

2011

M B A

4th Semester Examination

COMPENSATION MANAGEMENT

(Specialisation : Human Resource Management)

PAPER—HR 402

Full Marks : 100

Time : 3 Hours

The figures in the right-hand margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

Illustrate the answers wherever necessary.

Write the answers to Questions of each Half in separate books.

First Half

(Marks : 50)

1. Answer any four questions : 5×4
- (a) What is the role of Compensation in an organization ?
 - (b) Give a brief overview of the three essential elements in wage determination.

(Turn Over)

- (c) "Payment of DA linked with CPI has a great disincentive to highly skilled employees due to narrow down of wage differentials"—discuss.
- (d) Illustrate "Need based minimum wage".
- (e) Write a brief 'Job description" and "Job specification" for the post of "Placement Officer" in a B-School.
- (f) Illustrate the recommendation of 6th Pay Commission with respect to Pay Scale, Pay Band and Grade Pay.

2. Answer any two questions : 10×2

- (a) "The Bargain theory of wage is short term and ad-hoc."—Discuss how the theory is at variance with the long run "Marginal Productivity theory of wages".
- (b) Mr. Singh joined a company on 1st January 2005, in the scale of 5000-200-7000 with two increments and was entitled to HRA @ 20% on basic, conveyance allowance @ Rs. 10/- per working day, tiffin allowance @ Rs. 15/- per working day. The CPI during January 2005 was 300 (base year 1984-1985).

Write out Mr. Singhs pay slip for the month of April 2005 when CPI raise to 365 and the company decided to pay Rs. 13/- per point increase of CPI.

- (c) Using Point Rating system of Job Evaluation, evaluate the following jobs quantitatively :
 - (i) Office Superintendent,
 - (ii) Clerk,
 - (iii) Peon.

[Internal Assessment : 10 marks]

Second Half

(Marks : 50)

Answer any *four* questions :

5×4

- (a) Suggest a set of Fringe benefits for the employees of a manufacturing unit located about 60 kms. away from a metropolitan city.
- (b) What are the relevant issues for developing incentive schemes for support activity operators in an organization such as quality control, maintenance and stores ?
- (c) How does executives compensation differ from that of employees ?
- (d) What is taxable income under Income Tax Act.
- (e) How can employees work participation and motivational level be improved by adopting "Employees Stock Option Plan" ?
- (f) Illustrate how Minimum Wages Act, 1948 protects workers' interest.

Answer any *two* questions :

10×2

- (a) Design a suitable productivity based incentive scheme for "ABC Tyres Co." from the following available data —
 - (i) Average existing productivity level is 40%.
 - (ii) Break even productivity level is 60%.
 - (iii) Available market share productivity level is 80%.
 - (iv) New market likely at a lower sale price is between 81-90%.
 - (v) No market beyond 90% productivity level.

- (b) Illustrate the provision of Payment of Wages Act, 1947 in respect of —
- (i) Time of payment of wages,
 - (ii) Method of payment of wages,
 - (iii) Authorized deduction from the wages.
- (c) What are the essential considerations for bonification eligibility of an employee? An employee has been paid as follows — Basic Wages—Rs. 1,500/-, Dearness Allowance @75% of basic, HRA @ 20% of basic, Medical Allowance—Rs. 200/- per month. He worked from May 2007— February 2008. Is he eligible for bonification? If yes how much will be maximum and minimum bonus?

[Internal Assessment : 10 marks]
