

Tutorial Letter 201/1/2015

Performance Management

HRM3706

Semester 1

Department of Human Resource Management

IMPORTANT

THIS TUTORIAL LETTER CONTAINS FEEDBACK
ON ASSIGNMENT 01.

BAR CODE

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Dear Student

1 INTRODUCTION

We hope that by now you have made good progress in mastering the study material. We need to point out, once again, that the volume of work that you have to master is substantial. We therefore strongly advise you to work through the study material and to do all the assignments carefully and thoroughly.

The purpose of this tutorial letter is to give you feedback on Assignment 01.

2 TUTORIAL LETTERS

You should have received the following tutorial letters for HRM3706:

TUTORIAL LETTER	CONTENTS OF TUTORIAL LETTER
HRM3706/101/3/2015	A word of welcome, purpose and outcomes of the module, where to start, important notice, communication with the University, student support system, names of lecturers, prescribed book and enquiries, tutorial matter, study plan, admission to the examination and format of the examination, compulsory assignments for students registered for the first semester, compulsory assignments for students registered for the second semester, self-assessment assignment (both semesters) and guidelines for answering Assignment 03 (self-assessment)
HRM3706/201/1/2015 <i>(this tutorial letter)</i>	Guidelines for answering Assignment 01

If you have not received the first tutorial letter, please e-mail: study-info@unisa.ac.za immediately. The tutorial letters are also available on myUnisa. We strongly recommend that you register for and use this system if you have not yet done so. Information about the system appears in the brochure *My studies @ Unisa*, which you received on registration.

Lecturers do not have the facilities to send students copies of tutorial letters that have been lost in the post. Please contact: the Department of Despatch or access the study material on myUnisa.

Remember that tutorial letters are the University's principal means of communication and teaching. Therefore, you have to make sure that you have received all the tutorial letters for this module. Please read and study all the tutorial letters carefully and keep them in a safe place.

3 GUIDELINES FOR ANSWERING ASSIGNMENT 01 (FIRST SEMESTER)

In Tutorial Letter HRMALL6/301/4/2015 we give extensive guidelines on answering assignment questions.

I trust that you found Assignment 01 interesting and stimulating. I specifically designed this assignment to help you to develop your ability to apply the theory and principles, and to understand study units 1 to 10 of the study guide.

The questions and the answers to Assignment 01 are as follows.

1. Which of the following are the main components of the definition of performance management?

- a Continuous process
- b Performance of individuals
- c Alignment with strategic goals
- d Performance of teams

Choose the correct option:

- 1 b and d
- 2 a, b and d
- 3 a and c**
- 4 a, c and d

The correct answer is **Option 3**. Refer to Section 1.2 in the study guide.

Measuring and developing the performance of individuals and teams is a continuous process that is aligned with the strategic goals of the organisation. Options 1, 2 and 4 are incorrect because they include the performance of individuals and teams and do not focus exclusively on the main components of the definition of performance management.

2. Which of the following statements are correct?

- a Performance management requires managers to ensure that employees' activities and output are congruent with the organisation's goals.
- b Performance management is designed and monitored by the HR department.
- c Performance management is an informal, unstructured process used to measure, evaluate, and influence an employee's job-related attributes, behaviours, and performance results.
- d Performance management systems that do not make explicit the employees' contribution to the organisational goals are not true performance management systems.

Choose the correct option:

- 1 b and c
- 2 a, b and d
- 3 a and d**
- 4 a, c and d

The correct answer is **Option 3**. Refer to Sections 1.2 and 1.4 in the study guide.

Statements a and d are correct but statements b and c are incorrect. Statement b is incorrect since performance management is designed by the HR department but could be monitored by the respective departments. Statement c is incorrect since performance management is a formal, structured process used to measure, evaluate, and influence an employee's job-related attributes, behaviours, and performance results. It involves a never-ending process of setting goals and objectives, observing performance, and receiving ongoing coaching and feedback. Statements a and d are correct because they ensure that employees' activities and output are congruent with the organisation's goals and therefore create a direct link between employee performance and organisational goals.

3. Which of the following statements are correct?

- a Performance management emphasises ratings and evaluation.
- b Performance management is a system with deadlines and a format.
- c During the performance planning stage the performance management process is discussed and agreed upon.
- d During the performance review stage the employee receives feedback on his/her performance.
- e Productivity is a personal trait for performance evaluation.

Choose the correct option:

- 1 b, c and d**
- 2 c, d and e
- 3 a and e
- 4 a, d and e

The correct answer is **Option 1**. Refer to Sections 1.3 and 1.4 in the study guide.

Statements a and e are incorrect while statements b, c and d are correct. Performance appraisal (and not performance management) emphasises ratings and evaluation whereas performance management emphasises performance planning, analysis, review, development and performance improvements. The personal trait approach focuses on the personal characteristics of an employee during performance evaluation. Examples of these traits are an employee's conscientiousness and loyalty. Productivity is normally associated with economic factors and relates to the output delivered by the employee or business unit.

4. During the _____ stage the extent to which the desired behaviours have been displayed, are being evaluated.

- 1 performance execution
- 2 performance assessment**
- 3 prerequisites
- 4 performance planning

The correct answer is **Option 2**. Refer to Section 1.3 in the study guide.

In the performance assessment phase (Option 2), both the employee and the manager are responsible for evaluating the extent to which the employee has displayed the desired behaviours and whether the desired results have been achieved. This includes an evaluation of the extent to which the goals stated in the development plan have been achieved.

Option 1 is incorrect - in the performance execution phase the employee is striving to produce the results and display the behaviour agreed upon earlier, as well as to work on the developmental needs.

In the prerequisites stage employees get clarity on exactly what tasks are involved in their jobs. It also helps employees to know if they possess the required skills and knowledge required in their jobs – Option 3 is incorrect.

Option 4 is incorrect - in the performance planning stage the manager and the employee meet to discuss, and agree upon, what needs to be done and how it should be done. This step also includes a discussion about results and behaviours, as well as a developmental plan.

5. Which of the following statements are correct?

- a Training and development needs can be identified through the process of performance appraisal.
- b Performance is about what employees produce, not about their behaviour.
- c Declarative knowledge, procedural knowledge and motivation are three determinants of performance.
- d The trait approach of measuring performance emphasises the individual performer and ignores the specific situation.
- e Productivity is a personal trait for performance evaluation.

Choose the correct option:

- 1 a, c and d
- 2 b, c, d and e
- 3 b and e
- 4 a, d and e

The correct answer is **Option 1**. Refer to Sections 3.3, 3.4, 3.5 and 3.7 in the study guide.

Statements a, c and d are correct. Training and development needs can be identified through the process of performance appraisal. Declarative knowledge, procedural knowledge and motivation are three determinants of performance. The trait approach of measuring performance emphasises the individual performer and ignores the specific situation.

Statements b and e are incorrect. Performance is about behaviour or what employees do, and not about what employees produce or the outcomes of their work. The personal trait approach focuses on the personal characteristics of an employee during performance evaluation. Examples of these traits are an employee's conscientiousness and loyalty. Productivity is not a personal characteristic, but is normally associated with economic factors and relates to the output delivered by the employee or business unit.

From the scenarios presented in Questions 6 to 9, it is evident that certain components/stages of the performance management process have not been implemented. Identify the missing component in each case.

- 6. "There is no evidence that employees know exactly what tasks are involved in carrying out their jobs."**
- 1 Performance review
 - 2 Performance planning
 - 3 Performance assessment
 - 4 Prerequisites**

The correct answer is **Option 4**. Refer to Section 1.3 and Study Unit 2 in the study guide.

The scenario indicates that the missing component is the prerequisites stage. In this stage employees get clarity on exactly what tasks are involved in their jobs. It also helps employees to know if they possess the required skills and knowledge required in their jobs. Option 4 is correct.

During the performance review stage the employee and the manager/supervisor meet to review the employee's assessment. This meeting is usually called the appraisal meeting or discussion, during which the employee receives feedback on his/her performance.

In the performance planning stage the manager and the employee meet to discuss, and agree upon, what needs to be done and how it should be done. This step also includes a discussion about results and behaviours, as well as a developmental plan.

In the performance assessment phase, both the employee and the manager are responsible for evaluating the extent to which the employee has displayed the desired behaviours and whether the desired results have been achieved. This includes an evaluation of the extent to which the goals stated in the development plan have been achieved.

- 7. "The forms used to rate employees' performance, contain vague items such as "general behaviour," with no specific definition of what "general behaviour" is, or examples explaining to employees (or managers) what would lead to the accepted behaviours and results".**
- 1 Prerequisites
 - 2 Performance planning**
 - 3 Performance assessment
 - 4 Performance review

The correct answer is **Option 2**. Refer to Section 1.3 and Study Unit 2 in the study guide.

The scenario indicates that the missing component is the performance planning stage. During this stage the manager and the employee meet to discuss, and agree upon, what needs to be done and how it should be done. This step also includes a discussion about results and behaviours, as well as a developmental plan. The discussion will include setting key accountabilities, specific objectives and performance standards. The scenario refers to vague items and general behaviour not being clarified. Option 2 is correct.

During the prerequisites stage employees get clarity on exactly what tasks are involved in their jobs. It also helps employees to know if they possess the required skills and knowledge required in their jobs. In the performance assessment phase, both the employee and the manager are responsible for evaluating the extent to which the employee has displayed the desired behaviours and whether the desired results have been achieved. This includes an evaluation of the extent to which the goals stated in the development plan have been achieved. During the performance review stage the employee and the manager/supervisor meet to review the employee's assessment. This meeting is usually called the appraisal meeting or discussion, during which the employee receives feedback on his/her performance.

8. "There is no evidence that managers, at some point, consult employees to see if they are on the right track. Also, employees in this organisation are not sure if what they are doing is exactly what is expected of them."

- 1 Prerequisites
- 2 Performance planning
- 3 Performance assessment**
- 4 Performance review

The correct answer is **Option 3**. Refer to Sections 1.2 and 1.3 and Study Unit 2 in the study guide.

The scenario indicates that the missing component is the performance assessment stage. In the performance assessment phase, both the employee and the manager are responsible for evaluating the extent to which the employee has displayed the desired behaviours and whether the desired results have been achieved. The employee's performance is monitored to see if he/she is on the right track. This includes an evaluation of the extent to which the goals stated in the development plan have been achieved. Option 3 is correct.

During the prerequisites stage employees get clarity on exactly what tasks are involved in their jobs. It also helps employees to know if they possess the required skills and knowledge required in their jobs. During the performance planning stage the manager and the employee meet to discuss, and agree upon, what needs to be done and how it should be done. This step also includes a discussion about results and behaviours, as well as a developmental plan.

In the performance review stage the employee and the manager/supervisor meet to review the employee's assessment. This meeting is usually called the appraisal meeting or discussion, during which the employee receives feedback on his/her performance.

9. ***"In this organisation there is no formal or informal discussion of results and follow-up steps after the subordinates and managers have completed their appraisal forms."***

- 1 **Performance review**
- 2 Performance planning
- 3 Performance assessment
- 4 Prerequisites

The correct answer is **Option 1**. Refer to *Study Unit 2 in the study guide*.

The scenario indicates that the missing component is the performance review stage. In the performance review stage the employee and the manager/supervisor meet to review the employee's assessment. This meeting is usually called the appraisal meeting or discussion, during which the employee receives feedback on his/her performance. In the scenario above there has been no discussion or follow-up. Option 1 is correct.

During the performance planning stage the manager and the employee meet to discuss, and agree upon, what needs to be done and how it should be done. This step also includes a discussion about results and behaviours, as well as a developmental plan.

In the performance assessment phase, both the employee and the manager are responsible for evaluating the extent to which the employee has displayed the desired behaviours and whether the desired results have been achieved. The employee's performance is monitored to see if he/she is on the right track. This includes an evaluation of the extent to which the goals stated in the development plan have been achieved.

During the prerequisites stage employees get clarity on exactly what tasks are involved in their jobs. It also helps employees to know if they possess the skills and knowledge required in their jobs.

10. ***What is the correct sequence of cascading an organisation's strategic goals?***

- a Formulating the organisation's strategic plan.
- b Formulating the unit's strategic plan.
- c Compiling and revising job descriptions.
- d Clarifying individual and team performance results.

Choose the correct option:

- 1 a, c, d and b
- 2 **a, b, c and d**
- 3 a, b, d and c
- 4 b, a, d and c

The correct answer is **Option 2**. Refer to *Section 2.1.1 in the study guide*.

Option 2 displays the correct sequence of cascading an organisation's strategic goals. The organisation's strategic goals should be formulated and clarified first, and then communicated to the different units of the organisation. Unit managers, then in turn, solicit inputs from all the people within

their units to create unit level mission and vision statements, goals and strategies for each unit. Job descriptions are then revised and compiled for each employee to make sure they are consistent with the unit and organisational priorities and strategic goals. Finally, the teams and individuals are then expected to display the results and behaviours required, to achieve the organisation's strategic plan.

This is a structured process and the correct sequencing is very important to ensure that organisational goals are aligned with the unit level which in turn is aligned with the job descriptions and the individual performance of employees. Options 1, 3 and 4 are incorrect since any other order would not be effective.

11. For performance evaluation, which of the following is NOT a personal trait?

- 1 Productivity**
- 2 Dependability
- 3 Intelligence
- 4 Adaptability

The correct answer is **Option 1**. Refer to Section 3.7 in the study guide.

The personal trait approach focuses on the personal characteristics of an employee during performance evaluation. Examples of these traits are an employee's dependability, intelligence and adaptability (options 2, 3 and 4). Productivity is not a personal trait as it is normally associated with economic factors and relates to the output delivered by the employee or business unit.

12. Michelle works for a large fast-food restaurant franchise group. Her job is to visit different restaurants in the group and rate their speed and quality of service, quality of food, cleanliness of restaurant and restrooms, and properly displayed promotional material. From this brief description of Michelle's job, it is obvious that the restaurant group uses the _____ approach in its performance measurements.

- 1 input-based
- 2 trait-based
- 3 results-based**
- 4 behavioural-based

The correct answer is **Option 3**. Refer to Section 3.7.3 in the study guide.

This scenario clearly indicates that the fast-food restaurant group uses results-based criteria in its performance measurements. For example, the quality of the food produced is considered as a result-based criteria. For some jobs, or some aspects of a job, the results achieved are more important than the behaviours, traits or inputs that led to them. This applies to the fast-food industry. The results approach emphasises the outcomes and results produced by the employees. It does not consider the traits employees may possess or how employees do the job. This is basically a bottom-line approach that is not concerned about employee behaviours and processes, but instead, focuses on the end result that is produced. Options 1, 2 and 4 are therefore incorrect.

13. Sources of performance data for a retail clerk may include:

- a the employee's supervisor.
- b the employee's customers.
- c the employee's peers.
- d the employee himself/herself.

Choose the correct option:

- 1 a and c
- 2 c and d
- 3 a, b and c
- 4 a, b, c and d**

The correct answer is **Option 4**. Refer to Section 3.8 in the study guide.

When determining whom to involve when measuring performance, employers need to consider the amount and type of contact each source has with the person being evaluated.

Managers/supervisors are often the most important source of performance information because they are knowledgeable about strategic issues, understand performance, and are usually in charge of managing employee performance. Because the manager may not observe subordinates' performance on a regular basis, the use of other sources should also be considered. Performance information provided by customers is particularly for jobs that require a high degree of interaction with the public or with particular job-related individuals (purchasing managers, suppliers, sales representatives). Performance information can also be collected from internal customers.

Peers can provide a perspective on performance that is different from that of immediate managers. Research shows that appraisals by peers are useful predictors of training success and future performance. Self-appraisals are based on the idea that employees are most familiar with their work, and that their involvement is essential. When employees are given the opportunity to participate in the performance management process, their acceptance of the resulting decision is likely to increase and their defensiveness during the appraisal interview is likely to decrease. An additional advantage associated with self-appraisals is that employees are in a good position to keep track of activities during the review period, whereas the manager may have to keep track of the performance of several employees.

14. The 360-degree appraisal:

- a tends to be too lenient and more biased
- b is a multi-source evaluation
- c usually uses information collected anonymously
- d produces less valid results than paired comparisons
- e is a single-source evaluation

Choose the correct option:

- 1 a and c
- 2 c and d
- 3 b and c**
- 4 c and e

The correct answer is **Option 3**. Refer to Sections 3.7.2, 3.8.4 and 3.10 in the study guide.

Statements b and c are correct. Statements b and c refer to 360-degree feedback where performance data is gathered from multiple sources anonymously. To compensate for the disadvantages of gathering data from any single source (for example, using managers only), most large organisations involve multiple participants when measuring performance and providing feedback.

Statements a, d and e are incorrect. Statement a, refers to the disadvantages of self-appraisal. Statement d refers to measurement methods where ranking results are less comparable than paired comparisons – top and worst performers are easily identified, but performers in the middle group are not easily identified. Statement e refers to gathering performance data from any single source.

15. In preparing the performance appraisals for her employees, the sales manager ranked Debby as the overall best salesperson because she had the highest level of sales, and Dave as the overall worst salesperson because he had the lowest level of sales. The other salespeople were placed in order of their sales between Debby and Dave. Which type of performance appraisal format is being used in this example?

- 1 Forced distribution
- 2 Graphic rating scales
- 3 Paired comparison
- 4 Ranking**

The correct answer is **Option 4**. Refer to Section 3.7.2 in the study guide.

The sales manager is using the ranking method in this scenario. Option 4 is correct. With this method the sales manager ranks her employees from the best to the worst in terms of an overall criterion. The advantage of this method is that it is a quick and fairly easy technique when a small number of employees are involved. However, the disadvantages are that it is very difficult to appraise a group of more than 20 employees and performance differences among employees are not indicated.

Options 1, 2 and 3 are incorrect. With forced distribution the evaluator distributes employees across several categories of performance following a set rule about the distribution of ratings that are permitted. A typical rule specifies five categories of performance, for example, 10% in the weakest group, 20% in a low group, 40% in an average group, 20% in an above average group and 10% in the highest performance group.

With graphic rating scales the evaluator uses a list of characteristics against which he or she rates employees. The evaluator rates the employee by ticking off the appropriate characteristic on a rating scale which is quantifiable.

With paired comparison each employee is compared with every other employee with reference to each employee's overall ability to execute a task. The number of times one employee is preferred to his or her colleagues is indexed and determines his or her position on the ranking order scale.

16. ***A sales manager who was trying to rank fourteen salespeople was having trouble because two of her salespeople had more than R100 000 in sales, three had less than R10 000 in sales, and the rest fell in the middle. What method would you recommend the sales manager use?***

- 1 ***Forced distribution***
- 2 Behaviourally anchored rating scales
- 3 Paired comparison
- 4 Ranking

The correct answer is **Option 1**. Refer to Section 3.7.2 in the study guide.

The sales manager should use the forced distribution method. Option 1 is correct. With this method the sales manager distributes employees across several categories of performance following a set rule about the distribution of ratings that are permitted. A typical rule specifies five categories of performance, for example, 10% in the weakest group, 20% in a low group, 40% in an average group, 20% in an above average group and 10% in the highest performance group.

Options 2, 3 and 4 are incorrect. Behaviourally anchored rating scales (BARS) make use of critical incidents as anchor statements on a scale. BARS provide evaluators with specific examples (critical incidents) of the behaviours that go along with each value that can be assigned to an employee's performance.

With paired comparison each employee is compared with every other employee with reference to each employee's overall ability to execute a task. The number of times one employee is preferred to his or her colleagues is indexed and determines his or her position on the ranking order scale.

With ranking the evaluator ranks employees from the best to the worst in terms of an overall criterion.

17. ***Which one of the following methods use critical incidents to describe various levels of performance?***

- 1 Forced distribution
- 2 Graphic rating scales
- 3 Paired comparison
- 4 ***Behaviourally anchored rating scales***

The correct answer is **Option 4**. Refer to Section 3.7.2 in the study guide.

Behaviourally anchored rating scales (BARS) use critical incidents to describe various levels of performance. Option 4 is correct. BARS provide evaluators with specific examples (critical incidents) of the behaviours that go along with each value that can be assigned to an employee's performance.

Options 1, 2 and 3 are incorrect. With forced distribution the evaluator distributes employees across several categories of performance following a set rule about the distribution of ratings that are permitted.

A typical rule specifies five categories of performance, for example, 10% in the weakest group, 20% in a low group, 40% in an average group, 20% in an above average group and 10% in the highest performance group.

With graphic rating scales the evaluator uses a list of characteristics against which he or she evaluates employees. The evaluator rates the employee by ticking off the appropriate characteristic on a quantifiable rating scale.

With paired comparison each employee is compared with every other employee with reference to each employee's overall ability to execute a task. The number of times one employee is preferred to his or her colleagues is indexed and determines his or her position on the ranking order scale.

18. Which of the following statements are true regarding the management by objectives (MBO) process?

- a It is a measure of employee behaviour
- b It is a measure of each employee's contribution to the success of the organisation
- c It focuses on results
- d It is generally long-term oriented
- e It facilitates comparisons across employees

Choose the correct option:

- 1 b and d
- 2 b and c**
- 3 a and b
- 4 a and e

The correct answer is **Option 2**. Refer to Section 3.7.3 in the study guide.

Statements b and c are correct, while statements a, d and e are incorrect. Statements a, d and e refer to the disadvantages of the management by objectives (MBO) process: it provides few insights into employee behavior, it is generally short-term oriented, and it does not facilitate comparisons across employees. Therefore these options are incorrect.

19. When asked by her instructor to rate her fellow group members according to their performance in a class project, Kirsten gave them all a grade of 75 although it was obvious that some had worked harder on the product than others. Kirsten was guilty of which one of the following rating errors?

- 1 Halo effect
- 2 Recency
- 3 Central tendency**
- 4 Leniency

The correct answer is **Option 3**. Refer to Section 3.9 in the study guide.

The central tendency error occurs when raters use only the middle points on the rating scale and avoid using the extremes. The result is that most or all employees are rated as “average”. This is also an intentional type of error and is mainly caused by the manager’s desire to play it safe. Kirsten played it safe by avoiding the extremes, and gave them all a grade of 75, although it was obvious that some members had worked harder than others. Therefore Option 3 is correct.

Options 1, 2 and 4 are incorrect. The halo effect occurs when managers fail to distinguish between different aspects of performance being rated. If an employee receives a high score on one dimension, he/she also receives a high score on other dimensions even though performance may not be the same across all dimensions.

The recency error occurs when performance appraisal is influenced mainly by information gathered during the last portion of the review period. Raters are then more heavily influenced by behaviours taking place toward the end of the review period instead of giving equal importance and paying attention to incidents occurring throughout the entire review period.

The leniency error occurs when raters assign high (lenient) ratings to most or all employees. In other words, leniency involves artificial rating inflation, when all employees are rated higher than they should be rated.

20. Which of the following conditions should be present when a company chooses an individual performance-related reward plan? When _____

- a output is a group collaborative effort.
- b there are good measures of individual performance.
- c individual contributions to output cannot be assessed.
- d individual performance standards are stable.
- e production methods and the labour mix are relatively constant.

Choose the correct option:

- 1 a, b and c
- 2 b, d and e**
- 3 a, b, c and d
- 4 a and c

The correct answer is **Option 2**. Refer to Section 5.4.1 in the study guide.

The conditions described in options b, d and e should be present when a company chooses an individual performance-related reward plan, while the conditions in options a and c would not be applicable. Companies should not choose individual performance-related reward plans when output in the company is a group collaborative effort or when individual contributions to output cannot be assessed.

4 EXAMINATION

In the past, I have received numerous requests from students for examination hints and tips. As the paper will cover the whole syllabus (**Study Units 1 to 10**), no specific sections or study units will be

demarcated for the examination. Please refer to tutorial letter HRM3706/101/3/2015 and the myUnisa page for this module for information about the examination. You are welcome to contact me if you need further assistance and support for the examination.

5 CONCLUSION

I trust that this assignment has increased your understanding of the topics we covered. Remember that it is essential that you master the theory in this module and that you can apply the theory when you deal with performance management in everyday practical situations.

You are most welcome to contact me about the assignments or the study material. If you need to contact me with a query, try to formulate an answer to your query beforehand so that I can use your ideas as the basis for an insightful discussion.

I recommend that you complete self-assessment Assignment 03 and that you include our feedback on Assignments 01 and 02 as part of your preparation for the examination.

I wish you success with your studies.

Mr. L.S. Maré
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