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**MBAS 560**

**IV Semester M.B.A. Degree Examination, September/October 2022**

**(Regular and Repeater)**

**BUSINESS ADMINISTRATION**

**Compensation Management**

Time : 3 Hours

Max. Marks : 70

**SECTION – A  
(Compulsory)**

Answer the question should **not** exceed **six** pages.

**(1×15=15)**

1. “Although money is vital to manage human resources yet money is not the sole motivator for excellence in performance”. Critically evaluate the statement with examples from Indian Industry.

**SECTION – B**

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

**(5×8=40)**

2. Describe the historical development of payment system.
3. Explain 3-P compensation concept.
4. Explain the impact of compensation on employee behavior.
5. Explain the need for designing of compensation policy. What is the importance of compensation system in business organization ?
6. Describe how an employee benefits program might increase worker attraction and retention.
7. Explain various Fringe and Retirement benefits.
8. What are the various components of an Executive Compensation Plan ?

**P.T.O.**



**SECTION – C**  
**(Compulsory)**

Answer to the question should not exceed **six** pages.

**(1×15=15)**

9. Compensation management system of Tata Consultancy Services Ltd. (TCS) was Based on the EVA model. 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, TCS announced its plans to slash 1.5 percent of the variable component of employee salaries since its EVA target for the third quarter of FY 2007-2008 were not met.

The announcement came as a jolt not only to TCS employees but also to the entire Indian IT industry. 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 the result of the macroeconomic challenges that the Indian IT companies were facing – rapid appreciation of the rupee against the US dollar and the recession in the US economy (USA was the largest market for the Indian IT companies).

**Questions:**

- a) Analyze TCS HR practices respect to its policy related to compensation of its employees.
  - b) Discuss the pros and cons of the EVA – based compensation management system and also analyze EVA as a performance measurement tool.
  - c) Understand the rationale behind the cut in the compensation of the employees at TCS.
  - d) Understand how macroeconomics variable could affect a company's HR policies.
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