

Department of Commerce (CA)

CLASS : II B.com. (CA)

Semester : 4

Human Resource Management (18BCA45A)

UNIT 3

Remuneration - Components of remuneration.

Incentives - Benefits - motivation - welfare

social and security measures

Reference Book

Human Resource Management

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UNIT 3

REMUNERATION

Meaning

It is a payment or compensation received for services or employment. It includes base salary and any bonuses or other economic benefits that an employee receives during employment.

Objectives of wage and salary administration:

- ① Balanced and rational structure
- ② Based on relative worth of job
- ③ Retention of talent
- ④ Attraction of talent
- ⑤ Improve morale and motivation
- ⑥ Better relation with union
- ⑦ Based on capacity to pay
- ⑧ In accordance with legal provisions
- ⑨ To build image and reputation

Essentials of effective remuneration.

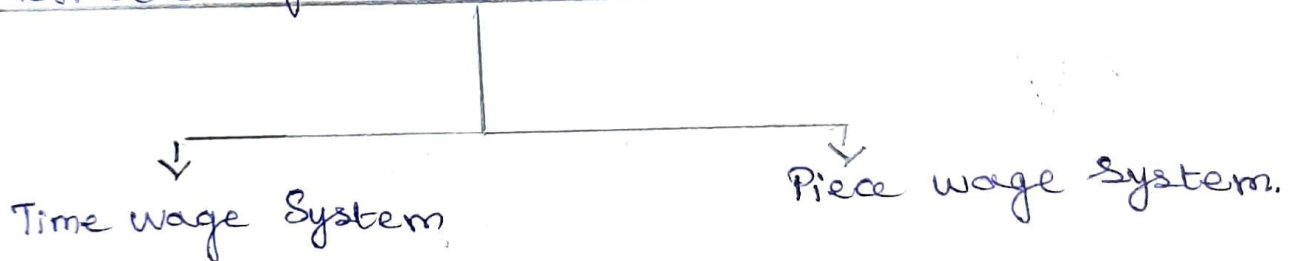
- ① Remuneration policies should be based on the organisation's policies
- ② It should be flexible
- ③ It should be simple
- ④ It should be responsive to changing conditions

- ⑤ It should be according to the worth of job
- ⑥ Payments should be made promptly.
- ⑦ It should reinforce positive behaviour
- ⑧ It should consider the employer & employees interest

Components of remuneration mail term

- ① Wages and salary
- ② Incentives
- ③ Fringe benefits
- ④ Perquisites
- ⑤ Incentives

Methods of remuneration



Time wage System

This is the oldest method of wage payment. The employee is paid on the basis of time spent on the job. The output of the worker will not be considered. The wage calculation may be on a hourly, daily, weekly or monthly basis

Piece Wage System

Workers are paid on the basis of number of units produced. Labour rate is fixed per piece of work and he is paid according to his output

Time Wage Vs Piece Wage System

Time Wage	Piece Wage
1. Workers are paid on the basis of time spent on job	Workers are paid on the basis of units produced
2. The number of units produced are not considered	Time spent on job is not considered
3. Workers generally receive the same pay	The pay of workers differ according to output
4. Stable income to workers	No stable income
5. Suitable for non-standard jobs	Suitable for standard jobs.
6. Applicable for jobs which are intermittent in nature	Applicable for jobs which are repetitive
7. Requires close supervision	Does not require close supervision
8. Quality of work is important	Quantity of work is important
9. Easy to understand and operate	Complex to understand and operate
10. Lesser damages to machinery	More damages to machinery

Factors influencing wage or Salary Plans

1. Firm's ability to pay
2. Nature of Job
3. Qualification required
4. Pay scale in other companies in the same industry
5. Pay scale in other comparable industries
6. Cost of living
7. Trade Union demands
8. Government regulations
9. Demand and supply of labour.
10. Economic conditions of the country

INCENTIVES

Meaning

It is an extra compensation that is given to an employee for his good performance

Features

1. Guaranteed minimum wage to all workers
2. Reward for superior performance
3. Offered for saving in time, cost & good quality
4. It should be a motivational tool.

Essentials of a good incentive plan

1. Simplicity
2. Guaranteed minimum wage
3. Economy
4. Motivating
5. Fair
6. Flexible
7. Mutual understanding
8. Prompt
9. Individual differences

Benefits of Incentive plans

1. Mutual benefits
2. Better performance
3. Higher job satisfaction
4. Better labour management relations
5. Low labour turnover
6. Reduced absenteeism
7. Reduced supervision
8. Better utilisation of equipment
9. Improved morale
10. Organisational growth

Demerits of incentive plans

1. Poor quality
2. Accidents
3. Wastages of resource
4. Conflicts
5. Difficulty in setting standards
6. Reward performance linkage

MOTIVATION

Meaning

It is the desire within an individual that stimulates him or her to action

Characteristics

1. Internal feeling

2. Continuous process

3. Goal oriented

4. Complex process

5. Motives change

6. Financial or nonfinancial

7. Differs from satisfaction

Types of motivation

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- | | |
|---------------------------|------------------------|
| 1. Achievement motivation | 8. Positive motivation |
| 2. Affiliation " | 9. negative " |
| 3. Competence " | 10. Intrinsic " |
| 4. Power " | 11. Extrinsic " |
| 5. Attitude " | |
| 6. Incentive " | |
| 7. Fear " | |

Benefits of motivation

1. Utilisation of employee potential
2. Improved efficiency
3. Optimum usage of resources
4. Reduced labour turnover
5. Reduced absenteeism
6. Better industrial relation
7. Retention of talent
8. Better image of Company
9. Reduced complaints
10. Avoidance of strikes and lockouts

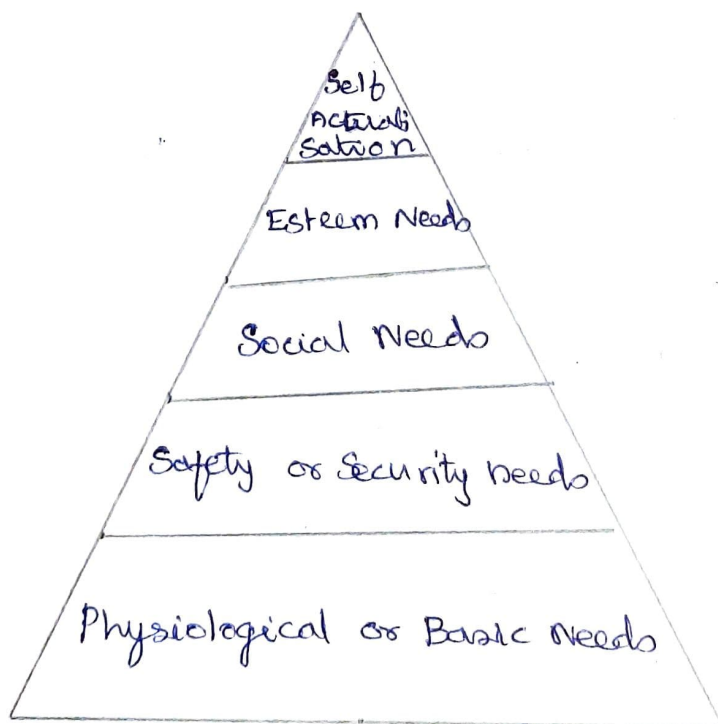
THEORIES OF MOTIVATION

Abraham Maslow's Need Hierarchy theory

In 1943 he suggested his theory. In this he identified five sets of human needs arranged in a hierarchy of their importance and priority.

The following is the order of needs.

1. Physiological needs or Basic needs
2. Safety needs
3. Social needs
4. Esteem needs
5. Self actualisation needs



Features:

1. Human needs are infinite and never ending
2. Psychological, social and security are lower level
Self esteem and actualisation are higher level needs
3. Human needs have a hierarchy
4. Satisfied needs are not motivators

Merits

1. It provides a framework to understand human needs
2. It is suggested that managers should identify the need level of employees before deciding upon motivation factors

Demerits

1. It is too simplistic
2. May not be applicable to all cultures
3. It lacks research evidence
4. Difficult to measure
5. Man has multiple needs difficult to specify and measure its extent
6. Needs cannot be satisfied by step by step.

DOUGLAS Mc GREGOR'S X and Y Theory

He has different views on human behaviour

Theory X - It assumes employees dislike work

1. Most people are lazy and dislike work
2. People try to avoid responsibility
3. Most people lack ambition
4. They have no self-direction
5. They are self-centered
6. They lack creativity
7. They are not bright.

Theory Y - Work is natural to human beings like playing

1. Employees do not dislike work
2. They have responsibility
3. They are ambitious
4. They have creativity
5. They need not be supervised
6. People are self motivated
7. Potentials of employees are only partly utilise

WILLIARD MOUCHI'S Theory Z

He developed his theory after studying American and Japanese management practices.

Features

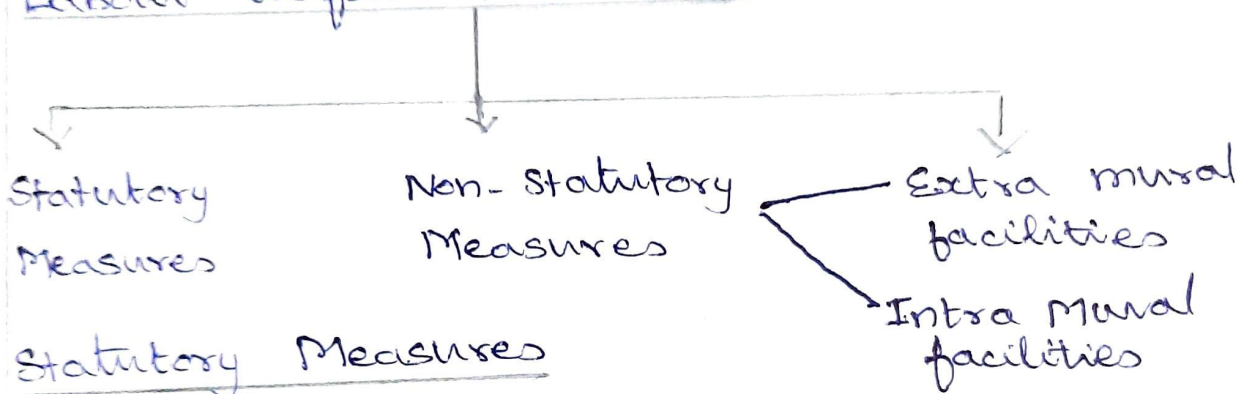
1. Strong company philosophy and culture
2. Life time employment
3. Strong bond between organisation and employees
4. Horizontal mobility
5. Employee participation
6. Job rotation
7. Cooperation
8. Informal control

This theory was combined by the philosophies of American and Japanese management practices

WELFARE MEASURES

Employee labour welfare means anything done for the comfort and improvement of the employees over and above the wages paid which is not the necessity of the industry

Labour Welfare measures Pg 211, 2



Statutory Measures

1. washing facilities
2. Facilities for storing and drying clothes
3. Sitting facilities
4. First aid facilities
5. Canteen
6. Shelters, rest rooms and lunch rooms
7. Creches
8. Welfare officers

Non Statutory Pleasures

1. Transport
2. Educational facility for children
3. Recreation
4. Reading facility
5. Sports facility
6. Flexible timing
7. Housing
8. Club membership
9. Medical facilities
10. Insurance

Extra Mural Facilities - provided outside factory

1. Housing
2. Education
3. Recreation
4. Transport
5. Leave travel concession
6. Sports
7. Insurance
8. Club membership
9. Medical reimbursement
9. Scholarship for employee's children

Intra Mural facility - provided within the factory

1. Canteen
2. Creches
3. Shelters & rest room
4. Sitting facilities
5. First aid facilities
6. Drinking water facilities
7. Toilets
8. Washing facilities
9. Facilities for drying & storing clothes
10. Flexible timings

Social Security Measures

It refers to measures taken to provide economic security and improve the welfare of workers and their family

Components of Social Security

1. Medical care
2. Sickness benefit
3. Unemployment benefit
4. Old age benefit
5. Employment injury benefit
6. Family benefit
7. Maternity benefit
8. Invalidation benefit
9. Survivor's benefit
10. Funeral benefit

Objectives of Social Security

- ① To increase production of workers
- ② To prevent sickness
- ③ To prevent occupational disease
- ④ To prevent industrial accidents
- ⑤ To provide income security to the workers during their old age
- ⑥ To ensure that suitable labour legislation is enacted and implemented