

Internal Assessment Test - II

Sub:	Compensation and Benefits						Code:	17MBAHR403	
Date:	17/10/2018	Duration:	90 mins	Max Marks:	40	Sem:	III	Branch:	MBA

		Marks	OBE	
			CO	RBT
<b>Part A -Answer Any Two Full Questions (16*02=32 Marks)</b>				
1(a)	Define: Job Evaluation	[02]	CO1	L1
	(b) Compare: Job Evaluation methods with suitable examples	[06]	CO2	L4
	(c) Examine the various methods of calculation of compensation.	[08]	CO2	L3
2(a)	What is external competitiveness?	[02]	CO1	L1
	(b) Explain: Probable Relationships Between External Pay Policies and Objectives	[06]	CO2	L5
	(c) Demonstrate: Determining Externally Competitive Pay Levels and Structure.	[08]	CO2	L3
3(a)	List out any four employee benefits.	[02]	CO1	L1
	(b) Examine the basic decisions involved in internal skilled based structure.	[06]	CO2	L3
	(c) Discuss in detail about benefits determination process along with advantages and disadvantages.	[08]	CO1	L2
<b>Part B - Compulsory (01*08=08 marks)</b>				
4	In late 2004, both the CEO and CFO stepped down after the company restated earnings by roughly \$10 billion due to accounting irregularities. The departures were publicly referred to as “retirements.” The CEO and CFO received the same severance and retirement packages they would have had they left with unflawed performance records			
<b>Questions</b>				
	(a) How is compensation perceived by employees (fairness, reasonableness)?	[04]	CO2	L1
	(b) Illustrate- Can opposition by interest groups have a broader effect on your company?	[04]	CO2	L3

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

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) **Job evaluation** – process of systematically determining the relative worth of jobs to create a job structure for the organization

1 (b)

#### EXHIBIT 5.5 Comparison of Job Evaluation Methods

	Advantage	Disadvantage
Ranking	Fast, simple, easy to explain.	Cumbersome as number of jobs increases. Basis for comparisons is not called out.
Classification	Can group a wide range of work together in one system.	Descriptions may leave too much room for manipulation.
Point	Compensable factors call out basis for comparisons. Compensable factors communicate what is valued.	Can become bureaucratic and rule-bound.

1 (c)

**The Straight Piece Work System.** Worker is paid at a specified rate per unit of output.

**The standard Hour System.** A standard time is worked out to complete a job and in case an individual completes the job before time, he earns wages for the time saved

#### **Halsey Premium Plan**

This incentive plan was devised by P.A. Halsey This system is a simple combination of time-speed basis of payment. Under this plan, a minimum time wage is guaranteed to every worker. A standard time is fixed for the completion of a job. If a worker performs his job in less than the standard time, he is rewarded. But there is no penalty for performing the job in more than the standard time fixed.

#### **Rowan Bonus Plan**

Rowan Plan is a modification of Halsey Plan. It guarantees the minimum time wages and does not penalize the slow worker. A standard time as fixed for the completion of a job and the bonus is paid on the basis of time saved. Bonus is a proportion of the wages earned by the worker for the time taken by him and the proportion is the ratio of time saved to standard time. It implies that as the time saved increases, time taken will be reduced and as such the bonus would increase at a diminishing rate.

#### **Emerson Efficiency Plan**

Under this plan, a minimum time wage is guaranteed to the workers. Conditions of work are standardized and standard output is fixed which is to be completed within a specified period of time .This plan is similar to Gantt's Task and Bonus Plan and is an improvement over the Taylor's Differential Piece Rate Plan.

#### **Bedeaux Point Plan**

Under this plan, the minute is the time unit described as the standard minute and accounted as Bedeaux point B. In determining the Bs, the time of operation and the time of rest taken into account. Thus, B may be defined as a fraction of a minute of effort plus a fraction of compensation rest always aggregating unity.

**Taylor's plan is based on piece rate method** and does not guarantee a minimum time wage. Under this plan, standard output per hour or per day of worker is fixed. There are two piece rates ; one for those who do not attain the standards fixed and the other for those who attain or exceed the standard. In the second case, the piece rate is higher. This system provides an incentive to the efficient worker and at the same time penalises the inefficient ones.

#### **Flat Rate**

According to this method, DA is paid at a flat rate to all workers irrespective of their wage levels and regardless of changes in consumer price index. This method was used in jute, cotton and engineering industries in west Bengal in the early days of adjudication.

2 (a) **External competitiveness** refers to pay relationships among organizations - an organization's pay relative to its competitors.

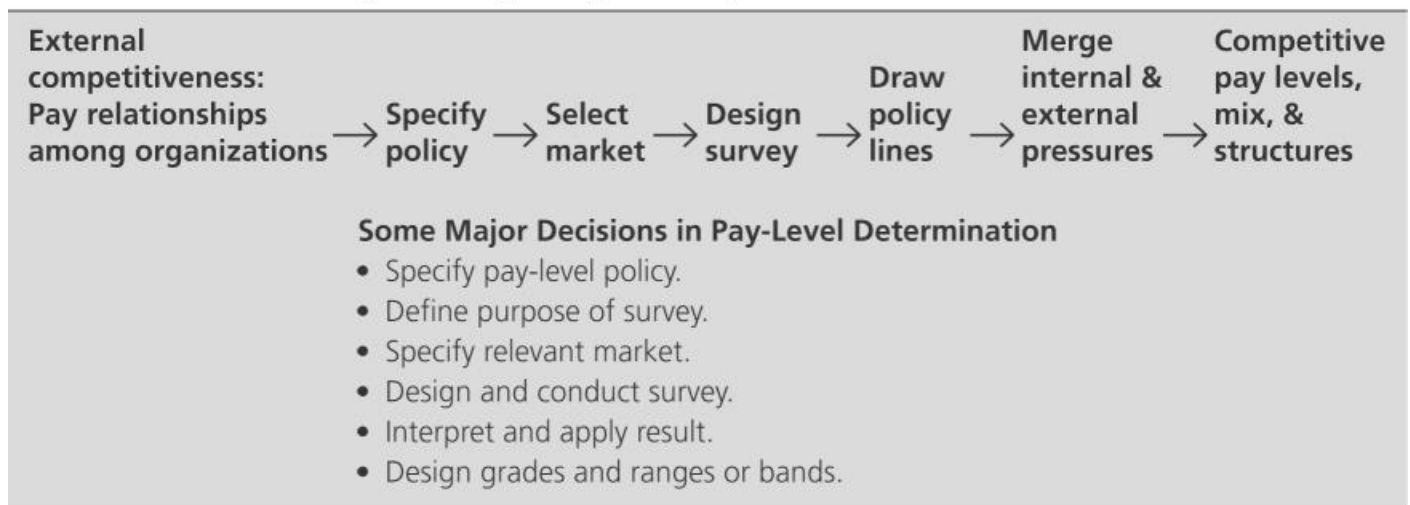
2 (b)

**EXHIBIT 7.8 Probable Relationships between External Pay Policies and Objectives**

Policy	Compensation Objectives				
	Ability to Attract	Ability to Retain	Contain Labor Costs	Reduce Pay Dissatisfaction	Increase Productivity
Pay above market (lead)	+	+	?	+	?
Pay with market (match)	=	=	=	=	?
Pay below market (lag)	-	?	+	-	?
Hybrid policy	?	?	+	?	+
Employer of choice	+	+	+	-	?

2 (c)

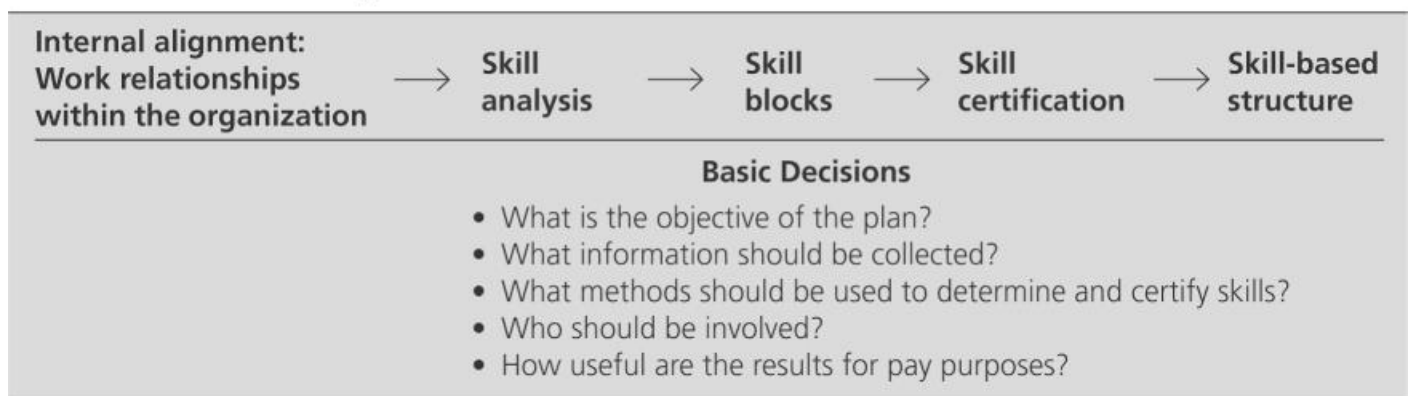
**EXHIBIT 8.1 Determining Externally Competitive Pay Levels and Structures**



3 (a) life insurance, pension, workers' compensation, paid vacation, holidays and etc

3(b)

**EXHIBIT 6.3 Determining the Internal Skill-Based Structure**



3 (c)

Benefits Planning and Design Issues

Benefit Administration Issues

Advantages of Flexible Benefits

Disadvantages of Flexible Benefits

**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.