

Examples of Incentives



MONETARY NON-MONETARY COMBINATION

Cash

- Leave credits or Leave with pay
- Gift/Food Certificates
- Personal or Grocery Items
- Free Travels
- Hotel Accommodation

Free Travel with Pocket Money

Productivity Incentives are different from:

MANDATED BENEFITS

part of General Labor Standards

Examples:

- holiday pay
- premium pay
- overtime pay
- 13th month pay
- night shift differential

FRINGE BENEFITS

perks provided by employers

Examples:

- meal allowance
- transportation allowance
- educational assistance
- access to day care facilities for children and the elderly

Mandated and Fringe benefits are given to all workers, regardless of their productivity level.

Benefits of Implementing a Productivity-Based Incentive Scheme

FOR ESTABLISHMENTS

- Increased sales or savings
- Improved efficiency and service delivery
- Improved product or service quality
- Fewer customer complaints
- Enhanced employee engagement and retention

FOR WORKERS

- Productive and motivated workers
- Harmonious employment relationships
- Augmented worker's take-home pay

What is Productivity-Based Incentive Scheme?

It is a workplace-initiated program on improving the productivity of workers and enterprises to generate savings or additional revenues, which can be shared by enterprises with their workers.

Productivity

is the efficient use of resources (inputs) to produce quality products and services (outputs)

Productivity = Savings

Efficient use of resources eliminates:

- ✓ Downtime (personnel and machine)
- ✓ Reworks/Rejects
- ✓ Inefficient resource use
- ✓ Inefficient energy use/ consumption
- ✓ Processes/ steps that do not add value

Productivity Incentives

are bonuses given to workers as a result of improvements in their productivity performance to sustain productivity

Assistance to MSMEs

The Regional Tripartite Wages and Productivity Boards (RTWPBs) provide the following technical assistance to MSMEs:

- Identify the business problems that hinder the achievement of its goals.
- Develop solutions and set targets.
- Establish Key Performance Indicators (KPIs) and performance metrics.
- Strengthen the provision of incentives for good performance.

Visit or contact the RTWPB in your region for consultation and free assistance in developing your PBIS.



Productivity-Based Incentive Scheme



Developing and Implementing a Productivity-Based Incentive Scheme (PBIS)

STEPS:

Employers and workers agree to adopt a Productivity-Based Incentive Scheme

1

Identify problems that hamper the attainment of business objectives

2

Sample tools that can help us find the root cause of a problem:

5 WHYS Analysis

- For simple or linear problems with either a single or a few root causes
- By asking "why" for five times, it looks at the cause-and-effect of a particular problem

Root Cause Analysis

- Used to find multiple solutions to prevent recurrence of a problem.
- **Define:** What is the problem?; **Analyze:** Why did it happen?; **Solve:** What can be done to prevent it from happening again?

Fish Bone Analysis or Ishikawa Diagram

- Aids in sorting potential causes of a problem because of its visual nature
- Often used when developing new products or troubleshooting failures or defects

Identify Business Objectives

3

4

Set Key Performance Indicators (KPIs)

5

Clarify who are covered by the PBIS

6

Set Performance Metrics

Metrics indicate the success or failure of KPIs, and lay down the parameters by which workers will receive their incentives.

7

Agree on the schedule of incentive giving

8

Reward the performance as soon as possible, unless otherwise agreed

9

Promote the success of PBIS within the company

10

Track the implementation of PBIS

Objectives must be:

S **SPECIFIC**
Who, What, Where, When, Which, and Why

M **MEASURABLE**
Create criteria and track your progress

A **ATTAINABLE**
Develop attitudes, abilities, skills and plan your steps

R **REALISTIC**
Willing and able to work towards the goal

T **TIME-BOUND**
Anchor your goal to a specific date

KPIs measure the business objectives. KPIs must be:

- ✓ Consistent with your business objective
- ✓ Based on valid data
- ✓ Aimed at a certain individual or groups
- ✓ Easy to comprehend

The schedule of giving the incentives can be:

- daily
- weekly
- bi-monthly
- monthly
- quarterly
- bi-annually
- annually
- other period or frequency as agreed upon