unit-4 compensation

1.) wdymb performence ~~appraisal~~ ? app-
-raisal ?

Ans:- performance appraisal is a syste-matic evaluation of a employee's per-formance in their Job over a specific period. It involves ~~assessin~~ assessing how well employees have performed their duties, achieved goals and con-tributed objectives to the organisation

2.) what is performance management?

Ans:- performance management is an ongoing process of ~~acc~~ assessing and improving individual and organisational performance. It involves setting goals monitoring progress, providing feed-Back and evaluating outcomes to ensure that employees meet their objectives and contribute to the overall success of the organisation.

3.) what is compensation ?

Ans:- compensation refers to the total financial and non-financial rewards that employees received in exchange for their work. It includes all forms of pay & benefits provided by an employer to ~~and~~ employee.

4.) wdymb job transfer?

Ans:- A job transfer is a process of moving an employee from one position, department or location to another within the same organisation. It typically involves a ~~total~~ lateral move where the employee's role, responsibilities and compensation remain similar, though changes in work environment or team dynamics may occur. Job transfers can happen for various reasons, including —

(i) career development
(ii) organisational needs
(iii) personal reasons
(iv) performance issues

5.) wdymb promotion?

Ans:- A promotion is the advancement of an employee to a higher position within an organisation, typically accompanied by an increase in responsibilities, authority and compensation. It is a form of recognition for an employee's performance, skills and contributions to the company. Key aspects of an promotion include-

1. Increase responsibility
2. Higher Status or Rank
3. Improved compensation
4. growth opportunities

6.) What is employee ~~counselling~~ - councilling ?

Ans!- Employee councilling support process where employee receive guidance and assistance to address personal or professional challenges that may affect their work performance or wellbeing. The aim of councilling is ~~to~~ to help employees identify and overcome issues, improve their mental health and enhance job satisfaction and productivity. Key aspects of employee councilling include -

1. problem identification

(ii) Support & guidance

(iii) Action plans

(iv) confidentiality

(v) Follow up

6.) what are the diffrent methods of performance appraisal.

Ans:- Following are the different methods of performance appraisal.

(i) Ranking methods - This is a simple method by may lead to unhealthy competition. Under this meth employees are ranked from best to worst ~~to~~ based on their perfor-mance.

(ii) paired comperison method - employees are compaired in pair based on certain criteria and the one with better performance is ranked higher.

(iii) Force distribution method - employees are categorised into diffe-rent performance levels following a set distribution curve.

(iv) critical incident method - The managen records specific records of effective on ineffective behaviour of employees which are used for evalua-tion.

(v) Essay method - The evaluator writes a detailed description of the employee's performance, including strengths, weak-nesses and suggetions for improvement.

(vi) 360° feedback — performance is evaluated using feedback from multiple sources peers, subordinates, supervisors and sometimes customers. It provides a comprehensive view of the employee's performance.

(vii) Management by objectives - Employ-ees and managers set specific goals together and the performance of the employee is measured based on the achievements of these goals.

(viii) Assessment centres :- Employees are assessed using a series of exercises that mimic actual job challenges observed by evaluators

(ix) Self appraisal :- Employees assess their own performance which helps them reflect on their work and identify areas for improvement.

(x) graphic rating ~~skills~~ scale :-

Employees are rated based on a scale of various traits on performance factors such as quality of work, punctuality and teamwork.

(xi) checklist method - the evaluator uses a checklist of behaviours, traits or actions to assess whether a employee meets specific criteria.

7.) what are the nature / feature of performance appraisal?

Ans:- Following are the nature of performance appraisal :-

(i) systematic process - performance appraisal follows a structure and systematic approach. It ~~one~~ involves regular, planned evaluations rather than random assessment, ensuring consistency and fairness accross the organisation.

(ii) goal oriented — the primary aim of performance appraisal is to align individual performance with organizational goals. By setting measureable objectives, it helps employ-ees what is expected of them and how their work contributes to overall success.

(iii) Developmental focus:— performance appraisal are not only about evalua-ting past performance but also about identifying areas for improvement. It emphasizes personal and professional development, guiding employees toward growth and skill enhancement.

(iv) Feedback oriented — one of the core es aspects of performance appraisal is providing feedback to employees. constructive feedback helps employees understand their strenghts and areas that need improvement, facilitating better performance and job satisfaction.

(v) performance measurement - The app-raisal process involves measuring employee performance against pre-defined standards, goals or expecta-tions. This can include both quanti-tative and qualitative measures.

8.) what are the objective of perfor-mance appraisal.

Ans:- Following are the objectives of performance appraisal :-

(i) ~~of~~ employee development - ~~The~~ To identi-fy streghts and weaknesses, enabling personal growth and improvement through feedback and ~~tracking~~ training

(ii) performance improvement — To assess and enhance employee performance, helping to align individual goals with organizational objectives.

(iii) compensation decisions :- To provide a basis for salary increments, bonuses & promotions based on merit and achievements.

(iv) Motivation & recognition :- To encourage high performers and motivate others by recognizing and rewarding efforts.

(v) Career Development :- To identify employees with potential for growth, providing opportunities for career advancements through promotions or transfers.

(vi) Goal setting :- To set and clarify future performance expectations, ensuring that employees understand their roles and responsibilities.

(vii) HR planning & decision making :- To assist in decisions related to layoffs, succession planning and employee retention based on performance trends.

(viii) Legal & compliance :- To provide

documentation that supports employment decision, helping to ensure fairness & compliance with labour loss.

9.) Explain the process of performance appraisal.

Ans:- Following are the steps in performance appraisal ~

(i) Set performance standard - The first step of performance appraisal is to define clear and measurable performance criteria for employees.

(ii) communicate expectation - The next step is to inform employees about the performance standard and what is expected of them.

(iii) Monitor performance :- After communicating about the standards to the employees, the next step is to continuously observe and track employee performance.

(iv) Evaluate performance :- The

next step is to compare the actual performance with the predetermined standards.

(v) provide feedback :- The next step is to share the appraisal result with the employee, discussing strengths, weaknesses & areas for improvement.

(vi) Set improvement goals — The next step is to work with the employees to set the future goals, and action plans for future development.

(vii) Make decisions :- The next step is to use ~~the~~ the appraisal results for salary adjustments, promotions or training programs.

(viii) Documentation :- The last step is to record the appraisal results for future reference & legal ~~prog-~~ compliance.

10.) what is potential appraisal?

Ans:- potential appraisal is the process of assessing & employees

capability to take on higher res-
-ponsibilities and grow within the
organisation. potential appraisal fo-
-cuses on identifying future possi-
-bilities for development, leader-
-ship ~~goals~~ roles and future
advancements.

11.) what is job evaluation.

Ans:- Job evaluation is the systema-
-tic process of determining the
relative worth or value of differ-
-ent jobs within an organisation.
It aims to establish a fair and
equitable pay structure, by compa-
-ring the duties, responsibilities,
skills and working conditions of
various jobs.

12.) what are different types of
compensation policies.

Ans:- following are the different
types of com

(i) Base pay compensation - A

fix salary or hourly wage paid to employees for their work regardless of performance.

(ii) <u>performance based compensation</u>:- pay linked to individual or team performance, often including bonuses, insentives or commissions.

(iii) <u>skilled based pay</u>:- compensation determined by the employee's skills and competencies, encouraging the development of new skills.

(iv) <u>market based compensation</u>:- salaries aligned with market raise, ensuring competitiveness within the industries

(v) <u>Equity based compensation</u> - Stock options, shares or ownership ~~stakes~~ steakes offered to employees often seen in startups.

(vi) <u>overtime and premium pay</u>:- Extra pay provided for working beyond normal working hours or under special conditions

(vii) Benefits and perquisites:-

non monetary compensation such as health insurance, retirement plans, paid time off, etc.

(viii) profit sharing:- A system where employees receive a share of the companies profit often as a year and bonuses

(ix) Seniority based compensation:- pay increases based on the lenght of service within the organisation, regardless of performance.

13.) what is employee stock option.

Ans:- An employee stock option is a benefit provided by companies to employees, giving them the right to purchase shares of the company at a pre determined price after a specific period. This price is typically lower than the market value, allowing employees to potentially profit if the company's stock price increases.