Compensation Management

Introduction

The term annual salary refers to the agreement between an employer and an employee regarding the amount of pay for a job over a period of 12 months. Usually, this arrangement is indicated in the contract of employment. Individuals who earn annual salaries are termed as exempt employees. Such employees neither receive a higher amount of pay for working overtime nor are they paid little for working less. On the other hand, employees who receive wages earn for every hour worked. The total earnings are calculated by the number of hours an employee has worked (DeSchere 35).

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Some of the job postings in the Washington Times Newspaper that are paid in form of annual salary include Credit Union Examiner, Director for Office of Import Surveillance and Perioperative Services Clinical Nurse. These job postings are categorized under exempt employees who are entitled to an annual salary. Evidently, the positions above are associated with a high status and hence a higher pay. However, these jobs do not offer any pay for overtime hours. Managerial duties, under the FLSA (i.e. Fair Labor Standards Act), are categorized under exempt pay scales. This act means that the manager is not paid overtime wages even if he works overtime. The duties an employee performs determine if the job is categorized as exempt or non-exempt. Evidently, the job postings above involve managerial obligations and thus can be classified as exempt. Some of the duties for exempt employees include supervision, management and assigning work to employees (Whittaker 56).

Some of the job postings paid hourly include Cashiers, Maids and Waiters & Waitress. For hourly employees, their salary is paid for the number of hours they work. If an organization wants more time from its employees, then the organization must pay for the extra hours. For the position of Cashiers, Maids and Waiters, the legal overtime refers to time plus a half. During holidays, most employers pay double for hours worked. Apparently, most of these positions have many overtime works. Additionally, these employees find it easier to draw clear lines between work and personal obligations. They can concentrate on family and other activities after work. An individual under a non-exempt pay scale can look for a second job that aligns with his free time. However, these job positions make employees vulnerable. For instance, if the company experiences financial constraints, non-exempt employees are significantly affected. An organization may choose to reduce one’s working hours when business is bad (United States Bureau of Labor Statistics 21).

The legal law used to determine a compensation form is termed as the Fair Labor Standards Act. This law controls compensation issues. After the amendments to the law, FLSA manages employee benefits. This act determines an employee’s minimum wage, equal pay and overtime pay. Generally, FLSA is objected to protecting both nonexempt and exempt employees. The law was passed in 1938. This law requires that exempt employees should work at least 40 hours in a week. The law was established to protect workers from being exploited by their employers. The law requires that an employee on a salary scale must earn at least 23, 600 US dollars. The company should give exempt duties to employees (Whittaker 58).

Often, sales jobs are paid in other forms besides salary and wages. Examples include Insurance Sales Representatives, Medical Sales Representatives. These job postings may be paid in the form of fringe benefits that include medical cover and accident benefits. Insurance companies also commission to their sales representatives based on the amount of sales they bring. These methods are usually chosen to motivate employees. Other organizations may fund the pension accounts of their employees. However, these forms of compensation are not so useful as compared to wages (United States Bureau of Labor Statistics 30).

Conclusion

Evidently, an organization that wishes to retain or attract the employees must have a competitive compensation strategy. An attractive compensation plan helps to steer an employee towards self-discipline and reduce the risk of employee burnout (DeSchere 69).