



PERFORMANCE MANAGEMENT GUIDELINES

Purpose

An effective Performance Management Process is extremely important for an Organization and the employees who constitute the Organization. The type of performance management and measurement system of an Organization has a significant impact on the employee's performance. Every employee in the Organization has certain expectations in relation to employee's work as much as the Organization expects from employees. These include:

- (i) Clear expectations of his/her job.
- (ii) Opportunities to perform effectively.
- (iii) Timely and periodic feed back on individual performance.
- (iv) Developmental needs to enhance performance of Individual, team and Organization as a whole.

A well-designed appraisal system will be effective only if it is understood and implemented objectively.

Objective

Performance Management System is purely based on the broad principles of Management by Objective (MBO). Our Performance review system is designed to facilitate open, information-based and developmental assessment of individual's performance. However, one needs to keep in mind the complexity of the subject and every attempt to be taken to ensure that we are as close to 100% objectivity in our review process.

- To integrate the company and individual goals through a process of performance assessment linked to the achievement of organizational objectives
- To ensure an objective assessment of performance
- To distinguish between differing levels of performance on relative basis
- To identify the development actions to be taken to enhance the performance of organisation and Individual. To facilitate the process of employee development through performance planning, self review performance analysis and two-way communication between Appraiser and appraiser.
- To take feedback and suggestions to improve various systems in the Company.



Goal Setting/Objective setting in Performance Management System:

Setting overall objectives/goals takes the-top-down approach. The top management team gets together to formulate overall objectives. The usual procedure is first to identify Key Results Areas in the organization. A Key Result Area is one that has the greatest impact on the overall performance of the organization. After the Key Result Areas are identified, measures of performance are determined. Objectives are always stated so that they can be objectively measured. Finally, the actual KRA's are agreed upon usually with input from all members of the top management but with final authority vested in the CEO IQSS.

These **Goals** are result-oriented and are stated as objective, measurable terms with mile stones, target dates and accompanying action plans that propose how they will be accomplished.

Developing the Organisation for a Performance Management System:

Once the overall objectives have been formulated, it is vital that the organization now be prepared to implement the system downward. Entire organization will get formal communication from the CEO on the organization wide set objectives and the criteria for measurement of the same.

Setting individual Goals:

Once the overall organizational objectives have been developed, individual goals are set. These individual goals are determined by each superior – subordinate pair, starting at the top and going down as far as the system is to be implemented. Set of milestones should be in line with the overall objectives of the organization. KRA's and the defined milestones should be stated in quantifiable, measurable terms and have a target date. Like the overall objectives, the set of individual objectives should also have action plans developed to spell out how the objectives are to be accomplished.

Appraisal by results:

The Individuals will be appraised on the basis of how they perform in accordance with the Key Result Areas and goals that are set. These appraisals take place on both a periodic (at least four check points in a year) and an annual basis. The appraisal sessions attempt to be diagnostic rather than evaluative. This simply means that the reasons why results were either attained or not attained are assessed in the sessions rather than using for punishments and rewards being given for failure or success in meeting Key Results. Periodic reviews at different check points are conducted in order to evaluate progress toward the attainment of Results and they give the opportunity to make the necessary changes in objectives/goals.

Organization is operating in such a dynamic environment that objectives set at the beginning of the period (usually the fiscal year) may be rendered obsolete in a few months because of changing business conditions. Business priorities and conditions are constantly changing, and these must be monitored in the periodic review sessions, and needed changes must be made.



At the annual review session, overall diagnosis and evaluation are made according to results attained, and the system starts over again.

Periodicity

The annual performance review is done on employee completing minimum 6 months service in the organization and it is conducted every year in the month of March/April.

End of every month appraiser will document/write down the achievement/short comings of the appraisee under him and forward the reports to the HR for records.

Performance review will be conducted once in three months and short comings and achievements will be discussed. Every quarter the appraiser will have one-on- one meeting with respective employee to review the status.

Applicability

Annual Performance review covers all employees in IQSS who have completed minimum of 6 months service by 31st March.

Performance Review Forms and weightages:

The performance review form consists of the following parts:

- Part I – Key Result Areas & Review – (Functional and organization leadership skills)
- Part II – Appraiser Feedback
- Part III – Performance summary Report & Management Review

PART I -Key Result Areas Review

Key Result areas (KRA's) for each role in an organization have been derived based on the roles and responsibilities set. For each of the role there is a pre determined KRA's. KRA's will be reviewed by the Top Management at the beginning of every year and set as per the organization needs. For each of the KRA there is a weightage assigned, which will vary on each level. Total weightage of all KRA's for every level/employees should be 100%

Key Result Areas are the key or critical functions of a job or role that make a distinct contribution to the achievement of Organizational Objectives. Key Result Areas emphasize on critical functions of the employee as an individual is expected to perform during the assessment period. Individual has to keep in mind the organization based objective and also Roles and Responsibilities of the position while coming up with Individual Result Areas/goals. To identify individual goals, employee should list down all the main activities usually undertaken to meet individual and group performance results. The individual should then check for activities that contribute to the Organizational Objectives, by which one can evaluate performance. This activity is carried out in concurrence with the reporting Manager.



Mile stones and Measurement criteria need to be set in the planning stage itself. Achievements / progress are written down against each KRA`s set during the assessment period.

Overall appraisal rating will be split as 10% to Self rating and 90% weight age to superior rating. Out of the 90%, the appraiser ratings will have 70% and Reviewer ratings will have 20% weighthatage.



Part I – Key Result Area's Review

| | | | | | |
|------------------|------|--------|-------|-----------|-------|
| Appraisee | Name | Emp.No | D.O.J | Job Title | Level |
| | | | | | |
| Group/Dept | | | | | |
| Appraisal period | | | | | |
| Appraiser | | | | | |
| Reviewer | | | | | |
| | | | | | |

Rating Scale: 1 -5

| Sl. No | KRA's | Responsibilities | Performance Mile Stones/ Remarks | Measurement Criteria | Weightage | Appraiser Rating | Appraiser Rating | Reviewer ratings |
|-----------------------|-------|------------------|----------------------------------|----------------------|-----------|------------------|------------------|------------------|
| Appraisee's comments: | | | | | | | | |

Appraiser's comments:

Part II – Appraisee Feedback:

In this part Individuals desired professional development and views on roles and responsibilities are documented. This is very important part for Management to understand individual's professional aspiration, growth plan and opinion on organization. This part is structured and also an open end for an Employee to communicate his views.

Part II Appraisee Feedback

| Appraisee | Name | Emp.No | D.O.J | Job Title | Level |
|-------------------------|-------------|---------------|--------------|------------------|--------------|
| | | | | | |
| Group/Dept | | | | | |
| Appraisal period | | | | | |
| Appraiser | | | | | |
| Reviewer | | | | | |

Describe your desired professional development, with emphasis on the next 12 months.

Are you enjoying your work and responsibilities (If no, please elaborate giving reasons)

Are your talents and abilities well utilized (If yes, give details. If no, give details and elaborate)

Are your current tasks keeping you fully occupied? (If no, what additional responsibilities would you like to take up)

Do you have any comments/suggestions about:



| |
|---------------------------------|
| |
| Other Groups/Functional Areas:- |
| IQSS's Management:- |

| |
|---|
| <i>Anything else you would like to state or any other feedback / concerns?</i> |
| |

Part III – Performance summary Report & Management Feedback:

An analysis of the Part I, 2 and keeping in mind the preceding year's Individual KRA's and the performance, significant achievement of an employee need to be highlighted by the appraiser. While listing down the Individuals areas of strength a specific development plan should be generated. This includes training in both Functional and dimensions relating to personal and Leadership attributes.

Identifying the appraisee's training need must be done by the Appraiser and Appraiser together on the basis of:

- (i) Skill, knowledge and attitude as exhibited in the past assessment while achieving his / her Key result areas as laid in Part I.
- (ii) Strengths and areas for improvement should be identified.
- (iii) Development activities to align Individual and organization objectives.

This part will also highlight the,

- (a) Overall feedback from appraiser
- (b) Recommendations for promotion and justification for the same

Part III: PERFORMANCE SUMMARY REPORT AND MANAGEMENT REVIEW

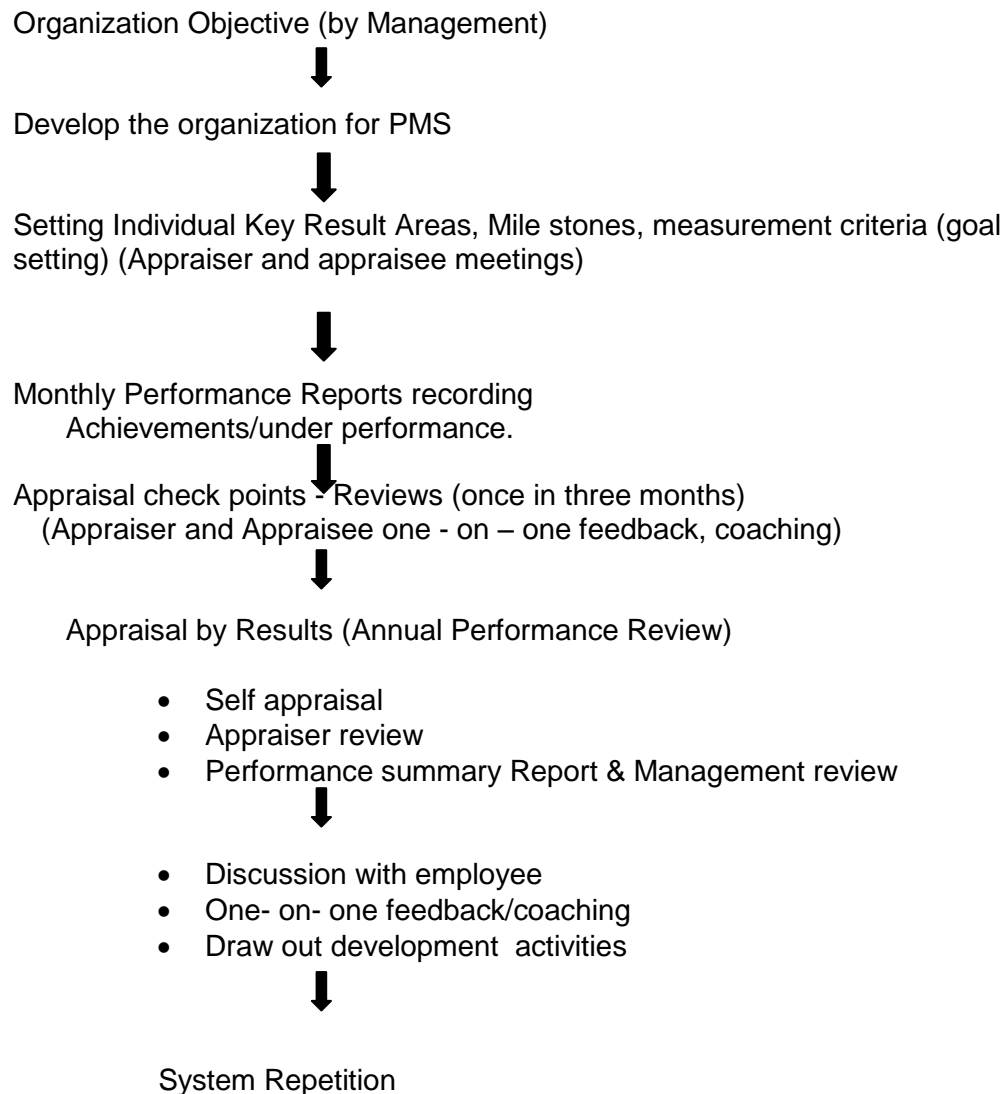
| | | | | | |
|------------------|------|--------|-------|-----------|-------|
| Appraisee | Name | Emp.No | D.O.J | Job Title | Level |
| | | | | | |
| Group/Dept | | | | | |
| Appraisal period | | | | | |
| Appraiser | | | | | |



| | |
|---|--|
| Reviewer | |
| Significant achievement during the year: | |
| | |
| Areas of Strength: | |
| | |
| Areas for Improvement: | |
| | |
| List of Development Activities: | |
| | |
| Overall remarks by appraiser: | |
| | |
| Recommended for Promotion : YES / NO | |
| Justification by Appraiser: | |
| | |
| Overall remarks by Reviewer:: | |
| Justification by Reviewer : | |
| | |

STEPS IN THE PERFORMANCE REVIEW PROCESS

The following flow chart depicts the steps involved in the Performance Management System





SELF APPRAISAL

The employee will start the process by filling up the self-appraisal form and hand-over the completed form to his/her guide.

The employee will factually report on the highlights of performance, task accomplished or any draw backs and the constraints faced in the self-appraisal for the review period

In addition, the employee will also fill in the Appraisee Feedback form.

REVIEW BY THE APPRAISER:

After the Self-Appraisal, the appraiser would give his comments against each of the Key result Areas and rating.

During this process the appraiser would focus on more factual information and over-all objective and the performance of the group. The Monthly reports prepared as well as quarterly review reports would help in making the process transparent.

MANAGEMENT REVIEW:

During This step (only during annual review) reviewer will look in to the overall contribution of the individual against set goals/KRA and also review individual performance from the group and organization perspective. He will be analyzing the facts from the broader perspective keeping in mind the overall picture of the group/function and organization.

Rating Scale:

Performance Management System provides an opportunity for appraisees/appraisers to rate performance.

Rating scale enables appraisee to rate achievements against the scale. During the review stage, appraiser can specify the rating for each KRA, which could be different from what appraisee has specified.

| Rating Scale | Rating | Description |
|---------------------|---------------|---|
| Outstanding | 5 | Consistently exceeds expectations in all areas; distinguished performance. |
| Highly Effective | 4 | Frequently exceeds expectations, on most of the areas. |
| Effective | 3 | Meets expectations of position in a fully acceptable manner, and may exceed expectations in some areas. |
| Needs Improvement | 2 | Meets some expectations but needs improvement in some areas. |
| Unsatisfactory | 1 | Performance is substantially below expectations |

Performance Management organization wide calendar and responsibility metrics:

| Sl.no | PROCESS | TO COMPLETED BY | RESPONSIBILITY |
|--------------|---|---|--------------------------------|
| 1 | Setting organization wide objective | 31 st January | Organization - Head |
| 2 | Developing organisation for PMS | 3rd week Feb | Senior Management and HR |
| 3 | Planning – setting Individual Goals/milestones and measurement criteria (appraisee and appraiser meeting) | 05 th April | Appraiser and Appraisee - HR |
| 4 | Monthly report preparation | On or before 3 rd working day –of succeeding month | By Appraiser |
| 5 | Check points – quarterly review (appraiser and appraisee meeting) | On or before 10 th of next quarter | Appraiser and Appraisee |
| 6 | Annual appraisal – Self appraisal | 15 th March | Appraisee |
| 7 | Appraiser review | 25 th March | Appraiser and Appraisee |
| 8 | Performance Summary report and Management Review | 01 st April | Appraiser – Reviewer, |
| 9 | One to One feedback – Guiding/coaching | 05 th April | Appraisee and appraiser - HR |
| 10 | Compiling appraisal results – organization wide | 8 th April | HR |
| 11 | Normalization process -Meeting with Functional Heads/group Heads | 12 th April | Functional Heads/org – Head/HR |
| 12 | Organization wide decision on performance base reward | 25 th April | Organization Head &HR |

Note: If any of the activity falls on public holiday/weekend, next working day will be considered as the date for completing the activity.

General Guideline:

1. On-site employees will also be covered under this process.
2. If an employee is assigned to multiple projects during an assessment period, he / she will be assessed on completion of each project and the assessments would be integrated. Hence, it is the responsibility of the current appraiser to collect inputs from the appraisee's previous appraiser.
3. Please follow the steps described in the guideline document religiously; so as to demonstrate fairness across the organization.
4. It is the responsibility of the entire organization to make Performance Management System an effective tool to measure individual and organization performance.
5. In case of doubt relating to the Performance Management System, please contact your reporting manager or Human Resources Function.

Some of the key point's to be remembered in 1-on-1 Discussions:

6. Please spend few minutes thinking on the points or feedback before starting the Planning stage/ checkpoints and performance review discussion. PREPARATION before each dialog is crucial to ensure its success.
7. Begin each session with a summary of the agenda for the meeting, and end with action points, if any. Ensure action points are recorded and tracked, and the employee is kept posted on progress. ALLOCATE time for the session (up to 1 hour per person, for instance). The discussion should not sound rushed.
8. Dedicate that time on discussion, and communicate in every way that the appraisee has your full attention during the session.
9. Please communicate individual strength's and significant achievements and then move on to the discussion on improvement areas to be looked at.
10. Discuss Organization Objective, Group Objective and Individual Objective. In the Annual appraisal discuss assignments and functional skills and also the ratings.
11. In the annual appraisal It is important to look at the items and description of the self-appraisal, with feedback comments, and a statement about whether his self rating matches the perception of the manager
12. Try to understand Individual's career aspiration and also give the overall picture of the opportunities and challenges in IQSS/any job. Emphasize the importance of the individual worrying about own career and taking pro-active action to discuss it, if required.
13. Discussion on Individuals career development and if any aspirations voiced out brief on the competencies required to perform the task/role he/she looking for. Give a comfort feeling and also speak about planned movement (while it is definitely possible to move people to the project of their choice, it cannot happen instantly, putting his existing project in jeopardy).
14. Normalization -This process helps the organization to demonstrate fairness and bring in the consistency in the overall rating.
15. Do not promise on scores/Increment/Promotions, until the actual letters are handed over to the manager concerned.
16. Queries on compensation need to be addressed/explained based on the parameters, which are kept in mind while working on the compensation structure :
 - Organization performance, Market condition, Market survey of competitive companies.
 - Corrections required ensuring certain parity across organization, Performance on the job (most important factor), rare skills (demand-supply in the market)
17. Do not negotiate on scores.
18. Have big picture of organization and be judicious in sharing information.
19. Any differences/ issues come up in the feedback session has to be recorded.



| MONTHLY PERFORMANCE RECORD SHEET | | | |
|---|------|---------------------------------------|---------|
| Name of the Appraisee : | | | |
| Designation : | | | |
| | | | |
| Name of the Appraiser : | | | |
| Designation : | | | |
| | | | |
| Sl No. | Date | Achievement against KRA,s/Mile stones | Remarks |
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Signature of Appraiser

Date: