

Section-2

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

Ans
Incentive plans have the potential to raise morale and increase job satisfaction in a company. Employees see a direct correlation between their work effort and their earning potential.

The significance of incentives are :-

① Motivational Tool-

Incentive programs motivate employees to push and challenge themselves to achieve higher degrees of productivity.

(ii) Promoting Teamwork -

Incentive plans tied to teamwork or group initiatives can help promote collaborative work efforts in your business.

(iii) morale booster -

Incentive plans have the potential to raise morale and increase job satisfaction in a company.

(iv) Service level -

Employees competing for or striving to meet the goals of an incentive plan may provide higher degrees of service to your customers.

These are primary types of gain sharing plans which are -

(i) The Scanlon plan, formulated by Joe Scanlon in 1930s,

(ii) The Rucker plan, and
(iii) Improshare.