

# CBCS SCHEME

16/17MBAHR303

## Third Semester MBA Degree Examination, Dec.2019/Jan.2020 Compensation and Benefits

Time: 3 hrs.

Max. Marks:80

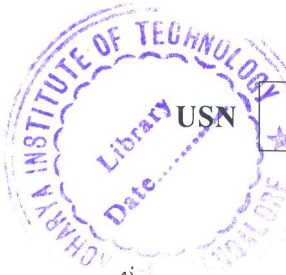
**Note: 1. Answer any Four questions from Q.No. 1 to Q.No. 7.  
2. Question No. 8 is compulsory.**

- 1 a. Define Compensation. (02 Marks)  
b. Explain various forms of compensation. (06 Marks)  
c. Explain the framework of pay model for examining Current Pay system. (08 Marks)
- 2 a. What do you mean by Internal Alignment? (02 Marks)  
b. Identify the strategic choices in designing internal structures and explain its merits and demerits. (06 Marks)  
c. Describe the major factors that shapes the internal structure of pay. (08 Marks)
- 3 a. Define Job Evaluation. (02 Marks)  
b. What are the methods of Job Evaluation? (06 Marks)  
c. Describe the various methods of calculation of compensation with examples. (08 Marks)
- 4 a. What do you mean by External Competitiveness? (02 Marks)  
b. Identify and explain legally required benefits. (06 Marks)  
c. Elucidate the Competitive Pay Policy Alternatives. Give suitable examples. (08 Marks)
- 5 a. Define Pay For Performance (PFP). (02 Marks)  
b. How to design good PFP plans? (06 Marks)  
c. Describe the short term and long term compensation systems under PFP. (08 Marks)
- 6 a. What do you mean by Pay Discrimination? (02 Marks)  
b. Explain the significance of FLSA (1938). (06 Marks)  
c. Who are the Special groups? What are the compensation strategy for special group? (08 Marks)
- 7 a. Define Point Rate Method. (02 Marks)  
b. Explain various Social Security Benefits. (06 Marks)  
c. What are the strategic choices in Global Compensation System? (08 Marks)
- 8 **CASE STUDY (Compulsory) :**

Mr. Virat joined Chirag Auto Ltd., Bangalore recently as HR Manager. Chirag Auto Ltd., is manufacturer and supplier of safty critical automotive components, which finds application in streering and suspension assemblies of passengers cars. It supplies to major OEM's in India and aborad. The company has 40 crore turnover annually.

Virat was very enthusiastic and wanted to bring about many changes in H.R. policies and systems of organization. He began by studying the various system and practices in place. During a conversation with Head of Production, he found that the productivity of the work force was lower that its competitors. With this cues, he started looking at HR practices in place.

Important Note : 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages.  
2. Any revealing of identification, appeal to evaluator and /or equations written eg, 42+8 = 50, will be treated as malpractice.



He noted that compensation management in the organization however around rewarding individual performance, although the nature of work was team based, so one of the first things Virat wanted to do in his new position at Chirag Auto Ltd., was to improve productivity through team work. As the new HR, Virat set out to change the culture to accommodate team based approach to compensation.

Virat decided to change the Chirag Auto Ltd's long standing policy which had been to give all employees the same annual pay increase but Virat felt that in the new term environment outstanding performance should be the criterion for pay rises. After consulting with CEO, Dhanus, Virat sent a MEMO to all employees announcing the change to team based pay for performance.

The reaction was immediate and 100% negative. None of the employees was happy with the change. They complain that this will result in partiality in rewarding employees given that performance appraisal system in the organization is quite old and primitive.

Some of the Shop Floor Supervisors started suspecting the intentions of the new HR Manager, as they thought that pay – for – performance was veil to disturb the harmony prevailing amongst the employees. Dhanus and Virat arranged a meeting and began a painful debate.

#### Questions :

- a. Do you agree with Virat's idea of pay – for – performance plan? Why (or) why not? (04 Marks)
- b. What advice would you give Virat and Dhanus as they consider their decision? (04 Marks)
- c. What mistakes did they make in adapting and communicating New Compensation Plan? (04 Marks)
- d. What strategy should Virat adopt to ensure the success of Strategic Compensation Plan? (04 Marks)

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