



## LEAD CITY UNIVERSITY

*Faculty of Environment, Management & Social Sciences*

*Department of Business Administration*

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**COURSE CODE:** 2017/2018 Academic session. 2<sup>nd</sup> Semester  
IPM 311  
**COURSE TITLE:** COMPENSATION MANAGEMENT

### LECTURERS IN CHARGE:

**NAME:** DR. ADEIGBE, YUNUS KAYODE

**QUALIFICATIONS:** B.A. (HONS), LL.B (HONS), M.P.P, Ph.D., ACIPM, AMNIM

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**AREA OF SPECIALIZATION:** Industrial (Personnel) Psychology, Human Resources Management, Entrepreneurship

**NAME:** DR. C.T. JEGEDE MCIPMN,

**QUALIFICATIONS:** B.Sc. Dip.Th., M.Sc. PGDMS, MBA, M.Phil. PhD (Bus. Admin/Entrepreneurship)

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**AREA OF SPECIALISATION:** ENTREPRENEURSHIP, SMES, ECM, HRM

### SECTION A

#### COURSE DESCRIPTION

Compensation Management course is designed to teach Compensation and reward systems as key contributors to organizational effectiveness. In this course students will learn how such systems operate to attract, retain and motivate a competent workforce. Further, students will gain an understanding of how to assess reward systems in terms of the criteria of equity and cost effectiveness and how to assess and diagnose compensation management issues and problems and develop appropriate solutions. Much of the course revolves around application of principles to a case where students design all aspects of a compensation plan. In other words, this case study simulates designing a pay structure, determining a competitive pay level based on salary survey data, determining individual pay rates, and budgeting/costing/and administering the compensation program of an organization

#### LEARNING OBJECTIVES

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

- (i) explain and describe what is meant by compensation and reward in a work environment
- (ii) Identify and understand the various techniques/principles that guide the determination of compensation in a work environment
- (iii) Explain and describe what is reward and various types of reward and roles it performs;

(v) Identify the various contributions that should be borne in mind to guide structures and planning of compensation.

(vi) Set a professional plan in the management of compensation in a work environment in Nigeria.

### **COURSE ASSESSMENT**

Students are expected to attend classes, sit for exams and satisfy the requirements of the examiners in the following:

Students are expected to answer 4 questions out of six. Each question carries 15 marks. The use of relevant illustrations and references to support answers will be highly encouraged. Answers must be written in good English with minimal grammatical errors.

Grading will be done as follows:

Continuous Assessment	40 marks
Final Examination	60 marks
Total	100 marks

### **LECTURE PLAN**

**WEEK 1** – Overview/objectives of compensation management and conceptual clarification

**WEEK 2** – Concepts of compensation management continued.

**WEEK 3** – Strategies for developing effective compensation plan – Pre Plan.

**WEEK 4** – Strategies for developing compensation plan – The real Plan.

**WEEK 5** – Principles that guide design of good compensation plan.

**WEEK 6** – Key steps in the development of Pay Structure

**WEEK 7** – Establishment of pay ranges

**WEEK 8** – Case study of Pay rates and pay increases

**WEEK 9** – Case study in starting new pay for new workers.

**WEEK 10** – Total Reward System.

**WEEK 11** – **Presentation**/Seminar

**WEEK 12** – Seminar/Test

**WEEKS 13 & 14** – REVISION

### **READING LIST**

1. CIPMN (2013) Study Pack on Advanced HRM II. Lagos: IPM Press
2. Schumpeter, J.A. (1934). The theory of Economic Development, Cambridge, MA: Harvard University Press.
3. Robbert T. Kiyosaki (2010) “The Business of the 21<sup>st</sup> Century” USA: Cashflow Technologies
4. CIPMN (2013) Study Pack on Introduction to Personnel Mgt & Ind. Relation. Foundation II. Lagos: IPM Press

## SECTION B

### TUTORIAL QUESTIONS

- 1 (a) Draw an organogram of a named Nigerian conglomerate and identify the position of the Head of Compensation and reward department. Highlight and expatiate the functions attached to this position.  
(b) Describe the concept of Compensation management. Identify and explain the objectives of compensation management.
- 2 As an HR practitioner, you have been requested by a company to address their Board members by explaining the critical questions that must be asked at the pre plan stage of developing compensation plan.  
You are required to write an address on this that will be presented at the next board meeting.
- 3 (a) "Generally, compensation is of two major components: the base pay and the variable pay"  
Discuss.  
(b) Critically assess the principles that guide design of good compensation plan.
- 4 Explain the concept of Human Resources Management and expatiate on mergers and acquisitions as a function in a manufacturing industry
- 5 As a young graduate from LCU, you have been invited to attend an interview to the position of Manager-in-training, Department of compensation & reward in XYZ Company, Mokola road, Ibadan. You are required to write a brief presentation to demonstrate your knowledge on key steps in the development of a pay structure in Nigeria.
- 6 What are the critical questions that must be asked before the establishment of pay ranges/rates in a well-organized firm?
- 7 (a) Explain and justify the reasons for starting new employees closer to the minimum of the pay range in a named organisation.  
(b) In an entrepreneurial firm, highlight and explain the reasons behind the use of bench marks in deciding on what to pay different categories of workers in the same industry.
- 8 Identify and expatiate on the several different types of base pay increases within the manufacturing industry.
- 9 In line with global best practices in HR, suggest some measures to be considered for adoption by the Regulatory agency (CIPMN) in order to achieve their objectives, especially in the pay of a typical Indian owned manufacturing industry in Nigeria.
- 10 With reference to vivid examples in Nigeria, highlight and expatiate the differences in the pay structure of casual labour and full-time staff.
- 11 Identify five main components of a standard compensation package in a manufacturing firm and expatiate on them
- 12 (a) Give a vivid description of remuneration Policy.  
(b) Enumerate and expatiate on the major principles of wages and salaries administration in a given competitive manufacturing firm



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## *Faculty of Environment, Management & Social Sciences*

### Department of Business Administration

2017/2018 Academic session Examination. 2<sup>nd</sup> Semester

**COURSE CODE:** IPM 311 **TIME: 2 HRs**  
**COURSE TITLE:** COMPENSATION MANAGEMENT

**Instructions: Answer 4 questions out of the 6 picked questions Time: 2 Hours**

1. (a) Draw an organogram of a named Nigerian conglomerate and identify the position of the Head of Compensation and reward department. Highlight and expatiate the functions attached to this position.  
(b) Describe the concept of Compensation management. Identify and explain the objectives of compensation management.
2. As an HR practitioner, you have been requested by a company to address their Board members by explaining the critical questions that must be asked at the pre plan stage of developing compensation plan.  
You are required to write an address on this that will be presented at the next board meeting.
3. (a) "Generally, compensation is of two major components: the base pay and the variable pay"  
Discuss.  
(b) Critically assess the principles that guide design of good compensation plan.
4. Explain the concept of Human Resources Management and expatiate on mergers and acquisitions as a function in a manufacturing industry
5. As a young graduate from LCU, you have been invited to attend an interview to the position of Manager-in-training, Department of compensation & reward in XYZ Company, Mokola road, Ibadan. You are required to write a brief presentation to demonstrate your knowledge on key steps in the development of a pay structure in Nigeria.
6. What are the critical questions that must be asked before the establishment of pay ranges/rates in a well-organized firm?
7. (a) Explain and justify the reasons for starting new employees closer to the minimum of the pay range in a named organisation.  
(b) In an entrepreneurial firm, highlight and explain the reasons behind the use of bench marks in deciding on what to pay different categories of workers in the same industry.
8. Identify and expatiate on the several different types of base pay increases within the manufacturing industry.
9. In line with global best practices in HR, suggest some measures to be considered for adoption by the Regulatory agency (CIPMN) in order to achieve their objectives, especially in the pay of a typical Indian owned manufacturing industry in Nigeria.
10. With reference to vivid examples in Nigeria, highlight and expatiate the differences in the pay structure of casual labour and full-time staff.
11. Identify five main components of a standard compensation package in a manufacturing firm and expatiate on them
12. (a) Give a vivid description of remuneration Policy.  
(b) Enumerate and expatiate on the major principles of wages and salaries administration in a given competitive manufacturing firm



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**COURSE CODE: IPM 311**

**TIME: 2HRS**

**COURSE TITLE: COMPENSATION MANAGEMENT.**

**Lecturers: Dr Y K Adeigbe & Dr. C. T. Jegede**

### **MARKING GUIDE**

1. (a) Draw an organogram of a named Nigerian conglomerate and identify the position of the Head of Compensation and Reward Department. Highlight and expatiate the functions attached to this position.  
Ans- Good drawing of an organogram showing HOD position @1 mark. Naming a conglomerate @1 mark. Highlighting any 3 functions @ 1 mark =3 marks. Discussing any 2 functions@2 marks = 4 marks totaling 9 marks  
(b) Describe the concept of Compensation management. Identify and explain the objectives of compensation management.  
Ans- Discussing the concept @2 marks. Highlighting and explaining any 2 objectives@ 2 marks = 4 marks = 6 marks. All totaling 15marks
- 2 As an HR practitioner, you have been requested by a company to address their Board members by explaining the critical questions that must be asked at the pre plan stage of developing compensation plan.  
You are required to write an address on this that will be presented at the next board meeting.  
Ans- Explanation on any 5 questions@ 3 marks totaling 15 marks
3. (a) "Generally, compensation is of two major components: the base pay and the variable pay" Discuss.  
Ans- Discussions: Argument for = 2 marks, argument against=2 marks and conclusion = 2 marks totaling = 6 marks  
(b) Critically assess the principles that guide design of good compensation plan.  
Ans- Discussions on any 3 of the principles @ 3 marks = 9 marks. All totaling 15 marks
- 4 Explain the concept of Human Resources Management and expatiate on mergers and acquisitions as a function in a manufacturing industry  
Ans: Define HRM as a discipline that manages human resources in the firm and perform such functions as recruitment, training, mergers and acquisitions etc.(2 points@3 marks = 6 marks  
Mention at least 3 functions of Mergers & Acquisitions Department (3 points@3 marks = 9 marks.) Totaling 6 + 9 = 15 marks
- 5 As a young graduate from LCU, you have been invited to attend an interview to the position of Manager-in-training, Department of compensation & reward in XYZ Company, Mokola road, Ibadan. You are required to write a brief presentation to demonstrate your knowledge on key steps in the development of a pay structure in Nigeria.  
Ans- Any 3 key steps @ 5 marks totaling 15 marks
- 6 What are the critical questions that must be asked before the establishment of pay ranges/rates in a well-organized firm?  
Ans- Any 3 critical questions @ 5 marks totaling 15 marks

7. (a) Explain and justify the reasons for starting new employees closer to the minimum of the pay range in a named organisation.  
Ans- Explanation on any 3 reasons @ 5 marks totaling 15 marks  
(b) In an entrepreneurial firm, highlight and explain the reasons behind the use of bench marks in deciding on what to pay different categories of workers in the same industry.  
Ans- Any 3 reasons @ 5 marks totaling 15 marks
8. Identify and expatiate on the several different types of base pay increases within the manufacturing industry.  
Ans- Any 3 types @ 5 marks totaling 15 marks
9. In line with global best practices in HR, suggest some measures to be considered for adoption by the Regulatory agency (CIPMN) in order to achieve their objectives, especially in the pay of a typical Indian owned manufacturing industry in Nigeria.  
Ans- Any 3 measures @ 5 marks totaling 15 marks
10. With reference to vivid examples in Nigeria, highlight and expatiate the differences in the pay structure of casual labour and full-time staff.  
Ans- Any 3 differences @ 5 marks totaling 15 marks
11. Identify five main components of a standard compensation package in a manufacturing firm and expatiate on them.  
Ans: 5 components are Pay, Salary, Benefits, Wages, and Incentives. (5@2 marks = 10 marks, Explanation on them = 5 marks Totaling 15 marks)
12. (a) Give a vivid description of remuneration Policy.  
(b) Enumerate and expatiate on the major principles of wages and salaries administration in a given competitive manufacturing firm  
Ans: (a) Remuneration Policy designed to reward responsibility, performance, attendance, potentials & results (5 marks).  
(b) Any 5 principles @ 2 marks = 10 marks. All totaling 15 marks