

K L University
K L University Business School
Course Handout for II Year MBA PROGRAM
A.Y.2017-18, 2nd Semester

Course Name : Compensation Management
Course Code : 15 MB 62 H4
L-T-P structure : 3 0 0
Course Credits : 3
Course Coordinator : A VASUDEVA REDDY
Course Instructor : A VASUDEVA REDDY
Course Teaching Associates : Nil

Course Objective:

1. To understand that compensation may be used to Recruit and retain qualified employees, increase and maintain morale/satisfaction,
2. Reward and encourage peak performance, Achieve internal and external equity, Modify (through negotiations) practices of unions.
3. Also the components of compensation management and will comprehend the applications in job analysis of different positions.

Course Outcomes (CO):

CO No:	CO	PO	BTL
1.	Recognize how pay decisions help the organization achieve a competitive advantage.	a	2
2.	Analyze, integrate, and apply the knowledge to solve compensation related problems in organizations.	a	4
3.	Demonstrate comprehension by constructing a compensation system encompassing; 1) internal consistency, 2) external competitiveness 3) employee contributions, 4) organizational benefit systems, and 5) administration issues.	d	2
4.	Design rational and contemporary compensation systems in modern organizations.	d	5

COURSE OUTCOME INDICATORS:

CO No.	COI-1	COI-2	COI-3
1	Understanding Theories of wages	Analyzing the Criteria for wage fixation	
2	Understanding total reward management	Analyzing pay fixation	Analyzing pay for performance
3	Understand the Employee benefits as per Govt. regulations	Classification of benefits	Understanding compensation administrative issues
4.	Understanding global compensation	Applying the concept of global compensation in Indian context	Designing and Restructuring global compensation

SYLLABUS (As approved by BoS): MBA,2015-16 Regulations

Compensation, types of compensation, conceptual framework of compensation management, Theories of wages: subsistence theory, wage fund theory, marginal productivity theory, bargaining theory, criteria of wage fixation. Compensation system design issues: Compensations Philosophies, compensation approaches, decision about compensation, compensation- base to pay, individual Vs team rewards, Perceptions of pay Fairness, legal constraints on pay systems. **Strategic Compensation Planning:** Strategic perspectives towards compensation – developing a total compensation strategy, Source of competitive advantage: three tests, designing pay levels, mix and pay structures. Development of a Base Pay System: Job evaluation systems, the compensation structure- Wage and salary surveys, the wage curve, pay grades and rate ranges, preparing salary matrix, government regulation on compensation, fixing pay, significant compensation issues, Compensation as a retention strategy. **Variable Pay:** Strategic reasons for incentive plans, administering incentive plans, individual incentive plans – piece work, standard hour plan, bonuses, merit pay, group incentive plans, team compensation, gain sharing incentive plans, enterprise incentive plans, profit sharing plans, stock options, ESOPs. Executive compensation- elements of executive compensation and its management, International compensation Management. **Managing Employee Benefits:** Nature and types of benefits, employee benefits programs- security benefits, retirement security benefits, health care benefits, time –off benefits, benefits administrations, employee benefits required by law, discretionary major employee benefits, employee services designing a benefits package. **Wage Determination:** Principles of wage and salary administration, methods of wage determination in India; internal and external equity in compensation systems, wage

administration in India: wage policy in India, wage boards: structure, scope and functions, compensation practices in different industries, compensation practices of multinational and global organizations.

BoS Approved Text books:

1. Milkovich, Newman & Gerhart, Compensation, TMH, 2011, 10th Edition

BoS Approved Reference Books:

1. Richard I. Henderson, Compensation Management in a Knowledge-Based World, Pearson Education, 2009, 10th Edition.
2. B D Singh, Compensation And Reward Management, Excel Books, 2008
3. Tapomoy Deb, Compensation Management, Text and Cases, Excel Books, 2009, 1st Edition.

Other Books, References: (As recommended for reference by the course team, if any): NIL

Deviations (if any) from B o S approved syllabus and the topics planned: NIL

COURSE DELIVERY PLAN:

Sess. No.	CO	COI	Topic (s)	Teaching-Learning Methods	Evaluation Components
1.	1	1	Importance of compensation to an organization	Lecture by ppt and Q&A	In-sem (Test-1) Q&A and ES
2.	1	1	Principles and Importance of Compensation	"	"
3.	1	1	Compensation System and Dimensions	"	"
4.	1	1	Concepts of Compensation	"	"
5.	1	1	Objectives of Compensation	"	"
6.	1	1	Subsistence Theory, Wage Fund Theory Marginal Productivity Theory, Bargaining Theory, Criteria of Wage Fixation	"	"
7.	1	2	Criteria of Wage Fixation	"	"
8.	1	2	Compensation Philosophies, compensation approaches	"	"
9.	1	2	Perceptions of pay Fairness, legal constraints on pay systems	"	"
10.	1	2	<i>Case 1: A Historical Look at Compensation and Disclosure: Cool and Refreshing!</i>	Case Discussion/ student analysis and participation	"
11.	2	1	Strategies that are used for planning compensation	Lecture by ppt and Q&A	In-sem (Test-1) RS and ES
12.	2	1	Developing a total compensation strategy	"	"
13.	2	1	Competitive Advantage	"	"
14.	2	1	Designing pay levels	"	"
15.	2	1	Mix and pay structures	"	"
16.	2	2	Job evaluation systems	"	"
17.	2	2	pay grades and rate ranges, preparing salary matrix	"	"
18.	2	2	fixing pay, significant compensation issues	"	"
19.	2	2	<i>Case 2: What Does It Mean for an Executive to "Make" \$1 Million?</i>	Case Discussion/ student analysis and participation	In-sem (Test-2) RS and ES
20.	2	3	Strategic reasons for incentive plans	Lecture by ppt and Q&A	"
21.	2	3	Implementation of compensation	"	"
22.	2	3	Individual incentive plans – piece work, standard hour plan	"	"
23.	2	3	Bonus, merit pay team compensation	"	"
24.	2	3	Gain sharing incentive plans,	"	"
25.	2	3	Profit sharing plans, stock options, ESOP	"	"
26.	2	3	elements of executive compensation and its management	"	"

27.	2	3	International compensation Management	"	"
28.	2	3	Case 3: <i>Sensitivity of CEO Wealth to Stock Price: A New Tool for Assessing Pay for Performance</i>	Case Discussion/ student analysis and participation	In-sem (Test-3) RS and ES
29.	3	1	Nature and types of benefits	Lecture by ppt and Q&A	"
30.	3	1	Security benefits, Retirement security benefits, Health care benefits, time –off benefits	"	"
31.	3	1	Security benefits, Retirement security benefits, Health care benefits, time –off benefits	"	"
32.	3	2	benefits administrations	"	"
33.	3	2	Employee benefits required by law	"	"
34.	3	3	Employee services	"	"
35.	3	3	Designing a benefits package	"	"
36.	3	3	Case 4: <i>Employee Benefit Plan Language And Sponsor Misconception</i>	Case Discussion/ student analysis and participation	"
37.	4	1	Principles of wage and salary administration	Lecture by ppt and Q&A	"
38.	4	1	Methods of wage determination in India	"	"
39.	4	2	Internal and external equity in compensation systems	"	End Sem Exam
40.	4	2	Legal entity	"	"
41.	4	2	Structure, scope and functions	"	"
42.	4	3	Global Compensation practices	"	"
43.	4	3	Global Compensation practices	"	"
44.	4	3	Case 5	Case Discussion/ student analysis and participation	"
45.	4	3	Case 5	"	"

Session wise Teaching – Learning Plan

Session Number: 1

Session Outcome: Student able to understand importance of Compensation Management

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Lecture
25	Compensation Management	2	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 2

Session Outcome: Student able to understand the Principles and Importance of Compensation

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Lecture
25	Principles and Importance of Compensation	2	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 3

Session Outcome: Student able to understand Compensation System and Dimensions

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Lecture
25	Compensation System and Dimensions	2	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 4

Session Outcome: Student able to Understand Concepts of Compensation.

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Lecture
25	Concepts of Compensation	2	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 5

Session Outcome: Student able to understand Objectives of Compensation.

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Lecture
25	Objectives of Compensation	2	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 6

Session Outcome: Student able to understand wage theories

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Lecture
25	Wage theories	2	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 7

Session Outcome: Student able to demonstrate a plan for wage fixation

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Lecture
25	Wage fixation	2	Video Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 8

Session Outcome: Student able to Explain the Criteria of Wage Fixation

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Lecture
25	Criteria of Wage Fixation	2	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 9

Session Outcome: Student able to understand Compensation Philosophies, compensation approaches

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Lecture
25	Compensation Philosophies, compensation approaches	2	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 10

Session Outcome: Student able to solve the case pertaining to the topics covered so far

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Case preparation
30	Case 1: A Historical Look at Compensation and Disclosure: Cool and Refreshing!	2	Case Discussion/ student analysis and participation
10	Q & A		Case analysis

Session Number: 11**Session Outcome: Student able to Understand the Strategies used for planning compensation.**

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Lecture
25	Strategies used for planning compensation	2	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 12**Session Outcome: Student able understand total compensation strategy**

Time(min)	Topic	BTL	Teaching – Learning Method
10	Revision		Lecture
25	Total compensation strategy	2	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 13**Session Outcome: Student able understand compensation as a Competitive Advantage**

Time(min)	Topic	BTL	Teaching – Learning Method
10	Revision		Lecture
25	Competitive Advantage	2	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 14**Session Outcome: Student able to understand pay levels**

Time(min)	Topic	BTL	Teaching – Learning Method
10	Revision		Lecture
25	pay levels	2	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 15**Session Outcome: Student able to understand Mix and pay structures**

Time(min)	Topic	BTL	Teaching – Learning Method
10	Revision		Lecture
25	Mix and pay structures	2	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 16**Session Outcome: Student able to examine the concept of Job evaluation in fixing pay**

Time(min)	Topic	BTL	Teaching – Learning Method
10	Revision		Lecture
25	Job evaluation systems	2	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 17**Session Outcome: Student able to construct salary matrix.**

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Lecture
25	pay grades and rate ranges, preparing salary matrix	4	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 18**Session Outcome: Student able to develop a model for pay fixation**

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Lecture
25	fixing pay, significant compensation issues	3	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 19**Session Outcome: Student able to analyze case study.**

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Case preparation
30	Case 2: What Does It Mean for an Executive to “Make” \$1 Million?	4	Case Discussion/ student analysis and participation
10	Q & A		Case analysis

Session Number: 20**Session Outcome: Student able to understand incentive plans**

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Lecture
25	Strategic reasons for incentive plans	2	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 21**Session Outcome: Student able to examine various incentives in compensation plan**

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Lecture
25	Incentives in compensation	2	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 22**Session Outcome: Student able to examine incentive plans in salary fixation**

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Lecture
25	Individual incentive plans – piece work, standard hour plan	2	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 23**Session Outcome: Student able to differentiate Bonus, merit pay and team compensation**

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Lecture
25	Bonus, merit pay and team compensation	3	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 24**Session Outcome: Student able to examine Gain sharing incentive plans.**

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Lecture
25	Gain sharing incentive plans	3	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 25**Session Outcome: Student able to examine Profit sharing plans, stock options, ESOP**

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Lecture
25	Profit sharing plans, stock options, ESOP	2	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 26**Session Outcome: Student able to analyze various elements of executive compensation and its management**

Time(min)	Topic	BTL	Teaching – Learning Method
10	Revision		Lecture
25	Elements of executive compensation and its management	4	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 27**Session Outcome: Student able to examine International compensation Management**

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Lecture
25	International compensation Management	2	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 28**Session Outcome: Student able to analyze and solve case study**

Time(min)	Topic	BTL	Teaching – Learning Method
40	Case 3: Sensitivity of CEO Wealth to Stock Price: A New Tool for Assessing Pay for Performance		Case discussion
05	Q & A	4	Case Discussion/ student analysis and participation
05	Revision		Interaction

Session Number: 29**Session Outcome: Student able to understand employee benefits**

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Lecture
25	Nature and types of benefits	2	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 30-31**Session Outcome: Student able to understand Security benefits, Retirement security benefits, Health care benefits**

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Lecture
25	Security benefits, Retirement security benefits	2	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 32**Session Outcome: Student able to understand benefit plans**

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Lecture
25	benefits administrations	2	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 33**Session Outcome: Student able to understand Employee benefits required by law**

Time(min)	Topic	BTL	Teaching – Learning Method
10	Revision		Lecture
25	Employee benefits required by law	2	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 34**Session Outcome: Student able to understand Employee services**

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Lecture
25	Employee services	2	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 35**Session Outcome: Student able to understand benefits package**

Time(min)	Topic	BTL	Teaching – Learning Method
10	Revision		Lecture
25	Designing a benefits package	2	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 36**Session Outcome: Student able to understand case study**

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Case preparation
25	Case 4: Employee Benefit Plan Language And Sponsor Misconception	2	Case discussion
10	Q & A		Discussion
05	Revision		Interaction

Session Number: 37**Session Outcome: Student able to understand Principles of wage and salary administration**

Time(min)	Topic	BTL	Teaching – Learning Method
10	Revision		Lecture
25	Principles of wage and salary administration	2	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 38**Session Outcome: Student able to understand Methods of wage determination in India**

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Lecture
25	Methods of wage determination in India	2	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 39**Session Outcome: Student able to differentiate Internal and external equity in compensation systems**

Time(min)	Topic	BTL	Teaching – Learning Method
10	Revision		Lecture
25	Internal and external equity in compensation systems	2	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 40

Session Outcome: Student able to examine the role of Legal entities for wage determination

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Lecture
25	Legal entities for wage determination	4	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 41

Session Outcome: Student able to examine the importance of wage boards in India

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Lecture
25	Structure, scope and functions	4	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 42-43

Session Outcome: Student able to analyze global compensation practices

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Lecture
25	Global Compensation practices	4	Lecture
10	Q & A		Interaction
05	Revision		Interaction

Session Number: 44-45

Session Outcome: Student able to assess and solve case study

Time(min)	Topic	BTL	Teaching – Learning Method
10	Introduction		Case preparation
25	Case Study	5	Case discussion
10	Q & A		Case analysis
05	Revision		Interaction

EVALUATION PLAN;

Evaluation Component	Weightage/ Marks	Date	Duration (Hours)	CO 1			CO 2			CO 3			CO 4		
COI Number				1	2	-	1	2	3	1	2	3	1	2	3
BTL				1	2	-	2	4	4	2	2	2	2	4	5
Test 1	Weightage (10%)		90 mins	3	3	-									
	Max Marks (20)			6	6	-									
Test 2	Weightage (10%)		90 mins				3	3	4						
	Max Marks (20)						6	6	8						
Test 3	Weightage (10%)		90 mins							3	3	4			
	Max Marks (20)									6	6	8			
Active Learning	Weightage (15%)			Active Learning											
	Max Marks (5)														
Attendance	Weightage (5%)			Attendance											
	Max Marks (5)														
Semester End Exam	Weightage (50%)		180 mins	5	5	-	2	4	4	2	4	4	4	8	8
	Max Marks(50)			5	5	-	2	4	4	2	4	4	4	8	8
	Question Number			1	2	-	1	3	8	1	4	5	1	6	7

Course Team members, Chamber Consultation Hours and Chamber Venue details: Only Subject Teacher

S.No.	Name of Faculty	Chamber Consultation Day(s)	Chamber Consultation Timings for each day	Chamber Consultation Room No:	Signature of Course faculty
1	A Vasudeva Reddy	Wednesday	5 P.M to 7 P.M- 2 hours	Faculty Chamber	

Signature of COURSE COORDINATOR:


Hari Kiran Vege,

Recommended by HEAD OF DEPARTMENT:

Assoc. Dean-TLP

 for **Approved By: DEAN-ACADEMICS**

Document digitally approved by Vetting Team and HOD.
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