

D 136317

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Name.....

Reg. No.....

**THIRD SEMESTER M.B.A. DEGREE (REGULAR) EXAMINATION****JANUARY 2026**

M.B.A.

BUS 3EH 05—COMPENSATION AND BENEFITS MANAGEMENT

(2024 Scheme)

Time : Three Hours

Maximum : 60 Marks

**Part A***Answer all questions.**Each question carries 2 marks.*

1. What are the primary objectives of reward management ?
2. What is the purpose of job evaluation ?
3. What are the components of pay structure in India ?
4. What is the concept of internal equity ?
5. What are ESOPs ?

(5 × 2 = 10 marks)

**Part B***Answer any four questions from this Part.**Each question carries 4 marks.*

6. What is the difference between internal equity and external equity in compensation management ?
7. Distinguish mechanistic and organic compensation strategies
8. What is the difference between job evaluation and performance appraisal ?
9. What are the internal and external factors of executive compensation ?
10. Give examples of financial and non-financial incentive plans.
11. What is gainsharing and profit sharing ?

(4 × 4 = 16 marks)

**Turn over**

**Part C**

Answer any **three** questions from this Part.

Each question carries 8 marks.

12. Explain how motivational theories link pay to performance.
13. Explain the process of designing grade and pay structures. What are the important considerations during the process.
14. Critically examine the contributing factors in gender disparity in executive pay. Discuss the solutions and actions to be undertaken to reduce the gap
15. Discuss the main provisions of the minimum wages Act
16. Explain the key principles in designing effective incentive programs

(3 × 8 = 24 marks)

**Part D**

**Compulsory Question.**

10 marks.

17. The case discusses the compensation management practices at Tata Consultancy Services Ltd. (TCS), one of the leading Indian IT companies. TCS' compensation management system was based on the EVA model. With the implementation of Economic Value Added (EVA)-based compensation, the salary of employees comprised of two parts - fixed and variable. The variable part of the salary was arrived after considering business unit EVA, corporate EVA, and also individual performance EVA. During the fourth quarter of the financial year (FY) 2007-2008, TCS announced its plans to slash 1.5 percent of the variable component of employee salaries since its EVA targets for the third quarter of FY 2007-2008 were not met. The announcement came as a jolt not only to TCS employees but also to the entire Indian IT industry. The company came in for severe criticism and it was accused of not being transparent with respect to EVA calculation. However, some analysts felt that the pay cuts were a result of the macroeconomic challenges that the Indian IT companies were facing — rapid appreciation of the rupee against the US dollar and the recession in the US economy (USA was the largest market for the Indian IT companies).

Questions :

- (a) Analyse TCS' HR practices with respect to its policy related to compensation of its employees.
- (b) Discuss the rationale behind the cut in the compensation of the employees at TCS.

(10 marks)