the tax-exempt status of [EBMO]. The Executive Committee reports its determinations to the Board.
 - 1.2.2 **Composition.** Executive Committee membership is appointed as specified in the bylaws.
 - 1.2.3 **Duties and responsibilities**
 - 1.2.3.1 Review and approve cash and non-cash compensation policies and programmes applicable to principal managers.
 - 1.2.3.2 Take all reasonable and prudent steps to comply with tax-exempt status to ensure that no part of the [EBMO's] net earnings inures to the private benefit of any individual or group of individuals.
 - 1.2.3.3 Establish and periodically review the [EBMO's] executive compensation philosophy to ensure that the policy appropriately supports the [EBMO's] purpose and mission, attracts and retains key executives at a reasonable cost and enhances the mission and purpose of the organization.
 - 1.2.3.4 Act on behalf of the Board in setting executive compensation policy and making decisions with respect to the compensation of principal managers by reviewing the annual base salary levels and performance evaluations.
 - 1.2.3.5 Establish reasonable compensation levels on a position-by-position basis by:
 - assessing the nature and scope of each principal management position;
 - assessing the basis for which compensation is paid to individuals holding such positions, including unique background, experience, personal skills, exceptional performance, additional duties and abilities and challenges facing the organization that require the use of such attributes or skills;
 - obtaining appropriate and comparable compensation market data, including data from the following:

- similarly situated organizations, both for-profit and tax-exempt, for functionally comparable positions;
- the availability of similar specialties in the geographic area; and
- independent compensation surveys by nationally recognized independent firms.

1.2.3.6 Document the basis for the determination of the reasonable compensation, including performance evaluations and market data.

1.3 The Board retains the authority to approve compensation agreements contained in collective bargaining agreements.

1.3.1 The Board delegates to the Employee Relations Committee the responsibility to recommend compensation proposals for faculty or staff engaged in certified collective bargaining.

2. Delegation of authority to the president

2.1 The Board authorizes the president, in consultation with the Board, to establish a job evaluation system and compensation policies. These shall comply with state and federal legislation and shall be established and implemented to promote the goals of internal equity, reward for meritorious performance, effective recruitment and retention of staff.

2.2 **Pay ranges.** The Board authorizes the president to establish a set of pay ranges and classification assignments for administrators and operating staff. [EBMO's] human resource manager shall be responsible for establishment and maintenance of the pay programme. Pay levels and ranges if applicable shall be set by [legislation if applicable], unless covered by collective bargaining obligations, subject to review by the president.

2.3 **Supplemental pay policies.** The Board authorizes the president to establish compensation policies relating to hours of work, work in excess of a regularly classified and compensated work day, holiday pay, shift differentials, and policy for payment of hourly and other non-status employment.

2.4 The Board authorizes the president to make administrative adjustments as defined below. Such responsibility shall be delegated for administrative purposes to the manager of human resources.

2.4.1 **Definition.** An administrative adjustment is a salary increase that may be granted by the manager of human resource when such an adjustment is necessary:

- to compensate for an administrative error;
- to conform to other provisions of the compensation programme; or
- because it has been otherwise demonstrated to be in the best interest of the organization.

2.5 The Board authorizes the president to establish compensation policies for personnel actions including promotion, transfer, demotion and reclassification.

3. Executive compensation policy

The Executive Committee of the Board shall review and approve the compensation policies and programmes of principal managers.

3.1 The policy of [EBMO] is to provide direct compensation programmes that reflect the relative size and complexity of the role and the level of responsibility within the organization necessary to accomplish the organization's mission and goals and without causing any part of [EBMO's] net earnings to inure to the private benefit of an individual or group of individuals.

3.2 The Committee will accomplish this policy in the following manner:

- 3.2.1 Determine the relevant market data for the principal administrator position it reviews by obtaining reliable and comparable data from published surveys of both tax-exempt and for-profit organizations focusing on data from comparably organized institutions with similarly sized budgets.
- 3.2.2 Develop a target base pay range built off the median of the market data.
- 3.2.3 Set base salary by considering both market data and each individual's background experiences, skills and meritorious contribution.
- 3.2.4 Set salary increase reassessments based on external equity, internal equity and/or merit.

4. Procedures

4.1 The Committee shall execute the policy as follows:

- 4.1.1 In order to be eligible for any general or merit increase, a principal manager must have at least [six] months of service in the position as of the effective date of the increase.
- 4.1.2 A principal administrator who has more than [six] months of service, but less than [12] months, will be eligible for prorated general or merit increases. Equity increases may be awarded as appropriate.
- 4.1.3 The appointment letter for new principal managers should include the foregoing information regarding eligibility for salary increases.
- 4.1.4 Actual base salary for an individual relative to the target pay will be determined upon recommendation of the president. These recommendations shall be consistent with the above principles.

4.2 The Committee may also reference other published surveys on occasion and shall document the reason and purpose of consulting such other surveys.

4.3 **Appointment information.** The Committee shall review and recommend all principal manager appointments, changes in title and acting or interim appointments. The written confirmations of employment, which are considered notices of appointment rather than contracts, shall be reviewed and approved by the Board chair and legal counsel prior to issuance.

Example of a compensation plan

The following example of a compensation plan comes from a larger-than-usual EBMO. Thus, it has limited application to many EBMOs. But it is a useful guide for phrasing on what components could be applicable to any EBMO.

[EBMO NAME] COMPENSATION PLAN

Salary and allowances

1.1 Authority to determine salary and allowances

The Board of Directors shall be the competent authority to determine salaries based on the existing pay structure. Wages of the daily aid and temporary staff shall be determined by the CEO (in accordance with the existing labour laws)

Notwithstanding the forgoing rules, the Board may also grant additional remuneration on such condition as may be prescribed.

1.2 Salary on first appointment

All appointments shall be made at the minimum salary of the scale applicable to the post. However, for special qualifications and experience, the Appointing Authority may grant advance increments in the salary scale.

1.3 Increments

Increments in salaries shall normally be awarded annually subject to satisfactory work and conduct evidenced by a documented performance appraisal procedure. Increments in salary may be sanctioned or withheld by the CEO, a report shall be submitted to the Board for approval.

1.4 Salary on promotion

An employee's salary on promotion shall be decided by the Appointing Authority and shall be:

- a. At least the minimum of the new scale if the previously salary (before promotion) was less than the minimum of the scale to which the employee has been promoted.
- b. At least the next incremental position in the new scale above the employee's salary before promotion if the previous salary was greater than the minimum of the scale to which the employee is promoted.

1.5 Commencement and cessation of salary and allowance

The salary and allowances to a post shall accrue from the commencement of service of an employee in the post and shall cease on the date on which an employee ceases to perform the duties of the in the employment of GCCI.

1.6 Date of payment of salaries and allowances

1. Salaries and allowances shall be paid monthly in arrears on a date fixed by the CEO, but not later than the 30th of the month.
2. An earlier date may be fixed by the CEO in any month for special reasons.
3. Employees may be paid their half-monthly salaries (part salary) on the 15th of the month, provided that:
 - a. Such advance is formally requested on or before the 10th of the month.
 - b. Net take-home pay shall not be less than 50% of gross salary in the month the advance is granted.

1.7 The following allowances shall be applicable in accordance with the Board policy on allowances:

Vehicle policy and basic car allowance

- a. Official vehicle shall be provided only to the CEO and Department Heads where applicable.
- b. The basic car allowance shall be paid at a rate to be determined from time to time per month to the senior management and approved by the Board of Directors.

Telephone allowance

- a. Payment of residential telephone bills calls for the CEO shall be at the rate of [\$500] per month.
- b. Line Directors shall be paid monthly residential telephone allowance of [\$250], which shall be paid through the payroll.

Longevity allowance

A longevity allowance of 5% of basic salary shall be paid to any employee who stagnate at the end of a scale for a period of five years.

Travelling allowance

Any employee in the service of [EBMO] shall be entitled to a travelling allowance while travelling on duty within [COUNTRY] and away from their normal place of work for one or more nights. An employee shall not be disqualified from the entitlement to travelling allowances:

- when proceeding to receive medical or dental treatment;
- when travelling to assume or resume appointment or when proceeding to take up posting;
- when proceeding to sit for an approved examination;
- when proceeding on official leave; or
- for any other official travel duly authorized by the Head of Department

An employee is expected to travel on all occasions by the most direct and cheapest route and must produce receipts to support the claims.

Alternatively, employees may be provided with warrants, vouchers or tickets to enable them to travel or [EBMO] may provide transport, in which case no claims shall be met.

Relocation allowance

An employee proceeding on posting, involving a change of residence to another station in [COUNTRY] and for a period in excess of one month shall receive relocation allowance of [\$500].

Posting enhancement allowance

An employee posted to another station in [COUNTRY] involving a change of residence may be authorized by the CEO to receive allowances as follows:

Zone 1 – [AREA]: 7.5% of basic salary
Zone 2 – [AREA]: 10% of basic salary
Zone 3 – [AREA]: 15% of basic salary

Travelling allowances (international and local)

Employees attending duly approved visits outside [COUNTRY], the cost of which is not being borne by an external agency, shall be paid an allowance at the following rate:

International

CEO	\$150
Directors	\$130
Others	\$100
Drivers	\$50
LOCAL	
CEO	[Currency]150
Directors	[Currency]120
Others	[Currency]70

An employee attending a seminar or training course or travelling on other official duty outside [COUNTRY], where both board and lodging are paid for, shall receive an appropriate enhancement allowance as determined by management.

Overtime allowance

- An employee who is required by the CEO or their Head of Department to work outside normal working hours may, at the discretion of management, be paid operational incentive at a rate to be determined by the CEO.
- Overtime pay must be authorised by the relevant Director and proper paperwork verified.
- No overtime shall be paid to officers in categories I and II.
- Overtime from Monday to Saturday shall be paid at time and half and Sundays and public holidays at double time.
- A maximum of 10 hours or [CURRENCY]500, whichever is lower, shall be allowed to any staff in any one month.

Medical and dental treatment entitlement

1.8 General policy

Notwithstanding the provisions hereunder, medical entitlement and procedures shall be subject to [EBMO's] medical scheme from time determined by management and approved by the Board.

1.9 Medical treatment

All employees are entitled to medical and dental treatment from [EBMO's] retained doctor or a government hospital. Such treatment shall be on a cost-sharing basis.

Cost-sharing of bills shall be as follows:

- a. Medical and dental bills – [EBMO] 60% and Employee 40%.
- b. Purchase of reading or sight glasses (first purchase only) – [EBMO] 60% and Employee 40%.

In cases of emergency after office hours, an employee may consult any available doctor of their choice. Such employee will have to produce a doctor's certificate and prescription, including receipt of payment before a refund of 60% of cost of medication will be considered.

An employee who has to consult or be admitted to a government hospital will be entitled to 60% refund upon submission of a doctor's certificate and/or proof of payment to the hospital.

All admissions into private hospitals must be authorized by the CEO and all costs will be subject to the 60%-40% cost-sharing basis upon presentation of the doctor's certificate.

1.10 Absence due to illness

When an employee is absent from duty owing to sickness, the following action shall be taken:

1. The Administration Department shall place the employee's name on the sick list.
2. When an employee's name has been placed on the sick list, the retained doctor shall notify [EBMO], through Administration Department, without delay, indicating where necessary the expected duration of the employee's absence from duty.
3. The employee shall, through the Administration Department and as soon as practical, inform their Head of Department of their sickness and inability to attend duty, by submitting a copy of the doctor's certificate.
4. In cases for which a doctor has authorized an employee's absence from duty on the grounds of sickness:
 - a. The doctor shall determine whether the employee is to be treated in hospital or in the employee's home or quarters.
 - b. An employee required to enter hospital for treatment but who refuses to do so shall receive no pay for the period. In such cases, the doctor shall report the matter to the CEO.
 - c. An employee placed on the sick list and not required to enter hospital shall not be permitted to deal with any official duty or to return to duty without the express authority of the doctor.
 - d. The doctor shall immediately report to the CEO any refusal of the sick employee to obey their instructions.

Examples of job advertisements

The following examples set out the general role and responsibilities of various positions commonly staffed within an EBMO secretariat when advertised. As examples, they may assist as guidance when developing your own job advertisements.

Digital Content Producer & Social Media Adviser

About us

We are...

Our members choose us because...

Our team thrive on putting our members first in everything we do – from providing exceptional customer service to advocating for their interests across all levels of government.

The [EBMO] works for the success of its members and...

About the role

This role is responsible for:

- Producing engaging video, written and multimedia content for our social media channels and other platforms;
- Posting and moderating content across our LinkedIn, YouTube, Facebook, Twitter and Instagram accounts; and
- Producing and editing webinars and uploading content to our website.

The role sits within the [Media and Communications team] and works closely with the [Policy & Advocacy] and [Brand & Membership Experience] teams to promote the priorities of [EBMO].

About you

To be successful in this position, you must have:

- Experience in a communications or content role that includes producing, editing and uploading digital and multimedia content, particularly video and photos;
- Experience in social media posting and moderation and a finely tuned understanding of the most appropriate and successful content across various channels including LinkedIn, YouTube, Facebook, Twitter and Instagram;
- The ability to develop relationships with other business units, senior management and external stakeholders to ensure that digital content objectives are met and are that you actively working towards the strategic goals of the business;
- Demonstrated ability to ensure attention to detail in creative projects, working collaboratively within a small team;
- Excellent time management skills and the ability to meet tight deadlines in a fast-paced environment with competing work pressures;
- Excellent writing, editing, proofreading and oral communication skills;
- Proficiency with a wide range of technology tools, including SharePoint, One Drive, Adobe Creative Cloud and Zoom;

- ▶ Proficiency with videography and photography equipment;
- ▶ Strong capability in file management and administration; and
- ▶ Experience in photography is desirable but not mandatory.

Be part of a dynamic and forward-thinking organization that not only drives economic change and prosperity but offers a collaborative working environment.

A competitive salary [in the range of xx to xx] will be offered to the successful candidate.

How to apply

If this sounds like you, please apply online [or...] under the Careers section of our website [www.ebmo.com]

Applications, including a cover letter addressing the selection criteria contained within the position description, should be addressed to [xxx].

The position description can be found under the Careers section of our website [or...].

Please note that the successful applicant will be subject to a satisfactory police check as a precondition of employment.

Executive Officer

Position status: Permanent full time [40 hours PW]
Length of contract: Initially one year, with possible extension
Responsible to: [President/CEO] of Executive Committee

Purpose of the role

This is a hands-on role, responsible for the overall management of [EBMO's] business. The focus is membership strategy and growth, brand presence and marketing.

Does this describe you?

- ▶ Someone who is organized.
- ▶ A problem-solver.
- ▶ An engaging personality who can connect with a diverse range of members.
- ▶ A creative wordsmith (not essential, but desired).
- ▶ An autonomous worker who can meet tight deadlines.
- ▶ Someone who likes a challenge and is not afraid to learn new things.
- ▶ A creative spark who can make our adverts and mail-outs shine.
- ▶ A team player.

Working environment

You will be integral to our small team and supported by the [EBMO's] CEO at all times. In our workplace, we all lend a hand to achieve our results.

You should enjoy teleworking in a focused environment, plus being at in-person and digital events, where you will engage with our local businesses and build networks.

Our events are relaxed, fun and offer a chance to connect with great people. Events are at least once a month, face to face.

What will your day look like?

You will connect with the business community through a variety of forums, such as networking events, business showcases, business awards and collaboration opportunities. Your role will nurture and grow these relationships.

In collaboration with the [Events Manager], you will provide engaging and relevant membership offerings plus support scouting for new members and enticing local businesses to be showcased in our Business Awards.

[EBMO] is changing the way we speak to our audience, and we want your guidance. Can you put together mail-outs, figure out what looks great and have some catchy words to share? Do you understand brand presence?

We also have a website and customer relations management software, so you'll be maintaining and updating that as we go – with training and support provided.

Do you like a sales challenge?

You'll have growth targets to meet, based on strategic objectives. The right person will be proficient at generating dynamic ideas to support these objectives with a fresh approach.

Your administration role:

- ▶ Attend monthly Executive Committee meetings and take minutes.
- ▶ Prepare minutes and agendas for circulation.
- ▶ Prepare the Annual Report and AGM documents.
- ▶ Provide administrative support to the Executive Committee as required.
- ▶ General administrative tasks to ensure the effective running of the [EBMO's] office.

You will be in a supportive team and provided with training and guidance. This is a role you can potentially grow into and shape, and as [EBMO] expands and diversifies its offers, we envisage you will grow with us.

A competitive salary [in the range of xx to xx] will be offered to the successful candidate.

Applications close at [5 p.m. on Monday, 30 June 2021].

Applications should include a brief cover letter.

Senior Industrial Relations Specialist

[EBMO] is [country's/state's] leading business group, representing hundreds of small businesses across [location]. Our purpose is to be their voice, advocate and champion, providing small businesses with essential services, advice, tools and expertise.

The opportunity

[EBMO] has a permanent opportunity within the human resource team for a suitably experienced industrial relations professional based in our [location] office. The human resource team provides [EBMO] member businesses with human resource and industrial relations support through a dedicated member helpline and through the provision of consultancy services.

Skills and experience

- Tertiary qualifications in human resource and/or industrial relations.
- Minimum of five years' experience in a human resource or industrial relations advisory position.
- Demonstrated experience interpreting and applying employment and workers' compensation legislation (essential).
- Demonstrated experience in interpreting multiple modern awards (essential).
- Sound generalist experience with exposure to everyday employment matters, such as redundancies, performance management, terminations, managing ill and injured staff, and workers' compensation.
- Demonstrated experience in handling complex employment matters independently.
- Demonstrated experience in handling dismissal-related matters and dispute matters.
- Superior written and verbal communication skills.
- Excellent attention to detail.
- Previous experience presenting to groups (desirable).
- Human resource consulting experience (desirable).
- Proven experience working in a fast-paced environment with a high volume of tasks.

Duties and responsibilities

- Respond to human resource inquiries via phone and email from members located throughout [location], providing detailed advice on all employment-related matters.
- Interpret multiple modern awards and enterprise agreements.
- Interpret federal and (where relevant) state employment legislation.
- Conduct employment contract and policy reviews.
- Perform consulting tasks for members that include but are not limited to enterprise agreement negotiations, unfair dismissal and general protections conciliations, workplace investigations, managing redundancies, managing performance and general letter drafting.
- Provide workers' compensation process advice.
- Facilitate webinars and present to groups on human resources- or industrial relations-related topics.
- Coach and develop junior team members.

Benefits

- Flexibility.
- Incentive programme paid monthly.
- Employee assistance programme.
- Travel throughout [location].
- Great team environment.
- Paid membership to the [Industrial Relations Society of].

As [location's] leading employer association, the opportunity to gain extensive experience in the area of human resource or industrial relations is guaranteed.

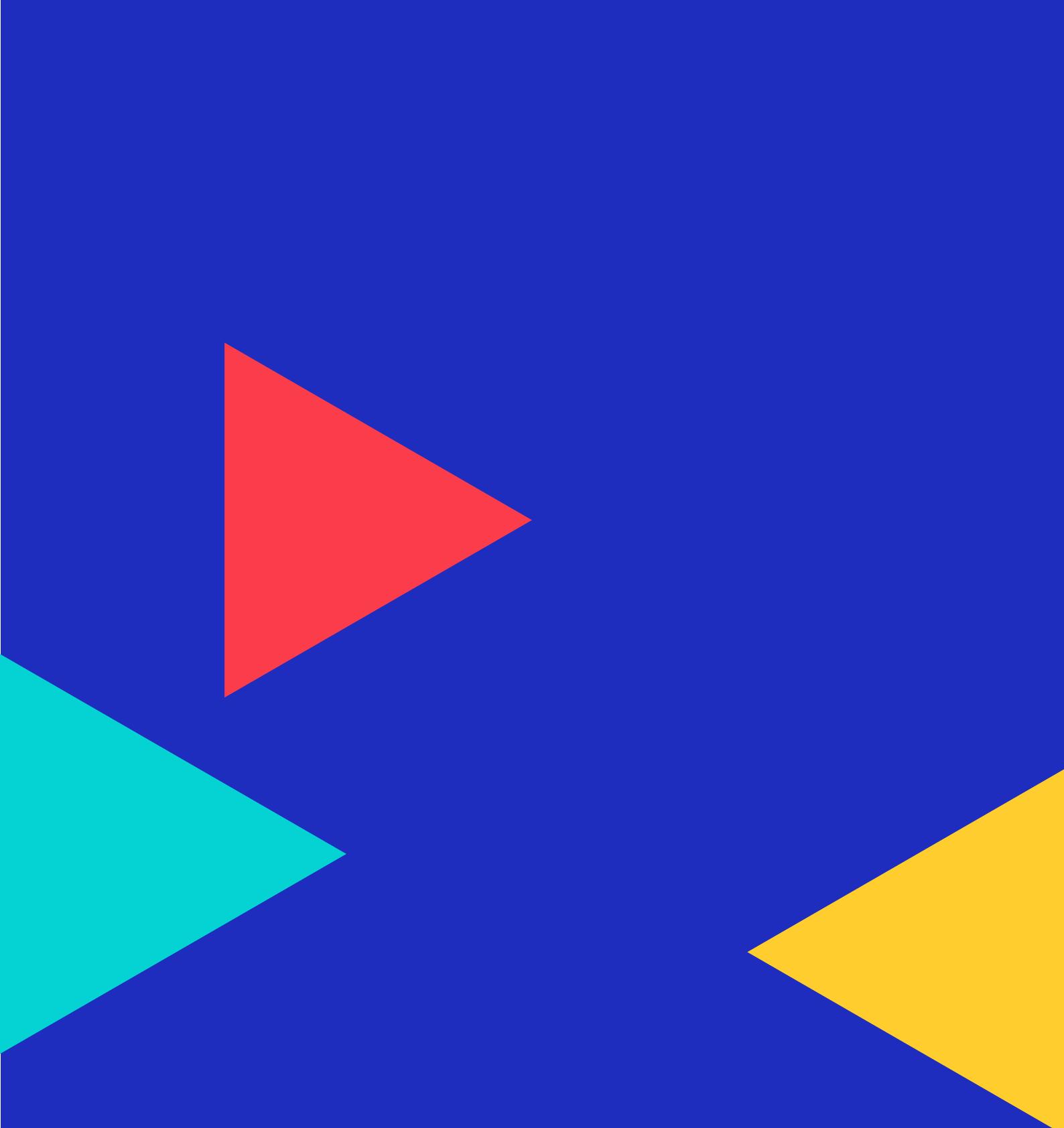
There are opportunities for input into state and federal policy submissions, to attend roundtables and conferences and to participate in workplace relations workshops with other EBMOs.

While a strong human resource or industrial relations technical background is required, [EBMO] emphasizes workplace culture and team fit.

A competitive salary [in the range of xx to xx] will be offered to the successful candidate.

Applications close at [5 p.m. on Monday, 30 June 2021].

Applications should include a brief cover letter and résumé and address the selection criteria.



ILO Bureau for Employers' Activities (ACT/EMP)
4, route des Morillons
Genève 22, Switzerland, CH-1211
E: actemp@ilo.org
www.ilo.org/actemp