

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA – SEMESTER –III-EXAMINATION – SUMMER-2022**

**Subject Code: 4539232****Date: 16-07-2022****Subject Name: Compensation Management****Time: 02:30 PM TO 05:30 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.	Question Text and Option	
<b>Q.1</b>	Short Questions	
<b>(a)</b>	Explain Following	<b>14</b>
	1) Expatriate Rewards	
	2) Non Financial Rewards	
	3) Team Pay	
	4) Contingent Pay	
	5) Bonus Scheme	
	6) Transactional rewards	
	7) Define Reward System.	
<b>Q.2</b>	<b>(a)</b> Diagrammatically explain Towers and Perrin Model of Total Reward system and discuss the thought critically.	<b>07</b>
<b>Q.2</b>	<b>(b)</b> Diagrammatically explain Total Reward Management Frame work and interrelations of each factor.	<b>07</b>
<b>OR</b>		
<b>Q.2</b>	<b>(b)</b> Explain the difference between distributive justice Vs procedural justice with respect to total reward management with suitable examples of both.	<b>07</b>
<b>Q.3</b>	<b>(a)</b> Explain various contextual factors with respect to rewards strategies and its relevance with the reward systems.	<b>07</b>
	<b>(b)</b> Briefly explain Problems with the Strategic Reward concept and also present counter argument with the rationale of the strategic rewards.	<b>07</b>
<b>OR</b>		
<b>Q.3</b>	<b>(a)</b> What is convergence and divergence thought process in reward management for rewarding expatriates? How that thinking will help in international reward strategy? Justify with suitable examples.	<b>07</b>
	<b>(b)</b> Explain AMO formula and explain the impact and interrelation of performance management and rewards system.	<b>07</b>
<b>Q.4</b>	<b>(a)</b> Explain Grade pay and pay structure with diagrammatic representation and suitable example of your choice in every structure.	<b>07</b>
	<b>(b)</b> Briefly explain Scope , Applicability, Major Provisions , Major amendments and Exclusions on Minimum wages act 1948	<b>07</b>
<b>OR</b>		
<b>Q.4</b>	<b>(a)</b> Differentiate between reward management of Sales and Service staff and executives Vs knowledge worker in tabular format.	<b>07</b>

- (b) Briefly explain Scope, Applicability, Major Provisions, Major amendments and Equal remuneration act 1976.

Q.5

**Case study: Rewards beyond salary**

Deepa Chaudhari, Head of Rewards at Reckitt, explains at the People Matters Total Rewards & Wellness Conclave 2021 the Reward philosophy and standout benefits offered to employees.

Over the past decade, the business environment is changing, and it now faces greater uncertainty in the COVID-19 period which is far from being over. Businesses have to deal with both - the economic crises with fluctuations in commodity pricing, complicated logistics as well as the health crises which have transformed the ways of working as we move towards Future of Work - hybrid models, new policies... all this while managing top-line, margins and profit.

The talent landscape today is also competitive. India's rising unicorns, the mental & emotional turmoil that followed the pandemic are making the workforce eager to make the switch in pursuit of change or a better life leading to the 'Great Resignation'. This has made hiring, engaging, and retaining top talent crucial and challenging for the organizations.

Reckitt is a British multinational consumer goods company behind well-known brands like Dettol, Strepsils, Air Wick, Lysol, and Durex. In addition to being one of the fastest-growing consumer goods companies in India, the company's role and operations gained a heightened sense of importance and urgency owing to the public health crisis caused by the Covid-19 pandemic.

The company's Head of Rewards, Deepa Chaudhari, explains what unique reward systems have been created to build a sustainable business for employees, customers, and shareholders.  
Thinking beyond financial incentives

Reckitt strives for outperformance and they compete to attract and retain talent in a competitive landscape. Central to their Reward philosophy are the principles of pay for performance, and shareholder as well as strategic alignment. Combined with Reckitt's compass and business model, they define how decisions are made, how people act and how they are assessed and rewarded.

Here are some ways in which Reckitt is trying to navigate these challenges using a strong rewards and incentives model that goes beyond salary.

**Strengthen core values:** At the heart of Reckitt's compass is the motto "do the right thing". Conscious efforts are made towards being a fair-wage and equal-pay employer, that promotes sustainable business. The company has designed extremely incentivizing remuneration policies that stand out in the industry for their high-up side of variable pay on excellence in performance. By design, the variable plan drives strong performance with a significant reward for overachievement of annual targets linked to Reckitt's strategic priorities and aims to achieve collaboration.

**Focus on Talent:** Engage performance-driven employees with great career

opportunities by giving them new experiences, leadership opportunities, networking, development opportunities, and supporting them in becoming great professionals and managers. Given the need of the hour, Reckitt deepened the range of support provided to the employees and consciously tried to be more nimble, open, and responsive to change. The company has addressed the changing needs of the workforce and catered to the motivations, expectations, and well-being of its employees.

**Market-leading Share Ownership Policy:** Reckitt has a market-leading and awarded share ownership policy for employees that is centered around an important Compass value of “Building Shared Success” The plan effectively engages wider workforce and instills a sense of ownership & pay for performance.

All full-time employees in India can make regular savings contributions (from £5 to £500, or equivalent to local currency, per month) over a period of three years with an option to purchase Reckitt shares at a discounted price at the end of the duration. Employees can also receive the profit accrued over the time in cash or company shares. Interested employees can enroll and manage their plans online easily. Since the savings are deducted directly from the salary, there are no missed installments or late payments to worry about once the saving account is set up & linked.

In addition to getting discounted shares at the end of the duration, employees benefit when the company share price rises. This is also a risk-free option as every employee will get back the principal sum invested, plus the interest at the least.

The program has received a very positive response from the employees, and testimony to that is more than half of them have opted in the plans across the years. In addition to giving employees a true sense of ownership, it also incentivizes them to work better and generate better results by reinforcing a strong sense of collective ownership & building Shared Success!

John Ruskin, the English writer, and philosopher, once said, “The highest reward for a person's toil is not what they get for it, but what they become by it.” And this philosophy is visible in Reckitt’s reward policies and programs as the company enables its workforce to take on the most pressing challenges in our world.

- Q.5**
- (a) Which are the leading business crisis and challenges Ms Deepa Chaudhari Head of Rewards at Reckitt believes business and Compensation department has post COVID 19 **07**
  - (b) Discuss the value and importance of each reward strategy adopted by M/s Reckitt and their compensation team and critically discuss the same. **07**
- OR**
- (a) What is “Balance Score Card” approach in reward management? Do you believe Ms Deepa and her team effectively managed Balance Score Card approach? Justify your answer with proper back up logic. **07**
  - (b) Differentiate between financial rewards offered in the case and non financial benefits discussed. Write possible advantages and disadvantages of both. **07**
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