LESSON 11:
INTRODUCTION TO BASIC KINDS OF WAGE PLANS

Learning Objectives

- To know concept of Wage Plans
- To understand the different Types of Wage Plans

There are two major kinds of wage and salary payment plans: those under which remuneration does not vary with output or the quality of output, but depends on the time unit consumed in performing work. These are known as **time wage plans**. The time unit may be the day, week, fortnight or month. Time plans are non-incentive in the sense that earnings during a given time period do not vary with the productivity of an employee during that period.

The second kind is concerned with the output or some other measure of productivity during a given period of time. To earn more, an employee is required to put in more labour and produce more. This Kind is known as the piece or output wage plan. It is a direct financial incentive plan,

Thus, the "time" and the "output" wage plan are the two basic systems. All the other plans are simply variations of these two.

Types of Wage Plans

1.Time Rate

This is the oldest and the most common method of fixing wages. Under this system, workers are paid according to the work done during a certain period of time, at the rate of so much per hour, per day, per week, per fortnight or per month or any other fixed period of time.

The essential point is that the production of a worker is not taken into consideration in fixing the wages; he is paid at the settled rate as soon as the time contracted for is spent.

Merits

The merits of the system are:

(1) It is simple, for the amount earned by a worker can be easily calculated;

(2) As there is no time limit for the execution of a job, workmen are not in a hurry to finish it and this may mean that they will pay attention to the quality of their work;

(3) As all the workmen employed for doing a particular kind of work receive the same wages, ill will and jealousy among them are avoided;

(4) Due to the slow and steady pace of the worker, there is no rough handling of machinery, which is a distinct advantage for the employer;

(5) It is the only system that can be used profitably where the output of an individual workman or groups of employees cannot be readily measured. The day or time wage provides a regular and stable income to the worker and he can, therefore, adjust his budget accordingly.

This system is favored by organized labour, for it makes for solidarity among the workers of a particular class. It requires less administrative attention than others because the very basis of the time wage contract is good faith and mutual confidence between the parties.

Demerits

The main drawbacks of this system are:

(i) It does not take into account the fact that men are of different abilities and that if all the persons are paid equally, better workmen will have no incentive to work harder and better. They will therefore be drawn down to the level of the least efficient workman.

Halsey observes: "Matters naturally settle down to an easy-going pace in which the workmen have little interest in their work and the employer pays extravagantly for his product." Taylor says: "The men are paid according to the position which they fill and not according to their character, energy, skill and reliability."

(ii) The labour charges for a particular job do not remain constant. This puts the authorities in a difficult position in the matter of quoting rates for a particular piece of work.

(iii) As there is not specific demand on the worker that a piece of work needs to be completed in a given period of time, there is always the possibility of a systematic evasion of work by workmen.

(iv) This system permits many a man to work at a task for which he has neither taste nor ability, when he might make his mark in some other job.

(v) As the employer does not know the amount of work that will be put in by each worker, the total expenditure on wages for turning out a certain piece of work cannot be adequately assessed.

As no record of an individual worker's output is maintained, it becomes difficult for the employer to determine his relative efficiency for purposes of promotion.

2.Piece Rate

Under this system, workers are paid according to the amount of work done or the number of units completed, the rate of each unit being settled in advance, irrespective of the time taken to do the task. This does not mean that a worker can take any time to complete a job because if his performance far exceeds the time, which his employer expects he would take, the overhead charge for each unit of article will increase.

There is indirect implication that a worker should not take more than the average time. ' If he consistently takes more time than the average time, he does it at the risk of losing his job.

Under this plan, a worker, working in given conditions and with given machinery, is paid exactly in proportion to his physical output. He is paid in direct promotion to his output, the actual amount of pay per unit of service being approximately equal to the marginal value of his service in assisting to produce that output.

This system is adopted generally in jobs of a repetitive nature, where tasks can be readily measured, inspected and counted. It is particularly suitable for standardized processes, and it appeals to skilled and efficient workers who can increase their earnings by working to their full capacity. I

In weaving and spinning in the textile industry, the raising of local in the mines, the plucking of leaves in plantations, and in the shoe industry, this system can be very useful. But its application is difficult where different shifts are employed on the same work or where a great variety of different grades of workers are employed on different and immeasurable services, as in the gas and electricity industries.

A worker's earnings can be calculated on the basis of the following formula: WE=NR, where WE is the worker's earning, N stands for the number of pieces produced and R for the rate per piece.

Merits

This system has many advantages:

(i) It pays the workman according to his efficiency as reflected in the amount of work turned out by him. It satisfies an industrious and efficient worker, for he finds that his efficiency is adequately rewarded. This gives him a direct stimulus to increase his production.

(ii) Supervision charges are not so heavy, for workers are not likely to while away their time since they know that their wages are dependent upon the amount of work turned out by them.

(iii)Being interested in the continuity of his work, a workman is likely to take greater care to prevent a breakdown in the machine or in the workshop. This is a point of considerable gain to the management, for it reduces plant maintenance charges:

(iv)As the direct labour cost per unit of production remains fixed and constant, calculation of costs while filling tenders and estimates becomes easier.

(v) Not only are output and wages increased, but the methods of production too are improved, for the worker demands materials free from defects and machinery in perfect running conditions.

(vi) The total unit cost of production comes down with a larger output because the fixed overhead burden can be distributed over a greater number of units.

Demerits

The demerits of the system are:

(i) In spite of the advantages accruing to the management as well as to the workmen, the system is not particularly favoured by workers. The main reason for this is that the fixation piece rate by the employer is not done on a scientific basis.

In most cases, he determines the rate by the rule-of-thumb method, and when he finds that the workers, on an average, get higher wages compared to the wages of workers doing the same task on a day-rate basis, pressure is brought to bear upon the workers for a cut in the piece rate. Halsey observes: "cutting the piece price is simply killing the goose that lays the golden eggs. Nevertheless, the goose must be killed. Without it, the employer will continue to pay extravagantly for his work; with it he will stifle the rising ambition of his men."

(ii)As the workers wish to perform their work at breakneck speed, they generally consume more power, overwork the machines, and do not try to avoid wastage of materials. This results in a high cost of production and lower profits.

(iii)There is a greater chance of deterioration in the quality of work owing to over zealousness on -the part of workers to increase production. This over-zealousness may tell upon their health, resulting in a loss of efficiency.

(iv)It encourages soldiering; and there "arises a system of hypocrisy and deceit, because to escape further cuts they begin to produce less and also regard their employers and their enemies, to be opposed in everything they want.

(v)Excessive speeding of work may result in frequent wear and tear of plant and machinery and frequent replacement. Trade unions are often opposed to this system, for it encourages rivalry among workers and endangers their solidarity in labour disputes.

3.Balance or Debt Method

This method is a combination of time and piece rates. The worker is guaranteed an hourly or a day-rate with an alternative piece rate.

If the earnings of a worker calculated at the piece rate exceed the amount which he would have earned if paid on time basis, he gets credit for the balance, i.e., the excess piece rate earnings over the time rate earnings.

If his piece rate earnings are equal to his time rate earnings, the question of excess payment does not arise. Where piece rate earnings if less than time rate earnings, he is paid on the basis of the time rate; but the excess which he is paid is carried forward as a debt against him to be recovered from any future balance of piece work earnings over time work earnings. This system presupposes the fixation of time and piece rates on a scientific basis.

Let us suppose that the piece rate for a unit of work is Re. 1.00 and the time rate Rs. 0.37V2 an hour, the weekly work hours are 40 and the number of units to be completed during these 40 hours is 16.

It will be seen that the debit during the second week completely eliminated the edit of Re. 1.00 obtained during the first week. The worker will be paid his guaranteed time rate, in this case Rs.15.00, in the first week and the same amount in the second eek, although his earnings during the first week are Rs.16.00 and during the second eek they are Rs.14.00.

An adjustment will be made periodically to find out the balance be paid to him.

The obvious merit of this system is that an efficient worker has an opportunity to increase his wages. At the same time, workers of ordinary ability, by getting the guaranteed time wage, are given a sufficient incentive to attain the same standard, even though the excess paid to them is later deducted from their future credit balance.

Notes:

LESSON 13: INSTITUTIONAL MECHANISM FOR WAGE DETERMINATION

Learning Objectives

- To know the Institutional Factors Influencing or determining Wage Rates
- To understand the Role of Wage Board
- To learn the concept of Wages and Social Security

Reward management involves the development of pay structures of varying degrees of formality, which define the rates of pay for jobs, the pay relativities between jobs and the basis upon which jobholders are paid.

Pay structures are designed by reference to judgments about job values as expressed by relativities with other jobs and external (market) rates of pay for comparable jobs.

These judgments are made against the background of the factors, which influence job values. Bearing these in mind, steps can be taken to establish internal job values by using some form of job evaluation.

External values are also established by surveying and analyzing market rates, and the information gained from job evaluation and market rate surveys is combined when developing the pay structure.

This chapter deals with the factors influencing job values and relativities and the basis upon which the rates of pay for individual jobs and job holders are determined.

The Institutional Factors Influencing or determining wage rates are:

- Intrinsic value,
- Internal relativities,
- External relativities and market practice,
- Inflation,
- The circumstances of the firm and trade union pressures,
- Job evaluation
- Performance management
- Legislation
- Wage Boards

Intrinsic value

The concept of intrinsic value is based on thee apparently reasonable belief that the rate for a job should be determined by reference to the amount of responsibility involved or the degree of skill or level of competence required to perform it. The responsibilities of a job are the particular obligations that have to be assumed by any person who carries out the job.

Responsibility is exercised when job holders are accountable for what they do. The level of responsibility is related to the outputs job holders are expected to achieve and their contribution - the impact they can make on the end results of their section, department or the organization as a whole.

Responsibility involves the exercise of discretion in making decisions which commit the use of the organization's resources. Rates of pay are therefore influenced not only by the scope of the job in terms of its impact on results but also by the size of resources controlled, the amount of authority job holders possess, the degree of freedom they have to make decisions and to act, and the extent to which they receive guidance or instruction on what they should do.

Perception about the intrinsic value of jobs will be influenced not only by the outputs .of job holders but also by the impact they can make on the results achieved by the organization as a whole. The scope or size of jobs and their rates of pay are therefore related to the accountability of job holders for achieving results.

The intrinsic value of jobs may also be related to the input and process factors of knowledge and skills and competencies. Knowledge, and skills refer to what job holders need to know and are able to do to meet the requirements of their jobs. Competencies are the behavioral characteristics which demonstrably differentiate between levels of performance in a given role.

Internal relativities

The problem with the concept of intrinsic value is that it does not take account of the other factors affecting value. It can be argued that there is no such thing as absolute value. The value of anything is always relative to something else and is affected by external economic factors as well as internal relativities.

Within an organization, job values will be determined by perceptions of the worth of one job compared with others. Internal differentials reflect these perceptions, which may be based on information relating to the inputs made by jobholders as reflected by the requirement to use different levels of knowledge or skill.

Or more importance may be attached to outputs- the added value they create. internal differentials will be strongly influenced by differentials established in the external market from which the organization recruits and to which existing employees may be tempted to return.

The organization structure will clearly influence differentials and methods of payment. A hierarchical structure with well-defined layers of responsibility will provide a clear indication of the pattern of differentials and produce a pay structure with fairly narrow bands.

A flatter, more flexible, structure will make it hard to establish a rigid rank order and differentials will be more fluid within broader pay bands and will depend more on relative levels of competence and contribution.

External relativities

A salary or wage is a price which, like any other price, represents the value of the service to the buyer and the seller: the employer and the employed. The external value of a job - the market rate - is primarily determined by the laws of supply and demand.

However, all the market does is to allow us to assume that people occupying equal positions tend to be paid equally and as Kanter puts it: 'The process is circular... we know what people are worth because that's what they cost in the job market, but we also know that what people cost in the job market is just what they're worth.'

The market rate concept is in any case an imprecise one. Market rate surveys always reveal a considerable range of rates which reflect the special circumstances of the organizations, including the level of people they employ and their policies on how they want their levels of pay to relate to market rates - their market stance or pay posture.

There will, however, be trends in market rates to which internal pay structures must respond if they are to remain competitive. Individual rates and differentials have to be adjusted in the light of changing market pressures if the organization needs good quality staff.

This will be particularly important at the intake points in a structure and in respect of individuals whose market worth is high and who are therefore vulnerable to the attractions of better paid jobs elsewhere.

It is also important to bear in mind the concept of individual market worth. In effect, this says that any employable individual has a price which is related to what other organizations are prepared to pay for his or her services. Organizations ignore at their peril the individual market worth of any employees they wish to retain whose talents are at a premium in the market place.

Inflation and market movement

Inflationary pressures clearly affect general trends in rates of pay and earnings. They underpin pay market movements.

Organizations have been accustomed to taking into account inflation when adjusting their pay structures although, if their managements have any sense, they have refused to commit themselves to any semblance of index linking.

They have had to be prepared to increase rates by less than inflation in hard times and they have reserved the right to restrict increases to individuals to below the rate of inflation if their performance does not justify the retention of their real level of earnings.

Increasingly, however, employers are basing pay reviews on movements in market rates, which are, in any case, responsive to the rate of inflation.

Business performance and/or financial circumstances

The business or strategic aims of the organization and .its plans for achieving those aims will provide the basis for developing pay strategies and policies. The resulting business performance and/or the financial circumstances of the organization will influence the amount it can afford to pay and its pay policies on such matters as how it wants to relate pay to performance and market rates.

Trade union pressures

Depending on their bargaining power, trade unions will attempt to pressurize managements into increasing pay by at least the amount of inflation. They will press for higher rates on the grounds of the organization's ability to pay and trends in market movement and the going rate for specific jobs, and they may attempt to restore lost differentials.

Factors influencing pay levels for individuals

The pay levels of individual job holders will be influenced by three factors in addition to the rate for their job:

1. their market worth as mentioned above;
2. the level of skills or competence they possess - their inputs;
3. their level of performance in the job - their outputs and the overall contribution they make to organizational success.

The amount of influence these factors exert will depend on the job and the internal environment of the organization. In a non-bureaucratic and flexible firm, where the level of technology is high and a large proportion of the staff are knowledge workers, individual worth will be more important than position in a job hierarchy.

As Kanter has stated: Major employing organizations are rethinking the meaning of worth itself. And as they are doing this, they are gradually changing the basis for determining pay from position to performance, from status to contribution.

How rates of pay for individual jobs and job holders are determined.

Overall levels of pay will be affected by business aims, plans and performance, external economic and union influences, reward policies and market rates.

These general considerations will, of course, affect individual rates for jobs and job holders. These rates will be determined by market relativities, the 'size' of the job within the structure, as measured by job evaluation, and individual levels of performance.

The latter will determine rates of pay above the base rate either by a performance management process or a pay for-performance scheme.

This process of individual pay determination takes place within the framework of job and role analysis and, apart from business and market rate considerations, is largely influenced by the interrelated processes of job evaluation and performance management for those in receipt of performance-related pay.

Job Evaluation

Job evaluation is used to measure relativities and determine where the job should be placed in a pay structure (the rate for the job). Relative job size is assessed in terms of inputs (knowledge and skills), process (behavioral requirements involving the use of competences) and outputs (the level of responsibility for results and the impact the job makes on team or organizational performance).

The Bureau of Labour Statistics, U.S.A., says that "job evaluation is the evaluation or rating of jobs to determine. their position in the job hierarchy. The evaluation may be achieved through the assignment of points or the use of some other systematic method for essential job requirements, such as skills, experience and responsibility."

Objectives of Job Evaluation

The general purpose of job evaluation may include a number of more specific goals:

1. To provide a basis for a simpler, more rational wage structure;
2. To provide an agreed-upon means of classifying new or changed jobs;
3. To provide a base for individual performance measurements;
4. To reduce pay grievances by reducing their scope and providing an agreed-upon means of resolving disputes;
5. To provide incentives for employees to strive for higher-level jobs;
6. To provide information for wage negotiations;

To provide data on job relationships for use in internal and external selection, personnel planning, career management, and other personnel functions.

Performance Management

Performance management assesses the individual's performance in the job and in a performance-related pay environment, determines the rate of pay for that individual in the job - whether he or she is positioned within a pay range or on a pay scale.

Performance management is a strategic and integrated approach to delivering sustained success to organizations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors.

As a manager one of our most important responsibilities to our organization is to manage performance well. We need to manage not only our performance but also the performance of the many individuals we supervise and develop over the years.

Our ability to manage performance effectively will contribute to our organization? Success and will positively affect the people who work in our organizations. This programme aims to equip the participants with understanding and skills so that they can motivate the employees to contribute their best to the organization

The performance management process will be based on precisely the same factors used in evaluating the job as recorded in a job description or role definition derived from job or role analysis: namely skills, competences and results. The starting point of performance management is an agreement on skill and competence requirements and on the principal accountabilities or main tasks of the job.

This leads to agreements on specific standards of performance, targets and work plans and personal development plans which form the criteria on which performance is reviewed and assessed.

For those on an incentive' or payment by results scheme, pay will be determined by reference to job evaluation and the quantified results achieved by job holders.

It has been very rightly said that Performance management is an ongoing communication process that involves both the performance managers (viz., Political and Sr.Civil Service Executives, Deputy Commissioners) and the employee in

- Identifying and describing essential job functions and relating them to the mission and goals of the organisation.
- Developing realistic and appropriate performance standards (i.e., a written statement describing how well a job should be performed.) to assess the progress toward determined goals. Giving and receiving feedback about performance and use of information either to confirm or change current policy or programme directions to meet those goals and report on the success in meeting goals.
- Writing and communicating constructive performance appraisals.
- Planning, education and development opportunities to sustain, improve or build on employee work performance.

Legislation

Minimum Wages Act,1948

Background

A tripartite Committee viz.,"The Committee on Fair Wage" was set up in 1948 to provide guidelines for wage structures in the country. The report of this Committee was a major landmark in the history of formulation of wage policy in India. Its recommendations set out the key concepts of the 'living wage', "minimum wages" and "fair wage" besides setting out guidelines for wage fixation.

Article 39 | - The State shall, in particular, direct its policy towards securing (a) that the citizen, men and women equally shall have the right to an adequate livelihood and (b) that there is equal pay for equal work for both men and women.

Article 43 | - The State shall endeavour, by suitable legislation or economic organisation or in any other way, to give all workers, agricultural, industrial or otherwise, work, a living wage, conditions of work ensuring a decent standard of life and full enjoyment of leisure, and social and cultural opportunities.

Enactment of the Minimum Wages Act

Historical Backdrop

- The initiative started with the resolution placed by one Shri K.G.R.Choudhary in 1920 for setting up Boards for determination of minimum wages in each industry.
- The International Labour Conference adopted in 1928 Convention No.26 and Recommendation No. 30 relating to wage fixing machinery in trades or parts of trades.
- On the recommendation of the Standing Labour Committee and Indian Labour Conference, a Labour Investigation Committee was appointed in 1943 to investigate into the question of wages and other matters like housing, social conditions and employment.

- A draft bill was considered by the Indian Labour Conference in 1945.
- The 8th meeting of the Standing Labour Committee recommended in 1946 to enact a separate legislation for the unorganised sector including working hours, minimum wages and paid holidays.
- A Minimum Wages Bill was introduced in the Central Legislative Assembly on 11.4.46 to provide for fixation of minimum wages in certain employments. It was passed in 1946 and came into force with effect from 15.3.48.

Under the Act, Central and State Governments are appropriate Governments to

(a) notify scheduled employment

(b) fix/revise minimum wages

The Act contains list of all these employments for which minimum wages are to be fixed by the appropriate Governments.

There are two parts of the Schedule. Part I has non-agricultural employments whereas Part-II has employment in agriculture.

Criteria for notification of scheduled Employment

The appropriate Government fixes the minimum wage in respect of only those scheduled employments where the number of employees is 1000 or more.

Fixation/revision of minimum wages

Norms

The norms include those which were recommended by the Indian Labour Conference in its session held in 1957 at Nainital.

(i) 3 consumption units for one earner.

(ii) Minimum food requirements of 2700 calories per average Indian adult.

(iii) Clothing requirements of 72 yards per annum per family.

(iv) Rent corresponding to the minimum area provided for under Government's Industrial Housing Scheme.

(v) Fuel, lighting and other Miscellaneous items of expenditure to constitute 20% of the total Minimum Wages.

Other Parameters

(i) "Children education, medical requirement, minimum recreation including festivals/ceremonies and provision for old age, marriage etc. should further constitute 25% of the total minimum wage." This judgment was delivered by the Supreme Court of India in 1991 in the case of Reptakos Brett and Co.Vs.its workmen.

(ii) Local conditions and other factors influencing the wage rate.

Methods for fixation/revision of minimum wages

Fixation

We will discuss about the wage fixation in the next lesson in detail.

Section 3 empowers appropriate Government to fix the minimum rates of wages in the scheduled employments.

Revision

Revise the Minimum rates at an appropriate interval of not exceeding five years.

Procedure for Fixation/Revision

In Section 5 of the Minimum Wages Act,1948, two methods have been provided for fixation/revision of minimum wages. They are Committee method and Notification method.

Committee Method

Under this method, committees and sub-committees are set up by the appropriate Governments to hold enquiries and make recommendations with regard to fixation and revision of minimum wages, as the case may be.

Notification method

In this method, Government proposals are published in the Official Gazette for information of the persons likely to be affected thereby and specify a date not less than two months from the date of the notification on which the proposals will be taken into consideration.

After considering advice of the Committees/Sub-committees and all the representations received by the specified date in Notification method, the appropriate Government shall, by notification in the Official Gazette, fix/revise the minimum wage in respect of the concerned scheduled employment and it shall come into force on expiry of three months from the date of its issue.

Variable Dearness Allowance (VDA)

It was recommended in the Labour Ministers' Conference held in 1988, to evolve a mechanism to protect wages against inflation by linking it to rise in the Consumer Price Index. The Variable Dearness Allowance came into being in the year 1991. The allowance is revised twice a year, once on 1st April and then on 1st October. In the State Sphere, 22 States/Union Territories have provisions for Variable Dearness Allowance, at present.

Enforcement Machinery

The enforcement of the provisions of the Minimum Wages Act in the Central Sphere , is secured through the officers of Central Industrial Relations Machinery. In so far as State Sphere is concerned, the enforcement is the responsibility of the respective State Government/Union Territory.

National Wage Policy

Though it is desirable to have a National Wage Policy it is difficult to conceive a concept of the same. The National Wage Policy has been discussed on many occasions in different fora. Because fixation of wages depends on a number of criteria like local conditions, cost of living and paying capacity also varies from State to State and from industry to industry, it would be difficult to maintain uniformity in wages. The Indian Labour Conference, held in November, 1985 expressed the following views-

"Till such time a national wage is feasible, it would be desirable to have regional minimum wages in regard to which the Central Government may lay down the guidelines. The Minimum Wages should be revised at regular periodicity and should be linked with rise in the cost of living"

Accordingly, the Government issued guidelines in July, 87 for setting up of Regional Minimum Wages Advisory Committees. These Committees renamed subsequently as Regional Labour Ministers' Conference, made a number of recommendations which include reduction in disparities in minimum wages in different states of a region, setting up of inter-state Coordination Council, consultation with neighbouring States while fixing/revising minimum wages etc.

Wages and Social security

The Government has assumed responsibility for securing a minimum wage for certain sections of workers, in industry and agriculture, who are economically weak and stand in need of protection. Towards this end the Minimum Wages Act provides for the fixation and revision of wage rates in these occupations. These measures have not proved effective in many cases.

For better implementation of the law, the machinery for inspection has to be strengthened. Wage determination in major industries is left to the process of collective bargaining, conciliation, arbitration and adjudication. The Second Plan recommended the setting up of Wage Boards as the most suitable method of settling wage disputes where large areas of industry are concerned. This has so far been applied to the cotton and jute textiles, cement, sugar and plantation industries; and will be extended to other indus- tries according to circumstances.

It has been decided to appoint a Board soon for the iron and steel industry. The representatives of employers and workers have agreed that unanimous recommendations of a wage board should be implemented fully.

An encouraging trend has been noticed in the coal mining industry where employers and workers have agreed to set up a bipartite committee to examine the entire question of wage revision in the industry; alternative wage-fixing machinery will be considered only if the bipartite committee fails to arrive at a settlement.

Some broad principles of wage determination have been laid down in the Report of the Fair Wages Committee. On the basis of agreement between the parties, the Indian Labour Conference had indicated the content of the need-based minimum wage for guidance in the settlement of wage disputes. This has been reviewed and it has been agreed that the nutritional requirements of a working class family may be re-examined in the light of the most authoritative scientific data on the subject.

Apart from the minimum wage, care should be taken in fixing fair wages for different classes of workers, that adequate incentives are provided for the acquisition and development of skills and for improvements in output and quality. There are, however, wide disparities between the wages of the working class, on the one hand, and the salaries at the higher management levels, on the other.

Owing to the uncertainty attaching to it, the question of bonus has become a source of friction and dispute. It has been decided to appoint a Commission which will include representatives of both parties to study the problems connected with bonus claims and to evolve guiding principles and norms for the payment of bonus.

Notes