

Total No. of Printed Pages : 2
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MBAS 560

Sl.No. : 0111

IV Semester M.B.A. Degree Examination, May 2018
BUSINESS ADMINISTRATION
Compensation Management

Time : 3 Hours

Max. Marks : 70

Sri Dharmasthala Manjunatheshwara
College of Business Management, Mangalore
Post Graduate Centre for Management
Studies and Research Library

SECTION - A
(Compulsory)

Note : Answer the question should not exceed six pages. (1 × 15 = 15)

Q1) Bring out and explain the components of compensation program.

SECTION - B

Note : Answer any five questions. Each question carries eight marks. Answer to the question should not exceed five pages. (5 × 8 = 40)

Q2) Describe the historical development of payment system.

Q3) Explain the impact of compensation on employee behaviour.

Q4) Discuss the framework of compensation policy.

Q5) Explain the challenges of pay for performance.

Q6) Elucidate the wage determination process.

Q7) Explain the compensation structure of CEO.

Q8) Bring out and explain legally required benefits.

Q9) Describe the new trends in compensation management

SECTION-C

(Compulsory)

Note : Answer to the question should not exceed six pages. (1 × 15 = 15)

Q10) Compensation management system of Tata Consultancy Services Ltd. (TCS) 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 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 macroeconomic 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).

Question for discussion:

- a) Analyze TCS' HR practices with respect to its policy related to compensation of its employees.
- b) Discuss the pros and cons of the EVA - based compensation management system and also analyze EVA as a performance measurement tool.
- c) Understand the rationale behind the cut in the compensation of the employees at TCS.
- d) Understand how macroeconomic variables could affect a company's HR policies.
