



RESEARCH ON PAY STRUCTURE DESIGN FOR A SENIOR ENGINEER AT MANILA WATER COMPANY, INC.

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ABSTRACT

This study examines the design of a competitive pay structure for a Senior Engineer in Water Operations at Manila Water Company, Inc. by utilizing job evaluation techniques and salary benchmarking, this research proposes a compensation model that ensures internal equity, external competitiveness, and employee motivation. The study also explores performance-based incentives and employee recognition programs as mechanisms to enhance job satisfaction and productivity. Findings suggest that a balanced compensation strategy incorporating monetary and non-monetary benefits fosters employee retention and aligns with industry best practices. This research contributes to strategic human resource management in utility companies, providing insights for policymakers and corporate decision-makers.

INTRODUCTION

Employee compensation is a critical factor in talent acquisition, retention, and motivation, particularly in highly technical fields such as water engineering. As a leading water service provider in Metro Manila and surrounding provinces, Manila Water Company, Inc. requires a well-structured compensation system to attract and retain highly skilled engineers who ensure water quality, distribution efficiency, and regulatory compliance.

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Background of the Study

The Senior Engineer in Water Operations is responsible for overseeing water distribution networks, optimizing operational efficiency, and ensuring adherence to environmental and safety regulations. Given the complexity of these tasks, it is essential to develop a structured pay system that reflects job responsibilities, market standards, and performance-based incentives. They Collaborate with internal departments, contractors, government agencies, and other stakeholders to facilitate project approvals and seamless operations. Senior Engineer provide guidance and mentorship to junior engineers and technical staff. Lead technical assessments and troubleshooting complex engineering issues. They also identify opportunities for process optimization, cost reduction, and implementation of best practices in engineering operations.

Research Objectives

- To establish a fair and competitive pay structure for Senior Engineers at Manila Water.
- To evaluate employee recognition methods that contribute to job satisfaction and retention.
- To justify the proposed pay structure using industry benchmarking, job evaluation, and HR best practices.

Significance of the Study

The study provides practical insights for HR professionals, policymakers, and business leaders in the utility sector. By establishing a fair and transparent compensation system, organizations can enhance employee morale, reduce turnover, and improve service quality. The findings can also be used as a reference for other water utility firms aiming to optimize their pay structures.

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METHODS

This study employs a descriptive and comparative research approach, integrating qualitative and quantitative methodologies to analyze compensation trends and employee motivation factors.

Job Evaluation Approach

A Point Factor System was used to assess the relative worth of the Senior Engineer position. Key evaluation factors include:

- ✓ Technical expertise and qualifications
- ✓ Decision-making responsibilities
- ✓ Complexity of tasks and problem-solving requirements
- ✓ Level of supervision and leadership roles
- ✓ Work environment (field exposure, hazards, and stress levels)

Salary Benchmarking and Industry Analysis

- ✓ To ensure external competitiveness, the study compared compensation data from:
- ✓ Maynilad Water Services, Inc. (direct industry competitor)
- ✓ Metropolitan Waterworks and Sewerage System (MWSS)
- ✓ Compensation reports from Mercer, Willis Towers Watson, and DOLE labor market data
- ✓ International benchmarks from water utility companies in Southeast Asia

Employee Recognition and Performance-Based Incentives

- ✓ To evaluate the effectiveness of employee recognition programs, the study examined:
- ✓ Case studies of incentive programs in similar industries

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- ✓ Employee surveys and HR reports from Manila Water
- ✓ Best practices in performance-based pay from global utility firms

RESULTS

Proposed Pay Structure for Senior Engineer

Based on job evaluation and industry benchmarking, the following pay structure is recommended:

Compensation Component	Details
Base Salary	Aligned with industry averages, positioned at Pay Grade 10
Performance-Based Bonus	Annual incentives linked to KPIs
Allowances	Hazard pay, transportation, and communication stipends
Retirement Benefits	Enhanced provident fund contributions
Health and Insurance Benefits	HMO coverage for employees and dependents
Professional Development	Tuition assistance for certifications (e.g., PE Licensure, MBA)
Professional Development	Monetary rewards for training, certifications, or postgraduate studies
Recognition Programs	Spot awards (₱10,000 – ₱20,000) and annual awards (₱50,000)

Based on industry data, the average annual salary for a Senior Engineer in the Philippines varies across sources:

- *Salary Expert*: Reports an average salary of ₱878,738 for senior-level water resources engineers with over 8 years of experience.
- *Glassdoor*: Indicates an average monthly salary of ₱80,418 for a Senior Water Resources Engineer, equating to approximately ₱965,016 annually.

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- Talent.com: Lists an average annual salary of ₱630,000 for senior engineers, with entry-level positions starting at ₱505,800 and experienced workers earning up to ₱840,000.

Given this data, positioning the Senior Engineer role at Pay Grade 10 with an annual base salary range of ₱800,000 to ₱1,000,000 aligns with industry standards and ensures competitiveness.

Employee Recognition and Incentives

In addition to financial compensation, the following recognition mechanisms are proposed:

Monetary Rewards:

- Annual performance bonuses (tied to project success and efficiency metrics)
- Spot awards for exceptional contributions to operational improvements

Career Growth and Training:

- Structured career progression paths (e.g., Senior Engineer → Principal Engineer → Manager)
- Sponsored training programs and leadership development

Non-Monetary Recognition:

- Employee of the Quarter and service milestone awards
- Public acknowledgment in town halls, newsletters, and company events

Justification of Pay Structure

- Internal Equity: Aligns salaries with job complexity, responsibilities, and impact on the organization.

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- Market Competitiveness: Ensures Manila Water remains attractive to top engineering talent.
- Performance-Driven Approach: Encourages efficiency and accountability in water operations.
- Regulatory Compliance: Adheres to labor laws, wage regulations, and industry standards.
- Employee Retention Strategy: Integrates financial and non-financial incentives to reduce turnover.

DISCUSSION

The study underscores the importance of a well-structured compensation system in improving employee motivation, performance, and retention. The proposed pay structure ensures that Senior Engineers at Manila Water are fairly compensated relative to industry standards while also being incentivized through performance-based bonuses and career development opportunities.

A key finding is that a combination of financial and non-financial rewards creates a more sustainable approach to employee engagement. While base salaries provide financial security, recognition programs, career growth pathways, and skill development opportunities contribute to long-term job satisfaction.

Moreover, competitive compensation plays a crucial role in addressing talent shortages in the water utility sector. By offering industry-aligned salaries and benefits, Manila Water can attract and retain top engineering talent, ensuring continued service excellence.

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CONCLUSION AND RECOMMENDATIONS

A structured, competitive pay system is essential for sustaining talent and operational efficiency in Manila Water. This study recommends:

- Implementation of a pay structure aligned with industry benchmarks to ensure competitiveness.
- Integration of performance-based incentives and recognition programs to enhance motivation.
- Periodic review of compensation packages to keep up with inflation, market trends, and industry changes.
- Strengthening professional development opportunities to support employee growth and innovation.

By balancing financial compensation with career development and recognition, Manila Water can foster a high-performance culture while ensuring the stability and efficiency of water operations.

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