

Enrollment No.....



Faculty of Management Studies

End Sem Examination Dec-2023

MS5EH04 Compensation Management

Programme: MBA

Branch/Specialisation: Management

Duration: 3 Hrs.**Maximum Marks: 60**

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d. Assume suitable data if necessary. Notations and symbols have their usual meaning.

- Q.1 i. Any compensation plan must be- 1
 (a) Understandable, workable, acceptable
 (b) Reasonable, workable, acceptable
 (c) Understandable, feasible, acceptable
 (d) Understandable, workable, compensable
- ii. 'A fair day work for fair day pay' denotes a sense of _____ felt by employees. 1
 (a) Responsibility (b) Equity (c) Happiness (d) Respect
- iii. If the minimum wage is set above the equilibrium wage rate, then other things being equal: 1
 (a) There will be equilibrium in the labour market
 (b) There will excess demand in the labour market
 (c) There will be excess supply in the labour market
 (d) More people will be employed
- iv. A monopony occurs if there is- 1
 (a) A major employer of labour in a market
 (b) A highly unionized workforce
 (c) A major provider of employees
 (d) A single seller of products in a market
- v. Incentives depends upon- 1
 (a) Productivity (b) Sales (c) Profits (d) All of these
- vi. Which theory of wage is based on population? 1
 (a) Wage fund theory
 (b) Subsistence theory
 (c) Marginal productivity theory
 (d) Behavioural theory

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vii.	Pay fixation is-	1
	(a) Deciding the pay in the running pay band	
	(b) Increments of service rendered by an officer	
	(c) Grant of increment	
	(d) All of these	
viii.	Collective bargaining is defined under the-	1
	(a) National Relation Act (b) Trade Union Act	
	(c) Civil Rights Act. (d) Fair Labor Standards Act	
ix.	When the new economy policy has been passed?	1
	(a) 1991 (b) 1999 (c)1961 (d) 1948	
x.	Which theory explain the employee & employer Relationship?	1
	(a) Unified theory (b) Piece Rate theory	
	(c) Gantt – task theory (d) Maslow’s hierarchy need theory	
Q.2	i. What is compensation system?	2
	ii. What are intrinsic rewards in cafeteria style compensation?	2
	iii. What are monetary and non-monetary rewards in compensation management?	4
OR	iv. Explain fringe benefits and supplementary compensation in brief.	4
Q.3	i. What is the wage theory of supply and demand?	3
	ii. (a) Which plans is a type of group incentive plan in which employees share in company's gains?	5
	(b) What are the advantages of incentive based compensation?	
OR	iii. What is labor market? What are the factors affecting Labor market in economics?	5
Q.4	i. What is compensation at macro level?	3
	ii. What are the five components of compensation?	5
OR	iii. What are the types of collective bargaining?	5
Q.5	i. Define job analysis & job evaluation.	2
	Attempt any two:	
	ii. Explain the methods of payment and performance appraisal.	3
	iii. What is role of wage board in organization?	3
	iv. Explain internal and external equity in reward management.	3

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Q.6	Attempt any two:	
i	What is incentive? Discuss the different types of incentive system.	4
ii	What is meant by internal equity and external equity in compensation systems? Why such parity is important in an organisation?	4
iii	Write short note on-	4
	(a) Economic theory (b) Behavioral theory	
Q.7	The case discusses the compensation management practices at Tata Consultancy Services Ltd. (TCS), one of the leading Indian IT companies. TCS' compensation management system was based on the EVA model. With the implementation of Economic Value Added (EVA)-based compensation, the salary of employees comprised of two parts – fixed and variable. The variable part of the salary was arrived after considering business unit EVA, corporate EVA, and also individual performance EVA.	10
	During the fourth quarter of the financial year (FY) 2007-2008, TCS announced its plans to slash 1.5 percent of the variable component of employee salaries since its EVA targets for the third quarter of FY 2007-2008 were not met the announcement came as a jolt not only to TCS employees but also to the entire Indian IT industry. The company came in for severe criticism and it was accused of not being transparent with respect to EVA calculation. However, some analysts felt that the pay cuts were a result of the macroeconomic challenges that the Indian IT companies were facing -- rapid appreciation of the rupee against the US dollar and the recession in the US economy (USA was the largest market for the Indian IT companies).	
	Analyze TCS' HR practices with respect to its policy related to compensation of its employees.	
	Question:	
	(a) Discuss various concepts related to compensation management.	
	(b) Discuss the importance of variable compensation in light of its ability to motivate employees and enhance organizational productivity.	
	(c) Discuss the pros and cons of the EVA-based compensation management system and also analyze EVA as a performance measurement tool	

Marking Scheme
MS5EH04 (T)- Compensation Management (T)

Q.1	i)	A	1
	ii)	B	1
	iii)	A	1
	iv)	C. excess supply in the labour market	1
	v)	A	1
	vi)	B	1
	vii)	A	1
	viii)	B	1
	ix)	A	1
	x)	A	1
Q.2	i.	What is compensation system?	2
	ii.	What are intrinsic rewards in cafeteria style compensation?	2
	iii.	What are monetary and non-monetary rewards in compensation management Explain- 4 point each	4
OR	iv.	Explain-Fringe Benefits and Supplementary Compensation in brief- As per answer	4
Q.3	i.	What is the wage theory of supply and demand? (1*3)	3
	ii.	Which plans is a type of group incentive plan in which employees share in a company's gains? What are the advantages of incentive based compensation? (2.5+2.5)	5
OR	iii.	What is Labor Market? 1 Marks What are the factors affecting Labor market in economics? 4 Marks	5
Q.4	i.	What is compensation at macro level?	3

	ii.	What are the 5 components of compensation? (1*5)	5
OR	iii.	What are the types of collective bargaining? (1*5)	5
Q.5	i.	What is Job Analysis & Job Evaluation- (1+1)	2
	ii.	Explain the Methods of Payment and Performance Appraisal- (1*3)	3
OR	iii.	What is Role of Wage Board in organization give brief- (1*3) Explain- Internal and External Equity in Reward Management- (1.5+1.5)	3
Q.6		Attempt any two	
	i.	Short Note :- 2+2	
	ii.	What is. an incentive? Discuss the different types of incentive system. (1+3)	4
	iii.	What is meant by internal equity and external equity in compensation systems? Why such parity is important in an organisation? (2+2)	4
Q.7		Case Study	
		As per the Answer	10
