

HRM3706

October/November 2011

PERFORMANCE MANAGEMENT

Duration 2 Hours

75 Marks

EXAMINERS ·
FIRST ·
SECOND
EXTERNALMRS EM MAIMELA
PROF M COETZEE
MR MA BUYS

This examination paper consists of **THREE (3)** pages

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INSTRUCTIONS:

- Write the numbers of the questions you choose in the appropriate space on the front cover of the examination book
- Answer any **three (3)** of the following **four (4)** questions

Question 1

Read the following scenario and then answer the questions that follow

PERFORMANCE APPRAISAL: DOES INCONSISTENCY MATTER?

Thwadi was employed as a painter in the motor painting section at Ford-Mazda Company. He received a high rating (4,5, which was considered to be outstanding) when his performance was appraised. The company policy expressly stated that anyone who scored 4+ ratings should get a cash reward. It even provided the formula for calculating the reward. Thwadi hoped to receive the reward at the end of the same month, but he noticed on his salary advice that there had been no change in his salary. That meant the reward had not been included in his monthly salary. He was angry and confronted his line manager. This was the line manager's response: "The reward is only given out only if you score 4+ ratings three times in a row. Because this is your first time, you will have to work hard next year and the year after that to be eligible to for a reward." Thwadi was very frustrated, especially because he had been under the impression that other employees had received the reward after only one excellent appraisal. He intended to report this matter to the labour union.

[PLEASE TURN OVER]

- 1 1 With reference to the case study, identify and apply two aims or purposes of performance management that are appropriate to help solve the problem in the scenario. Indicate how each can help to solve this problem (8)
- 1 2 For Thwadi to perform outstandingly, he should have displayed a combination of three factors that determine performance. Discuss these three factors and identify aspects that influence them (6)
- 1 3 With reference to the above scenario, give a practical example of how each factor in question 1 2 influenced Thwadi's outstanding performance (6)
- 1 4 Briefly explain why managers must first identify factors that are hampering employee performance before they apply measures to help employees improve their performance. Give a suitable example to substantiate your answer (5)

[25]**Question 2**

Read the following statement and then answer the questions that follow

"Due to the worldwide recession, Sarah is finding it difficult to reach her monthly target as indicated in her performance agreement at the beginning of the year. In her case a behaviour approach to performance appraisal can be used "

- 2 1 Do you agree with the above statement? Substantiate your answer by discussing three circumstances in which the behavioural approach to performance appraisal is appropriate (3)
- 2 2 Which one of the circumstances you have mentioned in question 2 1 corresponds with Sarah's circumstances? Explain your answer (2)

Read the following statement and then answer the question that follows

"If the world economy improves, Sarah's performance will probably also improve. She will bring more clients to the organisation, which will improve the organisation's sales level. However, the organisation will also have to consider paying her for her good performance "

- 2 3 Warn the management of this organisation about any five disadvantages of pay-for-performance plans. Refer to Sarah's situation in each disadvantage you mention (20)

[25]**[PLEASE TURN OVER]**

Question 3

Read the following scenario and then answer questions 3.1 and 3.2

RATERS ERROR AT PPC OUTLETS

Nhlanhla is a nice-looking woman who works in the contact centre of PPC Outlets. Her manager regards her as kind and friendly. She sounds kind and friendly when she talks to clients on the phone, she is respectful and she greets everyone she meets at the office. As a result of all these good qualities, she gets outstanding ratings from her manager when her performance is appraised.

- 3.1 Identify the type of rater's error made by the manager in the scenario and explain why it is difficult to avoid such errors? (3)
- 3.2 To avoid such errors in the future, you advise Nhlanhla's manager to introduce the 360-degree performance feedback system. Explain to the manager how does this system work, and also identify risks associated with this system (7)
- 3.3 Discuss, with an aid of a diagram, the effect of the environmental factors on the organisations performance (7)
- 3.4 Briefly describe any four (4) the specific objectives of a personal developmental plan (8)

[25]**Question 4**

- 4.1 Discuss a cause-and-effect relationship among the four BSC perspectives. Use a diagram to clarify your discussion (10)
- 4.2 Briefly explain any five important concepts that are relevant in litigation related to performance management (10)
- 4.3 Justify the use of the critical success factors and key performance indicators in performance management systems (5)

[25]**[TOTAL = 75]**