12 MAR 2025 (M)

	Minor Examination Question Paper	Review Date:
THE NORTHCAP UNIVERSITY	THE NORTHCAP UNIVERSITY SCHOOL OF BUSINESS	Semester: IV Session: JAN-JUNE 2025
	Program: MBA Course Name: Compensation and Benefits Course Code: BSL627	Maximum Marks: 40 Duration: 90 minutes Sheet 1 of _3_

Instructions

1. The paper has THREE Sections.
   a. Section A has 5 questions of 2 marks each.
   b. Section B has 2 questions of 7.5 marks each.
   c. Section C is Application Based and has 1 question of 15 marks each.
2. There is **NO CHOICE** in this paper.
3. Attempt one section fully before starting with a new section.
4. This paper does require use of any calculator.

Course Outcomes

CO1	Learn the compensation concepts& understand the compensation practices.
CO2	Learn about the benefits practices
CO3	Linking of compensation with performance Management system of the Organization

SECTION A

Short Answer Type Questions
10 marks

Q#	QUESTION	Marks	CO#
1.	What are the 6 critical factors that impact the global economy?	2	CO1
2.	What is Compensation Management?	2	CO1
3.	What are the 8 point aims of Reward Management?	2	CO1
4.	What are the factors influencing Pay level of individual?	2	CO1
5.	Explain are financial and Non- Financial Rewards?	2	CO2

SECTION B

Long Answer Type Questions
15 marks

Q#	QUESTION	Marks	CO#
6.	Explain the Hay groups engaged Performance Model?	7.5	CO1
7.	Explain the components of Total Reward?	7.5	CO2

SECTION C

Application Based Question / Case Study
15 marks

The Scientific Equipment Manufacturing company is a small manufacturing unit located in Peenya, Bangalore. The Company is non-unionised and manufactures analytical equipment for hospital Laboratries. Approximately one year ago, the manager of the Component Assembly department established three production goals for the department. The goals were (1) reduce raw material storage costs by 10 percent (2) reduce variable labour costs (i.e. overtime) by 12 percent and (3) decrease the number of quality rejects by 15 percent. The Manager told the six unit supervisors that the degree to which each supervisor met or exceeded these goals would be one of the major inputs for their merit-pay increases for the year. In

Issued by:	Approved by:
Date:	Date:

previous years, merit increases were based on seniority and an informal evaluation by the department manager.

The six supervisors worked on separate but similar production lines. A profile of each supervisor is as follows:

Amitha: Aged 28, single; three years with the company after receiving her degree from the Bangalore University. Has a job offer from another company for a similar job that provides a substantial pay increase over her present salary. The Scientific Equipment does not want to lose Amitha because her overall performance has been excellent.

Shindhe: Aged 32, married with three children; three years with the company, high school education. One of the most stable and steady supervisors. However, he supervises a group of workers who are known to be unfriendly and uncooperative with him and other employees.

Anandan: Aged 34, married with four children; high school equivalent learning; one year with the company. Came to Karnataka six years ago from Tamil Nadu. A steady worker, well-liked by his co-workers, but has difficulty in learning the local language. He has, therefore, problems of communication within his group and with others.

Hema: Aged29, divorcee with three children; two years with the company; high school education. Since her divorce one year ago, her performance has begun to improve. Prior to that, her performance was very erratic, with frequent absences. She is the sole support for her three children.

Eshwar Murthy: Aged 27, single; two years with the company, college graduate. One of the best-liked employees at Scientific Equipment. However, he has shown a lack of initiative and ambition on the job. Appears to be preoccupied with his social life, particularly around his recently purchased house.

Cheriyan: Aged 24, married with no children; one year with the company after graduating from a local college. First full-time job since graduation from college. He is liked by all employees and has exhibited a high level of enthusiasm for his work.

Given below is summary of the performance of the six supervisors during the past year.

The data include the current annual salary, the performance level on the three goal, and an overall evaluation by the department Manager.

Supervisor Name	Current Salary (INR)	Storage costs (10%)	Goal Labour costs (12%)	Attainment Quality Rejects (15%)	Effort	Manager's cooperativeness	Evaluation ability to Work independently	Knowledge of Job
Cherian	23,000	12%	12%	17%	Excellent	Excellent	Good	Good
Amitha	24,000	12%	13%	16%	Excellent	Excellent	Excellent	Excellent
Shindhe	24,000	6%	2%	3%	Good	Excellent	Good	Good
Anandan	22,000	4%	4%	12%	Excellent	Good	Fair	Fair
Hema	23,000	11%	10%	10%	Fair	Fair	Fair	Good
Eshwar M.	24,000	8%	10%	3%	Fair	Fair	Fair	Fair

The new budget for the upcoming year has allocated a total of INR 1,40,000 for supervisory salaries in the Component Assembly Department, INR 40,000, increase from last year. The management has indicated that salary increases should range from five per cent to 12 percent of the supervisors' current salaries and should be tied, as closely as possible, to their performance.

In making the merit-pay increase decisions, the following points should be considered:

1. The decisions will likely set a precedent for suture salary and merit increases.
2. Salary increases should not be excessive but should be representative of the supervisor's performance during the past year. It is hoped that the supervisors develop a clear perception that performance will lead to monetary rewards and that this serves to motivate them to even better performance.

Issued by:	Approved by:
Date:	Date:

3. The company does not want to lose these experienced supervisors to other firms. The management of this company not only wants the supervisors to be satisfied with their salary increases, but also to further develop the feeling that Scientific Equipment Manufacturing is a good company for advancement, growth, and career development.

Q#	QUESTION	Marks	CO#
8.	Please determine the rupee amount and percentage increase in salary for each of the six supervisors. Individual decisions should be justified by a rationale or decision rule.	15	CO3

Issued by:	Approved by:
Date:	Date: