

(6 pages)

MAY 2014

P/ID 77817/PMG06

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

All question carry equal marks.

1. Explain the analytical methods of job evaluation in brief.
2. What is the purpose of compensations. How is it related to employees satisfaction?
3. Explain the objectives of wage administration.
4. Explain the determinants of rewards in public sector.
5. Elucidate the principles of pay commission.
6. Explain the traditional techniques of performance appraisal.
7. Explain the elements of managerial compensation.
8. List down the salient features of wages.

PART B – (5 × 10 = 50 marks)

Answer any FIVE questions.

All questions carry equal marks.

9. Explain the concept of performance standard in detail for fixing compensation.
10. Explain the factors that affects compensation design.
11. What are the legislations regulating to wages in India and describe their scope.
12. Explain the consequences of pay dissatisfaction.
13. Discuss the various wage determination models.
14. Describe the special problems on organization faces in designing the compensation plan for knowledge workers.
15. Explain the deficiencies of job evaluation programme.
16. Explain the principles governing executive compensation.

PART C – (20 marks)

(Compulsory question)

17. Case study (1 × 20 = 20)

Performance related Pay at Auto India Ltd.

Performance related compensation, schemes are commonly used by an organization as a reward for improved productivity through the increased salary or benefits. Often this scheme is misconstrued as an indirect management control system. Auto India, a leading manufacturer of automobile spares, recently adopted a bonus scheme, with the basic intention to reap the benefits of increased productivity. This significantly called for alteration of existing compensation systems, making employees more accountable or responsible for result.

Some of the high achievers of the company, in the succeeding months of new bonus scheme, could significantly increase their compensation level, while a large number of employees, on the contrary, faced significant reduction in their compensation package. The company explained to all stakeholders the genesis and operational procedures before introduction of new bonus scheme. Individually all the line managers were trained to understand how the bonus scheme works and helps in achieving the business goals.

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While designing new performance — related pay schemes, organizations should ensure its acceptability to all cross-sections of employees. The right fit performance appraisal tools form the basis for performance - related pay scheme. It should balance individual and team performance bring changes in the human resource management practices, understand the impact on employees' motivation, and develop a culture of mutual trust Organizations, after introduction of the bonus schemes should also ensure periodic evaluation to understand its success or otherwise.

We feel that our organization has failed to account for all these issues, leading employees to survive in uncertainty and suffer from extreme financial hardships. Hence, we oppose the newly introduced performance-related pay and appeal to the management to revert to the old compensation system, which followed the principles of equity, and assigned weightage to seniority, without harming the collective interests of the employees'.

While explaining the genesis of new bonus scheme, the company did make it clear to both the unions that the company wanted to reward high achievers and differentiate them from others who failed to achieve. This would enable the company to relate the compensation to market rates and at the same time motivate employees to deliver their best performance.

Discuss Question:

- (a) As a compensation expert, critically analyze the case and suggest what was lacking in Auto India's introduction of performance-related pay?
 - (b) What do you understand by Performance linked pay system with respect to the case?
 - (c) Explain some incentive bonus schemes which could have helped the Auto major.
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