

Internal Assessment Test – I
Answer Key

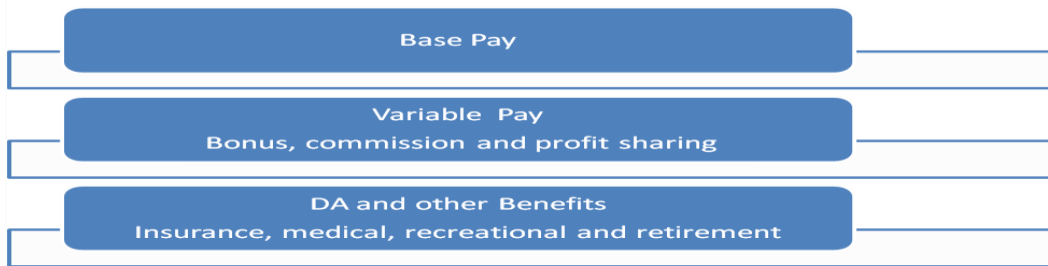
Sub:	Compensation & Reward System					Code:	18MBAHR303		
Date:	09/09/2019	Duration:	90 mins	Max Marks:	50	Sem:	III	Branch:	MBA

		Marks	OBE	
			CO	RBT
Part A - Answer Any Two Full Questions (2* 20 = 40 marks)				
1 (a)	Differentiate between Minimum, Living and Fair Wage.	[03]	CO1	L3
	<p>1. Minimum wages must be paid in any event:</p> <p>There is a minimum wage which must be paid irrespective of the extent of profits.</p> <p>2. Wage must be fair:</p> <p>FAIR WAGE:</p> <ul style="list-style-type: none"> Fair wage is the wage which is sufficiently high to provide a standard family with food, shelter, clothing, medical care and education of children but not at a rate exceeding his wage earning capacity. Fair wage is related to earning capacity and workload. <p>3. Fair Wage is not Living Wage:</p> <ul style="list-style-type: none"> Living wage is defined as the wage required for normal needs of an average employee regarded as a human being living in a civilized community. The lowest limit of fair wage is minimum wage and its upper limit set by the capacity of industry to pay is approximately near to the living wage. 			
(b)	Write down characteristics of a good compensation system.	[07]	CO1	L4
	<ul style="list-style-type: none"> <input type="checkbox"/> Internal Equity <input type="checkbox"/> External Equity <input type="checkbox"/> Individual Equity <input type="checkbox"/> Attract Talent <input type="checkbox"/> Retain Talent <input type="checkbox"/> Desired Behavior <input type="checkbox"/> Control Costs <input type="checkbox"/> Comply wit Legal Rules <input type="checkbox"/> Ease of Operation 			

(c) Explain in detail the three components of compensation in India.

[10]

CO1	L4
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2 (a) Define compensation and compensation management.

[03]

CO1	L1
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Compensation: What employee receives in exchange for their contribution to the organization. Pay provided by employer to employee in return of work
Compensation management Planning, organizing, staffing, directing and controlling the salary of employees to keep them motivated, attract new talent and retain them.

(b) Discuss various dimensions of compensation system. Support your answer with Labour Laws in India.

[07]

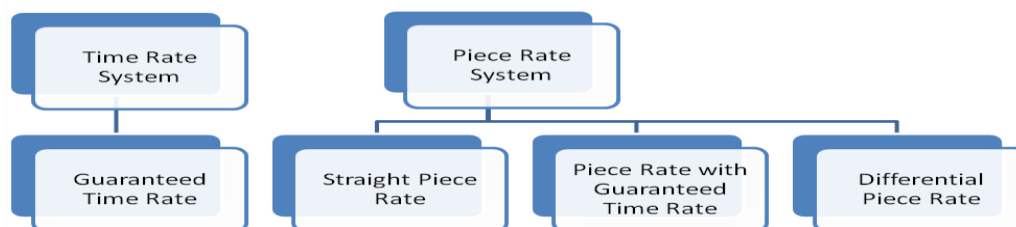
CO1	L4
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- Pay for work
- Pay for time not worked
- Disability income
- Spouse income continuation
- Health, accident and liability protection
- Tax Savings

(c) Explain with example the types of compensation management systems.

[10]

CO1	L5
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3 (a) Differentiate between wages and salary. What is the current rate of dearness allowance for central Government Employees as per 7th pay Commission?

[03]

CO1	L2
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- Wage is referred to as remuneration to workers particularly **hourly-rated payment**.
- Salary refers to as remuneration paid to **white-collar employees** including managerial personnel.

12%

(b) Differentiate between incentives and commission. Also explain the concepts of equity based programs, rewards and bonus.

[07]

CO2	L3
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- **Commission**, also known as sales **commission**, is a payment given to employees based on the sales they make.
- Incentives are the additional payment to employees besides the payment

of wages and salaries.

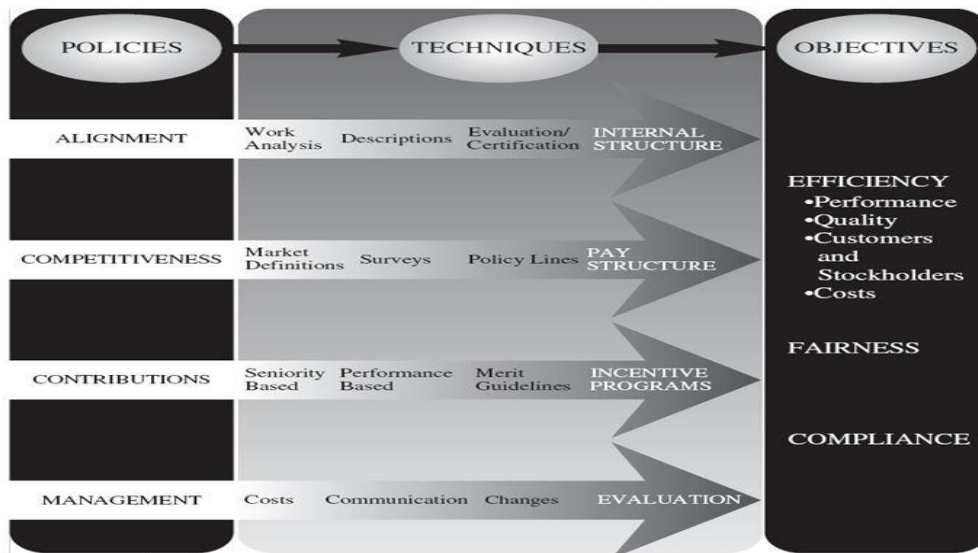
- Equity compensation is non-cash pay that represents ownership in the firm. This type of compensation can take many forms, including options, restricted stock, and performance shares.
- Give something to (someone) in recognition of their services, efforts, or achievements.
- A bonus is a financial compensation that is above and beyond the normal payment expectations of its recipient.

(c) Discuss the three components of the pay model.

[10]

CO1

L4



Part B - Compulsory (01*10=10 marks)

4

- (a) Which types of compensation system will you use for following employees:
1. Doctors
 2. Teachers
 3. Labors
 4. Pilots

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CO2

L5

Answers are based n students discretion and their justification.

Course Outcomes		PO1	PO2	PO3	PO4	PO5	PO6	PO7
CO1:	Gain insights of various conceptual aspects of Compensation and Benefits to achieve organizational goals	1a, 1b, 2a, 3a	1c, 2b, 2c, 3b, 3c			4a		
CO2:	Determine the performance based compensation system for business excellence and solve various cases							
CO3:	Designing the compensation strategies for attraction, motivation and retaining high quality workforce.							
CO4:	Understand the Legal & Administrative Issues in global compensation to prepare							

compensation plan, CTC, wage survey and calculate various bonus.								
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Cognitive level	KEYWORDS
L1	List, define, tell, describe, identify, show, label, collect, examine, tabulate, quote, name, who, when, where, etc.
L2	summarize, describe, interpret, contrast, predict, associate, distinguish, estimate, differentiate, discuss, extend
L3	Apply, demonstrate, calculate, complete, illustrate, show, solve, examine, modify, relate, change, classify, experiment, discover.
L4	Analyze, separate, order, explain, connect, classify, arrange, divide, compare, select, explain, infer.
L5	Assess, decide, rank, grade, test, measure, recommend, convince, select, judge, explain, discriminate, support, conclude, compare, summarize.

PO1 - Knowledge application; PO2 - Analytical and logical thinking; PO3 - Team work; PO4 - Leadership; PO5 - life-long learning; PO6 - Analyze and practice aspects of business; PO7- Personal and Societal growth;