

HRM3706

May/June 2014

PERFORMANCE MANAGEMENT

Duration 2 Hours

75 Marks

EXAMINERS
FIRST
SECOND
EXTERNAL

MR LS MARE
MRS M MOOSA
MR MA BUYS

Closed book examination

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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

QUESTION 1

- 1 1 Assume that you are supervising employees who fall into one of three categories
- (1) effective performers who have lots of potential for advancement
 - (2) effective performers who are happy to stay where they are and who lack motivation or ability (or both) for advancement, and
 - (3) ineffective performers

You have assessed their performance and now it is time to have feedback sessions. What are your objectives for the discussions with the employees in each of these three categories? Explain how your discussions will be similar and how they will be different, as well as how you will preserve fairness during the interviews (7)

- 1 2 "One reason why performance appraisals fall short of achieving strategic objectives is the ambiguity about who is responsible for managing the performance management process "

Is this statement true or false? Does performance management fall in the domain of HR departments or line management? Motivate your answer (4)

- 1 3 Armando has been working hard with an eye on a promotion. But when the list with the names of the people who would be promoted was posted, his name was not on it. The spot he wanted was awarded to Bill, an employee who was widely viewed to be the supervisor's favourite. What impact will this have on Armando's performance? Provide a critical assessment of this situation (5)

- 1 4 ***Read the following scenario and answer the questions that follow***

Super Service Dry-cleaners (SSD) is an organisation that offers a dry-cleaning service to townships. Its aim is to attract new customers in 2014. To ensure that it will achieve this goal, it must measure how many new customers it attracts each week. Depending on the outcome, SSD may reward employees based on the number of new customers they have personally helped attract.

- 1 4 1 Quote a sentence from the scenario, which expresses the critical success factor (CSF) of SSD. Give a reason for your answer (3)
- 1 4 2 Quote a sentence from the scenario, which expresses the key performance indicator (KPI) of SSD. Give a reason for your answer (3)
- 1 4 3 Briefly discuss the link between SSD's strategic objective/critical success factor and its employee performance (3)

[25]

[TURN OVER]

QUESTION 2

Read the following case study and answer the questions that follow.

Setpoint's Public Performance Managing with metrics

If you like roller coasters, chances are you've enjoyed a product that was manufactured by Setpoint, a Durban based business, which is in the business of producing amusement park entertainment. For Setpoint employees, having fun at work is as important as creating fun for others. At this company, having fun goes hand in hand with a focus on performance. Setpoint's CEO, Joe Knight, created a company culture that aligns the way employees think about their work with Setpoint's strategic objectives. Setpoint's culture embraces employee involvement and management support, and uses an open-door approach to management. Regardless of their specific jobs, employees receive financial training and are expected to participate in enhancing the company's financial performance. Company-specific metrics are displayed on "the board"

By studying the board, anyone can figure out in what stage a project is, and its financial success. Employees can also track various other metrics, such as operating expenses and gross profits per hour, for each project. And because everyone understands how the company makes money, they can interpret the figures to understand how their projects are doing compared to others.

Every Monday morning, the board is the focus of a company "huddle", where projects are reviewed and tactics are discussed to ensure that goals are met. In most companies, understanding and monitoring the metrics and project management plans are the responsibility of managers. At Setpoint, everyone who works on a project shares responsibility for its success. Employees understand both their personal roles in the project and how the performance of everyone involved influences Setpoint's bottom-line success. At Setpoint, the board that is the focus of so much employee attention symbolises the open and trusting relationships that managers and other employees share. At the same time, the board and the huddles that take place around it, strengthen and support the company's strategic performance management process.

- 2.1 How would you describe a performance-driven culture in this organisation? (1)
- 2.2 Critically evaluate the case study in terms of the benefits of strategic performance management and provide examples from the case study to demonstrate your arguments. (17)
- 2.3 Discuss the guiding principles for successful coaching. (7)
- [25]**

QUESTION 3

- 3.1 Peter is a manager in one of your Smart retail stores. List the sources that you would use to collect performance data for Peter and motivate the inclusion of each source. (17)
- 3.2 Provide a critical analysis of the management by objectives (MBO) process. (8)
- [25]**

[TURN OVER]

QUESTION 4

Read the case study below and answer the questions that follow.

HR challenges at the South African Postal Service (SAPOS)

Today, people can communicate and do almost every type of transaction using electronic means. Sending a handwritten letter or paper documents is becoming a thing of the past. Yet nearly all of us still have paper mail delivered daily to our homes and offices by the SAPOS.

The SAPOS's recent financial performance has not been acceptable. From 2001 to 2012, the postal service lost R5 billion. John Ndlovu has been appointed as the new director for postal service. As part of an effort to turn things around, John has been tasked to implement a new market-driven and performance-based pay approach. At the outset, John faces many hurdles in the postal service as a result of targets not being set, poor communication, mid-level and top-level managers who are not committed to performance management, and a high staff turnover.

- 4.1 Describe how John should implement the performance-based pay approach to
- 4.1.1 support the strategic objectives of the organisation (8)
 - 4.1.2 manage labour costs (8)
 - 4.1.3 attract, maintain, and motivate talent (4)
- 4.2 Imagine that you are one of the managers in SAPOS. A developmental plan has to be drawn up for one of the employees reporting to you. Provide a critical analysis of the requirements for such a plan (5)

[25]

QUESTION 5

- 5.1 Michelle is a manager at a large fast-food restaurant chain in SA. You are the regional manager supervising her.
- 5.1.1 Which approach would be most suitable to measure Michelle's performance? (1)
 - 5.1.2 Discuss the circumstances under which this approach (the approach you identified in question 5.1.1) is most appropriate and provide examples from the fast-food industry (12)
 - 5.1.3 Which criteria would you use to rate Michelle's performance? (6)
- 5.2 You are the HR professional in ABSA with expert knowledge of the balanced scorecard (BSC). Management has decided to implement the BSC to manage organisational performance. Advise the management of ABSA on the pitfalls that should be avoided when introducing the balanced-scorecard approach (6)

[25]

TOTAL FOR PAPER 75

[TURN OVER]

CHECKLIST	✓
Did you answer 3 of the 5 questions , including all the sub-questions in each question?	
Did you fill in all your personal particulars on the cover of the examination answer book?	
Did you write the numbers of the questions you answered on the cover of the examination answer book?	

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