

A Study on Analysis of Wage and Salary Administration

Dr.I.Satyanarayana¹, N.B.C. Sidhu*², Kukkala Madhavi Reddy³ (15X31E0012)

- 1.Principal, Sri Indu institute of Engineering & Technology, Sheriguda, Ibrahimpatnam, Telangana, India.
- 2.Assoc. Prof & HOD, Dept. of Master of Business Administration, Sri Indu Institute of Engineering & Technology, Sheriguda, Ibrahimpatnam, Telangna, India.
- 3.Student, Dept. of Master of Business Administration, Sri Indu Institute of Engineering & Technology, Sheriguda, Ibrahimpatnam, Telangna, India.

Abstract: *One of the most important and difficult problem of management is that of determining the rate of monetary compensation i.e., the control of wage and salary levels is of paramount importance. The main objectives of wage and salary administration are to control the cost, to establish a fair and equitable remuneration to all, to utilize the wages and salary device as an incentive to greater employee productivity and to maintain a satisfactory public relations image. In order to achieve objectives the top management or the chief executive officer is responsible for developing the policies and procedures to administer the wages and salaries. The personal managers, being a staff officer, place an important role in developing wage and salary policies and procedures. In some organizations, the work is assigned to a wages and salary committee composed of line and staff executives which makes the wage and salary surveys, approves the systems of job description and job evolution, recommends the wage policies and the wage and salaries scheme department wise.*

Key words: *Human Resource Management Functions, Duties, Activities, and wages and Salary administration Etc...*

Introduction:

Wage & Salary Administration is essentially the application of a systematic approach to the problem of ensuring that employees are paid in a logical, equitable & fair manner.

WAGE:

I.L.O defined the term “wage “as “The remuneration paid by the employer for the services of hourly, daily, weekly and fortnightly employees.” It also means that remuneration paid to production and maintenance or blue-collar employees. (Blue-collar workers)

SALARY:

The term “SALARY” is defined as “The remuneration paid to the clerical and managerial personnel employed on monthly or annual basis”. Wage/ Salary can be defined “As the direct remuneration paid to an employee

compensating his services to an organization”. (White-collar workers).

OBJECTIVES OF THE STUDY

To study and analyze the effectiveness of Wage and Salary Administration in ZUARI CEMENTS LIMITED.

To know about the Wage Board Award and Wage Settlements of Cement Factory.

To study the implementation of Wage and Salary Act.

To review the policies and agreements of wages and salary administration in ZUARI CEMENTS LIMITED.

To identify which factors affecting on Wage and Salary Administration while giving salaries to employees.

NEED OF THE STUDY

The major cause of industrial disputes in India is the determination of fair wage or the increase in existing wage level.

One of the most important and difficult problem of management is that of determining the rate of monetary compensation i.e., the control of wage and salary levels is of paramount importance.

The main objectives of wage and salary administration are to control the cost, to establish a fair and equitable remuneration to all, to utilize the wages and salary device as an incentive to greater employee productivity and to maintain a satisfactory public relations image.

Wage & Salary Administration is essentially the application of a systematic approach to the problem of ensuring that employees are paid in a logical, equitable & fair manner.

The need of the study is to know what are the fair wages that bring congruence between employees and employer. It is a study to understand the application of wages act in organization.

The project will help me to understand the implementation of labour laws in organization , what are the procedures adopted by the organization used to implement the acts and in turn help the organization to identify the loopholes of implementing these acts.

SCOPE OF THE STUDY

The study enables me to understand the working of a personnel department in manufacturing units and especially implementation of wage and salary administration.

Wage and salary administration is taken up as we can see

the industry are becoming very competitive and the organizations are trying to gain an edge by possessing quality people. One of the technique that is used is by paying attractive salaries.

Zuari Cements is one of the organization which is established in the protected period. Now it has to compete with the new organizations who attract the experience talent by giving them ransom salaries.

This study is taken up to understand the implementation of wage and salary administration and suggest if any the techniques to retain the quality employees.

RESEARCH METHODOLOGY

This chapter includes various tools and techniques that are used by the investigation that the method followed in processing the research survey

Methodology includes a systematic way of collecting the data through sample design, analyzing it, processing data, interpreting the data for requirements.

SOURCES OF DATA:

Primary data

Secondary data

Analysis of data

Primary data is collected in order to avoid any mistakes due to transcription which may arise when collected through secondary sources. The data is collected by questionnaire method.

Secondary data is collected from the companies' reports, manuals and brochures. Through company records, books, HR reports etc.

SAMPLING PROCEDURE:

The sampling method used was random sampling. The sampling method was used because of lack of time and lack of knowledge about the universe. The sample size was fixed to 100 respondents; the sampling procedure is response form.

STATISTICAL TOOLS USED: BAR DIAGRAM, PIE CHART

PERCENTAGE ANALYSIS:

In this research, various percentages are identified in the analysis and they are presented pictorially by way of bar diagrams and pie charts in order to have a better quality.

LIMITATIONS OF THE STUDY

Though adequate care has been taken while doing the project. This Project still suffers from certain limitations. They are

The Quality of work life involves a wider range. The present study examines it from identified and selected dimensions only.

Time factor is the main constraints for the study

Information is bias while collecting the data from employees

With the constraint of the information, employees are hesitating to give the required information and were not

responding well.

Some respondents did not properly respond to the Questionnaire; thus to eliminate this aspect the researcher has also conducted some personal interviews.

The existence of modern civilization without cement is difficult to imagine in cities and towns. Cement is synonymous with progress by modern standards. The progress and size of the cement industry in any country is taken as the major indicators of the growth of the economy when the total demand is satisfied by home production. Cement is an indicator of economic process, which would mean the development of the cement industry in the country cement consumption, ought to be taken as a reliable index of the economic growth.

In INDIA the first attempt to manufacture cement was made early in the country when the EUROPEAN COMPANY in the year 1904 opened a factory in MADRAS " SOUTH INDIAN INDUSTRIES LIMITED " for the purpose of manufacturing the cement. The real beginning of the cement industry was started by the formation of INDIA CEMENT LIMITED in 1914 under TATA'S management. The INDIA CEMENT COMPANY started manufacturing cement at PORUBANDAR on a large scale.

The total world production of cement is to be around 1600 million tons. Asia is the largest consumer (59 %) followed by EUROPE & AMERICA. The concentration of Lime Stone deposits in few states has led to the formation of cement plant clusters at eight locations in INDIA, BILASPUR, SANTA, CHANDRAPUR, GULBARGA, NALGONDA, CHANDERIA, and YERRAGUNTLA & TADIPATRI.

Three states of INDIA such as M.P, A.P & Rajasthan contribute 26.7 %, 13.3 %, 11.70 % of the capacity 74 % of the total lime stone reserves are in the states of M.P, A.P, Karnataka, Rajasthan and Gujarat. The largest producer in terms of installed capacity is BIRLA GROUP (above 25 %) followed by associated cement company (11 %). INDIA is the world's fourth largest cement producer after CHINA, JAPAN, & U.S. in 1996-97 cement manufacture involve heating a mixture of lime stone and clay, partial fusion occurs and lumps called clinker are formed.

The clinker is mixed with a little Gypsum to give Ordinary Portland Cement (OPC), mixing with blast furnace slag of fly ash fields Portland blast furnace slag cement (PBSFC), and Portland Pazzolona Cement (PPC) respectively. The OPC, PPC, & PBSFC are 70%, 18% and 11% respectively, the manufacturing process has also changed from the in efficient bed process to the move efficient dry process 87 % of the total capacity is dry process & 11 % is wet.

What is CEMENT?

Cement is mixture of LIME STONE, CLAY, and SILICA

& GYPSUM. It is fine powder which when mixed with water sets to a hard mass as a result of hydration of the constituent's compounds. It is most commonly used construction material.

Different Types of CEMENT

There are different varieties of cement based on different consumptions according to specific end users namely

1. ORDINARY PORTLAND CEMENT (OPC)
2. PORTLAND PAZZOLONA CEMENT (PPC)
3. PORTLAND BLAST FURNACE SLAG CEMENT (PBSFC)
4. WHITE CEMENT
5. SPECIALIZED CEMENT

The basic difference lies in the percentage of clinker used.

ORDINARY PORTLAND CEMENT (OPC)

OPC popularly known as gray cement has 95 % clinker and 5 % of Gypsum and other materials. It accounts for 70% of the total consumption. White cement is a variation of OPC and is used for the decorative purposes like rendering of walls, flooring etc., it contains a very low portion of iron oxide.

PORTLAND PAZZOLONA CEMENT (PPC)

PPC has 80 % Clinker, 15 % of Pozzolona and 5% of Gypsum and accounts for 18% of the total cement consumption. Pozzolona has siliceous and aluminous materials that do not possess cementing properties but develop these properties in the presence of water.

It is cheaply manufactured, because it uses fly ash/ burnt clay/coal waste as the main ingredient. It has a lower heat of hydration, which helps in preventing cracks where large volumes are being cast.

PORTLAND BLAST FURNACE SLAG CEMENT (PBSFC)

PBSFC consists of 45 % of Clinker, 50% of blast furnace slag and 5 % of Gypsum and account for 10 % of the total cement consumed it has a heat of hydration even lower than PPC and is generally used in construction of dams and similar massive constructions.

1) **WHITE CEMENTS:** Basically it is OPC-clinker using fuel oil (instead of coal) and with iron oxide content below 0.4% to ensure whiteness. Special cooling technique is used. It is used to enhance aesthetic value, in tiles and for flooring. White cement is much more expensive than gray cement.

2) **SPECIALIZED CEMENT:**

OIL WELL CEMENT

Is made from clinker with special additives to prevent any porosity.

RAPID HARDENING PORTLAND CEMENT:

It is similar to OPC, except that it is ground much finer, so that on

Casting, the compressible strength increases rapidly

WATER-PROOF CEMENT:

OPC, with small portion of calcium stearate or non-specifiable oil to impart waterproofing properties.

DIFFERENT TYPES OF PROCESSES:

The wet, semi-dry or dry processes can be used to produce cement. In the wet/semi-dry process, the raw material is produced by mixing limestone and water (called slurry) and blended with soft clay. The vertical shaft technology employed by mini cement units, use the wet process where as the rotary kiln technology uses the modern dry process. The INDIAN CEMENT INDUSTRY has been progressively using the wet process with dry process, which now accounts for 91 % of the installed capacity.

The major cause of industrial disputes in India is the determination of fair wage or the increase in existing wage level. By fair wage, they mean

Adequate wages to meet their basic and somewhat other needs. When this expectation is not full filled, discontent is the result that results in fall in production, productivity efficiency and overall discipline. The main cause of evolution of trade unionism in India was the wages. Most of the collective bargaining agreements are centered on the monetary compensation especially wages. While collective bargaining is an essential component of industrial relations, wage is the central theme of collective bargaining. Thus, wages can be considered the prime motivator of industrial relations.

From management point of view, wages and salaries represent a substantial part of the total cost which is ever increasing in view of the ability of the trade union to win upward adjustment. Instances of reduction in wages are rare and where it is necessary to reduce the labor cost, it is more and more through technological changes in resulting in increasing the productivity of labor. It is not only the concern of the organization but also is equally important for the workers to maintain their social image.

One of the most important and difficult problem of management is that of determining the rate of monetary compensation i.e., the control of wage and salary levels is of paramount importance. The main objectives of wage and salary administration are to control the cost, to establish a fair and equitable remuneration to all, to utilize the wages and salary device as an incentive to greater employee productivity and to maintain a satisfactory public relations image. In order to achieve objectives the top management or the chief executive officer is responsible for developing the policies and procedures to administer the wages and salaries.

The personal manager, being a staff officer, place an important role in developing wage and salary policies and procedures. In some organizations, the work is assigned to a wages and salary committee composed of

line and staff executives which makes the wage and salary surveys, approves the systems of job description and job evolution, recommends the wage policies and the wage and salaries scheme department wise.

CONCEPT OF WAGE

Wage & Salary Administration is essentially the application of a systematic approach to the problem of ensuring that employees are paid in a logical, equitable & fair manner.

Meaning of wages

Wage is the remuneration paid to an employee as compensation for the services rendered by him to the organization or employer. The commodity theory of wages is not in practice in which the price for labor is paid for the services sold to the employer it is compensation paid to the

Employee for his contribution towards the corporate objectives. Wages at the time do not include any facility or requisite like traveling allowances housing accommodation and other welfare amenities provided to certain amount of work or certain period of service viz. one day one week or one month. Thus wages can be understood as the monetary compensation paid by the employer to his employees for the contribution he makes for the achievement of corporate objectives.

Wages and salaries distinguished

Although wages include salaries yet there is slight difference in wages and salaries. Payment to labor engaged directly in production is called wages. In other words wages have direct relation with the production. Salaries on the other hand are the remuneration for the quantum of services rendered by persons whose output is difficult to be measured such as remuneration paid to clerical of managerial or supervisory staff. It is paid on time basis generally on monthly basis.

Why wages determination

Determination of the basic wage level in an organization is an

Important is question from all point view economic social political and moral. Wages is the central point for all labor problems. It is important from the organization and the employee point of view that wages claim the largest share of total cost of production. Several other problems, important for the organization such as production capacity efficiency of labor sale price of the commodity profits and industrial relations depend upon this single factor. From employees point of view it is the question of their bread though they do not live by the extent to which he is satisfied with the wages he is getting though it is not the sale factor in a workers satisfaction.

Motivation comes after a worker is of the remuneration of employees before it can think of providing incentives through promotions change in the

nature of job etc. The management should consider the problem very carefully and peacefully by analyzing the various factors scientifically and psychologically and with human approach.

DEFINITION

Wage is the remuneration paid for the service of the labor in production, periodically to an employee/worker. Wages usually refer to the hourly rate or daily rate paid to such groups as production and maintenance employees (blue-collar workers) on the other hand, salary normally refers to the weekly or monthly rates paid to clerical, administrative & professional employees (white-collar workers). The “wage levels” represent the money an average worker makes in a geographic area or in his organization. It is only an average specific market or firms & individual wages can vary widely from the average. The term “Wage Structure” is used to describe wage/salary relationships within a particular grouping. The grouping can be according occupation or organization such as wage structure of craftsman (Carpenters, Mechanics, Brick layers) etc.

WAGE

I.L.O defined the term “wage” as “The remuneration paid by the employer for the services of hourly, daily, weekly and fortnightly employees.” It also means that remuneration paid to production and maintenance or blue-collar employees. (Blue-collar workers)

SALARY

The term “SALARY” is defined as “The remuneration paid to the clerical and managerial personnel employed on monthly or annual basis”. (White-collar workers).

Wage/ Salary can be defined “As the direct remuneration paid to an employee compensating his services to an organization”.

Wages definition and meaning

The term wages has been defined very comprehensively and exhaustively in the act. As per section 2a. Wages means all remuneration whether by way of salary allowances or otherwise, expressed in terms of money or capable of being so expressed or implied were fulfilled be payable to a person employed in respect of his employment or of work done in such employment and includes .

1. Any remuneration payable under any award or settlement between the parties or order of a court.
2. Any remuneration to which the person employed is entitled in respect of overtime work or holidays or any leave period.
3. Any additional remuneration payable under the

terms of employment whether called as bonus or by any other name.

4. Any sum which by reason of the termination of employment of the person employed is payable under any law contract or instrument which provides for the payment of such sum, whether with or without deductions, but does not provide for the time within which the payment is to be made.

5. Any sum to which the person employed is entitled under any scheme framed under any law for the time being in force.

But does not include

- Any bonus whether under a scheme of profit sharing or otherwise which does not form part of the remuneration payable under the terms of employment or which is not payable under any awards or settlement between the parties of order of a court.
- The value of any house accommodation or of the supply of light water medical attendance or other supply for the light, water, medical attendance or other amenity or of any service excluded from the computation of wages by a general or special order of the state government.
- Any contribution paid by the employer to any pension or provident fund, and the interest which may have accrued thereon.
- Any traveling allowance or the value of any traveling concession.
- Any sum paid to the employed person to defray special expenses entailed on him by the nature of his employment or
- Any gratuity on the termination of employment in cases other than those specified in sub clause.

OBJECTIVES OF WAGE AND SALARY ADMINISTRATION

The objective of wage and salary administration is numerous and sometimes conflict with each other.

1. To acquire qualified competent personnel
2. To retain the present employees
3. To secure internal and external equity
4. To ensure desired behavior
5. To keep labor and administrative costs
6. To protect in public as progressive employers and to comply with the wage legislations
7. To pay according to the content and difficulty of the job and in tune with the effort and merit of the employees
8. To facilitate payroll administration of budgeting, wage and salary control
9. To simplify collective bargaining procedures and negotiations
10. To promote organization feasibility.

SYSTEMS TO ACHIEVE THE OBJECTIVES

1. JOB EVOLUTION

It is the process of determining relative worth of jobs. It includes selecting suitable job evolution techniques. Classifying jobs into various categories and determining relative value of jobs in various categories.

2. WAGE AND SALARY RANGES

Overall salary range for all the jobs in an organization is arranged. Each job grade will be assigned salary range. These individual salary ranges will be fitted in to an overall range.

3. WAGE AND SALARY ADJUSTMENTS

Overall salary grades of the organization may be adjusted based on the data and information collected about the salary levels of similar organizations. Individual salary levels may also be adjusted based on the performance of the individual employees.

PRINCIPLES OF WAGE AND SALARY ADMINISTRATION

- Wage and salary plans and policies should be sufficiently flexible.
- Job evaluation must be done scientifically
- Wage and salary administration plans must always be consistent with overall organizational plans and programs.
- Wage and salary administration plans and programs should be in conformity with the social economic objectives of the country like attainment of equality in income distribution and controlling inflationary trends.
- Wage and salary administration plans & programmers should be responsive to the changing local & national conditions.
- These plans should simplify & expedite other administrative processes.

ELEMENTS OF WAGE AND SALARY SYSTEMS

Henderson identified the following elements of wage and salary System.

1. Identifying the available salary opportunities, their costs, the estimation the worth of its members of these salary opportunities and communicating them to employees.
2. Relating salary to needs and goals
3. Developing quality, quantity and time standards relating to work and goals.
4. Determining the effort necessary to achieve standards
5. Measuring the actual performance
6. Comparing the performance with the salary received
7. Measuring the job satisfaction gained by the employees
8. Evaluating the un-satisfied wants and reached goals of the employees

9. Finding out the dissatisfaction arising from unfulfilled needs and un-attained goals

10. Adjusting the salary levels accordingly with a view to enabling the employees to reach an UN reached goals and fulfills the unfilled needs;

Wage variations. The relative difference in wage levels is called wage variations. There may be three types of variations in wage rates

1. Time variations. Wages may vary from time to time according to the economic conditions of the country. In slump period, the wage rates may be cut whereas the inflationary pressures may hike the wage rates. Price and wage indices are sometimes prepared for the two periods to measure the variations in prices and wages and adjusted accordingly.

2. Regional variations... These are different wage rates in different regions for the same work in the same industry. Cotton textile mills in UP pay lower wages to their workers in comparison to the wages paid in cotton textile mills in Maharashtra or Gujarat. This may be because of the several reasons such as economic development of the region, demand and supply of the workers, cost of living index and standard of living etc.

3. Industrial variations.... Wage rates may differ from industry to industry. One industry may pay more to its workers in the same region for similar work. Various factors such as demand and supply of skilled labor nature of work and working conditions in the industry place of industry in the national economy etc influence the wage rates.

FACTORS INFLUENCING WAGE AND SALRY STRUCTURE AND ADMINSTRATION

1. The organizations ability to pay
2. Supply and demand of labor
3. The prevailing market place
4. The cost of living
5. Living wage
6. Productivity
7. Trade union's bargaining power
8. Job requirements
9. Managerial attitudes
10. Psychological and Sociological Factors

Factors affecting wage rates

These are several factors which influence the wage rates. The variations in wage structure in various industries are the results of these factors. Some important factors are

1. Demand and supply.

The wage rates are fixed by the demand and supply position of the workers in the labor market. If labor is in short supply, the workers will offer their services only if they are paid well. On the other hand, labor may be available at cheaper rates if their supply is in

plenty.

2. Bargaining power.

Wages also depend to a considerable extent on the relative bargaining power the labor unions and the employees. Where labor unions are strong enough the wages will be determined at a higher level in comparison to other units where unions are weak.

3. Cost of living. Progressive employers do not leave the wages to be determined by the blind forces of demand and supply. They take due notice of the cost living for the workers at that place and try to fix the wages as to ensure a decent living wage to the workers. Cost of living varies under inflationary and deflationary pressure. Where employers do not show enough awareness, labor unions, if strong come out with a demand of wage adjustment according to the cost of living index number

4. Condition of product market.

The wage levels will be influenced by the degree of competitive prevailing in the market for the product of the industry. If it is a perfect competitive market to the total output. But in any given industry or occupation, wages may not reach this level if imperfect competition exists in the product market.

5. Comparative wages.

Wages paid by other firms in the same market for similar work also influence the wage levels. Wages rates must also be in consistent with the wages paid by other firms in the same industry. The comparative wages will increase the job satisfaction among the workers.

6. Ability to pay.

Wage rates are influenced by the ability of industry or firm to pay its workers. Those firms which are earning huge profits may naturally afford much better wage rates and more facilities to its workers in comparison to those which are earning only marginal profits.

7. Productivity of labor.

Productivity of labor is considered to be the job requirements. If a job

Requires higher skill greater responsibility and risk the worker placed on the job will naturally get higher wages in comparison to other jobs which do not require the same degree of skill responsibility or risk.

8. Job requirements.

A worker is compensated according to the job requirements. If a job requires higher skill, greater responsibility and risk, the worker placed on that job will naturally get higher wages in comparison to other jobs which do not require the same degree of skill responsibility or risk.

9. Government policy : Since the bargaining power of the workers is not enough to ensure fair wages in all industries the government has to interfere in regulating wage rates to guarantee minimum wages rates in order to cover the essentials of a decent living.

10. Goodwill of the company

A few employers want to establish themselves as good employer in the society and fix higher wages for their workers. It attracts qualified employees.

ADMINISTRATION OF WAGE AND SALARIES:

Wage and salary administration should be controlled by some proper agency. This responsibly may be entrusted to the personnel department or to some job executive. Since the problem of wage and salary is very delicate and complicated, it is usually entrusted to a committee composed of high rank executives representing major line organizations. The major functions of such committee are,

1. Approval/Recommendation to management on job evaluation methods and findings
2. Review and Recommendation of basic wage and salary structure
3. Help in the formulation of wage policies from time to

BIBLIOGRAPHY

- Essential of human resource management & industrial relations

SUBBARAO.P

- Human resource and personal management

ASWATAPPA.K

- Marketing research
C.C BERRI

- WEBSITES
www.zcltd.com

time

4. Co-ordination and review of relative department rates to ensure conformity

5. Review of Budget estimates for wage and salary adjustments and increases.

In India after independence some new related words to wages.

Statutory Minimum wage: According to the provisions of the Minimum wages act-1948, ones the rates of such wages are fixed; it is the obligation of the employer to pay them, regardless of his ability to pay. Such wages are required to be fixed in certain employments where “sweated” labor, or where there is a great chance of exploitation of labor.

Basic Minimum Wage: It is the wage, which is to be fixed in accordance with the awards and judicial pronouncements of industrial tribunals, national tribunals and labor courts. They are obligatory on the employers.