



**K. K. Wagh Institute of Engineering Education and Research,  
Nashik**

(An Autonomous Institute from A. Y. 2022-23)

**Model Answer  
End-Sem Examination-I, Winter 2025**

Academic Year: 2025-2026	Semester: III
Class: PG-II	Program: MBA
Branch Code: 10	Pattern: 2024
Name of Course: Performance and Reward Management	Course Code: 2410613C

<b>Q. No.</b>	<b>Details</b>	<b>Max. Marks</b>
<b>Q.1</b>	<p>Explain the performance management process and apply it to align individual and organizational goals in a manufacturing organization</p> <p><b>Answer:</b> Performance Management (PM) is a systematic process of planning, monitoring, developing, evaluating, and rewarding employee performance to achieve organizational objectives. The PM process includes performance planning, performance monitoring, performance development, performance appraisal, and performance rewards.</p> <p>Application in a manufacturing organization involves aligning individual KRAs such as production efficiency, quality control, and safety compliance with organizational goals like cost reduction, productivity improvement, and customer satisfaction. Cascading goals ensure every employee contributes to strategic objectives.</p> <p>A designed PM system should include clear goal setting, measurable KPIs, continuous feedback, fair appraisal mechanisms, and linkage with rewards. Outcomes include improved productivity, employee engagement, and strategic alignment.</p>	[6]
<b>Q.2</b>	<p>Create a performance management framework incorporating 360-degree feedback and MBO for a service organization.</p> <p>Ans: A <b>Performance Management Framework</b> integrating <b>Management by Objectives (MBO)</b> and <b>360-degree feedback</b> ensures both <b>goal achievement</b> and <b>holistic behavioral assessment</b>, which is crucial for service organizations where customer interaction and teamwork are key.</p> <p><b>Framework Components:</b></p> <ol style="list-style-type: none"><li><b>1. Goal Setting (MBO):</b><ul style="list-style-type: none"><li>○ Organizational goals are translated into departmental, team, and individual objectives.</li><li>○ Objectives are SMART (Specific, Measurable, Achievable, Relevant, Time-bound).</li><li>○ Example: Improving customer satisfaction score by 10%.</li></ul></li><li><b>2. Performance Planning:</b></li></ol>	[6]



	<ul style="list-style-type: none"> <li>○ Clear KRAs and KPIs are defined for service quality, response time, customer handling, and teamwork.</li> </ul> <p><b>3. 360-Degree Feedback:</b></p> <ul style="list-style-type: none"> <li>○ Feedback is collected from supervisors, peers, subordinates, and customers.</li> <li>○ Focuses on communication, service attitude, leadership, and collaboration.</li> </ul> <p><b>4. Performance Review &amp; Feedback:</b></p> <ul style="list-style-type: none"> <li>○ Regular review meetings compare results against objectives and behavioral feedback.</li> <li>○ Developmental feedback is emphasized rather than only ratings.</li> </ul> <p><b>5. Rewards &amp; Development:</b></p> <ul style="list-style-type: none"> <li>○ Performance outcomes are linked to incentives, recognition, training, and career growth.</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• Balanced evaluation of results and behavior</li> <li>• Improved service quality</li> <li>• Higher employee engagement and accountability</li> </ul>	
<b>Q.3</b>	<p>a) Apply appropriate performance measurement tools to evaluate individual and team performance in an IT organization.          Ans: In an IT organization, performance measurement must capture <b>technical output, quality, and collaboration.</b></p> <p><b>Individual Performance Tools:</b></p> <ul style="list-style-type: none"> <li>• <b>KPIs:</b> Code quality, defect rate, task completion, adherence to deadlines</li> <li>• <b>Balanced Scorecard:</b> <ul style="list-style-type: none"> <li>○ Financial: Cost efficiency</li> <li>○ Customer: Client satisfaction</li> <li>○ Internal Process: Bug resolution time</li> <li>○ Learning: Skill certifications</li> </ul> </li> <li>• <b>Competency Assessment:</b> Technical skills, problem-solving, adaptability</li> </ul> <p><b>Team Performance Tools:</b></p> <ul style="list-style-type: none"> <li>• Project milestone achievement</li> <li>• Sprint velocity (Agile teams)</li> <li>• Collaboration and communication metrics</li> <li>• Client feedback on project delivery</li> </ul>	<p>[16]</p> <p>8+8</p>



**Outcome:**

These tools ensure objective evaluation, transparency, and alignment with project and organizational goals.

**OR**

b) Evaluate the effectiveness of integrating individual, team, and organizational performance measurement systems.

Ans: Integration of performance measurement across levels ensures **strategic alignment** and **performance consistency**.

**Effectiveness:**

- Aligns individual efforts with team and organizational goals
- Reduces goal conflict and duplication of efforts
- Enhances accountability at all levels
- Supports informed decision-making

**Challenges:**

- Complexity in design
- Risk of over-measurement
- Resistance to change

**Conclusion:**

When properly designed, integrated systems improve performance, coordination, and strategic execution.

c) Design an individual performance scorecard for a sales executive including KPIs, targets, and measurement criteria.

**Ans: Sales Executive Performance Scorecard**

KPI	Target	Measurement Criteria
Sales Revenue	₹50 lakhs/month	Monthly sales report
Customer Acquisition	10 new clients	CRM data
Conversion Ratio	30%	Leads vs sales
Customer Retention	90%	Repeat orders
Market Coverage	Assigned	Visit reports



	territory																
	<p><b>Outcome:</b></p> <p>Ensures clarity, objectivity, and alignment with sales strategy.</p> <p style="text-align: center;"><b>OR</b></p> <p>d) Analyze the differences between behavioral-based and results-based performance measurement systems with suitable examples.</p> <p>Ans: <b>Answer:</b></p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 25%;">Aspect</th> <th style="width: 25%;">Behavioral-Based</th> <th style="width: 25%;">Results-Based</th> </tr> </thead> <tbody> <tr> <td>Focus</td> <td>How work is done</td> <td>What is achieved</td> </tr> <tr> <td>Measurement</td> <td>Attitudes, teamwork, skills</td> <td>Output, targets, outcomes</td> </tr> <tr> <td>Suitability</td> <td>Knowledge &amp; service roles</td> <td>Sales &amp; production roles</td> </tr> <tr> <td>Example</td> <td>Customer service behavior</td> <td>Monthly sales targets</td> </tr> </tbody> </table> <p><b>Analysis:</b></p> <p>Behavioral systems promote long-term capability building, while results-based systems drive short-term performance. A hybrid approach is most effective.</p>	Aspect	Behavioral-Based	Results-Based	Focus	How work is done	What is achieved	Measurement	Attitudes, teamwork, skills	Output, targets, outcomes	Suitability	Knowledge & service roles	Sales & production roles	Example	Customer service behavior	Monthly sales targets	
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<b>Q.4</b>	<p>a) Design a comprehensive reward and recognition program for a knowledge-based organization.</p> <p>Ans: A knowledge-based organization requires rewards that encourage <b>innovation, learning, and collaboration.</b></p> <p><b>Program Components:</b></p> <ul style="list-style-type: none"> <li>• <b>Monetary Rewards:</b> Performance bonus, skill-based pay</li> <li>• <b>Non-Monetary Rewards:</b> Certificates, appreciation, awards</li> <li>• <b>Career Rewards:</b> Promotions, leadership opportunities</li> <li>• <b>Learning Rewards:</b> Sponsorship for certifications, training</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• Enhances motivation and retention</li> <li>• Encourages knowledge sharing</li> <li>• Builds a high-performance culture</li> </ul>	<p>[16]</p> <p>8+8</p>															



**OR**

b) Analyse different job evaluation methods and their role in designing equitable pay structures.

**Ans: Job Evaluation Methods:**

1. **Ranking Method:** Simple job ranking
2. **Classification Method:** Grouping jobs into grades
3. **Point Factor Method:** Assigning points based on skill, effort, responsibility

**Role in Pay Structure:**

- Ensures internal equity
- Reduces pay bias
- Supports transparent compensation decisions

c) Design a performance-based reward system linking incentives with organizational goals.

**Ans: System Design:**

- Define strategic goals (profitability, quality, growth)
- Translate goals into KPIs
- Introduce variable pay, incentives, and bonuses
- Ensure transparency and fairness

**Outcome:**

Motivates employees, drives goal achievement, and enhances productivity.

**OR**

d) Analyse the role of intrinsic and extrinsic rewards in motivating employees.

- Ans: **Intrinsic Rewards:** Recognition, autonomy, achievement
- **Extrinsic Rewards:** Salary, bonuses, incentives

**Analysis:**

Intrinsic rewards promote long-term engagement, while extrinsic rewards



	attract and retain talent. Balanced use maximizes motivation.	
Q.5	<p>a) Evaluate the role of coaching and mentoring in improving employee performance.</p> <p>Ans: <b>Coaching:</b> Short-term, task-focused improvement</p> <ul style="list-style-type: none"> <li>• <b>Mentoring:</b> Long-term career development</li> </ul> <p><b>Evaluation:</b></p> <p>Both enhance skills, confidence, engagement, and retention, leading to sustained performance improvement.</p> <p style="text-align: center;"><b>OR</b></p> <p>b) Critically evaluate the impact of remote work on performance management systems.</p> <p>Ans: <b>Positive Impact:</b></p> <ul style="list-style-type: none"> <li>• Flexibility and autonomy</li> <li>• Outcome-based evaluation</li> </ul> <p><b>Challenges:</b></p> <ul style="list-style-type: none"> <li>• Communication gaps</li> <li>• Monitoring difficulties</li> <li>• Bias in evaluation</li> </ul> <p><b>Conclusion:</b></p> <p>Technology-enabled, trust-based PM systems are essential for remote work success.</p>	[16] 8+8
	<p>c) Create a comprehensive performance development plan integrating coaching, motivation, and continuous feedback.</p> <p>Ans: <b>Plan Elements:</b></p> <ul style="list-style-type: none"> <li>• Skill gap identification</li> <li>• Coaching and mentoring programs</li> <li>• Motivation through rewards and recognition</li> <li>• Continuous feedback and learning culture</li> </ul>	



<p><b>Outcome:</b></p> <p>Improves capability, engagement, and organizational competitiveness.</p> <p style="text-align: center;"><b>OR</b></p> <p>d) Evaluate emerging trends in performance management and their impact on employee development.</p> <p><b>Ans: Emerging Trends:</b></p> <ul style="list-style-type: none"><li>• Agile PM systems</li><li>• AI and analytics</li><li>• Gamification</li><li>• Continuous feedback</li></ul> <p><b>Impact:</b></p> <ul style="list-style-type: none"><li>• Personalized development</li><li>• Real-time performance improvement</li><li>• Enhanced learning and adaptability</li></ul>	
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