

Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) –201306

**POST GRADUATE DIPLOMA IN MANAGEMENT (2020-22)**  
**END TERM EXAMINATION (TERM -V)**

Subject Name: **Compensation and Reward Management**Time: **02.30 hrs**Sub. Code: **PGH04**Max Marks: **60****Note:**

All questions are compulsory. Section A carries 10 marks:5 questions of 2 marks each, Section B carries 30 marks having 3 questions (with internal choice question in each) of 10 marks each and Section C carries 20 marks one Case Study having 2 questions of 10 marks each.

**SECTION - A**

Attempt all questions. All questions are compulsory.

**2×5 = 10 Marks**

**Q.1 (A):** Review the essence of any two wage theories and discuss their contemporary relevance for wage determination

**Q.1 (B):** How is a gain sharing plan different from profit-sharing plan? How might gain sharing plan affect attraction and retention of employees?

**Q.1 (C):** What are the key considerations in the design of employee benefits program? Also reflect on emerging trends in employee benefits

**Q.1 (D):** Should stock option plans be used as a part of executive compensation packages? Why or why not?

**Q.1 (E):** Critically analyze the correlation between employee motivation and incentive plans in an organization of your choice.

**SECTION – B****10 x 3 = 30 Marks**

All questions are compulsory (Each question has an internal choice. Attempt any one (either A or B) from the internal choice)

**Q. 2: (A).** What is Grade and Pay Structure? Discuss the broad banding and its significance in compensation management.

**Or**

**Q. 2: (B).** What do you mean by Reward? Discuss different components of reward system and their significance.

**Q. 3: (A).** Develop a suitable compensation policy for the sales managers at a consumer durable company. The compensation policy should address the following: appraisals, raises, holidays, vacation pay, overtime pay, medical insurance and method of pay

**Or**

**Q. 3: (B).** How employees work will be checked in team? Prepare the List of the advantages and disadvantages of team pay and its rationale.

**Q. 4: (A).** Discuss in detail Bonus Act? Explain the various amendments done in both the Acts?

**Or**

**Q. 4: (B).** Explain in detail ESIC Act? Discuss the various amendments done in both the Acts?

**SECTION - C**

**Q. 5: Case Study:**

The Hotel Paris's competitive strategy is "To use superior guest service to differentiate the Hotel Paris properties, and to thereby increase the length of stay and return rate of guests, and thus boost revenues and profitability." HR Manager Lisa Cruz must now formulate functional policies and activities that support his competitive strategy, by eliciting the required employee behaviors and competencies

One of Lisa Cruz's biggest pay-related concerns is that the Hotel Paris compensation plan does not link pay to performance in any effective way. Because salaries were historically barely competitive, supervisors tended to award merit raises across the board. So, employees who performed well got only about the same raises as did those who performed poorly. Similarly, there was no bonus or incentive plan of any kind aimed at linking employee performance to strategically relevant employee capabilities and behaviors such as greeting guests in a friendly manner or providing expeditious check-ins and check-outs.

Based on their analysis, Lisa Cruz and the CFO concluded that by any metric, their company's incentive plan was totally inadequate. The percentage of the workforce whose merit increase or incentive pay is tied to performance is effectively zero, because managers awarded merit pay across the board. No more than 5% of the workforce (just the managers) was eligible for incentive pay. And the percentage of difference in incentive pay between a low-performing and a high-performing employee was less than 2%. Lisa knew from industry studies that in top firms, over 80% of the workforce had merit pay or incentive pay tied to performance. She also knew that in high-performing firms, there was at least a 5 or 6% difference in incentive pay between a low-performing and a high-performing employee. The CFO authorized Lisa to design a new strategy-oriented incentive plan for the Hotel Paris's employees. Their overall aim was to incentivize the pay plans of just about all the company's employees.

Lisa and the company's CFO laid out three measurable criteria that the new incentive plan had to meet. First, at least 90% (and preferably all) of the Hotel Paris's employees must be eligible for a merit increase or incentive pay that is tied to performance. Second, there must be at least a 10% difference in incentive pay between a low-performing and high-performing employee. Third, the new incentive plan had to include specific bonuses and evaluative mechanisms that linked employee behaviors in each job category with strategically relevant employee capabilities and behaviors. For example, front-desk clerks were to be rewarded in part based on the friendliness and speed of their checkins and checkouts, and the housekeeping crew was to be evaluated and rewarded in part based on the % of room cleaning infractions.

**Questions:**

**Q5 (A):** Discuss what you think of the measurable criteria Lisa and CFO set for the new incentive plan.

**Q5 (B):** Lay out a complete incentive plan (including long term and short term incentives) for the Hotel Paris' hotel managers.

**Mapping of Questions with Course Learning Outcome**

<b>Question Number</b>	<b>COs</b>	<b>Marks Allocated</b>
Q. 1:	<b>CO1</b>	<b>10</b>
Q. 2:	<b>CO2</b>	<b>10</b>
Q. 3:	<b>CO4</b>	<b>10</b>
Q. 4:	<b>CO3</b>	<b>10</b>
Q. 5:	<b>CO4</b>	<b>20</b>

**Note:** Font: Times New Roman, Font size: 12.