

Code: 17BA3T6HA

**II MBA - I Semester-Regular / Supplementary Examinations
November 2019**

PERFORMANCE MANAGEMENT

Duration: 3 hours

Max. Marks: 60

SECTION - A

1. Answer the following:

5 x 2 = 10 M

- a) Define Performance Management.
- b) Identify the importance of competency mapping.
- c) HR challenges.
- d) State the difference between coaching and training.
- e) Explain the importance of teams in improving performance.

SECTION – B

Answer the following:

5 x 8 = 40 M

2. a) Define performance management and explain about any one approach of performance management.

(OR)

- b) Distinguish performance management and Performance Appraisal in detail.

3. a) Describe about process of competency mapping.

(OR)

- b) Discuss about the strategic linkage of Performance Management.

4. a) Explain reward based performance management system.

(OR)

b) Describe about different methods of appraisal.

5. a) Explain the importance of performance counseling in improving performance.

(OR)

b) Why is it important to monitor Performance periodically?

6. a) What is the importance of Leadership in building a team?

(OR)

b) Describe the process of developing high performance teams.

SECTION-C

7. Case Study

1x10=10 Marks

Network Solutions, Inc., is a worldwide leader in hardware, software and services essential to computer networking. Until recently, Network Solutions, Inc., had over 50 different systems to measure performance within the company, many employees did not receive a review, fewer than 5 per cent of all employees received the lowest category of rating, and there was not a recognition programme in place to reward high achievers. Overall, there was recognition that performance problems were not being addressed, and tough pressure from competitors increased the costs of not managing human performance effectively. In addition, quality initiatives (Six Sigma) were driving change in several areas of the business, and Network Solutions decided that these initiatives should also apply to 'people quality'. Finally, Network Solutions wanted to improve its ability to meet its organizational goals, and one way of doing this would be to ensure they were linked to each employee's goals. Given the situation described above, in 2001 Network Solutions' CEO announced he wanted to implement a forced distribution performance management system in which a set percentage of employees are classified

in each of several categories (e.g., rating of 1 to the top 20 per cent performers, rating of 2 to the middle 70 per cent performers, and rating of 3 to the bottom 10 per cent performers). A global cross-divisional HR team was put in place to design and implement the new system. The first task for the design team was to build a business case of the new system by showing that, if organisational strategy was carried down to team contributions and team contributions were translated into individual goals, then business goals would be met. Initially the programme was rolled out as a ‘year round people management system that raises the bar on performance management at Network Solutions by aligning individual performance objectives with organisational goals by focusing on development of all employees’. The desired outcomes of the new system included raising the performance level of all employees, identifying and retaining top talent, and identifying low performers and improving their performance. Network Solutions also wanted the performance expectations for all employees to be clear.

Before rolling out the programme, the design team received the support of senior leadership. They did this by communicating that the performance management system is the future of Network Solutions, and by encouraging all senior leaders to ensure that their direct reports understood the process and also bought into it. In addition, they encouraged senior leaders actually to use the system with all of their direct reports, and to demand and utilise output from the new system. Next, the design team encouraged the senior leaders to stop the development and use of any other performance management systems, and pushed for standardisation of performance management across all divisions. Finally, they had senior leaders call attention to the new programme by involving employees in training about talent management and assessing any needs in their divisions that the new system would not address.

With forced distribution systems, a set number of employees must fall into set rating classifications. As noted above, in the Network Solutions system employees are given a rating of a 1 (given to the top 20 percent of employees in the performance distribution), 2 (given to the middle 70 percent of employees in the performance distribution), or 3 (given to the

bottom 10 percent of employees in the performance distribution). Individual ratings are determined by the execution of annual objectives and job requirements as well as a comparison rating of others at a similar level at Network Solutions. Employees receiving a 3, the lowest rating, have a specified time period to improve their performance. If their performance does improve then they are released from the plan, but they are not eligible for stock options or salary increases. If performance does not improve, they can take a severance package and leave the company, or they can start on a performance improvement plan that has more rigorous expectations and timelines than the original action plan. If performance does not improve after the second period, their employment is terminated without a severance package. Individuals with a rating of 2 receive average to high salary increases, stock options and bonuses. Individuals receiving the highest rating, 1, receive the highest salary increases, stock options and bonuses. These individuals are also treated as 'high potential' employees and given extra development opportunities by their managers. The company also makes significant efforts to retain all individuals receiving this rating.

Going forward, there is a plan to continue reinforcing the needed cultural change to support forced distribution ratings. HR centres of expertise continue to educate employees on the system to ensure that they understand that Network Solutions still rewards good performance; they are just measuring it differently. There is also a plan to monitor for and correct any unproductive practices and implement correcting policies and practices. To do this they plan on continued checks with all stakeholders to ensure that the performance management system is serving its intended purpose.

Case Questions:

- i. What are the advantages of forced distribution method?
- ii. What amendments do you suggest to the CEO to make the appraisal more objective?