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EASTERN UNIVERSITY, SRI LANKA
FACULTY OF COMMERCE AND MANAGEMENT

Third Year Second Semester Examination in Bachelor of Business
Administration (Specialization in Human Resource Management) 2011/2012

(Proper) (August / September, 2014)

HRM 3043 Performance Evaluation and Compensation Management

Answer all questions

Time: 03 Hours

Q1. Read the Case study and answer the questions given below.

A sweet employee performance appraisal system for Jelly Belly

Customer profile

Candy making is a fun business, and so it's no surprise that it's fun to work at the Jelly Belly Candy Company of Fairfield, California. But at this family-owned company, there's no fooling around when it comes to promoting employee performance and job satisfaction. So when Jelly Belly decided to overhaul and automate its antiquated employee performance and talent management process, it was looking for a serious solution to help give its employees across the United States fair, accurate performance appraisals like almost every smart company, Jelly Belly recognizes that employees are more likely to stay with their employer when they feel connected and recognized for their efforts. Programs for managing and evaluating employee performance are critical to aligning corporate and employee values and priorities.

Challenge

Jelly Belly's search for a new employee performance and talent management system began several years ago, when two branches of the family business were reunited into a single company. One branch was using an outdated performance management software program. The other was doing its employee performance appraisals manually, using paper forms. Having a variety of jelly bean flavors is great a variety of employee appraisal processes in a single company is not. The task of updating and consolidating the performance management process fell to Margie Poulos, HR Manager of Jelly Belly's Midwest operations. She and a

small team of Jelly Belly HR staff were charged with finding a single automated system that could be used for all of Jelly Belly's 600 employees in three locations. The driving factor behind Jelly Belly's performance management automation was the belief that thorough, accurate reviews help employees to better understand what's expected of them, so that they can set clear, measurable objectives.

That translates into higher employee satisfaction, said Jeff Brown, Jelly Belly's Director of Human Resources. "When employees feel they have gotten a thorough and accurate review, it boosts their morale," Brown said. It also leads to improved talent management and makes it easier to retain valuable employees, which management experts know is a key factor in corporate growth and market leadership.

Solution

To meet their strategic goals, Poulos and her team drew up a list of the criteria that a new system had to meet. Top on the list was ease of use. "We didn't want to end up with a system that is so complicated that the managers wouldn't use it," Poulos said. A new system also had to save time. Because employees were in multiple locations, it needed to be web-based for accessibility. And it had to be flexible; easily incorporating core competencies into different forms. Jelly Belly's selection committee looked at products from different software vendors. "We eliminated right away those that were geared to very large companies and those that were not web-based," Poulos said. "We also eliminated those that offered too many options for customization. It's one thing to offer options, but another thing when the product requires so much customization that it becomes overwhelming."

The committee selected Halogen E-Appraisal, a web-based application for managing employee performance from Halogen Software. "We liked the way it looked, and we really liked the user-friendliness of it. It's easy for the managers to use and it's customizable without overwhelming them," Poulos said. After two days of training by Halogen staff, four members of Jelly Belly's HR team set out to train the company's supervisors on the new system. About 50 managers received a crash course in using Halogen E-Appraisal, and then used

it to complete annual employee evaluations in May. Jelly Belly's HR team is now customizing the software to include more relevant competencies and to respond to comments from managers and staff on the new system. "The feedback has been really positive, from both managers and employees as well. Some staff said this was the best appraisal they've had," Poulos said, "They felt the evaluations were fair and realistic, and supervisors had the scope to provide more relevant and legitimate comments than they could before. Rather than just clicking on a bunch of canned comments, they were accurately reviewing the employee."

Results

The new automated employee performance appraisal system has completely formalized and organized Jelly Belly's employee evaluation process. "It allows us to standardize competencies across job classifications, add signature and comment sections to make our process more interactive, and increase accessibility for remote managers," Brown said. Under Jelly Belly's old system, employees conducting reviews started from scratch once a year with new performance journals. Halogen E-Appraisal will let them log notes throughout the year and regularly update their on-line appraisals. Employees use one consistent employee evaluation form to add comments and to sign their appraisals.

The web-based product helps remote and traveling managers maintain access to the forms and the data they need to evaluate their staff. "In our old system, a few folks in Chicago would have access to the system. But we have managers in California with Chicago subordinates. It's important that they can share the same forms across the board. And we have folks who are on the road a lot or are working out of home offices, so having them be able to access this is a huge point for us," Brown explained.

Organizing and automating the appraisal process results in performance appraisals that are more accurate and fair, Brown noted. "This is important because, after all, an employee appraisal is a legal document," he said. The new system is also helping Jelly Belly track training requirements and development in its staff, Poulos added. "We've always had a separate training manual. Now

we can go in to the evaluations and more easily monitor employees' skills development, see what training is needed by individuals and check the due dates for training and renewal. That makes it much easier for us to keep track," Poulos noted. The new employee performance and talent management system has proven to be a big time-saver for Jelly Belly's HR team. "Since this year was the first time using the new system, it took us a little longer than it will next year. But the process was a whole lot faster," Poulos said. "It has already saved us a lot of time, and we got everybody's appraisals done in one shot." The new system is also helping Jelly Belly to better align employee goals with the company's business objectives. And for one of America's best-known candy companies, it doesn't get any sweeter than that.

Questions:

- i) Why Jelly Belly search for a new employee performance and talent management system?
(06 Marks)
 - ii) Briefly explain expectations of this company about launch of new performance appraisals system?
(05 Marks)
 - iii) Briefly explain about the new automated appraisals system of this company?
(04 Marks)
 - iv) How employees are satisfied with new performance appraisal system? Justify.
(04 Marks)
 - v) In which ways Human Resource Information System contribute to effective performance appraisal and compensation management, explain briefly?
(09 Marks)
- (Total 28 Marks)**

Q2. i) "Performance Appraisal is an important feedback control technique". Define the Term of "Performance Appraisal", with evidence from different authors' or researchers?

(06 Marks)

ii) "Productivity has become a day to day concern for managers because productivity indicates the overall efficiency and effectiveness, therefore Performance Evaluation is an application of managerial control". Do you agree or disagree with this statement? Explain.

(06 Marks)

iii) "Performance Evaluation is concerned with development of human performance only." Do you agree or disagree? Why?

(06 Marks)

(Total 18 Marks)

Q3. i) Briefly explain the following terms with appropriate examples.

- i. Fixed time approach
- ii. Arbitrary dates approach
- iii. Job Cycle Approach

(08 Marks)

ii) Point out the Pros and Cons of the following Criteria

- i. Traits
- ii. Behaviours
- iii. Results

(06 Marks)

iii) "Standards Performance Evaluation criteria take on a range of values." Elaborate this statement?

(04 Marks)

(Total 18 Marks)

- Q4.** i) Briefly explain the advantages of Behavior Observation Scale (BOS) over the Checklist Method and state the limitations/ disadvantages of BOS method?
(06 Marks)
- ii) “There is no universally accepted Performance Evaluation form and procedure. However, there are several **recommendations** to be followed in designing the form and procedure for the purpose of improving their usefulness”. Comment briefly.
(03 Marks)
- iii) Explain strategies or actions that can be taken to enhance the candidate’s participation in the PE interview?
(03 Marks)
- iv) Possibility of occurring evaluator errors is a severe threat to successful implementation of any PE programme. Explain various evaluator errors and ways of controlling their occurrence?
(06 Marks)
- (Total 18 Marks)**

- Q5.** i) Discuss about main three types of organizational justice and also explain how these justices are related with Compensation Management System of an organization?
(04 Marks)
- ii) Discuss about challenges of “Pay for Performance” system and also explain how to overcome those challenges?
(06 Marks)
- iii) “Compensation and Rewards determination may have one or more objectives, which may often be in conflict with each other.” Discuss objectives of Compensation Management and also explain reason for conflicts with each other objectives?
(04 Marks)
- iv) Briefly discuss about reason attribute to wage differentials?
(04 Marks)
- (Total 18 Marks)**