



GUJARAT TECHNOLOGICAL UNIVERSITY

Program Name: Master of Business Administration

Level: PG

Course / Subject Code: MB03092061

Course / Subject Name : Compensation Management

w. e. f. Academic Year:	2025-26
Semester:	3
Category of the Course:	Specialization HRM (Major 2)

Prerequisite:	Any Graduate
Rationale:	Compensation is a key consideration influencing the decisions involving employment - both, for the employer and the employee. It can determine the effectiveness of an organization's talent attraction, retention, and development. Also, it can help establish employer brand and compete effectively in the so-called 'talent war'. Additionally, compensation is also governed by laws to which the organization must comply. Thus, by understanding the principles of compensation, students can help their organizations ensure fair and competitive pay structures, align compensation with business goals, and build a positive employer brand.

Course Outcome:

After Completion of the Course, Student will able to:

No	Course Outcomes	RBT Level
01	Define key concepts related to compensation, such as wages, incentives, benefits, and total rewards.	Remember
02	Explain the theoretical foundations of compensation systems, including equity theory, expectancy theory, and the strategic role of compensation.	Understand
03	Use job evaluation techniques to determine the relative worth of jobs within an organization.	Apply
04	Analyze internal and external equity issues and assess how market rates, legal compliance, and organizational goals influence pay structures.	Analyse
05	Evaluate compensation policies and practices for their effectiveness, fairness, and alignment with organizational strategy.	Evaluate

**Revised Bloom's Taxonomy (RBT)*

Teaching and Examination Scheme:

Teaching Scheme (in Hours)			Total Credits L+T+ (PR/2)	Assessment Pattern and Marks				Total Marks
L	T	PR	C	Theory		Tutorial / Practical		
				ESE (E)	PA / CA (M)	PA/CA (I)	ESE (V)	
3	1	0	4	70	30	50	0	150



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Course Content:

Unit No.	Content	No. of Hours	% of Weightage
1.	Introducing The Pay Model and Pay Strategy : Understanding the meaning and importance of compensation, important concepts and definitions, forms of pay, understanding a pay model, statutory requirements related to compensation, similarities and differences in strategies, strategic choices: support business strategy and HR strategy, overview of pay model, four stages of developing a total compensation strategy, recognizing that structures vary among organizations, strategic choices in designing internal structures.	8	17
2.	Internal Alignment: Determining The Structure: Defining internal alignment, jobs and compensation; internal alignment of compensation strategy with organization strategy, work- flow, and motivated behavior; Job Analysis - its procedure, understanding what information should be collected and how it should be collected, job descriptions - summarizing the data, job analysis and Globalization, job-based structures: job evaluation; defining Job Evaluation: content, value, and external market links, job evaluation methods and who should be involved, the outcome, skill plans, how to perform skill analysis, competencies, how to perform competency analysis, administering and evaluating the plan, bias in internal structures, the perfect structure	13	18
3.	External Competitiveness: Determining The Pay Level: external competitiveness, factors shaping external competitiveness, labor market factors, modifications to the demand side, modifications to the supply side, product market factors and ability to pay, organization factors, relevant markets, competitive pay policy alternatives, research evidence for consequences of Pay-Level, -Mix Decisions, major decisions related to pay levels, mix, and pay structures, purpose of a survey, selecting relevant market competitors, designing the survey, interpreting survey results and constructing a market line, pay-policy line, grades and ranges, broad banding, adjusting the pay structure, market pricing	13	17
4.	Determining Individual Pay: Behaviors desired by employers, linking organization strategy to compensation and performance management; actually getting the desired behaviors, link between compensation and motivated behavior, Pay-for-Performance Plans: meaning, whether variable pay improves performance, specific Pay-for-Performance plans: short term plans; team incentive plans: types, long-term incentive plan, role of performance appraisals in compensation decisions,	11	18



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	Employee Benefits: Benefit determination process, growth in employee benefits, value of employee benefits; key issues in benefit planning, design, and administration; components of a benefit plan, administering the benefit program, benefit options, legally required benefits, retirement and savings plan payments, life insurance, medical and medically related payments, miscellaneous benefits, benefits for contingent workers, compensation strategy for special groups: Supervisors, Corporate Directors, Executives		
5	Field project / assignment	15	CEC (30 Marks)
Total		60	100

Suggested Specification Table with Marks (Theory):

Distribution of Theory Marks (in %)					
R Level	U Level	A Level	N Level	E Level	C Level
20	20	20	20	20	-

Where R: Remember; U: Understanding; A: Application, N: Analyze and E: Evaluate C: Create (as per Revised Bloom's Taxonomy)

Suggested Case Study: Appropriate cases from book can be taught in classroom.

References/Suggested Learning Resources:

(a) Books:

1. Compensation: by Malkovich, Newman, and Gerhart, 11th Ed, McGraw-Hill Irvin.
2. Handbook of Reward Management Practice- improving Performance through Reward by Michael Armstrong, Latest edition, Kogan Page.
3. Compensation Management: by Deepak Bhattacharya, Latest Ed., Oxford University Press.

(b) Open source software and website:

1. Compensation: by Malkovich, Newman, and Gerhart, 11th Ed, McGraw-Hill Irvin.
<https://archive.org/details/compensation-12th-edition-e-book/page/n1/mode/2up?view=theater>

CO- PO Mapping:

Semester 3	Course Name : Compensation Management				
	POs				
Course Outcomes	PO1	PO2	PO3	PO4	PO5
CO1	1	1	1	1	1
CO2	2	2	1	2	2
CO3	3	3	2	3	2
CO4	2	3	2	2	2
CO5	3	3	2	3	2

Legend: '3' for high, '2' for medium, '1' for low and '-' for no correlation of each CO with PO.

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