

## **A study on “wages and salary administration ” In palm oil industry reference to srikakulam district**

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### **1.1 INTRODUCTION**

This is one of the very important areas in which the personnel manager is in a position to help the top management of the enterprise. Wages and salaries are part of the monetary and status incentives for employee motivation for higher performance. A fair wage and salary policy is a vital ingredient in wage and salary administration and is one of the vital areas of personnel administration. Sound wage and salary policies and programmes are essential to procuring, maintaining, developing, promoting and transferring employees and to get effective results from them. Wage and salary administration refers to the establishment and implementation of sound policies and practices of the employee compensation. It includes areas such as job evaluation, surveys of wages and salaries, development and maintenance of wage structure, establishment rules for administering wages, wage payments, incentives, profit sharing, wage changes and adjustments, supplementary payments, control of compensation cost and such other related areas. Wage and salary administration refers to the development, implementation and on-going maintenance of a base pay system.

Wage and salary administration is mainly depends in two things they are wage and salary. Wage is used to refers to the amount paid to an employee depending on the amount of hours worked. This means that individual has to be present and working in order to get paid. Salary refers to a fixed monthly remuneration an employee receives not considering of hours worked. The difference between a wage and a salary lies in the manner in which the hiring organization calculates the employee's monetary compensation. A company pays a wage to an employee based on hour. A worker who receives a salary – based compensation, however, gets a specified amount of monetary payment for carrying out the duties of a particular job regardless of the number of hours worked. Wage is that labors remuneration which creates the utility. Wages means the amount pain to the labor for his services to the employer. Wages are the compensation of wage earners, the numerous employees who use the tools and equipment's for their employers to produce goods and services that are sold by their employers. Over all salary range for all the jobs in an organization is arranged. Each job grade will be assigned salary range. These individual salary will be field into an overall range overall salary grades of the organization may be adjusted on the data information collected about the salary levels of similar organizations. Individual salary may also be adjusted based on the performance of the individual employees. From time to time, there was discussion on whether India has/should have a national wage policy. Critics have often pointed out that the wage policy in India is not to have a policy. The provision of Indian constitution and the policy statements in successive five-year economic plan documents provide useful insight in to governments

approach towards wage and salary policy. Wage and salary policies are principles acting as guidelines for determining a wage or salary structure. Initially as an economic issue it was mainly the concern of the employer while state was adopting faire policy.

There should be a definite plan for the job to ensure that difference in pay for jobs are based upon variations in the job requirements, such as skill effort, responsibility or job or working conditions, and mental and physical requirements. The general level of wages and salaries should be reasonably in line with that prevailing in the labor market. The labor-market criterion is most commonly used. The plan should carefully distinguish between jobs and employees. A job carries a certain wage rate and a person is assigned to fill that rate. Exceptions sometimes occur in very high-level jobs in which the job holder may make the job large or small, depending upon his ability and contributions. The wage should be sufficient to ensure for the worker and his family reasonable standard of living. Workers should receive a guaranteed minimum wage to protect them against conditions beyond their control. Wage and salary administration plans and programmed should be responsive to the changing local and national conditions. The wage and salary payment must fulfill a wide variety of human needs, including the need for self-actualization. It has been recognized that "money is the only form of incentive which is wholly negotiable, appealing to the widest possible range of seekers". There should be internal and external equity in remuneration paid to employees. Internal equity means a similar pay for similar work. In other words, wage differential between jobs should be in proportion of differences in the worth of jobs. External equity implies that pay for a job should be equal to pay for similar job in other organizations. Payments based on job requirements, employee performance, and industry levels minimize favoritism and inequalities in pay. Sound wage and salary administration helps to improve the motivation and morale of employees are not satisfied with their wages and salaries they can quit or change the job. By designing competitive wage structure, the company can retain its personnel. This can help in minimizing the incidence of quitting and increase employee loyalty. Salary and wages constitute the major head of expenditure of every organizations. Through sound wage and salary administration labor and administrative costs can be kept in line with the ability of the company to pay. It facilitates administration and control of payroll. The companies can systematically plan and control labor costs. Wage and salary programmed also seeks to project the image of a progressive employer with legal requirements relating to wages and salaries. A sound wage and salary system considers the legal challengers imposed by government and ensures the employers compliance.

## 1.2 NEED FOR THE STUDY

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Wages and salaries are often one of the largest components of cost of production and such have serious implications for growth and profitability of the company. To study the establishment and implementation of sound policies and practices of employee compensation. To study the basic purpose of wage and salary administration is to establish and maintain

equitable wage and salary structure. The price of any product was determined by the labor time needed for producing wage and salary to the employee or labor. Wage and salary differ in different employments or occupations, industries and localities and also between persons in the same employment or grade.

### 1.3 OBJECTIVES OF THE STUDY

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The compensation system in Sri Srinivasa Palm Oil should be duly aligned with the organizational need and should be flexible enough to modification in response to change. Enable an Sri Srinivasa Palm Oil to have the quantity and quality of staff and maintain equity and fairness in compensation for similar jobs. Sri Srinivasa Palm Oil provides internal equity which means equal pay for equal work with legal requirements relating to wages and salaries. To know the satisfaction of employee and employer regarding the wage and salary administration in SRI SRINIVASA PALM OIL.

### 1.5 LIMITATIONS OF THE STUDY

The study made by me SRI SRINIVASA PALM OIL was confined to determine wage and salary method and practices being followed: The lack of availability of information during the time period of 33 days, it is very difficult to get a correct and complete data. The collected data does not give the complete information. The sample size taken for the research is small due to constraints of time. Some of the employees had not cooperated in filling of questionnaire.

## 2.1 INDUSTRY PROFILE

### MODERN OIL PALM CULTIVATION

A modern oil palm plantation needs a grower who has learned how to cultivate oil palms. Growing selected oil palms is not just a matter of picking the fruit; it is a modern crop. The grower must learn how to do his work well. The grower should ask for advice, so that he learns to do better and better. The grower must think about his work and plan it, so that he can always do his work at the right time. Selected oil palms give the grower much more work than the natural trees, but they yield much more. An oil palm grower is a modern farmer. With the money he earns he can buy for his family what they need, and he can modernize his farm.

### BEFORE STARTING THINK THINGS OVER CAREFULLY

An oil palm begins to produce 3 or 4 years after it has been planted. During that time the grower must spend money and work hard, without harvesting any fruit or earning any money. To make a modern oil palm plantation takes money. Most often you will have to pay workmen for clearing the site of the plantation and removing tree stumps. Then you must buy seedlings and fertilizers. Unless you apply fertilizers to the oil palms when they are still young, they will not grow well and you will have to wait a longer time before you can begin to harvest. You may also have to pay workers to help you look after the young plantation. Weeds must not be allowed to get in the way of the oil palms, and the trees must be protected from damage by rats and ragouts. All this work takes a lot of time, and this means that you may not have enough time to look after

large fields of food crops. You may have to buy food for your family. Before you start an oil palm plantation, you must calculate carefully whether you will be able to pay all these expenses. To grow oil palms takes a lot of work. Before planting your oil palms, you have to clear the forest and remove the tree stumps. Then it takes a lot of time to sow the cover crop, dig holes in the plantation, take the seedlings out of the nursery, carry them to the plantation and plant them. All this work needs to be carefully done; you must take your time. Never hurry if you want to be successful with your plantation. Once the oil palms are planted, you must put wire netting around the young trees, you must spread fertilizer and keep watch over the plantation. Young oil palms need a lot of care. It is better to make a smaller plantation, but look after it carefully. Once the oil palms have begun to produce, the fruit must be harvested at the right moment. If you cannot pick the fruit at the right moment, it becomes too ripe, many clusters will drop and the quality of the fruit will be less good. To grow oil palms takes much time and much care.

### **WAGES AND SALARY AT SRI SRINIVASA PALM OIL:**

Monetary advantage is given to employees against the salaries for following purposes

#### **INCREMENTS:42**

The following are the increments given to the employees and employers.

#### **ANNUAL INCREMENTS:**

Annual increments of all the employees and employers will be given as per the experience of the employee or employer in that particular situation.

#### **SPECIAL INCREMENTS:**

Special Increments are awarded for employees or employers for extraordinary performance on job per direction on management.

#### **BONUS:**

The following are the bonus given to the employees and workers as well.

#### **ANNUAL BONUS:**

Annual bonus to all the employees or employers is paid on accordance with the provision of payment of bonus act 1965 and its amendments from time to time.

#### **COMMUNICATION:**

In SRI SRINIVASA PALM OIL they do not have any communication policy but the media of communication is face to face or direct communication.

#### **NATIONAL AND PAID HOLIDAYS:**

Management declares to paid holidays including all national holidays in a year as per policy systems in this particular organization. Management will pay extra wages to the employees and employers who are working for the national holidays.

#### **SCHEME OF INCENTIVES:**

These schemes of incentives shall be applicable from whenever the organization will be established. Subject to the condition that revised rates of incentives will not be payable for the period during which normal production is effected due to any willful cause by the workmen.

#### **VARIOUS SCHEMES OF THE ACT:**

The SRI SRINIVASA PALM OIL has mainly follows 3 schemes to provide a broad and real recruit to the employee and their families.

They are as follows.

Minimum Wages Act, 1948

The Employees Provident Fund Scheme,

1952 Equal Remuneration Act, 1976

#### **ABOUT E.S.I(EMPLOYEE STATEINSURANCE):**

Employees state Insurance is a self-financing social security and health insurance scheme for the Indian workers. This fund is managed by the Employees State Insurance Corporation (ESIC) according to rules and regulations stipulated there in the ESI Act 1948. Under section 1(5) of the Act, the provisions of ESIC Act have been extended to the following classes of establishment Shops and Commercial establishments Cinemas, including preview theaters, Newspapers establishment Road Motor Transport establishments .

The contribution of E.S.I is as follows.

Employee"s contribution – 1.75% of wages

Employers" contribution – 4.75% of wag

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