

Effective Implementation of Wage and Salary Administration

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Abstract

Wage and salary administration in India has been a subject of immense controversy, if unresolved, in the context of India politico-administrative setup for several decades now. The topic itself is as complex as it is slippery in terms of definition and unique features. Among other things, the subject of wage and salary administration in this country has been a controversial one. The attempt has been to resolve such issues as what the basic should pay, the issues of labour cost, productivity, cost of living, and the question of compensation. This paper takes a critical perspective on the generic forces at work in recent times that relate to wage policies, strategies and schemes aimed at creating a conducive atmosphere for the workers (both in the private and public sectors) in India to perform. The main objective of the paper is to determine the key forces affecting wage and salary administration in India. Among the most recent experiences analyzed are those of the Government Employees pay package and the current pay system. The researcher adopted a simple cross-sectional survey method. Data collected were subjected to critical analysis using mostly non-parametric methods.

Introduction

Base wages and salaries are defined as the hourly, weekly and monthly pay that employees receive for their work in and Organization. Wage and salary administration affect levels of employee commitment to the organization. However, fascinating the individual's job assignment is, the employee must be paid. Pay affects the way people work-how much and how well. A large part of the compensation that people receive from work is monetary. Although managers are expected to conserve money and distribute it wisely, many employees feel that they should get more of it for what they do. Wages, salaries and many employee benefits and services are form of compensation. Administration of employee compensation is called wage and salary administration. A department or subset of a department in a company that sets wages and salaries for employees.

The wage and salary administration may use a variety of factors, including the company budget and the amount that competitors pay, in making its decisions. 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 are as job evaluation, surveys of wage and salaries, analysis of relevant organizational problems, development and maintenance of wage structure, establishing rules for administrating wages, wage payment incentives, profit sharing, wage changes and adjustments, supplementary payments, control of compensation costs and other related items." The wage and salary administration aims to establish and maintain an equitable wage and salary structure and an equitable labor cost structure. The functions involved in maintaining a wage and salary program are directed toward continued compatibility with corporate

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objectives, which the program is intended to serve. In order to develop a corporate compensation philosophy, total compensation must be viewed from two different perspectives. First, it is a major expense. Economic pressures have forced management to reconsider the affordability of their compensation programs. Others have concluded that a strong compensation package, including deferred compensation and incentive plans, can be a competitive advantage with regards to attracting and retaining quality employees who contribute to the company's success. Secondly, the total compensation and performance appraisal package should be a positive tool with which to influence employees' behavior (employee contribution) and attitude towards work and job performance. Well-adjusted and happy employees are more productive and increase the effectiveness of the entire organization. It is important to recognize that a wage and salary program cannot create a totally equitable internal and external compensation pattern instantaneously. The achievement of an optimal wage and salary system is an evolutionary process, resulting from a series of planned adjustments, periodic updates, and compensation analysis. The wage and salary administration program must constantly be reviewed for the following reasons: Pay Adjustments: A wage and salary program is established for an existing group of employees, whose pay cannot be immediately adjusted, either upward or downward, to create a balanced environment.

Review of Literature

As Nwachukwu (2000), and Atchison, (2003) have aptly observed wages and salaries constitute a significant part of the overall cost of operations, observing that in some organizations wages and salaries constitute over 50% of the operating costs. Companies or establishments that lack of ability to pay wages and salaries regularly are in danger of disintegration. Poor wages are a constant source of frustration and can result in declines in productivity. Wages should not only be adequate but they must also show some element of equity, this is particularly true from the point of the employees. Anything short of a fair and equitable wage or reward can quickly attract the wrath of employees in an economy such as Nigeria. For many Nigerian employees, wages or salaries are highly critical issues. They are decisive because without them in sufficient quantities, life

becomes extremely precarious for the worker and members of his/her family. As direct financial rewards, wages and salaries are the most emphasized by the employees, thus they sort of take a centre stage in the scheme of things as far as rewards for work is concerned. For many a Nigerian employee, wage or salary is the main thing. It is thus against this background that the need for a dynamic, intelligent and foresightful wage and salary administration cannot be overemphasized, particularly for an emerging economy like Nigeria in the era of globalization. Institutions or companies that seek to attract and retain highly productive and efficient employees cannot shy away from facing the challenges posed by the need to pay wages adequately in a competitive environment.

Objectives of the Study

- To examine existing methods of wage and salary administration in India.
- To analyze the perceptions of respondents regarding implementation of salary and wage administration in Hindustan Petroleum Corporation Limited.

Methodology of the Study

The main instruments for eliciting of the relevant data are the structured questionnaire and oral interview. The researcher administered a total of 200 questionnaires distributed among three broad categories (i.e. Managers, Supervisors and Clerks). The sampling technique applied was essentially a deliberate one for the purpose of analytical simplicity and representativeness. Details can be seen below in terms of data presentation and analysis.

Data Analysis: The Figure-1 indicating out of 50 employees 6% of them felt that the work place is excellent where as 10% of the employees felt its very good and 16% of the employees felt its typical and 38% employees felt its fair and 30% of the employees felt the work place is poor. The Figure-2 depicts 4% of them felt that the company is treating employees problems excellent where as 24% of the respondents felt that its very good at treating with the employee problems and 36% Of them felt that its typical on treating with the employees problems and 20% of them felt that its fair on treating with the employee problems where as 16% of them felt that its poor in treating with the employees. The Figure-3

describing about relationship between the company and employees 2% of the respondents are felt as excellent where as 18% of the respondents felt that the relationship between the company and the employees is very good and 32% of them felt that the relationship between the company and the employees is typical and 24% of them felt that the relationship between the company and employees is fair and 14% of the employees felt the that its relationship between the company and the employees is poor. The Figure-4 explaining about 12% of them felt that their job is excellent where as 18% of them felt that third job is very good and 30% of them felt that their job is typical and 36% of them felt the their job is fair where as 4% of them felt that their job is poor. The Figure-5 explaining 12% of them felt that their job security is excellent where as 14% of them felt that their job security is very good and 38% of them felt that job security provided by the company is typical and 28% of them felt that the job security is fair to their work and 8% of them felt that their job security provided by the company is poor. The Figure-6 explaining 6% of them felt that the salary structure is excellent whereas 14% of them felt that salary structure is very good and 40% of them felt that the salary structure is typical and 28% of them felt that the salary structure is fair and 12% of them felt that the salary structure is poor. The Figure-7 explaining 12% of them felt that there is an excellent long term career potential with the company whereas 14% of them felt that its very good and 18% of them felt that its typical and 28% of them felt that its fair and 8% of them felt that there is poor long term career potential with the company. The Figure-8 explaining 4% of them felt that there is an excellent immediate superior whereas 14% of them felt that there is an very good immediate superior and 44% of them felt that it's typical and 18% of them felt that it's fair to work and 6% of them felt that there is a poor immediate superior. The Figure-9 explaining 38% of them felt that information given by the company is excellent whereas 24% of them felt that its very good and 12% of them felt that its typical and 20% of them felt that its fair and 6% of them felt that communication receive from the company is poor. The Figure-10 explaining 32% of them felt that there is an excellent safety and health standards of the company and 20% of them felt that its very good and 12% of them felt that its typical and 36% of them felt that its fair and know one felt that its poor. The Figure-11 explaining 16% of them felt that compensation received and performance is excellent where as 20% of them felt that its very good and 32% of them felt that its typical and

10 of them felt that it's fair to their work and 6 of them felt that relationship between the amount of compensation receive and performance is poor. The Figure-12 explaining 18% of them felt that the quantity of work they are asked to perform is much too much where as 24% of them felt that it's too much and 38% of them felt that it's just right 20% of them felt that the quantity of work they asked to perform is too little. The Figure-13 explaining 10% of them felt that the amount of time spent by the immediate superiors is much too much whereas 30% of them felt that it's too much and 36% of them felt that it's just right and 24% of them felt that the amount of time spent by the superiors is too little The Figure-14 explaining 28% of them felt that benefits provided by the company is highly useful whereas 30% of them felt that its useful and 18% of them felt that it's not useful and 24% of them felt that they can't say whether the benefits provided by the company is useful or not. The Figure-15 explaining 20% of them satisfied with their salary/wages given to their work whereas 50% of them are partly satisfied with their salary/wages given to their work and 30% of them are not satisfied with their salary/wages given to their work.

Findings

- 38% of them felt that work place is fair and 36% employees felt that its typical in treating with their problems.
- In relationship between company and employees 32% employees felt that it's typical and 36% employee like job fairly.
- Job security provided by the company is typical rated by 38% of their employees.
- Company salary structure is typical rated by the 40% of their employees and Long term career potential with Company is typical rated by 38% of their employees.
- Amount of communication you receive from the company is fair rated by 38% of their employees. According to health and safety standards of the company it is fair rated by 36% of their employees.
- Compensation received is typical rated by 32% of their employees. Quantity of work they are asked to perform is just right rated by 38% of their employees. Time spent by immediate superior is too much rated by 30% of them.
- Benefits provide by the company is useful rated by 30% employees. 50% of their employees are partly satisfied with their salary and wages given to their work.

Figure 1: Work Place

% of Respondents

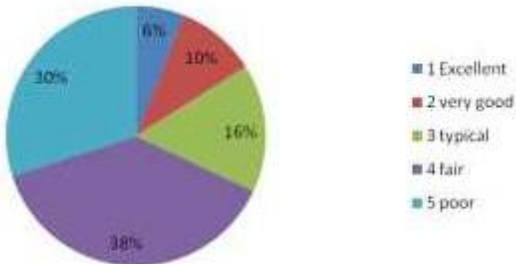


Figure 2: Employee Problems

% of Respondents

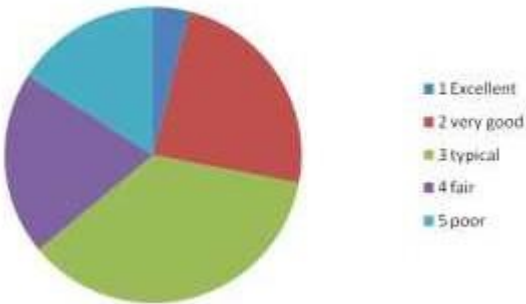


Figure 3: Relationship between company and employees

% of Respondents

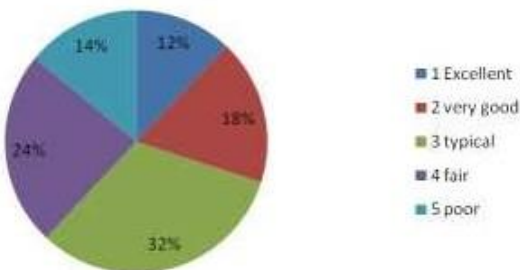


Figure 4: Perception on like the job

% of Respondents

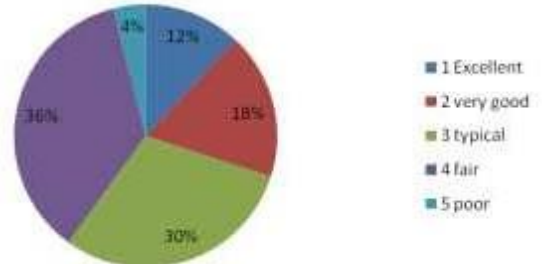


Figure 5: Job Security

% of Respondents

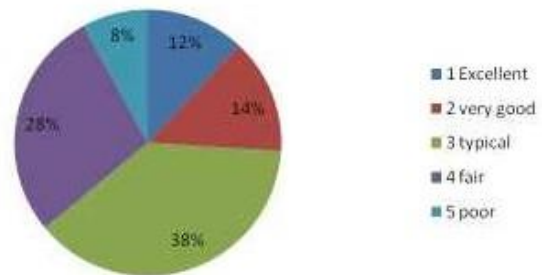


Figure 6: Company's salary structure

% of Respondents

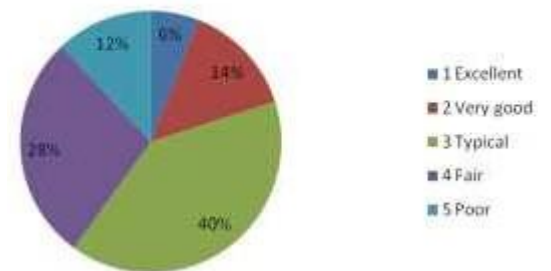


Figure 7: Long term career potential with Company

% of Respondents

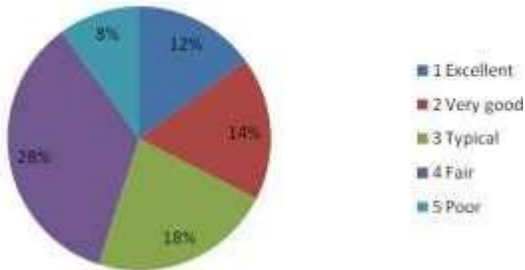


Figure 10: Safety and health standard

% of Respondents

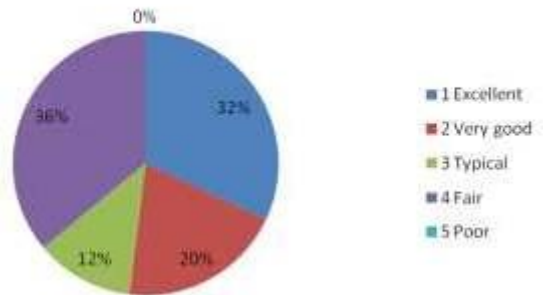


Figure 8: Response on immediate superior

% of Respondents

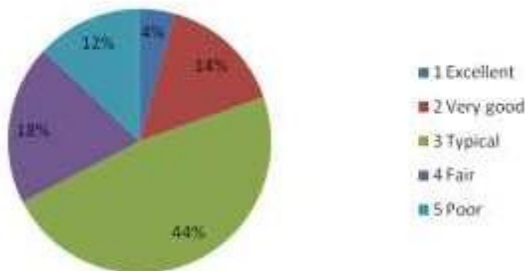


Figure 11: Compensation and performance

% of Respondents

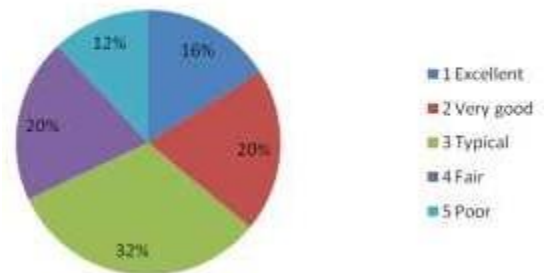


Figure 9: Communication receiving

% of Respondents

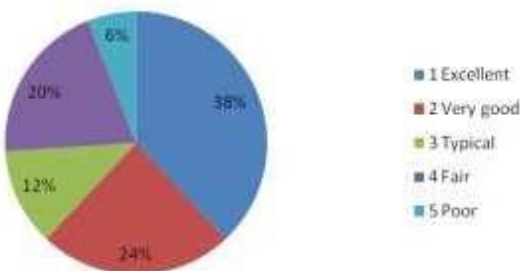


Figure 12: Quantity of work to perform

% of Respondents

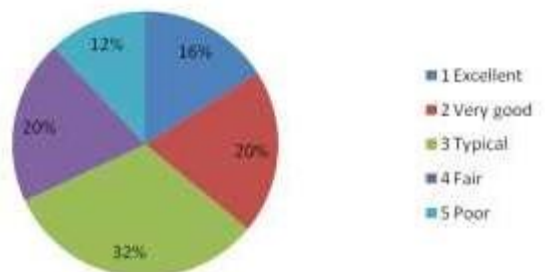


Figure 13: Time spent by your immediate superior

% of Respondents

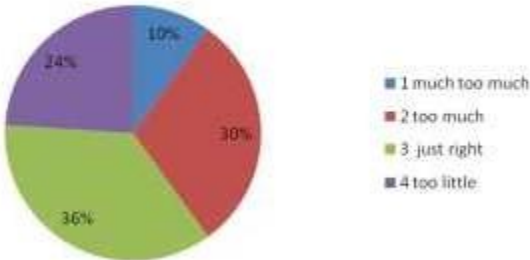


Figure 14: Benefits provided by the company

% of Respondents

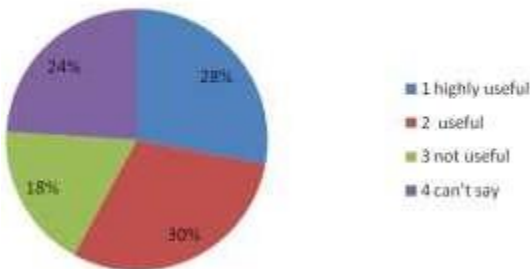
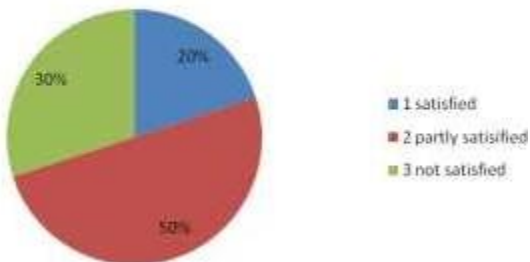


Figure 15: Salary/Wages receive for work

% of Respondents



Suggestions

In order to meaningfully improve on the current trends in salary and wages administration in HPCL, the following actions should be carried out:

- (1) Establishing right strategies which should be optimal, timely and lucid in nature.
- (2) Periodic review of the plans, program and implementation of the existing schemes or policies to enhance labour output or productivity.
- (3) Periodic interactive sessions with the unions (i.e. government and union to meet regularly to monitor wages and salaries trends).
- (4) Let wage differentials be "narrowed" among different grade levels.
- (5) Flexibility. It allows new methods or techniques of rewarding workers to take place.
- (6) Participative Pay System. Though at its embryonic or rudimentary stage, the system in India is fairly participative. This is particular true compared with the military regimes era. A participative pay system involves employees in the design and implementation of the package.
- (7) Taking cognizance of inflation trends.
- (8) A pay system can be designed by staff members of the organization's human resource department, a committee of managers in the organization, an outside consultant, the employees or a combination of these resources.
- (9) What is crucial is the need for all hands to be on deck in wage and salary administration.
- (10) Team work rather than a "loner" work stands to be more rewarding and less troublesome.

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