

HOLY CROSS HOME SCIENCE COLLEGE THOOTHUKUDI

HUMAN RESOURCE MANAGEMENT

UNIT-IV : JOB EVALUATION

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One Word

1. _ is the wage which is below the fair wage and above the living wage.

- (a) Money wage (b) Real wage
- (c) **Minimum wage** (d) Take home pay

2. Which one of the following is not a medical benefit?

- (a) **Maternity benefit**
- (b) Sick benefit
- (c) Disablement benefit
- (d) Gratuity

2. (a) Write notes on minimum wages.

The Minimum wages.

The minimum wages Act 1948, was to secure the welfare of unorganized workers in certain industries by fixing the minimum rates of wages. The Act contemplates that minimum wages rates must ensure for him not only his subsistence and that of his family but also preserve his efficiency as a workman.

The Act empowers the appropriate Government for fixation of minimum wages in employments enumerated in the schedule to the Act. The fixation of minimum wages relates to the industries where sweated labour is most prevalent or where there is inevitable chance of exploitation. In prescribing the minimum wages rates, the

capacity of the employers need to be considered as the State assumes that every employer must pay the minimum wages if he employs labour.

Objectives of the act.

- To provide minimum wages to the workers working in organized sector.
- To stop exploitation of the workers.
- To empower the government to take steps for fixing minimum wages and to revising it in a timely manner.
- To apply this law on most of the sections in organized sector.

Short title and extent (sec. 1)

- This Act, the Minimum Wages Act, 1948 extends to the whole of India.
- This Act may be called the Minimum Wages Act, 1948.

Interpretation/Definition (sec.2)

(a) 'Adult, 'Adolescent' and 'Child'

- Adult- is who has completed his eighteen years of age.
- Adolescent- completed his fifteen years but not eighteen years of age.
- Child-who has not completed his fifteen years of age

(b) Appropriate government India has federal form of Government at the Centre and state level. The minimum wages act provide separate areas of jurisdiction for both Centre and state government.

(c) Employer means any person who employs one or more employees in any schedule of employment.

(d) Wages means all remuneration capable of being expressed in terms of money.

(e) Employee means any person employed for hire or reward and includes an out - worker.

fixing of minimum rates of wages (sec.3)

- The minimum rates of wages will be reviewed/ revised, for every five years, by the appropriate govt.
- Appropriate govt .can add any employment, to the schedule(part-I or part- II), wherein one thousand or more employees are found working
- Different minimum rates of wages may be fixed for different scheduled employments/ different classes of work /different localities

Minimum rates of wages (sec.4)

1. Basic + Special Allowance (Which varies with the cost of living index).
2. Basic + Cash value of concessional supply of materials like food, clothes, etc.
3. An all inclusive rate which includes Basic + Cost of living Allowance + Cash value of concessional supply of materials.

Procedure for fixation and revision of minimum rates of wages (sec.5)

- Publish its proposals in the official gazette asking comments from the affected parties. Constitute committees/sub committees for the purpose.
- The committees/sub-committees and advisory boards constituted by the Government consist of equal number of members of :
 - Employers
 - Employees, and
 - Independent persons

Advisory board (sec.7)

- Appointed by appropriate government.

- To co-ordinate the work of committees and sub committees appointed under Section 5.

Central advisory board (sec.8) .

- To advise the Central and State Governments in fixation and revision of minimum rates of wages.
- To co-ordinate the work of the Advisory Boards.

Composition of Committees, etc. (Sec. 9)

a. Each of the committee, sub-committee and the Advisory Board shall consist of: a. persons to be nominated by the appropriate Government.

b. representing the employers and employees in the scheduled employments who shall be equal in number and

c. independent persons not exceeding one-third of its total number of members: one of such independent persons shall be appointed the Chairman by the appropriate Government.

(b) Briefly explain the different types of incentive

Schemes

Kinds of Incentives

Incentives can be classified under the following categories:

1. Individual and Organizational Incentives
2. Financial and Non-Financial Incentives
3. Positive and Negative Incentives

1) Individual and Organizational Incentives- According .G. Maggi son, —Individual incentives are the extra compensation paid to an individual for all production over a specified magnitude which stems from his exercise of more than normal skill, effort or concentration when accomplished in a predetermined way involving standard tools, facilities and materials. Individual performance is measured to calculate incentive where as organizational or group incentive involve cooperation among employees, management and union and purport to accomplish broader objectives such as an organization-wide reduction in labour, material and supply costs, strengthening of employee loyalty to company, harmonious management and decreased turnover and absenteeism

I) Individual Incentive System is of two types:

- a) Time based System- It includes Halsey Plan, Rowan Plan, Emerson Plan and Bedeaux Plan
- b) Production based System- it includes Taylor's Differential Piece Rate System, Gantt's Task and Bonus Plan

II) Group Incentive System is of following types

- a) Scalon Plan
- b) Priest man's Plan
- c) Co-Partnership Plan
- d) Profit Sharing

Some important these plans of incentive wage payments are as follows:

Halsey Plan- Under this plan a standard time is fixed in advance for completing a work. Bonus is rewarded to the worker who perform his work in less than the standard time and paid wages according to the time wage system for the saved time.

The total earnings of the worker = wages for the actual time + bonus

Bonus = 33.5% of the time saved (standard time set on past experience)

Or

Example: 50% of the time saved (standard are scientifically set)

Time required to complete job (S) = 20 hours

Actual Time taken (T) = 15 hours

Hourly Rate of Pay (R) = Rs 1.5

Calculate the wage of the worker.

$$\text{Solution: } T \times R + \frac{(S-T) \times R}{2}$$

$$15 \times 1.5 + \frac{(20-15) \times 1.5}{2} = 22.5 + 3.75 = 26.25 \text{ R}$$

In this equation 3.75Rs are the incentives for saving 5 hours.

Rowan Plan – Under this method minimum wages are guaranteed given to worker at the ordinary rate for the time taken to complete the work. Bonus is that proportion of the wages of the time taken which the time saved bears to the standard time allowed.

Incentive = Wages for actual time for completing the work + Bonus where,

$$\text{Bonus} = \frac{S-T}{S} \times T \times R$$

S

Emerson Plan – Under this system, wages on the time basis are guaranteed even to those workers whose output is below the standard. The workers who prove efficient are paid a bonus. For the purpose of determining efficiency, either the standard output per unit of time is fixed, or the standard time for a job is determined, and efficiency is determined on the basis of a comparison of actual performance against the standard.

Bedeaux Plan – It provides comparable standards for all workers. The value of time saved is divided both to the worker and his supervisor in the ratio of $\frac{3}{4}$ and $\frac{1}{4}$ respectively. A supervisor also helps a worker in saving his time so he is also given some benefit in this method. The standard time for each job is determined in terms of minutes which are called Bedeaux points or B's. Each B represents one minute through time and motion study. A worker is paid time wages up to standard B's or 100% performance. Bonus is paid when actual performance exceeds standard performance in terms of B's.

Taylor's Differential Piece Rate System – F.W. Taylor, founder of the scientific management, evolved this system of wage payment. Under this system, there is no guarantee of minimum wages. Standard time and standard work is determined on the basis of time study. The main characteristics of this system is that two rates of wage, one lower and one higher, are fixed. Those who fail in attaining the standard, are paid at a lower rate and those exceeding the standard or just attaining the standard get higher rate. Under this system, a severe penalty is imposed on the inefficient workers because they get the wages at lower rates. The basic idea underlying in this scheme is to induce the worker at least to attain the standard but at the same time if a worker

is relatively less Efficient, he will lose much. For example, the standard is fixed at 40 units per day and the piece Rate are 40 P. and 50 P. per unit. If a worker produces 40 units or more in a day, he will get the Wages at the rate of 50 P per unit and if he produces 39 units will get the wages at 40 paise per Unit for the total output.

Gantt's Task and Bonus Plan - In this, a minimum wage is guaranteed. Minimum wage is given to anybody, who completes the job in standard time. If the job is completed in less time, then there is a hike in wage-rate. This hike varies between 25% to 50% of the standard rate. **Profit Sharing** – It is a method of remuneration under which an employer pay his employees a share in form of percentage from the net profits of an enterprise, in addition to regular wages at fixed intervals of time.

2) Financial and Non-financial Incentives- Individual or group performance can be measured in financial terms. It means that their performance is rewarded in money or cash as it has a great impact on 2) Financial and Non-financial Incentives- Individual or group performance can be measured in financial terms. It means that their performance is rewarded in money or cash as it has a great impact on motivation as a symbol of accomplishment. These incentives form visible and tangible rewards provided in recognition of accomplishment. Financial incentives include salary, premium, reward, dividend, income on investment etc. On the other hand, non-financial incentives are that social and psychological attraction which encourages people to do the work efficiently and effectively. Non-financial incentive can be delegation of responsibility, lack of fear, worker's participation, title or promotion, constructive attitude, security of service, good leadership etc. Motivation as a symbol of accomplishment. These incentives form visible and tangible rewards provided in recognition of accomplishment. Financial incentives include salary, premium, reward, dividend, income on investment etc. On the other hand, non-financial incentives are that social and psychological attraction which encourages people to do

the work efficiently and effectively. Non-financial incentive can be delegation of responsibility, lack of fear, worker's participation, title or promotion, constructive attitude, security of service, good leadership etc..

3) Positive and Negative Incentives- Positive incentives are those agreeable factors related to work situation which prompt an individual to attain or excel the standards or objectives set for him, where as negative incentives are those disagreeable factors in a work situation which an individual wants to avoid and strives to accomplish the standards required on his or her part. Positive incentive may include expected promotion, worker's preference, competition with fellow workers and owns record etc. Negative incentives include fear of lay off, discharge, reduction of salary, disapproval by employer etc.

3. (a) Explain the different types of fringe benefits.

Fringe Benefits

Employees are paid several benefits in addition to wages, salary, allowances and bonus. These benefits and services are called fringe benefits' because these are offered by the employer as a fringe. Employees of the organization are provided several benefits and services by the employer to maintain and promote employee's favorable attitude towards the work and work environment. It not only increases their morale but also motivate them. These provided benefits and services forms the part of salary and are generally refereed as fringe benefits.

According to D. Belcher, — Fringe benefits are any wage cost not directly connected with the employees productive effort, performance, service or sacrifice. According to Werther and Davis, Fringe embrace abroad range of benefits and services that employees receive as part of their total compensation, package pay or direct compensation and is based on critical job factors and performance.

According to Cockman, — Employee benefits are those benefits which are supplied by an employer to or for the benefits of an employee and which are not in the form of wages, salaries and time rated payments. These are indirect compensation as they are extended condition of employment and are not related to performance directly.

Kinds of Fringe Benefits

The various organizations in India offers fringe benefits that may be categorized as follows:

1) Old Age and Retirement Benefits - these include provident fund schemes, pension schemes, gratuity and medical benefits which are provided to employee after their retirement and during old age as a sense of security about their old age.

2) Workman's Compensation - these benefits are provided to employee if they are got ignored or die under the working conditions and the sole responsibility is of the employer.

3) Employee Security- Regular wage and salary is given to employee that gives a feeling of security. Other than this compensation is also given if there is lay-off or retrenchment in an organization.

4) Payment for Time Not Worked – Under this category of benefits, a worker is provided payment for the work that has been performed by him during holidays and also for the work done during odd shifts. Compensatory holidays for the same number in the same month are given if the worker has not availed weekly holidays.

5) Safety and Health – Under this benefit workers are provided conditions and requirements regarding working condition with a view to provide safe working environment. Safety and Health measures are also taken care of in order to protect the employees against unhealthy working conditions and accidents.

6) Health Benefits – Employees are also provided medical services like hospital facility, clinical Facility by the organization.

(b) What is compensation? What are the important components of compensation?

Elucidate the importance of an ideal remuneration system

Meaning and Definition of Compensation

In layman's language the word compensation means something, such as money, given or received as payment for service. The word compensation may be defined as money received in the performance of work, plus the many kinds of benefits and services that organization provides their employee. It refers to wide range of financial and non-financial rewards to employee for their service rendered to the organization. It is paid in the form of wages, salaries, special allowance and employee benefits such as paid vacation, insurance, maternity leaves, free travel facility, retirement benefits etc.

According to Wendell French, "Compensation is a comprehensive term which includes wages, salaries and all other allowance and benefits."

Important components of employee compensation

Salary and wages

In a compensation package, these typically make up the single largest component. This comes as no surprise since they are what potential and current employees use as a common point of comparison. The person's experience and skills should determine the salary, with subsequent increases in the future depending on the employee's value, performance level and contribution to the company.

Bonuses

Employee bonuses are one common way employers provide performance incentives and are usually paid out annually, often at the end of the year, in a single lump sum. A formal way of doing this is through profit-sharing plans. However, these are often tied to the company's success versus for rewarding and compensating employees for their individual performances and meeting goals.

Federal/state pay requirements

State and federal laws are in place for protecting employees from bad employment practices that could negatively affect the employee's paycheck. There are minimum standards set via federal labor laws that employers are required to follow; state laws expand this protection in some cases. Employers are required by many states to pay the state minimum wage, which when compared to the federal wage, is a little more per hour.

The Fair Labor Standards Act (FLSA) requires employers to pay overtime (one-and-one-half times the hourly rate) to certain employees. Overtime is often due to employees who work over 40 hours in a week since it is measured not by the day, but rather by the week.

Providing a competitive package

Many employers offer a competitive package of employee benefits to attract and retain employees. Along with a competitive wage or salary, additional benefits are usually provided. Smaller companies might offer fewer components in the package; however, the majority of larger corporations, as well as most all public sector

government employers, offer a competitive and extensive employee benefits package.

Long-term incentives

Part of a competitive package could include stock grants or stock options to serve as a long-term incentive.

Health insurance

Health insurance is fairly standard with medium to large-size companies and some small businesses. Health insurance offers great value to the employees and saves them money since it is employer-sponsored. This provides employees with peace of mind since they know they have coverage; even with existing health issues.

important components of compensation

Compensation is the combination of salaries, wages and benefits that employees receive in exchange for them doing a particular job. It can include an annual salary or hourly wages combined with bonus payments, benefits, and incentives. These could include group health care coverage, retirement contributions, and short-term disability insurance. A total compensation package usually includes several of these components.

Assembling a comprehensive compensation and benefits package can be daunting. Not only do you have to comply with legally regulated employee benefits, but you also have to ensure that you are offering a competitive package that attracts and retains talented employees that can help your business thrive.

Components of employee compensation

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Life and/or disability insurance

This type of insurance will usually cost the employee less if purchased through the employer and is an option.

Retirement plan

A common practice for employers is to offer a 401(k) plan since it is less expensive than regular pension plans and fairly easy to administer. Employees have more control over how much they contribute and invest, which is why they like these plans. Many employers match the amount invested or at least contribute in some way. Smaller companies often try to have a plan in place for their employees but might not contribute any money to them.

Time off

Time off includes vacations, holidays, personal days, bereavement and sick days. For employers who are unable to offer competitive wages and salaries, they usually seal the deal by offering more time off. Some employers might not make any distinction between vacation, personal or sick days which allows the employee to schedule time off when needed throughout the year at their discretion.

Miscellaneous compensation

This type of compensation can include things like employee assistance programs that may offer anything from legal assistance to psychological counseling or company cars to company discounts. Some companies are becoming more creative with adding extra perks, such as weekly visits from a masseuse or an onsite barista.

Employee remuneration

Employee Remuneration refers to the reward or compensation given to the employees for their work performances. Remuneration provides basic attraction to an employee to perform job efficiently and effectively.

Remuneration leads to employee motivation. Salaries constitutes an important source of income for employees and determine their standard of living. Salaries effect the employees productivity and work performance. Thus the amount and method of remuneration are very important for both management and employees.

There are mainly two types of Employee Remuneration

- **Time Rate Method**
- **Piece Rate Method**

These methods of employee remuneration are explained below in detail

Methods of Employee Remuneration

- **Time Rate Method:** Under time rate system, remuneration is directly linked with the time spent or devoted by an employee on the job. The employees are paid a fixed pre-decided amount hourly, daily, weekly or monthly irrespective of their output. It is a very simple method of remuneration. It leads to minimum wastage of resources and lesser chances of accidents. Time Rate method leads to quality output and this method is very beneficial to new employees as they can learn their work without any reduction in their salaries. This method encourages employees unity as employees of a particular group/cadre get equal salaries.

There are some drawbacks of Time Rate Method, such as, it leads to tight supervision, indefinite employee cost, lesser efficiency of employees as there is no distinction made between efficient and inefficient employees, and lesser morale of employees.

Time rate system is more suitable where the work is non-repetitive in nature and emphasis is more on quality output rather than quantity output.

- **Piece Rate Method:** It is a method of compensation in which remuneration is paid on the basis of units or pieces produced by an employee. In this system emphasis is more on quantity output rather than quality output. Under this system the determination of employee cost per unit is not difficult because salaries differ with output. There is less supervision required under this method and hence the per unit cost of production is low. This system improves the morale of the employees as the salaries are directly related with their work efforts. There is greater work-efficiency in this method.

There are some drawbacks of this method, such as, it is not easily computable, leads to deterioration in work quality, wastage of resources, lesser unity of employees, higher cost of production and insecurity among the employees.

Piece rate system is more suitable where the nature of work is repetitive and quantity is emphasized more than quality.

One word

1.Improves skill levels of employees to ensure better job performance

(a) **Training**

(b) Recruitment

(c) Selection

(d) None of these

2. Performance based pay is also known as _____

(a) Wages (b) **Incentive**

(c) Basic salary (d) Allowance

FIVE MARKS

1. State the features of incentive plan.

Features of a Good Incentive Plan

Incentive plans are becoming an increasingly popular tool to drive employee performance. A well-designed plan can help to accelerate business growth as well as achieve talent attraction and retention. Today we explore 5 key features of a good incentive plan.

1. Clear and Specific

A good incentive plan should be clear, specific and easy to understand. Employees need to first have an unobstructed view of the plan and its objectives to reinforce behaviours which will lead to desired business outcomes. Such a plan also makes it easy to be administered with minimal errors, and this also helps to develop system credibility.

2. Agile

In today's economic climate where competition is the norm, businesses must continually evolve to stay relevant and innovative. Likewise, a good incentive plan must also be agile enough to adapt quickly to changes while remain effective as a driver of performance.

In Singapore's context, the Smart Nation initiative has huge bearings on how performance should be measured and quantified. The use of technology has allowed for the automation of many functions in the workplace and businesses need to rethink their KPIs. For example, administrative assistants may no longer be required to process and track department claims, and instead be expected to now take on a more analytical role in producing meaningful dashboard reports.

3. Attractive and Attainable

A good incentive plan must be attractive enough to motivate performance but also be attainable with stretched efforts so that employees will not be discouraged. As a rule of thumb, the average achievement level should be set as the target and 20% above that could be a stretch goal with upside earnings. The company can also decide if it wants to take an all-or-nothing approach or consider multiple levels of incentives for various levels of performance.

4. Measurable Results

The key objective of any incentive plan is to drive performance to achieve desired results. For the plan to be successful, results must be measurable with clear indicators and this begins with an effective goal setting framework. SMART goals which are Specific, Measurable, Attainable, Relevant and Time-based are useful in helping businesses set goals and measure results.

5. Consider Non-Monetary Incentives

Incentives do not necessarily have to be monetary. To build a successful incentive plan, businesses must identify the form of compensation that will be the most effective. In the absence of generous budgets, businesses can offer non-monetary incentives such as paid time-off or awards and recognitions as

performance drivers. Incentive plans do not have to be expensive unlike what most people think!

2. What are the methods of motivation?

Improving the quality of life in the workplace, providing incentives and rewards and developing worker skills are techniques a business owner can use to motivate the work force. Determining the success of the techniques requires the business owner to evaluate the motivation and attitude of workers on the job. A motivated work force provides a positive work environment, which can lead to real financial gains for the company and business owner.

Non-Financial Incentives

Apart from the monetary and future security needs, an individual also has psychological, social and emotional needs. Satisfying these needs also plays an important role in their motivation. Non-financial incentives focus mainly on the fulfilment of these needs and thus cannot be measured in terms of money.

However, there are chances that a particular non-financial incentive may also involve the financial incentive as well. For example, when a person is promoted his psychological needs are fulfilled as he gets more authority, his status increases but at the same time, he has benefitted monetarily also as he gets a rise in salary.

Job Security

Job security provides future stability and a sense of security among the employees. The employees are not worried about the future and thus work with more enthusiasm. Owing to the unemployment problem in our country, job

security works as a great incentive for the employees. However, there is also a negative aspect of this incentive that employees tend to take their job for granted and not work efficiently.

Employee Recognition Programmes

Recognition means acknowledgment and appreciation of work done by employees. Recognition in the organization boosts their self-esteem and they feel motivated. For example, declaring the best performer of the week or month, displaying their names on the notice board and giving them rewards, fall under the Employee recognition program.

Employee Participation

Involving the employees in decision making regarding the issues related to them such as canteen committees, work committees, etc. also helps in motivating them and inducing a sense of belongingness in them.

Employee Empowerment

Giving more autonomy and powers to subordinates also make them feel that they are important to the organization and in turn they serve the organization better.

Career Advancement Opportunity

It is very important for an organization to have an appropriate skill development program and a sound promotion policy for its employees which works as a booster for them to perform well and get promoted.

Every employee desires growth in an organization and when he gets promotion as an appreciation of his work he is motivated to work better.

Financial Incentives

In today's socio-economic condition money has become a very important part of our lives. We need money to satisfy almost all our needs as it has purchasing power. Thus, financial incentives refer to those incentives which are in direct monetary form i.e. money or can be measured in monetary terms.

Pay and Allowances

Salary is the basic incentive for every employee to work efficiently for an organization. Salary includes basic pay, dearness allowance, house rent allowance, and similar other allowances. Under the salary system, employees are given increments in basic pay every year and also an increase in their allowances from time-to-time. Sometimes these increments are based on the performance of the employee during the year.

Bonus

It is a sum of money offered to an employee over and above the salary or wages as a reward for his good performance.

Productivity linked Wage Incentives

Many wage incentives are linked with the increase in productivity at individual or group level. For example, a worker is paid 50 rupees per piece if he produces 50 pieces a day but if he produces more than 50 pieces a day, he is paid 5 rupees extra per piece. Thus, on the 51st piece, he will be paid 55 rupees.

Profit-Sharing

Sometimes the employees are given a share in the profits of the organization. This motivates them to perform efficiently and give their best to increase the profits of the organization.

Retirement Benefits

Retirement benefits like gratuity, pension, provident fund, leave encashment, etc. provide financial security to the employees post their retirement. Thus, they work properly when they are in service.

Stock Options or Co-partnership

Under the Employees Stock Option Plan, the employee is offered the ordinary shares of the company at a price lower than its market price for a specified period of time. These are non-standardized offers and shares are issued as a private contract between the employer and employee. These are generally offered to management as a part of their managerial compensation package.

Allotment of shares induces a feeling of ownership in the employees and they give their best to the company. Infosys, GoDaddy and The Cheesecake Factory are some of the companies that have implemented the scheme of the stock option.

Commission

Some organizations offer a commission in addition to the salary to employees for fulfilling the targets extremely well. This incentive encourages the employees to increase the client base of the organization.

Eight Marks

1. What are the steps in the career development?

Career Development Process

Career development is an exciting process. Your career development path is a progression made up of your college experiences, both inside and outside of the classroom, which enable you to decide who you are, who you want to be, and what career of choice best suits your personal needs. Everyone's path is individual and unique. There is no "right or wrong" because career development is a life-long learning process.

Step 1: Self-Assessment

Self-assessment is the first step in the process. This involves identifying your values, interests, skills, and personality.

Step 2: Exploration

Exploration is the second step and involves conducting research, such as using career library resources, to find out about your careers of interest. Informational interviews are a great way to start building your network of people in jobs and industries you desire.

Step 3: Reality Testing

Reality testing is the third step and provides an opportunity for you to job shadow, find an internship, or volunteer position to "test the waters." It is also an opportunity to conduct more informational interviews with professionals at work.

Step 4: Implementation

Implementation is the last step in the process. This can include preparation for a job interview or completing applications to graduate school. This process

involves practicing interviewing, networking, revising resumes, and writing cover letters.

2.Explain objectives of performance appraisal?

Performance appraisal is a systematic evaluation of the individual with respect to his performance on the job and his potential for development. It relates to the assessing the individuals performance and his abilities at work. In fact people differ in their abilities and aptitudes, so there are differences in the quality and quantity of work done by different employees on the same job.

Therefore it is necessary for the management to know these differences so that the employees having better potentials may be rewarded by additional payments. Moreover employees will get an opportunity to improve themselves.

The following are objectives/purposes performance appraisal. Basically the objectives are classified into two categories, that is-

Objective of performance appraisal 1. To Ensure a Right Man is Placed on Right Job:

The data collected through merit rating facilitate that a right man is placed on a right job.

2. To Make an Employee Permanent on the Job: After the selection and placement of the employee on a job and after completion of the probation period, merit rating facilitates to judge the ability and competence of the employee on the job, so the management may be in position to take the decision of confirmation of the employee on the job.

3. To Give Promotion to the Employees: A well developed and administered performance appraisal system consists in determining whether individuals should be considered for promotions, where they can most effectively utilize their abilities and can judge his potentialities for higher jobs.

4. To Inform the Employee about his Capabilities:

Merit rating technique gives the full information to the employee about his abilities, capabilities on the present job and as well as for the higher level jobs. It is necessary to inform the employee about his performance on the present job and the deficiencies and lapses on his part, if any, while performing on the job so that he may improve himself in that direction.

5. To Weeds out Training Needs: Due to implementation of merit rating technique it is possible to measure. The employees performance on the job. The employees whose performance is very poor or not satisfactory will indicate that such employees should be trained. It means merit rating technique assists in finding out which employees require the training for their performance improvement on the present jobs.

6. To Ensure Maximum Utilization Human Resources: Merit rating technique aims at improving the abilities, capabilities, competence of the employees and overcoming their deficiencies, lapses, weaknesses therefore management may be in position to organize human resource development programme and thereby able to utilize their human resources at the optimum level.

7. To Assist in Supervision: The employees performance is good, requires less amount of supervision but the employees whose performance is not

satisfactory will require more close supervision and supervisor can concentrate on such employees, this can be done only through the merit rating technique.

8. To Determine Wage and Salary of the Employee: On the basis of the information provided by merit rating the management will be in position to determine the wage or salary to be given to their employees based on their performance on the job.

9. To Establish Good Industrial Relations: On the basis of information revealed by the merit rating helps in knowing the problems of employees and employer and efforts can be initiated by the management to improve the industrial relations. It ensures cordial healthy relations between the employer and employees. Moreover industrial peace and stability, work culture, environment, can be achieved.

10. To Assist in Personnel Research: Performance appraisal helps in the research specially in the field of human resource management and human relations. The research activities in the human resource area helps in resolving personnel problems, issues such as recruitment, selection, promotion, demotion, transfer, training and development, safety measures, employee grievances, absenteeism, layoff, labour turnover, wage and salary administration so on. Moreover to improve the productivity and efficiency of the employees the existing systems, procedures and practices should be amended and redesigned.

11. To Facilitate Performance Record of the Employees: The merit rating technique aims at maintaining the update records of performance of the

employees. The service books of the employees are kept updated. These records assist in determining the promotion, rewards, discipline, performance, behaviour, attitude, honesty loyalty of the employees towards their job and the organization as a whole.

12. To Assist in Correcting the Employees: The data revealed from merit rating technique helps in guiding and correcting employees whose performance is not to the satisfaction of the management. This technique will stimulate the employees for their better performance.

3. Explain the modern techniques of job evaluation.

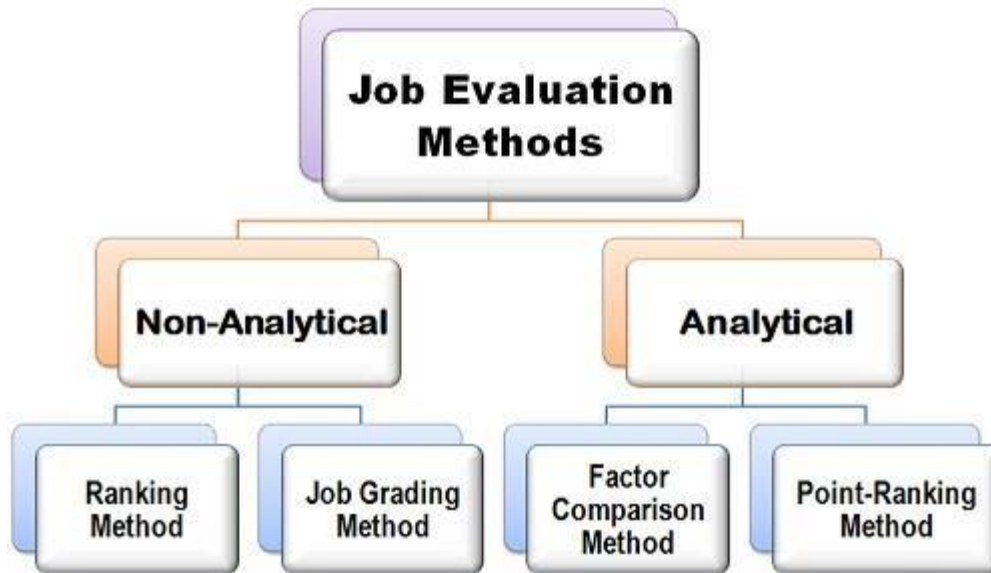
Job Evaluation Methods

Definition: The **Job Evaluation** is the process of assessing the relative worth of the jobs in an organization. The jobs are evaluated on the basis of its content and the complexity involved in its operations and thus, positioned according to its importance.

The purpose of the job evaluation is to have a satisfactory wage differential.

Job Evaluation Methods

There are non-analytical and analytical job evaluation methods that are employed by the organizations to realize the worth of a set of jobs.



Non-analytical Job Evaluation Methods

1. **Ranking Method:** This is the simplest and an inexpensive job evaluation method, wherein the jobs are ranked from the highest to the lowest on the basis of their importance in the organization. In this method, the overall job is compared with the other set of jobs and then is given a rank on the basis of its content and complexity in performing it.

Here the job is not broken into the factors, an overall analysis of the job is done. The main advantage of the ranking method is, it is very easy to understand and is least expensive. But however it is not free from the limitations, it is subjective in nature due to which employees may feel offended, and also, it may not be fruitful in the case of big organizations.

Merits:

Ranking method has the following merits:

1. It is the simplest method.
2. It is quite economical to put it into effect.
3. It is less time consuming and involves little paper work.

Demerits:

The method suffers from the following demerits:

1. The main demerit of the ranking method is that there are no definite standards of judgment and also there is no way of measuring the differences between jobs.
2. It suffers from its sheer unmanageability when there are a large number of jobs.

2. Job Grading Method: Also known as **Job-Classification Method**. Under this method the job grades or classes are predetermined and then each job is assigned to these and is evaluated accordingly.

For Example Class, I, comprise of the managerial level people under which subclassification is done on the basis of the job roles such as office manager, department managers, departmental supervisor, etc.

The advantage of this method is that it is less subjective as compared to the ranking method and is acceptable to the employees. And also, the entire job is compared against the other jobs and is not broken into factors. The major limitation of this method is that the jobs may differ with respect to their content

and the complexity and by placing all under one category the results may be overestimated or underestimated.

Merits:

The main merits of grading method of job evaluation are:

1. This method is easy to understand and simple to operate.
2. It is economical and, therefore, suitable for small organisations.
3. The grouping of jobs into classifications makes pay determination problems easy to administer.
4. This method is useful for Government jobs.

Demerits:

The demerits of this method include:

1. The method suffers from personal bias of the committee members.
2. It cannot deal with complex jobs which will not fit neatly into one grade.
3. This method is rarely used in an industry.

Analytical Job Evaluation Methods

1. **Factor-Comparison Method:** Under this method, the job is evaluated, and the ranks are given on the basis of a series of factors Viz. Mental effort, physical effort, skills required supervisory responsibilities, working conditions, and other relevant factors. These factors are assumed to be constant

for each set of jobs. Thus, each job is compared against each other on this basis and is ranked accordingly. The advantage of this method is that it is consistent and less subjective, thus appreciable by all. But however it is the most complex and an expensive method.

Merits:

This method enjoys the following merits:

1. It is more objective method of job evaluation.
2. The method is flexible as there is no upper limit on the rating of a factor.
3. It is fairly easy method to explain to employees.
4. The use of limited number of factors (usually five) ensures less chances of overlapping and over-weighting of factors.
5. It facilitates determining the relative worth of different jobs.

Demerits:

The method, however, suffers from the following drawbacks:

1. It is expensive and time-consuming method.
2. Using the same five factors for evaluating jobs may not always be appropriate because jobs differ across and within organisations.
3. It is difficult to understand and operate.

2. **Point-Ranking Method:** Under this method, each job's key factor is identified and then the sub factors are determined. These sub-factors are then assigned the points by its importance.

For example, the key factor to perform a job is skills, and then it can be further classified into sub-factors such as training required, communication skills, social skills, persuasion skills, etc.

The point ranking method is less subjective and is an error free as the rater sees the job from all the perspectives. But however it is a complex method and is time-consuming since the points and wage scale has to be decided for each factor and the sub factors.

Merits:

The method has the following merits:

1. It is the most comprehensive and accurate method of job evaluation.
2. Prejudice and human judgment are minimised, i.e. the system cannot be easily manipulated.
3. Being the systematic method, workers of the organisation favour this method.
4. The scales developed in this method can be used for long time.
5. Jobs can be easily placed in distinct categories.

Demerits:

The drawbacks of the method are:

1. It is both time-consuming and expensive method.
2. It is difficult to understand for an average worker.
3. A lot of clerical work is involved in recording rating scales.
4. It is not suitable for managerial jobs wherein the work content is not measurable in quantitative terms.

4.What are the objectives of wage and salary?

Objectives and Principles of Wage and Salary Administration

The main objective of wage and salary administration is to establish and maintain an equitable wage and salary system. This is so because only a properly developed compensation system enables an employer to attract, obtain, retain and motivate people of required calibre and qualification in his/her organisation. These objectives can be seen in more orderly manner from the point of view of the organisation, its individual employees and collectively. There are outlined and discussed subsequently:

Organisational Objectives:

The compensation system should be duly aligned with the organisational need and should also be flexible enough to modification in response to change.

Accordingly, the objectives of system should be to:

1. Enable an organisation to have the quantity and quality of staff it requires.
2. Retain the employees in the organisation.
3. Motivate employees for good performance for further improvement in performance.
4. Maintain equity and fairness in compensation for similar jobs.
5. Achieve flexibility in the system to accommodate organisational changes as and when these take place.
6. Make the system cost-effective.

Individual Objectives:

From individual employee's point of view, the compensation system should have the following objectives:

1. Ensures a fair compensation.
2. Provides compensation according to employee's worth.
3. Avoids the chances of favouritism from creeping in when wage rates are assigned.
4. Enhances employee morale and motivation.

Collective Objectives:

These objectives include:

1. Compensation in ahead of inflation.
2. Matching with market rates.
3. Increase in compensation reflecting increase in the prosperity of the company.
4. Compensation system free from management discretion.

Beach has listed the five objectives of wage and salary administration:

1. To recruit persons for a firm
2. To control pay-rolls
3. To satisfy people, reduce the incidence of turnover, grievances, and frictions.
4. To motivate people to perform better
5. To maintain a good public image.

Principles of wage and salary administration:

The main principles that govern wage and salary fixation are three:

1. External Equity
2. Internal Equity

3. Individual Worth.

1. External Equity:

This principle acknowledges that factors/variables external to organisation influence levels of compensation in an organisation. These variables are such as demand and supply of labour, the market rate, etc. If these variables are not kept into consideration while fixing wage and salary levels, these may be insufficient to attract and retain employees in the organisation. The principles of external equity ensure that jobs are fairly compensated in comparison to similar jobs in the labour market.

2. Internal Equity:

Organisations have various jobs which are relative in value term. In other words, the values of various jobs in an organisation are comparative. Within your own Department, pay levels of the teachers (Professor, Reader, and Lecturer) are different as per the perceived or real differences between the values of jobs they perform.

This relative worth of jobs is ascertained by job evaluation. Thus, an ideal compensation system should establish and maintain appropriate differentials based on relative values of jobs. In other words, the compensation system should ensure that more difficult jobs should be paid more.

3. Individual Worth:

According to this principle, an individual should be paid as per his/her performance. Thus, the compensation system, as far as possible, enables the individual to be rewarded according to his contribution to organisation.

One word

1. Induction training is given _____ a job

- (a) **after introduction to**
- (b) when changes are made to
- (c) when old employees is appointed to
- (d) before introduction to

2. The employee benefits offered excludes

- (a) health benefits
- (b) **insurance benefits**
- (c) employee discounts
- (d) safety provisions

5 marks

1. Describe the importance of sound remuneration system.

Importance of Sound Wage Structure

A sound wage policy is to adopt a job evaluation program in order to establish fair differentials in wages based upon differences in job contents.

Besides the basic factors provided by a job description and job evaluation, those that are usually taken into consideration for wage and salary administration are;

1. The organizations' ability to pay.
2. Supply and demand of labor.

3. Prevailing market rate.
4. The cost of living.
5. The living wage.
6. Psychological and Social Factors.
7. Skill Levels Available in the Market.

1. The organizations' ability to pay

Wage increases should be given by those organizations which can afford them.

Companies that have good sales and, therefore, high profits tend to pay higher those who are running at a loss or earning low profits because of a higher cost of production or low sales. In the short run, the economic influence on the ability to pay is practically nil.

All employers, irrespective of their profits or losses, must pay no less than their competitors and need to pay no more if they wish to attract and keep workers. In the long run, the ability to pay is important.

2. Supply and demand of labor

If the demand for certain skills is high and supply is low, the result is a rise in the price to be paid to these skills. The other alternative is to pay higher wages if the labor supply is scarce and lower wages when it is excessive.

Similarly, if there is a great demand for labor expertise, wages rise; but if the demand for workforce skills is minimal, the wages will be relatively low.

3. Prevailing market rate

This is known as the ‘comparable wage’ or ‘going wage rate’, and is the widely used criterion.

An organization compensation policy generally tends to conform to the wage rate payable by the industry and the community. This is done for several reasons.

First, competition demands that competitors adhere to the same relative wage level.

Second, various government laws and judicial decisions make the adoption of uniform wage rates an attractive proposition.

Third, trade union encourages this practice so that their members can have equal pay, equal work, and geographical differences may be eliminated.

Fourth, a functionally related firm in the same industry requires essentially the same quality of employees, with the same skill and experience. This results in a considerable uniformity in wage and salary rates.

Finally, if the same or about the same general rates of wages are not paid to the employees as are paid by the organizations’ competitors, it will not be able to attract and maintain a sufficient quantity and quality of workforce.

4. Cost of living

The cost of living pay criterion is usually regarded as an automatic minimum equity pay criterion. This criterion calls for pay adjustments based on increases or decreases in an acceptable cost of living index.

When the cost of living increases, workers and trade unions demand adjusted wages to offset the erosion of real wages.

5 Living wage

The living wage criterion means that wages paid should be adequate to enable an employee to maintain himself and his family at a reasonable level of existence.

However, employers do not generally favor using the concepts of a living wage as a guide to wage determination because they prefer to base the wages of an employee on his contribution rather than on his need.

6. Psychological and Social Factors

Psychologically, persons perceive the level of wages as a measure of success in life; people may feel secure; have an inferiority complex, seem inadequate, or feel the reverse of all these. They may not take pride in their work, or in the wages they get.

Therefore, these things should not be overlooked by the management in establishing a wage rate.

Sociologically and ethically, people feel that “equal work should carry equal that wages should be commensurate with their efforts, that they are not exploited, and that no distinction is made on the basis of caste, color, sex or religion.”

To satisfy the conditions of equity, fairness, and justice, management should take these factors into consideration.

7. Skill Levels Available in the Market

With the rapid growth of industries' business trade, there is a shortage of skilled resources. The technological development, automation has been affecting the skill levels at faster rates.

Thus the wage levels of skilled employees are constantly changing, and an organization has to keep its level up to suit the market needs.

2. Narrate the any two types of employee benefits and services.

Types of Employee Benefits

Benefits are any perks offered to employees in addition to salary. The most common benefits are medical, disability, and life insurance; retirement benefits; paid time off; and fringe benefits.

Benefits can be quite valuable. Medical insurance alone can cost several hundred dollars a month. That's why it's important to consider benefits as part of your total compensation. Make sure you understand which ones you will receive.

Medical Insurance

Medical insurance covers the costs of physician and surgeon fees, hospital rooms, and prescription drugs. Dental and optical care might be offered as part of an overall benefits package. It may be offered as separate pieces or not covered at all. Coverage can sometimes include the employee's family (dependents).

Employers usually pay all or part of the premium for employee medical insurance. Often employees pay a percentage of the monthly cost. The cost of insurance through an employer

Minnesota Facts:

- Fifty-three percent of firms offer medical insurance to full-time employees. Only 12 percent offer it to part-time employees. Dental insurance is less common, especially for part-time workers.
- By industry, manufacturing, financial, education, and health services are the most likely to offer benefits. The leisure and hospitality sector is the least likely.
- Larger firms are more likely to offer benefits than small firms.

Disability Insurance

Disability insurance replaces all or part of the income that is lost when a worker is unable to perform their job because of illness or injury. This benefit is not commonly offered. There are two main types of disability insurance:

- **Short-term disability** insurance begins right away or within a few weeks of an accident, illness, or some other disability. For example, someone hurt in a car accident would be offered a few paid weeks to recover.
- **Long-term disability** insurance provides benefits to an employee when a long-term or permanent illness, injury, or disability leaves the individual unable to perform his or her job. For example, an employee with spinal injuries could be entitled to long-term disability benefits until retirement age.

Minnesota Facts:

- Only 19.2 percent of firms offer short-term disability insurance. Only 18.1 percent offer long-term disability insurance to full-time workers.

Life Insurance

Life insurance protects your family in case you die. Benefits are paid all at once to the beneficiaries of the policy — usually a spouse or children.

You can get life insurance through an employer if they sponsor a group plan. Company-sponsored life insurance plans are standard for almost all full-time workers in medium and large firms across the country. You can also buy it privately, but this is usually more expensive.

Minnesota Facts:

- The number of people employed usually determines whether a company will offer life insurance or not.
- Only 15.5 percent of firms with fewer than 10 employees offer this benefit.
Firms with more than 250 employees offer it almost universally.

Retirement Benefits

Retirement benefits are funds set aside to provide people with an income or pension when they end their careers. Retirement plans fit into two general categories:

- In **defined benefit plans** (sometimes called pension plans), the benefit amount is pre-determined based on salary and the years of service. In these plans, the employer bears the risk of the investment.
- In **defined contribution plans** (such as a 401k plan), employer or employee contributions are specified, but the benefit amount is usually tied to investment returns, which are not guaranteed.

Minnesota Facts:

- Most full-time workers in Minnesota are offered access to retirement benefits. Sixty-four percent are offered a defined contribution. Only 15.6 percent are offered a defined benefit program.
- Defined benefit plans are offered most frequently in those sectors with the highest levels of unionization. These include public administration, construction, manufacturing, and trade, transportation, and utilities.

Domestic Partner Benefits

Some employers offer benefits to unmarried domestic partners, while others do not. Check this list of Minnesota employers offering domestic partner benefits. Requirements to qualify vary from simply signing a form to showing proof of domestic partnership or financial interdependence.

A common domestic-partner benefit is access to family health insurance, but that benefit is considered taxable income by the federal government.

Paid Time Off

Paid time off (also referred to as PTO) is earned by employees while they work. The three common types of paid time off are holidays, sick leave, and vacation leave.

Most employees earn these as separate benefits. About 10 percent of Minnesota employers offer consolidated PTO. This combines sick leave and vacation into one account for the employee to use as needed.

Minnesota Facts:

- The most popular benefit with employees is paid vacation. Sixty-two percent of firms offer this benefit to full-time workers. Paid holidays are also very common.
- Thirty-three percent of firms have paid sick leave for full-time employees.

Fringe Benefits

Fringe benefits are a variety of non-cash payments used to attract and retain talented employees. They may include tuition assistance, flexible medical or childcare spending accounts (pre-tax accounts to pay qualified expenses), other child-care benefits, and non-production bonuses (bonuses not tied to performance).

Tuition reimbursement can be an especially important benefit if you plan to take classes in your personal time. This can be a great way to advance in your career.

Most firms offering tuition assistance require that courses are related to job duties.

Minnesota Facts:

- Fringe benefits are most common for full-time employees in the manufacturing sector.
- Non-production bonuses are the most common type of fringe benefit offered to full-time workers in Minnesota. These include hiring, signing, year-end, attendance, and holiday bonuses.
- Tuition or educational assistance is offered by 19 percent of companies in Minnesota.

Employee Services Examples

Employee services are designed to make the employee's life easier while working with the company. Employee services examples include:

- **Health services:** Gym memberships or fitness class reimbursements help to create a culture of healthy living in the workplace. Many businesses have company sports teams which build camaraderie in a competitive spirit.
- **Food and drink:** It may seem like a small token, but complimentary food and drink items can be very attractive to new employees. Businesses can offer free beverages such as bottled water, healthy juices and smoothies, energy drinks and sodas. They can also have free food such as snacks and fruit. Some companies hire chefs to cater full meals to their employees.

- **Time off:** Having the option to take additional paid time off is a very attractive bonus for employees. Extra paid time off around major holidays shows employees the business values work-life balance.
- **Parental services:** Companies that offer extended paid maternity and paternity leave encourage loyalty and employee retention. Those that have on-site childcare make it more enjoyable for parents to come to work, giving them the opportunity to be close to their children.
- **Self-care:** For many employees, on-site spa services like back, head and full-body massages are an important service that is of value in the workplace. It saves them time while allowing them to focus on their personal care.

- **Entertainment:** Employees need to let off steam while at work, so indoor entertainment such as ping-pong tables, foosball tables and table tennis are a great addition to the business. Off-site entertainment events such as bowling, golfing or watching movies helps employees to form bonds and get to know one another outside of the workplace.
- **Travel:** For businesses where employees need to travel often, having a company travel agent or travel concierge can save them time and money.
- **Flexibility:** One of the most important perks is the ability to have flexible working hours. This enables employees to have more control over their schedule and their work-life balance.

An employee services portal is an effective way to share and organize all of this information, making it easy for your employees to access it when needed. Share company policies, processes and additional information about each service on the portal.

8 mark

1. Explain the different methods and techniques of training employees.

The best types of employee training methods for your workforce may include:

1. Instructor-led training
2. eLearning
1. Simulation employee training Hands-on training
2. Coaching or mentoring

3. Lectures
4. Group discussion and activities
5. Role-playing
6. Management-specific activities
7. Case studies or other required reading

We discuss the ideal situations for these types of training for employees, along with their respective challenges below

Instructor-led training

Instructor-led training is the traditional type of employee training that occurs in a classroom, with a teacher presenting the material. This can be a highly effective method of employee training, especially for complex topics. Instructors can answer specific employee questions or direct them to further resources. They also allow for highly-skilled instructors to match the training level and style to the employees in the room.

However, instructor-led training does have some drawbacks, including cost and time to implement. It can also be unnecessary for concise topics. We discuss more about this in our post, “**Instructor-Led Training Vs. eLearning.**”

1. eLearning

eLearning, on the other hand, relies on online videos, tests, and courses to deliver employee training. Employees can do their training right in the palm of their hand with a smartphone or on their company computers.

It's one of the easiest types of employee training to roll out to larger populations, especially for employees who are remote or have high-turnover rates. With interactive games, tests, videos, activities, or even gamified components, it can also go a long way towards keeping your employees engaged with the training.

Of course, eLearning also has its own challenges. Without a solid instructional design strategy behind it, the graphics and visuals that make eLearning fun can also make it gimmicky or quickly outdated. Keeping it up-to-date is also a necessary best practice. We cover the major **advantages, and disadvantages, of eLearning here**.

2. Simulation employee training

Simulation training is most often provided through a computer, **augmented**, or virtual reality device. Despite the initial costs for producing that software or technology, however, simulation training can be a necessary option for employees in riskier or high-stakes fields. You'll often see simulation training for pilots or doctors, but it can be useful for other employees too.

This type of employee training is also highly-effective and reliable, allowing employees to progress consistently and at their own pace.

3. Hands-on training

Hands-on training includes any experiential training that's focused on the individual needs of the employee. It's conducted directly on the job. Hands-on training can help employees fit perfectly into their upcoming or current role, while enhancing their current skills.

A **LinkedIn post** notes:

“One advantage of hands-on training is that they are applicable immediately to the employees’ jobs. They are also effective for training when it comes to new business equipment and procedures.”

This is a time-intensive method of employee training, however, that’s best used when there are enough resources available to support employees during the program. Learn more about **experiential learning here**.

5. Coaching or mentoring

Coaching or mentoring can share similar qualities to hands-on training, but in this type of employee training, the focus is on the relationship between an employee and a more experienced professional, such as their supervisor, a coach, or a veteran employee.

The one-on-one mentoring style creates a relationship between employees that carries far beyond training. It also allows the employee to ask questions they may not feel comfortable asking in a classroom, instructor-led training. This training method can be done in person or virtually, through online coaching sessions.

For all its benefits, mentoring is costly in terms of employee hours and should be used appropriately to reduce those associated costs. Coaching—bringing in a trained professional—can sometimes provide a more time-efficient alternative, but without the relationship building that’s so valuable in mentoring.

6. Lecture-style training

Important for getting big chunks of information to a large employee population, lecture-style training can be an invaluable resource for communicating required information quickly.

However, use this type of employee training sparingly. **HR.com** writes:

“It has been said to be the least effective of all training methods. In many cases, lectures contain no form of interaction from the trainer to the trainee and can be quite boring. Studies show that people only retain 20 percent of what they are taught in a lecture.”

7. Group discussions and activities

For the right group of employees, group discussions and activities can provide the perfect training option. It allows multiple employees to train at once, in an environment that better fits their current departments or groups. These discussions and activities can be instructor-led or facilitated by online prompts that are later reviewed by a supervisor.

This type of employee training is best used for challenges that require a collaborative approach to complex issues. Find ideas for **training activities here**.

8. Role-playing

Similar to group discussions, role-playing specifically asks employees to work through one aspect of their jobs in a controlled scenario. They’ll be asked to consider different points-of-view and think on their feet as they work through the role-playing activity.

Like other group activities, role-playing is highly effective but may be unnecessary for simple, straightforward topics. It also requires more employee time, potentially taking time away from an entire department while they're going through the training.

9. Management-specific activities

Management-specific activities are just that—employee training that's focused on the needs of managers. They may include simulations, brainstorming activities, team-building exercises, role-playing, or focused eLearning on management best practices.

While management training can include many different types of training, it's important to consider the additional needs of your managers separately from the rest of your employee population. This ensures they have the foundation they need to support the rest of their staff.

10. Case studies or other required reading

Finally, some employee training topics are readily accessible through required readings. Case studies, in particular, can provide a quick way for employees to learn about real workplace issues. Employees can read through these at their own pace, or while working in a team-building session with other employees.

Case studies are a great option for focused topics, but more complex topics will likely require more advanced types of employee training.

2. Four Options Exist for Employee Incentives

Four kinds of incentives are available for employers to use at work. Others might categorize these incentives differently, but these four categories work for most situations.

1. Compensation incentives may include items such as raises, bonuses, profit sharing, signing bonuses, and stock options.
2. Recognition incentives include actions such as thanking employees, praising employees, presenting employees with a certificate of achievement, or announcing an accomplishment at a company meeting. Employers can offer recognition incentives as part of an overall company employee recognition program. They can also offer employee recognition in the day-to-day interaction of managers with employees. A personal note of praise from the manager is an employee favorite incentive.
3. Rewards incentives include items such as gifts, monetary rewards, service award presents, and items such as gift certificates. An additional example is employee referral awards that some companies use to encourage employees who refer candidates for your jobs. These incentives are often awarded in conjunction with recognition incentives to send a positive message to employees about what contributions and behavior the employer wishes to see more of in the workplace.
4. Appreciation incentives include such happenings as company parties and celebrations, company-paid family activity events, ice cream socials, birthday celebrations, sporting events, paid group lunches, and sponsored sports teams. An example is a product development team that meets the goals of its first phase of a product project and orders in pizza for the team celebration

What Are Employee Incentives at Work?

Why Should Employers Use Incentives at Work?

An incentive is an object, item of value or desired action or event that spurs an employee to do more of whatever was encouraged by the employer through the

chosen incentive. You want to manage your incentives in such a way that you do not create entitled employees. You also do not want to demotivate employees because the incentives they desire are not available.

Employee incentives can play a significant role in retaining the employees you most want to keep. They also play a huge role in attracting employees to join your organization.

Four Options Exist for Employee Incentives

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How Do Employers Use Incentives?

Employers use incentives to promote a particular behavior or performance that they believe is necessary for the organization's success. For example, a software company provides employee lunches on Fridays to promote teamwork across departments and functional areas.

The lunches are also an excellent opportunity to brief employees on company progress outside of their assigned areas. They also use the lunches to provide necessary information to employees or for employees to present to their coworkers on hobbies and interests—all of which contribute to staff members knowing each other better.

They are used for reasons such as to:

- Increase productivity.
- Retain employees.
- Attract and reward high achievers.
- Thank employees for reaching and exceeding goals.
- Encourage teamwork.

Problems With Incentives

Incentives can be tricky for employers. Depending on what is incentivized, employers can encourage teamwork and cooperation or damage it. If you provide an individual sales incentive for sales staff, for example, you guarantee that your sales force will not work together to make sales.

Alternatively, provide a team incentive and employees will follow up with each other's leads, share their best methods, answer every technical phone call, and work as a team to make sales.

Traditionally, manufacturing companies incentivized productivity or achieving quantity targets. They found that unless they added the quality back into the equation, they were delivering shoddy, poor quality parts—although lots of them were delivered. Customers want the quality of the product to be part of the equation.

1)Job engineering:

Engineer work in a variety of fields to analyse, develop and evaluate large-scale, complex systems. This can mean and improve and maintaining current systems or creating brand new projects. **Engineers** will design and draft blueprints, visit systems in the field and manage projects.

There are now six major branches of engineering:

- Mechanical,
- Chemical,
- Civil,
- Electrical,
- Management, and

- Geotechnical,

literally hundreds of different subcategories of engineering under each branch.

2) a) explain the need for group incentive plan:

Group Incentive Plans:

A group incentive plan scheme is designed to promote effective teamwork, as the bonus is dependent on the performance and output of the team as a whole. Under group incentive plan, each employee is paid incentive on the basis of collective performance of his group to which he belongs. Within the group, each employee gets an equal share of the incentive.

Some of the group incentive plans are:

I. Priestman's Plan.

II. Scanlon's Plan.

I. Priest man's Plan:

In this plan workers are not considered individually but collectively. This system considers the productivity of all workers as a whole. Bonus is paid in proportion in excess of standard output per week. If in a year, the output increases either above the standard output or the output of the previous year, the wages are increased in the same ratio.

For example, if in 2009 the output per worker per unit time is 10 units and in year 2010 the output per worker per unit time comes out to be 12 units, the wages in 2010

will be 20% more than in 2009. The drawback of this system is that individual efficiency is not considered.

II. Scanlon's Plan:

A Scanlon plan is a type of gain sharing plan that pays a bonus to employees when they improve their performance or productivity by a certain amount as measured against a previously established standard. A typical Scanlon plan includes an employee suggestion program, a committee system, and a formula-based bonus system. A Scanlon plan focuses attention on the variables over which the organization and its employees have some control.

Advantages of group incentive plans:

- (i) It creates cooperation and team spirit among workers.
- (ii) There is less need of inspection and supervision.
- (iii) The calculation of wages requires less clerical work.
- (iv) It raises production and reduces wastage.
- (v) It reduces absenteeism.
- (vi) It guarantees time wages and thus it creates a sense of security in the workers' mind.

Disadvantages of group incentive plans:

- (i) It does not distinguish between efficient and inefficient workers in a group for the purpose of proper distribution of bonus.
- (ii) The incentive may be insignificant to motivate the workers.
- (iii) Difficulty arises in the determination of the basis of distribution of bonus.
- (iv) Jealousy and rivalry among workers defeats the very purpose of teamwork and cooperation.

b)explain the Fringe benefits?

There are various types of benefits which are provided to the employees and these are classified in different ways.

Broadly, these benefits are classified in the following ways:

1. Employee Welfare:

The various types of benefits offered to the employee under employee welfare scheme are within the industrial establishment, these are known as intramural and the benefits outside the industrial establishment are known as extramural. These welfare services include canteen, rest and recreational facilities, sanitary and medical facilities, arrangement for travel to and from work, and for the accommodation of workers employed at a distance from their homes.

2. Social Security:

Social security is related to the high ideals of the social security and human dignity. According to the ILO, social security is the protection provided by the society to its members through a series of public measures against the social and economic distress that otherwise would be caused by the stoppage or substantial reduction of earnings resulting from sickness, maternity, employment injury, unemployment, old age and health.

3. Employee Security:

The continuous and minimum wage or salary gives a sense of security to the employees. The Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 provide income security to the employees.

4. Payments for Time Not Worked:

It includes the provisions for the payment to the workers for the days not worked.

This category includes the following:

(i) Paid Holidays – According to the Factories Act, 1948 an adult worker should be paid for weekly holiday, preferably it should be Sunday or any other day.

(ii) Shift Premium – Companies which operate in second and third shifts are required to pay premium to the workers who are required to work during the odd hour's shift.

(iii) Paid Vacation – Workers in manufacturing, mining and plantations who had worked for 240 days during the calendar year are eligible for paid vacation at the rate of one day for every 20 days worked.

5. Health Benefits:

Various medical facilities like hospital, clinical, and dispensary facilities are provided by the organisation to the employees and their family members.

Benefits to be provided under Employees' State Insurance Act, 1948 are the following:

- (i) Maternity Benefit
- (ii) Sickness Benefit
- (iii) Disablement Benefit
- (iv) Medical Benefit
- (v) Dependent's Benefit

6. Retirement Benefits:

The following benefits are provided at the time of retirement:

(i) Provident Fund Scheme – According to the Employees Provident Fund Act, the employers are required to contribute 8.33 per cent of wages/salaries of employees every month. Equal contribution is also required

to be paid by the employees and they can contribute even more if they so desire.

(ii) Pension Scheme – Pension represents the payment of a fixed amount to the employee every month after the retirement on fulfilment of the required conditions of employment.

(iii) Gratuity – The gratuity is paid to all the employees after the termination of services by the way of retirement.

7. Compensation Benefits:

The compensation benefits are paid to the employees either according to Workmen Compensation Act, 1948 or under contractual obligation. According to the Act, the compensation is paid to the employees in case of injuries, accidents or otherwise to the worker during the course of his job performance. Under contractual obligation, an employer is liable to pay equivalent to three months, wages or salaries.

8. Voluntary Arrangements:

Most of the large organisations provide health services over and above the legal requirements to their employees free of cost by setting up clinics, hospitals, dispensaries etc.

3)a)types of fringe benefits:

Introduction:

Fringe benefits are supplementary compensation made in addition to wages, the object being to stimulate the interest of the workers and to make the job more attractive and conducive. They are, as a matter of fact, indirect benefits. As to their nature, we can say, they are neither mere “fringes” nor peripheral “wage trimmings” but a substantial part of the wage and salary structure.

Meaning :

Fringe benefits are additions to compensation that companies give their employees. Some **fringe benefits** are given universally to all employees of a company while others may be offered only to those at executive levels.

Definition: According to ILO fringe benefits has been described as – “Wages are often augmented by special cash benefits, by the provisions of medical and other services or payments in kind that form part of the wage for expenditure on the goods and services

Considering the above point of view in mind the important objectives of fringe benefits are:

1. To maintain sound industrial relations and avoid unrest in the organisation.
2. To identify unsatisfied needs of the employees and convert those into satisfying needs by utilizing appropriate steps.
3. To protect social security of the employees during old age by providing provident fund, gratuity and pension.
4. To develop a sense of belongingness among employees of the organisation.
5. To comply various legislations related with fringe benefits which are formulated by central and state Government.
6. To ensure cooperation, loyalty and faithfulness among employees of the organisation.
7. To develop Brand Image of the organisation in the eyes of public.

Importance of fringe benefits:

Fringe/employee benefits are important not only for the employers and employees, but also for the community. A brief mention of these will be appropriate for discerning their importance. Some of the popular employee benefits comprise the following.

1. medical and sickness benefits,
2. workmen's compensation,
3. insurance, provident fund,
4. pension,
5. maternity benefit,
6. housing accommodation with ancillary facilities,
7. transport facility,
8. leave travel facility
9. education facilities for the children of the employees.

These benefits may be provided under the company policy or under the agreement with the union or as a result of legislation.

1. Importance for Employees:

The benefits are important to the employees for the following main reasons:

1) They enhance the real earnings of the employees and enable them to save money, which they would, otherwise, have spent in the absence of these benefits.

(ii) Money value of these benefits has, for long, not been taxable under income tax law, thus enhancing employees' living standards. However, during more recent years, the value of these benefits is adjusted in the income tax payable by individual employees, but many of these still do not come into the ambit of income tax deductions.

Importance for Employers:

Fringe/employee benefits are advantageous to the employers for the following main reasons:

(i) Employers have, for long, been enjoying substantial rebate on these benefits under income tax law. This advantage has, however, increasingly diminished during more recent years. Nonetheless, employers still receive rebates for expenditure on many of these benefits. (ii) In establishments facing chronic problems of unstable workforce and absenteeism, long-term social security benefits such as life insurance cover, provident fund and pension and housing accommodation have proved effective in reducing their incidence.

Types of fringe benefits:

1. Employment Security:

Benefits under this head include unemployment, insurance, technological adjustment pay, leave travel pay, overtime pay, level for negotiation, leave for maternity, leave for grievances, holidays, cost of living bonus, call-back pay, lay-off, retiring rooms, jobs to the sons/daughters of the employees and the like.

2. Health Protection:

Benefits under this head include accident insurance, disability insurance, health insurance, hospitalization, life insurance, medical care, sick benefits, sick leave, etc.

3. Old Age and Retirement:

Benefits under this category include deferred income plans, pension, gratuity, provident fund, old age assistance, old age counselling, and medical benefits for retired employees, traveling concession to retired employees, jobs to sons/daughters of the deceased employee and the like.

4. Personnel Identification, Participation and Stimulation:

This category covers the benefits like anniversary awards, attendance bonus, canteen, cooperative credit societies, educational facilities, beauty parlor services, housing, income tax aid, counselling, quality bonus, recreational programs, stress counselling, safety measures, etc.

Advantage and disadvantage of fringe benefits:

Advantages of Employee Benefits	Disadvantages of Employee Benefits
Increased entreat	Difficult to keep everyone happy
Minimizing the throughput	Legalization and authentication curse
Improvised self-esteem	Too expensive for the employees to fit into
Dedicated Workforce	Management of budget becomes difficult

Health is the wealth

Difficulty in switching

Regularity in health checkups

Difficult to maintain

Social-Security	
A step for betterment	
Increased Productivity	
Upbringing employees	

b) state the characteristics of an ideal remuneration:

meaning:

Remuneration provides basic attraction to a employee to perform job efficiently and effectively. **Remuneration** leads to employee motivation. ... Salaries effect the employees productivity and work performance. Thus the amount and method of **remuneration** are very **important** for both management and employees ,

3) b) Characteristics of ideal remuneration:

The twelve essential characteristics of a good incentive plan are as follows:

1. Simple to Understand
2. Just and Equitable
3. Attraction for Workers
4. Attainable Standards
5. Conducive to Health
6. Willingness of Workers
7. Clarity of Objectives
8. Incentive for Quantity and Quality
9. Standardization

10. Worker's Incentive Earnings

11. Intimation of Efficiency

12. Right to Change Standards.

1. Simple to Understand:

The plan must be simple, easy to understand and to operate. It should involve least clerical work. The workers should be able to know the extra payments to be given to them. If the method of determining wages involves difficult calculations, then workers may find difficulty in calculating their wages. In spite of correct wages, there may be suspicion in the minds of workers about wages paid to them.

2. Attraction for Workers:

Incentive payments should be sufficient to attract workers for improving their performance. If the incentive is small then workers will not feel tempted towards it. If person is getting Rs. 1800 per month as wages and is offered Rs. 450 more for raising his output, this will not be a good incentive for him. On the other hand, if he is offered Rs.200 to Rs. 300 as extra wages then he will feel tempted to earn. So incentive should be large enough, so that workers are tempted to earn it.

3. Attainable Standards:

The standards fixed under incentive plans be attainable with some extra efforts. If the standards are such that these are not attainable even with extra effort, then workers will feel discouraged. They may not even try to achieve them. The standards should be such, which may be achieved by average workers also. A standard which may be achieved only by few workers will not make plan ideal.

4. Conducive to Health:

A scheme should not tempt workers to overstrain them. When an incentive plan is such where workers are required to work for long hours or expected to work at much faster speed, then their health maybe adversely affected. There may be a calling on the maximum earnings by the workers in a week or month so that they do not overstrain themselves for longer periods.

5. Willingness of Workers:

The scheme should have willing support of workers. Before introducing an incentive scheme, it should be discussed with workers and their viewpoints should be incorporated as far as possible in the welfare scheme.

6. Clarity of Objectives:

Management should be clear about the goals to be achieved from the incentive schemes, It should be properly communicated to the workers also. The aim of such schemes may be to raise output, improve quality of products, etc. When workers are not clear about the aims of such schemes, then they will not be able to work for their achievement. So, objective of incentive scheme should be decided and made clear to all the concerned persons.

7. Incentive for Quantity and Quality:

The scheme should provide incentive for both quality and quantity of production. It should preferably be based on Time Study basis.

8. Standardization:

It should provide basis for all incentive schemes. All parameters like methods of working, input materials, work place and working conditions should be standardized.

9. Worker's Incentive Earnings:

Workers should not suffer in his earnings for reasons like improper tooling or faulty materials, which are beyond his control. There should be no limit put on a workers incentive earning.

10. Intimation of Efficiency:

Workers Employees should be intimated of their past efficiency immediately. The information may go with their pay slip on which his basic and incentive earnings should be indicated separately.

11. Right to Change Standards:

Management must have the right to change standards when new methods and equipment are introduced in the working system. There should be no compromise on standards being maintained by the organization.

Remuneration leads to employee motivation. Salaries constitutes an important source of income for employees and determine their standard of living. Salaries effect the employees productivity and work performance. Thus the amount and method of remuneration are very important for both management and employees.

There are mainly two types of Employee Remuneration

1. **Time Rate Method**
2. **Piece Rate Method**

These methods of employee remuneration are explained below in detail Methods of Employee Remuneration

1. Time Rate Method:

Under time rate system, remuneration is directly linked with the time spent or devoted by an employee on the job. The employees are paid a fixed pre-decided amount hourly, daily, weekly or monthly irrespective of their output. It is a very simple method of remuneration. It leads to minimum wastage of resources and lesser chances of accidents. Time Rate method leads to quality output and this method is very beneficial to new employees as they can learn their work without any reduction in their salaries. This method encourages employees unity as employees of a particular group/cadre get equal salaries.

There are some drawbacks of Time Rate Method, such as, it leads to tight supervision, indefinite employee cost, lesser efficiency of employees as there is no distinction made between efficient and inefficient employees, and lesser morale of employees.

Time rate system is more suitable where the work is nonrepetitive in nature and emphasis is more on quality output rather than quantity output.

1.Piece Rate Method:

It is a method of compensation in which remuneration is paid on the basis of units or pieces produced by an employee. In this system emphasis is more on quantity output rather than quality output. Under this system the determination of employee cost per unit is not difficult because salaries differ with output. There is less supervision required under this method and hence the per unit cost of production is low. This system improves the morale of the employees as the salaries are directly related with their work efforts. There is greater work-efficiency in this method.

