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**MBAS 560**

**IV Semester M.B.A. Degree Examination, May/June 2019**

**BUSINESS ADMINISTRATION**

**Compensation Management**

Time : 3 Hours]

[Max. Marks : 70

SECTION – A

(Compulsory)

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

Answer to the question should not exceed **6** pages. **(1 × 15 = 15)**

1. Discuss the tax implication of employee compensation package to the employer.

SECTION – B

Answer **any five** questions. Each question carries **8** marks. Answer to each question should not exceed **5** pages. **(5 × 8 = 40)**

2. Discuss the various dimensions of compensation program.
3. What are the motivational issues in compensation management? Explain.
4. Explain how the compensation acts as retention strategy.
5. Elucidate the significance of performance appraisal system.
6. Critically examine the theories of wages.
7. What are the legally required benefits of employees? Discuss.
8. What are the fringe benefits available to employees? Explain.
9. Explain the various types of incentives to employees in an organization.

**SECTION - C****(Compulsory)**

Answer to the question should not exceed **6** pages. **(1 × 15 = 15)**

10. The ABC company has used the EVA model for employee compensation. 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, ABC 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 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 companies were facing.

Questions :

- (a) What do you think how the situation could have been managed better if you have been the HR manager in the ABC company during this time?
  - (b) Whether decision of the company to slash salary by 1.5 per cent is correct?
  - (c) What are the macro economic challenges that Indian companies were facing?
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