

TILAK MAHARASHTRA VIDYAPEETH, PUNE
BACHELOR OF BUSINESS ADMINISTRATION (B.B.A.)

EXAMINATION: MAY - 2025

SEMESTER - VI

Sub : Compensation Management (BBA22-615HRM)

Date : 24/05/2025

Total Marks : 60

Time: 10.00 am To 12.30 pm

Instructions: 1) All questions are compulsory.
2) Figures to the right indicate full marks.

Q. 1. Choose the most appropriate option. (05)

1. Wages are paid to the _____
 - a) employee
 - b) labor
 - c) Manager
 - d) Board of director
2. Children below this age group can't work as labor, according to labor Act.
 - a) 14
 - b) 18
 - c) 21
 - d) 15
3. Compensation is reward to the employee for their _____.
 - a) Performance
 - b) Work
 - c) Contribution to organization
 - d) Smartness
4. Who is Responsible for compensation decision making?
 - a) HR Unit & Manager
 - b) Worker
 - c) laymen
 - d) BOD
5. Compensation can be _____ benefits.
 - a) monetary
 - b) none
 - c) non-monetary
 - d) a & b

Q. 2. State True / False (05)

- Factories Act 1948 is covered under following heading Health, Safety Welfare, Working hours.
 - a) True
 - b) False
- Compensation management is only about setting salaries for employees.
 - a) True
 - b) False
- Indirect compensation includes benefits like health insurance, paid time off, and retirement plans.
 - a) True
 - b) False
- Compensation strategies does not impact employee motivation and retention.
 - a) True
 - b) False
- Piece-rate pay is an example of performance-based compensation.
 - a) True
 - b) False

Q. 3. Write Short notes on (Any Three) (15)

1. Difference between direct and indirect compensation
2. Types of short-term incentives
3. Employee Feedback Mechanisms under compensation
4. Differentiate between intrinsic and extrinsic motivation in compensation
5. Pay-for-performance system

Q. 4. Answer in detail (Any Two) (20)

1. What is compensation management, and why is it important for organizations?
2. What Strategies Are Effective in Communicating Compensation Principles to Employees?
3. What factors should companies consider when designing long-term incentive programs?
4. How to Address Legal and Ethical Issues in Compensation?

Q. 5. Case study (15)

Rahul Sharma, a dedicated marketing executive at XYZ Corporation, has been delivering outstanding results and expanding the company's client base for over three years. However, during an industry networking event, he discovered that his salary was significantly lower than the industry standard for his role and experience.

Rahul conducted extensive research to determine his company's compensation package, revealing that it was below market standards despite his extensive contributions. He reviewed industry salary surveys, spoke to colleagues, and consulted job portals. His findings highlight the need for improved compensation.

Rahul, feeling undervalued, met with HR manager Ms. Priya Verma to discuss his salary structure. He expressed gratitude for the opportunities and support he's received at XYZ Corporation, but realized that his current salary doesn't align with market standards for his role and experience level. He expressed gratitude for the support he's received in professional growth and expressed his desire to discuss the matter further.

Ms. Verma listened attentively to Rahul's presentation, where he shared salary data, performance data, and positive impact on the company's revenue. Rahul believes aligning his compensation with industry standards would be fair and reinforce his commitment to XYZ Corporation. He believes that restructuring his salary to reflect market norms would serve as recognition and motivation for continued performance.

Ms. Verma acknowledged Rahul's concerns and assured him she would thoroughly review his request. She appreciated Rahul's dedication and effort, and will discuss the possibility of salary restructuring with management based on performance, market trends, and internal policies.

Rahul expressed gratitude for her consideration of his request and expressed willingness to cooperate in discussions. He left the meeting hopeful for a fair resolution. A few weeks later, Ms. Verma informed him that management reviewed his request and decided to revise his salary to align with industry benchmarks. This reassured Rahul of the company's commitment to fair compensation and strengthened his loyalty.

Questions :

1. How does the employee support his request for salary restructuring, and what factors does he use to justify his claim?
2. What approach does the HR manager take in addressing the employee's concern, and how does it impact the final decision?
3. What role does industry research and performance evaluation play in salary negotiations, and how can organizations ensure fair compensation practices?