

TILAK MAHARASHTRA VIDYAPEETH, PUNE
BACHELOR OF BUSINESS ADMINISTRATION (B.B.A.) (071)
EXAMINATION: DECEMBER - 2025
SEMESTER - VI
Sub: Compensation Management (BBA22-615HRM)

Date : 31/12/2025**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. A good compensation strategy helps
 - a) Increase turnover
 - b) Reduce fairness
 - c) Lower motivation
 - d) Attract and retain talent
2. A key principle of ethical pay is
 - a) Fairness
 - b) Pay secrecy
 - c) Gender bias
 - d) Arbitrary salary decision
3. Performance-linked compensation increases
 - a) Inefficiency
 - b) Absenteeism
 - c) Motivation
 - d) Employee dissatisfaction
4. Linking pay to goals improves
 - a) Organizational performance
 - b) Employee confusion
 - c) Wage inequality
 - d) Ethical issues
5. Underpaying employees violates
 - a) Organizational goals
 - b) Legal and ethical standards
 - c) Market trends
 - d) Performance measures

Q. 2. State True / False (05)

1. Compensation refers to only salary.
 - a) True
 - b) False
2. A major objective of compensation is to reduce employee performance.
 - a) True
 - b) False
3. Compensation management is important because it helps to attract and retain employees.
 - a) True
 - b) False
4. The process of ensuring fair pay within the organization is called incentive planning.
 - a) True
 - b) False
5. A key challenge in compensation management is determining employee age.
 - a) True
 - b) False

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

1. Internal equity
2. Market Pricing
3. Minimum Wage
4. Performance-linked Compensation
5. Direct vs. Indirect Compensation

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

1. Describe the role of compensation in employer branding. What factors determine an effective compensation system?
2. What is a pay grade? How is it used in compensation management?
3. Explain the relationship between compensation and job satisfaction.
4. How does compensation affect organizational culture and employee behavior. Explain the concept of organizational fit in compensation.

Q. 5. Case study (15)

At Meridian Infotech, a mid-sized IT services company, the HR department recently noticed a recurring ethical concern involving one of its senior employees, Rajiv. Known for being friendly and outspoken, Rajiv had developed a habit of casually asking every new joiner about their salary package during informal conversations. While he believed this helped him “understand company standards” and “guide juniors better,” the practice was creating discomfort among new employees.

Several fresh recruits from the last on-boarding batch reported feeling pressured when Rajiv questioned them about their compensation. Some felt awkward declining to answer, fearing it might affect team bonding or their impression among seniors. This behaviour also led to unnecessary comparisons among team members, resulting in rumors and assumptions regarding pay disparities. Such discussions risked creating dissatisfaction and lowering morale within the team.

According to Meridian Infotech’s HR policy, compensation details are strictly confidential and must be shared only between HR and the individual employee. The HR manager, Anika, was concerned that Rajiv’s inquiries breached ethical norms related to salary privacy. She feared that if not addressed promptly, this behaviour could escalate into conflicts, mistrust, and even attrition among dissatisfied employees.

However, Rajiv himself did not see any harm in his actions. When casually spoken to, he insisted he was only trying to help new employees understand their growth potential. The HR team found it challenging to confront him formally without causing tension, considering his long tenure and strong influence within the team. The situation remained unresolved, leaving HR unsure about the next step—whether to initiate disciplinary action, provide counseling or conduct a broader awareness session on compensation ethics.

Questions :

1. How can HR effectively communicate the importance of compensation confidentiality to all employees?
2. What corrective measures should be taken when a senior employee repeatedly violates ethical boundaries?
3. Would training or counseling on workplace ethics help prevent similar incidents in the future?