**Compensation & Benefits**

# **June 2022 Examination**

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**Q1. Mr. Suresh Deshpande is the M.D of "Rashmi Electricals Pvt Ltd" which manufactures various electrical components for the auto industry. It is a mid-sized company, (set-up in the '90s) employing about 200 people and its products are well known for its quality. Up to 2019, this company was making good profits and therefore it could pay its employees well above the market average. A major component of this pay package was the benefits (like reimbursing school fees for employees' children, free lunch, free transport) which attracted many talented workmen to the factory. However, after 2019, the profits started dwindling mainly because of competition, increased imports from China, and the Corona pandemic. So, a few days ago Mr. Deshpande called Mr. Roberts, his HR Manager to stop all the different "benefits" given to the employees as these were adding to the costs in a big way.**

**From a Compensation point of view, explain how Mr Roberts should prepare adequate logic to convince Mr. Suresh regarding which benefits to retain or discard (10 Marks)**

**ANS:**

**Introduction**

When a company can pay its employees wages and perks, they're talking about compensation/profits and additional economic and non-monetary incentives. In the workplace, it encourages people to be their first-rate selves by profitable them primarily based on their performance and sports. An employee's repayment and advantages are known as repayment and benefits. They consist of bonuses, vacation time, coverage, and more. Pay and worker benefits are an enterprise's repayment for the services it gives to its employees. Placing incentives assist

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**Q2. Ramani and Kumkum are both Ph. Ds in Chemical Engineering and both have put in more than 15 years in the Pharmaceutical industry. They decided to leave their jobs and open a small company of their own. Accordingly, they took a bank loan and using their contacts, tied up with another big pharma company to research on their behalf. Initially, they recruited five qualified chemists, and later as the business grew they recruited more laboratory staff, accountants, and other personnel. Since it was a start-up, and the objective was to survive, they tried to get good quality people and so paid them better than what they were earlier getting. Their business grew and by the end of five years, they were well established, and by that time they had eighteen people on their rolls. The break-up of their staff strength was as follows: - Three Senior Researchers (all Ph. Ds), five Research Associates (Post Graduates in Chemistry), five Assistants (Science Graduates), three Accountants, and two Clerks. However, as there was no regular pay structure, there was a wide disparity in the pay drawn by different employees.**

## **To rectify this situation, both Ramani and Kumkum decided to conduct a Job Evaluation study. In your opinion, which Job Evaluation method would be most suitable in this case. (10 Marks)**

## **ANS:**

## **Introduction**

In an organization, process assessment refers to a systematic process of establishing the relative cost or worth of specific activity in contrast to other occupations. one of its essential dreams is to assemble a proper compensation shape by systematically comparing the relative merit of different occupations. This was having a look, and assessment is generally done. In contrast, a completely new function has been formed in an organization, and it ought to be completed as often as feasible to cope with the troubles mentioned above. Many criteria are considered while

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**Q3. Mukesh Sharma is residing in the suburbs of Mumbai and has obtained a Diploma in Mechanical Engineering from a reputable Polytechnic in 2021. Since he was among the top five students in the Final Year, he got two job offers in the Campus Placement procedure.**

**The details of these offers are given below: -**

**a) "Karuna Auto-Parts Private Limited" is a medium-sized firm manufacturing auto parts, employing about 400 workmen and managerial staff and its products are well known for their quality as they employ the latest state-of-the-art machines. The factory works three shifts per day and he has been placed in the Maintenance department as a "Trainee". The factory has a good canteen and also has a night restroom for people completing the B shift (2 pm to 10 pm).**

**During probation of 1 year, he will be paid a Consolidated stipend of Rs 25000/-and will be required to work in the morning shift. After confirmation, he will be placed on the Junior Engineer scale and his total earnings are expected to be around Rs 40,000/- but he will be expected to work in all three shifts. This factory is a little far from his home (about 40 km) but is accessible by rail and the company arranges for pick-up from the nearest railhead.**

**b) "Jayant Forging Private Ltd" is comparatively smaller than the other company and employs about 250 people including workmen and managerial personnel all working in the General shift. This factory is not far from his residence but not situated near any regular rail or road routes. It is a forging unit, established about thirty years ago and has not upgraded its old machinery. The company is a sort of captive plant of one of the large commercial vehicle manufacturers, Beta Motors and it manufactures the forged "front axle beam" for their trucks for their factory at Pune. Thus it is dependent on Beta Motors for orders and sometimes payments are delayed and the company has to resort to bank overdrafts to pay employees' salaries. Mukesh has been offered the position of "Jr Engineer" at a consolidated stipend of Rs 30,000/ pm during the 1yr probation period and will be posted at the factory to learn about the production process. After confirmation, he is expected to assist the Quality Team, regarding quality issues and also travels to the Beta Motors Factory (as required), to settle quality and other issues. The company has assured him of a good career in the management cadre in about five years. With allowances, he is expected to draw around Rs 45,000 after confirmation.**

**a. What are the different factors (give at least seven) that Mukesh can use to compare the compensation and other benefits included in the two offers that he has received? (5 Marks)**

**ANS:**

**Introduction**

Compensation disputes also are common among employers and their workers. Employees offer their time, strength, information, and know-how to the company in change for pay and benefits. To reveal their appreciation, the company compensates personnel for their loyalty. Similarly, a

**b. After careful consideration, Mukesh chooses to work in the 1st company i.e “Karuna Autoparts”. Give your comments whether you agree with his decision. (5 Marks)**

**ANS:**

**Introduction**

Using the most up-to-date cutting-edge machinery, Karuna auto-parts non-public limited, a medium-sized automobile elements production company, employs roughly 400 workers and managers. Since the plant is open for three shifts each day, his function as a "Trainee" within the