PURPOSE OF A PAY FOR KNOWLEDGE SYSTEM

Using a pay for knowledge system for the computer programmers at Zenith Medical Systems Inc. will help address some of the compensation issues being faced by the organization. Basing pay on knowledge is the best option to tackle this, because it rewards employees according to their skills and abilities, rather than on the characteristics of the job, it also gives employees the opportunity to focus on career development.

Using this pay system will help increase productivity and contribute to greater motivation and a greater feeling of self-worth among the employees. Encouraging employees to have a greater variety of skills will have the effect of reducing the need to hire many employees with fragmented skills. This will save costs associated with recruitment and selection. Essentially, it allows for better job quality, job variety and job performance.

If Zenith pays for knowledge and skill development, they contribute to a systematic raising of the bar for performance across all jobs. This system is appropriate for Zenith as it will help reconstruct their compensation and reward strategy while defining a learning plan that will fit into the organization's managerial strategy.

ADVANTAGES OF A PAY FOR KNOWLEDGE SYSTEM

A Pay for Knowledge System:

Creates incentives for employee skill development: This means that it provides incentive for employees to learn a variety of skills, which then makes it easier to shift employees from one job to another as needed. Research shows that Pay for Knowledge System promotes workforce flexibility which in turn, often increases workforce productivity.

Supports high involvement management: This will encourage employees of Zenith to voluntarily undertake certain task or behaviours that are beneficial to the organization. Employees tend to put extra effort in their various jobs, and also have a general willingness to make sacrifices for the good of the organization. It also creates a sense of shared goals and values with the organization among employees.
**Improves Customer service:** When employees are knowledgeable and perform broader jobs, they tend to be more effective at customer service since they understand more of the business. Pay for knowledge prepares employees to handle lots of customer issues without switching the customer from person to person.

**DISADVANTAGES OF A PAY FOR KNOWLEDGE SYSTEM**

A Pay for Knowledge system can result in:

**High labour cost:** It brings about situations wherein employees are overpaid relative to competitor companies. Generally, employees operating under PKS earn more than those employees not working under this system.

**Higher training cost:** This means that this system most often leads to increased training costs, both in terms of the cost of providing and in terms of lost work time, that is, if employees need to be taken of the job for training.

**Resistance by senior employees to rotation:** Senior employees may resent spending some of their time on less-advanced jobs in order for less-senior employees to perform the more advanced jobs. If employees are not rotated through jobs regularly, then their skills degenerate.

**SKILL GRID FOR COMPUTER PROGRAMMERS**

<table>
<thead>
<tr>
<th>Financial Management</th>
<th>Materials Management</th>
<th>Medication Tracking</th>
<th>Records Systems</th>
<th>Scheduling Systems</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SENIOR</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Able to prepare workflow charts and diagrams for financial management systems.</td>
<td>Able to prepare workflow charts and diagrams for materials management systems.</td>
<td>Able to prepare workflow charts and diagrams for medication tracking systems.</td>
<td>Able to prepare workflow charts and diagrams for records systems.</td>
<td>Able to prepare workflow charts and diagrams for scheduling systems.</td>
</tr>
<tr>
<td>Able to review and revise testing processes and user instructions for financial management systems.</td>
<td>Able to review and revise testing processes and user instructions for materials management systems.</td>
<td>Able to review and revise testing processes and user instructions for medication tracking systems.</td>
<td>Able to review and revise testing processes and user instructions for records systems.</td>
<td>Able to review and revise testing processes and user instructions for scheduling systems.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Able to assist installation department with</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Able to assist</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Intermediate | Able to convert data from project specifications to create or modify computer-integrated billing, payments and financial information programs. | Able to analyze workflow chart and apply knowledge of computer capabilities, subject matter and symbolic logic. | Able to convert data from project specifications to create or modify computer-medication tracking programs. | Able to convert data from project specifications to create or modify computer record-keeping programs. | Able to convert data from project specifications to create or modify computer-integrated patient, staffing, and facilities scheduling programs. | Able to convert flowchart to language processable by

---

|  | Able to assist installation department with preparing training material. Gains three years of related experience in applications software, of which a minimum of one year is in financial management software. Must be able to apply knowledge as related to accounting principles and practices. | Able to assist installation department with preparing training material. Gains three years of related experience in applications software, of which a minimum of one year is in materials management software. Must be able to apply knowledge as related to purchasing management. | installation department with preparing training material. Gains three years of related experience in applications software, of which a minimum of one year is in medication tracking software. Must be able to apply knowledge as related to pharmacy and drug dispensing principles and practices. | preparing training material. Gains three years of related experience in applications software, of which a minimum of one year is in employee records keeping software. Must be able to apply knowledge as related to database management | installation department with preparing training material. Gains three years of related experience in applications software, of which a minimum of one year is in scheduling software. Must be able to apply knowledge as related to operations management |
| JUNIOR | University Degree in Computer Science. 
Applies knowledge of computer capabilities and symbolic logic for operation of financial management software. | Able to convert flowchart to language processable by computer and interpret program operating codes. 
Familiar with at least one software product, especially Rdb or Oracle. 
Familiar with at least one application generator, especially Rally, OracleForms, COBOL, or Datatrieve. 
Has 1 year of work experience in purchasing/inventory Control software configuration. | University Degree in Computer Science. 
Applies knowledge of computer capabilities and symbolic logic for operation of integrated purchasing and inventory control systems. 
Has 1 year of work experience in medication tracking systems software. | University Degree in Computer Science. 
Applies knowledge of computer capabilities and symbolic logic for operation of records systems software. 
Able to enter program codes and |
EXPLANATION OF SKILL GRID

A Skill Grid is a component of a skill-based pay system that outlines the bundles of skills and knowledge required to carry out a service or production task. In the above table, the horizontal dimensions outline the different module types encountered by a programmer at Zenith while the vertical dimensions outline the different levels of skill within those modules. The junior level skill bundle outlines the skills required for an entry level computer programmer at Zenith. Each skill block will be assigned a monetary value and as an employee masters the skills in each block, they receive an increase in pay thusly encouraging an employee to voluntarily diversify and increase their skills. This will result in a work group with a greater understanding of all programming departments, which will help build teamwork and better products.

IMPORTANCE OF PROVIDING LEARNING AND TRAINING OPPORTUNITIES

The importance of learning and training can never be over emphasized. In a pay for knowledge environment, employees will be eager to receive training, as learning new skills will serve to increase their pay. Training, however, can be costly and time consuming but there are many associated benefits. Rather than a cost center, training should be viewed as a strategic tool to be utilized in achieving organizational goals. It can reduce costs associated with errors, enhance organizational performance and reduce customer dissatisfaction. It can also reduce turnover by attracting and retaining talented employees. To gain these benefits, training must be viewed as a Human Capital Investment.
There are many types of training that can be utilized and encouraged by management thusly creating a learning environment. Management can facilitate the transfer of experiential learning either through job rotation, coaching, mentoring or apprenticeship. Job rotation will also facilitate the transfer of skills across programming modules at Zenith. Other, faster and more cost effective types of training can also be utilized in achieving goals such as simulations, interactive computer based training and classroom training. To reduce employee frustration, Zenith must set realistic time expectations for climbing skills blocks and allow opportunities both in time and financially to complete training. This will ensure that all benefits of such a system are attained.

**NEED FOR CERTIFICATION OF SKILL ACHIEVEMENT**

Skill certification is the process that tests to determine whether an individual has comprehended completely a given skill block and should be given a pay raise associated with such skill block. The purpose of this is to make sure that the employee has fully grasped and retained such skill(s) and to be compensated appropriately. The skill certification system can include using a detailed checklist for certifying each skill block. To be certified in one of the skill blocks, an employee must work for 1500 hours in that block. At 1250 hours, a formal peer review will take place to indicate progress and provide feedback in areas, which may need improvement. An employee must receive a positive check-off from three other employees whom are certified in such skill block and then by the most senior employee with such skill block (four peer-reviews all together). It may take several years for an employee to reach the highest level skill block. Such a program requires monitoring and refinement if it is to be successful and this can be done through a joint employee-management committee. Skills certification is recommended for Zenith as it will provide a skill-based pay system that is valid and equitable.