An entity is formed for the fulfillment of certain objectives like earning a desired rate of return on its investment, exploitation of natural resources, development of a given backward area and supplying to the public some essential goods and services. All the physical and financial resources are the tools used by human being to achieve the desired goals. Labour is an important input in all the activities, labour has been discussed and analysed in economics since the time of classical economists. The objectives of all the entities can be achieved by managing men. Again development of human resource is the cause of economic or overall development of a country. Low growth and unemployment are the main concern of our economy. Unemployment means wastage of labour because labour cannot be stored up. Unused labour is loss of resource for the country. Thus the human resource management receives the attention of economists and social thinkers to make proper use of this resource for the overall development of the economy. The ministry of human resource development in India has considered the multifaceted aspects to develop these resources during the recent years.

Human resource development is concerned with the optimum use of human resource; it can contribute great benefit at both the national level and organizational level. At national level it would be concerned with such factors as the population and economic development, provision for education facilities and geographical mobility. For an individual, it is important because it helps him to improve his skills and utilize his capabilities and potentiality to the utmost. For an organization it is important because it improves its efficiency and productivity. Thus the objective of human resource planning is to maintain and improve the organizations ability to achieve its goal by developing strategies that will result optimum contribution of human resource.

Employee compensation is a vital part of human resource management. Wage, Salaries and other forms of employee compensation constitute a very
large component of operating costs. One of the biggest factors affecting industrial relations is the salary of the worker. Majority of union-management dispute relate to remuneration. No organisation can expect to attract and retain qualified and motivated employees unless it pays them fair compensation. Employee compensation therefore influences vitally the growth and profitability of the organisation. For employees pay is more than a means of satisfying their physical needs. It provides them a sense of recognition and determines their social status. Remuneration is directly or indirectly one of the main springs of motivation in our society. Wages and salaries have significant influence on distribution of income, consumption, saving, employment, and prices.

The various steps involved in determining the compensation package. They are job analysis, wages or salary surveys, analysis of relevant organizational problem, forming or designing wage and salary structure, framing rules of wages or salary administration, explain these to employees, assigning grades and price to each job and paying the guaranteed wages or salary.

This study is an attempt to examine the Compensation Planning of few select organisations as a mechanism for the human resource development. It is an attempt to examine the method of wage fixation. The study has shown human resource development through Compensation Planning because a good Compensation Package is a mechanism to induce working force to do hard work for achieving organizational goals as well as to improve industrial relation and social development.

In view of the above, as an employee of an organisation, I have a keen desire to study compensation package as a subsystem of human resource development. This study is the result of my long standing desire.

Place: Maligaon, Guwahati-33
Date: 31st Dec, 05
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