

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

**POST GRADUATE DIPLOMA IN MANAGEMENT (2021-23)
END TERM EXAMINATION (TERM -III)**

Subject Name **Compensation, Benefits and Rewards Management**
Sub. Code **PGH32**

Time: **02.30 hrs**
Max Marks: **40**

Note:

All questions are compulsory. Section A carries 5 marks: 5 questions of 1 marks each, Section B carries 15 marks having 3 questions (with internal choice question in each) of 7 marks each and Section C carries 14 marks one Case Study having 2 questions of 7 marks each.

SECTION - A

Attempt all questions. All questions are compulsory. (CO2)

1×5 = 5 Marks

Write short notes on

Q. 1: (A). Difference between wages and salary

Q. 1: (B). Indirect compensation

Q. 1: (C). Factors affecting pay

Q. 1: (D). Equity Theory

Q. 1: (E). Marginal Productivity theory

SECTION - B

7 x 3 = 21 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). Nitish is a pensioner from Maharashtra State Government. He retired in December 2015 receiving an amount of Rs. 10,00,000 as gratuity. But he received a further amount of Rs. 1.20 lakhs in April 2018 consequent on revision of pay. At the time of his retirement the exemption limit was Rs. 10 lakh. Is he eligible for the higher exemption limit under Sec. 10(10) available at the time of receipt?

CO 4

or

Q. 2: (B). Sumit manages a small business. He discovers that some employees are motivated by pay raises while others are motivated by greater autonomy. For those who want pay rise he has designed a system of merit pay increase linked with performance level. While others have an average pay. What are the problems he is likely to face? Are there any loopholes in the system? Give your opinion and design an appropriate compensation package to deal with the problem? CO 4

Q. 3: (A). Why would a company prefer gainsharing plan over team incentive plans. With the help of example differentiate between the impropshare plan and Scanlon plan.

Or

Q. 3: (B). What are the different components of compensation package? According to guidelines of companies Act relating to compensation of CEO, what components do you feel are overemphasized and underemphasized? How should they be right sized? CO1

Q. 4: (A). It is often said that “Compensation Entitlements Are Going out the Window,” fixed or secure pay is becoming rare. What impact do you think this has on employees’ outlook? What, if any, are the negative and positive aspects of this trend? Explain.

or

Q. 4: (B). “Fringe benefits are normally used as an informal way rather than an ethical motivation in an organization- Critically evaluate. Shed light on relevance of fringe benefits in post pandemic scenario. CO3

SECTION - C

Read the case and answer the questions

7×02 = 14 Marks

Q. 5: Case Study: A Challenge at Antle Corporation

Antle Corporation (a fictitious name for a company known to one of this book’s authors) is a large electronics and computer firm headquartered on the East Coast. It has more than 100,000 employees. Founded in 1912, Antle was generally regarded as the world’s number-one designer and manufacturer of large computer equipment from the late 1940s until the early 1990s. At its peak, its share of the market was estimated at 80 percent. The compensation system at Antle has evolved through the decades, and top managers as well as employees report high levels of satisfaction with it. The following are the essential elements of the compensation system:

- All jobs are evaluated using a point factor approach once every 10 years, with minor adjustments made in between evaluations to correct inequities.
- The company hires a consulting firm once a year to conduct a salary survey for benchmark jobs. The company’s pay policy is to peg salaries at the 75th percentile of the market.
- There are 25 grade levels in the company. Employees increase their pay level mainly by moving up the corporate hierarchy over time. The typical employee remains three years in one job before being promoted to a job at the next grade level. All employees are hired at the entry level and are groomed within the company. Although promotions are ostensibly based exclusively on performance, in practice “time on grade” plays an important role in deciding who is ready to move up.
- Perquisites and special benefits are closely tied to grade level. Stock options, for instance, are available only to employees in grades 17 through 25.
- Pay and promotion decisions are highly centralized.
- The only variable compensation comes from a profit-sharing plan under which the company funds a retirement plan for each employee based on the firm’s profitability over the preceding year.
- Although “pay for performance” is the company’s official policy, most employees view job security and upward mobility over time as the main rewards offered by the firm.
- A strict pay-secrecy policy is in force.

For the past 10 years, Antle’s market share has been declining at an average rate of 2 percent annually. The board of directors decided to offer early retirement to Antle’s chief executive officer, Alan Steven, who had been at the helm for almost 20 years, and replaced him with Peter Merton, who was hired from a smaller but fast-growing competitor. Merton’s mandate is to reverse the company’s declining market share by fostering growth and enhancing flexibility. Because labor costs are almost 70 percent of Antle’s total costs, one of Merton’s first actions was to appoint a

committee to examine the firm’s compensation practices. The committee included the vice president for human resources, the comptroller, and two external human resource consultants. Four months later, the committee produced a report identifying several key problems with Antle’s compensation system and related HRM practices. These problems, according to the report, add to Antle’s production costs and reduce the company’s flexibility and capacity to respond to market changes. The committee’s report presented the following conclusions:

- The firm has too many management layers. This is expensive and slows communication.
- Most employees have developed a sense of entitlement; that is, they feel they “deserve” regular raises and promotions. This perception has had a negative effect on motivation.
- The promotion-from-within policy has meant that once hired, very few employees are terminated, even if they are not performing up to standard. As a result, many employees are trapped at Antle because they cannot earn an equivalent salary at any other company.
- Jobs are too narrowly defined, increasing labor costs and preventing people from working to their full potential.
- The company is top heavy with highly paid employees whose best days are over but who are still many years from retirement.
- The firm’s tradition of providing job security is now putting it at a disadvantage because it cannot reduce its labor force to remain competitive.
- The firm has not been taking advantage of outsourcing to foreign locations in order to preserve employee loyalty. But this means that competitors who are going to places such as China and India enjoy a substantial compensation edge, which improves their bottom line. After reading the report, Merton is trying to decide what to do about the problems that have been identified.

Questions:

Q. 5: (A). Based on what you’ve read about Antle, do you agree with the problems identified by the committee? If not, what alternative set of problems or issues do you see?

Q. 5: (B). What are the pros and cons of Antle’s compensation policies? Are they attuned to its new business strategies of fostering growth, increasing market share, and enhancing flexibility to respond to competitors?

CO 5

Mapping of Questions with Course Learning Outcome

Question Number	COs	Bloom’s taxonomy level	Marks Allocated
Q. 1:	CO2		5marks
Q. 2:	CO4		7 marks
Q. 3:	CO1		7 marks
Q. 4:	CO3		7 marks
Q. 5:	CO5		14 marks

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