

**EASTERN UNIVERSITY, SRI LANKA**  
**Faculty of Commerce and Management**

Third Year/Second Semester Examination in BBA - Specialization in HRM -2005/2006  
(November 2007)

**HRM 3223 Performance Evaluation and Compensation Management**

Answer five questions including question number one (01), any three (03) questions from Part I, and one (01) question from Part II.  
(Altogether you must answer five questions).

Time: 03 hours

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**Q1. Case Study:**

**Promotion of Mr. M Pradeep**

Mr. M Pradeep was Senior Sales Manager working in Indian Lever Limited, a most reputed FMCG company for a decade. He was an excellent worker and had always achieved beyond the target assigned by his superior. In March 2001 when he returned from his official tour of 15 days, he came to know from his colleagues that the promotion list had been displayed and his name does not appear in that list. On hearing this, he felt annoyed, humiliated and in his gush of anger entered the office of Mr. Vijaya Baskar, General Manager (Marketing) and began to discuss:

**Mr. Pradeep:** Why I have not been promoted, Sir? Since last year you are assuring me to continue working hard and that I would be promoted this year. This year too, you have not promoted me. What is the matter?

*(Mr. Baskar felt insulted at Mr. Pradeep's behaviour as some guests were waiting outside his cabin.)*

**Mr. Baskar:** First take your seat and cool down. I am indeed surprised to find your name missing in the promotion list, even though I had recommended you for promotion. As you are aware, these days Vice President (Marketing) decides on all matters related to promotion and he mentioned about the feedback from the field staff he had received regarding your poor interpersonal skills. So, I suggest

you that you be careful about your work behaviour and try to improve upon it. We will see next time.

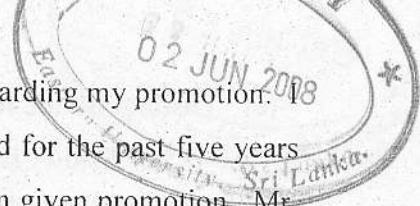
Mr. Pradeep was very angry at Mr. Baskar's remark and left the office uttering that he would meet VP Marketing on this issue. Next day he went to meet Mr. P Venkatraman who was very busy with board meeting. On seeing Mr. Pradeep waiting, he called him inside and inquired about the matter.

**Mr. Pradeep:** Good morning Sir, I have come to know from Mr. Baskar that I have not been given promotion because of my poor interpersonal skills. Sir, you may be aware that the new sales staff is very arrogant because they proclaim that they have postgraduate degree from renowned business schools in the country and they are not interested in working in the field. That is why I have to be strict in managing them, as our ultimate goal to achieve that target.

**Mr. Venkatraman:** Mr. Pradeep, do not feel annoyed. I was just informally discussing with Mr. Baskar that if you started working on your problems you would become VP in few years' time. But as far as this promotion is concerned, I have already given you 4 rating in your performance and recommended you for the same. I think that HR department might have made certain changes in the grading and that may have worked against your benefits. Why will I harm you in getting the promotion; after all, you are the high performer in the company.

**Mr. Pradeep:** How can it happen, Sir? How can they change the performance rating that you have given? Then in that case I would like to meet HR Head to know the reason.

**Mr. Venkatraman:** You may meet HR Head, but it is too late for this year. Next day, Mr. Pradeep goes to meet Mr. Ashok Motiramani, Head of Human Resource Department.



**Mr. Pradeep:** Good morning, Sir. I have a problem regarding my promotion. I am the only person in the marketing department who had for the past five years achieved beyond the target. But this time I have not been given promotion. Mr. Venkatraman told me, that he had recommended my promotion, but it seems HR department has revised the list and I am deprived of promotion.

**Mr. Ramani:** Mr. Pradeep, take it for granted that we cannot change the rating or modify the recommendation of your VP (marketing) because he is your Head of Department (HOD). Ultimately, HOD is the final decision maker for promotional issues of a department. I am sorry I cannot do anything for you.

Mr. Pradeep moves out of HR department, unable to decide what to do. Finally he decided to go for a long leave.

**Questions**

- (a) What is the problem of Mr. Pradeep? And clearly identify who is preventing him from being promoted?  
(07 Marks)
  - (b) Identify the problems in the performance appraisal systems of this company?  
(07 Marks)
  - (c) What actions are expected from VP (Marketing) and HR Head on this issue stated in (a)?  
(07 Marks)
  - (d) What steps need to be taken to avoid this situation in future?  
(07 Marks)
- (Total 28 Marks)

**Part I - Performance Evaluation**

- Q2.
- (a) Discuss the differences between "Performance Management" and "Performance Evaluation".  
(06 Marks)
  - (b) Evaluate the important characteristics of Performance Evaluation Criteria for a familiar Job.  
(06 Marks)

(c) Distinguish the following terms:

- Static Criteria Vs Dynamic Criteria
- Subjective Criteria Vs Objective Criteria
- Conceptual Criteria Vs Criterion Measures

(06 Marks)

(Total 18 Marks)

Q3.

(a) List out the components and characteristics of a performance evaluation form.

(06 Marks)

(b) Formulate and describe a matrix between "Evaluator Training Methods" and "Type of Training".

(06 Marks)

(c) "Upward, peer, and 360-degree appraisal can be used to improve organizational performance". Discuss, and giving specific examples.

(06 Marks)

(Total 18 Marks)

Q4.

(a) Briefly explain what preparations you should make before introducing a new performance appraisal system in a large organization.

(10 Marks)

(b) Possibility of occurring evaluator errors is a sever threat to successful implementation of any PE system. Explain various evaluator errors and ways of controlling their occurrences.

(08 Marks)

(Total 18 Marks)



Q5.

- (a) Abraham. C, Gershon. G and David A.W (2007) in a study of “Role of Perceived Organisational Performance in Organisational Identification, Adjustment and Job Performance” found that:

*“Two forms of organizational performance (labeled as perceived social responsibility and development and perceive market and financial performance) are associated with organizational identification. However, when compared to perceived market and financial performance, perceived social responsibility and development had a larger effect on organizational identification, which in turn resulted in enhanced employees’ work outcomes-adjustment and job performance”.*

*(Source: Journal of Management Studies 44:6 September 2007)*

- (i) Based on the above information in order to show the relationship among the following concepts develop (design) a conceptual model.

- Perceive Social Responsibility and Development
- Perceive Market and Financial Performance
- Organizational Identification
- Member Adjustment
- Job Performance

**(05 marks)**

- (ii) Discuss the practical implications of these findings for performance management.

**(10 marks)**

- (b) Identify basic elements of a performance evaluation renewal programme.

**(03 marks)**

**(Total 18 Marks)**

**Part II – Compensation Management**

**Q6.**

(a) Illustrate the relationship among the following compensation related components by using a diagram.

- Organisational strategy
- Compensation goals
- Compensation strategy
- Compensations system design concepts and
- Compensation decision

**(08 Marks)**

(b) What is more important for organisational effectiveness - internal equity or external (competitive) equity? Explain your answer.

**(05 Marks)**

(c) Describe the term wage differential and inspect the reasons for the existence of it?

**(05 Marks)**

**(Total 18 Marks)**

**Q7.**

(a) Assess the components of a compensation/reward policy of an organisation.

**(06 Marks)**

(b) Analyse the basic purposes for establishment of a sound and strategic compensation/reward administration system.

**(06 Marks)**

(c) Plan a general model (pay management process) to effectively manage pay in an organisation.

**(06 Marks)**

**(Total 18 Marks)**