

**JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA**  
**PGDM / PGDM (MARKETING) / PGDM (SERVICE MANAGEMENT)**  
**V TRIMESTER (Batch 2019-21)**  
**END TERM EXAMINATION, JANUARY 2021**

**Set – I**

<b>Course Name</b>	<b>COMPENSATION MANAGEMENT</b>	<b>Course Code</b>	<b>HR503</b>
<b>Max. Time</b>	<b>2 Hours</b>	<b>Max. Marks</b>	<b>40</b>

**INSTRUCTIONS:**

- All the questions are compulsory and carry 10 marks each.
- Answers to be written in one single MS-Word file only (Arial font size 11).
- Be precise and objective in your answers.

**Q.1** Recently MOL has passed a bill wherein 29 central labor laws have been subsumed under four codes. As per the "Indian Statutory Requirement of Payroll", list-out the key provisions under the laws of Wages/Salaries & Social Security which provide safeguard to employee rights.

# A famous OEM of a car manufacturing company was in news recently wherein two of its employees were at the receiving end while at work. Rajan and Mohan got brutally injured in the workshop while servicing vehicles where some maintenance work was on. They were admitted to an ESIC hospital for medical treatment, but unfortunately, Rajan died while Mohan lost his index finger of right hand during a major surgery. Apply the relevant social security act and use its key provisions to determine the compensation (death & disablement) for both the employees using the below information:

- Rajan was 25 year old and drawing gross salary Rs.18000/- p.m.
- Mohan was 21 year old drawing gross salary Rs.13000/- p.m.
- The loss of earning capacity due to injury was ascertained as 10% & relevant factor are:

Completed Age in yrs.	16	17	18	19	20	21	22	23	24	25
Relevant Factors	228	227	226	225	224	223	222	221	220	219

**Q.2** Looking at the scope of earning good profits and keeping its employees happy and motivated, utilizing COVID-19 phase, a mask manufacturing company has adopted the following PFPs.

- Using Standard Piece Work Plan, determine the total incentives of a worker.
  - Basic hourly rate = Rs. 10
  - Increase in rate for increased performance = 50%
  - Avg. Output per hour (Std.) = 50 pieces
  - Worker has produced 600 pieces of masks in the 8 hour shift
- Using Scanlon Plan, determine bonus for distribution with the co. based on below info.
  - Sales Revenue (base year, 2019) = Rs. 1,00,00,000
  - Value of Goods in Inventory (base year, 2019) = Rs. 50,00,000
  - Total wage bill (base year 2019) = Rs. 7,00,000
  - For the operating month of March, 2020, Sales Revenue = Rs. 2,00,00,000
  - Values of Good in Inventory on 31.03.2020 = Rs. 1,00,00,000
  - Actual wage bill = Rs. 9,00,000

# Suggest the company to use this fund, besides bonus distribution to employees.

**Q.3** Briefly explain the key steps of a typical Indian Payroll process. Mr. Sunil Bharti has recently joined as a Manager in a PSU. Create his CTC sheet applying all the essential "Indian Statutory Requirements" basis the below given information. Provide specific ISR provisions for CTC heads.

# Grade = E4, Pay Scale = Rs.15600-39100/-, DA Category = IDA, HRA = Category Y

**Q4.**

**Caselet: Compensation Strategy at POWER CEMENT – A road to failure**

For many years, cement industries in India grew very slowly, especially in the restricted market era. In the post-liberalization era, following price de-control and booming economic activity, the industry revived. Its current rapid growth has attracted many foreign players, many of whom are buying and developing new cement manufacturing units in the country. POWER CEMENT is one such organization, which is now trying to find a foothold in the Indian market. POWER CEMENT's initial compensation strategy was to pay salaries above the market rate to executives and managers, while outsourcing low-key operation jobs. High compensation packages immediately attracted executives and managers, across level, from local cement companies. However, POWER CEMENT could not attract operations level workers and employees because of their unfriendly employment terms. POWER CEMENT believed that it would be able to attract workers from cement units that had been shut down, given increased unemployment especially during and continued COVID-19 era. It also believed that it would get the privilege of ready-to-use expertise at the operations level. However, it failed. The operations-level failure reduced POWER CEMENT's cost competitiveness, and even forced it to scale down its activities and restructure the organisation. The problem escalated to such an extent that executives and managers started leaving the organization. Many of them have been rehired by their past employers, while some had to shift to other industries. The industry believes that POWER CEMENT's predicament is attributable to its failure to recognize the need for an inclusive approach to talent issues. Organizations cannot sustain themselves with only a few talented executives and managers. Talent should be recognized across functions and at all levels.

- a. Identify and analyze the gaps in compensation management practice at POWER CEMENT.
  - b. Develop a compensation plan which should be highly competitive and aligned with best benchmark practices such as COMPA ratio, MPR and match and lead policy that may positively influence talent retention in the company.
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**Set – II**

<b>Course Name</b>	<b>COMPENSATION MANAGEMENT</b>	<b>Course Code</b>	<b>HR503</b>
<b>Max. Time</b>	<b>2 Hours</b>	<b>Max. Marks</b>	<b>40</b>

**INSTRUCTIONS:**

- a. All the questions are compulsory and carry 10 marks each.
- b. Q.1-3 to be done in one single MS-Word file only (Aria font size 11) while Q.4 in MS-Excel.
- c. Be precise and objective in your answers.

**Q.1** Critically appraise the different perspectives of compensation. Further, relate those views with challenges in managing compensation at organizations with business examples.

**Q.2** Job evaluation is a systematic process for evaluating relative worth of a job. In line with the statement, explain, why quantitative methods of job evaluation are more preferred over qualitative methods at organizations?

Also, evaluate the worth of the job of a Sales Engineer – LCD Projectors, using Hay's Method and apply its findings.

**Q.3** Examine how compensation practices differ in the context of MNCs for expatriates, outside the parent country. Are there variations, if so, how are those addressed?

# You are Marketing Manager with an Indian MNC earning INR 6,00,000 Lacs p.a. You've been asked to relocate and work in either of these locations i.e., China, US, & UAE. Assuming you are married and blessed with two children, decide your destination and substantiate the factors leading to your decision.

# Currency Exchange Rates w.r.t. INR are 1 USD = INR60, 1CNY = INR11, 1AED = INR20

**Q.4** Copy the below data of the various salary heads of employees in a firm. Process their salaries using the basic arithmetic and logical functions in MS-Excel under the payroll.

Sl.	ID	Name	Position	Grade	Basic	DA	B+DA	HRA	Bonus	Conv.	Gross M	Gross A
1	1201	Rishi	Sr. Manager		12000							
2	1202	Vinod	Manager		10000							
3	1203	Ajit	Supervisor		8000							
4	1204	Satya	Manager		10000							
5	1205	Nisha	Sr. Manager		12000							
6	1206	Jolly	Executive		5000							
7	1207	Megha	Office Asst.		2000							
8	1208	Riya	Executive		5000							
9	1209	Rahul	Manager		10000							
10	1210	Seema	Office Asst.		2000							

Designation	Basic Pay	Grades
Office Asst.	2000	E5
Executive	5000	E4
Supervisor	8000	E3
Manager	10000	E2
Sr. Manager	12000	E1

Conveyance	
Manager / Sr. Manager	4000
Supervisor / Executive	3000
Office Asst.	2000

Legal Requirements
<b>DA @ 164% of Basic</b>
<b>HRA @ 20% of Basic</b>