

Enrollment No.: _____

Seat No.: _____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA - SEMESTER - III EXAMINATION - WINTER 2025

Subject Code: 4539232

Date: 18-12-2025

Subject Name: Compensation Management

Time: 10:30 AM TO 01:30 PM

Total Marks: 70

Instructions

- 1. Attempt all questions.**
- 2. Make suitable assumptions wherever necessary.**
- 3. Figures to the right indicate full marks.**
- 4. Use of simple calculators and non-programmable scientific calculators are permitted.**

- Q.1** Explain the following terms: **14**
- (a) Career family structure
 - (b) Expatriate pay
 - (c) Job matching
 - (d) Distributive Justice
 - (e) Financial Rewards
 - (f) Spot Rate
 - (g) Deferred Bonus
- Q.2** (a) Discuss the characteristics and aims of reward management. **07**
- (b) What is total reward? Explain various elements of total rewards with necessary examples. **07**
- OR**
- (b) How compensation and engagement is related? Explain IES model of employee engagement with example. **07**
- Q.3** (a) What is job evaluation? Explain analytical methods of job evaluation with suitable examples. **07**
- (b) What is contingent pay? Differentiate between Competency –related pay and Skill related pay with suitable examples. **07**
- OR**
- Q.3** (a) Explain Team Pay along with the advantages and disadvantages of team pay and its rationale. **07**
- (b) What is the difference between incentives and rewards and discuss the types of non-financial rewards. **07**
- Q.4** (a) Differentiate among – broad banded, broad graded and narrow graded – grade structures of the rewards along with its characteristics. **07**

- (b) Write a note on Executive Pay and give rationale why their pay has grown so much? **07**

OR

- Q.4** (a) Explain the permissible deductions under payment of wage act, 1936. **07**
(b) What is mean by Mediclaim Policy? Discuss some salient features. **07**

Q.5 CASE STUDY:

Zenith Power Ltd, a renewable energy company based in Maharashtra, is a leading player in the green energy sector, producing 25% of India's solar and wind energy. However, rising competition in the renewable energy market posed a significant challenge to retaining top talent, as rival companies aggressively offered attractive compensation packages to Zenith's employees. In response, the company appointed a new CEO, Ms. Reena Desai, to develop a competitive yet cost-effective compensation and benefits strategy aimed at boosting employee retention and engagement. Ms. Desai identified that the company's traditional compensation model, although aligned with market standards, was insufficient to prevent poaching by competitors. To address this, she launched several innovative and flexible employee benefits. A key initiative was the introduction of a voluntary benefit discount scheme, in which Zenith partnered with e-commerce platforms, fitness centers, travel agencies, and grocery stores to offer exclusive discounts. This allowed employees to select benefits tailored to their needs, increasing their purchasing power without raising direct salary costs.

Additionally, Ms. Desai introduced flexible pension schemes, providing two options: a Defined Benefit Plan, which guaranteed a fixed payout upon retirement based on years of service, and a Defined Contribution Plan, where the company matched employee contributions to a retirement fund, with benefits depending on investment performance. This gave employees control over their retirement planning, allowing them to choose according to their financial goals. To further encourage employee loyalty, Ms. Desai implemented loyalty programs and a profit-sharing scheme. This rewarded long-term service and allowed employees to share in the company's success, fostering a sense of ownership and motivation. Ms. Desai also instituted quarterly reviews of the reward system and established an employee feedback loop to ensure the benefits remained relevant and competitive. In just one year, these efforts led to a 1.8% reduction in HR costs, an increase in employee satisfaction, and a decrease in turnover. Through innovative benefits and regular evaluation, Zenith Power Ltd strengthened its position in retaining top talent amidst a competitive market.

- (a) Discuss in short, the tax treatment of various benefits as per Income Tax Act. **07**
(b) What were the key elements of Ms. Desai's innovative employee benefits strategy at Zenith Power Ltd? **07**

OR

- Q.5** (a) Considering above Situation, discuss the process of reward system. **07**
(b) In what ways did the loyalty programs and profit-sharing schemes contribute to increased employee motivation and retention? **07**