

EMPLOYEE COMPENSATION AND INCENTIVE STRATEGIES: NEW UPCOMING TRENDS IN STANDALONE RESTAURANTS IN JAIPUR

Dr. Sarabjeet Kaur Gogia*
Manisha Soni**

ABSTRACT

This research paper describes the employee compensation and incentive strategies adopted by standalone restaurants in Jaipur city. Compensation, reward and incentives have positive impact on both employees and employers. The study shows that when employees recognized for performance and productivity, they have increased morale, job satisfaction and involvement in organizational performance; so, the employers experience shows greater increase in sales and profit with greater efficiency and an increase in productivity. Compensation and incentives are providing a positive and productive environment on work place. This research explains about the compensation and incentive strategies of standalone restaurant in Jaipur and how much they benefited to them. The research is conducted on 10 standalone restaurant of Jaipur city. Primary data was collected through questionnaire. Secondary data was collected from annual reports, internet etc. This research paper emphasizes on whether standalone restaurants in Jaipur do make use of compensation strategies and its benefits to the employers. The study is also explaining the upcoming new trends in compensation and incentive strategies.

KEYWORDS: *Compensation Strategies, Monetary and Non Monetary Incentives, New Trends.*

Introduction

Compensation plays a crucial role in any business organization. Among the assets of any organization, human assets has been most important factor. It is impossible to imagine a business process without man. So, its expects return from the business process like wages. An ideal compensation system will have positive impact on the efficiency and result produced by employees. It will encourage the employees to perform better and achieve the standard fixed and the other site organization are increase a single interest in retaining right talents. As organization continue to face mounting competitive pressures. They seek to do more with less and do it with very perfection.

Compensation

Compensation is defined as the total amount of the monetary and non-monetary pay provided to employee by an employer in return for their services or performance. Essentially it's a combination of the value of employee's pay, vacation, bonuses, health insurance and any other perks like receive free lunches, free events and parking etc. Compensation is more than an employee's regular paid wages. It is a tool mainly used by management for a variety of purpose to further the existence of the organization. Compensation has two main components, direct and indirect financial payments or rewards payable to employees. Direct financial payments are in form of wages, salaries, incentives, commission and bonus. In other hand indirect payment in the form of financial benefits like employee paid insurance and vacation.

* Assistant Professor, Department of Business Studies, The IIS University, Jaipur, Rajasthan, India.

** Research Scholar, The IIS University, Jaipur, Rajasthan, India.

Compensation Management

The basic purpose of compensation management is to establish and maintain an equitable compensation and reward structure for the organization. So that the satisfaction level of employee and employers is maximized and conflicts minimized. So, the compensation management is a systematic process for designing and implementing of total compensation packages by providing adequate value to employees in exchange for work performance.

Compensation may be Used to

- Increase moral
- Recruit and retain good employees
- Reward peak performance
- To achieve the internal and external equity
- Modify practices of unions
- Align workforce to strategy and goal

Factors for well defined compensation

- Company strategy and business goals
- Performance rating information
- Internal salary and range targets.
- Comparative market data
- Internal job description and roles.

Compensation Component

- Monetary
- Non-Monetary

Monetary Compensation

Direct	Indirect
Base pay	Insurance
Bonus	Leaves(sick, holiday, personal)
Long term incentive	Clothes
Perks ,Perquisites	Laptops
	Group Mediclaim

Non-Monetary

- Enhance dignity of performance from work performance.
- Promote social relationship with co-workers.
- Allocate sufficient resources to perform work assignment.
- Offer supportive leadership of management.
- Enhance physiological health intellectual growth.
- Maternity leave.

New Trends in Compensation Management

• **Work-Life-Balance**

Work life balance is a term used for the belief that you need time for both work and other appearance of life like family or personal related .work life balance is a concept include the proper prioritization between work and life style.

- Flexible time
- Compressed work week
- Job sharing
- Telecommuting
- Cart time work
- Child care assistance

- **Pay Transparency**

Some organization are using transparent pay system .Because pay transparency influence employees to trust in management increasing employee engagement ,reducing turnover, creating competitive advantage.

- **Variable Pay**

Variable pay is employee compensation that change as compared to salary which is paid in equal proportion throughout the year just as:

- Piece work incentive
- Pay-for-performance
- Pay for person
- Merit pay
- Bonuses
- Profit sharing etc.

- **Employee Stock Ownership Plan**

ESOP is an employee benefit plan and this scheme provides employees the ownership of stocks in the company. It also provides for tax benefits to the employers.

- **Flexible Benefits**

Flexible benefits allow employees to pick benefits that meet their need.In this benefit employees are allowed to choose a benefit package that is individually tailored to his or her own needs and situation.

- **Perk**

- Physical fitness
- Meal a Day
- Dry cleaning
- Unrestricted dress code
- Theatres
- House rent allowance
- Transport and fuel for a specific project
- Rejuvenating

Comparison of Changes

Today we see greater differentiation in compensation performance related pay has been a common practice already for many year. But now we see it evolving to a more dynamic and less rigid approach.

	Current Trends	Traditional Trends
1	Emphasis on employee engagement in health, energy, employer strategic goals	Legacy compensation programs (longevity, shift, overtime ,PAT vacation)
2	Skill and knowledge attainment	Non Consumer engaged employee health benefits
3	Compliance	Compensation based on service rather than skills and performance.
4	Productivity through business simplification and technology	Paper based delivery of services
5	Emphasis on total compensation	
6	Flexibility in work schedules.	

The basic trends that are shaping the future of compensation and benefit

- Increased differentiation in compensation.
- Adoption of a Total Reward philosophy.
- Technology that enable integration with talent management.
- Strategic use of total reward for talent management.

Standalone Restaurant

A restaurant is a services providing organization which prepares and serves food and drink to customer in return for money .Some restaurants also offer take out and food delivery services.

Significance of the Study

The study is helpful to know the attitude of employees towards work and identify the compensation packages that provided by organization. What type of incentive improve the performance and efficiency of employees and match to their needs. On other hand the new upcoming in compensation how much benefited to employees and employers.

The need of compensation literature review

The human needs are power full motivator for explore new trends in compensation management as per the Abraham Maslow in his theory of motivation in 1943. Maslow shows us the clear picture of human need.

- Self actualization
- Esteem needs
- Love and belonging needs
- Safety needs
- Physiological needs

Margot B.Dermody. (2002) stated that the recruitment and retention in the restaurant industry is a major challenge and there was a need to find the best employee and to retain them with the help of compensation.

As noted by the **Lawer 2003**, the success and the survival of any organization are determined by the way the workers are remunerated and rewarded. Thus the reward system and motivating compensation will determine the level of employees commitment and their attitude to work.

Schiller, (1996) stated in his study that incentive programmes are put in place by various organization to compensation and reward performance of employees who perform more than expectation.

Incentive packages are financial or non-financial reward offered to employees to compel them to exert more effort into any giving task as per mention by national commission on productivity and work quality **(1975)**.

David peasall (2014) highlight the new trend of compensation as he stated that employee benefits as one of the best practices to reduce turnover and give extra weights to healthcare benefits as most of the families couldn't offered hospital expenses.

Senior personnel supervisor of Mcdonald's canada said improve customer service was the main result of employee incentive strategies, the increase in revenue was a side effect. On other side **koontz (1984)**. **Luthance (1998)** divided this incentive into monetary and non-monetary incentives, which is known as financial or non-financial incentives.

According to Ryan and **Deci, (2000)** employee could be intrinsically or extrinsically motivated. Intrinsic motivation is an inward drive coming from within the person which makes him to work effectively and efficiently toward the realization productivity.

Objectives of the Study

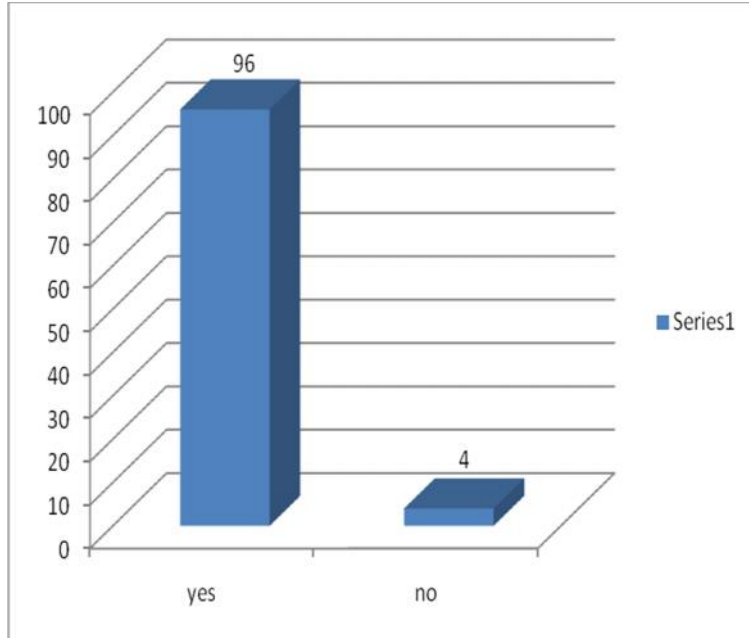
- To identify different employee incentive strategies adopted in standalone restaurants.
- To study benefits of incentive strategies to the business.
- To identify the new upcoming trends in future.

Research Methodology

The data collected from convenient sampling method.10 standalone restaurant are identified from Jaipur city. The descriptive research methodology was used to carry out research successfully. In this study primary and secondary both type of data's are used. Primary data are collected with the help of questionnaire filled by managers of standalone restaurants. Secondary data collected through journal, magazines, books, past data, website etc.

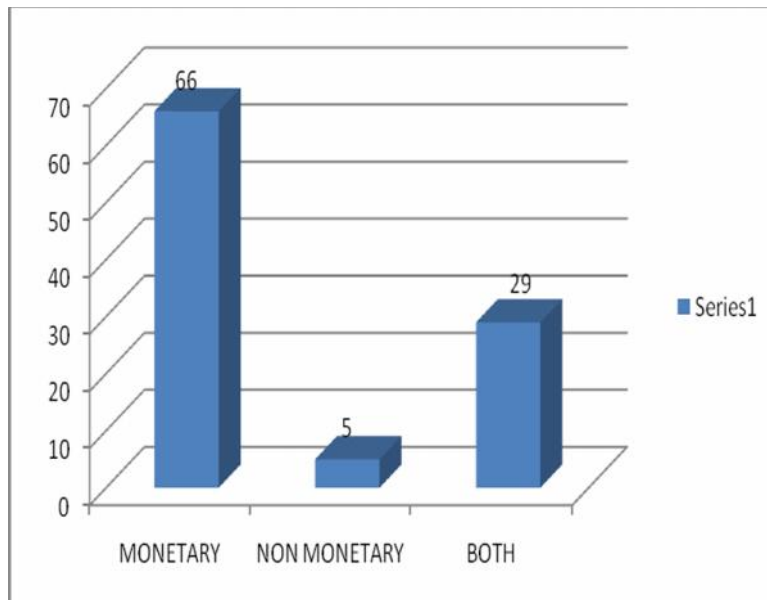
Data Analysis Findings

Execution of incentive strategy in standalone restaurant in Jaipur city



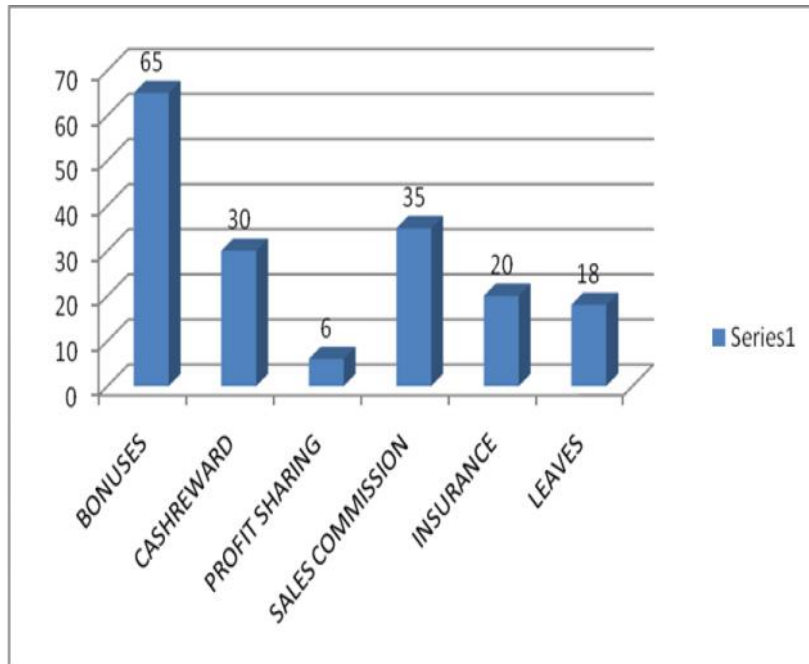
Analysis: The study was shown that all most standalone restaurant of Jaipur apply many types of incentive strategies according to their ability. 96% of standalone restaurant are follow the various types of compensation. Another 4%are neutral or don't use any type of compensation.

Types of Incentives offered in standalone restaurant in Jaipur city



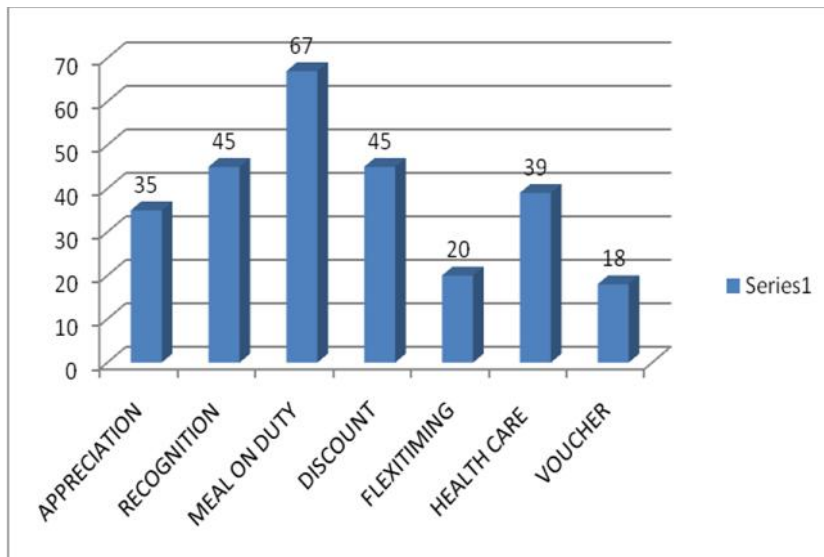
Analysis: It was observed that most of the standalone restaurant prefers monetary incentive awards while others offers both monetary as well as non-monetary incentive. 66% of restaurants are mostly used monetary incentive policies whereas only 5% apply non monetary incentives. 29% restaurants are applied the both type of compensation.

Types of monetary incentives offered by standalone restaurant in Jaipur city



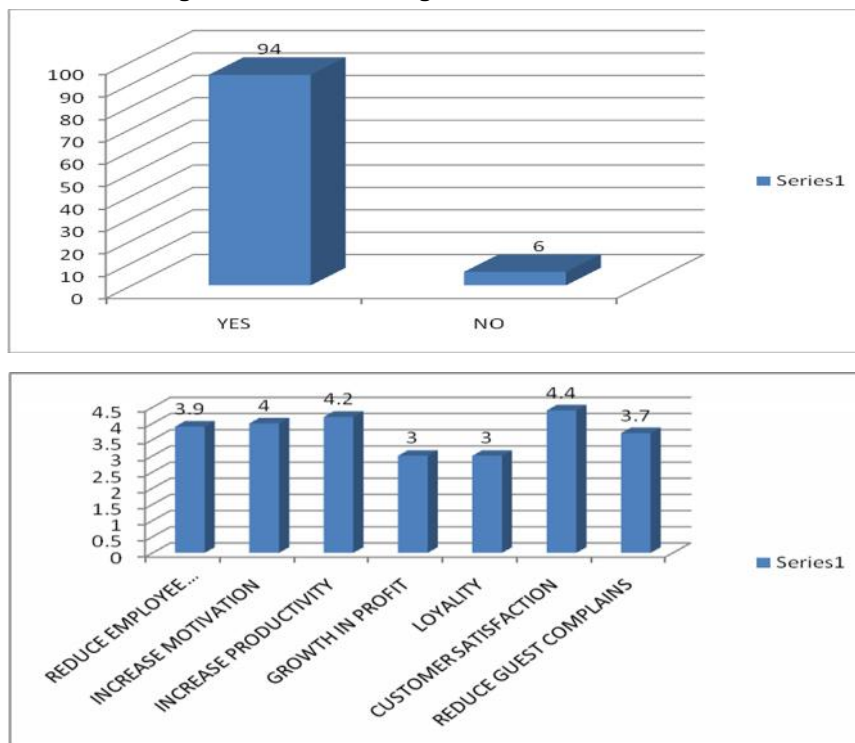
Amongst monetary incentives proposed by standalone restaurant in Jaipur city, most commonly used incentive strategy was 'bonuses' and 'sales commission'. The study shows that the 65% incentive is given to employee as a bonus and 35% incentive as a sales commission, while 'profit sharing' was uncommon practice because mostly employers do not support this type of incentive. Part time and cash rewards are also uses as average.

Various types of non monetary reward applied by standalone restaurant in Jaipur city



Meal on duty (67%) on top and appreciation(35%), discount (45%), health care benefits (39%) are mostly preferred as non-monetary incentives. But on other hand flexi timing and voucher are still not too popular in employees. The study was observed that monetary incentives are more popular and mostly followed by restaurants.

Advantage of incentive strategies to the standalone restaurant



The study was shown that 97% of respondent are agree that employee incentive strategies are benefited directly to restaurant and its employees both. Amongst all the benefits motivation, productivity, loyalty, job satisfaction are on top on rating. On other hand reduced employee turnover, increased revenue, and decrease in guest complains are rating low. So the research was stated that an employee incentive strategy comparatively benefits less to reduce employee turnover and reduce guest complains, customer satisfaction etc.

Limitation of the Study

- The research is carried out only in Jaipur city. So related area is limited.
- The study may suffer from the common limitations of research. Improper and imperfection of data and the complexity involved in the data analysis as in all such behavioural science research.
- The primary data are main source of data collection. And it should be biased or manipulated so cannot be averted.
- Secondary data available on internet has its own limitation.

Recommendation

- Standalone restaurants should provide more modifying non monetary incentive to their employees which will benefit employers in term of cost.
- Employers can re-design employee incentive programmes so that they will focus on to reduce employee turnover.
- Amongst monetary incentives restaurants may concentrate on employee profit sharing incentive. Which may result in fulfilling need of " self esteem" of an employee.

Conclusion

After study the research of standalone restaurant, we conclude that all standalone restaurant in Jaipur city practiced employee incentive strategies.75% among of them offers only monetary incentives but 20-25% use both types of incentives as well as non-monetary. Bonus, commission, cash rewards are mostly preferred as monetary reward. But profit sharing is on least. Almost 97% of respondent agree that incentives effect positively on employee and their performance.

Reduce employee turnover, increase productivity with great efficiency are major benefit of incentive strategies. On other hand non-monetary incentives are also applied by most of restaurant. Meal on duty, appreciation, and recognition are mostly practiced. In future they continue with some new trends and modified strategies. Work life balance, pay transparency, flexible timing are new upcoming trends.

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