

**MANAGEMENT PROGRAMME**

**Term-End Examination**

**June, 2018**

**MS-027 (Pre-revised) : WAGE AND SALARY  
ADMINISTRATION**

**MS-027 (Revised) : COMPENSATION AND  
REWARDS MANAGEMENT**

*Time : 3 hours*

*Maximum Marks : 100  
(Weightage 70%)*

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- Note :** (i) *There are three Sections A and B and C.*  
(ii) *Section A is meant for students who have registered for the course upto July, 2017 Session (Pre-revised).*  
(iii) *Section B is meant for students who have registered for the course for the Session July, 2017 on words (revised).*  
(iv) *Attempt any three questions from Section A or B. Each questions carries 20 marks.*  
(v) *Section C is compulsory for all, and carries 40 marks.*
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**SECTION - A**

1. Explain the Constitutional perspective of Wages. Describe the norms for fixation of wages.
2. Discuss Minimum Wages Act, 1948 in detail.
3. Discuss the relevance of Job evaluation in relation to wage and salary administration.
4. Define incentives and explain the pre-requisites for the success of incentive schemes. Cite suitable examples.

5. Write short notes on **any three** of the following :
- (a) Tax planning for employee compensation
  - (b) Pay survey
  - (c) Fringe benefits
  - (d) Adjudication
  - (e) Employees Pension Scheme

### SECTION - B

1. Describe the functions and responsibilities of the compensation program in an organisation.
2. Explain the purpose, norms and application of the payment of wages Act 1936.
3. Define tax planning and explain the implications of tax avoidance.
4. Explain the forms of performance linked-reward system. Describe the various steps involved in designing a performance linked reward system.
5. Write short notes on **any three** of the following :
  - (a) Stock options
  - (b) Equal pay for equal work
  - (c) Collective bargaining
  - (d) Internal and external pay equity
  - (e) Managerial Compensation

### SECTION - C

6. Read the following case and answer the questions given at the end.

A bright young M.B.A., fresh from one of the top management institutes took over his father's responsibilities as president in a manufacturing company. The company employed approximately one thousand employees in the production division. It had never faced with a demand for

collective bargaining. So far as was known, none of its employees were union members.

The new president, after three years of climbing the ladder to his position, had a conference with three long-time employees, who explained that they and their associates had been discussing the desirability of bargaining collectively. They gained through such formal representation. The employees had not voiced any strong criticism of management, but they had held several meetings and had invited representatives of a national union to talk with them. They concluded that they ought to try collective bargaining and for this purpose formed a union and enlisted a majority of workshop employees as members. Three representatives had been elected to the bargaining committee in order to present a written memorandum to the president with a request for collective bargaining agreement. A series of issues carefully spelled out by the union were handed over to the president by the three representatives.

The young executive received them cordially and listened carefully. He accepted their memorandum and suggested that he would like to have time to study it carefully. He proposed a meeting with them for Tuesday of the following week.

When the committee members returned, the president reminded them that the company had been careful in maintaining wages and working conditions at least on a par with those in unionised companies in the same industry and region. He expressed the opinion that the specific proposals

they had presented seemed to him quite reasonable and appropriate. He had been thinking of many of the same changes and would probably have made them without their request. He was pleased to hand over their memorandum with a notation indicating his acceptance. The members left, quite satisfied with the effectiveness of their negotiations and promising to report back to him as soon as possible.

One week later, the president found the same group of representations waiting to see him. They appeared somewhat crestfallen and embarrassed. They reported that they had gone back to the members, presented a full report of their discussions with him, explained his favourable attitude and recommended formal ratification of the memorandum as a new collective bargaining agreement. After extensive discussion, when the motion for ratification came up for a vote, a majority of the members voted against ratification.

**Questions :**

- (a) Identify the main issues.
  - (b) Why did the members refuse to ratify the agreement ?
  - (c) In a situation like the one above how can the union and management play an effective role in fixing and revising wages.
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