

**MANAGEMENT PROGRAMME
(MP)**

Term-End Examination

December, 2023

**MS-27 : WAGE AND SALARY
ADMINISTRATION**

Time : 3 Hours

Maximum Marks : 100

(Weightage : 70%)

Note : Attempt any *three* questions from Section A.
All questions carry 20 marks each. Section **B**
is compulsory and carries **40** marks.

Section-A

1. Discuss the institutional mechanism of wage and salary fixation in India in the industrial sector. 'Any system of wage fixation must be judged by how it works in practice.' Elucidate.
2. Explain the different methods of wage determination. Why is collective bargaining superior to other methods of wage determination ? Explain.

3. Define and discuss incentives and the pre-requisites for the effective incentive scheme. Briefly explain the various incentive plans and their respective merits and demerits.
4. Explain the concept of internal and external equity, and its role in compensation management.
5. Write a comprehensive note on 'competency based compensation' with the help of examples.

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 ?