



HRM3706
RHR3706

May/June 2012

PERFORMANCE MANAGEMENT

Duration 2 Hours

75 Marks

EXAMINERS .
FIRST
SECOND
EXTERNAL

MRS EM MAIMELA
MR LS MARE
MR MA BUYS

Use of a non-programmable pocket calculator is permissible

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This examination paper consists of five (5) pages

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 **five (5)** questions

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Question 1

The following statement relates to questions 1 1

“Due to the worldwide recession, Sarah, a saleslady at PQM Insurers, is finding it difficult to reach her monthly target as indicated in her performance agreement at the beginning of the year. She is very upset, since she feels that her poor performance is not her fault”

- 1 1 Identify the approach suitable to measure Sarah's performance and provide two other circumstances in which this approach can be used (4)
- 1 2 Distinguish between the performance-measuring approach you have identified in question 1 1 and the other two approaches, and give a practical example of each (12)
- 1 3 Briefly explain the role played by job analysis in the process of performance management (3)
- 1 4 Different types of teams have different implications for performance management. Discuss these implications (6)

[25]

Question 2

Consider the following scenario and answer questions 2 1 to 2 3

Evaluating employee performance in absentia: good practice?

Lindi is a sales manager at a large pharmaceutical company. The fiscal year will end in one week. She is overwhelmed by the end-of-the-year tasks, including reviewing the budgets that are likely to be allocated to her in the following year, responding to customers' phone calls, and supervising a group of 10 sales people. It is a very hectic time, probably the most hectic time of the year. She receives a phone call from the human resource (HR) department: “Lindi, we have not yet received your performance appraisals for your 10 employees, they are due by the end of the fiscal year.” Lindi thinks, “Oh, those performance appraisals. What a waste of time!” From Lindi's point of view, completing those seemingly meaningless forms has no value whatsoever. She does not see her subordinates in action because they are in the field, visiting customers most of the time.

Their sales figures, which depend more on the products offered and geographic territory covered than on individual effort or the motivation of each salesperson, are the only tangible evidence of their performance. Besides, nothing has been forthcoming in terms of rewards, regardless of her ratings. These are lean times in her organisation, and salary adjustments are based on seniority rather than on merit. She has less than three days in which to hand in her forms.

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What will she do? She decides to follow the path of least resistance, which is giving her employees average ratings. In this way, Lindi believes the employees will be happy with their ratings and she will not have to deal with complaints or follow-up meetings. Lindi fills out the forms in less than 20 minutes and gets back to her "real job"

- 2.1 Which stage of the performance management process resembles what Lindi is doing in this scenario? Give reasons for your answer (3)
- 2.2 Identify the rater's error that Lindi is making in this scenario. Substantiate your answer (2)
- 2.3 Advise Lindi that performance management comprises six stages. To make her understand, analyse the role played by each of the following stages of the performance management process in ensuring that employee performance contributes to the performance of the organisation as a whole
- | | | |
|---|-----|------|
| (a) Prerequisite stage | {4} | |
| (b) Performance planning stage | {4} | |
| (c) Performance assessment stage | {4} | |
| (d) Performance recontracting and renewal stage | {4} | |
| | | (16) |
- 2.4 Discuss the evaluative and multidimensional nature of behaviour which are labelled as performance (4)

[25]

Question 3

- 3.1 Discuss the two general objectives of performance-related reward plans (4)
- 3.2 Discuss how the following can pose as constraints for managers in observing employees' performance regarding developmental plans
- | | | |
|-----------------------------|-----|-----|
| (a) Time constraints | {2} | |
| (b) Situational constraints | {2} | |
| (c) Activity constraints | {2} | |
| | | (6) |
- 3.3 One way of improving employee performance is through coaching. Discuss five activities coaches need to perform in order to turn feedback into results (10)

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- 3 4 Briefly explain what will happen if managers only focus on critical success factors when measuring organisational performance, without providing their key performance indicators (5)

[25]

Question 4

Read the scenario below and then answer questions that follow:

WHO'S THE BOSS?

In 1995, when Ronald Baron became ABSA's chairperson and Tony Thomson became its president, they had one major goal to focus the performance of the entire workforce on success. It is a simple idea, but not so easy to implement. For example, how would they convince entry-level bank tellers to think of their work not just as a means to a pay cheque, but also as a direct contribution to the wellbeing of ABSA shareholders?

The answer was what ABSA managers called a balanced-scorecard approach. To be competitive, managers realised, the bank had to meet the needs of all its stakeholders. In order to achieve this, every single department and every employee had to understand how their work contribute to the success of meeting stakeholder needs. Each employee's performance would thus also be evaluated according to how he/she enabled the bank to meet the needs of stakeholders. The newly appointed tellers did not understand this new approach and they came to see you as their line manager for clarity on the approach.

- 4 1 Firstly, explain to the new tellers why ABSA management need a balanced scorecard in managing organisational performance (10)
- 4 2 Briefly discuss with the management of ABSA any seven implementation pitfalls that should be avoided when introducing the balanced-scorecard approach (7)
- 4 3 Distinguish between results and efforts indicators and explain why ABSA should monitor both (8)

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Question 5

Read the following statement and answer question 5 1

"If the world's economy in Sara's case study in question 1 improves, there is hope that her performance will improve. She will bring more clients to the organisation, which will improve the organisation's sales level. However, the organisation will also then have to consider paying her for her good performance"

- 5 1 Discuss any five (5) disadvantages of pay-for-performance plans. Refer to Sarah's scenario for each disadvantage discussed (15)
- 5 2 Briefly explain any five (5) important concepts that are often relevant in the case of litigation related to performance management (10)

[25]

TOTAL FOR THE PAPER: [75]