

Internal Assessment Test - I

Sub:	Compensation and Benefits					Code:	17MBAHR403		
Date:	20/09/2018	Duration:	90 mins	Max Marks:	40	Sem:	III	Branch:	MBA

		Marks	OBE	
			CO	RBT
Part A - Answer Any Two Full Questions (16*02=32 Marks)				
1(a)	Define: Compensation with Example	[02]	CO1	L1
(b)	Discuss in detail: Total returns for work.	[06]	CO1	L2
(c)	Examine the various components of pay model.	[08]	CO2	L1
2(a)	Define: Job Analysis.	[02]	CO1	L1
(b)	Differentiate between best practices and best fit options by exemplifying your answer	[06]	CO1	L2
(c)	Demonstrate the Key Steps to Formulate a Compensation Strategy.	[08]	CO2	L3
3(a)	What do you understand by the term Internal Alignment?	[02]	CO1	L1
(b)	Examine the Job Based Approach Vs Person Based Approach.	[06]	CO1	L1
(c)	Summarize - Determining the Internal Job Structure.	[08]	CO2	L5
Part B - Compulsory (01*08=08 marks)				
4	Salary inequities at ACME Manufacturing Joe Black was trying to figure out what to do about a problem salary situation he had in his plant. Black recently took over as president of Acme Manufacturing. The founder and former president, Bill George, had been president for 35 years. The company was family owned and located in a small eastern Arkansas town. It had approximately 250 employees and was the largest employer in the community. Black was the member of the family that owned Acme, but he had never worked for the company prior to becoming the president. He had an MBA and a law degree, plus five years of management experience with a large manufacturing organization, where he was senior vice president for human resources before making his move to Acme. A short time after joining Acme, Black started to notice that there was considerable inequity in the pay structure for salaried employees. A discussion with the human resources director led him to believe that salaried employees pay was very much a matter of individual bargaining with the past president. Hourly paid factory employees were not part of this problem because they were unionized and their wages were set by collective bargaining. An examination of the salaried payroll showed that there were 25 employees, ranging in pay from that of the president to that of the receptionist. A closer examination showed that 14 of the salaried employees were female. Three of these were front-line factory			

supervisors and one was the human resources director. The other 10 were non management.

This examination also showed that the human resources director appeared to be underpaid, and that the three female supervisors were paid somewhat less than any of the male supervisors. However, there were no similar supervisory jobs in which there were both male and female job incumbents. When asked, the Hr director said she thought the female supervisors may have been paid at a lower rate mainly because they were women, and perhaps George, the former president, did not think that women needed as much money because they had working husbands. However, she added she personally thought that they were paid less because they supervised less-skilled employees than did the male supervisors. Black was not sure that this was true.

The company from which Black had moved had a good job evaluation system. Although he was thoroughly familiar with and capable in this compensation tool, Black did not have time to make a job evaluation study at Acme. Therefore, he decided to hire a compensation consultant from a nearby university to help him. Together, they decided that all 25 salaried jobs should be in the same job evaluation cluster, that a modified ranking method of job evaluation should be used, and that the job descriptions recently completed by the HR director were current, accurate, and usable in the study. The job evaluation showed that the HR director and the three female supervisors were being underpaid relative to comparable male salaried employees.

Black was not sure what to do. He knew that if the underpaid female supervisors took the case to the local EEOC office, the company could be found guilty of sex discrimination and then have to pay considerable back wages. He was afraid that if he gave these women an immediate salary increase large enough to bring them up to where they should be, the male supervisors would be upset and the female supervisors might comprehend the total situation and want back pay. The HR director told Black that the female supervisors had never complained about pay differences.

The HR director agreed to take a sizable salary increase with no back pay, so this part of the problem was solved. Black believed he had for choices relative to the female supervisors:

1. To do nothing.
2. To gradually increase the female supervisors salaries.
3. To increase their salaries immediately.
4. To call the three supervisors into his office, discuss the situation with them, and jointly decide what to do.

Questions

(a) What would you do if you were Black? [04]

(b) How do you think the company got into a situation like this in the first place? [04]

CO2	L1
CO2	L1

Course Outcomes		PO1	PO2	PO3	PO4	PO5	PO6	PO7
CO1:	Gain insights of various conceptual aspects of Compensation and Benefits.	1a, 2a			3a		1b, 2b, 3b	
CO2:	Determine the performance based		1c, 2c		3c 4a			

	compensation system for business excellence				4b			
CO3:	Understand the Legal & Administrative Issues in Compensation Global Compensation							

Cognitive level	KEYWORDS
L1	List, define, tell, describe, identify, show, label, collect, examine, tabulate, quote, name, who, when, where, etc.
L2	summarize, describe, interpret, contrast, predict, associate, distinguish, estimate, differentiate, discuss, extend
L3	Apply, demonstrate, calculate, complete, illustrate, show, solve, examine, modify, relate, change, classify, experiment, discover.
L4	Analyze, separate, order, explain, connect, classify, arrange, divide, compare, select, explain, infer.
L5	Assess, decide, rank, grade, test, measure, recommend, convince, select, judge, explain, discriminate, support, conclude, compare, summarize.

PO1 - Knowledge application; PO2 - Analytical and logical thinking; PO3 - Team work; PO4 - Leadership; PO5 - life-long learning; PO6 - Analyze and practice aspects of business; PO7- Personal and Societal growth;

Answer Keys

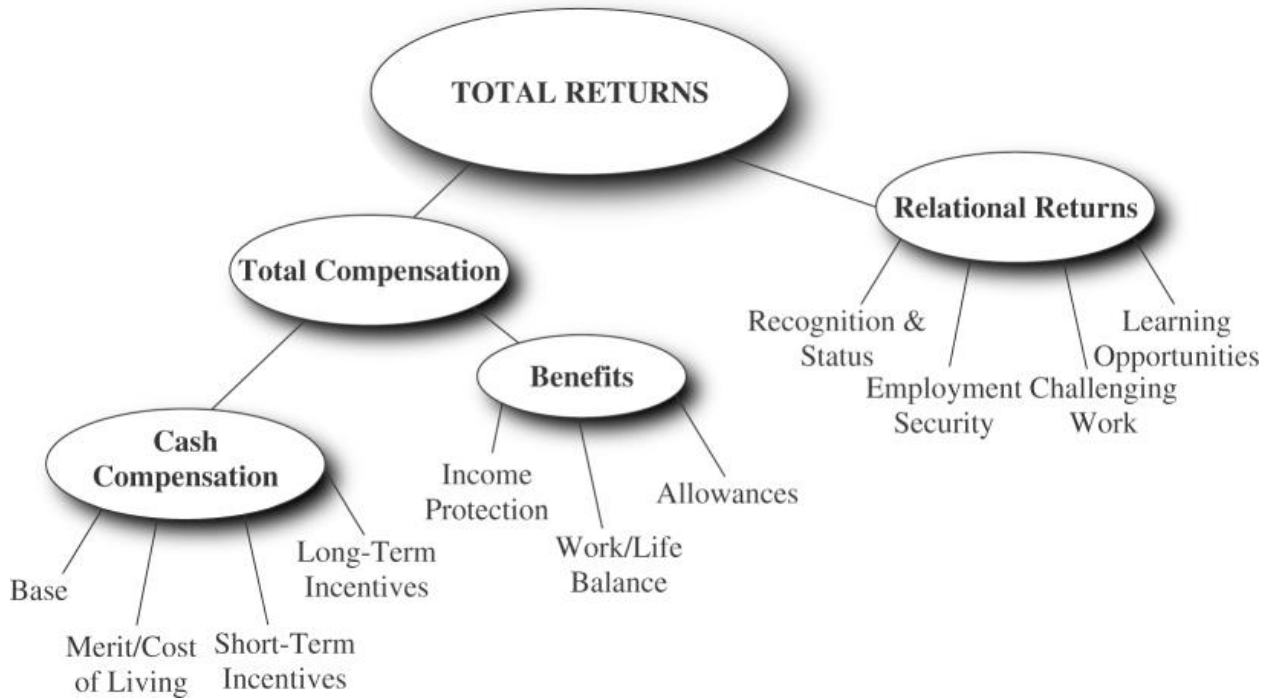
Part A

1 (a) Employees

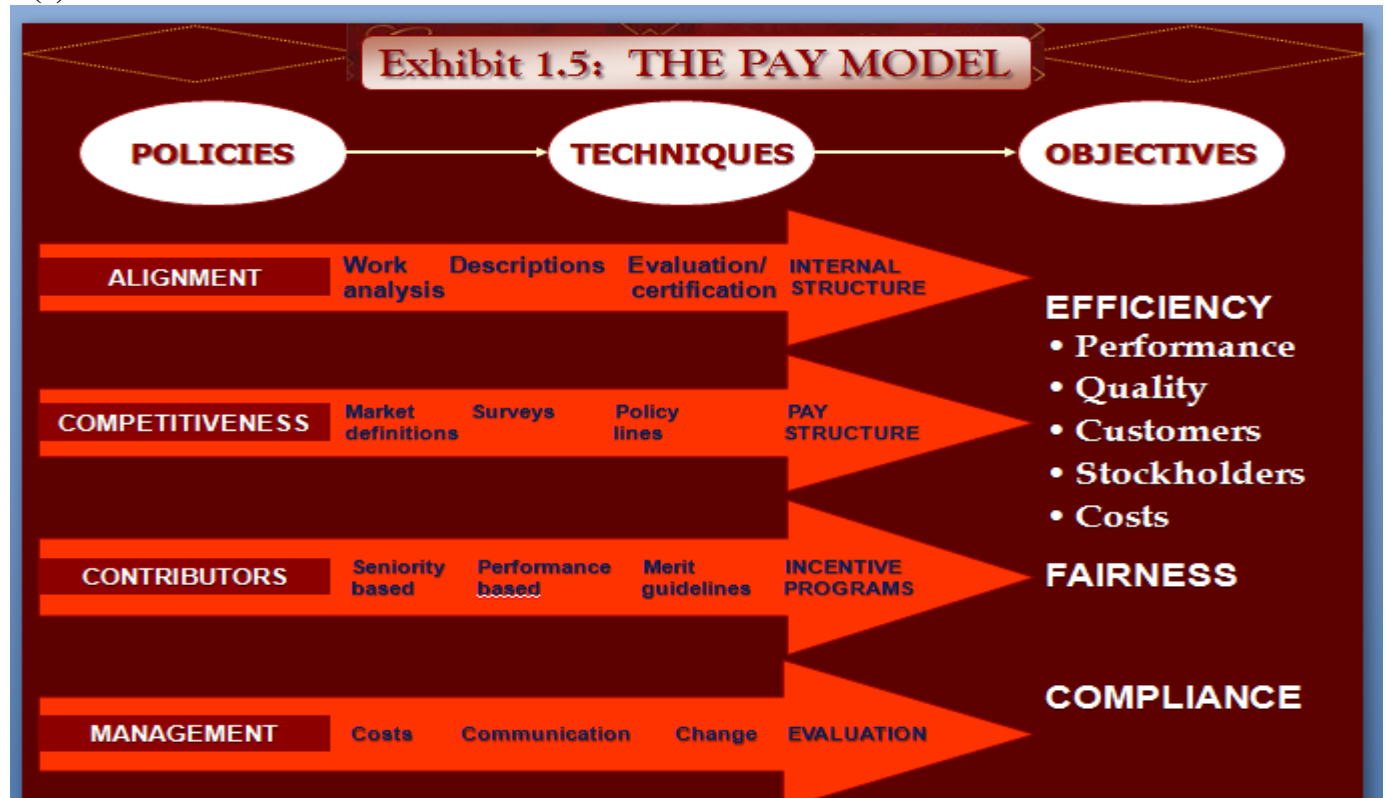
- Major source of financial security
- Return in an exchange between employer and themselves
- Entitlement for being an employee of the company
- Reward for a job well done

1 (b)

EXHIBIT 1.4 Total Returns for Work



1 (c)



2 (a) The systematic process of collecting information that identifies similarities and differences in the work.

2 (b) “Best fit” approaches suggest that aligning compensation decisions with strategy will be most effective. “Best practices” approach suggests that a set of practices exist that work with almost any strategy. Emerging evidence suggests that a focus on “What practices pay off best under what conditions?” will be most effective

2 (c) The four-step processes to develop a compensation strategy is:

1. assess environmental conditions
2. decide on the best strategic choices
3. implement the strategy, and
4. reassess the fit

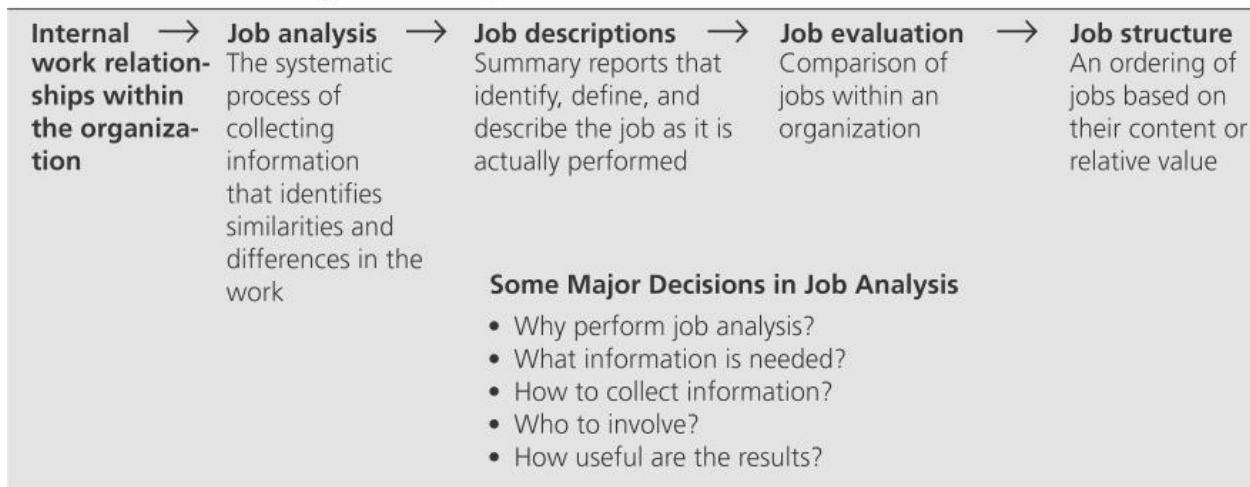
3 (a) Internal alignment, often called internal equity, refers to the pay relationships among different jobs/skills/competencies within a single organization

3(b)

- *Job-based* structure relies on the work content – tasks, behaviors, responsibilities
- *Person-based* structure shifts the focus to the employee
 - Skills, knowledge, or competencies the employee possesses
 - Whether or not they are used in the particular job
 - Note the difference, in that both structures may incorporate skill
 - Job-based: skills required to perform job
 - Person-based: skills possessed by person

3 (c)

EXHIBIT 4.3 Determining the Internal Job Structure



Part B

4 (a) Open Ended answers. However, the answers which they present should be justified with the relevant illustrations.

(b) Open Ended answers. However, the answers which they present should be justified with the relevant illustrations.