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MASTER OF BUSINESS ADMINISTRATION (M.B.A.)
EXAMINATION : DECEMBER - 2023
SEMESTER - IV
Sub: Compensation Management (MHRM405)

Date: 27/12/2023

Total marks: 60

Time: 10.00am to 12.30pm

SECTION – I

Q. 1. Fill in the blanks.

(5)

1. Compensation is reward to the employee for their _____.
a) Performance
b) Work
c) Contribution to organization
d) Smartness
2. Who is responsible for compensation decision making?
a) HR Unit & Manager
b) Worker
c) laymen
d) Board of Directors
3. The basic objective of compensation management is meeting the need of both _____ & _____.
a) employee & organization
b) employee & labor
c) labor & labor union
d) employee & manager
4. Incentives depend upon _____.
a) productivity
b) sales
c) profits
d) All of the above
5. Wages represents _____ rates of pay.
a) Hourly
b) Daily
c) Weekly
d) Monthly

Q. 2. Answer the following. (Any Two)

(20)

1. Define the following – Compensation, wages, salary, perquisites and dearness allowance.
2. Discuss the various components of Compensation.
3. State the aims and objectives of Compensation Management.
4. Give the difference between Allowances and Perquisites.

Q. 3. Write notes on. (Any Two)

(10)

1. Benefits of compensation management
2. Non-Financial Compensation
3. Wages

SECTION – II

Q. 4. Case Study

(15)

ABC Company is an engineering company with a system of incentive linked monthly productivity bonus for the shop floor employees. The HR director, Mr. David, has developed a plan to evaluate the performance of middle management and link it with productivity. The pay will be split into two components: 80% of original salary, which will be fixed, and 20% that will depend on the ability of each team as a whole to show minimum of 5% improvement in their respective areas.

The scheme when discussed with managers received a number of negative remarks. One manager said that why should their performance depend upon the performance of other members of the team. The new pay scheme makes them team players first and specialist in their area next. Another objection was that why the good persons in the team should suffer, if the other members are not measuring up to the expectations. Moreover, there are number of external factors which affect the individual and collective performance. For example, if a product suddenly goes out of demand, affecting marketability, why should the concerned marketing team be penalized for something beyond its control?

Mr. David is in a tight position as the company has been the trend setter in executive compensation in Indian industry, and if the plan succeeds, ABC will set another trend in executive compensation. Will the new plan ensure that it remains that way?

Questions:

1. Do you think it is appropriate to evaluate managers on the basis of productivity?
2. In your opinion, which is the most suitable criteria for incentive plans: individual performance or team performance?
3. If you were the HR director, what would you do?

Solve the above case using following steps.

- Step 1: Write down facts of the case
- Step 2: SWOT analysis of the case
- Step 3: Give your assumptions
- Step 4: Answer the questions
- Step 5: Title the case

Q. 5. Answer the following:

(10)

- a) Does government have any influence on the compensation of the employees? If yes, then discuss.

OR

- b) Has there been any change in compensation packages post covid-19? Discuss the future trends in compensation management.