



# Remuneration of workers and work performance

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- Factors affecting work performance
- Personnel selection
- Working conditions
- Remuneration of workers
- Voluntary social benefits
- Methods of job evaluation
- Wage forms
- The wage system of the organization



## Factors affecting work performance

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The decisive factor of production is **human labor**:

- develops and constructs,
- manufactures and produces,
- sells.

**The enterprise is:**

- economic system and
- social system.



## Factors affecting work performance

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### **Human work performance depends on:**

- performance (workforce capacity to perform) and
- pursuit of performance (motivation of the workforce).

The ability of the workforce to perform is determined by **its physical and psychological abilities:**

- physique,
- talent,
- vocational education,
- age,
- experience.



## Factors affecting work performance

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**The pursuit of performance** is a manifestation of the worker's willingness to give his or her ability to fully perform in an organization.

**It depends on four factors:**

- personnel selection,
- working conditions,
- the amount of remuneration for work,
- voluntary social benefits.



## Personnel selection

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**The importance of decisions taken when selecting employees is continuously increasing** because:

- the use of technology and automation is steadily increasing and changing the requirements that are placed on the assumed competency of workforce;
- the growth of workers' education implies that they have higher expectations of work and strive for the fuller development of their personality;
- rising personnel costs and staff training costs increase the cost of incorporation, the cost of a wrong decision increases by limiting the legal possibilities of dismissing inappropriate workers.



## Procedures for selecting workers

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The selection can be divided **into four successive stages:**

- analysis of requirements for a place to be occupied,
- the acquisition and characteristics of applicants,
- analysis of candidates' capabilities,
- selection decision.

### **Selection criteria for creating a profile:**

- professional requirements,
- physical requirements,
- psychological requirements,
- social-psychological requirements.



## Work conditions

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### **Work studies →**

- rationalization of work (motion studies, work procedures studies, work organization studies, workplace studies),
- standardization of performance through time studies, load studies and performance studies,
- evaluating work using work value studies.



## Work conditions

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- Psychology of work
- Physiology of work

**Creating optimal working conditions** in three main areas:

- working hours,
- organization of the workplace,
- business climate.





## Adjustment of working hours

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**Employee must adapt to the organization's rules** based on:

- the Labor Code,
- safety regulations,
- collective agreements.

The rules adjust in particular:

- work hours,
- the distribution of working time during the working day.



## Arrangement of the workplace

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### **Affecting the performance of a worker is:**

- freedom of movement,
- lighting conditions,
- temperature,
- humidity,
- noise,
- color of space and equipment,
- purposeful arrangement of machines and tools,
- ventilation,
- cleanliness, etc.



## Business climate

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- The key to creating an optimal climate is to transform employee status from an employee to a **coworker**
- Establishment of **partnerships** in the enterprise
- **Codecision**



## The amount of remuneration for work

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Under the concept of **wage**, all remuneration paid based on the work performance is included:

- time wages and salaries,
- performance wages,
- bonus,
- wage bonuses,
- fees,
- commissions.

**Rewards** (payout and amount depend on earnings):

- profit shares,
- royalties.



## The amount of wages and wage justice

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**For the relative amount of pay for work, the following are decisive:**

- the physical and mental demands on a worker,
- achieved work performance.

**The principle of equivalence** (= wage compliance with performance) is divided into:

- the principle of wage equivalence and the level of requirements,
- the principle of wage equivalence and the level of performance.



## Voluntary social benefits

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Providing voluntary social benefits allows the organization to **positively influence employees' motivation** for higher performance.

Social benefits are provided on the basis of employee's membership of the social system enterprise and usually have **no relationship to performance.**



## Forms of voluntary social benefits

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- **Economic improvement** (Christmas benefit, meal benefit, transport benefit, housing benefit, jubilee gifts, holiday benefit).
- **Insurance against life and work risks** (supplementary pension insurance, social assistance).
- **Compensation for different family burdens** (support for childbirth, marriage, death in family).
- **Support of mental and sport interests** (business library, training, sports, provision of study benefits).



## Motivation for providing voluntary social benefits

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- Growth in employee performance
- Attach personnel to the organization
- Argument for recruiting workers
- Creating an opportunity to influence employees
- Tax savings and tax depreciation





## Methods for work evaluation

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The application of methods for work evaluation takes place in two steps:

- Firstly, the assessed work procedure is described according to predefined evaluation requirements.
- In the subsequent second step, word descriptions of work procedures difficulty are translated into numerical expression, eg in points or steps that indicate the value of the work.



# The Geneva scheme of criterias to evaluate work

Number of group	<b>Main types of requirements</b>
I.	1. Professional knowledge = mental requirements 2. Skills = physical requirements
II.	3. Nerve and sensory burden = mental demands 4. Physical burden = physical demands
III.	5. Responsibility
IV.	6. Work conditions



## Wage forms

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- Basic forms of wages
  - time wage,
  - rate (piece) wage,
- Supplementary forms of wages
  - bonuses,
  - rewards.



## Time wage

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Two basic relationships apply:

- wage per unit of time is constant,
- the wage cost per piece (per unit of labor result) varies according to performance and time consumption.



## Rate (piece) wage

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### **The options of applying** a rate wage:

- time task,
- money task.

### Rate wage has **two parts**:

- guaranteed (tariff) wage,
- task increment.



## Bonuses

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**Types of bonuses** depending on which one of the premium indicator applies:

- bonus for higher performance,
- bonus for quality,
- bonus for saving,
- bonus for usage.



## Bonuses

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The most important **bonuses wage systems**:

- Halsey's bonus system
- Rowan's bonus system
- Differential piece wage according to Taylor
- The Bedaux bonus system



# Rewards

## Features for performance evaluation

	Categories of workers and relevant performance indicators		
	Routine work	Hard work without leadership	Management work
Performance	Volume Quality	Achieving the goal quantitatively Achieving the goal qualitatively	Achieving the goal quantitatively Achieving the goal qualitatively
Conduct	Behavior among co-workers Behavior towards outsiders Following the regulations Handling things	Information activities Respect for delegated powers Behavior towards outsiders Execution of orders Usage of auxiliary resources	Information activities Respect for delegated powers Behavior towards outsiders Execution of orders Compliance with the budget Support of co-workers Handling the management process
Usability	Independence Possibilities of usage	Expansion of tasks Possibilities of usage Further education	Expansion of tasks Possibilities of usage Further education





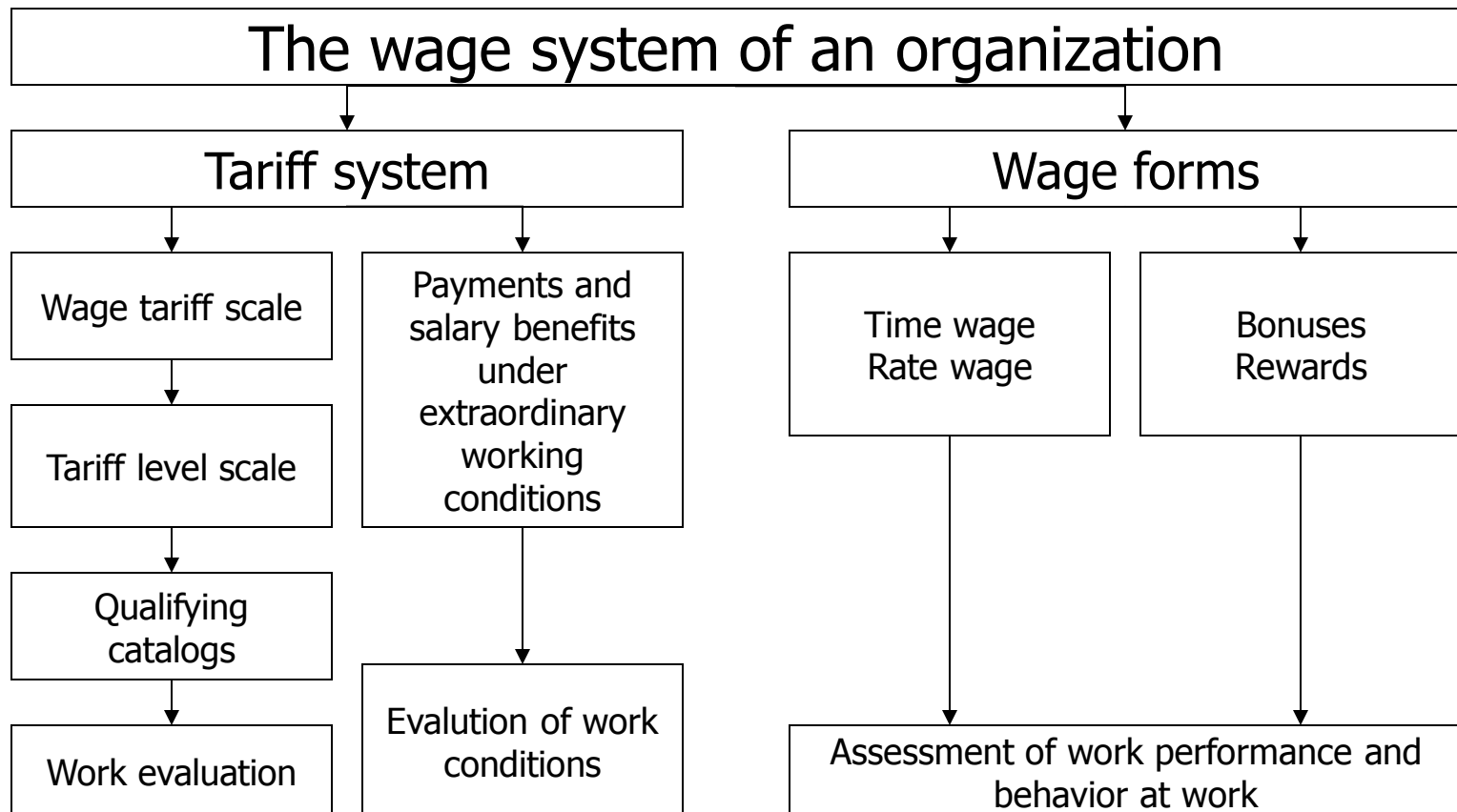
## Participation in economic results

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**Systems of estimating** the factor of labor's share on profits:

- unitary system,
- the residual estimation system.

# A wage system of an organization (according to Synek)





## A wage system of an organization

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Business subject (but not only) follows these **goals** with his **wage policy**:

- to acquire and retain skilled workers,
- to stimulate performance and desirable working behavior of employees,
- to keep the volume of wage resources,
- to ensure a justified wage differentiation.