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**SURVEY-BASED PRESCRIPTIONS FOR  
SKILL-BASED PAY**

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# SURVEY-BASED PRESCRIPTIONS FOR SKILL-BASED PAY

## Executive Summary

Under the sponsorship of the American Compensation Association, we obtained detailed information about the characteristics and effectiveness of 97 different skill-based pay plans. The results indicate that skill-based pay is often successful in achieving a variety of organizational and employee-related outcomes. Success is attributable, not to specific design elements of the skill-based pay plans, but rather to the use of egalitarian organizational structures and processes, better wages, local managerial commitment, and the *consistency* of skill-based pay with organizational philosophies and practices.

## SURVEY-BASED PRESCRIPTIONS FOR SKILL-BASED PAY

Skill-based pay is one of the fastest-growing compensation innovations in the United States. In 1985, about 8 percent of American corporations reported some use of skill-based pay (Gupta, Jenkins, and Curington 1986). By 1990, over half of the *Fortune* 1000 companies reported using some form of skill-based pay somewhere in the organization (Lawler, Mohrman, and Ledford 1992). This increase in popularity is partly attributable to the search for alternatives to regain America's competitive edge. Yet there is little solid evidence on which to base critical decisions about the use of skill-based pay. In this paper, we report the results of a large-scale study designed to provide data, rather than hunches and anecdotes, to guide compensation professionals as they explore the value and feasibility of skill-based pay. Specifically, we discuss the characteristics of skill-based pay plans and the factors that may account for the relative effectiveness of these plans.

Before discussing the study, it is useful to define skill-based pay and the factors that distinguish skill-based pay from other compensation systems. At the most basic level, skill-based pay is a **person-based** rather than a **job-based** system. Skill-based pay compensates employees for the repertoire of jobs they *can* do in the organization and not for the specific jobs they may be doing at any time. Beyond this fundamental departure from traditional compensation practice, other noteworthy elements of skill-based pay are: (a) skills or skill units, rather than jobs, are compensable; (b) mastery of skill units is assessed and certified; (c) pay changes do not *necessarily* accompany job changes; (d) there is little emphasis on seniority in pay determination; and (e) there are many opportunities for advancement and higher wages. We refer the reader to earlier reports for more in-depth discussions of the elements of skill-based pay (Jenkins and

Gupta 1985; Ledford 1991). Overall, there are basic differences between the logic, the philosophy, and the mechanics of skill-based pay systems and traditional job-based compensation systems.

We conducted a study of skill-based pay systems, sponsored by the American Compensation Association, in 1991. We obtained information from 97 different skill-based pay plans (a 53 percent response rate). The 97 plans covered 70 different companies and 94 different locations. We collected data through a mail-back questionnaire. The content of the questionnaire replicated, refined, updated, and extended information solicited in an earlier large-scale study of skill-based pay (Gupta, Jenkins, and Curington 1986). Specifically, the questionnaire included detailed questions on characteristics of the company, characteristics of the skill-based pay plan, perceived effectiveness of the plan, and problems and concerns with the use of skill-based pay. Typically, respondents were compensation managers, human resource directors, or plant managers. In the remainder of this paper, we use the results of this study to discuss three major issues about skill-based pay plans: common features of skill-based pay plans, the relative success of skill-based pay, and the factors that may account for this success. Further details about the study procedures and results are available in Jenkins, Ledford, Gupta, and Doty (1992).

### **Common Features of Skill-Based Pay Plans**

Skill-based pay plans come in many forms. To describe a "typical" or "average" skill-based pay plan is somewhat misleading. Nevertheless, it is useful to examine the wide spectrum of these plans to glean commonalities.

Skill units (collections of tasks, duties, and/or responsibilities assembled to represent a compensable package) are the foundation on which skill-based pay plans are built. Exhibit 1 contains a summary of the characteristics of skill units in the plans

in our sample. The number of skill units ranges from 2 to 550, with an average of 10 skill units. In general, employees can remain proficient in five to six skill units, or about 60 percent of the skill units available in their plans. The average learning time for a skill unit is 20 weeks; the lengthiest skill units tend to occur in firms using continuous process technologies. In most plans (70 percent), employees can learn skill units in any order. Plans also require employees to retain proficiency in the skill units for which they are paid. This is done through refresher examinations (28 percent of the plans), refresher training (67 percent of the plans), and other formalized procedures (45 percent of the plans). On average, employees can learn the maximum allowable number of skill units, or "top out," in about three years. The typical employee, however, masters only about two-thirds of the skill units in the skill-based pay plan, and does so in about two years. Mastery of a skill unit is most often certified by the immediate supervisor (84 percent of the plans) followed by coworkers (52 percent) and the employee himself/herself (40 percent).

We asked respondents about how they configured skill units. The vast majority reward skill breadth as well as skill depth and product support skills. General management and human resource management skills are rewarded less often.

Most plans (60 percent) require employees to perform a skill unit for some "payback" time after they have demonstrated proficiency in it. This ensures that employees are not continuously in a training mode. Payback times range from one week to two years, being less than six months in the overwhelming majority (92 percent) of the plans.

Exhibit 1 also shows the pricing for skill units among the plans in our sample. Entry rates range from \$4.45 per hour to \$16.43 per hour (median of \$8.16). The hourly pay for a typical employee ranges from \$5.36 to \$33 (median of \$11.52), and the hourly rate for a "topped out" employee ranges from \$5.75 to \$61 (median of \$13.76). In

general, employees under skill-based pay are paid *more* on an hourly basis than their traditional compensation counterparts.

In addition to common features of skill-based pay plans, the backdrop against which these plans are developed and installed is also illuminating. The vast majority (70 percent) of our respondents use only one skill-based pay plan. Although some facilities have multiple plans, this is not the norm. Most skill-based pay plans are relatively young. Over half were installed since 1988, and fewer than half (42 percent) were installed within the first two years of a facility's opening. Thus, "greenfield" settings are becoming less common. Skill-based pay plans been used the longest in continuous process technologies (such as pharmaceutical and food production), starting on average in 1985, and for the shortest time in service industries, starting on average in 1989.

### **The Effectiveness of Skill-Based Pay**

How successful are skill-based pay plans? According to our respondents, they are quite successful. Some 42 percent view their skill-based pay plans as highly successful; only 6 percent rate their plans as unsuccessful to any degree. We also asked more detailed questions about the success issue: the specific outcomes that skill-based pay achieved, the factors contributing to success, and the problems and difficulties with the use of skill-based pay.

*Success on specific outcomes.* Exhibit 2 shows the success of skill-based pay in achieving various **organizational** and **employee-related** outcomes. With respect to organizational outcomes, skill-based pay plans have the greatest impact on various aspects of organizational functioning, and particularly in terms of work force flexibility, employee versatility, and flexibility in job assignments. In addition, there are improvements in organizational performance measures, including increased

productivity, lower absenteeism, and reduced voluntary turnover. Many skill-based pay plans also achieve reduced overall compensation costs. This may seem puzzling, since skill-based pay plans tend to pay employees higher wages. But the higher labor costs per employee are more than offset by reductions in the size of the work force, and by increases in the flexibility and versatility of the work force, and by increases in employee productivity.

Skill-based pay plans have a number of beneficial employee-related outcomes. Pay rates are typically higher in skill-based pay plans (we discuss pay rates in greater detail below). In addition, skill-based pay is overwhelmingly seen as increasing employee satisfaction, commitment, capacity for self-management, and understanding of the "big picture."

*Factors contributing to the success of skill-based pay plans.* Exhibit 3 shows the factors our respondents see as contributing to the success of their skill-based pay plans. Most influential are the plan's emphasis on employee growth and development, local management's commitment to the plan, the plan's emphasis on employee training, the overall management philosophy of the facility, and the ability to move employees among jobs. Specific design elements (the number of skill units, the learning time for a skill unit, etc.) are, for the most part, unrelated to a plan's perceived success. This indicates that universal prescriptions about design elements are inappropriate. Specific skill-based pay elements must fit specific local conditions. These results are also consistent with earlier reports (e.g., Gupta, Schweizer, and Jenkins 1987) that management philosophy, consistency, and commitment are stronger influences on skill-based pay success than specific design elements.

*Difficulties with the use of skill-based pay.* The results reported above might suggest that skill-based pay is an unadulterated success. But recall that only **current** skill-based pay users are included in our sample. Users who discontinued skill-based

pay due to difficulties are excluded. We were able to identify very few terminations of skill-based pay. Based on telephone conversations, personal contacts, and written accounts, we identified some reasons for discontinuing skill-based pay: inadequate management commitment to the plan, unwillingness to endure short-term implementation problems, poor plan designs that increase labor costs without providing offsetting organizational benefits, conflicts among employees included in and employees excluded from the skill-based pay plan, inadequate training opportunities, and the failure of management to require meaningful skill certifications prior to pay increases.

Current users of skill-based pay identified similar problems or difficulties with their plans. These are shown in Exhibit 4. A common problem is "kinks" in the actual workings of the plan, reported by almost all our respondents. Training issues are another concern, with over three-quarters of our respondents identifying insufficient training of employees and supervisors as a difficulty. The third potential problem is employee resentment. About three-quarters of the plans encountered some resentment, partly because different compensation plans are used among different employee groups, and partly because some employees are not included in the skill-based pay plan. Resentment among supervisors is evident in about a third of the plans.

There is some concern among compensation professionals that using skill-based pay plans in unionized facilities is difficult. An earlier report (Curington, Gupta, and Jenkins 1986) indicated that this concern may be unfounded. Our results also suggest that unions present no special difficulties for skill-based pay plans. Only 11 percent of our skill-based pay plans occurred in unionized settings. None of the respondents characterize their labor-management relationships as antagonistic, and unions are seen as supportive of the skill-based pay plan in all but one instance. Although several grievances had been filed on skill-based pay issues (average for unionized facilities =



3.9 grievances), they were settled early in the grievance procedure. **None** went to arbitration. No unfair labor practice charges related to skill-based pay are reported. Contrary to fear and speculation, then, union-related problems are rare in skill-based pay plans.

Another concern with skill-based pay plans is increased legal jeopardy related to Equal Employment Opportunity (EEO) issues. For instance, Barrett (1990) argues that skill-based pay makes a company vulnerable to charges of Equal Pay Act violations. Men and women doing the same job may be paid differently, since they may have different numbers of skills in their repertoires. This, of course, is a red herring. Differences in pay based on differences in skill repertoire would be upheld under the Equal Pay Act because these differences follow job-related rather than gender-related criteria. In our sample, only five of 97 plans had experienced legal challenges (average for these five facilities = 1.60 challenges) involving discrimination and wage-and-hour violation charges. Only one charge concerned an EEO violation (the company won); the others focused on denial of training opportunities, equity of skill points, and denial of promotion because of inadequate skill points. Clearly, few legal problems can be attributed to skill-based pay use. Furthermore, careful documentation of **logical** and **job-related** decisions will mitigate legal risks for the organization. The fear of legal problems (like the fear of labor-related problems) seems vastly exaggerated in light of the evidence.

Overall, respondents see their skill-based pay plans as being successful in achieving a number of outcomes. These successes are most strongly related to management philosophy and organizational context. Most difficulties with skill-based pay use can be attributed to implementation problems. Hardly any legal and labor-related difficulties are evident.

## **Factors Accounting for Skill-Based Pay Success**

As noted above, only 6 percent of our respondents see their skill-based pay plans as being unsuccessful to any degree. Furthermore, most design elements are unrelated to success. The few difficulties that respondents see with their skill-based pay plans concern implementation problems. The question then arises: Why does skill-based pay work so well? It may be that skill-based pay users are systematically different from others. We set out to explore this issue further. We examined the organizational characteristics of skill-based pay users, the organizational practices of skill-based pay users, and the wages and wage rates among skill-based pay users. The extent to which these factors account for skill-based pay success is discussed below.

*Organizational characteristics.* We examined whether skill-based pay plans tend to occur more often in certain industries than others. The 97 plans in our sample occurred in 31 different industries. They are more common in manufacturing industries (77 plans), than in service industries (20 plans). Although they are more prevalent in such manufacturing classifications as the food industry, electronics, forest products and automotive industries, their increasing use in the service sector suggests that industry type does not account for the success of skill-based pay plans.

We also examined the organizational structure, technology, and employees of skill-based pay plans. These data are shown in Exhibit 5. The most striking observation from the exhibit is that skill-based pay users are remarkably similar to other, more traditional, compensation users. Skill-based pay is not restricted to new organizations. On average, organizations using skill-based pay are ten years old, and one-third are at least 20 years old. The average work force size is 474 employees, belying the argument that skill-based pay occurs only in small organizations. A difference between skill-based pay users and others is that skill-based pay plans tend to be found in "flat" rather than "tall" organizations. Typically, there are only two tiers between the location

manager and direct labor, a total of four tiers. Traditional organizations of comparable size often have many more supervisory and managerial echelons.

Demographic characteristics of employees in skill-based pay locations are not markedly at variance with demographic characteristics of the working population in general. On average, 23 percent of employees are minorities, and 37 percent of employees are female. The average educational level is 12 years (i.e., high school graduate), and the average length of service is five years.

In all, skill-based pay plans occur in a wide array of organizations, and these organizations are not substantially different from work organizations in general. The only notable exception is that skill-based pay users tend to have flatter organizational structures with relatively low supervisor-subordinate ratios. Otherwise, a skill-based pay user mirrors a traditional work organization.

*Organizational practices.* Many authorities argue that an organization needs a high level of employee involvement to realize the full benefits of skill-based pay, including employee flexibility, perspective, and capacity for self-management. Thus, we expect skill-based pay to be embedded within a network of organizational practices that support and maximize its benefits. We examined a variety of employee involvement practices. We looked at the proportion of skill-based pay companies using each practice with most (i.e., at least 60 percent) employees. As a benchmark, we compared this information to parallel information obtained in a recent survey of *Fortune* 1000 firms (Lawler et al. 1992). We compared four groups of organizational practices in this fashion: employee empowerment practices, alternative rewards practices, information-sharing practices, and employee training opportunities. A sampling of these results is contained in Exhibit 6.

**Employee empowerment** practices include the use of survey feedback, employee participation groups, self-managing work teams, and job enrichment. Employee

empowerment practices are common among skill-based pay users. An average of one-fifth to one-half of skill-based pay work forces are covered by these practices. The extent of use of empowerment practices is extraordinarily high compared to *Fortune* 1000 firms. Not only are these practices more common among skill-based pay users, but a higher proportion of skill-based pay users cover **most** employees under empowerment practices.

Both skill-based pay users and *Fortune* 1000 firms are likely to use **alternative rewards** practices, although the two samples are somewhat different in the kinds of practices they tend to use. Skill-based pay users are more likely to use all-salaried work forces and gain-sharing plans; *Fortune* 1000 firms are more likely to use Employee Stock Ownership Plans and profit-sharing.

**Information-sharing** practices are extremely common among skill-based pay users. Almost all share information about the unit's operating results, and many share information about business plans, goals, and new technologies. Information about competitors' performance is less likely to be shared but, even here, about half provide this information to most employees. The differences in information-sharing between skill-based pay users and *Fortune* 1000 firms are striking. On every count, skill-based pay users are more likely to keep employees informed than are *Fortune* 1000 firms.

With respect to their **training** practices, skill-based pay users again provide more of every kind of training than do *Fortune* 1000 firms. In fact, skill-based pay users covered at least 20 percent more of their work force on all four kinds of training. When we examine the frequency with which most employees are included in various forms of training, the differences between the two groups are even more striking. Several times as many skill-based pay users as *Fortune* 1000 firms provided most employees with each type of training.

Organizational practices, then, clearly distinguish skill-based pay users from

other companies. Skill-based pay users give power to employees in many ways, they share information with employees, they use all-salaried work forces, and they provide numerous training opportunities. This suggests that the reported successes of skill-based pay plans may be attributable in part to the **consistency** between the compensation system and other organizational practices.

*Wages and wage rates.* It is generally agreed that employees under skill-based pay make higher wages than do other employees. Thus, wage rates are another factor that could distinguish skill-based pay users from traditional compensation users. Wage rates for skill-based pay employees were reported above in Exhibit 1. We also asked respondents about their strategic position relative to their product and labor market competitors.

Entry rates for skill-based pay employees (median of \$8.16) are at about the 63rd percentile of local pay rates for new hires, and at about the 50th percentile of industry pay rates for new hires. Evidently, skill-based pay users attempt to solicit better applicants from the local labor market through higher pay rates. Hourly rates (median of \$11.52) are at the 75th percentile relative to the local labor market and at the 65th percentile relative to the industry market. This suggests that skill-based pay users try to protect the investment they make in their employees. The median hourly rate for "topped out" employees is \$13.76. This is at the 90th percentile of the local average, and at the 80th percentile of the industry average.

Thus, skill-based pay employees begin at an advantage compared to the local and industry markets. The pay differential escalates as employees progress through the plan. "Topped out" employees, presumably the most valuable skill-based pay employees, are paid **substantially** higher than is common for either the product or the labor market.

Overall, skill-based pay users **are** a different breed. They are different, not in

specific organizational characteristics or employee demographics, but in the way they run their organizations. Skill-based pay users pay their employees more, they treat their employees more equally, they train their employees, and they share all kinds of relevant information with their employees. It is probably their emphasis on these philosophical and operational elements of organizational consistency that accounts for the success that skill-based pay has enjoyed among its users.

### Conclusions

Based on this study, can we conclude that skill-based pay plans always work well? Probably not. We **can** conclude that given the right circumstances, skill-based pay offers substantial advantages for organizations and employees.

Many line managers and compensation professionals think of the design of pay systems as a straightforward, mechanical process that can be implemented effectively through rigid adherence to absolute rules. To some extent, this view is reasonable for job-based pay systems in traditional organizations. Decades of research and practice have enabled the development of strategies and guidelines that promote the successful design of job-based pay systems that dovetail with the bureaucratic management styles of traditional organizations. It is therefore possible to design and implement job-based pay systems without ever confronting their implicit assumptions. When developing a job-based pay system in a traditional organization, the issue of **whether** the pay system is tailored to fit the organizational context is usually moot.

Designing and implementing skill-based pay systems is a completely different matter. Compensation professionals often ask mechanical questions about skill-based pay plans. For example, they ask how many skills units a plan should have, or how quickly employees should progress through a skill unit. But with skill-based pay systems there are no "pat answers." The only appropriate answer is "it depends." It

depends on the organizational context, it depends on local commitment and philosophy, it depends on the extent of employee involvement and participation, it depends on a number of factors.

Our data provide no universal rules of thumb about mechanical details that can be applied across-the-board to all skill-based pay plans. Rather, the process of designing a skill-based pay system is a matter of tailoring, of taking the general idea of a multi-skilled work force and fine-tuning it to fit uniquely the context in which it is embedded. It is also a process matter in that employee and managerial support and commitment must be engendered throughout the design, implementation, and operation of the plan. This is why it often takes a year or more of developmental work to install a skill-based pay plan. Clearly, organizations seeking "quick fixes" for system problems cannot look to skill-based pay to provide the answer.

To design a skill-based pay system, we must begin with an analysis of the organizational context including business needs, technology and work flow, management practices, and employee characteristics. Without such an analysis, meaningful decisions about skill-based pay specifics are impossible. For example, decisions about whether to use skill-based pay must follow logically from an examination of organizational objectives and philosophies. Decisions about the nature and types of skill units must follow logically from an examination of the skills needed to meet technological demands and achieve high performance. Decisions about the competitive pricing of skill units must follow logically from an examination of the labor and product markets and the organization's strategic niche with respect to these markets. Our data and our experience reinforce time and again that this kind of analysis and decision-making is absolutely necessary for skill-based pay plans to succeed. The skill-based pay plan **must** be tailored to fit local conditions.

The **process** of designing and implementing a skill-based pay plan is as

important as the specific decisions that this process produces. Local management philosophy and commitment are critical to success. Partly because skill-based pay systems are still new, most encounter some "kinks" in the design and implementation phases. Without managerial commitment to endure and resolve these "kinks," an organization runs the risk of regressing into traditional managerial styles and practices. Usually, this means that the organization is worse off than it would have been had it never experimented with skill-based pay. Those undertaking the use of skill-based pay should, therefore, be sure of their commitment to its effective implementation.

Skill-based pay plans tend to be administered with a high level of employee involvement, and the level of involvement is strongly related to the plan's success. Employee involvement builds commitment to and understanding of the plan. The importance of commitment and philosophy over rigid rules of thumb about plan specifics has been noted before (Gupta et al. 1987); this study re-emphasizes it.

In sum, managers and compensation professionals need a broad perspective on skill-based pay design. Design issues go beyond the application of specific rules and techniques. Skill-based pay design is a process, and not a set of answers. The process must begin with the right questions: What do the organization and its employees really need, and can skill-based pay realistically meet these needs? Design of skill-based pay plans is also explicitly concerned with using strategies that foster support and understanding throughout the organization. Thus, employee and managerial involvement, participation, and commitment are inherent in skill-based pay design.



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## Exhibit 1

### Characteristics of Skill-Based Pay Plans

	<b>Median</b>	<b>Range</b>
Year of installation	1988	1971-1991
Number of skill units	10	2-550
Average learning time for each skill	20 weeks	1-200 weeks
Number of skills in which employees can stay proficient	5	1-20
Time to "top out"	143	2-1040 weeks
Time for "typical" employee	104 weeks	2-780 weeks
"Payback" period (if any)	16 weeks	1 week-2 years
Percent of employees "topped out"	10%	0%-100%

### Percent Responding

<b>Configuration of Skill Units</b>	<b>Not at all</b>	<b>Some</b>	<b>A lot</b>
The skill-based pay system rewards:			
Skill breadth	2	14	84
Skill depth	9	37	54
Product support skills	10	50	40
Management skills	32	46	22
Human resource management skills	57	27	16

<b>Pay Rates in Skill-Based Pay Plans</b>	<b>Median</b>	<b>Range</b>
Entry-level	\$8.16	\$4.45-\$16.43
Typical employee	\$11.52	\$5.36-\$33.00
Top rate	\$13.76	\$5.75-\$61.00

## Exhibit 2

### Success of Skill-Based Pay in Achieving Specific Outcomes

Skill-Based Pay has Achieved in: Specific Organizational Outcomes	Percent Responding		
	None	Some	A Lot
Greater work force flexibility	1	16	83
Reduced labor costs	19	58	23
Increased output per hour worked	6	48	47
Lower absenteeism	20	61	19
Fewer layoffs	51	28	21
Reduced voluntary turnover	24	48	28
Reduced overall compensation costs	31	58	11
Reduced pay rates	74	22	4
Increased employee versatility	0	19	81
Greater adaptability of employees to changing production needs	7	20	73
Increased effectiveness of work teams	7	23	70
Fewer bottlenecks in production or service delivery	12	34	54
More flexibility in job assignments	2	24	74
Better fit with other management systems	12	43	45
Greater support for overall compensation philosophy of the facility	8	53	40
<b>Specific Employee-Related Outcomes</b>			
Improved employee satisfaction	2	39	59
More employee commitment	2	40	58
Enhanced employee capabilities for self- management	4	36	60
Increased employee understanding of the "big picture"	3	30	67

### Exhibit 3

#### Factors Contributing to the Success of Skill-Based Pay Plans

Contribution to Success	Percent Responding		
	Not at all	Some	A Lot
Higher average pay rates for employees	8	38	54
Emphasis on employee growth and development	1	11	88
Ability to move employees from one job to another as needed	3	20	77
Emphasis on employee training	2	19	79
Local management's commitment to the plan	1	14	85
Training supervisors in administering the plan	13	44	43
The overall management philosophy of the facility	4	16	79
The fact that the plan was installed at the facility's start-up	54	12	34

## Exhibit 4

### Factors Contributing to Difficulties with Skill-Based Pay Plans

Contribution to Difficulties	Percent Responding		
	Not at all	Some	A Lot
Employee resistance	28	61	12
Lack of corporate support	74	24	2
"Kinks" in the actual working of the plan	5	65	30
Differences in compensation systems for different employee subgroups	41	41	17
Resentment by employees not covered by skill-based pay	48	39	13
Insufficient training of supervisors	23	54	22
Resentment by supervisors	63	33	4
Legal challenges	89	10	1
Inadequate training of employees	20	59	20

## Exhibit 5

### Characteristics of Organizations in the Sample

#### Organizational Structure

Median year facility began operation	1981
Median number of employees	474
Median number of employees on skill-based pay	139
Median number of hierarchical levels	4
Median span of control--first line supervisor	15
Percent of sample with unions	11

#### Technology

Percent unit or small batch production	18
Percent mass production	25
Percent continuous process production	38
Percent service	19

#### Employee Characteristics

Mean percent minority employees	23
Mean percent female employees	37
Median education of skill-based pay employees	12 years
Median length of service of skill-based pay employees	5 years

## Exhibit 6

### Organizational Practices among Skill-Based Pay Users with Comparison Data from *Fortune* 1000 Corporations

Employee Empowerment	Percent Using with Most (more than 60%) Employees	
	Skill-Based Pay Sites	<i>Fortune</i> 1000 Sites
Survey feedback	58	27
Employee participation groups other than quality circles	43	10
Self-managing work teams	34	0
Job enrichment or redesign	30	3
<b>Alternative Rewards Practices</b>		
All-salaried pay systems	49	23
Employee stock ownership plans (ESOPs)	33	46
Profit sharing	24	33
Gainsharing	21	2
<b>Information-Sharing Practices</b>		
Unit's operating results	91	54
Business plans and goals	80	47
New technologies that may affect employees	64	25
Competitors' performance	49	21
<b>Training Opportunities</b>		
Group decision- making/problem solving skills	48	6
Team building skills	52	8
Job specific skills	81	35
Cross-training in skills for different jobs	65	11

Note: *Fortune* 1000 data from Lawler et al. (1992).