

# **SHRI GURU NANAK DEGREE COLLEGE PREET VIHAR RUDRAPUR**

**BBA IV Semester**

**BBA403 – Performance Management and Compensation Management**

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## **Section A: Long Answer Questions**

### **Unit 1:**

1. Define performance management. Explain its importance in the current business environment.
2. Discuss the historical development of performance management.
3. Compare and contrast performance appraisal and performance management.
4. Explain the characteristics and objectives of performance management.
5. Describe the performance management model in detail.
6. Elaborate the principles of engagement maximizing using the OSCAR model.
7. Explain the process of performance management with a suitable diagram.
8. Discuss the challenges in implementing performance management in organizations.
9. Critically evaluate the implications of performance management in organizational success.
10. Explain the essence of performance management and how it differs from traditional appraisal systems.

### **Unit 2:**

1. What is performance appraisal? Discuss its purposes and significance.
2. Compare different methods of performance appraisal with examples.
3. Explain the design of an effective appraisal system.
4. Discuss the steps involved in implementing an appraisal system.
5. How do appraisals impact HR decisions? Illustrate with examples.
6. Describe the objectives and functions of performance counselling.
7. Discuss in detail the role of the manager in performance appraisal.
8. Explain the concept, principles, and approaches of performance counselling.
9. Elaborate on the characteristics of a good appraisal system.
10. How does PMS (Performance Management System) influence organizational growth?

### **Unit 3:**

1. Define compensation management. Explain its objectives and philosophy.
2. Discuss compensation as a motivational tool with suitable examples.
3. Elaborate on the strategic perspective of compensation.
4. Explain the components and structure of a compensation plan.
5. Analyze the role of benchmarking in compensation management.
6. Discuss the economic theories related to reward management.
7. Explain the behavioral theories associated with compensation.
8. Evaluate the factors influencing compensation strategy in modern organizations.
9. How does compensation affect employee performance and retention?
10. Discuss the difference between direct and indirect compensation with examples.

### **Unit 4:**

1. Explain the difference between internal and external equity in compensation systems.
  2. Discuss compensation differentials across industries with examples.
  3. How does job evaluation affect compensation planning?
  4. Analyze the concept and structure of broadband pay.
  5. Explain the components of a job family pay structure.
  6. Discuss the implications of pay equity on organizational justice.
  7. Evaluate the role of performance-based pay systems in employee motivation.
  8. How are inter-industry compensation levels determined?
  9. Explain the importance of transparency in compensation policies.
  10. Discuss the advantages and limitations of broadbanding.
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## **Section B: Short Answer Questions**

### **Unit 1:**

1. Define performance appraisal.
2. What is the OSCAR model?
3. State two characteristics of performance management.
4. What is critical appraisal?
5. List any two challenges in performance management.
6. Explain the term “performance management process.”
7. Mention two principles of performance management.
8. What is the essence of performance appraisal?
9. State two differences between performance appraisal and performance management.
10. Define performance management in one line.

### **Unit 2:**

1. What is PMS?
2. Define performance counselling.
3. Mention any two methods of appraisal.
4. What is the objective of performance appraisal?
5. Write two characteristics of a good appraisal system.
6. Define “appraisal system design.”
7. What is the role of managers in appraisal?
8. Mention two appraisal-related HR decisions.
9. What is the meaning of performance counselling?
10. Name two performance counselling approaches.

### **Unit 3:**

1. Define compensation.
2. What is strategic compensation?
3. State two objectives of compensation management.
4. What is meant by benchmarking in compensation?
5. Define compensation philosophy.
6. Write any two tools used in compensation strategy.
7. Mention one economic and one behavioral theory related to compensation.
8. What is reward management?
9. Name any two components of a compensation structure.
10. Define compensation as a motivational tool.

### **Unit 4:**

1. Define internal equity.
2. Define external equity.
3. What is broadband pay?
4. Name two factors affecting compensation differentials.
5. What is job family pay structure?
6. Mention one benefit and one drawback of broadbanding.
7. What is meant by compensation transparency?
8. State two characteristics of a performance-based pay system.
9. Define job evaluation in brief.
10. What is industry compensation benchmarking?

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## **Section C: Multiple Choice Questions**

### **Unit 1:**

1. What is the main objective of performance management?

- a) Punishment
- b) Documentation
- c) Motivation and improvement
- d) None of the above

**Ans: c**

2. OSCAR model is used in:

- a) Finance
- b) Operations
- c) Engagement maximization
- d) Legal compliance

**Ans: c**

3. Performance management is focused on:

- a) Short-term appraisal
- b) Long-term growth
- c) Daily reporting
- d) None

**Ans: b**

4. Which of the following is not a principle of performance management?

- a) Goal setting
- b) Employee growth
- c) Ignoring feedback
- d) Regular monitoring

**Ans: c**

5. Performance appraisal differs from performance management in terms of:

- a) Process scope
- b) Objectives
- c) Timeframe
- d) All of the above

**Ans: d**

6. Which of these is a challenge in performance management?

- a) Clear goals
- b) Employee resistance
- c) High productivity
- d) Good leadership

**Ans: b**

7. The performance management cycle does not include:

- a) Planning

- b) Monitoring
- c) Promoting
- d) Reviewing

**Ans: c**

8. Critical appraisal is related to:
- a) Negative feedback only
  - b) Balanced performance review
  - c) Salary planning
  - d) None of these

**Ans: b**

9. Performance management process starts with:
- a) Recruitment
  - b) Planning
  - c) Appraisal
  - d) Salary fixation

**Ans: b**

10. Which of these focuses on maximizing employee engagement?
- a) SWOT
  - b) OSCAR
  - c) HRD Matrix
  - d) RACI

**Ans: b**

## **Unit 2:**

1. PMS stands for:
- a) Performance Management System
  - b) Personal Management Solution
  - c) Payroll Management System
  - d) Process Monitoring System

**Ans: a**

2. Appraisal is primarily used for:
- a) Firing employees
  - b) Giving negative feedback
  - c) Evaluating performance
  - d) Promoting policies

**Ans: c**

3. One of the popular appraisal methods is:
- a) SWOT
  - b) 360-degree feedback
  - c) RACI
  - d) OSCAR

**Ans: b**

4. Counselling is needed for:
- a) Punishment
  - b) Skill development
  - c) Promotion
  - d) Transfer

**Ans: b**

5. HR decisions based on appraisal include:
- a) Layoff
  - b) Training need identification
  - c) Audit
  - d) None

**Ans: b**

6. Characteristics of a good PMS include:
- a) Confidentiality
  - b) Transparency
  - c) Complexity
  - d) None

**Ans: b**

7. Performance appraisal is part of:
- a) Reward management
  - b) Performance management
  - c) Legal framework
  - d) Financial auditing

**Ans: b**

8. Manager's performance role includes:
- a) Counselling
  - b) Auditing
  - c) Finance control
  - d) Marketing

**Ans: a**

9. Appraisal results help in:
- a) Employee layoff

- b) Organizational branding
- c) HRD interventions
- d) Infrastructure planning

**Ans: c**

10. Which of these is not an appraisal method?

- a) MBO
- b) 360-degree
- c) Balance sheet method
- d) Rating scales

**Ans: c**

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### Unit 3:

1. Compensation is best defined as:

- a) Employee punishment
- b) Monetary and non-monetary rewards
- c) Training and development
- d) Bonus only

**Ans: b**

2. The primary objective of compensation management is to:

- a) Avoid taxes
- b) Satisfy trade unions
- c) Attract and retain employees
- d) Increase turnover

**Ans: c**

3. Which of these is a strategic component of compensation?

- a) Arbitrary bonus
- b) Performance incentives
- c) Random deductions
- d) Non-financial loss

**Ans: b**

4. Compensation philosophy refers to:

- a) Policies for promotion
- b) Employer's beliefs on pay and rewards
- c) Marketing strategy
- d) None

**Ans: b**

5. Benchmarking in compensation is used to:
- a) Set legal standards
  - b) Compare with industry best practices
  - c) Increase profit
  - d) Hire top executives only

**Ans: b**

6. Which of these is an economic theory related to reward?
- a) Maslow's hierarchy
  - b) Demand-Supply theory
  - c) Herzberg's motivation theory
  - d) Expectancy theory

**Ans: b**

7. Behavioral theories focus on:
- a) Financial investments
  - b) Employee behavior and motivation
  - c) Machine productivity
  - d) Company profits

**Ans: b**

8. One major factor influencing compensation strategy is:
- a) Political ideology
  - b) Internal organizational goals
  - c) Competitor branding
  - d) Local cuisine

**Ans: b**

9. Which of these is NOT a compensation component?
- a) Basic pay
  - b) HRA
  - c) Office location
  - d) Incentives

**Ans: c**

10. The term "reward management" includes:
- a) Recruitment practices
  - b) Wage and salary administration
  - c) Training assessment
  - d) Only stock options

**Ans: b**

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## Unit 4:

1. Internal equity is concerned with:
  - a) Fairness among employees in same organization
  - b) Market rate comparison
  - c) Cost control
  - d) None

**Ans: a**

2. External equity compares pay across:
  - a) Same department
  - b) External organizations
  - c) Local government bodies
  - d) Social groups

**Ans: b**

3. Compensation differentials are due to:
  - a) Equal job roles
  - b) Industry trends, location, and skills
  - c) Uniform pay policies
  - d) Shared profit

**Ans: b**

4. A broadband pay structure:
  - a) Has many narrow pay ranges
  - b) Consolidates several grades into one band
  - c) Excludes benefits
  - d) Is illegal

**Ans: b**

5. Job family pay structure groups:
  - a) Dissimilar jobs
  - b) Unrelated designations
  - c) Related jobs with common features
  - d) Top management only

**Ans: c**

6. Pay equity focuses on:
  - a) Hiring
  - b) Fairness in compensation
  - c) Promotions
  - d) Marketing strategies

**Ans: b**

7. Transparency in compensation means:
- a) Secret pay structure
  - b) Open sharing of pay-related information
  - c) Government control
  - d) None

**Ans: b**

8. Inter-industry compensation is analyzed to:
- a) Increase tax
  - b) Compare salary structures across sectors
  - c) Reduce HR cost
  - d) Assess marketing strategies

**Ans: b**

9. Which of these is a limitation of broadbanding?
- a) Reduced flexibility
  - b) Higher administrative costs
  - c) Lack of promotion levels
  - d) Too many job roles

**Ans: c**

10. Performance-based pay is aimed at:
- a) Reducing work
  - b) Encouraging high productivity
  - c) Minimizing employee benefits
  - d) Avoiding laws

**Ans: b**

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## **BONUS QUESTIONS**

### **10 Long Answer Bonus Questions**

#### **Unit 1**

1. Analyze the differences in implementation of performance management in manufacturing vs. service industries.

2. Discuss how technological advancements have changed the performance management process in modern organizations.

## **Unit 2**

3. Explain the challenges in designing a fair and unbiased performance appraisal system.
4. Evaluate the effectiveness of 360-degree feedback as a performance appraisal method.

## **Unit 3**

5. Discuss the integration of compensation management with talent retention strategies.
6. Explain how a strategic compensation policy can enhance competitive advantage.

## **Unit 4**

7. Analyze the importance of pay equity legislation in shaping compensation policy.
8. Discuss the trends and future directions in broadbanding and its impact on modern HR systems.

## **Unit 5**

9. Compare traditional compensation systems with modern flexible compensation plans.
  10. Critically examine the role of non-monetary benefits in employee satisfaction and retention.
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## **Unit 1**

1. What do you mean by engagement maximization?
2. Mention any two recent trends in performance management.

## **Unit 2**

3. What is BARS in performance appraisal?
4. What is the meaning of forced ranking?

## **Unit 3**

5. What is meant by total compensation?
6. Name two strategic issues in compensation management.

## **Unit 4**

7. Define compensation parity.
8. What is the role of market survey in external equity?

## Unit 5

9. What is CTC (Cost to Company)?
  10. Mention two advantages of performance-linked incentives.
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## Multiple Choice Bonus Questions

### Unit 1

1. Performance management primarily focuses on:
  - a) One-time evaluation
  - b) Development and continuous improvement
  - c) Training only
  - d) Layoffs**Ans: b**
2. The OSCAR model includes:
  - a) Observation, Support, Coach, Appraise, Review
  - b) Organize, Select, Create, Assess, Reflect
  - c) Objectives, Standards, Coaching, Appraisal, Review
  - d) None of the above**Ans: c**

### Unit 2

3. Forced distribution appraisal method is also known as:
  - a) Bell curve
  - b) SWOT analysis
  - c) Checklist method
  - d) Graphic rating scale**Ans: a**
4. Which appraisal method gathers feedback from peers, subordinates, and managers?
  - a) MBO
  - b) Critical Incident
  - c) 360-Degree Feedback
  - d) Checklist Method**Ans: c**

### Unit 3

5. A compensation strategy aligned with business goals is called:
- a) Generic strategy
  - b) Strategic compensation
  - c) Behavioral strategy
  - d) None

**Ans: b**

6. Which of these is a non-monetary reward?
- a) Bonus
  - b) Medical Insurance
  - c) Appreciation letter
  - d) DA

**Ans: c**

#### **Unit 4**

7. External equity is measured through:
- a) Internal survey
  - b) Performance appraisals
  - c) Market wage surveys
  - d) Attendance records

**Ans: c**

8. A broadband pay structure is most useful in:
- a) Hierarchical organizations
  - b) Start-ups and flat structures
  - c) Government departments
  - d) None of the above

**Ans: b**

#### **Unit 5**

9. Pay-for-performance is also known as:
- a) Fixed pay
  - b) Variable pay
  - c) Seniority-based pay
  - d) Equity sharing

**Ans: b**

10. Which of these is not a factor in designing compensation packages?
- a) Job role
  - b) Marital status
  - c) Industry standards

d) Skill level

**Ans: b**

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