

GUJARAT TECHNOLOGICAL UNIVERSITY**MBA SEMESTER-3- EXAMINATION – SUMMER 2020****Subject Code: 4539232****Date:09/11/2020****Subject Name: Compensation Management (CM)****Time: 2.30 PM to 5.30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

Q. No.		Marks
Q.1	Explain the each following terms with suitable examples	14
	(a) Temporary appointment	
	(b) Green-circled	
	(c) Merit pay	
	(d) Compensation scorecard	
	(e) Intrinsic rewards	
	(f) Stake holder	
	(g) Team based compensation plan	
Q.2	(a) What is meant by Strategic Reward? Define in detail rationale behind strategic reward, characteristics, problems and guiding principles with strategic reward.	07
Q.2	(b) State the Influence of Total Rewards on Employee Satisfaction and Commitment in organization.	07
	OR	
Q.2	(b) Explain Home country based, Host country based and Hybrid basis reward strategies with respect to international reward strategy.	07
Q.3	(a) What is Contingent Pay? Which are the For & Against Arguments done for Contingent Pay?	07
Q.3	(b) What is the difference between incentives and rewards? Discuss the types of non-financial rewards in brief.	07
	OR	
Q.3	(a) What is Bonus Scheme? Explain different types of bonus schemes with advantages and disadvantages in brief.	07
Q.3	(b) Discuss the types of Grade and Pay Structure in brief.	07
Q.4	(a) Rewarding sales and customer service staff would be different as compared to rewarding manual and knowledgeable workers. Justify the same by defining reward management and focusing on different strategies adopted for rewarding each case.	07
Q.4	(b) What is Medclaim? Discuss some salient features of Medclaim policy in brief.	07
	OR	
Q.4	(a) How salary is defined under Income Tax Act? Discuss the Income tax act provisions for Individual Salaried in brief.	07

Q.4 (b) What do you mean by “same work or work of similar nature”? What are the duties of the employer to pay equal remuneration to men and women workers for same work or work of similar nature under the Equal Remuneration, Act, 1976? **07**

Q.5 Read the case given below and answer the following questions.

CASE STUDY

Cherry FurniTech is a state-of-the-art modular furniture manufacturer, started with an initial Rs 500 crore investment, by raising term loan from different financial institutions and about 65% contribution from the traditional family business. The group has a traditional family history of woodcraft manufacturing. Leveraging the family trend, the present owner Navjyot Singh and his wife Amrita ventured into this business. Navjyot Singh has toured extensively all over the world with his father, right from his childhood. According to Mr. Singh, India has top quality berg woods in its North-eastern states, which are imported by countries such as the US. However, Indians use them as firewood, because of lack of awareness. The company launched an ambitious plan to manufacture and sell hardwood furniture worldwide, as their study indicated that the Indian market for furniture is still unorganized, and that the affluent class used imported furniture made of concentrated wood dust or waste products.

To get the benefits of emerging market in India and abroad, the company recruited the best designers, business heads, and production people worldwide. Many designers were either Italian born, or trained in Italy. The biggest challenge the company faced was in designing managerial compensation.

Management compensation received attention primarily because of its performance implications and strategic fit in Cherry FurniTech. The HR manager claimed that it had a positive effect on the company’s financial performance and recommended the appropriateness of different compensation for specific strategic situations. However, he could not convince the top management of the need to formulate an executive compensation package accordingly.

Navjyot Singh only considered such alignment for executives on the board, arguing that their achievement was traceable. The HR manager argued that compensation cost in the company was the second largest expense category, the first being the cost of raw materials and other implements (excepting labour). Hence, it had to be managed strategically, aligning with the performance of the organization and its

fit with overall organizational strategy. He supplied extensive literature to sell his argument. He complained that the organization did not have a well-documented compensation philosophy, despite this evidence. Some incentives were also counterproductive. He argued that it is time to develop executive compensation, de-emphasizing the immediate financial gains and tagging it with long-range strategy of the organization. After listening to the HR head's argument, the CEO directed him to develop a model that may work in the organization.

- (a) Design the appropriate pay model for executives of Cherry FurniTech. **07**
- (b) How employees orientation can support the HR planning in above case?- Discuss. **07**

OR

- Q.5**
- (a) Develop appropriate evaluation system that fit the objectives of owners **07**
 - (b) Justify the viewpoint of HR manager to formulate an executive compensation package **07**
