

**JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA**  
**PGDM / PGDM (M) / PGDM (SM)**  
**FIFTH TRIMESTER (Batch 2023-25)**  
**END TERM EXAMINATIONS, JANUARY 2025**  
**REAPPEAR EXAM**

|             |                         |             |              |
|-------------|-------------------------|-------------|--------------|
| Course Name | Compensation Management | Course Code | <b>20327</b> |
| Max. Time   | <b>2 hours</b>          | Max. Marks  | <b>40 MM</b> |

**INSTRUCTIONS:**

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

**Q1.** Companies are now turning towards pay-for-performance schemes in a bid to reward better-performing employees. When budgets are tight and HR practitioners are strapped for cash, more companies are turning to pay-for-performance schemes to single out higher performing individuals to recognise, reward and motivate them accordingly. According to Mercer's Asia Executive Remuneration Snapshot Survey released in 2020, more Asian companies are now factoring individual performance into their short-term incentive plans. After surveying 233 companies across Asia, it found that approximately 30 to 40 percent of a senior executive's total pay package is linked to variable pay (which includes both short and long-term incentives), regardless of the type of organisation. The survey also found that larger companies often had greater levels of variable pay in their leader's salary package, which may be attributed to the alignment with international practices where pay-for-performance is strongly encouraged. How would a HR practitioner set out designing a pay-for-performance scheme for the company? (10 marks)

**Q2.** Designing a comprehensive Total Rewards framework is essential for attracting, motivating, and retaining organizational talent. Such a framework encompasses all aspects of compensation, benefits, work-life balance, recognition, and development opportunities that employees receive. Outline a tailored Total Rewards strategy and outline a plan for its implementation within the organization. (10 marks)

**Q3.** Tech Innovations India Pvt. Ltd., a rapidly growing technology firm based in Bangalore, faced significant challenges in attracting and retaining top talent as the tech industry became increasingly competitive. With a workforce of approximately 500 employees, the company struggled with pay discrepancies, as its software developers earned an average of ₹8,00,000 per annum, significantly below the industry average of ₹10,00,000. This situation resulted in an 18% turnover rate among software developers, higher than the industry average of 12%. Employees expressed dissatisfaction with their compensation, leading to low morale and difficulties in recruitment, particularly for high-demand roles such as data scientists and cloud engineers. To address these challenges, Tech Innovations implemented a multi-faceted strategy focused on enhancing external competitiveness in compensation. The company conducted a comprehensive market pay analysis to benchmark salaries against key competitors and redesigned its pay structure to include competitive base salaries, performance bonuses, and benefits. A performance-based pay system was established, linking individual and team performance to compensation, while regular compensation reviews were instituted to keep salaries competitive. Following these changes, employee satisfaction surveys indicated a 35% increase in perceived compensation fairness, and software developers' turnover rate decreased to 10%. The company also experienced a 50% increase in qualified applicants for key roles, positioning itself as a leader in compensation practices within the tech industry.

Given that Tech Innovations initially offered an average salary of ₹8,00,000 for software developers and competitors offered ₹10,00,000, examine the necessary adjustments to achieve internal equity

among current employees who have varying performance ratings (1-5). Propose a performance-based compensation model that addresses these disparities, including specific percentage increases for different performance tiers. (10 marks)

**Q4.** If a 40% spread is desired for a grade with a midpoint of Rs. 20,000, then  $0.40 \times \text{Rs. } 20,000 = \text{Rs. } 8,000$ , thus the minimum rate will be of Rs. 16,000 and the maximum rate Rs. 24,000. Using the following information, classify the compensation range for management trainee with 0 years of experience, Manager with 4 years of experience, Project Manager with 8 years of experience and General Manager with 12 years of experience. (10 marks)