

functioning of an organization depends upon the employee compensation, sound policies in this behalf are essential to procure, maintain, develop, promote and transfer of employees, and in return, to obtain from them positive results. The task of wage administration is to iron out the grievances of employees, to provide them perfect contentment and maintain the organization morale at a high level. Dale S. Beach describes the role of 'wage and salary administration' as "the establishment and implementation of sound policies and practices of employee compensation". According to him, wage and salary administration includes such areas as "job evaluation, development and maintenance of wage structures, wage surveys, wage incentives, wage changes and adjustments, supplementary payments, control of compensation costs and other related pay items" [3].

Wage and salary administration is a systematic procedure for establishing a sound compensation structure. By reducing inequalities among employee earnings, a good wage administration programme raises individual morale and reduces inter-group friction. It also sets wages high enough to permit the organization to recruit satisfactory employees, motivates employees to work for pay increases and promotions, reduces union and employee grievances and enables management to exercise centralized control over the largest single item of cost - wages and salaries [4].

Wage and salary policy is an integral part of an organization's overall personnel policy and should help to:

1. attract staff of the right calibre,
2. encourage employees to make full use of their abilities and develop their potential; and strive to achieve the objectives of their jobs and of the organization;
3. reward employees in accordance with the value of their contribution;

4. prevent loss of morale through dissatisfaction with levels of pay;
5. encourage employees to stay with the organization (if it is in their own and the organization's best interests);
6. facilitate movement of employees across departmental, divisional or sectional boundaries;
7. achieve these aims at minimum cost - by avoiding a drift into overpayment [5].

1.2 STATEMENT OF PROBLEM

In the expression 'wage and salary administration', particularly significant from the research viewpoint is the term 'administration', which implies the existence of a personnel function within the organization. It also indicates a dynamic activity linked to other personnel functions like planning, recruitment, induction, performance appraisals, career development, employee welfare, etc., within the organization. To ensure personnel function's effectiveness in relation to the changing environment, progressive organizations regularly engage in a research activity, known as 'personnel audit' or 'personnel research'. Research into wage and salary administration, therefore, is part of larger personnel research, which is indispensable for any organization, irrespective of its size or area of activity.

Particularly, in a medium size manufacturing organization like the one being investigated presently, research in wage and salary administration should focus on evaluating the compensation system and the factors that foster or hinder the effectiveness of the larger personnel function. Such research would indeed offer certain clues to devising a comprehensive compensation framework, so as to enable the organization to function pro-actively in the changing environment.

Accordingly, the present work is titled "A STUDY OF WAGE AND SALARY ADMINISTRATION IN PELMA ENGINEERING PRIVATE LIMITED (ELMECA WORKS), DHARWAD, KARNATAKA STATE"

1.3 THE STUDY ORGANIZATION

Pelma Engineering Private Limited (Elmecca Works) was incorporated as a private limited company under the Companies Act, 1956, in the year 1959, to manufacture mechanical and electrical industrial products, with its registered office situate at Mumbai and works at Dharwad in Karnataka State. It has changed its ownership several times, but has maintained its Company character and reputation for quality products.

In the year 1995-96, it had 4 department heads, 16 administrative and 8 technical supervisory staff, 7 inspectors and 66 workers. Over the years, it has also developed a set of personnel policie, including wage and salary administration policies.

1.4 OBJECTIVES OF THE STUDY

In view of the introductory remarks, foregoing discussion about the research topic and the study organization, the following have been set out as the objectives of the study:

- (1) To study the wage and salary administration in Pelma Engineering Private Limited (Elmecca Works), Dharwad, Karnataka State (the study organization);
- (2) To study the various methods of wage payment, wage standardization, and wage categorization for different grades of workers in the study organization;
- (3) To study the allowances paid by the study organization to its workers for the purpose of motivation;
- (4) To evaluate the wage and salary administration policy of the study organization;
- (5) To submit such recommendations, as may be appropriate.

1.5 METHODOLOGY OF STUDY

From methodological viewpoint, the present work is a 'case-study' of the wage and salary administration in Pelma Engineering Private Limited, Dharwad, Karnataka State. Pauline Young defines 'case study' as a "method of exploring and analyzing the life of a social unit". Biesanz and Biesanz also elaborate that "case study is a form of qualitative analysis involving very careful and complete observation of an institution" [6]. To give an historical perspective to the study, the researcher has taken an overview of the wage and salary administration in the study organization over a period of five years, from 1991-92 to 1995-96.

1.6 SOURCES OF DATA COLLECTION

(A) Primary Data

The primary data necessary for fulfilling the above objectives has been collected through the following three methods:

i. Structured Questionnaire

A uniform structured questionnaire was administered to the sample workers, supervisors and department heads in the study organization;

ii. Observation

The researcher during his data collection visits observed various procedures and practices relating to wage and salary administration in the study organization and made notes thereon for being used while interpreting the data collected.

iii. Interviews

Additional/Background information of primary significance was collected through personal interviews of the personnel department head in the study organizations.

(B) Secondary Data

Background information and the data necessary for the present work were collected from the following sources:

i. Organizational records

The secondary data about the study organization, which was necessary for completing the investigation was collected mainly from the records, particularly the attendance records, wage bills and annual reports.

ii. Library sources

The conceptual and theoretical framework of the present study was created by referring the various books and journals on personnel management in the academic-libraries. The researcher also obtained conceptual clarifications about certain aspects of the study topic through discussions with the persons knowledgeable in the research topic as also reputed academicians.

1.7 SAMPLE DESIGN

During the study period of five years (1991-92 to 1995-96), the number of employees in the study organization varied between 81 and 116, the average for five years being 95. Based on this information, the researcher administered a structured questionnaire about wage and salary administration to 50 (slightly more than 50%) randomly selected employees in the organization.

1.8 DATA ANALYSIS AND INTERPRETATION

The primary data collected from the 50 respondent employees was tabulated and interpreted through an intellectual exercise.

1.9 SCOPE OF THE STUDY

The present work is a case study of a single organization. Its topical scope covers the wage and salary administration in the study organization. The analytical scope covers the fulfilment of the objectives set out for the study. The functional scope is confined to offering certain meaningful suggestions for improving the wage and salary administration in the study organization.

1.10 SIGNIFICANCE OF THE STUDY

Good personnel management comes through realistic analysis of personnel problems in the organization, and the quality of personnel management decisions, including wage and salary administration decisions, can be improved through personnel research. In spite of this, however, many organizations - large and small - tend to neglect this vital area. Particularly, the absence of timely feedback on the wage and salary policies and the failure to correct the situation leads to atrophy in other functional areas and ultimately affects the organizational productivity. The organization's ability to survive in the changing situations is also affected as its employees are chained to the unchanging personnel policies and have lost the will to meet newer challenges.

The present work is an attempt to investigate the wage and salary administration in a medium size organization and to offer certain meaningful recommendations within the scope of the objectives set out for the study.

1.11 LIMITATIONS OF THE STUDY

The following were encountered as the limitations of the present study:

1. The study organization regreted its inability to provide to researcher the personal information about its workers.
2. The study period is limited to only five years (1991-92 to 1995-96).
3. The present work is limited to studying the wage and salary administration in just one engineering industry.

The findings drawn and the recommendations made on their basis, therefore, are subject to the above limitations.

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