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MBA
(SEM III) THEORY EXAMINATION 2018-19
PERFORMANCE AND REWARD MANAGEMENT

Time: 3 Hours ***Total Marks:70***

Notes: *Assume any Missing Data.*

SECTION - A

1. Attempt *all* questions in brief. **2 x 7 = 14**

a) List various objectives of Performance management?
b) Why performance appraisal is imperative for an organization?
c) List various methods of managing performance?
d) What is performance management cycle?
e) How competency mapping can be linked with succession planning?
f) What are various inputs to job evaluation? Name them.
g) What is take home pay?

SECTION - B

2. Attempt any *three* of the following: **7 x 3 = 21**

a) Discuss the context of performance management as a system and performance management as a process?
b) How HR manager or Line managers can establish performance criterion of developing an effective appraisal system? Describe in detail.
c) Evaluate 36o- degree feedback as a technique of appraisal?
d) What is Balance score-card? Discuss in detail.
e) Differentiate between fair wage, living wage and minimum wage?

SECTION - C

3. Attempt any *one* of the following: **7 x 1 = 7**

(a) Identify and explain the causes of wage differentials within and among organizations.
(b) Using relevant examples where appropriate, discuss how organizations can use non-financial rewards to motivate employees' and to reward them for their performance.

4. Attempt any *one* of the following: **7 x 1 = 7**

a) Explain how would you use the alternative ranking method, the paired comparison method and the forced distribution method?
b) Explain how to conduct an appraisal interview?

5. Attempt any *one* of the following: **7 x 1 = 7**

a) Differentiate between performance appraisal and potential appraisal giving an example.
b) Bring out the linkage between compensation and employee productivity?

6. Attempt any *one* of the following: **7 x 1 = 7**

a) Do you believe that an employee's behavior is always influenced by the rewards expected? Discuss.
b) Outline the methods of job evaluation in detail.

7. Attempt both parts of the following: **3.5 x 2 = 7**

Performance Management at Network Solutions, Inc.1 Network Solutions, Inc., is a worldwide leader in hardware, software and services essential to computer networking. Until recently, Network Solutions, Inc., had over 50 different systems to measure performance within the company, many employees did not receive a review, fewer than 5 per cent of all employees received the lowest category of rating, and there was not a recognition programme in place to reward high achievers. Overall, there was recognition that performance problems were not being addressed, and tough pressure from competitors increased the costs of not managing human performance effectively. In addition, quality initiatives (Six Sigma) were driving change in several areas of the business, and Network Solutions decided that these initiatives should also apply to 'people quality'. Finally, Network Solutions wanted to improve its ability to meet its organizational goals, and one way of doing this would be to ensure they were linked to each employee's goals. Given the situation described above, in 2001 Network Solutions' CEO announced he wanted to implement a forced distribution performance management system in which a set percentage of employees are classified in each of several categories (e.g., rating of 1 to the top 20 per cent performers, rating of 2 to the middle 70 per cent performers, and rating of 3 to the bottom 10 per cent performers). A global cross-divisional HR team was put in place to design and implement the new system. The first task for the design team was to build a business case of the new system by showing that, if organizational strategy was carried down to team contributions and team contributions were translated into individual goals, then business goals would be met. Initially the programme was rolled out as a 'year round people management system that raises the bar on performance management at Network Solutions by aligning individual performance objectives with organizational goals by focusing on development of all employees'. The desired outcomes of the new system included raising the performance level of all employees, identifying and retaining top talent, and identifying low performers and improving their performance. Network Solutions also wanted the performance expectations for all employees to be clear. Before rolling out the programme, the design team received the support of senior leadership. They did this by communicating that the performance management system is the future of Network Solutions, and by encouraging all senior leaders to ensure that their direct reports understood the process and also bought into it. In addition, they encouraged senior leaders actually to use the system with all of their direct reports, and to demand and utilise output from the new system. Next, the design team encouraged the senior leaders to stop the development and use of any other performance management systems, and pushed for standardization of performance management across all divisions. Finally, they had senior leaders call attention to the new programme by involving employees in training about talent management and assessing any needs in their divisions that the new system would not address. The Network Solutions global performance management cycle consists of the following process:

1. Goal cascading and team building
2. Performance planning
3. Development planning
4. Ongoing discussions and updates between managers and employees
5. Annual performance summary

There are training resources available on Network Solutions' intranet for managers and individual contributors, including access to all necessary forms. In addition to the training available on the intranet, 1–2 hour conference calls took place before each phase of the programme was rolled out. Part of the training associated with the performance management system revolves around the idea that the development planning phase of the system is the joint year-round responsibility of managers and employees. Managers are responsible for scheduling meetings, guiding employees on preparing for meetings, and finalizing all development plans. Individual contributors are responsible for documenting the developmental plans. Both managers and employees are responsible for preparing for the meeting, filling out the development planning preparation forms, and attending the meeting. With forced distribution systems, a set number of employees must fall into set rating classifications. As noted above, in the Network Solutions system employees are given a rating of a 1 (given to the top 20 per cent of employees in the performance distribution), 2 (given to the middle 70 per cent of employees in the performance distribution), or 3 (given to the bottom 10 per cent of employees in the performance distribution). Individual ratings are determined by the execution of annual objectives and job requirements as well as a comparison rating of others at a similar level at Network Solutions. Employees receiving a 3, the lowest rating, have a specified time period to improve their performance. If their performance does improve then they are released from the plan, but they are not eligible for stock options or salary increases. If performance does not improve, they can take a severance package and leave the company, or they can start on a performance improvement plan that has more rigorous expectations and timelines than the original action plan. If performance does not improve after the second period, their employment is terminated without a severance package. Individuals with a rating of 2 receive average to high salary increases, stock options and bonuses. Individuals receiving the highest rating, 1, receive the highest salary increases, stock options and bonuses. These individuals are also treated as 'high potential' employees and given extra development opportunities by their managers. The company also makes significant efforts to retain all individuals receiving this rating. Going forward, there is a plan to continue reinforcing the needed cultural change to support forced distribution ratings. HR centres of expertise continue to educate employees on the system to ensure that they understand that Network Solutions still rewards good performance; they are just measuring it differently. There is also a plan to monitor for and correct any unproductive practices and implement correcting policies and practices. To do this they plan on continued checks with all stakeholders to ensure that the performance management system is serving its intended purpose. Consider Network Solutions' performance management system in light of what we discussed as an ideal system.
Then, answer the following questions:

a) Overall, what is the overlap between Network Solutions' system and an ideal system? **(3.5)**

b) What are the features of the system implemented at Network Solutions that correspond to what the module described as ideal characteristics? Which of the ideal characteristics are missing? For which of the ideal characteristics do we need additional information to evaluate whether they are part of the system at Network Solutions? **(3.5)**