

Subject Code: MB1337/R13

M B A - III Semester Regular/Supply Examinations, Jan/Feb - 2016

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**

1. What are the Key determinants of Compensation Plan?
2. Compare and contrast between different theories of wages.
3. How does job analysis influence wage determination process?
4. Distinguish between incentives and fringe benefits.
5. What are the stages in performance management cycle?
6. Differentiate between traditional and modern techniques of performance management.
7. Discuss the role of performance monitoring in improving the employee performance.

8. CaseStudy:

The CEO and other executives of Computer Associates were granted board and shareholder approval in 1995 for an executive compensation plan that allowed executives to collect stock grants if the common stock price maintained a given price for 60 days. In early 1998 the stock did, and the executives collected their shares. Shortly after collecting their grants, the company announced that its revenue estimates were to be reduced by Rs.100 Crores for the next two quarters. The stock lost two-thirds of its value the next day. The cash bonus-to-salary ratio was unusually high for a company with average performance, such as Computer Associates. At the time, high performing software companies generally had a ratio of 1:3 but Computer Associates had a ratio of 1:5.

Questions.

- a) What are the flaws in the executive compensation plan?
- b) How far the executive compensation plans responsible for the crash in the stock prices?
- c) What are your recommendations for improving the situation?
