

JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA
PGDM / PGDM (MARKETING) / PGDM (SERVICE MANAGEMENT)
V TRIMESTER (Batch 2022-24)
END TERM EXAMINATION, JANUARY 2024

Course Name	COMPENSATION MANAGEMENT	Course Code	20327
Max. Time	2 Hours	Max. Marks	40

INSTRUCTIONS:

- a. All the questions are compulsory.
- b. Be precise and objective in your answers.

Q.1 As per New Labour Codes, the government raised the monthly wage threshold limit from Rs 15,000 currently to Rs 21,000. Consequently, this will have an impact on your EPF corpus, EPS contribution, amount of pension you are eligible to receive among others. The last time government hiked the wage ceiling limit in September 2014. Explain what will happen to EPF and EPS contributions if the limit is hiked? **(10 Marks)**

Q.2 Structuring salaries is one of the inescapable tasks for every HR and payroll professional. While processing payroll, it is important to understand the salary breakup and the various elements associated with it.

- a) Outline a salary structure with various per month components of salary along with statutory calculations. **(5 Marks)**
- b) India's New wage code 2022 will directly impact the salaries, provident fund, and gratuity of central government employees and will affect the salary structure and tax liability of the private working class. Explain how does the new wage code 2022 impact take-home salary. **(5 Marks)**

Q.3 Tim has recently begun work in HR in a medium-sized government agency, the Department of Mining and Resources. The department regulates the mining and exploration industry and collects mining royalties on behalf of the government. Over the past couple of years, the department has been losing a lot of people to better paid jobs with mining and exploration companies in the private sector, especially scientists, engineers and mid- to high-level managers. Before he arrived, a proposal had been put forward as part of the department's retention strategy to introduce a system of performance bonuses linked to the performance management system. The idea is that people would receive a one-off annual bonus of up to 5% of their salary if they received a high overall performance rating (i.e. it's not a salary increment, it's a once only payment). Bonuses would be paid according to the following scale:

Numerical Rating	1	2	3	4	5
Description	Below standard	Requires Development	Meets Requirements	Often exceeds Requirements	Always exceeds Requirements
Performance bonus payable	Nil	Nil	Nil	2%	5%

The rationale is that outstanding performance (rather than merely adequate performance) should be rewarded. The department is part of the broader public sector remuneration system, so it has to pay the job rather than pay the person, and it can't simply increase its salaries. This performance bonus proposal, it is argued, is the most effective way of increasing remuneration levels in a meaningful way. It is also argued that, because the department has a well-established and well-used performance management system already in place, the bonus program could be implemented quickly and with a minimum of fuss. Tim has been asked by the HR manager to examine the proposal and to make a recommendation about whether or not it should go ahead.

Questions:

- a) Explain performance-based pay system. Elaborate the potential problems with a performance-based pay system like the one being proposed. **(5 Marks)**
- b) Outline a new performance-based proposal in the light of potential problems. **(5 Marks)**

Q.4 Comparison between base salaries for different departments are given below. The midpoint of the base salaries is also given. Calculate individual compa-ratio and analyse the competitiveness of an employees' pay level (10 Marks).

Employee Name	Job Title	Department	Base Pay	Midpoint
Amelie Dubois	Head of Marketing	Marketing	\$85,000.00	\$80,000.00
Luana Barros	Social Media Manager	Marketing	\$70,000.00	\$70,000.00
John Rogers	VP Human Resources	Human Resources	\$56,000.00	\$60,000.00
Bruce Curry	HR Manager	Human Resources	\$50,000.00	\$60,000.00
Natalie Bear	HR Business Partner	Human Resources	\$57,000.00	\$60,000.00
Arthur Cook	Senior Recruiter	Human Resources	\$85,000.00	\$80,000.00
Josefa Morales	Junior Sales Exec	Sales	\$57,000.00	\$60,000.00
Sebastian Schmidt	Account Manager	Sales	\$85,000.00	\$80,000.00
Leah Smith	Data Lead	Systems & Technology	\$95,000.00	\$80,000.00
Jane Clark	Data Analysis	Systems & Technology	\$95,000.00	\$83,000.00
Evan Barke	Finance Controller	Finance	\$75,000.00	\$70,000.00
Carey Dixon	Customer Success Manager	Customer Experience	\$82,000.00	\$81,000.00
Paul Friel	Customer Success Lead	Customer Experience	\$78,000.00	\$78,000.00
Daniel Cool	CX Specialist	Customer Experience	\$70,000.00	\$67,000.00
Zara Beal	CX Specialist	Customer Experience	\$70,000.00	\$68,000.00
Lucia Rossi	Product Manager	Product	\$72,000.00	\$75,000.00
Esteban Garcia	Product Owner	Product	\$80,000.00	\$80,000.00
Emily Thompson	Head of Operations	Operations	\$69,000.00	\$72,000.00
Keshawn Johnson	Operations Assistant	Operations	\$60,000.00	\$58,000.00
Justin Shiffren	Head of Security	Operations	\$80,000.00	\$81,000.00
Angela Gonzalez	Legal Counsel	Legal	\$77,000.00	\$82,000.00
Scott Morris	Legal Assistant	Legal	\$63,000.00	\$65,000.00
Wiktoria Kowalski	Inventory Manager	Supply Chain	\$74,000.00	\$72,000.00
Frederik Andersen	Procurement Specialist	Supply Chain	\$68,000.00	\$65,000.00
Olivia Hall	Supply Chain Analyst	Supply Chain	\$77,000.00	\$75,000.00