**PPIT Assignment#02**

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**Section: H**

**Question#01**

Chief Executive Officer (CEO) is a position that, if not properly praised, can lead a company to its demise. A CEO must be compensated adequately to ensure that a company succeeds strategically, conceptually, and financially. If he is well compensated, he will be committed to the company's success because he will understand that his pay is directly proportional to the company's success. Furthermore, a CEO who earns a high salary will work harder to assemble a talented team. This will both attract and retain talented employees. Murthy's efforts in introducing the iTOPS paradigm, as well as the idea of purchasing Patni Computer Systems, aided the company's recognition. Mr. Wadhwani, co-founder of iGATE, remarked on Murthy's rare ability to work in the big picture while paying close attention to details. When Murthy's efforts began to bear fruit and resulted in a fundamental change in iGATE, the company recognised the importance of compensating Murthy for his efforts.

**Question#02**

Employee compensation is viewed as an investment rather than a cost. Organizations can attract and retain talent by providing competitive executive compensation packages. However, aligning packages with the company's business plan is a difficult task. The continuous compensation package that was changed based on the profits that the company made due to Murthy's business plans and strategy is one of the key reasons for iGATE's success. This inspired Murthy to work harder and harder in order to achieve success. The following points are some of the points to be considered while designing compensations packages:

* Stocks cannot be given away right away when the employment period begins. Instead, it should be earned by the workers after a certain amount of time on the job.
* A portion of equity awards should be kept by executives even after their employment ends.
* Compensation packages should not be based on a stock price increase, for example.
* Plans for stock options should be set up so that the option only becomes exercisable upon the accomplishment of long-term goals.

**Question#03**

The disagreement between iGATE and Murthy was sparked by the following clause in the employment contract:

* Executive consents to follow all Company rules, regulations, instructions, policies, practices, and procedures, as they may be amended from time to time and posted on the Company's intranet, and to hold the Company harmless for any violations of those rules, regulations, instructions, policies, practices, and procedures.
* iGATE Global has the right to immediately and without prior notice fire Executive for "Cause." "Cause" is defined as:

1. Committing a crime involving moral turpitude, theft, fraud, or deceit.
2. Acting in a way that harms the Company's reputation.
3. Demonstrating a significant or persistent reluctance to carry out duties as reasonably assigned by the board of directors of iGATE Global.
4. Any material violation of Section 6 as well as any violation of Sections 2, 3, 7, 8, or 9 of this Employment Agreement, or the Confidential Information and Intellectual Property Protection Agreement.
5. Gross negligence or willful misconduct.

* In the event that Executive's employment is terminated for Cause, he acknowledges that he still has obligations under this Employment Agreement, including but not limited to Sections 7, 8, and 9, provided, however, that if Executive's employment is terminated for Cause in accordance with Section 10(a) (ii), he will be entitled to six (6) months of severance pay based on his previous basic salary ("Severance Period").

The employee agreement, according to Murthy, required him to receive his medical benefits and any vested shares. He claimed that he delayed selling his stock because management had asked him to do so. But iGATE held back some of its inventory. Last but not least, iGATE also filed a lawsuit against Murthy, claiming that he owes the company money for harm done to its financial stability and reputation as stated in the "Policies and Practices" section of the employee agreement he signed.

**Question#04**

In the event of certain triggering events, such as a change in the ownership of the company, an executive is entitled to specific payments and benefits under a change of control provision. Executives typically lose these legal challenges regarding whether a true change in control occurred due to ambiguous and unclear change of control agreements. Executives should demand a clear, simple, and straightforward change in control methods in order to prevent this outcome. Ambiguity must be eliminated to avoid:

* Keeping the company and its employees out of legal danger.
* The cost of building a case in court is high for both the employer and the employee.
* It consumes the director of the company's valuable time and reputation. Significant reputational damage to the business is more detrimental than financial damage.

**Question#05**

Manion had created a fundamental software license agreement in collaboration with a law firm. In its dealings with its first three clients, Ensighten applied the same agreement. The issue arose when Manion sent it to GMI to complete the transaction; GMI sent it back with changes and pointed out the agreement's shortcomings. For example:

* GMI, which was particularly worried about data security, suggested that they should be given the right to all technology and materials created by Ensighten. In order to prevent Ensighten or any other person from having access to their data, they added extra points to their SLA regarding the security of their data.
* Ensighten had stipulated that GMI should supply qualified personnel to aid Ensighten in service provision. To avoid being obligated to train its own team to the standards of knowledge demanded by Ensighten, GMI left out the word "trained."
* GMI requested the stipulation that Ensighten should only direct and investigate any claim when doing so will not negatively affect GMI.