

Registration No. :

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Total number of printed pages – 2

MBA
MBA 306C

Third Semester (Back/Special) Examination – 2013
COMPENSATION MANAGEMENT

QUESTION CODE : D 512

Full Marks – 70

Time : 3 Hours

*Answer Question No. 1 & 2 which are compulsory and any **four** from the rest.*

The figures in the right-hand margin indicate marks.

1. Answer the following questions : 2×10
- (a) Define wages.
 - (b) Distinguish between living wage and minimum wage.
 - (c) What is variable pay ?
 - (d) What does external and internal equity mean in compensation system ?
 - (e) Explain Executive compensation.
 - (f) What are fringe benefits ?
 - (g) Explain the Composition of Wage Board in India.
 - (h) What do you mean by wage differential ?
 - (i) What does Minimum Wages Act states ?
 - (j) What are the major objectives of a sound wage and salary administration ?

2. **CASE STUDY :**

SAS Pvt Ltd is probably the least well known major software company, in India. The company makes statistical analysis software (hence the acronym SAS). The company is growing very rapidly from 1900 employees five years ago, it now has 5400 employees. But SAS is not your typical software company.

At its headquarters, just outside Bangalore, there is a 36,000 square-foot gym for employees. There is a full-length basketball court, pool tables, a private sky-lighted yoga room and workout areas. Outside, there are soccer and cricket fields. Massages are available several times a week and classes are offered in dance and tennis. The company also operates the largest day-care facility in India. To encourage families to eat lunch together, the SAS cafeteria supplies baby seats and high chairs. To encourage families to eat dinner together, the



P.T.O.

company has a seven-hour work day, five days a week. Unlike many work-obsessive software firms, most SAS employees leave the office by 5 pm. Management likes to call its work place culture “relaxed”.

The list of employee amenities at SAS goes on and on. Unlimited tea, coffee and juice, one week paid vacation during Diwali, an on-site health clinic staffed with six nurses and two doctors, zero cost to employees for health insurance, casual dress everyday etc.

Is this any way to run a business ? Management thinks so. SAS’s strategy is to make it impossible for people not to do their work. Even though the company provides no stock option plans and salaries no better than the competition, the company has built an unbelievably loyal workforce. Whereas competitors typically have turnover rates above 30 per cent, SAS’s rate has never been higher than 5 per cent. Management claims that it saves Rs. 75 lakhs a year just in employee replacement-related costs such as recruitment, interviews, moving costs for new hires and lost work time.

Just in case any one wonders if the company makes any money, we’ll add the following. SAS is owned by just two people – Rahul Dev and Deepak Awasthi. They were recently listed as being in the top 100 richest people in India.

Questions :

- (a) Are progressive HR practices like those at SAS, a cause or a result of high profits ? Discuss
- (b) What possible problems could the management at SAS face (from employees) due to the benefits offered ? 10
3. What are the different elements of the total compensation ? Is it all about salary only ? Discuss. 10
4. What are the different methods of job evaluation ? Explain each with example. 10
5. Critically evaluate the merits and demerits of the Rowan incentive plan with numerical examples. 10
6. How is skill based compensation different from competency related compensation ? Explain with examples. 10
7. Explain the concept of broadbanding and the way organizations use it. 10
8. Discuss various theories of wages. 10

