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**JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA**

**PGDM / PGDM (M) / PGDM (SM)**

**FIFTH TRIMESTER (Batch 2023-25)**

**END TERM EXAMINATIONS, JANUARY 2025**

**SPECIAL REAPPEAR EXAM**

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| Course Name | Compensation Management | Course Code | **20327** |
| Max. Time | **2 hours** | Max. Marks | **40 MM** |

INSTRUCTIONS:

1. All the questions are compulsory.
2. Be precise and objective in your answers
3. You are the Human Resources Director for a leading supplier of eco-friendly packaging solutions, expanding operations to Pune, Maharashtra, while headquartered in Bengaluru, Karnataka. The company’s mission is to provide sustainable and high-quality packaging products with excellent customer service and a focus on continuous improvement. The following positions are needed to start the Pune operation (numbers in parentheses indicate the number of positions): Supply Chain Analyst, HR Coordinator, Payroll Manager, Receptionist. Each job will be evaluated using compensable factors on a scale of 1 to 4. The weight of each factor is as follows: Skill (50%); Responsibility (30%); Effort (20%)

**Question**: Calculate the Job Evaluation Points (JEP) for each position and classify them based on their scores. (10 marks)

1. An employee has a base salary of Rs. 78,000. As part of the annual performance appraisal, they receive: a merit payout of 8% and a merit bonus of 5%. Give a 5-year projection and evaluate the long-term cost implications for the company when using merit payouts versus merit bonuses as part of the compensation structure. Which method is more sustainable and cost-effective for managing salary growth? (10 marks)
2. How should a company design a cost-effective yet competitive benefits package to attract and retain top talent? Consider key benefits to include (e.g., health insurance, retirement plans, paid time off), the balance between cost and employee value, the role of flexible benefits, the impact on retention and engagement, and strategies for ensuring the long-term sustainability of the benefits program. (10 marks)
3. Some mid-sized technology firm is struggling with employee motivation and retention. While the company offers competitive salaries, top performers feel their efforts are not adequately rewarded, leading to disengagement and turnover. At the same time, salary increases have become a significant financial burden, making it difficult to sustain across all employees. To address these challenges, the leadership team is considering implementing a pay-for-performance system that ensures internal fairness while remaining externally competitive. They must decide on the right mix of base salary adjustments, merit increases, bonuses, and performance incentives. Additionally, they need a transparent and fair evaluation process that aligns individual contributions with business goals.

**Question**: Given these factors, how should the firm design a pay-for-performance strategy that motivates employees, retains top talent, and remains financially sustainable in the long run?

(10 marks)