

Name:	
Enrolment No:	

**UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**  
**End Semester Examination, December 2022**

**Course: Compensation Management** **Semester: III**  
**Programme: MBA (HRM)** **Time: 03 hrs.**  
**Course Code: HRES 8011** **Max. Marks: 100**

**Instructions:**

**SECTION A**  
**All sections are compulsory. (20 Marks)**

S. No.		Marks	CO
Q 1	Which of the following is an example of a nonfinancial compensation: a. bonuses b. commissions c. health insurance d. employee recognition programs	2	CO 1
Q 2	A strategic compensation system is essential for: a. job evaluation b. human resource planning c. motivating employees and containing labor costs d. Fair Labor Standards Act compliance	2	CO 1
Q 3	Compensation philosophy has been revolutionized due to all of the following except: a. globalization b. heightened competition c. new technology d. collective bargaining	2	CO 1
Q 4	The focus in compensation philosophy is moving from paying for a position or job title to: a. global wage surveys b. rewarding employees on the basis of competencies or contributions to the organization c. training for success d. union avoidance	2	CO 1
Q 5	A program in which the components of the compensation package separately and in combination create value for the organization is called: a. value-added compensation b. pay-for-performance c. pay equity d. indirect compensation	2	CO 1
Q 6	The more common goals of compensation policy include all of the following except: a. to punish employees for poor performance. b. to reward employees' past performance. c. to maintain the budget. d. to attract new employees	2	CO 1

Q 7	Pay-for-performance programs: a. tie rewards to firm profitability b. are easy to implement and measure c. tie rewards to employee effort d. result in negligible increases in output	2	CO 1
Q 8	The term pay-for-performance can encompass all of the following except: a. merit pay. b. base salary. c. cash bonuses. d. gainsharing plans	2	CO 1
Q 9	Which of the following compensation options would not qualify under the term pay-for-performance? a. seniority based pay b. group incentive c. pay banding d. gainsharing plans	2	CO 1
Q 10	Which of the following are not considerations when establishing a pay-for-performance system? a. size of monetary increase b. value of base salary c. measurement of employee performance d. payment periods	2	CO 1

**SECTION B ( 20 Marks)**

Q 11	Briefly discuss the motivating value of pay equity and pay expectancy for employees.	5	CO2
Q 12	What are some of the factors that can influence wage rates in a firm?	5	CO2
Q 13	Briefly explain the different job evaluation systems.	5	CO2
Q 14	Explain competence-based pay including its advantages and disadvantages	5	CO2

**SECTION-C ( 30 marks)**

Q 17	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.	10	CO 3
Q 18	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.	10	CO 3
Q 19	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	10	CO 3

	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.		
<b>SECTION-D ( 30 marks)</b>			
	<p style="text-align: center;"><b>Competitive Strategy at Sportsman Shoes</b></p> <p>.Sportsman Shoes has been a leader in the shoe industry for more than 30 years. Sportsman manufactures and sells athletic shoes for all types of sports. The company has pursued a low-cost strategy in order to sustain its success. It sells a limited number of shoe designs and has held costs low through manufacturing efficiency and standardized operations. However, the past years have been a struggle at Sportsman. The shoe market has seen a rise in the availability of low-cost imported shoes that has threatened Sportsman’s competitive position. As a result, company executives have decided it is time for a strategy shift.</p> <p>Sportsman executives have done extensive market research and determined that many niche athletic shoe markets exist where athletes are willing to pay more for shoes designed to meet the unique needs of their sport. There are very few competitors in these niche athletic shoe markets, and most do not have Sportsman’s past experience in keeping control of manufacturing costs. Sportsman has determined that with talented shoe designers in place, they can manufacture athletic shoes to meet the needs of the niche markets using their current manufacturing facilities and employees. By designing shoes that have features that differ from competitors and meet the specific needs of a new group of customers, Sportsman believes the company can create a competitive advantage. Further, while their shoes will not be as low cost as they were in the past, they will likely be able to sell their shoes for less than market competitors and still make a healthy profit. Therefore, Sportsman has decided to shift from its current low-cost strategy to a differentiation strategy and will begin production to make specialty athletic shoes. Sportsman must now make many tactical decisions in various functional areas of the company to support its decision to shift its overall business strategy. Its first priority is to restructure the product development function. As it will need to understand the needs of the niche markets and design shoes to meet those needs, it will need to hire and retain talented shoe designers. The company will also need to hire operations specialists to transition its manufacturing operations to produce the new shoe designs. Beyond hiring new staff, Sportsman also must consider the implications for current employees to help them successfully transition to their new work requirements. Therefore, there are several considerations the company must address in the area of human resource management.</p>		
Q 20	Following Sportsman’s shift in competitive strategy, what are some considerations for the company’s human resource management practices?	15	CO 3
Q 21	What kind of challenges will Sportsman face specifically in the area of compensation?	15	CO 3