

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) In present scenario, which wage theories related to compensation determination are used in Public Limited Companies ? Discuss these theories in detail and also explain why other theories are not used. 14

OR

- (b) Discuss Reward Management in detail. 14

SECTION—B

2. (a) What do you understand by internal and external equity ? Discuss with examples. 7
- (b) Suresh Pharma is a newly established company. The different types of jobs in a company are about 300. The company has to design the pay structure. Before this benchmarking of jobs is necessary. How will you do benchmarking ? 7

OR

- (c) Explain the concept of diagnosis with reference to compensation. 7
- (d) Mr. Roy joined recently as C.E.O. of Sam Pharmaceuticals. He observed that employees are not giving their 100% to company. He called a meeting of all union leaders and listened to their problems. Union leaders were complaining about many things and asking for more facilities. CEO listened to them quietly. CEO told union leaders that 'commitment from employer as well as employees is necessary for growth and survival of organisation.' Do you agree with CEO's views ? Justify your answer. 7
3. (a) Discuss the tools used in designing and improving compensation package. 7
- (b) Modern Automobiles car project is coming at Nagpur. Company has to recruit CEO. You are appointed as consultant. Design a compensation package for CEO of Modern Automobiles. 7

OR

- (c) How the designing of compensation package for workers and managers differs ? Explain. 7
- (d) Arora Cements is in Rajasthan. Company is facing a tough competition with other cement producing companies. CEO of a company wishes to stop the turnover of senior level managers and retain them for a longer time. You are appointed as consultant. Design a suitable compensation package for senior level managers of Arora Cements as desired by CEO. 7

SECTION—C

4. (a) How fringe benefits differ from incentives ? Explain. 7
- (b) Discuss different retirement benefits and explain why they are necessary. 7

OR

- (c) Explain importance of fringe benefits to higher level managers. 7
- (d) 'Incentives are better motivators than fringe benefits.' Comment. 7

SECTION—D

5. Agarwal Fertilizers is a Public Limited Company. 3000 employees are working in the company. The company provides good welfare facilities to the employees so they are happy. Because of trade union pressure the company has to revise the compensation package of workers every three years. Company has time bound revision of compensation for managers.

Presently the compensation package for managers is such that high level managers have to pay higher taxes. Because of this these managers are worried and requested management to modify the compensation package so that their tax burden will be reduced. As management is bothered about employees it also agreed to modify the compensation package as desired by managers. You are appointed as consultant to do the needful.

- (a) Suggest a suitable compensation system to avoid frequent revision of workers compensation package. 6
- (b) Suggest a suitable strategic compensation system for higher level managers of a company. 8