

**Eastern University, Sri Lanka**

**Faculty of Commerce & Management**

**Third Year Second Semester Examination in Bachelor of Business Administration -  
Specialization in HRM - 2017/18 (July/August 2019)  
(Proper/Repeat)**

**HRM 3043 Performance Evaluation and Compensation Management**

Answer all (Five) questions.

**Time: 03 Hours.**

**Read the case study and answer the questions given below.**

**Performance Management at Jet Food Services**

It is now the end of Shanthy's first year as Regional Manager for Jet Food Services. As Regional Manager, Shanthy supervises a total of ten districts, each of which has a Manager responsible for sales and service to customers in that area.

Jet Food provides contract food services for hospitals, schools, colleges, business firms, and other institutions that need meals prepared on site but that do not wish to be responsible for operating such services. Jet Food Services hires all necessary kitchen employees, purchases all supplies, and prepares meals in accordance with specifications agreed on with customers. The District Manager is responsible for coordinating all customer activities. This includes planning, budgeting, hiring and supervising Jet's on-site representative (customer service manager), customer satisfaction, and contract renegotiations.

Shanthy was recruited after years of experience as director of food services for a multi-campus university. In that job, she had oversight responsibility for the food services at several campuses. The Jet Food position offered an opportunity for continued growth and advancement.

During her first year, Shanthy has concentrated on getting to know the District Managers and the customers with whom they work. She spent more than a week with each District Manager and visited each customer with him or her. At this point, she feels comfortable with her job and the knowledge she has gained of both operations and personnel, and it is time to appraise the performance of the District Managers and to schedule review meetings with these employees.

**Shanthy's Assessment of Ravi:** Ravi is the longest term District Manager in Shanthy's region. He completed less than one year of college, held several short-term jobs, and then joined Jet as a shift supervisor of the company's services at a large college. At present, he is completing twelve years of employment with Jet. He has been a District Manager for three years.

In working with Ravi, Shanthy has observed his strengths, along with some problems. Ravi has a natural talent for working with people, Jet employees and customers alike. In fact, in his years at Jet, no customer he worked with has ever switched to a competitor. Many on-site supervisors who were trained, and supervised by Ravi have gone on to become Managers of other districts.

On the other hand, Ravi's unhealthful eating habits despite doctors' warnings have caused him to experience some serious medical difficulties. During the past year, Ravi was out of work for three months due to gall bladder and heart problems, attributable in part to obesity. And Ravi's behavior towards his subordinates can be overbearing. Shanthy kept track of her phone calls from District Managers during the past year, and there were more calls (or messages) from Ravi than from the other nine District Managers. Ravi makes together calls to promote or advertise his own efforts.

Although Ravi can be charming, he has started to be loud and rude with regional personnel. Shanthy perceives as excessively rule-oriented. All in all, Ravi's style and appearance have become quite different from what Shanthy is accustomed to in colleagues and employees.

Further, it has been announced that Shanthy's region is going to be expanded and a new position, that of Assistant Regional Manager, will be created. Ravi has made it clear that as the longest tenured District Manager in the region, he feels entitled to this promotion. However, Shanthy does not feel she could work with Ravi as the Assistant Regional Manager. She feels that their management styles are too different and that Ravi's behavior might irritate regional and district personnel.

As Shanthy looks over Jet's performance assessment and management instrument, she notes that her honest assessment of Ravi's performance in his current job is generally excellent. She has signed the last page of the assessment and management form and the overall ratings from which she has to choose. Jet's overall rating system is on a 1-10 scale, with 10 as outstanding; 7-9, degrees of excellent performance; 5-6, satisfactory; 3-4, below average; and 1-2, unsatisfactory. Shanthy is uncertain as to what overall rating to assign. If she gives Ravi too high a rating, she expects to be promoted. If the rating is too low, Ravi will doubtless be angry, feeling that she has been done.

**Ravi's Self-Assessment and Management:** Ravi sees himself as different from the other District Managers. An outgoing, gregarious type, he loves to visit his customer locations and work with the company's personnel. His idea of a successful day is one spent teaching a customer service representative a new operating procedure or management technique. In fact, Ravi is known to roll up his sleeves and teach Jet employees a new recipe or how to improve an existing dish.

Ravi has worked for several District Managers and has always liked to keep them informed about his activities, sometimes phoning two or three times each day. From discussions with Shanthy, he is aware that she thinks many of these calls are not necessary, but he wants her to know how things are going with his employees and customers. He is also aware of Shanthy's views regarding his ignoring medical advice.

Ravi is proud of his career and of what he has been able to do without much higher education. He feels he is qualified to become a regional manager, and he looks forward to the possibility of promotion to the new assistant regional manager position as a step toward this ultimate goal.

**Ravi's Assessment Rating:** In reviewing the situation, Shanthy decides to give Ravi an overall rating of 6. She feels justified, given that Ravi did miss months of work as a result of neglecting his health. She knows that Ravi will expect a higher overall rating, but she is prepared to stand behind her evaluation. Shanthy then goes back to considering the separate ratings she will assign and to developing plans for their feedback review.

#### Case Study Questions:

- a) How would you describe Shanthy's approach to the assessment and management of Ravi's performance? (05 Marks)
- b) Are Shanthy's concerns with Ravi's performance legitimate? Will Ravi have justifiable reasons for feeling dissatisfied with the assessment and management results? (06 Marks)
- c) How could Jet Food's System of Performance Assessment and Management be improved? (04 Marks)
- d) If you were Jet's Vice President of human resources, what changes would you suggest to improve the Jet Food's System of Performance Assessment and Management? (05 Marks)

**(Total 20 Marks)**

**Q2.**

- a) What do you understand by Management By Objectives (MBO)? Briefly discuss Management By Objectives (MBO) that would be used to measure the performance of employees in an organization. (06)
- b) Why Performance Appraisals should be a continuous process in any organization? Discuss why Performance Review results must be communicated to the Appraisee (employee) in time. (07)
- c) Internal alignment refers to pay relationships among different jobs or competences within an organization. Explain how the following affect internal alignment of "Pay Structure" in a modern organization.
- I. Government Policies
  - II. Trade Unions
  - III. Organizations Culture and Customs (06)
- d) Distinguish between Performance Appraisal and Performance Management. What are the roles of the HR Manager, the Rater, and the Ratee in Performance Appraisal Process in an organization? (06)

**(Total 25)**

**Q3.**

- a) 'Accurate appraisal of performance is very difficult'. In light of this statement, describe the problems in the Performance Appraisal System in an organization. (06)
- b) Define External Competitiveness. What are three (03) major factors that can be determined to make an external competitiveness of the Pay level and Pay mix in an organization? (05)
- c) Briefly explain four (04) steps involved in developing a total compensation package for a post of Accountant in Government organization. (06)
- d) Briefly explain the concept of Fringe Benefits. List out the five reasons why Fringe Benefits are important to the employees in an organization? (05)

**(Total 22)**

a) 'The 3 P approach is a powerful and highly effective tool for managing compensation in any organization'. Discuss this statement with suitable example. (05 Marks)

b) What are the factors would be considered by the organization to design compensation package for the post of Manager in Private Banks? List out the challenges that can be faced by HR Manager to design the compensation Package for the above post in Private Banks. (07 Marks)

c) Differentiate the terms of 'Wages' and 'Salary'. What are the three (03) internal and three (03) external factors that influence the setting of wages for employees in an organization? (06 Marks)

**(Total 18 Marks)**

a) Briefly discuss the importance of variable compensation in light of its ability to motivate employees in an organization. (05 Marks)

b) Do you think that non-financial motivators can work more effectively when integrated with financial rewards in a total reward process? Give reasons with suitable example. (05 Marks)

c) Briefly explain how 360-degree feedback method is considered to be beneficial and effective not only to the management but also to the employees themselves. (05 Marks)

**(Total 15 Marks)**