



PG – 1141

III Semester M.B.A. Degree Examination, February 2016
(2007–08 Scheme)
MANAGEMENT
Paper – H-3 : Performance and Compensation Management

Time : 3 Hours

Max. Marks : 75

Instruction : Answer *all* the Sections.

SECTION – A

1. Answer **any six** sub questions, **each** question carries **two** marks. **(2×6=12)**
- What do you mean by payment by results ?
 - Define compensation management.
 - What is wage survey ?
 - What do you mean by critical incident method ?
 - What is debt method of wages ?
 - What is Kaiser plan ?
 - What is Internal and External equity in compensation system ?
 - What is job evaluation ?

SECTION – B

Answer **any three** questions, from the following **each** question carries **eight** marks.
(8×3=24)

- What factors affect the compensation design ? Discuss.
- Explain the process of Diagnosis. How it is helpful to benchmarking ?
- Discuss the role of compensation management in organisations.
- Explain the wage theories.
- Discuss the need and importance of performance management.

P.T.O.



SECTION - C

Answer **any two** questions, **each** question carries **twelve** marks. (2x12=24)

7. What is executive compensation ? What are the principles governing executive compensation ? Explain.
8. Explain the concept and reasons of wage differentials with suitable examples.
9. Explain the advantages and disadvantages of various incentive payments.

SECTION - D

10. Case study (**compulsory**) : (1x15=15)

Policies and Performance Appraisal :

Kalyani Electronics Corporation Ltd., recently diversified its activities and started producing computers. It employed personnel at the lower level and middle level. It has received several applications for the post of Commercial Manager – Computer Division. It could not decide upon the suitability of the candidate to the position, but did find that Mr. Prakash is more qualified for the position than other candidates. The Corporation has created a new post below the cadre of General Manager i.e., joint General Manager and asked Mr. Prakash to join the Corporation as Joint General Manager. Mr. Prakash agreed to it viewing that he will be considered for General Manager's position based on his performance. Mr. Anand, the Deputy General Manager of the Corporation and one of the candidates for General Manager's position was annoyed with the management's practice. But, he wanted to show his performance record to the management at the next appraisal meeting. The management of the Corporation asked Mr. Sastry, General Manager of Televisions Division to be the General Manager in-charge of Computer Division for some time, until a new General Manager is appointed. Mr. Sastry wanted to switch over to Computer Division in view of the prospects, prestige and recognition of the position among the top management of the Corporation. He viewed this assignment as a chance to prove his performance.



The Corporation has the system of appraisal of the superior's performance by the subordinates. The performance of the Deputy General Manager, Joint General Manager and General Manager has to be appraised by the same group of the subordinates. Mr. Anand and Mr. Sastry know very well about the system and its operation, whereas Mr. Prakash is a stranger to the system as well as its *modus operandi*. Mr. Sastry and Mr. Anand were competing with each other in convincing their subordinates about their performance and used all sorts of techniques for pleasing them like promising them a wage hike, transfers to the job of their interest, promotion etc. However these two officers functioned in collaboration with a view to pull down Mr. Prakash. They openly told their subordinates that a stranger should not occupy the 'chair'. They created several groups among employees like pro-Anand's group, pro-Sastry's group, Anti-Prakash and Sastry group, Anti-Anand and Prakash group.

Mr. Prakash has been watching the proceedings calmly and keeping the top management in touch with all these developments. However, Mr. Prakash has been quite work-conscious and top management found his performance under such a political atmosphere to be satisfactory. Prakash's pleasing manners and way of maintaining human relations with different levels of employees did, however, prevent the emergence of an anti-Prakash wave in the company. But in view of the political atmosphere within the company, there is no strong pro-Prakash's group either.

Management administered the performance appraisal technique and the subordinates appraised the performance of all these three managers. In the end, surprisingly, the workers assigned the following overall scores. Prakash : 560 points, Sastry : 420 points; and Anand : 260 points.

Questions :

- 1) How do you evaluate the worker's appraisal in this case ?
 - 2) Do you suggest any techniques to avert politics creeping into the process of performance appraisal by subordinates ? Or do you suggest the measure of dispensing with such appraisal systems ?
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