

**Jagan Institute of Management Studies**  
**End-Term Examination, December, 2016 – January, 2017**  
**Trimester V – PGDM 2015-17**

***Compensation Management***  
***ET\_PG\_CM\_2612***

Time: 3 Hrs.

M. Marks: 70

**INSTRUCTIONS: Attempt any FIVE questions including Q1 & Q7 which are compulsory.**

- Q 1** Comment on any **FOUR** of the following
- a) Total Rewards
  - b) Internal and External Equity in Compensation
  - c) Wage Settlement Machinery.
  - d) Compensation Surveys.
  - e) Taxation of Salary Income in India.
  - f) Balance Sheet Approach to International Compensation. **18**
- Q 2** Many managers say that job analysis is a colossal waste of their time and the time of their employees in modern organisations. Do you agree or disagree? Why? **12**
- Q 3** Explain how the term wages has been used in various labour legislations in India in terms of the different components of wages being included or excluded for different purposes. If you were the final decision maker, describe what would your stance be? **12**
- Q 4** Elucidate the ideal role and the real impact that trade unions have had on the wage and salary levels in organisations. Suggest five steps for the trade unions to follow for creating a win-win situation for the employees and the organisations. **12**
- Q 5** Briefly discuss the usual components of executive compensation plans. Why are they structured the way they are in general and in India in particular? **12**
- Q 6** Critically evaluate the typical compensation components offered to senior level employees who are hired or transferred to a foreign work site giving reasons for the same. **12**
- Q 7** Read the following case carefully and answer the questions that follow:

## **SENIORS VERSUS JUNIORS**

Super Star Electronics Limited was established in 1978 in Faridabad. It produces and markets all types of electronic goods. It has been one among the top five companies as for the level of technology and one among the top three companies regarding marketing of the products. The company's policies and practices concerning human resource management are considered amongst the best in the country. The company's salary administration policies and practices were taken as guidelines not only by the other companies but also by various wage boards and pay commissions in the country. However, the company has been struggling a lot because of a problem relating to administration of salary and benefits. The problem is stated hereunder.

The company employed nearly 400 young graduate and post-graduate engineers in the last three years who form the cream of the company's present human resources. Of course, the older generation of the company's employees also formed the cream of the company's human resource while they were young. The older employees obviously occupy higher positions in all the departments, including the Human Resource Department. The company's present salary and benefits policy was formulated five years back, mainly keeping in view the older employees' desires. As such, salaries were fixed at very low levels compared to other similar industries and the benefit schemes include an exhaustive list of benefits, including all types of retirement benefits. The cost of retirement benefits is nearly twenty five percent of the cost of the present staff salary payout of the company.

The young employees demand the payment of whatever the management can pay immediately rather than providing extensive fringe, long term and retirement benefits. According to them, the in-hand pay-packet motivates them much more than benefits which they get mostly in kind. On the other hand, the older employees' view is that the fringe benefits are much more beneficial than the cash components, which are taxed heavily. The top management asked the Head – Human Resources to settle the issue amicably.

### **Questions:**

- a) What are the real compensation management issues in the case?
- b) If you are the Head - Human Resources of the company, who will you, satisfy and how will you proceed to do that?
- c) Is the company's basic remuneration structure in need of change? Provide the basis on which you draw your conclusion.
- d) Suggest an alternative title for the case.

**18**

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