

Ethics in compensation or remuneration:

Remuneration Or compensation is a systematic approach to provide monetary values to employee in exchange of work performance by them.

Objectives of ethical remuneration:

- To Recruit and retain qualified employees
- To increase and maintain morality in organisation
- To determine basic wage and salary
- To reward for job performance

Importance of ethical remuneration

- Attracting and retaining talent
- Motivating talent for best performance
- Cost effectiveness
- Imagebuilding

Types of ethical remuneration

Basic salary

the most important component of compensation is basic salary. Organisation provide minimum safety and income by providing basic salary in a moral way.

Incentive

additional payment to the employees Deals basic salary. this is a linked with the productivity either with the terms of higher production or cost saving or both. This is mainly an ethical work to motivate the efficient employees in work with higher productivity to fulfil their desire to get more return.

Fringe benefits

Includes such benefits which are provided to employees either having long term impact like Provident fund, pension, accident relief like insurance our facilities of uniforms, canteen etc. these are given with the ethical objective by providing more safety and reducing employee turnover and to give long term benefits.

Perquisites

These are normally provided to managerial personnel either to facilitate their job performance or to retain them in the organisation. Such perquisites include traditional facilities to employees like company car, club, free residential accommodation, paid holiday trip, stock option etc.

Ethics in retrenchment

Introduction

Retrenchment is a form of dismissal due to no fault of the employee, it is a process whereby the employer reviews its business needs in order to increase profits or loss which leads to reduce its employees.

Retrenchment Means involuntary separation of an employee due to the replacement of labour by machines or the close of specific departments.

It is a business strategy to reduce the company expenses.

Ethical issues in retrenchment

- 1. impact on remaining employees**
- 2. performance appraisal of employees**
- 3. compensation**
- 4. Outplacement aid**
- 5. Communication of reason**
- 6. Holding a proper meeting.**