Seat No.: _____ Enrolment No._____

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA – SEMESTER 03 – EXAMINATION – SUMMER 2017

Subject Code: 2830302 **Date: 11/05/2017**

Subject Name: Compensation Management

Time: 02.30 PM TO 05.30 PM **Total Marks: 70**

Instructions:

1. **Attempt all questions.**
2. **Make suitable assumptions wherever necessary.**
3. **Figures to the right indicate full marks.**

Q.1 (a) Answer the following objectives each carries 1 marks. **Mrks (6)**

1. Which of these key players involved in the development of the total rewards strategy works closely with HR to facilitate the process?

   A. Customers B. Senior management
   C. Employees D. Outside consultants

2. Basic compensations given to employees as salaries or wages are called?

   A. Base pay B. Wages
   C. Salaries D Variable pay

3. Most common and usual form of direct compensation paid in organizations is

   A. Base pay & benefit B. Base pay & Variable Pay
   C. Variable Pay D. All of the above

4. Which of the following theory states that the employees work hard in the job only when they are sure of positive outcomes from that job?

   A. Equity theory B. Expectancy Theory
   C. Agency theory D. Contingency Theory

5. Provision for cars, parking lots and membership in country club are examples of

   A. Base salary of executives B. Short- term incentives plan
   C. Executive Perks D. None of the above

6. Insurance schemes, retirement benefits and leave travel concession are examples of

   A. Indirect Monetary Compensation B. Direct Monetary Compensation
   C. Non- Monetary D. No of the above

Q.1 (b) Answer the following in one word.(each 1 mrks) 04

1. What is Agency Theory?
2. What is Penalized skill?
3. What are Perks benefits?
4. What is Base pay?

Q.1	(c)	Define the following? (each 2 mrks) (1) What is Reward Management. (2) What are non-monetary rewards? Give examples.	04
Q.2	(a)	Exploration of reward system should therefore be in such a way to provide best mix of all motivators. Brief down Total Reward.	07
	(b)	What is Contingent Pay? Which are the For & Against Arguments done for Contingent Pay?	07
		OR	
	(b)	What is rewarding financial Business performance? Explain the types of schemes.	07
Q.3	(a)	Which types of employees benefits schemes paid to the employees? Elaborate in details.	07
	(b)	Explain the role of Computers in reward Management?	07
		OR	
Q.3	(a)	What is employee engagement? which are the factors responsible for enhancing the engagement.	07
	(b)	Describe the forms of flexible benefits offered by employer to the employees for better performance.	07
Q.4	(a)	Applicability & Eligibility of Employees State Insurance Act,1948.	07
	(b)	Rewarding Manual workers needs some aspects to be considered while deciding the pay?	07
		OR	
Q.4	(a)	What is gratuity? Employee's entitlements as per "Payment of Gratuity Act'.	07
	(b)	Name any five provisions made from Wages under 'The Payment of Wages Act 1936'.	07

Q.5 Case study -1 14

Satish was a Sales Manager for Industrial Products Company in City branch. A week ago, he was promoted and shifted to Head Office as Deputy Manager - Product Management for a division of products which he was not very familiar with. Three days ago, the company VP - Mr. George, convened a meeting of all Product Managers. Satish's new boss (Product Manager Ketan) was not able to attend due to some other preoccupation. Hence, the Marketing Director, Preet - asked Satish to attend the meeting as this would give him an exposure into his new role.

At the beginning of the meeting, Preet introduced Satish very briefly to the VP. The meeting started with an address from the VP and soon it got into a series of questions from him to every Product Manager. George, of course, was pretty thorough with every single product of the company and he was known to be pushy and a blunt veteran in the field. Most of the Product Managers were very

clear of George's ways of working and had thoroughly prepared for the meeting and were giving to the point answers. George then started with Satish. Satish being new to the product, was quite confused and fared miserably.

Preet immediately understood that George had possibly failed to remember that Satish was new to the job. He thought of interrupting George's questioning and giving a discrete reminder that Satish was new. But by that time, George who was pretty upset with the lack of preparation by Satish made a public statement "Gentlemen, you are witnessing here an example of sloppy work and this can't be excused".

Now Preet was in two minds - should he interrupt George and tell him that Satish is new in that position OR should he wait till the end of the meeting and tell George privately. Preet chose the second option.

Satish was visibly angry at the treatment meted out by George but he also chose to keep mum. George quickly closed the meeting saying that he found in general, lack of planning in the department and asked Preet to stay back in the room for further discussions.

Before Preet could give any explanation on Satish, George asked him "Tell me openly, Preet, was I too rough with that boy?" Preet said "Yes, you were. In fact, I was about to remind you that Satish is new to the job". George explained that the fact that Satish was new to the job didn't quite register with him during the meeting. George admitted that he had made a mistake and asked his secretary to get Satish report to the room immediately.

A perplexed and uneasy Satish reported to George's room after few minutes.

George looking Satish straight into his eyes said "I have done something which I should have never even thought of and I want to apologise to you. It is my mistake that I did not recollect that you were new to the job when I was questioning you". Satish was left speechless.

George continued "I would like to state few things clearly to you. Your job is to make sure that people like me and your bosses do not make stupid decisions. We have good confidence in your abilities and that is why we have brought you to the Head Office. For everybody, time is required for learning. I will expect you to know all the nuances of your product in three months time. Until then you have my complete confidence". George closed the conversation with a big reassuring handshake with Satish.

Questions:

1. Was it at all necessary for George to apologise to such a junior employee like Satish?
2. If you were in Satish's place, how would you to respond to George's apology?
3. Was George correct in saying that Satish is there to correct the "stupid mistake" of his boss and George?
4. Would you employ George in your company?
5. Did Preet make a mistake by not intervening during the meeting and correct George's misconception about Satish?
6. As an HR man, how would you define the character of George - bullying but later regretting? Does his attitude need to be corrected?
7. Would you be happy to have George/Preet as your boss?

Q.5 Case study -2

Keeping Suzanne Chalmers 14

Thomas Chan hung up the telephone and sighed. The vice-president of software engineering at Advanced Photonics Inc. (API) had just spoken to Suzanne Chalmers, who called to arrange a meeting with Chan later that day. She didn't say what the meeting was about, but Chan almost instinctively knew that Suzanne was going to quit after working at API for the past four years. Chalmers is a software engineer in Internet Protocol (IP), the software that directs fiber-optic light through API's routers. It was very specialized work, and Suzanne was one of API's top talents in that area. Thomas Chan had been through this before. A valued employee would arrange a private meeting. The meeting would begin with a few pleasantries, then the employee announces that he or she wants to quit. Some employees say they are leaving because of the long hours and stressful deadlines. They say they need to decompress, get to know the kids again, or whatever. But that's not usually the real reason. Almost every organization in this industry is scrambling to keep up with technological advances and the competition. Employees would just leave one stressful job for another one. Also, many of the people who leave API join a start-up company a few months later. These start-up firms can be pressure cookers where everyone works 16 hours each day and has to perform a variety of tasks. For example, engineers in these small firms might have to meet customers or work on venture capital proposals rather than focus on specialized tasks related to their knowledge. API now has over 6,000 employees, so it is easier to assign people to work that matches their technical competencies. No, the problem isn't the stress or long hours, Chan thought. The problem is money—too much money. Most of the people who leave are millionaires. Suzanne Chalmers is one of them. Thanks to generous stock options that have skyrocketed on the stock markets, many employees at API have more money than they can use. Most are under 40 years old, so they are too young to retire. But their financial independence gives them less reason to remain with API. The Meeting The meeting with Suzanne Chalmers took place a few hours after the telephone call. it began like the others, with the initial pleasantries and brief discussion about progress on the latest fiber-optic router project. Then, Suzanne made her well-

rehearsed statement: “Thomas, I’ve really enjoyed working here, but I’m going to leave Advanced Photonics.” Suzanne took a breath, then looked at Chan. When he didn’t reply after a few seconds, she continued: “I need to take time off. You know, get away to recharge my batteries. The project’s nearly done and the team can complete it without me. Well, anyway, I’m thinking of leaving.” Chan spoke in a calm voice. He suggested that Suzanne should take an unpaid leave for two or maybe three months, complete with paid benefits, then return refreshed. Suzanne politely rejected that offer, saying that she needs to get away from work for a while. Thomas then asked Suzanne whether she was unhappy with her work environment— whether she was getting the latest computer technology to do her work and whether there were problems with coworkers. The workplace was fine, Susanne replied. The job was getting a bit routine, but she had a comfortable workplace with excellent coworkers. Chan then apologized for the cramped workspace, due mainly to the rapid increase in the number of people hired over the past year. He suggested that if Suzanne took a couple of months off, API would give her special treatment with a larger work space with a better view of the park behind the campus like building when she returned. She politely thanked Chan for that offer, but it wasn’t what she needed..

Besides, it wouldn’t be fair to have a large workspace when other team members work in small quarters. Chan was running out of tactics, so he tried his last hope: money. He asked whether Suzanne had higher offers. Suzanne replied that she regularly received calls from other companies, and some of them offered more money. Most were start-up firms that offered a lower salary but higher potential gains in stock options. Chan knew from market surveys that Suzanne was already paid well in the industry He also knew that’ API couldn’t compete on share option potential. Employees working in start-up firms sometimes saw their shares increase by 5 or 10 times their initial value, whereas shares at API and other large firms increased more slowly.

However, Chan promised Suzanne that he would recommend that she receive a significant raise—maybe 25 percent more—and more stock options. Chan added that Chalmers was one of API’s most valuable employees and that the company would suffer if she left the firm. The meeting ended with Chalmers promising to consider Chan’s offer of higher pay and stock options. Two days later, Chan received her resignation in writing. Five months later, Chan learned that after a few months traveling with her husband, Chalmers joined a start-up software firm in the area.

1. Why didn’t money motivate Suzanne Chalmers to stay with APL?
2. Do financial rewards have any value in situations such as this, where employees are relatively wealthy?
3. What innate drives seem to be motivating Suzanne Chalmers?
4. If you were Thomas Chan, what strategy, if any, would you use to motivate Susan Chalmers to stay at Advanced Photonics Inc?

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