**Any particular industries are most suitable to apply for "pay for skills"?**

Traditionally industries like Technology, Financial Services and Consumer Goods have led the way in attracting and identifying talent with in-demand skills but we are witnessing a cross industry impact of agile skill based talent and reward practices.

**For this Skills Pricer, do you have it for all countries in Asia Pacific?**

Currently Singapore and Hong Kong, new countries will be added through the year.

**How have you come out with skill pricing data given most organizations do not have structured skill mapping for their employees?**

The Skills Pricer machine learning module builds a multiple regression model of compensation (COMP1) that takes into consideration MJL-derived variables (sub-family, specialization,  career stream) as well as the most important skills for each job. This enables us to decompose and attribute pay into contributions from job taxonomical components and the skills defining the job.

**Is the value of skills is a global value or country specific?**

Skills Pricer data is presented by country.

**Is the Pay for Skill data is also based on the Compensation data submitted by companies or it is a formula/methodology by Mercer?**

All data in Planner is typically client-originated. For Pricer, the Comp data is from our surveys whereas the relevance and market demand is provided by our data partners.

**How would Mercer pay planner integrate with existing HR systems like Success Factors or Workday?**

Currently there is no integration however, HRIS integration is high on our priority list and to that end we are looking for a company to run a PoC with… we expect to make significant strides in the second half of this year.

**Every company can have their own criteria for different levels of skills, but how can the company get pay data for the comparable skill level with similar criteria from Mercer?**

Mercer maps critical skills for each of the job roles in our Mercer Job Library based on the skills market demand data provided by our partners. Since your organization’s jobs are mapped to our Mercer Job Library, you now have now a skills view for all your jobs based on market demand data.

**Does the skill library have a section with clear descriptions for all skills?**

Our product team is considering presenting this information and may be included in the next product update. If you purchase the product now, you will have access to all updates.

**Will pay for skill impact TRS submission going forward?**

No change to TRS submission going forward.

**What happens in the instance a set of skills is no longer demanding a 'premium' over time - would that employee's pay flex up and down?**

Pay-for-skills requires critical enablers for it to work, one such critical enabler is a continuous upskilling/reskilling system. Once pay is linked to skills, employees will in any case require the organisation to provide the avenues for them to develop skills. If done correctly, the likelihood of employees having obsolete skills will be drastically reduced. Nonetheless, there will be employees who cannot or will not reskill – those will typically have their base salary frozen, and in likelihood, their performance rating coming down when they cannot keep up with new job requirements.

While pay-for-skills has its challenges, the traditional pay-for-position approach is often problematic as well. Our clients have often identified new hires being paid significantly higher than existing employees as an issue, and we have traced that to the fact that organisations do not revalue the skills of existing employees whenever they reskill/upskill - while they do that for new hires at the point of hiring. Pay-for-skills, with the right critical enablers, has an opportunity to solve this inherent problem with the traditional pay-for-position approach

**Is pay for skills on top of annual base salary?**

Depends on how it is designed. In case studies #1 and #2, they form part of ABS. Rather than saying that they are “on top of ABS”, ABS is determined based on the portfolio of skills that employees have instead of the job description they perform. For other clients, however, pay-for-skills can take the form of allowances and therefore be “on top of ABS”. There are pros and cons of both approaches

**How do they control merit budget? (CASE STUDY 1)**

Merit budget is not pre-determined or fixed. Rather, the organisation tries their best to ensure skills assessment/review is accurate, and then they let merit budget be determined by actual skills ratings

**Do organizations pay skill premium once employee has attained the skill or when employee has demonstrated actual/successful application of the skill at work?**

Most organizations do the latter, as there is then greater evidence that employees have the skill. For new hires, however, organisations will have to rely on hiring assessments for that “actual application of skill” since the skill premium needs to be embedded into the offer for it to be attractive

**With pay-for-skills what other potential loopholes are there? For example, a very skilled employee who is not performing?**

That is certainly one potential risk. Therefore, organisations on pay-for-skills are mostly on continuous feedback for performance management to ensure skills are being maximised

Two other biggest risks we see are: the organisation not being able to assess skills accurately, and the organisation not being able to provide employees with the capacity to upskill or the L&D support to upskill

**How will the skill proficiency of a new hire be measured? Will they be asked to take the internal certifications? If yes, until that time how will they be placed in the range?**

Different organisations do it differently but they often use more than one approach as they can’t use internal certification for all jobs and all skills. Other approaches are 360 feedback, panel of gurus validation (only for highest proficiency level), project team feedback, project output, etc.

**Separately, how does this change the way JE is set up or for that matter, the prevailing IPE methodology?**

Organizations where pay-for-position is more suitable will still be reliant on IPE. In case study #2, the client is on a pay-for-position and pay-for-skills hybrid and therefore the baseline levels are still reliant on IPE, while sub-levels are dependent on skills proficiency. In case study #1, IPE becomes irrelevant, as it is a pure pay-for-skills approach

**What will be Mercer's recommendation on how biasness can be prevented when managers are empowered to decide the final payout?**

One of our clients has HR perform analytics at the end of the first few pilot years to ensure there is some degree of alignment to pay-for-performance and there is sufficient differentiation of pay decisions across employees (instead of a blanket over generous approach)

Another one of our clients appointed change champions for each department who train managers to be matured in their assessments and pay decisions, and who are responsible to provide oversight and advisory on the process

We also performed analytics for another client to correlate managerial style with pay decisions to identify biasness

Not Peer Reviewed