

## Case Study: Setting Effective Performance Criteria

Sarah is the manager of a marketing team at a mid-sized tech company. Recently, the company has set ambitious sales and brand growth targets, requiring the team to realign their performance goals. To meet these targets, Sarah's team is expected to boost social media engagement, increase customer acquisition, and improve the brand's visibility in key markets. However, some team members are uncertain about the expectations, and a few are concerned that the objectives are vague and challenging to measure.

To address these issues, Sarah decides to conduct a performance planning session with her team. She begins by introducing the team to the SMART goal-setting framework (Specific, Measurable, Achievable, Relevant, and Time-bound) and works with each member to set individual and team objectives that align with the company's growth targets. Despite this, Sarah is still worried about how to ensure the team stays motivated and performs consistently throughout the evaluation period.

## Questions

1. What are some key steps Sarah can take to ensure the performance criteria she sets for her team are clear and achievable? 3
2. Discuss how using the SMART framework can help Sarah's team understand their objectives better. 3
3. Identify two potential challenges Sarah might face in motivating her team throughout the evaluation period and suggest ways she can address these challenges. 4

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Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d. Assume suitable data if necessary. Notations and symbols have their usual meaning.

- | Q.1 | i.   | What is the primary objective of a Performance Management System (PMS) in an organization?                    | Marks 1 BL 1 PO 9 CO 1 PSO 1 |
|-----|------|---|------------------------------|
|     | (a)  | To identify training needs  |                              |
|     | (b)  | To monitor employee attendance  |                              |
|     | (c)  | To enhance employee performance and align it with organizational goals  |                              |
|     | (d)  | To determine salaries only  |                              |
|     | ii.  | A poorly implemented performance management system can lead to-   | 1 1 6 1                      |
|     | (a)  | Increased motivation  |                              |
|     | (b)  | Clear communication of goals  |                              |
|     | (c)  | Employee dissatisfaction and high turnover  |                              |
|     | (d)  | Improved productivity   |                              |
|     | iii. | Which of the following best defines performance in a workplace context?                                       | 1 1 4 2                      |
|     | (a)  | The outcome of an employee's personal goals   |                              |
|     | (b)  | The effectiveness and efficiency with which an employee meets organizational expectations                     |                              |
|     | (c)  | A measure of attendance   |                              |
|     | (d)  | An assessment of personality traits   |                              |
|     | iv.  | What is the main difference between Performance Management (PM) and Performance Appraisal (PA)?               | 1 1 1 2                      |
|     | (a)  | PM is continuous and development-oriented, while PA is typically an annual review focused on past performance |                              |
|     | (b)  | PM is only about salary increments, while PA involves career planning   |                              |
|     | (c)  | PM focuses on team assessment, while PA is only for individuals   |                              |
|     | (d)  | PM is a top-down process, while PA includes all organizational levels   |                              |

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v.	According to Locke's Goal-Setting Theory, which characteristic is most critical for effective goals?	1	1	5	3			
	(a) General and non-specific (b) Challenging yet attainable (c) Focused solely on short-term objectives (d) Flexible and constantly changing							
vi.	Which of the following is NOT typically a component of Performance Planning?	1	1	5	3			
	(a) Goal setting (b) Identifying resources (c) Monitoring attendance (d) Establishing timelines							
vii.	Which of the following best describes the main objective of performance review discussions?	1	1	4	4			
	(a) To solely critique the employee's past performance (b) To document errors made by the employee (c) To assess future potential and discuss improvement areas (d) To evaluate attendance records							
viii.	What is one common method used to reduce rater bias in performance appraisals?	1	1	6	4			
	(a) Only allowing self-assessments (b) Conducting reviews annually (c) Implementing structured rating scales (d) Reducing feedback sessions							
ix.	What is a common challenge in managing team performance effectively?	1	1	9	5			
	(a) Tracking individual contributions within a team (b) Providing teams with sufficient autonomy (c) Limiting team objectives (d) Reducing team size							
x.	Rewarding team performance rather than individual achievements can sometimes lead to:	1	1	7	5			
	(a) Increased motivation across all team members (b) A decline in high performers' motivation (c) Higher turnover rates (d) Reduced team collaboration							
Q.2	i. List two characteristics of an ideal Performance Management System and explain their significance. ii. Define Performance Management and briefly explain its importance in organizations.	2	1	5	1			
		2	2	7	1			
						[3]		
						iii. Explain the role of performance management systems in organizations. Discuss at least four ways in which PMS contributes to organizational effectiveness.	4	3 9 1
						OR iv. Describe the key dimensions of performance management and their functions within a PMS.	4	3 9 1
						Q.3 i. List and explain four determinants of employee performance.	3	1 1 2
						ii. Discuss six major differences between performance management (PM) and performance appraisal (PA).	5	2 5 2
						OR iii. Describe the process of performance management in an organization and discuss its key steps.	5	2 5 2
						Q.4 i. Briefly explain four key components of performance planning.	3	3
						ii. Explain Locke's goal-setting theory and discuss its application in performance planning, including six principles.	5	3 2 3
						OR iii. Discuss six essential components of performance planning in an organization and their roles in achieving objectives.	5	3 4 3
						Q.5 i. Outline four common methods of performance appraisal and their key characteristics. Attempt any two:	2	2 4 4
						ii. Discuss the process of a performance review, outlining six main steps involved.	3	3 9 4
						iii. Describe six factors that can affect the accuracy of performance appraisal ratings and how they impact the process.	3	3 6 4
						iv. Explain the role of mentoring and coaching in the performance review process and their benefits for employee development, with six key points.	3	3 7 4
						Q.6 Attempt any two:		
						i. Describe four types of teams commonly seen in organizations and discuss their implications for performance management.	4	3 4 5
						ii. What are some key challenges in managing team performance, and how can organizations address these to ensure effective team performance management?	4	2 7 5
						iii. Discuss the process of implementing a Performance Management System (PMS) in an organization, focusing on six factors that influence successful implementation.	4	2 6 5

**Marking Scheme**  
**MS5EH01 (T) Performance Management (T)**

Q.1	i)	c) To enhance employee performance and align it with organizational goals	1
	ii)	c) Employee dissatisfaction and high turnover	1
	iii)	b) The effectiveness and efficiency with which an employee meets organizational expectations	1
	iv)	a) PM is continuous and development-oriented, while PA is typically an annual review focused on past performance	1
	v)	b) Challenging yet attainable	1
	vi)	c) Monitoring attendance	1
	vii)	c) To assess future potential and discuss improvement areas	1
	viii)	c) Implementing structured rating scales	1
	ix)	a) Tracking individual contributions within a team	1
	x)	b) A decline in high performers' motivation	1
Q.2	i.	i) Fairness: Ensures all employees are evaluated by consistent standards, increasing trust in the system.	2
	ii.	ii) Clarity: Clear criteria and expectations help employees understand how their performance will be assessed.	
	ii.	i) Definition: Performance Management is a systematic process of setting employee performance expectations, assessing progress, and providing feedback.	2
	ii.	ii) Importance: Aligns individual goals with organizational objectives and enhances employee productivity and development.	
	iii.	i) Aligning individual and organizational goals	4
	iii.	ii) Identifying training and development needs	
	iii.	iii) Enhancing motivation through clear expectations	
	iii.	iv) Enabling fair rewards and recognition	
	iii.	v) Facilitating constructive feedback	
	iii.	vi) Supporting succession planning and talent management	
OR	iv.	i) Performance Planning: Setting clear, measurable goals for employees	4
	iv.	ii) Performance Monitoring: Regularly tracking progress and providing feedback	

- iii) Performance Evaluation: Assessing results against set targets  
 iv) Feedback and Coaching: Guiding employees for improvement  
 v) Development Planning: Addressing skill gaps through training  
 vi) Performance Documentation: Maintaining records for future decision-making
- 3
- Q.3 i.
- i) **Ability:** Skills, knowledge, and expertise needed to perform tasks effectively.
  - ii) **Motivation:** Level of drive and commitment towards job responsibilities.
  - iii) **Work Environment:** Conditions and resources provided for optimal performance.
  - iv) **Organizational Support:** Guidance and resources available for achieving goals.
- ii.
- i) **Focus:** PM is ongoing, while PA is periodic and retrospective.
  - ii) **Purpose:** PM focuses on development; PA emphasizes evaluation.
  - iii) **Scope:** PM covers entire performance cycles; PA usually assesses past year's performance.
  - iv) **Approach:** PM involves continuous feedback; PA is often a single annual review.
  - v) **Stakeholders:** PM includes managers, peers, and sometimes clients; PA mainly involves supervisors.
  - vi) **Outcome:** PM leads to improvement and potential growth, while PA often affects salary and promotion decisions.
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- OR iii.
- i) **Goal Setting:** Establish clear, achievable goals aligned with organizational objectives.
  - ii) **Continuous Monitoring:** Track progress regularly to provide feedback and adjustments.
  - iii) **Performance Evaluation:** Assess employee results against defined goals and metrics.
  - iv) **Feedback and Coaching:** Guide employees to enhance performance and address gaps.
  - v) **Development Planning:** Identify growth opportunities and plan
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		relevant training.	
	vi) <b>Reward and Recognition:</b> Offer rewards for achievements to encourage motivation.		
Q.4 i.	i) <b>Goal Setting:</b> Establishes clear, measurable objectives for employees. <b>3</b>		
	ii) <b>Criteria for Success:</b> Defines specific performance standards that must be met.		
	iii) <b>Resources Identification:</b> Determines the tools and support employees need.		
	iv) <b>Timeline Establishment:</b> Sets deadlines to keep performance objectives on track.		
ii.	i) <b>Clarity:</b> Goals should be specific and clear. <b>5</b>		
	ii) <b>Challenge:</b> Goals must be challenging to motivate higher performance.		
	iii) <b>Commitment:</b> Employees need to be dedicated to achieving set goals.		
	iv) <b>Feedback:</b> Regular feedback is necessary for tracking progress.		
	v) <b>Task Complexity:</b> Goals should match the complexity of tasks to avoid overload.		
	vi) <b>Involvement:</b> Involving employees in goal-setting increases buy-in and motivation.		
OR iii.	i) <b>Goal Alignment:</b> Ensures that individual goals support organizational goals. <b>5</b>		
	ii) <b>Setting Performance Criteria:</b> Establishes standards for evaluating success.		
	iii) <b>Resource Allocation:</b> Provides necessary tools and support for performance.		
	iv) <b>Timelines and Deadlines:</b> Creates a schedule to keep objectives on track.		
	v) <b>Feedback Mechanisms:</b> Facilitates ongoing assessment and adjustments.		
	vi) <b>Review and Revision:</b> Regularly revises plans based on performance outcomes and needs.		
Q.5 i.	i) <b>Self-Assessment:</b> Employees evaluate their own performance, <b>2</b>		
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		promoting self-awareness.	
	ii) <b>360-Degree Feedback:</b> Gathers input from multiple sources, including peers and supervisors.		
	iii) <b>Rating Scales:</b> Assigns numerical values to performance factors, allowing quantification.		
	iv) <b>Behavioral Anchored Rating Scales (BARS):</b> Uses specific behavioral examples as standards.		
	i) <b>Preparation:</b> Gather relevant data and performance records. <b>3</b>		
	ii) <b>Setting Review Objectives:</b> Define what the review aims to achieve, e.g., feedback or goal-setting.		
	iii) <b>Employee Self-Evaluation:</b> Allows employees to provide input on their own performance.		
	iv) <b>Discussion Meeting:</b> Conducts a two-way discussion on performance outcomes and feedback.		
	v) <b>Goal Setting:</b> Agrees on goals and improvement areas for future performance.		
	vi) <b>Documentation:</b> Records key points of the discussion for future reference and accountability.		
	i) <b>Rater Bias:</b> Personal biases may distort ratings based on non-performance factors. <b>3</b>		
	ii) <b>Halo Effect:</b> Overrating an employee based on one positive trait.		
	iii) <b>Leniency/Severity:</b> Tendency to rate everyone high or low, impacting fairness.		
	iv) <b>Recency Effect:</b> Giving undue weight to recent events over the entire review period.		
	v) <b>Similar-to-Me Effect:</b> Higher ratings for employees with similar traits as the rater.		
	vi) <b>Organizational Culture:</b> Environment may influence whether raters are strict or lenient.		
	▪ <b>Skill Enhancement:</b> Provides guidance to develop required competencies. <b>3</b>		
	▪ <b>Confidence Building:</b> Helps employees gain confidence in their abilities through feedback.		
	▪ <b>Setting Realistic Goals:</b> Assists in defining achievable		

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		goals aligned with career objectives.	
		<ul style="list-style-type: none"> <li>▪ <b>Constructive Feedback:</b> Offers feedback on improvement areas in a supportive way.</li> <li>▪ <b>Retention and Engagement:</b> Increases motivation and satisfaction by fostering development.</li> <li>▪ <b>Preparation for Future Roles:</b> Supports readiness for promotions or challenging roles.</li> </ul>	
Q.6	i.		4
		<p>i) <b>Self-managed teams:</b> Operate autonomously; require performance metrics focused on collective results.</p> <p>ii) <b>Cross-functional teams:</b> Include members from various departments; need clear, collaborative performance goals.</p> <p>iii) <b>Virtual teams:</b> Geographically dispersed; require tools for remote tracking and communication.</p> <p>iv) <b>Project-based teams:</b> Formed for specific tasks; evaluated on project outcomes and adaptability.</p> <p>v) <b>Implications for PM:</b> Requires tailored approaches based on team type to effectively manage and assess performance.</p> <p>vi) <b>Challenges:</b> Team diversity and coordination issues can complicate performance measurement.</p>	4
	ii.		4
		<p>i) <b>Individual Contribution Tracking:</b> Difficulty in evaluating individual efforts; solution includes blended appraisal techniques.</p> <p>ii) <b>Alignment with Organizational Goals:</b> Ensuring team objectives support overall goals; regular goal-setting meetings are useful.</p> <p>iii) <b>Communication Barriers:</b> In cross-functional and virtual teams, clear communication is vital; implementing collaboration tools can help.</p> <p>iv) <b>Consistency in Performance Metrics:</b> Consistent metrics are essential; use standard performance criteria across teams.</p> <p>v) <b>Reward Distribution:</b> Balancing team vs. individual rewards; a hybrid reward system may motivate both team and individual achievements.</p> <p>vi) <b>Feedback and Development:</b> Continuous, team-specific feedback can support team cohesion and address challenges proactively.</p>	4
	iii		4
		<ul style="list-style-type: none"> <li>▪ <b>Leadership Support:</b> Commitment from top management ensures resources and attention.</li> </ul>	
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		<ul style="list-style-type: none"> <li>▪ <b>Clear Objectives:</b> Defining what the PMS aims to achieve guides its application and relevance.</li> <li>▪ <b>Employee Engagement:</b> Getting employee buy-in through communication and involvement improves acceptance.</li> <li>▪ <b>Training and Development:</b> Proper training on PMS tools and processes ensures effective use.</li> <li>▪ <b>Technology Integration:</b> Implementing PMS software supports accurate and efficient tracking.</li> <li>▪ <b>Continuous Evaluation:</b> Regular assessments of the PMS help identify and rectify implementation issues.</li> </ul>	
		Q.7	Case Study
		1	
			3
		<ul style="list-style-type: none"> <li>▪ <b>Define Specific Goals:</b> Break down general objectives into specific actions and milestones.</li> <li>▪ <b>Make Objectives Measurable:</b> Ensure each goal has quantitative or qualitative criteria for tracking progress.</li> <li>▪ <b>Use Team Input:</b> Involve team members in the planning process to increase buy-in and relevance.</li> <li>▪ <b>Establish Checkpoints:</b> Schedule regular reviews to keep the team aligned and address issues early.</li> <li>▪ <b>Specific:</b> Clearly defined goals prevent ambiguity and help team members understand what's expected.</li> <li>▪ <b>Measurable:</b> Enables tracking progress and providing measurable feedback.</li> <li>▪ <b>Achievable:</b> Ensures goals are realistic, which can reduce stress and increase motivation.</li> <li>▪ <b>Relevant:</b> Aligns team goals with broader company targets, reinforcing purpose.</li> <li>▪ <b>Time-bound:</b> Sets deadlines to keep the team focused and prevent procrastination.</li> </ul>	
		2	
			3
		<ul style="list-style-type: none"> <li>▪ <b>Challenge 1 - Motivation Drop:</b> Team motivation might decline over time; Sarah can address this by offering regular feedback and recognizing achievements.</li> <li>▪ <b>Challenge 2 - Uneven Performance:</b> Some members may struggle with their goals; Sarah can provide individualized</li> </ul>	
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coaching and adjust goals if necessary to maintain morale.

- **Additional Solution:** Implement peer recognition and mini-milestones to celebrate progress collectively.

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