

## Significant of incentives

- An incentive provides additional compensation for those employees who perform well. It attempts to tie additional compensation as directly as possible to employee productivity.
- Incentive are Earning of employees would be enhance due to incentive.
- Reduction in the total as well as unit cost of production through incentives (because of higher productivity)
- Production capacity likely to increase.
- Incentive payments reduce supervision, better utilization of equipment, reduce scrap, reduce loss time and reduce absenteeism and turnover.
- Incentive depends on two variable
  - The individual.
  - Work situation.
- Pay and allowances
- Bonus
- Productivity linked wage incentive
- Co-partnership/stock option
- Retirement benefits.

## Kinds of gain sharing plans

- The Scanlon plan :- (They earn more money per hour even if they work few hour.)
- The Rucker plan :- (Rucker plans reward employees for working well and for saving the company money)
- Improshare Plans :- (Improshare approach measure the number of production hours rather than cost of labor.)
- Worker ownership :- (Worker ownership takes the idea of employee gain sharing to the next level. Not only do workers earn extra based on the performance of the business where they work.)