



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

**POST GRADUATE DIPLOMA IN MANAGEMENT (2017-19)
MID TERM EXAMINATIONS (TERM -V)**

Subject Name: **Compensation Management and Its Legal Aspects**
Sub. Code: **PGH04**

Time: **01.30 hrs**
Max Marks: **20**

Note:

- 1. Writing anything except Roll Number on question paper will be deemed as an act of indulging in unfair means and action shall be taken as per rules.**
- 2. All questions are compulsory in Section A, B & C. Section A carries 01 Case Study with 2 questions of 4 marks each. Section B carries 3 questions of 2 marks each and Section C carries 2 questions of 3 marks each.**

SECTION – A

04+04 = 08 Marks

Q. 1: Pay for Performance Enhances Employee Management at Scripps Health

Scripps Health is a long-standing and prominent nonprofit health-based organization that is based in the greater San Diego area. The organization experienced a severe financial downturn that led to increased employee discontent and turnover, as well as the exit of the firm's CEO. In an effort to fix these problems, CEO and President Chris Van Gorder implemented a new strategic plan that was used to enhance how the employees were treated.

The new strategic plan contained several components that encouraged employees to work more effectively in their jobs. For example, administrators were to utilize a more participatory leadership approach to create "buy-in" among staff members, and a natural extension of this approach was the development of a physician leadership cabinet that improved how personnel interacted with each other, and that strengthened firm coordination through widespread communication. Top managers also focused on improving individual satisfaction and productivity by enhancing work efficiency levels.

A major part of these more streamlined operations stemmed from implementation of a beneficial performance management plan. In particular, this plan outlined how managerial talent would be developed, employees would be recognized for a job well done, and motivation would be orchestrated through a competitive compensation approach.

Reorganizing the compensation policies of the organization was one of the primary areas targeted for improvement by the firm's leadership. Part of this redesign process involved periodic reviews of job content, the use of annual appraisals to enhance communication, and the assessment of experience and education to properly adjust compensation amounts. Further, the organization strives to offer competitive compensation that rests at the 65th percentile of the relevant labor markets, which positions the firm squarely in the middle between the top and bottom levels of competitive compensation. The company also tests the pay markets twice a year so that it can remain competitive with regard to compensation. Finally, workers can tap into extra money based on ratings given vis-à-vis the annual performance appraisal sessions; if employees do well on their performance reviews, they can earn as much 5% of their salaries as merit-based compensation.

Q1 A. Discuss how this case illustrates that compensation can be used as a method for improving employee satisfaction and motivation (4)

Q1 B. With reference to the case explain the importance of external, internal and procedural equity in designing compensation policy. (4)

SECTION – B

02×03 = 06 Marks

Q.2. A manufacturing organization has to recruit a large number of both skilled and unskilled workers. These workers are easily available given the present economic conditions. Your company believes there is no need to pay the workers above the minimum wage set by the state government. However, you personally feel that since the company is capable of paying more, living wage should be provided to the workers. Provide your arguments based on the concept of minimum, fair and living wage.

Q. 3. Define the pay-structure decision. What is job evaluation, how does it help managers build a pay structure?

Q4. Explain in detail the difference between direct and indirect financial compensation?

SECTION – C

03×02 = 06 Marks

Q. 5. Explain the concept of employee compensation management. What is its significance?

Q. 6 Compare and Contrast Subsistence Theory and Residual Claimant Theory of Wages.