

PGDM, 2016-18
Subject: Compensation Management
Subject Code: DM-521
Trimester – V, End-Term Examination: December 2017

Time allowed: 2 hrs 30 min

Max Marks: 50

Roll No: _____

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. In case of rough work please use answer sheet.

Sections	No. of Questions to attempt	Marks	Marks
A	3 out of 5 (Short Questions)	5 Marks each	3*5 = 15
B	2 out of 3 (Long Questions)	10 Marks each	2*10 = 20
C	Compulsory Case Study	15 Marks	15
		Total Marks	50

Section A (Short Questions)

Attempt any Three.

3*5=15

1. "Tournament theory of motivation justifies meritocracy". Comment
2. How the compensation function fits into the following functions of HR.
 - a. Performance Appraisal,
 - b. Recruitment
 - c. Training of any organization
3. "Compensation strategies of Innovator, Cost Cutter and Customer Focused based approaches are different". Comment
4. One of the recent approaches of giving fringe benefits to their employees is 'Cafeteria Compensation' for allocation of fringe benefit. Discuss.
5. Organization XYZ is in expansion mode. The total number of employees is increased from 100 to 1000. The average compensation costs for the year 2015-16 and 2016 -17 is given below. As a Compensation Expert, analyse the two Compensation distribution for two consecutive years of XYZ organization.

Compensation Sheet of 2015-16; Total No. of employees 100

Role	No. Of People	Average Salary	Total Compensation
Engineer	48	4,00,000	19200000
Sr. Engineer	27	7,00,000	18900000
Tech Lead	13	9,00,000	11700000
Project Manager	6	12,00,000	7200000
Manager	3	18,00,000	5400000
Sr. Manager	2	22,00,000	4400000
Director	1	30,00,000	3000000
Total	100	6,98,000	69800000

Compensation Sheet of 2016-17; Total No. of employees 1000

Role	No. Of People	Average Salary	Total Compensation
Engineer	480	4,00,000	192000000
Sr. Engineer	270	7,00,000	189000000
Tech Lead	130	9,00,000	117000000
Project Manager	59	12,00,000	70800000
Manager	29	18,00,000	52200000
Sr. Manager	19	22,00,000	41800000
Director	9	30,00,000	27000000
Sr. Director	3	42,00,000	12600000
VP	1	60,00,000	6000000

Section B (Long Questions)

Attempt any Two.

Q1. You can motivate your employees by giving both individual and team best incentives. Describe any two types of incentive schemes under individual and Group incentives.

2. Compensation represents both the extrinsic and intrinsic rewards employees receive for performing their jobs. Justify.

3. Consider your college. What are the compensable factors required for your college to evaluate jobs of Academic and Non Academic staffs? How would you go about identifying

these factors? Should the college mission be reflected in your factors or more generic factors used in the Hay plan would be considered? Discuss.

Section C (Case Study)

Calculate the Bonus

15 marks

ABC is a twenty five years old big power generation organization. The minimum bonus calculated by the company to be given to its employees is Rs. 2,090,0000. The maximum bonus is approximately Rs.5,000,0000/-. The allocable surplus (67% of the available surplus) is given year wise. You are required to calculate the bonus given by the organization for ten years, based on set on and set off principle as given under Payment of Bonus Act, 1965.

Year	Allocable Surplus
1	Rs. 2,090,0000
2	Rs. 8,000,0000
3	Rs. 1,300, 0000
4	Rs. 5, 500,0000
5	Rs. 1,000,0000
6	Rs. 800,0000
7	Rs. 6, 200,0000
8	Rs. Nil
9	Rs.1,000,0000
10	Rs.7,250,0000