



23701552

QP CODE: 23701552

Reg No :

Name :

M.B.A. DEGREE EXAMINATION, NOVEMBER 2023

Third Semester

Faculty of Management Science

ELECTIVE - MB820304 - COMPENSATION MANAGEMENT

2019 Admission Onwards

68D70CBA

Time: 3 Hours

Maximum Marks: 60

Part A

*Answer any **five** questions. Each question carries **2** marks.*

1. What do you understand by Minimum Wage?
2. What is marginal productivity theory of wages?
3. What do you mean by Internal Equity?
4. What do you mean by Incentives?
5. Why VRS is also known as 'Golden Handshake'?
6. What is the main objective of The Maternity Benefit Act, 1961?
7. What do you understand by Board Room Pay?

(5×2 = 10 Marks)

Part B

*Answer any **five** questions. Each question carries **6** marks.*

8. Can compensation be used as a strategy to retain the employees? - Explain
9. Explain Job Evaluation with its nature and objectives.
10. Explain the non-analytical methods of Job Evaluation.
11. Explain the various incentive plans.
12. What do you mean by allowances? Discuss in short the various allowances provided by organizations.
13. Explain the functions of Wage Boards.





14. Explain the emerging issues in Compensation Management.

(5×6 = 30 Marks)

Part C

*Answer any **two** questions. Each question carries **10** marks.*

Question number 17 is compulsory .

15. What steps in your view would enable an organisation to retain its experienced employees when volatile compensation packages are available in the job market?
16. Prepare a wage policy for the manual workers in a manufacturing firm keeping in view the Payment of wages Act, 1936 and shortly discuss the various techniques by which manual workers can be rewarded.

Compulsory Question

17. 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 part, 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 macro economic 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:

1. Discuss the importance of variable compensation in light of its ability to motivate employees and enhance organizational productivity.
2. Understand the rationale behind the cut in the compensation of the employees at TCS.
3. Explain the importance of HR goals and strategies in the success of an organization.

(2×10 = 20 Marks)

