



PG - 684

III Semester M.B.A. (Day) Examination, January 2010  
(2007-08 Scheme)  
MANAGEMENT

H-3 : Performance and Compensation Management

Time : 3 Hours

Max. Marks : 75

SECTION - A

1. Answer **any six** of the following questions :

(6×2=12)

- a) Give the meaning of performance appraisal.
- b) What is critical incident method ?
- c) What is BARS ?
- d) What do you mean by 360° of performance appraisal ?
- e) What is compensation differentials ?
- f) How is CPI calculated ?
- g) Give the meaning of incentives.
- h) What is pay by seniority ?

SECTION - B

Answer **any three** of the following questions :

(3×8=24)

2. Explain employee profit sharing and employee stock ownership.
3. Explain the factors influencing wage and salary administration.
4. What are the factors which influence employee high performance at the workplace ?
5. Justify pay for performance concept.
6. Explain the various methods of compensating rise in cost of living for employees.

P.T.O.



## SECTION - C

Answer **any two** of the following questions : (2×12=24)

7. Explain the different types of fringe benefits given to employees in India.
8. Explain the objectives and problems of performance appraisal.
9. What do you mean by wages ? Explain the different types of wage payment and its importance.

## SECTION - D

**Case Study (Compulsory) :** (1×15=15)

10. Analyze the following case and answer the questions given at the end.

**Walt Disney Corporation-WDC is a Multinational/Transnational Organization**

**Managing Employee Performance : Why it goes wrong**

Walt Disney Corporation-WDC is a Multinational/Transnational organization. It stands among the best 10 most admired companies in the fortune listed organizations. Infact, it is Best Managed organization in the world (Fortune 2007). This ranking is because of the way people are managed, the workplace policies, the practices to make it great place to work, and the like. The company has taken utmost care in terms of appraisal of its employees and executives. After carefully studying the method in which the appraisal has to be done, it has adopted the 'P for P' system of appraisal and management of performance.

The company has consistently maintained a pay-for-performance philosophy. Over a period of time, this 'P for P' has been the practice and the tool. Yet despite this clearly stated policy, WDC found that the link between pay and performance was not at all clear among employees and managers. In 2008, WDC Vice President of Human Resources noted that managers and employees has been voicing series of complaints about the existing performance appraisal and merit review processes. They felt that, pay was not properly linked with performance. There was some sort of disconnecting in the system and how performance was assessed.



After series of discussion amongst the management and the HR department, WDC executive leadership saw this as an opportunity to enhance business performance through revamping the performance appraisal process, and they brought in a management consultant (you, at this moment) to aid the process. The consultant first interviewed the executive team to get a sense of what the company's goals were for the performance appraisal systems. In addition, interviews were conducted with 600 employees and managers. The results of these interviews revealed that :

- a) employees did not perceive a link between performance appraisals and the company or individual performance.
- b) employees perceived that rewards such as merit increases and promotions were based on length of service rather than performance appraisal ratings.
- c) performance appraisal had been linked to developmental planning.
- d) employees needed to actively participate in the performance appraisal process and
- e) Managers were not universally effective in providing behaviors feedback and coaching employees.
- f) There was no assessment centre which gave a detailed performance feed back.

Now, the role of management consultant (you, at this moment) was very crucial. The role and responsibility was not only to find the best other alternative way of appraisal system, but it should find a sati factory feeling amongst all the concerned. At the same time, the management is in no mood to lose the morale of employees and the positive effects of that on the productivity.

**Questions :**

- 1) What recommendations do you have for developing a performance appraisal system that might best correct the problems with WDC existing performance appraisal process ? 5
  - 2) How would you go about in implementing this system at WDC ? 5
  - 3) What type of training programs you have to provide to the executives and employees who appraises the fellow employee ? What type of obstacles might you face ? 5
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