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**SVKM'S NMIMS UNIVERSITY
SCHOOL OF DISTANCE LEARNING**

Subject: Wage and Salary Administration
SEM IV - PG DHRM

Date: 5.01.2010

Marks: 100
Time : 3 hrs (3 pm to 6 pm)

Instructions: Candidates should read carefully the instructions printed on the question paper and on the cover of the Answer Book, which is provided for their use.

NB:

1. Answer to each new question to be started on a fresh page.
2. Figures in brackets indicate full marks

Q1) Write short notes on : (any three)

Marks : 15

- a) Friedrich Herzberg's two factor theory
- b) Surplus value wage theory
- c) Collective bargaining
- d) Point Rating method of Job Evaluation
- e) Compensation surveys

Q2) Attempt any 2 out of 4

Marks : 40

- a) Explain the following with reference to the PAYMENT OF WAGES ACT, 1936
 - Purpose of the PAYMENT OF WAGES ACT, 1936
 - Responsibility for payment of wages
 - Fixation of wage-periods
- b) What do you understand by the term Voluntary Retirement Scheme. What are the cost and benefits of a VRS to the company and to employees.
- c) What are the reasons for downsizing ? What will be your approach to deal with worker redundancy ?
- d) Explain the concept 'direct and indirect compensation' and 'internal and external equity'. Would you suggest that a large organization have an exclusive Compensation Manager ? Justify your answer.

Q3) Attempt any 3 out of 5

Marks : 45

- a) What do you understand by the term 'Job evaluation' ? What are the objectives of Job Evaluation ? Explain the 'classification method' of job evaluation.
- b) Define 'incentives' and elaborate of their merits and demerits. Design an incentive scheme for a training executive OR a sales executive
- c) Explain the following with reference to the Payment of Gratuity Act, 1972

When does an employee become eligible for gratuity ? What is the ceiling on gratuity ? Explain the calculation of gratuity for piece rate and seasonable employees. Can gratuity be forfeited ? If so, when and to what extent ?

- d) Explain in detail the term competency based compensation ? Are you in favor of the competency based compensation model ? Please elaborate. Explain the difference between the Traditional V/s Competency based model
- e) What is the role of compensation in an organization ? What are the functions and responsibilities of a compensation program ?

Q4) CASE STUDY : Answer in detail

Marks : 30

Ajit Pradhan was trying to figure out what to do about a problem salary situation he had in his Plant. Ajit recently took over as President of Alpha Limited, a steel manufacturing company. The founder Shyam Banerjee had been president for 30 years. The company was family owned and located in a small town in eastern India. It had approx 250 employees and was the largest employer in the community. Ajit was a member of the family that owned Alpha, but he had never worked for the company prior to becoming President. He had an MBA and a law degree plus 15 years of management experience with a large manufacturing firm where he was Sr Vice President for HR before he moved to Alpha.

A short time after joining Alpha, Ajit started to notice that there was considerable inequity in the pay structure for salaried employees.

A discussion with the HR Director led him to believe that salaried employee's pay was very much a matter of individual bargaining with the past president. Hourly paid factory workers were not part of the problem because they were unionized and their wages were set by collective bargaining. An examination of the salaried payroll showed that there were 100 management personnel from the President to that of the receptionist. A closer examination showed that 10 of these salaried employees who were all Engineers, had largely similar job profiles and total years of experience, yet had large differentials in their salaries. These Engineers were recruited directly from the local college and had spent around 5 years Alpha Limited.

A close look at the salaries of these 10 Engineers indicated that at least 5 Engineers appeared to be grossly underpaid.

When queried, the HR Director said that the performance of these 5 Engineers was on par with the other Engineers. The HR Director also said that these 5 Engineers had never complained about pay differences.

Ajit considered the following options.

- a) To do nothing
- b) To gradually increase the 5 Engineer's salary
- c) To increase their salaries immediately
- d) To call the 5 Engineers into his office, discuss the situation with them and jointly decide what to do.

Questions (attempt all these 3 questions) :

- 1) Which of the above four options would you choose if you were Ajit ? Justify your response
- 2) What do you think are some of the reasons for Alpha Limited to have got into a situation of salary differentials like this in the first place ?
- 3) Design an incentive scheme for the management personnel at Alpha Limited