

## Section 5

### Ans.1

- Employee compensation refers to all forms of pay or rewards going to employees and arising from their employment. Employee compensation has three main components and the relative proportion of each component in the total compensation varies by the organization.

The factors affecting employee compensation can be categorized into:-

1. Internal Factors and
2. External Factors.

Some of the external factors affecting employee compensation are:

1. Demand and Supply of Labour
2. Cost of Living
3. Economic Conditions
4. Prevailing Wage Level
5. Society
6. Government Control
7. Labour Unions
8. Legislation
9. Globalization
10. Cross Sector Mobility and
11. Compensation Survey.

