

**MBA – MARKETING/FINANCE/HR/ PRODUCTION &  
OPERATIONS MANAGEMENT (MBABM)**

**Term-End Examination**

**December, 2014**

00214

**MBME-017 : PERFORMANCE MANAGEMENT AND  
COMPENSATION MANAGEMENT**

*Time : 3 hours*

*Maximum Marks : 100*

**Note :**

- (i) *Section I is compulsory.*
- (ii) *In Section II, attempt any five questions.*
- (iii) *Assume suitable data wherever required.*
- (iv) *Draw suitable sketches wherever required.*
- (v) *Italicized figures to the right indicate maximum marks.*

**SECTION I**

1. Read the case and answer the questions that follow :

The Axis Bank has just decided to open a branch in town "A" which is an exclusive resort located about 30 km away from a large city "B". There is no bank in that town at present.

The Axis Bank is anxious to determine the appropriate salary for the clerical staff it expects to recruit. Clerks in the bank's offices in the neighbouring city "B" receive a starting salary of ₹ 10,000 a month. As a matter of company policy, pay scales have been fixed on a par with other banks in the city.

A survey of local establishments at town "A", in comparable concerns indicates that the salary for qualified clerical personnel is ₹ 12,000 a month. Banks in city "B" have been paid lesser salaries than other establishments on the ground that the banks offer better working conditions and recognition.

- (a) What should be the salary structure for the clerical staff in the Axis Bank ? 8
- (b) If there is a difference in pay scales in two different locations, how can the bank justify the same ? 7

2. Read the case and answer the questions that follow :

A manager of the company was trying to solve the problem related to the performance evaluation plan. In the company the executives were rated according to their qualities like leadership, initiative, responsibility and relation with their subordinates.

After the completion of performance evaluation it has found that four employees who were rated low were not satisfied with this plan. They were demanding increment according to the service rendered by them and they were trying to organize a union for fulfilling their demand.

- (a) As a manager, how will you handle this situation ? 8
- (b) Do you feel that performance evaluation system is dangerous or useful for the organization's success ? 7

## SECTION II

3. State the concept of potential appraisal with illustration. Discuss the importance of it. 7+7
4. Explain the Performance Appraisal System. Suggest improvements to an existing appraisal system in the organization. 4+10
5. Discuss the Team performance. Give your opinion for building a high performance team. 4+10
6. Is there system of Production Bonus and / or any kind of incentive payment in your organization ? Give details on
  - (a) how is payment linked to product / productivity. 7
  - (b) any differentiated incentive payments for different categories of employees. 7
7. Compare and contrast individual, group and organization wide performance bonus system. How are they alike and/or different ? 7+7
8. Analyse the recent trend of reward system in the organization. What is its impact on cost of product/service ? Is it favourable or unfavourable, and why ? 7+7
9. Explain the methods and techniques of monitoring performance. 14