

MODULE 6

Compensation, Benefits, and HR Strategy

Week 6 · 4 lessons · ~40 min

Lessons in this module:

- **Lesson 6.1** — Compensation and Pay Structures
- **Lesson 6.2** — Employee Benefits
- **Lesson 6.3** — Learning and Development (L&D;)
- **Lesson 6.4** — Your Career in HR — Next Steps

LESSON 6.1

Compensation and Pay Structures

Getting pay right is critical. Pay that is too low drives talent away. Pay that is inconsistent creates legal risk and resentment. A well-designed compensation structure is fair, competitive, and transparent.

Key compensation concepts:

- Base salary - the fixed annual or monthly pay before any additions
- Variable pay - bonuses, commission, or performance-related pay
- Pay grades / bands - defined salary ranges for each role level
- Benchmarking - comparing salaries against the market using salary surveys
- Pay equity - ensuring employees doing the same or similar work are paid equally regardless of gender, race, or other protected characteristics

Pay transparency is increasing globally. More organizations are publishing salary ranges in job adverts and being open internally about pay bands. HR professionals should be prepared to explain pay decisions clearly.

LESSON 6.2

Employee Benefits

Benefits are non-cash rewards provided to employees in addition to their salary. A strong benefits package improves attraction, retention, and wellbeing.

Common employee benefits:

Category	Examples
Health & Wellbeing	Private healthcare, dental, mental health support, gym membership
Financial	Pension/retirement plan, life insurance, income protection, share schemes
Flexibility	Remote working, flexible hours, compressed working week
Leave	Enhanced parental leave, extra holiday, sabbaticals
Development	Training budget, professional memberships, study leave
Lifestyle	Company car, travel allowance, meal vouchers, employee discounts

Flexible benefits ("flex benefits") allow employees to choose the benefits that matter most to them from a set allowance. This increases perceived value without necessarily increasing cost.

LESSON 6.3

Learning and Development (L&D;)

Learning and Development is the HR function responsible for building the skills, knowledge, and capabilities of the workforce. A strong L&D strategy is one of the most powerful retention tools available.

Types of learning:

- Formal training - structured courses, workshops, certifications
- On-the-job learning - shadowing, secondments, stretch assignments
- Coaching and mentoring - one-to-one guided development
- Self-directed learning - online courses, reading, podcasts
- Social learning - learning from colleagues, communities of practice

The 70-20-10 model suggests that learning happens:

- 70% from on-the-job experience and real challenges
- 20% from learning from others (coaching, mentoring, feedback)
- 10% from formal training and courses

Implication: Formal training is valuable but limited. Most development happens through experience. HR and managers should design roles and assignments that stretch employees and accelerate their growth.

LESSON 6.4

Your Career in HR — Next Steps

Completing this course gives you a solid foundation in HR fundamentals. Here is how to continue building your HR career.

Recommended certifications for HR professionals:

- CIPD Foundation Certificate in People Practice - the most widely recognized entry-level HR qualification in the UK and many international markets
- SHRM-CP (Society for Human Resource Management) - globally recognized, especially in the US and Middle East
- PHR (Professional in Human Resources) - HR certification covering US employment law and HR practices
- HRCI Associate Professional in Human Resources (aPHR) - designed for those new to HR with no experience required

Building your HR career:

- Start as an HR Administrator or HR Coordinator to build foundational skills
- Keep a learning journal - document what you learn from every situation
- Join HR professional networks (CIPD, SHRM, LinkedIn groups)
- Find a mentor who is an experienced HR professional
- Stay current - employment law, best practice, and technology all change rapidly

KNOWLEDGE CHECK

According to the 70-20-10 learning model, what percentage of learning comes from formal training and courses?

- A) 70%
- B) 20%
- C) 10%
- D) 50%

✓ **Answer: C - Only 10% of learning comes from formal training. 70% comes from on-the-job experience and 20% from learning from others.**