

FRINGE BENEFITS

According to the Employer's Federation of India, Fringe benefits include payments for non-working time, profits and bonus, legally sanctioned payments on social security schemes, workmen's compensation, welfare, and the contributions made by employer under such voluntary schemes as cater for the post-retirement.

OBJECTIVES

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

REWARD

DEFINITION:

- **The achievement and benefit received by employees for their job performance in an organization** are known as reward.
- Thus, economic and non-economic benefits provided by organization to employees for their job performance regardless of their expectation is known as reward.

TYPES OF REWARDS

1. Intrinsic and Extrinsic Rewards:

- Intrinsic rewards are the satisfactions one gets from the job itself. These include pride in one's work, feeling of accomplishment, being a part of team job enrichment, shorter work-weeks, job rotation etc.
- Extrinsic rewards include money, promotions and fringe benefits, or a write up in the company magazine.

2. Financial and Non-financial Rewards:

- Financial rewards may be direct-through wages, bonuses, profit sharing etc., or indirect-through supportive benefits like pension schemes, leave encashment, purchase discounts etc.
- Non-financial incentives make life on the job as more attractive.

3. Performance Based and Membership Based Rewards: Performance based rewards may be piece rate pay plans, commissions etc., while membership-based rewards may be profit sharing, increase in dearness allowances, seniority based or time bound promotions etc.

a. Attraction and Retention:

- Organization's that give the highest rewards tend to attract and retain more people. This indicates that the better reward system can give a higher satisfaction level to employee.
- The higher satisfaction level will lead to a longer length of service and reduce organizational turnover rate.

b. Motivation of Performance:

- When certain conditions exist, reward systems have been demonstrated to motivate performance.
- The reward system must be directly link to the effective performance. Staffs should be rewarded according to their needs.

c. Create Positive Organizational Culture:

Reward system can help the firm to create a positive culture. Depend on the way that reward systems are developed, administered, and managed, the organizational culture will be affected according to these factors.

d. Improve on Skills and Knowledge:

- The reward system can encourage employees continuously improve their skill sets.
- The firm can pay employees based on their skill levels. Staffs will be motivated to attend extra courses and improve their skill sets in order to receive more benefit.

e. Reinforce and Define Organizational Structure:

- The reward system can reinforce and define the organizational structure.
- The firm might not foresee the impact of reward system on firm's structure changes.

MOTIVATION

According to Mac Farland

“Motivation refers to the way in which urge, drives, desires aspiration, or needs that direct or control or explain the behaviour of human beings.

TYPES OF MOTIVATION

The different types of motivation in people are:

1. Intrinsic:

- This type comes from within a person to do a task or achieve a particular goal. It is a feeling of being self-driven and achieving objectives for oneself.
- Intrinsic motivation is driven by motives like social acceptance, eating food, desires to achieve goals, biological needs etc.

2. Extrinsic:

- This type drives an individual due to external forces or parameters. Some other person or organization motivates the individual to work hard to achieve certain goals or tasks.
- Extrinsic motivation is driven by motives like financial bonus, rewards, appreciation, promotion, punishment, demotion etc.

3. Positive:

- This type drives an individual by offering positive accolades and rewards for performing a task.
- In this type of motivation, the individual is rewarded by monetary benefits, promotions etc which drives an individual to work hard.

4. Negative:

It is where fear and threat are used as a parameter to get the work done. In this type of motivation, individuals are threatened with things like demotion, reducing benefits, withdrawing merits etc.