

TILAK MAHARASHTRA VIDYAPEETH, PUNE
BACHELOR OF BUSINESS ADMINISTRATION (B.B.A.)(071)
EXAMINATION: MAY - 2026
SEMESTER - V
Sub.: Compensation Management (BBA23-515-HRM)

Date : 28/05/2026
Total Marks : 60
Time: 10.00 am to 12.30 pm

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

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

1. Compensation helps in of employees.
 - a) Turnover
 - b) Errors
 - c) Conflict
 - d) Retention
2. Compensation includes
 - a) Salary only
 - b) Salary and benefits
 - c) Benefits only
 - d) None
3. Perks are
 - a) Salary
 - b) Wages
 - c) Benefits
 - d) Bonus
4. Fair compensation ensures
 - a) Satisfaction
 - b) Errors
 - c) Conflict
 - d) Delay
5. Salary surveys help in
 - a) market comparison
 - b) market stagnation
 - c) Market growth
 - d) none of the above

Q. 2. State True / False (05)

1. Compensation improves productivity of an employee.
a) True b) False
2. Insurance is a benefit under compensation.
a) True b) False
3. Market survey provides irrelevant data
a) True b) False
4. Compensation planning helps in cost control.
a) True b) False
5. Incentives improve performance of employees.
a) True b) False

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

1. Direct Compensation
2. Market pricing
3. Salary Surveys
4. Retirement Benefits
5. Ethical compensation

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

1. Explain need for compensation planning. Analyze impact of compensation on organizational performance.
2. Describe Internal equity in detail. How is external competitiveness related to Internal equity?
3. What is the meaning and importance of incentives? Explain how companies are facing incentive challenges?
4. What is meant by compensation strategy? Describe what is Pay-for-performance?

Q. 5. Case study (15)

Watson Public Ltd. Company has built a strong reputation in the manufacturing industry for over a hundred years due to its employee-friendly policies and welfare initiatives. The organization employs more than 1,000 people across worker, administrative, and managerial levels. It promotes a culture of equality, which is reflected in practices such as a common uniform for all employees, from the Managing Director to shop-floor workers. Even though there are two cafeterias in different locations, both offer the same quality of food and facilities, reinforcing fairness.

The company also maintains a healthy relationship with its trade union and has never experienced strikes or work stoppages. Although its compensation structure is lower than industry standards, employees have generally remained satisfied due to the organization's supportive environment.

However, recently the company has been facing operational issues like poor quality, incorrect packaging, labeling errors, and delayed dispatch. While management initially believed these were system-related problems, HR discovered that employee dissatisfaction was the root cause. Employees felt demotivated because external candidates were hired for higher positions without considering internal talent, and these new hires received higher salaries than existing employees in similar roles. This perceived unfairness has led to a decline in employee commitment and performance.

Questions:

1. How can HR address internal employee dissatisfaction caused by perceived pay inequity and external hiring?
 2. What strategies can be implemented to improve employee motivation and accountability in operational tasks?
 3. How can HR design fair promotion and compensation policies to retain and engage existing employees?
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