Impact of effective Performance Appraisal on Employee Productivity (A case study on HCL Info systems)

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Key words: Performance appraisal, Employee productivity.

Abstract: Performance appraisal is a systematic and periodic process that assesses an individual employee's job performance and productivity in relation to certain pre-established criteria and organizational objectives. Performance Appraisal can be measured by following various different methods, HCL Infosystems Ltd. follows 9 Grid Model to assess the performance of its employees.

According to this model, the performance of employees is measured and accordingly they are given the feedback regarding their performance and simultaneously the promotions and hikes in compensation are decided using the Bell Curve.

Though the Performance Appraisal System that is followed in the organization is efficient and effective but to improve it and remove the grievances of employees it can be made more fair and rational. Regular updates should be given to the employees matching their Target v/s Achievement goals. Employees should be included in the discussion process so that misunderstandings are minimized to a great level. Rating, promotions and Compensation criteria should be clearly shown to the employee.

9 Grid Model is quite fair and rational method of Performance Appraisal that is followed by the organization.

Introduction: HCL INFOSYSTEMS LTD - HCL Infosystems Ltd. is India's Premier Distribution and IT Services and Solutions Company. HCL Infosystems' has one of the largest sales & distribution network in the country and provides value added distribution for partners including last mile connect and support in marketing and promotions for Telecom, IT , Office Automation and Consumer Electronics products covering more than 15000 towns across 664 districts in India. Our distribution business has an unparallel network that reaches more than 100,000 retail outlets, over 800 Direct and Micro Distributors and over 12400 Channel Partners across India.

PERFORMANCE APPRAISAL: A performance appraisal is a systematic and periodic process that assesses an individual employee's job performance and productivity in relation to certain pre-established criteria and organizational objectives. Other aspects of individual employees are considered as well, such as organizational citizenship behaviour, accomplishments, potential for future improvement, strengths and weaknesses, etc.
Performance Appraisal in HCL Infosystems is from July to June online.

NEED OF THE STUDY - Appraising the performance of individuals, groups and organizations is a common practice of all societies. While in some instances these appraisal processes are structured and formally sanctioned, in other instances they are an informal and integral part of daily activities. Consciously or unconsciously evaluate our own actions from time to time. In social interactions, performance is conducted a systematic and planned manner to achieve widespread popularity in recent years. Performance appraisal is essential to understand and improve the employee's performance through HRD.

In fact, performance appraisal is the basis for HRD. It was viewed performance appraisal was useful to decide upon employee promotion / transfer salary determination and the like. But the recent developments in human resources management indicate that performance appraisal is the basis for employee development. Performance appraisal indicates the level of desired performance level, level of actual performance and the gap between these two.

So, the need is to find the best practices that can be implemented so as to bridge the gap in the current performance appraisal system.

LITERATURE REVIEW: Analysis - (Kressler, 2003); Conducted a research on Effective Performance appraisals, they are one of the most important requirements for successful business and human resource policy. Rewarding and promoting effective performance in organizations, as well as identifying ineffective performers for developmental programs or other personnel actions, are essential to effective to human resource management (Pulakos, 2003). The ability to conduct performance appraisals relies on the ability to assess an employee's performance in a fair and accurate manner. Evaluating employee performance is a difficult task. Once the supervisor understands the nature of the job and the sources of information, the information needs to be collected in a systematic way, provided as feedback, and integrated into the organization's performance management process for use in making compensation, job placement, and training decisions and assignments (London, 2003).

According to Everden and Anderson (1992), performance appraisal will assist the organization in succession planning, identifying gaps in human resources planning, ensuring organization's and individual's objectives are in harmony, improving communication and performance. It is one of the many tools of managing people. In this regard, Armstrong (1991), recommended that the principles in managing people embodies in the following : People are the most important resources in an organization and must be managed effectively, as they are the key to the organization's success. The human resource policies and procedures need to be closely linked so as to contribute to the achievement objectives and strategic plans.

OBJECTIVES :

- To study the Performance Appraisal process in HCL Infosystems Ltd.
- To bring out best practices for the current Performance Appraisal process to be more effective

HCL INFOSYSTEMS USES 9 GRID METHOD OF PERFORMANCE MANAGEMENT SYSTEM: Tool for Online Performance Management Process: EmpXtrack- It is an online site where all the details are stored.

Steps for Performance Management:

- Goal Setting (Initial month of every Financial year – June)
- Review Performance
- Performance Differentiation

FIGURE 1: Steps of PM

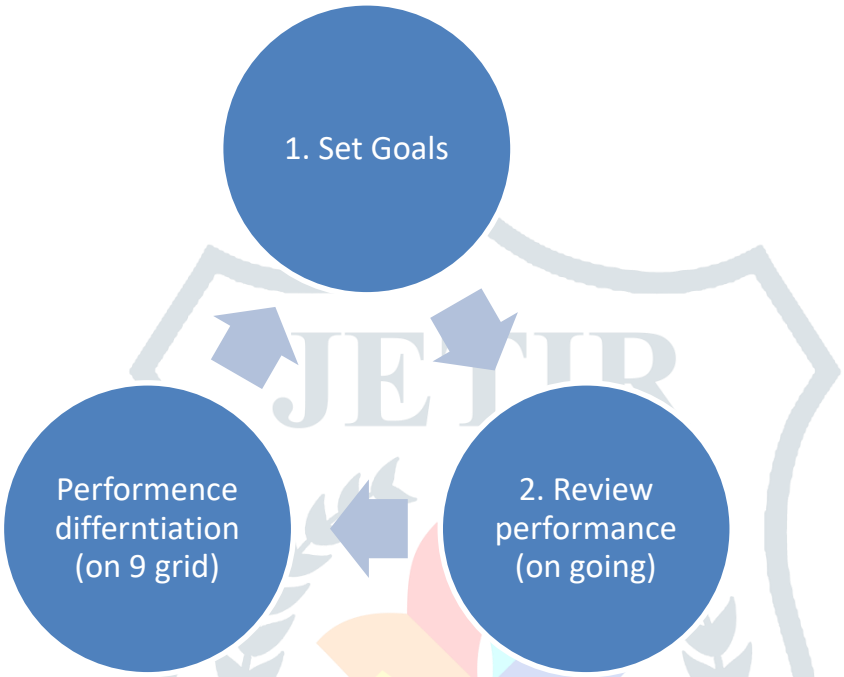
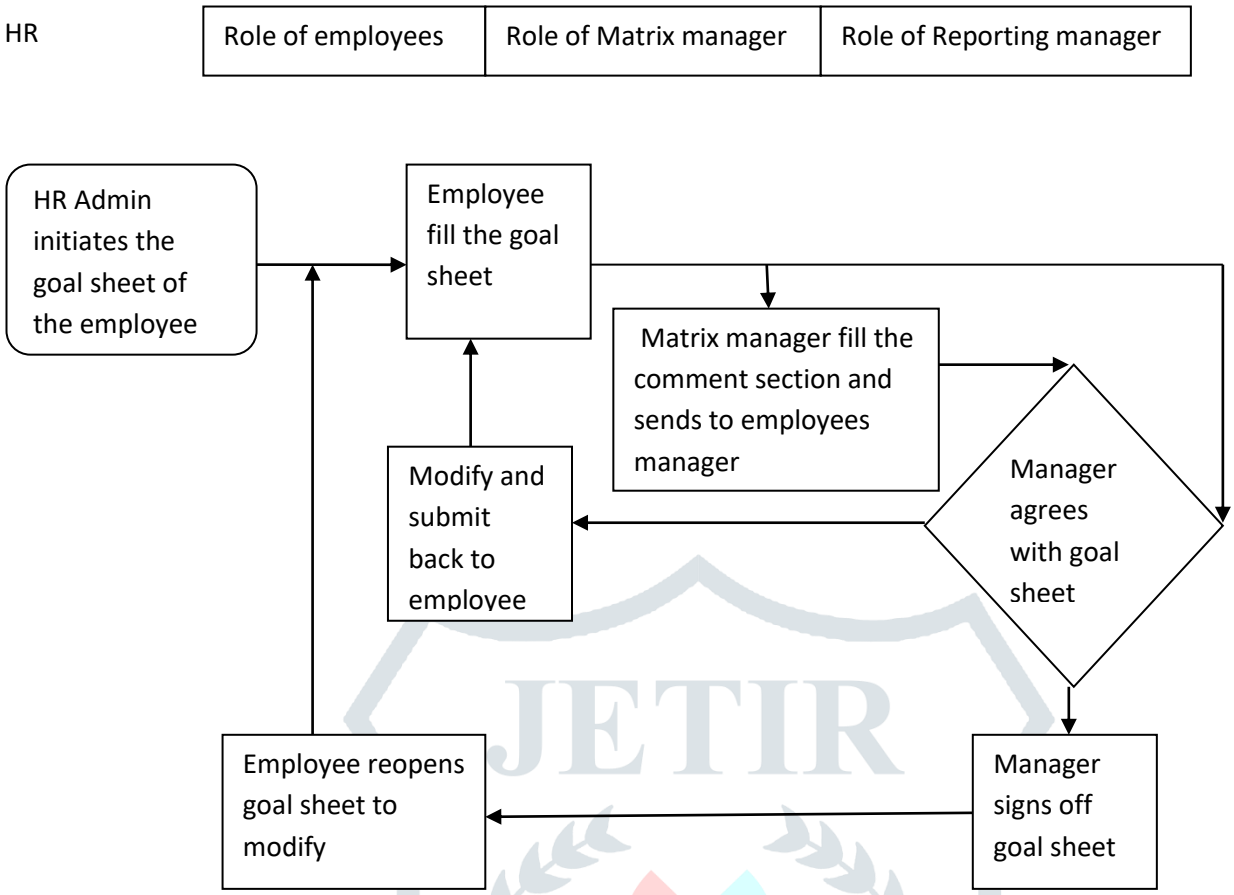


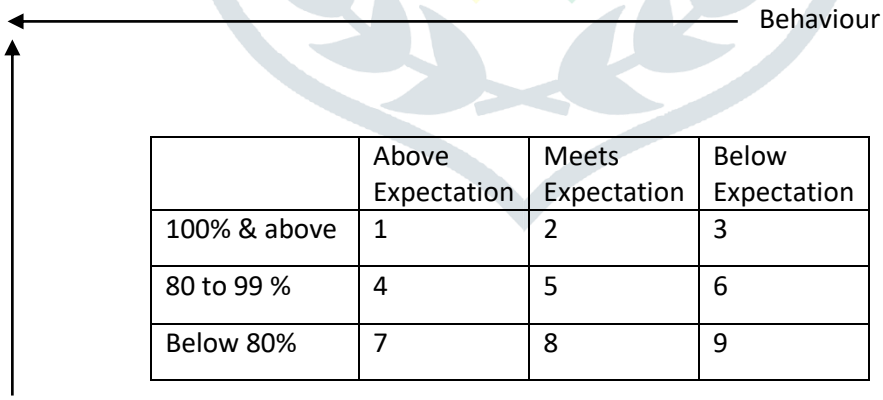
Figure 2 : Goal Setting work flow



BASICS OF 9 GRID ASSESSMENT:

9 grid assessment - Performance = Results(What) + Behaviour (How)

FIGURE 3: 9 GRID DIAGRAM



	Above Expectation	Meets Expectation	Below Expectation
100% & above	1	2	3
80 to 99 %	4	5	6
Below 80%	7	8	9

TABLE 1: RESULTS RATING AND DEFINITIONS

Results Rating: Select One	**Definitions**
Exceeds Expectations	100% and above achievement of Targets
Meets Expectations	80 – 99% Achievement of Targets
Below Expectations	Below 80% Achievement of targets

Step3: Differentiation

Differentiation supports our Pay for Performance philosophyleading to a motivated workforce and thus ensuring success of the organization.

- It Clearly distinguishing levels of performance in the team using the 9 grid and Potential
- Ensuring employees ratings reflect the quality levels of the results and the behaviors exhibited
- Respective managers are responsible for this.
- Next level managers are accountable for ensuring differentiation, fairness & consistency

This is important. Because,

- To recognize superior performers, reward and recognize them
- Motivate everyone towards higher level of performance
- Identify inferior performers & address issues of non-performance & improvement opportunities
- Provide consistent standard of measurement for behavior assessment

1. SELF APPRAISAL– The role of Self Appraisal is that the employees provide ratings on their own performance. It is done based on the mapping of the goals. Self appraisal is an important part of the Performance appraisal process where the employee themselves gives the feedback or their views and points regarding their performance. Usually this is done with the help of a self appraisal form where the employee rates themselves on various parameters, tells about their training needs, if any, talks about their accomplishments, strengths, weaknesses, problems faced etc.

Self Appraisal is done on a Grid model of Behaviors and Results, wherein Behaviors are on the 'X' Axis and Results are on the 'Y' Axis.

2.REPORTING MANAGER– The role of the Manager is to give rating on the performance of the employee and then submit it to the Reviewer.

Self Appraisal form is filled online by the Employee and it is submitted to the Manager for promotion recommendation and reviewing.

3. REVIEWER – The role of the Reviewer is to review the ratings and discuss it with the Manager, give his own recommendations and submit it to the Normalization Authority.

The reviewer would typically be the next level manager or the manager's manager of the employee.

After receiving the sheet from the Manager, Reviewer reviews the sheet, discusses it with the Manager, after a good discussion, provides recommendations on several points with the comments and further passes the sheet to the Normalizing Authority.

4. NORMALIZATION AUTHORITY– The role of Normalisation Authority is to forcefully close the Appraisal if it is not completed by the target date and submit it for the finalized ratings.

The normalizing authority would typically be a functional or BU Head.

After receiving the sheet from the Reviewer, this Authority discusses it with the Reviewer if the situations demands so, gives his comments and then submits his final ratings.

Normalization Authority further passes on to shares services for letter generation.

COMPENSATION PLANNING – PROCESS

Manager suggests salary increment based on Finalized Grid rating and budgetavailable

Reviewer reviews& may change manager recommendation for salary increment.

Normalization Authority reviews salary increment suggested by Manager & reviewer in discussion with BUHR Head.

Submits to HRSS for compensation execution & letter generation

HRSS executes compensation planning & generates letter.

Employee discussion & Increment Letter Generated letter is available in manager's login. Manager takes print out of Increment letter & appraisal summary sheet & gives to employee

Employee Acknowledges Discussion

RESEARCH METHODOLOGY:

RESEARCH PROBLEM : To know the current Appraisal Cycle and to find out the best practices to improve it.

TYPE OF RESEARCH : Analytical Research

It is a specific type of research that involves critical thinking skills and the evaluation of facts and information relative to the research being conducted.

INSTRUMENTS OF DATA COLLECTION

- Questionnaire- Employees
- Interacting with Employees

SAMPLING TECHNIQUE- CONVENIENCE

Convenience Sampling

Convenience sampling is a non-probability sampling technique where subjects are selected because of their convenient accessibility and proximity to the researcher. Many researchers prefer this sampling technique because it is fast, inexpensive, easy and the subjects are readily available.

SAMPLE SIZE

Employees 30

FINDINGS AND ANALYSIS:

FINDINGS

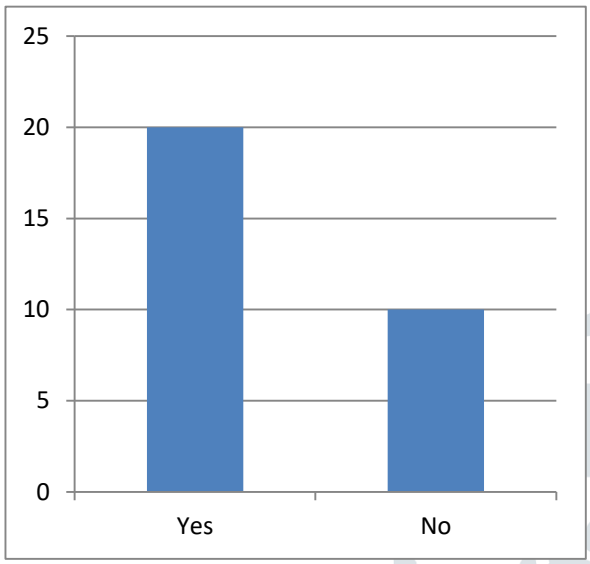
TABLE 3:FINDINGS

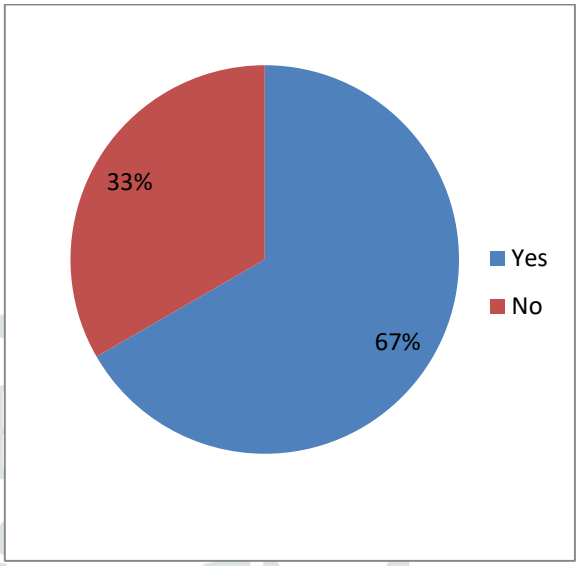
S.N0	PARAMETERS	RESPONSES	% OF EMPLOYEES
1	Satisfaction with the Appraisal Process	Yes	67%
2	Performance Appraisal helps in the assessment of individual potential	Strongly Agree	80%
3	Performance Appraisal system followed in the organization is rational and fair	Agree	33%
4	As an Appraisee, problems are faced	No	70%
5	Appraiser helps in selecting the KRA's	Yes	80%
6	Present list of KRAs cover all aspect of your job	Yes	63%
7	Performance Appraisal followed in the organization helps to assess the training and development needs of employee	Agree	33%
8	Employees appraised fairly according to the company's policies	Yes	67%
9	Formal feedback is available regarding the performance	Yes	66%
10	Appraisal feedback is accepted by the employees in a	Positive Way	40%
11	An employee should be assessed in	6 Months	60%
12	Steps taken to improve the performance of the individual, if found not upto the mark	Yes	59%
13	Steps are effective/useful in the job	Yes	70%

ANALYSIS

Are you satisfied with the present Performance Appraisal system?

OPTIONS	NUMBER OF EMPLOYEES	PERCENTAGE OF EMPLOYEES
Yes	20	66%
No	10	33%



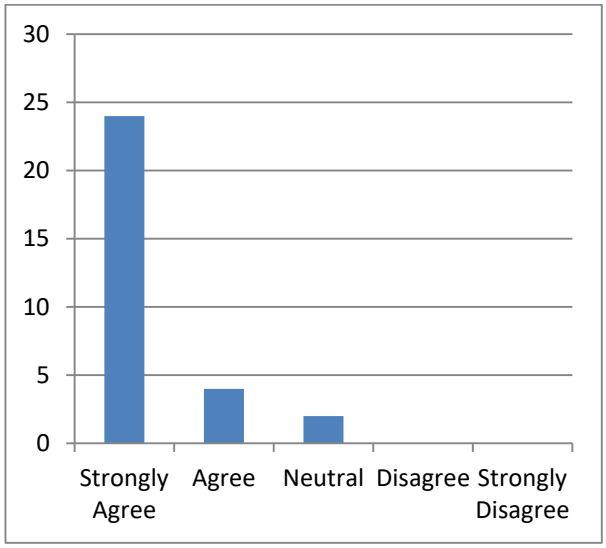


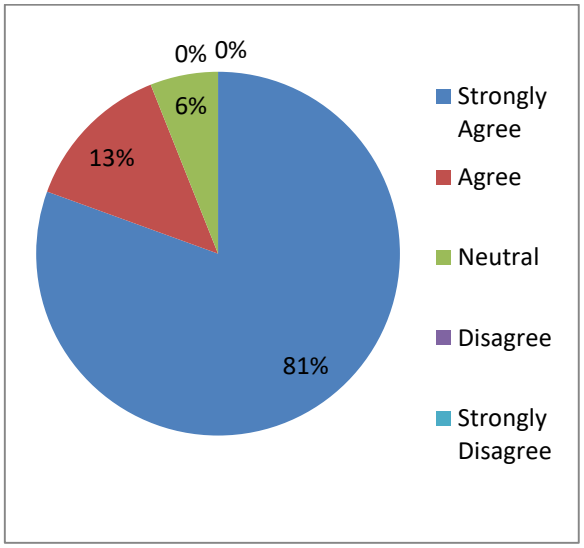
67% of employees surveyed were satisfied with the current Appraisal process whereas, 33% were not satisfied.

Frequency (F)	Weight (W)	(F*W)
20	2	40
10	1	10
30	3	50
		Total (F*W)/Total (F) = 1.66
Interpretation: The weighted average score depicts that accept few maximum employees are satisfied with the present appraisal system.		

Does Performance Appraisal help in the assessment of individual potential?

OPTIONS	NUMBER OF EMPLOYEES	PERCENTAGE OF EMPLOYEES
Strongly Agree	24	80%
Agree	4	13%
Neutral	2	6%
Disagree		0%
Strongly Disagree		0%



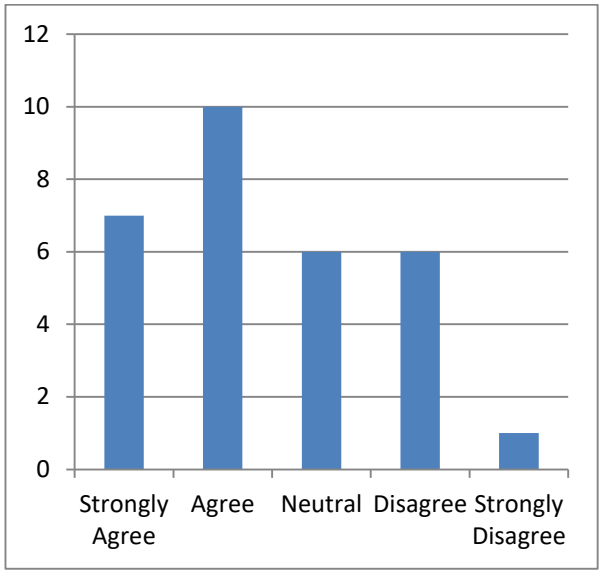


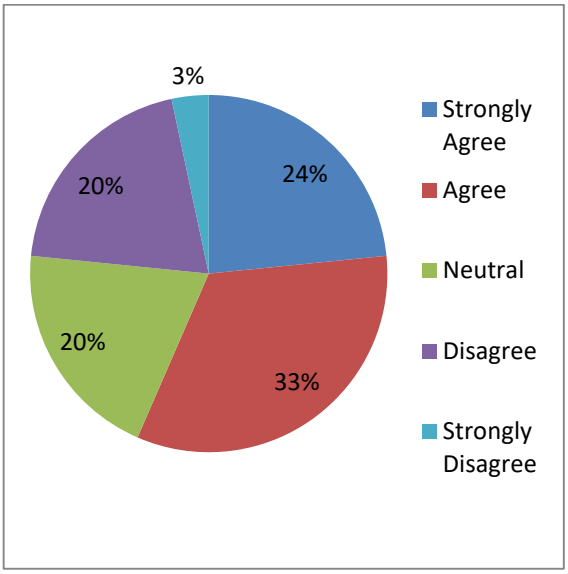
81% of employees find that Performance Appraisal helps in assessment of individual potential.

Frequency (F)	Weight (W)	(F*W)
24	5	120
4	4	16
2	3	6
0	2	0
0	1	0
30	15	142
		Total (F*W)/Total (F) =4.733
Interpretation: The weighted average score depicts that accept few maximum employees feel that the performance appraisal helps in the assessment of the individual potential.		

Does the Performance Appraisal system followed in the organization is rational and fair?

OPTIONS	**NUMBER OF EMPLOYEES**	**PERCENTAGE OF EMPLOYEES**
Strongly Agree	7	23%
Agree	10	33%
Neutral	6	20%
Disagree	6	20%
Strongly Disagree	1	3%



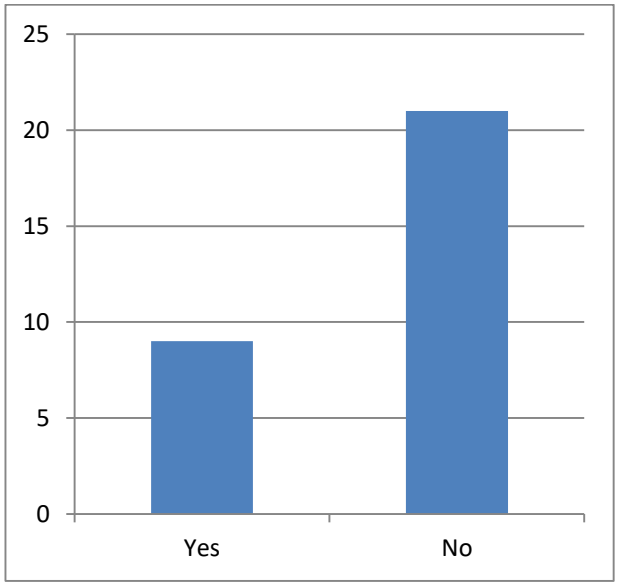


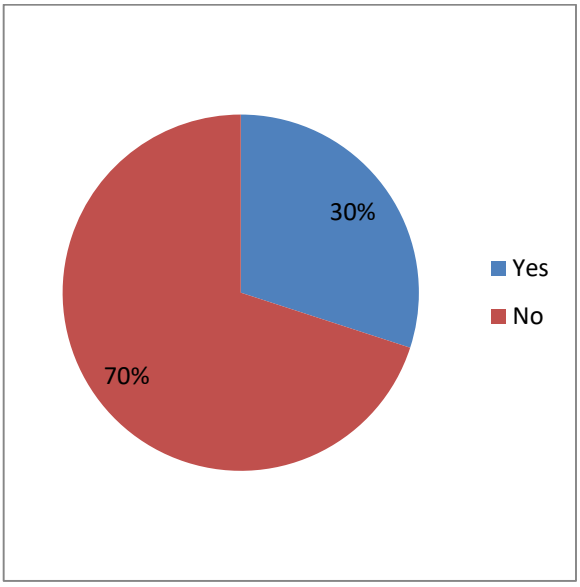
33% of employees find that Appraisal process followed in the organization is rational and fair and 3% of employees strongly disagree with the rationality and fairness of Appraisal process in the organization.

Frequency (F)	Weight (W)	(F*W)
7	5	35
10	4	40
6	3	18
6	2	12
1	1	1
30	15	106
		Total (F*W)/Total (F) =3.533
Interpretation: The weighted average score depicts that accept few maximum employees feel that the performance appraisal followed in HCL is rational and fair.		

As an appraisee do you face any problem while selecting the KRAs?

OPTIONS	NUMBER OF EMPLOYEES	PERCENTAGE OF EMPLOYEES
Yes	9	30%
No	21	70%



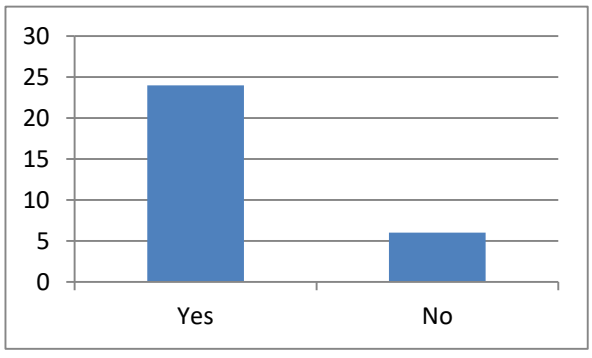


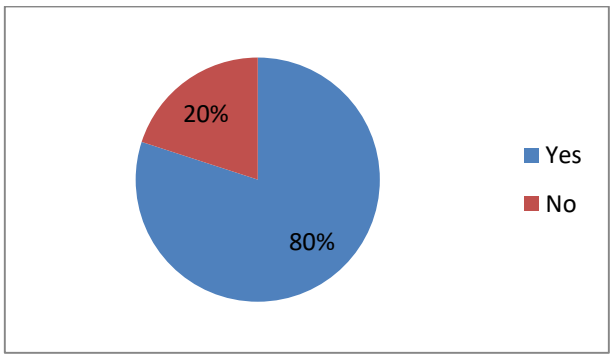
70% of employees as an appraisee do not face problem in selecting the KRA's while 30% of employees as appraisees face problems while selecting the KRA's.

Frequency (F)	Weight (W)	(F*W)
9	2	18
21	1	21
30	3	39
		Total (F*W)/Total (F) = 1.3
Interpretation: The weighted average score depicts that accept few maximum employees do not feel any problem in selecting KRA's		

Does your appraiser help you in selecting the KRAs?

OPTIONS	NUMBER OF EMPLOYEES	PERCENTAGE OF EMPLOYEES
Yes	24	80%
No	6	20%



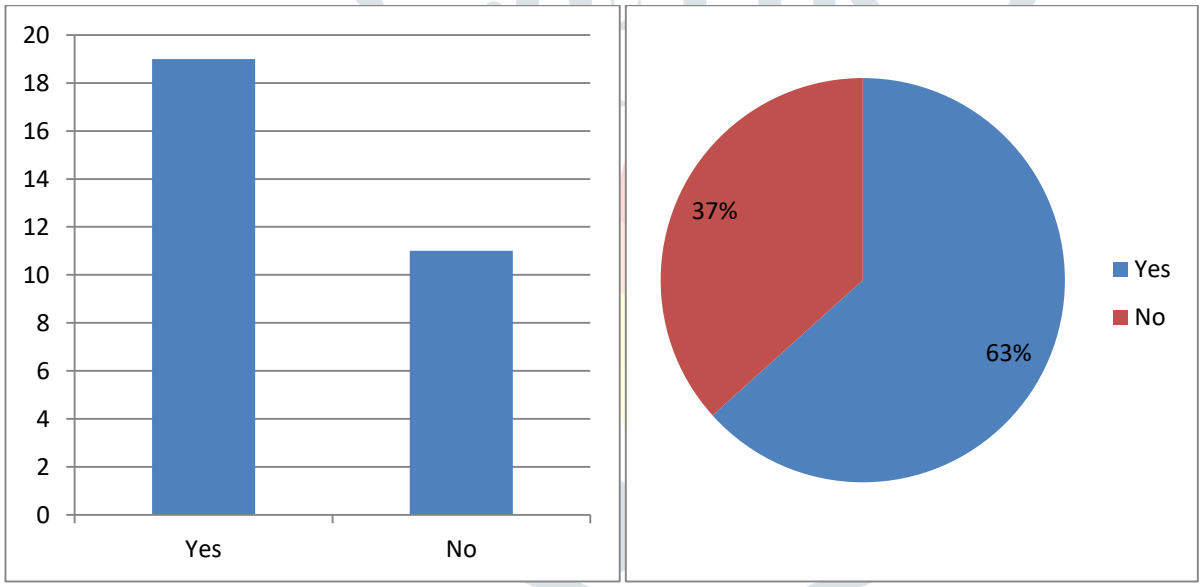


80% of employees surveyed answered that their appraiser helps in selecting the KRA's whereas 20% of employees answered that they are not helped by their appraiser's in selecting the KRA's.

Frequency (F)	Weight (W)	(F*W)
26	2	48
4	1	6
30	3	54
		Total (F*W)/Total (F) = 1.8
Interpretation: The weighted average score depicts that Appraiser of the Appraisee helps in selecting KRA's.		

Do you think the present list of KRAs cover all aspect of your job?

OPTIONS	**NUMBER OF EMPLOYEES**	**PERCENTAGE OF EMPLOYEES**
Yes	19	63%
No	11	37%

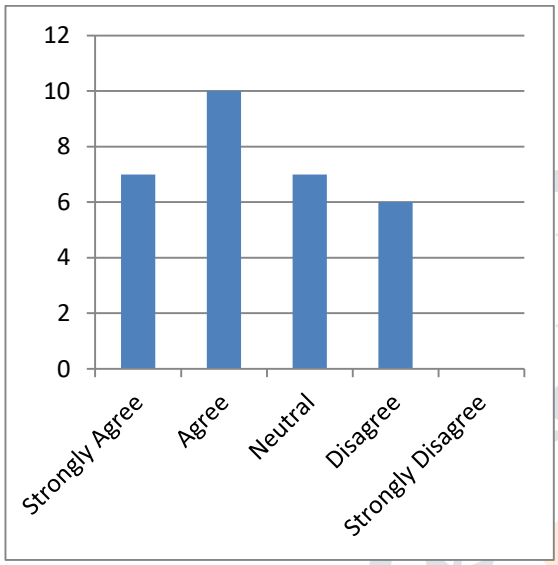


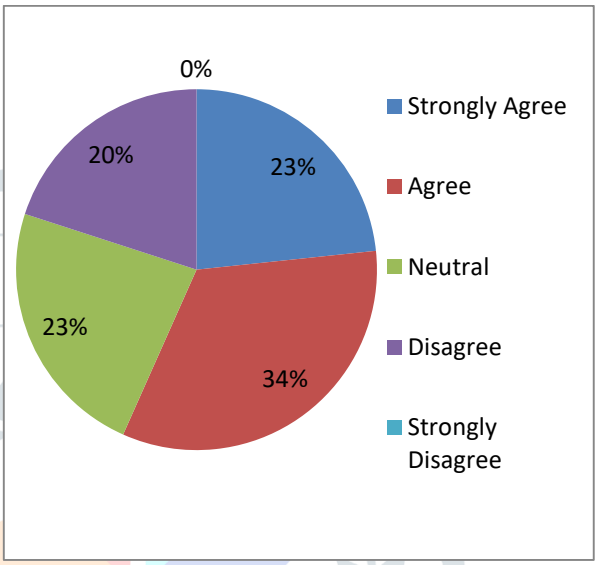
63% of employees surveyed find that their present list of KRA's covers all aspect of their job whereas 37% of employees find that the present list of KRA's does not cover all aspects of their job.

Frequency (F)	Weight (W)	(F*W)
19	2	38
11	1	11
30	3	49
		Total (F*W)/Total (F) = 1.633
Interpretation: The weighted average score depicts that accept few employees all other think that Appraisal system of HCL covers all aspect of KRA's.		

The performance Appraisal followed in the organization helps to assess the training and development needs of employee?

OPTIONS	NUMBER OF EMPLOYEES	PERCENTAGE OF EMPLOYEES
Strongly Agree	7	23%
Agree	10	33%
Neutral	7	23%
Disagree	6	20%
Strongly Disagree		0%



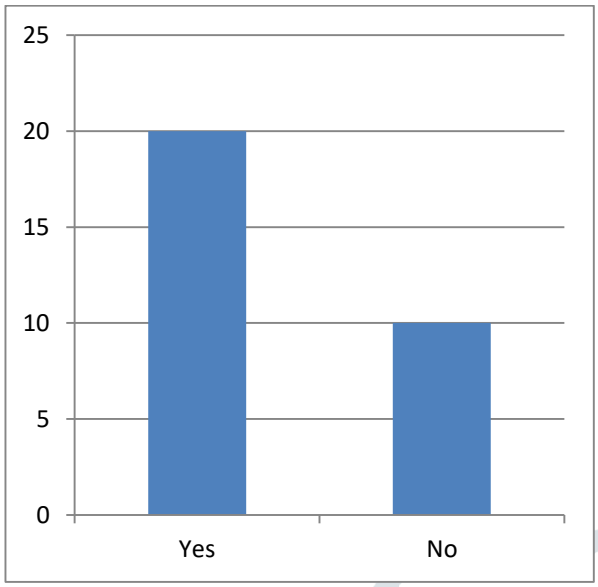


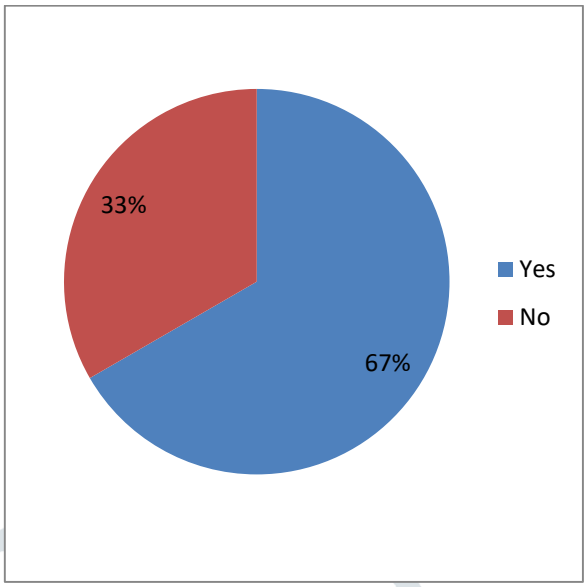
57% of employees find that Performance Appraisal helps to assess training and development needs of employees while 20% of employees find that it does not helps in assessing training and development needs.

Frequency (F)	Weight (W)	(F*W)
7	5	35
10	4	40
7	3	21
6	2	12
0	1	0
30	15	108
		Total (F*W)/Total (F) = 3.6
Interpretation: The weighted average score depicts that accept few employees all other think that Appraisal system of HCL helps to assess Training and Development needs of the employee.		

Are the Employees appraised fairly according to the company's policies?

OPTIONS	NUMBER OF EMPLOYEES	PERCENTAGE OF EMPLOYEES
Yes	20	66%
No	10	33%



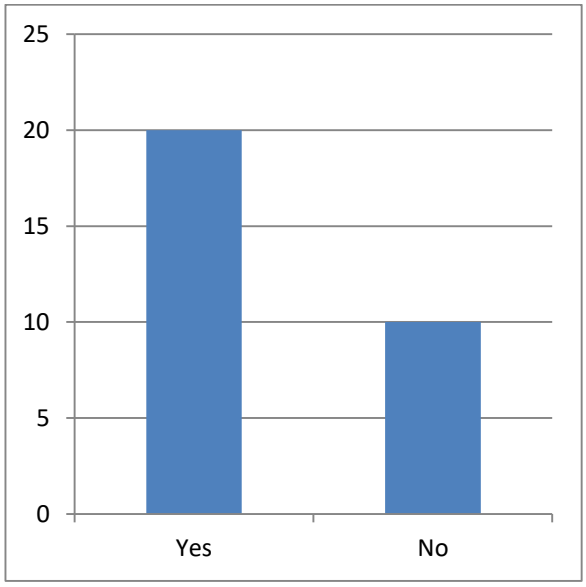


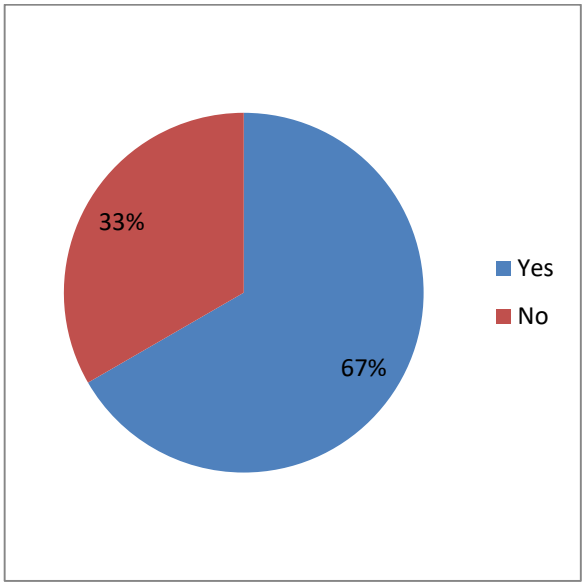
67% of employees feel that they are being appraised fairly according to the company's policies while 33% feel that they are not being appraised according to the company's policies.

Frequency (F)	Weight (W)	(F*W)
20	2	40
10	1	10
30	3	50
		Total (F*W)/Total (F) = 1.66
Interpretation: The weighted average score depicts that accept few employees all other think that they are being appraised as per policy.		

Do you get any formal feedback regarding your performance?

OPTIONS	NUMBER OF EMPLOYEES	PERCENTAGE OF EMPLOYEES
Yes	20	66%
No	10	33%



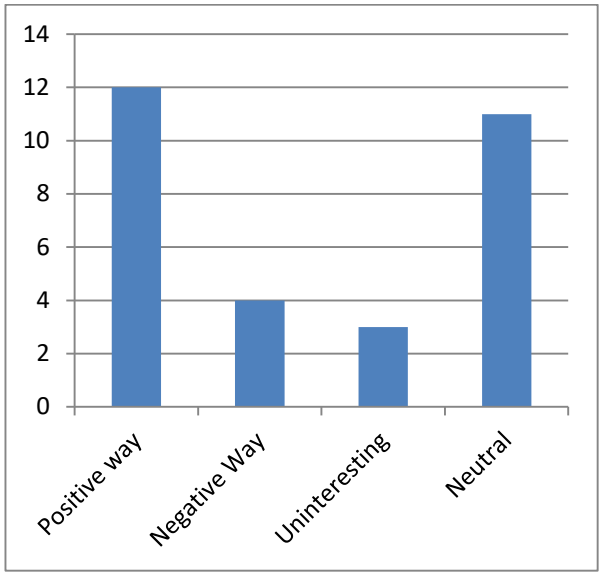


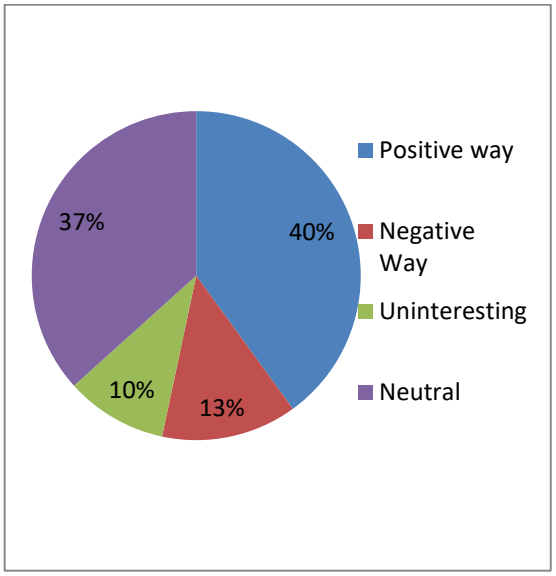
33% of employees surveyed receive the feedback regarding their performance whereas 67% do not get any feedback regarding their performance.

Frequency (F)	Weight (W)	(F*W)
20	2	40
10	1	10
30	3	50
		Total (F*W)/Total (F) = 1.66
Interpretation: The weighted average score depicts that accept few employees all other think that they receive a formal feedback regarding their performance.		

How do the employees accept the appraisal feedback?

OPTIONS	NUMBER OF EMPLOYEES	PERCENTAGE OF EMPLOYEES
Positive way	12	40%
Negative Way	4	13%
Uninteresting	3	10%
Neutral	11	37%



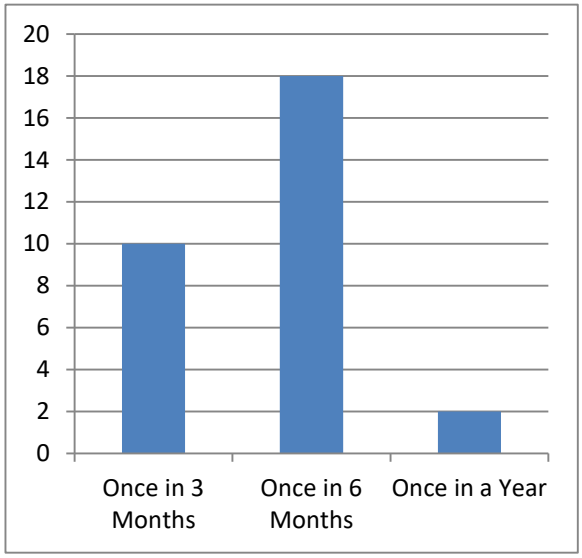


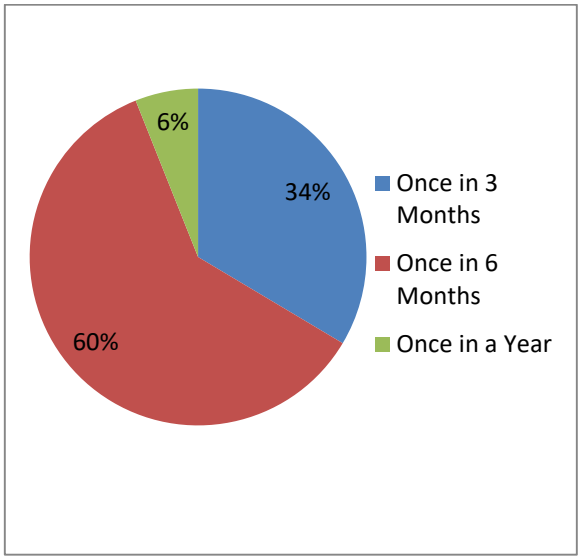
40% of employees accept the appraisal feedback positively whereas 13% of employees take the feedback in a negative way.

Frequency (F)	Weight (W)	(F*W)
12	4	48
4	3	12
3	2	6
11	1	11
30	10	77
		Total (F*W)/Total (F) = 2.56
Interpretation: The weighted average score depicts that most of the employees take the feedback in a positive way.		

How often should an employee be assessed?

OPTIONS	NUMBER OF EMPLOYEES	PERCENTAGE OF EMPLOYEES
Once in 3 Months	10	33%
Once in 6 Months	18	60%
Once in a Year	2	6%



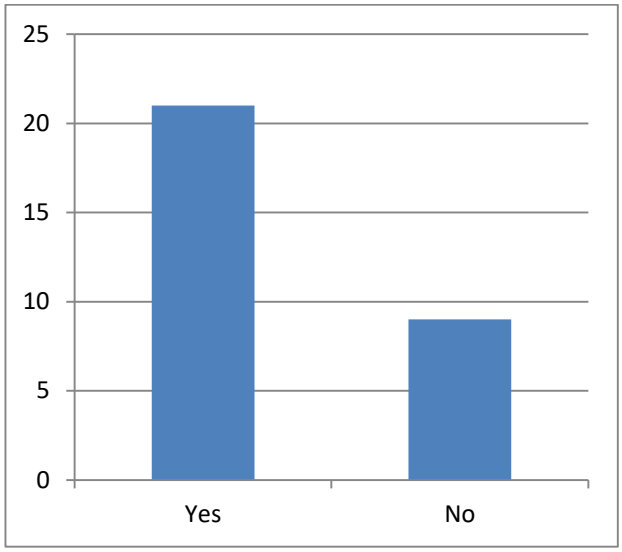


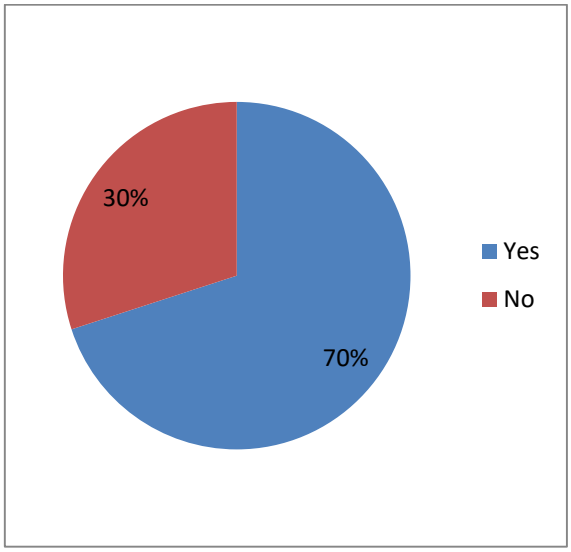
60% of employees answered that they should be assessed in 6 months time whereas 6% of employees answered that they should be assessed once in a year.

Frequency (F)	Weight (W)	(F*W)
10	3	30
18	2	36
2	1	2
30	6	68
		Total (F*W)/Total (F) = 2.26
Interpretation: The weighted average score depicts that accept employees shoud be assessed once in 6 months.		

Are any steps taken to improve the performance of the individual, if found not up to the mark?

OPTIONS	**NUMBER OF EMPLOYEES**	**PERCENTAGE OF EMPLOYEES**
Yes	21	70%
No	9	30%



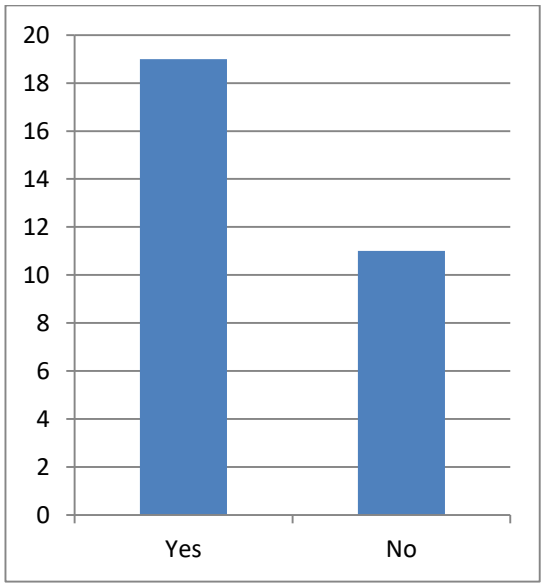


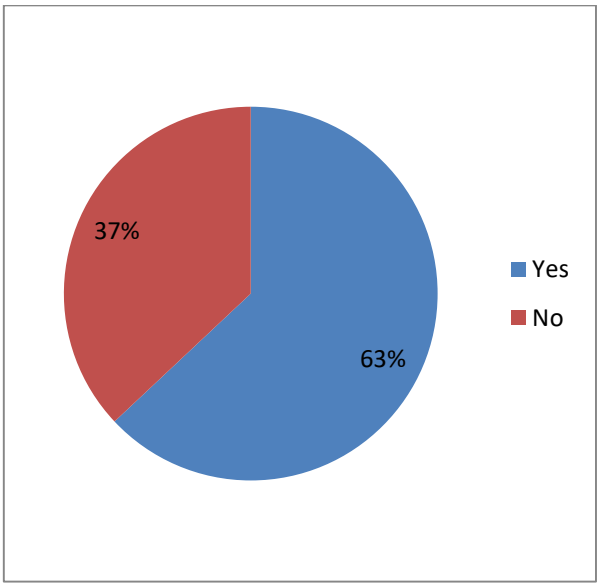
70% of employees surveyed answered that steps are taken to improve their performance if the performance is not found up to the mark whereas 30% of employees answered that the required steps are up to taken to rectify their performance if the performance is not found up to the mark.

Frequency (F)	Weight (W)	(F*W)
21	2	42
9	1	9
30	3	51
		Total (F*W)/Total (F) = 1.7
Interpretation: The weighted average score depicts that many employees feel that steps are taken by HCL to improve the performance of the individual: If found not up to the mark.		

Do you find these steps effective / useful in your job?

OPTIONS	NUMBER OF EMPLOYEES	PERCENTAGE OF EMPLOYEES
Yes	19	63%
No	11	37%





63% of employees find the steps taken to improve the performance of employees effective while 37% of employees do not find these steps effective in improving their performance.

Frequency (F)	Weight (W)	(F*W)
19	2	38
110	1	11
30	3	49
		Total (F*W)/Total (F) = 1.63
Interpretation: The weighted average score depicts that many employees feel that steps are taken by HCL to improve the performance are effective and useful in the job		

CONCLUSION AND SUGGESTIONS

SUGGESTIONS BY THE EMPLOYEES AS APPRAISEES

- A formal discussion should take place between managers and appraisee regarding target vs. achievement. This gives a clear picture to both parties involved on the factual situation.
- 6 months formal reviews should happen, however increments can be annual.
- Mechanism to capture regular/periodic reviews and feedback sessions should be there.
- On time appraisal should be done.
- There should be alert message from System on the individual performance target Vs Achievement.
- Training should be provided to all employees to do better performance.
- Appraisal process should have more transparency.
- It's an opportunity to work more with more responsibilities.
- Appraisal process should be linked with Training & development.
- Effective appraisal system required that should take place within the desired time. We should retain the quality manpower by lucrative salary and Incentive Plans.
- Performance of employee should cover all the activities he/she is concerned with.
- New hires should not be automatically given an average rating for the first year. Rating should be given on actual performance.
- KRA's are not decided by the managers, they are decided on the basis of the work given, not on the basis of employee profile, skill set, qualification, performance and roles.
- Performance Appraisal should be done on the basis of employee's performance, Company's policies regarding the appraisal system and promotions must be shared with the employees. KRA's must be defined by the manager in advance so that employee can do their best to achieve that KRA.
- An open dialogue with reviewer.

SUGGESTIONS BY THE EMPLOYEES AS APPRAISERS

- 6 months formal reviews should happen, however increments can be annual.
- Mechanism to capture regular/periodic reviews and feedback sessions
- Select every point of the candidate before giving him appraisal.

- Department wise P&L should be maintained based on that performance should be monitored and appraisal should be carried out.
- Must consider the performance of entire previous year and should not jump to any conclusion on the basis of merely last few days' performance.
- Rating should be based on overall performance and behavior.

RECOMMENDATIONS

- SMART goal setting should be done and it should be clear.
- Performance reviews should take place in every 6 months time period so as to improve the effectiveness of the entire process.
- Regular and timely feedback should be given to the employees regarding their performance.
- In contrast with the feedback given to the employees, training should be given to them so as to increase their performance.
- At the time of discussion with the Reviewing authority, the employee should also have a part in the discussion process so as to maintain more transparency in the system.
- Employee should be shown exact reasons between his appraisals so as to avoid any type of misunderstandings in future.

CONCLUSION

Performance appraisal is a systematic and periodic process that assesses an individual employee's job performance and productivity in relation to certain pre-established criteria and organizational objectives. HCL InfosystemsLtd. follows 9 Grid model of Appraisal system, which is an effective and efficient way of appraising the performance of individuals.

Though the present system of Performance Appraisal is an effective and smooth process but it can be improved by carrying out the appraisals timely and fairly by setting SMART Goals and completely involving the employees in the process so as to have more transparency, providing them regular feedbacks and trainings for the same.

LEARNING

By carrying out this study, I have learnt about the existing Appraisal Cycle in HCL Infosystems Ltd., by interacting and gathering responses from so many employees.It was a great opportunity to learn more about Appraisal Cycle and getting in touch with so many employees from various departments in the organization.

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APPENDIX

Questionnaire

Name_____

Employee Code_____

Designation_____

Email-Id_____

1. Are you satisfied with the present performance appraisal system?

- ☐ Yes
- ☐ No

If No then why .....

2. Does Performance Appraisal help in the assessment of individual potential?

- ☐ Strongly Agree
- ☐ Agree
- ☐ Neutral
- ☐ Disagree
- ☐ Strongly Disagree

3. Does Performance Appraisal system followed in the organization is rational and fair?

- ☐ Strongly Agree
- ☐ Agree
- ☐ Neutral
- ☐ Disagree
- ☐ Strongly Disagree

4. As an appraisee do you face any problem while selecting the KRAs?

- ☐ Yes
- ☐ No

5. Does your appraiser help you in selecting the KRAs?

- ☐ Yes
- ☐ No

6. Do you think the present list of KRAs cover all aspect of your job?

- ☐ Yes
- ☐ No

7. Does the performance Appraisal followed in the organization helps to assess the training and development needs of employee?

- ☐ Strongly Agree
- ☐ Agree Neutral
- ☐ Disagree
- ☐ Strongly Disagree

8. Are the Employees appraised fairly according to the company's policies?

- ☐ Strongly Agree
- ☐ Agree Neutral
- ☐ Disagree
- ☐ Strongly Disagree

9. Do you get any formal feedback regarding your performance?

- ☐ Yes
- ☐ No

10. How do the employees accept the appraisal feedback?

- ☐ Positive way
- ☐ Negative way
- ☐ Uninteresting
- ☐ Neutral

11. How often should an employee be assessed?

- ☐ Once in 3months
- ☐ Once in 6months
- ☐ Once in a year

12. Are any steps taken to improve the performance if found not up to the mark?

- ☐ Yes
- ☐ No

13. Do you find these steps effective / useful in your job?

- ☐ Yes
- ☐ No

14. As an appraiser what problem do you face?

_____

_____

15. Suggestion as an appraisee

_____

_____

16. Suggestion as an appraiser

_____

_____

Signature:-

Date_____