

Questions :

- (a) Critical examine the HR practices of TCS with respect to its policy related to employee compensation.
- (b) Discuss the pros and cons of the EVA-based compensation management system and also analyze EVA as a performance measurement tool.

MBHR 4003

M.B.A. DEGREE EXAMINATION, JUNE 2014.

Fourth Semester

Human Resource Management

COMPENSATION MANAGEMENT

(2012-13 Batch onwards)

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions out of Eight questions.

All questions carry equal marks.

1. Write the objective of compensation management.
2. Explain the 3P's compensation approach with recent development.
3. Write the features of fringe benefits.
4. Differentiate between traditional compensation approach and total reward approach.
5. Write the advantages and disadvantages of team based pay.

6. Explain the different stages involved in developing incentive structure.

7. Write the objective of social security.

8. Write the advantage of profit sharing scheme.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions out of Eight questions.

All questions carry equal marks.

9. Explain the internal and external factors considered while deciding compensation.

10. Bring out the successful HR retention strategies adopted by companies.

11. Discuss the reason behind different types of pay system.

12. Give an explanatory note on ESOP and state the tax benefits of ESOP.

13. Discuss the different types of fringe benefit offered by companies to sales personnel.

14. Give a detailed account on EPFO and ESIC.

15. Briefly discuss the design of work life balance programme.

16. Discuss about the two latest pay commission in India and its impact on employee compensation structure.

PART C — (1 × 20 = 20 marks)

Case Study (Compulsory).

17. Tata Consultancy Services (TCS) adopted a compensation management system which is based on the Economic Value Added model. With the implementation of 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 as well as the largest market for the Indian IT companies.