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MASTER OF BUSINESS ADMINISTRATION (M.B.A.)
EXAMINATION: MAY- 2026
SEMESTER - IV
Sub.: Compensation Management (MBA24-HRM404/MHRM405)

Date : 20/05/2026

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

1. Cost to Company (CTC)
2. Perquisites
3. Stock option as a compensation policy
4. Piece rate payment method
5. Importance of medical facilities in an organisation

Q.2. Answer in detail (Any One) (10)

1. What is compensation and why are employee payments called compensation?
2. Discuss the importance of wages and salary for employees. How does compensation benefit employers in an organization?

Q.3. Answer in detail (Any One) (10)

1. Differentiate between minimum wage, fair wage and living wage.
2. What is meant by minimum wage? How does the Minimum Wages Act protect employees?

Q. 4. Answer in detail (Any One) (10)

1. Discuss the important provisions of the Payment of Wages Act. Analyse the role of rewards and facilities in employee satisfaction.
2. How do facilities such as housing, transport and canteen services improve employee welfare?

Q.5. Case Study

At NovaTech Solutions, the HR department was trying to hire skilled software developers for a new international project. The company required experienced employees with strong technical knowledge, but many candidates who attended interviews rejected the job offers. Most applicants felt that the salary package and benefits offered by the company were lower than other companies in the market.

At the same time, existing employees in the organization were also becoming dissatisfied. Some experienced workers complained that they had not received salary revisions for a long time despite handling additional responsibilities. A few talented employees left the company and joined competitors who offered better salaries, flexible working hours, and extra benefits like medical insurance and performance bonuses.

The HR department tried to fill vacant positions quickly, but new employees often resigned within a few months because they felt the compensation and growth opportunities were not satisfactory. Project managers became worried because frequent employee turnover delayed important client projects and increased the workload on remaining staff members. Employee morale also started falling as workers felt their efforts were not properly rewarded.

The management understood that compensation and retention had become major challenges for the company, but no clear decision had been taken to solve the issue. The problem remained unresolved.

Questions :

1. How can the HR department design a compensation policy that attracts skilled employees?
 2. What strategies can HR use to retain capable employees and reduce employee turnover?
 3. How can you as an HR balance company budget limitations with employee expectations for better salary and benefits?
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