

Human Resources Management

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MGM 243

Lecture 07



Personnel - Variable Pay and Executive

Chapter
13

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Human Resource Management

TENTH EDITION

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Chapter 13

Personnel - Variable Pay and Executive

What is this !



Chapter
13

LEARNING OBJECTIVES

After you read this chapter, you should be able to:

- After you have read this chapter, you should be able to:
- Define Personnel .
- Identify difference between personnel management and HRM.
- Discuss three types of individual incentives.
- Explain three different way that sales employees typically are compensated (Case Study)
- Identify key factors that must be addressed when using team variable pay plans.

Personnel Definition

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- The people who are employed in a company, organization
- The department a company or organization that deals with its employees when they first join, when they need training, or when they have any problems

Personnel

Chapter 13

- **Salary and Wage Administration**

It is the responsibility of the personnel department to see to it that every member of staff in the company gets their salary or wages as at when due.

- **Personnel Research / Documentation**

- conduct attitude surveys, rating devices, analyzing exit interviews sharing with recruitment team if exist , turnovers, and absences, and improving forms, standards, and procedures. The loss of workers and their replacement by management is what is referred to as turnover.

- **Maintenance (Health, Safety and Security)**

- **HR Policies and Procedures**

Chapter
13

Difference between HRM and Personnel Management



VS



Salaries Vs Wages definitions

Chapter 13

- **Salary** :the fixed amount of compensation which is paid for the performance of an employee.
- **Wage** : the variable amount of compensation which is paid on the basis of hours spent in finishing a certain amount of work

Net Salary

Chapter 13



**Net Income
Formula** = Total Revenues – Total Expenses



Income Tax

الأجر السنوي	خصم الإعفاء الشخصي	صافي الدخل الخاضع للضريبة	الضريبة السنوية	الضريبة الشهرية	نسبة الوفر الضريبي السنوي
١٨٠٠٠	٩٠٠٠	٩٠٠٠	٠	٠	%١٠٠
٢٤٠٠٠	٩٠٠٠	١٥٠٠٠	٠	٠	%١٠٠
٣٠٠٠٠	٩٠٠٠	٢١٠٠٠	١٥٠	١٣	%٣٣
٣٧٣٠٠	٩٠٠٠	٢٨٣٠٠	٣٣٠	٢٨	%٧٣
٤٢٠٠٠	٩٠٠٠	٣٣٠٠٠	٦٧٥	٥٦	%٥٨
٤٨٠٠٠	٩٠٠٠	٣٩٠٠٠	١٢٧٥	١٠٦	%٤٠
٦٠٠٠٠	٩٠٠٠	٥١٠٠٠	٢٧٧٥	٢٣١	%٥٠
٧٢٠٠٠	٩٠٠٠	٦٣٠٠٠	٤٧٢٥	٣٩٤	%٤٠
٨٤٠٠٠	٩٠٠٠	٧٥٠٠٠	٧١٢٥	٥٩٤	%٣٩
٩٦٠٠٠	٩٠٠٠	٨٧٠٠٠	٩٥٢٥	٧٩٤	%٣٣
١٠٨٠٠٠	٩٠٠٠	٩٩٠٠٠	١١٩٣٥	٩٩٤	%١٨
١٢٠٠٠٠	٩٠٠٠	١١١٠٠٠	١٤٣٣٥	١١٩٤	%١٤
١٨٠٠٠٠	٩٠٠٠	١٧١٠٠٠	٢٦٣٣٥	٢١٩٤	%٥
٢٤٠٠٠٠	٩٠٠٠	٢٣١٠٠٠	٣٩١٠٠	٣٢٥٨	%٩
٣٦٠٠٠٠	٩٠٠٠	٣٥١٠٠٠	٦٦١٠٠	٥٥٠٨	%٥
٤٨٠٠٠٠	٩٠٠٠	٤٧١٠٠٠	٩٤٨٧٥	٧٩٠٦	%٣
٤٩٣٠٠٠	٩٠٠٠	٤٨٣٠٠٠	٩٧٨٧٥	٨١٥٦	%٣
٦٠٠٠٠٠	٩٠٠٠	٥٩١٠٠٠	١٣٤٨٧٥	١٠٤٠٦	٠
٧٠٨٠٠٠	٠	٧٠٨٠٠٠	١٥٦٧٥٠	١٣٠٦٣	٠
٧٢٠٠٠٠	٠	٧٢٠٠٠٠	١٥٩٧٥٠	١٣٣١٣	٠
٨٤٠٠٠٠	٠	٨٤٠٠٠٠	١٩٢٠٠٠	١٦٠٠٠	٠
٩٦٠٠٠٠	٠	٩٦٠٠٠٠	٢٣٥٠٠٠	١٨٧٥٠	٠
١٠٨٠٠٠٠	٠	١٠٨٠٠٠٠	٢٦٠٠٠٠	٢١٦٦٧	٠
١٢٠٠٠٠٠	٠	١٢٠٠٠٠٠	٢٩٠٠٠٠	٢٤١٦٧	٠
١٤٤٠٠٠٠	٠	١٤٤٠٠٠٠	٣٥٠٠٠٠	٢٩١٦٧	٠
١٦٨٠٠٠٠	٠	١٦٨٠٠٠٠	٤١٠٠٠٠	٣٤١٦٧	٠
١٩٢٠٠٠٠	٠	١٩٢٠٠٠٠	٤٧٠٠٠٠	٣٩١٦٧	٠
٢١٦٠٠٠٠	٠	٢١٦٠٠٠٠	٥٣٠٠٠٠	٤٤١٦٧	٠

Pay slip Includes !

Your payroll number 123456 **Mr John Smith** **The tax period** Pay Day 01/01/2016 **Deductions - tax and National Insurance** **Your tax code**

Company Name Ltd **Tax Week 12** **CNPAYROLL**

Earnings	Units	Rate	Amount	Deductions	Amount
Basic Pay			2,008.33	Tax (code 4321A)	233.33
				NI (category A)	169.40
				Pension	50.00
				Student Loan Plan X	10.00
Total			Earnings 2,008.33	Total	Deductions 442.73

Payments, wages, bonuses, commission

Running Totals			
Tax Year to Date		Accumulations	
Gross Pay	25,000.00	Basic Pay	25,000.00
Taxable Pay	14,000.00	Ers Pension FL	50.00
Tax	2,799.96		
This Employment			
Gross Pay	25,000.00		
Taxable Pay	14,000.00		
Tax	2,799.96		
Employee's NI	169.40		
Employer's NI			
Previous Employment			
Taxable Pay			
Tax			

Amount Paid	
Earnings	2,500.00
Deductions	452.73
Net Pay	1,620.60
B/Forward	
Amount Paid	1,620.60
C/Forward	
Payment method	BACS
Employer's Contributions	
NI (category A)	100
Annual Salary	25,000.00
NI Number	AB 12 34 56 C
Amount Paid	1,620.60

Expenses

Pensions

Student loan

Workplace benefits

Your national insurance number

Pay slip

Company Name

12345 Court Road, London W1T 1JY, UK
Phone: +44 00 0000 0000, Email: name@provider.com

PAYSLIP

EMPLOYEE INFORMATION

Full Name

123 Any Court Road
London, W1T 1JY, UK

Phone: +44 00 0000 0000

Email: name@provider.com

PAY DATE	PAY TYPE	PERIOD
6/10/2019	Weekly	Wk23
PAYROLL #	NI NUMBER	TAX CODE
1234567	QQ123456C	1250L

Payment Method: Check

EARNINGS	HOURS	RATE	CURRENT	YTD
Standard Pay	40	12.50	500.00	500.00
Overtime Pay	5	18.75	93.75	93.75
Holiday Pay	8	12.50	100.00	100.00
Basic Pay			1,740.00	1,740.00
Commission and Bonus			600.00	600.00
Sick Pay			-	-
Expenses			-	-
				-
GROSS PAY			£3,033.75	£3,033.75

DEDUCTIONS	CURRENT	YTD
PAYE Tax	250.00	250.00
National Insurance	55.00	55.00
Student Loan Repayment	30.00	30.00
Pension	50.00	50.00
Union Fees	5.00	5.00
		-
		-
TOTAL DEDUCTIONS	£390.00	£390.00

NET PAY	£2,643.75	£2,643.75
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If you have any questions about this payslip, please contact:
[Name, Phone, email@address.com]

Labor Law



قانون تنظيم علاقات العمل

لدولة الإمارات العربية المتحدة

وفقاً لأحدث التعديلات بالمرسوم بقانون اتحادي رقم 6 لسنة 2019

قانون العمل الموحد قانون رقم 12 لسنة 2003م الجريدة الرسمية - العدد (مكرر) في 7 إبريل سنة 2003

باسم الشعب
رئيس الجمهورية
قرر مجلس الشعب القانون الآتي نصه ، وقد أصدرناه:
(المادة الأولى)
يعمل بأحكام قانون العمل المرافق

(المادة الثانية)
تظل الأحكام الواردة بالتشريعات الخاصة ببعض فئات العمال سارية وذلك الي أن
يتم إبرام ونفاذ الاتفاقيات الجماعية بشأنها وفقاً لأحكام القانون المرافق.
وتعتبر المزايا الواردة بتلك التشريعات الحد الأدنى الذي يتم التفاوض على أساسه .

(المادة الثالثة)
يستحق العاملون الذين تسري في شأنهم أحكام القانون المرافق علاوة سنوية دورية
في تاريخ استحقاقها لا تقل عن (7%) من الأجر الأساسي الذي تحسب على أساسه
اشتراكات التأمينات الاجتماعية ، وذلك حتى يصدر المجلس القومي للأجور
القرارات المنظمة لهذه العلاوة .

(المادة الرابعة)

HR Forms

سعادة مدير الجمعية
السلام عليكم ورحمة الله
وبعد..

أمل التكرم بالرفع لاعتماد فتح وظيفة
تكون أوقات العمل في الفترة:

□ الصباحية فقط □ المسائية فقط □ الفترتين الصباحية والمسائية □ بنظام الساعات

نظراً للأسباب
الآتية:

القسم:

رئيس القسم:

التوقيع:

التاريخ: / /

١٤ هـ

مدير الجمعية

وبعد..

طلب اعتماد فتح وظيفة:

و لا مانع لدينا من الموافقة على الطلب.

مدير الجمعية:

التوقيع:

التاريخ: / /

اعتماد الوظيفة

حفظه الله

وبعد..

ترقية

اعتماد حافز أو بدل

توكيل استلام مكافأة / مستحقات مالية

إجراء جزائي

تظلم

استقالة

إنهاء خدمات

إخلاء طرف

إنذار كتابي

إشعار بالإقالة

مسائلة (٢٥)

تعريف شهادة خبرة (٢٦)

تفويض صلاحيات (٢٧)

رقم النموذج	اسم النموذج	التحقيق
(١)	اعتماد فتح وظيفة	✓
(٢)	اعتماد توظيف موظف	✓
(٣)	إعلان عن وظيفة شاغرة	✓
(٤)	استمارة البيانات الشخصية	✓
(٥)	السيرة الذاتية	✓
(٦)	كشف المقابلة الشخصية	✓
(٧)	عقد عمل	✓
(٨)	تعديل دوام موظف	✓
(٩)	انتداب	✓
(١٠)	إعارة أو نقل خدمات	✓
(١١)	تعديل مسمى وظيفي	✓
(١٢)	طلب إجازة	✓
(١٣)	استئذان موظف	✓
(١٤)	استمارة تقويم الأداء الوظيفي	✓

What to include in an employee handbook

General Information

- Introduction and Purpose of the Handbook
- Welcome Message From the Company
- Company History
- Company Vision
- Company Mission
- Company Values
- Company Goals
- Company Commitment to Employees
- Code of Conduct
- Non-solicitation Policy
- Confidentiality Agreement
- Non-compete Agreement
- Employee Handbook Disclaimer
- Employee Signoff Signifying Receipt and Acknowledgement that he/she understands and will abide by the contents included

Cultural Information

- Dress Code
- Working Hours and Overtime
- Break and Lunch Periods
- Attendance Expectations and Policy
- Smoke-Free Workplace
- Parking
- Workplace Visitors
- Payroll Information
- Health Insurance
- Employee Assistance Program (EAP)
- Education Assistance
- Expense Reimbursement
- Stock Options
- Employee Discounts
- Holiday Schedule (Paid Holidays)
- Company Social Events
- Pets in the Workplace Policy
- Vacation Time
- Sick Days
- Personal Days
- Work from Home Policy
- Flexible Work Hours Policy
- Use of Company Equipment and Electronics
- Performance Expectations and Evaluation
- Retirement Plans
- Bonuses

Case Specific Information

- Equal Employment Opportunity Policy
- Accommodation For People with Disabilities
- Internal Employee Application Process
- Promotions
- Open Door Policy
- Access to Personnel Records
- Harassment and Discrimination Policy
- Harassment and Discrimination Reporting Procedure
- Harassment Investigation Process
- Health and Safety Policy
- Joint Health and Safety Committee Information
- Office Romances: Fraternization Policy
- Severe Weather and Emergency Closings
- Telecommuting Policy
- Drugs and Alcohol Policy
- Workplace Violence
- Weapons at Work
- Conflicts of Interest
- Accepting and Giving Entertainment of Gifts
- Travel for Business Policy
- Mileage Reimbursement
- Maternity/Parental Leave Policy
- Bereavement Leave
- Jury Duty
- Family and Medical Leave
- Sick Leave
- Monitoring in the Workplace
- Employee Conduct and Performance
- Disciplinary Process
- Complaint Procedure
- Employment Termination
- Emergency Procedures
- First Aid Kit

Employee Handbook



Types of Variable Pay Plans

Individual

- Piece rate
- Sales commissions
- Bonuses
- Special recognitions (trips, merchandise)
- Safety awards
- Attendance bonuses

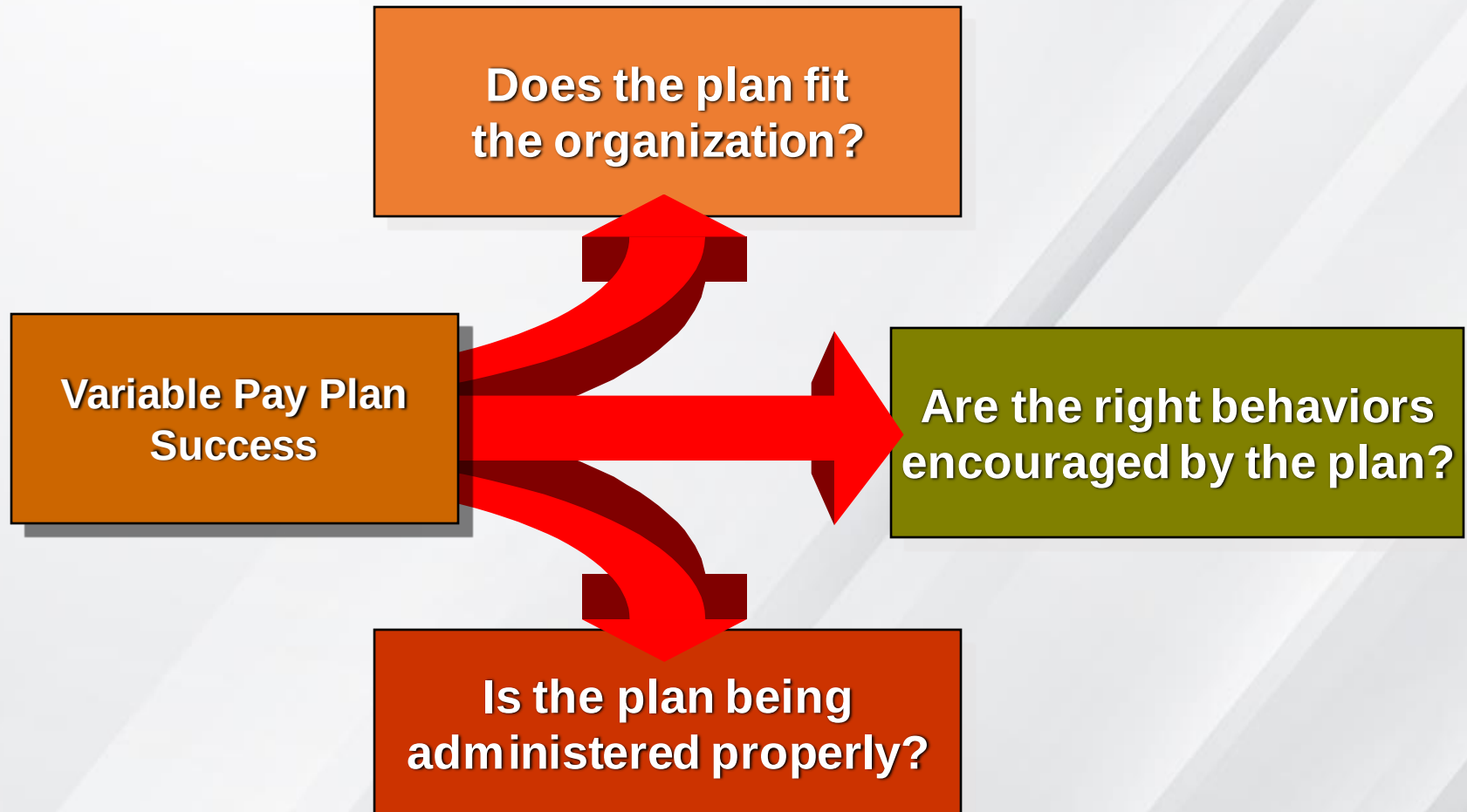
Group/Team

- Gainsharing
- Quality improvement
- Cost reduction

Organization-Wide

- Profit sharing
- Employee stock options
- Executive stock options
- Deferred compensation

Factors Affecting Variable Pay Plans



Factors for Successful Variable Pay Plans



Piece-Rate Systems

Chapter 13

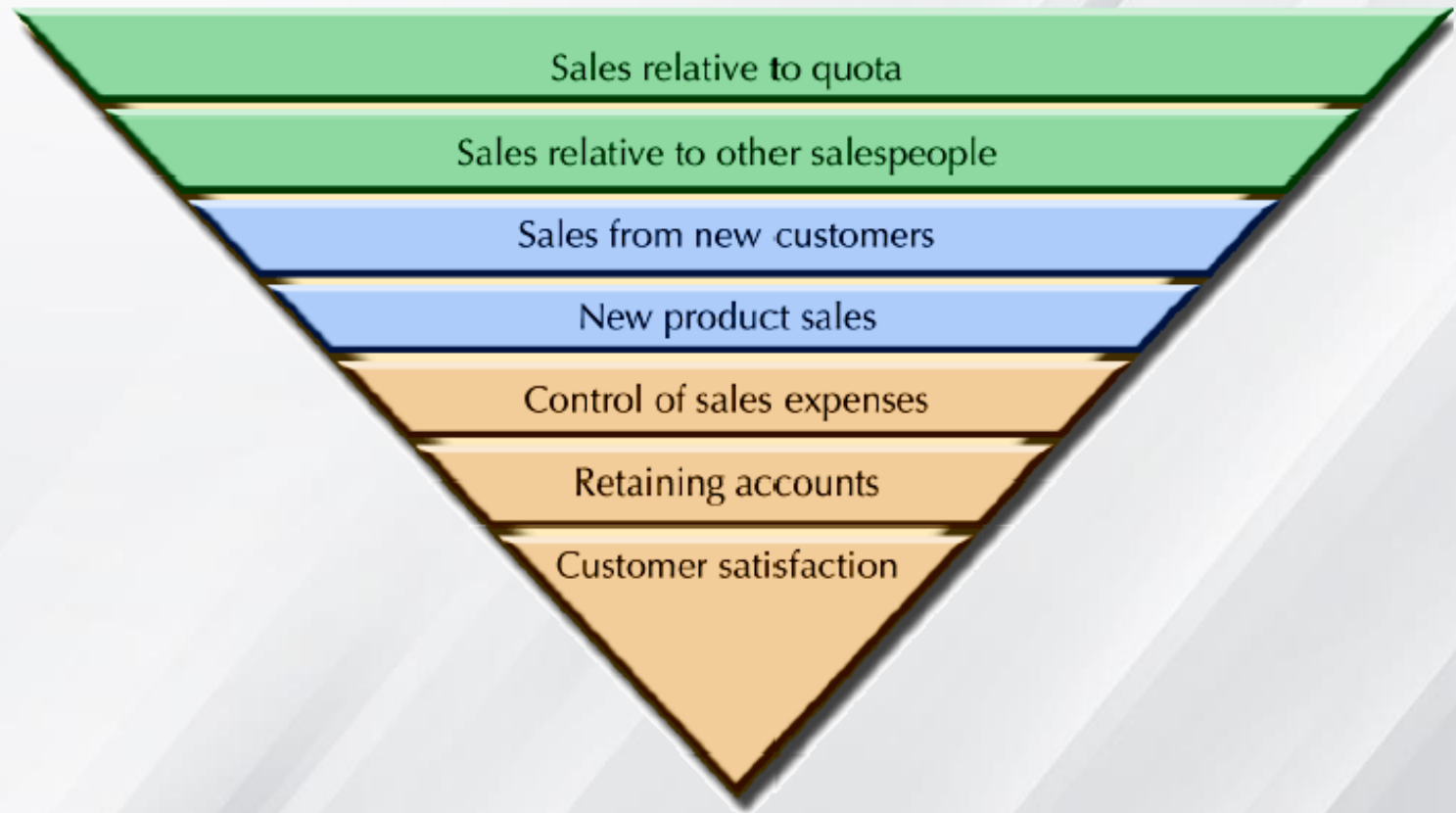
- Straight Piece-Rate Systems
 - Wages are determined by multiplying the number of pieces produced by the piece rate for one unit.
- Differential Piece-Rate Systems
 - Employees are paid one piece-rate for units produced up to a standard output and a higher piece-rate wage for units produced over the standard.

Bonuses and Special Incentive Programs

Chapter 13

- Bonus
 - A one-time payment that does not become part of the employee's base pay.
- Awards
 - Cash or merchandise used as an incentive reward.
- Recognition Awards
 - Recognition of individuals for their performance or service to customers in areas targeted by the firm.
- Service Awards
 - Rewards to employees for lengthy service with an organization.

Different Bases for Sales Incentives, In Order of Use



Sales Payment Plans

Chapter 13

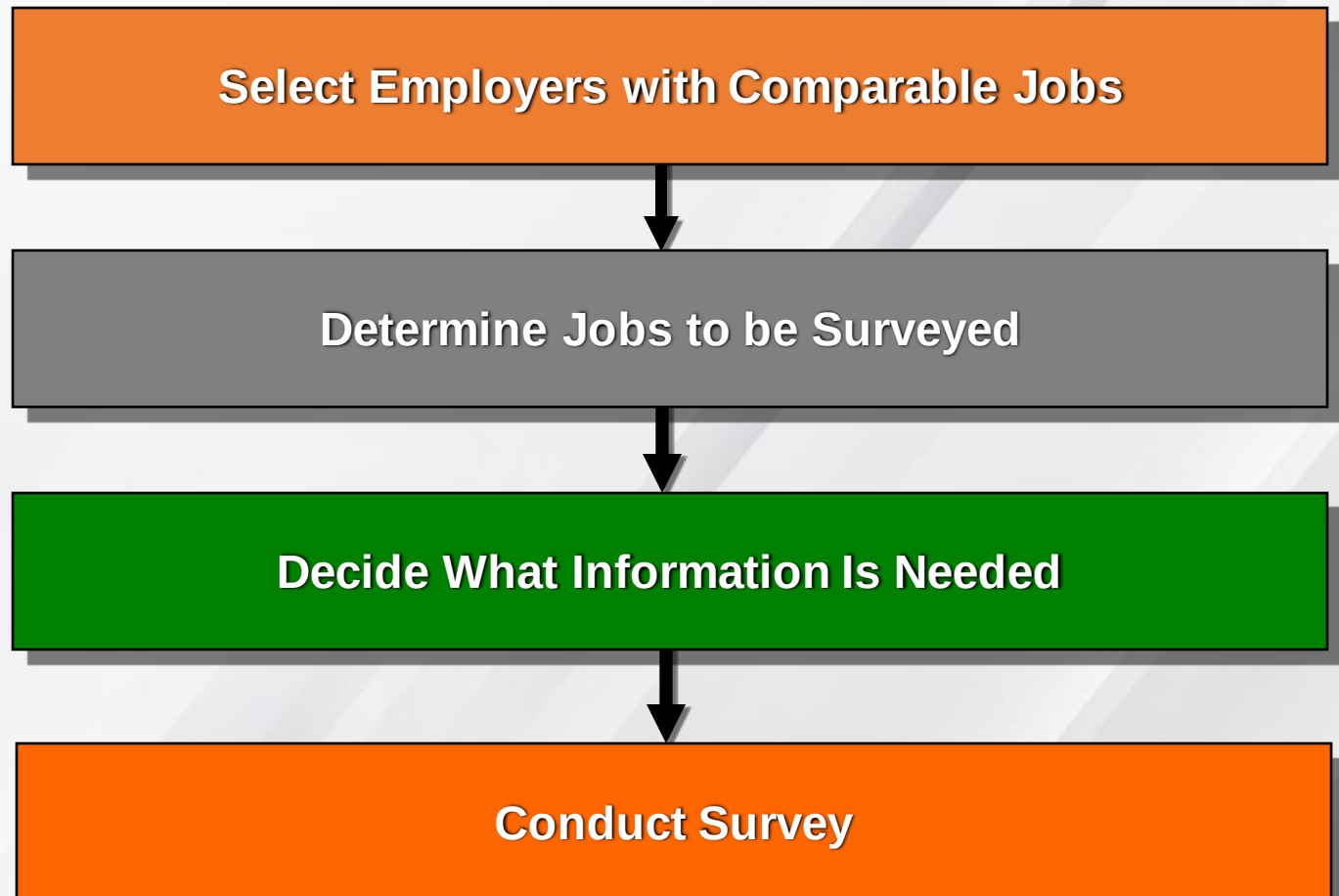
- Salary Only
 - All compensation is paid as a base wage with no incentives.
- Commission
 - Straight Commission
 - Compensation is computed as a percentage of sales in units or dollars.
 - Draw system make advance payments against future commissions to salesperson.
 - Salary Plus Commission or Bonus
 - Compensation is part salary for income stability and part commission for incentive.

Profit Sharing

Chapter 13

- Profit Sharing
 - A system to distribute a portion of the profits of the organization to employees.
 - Primary objectives:
 - Improve productivity
 - Recruit or retain employees
 - Improve product/service quality
 - Improve employee morale
 - Drawbacks
 - Disclosure of financial information
 - Variability of profits from year to year
 - Profit results not strongly tied to employee efforts

Developing Pay Surveys

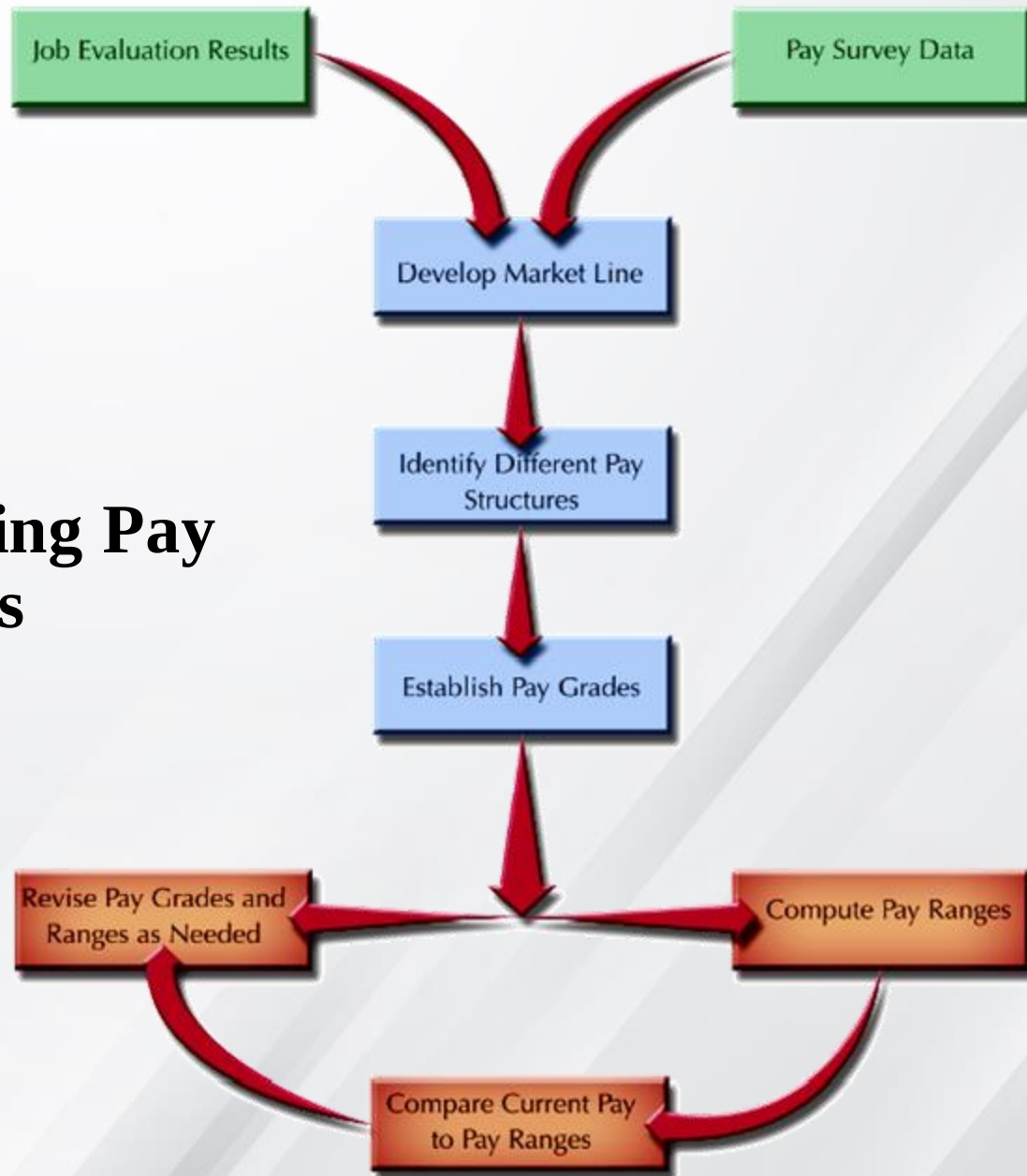


Pay Structures

Chapter 13

- Market Line
 - The line on a graph showing the relationship between the job value, as determined by job evaluation points, and pay survey rates.
- Common Pay Structures
 - Hourly and salaried
 - Office, plant, technical, professional, managerial
 - Clerical, information technology, professional, supervisory, management, and executive

Establishing Pay Structures



Pay Structures (cont'd)

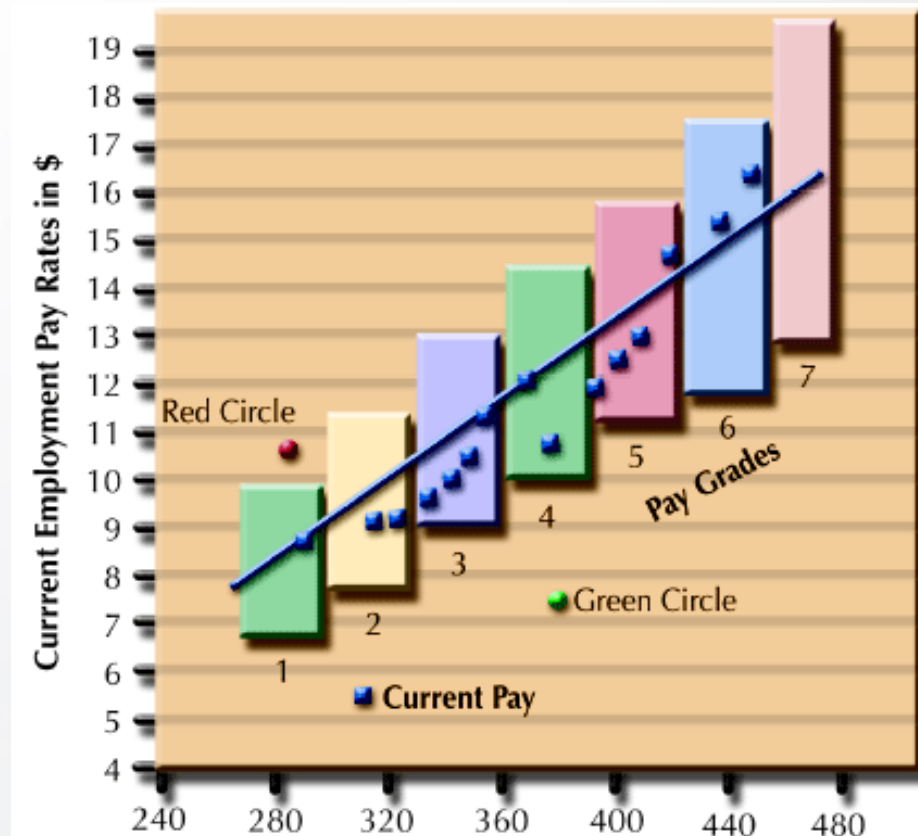
Chapter 13

- Pay Grades
 - A grouping of individual jobs having approximately the same job worth.
- Broad banding
 - The practice of using fewer pay grades having broader pay ranges that in traditional systems.
- Benefits
 - Encourages horizontal movement of employees
 - Is consistent with trend towards flatter organizations
 - Creates a more flexible organization
 - Encourages competency development
 - Emphasizes career development

Typical Pay Range Widths

Types of Jobs	Range Above Minimum	% Around Midpoint
<i>Executives</i>	50%–70%	± 20–25%
<i>Mid-Management/Professionals</i>	40%–50%	± 16–20%
<i>Technicians/Skilled Craft & Clerical</i>	30%–40%	± 13–16%
<i>General Clerical/Others</i>	25%–35%	± 11–15%

Example of Pay Grades and Pay Ranges



Grade	Point Range	Minimum Pay	Midpoint Pay	Maximum Pay
1	Below 300	6.94	8.50	10.06
2	300-329	7.96	9.75	11.54
3	330-359	8.98	11.00	13.02
4	360-389	10.00	12.25	14.50
5	390-419	11.01	13.49	15.97
6	420-449	11.79	14.74	17.69
7	Over 450	12.79	15.99	19.18

Pay Rate Issues

Chapter 13

- Rates Out of Range
 - Red-Circled Employees
 - An incumbent (current jobholder) who is paid above the range set for the job.
 - Green-Circled Employees
 - An incumbent who is paid below the range set for the job.
- Pay Compression
 - A situation in which pay differences among individuals with different levels of experience and performance in the organization becomes small.

Issues Involving Pay Increases

Chapter 13

- Seniority
 - Time spent in an organization or on a particular job.
 - Used to determine eligibility for organizational rewards and benefits.
- Maturity Curve
 - A curve that depicts the relationship between experience and pay rates.
 - Assumption is that as experience increases, proficiency and performance increase.

Issues Involving Pay Increases

Chapter 13

- Cost-of-Living Adjustments (COLA)
 - A percentage increase in wages that allows employees to maintain the same real wages in a period of economic inflation.
 - Adjustments are tied to changes in an economic measure (e.g., the Consumer Price Index).
- Lump-Sum Increases (LSI)
 - A one-time payment of all or part of a yearly pay increase.
 - Lump-sum payments do not increase base wages