

**ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD**  
(Department of Business Administration)

**Course: Compensation Management (823)**  
**Level: MBA 2 Years (Old Scheme)**

**Semester: Spring, 2014**

**CHECKLIST**

This packet comprises the following material:

- 1) Text Book
- 2) Assignment No. 1 & 2
- 3) Course Outlines
- 4) Assignment Forms (2 sets)
- 5) Schedule for Submitting the Assignments

In this packet, if you find anything missing out of the above-mentioned material, please contact at the address given below: -

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Course Coordinator

**ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD**  
**(Department of Business Administration)**

**WARNING**

1. PLAGIARISM OR HIRING OF GHOST WRITER(S) FOR SOLVING THE ASSIGNMENT/S WILL DEBAR THE STUDENT FROM AWARD OF DEGREE/CERTIFICATE, IF FOUND AT ANY STAGE.
2. SUBMITTING ASSIGNMENT/S BORROWED OR STOLEN FROM OTHER/S AS ONE'S OWN, WILL BE PENALIZED AS DEFINED IN "AIU PLAGIARISM POLICY".

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**GUIDELINES FOR ASSIGNMENT No. 1:**

You should look upon the assignments as a test of knowledge, management skills, and communication skills. When you write an assignment answer, you are indicating your knowledge to the teacher:

- Your level of understanding of the subject;
- How clearly you think?
- How well you can reflect on your knowledge & experience?
- How well you can use your knowledge in solving problems, explaining situations, and describing organizations and management?
- How professional you are, and how much care and attention you give to what you do?

To answer a question effectively, address the question directly, bring important related issues into the discussion, refer to sources, and indicate how principles from the course materials apply. You should also be able to identify important problems and implications arising from the answer.

For citing references, writing bibliographies, and formatting the assignment, APA format should be followed.

**ASSIGNMENT No. 1**

**Total Marks: 100**

**Pass Marks: 40**

*Note: Attempt all questions.*

- Q. 1 Job Analysis is an essential ingredient of effective wage and salary administration. Explain Job Analysis process in detail. **(20)**
- Q. 2 Performance appraisal system worldwide is experiencing a paradigm shift from traditional to contemporary structuring. Discuss. **(20)**
- Q. 3 Successful organizations have effective wage and salary programs. Discuss the basic

developmental steps of designing a wage and salary program. (20)

Q. 4 What is the basic budget process? Also discuss how effective budget process can help achieve organizational goals in a better way? (20)

Q. 5 Discuss the role of intrinsic rewards in developing incentive plan for organizations. (20)

## **ASSIGNMENT No. 2**

**Total Marks: 100**

**Pass Marks: 40**

This assignment is a research-oriented activity. You are required to submit a term paper and present the same in the classroom prior to the final examination. Presentation component is compulsory for all students. You will have to participate in the activity fully and prepare a paper of about 15 to 20 pages on the topic allotted to you. You are required to prepare two copies of Assignment No. 2. Submit one copy to your teacher for evaluation and the second copy for presentation in the classrooms in the presence of your resource persons and classmates, which will be held at the end of the semester prior to final examination.

**Include the following main headings in your report:-**

- a) Introduction to the topic
- b) Important sub-topics
- c) Practical study of the organization with respect to the topic
- d) Review of theoretical and practical situations
- e) Merits, demerits, deficiencies or strengths of the organization with respect to your topic
- f) Conclusions and recommendations
- g) Annex, if any

You may use transparencies, charts or any other material for effective presentation. You are also required to select one of the following topics according to the last digit of your roll number. For example, if your roll number is D-3427185 then you will select topic No.5 (the last digit):-

**List of Topics:**

0. Designing a Staff Budget Program
1. Organization's Pay Policies
2. Performance Appraisal System
3. The Role of Computer in Wage and Salary Administration
4. Total Compensation Approach
5. Wage and Salary Administration Automation
6. Payroll Systems
7. Wage and Salary Administration Units
8. Positive Incentives

9. Incentive Payments

# **COMPENSATION MANAGEMENT**

## **COURSE OUTLINE (823)**

### **Unit 1 Establishing Wage and Salary Program**

- 1.1 Building a Wage and Salary Program
- 1.2 Auditing and Reviewing Current Wage and Salary Program
- 1.3 Building an Information Base
- 1.4 Job Description Compilation
- 1.5 Determining Organization's Pay Policy
- 1.6 Developing Wage and Salary Administration Program
- 1.7 Providing an Inventory of Job Description to use in Job Evaluation Process
- 1.8 Determining the Appropriate Method of Job Evaluation
- 1.9 Building Pay Structure
- 1.10 Creating a Wage and Salary Budget
- 1.11 Providing a Manual for Program
- 1.12 Promoting Organization Wide Communication
- 1.13 Develop Relationships Outside Organization
- 1.14 Auditing and Reviewing Program on a Regular Basis

### **Unit 2 Job Analysis and Job Description**

- 2.1 Analyze Jobs to Determine Pay Rates
  - 2.1.1 Collecting, Documenting and Analyzing Data for Job Analysis
  - 2.1.2 Job Analysis for Functions other than Wages and Salary Administration
  - 2.1.3 Planning the Job Analysis Program
  - 2.1.4 Collecting Data for Job Analysis Program
  - 2.1.5 Analyzing the Data
- 2.2 Creating Job Description to Facilitate Wage and Salary Evaluation
  - 2.2.1 Determining When to Prepare Job Description
  - 2.2.2 Determining Who Should Prepare Job Description
  - 2.2.3 Job Description Forms
  - 2.2.4 Steps in Job Description Process

### **Unit 3 Budgeting and Auditing**

- 3.1 Designing a Staff Budget Program
  - 3.1.1 Defining Basic Terms
  - 3.1.2 Implementing a Wage and Salary Budget
  - 3.1.3 Conducting Training Sessions
  - 3.1.4 Following Up with Assistance and Advice to Staff
  - 3.1.5 Completing Budget
  - 3.1.6 Other Budget Issues

- 3.2 Auditing and Reviewing Wage and Salary Program for Overall Effectiveness
  - 3.2.1 Performing Wage and Salary Audit
  - 3.2.2 Reviewing Organization's Current Wage and Salary Program
- Unit 4 Use of Performance Appraisal and Incentives in Wage & Salary Program**
  - 4.1 Using Performance Appraisal Process to Determine Wage and Salary Changes
    - 4.1.1 Developing the Performance Appraisal System
    - 4.1.2 Using Performance Appraisal for Various Purposes
    - 4.1.3 Planning a Performance Appraisal System
    - 4.1.4 Avoiding Potential Problems with Performance Appraisal
    - 4.1.5 Designing Forms for the Performance Appraisal System
    - 4.1.6 Rating Errors in the System
    - 4.1.7 Designing a Rater Training Program
    - 4.1.8 Avoiding Legal Problems in the Performance Appraisal
  - 4.2 Making Incentives Part of the Wage and Salary Program
    - 4.2.1 Identifying the Key Components of a Successful Incentive Program
    - 4.2.2 Implementing Specific Types of Incentive Programs
    - 4.2.3 Awarding Discretionary Incentives Based on Suggestion Systems
    - 4.2.4 Choosing Different Types of Incentive Payments
    - 4.2.5 A Word About Intrinsic Rewards
    - 4.2.6 Negative Incentives
    - 4.2.7 Incentive Plan
    - 4.2.8 Benefits and Perquisites as Incentive
- Unit 5 Staffing & Managing Wage & Salary Administration Unit**
  - 5.1 Determining Role and Size of Compensation within Human Resources Function
  - 5.2 Wage and Salary Administration Units
  - 5.3 Managing Wage and Salary Administration Units
- Unit 6 Developing Wage and Salary Surveys to Determine Pay Policies**
  - 6.1 Developing Wage and Salary Survey
  - 6.2 Using Consultants to conduct Salary Survey
  - 6.3 Survey Methods
  - 6.4 Participation of Wage and Salary Professionals in Surveys
- Unit 7 Wage & Salary Administration Functions**
  - 7.1 Effective Payroll Systems
  - 7.2 Working with Payroll to Process Salary Actions
  - 7.3 Working with Payroll on Critical Aspects of Routine Pay Period
  - 7.4 Auditing Payroll to Ensure Proper Implementation of Wage and Salary Actions
  - 7.5 Legal Issues



**Unit 8 Automating Wage & Salary Administration Function to increase Efficiency**

- 8.1 Role of Computer in Wage and Salary Administration
- 8.2 Eight Steps to Implementing Change
- 8.3 Analyzing the Impact of Change on Other Units in Organization
- 8.4 Project from idea to Implementation
- 8.5 Designing System Internally
- 8.6 Designing System Externally
- 8.7 Selecting Appropriate System
- 8.8 Automation Details

**Unit 9 Future of Wage and Salary Administration Function**

- 9.1 Total Compensation Approach
- 9.2 Direct Pay for Performance
- 9.3 Performance Management
- 9.4 Consideration for Smaller Organization
- 9.5 Consultant/Internal Customer Service Approach

**Recommended Books:**

Compensation Management by Matthew J. Deluca

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