

MANAGEMENT PROGRAMME

Term-End Examination

December, 2021

**MS-027 (Pre-revised) : WAGE AND SALARY
ADMINISTRATION**

**MS-027 (Revised) : COMPENSATION AND REWARDS
MANAGEMENT**

Time : 3 hours

Maximum Marks : 100

(Weightage : 70%)

Note : (i) Attempt any **three** questions from Section A.
Each question carries 20 marks.

(ii) Section B is **compulsory** and carries 40 marks.

SECTION A

1. Discuss, why and how pay design should be linked to organisation and job design. Cite suitable examples.
2. Briefly describe the wages under various labour legislations.

3. Define and differentiate between bonus and fringe benefits. How are they linked to social security ?
4. Explain briefly the various individual and group incentive plans and their respective merits and demerits.
5. Write short notes on any *three* of the following :
 - (a) Job Description
 - (b) Adjudication
 - (c) Employees' Deposit-Linked Insurance Scheme
 - (d) The Industrial Disputes Act, 1947
 - (e) The Payment of Bonus Act, 1965

SECTION B

6. Read the case given below and answer the questions given at the end of the case :

The Indian Electric Company is a city-based manufacturer of welding machines and motors. When Mr. Nirad Shah established the company in 1970, he was keenly aware of the importance of a highly motivated workforce, and how the company's success, in fact, depended on it. Therefore, Mr. Shah had to ensure that each employee would work as diligently as possible for the good of the organisation.

Mr. Shah realised that the best way to motivate employees would be to link the company's reward and recognition system to its goals. To establish this connection, Shah developed and implemented an incentive system. Its aim was to improve the company's overall performance by allowing contributing workers to share in the proceeds. The plan rewards employees for turning out quality products efficiently while controlling costs. The system includes the following components :

Paying by the piece rate : Production workers are paid according to the number of “pieces” or product units they produce that are not defective. If a customer sends a defective part back to the company, the employee who produced it must repair it on his or her own time.

Providing year-end Bonus : To reward workers further for their efforts, Shah introduced a year-end bonus system that gives all workers opportunity to nearly double their base wages. Workers get the bonus if the company’s annual profit increases.

Providing Stock Options : Shah also provided his employees with the option of buying company’s stock at a low cost. Employees are also given shares of the company’s stock based on annual profits.

All the above financial incentive payments enabled the employees to earn more and helped to improve their morale and motivation.

Questions :

- (a) Identify the salient issues of this case.
- (b) What are the additional schemes of incentive that you would suggest for sustaining the morale and motivation of the employees ?