



A Study on foodpanda's Compensation Management Issues and Challenges, Competitive Pay and Flexible Workplace Policies



Business Case Development

foodpanda

A Study on foodpanda's Compensation Management Issues and Challenges, Competitive Pay and Flexible Workplace Policies

A Course Requirement of Compensation Management (H603)

Prepared for

Professor Dr. M. Nazmul Amin

ALA Scholar

Prepared by

Sadman Sakib	59E	09
Nadia Afroze Disha	62D	74

GROUP 2

Institute of Business Administration, University of Dhaka
June 15, 2021

June 15, 2021

Professor Dr. M. Nazmul Amin
ALA Scholar

Sir:



Subject: Submission of Research Report

We, group 2, would like to take this opportunity to submit our term paper on **“foodpanda: A Study on foodpanda’s Compensation Management Issues and Challenges, Competitive Pay and Flexible Workplace Policies”** as part of the Compensation Management (H603) course requirement. The main purpose of this report was to present a brief analysis of the CM problems faced by foodpanda, its competitive advantage, flexible workforce policies and possible CM challenges for the company in the 21st century. This analysis was followed by four recommendations as well as their implementations.

In the development of this report, we have tried our level best to follow the guidelines you provided us with and to comply with your standards. We sincerely hope that the paper meets your expectations.

Please note that this assignment has been prepared under your supervision. Under no circumstances will this assignment be produced for any other MBA (IBA) course ever. No part of this assignment will be shared or republished without your authorization.

Sincerely yours,

Sadman Sakib	59E	09	
Nadia Afroze Disha	62D	74	

Group 2
Institute of Business Administration
University of Dhaka

ACKNOWLEDGEMENT

Firstly, we would like to acknowledge the support of our course instructor, Professor Dr. M. Nazmul Amin, for his constant patience and helpful feedback in shaping the direction and tone of this research paper. Despite the ongoing global pandemic and the resulting academic limitations, sir never lost momentum in delivering his lectures and assigning tasks to us. Thanks to his brilliant designing of the course and high level of preparedness during every class, Meet classes never seemed soulless. We hope the work we have produced in this paper delivers on his standards and expectations.

Next, we would like to express our gratitude to our coursemates and other fellow IBAlites who were kind and patient enough to have helped us with their knowledge and understanding of the topic of the paper whenever we felt the need for help.

We also are thankful to each other in our group for going the extra mile while working on this paper. Completing a task just for the sake of it and committing oneself to the accomplishment of the task objective without compromising with its quality are two entirely different things; we are glad our group believes in the latter.

Last but not least, our sincere thanks go to our family members who provided us with every kind of support we needed while working on this research paper.

TABLE OF CONTENTS

	EXECUTIVE SUMMARY	vii
	INTRODUCTION	01
1.0	1.1 Origin of the Report	02
	1.2 Objectives	02
	1.2.1 Broad Objective	02
	1.2.2 Specific Objectives	02
	1.3 Methodology	03
	1.4 Scope	03
	1.5 Limitations	03
	INDUSTRY AND COMPANY OVERVIEW	03
2.0	2.1 Industry Overview	03
	2.2 Company Overview	04
	FOODPANDA: COMPENSATION MANAGEMENT	06
3.0	3.1 RQ1	06
	3.2 RQ2	11
	3.3 RQ3	13
	3.4 RQ4	17
4.0	CONCLUSION	20
5.0	RECOMMENDATIONS AND IMPLEMENTATIONS	20
	REFERENCES	26
	APPENDICES	A
	Appendix A How Monitax Works	A

List of Figures

Figure 2.1	foodpanda at a Glance	04
Figure 2.2	Food Order and Delivery Process for foodpanda	05
Figure 5.1	Customer Grievances Aired on Social Media	21
Figure 5.2	Monitask Agency Time Tracking with Proof-of-Work	23
Figure 5.3	Performance Appraisal Made Simpler, Faster and More Convenient by AssessTEAM	24
Figure A1	Monitask Views Apps Used by the Teams	A
Figure A2	Monitask Observes the Working Process Remotely	A
Figure A3	Monitask Creates Projects for the Teams	B
Figure A4	Monitask Views Statistics and Generates Reports	B

List of Tables

Table 1.1	Research Questions (RQ)	01
Table 3.1	Balance between Inputs and Outputs	09
Table 5.1	Monitask Services	22

EXECUTIVE SUMMARY

The main objective of this paper is to develop a business case on the various compensation management (CM) issues faced by the platform industry and foodpanda, one of the companies operating in this sector. Data were collected entirely from secondary sources. Because this paper was limited to the analysis of various CM issues concerning only foodpanda or the platform industry, a comparative analysis of the CM issues concerning other organizations in this sector were beyond the scope of the paper.

Over the last few years, the platform industry has enjoyed fast growth in terms of sales volume, market share and customer retention. The food delivery service is one of the most important sectors of this platform. The use of food delivery apps such as foodpanda has completely changed the food industry landscape in Bangladesh. However, in today's dynamic world of business, it is not uncommon even for flourishing sectors like the platform industry and well-established organizations like foodpanda to face different CM issues. Some of these issues include COVID-19 and managing remote work, ability to pay, perceived compensation equity and equal employment opportunity (EEO). Addressing these CM issues before they disrupt the internal systems and processes of foodpanda is key to designing a fair and equitable compensation management system.

For foodpanda's competitive advantage, a market competitive CM system is more important than an internally consistent CM system. A market competitive pay structure allows the company to respond fast to changes in its competitors' pay policies. Moreover, because internal consistency results in bureaucracy and foodpanda is a fast-growing startup, this kind of structure is not suitable for the company.

Based on market observations, some of the approaches adopted by employers in the platform industry in building a flexible workforce include but are not limited to flexible hours, work from home (WFH), flexi-benefits, never-ending conversations with employees and increased recruitment of part-timers, freelancers and contractors.

Some of the CM challenges foodpanda/the platform industry will likely face in the 21st century are the pitfalls of rapid business growth, COVID-19 pandemic, cost of living and technological development.

Four recommendations have been offered at the end of the paper that include taking a step back from growth, making WFH a finer experience, adapt the performance appraisal process to changes in work arrangements and using technology intelligently. Effective implementations of these suggestions will lead to a better compensation management system at foodpanda and other similar organizations operating in the platform industry.

1.0 INTRODUCTION

Compensation management (CM) refers to the development and implementation of policies, programs and practices to manage, analyze and determine employee compensations. One of the most significant parts of human resource management, compensation management applies systematic and scientific approaches to ensure a fair, equitable and time-relevant compensation package for each and every employee in the organization. However, actually developing and implementing such a system is not every organization's cup of tea. Even the most well-established or fast-growing organizations across the world struggle with different kinds of CM issues and challenges that, in turn, have negative impacts on employee productivity, employee performance, job satisfaction and employee turnover. To make things worse, the COVID-19 pandemic has brought in new and different sets of CM issues and challenges for many industries around the world.

The platform industry is one such sector where companies like foodpanda have been facing certain CM issues for a while, especially due to the life-changing effects of the global pandemic. This paper, therefore, intends to shed light on some of these issues while also exploring the competitive advantage and flexible workforce approaches of the platform industry/foodpanda. Accomplishing the objective of this paper necessitates finding answers to the following research questions (RQ).

Table 1.1 Research Questions (RQ)

RQ1	What are the CM problems and issues facing foodpanda/the platform industry?
RQ2	Which do you believe is more important for foodpanda's competitive advantage - internal consistency or market competitiveness?
RQ3	What are some of the approaches adopted by employers in the platform industry in building a flexible workforce?
RQ4	What CM challenges will foodpanda/the platform industry face in the 21 st century?

The **Introduction** section of the paper touches on the concept of compensation management (CM) while stating the objectives of the paper. The **Industry and Company Overview** section presents a short review of the platform industry, food delivery industry and foodpanda in Bangladesh. The

foodpanda: Compensation Management section provides answers to the four research questions mentioned above by elaborating the CM problems faced by foodpanda, the competitive advantage of the company, flexible workforce policies adopted by the platform industry and possible CM challenges for foodpanda in the 21st century. This analysis is followed by the **Conclusion and Recommendations** sections; the **Recommendations** section includes four recommendations as well as their implementations to help foodpanda overcome their CM issues and challenges mentioned in the previous section.

1.1 Origin of the Report

This paper was assigned to us as by our course instructor, Professor Dr. M. Nazmul Amin, as part of the Compensation Management (H603) course for the MBA program of Institute of Business Administration, University of Dhaka.

1.2 Objectives





This paper has one broad objective and several specific objectives.

1.2.1 Broad Objective

The main objective of this paper is to develop a business case on the various CM issues of the platform industry/foodpanda.

1.2.2 Specific Objectives

Specific objectives of this paper are -

-  to identify and describe the CM problems and issues being faced by foodpanda/the platform industry;
-  to evaluate and analyze whether internal consistency or market competitiveness is more important for foodpanda's competitive advantage;
-  to describe some of the approaches adopted by employers in the platform industry in building a flexible workforce;
-  to identify and explain the CM challenges foodpanda/the platform industry will likely face in the 21st century;

- 🐼 to make recommendations as well as their implementations to help foodpanda overcome their CM issues and challenges.

1.3 Methodology

Data collection method for this paper has been entirely secondary in nature. For data collection, exhaustive reviews of digitally available data, news and reports were conducted. Moreover, many national and international journals, textbooks, reference books, newspapers and magazines that explored the topic of the paper were used for the collection of secondary data.

1.4 Scope

The scope of this paper was limited to the analysis of various CM issues that concern only foodpanda or the platform industry foodpanda operates in.

1.5 Limitations

This paper had the following limitations.

- 🐼 The analysis of the topic would have delivered better insights had data been collected from primary sources.
- 🐼 Analyses of the CM issues concerning other organizations in the platform industry were beyond the scope of the paper.

2.0 INDUSTRY AND COMPANY OVERVIEW

This section presents a brief review of the platform industry and foodpanda.

2.1 Industry Overview

Shopping from home has not always been a popular concept in Bangladesh. Here the e-commerce platform started its journey in 2013-2014 but even today a major part of the population takes comfort in physical shopping experience. This does not disregard the fact that online transactions in Bangladesh have enjoyed rapid increases over the last few years. On its way to becoming “Digital Bangladesh”, this country had 66.44 million internet users, 36 million social media users and 163 million mobile connections in January 2020 (Akter & Disha, 2021; Kemp, 2020). These

groups of consumers are progressively shifting from bricks-and-mortar stores to online shops; the E-Commerce Association of Bangladesh (ECAB) predicts that in the upcoming years, the e-commerce industry will be worth more than \$70 billion (Akter & Disha, 2021; Neger & Uddin, 2020). The food delivery service industry is one of the most important sectors of this platform. The use of food delivery apps has revolutionized the food industry landscape in Bangladesh. In 2019 when it was a COVID-free world, the online food delivery market in the country yielded sales worth \$10 million, with more than 25,000 orders of food having been delivered every day on average. However, this market, which was estimated to cross \$5 billion by 2025 (Kader, 2020; Muntasir, 2019), faced a major crash after Bangladesh was hit by the COVID-19 pandemic (Akter & Disha, 2021).

2.2 Company Overview

The leading global online food delivery platform, foodpanda started its journey in March 2012 and operates from its headquarter in Berlin, Germany in more than 40 countries and 500 cities across 5 continents. Launched by Ralf Wenzel and Benjamin Bauer, foodpanda has partnered with more than 60,000 restaurants globally, including KFC, McDonalds, Pizza Hut and Subway.

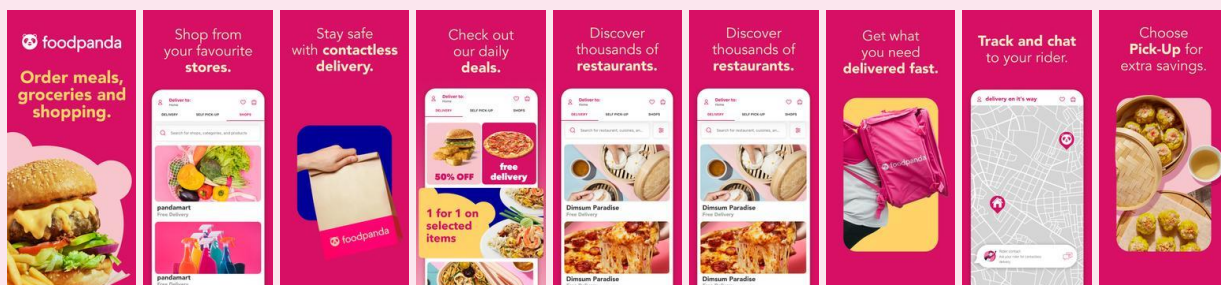


Figure 2.1. foodpanda at a Glance

Known as ‘foodpanda’ in Asia and Europe and ‘hellofood’ in Africa, Latin America and the Middle East, this platform enables users to easily discover restaurants in and around their neighborhood and directly place orders for their favorite meals via its website or mobile app. Customers use their password to get access to the foodpanda website or app, browse the lists of restaurants and place their order while foodpanda passes the order details to its partner restaurant(s); a foodpanda delivery man then delivers the food at the predetermined location (table 2.1).

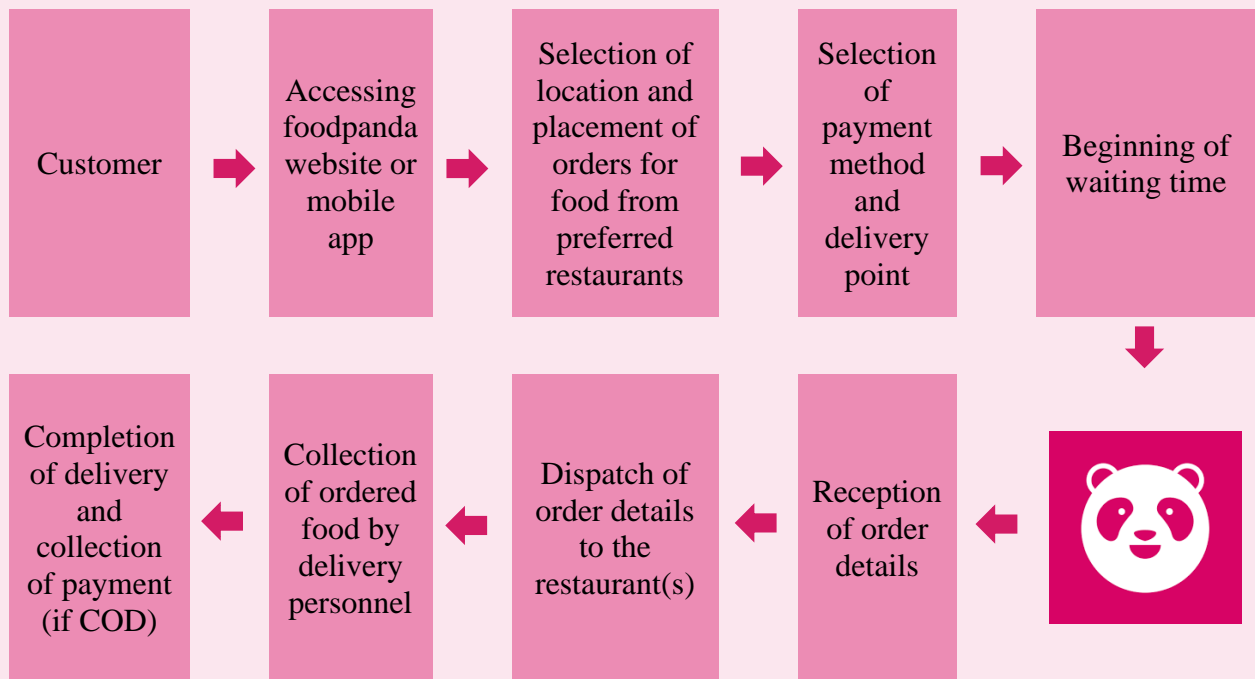


Figure 2.2. Food Order and Delivery Process for foodpanda

foodpanda started its operation in Bangladesh in December 2013 with just 5 employees and a goal of simplifying the life of Bangladeshi customers by making food delivery as convenient and affordable as possible (“Foodpanda completes three”, 2016). After more than seven years of operation, foodpanda currently employs more than 500 highly motivated and dedicated problem solvers, designers and thinkers who work around the clock to deliver on the promise foodpanda has made to its customers.

Though the company started its operation in Dhaka, on the cusp of its 7th anniversary, it finalized the expansion of its operation to all 64 districts across Bangladesh – a first among all the delivery services in the country. With more than 4 million users signing up for its service, around 35 thousand restaurant and shop partners and 100 percent revenue growth year on year, foodpanda continues to grow strongly even amid a global pandemic. In December 2020, this company rolled out its own grocery marketplace pandamart in Dhaka and other major cities in a bid to transform the physical grocery markets in Bangladesh into easily accessible online platforms (“7 years of foodpanda”, 2021).

3.0 FOODPANDA: COMPENSATION MANAGEMENT

This section presents answers to the four research questions mentioned in the Introduction.

3.1 RQ1

What are the CM problems and issues facing foodpanda/the platform industry?

In today's fast-paced world of business where every day brings a new challenge, it is not uncommon even for booming sectors like the platform industry and well-established organizations like foodpanda to face issues that, if left unattended, can potentially disrupt the whole internal system of the industry/firm and invalidate all the work done to accomplish predetermined goals. Compensation management (CM) issues make up some of the most critical issues an industry/organization encounters in its entire lifetime. When organizations fail to design a fair reward management system, – a system that ensures every employee, irrespective of their age, race, religion, sex, colour, ethnicity and physical and/or mental disability, receives what she/he deserves in return of her/his contributions to the organization – it may even lead to expensive legal actions resulting in the firm going bankrupt. Therefore, addressing the CM issues, no matter how insignificant they seem to be at first, before they upset the internal systems and processes of an organization, is key to designing a fair and equitable compensation management system.

The CM problems and issues facing foodpanda/the platform industry are as follows -

COVID-19 and Managing Remote Work

Remote work can be defined as “organizational work performed outside of the normal organizational confines of space and time” (Olson, 1983, p. 182). The impact of COVID-19 on organizations around the world has been historic. Even a few years ago most of these organizations could not imagine in their wildest dreams that one day their employees would work remotely, possibly from their home. While many businesses swiftly adapted to the pandemic situation and implemented work from home policies for their entire workforce, many firms such as the ones operating in the platform industry that require a large section of the workforce (e.g., delivery

personnel) to be in direct contact with their customers and/or client found the transition slightly difficult.

This is one of the most serious CM issues facing the platform industry. During the surge in COVID-19 cases, the bank where foodpanda opened salary accounts postponed new accounts opening for a certain period. That caused a lot of issues when new employees joined and didn't have an account in that particular bank. These employees' salaries had to be paid in cash, which made auditing difficult.

Moreover, compensation decisions largely depend on employees' performance appraisal and remote working at foodpanda has made that process hard. In a physical setup, it is easy to monitor an employee's performance and progress, provide feedback whenever necessary and complete the evaluation process in time; in a work from home (WFH) setup, none of these are easy. This results in management indecision as to whom to promote and who deserves a raise. And this is exactly the kind of problem foodpanda has been facing since its operations went online.

Even though use of technology has always been at the core of foodpanda's operations, remote working has not been easy for the organization or its employees. When lockdowns were imposed in Bangladesh last year and everyone was bound to work from home, foodpanda's well-designed WFH arrangements seemed to be effective, as compared with other organizations' policies. However, monitoring employee productivity and daily activities has been a challenge for foodpanda. As a result, the company found it hard to take important compensation decisions based on employee performance.

Ability to Pay

Whether an organization can afford to pay all its employees on time, regardless of other factors such as its size or internal structure, is one of the most important CM issues concerning organizations all around the globe. The paying ability of an organization determines, to a large extent, how much employees at each level of the organization will be paid. Generally, large business conglomerates, MNCs and firms with impressive annual sales and profits can afford and/or tend to offer better compensation packages to their employees than smaller, local companies

or firms with poor financial performance. At the same time, an employee's pay package depends largely on the industry she/he works in as sector-specific economic recession and level of competition can weaken the employer's ability to pay. Moreover, in recent years, due to the COVID-19 pandemic, organizations across the world have suffered greatly in terms of ensuring their employees even the basic pay every month.

This is true for companies such as foodpanda operating in the platform industry. foodpanda, being a fast-growing startup, does not have a fixed pay structure model. Due to the hyper growth of the company, new teams are continuously formed; as a result, new headcounts are continuously needed. Owing to this change in structure and the ever-increasing number of employees, it becomes difficult to stick to the compensation budget which is fixed at the beginning of the year.

Besides, foodpanda has a large service operations team that is more popularly known as customer service team. Although this team works to ensure customer satisfaction, it does not generate any revenue. A large chunk of the compensation budget needs to be devoted to them nonetheless. While it is true that foodpanda is one of the few companies who did not cut salaries of their employees even when the lockdown was imposed and foodpanda's operations were practically shut down, this can well be attributed to the fact a large number of delivery men and other workers left their job and went back to village during this period. Even today foodpanda is facing this issue of compensation management while continuously weighing the costs and benefits of its human resources.

Perceived Compensation Equity

The word 'equity' is synonymous with justice, fairness, impartiality, objectivity and justness. First developed by John S. Adam, a workplace and behavioral psychologist, equity theory refers to the definition and measurement of the relational satisfaction of the employees in an organization. According to this theory, employees in an organization look for a fair balance between their inputs and outputs; in other words, an employee's perception of fairness and the resulting satisfaction (or a lack thereof) in terms of pay are closely associated with what she/he receives from an organization against what she/he gives to the organization.

Table 3.1

Balance between Inputs and Outputs

An Employee's Inputs		An Employee's Outputs	
Time Loyalty Effort Hard Work Skills Commitment Adaptability Enthusiasm Determination Flexibility Acceptance of Others Trust in Superiors Support of Peers Tolerance Personal Sacrifice	and	Tangible	Salary Employee Benefits Perks
		Intangible	Recognition Reputation Job Security Responsibility Stimulus Praise Respect Sense of Achievement Sense of Growth and Development

This is one of the crucial CM issues that many organizations including the ones in the platform industry have to deal with. This essentially indicates that employees assess the fairness of their organization's internal pay structure not based on how much they are getting paid but on what their job pays as compared to -

- 🐼 jobs within their organization (Internal Equity);
- 🐼 jobs similar to their own within the same organization (Individual Equity) and
- 🐼 jobs similar to their own at different organizations (External Equity) (Milkovich, Newman, & Gerhart, 2013).

This is a matter of concern because employees might be paid an attractive compensation package but still feel dissatisfied due to their perception of fairness in the organization's pay structure. Even in companies such as foodpanda, a lot of employees including the riders and customer care executives are not always happy with their pay. Despite the fact that amid the pandemic, foodpanda has managed to give both festival bonuses along with the regular pay to each of its employees, dissatisfaction regarding pay remains. This is partly because many employees feel that other similar organizations within the platform industry pay their employees at similar jobs higher than foodpanda. This perception causes many employees, especially the riders and customer care executives, to leave foodpanda and join other similar organizations within the same industry.

Equal Employment Opportunity (EEO)

Compensation management is strongly related to equal employment opportunity (EEO), one of the most discussed issues in the world of HR. EEO refers to policies that ensure equal opportunity, in terms of employment, appraisal, compensation, promotion, training and development to everyone regardless of age, sex, race, color, religion, national origin, ethnicity, physical and/or mental disability, sexual orientation, marital status, medical condition, gender identity, gender expression or other selected category under the local/national law. As per Article 20(1) of the Constitution of the People's Republic of Bangladesh, "Work is a right, a duty and a matter of honour for every citizen who is capable of working, and everyone shall be paid for his work on the basis of the principle "from each according to his abilities, to each according to his work" ("The Constitution of the People's Republic of Bangladesh", n.d.). In other words, female employees must be paid the same and offered the same career opportunities as their male counterparts, employees belonging to ethnic minorities must be given the same benefits as others and Hindu employees must be offered the same perks as their Muslim counterparts.

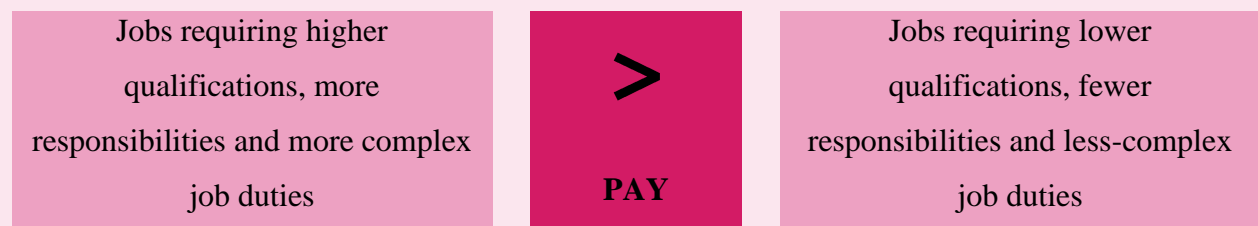
The platform industry and companies like foodpanda being tech-based, women are grossly underrepresented at the top management. A major part of the female employees working at foodpanda are part of the customer support team only. It is easy to place the blame on women's lack of skills or interest in building their career in a tech-based industry (which is nothing but a baseless excuse) but in reality, tech-based companies like foodpanda feel highly discouraged to employ female candidates in departments such as management, finance and IT. The discrimination is subtle and hardly perceptible to the outside world, but if Maliha and Nasirul, both MBA graduates from IBA, DU with a CGPA of 3.6 and similar sets of skills, abilities, knowledge and experience, apply to foodpanda for the position of Team Lead, foodpanda is highly likely to hire Nasirul. As regards compensation and promotion, male employees are more likely to receive pay raise or get promoted than their female counterparts. If Maliha and Nasirul, both married (Nasirul with kids), work at the same position, Nasirul will be more likely to fast track his career at foodpanda than Maliha. These phenomena do not typically result from flagrant violations of EEO policies; however, discrimination regardless of its magnitude is discrimination. foodpanda may not have realized the actual severity of this problem yet but it is a grave CM issue nonetheless.

3.2 RQ2

Which do you believe is more important for foodpanda's competitive advantage - internal consistency or market competitiveness?

Different compensation systems are developed based on different factors and organizational requirements. Needless to say, what CM system works for one company may not work for another one. For foodpanda's competitive advantage, a market competitive CM system is more important than an internally consistent CM system. Before understanding why, it is vital to know what these two pay policies refer to.

A compensation management system that focuses on internal consistency defines “the relative value of each job among all jobs within a company” (Martocchio, 2017, p. 120). Organizations that exercise internal consistency in their compensation policies conform to the following simple, yet fundamental principle.



In other words, in an internally consistent CM system, employee compensations are set based on the differences in job characteristics. An internally consistent CM system is built with the help of two processes –

A. Job Analysis

followed by

B. Job Evaluation




Job analysis refers to the procedure through which companies determine the duties of their positions as well as the characteristics of the individuals to hire for them. Job analysis “produces information for writing job descriptions (a list of what the job entails) and job (or “person”) specifications (what kind of people to hire for the job)” (Dessler, 2020, p. 100). Job evaluation, on

the other hand, refers to the “formal and systematic comparison of jobs to determine the worth of one job relative to another” (Dessler, 2020, p. 359). Whereas job analysis is almost purely descriptive, job evaluation actually intends to determine a job’s relative worth.

A compensation management system that focuses on market competitiveness refers to “companies’ compensation policies that fit the imperatives of competitive advantage” (Martocchio, 2017, p. 146). The most significant role of market competitive pay policies lies in attracting and retaining the best candidates from the labor pool in the market. The development of this kind of compensation system is based on the following four activities that companies engage in annually to remain competitive in the market –

- A. Conducting strategic analyses
- B. Using salary surveys to make comparative evaluations of the competitors’ pay practices
- C. Integrating the internal job structure with external pay rates
- D. Determining compensation policies, programs and practices

Analyzing the competitors’ pay policies helps organizations determine whether they wish to –

-  lead the market (Market Lead),
-  lag behind the market (Market Lag) or
-  match the market (Market Match).

For companies like foodpanda, market competitiveness is way more important than internal consistency in the development of their compensation management policies and practices. In the case of an internally consistent CM system, foodpanda runs the risk of losing its flexibility to react to changes in its competitors’ pay policies. Moreover, because job analysis and job evaluation establish job hierarchies within the organization, internal consistency results in bureaucracy. Because foodpanda is a fast-growing startup, this kind of structure is not suitable for the company.

foodpanda has been operational in this industry for around nine years but still has not graduated from its startup status (admittedly, a firm’s startup status is not always measured by the time it has remained in business). As one of the leading players in the platform industry, foodpanda has truly

gone through a metamorphosis of a sort. Its aggressive growth push entailed making meaningful strategic changes such as regularly offering customers free delivery and various other promotional offers, pushing for restaurant acquisitions and investing more and more in data and technology to improve logistics (“Inside Foodpanda Bangladesh’s Aggressive Growth Push”, 2019). Therefore, market competitiveness is more important to foodpanda.

Due to its hyper growth business model, foodpanda continuously has to change its organizational structure and hire the best resources from different industries. In order to do so, it needs to offer compensation packages that are competitive in the market. Many times the salary range in the same band is wide but that is the cost of hiring the best resources. To stay competitive in the market, even during this pandemic situation, foodpanda went ahead with its scheduled performance appraisal. The employees got their increments and many of them even got promoted. That’s why they have a good reputation in the industry as an employer.

3.3 RQ3

What are some of the approaches adopted by employers in the platform industry in building a flexible workforce?

In an era when a property in the remotest part of North Dakota can be preserved through repair and maintenance as easily from Dhaka as from Fargo and when the world’s routine manufacturing and service jobs are increasingly being shifted to underdeveloped countries, it is no surprise that the modern world economies can thrive only on the knowledge, skills and abilities (KSA) of their workforce. Gone are the days when organizations would employ only full-time employees who would dedicate one-third of their daily hours to the job six days of the week and temporary staff would be brought in only for low skill tasks and/or at times of employee shortage. This pandemic has proved that work can be done from anywhere by anyone with the necessary skillset.

In any case, flexible working/workforce is not a new concept. Part-timers, teleworkers, contractors, freelancers and consultants have long been a part of the labor market (Field, 1996). Various industries such as healthcare, telecommunications, transport, energy, emergency services, travel and leisure services have always run round-the-clock operations while personal selling of

commodities and services such as women's health, hygiene and skincare products and insurance has often been carried out at times convenient for customers (Pettinger, 1998). What is new, however, is the staggering number of individuals who carry out a vast range of tasks and responsibilities as part of an organization's flexible workforce (Field, 1996). In recent years - COVID-19 had not hit the country then - the platform industry in Bangladesh has popularized the concept of flexible working/workforce all across the country with the help of time and other resources, training and development and attention to work division, job descriptions, pay and rewards.

Before delving into the approaches adopted by employers in this industry in building a flexible workforce, knowing what the flexible workforce means is imperative. The flexible workforce can be defined as the group of workers who have the ability "to make choices influencing when, where and for how long they engage in work-related tasks" (Hill et al., 2008, p. 152). As defined by Pettinger (1998), "the flexible workforce is a combination of:

patterns of work, based on hours, expertise, needs and demands of customers and clients, the capability and capacity of technology, location and specific aspects of particular activities;

attitudes and values, especially responsibility, dynamism, individual and collective responsiveness, commitments to service and satisfaction, positive approaches to solving problems;

a commitment to training and development, enhancing the value brought by all members of staff to the organization;

individual and collective commitment to improve all aspects of work, procedures, practices, response times as well as products and services;

organizational commitment to flexibility and to each of the above points, and a commitment to invest in and support everything that is necessary to achieve this."

Based on market observations, following are some of the approaches adopted by employers in the platform industry in building a flexible workforce.

No 9-5 Shifts

Many firms operating in the platform industry are less concerned about whether their employees are logging a fixed number of hours (e.g., 40 hours a week) than whether they are delivering results as is expected by their company. In most cases, only the customer care executives in such organizations have to put in minimum 8 hours of work during any of the three shifts (i.e., 10 AM – 6 PM, 6 PM – 2 AM and 2 AM – 10 AM) allotted for the department. The other employees do not necessarily have to follow any such strict schedule and can carry out their responsibilities from anywhere they want.

This used to be practiced even before the pandemic hit and forced organizations to go online. In fact, employees coming to work in the afternoon and staying way beyond midnight is commonplace in companies such as foodpanda, Daraz, Evaly belonging to the platform industry. Employers in this industry are highly result-oriented, so their focus remains in whether employees are delivering what is expected of them, are working towards the accomplishment of organizational goals and are actually adding measurable values to the organization.

Work from Home (WFH)

Because technology has always been at the heart of the platform industry's operations, employees could work from home even before the pandemic. As a result, when the COVID-19 crisis hit the world, the transition of firms within the industry to remote work was seamless. The organizations heavily invested in WFH-supporting technology, leveraging the right teleworking and technology tools such as Zoom, Google Meet, G-Suite for their everyday work.

At the same time, they made necessary arrangements for their partners, riders, delivery people and other collaborators to work remotely and safely during this period (“Case study: How foodpanda is”, 2019). Currently, many employers in the platform industry are following the hybrid work model, so if someone wants to work from home, that is okay or if someone wants to work from office, that too is okay.

Flexi-benefits

Many employers in the platform industry have familiarized the concept of flexi-benefits along with WFH online support portals to help their employees strike a balance between work and personal life. Managers and teams are encouraged to agree on and respect boundaries so that each employee's personal time is protected. In an unconventional but innovative setting, teams hold virtual 'meets' or 'drinks' to have casual, spontaneous conversations just the way they would do in a physical work environment. As part of flexi-benefits, many employers have reimbursed their workers to help during the transition ("Case study: How foodpanda is", 2019).

Never-ending Conversations with Employees

Employers in the platform industry are continuously having conversations with their employees regarding what kind of support the organizations can offer them in easing their work-from-home situations and in making their shift to a new normal easier ("Case study: How foodpanda is", 2019). These conversations are casual and friendly so employees feel less inhibited to voice their opinions and share their ideas. Based on these discussions, employers change their flexible work policies to make the online work experience as close to physical work experience as possible.

Increased Recruitment of Part-timers, Freelancers and Contractors

Since the platform industry started operations in Bangladesh, it has promoted the practice of recruiting part-timers, freelancers, contractors and many other similar workers in large numbers. For positions like Web Developer, Graphic Designer, Research Associate, Translator, Content Writer, Copywriter and the like, platform businesses are leaning towards freelancers and part-timers at an increasing rate. Public Relations, Communications and many other Marketing-related functions are also being contracted out to external agencies.

Companies like foodpanda operating in the platform industry typically adopt unique approaches (e.g., simulation focused test) while recruiting temporary workers. The candidates are given different real-life scenarios and then their reaction is captured to judge their behavioral and functional competencies.

3.4 RQ4

What CM challenges will foodpanda/the platform industry face in the 21st century?

Following are the CM challenges foodpanda/the platform industry will likely face in the 21st century.

The Pitfalls of Rapid Business Growth

Undeniably, the growth phase is an exciting time for any business; however, firms oftentimes underestimate the hidden dangers that accompany rapid business growth (Fels, 2020). When an organization grows in terms of sales, market share and/or workforce, adapting to the growth and making necessary changes in its functional operations become challenging. For example, it is imperative for any organization to maintain a strong pay structure as well as to update it on a regular basis. However, the process of reviewing and updating the pay structure is not a walk in the park, especially in the case of startups or rapidly growing organizations. Unless the pay structure is in sync with that of the external market, organizations may end up paying employees too much or too little. What's more, organizations may face a financial crunch while dealing with the increased demand for their products/services and fail to adequately compensate their employees for their service (Fels, 2020).

Because the platform industry is relatively new and most firms operating here are fast-growing startups, designing effective CM policies can be one of the toughest challenges for companies like foodpanda to overcome in the 21st century. Due to the rapid growth of the company, foodpanda has to continuously change its pay structure, which is challenging for its payroll department with only two employees. foodpanda does not let any third-party organization to handle its delivery service; all the delivery personnel are under its payroll. The pay model of these workers as well as of the customer care executives need to be restructured quite frequently. As a result, cost per order increases. Sometimes foodpanda needs to change its salary structure quickly and drastically. Recently the company changed the salary structure for around one hundred employees from fixed pay to partially fixed and partially incentivized pay. Since the company intends to keep its current growth, foodpanda's changing pay structure may end up causing dissatisfaction among its

workforce in the near future. To make it more challenging, incentive-based pay structure as well as customized salary structure are becoming more and more popular these days. A fast-growing company like foodpanda will find it extremely hard to design such pay structures to adapt to the changing demands of their employees.

COVID-19 Pandemic

CM will continue to pose challenges to organizations, especially in the platform industry, unless the COVID-19 situation in Bangladesh improves, everyone receives vaccination as soon as possible and employees working from home get to return to their physical workspace. As mentioned earlier in answer to RQ 1, compensation decisions are made on the basis of performance appraisal but remote work makes it hard for many organizations to properly track their employees' performance, the number of hours they are logging every day and gather performance evaluation insights from appraisers on time.

The performance appraisal system that foodpanda currently follows requires assessment of the employee's performance all throughout the year along with evaluation from their immediate supervisor as well as from themselves. foodpanda employees have been working from home since the start of the pandemic and will continue to do so unless the situation improves substantially. Since tracking employee activity still is challenging for foodpanda, conducting performance assessment in time is going to be extremely difficult. As a consequence, foodpanda may fail to appropriately compensate or promote high-performing employees who truly deserve pay raises, performance bonuses and/or promotion at the company. Moreover, due to the pandemic and the resulting hybrid modality of work at foodpanda, the possibility of fraudulent activities will increase. Foodpanda has already faced such issues in recent years of remote work. What's more, employees at foodpanda are now equally interested in both monetary and non-monetary benefits their company offers or can offer. Ensuring enough personal and professional growth opportunities for employees will be a challenge in the coming days.

Cost of Living

As per data by the Consumers Association of Bangladesh (CAB), the cost of living in Bangladesh increased by 6.5 percent in 2019, thanks to the rising prices of essential commodities and services

(e.g., onions, rice, flour, egg, vegetables, edible oil, utility service, etc.) (Khaled, 2020). However, this increase in living costs has hardly led to organizations improving their compensation packages for their employees. Because living costs are likely to keep going up in the upcoming years, designing pay packages that will not only help employees maintain their current living standard but also be cost-effective for employers will be challenging for organizations in the 21st century.

People from the lower rung of the social ladder with lower-tier jobs such as delivery people or peons employed in the platform industry will continue to suffer in the future if the rate of inflation keeps going up in the country. Offering a pay that will allow these groups of workers to have a decent living standard will be a big challenge for foodpanda in the upcoming years.

Technological Development

While technological advancement has gradually been improving the functional operations of HR, when used poorly, it can get in the way of goal accomplishment. The use of technology in various aspects of CM can surely maximize the efficiency and effectiveness of the process but a haphazardly designed system with complicated instructions can invalidate the organization's efforts in installing the system. Integration of high-tech CM systems into the traditional setup means that more employee data will have to be loaded into the system for better analysis. This may give rise to unnecessary data collection, misrepresentation and/or misinterpretation of data and potential security breaches. Relying too much on technology for compensation-related communications may lead to misunderstandings between management and employees as well. Increasing use of emerging technology such as artificial intelligence (AI) and machine learning (ML) in organizational functions necessitates the hiring of more skilled employees at greater pays; this, in turn, will possibly lead to increased costs of running the organization.

At foodpanda, the demand for automating compensation process will only increase in the coming days. It is true that automation and digitization of the process will both increase employee satisfaction and improve the efficiency of the company. However, the company will also face issues such as unnecessary data, misrepresentation and/or misinterpretation of data and potential security breaches. Many employees may not feel comfortable about feeding so much of their

personal information to automated systems that may malfunction, get hacked or face other security issues at any moment.

4.0 CONCLUSION

The goal of this paper was to present a brief analysis of the CM problems faced by foodpanda/the platform industry, its competitive advantage, flexible workforce policies and possible CM challenges for the company in the 21st century. While the goal has been met to a certain extent, in the absence of a few limitations, this paper could have been a comprehensive study on the compensation management policies, programs and practices followed by the platform industry. The brief analysis revealed that many of the CM issues and challenges facing this sector and organizations like foodpanda resulted from the strong effects of the COVID-19 pandemic. Even though the effects of the pandemic can be controlled only to a small extent, foodpanda/the platform industry can still overcome most of their current as well as future CM issues and challenges by following the four recommendations included in the next section.

5.0 RECOMMENDATIONS AND IMPLEMENTATIONS

This section offers four recommendations as well as their implementations in helping foodpanda overcome some of its CM issues and future challenges. The recommendations are tailor-made for foodpanda Bangladesh.

Recommendation 1 | Taking a Step Back from Growth

While growth is a beautiful concept and is often a crucial part of organizational goals, it is important to remember when and how to take a step back from it so as to avoid its pitfalls. While it is commendable how fast foodpanda has grown since its journey started in the platform industry, this food delivery giant needs to stop for a second, rethink its mission, take a step back and look at the bigger picture of the whole organization. The idea of growth is tempting especially when the growth is real and fast but foodpanda needs to slow down and stabilize some parts of its functional operations before shooting for further growth. A stable business will naturally help HR develop a stable pay structure that will need updating only when necessary.

Implementation

To shift their focus from business growth to business stabilization, foodpanda first needs to start working in areas that require immediate attention. A large number of consumers are dissatisfied with foodpanda's overall service quality, unavailability of essential commodities in pandamart, delivery personnel's behavior and attitude and customer support. Following are only a few crumbs of customer grievances found on the brand's official social media page (figure 5.1).

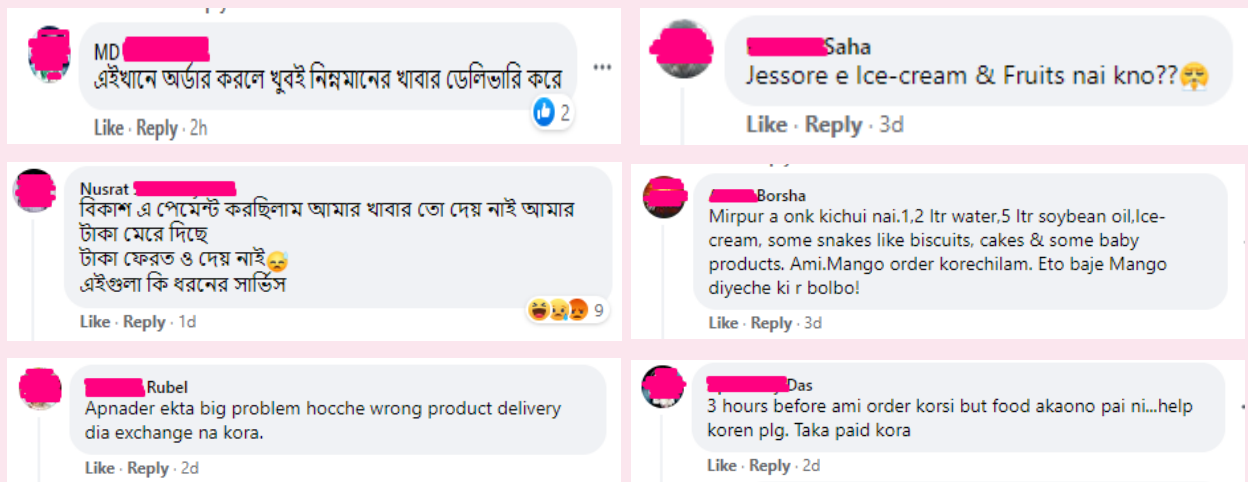


Figure 5.1. Customer Grievances Aired on Social Media

Many such complaints from customers either go unnoticed or are left unattended; therefore, foodpanda must ensure its customer support department is not missing even a single grievance filed by the customers. To achieve this target, the process of recruiting customer care executives needs to be better-designed to ensure the hiring of more skilled individuals and a systematic reward and recognition system should be established to acknowledge the high performers on the customer care team. Moreover, adequate training and development programs need to be designed in order to build a stronger customer support team – a team that will listen to the woes of every single unhappy customer, make genuine attempts to empathize with him/her, offer specific solutions to the problem and thus, be able to turn an angry customer into a happy one. Similarly, the delivery team/riders need to be trained sufficiently to avoid any unfortunate delivery-related incident. As regards the unavailability of daily essentials in pandamart, foodpanda should concentrate on making their service in major cities and towns better before planning to expand it to other locations.

Many of the foodpanda’s CM issues will automatically be resolved when all of these plans are implemented and the business achieves a certain level of stability.

Recommendation 2 | Making WFH a Finer Experience

Even though foodpanda has managed to offer better remote work arrangements than most other companies during the pandemic, certain changes need to be made in order for the online workspace to render a finer work-from-home experience to each of its employees. One of these changes entails respecting employees’ personal time to help them enjoy a better work-life harmony.

Implementation

foodpanda’s current issue with remote work can be solved by the implementation of an employee monitoring software that will not only track an employee’s daily activities and record their level of productivity but also log suspicious behavior, sniff out possible insider threats, monitor health and wellness and even improve employee engagement. One such software is Monitask which can offer foodpanda the following services (table 5.1, figure 5.2 and figures A1-A4 in Appendix A).

Table 5.1 Monitask Services

Employee Time Tracking	Employee Daily Activity Log with Screenshots	Project and Task Tracking	Summary and Custom Reports	Track Apps and Websites
Time and Resource Tracking	Employee Scheduling System	Employee Attendance Software	Time Tracking and Invoicing	Cloud Attendance System

Use of Monitask will allow managers at foodpanda to have clear visibility and insights into how their employees work remotely. This application will send managers computer screenshots of an employee’s progress in certain assignments or projects randomly or at intervals set by the managers themselves. The time tracking feature in the application will let managers monitor the workload of their teams and employees. Moreover, the software will present a clear picture of the cost of each project by recording the time each team takes to finish that project.

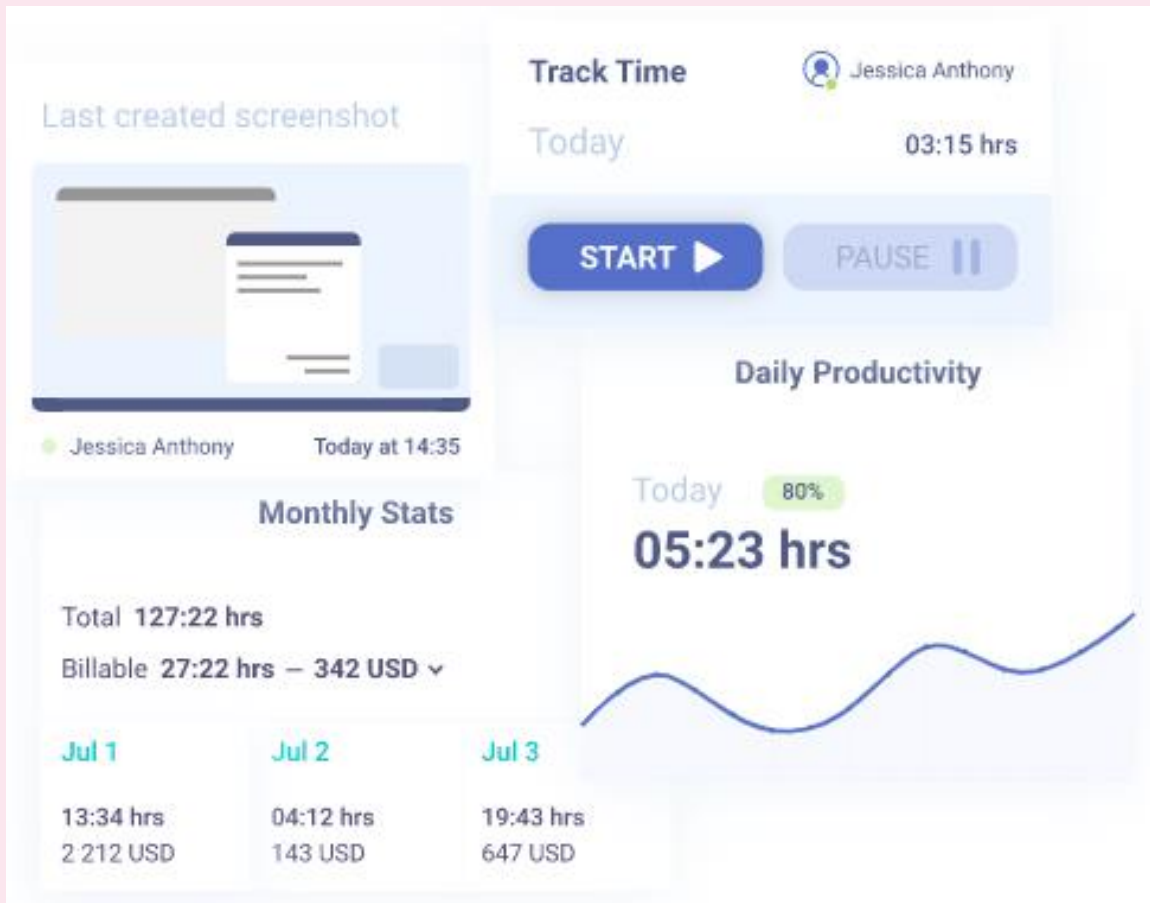


Figure 5.2. Monitask Agency Time Tracking with Proof-of-Work

Recommendation 3 | Adapt the Performance Appraisal Process to Changes in Work Arrangements

Because foodpanda's remote work arrangements have caused a certain amount of delay in employees' performance evaluation and subsequently, in essential CM decisions, the entire process of appraisal needs to be adapted to the changes in traditional work setup.

Implementation

The performance appraisal method recommended for foodpanda is to be used quarterly instead of annually, is 360 degree and requires the use of a performance management and productivity analysis software AssessTEAM. This software is an easy-to-use cloud-based platform that offers 360-degree evaluation, traditional evaluations or real-time competency-based evaluations in minutes. Furthermore, it connects compensation with performance and helps HR make smart and

data-driven decisions as to how to reward great performers in the organization. foodpanda can use their own questions or choose from the 3,000+ KPI library built in AssessTEAM to design its evaluation process, by defining the job of each employee and consistently delivering feedback on how the job can be done in better ways. Using the software will be a cost-efficient choice for foodpanda as it costs only \$1 per person per month. Since no contract is required to use the software, in case it fails to yield the expected results, foodpanda can easily switch to a different, similar software. Using AssessTEAM can be as easy as checking a few boxes on a survey form (figure 5.3)

The figure displays four screenshots of the AssessTEAM interface, illustrating the performance appraisal process for Steven Larry, a Data Engineer, from July 7, 2019, to August 9, 2019.

- Screenshot 1: Evaluation Setup**
 - Header: Maxdino, Steven Larry's evaluation
 - Evaluation: Evaluation for Steven
 - Duration: 7-Jul-2019 to 9-Aug-2019
 - Buttons: Start evaluation (green), Cancel evaluation (grey)
 - Checkbox: Complete this evaluation anonymously.
 - Link: This evaluation should be sent to somebody else.
- Screenshot 2: Goal Selection**
 - Header: Steven Larry - Data Engineer, Duration: 7-Jul-2019 - 9-Aug-2019
 - Section: Steven Larry's goals (1 of 3)
 - Goal: Ability to execute planned objective without supervision or assistance. Ability to undertake proposed work and objectives independently without the help of any team leader.
 - Options:
 - Very poor - No effort at all
 - Significant improvement needed
 - Above adequate
- Screenshot 3: Evaluation Summary**
 - Header: Steven Larry - Data Engineer, Duration: 7-Jul-2019 - 9-Aug-2019
 - Section: Evaluation summary
 - Summary: 1 Performance indicators, 1 Evaluated, 1 Not applicable, 1 Average score
 - Buttons: Save for later, Email evaluation, Print evaluation
 - Text: Click finish evaluation to complete the evaluation or modify selections to change selections
 - Buttons: Modify selections (Change your responses or add notes), Finish evaluation (Changes are not possible once finished)
- Screenshot 4: Completion**
 - Header: Steven Larry - Data Engineer, Duration: 7-Jul-2019 - 9-Aug-2019
 - Section: Thank you! Evaluation has been completed.
 - Buttons: Print evaluation, Email evaluation, Sign evaluation, Send for signature

Figure 5.3. Performance Appraisal Made Simpler, Faster and More Convenient by AssessTEAM

Recommendation 4 | Using Technology Intelligently

Technology does make life easier but just because a certain technology looks interesting does not necessarily mean that its use in the organization will generate the desired results. Big global companies are increasingly turning to emerging technologies such as Machine Learning and

Artificial Intelligence to revamp their internal systems and their market competitors are following suit as none of them want to fall behind in terms of progress. However, what works for Amazon may not work for foodpanda and vice versa. foodpanda, thus, needs to deliberate over any of its plans to make investments in risky high-cost technologies as well as ensure intelligent use of the existing technologies.

Implementation

For starters, foodpanda needs to make a cost-benefit analysis of the technologies it is currently using to understand whether they are performing as expected or just adding to the operational costs of the company without delivering any visible results. At the same time, foodpanda needs to find areas where use of technology only complicates the process. In many cases such as post-appraisal meetings where employees are informed of the firm's compensation, promotion or termination decisions, in-person meetings are way more effective than video calls or emails. Moreover, before deciding to invest in new technologies, foodpanda should assess whether the investment will bring in better companywide results if made elsewhere (e.g., employee training and development).

REFERENCES

- 7 years of foodpanda: Nothing less than a rollercoaster ride. (2021, January 6). *The Daily Star*. Retrieved from <https://www.thedailystar.net/toggle/news/7-years-foodpanda-rocky-start-leaders-2023413>
- Akter, M., & Disha, N. A. (2021). Exploring consumer behavior for app-based food delivery in Bangladesh during COVID-19. *Bangladesh Journal of Integrated Thoughts*, 17(1), 17-32. doi: 10.52805/bjit.v17i1.188
- Case study: How foodpanda is overcoming the matter of people working "systematically long hours". (2019, September 19). *Human Resources Online.Net*. Retrieved from <https://www.humanresourcesonline.net/case-study-how-foodpanda-is-overcoming-the-matter-of-people-working-systematically-long-hours>
- Fels, E. (2020, January 29). Dangers of rapid business growth and what to do about them. *Business Know-How*. Retrieved from <https://www.businessknowhow.com/money/rapidgrowth.htm>
- Field, R. (1996). The flexible workforce: Redefining the role of HR. *Management Development Review*, 9(1), 5-7. doi: 10.1108/09622519610181694
- Foodpanda completes three. (2016, December 27). *The Daily Star*. Retrieved from <https://www.thedailystar.net/lifestyle/news-flash/foodpanda-completes-three-1335961>
- Hill, E. J., Grzywacz, J. G., Allen, S., Blanchard, V. L., Matz-Costa, C., Shulkin, S., & Pitt-Catsopous, M. (2008). Defining and conceptualizing workplace flexibility. *Community, Work & Family*, 11(2), 149-163.
- Dessler, G. (2020). *Human resource management* (16th ed.). New York, NY: Pearson.
- Inside foodpanda Bangladesh's aggressive growth push: An interview with Zubair Siddiky, Managing Director, foodpanda Bangladesh. (2019, March 6). *Future Startup*. Retrieved from <https://futurestartup.com/2019/03/06/foodpanda-bangladeshs-aggressive-growth-push-zubair-siddiky/>
- Kader, R. (2020, February 4). *The state of online food delivery in Bangladesh at the beginning of 2020: Subsidies make true demand hard to gauge*. Retrieved from <https://futurestartup.com/2020/02/04/online-food-delivery-in-bangladesh-subsidies-make-true-demand-hard-to-gauge/>

- Kemp, S. (2020, February 17). Digital 2020: Bangladesh. *DataReportal*. Retrieved from <https://datareportal.com/reports/digital-2020-bangladesh>
- Khaled, M. S. (2020, January 20). High cost of living inflicts the commoners. *The Financial Express*. Retrieved from <https://thefinancialexpress.com.bd/views/high-cost-of-living-inflicts-the-commoners-1579536608>
- Martocchio, J. J. (2017). *Strategic compensation: A human resource management approach* (9th ed.). Hoboken, NJ: Pearson.
- Milkovich, G., Newman, J., & Gerhart, B. (2013). *Compensation* (11th ed.). New York, NY: McGraw-Hill.
- Muntasir, B. (2019, May 26). Meteoric rise of online food business. *Dhaka Tribune*. Retrieved from <https://www.dhakatribune.com/business/2019/05/26/meteoric-rise-of-online-food-business>
- Neger, M., & Uddin, B. (2020). *Factors affecting consumers' internet shopping behavior during the COVID-19 pandemic: Evidence from Bangladesh*. *Chinese Business Review*, 19(3), 91-104. doi: 10.17265/1537-1506/2020.03.003
- Olson, M. H. (1983). Remote office work: Changing work patterns in space and time. *Communications of the ACM*, 26(3), 182-187.
- Pettinger, R. (1998). *Managing the Flexible Workforce*. England, UK: Routledge.
- The Constitution of the People's Republic of Bangladesh. (n.d.). *Laws of Bangladesh*. Retrieved from <http://bdlaws.minlaw.gov.bd/act-367/section-24568.html>

APPENDICES

Appendix A | How Monitax Works

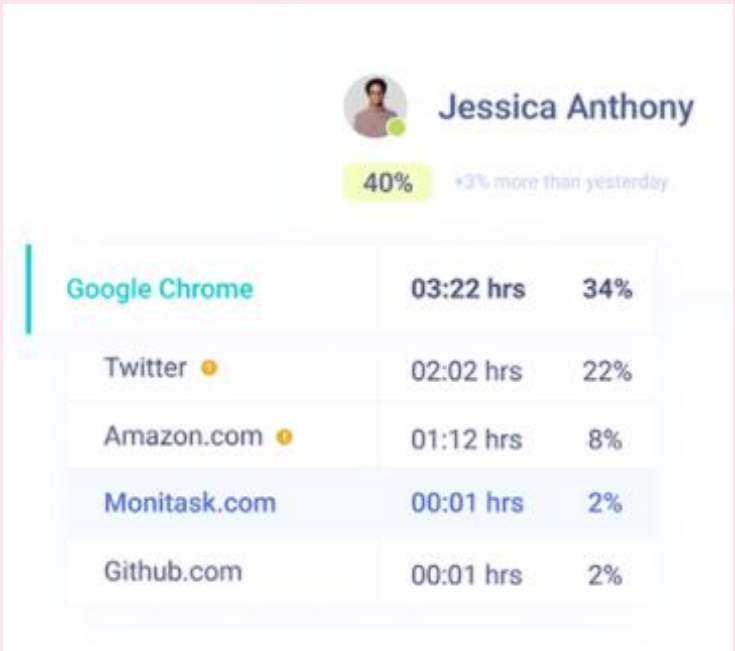


Figure A1. Monitask Views Apps Used by the Teams

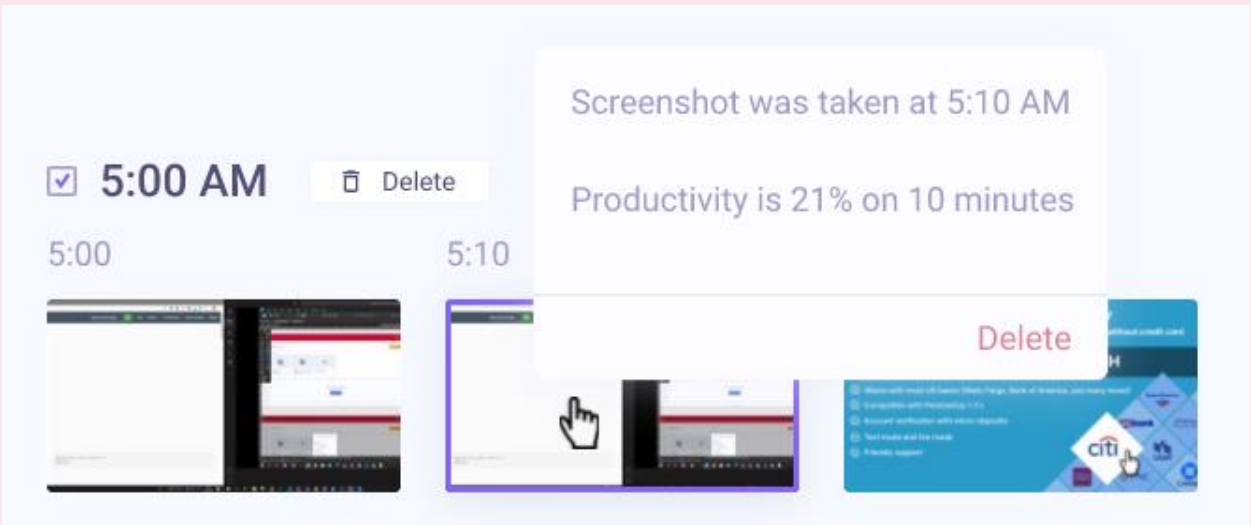


Figure A2. Monitask Observes the Working Process Remotely

Members

▼

Budget

▼

Created at

▼

Selected 2 out of 433

✓ Done

📁

Archive

🗑

Delete

<input type="checkbox"/>	Project Name <div>↑↓</div>	Members <div>↑↓</div>	Total Time <div>↑↓</div>	Last Worked on <div>↑↓</div>
<input checked="" type="checkbox"/>	<div><div></div>E-Commerce SEO</div>	4 <div><div>+</div></div>	54:22 hrs	06/12/20 10:11 AM
<input type="checkbox"/>	<div><div></div>Design main page</div>	23 <div><div>+</div></div>	00:00 hrs	—
<input checked="" type="checkbox"/>	<div><div></div>Blog Copywriting</div>	12 <div><div>+</div></div>	00:22 hrs	11/12/20 18:45 AM
<input type="checkbox"/>	<div><div></div>Performance marketing</div>	14 <div><div>+</div></div>	32:18 hrs	10/12/20 12:51 AM

Figure A3. Monitask Creates Projects for the Teams











Projects 21 Total 143:25 hrs Billable 85:11 hrs — 1,423 USD					
Project ↑↓	Total Activity ↑↓	Last Worked on ↑↓	Budget ↑↓	Billing ↑↓	⌵
 SEO	21:38 hrs	06/12/20 12:33 AM	\$1,200 00 / \$ 2,322 00 	12,342 USD (34:00 hrs)	⌵
 John Lock	20:12 hrs	06/12/20 11:10 AM		1,102 USD (20:12 hrs)	
 Julie Kramer	01:26 hrs	06/12/20 12:33 AM		246 USD (1:12 hrs)	
 Marketing	02:53 hrs	05/12/20 16:15 AM	\$1,101 00 / \$ 8,000 00 	300 USD (21:20 hrs)	⌵
 Developing	05:41 hrs	06/12/20 14:25 AM	\$5,851 00 / \$ 15,500 00 	452 USD (15:35 hrs)	⌵
 Support and other	67:22 hrs		\$1,200 00 / \$ 5,000 00 	812 USD (12:05 hrs)	⌵

Figure A4. Monitask Views Statistics and Generates Reports