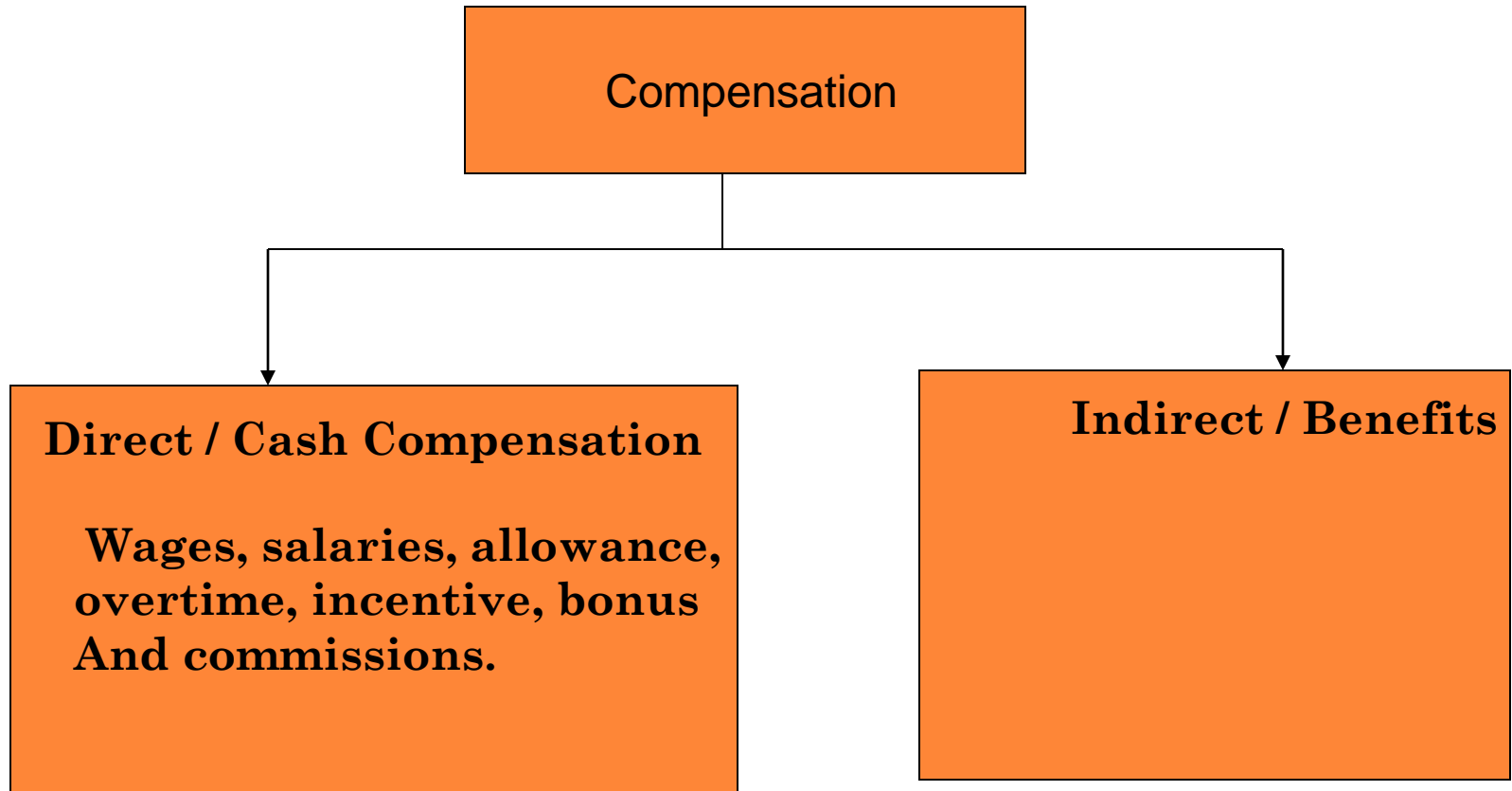


COMPENSATION

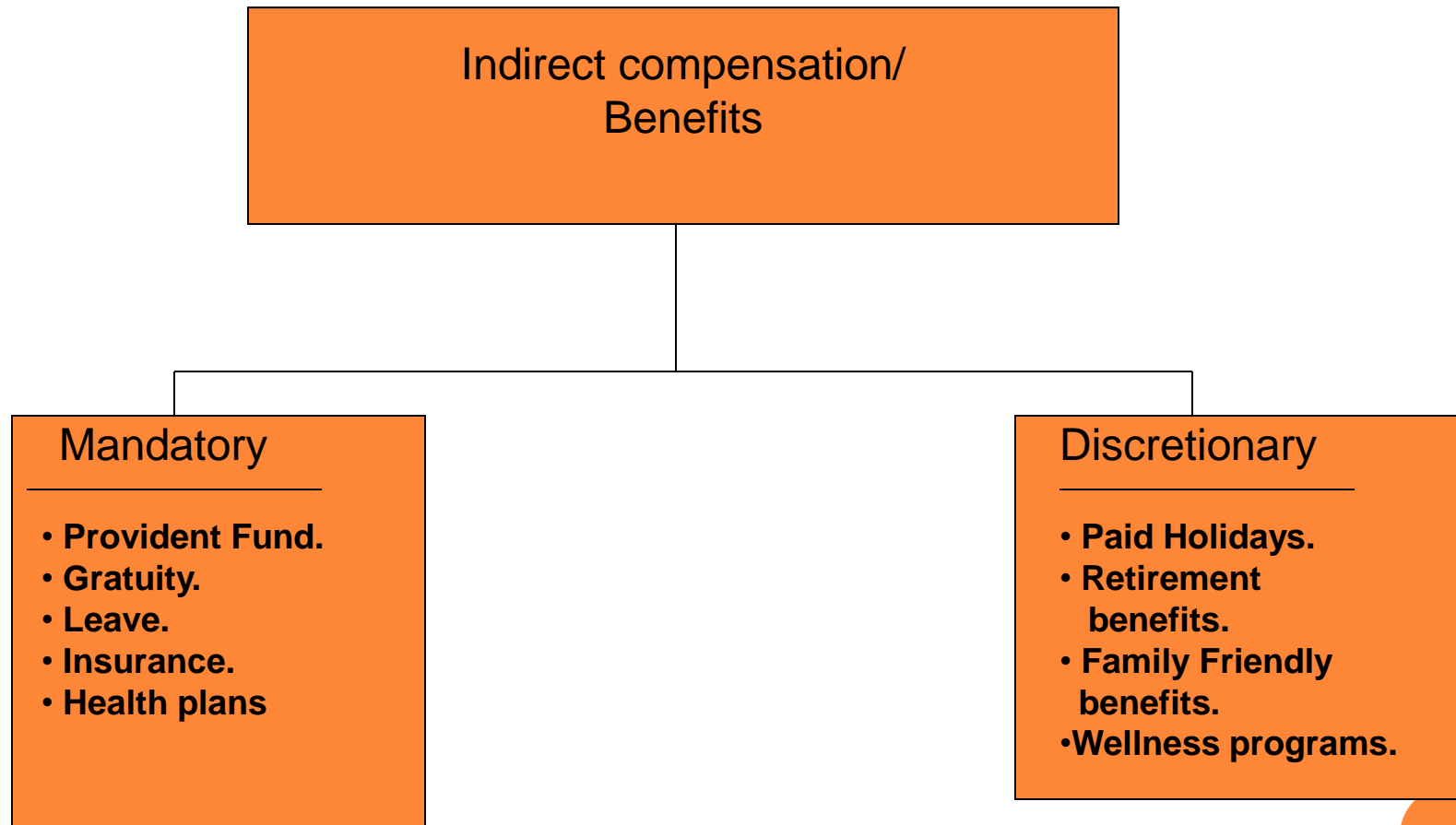
- The total of all rewards provided to employees in return for their labor is called by the generic term “**Compensation**”.
- Compensation includes **both direct** and **indirect** components.



COMPENSATION COMPONENTS.



INDIRECT COMPENSATION/BENEFITS



- Direct compensation consists of the base wage and incentives.
- Indirect compensation includes benefits that are mandated by law and those that employers provide voluntarily.

Social security, unemployment compensation, and workers' compensation are benefits that employers provide. Allowances for house rent or to meet escalating cost of living, insurance and vacation pay are commonly offered benefits and perquisites that are not required by laws.



- **Wage and Salary:**

Wage is the part of total production that is the return to labor as earned income.

Wage represents hourly rates of pay. Wage is usually associated with manual work.

Salary is usually paid on a monthly basis while wage could be paid daily, weekly or fortnightly.



- **Wage freeze**
- **Real Wage**
- **Fair wage**
- **Subsistence wage**



- Incentives- Payments by results- are paid in addition to wages and salaries. They depend upon-
- Productivity
- Sales
- Profit
- Cost reduction efforts.

Individual and Group incentive programmes.



FRINGE BENEFITS

- PF
- Gratuity
- Medical care
- Accident relief
- Group insurance
- Canteen
- Uniform
- Recreation and like.



PERQUISITES

- Car
- Club membership
- Paid holiday
- Furnished house
- Stock option schemes



- **Pay scale** is the numerically expressed statement about the beginning minimum and the final maximum basic pay and the annual increments and the subsequent slabs after which the rate of increase in the basic would be different.
- For example, a pay scale of “9,000 – 400 – 11,000 – 600 – 14,000” .

