



PG – 978

III Semester M.B.A. Degree Examination, February 2017  
(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. (6×2=12)
- What do you mean by fair wages ?
  - Mention the objectives of fringe benefits.
  - What is Horn effect ?
  - What is production sharing plan ?
  - What is organizational diagnosis ?
  - What is wage survey ?
  - What is external equity ?
  - What is compensation plan ?

SECTION – B

- Answer **any three** questions. **Each** question carries **eight** marks. (3×8=24)
- What are incentives ? Explain the different types of incentives plans developed for employees.
  - Explain the wage determination process.
  - Discuss the various methods of compensating cost of living.
  - Compare and contrast Residual Claimant theory with Marginal Productivity theory of wages.
  - What are various types of wages ?

P.T.O.



## SECTION - C

Answer **any two** questions. Each question carries **twelve** marks. (2×12=24)

7. Explain the process of performance appraisal and develop a suitable appraisal form for shopfloor employees as a supervisor.
8. a) Bring out non-financial incentives with suitable examples.  
b) What is benchmarking? Explain the importance of benchmarking.
9. a) Explain the challenges of compensation management.  
b) Describe the modern methods of performance appraisal.

## SECTION - D

**Case Study:** (1×15=15)

**10. Compulsory :**

M/s Powerica Radiators is a leading private sector firm. Mr. P.G. Valsan was the Sales Manager assisted by three sales officers – Mr. Nair, Mr. Jose and Mr. George. They joined the firm almost together and had put up nearly three years of service. Mr. Menon was the Managing Director.

In January 1986, Mr. P.G. Valsan resigned and joined M/s Gulmarg, a competitive firm to Powerica. MD urgently wanted a replacement. He appointed Mr. Nair as the sales manager. This has created heart burns in Mr. Jose and George. They approached MD and informed him that all of them joined the firm together and had similar background and qualification. In fact, compared to them, Nair's past performance was much less. This could be revealed from the previous years sales records. They said they are not willing to work under Mr. Nair. They also confided MD that had they been given an opportunity earlier, they could have appraised MD on the actual position.

MD promised Jose and George that he would examine the whole matter de novo and ask them to meet him two days later.

To everybody's surprise, Mr. Nair resigned from the firm the very next day and joined M/s Gulmarg.

**Questions :**

- 1) Why Mr. Nair resigned all of a sudden and joined the competitor?
- 2) Do you agree with the decision of Managing Director? If not justify your points.
- 3) What management principles are involved?
- 4) What are the behavioural theories relevant in this case?