

Performance Appraisal

Performance appraisal means assessing the performance of an individual in a systematic way. Performance here refers to the degree of accomplishment of the tasks that are given to him. It includes both the quantitative and qualitative aspects of job.

In performance appraisal the factors like job knowledge, qty of output, initiative, capabilities, supervision, dependability, cooperation, judgement etc will be evaluated. Assessment should not be confined to past performance. Future potentials also must be assessed.

Performance appraisal and merit rating are used synonymously. But performance appraisal is a wider term than merit rating. In merit rating the focus is on judging the inner traits of an employee such as self-confidence, knowledge, attitude etc. It focuses on "what he is?". But in performance appraisal, the focus will be on "what he does". There is a lot of difference between what he is and what he does.

Features of performance appraisal: -

- ① It is a continuous process.
- ② No. of steps are followed to evaluate the performance.
- ③ It is carried out periodically.

- ④ It aims to find out how well an employee is performing the job and his future potential.
- ⑤ It can be formal or informal.

### Objectives of performance Appraisal:-

1. To effect promotions based on competence and performance.
2. To confirm the services of probationary employees upon their completing the probationary period satisfactorily.
3. To assess the training and development needs of employees.
4. To give increments.
5. To let the employees know about their performance standard and to improve ~~them~~.
6. Finally it helps to determine whether HR programmes such as selection, training, and transfers have been effective or not.

### Appraisal process :-

Establishing performance standards.



Communicating the standards.



Measuring performance.



Comparing the actual results with the standards.



Discussing the appraisal

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Taking corrective actions.

(a) Establishing performance standards: - The first step in the process is establishing standards and the criteria to be used for appraising the performance of the employees. It should be ensured that all the relevant factors have been included in the criteria. If work performance can not be measured, the personal characteristics like, work quality, honesty and reliability, team work, attendance, sense of responsibility etc. should be taken into account. In addition the person who will appraise and the frequency of the appraisal should also be decided.

(b) Communicating the standards: - The employees should be aware of the performance standards established so that they will know their target. Evaluators also should be conveyed the standards.

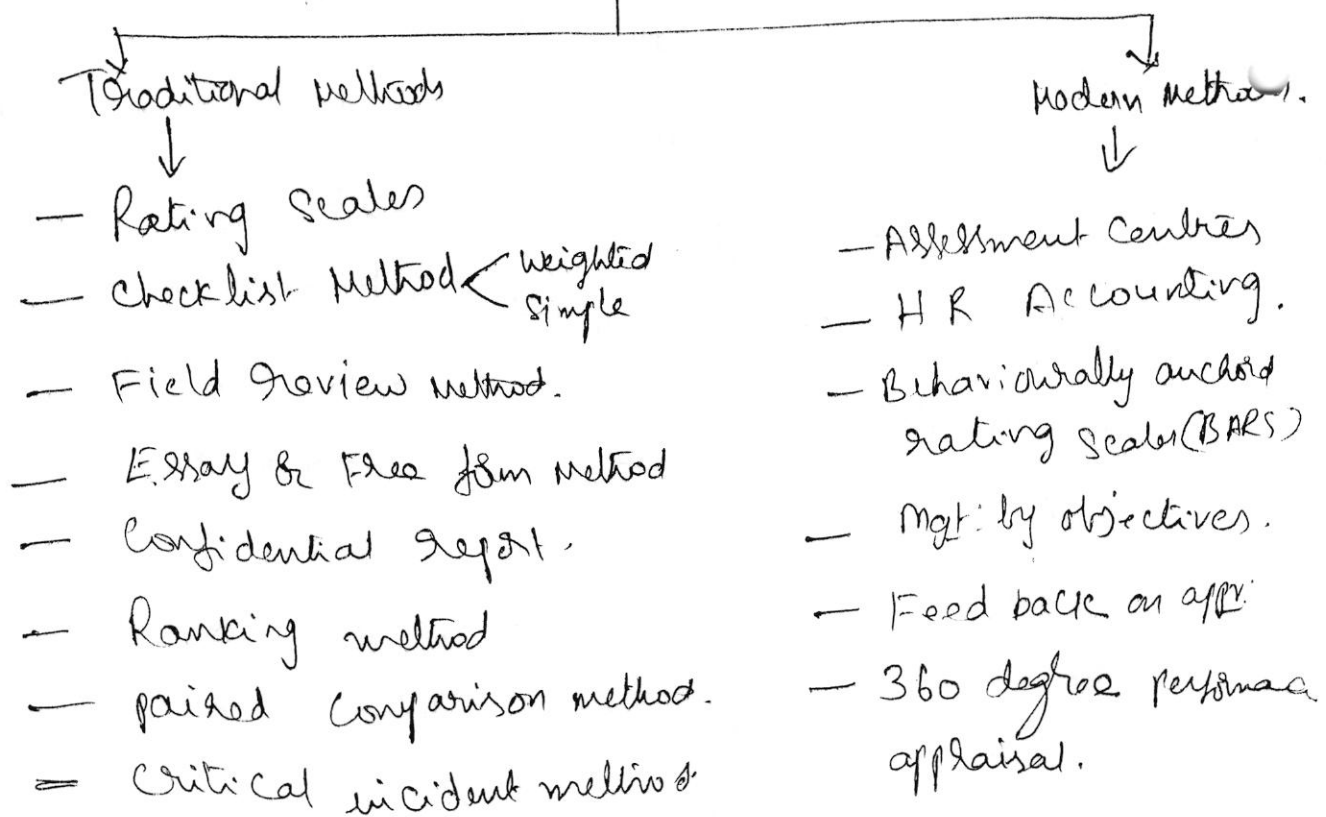
(c) Measuring performance: - The next stage in the process of performance appraisal is measuring the actual performance of the employees. Appropriate technique of measurement using the means like personal observation, written reports and face to face contacts should be chosen which identify the internal and external factors influencing the performance and collecting the information as results achieved. Comparisons of the performance can also be made among the employees.

(c) Comparing the actual performance with the standards: -  
 Once the actual performance is measured the next step is to compare the actual performance with the established standards. When the actual performance exceeds the standards it is positive deviation and vice versa.

(d) Discussing the appraisal: - The reasons for deviations must be analysed and discussed with the employees which will enable ~~the~~ employees to know their weaknesses and strengths. This will have an impact on his subsequent performance.

(e) Taking corrective actions: - The steps required to improve performance like training, coaching, counselling, etc are identified based on the discussion with employees.

### Methods of performance appraisal



## Traditional Methods:-

(a) Rating Scales:- This is the most popular technique and simplest for appraising employee performance. It consists of numerical scales. Each scale represents a job-related performance. Each scale ranges from excellent to poor. The no. of points scored may be linked to promotion or salary raise etc. It is a low cost method and a large no. of employees can be evaluated.

(b) Checklist method:- checklist is a list of statements that describe the characteristics and performance of employees. It will be prepared in two columns i.e. 'yes' or 'no'. If the answer to the statement is positive the rater will tick 'yes' column, if negative 'no' column. The rater will forward this list to HR dept. The HR department assigns <sup>certain</sup> points to each 'yes' & 'no'. Total score will be obtained.

There are two important methods. i.e. Simple checklist method, weighted checklist method. In simple checklist method, equal importance is given to each statement and employee performance is rated on the basis of positive checks and ignoring negative checks.

In weighted checklist method weights are assigned to the different statements to indicate the relative ~~statements~~ importance. The performance ratings are multiplied by weights and added up. Total score will be obtained.

- (c) Field Review method: - In this method, the appraiser goes to the field and obtains the information about the performance of the employee. This is an appraisal by someone outside the assessee's own department, usually from HR dept. The outsider reviews employees records and holds interviews with the employee and his superior. The superior's personal bias can be eliminated in this method.
- (d) Free form or Essay method: - In this method the evaluator appraises the performance of his subordinates based on his observation, judgement etc. The grades describes the strengths and weaknesses, achievements and failures behaviour of the employee in an essay. The success of this method depends on writing skills of the evaluator.
- (e) Confidential Reports: - These reports are prepared mostly in govt. organisations. No feed back is provided. The superior keeps his judgement and report Confidential and they will be used for giving promotions and pay hikes. In recent years it is mandatory that any adverse remark in the report should be communicated to the employee to make corrections.
- (f) Ranking method: - In this the employees are ranked from best to worst on the basis of characteristics. This is easy and inexpensive.

⑧ Paired Comparison method:- In this method the appraiser ranks the employees by comparing one employee with all other employees in the group, one at a time. For ex:- five employees A, B, C, D & E. The performance of 'A' is first compared with the performance of 'B' and decision is made whose performance is better. Then A is compared with C, D & E in the order. Same procedure is followed for other employees. The no. of comparisons will be  $\frac{N(N-1)}{2}$  N standard for No. of employees.

⑨ Critical incident method:- Under this method the superior continuously records the critical incidents (good & bad) of the employee performance & behaviours. But the drawback of this method is that negative incidents are generally more noticeable than positive ones. Continuous supervision is required which is a difficult task.

## II Modern Methods:- ~~Two~~

① Assessment Centres:- In this approach the individuals from various departments are brought together to spend 2 & 3 days and to have their participation in job related exercises. It will be evaluated by trained evaluators. These exercises will be similar to the ones they would be handling when promoted. The ratings will discuss these observations and report will be prepared.

Assessment  
Centres

(b) HR Accounting: - This method deals with cost of contribution of human resources to the organisations. Employee contribution is the money value of employee service. It includes manpower planning, selection, induction placement, wages etc. The money value can be measured by value added by human resources to the organisation. This will be evaluated in appraisal.

(c) Behaviourally Anchored Rating Scales: - (BARS). These are the rating scales whose scale points are determined by statements of effective and ineffective behaviours. They represent the behaviour from the least to the most effective. A rater must indicate which behaviour on each scale best describes an employee's performance.

(d) Mgt. by objective (MBO): - It is a process whereby the superior and subordinates of an organisation jointly identify its common goals. These goals refer to the desired outcome to be achieved and they can be used to evaluate employee performance. The evaluator explains reasons for the goals that were not achieved and for the goals that were exceeded.

(e) Feed back method: - The employee is informed about his strong and weak points and afforded an opportunity to defend himself in terms of constraints or weaknesses. This system leads to greater satisfaction and



higher work performance. The process must be a continuous process rather than once-a-year programme.

① 360 degree performance appraisal:— This is a new concept in performance appraisal where the feedback is collected from all around — the employees; the superior, the subordinate, clients, colleagues etc. It is a systematic collection of data about an individual. It is called 360 degree appraisal because multiple raters are involved in this process. It is effective in identifying and measuring the interpersonal skills, customer satisfaction and team building skills.

These are the important performance appraisal methods followed by different org's in different situations.

$X_1$  ———  $X_2$  ———  $X_3$

# Career Planning and Development

The term 'Career' includes the specific jobs that a person performs, the kinds of responsibilities and activities involved in those jobs and movements and transitions between jobs and employees' satisfaction with these jobs.

Career planning is a process whereby an individual sets career goals and identifies the means to achieve them.

Career development aims at developing the skills and talents of employees by providing them growth opportunities from the point of entry to the point of retirement. It is a mgt. technique used to deployment and redeployment of their talents. Career development benefits both employees as well as organisations, as properly developed employees add value to themselves and to the company.

Organisations devise ~~various~~ and implement several initiatives in order to develop their employees' careers. More significant of them are ~~career~~ -

- ① Career planning workshops: - Structured workshops are available to guide employees individually through systematic self-assessment of their abilities, goals etc.

These workshops help the individuals to find out their strengths and weaknesses and necessary steps to be taken reach their goals. During workshop employees are made to define and match their objectives with the needs of the company.

(b) Career Counselling: - Career Counselling helps employees discuss their career goals in one-to-one counselling sessions. It is usually voluntary. It may be provided by the HR staff, supervisors, & consultants.

(c) Mentoring: - It involves coaching, advising, and encouraging employees of usually lesser ranks. Mentor is an important aid in the development of an employee to attain job satisfaction, org. commitment, and attaining higher salary and career progress.

(d) Sabbaticals: - These are temporary leaves of absence from an organisation, usually at a reduced amount of pay. Periodic leaves & Sabbaticals help employees in terms of refreshing their learning and rejuvenating their energies.

(e) Personal Development Plans (PDPs): - In Itex, employees write their own personal development plans. A PDP could be the nucleus of a wider career plan. It aims at setting out alternative long-term strategies, identifying

long-term needs and setting out a plan of self-development.

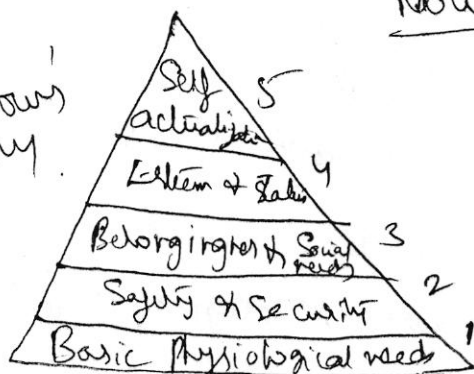
(f) Career workbooks: - These consist of questions and exercises designed to guide individuals to figure out their strengths and weaknesses, opportunities, and necessary steps for reaching their goals. Workbooks generally contain organisations' Career policy, Career options, eg: structure, job satisfaction along with career ladders.

## Compensation

### Factors affecting the compensation plans

- ① The org's ability to pay
- ② Supply and demand
- ③ Cost of living
- ④ productivity
- ⑤ TU's bargaining power
- ⑥ job requirements.
- ⑦ managerial attitude

Maslow's Theory



Motivation

Herzberg's Theory

<u>Maintenance Factors</u>	<u>Motivational Factors</u>
Presence will not motivate	presence motivates
Absence strongly dissatisfies	Absence will not dissatisfy.

# 4 Grievances and Grievance Handling

There are a few companies or industrial concerns which function smoothly at all times. In remaining concerns the ups and downs will have a grievance against each other. These grievance may be real or imaginary, valid or invalid, genuine or false.

Broadly speaking, a complaint affecting one or more workers constitutes a grievance. It may relate to the wages, mode of payment, payment for overtime work, leave, promotions, working conditions, transfers, dismissals etc.

It is rather difficult to define a grievance. Personnel experts defined it as a complaint when it is mostly related to work is brought to the notice of the mgt: becomes a grievance. The complaint should be in writing and not expressed verbally.

① Dale Yoder definition: - Grievance is "a written complaint filed by an employee and claiming unfair treatment".

② Keith Davis definition: - It is "any real or imagined feeling of personal injustice which an employee has concerning his employment relationship".

③ ILO definition: - "a complaint of one or more workers in respect of wages, allowances, conditions of work and interpretation of service stipulations".

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Covering such areas as overtime, leave, transfer, promotions, Seniority, job assignment and termination of service".

From the above definitions it is clear that —

- ① a grievance is word which covers dissatisfaction and which has one or more of the following characteristics.
- ② It may be unvoiced or expressly stated by an employee.
- ③ It may be written or verbal.
- ④ It may be valid and legitimate, untrue or completely false.
- ⑤ It may arise out of things connected with the organisation or work.
- ⑥ Employee feels that an injustice has been done to him.

Grievances generally ~~give rise~~ give rise to unhappiness, frustration, discontent, poor morale etc., and ultimately lead to the inefficiency of workers, and low productivity. These grievances should be redressed in the beginning itself. For this the causes for grievances should be known.

Employee grievances may be due to:-

- ① Demand for individual wage adjustments.
- ② Complaints about the incentive system.
- ③ Complaints about the job classifications.
- ④ complaints against foreman.
- ⑤ Complaints concerning disciplinary measures and procedures.

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- ⑥ Objections to the general methods of Supervision
- ⑦ Unsatisfactory interpretation of seniority rules.
- ⑧ Promotions.
- ⑨ Disciplinary discharge or lay-off
- ⑩ Transfers.
- ⑪ Inadequacy of safety and health devices.
- ⑫ Non-availability of materials in time.
- ⑬ Violation of contracts relating to collective bargains.
- ⑭ Improper job assignments.
- ⑮ Unsatisfactory working conditions.

### Employer grievances due to :-

- ① Indiscipline
- ② Go slow tactics;
- ③ Non-fulfilment of the terms of contract signed bet. the mgt. and workers.
- ④ Questionable methods adopted by trade unions to enlist members.
- ⑤ Irresponsible charges made against the mgt. by TU leaders in the form of statements to the press or public speeches.

It should be noted that some grievances are more serious than others, since they are usually more difficult to settle.

### Need for a grievance procedure :- Without

an analysis of their nature and pattern, the causes of the dissatisfaction cannot be removed. The ~~personnel~~<sup>personnel</sup> manager should go into the details of the grievances to find out the best-suitable methods to settle them. He must help top mgt. Supervisors etc in

The formulation and implementation of the policies to handle the grievances. These policies, procedures are known as grievance redressal procedure.

The grievance procedure is a problem-solving, dispute settling machinery. It is a device by which grievances are settled, to the satisfaction of the TU, the employees and the mgmt. It is an important part of labour relations.

The grievance procedure must be worked honestly and without prejudice, if good morale and a Code of discipline are to be maintained.

The adoption of the grievance handling procedure is essential for a variety of reasons.

- ① Most grievances seriously disturb the employees. It affects their morale, productivity and willingness to cooperate with the mgmt. This problem can be solved through grievance procedures.
- ② It is not possible that all the complaints of the employees would be settled by first-line supervisors and there may be personality conflicts among them.
- ③ It serves as an outlet for employee frustrations, discontents etc. The top mgmt. becomes increasingly aware of employee problems and cares for their well-being.
- ④ If the TU or the employees do not like the way the mgmt. functions, they can submit their grievances in accordance with the procedure.



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Because of these reasons every man should establish a grievance procedure to solve the problems of the workers.

Grievance Redressal Machinery: - It is a formal process which is preliminary to an arbitration and helps the parties to solve their problems in a peaceful, orderly manner. The details of the grievance procedure vary from industry to industry and from TU to TU because of the differences in sizes of org: in the mg: philosophy, industrial practices etc. The procedure involves two steps in <sup>small</sup> org: and in medium org: it may involve five or six steps and in big org: it may involve even ten steps also.

The grievance procedure may be of an open-door type or of a step ladder type. The open-door type is preferable only in small units. On large org: it is not practicable. That is why most companies prefer the step-ladder type of procedure to solve the 'ee problems.

The operation of the grievance procedure may contain the following steps :-

Step 1 :- The aggrieved 'ee verbally explains his grievances to his immediate supervisor or in a conference or a discussion, specially arranged for the purpose and seeks satisfaction from his supervisor. The supervisor tries to solve the

problem if he has been properly trained for the purpose.

Step 2:- This step begins when the grievance is not settled by the supervisor. In this case, it is sent to a high level manager. The higher level manager is generally the chief business manager, a superintendent or an industrial relations officer who goes into the grievance and gives his decisions on the matter.

Step 3:- If the supervisor and top mgt: fails to solve the problem the grievance will be submitted to the grievance committee. This committee may call upon the grievant to accept the less proposed settlement. In some cases, it may be recommended that the issue be submitted for arbitration.

Step 4:- If the suggestions of the grievance committee is not accepted by the grievant, he may approach the mgt: or the corporate executive.

Step 5:- The final step is taken when the grievance is referred to an arbitrator who is acceptable to the 'ee as well as the mgt: The agreement entered into by mgt: & 'ee is binding on both the parties.

These are the steps involved in the grievance procedure.

## 5 Job Evaluation

Job evaluation is a systematic technique which is used to determine the worth of a job. This technique is used for determining the relative worth of various jobs within an organisation and for est<sup>g</sup>: an adequate wage structure.

Job evaluation should not be confused with job analysis. Job analysis is not concerned with the calculation of job's worth. It is concerned with the discovery of facts concerning a job. On the other hand job evaluation is concerned with the ascertainment of money value of a job and should follow the job analysis process for the basic data for measuring the money value of a job.

Job evaluation involves evaluating jobs in terms of their characteristics. The more difficult a job, the more it is worth. The more skill, education, res<sup>t</sup>., risk, exp<sup>t</sup>. required in a job, the more it is worth. All the characteristics are given points according to their importance. The characteristics are evaluated, the total points are recorded for a job, which helps in determination of the money value of jobs.

Definitions: - According to Kimball & Kimball job evaluation is "an effort to determine the relative value of every job in a plant to determine what the fair basic wage for such a job should be."

② According to LLO - Job evaluation is "an attempt to determine and compare demands which the normal performance of a particular job makes on normal workers without taking into account the individual abilities or performance of the workers concerned."

It does not set the price of a job; it merely fixes its relative worth and determines what the fair basic wage for such a job should be. It is not evaluating the merit of the worker who is doing the work. It rates the job not the qualities of the individual worker on the job.

Objectives:- The important objectives of job evaluation process is ~~listed below~~ are -

- ① To secure and maintain complete, accurate and impersonal descriptions of each distinct job or occupation in the entire plant.
- ② To provide a standard procedure for determining the relative worth of each job in a plant.
- ③ To determine the rate of pay for each job which is fair and equitable with relation to other jobs in the plant, community or industry.
- ④ To ensure that like wages are paid to all qualified employees for like work.
- ⑤ To promote a fair and accurate consideration of all employees for advancement and transfer.
- ⑥ To provide information to the personnel department to make selection, placement, training programmes etc.

These are the some of the important objectives job evaluation techniques. -

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Principles of Job evaluation programme: - There are certain broad principles, which should be kept in mind before putting the job evaluation programme into practice. According to Kress, these principles are:

- ① Rate the job and not the man. Each element should be rated on the basis of what the job itself requires.
- ② The elements selected for rating purposes should be capable of being explained, and should be few in number and should not overlap.
- ③ The elements should be clearly defined and properly selected.
- ④ Foreman should participate in the rating of jobs in their own departments.
- ⑤ Co-operation of 'ees can be obtained, when they have an opportunity to discuss job ratings.
- ⑥ We should not discuss money values with 'ees and foreman. Only point values & degrees of each element should be discussed.

These are the important principles to be followed in the job evaluation process.

Basic Job Evaluation Methods: - The following are the various methods of job evaluation.

I Non-quantitative or qualitative methods:

- (a) Job grading or classification method.
- (b) Ranking or job comparison method.

II Quantitative methods: -

- (a) Factor comparison method.
- (b) Factor point fixing method.

Of these methods, quantitative methods are most popular because they produce more satisfactory results on account of being quantitative.

(a) Job-grading or classification method :- Under this method jobs are classified into a number of classes or grades. A committee goes through the job description of each job and carefully assigns it a particular class or grade. The number of classes or grades will differ from organisation to organisation. The jobs may be classified as unskilled, semi-skilled, skilled, supervisory, administrative etc. Each grade or class should be sufficiently large to include a no. of jobs. This method being qualitative is subjective and suitable for small scale orgs also.

(b) Ranking or job comparison method :- In this method all jobs in an org are arranged from the highest to the lowest according to their work. Each job is evaluated in terms of other jobs. Ranking of jobs is subjective because it is mostly based on the judgement of the persons who work as rankers. This method is simple and suitable to small orgs.

## II Quantitative methods

(a) Factor comparison method :- Under this method only important jobs are evaluated and ranked under the following factors.

- (1) mental or educational requirements.
- (2) Experience or skill requirements.
- (3) physical requirements.
- (4) Responsibility
- (5) Working conditions.

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The jobs are ranked by considering one factor at a time given below:

Educational Requirements	Skill requirements	Physical Requirements	Responsibility	Working conditions
A	C	B	D	B
C	D	D	C	C
D	E	C	B	E
B	B	A	E	A
E	A	E	A	D

Each factor is then valued by applying the correct pay to its various factors. A monetary value is allocated to each factor as explained:

	P <sub>1</sub> 2	P <sub>2</sub> 3	P <sub>3</sub> 4	P <sub>4</sub> 5	P <sub>5</sub> 6
Education requirements	E	B	D	C	A
Skill requirements	A	A	E	D	C
Physical " "	E	A	C	D	B
Responsibility " "	A	E	B	C	D
Working conditions	D	A	E	C	B

Suppose rate is to be fixed for job F which is similar to job A for skill requirements, B for Educational req: for ~~A~~<sup>E</sup> for responsibility, C for physical requirements. The wage rate determined for job F is 17 P.

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physical requirements  
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Working conditions

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## (1) Factor point scoring method ✓ Under this method

job factors are given weightage in terms of points and wages for each job are determined on the basis of points assigned to the various job factors. Generally such plans recognise the following factors.

- (1) Education
- (2) Experience or skill
- (3) Responsibilities.
- (4) mental and physical efforts.
- (5) Complexity of duties.
- (6) Working conditions.

Further each factor should be clearly defined as to what it means. // Job evaluation by this method should be done independently by the members of the committee doing evaluation before their results are combined. The ratings given by the individual committee members should not register very large variations. The committee should include representatives, so that results of job evaluation may be largely acceptable to the workers.

## Advantages :-

- (1) Job evaluation process helps in the development of rational wage and salary structure because rates are fixed according to the characteristics of the job held by job holders.
- (2) It is helpful in developing harmonious relationships between the employer and the employee because no scope for personal bias of the boss for fixing the wage rates.
- (3) It helps in job classification & work simplification.
- (4) It helps in bringing uniformity in wage structure.

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Limitations :- ① A job evaluation frequently favours  
groups different from those which are favoured by market.

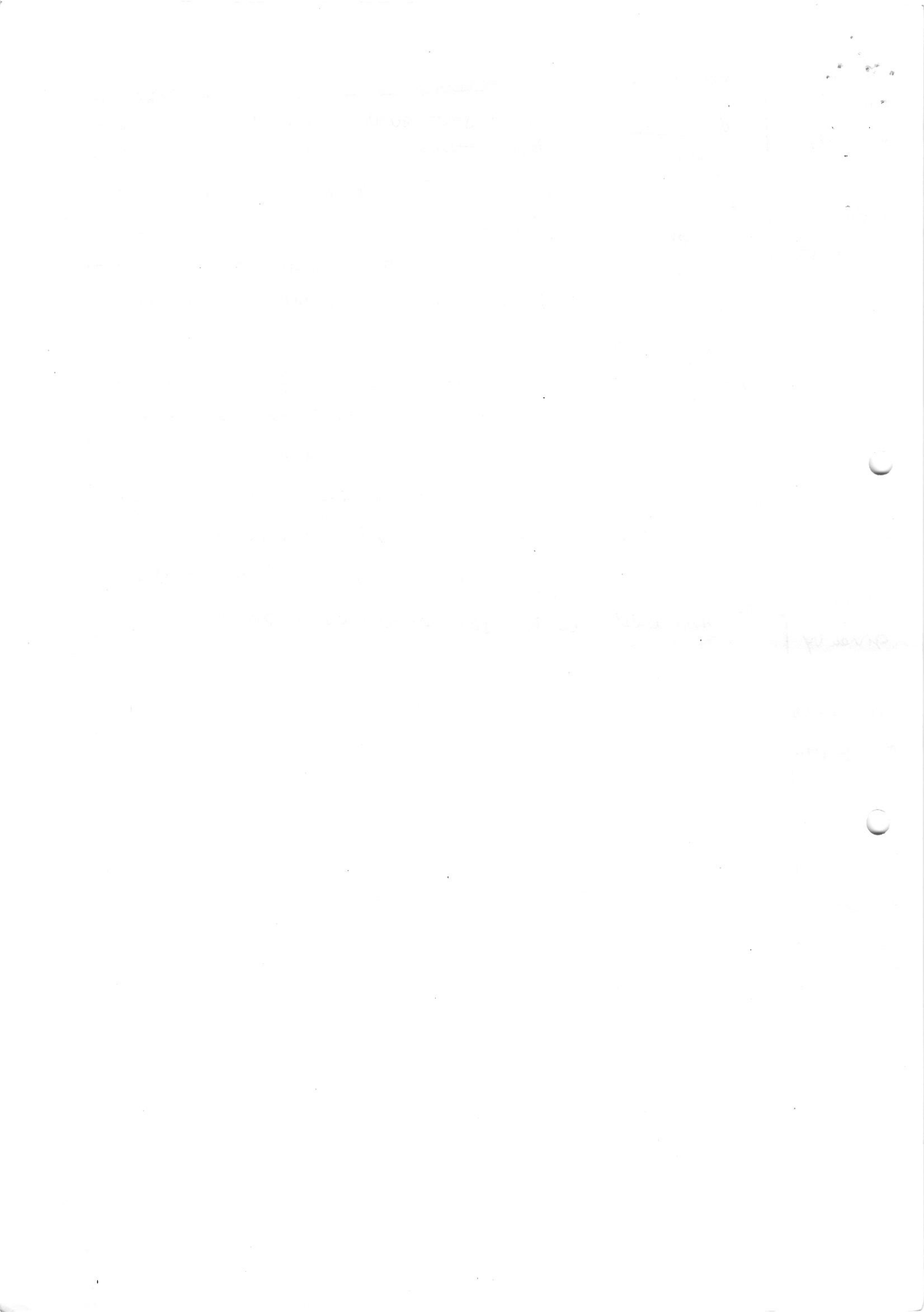
② Differences exist bet: Job factors and 15 factors  
emphasised in the market. These differences are  
wider in cases in which the average ~~cost~~ pay offered  
by a Co: is lower than the prevalent in other Co:.  
in the same industry.

③ Job evaluation is applied for the first time in any  
org; it creates doubts and often fear in the minds  
of those whose jobs are being evaluated.

④ This process is a time consuming process and requires  
specialised technical personnel and may be costly.

⑤ There are 10 important difficulties  
associated with Job evaluation process.





③ Job sequence and lines of promotion are estab. wherever they are applicable.

④ Employees' morale and motivation are increased.

## II TO Employers: -

① They can systematically plan for and control their labour costs.

② It reduces the likelihood of friction and grievance over wage inequities.

③ It attracts qualified "ees by ensuring an adequate payment for all the jobs.

## Factors influencing wage and Salary Administration

The wage policies of different orgs will be different. Marginal units pay the minimum wages to attract the required ~~labour~~ labour. On the other hand some units pay well above the going rates in the labour market. They do so to attract and retain the highest calibre of the labour force. Higher wages motivate workers. Motivated people produce more.

Greater production leads to reduction in labour costs which in turn leads to reduction in cost of products.

A sound wage policy is to adopt a job evaluation programme in order to estab. fair differentials in wages based upon differences in job contents. Besides the basic factors provided by a job description and job evaluation, those that are usually taken into consideration for wage and salary administration are:

① The organisation's ability to pay: - Companies that have good sales and therefore high profits tend to pay higher wages than those which run at loss.

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On the short run ~~but~~ all employers, irrespective of their profits or losses, must pay no less than their competitors. On the long run, the ability to pay is very important. During the prosperity period higher wages will be paid and during depression period wages will be cut due to lack of funds. It results in dissatisfaction among the workers. So <sup>essential</sup> determination of co's ability to pay is an important step ~~and~~ in the wage administration.

② Supply and Demand: - The labour market conditions

or supply and demand forces operate at the national, regional and local levels and determine org:al wage structure and level. // If the demand for certain skills is high and the supply is low, higher wages will be paid. If the labour supply is high, lower wages will be paid. In the same way there is great demand for labour expertise, wages rise & vice versa.

So determination of supply and demand forces for labour is a difficult task at co: level.

③ The Cost of living: - Determination of acceptable cost of living, to adjust wage rates accordingly is a very tough problem, which mgts: is facing today. When the cost of living increases, workers, trade unions demand <sup>adjusted</sup> higher wages to offset the erosion of ~~real~~ wages. However, when living costs are stable or decline, the mgts: does not resort to the argument as a reason for wage reduction.

④ The living wage: - The employees ~~are~~ <sup>are</sup> in org: which are following living wage method usually

exist- it, because they prefer to base the wages of an employee on his contribution rather than on his needs.

⑤ Productivity: - paying wages based on the productivity of the worker is also a tough concept. High productivity is not due to labour efforts alone. Technological improvements, better org. & mgt. to dev. of better methods of production etc responsible for increase in productivity. Another problem is that productivity can be measured at job level, plant, industry or national etc levels. Although it is a sound method, many problems arise in practice.

⑥ Trade union's Bargaining power: - It affects rate of wages at company level. Generally the stronger and more powerful the trade union, the higher the wages. Its power is often measured in terms of its membership, its financial strength and its leadership. Sometimes trade unions force wages up faster than increases in productivity would result in unemployment and inflation.

⑦ Job Requirements: - Generally the more difficult a job, the higher are the wages. Measures of job difficulty are frequently used when the relative value of one job to another in an org. is to be ascertained. It is also a difficult problem at company level.

⑧ Managerial attitude: - These have a decisive influence on the wage structure and wage level. Fine judgement is exercised in many areas

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of wage and salary admin: - including whether the firm should pay below, average or above average rates, what job factors should be used to reflect job work, length of service to be considered, how the structure and level of wages are bound to be affected accordingly.

The above mentioned are some of the problems usually to mgt: face at company level

Principles of Wage & Salary Administration:

- ① There should be definite plan to ensure that differences in pay for jobs are based upon variations in job requirements, such as skill, effort, resp., working conditions etc.
- ② The general level of wages and salaries should be reasonably in line with that prevailing in the labour market.
- ③ The plan should carefully distinguish bet: jobs and employees.
- ④ Equal pay for equal work, i.e. if two jobs have equal difficulty requirements, the pay should be the same, regardless of who fills them.
- ⑤ An equitable practice should be adopted for the recognition of individual differences in ability and contribution.
- ⑥ There should be a clearly estd: procedure for hearing and adjusting wage complaints.
- ⑦ The 'ees of TUs should be informed about the procedures used to estd: wage scales.