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**Third Semester MBA Degree Examination, Dec.2013/Jan.2014**  
**Compensation & Benefits**

Time: 3 hrs.

Max. Marks:100

**Note:1. Answer any THREE full questions from Part A.**  
**2. Part B & Part C are compulsory.**

**PART - A**

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|----------|---|-------------------|
| <b>1</b> | a. What are perks and perquisites?                                  | <b>(03 Marks)</b> |
|          | b. What are the advantages and disadvantages of CTC?                | <b>(07 Marks)</b> |
|          | c. State the objectives and provisions of payment of Bonus ACT.     | <b>(10 Marks)</b> |
| <b>2</b> | a. What is the purpose of salary survey?                            | <b>(03 Marks)</b> |
|          | b. Why do you need to evaluate a job?                               | <b>(07 Marks)</b> |
|          | c. What are the various types of non-statutory benefits?            | <b>(10 Marks)</b> |
| <b>3</b> | a. What is severance pay?   | <b>(03 Marks)</b> |
|          | b. Explain different types of incentives?                           | <b>(07 Marks)</b> |
|          | c. What are the factors affecting executive compensation?           | <b>(10 Marks)</b> |
| <b>4</b> | a. What is subsistence allowance?                                   | <b>(03 Marks)</b> |
|          | b. Explain wage-fund theory.  | <b>(07 Marks)</b> |
|          | c. What are the different methods of job evaluation?                | <b>(10 Marks)</b> |
| <b>5</b> | a. What is increment and explain stagnation increment?              | <b>(05 Marks)</b> |
|          | b. What are the characteristics of a best compensation plan?        | <b>(05 Marks)</b> |
|          | c. Explain the characteristic features of cost to company approach. | <b>(10 Marks)</b> |

**PART - B**

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|----------|--|-------------------|
| <b>6</b> | Explain how benefits motivates employees.  | <b>(05 Marks)</b> |
| <b>7</b> | “Job evaluation is key for compensating employee”. Discuss.                                | <b>(05 Marks)</b> |
| <b>8</b> | “Stock options hold advantages for both employees and employer”. Explain.                  | <b>(05 Marks)</b> |
| <b>9</b> | “Government of India actively promotes various pension schemes for the citizens”. Explain. | <b>(05 Marks)</b> |

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.

**PART – C****Case Study :**

The Universal Electrical Company is a mobile manufacturer, Mr. Nagesh established the company in 1990, he was keenly aware of the importance of a highly motivated workforce, and how the company's success, infact depended on it. Therefore, Mr. Nagesh had to ensure that each employee would work as diligently as possible for the good of the organization.

Mr. Nagesh realized that the best way to motivate employees would be to link the company's reward and recognition system to its goals. To establish this connection, Mr. Nagesh developed and implemented a comprehensive incentive system. Its aim was to improve the company's overall performance by allowing contributing workers to share in the proceeds. The plan rewards employees for turning out quality products effectively while controlling costs. The system includes the following components:

Paying by piecerate : Production workers are paid according to the number of "pieces" or product units they produce that are not defective. If a customer sends a defective piece back to the company, the employee who produced it must repair it on his or her own time.

Paying year end bonus : To reward workers further for their efforts, Mr. Nagesh introduced a year-end bonus system that gives all workers an opportunity to nearly double their salaries. Employees get the bonus if the company's annual profit increases.

Providing stock options : Mr. Nagesh also provided his employees with the option of buying company's stock at a low cost. Employees are also given shares of the company's stock based on annual profits.

**Questions :**

- a. How does Mr. Nagesh want to motivate work force? (05 Marks)
- b. What would be the future expectation of Mr. Nagesh from employees of Universal Electrical Company? (05 Marks)
- c. Would you agree with Mr. Nagesh and his comprehensive incentive system? Substantiate the answer with reasons. (05 Marks)
- d. What other rewards do you think will sustain the motivation of the employees? (05 Marks)

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