**Worker Compensation in Human Resource Management.**

Human resource department in every organization is mandated with the responsibility of looking after the workers, ensure discipline and smoothen the interaction between the management and its labor force. Joseph J. Martocchio (1998) elaborates that the human resource department operates under objectives that include; the measurement and examination of the current conditions of the organization, to predict future conditions and patterns of human behavior in an organization, to also evaluate the extent of effectiveness and suitability of current HR policies, programmed practices and processes and lastly, to discover means of improving the performance level of employees.

In the event of improving the performance level of workers, worker compensation policy can be used as a determiner. This is a system of insurance that provides monetary benefits and medical care to employees who are injured or become ill during the course of their employment. It is a crucial component of human resource management since it ensures the well-being of employees and to meet legal requirements. The compensation typically covers medical expenses, rehabilitation costs and a portion of the employee’s lost wages during the period of disability. This system helps protect both employees and employers by providing a mechanism for addressing work-related injuries or illnesses.

De Cenzo, David A. Robbins, Stephen P. (2002) argue that, workers’ compensation benefits are based on fixed schedules of minimum and maximum payments. Comprehensive disability payments are computed by considering the employee’s current earnings and financial responsibilities. The entire cost of compensation is borne by the organization. Its rates are set based on the actual history of company accidents, the type of industry and business operation and the likelihood of accidents occurring. The organization then protects the itself by covering its risks through insurance. Most workers’ compensation laws stipulate that the injured employee will be compensated by either monetary allocation or payment of medical expenses, or a combination of both. Almost all workers’ compensation programs provide incentives for employers to maintain good safety records.

Worker compensation renders an organization several benefits. It helps attract and retain talent by offering financial protection in case of injuries or illnesses on the job. This is the primary benefit of worker compensation within any organization. This is because it fosters employee loyalty and enhances job satisfaction. Additionally, it contributes to a safer workplace culture, as employees are more likely to follow safety protocols when they know they are covered. Worker compensation also mitigates legal risks for employers by providing a structured framework for addressing workplace injuries and illnesses. Worker compensation, in simple terms, plays a crucial role in employee well-being, engagement and organizational stability.

Organizations use worker compensation to their advantage. In that, these organizations use it for attracting and retaining skilled employees. It demonstrates an employer’s commitment to the welfare of its workforce, contributing to higher job satisfaction and loyalty. Organizations also use this aspect to mitigate legal risks and potential lawsuits related to workplace injuries. Worker compensation is of paramount importance for safeguarding employee’s well-being, promoting a culture of safety, attracting and retaining talent and minimizing legal risks for employers.

Gurpreet Randhawa (2007) explains that, determination of suitable monetary compensation is one of the most complex duty of human resource managers. This is most important and highly significant to both the organization and employee. It is significant for the employee as, in most cases, it is the only means of economic survival besides determining their social status. It is important for the organization as wages and salaries constitute the highest cost of doing business. There is no exact yardstick that can determine the correct pay rate. Although system like job evaluation plays a crucial role but still a lot of decisions have to be made to arrive at a mutual agreement.

In the event of concluding, as much as worker compensation is advantageous to both employers and employees, it may comprise some drawbacks. Consider the financial burden on employers. Premiums and costs associated with providing worker compensation coverage can be substantial, impacting the overall budget of a company. Another challenge is the potential for fraudulent claims. Some employees may attempt to exploit the system, leading to increased costs for employers and potentially affecting the credibility of the worker compensation program. The administrative complexities of managing worker compensation claims can also be a disadvantage. Navigating the paperwork, legal requirements and coordination with insurance providers can be time consuming and resource intensive for employers.

References

Cenzo D., Robbins D. and Stephen P. (2002) Fundamentals of Human Resource Management.

Martocchio J. (1998) strategic Compensation: *A Human Resource Management Approach.* Prentice Hall. New Jersey.

Randhawa G. (2007) Human Resource Management. *Employee Compensation. 14: 197.* Atlantic Publisher & Dist.