



**HRM3706
RHR3706**

October/November 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

Closed book examination.

This examination question paper remains the property of the University of South Africa and may not be removed from the examination venue.

This examination paper consists of four (4) 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

[TURN OVER]

QUESTION 1

Read the following scenario and answer the questions that follow

What happens when performance management is implemented poorly?

Karabo works for The Real Construction Company. She was promoted several times until she started working under the supervision of a new manager. She has recently reported a case of unfair labour practices at the CCMA. Her main concern is that since she was promoted and reported to the manager the manager ignored her and did not give her the same support or opportunities for training that her male colleagues received when their performance review ratings were not on the required standard. This practice got worse after the manager received a call from CCMA to notify him about the case.

After eight months of receiving no feedback from her manager, she was called into his office, where the manager told her that she was failing, resulting in a demotion and a R20,000 reduction in her annual salary

Karabo eventually won her sex-discrimination case. A jury awarded her R200,000 in emotional distress and financial damages (to be paid by the organisation)

- 1.1 Identify and discuss three (3) purposes of performance management related to this scenario. State how each apply to this scenario. (12)
- 1.2 Stage 4 (performance assessment) of the performance management process is not applied in the performance management at The Real Construction Company. Do you agree with this statement? Substantiate your answer. (3)
- 1.3 Discuss two (2) concepts that are often relevant in the case of litigation that are applicable to the case study. (6)
- 1.4 It has been evidenced in the above scenario that evaluating human behaviour will often be a subjective (biased) process. Explain the reason for this subjectivity or biasness; and identify a rater error that Karabo's manager is committing in the scenario. (4)

[25]

QUESTION 2

- 2.1 Discuss any five (5) activities to be done before, during and after performance feedback to avoid a feeling of resentment amongst employees and to encourage performance improvement. (10)
- 2.2 Distinguish between three (3) types of teams and analyse the implication of each on the implementation of performance management systems. (12)
- 2.3 Briefly discuss the danger of introducing individual performance rewards when an organisation wants to foster cooperation and team work. (3)

[25]

[TURN OVER]

QUESTION 3

Read the following case study and answer **Question 3.1** that follows.

Eliminating a bad performance management system at Newlands Corporation

In the 1990s Newlands corporation was faced with a problem – its performance management system was not working. Rather than motivating the employees, its system was leaving them discouraged and disgruntled. Newlands recognised the problem and developed a new system to eliminate it

Rather than attempting to fix the old performance management system, Newlands formed a task force to create a new system from scratch. The new system has three stages, as opposed to one-step of the old system. These steps are spread out over the course of the year.

The first stage occurs in the beginning of the year when the manager meets with each employee. Together they work out a written agreement on employees' goals, objectives, plans and tasks for the year. Standards of satisfactory performance are explicitly spelled out in measurable, attainable and specific terms.

The second stage consists of a mid-year mandatory feedback and discussion session between the manager and the employee. Progress towards achieving goals and performance strengths and weaknesses are discussed; as well as possible means of improving in the following half of the year. Both manager and employee sign an "objective sheet" indicating that the meeting took place.

The third stage is a performance review, which takes place at the end of the year. Both the manager and the employee prepare a written document, stating how well the employee met the preset performance targets. They then meet to discuss the performance of the employee, and to resolve discrepancies between the perceptions of the manager and the employee. This meeting emphasises feedback and improvement efforts made to stress the positive as well as the negative aspects of the employee's performance. This stage also includes a developmental planning session in which training, education or development experiences that can help the employee, are discussed.

- 3.1 Compare the performance management system at Newlands Corporation with the six staged performance management process of Aguinis. Critically discuss the performance management system at Newlands. (16)
- 3.2 Distinguish between efforts and results performance indicators (4)
- 3.3 Organisational performance can be influenced by the external environmental factors which are beyond the organisation's control. Briefly discuss how the social environment affects organisational performance. Provide a suitable example (5)

[25]

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QUESTION 4

- 4.1 Draw a diagram to illustrate the coaching process. Discuss each step in the process. (10)
- 4.2 Explain the three (3) challenges faced by managers in observing and documenting developmental behaviour and outcomes (9)
- 4.3 Discuss any three (3) criticisms against the Balanced Scorecard (BSC) (6)
- [25]**

QUESTION 5

- 5.1 Discuss why the concepts of critical success factors (CSFs) and key performance indicators (KPIs) are crucial when measuring organisational performance, and explain why there should always be a key performance indicator for every critical success factor (10)
- 5.2 Discuss four (4) circumstances in which the results approach of measuring employee performance is appropriate (8)

Read the following paragraph and answer Question 5.3 that follows.

Performance management, ethics and the law

Today's economic uncertainty has forced many organisations' executives to at least consider reducing staff size in order to salvage the fiscal health of their organisations. While sometimes these staff reductions are true "reductions in force" and not based on the performance of the affected individuals, often organisations' executives will look to cut staff whose performance levels are below expectations. Of course, a decision to terminate an employee's contract must be made only after great care is taken to ensure that the organisation is not exposing itself to significant legal risks. When calculating these risks, an employee's past performance reviews -- documented in writing -- can serve as the organisations' best ally or its worst enemy, depending on how effective and accurate those reviews are.

- 5.3 The paragraph emphasises how some organisations apply performance management in an illegal and unethical manner. Identify this unethical and illegal behaviour and discuss the risks such organisations expose themselves to. (7)

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TOTAL: 75 MARKS