

News

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HR professionals have introduced innovative ways of calculating bonus for the new joinee. We explore them further



A beginner's bonus

The prospect of an attractive bonus can be the deciding factor for an individual to join an organisation, right? Hence, it's imperative that HR professionals devise the most effective mechanism for calculating bonuses for new entrants. It is important for employees to understand what bonuses are and the basis for earning them. Vishal Chibber, director HR, Kelly Services India defines an employee bonus as, "A tool that organisations use to reward

employee performance towards an organisation's objectives. Employee bonuses can be calculated for individual performance, group performance or a combination of both, based on an organisation's objectives. The calculation of the same can be based on a bonus pool allocation or simply as a fixed percentage of an employee's salary." Nikul Shah, president global HR and corporate services, Omnitech InfoSolutions Ltd charts the changing face of employee bonuses. "A bonus

is something given or paid over and above what one is promised or due - a sum of money granted or given to an employee, in addition to one's regular pay. It is usually given as an appreciation for work done or for length of service and accumulated favours, etc. It is nothing less than a reward, honorarium or a gift. But this definition holds true only until the last two decades. As the employment norms have changed, work cultures have changed this definition too and it's tweaked as per the new era. Today, one is paid what is called a 'CTC (Cost to Company)', which in-

cludes each and every penny that the company is going to pay you in monetary terms. And this includes bonus as well."

EFFECTIVE TOOLS

Chibber lists the following ways to arrive upon the bonus for a new employee:

- A variety of other cash and non-cash awards are also given in some companies for certain types of achievements (spot bonus awards, non-cash rewards), etc;
- New joinees can also earn referral bonuses for being hired or getting your friend a job at the company (refer a friend scheme).

Shah tells us about the bonus policy followed at Omnitech:

- As a part of your CTC paid at the time of Diwali, one month's basic salary is calculated on a pro-rata ba-

sis depending on the tenure of the employee to pay the bonus amount; Companies ESOP's are granted as joining bonus. This calculation is based on the seniority of the role of the employee and the tenure of services rendered to the organisation. A bonus policy has several advantages, as Shah illustrates, "A bonus helps to upsurge levels of allegiance and inspiration among employees. Structures and calculations vary from enterprise to enterprise but they are usually paid as a cash reward." Indeed, a generous bonus is a carrot that HR professionals often offer to recruit or retain valuable employees. Thus, investing time and effort into devising a creative and rewarding bonus structure for new employees can be a useful exercise for HR professionals.

- Ankit Shrivastava