COURSE OUTLINE
YEAR: 2016 | TRIMESTER: IV

COMPENSATION AND BENEFITS
MBA BATCH: 2016-18 / TRIMESTER-IV
DEPARTMENT OF MANAGEMENT, BANGALORE CAMPUS
AMRITA VISHWA VIDYAPEETHAM (UNIVERSITY)

INSTRUCTOR AND CONTACT INFORMATION

Mr. Sampatkumar. B. Aratti
Hello: +91 97314 66883
sam333_kumar@yahoo.com

COURSE OBJECTIVE

Organisational success is as much a function of the way business practitioners manage employees, as it is the function of organisational structures and financial resources. Compensating employees represents a critical human resource practice. Without sound compensation systems, companies cannot attract and retain the best-qualified employees. Compensation systems can promote companies’ competitive advantage when they are properly aligned with strategic goals. The aim of this course is to provide students with the required knowledge of the art of strategic compensation practice so that they, as strategic partners, may play a role in ensuring an organisations’ competitive advantage.

One of the greatest challenges facing companies today is retaining top talent. The expense to an organisation of replacing an employee (including separation, replacement, training and lost performance costs) can be as much as that employee’s salary for a year. Turnover further erodes morale among those employees that remain in the organisation and harms customer retention. This course aims to help students understand turnover intentions and will show them how they can assist organisations to gain a competitive advantage through being able to keep their most valued employees- using the tools of “Compensation, Benefits, Rewards”, etc

LEARNING OUTCOMES

At the conclusion of this course, the students should be able to:

- Determine the compensation, benefit and Rewards needs of an organisation
- Construct an effective compensation & benefit package and strategy
- Analyse the effectiveness of compensation, benefit and Rewards systems in organisations

- Gain a clear understanding of the role of compensation, benefit and non-compensation packages and processes
  - Understand the different components of compensation and benefit packages
  - Understand the methods used to evaluate compensation & benefit packages, processes and strategies


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**COURSE DESCRIPTION**

Module I

**Introduction to Compensation and Benefits:** Meaning and Significance, purpose, components, types. Piece rated, time rated and skills based approaches. Daily, weekly and monthly payments. Characteristics of best compensation plans. Fixed pay and variable pay. Understanding the terminologies—compensation, benefit, salary, pay, basic pay, wage, allowance, incentive, commission, reward, recognition, perquisite, fringe benefit, subsistence allowance, reimbursement, consolidated pay, stipend, service charges, pay scales, severance pay, terminal benefit, bonus, joining bonus, retention bonus, relocation pay, increment, and stagnation increment. Workers compensation, managerial compensation and executive compensation.

Module II

**Principles of compensation determination:** Meaning and Significance of compensation principles.
Fixing of C & B @ entry level (Freshers); Lateral Hires
Salary Increments Process followed & linkages to other HR processes (PMS, Succession Planning, Potential assessments, etc)
C & B practices in Manufacturing Companies & IT Companies;
Equity (internal and external),
Bargaining ability of employee unions and individual employees, statutory requirements, ability to pay, worth of the job, demand-supply conditions in job market. Job evaluation and salary survey

Module III

**Cost to Company (CTC) Method:** Meaning and significance, advantages and limitations, CTC, Gross salary and Net salary. Components of CTC—Monthly, quarterly, annual and one time components. Advance components and deferred components. Attendance linked components, seniority linked components, and performance linked components. Paid leave and holidays, conveyance, leave travel concession, food coupons, housing. Benefits, perquisites and statutory components.

Module IV

**Benefits and incentives:** Meaning, significance and characteristics, basis for benefits payment, statutory benefits—employees state insurance, provident fund, gratuity, unemployment benefits, skills up gradation benefits, pension, employees compensation and Maternity benefit, non statutory benefits—insurance against injury, illness, disability, fatal accident and death.
Meaning and significance of incentives, basis for incentives payment, purpose and types—regular, periodical and occasional incentives, cash incentives and incentives as fringe benefits. Stock options.

Module V

**Executive & Expats compensation:** Meaning and significance of executive compensation, unique features of executive compensation, fixed components and variable components, perquisites and benefits. Basis for determining executive compensation, statutory upper limit on executive compensation as per Companies Act 1956, stock options, joining bonus, retention bonus and severance pay.

Module VI


Module VII

**Taxation on salary and benefits:** Meaning and significance of taxation on salary, Professional tax of state government on salaries people, income tax of 98 central government on salaries people. Components of salary and benefits which are exempted from payment of tax.
Approaches to create salary structures to minimize the tax liability. Procedure for deduction and remittance of taxes. Responsibilities of employer and employee in complying with taxation law.

Module VIII
Strategic Compensation and Fair Discrimination in Reward Management

- Reward analyses as strategic interventions.
- Factors influencing reward management decisions.
- The strategic role of compensation in ensuring competitive advantage.
- Legally required and discretionary employee benefits.
- Costs/benefits of flexibility in compensation systems.
- Reward disparities and how to deal with them

**REQUIRED COURSE MATERIALS AND READINGS**

Compensation Management - text & Cases by TAPOMOY DEB

**OPTIONAL COURSE MATERIALS & READINGS (CASES, ARTICLES, REPORTS ETC)**

1. Articles & latest case studies – if possible from HBR, on the role of Compensation in Retention & Organisational Success
2. Co- relation between Compensation & PMS

**EVALUATION CRITERIA**

Components and Weights

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