

**INTERNATIONAL MANAGEMENT INSTITUTE, BHUBANESWAR**

**Post Graduate Diploma in Management (PGDM)**

**Performance and Compensation Management (OB606)**

**CREDIT: Full (three credits)**

**SESSION DURATION: 60 Minutes**

**TERM: V**

**YEAR: 2018-2019**

**BATCH: II**

**FACULTY:** Dr. Bindu Chhabra

**Telephone:** (0674)3042151

**E-Mail:** bindu@imibh.edu.in

**Office hours:** 9.30 AM – 5.30 PM

**Course Introduction:**

The growth of any organization depends on the degree of soundness in the execution of its Performance Management System and the accompanying Compensation and Reward Management System. Performance must be integrated with organization-wide goals. Performance needs to be appraised against specific set goals rather than it being a standalone process. The way an employee is assessed is crucial to the success of the unit. Performance platforms have to be made jointly by the supervisor and the employee, so as to ensure the goal commitment by the employee. It is important to link the compensation and reward system to the performance of the employees and these rewards should be contingent upon meeting or exceeding the performance goals. Thus, compensation is an issue which requires great care, sensitivity and communication with employees. The course aims to teach the variety and complexity of the issues involved in modern day Performance management and the accompanying Compensation management.

**Course Objectives:**

The course hinges on the main objective of making students aware of the processes involved in performance and compensation management; their importance in the scheme of things in an organization and the specific techniques that are used for these important HR functions.

**Learning Outcomes:**

After studying the course, the student should be able to:

1. Understand the concept of performance management and its relationship with the reward system
2. Describe various components of performance management process
3. Understand how to approach and conduct performance appraisals in the context of performance management
4. Identify crucial steps that must be taken before the performance management system is launched

5. Understand various purposes served by performance review meetings and various types of meetings that can be conducted
6. Understand the conceptual aspects of compensation and reward management.
7. Give details about internal consistency, external parity, job pricing and job ranges
8. Understand the concept and practices of variable pay
9. Give different classification of benefits and services available in the industry

**Course Pedagogy:**

The pedagogy shall be a mix of hands-on experiential simulations, video-based insights as well as lectures and case analyses. Cutting edge research insights shall be disseminated through the readings which are a mandatory requirement for classroom discussions.

**Course Readings:**

1. Aguinis, H. (2014). *Performance Management*. Noida: Pearson.
2. Milkovich, G.T., Newman, J.M.& Venkataratnam, C.S. (2017). *Compensation*, 9<sup>th</sup> Edition. Chennai: Tata McGraw Hill.
3. Rao, T.V. (2012). *Performance Management and Appraisal Systems- HR Tools for Global Competitiveness*. New Delhi: Sage.
4. Singh, B. D. (2012). *Compensation and Reward Management*. Delhi: Excel Books.

**Course Evaluation criteria**

<b>Component</b>	<b>Weight</b>
Quiz	20%
Class Participation	10%
Presentation	10%
Mid-term	20%
End-term	40%
<b>Total</b>	<b>100%</b>

### Session Plan

Session No.	Topic	Learning Outcomes	Reading
1-3	<b>Performance Management and Reward Systems</b> <ul style="list-style-type: none"> <li>• Concept and definitions</li> <li>• Elements</li> <li>• Process of Performance Management</li> <li>• Dimensions of Performance Management</li> <li>• Aims and roles of PM systems</li> <li>• Definition of Reward Systems</li> </ul>	1	<ul style="list-style-type: none"> <li>➤ <b>Aguinis, Ch 1; Rao, Ch 1</b></li> </ul> <b>Case:</b> <ul style="list-style-type: none"> <li>➤ Car Restoration Business (Inc.)</li> <li>➤ Performance Management at Network Solutions Inc.</li> </ul> <b>Article:</b> <ul style="list-style-type: none"> <li>➤ Spreitzer, G. &amp; Porath, C. (2012). Creating Sustainable Performance. <i>Harvard Business Review</i>, January-February, 93-99.</li> </ul>
4-6	<b>Performance Management Process</b> <ul style="list-style-type: none"> <li>• Prerequisites</li> <li>• Performance Planning</li> <li>• Performance Execution</li> <li>• Performance Assessment</li> <li>• Performance Review</li> </ul>	2	<ul style="list-style-type: none"> <li>➤ <b>Aguinis, Ch 2; Rao, Ch 2</b></li> </ul> <b>Case:</b> <ul style="list-style-type: none"> <li>➤ Focusing on Only One Component of a Performance Management System</li> </ul>
7-9	<b>Performance Appraisal</b> <ul style="list-style-type: none"> <li>• Role of Appraisals in Performance Management</li> <li>• Purpose, Process and Methods of Performance Appraisal – MBO, BARS, BOS, 360 Degree Appraisals</li> <li>• Biases in Performance Appraisal</li> <li>• Diagnosing Poor Performance and Improving Motivation</li> </ul>	3	<ul style="list-style-type: none"> <li>➤ <b>Aguinis, Ch 5 &amp; 6; Rao, Ch 5</b></li> </ul> <b>Case:</b> <ul style="list-style-type: none"> <li>➤ Performance Appraisal at CRB (Inc.)</li> </ul> <b>Article:</b> <ul style="list-style-type: none"> <li>➤ Buckingham, M. &amp; Goodall, A. (2015). Reinventing Performance Management. <i>Harvard Business Review</i>, April, 40-50.</li> </ul>

10-12	<b>Implementing a Performance Management System</b> <ul style="list-style-type: none"> <li>• Communication Plan</li> <li>• Appeal Process</li> <li>• Training Programs for the Acquisition of Required Skills</li> <li>• Ongoing Mentoring and Evaluation</li> </ul>	4	<ul style="list-style-type: none"> <li>➤ <b>Aguinis, Ch 7</b></li> </ul> <b>Case:</b> <ul style="list-style-type: none"> <li>➤ Performance Management at Vitality Health Enterprises, Inc. by J. B. Bingham and Michael Beer, <i>Harvard Business School</i>. Product Number: 913501-PDF-ENG</li> </ul> <b>Article:</b> <ul style="list-style-type: none"> <li>➤ Likierman, A. (2009). The five traps of Performance Measurement, <i>Harvard Business Review</i>, October, 96-101.</li> </ul>
13-15	<b>Performance Review Discussion</b> <ul style="list-style-type: none"> <li>• Objectives of PRD</li> <li>• Elements: Communication, Influencing, Helping</li> <li>• Sequential Process of PRD</li> <li>• Making PRD Effective</li> </ul>	5	<ul style="list-style-type: none"> <li>➤ <b>Aguinis, Ch 9; Rao, Ch 6</b></li> </ul> <b>Case:</b> <ul style="list-style-type: none"> <li>➤ Was Robert Eaten a Good Coach</li> </ul> <b>Article:</b> <ul style="list-style-type: none"> <li>➤ DeLong, T. J., Gabarro, J. J. &amp; Lees, R. J. (2008). Why Mentoring Matters in a Hypercompetitive World. <i>Harvard Business Review</i>, January, 115-121.</li> </ul>
16-18	<b>Conceptual aspects of Compensation and Reward management</b> <ul style="list-style-type: none"> <li>• Concept of Compensation and Reward</li> <li>• System of Compensation and Reward Systems</li> <li>• Theoretical dimensions of Wages, Compensation and Reward Systems</li> </ul>	6	<ul style="list-style-type: none"> <li>➤ Milkovich, Ch. 1; Singh, Ch. 1&amp;2</li> </ul> <b>Case:</b> <ul style="list-style-type: none"> <li>➤ Marshall &amp; Gordon: Designing an Effective Compensation System (A) by Heidi K. Gardner, Kerry Herman, Harvard Business School. Product Number: 411038-PDF-ENG</li> </ul>
19-21	<b>Job Evaluation</b> <ul style="list-style-type: none"> <li>• Concept of Internal Equity</li> <li>• Qualitative Methods: Ranking Method, Grading Method</li> <li>• Quantitative Methods: Point and Factor</li> </ul>	7	<ul style="list-style-type: none"> <li>➤ Milkovich, Ch. 5; Singh, Ch.5</li> </ul> <b>Case Study</b> <ul style="list-style-type: none"> <li>➤ Job Evaluation at Whole foods</li> </ul>

	<p>Comparison Method</p> <ul style="list-style-type: none"> <li>• External Parity</li> <li>• Pricing Jobs</li> </ul>		
22-27	<p><b>Pay for Performance</b></p> <ul style="list-style-type: none"> <li>• Special Pay for Performance Plans: Short Term</li> <li>• Team Incentive Plans</li> <li>• Long-Term Incentive Plans</li> </ul>	8	<ul style="list-style-type: none"> <li>➤ Milkovich, Ch. 10; Singh, Ch.8</li> </ul> <p>Case:</p> <ul style="list-style-type: none"> <li>➤ Harrah’s Entertainment Inc: Rewarding our People by Thomas J. DeLong, Vineeta Vijayaraghavan, <i>Harvard Business School</i>. Product Number: 403008-PDF-ENG</li> </ul> <p><b>Article:</b></p> <ul style="list-style-type: none"> <li>➤ Pfeffer, J. (1998). Six dangerous myths about pay. <i>Harvard Business Review</i>, May/June, 109-119.</li> </ul>
28-30	<p><b>Employee Benefits and Services</b></p>	9	<ul style="list-style-type: none"> <li>➤ Milkovich, Ch. 12; Singh, Ch.9</li> </ul> <p><b>Article:</b></p> <ul style="list-style-type: none"> <li>➤ Beyersdorfer, D., Dessain, V., Ton, Z., Hollanders, N., Barberán, M. (2012). Bonuses in Bad Times. <i>Harvard Business Review</i>, Jul/Aug, 153-157.</li> </ul>