

Jagan Institute of Management Studies
End-Term Examination, September-October, 2017
Trimester IV – PGDM 2016-18

Performance Management
ET_PG_PM_0610

Time: 3 Hrs.

M. Marks: 70

INSTRUCTIONS: Attempt any FIVE questions including Q1 & Q7 which are compulsory.

- Q 1** Attempt any **THREE** of the following:
- a) Performance management is development oriented whereas performance appraisal is punitive in nature.
 - b) Performance planning starts from employee's goal planning.
 - c) Team Incentive schemes at times accommodate social loafers.
 - d) Elimination of underperformers from organisation according to Bell Curve needs revision.
 - e) Potential appraisal is an integral part of performance appraisal. **15**
- Q 2** The performance management process (PMP) in an organization has conflicting purposes. It can be used to determine merit increase and performance feedback for work done during the previous performance cycle to determine training needs, and as a key tool in succession planning. Can one procedure really serve all those functions well? Discuss the relevance and importance of having well laid out performance PMP for employees and organisation as a whole. **12**
- Q 3** Anita was reading a report on how companies like Adobe, General Electric, Goldman Sachs and Netflix have significantly overhauled how they evaluate their employees. Her thought trailed to a seminar she has recently attended where a speaker said, "Traditional performance evaluations are plagued by unclear expectations, infrequent feedback and biased evaluations. By default, most performance evaluations focus on correcting past mistakes and personal weaknesses. Cite five examples where lag indicators pertaining to performance evaluation, by thoughtful analysis be converted into lead indicators. **12**
- Q 4** The winds of change at SAP just swept away the age-old traditional annual reviews and ratings, replacing it with a culture of continuous dialogue. The software company has successfully rolled out a new performance management programme called 'SAP Talk: Real

Conversations, Real Time’, which works on continuous dialogue as the base for performance reviews. According to SAP, Regular conversations between managers and employees via SAP Talk will have three pillars —goals review and feedback; career and development discussions; and discussion on working conditions.

Design a Performance Management template revolving around the three pillars focussed on Employee Dialog.

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Q 5 Public Sector Undertakings (PSUs) lack a robust performance management system, meritocracy and strong reward and recognition mechanism. In the absence of strong performance management systems and well-defined KRAs, employees at PSUs do not feel the same performance pressure as workers in the private sector do. This certainly impacts the entire work environment, in terms of both performance and employee expectations. Suggest three-pronged approach as to how PSU’s can be made more competitive.

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Q 6 Employers often justify that workplace monitoring is essential to protect the organisation from unwanted actions. No monitoring makes the workplace unaccountable and susceptible to risk. On the other hand if an employee has to be concerned about having every motion monitored, she is less likely to be thinking out of the box or coming up with creative solutions. The ultimate result may be less productivity and burnout.

Monitoring should be used as a tool, to support the performance appraisal process, which includes timely support of by the manager to the subordinates. Comment.

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Q 7 [Read the case and answer the questions given at the end.](#)

Gionee’s point-based evaluation system is a performance booster

5	BEST
4	GOOD
3	AVERAGE
2	BAD
1	WORST

 **GIONEE**

Performance management processes have seen various ups and downs in the last few years, as organisations tweaked and twisted their performance-evaluation techniques several ways, to fit employee expectations. Despite there being no single perfect process, some organisations just manage to find their best bet — a performance

evaluation system that is transparent, fair, and one that motivates all to perform better.

Gionee, the Chinese smartphone manufacturer set up its office in India only four years back and has come a long way in terms of establishing itself. From an initial handful to about 400 employees now, Gionee in India boasts of a strong performance evaluation system as the spine behind its rapid growth. The point-based performance evaluation system at Gionee is grounded, yet modern in terms of taking care of employees' ambitions and expectations.

The five-point rating scale in performance evaluation may not be something new. However, there is something unique about the point-based system at Gionee. Gaurav Sharma, director-human resources, Gionee India points out that, "The unique aspect about the point-based evaluation system we have is that the accumulation of points over time, helps people visualise their growth path and encourages them to outperform themselves. It also makes the accountabilities clear to them at each level."

Each employee is assigned points on the five-point Likert scale based on their key performance indicators or KPIs. The five points range from exceeding expectations, to not meeting expectations at all, from five to zero respectively. Employees, who take up additional assignments or are able to accomplish more challenging tasks, in addition to their day jobs, are awarded additional points for the same. On the contrary, those who may be found involved in disciplinary issues or matters pertaining to non-performance may get their points deducted.

The points employees score, can be accumulated, contributing to their growth within a band, until they get promoted to the next band. The accumulated points act as an employee's ticket to the next band — the more they score, the earlier they get to be in the next band. "It can take up to two to ten years for an employee to get promoted to the next band, depending on their performance and potential," says Sharma.

The points make people eligible for the next level as they are an indication of one's potential and performance, both of which take up a specific weightage in the rating system. For the upper or managerial or directorial levels, the percentage ratio for performance and potential is 60–40 respectively, while for the lower levels it is 80–20.

Sharma describes the system as one that may not necessarily slow down promotion but will certainly ensure and expedite progression. "The point-based system ensures smooth linear progression. It is also a unique way of encouraging job enrichment through motivating people to

break their inhibitions and take up more challenging assignments in a bid to earn more points,” he says.

The company also has a unique salary increment allocation system, based on a merit matrix. It ensures fair distribution to employees on the basis of, not just their performance, but also the state of their existing salaries.

The two-dimensional matrix divides the entire budget into four quadrants, where 40 per cent of the budget is given out to employees, who are high on performance but low on salary; 30 per cent to those who are high on both performance and salary; 10 per cent to those who are low on both salary and performance and none to those who are low on performance, but already high on salary. In this, 20 per cent budget depends on the discretion of the HODs.

Both the point-based evaluation system and the merit matrix for salary increments are two strong pillars that support unbiased growth and progression at Gionee. The company is also looking to digitise its point-based evaluation system but Sharma shares that they haven't yet come across a suitable platform to facilitate this. Nevertheless, in times when technology is disrupting everything, the point-based performance management system, despite being a manual process has proven to be a classic performance booster.

Questions:

- a) Discuss the merits of point –based evaluation system adopted by Gionee. 6
- b) In the increment allocation system, 20% of the budget is left at the discretion of the bosses. What kind of biases can predominantly occur in such a case and how can they be handled? 7
- c) Will inclusion of BARS in point based evaluation increase the effectiveness of the system? 6
