

# Compensation as an important motivator for organization

[Psychology](#), [Motivation](#)



Compensation is an important motivator when looking to achieve desired organizational results. Money is thought of as a powerful motivator, however that only holds for sometime until the next pay increase is due.

Compensation strategies reinforce the organizational culture that you desire, this enables the culture where pay is linked to performance. To ensure this process works, it must be reflected in the strategic business objectives. The objectives must clearly be defined, must be communicated as soon as decision has been reached.

By doing this proper, the organization can motivate employees and make them want to perform better. **CONTENT** An incentive plan is defined as a formal scheme used to promote or encourage specific actions or behavior by a specific group of people during a defined period of time. So what are the reasons so many companies would find a need to offer such incentive plans? Some of the top reasons are, for motivation, company morale, company loyalty, increased productivity, increase achievement, reduced absenteeism, reduce company cost, decreased turnover and to create more team work.

The organization I am employees with created for both union and non-union employees an incentive compensation plan. When developing this plan it was to focus on two major points, safety and waste reduction. It was then also decided that a third element would also be counted, improved productivity. In order to receive the incentive there were requirements; you need to be a full time Compensation-Bemires 3 employee, employed for the

last three (3) consecutive months and be actively employed at the time of payout, which was quarterly.

There are also goals that need to be reached in order to collect the incentive for that portion of the goals. The safety component is that the TRIP (total recordable incident rate) needs to be low. Following the guidelines as noted: Greater than 1.50 payout was 0.01 -? 1.50 payout is 1% of quarterly wages less than 1.01 payout is 2% of quarterly wages As a company this component is important because the safety of the employees is and will always be the most important thing to the company. Their safety should come first not only to Bemires but also to the employees.

It was after looking at these aspects that a separate incentive plan needs to be created just for the non-union/salary employees. The SHIP (salaried performance incentive plan) needs to be created for salary personnel of the Bemires Company. It is intended to provide an incentive for employees to perform their jobs at the highest level possible to facilitate achievement of division and Compensation-Bemires 5 the plant goals, contributing to overall profitability.

This plan was designed to reward individuals with additional annual cash compensation in recognition of their individual and collective efforts to meet or exceed annual goals. Unlike a merit increase which is an increase to your salary based on demonstrated ability to meet job responsibilities over an extended period of time, incentive award is based on annual performance, targeting specific areas which may change from year to year. Employees

must be regular full time employees, must be active employees t time of distribution.

Eligibility does not necessarily entitle a participant to an award and does not constitute an agreement with the company. In making the requirements for this SHIP incentive it will depend on many factors which include, the individual base salary earnings for the eligibility period, normal reward percent, performance rating given by employees superiors, all targets/measurements are meet, and funding scale. The following are the factors to determine each of these. Base salary earnings: amount of pay a participant received throughout the plan year in eligible base earnings excluding all other forms of compensation.

Normal award percent: each participant is assigned a normal award percent for his/her position; employees will be notified of this percentage. Normal award: is the base dollar amount of incentive eligible to the participant, it is then impacted up or down by individual performance rating and the results Of the profit and other targets set for the plan year. Individual performance rating (I PR): this will be given by the supervisor and can range from . 500 up to 1 250, the PR should correlate to the overall performance of the Compensation-Bemires 6 employee based on their yearly appraisal.