

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA – SEMESTER 3 – EXAMINATION – SUMMER 2018**

**Subject Code: 2830302****Date: 04/05/2018****Subject Name: Compensation Management (CM)****Time: 02:30 PM To 05:30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

| Q. No.         | Question Text and Option  | 6         |
|----------------|---|-----------|
| <b>Q.1 (a)</b> | _____ are also called 'payments by results'.  |           |
| 1.             | A. allowances                      B. claims<br>C. incentives                      D. fringe benefits   |           |
| 2.             | The following is paid only at the time of employees exit after serving more than five years or five years<br>A. Perquisites                      B. Claims<br>C. Gratuity                          D. Allowances            |           |
| 3.             | Any compensation plan must be<br>A. Understandable,              B. Reasonable,<br>workable,                              workable, acceptable<br>acceptable  |           |
| 4.             | A _____ must be fixed considering the general economic conditions of the country.<br>A. Minimum wages              B. Fair wages<br>C. Living wages                      D. All of the above                                |           |
| 5.             | Provision for cars, parking lots and membership in country club are examples of<br>A. executive perks              B. Base Salary of executive<br>C. Short term                          D. None of above<br>incentive plan |           |
| 6.             | Stock option and performance shares are examples of<br>A. long-term incentive              B. Base Salary<br>plan<br>C. Short Term                          D. All of the Above<br>incentive plan                           |           |
| <b>Q.1 (b)</b> | <b>Explain the terms:</b>   | <b>04</b> |
|                | 1. Intrinsic Motivation<br>2. Formal Recognition<br>3. Gain Sharing<br>4. Ad hoc teams  |           |
| <b>Q.1 (c)</b> | How Reward System Operates? Explain in detail.  | <b>04</b> |

- Q.2** (a) “Rewards are always considered as one of the important factor for sustaining the employees in organization” Explain the Statement with the Elements of Total Rewards. **07**
- (b) Explain in detail the Types of Contingent Pay Scheme. **07**

**OR**

- (b) Expatriates are given different types of rewards to work in host country. Explain in detail different types of Expatriate Pay and state the allowances given to the Expatriate. **07**

- Q.3** (a) Discuss the Analytical Job Evaluation Scheme in detail. **07**
- (b) Discuss the Determinants of Pay Level in detail. **07**

**OR**

- Q.3** (a) Discuss the types of Grade and Pay Structure in detail with examples. **07**
- (b) Discuss the Sources of Market data from which a company can consider the Market rate while deciding the salary. **07**

- Q.4** (a) Explain the Maternity Benefit Act 1961 with all the recent amendments. **07**
- (b) Explain in detail Payment of Gratuity Act 1972. **07**

**OR**

- Q.4** (a) Discuss Equal Remuneration Act, 1976. **07**
- (b) Explain Features of good Mediclaim Policies. **07**

- Q.5** Watson Public Ltd. Company is well known for its welfare activities and employee oriented schemes in manufacturing industry from more than 10 decades. The top level management views all the employees at same level. This can be clearly understood by seeing the uniform of the company which is same for all starting from MD to floor level workshops. The company have two different cafeterias at different place one near the plant for workers and other near the Administrative building. Though the place is different the amenities, infrastructure, and the food provided are of same quality. In short company stands by the rule of employee equality. **14**

The company has one registered trade union and the relationship between the union and management is very cordial. The company has not lost a single man due to strike. The company is not a pay master in that industry. The Compensation policy of that company, hen compared to other similar companies is very less still the employees does not have grievance due to other benefits provided by the company. But the company is facing problem this days like quality issues, mismatch in packing the material, not dispatching the material on time etc...

The management handed over this case to the HR department of the company. During the investigation it was found the there was no problem with the system but the approach of the employee was very casual towards work. The reason when asked, company found that it was due to new employees been hired at a higher package then the existing one.

Question

Design a fair new compensation structure for a company which could satisfy the existing employees and could attract the new employees.

**OR**

New Delhi Shopping point has about 300 employees, 200 of whom are on the permanent rolls, whereas the rest are outsourced. About 50% of the employees are females. Since, it was the new entrant in the business, the retail chain has adopted the ongoing practice of job evaluation rather than framing its own job evaluation and classification system. As a result, the chain failed to establish a mutually agreed compensation design plan and was accused of deliberate pay inequity, without valuing diversity issues. This institutional failure to establish pay equity ultimately led to successive strikes by dissatisfied employees. Eventually, these employees formed unions with strong opposing political affiliations.

The company then formed a task force with cross functional team managers to educate employees on the methods of job correlation and job pricing. The idea behind the force was to receive the support of employees to develop a mutually accepted job evaluation scheme and rationalize the company's pay differentiation strategies. Although this scheme might have reduced the employees dissatisfaction on pay parity, it failed to eliminate inequity, resulting in dissension amidst a small section of employees.

In retail store, customers notice dissatisfaction employees immediately, especially when their queries go unheard, when they are left to guess the price of an item whose price tag is missing, or when they are not properly informed about product features. The business of retail chain suffers when it fails to captivate customers. The New Delhi Shopping Point faced all these predicaments, resulting in a substantial loss of business and significant reduction in customers.

Facing successive business losses, the company ultimately decided to discuss the pay parity issue and to arrive at a solution. It also agreed to develop a suitable job evaluation scheme, aligned with the compensation design plan. All the unions agreed to this proposition of the company and promised to come out with a win win solution on the pay parity. Some of issue suggested by the unions were correctly capture some key features of work done by female employees, differentiate between quality of customer relation, less payment to the female workers. They threatened to refer the matter to the Human Rights commission, if conciliation failed.

Question:

As a team Member, repressing the management suggest a way for the company to achieve pay parity.

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