

Case Application 10-A GROWING PAINS AT MODERN OFFICE SUPPLY

"Sorry I'm late," sighs Fatima as she flops into a chair next to you at a local coffee shop. "Something came up at work. Lately, there's always something going wrong." Fatima is part of your study group for the PHR certification exam that meets at the coffee shop once a week and she's having trouble making the weekly meetings on time. She goes on to explain that her job in HR at Modern Office Supply has become one discipline problem after another and she doesn't know how much longer she can stand the negativity and tension.

Modern Office Supply has 200 employees in two locations in Kansas City, selling office furniture and supplies from an original "Warehouse Showroom," and a second retail-only location that opened 3 years ago. Fatima joined the company 2 years ago after a college internship. She works with another HR manager who has been with the company since it started 15 years ago. Fatima explained to the study group that discipline and morale has been going downhill as long as she's been there. Employees are complaining that the family atmosphere is disappearing and they are starting to feel "disconnected." She explains that the company picnic last week was a disaster, with most of the warehouse staff showing up late after having their own pre-party. "I didn't tell Ben, the senior HR manager, but I think they may have even met with a union organizer," says Fatima wearily.

When your study group pressed Fatima for more information, she shared the following:

- Ben has asked Fatima to make sure that performance appraisals are all up to date. She has found that only 60 percent of the appraisals are current. She has met with indifference or resistance from the managers who are behind in completing appraisals.
- There is only one appraisal form for all nonexempt hourly workers. Ben created the form several years ago so it would be fast and easy for supervisors to complete without much training. Employees are rated either 1 (Poor Performance), 2 (Improvement Needed), 3 (Average Performance), 4 (Above Average Performance), or 5 (Excellent Performance) on the following work traits:
 - Adaptability
 - Appearance
 - Communication
 - Decision making
 - Dependability
 - Interpersonal effectiveness
 - Quality of work
 - Quantity of work
 - Teamwork

Each trait has room for a supervisor comment. Space is left at the end for the supervisor to make comments and suggestions and for the employee to write a comment.

- Supervisors complete the form quickly and often write "good job" or "can do better" in the space for comments. Ditto marks are often used in the comment space rather than repeating written comments. Completed forms are frequently sealed in an envelope and given to employees with instructions to read them over and return them to HR with comments and a signature. A few employees report that they haven't received appraisals in

years, although their files contain unsigned copies of the forms.

- Ben is sure that he's trained the supervisors on how to complete the forms, but there hasn't been any training that Fatima has been aware of since she started with the company.
- Complaints from customers and coworkers about rude behavior and late deliveries prompted Fatima to meet with delivery driver Gale today about improving his performance. Gale felt he was being singled out as a minority and added, "I'm no worse than any other driver here!" He produced a copy of his last appraisal form with 4 (Above Average Performance) marked in every category except for Quality of Work and Quantity of Work, which were marked with a 3 (Average Performance). Fatima took quick look at the appraisals for four other drivers, including the ones that complained about Gale, and found similar ratings in most categories except for Quality of Work and Quantity of Work, which were marked with a 4 (Above Average Performance). Fatima completed a written warning and made a note to speak to Gale's supervisor.
- Rosa, a new customer service representative, came to Fatima in tears because she thinks her manager hates her. Her performance appraisal was a mix of 2 (Needs Improvement), 3 (Average Performance), and one 4 (Above Average Performance) rating for Adaptability. Rosa's supervisor, Kelly, was surprised when Fatima questioned her about the appraisal. "It's a tough job," she said. "Rosa's only been here a year and she still has a lot to learn. I can't honestly say that she's 'Very Good' yet. I only have a couple of reps that actually deserve an 'Outstanding' rating."
- Evaluations of employees at the retail location seem to be higher and as a result, salaries of the retail location employees have grown slightly higher than at the original warehouse showroom over the last 3 years causing tension between the two groups of employees.
- All managers are evaluated annually by Hector, Modern Office's owner and founder. He uses an MBO process that includes meeting with each manager to assess the prior year's performance and jointly set goals for the next year. Hector loves the personal contact with the management staff, but growth and expansion in the last 3 years has left Hector with more managers, less time for their assessment meetings, and little discussion about personal performance the rest of the year. Hector doesn't seem to review the prior year's goals before the meetings anymore, so managers are beginning to set easily achievable goals, knowing that Hector is getting out of touch and that the meeting doesn't have any consequences.

Fatima adds, "Ben set up the performance management system years ago when the company was about half the size it is now. It worked when Ben and Hector knew everyone, but we've really outgrown it and it shows. We can't afford a modern web-based system right now, but something has to be done. All I do anymore is listen to complaints and file disciplinary warnings. Ben won't fire anyone who deserves it because the appraisals aren't current and he's afraid they'll sue or claim discrimination. I'm starting to hate my job."

Your PHR study group agrees that the issues at Modern Office would be improved by applying some of the concepts you're

HRM Workshop

Reviewing Important Concepts

1. Explain the importance of each of the four purposes of the performance management system. Suggest a fifth purpose and explain why you feel it is important. (LO 1)
2. Describe the appraisal process. Explain which step in the process is most important. (LO 2)
3. Contrast the advantages and disadvantages of evaluating employees by absolute standards and relative standards. (LO 3, 4)
4. Explain the concept of a behaviorally anchored rating scale (BARS) and explain how it can reduce leniency and central tendency errors. (LO 3)
5. Explain the advantages of using management by objective (MBO) as an appraisal method. (LO 5)
6. What are some major factors that distort performance appraisals? (LO 6)
7. Identify ways to make performance evaluations more effective. Select one that you believe is most effective and explain why. (LO 7)
8. What should supervisors know about conducting effective performance appraisal meetings? (LO 8)
9. How does the global nature of business affect performance management systems? (LO 9)

Evaluating Alternatives

10. "It's a dog eat dog world out there" according to Jackson, president of Onleo as he defended their use of relative standards to evaluate employees. "If Onleo falls below 10 percent market share, we're finished. Why shouldn't our employees who are in the bottom 10 percent lose their jobs?" Evaluate Jackson's point of view and explain the advantages and disadvantages of using relative standards and firing the lowest ranked performers. How do you feel about the practice? (LO 4, 6, 7)
11. "Performance appraisal is more valid and reliable when many perspectives are included. Supervisors should evaluate their employees, and employees should be able to evaluate their supervisors. And customers should evaluate them all." Explain the advantages and disadvantages of including a wide variety of people, including some outside the organization to evaluate employees. (LO 6, 7)

Research and Communication Skills

12. After reviewing the process for developing a BARS (behaviorally anchored rating scale), develop a BARS performance appraisal form to evaluate a college professor individually or in a team. The form will rate at least four different performance dimensions of your choice (for example, you might rate the professor's use of technology) and at least five different levels of behavioral incidents (ranking the level of performance). Present your form to the class, explaining your choice of criteria and the behaviors used in your ratings. Rating your human resource management professor is optional, but if you do, conduct an effective performance appraisal meeting. (LO 1, 3, 8)
13. Collect performance appraisal forms used at a variety of local businesses, including retailers, restaurants, financial institutions, public agencies, and educational institutions. Identify whether they are based on absolute standards, relative standards, or management by objective. Evaluate them according to effectiveness and rank them in order. Present your findings to the class. (LO 3, 4, 5)

Making a Difference SERVICE LEARNING PROJECTS

The heart of performance management is feedback. Many community organizations can use help with communication and feedback.

- Volunteer with your local United Way campaign in their efforts to communicate their services and funding needs.
- Assist local nonprofit organizations in setting up websites and responding to e-mails.
- Help a community organization survey volunteers for their feedback following an event such as a fundraising walk, run, or

dinner, by preparing and mailing surveys, or sending e-mails. Compile and present the results of the surveys.

As you put your service learning experience together, keep a journal of your activities, the time you spend, contact information for people you work with, and your thoughts about the process. When you're finished, make a presentation to your class about the experience and what you learned. What concepts from Chapter 10 were you able to apply?

Modern Office Supply
Performance Appraisal Form

1. Poor Performance
2. Needs Improvement
3. Average Performance
4. Above Average Performance
5. Excellent Performance

<i>Job Skills:</i>	<i>Performance Level:</i>					
Adaptability	1	2	3	4	5	Comments
Appearance	1	2	3	4	5	Comments
Communication	1	2	3	4	5	Comments
Decision making	1	2	3	4	5	Comments
Dependability	1	2	3	4	5	Comments
Interpersonal effectiveness	1	2	3	4	5	Comments
Quality of work	1	2	3	4	5	Comments
Quantity of work	1	2	3	4	5	Comments
Teamwork	1	2	3	4	5	Comments

Supervisor Comments:

Supervisor Signature _____ Date _____

Employee Comments:

Employee Signature _____ Date _____

Human Resource Manager _____ Date _____

reviewing for the certification exam. Fatima agrees and asks you to help her create a proposal to improve the performance management process at Modern Office.

Questions:

1. What important elements are missing in the performance management process? In what ways would improving the performance management process help improve discipline and morale at Modern Office Supply? (LO 2)
2. Explain ways the form used for hourly employees contributes to errors and distortions in the appraisal process. How would you revise the form to reduce those errors? Explain other

steps that need to be taken to further reduce distortions in the process. (LO 6)

3. What type of appraisal method would you recommend that would be more effective for the hourly employees? Construct an appropriate form for the delivery driver position. (LO 2, 3, 4, 5)
4. How can the appraisal process for the managers be improved? (LO 5)
5. **Research:** Find two to three online examples of performance appraisals for hourly employees that are more effective than the example in the case. Explain the elements that make your examples more effective.

Case Problem 10-B CANDY AND PERFORMANCE MANAGEMENT ARE DANDY AT JELLY BELLY

Jelly Belly makes some of the most innovative flavors of candy including popular flavors Buttered Popcorn, Cappuccino, Caramel Apple, and some not-as-popular flavors like Draft (tastes like beer) or Rotten Egg, Booger, and Baby Wipes, created for their Bean-Boozled guessing game. Innovation didn't extend to their outdated performance appraisal processes. The problem came to light a few years ago when two branches of the family-owned business merged, creating one company with two ineffective performance appraisal processes that depended on paper forms and outdated software.

Knowing that accurate reviews with clearly communicated expectations and measurable objectives increase employee satisfaction, the HR department set several goals for a new performance appraisal process as they began their research:

- Easy to use so managers would use it.
- Save time for everyone.
- Web-based for consistent appraisal processes across multiple locations.
- Flexible enough to customize different types of forms with competencies.

Once vendor Halogen was selected, Jelly Belly HR spent 2 days in training, and then trained 50 managers on how to use the new system. Benefits were realized quickly. Traveling managers appreciated having access to forms and data necessary to evaluate staff no matter where they were. Supervisors appreciated the ability to provide more relevant comments than they could before. Employees felt the appraisals were better aligned with their job competencies and more interactive with the ability to make comments. The process also met Jelly Belly's goals for time savings and ease of use, and that's pretty sweet.

Questions:

1. How do the performance management changes made at Jelly Belly address the four purposes of performance management systems in Chapter 3? (LO 1)
2. Explain which of the six steps in the appraisal process seem to be addressed and how they are affected by the new system. (LO 2)
3. **Research:** What other companies offer performance management system software? Research two of those systems and explain how their products seem to address the purposes and steps of performance appraisal processes. (LO 1, 2)