



# CBCS SCHEME

18MBAHR303

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## Third Semester MBA Degree Examination, Aug./Sept.2020 Compensation and Reward System

Time: 3 hrs.

Max. Marks:100

**Note: 1. Answer any FOUR full questions from Q1 to Q7.  
2. Question No.8 is compulsory.**

- 1 a. What is Compensation? (03 Marks)  
b. Explain pay model frame work of compensation system. (07 Marks)  
c. Discuss the strategic pay policies of compensation management. (10 Marks)
- 2 a. What is Internal Alignment? (03 Marks)  
b. Enumerate the major decisions in Job Evaluation. (07 Marks)  
c. Outline the various job Evaluation Methods. (10 Marks)
- 3 a. What is Job Evaluation? (03 Marks)  
b. What shapes Internal Alignment Structures? Explain. (07 Marks)  
c. Identify the strategic choices of Internal Alignment. (10 Marks)
- 4 a. What is Bonus? (03 Marks)  
b. Discuss the Pay Policy Alternatives of External Equity. (07 Marks)  
c. Explain the various factors affecting external competitiveness. (10 Marks)
- 5 a. Define Incentive. (03 Marks)  
b. Explain the special groups compensation strategy. (07 Marks)  
c. Write a note on : (10 Marks)  
i) Pristman's Plan  
ii) Scanlan Plan.
- 6 a. What is Social Contract? (03 Marks)  
b. Explain the legal issues in designing global compensation system. (07 Marks)  
c. Explain the strategic choices in global compensation. (10 Marks)
- 7 a. What is Expatriate Pay? (03 Marks)  
b. Explain ESOP of Group Incentives Plan. (07 Marks)  
c. Discuss straight Halsey and Rowan Premium Bonus Plan with merits and demerits. (10 Marks)

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Important Note : 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages.  
2. Any revealing of identification, appeal to evaluator and /or equations written eg, 42+8 = 50, will be treated as malpractice.

## 8 Case Study

Mr. John joined Forgewell Auto Ltd., Bengaluru recently as HR manager. The Forgewell Ltd. is a manufacturer and supplier of safety automotive components which finds application in cars manufacturing. It supplies major OEMS in India and abroad and have turnover of 60 crores in last twenty years.

Mr. John wants to bring many changes in HR policies and system of the organization. He began by studying the various systems and practices in place. During a conversation with Mr. Hassija, the Production Head, he found that the productivity of the workforce was lower than its competitors. With this (cue) he started looking at HR practices in places. He noted that rewarding the individual performance was biased. So, he wanted to improve the productivity of workers through teamwork at every level of the organization and also decided to change Forgewell's long standing policy to all employees in annual pay increase. After consulting with CEO Vikas, Mr. John sent a memo to all employees announcing the change to team based pay for performance. The reaction was cent percent negative and none of employees are happy with the change. They resisted new system and want old performance appraisal system to continue. Mr. John and CEO Vikas arranged meeting with the work force. Should the new policy be taken back of should they stand?

Questions :

- a. Do you agree with Mr. John's idea of pay for performance plan? Justify. (05 Marks)
- b. What advice would you give to Mr. John and CEO Vikas as they consider their decision? (05 Marks)
- c. What mistakes did they make in adopting and communicating the new compensation plan? (05 Marks)
- d. What strategy should Mr. John adopt to ensure the success of strategic compensation plan? (05 Marks)

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