2018

MBA

MBA 3.8 (A)

PERFORMANCE AND COMPENSATION MANAGEMENT

Full Marks :70 **Time : 3 Hours**

(The figures in the margine indicate full marks for the questions)

SECTION - A

Answer the following questions (any five): 2x5=10

1. What is Performance?
2. How is rate of the wage determined?
3. What is surplus value theory of wages?
4. What is wage differential?

   OR

   What is Taylor's Differential Piece Rate System?
5. What do you mean by Fringe Benefits?
6. What is Employee Stock Ownership Plans (ESOPs)?
7. What is CPI?

SECTION - B

Answer the following questions (any five): 4x5=20

1. What is the objective behind Performance Management?

   OR

   Mention the objective of compensation.
2. Explain the concept of Dearness Allowance.
3. Explain the concept of Piece Rate payment system.
4. Discuss the types of Organizational Variable Pay.
5. Write a note on the concept of Pay by Seniority.
6. How do we determine base pay?
7. Explain the concept of Financial and Non-financial Incentives. 2+2

SECTION - C

Answer the following questions (any four) : 8x4=32

1. Explain the concept of Performance Appraisal Process with a diagram.
2. What is the Future or Modern Methods of Performance Appraisal?

P.T.O.

3. Explain the various modes of compensation.
4. Describe the different types of wage differentials.
5. Discuss the various types of Incentives.
6. Discuss the types of Individual Variable Pay.
7. What are the components of Executive Compensation? Explain.

SECTION - D

Case study

COMPULSORY QUESTION : 8

Guarding Your Gold

In a free society employees can move from one firm to another in response to better compensation offers elsewhere. But this belief is increasingly being challenged by a so called "inevitable disclosure" doctrine that recognizes that certain employees carry in their memories invaluable proprietary information. It also assumes that such an employee, if hired by a competitor, will inevitably, even if inadvertently, disclose this information-to the first employer's detriment. This concern is becoming a hot issue in a knowledge-based economy where information technology is at the core of competitive advantage for many firms where the departure of even a few key employees can result in irreparable damage to the company.

Judges in more than a dozen states have issued orders prohibiting departing employees-including those who never signed none complete agreements and those who signed unenforceable-from accepting or continuing in new positions until the value of the confidential information in their minds has dissipated. (For instance, having to wait a full year before starting the new job). Judges relying on the doctrine have not required evidence of any actual disclosure. The rule has thrown a cloud of uncertainty over an employee's fundamental freedom to change employers. At the same time, companies do have a legitimate interest in protecting crucial assets such as secret formulas, confidential marketing plans, and closely guarded management strategy.

One example of this controversial trend is that of J.R. "Butch" Lockhardt, Jr., Firestone's Building Products' Vice President who was fired from the company after Firestone realized he had interviewed with a competitor, GAF Materials. Lockhardt went ahead anyway and accepted an offer from GAF, so Firestone used in federal court in Indianapolis to block his job change on the basis that "Lockhardt knew Firestone's strategic plans. He knew its key customers, and he was privy to confidential documents."

How do sought-after key employees keep from being ensnared? There is a better path than mere deterrence one founded on agreement and reward. At the time of hiring or later, the employer could ask a key employee to give it the right to engage him as a consultant for a limited time (let's say six months to a year) if he is terminated or resigns. As a consultant, he could not join a company that might benefit from learning the first company's trade secrets because that would pose a conflict of interest. A cousin to "golden parachutes" and "golden handcuffs," the concept might be dubbed a "golden muzzle." Although largely untested, this idea may become commonplace in the future.

Consider the Issues:

1. Do firms have a proprietary right to the knowledge and training acquired by employees "on company time"? Explain. 2
2. How can the courts determine if the "proprietary" knowledge a worker has may cause irreparable damage to the employer if the employee is lured away by a competitor? 3
3. Do you agree that a "golden muzzle" is a better way to protect intellectual capital than restricting an employee's freedom to work for a competitor? 3

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