

**MB 117C**



**III Semester M.B.A. Examination, July 2010**  
**Elective – C : HUMAN RESOURCE MANAGEMENT**  
**Course 17 C : Compensation Management**  
**(Freshers)**

Time : 3 Hours

Max. Marks : 75

**SECTION – A**

Answer **any five** questions of **all** sub questions, **each** question carries **2** marks :  
**(5×2=10)**

- a) Define performance appraisal.
- b) What is 360° performance appraisal ?
- c) What is wage survey ?
- d) Enlist the methods of job evaluation.
- e) What are fringe benefits ?
- f) What is motivation ?
- g) Define the term job evaluation.

**SECTION – B**

Answer **any four** questions. **Each** question carries **5** marks :  
**(4×5=20)**

1. Enlist the major components of compensation.
2. What are the common rater problems ? How can they be overcome ?
3. Outline the methods of job evaluation. Explain any one of them.
4. Outline the principles of fringe benefits.
5. Bringout the procedure for fixing salary for monthly rated employees.
6. Bringout the steps in the introduction of incentive payments.

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SECTION – C

Answer **any three** questions. **Each** question carries **10** marks : **(3×10=30)**

7. Bringout the various employee benefits and services. Describe each in brief.
8. Explain the different basis for fixing top and middle level managers compensation.
9. Bringout the ethical and social issues connected with executive remuneration.
10. Critically examine the achievement-motivation theory.
11. Bringout the salient features of the incentive schemes followed in Indian industries.
12. Briefly explain various phases of development of payment systems.

SECTION – D

13. CASE STUDY **(15×1=15)**

Hi-Tech Electronic Limited was established in 1998 in Faridabad. It produces and markets all type of electronic goods. It has been one among the top five companies as for the level of technology and one among the top three companies regarding marketing of the products. The company's policies and practices concerning human resource management are top in the country. The company's salary administration policies and practices were taken as guidelines not only by the other companies but also various wage boards and pay commissions in the country. But this company has been struggling of salary and benefits. The problem is stated hereunder.

The company employed nearly 400 young graduate and post-graduate engineers just three years back. These employees form the cream of the company's present human resource. Of course, the older generation of company's employees also formed the cream of company's human resource while they were young. The older employees occupied higher positions in all the departments including Human Resource Department. The company's salary policy and benefits policy were formulated five years back mainly on the basis of the older employees



desires. As such, salaries are fixed as very low level compared to other similar industries and the benefit schemes include an exhaustive list of benefits including all types of retirement benefits. The cost of retirement benefits would be nearly 25% of the cost of the present staff to the company.

The young employees demanded the management to pay immediately whatever it can pay rather than providing extensive fringe benefits. According to them, the pay pocket motivates them much more than benefits which they get mostly in kind. But the older employees view that fringe benefits much rather than currency which taxes them heavily. The company asked the human resource manager to settle the issue.

**Questions :**

- 1) What is the crucial issue in this case ?
- 2) If you are the human resource manager of the company, whom do you satisfy ?

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