

**Subject Code: MB1337/R13**

**M B A - III Semester Regular Examinations, Jan/Feb - 2015**

**COMPENSATION AND PERFORMANCE MANAGEMENT**

**Time: 3 hours**

**Max Marks: 60**

**Answer any FIVE of the following**

**All questions carry equal marks. Q.No.8 is compulsory**

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1. What are the advantages and disadvantages of compensation approaches such as skill – based pay and competency – based pay? How can you overcome the disadvantages?
2. Define compensation. What are the various aspects to be looked into while designing a compensation system for an organization?
3. Discuss the various statutory and non – statutory welfare measures that are needed to be taken up by successful organizations
4. Determine the institutional mechanism for wage determination. Examine their pros and cons.
5. What are the various tradition and modern Performance management tools? Explain in detail about the BARS.
6. What do you understand by Performance monitoring? How does Performance monitoring differ from supervision? What are the principles of monitoring?
7. What is the purpose of performance appraisal system? What is the role of performance appraising system in promoting the organizational effectiveness?
8. **Case Study:**

The employees of SVN pharmaceuticals were a worried lot. With the news that the company was going to be merged with ABC pharma, all of them were worried about what would happen to their jobs, and the other benefits as a result of the merger. There were all kinds of rumors regarding layoffs and reduction in pay and benefits. ABC pharma was a leading firm with operations spread across Asia and Europe. SVN pharmaceuticals had a strong hold in marketing and distribution in India, and so it was considered to be a merger of equals. Amid all the confusion, the CEO of SVN pharmaceuticals addressed the employees about the reason for the decision, and advantages to the firm if the merger is completed. He felt as a result of the merger, the firm would be able to explore various areas of research and development. The employees have only one question in their minds, what would be the impact of this merger on their jobs and their pay packages. To their relief CEO made it clear that a benefits team would be formed that would be representatives of both the companies. He requested the employees to be patient as it would take some time to clearly decide and bring in an effective benefit plan. As per CEOs statement a benefit team was formed.

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The team was headed by the VP – HR of the merged company. He stated that since it was a merger of equals, they had to develop something that was the best for the new company, even if it were time – consuming. The team felt that the best way to go about it was to merge the best of both companies' benefit plans or create a new benefit program that would reflect the culture the new company was trying to nurture. The head also stated that their aim was not just to design a new benefit plan, but also to make sure that all the employees were knowledgeable and comfortable about the changes in the benefit program. Before concluding the meeting, the VP – HR made it clear to the team that people were of paramount importance to them and if the benefits program did not help in retaining them, then the merger would serve no purpose.

**Questions:**

- a) The benefits team has to devise a benefit program that would satisfy the employees of both the firms. Can you suggest some steps for the benefit team to function effectively?
- b) Why would creating a new benefit plan take more time? what should be the action plan for the HR team

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