

## AM I BEING PAID FAIR WAGES?

**Q: How do I determine whether I am getting fair and equitable pay for the work I do?**

**Dr. Biswas:** Pay systems are usually based on three principles and you should determine which method your organization uses.

1) Paying for the **job**- this is the traditional pay system with salary grades, classifications and pay ranges. If your company pays for the job, more often than not the company is rational, rigid and bureaucratic

2) Paying for **competencies**, skills, knowledge - you get paid whether you actually use the attributes or not. Paying for skill, knowledge or competency requires some kind of certification and this system requires a lot administration.

3) Paying on the basis of the **market**. Paying on a purely market basis seems to be the most equitable methodology because it bases the pay system directly on the economic causes of employment. Such a system requires that your company has access to market data that is believable and acceptable.

### Other Incentives

In addition to the methodologies to determine base pay (come to work), there are merit systems that adds incremental increases to cover the 'cost of living' and job performance as determined by senior management. Other types of programs include bonuses, cash profit sharing and long term cash bonuses, milestone bonuses and employee referral payments. In addition, there is stock or an equity position for employees - a good practice which has made a lot of people millionaires. All of these are organizational issues which one can learn to navigate.

### Determining Fairness

Whether you are paid equitably or not is subjective. It depends on the concept of 'felt fair pay' for you. This is based on your unique skills, knowledge, abilities, experiences and the 'perceived' amount of effort you put into the job.

You can also measure your pay compared to others in a similar position. In addition, you may 'value' pay systems differently from others. What is appropriate, fair and reasonable to you may not be the same for anyone else.

The organization that takes all of these individualized factors into consideration in pay decision makeup truly has a 'fair and equitable' pay systems and process. These are the 'best' organizations to work for.

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