

# **Skill Based Pay**

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## **ABSTRACT**

This article handles Skill Based Pay(SBP) which is gradually and widely accepted in US lately. SBP is a compensation structure that links employee pay to their skills. Employees are compensated based on the range, depth, number and types of skills they possess. SBP rewards employees for becoming competent in new tasks, acquiring new knowledge, and for their competency and flexibility.

Considering the fact that Korean Companies have been seeking for innovation in pay system in order to attain competitive advantage since IMF, SBP can be an effective alternative in that it may enhance the climates of differentiated human resources management.

In this acticle, the authors attempt to briefly introduce the concept, status quo, and models of SBP, and discuss the adaptability to Korean companies.