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MS-027

**MANAGEMENT PROGRAMME**

**Term-End Examination, 2019**

**MS-027 : WAGE AND SALARY ADMINISTRATION**

**Time : 3 Hours]**

**[Maximum Marks : 100**

**(Weightage 70%)**

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**Note :** There are three sections A, B and C. Section A is for the Students who have registered before July, 2017. Attempt any three questions from Section A, each question carries 20 marks. Section B is for the Students who have registered for July 2017 semester onwards, Attempt any three questions from Section B, each question carries 20 marks, and Section C is compulsory and carries 40 marks.

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**SECTION-A**

1. Discuss the organization's responsibility regarding the compensation programme, and critically examine the issues and current trends.
2. Describe the procedure for fixation and revision of minimum wages under the Act, 1948.

3. Explain the concept of Job Evaluation. Discuss any two methods of Job Evaluation and their merits and demerits with examples.
4. What is performance linked reward system ? Explain the various steps involved in designing a performance linked reward system with an example.
5. Describe the tax planning for employee compensation with suitable examples.

### **SECTION-B**

1. Describe compensation structure. Discuss the functions and responsibilities of the compensation programme.
2. Critically describe the Payment of Bonus Act, 1965. Discuss its limitations.
3. Discuss the differences between a pay commission and a wage board. Identify the functions of the wage board.
4. Define 'incentives' and discuss their advantages and limitations. Briefly explain the various individual and group incentive plan and their respective merits and demerits.
5. Describe the competency based compensation with suitable examples.

## SECTION-C

**Note :** 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 manufacturing company. The company employed approximately one thousand people in the production division. It had never faced with a demand for collective bargaining. None of its employees were union members till date.

The new president, after three years of climbing the ladder to his position, had a conference with three long-term 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 majority of workshop employees as members. The 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 to maintain 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 them 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 representatives waiting to see him. They appeared somewhat crestfallen and embarrassed. They reported that they had gone back to the membership, 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 membership voted against ratification.

**Questions :**

- (a) Identify the issues in this case.
- (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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