

Methods of remuneration

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Remuneration consists of the rewards that employees receive from their work. Employees that work for modern companies and other major UK companies will receive a range of money based and other rewards ranging from discounts on company products, to subsidised company pension schemes. There are various ways of rewarding employees, including the following.

1. Basic pay for standard hours. An employee works to a set contract e.g. £x per hour for a 30 hour week, of a salary of £y per month. This scheme alone does not provide an incentive to work harder, but if the rewards are good relative to those offered for similar work then this will act as a motivating factor in itself.
2. Additional hours rewards. Employees are usually paid extra for working unsocial hours (e.g. a night shift) or for working longer hours (overtime rates).
3. Commission. Sales staff are typically paid on a commission basis. The commission rate depends on their success rate so acts as an incentive to employ effective selling techniques.
4. Bonuses are another form of incentive to meet particular targets. Typically these will be used to encourage and motivate employees to work harder when required, e.g; offering football players an incentive bonus to win an important game.
5. Performance related pay. Many companies operate some form of performance related pay scheme. Pay is then related to the achievement of objectives and targets. The performance that is measured may be at company wide level, plant level, team level or individual level.
6. Profits related pay. Employees pay and bonuses may be related directly to the profits that a company makes.
7. Payment by results. This is a similar form of incentive scheme to profit related pay. The results measured will be key results areas for a company such as sales.
8. Piece rate reward systems relate to paying employees according to their level of output. Where such a scheme operates it is essential that there is a good quality checking procedure to make sure that the 'pieces' are of the required standard.

Human resource management

In addition to payment systems many jobs involve some form of benefits, including:

*** A company pension scheme. The employee may subsidise the contributions made by an employee into a company pension scheme. The employee may also be able to benefit from a range of other subsidised services such as insurance etc.**

*** Subsidised canteen, and leisure facilities.**

*** Use of a company car/phone with mileage/phone bills paid.**

*** Access to and use of other company facilities e.g. computer facilities, on-site creche and hairdressing etc.**

The remuneration package therefore consists of a range of payment methods and accompanying benefits which can be used as motivators by modern companies and are all part of the human resource management philosophy prevalent in modern business.

Human Resource Management involves treating employees as the most important resource of the organisation.