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### Benefit System Implemented at Amazon

Amazon boasts of being among the top companies today that create great jobs and offer great benefits for its employees. The company provides the best benefits to full-time employees working in the company, as compared to what other companies in the industry offer. Some of the compensation and benefits plan implemented by Amazon include straight salary compensation. This is the most basic plan used at Amazon with the company employing thousands of permanent employees in different countries on both full-time and part-time basis. The company offers basic salaries and wages to workers and dental and vision insurance for employees working for more than twenty hours per week. The company also implements financial security help as part of its compensation plan, a medical advice line for free consultations, mental health services, and general health among other programs. In addition, the company offers bonuses as part of their compensation and benefits plan, even though, recently it made several changes to the compensation system by cutting the bonuses offered to some employees and increasing the minimum wage rate to \$15 in the United States. The move has seen the company receive criticisms and praises in equal measures. In some branches of the company in different regions, the company compensates in the form of travel and meal allowances. For instance, during a recent hiring process at an Amazon-owned company in Newark, the company offered an in-house gym, transit reimbursement, and breakfast on Mondays. The company also uses merit to reward some of the employees, whereby higher-performing employees are given additional

payments or incentives. Another form of compensation is by offering the associates an opportunity to purchase the company stocks.

### **Policy Considerations Influencing the Current Benefit System**

Different employees working at Amazon receive varying payments depending on their roles in the company, levels of experience, and location of the employee. In the United States, the company pays \$15 per hour, as the minimum wage to all employees regardless of whether an employee is employed on a part-time, full-time, or temporary basis. In London, the minimum wage rate is £9.50 per hour for all employees, including seasonal employees across the United Kingdom and employees hired by agencies (Chen et al. 1). The different payments for different regions are subject to the state of the economy of an area or the rate of inflation in a given region.

Amazon also pays employees based on several employee-related factors such as performance appraisal. Employees who perform better in the firm are expected to make more income, as compared to employees whose impact on the growth of the company is negligible. Companies pay high performing employees as a method of rewarding the employee and to motivate other employees to work harder. The factor of seniority also influences the level of compensation for an employee. Amazon pays senior employees higher salaries, as compared to their junior counterparts because of their hold on the related job and its function.

The level of experience of employees also determines the level of income they receive. More experienced employees are highly compensated, as compared to newly hired employees or associates in the company. This is because experience makes employees perfect in their area of production by providing valuable insights. The company further rewards experienced individuals better as the individuals are presumably fit for leadership positions and require no training,

which helps the company save both time and resources. The company also rewards extraordinary potential among employees. Amazon identifies associates with high potential and pays their tuition fees to help them achieve their potential. Most of the associates who receive funding are expected to venture in the technical courses, which are believed to be of high demand in the job market. The company's compensation plan also depends on the role played by an employee in the organization. Employees involved in the managerial positions have higher salaries, as compared to other members of the company. The level of education also affects the level of compensation since individuals with high education are expected to hold higher offices, and thus, their pay becomes relatively higher than those with a lower level of education.

### **Benefit Programs by Amazon to its Employees.**

Amazon offers a range of benefits to its employees who operate on either a full-time or part-time basis. However, the benefits differ from country to country while some are common across all countries. The company aims to support the employees and their family members who are eligible to get the benefits. The benefits include healthcare insurance, which entails medical, dental, drug prescription, and vision coverage. The company's medical plan provides the associates with a variety of options to choose from. The options include a health savings account where both Amazon and the employee contributions and multiple network providers. The medical cover is also extended to cover dental and vision care. Amazon also provides comprehensive medical care where employees can access counseling services and body health concerns at the expense of the company. The company also offers a medical advice line, which is always open, and the associates can obtain free medical consultations with medical practitioners who can advise, diagnose, and even recommend treatment at subsidized costs (Brown and Duncan 150).

The company pays its employees during breaks and offers resources for the overall well-being of individuals. The employees are also allowed reasonable discounts whenever they purchase commodities from the company. Other additional benefits include providing free support, referrals, and resources for employees to handle smoothly various challenges both at work and at home. Parents with children who have development issues also find childcare referrals and assistance through Amazon. The company has also established programs, which assist the employees with financial advice and even estate planning.

Moreover, Amazon helps its employees to facilitate the adoption process by financing the expenses incurred, which include legal charges, attorney fees, and travel expenses. Furthermore, the company offers a comprehensive benefits package, which is worth approximately £700 annually to permanent fulfillment centers employees in London (Chen et al. 1). Other benefits provided by the company include free employee assistance program that offers confidential support, referrals, and resources for all aspects of life and profession. The company further train associates on career skills such as communication, resume writing, and computer skills.

### **Strengths and Weaknesses of the Benefit System**

Some of the advantages of offering straight salaries and employee benefits include the fact that an attractive benefits package helps to lure and retain quality employees within an organization (Bryant and David 170). For instance, providing healthcare medical cover, which includes dental and vision coverage, is one of the factors that attract many people to work at Amazon. The company also benefits from tax advantages since the government allows deduction of plan contributions such as life and health insurance and even pension plans. The companies also manage to save significant amounts since many employees are likely to accept a broad

compensation plan at the expense of higher salaries. Offering healthcare also controls absenteeism since workers undercover are expected to live healthy lives.

Conversely, there exist several weaknesses of using a compensation system, which involves straight salaries and benefits. The limitations include the fact that increasing employee benefits result in increased payment for administrative overheads (Torres et al. 59). Besides, the rising costs of health insurance may result in losses, especially when handling a vast number of employees. Companies that offer benefits are likely to face challenges regarding legal compliance and thus, incur legal fees. Moreover, in case the company makes a mistake during the calculation of the benefit plans, the company may end up facing paying huge fines.

### **Ways of Improving a Compensation Strategy**

The following are ways in which Amazon can promote its incentive plan.

Corporate recognition awards- Amazon should consider introducing certificates of achievement along with rewards to motivate young employees who aspire for higher positions in life (Sperling and Larry 92).

Flexible and collaborative work options- The company should establish ways to offer employees a flexible work schedule, which would enable employees to acquire a balance between work and real life.

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