



# MUTHAYAMMAL ENGINEERING COLLEGE

(An Autonomous Institution)

(Approved by AICTE, New Delhi, Accredited by NAAC & Affiliated to Anna University)



Rasipuram - 637 408, Namakkal Dist., Tamil Nadu

## DEPARTMENT OF MANAGEMENT STUDIES

### 19MBC25 PERFORMANCE MANAGEMENT

#### UNIT-I

##### 2 MARKS

1. Define Performance Management.
2. What is meant by Employee Empowerment?
3. Define forecasting.
4. What is Transparency?
5. What do you mean by self management teams?
6. What are the Objectives of Performance Management?
7. What are the natures of Objectives?
8. Write any three scope of PM.
9. What is Congenial Work environment?
10. State the four roles of appraisals in PM.

##### 13 MARKS

1. Discuss about the Dimension of performance management system in Organization.
2. Discuss the various contribution of performance management system to an organization.
3. Describe the various factors affect the employee performance.
4. Explain in detail about the individual and organizational performance process.
5. a. Explain the importance of performance objectives.  
b. What is the factors which determine the corporate objectives of a business?

#### UNIT-II

##### 2 MARKS

1. Define Performance planning.
2. Whose performance to be planned?
3. What is KPI?
4. What do you mean by Performance planning?
5. List out the four kinds of development plan.
6. Define self appraisal.
7. What is performance analysis model?
8. What is Deadwood?
9. What are the objectives of performance analysis?
10. Who provides performance feedback?

### **13 MARKS**

1. Explain in detail about the components of an effective performance planning.
2. Elaborately state the differences between KPAs and KRA.
3. Briefly discuss about the performance analysis process.
4. What are the benefits to make the performance analysis process in the organization?
5. Explain in detail about the performance analysis model.

### **UNIT-III**

#### **2 MARKS**

1. Define Performance review.
2. What do you mean by performance rating?
3. What is coaching?
4. List out the coaching style.
5. Write any three important functions of coaching.
6. Define Regency.
7. What do you mean by Performance appraisal error?
8. How will you encourage employee participation in performance review?
9. State the objectives of performance review discussion
10. Define Mentoring.

### **13 MARKS**

1. Explain in detail about the methods of performance appraisal system in organization.
2. What is mentoring? Explain what are the qualities possesses good mentor in the organization.
3. Describe coaching process and its components with a neat flow diagram.
4. Explain in detail about the factors of performance appraisal system in the organization.
5. A. How to prepare and conduct performance review discussion in the organization?  
B. Discuss the various components of a performance appraisal form or questionnaire.

### **UNIT-IV**

#### **2 MARKS**

1. Define operational change?
2. What do you mean by operational change?
3. What are proactive and reactive changes?
4. What are the features of performance management system?
5. List out any two implementation process.
6. List out the alternative in PMS
7. What is monitoring?
8. What is Checklist and weighted checklist?
9. What is BARS?
10. What is mean by pragmatism?

### **13 MARKS**

1. What are the internal and external forces of organizational change? Differentiate between stability and change.
2. Highlight the importance of organizational change. Discuss the process of organizational change.
3. Explain in detail about the recent approaches in PMS.
4. A. Describe the implementing process in PMS with the suitable example.  
B. What are the factors affecting in implementing PMS in organization?
5. Does the traditional PMS work in the current situation of the company. Explain

## UNIT-V

### 2 MARKS

1. Define self Appraisal.
2. What is the purpose of appraisal in employee view?
3. What is 360-degree feedback?
4. Define 720 degree performance appraisal.
5. Who is a trained appraiser?
6. What do you mean by reward system?
7. What is Intrinsic and extrinsic reward?
8. Define financial reward system.
9. List out any four non financial reward system.
10. What is team performance management?

### 13 MARKS

1. What is appraisal? Explain the purpose of appraisal in the organization.
2. Explain the different methods of performance appraisal in the organization.
3. What are the measures on organization has to ensure to a made performance based reward system effective? Discuss in detail.
4. What are all the problems HR managers are encountering when introducing performance reward system?
5. What are the qualities of reward system implemented towards the employees' benefits in the organization?

### Case Study 1.

#### SHRM AT MERCIA SYSTEMS LTD

The case

Background

Mercia Systems is engaged in the business of precision engineering, including the development and manufacture of specialized mechanical devices primarily for defense purposes.

Two major factors have affected the company: first, the contraction in the defence industry and, second, the change in government policy from cost-plus contracting to competitive tendering. This

compelled the company to develop an entirely new business strategy and to carry out a comprehensive re-engineering process.

#### Critical success factors

The Managing Director, stated unequivocally in his report to the shareholders that:

The one factor that drives us is technology know-how. This means we offer solutions, not products. That is really what we have to sell and it depends on people strength. We have a vision of what we want to be and are advancing more quickly than the rest of the competition. CIM (computer integrated manufacture) is at the heart of it. We have tackled MRPII (manufacturing requirements planning) and this means that we are faster than our competitors and are more likely to deliver on time than them.

The Operations Director supported this statement by commenting that:

We are characterized in the marketplace as a high-tech company with specific expertise in our field of mechanical engineering. We are known for the excellence of our technical solutions and the quality of our products. In the past we have been criticized for asking a premium price for high-technology products. Part of the message we are now getting across is that we can battle it out on value for money as well... People like working with us because they get straight answers to their questions including 'We don't know' if we really don't know. So our basic competences are high-technical quality and people with the skills needed to forge good relationships with customers.

#### Business strategy

Business strategy is stimulated and reviewed centrally by a business strategy group, chaired by the Managing Director, whose membership consists of the directors of operations, research and development, marketing, finance and HR. The business is split into a number of sectors (three in Birmingham) and each sector submits its business plan to the strategy group. This is a simple three-page summary that describes the broad objectives of their business sector, discusses the key competitive factors affecting it and sets out specific short- to medium-term objectives that are then translated into an operating plan. The plans look at a horizon of 10 years but for practical purposes there is a rolling three-year budget. This means that besides looking at the immediate budget the two key questions asked are: 'Where are you going to be in three years' time? and What are you doing now to get better?' And this, as the Operations Director said, 'is a very demanding discipline'.

The formulation of business strategy is very much a team effort. As the Managing Director said:

I tell all the top executive people, including the HR and finance directors, that they are directors first and foremost and all must make a contribution to strategic planning.

#### HR strategies

The overall approach to the formulation of HR strategies was summarized by the Managing Director as follows.

The main thing we have to do is to ensure that we have the right core technologies and the right competences within the company to achieve the vision and strategy.

The Operations Director commented that:

Within the board one of the things that is constantly reviewed is human resource strategy. We have the long-term view of the type of organization we believe we need as a technology company and we have evolutionary plans of how we are going to get there. In the early stages we had a very strong functional organization; our evolution process now involves the development of problem-solving teams which are set up at a high standard to encourage getting it right first time. In manufacturing we have mixed discipline teams with a team leader and a much flatter structure than we used to have. We have two pilot projects where research and development engineers are part of the team on the shop floor with a common team leader. The eventual aim is for all engineering and manufacturing to be organized in this way. The next step is to develop product families in which business generation and sales are brought into the team as well. So the team leaders almost become general managers.

The Marketing Director explained that:

We do not think of ourselves as having an HR strategy per se. We just see it as one aspect of our overall business strategy. From what I have observed going on in the business I find it quite difficult to separate a strand of activity which I could call HR strategy because it is so integral to everything which is going on. HR strategy is effectively part of the overall vision.

He also remarked that performance improvement was a constant priority for everybody and that they are 'going through a lot of effort to ensure that we have the correct level of performance in what we do and underpinning this with financial and commercial stability'.

The HR Director explained that business strategy defines what has to be done to achieve success and that HR strategy must complement it, bearing in mind that one of the critical success factors for the company is its ability to attract and retain the best people. HR strategy must help to ensure that Mercia Systems is a best practice company. This implies that:

The HR strategy must be in line with what is best in industry and this may mean visiting four or five different companies, looking at what they are doing and taking a bit from one and a bit from another and moulding them together to form the strategy.

**Question:**

1. In the light of the information given in the case, set out the essential elements of the HR strategy you would devise to support the achievement of the business strategy.

## **Case Study 2.**

### **SHRM AT ABC DISTRIBUTION**

The case

ABC Distribution distributes food products, mainly to major retailers. The critical success factors for the organization, as spelt out by its Managing Director and the Director of Finance, are its ability to meet its profit targets and to grow the business substantially on a consistent basis by developing a reputation for providing added value services, developing business with existing customers, winning new customers, and acquisitions. The company has doubled in size in the last four years. Underpinning the development of the company is the need to grow the infrastructure, to develop management and leadership and to extend quality and safety programmes.

Business strategy

The Managing Director agreed that in a sense their business strategy evolved in a semi-formal way, but this evolution took place:

by the key people understanding what the total business was trying to do, and their part in it; then they went away and put their bits together; then we pulled all of it together.

He commented that:

Our strategy is very simple and very broad... it can be put down in a few sentences. It's what lies around it that has to be developed.

He emphasized that:

We sought to demonstrate to the rest of the business that we (the board) were a team. Where a team hadn't existed before, a team was now running the company.

The Deputy Managing Director explained how he saw the formulation of the business strategy taking place:

We put our strategy together within the framework of the financial targets we have to meet and our values for quality, integrity and management style.

In answer to the question: 'How does your organization develop its business strategies?', the Director of Finance said that:

It started off as being very simple in that we had an objective to grow in excess of the rate of growth demanded by our parent company... However, that process has become less naïve, more detailed and more structured as the business grows... I see planning as a process that goes on and on and on and becomes more complex and more refined.

He also made the following comment:

Don't forget, not all strategies necessarily involve massive change... you can have a strategy to stay as you are.

The Director of Marketing emphasized the dynamic nature of strategy in a growing business operating in a highly competitive environment

We have a strategy document which is concerned with developing market share and growth and is being continuously updated... The update is driven by the board... We have to make sure that we continue to refresh the strategy.

The Director of HR commented that:

The longer-term strategy is developed basically by the board getting together and working its way through... We also share that plan with the senior management team.

HR strategy

The Managing Director described their approach to developing the HR strategy as follows:

Our HR strategy has to respond to our business needs. The challenge for HR is to look at all the areas it encompasses and make sure they are integrated into the main plan. One of the problems this company used to have up to a few years ago was that HR strategy was seen as something completely separate from corporate strategy. What we have tried to do in the past few years is to make them one and the same thing. So we start with a business plan; we know we are going to grow at a certain rate. Then we do a skills audit and predict how many managers we are going to need. Out of this comes our HR development policy on skills training, leadership training and recruitment.

We all look at our business strategy and express a view on the people we need, but our HR Director pulls it all together and interprets our ramblings into something coherent.

However, in answering a question on how HR strategies were developed, the Director of Finance admitted that:

We probably have more HR policies than strategies because the strategies are there in a simple sense but not 100 per cent well-articulated – for valid reasons; we are a growing business.

The Director of HR referred to the way in which strategic initiatives were developed:

First the HR people meet and we bounce ideas about and seek ideas. Then if we have a new initiative we put it to the board for discussion.

Role of the HR Director

What I want and what I get is a general contribution: whether the individual is HR Director, Finance Director or Marketing Director is in many ways irrelevant. For example, I look at the HR Director in the same way as the Finance Director, which is that when we about business policy and business strategy they would play into that at a general level, and having sorted out the policy, they contribute in their specific areas.  
Managing Director

The role of HR is to facilitate everything we do. Deputy Managing Director

I would expect the HR Director to be visionary, to see a bigger picture than I can see and to be able to articulate that. There is an element of added value in balancing HR policies with business issues. Director of Finance

**Question:**

1. Comment on the way in which business strategy is evolved in this company and how HR strategy is integrated with it.

### **Case Study 3.**

#### **SHRM AT BELTON COUNCIL**

The case

Belton Council is a district council that is generally recognized as being a very well run and capable local authority. It is particularly good at dealing with the environment and, as the Chief Executive said: 'We tend to care so passionately about our environment that we focus an almost disproportionate amount of our resources on environmental issues'. He further commented that the critical success factors for the authority were meeting the perceived needs of the community, creating customer satisfaction with the services provided and, importantly, 'an overall appreciation of the effectiveness of members of staff and the contribution they make towards the organization as a whole'.

Corporate strategy

The following comments were made by the Chief Executive on how corporate strategy was developed:

We do not have a single document which says 'this is the Belton Council corporate strategy'. What we do have are three processes which run in parallel and together represent the corporate strategy. These comprise a general strategy for developing services, a management strategy which concentrates on the managerial processes which we need to design to bring out the best in the organization, and the key areas for achievement document which focuses on specific actions.

Strategies are developed by a top-down, bottom-up process. The members of the Council, the policymakers, debate the strategic issues from which firm strategic proposals would develop. Individual members of staff are then given opportunities to contribute... A distinguishing feature of all our corporate strategy work has been the opportunity for widespread involvement in the process.

It is incredibly important that within an organization there is somebody who has the personal responsibility for monitoring, evaluating and reviewing the effectiveness of that organization... That strategic management role lies at the heart of the Chief Executive's responsibility.

The Director of Planning commented as follows on the process of strategic planning:

The reality is you choose directions and you move in particular directions, then all sorts of things happen that you can't possibly have conceived of, and you weave these into your strategy. Strategy is rooted in the vision and the culture... Life's very complicated, there are no easy solutions, and you don't start at go when you throw a six and proceed from there. You pick up a very complex jigsaw and you work through it. But the vision helps.

On how the top team operates, the Director of Planning said that:

The things we bring to the team are personal characteristics as much as the management skills we all learn at various stages... the fact that we have a spectrum of personalities strengthens the team.



## Values

The expressed values of the Council are concerned with caring for customers, employees and the environment, encouraging openness and trust, good communications and positive thinking, and on working together to improve the effectiveness of its services, providing high quality and value for money.

## The challenge of change

The Chief Executive commented that:

The outstanding issue is managing change effectively because whatever happens, there is going to be a massive change over the next five years. HR must be able to respond to the changes that are coming. One of the outstanding areas for improvement is the process of translating corporate and other strategies right through the organization to individual level.

## HR strategy

The Chief Executive stated that:

Human resource strategy has got to be owned by the top management body within an organization. Their commitment must be absolute, otherwise it simply won't be applied in practice. Everything flows from the corporate strategies we have set down. It's about having a very strong focus on the overall effectiveness of the organization, its direction and how it's performing. There is commitment to, and belief in, and respect for individuals, and I think that these are very important factors in an organization.

When asked how HR strategies were developed the Director of HR replied:

Initially what I did was to list all the activities in which we were currently involved in HR and sent a questionnaire to all the directors stating 'This is what we are doing' and asking: Do you want us to continue doing it? If so, do you want the same, or more, or less? Are we doing it well? Could we do it better? What are the things we are not doing that you think we ought to be doing?' The next thing I did was to have two open days in which I invited managers to come in and tell us what their perceptions of HR were. And this confirmed our eagerness to get rid of duplication and delays in HR matters. We were fast getting in the way and holding the whole process up. And that's where we got the agreement of the organization that empowerment should be our strategy.

On this strategy for empowerment, the Director of Technical Services remarked:

The positive aspect of the devolution of responsibility for HR is that it puts people management back where it should be.

## Role of HR

The Director of Planning commented on the integrating role of the Director of HR as follows:

In the old days the Personnel Manager was not a member of the management team and I got used to a culture where personnel advice was not really part of strategic direction.

And any debate there may have been at corporate level came out in the wash. It was not led by our Director of HR. She is now on a par with the rest of us in terms of status and contribution and she brings the whole of the HR angle into the debate.

### **Question**

1. What do you think of the processes of planning described in this case?
2. What are its strengths and what, if any, are its weaknesses?
3. To what extent do you think that the way planning is handled in this local authority provides good practice lessons for other types of organizations?

### **Case Study 4. SHRM AT WELLAND WATER**

#### The case

Welland Water is a large water company which, as pointed out by the Managing Director, operates 'in a monopolistic situation, providing a service that is absolutely fundamental to life'. But he also stated that: 'we recognize that our organization must not abuse that situation and that we must implant in the company values that would be appropriate in a competitive environment'. He went on to say that:

We can demonstrate that the services we are giving our customers are improving dramatically, year on year... We have an ongoing commitment to involve our customers – we were the first water company to actually prepare an annual report for them... We carry out frequent tracking research which shows that our customers' perceptions of us are improving, on occasions despite a contrary trend in the national water industry... But the critical success factor which allows all this to happen is the level of employee satisfaction and commitment we have, because without that we can't achieve any of the other things. And we know about this because we get consultants to carry out periodic employee surveys which we discuss with everyone.

#### Business strategy

The Managing Director described the approach to formulating business strategy as follows:

Our strategic approach is very simple. It is summarized in our vision statement: we aim to provide the level of services our customers demand at a level of charges that our customers would see as acceptable. Our business strategies are formed essentially from top-down setting of the parameters and then bottom-up preparation of business plans in which all our people are involved. They prepare all their own business plans, which reflect the top-down constraints, and because they are preparing them that automatically buys their commitment to them.

Our best ideas for policies and strategies come from the people who carry out the work. We don't have people locked in little rooms thinking: 'What's the next strategic move for the business?' What you need are people who are in tune with what's happening throughout the organization; who are listening, talking, picking up all the ideas... What we try to do is to capture all that knowledge, all those initiatives, all that expertise, and reflect that in the way we take the business forward.

I like to talk about getting values in place rather than constructing strategies.

The Finance Director explained the significance of the vision statement in developing business strategies:

The company developed a vision statement which encompasses the key forward-looking strategy over a period of time but without timescales having been set down. This has set the guidelines for future initiatives and any such initiative in the rolling five-year business plan is judged on whether it fits in with that vision.

HR strategy

The Managing Director made the point that:

The only human resource strategy you really need is the tangible expression of values and the implementation of values... unless you get the human resource values right you can forget all the rest.

The Finance Director commented that:

There's a lot of interaction, prior to and during the top board discussion, which tends to be concerned with culturally based issues and the way we manage people.

And the Director of Operations indicated that the organization developed its HR strategy:

Through evolution; it's an aggregation of things that have come together, not necessarily in the right order.

The approach to developing HR strategy was described by the Head of HR as follows:

In our original HR strategy we tried to encompass the emerging values and principles that we felt should determine how we should conduct our business in terms of people. HR strategies come from the ideas we share together and the problems and issues that managers are working on... It's very much a team effort, working with line colleagues in whatever they do... I use the intranet to flash ideas round to groups of managers and thus build up draft policy papers. The intranet is a very powerful device for getting ideas back rapidly.

### **Question**

1. Comment on the approach to HR strategy adopted at Welland Water.
2. What lessons can be learnt from this?

## **Case Study 5. SHRM AT MEGASTORES**

The case

Megastores are one of the countries largest and most successful high street retailers. It has a very powerful overriding commercial objective – to increase shareholders' value – and to do this by providing value-for-money products and delivering consistently high levels of customer service.

Business strategy

The Managing Director made the following observations about strategic management:

Strategy is developing a route to better the business in the medium to long term. You cannot fully maximize the business opportunities unless you've got the proper management structure to create them. In business you have to look at the options available, make a decision and then drive that way.

The approach to strategy formulation was described by the Director of Finance as follows:

Our strategy tends to be based on the resolution of issues. There is a base strategy and we continue to question whether that is the right thing to be going forward with. We have a strategic planning framework throughout the group. It's called value-based management (VBM), the fundamentals of which are to make sure that whatever you do, you must maximize shareholder value... It provides us with a basis for looking at what we are doing and the resources we require we've never had before.

He also commented, however, that:

We're highly profitable, but in turn we invest an awful lot in our people. We spend a lot of money on the training and development of people throughout the organization. It's probably one of our key differentiators.

The Director of Stores gave these perspectives on the strategic planning process:

We have in place a formal business planning process in which we divide the planning into three levels. One is at business level, where we identify issues that we deal with as a company; the second level is product-market planning; and the third level is local market planning.

Our business strategy is formed through value-based management, which is a discipline for pulling everything together and ensures that decisions are made on the basis of their real value to the business rather than someone's strength of personality or hunch. This in itself required the involvement of all the directors in a more formal business planning process. Three or four years ago we worked more individually and now we work more as a team.

There are elements of our business that are incredibly value-creating. There are others that are incredibly value-destroying. The trick is to identify the ones that are value creating and funnel resources to them.

There are a number of blocks that make up our business strategy. The first is our overall objective. Against this we spin off a number of elements we call major initiatives. These are coordinated by our Director of Corporate Planning, but it is the functional directors who are really charged with taking ownership of these objectives.

## HR strategy

The comments made by the Managing Director on the formulation of HR strategy are given below:

The biggest challenge will be to maintain (our) competitive advantage and to do that we need to maintain and continue to attract very high calibre people.

All we do in terms of training and human resource planning is directly linked to business improvement.

The key differentiator on anything any company does is fundamentally the people, and I think that people tend to forget that they are the most important asset. Money is easy to get hold of; good people are not.

The influence in terms of strategic direction must always be based on the key areas of marketing and operations.

When the HR Director questioned on his approach to the development of HR strategies replied:

I start with the top line, the four or five things which are the strategic platform for the company. I get my managers together to look at the implications. We then pull it together so that it is all derived from the original strategic platforms and then work top-down and bottom-up to get the amalgam of what we can achieve. This then feeds into the final operating plan so we can agree budgets.

### **Question**

1. What do the quotes given in the case study tell us about the process of developing and integrating HR strategy in general and the achievement of fit between the business and HR strategy?