

Section - 2

Q.1 → What is the significance of incentives? Explain various kinds of gain sharing plans.

Ans: Incentives:- Incentives are the monetary benefits which are paid to workers as a reward of their excellent performance. Incentives are also known as payments by results.

There are significance of Incentive

- ① Motivation:- It is a natural phenomenon that nobody does anything without purpose.
- ② Definite and quantifiable objectives:- Incentive schemes should have specific and quantifiable objectives to facilitate a good control and to maintain energy.
- ③ Reduction in production cost:- The incentive scheme should lower down the production cost.

④ Easy to understand:- The scheme should be easy for the workers to understand.

⑤ Payment for increased production:- The incentive scheme should minimize the wastage of raw material and defective work.

There are various kinds of gain sharing plan

① Scanlon Plan:- One of the most popular gain sharing plans is Scanlon plan.

② Rucker Plan:- It is also known as share - of - production (SOP) plan.

③ Improshare:- The type of system is originated from the consultative style of management.