

AU-1618

**M.B.A. (Semester—III) Examination**

**COMPENSATION MANAGEMENT**

**Paper—MBA/3303/H**

Time : Three Hours]

[Maximum Marks : 70

**N.B. :—** (1) Solve **ALL** questions.

(2) Figures to the right indicate full marks.

**SECTION—A**

1. (a) Discuss the concept, components and wage theories of compensation determination. 14

**OR**

- (b) "Properly designed Reward management system plays important rule in survival and growth of a firm." Discuss. 14

**SECTION—B**

2. (a) Discuss the concept of commitment with example. 7
- (b) You are HR Manager of a newly established company. You have been given responsibility of doing benchmarking of jobs. Company is engaged in production of fertilizers. What criteria will you use for benchmarking and how will you do benchmarking ? 7

**OR**

- (c) Explain the concept of diagnosis with reference to compensation. 7
- (d) A Public Limited Chemical company has best working environment in the Chemical Industry. However the company is facing the problem of high turnover of employees. You are appointed as a consultant. How will you solve the issue ? 7

3. (a) Explain the factors to be considered while designing compensation package of CEO. 7
- (b) Sohan Fertilisers is an old company employing 3000 employees. New CEO of the company wishes to restructure the compensation package of workers to reduce the employee turnover and improve the performance. As a consultant, you have to design the compensation package for workers and submit it to CEO. 7

**OR**

- (c) Discuss the tools used in improving and implementing the compensation package. 7
- (d) Hindustan Electronics is facing a tough competition for their products. CEO of the company wishes that their products should have unique features so that customers will prefer their products. For this CEO decides to strengthen the R & D department of the company. CEO also desires to redesign the compensation package of R & D Staff. You are appointed as consultant to design the suitable compensation package for R & D staff by Hindustan Electronics. How will you do it ? 7

**SECTION—C**

4. (a) How benefits are important in attracting and retaining employees ? Explain. 7
- (b) What are the pre-requisites for the success of incentive schemes ? 7

**OR**

- (c) Fringe benefits help employees in meeting some of their life contingencies and to meet the social obligation of employer. Comment. 7
- (d) Why retirement benefits are given so much importance in Public Limited companies than in Government companies ? Discuss. 7

### SECTION—D

5. Nathar Pumps is a multinational company and has plants at Mumbai, Chennai and Australia. As the company is earning good profit the compensation package of employees is one of the best in the industry. But company is not giving more importance to perks. Specially the compensation package of middle level and senior managers is very attractive. In spite of handsome salary the turnover rate at this level is more. Last month CEO of a company who sits in Australia office visited Mumbai and Chennai plants. He was very much concerned about high turnover of employees. You are appointed as consultant to solve the problem.

Questions :

- (a) What may be the reason for high turnover rate in Nathar Pumps ? 5
- (b) CEO is of the view that strategic compensation system may solve the problem. Design a suitable strategic compensation system for Nathar Pumps. 9