

Chapter :-IV

Salary & Wage Administration

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Salary & wage administration.

4.1 Introduction: -

Salary & wage administration refers to the establishment and implementation of sound policies and practices of employee compensation. It includes such areas as job evaluation surveys of salary and wages, analysis of relevant organizational 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.

4.2 Meaning:-

According to D. S. Beach

“Wage and salary administration refers to the establishment and implementation of sound policies and practices of employee compensation. It includes such areas as job evaluation, surveys of wage & salaries analysis of relevant organizational problems, development and maintenances of wage structure, establishing rules for administering wages wage payment incentives, profit sharing, wage changes & adjustment

supplementary payment, control of compensation costs and other related items.” 1.

As per S.P. Robbins,

“Wage and salary administration denotes the process of managing a company’s compensation programme. The goals of compensation administration are to design a cost effective pay structure that will attract, motivate and retain competent employees.” 2.

PRINCIPLES OF WAGE AND SALARY ADMN.

- 1) There should be a definite plan to ensure the difference in the pay for jobs based upon variations in job requirements.
- 2) The general level of wages and salaries should be reasonable in line with that prevailing in the labor market.
- 3) The plan should be carefully distinguished between jobs and employees.
- 4) Equal pay for equal work.
- 5) The wage should be sufficient to ensure the worker and his family to be able to maintain reasonable standard of living.
- 6) The wage and salary structure should be flexible, so that changing conditions can be easily met.
- 7) Prompt and correct payments of the dues of the employees must be ensured.

All these principles help to management to plan the wage structure, which will satisfy the workers. However, all this creates a problem that, 'At what level of wages the employee will be satisfied ?' It's a relative factor.

It's very difficult to give an answer to this question. Because employee wants the wages to be in proportion to his productivity. Again, how much he contributes to the total productivity is a question. The status of society where he lives is also important to be considered while designing the wage structure.

Thus, there are several factors, which determines the satisfactory level of employee.

FACTORS INFCUFNCING WAGE AND SALARY ADMN.

- 1) The Ability of the organization to pay.
- 2) Demand and supply of labor.
- 3) Prevailing market rate.
- 4) The cost of living.
- 5) The living wage.
- 6) Productivity.
- 7) Trade union's bargaining power.
- 8) Job requirements.
- 9) Management Attitudes.

4.2. Nature and purpose.

The basic purpose of salary and wage administration is to establish and maintain an equitable salary and wage structure. Its secondary objective is the establishment and maintenance of an equitable labour cost structure i.e. An optimal balancing of conflicting personal interests so that the satisfaction of employees and employers is maximized and conflicts minimized. The wage and salary administration is concerned with the financial aspects of needs. Motivation and reward can be individually designed to satisfy these needs. For it has been rightly said, “people do what they do to satisfy some needs before they do any thing, they look for a reward or pay-off.”

Steven kere observers, “whether dealing with monkeys, rats or human being it is hardly controversial to state that most organisms seek information concerning what activities are rewarded, and then extend to which this occurs of course will depend on the perceived attractiveness of the reward offered... The reward may be money or promotion but more likely, it will be some pay-off, a smile, acceptance by a peer, receipt of information, a kind work of recognition. Etc.



4.3. Definition: -

Wage: - It is a general term referring to direct monetary compensation. It is also used specifically to refer to payments to hourly rated production and service workers.

Salary: - Salary refers to weekly or monthly rates paid to clerical, administrative and professional employees.

Wage Structure: “ The term wage structure is used to describe wage relationship within a particular grouping. The grouping can be according to occupation or organization such as wage structure of mechanics, carpenters etc.”

4.4 Objectives:

A sound wage and salary administration programme aims at ,

1. To attract & retain the service of the employee.
2. To pay employees according to the content and difficulty of the job.
3. To reward employee's according to the efforts and merits.
4. To improve employee's morale and productivity.
5. To satisfy the employee as to how and why they are paid.
6. To facilitate pay roll administration budgeting and wage and salary control.
7. To simplify collective bargaining.

8. To promote employee organizational flexibility including promotions and transfer.
9. To attract competent and qualified personnel.
- 10 To project a good image of the company and to comply with legal need relating to wages and salaries.

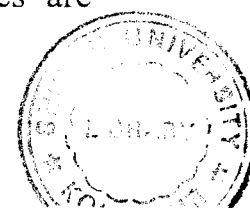
4.5 Analysis of Data

Table 4:10

Employees opinion about wage and salary

Sr. No.	Points	Favorable	Unfavorable
1	Satisfaction about salary	20	00
2	Awareness about different deduction from salary	09	07
3	Allowance	16	04
4	Saving	18	02
5	Timeness of wages	20	00
6	Over time	00	18
7	Incentive Scheme	16	00

Table 4.10 shows various points about employee opinion about wage and salary. Point 1 shows that all the employees are satisfied in their salary package. 50 % employees are aware about different deduction from salary. Over 75 % employees were getting allowance. About 90% employees are making savings.



Point 5 shows that Company made employees payment in time. No one can get an over time from company.

Table 4.11

Work Rating

Sr. No.	Work Rating	Time	Piece
1	Work Rating	20	00

Table 4.11 shows the work rating by the company. Companies policy for rating the work is on time basis.

Table 4.12

Awareness about deduction

Sr.No	Points	Respondent	%
1	Fine	00	00
2	Absent from duty	00	00
3	Contribution to P.F.	06	30
4	Payment of Ins. Premium	05	25
5	Payment of advance	08	40

Table 4.12 shows various deduction made by company from employees salary & its awareness to employees. Company makes three deduction from salary. There is only average 30% awareness in employees about deductions. The percentage is not satisfied.

Reference:

1. Dale S. Beach- "Personnel –A management of people at work."
2. A. M. Sarma- "Personnel & H. R. M."