

PGDM 2018-20
Compensation Management
DM- 521

Trimester – 5 End-Term Examination: September 2019

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**. All other instructions on the reverse of Admit Card should be followed meticulously. Students are allowed to carry calculator.

Sections	No. of Questions to attempt	Marks	Total Marks
A	3 long answer questions with internal choices and CILO covered and	3*10	30
B	Compulsory Case Study	20	20
			50

SECTION A

1. Calculate the bonus for the following employee. Assume that the basic salary of an employee is Rs.15000/- and his attendance for all the months of the year is given below. The organization has decided to give 11% bonus to the employee. (CILO-3)

Month	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	Jan.	Feb	March
Attendance	30	15	15	31	15	30	31	15	31	14	28	13
Basic Salary	15,000											

OR

Calculate the Bonus

Lajaj is a ten years battery manufacturing organization. The minimum bonus calculated by the company to be given to its employees is Rs. 1,045,00/- . The maximum bonus is approximately Rs. 2,500, 00/- . The allocable surplus (67% of the available surplus) is given year wise. You are required to calculate the bonus given by the organization of ten years.

Year	Allocable Surplus

1	Rs 2,000,00
2	Rs, 1,045,00
3	Rs. 2,500,00
4	Rs. 4,500,00
5	Rs. 2,000,00
6	Rs. 3,500,00
7	Rs. Nil
8	Rs. 6,200,00
9	Rs.1,000,00
10	Rs.2,250,00

2. Organizations are focusing now more on 'Total Returns' than only on 'Compensation'. Justify your answer by discussing different components of Total Returns. (CILO-1)

Or.

"An ideal compensation strategy should stem out from business strategy of the organization." Justify the statement by discussing all the five dimensions of compensation strategy with suitable examples. (CILO-1)

3. Assume yourself as the Compensation Head of a reputed multinational FMCG company. Your organization is hiring a Marketing Head (North India). As a compensation expert, you need to design the compensation for the position by using point method of job evaluation. What are the compensable factors you will consider, how you will scale and weight the factors, discuss. (CILO-2)

OR.

As a Compensation and Benefit manager, you are asked to design different Individual and Group Incentives plans for your employees. With suitable example, explain when to choose individual plan and when to choose group incentive plan.

SECTION B

Individual or Team Reward?

Jack Hopson has been making wood furniture for more than 10 years. He recently joined Metropolitan Furniture and has some ideas for Sally Boston, the company's CEO. Jack likes working for Sally because she is very open to employee

suggestions and is serious about making the company a success. Metropolitan is currently paying Jack a competitive hourly pay rate for him to build various designs of tables and chairs. However, Jack thinks that an incentive pay plan might convince him and his co-workers to put forth more effort.

At Jack's previous employer, a competing furniture maker, Jack was paid on a piece rate pay plan. The company paid Jack a designated payment for every chair or table that he completed. Jack felt this plan provided him an incentive to work harder to build the furniture pieces. Sally likes Jack's idea; however, Sally is concerned about how such a plan would affect the employees' need to work together as a team.

While the workers at Metropolitan build most furniture pieces individually, they often need to pitch in and work as a team. Each worker receives individual assignments, but as a delivery date approaches for a preordered furniture set due to a customer, the workers must help each other complete certain pieces of the set to ensure on time delivery. A reputation for on time delivery differentiates Metropolitan from its competitors. Several companies that compete against Metropolitan have a reputation of late deliveries, which gives Metropolitan a competitive edge. Because their promise of on time delivery is such a high priority, Sally is concerned that a piece-rate pay plan may prevent employees from working together to complete furniture sets.

Sally agrees with Jack that an incentive pay plan would help boost productivity, but she thinks that a team-based incentive pay plan may be a better approach. She has considered offering a team-based plan that provides a bonus payment when each set of furniture is completed in time for scheduled delivery. However, after hearing from Jack about the success of piece-rate pay plan at his previous employer, she is unsure of which path to take.

Questions:

1. What are some advantages of offering a piece-rate pay plan to the furniture builders at Metropolitan Furniture? What are some advantages of offering a team-based incentive pay plan?
2. What Sally should do? If you were in Sally's position, what incentive strategy you would have opted?