

It's all in the wallet

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When it comes to the key factor in choosing a job, it's compensation all the way.

"You can't just reward people with trophies. You have to reward them in the wallet too."

- Jack Welch

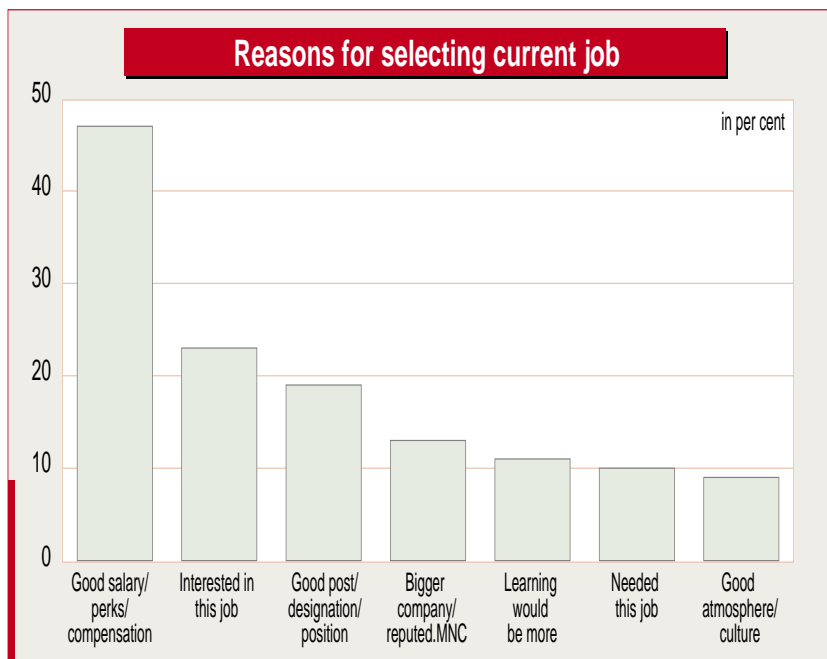
Undoubtedly, when you're young, footloose and fancy free, with nary a worry and no money in the pocket to boot, you would jump for the job that would offer the best pay packet. Well, perception is borne out by reality – compensation is stated as the key reason for choosing a job – by close to 50 per cent of the executives spoken to. Reputations be damned – just 13 per cent said they would go by a company's reputation. However, this attitude would change as executives begin their arduous corporate journey. Nor are young executives swayed by

designations and positions, barely 19 per cent said that they would lay much store by it.

Even in the rankings, where respondents were asked to rank the important factors in choosing their job, compensation emerges as the single most important reason, with 19 per cent ranking it right on top. Followed way behind by job content and being a well-established company; both of which are tied at the second spot.

Next on the scale are factors such as an informal work atmosphere, flexible work timings, opportunity for self development and a multinational company.

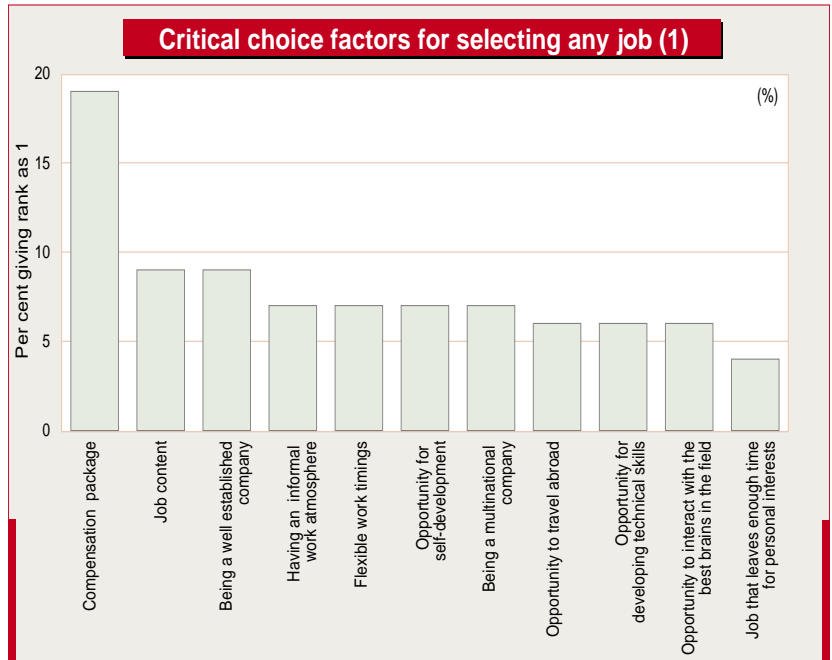
Says HR consultant A.L. Ravi-kanth, "Apart from compensation packages, young executives today also seek a multinational work



environment, not necessarily an MNC, but a company with a high level of informality. There's also a significant attitudinal change in that today people look at working across boundaries and possess greater mobility than before."

The point that HR consultants emphasise is borne out in the respondents' answers wherein they rank an informal work atmosphere pretty high, behind compensation, of course. The young are looking for a different organisational culture and a more open organisation than the ones in which their parents, perhaps, would have worked in. This culture, say consultants, is being offered by the new start-up companies, especially those springing up in the IT field.

However, HR managers look on these fat compensation demands by the young workforce warily. Says Bimal Rath, HR Alliance Director (India), BT (Worldwide) Ltd: "It's what I call the 'credit card culture'. Most young executives, who are getting into careers today, want everything today while they will deliver to the company later. It's like buying on a credit card and keep paying later in parts, if you will. And without putting in enough into their careers, without actually contributing to the company, what they are expecting back in return is a huge amount of money. Which, if you look at it from a business point of view, why should a company pay you till you have proved yourself?"

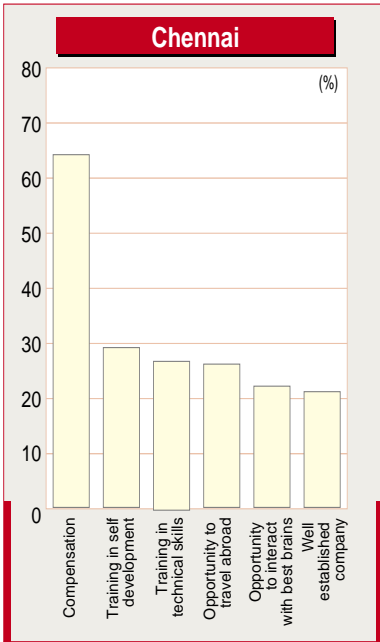


However, companies are revisiting the compensation issue afresh. Competitive compensation, including long-term wealth creation, is essential towards attracting and retaining the young professional, say HR managers. Comments K. Nanda Kumar, Sr. Manager, Personnel, EID Parry, "Irrespective of location or sex, compensation seems to be a major factor, especially when they are at the start of their careers. Also, mostly people who come from the middle class would consider salary as an important factor."

The last three years have seen corporates move towards differentiation in compensation of individuals, with differentials of up to 50 per cent in the same salary grades.

"In a way it is healthy as young people are clear. Loyalty is to themselves and their careers rather than organisations and the attitude is: 'I am selling my talent to the highest bidder'. Companies have to manage that and learn to take in talent and groom them. Loyalty has to be

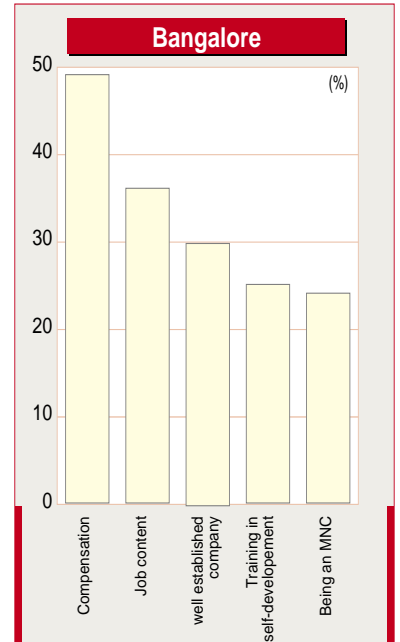
Indian corporates are re-examining the compensation issue and are coming up with more attractive packages.



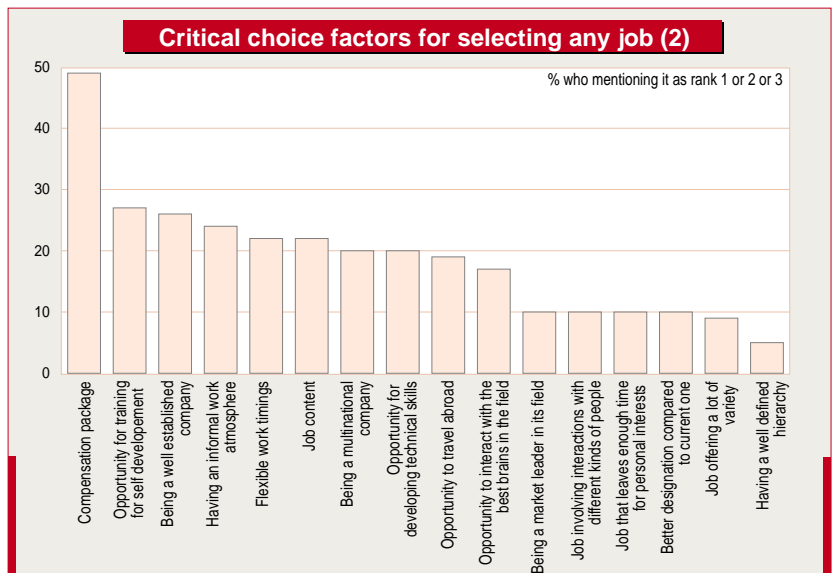
In the future, executive compensation will be linked to only one parameter – performance.

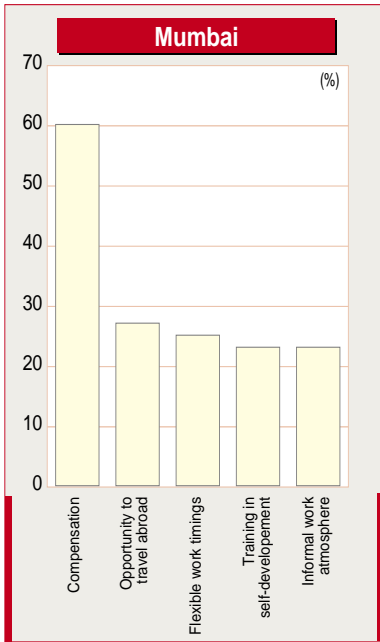
bought by offering them a resolute culture. Because salary loses meaning without job satisfaction. This comes out of the work culture, the work itself and prospects of growth apart from the compensation package,” says Rumjhum Chatterjee, Managing Director, Feedback Reach Consultancy Services.

In this system, all employees are graded on a curve, rated on factors of performance, potential, market value, criticality and attitude. The combined score of the above will indicate the compensation slab and stock grant the employee will be positioned at. So, it becomes all the more relevant for companies to attract the right talent and then retain them in such a competitive environment. As Ravikanth says, the other significant change taking place in the job market is that salaries are increasingly being linked to performance. He says that the ‘base’ salary concept will soon cut a wide swathe across all industries. The base salary apart, everything above that will be linked to performance and performance alone.



Most young executives tend to be movers with little or no company loyalty. “Employability and not employment is the operative approach. Here, both sides take into account the prospects of the other,” says Ganesh Shermon, CEO, HRM Consulting Group Ltd. This has happened as there is a growing number of ambitious movers that does not always stop to consider





heavyweight names. The right package is the cutting edge. "I would divide the population into two kinds of people – those who want to make a career and those are the ones who look for brands or right profile of companies to work for. The other set is not into making a career, they join with the idea that if it works, fine, if not, they'd opt out," says Rath.

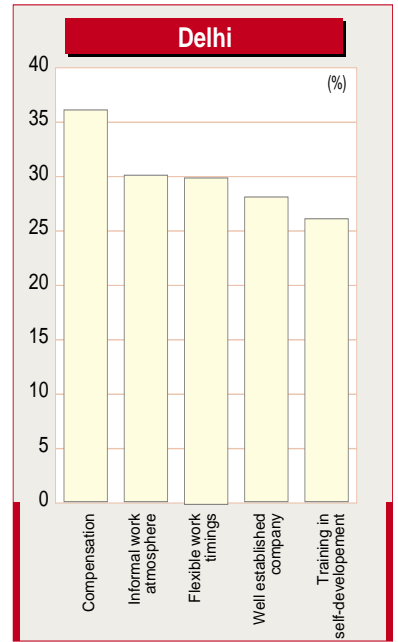
The second lot is a growing tribe. These young executives are not very particular about the kind of companies they join. There is the obvious lure of earning a little bit more, which is very relevant. "But my perception is that these are the kind of people who choose smaller companies because they are clear that they will not stick around for long. And these are the kind of people who tend to shift jobs quicker than people who are careful about the profile of the company," he feels.

Putting a value

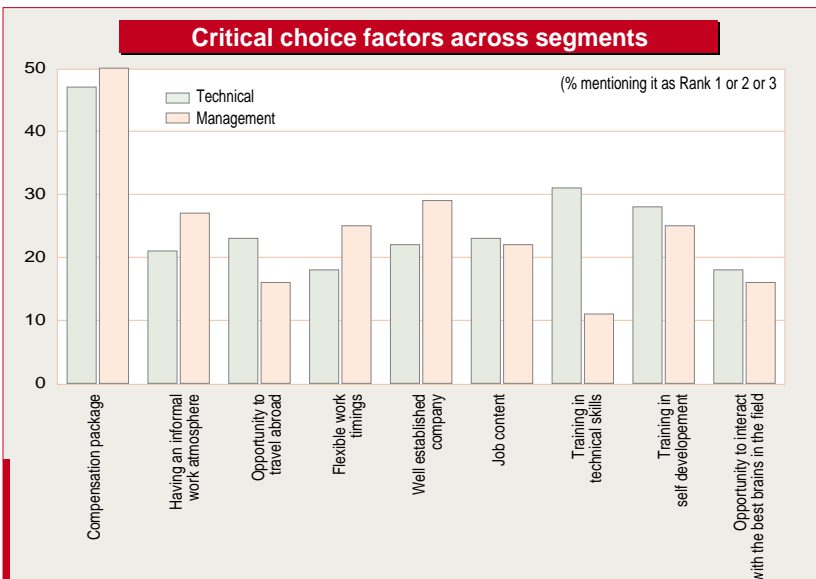
How much value do young executives attach to their job, is a question that often arises in the minds of managers, especially HR managers. This section will go some way towards addressing that issue.

It examines how much weightage or importance the respondents attach to each aspect of their job, using a specialised trade-off modelling technique called conjoint analysis.

Quite expectedly, monetary compensation emerges as the single



Monetary compensation is the single largest determinant of job value in the mind of the young executive.



Conjoint Analysis

Market researchers use Conjoint Analysis to reveal the decision rules that consumers adopt while purchasing products. In other words, it is a method of deriving the utility values that consumers attach to varying levels of a product's attributes. Consumers rank or rate the different product options (each of which is a set of attribute levels) in terms of preferences. These are then decomposed to infer the utility or importance the customer assigns to each attribute level. In effect, conjoint analysis generates utilities for various attributes and different levels of the attributes taking into account the trade-offs the customer makes in a typical purchase decision.

The attributes considered during the design of the

conjoint exercise must reflect current and potential expectations from the product offerings.

In the study on young executives, conjoint analysis was used in the context of job selection by the young executives, in order to arrive at the importance of various attributes in selecting any particular job. The various attributes that were considered and the corresponding utilities or importance the young executives attach to them are given in the table.

While looking at the findings of this component it is important to keep in mind the fact that while all key attributes have been considered, it is not a complete set and there may be a few aspects outside this set that may also affect job choice. ■

The atmosphere at work does not command much importance when it comes to valuing a job.

most important aspect in deciding on a job and receives an importance score of 26.13 out of 100.

Close on its heels, and rather surprisingly, was the type of organisation – seen as much more important than anything else. It receives an importance score of 22.95 out of 100.

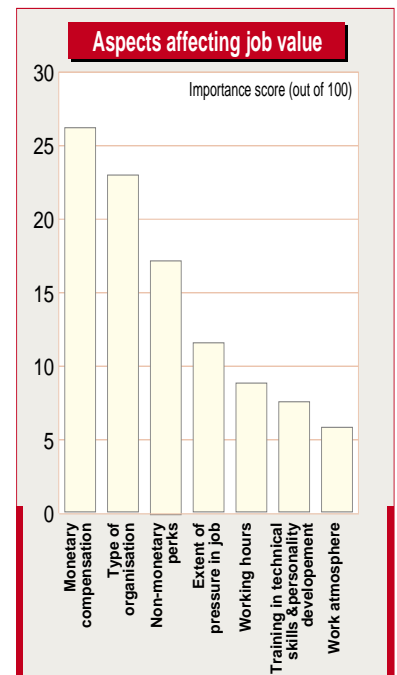
Non-monetary perks come next, with an importance score of 17.46 out of 100.

These three aspects account for 65 per cent of the weightage allocated to all the aspects considered critical in job choice.

Other factors such as extent of pressure in the job, working hours and work atmosphere come next.

In fact, work atmosphere, promises about training (in technical as well as personality development) and stipulated working hours, put together, account for less importance than what one single aspect – monetary compensation – commands in terms of importance.

Having ascertained the importance of each aspect, the next task was to decide the extent of



importance of various 'levels' within each aspect.

For example, work atmosphere, as seen earlier, accounted for an importance of around 6 points. At the next level, the importance of various levels within this aspect, that is, a structured and formal atmosphere *vs* a structured but friendly atmosphere *vs* an informal

Conjoint Analysis

Aspect	Importance	Levels	Importance for that level (utility) within that aspect	Importance in the overall scheme of things
Monetary compensation	26.13	Upto 15k	17	4.36
		15 – 30k	33	8.71
		31 K+	50	13.07
Type of organisation	22.91	FMCG	–	–
		Manufacturing	6	1.28
		Telecom	8	1.75
		Consultancy	8	1.94
		Advtg/MR	13	3.03
		Financial Services	15	3.48
		IT	16	3.76
		Automobile	17	3.81
Service sector	17	3.84		
Non-monetary perks	17.46	None	57	9.88
		Very basic	–	–
		Higher order	43	7.58
Extent of pressure in job	11.50	Low	–	–
		Medium	63	7.21
		High	37	4.29
Working hours	8.76	14 hrs	–	–
		10 hrs	33	2.92
		8 hrs	67	5.84
Training	7.49	Yes	100	7.94
		No	–	–
Work atmosphere	5.75	Structured & formal	–	–
		Structured but friendly	78	4.46
		Informal	22	1.29

atmosphere was ascertained. These importance scores are called utilities. The findings of this exercise are in the table above.

What this process enables us to do is to compute the 'value' associated to each job by the executives today.

For example, the value associated with a job in the advertising industry with high work pressure and a 14 hour working day, with no scope for training but an informal work atmosphere and a compensation between Rs.15,000 and Rs.30,000 and very basic non-monetary perks is 17.32.

Similarly, that of an IT professional in a structured and formal work atmosphere with training and

medium work pressure, 8 hour day and a salary less than Rs.15,000 (again with very basic non-monetary perks) works out to 28.66.

Please note that while the salary for the IT executive is lower, opportunity for training, lower work pressure and fewer working hours takes the 'value' of the job higher than that of the advertising executive who earns more. ■