

Wage and salary administration



As money is the prime need for human beings to meet their basic needs, everyone tries to earn as much money as possible. A clerk earning less than a driver may have a vague grievance, but when he earns less than another clerk of comparable qualifications and experience he will show his unhappiness more bitterly. This shows that people have the tendency to compare themselves with others who are in a similar profession and/or with similar qualifications. The main objective of wage and salary administration is to have a scientific, rational, and balanced wage & salary structure.

In salary administration, the employer should not feel that the employees are paid more than they deserve and the employees should not feel that they are underpaid. Unless there is a scientific approach /method we cannot solve this conflict. Here wage and salary administration includes allowances, leave facilities, housing, travel, etc and non-cost rewards such as recognition, privileges and symbols of status Any Pay System should create a feeling of equity in the minds of the employees. Otherwise it will demoralize and demotivate the employees. But in Indian conditions it is very difficult to practice.

The present trends in the wage pattern are that the gap between the officers' pay and workers' pay is narrowing down, and the difference between organized sector and unorganized sector, women and men, casual and regular workers' pay is on the rise. The public policy is to reduce the disparity, but it cannot be done overnight. The modern trend in wage in organized sectors is linking it with productivity. Nowadays the productivity-linked bonus and incentives are quite common in the companies including public sector undertakings.