Time allowed: 2 Hrs. 30 Min.
Max Marks: 50

Roll No: _____

Instruction: Students are required to write Roll No. on every page of the question paper; writing anything except the Roll No. will be treated as **Unfair Means.** All other instructions on the reverse of Admit Card should be followed meticulously.

Sections	No. of Questions to attempt	Marks	Total Marks
A	Minimum 3 questions with internal choices and CILO (Course Intended Learning Outcome) covered	3*10	30
B	Compulsory Case Study with minimum of 2 questions	20	20
			50

Section A

1.(a) Performance management involves the setting of clear quantifiable goals and objectives and assessing individual performance against these measures. Explain with examples. (CILO-1)

Or

1.(b) Describe in detail the Principles of Effective Performance Management. (CILO-1)

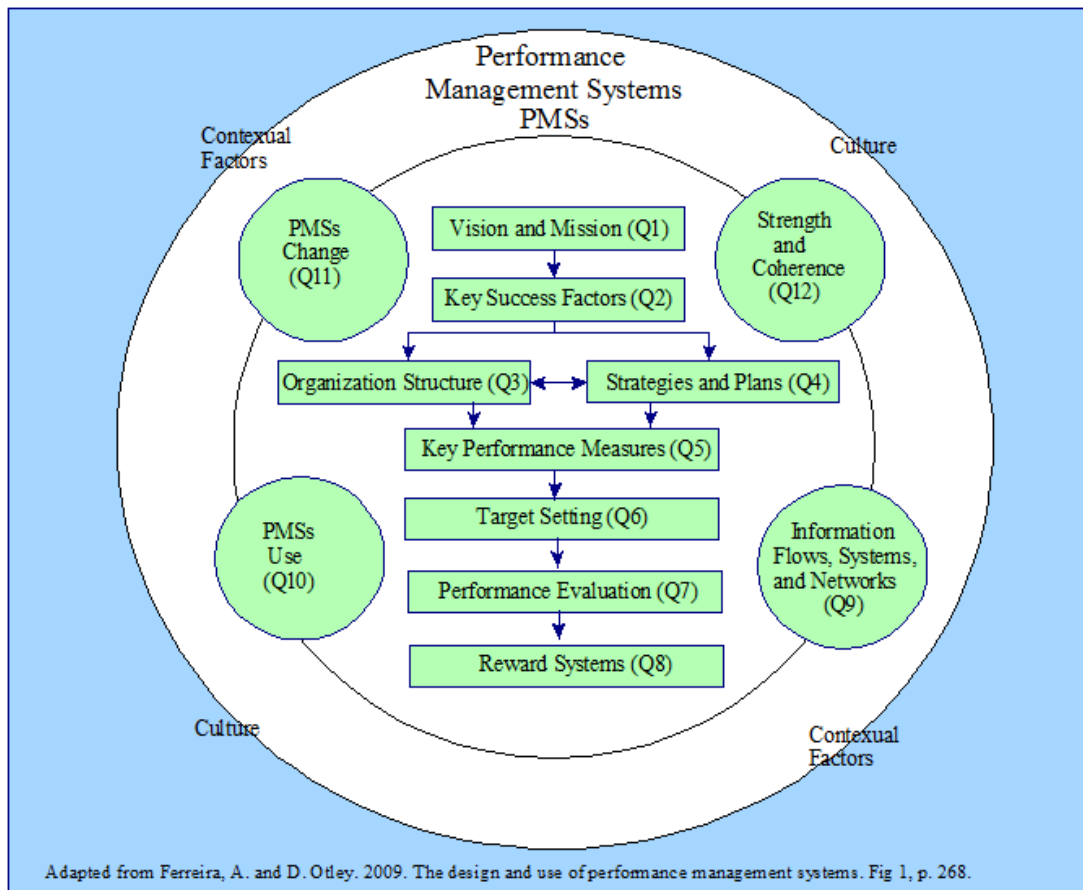2.(a) Write down HR Balanced Score card for an organization of your choice. (CILO-2)

Or

2.(b) Prepare one KRA, one KPI and one Measure / target for each of the following areas:
A) Recruitment; B) Learning and Development; and C) HRIS. (CILO-2)

3.(a) Balanced Score Card is the most suitable system of translating strategy into action. Explain your views. (CILO-3)

Or

3.(b) This framework is firmly aligned with **strategy** of the company and improves not only the Company's potential for long-term success, but the employees' potential for long-term success as well. What are your views on this statement based on the model below? (CILO-3)

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Adapted from Ferreira, A. and D. Otley. 2009. The design and use of performance management systems. Fig 1, p. 268.

Section B

Please read the case below and answer all the questions that follow.

<u>**Designing and implementing a new performance management system at BXL**</u>

Performance management refers to the processes by which companies and other employers assess the needs, competencies and performance of staff, in line with the company's requirements. This is generally a Human Resources function, and takes place on an annual basis. This case study examines how a change in performance management in a large manufacturing company has impacted on the organization.

Background to the organization
BXL is a specialty chemical company headquartered in Switzerland, and manufactures and supplies products for bonding, sealing, damping, reinforcing and protecting in the building sector and the motor vehicle industry. In the UK it has over 850 employees operating over four sites.

Identifying the need for new performance management system
Over the last few years, BXL has acquired a number of other companies within the sector, giving it a variety of UK-based locations, deriving from different companies with their own

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procedures and processes. Despite this, the inherited performance management processes were similar, both in terms of function and structure. The company used performance management processes for a range of functions – these included capability assessment; facilitating both employees and the organization to understand the employee's function is business; expectations of their work output; and assessments of potential. Specific issues covered included induction, probation, capability or conduct issues, development, and talent management. As noted above, the company inherited a range of performance management systems from different companies at different sites, and these have been in place as long as the HR Manager can recall. However, all were similar, and were based around a line-manager initiated-and-led conversation at the end of the working year, resulting in a tick-box marking of one of three or four performance grades, depending on site.

As the process was conducted and led by line managers at the end of the performance year, this created issues with workload, especially for those who line-managed multiple members of staff, and the other additional duties and pressures that accumulated at the end of the working year, and the fact that the review was a lengthy process, involving populating a five-page form. Moreover, how the information was subsequently used or fed into other processes was unclear, as there was confusion over ownership – although the performance management was intended as a management led process, the information and forms were submitted to, and held by, HR, and it was unclear how, if at all, they were subsequently used. The move to a new performance management system was motivated in part by these issues, as well as a desire to align process across the multiple sites, and by a "Leadership" agenda and training, aiming to give managers the skills to have coaching conversations and thus to encourage staff to more proactively engage and lead their own performance management. This constituted the only form of formal training associated with the implementation of the new system, although the training in question was part of an ongoing process over three years, which had predated the new PMR process.

Designing the new performance management system
The design of the system was based around a five-step process, consisting of Diagnostic review, Design and planning, Pilot, Implementation, and Evaluation stages. In the Diagnostic review stage, the organization determined that it wished to avoid creating a new HR tool, instead engaging senior managers to understand and communicate the need. This meant that communications, although drafted by HR, were sent to staff through the office of the General Manager. Staff input was sought through a survey, sent to all staff, followed by focus groups, balanced to ensure a full mix of role, grade, gender and length of service. This led to a diagnostic report, which identified four central needs:
1. **Capability** – that managers' capability to lead full conversations with staff was limited and inconsistent.
2. **Culture** – the organization's acquisition of other companies had resulted in multiple organizational cultures. There was a need for more devolvement to line managers, with less reliance on HR, and for an engaged workforce.
3. **Communication** – the need for senior leadership to champion and communicate the process.
4. **Constraints** – managers' schedules were congested at the end of the year with other tasks taking priority resulting in annual conversations not always taking place or being rushed.

During the design stage, the organization referred back to the focus group findings for ideas; at this point, the decision to focus on simplification and move to a one-page recording document was made, as well and avoiding terms such as "performance review" or "appraisal" due to negative and oppositional connotations. The pilot stage involved around 30 staff, chosen according to a balance of sales, operations, production and customer service staff, and ran for a period of three months. The pilot found that classroom-based training was unnecessary if guidance was published in simple, easy to understand, language, communicated clearly by senior management, in conjunction with an ongoing leadership development programme aimed at equipping line managers with coaching skills to help them engage employees in dialogue. During implementation, staff who had participated in the pilot scheme were used as champions to promote the new system and assist other staff and managers. From planning to full implementation took nine months.

Main features and outcomes of the new performance management system
In the new performance management system, the process is initiated and led by the employee, rather than by the line manager, and, importantly, can take place at any time of the year, and as often as necessary, encouraging regular conversations. The previous five-page form has been replaced with a single-page document which captures the content of the discussion, which, in combination with flexible timing of conversations (rather than at the end of the working year) reduces pressure on managers holding multiple reviews at an already-busy time of the year. The employee takes ownership of the document rather than the manager, so no one has to fill in more than one form. The document is uploaded to the company's HRIS and the employee and manager take joint 'ownership' of the process.

Records can be easily accessed throughout the year, providing managers with information to help them engage with staff and support individual needs that were identified during their conversations. This contrasts with the previous system as ownership was unclear and reviews were very often not used by managers after their completion. Any issues or concerns with performance, capability or conduct are challenged as and when they arise instead of being left until the end of the year to be raised during 'appraisals'. As the process is intended to be triggered by employees, conversations can and often are held when life circumstances change, providing line managers with important information and context of which they may not otherwise have been aware, or which may have been delayed until the end of the year. The HR manager describes the effects below: "Having at least one conversation a year at a time when an employee wants it, has really had a positive impact on line managers and how they manage their resources. It has provided employees with a platform for triggering a conversation with their line manager when they have had a change in their circumstances, whether a personal or professional one because it is up to them; they are in control. This is enabling engaging conversations to take place where employees are talking about what's important to them at a time in their lives when they need it. Managers are also seeing the value. They are saying 'I never knew that', because previously they were asking questions that were formed around a set of prescribed criteria whereas now the opposite is happening and employees are opening up and sharing information that is unscripted and relevant at the time it is shared, which is allowing managers to take action and provide support in real time. We've found that there's more trust and more openness on the back of it, and these conversations are happening much more regularly than they have ever been had before.

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The dialogue form that is used to capture what has been discussed is up to the individual to complete, and it is made very clear that if you want something to happen, it is up to you to make it happen…It really has added a lot. Line management capability has massively improved… communication has improved because what you're having now is a conversation where it is meaningful…and it is happening at a time when it will have the most value for the individual… We are discussing where employee's behaviours are supporting our values and principles and making direct links to how they are contributing to our strategy …. we didn't talk about that as much as we should have done. **Culture** – the way that we are organized now in the UK is that we're trying to get closer and have complete harmonization across sites. **Constraints** – that's been a win win; the line manager doesn't have to do all the paperwork he did before, he doesn't have to be bogged down by doing it at one particular point in the year… and that the employees feel much more in control… and it is much more simple. And the line manager isn't being asked to score his employee as a three or a two, because one person's three is another's two… it's all subjective and doesn't add value."

When asked about objective output measures, such as whether absence rates or productivity had improved since the introduction of the new system, the HR Manager was unable to confirm, stating that rates of absence were low to begin with, and noted that assessments of productivity may be something undertaken in future. However, results from their employee survey confirmed that the number of conversations taking place between line managers and employees had increased and that more employees felt engaged and valued following these discussions. Full roll-out of the new system took place on a phased basis, this was a result of differing performance management procedures at different sites due to the company history of acquisitions from multiple pre-existing companies. A small number of issues, and some initial resistance were experienced, but these were small in scale and relatively easily overcome. They included staff, particularly "blue collar" workers, being reluctant to schedule conversations with managers due to having no experience of acting pro-actively in such matters. A small number of staff with little IT experience had difficulty operating the HRIS (Human Resources Information System) for recording conversations and requiring help from managers. Managers raised concerns about not being able to discuss poor performance during the appraisal (instead, to talk about it when the issue arises) and managers under-recognizing employees' own perceptions and inputs.

4.   What is your take on the implementation of the new system for organization BXL?

(10 marks)

5.   What are the changes you would like to bring about in the performance management system at BXL?

(10 Marks)

X----------X----------X