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**20MBAHR306**

## Third Semester MBA Degree Examination, Feb./Mar. 2022 Compensation Management and Reward Systems

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. Distinguish between intrinsic and extrinsic rewards. (03 Marks)
  - b. Explain any three behavioural theories of wages. (07 Marks)
  - c. Explain the factors affecting compensation and levels of pay. (10 Marks)
  
- 2
  - a. What do you understand by the term wage policy? (03 Marks)
  - b. Explain the objectives of compensation management. (07 Marks)
  - c. Explain different types of individual incentive plans. (10 Marks)
  
- 3
  - a. Mention the different systems and institutions for wage fixation which are operational in India. (03 Marks)
  - b. Explain the objectives of Reward Policies. (07 Marks)
  - c. Explain different methods of Job Evaluation which are majorly used in unilateral wage fixation. (10 Marks)
  
- 4
  - a. What do you understand by the term Team Based Pay? (03 Marks)
  - b. Explain the objectives and benefits of Profit Sharing Plans. (07 Marks)
  - c. Explain different types of Contingent Pay. (10 Marks)
  
- 5
  - a. What is Internal Audit of compensation and benefits? (03 Marks)
  - b. Explain the objectives and benefits of Fringe Benefits. (07 Marks)
  - c. Explain the various components of compensation. (10 Marks)
  
- 6
  - a. What is Bi Partite Wage Fixation? (03 Marks)
  - b. Explain the process of wage and salary fixation. (07 Marks)
  - c. Explain the Salary Review Process. (10 Marks)
  
- 7
  - a. Mention any six forms of nonfinancial benefits. (03 Marks)
  - b. Explain different types of Employee Recognition Schemes. (07 Marks)
  - c. Explain the Reward System proposed by Heineken of UK. (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)**

Krishnamurthy is a fellow of IIM, Ahmadabad and has completed Bachelor of Technology in Mechanical Engineering for IIT, Kharagpur. He has a rich experience of 10 years.

He joined a renowned company as its CEO, he did not perform well and the company suffered loss for the first time in its history. Though there were many reasons for the adverse result like increase in the number of competitors in the last two years which resulted in the supply of product of the company, and the prices started falling down. Added to this there was problem of supply of electricity which was erratic causing the quality and quantity of output to suffer. As there were more producers, the raw material suppliers also increased their price. However, the main reason was that Mr. Krishnamurthy could not concentrate on his job as he was capable of due to the sudden illness of his mother with whom he was more attached. Nobody in the company was aware of it.

In the Annual General Meeting of shareholders of the company, the issue of financial loss was the first in Agenda. There was huge discussion and deliberation on this with arguments. Few members defended Mr. Krishnamurthy. Few argued that Mr. Krishnamurthy was mainly responsible for the poor performance. Mr. Krishnamurthy being a man of self respect never brought the fact of his mother's illness into surface. After the AGM, after the heated arguments about the poor performance, the next day he resigned from his position, same was readily accepted and he was relieved of his duties.

- a. Was it appropriate on the part of shareholders to blame exclusively Mr. Krishnamurthy for the poor performance of the company, ignoring his credible performance in previous years and qualification. Yes or No. Defend your answer. **(05 Marks)**
- b. Was it right on the part of Mr. Krishnamurthy not to mention about his mother's sudden illness before resigning? Explain. **(05 Marks)**
- c. If you were to be a shareholder of the company, how you would have responded in AGM? Explain. **(05 Marks)**
- d. If you were the director for receiving the resignation, how you would have reacted? Explain. **(05 Marks)**

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