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BACHELOR OF BUSINESS ADMINISTRATION (B.B.A.)(071)
EXAMINATION: DECEMBER - 2025

SEMESTER - V

Sub.: Compensation Management (BBA23-515-HRM)

Date : 23/12/2025

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. Compensation refers to:
 - a) Only salary
 - b) All forms of financial returns and benefits employees receive
 - c) Only bonuses
 - d) Only indirect benefits
2. A major objective of compensation is to:
 - a) Increase employee turnover
 - b) Reduce employee performance
 - c) Motivate employees
 - d) Ignore market trends
3. Salary surveys help organizations:
 - a) Determine market rates
 - b) Identify employee hobbies
 - c) Reduce employee strength
 - d) Plan marketing activities
4. Health benefits include:
 - a) Profit-sharing
 - b) Overtime pay
 - c) Stock options
 - d) Medical insurance
5. Perks refer to:
 - a) Extra benefits such as car, phone, club membership
 - b) Bonuses
 - c) Base pay
 - d) Attendance rewards

Q. 2. State True / False (05)

1. Equal pay for equal work means paying differently for same work
 - a) True
 - b) False
2. Labor laws help protect employee rights.
 - a) True
 - b) False
3. Ethical issues in compensation often arise from unfair distribution of rewards.
 - a) True
 - b) False
4. Merit pay is based on attendance.
 - a) True
 - b) False
5. Compensation strategy must align with employee hobbies.
 - a) True
 - b) False

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

1. Retirement benefits
2. Minimum wage
3. Ethical issues in compensation practices

4. Performance-linked compensation
5. Compensation strategy

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

1. Define compensation and explain its major components in detail.
2. How does compensation influence employee motivation and retention? What are the challenges involved in managing compensation?
3. What is a salary survey? Why is it important?
4. What are incentive plans and why are they used in organizations?

Q. 5. Case study (15)

The marketing department of BrightWave Solutions, a mid-sized IT services company, recently hired two employees for the role of Digital Marketing Analyst: Ananya and Rohit. Both candidates were selected after multiple rounds of interviews and were offered identical job descriptions, responsibilities, and performance expectations.

Ananya joined the company six months earlier than Rohit and has consistently delivered strong results—improving campaign performance, coordinating with cross-functional teams, and earning appreciation from clients. Rohit, who joined later, has also been performing well and meeting all his targets.

During a casual conversation over lunch, Ananya learned that Rohit is receiving a higher monthly salary, despite having less experience and similar job responsibilities. She initially thought it might be due to performance differences, but when she checked the official HR job description for their role, she noticed that both positions are classified at the same grade and require equivalent skills and qualifications.

Ananya felt confused and slightly demotivated. She wondered if the difference was due to negotiation at the time of hiring, gender bias, or an inconsistency in HR's compensation policy. She considered speaking with her manager but was unsure how to approach the matter professionally without appearing confrontational. Meanwhile, Rohit was unaware of the salary difference and continued working normally.

The HR department, already managing several ongoing projects, had not reviewed internal pay equity for over a year. This lack of regular review might have created unintended disparities, but no one had formally raised the issue yet.

As Ananya weighed her options, she struggled to decide whether she should formally request a salary review, wait for the annual appraisal cycle, or let it go entirely. The issue remained unresolved, lingering in her mind and affecting her morale.

Questions:

1. What additional information would you need to determine whether this salary difference truly violates the principle of equal pay for equal work?
2. How might organizational policies, hiring practices, or negotiation strategies have contributed to this situation?
3. What are the possible consequences for employee morale and organizational ethics if such disparities remain unaddressed?