

Human Resource Management

UNIT -4

TOPICS:

- **Wage and salary administration**
- **Wage and Salary Administration – Nature, Characteristics and Objectives,**
- **Job and its components**
- **Grievance redressal procedure**
- **Laws and rules governing employee benefits and welfare**

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Wage and Salary Administration.

Wage and salary administration is a collection of practices and procedures used for planning and distributing company-wide compensation programs for employees. These practices include employees at all levels and are usually handled by the accounting department of a company.

OR

Wage and salary administration is defined as the process by which wage and salary levels and structures are determined in organisational settings.

Wages are payments for labour services rendered frequency, expressed in hourly rates, while a salary is a similar payment, expressed in weekly, monthly or annual rates.

A 'wage' (or pay) is the remuneration paid, for the service of labour 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").

Salary' normally refers to the weekly or monthly rates paid to clerical, administrative and professional employees ("white-collar workers").

Wage and Salary Administration – Nature and Characteristics

Nature:

1. The basic purpose of wage and salary administration is to establish and maintain an equitable wage and salary structure.
2. It is concerned with the establishment and maintenance of equitable labour cost structure i.e. an optimal balancing of conflicting personnel interest so that the satisfaction of the employees and employers is maximised and conflicts are minimised.
3. The wage and salary administration is concerned with the financial aspects of needs, motivation and rewards.
4. Employees should be paid according to the requirements of their jobs i.e. highly skilled jobs are paid more compensation than low skilled jobs.
5. To minimise the chances of favouritism.

Characteristics:

Payment of wages is in accordance with the terms of contract between the employer and the worker.

2. The wages are determined on the basis of time-rate system or piece-rate system.
3. Wages change with the change in the time spent by the labourer.
4. Wages create utility.
5. Wages may be paid weekly, fortnightly, hourly, or on monthly basis.
6. Wage is the reward paid to the workers for the services rendered by them.
7. Wages can be paid in cash or in kind.
8. All kinds of allowances are included in wages.

Wage and Salary Administration – Objectives**Its objectives are:**

- i. To compare or draft company HR policy
- ii. Find out the income level and return ratio of similar industries
- iii. To understand wage differentiations
- iv. To examine the competitiveness of entry level employees
- v. To establish hiring rates favorable to the community
- vi. To keep abreast wage and salary rates with production cost
- vii. To minimize labour turnover due to pay disparity
- viii. To increase employee's satisfaction and morale
- ix. To learn about the trend of perks and benefits in the market
- x. To resolve existing labour problems concerning compensation.

Job and its components

Job- A “job is a group of positions that are similar as to the kind and level of work”. In some instances, only one position may be involved, simply because no other position exists. For example, in a small organisation, there will be only one position of personnel manager. But in large organization, there may be ten employees with the same title, yet each may perform slightly different work.

Job Analysis- job analysis as “the process of determining (by observation and study) and reporting pertinent information relating to the nature of a specific job. It is the determination of

the task which comprises of the jobs and of the skills, knowledge, abilities and responsibilities required of the worker for a successful performance and which differentiate one job from all others”. Job analysis include job description and job specification.

Job Description- “Job description is an organized, factual statement of the duties and responsibilities of a specific job.” It is a standard of function, in that it defines the appropriate and authorized content of a job.

Job Specification- A job specification is “a statement of minimum acceptable human qualities necessary to perform a job properly.” It is a standard or personnel and designates the qualities required for acceptable performance.

Job Classification- A job classification is “a grouping of jobs on some specified basis such as the kind of work or pay”. For example, a teacher, a doctor, an engineer, etc.

Cost to the Company (CTC)

Cost to the Company (CTC)- The concept ‘cost to the company’ includes payment made to the employee including pensions, health insurance, death in service, gratuity, company car or own the car scheme, child care provisions, subsidized meals, etc. The CTC includes all the investments made by the employer to the employee including the monetary and non-monetary benefits.

Grievance

Grievances relate to problems of interpretation or perceived nonfulfillment of one’s expectations from the organisation. A grievance is a complaint of one or more workers with respect to the organisation. It can be related to wages, conditions of work, leave, transfer, overtime, promotion, seniority, job assignment and termination of service.

According to Dale Yoder “A grievance is a written complaint filed by an employee and claiming unfair treatment.”

Keith Davis defines it as “any real or imagined feeling of personal injustice which an employee has concerning his employment relationship.”

Causes of Grievances

An employee is dissatisfied and harbors a grievance when he feels there has been an infringement of his rights that his interests have been jeopardized. This sense of grievance generally arises out of misinterpretation or misapplication of company policies and practices.

Grievances mostly arise out of following reasons:

- Concerning wages Demand for individual adjustment;
- The worker feels that he is not paid fully.
- Complaints about incentives; piece rates are too low or too complicated.
- Mistakes in calculating the wages of the workers;

Concerning supervision

- Complaints against discipline;
- Inadequate instructions given for job performance.
- Objections of having a particular foreman; the foreman playing favorite; the foreman ignores complaints.
- Objections to the manner in which the general methods of supervision are used; there are too many rules; regulations are not clearly posted.

General working conditions:

- Unhygienic working conditions
- Poor production standards
- Non availability of tools,
- materials and equipments

Management policy

- Wage rates and methods of wage payments
- Overtime and incentive payments
- Promotion, transfer and seniority issues
- Lack of opportunities for career growth
- Leave
- Issues relating to employee conduct
- Unhappy relations with the bosses

Grievance redressal procedure

Grievances redressal procedure gives an assurance to the employees about the existence of a mechanism for the prompt redressal of their grievance.

Steps of grievance handling procedure

1. Step 1 – Informal approach.
2. Step 2 – A formal meeting with the employee.
3. Step 3 – Grievance investigation.
4. Step 4 - Grievance outcome.
5. Step 5 – Grievance appeal.
6. References:
7. “A reputation built on success”

Laws and rules governing employee benefits and welfare

Labour welfare measures and social security benefits are attempts in the direction of supplementing the wages of the industrial worker by providing him or her extra facilities and benefits.

Labour welfare work can be (i) statutory or (ii) non-statutory (voluntary).

Statutory

Statutory welfare measures, as the term itself indicates, are those services whose implementation depends on the coercive power of the government. This the government ensures by the enactment of certain rules to enforce the minimum standards of health and safety of workers.

These are amenities that are to be provided necessarily to employees as per different legislations of the Government. For example the Factories Act of 1948 in India covers areas including health, welfare, safety, working hours, annual leave with wages and employment of women and children. Similarly, the Motor Transport Workers Act of 1961 mentions about restrooms, uniforms, washing allowance, medical facilities etc. for motor transport workers. Similar, legislations exist in other areas like, mine workers, plantation workers and a considerable amount of emphasis has been laid on the provision of a canteen inside the workplace.

Non-statutory or voluntary basis

Nonstatutory welfare measures include all those activities, which you may undertake for the welfare of your employees on a voluntary basis. There are employers who have taken the lead and provided a wide variety of welfare amenities to their employees:

- Educational Facilities
- Transport Facilities
- Recreational Facilities
- Other Facilities

