

MANAGEMENT PROGRAMME

Term-End Examination

December, 2015

MS-27 : WAGE AND SALARY ADMINISTRATION

Time : 3 hours

Maximum Marks : 100

(Weightage 70%)

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- Note :** (i) There are two Sections A and B.
(ii) Attempt **any three** questions from Section - A. Each question carries 20 marks.
(iii) Section - B is **compulsory** and carries 40 marks.
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SECTION - A

1. What are the considerations for compensation policy at macro and micro level ? Explain their practical difficulties.
2. Explain the need and purpose of allowances and fringe benefits given to the employees in an organisation. Discuss with suitable examples.
3. Describe various methods for fixation/revision of minimum wages under the Minimum Wages Act, 1948.
4. Describe different methods of wage determination. Discuss why collective bargaining is superior to other methods of wage determination.

5. Write short notes on **any three** of the following :
- (a) Retiral benefits
 - (b) Managerial Compensation
 - (c) Classification of incentives
 - (d) Time and piece rate system of wage payment
 - (e) Competency based compensation

SECTION - B

6. Read the case given below and answer the questions given at the end.

Case

A bright young M.B.A., fresh from one of the top management institutes, took over his father's responsibilities as president in a manufacturing company. The company employed approximately one thousand people in the production division. It had never faced with a demand for collective bargaining. So far as was known, none of its employees were union members.

The new president, after three years of climbing the ladder to his position, had a conference with three long-term employees, who explained that they and their associates had been discussing the desirability of bargaining collectively. They gained through such formal representation. The employees had not voiced any strong criticism of management, but they had held

several meetings and had invited representatives of a national union to talk with them. They concluded that they ought to try collective bargaining and for this purpose formed a union and enlisted a majority of workshop employees as members. The three representatives had been elected to the bargaining committee in order to present a written memorandum to the president with a request for collective bargaining agreement. A series of issues carefully spelled out by the union were handed over to the president by the three representatives.

The young executive received them cordially and listened carefully. He accepted their memorandum and suggested that he would like to have time to study it carefully. He proposed a meeting with them for Tuesday of the following week.

When the committee members returned, the president reminded them that the company had been careful to maintain wages and working conditions at least on a par with those in unionised companies in the same industry and region. He expressed the opinion that the specific proposals they had presented seemed to him quite reasonable and appropriate. He had been thinking of many of the same changes and would probably have made them without their request. He was pleased to hand them their memorandum with a notation indicating his acceptance. The members left, quite satisfied with the effectiveness of their negotiations and promising to report back to him as soon as possible.

One week later, the president found the same group of representatives waiting to see him. They appeared somewhat crestfallen and embarrassed. They reported that they had gone back to the membership, presented a full report of their discussions with him, explained his favourable attitude, and recommended formal ratification of the memorandum as a new collective bargaining agreement. After extensive discussion, when the motion for ratification came up for a vote, a majority of the membership voted against ratification.

Questions :

- (a) What are the problems in this case ?
 - (b) Why did the members refuse to ratify the agreement ?
 - (c) In a situation like the one above, how can the union and management play an effective role in fixing and revising wages and benefits through the process of collective bargaining ?
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