V-Pharmel Performance Management Case

V-Pharmel is an integrated consumer products company, producing a wide range of quality, affordable household products, with a mission to provide a better life for citizens of the world. It has been ranked on numerous lists amongst the top 100 'preferred employers'. The company has manufacturing facilities in 14 countries, and its products are sold in over 90 countries around the world. The excerpt below, from the company's website, is intended to demonstrate its management philosophy.

V-Pharmel is committed to values-based leadership, and the ethical treatment of all its constituencies. In keeping with our philosophy, we will uphold the highest ethical integrity in all business transactions, and practise the following values in all our transactions, both inside and outside the company:

1. Honesty and integrity in all our dealings - with co-workers, customers, clients, and all others.
2. Respect for each other's individuality, and diversity in all its forms.
3. Being a responsible corporate social citizen.
4. Maintaining a profit-orientation, without compromising our values.

The case of the management trainee

V-Pharmel has a comprehensive Management Trainee (MT) scheme, whereby they hire MTs from the top-ranked business schools in the US, and put them through a 2-year training programme, after which the trainee is assigned to a functional area, and assigned the title of Specialist.

In August 2007, they hired five MTs for the Marketing department - four from schools in the US, and one from Singapore. This was the first time they had hired internationally for the MT scheme, and AJ was the only 'foreigner' in the Marketing department. The MTs had similar backgrounds, in that they had Bachelor's degrees in the arts, and had specialised in Marketing in their graduate studies. However, AJ, the MT from Singapore, was the only one in the group who had worked in consumer products sales for four years, in between his Bachelor's and Master's. The other four had gone straight from undergraduate to graduate studies. Due to AJ's experience, he was assigned to work directly with Scott, the head of Marketing, while the other four were assigned to heads of product development teams within the marketing department. The MT scheme was supervised by Jim, the head of HR.
AJ's evaluation experience

According to AJ, Scott was very polite and respectful towards him, and often told him that the first year of an MT's career should be spent learning the ropes and getting to know the people. However, Scott rarely gave him any work of substance, and whenever AJ stopped by to speak with Scott, he was asked to come by later, as Scott was 'busy'. AJ remarked that, very often, when he stopped by to speak with Scott, he could hear Scott chatting about movies or dinners with other colleagues.

Sometime in March 2008, six months into the probationary period for the MTs, the five supervisors met with Jim, to discuss the progress of the MTs. Each supervisor spoke briefly about the MT assigned to him/her, and then filled out the appraisal form, and submitted it to Jim. Normally, the MTs were not invited to this meeting. Instead, Jim met with them individually, and gave them a letter he had written, based on the supervisor's comments. After the conclusion of the March meeting, one of the supervisors, Susan, stopped by AJ's cubicle, and informed him that Scott had given him a very negative report at the meeting, and that he should expect a 'tough' meeting with Jim, with the high probability that his contract might be terminated.

AJ approached Jim, and wanted to talk about what 'he had heard' (since he did not want to reveal Susan's name). Jim told him there was 'nothing to worry about', and that he would meet with him (and the other MTs) in a few days. Over the next week, Jim met with the MTs individually, and gave them feedback about their performance to this point. AJ was scheduled to be the last one to meet with Jim. AJ checked with the other MTs about their meetings, and they all reported being very pleased with their reports, having received all fours and fives on their forms. On Friday at 4, AJ met with Jim in his office, and Jim presented him with a two-page letter, detailing Scott's evaluation of AJ's performance. While AJ was prepared for a somewhat negative report, based on Susan's friendly warning, he was shocked to see that he had been rated one on all five categories (see sample form below).

AJ tried to explain to Jim that he had never been given any indication of problems with his performance, and that Scott was always very pleasant to him, and kept telling him that he needed to 'get his feet wet' the first year, as later on he would be swamped with work. Jim told AJ not to worry about the report – that he was confident that subsequent reports would be much better. Over the weekend, AJ kept wondering what had gone wrong, and why he had received such a big surprise. He had always been to work on time, often stayed late reading company manuals and reports, and since Scott barely gave him any work, he spent a lot of time speaking to other managers and taking copious notes, to learn about the company. Yet, he had been evaluated so poorly, that he began to wonder if he had chosen the wrong company - indeed, he wondered, if he had chosen the wrong profession.

He kept looking at the letter, written and signed by Jim, whom he considered a friend, yet the contents were not friendly, by any stretch of imagination. As he pored over the form one more time, he started to get upset and angry, not knowing what to do next. All the other MTs had received good ratings, and he did not believe they were too different
from him – either in background (he was the one with real experience!), or in the way they had worked over the last six months. As he looked more the form one more time, he suddenly realised that he had never written anything for Scott, so it made no sense that Scott had rated him on that category. On Monday, he approached Jim with this information, but Jim told him to just forget about it, as no one else would see the file, and in any case, Jim said ‘I think very highly of you’.

Over the next three months, AJ kept approaching Jim, with the same issue, but each time Jim told him not to worry. During these meetings, AJ also realised that even though Jim would not budge on the Scott issue, he did indeed respect AJ, and they were becoming quite friendly and collegial. Also, during these three months, Scott stopped talking to AJ completely, and gave him no work at all.

Ultimately, AJ decided he had no option left, but to quit the company and move back to Singapore. When AJ approached Jim to share his decision, Jim expressed surprise, but accepted AJ’s resignation, and wished him all the best ‘in his future endeavours’.

Attachment 1

V-Pharmer
Document 07PMS
Management Trainee Evaluation Form
(To be completed every 6 months for the first 2 years)

Name of Trainee ______________________________

Date of Joining ______________________________

Division ______________________________

Supervisor Name ______________________________

To the rater: Please use the following scale to evaluate the Management Trainee

1 = Poor; 2 = Below Average; 3 = Average; 4 = Above Average; 5 = Outstanding

Initiative 1 2 3 4 5

Attendance 1 2 3 4 5

Timeliness 1 2 3 4 5

Written Communication 1 2 3 4 5

Verbal Communication 1 2 3 4 5

Signature of HR head ______________________________


Global Performance Management  A. Varma and P.S. Budhwar

Signature of Management Trainee

Date

Note: This form is to be placed in trainee’s file after completion, and becomes a part of his/her permanent record.

Case questions
1. Critique the MT performance evaluation process at V-Pharrell. What could have been done differently?
2. What, in your opinion, was the purpose of the supervisors meeting as a team to evaluate all of the MTs?
3. In your opinion, what role did AJ and Scott’s backgrounds play in this case?
4. How would you rate the form used to evaluate the MTs?
5. Please critique the role played in this scenario, by all the major players – i.e., AJ, Scott, Jim, and even Susan.

Case questions for further study and reflection
1. If you were invited by V-Pharmel management to help revise the Management Trainee scheme, what changes would you institute?
2. Imagine you are AJ. What could you have done differently?
3. Most organisations nowadays have a set of values that they claim guide their professional behaviour. To what extent did the managers at V-Pharmel practise the company’s stated values? If they had truly internalised those values, would AJ’s experience have been different? How? Why?

Further reading

  This article goes beyond addressing the common measurement issues – instead, the authors emphasise the role of PMS in improving individual performance. Included are specific recommendations on designing such systems.

  A landmark article on performance appraisal, which covers key issues in PA, such as attention, categorisation, recall, and information integration, and the processes used by raters for these processes.

The authors report the results of a survey conducted to ascertain the extent of customization of PMS in MNCs and delineate the main factors that influence customization decisions. Based on the survey of top HR professionals in 100 leading companies in Bulgaria and Romania, the authors conclude that MNCs are already aware of the need for cultural adaptations of PMS and that global integration strategy, power distance, and masculinity impact PMS customization decisions significantly more than cultural distance.


In this book chapter, the authors review almost a quarter century's worth of research on selection and performance evaluation of expatriates. The authors note that there is extremely limited empirical work on PMS for expatriates, and that the limited information that is available leads them to conclude that most organisations either simply use domestic systems for expatriate performance management, or no system at all.


This research-oriented book provides a comprehensive overview of the cognitive processes involved in the performance appraisal process, including (i) information-processing models, (ii) information storage, (iii) recall, (iv) managerial judgments, and (v) issues with memory-based judgments.


This book provides a comprehensive overview of the performance appraisal process, summarising and critiquing relevant research. In addition, the authors discuss the impact of (i) social norms, (ii) organisational objectives, and (iii) linking individual performance goals to strategic objectives.


This edited volume takes an international perspective to the study of PMS. The initial chapters discuss some critical issues relating to PMS, such as motivation and rewards. The book also examines PMS in 11 different countries, including France, Germany, Turkey, and Japan.

**Internet resources**

Society for Human Resource Management [www.shrm.org]: The website of the premier professional organisation for HR professionals. An excellent resource which
Global Performance Management  

A. Varma and P.S. Budhwar

provides continuous updates on developments in the field, and numerous ‘white papers’ on various topics in HR. Access to some sections may require membership. (See also www.shrimindia.org.)

2  www.performance-appraisal.com: Provides a complete online guide for performance appraisals, including access to several tools and forms, etc.

3  www.worldatwork.org (formerly American Compensation Association): Particular focus on issues related to attracting, motivating and retaining employees. Also provides publications and knowledge resources. Recently launched online community is open to all.

Self-assessment questions

Indicative answers to these questions can be found on the companion website at www.sagepub.co.uk/harzing3e.

1  What is the difference between performance appraisal and performance management?

2  What are the critical features of an effective performance appraisal process?

3  What are the key issues in global performance management, as distinct from domestic performance management systems?

4  How are expatriate appraisals different from appraisals of HCNs (i.e., local employees)?

References


