Roll No.												

PRESIDENCY UNIVERSITY

BENGALURU

End - Term Examinations – December 2025

Date: 27- 12- 2025 **Time:** 09:30am – 12:30pm

School: SOM-PG	**Program:** MBA	
Course Code : MBA3066	**Course Name:** Compensation Management	
Semester: III	**Max Marks**: 100	**Weightage**: 50%

CO - Levels	CO1	CO2	CO3	CO4	CO5
Marks	25	25	25	25	NA

Instructions:

(i) Read all questions carefully and answer accordingly.

(ii) Do not write anything on the question paper other than roll number.

Part A

Answer ALL the Questions. Each question carries 3marks. **10Q x 3M=30M**

1.	Explain the objectives of compensation management.	**3 Marks**	**L2**	**CO1**
2.	Explain the difference between direct and indirect compensation with one example of each.	**3 Marks**	**L2**	**CO1**
3.	Describe the difference between basic pay and allowances in a salary structure.	**3 Marks**	**L2**	**CO1**
4.	Explain the contribution of compensation management to employee motivation and retention in an organization.	**3 Marks**	**L2**	**CO1**
5.	Describe the concept of Salary progression.	**3 Marks**	**L2**	**CO1**
6.	Interpret the concept of wage determination and its importance in an organization.	**3 Marks**	**L3**	**CO2**
7.	Illustrate the types of rewards given to employees.	**3 Marks**	**L3**	**CO2**
8.	Illustrate the benefits of effectively communicating Benefits to employees.	**3 Marks**	**L3**	**CO2**
9.	Examine the role of statutory components (like provident fund or gratuity) in a salary structure.	**3 Marks**	**L3**	**CO2**
10.	Interpret the role of Pay Commissions in compensation management.	**3 Marks**	**L3**	**CO2**

Part B

Answer the Questions. **Total Marks 40M**

11.	**a.**	Salary progression reflects how an employee's pay increases over time based on performance, skills, and organizational policies. Explain the various types of salary progression used in organizations and the impact of salary progression on their productivity.	**10 Marks**	**L2**	**CO1**
		Or			
12.	**a.**	A well-structured competency-based pay system requires identifying the right set of competencies aligned with organizational goals. Describe the major components and process involved in designing a competency-based compensation system.	**10 Marks**	**L2**	**CO1**
13.	**a.**	Assume you are the HR Manager of a mid-sized manufacturing company experiencing high employee turnover due to wage dissatisfaction. Apply your understanding of external factors influencing wage structure to suggest actionable strategies that can help the company retain its workforce.	**10 Marks**	**L3**	**CO2**
		Or			
14.	**a.**	Using your understanding of the internal factors influencing wage and salary structure, prepare a practical wage policy framework for a service-based IT firm that seeks to enhance pay equity and employee motivation.	**10 Marks**	**L3**	**CO2**
15.	**a.**	An organization's incentive scheme can only be successful when all essential elements are properly designed and aligned with organizational goals. Examine the extent to which clarity of performance standards and alignment with organizational goals contribute to the overall effectiveness of various incentive schemes within an organization.	**10 Marks**	**L4**	**CO3**
		Or			
16.	**a.**	Many organizations adopt Pay for Performance systems to link employee rewards directly to measurable outcomes, but the success of such systems varies widely. Interpret the influence of Pay for Performance systems on employee motivation and organizational effectiveness.	**10 Marks**	**L4**	**CO3**
17.	**a.**	Differences in executive pay levels often raise questions about fairness and the underlying determinants of such compensation structures. Analyze the internal and external factors influencing executive compensation decisions in large organizations.	**10 Marks**	**L4**	**CO4**

		Or			
18.	**a.**	Expatriate compensation must balance organizational cost control with the need to attract and retain skilled global talent. Appraise the challenges organizations face in maintaining equity and cost-effectiveness while structuring expatriate compensation packages.	**10 Marks**	**L4**	**CO4**

Part C

Answer all the Questions. Each question carries 15marks **2Q x 15M=30M**

19.	**a.**	Medilife Hospitals Group, a chain of private hospitals across India, introduced a *Pay-for-Performance* plan to improve service quality and operational efficiency. The plan linked bonuses for doctors, nurses, and administrative staff to patient satisfaction scores, treatment outcomes, and cost control. Initially, the results were encouraging — waiting times dropped, patient satisfaction improved, and staff productivity rose. However, HR soon identified concerns. Some doctors started prioritizing high-profile or less complex cases to maintain better outcome ratings. Nurses complained of excessive workload since performance targets didn't account for patient volume differences across departments. Administrative staff argued that their performance was being judged using unclear or subjective parameters. The hospital's management team found that while financial performance improved, ethical and teamwork-related issues surfaced. Doctors and nurses began competing instead of collaborating, and patient care quality became inconsistent. HR realized the system needed revision to ensure a fair balance between measurable outcomes and professional ethics. Questions (15 Marks Total) 1. Analyze the strengths and weaknesses of Medilife's Pay-for-Performance system in the healthcare context. (5 Marks) 2. Interpret the ethical and teamwork challenges created by the PFP system and the organizational factors that contributed to them. (5 Marks) 3. Suggest analytical strategies to redesign the system for fairness, ethical compliance, and collaborative performance. (5 Marks)	**15 Marks**	**L4**	**CO3**

20.	**a.**	Global Healthcare Pvt. Ltd., an Indian healthcare provider, recently expanded into Africa and the Middle East. To manage its new hospitals, the company deployed senior doctors and administrators as expatriates for 2–4 years.	**15 Marks**	**L4**	**CO4**

		The company introduced an expatriate incentive plan that included a hardship allowance, housing, children's education reimbursement, and an annual travel allowance to return home. However, over time, several issues emerged. Doctors in African locations felt their hardship allowance was insufficient given the lack of local amenities, while administrators in Dubai argued that their benefits were unnecessary since the city offered high living standards. Furthermore, performance bonuses were standardized across all expatriates, irrespective of host-country challenges. Some employees in tougher regions felt demotivated, believing their efforts were undervalued. Additionally, cultural adjustment and healthcare practice differences affected the morale and productivity of medical staff. The HR department also received feedback that the tax equalization process was slow and lacked transparency. Global's leadership realized that while the expatriate plan looked comprehensive on paper, it lacked customization and contextual fairness. The CEO instructed HR to redesign the compensation structure to make it both competitive and adaptable to regional realities. Questions (15 Marks Total) 1. Analyze the strengths and weaknesses of Global's expatriate incentive plan. (5 Marks) 2. Interpret the contextual factors HR should consider when differentiating expatriate compensation across locations. (5 Marks) 3. Identify analytical improvements to make the expatriate pay structure region-sensitive and performance-driven. (5 Marks)			