

PERFORMANCE AND COMPENSATION MANAGEMENT

Learning Objective: To acquaint students about concepts of performance and compensation management and make them understand its applications in the different professional areas.

Course contents:

Unit I

Lectures: 6

Background to Performance Management: Concept, why performance management, Performance Management System: objectives, principles, performance planning, goal sheet, goal alignment, Performance management cycle, Performance measures, Performance management documentation, web-enabled performance management, Aspects of International PMS.

Unit II

Lectures: 11

Performance Management Process: Goal setting: Principles of goal setting, types of goals; Feedback: nature, use, guidelines, feedback expert systems, 360-degree feedback: effectiveness, methodology, advantages and disadvantages; Performance Reviews: process of reviewing, self-assessment; Analyzing and assessing performance: process of rating, forced distribution, Behaviorally anchored rating scales, behavioral observation scales; Coaching and mentoring: process, techniques, skills.

Unit III

Lectures: 12

Application of Performance Management: Managing Organisational Performance: performance management and human capital, developing a high performance culture; Team Performance: team competencies, team performance management process; Performance and Learning: learning opportunities, personal development planning; Performance Management and Reward: performance management and non-financial rewards, pay; Evaluating performance management: criteria, method approach.

Unit IV

Lecture: 15

Introduction to Compensation Management: Concept of wage: Minimum, fair, living; dearness allowance linking wages and productivity; Forms of Pay, Pay models, Compensation and non-compensation dimensions, surveying market pay and compensation practices, designing the survey, sources of third-party data, Job pricing, Determining the pay structure, determining rates of pay; Individual and Group Incentive, team-based pay: kinds of teams, skills, knowledge and competency based pay, sales incentive plans: salary plus commission, special sales incentives plan; Short and long term incentives: premium and differentials, qualified deferred compensation arrangements: social security, pension plans, profit sharing, stock bonus plan, ESOP.

Unit V

Lecture: 12

Benefits and Services: Benefit Administration, Employee Benefits and Employee Services, Funding Benefits through VEBA, Costing benefits, Flexible Compensation Benefits/Benefits plan(Cafeteria Plan), Pay Delivery Administration: Budget process, administration of pay, other administrative issues, due process, statutory benefits including occupational health care, employee welfare and retirement benefits; executive compensation: executive golden parachutes, international compensation: base salary, employee benefits, equalization benefits and incentives.

Text Books:

1. Henderson, Richard. (2007). *Compensation Management in a Knowledge Based Economy* (9th ed.). New Delhi: Pearson Education.
2. Armstrong, Michael. (2012). *Performance Management* (4th ed.). New Delhi: Kogan page.

References:

1. Martocchio, Joseph J. (2006). *Strategic Compensation – A HRM Approach* (3rd ed.). New Delhi: Pearson Education.
2. Scarpello, Bergman. (2001). *Compensation Decision Making* (4th ed.) Fort Worth, TX: Harcourt College Publishers.
3. Milkovich, Newman & Ratnam. (2009). *Compensation* (9th ed.). New Delhi: McGraw Hill.

Online Reading/Supporting Material:

1. Harvard Business Essentials – *Performance Management*. 2006.
2. Harvard Business Review – *Appraising Employee Performance*. 2005.