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Third Semester MBA Degree Examination, July/August 2022
Compensation and Reward System

Time: 3 hrs.

Max. Marks:100

Note: 1. Answer any FOUR full questions from Q.No.1 to Q.No.7.
2. Question No. 8 is compulsory.

- 1 a. Define compensation. (03 Marks)
b. Explain any two compensation calculation methods with examples. (07 Marks)
c. Write a note on pay model of compensation with illustrations. (10 Marks)
- 2 a. List out the pay policy alternatives. (03 Marks)
b. Explain the steps involved in preventing wage discrimination to ensure equal pay. (07 Marks)
c. Analyze the strategic choices in internal alignment design with relevant example. (10 Marks)
- 3 a. What do you mean by commission? (03 Marks)
b. Elucidate Merric differential piece-rate system with example. (07 Marks)
c. Explain benefits determination process with an illustration. (10 Marks)
- 4 a. What do you mean by internal pay structure? (03 Marks)
b. Write the difference between merit and variable pay with relevant examples. (07 Marks)
c. Critically examine the different approaches to expatriate pay. (10 Marks)
- 5 a. Differentiate between single versus multiple salary structure. (03 Marks)
b. Explain the guidelines to reward the desired behaviour with an illustration. (07 Marks)
c. Elucidate the process involved in designing PFP plan. (10 Marks)
- 6 a. Define "pay for performance". (03 Marks)
b. Write a note on pay policy line/trend line with relevant example. (07 Marks)
c. Explain the incentive plans for white collar employees with an illustration. (10 Marks)
- 7 a. List different types of incentives. (03 Marks)
b. Write a note on cafeteria incentive plan and its significance. (07 Marks)
c. Explain the compensation strategies for special groups. (10 Marks)
- 8 **CASE STUDY: (compulsory)**

Modern Electronics Ltd. was established in 1985 in Delhi. It produces and markets all types of electronic goods. It has been one among the top 5 companies in technology sector and one amongst the top three companies in terms of market share. The company's policies and practices concerning human resource management are considered to be one of the best in the country. The company's salary administration policies and practices were taken as guidelines not only by the other companies but also various wage boards and pay commissions in the country. But this company has been struggling of salary and benefits. The problem is slated below.

The company employed nearly 400 young graduates and post graduates engineers just three years back. These employees form the cream of the company's present human resource. Ofcourse, the older generation of company's employees also formed the cream of company's human resource while they were young. The older employees occupied higher positions in all the departments including human resource department.

The company's salary policy and benefits policy were formulated five years back mainly on the basis of the older employees desires. As such salaries are lower compared to other similar industries. The benefit schemes include on exhaustive list of benefits including all types of retirement benefits. The cost of retirement benefits would be nearly 25% of the cost of the present staff to the company.

The young employees demanded the management to pay immediately whatever it can pay rather than providing extensive fringe benefits. According to them, the pay packet motivates them much more than benefits which they get mostly in kind. But the older employees view that fringe benefits are more valuable than currency which taxes them heavily. The company asked HR manager to settle the issue.

Questions:

- a. Identify and explain key issues in the case. (05 Marks)
- b. Comment the pro's and con's for providing extensive fringe benefits. (05 Marks)
- c. Discuss the advantages and disadvantages in providing incentives mostly in cash. (05 Marks)
- d. If you are the HR manager of the company, how would you address the issue? (05 Marks)

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