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MBAS 560

**Fourth Semester M.B.A. Degree Examination, July/August 2023
(Regular and Repeater)**

BUSINESS ADMINISTRATION

Compensation Management

Time : 3 Hours

Max. Marks : 70

**SECTION – A
(Compulsory)**

**Sri Dharmathala 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. "Several modern and traditional methods of performance appraisal are used for appraising an employee's performance." Explain the methods of performance appraisal linked with compensation.

SECTION – B

Answer **any five** questions. **Each** question carries **8** marks. Answer to the question should **not** exceed **5** pages.

(5×8=40)

2. What are the principles of compensation management ? Also identify the main components of compensation package of employee.
3. Explain the need for designing of compensation policy. What is the importance of compensation system in business organization ?
4. Explain the objectives and schemes of fringe benefits and supplementary compensation.
5. What do you mean by wage differentials ? Explain the determinants of inter and intra wage differentials. Give suitable examples.
6. What are the various types of qualified retirement plan ? Explain their characteristics in detail.
7. Explain new trends in compensation management.
8. How does economic theory relate to employee benefits ? Illustrate your answer with example.

P.T.O.



SECTION – C

(Compulsory)

Answer to this question should **not** exceed **6** pages.

(1×15=15)

9. Sara Tancredi Scofield is a newly promoted human resource supervisor of a big and modern hospital in Metro Manila. The hospital is a medium-sized corporation equipped with modern and state of the art health care facilities. It has a total workforce of 500 employees composed of 15 executives, 10 consultants, 20 managers, 50 supervisors, 25 technicians, 200 nurse and 180 clerical and support staff. Most of these employees are college degree holders specializing un medical, paramedical, business and liberal arts fields.

Sara finished her undergraduate degree in human resource management with high academic distinction from a prestigious university five years ago and entered the hospital as an HR assistant. After two years of employment, she was promoted as an HR specialist in recruitment. She is very excited about the promotion and wants to enroll in the graduate school to take up Master in Business Administration with concentration in Hospital Administration. While working as an HR assistant in the same organization, she encountered several problems and complaints on compensation administration like delayed salary adjustments, salary distortions, uncompetitive pay scale, and poorly designed job analysis and job evaluation programs. She also notices a high turnover rate mostly from the technical and professional ranks which she suspected to be caused by poor salary and benefit packages. She felt helpless and don't know what to do since HR manager was always busy with some labor rotations issues. She also thought that the poor economic conditions in her country coupled by mediocre human resource management system could be the culprits of these problems.

Now that she is in the position to make some recommendations and influence management, she thinks it is necessary for her to develop a plan for establishing a compensation system.

Questions :

- a) What do you think of Sara's idea? What others things can you suggest to Sara to improve the management ?
- b) What are the different factors considered by organization in designing a compensation system ?