MBSC-3.3C

Sl. No.

III Semester M.B.A. Degree Examination, May/June - 2026

MANAGEMENT

Elective - C : Human Resource Management

Performance Appraisal and Compensation Management

(CBCS SLM Scheme)

Time : 3 Hours **Maximum Marks : 80**

SECTION - A

Answer any FIVE questions. Each question carries Five marks. (5×5=25)

1. Define compensation management. What are its objectives.

2. Mention any four advantages of employee benefits.

3. Differentiate between direct and indirect compensation.

4. Write a short note on the Payment of Wages Act.

5. State the differences between traditional and modern methods of performance appraisal.

6. Explain the basic principles of job evaluation.

7. Discuss the determinants of wages.

SECTION - B

Answer any Four questions. Each question carries Ten marks (4×10=40)

8. Explain the need and importance of compensation management in modern organizations.

9. Describe the types of incentives and their impact on employee performance.

10. Discuss the steps involved in appraising performance and the common problems faced.

11. Explain Maslow's hierarchy of needs theory and its relevance in compensation design.

12. Discuss the factors affecting wage structure in organizations.

13. Explain the features and objectives of wage surveys and their significance.

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SECTION - C

14. Case (Compulsory). **(1×15=15)**

XYZ Ltd., a growing manufacturing company, recently introduced a performance - linked incentive plan with the intention of boosting productivity and motivating employees. Initially, management believed that linking pay with output would encourage healthy competition and improve overall efficiency. The plan promised financial rewards for those who achieved or exceeded their targets. However, within a few months, several employees began expressing dissatisfaction. Many felt the incentive system was biased and lacked transparency in the evaluation process. Some supervisors were accused of favoritism, while others failed to set clear performance criteria.

As a result, employees who put in genuine effort did not receive fair recognition, leading to frustration. Complaints about workplace politics, lack of clarity in targets, and unfair distribution of incentives became common.

This situation created low morale across the workforce. Instead of increasing productivity, absenteeism rose, cooperation among workers decreased, and labor unrest began to emerge. Management was surprised that the scheme designed to motivate employees was actually causing dissatisfaction and unrest.

Questions:

a) Identify the core problem in the case.

b) As an HR manager, how would you redesign the incentive system?

c) Suggest measures to restore employee trust and motivation.
