

May 2018
Bachelor of Business Administration (BBA) Examination
VI Semester

Performance Management

Time 3 Hours]

[Max. Marks 80
[Min. Marks 32

Note : Attempt any four questions (out of six questions) from Section A. Each question of Section A carries 15 marks. Section B is compulsory and carries 20 marks.

Section A

1. Discuss the objectives and conceptual framework of performance appraisal.
2. Describe differences between performance appraisal and performance management.
3. Describe principles of learning and explain the most suitable learning theory as per you.
4. Describe mechanisms of HRD and its outcomes with suitable examples.
5. Elaborate need development and assessment of competency models in Indian business.
6. Discuss the need of performance counselling skills in India.

Section B

PERFORMANCE MANAGEMENT AT SIEMENS STANDARD DRIVES (SSD)

Based in Cheshire, Siemens Standard Drives is the global headquarters for the variable speeds drive business of the german electronics giant Siemens AG. It employs 430 people in the design and manufacture of specialist electronic control equipment used in a wide range of electrical equipment. In 2003 it had 5 per cent of world market dominated by Japanese competitors Fuji, Mitsubishi and Yaskawa. Its target is 8 per cent by 2008 and to be the market leader with 10 per cent by 2010.

To achieve this ambitious objective Siemens embarked on a 9-month business process reengineering project. It was clear that significant process improvements would be required. The company adopted a programme called 'World Class Siemens', the aim of which was to benchmark with other manufacturers and adopt the best processes in all areas and thus engender a culture of world-class practices. These include :

- A zero defects culture;
- Cellular and team-based manufacture;
- Daily cell meetings to discuss and agree on targets;
- Minimum stock at all stages of manufacture;

- JIT, Kanban delivery from suppliers direct to cell;
- Visible and agreed performance measures which form the basis of regular performance feedback;
- A multi-skilled and highly skilled workforce; and
- Total satisfaction of customer demand.

Much was made of the ability of process re-engineering to bring a new start for the company. The adoption of this approach was made easier through the commencement of a new production management team and a new HR manager. The first task of this team was to restructure the manufacturing operation to align personnel roles with the new structure.

The company had been structured on traditional functional lines. This meant that there were too many layers of responsibility, decision-making was slow and HR's responsibility was unclear and therefore ineffective. In order to meet the new operating strategy the structure was changed radically. The new structure is built around two main production segments. One of these manufactures PCBs and the other assembles and tests final products. Each production segment adopts a cellular manufacturing approach with 20-strong production arms headed by a group leader who has total responsibility for all aspects of the team's operation. The production groups are product based and have all the constituent parts of an autonomous cell (operators, a technician, a line feeder, and a test operator).

The group is responsible and accountable for its output and operation. The issue of accountability is crucial to success. If a team member is not performing adequately the team leader is empowered to remedy the situation. Initially this would be by giving assistance to the individual to improve performance. If this fails, the group leader has the power to terminate the individual's contract and recruit a replacement. This new approach was well received by production staff. However, in the early stages, approximately 10 per cent of employees decided they could not meet the new principles and left by mutual agreement.

The role of the group leader is vital. A few of the nine group leaders had been supervisors previously. However, they all accepted that with the new role carrying full operational responsibility and accountability the job could not have been more different. Most of the group leaders had previously been PCB or mechanical assemblers. They were selected for the new group leaders post on the basis of their business awareness and people management skills. Their training for new roles emphasized team building abilities. The senior management hope that the enthusiastic example they set to their team members will be infectious. Group leaders hold their own quality control meetings to discuss important issues for the day. They select, train and appraise team members. SSD is also adopting an annualized hours system whereby team members work a differing amount of hours weekly with an annual

target that must be reached. The group leaders plan staffing levels as part of this system.

The key aspects of team working are shared ownership of objectives, skills training, performance feedback, communication meetings and, most importantly, 'no secrets'. Part of the culture change which the company has sought is the generation and publication of shared values. The values agreed by the teams are : openness, honesty, trust and respect.

Performance management is the vital aspect of a group leader's job. It has three elements. The first entails setting of individual performance objectives. This is done six-monthly by group leaders-Siemens uses the MBO approach where objectives are cascaded from overall business objectives through the four-tier company hierarchy to operators. These objectives are clearly displayed at the entrance to the production area. The criteria emphasize the quality, efficiency, attitudes (particularly flexibility) and attendance. The link between these criteria and overall business performance is obvious and demonstrable.

Dialogue between group leaders and the member is the second element. This has two components : an assessment of the member's performance against objectives set and a discussion of the member's training and development and career planning needs. Managers stress the need for a dialogue characterized by 50 per cent input from both group leaders and members. A crucial part of this dialogue is the view of the team members on the ways in which he or she thinks the company may be managed more effectively. This dialogue is seen by the managers to be a vital aspect of the 'open and honest' values they are seeking to create.

The third element is the output of the process. SSD is currently in the process of designing a performance related pay system which will be based on performance objectives. In the recently adopted appraisal system, the group leader makes it clear to each team member how progress through the pay structure can be achieved. This conversation is documented and owned by the team member.

All employees are clear that in a PMS driven by business objectives those employees who do not add value to their team through achievement of their individual objectives are held accountable for such failure. In such cases, improvement targets are agreed by the team member with the group leader and the implication of failure to meet these targets is made clear. In most cases the necessary improvement is forthcoming. But in some cases members have been the subject of the disciplinary procedure, with some dismissal. The new approach has had considerable success in the twelve months since it was introduced. Labour efficiency has increased from 58 to 78 per cent and delivery performance from 72 to 94 per cent.

