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**MBAS 560**

**Fourth Semester M.B.A. Degree Examination, October 2021**  
**(Regular and Repeater)**  
**Business Administration**  
**COMPENSATION MANAGEMENT**

Time : 3 Hours

Max. Marks : 70

**SECTION – A**  
**(Compulsory)**

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

1. Critically examine the economic theories of wages.

**SECTION – B**

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

2. What are the factors influencing compensations ? Explain.
3. Discuss the relationship between compensation and behavior of employees.
4. What are the internal and external equity in compensation system ? Elucidate.
5. What are the types of pay for performance plans ? Discuss.
6. Critically examine the methods of wage fixation.
7. What are the significance of incentives ? Explain.
8. Explain the retirement benefits available to employees.
9. Explain the recent changes in taxation in respect of employee compensation.

P.T.O.

**SECTION – C  
(Compulsory)**

**Note :** Answer to the questions should **not** exceed **six** 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 :**

- i) 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 ?
- ii) Whether decision of the company to slash salary by 1.5 per cent is correct ?
- iii) What are the macro economic challenges that Indian companies were facing ?