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18MBAHR303

Third Semester MBA Degree Examination, Jan./Feb. 2021 Compensation and Reward System

Time: 3 hrs.

Max. Marks:100

**Note: 1. Answer any FOUR full questions from Q1 to Q7.
2. Question No. 8 is compulsory.**

1.
 - a. List out the significance of Internal alignment. (03 Marks)
 - b. Explain various social security benefits. (07 Marks)
 - c. Discuss the various methods of calculation of compensation. (10 Marks)

2.
 - a. Appraise the purpose of wage survey. (03 Marks)
 - b. Explain in detail the point method of Job evaluation. (07 Marks)
 - c. Discuss the factors that influence internal pay structure. (10 Marks)

3.
 - a. Elaborate pay discrimination. (03 Marks)
 - b. Explain the compensation strategies for special groups. (07 Marks)
 - c. Describe the group incentives plan in Pay-for-performance plans. (10 Marks)

4.
 - a. Elaborate Expatriate Pay. (03 Marks)
 - b. Describe the compensation objectives in the pay model. (07 Marks)
 - c. "Stock options bring both advantages and disadvantages". Comment. (10 Marks)

5.
 - a. Define Job Evaluation. (03 Marks)
 - b. Why there is growth in employee benefits? (07 Marks)
 - c. Describe the factors that help to decide global compensation. (10 Marks)

6.
 - a. Who are special groups? (03 Marks)
 - b. Explain the advantages and disadvantages of Individual Incentive Plans. (07 Marks)
 - c. What shape external competitiveness? (10 Marks)

7.
 - a. Define Compensation Management. (03 Marks)
 - b. Write short notes on :
 - i) Long term incentives
 - ii) Merit Pay Vs Variable Pay (07 Marks)
 - c. Describe the process of Job evaluation. (10 Marks)

Important Note : 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages.
2. Any revealing of identification, appeal to evaluator and /or equations written eg, 42+8 = 50, will be treated as malpractice.



8 CASE STUDY [Compulsory]

Tata Consultancy Service 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 announcements come 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.

Questions :

- a. Analyse TCS' HR practices with respect to its policy related to compensation of its employees. (10 Marks)
- b. Discuss the importance of variable compensation. (10 Marks)

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