

# A Study On Wages and Salary Administration

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## **Abstract:**

Compensation and Reward system plays vital role in a business organization. Since, among four Ms, i.e. Men, Material, Machine and Money, Men has been most important factor, it is impossible to imagine a business process without Men. Every factor contributes to the process of production/business. It expects return from the business process such as rent is the return expected by the landlord, capitalist expects interest and organizer i.e. entrepreneur expects profits. Similarly the labour expects wages from the process. The goal of the study is to assess how wages and salaries are administered. Wages and salaries are crucial considerations for all employees, and it benefits the company to understand how motivated employees are by their pay and how satisfied they are with it. Each employee's incentive will result in improved performance, which benefits the firm and its personnel. The administration of wages and salaries is used to research the organization's various pay and compensation fixing policies. In order to enhance their working abilities, the study also aims to evaluate the organization's practical wage and salary management practices in their workplace.

**Key words-** Compensation-Wages and salaries-salary management practices .

## **1. INTRODUCTION**

### **Salary**

The Roman word *salarium* linked employment, salt and soldiers, accepting salt from a person was synonymous with drawing sustenance, taking pay, or being in that person's service. Soldiers were known to have been paid, and maintain instead that the *salarium* was an allowance for the purchase of salt, at that time salt production was strictly controlled by the monarchy or ruling elite. Today, the idea of a salary continues to evolve as part of a system of all the combined rewards that employers offer to employees. Salary (also now known as fixed pay) is coming to be seen as part of a "total rewards" system which includes variable pay (such as bonuses? incentive pay, and commissions), benefits and perquisites (or perks), and various other tools which help employers link rewards to an employee's measured performance. A salary is a form of periodic payment from an employer to an employee, which is specified in an employment contract. From the point of view of running a business, salary can also be viewed as the cost of acquiring human resources for running operations, and is then termed personnel expense or salary expense. In accounting, salaries are recorded in payroll accounts. Salary is compensation to an employee for services rendered on a weekly, monthly or annual basis. Salary is usually associated with office

employees, supervisors, managers and professional and technical staff. In any organization, salaries and wages constitute a significant portion of the cost of operation of the business.

## **Difference between Salary, Wage and Compensation:**

Salary refers to the monetary payment on a monthly or annual basis. Wages are the remuneration paid by the employer for the service of a worker who is engaged by the hour, days, week or fortnight. Wages are payments to hourly-rated production and maintenance employee. Compensation refers to all forms of financial returns, tangible services and benefits employees receive as a part of an employment relationship. Compensation may be received directly in the form of cash (wage, bonus, incentives) or indirectly through services and benefits (pensions, health insurance, vacations).

## **Salary Administration**

Salary administration refers to the establishment and implementation of sound policies and practices of employees' compensation. Salaries represent a significant portion of the total costs in most of the organizations and so it requires sound administration. The control of salary level is of paramount importance even though the amount of control which can be exerted may vary among organizations and within an organization. Pay can influence employees' work behaviours and attitudes. It becomes crucial for managers to ensure that pay systems are designed and administered in fair and equitable manner. The salary administration is thus concerned with the monetary or financial aspects of needs, motivation rewards. The responsibility for salary administration usually lies with the top management.

## **2. OBJECTIVES OF THE STUDY**

- ❖ To study the awareness of the workers about the wages and salary administration
- ❖ To ensure fair compensation
- ❖ To provide fair compensation according to the employees' worth

## **3. RESEARCH METHODOLOGY**

### **RESEARCH DESIGN**

A Research design is the arrangement of conditions, collection and analysis of data from the workers in a manner that aims to combine relevance to the research purpose with economy in procedures. The study has been conducted to investigate various factors that influence the employees for betterment of work through motivation. The study focuses its attention towards the employees opinion towards motivation, types of motivation received by the employees, etc. Has feelings cannot be measured the researcher has chosen the descriptive research designs to plays the facts as such.

#### **4. METHODS OF DATA COLLECTION**

There are two types of data that are available to the researcher. They are:

- ❖ Primary Data
- ❖ Secondary Data

##### **PRIMARY DATA**

This is the data, which is collected by the researcher for first time and which was not there already. The tools used to collect this data is questionnaire, method from executive categories of the workers in the company. For this project the researcher has collected the data and other relevant information through personal interview with executives and managers using the questionnaire

##### **SECONDARY DATA**

The data, which are already assembled and are collected, is called as secondary data .The relevant information for this study has been collected from the secondary sources such as books, journal reports and publications of the organizations.

##### **SELECTION OF SAMPLE**

The sample size has been taken as 70 including all the staff members and managerial cadre of the workers. Random Sampling method was chosen by the researcher on simple basis which has helped him in collecting the data easily.

##### **QUESTIONNAIRE DESIGN**

For the study purpose, the researcher designed a questionnaire, since the data he needs is not available in the secondary sources. He felt that the data pertaining to consumer attitudes, beliefs , demographic and socio-economic characteristics, opinions, feelings, reasons, present/past experiences and future expectations can be procured only through comprehensive discussions with the consumers. The questionnaire is the back bone for obtaining primary data through customer survey for this project study.

##### **STEPS WHICH ARE USED IN DESIGNING THE QUESTIONNAIRE**

- 1. Purpose of Questionnaire**
- 2. Objective of Questionnaire**
- 3. Questionnaire Design Process.**

##### **PILOT STUDY**

The questionnaire was pre-tested under field condition. A sample of 15 employees where interviewed initially to determine the effectiveness of the schedule and response style .The final questionnaire was restructured with few necessary changes . The revised form of questionnaire was used in the survey of the purposed sample population.

**STATISTICAL TOOLS TO BE ADOPTED**

1. Simple Percentage Method.
2. Chi-Square Test.
3. Weighted Average Rank Method.

**5. LITERATURE REVIEW**

**Vishwa Agarwal (2022)** A wage is the sum of money that an employer gives an employee in return for labor completed. A fixed sum for each task finished, an hourly or daily rate, or an easily quantifiable amount of work accomplished can all be used to determine payment. One of the costs associated with operating a business is wages.

Wikipedia (2019) An employment contract may outline the terms of a salary, which is a type of payment made by an employer to an employee. It stands in contrast to piece wages, which are paid on an as-needed basis rather than for each work, hour, or other unit. **David Antony (2023)** When physically fit people who are looking for work are unable to find one, they are said to be unemployed or jobless.

**Kenton (2018)** The amount of money, comfort, material possessions, and necessities that members of a particular socioeconomic class or geographic location can afford is known as their standard of living. The quality of life is intimately linked to the standard of living. **Guddi Tiwary (2012)** Using cross-sectional prospective research methodologies, the researcher concentrated on the socioeconomic circumstances of construction workers. Using stratified sampling techniques, he selected 150 construction workers from the unorganized construction sector in Kolkata's northeast as samples for his study. He referred to the construction workers as "daily wage earners," pointing out that they lived in Kacha houses, supported their families on meager incomes, and had to borrow money from family members to make ends meet. Although the study discussed wage earners' wages, it had nothing to do with economic standards of life.

**Obikeze and Anthony (2023)**, salaries or wages are the compensation that people receive from their employers in return for their labor, and each company has a unique wage structure. Salary levels, pay structure, and individual pay determination are all important factors to take into account when selecting a successful pay system.

**6. Data Analysis and Interpretation**

**DISTRIBUTION BASED ON AGE**

Criteria	Number of Respondents	% of Respondents
20-29 years	3	5

30-39 years	46	65
40-49 years	14	20
50-59 years	7	10
<b>Total</b>	70	100

**INTERPRETATION**

From the above table, inferred that 46(65%) of the respondents are under the age group of 30-39 years. 14(20%) of the respondents are under the age group of 40-49 years. 7(10%) of the respondents are under the age group of 50-59 years. 3(5%) of the respondents are under the age group of 20-29 years. Therefore, the majority of the employees are under the age group of 30-39 years.

**7. DISTRIBUTION BASED ON GENDER**

<b>Gender</b>	<b>Number of respondents</b>	<b>% of Respondents</b>
Male	21	30
Female	49	70
<b>Total</b>	70	100

**INTERPRETATION**

From the above table, inferred that 49(70%) of the respondents are under the gender is Female. 21(30%) of the respondents are under the gender is Male. Therefore, the majority of the employees are under the gender is Female.

**8. DISTRIBUTION BASED ON LEVEL OF SATISFACTION OF SALARY AND WAGES**

Criteria	Number of respondents	%of Respondents
Excellent	10	14
Very good	9	13
Good	38	54
Fair	8	11
poor	5	7
<b>Total</b>	<b>70</b>	<b>100</b>

**INTERPRETATION**

From the above table, inferred that 38(54%) of the respondents are under the level of satisfaction of their salary and wages are good. 10(14%) of the respondents are under the level of satisfaction is Excellent. 9(13%) of the respondents are under the level of satisfaction is Very good. 8(11%) of the respondents are under the level of satisfaction is Fair. 5(7%) of the respondents are under the level of satisfaction is Poor. Therefore, the majority of the employees are under the level of satisfaction in their salary and wages are good.

**9. DISTRIBUTION BASED ON FACTORS INFLUENCED BY SALARY AND WAGES**

Criteria	1	2	3	4	5	6	Weighted total.	Weight Avg.	Rank
Productivity	31	14	6	9	9	1	326	15.52	I

Quality	29	9	11	8	6	7	306	14.57	III
Performance	26	15	15	5	4	5	319	15.19	II
Efficiency	8	15	10	21	6	9	247	11.76	IV
Results	6	7	15	8	16	18	205	9.76	VI
<b>Others</b>	3	13	20	12	14	8	235	11.19	V

**INTERPRETATION**

From the above table, inferred the factors improved by salary and wages .productivity plays a first rank (15.52).Performance plays a second rank (15.19) .Quality plays a third rank (14.57).Efficiency plays a fourth rank (11.76). . Others plays a fifth rank (11.19).Results play a six rank (9.76).Therefore, the salary and wages improves the productivity than any other factors.

**10. DISTRIBUTION BASED ON KINDS OF OTHER BENEFITS THAN SALARY AND WAGES EXPECTED FROM THE COMPANY**

Criteria	1	2	3	4	5	6	Weight Total	Weight average	Rank
Performance Appraisal	29	13	9	6	8	5	314	14.95	I
Encouragement for the work done	14	9	18	9	8	12	256	12.19	III
Honest towards employee	9	15	15	12	5	14	249	11.86	IV
Guiding to attain goals	4	15	10	16	11	14	223	10.62	VI

Incentives	27	8	14	4	5	12	292	13.90	II
Others	5	16	19	4	15	11	239	11.38	V

**INTERPRETATION**

From the above table, inferred the kind of other benefits than salary and wages expected from their company. Performance appraisal plays a first rank (14.95). Incentives plays a second rank (13.90). Honest towards employee plays a third rank (12.19). Encouragement for the work done plays a fourth rank (11.86). Others factors like personal helps, family level interaction, etc plays a fifth rank (11.38). Guiding to attain goals plays a sixth rank (10.62). Therefore, many employees expect other benefits than salary and wages expected from their company. They also expect Incentives as part their expectation.

**DISTRIBUTION BASED ON LEVEL OF INCENTIVES GRANTED AGAINST VARIOUS FACTORS**

Criteria	Highly satisfied	Satisfied	Moderately satisfied	Dissatisfied
Productivity	25 (35.71%)	22 (31.43%)	18 (25.71%)	5 (7.14%)
Quality	20 (28.57%)	28 (40%)	17 (24.29%)	5 (7.14%)
Performance	34 (48.57%)	22 (31.43%)	11 (15.71%)	3 (4.29%)
Efficiency	21 (30%)	27 (38.57%)	18 (25.71%)	4 (5.71%)
Results	20 (28.57%)	17 (24.29%)	18 (25.71%)	15 (21.43%)

**INTERPRETATION**

From the above table states the level incentives given to the employees towards various factors .25 (35.71%) of the employees are highly satisfied with incentives given by the company for productivity, 28(40%) of the employees are satisfied with quality, 34(48.57%) of the respondents are highly satisfied with performance, 27(38.57%) of the respondents are satisfied with efficiency, 20(28.57%) of the employees are highly satisfied with results.

**Chi-Square Test.**

**NULL HYPOTHESIS (H<sub>0</sub>):** There is no significant difference between employee’s level of satisfaction and various factors of incentives.

**ALTERNATIVE HYPOTHESIS (H<sub>0</sub>):** There is significant difference between employees level of satisfaction and various factors of incentives.

O	E	(O-E)	(O-E)	(O-E)/E
25	24	1	1	0.04
20	24	-4	16	0.67
34	24	10	100	4.17
21	24	-3	9	0.38
20	24	-4	16	0.67
22	23.2	-1.2	1.44	0.62
28	23.2	4.8	23.04	0.99
22	23.2	-1.2	1.44	0.06
27	23.2	3.8	14.44	0.62
17	23.2	-6.2	38.44	1.66
18	16.4	1.6	2.56	0.16
17	16.4	0.6	0.36	0.02
11	16.4	-5.4	29.16	1.78
18	16.4	1.6	2.56	0.16
18	16.4	1.6	2.56	0.16
5	6.4	-1.4	1.96	0.31
5	6.4	-1.4	1.96	0.31
3	6.4	-3.4	11.56	1.81
4	6.4	-2.4	5.76	0.9
15	6.4	8.6	73.96	11.56
			<b>(O-E)/E</b>	27.05

The calculated value of  $\chi^2 = 27.05$

Degree of Freedom =  $(5-1)*(4-1) = 12$

The tabulated value of  $\chi^2$  of 12 d.f. at 5% level of significance is 21.026.

**Result:** Since the calculate value of  $\chi^2$  is greater than tabulated value null hypothesis is rejected.

**Conclusion:** Therefore, there is significant difference between employee’s level of satisfaction and various factors of incentives

### 11. CONCLUSIONS

Wages and salaries is to provide satisfaction to employees and achieve Organisational objectives. If the better administration of salary and wages given feed back to the employees means it under take in to the reward and goal achievement. The company must appreciate employees more on their job by granting increment and incentives to the employees while on their work. For the employees the company must give more incentives on their jobs in the organization. Non financial incentives is based on psychological concept. So every employee treated on their feelings. Through this we can reduce the labour turnover.

- Respect your subordinate as a human being and individual
- Don’t compare others with your subordinate. But compare to the Role Models
- To err in human
- Be flexible
- Balance of work
- Tell truth i.e., trustworthiness
- Be open- minded
- Make judgements, don’t be judge mental
- Possess ability to motivate
- Fulfill individual aspirations

### BIBLIOGRAPHY

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2.	Manpower Management	Drivedi R.S	Prentice Hall of India Pvt.Ltd.
3.	Strategic Human Resource Management	William.P.Anthony	-
4.	Human Resource Management	Cynthia.D.Fisher	-



5.	Human Resource Management	Wayne.F.Casino	-
6.	Organisational Behaviour	M.N.Mishra	Vikas Publishing House Pvt Ltd
7.	Personnel and Resource Management	P.Subba Rao	Himalaya Publishing House