Internal Assesment Test - II

Sub:	Compensation & Benefits (C&B)					Code:	16MBA HR303
Date:	09.11.2017	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)	What is internal alignment?	[02]	CO1	L1
(b)	Distinguish between internal equity and external equity?	[06]	CO2	L2
(c)	Explain the strategic choices in internal design?	[08]	CO3	L2
2 (a)	What is job evaluation?	[02]	CO3	L1
(b)	Why do you need to evaluate a job?	[06]	CO1	L4
(c)	Compare and contrast various methods of job evaluation?	[08]	CO2	L2
3 (a)	What is straight piece rate method??	[02]	CO3	L1
(b)	Discuss flat time rate method with suitable industry example?	[06]	CO1	L2
(c)	Distinguish between Halsey and Rowan premium bonus plan?	[08]	CO1	L4
	Part B - Compulsory (01*08=08 marks)			
4. (a)	Explain Taylor's Differential Piece Rate Method? Do you think it is applicable in contemporary industrial environment?	[08]	CO1	L2

	Course Outcomes	PO1	PO2	PO3	PO4	PO5	PO6	PO7	PO8	PO9
CO1:	To know the theoretical and practical developments in the area of compensation and benefits.	1a,2b,3b		3c			4a			
CO2:	To discuss the strategic importance of compensation for the achievement of organizational goals.									
CO3:	To understand the relationship between	1c,,		1b,2						

	compensation objectives and business strategy.	2c,3 a,		a						
CO4:	To discuss the role of compensation in attracting, motivating, and retaining a high-quality workforce.									
CO5:										
CO6:										

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.

Compensation & Benefits

IAT-2-Answer Keys

Part A - Answer Any Two Full Questions (16*02=32 Marks)

1 a. What is internal alignment?

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

b. Distinguish between internal equity and external equity?

Ans. Internal Equity, often called internal equity, refers to the pay relationships among different jobs/skills/competencies within a single organization.
External Equity refers to pay relationships among organizations - an organization's pay relative to its competitors. Which also includes external factors like economic, government, technological and culture and customs

c. Explain the strategic choices in internal design?
    Ans. Tailored versus loosely coupled
    – Tailored
        ▪ Well designed jobs with detailed steps or tasks
        ▪ Very small pay differentials among jobs
    – Loosely coupled
        ▪ Where business strategy requires constant innovation

Egalitarian versus hierarchical
    – Egalitarian structures send the message that all employees are valued equally
    – Advantages
        ▪ Fewer levels and smaller differentials between adjacent levels and between highest- and lowest-paid workers
    – Disadvantages
        ▪ 'Averagism' brings to light that equal treatment can mean more knowledgeable employees feel underpaid
Egalitarian versus hierarchical (cont.)
    – Hierarchical structures send the message that the organization values the differences in work content, individual skills, and contributions to the organization
        ▪ Multiple levels include detailed descriptions of work done at each level Outlined responsibility for each

2 a. What is job evaluation?

Ans. Technique for comparing JOBS rather than employees.
"System for comparing different jobs systematically to assess their relative worth, so providing a basis for a grading and reward structure".

b. Why do you need to evaluate a job?

Ans. Relative worth of job. Amongst the jobs which are very important and important. In short, it means to find which jobs are worth paying and are valued.

c. Compare and contrast various methods of job evaluation?

Ans. A. *Ranking method*: The job ranking method arranges jobs in numerical order on the basis of the importance of the job's duties and responsibilities to the organization. This method, though easy   to understand, is highly subjective in nature.

B. *Classification method*: The job classification method slots jobs   into . pre established grades. Higher-rated grades demand more   responsibilities, tougher working conditions and varied job duties. This method is easy to understand and takes care of all relevant factors affecting the performance of a job. However, it is not easy to write all inclusive descriptions of a grade. Further, the method oversimplifies sharp differences between different jobs and different grades.

C. *Factor comparison method*: In this method, jobs are ranked according to a series of factors such as mental effort, physical effort, skill needed, responsibility, supervisory responsibility, working conditions, etc. pay will be assigned in this method   by comparing the weights of the factors required for each job.

D. *Point method:* The point system of job evaluation uses a point   scheme based on the compensable job factors of skill, effort, responsibility and working conditions. The more compensable factors a job possesses, the more points are assigned to it. Jobs with higher accumulated points are considered more valuable to the organization.

3 a. What is straight piece rate method?

Ans. The method rewards employees based on their output. A fixed rate of wage is paid for each unit produced, or number of operations completed or job completed. The wages payable is calculated by multiplying the number of pieces produced by the wage rate

b. Discuss flat time rate method with suitable industry example?

Ans. This method is used for paying remuneration to employees based on their attendance. A fixed rate of wage is paid hourly, or daily, or weekly on the basis of time spent on the shop floor (i.e. production department) in production

c. Distinguish between Halsey and Rowan premium bonus plan?

Ans. *Halsey Premium Plan* -Under this method standard time for doing a job is determined and workers are encouraged to do the job in less than the standard time. They are given wages for the actual time they take to do the job, but if they save time they are also paid a bonus equal to one-half (sometimes one-third) of the wages of the time saved.

Rowan Premium Plan- Is one of important incentive wage plan which was made by
James Rowan of David Rowan and Co. For making this plan, James Rowan had studied the
Halsey plan. As per this plan, there is guarantee of minimum wage with time rate. But worker
has right to get bonus on the basis of his time saved. We can calculate total wage
with rowan premium plan by using following formula.

Part B - Compulsory (01*08=08 marks)

4 a. Explain Taylor's Differential Piece Rate Method? Do you think it is applicable in
contemporary industrial environment?
Ans. Taylor's Differential Piece Rate System (Formula and Calculation)
Differential Piece Rate System was introduced by Taylor, the father of scientific management.
The underlying principle of this system is to penalise a slow worker by paying him a low piece
rate for low production and to reward an efficient worker by giving him a higher piece rate for a
higher production. Taylor was of the view that an inefficient worker should have no place in the
organisation and he should be compelled to leave the organisation by paying him a low piece
rate for low production.

Taylor proceeded on the assumption that through time and motion study it is possible to fix a
standard time for doing a particular task. To encourage the workers to complete the work within
the standard time, Taylor advocated two piece rates, so that if a worker performs the work
within or less than the standard time, he is pad a higher piece rate, and if he does not complete
the work within the standard time, he is given a lower piece rate.

Thus, if the standard production has been fixed at 8 units per day of 8 hours (taking normal
piece rate as Re 1), the higher piece rate for 8 units or beyond may be Rs 1.20 per unit and the
lower rate for an output of less than 8 units per day, may be 80 P. per unit.

Hence, Taylor decided to give a large reward to those who would complete the work within or
less than the standard time and much less wages to those who would not complete the job within
the standard time. The system is very harsh to the inefficient workers because they earn much
less wages on account of lower output and lower rate.

Moreover, minimum wages are not guaranteed under this method. Another drawback of the
system is that if a worker just fails to complete the work within the standard time earns much
less wages than a worker who just completes the job within the standard time. Therefore, the
system is now almost out of use.