JAIPURIA INSTITUTE OF MANAGEMENT
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JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA

PGDM / PGDM (M) / PGDM (SM)

FIFTH TRIMESTER (Batch 2024-26)

END TERM EXAMINATIONS, JANUARY 2026

SET-2

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

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

1. **Scenario:** A rapidly scaling Indian health-tech startup in Hyderabad is hiring large cohorts of sales executives, customer success associates, and product analysts. Currently, the CTC communicated at offer stage mixes fixed salary, variable incentives, and notional ESOP value without clear breakdowns, leading to confusion and offer-drop after candidates compare "take-home" with competitors. The founders now want a transparent and internally consistent Salary and CTC structure that can be used across all three roles while reflecting their different job worth and market expectations.

   Question: Explain the key design considerations involved in structuring Salary and CTC for sales executives, customer success associates, and product analysts in this startup, and illustrate a clear CTC structure that conceptually differentiates fixed pay, performance-linked pay, and long-term components while maintaining internal equity and clarity for candidates. **(10 marks)**

2. **Scenario:** A diversified Indian services company with offices across 6 states is restructuring its compensation system in light of the new Labour Codes on Wages. HR discovers that many locations currently load a large portion of CTC into allowances (conveyance, special allowance, etc.) to keep the "basic wage" low, while still appearing market-competitive on total CTC. With the new, uniform definition of "wages," several existing structures may become non-compliant and could sharply increase the statutory outgo on PF, bonus, and gratuity.

   Question: Explain how the new Labour Codes on Wages are likely to affect the company's existing CTC structures across different locations, and illustrate a conceptually revised compensation framework that shows how basic pay, allowances, and statutory components would need to be rebalanced to remain legally compliant and externally competitive. **(10 marks)**

3. **Scenario:** A mid-sized Indian engineering firm has historically granted annual increments based largely on seniority and manager discretion. After a period of stagnant productivity and rising high-performer attrition, the CEO wants to "hard link" performance with compensation using a more holistic, 360° view of performance that includes individual KPIs, team outcomes, behaviour/values, and customer feedback. Managers are worried about complexity, potential bias, and resistance from long-tenured employees.

   Question: Analyze how a 360° performance perspective can be systematically used to link performance with compensation for managerial and professional staff, and develop a conceptual Pay-for-Performance design that integrates multiple performance dimensions while minimising perceived unfairness and gaming of the system. **(10 marks)**

4. **Scenario:** An Indian mid-sized services company has recently created salary ranges for key roles but has never systematically used reward metrics such as pay range, range midpoint, range

spread, compa-ratio, green circle/red circle flags, overtime, or salary range penetration. As a result, decisions on adjustments, promotions, and hiring salaries are largely intuitive, leading to hidden inequities and difficulty explaining pay decisions to employees.

Question: Apply the reward metrics provided (pay range, range midpoint, range spread, range minimum/maximum, compa-ratio, green circle/red circle, overtime, and salary range penetration) to develop a practical approach for how HR should use these metrics to monitor internal pay equity and make informed decisions on salary corrections, new hire offers, and merit increases, briefly explaining the role of each metric in this decision-making process. **(10 marks)**