

Enrollment No.....



Faculty of Management Studies
End Sem (Even) Examination May-2022
MS5EH04 Compensation Management

Programme: MBA

Branch/Specialisation: Management /
HR**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.

- Q.1 i. Wages are paid to the _____. **1**
(a) Employee (b) Labour (c) Manager (d) Directors
- ii. Compensation is reward to the employee for their _____. **1**
(a) Performance
(b) Work
(c) Contribution to organization
(d) Smartness
- iii. Who is responsible for compensation decision making? **1**
(a) HR Unit & Manager (b) Worker
(c) Laymen (d) BOD
- iv. Wage fund theory is propounded by _____. **1**
(a) Adam Smith (1723-1790)
(b) J.S. Mill (1723-1790)
(c) David Ricardo (1772-1823)
(d) Karl Marx (1818-1883)
- v. The basic objective of compensation management is meeting the need of _____. **1**
(a) Employee & organization
(b) Employee & labour
(c) Labour & labour union
(d) Employee & manager
- vi. Which one is not the internal contingent factor in compensation plan? **1**
(a) Organization Strategy (b) Trade Union
(c) Nature of Jobs (d) Nature of personnel

P.T.O.

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	vii.	First step of compensation process (management) is _____.	1
		(a) Developing of pay Structure	
		(b) Evaluation of Job	
		(c) Pricing of Job	
		(d) Analysis of Job	
	viii.	Job evaluation is a process_____.	1
		(a) One – time	
		(b) Yearly (at end)	
		(c) Continuous	
		(d) Random	
	ix.	Which is not the objective of compensation?	1
		(a) To establish equity	
		(b) To Improve Employee Efficiency	
		(c) To Control Cost	
		(d) To Comply with illegal Regulation	
	x.	Compensation can be _____ benefits.	1
		(a) Monetary	
		(b) Non-monetary	
		(c) Both (a) and (b)	
		(d) None of these	
Q.2	i.	What do you understand by compensation management? Discuss main objectives of compensation system.	3
	ii.	Discuss compensation strategies. Explain monetary & non-monetary rewards and its significance.	5
OR	iii.	Critically examine fringe benefits and supplementary benefits. Discuss its importance in present business scenario.	5
Q.3	i.	Define ESOP's? Discuss its main objectives and importance.	3
	ii.	Explain the methods of wage payment under incentive plan.	5
OR	iii.	Critically examine different types of incentives plan.	5
Q.4	i.	Discuss the compensation strategy at macro level. What are the advantages and disadvantages of compensation strategy?	3
	ii.	What is pay commission? Discuss objectives of pay commission. State responsibilities of pay commission.	5
OR	iii.	Explain the role of regulatory bodies in compensation management. Briefly discuss its significance.	5
Q.5	i.	What do you understand by performance management? Discuss its advantages and disadvantages.	3
	ii.	Define job evaluation. Outline various techniques of job evaluation.	5
OR	iii.	Comment on recent trends on reward system. Discuss internal and external equity in reward management.	5

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Q.6	Attempt any two:	
	i.	Describe international compensation. 4
	ii.	Explain various competency-based compensation. 4
	iii.	Define non- financial compensation system. 4
Q.7	Case Study:	
	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. 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).	
	Questions:	
	(a)	Analyze TCS' HR practices with respect to its policy related to compensation of its employees. 2
	(b)	Discuss the pros and cons of the EVA-based compensation management system and also analyze EVA as a performance measurement tool. 4
	(c)	Analyze the rationale behind the cut in the compensation of the employees at TCS. 4

Marking Scheme
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Q.1	i.	Wages are paid to the _____. (b) Labour	1
	ii.	Compensation is reward to the employee for their _____. (c) Contribution to organization	1
	iii.	Who is responsible for compensation decision making? (a) HR Unit & Manager	1
	iv.	Wage fund theory is propounded by _____. (a) Adam Smith (1723-1790)	1
	v.	The basic objective of compensation management is meeting the need of _____. (b) Employee & labour	1
	vi.	Which one is not the internal contingent factor in compensation plan? (b) Trade Union	1
	vii.	First step of compensation process (management) is _____. (b) Evaluation of Job	1
	viii.	Job evaluation is a process _____. (c) Continuous	1
	ix.	Which is not the objective of compensation? (d) To Comply with illegal Regulation	1
	x.	Compensation can be _____ benefits. (c) Both (a) and (b)	1

Q.2	i.	Compensation management	1 mark	3
		Objectives of compensation system	2 marks	
	ii.	Compensation strategies	2 marks	5
		Monetary & non-monetary rewards and its significance	3 marks	
OR	iii.	Fringe benefits and supplementary benefits	2 marks	5
		Its importance in present business scenario	3 marks	

Q.3	i.	Definition of ESOP's	1 mark	3
		Its main objectives and importance	2 marks	
	ii.	Methods of wage payment under incentive plan As per the explanation		5
OR	iii.	Different types of incentives plan.		5
		1 mark for each type	(1 mark * 5)	

Q.4	i.	Compensation strategy at macro level	1 mark	3
		Advantages and disadvantages	2 marks	
	ii.	Pay commission	1 mark	5
		Objectives of pay commission	2 marks	
OR		Responsibilities of pay commission	2 marks	5
	iii.	Role of regulatory bodies	2 marks	
		Its significance	3 marks	
Q.5	i.	Performance management	1 mark	3
		Its advantages and disadvantages.	2 marks	
	ii.	Definition of job evaluation	1 mark	5
		Techniques of job evaluation	4 marks	
OR	iii.	Recent trends on reward system	2 marks	5
		Internal and external equity in reward management	3 marks	

Q.6		Attempt any two:		
	i.	International compensation As per the explanation		4
	ii.	Various competency-based compensation As per the explanation		4
	iii.	Definition of non- financial compensation system.		4

Q.7		Case Study:		10
		Questions:		
	(a)	Analyze TCS' HR practices with respect to its policy related to compensation of its employees.	2 marks	
	(b)	Discuss the pros and cons of the EVA-based compensation management system and also analyze EVA as a performance measurement tool.	4 marks	
	(c)	Analyze the rationale behind the cut in the compensation of the employees at TCS.	4 marks	
