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MS-027

MANAGEMENT PROGRAMME (MP)

Term-End Examination

June, 2026

MS-027 : WAGE AND SALARY

ADMINISTRATION

Time : 3 Hours

Maximum Marks : 100

Weightage : 70%

Note : (i) *There are two Sections-Section A and Section B.*

(ii) *Attempt any **three** questions from Section A. Each question carries 20 marks.*

(iii) *Section B is compulsory and carries 40 marks.*

Section—A

1. Explain the role of Compensation and its structure in framing the corporate policy of an organization.

2. Define and differentiate between bonus and fringe benefits. How are they linked to social security.
3. What is performance reward system ? Describe the various steps involved in designing a performance-linked reward system.
4. What is wage survey ? Explain different methods of conducting wage surveys.
5. Write short notes on any *three* of the following :
 - (a) Purchasing Power Theory
 - (b) Pay and Performance
 - (c) External Equity
 - (d) Adjudication
 - (e) 360 Degree Feedback System

Section—B

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

The Indian Welding Company is a city-based manufacturer of welding machines and motors. When Mr. Abhishek Kumar established the company in 1970, he was keenly aware of the importance of a highly motivated workforce, and how the company's success, in fact, depended on it. Therefore, Mr. Kumar had to ensure that each employee would work as diligently as possible for the good of the organisation. Mr. Kumar realised that the best way to motivate employees would be to link the company's reward and recognition system to its goals. To establish this connection, Kumar developed and implemented an incentive system. Its aim was to improve the company's overall performance by allowing contributing workers to share in the

proceeds. The plan rewards employees for turning out quality products efficiently while controlling costs. The system includes the following components : Paying by the piece rate : Production workers are paid according to the number of "pieces" or product units they produce that are not defective. If a customer sends a defective part back to the company, the employee who produced it must repair it on his or her own time.

Providing year-end Bonus to reward workers further for their efforts, Kumar introduced a year-end bonus system that gives all workers opportunity to nearly double their base wages. Workers get the bonus if the company's annual profit increases. Providing Stock Options : Kumar also provided his employees with the option of buying company's stock at a low cost. Employees are also given shares of the

company's stock based on annual profits. All the above financial incentive payments enabled the employees to earn more and helped to improve their morale and motivation.

Questions :

- (a) Identify and discuss the salient issues of this case in general.
- (b) What are the additional financial incentive schemes you suggest for sustaining the morale and motivation of the employees ?
- (c) Suggest suitable non-financial incentives for further improving the morale and motivation of the employees of Indian Welding Company.

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