



SALARY: TYPES, PAYMENTS, MOTIVATING

Points for study

1. Definitions
2. Types of salaries
3. Payments from salary funds



1. DEFINITIONS

Wage and salary, income derived from human labor.

Technically, wages and salaries cover **all compensation** made to employees for either physical or mental work, but they do not represent the income of the self-employed.

Labor costs are not identical to wage and salary costs, because total labor costs may include such items as cafeterias or meeting rooms maintained for the convenience of employees. Wages and salaries usually include remuneration such as paid vacations, holidays, and sick leave, as well as fringe benefits and supplements in the form of pensions or health insurance sponsored by the employer. Additional compensation can be paid in the form of bonuses or stock options, many of which are linked to individual or group performance.

1. DEFINITIONS

Wages constitute the major factor in the economic and social life of any community in an economic sense; wages represent payment of compensation in return for work done.

In a sociological sense, wages characterize stratification of occupational categories.

In a psychological sense, wages satisfy need directly and indirectly in response to changing employee aspiration.

It constitutes one of several elements of **job satisfaction** and is instrumental for the satisfaction of some needs more than others.

In a legal sense, the term wages or salaries has acquired various connotations, depending on the context and has become a subject of special law in many countries. It is most important to an industrial worker because his standard of living and that of his family depends upon his earnings.

1. DEFINITIONS

Wages are payments for labor services rendered frequency, expressed in hourly rates, while a salary is a similar payment, expressed in weekly, monthly or annual rates.

Thus the term 'wage' frequently connote payments in terms of the number of hours worked and may fluctuate depending upon hours actually worked.

Some economists name wages the payments for physical working (*the workers' income is called wages*) and salary - the payment for intellectual activities (*the engineers' income is called salary*)



1. DEFINITIONS

Wage and salary administration is defined as the process by which wage and salary levels and structures are determined in organizational settings.

The determination of wage rates, administration of wage policies and satisfying the employees as regards to wages and rates of wages is an important aspect of wage administration.

As a matter of fact wage and salary administration is one of the major responsibilities of modern manpower management.

1. DEFINITIONS

Minimum wage rate (in Russia) - minimum wage refers to the lowest monthly wage at federal level and cannot be below the minimum subsistence level (stated by the Russian Government). The minimum wage is established by the federal law in the amount of the subsistence minimum of the able-bodied population in the whole of the Russian Federation. However, this provision has not yet been implemented in some regions. Since 2007, minimum wages include compensation, incentives payment and social benefits.

Working hours - the hours for every person to work every week.

Days per week specified: 5.0 Hours per week specified: 40

The minimum wage is calculated for a fully worked-out monthly working time rate and subject to the fulfillment of the labor standard (labor obligations).

According to Art. 91 of the Customs Code of the Russian Federation, **normal working hours can not exceed 40 hours per week.**

MINIMUM WAGES AROUND THE WORLD



Increase compared to 2019



Minimum wage as of early 2020 (net, converted into USD)

| Country | Increase compared to 2019 | Minimum wage as of early 2020 (net, converted into USD) |
|-----------------|---------------------------|---|
| NIGERIA | + 64.8% | \$74 |
| AZERBAIJAN | + 37.7% | \$140 |
| ARGENTINA | + 37.1% | \$253 |
| SAUDI ARABIA | + 33.3% | \$1,067 |
| ARMENIA | + 25.2% | \$111 |
| MEXICO | + 20.0% | \$191 |
| CHILE | + 18.0% | \$318 |
| PAKISTAN | + 16.7% | \$113 |
| NORTH MACEDONIA | + 15.9% | \$261 |
| SERBIA | + 15.5% | \$284 |
| TURKEY | + 15.1% | \$401 |
| MONTENEGRO | + 15.0% | \$246 |
| POLAND | + 14.9% | \$485 |
| BELARUS | + 13.6% | \$156 |
| UKRAINE | + 13.2% | \$157 |
| GREECE | + 10.9% | \$605 |
| PHILIPPINES | + 10.2% | \$116 |
| TURKMENISTAN | + 10.1% | \$208 |
| UZBEKISTAN | + 10.0% | \$21 |
| MALAYSIA | + 9.1% | \$255 |
| SLOVAKIA | + 9.1% | \$519 |
| BULGARIA | + 8.8% | \$268 |
| HONG KONG | + 8.7% | \$958 |
| CROATIA | + 8.3% | \$484 |
| HUNGARY | + 8.1% | \$357 |
| INDIA | + 7.8% | \$87 |
| CZECHIA | + 7.6% | \$525 |

| Country | Year to year difference | Minimum wage as of early 2020 (net, converted into USD) |
|----------------|-------------------------|---|
| LITHUANIA | + 7.6% | \$471 |
| RUSSIA | + 7.5% | \$166 |
| ROMANIA | + 6.6% | \$313 |
| ESTONIA | + 6.6% | \$610 |
| MOLDOVA | + 6.3% | \$125 |
| COLOMBIA | + 6.0% | \$173 |
| PORTUGAL | + 5.8% | \$626 |
| VIETNAM | + 5.7% | \$191 |
| SLOVENIA | + 4.9% | \$775 |
| UNITED KINGDOM | + 4.8% | \$1,531 |
| BELGIUM | + 4.0% | \$1,370 |
| BRAZIL | + 3.3% | \$230 |
| IRELAND | + 2.7% | \$1,743 |
| CANADA | + 2.6% | \$1,383 |
| SOUTH KOREA | + 2.5% | \$1,390 |
| AUSTRALIA | + 2.1% | \$1,923 |
| GERMANY | + 1.9% | \$1,358 |
| THAILAND | + 1.6% | \$223 |
| FRANCE | + 1.2% | \$1,350 |
| NETHERLANDS | + 1.2% | \$1,655 |
| LUXEMBOURG | + 0.8% | \$1,989 |
| SOUTH AFRICA | = | \$235 |
| UNITED STATES | = | \$1,119 |
| LATVIA | = | \$339 |
| SPAIN | = | \$1,163 |
| PERU | = | \$245 |
| KAZAKHSTAN | + 1.1% | \$98 |

Year to year difference was calculated in the local currency.

1. DEFINITIONS

Guaranteed payments in salary and wages - legislatively established payments for employees for vacations (1 month in Russia), holidays, future pension period, special periods of live (i.e., maternity leave), and sick leave, hard working conditions, working at holidays, nights, overworking (more than 40 hours a week)



1. DEFINITIONS

Wages and salaries usually include fringe benefits and supplements in the form of pensions or health insurance sponsored by the employer.

Additional compensation can be paid in the form of bonuses or stock options, many of which are linked to individual or group performance.

Wage and salary administration is defined as the process by which wage and salary levels and structures are determined in organizational settings.

The determination of wage rates, administration of wage policies and satisfying the employees as regards to wages and rates of wages is an important aspect of wage administration. As a matter of fact wage and salary administration is one of the major responsibilities of modern manpower management.

1. DEFINITIONS

It is of course a line responsibility but continually increasing complication have demanded the attention of specialized staff members. Hence, the experts in personnel area have to take due care of this important function continuously.

Labor is the most important factor of production. Labor expects fair compensation for its contribution to the process of production. The term 'wages' is probably the broadest of all designations applied to workers compensation. In popular usage, it refers to payments for services, whether mutual or maintained whether based on hours of employment, units of output or some other yardstick.

2. TYPES OF THE SALARIES

TYPES OF COMPENSATION



BASE PAY



COMMISSIONS



OVERTIME
WAGES



TIP INCOME



BONUS PAY



RECOGNITION
OR MERIT PAY



BENEFITS



STOCK
OPTIONS



OTHER
NON-CASH
BENEFITS

2. TYPES OF THE SALARIES

Base pay is the initial pay you give your employees. The base pay rate is essentially the minimum amount an employee can expect to receive before taxes and other deductions.

Base pay includes an employee's base salary or hourly wages. It also includes shift differentials and pay for special assignments.

An employee's base pay **does not include** compensation that might raise the wages above the base level. For example, bonuses, overtime, and commissions are not part of base pay. These types of pay are included in the employee's total compensation.

2. TYPES OF THE SALARIES

Gross pay is the amount an employee earns **before taxes and other deductions** are subtracted. Net pay is the amount the employee **takes home after everything is subtracted**.

An employee's base compensation is part of both gross and net wages.

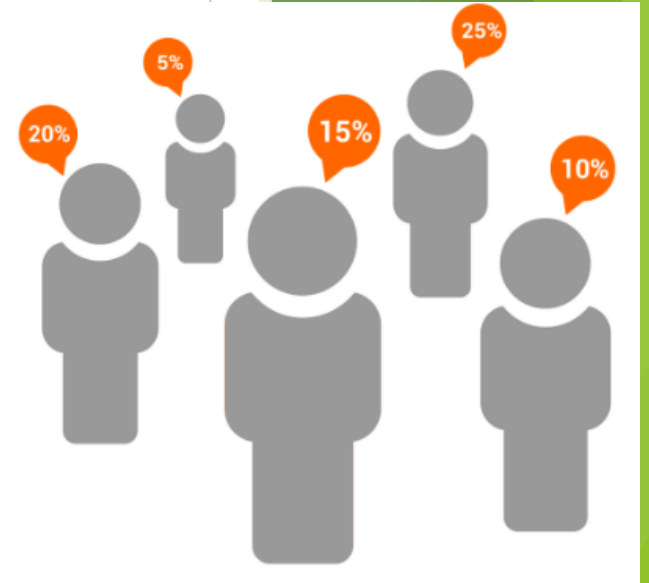
BUT gross and net wages might include other compensation too, such as overtime wages. An employee's base pay might be their gross wages if there are no other compensation types to add.

2. TYPES OF THE SALARIES

Commissions are a form of variable-pay remuneration for services rendered or products sold, a common way to motivate and reward salespeople. Commissions are usually implemented within the framework on a sales incentive program, which can include one or multiple commission plans (each typically based on a combination of territory, position, or products).

For example, commissions may be reduced when granting large discounts. Or commissions may be increased when selling certain products the organization wants to promote.

However, models other than percentages are possible, such as profit-based approaches, or bonus-based approaches. Commissions allow sales personnel to be paid (in part or entirely) based on products or services sold, rather than just hourly or based on attempted sales.



2. TYPES OF THE SALARIES

Overtime wages are the amount of time someone works beyond normal working hours. The term is also used for the pay received for this time. Normal hours may be determined in several ways:

- ▶ by custom (what is considered healthy or reasonable by society),
- ▶ by practices of a given trade or profession,
- ▶ by legislation,
- ▶ by agreement between employers and workers or their representatives.

In Russia overtime is payed 2 times higher than normal time wage (obligatory by law)



2. TYPES OF THE SALARIES

Tip income is an income earned by a service professional that is not a part of his/her regular wage but is additional to the wage received by him/her. A tip income is usually earned by a person because of the gratuity felt by the customers.

This can include cash tips or tips charged to a debit or credit card.

Extended Definition

Employees must report all of their tip income to their employer. The employer is then responsible for withholding federal, state, and local taxes from the tip income. Tip income does not include service charges, like bottle service charges or large party charges.



2. TYPES OF THE SALARIES

Bonus pay is usually made to employees in addition to their base salary as part of their wages or salary.

While the base salary usually is a fixed amount per month, bonus payments more often vary depending on known criteria, such as the annual turnover, or the net number of additional customers acquired, or the current value of the stock of a public company.

Thus bonus payments can act as incentives for managers attracting their attention and their personal interest towards what is seen as gainful for their companies' economic success.



2. TYPES OF THE SALARIES

Recognition or merit pay (synonym as pay-for-performance) is defined as a raise in pay based on a set of criteria set by the employer.

In this kind of work it generally involves the employer conducting a review meeting with the employee to discuss the employee's work performance during a certain time period.

Merit pay also provides a vehicle for an employer to recognize the high achieving individual's in the departments and their levels of performance which could be set as benchmarks for overall performance of the company apart from increasing the levels of performance every year.

It would not be incorrect to place a cautionary note that Merit Pay still remains a very heavily debatable topic amongst professionals.



2. TYPES OF THE SALARIES

Employee Benefits are a form of compensation paid by employers to employees over and above regular salary or wages. Employee benefits come in many forms and are an important part of the overall compensation package offered to employees.

There are some types of employee benefits that are mandated by federal or state law, including minimum wage, overtime, leave under the Family Medical Leave Act, unemployment, and workers' compensation and disability insurance.

There are other types of employee benefits that companies are not required to offer but may choose to provide to their employees. There are also some benefits and perks you may be able to negotiate as part of your compensation package when you've been offered a new job.



2. TYPES OF THE SALARIES

Employee Benefits Mandated by Law

1. Disability & Workers Compensation The purpose of both workers' compensation and disability is to make sure that an injured or sick employee continues to get paid (usually a portion of their normal pay) until they are well enough to return to work. Every state has its own workers' compensation and disability requirements for employers (In Russia - 80-100% of normal wage). While some businesses are exempt from providing workers' compensation, most payroll employees are eligible if they are injured on the job.

2. TYPES OF THE SALARIES

Employee Benefits Mandated by Law

2. Minimum Wage The government sets the current federal minimum wage. It may vary in different regions.
3. Overtime Overtime laws vary by state. The Fair Labor Standards Act also stipulates overtime pay requirements. Whichever law (state or federal) benefits an employee the most takes precedence.
4. Unemployment Benefits The federal government requires to manage all unemployment benefits for workers. If an employee worked a qualifying job and was laid-off due to a layoff, they are entitled to unemployment pay for a period of time. The amount of unemployment pay varies by state and job title. Employees who resigned or were fired for their misconduct are typically not eligible for unemployment benefits.

2. TYPES OF THE SALARIES

Types of Employer-Provided Benefits and Perks

In addition to benefits required by law, other benefits are provided by companies because they feel socially responsible to their employees and opt to offer them beyond the level required by law.

Depending on the company, these benefits may include health insurance (required to be offered by larger companies), dental insurance, vision care, life insurance, legal insurance, paid vacation leave, personal leave, sick leave, child care, fitness, retirement benefits and planning services, college debt relief, pet insurance, and other optional benefits offered to employees and their families.

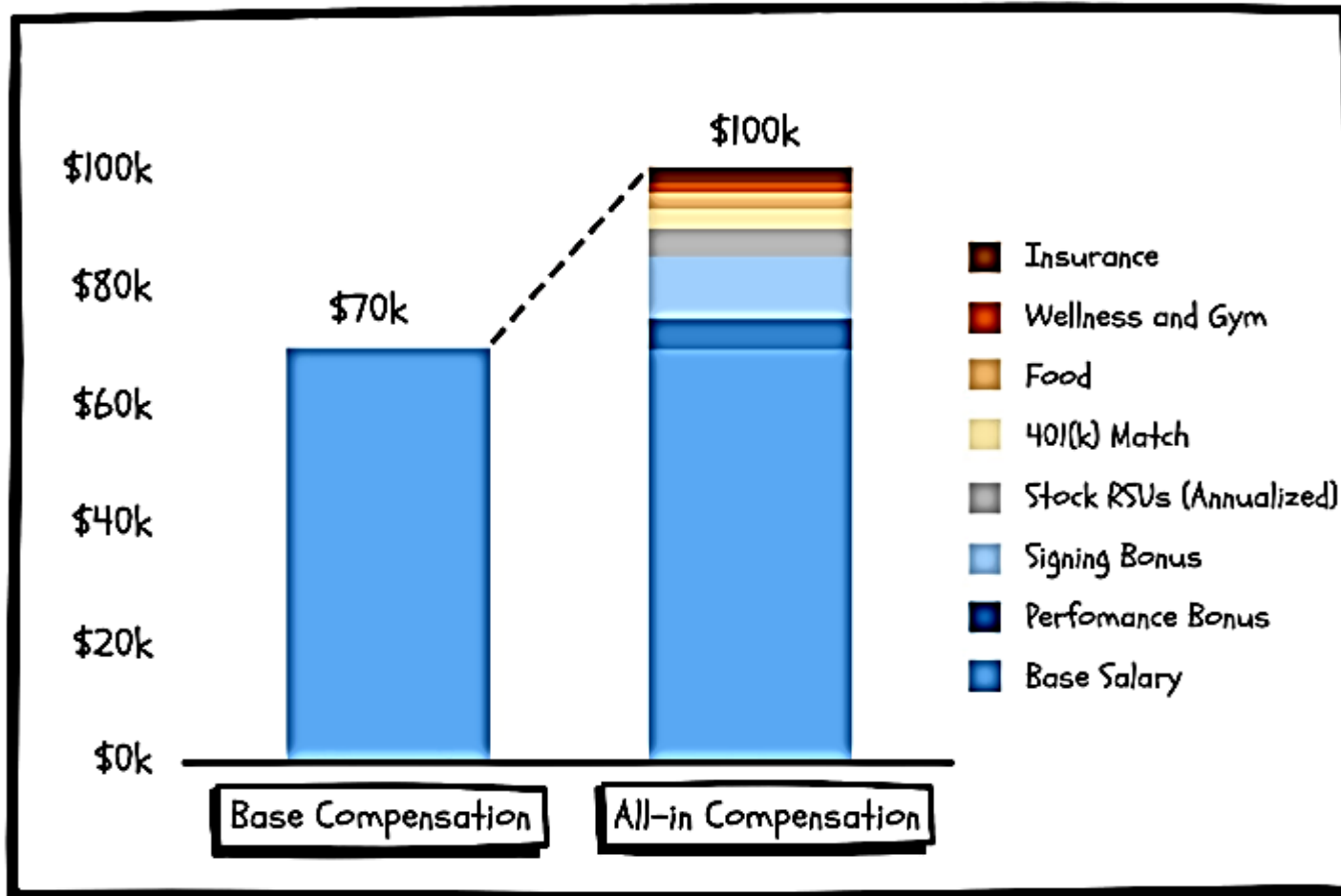
These types of employee benefits are offered at the discretion of the employer or are covered under a labor agreement, so they will vary from company to company.

2. TYPES OF THE SALARIES

Types of Employer-Provided Benefits and Perks

- 1) **Health Benefits.** The quality of health benefits is directly correlated with employee satisfaction in the workplace. A survey conducted by America's Health Insurance Plans shows that 56 % of U.S. adults with employer-sponsored health benefits say their health benefits are a key factor in deciding to stay at or leave their current job.
- 2) **Retirement.** Retirement benefits provide employees a safety net, and a retirement solution that allows them to enjoy their lives after ending their careers. Most importantly, retirement benefits allow individuals to live sustained and comfortable lives.
- 3) **Workplace Flexibility.** Taking time off without pay can be financially straining if an unforeseen event should arise. Stress over money takes both a mental and physical toll on workers, increasing health related costs and significantly decreasing productivity.
- 4) **Wellness Program.** One of the biggest employee benefit trends this year is building a company culture of health as a way to create and maintain a healthy and productive workforce. As such, many companies put wellness programs in place to keep their employees active, happy, healthy, and productive.
- 5) **Tuition Reimbursement.** Many times, employees are promoted within their company soon after degree completion as well. This benefit has a lasting effect on the employee and the company - producing educated employees that have the knowledge and experience necessary to handle their daily tasks effectively.

ALL-IN COMPENSATION



All-in Compensation = All Monetary Forms of Compensation + Estimated Values for Non-Monetary Perks

3. MOTIVATING EMPLOYEES

Accomplishments

If a particular employee excels at their job, you can pay them increased wages. Or, you might pay an employee more if they received more education or advanced training related to their job.

Previous wages

You base an employee's wages off their wages at their previous job. You might match the previous wages or offer an increase.



3. MOTIVATING EMPLOYEES

Available funds

What does compensation mean for your bottom line? You need to calculate carefully how much you can spend on employees. When determining how much an employee costs, remember the costs of taxes and benefits. Before you offer a job or pay raise, make sure the compensation plan will fit in your budget.

Benefits

By offering desirable benefits, you might be able to offer a lower base pay to employees. You need to know what benefits are the most desirable in your area and industry. Employees often heavily consider employee benefits packages when looking for a job.

3. MOTIVATING EMPLOYEES

There are many ways to determine an employee's compensation. No matter how you determine employee wages, you should consider internal equity. Internal equity is when you compare the positions in your business **to ensure fair pay**.

Do research on what other businesses pay their employees. Compare your business to other businesses in the area. What are other employees paid in your area?

Also, make sure you pay attention to employees who have similar job titles and duties that your employees have.

You can survey other businesses that are similar to your business. You can also check websites where employees self-report their wages.

3. MOTIVATING EMPLOYEES

Compensation regulations

Compensation is governed by many local, state, and federal tax and employment laws.

You need to abide by federal minimum wage laws, which are governed by the Fair Labor Standards Act (FLSA). Many states and some cities also have their own minimum wage. You must pay all employees at least the prevailing minimum wage.

You must follow other FLSA rules as well. The FLSA has rules on child labor (including the child minimum wage and hiring teens), and overtime wages.

You also have equal employment opportunity responsibilities.

You should give equal pay to employees who do the same work.

3. MOTIVATING EMPLOYEES

Compensation can be complicated when it comes to taxes. You will withhold taxes from some types of compensation, but not from others. Make sure you know what taxes apply to each type of compensation.

For example, you will withhold taxes on tips, regular wages, overtime wages, and commissions. You will also withhold taxes from bonuses, but you will calculate the taxes differently. You won't withhold any employment taxes for benefits.

There are also many other federal, state, and local laws that govern compensation. Make sure you understand your responsibilities before hiring employees.

HOMWORK AT THE THEME SALARIES & MOTIVATIONS (6 POINTS)

Write the essay at the theme “Measures of motivating Nuclear Power Plant engineers to stimulate their efficient work”.

The essay need to include:

- The short but complicated description of the major types of motivation (0-1 points).
- Your plan of the most efficient measures of motivation(0-2 points).
- The explanation for each suggestion you’ve offered (0-2 points).
- Answer before deadline (0-1 points).

**YOU MUST SEND YOUR ESSAY TO ME BY EMAIL UP TO
21.00 P.M. 27.03.2022**