

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

POST GRADUATE DIPLOMA IN MANAGEMENT (2024-26)
END TERM EXAMINATION (TERM -III)

Subject Name: **COMPENSATION, BENEFITS AND REWARDS MANAGEMENT** Time: **02.00 hrs**
Sub. Code:PGH-32 Max Marks: **40**

Note: All questions are compulsory. Section A carries 12 marks: 6 questions of 2 marks each, Section B carries 18 marks having 3 questions (with internal choice question in each) of 6 marks each and Section C carries 10 marks one Case Study having 2 questions of 5 marks each.

- CO1-** Explain the fundamental concepts, objectives, dimensions, and components of compensation, along with wage theories and strategic perspectives.
CO2- Analyze the factors influencing compensation and their implications on wage concepts and theories in organizational contexts
CO3- Describe the process and evaluate the implications of job evaluation and Identify the internal and external environmental factors that have an impact on the pay structure of an organization
CO4- Understand the different types of incentives and performance linked pay offered by the organizations and analyze, integrate, and apply this knowledge to solve compensation related problems in organizations.
CO5- Evaluate the concepts of employee benefits issues and executive remuneration to help the organization achieve a competitive advantage.
CO6- Critically assess the legal frameworks governing compensation, including wage laws, social security provisions, and ethical considerations in compensation management..

SECTION - A

Attempt all questions. All questions are compulsory.

2×6 = 12 Marks

Questions	CO	Bloom's Level
Q. 1: (A). Briefly explain the Marginal Productivity Theory. Q. 1: (B). How does compensation align with business strategy? Q. 1: (C). Explain any two external factors affecting compensation decisions. Q. 1: (D). According to Equity Theory, why is perceived fairness important in compensation systems? Q. 1: (E). What is net take-home salary? How is net salary calculated from gross salary? Q. 1: (F). What is broad-banding in compensation management? Mention one limitation and one benefit of broad branding.	CO1 CO2	

SECTION – B

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

6 x 3 = 18 Marks

Questions	CO	Bloom's Level
Q. 2: (A). <i>A mid-sized manufacturing company has observed that while individual employees are meeting their targets, overall team coordination and productivity remain low. The management is considering whether to introduce individual incentive schemes to further boost personal performance, or shift towards group incentive schemes to encourage teamwork and collaboration.</i>		

<p>As an HR consultant, how would you guide the organization in choosing between individual and group incentive schemes? Compare and contrast both types of incentives, highlighting their merits and demerits. Based on the situation, justify which incentive scheme would be more suitable and why.</p> <p style="text-align: center;">Or</p> <p>Q. 2: (B). <i>A rapidly growing fintech startup has been using a traditional fixed salary structure for all its employees. However, the leadership team feels that the current system does not effectively drive high performance or align employee efforts with company goals. They are exploring the idea of implementing performance-linked compensation to enhance motivation and reward top performers.</i></p> <p>As part of the HR advisory team, explain the concept of performance-linked compensation to the management. What are its key objectives, and how does it differ from traditional pay systems? Analyze how this shift could impact employee motivation, performance, and organizational culture in the given scenario.</p> <p>Q. 3: (A). A large manufacturing company based in India is expanding its operations and increasing its workforce. The HR department is in the process of designing a compensation package for its employees, ensuring it complies with statutory benefits as mandated by Indian labor laws. Explain the statutory benefits that the company must provide to its employees as per Indian labor laws. Discuss how these benefits impact the organization and employees.</p> <p style="text-align: center;">Or</p> <p>Q. 3: (B). You are tasked with designing a fringe benefits program for an organization with a large number of employees across different age groups, including millennials, Generation Z, and baby boomers. How would you design a fringe benefits package that appeals to the diverse needs of these different demographic groups? Explain your design and justify why these benefits would be attractive to each group.</p> <p>Q. 4: (A). Compare and contrast the Minimum Wages Act, 1948, Payment of Wages Act, 1936, Equal Remuneration Act, 1976, and the Payment of Bonus Act, 1965. Discuss the objectives of each Act and the key differences in their provisions. How do these Acts collectively contribute to the protection of workers' rights and ensure fair compensation? Provide an analysis of how these laws affect different sectors of the economy.</p> <p style="text-align: center;">Or</p> <p>Q. 4: (B). Describe the Employees' State Insurance Corporation (E.S.I.C.) Act, 1948, and its importance in providing social security benefits to workers. Discuss the scope of the Act, the types of benefits provided under the ESI scheme (such as medical benefits, sickness benefits, maternity benefits), and the contribution structure. How does the ESI system support employees in times of need, and what are the compliance challenges faced by employers?</p>	<p>CO4</p> <p>CO5</p> <p>CO6</p>	
<p style="text-align: center;"><u>SECTION - C</u></p> <p>Read the case and answer the questions 5×02 = 10 Marks</p>		
<p style="text-align: center;">Questions</p>	<p style="text-align: center;">CO</p>	<p style="text-align: center;">Bloom's Level</p>

<p>Q. 5: Case Study:</p> <p>Joe Black was trying to figure out what to do about a problem salary situation he had in his plant. Black recently took over as president of Acme Manufacturing. The founder and former president, Bill George, had been president for 35 years. The company was family owned and located in a small eastern Arkansas town. It had approximately 250 employees and was the largest employer in the community. Black was the member of the family that owned Acme, but he had never worked for the company prior to becoming the president. He had an MBA and a law degree, plus five years of management experience with a large manufacturing organization, where he was senior vice president for human resources before making his over to Acme.</p> <p>A short time after joining Acme, Black started to notice that there was considerably inequity in the pay structure for salaried employees. A discussion with the human resources director led him to believe that salaried employees pay was very much a matter of individual bargaining with the past president. Hourly paid factory employees were not part of this problem because they unionized and their wages were set by collective bargaining. An examination of the salaried payroll showed that there were 25 employees, ranging in pay from that of the president to that of the receptionist. A closer examination showed that 14 of the salaried employees were female. Three of these were front line factory supervisors, and one was the human resource director. The other 10 were non-management.</p> <p>This examination also showed that the human resources director appeared to be underpaid, and that the three female supervisors were paid somewhat less than any of the male supervisors. However, there were no similar supervisory jobs in which there were both male and female job incumbents. When asked, the Hr director said she thought the female supervisors may have been paid at a lower rate mainly because they were women, and perhaps George, the former president, did not think that women needed as much money because they had working husbands. However, she added she personally thought that they were paid less because they supervised less-skilled employees than did the male supervisors. Black was not sure that this was true.</p> <p>The company from which Black had moved had a good job evaluation system. Although he was thoroughly familiar with and capable in this compensation tool, Black did not have time to make a job evaluation study at Acme. Therefore, he decided to hire a compensation consultant from a nearby university to help him. Together, they decided that all 25 salaried jobs should be in the same job evaluation cluster, that a modified ranking method of job evaluation should be used, and that the job descriptions recently completed by the HR director were current, accurate, and usable in the study.</p> <p>The job evaluation showed that the HR director and the three female supervisors were being underpaid relative to comparable male salaried employees.</p> <p>Black was not sure what to do. He knew that if the underpaid female supervisors took the case to the local EEOC office, the company could be found guilty of sex discrimination and then have to pay considerable back wages. He was afraid that if he gave these women an immediate salary increase large enough to bring them up to where they should be, the male supervisors would be upset and the female supervisors might comprehend the total situation and want back pay. The HR director told Black that the female supervisors had never complained about any pay differences.</p> <p>The HR director agreed to take a sizable salary increase with no back pay, so this part of the problem was solved. Black believed he had for choices relative to the female supervisors:</p> <ol style="list-style-type: none"> 1. To do nothing. 	CO3	
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2. To gradually increase the female supervisors salaries. 3. To increase their salaries immediately. 4. To call the three supervisors into his office, discuss the situation with them, and jointly decide what to do. Questions: Q. 5: (A). What would you do if you were Black? Q. 5: (B). How do you think the company got into a situation like this in the first place?		
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Kindly fill the total marks allocated to each CO's in the table below:

COs	Question No.	Marks Allocated
CO1	A,B,C	6
CO2	D,E,F	6
CO4	Q2	6
CO5	Q4	6
CO6	Q4	6
CO5	Q5	10

Blooms Taxonomy Levels given below for your ready reference:

L1= Remembering

L2= Understanding

L3= Apply

L4= Analyze

L5= Evaluate

L6= Create