

Name:
Enrolment No:



UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, December 2021

Course: Compensation Management

Semester: III

Programme: MBA (MBA HR)

Time: 03 hrs.

Course Code: HRES 8011

Max. Marks: 100

Instructions: All questions are compulsory

SECTION A (20 Marks)

S. No.		Marks	CO
Q 1	<p>The fact that people make comparisons to others is central to:</p> <p>a.expectancy theory b.the need for pay secrecy c.pay-for-performance programs d.equity theory</p>	2	CO 1
Q 2	<p>The concept that employees should exert greater work effort if they have reason to expect it will result in a valued reward forms the basis of:</p> <p>a.expectancy theory b.equity theory c.instrumentality d.internal equity</p>	2	CO 1
Q 3	<p>Which of the following is an external factor that can influence the rates at which employees are paid?</p> <p>a.the worth of the job b.the employees' relative worth c.the employer's ability to pay d.the cost of living</p>	2	CO 1

Q 4	<p>Pay levels are limited in part by:</p> <p>a.the organization's profits and the productivity of employees</p> <p>b.collective bargaining limitations</p> <p>c.strategic compensation planning</p> <p>d.the mobility of employee skills</p>	2	CO 1
Q 5	<p>Job evaluation helps to establish:</p> <p>a.job classifications</p> <p>b.the organization's ability to pay</p> <p>c.internal equity</p> <p>d.labor market conditions that affect pay</p>	2	CO 1
Q 6	<p>All of the following are methods of comparison used in job evaluation except the:</p> <p>a.job worth system.</p> <p>b.job ranking system.</p> <p>c.job grade system.</p> <p>d.point system.</p>	2	CO 1
Q 7	<p>Enterprise incentive plans include:</p> <p>a.Scanlon Plan</p> <p>b.Rucker Plan</p> <p>c.Stock options</p> <p>d.Sales incentives</p>	2	CO 1
Q8	<p>Group incentive plans include:</p> <p>a.Standard hour plan</p> <p>b.Improshare</p> <p>c.Stock options</p> <p>d.Sales incentives</p>	2	CO 1
Q 9	<p>Which of the following compensation options would not qualify under the term pay for-performance?</p> <p>a. seniority based pay</p> <p>b. group incentive</p> <p>c. pay banding</p> <p>d. gainsharing plans</p>	2	CO 1

Q 10	<p>When employees receive a certain rate for each unit produced, they are working under which incentive plan?</p> <p>a.differential piece rate b.standard piece rate c.straight piecework d.individual rate pay</p>	2	CO 1
SECTION B (20 Marks)			
Q 1	<p>Are the three main elements of compensation systems—internal consistency, market competitiveness, and recognizing employee contributions—equally important, or do you believe that they differ in importance? If different, which do you believe is most important? Least important? Give your rationale.</p>	5	CO2
Q 2	<p>Explain the similarities and differences between merit pay, incentive pay, and person focused pay. Also explain the role of performance appraisals in merit pay programs.</p>	5	CO2
Q 3	<p>Discuss how compensation professionals contribute to a firm's competitive advantage.</p>	5	CO2
Q 4	<p>Suggest ways that companies in low-paying industries can increase their ability to attract and retain highly qualified individuals.</p>	5	CO2
SECTION – C (30 Marks)			
Q1	<p>Many compensation professionals are faced with making choices about which discretionary benefits to drop because funds are limited and the costs of these benefits continually increase. Assume you must make such choices. Rank-order discretionary benefits from the ones you would most likely eliminate to the ones you would least likely eliminate. Explain your rationale. Do such factors as the demographic composition of the workforce of the company matter? Explain.</p>	10	CO3
Q2	<p>There is currently a tendency among business professionals to endorse the use of incentive pay plans. Identify two jobs for which individual incentive pay is appropriate and two jobs for which individual incentive pay is inappropriate. Be sure to include your justification.</p>	10	CO3
Q3	<p>The use of drones has been proposed by retailers like Amazon.com as a method for package delivery. If drones eventually become a widely adopted technology for this purpose, some workers who are employed by delivery services or warehouses might become displaced. If the displaced workers were to become drone operators, explain some of the key knowledge and skill sets they could ascertain in a person-focused pay program.</p>	10	CO3
SECTION-D (30 marks)			

Nutriment's New Hires

With the demand for more nutritional food options growing, Nutriment Biotech is positioned to become a leader in agricultural biotechnology. Nutriment is a start-up biotech company that is working to develop genetically engineered food crops that offer enhanced nutrition along with easier production for farmers. Emily Hart and Harold James established Nutriment as a research organization through national grant funding 5 years ago. Nutriment is one of only a few agricultural biotechnology companies focused on enhancing nutrition in food crops. The company currently has an edge over competitors as its research has led to some scientific discoveries that now position them to grow their company significantly. As a result, Nutriment is ready to start hiring staff to get operations started.

Q1.

Emily and Harold have hired Jack Stewart, an HR management consultant, to help them determine how to hire the most talented staff to grow their business. Jack works mostly with start-up technology-based companies and plans to help Nutriment implement a recruiting and hiring plan and establish its preliminary HR management practices such as its pay structure.

Nutriment has secured additional funding to allow it to ramp up full operations quickly. An analysis of its projected workload suggests it will need to hire approximately 15 new employees to get started. It will need to hire not only 10 new scientists but also administrative staff members including a receptionist, an office manager, a lab manager, a marketing professional, and an accountant.

As an experienced recruiter, Jack is confident that he will be able to quickly identify strong candidates for the administrative staff positions. The current labor market works in Nutriment's favor, and, therefore, Jack will be able to easily generate a pool of qualified applicants. The scientists, on the other hand, will be challenging to find as they need specific expertise related to agricultural biotechnology and genetic engineering. The number of scientists with this combination of skills is limited, and the scientists are in demand by competitors. However, Nutriment is located in a geographic area rich with research universities and other biotech firms, so Jack is confident that it can attract a good pool of talent if it is able to offer an opportunity that is attractive to the scientists.

To start the recruiting process, Jack must first establish a pay structure. Before he starts researching market rates, Jack plans to meet with Emily and Harold to establish pay level policies and discuss other strategic aspects of determining the compensation structure for the new employees. Nutriment must offer a pay package that will allow it to attract and retain both the administrative staff members and the scientists. Establishing the right pay practices will help ensure that the recruitment process allows it to put talent in place to position Nutriment for success.

Questions:

1. Write a brief synopsis of the case. What are some strategic considerations in establishing a pay structure at Nutriment? Explain. **(15 Marks)**
2. Should Jack suggest a pay policy to lead, lag, or match the market? Explain your recommendation. **(15 marks)**

30

CO 3