

# Specification of Competency Standards for Human Resource Management

## Unit of Competency

Title	Design compensation scheme
Code	106973L6
Range	Designing compensation scheme to reward the employees for their contributions in accordance with their performance and motivate them towards achieving the organisational goals. This applies to the design and implementation of the organisation's compensation scheme to attract, retain and motivate all levels of employees through a combination of financial and non-financial compensations.
Level	6
Credit	6
Competency	<p>Performance Requirements</p> <p>1. Knowledge in the Subject Area</p> <ul style="list-style-type: none"> <li>• Understand that compensation scheme is one of the key elements of the organisation's reward strategy to attract, retain and motivate employees</li> <li>• Understand different types of reward elements (e.g. direct financial compensation, indirect financial compensation, non-financial compensation) in respective operating markets and jurisdictions</li> </ul> <p>2. Applications and Processes</p> <ul style="list-style-type: none"> <li>• Determine appropriate reward elements in the compensation scheme (e.g. fixed pay, short-term incentive, holidays) according to the organisation's reward strategy</li> <li>• Determine components of fixed pay (e.g. monthly salary, fixed allowances) and variable pay (e.g. discretionary performance bonus, stock options) for all levels of employees</li> <li>• Estimate total payout amount of all variable pay components and analyse the cost implications</li> <li>• Present the budget of compensation scheme for senior management's approval</li> </ul> <p>3. Professional Behaviour and Attitude</p> <ul style="list-style-type: none"> <li>• Regularly evaluate and redesign the compensation scheme according to the latest development of the organisation and / or external market changes</li> <li>• Solicit input from major stakeholders (e.g. senior management, shareholders, employees) to identify strategic reward elements, if appropriate</li> <li>• Maintain the compensation scheme in a good balance between internal equity and external competitiveness</li> </ul>
Assessment Criteria	<p>The integrated outcome requirements of this UoC are:</p> <ul style="list-style-type: none"> <li>• Implementation of analysis on the possible combinations of financial and non-financial compensations for design of compensation scheme.</li> <li>• Establishment of compensation scheme and budget with due consideration of balance between internal equity and external competitiveness.</li> </ul>
Remark	