

C H A P T E R - 1

SCOPE AND SIGNIFICANCE OF THE STUDY

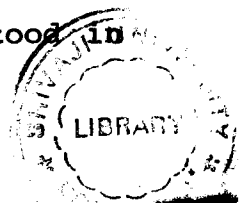
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1.1 Introduction :

Determining the overall wage and salary policy whether to pay wages and salaries that are high, average or below-average as compared with standards elsewhere - is one of Management's most difficult decisions. This is not an easy task. The Management of nation-wide firms faces the problem of whether to pay uniform wages through out all their plants or to adjust to the local wage patterns in each community. Wage rates are undergoing constant change in recent years, in almost steadily upward direction. Adjustments may also be directed by changes in the cost of living or in company profitability or productivity.

Management is described as "getting results through people". This is one of the aims of personnel management. No management can be efficient without a sound personnel and wage policy. It is quite essential to have a right approach to the human beings engaged in the organisation. Whether they be unskilled workers or highly qualified engineers. Among all, labour is the most significant element in the efficient and successful operation of any business unit whether it is big or small, public or private highly sophisticated and mechanised or not or whether using technique of production capital intensive or labour intensive. Therefore, some institutional spokesmen have declared "people are our most important asset". It means that they are most valuables in all the valuable properties of the business undertaking.

It is therefore, significant to note the change in approach toward labour in industry. It is well understood in



the days of today that labour is not a commodity which can be purchased with bargaining of price. Labour is human, having feelings, emotions, likes and dislikes. It should be treated properly in the organisation. Good morale can not be achieved by methods and machinery, but must be founded on mutual trust and confidence. Personnel management is now considered as a special subject on its own, with its own techniques. But dealing with people will always remain an art, not a science.

Man in business is always superior to machinery. However, impressive the vast machinery of modern industry may be, there is no getting away from the fact that the machinery is useless without human beings to design and run it. Even the automated factory of future will still require the human brain apart from the electronic computer and the army of men who make and maintain the wonderful machine. Labour is most important to operate the operations in the industry in the efficient manner. To get the work done in any organisation the people engaged in it require three things if they are to work happily and efficiently. They are (1) the economic satisfaction of a reasonable livelihood; (2) the social satisfaction of working together as members of a group; and (3) the individual satisfaction of doing a job well.

1.2 Scope and Significance of the study :

Wage and Salary Administration refers to the establishment and implementation of sound policies and practices of employee compensation. It occupies a pivotal role in the personnel administration of any business unit. The very

success, efficiency and smooth functioning of personnel department depends on wage policies and programmes. Sound wage and salary policies are essential to procure, maintain, develop, promote and transfer of employees and in return to get effective results from them.

Wage and Salary Administration includes such areas as job evaluation, survey of wage and salaries, analysis of organisational problems, development and maintenance of wage structure, establishing rules for administering wages, wage payments, incentives, profit sharing, wage changes and adjustments, supplementary payments, control of compensation costs and other related items.¹

Monetary reward is the primary motivation for most of the employees, and yet many are more concerned about how their earnings compare relatively to the earnings of other employees than they are about their absolute take-home pay. Without a sound wage and salary administration programme, it is almost impossible for the management to recruit or maintain a work force motivated to strive for the company's long-range objectives.²

Generally, Wage and Salary programme of an industrial unit is having the following aims :

- (1) to establish and maintain industrial peace and harmony.

1. Beach D.S. Personnel. The Management of People at work, 1977

p. 642

2. Strauss Sayles. Personnel. 1968. p.630-31

- (2) to attract and retain the services of employees;
- (3) to enhance employees' morale and improve their productivity;
- (4) to facilitate pay roll administration and wage and salary control;
- (5) to establish and maintain a proper wage and salary structure; and
- (6) to establish and maintain equitable labour cost structure.

The wage and salary administration is concerned with the financial aspects of needs, motivation and rewards. Therefore, it is essential to analyse and interpret the needs of the employees so that reward can be designed individually to satisfy their needs.

Wage administration is a particularly delicate activity, since it deals with one of our most sensitive areas. And, since it results in comparison of one man with another, it can not help but lead to emotionally fraught rivalries and resentments. The struggle for a salary increase often shows human behaviour at its very worst. Therefore, it needs to have scientific study while framing and implementing a sound wage policy on which mostly industrial peace is depending. Wage and salary administration, assumes special significance in India, whose industrial unrest is a severe problem.

1.3 Objectives of the study :

The study is undertaken to attain the following objectives :

- (1) to examine wage and salary administration in a public

- sector undertaking;
- (2) to identify the deficiencies in wage structure and payment;
 - (3) to analyse the impact of wage payments on the quality of workers' life and their productive efficiency;
 - (4) to assess the impact of fringe benefits on the wage rates;
 - (5) to study the role of monetary and non-monetary incentives in motivation and productivity of labour;
 - (6) to understand the labour welfare activities undertaken by Hindustan Latex Limited, Kanagala; and
 - (7) to offer suggestions, if any, on the basis of the study.

1.4 Research Methodology :

1.4.1 Selection of unit :

The researcher has selected Hindustan Latex Limited, Kanagala, as the unit of Public Sector undertaking to study the wage and salary administration.

1.4.2 Selection of period :

A period of 3 years from 1989-90 to 1991-92 is selected for this study.

1.4.3 Sources of data collection :

The data required for study are collected mainly from two sources.

(a) Secondary Data :

Since the Kanagala unit of the Hindustan Latex Limited, comes under the organised sector, there was no difficulty in obtaining information through secondary sources. The secondary data are collected through the following sources :

- i) Annual Reports;
- ii) Memorandum of settlement;
- iii) Certified standing orders;
- iv) Officers diaries;
- v) The family, news letters of H.L.L.

(b) Primary Data :

The primary data are collected through the following sources :

- i) Questionnaire;
- ii) Interviews with officials;
- iii) Observation at the time of personal visits to the unit of study.

1.5 Limitation of the study :

The researcher has undertaken this study as a part of the partial fulfilment of the degree course of Master of Philosophy in Commerce and Management. So the study is limited to only one unit that is the Hindustan Latex Limited, Kanagala. Besides the period of the study is limited to three years from 1989-90 to 1991-92. The scope of the study is restricted only to the permanent employees engaged in various departments of the unit. The casual workers have been kept outside the scope of this study.