2017

Time : 3 hours

Full Marks : 70

Candidates are required to give their answers in their own words as far as practicable.

The figures in the margin indicate full marks.

*Answer any **seven** questions.*

1. What do you understand by the term Compensation Management ? What are the roles of compensation and rewards in modern organisation ? What are the advantages of a fair compensation system ?   10

2. How did the Wage Policy emerged ? Describe briefly the types of wages given to an employee in any organisation.   10

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3. What are the components of employee remuneration ? Explain in detail. 10

4. Define reward. Explain the different monetary and non-monetary rewards that are a part of performance related pay (PRP). 10

5. Write short notes on the following : 5×2 = 10

   (a) Employee Stock Ownership Plan

   (b) Dearness Allowance and Perquisites

6. What are the pre-requisites of an effective PRP ? State the different types of Variable Pay Programs. 10

7. What do you understand by a Pay Model ? What are the objectives behind designing a Pay Model ? 10

8. Remuneration is based on certain guiding theories. Write, in detail, about theories of remuneration. 10

9. Differentiate between Salary, Wages and Remuneration. What are the challenges being

faced by the organisation in designing the compensation of any employee ? What are the reasons for high salary of the CEO of any company ? 10

10. Analyse the following case and answer the questions that follow :

SAS Pvt Ltd. is probably the least-well known major software company, in India. The company makes statistical analysis software(hence the acronym SAS). And the company is growing very rapidly from 1900 employees five years ago, it now has 5400 employees.

At its headquarters, just outside Bangalore, there is a 36,000 square-foot gym for employees. There is a full-length basketball court, pool tables, a private sky-lighted yoga room and workout areas. Outside, there are soccer and cricket fields. Massages are available several times

week and classes are offered in dance and tennis. The company also operates the largest day-care facility in India. To encourage families to eat lunch together, the SAS cafeteria supplies baby seats and high chairs. To encourage families to eat dinner together, the company has a seven-hour work day, five days a week. Unlike many work-obsessive software firms, most SAS employees leave the office by 5pm. Management likes to call its work place culture "relaxed".

The list of employee amenities at SAS goes on and on. Unlimited tea, coffee and juice. One week paid vacation during Diwali. An on-site health clinic staffed with six nurses and two doctors. Zero cost to employees for health insurance. Casual dress everyday.

In this any way to run a business ? Management thinks so. SAS's strategy is to make it impossible for people not to do their work. Even

though the company provides no stock option plans and salaries no better than the competition, the company has bulit an unbelievably loyal workforce. Whereas competitors typically have turnover rates above 30 percent, SAS's rate has never been higher than 5 percent. Management claims that it saves Rs. 75 lakhs a year just in employee replacement-related costs such as recruitment, interviews, moving costs for new hires and lost work time.

Just in case any one wonders if the company makes any money, we'll add the following. SAS is owned by just two people- Rahul Sharma and Deepak Ahuja. They were recently listed as being in the 100 richest people in India.

Questions :

(a) Are progressive HR practices like those at SAS, a cause or a result of high profits ? Discuss. 3

(b) What possible problems could the management at SAS face(from employees) due to the benefits offered ? 3

(c) If you are appointed as the HR manager at SAS, what changes would you recommend in the compensation structure ? 4

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