



REST Journal on Banking, Accounting and Business

Vol: 2(2), June 2023

REST Publisher; ISSN: 2583 4746

Website: <http://restpublisher.com/journals/jbab/>

DOI: <https://doi.org/10.46632/jbab/2/2/16>



A Study on The Implementation of Wage and Salary Administration

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Abstract. *Wage and salary administration is the art of efficient compensation for human skills in raising productivity and profitability and achieving corporate objectives. Wages and salaries are probably the most significant factors in determining the conditions of employment. Individuals take up jobs with the motive of earning money which they can use for fulfilling their needs. Man has a wide variety of needs to fulfil during his lifetime. These needs are psychological and so on. Maslow identifies the needs are physiological, security, social, self-esteem, and self-actualization.*

1. INTRODUCTION

The basic needs in Maslow's need hierarchy are physiological. Money is essential and plays a major role in fulfilling these basic needs. Individuals at this level of the needs hierarchy go to work with the sole purpose of fulfilling their basic needs. A viable compensation program that rewards performance is imperative for a dynamic and productive organization. The terms 'Compensation' signifies everything an employee receives in return for this work or services rendered. It includes all kinds of payment, financial and non-financial. It is the total cost of employment incurred by an organization on the employee. The management of compensation should be a corporate concern along with market forecasting, investment decisions, plant location, and so on. Because the compensation system is the most powerful system which influences the behavior of employees' work. The key question is how the compensation system can be designed so that the operatives and executives are motivated to perform at their maximum effect rather than simply pay them for their job. Since there has to be a greater level of compensation for operatives and executives, the marginal utility of money is low for them. And its effect on motivation and job satisfaction is diluted. The choice then lies in developing indirect compensation methods to match their need hierarchy. This need hierarchy is a different category of workers. Prudent compensation management has to be both fair and competitive.

2. STATEMENT OF THE PROBLEM

The study of the wage and salaries of an organization is very important because it helps to know whether the employees are rightly compensated for their work. It also helps to know whether the employees are satisfied with their wages and salaries. It is also important to know whether the company is following the right pay scale. To know various allowances, like packing allowance, city compensatory allowance, perks allowances, etc.

3. OBJECTIVES OF THE STUDY

To identify the organizational strategy on salary components and wage benefits. To identify the satisfaction level of wage and salary provided in an Organisation. To find out the mode of payment to the employees. To find the contribution made to bonuses and common benefits provided by the company. To identify the level of increment per annum. Any related issues.

4. REVIEW OF LITERATURE

Many authors had made studies relating to the topic "Wage and Salary Administration" that were being published in various management journals as articles. This literature is being reviewed and a summary of each article has been given in the following pages. Brigitte W. Schey'(1998) conducted a study on "Effects of performance contingent pay on employee attitudes". The purpose of the study is to find whether pay can motivate organizational members or workers. i.e., a decrease in turnover. The sample size of the study was 165 employees selected and data were collected through a questionnaire. The techniques used are multiple regression and analysis of variance. The finding of the study was that results were significant at 0.05 level of significance by using F-test. Gerald T. Gabris(1999)and Kenneth Mitchell conducted a study on "The impact of Merit Raise Scores on Employee Attitudes". The purpose of the study was to find out the degree to which actual merit raise scores may secure to differentiate employees' attitudes towards self-behavior, management practices, and personnel reforms. The sample size of the study was 160 employees. The technique used in the study was a correlation between merit. The finding indicates that almost no correlation between merit score, employee sex race, and salary. MasandHemari, Lee A. Graf and John A. Lurt (2000)have made a study on "correlates of pay and Benefit Satisfaction". The unique case of public University Faculty. The purpose of the study is to examine faculty compensation satisfaction and then satisfaction with indirect benefits. The sample of the study is 518 faculty members who were selected from a public institution. The techniques used in the study were multiple regressions. The findings of the study were that the gender was marginally significant with males were satisfied with pay than females. G.Sephen Taylor and Michael J.Vest (2001) have made a study on "pay comparison and pay satisfaction among Public Sector Employees". The purpose of the study was to find out the impact of pay comparison on the reported level of satisfaction with pay. The sample size of the study was 224 municipal employees of a moderate size town in the U.S. The data has been collected through a questionnaire. The techniques used in the study were factor Analysis, regression analysis, and correlation. The major finding of this study was satisfaction and dissatisfaction with pay be very different emotions and not simply the opposite of the same concept. Paul Hempel and Charles Fay(2005) conducted a study on "outside Director compensation and Firm Performance". The purpose of the study is to test whether there is a correlation between Directors' compensation and firm performance. The sample size of the study was 225 major corporations that were selected over 5 years. The technique applied is a simple correlation. Significance tests like F-test and T-test were also used in this study. The findings of the study were that there is no correlation between a director's compensation and firm performance. BanyT.Hirsch, David.Macpherson&J.MichealDumed(2009) conducted a study on "Workers compensation Reciprocity in union and non-union workplaces". The purpose of the study was to examine the union. Non-union differences in workers' compensation reciprocity. The sample size of the study was 174 Michigan workers were interviewed. Techniques used in the study are mean, standard deviation, and coefficient of correlation. The finding of the study was that the communication of relevant information to workers is an important determinant of workers' compensation reciprocity. Frederic L.Piyor and David Schatter(2014) have made a study on "Wage and the University Education". The purpose of the study is to find the correlation between the level of education and the level of pay. Regression techniques have been used in the study. David G.Hamsen(2015) has conducted a study on "Workers Performance and Group Incentives". The purpose of the study is to find the worker's performance before and after the implementation of the incentive scheme. The sample size of the study is 21 employees, the data has been collected individually from 2 units of a U.S. financial corporation. The technique used in the study is a correlation. The finding of the study indicates that the incentive plan was successful in increasing the average level of productivity across the workgroup.

5. RESEARCH METHODOLOGY

A clear objective provides the basis for the design of the project and Vell biscuits private limited on wage and salary administration. The sample size is 200. It was decided to use descriptive research design include, including surveys and fact-finding enquires of different kinds, which were found to be the most suitable design to carry out the project. The research is used in statistical tools and chi-square tests.

Meaning of Research: Research is the art of scientific investigation. The advanced learner's dictionaries of current English lay down the meaning of research as, "a careful investigation (or) inquiry, especially through search for new facts in any branch of knowledge". Redmen and Mary define research as a "systematic effort to gain knowledge". **Statistical Tools Applied:** To analyse and interpret the collected data the following statistical tools were used.**Chi –square analysis: Correlation:**

Statistical tools: Chi-square test: Ho: There is no significance relationship between satisfaction level of wage/salary and income. **H1:** There is a significant relationship between satisfaction level of wage/salary and income.

TABLE 1. Satisfied with wages / salary.

Income level	Satisfied with wages / salary				Total
	Satisfied	Highly satisfied	Dissatisfied	Highly dissatisfied	
Below 5000-10000	58	78	-	-	136
8000-15000	58	6	-	-	64
15000-20000	-	-	-	-	-
Above 20000	-	-	-	-	-
	116	84	-	-	200

TABLE 2. Calculation of expected frequency

Observed	Expected frequency	(O-E)	(O-E) ²	$\frac{(O-E)^2}{E}$
58	78.88	-20.88	435.9744	5.5270
78	57.12	20.88	435.9744	7.6326
58	37.12	20.88	435.9744	11.745
6	26.88	-20.88	435.9744	16.2192
Total				41.1238

Calculation of expected frequency:

$$RT \times CT$$

$$\begin{aligned} \text{Expected frequency} &= \frac{RT \times CT}{N} \\ &= \frac{136 \times 116}{200} \\ &= 78.88 \end{aligned}$$

Similarly, the calculation for the remaining expected value was carried out.

Computed value $\chi^2 = 41.1238$.

$$\begin{aligned} \text{Degree of freedom} &= (R - 1) (C - 1) \\ &= (4 - 1) (4 - 1) \\ &= (3) (3) \\ &= 9 \end{aligned}$$

Level of significant = 5%

Table value = **16.91**

6. CONCLUSION

Since $CV > TV$ so we accept H_1 This is significance relationship between income level and satisfaction level of wage and salary given by organization.

Statistical tools: The correlation between education qualification and basic pay.

X-Education Qualification

Y-Basic Pay

X-106 52 22 20

Y-87 45 42 26

TABLE 3. Statistical tools

X	Y	$\bar{X}-X$	$\bar{Y}-Y$	$(\bar{X}-X)^2$	$(\bar{Y}-Y)^2$	$(\bar{X}-X)(\bar{Y}-Y)$
106	87	56	37	3136	1369	2072
52	45	2	-5	4	25	-10
22	42	-28	-8	784	64	224
20	26	-30	-24	900	576	720
200	200	0	0	4824	2034	3006

Correlation Test:

$$\begin{aligned}
X &= \frac{\sum x}{N} = \frac{106 + 52 + 22 + 20}{4} = \frac{200}{4} = 50 \\
Y &= \frac{\sum y}{N} = \frac{87 + 45 + 42 + 26}{4} = \frac{200}{4} = 50 \\
R &= \frac{\sum XY}{\sqrt{\sum X^2} \times \sqrt{\sum Y^2}} \\
&= \frac{3006}{\sqrt{4824} \times \sqrt{2034}} \\
&= \frac{3006}{(69.455) \times (45.099)} \\
&= \frac{3006}{3132.35} \\
&= \mathbf{0.9596}
\end{aligned}$$

Result: Correlation is positive there is moderate relationship between education qualification with basic pay provided by the company.

7. FINDINGS FROM THE STUDY

The majority (63%) of the respondents are working as females.

The majority (37%) of the respondents were in the age group below 25 years.

The majority (68%) of the respondent's income level is below 5000.

The majority (43%) of the respondents' experience of below 5 years.

The majority (53%) of the respondents had the standard education qualification.

The majority (83%) of the respondents got a salary.

The majority (43%) of the respondents were satisfied with the level of wages and salary provided by the company.

The majority (87%) of the respondents were satisfied with their basic pay.

All (100%) of the respondents got a time rate payment.

All (100%) of the respondents say that their frequent bonus system is.

All (100%) of the respondents say that their company offered a festival bonus and vacation bonus.

The majority (68%) of the respondents were satisfied with the bonus system.

The majority (86%) of the respondents were satisfied with their relationship with supervisors and co-workers.

The majority (47%) of the respondents were satisfied with the level of welfare, safety, and health facility offered by the company.

The majority (79%) of the respondents were comfortable with the morning shift.

All (100%) of the respondents say that their company offered TA/DA for workers.

All (100%) of the respondents say that trade unions are available in their company.

All (100%) of the respondents say that the trade union supports employees' wages and salary issues.

The majority (74%) of the respondents feel wages/salaries provided by a company based on their performance.

All (100%) of the respondents say that their company offered overtime work for their employees.

All (100%) of the respondents say that their company provides additional benefits for their employees.

Most (83%) of the respondents say that their rate of increment is about 250 per annum.

Most (87%) of the respondents say that the average hour of working is 48 hours per week.

Most 78% of the respondents are satisfied with your job.

Most 42% of the respondents are satisfied with their salary status.

The majority (43%) of the respondents agree with their salary gives a good feeling & personal accomplishment.

The majority (35%) of the respondents agree with their rewards should be given for the better performance of the employee.

The majority (39%) of the respondents agree with their compensation is commensurate with all levels of employee.

Most (80%) of the respondents said getting their salary on time every month.

The majority (40%) of the respondents agree with wages, salaries, and increments are followed every year.

The majority (37%) of the respondents agree with wages and salaries for all employees in factor is satisfactory.

The majority (42%) of the respondents agree with the wage and salary structure implemented for qualification & experience.

The majority (38%) of the respondents agree that bonuses & incentives related to employee satisfaction.

8. SUGGESTIONS AND RECOMMENDATIONS

A few of the respondents getting wage payment mode. Some of the respondents were highly dissatisfied with the wages/salary provided by the company. All of the respondents say that their company did not offer maternity holidays. Some of the respondents were dissatisfied with the level of welfare, safety, and health facilities provided by the company. Few of the respondents feel that their company provide wages and salaries not based on their performance. Some of the respondents get an increment of Rs.100-250 only per annum.

9. CONCLUSION

Compensation needs to be high enough to attract applicants pay levels must respond to the supply and demand of workers in the labor market. Pay should reinforce desired behavior' and act as incentives for those behaviors to occur in the future. Effective wages and salary administration are important the performance, loyalty, experience, responsibilities, and other behaviors. Some of the respondents were dissatisfied with wages and salary administration so the management may consider the employees' opinion. Some of the respondents were dissatisfied with health, safety, and welfare measures so, the management should be considered the employee's grievance. Few of them feel the company did not provide a salary based on their performance so the management considered the above-stated employee opinion. Some of the respondents feel they are getting low increments per annum so the management may be considered the above states' employee's opinions. Payment is a motivation factor to increase their performance effectively.

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