ASSIGNMENT

Course Code	**:**	**MMPH-007**
Course Title	**:**	**Compensation and Rewards Management**
Assignment Code	**:**	**MMPH-007/TMA/JULY/2026**
Coverage	**:**	**All Blocks**

Note: Attempt all the questions and submit this assignment to the Coordinator of your study centre. Last date of submission for July 2026 Semester is 31st October 2026 and for January 2027 Semester is 30th April 2027.

1. Traditional pay structures often tie compensation directly to job titles and organisational hierarchies, whereas modern strategic compensation models lean heavily toward skill and competency-based approaches. Critically analyse the core differences between a traditional job-based pay system and a competency-based pay model. Discuss the primary challenges human resource managers encounter when transitioning an organisation from traditional to competency-linked reward systems.
2. Distinguish clearly between the concepts of a 'Minimum Wage', a 'Need-Based Minimum Wage', and a 'Living Wage' in the context of the Indian Constitution and labour directives. Evaluate how the Code on Wages, 2019 seeks to standardise the definition of wages across statutory provisions.
3. Explain the concept of Internal Equity and describe how Job Evaluation (JE) serves as a primary tool to establish it within an enterprise. Compare and contrast the Point Rating Method and the Factor Comparison Method of job evaluation, highlighting their pros and cons.
4. What is the significance of conducting external pay surveys? How do organisations utilise market wage curves to design pay grades and bands? Explain the role of collective bargaining and institutional mechanisms (such as Pay Commissions or Wage Boards) in influencing structural wage fixation in Indian industries.
5. Define Fringe Benefits. What is their strategic purpose and how do they differ from standard monthly allowances in motivating a multi-generational workforce? Also, write a detailed note on Voluntary Retirement Schemes (VRS) as a soft option for organisational downsizing. What are the administrative and ethical considerations that the management must keep in mind while implementing VRS?

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Answer

A compensation system decides what the organisation is willing to pay for and how an employee can move to a higher level of pay. Traditional job-based systems and competency-based systems answer this question in different ways. The first gives primary importance to the value of the job, while the second gives greater importance to the capabilities that the employee possesses and uses. Neither approach is automatically superior in every situation; their usefulness depends on the nature of work, the stability of jobs and the organisation's strategy.

Traditional job-based pay

In a job-based pay system, the job is the basic unit of compensation. Jobs are described, evaluated and placed in grades according to factors such as responsibility, skill requirement, effort, working conditions and organisational level. A salary range is then attached to each grade. An employee normally receives higher pay when the job itself is placed in a higher grade, when the employee is promoted to a higher-level job, or when progression takes place within the salary range.

This system gives importance to job titles, reporting relationships and hierarchy. It is especially useful where duties are clearly defined and remain reasonably stable. It also supports internal equity because two jobs of similar evaluated worth can be kept in similar pay grades. Employees generally understand the career ladder: higher responsibility and a bigger job lead to higher pay. The weakness is that it can make employees too dependent on promotion and job boundaries. A person may acquire valuable new skills but receive little reward until a formal vacancy or higher-level post becomes available.

Competency-based pay

Competency-based pay links all or part of compensation to the knowledge, skills, behaviours and capabilities that contribute to effective performance. Competencies