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**CHAPTER-I**

**I N T R O D U C T I O N**

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**(Introduction, Objectives,  
Methodology, Limitation etc.)**

## I. INTRODUCTION

### 1.1 Personnel Management :

#### 1) Concept, Nature and Meaning :

Personnel Management is the general term, hence the personnel management means total functions of recruitment, selection, development and utilization of employees as executive. In the functions of management are described as, planning, organization, staffing, directing, controlling, budgeting etc. In the same manner the functions of management are also planning, organising, directing and controlling of personnel. As such personnel management is a part of general manager. Lowrence Appley has given the concept of personnel management as "Management is the development of people and not direction of things ..... Management is personnel Administration". They should never separated.

From this statement personnel management is the part of General Management. It is related with people at work. The successful management, if that management which gets effective results through people. This is possible by personnel management. It looks continuously an all operations regarding the attitude of workers. The Personnel Manager communicates the problems of workers to the Management, he also informs the workers, they

important decision taken by the Management, he create the more in the workers. He gives to the management important guidelines regarding personnel.

Definition :

There is no standard definition of personnel management. Still some experts and writers had given the meaning, scope and purpose of personnel management. Some of the definitions are as follows :

1. According to French : "Personnel Management is the recruitment, selection, development, utilization and accommodation to human resources by organization. The human resources of an organisation consists of all individual regardless of their rate, who are engaged in any of the organisation activities".
2. Edward Flippo states : "Personnel Management is planning, organising, directing and controlling of the procurement, development, compensation, integration, maintenance and separation of human resources to the and that individual and societal objectives are accomplished."
3. Dale Yoder stated as "Personnel Management is man power management, and include both cover relation and personnel management, Man power management includes the process of planning and directing the application development and utilisation of human resources in employment.

4. Thomas S. noted, "Personnel Administration is a code of way of organising and creating individuals at work so that they will get the greatest possible relation of their abilities. Thus attaining maximum efficiency for themselves and their group and their by giving to the enterprise of which they are a part its determining competitive advantages and its optimum result."

From the above definitions it is clear that personnel management is a part of the process of management - POSCORS which is human aspects of an organisation. The object of personnel management is to established and to maintain sound to personnel relations at all levels of management.

Importance/Significance of Personnel Management :

Aldrich has expressed the importance of personnel management thus : "The nearest analogy is in the human body. Personnel management is not the brain, the controller, nor only just a limb, a member, nor yet the blood stream, the energing force; it is the nervous system. It is a line channel, not just a duct, and in some respects has automotive force. It is used in enemy action, if it atrophies, partial paralysis results, if it gets out of balance, there issues instability chaotic action, disequilibrium which can be found in all stages of advancement, in close parallel with neurosis. But, above all,

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1. Business Administration & Management - S.C.Saksena,
  2. Personnel Management - C.B.Mamoria - 1984.

it is inherent in the whole body and intimately connected with its every movement. The nervous system can never be thought of as an adjunct of the body; no more can personnel management be an extraneous or super-imposed element on the structure of an organisation. The personnel function lies embedded in the structure, is inherent in the dynamism of that structure, and is an integral part of the process of management itself."<sup>3</sup>

In the words of Rensis Likert : "All the activities of any enterprise are initiated and determined by the persons who make up that institution. plants, officers, computers, automated equipment, and all else that a modern firm uses are unproductive except for human effort and direction . . . . of all the tasks of management, managing the human component is the central and most important task, because all else depends on how well it is done."<sup>4</sup>

#### 1.2 Meaning and Importance of Labour Remuneration :

In any industrial concern wage and salary administration is one of important function. Remuneration paid to workers engaged by the day, week, fortnight or month is usually referred to as wages. Wages also include non-pecuniary benefits attached to money payments. If the workers are provided with subsidised food then the amount of subsidy will be regarded as part and

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3,4. : Personnel Management by C.B.Mamoria ,  
pp.4.

parcel of the remuneration to be paid to workers. Wages constitute that share of the total cost of production which can be attributed to labour.

The attitude of the worker towards his employer is usually determined by the extent to which he is satisfied with wages he is getting. Though wage is not a sole factor in a worker's satisfaction. If wages are not adequate, then it becomes the cause of dissatisfaction among the workers. The management must take care of the remuneration of employees before it can think of providing incentives through promotion etc.

By reducing inequalities between employees earning a good wage administration programme raises the individual morale and reduces the intergroup friction. It also sets wages high enough to permit the company to attract many good, talented employees to put their efforts for the achievement of organisation goals. High wages reduce the strength of union and employees' grievances and enable the management to exercise centralised control over the largest single item of cost of wages and salaries.

Wage is the life blood of the organisation which provides a healthy atmosphere for growth and survival of business in the world of competition.

### 1.3 Role of Wage and Salary Administration :

The primary requirement of all the employees is an adequate wage and salary which will commensurate with the

responsibilities and duties involved. Wage constitute the income of the worker and standard of living and social status depend upon the wages he earns. On the other hand, the wage constitute the cost of production to the management.

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, development and maintenance of wage structures, wage surveys, wage intensives, profit sharing, wage changes and adjustments, supplementary payments, control of compensation costs and other related pay items.<sup>1</sup>

A sound and satisfactory wage policy is an essential part of the personnel management. The workers working in any industrial unit expect that any wage differentials that exist in an units are due to explainable causes and they have a sound basis, in fact and are not due to favouritism lack of uniformity of judgement between supervisors in granting increases or the result of the 'Squeaky wheel getting the grease'. They expect wage rates to be consistent with job requirement and job performance. If the rates are not consistent, dissatisfaction is prevalent and grievances about the inadequate wages are common.

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1. Personnel Management by C.B.Mamoria,  
Page No.391.

The basic purpose of wage and salary administration is to establish and maintain an equitable wage and salary structure. Its secondary objective is the establishment and maintenance of an equitable labour-cost structure, i.e. an optimal balancing of conflicting personnel interests so that the satisfaction of employees and employers is maximised and conflicts minimised. The wage and salary administration is concerned with the financial aspects of needs, motivation and rewards. So that reward can be individually awarded to satisfy these needs. It has been rightly said that, people do want to satisfy some needs. Before they do any thing, they look for a pay off reward.

Dale Yoder observes, in his book "Personnel Management and Industrial relation" that "Wage and Salary administration involves the selection, development and direction of programmes designed to implement compensation or incentivitation policy through financial rewards. In wage and salary administration managers translate selected policy into a wide range of compensation programmes from the simplest hourly wage or monthly salary to much more complex incentive. Wage plans and combinations of wages and employee benefits and services."<sup>2</sup>

All wage and salary must offer the employee a wage sufficient to support himself and his dependents at least in

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2. Personnel Management & Industrial Relations by  
Dale Yoder - Page No.615.



the manner customary in his community among wage earners of his category. All wage systems must satisfy, the basic needs of the employee for food, shelter, clothing and reasonable entertainment of his life and of his dependents life. The wage earner should regard his earning as a equitable compensation for his efforts. Because of fluctuations in the price level of the things that his earnings will buy, he is interested in his, 'real wage' i.e. the buying power of his 'money wage'. If the price levels rise management should consider adjustment of payment to the cost of living, providing such provided such adjustment is feasible because of a simultaneous increase in the proceeds from an enterprise.

Workers should be compensated basically in money to give them freedom of choice in the use of their earnings. Only payment of money will giving them a feeling of independence from their employer and a chance to save and to improve their lot. Where the part of the compensation consists in goods or services employees should be free to choose between goods and money i.e. free to secure such goods and services themselves. Employees are interested in their take home pay. This end product of their foils is often more important to them than the manner in which it is calculated. Under systems, earning should be higher than those of day rate of hourly rate employees on similar jobs, because employees working under such systems produce more and more. Incentives should be set sufficiently high to motivate workers to greater productivity,

not only because of the noticeable higher standard of living that is made possible by incentive systems.

The establishment of an equitable wage system that would fit the peculiar needs of an enterprises, involves first of all a clear understanding of the labour needs of the business. This in turn, determines the choice of compensation system that is conducive to productivity, that is to production at a low unit cost. To attain this goal one does not need to pay low wages. Payment to employees in the form of compensation for their works must be such that recruitment and maintenance of the labour force will not become difficult. Skills training, experience and other job requirements must be sufficiently rewarded by offering incentives to all employees to remain in their jobs, irrespective of the wage system that was adopted by the enterprise to reward high output.

In short according to Beach D.S. 'A Sound Wage and Salary administration tries to achieve these objectives'.

- a) For Employees :
  - i) Employees are paid according to the requirement of their jobs i.e. highly skilled jobs. This eliminates inequalities.
  - ii) The chance of favouritism (which creep in when wage rates are assigned) are greatly minimised.

- iii) Job sequences and lines of promotion are established wherever they are applicable.
- iv) Employees' moral and motivation are increased because a wage programme can be explained and is based upon facts.
- b) To Employees :
  - i) They can systematically plan for and control their labour costs.
  - ii) In dealing with a trade union, they can explain the basis of their wage programme because it is based upon a systematic analysis of job and wage facts.
  - iii) A wage and salary administration reduces the likelihood of friction and grievances over wage inequalities.
  - iv) It enhances an employee's moral and motivation because adequate and fairly administered wages are basic to his wants and needs.
  - v) It attracts qualified employees by ensuring an adequate payment for all the jobs.

According to Beach, Wage and Salary programmes have four major purposes :

- i) To recruit persons for a firm;
- ii) To control pay roll costs;
- iii) To satisfy people, to reduce the incidence of quitting, grievances, and frictions over pay; and
- iv) To motivate people to perform better.

#### 1.4 Objectives and Purpose of Study :

In the words, the researcher has kept the following objectives for the purpose of his study. The main objectives is to understand the elements of wage and salary, such as pay, allowances, bonus, benefits and other incentives etc. introduced by the Warana Sahakari Sakhar Karkhana Ltd., Warananagar. The study of chiefly aims at and covers the following aspects :-

- i) To study organisation structure, categorisation and standardization of workers in the factory.
- ii) Schemes introduced to motivate the workers and impact of such schemes on the production and productivity of moral of the workers.
- iii) Are the wages and salaries sufficient to satisfy the basic needs of the employees for food, shelter and clothing as well as the reasonable enjoyment of life ?
- iv) Role of speciall allowances and incentives given by the Karkhana for motivation.

#### 1.5 Methodology of Study :

Selection of unit labour remuneration (Wage and Salary). The researcher has selected Warana, Sahakari Sakhar Karkhana Ltd., Warananagar as an unit to study of the labour remuneration.

Selection of the period of the four years. A period of four years from 1986 to 1989 is selected for the study.

Source of data collection, the data required for the study of are collected through 'questionnaire' and 'Interviews' from workers, supervisors and sectional of departmental heads. Besides this the other information is collected through the following records maintained by the personnel department of the Warana Sahakari Sakhar Karkhana Ltd., Warananagar.

- 1) Muster role,
- 2) Payment charts, paybills,
- 3) Annual Reports,
- 4) Awards of various wage boards,
- 5) Interviews of labour and Managing Director and other heads of the Departments and Sections.

#### 1.6 Limitation of Study :

Since the study is undertaken as part of the partial fulfilment of the 'Degree Course of Master of Philosophy in Commerce and Management'. The researcher has limited his study to only one factory from the amongst the co-operative sugar factories.

As the dissertation is to be submitted to the Shivaji University within a prescribed period of the time, the period

of his, the study is limited to four years from 1986 to 1989.

The scope of the study is restricted to labour remuneration of the workers engaged especially in Agriculture, Manufacturing, Engineering and other departments.