

Register No. Name:

SAINTGITS COLLEGE OF ENGINEERING (AUTONOMOUS)

(AFFILIATED TO APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY, THIRUVANANTHAPURAM)

THIRD SEMESTER MBA DEGREE EXAMINATION (R), DECEMBER 2023 (2021 Scheme)

Course Code : 21MBA237

Course Name: Compensation Management

Max. Marks : 60

Duration: 3 Hours

PART A

(Answer all questions. Each question carries 2 marks)

1. Define the concept of compensation management.
2. Define Internal Equity in compensation system.
3. Compare the narrow graded and broad graded in different pay structures.
4. Classify the term skill based pay and service related pay.
5. What are the Components of executive compensation?

PART B

(Answer any 3 questions. Each question carries 10 marks)

6. Define reward system. Explain in detail about the factors affecting reward system with suitable example.
7. Explain the aim, uses and types of external equity with suitable example.
8. Interpret the pay structure. Demonstrate the different types of pay structure followed by Indian Companies with relevant example.
9. Profit sharing is a good long-term incentive scheme which recognize the role of employee in the organizational effectiveness. If the scheme is properly followed, it helps in building supportive organizational climate. However, profit sharing being good in principle, it has many weakness and problems emerging in its operation and its strength as an incentive. Evaluate.
10. Enumerate the different types of flexible benefits schemes with examples.

PART C

(Compulsory question, the question carries 20 marks)

11. The compensation management practices at Tata Consultancy Services Ltd. (TCS), one of the leading Indian IT companies. TCS' compensation management system 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 targets 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 a 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)

a) Analyze TCS' HR practices with respect to its policy related to compensation of its employees. Marks (10)

b) Discuss the importance of variable compensation in light of its ability to motivate employees and enhance organizational productivity. Marks (10)
