

PGDM 2016-18

Subject: Managing People and Performance in Organizations

Subject Code: DM 424

Trimester – IV, End-Term Examination: September, 2017

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**. In case of rough work please use **answer sheet**.

Sections	No. of Questions to attempt	Marks	Marks
A	3 out of 5 (Short Questions)	5 Marks each	3*5 = 15
B	2 out of 3 (Long Questions)	10 Marks each	2*10 = 20
C	Compulsory Case Study	15 Marks	15
		Total Marks	50

Section A (Short Questions)

Attempt any Three.

3*5=15

1. While assessing the performance of employees, managers make some errors. Explain any three types of errors with suitable examples.
2. How is coaching different from Training?
3. 360 degree appraisal gives more accurate result- Justify.
4. Differentiate between MBO and Performance Management System
5. Performance is measured through different ways. What is the difference between Behaviour Approach and Result Approach?

Section B (Long Questions)

Attempt any Two.

2*10=20

1. "Performance Appraisal is not merely for appraisal, but it for accomplishment and improvement of performance." Explain.
2. Design a Behavioural Anchored Rating Scale for a Payroll Executive of a large size Multi-National Corporation.
3. Though many organizations do have genuine and valid reasons for not implementing forced ranking appraisal system, still many see the advantages of it. Justify the statement.

Section C: Case Study

All the two questions at the end of case study are compulsory.

15 marks

Performance Management at Network Solutions

Network solutions Inc. is a worldwide leader in hardware, software and service essential to computer networking. Until recently, Network Solutions Inc. used more than 50 different systems to measure performance within the company, many employees did not receive a review, fewer than 5% of all employees receive the lowest category of rating, and there was no recognition program in place to reward high achievers. Overall, it was recognized that performance problems were not being addressed and tough pressures from competitors was increasing the cost of managing human performance ineffectively. In addition, quality initiatives were driving change in several areas of 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 realized that one way of doing this would be to ensure that **they** were linked to each employee's goals.

Given this **situation**, in 2001, Network Solutions's CEO announced that he wanted to implement a forced **distribution** performance management system in which a set percentage of employees were classified in each of the several categories (e.g. a rating of 1 to the top 20% of the performers, a rating of 2 to the middle of 70% of performers and a rating of 3 to the bottom 10% of 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 organizational strategy was carried down to team contribution 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 would raise the bar on performance management at Network Solutions by aligning individual performance objectives **with** organizational goals by focusing on the 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 implementing the program, the design team received the support of senior leadership by communicating that the performance system was the future of Network Solutions and by encouraging all senior leaders to ensure that those reporting directly to them understood the process and accepted it. In addition, they encouraged senior leaders to use the system with all of their **direct subordinates** and to demand and utilize output from the new system. Next, the designed team encouraged the senior leaders to stop the development and use of any other performance management system and explained the need for standardization of performance management across all divisions. Finally the team asked senior leaders to promote the new program by involving employees in training of talent management and by assessing any needs in their divisions that would not be addressed by the new system. The Network Solutions global performance management cycle consisted of the following process.

1. Goal cascading and team building
2. Performance Planning
3. Development Planning
4. Ongoing discussions and updates between managers and employees
5. Annual performance summary

Training resources were made available on Network Solutions' intranet for managers and individual contributors, including access to all necessary forms. In addition to the training available on the intranet, 1-to 2 hours conference calls took place before each phase of the program was begun.

Today, part of the training associated with the performance management system revolves around the idea that the development planning phase of the system is the joint year round responsibility of managers and employees. Managers are responsible for scheduling meetings, guiding employees on preparing for meetings and finalizing all development plans. Individual contributors are responsible for documenting the developmental plans. Both managers and employees are responsible for preparing for the meeting, filling out the development planning preparation forms and attending the meeting.

With forced distribution systems, there is a set number of employees that have to fall into set rating classifications. As noted, in the Network Solutions system employees are given rating of 1, 2, or 3. Individual ratings are determined by the execution of annual objectives and job requirements as well as by 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 which has more rigorous expectations and time lines than did the original action plan. If performance does not improve after the second period, they are 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 of 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 who receive a rating of 1.

Looking to the future, Network Solutions plans to continue reinforcing the needed cultural change to support forced distribution ratings. HR Centers of Expertise of Network Solutions continue to educate employees about the system to ensure that they understand that Network Solutions still rewards good performance; they are just measuring it in a different way than in the past. There is also a plan to monitor for and correct any unproductive practices and implement correcting policies and practices. To do this, Network Solutions plans on continued checks with all stakeholders to ensure that the performance management system is serving its intended purpose.

Consider Network Solutions' performance management system in light of what we discussed as an ideal system. Then answer the following questions:

1. Overall, what is the overlap between Network Solutions' system and an ideal Performance Management system?
2. Based on the description of the system at Network Solutions, what do you anticipate will be the
 - a. Advantage and positive outcomes resulting from the implementation of the system?
 - b. Disadvantages and negative outcomes resulting from the implementation of the system?