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"Strategic compensation system and workplace conflict"

by

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Abstract

This dissertation aims to study the practice of remuneration based on skills and competencies and how this model can bring conflict in the work environment

The work was carried out using a quantitative analysis approach to resolve problems based on existing research by well-known newspapers.

On the basis of all the academic references used for this research, plus the results of the research carried out with professionals working in different fields in companies of different segments, it was possible to explore the aims and objectives of this research project and to answer to the objectives of this research.

The study concluded that the advantages envisaged in the literature, such as the alignment of remuneration schemes with the strategic goals of the organization and the stimulation of the production of individual skills and competencies, were confirmed in the findings.

On the other hand, concerns have been identified which, despite being foreseen in the literature, such as the appearance of conflicts over remuneration and its metrics, are something that businesses are still unable to handle because they are due to cultural aspects.

It is also recognized that many organizations do not have a budget to administer a remuneration scheme based on skills and competences, and many have an allegiance to the type of functional remuneration based on the role and its attributions.

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Introduction

Compensating people for their skills and knowledge is not new. As Lawler III (1991) points out, research and development corporations, or even others, have for decades rewarded groups of people for their expertise. Lawler III (1986, 1990), through a brief history of this method of remuneration-skill-based pay demonstrates that it has generally been developed in manufacturing companies in the United States and that its popularity has increased significantly. However, its implementation at the administrative and staff levels at that time was not as frequent.

The pay-for-competencies is another type of remuneration also mentioned in the literature on the subject. According to Martocchio (1998), remuneration employees are perceived to be synonymous with remuneration dependent on competence. While there are variations between skill-based pay and pay-for-competencies, the principles driving all types of remuneration are the same: compensate people for their abilities and knowledge.

On the basis of this rationale, it is important to convert the concept of competencies into attributes that can be evaluated in order to reinforce person and, ultimately, organizational performance. The design of the remuneration model will therefore rely both on the principle of competence embraced by the organization and on the analytical approach used to define it, taking into account the reciprocal impact of these two aspects. Although the main emphasis of the logic of competence is the contribution of individuals and groups, it still proves to be connected to the role structure as a starting point for its identification and further growth.

Chapter 1 is constituted by the Literature Review and focuses on the study of the remuneration systems based on the position and the remuneration systems for skills and competencies, defining their structural parameters and providing the requirements that are subsequently faced with the data coming from the factual reality, whose analysis allows to answer the research question.

Chapter 2 deals with the Methodology. The research method adopted, research planning, data collection, and analysis criteria are discussed

Chapter 3 is the presentation and analysis of the data obtained by results of quantitative research. The application of compensation systems for expertise and competencies and

their relationship with conflicts have been discussed, in comparison to the recommendations and predictions of the literature reviewed can be find in Chapter 4.

The general characteristics of the systems, the problems faced in their operation and their prospects for continuity have also been investigated. In presenting the findings, I tried to identify the models adopted with regard to their structures and foundations.

My thoughts and observations on this study can be identified in the Discussion chapter, as the contrast of researched literature with applied quantitative research which I consider to be quite enriching, following with the conclusion chapter.

Conclusion is the last chapter and ends this research projetc. It is drawn from the analysis of the data collected from their consolidation and comparison with the literature, and the reflection on structural aspects of the Remuneration for Skills and Competencies systems and their practical application.

Aims and Objectives

This study provides an overview of the importance of driving compensation and reward strategically for engaging employees and retaining talent in the Organization.

In general terms, the main objectives of this study are as follows:

- (1) To outline the importance of wages and benefits in the company's strategy and employee motivation
- (2) To design a dynamic model about the general changes in the company and the workers' behavior to verify specific changes in the process, results, as well as performance and motivation of the employees, respectively.

Also, understand it is essential to deepen the knowledge about strategic compensation systems based on skills and competences implanted in large companies. With this being done, a comparison can be made with the foundations presented in the pertinent literature and investigating their results' effectiveness.

The deepening of knowledge about the analyzed systems and the quantitative evaluation of their results contribute both to the systematization of experience in the subject and the generation of questions for more specific research. It also contributes, from the application point of view, valuable information for the construction of new compensation systems based on skills and competences.

1. To minimize labor claims that employees may make against companies:

Some internal issues make employees claim in Court regarding their rights, and most of them are about compensation, once it is not clear to the employees how organizations compensate people for the work they are doing.

There are some other factors that are important to mention here:

- Overwork - business practice to extend work hours by over two hours a day;
- No overtime payment;
- Integration of payments made outside the payroll, not resulting in taxes and others.

2. To have a competitive package of salary and benefits to keeping talents in an organization:

According to Chiavenato (2009), a few decades ago, human resources were considered easy-to-find and considerable resources. Companies did not worry about making investments in this area because the available workforce was more than enough to fill open positions. The department heads as they were called at the time, had quite routine solutions to problems of legal and labor order. With the arrival of industrialization, the market was invaded by new technologies, where mechanical literacy has become paramount for the handling of machines.

Moreover, nowadays, with ever-increasing competitiveness, people tend to change jobs even though they are happy as they seek constant challenges. Also, increasing companies' turnover and decreasing internal competitiveness, meaning that employees are not interested in doing their best in work to get possible promotions which leads companies lose interest in keeping that employee.

Once organizations create a competitive package of salary and benefits, this will allow them to keep talent and attract it.

Chapter 1 - Literature Review

1. Intervening factors in the design of compensation systems

1.1 Introduction to the history of compensation:

In recent times, due to the country's recession, the concept of remuneration, compensation and career development has rarely been discussed in companies. However, it is still an important, and also exhaustive subject for some fields, with regard to the acknowledgement and participation of employees in organizations.

As these companies starting to look for new forms of recognition, according to Zimpeck (1990), based on the individual, and not in the position in which they occupy, they seek to adapt the traditional Compensation and reward systems to the concept of strategic management. The corollary of this is the inculcation of forms of teamwork, thereby increasing productivity and quality, and also reducing costs.

To explain the definition and the real significance of the subject, it turns to Martins (1994), who recognizes that the subject is important to the realization of science, when in some way it is related to a problem that polarizes, or affects, a significant segment of society. Or, it is aimed at a theoretical query that needs attention: that is, better definitions, more precision.

Because of this definition, it is immediate to characterize the importance of the theme, since, as it is a technique intended for wage administration, it potentially affects substantial segments of society.

Not only studies performed in the early 1990s in the North American business climate, such as Lawler III et al. (1990), Picarelli et al. (1997), and Jenkis Jr et al. (1990), prove the relevance of this theme. More recent ones, such as that of Fischer (1998), in addition to research carried out in England in 1997 by foreign consulting companies such as Towers Perrin, as well as WM Mercer (2000) and Andersen Consulting (2001) as well finding the importance of this theme

The study realized by Lawler III et al. (1990) showed that 40% of the 1000 largest American companies listed by Fortune magazine in 1990 used skill-based compensation

systems in some of their sectors, despite the small number of professionals whose compensation was the object of these systems. These studies are also referred to by Jenkins Jr et al.

Coda (1990) reports that in the 1997-1998 biennium, 98 of about 200 Brazilian companies carried out studies aimed at directing their Human Resources policies towards skills and competences, mainly in large and multinational companies.

Armstrong (1998) refers to a survey by the Consulting company Towers Perrin carried out among 150 large, multinational companies in England, which found that around 20% of these companies related compensation to skills and competencies for at least part of their employees. The same author reports that in 1996, another company, promoted by the Industrial Relations Service, found that 17% of the companies surveyed used or planned to use competency-based compensation.

In Brazil, for example, Fischer (1998) points out as a trend in his study of companies considered exemplary, the flexibility of compensation linking it to performance and competence standards. The 3rd survey of the HR and Organization Scenario of the Mercer consultancy, carried out in 2000, with the participation of 94 national and multinational companies, shows that 26% of the surveyed companies reported using competency and skills remuneration systems for their executives and 19% for the other employees.

In the past, companies highlighted their salary structures based only on the degree of importance that the position had within the organization chart. That is, they did not measure the individual effort of employees to obtain organizational results. Thus, with the interest of companies in modernizing their compensation systems, nowadays we can observe the development of several recognition programs, linked specifically to the contribution of employees. These systems are also used as mechanisms to measure their financial results in the short and medium-term, recognizing their talents and maintaining a team of professionals engaged in the company. Thus, we may ask: if the Strategic Compensation uses the individual contribution of employees, how can we identify how the salary models that use this system work?

Numerous scholars have recognized the importance of remunerating strategically once does not only mean paying a salary at the end of each month but also proposing ways of different recognition to employees who excel in their activities and empower their

areas/teams to play their roles. To leverage new forms of reward, thus maintaining a record of healthy "competition" among professionals.

1.2 The Strategic Remuneration Function

Mention of the term Remuneration is frequent throughout this work, and the author wants to define it preliminarily. The terms compensation and remuneration are used, in general, to describe payments in cash or benefits, such as vacation, weekly rest, availability of health care plan, food, transportation, retirement plans.

It is the form adopted by Chiavenato (1997), which refers to the right or indirect financial compensation, denominating remuneration the sum of these two installments. For this work, the definition of Hipólito (2001), which defines income or compensation as any sort of monetary payment in respect of which the employee is entitled or which the employee collects shall be approved. These authors often describe salary as a fixed portion of the remuneration paid on a regular basis.

Understanding the strategic role that the remuneration of a company's professionals can play is a powerful tool in searching for the success of the organizational effort. Their disregard or poor management may represent, due to its impact on the behavior of professionals, a factor of the most significant relevance for failure.

The strategic value of remuneration is pointed out by Lawler (1990), who believes that remuneration systems can decisively contribute to the results of organizations, providing a competitive advantage. The remuneration systems should then be built after the Organization has defined its strategy to obtain a competitive advantage. Based on this definition, the individual and organizational behaviors necessary to acquire the desired results must be considered; the remuneration systems must support these behaviors.

According to Lawler (1990), remuneration systems must not only seek to minimize the determinants of dissatisfaction among professionals but must be motivators of better performance. From their perspective, compensation systems can create a culture of employee involvement with the Organization, can help to attract and retain the type of talent needed and encourage the development of skills and competencies required by the Organization. Lawler (1990) further states that the traditionally used remuneration systems have not produced the best possible results and that such effects could be obtained through a break with these systems.

Among the innovative practices capable of representing a break with traditional systems, there is the remuneration for skills and competencies, the object of this study.

Berger and Berger conclude that compensate by skills, knowledge, and competencies, SKC, do not use the conventional system to remunerate the employee according to the job that they are performing, but for their capabilities.



Figure 1- Berger, Lance A. and Berger, Dorothy R. *The Compensation Handbook*, 5th Edition, 2008

According to Lawler (1990), remuneration systems affect individual behaviour through different means: motivating performance, establishing a clear link between performance and reward, establishing performance goals, treating cases of failure, encouraging the development of knowledge and skills, and strengthening the attraction and retention of professionals. Compensation systems also have an impact on organizational behaviour by influencing the organizational structure, modelling corporate culture, and controlling administrative costs.

According to Picarelli and Wood (1997), remuneration acquires a strategic value when in its conception, the entire organizational context is considered. The organizational context comprises the Organization's strategy, structure, and management style, and when the individual is remunerated according to a set of factors that affects the contribution to business success. Such factors would include personal characteristics, characteristics of the position, and the employee's link with the Organization.

Schuster & Zinghein (1996) emphasize the strategic importance of remuneration systems through their effects on the behavior of the people affected by them. In his view, people are the primary variable for organizational success and become very visible in labor-

intensive organizations. In addition to people representing the highest cost involved in the operation and, therefore, in generating revenue, they are also directly responsible for the business results. In capital-intensive companies, this is also true, not because of the operational cost aspect, but because their behavior will cause the best use of material resources, providing competitive advantages for their action, surpassing competitors for the performance of their best prepared and focused staff.

Fisher (1998) highlights the finding that after globalization and increased competition, it has become impossible to refer to Human Resources management without linking it to the issue of competitiveness. Thus, the two biggest challenges of modern companies, are: transmitting your strategy to people and, through that, transforming it into agents of competitiveness.

Picarelli and Wood (1996) operationalize the concept of strategic remuneration in levels. Thus, the structure they propose for determining the remuneration mix consists of four groups:

- Compensation base composed of direct salary;
- Indirect pay, managed by the qualification of the benefits granted by the Organization;
- Variable remuneration linked to performance goals;
- Special forms of reward, such as prizes, bonuses, and other forms of recognition.

2. Basic requirements for compensation systems

2.1 General requirements

Remuneration systems are the instruments by which the strategic function of remuneration is carried out. Thus, the design of such systems must consider the fulfillment of expectations regarding their results and their operational characteristics. Hipólito (2001) understands that "the biggest challenge is, therefore, to conceive a simple system in its essence, facilitating its dissemination and absorption by the organization, and that allows greater efficiency in the allocation of the investments destined to the payroll." The systems that meet this condition would have the following main results:

- Encouraging behaviors aligned with the Organization's needs, adding value to the business;
- Action to disseminate and reinforce organizational values, objectives, and goals;
- Encouraging continuous training, enabling the maintenance and increase of organizational competence;
- Stimulating the professionals' commitment to the Organization;
- They constitute a consistent basis for wage decisions, facilitating internal and external wage balance;
- They are a reference for employees, about salary decisions, guaranteeing a sense of equity, and promoting improvement in the relationship between managers and employees;
- Allow controlled and secure delegation of wage administration;
- Provide precision in controlling personnel costs.

Lawler (1990) also adds some strategic objectives for remuneration systems, such as motivating the performance of professionals, linking reward to account, facilitating the attraction and retention of professionals.

A common point in the remuneration literature is the need for remuneration systems to maintain the external and internal wage balance. This need has its origins in maintaining the competitiveness and attractiveness of the company as an employer and preventing the harmful effects foreseen by the Equity Theory, according to which, perceived the existence of differentiated, ambiguous salary treatment, the process of dissatisfaction is instilled. The external balance is maintained through the use of salary survey data.

On the other hand, how remuneration systems seek to maintain internal balance, and their clear perception by professionals establishes mechanisms for valuing positions or people's performance. Such tools coincide with the agents for classifying professionals in career structures.

2.2 Valuation systems

According to Lawler (1990), differentiation systems are basically of two natures: work-centered or people-centered. Dutra (1996) understands that the valuation and

differentiation systems come in three different forms: first, second and third-generation systems. Such systems would be linked to the job, occupational space, or person.

The systems linked to the positions use as differentiation criteria:

- Requirements related to the experience, training, skills needed to perform the role;
- Complexity of the set of duties of the position, such as the level of supervision exercised, the level of autonomy, the managed budget, internal and external relations;
- Conditions under which the place is exercised, such as unhealthy work, physical or mental effort exerted, living with psychological pressure, lack of resources, etcetera.

Job-based systems emphasize the value of hierarchy and value positions held. The search, therefore, is to relativize the value of the roles without further consideration by their occupants. This author uses the concept of occupational space, which he defines as "the set of duties and responsibilities of a person within a company." Its expansion depends on developing the individual's capacity and the set of responsibilities he receives from the company. The second-generation differentiation systems, although still linked to the position, consider the contribution of the occupant, using the following differentiators:

- Requirements on the occupant of the position, considering the managerial breadth with technical/functional knowledge.
- The complexity of attributions and responsibilities (occupational space), considering the nature of the problems faced in the exercise of the position and the degree of decision-making autonomy of the occupier.
- Influence on results, considering the extent of the managerial decision and its impact on its products.

Dutra (1996) understands that such systems have the advantage that the company makes changes in its structure without changing people's occupational space, avoiding the risk of a system centered on people, and neglecting the company's demands.

Person-based systems, third-generation systems, use the following differentiators:

- Set of skills that the person has expressed by his experience and training;

- Set of a personal achievements, such as work developed and results obtained;
- Personal maturity, characterized by individual characteristics such as flexibility, ease of communication, resistance to pressure, etcetera.

Dutra (1996) also understands that in the third generation and valuation systems, it is linked to the development of people and that such action must be compatible with the company's objectives for its valuation to be consistent. In the same way, it points out that the valuation criteria must be linked to influential contributions from people to the company, and automated valuation is not permissible due to the addition of experience and training to the person's curriculum.

A critical aspect present in the valuation criteria is a consideration of the complexity of the tasks associated with the position or the demands presented on the individual's occupational space. The first and second-generation valuation systems deal with the complexity of the functions developed in the scope of a position, while the third generation systems focus on the complexity of the tasks that the person must perform and on the way the person acts in the face of complexity, but are not linked to specific positions.

3. Skills and Competencies

The concept of individual competence at work, which we will stick to in this section, is still controversial and requires reflection for its application to remuneration systems. Thus, to support the discussion of specific concepts of remuneration systems based on skills and competencies, it is opportune to reflect on the definitions of their ideas.

3.1 Skills

Broad meanings can be found in the dictionaries. Ferreira (1996) defines skill as an attribute of a talented person who has the ability to do something. Aptitude is characterized as the natural tendency or the skill or capability resulting from the

acquisition of knowledge. The Webster New Encyclopedic Dictionary (1995) defines skill as the ability or strength derived from experience or training.

According to Cabral and Nick (2001), skill refers to the ability to handle tasks or intellectual tasks easily, accuracy, and resilience to varying conditions. Resende (1999) describes skill as an attribute of human capability that enhances individual accomplishment, fully understanding how to do something. Green (1999) understands that skill sets are the attributes of the individual performing a role.

Picarelli and Wood (1997) define skill as the ability to execute a task or set tasks in compliance with certain requirements required by the organization.

Picarelli and Wood (1997) add that skill involves theoretical knowledge and personal skills, relating to the practical application of that, and emphasizing that knowledge can be transmitted and learned, while skills are more directly linked to individual characteristics, such as the ability to concentrate, and motor coordination.

Attewell (1990) defines skill as the desire to do the right thing. The author also understands that taking into account the concept involves proficiency (skill implies understanding or knowledge), mental and physical but also connotes physical dexterity.

Jaques & Clement (1994) describes skill as the implementation of facts and methods that have been mastered through training to the point where they are used naturally, without thought. Also important in the sense of this work is the concept by Spencer & Spencer (1993) that the ability to carry out specific tasks, whether physical or mental.

3.2 Competencies

In the context of Human Resources Administration, the concept of competencies was presented by McClelland in 1973, in the article he wrote for *American Psychologist* in 1973, under the title *Testing for competence rather than for intelligence*. The concern of McClelland (1993), when analyzing traditional academic tests focused on attitudes and knowledge, was to look for new methods, which would allow predicting performance at work and be free from bias (discrimination of sex, race, socioeconomic factor, etcetera. McClelland directed a book developed by McBer and Company for the US State Department that aimed to reformulate the diplomat selection mechanisms used until then, which were based on tests of skills considered essential, such as American history, history of Western civilization, the fair use of the English language, economics, etcetera.

Three main actions hinder work: initially, the definition of two groups of professionals, one with markedly superior performance and medium or insufficient performance. Next, the Behavioral Event Interview (EIB) technique was developed, through which respondents are asked to describe three situations in which they have achieved exceptional success and three cases in which they have failed. The answers to the interviewer's inquiries, which focus on critical points of the events, allow for the third step, the thematic analysis, and classification of the responses, thus making the markedly different characteristics between the other groups clear. A final phase of validation of the results was developed, checking with two groups and professionals divided into excellent and medium/weak and considering the recurring characteristics valid. Once the traits found were validated, methods were then developed to measure them, which allowed assessing the degree to which the members of the groups presented each of the characteristics.

McClelland argues that traditional methods are based on separate analyses of tasks and people and that the approach to the skills movement starts from the analysis of the person at work. According to him, a fundamental characteristic is that the competencies identified in the described process are context-sensitive. They are derived from the context in which they are analyzed (describe, for example, successful Indian professionals do in their reality and are not the Western psychologists or the theory say it should be done).

Later work, by Boyatzis (1982), revaluated the information collected by McClelland and led to the definition and skills for work as "underlying characteristics of a person, which can be reasons, traits, skills, aspects of his self-knowledge or social role, or the body and knowledge she uses." Boyatzis also concluded that these characteristics are generic: they are independent of the context in which they are observed and can be verified in different work situations.

The authors provide a little more detail when they analyze competences in the sense that they are underlying characteristics of the individual and indicate ways of thinking and acting, generalized that last for a reasonable period. As characteristics of the competences, they are related:

- Motive - things that the person thinks about and that generate behaviors.

- Traits - physical characteristics or consistent responses to information or situations.
- Self-knowledge - a person's attitudes, values, and self-image.
- Knowledge - information the person has about specific areas.
- Skills - the ability to perform a physical or mental task.

Spencer and Spencer (1993) present the figure reproduced below, which seeks to elucidate the role they call central and superficial competencies:

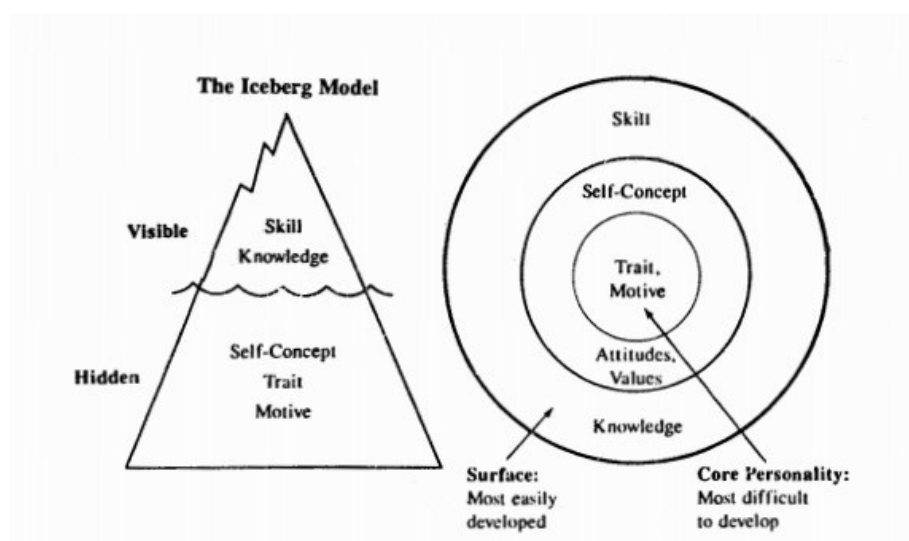


Figure 2 - Spencer, L. & Spencer, S. *Competence at work*, John Wiley and Sons, Inc 1993

The most easily observed and developable skills would be skills and competencies. At the intermediate level would be the competencies linked to self-conceptualisation, and at the deepest level, it is more challenging to observe the traits and motives.

An important point raised by the authors is that competencies are relatively more efficient in predicting superior performance than skills and knowledge. Those involved in these activities generally have a comparable educational background, equivalent knowledge, skills, and competencies to provide performance differentiation.

The consideration of personality factors in the definition of competences is the object of divergence between different authors, and the discussion focuses on aspects related to its use as a basis for people management, whether under the focus of their development

(Parry, 1996), either under the emphasis of selection (Woodruffe, 1991) or from remuneration (Lawler III, 1999).

An explanation for the lack of consensus on the definition of competence is proposed by Schippmann et al. (2000) that refers to the different fields in which the concept of competence has been used over time. Thus, it may be the term found in the legislation, both to define responsibilities and powers, and to define an individual's ability to answer for his actions.

Also, to illuminate the debate on the subject of competences, Dutra (2002) presents an analysis of the historical evolution of his concept of competence. According to Dutra (2002), four major phases can be demarcated in this evolution.

The first refers to the use of skills to support professional development and the selection of people, which would be a consequence of the work of McClelland and Boyatzis in the 1970s and 1980s. The second phase, in the 1980s, saw the scales for differentiating the complexity of competences and the beginning of applications in remuneration, evaluation, and career management. The third phase shows the alignment of people's efforts with organizational strategies.

The fourth phase is marked by the appropriation of people in the concept of skills, using it to provide their professional development and career projects.

4. Skills and Competencies - Summary of relevant points.

As discussed in the previous chapters, the concepts of skills and competences have different ranges and can be applied to other sieges.

The concept of skills involves an approach related primarily to efficiency when considering carrying out an activity correctly with the mobilization of available resources. The idea of competence, on the other hand, involves not only the approach of efficiency but also that of effectiveness, understood as the achievement of the desired results.

The concept of competence is fundamentally linked to obtaining a superior result.

A critical approach to emphasize the differences between the concepts of skills and competences is promoted by Zarifian (2001), when he stresses that the logic of competence is based on the ideas of event, communication, and service, these linked to profound mutations that the job.

5. The functional remuneration system

5.1 General considerations:

The practice of using the position as a basis for setting the employee salary, as well as other income from work it is called functional remuneration.

The remuneration systems traditionally used in companies take as their starting point reference, to determine the salary, usually the expected contribution of the position. The personal contribution is not recognized for the purpose of determining the salary. Thus, as a general rule, the same salary is paid for different professionals who work same position, admitting differentials on merit or seniority.

Seniority is defined by the period of time that an employee of a determined company performs functions in a category, achieving over that time advantages material and immaterial compared to other more recent workers. Besides, some complements translate this, speaking particularly of a long period of work that, according to Peretti (2004: 295 p.), “none legal provision obliges the entrepreneur to attribute to his workers an increase in salary based on seniority. However, collective agreements establish a premium scheme that the employer must apply in the as that contract bounds it.”

Using the position as a basis for remunerating the worker and his other earnings from work is called Functional Remuneration. The remuneration systems traditionally used in companies take as a reference to determine the salary, usually the position's expected contribution. The personal contribution is not used to determine the salary. In this way, as a general rule, the same salary is paid to different professionals who hold the same position, admitting differences on merit or seniority.

According to Lawler (1999), this approach is based on the debatable assumption that a job's value can be determined based on the values paid by the market for jobs with similar descriptions. The value of the person performing the job is the value of the position itself. The roots of this practice can be found in the works of Frederick Taylor when defining the bases of Scientific Administration, among which we can find the analysis of work, the studies of times and movements, the division of labor, the specialization of the worker, the drawings positions and tasks, as well as the adoption of salary incentives and production premiums. The intense industrialization in the twentieth century, bringing with it the application of the concepts of the Scientific and Classical schools of

Administration, produced the specialization in Human Resources administration and the creation of its specialized techniques, such as about salary administration, job evaluation by the method of points, introduced by Merrill Lott in 1926 (Chiavenatto, 1997). Useful to illustrate the link between functional remuneration and industrial work is the introduction of the Job Evaluation study (International Labor Office, 1960):

“The fact that many rates are fixed for jobs (and not for separately for each individual worker) in itself corresponds to an important rule. Its administrative advantages are obvious, but the rule also reflects also reflects a more important feature of modern industrial work. Because of division of labour and specialization, any large enterprise may have hundreds of different jobs, each of which may be performed by a substantial number of workers. Many people work together on the same, similar or technically interdependent jobs. Their work must be carefully planned and closely co-ordinated. One result of this is that individual jobs tend to be precisely defined. Secondly, workers whose jobs are interdependent must work according to uniform schedules of working hours and observe other common rules. Persons working under these conditions and performing identical tasks could hardly be required to work for different rates of pay” (International Labor Office, 1960)

Belcher (1974) finds an explanation for the job's valorization and not of the worker's qualities in the predominantly economic view of the company-employee relationship. This author analyzes several dimensions of this relationship, such as economic, psychological, sociological, political, and ethics. However, he concludes that the view is predominantly economic. For this reason, it recognizes contributions as inputs acquired by the organization, which pays, in the form of salary, only for inputs whose need for use is recognized and associated with the position.

5.2 Components of a Functional Remuneration System

The main components of a Functional Remuneration system, are listed below:

- Job description: jobs are described in terms of their characteristics such as title, subordination, a summary of activities, responsibility, the limit of authority over people, a budget that they manage, material resources that they use or manage, necessary experience, training. The analysis and description of the positions play a central role in the structuring of a functional remuneration model since it is from the characteristics raised in this phase that the positions are evaluated.

- Position evaluation: the committees are usually formed to evaluate positions, that is, they seek to define parameters that allow establishing a single basis of comparison between them. In general, knowledge, and skills, the complexity of activities, level of responsibility, and general working conditions are assessed. Schuster & Zinghein (1996) understand that despite the countless factors in use for the evaluation of positions by quantitative methods, they can be grouped in skills, effort, responsibility, and willingness to work under certain conditions. Otis and Leukart, apud Schuster and Zinghein, op. cit., presented in 1954, a list of job evaluation factors that are still very useful nowadays.

Schuster & Zinghein (1996) argue that the permanence of most of these factors in the midst of the great mutability observed in the business environment, suggests that the plans that use them may have been designed according to parameters that no longer reflect the operating conditions of companies in that are adopted. Lawler (1990) refers to the evaluation of positions, stating that "... through a series of subjective decisions, an organization can translate the tasks that its professionals perform into an "objective," quantified result and a salary level";

The evaluation of positions by quantitative methods aims to reduce the subjectivity pointed out by Lawler, using statistical tools for the treatment of job evaluations.

The Points Method consists of analyzing the positions according to predetermined factors, proceeding to the chosen factors scoring and weighting. Succinctly, the method's steps can be described as:

- the choice of evaluation factors: the evaluation factors of the positions will be chosen from those used to describe them.
- the weighting of evaluation factors: in this phase of great importance for the correct application of the method, the factors should be weighed, since their contribution to the performance of the positions is different.
- the weighting of the factors and the construction of a point scale for each factor will allow the attribution of points to each factor, by assessed position, according to the gradation. This weighting of factors requires statistical treatment for its validation, most of the time carried out through multiple regression.

5.3 Advantages of Using Functional Remuneration

Picarelli and Wood (1996) understand that functional remuneration is still the most useful form by companies and that three main reasons justify this fact:

- Functional Remuneration is implemented along with a job and salary plan, helping to give internal coherence to the organization, providing basic definitions that help structure the work. This would be particularly important in companies that experienced rapid growth or deep transformations.
- Functional Remuneration allows external equity through the use of salary surveys, which reflect the reality of the market with great consistency since most companies remunerate for the company's position and the company.
- Salary research would be better known (more usual descriptions, standardized positions).

This is considered by Lawler (1990) as the main reason for the use of functional systems mainly by companies. The comparison with companies that also use functional base systems, as exemplified by the Hay Method, allows a good “conversation” between the systems of different companies, and the predominance of the use of such systems allows the creation of databases with a large number of information, covering different geographies, industries and size companies. This facility allowed by functional methods finds great receptivity among companies interested in efficiently managing their wage costs and attraction and retention practices, which certainly reinforces their intensive use.

Functional Remuneration allows for internal equity. There is a sense of justice in deciding how wages are established based on rules applicable to everyone in the company. Lawler reinforces this position by mentioning that companies that adopt more sophisticated, functional-based assessment systems rely on the system's efficiency to maintain internal equity, with homogeneous and objective bases, which leads to a sense of justice in the system. The positions in different parts of the organization or different companies in a group are evaluated under identical criteria. For large organizations, with geographic diversity, it is seen as an advantage. Lawler also points out some other advantages, such as facilitating internal mobility and cost control processes. The transfer of a professional from one unit or company to another will be facilitated by the existence of a common job evaluation system, with salary correspondence. Such a situation enables the movement of

employees and the taking advantage of opportunities, both by the organization that stops looking in the market for a professional who must still adapt to the organizational culture and allows the visualization of opportunities for professional growth by the employees.

Likewise, centralized control of wage costs can be carried out very easily. The homogeneous criteria for job evaluation can be the basis for audits that indicate any deviations from the salaries paid.

According to Picarelli and Wood (1996), an additional reason would be the simple tradition, the mimicry. As most companies adopt this model, others, for example, conservatism or fear of taking risks with the adoption of different models, maintains the tradition, which in a way reinforces the model. Lawler (1990) points out that functional systems are seen as a tested technology, whose efficiency is recognized. Especially in the case of plans sold by organization adoption, it does not involve the risk of incurring unforeseen costs or using doubtful efficiency technology. Add to this the fact that job evaluation systems are supported by quantitative methods, which gives them, according to Lawler, the appearance of objectivity, which is useful in convincing people of the scientific efficacy and impartiality of the method.

5.4 Criticism of Functional Remuneration

Picarelli and Wood (1996) point out as the main criticisms of functional remuneration system:

- Promotes a bureaucratic management style. The job description's appreciation as a management tool signals to the professional that the organization will value the observance of what is specified. The nonsense is found in the fact that modern management demands that professionals do what is necessary and appropriate, developing new skills and focusing on the relationship with the customer and not necessarily what is prescribed. In this regard, Lawler (1990) points out that the system's starting point, the job description, is a bureaucratic management tool, which precisely determines the activities to be carried out by the worker, facilitating control and performance evaluation.
- Reduces the range of actions of individuals and groups: still due to job descriptions, Lawler (1990) points out that accurate job descriptions contain

inherent messages about what is not included in the job responsibilities. At the limit of this reasoning is the professional's refusal to do something that is not in his job description.

- Inhibits creativity and the entrepreneurial spirit, given the limitations introduced by job descriptions.
- Reinforces the hierarchy: Lawler understands that the consideration, through job descriptions, of hierarchical relationships, such as power, responsibilities, level of reporting, number of subordinates, works towards consolidating the hierarchy. In organizations operating in competitive markets and composed of highly qualified professionals, as in general are high-tech companies, the call for hierarchy works against the need for innovation and initiative.
- Promotes more respect for rules and procedures than results.
- Has no strategic orientation. Lawler also reinforces this point, pointing out that functional systems emphasize internal balance, even becoming an obstacle when they do not encourage the development of skills and knowledge.

According to Lawler, the functional system values what people do and not what they can potentially do. The functional system recognizes the growth of the professional through vertical promotion, moving to a new position, in which new responsibilities they will be the standard of measurement, but do not value the growth in performance based on the development of skills and performance.

Lawler (1990) also presents other criticisms of functional-based compensation:

- Depersonalizes the value orientation: as such systems attribute value to what the person does, based on their position, the consideration of the individual's skills and knowledge is at a secondary level.
- Discourages organizational change: initially, due to the amount of work that the reformulation of job descriptions will demand, due to changes in the organization, there is a point of discouragement. Another point is the fact that changes in job descriptions will result in the devaluation of some positions, which naturally provokes resistance.
- Encourages the search for the accumulation of points: the systems that evaluate the positions by points generate the search for points, either by trying to revise the positions, describing them with emphasis on activities that are worth more points,

or by the search to add to the responsibilities that are valued with more points, which in many cases results in heavy structures, with a greater number of levels, supervisions and with greater "overhead". Schuster & Zinghein (1996) also point out this characteristic, emphasizing that the focus inside the organization and the search for points promote an internal competition greater than external.

- Weakens the sense of responsibility and honesty: the prospect of writing job descriptions with exaggerated responsibilities and duties, not only results in overvaluing salaries, but also makes the practice of spreading biased and conflicting information acceptable management objectives.
- Salary administration costs increase: job evaluation systems, in order to maintain their relevance in times of intense and accelerated change, demand more and more frequent revisions of job descriptions, which is not only costly the need for participation of functional managers, as well as the need for specialized personnel in these tasks, the need to train those involved and the need to eventually hire consultants to maintain the system.

6. Remuneration for skills and competencies as an alternative to functional remuneration

6.1 General requirements

The compensation systems focused on the individual, studied below, are presented as an alternative to the systems based on the position, overcoming its main disadvantages, weakening or breaking the paradigm of the position, and changing the focus to the individual, especially when applied in a more modern organization, both from their structures, the composition of their staff, and the quality of the technology they employ. Commenting on the remuneration practices adopted by companies set up to operate via the Internet, especially in the late 1990s, Lawler (2002) recognizes that some innovations in the field of remuneration were adopted among these practices. In particular, concerning remuneration focused on the individual, the author points out the inevitability of changing focus:

The dot-comp era highlighted the importance of individual skills and knowledge in determining pay packages. It accelerated an inevitable

move from focusing on paying individuals for the the job they do to paying individuals for the skills, knowledge and competencies they have. The war for talent that broke out in the dotcomp era highlighted just how important those with critical, scarce skills can be to an organization's bottom line, thus providing strong justification for focusing more and more on what individuals are worth. (Lawler, 2002)

The remuneration for Skills finds an opportunity to be applied, as the organization changes its compensation policies, acquiring new structure and process configurations. The growing dissemination of group work, the flattening of organizational structures, the encouragement of multifunctional activities, and the need to sustain companies' competitiveness, which is done in part by the optimization of production costs, are factors that determine the increasing adoption of this form of remuneration. It is necessary to remunerate a worker who has greater autonomy, takes on more responsibilities, develops continuously, works effectively as a team, and has multiple knowledge and skills. Clearly, functional remuneration does not allow the differentiation of workers through these criteria, leading to an erosion of the remuneration system.

According to Picarelli and Wood (1996), the Remuneration for Skills aims:

- Compensate professionals for their personal characteristics.
- Encourage individual professional development, linking wage progression to proof of skills acquisition.
- Align the capabilities of employees with the strategic direction and needs of the organization.
- Support organizational learning.
- Overcoming the traditional management paradigm focuses on rigid hierarchy, well-defined functions, and job descriptions.

6.2 Characteristics of the remuneration for skills

Flannery (1997) points out the aggregation of versatility into the success of the worker as a function of the Remuneration for Skills. According to him, they become more versatile as workers learn more skills, not only able to perform different positions, but also to develop a wider understanding of work processes and thus gain a greater understanding of the value of their contribution to the organization. Understands the value of this

knowledge and flexibility in role sharing and self-managed work organisations or those who need to respond to technological market changes.

Jennkins et al. (1992) highlight features of the method of talent remuneration that make it very distinct from functional remuneration. They are:

- In the functional remuneration system, the role is the basis of remuneration. In skills remuneration, certified skills are the basis of remuneration.
- Salary raises are far less reliant on the job and more on qualification of skills. That is, as a result of skills qualification, wages are raised in Skills Remuneration, not promotions.
- In the compensation for skills, time in office, seniority, has a secondary role.
- Also, in skills remuneration, the individual development effort has a counterpart in terms of salary evolution.

Flannery says that the radical change is not exactly caused by the use of the new form of remuneration, but by the redesign of positions. Understand that traditional occupations consisted of tightly defined tasks, requiring an equally limited set of skills. Nowadays positions, particularly in process-oriented and time-based organizations, tend to be broader in nature and require greater skills. It should be noted that this statement recognizes that the implementation of the remuneration for skills retains a connection with the job.

In addition, the remuneration for skills is followed by Picarelli and Wood (1996) with a work arrangement of skills linked to remuneration for work. They point out, however, that there must be a work plan for each company that has been established that takes into account the experience of the specific interest.

The author concluded that skill blocks involve abilities that are grouped together by affinity or linked to the same process of work. If the skill taken into account in the payout is more complex, it will be done in isolation. If they are weak, in a capability block, the challenge will be dealt with, which simplifies treatment.

In relation, Picarelli and Wood (1996) set an example for capacity blocks in civil construction technicians, which could include the ability to prepare surveys of the quantity of material to be used in the work, to prepare budgets, to prepare technical reports for support plans, to carry out assessments of the services performed, or to direct masters

of the work in relation to mater registration. Ghorpade & Edge (1997) lists the three elements necessary for the preparation of the certification plan:

- **Certifiers:** Certifiers can be practitioners in or outside the business. Certifiers are typically boards, comprising managers, colleagues and other specialists whose experience is regarded as specialized. The authors point out that certification committees are viewed by professionals as fair and impartial, particularly when compared to certification under the responsibility of the supervisor. Similarly, external components, such as experts, universities and specialized agencies, are viewed as objective and rational, but risk not being able to adequately determine all the unique needs of the work environment of the organization.
- **Appropriate degree of competence.**
- **Ways by which workers can show their abilities:** typically on-the-job training helps managers and colleagues to witness the mastery of the trainee 's skills and is a good tool to promote certification. Tests are also used, but it should be noted that they are more costly to produce and need special consideration for their implementation. Written exams are sufficient for the certification of expertise. In either case, qualification procedures should be evaluated against the essence of each competence to be accredited.

6.3 Characteristics of the Remuneration for Competencies

The remuneration systems based on a set of competencies that the individual masters and how he applies them in the performance of his tasks are called Competence Remuneration systems.

Competence remuneration seeks to improve the benefits of individual remuneration in cases where the remuneration for expertise has drawbacks, such as tasks that are not systematic and have a greater degree of abstraction, such as managerial, higher-level or administrative strategies.

Competence remuneration pays the employee by verification of their competencies. The purpose of the model is to promote the learning and use of these talents, ultimately with whether they work together to accomplish the organization objectives. Competence remuneration is also a model with a competitive orientation.

Picarelli and Wood (1997) point out a variety of reasons that decide the rise in interest in this model:

- demand for more qualified professionals due to the growth of the services sector.
- reputation gained by knowledge-intensive, state-of-the-art technology companies.
- restructuring that has taken place in organizations that have embraced more flexible structures.
- cumulative experience in the application of the Skills Remuneration System.
- the increasing popularity of this theme.

Boyatzis (1982) and Spencer and Spencer (1993) identify two classes of competencies as important to the implementation of the model:

- Basic: required for the performance of tasks, but which do not make it possible to differentiate exceptional performance from average performance.
- Differentiators: competences that separate outstanding performance from average performance.

Dutra (2002) believes that the competencies must be extracted from the perception of the organizational and business goals of the company. The author understands that the key processes for defining these competencies will be:

- Organizational or business competence: characterized by an explanation of the various facets of the organization or business. Thus, in a technical excellence organization, competencies such as information generation and distribution or teamwork may be considered essential.
- Vital business processes: from the concept of a business we will continue to recognize the key competencies in the essential business processes. With a organization that is core competencies may be the essential method of personal service to the customer: quality orientation or external and internal articulation;
- Professional groups or professional careers: identification of professional careers necessary competences will start with their application to current organizational occupations, which are necessary for the activity of the business. Thus, technical classes will be connected to professions such as information technology, banking, product engineering, marketing. In this theory, a managerial career will have a leadership or strategic focus among its core competencies.

7. Skill and Competencies Pay Dispute / Criticism

Lawler (1990) and Picarelli and Wood (1996) underscore some disadvantageous points in the remuneration of Skills.

The first is that payroll disbursements typically rise, as there is a steady increase in the abilities of professionals. Picarelli and Wood (1996) further recognize that such an increase should be seen as an investment and that its return should benefit from the increase in efficiency and rationalization of the workforce as a result of the increase in training and the creation of a multi-functional workforce.

Schuster & Zinghein (1996) recognize that the rise in payroll spending will appear to increase, as well as some unnecessary skills will be gained, unless the motivation to learn skills is linked to the organizational efficiency and competitiveness of the company. They also stress that the organization that earns remuneration for expertise must do so in the light of strategic goals related to productivity growth and operational performance. The expense rise with the payment of professionals must be compensated in compliance with the spirit of cooperation between the company and its professionals.

According to Picarelli and Wood (1997), the use of Skills Remuneration for professionals who acquire practices that are not formal and have a higher degree of abstraction, such as professionals in administrative, higher-level technical or managerial professions, is subject to limitations, primarily due to the difficulties of identifying skills for such practices.

Jenkins, Ledford, Gupta, et al. (1992) state that they are interested in the factors that led American companies to abandon skill-based compensation schemes. In each case, they found clear reasons. The reasons given were as follows:

- lack of responsibility on the part of managers to maintain the system.
- lack of effort to address the issues that have arisen during implementation.
- defects in the architecture of the programs, with an effect on the rise in the cost of salaries and without the counterpart of benefits for the company.
- inadequate provision of training.
- lack of authority over the awarding of pay increases, without prior examination or approval by professionals.

- inadequate instruction for managers on the basics and the use of the method.

The disadvantages in remuneration of competencies can be expected are often of the same type as those linked to the remuneration of skills. Wilson (1994) understands that the checked drawbacks are usually derived from the architecture of the method. One of the drawbacks that we identify with the project and the frustration of the expectations of cost savings arising from the rise in the flexibility of the workforce, which happens when productivity increases arise over a longer period of time than the increase in the cost of labour.

Salaries, which arise almost immediately after the introduction of the new method.

The second downside is that these programs increase investment in training and generate opportunities for the use of learned skills. Wilson (1994), recognizes that, if the essence of the job does not always require the use of acquired skills, the system will not be sufficient, not least because the need for training may emerge from the introduction of the system.

The third drawback is the increase in the cost of managing the system, because, depending on the type of evaluation and monitoring of the competencies implemented, the cost of managing the system can be substantially increased relative to the systems in use.

Lawler (1999) strongly opposed the use of expertise as a basis for remuneration schemes. According to him, many of the competency-based remuneration schemes fail because they fail to translate competencies into observable characteristics that allow valid and reliable wage values to be calculated. He criticizes the implementation of generic competencies, such as those proposed by Spencer & Spencer (1993), since they do not make it possible to achieve a competitive advantage, because the use of generic competencies will eliminate the power of distinction from the instrument to its users.

The author also argues that if expertise can be converted into expertise, knowledge and abilities that can be linked to the success of tasks, using them for remuneration, have several possible benefits, except that remuneration is focused on an effort to quantify personality characteristics.

It is based on research that he carried out in the 1960s and 1970s when he found that tests of personality traits and qualities, such as leadership, cooperation and reliability, appeared to produce invalid data that, due to their subjective existence, are very likely to

discriminate against people who do not. They have features similar to those of the evaluator. He also noted that skill-based systems are more effective when they are related to the individual's ability to perform particular tasks and when good performance metrics are available.

Lawler (1990), also evaluation, incentive plans focused on standardized competencies and not specifically linked to the performance of assignments ignore this point, which is considered to be important. The author defends the use of expertise for staff mobility preparation, staff selection and training and underlines the need for measuring instruments to be thoroughly checked for their validity.

8. Workplace Conflict

8.1 Conflict

Recently, businesses have been pressured to build competitive advantages, develop tools to recruit and retain the best professionals in the workforce. For so many, it is important to build an atmosphere in which employees feel inspired and dedicated to the success of the business. Conflict can develop in this scenario.

When people work together in an organization, work can take place naturally, just as it can be done in a troubled way. According to Griffin (2007, p. 450), "conflict is a dispute between two or more people, groups or companies", which, in a negative way, creates discord and displeasure and, in a positive way, stimulates learning and the quest for new challenges.

Rahim (2001) acknowledges that many businesses do not embrace the dispute because it is perceived to be a negative circumstance. Robbins et al (2010) approach conflict as a point of perception: a person can disagree, interact or not present the same values or expectations limits.

Chiavenato (2010) refers to conflict as a condition of mistrust and disagreement as well as the conflict of values or views. Marras (2009) argues that conflict is a dispute of personal versus organizational interests and that only good cooperation between the parties can strengthen or mitigate the effect that conflict can have on the working environment, including the loss in efficiency and morale of those involved, the quality of

the outcomes, the atmosphere and behavioral change. Mallory (1997) points out that in all places there are conflicts, it is important to learn how to handle them, turning the negative aspects of the conflict into meaningful and positive experiences. It also underlines the importance of fostering equilibrium, harmony and maturity between the parties concerned.

Instead of seeing conflict as an opportunity for friction between individuals, organizations see conflicting circumstances as opportunities for development that involve care in the form of management. For Ahrens (2012), conflict is an opportunity for the company to develop as new views, phrases and possibilities are formed. What renders conflict negative may not be the divergence of opinion, but the reaction that we have before this al (Ahrens, 2012). It is worth noting that people have behaviors, beliefs, principles, priorities and goals, and it is this diversity that helps organizations develop appropriate conflict management strategies. Disagreement is no longer a positive factor for the organization, where the main emphasis is on individual values and goals, and not on the vision and objectives of the company.

Conflict is positive or negative depending on the path you are taking: discussion, diversity and creativity yield engaging outcomes with the environment, favoring and discussing situations and opposite ideas. The different generations found in companies today often cause (relationship) conflicts. Nowadays, businesses deal with generational professionals (Baby Boomers, X, Y and Z) and both need to aspire to upgrade their skills and keep up with business developments.

Moreira (2012) argues that the biggest challenge for organizations is precisely to create an environment that gives people a spirit of sympathy to work collectively with those who are guided by other concepts.

For Montana and Charnov (2010, p. 348), "conflict in the organizational setting is characterized as a dispute between two or more parties [...] about how best to achieve the objectives of the organization."

Conflicts may be linked to success, tasks, interpersonal relationships and processes, according to Robbins et al. (2010).

Griffin (2007) points out that as long as the conflict is treated in a pleasant and constructive way, it tends to represent the company as a useful function, preferring

growth-enabling a high degree of efficiency with encouragement and initiative. On the other hand, since conflict is unavoidable and may cause unwanted consequences, it is up to the leadership to find and manage an acceptable way of managing the degree of team conflict and addressing the appropriate resolution without affecting team success and interaction.

Complementing, Vecchio (2008) notes that the dispute has historically been seen as a negative and needless consideration for the working environment, but that it has become unavoidable in organizations to enhance results, to promote new approaches and strategies to achieve organizational goals and objectives.

In order to achieve its objectives, it is important for its employees to feel influenced by the processes, vision and purpose of the organization. The communication strategy must match priorities, require engagement and reputation, build values and stimulate transformations. Culture reflects the identity of the company and directs employee actions to meet organizational objectives. In this context, Chiavenato (2010) argues that organizational culture is a set of customs and beliefs, based on practices, values, attitudes and expectations, shared by all organizations member. According to Maximiano (2009), culture unifies the way people deal with each other and the people around them, only to follow instructions not to make mistakes.

According to Robbins et al. (2010), a flexible organizational culture encourages people to work together to overcome disputes. This means that conflict can increase the consistency of the process, as all points of view are evaluated, ideas stimulated, group goals and activities reassessed, and the willingness to change clear that conflict decreases satisfaction and confidence.

To continue and expand the theme of organizational conflict, the following criteria precede the conflict and the forms of conflict that arise.

8.2 Pre-conflict conditions

There are several types of conflict: internal and external, involving personal or interpersonal, intergroup and inter-organizational (intra-organizational) relationships.

In this context, Griffin (2007) points out that interpersonal conflict is generally caused by mistrust, lack of coexistence, different expectations and the excess of competition generated by organizations. Intergroup disputes emerge for commercial reasons, but not for interpersonal reasons, in order to undermine competitiveness and efficiency of the commodity.

According to Griffin (2007), while people disagree with each other on issues of interpretation, working groups struggle with various priorities, from sector to sector: what can be a priority for one might not be a priority for the other-provoking conflict. Inter-organizational disputes and intra-organizational incidents arise as different points of view are analysed, ranging from the quality of goods, timelines, expectations and leadership.

For Chiavenato (2010), the conflict can be perceived: when those involved realize that the conflict occurs because their purposes are different; when they experience: the provoking effects of rage and aggression, but in a secret way, and when the conflict is open, when it is manifested through the actions of those involved.

Some circumstances tend to establish different attitudes between individuals and classes, predisposing them to conflict. According to Chiavenato (2010), there are four conditions that precede the uncertainty of the dispute paper: (1) when the goals are not clearly defined (2) conflicting objectives with different individual and/or community objectives and objectives, making perceptions incompatible; (3) shared resources-division and reallocation of the required resources; (4) interdependence of activities-when one depends on the other.

Montana and Charnov (2010) explain that the organizational conflict is stimulated by differences in priorities, competition resources, communication failure, misinterpretation of knowledge due to differences in performance expectations and organizational structure. Vecchio (2008) adds that the key causes of conflict are failed communication, incomplete or skewed knowledge, systemic factors relating to the size of the organisation, membership and hierarchical control and types of remuneration, in addition to the actions of individuals with several different values and perceptions. The author points out, however, that these antecedent circumstances apply to the understanding of each person prior to the situation. In the event of a dispute, the actions of the parties involved needs a resolution that generates positive outcomes for the organization.

8.3 People and Conflict Management

People management can be described as a collection of policies of an organization that guides people's actions and working relationships. According to Marras (2009), the 1990s brought difficulties for businesses due to increased competition and globalization, having people 's management policies align decisively with business strategies such that interacting with people could entail more than just hire or fire. The goal of a people management professional is to ensure that strategic planning is consistent with the performance of the business. Professionals in the field of human resources management may make major contributions to businesses in the sense of helping them to improve strategic management, monitor or actively influence the characteristics of human resources in order to help them develop and sustain the competitive advantage of businesses.

For Marras (2009), organizations are looking for innovative, trained and knowledgeable people with what happens around them, with team spirit and leadership, to carry out activities with flexibility: "companies understand that their success depends on what people they know, that is, their competencies and skills. [...] Human capital is used today to define the employee's strategic importance (Bateman, Snell, 2011, p. 320). Valuing people who collaborate and work as a team makes the business successful, showing the value of strategic human management.

As previously mentioned, disputes involve two or more parties with different views on the issue, creating disputes and tensions between individuals. Conflict management is about learning how to handle them in a manner that is helpful to the company. Second Robbins et al. (2010), the mechanism of conflict can be seen in the form of stages:

- Stage I – opposition or incompatibility: where contact, structure and personal variables provide conditions for the creation of a conflict (because it concerns knowledge, job definitions and many different personalities);
- Stage II-cognition and personalization: conflict-related issues are identified (conflict is perceived and involvement occurs);
- Stage III-defining strategies: it is the mode of action that will make it possible to resolve the conflict on the basis of the individual tendencies of each party (a mention of rivalry, cooperation, prevention, accommodation and determination or willingness to resolve the conflict);

- Stage IV-behavior: referring to the mechanism of engagement and involvement with the conflicting situation;
- Stage V-Consequences: action and reaction between parts, directly affecting performance.

Chiavenato (2010) points out that there are many ways of conflict management, including:

- Avoidance or escape: it is an escape attitude towards the true causes of the dispute, avoiding and ignoring the existence of a dispute;
- Accommodation or easing: it is a way to settle minor disputes, allowing the real purpose for the conflict to be resolved later;
- Competition or authoritarian rule: a settlement decision is imposed, using the power or authority of one of the parties is victorious;
- Concession or agreement: to combine options from both sides to settle the conflict;
- Cooperation or problem-solving: negotiation is used to minimize the contradictions between the two.

According to Schermerhorn et al. (1999), learning how to resolve conflict is key to the success of the business. Conflict management starts when conflict situations are understood and strategies are developed to deal with conflict: indirect and direct approaches help to resolve conflict. With indirect approaches, conflict management is related to a reduction in interaction modification, an emphasis on shared priorities and behavioral adjustments that involve commitment and a sense of order at the organizational level. Direct methods are to examine and define the factors that would make both parties feel victorious. There are the so-called win-win, win-loss, and lose-loss disputes.

Schermerhorn et al. (1999) explain the fact that the loss-loss dispute is the culmination of conflict management due to mitigation or accommodation, such that each party yields something, leaving the conflict momentarily resolved; in a win-loss conflict, one party domination decides the resolution of the conflict, making the parties fight again in the future.

On the same subject; and in the win-win conflict, the cooperation to gather and analyze the information is highlighted, and the real problems that precede the conflict are discovered and analysed. In the win-win conflict, the parties understand that they have problems to solve and search for a real solution: the conflict is resolved.

In order to complement these forms of conflicts, Montana and Charnov (2010) highlight the strategies used to resolve the above-mentioned conflicts: elimination-obscuring the problem, not coping with competing causes; slowdown-stressing company unity and not solving problems; domination-solving the problem but in a way that is fast and ineffective; middle ground -trying to please both parties.

Ahrens (2012) reports that the best role of a professional in the midst of a dispute will be to engage people in considering the point of view of the other side, creating ideas and focusing on the reasoning.

Vecchio (2008) emphasizes that understanding sources of conflict promotes new methods to enhance results and that conflict can only be viewed as positive or negative within an organization, based on the performance and actions of employees. Adaptation and the approach that the conflict administrator can take require the understanding that the conflict is constructive: the team must deal with the situation and build expertise so that the disagreements that arise can be overcome.

Ahrens (2012) also insists that the feelings and pressures of the moment interfere with the solution of the problem. Mintzberg (1973) adds that, in order to continuously enhance the working environment, it is necessary to know how to adjust, distribute and negotiate, as the role of conflict management in organizations is growing.

In Vecchio (2008) point of view, conflict management can be carried out by a variety of techniques used, including: defining rules and procedures, making it possible for better outcomes to be obtained when a conflict arises; appealing to superiors who determine what is the best way to meet their needs; contact roles, creating a communication connection between groups; negotiation, using dialogue as a means of interaction; and

Knowing how to connect people management to conflict management today with managers searching for better results for the business, in order to balance employee, group and organizational goals.

Chapter 2 - Research Methodology and Methods

To study the subject in question and understand what Strategic Compensation is and how the market and organizations behave in the face of such a topic, it is essential to search academic references, besides investigating the various websites consulting companies that show the relevance of the subject addressed.

This research has descriptive and explanatory features and also it was conducted in a quantitative method.

Quantitative method is important for summarizing large quantities of data and generalizing on the basis of statistical estimates (Yeomans, 2017). According to Sovacool et al. (2015) quantitative analysis, controlled methods are used to test and validate hypotheses based on falsification, ignoring context and environment, while demonstrating broad generalizability based on sample size and statistics.

As Leedy & Ormrod (2015) has pointed out, quantitative analysis tends to be systemic, requiring deductive reasoning and statistics, and to lend itself well to objective, measurable cases with a wide range of usable research that offers a great deal of scope. This style of research encourages the objective isolation of researchers from study subjects and increases the capacity for data collection.

The characterization of research as fundamentally descriptive finds its place in the definitions provided by Martins (1994), which defines descriptive research as one that seeks to explain the characteristics of a given phenomenon and to create relationships between variables and facts. The explanatory character derives from the descriptive, because, as pointed out by Ferreira (1986), to clarify is to make intelligible or understandable what is unclear or obscure.

According to Martins (2001) when communicating the results and conclusions, it may be necessary to achieve an explanatory stage beyond mere explanations, accumulations of authors, or listing ideas coming from outside when communicating the findings and conclusions.

As can be shown, the main question guiding the analysis was formulated as:

- Does compensation based on skills and competences trigger workplace conflict?

These methodological processes will assist in the basis and development of the dissertation proposal on the topic addressed.

Chapter 3 – Presentation of the Data / Findings

As presented in the previous chapters, this research approach is aimed at exploring the efficacy of compensation administration in terms of skills and competencies and how this model triggers workplace conflict. This is a topic that has been very important to the effectiveness of the roles and compensation of organizations. It has been recognised that the Human Resources strategy makes a crucial difference in the recruitment and retention of skilled employees.

According to Chiavenato (1999), the performance evaluation is management duty, which aims to measure the work of the team and each individual, the outcomes obtained and compare them with those predicted. It considers efficiency and effectiveness, quality and productivity. On the basis of this concept, the author understood that organisations are modernizing their compensation models. They strive to adjust to the Salary Compensation System in line with the growth of expertise, skills and attitudes of their workers, aiming at a continuous quest for excellence.

Through this analysis, I have been able to examine whether the strategic remuneration of employees is really a source of conflict. To this end, research was built through the Google Forms tool, where the key idea was to be able to attract a maximum number of professionals from various sectors of business. These professionals were contacted by e-mail with an invitation letter describing the purpose of this study (Appendix A)

These professionals have expertise in various segments, which enables us to recognize the relationship of satisfaction with the work done versus the remuneration of each organization.

The sample validation methodology in this research was based on the Yamane (1967) formula in order to determinate the ideal sample size.

According to Cochran (1977) the formula will define the right quantity of sample used for surveys is based on a formula. But, for this research was opted to use a simplified alternative formula, as cited by Yamane (1967) that follows below. According to the author, for a 95% confidence level and $p = 0.5$, size of the sample should be where, N is the population size and e is the level of precision.

$$n = \frac{N}{1 + N (e^2)}$$

For this research population, $N = 180$ with 5% precision. It was assuming 95% of confidence level and $p. = 0,5$, and the sample size was.

$$n = \frac{180}{1 + 180 (.05^2)} = 123$$

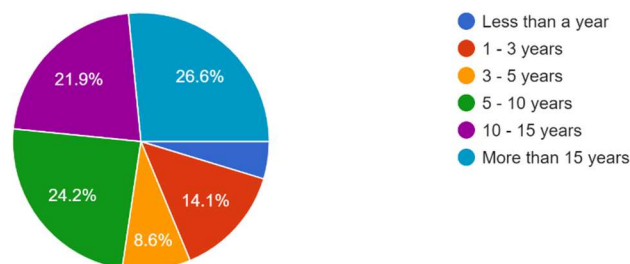
From that result above it can be considered that this survey was valid as it was achieve a total of 128 respondents.

The survey consisted of twenty-three questions and was prepared according to metrics published by recognized newspapers. Study questions can be identified in Appendix B.

The first three questions were designed to identify the level of expertise of the respondents, the organizations industry sector as well as the área/department of work.

Question 1

How many years of experience do you have in your professional field?
128 responses



Graphic 1

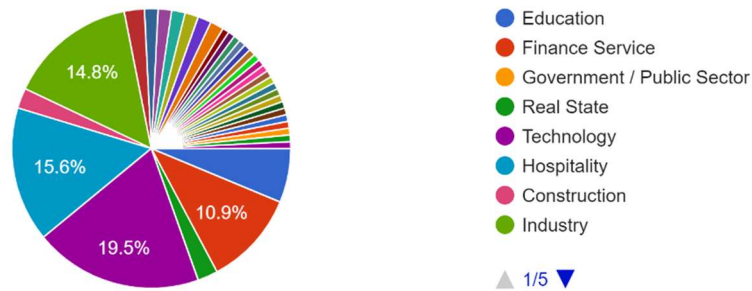
Of the 128 respondents, the vast majority have more than 5 years of professional experience, totalling 24.2% from 5 to 10 years of age, 21.9% from 10 to 15 years of age, and 26.6% have more than 15 years of experience.

This is a very expressive number, even though it is necessary for the results of this study to understand the remuneration of skills and competencies and the conflicting causes found in companies in this context, to provide the public with extensive experience.

Question 2

In which industry sector are you working?

128 responses

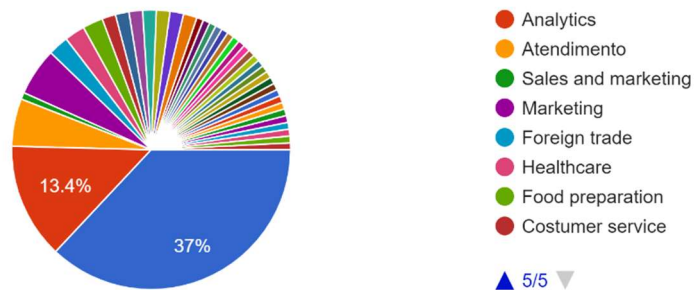


Graphic 2

Question 3

In which area/department are you working:

127 responses



Graphic 3

As can be seen in graphic 2, the professionals who participated in this study are spread across a variety of fields of work: education, real-estate, retail, industry, technology, construction, hospitality, health care, logistics, and others.

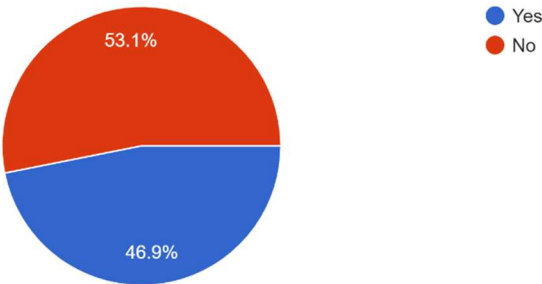
They also cover a range of professional fields found in companies such as HR, Legal, IT, Logistics, Finance, Healthcare, Sales, Marketing, Customer Service, and others.

Questions four and five were designed to understand whether the companies studied already have the competency-based compensation system and, if not, whether they intend or have interested in implementing it.

With this vast sample of professionals with experience in various fields of operation as well as in various branches of industry, 46.9% of respondents in their businesses have a pay model focused on expertise and competencies. For those who do not have it, 32.9% of businesses plan to implement it, which indicates that remunerating workers is a valuable method for the future of organizations.

Question 4

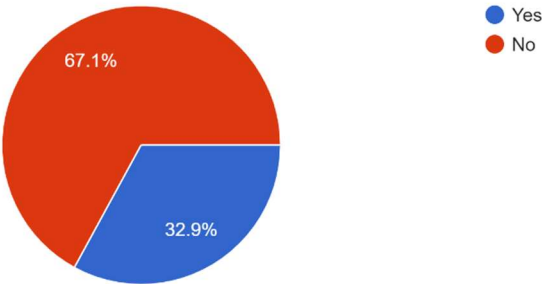
Does your organization have a competency-based compensation model?
128 responses



Graphic 4

Question 5

If not, does the organization intend to adopt the model?
85 responses



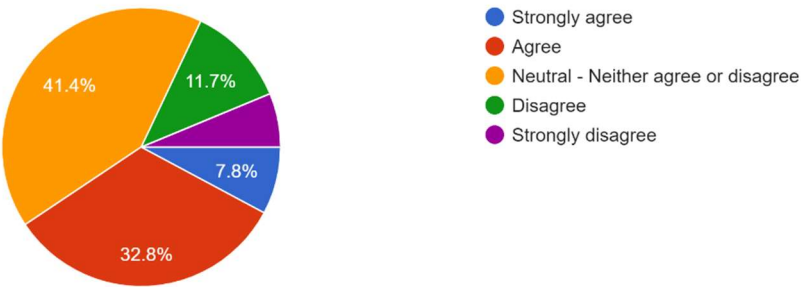
Graphic 5

From questions five to ten, the intention was to understand the current moment of the employee regarding satisfaction with the compensation package offered as well as the importance of the role of the Human Resources area in understanding this problem. It was also relevant to raise the importance of the subject studied for attracting and retaining talent.

It has been noted in the graphic 6 that 32.8% of professionals are pleased with their company's current remuneration scheme. In addition, 41.4% are neutral in this regard, which means that they are neither pleased nor unhappy with the current model. It may also been observed that 11.7% of the professionals who replied to this survey are dissatisfied with the existing pay model.

Question 6

In general, are your company's employees satisfied with the current remuneration model?
128 responses



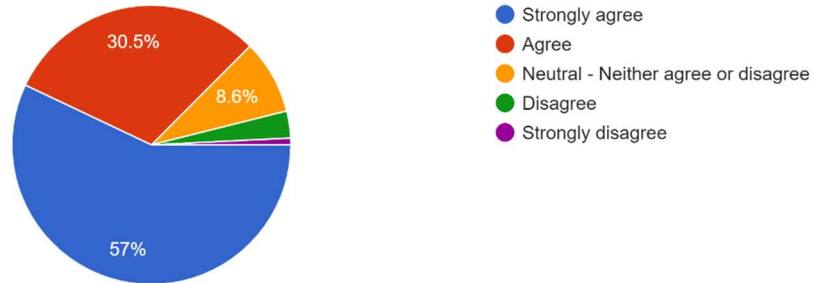
Graphic 6

In addressing the question of satisfaction with the company's remuneration plan, 57% of professionals consider it highly important for the Human Resources sector to be aware of this dissatisfaction, followed by 30.5% who consider it important. In contrast, just 8.6 per cent of these practitioners were impartial in this respect.

Question 7

Do you consider it essential that HR knows if employees are satisfied with the compensation package offered?

128 responses



Graphic 7

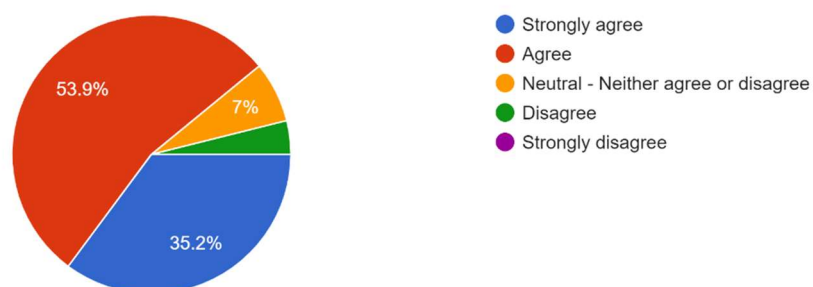
Having regards to the skills and competencies remuneration model as a method to attract and maintain talent, 35.2% strongly agree that it is an important model of attraction, followed by 53.9% agree. In this regard, it is understandable that, if the organization has this model, a team of professionals would be highly dedicated and engaged in business.

On the other hand, 43.8% of respondents of question 9, said they believed that the company's compensation was entirely motivated. However, 21.9% of respondents do not believe that work motivation is entirely linked to this subject.

Question 8

Do you believe that a competency-based compensation model is an essential tool for attracting and retaining talent?

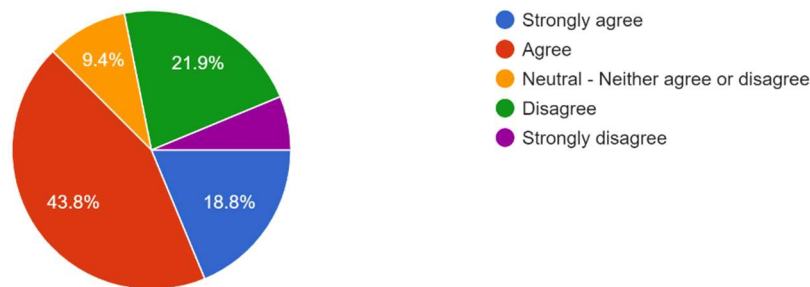
128 responses



Graphic 8

Question 9

Do you believe motivation at work is wholly linked to remuneration?
128 responses

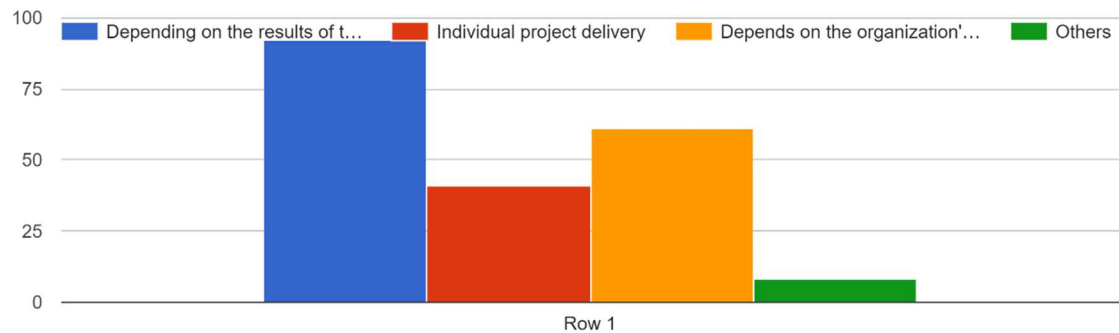


Graphic 9

When it comes to knowing the real reasons for pay raises and promotions, 92 respondents agreed that, based on the results of the performance appraisal, 61 agree that this depends on the organization's operational results and 41 on the individual project execution. In this scenario, once again, it can be seen that remuneration for expertise and competencies is observable, as project completion and performance assessment are criteria for promotions and salary increases.

Question 10

What are the reasons for salary increase and promotions?



Graphic 10

Between questions eleven and fifteen it was directed to issues related to conflicts in the work environment related to the remuneration system were discussed as one of the aims of this dissertation. It was possible to make a qualitative analysis on question fourteen, because conflicts are often addressed in different ways.

It has been observed in question 11 that 42.2% of professionals assume that a compensation model for skills and competencies will lead to conflict between workers, followed by 30.5% who neither agree nor disagree. However, there is only a mass of 18.8% of professionals who disagree with this statement.

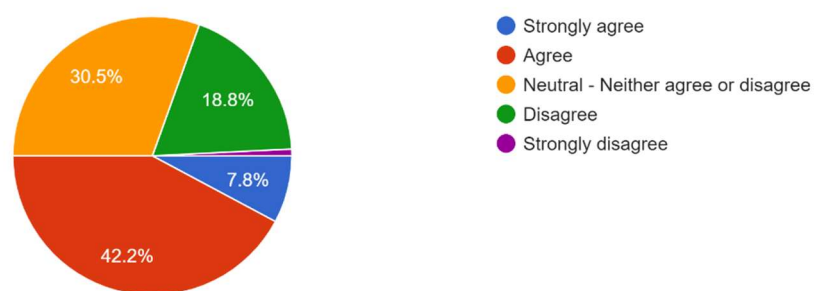
When questions were addressed to understand about conflicts, it is also important to consider why leading professionals leave the organizations in which they operate. As it shows in question 12, the partnership with management is the main explanation for 89 respondents, followed by 61 who claim that the remuneration package is significant for dismissal. On the other hand, 54 respondents consider it relevant that the organizational environment is a crucial factor in leaving businesses.

However, only 22.8% of the respondents suggested that they had already been involved in any internal dispute over the compensation package.

Question 11

Compensation models based on knowledge and skills can improve employee engagement. Do you believe that can create conflict among employees?

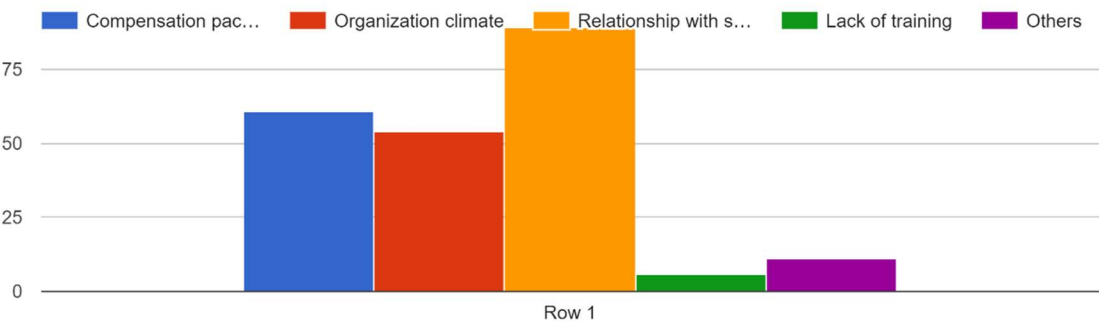
128 responses



Graphic 11

Question 12

What are the most common causes that employees leave the organization?

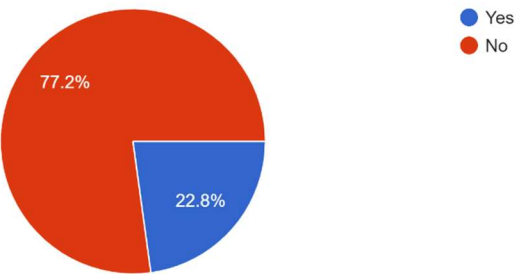


Graphic 12

Question 13

Have you ever been engaged in workplace conflict related to the compensation package?

127 responses



Graphic 13

When asked what formalities these disputes have been settled for the parties concerned, 18 respondents scored, and it was a open question to be understood in a better way. Those answer can be observed below.

Question 14

If you answered yes to the above question, how was the conflict managed to a resolution?

18 responses

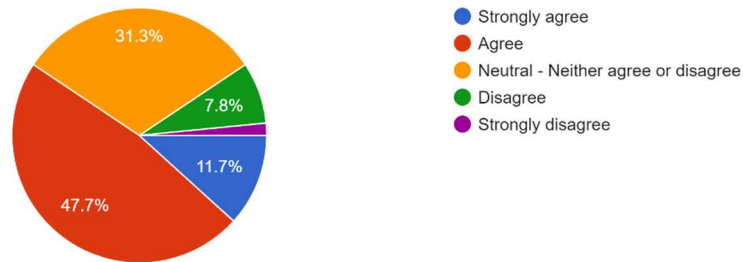
1. We are trying to change how the total compensation package is perceived.
2. Salary increasing
3. in my experience, the conflicts in general were related to retention ... my role was to clarify the compensation package details, the opportunities to follow a career path and growth at work place.
4. It was never really resolved and hence it simmers on
5. Some managers have complained about their compensation packages based on his self perceptions. We aimed to clarify these situation providing them with some presentations explaining different aspects of compensation. It was helpful to reduce the annoyance level with the process.
6. Conversantion and setting goals
7. A better package was negotiated or a promotion was given.
8. Using a sample, the employee was expecting a different package in a promotion, so, we explained the details of their new package to them, then we drove their development to achieve the remuneration that they were expecting. In another situation, I already had to let an employee go, because they weren't satisfied with the remuneration agreed
9. I was temporary at the time but was asked to teach to a higher standard so I asked to be put on a permanent contract first. Management agreed. I did the job required.
10. I quit
11. Salary adjustments in steps in order to catch up salary discrepancies
12. With conversation and explanation about the model
13. Go to solutions
14. Increase in compensation for others
15. I left
16. The other person just had to accept my new status
17. Re educating employers
18. A meeting with management and other party

Table 1

On the other hand, 47.7% of respondents believe that if the remuneration process is transparent enough that all workers know how it works, it is a plausible consideration for Human Resources to control the organizational environment and to minimize conflicts between employees and employers. Only a small proportion of 7.8% of respondents deny that this approach works, followed by 31.3% who are neutral, do not agree or disagree.

Question 15

Since the organization's HR is responsible for managing the organizational climate, we could understand that having an open remuneration policy...ployer. Do you believe this strategy could work?
128 responses



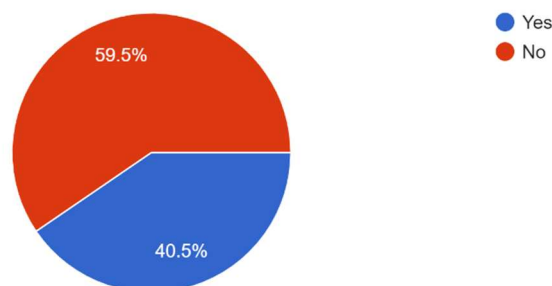
Graphic 14

From questions sixteen to twenty-one, the main idea was to understand about the organizations studied if they have any type of variable remuneration payment, such as bonuses, gratification and commission. It was also important to identify which positions are eligible for these variable payments as well as how to calculate them.

In line with question sixteen, 40.5% of the respondents suggested that their businesses had already conducted a study to incorporate the remuneration model for skills and competencies.

Question 16

Has the organization previously completed any studies on competency-based remuneration?
126 responses

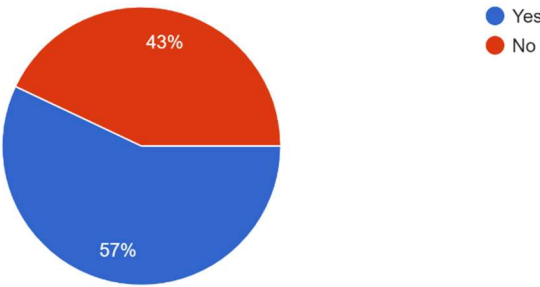


Graphic 15

On the other hand, 57% of respondents has said the businesses they run offer bonuses, followed by 39.4% paying gratification and 38.3% paying commissions.

Question 17

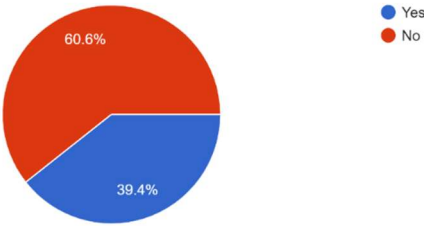
Does your organization pay a bonus?
128 responses



Graphic 16

Question 18

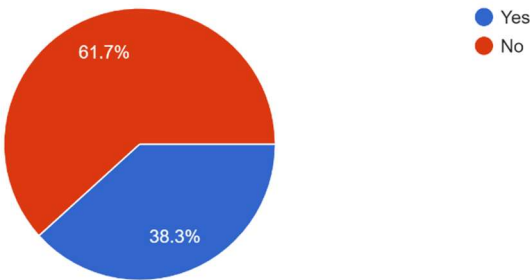
Does your organization pay gratification?
127 responses



Graphic17

Question 19

Does your organization pay commission?
128 responses

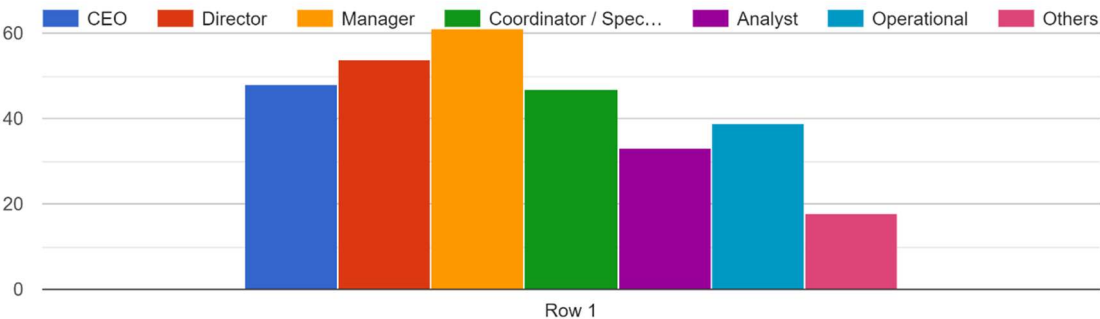


Graphic 18

In order to better understand this variable remuneration situation, it is necessary to know the eligible roles and, interestingly, in the organizations in which the public respondent operates, they are eligible from operational to higher seniority levels. On the other hand, the most envisaged roles are the Coordinator, the Director, the Executive Board and the CEO.

Question 20

If you answered yes to the above questions, what are the eligible levels?

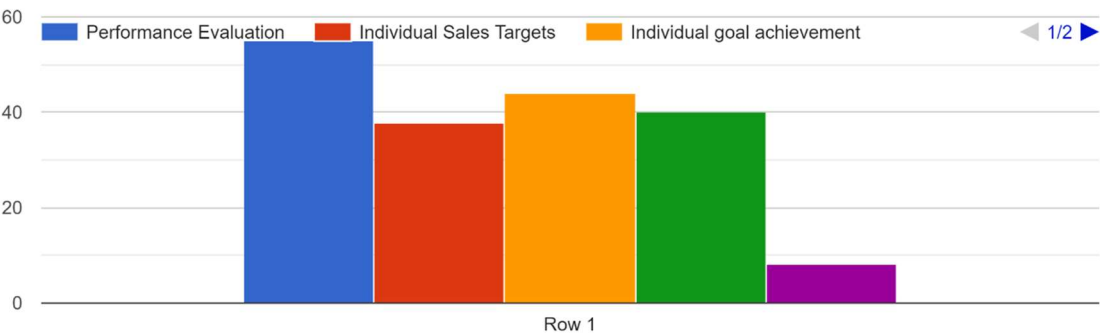


Graphic 19

It was also noted that 55 respondents suggested that the measurement of variable remuneration was carried out through performance assessment, followed by 44 as an individual target achievement. 38 respondents contend that the individual revenue target is a consideration considered for the estimation of variable remuneration. On the other hand, 40 submits that the factors considered for the measurement of variable remuneration depend on the level of the job.

Question 21

How is variable pay calculated?



Graphic 20

How is variable pay calculated?



Graphic21

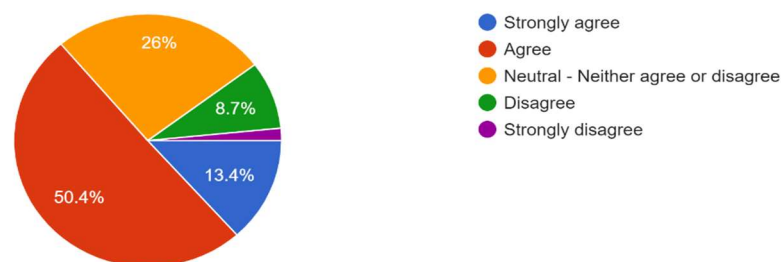
The last two questions were designed to clarify whether workers are relatively pleased with the organizations for which they work and whether they have the resources to perform their roles. It is known, therefore, that unhappy employees often tend to complain, which is a major source of conflict.

When was asked about dedication to the company, we were able to see that 50.4% of the respondents were pleased to work in the organizations they are actually in. On the other hand, just 8.7% are not happy. On the other side, it was observed that 26% of respondents were neutral, neither agree or disagree.

Question 22

Regarding commitment to the organization, do you believe that employees are happy to work for this organization in general?

127 responses



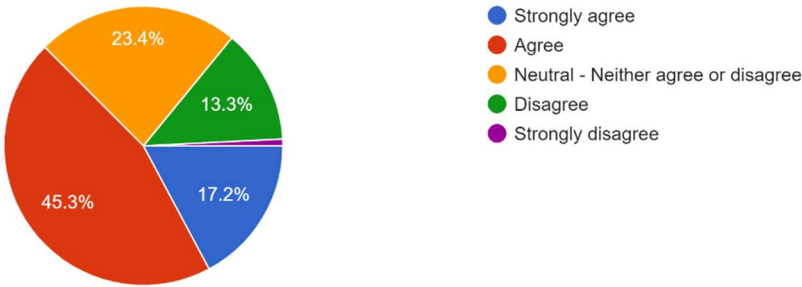
Graphic 22

The shortage of material resources to carry out work is an important part of building conflicts in businesses. It can be observed in question twenty-three that, for 13.3% of respondents, the organizations for which they operate do not have sufficient resources to fulfil their responsibilities. This aspect, combined with other issues, typically results in severely stressful situations due to the constant conflict over materials required to conduct everyday activities.

Question 23

In general, does the organization provide adequate resources for employees to perform their roles?

128 responses



Graphic 23

Chapter 4 – Discussion

The practice of remuneration for skills or competencies in a business environment is limited to a few companies as it could be analysed in the findings. This was pointed out by Brisolla (1994) in his work when he referred to the need to deepen studies on skill-based pay plans because they represent innovation in the form of remuneration, either by their adoption (or manifest intention to carry out the adoption) by large companies.

However, it is related to a increasing trend to pay on an individual basis and to develop job structures dependent on individual skills, such as Dutra (2001), Hipólito (2001), Brisolla (1994) and Resende (1999), as well as research by consulting companies Mercer (2000), Arthur Andersen (2001).

As could be shown, the key question guiding this dissertation was formulated as follows: Does compensation based on skills and competencies trigger workplace conflict?

This guiding question is complemented by another secondary question which seeks to obtain a wide range of knowledge on remuneration structures. Once their connection to internal conflicts has been established using conclusive evidence, patterns or exceptions can be interpreted. The second question was: How can HR manage compensation strategically in order to reduce conflict between employee and employer?

The truth is that we live in a rapidly changing world, which means that organizations always need to restructure, keep up with the current economic trends, competition, internal and external market limitations, and understand how far they would like to go. In other words, these constant changes that companies have been undergoing over the years require them to think of new ways to remunerate their employees strategically and to retain the best professionals.

It has also been recognized in all the literature and the findings that the remuneration of individuals and organizations based solely on the classification of tasks and the concept of obligations is a mechanism that will quite likely be replaced for a strategic remuneration method in the future. When businesses can recognize the role of Human Resources in this stage of the development and handle disputes, it will ultimately be a successful path.

According to this research findings, it could be understood that the concern of managers with human performance is constant because they want to obtain the best results, increase productivity, and thus keep their jobs. However, we are not talking about a favourable moment but rather a very challenging time for companies and their managers. In this way, many companies use individual performance appraisals to honestly recognize their employees' efforts, establishing a meritocratic process aligned with rewards for the results achieved.

We know that the process of managing people, keeping them involved and motivated is complex and complicated, and that time is of considerable risk. Nevertheless, pushing methods of change and growing competition may be a facilitator in the sense of this fact for businesses involved in mobilizing and both getting and maintaining their talents. It can also play a role in the performance and quality improvement of the organization.

If we review the literature and compare it with applied research, we can understand that in books, the remuneration scheme for skills and competencies is a fantastic way for seeing, but the truth is different.

Analyzing the data that we have approached, we can understand that the vast majority of organizations still do not have a strategic remuneration system, others have already studied it for implementation, and others do not even think about implementing it.

The truth is that, according to the literature, despite being a modern and empowering remuneration scheme, it is an expensive system. When the organization begins to remunerate the employees for their results and expertise, the program must have a well-defined design that is consistent with the budgeted amount.

Since remuneration strategically is motivational, as seen in the literature review, this is a way of keeping employees engaged, but it is a topic that can cause discomfort among employees and create conflict.

The survey indicates that some of the respondents were already involved in workplace disputes when the topic was connected to the remuneration package. These disputes have been resolved in a variety of ways, as can be seen in question 14 of the previous chapter.

In some cases, many managers choose to grant a salary increase to the person who filed a dispute resolution complaint. Others tend to clarify how the model is performed. In certain instances, the employee himself has chosen to quit the organization.

These actions lead us to reflect whether, in fact, the posture of these people was right. The truth is, there is no right or wrong answer, there are straightforward policies.

After all, how can HR strategically manage compensation to reduce employee-employer conflict?

In reality, this is not a simple question to be answered. The Human Resources area often has no decision-making power. In this context, it has been recognized that HR should work proactively, trying to understand through internal climate research what are the biggest problems in relation to the organizational climate. HR can act as a facilitator to avoid conflict, not only as a mediator after conflict arises.

Conflicts need to be managed strategically so as to build opportunities for action, growth and development without impacting competitiveness and profitability of the business. The Human Resources area needs to be organized to provide employees with a pleasant and harmonious working environment, with People Management focusing on handling and resolving issues and disputes.

As Marras (2009) points out, conflict is a confrontation between personal interests and organizational interests, and only cooperation and distribution of information can minimize the consequences. People believe they have an impact on the organization's processes and, due to the causes of the dispute, their morale may decrease and their performance in the work atmosphere may decrease. Robbins et al. (2010) supplement the claim put forward, arguing that the dispute decreases the happiness and confidence of the members of the party. It is worth noting that motivation is related to the stimuli obtained and how they are filtered by each of them.

Chapter 5 – Conclusion

It is known that the mechanisms of compensation are increasingly new. However, in order to bring these systems into effect, a change in posture is required, both within the organization and among employees. Many businesses do have instructions either from their subsidiary or even from becoming a family company. The culture of making annual wage changes by knowledge is preserved, which is no longer the reality of many businesses being professional and modernizing their reward and recognition programs. The problem for these businesses is a challenging one. However, putting this idea into effect would improve the mindset towards the business and the practitioners they aspire to follow.

According to the researched authors, understanding is evident in explaining the importance of applying the above-mentioned strategic management systems in the retention of talent. Compensating employees for their efficiency, ability, and expertise makes a comprehensive difference in attracting and retaining employees, but could trigger workplace conflict as was understood in this research project.

Finally, after analysing and discussing all the findings it was possible to conclude that the introduction of this new model of strategic compensation schemes is a relevant factor for the professionalization of companies wishing to invest in a modern framework that seeks to maintain talent, concentrating solely on the employee and his individual contribution, and not just on the role in which the employee occupies.

It is noteworthy that this method improves the efficiency of deliveries and the productivity of workers in order to boost the anticipated performance, bringing more and more value to the business. In addition to the fact that implementing this strategic remuneration method in organizations is not a easy task, it is a process that needs a great deal of commitment, planning, preparation and, above all, the adaptation of the corporate culture to the goals that the organization wishes to achieve.

Reflections

What moves you?

What makes your heartbeat, your eye light up, brings a smile to your lips?

You need to find out about that.

You need to figure out what to live for, as much as breathing.

These were the questions I asked myself when I chose to leave the comfort of my country and a secure career, to strike out to learn a new language and, later, to realise the Master's degree dream in another country.

Being a student is not an easy process, it is much more difficult to be a student in another country, in a language that is not your mother tongue. However, I am a challenge-seeking person, and what is challenging for me enchants me, moves me, makes my heartbeat, my eyes light up, and my lips smile.

This experience was very important to my growth as a professional, and above all, as a human being. During this journey, I learned that indeed, it makes a difference if you like the topic you are learning, as it was my case.

After 14 years of experience in Human Resources employed by big organizations and completing all this research work, I learned what I have always known: I am on the right track.

The research survey applied to professionals and their findings made me realize that strategic remuneration is indeed a plausible topic and considered by businesses, but lack of awareness or, maybe, trained professionals means that many do not go ahead for some.

It was a long way to get here, many obstacles were encountered, but the learning was extraordinary, and this is something that I will take forever.

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Appendix A: Invitation Letter

Dear participant,

I am conducting research for the purpose of gathering data for a survey. This survey is an significant part of my Master's Degree in Dispute Resolution at Independent College Dublin.

The research aims to investigate the importance of a strategic compensation system focused on skills and competencies, and how HR could handle compensation strategically in order to minimize conflicts in the workplace.

Thank you in advance for your time spend to complete this survey and, last but not least, for taking part in my Master's Degree Research program.

Best regards,

Researcher,

Debora de Souza Dantas

Appendix B: Complete Survey Questionnaire

1 - How many years of experience do you have in your professional field?

Less than a year

1 - 3 years / 3 - 5 years / 5 - 10 years / 10 - 15 years / More than 15 years

2 - In which industry sector are you working?

HR / Finance / IT / Legal / Logistics / Marketing / Customer Service / Commercial /
Operations / Health Care / Sales / Others

3 - In which area/department are you working?

4 - Does your organization have a competency-based compensation model?

Yes / No

5 - If not, does the organization intend to adopt the model?

Yes / No

6 - In general, are your company's employees satisfied with the current remuneration model?

Strongly agree / Agree / Neutral - Neither agree or disagree / Disagree / Strongly disagree

7 - Do you consider it essential that HR knows if employees are satisfied with the compensation package offered?

Strongly agree / Agree / Neutral - Neither agree or disagree / Disagree / Strongly disagree

8 - Do you believe that a competency-based compensation model is an essential tool for attracting and retaining talent?

Strongly agree / Agree / Neutral - Neither agree or disagree / Disagree / Strongly disagree

9 - Do you believe motivation at work is wholly linked to remuneration?

Strongly agree / Agree / Neutral - Neither agree or disagree / Disagree / Strongly disagree

10 - What are the reasons for salary increase and promotions?

Depending on the results of the performance evaluation. / Individual project delivery / Depends on the organization operating results / Others

11 - Compensation models based on knowledge and skills can improve employee engagement. Do you believe that can create conflict among employees?

Strongly agree / Agree / Neutral - Neither agree or disagree / Disagree / Strongly disagree

12 - What are the most common causes that employees leave the organization?

Compensation package / Organization climate / Relationship with superior / management / Lack of training / Others

13 - Have you ever been engaged in workplace conflict related to the compensation package?

Yes / No

14 - If you answered yes to the above question, how was the conflict managed to a resolution?

15 - Since the organization's HR is responsible for managing the organizational climate, we could understand that having an open remuneration policy is a plausible strategy to reduce conflict between employee and employer. Do you believe this strategy could work?

Strongly agree / Agree / Neutral - Neither agree or disagree / Disagree / Strongly disagree

16 - Has the organization previously completed any studies on competency-based remuneration?

Yes / No

17 - Does your organization pay a bonus?

Yes / No

18 - Does your organization pay gratification?

Yes / No

19 - Does your organization pay commission?

Yes / No

20 - If you answered yes to the above questions, what are the eligible levels?

CEO / Director / Manager / Coordinador / Specialist / Analyst / Operational / Others

21 - How is variable pay calculated?

Performance Evaluation / Individual Sales Target / Individual Goal Achievement / Depending on the level of position / Others

22 - Regarding commitment to the organization, do you believe that employees are happy to work for this organization in general?

Strongly agree / Agree / Neutral - Neither agree or disagree / Disagree / Strongly disagree

23 - In general, does the organization provide adequate resources for employees to perform their roles?

Strongly agree / Agree / Neutral - Neither agree or disagree / Disagree / Strongly disagree