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Unit-IV

Machineries of wages

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Machineries of Wage Fixation

Wage fixation is a crucial process that ensures fair compensation for workers. This involves a complex system of commissions, legislation, and collective agreements that balance the needs of employees and employers.

Pay Commissions - Role of Conciliation


Pay Commissions

Government-appointed commissions that investigate and recommend appropriate wage levels for different industries and regions.

Conciliation

Facilitating dialogue and compromise between employers and workers to resolve wage disputes and ensure fair outcomes.

Labor Labor Laws:



Minimum Wage Legislation

Legal Framework

Minimum wage laws establish a base level of compensation to protect workers and prevent exploitation.

Periodic Review

Minimum wages are often revised over time to account for changes in the cost of living and economic conditions.

Enforcement

Effective implementation and monitoring of minimum wage laws is crucial to ensure compliance by employers.

Collective Agreements and Productivity Agreements

1

Collective Bargaining

Unions and employers negotiate wages, benefits, and working conditions through collective agreements.

2

Productivity Agreements

Agreements that link wages to worker productivity, incentivizing efficiency and performance improvements.

3

Dispute Resolution

Mechanisms for resolving disputes over the interpretation and application of collective agreements.



Profit Sharing and Bonus



Profit Sharing

Employees receive a portion of the company's profits as additional compensation.



Bonuses

Performance-based payments that reward individual or team achievements and contributions.



Incentives

These schemes incentivize high performance and align the interests of workers and the organization.





Machineries of Wage Fixation

This presentation explores the various mechanisms employed in India for setting wages, examining their strengths, weaknesses, and potential for future improvement.

Competency Based Compensation

Skill-based Approach

Focuses on the skills and knowledge required for a specific role, rewarding individuals based on their competence.

Career Progression

Provides a clear path for employees to advance their careers by acquiring new skills and developing their expertise.

Objective Assessment

Emphasizes objective measures, reducing subjectivity in compensation decisions and creating a fairer system.

Wage Boards

1 Tripartite Structure

Composed of representatives from employers, workers, and the government to ensure a balanced approach.

2 Industry-specific Regulations

Established for specific industries, aiming to address the unique wage issues prevalent in each sector.

3 Minimum Wage Standards

Play a crucial role in setting minimum wage standards and addressing potential exploitation of workers.



Pay Commissions



Periodic Reviews

Conduct periodic reviews of pay scales and benefits for government employees, ensuring their remuneration remains competitive.



Wage Adjustments

Recommend adjustments to salaries and allowances based on factors like inflation, cost of living, and economic performance.



Employee Morale

Contribute to improved employee morale and motivation by ensuring that salaries are fair and aligned with market trends.





Role of Conciliation, Adjudication, and Arbitration in Wage Fixation

1

Conciliation

An attempt to resolve disputes through negotiation and compromise between parties.

2

Adjudication

Involves a formal legal process where a court or tribunal decides on the matter.

3

Arbitration

An independent third party is appointed to hear both sides and issue a binding decision.



Collective Agreements and Productivity Agreements

1

Collective Agreements

Formal contracts negotiated between employers and trade unions, outlining wages and working conditions.

2

Productivity Agreements

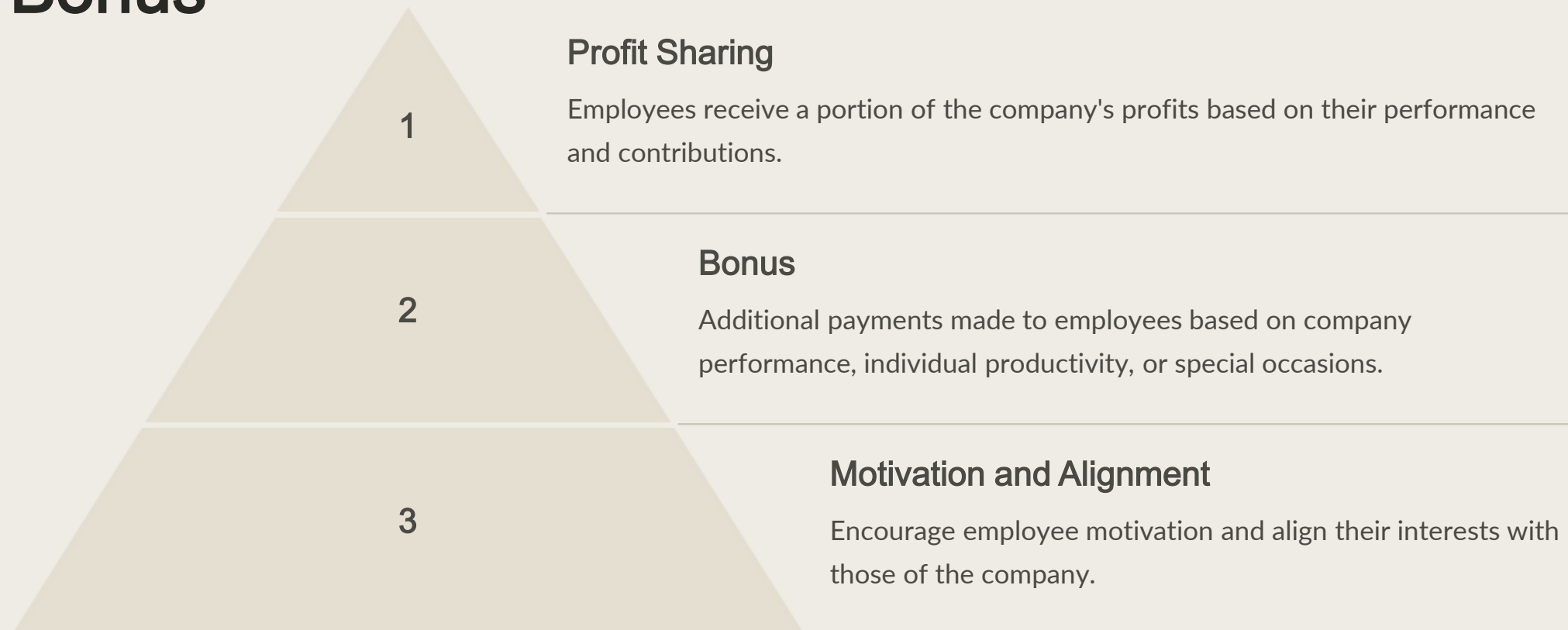
Focus on linking wage increases to improvements in productivity and efficiency within a company.

3

Mutual Benefits

Ensure both employers and employees benefit from mutually agreed-upon terms.

Profit Sharing and Bonus



Landmark Judgments of the Supreme Court in Wage Area

1

Minimum Wage

Supreme Court judgments have clarified the definition and applicability of minimum wages.

2

Equal Pay

Court rulings have upheld the principle of equal pay for equal work, regardless of gender, caste, or religion.

3

Bonus and Profit Sharing

Established clear legal frameworks for the calculation and distribution of bonus and profit-sharing schemes.



Challenges in Effective Wage Fixation

1

Inflation

Fluctuations in inflation can erode the purchasing power of wages, necessitating adjustments.

2

Skill Gaps

Mismatches between skills demanded by employers and those possessed by workers can lead to wage disparities.

3

Regional Disparities

Wage levels can vary significantly across different regions within India, creating inequalities.

The Way Forward: Towards a Balanced and Equitable Wage Structure

A balanced approach combining various mechanisms, including competency-based compensation, industry-specific wage boards, and legal frameworks, is crucial for building a fairer and more equitable wage system.

