



**INTERNATIONAL MANAGEMENT INSTITUTE, BHUBANESWAR**  
**Post Graduate Diploma in Management (PGDM)**  
**Performance and Compensational Management-OB606**  
**CREDIT: Full (three credits)**  
**SESSION DURATION: 60-120 Minutes**

**TERM: IV**  
**YEAR: 2019-2021**

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**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. It will further develop students' understanding on skills and key processes needed in employees to attain department and organization goals.

**Learning Outcomes:**

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

1. Understand the concept of performance management, its components and how is it different from performance appraisal.
2. How performance management affect organizations and performance management process in a virtual set up.
3. Understand how to approach and conduct performance appraisals in the context of performance management in general as well as in virtual set up.
4. Identify employee skills and how it can be used to develop performance standards.
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 and external parity.
8. Designing a pay structure and understanding 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 video-based insights as well as lectures and case analyses. The corporate experiences shall be disseminated through small case studies, 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

Component	Weight	Outcomes
Quizzes	20%	<b>Quiz 1</b> (Before Midterm)- Learning outcomes 1-4/5. <b>Quiz 2</b> (After Midterm)- Learning outcomes 5-9.
Class participation	10%	
Assignments	10%	Learning outcomes 1-7 and 9
Presentation	10%	
Mid term	20%	Learning outcomes- 1-4/5
End-term	30%	All learning outcomes-1-9
Total	100%	

### Session Plan

Session No.	Topic	Learning outcomes	Reading
<b>1-3</b>	<ul style="list-style-type: none"> <li>➤ Introduction to Performance Management</li> <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>	<b>1,2</b>	Aguinis- Ch 1; Rao- Ch 1, Internet reading materials.  <b>Case:</b> <ul style="list-style-type: none"> <li>➤ Performance Management at Network Solutions Inc.</li> </ul> <b>Article</b> Cappelli P. and Tavis A. (2016), The performance management revolution. Harvard business review
<b>4-6</b>	<ul style="list-style-type: none"> <li>➤ Prerequisites.</li> <li>➤ Performance Planning.</li> <li>➤ Performance Execution.</li> </ul>	<b>2</b>	Aguinis, Ch 2; Rao, Ch 2  <b>Article:</b>

	<ul style="list-style-type: none"> <li>➤ Performance Assessment.</li> <li>➤ Performance Review.</li> </ul>		<ul style="list-style-type: none"> <li>➤ Knight R. (2020), How to do performance reviews remotely, <i>Harvard Business Review</i>.</li> </ul>
<b>7-9</b>	<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 Appraisals.</li> <li>➤ Diagnosing poor performance and improving motivation.</li> </ul>	<b>3</b>	<b>Aguinis, Ch 5 &amp; 6; Rao, Ch 5</b>  <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>10-12</b>	<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>	<b>4</b>	<b>Aguinis, Ch 7</b>  <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>
<b>13-15</b>	<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>	<b>5</b>	<b>Aguinis, Ch 9; Rao, Ch 6</b>
<b>16-19</b>	<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>➤ The pay model.</li> <li>➤ Wages system.</li> </ul>	<b>6</b>	<b>Milkovich, Ch. 1; Singh, Ch. 1&amp;2</b>  <b>Case:</b> <ul style="list-style-type: none"> <li>➤ Dutta D. and Padmanabhan M. (2017). Sushma industries: The Gordian Knot of compensation design. <i>Ivey cases</i>, <b>Product No.</b> 9B1C021.</li> </ul> <b>Case:</b> <ul style="list-style-type: none"> <li>➤ Gardener, H. and Herman K. (2013) Marshalla and Gordon: Designing an effective compensation system, Harvard business school</li> </ul>
<b>20-22</b>	<b>Job Evaluation</b> <ul style="list-style-type: none"> <li>➤ Concept of Internal Equity.</li> </ul>	<b>7</b>	<b>Milkovich, Ch. 5</b>  <b>Workbook</b>

	<ul style="list-style-type: none"> <li>➤ Qualitative Methods: Ranking Method, Grading Method.</li> <li>➤ Quantitative Methods: Point and Factor Comparison Method.</li> <li>➤ External Parity.</li> </ul>		<ul style="list-style-type: none"> <li>➤ Burke L. (2008), Designing a pay structure. Society of human resource management.</li> </ul>
<b>23-27</b>	<b>Pay for Performance</b> <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>	<b>8</b>	<b>Milkovich, Ch. 10; Singh, Ch.8</b> <b>Article:</b> <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>
<b>28-30</b>	<b>Employee Benefits and Services</b> <ul style="list-style-type: none"> <li>➤ The growth in employee benefits.</li> <li>➤ Key considerations- paternalistic or humanistic considerations</li> <li>Statutory requirements</li> </ul>	<b>9</b>	<b>Milkovich, Ch. 12</b>
<b>31-32</b>	<b>End-term presentations</b>		