

VPM's
DR VN BRIMS, Thane
Programme: MMS (2014-16)
Second Semester Examination April 2015

Subject	Compensation and Benefits SET 1		
Roll No.		Marks	60 Marks
Total No. of Questions	7	Duration	3 Hours
Total No. of printed pages		Date	25-04-2015

Note: Q1 is compulsory and solve any FOUR from the remaining SIX questions.

Q1) 20 Marks (Compulsory)

Read the following case and answer the questions below.

Salary inequities at XYZ Manufacturing

BOB was trying to figure out what to do about a problem of salary situation he had in his plant. BOB recently took over as president of XYZ Manufacturing. The founder and former president, Kelly, had been president for 35 years. The company was family owned and located in a small town. It had approximately 250 employees and was the largest employer in the community. BOB was the member of the family that owned XYZ, but he had never worked for the company prior to becoming the president. He had an MBA and a law degree, plus five years of management experience with a large manufacturing organisation, where he was senior vice president for human resources before making his move to XYZ.

A short time after joining XYZ, BOB started to notice that there was considerable inequity in the pay structure for salaried employees. A discussion with the human resources director led him to believe that salaried employees pay was very much a matter of individual bargaining with the past president. Hourly paid factory employees were not part of this problem because they were unionized and their wages were set by collective bargaining. An examination of the salaried payroll showed that there were 25 employees, ranging in pay from that of the president to that of the receptionist. A closer examination showed that 14 of the salaried employees were female. Three of these were front-line factory supervisors and one was the human resources director. The other 10 were non-management.

This examination also showed that the HR director appeared to be underpaid, and that the three female supervisors were paid somewhat less than any of the male supervisors. However, there were no similar supervisory jobs in which there were both male and female job incumbents. When asked, the HR director said she thought the female supervisors may have been paid at a lower rate mainly because they were women, and perhaps Kelly, the former president, did not think that women needed as much money because they had working husbands. However, human resource director added she personally thought that they were paid less because they supervised less-skilled employees than did the male supervisors. BOB was not sure that this was true.

The company from which BOB had moved had a good job evaluation system. Although he was thoroughly familiar with and capable in this compensation tool, BOB did not have time to make a job evaluation study at XYZ. Therefore, he decided to hire a compensation consultant from a nearby university to help him. Together, they decided that all 25 salaried jobs should be in the same job evaluation cluster, a modified ranking method of job evaluation should be used. The job descriptions recently completed by the HR director were current, accurate, and usable in the study. The job evaluation showed that the HR director and the three female supervisors were being underpaid relative to comparable male salaried employees.

BOB was not sure what to do. He knew that if the underpaid female supervisors took the case to the local employee counsel office, the company could be found guilty of sex discrimination and then have to pay considerable back wages. He was afraid that if he gave these women an immediate salary increase large enough to bring them up to where they should be, the male supervisors would be upset and the female supervisors might comprehend the total situation and want back pay. The HR director told BOB that the

female supervisors had never complained about pay differences. The HR director agreed to take a sizable salary increase with no back pay, so this part of the problem was solved. BOB believed he had four choices relative to the female supervisors:

To do nothing.

To gradually increase the female supervisors salaries.

To increase their salaries immediately.

To call the three supervisors into his office, discuss the situation with them, and jointly decide what to do.

Questions (Support your answers with proper justification) ::

1. What would you do if you were BOB?

2. How do you think the company got into a situation like this in the first place?

Attempt Any FOUR from the Remaining SIX Questions

Q2) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

a) Discuss the objectives of the subject “Compensation and Benefits?”

b) Explain the concept “Provident Fund” as an employee retention tool.

c) **Nature’s Dilemma**

“Sriram Industries” is a mechanical engineering establishment situated in Bombay. It has 15,000 workmen employed in first shift between 8-16 hours. This is a major shift and known as general shift. The workmen of Sriram Industries report for work from distance places such as Pune, Virar and also Karjat, which are miles away from the place of work. The workers travel by Central Railway, Western Railway (Suburban Services) and by BEST buses. Some also travel by petrol driven vehicles or their own bicycle. On 26 June 2005, there was a very heavy downpour, which is not uncommon in Bombay. Vast areas were submerged under water. Central and western sub urban railway services, therefore, were completely dislocated. As a result of the heavy rains, train services were suspended between 7 – 8 am.

A few timekeepers who somehow managed to attend took attendance. It was found that out of the total complement, 4000 attended in time, 2600 attended two hours late, 4800 attended four hours late and the remaining 3600 did not attend. Trade union requested the management to deal sympathetically with the employees. The union leader had produced a certificate from Railway authorities and also BEST authorities about the complete dislocation between 7- 8.30 am and a partial dislocation till 2.30 pm. The General Manager called a meeting of the officers to discuss the absentee issue. Some of the officers who participated in the meeting, opined that ‘no work no pay’ should be the only disciplinary action for this. The General Manager adjourned the meeting without coming to any decision. Relation between the management and the three unions operating in the company were generally satisfactory. Only one of the three unions that had mainly white colored staff as members had a legalistic approach in all matters and was not easily satisfied.

How can this issue be sorted out?

Q3) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

a) **Angel Match**

Robin a computer programmer at the sweet maker company’s first annual mixed – doubles tennis tournament. He and his lady friend Rosy who works as an accountant in the company’s finance department, have become accomplished tennis player. They felt that they have a chance to win it all. Because of the growing interest in tennis by a large proportion of the firm’s employees and their increased productivity at work’ the company arranged the tournament to be played on Friday. This was declared as tennis holiday. By the company founder and the president Robert D’Souza. They both advanced to the tournament finals. Leading in the third and decisive set’ Robin tripped going back to play an opponent’s lab shot. He twisted his ankle badly. Despite this injury they went on to win the game and the tournament. However, the ankle became worse and he was confined to bed. X-rays showed a hairline fracture. Robin had to miss four days of work

for medical attention. Company sick leave policy provides for only two days per month. Under state law, workers compensation provides payments if the worker is “functioning within the scope of employment”.

If Robin files for workers compensation, what are the points for and against allowing his claim? Is there any alternative?

- b) Design a salary offer letter for the position “Centre Sales Executive” in Duplex Pharma Distributors Ltd.
- c) Role of HR professional in conducting salary surveys in an organisation?

Q4) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) Describe in detail “Income Tax slabs for the current fiscal year”
- b) Design a salary slip (30 days working) for any position of your choice.
- c) **Roshans Limited-Transport Facility**

The personnel Manager of Roshans Limited have received an application for the introduction of company conveyance for employees staying in town. Although Roshans Limited has provided living facilities to its employees, about 50 percent of its 1000 employees still have to commute an average of 10 km to come to work. The union and some of the employees living on campus have supported the demand. Though the management might favor such a move. Some sections of the work force are concerned that the introduction of the company conveyance facility may cut down their wages. The company under disguise of compensation allowance pays Rs. 50 per month for traveling to employees staying more than 8 km away from the company premises.

What factors would you take into account in evaluation of this demand from the workers?

Q5) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

a) Breaking the Bargaining Pattern

Vision steel is a local fabricating and supply firm. Situated in open country, far from the large steel making centers. The firm has been in business many years. About the third of employees have worked in the organisation for more than ten years. Top management would like to get away from the current practice in which negotiations on wage matters and fringes follow the pattern. The firm’s president feels that industry – wide bargaining tends to divorce employees from the firm. He argues that the local firm which has prospered, can do better by employees than is possible in national pattern. He says that the local conditions should be taken into account. His basic objection to current practice however, is his conviction that it tends to divorce its employees from local employer. The labour relations manager has been urged to try negotiating terms at variance with the national pattern.

What theory and policy do you read into the president’s suggestion?

- b) Discuss the importance of bonus as an effective retention tool.
- c) Analyse different components of the term “Salary” for a management trainee - HR.

Q6) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) Given below is the HR policy glimpse of the “SPARK-LEARNING” a learning and training solutions company
 1. It offers cash rewards for staff members
 2. It promotes the culture of employee referral and encourages people to refer people they know may be their friends, ex. Colleagues, batch mates, relatives etc.
 3. What all needs do it takes care off according to Maslow’s need hierarchy
 4. It recognizes good performances and give fancy titles and jackets to the people who perform well and also felicitates them in the Annual Day of the company.

What all aspects does the company takes care of according to the Maslow’s Need Hierarchy?

- b) Elaborate the concept “Equity in Compensation.”
- c) Design a salary slip for a mid-level profession (make suitable assumptions).

Q7) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) ABC org is a medium sized company which produces electrical components. The performance management policy of the company is based on the principle of rewarding the efficient employees and churning and eliminating the incompetent employees. When the performance declines beyond the permissible levels, a warning is issued to him/ her and is usually asked to explain the reason for the decline. In the absence of any convincing reply or significant improvement with-in a reasonable time frame, the company resorts to transfer. If the poor performance continues, his or her services are terminated after due notice. This is followed for all levels of employees. With the current system, the company has succeeded in maintaining the quality of the products
As an HR professional, due to see any crisis in the reward policies of the organization?
- b) Explain “Employee’s State Insurance Act, 1948” in detail focusing on measures for employee development.
- c) Why should the company focus on effective rewards management policy?