INTERNATIONAL UNIVERSITY OF EAST AFRICA
'Learning to Succeed'

FACULTY OF BUSINESS MANAGEMENT

END OF SEMESTER EXAMINATIONS - DECEMBER 2025

PROGRAMME: MBA
YEAR/SEM: YEAR 2/SEMESTER 1
COURSE CODE: MBA 832
NAME: PERFORMANCE MANAGEMENT SYSTEM

DATE:
TIME:

INSTRUCTIONS TO CANDIDATES:

SECTION A

SECTION A IS COMPULSORY and CARRIES 40 MARKS

Question 1:

Mr. Ali, a highly innovative engineer at Nexus Solutions for ten years, was initially highly motivated and an asset to the Research & Development team. He has a Master's degree in engineering and several professional certifications. The company recently implemented a new performance management system developed by the HR department. Under this system, employees are rated on a forced distribution curve, and performance is primarily measured by adherence to strict project deadlines and 'routine' task completion. Creativity and innovation, which were Mr. Ali's strengths, are not explicitly weighted in the new appraisal form.

In his recent annual review, Mr. Ali received an 'average' rating, placing him in the middle tier, primarily due to his focus on experimental, high-risk projects that often overran initial deadlines, even though some of these experiments led to significant long-term product improvements. He felt his performance was not appraised rightly. His manager, a General Manager who has been with the company for 25 years, was surprised when Mr. Ali put forward his resignation, as everyone thought he was going along fine. The company has a high training budget but no clear retention plan for high-potential, innovative employees.

Case Study Questions

a) Analyze the flaws in Nexus's new performance management system using relevant performance management theories. 10marks

b) Evaluate the General Manager's role in this situation. Was he responsible for the poor performance or rather, the poor appraisal outcome of the executive? 10marks

c) Propose a revised performance management system or significant

modifications to the existing one that would better suit a Research & Development department and help retain innovative talent like Mr. Ali. 10marks

d) Discuss the immediate actions the HR manager and the General Manager should take to try and retain Mr. Ali and prevent similar issues in the future. 10marks

Question 2:

Mr. Bright, an experienced and loyal executive who has worked for over 20 years at a large firm has been passed over for promotion for four consecutive years despite consistently meeting performance objectives. The reasons given by management have been vague, focusing on subjective "soft skills" rather than tangible results. Mr. Bright’s performance has recently begun to decline, and he appears disengaged and frustrated because of what is currently going on.

Questions:

a)Analyze the major issue with the current performance evaluation and promotion system at the company, using relevant performance management theories (e.g., goal-setting theory, equity theory). 20marks

b) Evaluate who is responsible for Mr. Bright's recent poor performance and what role the management and the HR department played. 10marks

c) Propose a detailed, multi-step solution the company could implement to re-engage Mr. Bright and reform its performance management approach to be more objective and transparent. The solution should cover the full performance management cycle (planning, monitoring, developing, rating, rewarding) 10marks

SECTION B

CHOOSE ANY THREE(3) QUESTIONS OF YOUR CHOICE

Question 1:

An effective employee performance management system keeps employees engaged while the company reaches its long-term objectives and adheres to its plan. Examine the principles of performance management. 10marks

b) Of what significance is performance management to organisations. 10marks

Question 2:

Performance management is the mirror that shows the commitment of the human capital to the organisation and to their assigned task. This system creates an opportunity for the top management to reward the excellent performance or reprimand unsatisfactory performance. This powerful system should be a tool to assess the overall performance of the organisation. This system not only show case the individual performance of the organisation, but it is also a tool to measure the developing steps of the organisation as a whole towards its missions. In reference to the above statement, elaborate on the scope of the performance management. 20marks

Question 3:

The Performance management system is developed mostly according to the needs, size and resource availability in an organisation. Lots of models of Performance Management Systems are developed all over the world. Discuss the functions of an effective performance management system. 10marks

b) Explain the barriers to effective performance management systems. 10marks

Question 4:

Performance counseling is a structured process in which managers or supervisors provide constructive feedback to employees, helping them understand their strengths, address weaknesses, and enhance overall performance. In light of the above, examine the guiding Principles to effective Performance Counseling. 10marks

b) Performance counseling focuses on improving employee performance, motivation, and career development. what skills are required by a manager for effective Performance Counseling. 10marks

Question 5:

Performance-planning is primarily a joint exploration of what individuals need to do and know to improve their performance and develop their skills and competences, and how their managers can provide the support and guidance they need which requires Competence Mapping & potential development which sometimes can be challenging to the HR managers. As an HR manager what are the barriers to effective performance planning. 20marks

Question 6:

Performance appraisal is a process of estimating or judging the value, excellent qualities or status of a person. It is a process of collecting, analyzing, and evaluating data relative to job behavior and results of individuals. Different organisations use use various methods while assessing their employees performance. Suggest and explain both traditional and modern methods of performance appraisal used by organisations. 20marks

Question 7:

Examine the common rating errors in performance appraisals. 10marks

b) How important are performance appraisal results to both the

employees and the organisation as well. 10marks

Question 8:

A Performance Management Plan provides a formal, regular, rigorous process for data collection, analysis and usage. Thus, changes in effectiveness and efficiency can be measured, enabling comparison of performance over time and against that of other similar entities. However, experience shows that there are a number of factors which causes the failure of an organisational performance system. Using your knowledge of Performance management, explore the factors which might lead to failure of performance systems. 20marks

Question 9:

Examine the factors affecting Performance Management Implementation. 10marks

b) Explain the strategies for effective implementation of performance management. 10marks

Question 10:

The performance management process is a systematic approach designed to align individual performance with organizational goals, enhance employee productivity, and foster a culture of continuous improvement. Give a detailed explanation of each stage of the performance management process. 10marks

b) Examine the characteristics of an effective Performance Management System. 10marks

Question 11:

With relevant examples, write short notes on the following terms as used in performance management. 20marks

Coaching

Mentoring

Performance evaluation

SMARTER objectives

Question 12:

Monitoring managee performance is an essential part of supervisory leadership, and naturally follows planning managee performance. Discuss the importance of Performance Monitoring in organisations. 10marks

b) explain the different methods of performance appraisal. 10marks