

School of Business
MBA
Summer Term - September 2023

Time : 3 Hours

Marks : 50

Sem III - MBHR6002 - Compensation and Reward Management

Your answer should be specific to the question asked

Draw neat labeled diagrams wherever necessary

1. Identify the term “need-based minimum wage” and explain the importance of it in compensation management CO1 (2)
2. Explain the term “Equal Pay for Equal work” CO2 (2)
3. Discuss the term “Pay level” and “Pay Mix”. CO3 (2)
4. Analyze the concept of Workers’ compensation. CO4 (2)
5. Examine the nature of government’s role in compensation? CO5 (2)
6. Set up a debate over the following proposition: Nonfinancial returns (great place to work, opportunities to learn, job security, and flexible work schedules) are more important (i.e., best practice) than pay. CO1 (5)
7. Explain the concept of ‘minimum wage’ and describe the procedure for fixation and revision of minimum wage under the Minimum Wages Act, 1948 CO2 (5)
8. Romance Novels, Inc, located in Cheektowaga, NY, has gradually increased the number of contingent workers (full-time, temporary) from 10 percent of the workforce to about 28 percent today. Why might they do this? Also, what equity problems can arise from hiring contingent workers, especially when they work alongside regular employees? CO5 (6)
9. You own Falzer’s Tool Coating Company, a high-tech firm specializing in the coating of cutting tools (e.g., drill bits, cutting blades) to provide longer life before resharpening is needed. You are concerned that the competition continues to develop new coating methods and new applications of coating in different industries. You want to create a work environment where employees offer more new product ideas and suggest new industries where these ideas might be applied. What type of compensation plan will you recommend? What are some of the problems you need to be aware of? CO3 (8)
10. Erinn Kelly, VP of Human Resources at Lawson Chemical, just purchased a local salary survey that has employee benefits data. She was shocked to see that Lawson has a larger benefits bill (38 percent of payroll) than the average in the community (31 percent). In a memo to you, she demands an explanation for why that package is significantly bigger. What sound reasons might save you from getting fired? CO4 (8)

11. The 1990's were a watershed for the Indian banking industry, and particularly for nationalised banks hitherto have monopoly in the industry. Following the deregulation of the financial sector, Corp bank has faced increased competition from other financial institutions like Can find Homes Ltd, LIC Housing Corporation and foreign private banks. These specialised financial institutions were giving a tough competition to Corp Bank resulting an intense squeeze on profit margins and the need to make considerable efforts to to retain its clientele. Under such pressure, Corp bank introduced new technology, new financial products and new reward system for bank managers and staff. Information and communication technologies(ICTs) enabled the bank to process much larger volume of business and just importantly, the new ICTs themselves facilitated the development of new, and technically based product and services (such as home banking, smart cards and debt cards) which Corp Bank started to market to its customers. Running parallel with these technical changes was the dismantling of the paternalistic human resource management system. In essence, Corp Bank's bureaucratic culture and its associated belief system for managers and staff of appropriate behaviour being rewarded by steady promotion through the rank swept aside. The new culture in the fast changing environment, emphasised customer service and the importance of measuring and rewarding staff according to their performance. The new performance related reward system was introduced at the board meeting held in June 2002. Mr N.K. Singh, Chairman and managing Director of the bank said that the proposed reward system would be a key strategy to 'maintain our reputation and market share'. He outlined that in future, the salary of bank managers would be tied to their leadership skills and quality of customer services. Accordingly, the reward system would link manager's salary to behaviour traits that relate to leadership and customer service. The variable pay for both managers and staff would be based on what is accomplished because customer service is central to Corp bank's strategic plan, a three category rating system that involves 'not meeting' customer expectations, 'meeting' them or 'far exceeding' them, is the essence of the reward system.
1. What types of problems were being faced by Corp Bank?
 2. Outline the merits and limitations of Corp Bank's proposed award system for the managers and staff.
 3. Develop an alternative reward system for Corp Bank's employees and explain why it is superior to the proposed reward system