



INTRODUCTION

CHAPTER - IINTRODUCTION1.1 IMPORTANCE OF WAGES AND WAGE INCENTIVES

Wages and wage incentives, is one of the vital areas of personnel management. Wages are perhaps the most important single element in the conditions of employment. Organisational moral cannot be maintained at high level without fair, equitable and sound remuneration programme.

Wage incentive seems to have acquired generally a wide perspective so as to include all possible factors besides economic gain which can possibly motivate people. Towards best performance it is used here in terms of monetary or financial gains as the main motivating factor, particularly at the worker's level. Incentive payment is likely to possess greater motivational potential than wage and salary increases based on merit are used effectively to promote productivity because reward in this system is achieved in a relatively short span of time and is closely linked with work output.

As put by W.B.Wolf " The essential characteristic of incentive payment is that earnings are directly related to output. A standard of performance is established for each job in the case of individual incentives or an interlocking group of jobs in the case of group incentives. The employees earnings are then promptly and automatically varied in accordance with some established formula that relates either individual or group performance to the standard."

1.2 ROLE OF WAGES AND WAGE INCENTIVES

A sound wage policy is an essential part of the functions of personnel management. The employees working in any unit expect that wage relates to be consistent with a job requirement and job performances. If the wage ~~rates~~ are not consistent dissatisfaction is prevalent and grievances against wages are common. The task of wage incentive is to iron out the grievances of the workers and provide them perfect contentment. The basic object of wages and wage incentive is concerned with the financial aspects of needs motivation and rewards. Managers, therefore, analyse and interpret the needs of their employees so that reward can be individually

awarded to satisfy these needs.

Under incentive systems, earning should be higher than those of day-rate or 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 higher monetary rewards but also because of the noticeably 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 enterprise, 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 good one does not need to pay low wages, payment to employees in the form of compensation for their work 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.

According to Hummel and Nickerson, wage incentive refers to all the plans that provide extra pay for extra performance in addition to regular wages for a job.

In the words of Scott, "It is any formal and announced programme under which the income of an individual, a small group, a plant work force or all the employees of a firm are partially or wholly related to some measure of productive output".

Thus the wage incentive as a system of payment under which the amount payable to a person is linked with his output. Such a payment may also be called payment by results. The term incentive has gradually acquired a wide connotation and includes all the possible factors, besides economic gains, which can possibly motivate human beings towards better and greater performance. Wage incentive schemes aim at the fulfilment of one or more of the following objectives:

1. To improve the profit of a firm through reduction in the unit cost of Labour and material or both.
2. To avoid or minimise additional capital investment for the expansion of production capacity.

3. To increase a workers earnings without dragging the firm into a higher wage rate structure regardless of productivity and;

4. To use wage incentives as a useful Tool for recuring a better utilisation of man power, better production, Scheduling and performance control, and a more effective personnel policy.

1.3 OBJECTIVES AND PURPOSES OF STUDY

The main objective pf the present study is to understand the various elements of wages and wage incentives such as pay allowances, basic pay, bonus and incentives etc. introduced by the Mysore Paper Mill Ltd. The study mainly aims at and covers the following aspects:-

1. To study in detail the wages incentive schemes introduced by Mysore Paper Mill Ltd.

2. To know the various methods of wage payment and standardisation of wages and categorisation of different grades of workers.

3. To study the creation of employment by the company and recruitment.

4. To study the allowances given by the Company to the workers for motivation to utilise maximum capacity of workers.
5. To evaluate the wage and salary administration policy of Mysore Paper Mills Limited.
6. To make suggestions, if any, to further improve the methods of wage payment and to introduce various other incentive schemes.

1.4 METHODOLOGY

1. SELECTION OF UNIT :

The researcher has selected The Mysore Paper Mill Ltd. Bhadravati, Shimoga District Karnataka as an unit to study the wages and wage incentive schemes.

2. SELECTION OF PERIOD :-

A period of Five years from 1985 to 1989 is selected for the study purpose.

1.5 SOURCES OF DATA COLLECTION

The data required for the study are collected through Questionnaire, from selected respondents of various categories of workers, office staff, supervisors etc.

and sectional heads, of the Company. Besides this, the other information is collected through the following records maintained by the personnel department of the Company:

1. Payment charts, pay-sheets.
2. Annual Reports.
3. Wage Agreements.
4. Interviews and discussions with the Labour Officer and other officers of the Company.

1.6 LIMITATION OF THE STUDY

Since the study is undertaken as part of the partial fulfilment of the Degree Course of Master of Philosophy in Commerce. The researcher has limited his study to only one unit or factory from amongst the paper industries.

Further since the dissertation is required to be submitted to the University with a prescribed period of Time, the period of the study is limited to Five Years from 1985 to 1989.

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