

**“AN ANALYTICAL STUDY OF PERFORMANCE APPRAISAL AND  
PROMOTION POLICY OF SELECTED INFORMATION  
TECHNOLOGY ENABLED SERVICES (ITES) COMPANIES WITH  
SPECIAL REFERENCE TO PUNE REGION FOR THE PERIOD  
2001 -2008”**

**A THESIS SUBMITTED TO  
TILAK MAHARASHTRA VIDYAPEETH, PUNE  
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**DOCTOR OF PHILOSOPHY  
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**UNDER THE FACULTY OF MODERN SCIENCES AND  
PROFESSIONAL SKILLS**

**RESEARCHER  
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**UNDER THE GUIDANCE OF  
BRIG. DR. R. C. PATHAK**

**August, 2011**

## **CERTIFICATE**

This is to certify that the thesis entitled “**An Analytical Study of Performance Appraisal and Promotion Policy of Selected Information Technology Enabled Services (ITES) Companies With Special Reference to Pune Region For the Period 2001- 2008**” which is being submitted herewith for the award of the degree of Vidyavachaspati (Ph.D.) in **Management** of Tilak Maharashtra Vidyapeeth, Pune is the result of original research work completed by **Smt. ShreyaVirani** under my supervision and guidance. To the best of my knowledge and belief the work incorporated in this thesis has not format the basis for the award of any Degree or similar title of this or any other University or examining body upon her.

**Place: Pune**

**Brig. (Dr) R. C. Pathak**

**Date:**

**Research Guide**

## **DECLARATION**

I hereby declare that the thesis entitled “**An Analytical Study of Performance Appraisal and Promotion Policy of Selected Information Technology Enabled Services (ITES) Companies With Special Reference to Pune Region For the Period 2001- 2008**” completed and written by me has not previously formed the basis for the award of any Degree or other similar title upon me of this or any other University or examining body.

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**Place: Pune**

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## **Abstract**

Organisations of modern era are passing through fiercely competitive battlefield scenario. For survival and sailing through today, one has to be ahead of the fleeting competitive benchmark obtaining in the world. The wind of liberalisation, privatisation and globalisation (LPG) has created a rather complex business environment and has posed an insurmountable challenges as well as cut-throat competition.

The critical managerial issues in the emerging scenario are free, flow of information, organisational and technological breakthrough changes, transparent, openness and boundary less organisation that eventually culminates into tailor-made human resource development for achieving the desired goal and productivity.

In recent years, performance management has become more important because managers are under constant pressure to improve the performance of their organisations. It is now realised that the performance of organisations influence the organisation's continued existence and success. The increasing realisation that one of the key roles of managers is to manage employee's performance is the key to the success of management in general and performance management in particular. Managers are held responsible for their employee's performance. The success of any organisation depends not only on the resources at its disposal, but how they are utilised. The resources need to be deployed, managed and controlled effectively for obtaining optimal results. In the case of human resources, they need to be motivated to create competencies in the activities and business processes needed to run the organisation successfully.

It is now well accepted that performance management is a wider concept than performance appraisal. Appraisal being part of performance management plays a vital role in encouraging desirable performance and discourages undesirable performances before they become ingrained.

Performance appraisal is one of the most important functions of manager and can only be learned by training, practising and gaining experience. Performance appraisal is an essential management technique, which seeks to increase an employee's performance in order to get more productivity through goal setting and also provides a rational basis of various managerial decisions pertaining to human resources of the organisation. Thus, performance appraisal is a systematic and objective way of judging the relative worth or ability of an employee in performing his job.

Good performance need to be rewarded. The rewards need to be known upfront and agreed upon by all the stakeholders. Bannister and Balkin (1990) has reported that appraisees seems to have greater acceptance of the appraisal process, and feel more satisfied with it when the process is directly linked to rewards. Such findings confirm that performance linked compensation and reward system are more successful in motivating employees to excel in their jobs.

With above aim in view, the researcher has made an attempt in this work to gather and critically examine the valuable inputs from various representative ITES companies and carry out a deductive/inductive analysis of the qualitative and quantitative data for arriving at desired results. The researcher has done detailed analysis of performance appraisal system and promotion policy of the selected ITES companies. Therefore, chapters on ‘Innovation and Knowledge Management Manifestations’, Literature Review and Study Design and Research Methodology have been included. Further chapters nine deals with empirical study (Questionnaire analysis) and qualitative analysis (interviews) respectively.

In the chapter eleven, which elucidates’ Synthesis and discussion of results’; a holistic overall gist of all two types of studies i.e. empirical study and qualitative analysis have been summarised and validated. These learning issues and validation eventually culminate into the development of a model.

The present study has touched upon the various HR issues on a framework suitably designed under this study. This can now be used as a starting point for further detailed as well as more specified studies in the selected areas. It has been specially observed that ITES companies are generally strong in innovation, training and development, crisis management, technological infrastructure development, flexibility in HRM, conduction of performance appraisal and rewarding the employee performance. But there are certain constraints in existing performance appraisal and promotion policy of some ITES companies. Finally the study has culminated into an innovation based model which will transform average ITES companies to excel in their performance.

Apart from all these things, in the present study the researcher has formulated two techniques i.e. Performance HR Metrics and Financial Performance Metrics under X-Ray Metrics factor and evaluated the overall performance of few ITES companies. This evaluation helps to know the various factors contributing in the organisational growth

and success of these companies. The evaluation of these ITES companies on the basis of certain financial key performance indicators also served as a base for comparative analysis.

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# CHAPTER 1

## INTRODUCTION TO THE STUDY FRAMEWORK

### 1.1 GENERAL BACKGROUND

With globalisation of world economy, the business landscape has changed forever. From a stable, predictable and seller's paradigm, the business has changed to uncertainty, discontinuity and buyer's market. Moreover the markets are not even local they are simply global. This has led to increased pressure on bottom line of the organisation as physical or natural resources can no more assure them business success. Technology, products and financial capital are increasingly prone to duplication by competitors. Therefore, organizations need those resources which are not prone to duplication by competitors. The search for such resource has finally centered on the employees of the organisation which is in sharp contrast to economic theories and assumptions. Employees are now viewed as human resources because their talents, skills, motivations and commitment can lead to improved performance at both individual and group/team level which is capable of increasing an organisation's competence and performance. Improved organisational performance is critical for competing effectively in the marketplace characterized by Olympian competition. Successful organisations have discovered and are busy harnessing this unique resource, viz. people, for leveraging their competitive edge the world over.

Capabilities of human resource can only leveraged by employing appropriate management tools and techniques. This is because people have limitless capacity to think, innovate and act in differentiating ways. This implies that for obtaining best results from employees, optimisation of inputs and outputs has to be undertaken for getting best results through human resources. This calls for astute management of human resources so that they are able and willing to put their best efforts and contributes to the success of their organisations. However managing people by no means is an easy task. It is often fraught with challenges and calls for devising appropriate tools and techniques for creating high individual and group performance. Human resource management tools and techniques can make this possible.

Once human resources are proactively managed as a scare resource and competency of an organisation, optimum organisational outcomes are expected. But as once

management doyen Peter F. Drucker said, *“What Gets Measured, Gets Done”*. Therefore, organisations need to devise, implement, monitor and develop contributions of human resources through a systematic and coherent approach. One such approach is performance management and appraisal. Although the evolution of performance measurement can be attributed to the industrial revolution time as it is inherently a human nature to judge oneself and others. Today’s business complexities and competitive priorities makes it more than judging the people, it is essentially now developing people through their work performance. Performance management and Performance appraisal play a crucial organisational and individual function of motivating people for better performance for sustainable and sustained competitive advantage.

## **1.2 THE RESEARCH ARENA**

Due to rapid globalisation of world economy, the context and paradigm of performance in the organisational perspective has undergone sea change. Organisations now have to face competitive pressures, uncertainty, and dynamic environment and above all rising expectations of the customers that includes the external as well as internal customers. These factors have compelled organisations to manage performance of employees for achieving and sustaining their competitiveness. Performance is a behaviour that leads to results. Performance of an employee does not happen in isolation or without adequate reason. There are casual factors which include employee to perform better. Such factors are motivation, leadership, reward and compensation system, promotion system, training and development etc.

Performance appraisal system is a clear and mechanical process. By following the system, organisations can improve individual and organisational performance. Knowledge management and innovations are the most crucial for gaining competitive advantage for new economy industries. Organisational culture, managerial support, reward and recognition, promotion must be activated to the fullest to encourage people to think beyond what is already known or innovated upon, and then translated it into useful resource.

## **1.3 COMPETITIVE ADVANTAGE THROUGH HARNESSING INTELLECTUAL CAPITAL**

Competitiveness is essence of any business. The competition is so fierce that only better than the best will survive in the long run. The traditional proponents of competitiveness emphasized physical and financial resources to be the basis of gaining and maintaining competitive advantage by the organisations. However Barney in 1991 showed the world a new avenue to gaining and sustaining competitive advantage through the organisation's greatest asset, that is, its human resources. Ever since the concept of human resource management has gained momentum as managing employees effectively is crucial for improving organisational competence through increased level of individual performance.

The success of a competitive organisation can be measured by both objective and subjective criteria. Objective criteria include return on investment, market share, profit, and sales revenue, while subjective criteria include enhanced reputation with customers, suppliers and competitors, and improved quality delivered services (Barney, 2002). An organisation's competitiveness can be measured by profit, ability to raise capital, cash flow in terms of liquidity status cost, quality, delivery dependability, flexibility and innovation.

According to human resource based view of the firm improved organisational performance shall accrue to an organisation when its human resources are competent and it performs optimally. It is the performance of the employees which can contribute to organisational effectiveness and success. It follows that appraising and managing employee performance is crucial for organisations for creating and sustaining competitiveness.

People are an organisation's greatest assets and organisations have learned about the importance of the role of people in an organisation, and how the success of an organisation depends on its people. The role of human resource is absolutely critical in improving performance in an organisation. Ultimately it is the performance of many individuals that culminates into organisational performance. Armstrong (1994) says that the aims of performance management and human resources management are similar, namely to achieve sustained improved performance of organisations and employees to ensure that people develop and achieve their fullest capacity and potential for their own benefit and that of the organisation.

Performance management is a structured method of review which aims to link together individual goals, departmental purpose and organisational objectives (Marchington & Wilkinson, 2005). In this there is a strategic link between employee behaviour and performance of the organisation. The overall aim of performance management is to establish high performance culture. In this employees would be visualise as a part of their function the requirement to continually assist in improving the performance of the organisation. By harnessing and developing the potential of the individuals organisation will be best placed to achieve the strategic goals.

Armstrong (2005) describes the role of performance appraisal as a tool for looking forward to what needs to be done by people in the organisation in order to achieve purpose of the job, to meet new challenges, better use of technology skills and attributes. In addition it will develop both organisational and individual capabilities and reach agreement on areas where performance needs to be improved.

Performance appraisal is often the central pillar of the performance management process as highlighted by the CIPD (2005) survey, in which it was discovered that 65% organisations survey used individual annual performance appraisal and 27% twice yearly. Performance appraisal is the most important if the organisations to take the advantage of their most important asset, employees and gain human capital advantage. Performance appraisal requires the following:

- Clearly defined organisational goals and objectives
- Individual or team objectives or management targets
- Properly defined standards of performance and the skills competency required to meet them;
- Regular formal review of progress; and
- System of feedback and approvals for improvement

In the present work, some of the above ingredients of effective performance appraisal system have been attempted, analysed and logically and suitably presented. Apart from this, performance appreciation through various means of reward and promotion has also been attempted and analysed. As per the requirement of the study certain thrust points of the organisations such as interchangeability/ flexibility, crisis management,

leadership style, motivation, organisational structure processes , HR developmental aspects like training and development, participation in planning and controlling activities have also been covered. By using techniques like performance HR metrics and financial performance metrics the overall performance of the selected organisations have been evaluated.

#### **1.4 OBJECTIVES OF THE STUDY**

##### **Objective 1:**

To critically examine the Performance Appraisal Systems of ITES companies with reference to its practices and processes at the different levels.

##### **Objective 2:**

HR practices and organisational structural processes are also to be examined in view of enhancement of productivity under rapidly changing business scenario.

##### **Objective 3:**

To correlate performance parameters with promotion.

#### **1.5 ISSUES COVERED**

1. Ingredients of good organisational dynamics / culture
2. Critical examination of HR developmental aspects, training norms and performance appraisal with a view to evaluate the productivity of the organisation.
3. Impact of flexibility in HR practices on the motivation and commitment of personnel in dynamic environment.
4. Prospects of HR and promotion policies of personnel of the companies
5. Drawing correlation between performance and promotion policies of ITES companies.
6. Appreciating such other problems and suggesting the dynamic organisational structures.

## **1.6 SCOPE OF THE STUDY**

The scope of the study encompasses the performance appraisal system and promotion policies of selected ITES companies. The following parameters are taken for the study.

1. Different aspects of performance appraisal system such as method of appraisal, frequency of appraisal, criteria considered for appraisal, method of communicating the job expectations etc.
2. Assistance of performance appraisal system in HR decisions like promotion, increments and other ways of rewarding the performance.
3. Effectiveness of promotion policy.
4. Identifying the drawbacks and limitations in ITES companies which are hindering the effectiveness of performance appraisal system and promotion policy.
5. Role of flexibility in management – Organisational flexibility
6. Performance measurement through Performance Metrics and Financial performance metrics.

## **1.7 METHODOLOGY OF THE STUDY**

The research methodology encompasses the following aspects in an interactive and integrative manner to carry out the study:

1. Detailed questionnaire surveys to obtain primary data from Business Development Officers, Managers, Asst. Managers, Software Specialists, Senior Software Engineers, and Software Engineers in selected ITES companies.
2. Interviews with top management to synthesize their creative thinking towards various issues.
3. Evolving some techniques for organisational excellence and HR productivity.

## **1.8 ORGANISATION OF THE THESIS**

The thesis has been divided into twelve chapters

**Chapter one** deals with the objectives of the study, identification of research work and inherent key issues. Finally it outlines the research methodology.



**Chapter two** deals with literature review which covers HRM functions, Strategic Human Resource Management (SHRM), strategic role of HR. Apart from this it also covers HR measuring and its alignment aspects integrating into a business performance system.

**Chapter three** exclusively deals with Performance appraisal parameters. This chapter also briefly covers Key performance indicators and modern techniques of performance measurement.

**Chapter four** deals with study framework and evolution of research plan. It describes the methodology of entire study culminating into synthesis and research framework.

**Chapter five** deals with leadership and motivational aspects. The study includes the concept of leadership, leadership – performance relationship, motivation framework, motivation through incentives and much more.

**Chapter six** exclusively deals with the typical functioning of Information Technology (IT) Company. The study takes review of IT industry in terms of ITES and BPO. It also discusses innovation through IT and business alignment.

**Chapter seven** reveals various reward dimensions. The study covers different reward mechanisms, the concept of promotion and various issues related to promotion policy.

**Chapter eight** deals with innovation and knowledge manifestations. It covers IT service business innovation framework, IT services offering innovation, knowledge management advantage, and different perspectives of knowledge management.

**Chapter nine** deals with empirical study (questionnaire analysis). This chapter brings out revealing findings from the selected organisations.

**Chapter ten** deals with the qualitative analysis, i.e. interviews with employees working at the top management level. This brings out the insights about the organisation, their

main core strengths and weak-links for further enhancement of organisational productivity.

**Chapter eleven** deals with synthesis and discussion of the results of the entire study. The emerging determinants reveal that adequate interchangeability, continuum management and HR flexibility exists in the organisations. The linkages significantly evolve into a model for achieving higher productivity.

**Chapter twelve** presents a summary of the major findings and the recommendations for implementation of effective performance appraisal system and promotion policy. The significant contributions made in this work have been highlighted and limitations of the study are also brought out. Specific suggestions have been made regarding possible areas of future research work.

### **1.9 CONCLUDING REMARKS:**

In the present study, some ingredients of good organisational dynamics/ culture HR developmental aspects have been attempted under changing business scenario and analytically presented. Identification of flexibility needs and creating flexibility in management systematically for higher productivity has been attempted. While evaluating performance appraisal system and promotion policy of the selected ITES companies; performance metrics and financial performance metrics of the ITES companies are also brought out.

Eventually it will be observed from the present study that this research methodology and findings may help in better functioning of the organisations. A review of literature on related aspects of the study is presented in the next chapter.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 INTRODUCTION

Human Resource Management (HRM) is an approach to managing the human resources of organisations, which recognizes the importance of an organization's human resources for contributing to its goals and objectives and the utilization of several functions and activities to ensure that they are used effectively and fairly for the benefit of the organisation, the employees and society. The notion of human resource management indicates that people management can be a key resource to sustain competitive advantage. This belief is based upon four perspectives:

People can make difference as human capability and commitment distinguish successful organisations and people need to be treated as assets and not costs;

Managing human resource in fact is an important 'strategic' matter,

Line management should engage in managing human resources; and

The key levers must be internally integrated with each other and externally integrated with business strategy.

Human Resource Management involves acquiring, developing and utilizing people in business. It is the process of acquiring, training, developing, motivating and appraising employees to the activities required for achieving the goals and objectives of the organisation in such a way that employees are satisfied and efficient. This chapter takes the review of traditional functions of HRM and covers in detail the strategic role of HR, and SHRM.

#### 2.2 FUNCTIONS OF HUMAN RESOURCE MANAGEMENT

The primary functions of Human Resource Management are human resource planning, recruitment and selection, training and management development, performance appraisal, compensation and providing employee benefits and satisfaction.

- **Human Resource Planning:** starts with job analysis and forecasting the demand and supply of people. Job analysis is the procedure for collecting and recording information about jobs. Forecasting of internal supply, external supply, current

available employees, future plans, economic environment, etc. are considered in demand and supply analysis.

- **Recruitment and selection:** of human resource may be internal and external. Internal recruitment adheres to current employees for higher jobs in the organisation. External recruitment follows advertising, campus interview, assessment etc.
- **Socialization:** When new employees enter an organization they feel out of place because of the new surroundings, new boss and new co-workers. Hence, it is the responsibility of the management to orient the employees and to make the process of socialization smooth. This will ensure that the new employees adapt to the organizational culture as soon as possible.

The process of adaptation is commonly termed induction or socialization.

The socialization process is not confined to employees entering new organizations. It is also important for employees moving within the organization as a result of lateral transfers and promotions. Orientation is only a small part of the overall socialization program. The process of orientation includes introduction of the new employee to the organization and to his work unit and supplementing the information given to him during recruitment and selection.

- **Performance Appraisal:** is a systematic and formal process by means of which the job relevant strengths and weaknesses of employees are identified, observed, measured, recorded and developed. Appraisal is important in the sense that unless it is proper, job performance cannot be properly diagnosed.

To develop human resources, training and development facilitates employees to accomplish their present jobs effectively and to get them prepared for future assignment. For assessing the training needs, performance appraisals are followed.

Based on performance appraisal, compensation adjustments are made. This helps in deciding compensation, enhances recommendation for promotion and other feedback.

### **2.3 HUMAN RESOURCES AS A STRATEGIC PARTNER – THE PRESENT AND THE FUTURE**

The general scenario in most companies is as follows. HR management teams have well-developed visions of their departments, their roles and responsibilities. But, the senior management is generally skeptical of HR's role in the firm's success. They generally consider HR to just be another necessary appendage but not something that can contribute to the success of the company. Even if the senior management does believe that human capital is their most prized possession and asset, they cannot understand how the HR team can make this belief come alive.

There is one reason for all of this. Human capital is an intangible asset and HR's influence on firm performance is difficult to measure. The standard elements of a firm's resource architecture that are measured include total compensation, employee turnover, cost per hire, percentage of employees that undergo performance appraisals and percentage employee satisfaction. The question to be asked is: Are these the measures crucial to implementing the firm's strategy? This is clearly not the case. Interesting attributes would include a committed workforce, competency development programs, etc. But, it is very difficult to imagine measures for these quantities. Hence, in the current state of HR there is a clear rift between what is measured and what needs to be measured.

The role of HR is no more just administrative. It has a much broader, connected and strategic role to play. But, these statements must be substantiated. The reasons why HR must be considered as a strategic asset must be highlighted. A strategic asset is something difficult to trade or imitate. They are normally a set of scarce, special or even exotic resources and capabilities that bestow a firm its competitive advantage. An unlikely paradox is that the very intangibility of human capital that makes it so difficult to measure and evaluate, also proves to be the one quality that makes it a strategic asset. Consider the difference between being able to align employee efforts with the company's strategic goals and instead having innovative policies of performance appraisals. The latter is a policy. It is visible to competitors and can be easily copied. The former on the other hand is a strategic move. It is not easy to imitate since it is a very circumstantial effort, which depends on the specific firm, its goals and its people. This proves to be a strategic asset i.e. something that competitors cannot see but that can be utilised to gain a competitive advantage. It is thus important to align the HR strategy

to the overall business strategy signifying a top-down approach as opposed to a bottom-up approach where each division such as marketing, HR etc. performs its standard individual roles without a clear outlook towards the firm's strategy.

Many firms have realized this and have made efforts to measure HR's influence on the firm's performance. However, most of these approaches seem to focus on the individual, as it is believed that if one can achieve an improvement in individual employee performance, it would automatically enhance the performance of the organisation. The point that is missed is the fact that organisational units, be it individuals or teams, do not function in isolation. The stress is on streamlining and cooperatively working towards a common goal. The individualistic approach once again does not show directly, in measurable values, the competitive advantage that can be gained. Financial policies and numbers and plans on the other hand do. HR is neglected in the process.

#### **2.4 STRATEGIC HUMAN RESOURCE MANAGEMENT (SHRM)**

Strategic human resource management or SHRM is a branch of HRM. It emerged from the discipline of human resource management and is a fairly new field. Strategic HRM is defined as "the linking of human resources with strategic goals and objectives in order to improve business performance and develop organizational culture that foster innovation and competitive advantage." SHRM in an organization means "to accept and involve the functions of HR as a strategic partner in formulating and implementing the company's strategies through human resource activities which may involve recruiting, selecting, rewarding and training company personnel. In spite of the similarity in names, HRM and SHRM are two different practices; SHRM is basically a part of the complete HRM process. Besides that SHRM focuses more on long-term objectives rather than the in-house objectives with employees dealt by HRM. In the late 1980's writers started stating strong opinions for a much more strategic approach to managing people than was the standard practice of that time. They clamored for the change of traditional management practices of industrial relations and people to the modern more improved ones.

The center point of SHRM is to address and solve problems that effect management programs centering on people in the long run and more than often globally. We can say that the main goal or objective of SHRM is to increase productivity not only in the

employees but in the business overall, it achieves this by focusing on business problems and obstacles outside of the human resources range. SHRM identifies important human resource areas where strategies can be implied for the improvement of productivity and employee motivation. To achieve good results communication between human resource and top management of the organization is of utmost importance as cooperation is not possible without active participation.

#### **2.4.1 KEY FEATURES OF SHRM**

The key features of strategic human resource management are given below:

Some organizing strategies or schemes link individual human resource interventions so that they are ‘mutually supportive’

- A great amount of responsibility is transferred down the line for the management of HR.
- There is a precise link between overall organization strategy, organization environment, HR policies and practices.

#### **2.4.2 DEVELOPMENT IN SHRM**

In recent times HRM professionals have been facing challenges with employee participation, performance management, employee reward systems, high commitment work systems and human resource flow because of globalization. Traditional models and techniques have no place in today’s business world; also local companies which go global cannot use the same tactics in the global business world. Top managements and HR professionals that are involved in strategic human resource management face a wide range of issues which include some of the following:

- Introduction of new concepts of general management
- Globalization of market integration
- Increased competition, which may not necessarily be local
- Resultant corporate climates
- Constantly changing ownership
- Cross-cultural issues
- Economic gravity- shifting from developed to developing countries
- Rapid change in technology

Strategic Human Resource Management (SHRM) is crucial large as well as small companies. In small companies this process may be as simple as the manager or the owner himself taking time to observe employees, along with assisting, assessing and giving regular reviews. However larger companies will require a whole department to be in charge of such activities for the development of employees. The quality of staff members can be improved by meeting their needs in such a way that it may benefit the company. Investing in employees and providing them with tools they need to thrive and prosper in the company proves to be a good investment in the long run for the company.

Purcell and Boxall (2003) argue that, “*Strategic HRM is concerned with explaining how human resource management influences the performance of an organization.*” They also point out that, “Strategy is not the same as strategic plans.” Strategic planning defines how things need to be done and it usually takes place in larger organizations in the form of a formal process. However, it is also true that strategy exists in all organizations regardless of their size; though it may not necessarily be written down or expressed. SHRM defines how the organization behaves and tries to cope with its business environment. Because strategic human resource management is based on human resource management principles it always incorporates the concepts of strategy; which proves that human resource management is actually a coherent approach to the management of people.

### **2.4.3 BUSINESS STRATEGY AND SHRM**

All good business strategies, at least the ones which have a chance of succession are formed by “the people factor”. One of the main factors behind reporting human capital data and evaluation is the need for proper information; to be fed into the business strategy formation procedure. People have become the biggest asset in the majority of organizations. This requires for the skills, abilities and knowledge to be organized and implemented for maximum effect so that the organization may create value. The intangible value of organizations lies in the people that it employs. This value is being recognized by investors and accountants and in now generally accepted that it has signs of sustained performance in the long run. In this case it would be too simplistic to suggest that strategic human resource management is part of business strategy. In this case, the two must be mutually informative in the way people are motivated, managed, deployed and the availability of knowledge and skill should shape business strategy. It



has now a regular occurrence to find strategic human resource management inextricably linked with and also incorporated into business strategies.

## 2.5 STRATEGIC ROLE OF HR

Organizational human resources have grown as a strategic emphasis because effective use of people in the organization can provide a *competitive advantage*. The strategic role of HR management emphasizes that the people in an organization are valuable resources representing significant organizational investments. For HR to play a strategic role it must focus on the longer-term implications of HR issues.

Traditional HRM Function	Emerging Human Resource Practice
Administrative Focus	Strategic focus
Reactive	Proactive
Separate and isolated from company function	Key part of organisational mission
Production focus	Service focus
Functional organisation with vertical- Line of authority	Process based organisation
People as expense	People as Investment

As people become the key competitive advantage in any industry especially banking, the human resource (HR) development function will and should play a more strategic role. It should go beyond its mere administrative support function to operations and front line departments. Whether or not company views HR strategically may decide whether market share, sales, or profits would increase or not. An effective HR strategy becomes equally decisive as the company's marketing strategy.

Technology too is changing HR roles. As industries, specifically the banking industry, and the way they compete become knowledge-based, HR performance indicators will shift from manpower and man-hours supplied to brainpower and brain hours delivered. The key result areas in people management will also shift from production and quantity to productivity and quality. Capability, measured in employee ideas generated and implemented, and productivity gained, will be more important than capacity, measured in man-hours available, man-hours lost, absenteeism, etc.

The current HR function is very much configured like the company's purchasing department. People, like parts and supplies, are requisitioned by user departments based on depletion and growth rates of their operations. Both resources are screened for quality control and cost or budget constraints. The only slight difference is that unlike purchased parts, people are trained or prepared before they are sent to the requisitioning parties which may train them further before actual deployment or usage. HR is also involved in the replacement, termination and retirement process of unusable people assets, much like the handling of depreciated equipment. In short, most HR systems exist only for replenishment and maintenance of a resource called people.

Strategic HR does not abandon these administrative responsibilities. Otherwise, no other department in the company will carry out these "operations-sustaining" activities. But its main task is to participate in corporate strategy rather than support administration. Strategic HR is more proactive rather than reactive in its relationships with the other functional areas. It is more concerned about what its internal customers need in the future to compete globally. Strategic HR managers do not wait for instructions, requisition or complaints. It does its homework, does research on the future, and offers proactive solutions and strategic advice.

Strategic HR is output driven rather than input oriented. For instance, training results are measured not in terms of training hours or number of trainees per year, but in terms of improvement in the trainee performance attributable to the training. Performance improvement can be in terms of productivity, efficiency, quality of work (defects), customer satisfaction or conversely, number of customer complaints received. Strategic HR personnel are concerned with these results as much as the operating departments it serves. In spite of the fact that output results are more difficult to measure than input deployed, strategic HR aims to find ways and means to directly and indirectly measure these more accurate metrics of its success and effectiveness.

Strategic HR is mainly pre-occupied in moulding the employees of the future today. For organizations to survive and excel in the future, its needs to develop or acquire employees who are multi-skilled, cross-functional, empowered, team players. In addition, they have to have high emotional intelligence (EQ) and capable of thinking

“out of the box” about the future. They should be capable not only of improving their work, but reengineering or reinventing it if necessary. Front liners who are engaged in millions of “moments of truth” meeting customers, must have superior flexibility, resourcefulness, and excellent memories especially if their task requires greeting customers by their first or last names. Strategic HR keeps these employee attributes as its goals while conducting its basic processes of recruitment, training, job rotation, career pathing, and performance appraisal.

For this reason, conventional performance appraisal has become a highly politicized, controversial, wasteful exercise that creates more disharmony than teamwork in the organization. Strategic HR appraises people on the more relevant output performance like quality, productivity, internal and external customer satisfaction. If negative criteria are used, these become defects or rework, wastes, and internal and external customer complaints or returns. In banking, performance appraisal may include lost calls, closed accounts, queuing time, and clerical errors, ATM downtime, improvement projects. Strategic HR aims to change employee behaviour and attitude by directly connecting his appraisal (and eventually his pay) to what actually matters to corporate performance and customer satisfaction. It puts less weight on nebulous criteria like teamwork, attendance, boss satisfaction, and neatness.

HR is no longer a backroom or support function. It is in the forefront of corporate strategy, much like sales and marketing. It provides and determines competitiveness to an ever increasing degree. All other things being equal – financial, physical, and product assets – people will make the difference between two competing companies. Strategic HR can make this difference happen.

## **2.6 HUMAN RESOURCES AND ORGANISATIONAL PERFORMANCE**

Human resources create competitive advantage for organisations; therefore organisational performance depends to a large extent on the performance of employees. It is imperative for organisations to evaluate the performance of employees on continuous basis in order to a) ascertain the gap between current level of performance and desired level of performance and b) to improve the performance of employees to reduce the gap. Performance management and appraisal is an instrument which serves

both the goals. Hence, performance management and appraisal is a crucial tool in the hands of the management to foster the competitiveness of their organisations.

There are number of approaches to link human resources to organisational performance, seeking to explain how best to manage employees for attaining optimal organisational performance. These are as follow:

1. ***Contingency or 'fit' approach***: Under this approach, it is believed that there should be a vertical linkage between HR policies and practices on one hand and organisational strategy on other hand. It follow that HR strategy should emanate from organisational strategy so that efforts, commitment and performance of employees is governed by organisational strategy.
2. ***Universal or best practice approach***: Under this approach, it is believed that good HR practices tend to increase the motivation, commitment and performance of employees. Best practices such as employment security, selective hiring, self – management teams, high compensation contingent on performance, training, reduction of status differentials, and sharing information ensures employees satisfaction and they tend to put their hearts and souls in achieving goals in achieving the goals and objectives of the organisation. It follows the best HR practices to improve employee performance and productivity.
3. ***Configurational approach***: Configurational approach emphasises the patterns or configurations of HR practices that predict superior performance when used in association with each other, or the correct strategy, or both. In order to be effective, an organisation should develop an HR system that achieves both horizontal and vertical fit. Thus, this approach focuses upon use of proven best HR practices, keeping a delicate balance between choice and mix of these practices in tandem with organisational requirements and environmental demands.

## **2.7 MANAGING PERFORMANCE FOR EFFECTIVE ORGANISATIONAL OUTCOMES**

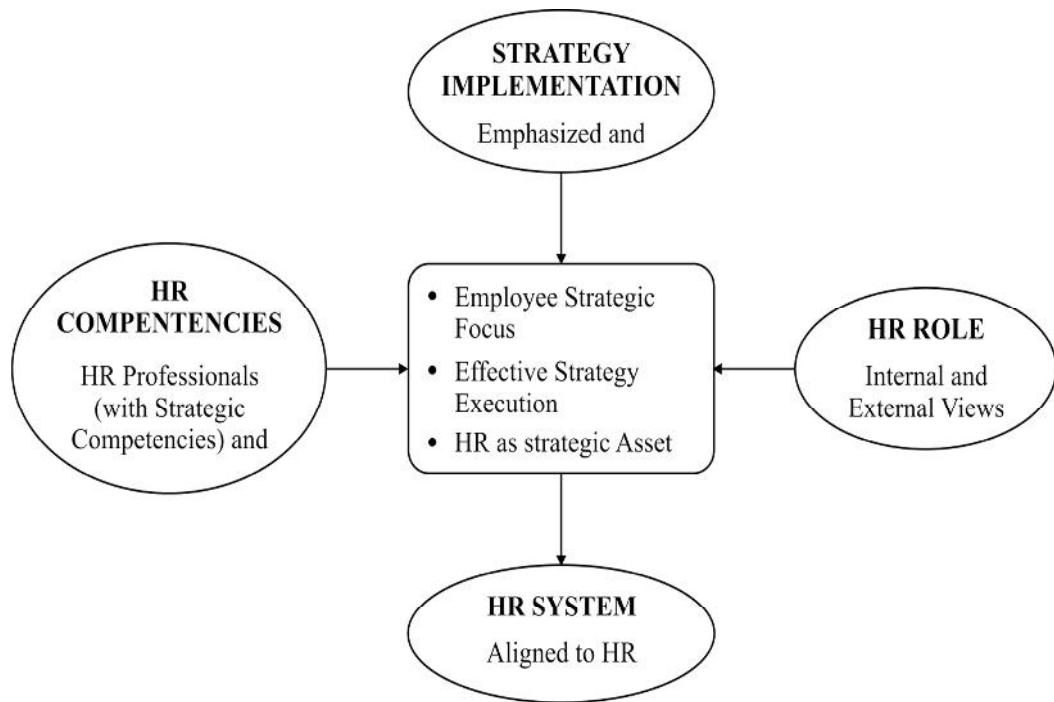
In order to achieve the goals and objectives of the organisation, it is important to integrate employee outputs/outcomes with organisation strategy. There are various approaches for integrating employee efforts and outcomes with organisational strategy such as fit, best practices and Configurational approaches. Depending upon the context and competitive priority, an organisation may chose anyone or combination of these approaches. Once these approaches have been formulated and implemented, it is crucial for the management to ascertain the outcome of the integration efforts. In order to do so, an instrument or technique is required which is both valid to measure the organisational outcome. One such technique is ‘performance management’. It is tool to extent the organisation strategy to achieve the strategic objectives of the organisation. It helps to identify the competencies required for optimum performance of human resources activities, develop suitable behavioural model, adjust it with various organisational and external forces and plan, assess and quantify the desired human resource outcomes for organisational performance.

Thus, performance management serves as a measure of organisational performance by assessing employee’s performance and contributions. Thus, the evaluation provides the current level of performance vis-a-vis organisational performance. This helps an organisation carry out gap analysis between its current performance levels with respect to the desired level. The gap becomes the basis of initiating measures for developing employee performance so that organisational performance and consequently outcomes can be improved.

## **2.8 MEASURING HR ALIGNMENT**

In any corporate sector it can be emphasised that for human resources legitimately to be productive, requires two dimensions of HR alignment – HR Architecture and ‘Firms strategy implementation process’ to be aligned to become a strategic asset.

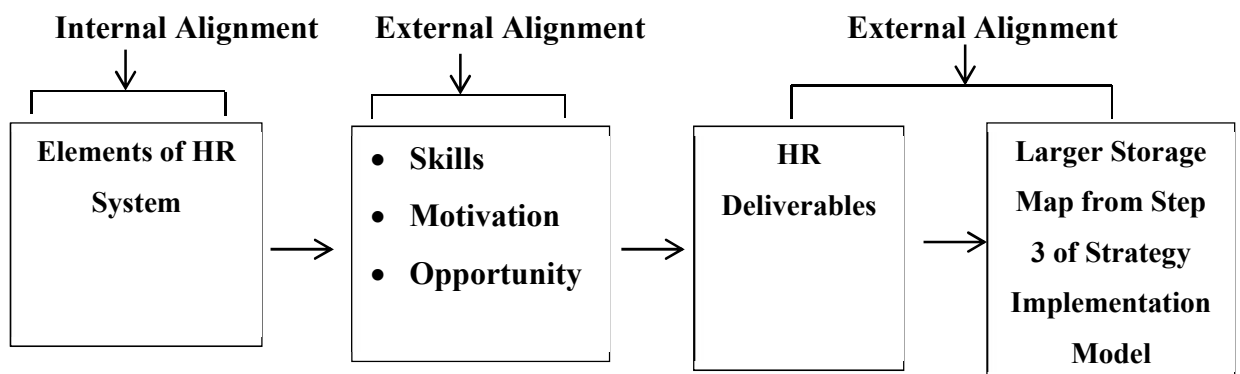
These dimensions provide the foundations and focus for developing actual alignment metrics. The strategic HR system is designated not form the bottom –up (i.e best practices) but from the ‘top – down’.



**Figure 2.1: HR Alignment (Source: From Becker et. al., 2001)**

Figure depicts a desirable / suggested HR alignment where in the *horizontal line (axis)* depicts a dimension of alignment within the HR Architecture that influences the overall development of human resources as a strategic asset. “HR Role” designates the degree to which HR professionals in an organisation perceive themselves as strategic partners and the extent to which managers outside HR share the same view (Becker et. al., 2001).

The first is the alignment between HR system that produces key HR deliverables and the requirements of the firm’s strategy implementation system. Second, is the alignment between the role expectations for the HR function and the individual competencies required to put that role into action.



**Figure 2.2: Internal and External Alignment measures on Continuum between HR system and Strategy Map**

Together, both types of alignment produce a strategically focussed workforce; which drives superior strategy execution and, ultimately, shareholder value.

## 2.9 PERFORMANCE

According to the Compact Oxford English Dictionary (p.839, 2002) performance is defined as the action or process of performing’.

Another definition of the word represents the ‘capabilities of a machine or product’. Lebas (1995), on the other hand, defines performance as the prospective likelihood to carry out particular actions in order to successfully achieve set goals within the given time frame and of the actor and the situation. The author continues to emphasize that a specific term for performance is one that many find it somewhat difficult to agree upon. Different parties have differing ideas about what performance actually represents (Venkatraman and Ramanujam, 1986; Armstrong, 2000).

Performance in one context can carry a completely different meaning when used in a disparate environment. For example, performance in a computer network environment can mean the effectiveness and efficiency of the equipments used in telecommunication attempts. Alternatively, performance in a business deal may denote to complete and deliver obligations that have been agreed upon based on a written contract between the seller and the purchaser. On the other hand, performance can be defined as the actual results achieved compared to results that were expected or desired (Dess and Robinson, 1984). A room for improvement or a need for reassessing the prior actions taken exists when the actual performance falls below expected results. The difference in actual results compared to what was expected is called a performance gap. Thus performance improvement is needed to narrow the gaps, if any exists.

Still some schools of thought prefer to consider performance as a blend of behaviours and outcomes as defined by Brumbrach (1988, cited in Armstrong, 2000):

*Performance means both behaviours and results. Behaviours emanate from the performer and transform performance from abstraction to action. Not just the instruments for results, behaviours are also outcomes in their own right – the product of mental and physical effort applied to tasks – and can be judged apart from results.*

This definition takes on the idea that performance involves both the actions (behaviours) taken during the process of attempting to achieve targets and outputs as the

results from the effort. Following this, Armstrong (2000) emphasizes the need for managers to address the potential of employees and accomplishments while managing performance.

Nevertheless, performance should be about achieving or accomplishing targets that has been set prior to executing the work or act. Similarly as suggested by Venkatraman and Ramanujam (1986), "... performance is the time test of any strategy". If the appropriate amount of effort is given to accomplish expected performance, excellence is achievable. Moreover, the definition of performance very much depends on the situation and its constraints besides who holds the decision making with regards to the performance achieved (Lebas, 1995).

### **2.9.1. FACTORS AFFECTING PERFORMANCE**

Performance is affected by a number of factors, all of which should be taken into account. These comprise:

- Personal factors — the individual's skill, competence, motivation and commitment.
- Leadership factors — the quality of encouragement, guidance and support provided by managers and team leaders
- team factors — the quality of support provided by colleagues
- systems factors — the system of work and facilities provided by the organization
- Contextual (situational) factors — internal and external environmental pressures and changes

#### **Individual Performance Factors:**

Three major factors affect how a given individual perform. The factors are:

1. Individual ability
2. Efforts expended
3. Organisational support

$$\text{Performance (P)} = \text{Ability (A)} * \text{Efforts (E)} * \text{Support (S)}$$

This equation implies that any given individual's performance in a given period and in a given role or job (or set of tasks that constitute the role) is a function of his competence



to do that job or role or set of tasks associated with that role, multiplied by his interest or motivation to do that job and the support he gets to do that job during that period.

Nevertheless, to determine if performance is achieved, measures have to be developed to evaluate the accomplishments and establish the rate of completion. Most of all, performance should not be about producing reports. Instead it should be about the decision made or direction taken with the available information of the current situation. At this point, performance measurement and performance management comes into the picture.

## **2.23 PERFORMANCE MANAGEMENT**

Armstrong (1994) says that the aims of performance management and human resource management are similar, namely, to achieve sustained improved performance of organisations and employees to ensure that people develop and achieve their fullest capacity and potential for their own benefit and that of their organisation. Furthermore, performance management empowers people in a way that latent potential can be realized, and to strengthen or change positively the organization's culture.

In recent years, performance management has become more important because managers are under constant pressure to improve the performance of their organisations. It is now realized that the performance of organisations influence the organisation's continued existence and success. The increasing realization that one of the key roles of managers is to manage employee's performance is key to the success of management in general and performance management in particular. Due to the realisation that people are the most valuable assets in an organisation, the importance of performance management has been pushed to the fore (Barlett and Ghoshal, 1995).

Performance management is a system used by organisation to achieve its objectives of utilizing human capital optimally. Performance is a relative concept defined in terms of some referent employing a complex set of time based measurement of generating future results (Corvellec, 1995).

Performance Management is a wider concept than performance appraisal. This is because performance appraisal comes in a play while performance management starts with an organisation's goals and objectives until individual development plans are put in place. Performance appraisal requires the following:

- Clearly defined organisational goals and objectives;
- Individual or team objectives or management targets
- Properly defined standards of performance and the skills and competency required to meet them;
- Regular formal review of progress; and
- Systems of feedback and approvals for improvement

Appraisal being part of performance management plays a pivotal role in encouraging desirable performance and discourages undesirable performance before they become ingrained.

Armstrong and Baron define performance management as 'a process which contributes to the effective management of individuals and teams in order to achieve high levels of organisational performance. As such, it establishes shared understanding about what is to be achieved and an approach to leading and developing people which will ensure that it is achieved'. They go on to stress that it is 'a strategy which relates to every activity of the organisation set in the context of its human resource policies, culture, style and communications systems. The nature of the strategy depends on the organisational context and can vary from organisation to organisation.'

In other words performance management should be:

- **Strategic** - it is about broader issues and longer-term goals
- **Integrated** - it should link various aspects of the business, people management, and individuals and teams.

It should incorporate:

- **Performance improvement** - throughout the organisation, for individual, team and organisational effectiveness
- **Development** - unless there is continuous development of individuals and teams, performance will not improve
- **Managing behaviour** - ensuring that individuals are encouraged to behave in a way that allows and fosters better working relationships.

Armstrong and Baron Stress that at its best performance management is a tool to ensure that managers manage effectively; that they ensure the people or team they manage:

- know and understand what is expected of them
- have the skills and ability to deliver on these expectations
- are supported by the organisation to develop the capacity to meet these expectations are given feedback on their performance
- have the opportunity to discuss and contribute to individual and team aims and objectives.

It is also about ensuring that managers themselves are aware of the impact of their own behaviour on the people they manage and are encouraged to identify and exhibit positive behaviours.

## **2.24 PERFORMANCE MANAGEMENT SYSTEM**

Performance management is a system for integrating the management of Organisational and employee performance. According to the system model of performance management (Spangenberg and Theron, 2001), performance management is viewed as a system comprising of inputs, processes, outputs and linkages to other systems.

Performance management system refers to the mechanism comprising methods for planning, managing, reviewing, rewarding and developing employee's performance with active support of organisational goals and objectives and a feedback oriented environment.

Williams (as cited in Fletcher, 2001) provides for three models of performance management namely;

- Organisational Performance Management: Managing the performance of the organisation.
- Employee Performance Management: Managing the performance of the employees and
- Organisational Employee Performance Integration: Integrating the management of organisational and employee performance.

Performance management is the current buzzword and is the need in the current times of cut throat competition and the organizational battle for leadership. Performance management is a much broader and a complicated function of HR, as it encompasses activities such as joint goal setting, continuous progress, review and frequent communication, feedback and coaching for improved performance, implementation of employee development programmes and rewarding achievements. The process of performance management starts with the joining of a new incumbent in a system and ends when an employee quits the organization. Performance management can be regarded as a systematic process by which the overall performance of an organization can be improved by improving the performance of individuals within a team framework. It is a means for promoting superior performance by communicating expectations, defining roles within a required competence framework and establishing achievable benchmarks.

According to Armstrong and Baron (1998), Performance Management is both a strategic and an integrated approach to delivering successful results in organizations by improving the performance and developing the capabilities of teams and individuals. The term performance management gained its popularity in early 1980's when total quality management programs received utmost importance for achievement of superior standards and quality performance. Tools such as job design, leadership development, training and reward system received an equal impetus along with the traditional performance appraisal process in the new comprehensive and a much wider framework. Performance management is an ongoing communication process which is carried between the supervisors and the employees throughout the year. The process is very much cyclical and continuous in nature. A performance management system includes the following action

- Developing clear job descriptions and employee performance plans which includes the key result areas (KRA') and performance indicators.
- Selection of right set of people by implementing an appropriate selection process.
- Negotiating requirements and performance standards for measuring the outcome and overall productivity against the predefined benchmarks.
- Providing continuous coaching and feedback during the period of delivery of performance.

- Identifying the training and development needs by measuring the outcomes achieved against the set standards and implementing effective development programs for improvement.
- Holding quarterly performance development discussions and evaluating employee performance on the basis of performance plans.
- Designing effective compensation and reward systems for recognizing those employees who excel in their jobs by achieving the set standards in accordance with the performance plans or rather exceed the performance benchmarks.
- Providing promotional/career development support and guidance to the employees.
- Performing exit interviews for understanding the cause of employee discontentment and thereafter exit from an organization

A performance management process sets the platform for rewarding excellence by aligning individual employee accomplishments with the organization's mission and objectives and making the employee and the organization understand the importance of a specific job in realizing outcomes. By establishing clear performance expectations which includes results, actions and behaviors, it helps the employees in understanding what exactly is expected out of their jobs and setting of standards help in eliminating those jobs which are of no use any longer. Through regular feedback and coaching, it provides an advantage of diagnosing the problems at an early stage and taking corrective action

## **2.25 PERFORMANCE MEASUREMENT SYSTEM**

Radnor and Lovell (2003a) explain the term performance measurement system as a means of gathering data to support and coordinate the process of making decisions and taking action throughout the organization. The measurement system is a crucial element in ensuring the successful implementation and execution of strategies identified by the organization in achieving their strategic goals (Fitzpatrick, 2002; Radnor & Lovell, 2003a). Meanwhile, Pink et. al. (2001) see performance measurement as the process of quantifying past action, focusing on both efficiency and effectiveness of the action taken.

According to Chang and Young (1995), performance measurement provides organization with focus, direction, a common understanding and knowledge for making

better business decision besides providing feedback on the organizational improvement efforts. Because performance measurement is always linked to a goal or an objective, it gives the management the means to maintain control and monitor the progress of the organizations towards achievement of their overall vision (Aidemark, 2001), through the successful implementation of the strategy chosen. However, with the rapid changes in the modern businesses environment, many organizations have become dissatisfied with the traditional backward looking performance measurement systems by identifying their shortcoming and arguing for change (Aidemark, 2001). Eventually, the new situation causes the old systems to be inefficient and no longer effective and thus becoming inappropriate to the organizations. This creates new challenge for senior executives in assessing the performance measurement.

## **2.26 TRENDS, ISSUES AND CHALLENGES IN ASSESSING PERFORMANCE MEASUREMENT**

The viability and survival of today's business organizations are very much influenced by the new strategies adopted in the highly dynamic environments that facilitate their businesses. Eccles (1991) argues that these new strategies and competitive realities require new measurement systems because traditional systems that stress on the financial indicators can no longer justify the need of the modern business entities. He explains that globalization, growing competition, increased public sophistication and active consumerism have all contributed to the shifting of the performance measurement systems manifest towards the non-financial indicator themes such as customer satisfaction and service quality. To be successful and competitive, organizations require a more holistic and balanced approach in measuring their performance that not only display yesterday consequences as shown by the financial indicators but also capable of predicting future performances through utilization of the non-financial measures which are known to be forward-looking (MacStravic,1999). As the trend of advancement in the performance measurement moves towards this direction, concern and recognition on the existing trade-offs issue between different measures, for example between quality and cost (Morisawa, 2002) and between short-term financial return and long-term competitive position, need to be addressed by the management in a more explicit manner due to the impact on the nature of the businesses. At the same instance, the practice of strategic management begins to spread rapidly into modern business entities as more managers acknowledge the importance of being able to communicate their business strategies across to the other organizational members for the purpose of

alignment and attainment of the business strategic goals and objectives. Because measurement provides the link between strategies and actions, the type of performance measurement system is a barrier to organizational development if inappropriate measures are applied. This is because such measures tend to lead to actions, which are incongruent with the strategies no matter how well they are formulated or communicated through the organizations (Oliveira, 2001).

Therefore, the challenge for most management leaders is to examine the entire data and reports and weed out the inappropriate measures from the appropriate ones (Chang & Young, 1995), so that these appropriate measures can provide and strengthen the link between actions and strategies in order to achieve organizational strategic goals and overall vision (Amaratunga et al., 2001). Simply put, assessing performance measurement system is a vital task as measuring the right variables. This, according to Brown (1996), will ensure the future success of the organizations. As a result, there is an increasing awareness among today's well-trained managers on the need to search for an integrated performance measurement system that can both strategically measure the financial and operational aspects of their businesses, which are seen as truly essential in creating healthy and balanced organizations (Birch, 2000). While the need to take up the challenge in assessing the performance measurement is real and the potential solution is available, changes to the existing performance measurement system are often difficult and slow. Finding the appropriate modern approaches that can help them to accomplish their tasks in addressing the weakness and limitation in their existing systems is not without problems. Usually the management teams have had their fair share of dilemma, for example when the leaders introduce a new performance measurement approach to the organizations without really going into the details of understanding the process of populating the new measurement framework. Such action will definitely defeat their original purpose of getting a more effective and efficient performance measurement system because without understanding the process, the new framework will have no practical value to them (Pink et al., 2001).

## **2.27 HOW TO MEASURE EMPLOYEE PERFORMANCE?**

The most difficult part of the performance appraisal process is to **accurately and objectively** measure the employee performance. Measuring the performance covers the evaluation of the main tasks completed and the accomplishments of the employee in a given time period in comparison with the goals set at the beginning of the period.

Measuring also encompasses the quality of the accomplishments, the compliance with the desired standards, the costs involved and the time taken in achieving the results.

Measuring employee performance is the basis of the Performance appraisal processes and performance management. Accurate and efficient performance measurement not only forms the basis of an accurate performance review but also gives way to judging and measuring employee potential.

For the purpose of measuring employee performance, different input forms can be used for taking the feedback from the various sources like the superior, peers, customers, vendors and the employee himself. All the perspectives thus received should be combined in the appropriate manner and to get an overall, complete view of the employees' performance. Observation can also be exercised by the superior to obtain information.

- Clearly define and develop the employee plans of action (performance) with their role, duties and responsibilities.
- Organizational outcomes or the achievement of organizational goals should also be kept in mind.
- Focus on accomplishments and results rather than on activities.
- Also take note of the skills, knowledge and competencies and behaviors of the employees that help the organisation to achieve its goals.
- If possible, collect the feedback about the performance of the employees through multi-point feedback and self-assessments.

For an organisation to be an effective organisation and to achieve its goals, it is very important to monitor or measure its' and its employee performance on a regular basis. Effective monitoring and measuring also includes providing timely feedback and reviews to employees for their work and performance according to the pre-determined goals and standards and solving the problems faced. Timely recognition of the accomplishments also motivates the employees and help to improve the performance.

Measuring the performance of the employees based only on one or some factors can



provide with inaccurate results and leave a bad impression on the employees as well as the organisation. For example: By measuring only the activities in employee's performance, an organization might rate most of its employees as outstanding, even when the organisation as a whole might have failed to meet its goals and objectives. Therefore, a balanced set of measures (commonly known as balanced scorecard) should be used for measuring the performance of the employee.

Financial measures like the return on investment, the market share, the profit generated by the performance of the team should also be considered.

## **2.28 BALANCED SCORECARD APPROACH TO MEASURE PERFORMANCE**

To evaluate the organisational and employee performance in performance appraisal management processes, the conventional approach measures the performance only on a few parameters like the action processes, results achieved or the financial measures etc. The **Balanced scorecard** – an approach given by Kaplan and Norton provides a framework of various measures to ensure the complete and balanced view of the **performance of the employees**.

The four Perspectives recommended by Kaplan and Norton for the managers to collect information are:

- **The financial measures** – The financial measures include the results like profits, increase in the market share, return on investments and other economic measures as a result of the actions taken.
- **The customers' measures** - These measures help to get on customer satisfaction, the customer's perspective about the organisation, customer loyalty, acquiring new customers. The data can be collected from the frequency and number of customer complaints, the time taken to deliver the products and services, improvement in quality etc.
- **The internal business measures** – These are the measures related to the organization's internal processes which help to achieve the **customer satisfaction**. It includes the infrastructure, the long term and short term goals and objectives, organisational processes and procedures, systems and the human resources.

- **The innovation and learning perspective** - The innovation and learning measures cover the organisation's ability to learn, innovate and improve. They can be judged by employee skills matrix, key competencies, value added and the revenue per

## **2.29 HR SCORECARD APPROACH TO MEASURE PERFORMANCE**

As David Norton—co-author of a 1992 *Harvard Business Review* article introducing the concept of a Balanced Scorecard—notes in his Foreword, human capital is the foundation of value creation in the New Economy. Yet, the dilemma is that this asset that is most important is the least understood and least prone to management. *The HR Scorecard* attempts to provide that measurement tool.

The authors note that in the past, HR has been concerned with measuring performance in terms often unrelated to the corporate strategy. The problem with this is that what HR has traditionally measured may not be important for organizational success. The authors recommend that HR managers divide their key efficiency metrics into two categories: core and strategic. Core measures are those that make no direct contribution to the firm's strategic implementation; strategic measures assess HR deliverables. Focusing on strategic measurement tools improves upon past practices by first focusing on the corporate strategy, then building the measurement tools top-down.

*The HR Scorecard* provides many benefits to HR professionals, including the following:

- It reinforces the distinction between HR and HR deliverable
- It enables to control costs and create
- It measures leading indicator
- It assesses HR's contribution to strategic implementation and ultimately
- It lets HR professionals manage their strategic responsibilities
- It encourages flexibility and change

## **2.30 PERFORMANCE APPRAISAL**

Human resources are one of the greatest assets of any organisation because they create competitive advantage. Performance appraisal form the central part of performance management (Bernardin et al.1998). Performance appraisal is an important

organizational phenomenon, since the beginning of the twentieth century; organisations have attempted to measure several aspects of their activities through various means and indicators including employee performance. Therefore every employee needs to be competent, that is to have adequate knowledge, requisite skills and right attitude which must be evaluated and developed on periodic basis as a part of Organisational process. Performance appraisal should gather systematic and reliable information about an employee's work by means of formal and standardized system.

Performance appraisal is one of the most important functions of a manager and can only be learned by training, practicing and gaining experience. Performance appraisal is an essential management technique, which seeks to increase an employee's performance in order to get more productivity through goal setting and also provide a rational basis of various managerial decisions pertaining to human resources of the organisation. Thus, performance appraisal is a systematic and objective way of judging the relative worth or ability of an employee in performing the job.

The term performance appraisal consists of two words viz. 'performance' and 'appraisal'. Performance means what is expected to be delivered could be stated in terms of output, result, efforts, tasks, and quality, time, focus and cost dimensions. Appraisal means the evaluation of worth, quality or merit. Thus, Performance appraisal is the systematic description of the employee's job relevant strengths and weaknesses. The need for performance appraisal arises because every person has different personality, situational, social, psychological and physiological traits. Performance appraisal is an assessment of an employee in performing job. It brings out the differences of performance among the employees working in an organisation. Employee performance is the degree to which employees accomplish job requirements. It is a continuous process of measuring quantitatively and qualitatively an employee's past or present performance against the background of performance criteria within the ambit of his job role and about his future potential for an organisation.

Thus, performance appraisal refers to an assessment of an employee's performance, including the measures of:

- **Productivity:** This quantifies the outputs and inputs of an employee and expresses the two as a ratio. Generally, the ratio is expressed as output to input.

- **Effectiveness:** it determines the relationship of an employee's outputs to organisational goals and objectives.
- **Quality:** it examines an output or the process by which an output is produced. Quality is indicated by attributes such as accuracy ( or error rate), thoroughness, and complexity and
- **Timeliness:** which evaluates the time, involved producing an appropriate output.

Performance appraisal also known as performance review, formally documents the achievements of an individual with regards to set targets. Unlike performance contract, performance appraisal is documented at the end of a formal evaluation period where the strengths as well as the weaknesses of the individual are reviewed based on the results from PM (Aguinis and Pierce, 2008). Complete dependence on performance appraisals alone to determine the accomplishments of individuals in ensuring excellence is reached, may lead to the discovery of underperformance at the very last minute when measures for improvement can no longer be implemented to improve the situation. Therefore it is important to understand that performance appraisal is one of the substeps of performance management in ensuring excellent performance management.

Nevertheless performance appraisals provide a formal review and documentation of performance where both the employee and the respective manager can offer feedbacks with regards to the results of the evaluation (Pulakos, 2007). It should be clarified that the performance appraisal is not the sole responsibility of the management. Instead it should be used as a tool by the employee to discover self development needs (Kirkpatrick, 2006). Furthermore, the performance appraisal can be used as a justification in support of future development for the employee whether for career advancement or workshops for growth of skills and knowledge required to continually achieve excellence. Besides that, the results from a performance appraisal are useful to determine if the plans for the future direction of the organisation are feasible and what measures to take to evade any future untoward situations. The organisational benefits of using performance appraisals can be simply summarized as below (Farr and Levy, 2007). According to Farr and Levy (2007), the performance appraisal can fetch several organisational benefits by researching on the results from performance reviews to study the usefulness and effectiveness of development programmes that potentially identifies

the needs of employees and clarify individual responsibilities while providing the justifications for career advancements.

Employee acceptance towards a performance appraisal is strongly dependent on the perceived trust in the superiors that the management has sufficient experience to perform the evaluations and that the management supports the needs of the staff. In addition to that, when employees are encouraged in influencing the results of the performance appraisal through personal feedback, the satisfaction of staff toward a performance appraisal can be significantly improved and strengthened (Whiting et al., 2008).

### **2.31 PLANNING PERFORMANCE APPRAISAL SYSTEM**

Performance appraisal is a systematic and objective process of determining job related behavior and results of employees and assessing their potential for future leadership roles in the organisation. According to Dessler (2002), performance appraisal is defined as evaluating an employee's current or past performance relative to his or her performance standards. It therefore involves the following:

- Setting a work standard
- Assessing the employee's actual performance relative these standards.
- Providing feedback to employee with the aim of motivating that person to eliminate performance deficiencies or to continue to perform above par.

Performance appraisal aims to determine the relationship between the individual effort and results, as well as between individual results and the attainment of organisational goals and objectives. There is no ideal or standardized performance appraisal procedure since its scope depends mainly upon the organisational goals and objectives and the purpose of the appraisal, as well as on the skills of the appraisers and on the appraisal methods involved.

Basic steps of Performance Appraisal System:

1. Establish performance appraisal policies (when and how often to appraise performance, who should do it, the criteria for appraisal and the methods and techniques and the forms/formats to be used.
2. Analyse the jobs, reviews (write) job descriptions, clarify functions and responsibilities,

3. Gather data on employee performance
4. Discuss feedback on accomplishment, rating and the areas that need improvement with job holder
5. Separate training solutions from non – training solutions and
6. Make suggestions on training and development policies and programmes.

Appraisals can be both formal as well as informal. Informal performance appraisal entails unplanned activities and casual observation or judgement of employee's performance. Formal performance appraisal involves systematic and laid down procedure for evaluating performance of employees in terms of quality, quantity, timeliness, cost effectiveness, need for supervision and interpersonal impact.

### **2.32JOB ANALYSIS IN PERFORMANCE APPRAISAL SYSTEM**

Job analysis involves a systematic investigation of jobs using a variety of methods to determine essential duties, tasks and responsibilities.

There are three different approaches to job analysis as follows:

1. ***Task-based approach***: describes work in terms of outcomes or tasks completed.
2. ***Behaviour –based approach***: describes work in terms of generalized behavior; and
3. ***Trait-based approach***: describes work in terms of the human abilities and personality characteristics necessary for performing a given job.

Job analysis results in creation of job description and job specification. Job description deals with the tasks, duties and responsibilities associated with a job or position while job specification deals with qualification, experience, ability, knowledge, skill and training required by a job holder for successful performance of a given job. Job analysis finds many applications in the organisation. One of the most crucial applications pertains to performance appraisal system. Job analysis is the foundation on which the entire system of performance appraisal is built. To appraise performance, a systematic job analysis is first required. Job analysis facilitates standards for performance appraisals and allows appropriate classification/reclassification of positions. This is a process where questions are asked about what employees do, and what skills, abilities, characteristics, traits and personalities are required to do the job well.

Performance appraisal generates information about an employee's performance, skills and abilities. Instead of simply deciding on an absolute basis about whether an employee is fit for his job or not, appraisals are better seen as instruments used to paint a profile of an employee's strengths and weaknesses.

### **2.33 TYPES OF PERFORMANCE APPRAISAL**

Performance appraisal aims to meet the needs of the organisation and the individual employee. It is a management system for fostering employee development and organisational growth. Types of performance appraisal are as diverse as the types of organisations employing them.

#### **1. Closed-ended performance appraisal system:**

In a closed-ended appraisal system, employee does not have any participation. The performance appraisal and ratings assigned to an individual on his performance is never shown to the employee. It is called a confidential system as it is assumed that showing performance appraisal and rating plans will lead to conflict and stress. Consequently, employees generally do not know how their performance is viewed by the managers and whether their performance is adequate or not. They are also unclear about specific improvement areas as no feedback is given to them. Close ended performance appraisal systems are widely in practice in government organisations, defense services and many public undertakings.

#### **2. Open-ended performance appraisal system:**

In an open-ended appraisal system, employees are active participants of the appraisal system. . The performance appraisal and ratings are discussed between the manager and employee in an enabling atmosphere and it is freely shared with the employees. The objective is to know how well an employee has performed his job and to provide feedback for developing performance of the employees. The openness instills a sense of confidence and increase transparency of the performance appraisal system. Due to these reasons, performance appraisal system tends to be evaluative and developmental in nature. Most of the private sector organisations, multinational enterprises and leading public sector organisations practise open ended systems.

## **2.34 INDIAN INFORMATION TECHNOLOGY/ INFORMATION TECHNOLOGY ENABLED SERVICES ( IT / ITES ) INDUSTRY SCENARIO**

The Information Technology (IT) sector in India is amongst the fastest growing in the country and the world. It is expected that by the year 2008, IT software and services industry will account for 7 per cent of India's GDP and 35 per cent of total exports.

The Indian domestic IT market grew by 29% in the financial year 2007-08 to report revenues of Rs 288, 810 crore. The revenue of the information technology sector has grown from 1.2 per cent of the gross domestic product (GDP) in FY 1998 to an estimated 5.5 per cent in FY 2008. The net value added by this sector, to the economy, is estimated to be 3.3 to 3.9 per cent for FY 2008.

The Indian IT-BPO sector grew by 33 per cent in FY 2008 to reach US\$ 64 billion in aggregate revenue (including hardware). Of this, the software and services segment accounted for US\$ 52 billion, growing by 28 per cent over FY 2007. Software and services exports (including exports of IT services, BPO, engineering services and R&D and software products) reached US\$ 40.4 billion, contributing nearly 63 per cent to the overall IT-BPO revenue aggregate.

IT-BPO exports (including hardware exports) grew by 28 per cent from US\$ 31.8 billion in FY 2007 to US\$ 40.9 billion in FY 2008.

The Indian IT services market is estimated to remain the fastest growing in the Asia-Pacific region with a CAGR of 18.6 per cent. IT enabled Services (ITES): The IT / ITES industry's contribution to the country's gross domestic product (GDP) has grown from 1.2 per cent in FY 1998 to an estimated 5.5 per cent in FY 2008. The net value-added by this sector, to the economy, is estimated at 3.3-3.9 per cent for FY 2008.

The Indian IT-ITES sector (including hardware) grew by 33 per cent in FY 2008 to reach US\$ 64 billion in aggregate revenue. Of this, the ITES/BPO sector contributed US\$ 12.5 billion as against US\$ 9.5 billion in FY 2007, an increase of 31 per cent. The Indian ITES-BPO exports grew significantly from US\$ 8.4 billion in FY 2007 to US\$ 10.9 billion in FY 2008 while the revenues of domestic BPO grew to US\$ 1.6 billion in FY 2008 from US\$ 1.1 billion in FY 2007. The sector provided direct employment to 700,000 in FY 2008 up from 553,000 in FY 2007.



**Table 2.1 IT/ ITES Industry Size in India (2007-12)**

**(Value in Rs. Crore)**

	2007	2008	2009	2010	2011	2012	CAGR 07-12
Domestic IT/ ITES Market	90,014	110,177	133,100	158,053	182,991	209,698	18.4%
IT/ ITES Exports Revenue	156,594	186,142	218,107	250,087	284,666	320,278	15.4%
India IT/ ITES Industry Size	246,609	296,319	351,207	408,139	467,657	529,976	16.5%

### **2.34.1 Foreign Direct Investment (FDI) Policy**

100% FDI is permitted in the Electronic hardware sector and the Software development sector under the automatic approval route. Industrial Licensing has been virtually abolished in the Electronics and Information Technology sector except for manufacturing electronic aerospace and defence equipment.

### **2.34.2 IT / ITES Export Trends**

The Software exports are projected to grow by \$9 billion to \$50 billion in fiscal 2008-09 from \$41 billion in fiscal 2007-08 and \$32 billion in fiscal 2006-07.

Exports contribute nearly 65% of the Indian IT sector revenue. The United States and Britain are the biggest markets for India's booming software exports, accounting for about 80 percent of the country's \$12-billion exports per year.

ITES/BPO exports grew by over 30 per cent from the previous year collecting revenues of US\$ 10.9 billion in FY 2008.

**Table 2.2 Export Figures of India's IT Industry**  
(USD Billion)

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>IT Services</b>	<b>10.4</b>	<b>13.5</b>	<b>17.8</b>	<b>23.7</b>
<i>Exports</i>	7.3	10.0	13.13	13.13
<i>Domestic</i>	3.1	3.5	4.5	5.6
<b>ITES-BPO</b>	<b>3.4</b>	<b>5.2</b>	<b>7.2</b>	<b>9.5</b>
<i>Exports</i>	3.1	4.6	6.3	8.3
<i>Domestic</i>	0.3	0.6	0.9	1.2
<b>Engineering services, R&amp;D and Software products</b>	<b>2.9</b>	<b>3.9</b>	<b>5.3</b>	<b>6.5</b>
<i>Exports</i>	2.5	3.1	4.0	4.9
<i>Domestic</i>	0.4	0.7	1.3	1.6
<b>Hardware</b>	<b>5.0</b>	<b>5.9</b>	<b>7.0</b>	<b>8.9</b>
<b>Total IT industry</b>	<b>21.6</b>	<b>28.4</b>	<b>37.4</b>	<b>47.8</b>
<i>Exports</i>	13.4	18.2	24.1	31.9
<i>Domestic</i>	8.3	10.2	13.2	15.9

Although for exports, the US (61 per cent) and UK (18 per cent) continue to be the largest markets for IT-ITES exports, the share of Europe has been increasing steadily. Exports to Continental Europe have grown at a compound annual growth rate (CAGR) of more than 55 per cent over FY 2004-07. The ITES sector is also working towards reducing its dependence on the US market and is exploring new and emerging markets such as those in Australia and the Middle East.

### **2.34.3 Key Players:**

The following are India's Tier 1 companies in the IT sector:

1. Tata Consultancy Services Ltd.
2. Wipro Technologies Ltd.
3. Infosys Technologies Ltd.

The other key players include the following:

1. IBM,

2. HCL,
3. Patni,
4. Polaris,
5. Cisco,
6. KPIT Cummins,
7. Kanbay,
8. i-Flex Solutions,
9. Cognizant,
10. Sapien
11. Mphasis.

#### **2.34.4 Global IT players in India:**

There are a large number of multi-national IT enterprises operating in India in sectors such as: Integrated Chip Design, System Software, Communication Software, R&D Centres, Technology Support Sector, Captive Support Sector, BPO Sector etc. Reaping the cost and quality advantages. These multinationals include Siemens, Philips, Intel, Texas Instruments etc. (Chip Design); Siemens, Motorola, Lucent Technologies, Sony, Nortel etc. (Communication Software); Microsoft, Oracle, Sun Microsystems, HP, Compaq etc. (Systems Software); Google, Yahoo etc. (R&D Centres); Axa Business Services, Swiss Shared Services, Siemens Shared Services etc. (BPO Sector); Accenture, DELL, HSBC, GE Capital, Fidelity etc. (Captive Support Sector).

#### **2.34.5 Localization of the IT industry:**

The Indian state of **Karnataka** dominates other Indian states in terms of attractiveness as an IT destination with the city of Bangalore being at the topmost. Bangalore offers good infrastructure, with large floor space and great telecom facilities and is therefore the most preferred destinations of all the big banners like HSBC, Dell, Microsoft, GE, Hewlett Packard, and several Indian

Multinational firms like Infosys Technologies, Wipro, and Microland who have set up their offices in the city.

The state of **Andhra Pradesh**, backed by the emergence of the city of Hyderabad as a major IT hub, ranks as the second IT hub of India. This is followed by the state of **Tamil Nadu** and **Maharashtra**. The city of Chennai in Tamil Nadu is emerging as a

global capital for business process outsourcing (BPO) and is propelling Tamil Nadu to the number one position in IT

Maharashtra is the second largest exporter of software with annual exports of Rs 18 000cr (20% of India's software exports). The state has set up software parks in Pune, Mumbai, Navi Mumbai, Aurangabad, Nagpur and Nasik.

Globally branded firms have their presence in the state of **Gujarat**. Nasscom (National Association of Software and Services Companies) has ranked the city of Ahmedabad in Gujarat to be among the top five Indian destinations for business process and knowledge process outsourcing. The state of **West Bengal** is beginning to be recognized as the fastest growing IT destination in the country with more than double the national average growth rate. A number of IT majors are doing significant business in the city of Kolkata. West Bengal aims to become one of the top three IT states by 2010, contributing 15-20 per cent of the country's total IT revenue.

#### **2.34.6 Growth of the Indian IT Sector**

The Indian information technology sector is one of the sunshine sectors of the Indian economy showing rapid growth and promise. The Indian IT-BPO sector is estimated to reach a target of US\$ 60 billion in exports and US\$ 73-75 billion in overall software and services revenues by 2010.

India's information and communication technology market is estimated to grow 20.3 per cent annually to reach US\$ 24.3 billion by 2011. The Indian IT and ITES market is estimated to grow at the rate of over 16 per cent to become a US\$ 132 billion industry, significantly, the domestic market alone is expected to become over US\$ 50 billion, with a CAGR of about 18.4 per cent. Simultaneously, the IT and ITES exports are estimated to more than double to US\$ 78.62 billion by 2012.

Leading international companies have identified custom application development and maintenance as priority areas due to high offshoreable component. The demand for domestic BPOs has been largely driven by faster GDP growth and by sectors such as telecom, banking, insurance, retail, healthcare, tourism and automobiles.

ITES now offers services such as Knowledge Process Outsourcing (KPO), Legal Process Outsourcing (LPO), Games Process Outsourcing (GPO) etc. More and more sophisticated products are being developed in India. The domestic BPO segment is

growing annually at a rate of nearly 35 - 40 %.The revenues generated by the BPO's are almost \$1.18 million and the domestic market is expected to reach \$10 billion by the end of the financial year 2008. If it continues to grow by the current rate then by the end of the financial year 2012 then IT and

The electronics hardware is growing at over 30% and is expected to grow rapidly in the coming years and is estimated to be US\$62 billion by 2010. According to a recent World Bank study, India is the preferred location for software vendors for its quality and cost. India has strong UNIX base which provides opportunity for the development of products for internet based applications. Further, India has global connectivity with international dialing facility from over 13220 locations, Leased/switched high-speed data links from major centers through STPs and VSNL for point-to-point communication are also available.

Abundant investment opportunities exist in the following thrust areas in India:

- Communication Infrastructure
- Optic Fiber Cable
- Gateways
- Satellite based Communication Wireless
- Software Development
- IT-enables Services
- IT-enabled education
- Data Centers & Server Farms

Hence IT sector is attracting considerable interest not only as a vast market but also as potential production base by international companies. And it is one of the fastest growing segments of the Indian industry both in terms of production and exports.

#### **2.22.7 Human Resource Assessment in IT Industry**

IT Industry Human Resource Assessment include the following policies and practice.

**Orientation:** Common characteristics of orientation programmes for new employees are meetings with senior executives and discussions of history, values, traditions and business objectives.

**Work environment:** A majority of the employers in the IT Industry share information mainly to keep employees informed about their business.

**Rewards and recognition:** The stated philosophy of many organizations is to attract, retain and motivate the best available talent.

Broadbands are used by very few organizations. None uses a "pay-the-person" approach wherein an incumbent's pay is determined by the skills/competencies he/she possesses.

**Health and well-being:** IT companies generally provide comprehensive medical coverage for their employees, with most organizations focusing on giving wide coverage to all employees.

**Time, work and life:** A variety of dependent care assistance programmes, convenience services, amenities and alternative work arrangements are provided by IT organizations. Sick, vacation and personal leave are the main types of leave provided by high-tech firms. Most organizations have a standard working week of five days, eight hours a day.

#### **2.22.8 Performance Appraisal Practices in IT / ITES Companies**

The first step toward carrying out performance appraisal at Infosys was the evaluation of personal skills for the tasks assigned to an employee during the period of appraisal. To evaluate the performance, different criteria like timeliness, quality of work carried out by the employee, customer satisfaction, peer satisfaction, and business potential, were considered. The personal skills of the employees were also evaluated based on their learning and analytical ability, communication skills, decision making, change management, and planning and organizing skills. Each of these criteria was measured on a scale of 1 to 5 (with 1 signifying above the expected performance level and 5 below the expected performance level).

#### **2.22.9 Parameters To Appraise Performance in BPO Sector**

Business Process Outsourcing (BPO) is relatively a new sector in the Indian industry, but has established itself well and is growing at a rapid rate. BPO sector offers handsome initial salary, good growth and many other benefits to its employees. Keeping in mind the attrition rates in the sector, the performance measurement and appraisal processes are of extreme importance in BPO's. It is often used as one of the

tools to retain the employees.

BPO employees have the advantage of getting performance based incentives. In most of the BPO organisations, there are well designed schemes for awarding the performance based incentives to the individuals and/or the teams as a whole. An incentive on the completion of the defined targets is a common practice in BPO's.

The general parameters for the measurement of employees' performance are:

- Speed i.e. process performance,
- Accuracy and
- Productivity of each process

Although the measuring parameters are different for employees at different level, but the general classification of the above mentioned parameters for "Customer care Executives" and "Team leaders" are as follows:

- Average Call Value (the sales made or the revenue collected etc.)
- Time and cost per call
- Average Handling Time (talk time and after call wrap up)
- Adherence to Schedule (availability to take calls etc.)
- Percentage of abandoned calls
- Discipline
- Attendance

According to a recent survey – "The Pay for Performance can be as much as 22% of the salary." Therefore, performance evaluation, reviews and appraisal play a vital role in the performance management in BPO sector and all the above mentioned parameters are used in performance appraisals to evaluate and review the performance of the employees.

## **2.22. INNOVATION MANIFESTATIONS**

The phenomenal growth of the Indian IT industry albeit unintentional happened due to government decision in the late 70's to force multinational corporations to dilute their shareholding pattern in favour of Indian investors they wanted to continue in India. As a natural progression of growth, the Indian IT industries like its global counterparts, was also polarized between companies focusing on hardware manufacturing and those taking the route of services and software development, maintenance, data programming, data processing etc. Drawing a parallel with mature industries such as auto or aircraft, the IT industry equipment manufacturer also focused on building faster and technologically improved IT equipment and also providing services around it.

Services of most IT companies, barring a few market leaders (who still focus on hardware manufacturing), constitute a major part of their business. IT companies chose one or more of the services value chain as their offering, starting from skill staffing, software development, product development, implementation and package selection and consulting services.

IT is used to in order to become more efficient, faster and perform with precision. With the advent internet and convergence, the role of the computer and communication has assumed greater importance. IT can facilitate the innovation of customer experience, internal business processes and the business model. Creativity is important for addressing cost, customer experience and competitive challenges through computers and communication technology.

IT services are all too focused on technology intervention and the measure of success in business terms rarely exists. Indicators of IT products offering success is to be linked with increased value, reduced costs and increased business effectiveness through customer delight.

IT companies should be committed to using technology to offer solutions and business benefits not just information and they should move from information to knowledge to business success. If IT companies change their focus on increasing value of the business (save time, offer convenience, accessibility, quality etc.) and decreasing cost (save



money) and being a partner in success, they will create a new value for themselves. (Dubey, 2009)

Typically information technology products and services are offered in the following areas:

- IT consulting
- System architecting, design and delivery
- *Enterprise* application integration
- IT infrastructure management
- Application management

The innovation perspective would be to link the end business performance with any or many of these services. The IT services need to blend other problem solving tools and techniques while creating IT systems and integrate. (Dubey, 2009)

#### **2.22.1 Fast Innovation**

The process of creating new products, services, processes, business models and markets with sufficient differentiation and speed such that the company maintains above-average shareholder returns for decades.

#### **2.22.2 Disruptive Innovations**

Creating and embracing disruptive offerings disruptive offerings that obsolete current offerings, processes, and business models will catch the competition flat-footed and may provide great propulsive power to growth.

#### **2.22.3 Innovation Blitz**

The Innovation Blitz is a four- or five- day event where all the developers on a project meet with customers and suppliers and work only on the targeted project. The Blitz approach has only recently started gaining popularity in the innovation world. Its biggest advantage over traditional development models is the speed of results.

#### **2.22.4 Value Innovation through Blue Ocean Strategy**

The creation of Blue Ocean is about driving costs down while simultaneously driving value up for the buyers. Blue Ocean Strategy integrates the range of a firm's functional

and operational activities. Value Innovation is created in the region where a company's actions favorably affect both its cost structure and its value proposition to buyers.

### **2.23 Antecedents of Performance Appraisal: Motivation**

Motivation is a set of energetic forces that originates both within as well as beyond an individual's being, to initiate work related behaviour, and to determine its form, direction, intensity and direction.

Motivation can be both intrinsic (or internal to an individual) and extrinsic ( or external to an individual). According to Gagne and Deci (2005), "intrinsic motivation involves people doing an activity because they find it interesting and derive spontaneous satisfaction from the activity itself. Extrinsic motivation in contrast, requires an instrumentality between the activity and some separable consequences such as tangible or verbal rewards, so satisfaction comes not from the activity itself but rather from the extrinsic consequences to which the activity leads".

One of the primary goals of all managers is to motivate employees to achieve the highest level performance of which they are capable of delivering. Higher employee motivation leads to greater creativity, productivity and discretionary effort which in turn leads to improved organisational performance.

Moses (2002), there is certain key steps to increase employee's motivation for better performance as follows:

- Managers need to communicate frequently with employees to convey that the organisation is dependent on the employees and their dedication to excellence in aspect of their work;
- The organisation must establish a close relationship with managers and key employees to develop a plan for achieving increased performance in every department. The plan could include special financial incentives or perquisites, employee recognition awards, and employee training. Motivating the employees and have them working together will help them focus on what is important and continue doing a great job.

- Before organising and developing a performance plan or performance development plan, the manager has to learn all there is about employee's motivation. Focus on processes that help to enhance the involvement of employees at the organisation and inspire feelings of responsibility for the organisation's overall success;
- Manager should set up employee suggestion schemes, focusing on how to improve performance productivity.
- The organisation has to encourage manager's step to the front lines and become as pragmatically involved in the day – to – day operations of the business as possible.
- Managers should be creative and encourage creativity among employees in the organisation. They should search for ways to improve processes and performance so as it might become cheaper, faster and more efficient.
- Assign specific tasks and goals to individual employees or to teams. Having goals for which they are responsible and for which they will be recognised upon successful completion is a surefire motivator.
- Have regular organisational meetings to encourage team commitment and build group enthusiasm. At these meetings, emphasis is to be given on positive accomplishments not on the failures.
- Continually present new motivational encouragement to employees, in the forms of professional speakers, new organisational goals, and new products and services.

## **2.24 Performance and Leadership**

Ultimately, it is the individual employee who either performs, or fails to perform a task. For an organisation to perform an individual must set aside his personal goals, at least in part, to strive for the collective goals of the organisation. The very nature of performance is defined by the organisation itself. Employees are of paramount

importance to the achievement of strategic objectives of any organisation. The successful organisations have one major attribute that sets them apart from unsuccessful organisation; dynamic and effective leadership. It has been widely accepted that effective organisations require effective leadership and that organisational performance will suffer in direct proportion to the neglect of this. Furthermore, it is generally accepted that the effectiveness of any set of people is largely dependent on the quality of leadership – effective leader behaviour facilitates the attainment of the follower's desires which then results in effective performance.

### **2.25 Participative Leadership**

Employee's participation refers to the inclusion of employees in decision making process in the organisation. The extent to which the employee's participation is possible and desirable is a very controversial issue as it entails political overtones (Allan, 2003). Leadership is not a single track process, but it is a process of mutuality. Organisations with leadership committed to participation of employees in decision-making are able to win the hearts and souls of their human resources. In such employees are more involved, committed and accountable for their output/outcomes. Thus, employee's involvement in designing and implementation of performance appraisal is both desirable and necessary so that employees are aware of the performance targets, the level of performance expected from them, knows the rating plans, and outcomes of the performance appraisal process is a mutual and shared process of partnership.

### **2.26 Leadership Process**

Effective leadership is determined by the degree to which it facilitates adequate or high performance and productivity. There may be no management style that could be effective in every situation as different work situations need different styles if they are to perform optimally. Effective appraisal system requires managers or leaders, who are highly flexible, adaptive and committed towards developing performance of the employees. Unless managers are not committed towards the instrument of performance appraisal, the results will be sub –optimal. Non – commitment of managers to performance system often is a major reason for failure of the system in many organisations because there is no managerial ownership towards the system. This often results in lowering down the credibility of the system as a whole.

## **2.27 EMPLOYEE COUNSELING FOR IMPROVING PERFORMANCE**

Counseling aims to help employees to improve their performance through a process of mutual communication, support and commitment. Performance Counseling is one of the most crucial and day-to-day activity of the managers.

Counseling for improving job performance of employees involves the following steps:

**1. Identifying the performance problem:** Managers should clearly communicate to the employees that his performance affects the bottom line of the organisation. Therefore, he needs to improve his performance by addressing the performance concern with the help of the manager. Managers should explain the level of performance expected of the employee in order to contribute effectively to the goals and objectives of the organisation and the level of performance actually exhibited by the employee as measured through performance appraisal system.

**2. Getting employee comments:** Managers must encourage and provide ample opportunities to the employees to let him express himself fully. This is important from the view point of assessing and clarifying the scope of performance problem. Sometimes the problem can be out of control of the employee which therefore needs to be understood. Problems in performance may arise from deficiencies in knowledge, skills and abilities, behavioural styles, personal crisis or resource constraints. Managers should listen and think through the employee comments for understanding him and his performance problem in better manner.

**3. Agreeing on a solution:** Managers should help the employee to generate various options on solutions to performance problems and choose the best alternative. Managers would provide resource support and guidance, as necessary, for realizing the chosen solution.

**4. Action Plan:** Managers must generate action plan along with the employee with the object of seeking employee's commitment for change within agreed timeline. The action plan makes it clear that the employee has to improve performance and increase his present level of performance to the desired level of performance.

**5. Feedback on improvement:** Managers need to follow-up on the progress achieved by the employee in improving his performance problem on a periodic basis. Feedback further helps in correcting any deviation from action plan.

## **2.28 IMPLICATIONS OF PERFORMANCE APPRAISAL: COMPENSATION MANAGEMENT**

Milkovich and Newman (2007), define compensation management as “*all forms of services and benefits employees receive as part of employment relationship*”.

Thus compensation is a broader term which includes wages, salary, pay, perquisites, fringe benefits, performance incentives, commissions, bonuses, stock options, remuneration, etc. Compensation management is a process to reward employees financially and non – financially for their work, performance and contributions in order to achieve high level of organisational performance keeping in view the following factors:

- Ability of the organisation to pay
- Labour Market (internal and external) conditions
- Government regulations in relation to compensation
- Economic, social, political and technological environment
- Equity considerations in compensation
- Psychological contract
- Building competitive advantage by organisations.

## **2.29 CORRELATION BETWEEN COMPENSATION MANAGEMENT AND PERFORMANCE APPRAISAL**

Performance Appraisal is a process aimed at determining the results of an employee’s work, one of its main functions being to offer a justified compensation for his efforts.

There is a tendency to rely on the link with compensation, to do the managing for some employees, that is, they hope that the compensation link will motivate employees who dislike their jobs;

There is an increased need to help people understand what good performance looks like for appraisal to work for the organisation; If just a few high performers are rewarded handsomely, the organisation needs to deal with the possible de-motivating effect it has on average performers, not all will see it as an incentive to improve; and if there is no link between performance appraisal and compensation, top performers may leave the organisation and join organisations which directly reward superior performers.

To analyse the employee's performance, diverse appraisal methods and their combination are used. During the appraisal process, primarily those work results are valued that create pre-conditions for their improvement in the future and enable differentiation between compensation rates, thereby, on the one hand, diminishing equalization and on the other hand, increasing fair compensation. The decision based on evaluation can be backed up by properly documented performance appraisals which can also include additional documentation in the form of a journal, notes, diaries and other materials.

### **2.30 CAREER DEVELOPMENT**

Career development refers to the life long process of fostering and cultivating the shape of the individual's working life so as to make the best use of inherent talents, skills, knowledge and interests for that person. It is concerned with the potential of employees and situations in which they are or may be at the moment and after that. It often carries a strong overtone of promotion and upward moment.

Career development is vital to the individual employee as it is a step towards self-actualisation. It contributes at the deepest level to working effectiveness, motivation and personal fulfilment, not only in working life but spreading also at social spheres of individual's life. Before starting to develop one's career, an individual has to make through consideration of possible solutions. Those solutions imply all the connections and correlations between one's needs, abilities, preferences and wishes, and capabilities, needs and possibilities. Career development has an individual and organisational aspect. Therefore, the needs, aspirations and requirements of employees and organisations should be matched. If matches and correlations between those two important actors work, then both parties can achieve positive results. The matching between the organisation's and individual's needs and interests is of significant importance because employee can give their best only when they are placed on the right job and provided with right development and training but also supported with the best management.

Performance appraisal helps to evaluate the level of performance of all employees and align their career needs and potential with various job opportunities available within the organisation. It helps in differentiating better performers from marginal performers and provides growth path to the employees keeping in view their performance. It thus

motivates employees to excel in their jobs and continue to grow and derive economic, social and psychological rewards and satisfaction.

### **2.31. TRAINING & DEVELOPMENT**

An organisation can have the greatest business model in the world and the best systems and resources, but without the talents and capabilities of its employees, it is likely to fail. Therefore, knowledge, skills and abilities of employees in making their organisations successful is of paramount importance. In this knowledge age, technology, business processes and systems change very rapidly, which requires continuous learning and training to stay abreast with latest changes in order to stay adaptable.

*“Training and Development is the process of developing expertise for the purpose improving performance”.*

Performance Appraisal of all employees in an organisation would reveal problems and deficiencies, some of which could be traced to the absence of required knowledge, skills, behaviour and so on. These findings could be formulated as training needs, thus providing information on which effective training programme can be developed. Training addresses short-term performance concerns as well as broadening an employee’s skills and competencies for the future responsibilities. Short – term performance issues can be addressed through training by enabling the employee to do his job correctly, effectively and conscientiously: a) correctly, in that he can apply whatever has been taught b) effectively, in that he may be in a position where he can perform to the expected standards of performance, and c) conscientiously, in that the behaviour of the trainers can bring trainees to the position where they can put their maximum effort at the right time.

### **2.32. KNOWLEDGE MANAGEMENT MANIFESTATIONS**

The knowledge based view of the firm sees organisations as social structures whose specialisation lie in the fast and efficient transfer and creation of knowledge (Kogut and Zander, 1996).

In the knowledge economy, employees are increasingly working with data, information and knowledge rather than merely restricted to physical work. Therefore, more and more employees are categorised as knowledge human resources. In his thought on new



knowledge economy, Peter Drucker put forward the idea that knowledge workers should no longer be seen as employees but as volunteers who are paid for what they do.

Davenport (2001), describes the following changes management may undergo in knowledge organisations as follows:

- From overseeing work to doing it too;
- From organizing hierarchies to organizing communities;
- From imposing work designs and methods to understanding them;
- From building manual skills to building knowledge skills;
- From evaluating visible job preferences to assessing invisible knowledge achievements.

According to Cabrera and Cabrera (2005), performance appraisal system should be designed as a tool for encouragement of the knowledge sharing behaviours. When the organisation reinforces and recognises these behaviours, it sends a signal to the employees that it values communication and interaction.

According to Oltra (2005), “individual performance could be expanded to include proactive sharing behaviours”. Effective performance management and performance appraisal is an encouragement tool for individual performance while reinforcing organisational goals and objectives. This is achieved by establishing by performance objectives that are compatible with the overall organisational goals and objectives. This in turn promotes individual performance through performance management and performance appraisal system which leads to overall organisational competence and performance.

### **2.33. PERFORMANCE REWARD - PROMOTION:**

Rewarding an employee means giving him something more than what is usually given to employees at his level. If he is rewarded as a mark of recognition for some job done well, the employee feels motivated. This recognition may be in terms of tangible benefits or non-tangible ones such as a certificate.

An employee is generally rewarded for high performance in his job over a period of time (usually a year or two).

"Promotion" is a term which covers a change and calls for greater responsibilities, and usually involves higher pay and better terms and conditions of service and, therefore, a higher status or rank.

**Promotions are usually given:**

(i) To put the worker in a position where he will be of greater value to the company and where he may derive increased personal satisfaction and income from his work;

(ii) To increase an employee's organisational effectiveness;

(iii) To build up morale, loyalty, and a sense of belonging on the part of the employees when it is brought home to them that they would be promoted if they deserve it;

(iv) To promote job satisfaction among the employees and give them an opportunity for unbroken, continuous service.

**2.34. CONCLUDING REMARKS**

In this chapter, a review of HRM functions has been taken; strategic HR dimensions and other aspects of HR Architecture have been discussed. A brief review of IT /ITES industry, HR in IT industry, assessment of HR in IT industry, performance appraisal practices in IT / ITES companies has also been covered. HR performance drivers have been deliberated for achieving organisational excellence. Finally this chapter presents the concept of promotion which is one of the core themes of the present study.

## CHAPTER 3

### PERFORMANCE APPRAISAL PARAMETERS

#### 3.1 INTRODUCTION

Performance management is a holistic process bringing together many of the elements which go to make up the successful practice of people management, including in particular learning and development. But for this very reason, it is complex and capable of being misunderstood (CIPD, 2008a).

‘Performance management is not achievable unless there are effective processes of continuous development. This addresses the core competencies of the organisation and the capabilities of individuals and teams. ‘Performance management’ should really be called ‘performance and development management.’ (Armstrong and Baron, 1998)

Performance appraisal is one element of performance management which involves different measurements throughout the organisation. Performance appraisal is the most important if the organisations are to take the advantage of their most important asset, employees, and gain human capital advantage.

#### 3.2 KEY ELEMENTS OF EFFECTIVE PERFORMANCE MANAGEMENT (ARMSTRONG AND WARD, 2005)

The **Process** by which individual performance is guided, assessed and rewarded is critical because it sends a highly-visible message to people about what is important and valued in the organisation.

**People Management and Capability** – Armstrong and Ward (2005) advise that organisations must ensure that managers implement performance management systems consistently across the organisation. Managers need to be able to elevate the performance of those around them and their interpersonal skills and behaviour will impact on their ability to do this – (either well or not well). Any training therefore, needs to focus on people management skills and on helping managers to change their behaviour rather than training them to be ‘performance management process’ experts;

**Motivation** is often a forgotten and rarely-discussed element in the performance management equation, but in keeping with the Purcell (2003) model, the extent to which managers are able to unlock discretionary effort amongst employees is critical in raising

performance levels. Managers need to be advocates of the performance management process, ensuring that objectives are also motivational rather than being purely focused on control and alignment. They also need to be mindful that the quality of the conversations during the process can either motivate or demotivate;

**Measurement and Reward** - the indicators or measures that are used to assess a) individual performance and b) organisational effectiveness can be debilitating if they are not right, leading to confusion, inconsistencies and debates about ratings and rankings rather than optimising the powerfulness of the performance management process as a vehicle for performance improvement through feedback and motivation.

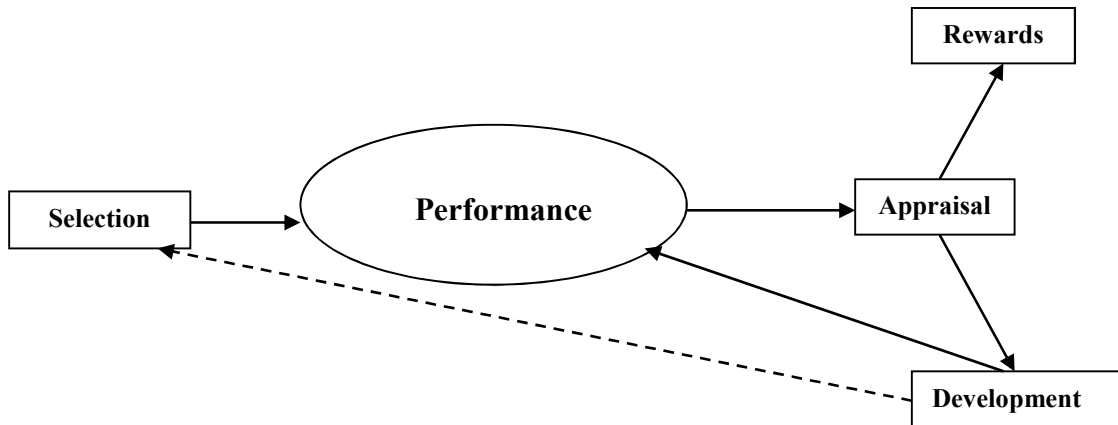
Rather than being regarded as the guardians of the process, the **Role of HR** practitioners should be focused on influencing managers to take charge of the process. Armstrong and Ward (2005) argue that often, too much effort is directed towards compliance issues. Emphasis needs to be placed on those parts of the performance management system - such as the quality of the process - that make the most difference to performance.

**Clarity of purpose and the Role of Culture** within an organisation will affect the extent to which performance management resonates and is congruent with the broader culture of the organisation in which it is being applied. A performance management system that is not delivering often fails because of organisational shortcomings, such as a mismatch between espoused values and incongruent behaviours, or a lack of clarity over direction, priorities or standards. Aligning the performance management process with the direction of the organisation is therefore essential, but it is important to remember that although performance management will support organisational change, it will not be the exclusive or main driver of it (Armstrong and Ward, 2005).

Armstrong and Ward (2005) contend that managers need to understand that *“Performance management is not an addition to their day job, it **is** their day job”* and hence they need to focus on achieving results through their teams rather than being task focused. Organisations need to adopt systems and practices that suit their particular strategy and culture. They also recommend that managers who manage people effectively are rewarded and that there are consequences for those who do not.

### 3.3 PERFORMANCE APPRAISAL

Fombrun *et al.* (1984) makes explicit use of the word Performance when illustrating the Human Resource Cycle - sometimes referred to as the ELC. This model highlights the importance of performance appraisal as a means of determining rewards and/or the need for further development.



**Figure 3.1: The Human Resource Cycle  
(Fombrun *et al.*, 1984, cited by Hendry, 1995)**

Performance appraisal is “a well-established way of providing milestones, feedback, guidance and monitoring for staff. A further development....is tying this appraisal into a larger and more complex system of performance management” (Weightman,1999). CIPD (2008d) support the view that whilst performance appraisal is an important part of performance management, it is only one tool amongst a range of tools that can be used to manage performance. They also highlight the fact that because performance appraisals are most usually carried out by the line managers, rather than HR professionals, it is important that they understand their role in the process and have the right skills to conduct them effectively.

Milkovich and Wigdor (1991) purport that whilst performance appraisal aims to accurately assess the effectiveness of an individual’s job performance, as well as improve organisational performance systems, it is impossible to standardise the context within which the appraisal takes place, or indeed the people who are either appraising or

being appraised, further compounding the reasons behind the derision that performance appraisal often receives.

Although the CIPD (2005) purport that there is no one right way to conduct an appraisal, they do advise that there are five key elements to a performance appraisal, underpinned by effective dialogue:

### **3.3.1 The Five Key Elements of a Performance Appraisal (CIPD, 2008a)**

**Measurement:** Assessing performance against agreed targets and objectives.

**Feedback:** Providing information to the individual on their performance and progress.

**Positive Reinforcement:** Emphasising what has been done well and making only constructive criticism about what might be improved.

**Exchange of Views:** A frank exchange of views about what has happened, how appraisees can improve their performance, the support they need from their managers to achieve this and their aspirations for their future career .

**Agreement:** Jointly coming to an understanding by all parties about what needs to be done to improve performance generally and overcome any issues raised in the course of the discussion.

Wolff (2008) asserts that “the key to solving underperformance is communication, communication, communication – coupled with clarity about expectations and objectives, early intervention and ensuring that managers have a clear view of the underlying problem before applying a solution”.

### **3.3.2 History of Performance Appraisal**

There is evidence in the history of performance appraisal that suggests formal performance appraisal began to appear and used in the evaluation of work performance as early as in the 20th century from the time of the First World War initiated by American rather than a British phenomenon (Fletcher and Williams,1992). Initially, in the US, organisation used performance appraisal as a measure to raise morale of the workforce, the assumption being that high morale led to high productivity – a motion reinforced by Hawthorne studies in 1920s.

But the introduction of performance appraisal in the 1920s and 1930s was limited mainly to managers and how to identify those amongst them who had potential for

development. In the 1950s the potential usefulness of appraisal as tool for motivation and development was gradually recognized and the number of companies using performance appraisal programs has risen since then (Fletcher and Williams, 1992).

Hale and Whitlam (2000) claimed that as with many human resource systems, performance appraisal systems evolved out of a perceived requirement to institutionalize and centralize good human resource management practice. The systems were set up in order to aid corporate decision-making, particularly for the purposes of salary review and promotion. The assumption was that line managers concentrated on their line activities and the human resource manager was interested in the people aspects of management. This led to the disempowering of the line manager and the abdication of good people management practices to the human resource department.

In the 1960's it was realised that a more systematic approach ought to be used and hence the introduction and development of a number of performance appraisal techniques including the popular technique called the management by objectives (MBO). But although very logical in design, the systems were less successful in practice because it was implemented mechanistically and that objectives were imposed on subordinates from above. Critics to MBO argue that the style was judgemental, and feedback would be given without the right to reply. By the end of 1960's, performance appraisal was generally seen as a more participative, problem solving process concentrated on task performance rather than personality (Fletcher and Williams, 1992).

The following decade saw a number of more specific development and an even greater shift towards openness and participation in appraisal, reflecting changes in society as a whole. Belief about the nature of human abilities, theories of motivation, trade union concerns, government legislation and changing social attitudes have all influenced and modified performance appraisal process (Fletcher and Williams, 1992). During the 1990's the evident difficulties of assessment and appraisal as isolated activities resulted in growing shift in performance management and the need to link the requirement of business strategy to all employees (Fletcher and William, 1992). Hence the performance measurement system like Balanced Score Card (BSC) introduced by Norton D.P and Kaplan R.S. (1992) come to fore and becoming popular and used by many large organizations globally to measure the overall extensive performance of a company including performance appraisal.

Unlike earlier performance appraisal systems where the application of the systems limited to the managers, there were trends to broaden the application of performance appraisal systems to employees in most job roles, and making performance appraisal much more than a top-down only process. It is commonly accepted that performance appraisal is more effective if an appraisee have more involvement in the review of his own performance (Hale and Whitlam, 2000). Moreover, with the development in upward appraisal, whereby the subordinate actually appraises the performance of the boss, performance appraisal has become even more democratized.

Some observations on the development of performance appraisal practice concluded that the changes that taken place in the field of performance appraisal illustrate the fact that activity in this area reflect wider changes in societies as a whole. As societies have become more open and less rigid, so has performance appraisal. Performance appraisal has developed from becoming the sole concern of top management to being something that the appraisees, the trade unions, the government have a say in (Fletcher and Williams, 1992).

### **3.3.3 Approaches to Performance Appraisal**

There are two approaches to performance appraisal viz. administrative approach and developmental approach.

- 1. Administrative approach:** Making and carrying out employment decisions are the fundamental goals of the administrative decision making. Administrative decisions include deciding which employees to promote, which to terminate, which to discipline, which employees to transfer etc. In administrative approach, performance appraisal can be used as a key input for administering a formal organisation reward and punishment system.

Administrative approach deals with the following:

- Human resource planning
- Reward decisions e.g. salary and wages increase
- Promotions; and
- Personnel research (e.g. effectiveness of training programmes.)

- 2. Developmental approach:** When performance appraisal information is intended to be used for developmental purposes, employees receive concrete feedback



about their job performance. This serves a valuable function because in order to improve in the future, employees need to know what their weaknesses were in the past and how to correct them. This also enables managers to identify which employees would receive the most benefit from developmental inputs. Pointing out strengths and weaknesses is a counseling function for the manager, while receiving meaningful feedback and acting upon it is a motivational experience for the employee. In this way performance appraisal serves as a vehicle for personal development.

Developmental approach deals with the following:

- Provide employee with feedback on their strengths and weaknesses and how to improve future performance.
- Aid career planning and development; and
- Provide inputs for personal remedial interventions.

#### **3.3.4 Pre – requisites of Performance appraisal System:**

**1. Documentation** – means continuous noting and documenting the performance.

It also helps the evaluators to give a proof and the basis of their ratings

**2. Standards / Goals** – the standards set should be clear, easy to understand, achievable, motivating, time bound and measurable.

**3. Practical and simple format** - The appraisal format should be simple, clear, fair and objective. Long and complicated formats are time consuming, difficult to understand, and do not elicit much useful information.

It is found that, involving performance appraisals often claim adverse impact as a result of the type of rating format used, more specific rating criteria will lead to lessened adverse impact. (H. W. Hennessey Jr., H. John Bernardin, 2003)

**4. Appraisal technique** – An appropriate appraisal technique should be selected; the appraisal system should be performance based and uniform. The criteria for evaluation should be based on observable and measurable characteristics of the behavior of the employee. The appraisal techniques should be easy to administer, implement and economical to undertake.

5. **Diary – Keeping** - The study was designed to examine how structured diary-keeping, and the nature of the appraisal instrument, might be related to affect-appraisal relationships. The study came up with the findings that having raters keep performance diaries actually increased the strength of the relationship between affect and ratings<sup>1</sup>.

6. **Communication** – Communication is an indispensable part of the Performance appraisal process. The desired behavior or the expected results should be communicated to the employees as well as the evaluators. Communication also plays an important role in the review or feedback meeting. Open communication system motivates the employees to actively participate in the appraisal process.

7. **Feedback** – The purpose of the feedback should be developmental rather than judgmental. To maintain its utility, timely feedback should be provided to the employees and the manner of giving feedback should be such that it should have a motivating effect on the employees' future performance.

8. **Personal Bias** – Appraisal being a complex affair, training should be provided to the appraisers on certain aspects like insights & idea on rating, documenting appraisals, conducting interviews etc. Interpersonal relationships can influence the evaluation and the decisions in the performance appraisal process. Therefore, the evaluators should be trained to carry out the processes of appraisals without personal bias and effectively.

9. **Emphasis on Objectives:** An effective performance appraisal system should emphasize individual objectives, organizational objectives and also mutual objectives. From the viewpoint of individual objective the performance appraisal should talk about

- a) What task the individual is expected to do?
- b) How well the individual has done the task?
- c) How can his performance be further improved?
- d) His reward for doing well.

Failure to appraise the competencies reduces the effectiveness of the competencies and the managerial performance appraisal programs. Hence Appraisal system should

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appraise the managerial competencies which in turn help to identify successful employees. (Steven et al. 2001)

### **3.3.5 Sources of Performance Appraisal:**

The appraiser may be any person, who has thorough knowledge about the job content, contents to be appraised, and who observes the employee while performing a job.

#### **1. The immediate supervisor**

The general practice is that immediate supervisor appraises the performance of the subordinates. The immediate supervisor is in position to observe, direct and evaluate the subordinate's performance and is responsible for that person's performance.

The findings of a case study suggest that Managers who receive positive feedback about their performance subsequently rate the employee significantly higher than managers who receive negative feedback regarding their own performance. This occurs despite the fact that the managers know the evaluation of them is bogus. Hence it can be said that one's own performance appraisal is related to the subsequent appraisal of one's subordinates. (Gary P. et al. 2008)

#### **2. Peers**

Appraisal by peers is popular in the firms that use team appraisal or peer appraisal. Peers are in a better position to evaluate certain facts of job performance which the subordinates or superiors cannot do. Such facts include contribution to work group projects, interpersonal effectiveness, communication skills, reliability and initiative etc.

This technique of appraisal may be reliable if work group remains stable over a reasonably long period of time and performs the task that requires interaction. Peer appraisals can have impact on open communication, motivation and group viability. Here, an employee chooses an appraisal chairperson every year, that person then selects one supervisor and three-four other peers to evaluate employee's work.

#### **3. Subordinates**

Many organisations let the subordinates to rate their superior's performance. This process is called as "upward feedback". It helps in assessing certain aspects of superior's performance like ; management style, ability to communicate, delegate the work, allocate resources and deal with employee on a fair basis etc. It also helps to

know the expectations of the subordinates from their superiors. The rating given by subordinates would also help to identify the competent superiors. Here, the fear or reappraisal often compels a subordinate to be dishonest in his rating.

### **3. Self- appraisal**

Self-appraisal gives a chance to the employee to look at his/her strengths and weaknesses, his achievements, and judge his own performance. If employee is clear with the objectives, his/her responsibilities, they are to a great extent in a better position to appraise their own performance.

Employees generally rate their performance more favorably than do their supervisors, which can lead to conflict and poor job performance. However, comparative international research indicates that persons from other-oriented collectivist cultures are less self-enhancing, suggesting that other-oriented employees will exhibit greater agreement with ratings provided by their supervisors. (M. Audrey et al. 2004)

### **5. Rating Committees**

Many organisations use rating committees. These committees contain the employee's immediate supervisor and three or four other supervisors. There can be discrepancy among ratings by individual supervisors, the composite rating tend to be more reliable, fair and valid.

### **6. User of Services**

This appraisal is done in service organisations, where performance of an employee is evaluated on certain criteria like promptness, speed in performing a given task, accuracy etc. is judged by users of the service.

### **7. Benchmarking:**

Benchmarking is a continuous process of measuring products, services and practices against the recognized competitors with the objective of rectifying performance gaps. Meaningful benchmarking should be between organisations with similar goals and characteristics in order to deliver similar services to their customers. By benchmarking, organisations can identify better performance appraisal procedures and systems and re-design their own evaluation system for increased effectiveness and utility.

### 3.3.6 What should be rated?

1. **Quality:** The degree to which the process or result of carrying out an activity approaches perfection in terms of either confronting to some ideal way of performing the activity, or fulfilling the activity's intended purpose.
2. **Quantity:** the amount produced, expressed in monetary terms, number of units, or number completed activity cycles.
3. **Timeliness:** The degree to which an activity is completed or result produced, at the earliest time describe from the standpoints of both co-coordinating with the outputs of others and of maximizing the time available for other activities
4. **Cost effectiveness:** The degree to which the use of organisation's resources i.e monetary, human, technological and material etc. is maximized in the sense of getting the highest gain or reduction in loss from each unit.
5. **Need for supervision:** The degree to which a job performer can carry out a job function without either having to request supervisory intervention to prevent an adverse outcome.
6. **Interpersonal impact:** The degree to which a performer promotes feeling of self-esteem, goodwill and co-operation among co-workers and subordinates.

### 3.3.7 Performance Appraisal Process:

#### 1. Setting the performance standards:

The first step in the process of performance appraisal is setting up of the standards which will be used as a benchmark to compare actual performance of the employees. This step requires setting the performance criteria to judge performance of the employees as successful or unsuccessful of the degrees. To be useful standards should relate to the desired result of each job. The standards set should be clear, easily understandable and in measurable terms. In case the performance of the employee cannot be measured, great care should be taken to describe the standards.

## **2. Communicating the standards:**

There are two parties involved in performance appraisal: appraiser and appraisee. Appraiser is one who does the appraisal and the appraisee is the one whose performance is evaluated.

An appraisee should be informed the standards .This will help them to understand their roles and to know what exactly is expected from them. The standards should also be communicated to the appraisers or the evaluators and if required, the standards can also be modified at this stage itself according to the relevant feedback from the employees or the evaluators.

## **3. Measuring the actual performance:**

The most difficult part of the performance appraisal process is measuring actual performance of the employees i.e. the work done by the employees during a specified period of time. It is a continuous process which involves monitoring the performance throughout the year. This stage requires careful selection of the appropriate techniques of measurement such as personal observation, statistical reports, and written reports for measuring the performance.

## **4. Comparing actual performance with desired performance:**

At this stage, actual performance is compared with the desired performance or performance standards. Comparison reveals deviations in the performance of the employees from set standards. This comparison can show actual performance being more than the desired performance or, actual performance being less than the desired performance. It includes recalling, evaluating and analysis of data related to the employees' performance.

## **5. Providing feedback:**

Result of the appraisal is communicated and discussed with the employees on one-to-one basis. The focus of this discussion is on communication and listening. The results, problems and possible solutions are discussed, with the aim of problem solving and reaching consensus. The feedback should be given with a positive attitude as this can have an effect on the employees' future performance. The purpose of a meeting should be to solve the problems faced and motivate the employees to perform better.

## **6. Taking corrective action:**

The last step of the process is to take decisions corrective action to overcome the deficiencies or the related HR decisions like rewards, promotions, demotions, transfers etc.

### **3.3.8 Traditional Methods of Performance Appraisal**

#### **1. Essay Appraisal Method:**

In essay appraisal, appraiser rates the employee in an open-ended manner and put down his impressions about the employee on a continuous basis. These impressions relate to strong and weak points of the employee's behaviour. He takes note of these factors:

- Job knowledge and skills exhibited by the appraisee while performing his job
- Appraisee's relationship with the employees and manager
- Appraisee's personality traits and attitude towards his job, peers, manager and the organisation.
- Appraisee's understanding and commitment to organization's goals and objectives and
- Appraisee's potential for organisational future roles.

It is the simplest evaluating method in which evaluator writes an explanation about employee's strength and weakness points, previous performance, positional and suggestions for his (her) performance improvement at the end of evaluation term. This kind of evaluations usually includes some parts of other systems to cause their flexibility. This method often combines with other methods. In essay appraisal, we attempt to focus on behaviors (Mondy, 2008).

#### **2. Grading:**

In this technique, the rater considers certain features and marks them according to a scale. The selected features may be analytical ability, cooperativeness, dependability, self-expression, job knowledge, leadership and organizing ability. These may be graded as e.g. A-Outstanding, B-Very good, C- Average, D-Fair, E-Poor and F-Very poor. The actual performance of an employee is then compared with these grades and he is allotted the grade which best describes his performance.

### **3. Ranking Method:**

Under this method, superior ranks his subordinates in order of their merit, starting from the best to the worst. The relative position of each employee is expressed in terms of his numerical rank. In this type of appraisal, individuals are ranked from highest to lowest. It is assumed that the difference between the first and second employee is equal to difference between 21<sup>st</sup> and 22nd employee. In this method, the manager compares each person with others than work standards (Dessler, 2000).

### **4. Checklist Method:**

In this method, the evaluator has a list of situations and statements and compares it with employees. The checklist is a presentation of employee's characteristics and performance. The results can be quantitative and give weight to characteristics. A typical checklist is given in the table below. After ticking off against each item, rater forwards the list to HR department. The HR department assigns certain points to each 'Yes' ticked. When points are allotted to the checklist, technique becomes a *weighted checklist*. The advantages of as checklist are economy, ease of administration, limited training of rater, and standardization. The disadvantages include susceptibility to rater's biases (especially the halo effect), use of personality criteria instead of performance criteria, misinterpretation of checklist items, and the use of improper weights by the HR department. Another disadvantage of this approach is that it does not allow the rater to give up relative ratings.

### **5. Rating Scales:**

This is the simplest and the most popular technique for appraising employee performance; the typical rating-scale system consists of several numerical scales, each representing a job-related performance criterion such as dependability, initiative, output, attendance, attitude, co-operation, and the like. Each scale ranges from excellent to poor. The rater checks the appropriate performance level on each criterion, and then computes the employee's total numerical score. The number of points scored may be linked to salary increases, whereby so many points equal a rise of some percentage. Rating scales offer the advantages of adaptability, relatively easy use and low cost. Nearly every type of job can be evaluated in a short time, and rater does not need any training to use the scale. The disadvantages of this method are several. The rater's biases are likely to influence evaluation, and the biases are particularly pronounced on



subjective criteria such as cooperation, attitude and initiative. Furthermore, numerical scoring gives an illusion of precision that is really unfounded.

### **1. Critical Incident Method:**

It focuses on key factors which make difference in performing a job efficiently. This method is more credible because it is more related to job and based on individual's performance than characteristic. The necessity of this system is to try to measure individuals' performance in term of incidents and special episodes which take place in job performance. These incidents are known as critical incident. In this method, the manager writes down the positive and negative individuals' performance behavior in evaluation term (Mondy, 2008).

The critical incidents method of employee assessment has generated a lot of interest these days. The approach focuses on certain critical behaviors of an employee that make all the difference between effective and non-effective performance of a job. The supervisors record such incidents as and when they occur.

The method has significant limitations.

These include:

1. Negative incidents are generally more noticeable than positive ones.
2. The recording of incidents is a chore to the supervisor and may be put off and easily forgotten.
3. Overly close supervision may result.
4. Managers may unload a series of complaints about incidents during an annual performance review session. The feedback may be too much at one time and thus appearing as a punishment to the rate. More appropriately, the management should use incidents of poor performance as opportunities for immediate training and counselling.

The essence of this technique is that it attempts to measure employee's performance in terms of certain events or episodes that occur in the performance of the job. These events are known as critical incidents. The superior keeps a log of positive and negative examples (incidents) of subordinate's work related behaviour. . The basis of this method is the principle that there are certain significant acts in each employee's behaviours and performance, which make all the difference between success and failure in the job.

## 7. **Behaviourally anchored rating scale:**

This method is combination of the rating scale and critical incident techniques of performance appraisal. It is a tool that anchors a numerical rating scale with specific behavioural examples of good or poor performance.

Behaviorally Anchored Scales, sometimes called behavioral expectation scales, are rating scales whose scale points are determined by statements of effective and ineffective behaviors. They are said to be behaviorally anchored in that the scales represent a range of descriptive statements of behavior varying from the least to the most effective. A rater must indicate which behavior on each scale best describes an employee's performance.

Behaviorally anchored rating scales (BARS) have the following features:

1. Areas of performance to be evaluated are identified and defined by people who will use the scales.
2. The scales are anchored by descriptions of actual job behavior that, supervisors agree, represent specific levels of performance. The result is a set of rating scales in which both dimensions and anchors are precisely defined.
3. All dimensions of performance to be evaluated are based on observable behaviors and are relevant to the job being evaluated since BARS are tailor-made for the job.
4. Since the raters who will actually use the scales are actively involved in the development process.

They are more likely to be committed to the final product. BARS were developed to provide results which subordinates could use to improve performance. Superiors would feel comfortable to give feedback to the rates. Further, BARS help overcome rating errors. Unfortunately, this method too suffers from distortion inherent in most rating techniques.

BARS have five stages (Decenzo, 2002):

- 1) Generate Critical Incidents
- 2) Develop performance dimensions,
- 3) Relocate incidents,
- 4) Rating of level of performance for each incident and
- 5) Development of the final instrument.

## **8. Forced Choice Method:**

In this, the rater is given a series of statements about an employee. These statements are arranged in blocks of 2 or more, and the rater indicates which statement is most or least descriptive of the employee. Typical statements are:

1. Learns fast \_\_\_\_\_ works hard
2. Work is reliable \_\_\_\_\_ performance is a good example for
3. Absents often \_\_\_\_\_ others usually tardy.

As in the checklist method, the rater is simply expected to select the statements that describe the rate. Actual assessment is done by the HR Department. This approach is known as the forced choice method because the rater is forced to select statements, which are readymade. The advantage of this method is the absence of personal bias in rating. The disadvantage is that the statements may not be properly framed – they may not be precisely descriptive of the ratee's traits.

## **9. Paired Comparison Method:**

In this method, the appraiser compares each employee with all others in a group one at a time. After all the comparisons, on the basis of the overall comparisons, the employees are given the final rankings.

Under this method the appraiser compares each employee with every other employee one at a time. For example there are five employees named A, B, C, D and E. The performance of A is first compared with the performance of B and a decision is made about whose performance is better. Then A is compared with C, D and E in that order. The same procedure is repeated for other employees. The number of comparisons may be calculated with the help of a formula which reads thus:  $N(N-1)/2$  where N stands for the number of employees to be compared. If there are 10 employees, the number of comparisons will be  $10(10-1)/2 = 45$ .

After the completion of comparison, the results can be tabulated and a rank is created from the number of times each person is considered to be superior.

## **10. Confidential Report:**

It is mostly used in government departments. This report is prepared at the end of a year. It shall have certain items like attendance, leadership, initiative, ability to work with others, job knowledge, integrity etc. The superior records his impression about the

subordinate considering these items. This system does not offer any feedback to the subordinates hence there is no surety of why he/ she is rated low than the others.

### **3.3.9 Modern Methods of Performance Appraisal**

#### **1. Assessment Centre:**

An assessment centre typically involves the use of methods like social/informal events, tests and exercises, assignments being given to a group of employees to assess their competencies to take higher responsibilities in the future. Generally, employees are given an assignment similar to the job they would be expected to perform if promoted. This review of potential is concerned with forecasting the direction in which an individual's career should go and the rate at which he is expected to develop.

The trained evaluators observe and evaluate employees as they perform the assigned jobs and are evaluated on job related characteristics. The major competencies that are judged in assessment centres are interpersonal skills, intellectual capability, planning and organizing capabilities, motivation, career orientation etc. assessment centres are also an effective way to determine the training and development needs of the targeted employees.

#### **2. Management by Objectives:**

MBO (or management by objectives) is a technique credited to management guru Peter Drucker, to describe a method of performance management that is based on the setting of clear and measurable objectives, and the use of those objectives to evaluate and review performance. When done correctly, MBO is probably the best and fairest way to plan for and create effectively performing employees.

The principle behind Management by Objectives (MBO) is to make sure that everybody within the organization has a clear understanding of the aims, or objectives, of that organization, as well as awareness of their own roles and responsibilities in achieving those aims. The complete MBO system is to get managers and empowered employees acting to implement and achieve their plans, which automatically achieve those of the organization.

### **MBO Strategy: Three basic parts**

- All individuals within an organization are assigned a special set of objectives that they try to reach during a normal operating period. These objectives are mutually set and agreed upon by individuals and their managers.
- Performance reviews are conducted periodically to determine how close individuals are to attaining their objectives.
- Rewards are given to individuals on the basis of how close they come to reaching their goals.

MBO as a goal setting and appraisal programme consists of six steps:

1. **Setting organisational goals:** Based on firm's strategic plan establish organisational plan for next year, and from this set company's goals.
2. **Set departmental goals:** Departmental heads take these company goals and with their superiors jointly set goals for their departments.
3. **Discuss departmental goals:** Departmental heads discuss departmental goals with their subordinates. They ask the subordinates to set their individual goals.
4. **Define expected results:** Departmental heads and their subordinates set short term individual performance targets.
5. **Performance reviews:** Departmental heads compare each employee's actual and targeted performance.
6. **Provide feedback:** : Departmental heads and employee discuss and evaluate the latters' progress

### **3. Human Resource Accounting Method:**

Human resources are valuable assets for every organization. Human resource accounting method tries to find the relative worth of these assets in the terms of money. In this method the performance appraisal of the employees is judged in terms of cost and contribution of the employees. The cost of employees include all the expenses incurred on them like their compensation, recruitment and selection costs, induction and training costs etc whereas their contribution includes the total value added (in monetary terms). The difference between the cost and the contribution will be the performance of

the employees. Ideally, the contribution of the employees should be greater than the cost incurred on them.

#### **4. 360 degree Feedback:**

360 degree feedback is also known as 'multi-source feedback. First developed at General Electric, US in 1992, the system has become popular in our country too. GE (India), Reliance Industries, Crompton Greaves, Wipro, Infosys, Thermax are using this method with great benefits. 360 degree Feedback is systematic collection of performance data on an individual or group from a number of sources. The sources are immediate supervisors, peers, customers, self. Having collected data from these sources 360 degree feedback provides broader perspective about employee performance. The 360-degree evaluation can help one person be rated from different sides, different people which can give the wider prospective of the employee's competencies (Shrestha, 2007). It has been used for human resource development, appraisal and pay decisions (Stone, 2002).

In the past few years, few human resource practices have received as much attention as multi-source feedback systems (MSFSs). In the US and Canada, it is estimated that over one-third of organizations are using some form of MSFS and recent surveys show that this practice is still gaining popularity.

The results of an international survey of MSFS, the data collected from HR managers and consultants from Argentina, Australia, China, Slovakia, Spain and the UK demonstrate that MSFS are being implemented, in slightly different ways, in each of these six countries. The main challenges in the application of MSFS in these various countries are the communication efforts necessary before and after implementation, and the inherent difficulty in giving and receiving feedback.

#### **5. Computerized and Web based performance appraisal:**

Nowadays, several performance appraisal software programmes are available. These software programmes enable managers to keep computerized notes on subordinates during the year, and then to combine these with ratings of employees on several performance traits. The software programmes then generate written text to support each part of the appraisal. In the traditional Appraisal system, the paper based appraisal causes a lot of manual work, which is time consuming, not secure and difficult to

analyse the performance. Whereas Web based performance appraisal provides an easy way to conduct appraisal.

## **6. Psychological Appraisals**

Large organization employs full-time industrial psychologists. These psychologists are used for evaluations. They assess an individual's future potential and past performance. The appraisal normally consists of in-depth interviews, psychological tests, discussions with supervisors and a review of other evaluations. The psychologists then write an evaluation of the employee's intellectual, emotional, motivational and other-related characteristics that suggest individual potential and may predict future performance. The evaluation by the psychologist may be for a specific job opening for which the person is being considered. Or it may be a global assessment of his or her future potential. From these evaluations, placement and development decisions may be made to shape the person's career.

### **3.3.10 Problems with Performance Appraisal:**

#### **1. Leniency Error:**

Typically some raters have a tendency to avoid conflict with their employees and project themselves as 'good managers'. In an effort to avoid conflict, the rater has the tendency to be overly generous in judgement. They assign higher rating to an employee's performance than warranted by his actual level of performance.

#### **2. Strictness Error:**

Strictness error refers to the tendency of raters to be overly harsh while judging performance of employees. This may be a case where the standards of performance may be too high or unrealistic or the manager's personality characteristics or experience may be the cause. Such strictness results in lower rating of all employees under the rater and cause frustration and anger in good performers. Leniency or severity on the part of a rater defeats the very purpose of performance appraisal. Depending on rater's own mental make up at the time of appraisal, rater may rate strictly or leniently. Holding raters accountable for the accuracy of their ratings, especially when ratings are for administrative purposes, may be an effective strategy for reducing leniency error. (Ami B. et al. 2005)

## **2. Spill over Effect:**

A spillover effect takes place when past performance appraisal ratings unjustifiably influence current ratings. Past ratings, good or bad, result in similar rating for current appraisal although demonstrative behavior does not deserve the ratings, good or bad.

## **4. Bias Effect:**

This effect to allow individual differences such as sex, race, and age to affect the appraisal ratings employee receive.

The interpersonal affect, a like-dislike relationship between a supervisor and his/her subordinate, has traditionally been conceptualized as a source of bias in performance appraisals. However, some researchers have argued that the interpersonal affect may not be a bias, especially where it develops as a result of past performance.

## **5. Halo Effect:**

In halo effect, the appraiser / manager draws on one specific characteristics/accomplishment to excessively influence performance review or applies favourable ratings to all job duties based on impressive performance in one area. For example, if an employee is accurate in work but lacks initiative

This error takes place when one aspect of an individual's performance affects the appraisal of his entire performance. In an organisation halo error occurs when an employee who works late constantly might be rated high on productivity and quality of output as well as on motivation.

## **6. Horn Effect:**

Highly critical bosses have tendency to compare performance of their subordinates with negative attitude.

## **6. Rater Effect:**

High or low ratings are given to certain individuals or groups based on rater's attitude towards the ratee not on actual performance or output. This includes stereotyping, favouritism and hostility.

Recent performance appraisal research has highlighted the important role played by contextual and individual factors in shaping rating behavior such as personality factors



or beliefs, systematically affect rating behavior. The effects of these context and rater factors are reflected in ratings accuracy, ratings discrimination among raters/dimensions, and rating elevation. ( Aharon Tziner et. al 2005)

According to the findings of a study attitudes and beliefs account for substantial variance in rater's likelihood of giving high or low ratings, willingness to discriminate good from poor performers, and willingness to discriminate among various aspects of job performance when completing actual performance ratings. (Aharon Tziner et al. 2001)

**7. Status Effect:**

The employees working at higher level jobs are overrated whereas employees working at lower level jobs underrated.

**8. Latest behaviour:**

Sometimes, the appraisal is influenced by the most recent behaviour, ignoring the common behaviour of an individual during the entire period.

**9. Shifting Standards:**

Performance appraisal should be based on uniform and fair standards. If the standards are changed then employees might get confused and organisation might not be able to promote right candidate. For e.g. last year quality was the criteria for appraisal but boss decides to judge them this year on the basis of quantity.

**10. First impression:**

Raters may form an overall impression of a candidate based on some specific qualities or behaviour in first meeting and carry it forward. At the time of appraisal rater rates a candidate with same impression.

**11. Poor appraisal forms:**

The appraisal process might also be influenced by certain factors relating to appraisal forms such as vague and unclear rating scale, irrelevant performance dimension, long and complex contents in the form etc.

## **12. Situational factors:**

Theory and research suggest that both person and situation influence observed performance. System or situational factors can either enhance or constrain performance. If raters do not compensate for the influence of situational factors, ratings will be contaminated with situational influences and will fail to validly reflect the true level of performance (I.M. Jawahar, 2005).

## **13. Political Purposes:**

There is evidence that performance ratings are often manipulated for political purposes. The study examined the effects of employees' perceptions of political motives in performance appraisal on their job satisfaction and intention to quit results indicated that when employees perceived performance ratings to be manipulated because of raters' personal bias and intent to punish subordinates they expressed reduced job satisfaction that, in turn, led to greater intentions to quit their jobs. Manipulations of ratings for motivational purposes, however, had no effect on job satisfaction and turnover intention. (June M.L. Poon, 2004)

### **3.3.11 Developing Performance Appraisal System:**

A formal performance appraisal system can provide a framework within which appraisers and appraisees can operate. A performance appraisal system can be developed through a programme comprising the following stages:

**1. Determine overall approach to performance appraisal.** The decisions on the overall approach' to introduce performance appraisal should cover the following:

- (i) What are the objectives of introducing performance appraisal?
- (ii) What benefits are anticipated from introducing performance appraisal?
- (iii) What are the main features of the approach to performance appraisal?

**2. Where and how should PA be introduced?** Performance appraisal is best introduced on an organization-wide basis starting at the top. The most common and best method is to set up a project team or working group for this purpose.

**3. Decide who is to be covered?** At one time most schemes were restricted to managers but performance appraisal is now being extended to all the members of

professional, administrative, technical and support staff. The decision as to who is to be covered should be made at the outset itself.

**4. Decide on whether the same approach should be adopted at each level.** In most cases, the essence of the approach is the same for all levels, though performance measures vary for different levels.

**5. Set up project team.** Project teams, consisting of managers and other employees and a member of the human resources department and/ or an outside consultant are a valuable means of getting involvement and ownership.

**6. Define role of human resource department.** The role of human resource department in developing and implementing performance appraisal system is to convince top management that its introduction will make a significant impact on the organizational performance.

**7. Decide whether to use outside consultants.** External consultants can be used to advice on and facilitate the introduction of performance appraisal to run training programmes and, to carryon evaluation studies including the conduct of attitude surveys. But as they are costly, care must be taken in selecting consultants who have the required level of experience and expertise.

**8. Define performance management processes and documentation.** The project team needs to pay attention to each point against a background of an understanding of the objectives to be attained and the culture and structure of the organization. Particular attention needs to be given to the development of rating plans and document design. When designing performance appraisal forms, the aim should be to keep them as simple and brief as possible while allowing ample 'white space' for comments. It is desirable to issue an overall description of performance appraisal system to all concerned which sets out its objectives and methods of operation and the benefits it is expected to provide for the organization and its employees.

**9. Pilot test:** The whole PA system cannot be pilot tested because the cycle lasts generally for 12months. Some aspects of performance appraisal like drawing up performance agreements, objective setting, document completion, etc. can however be pilot tested. Based on the experience gained, the system may be fine-tuned.

**10. Plan implementation programme:** The implementation programme should cover the following:

- (i) Date of introducing performance appraisal in the whole or different parts of the organization (phased as necessary)
- (ii) Procedure for evaluating the process
- (iii) Briefing/training programme

An empirical study was conducted based on the effectiveness of the performance management systems in selected Indian companies. As part of the study, antecedents and consequences of effective implementers of performance management systems in the Indian context were also examined. It was found that managers having good academic backgrounds with high profiles are effective implementers of the system. Further, it was found that personality characteristics/consequences such as system discipline, exposure to the system, effective interpersonal relations and team working are essentially required for the effective implementation of the system.

### **3.3.12 Concerns and Issues in Performance Appraisal:**

Performance Appraisal is a long-term feature of human society and is an often debatable human resource activity. There are those who want to do away with it, and those who view it as necessary. Due to the differences of opinion, various issues arise in performance appraisal system.

Some of the common Concerns and Issues in Performance Appraisal:

- Undertaking job analysis for designing job descriptions and job specifications for different positions in the organisation;
- Deciding on appraisers, communication strategy, interview agenda, and utilization of appraisal data for employee development and organisational growth;
- Identifying performance objectives for each and every job;
- Deciding the standards of performance
- Prioritization of performance objectives in terms of measurable outcomes and emphasizing key success factors;
- Determining appropriate methods for appraising employee performance;

- Establishing procedure for appraising performance that is accepted by all stakeholders (shareholders, CEO, managers, employees and HR department), transparent and fair;
- Providing constructive and non-judgmental feedback on employee performance including negative feedback;
- Linking rewards to clearly observed and measured performance of employees;
- Providing appeals procedure for employees to air their concerns and grievances on performance appraisal;
- Training managers and employees on appraisal systems; and
- Auditing appraisal systems for ensuring its effectiveness and taking remedial actions for improvement.

### **3.3.13 Characteristics of an Effective Performance Appraisal System**

According to Watson and Wyatt Survey (2002), *“organisations need strategic support of employees in new economy. People are more important than ever, people are the only sustainable source of competitive advantage”*. Thus, performance appraisal assumes significance for every business organisation. A good appraisal system possesses the following characteristics:

- It is based on evidence
- It is highly individualized
- It is a joint activity
- It strives for understanding.
- It creates commitment
- It maximizes self-analysis and self-discovery
- It results in improved performance

The essential characteristics of an effective performance appraisal system are as follows:

1. **Simple rating system:** The rating system should be simple and based on job analysis for ensuring accuracy and fairness of performance evaluation of employees.

2. **Training in appraisal system:** All employees, including managers, should be trained to use the appraisal system so that they understand the objectives, methodology and purpose of performance appraisal.
3. **Quantifying performance:** Performance appraisal should be based on accurate up-to-date job descriptions and ratings be made on observable performance.
4. **Freedom from biases:** Evaluations should be done under standard conditions and should be free from adverse impact arising due to personal biases and gender discrimination. A biased appraisal system is worse than having no appraisal system as it damages the motivation, morale and productivity of employees and impairs performance oriented behaviour.
5. **Participative:** Preliminary results of performance appraisal should be shared with the employee to develop confidence of employees in the system and to provide opportunities for discussions.
6. **Reviewing officer:** There must be some upper level reviews with appeal provision so that appraisal ratings are normalized and employees have an opportunity to speak against unfair treatment by their immediate superiors.
7. **Performance feedback:** Performance counselling and feedback should be provided to employees for creating joint action plans for rectifying deficiencies in performance and seeking means and measures for improving performance in future.
8. **Combining absolute and relative standards:** Appraisal should be carried out by combining absolute and relative performance standards so that job performance expectations are relative and achievable.
9. **Using behavior based measures:** Behavioural based measures should be used to correct and develop appropriate employee attitudes, motivation and behavior for directing and controlling employee efforts and outcomes.
10. **Identification of performance goals:** Performance appraisal of employees should also be based upon agreed performance goals and targets for ensuring that employees are rated for the level of performance expected from them.
11. **Training & Development:** Performance should be used for employee development purposes so that gaps in skills and competencies are addressed and removed for better performance and productivity.

12. **Recognize and reward achievement:** Appraisals should recognize, reward, reinforce and publicize employee achievements to motivate and serve as a role model for others to emulate.
13. **Identifying improvement areas:** Appraisal should identify areas where performance is good and when it can be improved.
14. **Confidence and acceptability of employees:** Performance appraisal process should be carried out in such a way that employees response trust and confidence in the system. Without employee acceptance, performance appraisal shall serve no organisational purposes and will get reduced to a mere ritual on paper.
15. **Documentation:** Appraisal process should ensure that performance goals and specific activities for developing performance of employees are documented for further reference and as legal backup.

#### **3.3.14 Appraising Potential for Performance Enhancement**

Performance appraisal helps in appraising potential of employees. Appraisal of potential is the evaluation of an individual's capability for growing into large responsibilities. Every employee wants to sharpen his existing skills and develop new ones. Potential appraisal aims to identify opportunities within the organisation and to assess the capability of individuals to qualify for them.

Potential appraisal aims to:

1. Inform employees of their future prospects in the organisation.
2. Facilitate succession planning for key leadership roles.
3. Reviewing recruitment, selection, socialization, training and mobility activities.
4. Guide employees to career paths available within the organisation.

Potential appraisal is a systematic process of realizing the full capacity of an individual for exhibiting excellent performance. It involves the following steps:

1. **Determine organisational needs and requirements:** Organisations need to determine various career growth opportunities available in the organisation both within the existing resources and future manpower needs keeping in growth and expansion plans of the organisation. Therefore, planning for career development, succession plans, restructuring, re-assignment and other pertinent factors should

be determined so that employee potential is harnessed and utilized to mutual advantage of employees and the organisation.

2. **Assess employee expectations:** Individuals tend to grow to fill the mental picture they have of themselves. It is important to help them make the mental picture full and challenging. It is also important to find out what the employees want, because this is the sound indicator of what they will do. One person may be eager to qualify top management post; another with similar qualifications and ability may not want to make the effort or may not want the added responsibility and the stresses that come with it.
3. **Determine job specifications:** Individuals qualify for specific jobs and, if they wish to be considered for them, they must have the education, experience and other qualifications needed. For this reason, specifications for each position should be readily available. Often these will be the same job specifications as are used in selecting people for these positions can be made available for review to individuals who want to build their skills and abilities so they can be ready for opportunities when they come up.
4. **Identify developmental opportunities:** Often there are gaps between position requirements and the qualifications of individuals who want to be considered for jobs as they come open. Employees who are interested should be helped to appraise their own strengths and weaknesses and to identify gaps in experience, education or training. These assessments will be of greatest value in the counseling processes that follow. Generally, it is best to put these career path assessments in writing, which can be used as a basis for career counseling.

### **3.3.15 Reasons for failures of performance appraisals:**

1. **Linking employee's performance to organisational goals and objectives:** For effectiveness of a performance appraisal system, aligning employee's performance with organisational goals and objectives is of paramount importance. However, in most of the organisations, a clear linkage between employee's performance objectives and business strategy is often a missing element. This is because many times leaders are not clear how to establish performance metrics and indicators for eliciting employee performance. It generally bogs down to the common measure practiced in the industry without understanding the business



strategy, resources and competencies of every organisation are unique. In the absence of clear understanding of what to measure, employee's performance gets reduced to a paper exercise to point out his strengths and weaknesses only.

2. **Linkage to compensation:** Performance appraisal system is the prime basis of compensation related decisions of employees. Many organisations clearly link compensation to performance as a means of improving individual contributions. Whenever money gets involved, the value of meaningful performance gets backseat. Employees and managers get overwhelmed with compensation raises and issues which prevent measurement and development of performance, which is invariably the objective of performance appraisal system. Due to strong financial connotations of performance appraisal system, it lacks focus on performance.
3. **High dependence on HR department:** HR department is hailed as the custodian of performance appraisal system. However the truth is that the true custodian is the line managers and CEO because the system is about improving performance of all employees(not just HR head) and ultimately the whole organisation (not just the HR department) in order to ensure continued competitiveness of the organisation. But due to wide spread misconception, it is considered to be a HR department's instrument only.
4. **Measuring managerial performance vis-à-vis employees:** Performance appraisal system is about planning, measuring and developing performance of all employees including CEO, managers and their subordinates. Some managers believe that appraisal system is all about employee performance only. The result is that manager's performance is not measured against their subordinate's performance. Organisational performance will improve when managers and employees are together part of this improvement process.
5. **Sensitivity to organisational culture:** Performance appraisal system being a human judgement and enabled process / system, organisational cultures play an important role. Culture holds people together through shared values, attitudes and perceptions. Unless, the system is not in conjunction with the culture of the organisation, it can never be instituted in the organisation. Without institutionalization of the system, performance appraisal process tends to be transactional in nature without adding value to the organisation. This is the reason

that the system is successful in some organisations, carried over in some other and scrapped in still some more.

- 6. Return on Investment:** Performance appraisal system entails individual and organisational investment in terms of time and efforts; therefore return on investment needs to be measured. Often organisations emphasize measuring return on investment on training but seldom do they focus on getting returns on their most important mechanism that is performance appraisal system. Incomplete data gathering and using limited criteria can create a false image. The reason behind is that it is considered to be a transactional operation implemented for the purpose of deciding employee compensation, identifying training programmes and awarding promotions, transfers and terminations. It has unfortunately got reduced to administrative machinery than a business system.

### **3.3 .16 Challenges of Performance Appraisal System:**

In order to make a performance appraisal system effective and successful, an organization comes across various challenges and problems. The main challenges involved in the performance appraisal process are:

- 1. Determining the evaluation criteria:**

Identification of the appraisal criteria is one of the biggest problems faced by the top management. The performance data to be considered for evaluation should be carefully selected. For the purpose of evaluation, the criteria selected should be in quantifiable or measurable terms

- 2. Creating rating instruments:**

The purpose of the performance appraisal process is to judge the performance of the employees rather than the employee. The focus of the system should be on the development of the employees of the organization

- 3. Lack of Competence:**

Top management should choose the raters or the evaluators carefully. They should have the required expertise and the knowledge to decide the criteria accurately. They should have the experience and the necessary training to carry out the appraisal process objectively.

**4. Errors in rating and evaluation:**

Many errors based on the personal bias like stereotyping, halo effect (i.e. one trait influencing the evaluator's rating for all other traits) etc. may creep in the appraisal process. Therefore the rater should exercise objectivity and fairness in evaluating and rating the performance of the employees

**5. Resistance:**

The appraisal process may face resistance from the employees and the trade unions for the fear of negative ratings. Therefore, the employees should be communicated and clearly explained the purpose as well the process of appraisal. The standards should be clearly communicated and every employee should be made aware that what exactly is expected from him/her.

**Other challenges of Performance Appraisal:**

1. Create a culture of excellence that inspires every employee to improve and lend him or herself to be assessed.
2. Aligns organisational objectives to individual aspirations.
3. Clear growth paths for talented individuals.
4. Provide new challenges to rejuvenate careers that have reached the plateau stage.
5. Forge a partnership with people for managing their careers.
6. Empower employees to make decisions without the fear of failing
7. Embed teamwork in all operational processes.
8. Debureaucratise the organisation structure for ease of flow of information.

**3.4.17 Current global trends in Performance Appraisal:**

The performance appraisal process has become the heart of the human resource management system in the organisations. Performance appraisal defines and measures the performance of the employees and the organisation as a whole. It is a tool for accessing the performance of the organisation.

**The important issues and points concerning performance appraisal in the present world are:**

- The focus of the performance appraisals is turning towards career development relying on the dialogues and discussions with the superiors.

- Performance measuring, rating and review systems have become more detailed, structured and person specific than before.
- Performance related pay is being incorporated in the strategies used by the organisations.
- Trend towards a 360-degree feedback system
- The problems in the implementation of the performance appraisal processes are being anticipated and efforts are being made to overcome them.
- In India, the performance appraisal processes are faced with a lot of obstacles, the most prominent being the lack of quantifiable indicators of the performance.

### 3.4 ASSESSMENT OF ORGANISATIONAL PERFORMANCE:

Organisations measure their performance for numerous reasons. Some of them are as below:

1. **Improvement:** By tracking performance, companies can spot and promptly address problems such as declining customer loyalty, flattening profits, or defections of talented employees.
2. **Planning and forecasting:** Performance measurement serves as progress check, enabling organisations to determine whether they are meeting their goal and whether they need to revise their budgets and forecasts.
3. **Competition:** When companies compare their performance against their rivals and against industry benchmarks, they can identify weak areas and address them to sharpen their competitive edge.
4. **Regulatory and standards compliance:** Many companies measure performance in order to comply with government regulations (such as antipollution laws) or international standards (for instance, ISO 9000).

### 3.5 WHAT IS PERFORMANCE MEASUREMENT?

Measuring performance means assessing business results to:

- (1) determine the effectiveness of its operating processes, and
- (2) make changes to address shortfalls and the other problems.

Companies take stock of their performance using different methods and criteria. However, in many organisations, performance measurement entails examining the

results generated by key business activities, using specific performance metrics (also known as measures).

Many organisations use a coordinated system, or framework, to appraise business performance across their functions. The best performance measurement systems demonstrate balance:

1. They assess company's financial performance (such as revenues, expenses, and profits) and non-financial performance (employee knowledge, information systems availability, quality of customer relationships.)
2. They draw on internal data (such as process quality) and external data (for example, third party rankings of companies product performance against competitors)
3. They examine lagging indicators and leading indicators.
4. They weigh subjective (difficult to quantify) aspects of performance (such as customer satisfaction and employee capabilities) and aspects (for example, revenues and return on invested capital).

### **3.6 KEY PERFORMANCE INDICATORS (KPIs)**

A *Key performance indicator* (KPI) is a measure reflecting how an organisation is doing in specific aspect of performance. A KPI is one representation of a *critical success factor* (CSF) - A key activity needed to achieve strategic objective. Organisations that measure performance identify the handful of critical success factors that comprise every strategic objective. For example, depending on a company's strategy, the organisation might have a KPI for the percentage of income the organisation derives from international markets.

Key financial performance indicators are:

- **Return on Investment (ROI) / Return on Total Assets (ROTA):** ROI represents the benefits generated from the use of assets in a company, unit, or group – or on a project.

$$\text{ROI} = \text{Net Income} / \text{Total Assets}$$

- **Economic Value Added (EVA):** EVA is defined as the value of business activity that is left over after subtracting from it the cost of executing that activity and the cost of the physical and financial capital deployed to generate the profits.

EVA= Net operating profit after taxes – (net operating assets x weighted average cost of capital).

Apart from these key financial indicators, company's financial performance can be computed on the basis of following profitability ratios:

1. Margin on Sales percentage= Earning before Interest and Tax % / Sales
2. Sales to total assets= Sales / Total Assets

Customer profitability (i.e. Customer count, customer retention) is the important performance metric also reveals the organisational performance.

### **3.7.1 MODERN TECHNIQUES OF PERFORMANCE MEASUREMENT:**

#### **3.7.1 Balanced Scorecard**

The balanced scorecard is a strategic planning and management system that is used extensively in business and industry, government, and non-profit organizations worldwide to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals. It was originated by Dr Robert Kaplan (Harvard Business School) and Dr David Norton as a performance measurement framework that added strategic non-financial performance measures to traditional financial metrics to give managers and executives a more 'balanced' view of organizational performance. While the phrase balanced scorecard was coined in the early 1990s, the roots of the this type of approach are deep, and include the pioneering work of General Electric on performance measurement reporting in the 1950's and the work of French process engineers (who created the *Tableau de Bord* – literally, a "dashboard" of performance measures) in the early part of the 20th century.

## Balanced Scorecard Perspectives:

The balanced scorecard suggests that we view the organization from four perspectives, and to develop metrics, collect data and analyze it relative to each of these perspectives:

1. **Financial Perspective:** examines if the company's implementation and execution of its strategy are contributing to the bottom-line improvement of the company. Some of the most common financial measures that are incorporated in the financial perspective are revenue, profit margins, net operating income, return on capital employed, and economic value added etc.
2. **Customer Perspective:** defines the value proposition that the organisation will apply in order to satisfy customers and thus generate more sales to the most desired (i.e the most profitable) customer groups. The measures that it includes such as customer retention, customer satisfaction and market share in target segments.

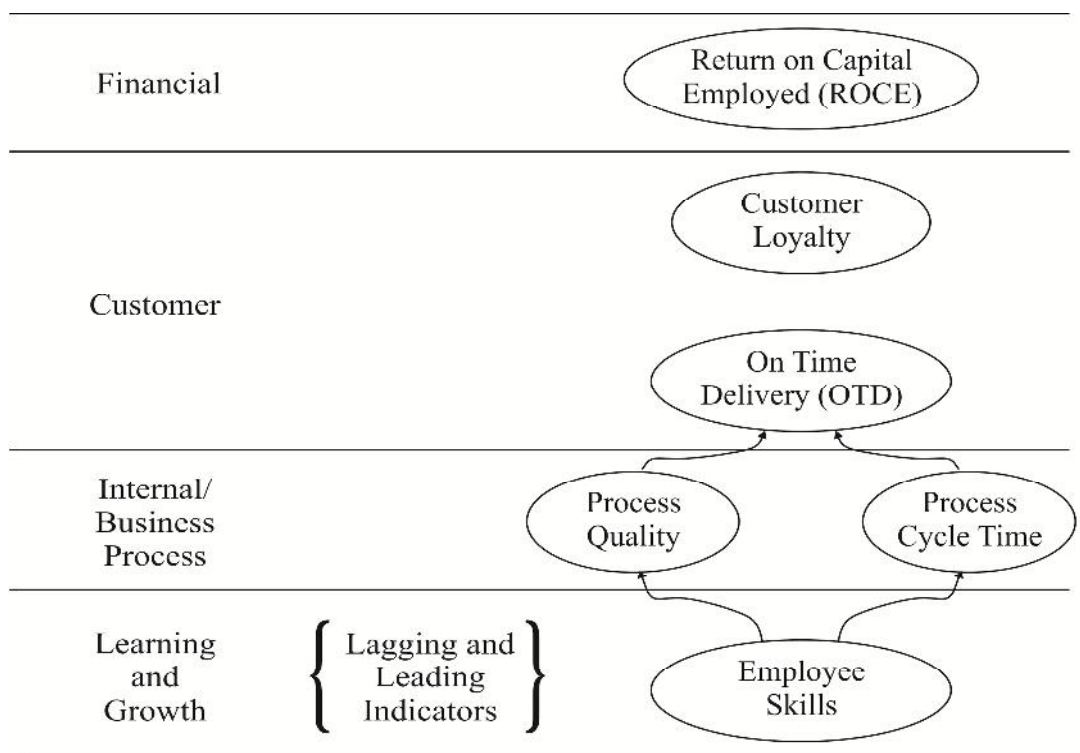


Figure 3.2: Balanced Scorecard Illustration- Value Creation  
(Source: From Becker et. al. 2001)

3. **Business Process Perspective:** is concerned with the processes that create and deliver the customer value proposition. It focuses on all the activities and key processes required in order for the company to excel at providing the value

expected by the customer both productively and efficiently. It includes measure such as cost, throughput, and quality. These are for business processes such as procurement, production and order fulfillment.

4. **Learning and Growth Perspective:** is the foundation of any strategy and focuses on the intangible assets of an organisation, mainly on the internal skills and capabilities that are required to support the value creating internal processes. It includes measures such as employee satisfaction, employee retention, employee skills etc.

### 3.7.1.1 **Aligning Employee Performance through Balanced Scorecard:**

The balanced scorecard approach can be used and applied at both the individual and the organisational level. It provides a balanced approach to evaluate the employees' performance (for the purpose of [performance appraisal](#)) in a comprehensive manner rather than a partial view. In most of the organisations, the common practice of measuring the employee performance refers to only the comparison of their action plans and behaviours with the standards set i.e. without actually measuring the results of their actions like profits and increase in market share. This conventional practice can lead to the appraisal of most of the employees without any or little progress towards achieving the goals and objectives of the organisation. Thus, the **balanced scorecard** gives the complete view of the employees and the organisational performance and helps to align the employee performance/action plans with the organisational goals

### 3.7.1.2 **Benefits of Balanced Scorecard**

The benefits of the balanced scorecard approach in measuring performance are:

1. It gives the complete picture of the employee as well as the [organisational performance](#).
  - It guides users in determining the critical success factors and performance indicators.
  - Strategic review or analysis of the organisational **capabilities and performance**.



- Focusing the whole organisation on the few key things needed to create breakthrough performance.
- Integrating and directing the **performance and efforts** from the lowest levels in the organisation to achieve excellent overall performance.

### **3.7.2 HR Scorecard:**

Based on various studies, it can be concluded that firms with more effective HR management systems consistently outperform the competition. However, evidence that HR can contribute to a firm's success doesn't mean it is now effectively contributing to success in business. It is a challenge for managers to make HR a strategic asset. The HR scorecard is a lever that enables them to do so. Implementing effective measurement systems for intangible assets is a very difficult task and demands the existence of a unified framework to guide the HR managers. It is this difficulty that has been the prime reason why managers tend to avoid dealing with intangible assets as far as possible. In the process firms under-invest in their people and at times invest in the wrong ways. Another difficulty is, managers cannot foresee the consequences of their investments in intangible human assets in a well-defined measurable manner and they are not willing to take the risk. Thus, the most effective way to change this mind-set is obvious – to build a framework just like the Balanced Scorecard, which has sound measurement strategies and is able to link HR functions, activity and investment with the overall business strategy. The HR scorecard framework was specifically designed for these purposes.

The HR Scorecard is a powerful way for HR professionals with their benefits as follows

#### **1. Focusing on leading indicators:**

There are leading and lagging indicators in the overall balanced performance measurement system, there are drivers and outcomes in the HR value chain as well. It is thus important to monitor the alignment of the HR decisions and systems that drive the HR deliverables. Assessing this alignment provides feedback on HR's progress towards these deliverables and lays the foundation for HR's strategic influence.

The scorecard links HR decisions and systems to HR deliverables which are, in turn, the performance drivers for fulfilling the organization's strategy implementation and performance goal attainment.

**2. It lets HR professionals effectively manage their strategic responsibilities:**

The scorecard encourages HR managers to focus on exactly how their decisions affect the successful implementation of the firm's strategy. This is due to the systemic nature of the scorecard. It provides a clear framework to think in a systemic manner

**3. It enables cost control and value creation:**

It allows HR professionals to drive out costs where appropriate, but at the same time defend investments in intangibles and HR by outlining the benefits in concrete terms.

**4. Identifying the differences between HR do-ables and HR deliverables**

An appropriate HR measurement system will encourage HR professionals to think both strategically as well as operationally.

**5. Encouraging HR flexibility and change**

By maintaining its focus on the organization's strategy implementation, the HR Scorecard highlights the importance of HR's flexibility and adaptability which constantly undergoes change in response to the environment and other strategic challenges. In a strategy-focused organization, people view the measures as a means to an end rather than an end in them.

**6. Demonstrating HR's contribution to strategy implementation:**

The cumulative effect of the HR Scorecard's deliverable measures provides the answer to the question regarding HR's contribution to firm performance. All measures have a credible and strategic rationale. Line managers can use these measures as solutions to business problems. It provides HR with a focused, credible, and clear strategic rationale for their work in service to the organization.

**3.7.3 Total Performance Scorecard**

Total Performance Scorecard is defined as the systematic process of continuous, gradual, and routine improvement, development and learning, focused on a sustainable increase of personal and organizational performances. This management concept encompasses the personal and organizational mission, vision, key roles, core values, critical success factors, objectives, performance measures, targets and improvement

actions, as well as the resulting process of continuous improvement, development and learning.

It consists of the following elements:

- **The Personal Balanced Scorecard (PBSC)** : entails the total idea of personal mission, vision, key roles, critical success factors, objectives, performance measures, targets, and improvement actions (Rampersad, 2003). The PBSC regards the continuous improvement of your personal skills and behavior, focusing on your personal well-being and success. Self-management stands central here and focuses on the managers as well as employees within the entire organization.

- **The Organizational Balanced Scorecard (OBSC)**: encompasses the total organizational mission, vision, core values, critical success factors, objectives, performance measures, targets and improvement actions (Kaplan & Norton, 1996). The OBSC regards the continuous improvement and controllability of business processes focusing on achieving competitive advantages for the company. This corporate BSC is communicated and translated into all business unit BSCs, team BSCs and the performance plans of individual employees. The organizational improvement actions are implemented according to the Plan-Do-Check-Act cycle of Deming (Deming, 1985).

This cycle consists of the following 4 phases:

- 1) *Plan* (develop an improvement plan);
- 2) *Do* (execute this improvement plan on a limited scale);
- 3) *Check* (review the results of the improvement actions; and
- 4) *Act* (implement the proven improvements).

- **Total Quality Management:** It encompasses a disciplined way of life within the entire organization whereby continuous improvement of oneself, one's job and the organization stand central. Defining problems, determining root causes, taking actions, checking the effectiveness of these actions and reviewing business processes are done here in a routine, systematic and consistent way (Rampersad, 2004). The emphasis is on the mobilization of the entire organization in order to continuously satisfy the needs of the customer. It is a philosophy as well as a set of guidelines forming the basis for a continuously improving organization using the Deming cycle. This learning cycle (PDCA-learning) is used in the TPS concept for process improvement.

- **Competence Management:** Competence Management encompasses the process of the continuous development of human potential within the organization. The goal of

Competence Management is continuously delivering top performances with a motivated and developed community. It focuses on the maximum development of employees and makes optimal use of their potential in order to achieve the goals of the organization.

Competence management involves the development of job-related competences; a collection of information, capabilities, experience, skills, attitudes, standards, values, views, and principles (knowledge) that is focused on the expert fulfilment of your job.

The development cycle is central here, which consists of the following phases:

1. Result planning,
2. Coaching, appraisal, and job-oriented
3. Competence development.

- **Kolb's Learning Cycle**

This process of *instinctive learning* (learning by experience) is seen in all four management concepts mentioned. Together with the process of *conscious Learning* (learning by education) they result in individual and collective behavioral changes. These two learning forms as well as *individual learning based on the PDAC cycle*, *PDCA-learning based on the Deming cycle* and *collective learning* is important themes in the TPS-concept. These are used to create conditions for effective organizational change. Kolb's learning cycle contains the following four phases (Kolb, 1984): Gaining hands-on experience, observing this experience, drawing conclusions from this experience, and testing these ideas in experiments, which again will result in new behavior and experiences.

#### **3.7.4 Six-Sigma Philosophy**

Six-Sigma is primarily a management philosophy that attempts to improve upon customer satisfaction to near perfection. Six Sigma is the smarter way to manage a business or a department by managing with facts, figures and data. Herein, the overriding philosophy is 'customer satisfaction'. The objective of Six Sigma is to drive process improvements by focusing on defect elimination, rather creating and improving products/services that results in a very small number of defects. Six Sigma equals to 3.4 defects parts per million opportunities. This says a six sigma company has little more than, 3 bad customer experience (3.4) for every million opportunities. As per Pande

(2002) and Ecke (2001a) Six Sigma efforts target the main areas of improvement as given below:

1. Improves customer satisfaction
2. Reducing cycle time
3. Reducing defects

There are main five breakthrough strategies of Six Sigma philosophy (D-M-A-I-C) as under:

- D- Define : The goals of the improvement activity
- M-Measure: The existing system
- Analyse: The system to identify ways to eliminate the gap between the current performance/process and
- I-Improve: the existing system
- C-Control: The new system

### **3.8 CONCLUDING REMARKS:**

The success of any performance management system is influenced by the effectiveness of its appraisal system. The present chapter takes the conceptual review of performance management. The various issues like performance appraisal process, methods, characteristic of an effective performance appraisal system etc. have been covered in detail. It also covers the concept of KPI and explains various financial performance indicators which can be useful for measuring organisational performance. Modern methods of performance measurement such as Balanced Scorecard, HR scorecard, Total performance Scorecard and Six Sigma are also discussed at the conclusion of this chapter.

## CHAPTER 4

### STUDY DESIGN AND RESEARCH METHODOLOGY

#### 4.1 INTRODUCTION:

In this chapter the key themes and some thrust points pertaining to the study are concerned. All these sub themes / thrust points are linked with the performance appraisal and performance appreciation through promotion which is the key themes of this study.

There are various methods of appraising performance one element common among them is they recognize it is the human resource which give the business a strategic advantage; hence having an appropriate performance appraisal system and rewarding high performing employees through promotion or other reward mechanism is very important. Keeping these points in view, hypothesis of the study has been devised, revisited and analysed in the chapter. The various concepts and principles are given in the succeeding paragraphs. This is followed by a discussion on the methodology of the study.

#### 4.2 PERFORMANCE APPRAISAL:

Armstrong (2005) described the role of performance appraisal as a tool for looking forward to what needs to be done by the people in the organisation in order to achieve the purpose of the job, to meet new challenges, better use of technology skills and attributes.

- **Performance Appraisal Process:**
  1. Establishing performance standards
  2. Communicating standards and expectations
  3. Measuring the actual performance
  4. Comparing with standards
  5. Discussing results (providing feedback)
  6. Decision making – corrective action

### **4.3 PERFORMANCE APPRECIATION THROUGH PROMOTION:**

An employee is generally rewarded for high performance in his job over a period of time (usually a year or two). "Promotion" is a term which covers a change and calls for greater responsibilities, and usually involves higher pay and better terms and conditions of service and, therefore, a higher status or rank.

### **4.4 X- RAY METRICS FACTOR:**

Metrics can serve as leading indicators of problems, opportunities and future financial performance. Just as X-rays (now MRIs) are designed to provide deeper views of our body metrics can show problems and opportunities that would otherwise be missed.

Metrics has to be necessary, precise and consistent and sufficient for review purposes, for measurement. In the present study, with the help of X-ray metrics factor two metrics i.e. performance metrics and financial performance metrics have been formulated.

#### **4.4.1 Performance HR Metrics:**

A Metric is measuring system that quantifies a trend, dynamic, or characteristic. In the present study performance HR metrics for selected ITES companies has been formulated with some common traits and key performance indicators like, customer satisfaction, talent retention, training and development, interchangeability / flexibility, acceptance of change, feedback/follow-up, and performance based rewards/ incentives, crisis management, and innovative approach.

#### **4.4.2 Financial Performance Metrics:**

Financial Metrics for selected ITES companies has been formulated with certain prominent financial performance indicators like Revenue, Net profit, Return on Capital Employed (ROCE), Margin on Sales percentage (MoS) and Earning Per Share (EPS).

*Marketing Metrics + Financial Metrics = Deeper Insight*

#### **4.5 DASHBOARDS:**

Dashboard acts as the primary analytical application in any organization. The Dashboard provides critical indicators together so that the information is available in one snapshot. Dashboards are the simplest type of Performance Measurement System; a dashboard combines the company's numerous metrics, targets & performance data into one online or printed document. A dashboard enables executives and managers to easily digest the company's aggregate performance data.

'Dashboards' is the presentation of metrics in the form of graphs. In the present study, the financial performance metrics of selected ITES Companies is presented in the form of dashboards.

The hypothesis which is validated in the present work has emerged as:

***Hypothesis:** There are certain constraints / lacunae in existing performance appraisal system and promotion policies of ITES companies.*

#### **4.6 UNIVERSE OF THE STUDY:**

For the purpose of the study, different ITES companies located in Pune were visited to have an overview and to know the status of Performance Appraisal Systems and promotion policies. Indian ITES services can be classified into IT services, R&D services, Customer interaction services, Transaction Processing, Content development, Knowledge services, Engineering design, Data processing, Medical transcription, Consulting etc.

Pune has a burgeoning ITES industry. Many of India's major ITES players such as TCS, Infosys, Wipro, Satyam, Tech Mahindra, Tata Technologies Ltd, Mastek Ltd., Persistent Systems, Patni Computer Systems, Cybage, Manas Solutions Pvt Ltd, have their presence in Pune. Global majors like HSBC Global Technology, PTC, IBM, SIEMENS, Sybase, EDS, I-Flex, Cognizant, Sasken, KPIT Cummins Infosystems Inc., Amdocs, Avaya, Aftak Infosys, Syntel, Zensar and TIBCO Software have a major presence in Pune's various Software Technology Parks and other areas.



Thus the employees working in the selected ITES companies formed the universe of the study.

#### **4.7 SAMPLING FRAME:**

The list of the ITES companies was taken from the yellow pages, which served as the frame for the purpose of the study. This provided the complete list and companies were taken into consideration from the same.

#### **4.8 SAMPLING TECHNIQUE AND SAMPLE SIZE:**

Stratified sampling method was used to design sample. From the selected ITES companies, the respondents were categorized into Managers or Executives working in these companies and employees working under them. Random sampling was used to collect the data. The lists of persons working in these companies were taken and randomly respondents were selected to collect the data

#### **4.9 SAMPLE PLAN:**

The total numbers of companies selected are 10. From each company random selection of 10 executives or managers is done. The designations of these ten respondents are Business Development Officers, Managers, Asst. Managers, Software Specialists or SMEs, Sr. Software Engineers and Software Engineers. Two respondents from each respective designation are selected. Secondly data is collected from the 12 workers (i.e. employees working at the junior level/ bottom level of management). Thus, in total data is collected for 220 respondents. The table 4.1 presents the sample plan (for respondents)

**Table 4.1 Sample Plan (For Respondents)**

<b>Sample Size</b>	<b>Designation</b>	<b>Number of Respondents</b>		<b>Total</b>
10	Business Development Officer	2	10 X 10 = 100	220
	Managers	2		
	Asst. Manager	2		
	Software Specialist or Subject Matter Experts (SMEs)	2		
	Sr. Software Engineer	2		
	Software Engineers	12	10 X 12 =120	

#### **4.10 DATA COLLECTION TOOLS:**

Two comprehensive structured questionnaires (Appendix A & B) were designed for collecting the data as per requirement of the study. First questionnaire was designed (Appendix A) for the managers and executives working at the middle and top level of management in ITES companies. Keeping in view the time limitation of the respondents and to ensure speedy responses from the respondents, the questionnaires were administered personally to all the respondents. The questionnaires were designed in such a fashion that the maximum information relating to the research objectives may be extracted from the respondents on various aspects of Performance Appraisal System and Promotion policy. Most of the questions were responded on various scales. All questions were close ended, so that the respondent's time may be optimally used. There were few open ended questions which had to be there to meet the need of the Study.

Second questionnaire (Appendix B) was designed to know perceptions and experiences of the employees (i.e. employees working at junior level or at the bottom level of management) towards their performance appraisal system and promotion policy. These

questionnaires could help to judge the effectiveness of performance appraisal system and promotion policies.

The efficiency of the questionnaires was tested on a small group of executives working in ITES companies (30) and employees (40) separately and the necessary modifications were made on the basis of the feedback received from these respondents. The modified questionnaires were used for collecting the data. The questions were framed so as to cover all the dimensions for the study.

#### **4.11 VALIDATION OF QUESTIONNAIRE:**

##### **4.11.1 Face Validity**

This refers to the degree to fit between researcher's perception and the concept of the variables, which are operationalized through the questionnaire. The operational definition looks on the face of the questionnaire as though, it measures the concept under the study. Expert's opinion was taken for establishing their viewpoints, wordings and suggestions. The final validity was done through number of validation sessions after revision / refining of the questions.

##### **4.11.2 Content Validity:**

The Questionnaires have high content validity for the following reasons:

1. Framing of questions was done by involving knowledgeable persons with vast experience of research and teaching of Performance Appraisal and Promotion.
2. Review of literature.

##### **4.11.3 Construct Validity**

In attempting to evaluate construct validity, both the theory and the measuring instrument being used are considered. For example, if we are interested in measuring the effect of ceremony on organisational culture, the way in which ceremony was operationally defined would have to correspond to an empirically grounded theory. Once it is assured that the construct is meaningful in a theoretical sense, then investigate the adequacy of the instrument. Attitude scales and aptitude and personality tests are the generally concerned concepts that fall in this category. Although this situation is much more difficult, some assurance is still needed that the measurement has an acceptable degree of validity.

#### **4.12 TESTING OF QUESTIONNAIRE:**

On completion of questionnaire validation it was subjected to pre-testing through a small sample of respondents (20). The pre-testing respondents are generally selected from the same population from which actual survey is done (Thakur, 1993). The object of the pre-testing was to ensure easy understandability, and eliminating any confusion or misunderstanding.

#### **4.13 DURATION OF THE SURVEY:**

Data was collected from May 2009 – April. 2010

#### **4.14 METHODS OF ANALYSIS & STATISTICAL TOOLS:**

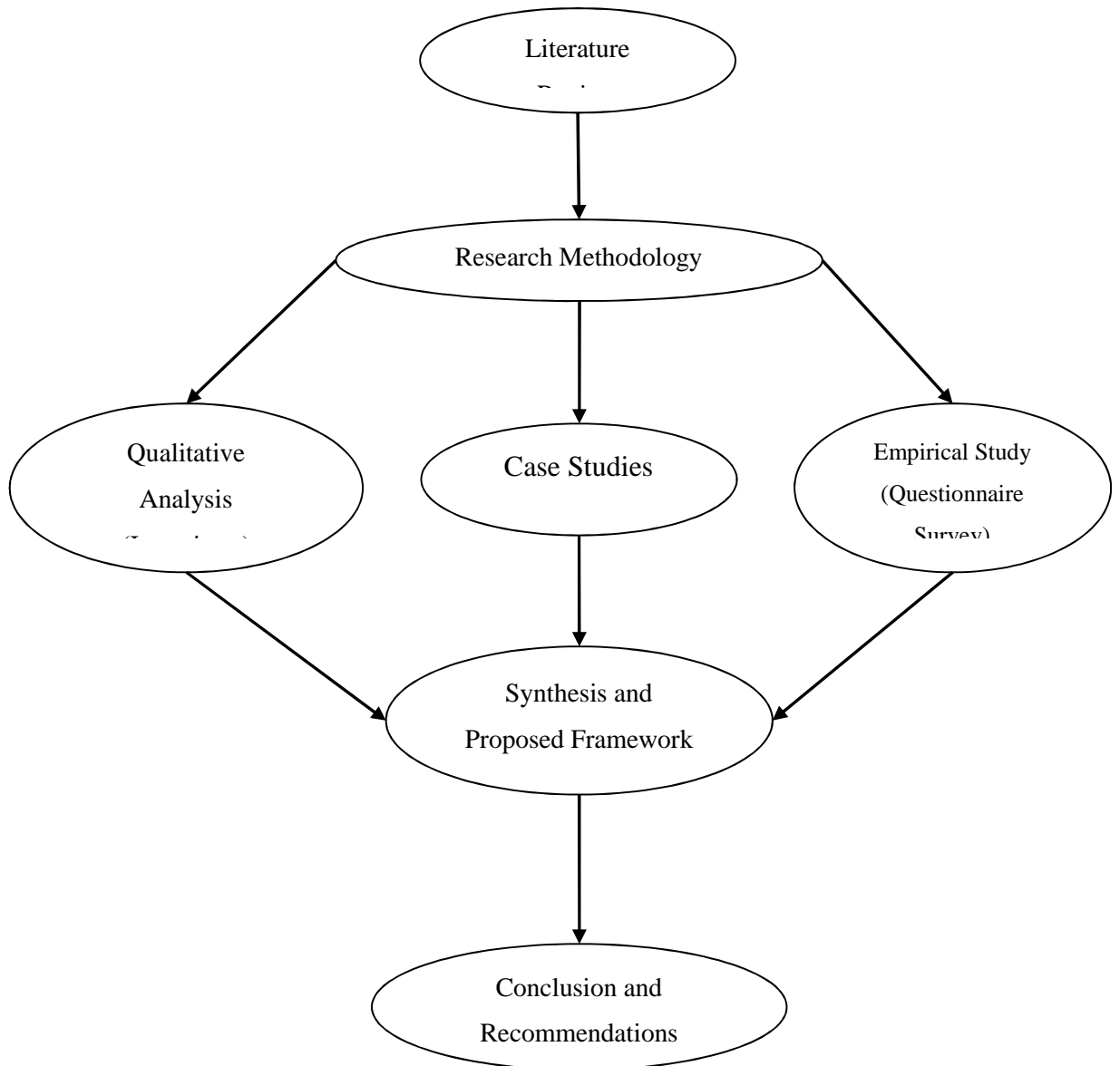
Filled – up questionnaires were examined for their correctness and observed gaps were mitigated through follow – up with the respondents. In the current research work, data related to research topic was fed to the SPSS (Statistical Package for Social Sciences), and then various operations were performed. Data analysis was done by using various statistical techniques such as frequency, correlation, multiple responses etc. in order to draw meaningful findings and conclusion.

#### **4.15. OBSERVATION METHOD:**

The observation method employed as supplementary technique to generate more thoughtful information about the research problem.

#### 4.16 METHODOLOGY:

A suggested methodology is depicted in the following Figure 4.1



**Figure 4.1: Methodology of the Study**

#### 4.17 QUALITATIVE ANALYSIS:

Herein based on the interview with officials working at the top management, the study has been conducted objectively. The interviews were taken in an unstructured form and further analysis / outcome has been suitably presented. The interviews were quite

revealing and present a deep insight to the existing problem. This covered generally the main thrust/ or strong points and weak links of the employees as well as core competencies of the organisations.

#### **4.18 EMPIRICAL STUDY:**

Empirical study covers the survey done by the way of questionnaire. The questionnaire prepared was based on structure of organisation, cultural details, flexibility in HRM, productivity, performance appraisal system, promotion policy, knowledge management etc. The data collection was not easy but a marathon task due to confidentiality considerations.

#### **4.19 SYNTHESIS AND PROPOSED FRAMEWORK:**

Finally, a holistic approach of the total analysis has been done based on the hypothesis, finding weak links and main strengths of the performance appraisal system and employee promotion policy in selected ITES companies. Synthesis brings in an overall holistic study of the organisational work culture.

#### **4.20 CONCLUSION AND RECOMMENDATIONS:**

The analysis of the data collected through interviews, questionnaire and case studies has brought to light various facts/ findings related to core competence, training & development, where further improvement is required vis-à-vis human resource practices, organisational structure and processes , performance appraisal system which make an effective study of companies.

Limitations of the study have been brought out too. Some main creative recommendations have been finally suggested with recommendation for overall improvement of the organisation.

#### **4.21 LIST OF SELECTED ITES COMPANIES:**

- ZS Associates Ltd.
- Tata Consultancy Services (TCS)
- Infosys
- IBM India Pvt. Ltd.
- Patni Computer Systems
- Zensar Technologies

- Wipro Technologies Ltd.
- WNS Global Services
- Cognizant
- Persistent

#### **4.22 CONCLUDING REMARKS:**

In this chapter, the concept of Performance appraisal, Promotion policy, the techniques to evaluate organisational performance i.e. Performance Metrics, Financial Performance Metrics have also been covered and a hypothesis has been evolved. Finally the methodology of the study has been designed and discussed. The implementation of the research methodology is discussed in the subsequent chapters.

## CHAPTER 5

### LEADERSHIP & MOTIVATIONAL ASPECTS

#### 5.1 INTRODUCTION:

Modern businesses face bigger challenges due to rapidly changing world. These challenges comprise socio-cultural, economic, technological, legal and regulatory, environmental, and ethical (Toor et al., 2007).

The rapid trend of globalization and technological changes have made difficult for organizations to survive in the competitive world. Consequently, the importance of leadership skills has been increased many folds. It is difficult to face the challenges of present international business arena without being more agile, adaptive and efficient (Arain and Tipu, 2007a).

The performance that employers look for in individuals rests on ability, motivation, and the support individuals receive; however, motivation is often the missing variable. **Motivation** is the desire within a person causing that person to act. People usually act for one reason: to reach a goal. Thus, motivation is a goal directed drive, and it seldom occurs in a void. The words *need*, *want*, *desire*, and *drive* are all similar to *motive*, from which the word *motivation* is derived. Understanding motivation is important because performance, reaction to compensation, and other HR concerns are related to motivation.

#### 5.2 IMPORTANCE OF THE LEADERSHIP – PERFORMANCE RELATIONSHIP:

During the past four decades, the impact of leadership styles on organizational performance has been a topic of interest among academics and practitioners working in the area of leadership (Cannella and Rowe, 1995; Giambatista, 2004; Rowe *et al.*, 2005). Perhaps the most prominent reason for this interest is the widespread belief that leadership can affect the performance of organizations (Rowe *et al.*, 2005). The style of leadership adopted is considered by some researchers (e.g. Awamleh, 1999; Conger, 1999; Dubinsky *et al.*, 1995) to be particularly important in achieving organizational goals, and in evoking performance among subordinates (Zacharatos *et al.*, 2000).



Despite the widespread acknowledgment of the importance and value of leadership, when studying the leadership literature, it is striking that the concept of leadership lacks coherence and agreement. Most of the leadership literature confuses the definition of effective leadership by failing to make clear distinctions in some definitions, such as between leaders and non-leaders, effective and ineffective leaders, as well as overlooking the definition of the levels of leadership (Bennis, 1998; Bergsteiner, 2005; House and Aditya, 1997). Further, there has been limited research that has specifically addressed the relationship between leadership behavior and organizational performance.

Despite these oversights, it is widely believed that leadership creates the vital link between organizational effectiveness and people's performance at an organizational level ( Purcell *et al.*, 2004; Yukl, 2002).

### **5.3 LINK BETWEEN LEADERSHIP AND ORGANISATIONAL PERFORMANCE:**

Understanding the effects of leadership on performance is also important because leadership is viewed by some researchers (e.g. Zhu *et al.*, 2005) as one of the key driving forces for improving a firm's performance. Effective leadership is seen as a potent source of management development and sustained competitive advantage for organizational performance improvement (Avolio, 1999, Rowe, 2001). For example, transactional leadership helps organizations achieve their current objectives more efficiently by linking job performance to valued rewards and by ensuring employees have the resources needed to get the job done (Zhu *et al.*, 2005). Visionary leaders create a strategic vision of some future state, communicate that vision through framing and use of metaphor, model the vision by acting consistently, and build commitment towards the vision (Avolio, 1999; McShane and Von Glinow, 2000). Some scholars (e.g. Zhu *et al.*, 2005) suggest that visionary leadership will result in high levels of cohesion, commitment, trust, motivation, and hence performance in the new organizational environments.

According to Mehra *et al.* (2006), when some organizations seek efficient ways to enable them to outperform others, a longstanding approach is to focus on the effects of leadership. This is because team leaders are believed to play a pivotal role in shaping collective norms, helping teams cope with their environments, and coordinating collective action. This leader-centred perspective has provided valuable insights into the relationship between leadership and team performance (Guzzo and Dickson, 1996).

Some researchers (e.g. Judge, *et al.*, 2002b; Judge and Piccolo, 2004; Keller, 2006; McGrath and MacMillan, 2000; Meyer and Heppard, 2000; Purcell *et al.*, 2004; Yukl, 2002) have started to explore the strategic role of leadership, and investigate how to employ leadership paradigms and use leadership behavior to improve organizational performance. The reason for this is because intangible assets such as leadership styles, culture, skill and competence, and motivation are seen increasingly as key sources of strength in those firms that can combine people and processes and organizational performance (Purcell *et al.*, 2004).

#### **5.4 THE CONCEPT OF LEADERSHIP**

Organisations coordinate the behavior of people in order to achieve its goals and objectives; it facilitates managers in performing leadership roles by providing the basis for uniting the efforts of the employees within the organisation, which gives identity recognition and status to an organisation.

Effective leadership forms the backbone of a successful business, as it allows the firms to utilize their resources efficiently. Even though it is much more prominent in the corporate world, the same rule is applicable to various other sectors, including sports and politics. In an organization which acknowledges [the importance of leadership development](#), employees demonstrate a positive attitude, which in turn reflects on their performance. On the other hand, an organization characterized by lack of leadership has a negatively influenced work environment, which in turn, results in poor performance from the employees.

#### **5.5 MANAGEMENT VS LEADERSHIP**

Over the past twenty years, leadership has replaced management as the primary means of accomplishing organisational goals and objectives. Jooste (1996) makes the following distinction between management and leadership as follows:

<b>Concept</b>	<b>Management</b>	<b>Leadership</b>
Interactional Process	Managers tend to rely on organisational systems rather than on their relationships with people to get tasks done.	An interpersonal relationship /process which is directly concerned with the interaction between leader and followers.
Goal attainment	<p>Managers focus on the attainment of specific short-term organisational objectives and aims</p> <p>Managers react to everyday pressure and events</p> <p>Managers focus on the implementation of plans</p> <p>Managers have a less personal attitude towards organisational goals and view goals as or reactions responses to change or forces outside the organisation.</p>	Specific behaviour and strategies are employed to direct and influence individuals to attain the common goals of the organisation.
Coordination of tasks	<p>Scheduling, coordinating and supervision of resources and personnel take place.</p> <p>Control is used as a power strategy</p> <p>The manager has access to resources specified by the budget</p>	<p>Directing, guiding and influencing the contributions of members to individual and group achievements.</p> <p>Directing takes place by means of the process of communication</p> <p>Leaders give power to motivate the employees in their task performance.</p>
The change process	Is seen by managers as a process according to which opportunities are selected, problem solved, and change accomplished.	The leader, as a dynamic force, stimulates, motivates and coordinates followers/subordinates in the organisation towards change.
Specific role within the organisation	In their attitude to work managers aim for the attainment of organisational goals by relying on planning, budgeting, organizing, directing, controlling and other management tools , e.g. analysis of repots.	<p>Leaders ensure the attainment of organisational goals while facilitating healthy relationships among the employees through free communication, utilization of group dynamics, participative decision making and motivation towards change.</p> <p>Risks are taken because they trust people and strive to motivate employees.</p>

## 5.6 LEADERSHIP SCORECARD – PERFORMANCE TOOL

Strong leaders are essential to business success, which makes leadership development a business imperative in today's competitive environment. Leaders are needed that can do more than manage - leaders are needed that can make a business great. In addition, there

is increasing pressure on organizations to demonstrate the wise investment of development dollars. This requires the effective use of leadership development methods, as well as the ability to demonstrate the success of those methods. The Leadership Scorecard combines an explanation and discussion on best practice leadership development methods and incorporates ROI measurement & evaluation methodology.

The leadership scorecard is a tool that ensures that the leadership development function is focused on accomplishing objectives that are linked to business strategy. The leadership scorecard provides a structure for establishing, tracking, compiling, analyzing, and communicating leadership development results. The leadership scorecard should be customized based on business needs and can contain a variety of measures based on what the business views as critical. A leadership scorecard can be created and implemented even when an HR or corporate scorecard does not exist. This is critical as it enables the leadership development function to take a proactive stance in the creation of measurement and evaluation strategies and become a valued business partner.

The leadership scorecard enables executives to understand the benefits of the leadership development programs to leaders and to the bottom line. The leadership scorecard also provides useful measures for the leadership development staff. The leadership development staff can find out how well a program is working and, based on leadership scorecard data, can improve the program or, if necessary, stop delivery of the program. A focus on using measurement and evaluation for the continuous improvement of leadership development programs can build the credibility of the leadership development function. Data from a leadership scorecard can be used to justify expenditures, build a business case for requesting additional budget dollars, and create management support.

## **5.7 LEADERSHIP SCORECARD BENEFITS**

A leadership scorecard can be implemented successfully in any organisation. The benefits of implementing leadership scorecard are many. A few of the benefits that have been experienced by leadership development functions are as the following:

- Management develops an understanding of the benefits of leadership development programs.
- The leadership development function is viewed as adding value to the bottom line.

- The leadership scorecard data enables the leadership development function to continuously improve programs or discontinue programs that are not providing positive results.
- The leadership development function becomes very focused on only delivering programs linked directly to the business strategy. This results in a positive result on investment for the organisation.
- The leadership development function is able to assess if the program has impacted behaviour change and application back on the job. This is a critical measure of success.
- The leadership development staff receives career enriching development in the area of measurement and evaluation.

## **5.8 MOTIVATIONAL ASPECTS**

Motivation is a set of energetic forces that originates both within as well as beyond an individual's being, to initiate work related behavior, and to determine its form, direction, intensity and direction.

A motive is a reason for doing something – for moving in a certain direction. People are motivated when they expect that a course of action is likely to lead to the attainment of a goal – a valued reward that satisfies their particular needs. Well-motivated people are those with clearly defined goals who take action that they expect will achieve those goals.

### **5.8.1 Motivation Sources Inventory Or MSI (Barbuto, Fritz And Marx (2002))**

- Intrinsic Process is the driving force if employees are motivated to perform certain kind of work or to engage in certain types of behavior.
- Instrumental, employees high instrumental motivation need a perception that their behaviours will lead to certain tangible outcomes.
- Self – concept external, employees with high self – concept external motivation tries to meet the expectations of others and to elicit social feedback with their self – concept.
- Self – concept internal, employees high in self – concept internal motivation set internal standards of traits , competencies and values that become the basis for the ideal self; and

- Goal internationalization, employees in high in goal internationalization motivation adopt only attitudes and behaviours that are congruent with their personal value systems.

Thus, it follows that Performance Appraisal system should ensure that employees are self-motivated, and are willing to align personal goals with organisational strategy.

Thus, it follows that performance appraisal should insure that employees are self – motivated, has faith in the system and leadership, feedback oriented environment, competent and willing to align personal goals with organisational strategy. Different individuals have different reasons for arousal at workplace.

### 5.8.2 Framework For Motivation (Katz (2005):

Dimensions of Task Characteristics	Interpretation and Impact
Skill variety	<p>The degree to which the job requires the use of different skills abilities and talents.</p> <p><i>It follows that making job interesting results in better performance of employees.</i></p>
Task identity	<p>The degree to which the employee feels that he is part of the whole job Or project actually from the beginning to end.</p> <p><i>It follows that higher job accountability and ownership results in better performance of employees.</i></p>
Task significance	<p>The degree to which the job is considered important by and has impact of the lives of others.</p> <p><i>It follows that establishing clear link between job performance with organisational goals and objectives results in better performance of employees.</i></p>
Autonomy	<p>The degree to which the job provides freedom, independence and discretion in how the work is carried out.</p> <p><i>It follows that making jobs autonomous and empowering employees through increased employee involvement and participation in deciding performance targets and measuring standards, results in better performance of employees</i></p>

Feedback	<p>The degree to which the employee is provided with clear and direct information about the effectiveness of his performance.</p> <p><i>It follows that providing feedback of performance such as areas of excellence, areas of improvement, performance problems and opportunities for improvement by the managers, results in better performance of employees</i></p>
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### 5.8.3 Motivation through Incentives (Hiam, 2003):

Organisations should provide financial and non-financial incentives to employees for inducing better performance. Incentives are an essential ingredient of sound Performance Appraisal Systems. Hiam (2003) provides the following incentive profile:

Motivators	Definition
Affiliation	Desire to feel part of the group with which one works. Pleasure in being associated with a great organisation.
Self-expression	Urge to express through work. Creativity.
Achievement	Drive to accomplish personal goals. Pursuit of excellence.
Security	Need for stability or reduction for uncertainty and stress.
Career growth	Urge to develop career to the fullest.
Excitement	Impulse to seek new experiences and enjoy life through work.
Status	Motivation to increase standing through work accomplishments.
Purpose	Need for meaning and direction. Desire for important work that really matters.
Competition	Competitive spirit. Desire to excel in relation to others.
Recognition	Need for positive feedback and support from the group. Desire to be appropriately recognized for individual contributions.
Consideration	Preference for a friendly, supportive work environment where people take care of each other.
Autonomy	Need for more control over own working life. Desire for choice of working conditions or other options
Rewards	Motivation to earn significant rewards or wealth from one's work.
Responsibility	Motivation to play a responsible leadership role in the workplace or society as a whole.
Personal needs	Need to satisfy essential personal or family priorities.

#### **5.8.4 The role of rewards and incentives in motivation**

*Rewards* provide recognition to people for their achievements and contribution. If rewards are worth having and attainable and people know how they can attain them, they can act as motivators. Rewards can be either financial or non-financial.

*Incentives* are designed to encourage people to achieve objectives. They are intended to provide direct motivation: 'do this and we will make it worth your while'. Incentives are generally financial but they can promise non-financial rewards such as recognition, promotion or a particularly interesting assignment.

#### **5.9 CONCLUDING REMARKS:**

Leadership is crucial for institutionalization of any management system including performance appraisal system. Unless leadership is committed to it, the system is likely to generate sub-optimal results. In this chapter, the concept of leadership, management vs. leadership, the concept of Leadership Scorecard has been covered in brief. As motivation is fundamental to human drive, performance and accomplishments; the concept of motivation, motivation through incentives have also been covered in brief.



## **CHAPTER 6**

### **TYPICAL FUNCTIONING OF IT COMPANY**

#### **6.1 GENERAL BACKGROUND**

Information Technology (IT) industry in India is one of the fastest growing industries. Indian IT industry has built up valuable brand equity for itself in the global markets. IT industry in India comprises of software industry and information technology enabled services (ITES), which also includes business process outsourcing (BPO) industry. India is considered as a pioneer in software development and a favourite destination for IT-enabled services.

The origin of IT industry in India can be traced to 1974, when the mainframe manufacturer, Burroughs, asked its India sales agent, Tata Consultancy Services (TCS), to export programmers for installing system software for a U.S. client. The IT industry originated under unfavourable conditions. Local markets were absent and government policy toward private enterprise was hostile. The industry was begun by Bombay-based conglomerates which entered the business by supplying programmers to global IT firms located overseas.

During that time Indian economy was state-controlled and the state remained hostile to the software industry through the 1970s. Import tariffs were high (135% on hardware and 100% on software) and software was not considered an "industry", so that exporters were ineligible for bank finance. Government policy towards IT sector changed when Rajiv Gandhi became Prime Minister in 1984. His New Computer Policy (NCP-1984) consisted of a package of reduced import tariffs on hardware and software (reduced to 60%), recognition of software exports as a "delicensed industry", i.e., henceforth eligible for bank finance and freed from license-permit raj, permission for foreign firms to set up wholly-owned, export-dedicated units and a project to set up a chain of software parks that would offer infrastructure at below-market costs. These policies laid the foundation for the development of a world-class IT industry in India.

Today, Indian IT companies such as Tata Consultancy Services (TCS), Wipro, Infosys, HCL etc. are renowned in the global market for their IT prowess.

Some of the major factors which played a key role in India's emergence as key global IT player are:

- **Indian Education System**

The Indian education system places strong emphasis on mathematics and science, resulting in a large number of science and engineering graduates. Mastery over quantitative concepts coupled with English proficiency has resulted in a skill set that has enabled India to reap the benefits of the current international demand for IT.

- **High Quality Human Resource**

Indian programmers are known for their strong technical and analytical skills and their willingness to accommodate clients. India also has one of the largest pools of English-speaking professionals.

- **Competitive Costs**

The cost of software development and other services in India is very competitive as compared to the West.

- **Infrastructure Scenario**

Indian IT industry has also gained immensely from the availability of a robust infrastructure (telecom, power and roads) in the country. In the last few years Indian IT industry has seen tremendous growth. Destinations such as Bangalore, Hyderabad and Gurgaon have evolved into global IT hubs. Several IT parks have come up at Bangalore, Hyderabad, Chennai, Pune, Gurgaon etc. These parks offer Silicon Valley type infrastructure. In the light of all the factors that have added to the strength of Indian IT industry, it seems that Indian success story is all set to continue.

### **6.1.1 Classification of IT Sector**

The sector can be classified into 4 broad categories - **IT Services, Engineering Services, ITES- BPO Services, and E – Business**

1. **IT Services** can further be categorized into Information Services (IS) outsourcing, packaged software support and installation, systems integration, processing services, hardware support and installation and IT training and education.
2. **Engineering Services** include Industrial Design, Mechanical Design, Electronic System Design (including Chip/Board and Embedded Software Design), Design Validation Testing , Industrialization and Prototyping.
3. **IT Enabled Services** are services that use telecom networks or the Internet. For example, Remote Maintenance, Back Office Operations, Data Processing, Call Centers, Business Process Outsourcing, etc.

4. **E Business** (electronic business) is carrying out business on the Internet; it includes buying and selling, serving customers and collaborating with business partners

### **6.1.2 ITES-BPO**

Outsourcing work in India began in 1993 when American Express started using its India operations to provide book-keeping support to other Asian operations. India's ITES industry can trace its origins to the Y2K problem, which first started in 1995-96 and culminated in December 1999. It required fixing the codes of hundreds of thousands of mission critical computer programmes before the arrival of the year 2000. A vast portion of the work fixing these programmes was outsourced to India. Another factor contributing to the initial growth of the India ITES industry was the buoyant US (and global) software market during the late 1990s. Many companies outsourced their software requirements to India. While some companies outsourced such work to their captive units in India, other contracted out to external, third-party providers. Following the stock market down run of 2000 and the economic recession in the US during 2001-02, US companies began looking for ways to cut cost. One solution was to outsource back-office functions to the other countries with cheaper but qualified labour. The cost of significantly qualified and competent labour in India is among the lowest in world. Another reason for companies to outsource is the competitive advantage gained by working around the clock. BPO continues to grow in scale and scope, with firms increasingly adopting a vertical focused approach. The India ITES industry has evolved significantly over the past few years.

#### **Sector Facts:**

- The IT and electronics production in India increased by an estimated 10.4 per cent to reach US\$ 92.34 billion during 2009-10, as per the Department of Information and Technology (DIT)
- Software and services exports accounted for 57 per cent of the total revenue aggregate in FY10, according to the annual report of DIT
- As per NASSCOM, the government's IT spent was estimated to be around US\$ 3.21 billion in 2009, which is expected to reach US\$ 5.36 billion in 2011. Further, e-governance.

- Indian IT's core competencies and strengths have received international recognition, opening up new avenues for investment. A few of them are as listed below –
  - a) India's inherent IT capabilities - talented workforce and world-class companies
  - b) Large pool of English-speaking technically skilled graduates. In 2010-11, around 3.7 million students are expected to graduate in the country
  - c) The development of Tier-I and Tier II/III cities has enabled India to offer lower cost of delivery in comparison to other offshore locations
  - d) Government policies and increase in the participation by public-private ventures have also helped in the growth of the IT-BPO sector
  - e) Development of Software Technology Parks of India (STPI) and Special Economic Zones (SEZs)
  - f) The export-driven companies offer services ranging from managing complex computer networks and call centres, to software coding to maintaining technology operations
  - g) Core areas such as custom application development and maintenance as priority areas, which are easily off-shore able
  - h) Large service centres of global companies, with R&D capabilities making India an IT hub

*(Source: Investment Commission of India & NASSCOM Strategic Review 2010)*

### **6.1.3 Market Overview:**

1. Total revenues in India's IT industry touched US\$ 70.5 billion in 2008–09 as compared to US\$ 64 billion in 2007–08, growing at more than 12 per cent.
2. The Indian IT industry has been growing at a compound annual growth rate (CAGR) of 27 per cent from 2003 to 2008.
3. The contribution of IT industry to India's gross domestic product (GDP) has grown from 1.2 per cent in 1997–2008 to an estimated 5.8 per cent in 2008–09.
4. India's software and services exports, including its ITeS-BPO exports, touched US\$ 47.3 billion in 2008–09, as compared to US\$ 40.4 billion in 2007–08, an increase of 14.3 per cent. The country's ITeS-BPO export revenues have grown by around 5 per cent and are expected to reach US\$ 48–50 billion in 2009–10.

#### **6.1.4 IT Services Segment:**

1. India's IT & ITeS market revenues grew at a CAGR of 23 per cent between 2005–06 and 2008–09 and are expected to reach US\$ 24.3 billion in 2008–09.
2. IT services exports were estimated at US\$ 25.81 billion in 2008–09, as compared to US\$ 23.1 billion in 2007–08, recording a growth of 16.5 per cent in 2008–09
3. India's ITeS exports have grown from US\$ 10.9 billion in 2007–08 to US\$ 12.8 billion in 2008–09, a growth of more than 17.4 per cent.
4. ITeS is the fastest growing segment across the IT services and software segments and accounts for more than 20 per cent of the country's IT industry (including hardware).

#### **6.1.5 Growth drivers:**

##### **1. Increased global technology-related spending**

- a) Worldwide technology products and related services grew at 3.3 per cent to reach around US\$ 1.56 trillion in 2008–09.
- b) Expenditure on ITeS-BPO services grew by 6.3 per cent and reached US\$ 967 billion in 2008–09.
- c) IT services form the largest segment of India's worldwide spend on technology products and related services.
- d) Worldwide, BPO spending grew by 12 per cent in 2008, registering the highest growth among all segments.
- e) The global IT sourcing market has grown threefold from 2004 to 2008.

##### **2. Factors resulting in the sustained growth of the sector include:**

- a) Increased reliance on IT for operational cost control
- b) Increased requirement of IT for quality and regulatory compliance
- c) Large-scale recruitment and variable pricing in service sector businesses

##### **3. Emergence of Indian IT multinationals:**

- a) Indian IT companies seek to expand their global footprint through the Global Delivery Model (GDM) to service their clients' needs seamlessly worldwide.
- b) Indian firms are gaining a global foothold, with giants such as TCS, Wipro and Infosys expanding their overseas presence, particularly in Asia and Europe.

- c) Increased M&A activity needs to be driven by the requirement for global service delivery capabilities, while mitigating the risks and timeline issues involved in expanding to new geographies.

**Table 6.1: Leading Indian IT/ITES firms by revenue (2008-09)**

Tata Consultancy Services	Tech Mahindra Limited
Infosys Technologies Limited	Patni Computer Systems Limited
Wipro Technologies Limited	Oracle Financial (I-Flex Solutions Ltd)
Mahindra Satyam Computer Services Limited	Mphasis
HCL Technologies Limited	Larsen & Turbo Infotech Limited

#### **4. Global IT vendors increasing their India presence:**

1. Global vendors such as Accenture, HP, EDS, IBM and Cap Gemini are looking at India to expand their offshore delivery capability through the organic and/or inorganic routes.
2. They aim to grow onshore service providers, who are able to deliver seamless hybrid onshore-offshore services at low costs.
3. These vendors have a large number of India-based employees —Accenture (16,000+), IBM (39,000+), EDS (15,000+) and Cap Gemini (4,000+).

#### **6.1.5 Opportunities in Indian IT & ITES Industry:**

The opportunities in the Indian IT services and ITES industry can be classified among the following broad categories:

##### **1. IT services:**

The range and depth of capabilities have enabled the Indian IT services industry to gain a respectable position in the global IT services market (Indian industry expected to achieve market share of almost 30 percent by 2008 in key segments such as application development and application outsourcing as per NASSCOM-McKinsey estimates). The key factors that have enabled the industry's success are end-to-end solutions capability, focus on stringent processes and quality of execution, global delivery model (combination of onshore and offshore with an increasing offshore component), high-end, mission critical service capabilities and strong project management methodologies and expertise.

## **2. R&D Services and Software Products:**

Indian R&D services and software product exports, though at a nascent stage, is expected to grow rapidly (growth forecasts are US\$ 8-11 bn by 2008-10: Source – NASSCOM). The key opportunity areas within R&D services and software products include embedded software and systems and offshore product development.

A number of large multinational corporations source a part of their embedded system requirements from India either through captive design centres or through vendors. Some of these companies include *Samsung, Texas Instruments, Delphi, STMicroelectronics, Motorola, Intel, Analogy Devices and National Semiconductor (Illustrative and not exhaustive; Source- NASSCOM)*. Apart from multinational corporations sourcing requirements from India, there are over a 100 Indian companies operating in the embedded software solutions domain. Also, in addition to the export of products developed by the offshore units on behalf of MNCs, a few Indian vendors (e.g. Infosys, I-Flex Solutions) have successfully expanded their revenue streams to include their own software products.

## **5. Customer Interaction Services**

Customer interaction services are one of the largest segments within the Indian ITES industry. The predominance of customer interaction services is gradually decreasing due to pricing pressures as well as increasing depth of sourcing relationships which have include a new range of service offerings. However, while the share in the total pie may be decreasing, the outlook for this segment is still favorable due to strong demand from customers who have not sourced customer interaction services in the past as well as expansion of the customer care service offering to include more complex activities such as higher-end technical support. Select multinational corporations who have leveraged the Indian advantage for business process outsourcing services include *Citigroup, American Express, General Electric and Hewlett Packard*.

## **6. Transaction processing**

Cost advantage, access to an abundant skill pool and commitment to quality of delivery have enabled the rapid growth of this segment.

The range of capabilities sourced from India in business process outsourcing has been illustrated below:

- Data entry/ conversion:

Source documents received via digital imaging or voice form. Data entry/ transcription at off shore location into application packages.

- Rule set processing:

Processing of transaction as per predefined set of rules. Rule definition considers various exception situations and tasks to be executed for every such situation. It includes Report preparation, statementing.

- Problem solving:

This involves some decision making. It includes troubleshooting and determination of solutions for identified problems, May require domain expertise.

- Full Process Outsourcing:

Service providers become owner of process from end to end, requires domain and industry expertise.

Select multinational corporations who have leveraged the Indian advantage for business process outsourcing services include General Electric, Citigroup, Standard Chartered Bank, ABN Amro, Bank of America, American Express, British Airways and IBM (Illustrative and not exhaustive; Source-News reports).

## **7. Content Development**

The Indian ITES industry offers a range of services to various multinational organisations catering to their digital content development needs of website management, production and delivery of multimedia over new media, including CDs, DVDs and Internet TVs, movie production and gaming. Key players offering / sourcing content development services from India include Walt Disney, Laserwords and Techbooks (*Illustrative and not exhaustive; Source-News reports*).

## **8. Knowledge Services (Non-IT)**

Recent years have witnessed a spurt in sourcing of knowledge based services as the industry has moved up the value-chain and built high-end capabilities. While this trend is particularly evident in financial services, sourcing of knowledge services has also gained ground in industries such as pharmaceuticals and biotechnology, entertainment and aerospace.



## **9. Engineering Design:**

A significant emerging opportunity for the Indian ITeS industry is in the realm of engineering design which is expected to grow to US\$ 4 bn by 2010 (*Source: Evalueserve*). While the scope of engineering design covers a broad spectrum of complexity levels, different players have emerged across the spectrum by building the requisite capabilities.

### **6.2 ITES SERVICES**

ITES offers different services integrated in a single delivery mechanism to end users.

#### **Some of the services offered include:**

- Medical Transcription
- Document Processing
- Data Entry and Processing
- Data Warehousing
- IT Help Desk Services
- Application Development
- Enterprise Resource Planning
- Telecommunication Services

ITES Now offers services such as Knowledge Process Outsourcing (KPO), Legal Process Outsourcing (LPO), Games Process Outsourcing (GPO) etc. The revenues generated by the BPO's are almost \$1.18 million and the domestic market is expected to reach \$10 billion by the end of the financial year 2008. If it continues to grow by the current rate then by the end of the financial year 2012 then IT and IT enabled services will reach nearly US\$330 million.

#### **6.2.1 Key Emerging Trends Impacting the Indian IT Services and ITES Industry**

While the Indian IT services and ITES industry is poised for rapid growth over the next few years, there are emerging trends which are likely to impact their operating models and the industry players would have to appropriately adjust their operations to capitalize upon / manage these trends.

#### **Some key emerging trends include:**

##### **Demand Related**

- Off-shoring is now main stream and increasingly an integrated approach is being adopted across service types. Also, with more experience with the concept, offshoring projects are moving beyond pilots and there is better and coordinated planning, execution and monitoring of offshoring projects.
- Transaction processing is growing faster than customer interaction services and is likely to dominate future growth. Key segments which have contributed to this growth include finance and HR processing.
- Demand for offshoring has extended beyond the banking and financial services industry and other key verticals that are likely to be demand drivers in the future include telecom, healthcare and entertainment / media.
- While a range of sourcing models exist and continue to evolve, the preferred models are captives and hybrid options.
- There is likely to be greater focus on risk, compliance and information security issues and
- Therefore risk management is likely to be the dominant theme (both offshore and on-shore).

### **Supply Related**

- Evolving market structure with consolidations, IPOs and other transactions.
- Emergence of other competing countries and need to appropriately manage people, telecommunications and infrastructure costs to ward of competition from the same as cost arbitrage is still a significant driver for offshoring.
- Possible demand-supply gap for trained manpower in the medium to long term and therefore need to invest in enhancing supply of trained manpower.
- Development of a larger base of locations for IT and ITeS with supporting ecosystems.

### **6.3 HUMAN RESOURCE IN IT INDUSTRY**

The fast growing IT/ITES industry has been struggling with several issues concerning availability and quality of talent. The industry has responded to this issue by evolving sustainable and innovative solutions. Since the educational institutes lagged behind in supplying the requisite number of trained people required for the industry and their curriculum could not keep pace with the changing trends in technology, the IT/ITES industry themselves came forward and made massive in- house training investments, which helped them power their growth and compete at par with international giants in

the global market. The industry has also gone beyond and collaborated with the government, private educational institutions as well as industry associations to contribute towards capacity building, skill development and continual training of existing and potential employees to enhance their capabilities and competitive skills. The industry is also making efforts to ensure that employees are provided a stimulating and healthy working environment for improving their level of satisfaction and productivity.

***Training of workforce:*** The industry has played a pioneering and pro-active role in developing the talent pool in the country by forging links with the academia and the Government. It has not restricted its efforts to developing its own employees but is also investing in raising the overall standard of education. The industry has collaborated with academic institutions for the bridging the gap between the education imparted to students and the actual requirements in the job scenario. Collaborations have been in the areas of curriculum development and course design, training for students. NASSCOM has been involved in developing standards for training and recruitment at entry level to make students more employable. These training address both the technical and soft skills training needs

***Promoting higher education:*** The industry has emphasized upon developing its workforce by encouraging and aiding up-gradation of skills and abilities. It has done so through various means including provision of scholarships as well as training and development activities. Many companies have tie-ups with educational institutes for supporting the higher education needs of their employees and provide full/partial scholarships thus supporting their career goals. NASSCOM has been involved in building the talent base for high end skills in areas like multimedia convergence and bio-informatics while working with the Ministry to develop institutes that produce highly specialized professionals

***Improving the work environment:*** Improving the work environment: IT/ITES companies have been taking the lead in providing a work environment to employees leading to increased productivity and better morale. The facilities provided focus on health of employees by providing gymnasium; yoga/meditation facilities as well as their safety through pick and drop facilities

To cater to the need of providing a work-life balance, particularly to women employees, companies offer flexible working hours while and offer a work from home option.

#### **6.4 HUMAN RESOURCE ASSESSMENT IN IT INDUSTRY**

Recruiting practices, learning and development programmes and compensation philosophies are just a few of the topics of interest in India's first ever comprehensive "IT Industry Human Resource Assessment," conducted by global management consulting and outsourcing firm, Hewitt Associates.

Information for the Hewitt "*2002 IT Industry Human Resource Assessment*" was collected using the Hewitt People Practices Inventory TM (PPD-a questionnaire designed to analyze HR practices and policies governing recruiting/hiring/orientation, development and learning, the work environment, rewards and recognition, health and well-being, time/work/life, and HR information systems (data management and administration). An exhaustive employee compensation and benefits questionnaire was also developed to review the entire gamut of related HR practices in the IT Industry in detail. The information collected through these questionnaires was then analyzed to assess norms, trends and standard market practices.

The Hewitt review found that in a majority of the IT companies, new hires came as a result of internal referrals. Additionally, a formal development and learning needs analysis system was found to be in place among most high-tech firms. Furthermore, a large proportion of the IT Industry in India reportedly provides formal career path and development processes for their employees.

According to the Hewitt research, trends in pay structures in the IT industry indicated that most companies provide employees with cash-heavy compensation packages. In fact, the assessment shows a cash-to-benefits ratio of 80:20 on average, slightly higher than most other industries, which have cash-to-benefits ratios averaging 70:30.

A significant majority of the organizations studied offer their employees a flexible compensation package, despite the administrative work involved. Such a structure gives employees the option of maximizing their tax-advantage to suit the demands of their individual lifestyles.

This Hewitt research went on to show that variable pay ranges from 5 per cent to 10 per cent of total cost to company among technical professionals in the industry. Support functions such as finance and administration receive variable pay that constitutes 5 per cent to 9 per cent of their total cost to company. However, the sales function in the IT

industry is paid a much higher variable pay percentage (22 per cent) of their total cost to company.

Other highlights of the Hewitt 2002 IT Industry Human Resource Assessment include the following policies and practice.

- **Orientation:** Common characteristics of orientation programmes for new employees are meetings with senior executives and discussions of history, values, traditions and business objectives.
- **Work environment:** A majority of the employers in the IT Industry share information mainly to keep employees informed about their business.
- **Rewards and recognition:** The stated philosophy of many organizations is to attract, retain and motivate the best available talent.
- Broadbands are used by very few organizations. None uses a "pay-the-person" approach wherein an incumbent's pay is determined by the skills/competencies he/she possesses.
- **Health and well-being:** IT companies generally provide comprehensive medical coverage for their employees, with most organizations focusing on giving wide coverage to all employees.
- **Time, work and life:** A variety of dependent care assistance programmes, convenience services, amenities and alternative work arrangements are provided by IT organizations. Sick, vacation and personal leave are the main types of leave provided by high-tech firms. Most organizations have a standard working week of five days, eight hours a day.

#### **HR Information systems, data management and administration**

- Some form of a HRIS is used by a large number of high-tech companies.
- Most IT organizations provide the intranet facility.

### **6.5 IT HR IN PRACTICE**

Innovations are continuous process for HR professionals working in and for IT organizations. The way aspirations and ambitions are in the increasing state among the IT professionals, new ideas translating to initiatives are essential to make people happy at work. The following are some of the HR initiative being practiced successfully in various companies.

- Agilent Technologies conducts an online survey to pulse tracks the satisfaction levels on a weekly basis. This helps in quick identification of employee related issues that need to be addressed.
- Special programmes are implemented to involve the families in the work. These people work in odd hours and have to be away from their families in case of foreign assignments. Therefore, involving their entire family in innovative programmes helps to create a link with the individual on an emotional level. This motivates the employee and also ensures his loyalty towards the organization.
- Towards image building process of the organization and to attract the new talents, the company provides a toll free number. Callers are given information on career plans, work culture, policies and practices of the organization when they contact.
- These highly result-oriented IT companies also emphasize on having fun. An employee while working hard at his computer trying to develop or solve the bugs in the programme, can play quizzes and games to facilitate bonding and teamwork within the group. Also, birthday bashes and parties involving the employees and their families are organized which improves their interpersonal relationships.
- These companies use the technological advances to help in working out HR issues. For example, multi-source feedback is provided by the use of intra net. Also self-paced learning and self-nominations and concierge services are provided.
- Also in these companies, one of the main features is the diversity in their workforce. An Indian, a Chinese and an American can work in the same team. This poses some challenge for the HR professional to manage workplace diversity and integrate them in teams. At Microsoft, this diverse workforce is seen as an opportunity. They feel that this would breed quicker product innovations and promote employee performance.

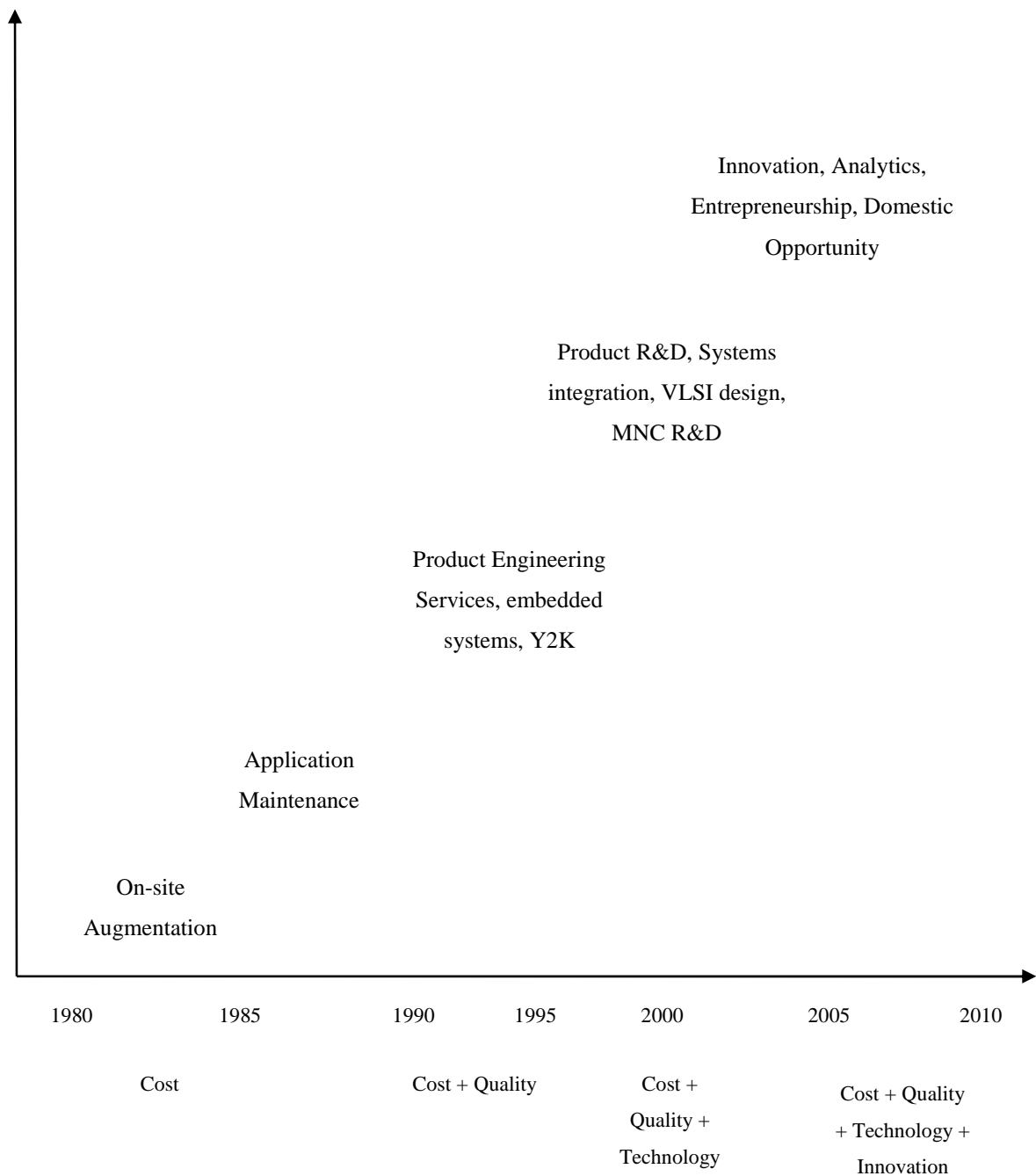
## **6.6 THE EVOLUTION OF IT SERVICES IN INDIA**

No firm can develop all the products and services it needs to provide personalised experiences for each customer. Nor can any firm develop all the managerial capabilities it needs to transform the organisation. The focus must be on the skills of individuals and their attitudes to learning, as well on the competence of teams and the ability to continually configure task based teams with the best talent around the world.

Transformation to be effective, managers must focus on mobilising talent rapidly from within and outside the firm.

Outsourcing of jobs – be it manufacturing to China or services to India- has received inordinate level of attention both among managers and in press. From the above figure, it can be seen that the initial impetus for outsourcing was primarily cost arbitrage - meaning that firms can access comparable skills in India for a fraction of the costs of those skills in the United States or Europe. This probably was the motivation for the first round of outsourcing to Indian vendors of basic and low – tech work, such as maintenance and testing of software applications and checking for bugs during the Y2K scare.

While global firms are focusing on emerging markets such as India and China for growth and talent, some local firms are also outgrowing their national markets and building global operations. The focus of these firms is to build project teams that are multi-geographic and multicultural. The focus is not just on the cost. Cost is a consideration, but equally important is the quality, innovativeness of the solution, and speed. The patterns of work and the composition of the teams vary considerably as the nature of projects and access to talent required varies.



**Figure 6.1: Evolution of IT Services in India**  
*(Source: Adapted from Prahalad C. K., 2009)*

### 6.7 APPROACHES TO INCREASE TALENT POOL

IT Firms recognise that there is competition for talent. Building and accessing a talent pool requires four distinct tasks:

1. Increase the number of skilled people.
2. Challenge the industry norms about the way work is done so that people with lower levels of skills can be trained to do the work effectively.



3. Create an excitement around the firm and the skills need
4. Disaggregate work and deskill it so that people with little formal education can do it.

TCS, Infosys and the other software firms in India face a severe talent shortage due to the vigorous growth in the Indian software industry. These firms have recruited a number of science and commerce graduates (so opposed to engineering graduates) for the testing and software applications. The cost of a science or commerce graduate is about one-third that of a software engineer. The quality of software testing is also better in many cases.

IBM, Infosys, and TCS are experimenting with new ideas to leverage raw talent in India to counter significant increase in wages for software professionals. The challenge is to convert young graduates with no experience to industry-ready assets that can be deployed in multinational projects.

IBM is creating an ecosystem of universities and institutes through funding and co-creation of courses. It is building a virtual network of students and faculty to work on challenges posed by real – world projects.

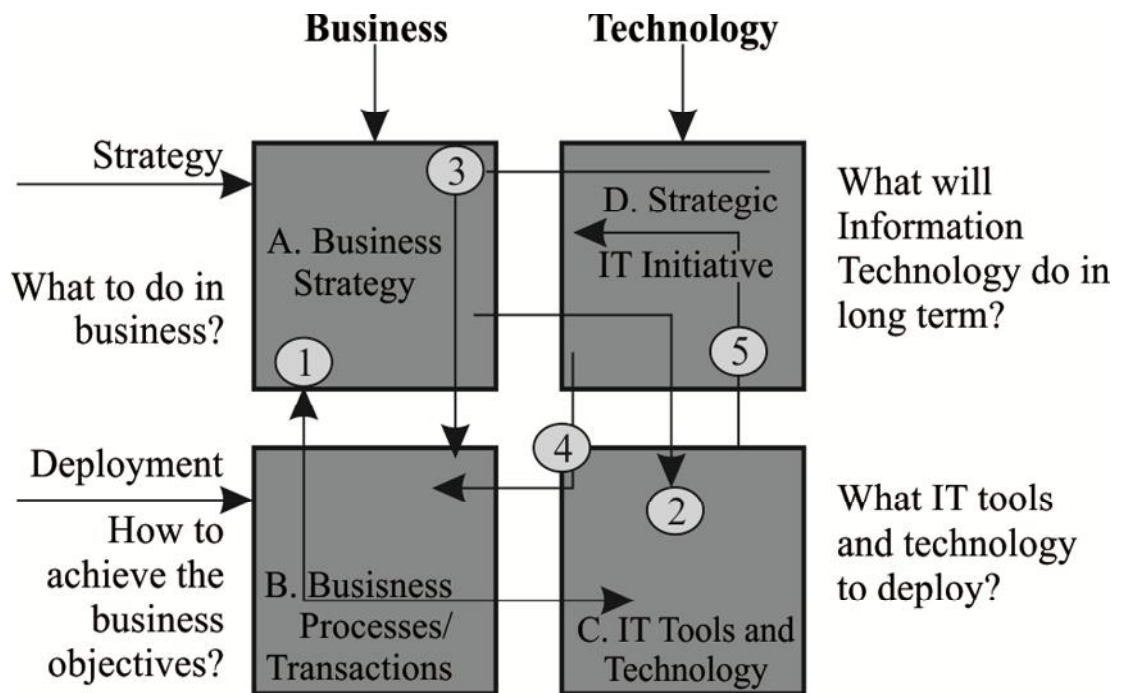
Hyderabad based Satyam Computers; software export vendor in India is experimenting in leveraging resources from Indian villages. For the leading Indian software firms that recruit tens of thousands every year, the recruitment process is very complex. They typically receive nearly a million applications in response to their job postings, and even the initial screening of applications can be very expensive. Satyam opted to experiment with resources in an Indian village a few hundred miles from Hyderabad to improve the efficiency of its recruitment process.

It is clear from the above that firms are trying multiple approaches to increase the available talent pool.

## **6.8 INNOVATING THROUGH IT AND BUSINESS ALIGNMENT**

The capability of an organisation to innovate is a combined function of its people, creativity, process maturity and ability to internalize its past learning.

The following figure 6.2 shows the five ways in which IT and business alignment can be established. Each of these can be adopted by an enterprise at various stages of its maturity.



**Figure 6.2: Five ways of IT and Business Alignment**  
 (Source: Adapted from Dubey, 2009)

In the above figure Block A is business strategy representing the long term business objectives that the firm wants to achieve. Block B is business infrastructure representing the business processes and activities needed to realise the business strategy.

Parallel to these two are the building blocks related to IT. Block D represents IT strategy, encapsulating the strategic (long term) view for IT and the support that the firm needs for IT for running its business. All the strategic initiatives required for the organisation to run the IT functions. Block C represents the actions enabled through IT tools and technology that would support the business processes and technology requirements.

## 6.9 CASE STUDY: AN INNOVATIVE APPROACH

### How can we create a Google of India?

It just took about six years for Google to achieve its success, largely following an innovative theme of search engine. No one would have ever thought that a simple innovative idea can lead to ever-expanding business value proposition.

In the first year of Google's inception, it started as a simple tool to analyse searches. Then Google innovated further to create a search engine (years second through fifth). All this as seemingly free to the users and then came the third round of innovation of its

business model whereby advertisers would pay for clicks. It took just six years to reach this scale of innovation.

Let's look at some of the statistics. Google has about 8,000 employees, earns revenue of \$10 billion per year and profits of \$3.2 bn. Its revenue per employee is \$1.25 million and pre-tax profit per employee is \$525,000. Google is now eight years old. In contrast, one of the top IT majors of India adds on an average 80,000 to 10,000 new employees every six months and has an annual revenue of just \$3 bn. With a base of about 60,000 employees, its revenue per employee is approximately \$50,000 and pre-tax profit per employee is \$10,000.

Unless a desire to innovate with ideas meet with a persistent follow-up supported with investment, ideas like Google do not take shape. Another ingredient of success is the ability to change continuously. Google has done that successfully, including changing CEO (2003) and its business models twice over. (Dubey, 2009)

The IT Industry has undergone several transformations in the last 20 – 25 years. While the first generation of IT companies took the hardware route to establish them, next generation selected niche portfolio of software products and services.

The products to services continuum, have the following stages:

1. Product – centric support for the products – Installation configuration, initial training.
2. Transactional services – such as maintenance projects/ tasks, one – off transactions and thus close to the product centric model.
3. Services focus on customer operations- Supporting existing processes through IT in contrast to developing new processes and value co-creation.
4. Services focus on customer business processes – To support customer business by co-creation of value.

## **6.10 IT BUSINESS INNOVATION FRAMEWORK**

A simple three-component framework for IT business innovation is as follow:

1. Create and sustain a Deep Domain Fulcrum
2. Apply forces through Innovation of IT service offerings – products, services, processes.
3. Leverage through Business model innovation of IT business.

### **6.10.1 Create and sustain a Deep Domain Fulcrum :**

Unlike any primary activity, e.g. agriculture, manufacturing or construction, Information Technology Services play a supporting role to these primary businesses. The concept of domain fulcrum is the ingrained ability among the IT service players to understand what is happening in these industries and how they can position themselves. Domain fulcrum is the competency within the IT companies to fix a business problem for the customer, not to just give an IT solution.

### **6.10.2 Apply forces – IT Services Business Innovation Framework**

IT products, services and tools have to support many primary businesses such as manufacturing, banking etc. It is likely that some of these may be suitable across all businesses, while many may be unique for the particular industry segment. Cross leveraging this innovation across the industry and combining it into a unique business model would be the next move.

The three sub elements of IT services business innovation are:

1. Skill Chain innovation: raw material innovation perspective, ensuring that a right input is used for the right output.
2. Service offering innovation perspective
3. IT industry ecosystem innovation perspective.

### **6.10.3 IT services Offering Innovation :**

IT services are all too focused on technology intervention and the measure of success in business terms rarely exists. Indicators of IT products offering success should be linked with increased value, reduced cost and increased business effectiveness through customer delight.

## **6.11 CONCLUDING REMARKS:**

This chapter presents the general background of overall IT industry. The trends of Human resource assessment, IT Company's approach towards increasing the talent pool have been discussed briefly. The chapter attempts to throw light on the innovative approach of IT companies with the help of innovation through IT and business alignment and IT Services Business Innovation. To support this, a small case study of Google has been included.

## **CHAPTER 7**

### **REWARD MANIFESTATIONS**

#### **7.1 INTRODUCTION**

Rewarding an employee means giving him something more than what is usually given to employees at his level. If he is rewarded as a mark of recognition for some job done well, the employee feels motivated. This recognition may be in terms of tangible benefits or non-tangible ones such as a certificate.

An employee is generally rewarded for high performance in his job over a period of time (usually a year or two) and this should be differentiated from other forms of awards such as those for bravery, social service, best employee, sportsmanship, etc. Performance awards are given to individuals for consistent outstanding work in their jobs although group performance rewarding is also not uncommon.

#### **7.2 REWARD PHILOSOPHY**

Reward management is based on a well-articulated philosophy – a set of beliefs and guiding principles that are consistent with the values of the organization and help to enact them. The philosophy recognizes that, if human resource management (HRM) is about investing in human capital from which a reasonable return is required, then it is proper to reward people differentially according to their contribution (i.e. the return on investment they generate). The philosophy of reward management also recognizes that it must be strategic in the sense that it addresses longer-term issues relating to how people should be valued for what they do and what they achieve. Reward strategies and the processes that are required to implement them have to flow from the business strategy.

Reward management adopts a 'total reward' approach, which emphasizes the importance of considering all aspects of reward as a coherent whole that is linked to other HR initiatives designed to achieve the motivation, commitment, engagement and development of employees. This requires the integration of reward strategies with other HRM strategies, including talent management and human resource development. Reward management is an integral part of an HRM approach to managing people.

### 7.3 PHILOSOPHY BEHIND PERFORMANCE REWARDING

Several research studies in the past have indicated that the need for recognition is very important and it dictates employee behaviors. Every employee wants his efforts to be recognised and that he should be treated as an important part of the organisation. If the existence of employees is not taken note of, then after some time they may resort to draw the attention of the top management to their existence. Performance rewarding is an effective way of communicating to employees that every individual employee is considered important and his performance is given due recognition.

Another purpose served by the rewards is to reinforce desirable behaviours shown by employees so that they continue to contribute to the organisation by exhibiting such behaviours. Rewarding also helps to create healthy competition among employees by encouraging less hard working ones to compete with more hard working ones. Thus, it is one of the ways of keeping an organisation alive and dynamic.

### 7.4 DETERMINANTS OF REWARDS

The popular criteria by which rewards can be distributed are:

(a) **Performance.** Performance is the *output*. To reward people in the organization, therefore, requires some agreed-upon criterion for defining performance. A difficult issue with performance is differentiating between quantity and quality. For example, an individual may generate a high *output* but his performance standards might be quite low. Hence, where controls are not instituted to protect against such abuses, we often find quantity replacing quality.

(b) **Efforts.** The rewarding of effort represents the classical example of rewarding means rather than the ends. In organizations, where performance is generally of a low caliber, rewarding of effort may be the only criterion to differentiate rewards on the assumption that those who try should be encouraged. In many cases, effort can count more than actual performance. The employee, who can show his effort, without really putting one, will stand to be rewarded more than his sincere counterparts.

(c) **Seniority.** Seniority dominates most government organizations in the world, and while they do not play an important role in business organization” there are evidences that length of time on the job is a major factor in determining the allocation of rewards. The greatest virtue of seniority is that, relative to other criteria, it is easy to decide an employee’s seniority. So seniority represents an easily quantifiable criterion which can be substituted for performance.

(d) **Skills held.** Another practice that is not uncommon in organizations is to allocate rewards on the basis of skills of the employee. Regardless of whether the skills are used, those individuals who possess the highest skills *or* talents will be rewarded commensurately. Where such practices are used, it is not unusual to see individuals become 'credential crazy'. The requirement that an individual needs a university degree in order to attain a certain level within the organization is utilizing skills as a determinant of rewards. When individuals enter an organization, their skill level is usually a major determinant of the compensation that they will receive. In a competitive market, skills become a major element in the reward package.

(e) **Job difficulty.** The complexity of the job can be a criterion by which rewards can be distributed. For example, those jobs that are highly repetitive and can be learnt more quickly, may be viewed as less deserving in reward than those that are more complex and sophisticated. Jobs that are difficult to perform, or are undesirable due to stress or due to unpleasant working conditions, may have to carry with them rewards that are higher in order to attract workers to these activities.

(f) **Discretionary time.** The greater is the discretion called for on a job, the greater is the impact of mistakes and a need for good judgment. In a job that has been completely programmed, that is, here each step has been procedurised and there is no room for decision making by the incumbent, there is a little discretionary time. Such jobs require less judgment and lower rewards can be offered. As discretionary increases greater judgmental abilities are needed and rewards must commensurately be expanded.

The above classifications suggest that there are number of determinants to which rewards can be allocated. Most organizations consider merit as the major criterion that will determine rewards. However, what constitutes merit is a value judgment. Performance, too, is a variable that is frequently cited as the basis on which rewards are allocated.

## **7.5 REWARD MECHANISMS**

Organizations undertaking change initiatives must engage employees. Paying the person instead of the job and using variables pay, annual performance awards, promotions, appreciation letters etc. supports performance and change.

## **1. Salary Increase**

The general pattern of salary administration in most organisations is by associating salary grades with different positions. Annually, the salary of every employee increases by a fixed amount associated with that grade. In many companies this is a routine matter and there are salary increases as soon as the employee completes a year of service.

In some companies, however, the salary increases are not given until the performance appraisal report of that employee is received from his supervisor. In these companies, employees, whose performances are rated higher than most others, are given additional increments in salary as a mark of recognition of their contribution. Since such additional increments cannot be given to all the employees, the company generally adopts certain criteria such as rewarding the top 10 per cent or so every year. These criteria may also involve certain restrictions on the employees receiving these rewards. For example, no employee can receive the reward consecutively for two years.

A few other companies have very liberal policies and even reward employees by giving more than one additional increment. Some of these companies also have the practice of stopping even the normal increments of an employee whose performance is not satisfactory. This is generally avoided and even in those companies, stopping of increments is a rare phenomenon and is resorted to only in extremely poor performance cases as a measure of warning for improvement.

## **2. Annual Performance Awards**

In this system a select percentage of employees are given annual awards which are not linked with their salaries. Thus an organisation may decide to give an annual performance award of a certain amount of money. Or the employee may be presented with some prizes, or extra privileges and benefits may be given to him. These are again based on their appraisal reports.

## **3. Outstanding Performance Awards**

These are performance awards given to a selected few employees for outstanding performance. Normally, these carry a lump sum amount of money, a certificate and a memento. Companies can have this in addition to annual Salary increments and other forms of rewards.



#### **4. Change of Responsibilities and Status**

Some organisations reward their employees by assigning them higher level responsibilities. The head of a department may delegate more powers and authority to a high-performing employee. A salesman may get a larger area of coverage or more prestigious areas for his operations or new products that are generally given to a competent salesman. There are many such mechanisms by which the contributions of an employee can be recognised. Such forms of rewarding generally have high motivational value.

#### **5. Sponsorship to Conferences, Tours and Visits to other Countries**

This is another frequently used mechanism by some companies. Outstanding performers are given priorities for attending training, conferences, etc. in other countries. Or they may be specially sponsored to visit industry or other similar organisations in other countries to learn from their experiences. This may be considered as a development reward as it provides an opportunity for such employees to develop themselves.

#### **6. Advanced Training and Development Opportunities**

High performing employees are sponsored to attend training programmes as a preparation for their promotion or higher responsibilities. In some cases, the management does not reveal this to the employee and he may get the feeling that there is something lacking in him and this is why he is being sponsored. Thus, it may have an opposite effect unless clearly explained.

#### **7. Transfers**

In organisations having a wide geographic coverage, transfer of employee from one place to another becomes very necessary. Employees normally have their own geographical preferences. For example, most employees prefer jobs in well-developed cities and towns or their own home town if they want to be nearer to their families. Such preferences of employees are met when their performance is good. There are some organisations that give priority to the transfer requests of high performing employees.

#### **8. Appreciation Letters and Certificates**

This is another mechanism used particularly for employees at lower levels. Such certificates signed by the chief executive or a top level officer may mean a lot. These are distributed at annual functions. When there is a large group of people receiving such certificates, they are handed over to heads of departments for distribution. Some employees value the certificates highly and feel proud to receive them.

## **9. Announcement in Newsletters, Journals, etc.**

This is another way of recognising and rewarding good performers. It is not an uncommon sight in some hotels to see pictures of 'Employees of the Month' being displayed at lobbies. This form of recognition also has a motivating effect on employees. Whatever be the mechanism used, to make rewards achieve their purposes, the following points should be kept in mind:

- The employee should know the aspects of his performance that have been judged or assessed as deserving of reward.
- The employee should know clearly the nature of reward being given to him.
- The employee as well as his co-employees in the organisation should perceive the rewards as a form of recognition and should attach some value to them.
- When these conditions are met, the rewards are likely to be effective.
- Reward management, while extremely desirable, is not easy. The following are some of the common problems encountered by the management.
  - a. Quantification of performance.
  - b. Comparison of performance with jobs.
  - c. Differentiating between the contributions of abilities and efforts to high performance, and giving weightages to the same.
  - d. Demoralisation among employees who are not rewarded but who consider themselves as high-performing.
  - e. Isolating individual employees' contributions from group contributions.
  - f. Subjectivity in performance assessment.

## **7.6 REWARDING TEAMS**

Cross-functional teams are becoming a dominant feature of every organization. Teams are today setting new standards in productivity, problem solving and innovation. They are taking organizations to newer heights. It has, therefore, become important to logically link the rewards of the team members to the performance of their teams

Corporate India is learning that the answer lies in designing a comprehensive appraisal and- reward system that splits employees' compensation between company standards, individual merit and team performance. To throw more light on these new and upcoming strategies, the practices followed by today's successful team players-some case studies are presented here.

Some of the guidelines, which could be followed, are given below:

- (a) Set quantifiable targets while evaluating team performance for rewards.
- (b) Ensure that top performance in each team earns the highest level of rewards.
- (c) Link team performance closely to the company's profits and overall financial health.
- (d) Avoid subjectivity while assessing both the teams and the individual performance.
- (e) Offer uniform non-team based increments to employees within each grade.

Creating motivation among employees is not enough to have continued high productivity. It is equally very important to sustain the motivation among people at work through innovative reward schemes which can reinforce them in enhancing job commitment

## **7.7 PERFORMANCE APPRECIATION – PROMOTION**

"*Promotion*" is a term which covers a change and calls for greater responsibilities, and usually involves higher pay and better terms and conditions of service and, therefore, a higher status or rank.

A promotion may be defined as an upward advancement of an employee in an organisation to another job, which commands better pay/wages, better status/prestige, and higher opportunities/challenges, responsibility, and authority, better working environment hours of work and facilities, and a higher rank.

### **7.7.1 Purpose of Promotions**

Promotions are usually given:

- (i) To put the worker in a position where he will be of greater value to the company and where he may derive increased personal satisfaction and income from his work;
- (ii) To remove a worker from his job as an alternative to avoid the embarrassment of firing or demoting him;
- (vii) To recognize an individual's performance and reward him for his work so that he may have an incentive to forge ahead. Employees will have little motivation if better jobs are reserved for outsiders;
- (iv) To increase an employee's organisational effectiveness;
- (v) To build up morale, loyalty, and a sense of belonging on the part of the employees when it is brought home to them that they would be promoted if they deserve it;

- (vi) To promote job satisfaction among the employees and give them an opportunity for unbroken, continuous service;
- (vii) To provide a process of "selective socialization." Employees whose personalities and skills enable them to fit into an organisation's human relations programme tend to stay on; while those whose personalities with those of the organisation clash tend to leave;
- (viii) To attract suitable and competent workers for the organisation;
- (ix) To create among employees feelings of contentment with their present conditions and encourage them to succeed in the company.
- (x) Organizations use promotions, rather than just monetary bonuses, to motivate employees even though this may conflict with efficient assignment of employees to jobs. When performance is unverifiable, use of promotion reduces the incentive for managers to be affected by influence activities that would blunt the effectiveness of monetary bonuses.

#### **7.7.2 Promotion Programme and Procedure**

A promotion programme consists of the following basic elements:

The management must provide realistic opportunities which will encourage promising employees to take the risks involved in moving upward. It must not discourage valuable employees from seeking advancement by making service in an unpopular job a prerequisite for promotion. It must provide for employees who do outstanding work but who are unwilling to take on new and additional responsibilities. It must provide alternatives for professionals who are reluctant to assume supervisory responsibilities.

Organisations that have failed to reward excellence in service, or that have relied too heavily on personal relationships or length of service, suffer in terms of both efficiency and morale.

Each organisation needs to strike a balance between the internal sources of personnel promotion and external source (through recruitment) on the one hand and between merit and ability as against length of service on the other. "The organisation that fails to develop a satisfactory procedure is bound to pay a severe penalty in terms of administrative costs, misallocation of personnel, low morale, and ineffectual performance, among both no managerial employees and their supervisors."

Since promotions mean advancement for some, the promotional process itself must ensure that successful candidates are sufficiently acceptable to their subordinates and others so that leadership in, and effective administrative of organizational progress is unhindered and unhampered. A management should frame the policy on the basis of which promotions may be made.

### **7.7.3 A sound promotion policy:**

A sound promotion policy must satisfy the following criteria:

(a) *It should enjoy consistency*, it will be applied irrespective of the persons concerned. Consistency demands that the policy should be so correlated to career planning that there should not be a sudden spurt of promotion in the organisation conferring premature benefits on a number of persons, followed by a long period of absence of promotion. ,

(b) *It should be fair and impartial*, i.e., the management should be able to remove all suspicion of arbitrariness, improvisation to suit particular individuals, nepotism, etc.

(c) *Promotion should be a planned activity*, the management should make a correct assessment of the requirements or opportunities of promotion within the organisation so that there is no phenomenon of 'bunching' or no period of 'promotional drought', i.e. no over-estimation or under-estimation.

### **7.7.4 Essential elements of Promotion Policy**

1. ***Promotion Policy Statement***, which should consider whether vacancies are primarily to be filled up from within an organisation or by recruitment from outside. Is any preferential treatment to be given to direct recruits? Would it be sound to deny promotion to otherwise qualified personnel? Whether an increase in pay is to be given? if so, when and how much? Usually, internal promotions are preferred over external recruitment and increase is given at the time of promotion, otherwise promotion is meaningless.

2. ***Establish as Plan of Jobs***, i.e., decide on what basis promotions are to be given. Whether on performance appraisal, or on the basis of confidential records, or job and post-bid system. Which positions are to be filled up? Usually promotions are decided on the basis of performance appraisals. "Job-post and bid system", i.e., positing of job

vacancies indicating job titles, duties, pay and qualifications on company notice boards, is also utilized.

3. ***Trace Transfer Routes, i.e.,*** having some type of formal and systematic promotion channels. Ladders giving paths of advancement, *promotional charts, opportunity charts* or *fortune sheets* clearly distinguish each job and by lines and arrows, connect various jobs; and show the lines/routes of advancement up to and away from them. *Stepping jobs* should be clearly identified and recorded on paper. *Dead-end jobs* should be labeled and the path upward well marked.

4. ***Prepare Employees for Advancement, through the Provision of some Training,*** either on the job in professional technical institutions, or through job rotation, multiple management, under-study and conferences.

5. ***Communicate the Policy,*** the organisation should communicate its promotion policy either in the form of a manual or in the agreement signed with the union or in the form of a set of Standing Orders. To have a policy and not to communicate it to the employees will only create suspicions and misgivings. However, for higher level personnel a precise formulation of such a policy may not be effective.

6. ***Detailed Personnel and Service Records are Kept Ready*** on the basis of which promotions may be made.

The following indices are available for judging whether candidates are suitable for promotion:

- a) The *margin of performance* on his present job, i.e., does he run it with ease and with margin to spare or is he barely able to manage his job?
- b) *Flexibility* or *versatility*, i.e., has been successful on different types of jobs requiring different skills and different abilities, or does he seem to be only. Interested in a restricted field?
- c) *Intelligence*, i.e., how does he think? How has he learnt on work he has carried out?
- d) *Equipment*, i.e., how compatible are his education, literacy, expression and personality with the critical needs of the job?

- e) *Motivation*, i.e., what are his wants? What is important for him? What are his goals, his objectives in work and life?

#### 7.7.5 Determinants of Promotions:

The usual policy is to take merit into consideration. Sometimes length of service, education, training courses completed, previous work history, etc., are factors which are given weight while deciding on a promotion. Although promotions are made on the basis of ability, hard work, co-operation, merit, honesty, many informal influences are powerful determinants of a promotional policy.

For higher posts, persons are picked by the top executives:

- (i) Who think and feel just as he does;
- (ii) Who value loyalty to him and to the organisation; and
- (iii) Who have social, political, economic and religious interests similar to his own.

Top executives tend to choose those who are carbon copies of themselves.

***Seniority versus Merit:*** "Seniority" refers to length of service in the company or in its various plants, or in its departments, or in a particular position. Under *straight plan wise seniority* in all jobs, promotions go to the oldest employees, provided that he is fit for the job. *Occupational seniority* may be within a department, within a division or in the entire plant.

Seniority offers certain rights and benefits. These are:

- (a) Some rights are based on competitive seniority among employees. Rights to promotion, transfer, lay-off and recall are such examples.
- (b) Other benefits have nothing to do with one man relative to another, e.g., a man may be entitled to have 15 days' casual leave in a year, a pension after 30 years and a certain amount of sick leave after 6 months' service.

There is a great controversy on the question of whether promotions should be given on the basis of seniority or ability. Trade unions are of the view the promotions should be given on the basis of seniority, while managements favour promotions on the basis of

merit and ability. If a promotion is given to a qualified man in recognition of his performance or with a view to creating an incentive for him, then it should be based on his ability.

The most widely used basis for promotion combines both ability and seniority. The best policy would be to ensure that whenever there are two employees of equal seniority, ability or merit should be the deciding factor in a promotion. Where, however, there are two employees of almost equal competence, seniority should be the decisive factor. Such a policy would satisfy *the* management which prefers ability, and trade unions which prefer seniority.

#### **7.7.6 Practices in India pertaining to promotion policy**

In India, in some companies, promotions are made on the basis of merit, potential and seniority. Internal Promotions are also granted, from the existing lower cadre on the basis of seniority and merit.

In public sector organisations, elaborate rules exist for regulating the seniority of employees in different service cadres. Promotions are made from this list. But often, due to political pressures, the rules are violated and a person standing much lower in the list is given priority over the senior-most men.

In the private sector enterprises, the promotions are generally not based upon any clear-cut rule. Efficiency is the main consideration, unless it is a family enterprise where relationship with the proprietors or patronage might play a part. But even there only a limited number of posts would be filled upon the basis of relationship or by way of patronage. Even in such firms where employees are concerned there is generally well-defined promotion policy and nepotism is avoided, as far as possible, where the employees are well organized. The rule followed is: "Promote *the best man available*,"

While making promotions, the management must ensure that:

- (a) Proper talents are first made available by a correct programme of recruitment;
- (b) Employees are enabled to satisfy their own aspirations within the framework of the company's own objectives and projects' and
- (c) A programme of career planning, coupled with periodic assessment is followed in accordance with rules.



It is worth noting that in a developing economy like India, with rapid technological advances and need for training and education it is not always possible to promote the older workers who can neither be adequately trained nor are willing to be exposed to new concepts, ideas and methods of work. As for the higher level promotions, only in large organisation can a policy of promotions from within be practicable; but even there such promotions cannot be confined entirely to the existing personnel of the organisation, unless management development and career planning are an essential part of the company's promotion policy.

#### **7.8 CONCLUDING REMARKS:**

This chapter covers the concept of reward management, reward philosophy in brief. It also covers determinants of reward, and reward mechanism. This chapter throws light on the concept of promotion which is one of the core themes of present study. It covers different dimensions of promotion such as types of promotion, promotion programme and procedure, promotion policy, promotion practices in India etc.

## CHAPTER 8

### INNOVATION & KNOWLEDGE MANAGEMENT MANIFESTATIONS

#### 8.1 INTRODUCTION

Information Technology (IT) is used to in order to become more efficient, faster and perform with precision. With the advent internet and convergence, the role of the computer and communication has assumed greater importance. IT can facilitate the innovation of customer experience, internal business processes and the business model. Creativity is important for addressing cost, customer experience and competitive challenges through computers and communication technology.

Services of most IT companies, barring a few market leaders (who still focus on hardware manufacturing), constitute a major part of their business. IT companies chose one or more of the services value chain as their offering, starting from skill staffing, software development, product development, implementation and package selection and consulting services. This chapter presents a view on the innovation of IT businesses; before that it provides conceptual framework of innovation.

Knowledge being a strategic resource, it needs to be created and shared as much as possible. Performance appraisal system should be designed as a tool for encouragement of the knowledge sharing behaviours. In the present chapter different perspectives of knowledge management have also been covered.

#### 8.2 INNOVATION IN BUSINESS

In simple terms, innovation means doing things differently. A more exhaustive definition of innovation is “*the introduction of new ideas, goods, services and practices which intended to be useful and valuable.*”

In business scenario, innovation is often divided into five types:

1. Product (including service) innovation involves the introduction of a substantially improved good or service. This might involve improvements in functional characteristics, technical abilities, ease of use, or any other dimension.
2. Process innovation involves the implementation of a new or significantly improved production or delivery method.

3. Marketing innovation is the development of new marketing methods with improvements in product design or packaging, product promotion or pricing.
4. Organisational or people innovation (also referred as social innovation) involves the creation of new organisations, business practices and ways of running business organisations or new organisational behaviour.
5. Business Model innovation involves changing the way business is done in terms of capturing value. Business Model innovation refers to a continuous change of the business model to keep pace with changing customer needs and market realities. It also business should not only to continue to stick to its knitting but weave the evolving story around the core.

### 8.2.1 Creativity and Innovation

- **Innovate:** to renew, to introduce as something new, to introduce novelties, to make changes.
- **Create:** to bring into being or form out of nothing; to bring into being by force of imagination: to make, produce, or form: to design: to invest with a new form, office or character: to institute.

Christensen and Overdorf (2000) define two types of innovations :

- Gradual Innovation (exploitation): Successful companies are good at responding to evolutionary changes in their markets:
  - Make a product or service perform better in ways that mainstream customers already value.
  - Typically developed and introduced by industry leaders.
- Disruptive innovation (exploration) :
  - This relates to innovations that create an entirely new market by introducing a new product or service that mainstream customers.

### 8.2.2 IT services Offering Innovation:

IT services are all too focused on technology intervention and the measure of success in business terms rarely exists. Indicators of IT products offering success should be linked with increased value, reduced cost and increased business effectiveness through customer delight. Typically information technology products and services are offered in the following areas:

1. IT Consulting
2. System architecture, design and delivery

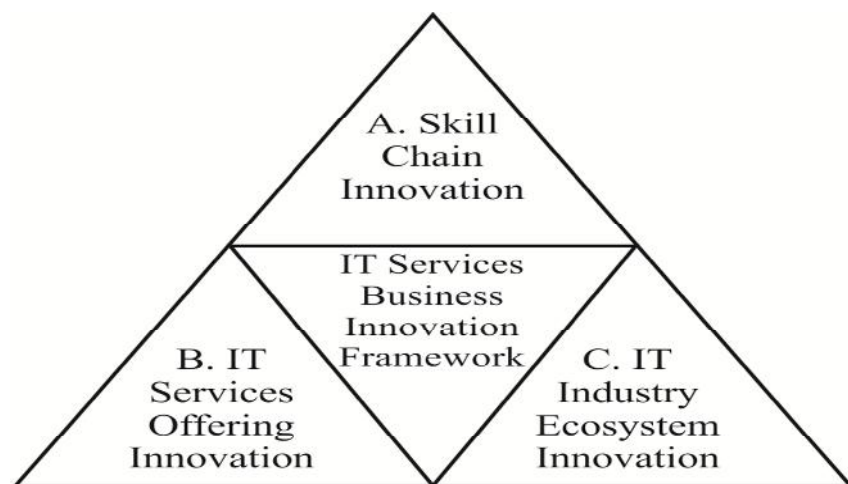
3. Enterprise application integration
4. Applications management
5. System engineering and technical problem – solving assistance
6. Functional process outsourcing

The innovation perspective would be to link the end business performance with any or many of these services. The IT services need to blend other problem solving tools and techniques while creating IT systems and integrate.

### 8.2.3 IT Services Business Innovation Framework

The three sub-elements of IT services business innovation are:

1. Skill Chain innovation – raw material innovation perspective, ensuring that a right input is used for right output
2. Service offering innovation perspective
3. IT industry ecosystem innovation perspective



**Figure 8.1: IT Service Business Innovation Components**

*(Source: From Dubey, 2009)*

#### 8.2.3.1 Skill Chain Innovation

To make knowledge work more productive will be the great management task of this century, just as to make manual work productive was the great management task of the last century

- Drucker

The IT business is highly people – intensive, not only in terms of the quantity of people required but also the quality of the people and their motivations. Software development till recently was considered an art form and some semblance of order has been restored

by adopting processes under the aegis of ISO or CMMI framework; yet the importance of people is well understood without doubt. Most of these processes can bring in efficiency and prevent defects to some extent but would not facilitate motivation to innovate.

The new global knowledge economy requires rewriting of this curriculum for global needs, extending beyond basic computer literacy and knowledge of just code writing. Areas like information reasoning and active learning skills, global business knowledge, etc. are the few areas that need to be included among many others.

**Skill Chain Innovation Framework:** Skill Chain refers to all levels of skills that are used as raw material in IT services. Apart from that, there is need for the IT service organisation to create a skill innovation infrastructure and the society at large to create an ecosystem to facilitate the same.

**1. Academic Curriculum Innovation:** Current academic institutions teach the technical construct of IT which is preparing the student for definitive situations, whereas the real need of IT is to prepare them to meet creative and uncertain situations. The key competencies needed in the IT skill chain have many dimensions (for e.g. cognitive, motivational, ethical and social components) and they are interrelated. Some of the most needed ones are:

- Inter - personal skills: Team work and the ability to collaborate in pursuit of common objective, leadership capabilities
- Intra – personal skills: Motivation and attitude, the ability to learn, problem-solving skills to cope with risk and change, effective communication with colleagues and clients, analytical skills.

Some of the innovation hooks in academic curriculum are as follow:

- 1) Industry should start sponsoring and building a talent pool just after the +12 (school finals) stage with the students and own them.
- 2) Any IT teaching must have a real life associated with it. Cross exchange with the real life work situation will facilitate them.
- 3) The academic curriculum is too rigid and offers few choices or “toppings” suited to individual needs or the industry needs.
- 4) Universities are a great place to build buddies and understand each other’s strengths and weaknesses. Instead of hiring individuals, companies should encourage hiring in small groups. This way a balanced set of skills will be obtained and the attrition will also be less.

### **1. Life – long Learning:**

The skill chain innovations cannot just happen only by innovative academic curriculum and awarding some mandatory professional certificates. Innovation in IT Industry would be possible if the learning is life – long. For this individuals have to indulge themselves in self-knowledge creation and find its application but they must do continuous analysis and synthesis by developing key competencies, and refreshing revitalizing and reinforcing the foundation are also needed.

### **2. Create Enterprise Innovation Infrastructure for Skill Chain Innovation:**

The enterprise needs to create and facilitate innovation infrastructure and technology support to facilitate the group learning and skill process. Some of the innovation hooks in the enterprise could be:

- a) Work force agility via cross-training
- b) Work rotation
- c) Pooling for non – overlapping and overlapping skills zones
- d) Cherry picking (cross-train under utilised workers to help those that are overutilised)
- e) Creating technology infrastructure such as team rooms, webinars, chat rooms etc. to unearth ideas.

**3. Society Innovation Utopia:** The last and most difficult part of skill chain innovation is to create a society that supports innovation as learning continuum.

#### **8.2.3.2 IT Services Offering Innovation:**

IT services are all too focused on technology intervention and the measure of success in business terms rarely exists. IT companies should be committed to using technology to offer solutions and business benefits, not just information and they should move from information to knowledge to business success. If IT companies change their focus on increasing value of the business (save time, offer convenience, accessibility, quality, etc.) and decreasing cost (save money) and being a partner in the success, they will create a new value for themselves.

Typically information technology products and services are offered in the following areas:

- IT Consulting
- System architecting, design and delivery
- Enterprise application integration
- IT infrastructure management

- Applications Management
- System engineering and technical problem solving assistance
- Functional process outsourcing

The innovative perspective would be to link the end business performance with any or many of these services. The IT services need to blend problem solving tools and techniques while creating IT systems and integrate.

IT Services Innovation: Two kinds of services innovation can take place for IT services. One is related to improving services productivity and the second is to develop new service models.

Some of the innovation hooks for new IT services models are as follow:

- Extend the reach and virtualisation
- Deliver services from remote locations e.g. remote infrastructure management
- Embed service in products
- Co-creation of value along with the customer and /or suppliers
- Choose open (with others) versus closed (i.e. within the enterprise) innovation efforts.
- Democratize innovation- allow all levels to participate and contribute rather than limiting it to a chosen few.
- Create an innovation network in which an unlimited number of participants from diverse institutions collaborate to create new knowledge, learn from each other, and appropriate and build on each other's work under the guidance of a network organiser.
- Manage coordination challenges such as assessing and developing highly distributed talent and providing appropriate contexts for participants to come together and collaborate to experiment and innovate.

#### **8. 2.3.4 IT Industry Ecosystem Innovation**

Any industry, including IT, needs to be based on sound principles of an industry ecosystem. Any industry will be dominated by the large visible brands and a larger number of medium to small unbranded or low branded players. The smaller player work with larger players, specialise in certain capabilities, fill in the smaller requirements and support the large companies that focus on brand building. The IT business needs to quickly apply the innovations that other industries have already tried and tested.

Several tiers of IT companies need to co-exist, not just as a resource provider but also as full owners of a module or part of the value chain. They have to exist with larger players who can undertake large programme management functions, invest in mobilising resources and insulate smaller players from the vagaries of cash flow.

#### **8.2.4 Leverage through IT Business Model Innovation**

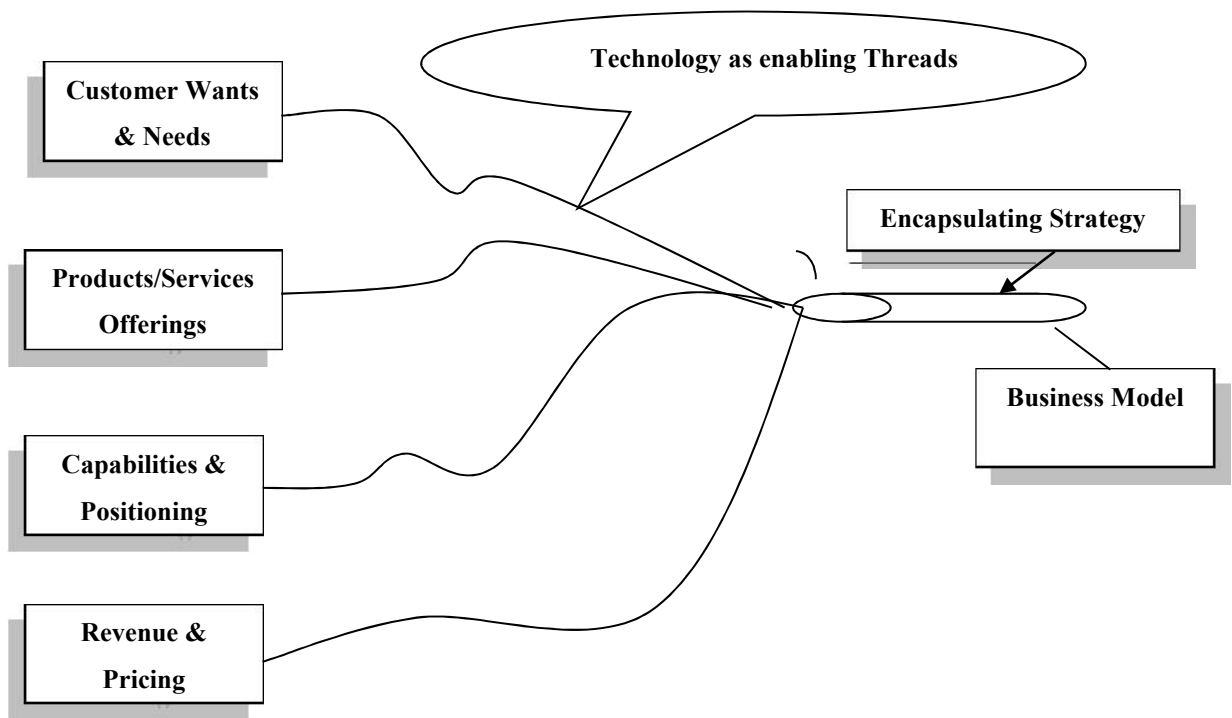
The business model innovation for IT Company has a powerful connotation for change. Following is the Business Model innovation Hooks for IT businesses.

Issues faced by the IT Industry: Some of the issues currently facing IT industry can be summarised as follows:

- Highly labour intensive
- US centric, therefor dependent on one major economy
- Lack of domestic focus
- High attrition
- Lack of infrastructure support
- Short term vision
- Poor industry practices
- Employee ethics

IT should be a part of another industry value chain by ingraining suitable IT products and services that innovate that business.





**Figure 8.2: Constituents of IT Business Model Innovation**  
*(Source : From Dubey , 2009)*

For any business to translate the “know how” to “do how”, there are 7 steps:

1. Who is the customer?
2. What are his present and future needs?
3. Analyse the creation and capture of value
4. Identify ideas for improving the value capture
5. Identify how the company should participate in the business environment?
6. Identify industry forces
7. Which segment and at what level of competitive advantage should one work on?

IT should be a part of another industry value chain by ingraining suitable IT products and services that innovates the business.

### **8.2.5 The Three Innovation Imperatives**

1. **Differentiation:** Providing an offering, a process, a business model, or a set of offerings which the customer believes deliver superior performance per unit of cost.

- **Imperative # 1: Differentiation has three parts:**

1. **Ethnography:** Closely observing customer interactions with their daily environment so the marketers can identify the needs they can't articulate and find opportunities for their capabilities that they can't foresee. This process may also uncover customer frustrations related to the use of product and service that may help the marketer identify.
  2. **Rapid cycles of brainstorming, concept development, prototyping and customer feedback:** Testing everything along the way (interpretation of customer needs, elements of the product/service design, etc.) speeds up the learning curve and lets designers and developers more quickly come up with offerings that will delight customers.
  3. **Approaching design with multiple performance targets in mind:** Traditional development processes require some companies to set performance spaces very early in early in the process, which closes developers off to changes in or a better understanding of customer needs. A flexible approach allows developers to incorporate lessons learned as the design evolves.
2. **Fast Time-to-Markets:** Speed- to – market maintains profitable growth through at least four mechanisms:
1. Maximises share of industry profit pools prior to commoditization
  2. Accelerates customer feedback loops and learning cycles
  3. Recoups investment sooner and decreases time to break- even
  4. Increases capacity for innovation
3. **Disruptions:** Disruption is about creating entirely new curves altogether- redefining the market place in such a way that a new set of factors determine profitability and success. Innovations that help to redefine marketplace are called as disruptive innovations; those that merely change the dynamics within the existing frameworks are called sustaining innovations.
1. **Sustaining Innovations:** Improvements that build on existing technology, products/ services, market strategy etc. Sustaining innovations apply existing core competencies and therefore...
    - Likely offer only a modest to moderate improvement in cost per unit of product/ service or cost per unit of performance.
    - have a low risk of failure
    - can be quickly copied and commoditized

- can be evaluated using Net Present Value analysis
- create growth in revenue

**4. Disruptive Innovations:** Offerings, processes, methods, technologies, etc., that represent a major shift from everything that has come before. Disruptive innovations eliminate or marginalise the revenue growth and value-creation potential of incumbent's offerings. They may also offer explosive growth and have a number of challenges and risks:

- Require new technologies or core competencies
- Company will have to establish new customer base
- May require completely different sales channels
- May compete with an cannibalize existing offerings
- Will have unpredictable sales volumes and profits (at least at first)
- Cannot be evaluated by net present value analysis.

Innovations such as automatic transmissions, CDs, and DVDs meet all the criteria for sustaining innovations.

#### **8.2.6 Voice of Customer (VoC):**

Innovation has to encompass identifying customer needs that are highly valued, and satisfying those needs either before a competitor does and/ or better than a competitor does. Identifying and capturing what will make a product, service, or capability "differentiated" requires a much more sophisticated Voice of the Customer (VoC) process than the traditional combination of focus groups, surveys, questionnaires and competitive analysis.

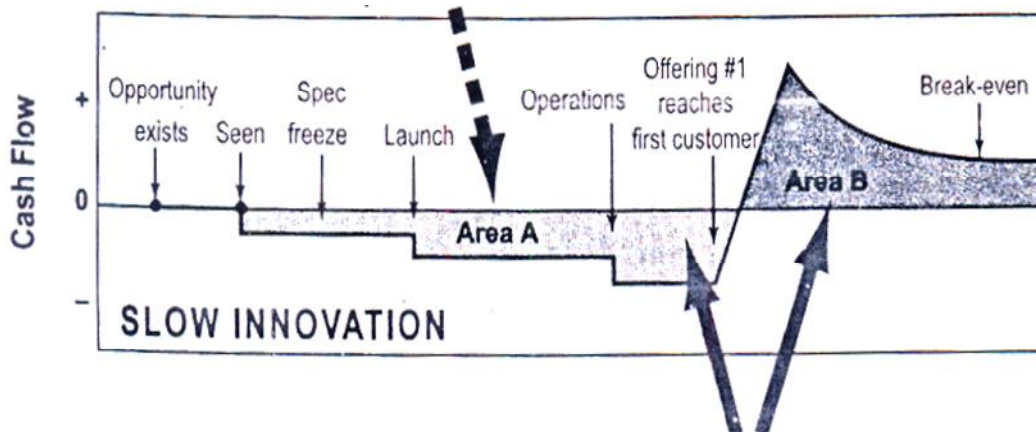
#### **8.2.7 Attacking the causes of long innovation lead time: A critical flaw in traditional:**

approaches to innovation is failure to understand the two principal causes of long lead time; i) what is really adding time into the process ii) reduce lead time of innovation

#### **8.2.8 Rapid Learning and differentiation:**

Many traditional innovation techniques are inherently slow in capturing information needed for differentiation or converting that

### Attacking causes of long innovation lead time (shorten Area A)



Rapid learning (getting better and faster at differentiation in Area A makes Area B higher and sooner)

**Figure 8.3: Innovation prerequisites**

*(Source: Adopted from Michael George et.al.2005)*

information into products, services, or processes. VOC data is not captured quickly or reliably up front, performance targets are frozen early, customer interaction during development is minimal. The result: crucial differentiators are missed, and offering fails to generate the potential margins or volumes.

#### 8.2.9 Law of Lead Time:

The law is expressed by a simple equation:

$$\text{Average Lead Time of Any Process} = \frac{\text{Number of Things-in-process}}{\text{Average Completion Rate}}$$

Important aspect of Law of Lead time is depicted in the fig. 8.3 there is simple linear relationship between the number of active projects (or tasks) in process and lead time. That is, the more active projects (projects-in-process), the longer it will take for all projects to be completed. If there is no control over the number of projects- in –process, there won't be control over the lead time.

#### 8.2.10 Dimensions of Innovation

- **Product/ Service innovation:** “Building a better mousetrap.” Most things that people would name as innovations fall into this category, such as the Apple iPod and iTunes.

- **Market definition innovation:** Developing new offerings that surround an existing product or service.
- **Process/quality, Business model innovation:** Creating significantly lower costs, higher quality, faster innovation and operational lead times that often enable a new model of how company does.

### 8.2 11 Innovation Blitz

The Innovation Blitz is four-or-five day event where all the developers on a project meet with customers and suppliers and work only on the targeted project. A Blitz works better in following circumstances:

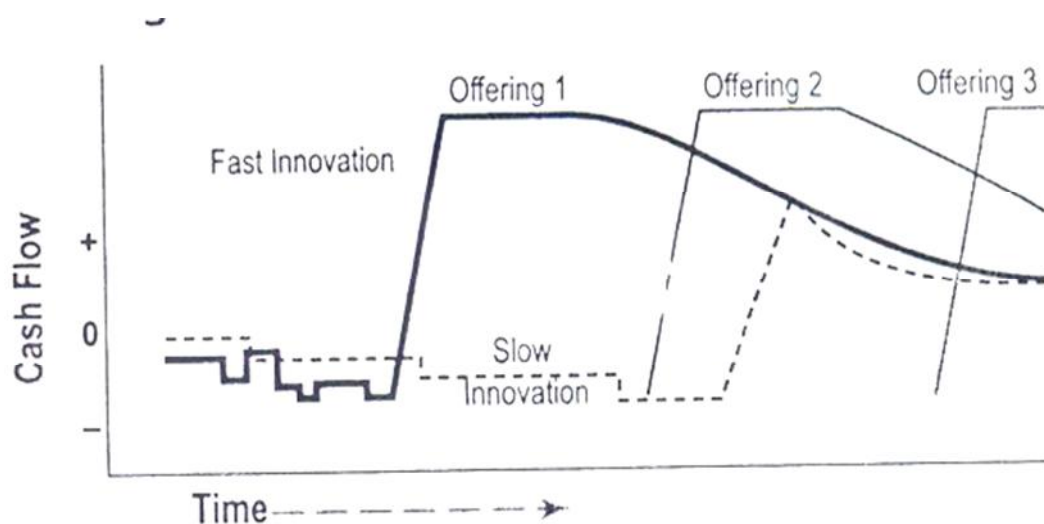
1. The purpose is carefully selected and narrowly defined. Often, they are focused on a specific customer with a particular need that is congruent with a high-priority business target.
2. The company does what's needed to give people the opportunity to get away from the distractions of the day-to-day business and completely focus.
3. A cross functional team composed of different specialists (along with representative customers and suppliers) comes together to work on the problem or challenge.
4. The session starts by having the customer and the team think very broadly about the targeted issue or opportunity and brainstorm solutions, ignoring feasibility.
5. Having explored all the territory, the team focuses on the most promising areas, presenting solutions using capabilities, many of which are not known by the customer, and getting feedback from customers and suppliers.
6. The team finishes its work by preparing specific deliverables and debriefing management.

Clearly, to achieve these aims, the Blitz must be led by an innovation expert with excellent skills in the innovation process, customer observations, creative design, and facilitation. In addition, the Blitz:

- Exposes the customer to new performance capability that they could not have asked for because they didn't know it existed.
- Eliminates major design iterations caused by concept errors that arise from a lack of interaction with customer and with internal thought leaders.

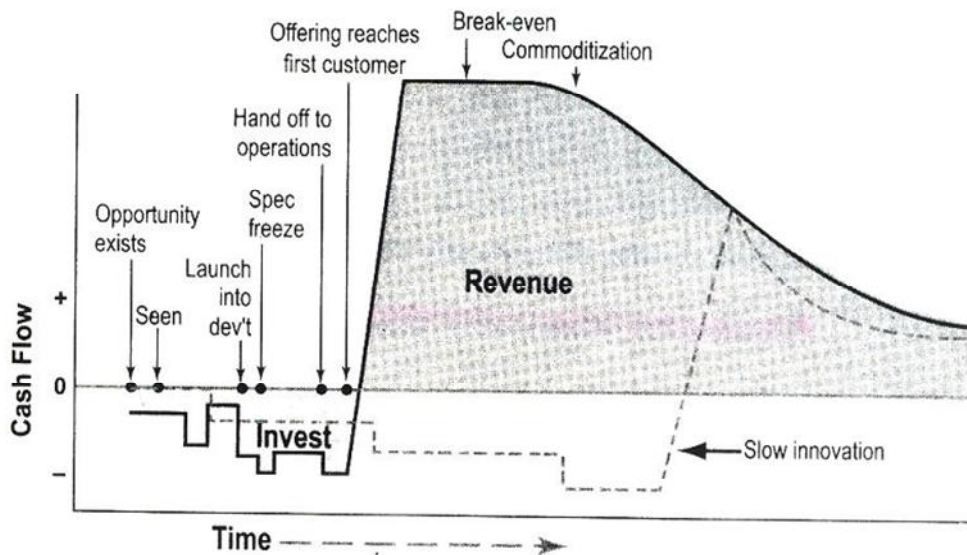
- Avoids the problem of having specifications change during the development cycle ( a lot more can change in a year-long project than in a our-day project)
- Allows focus. Successful innovators and “delighted” customers will tell that finding the most creative solution possible requires an initial concentrated effort with a small but talented cross-functional team.
- Develops a high-energy environment with direct customer and supplier participation. Suppliers are encouraged to take on portions of the development process.
- Is extremely useful for identifying both customer satisfiers and customer delighters.

#### 8.2.12 Difference between Fast Innovation Model over Slow Innovation



**Figure 8.4: Fast vs. Slow Innovation**

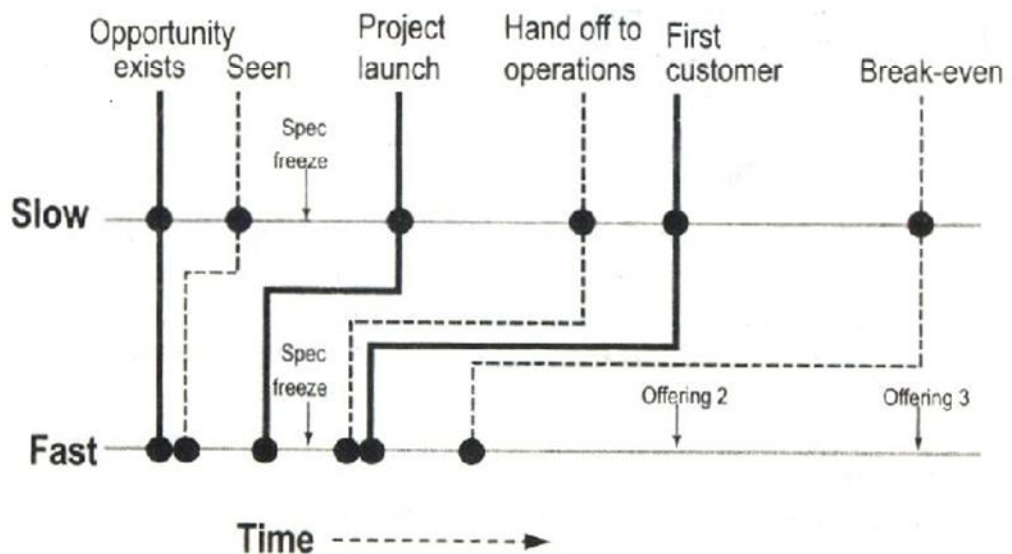
*(Source: Adopted from Michael George et.al.2005)*



**Figure 8.5: The Impact of Fast Innovation**

*(Source: Adopted from Michael George et.al.2005)*

With Fast innovation, innovation in innovation starts earlier (more cash outflow in the detection stages) and there is more investment in quick cycles of learning (fig. 8.5)



**Figure 8.6: Timeliness of Slow vs. Fast Innovation**

*(Source: Adopted from Michael George et.al.2005)*

The impact of speed in the investment/profit equation cannot be overstated. Being able to get attractive offerings to the market quickly means that a company can introduce several offerings in the time it takes a slower competitor to introduce just one (fig. 8.6).

The differences (Fast innovation Vs. Slow innovation) are as follow:

- a) Investment time shrinks dramatically
- b) Time to market shrinks dramatically
- c) Revenue generated is much more
- d) Break even reaches earlier
- e) Early entrant advantage
- f) Fast innovation has (requires) new technologies or core competencies
- g) Fast Innovation has many offerings
- h) Fast Innovation requires completely new sales channels
- i) Opportunity, investment, specification freezes in short time and early launch takes place.

### **8.2.13 Commoditization**

Movement toward [perfect competition](#); the process by which a good or service thought to be unique or superior becomes like other, similar goods and services in the eyes of the market. Commoditization is the movement toward undifferentiated competition between two or more companies offering the same good or service. This leads to lower [prices](#).

Commoditization, in the business world, is a process that transforms the market for a unique, branded product into a market based on undifferentiated price competition. Commoditization can be the desired outcome of an entity in the market, or it can be an unintentional outcome.

### **8.2.14 Fast Gate, Feedback, and Critical Resources**

Any project management system needs to account for the impact on lead time and resource utilisation of any new project that enters into pipeline. Fast Gate decision point means the project is released into next development stage IF AND ONLY IF it will not increase lead time beyond the market driven goal (usually that means that the project will not add delays when it reaches a Critical Resource.)

If the critical resource is working on an easy project and completes the work ahead of schedule, the company could launch a new project into the process earlier. If the critical resource is working a project more difficult than average, the company would know to delay the launch of the next project (or risk increases the queue.)



However, a feedback signal on tasks-in-process is a forward indicator of potential lead time problems, triggering management to early action ranging from stopping any additional releases to offloading tasks to cross-trained individuals. The lead time settles down to within 10% of the starting value in about one-fifth the time of project management. It means that a task between two gates that gets bunched up provides an immediate signal that something is wrong in the process.

The Fast Gate process provides a control mechanism on innovation lead time. If lead time is to cut by 50% one of the quickest ways is to stop releasing new projects into the process until the average number of active projects has fallen by 50%. Thus Fast Gate, Feedback and critical resource all help Fast innovation.

#### **8.2.15 Benefits of monitoring Tasks-in-Process:**

In traditional project management, a lot of work- or tasks- in- process can build up as the result of delays or variation. The effect of those delays lasts for a long time. The effect of those delays lasts for a long time. The fast innovation approach is to monitor tasks-in-process, which gives a quick alert, faster response (up to five times faster), and faster recovery.

#### **8.2.16 Track Project Performance:**

Effective use of the Fast Gate method requires that good data on hand about planned and actual project performance. Chief Innovation Officer needs to track compiled statistics across all innovation effort for the corporation; business unit leaders should track the progress of individual sustaining innovation projects. The goal is to focus on that minimum set of metrics that determine the success of process.

#### **8.2.17 Blue Ocean Strategy**

“Blue Ocean Strategy is the uncontested market space ripe for growth which is making red ocean cut throat competition irrelevant.” (Kim et. al., 2005)

Blue ocean strategy leads to Value Innovation”- create powerful leaps in value for both the firms and its buyers rendering rivals obsolete and unleashing new demand.

#### **8.2.18 Hyper Innovation**

The principle of Hyperinnovation depends on mainly the degree of novelty multiplied by complexity – the higher the uncertainty the longer the relative cycle time. Herein, degree of novelty and complexities defines the degree of uncertainty and uncertainty

defines the relative timing factors involved in introduction. There are various ways and means of finding complexity and measuring novelty. A possible hyperinnovation equation can be given as below:

$$C_t = \Delta Y \cdot N * D \dots \dots \dots (1)$$

Where, (C<sub>t</sub>) = Cycle time

(ΔY) = Uncertainty

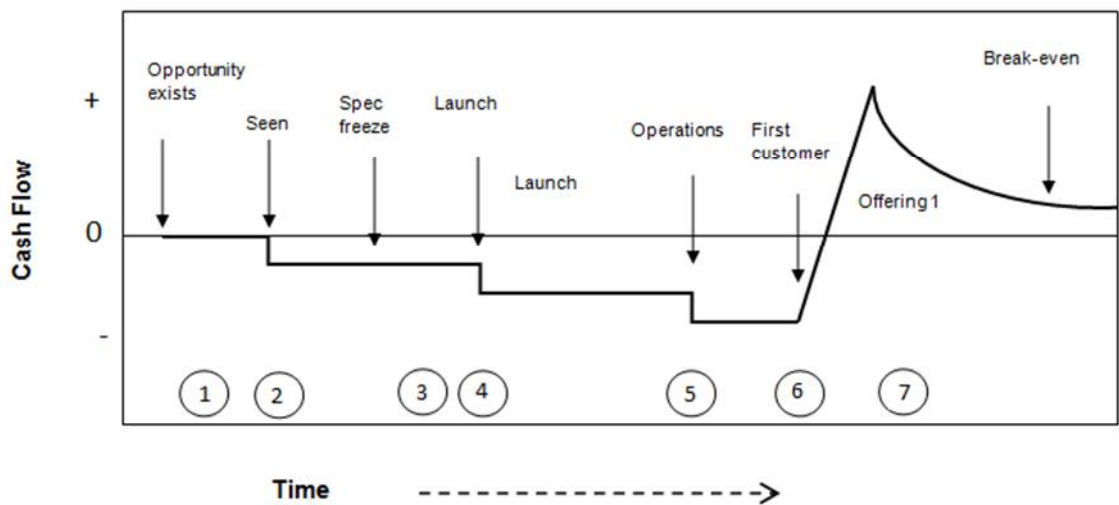
(N) = Novelty

(D<sub>n</sub>) = Complexity

There are various ways and means to measure C<sub>t</sub>, D<sub>n</sub>, and N, which will determine the degree of ΔY (Uncertainty).

**8.2.19 Slow Innovation:**

In nutshell it can be said that, today most of the companies are operating on slow innovation mode which is further explained with the help of Slow Innovation Model as below:



**Figure 8.7: Slow Innovation Model**

*(Source: Adopted from Michael George et.al.2005)*

- 1) Small investment in sales and marketing intelligence, surveys, focus groups is applied, and is usually limited to the product/ service dimension of innovation.
- 2) The opportunity is seen, and a few marketing and technical people, with varying degrees of customer input, write a business case.

- 3) The business case is accepted and the performance specification is frozen, comprising potential differentiation.
- 4) The project is launched without regard to its impact on the lead time of previously launched innovation projects. Customer feedback in regard to performance changes is not sought during development.
- 5) The offering is transferred to operations that must make the offering conform to the delivery process, requiring iterations and rework. Marketing may demand late modifications to meet customer demand
- 6) The offering is delivered to the first customer.
- 7) Margins are low because the offering is late and commoditization and lack of customer corrections of performance during development. Revenue is disappointing because customers are looking at offering.

### 8.3 KNOWLEDGE MANAGEMENT

With globalisation, the nature and extent of competition has been changing very fast in an information based, knowledge driven and knowledge intensive economy. This implies that knowledge is the principal activity necessary for individual and organisational sustenance.

Knowledge Management has established itself as a key part of many organisation's knowledge strategy. Management interest in knowledge is not new. Peter drucker is credited with coining the phrase knowledge worker in the 1960s and has written about it extensively in his various books over the succeeding decades.

#### 8.3.1 The Knowledge Advantage

1. **Avoidance of costly mistakes:** The experience of organisations losing knowledge as they have downsized or restructured has made them more aware of the costs of "reinventing the wheel", General Motors uses debriefing sessions to share lessons more widely through the company.
2. **Sharing of best practices:** Companies like Amoco save millions of dollars a year by taking the knowledge from their best performers and applying it in similar situations elsewhere.
3. **Faster problem solving:** By using videoconferencing at offshore oil platforms, Bharat Petroleum can tap into expertise elsewhere in the company an minimise production downtime when problems occur.

4. **Faster development times:** By developing learning networks and learning from similar past situations, companies like Schlumberger improve their rate of innovation.
5. **Better Customer Solutions:** By feeding customer problems into computer network, Sales and Support staff at Buckman Laboratories gain access to expertise throughout their organisation in developing innovative customer solutions.
6. **Improved customer service:** By putting solutions to customer problems in a shareable knowledge base, companies such as Sun improved the level of customer service. Customers can also download software patches over the Internet.

Above examples demonstrate the benefits that can be achieved by integrating the knowledge dimension into business strategies and core processes.

### 8.3.2 Seven Strategic Levers:

There are seven levers that organisations commonly use to exploit knowledge

**Table 8.1 Table showing seven strategic levers of Explicit Knowledge Management**

Lever	Key Activities
Customer Knowledge	Developing deep knowledge sharing relationships. Understanding the needs of customer's customers. Articulating unmet needs. Identifying new opportunities.
Knowledge in people	Knowledge sharing fairs, Innovation workshops. Expert and learning networks. Communities of Practice
Knowledge in products and services	Knowledge embedded in products. Surround products with knowledge, e.g. in user guides and enhanced knowledge intensive services
Knowledge in processes	Embedding knowledge in business processes and management decision making
Organisational memory	Knowledge sharing. Best practice databases. Directories of expertise. Online documents, procedures and discussion forums. Intranets
Knowledge in relationships	Improving knowledge flows between suppliers, employees, shareholders, and community etc. using this knowledge to inform key strategies.
Knowledge assets	Identifying intellectual and knowledge assets. Measuring and monitoring their development.

### **8.3.3 Knowledge Management in Practice:**

A consistent thread through the levers of strategy is that different types of knowledge are involved. Many writers and academics give elaborate definitions of the differences between data, information and knowledge alongside even higher order concepts like intelligence and wisdom. Other categorisations distinguish declarative or procedural knowledge, and factual or systemic knowledge. In business practice, the most relevant distinction is that between explicit and tacit knowledge.

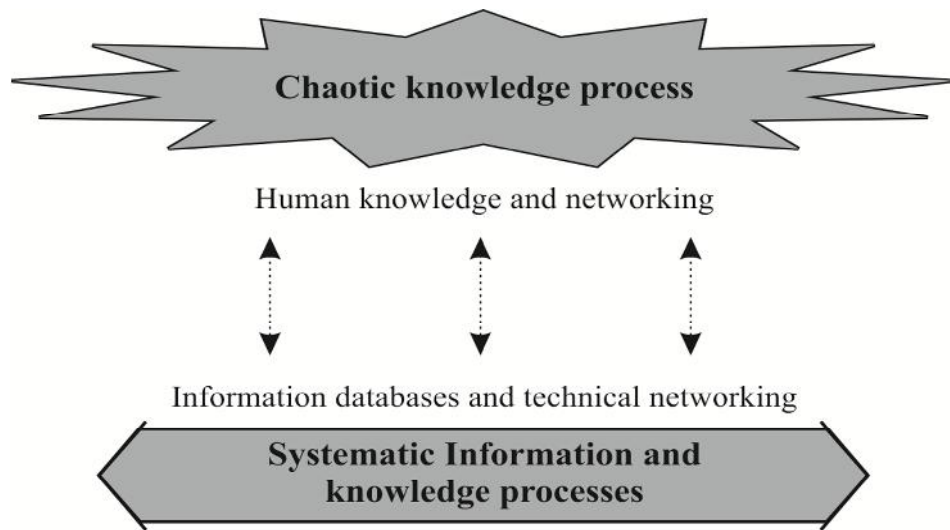
Explicit knowledge is that which is codified, written down, held as a computer record or expressed in some other tangible form. This can also be constructed as its embodiment in information. Implicit knowledge, according to a widely recognised definition by Nonaka and Takeuchi is that which “is highly personal and hard to formalise. Subjective insights, intuitions and hunches fall into this category of knowledge”

The knowledge management challenge is two fold, depending upon, depending on the type of knowledge involved. For explicit knowledge, it involves systematic approach to organising information, making it available and disseminating it.

The two complimentary knowledge management approaches to deal with tacit knowledge are:

Converting it to more explicit form – in documents, processes, databases, etc.

1. Enhancing tacit knowledge flow through better human interaction, such that knowledge is diffused around the organisation and not held in heads of a few.



**Figure 8.8: knowledge management challenges**  
 (Source: *Adapted from Daryl Morey et. al.2001*)

Typical projects found within organisational knowledge management initiatives include:

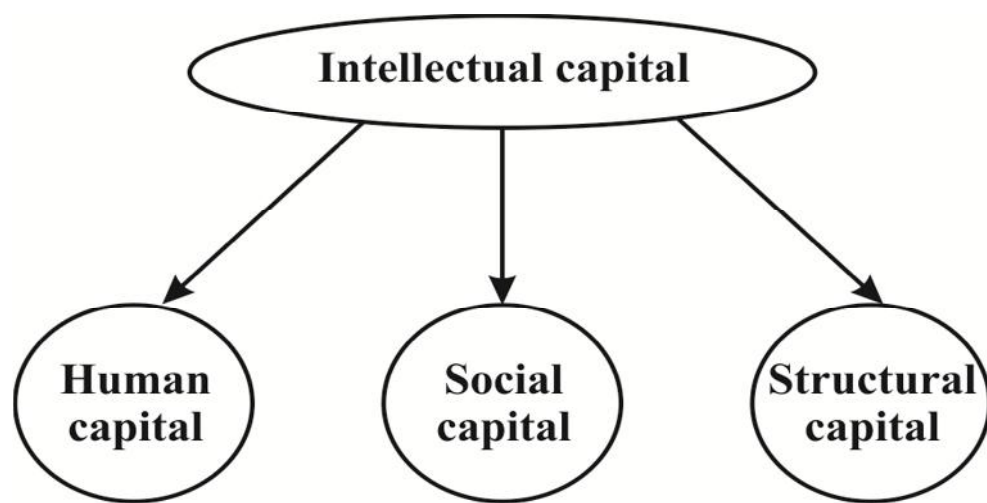
1. Creation of knowledge databases – best practices, expert directories, market intelligence, etc.
2. Active process management – of knowledge gathering, classifying, storing, etc.
3. Development of knowledge centres – focal points for knowledge skills and facilitating knowledge flow.
4. Nurturing of Communities of Practice: these are networks of individuals with common interests who informally share knowledge; such knowledge webs transcend organisational boundaries and draw in external experts.
5. Introduction of collaborative technologies – intranets or groupware for rapid information access.
6. The appointment of Chief Knowledge Officer, or somebody at senior level, with specific responsibility to initiate new knowledge practices within the organisation and to develop knowledge practices within the organisation and to develop knowledge sharing and innovation infrastructures.

### **8.3.4 Intellectual Capital**

There is growing recognition among executives today that intellectual capital, that is, the sum total of a firm's skills, knowledge and experience is critical to sustaining competitiveness, performance, and shareholder value. With equity market valuations of many companies today exceeding the book value of their assets many times over,

investors and analysts are looking for more evidence of what firms are doing to secure and improve the performance of their “intangibles”. Much of this market value derives from the knowledge assets, or intellectual capital, that underlies a firm’s performance. Human Capital is the knowledge, skills and experiences possessed by individual employees.

It comprises both explicit conceptual knowledge, such as how to create a budget, use an e-mail system, or execute a stock trade, as well as more tacit knowledge, such as how to negotiator a sale, write an advertisement, or interpret marketing data.



Individual capabilities

Capacity to  
Collaborate

Organisation’s processes,  
systems & procedures

**Figure 8.9: Key components of intellectual capital**

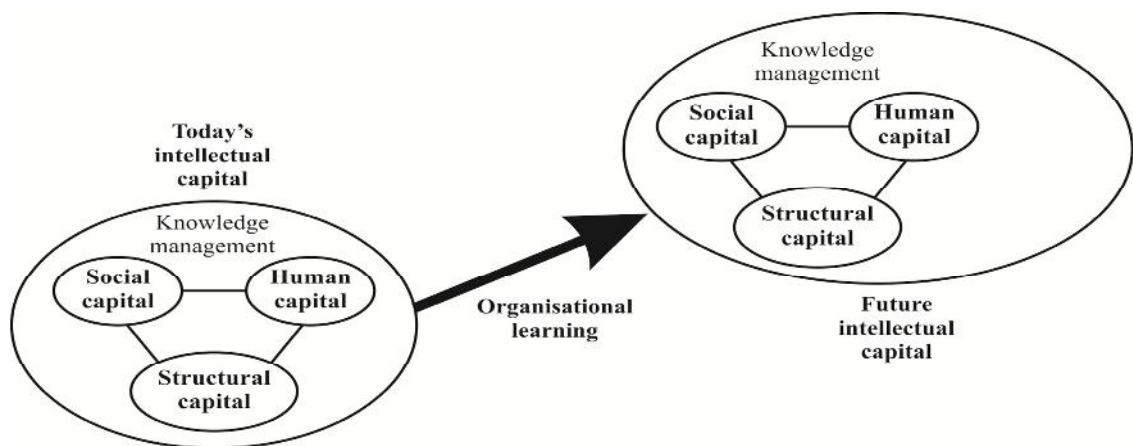
The purpose of managing human capital is to ensure that the business has the right mix of talent at the right time to implement the firm’s corporate strategy. Human capital raises questions about the company’s current level of individual skills compared to the competition.

Where will the talent for the firm’s five year plan come from? How management attract, retain, and develop these individuals?

“Structural Capital” is basically everything that remains in a firm after its employees go home. It includes the explicit, rule based knowledge embedded in the organisation’s work processes and systems, or encoded in written policies, training documentation, or shared data bases of “best practices”.

“Social Capital” is reflected in the ability of groups to collaborate and work together and is function of trust. Effective networks of relationships characterised by high levels of trust are valuable and often overlooked resource in the creation and use of knowledge.

The three types of knowledge assets described above comprise an organisation’s intellectual capital. Knowledge management describes management’s efforts to ensure that these assets are continually in motion, being enhanced, shared, sold, or used and that they generate superior business results (fig. 8.9)



**Fig. 8.10: Intellectual capital grows with use**  
*(Source: Adapted from Daryl Morey et. al.2001)*

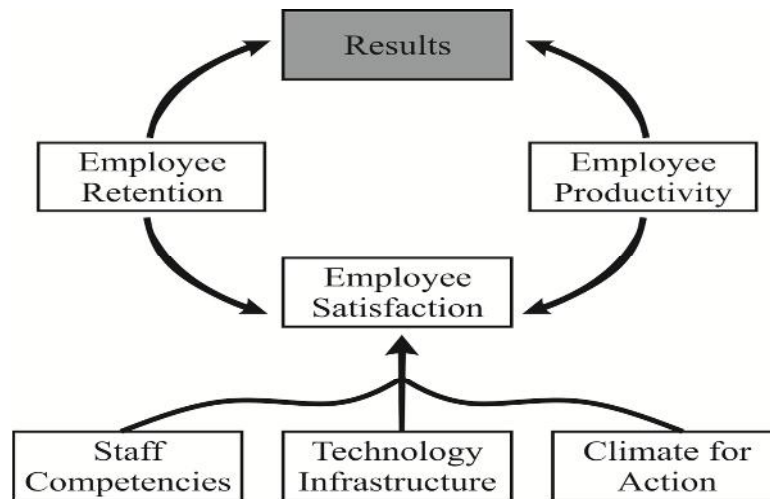
Knowledge management can be thought of as the deliberate design of processes, tools, structures, etc. with the intent to increase, renew, share, or improve the use of knowledge represented in any of the three elements of intellectual capital.

### 8.3.5 The Balanced Scorecard: Learning and Growth Perspective

The fourth and final perspective on the Balanced Scorecard develops objectives and measures to drive organisational learning and growth. The objectives established in the financial, customer, and inter-business-process perspectives identify where the organisation must excel to achieve breakthrough performance.

The Balanced Scorecard stresses the importance of investing for the future, and not just in traditional areas for investment, such as new equipment and new products and new product research and development.





**Figure 8.11: The learning growth measurement framework**  
*(Source: Adapted from Daryl Morey et. al.2001)*

- **Core Employees Measurement Group:**

The three core employee measurements are:

- 1) Employee Satisfaction
- 2) Employee Retention
- 3) Employee Retention

- **Measuring Employee Satisfaction**

The employee satisfaction objective recognises that employee morale and overall job satisfaction are highly important. Satisfied employees are a precondition for increasing productivity, responsiveness, quality, and customer service. Employee morale is especially important for many service businesses where, frequently, the lowest – paid and lowest skilled employees directly with customers. Companies typically measure employee satisfaction with an annual survey, or a rolling survey in which a specified percentage of randomly chosen employees is surveyed each month. Elements in an employee satisfaction survey could include:

- 1) Involvement with decisions
- 2) Recognition for doing a good job
- 3) Access to sufficient information to do the job well
- 4) Active encouragement to be creative and use initiative
- 5) Support level from staff functions
- 6) Overall satisfaction with company

- **Measuring Employee Retention**

Employee retention captures an objective to retain those employees whom the organisation has a long –term interest. The theory underlying this measure is that the organisation is making long- term investments in its employees so that any unwanted departures represents a loss in the intellectual capital of the business. Long – term, loyal employees carry the values of the organisation, knowledge of organisational processes, and sensitivity to the needs of customers.

- **Measuring Employee Productivity**

Employee’s productivity is an outcome measure of the aggregate impact from enhancing employee skills and morale, innovation, improving internal processes, and satisfying customers. The goal is to reach the output produced by the employees to the number of employees used to produce that output. There are many ways in which employee productivity has been measured.

The simple productivity measure is revenue per employee. This measure represents how much output can be generated per employee. As employees and the organisation become more effective in selling a higher volume and a higher value added set of products and services, revenue per employee should increase.

#### **8.4 CONCLUDING REMARKS:**

This chapter elaborates three components framework for IT business innovation. Each of these components is explained in detail. In this chapter, a seven step framework and constituents for IT business model innovation is also included. The detail overview of slow innovation has been taken while doing so the concepts like three innovation imperatives, disruptive innovation, Innovation Blitz, innovation dimensions have also been discussed briefly.

Crucial role of knowledge; seven specific levers of strategy to exploit knowledge have been covered. It also discusses the role of effective knowledge management in harnessing intellectual capital of the organisation have also been discussed.

## CHAPTER 9

### EMPIRICAL STUDY (QUESTIONNAIRE SURVEY)

#### 9.1 INTRODUCTION

In this chapter, the various aspects of HR preferably performance appraisal system and promotion policy along with the different aspects like work-culture, leadership styles, organisational matrix have been analysed.

The questionnaires have been set on preliminary data, and interviews and then on primary and secondary data collection. The questions set has been so formulated that they bring out the salient ingredients of an organisation and core competence / strengths and bottlenecks in all the respects. Questionnaire is “primarily a collection of questions that fit the research themes and its objectives, and the answers to which will provide the necessary data for testing hypothesis / propositions formulated for the study” (Kothari, 1985).

The questions are related to generally performance appraisal system, promotion policy along with certain traits / ingredients.

- Organisational structure
- Communication
- Leadership styles
- Training & development
- Decentralisation
- Performance

The questionnaire sets were dispatched to most of the organisations, apart from this data was also collected by the personal interactions. This was a tough job altogether. The questionnaire sets (a sample) have been attached at the Appendix A & B of this thesis.

This chapter presents questionnaire analysis; finally the results have been summarised in tabular form wherein certain parameters have been brought out with their ratings in percent form for further comparative analysis.

**Table No. 9.2: Table showing organisation structure of the organisations**

Item	ZS (%)	TCS (%)	Info (%)	IBM (%)	Patni (%)	Zen (%)	Wipro (%)	WNS (%)	Cogni. (%)	Persis. (%)
Functional	60	50	40	19	80	25	65	65	42	45
Matrix	40	50	60	44	20	35	35	35	58	55
Divisional	--	--	--	37	--	40	--	--	--	--
Total percentage	100	100	100	100	100	100	100	100	100	100

From the above table it is evident that:

In case of ZS, 60 % respondents are of a view that they have functional organisational structure, 40% respondents are of a view that they have matrix organisational structure.

TCS - 50% respondents agree that there is functional organisational structure in their organisation, while 50% respondents agree that there is matrix organisational structure.

In case of Infosys, 40% respondents are of a view that there is functional organisation structure, 60% respondents are of a view that there is Matrix organisational structure.

IBM- Out of total respondents, around 44% respondents are of the opinion that there exists Matrix organisational structure, 37% respondents say there is divisional organisational structure while 19% respondents are of the view that there is functional organisational structure.

80% respondents of Patni agree that there is functional organisational structure; remaining 20% respondents said there is Matrix organisational structure.

Zensar – 40% respondents agree that there is divisional organisational structure, 35% respondents said they have Matrix organisational structure while 25% respondents agree that they have functional organisational structure.

Wipro – 65% respondents agree that there is functional organisational structure while 35% respondents are of a view that there is matrix organisational structure.

WNS: 65% respondents say that there is functional organisational structure while 35% respondents agree that there is matrix organisational structure.

Cognizant – 58% respondents view that there is Matrix organisational structure, 42% respondents said there is functional organisational structure.

In case of Persistent, 55% respondents view that there is Matrix organisational structure while 45% respondents said that there is functional organisational structure.

**Table No. 9.3: Work culture within organisations**

Item	ZS (%)	TCS (%)	Info (%)	IBM (%)	Patni (%)	Zen. (%)	Wipro (%)	WNS (%)	Cogni. (%)	Persis. (%)
By Function	70	90	70	80	67	60	50	30	40	--
By Service	30	--	--	20	--	20	--	40	25	10
By target group	--	--	--	--	--	--	--	--	--	25
By place	--	--	--	--	--	--	--	--	--	30
By product	--	--	--	--	--	--	20	--	--	35
By project	--	10	30	--	33	20	30	30	35	--
<b>Total percentage</b>	100	100	100	100	100	100	100	100	100	100

Above table shows the practices of ITES companies regarding clustering of positions and units

ZS – 70% respondents view that clustering of positions and units is done by function while 30 % respondents view that it is done by service.

TCS – 90% respondents agree that clustering of positions and units is done by function while according to 10 % respondents it is done by project.

Infosys- In case of Infosys 70% respondents said that individuals are positioned by function and 30% respondents view that individuals are positioned by project.

IBM- 80% respondents agree that individuals are placed by function while 20% respondents said individuals are placed by service.

Patni: Around 67% respondents are of the view that individuals are positioned by function while 33% respondents say that individuals are placed by project.

Zensar: According to 60% respondents individuals are placed by function, 20% respondents view that the individuals are placed by service and again similar responses i.e. 20% have been received for flustering of positions by project.

Wipro: In Wipro, 50% respondents agreed that individuals are positioned by function, 20% respondents said that individuals are placed by product while according to 30% respondents individuals are placed by project.

WNS: 30% responses are for clustering of positions by function, 40% responses were for clustering of positions by service while 30% responses are for clustering of positions by project.

Cognizant: 40% respondents agreed that individuals are placed by function, 25% respondents said individuals are placed by service while 35% respondents are of view that individuals are placed by project.

Persistent: 10% respondents have responded to clustering of positions by service, 25% respondents are of a view that individuals are placed by target group, 30% respondents agreed that individuals are placed by place while 35% respondents said that the individuals are placed by product.

**Table No. 9.4: Levels of Hierarchy within organisations**

Item	ZS (%)	TCS (%)	Info (%)	IBM (%)	Patni (%)	Zen. (%)	Wipro (%)	WNS (%)	Cogni. (%)	Persis. (%)
Few (Flat)	70	80	90	40	75	30	60	40	80	60
Many (Hierarchical)	30	20	10	60	25	70	40	60	20	40
<b>Total percentage</b>	100	100	100	100	100	100	100	100	100	100

Above table makes clear the pattern of hierarchy followed in ITES companies:

ZS- 70% respondents are of view that they have few levels of hierarchy while 30% respondents have to follow many levels of hierarchy.

TCS- According to 80% respondents there exists few levels of hierarchy, 20% respondents said there exists many levels of hierarchy.

Infosys- 90% respondents agreed there exists few levels of hierarchy while 10% respondents said there exists many levels of hierarchy.

IBM- In case of IBM 40% respondents view that there exists few levels of hierarchy while 60% respondents said there exists many levels of hierarchy.

Patni- According to 75% respondents there exists few levels of hierarchy while 25% respondent said there exists many levels of hierarchy.

Zensar- 30% respondents are of view that they have few levels of hierarchy while 70% respondents have to follow many levels of hierarchy.

Wipro- 60% respondents agreed there exists few levels of hierarchy while 40% respondents said there exists many levels of hierarchy.

WNS- In case of WNS 40% respondents view that there exists few levels of hierarchy while 60% respondents said there exists many levels of hierarchy.

Cognizant- 80% respondents are of view that they have few levels of hierarchy while 20% respondents have to follow many levels of hierarchy.

Persistent- 60% respondents agreed there exists few levels of hierarchy while 40% respondents said there exists many levels of hierarchy.

**Table No. 9. 5: Way of communication in the hierarchy**

<b>Item</b>	<b>ZS (%)</b>	<b>TCS (%)</b>	<b>Info (%)</b>	<b>IBM (%)</b>	<b>Patni (%)</b>	<b>Zen. (%)</b>	<b>Wipro (%)</b>	<b>WNS (%)</b>	<b>Cogni. (%)</b>	<b>Persis. (%)</b>
Formal	60	59	60	70	62	75	70	60	80	70
Informal	40	41	40	30	38	25	30	40	20	30
<b>Total percentage</b>	100	100	100	100	100	100	100	100	100	100

The above table shows the way of communication used in ITES companies

ZS – According to 60% respondents they use formal way of communication while 40% respondents said they use informal way of communication

TCS- 59% respondents have responded that they use formal way of communication and 41% respondents are of view that they use informal way of communication.

Infosys - In case of Infosys, according to 60% respondents they use formal way of communication while 40% respondents said they use informal way of communication

IBM - 70% respondents said they use formal way of communication and 30% respondents said they use informal way of communication.

Patni- In case of Patni 62% responses has been received for formal way communication and 38% responses have been received for informal way of communication.

Zensar- 75% respondents said they use formal way of communication and 25% respondents said they use informal way of communication.

Wipro- 70% respondents said they use formal way of communication and 30% respondents said they use informal way of communication.

WNS – According to 60% respondents they use formal way of communication while 40% respondents said they use informal way of communication.

Cognizant - 80% respondents said they use formal way of communication and 20% respondents said they use informal way of communication.

Persistent - 70% respondents said they use formal way of communication and 30% respondents said they use informal way of communication.

**Table No. 9.6: Decision making within department**

Item	ZS (%)	TCS (%)	Info (%)	IBM (%)	Patni (%)	WNS (%)	Zen. (%)	Wipro (%)	Cogni. (%)	Persis. (%)
Centralised	20	25	20	30	40	35	27	25	30	40
Empowerment	80	75	80	70	60	65	73	75	70	60
<b>Total percentage</b>	100	100	100	100	100	100	100	100	100	100

It is clear from the above table:

ZS- In company ZS 20% respondents view their practice of decision making within department *as centralised* while 80% respondents view that there is *empowerment* in order to take decision within department.



TCS – According to 25% respondents decision making within department is *centralised*, 75% respondents view that there is *empowerment* in terms of taking decision within department.

Info- 20% respondents view their practice of decision making within department *as centralised* while 80% respondents view that there is *empowerment* in order to take decision within department.

IBM- According to 30% respondents decision making within department is *centralised*, 70% respondents view that there is *empowerment* in terms of taking decision within department

Patni- 40% respondents view their practice of decision making within department *as centralised* while 60% respondents view that there is *empowerment* in order to take decision within department

WNS- In Company WNS, 35 % respondents view their practice of decision making within department *as centralised* while 65% respondents view that there is *empowerment* in order to take decision within department.

Zensar - 27% respondents say decision making within department is *centralised*, 73% respondents view that there is *empowerment* in terms of taking decision within department

Wipro- According to 25% respondents decision making within department is *centralised*, 75% respondents view that there is *empowerment* in terms of taking decision within department

Cognizant - According to 30% respondents decision making within department is *centralised*, 70% respondents view that there is *empowerment* in terms of taking decision within department

Persistent - 40% respondents view their practice of decision making within department *as centralised* while 60% respondents view that there is *empowerment* in order to take decision within department

**Table No.9.7: Decision making in your organization**

<b>Item</b>	<b>ZS (%)</b>	<b>TCS (%)</b>	<b>Info (%)</b>	<b>IBM (%)</b>	<b>Patni (%)</b>	<b>Zen. (%)</b>	<b>Wipro (%)</b>	<b>WNS (%)</b>	<b>Cogni. (%)</b>	<b>Persis. (%)</b>
At individual Level	40	30	20	25	40	40	25	35	20	40
Participative	60	70	80	75	60	60	75	65	80	60
<b>Total percentage</b>	100	100	100	100	100	100	100	100	100	100

From the above table it is evident that;

ZS- In company ZS 60% respondents are of the opinion that the decision making practice in their organisation is participative while 40% respondents say that decision making in their organisation is exclusive in nature i.e. at *individual level*.

TCS –30% respondents view decision making process within their organisation exclusive in nature i.e. at *individual level* and 70% respondents view that there is participative decision making process in their organisation.

Infosys - 20% respondents view the practice of decision making within their organisation as *at individual level* while 80% respondents view that there is participative decision making process in their organisation.

IBM- 25% respondents are of the opinion that the decision making practice in their organisation is participative while 75% respondents say that decision making in their organisation is exclusive in nature i.e. at *individual level*

Patni- 40% respondents view their practice of decision making within organisation as *at individual level* while 60% respondents view that there is participative decision making process in their organisation.

Zensar – 40% respondents view their practice of decision making within organisation as *at individual level* while 60% respondents view that there is participative decision making process in their organisation

Wipro- 75% respondents are of the opinion that the decision making practice in their organisation is participative while 25% respondents say that decision making in their organisation is exclusive in nature i.e. at individual level

WNS- 35% respondents view the practice of decision making within their organisation as *at individual level* while 65% respondents view that there is participative decision making process in their organisation

Cognizant - 20% respondents view the practice of decision making within their organisation as *at individual level* while 80% respondents view that there is participative decision making process in their organisation

Persistent - 60% respondents are of the opinion that the decision making practice in their organisation is participative while 40% respondents say that decision making in their organisation is exclusive in nature i.e. at individual level.

**Table No. 9.8: Vision shared by the Top Management**

Item	ZS (%)	TCS (%)	Info (%)	IBM (%)	Patni (%)	Zen (%)	Wipro (%)	WNS (%)	Cogni (%)	Persis (%)
Always	60	70	80	75	60	50	70	70	60	50
On new basis	40	30	20	25	30	40	30	10	20	20
Never	--	--	--	--	10	10	--	20	20	30
<b>Total percentage</b>	100	100	100	100	100	100	100	100	100	100

It is observed from the above table:

ZS – 60% respondents are of the opinion that vision of the organisation is shared by the top management with everyone, 40% respondents say that vision of the organisation is shared by the top management when someone newly joins the organisation.

TCS- According to 70% respondents top management always shares the vision of the organisation while 30% respondents say that vision of the organisation is shared by the top management when someone newly joins the organisation

Infosys- 80% respondents are of the opinion that vision of the organisation is shared by the top management with everyone, 20% respondents say that vision of the organisation is shared by the top management when someone newly joins the organisation

IBM- According to 75% respondents top management always shares the vision of the organisation while 25% respondents say that vision of the organisation is shared by the top management when someone newly joins the organisation

Patni- 60% respondents are of the opinion that vision of the organisation is shared by the top management with everyone, 30% respondents say that vision of the organisation is shared by the top management when someone newly joins the organisation while 10 % respondents say that vision of the organisation is never shared by the top management.

Zensar- 50% respondents are of the opinion that vision of the organisation is shared by the top management with everyone, 40% respondents say that vision of the organisation is shared by the top management when someone newly joins the organisation while 10 % respondents say that vision of the organisation is never shared by the top management.

Wipro- 70% respondents are of the opinion that vision of the organisation is shared by the top management with everyone, 30% respondents say that vision of the organisation is shared by the top management when someone newly joins the organisation.

WNS- 70% respondents are of the opinion that vision of the organisation is shared by the top management with everyone, 10% respondents say that vision of the organisation is shared by the top management when someone newly joins the organisation while 20% respondents say that vision of the organisation is never shared by the top management.

Cognizant - 60% respondents are of the opinion that vision of the organisation is shared by the top management with everyone, 20% respondents say that vision of the organisation is shared by the top management when someone newly joins the organisation while 20% respondents say that vision of the organisation is never shared by the top management.

Persistent- 50% respondents are of the opinion that vision of the organisation is shared by the top management with everyone, 20% respondents say that vision of the organisation is shared by the top management when someone newly joins the organisation while 30% respondents say that vision of the organisation is never shared by the top management.

**Table No. 9.9: Supervision of the people within the organisations**

<b>Item</b>	<b>ZS (%)</b>	<b>TCS (%)</b>	<b>Info (%)</b>	<b>IBM (%)</b>	<b>Patni (%)</b>	<b>Zen (%)</b>	<b>WNS (%)</b>	<b>Wipro (%)</b>	<b>Cogni (%)</b>	<b>Persi (%)</b>
<b>Yes</b>	--	70	60	30	65	60	75	70	80	70
<b>No</b>	70	30	40	--	20	20	25	30	20	--
<b>Not exactly</b>	30	--	--	70	15	20	--	--	--	30
<b>Total percentage</b>	100	100	100	100	100	100	100	100	100	100

From the above table it is seen that;

ZS- 70% respondents say they do not supervise people within the organisation while 30% respondents say they do not exactly supervise the people within the organisation.

TCS - 70% respondents say they do supervise people within the organisation while 30% respondents say they do not supervise the people within the organisation.

Infosys - 60% respondents say they do supervise people within the organisation while 40% respondents say they do not supervise the people within the organisation.

IBM- 30% respondents say they do supervise people within the organisation while 70% respondents say they do not exactly supervise the people within the organisation.

Patni- 65% respondents say they do supervise people within the organisation, 20% respondents say they do not supervise the people within the organisation while 15% respondents say they do not exactly supervise the people within the organisation.

Zensar- 60% respondents say they do supervise people within the organisation, 20% respondents say they do not supervise the people within the organisation while 20% respondents say they do not exactly supervise the people within the organisation

WNS- 75% respondents say they do supervise people within the organisation while 25% respondents say they do not supervise the people within the organisation.

Wipro- 70% respondents say they do supervise people within the organisation while 30% respondents say they do not exactly supervise the people within the organisation.

Cognizant - 80% respondents say they do supervise people within the organisation while 20% respondents say they do not exactly supervise the people within the organisation.

Persistent- 70% respondents say they do supervise people within the organisation while 30% respondents say they do not exactly supervise the people within the organisation.

**Table No. 9.10 Table showing change taken place in the contents of the job**

Item	ZS (%)	TCS (%)	Info. (%)	IBM (%)	Patni (%)	Zen. (%)	WNS (%)	Wipro (%)	Cogni. (%)	Persis. (%)
Work autonomy	12	20	11	4	22	30	25	18	10	22
Specialisation	30	20	13	15	--	35	20	15	30	57
Co-operation with management	09	10	--	11	57	20	25	17	--	--
Multi – tasking	18	20	38	33	6	15	--	20	20	06
Weight upon technical qualifications	31	30	38	37	15	--	30	30	40	15
<b>Total percentage</b>	100	100	100	100	100	100	100	100	100	100

It is evident from the above table that;

ZS - 12% respondents agree that there has been change in work autonomy, 30% respondents agree that there has been a change in the content of the job as much weightage is given to specialisation, 31% respondents agree that there has been change in the content of the job as much weightage is given to technical qualification, 18% respondents say that the job demands multi-tasking, while 9% respondents say there has been change in the content of job in terms of co-operation with management.

TCS- 20% respondents agree that there has been change in work autonomy, 20% respondents agree that there has been a change in the content of the job as much weightage is given to specialisation, 30% respondents agree that there has been change in the content of the job as much weightage is given to technical qualification, 20%

respondents say that the job demands multi-tasking, while 10% respondents say there has been change in the content of job in terms of co-operation with management.

Infosys- 11% respondents agree that there has been change in work autonomy, 13% respondents agree that there has been a change in the content of the job as much weightage is given to specialisation, 38% respondents agree that there has been change in the content of the job as much weightage is given to technical qualification, 38% respondents say that the job demands multi-tasking.

IBM- 4% respondents agree that there has been change in work autonomy, 15% respondents agree that there has been a change in the content of the job as much weightage is given to specialisation, 37% respondents agree that there has been change in the content of the job as much weightage is given to technical qualification, 33% respondents say that the job demands multi-tasking, while 11% respondents say there has been change in the content of job in terms of co-operation with management.

Patni- 22% respondents agree that there has been change in work autonomy, 15% respondents agree that there has been change in the content of the job as much weightage is given to technical qualification, 6% respondents say that the job demands multi-tasking, while 57% respondents say there has been change in the content of job in terms of co-operation with management.

Zensar- 30% respondents agree that there has been change in work autonomy, 35% respondents agree that there has been a change in the content of the job as much weightage is given to specialisation, 15% respondents say that the job demands multi-tasking, while 20% respondents say there has been change in the content of job in terms of co-operation with management.

Wipro- 18% respondents agree that there has been change in work autonomy, 15% respondents agree that there has been a change in the content of the job as much weightage is given to specialisation, 30% respondents agree that there has been change in the content of the job as much weightage is given to technical qualification, 20% respondents say that the job demands multi-tasking, while 17% respondents say there has been change in the content of job in terms of co-operation with management.

WNS- 25% respondents agree that there has been change in work autonomy, 20% respondents agree that there has been a change in the content of the job as much

weightage is given to specialisation, 30% respondents agree that there has been change in the content of the job as much weightage is given to technical qualification, while 25% respondents say there has been change in the content of job in terms of co-operation with management.

Cognizant- 10% respondents agree that there has been change in work autonomy, 30% respondents agree that there has been a change in the content of the job as much weightage is given to specialisation, 40% respondents agree that there has been change in the content of the job as much weightage is given to technical qualification, while 20% respondents say that the job demands multi-tasking.

Persistent- 22% respondents agree that there has been change in work autonomy, 57% respondents agree that there has been a change in the content of the job as much weightage is given to specialisation, 15% respondents agree that there has been change in the content of the job as much weightage is given to technical qualification, 6% respondents say that the job demands multi-tasking.

**Table No. 9.11 Interchangeability**

Item	ZS (%)	TCS (%)	Info (%)	IBM (%)	Patni (%)	Zen. (%)	Wipro (%)	WNS (%)	Cogni. (%)	Persis. (%)
<b>No Interchangeability</b>				60	60	30	--	--	--	30
<b>Low Interchangeability</b>	--	64	70	--	--	60	40	75	30	--
<b>complete Interchangeability</b>	70	--	--	40	--	--	10	25	--	50
<b>Moderate</b>	30	36	--	--	40	10	50	--	70	20
<b>High Interchangeability</b>	--	--	30	--	--	--	--	--	--	--
<b>Total percentage</b>	100	100	100	100	100	100	100	100	100	100

ZS- It is observed that 70% respondents are of the view that there is *complete Interchangeability*. 30% respondents are of the view that there is *moderate interchangeability*.

TCS – 64% respondents say that there is *low Interchangeability* while 36% respondents say that there is *moderate Interchangeability*.



Infosys - 70 respondents say that there is 'low' Interchangeability regarding to employee transferability from one job to other job/role while 30% respondents say that there is *high interchangeability*.

IBM- 60% respondents say that there is 'No' Interchangeability regarding to employee transferability from one job to other job/role while 40% respondents say that there is *complete interchangeability*.

Patni - It is observed that 60% respondents are of the view that there is 'No *Interchangeability*'. 40% respondents are of the view that there is *moderate interchangeability*.

Zensar- 30% respondents are of the view that there is *No Interchangeability*, 60% respondents are of the view that there is *low interchangeability* while 10 % respondents *moderate interchangeability*.

Wipro - - 40% respondents are of the view that there is *low Interchangeability*. 10% respondents are of the view that there is *complete interchangeability* while 50% respondents say that there is *moderate interchangeability*.

WNS- - It is observed that 75% respondents are of the view that there is *low Interchangeability*. 25% respondents are of the view that there is *complete interchangeability*.

Cognizant- -30% respondents say that there is *low interchangeability*, 70% respondents say that there is *moderate Interchangeability*.

Persistent- 30% respondents say that there is *No Interchangeability* while 50% respondents say that there is *complete Interchangeability* while 20% respondents say there is *moderate Interchangeability* .

**Table No. 9.12: Employee transferability to other job/ role**

<b>Item</b>	<b>ZS (%)</b>	<b>TCS (%)</b>	<b>Info (%)</b>	<b>IBM (%)</b>	<b>Patni (%)</b>	<b>Zen. (%)</b>	<b>Wipro (%)</b>	<b>WNS (%)</b>	<b>Cogni. (%)</b>	<b>Persis. (%)</b>
Never	10	--	--	--	--	--	--	--	--	--
Not very often	20	40	--	60	70	25	--	20	30	10
Often	30	60	27	40	--	20	30	30	40	30
Very common	40	--	63	--	30	55	70	50	30	60
<b>Total percentage</b>	100	100	100	100	100	100	100	100	100	100

From the above table it is observed that;

ZS- 10% respondents say that there is no transferability to other job, 20% respondents are of the view that employee transferability to other job does not take place very often, 30% respondents say that transferability to other job is often practice while according to 40% respondents it is a very common practice.

TCS- 40% respondents say that the employee transferability to the other jobs is not an often practice while 60% respondents are of the view that employee transferability to the other jobs is often.

Infosys- According to 27% respondents employee transferability to the other job is often while 63% respondents are of the view that it is common practice.

IBM- 60% respondents say that the employee transferability to the other jobs is not an often practice while 40% respondents are of the view that employee transferability to the other jobs is often.

Patni- 70% respondents say that the employee transferability to the other jobs is not an often practice while 30% respondents are of the view that employee transferability to the other jobs is a common practice.

Zensar- 25% respondents are of the view that employee transferability to other job does not take place very often, 20% respondents say it is done often while according to 55% respondents is a very common practice.

Wipro- According to 30% respondents employee transferability to the other job is often while 70% respondents are of the view that it is common practice.

WNS- 20% respondents are of the view that employee transferability to other job does not take place very often, 30% respondents say it is done often while according to 50% respondents is a very common practice.

Cognizant- 30% respondents are of the view that employee transferability to other job does not take place very often, 40% respondents say it is done often while according to 30% respondents employee transferability to the other job is a very common practice.

Persistent- 10% respondents are of the view that employee transferability to other job does not take place very often, 30% respondents say it is done often while according to 60% respondents employee transferability to the other job is a very common practice.

**Table No. 9.13: Respondent's rating to Performance Parameters:**

**9.13.1 ZS Descriptive statistics**

<b>Item</b>	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. deviation</b>
<b>quality of work</b>	10	1.00	2.00	1.5000	.52705
<b>quantity of work</b>	10	2.00	4.00	2.4000	.69921
<b>timeliness in completing the work</b>	10	2.00	4.00	2.5000	.70711
<b>knowledge of the job</b>	10	1.00	4.00	2.1000	.87560
<b>ability to make decisions</b>	10	1.00	3.00	2.0000	.66667
<b>ability to solve problems</b>	10	1.00	4.00	1.9000	.87560
<b>Creativity</b>	10	1.00	3.00	1.9000	.56765
<b>focus on organisational objectives</b>	10	1.00	2.00	1.6000	.51640
<b>Valid N (listwise)</b>	10				

Here, respondents were asked to rate the performance parameters indicating degree of importance as 1 =Great, 2= very much important, 3= important, 4 = less important. While analysing these parameters the mean of the rating if it is above 0.5 percent then only it is taken to the next rating (for e.g. if the mean comes 1.9 here rating received is somewhere between 1&2 but it will be taken as 2, if the mean comes 1.4 here rating received is somewhere between 1&2 but it will be taken to 1)

From the above table it is observed that in Company ZS, rating given by respondents for quality of work is somewhere between 1 & 2; hence it can be said that for Company ZS quality of work is *very much important*.

In case of quantity of work the ratings given by the respondents is somewhere between 2 to 3 hence we can say that for Company ZS quantity of work is also *very much important*.

Ratings given by the respondents for timeliness in completing the job is somewhere between 2 to 3 hence it is assumed that timeliness in completing the job is considered equally *important*.

The ratings given by the respondents to knowledge of the job are close to 2 hence it can be said that for Company ZS knowledge of the job is *very much important*.

Ability to make decisions, ability to solve problems, creativity, and focus on organisational objectives is also considered *very much important*.

**Table No. 9.13.2: TCS Descriptive statistics**

Item	N	Minimum	Maximum	Mean	Std. deviation
quality of work	10	1	3.00	1.8000	.78881
quantity of work	10	1	2.00	1.4000	.51640
timeliness in completing the work	10	1	3.00	1.7000	.82327
knowledge of the job	10	1	3.00	1.5000	.70711
ability to make decisions	10	1	4.00	1.8000	1.13529
ability to solve problems	10	1	4.00	1.7000	1.05935
Creativity	10	1	4.00	1.8000	1.13529
focus on organisational objectives	10	1	4.00	0.5000	.97183
Valid N (listwise)	10				

Here, respondents were asked to rate the performance parameters indicating degree of importance as 1 =Great, 2= very much important, 3= important, 4 = less important. While analysing these parameters the mean of the rating if it is above 0.5 percent then only it is taken to the next rating (for e.g. if the mean comes 1.9 here rating received is

somewhere between 1&2 but it will be taken as 2, if the mean comes 1.4 here rating received is somewhere between 1&2 but it will be taken to 1)

From the above table it is observed that in Company TCS, rating given by respondents for quality of work is somewhere between 1 & 2; hence it can be said that for TCS quality of work is *very much important*.

In case of quantity of work the ratings given by the respondents is somewhere between 1 & 2 hence we can say that for Company TCS quantity of work is of *great importance*.

Ratings given by the respondents for timeliness in completing the job is somewhere between 1&2 hence it is assumed that timeliness in completing the job is considered *very much important*.

The ratings given by the respondents to knowledge of the job are close to 2 hence it can be said that for Company TCS knowledge of the job is of *very much importance*.

Ability to make decisions, ability to solve problems, creativity, and focus on organisational objectives is also considered of *very much importance*.

**Table No. 9.13.3: Infosys Descriptive statistics**

<b>Item</b>	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. deviation</b>
<b>quality of work</b>	10	1	2	1.4000	.51640
<b>quantity of work</b>	10	1	2	1.4000	.51640
<b>timeliness in completing the work</b>	10	1	3	1.7000	.82327
<b>ability to make decisions</b>	10	1	3	1.7000	.82327
<b>ability to solve problems</b>	10	1	3	1.3000	.67495
<b>Creativity</b>	10	1	3	1.3000	.67495
<b>focus on organisational objectives</b>	10	1	3	1.6000	.84327
<b>Valid N (listwise)</b>	10				

Here, respondents were asked to rate the performance parameters indicating degree of importance as 1 =Great, 2= very much important, 3= important, 4 = less important. While analysing these parameters the mean of the rating if it is above 0.5 percent then only it is taken to the next rating (for e.g. if the mean comes 1.9 here rating received is somewhere between 1&2 but it will be taken as 2, if the mean comes 1.4 here rating received is somewhere between 1&2 but it will be taken to 1)

From the above table it is observed that in Company Infosys, rating given by respondents for quality of work is somewhere between 1 & 2; hence it can be said that for Company Infosys quality of work is of *great importance*.

In case of quantity of work the ratings given by the respondents is somewhere between 1& 2 hence we can say that for Company Infosys quantity of work is of *great importance*.

Ratings given by the respondents for timeliness in completing the job and ability to make decisions is somewhere between 1& 2 hence it is assumed that timeliness in completing the job and ability to make decisions are considered *very much* important.

Ratings given by the respondents to ability to solve problems, creativity are between 1& 2 hence it can be said that these two parameters are of *great* importance for the company.

The ratings of focus on organisational objectives are between 1& 2 hence it can be said that it very much important for the company.

**Table No. 9.13.4: IBM Descriptive Statistics**

<b>Item</b>	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. deviation</b>
<b>quality of work</b>	10	1	1.00	1.5000	.52705
<b>quantity of work</b>	10	1	2.00	2.4000	.69921
<b>timeliness in completing the work</b>	10	1	2.00	2.5000	.70711
<b>knowledge of the job</b>	10	1	1.00	2.1000	.87560
<b>ability to make decisions</b>	10	1	1.00	2.0000	.66667
<b>ability to solve problems</b>	10	1	1.00	1.9000	.87560
<b>Creativity</b>	10	1	1.00	1.9000	.56765
<b>focus on organisational objectives</b>	10	1	1.00	1.6000	.51640
<b>Valid N (listwise)</b>	10				

Here, respondents were asked to rate the performance parameters indicating degree of importance as 1 =Great, 2= very much important, 3= important, 4 = less important. While analysing these parameters the mean of the rating if it is above 0.5 percent then only it is taken to the next rating (for e.g. if the mean comes 1.9 here rating received is somewhere between 1&2 but it will be taken as 2, if the mean comes 1.4 here rating received is somewhere between 1&2 but it will be taken to 1)

From the above table it is observed that in Company IBM, rating given by respondents for quality of work is somewhere between 1 & 2; hence it can be said that for Company IBM quality of work is *very much important*.

In case of quantity of work the ratings given by the respondents is somewhere between 2& 3 hence we can say that for Company IBM quantity of work is also *very much important*.

Ratings given by the respondents for timeliness in completing the job is somewhere between 2 & 3 hence it is assumed that timeliness in completing the job is considered as *important*.

The ratings given by the respondents to knowledge of the job are close to 2 hence it can be said that for Company IBM knowledge of the job is *very much important*.

Ability to make decisions, ability to solve problems, creativity, and focus on organisational objectives is also considered *very much important*

**Table No. 9.13.5: Patni Descriptive Statistics**

Item	N	Minimum	Maximum	Mean	Std. deviation
quality of work	10	1	4.00	1.9000	1.10050
quantity of work	10	1	4.00	2.1000	.99443
timeliness in completing the work	10	1	4.00	1.8000	1.03280
knowledge of the job	10	1	3.00	1.5000	.70711
ability to make decisions	10	1	4.00	1.8000	1.03280
ability to solve problems	10	1	2.00	1.3000	.48305
Creativity	10	1	3.00	1.6000	.69921
focus on organisational objectives	10	1	1.00	1.6000	.51640
Valid N (listwise)	10				

Here, respondents were asked to rate the performance parameters indicating degree of importance as 1 =Great, 2= very much important, 3= important, 4 = less important. While analysing these parameters the mean of the rating if it is above 0.5 percent then only it is taken to the next rating (for e.g. if the mean comes 1.9 here rating received is somewhere between 1&2 but it will be taken as 2, if the mean comes 1.4 here rating received is somewhere between 1&2 but it will be taken to 1)

From the above table it is observed that in Company Patni rating given by respondents for quality of work is somewhere between 1& 2; hence it can be said that for Company Patni quality of work is *very much important*.

In case of quantity of work the ratings given by the respondents is somewhere between 2& 3 hence we can say that for Company Patni quantity of work is also *very much important*.



Ratings given by the respondents for timeliness in completing the job is somewhere between 1& 2 hence it is assumed that timeliness in completing the job is considered as *very much important*.

The ratings given by the respondents to knowledge of the job, ability to make decisions, creativity, focus on organisational objectives is somewhere between 1 & 2 hence it can be said that these parameters are *very much important* for the organisation.

Rating given by the respondents to the ability to solve problems is somewhere between 1 & 2 hence it can be said that it is of *great importance* to the company.

**Table No. 9.13.6: Zensar Descriptive Statistics**

Item	N	Minimum	Maximum	Mean	Std. deviation
quality of work	10	1	2.00	1.5000	.52705
quantity of work	10	1	4.00	2.2000	.78881
timeliness in completing the work	10	1	4.00	2.4000	.69921
knowledge of the job	10	1	3.00	2.0000	.66667
ability to make decisions	10	1	4.00	2.5000	.97183
ability to solve problems	10	1	4.00	1.9000	.87560
Creativity	10	1	4.00	2.1000	.87560
focus on organisational objectives	10	1	2.00	1.7778	.44096
Valid N (listwise)	10				

Here, respondents were asked to rate the performance parameters indicating degree of importance as 1 =Great, 2= very much important, 3= important, 4 = less important.

While analysing these parameters the mean of the rating if it is above 0.5 percent then only it is taken to the next rating (for e.g. if the mean comes 1.9 here rating received is somewhere between 1&2 but it will be taken as 2, if the mean comes 1.4 here rating received is somewhere between 1&2 but it will be taken to 1)

From the above table it is observed that in Company Zensar rating given by respondents for quality of work is somewhere between 1 to 2; hence it can be said that for Company Zensar quality of work is *very much important* for the company.

The ratings given by the respondents for quantity of work, timeliness in completing the job, knowledge of the job between 2 & 3 hence it can be said that these parameters are *very much important*. The rating given by the respondents for ability to make decisions is between 2&3; and ability to make decisions is *important* for the company.

Ratings given to ability to solve problems, creativity and focus on organisational objectives are between 1& 2 hence it can be said that these parameters are *very much important* for the company.

**Table No. 9.13.7: Wipro Descriptive Statistics**

Item	N	Minimum	Maximum	Mean	Std. deviation
quality of work	10	1	2.00	1.5000	.52705
quantity of work	10	1	3.00	1.8000	.78881
timeliness in completing the work	10	1	2.00	1.2000	.42164
knowledge of the job	10	1	3.00	1.9000	.73786
ability to make decisions	10	1	3.00	2.2000	.78881
ability to solve problems	10	1	4.00	2.3000	.94868
Creativity	10	1	4.00	2.1000	.87560
focus on organisational objectives	10	1	3.00	2.6000	.51640
Valid N (listwise)	10				

Here, respondents were asked to rate the performance parameters indicating degree of importance as 1 =Great, 2= very much important, 3= important, 4 = less important.

While analysing these parameters the mean of the rating if it is above 0.5 percent then only it is taken to the next rating (for e.g. if the mean comes 1.9 here rating received is somewhere between 1&2 but it will be taken as 2, if the mean comes 1.4 here rating received is somewhere between 1&2 but it will be taken to 1)

From the above table it is observed that in Company Wipro, rating given by respondents for quality of work, quantity of work & knowledge of the job is somewhere between 1&2 hence it can be said that these parameters are *very much important* for the company. So far timeliness in completing the job is considered respondents have rated it between 1&2 it indicates that it is *of great importance* for the company.

The ratings of ability to make decisions, ability to solve problems, and creativity are somewhere between 2 & 3 hence it is assumed that these parameters are *very much important* for the company. Whereas ratings received for focus on organisational objectives falls between 2&3 which indicates it is *important* for the company.

**Table No. 9.13.8: WNS Descriptive Statistics**

Item	N	Minimum	Maximum	Mean	Std. deviation
quality of work	10	1	2.00	1.4444	.52705
quantity of work	10	1	3.00	1.7778	.83333
timeliness in completing the work	10	1	4.00	1.8889	1.05409
knowledge of the job	10	1	4.00	1.8889	1.05409
ability to make decisions	10	1	3.00	1.6667	.70711
ability to solve problems	10	1	4.00	1.7778	1.09291
Creativity	10	1	4.00	1.6667	1.11803
focus on organisational objectives	10	1	2.00	1.2222	.44096
Valid N (listwise)	10				

Here, respondents were asked to rate the performance parameters indicating degree of importance as 1 =Great, 2= very much important, 3= important, 4 = less important. While analysing these parameters the mean of the rating if it is above 0.5 percent then only it is taken to the next rating (for e.g. if the mean comes 1.9 here rating received is somewhere between 1&2 but it will be taken as 2, if the mean comes 1.4 here rating received is somewhere between 1&2 but it will be taken to 1)

From the above table it is observed that in Company WNS rating given by respondents for quality of work is somewhere between 1 to 2; hence it can be said that for Company WNS quality of work is of *great importance* to the company.

In case of quantity of work, timeliness in completing the work, knowledge of the job, ability to make decisions, ability to solve problems and creativity the ratings given by

the respondents is somewhere between 1 to 2 hence we can say that for Company WNS these parameters are *very much important* while in case of focus on organisational objectives the ratings received are somewhere between 1 and 2 hence it can be said that it is of *great importance* to the company.

**Table No. 9.13.9: Cognizant Descriptive Statistics**

Item	N	Minimum	Maximum	Mean	Std. deviation
quality of work	10	1	2.00	1.4000	.51640
quantity of work	10	1	4.00	2.2000	1.13529
timeliness in completing the work	10	1	4.00	2.2000	1.03280
knowledge of the job	10	1	3.00	1.8000	.78881
ability to make decisions	10	1	3.00	1.9000	.73786
ability to solve problems	10	1	3.00	1.8000	.78881
Creativity	10	1	4.00	1.8000	.91894
focus on organisational objectives	10	1	2.00	1.5000	.52705
Valid N (listwise)	10				

Here, respondents were asked to rate the performance parameters indicating degree of importance as 1 =Great, 2= very much important, 3= important, 4 = less important. While analysing these parameters the mean of the rating if it is above 0.5 percent then only it is taken to the next rating (for e.g. if the mean comes 1.9 here rating received is somewhere between 1&2 but it will be taken as 2, if the mean comes 1.4 here rating received is somewhere between 1&2 but it will be taken to 1)

From the above table it is observed that in Company Cognizant the ratings received are somewhere between 1&2 hence it is considered that it is of *great importance* for the company.

Ratings received by quantity of work, timeliness in completing the job are between 2 & 3 hence it is assumed these parameters are *very much important* for the company.

Knowledge of the job, ability to make decisions, ability to solve problems creativity, focus on organisational objectives are somewhere between 1&2 which indicates that these parameters are *very much important* for the company.

**Table No. 9.13.10: Persistent Descriptive Statistics**

Item	N	Minimum	Maximum	Mean	Std. deviation
quality of work	10	1	4.00	1.6000	.96609
quantity of work	10	1	4.00	2.1000	.99443
timeliness in completing the work	10	1	3.00	1.6000	.84327
knowledge of the job	10	1	3.00	1.6000	.69921
ability to make decisions	10	1	3.00	1.6000	.69921
ability to solve problems	10	1	3.00	1.7000	.82327
Creativity	10	1	2.00	1.6000	.51640
focus on organisational objectives	10	1	2.00	1.7778	.44096
Valid N (listwise)	10				

Here, respondents were asked to rate the performance parameters indicating degree of importance as 1 =Great, 2= very much important, 3= important, 4 = less important. While analysing these parameters the mean of the rating if it is above 0.5 percent then only it is taken to the next rating (for e.g. if the mean comes 1.9 here rating received is somewhere between 1&2 but it will be taken as 2, if the mean comes 1.4 here rating received is somewhere between 1&2 but it will be taken to 1)

From the above table it is observed that in Company Persistent the ratings received for quality of work, timeliness in completing the job, knowledge of the job, ability to make decisions, ability to solve problems, creativity and focus on organisational objectives is somewhere between 1&2 hence it can be said that these factors are *very important* for the company. Whereas the ratings received for quantity of work is also almost 2 hence it is assumed that quantity of work is also *very important*.

**Table No. 9.14: Criterias considered for Performance appraisal**

<b>Item</b>	<b>ZS (%)</b>	<b>TCS (%)</b>	<b>Info. (%)</b>	<b>IBM (%)</b>	<b>Patni (%)</b>	<b>Zen. (%)</b>	<b>Wipro (%)</b>	<b>WNS (%)</b>	<b>Cogni. (%)</b>	<b>Persis. (%)</b>
<b>Achievement of Objectives</b>	12	12	--	10	10	15	20	10	18	10
<b>Ability of meeting defined standards</b>	14	14	--	--	--	10	12	10	12	12
<b>Ability to meet deadlines</b>	12	12	--	--	--	12	10	15	10	18
<b>Output/Result of employees</b>	5	5	25	25	25	30	18	15	20	20
<b>Attitude towards the work</b>	6	6	--	10	10	13	--	10	12	10
<b>Core competency</b>	15	15	30	30	30	--	20	05	18	20
<b>Commitment</b>	6	6	15	--	--	20	--	15	--	--
<b>Technical Knowledge &amp; Skills</b>	15	15	30	25	25	-	10	20	10	10
<b>Competency level</b>	15	15	--	--	--	--	10	--	--	--
<b>Any other</b>	--	--	--	--	--	--	--	--	--	--
<b>Total percentage</b>	100	10	100	100	100	100	100	100	100	100

From the above table it is evident that;

ZS – 12% respondents say achievement of objectives is considered as a criteria for employee's performance appraisal, 14% responses have been received for ability of meeting defined standards, 12% respondents say that ability to meet deadlines is considered for evaluating employee performance, according to 5% responses output/result is the considered criteria for employee performance appraisal, 6% responses have been received for attitude towards the work, 15% respondents agree that core competency is the criteria for employee performance appraisal, 6% respondents commitment serves as a criteria for employee performance evaluation, according to 15% respondents technical knowledge and skills, similar respondents i.e. 15% respondents agree that competency level is considered for employee performance appraisal.

TCS- 12% respondents say achievement of objectives is considered as a criteria for employee's performance appraisal, 14% responses have been received for ability of meeting defined standards, 12% respondents say that ability to meet deadlines is considered for evaluating employee performance, according to 5% responses output/result is the considered criteria for employee performance appraisal, 6% responses have been received for attitude towards the work, 15% respondents agree that core competency is the criteria for employee performance appraisal, 6% respondents commitment serves as a criteria for employee performance evaluation, according to 15% respondents technical knowledge and skills, similar respondents i.e. 15% respondents agree that competency level is considered for employee performance appraisal.

Infosys – 25% respondents say output / result is the criteria considered for evaluating employee performance, 30% respondents view core competency, 15 % respondents view commitment while 30% respondents view technical skills and knowledge as the criterias for appraising employee performance.

IBM – 10% respondents view achievement of objectives as criteria for evaluating employee performance. 25% respondents say that output/ result is considered for evaluating employee performance, 10% responses have been received for attitude towards work, 30% respondents say that core competency, while 25% responses have been received for technical knowledge and skills as a criteria for performance appraisal of the employees.

Patni –According to 10% respondents achievement of objectives, 25% respondents say output/result, 10% responses are in favour of attitude towards the work as a criteria for appraising employee performance. 30% respondents agree with core competency , 25% respondents say that technical knowledge and skills are considered for appraising employee performance.

Zensar - 15% respondents view achievement of objectives , 10% respondents view ability of meeting defined standards as criteria for evaluating employee performance. 12% responses have been received for ability to meet deadlines, 30% respondents agree with output/result, 13% respondents say attitude towards the work while 20% respondents are of the view that commitment is considered as a criteria for appraising employee performance.

Wipro - 20% respondents view achievement of objectives as criteria for evaluating employee performance. 12% responses have been received for ability of meeting defined standards, 10% responses have been received for ability to meet deadlines , 18% respondents say that output/ result is considered for evaluating employee performance, 20% respondents say core competency is considered for appraising employee performance. 10% responses have been received for technical skills and knowledge and competency level respectively.

WNS -10% respondents view achievement of objectives and ability of meeting defined standards as criteria for evaluating employee performance respectively. 15% responses have been received for ability to meet deadlines and 15% responses have been received for output/ result, 10% respondents view attitude towards the work , 5% respondents view core competency , 15% respondents view commitment and 20% respondents consider technical knowledge and skills as a criteria for employee performance appraisal.

Cognizant - 18% respondents say achievement of objectives is considered as criteria for employee's performance appraisal, 12% responses have been received for ability of meeting defined standards as criteria for evaluating performance appraisal. 10% respondents view ability to meet deadlines, 20% respondents view output /result, 12% respondents view attitude towards work as criteria for evaluating employee performance while 18% respondents say core competency is considered as a criteria for



evaluating employee performance. 10% respondents say technical knowledge & skills is the criteria considered for employee performance appraisal.

Persistent - 10% respondents say achievement of objectives is considered as criteria for employee's performance appraisal, 12% responses have been received for ability of meeting defined standards as criteria for evaluating performance appraisal. 18% respondents view ability to meet deadlines, 20% respondents view output /result, 10% respondents view attitude towards work as criteria for evaluating employee performance while 20% respondents say core competency is considered as a criteria for evaluating employee performance. 10% respondents say technical knowledge & skills is the criteria considered for employee performance appraisal

**Table No. 9.15: Reasons for using Performance Appraisal System (PAS)**

Item	ZS (%)	TCS (%)	Info (%)	IBM (%)	Patni (%)	Zen (%)	Wipro (%)	WNS (%)	Cogni. (%)	Persis. (%)
Payroll & compensation decisions	26	19	31	19	40	29	25	35	20	15
Training & development needs	18	21	--	21	25	21	17	20	23	20
Identifying the gaps in desired & actual performance	18	17	50	17	10	21	17	25	23	25
Deciding future goals and course of action	23	24	19	24	--	29	26	--	19	17
Taking decisions regarding promotions, demotions and transfers	15	19	--	19	25	--	15	20	15	23
Total percentage	100	100	100	100	100	100	100	100	100	100

From the above table it is evident that;

ZS – 26% respondents view that performance appraisal system is used mainly to take payroll and compensation decisions about the employees, 18% respondents are of the view that performance appraisal system helps to work out the training needs and identifying the gaps in desired and actual performance respectively. 23% respondents

agree that performance appraisal system is used to decide future goals and future course of action while 15% respondents say performance appraisal system helps them to take decision regarding promotion, demotion and transfer of the employees.

TCS – 19% respondents are of view that performance appraisal system is used to take decision regarding payroll and compensation, and decisions pertaining to promotion, demotion and transfer respectively. 21% respondents say PAS is used to identify training & development needs of the employees. 17% respondents are of view that PAS is used to find out the gap between employees actual performance and desired one, 24% respondents say PAS assist them to set future goals / course of action for the employees.

Infosys – 31% respondents say PAS helps them in taking payroll and compensation decisions, 50% respondents view PAS helps them in identifying the gap between desired and actual performance while 19% respondents are of the opinion that PAS helps them in deciding future course of action.

IBM- 19% respondents view that performance appraisal system is used mainly to take payroll and compensation decisions about the employees, 21% respondents are of the view that performance appraisal system helps to work out the training needs 17% respondents say PAS helps in identifying the gaps in desired and actual performance. 24% respondents agree that performance appraisal system is used to decide future goals and future course of action while 19% respondents say performance appraisal system helps them to take decision regarding promotion, demotion and transfer of the employees

Patni – 40% respondents are of the opinion that PAS helps in taking payroll and compensation decisions, 25% respondents say PAS helps to work out the training needs of the employees and taking decisions regarding promotion, demotion and transfer respectively while 10% respondents of the view that PAS is used in order to identify the gap between employees actual performance and desired one. Around 25% respondents are of the view that PAS assist in taking decisions regarding employee promotion, demotion and transfer as well.

Zensar- 29% respondents view that performance appraisal system is used mainly to take payroll and compensation decisions about the employees, 21% respondents are of the view that performance appraisal system helps to work out the training needs and identifying gap between desired and actual performance respectively. 29% respondents

agree that performance appraisal system is used to decide future goals and future course of action.

Wipro - 25% respondents view that performance appraisal system is used mainly to take payroll and compensation decisions about the employees, 17 % respondents are of the view that performance appraisal system helps to work out the training needs and identifying the gaps in desired and actual performance respectively. 26% respondents agree that performance appraisal system is used to decide future goals and future course of action while 15% respondents say performance appraisal system helps them to take decision regarding promotion, demotion and transfer of the employees

WNS - 35% respondents are of the view that performance appraisal system is used mainly to take payroll and compensation decisions about the employees, 20% respondents are of the view that performance appraisal system helps to work out the training needs and taking decisions regarding promotion, demotion and transfer respectively. 25% respondents say PAS helps in identifying the gaps in desired and actual performance of the employees.

Cognizant - 20% respondents view that performance appraisal system is used mainly to take payroll and compensation decisions about the employees, 23 % respondents are of the view that performance appraisal system helps to work out the training needs and identifying the gaps in desired and actual performance respectively. 19 % respondents agree that performance appraisal system is used to decide future goals and future course of action while 15% respondents say performance appraisal system helps them to take decision regarding promotion, demotion and transfer of the employees.

Persistent - 15% respondents view that performance appraisal system is used mainly to take payroll and compensation decisions about the employees, 20 % respondents are of the view that performance appraisal system helps to work out the training needs, 25% respondents say that PAS helps them in identifying the gaps in desired and actual performance of the employee. 17% respondents agree that performance appraisal system is used to decide future goals and future course of action while 23% respondents say performance appraisal system helps them to take decision regarding promotion, demotion and transfer of the employees.

**Table No. 9.16: Contents of Training Programme**

<b>Item</b>	<b>ZS (%)</b>	<b>TCS (%)</b>	<b>Info (%)</b>	<b>IBM (%)</b>	<b>Patni (%)</b>	<b>Zen. (%)</b>	<b>Wipro (%)</b>	<b>WNS (%)</b>	<b>Cogni. (%)</b>	<b>Persis. (%)</b>
<b>Strategy, Market and Customer Conditions</b>	--	--	--	10	--	--	30	--	30	15
<b>New Technology</b>	30	30	25	25	20	20	25	20	30	20
<b>Communication, Co-operation etc.</b>	--	--	--	15	15	--	--	20	--	10
<b>Working Environment</b>	--	--	--	--	--	--	--	--	--	--
<b>Project specific</b>	--	30	30	25	40	30	20	35	30	25
<b>Quality Management</b>	40	20	25	15	25	25	10	25	--	20
<b>Leadership Development</b>	30	20	20	10	--	25	15	--	10	10
<b>Any other issue</b>	--	--	--	--	--	--	--	--	--	--
<b>Total percentage</b>	100	100	100	100	100	100	100	100	100	100

From the above table it can be said that;

ZS – 30% respondents are of the opinion that training deals with new technology, 40% respondents say training mainly deals with quality management, and 30% respondents say training deals with leadership development.

TCS- 30% respondents say training imparted to the employees mainly deals with new technology and project issues respectively. 20% respondents are of the opinion that training covers quality management and leadership development respectively.

Infosys- 25% respondents are of the opinion that training imparted to the employees mainly covers new technology and quality management respectively. 30% respondents say training is mainly related to specific project while 20% respondents say training covers leadership development.

IBM – 10% respondents say training deals with strategy, market and customer conditions; 25% respondents say training covers new technology and project respectively. 15% respondents say it is mainly related with communication and co-operation etc. and quality management respectively. 10% respondents are of the opinion that training is mainly related with leadership development.

Patni - 20% respondents say training imparted to the employees mainly deals with new technology, according to 15% respondents training deals with communication and co-operation etc. 40% respondents say training deals with specific project. 25% respondents are of the opinion that training covers quality management.

Zensar: 20% respondents say training imparted to the employees mainly deals with new technology, 30% respondents are of the view that training mainly deals with project while 25% respondents say that training deals with quality management and leadership development respectively.

Wipro - 30% respondents say training deals with strategy, market and customer conditions; 25% respondents say training covers new technology, 20% respondents say that training deals with project related issues, 10% respondents are of the opinion that quality management while 15 % respondents say training mainly deals with leadership development.

WNS - 20% respondents say that training with technology and communication & co-operation etc. respectively. 35% respondents say training covers project related issue, 25% respondents are of the opinion that training deals with quality management.

Cognizant - 30% respondents are of the opinion that training deals with strategy, market and customer conditions. Similar responses i.e. 30% have been received for new technology and training related project respectively. 10% respondents say training is mainly related with leadership development.

Persistent - 15% respondents say training deals with strategy, market and customer conditions; 20% respondents say training covers new technology, 10% respondents say it is mainly related with communication and co-operation etc., 25% respondents say that it deals with specific project related issues, 20% respondents say that quality management while 10% respondents agree that training covers leadership development.

**Table No. 9.17: Reward Mechanism**

<b>Item</b>	<b>ZS (%)</b>	<b>TCS (%)</b>	<b>Info (%)</b>	<b>IBM (%)</b>	<b>Patni (%)</b>	<b>Zensar (%)</b>	<b>Wipro (%)</b>	<b>WNS (%)</b>	<b>Cogni. (%)</b>	<b>Persis. (%)</b>
<b>Increments</b>	18	15	--	25	10	15	25	25	10	20
<b>Increase in Pay</b>	24	10	30	15	20	25	20	30	20	40
<b>Promotion</b>	30	30	50	25	25	35	25	30	32	25
<b>Awards</b>	18	20	20	15	25	15	10	--	18	--
<b>Gifts</b>	10	25	--	20	20	10	20	15	20	15
<b>Total percentage</b>	100	100	100	100	100	100	100	100	100	100

From the above table it is evident that;

ZS – 18% respondents say performance is rewarded with increments and awards respectively, 24% respondents are of the opinion that performance is rewarded with increase in pay, 30% respondents are of the view that performance is rewarded with promotion while 10% respondents say performance is rewarded with gifts.

TCS - 15% respondents say performance is rewarded with increments, 10% respondents are of the opinion that performance is rewarded with increase in pay, 30% respondents are of the view that performance is rewarded with promotion, 20% respondents say performance is rewarded with awards while according to 25% respondents performance is rewarded with gifts.

Infosys - 30% respondents say performance is rewarded with increase in pay, 50% respondents are of the view that performance is rewarded with promotion, 20% respondents say performance is rewarded with awards.

IBM – According to 25% respondents performance is rewarded with increment and promotion respectively. 15% respondents say performance is rewarded with increase in pay and awards respectively while 20% respondents are of the opinion that performance is rewarded with gifts.

Patni – 10% respondents say performance is rewarded with increments, 20% respondents are of the view that performance is rewarded with increase in pay and gifts

respectively. 25% respondents say performance is rewarded with promotion and awards respectively.

Zensar – 15% respondents are of the view that increments and awards respectively. 25% respondents say performance is rewarded with increase in pay, 35% respondents are of the opinion that performance is rewarded with promotion while 10% respondents say that the performance is rewarded with gifts.

Wipro- 25% respondents say performance is rewarded with increment and promotion respectively. 20% respondents are of the views that increase in pay and gifts respectively. 10% respondents say performance is rewarded with awards.

WNS- According to 25% respondents performance is rewarded with increment. 30% respondents are of the opinion that performance is rewarded with increase in pay and promotion respectively. 15% respondents say performance is rewarded with gifts

Cognizant- 10% responses have been received for increment for rewarding the performance, 20% respondents say performance is rewarded with increase in pay and gifts respectively. 32% respondents are of the view that performance is rewarded with the promotion while 18% respondents view performance is rewarded with awards.

Persistent- According to 20% respondents performance is rewarded with increments, 40% respondents say pay is increased to reward the performance, 25% respondents say performance is rewarded with promotion while 15% respondents are of the view that performance is rewarded with gifts.

**Table No. 9.18: Basics of Promotion Policy**

Item	ZS (%)	TCS (%)	Info (%)	IBM (%)	Patn i (%)	Zen. (%)	Wipro (%)	WNS (%)	Cogni. (%)	Persi s.(%)
<b>result / Output</b>	30	35	32	25	60	20	25	30	26	30
<b>work experience/ seniority</b>	--	--	--	21	--	12	20	15	12	10
<b>Competency</b>	20	25	23	18	--	18	25	15	20	25
<b>Performance</b>	50	40	45	36	40	50	30	40	42	35
<b>Total percentage</b>	100	100	100	100	100	100	100	100	100	100

From the above table it is observed that;

ZS- According to 30% respondents result/output is considered as the base for promotion, 20% respondents say that employees are promoted on the basis of their competency while 50% respondents are of the view that employees are promoted on the basis of performance.

TCS- 35% respondents are of the opinion that employees are promoted on the basis of result/output delivered, 25% respondents say competency is the base of their promotion policy. 40% respondents say employees are promoted on the basis of their performance.

Infosys- 32% respondents say result/output is considered while promoting the employees, 23% respondents are of the opinion that competency is the base for promotion while 45% respondents are of the view that employees are promoted on the basis of performance.

IBM- 25% respondents say employees are promoted on the ground of result/output delivered, 21% respondents are of the opinion that employees get promotions according to the seniority, 18% respondents say employees are promoted on the basis of competency while 36% respondents are of the view that promotions are based upon performance.

Patni- 60% respondents say result/output delivered is the main consideration for promoting the employees while 40% respondents are of the view employees are promoted on the basis of performance.

Zensar- - According to 20% respondents result/output is considered as the base for promotion, 12% respondents say that employees are promoted on the basis of seniority, 18% respondents are of the view that employee get promoted based upon their competency while 50% respondents are of the view that employees are promoted on the basis of performance .

Wipro- 25% respondents are of the opinion that employees are promoted on the basis of result/output delivered and competency respectively. 20% respondents say seniority is the base of their promotion policy. 30% respondents say employees are promoted on the basis of their performance.

WNS- 30% respondents say employees are promoted on the ground of result/output delivered, 15% respondents are of the opinion that employees get promotions according to the seniority, 15% respondents say employees are promoted on the basis of



competency while 40% respondents are of the view that promotions are based upon performance.

Cognizant- According to 26% respondents result/output is considered as the base for promotion, 12% respondents say that employees are promoted on the basis of seniority, 20% respondents are of the view that employee get promoted based upon their competency while 42% respondents are of the view that employees are promoted on the basis of performance .

Persistent- 30% respondents say employees are promoted on the ground of result/output delivered, 10% respondents are of the opinion that employees get promotions according to the seniority, 25% respondents say employees are promoted on the basis of competency while 35% respondents are of the view that promotions are based upon performance.

**Table No. 9.19: Performance Appraisal System**

**9.19.1: Type of Performance Appraisal System (at individual level)**

Item	ZS (%)	TCS (%)	Info (%)	IBM (%)	Patni (%)	Zensar (%)	WNS (%)	Wipro (%)	Cogni. (%)	Persis. (%)
<b>360 degree feedback</b>	40	--	30	50	50	22	--	60	20	--
<b>Ranking Method</b>	60	80	20	30	40	40	60	--	70	70
<b>Grading Method</b>	--	20	--	20	--	--	--	40		--
<b>Combination of many methods</b>	--	--	50	--	10	38	40	--	10	30
<b>Total percentage</b>	100	100	100	100	100	100	100	100	100	100

From the above table it is clear that;

ZS- 40% respondents agree that there exists 360 degree feedback method to evaluate employee performance while 60% respondents say there is ranking method to evaluate employee performance.

TCS- 80% respondents are of the view that they use ranking method while 20% respondents say grading method is used to appraise employee performance.

Infosys- According to 30% respondents agree that there exists 360 degree feedback method, 20% respondents are of the view that they use ranking method while 50%

respondents say combination of many methods is used in order to evaluate employee performance.

IBM- 50% respondents say there exists 360 degree feedback method, 30% respondents are of the view that they use ranking method while 20% respondents say grading method is used to appraise employee performance.

Patni- According to 50% respondents agree that there exists 360 degree feedback method, 40% respondents are of the view that they use ranking method while 10% respondents say combination of many methods is used in order to evaluate employee performance.

Zensar- 22% responses have been received for 360 degree feedback method, 40% respondents say ranking method is used to appraise employee performance while 38% respondents are of the opinion that there exists combination of many methods to evaluate employee performance.

Wipro- According to 60% respondents there exists 360 degree feedback method to evaluate employee performance while 40% respondents say they use grading method for evaluating employee performance.

WNS- 60% respondents say there is ranking method, 40% respondents are of the view they use combination of many methods to appraise employee performance

Cognizant - According to 20% respondents agree that there exists 360 degree feedback method, 70% respondents are of the view that they use ranking method while 10% respondents say combination of many methods is used in order to evaluate employee performance.

Persistent – 70% respondents say there exists ranking method while 30% respondents agree combination of many methods is used to appraise employee performance.

**Table no. 9.19.2: Group Appraisal System**

Item	ZS (%)	TCS (%)	Info (%)	IBM (%)	Patni (%)	Zen. (%)	Wipro (%)	WNS (%)	Cogni. (%)	Persis. (%)
<b>Yes</b>	60	70	75	90	85	80	90	55	30	60
<b>No</b>	40	30	25	10	15	20	10	45	70	40
<b>Total percentage</b>	100	100	100	100	100	100	100	100	100	100

From the above table it is evident that;

ZS – 60% respondents agree that there exists group appraisal system while 40% respondents say there is no group appraisal system.

TCS- 70% respondents say there is group appraisal system while 30% respondents are of the opinion there is no group appraisal system.

Infosys- According to 75% respondents there exists group appraisal system while 25% respondents say there is no group appraisal system.

IBM- 90% respondents say they have group appraisal system while 10% respondents say there is no group appraisal system.

Patni- 85% respondents are of the view that there exists group appraisal system while 15% respondents say there is no group appraisal system.

Zensar-80% respondents say they have group appraisal system while 20% respondents say there is no group appraisal system.

Wipro- 90% respondents say they have group appraisal system while 10% respondents say there is no group appraisal system.

WNS- 55% respondents agree that there exists group/team appraisal system while 45% respondents say there is no group/team appraisal system

Cognizant- According to 30% respondents are of the view that there exists group appraisal system while 70% respondents say there is no group appraisal system

Persistent- 60% respondents say they have group appraisal system while 40% respondents say there is no group appraisal system.

**Table No. 9.19.3: Table showing criterias considered for Group / Team appraisal**

<b>Item</b>	<b>ZS (%)</b>	<b>TCS (%)</b>	<b>Info (%)</b>	<b>IBM (%)</b>	<b>Patni (%)</b>	<b>Zen. (%)</b>	<b>Wipro (%)</b>	<b>WNS (%)</b>	<b>Cogni. (%)</b>	<b>Persis. (%)</b>
<b>Project Excellence</b>	18	30	40	41	60	--	30	30	18	33
<b>Team Work</b>	12	35	28	18	--	45	20	30	12	17
<b>co- ordination with team members</b>	40	20	20	17	30	25	--	15	40	20
<b>duration of the project</b>	30	15	12	14	10	30	50	25	30	30
<b>Any other</b>	--	--	--	10	--	--	--	--	--	--
<b>Total percentage</b>	100	100	100	100	100	100	100	100	100	100

From the above table it is observed that;

ZS- 18% responses have been received for project excellence as criteria considered for evaluating team performance, 12% respondents feel team work is the criteria to be considered for evaluating team performance according to 40% respondents say co-ordination with team members is considered while appraising employee performance while 30% respondents say duration of the project is considered for evaluating group/team performance.

TCS- 30% responses have been received for project excellence as criteria considered for evaluating team performance, 35% respondents feel team work is the criteria to be considered for evaluating team performance according to 20% respondents co-ordination with team members is considered while appraising employee performance while 15% respondents say duration of the project is considered for evaluating group/team performance.

Infosys- 40% responses have been received for project excellence as criteria considered for evaluating team performance, 28% respondents feel team work is the criteria to be considered for evaluating team performance according to 20% respondents co-ordination with team members is considered while appraising employee performance

while 12% respondents say duration of the project is considered for evaluating group/team performance.

IBM- 41% responses have been received for project excellence as criteria considered for evaluating team performance, 18% respondents feel team work is the criteria to be considered for evaluating team performance according to 17% respondents co-ordination with team members is considered appraising employee performance , 14% respondents say duration of the project is considered for evaluating group/team performance while 10% respondents are of the opinion that they use other criteria for appraising group / team.

Patni- 60% responses have been received for project excellence as criteria considered for evaluating team performance, 30% respondents say co-ordination with team members is considered while appraising employee performance while 10% respondents say duration of the project is considered for evaluating group/team performance.

Zensar- 45% respondents are of the opinion that team work is considered while appraising group/team performance, 25% respondents say co-ordination among team members is the criteria considered for group/team performance while according to 30% respondents say duration of the project is considered while appraising group/team appraisal.

Wipro- 30% responses have been received for project excellence as criteria considered for evaluating team performance, 20% respondents say team work is considered important while appraising employee performance whereas 50% respondents say duration of the project is considered for evaluating group/team performance.

WNS- - 30% respondents consider project excellence and team work as criteria for evaluating team performance respectively, according to 15% respondents co-ordination with team members is considered while appraising employee performance whereas 25% respondents say duration of the project is considered for evaluating group/team performance

Cognizant- - 18% responses have been received for project excellence as criteria considered for evaluating team performance, 12% respondents say team work is considered for appraising employee performance, 40% respondents are of the view that co-ordination with team members is considered while appraising employee performance

whereas 30% respondents say duration of the project is considered for evaluating group/team performance.

Persistent- 33% responses have been received for project excellence as criteria considered for evaluating team performance, 17% respondents feel team work is the criteria to be considered for evaluating team performance according to 20% respondents co-ordination with team members is considered while appraising employee performance while 30% respondents say duration of the project is considered for evaluating group/team performance.

**Table No. 9.19.4: Frequency of performance appraisal**

<b>Item</b>	<b>ZS (%)</b>	<b>TCS (%)</b>	<b>Info (%)</b>	<b>IBM (%)</b>	<b>Patni (%)</b>	<b>Zensar (%)</b>	<b>Wipro (%)</b>	<b>WNS (%)</b>	<b>Cogni. (%)</b>	<b>Persis. (%)</b>
<b>Three months</b>	25	--	30	--	--	--	80	40	40	40
<b>Six months</b>	50	90	60	75	10	--	20	40	50	60
<b>Annually</b>	--	--	10	--	90	90		20	10	--
<b>As per requirement</b>	25	10	--	25	--	10	--	--	--	--
<b>Total percentage</b>	100	100	100	100	100	100	100	100	100	100

The above table reveals that;

ZS- 50% respondents agree that they conduct performance appraisal of employees in every six months, while 25% respondents are of the view that employees are appraised at the frequency of three months and as per requirements respectively.

TCS- 90% respondents say employees are appraised at the interval of six months while 10% respondents are of the view that employees are appraised as per the requirement.

Infosys- 30% respondents say employees are appraised at the gap of three months, 60% respondents agree that employee performance is appraised at the interval of six months while 10% respondents say they conduct the appraisal as per requirement.

IBM- - 75% respondents say employees are appraised at the interval of six months while 25% respondents are of the view that employees are appraised as per the requirement.

Patni- 10% respondents say employee appraisal is conducted at the interval of six months while 90% respondents say that employees are appraised annually.

Zensar- 90% respondents say employees are appraised annually while 10% respondents are of the view that employees are appraised as per the requirement.

Wipro- 80% respondents say employees are appraised at the gap of three months, 20% respondents agree that employee performance is appraised at the interval of six months

WNS- 40% respondents say employees are appraised at the gap of three months and at the interval of six months respectively, while 20% respondents say they conduct the appraisal as per requirement.

Cognizant - 40% respondents say employees are appraised at the gap of three months, 50% respondents agree that employee performance is appraised at the interval of six months while 10% respondents say they conduct the appraisal as per requirement.

Persistent- 40% respondents agree that they conduct performance appraisal of employees in every six months, while 60% respondents are of the view that employees are appraised at the frequency of three months.

**Table No. 9.19.5: Setting of employee performance standards**

Item	ZS (%)	TCS (%)	Info. (%)	IBM (%)	Patni (%)	Zensar (%)	Wipro (%)	WNS (%)	Cogni. (%)	Persis. (%)
<b>On the basis of past performance</b>	15	25	20	23	30	27	25	40	22	35
<b>In alignment with organisational goals &amp; objectives</b>	85	75	80	77	70	73	75	60	78	65
<b>Total percentage</b>	100	100	100	100	100	100	100	100	100	100

From the above table it is observed that;

ZS- Around 85% respondents are of the opinion that the employee performance standards are set in accordance with the organisational goals and objectives while 15% respondents say that employee performance standards are set on the basis of past performance.

TCS- According to 75% respondents employee performance standards are set in accordance with the organisational goals and objectives while 25% respondents are of the view that employee performance standards are set in accordance with their past performance.

Infosys- 80% respondents are of the view that employee performance standards are set in accordance with the organisational goals and objectives whereas 20% respondents are of the view that employee performance standards are set on the basis of their past performance.

IBM- According to 77% respondents employee performance standards are set in accordance with the organisational goals and objectives while 23% respondents are of the view that employee performance standards are set in accordance with their past performance.

Patni- 70% respondents say that the employee performance standards are set in accordance with the organisational goals and objectives whereas around 30% respondents are of the view that employee performance standards are set in accordance with their past performance.

Zensar- According to 73% respondents employee performance standards are set in accordance with the organisational goals and objectives while 27% respondents are of the view that employee performance standards are set in accordance with their past performance.

Wipro- - Around 75% respondents are of the opinion that the employee performance standards are set in accordance with the organisational goals and objectives while 25% respondents say that employee performance standards are set on the basis of past performance.

WNS- 60% respondents are of the view that employee performance standards are set in accordance with the organisational goals and objectives whereas 40% respondents are of the view that employee performance standards are set on the basis of their past performance.

Cognizant- 78% respondents say that the employee performance standards are set in accordance with the organisational goals and objectives whereas around 22%



respondents are of the view that employee performance standards are set in accordance with their past performance.

Persistent- Around 65% respondents are of the opinion that the employee performance standards are set in accordance with the organisational goals and objectives while 35% respondents say that employee performance standards are set on the basis of past performance.

**Table No. 9.19.6: Communication of objectives to employees**

Item	ZS (%)	TCS (%)	Info (%)	IBM (%)	Patni (%)	Zensar (%)	Wipro (%)	WNS (%)	Cogni. (%)	Persis. (%)
<b>Immediate boss</b>	67	70	60	40	50	80	65	85	90	75
<b>Manager</b>	33	30	40	60	30	20	35	15	10	25
<b>HR department</b>	--	--	--	--	20	--	--	--	--	--
<b>Total percentage</b>	100	100	100	100	100	100	100	100	100	100

From the above table it is evident that;

ZS- 67% respondents say that employees are communicated about their job objectives by immediate boss while 33% respondents are of the opinion that manager communicates job objectives to the employees.

TCS – Around 70% respondents say that employees are communicated about their job objectives by immediate boss while 30% respondents are of the opinion that manager communicates job objectives to the employees.

Infosys- According to 60% respondents immediate boss of an employee communicates him/her job objectives while 40% respondents are of the opinion that manager communicates job objectives to the employees.

IBM- 40% respondents say that employees are communicated about their job objectives by immediate boss while 60% respondents are of the opinion that manager communicates job objectives to the employees

Patni- 50% respondents say employees are communicated about their job objectives by immediate boss, 30% respondents are of the opinion that employees are communicated

about their job objectives by the manager while 20% respondents are of the view that employees are communicated about their job objectives by HR department.

Zensar- Around 80% respondents say that employees are communicated about their job objectives by immediate boss while 20% respondents are of the opinion that employees are communicated about their job objectives by the manager.

Wipro- 65% respondents say employees are communicated about their job objectives by immediate boss while 35% respondents are of the opinion that employees are communicated about their job objectives by the manager.

WNS- 85% respondents are of the view that employees are communicated about their job objectives by immediate boss while 15% respondents are of the opinion that employees are communicated about their job objectives by the manager.

Cognizant- 90% respondents say employees are communicated about their job objectives by immediate boss while 10% respondents are of the opinion that manager communicates employees their job objectives.

Persistent- 75% respondents say employees are communicated about their job objectives by immediate boss while 25% respondents are of the opinion that employees are communicated about their job objectives by the manager.

**Table No. 9.19.7: Self – appraisal system**

<b>Item</b>	<b>ZS (%)</b>	<b>TCS (%)</b>	<b>Info (%)</b>	<b>IBM (%)</b>	<b>Patni (%)</b>	<b>Zen. (%)</b>	<b>Wipro (%)</b>	<b>WNS (%)</b>	<b>Cogni. (%)</b>	<b>Persis. (%)</b>
<b>Yes</b>	80	60	40	30	70	90	75	90	80	85
<b>No</b>	20	40	60	70	30	10	25	10	20	15
<b>Total Percentage</b>	100	100	100	100	100	100	100	100	100	100

From the above table it is observed that;

ZS- According to 80% respondents there exists self-appraisal system while 20% respondents say there is no self-appraisal system.

TCS - 60% respondents say there exists self-appraisal system while 40% respondents say there is no self-appraisal system.

Infosys- Around 40% respondents are of view that there exists self-appraisal system while 60% respondents say there is no self-appraisal system.

IBM- 30% respondents say there exists self-appraisal system while 70% respondents say there is no self-appraisal system.

Patni- 70% respondents agree that there exists self-appraisal system while 30% respondents say there is no self-appraisal system.

Zensar- 90% respondents there exists self-appraisal system while 10% respondents say there is no self-appraisal system.

Wipro- According to 75% respondents there exists self-appraisal system while 25% respondents say there is no self-appraisal system.

WNS- 90% respondents say there exists self-appraisal system while 10% respondents say there is no self-appraisal system.

Cognizant- Around 80% respondents are of view that there exists self-appraisal system while 20% respondents say there is no self-appraisal system.

Persistent- 85% respondents are of view that there exists self-appraisal system while 15% respondents say there is no self-appraisal system.

**Table No. 9.19.8: Appraiser of the employees**

<b>Item</b>	<b>ZS (%)</b>	<b>TCS (%)</b>	<b>Info (%)</b>	<b>IBM (%)</b>	<b>Patni (%)</b>	<b>Zen. (%)</b>	<b>Wipro (%)</b>	<b>WNS (%)</b>	<b>Cogni (%)</b>	<b>Persis (%)</b>
<b>Immediate boss</b>	80	70	60	75	60	80	40	50	85	73
<b>Manager</b>	20	30	40	25	30	20	60	50	15	27
<b>HR department</b>	--	--	--	--	10	--	--	--	--	--
<b>Total percentage</b>	100	100	100	100	100	100	100	100	100	100

It is evident from the above table that:

ZS- 80% respondents agree that their performance is appraised by the immediate boss while 20% respondents say manager appraises their performance.

TCS- Around 70% respondents say immediate boss appraises their performance while 30% respondents agree that their performance is appraised by the manager.

Infosys- 60% respondents agree that their performance is appraised by the immediate boss while 40% respondents say manager appraises their performance.

IBM- Around 75% respondents say immediate boss appraises their performance while 25% respondents agree that their performance is appraised by the manager.

Patni- 60% respondents agree that their performance is appraised by the immediate boss, 30% respondents say manager appraises their performance while 10% respondents view that HR Department appraises their performance.

Zensar- 80% respondents agree that their performance is appraised by the immediate boss while 20% respondents say manager appraises their performance.

Wipro- 40% respondents agree that their performance is appraised by the immediate boss while 60% respondents say manager appraises their performance.

WNS- 50% respondents are of the view that their performance is appraised by the immediate boss and similar responses (50%) have been received for Manager.

Cognizant- According to 85% respondents agree that their performance is appraised by the immediate boss while 15% respondents say manager appraises their performance.

Persistent- 73% respondents agree that their performance is appraised by the immediate boss while 27% respondents say manager appraises their performance.

**Table No. 9.19.9: Feedback Mechanism**

<b>Item</b>	<b>ZS (%)</b>	<b>TCS (%)</b>	<b>Info (%)</b>	<b>IBM (%)</b>	<b>Patni (%)</b>	<b>Zen. (%)</b>	<b>Wipro (%)</b>	<b>WNS (%)</b>	<b>Cogni. (%)</b>	<b>Persis. (%)</b>
<b>Through e-mail</b>	33	40	32	25	30	20	40	25	20	30
<b>Through meeting</b>	17	20	19	35	--	30	20	40	30	20
<b>One to one communication</b>	50	40	32	40	70	50	40	35	50	50
<b>Any other</b>	--	--	16	--	--	--	--	--	--	--
<b>Total percentage</b>	100	100	100	100	100	100	100	100	100	100

From the above table it is clear that;

ZS- 33% respondents say that employees are communicated about their feedback through e-mail, 17% respondents say that employees are informed about their performance feedback through meeting while 50% respondents are of the view that employees are communicated with their performance feedback through one to one communication.

TCS- Around 40% respondents are of the view that employees are communicated their performance feedback through e-mail and on the basis of one to one communication respectively. 20% respondents say that employees are communicated their performance feedback through meeting.

Infosys- According to 32% respondents employees come to know about their performance through e-mails, 19% respondents are of the views employees are communicated with the performance feedback through meeting while 32% respondents say employees are communicated about their feedback through one to one communication whereas 16% responses have been received for communication of feedback through any other way.

IBM- 25% respondents say that employees are communicated about their feedback through e-mail, 35% respondents say that employees are informed about their performance feedback through meeting while 40% respondents are of the view that employees are communicated with their performance feedback through one to one communication.

Patni- - Around 30% respondents are of the view that employees are communicated their performance feedback through e-mail, 70% respondents say that employees are communicated their performance feedback through one to one communication.

Zensar - According to 20% respondents employees come to know about their performance through e-mails, 30% respondents are of the views employees are communicated with the performance feedback through meeting while 50% respondents say employees are communicated about their feedback through one to one communication.

Wipro- According to 40% respondents employees come to know about their performance feedback through e-mails, 20% respondents are of the views employees

are communicated with the performance feedback through meeting while 40% respondents say employees are communicated about their performance feedback through one to one communication

WNS- Around 25% respondents are of the view that employees are communicated their performance feedback through e-mail, 40% respondents say that employees are communicated their performance feedback through meeting while 35 % respondents say employees are communicated about their feedback through one to one communication.

Cognizant- 20% respondents employees come to know about their performance through e-mails, 30% respondents are of the views employees are communicated with the performance feedback through meeting while 50% respondents say employees are communicated about their feedback through one to one communication.

Persistent- According to 30% respondents employees come to know about their performance through e-mails, 20% respondents are of the views employees are communicated with the performance feedback through meeting while 50% respondents say employees are communicated about their feedback through one to one communication.

**Table No. 9.19.10: Employee experience about their performance appraisal**

Item	ZS (%)	TCS (%)	Info (%)	IBM (%)	Patni (%)	Zensar (%)	Wipro (%)	WNS (%)	Cogni (%)	Persis. (%)
<b>Very good</b>	75	80	10	--	--	--	--	--	--	20
<b>Good</b>	25	20	40	90	30	80	70	70	60	60
<b>Not good</b>	--	--	30	10	60	20	30	30	40	20
<b>Can't say</b>	--	--	20	--	10	--	--	--	--	--
<b>Total percentage</b>	100	100	100	100	100	100	100	100	100	100

ZS- According to 75% respondents their experience about performance appraisal is very good while 25% respondents say their experience about performance appraisal is good.

TCS- Out of total respondents, 80 percent respondents say that their experience about performance appraisal is very good whereas 20 percent respondents' view their experience about performance appraisal as good.

Infosys - In case of Infosys Company, 10 percent respondents are of the view that their experience about performance appraisal is very good, 40 percent respondents' performance appraisal experience is good whereas 30 percent respondent's experience about performance appraisal is not good and 20 percent respondents cannot express their experience about performance appraisal.

IBM- 90 percent respondent's experience about their performance appraisal is good whereas only 10 percent respondent's view their experience performance appraisal as not good one.

Patni- 30 percent respondents are having good experience about their performance appraisal, 60 percent respondents do not have good experience about their performance appraisal whereas rest of the respondents i.e. 10% can't express the opinion about their performance appraisal.

Zensar- 80 percent respondents reply that their experience about performance appraisal is good whereas according to 20 percent respondents their experience about performance appraisal is not good.

Wipro-70 percent respondents experience about performance appraisal is good whereas only 30 percent respondents experience about their performance appraisal is not good.

WNS-70 percent response is in favour of good experience about performance appraisal whereas rest of the response i.e. 30 percent respondents say that their experience about performance appraisal is not good.

Cognizant - Out of the total respondents, 60 percent respondents say that their experience about performance appraisal is good whereas 40 percent respondents say their experience about performance appraisal is not good.

Persistent -20 percent respondents state that their experience about performance appraisal is very good, 60 percent respondents' performance appraisal experience is good whereas 20 percent respondent's experience about performance appraisal is not good.

**Table No. 9.19.11: Complaint regarding performance review**

<b>Item</b>	<b>ZS (%)</b>	<b>TCS (%)</b>	<b>Info (%)</b>	<b>IBM (%)</b>	<b>Patni (%)</b>	<b>Zen. (%)</b>	<b>Wipro (%)</b>	<b>WNS (%)</b>	<b>Cogni. (%)</b>	<b>Persis. (%)</b>
<b>Yes</b>	10	17	25	20	45	33	20	35	30	15
<b>No</b>	90	83	75	80	55	67	80	65	70	85
<b>Total percentage</b>	100	100	100	100	100	100	100	100	100	100

From the above table it is clear that;

**ZS-** 10% respondents say they have complaints about their performance review whereas 90% respondents do not have any complaint regarding their performance review.

**TCS-** Around 17 percent respondents have complaints regarding their performance appraisal though 83 percent respondents do not have any complaint about their performance review.

**Infosys-** 75 percent respondents say they do not have any complaint about their performance review whereas 25 percent respondents disclose complaints regarding their performance review.

**IBM -** 20 percent respondents say that they are having complaints regarding their performance appraisal whereas 80 percent respondents do not have complaints regarding their performance review.

**Patni –** Voice of 55 percent respondents are in favour of no complaints regarding performance appraisal but 45 percent i.e. approximately half respondent's expressions are in favour of complaints about their performance review.

**Zensar –** Around 67 percent respondents say that they do not have complaints regarding performance appraisal whereas 33 percent respondents say that they have complaint about their performance review.

**Wipro–** 20 percent respondents agree that they have complaints regarding performance review, while 80 percent respondents are of the view that they do not have any complaints regarding their review of performance.



WNS –35 percent respondents agree that they have complaints regarding performance review, while 65percent respondents are of the view that they do not have any complaints regarding their review of performance.

Cognizant – Voice of 70 percent respondents is in favour of no complaints regarding performance appraisal but 30 respondent’s expressions are in favour of complaints about their performance review.

Persistent –15 percent respondents are having complaints regarding performance appraisal however 85 percent respondents do not have complaints regarding their performance appraisal.

**Table No. 9.19.12: Table showing the extent to which complaints have been solved**

Item	ZS (%)	TCS (%)	Info (%)	IBM (%)	Patni (%)	Zen. (%)	Wipro (%)	WNS (%)	Cogni. (%)	Persis. (%)
<b>Fully</b>	10	--	--	--	--		10	10	--	15
<b>Partially</b>	--	17	20	20	10	33	15	25	30	--
<b>Never</b>	--	--	5	--	35	--	--	--	--	--
<b>Total percentage</b>	10	17	25	20	45	33	25	35	30	15

It is evident from the above table;

ZS –10% respondents are of the view that their complaints have been resolved fully.

TCS – 17 percent respondents state that their complaints have been resolved partially.

Infosys – 20 percent respondents state that their complaints have been resolved partially while 5 percent respondents state that their complaints have never been solved.

IBM – 20 percent respondents state that their complaints have been resolved partially.

Patni –10 percent respondents state that their complaints have been resolved partially, while 35 percent respondents’ complaints have never been solved.

Zensar –33% respondents say that their complaints have been resolved partially.

Wipro - 10 percent respondents say that their complaints have been resolved fully while 15 percent respondents state that their complaints have been resolved partially

WNS – 10 percent respondents say that their complaints have been resolved fully though 25 percent respondents state that their complaints have been resolved partially

Cognizant – 30 percent respondents clear that their complaints have been resolved partially.

Persistent –15 percent respondents state that their complaints have been resolved fully.

**Table No. 9.19.13: Table showing opinion of the respondents towards the period of performance improvement**

Item	ZS (%)	TCS (%)	Info (%)	IBM (%)	Patni (%)	Zen. (%)	Wipro (%)	WNS (%)	Cogni (%)	Persis. (%)
<b>Moderate</b>	85	80	75	75	50	50	67	42	60	60
<b>Less</b>	15	20	25	25	30	20	--	40	25	30
<b>Very less</b>	--	--	--	--	20	30	33	18	15	10
<b>Total percentage</b>	100	100	100	100	100	100	100	100	100	100

It is seen from the above table that;

**ZS** – 85% respondents think that the period given for performance improvement is moderate while 15% respondents are of the view that period given for performance improvement is less.

**TCS** – 80 percent respondents’ opinion indicate that the performance improvement period is moderate while 20 percent respondents view that the performance improvement period is less.

**Infosys** — 75 percent respondents’ opinion indicate that the performance improvement period is moderate while 25 percent respondents feel that the performance improvement period is less.

**IBM** –75 percent respondents’ opinion indicate that the performance improvement period is moderate while 25 percent respondents are of the view that the performance improvement period is less.

**Patni** –50 percent respondents’ opinion indicate that the performance improvement period is moderate while 30 percent respondents feel that the performance improvement

period is less however 20 percent respondents are of the view that the performance improvement period is very less.

**Zensar** –50 percent respondents’ opinion indicate that the performance improvement period is moderate while 20 percent respondents say that the performance improvement period is less however 30 percent respondents are of the opinion that the performance improvement period is very less.

**Wipro** – 67 percent respondents’ opinion indicate that the performance improvement period is moderate however 33 percent respondent say that the performance improvement period is very less

**WNS** –42 percent respondents’ opinion indicate that the performance improvement period is moderate while 40 percent respondents feel that the performance improvement period is less however 18 percent respondents are of the view that the performance improvement period is very less.

**Cognizant** –60 percent respondents’ opinion indicate that the performance improvement period is moderate while 25 percent respondents input that the performance improvement period is less however 15 percent respondents say that the performance improvement period is very less.

**Persistent** -60 percent respondents’ opinion indicate that the performance improvement period is moderate while 30 percent respondents feel that the performance improvement period is less however 10 percent respondent input that the performance improvement period is very less.

**Table No. 9.19.14: Effectiveness of Training Programme**

Item	ZS (%)	TCS (%)	Info (%)	IBM (%)	Patni (%)	Zen. (%)	Wipro (%)	WNS (%)	Cogni. (%)	Persis (%)
Up to some extent	30	67	20	58	65	40	75	35	40	60
Up to great extent	70	33	80	42	35	60	25	65	60	40
Total percentage	100	100	100	100	100	100	100	100	100	100

It is observed from the above table;

ZS – 30 percent respondents are of the view that training programme is effective up to some extent while remaining 70% respondents say training programme is effective up to great extent.

TCS – 67 percent respondents say that the training programme is effective up to some extent while 33 percent respondents say that the training programme is effective up to great extent.

Infosys – 20 percent respondents say the training programme is effective up to some extent while 80 percent respondents say that the training programme is effective up to great extent.

IBM – 58 percent respondents are of the view that training programme is effective up to some extent while 42 percent respondents say that the training programme is effective to great extent.

Patni – 65 percent respondents say that training programme is effective up to some extent while 35 percent respondents say that the training programme is effective up to great extent.

Zensar – 40 percent respondents say that the training programme is effective up to some extent while 60 percent respondents say that the training programme is effective up to great extent.

Wipro – 75 percent respondents say that the training programme is effective up to some extent while 25 percent respondents say the training programme is effective up to great extent.

WNS – 35 percent respondents are of the view that the training programme is effective up to some extent while 65 percent respondents say that the training programme is effective up to great extent

Cognizant – 40 percent respondents say that the training programme is effective up to some extent while 60 percent respondents say that the training programme is effective up to great extent.

Persistent – 60 percent respondents say that the training programme is effective up to some extent while 40 percent respondents say that the training programme is effective up to great extent.

**Table No. 9.19.15: Step against non-performers**

Item	ZS	TCS	Info	IBM	Patni	Zen	wipro	WNS	Cogni	Persis
<b>Counseling &amp; coaching</b>	30	35	--	--	25	35	30	30	40	20
<b>Training &amp; development</b>	70	40	80	75	45	45	70	60	60	80
<b>Layoffs</b>	--	25	20	25	30	20	--	10	--	--
<b>Total percentage</b>	100	100	100	100	100	100	100	100	100	100

It can be seen from the above table that;

**ZS** – 30 percent respondents say that company do conduct counselling and coaching of the non performing employees 70 percent respondents say that company imparts training and development programmes in order to help non-performers to improve their performance.

**TCS** – 35 percent respondents say that company do counselling and coaching to improve employee performance while 40 percent respondents say that company initiates training and development to improve employee performance whereas 25 percent respondents are of the opinion that company terminates those non-performers.

**Infosys** – According to 80% respondents company train the non –performers in order to improve their performance while 20% respondents are of the view that company takes the extreme step of terminating those non-performers.

**IBM** – 75 percent respondents say that company provide training and development to improve employee performance whereas 25 percent respondents say that company straight away terminate the non-performers.

**Patni** – 25 percent respondents say that company tries to counsel the non –performers, 45 percent respondents say that company provide training to improve employee performance whereas 30 percent respondents say that company terminate the non-performing employees.

**Zensar** – 35 percent respondents say that company address the issues of non-performing employees through counselling and coaching, 45 percent respondents say that company train the non-performers with an intention to improve their performance

while 20% respondents hold the view that non-performers are terminated from the company.

**Wipro-** Around 30% respondents are of the view that non-performers are provided with counseling and coaching while 70% respondents say training programmes help out the non-performers to improve their performance.

**WNS – 30** percent respondents say that company do counselling and coaching to improve employee performance while 60 percent respondents say that company provides training and development to improve employee performance whereas 10 percent respondents input that layoff is the initiative adopted by company taken against non-performers.

**Cognizant** –40 percent respondents say that company adopts counselling and coaching initiative to improve employee performance while 60 percent respondents say that company provides training and development to improve employee performance.

**Persistent** –Around 20% respondents are of the view that company provide counselling and coaching in order to improve employee performance while 80 percent respondents say that company takes training and development initiative to improve employee performance.

**Table No. 9.19.16: Recommendations to change training programme**

Item	ZS	TCS	Info	IBM	Patni	Zensar	Wipro	WNS	Cogni	Persis
<b>Yes</b>	20	33	60	25	45	67	40	20	15	30
<b>No</b>	80	42	40	50	55	33	50	60	70	40
<b>Can't say</b>	--	25	--	25	--	--	10	20	15	30
<b>Total percentage</b>	100	100	100	100	100	100	100	100	100	100

The above table reveals that;

**ZS** – 20 percent respondents recommend change in training programme while 80 percent respondents do not recommend any change in training programmes.

**TCS** – 33 percent respondents recommend change in training programme, 42 percent respondents are not in favour of changing the training program whereas 25 percent respondents can't express their recommendation in favour of chaining training programme.

**Infosys** –60 percent respondents recommend change in training programme, 40 percent respondents are not in favour of changing the training program.

**IBM** – 25 percent respondents recommend change in training programme, 50 percent respondents are not in favour of changing the training program whereas 25 percent respondents can't express their view regarding changing the training programme.

**Patni** –45 percent respondents recommend change in training programme, 55 percent respondents not in favour of changing the training program.

**Zensar** – 67 percent respondents recommend change in training programme, 33 percent respondents are not in favour of changing the training program.

**Wipro** – 40 percent respondents recommend change in training programme, 50 percent respondents are not in favour of changing the training program whereas 10 percent respondents can't express their views regarding the changing training programme.

**WNS** – 20 percent respondents recommend change in training programme, 60 percent respondents are not in favour of changing the training program whereas 20 percent respondents can't express their view in this regard.

**Cognizant** – 15 percent respondents agree that the training programmes should undergo changes while 70 percent respondents are not in favour of changing the training program whereas 15 percent respondents can't express their opinion in this regard.

**Persistent** - 30 percent respondents recommend change in training programme, 40 percent respondents do not want change in the training program whereas 30 percent respondents can't express their views.

**Table No. 9.19.17: Ratings given by the respondents to the various aspects of their performance appraisal system**

**9.19.17 (i) ZS Descriptive Statistics:**

Item	N	Minimum	Maximum	Mean	Std. deviation
Process of communicating performance standards	12	3	5	3.7500	.86603
Feedback Mechanism	12	1	4	3.250	1.3568
Performance Review Process	12	3	4	3.7500	45227

Clarity of PA System	12	1	4	2.0000	1.27920
Transparency of PA System	12	2	4	3.0000	1.04447
Valid N (listwise)	12				

Here the respondents were asked to rate the various aspects of their performance appraisal system, where 1= poor, 2 = average, 3= good, 4= very good 5= the best.

While analysing these parameters the mean of the rating if it is above 0.5 percent then only it is taken to the next rating (for e.g. if the mean comes 1.9 here rating received is somewhere between 1&2 but it will be taken as 2, if the mean comes 1.4 here rating received is somewhere between 1&2 but it will be taken to 1)

From the above analysis it is clear that the ratings given by the respondents to the process of communicating performance standards and performance review process is somewhere between 3 to 4 hence it can be said that respondents view process of communicating performance standards and performance review process as *very good*. Whereas a rating given for feedback mechanism and transparency of performance appraisal system is 3 hence it is clear that respondents view these two aspects of performance appraisal system as *good*. Rating given to clarity of performance appraisal system is 2; which indicates that respondents view it *as average*.

**Table No. 9.19.17(ii): TCS Descriptive Statistics**

Item	N	Minimum	Maximum	Mean	Std. deviation
Process of communicating performance standards	12	4	4	4.0000	.00000
Feedback Mechanism	12	3	4	3.417	.5149
Performance Review Process	12	2	4	3.5000	.90453
Clarity of PA System	12	4	4	4.0000	.00000
Transparency of PA System	12	2	4	3.5000	.90453
Valid N (listwise)	12				

Here the respondents were asked to rate the various aspects of their performance appraisal system, where 1= poor, 2 = average, 3= good, 4= very good 5= the best.

While analysing these parameters the mean of the rating if it is above 0.5 percent then only it is taken to the next rating (for e.g. if the mean comes 1.9 here rating received is somewhere between 1&2 but it will be taken as 2, if the mean comes 1.4 here rating received is somewhere between 1&2 but it will be taken to 1)



From the above analysis it is clear that the ratings given by the respondents to the process of communicating performance standards and clarity of performance appraisal process is 4 hence it can be said that respondents view process of communicating performance standards and clarity of performance appraisal as *very good*. Whereas a rating given for performance review process and transparency of performance appraisal process is somewhere between 3 and 4 hence it can be said that respondents view these two aspects of their performance appraisal process as *very good*. Rating given to feedback mechanism indicates that respondents view it as *good*.

**Table No. 9.19.17 (iii): Infosys Descriptive Statistics:**

Item	N	Minimum	Maximum	Mean	Std. deviation
Process of communicating performance standards	12	3	5	4.0833	.51493
Feedback Mechanism	12	3	4	3.417	.5149
Performance Review Process	12	2	5	3.417	1.07309
Clarity of PA System	12	3	5	4.1667	.57735
Transparency of PA System	12	2	5	3.5000	1.16775
Valid N (listwise)	12				

Here the respondents were asked to rate the various aspects of their performance appraisal system, where 1= poor, 2 = average, 3= good, 4= very good 5= the best.

While analysing these parameters the mean of the rating if it is above 0.5 percent then only it is taken to the next rating (for e.g. if the mean comes 1.9 here rating received is somewhere between 1&2 but it will be taken as 2, if the mean comes 1.4 here rating received is somewhere between 1&2 but it will be taken to 1)

From the above table it is evident that, the ratings given by the respondents to process of communicating standards and clarity of performance appraisal system is 4; hence it shows that respondents view these two aspects of performance appraisal system as *very*

*good*. Whereas the ratings received by the feedback mechanism and performance review process fall between 3 and 4 which clearly indicates that according to respondents feedback mechanism and performance review process of their complete appraisal process is *good* while respondents have rated transparency of PAS somewhere between 3 and 4; hence it is assumed that respondents view it as *very good*.

**Table No. 9.19.17 (iv): IBM Descriptive Statistics**

Item	N	Minimum	Maximum	Mean	Std. deviation
Process of communicating performance standards	12	3	4	3.9167	.28868
Feedback Mechanism	12	3	4	3.417	.5149
Performance Review Process	12	2	4	3.5000	.90453
Clarity of PA System	12	3	4	3.9167	.28868
Transparency of PA System	12	2	4	3.3333	.98473
Valid N (listwise)	12				

Here the respondents were asked to rate the various aspects of their performance appraisal system, where 1= poor, 2 = average, 3= good, 4= very good 5= the best.

While analysing these parameters the mean of the rating if it is above 0.5 percent then only it is taken to the next rating (for e.g. if the mean comes 1.9 here rating received is somewhere between 1&2 but it will be taken as 2, if the mean comes 1.4 here rating received is somewhere between 1&2 but it will be taken to 1)

The ratings given to process of communicating performance standards, performance review process and clarity of performance appraisal falls somewhere between 3 and 4 hence it can be said that respondents think these three aspects of their performance appraisal process are *very good*. While respondents have rated feedback mechanism and transparency somewhere between 3 and 4 hence it is indicated that respondents view these two aspects of their performance appraisal process as *good*.

**Table No. 9.19.17 (v): Patni Descriptive Statistics**

Item	N	Minimum	Maximum	Mean	Std. deviation
Process of communicating performance standards	12	2	5	2.8333	.93744
Feedback Mechanism	12	2	4	2.667	.6513
Performance Review Process	12	2	5	2.9167	1.16450
Clarity of PA System	12	.00	4	2.3333	.98473
Transparency of PA System	12	.00	3	1.9167	.66856
Valid N (listwise)	12				

Here the respondents were asked to rate the various aspects of their performance appraisal system, where 1= poor, 2 = average, 3= good, 4= very good 5= the best.

While analysing these parameters the mean of the rating if it is above 0.5 percent then only it is taken to the next rating (for e.g. if the mean comes 1.9 here rating received is somewhere between 1&2 but it will be taken as 2, if the mean comes 1.4 here rating received is somewhere between 1&2 but it will be taken to 1)

From the above table it can be said that the respondents have rated process of communicating performance standards, feedback mechanism and performance review process somewhere between 2 and 3 hence it is considered that respondents view these three aspects of their appraisal system as *good*. The rating given for clarity of performance appraisal process falls somewhere between 2 and 3 hence it is clear that respondents view it as *average* while transparency of performance appraisal system is rated somewhere between 1 and 2 which means respondents view it as *average*.

**Table No. 9.19.17 (vi): Zensar Descriptive Statistics**

Item	N	Minimum	Maximum	Mean	Std. deviation
Process of communicating performance standards	12	2	5	3.0833	.79296
Feedback Mechanism	12	3	4	3.417	.5149
Performance Review Process	12	2	4	3.5000	.90453
Clarity of PA System	12	2	3	2.3333	.49237
Transparency of PA System	12	1	2	1.3333	.49237
Valid N (listwise)	12				

Here the respondents were asked to rate the various aspects of their performance appraisal system, where 1= poor, 2 = average, 3= good, 4= very good 5= the best.

While analysing these parameters the mean of the rating if it is above 0.5 percent then only it is taken to the next rating (for e.g. if the mean comes 1.9 here rating received is somewhere between 1&2 but it will be taken as 2, if the mean comes 1.4 here rating received is somewhere between 1&2 but it will be taken to 1)

From the above analysis it is observed that the ratings given by the respondents for process of communicating performance standards, feedback mechanism falls somewhere between 3 to 4 hence it can be said that the respondents view these aspects of performance appraisal system as *good*. According to the respondents performance review process is *very good* as the ratings given is somewhere between 3 and 4. The ratings given to clarity of PAS falls between 2 and 3, hence it is clear that respondents view it as *average*.

The ratings given to transparency of performance appraisal falls somewhere between 1 and 2 hence it is observed that respondents view it as *poor*.

**Table No. 9.19.17 (vii): Wipro Descriptive Statistics**

Item	N	Minimum	Maximum	Mean	Std. deviation
Process of communicating performance standards	12	3	5	3.6667	.77850
Feedback Mechanism	12	3	5	3.500	.7977
Performance Review Process	12	3	5	3.6667	.77850
Clarity of PA System	12	2	4	3.1667	.83485
Transparency of PA System	12	2	3	2.4167	.51493
Valid N (listwise)	12				

Here the respondents were asked to rate the various aspects of their performance appraisal system, where 1= poor, 2 = average, 3= good, 4= very good 5= the best.

While analysing these parameters the mean of the rating if it is above 0.5 percent then only it is taken to the next rating (for e.g. if the mean comes 1.9 here rating received is somewhere between 1&2 but it will be taken as 2, if the mean comes 1.4 here rating received is somewhere between 1&2 but it will be taken to 1)

From the above table it is clear that the ratings given by the respondents for process of communicating performance standards, feedback mechanism and performance review process is somewhere between 3 and 4 hence it can be said that according to the respondents these aspects of performance appraisal system are *very good*. Whereas respondents have rated clarity of their performance appraisal system somewhere between 3 and 4 which indicates that respondent view it as *good*, the ranking given for the transparency of performance appraisal falls somewhere between 2 and 3 hence it is considered that the respondents view it as *average*.

**Table No. 9.19.17 (viii): WNS Descriptive Statistics**

Item	N	Minimum	Maximum	Mean	Std. deviation
Process of communicating performance standards	12	1	4	1.5833	.99620
Feedback Mechanism	12	2	3	2.500	.5222
Performance Review Process	12	1	5	3.2500	1.60255
Clarity of PA System	12	2	3	2.5000	.52223
Transparency of PA System	12	1	5	2.9167	1.50504
Valid N (listwise)	12				

Here the respondents were asked to rate the various aspects of their performance appraisal system, where 1= poor, 2 = average, 3= good, 4= very good 5= the best.

While analysing these parameters the mean of the rating if it is above 0.5 percent then only it is taken to the next rating (for e.g. if the mean comes 1.9 here rating received is somewhere between 1&2 but it will be taken as 2, if the mean comes 1.4 here rating received is somewhere between 1&2 but it will be taken to 1)

From the above table it is evident that the ratings given by the respondents for feedback mechanism, clarity of performance appraisal system and transparency of performance appraisal system is somewhere between 2 and 3 hence it is considered that respondents view these aspects of their performance appraisal system as *good*, rating given for the process of communicating standards is somewhere between 1 and 2 which indicates that respondents view it as *average*. Whereas respondents have rated performance review process somewhere between 3 and 4 hence it is clear that they view it as *good*.

**Table No. 9.19.17(ix): Cognizant Descriptive Statistics:**

Item	N	Minimum	Maximum	Mean	Std. deviation
Process of communicating performance standards	12	3	5	3.9167	.79296
Feedback Mechanism	12	3	4	3.333	.4924
Performance Review Process	12	3	4	3.3333	.49237
Clarity of PA System	12	2	4	3.1667	.83485
Transparency of PA System	12	2	4	2.9167	.79296
Valid N (listwise)	12				

Here the respondents were asked to rate the various aspects of their performance appraisal system, where 1= poor, 2 = average, 3= good, 4= very good 5= the best.

While analysing these parameters the mean of the rating if it is above 0.5 percent then only it is taken to the next rating (for e.g. if the mean comes 1.9 here rating received is somewhere between 1&2 but it will be taken as 2, if the mean comes 1.4 here rating received is somewhere between 1&2 but it will be taken to 1)

From the above table it is observed that respondents have rated process of communicating performance standard somewhere between 3 and 4 which indicates that respondent view it as *very good* whereas the ratings given to the other aspects of performance appraisal process i.e. feedback mechanism, performance review process, clarity of performance appraisal system is somewhere between 3 and 4 which means respondents feel that these aspects of their performance appraisal system are *good*. Transparency of performance appraisal system is rated somewhere between 2 and 3 hence it is considered that respondents view it as *good*.

**Table No. 9.19.17(x): Persistent Descriptive Statistics:**

Item	N	Minimum	Maximum	Mean	Std. deviation
Process of communicating performance standards	12	3	5	4.0000	.60302
Feedback Mechanism	12	3	4	3.417	.5149
Performance Review Process	12	2	4	3.5000	.90453
Clarity of PA System	12	2	4	3.5833	.79296
Transparency of PA System	12	2	4	3.3333	.79296
Valid N (listwise)	12				

Here the respondents were asked to rate the various aspects of their performance appraisal system, where 1= poor, 2 = average, 3= good, 4= very good 5= the best

While analysing these parameters the mean of the rating if it is above 0.5 percent then only it is taken to the next rating (for e.g. if the mean comes 1.9 here rating received is somewhere between 1&2 but it will be taken as 2, if the mean comes 1.4 here rating received is somewhere between 1&2 but it will be taken to 1)

From the above table it can be said that respondents have rated process of communicating standards of their performance appraisal system 4, ratings given for the performance review process it indicates that respondents view it as *very good*. Clarity of performance appraisal system falls somewhere between 3 and 4; which shows that respondents view them as *very good*. Feedback mechanism and transparency of appraisal system are being rated somewhere between 3 and 4 hence it indicates respondents view them as *good*.



## HYPOTHESIS OF THE STUDY

There are certain constraints/ lacunae in existing performance appraisal system and promotion policies of IT- Enabled Services (ITES) companies.

**Table no. 9. 19.18: Table showing the opinion of the respondents towards their performance appraisal system**

Item	ZS	TCS	Info	IBM	Patni	Zen.	Wipro	WNS	Cogni	Persi.
Effective	70	65	72	75	55	60	68	70	73	60
Defective	5	--	--	--	--	20	--	10	--	15
Requires some changes	25	35	28	25	45	20	32	20	27	25
Can't say	--	--			--	--	--	--	--	10
Total percentage	100	100	100	100	100	100	100	100	100	100

From the above table it is observed that in case of Company ZS 70% respondents are of the view that their performance appraisal system is effective, 5% respondents are of the opinion that it is defective while 25% respondents feel performance appraisal system requires some changes.

In case of TCS, according to 65% respondents their performance appraisal system is effective while 35% respondents are of the view that it requires some changes.

Infosys- 72% respondents say performance appraisal system is effective while 28% respondents say it requires some changes.

IBM- According to 75% respondents their performance appraisal system is effective while 25% respondents say it requires some changes.

Patni- 55% respondents say their performance appraisal system is effective, 45% respondents view that performance appraisal system requires some changes.

Zensar- 60% respondents are of the view that their performance appraisal system is effective, 20% respondents are of the opinion that it is defective while 20% respondents feel performance appraisal system requires some changes.

Wipro- According to 68% respondents their performance appraisal system is effective while 32% respondents say it requires some changes.

WNS- 70% respondents are of the view that their performance appraisal system is effective, 10% respondents are of the opinion that it is defective while 20% respondents feel performance appraisal system requires some changes.

Cognizant- 73% respondents are of the view that their performance appraisal system is effective, while 27% respondents feel performance appraisal system requires some changes.

Persistent- 60% respondents are of the view that their performance appraisal system is effective, 15% respondents are of the opinion that it is defective while 25% respondents feel performance appraisal system requires some changes.

**Table no. 9. 20: Table showing respondents opinion towards their promotion policy**

Item	ZS	TCS	Info	IBM	Patni	Zen.	Wipro	WNS	Cogni.	Persi.
Adequate	85	80	85	75	60	50	70	60	85	70
Inadequate	--	5	--	15	10	30	20	25	--	10
Requires some changes	15	10	15	05	30	20	10	15	15	20
Total percentage	100	100	100	100	100	100	100	100	100	100

From the above table it is observed that;

In case of Company ZS 85% respondents are of the opinion that their promotion policy is adequate while 15% respondents say it requires some changes.

TCS- 80% respondents say their promotion policy is adequate, 5% respondents view it as inadequate while 10% respondents feel that it requires some changes.

Infosys- 85% respondents are of the opinion that their promotion policy is adequate while 15% respondents say it requires some changes.

IBM- 75% respondents say their promotion policy is adequate, 15% respondents view it as inadequate while 5% respondents feel that it requires some changes.

Patni- 60% respondents say their promotion policy is adequate, 10% respondents view it as inadequate while 30% respondents feel that it requires some changes.

Zensar- 50% respondents say their promotion policy is adequate, 30% respondents view it as inadequate while 20% respondents feel that it requires some changes.

Wipro- 70% respondents say their promotion policy is adequate, 20% respondents view it as inadequate while 10% respondents feel that it requires some changes.

WNS- 60% respondents say their promotion policy is adequate, 25% respondents view it as inadequate while 15% respondents feel that it requires some changes.

Cognizant - 85% respondents are of the opinion that their promotion policy is adequate while 15% respondents say it requires some changes.

Persistent - 70% respondents say their promotion policy is adequate, 10% respondents view it as inadequate while 20% respondents feel that it requires some changes.

From the above analysis it is clear that in case of Companies ZS, 25% respondents have recommended changes in their performance appraisal system. In case of other companies like TCS 35% respondents, Infosys 28% respondents, IBM 25% respondents, Patni 45% respondents, Zensar 20 % respondents, Wipro 32% respondents, WNS 20%, Cognizant 27% respondents and in case of Persistent 25% respondents have recommended changes in their performance appraisal system. It is observed that these respondents have recommended changes because they are of the opinion that the performance appraisal systems have some shortcomings.

Coming to Promotion policy, in case of ZS 15% respondents, TCS 10% respondents, Infosys 15% respondents, IBM 5% respondents, Patni 30% respondents, Zensar 20% respondents, Wipro 10% respondents, WNS 15% respondents, Cognizant 15 % respondents, Persistent 20% respondents have recommended changes in the promotion policy.

In case of Companies like TCS 5 % respondents, IBM 15%, Patni 10%, Zensar 30%, Wipro 20%, WNS 25%, Persistent 10% respondents view that their promotion policies are inadequate.

In the light of this analysis the above hypothesis that, there are certain constraints/ lacunae in existing performance appraisal system and promotion policies of IT- Enabled Services (ITES) companies is being accepted as it is supported with the data.

**9.21: OTHER ISSUES RELATED TO THE ORGANISATIONAL HIGHER PRODUCTIVITY AND EFFECTIVE PERFORMANCE**

**Table No. 9.21.1: Strategies adopted for higher productivity**

Item	ZS	TCS	Info	IBM	Patni	Zen	Wipro	WNS	Cogni	Persi
Innovative methods & processes	30	34	35	26	22	25	26	35	--	40
Focused workforce development	--	14	28	18	16	--	30	27	--	30
Creating performance driven culture	20	--	15	12	22	30	24	15	40	--
Developing knowledge sharing culture	--	28	--	15	24	--	--	--	--	--
Introducing new technology	50	24	22	29	16	55	20	23	60	30
Total percentage	100	100	100	100	100	100	100	100	100	100

From the above table it is evident that;

In case of Company ZS 30 % respondents say that the organisation tends to achieve higher productivity through innovative methods and processes, 20% respondents say company focuses on creating performance driven culture while 50% respondents are of the view that organisation tends to achieve higher productivity through new technology.

TCS- 34% respondents are of the opinion that company adopt innovative methods and processes, 14% responses have been received for workforce development, 28% respondents have responded for knowledge sharing culture while 24% respondents say company tends to achieve higher productivity with the introduction of new technology.

Infosys- According to 35% respondents company focuses on innovative methods and processes, 28% respondents are of the view that company gives emphasis on workforce development, 15% respondents say performance driven culture while 22% respondents say company adopts new technology in order to achieve higher productivity.

IBM- 26% respondents say innovative methods and processes, 18% respondents have responded for workforce development, 12% respondents say performance driven culture, 15% respondents say knowledge sharing culture and 29% respondents say new technology are the strategies adopted by the organisation in order to achieve higher productivity.

Patni- 22% respondents are of the opinion that company adopt innovative methods and processes, 16% responses have been received for workforce development, 22% respondents have responded for performance driven culture while 24% respondents say company focuses on developing knowledge sharing culture while 16% respondents are of the view that company adopts new technology in order to achieve higher productivity.

Zensar- According to 25% respondents Company focuses on innovative methods and processes, 30% respondents say performance driven culture while 55% respondents say company adopts new technology in order to achieve higher productivity.

Wipro- 26% respondents are of the opinion that company adopt innovative methods and processes, 30% responses have been received for workforce development, 24% respondents have responded for creating performance driven culture while 20% respondents say company tends to achieve higher productivity with the introduction of new technology.

WNS- 35% respondents are of the opinion that company adopt innovative methods and processes, 27% responses have been received for workforce development, 15% respondents have responded for creating performance driven culture while 23% respondents say company tends to achieve higher productivity with the introduction of new technology.

Cognizant- 40% respondents have responded for performance driven culture while 60% respondents say company tends to achieve higher productivity with the introduction of new technology.

Persistent- According to 40% respondents Company focuses on innovative methods and processes, 30% respondents say company focuses on workforce development while the same responses (30%) have been received for introduction of new technology in order to achieve higher productivity.

**Table No. 9.21.2: Table showing leadership style of leading**

Item	ZS	TCS	Info	IBM	Patni	Zen	Wipro	WNS	Cogni.	Persis.
(task- oriented) mainly directing	--	28	--	--	40	--	40	50	30	40
Instructive ( indicating step by step)	--	--	--	--	30	30	--	30	--	--
Relation – oriented mainly collaborating	--	--	--	--	--	--	--	--	--	--
Participative	80	60	75	70	--	50	50	20	55	60
Consultative (directing & collaborating)	--	12	25	--	--	20	--	--	--	--
Delegative	20	--	--	30	30	--	10	--	15	--
Combination of more or above	-	--	--	--	--	--	--	--	--	--
Total percentage	100	100	100	100	100	100	100	100	100	100

Above table shows the style of leading that exists in the organisation

ZS- 80% respondents say that their style of leading is participative while 20% respondents are of the opinion that their leading style is delegative.

TCS- 60% respondents say that their style of leading is participative , 28% respondents are of the opinion that their leading style is mainly task oriented while 12% respondents view their style of leading as consultative (directing and collaborating).

Infosys- 75% respondents say that their style of leading is participative while 25% respondents view their style of leading as consultative (directing and collaborating).

IBM- 70% respondents say that their style of leading is participative while 30% respondents are of the opinion that their leading style is delegative.

Patni - 40% respondents say that their style of leading is task oriented i.e. mainly directing while 30% respondents are of the opinion that their leading style is mainly instructive and similar responses have been received for delegative style of leading).

Zensar- 30% respondents say that their style of leading is instructive (indicating step by step), 50% respondents are of the opinion that their leading style is participative while 20% respondents view their style of leading as consultative (directing and collaborating).

Wipro- 50% respondents say that their style of leading is participative while 40% respondents are of the opinion that their leading style is mainly task oriented (mainly directing) ; 10% respondents view their style of leading as delegative.

WNS- 50% respondents say that their style of leading is task oriented i.e. mainly directing, 30% respondents are of the opinion that their leading style is mainly instructive (indicating step by step) while 20% respondents say their style of leading is participative.

Cognizant- 55% respondents say that their style of leading is participative, 30% respondents are of the opinion that their leading style is mainly task oriented while 15% respondents view their style of leading as delegative.

Persistent- 60% respondents say that their style of leading is participative while 40% respondents are of the opinion that their leading style is mainly task oriented i.e. mainly directing.

**Table No. 9.21.3: Freedom to vary leadership with regard to directing and collaborating**

Item	ZS	TCS	Info	IBM	Patni	Zen	Wipro	WNS	Cogni.	Persis.
None	--	--	--	--	--	--	--	--	--	--
Little	--	--	--	--	30	20	--	--	10	--
Complete	90	75	80	85	40	50	30	40	65	60
Not much	--	20	--	--	30	30	--	30	25	20
Much	10	5	20	15	--	--	70	20	--	20
Total percentage	100	100	100	100	100	100	100	100	100	100

From the above table it is clear that

ZS- 90% respondents are of the view that they have complete freedom to vary leadership with regard to directing and collaborating while 10% respondents say they have much freedom to vary leadership with regard to directing and collaborating.

TCS- According to 75% respondents they have complete freedom to vary leadership with regard to directing and collaborating, 20% respondents say they do not have much freedom while 5% respondents say they have much freedom to vary leadership with regard to directing and collaborating.

Infosys- 80% respondents are of the view that they have complete freedom to vary leadership with regard to directing and collaborating while 20% respondents say they have much freedom to vary leadership with regard to directing and collaborating.

IBM- 85% respondents are of the view that they have complete freedom to vary leadership with regard to directing and collaborating while 15% respondents say they have much freedom to vary leadership with regard to directing and collaborating.

Patni- According to 30% respondents they have little freedom to vary leadership with regard to directing and collaborating, 40% respondents say they have complete freedom while 30% respondents say they do not have much freedom to vary leadership with regard to directing and collaborating.

Zensar- According to 20% respondents they have little freedom to vary leadership with regard to directing and collaborating, 50% respondents say they have complete freedom while 30% respondents say they do not have much freedom to vary leadership with regard to directing and collaborating.

Wipro- 30% respondents are of the view that they have complete freedom to vary leadership with regard to directing and collaborating while 70% respondents say they have much freedom to vary leadership with regard to directing and collaborating.

WNS- According to 40% respondents they have complete freedom to vary leadership with regard to directing and collaborating, 30% respondents say they do not have much freedom while 20% respondents say they have much freedom to vary leadership with regard to directing and collaborating.

Cognizant- According to 10% respondents they have little freedom to vary leadership with regard to directing and collaborating, 65% respondents say they have complete freedom while 25% respondents say they do not have much freedom to vary leadership with regard to directing and collaborating.

Persistent- 60% respondents they have complete freedom to vary leadership with regard to directing and collaborating, 20% respondents say they do not have much freedom while 20% respondents say they have much freedom to vary leadership with regard to directing and collaborating.



**Table No. 9.21.4: Initiative to encourage knowledge sharing for effective Knowledge Management**

Item	ZS	TCS	Info	IBM	Patni	Zen	Wipro	WNS	Cogni.	Persis
Reward	--	70	20	--	50	20	30	60	20	40
Providing the infrastructure	30	30	80	25	30	30	40	40	50	60
Considering in appraisal	70	--	--	75	20	50	30	--	30	--
Total percentage	100	100	100	100	100	100	100	100	100	100

From the above table it is evident that;

ZS- 30% respondents say their organisation provides required infrastructure while 70% respondents say knowledge management forms one of the important criterias of employee appraisal in order to promote knowledge sharing culture in an organisation.

TCS- 30% respondents say their organisation provides required infrastructure while 70% respondents say employees are rewarded for sharing knowledge in order to promote knowledge sharing culture and have an effective knowledge management.

Infosys- 20% respondents say their organisation reward the employees for sharing the knowledge while 80% respondents say their organisation provides required infrastructure in order to promote knowledge sharing culture in an organisation.

IBM- 25% respondents say their organisation provides required infrastructure while 75% respondents say knowledge management forms one of the important criterias of employee appraisal in order to promote knowledge sharing culture in an organisation.

Patni- 50% respondents say employees are rewarded for sharing knowledge, 30% respondents say their organisation provides required infrastructure while 20% respondents say knowledge management forms one of the important criterias of employee appraisal in order to promote knowledge sharing culture in an organisation.

Zensar- 20% respondents say employees are rewarded for sharing knowledge, 30% respondents say their organisation provides required infrastructure while 50% respondents say knowledge management forms one of the important criterias of employee appraisal in order to promote knowledge sharing culture in an organisation.

Wipro- 30% respondents say employees are rewarded for sharing knowledge, 40% respondents say their organisation provides required infrastructure while 30% respondents say knowledge management forms one of the important criterias of employee appraisal in order to promote knowledge sharing culture in an organisation.

WNS- 60% respondents say their organisation provides required infrastructure while 40% respondents say employees are rewarded for sharing knowledge in order to promote knowledge sharing culture and have an effective knowledge management.

Cognizant- 20% respondents say employees are rewarded for sharing knowledge, 50% respondents say their organisation provides required infrastructure while 30% respondents say knowledge management forms one of the important criterias of employee appraisal in order to promote knowledge sharing culture in an organisation.

Persistent- 60% respondents say their organisation provides required infrastructure while 40% respondents say employees are rewarded for sharing knowledge in order to promote knowledge sharing culture and have an effective knowledge management.

**Table No. 9.21.5: Knowledge Management (KM) benefiting organisations**

Item	ZS	TCS	Info	IBM	Patni	Zen.	Wipro	WNS	Cogni.	Persis.
Contemporary technologies & processes	40	18	30	25	--	--	40	25	30	30
Efficient management of information	--	10	--	20	20	25	35	--	20	30
Increasing customer satisfaction	--	22	--	15	30	50	--	30	20	--
Fosters innovation	--	20	40	20	--	--	25	30	--	40
Increasing productivity	60	30	30	20	50	25	--	15	30	--
Total percentage	100	100	100	100	100	100	100	100	100	100

From the above table it can be said that;

ZS- 40% respondents are of the opinion that knowledge management helps the employees to use contemporary technologies and processes while 60% respondents say effective knowledge management results in increasing the productivity.

TCS- According to 18% respondents knowledge management helps the employees to use contemporary technologies and process, 10% respondents say KM results in efficient management of information, 22% respondents are of the view that KM helps to enhance customer satisfaction, 20% respondents say effective KM fosters the innovation while remaining 30% respondents say it increases the productivity.

Infosys- 30% respondents are of the view that knowledge management helps the employees to use contemporary technologies and processes 40% respondents say effective KM fosters the innovation while remaining 30% respondents say it increases the productivity.

IBM- 25% respondents are of the view that knowledge management helps the employees to use contemporary technologies and processes, 20% respondents say it results in efficient management of information, 15% respondents are of the view that KM enhances customer satisfaction, 20% respondents say KM fosters innovation and helps by increasing the productivity respectively.

Patni- 20% respondents say KM results in efficient management of information, 30% respondents are of the view that KM enhances customer satisfaction, 50% respondents say KM benefits the organisation by increasing the productivity as well.

Zensar- 25% respondents are of the view that knowledge management results in efficient management of information, 50% respondents are of the view that KM enhances customer satisfaction, 25% respondents say KM results in higher productivity.

Wipro- 40% respondents are of the view that knowledge management helps the employees to use contemporary technologies and processes, 35% respondents say it results in efficient management of information, 25% respondents are of the view that KM fosters innovation.

WNS- According to 25% respondents say knowledge management helps the employees to use contemporary technologies and process, 30% respondents are of the view that KM helps to enhance customer satisfaction, 30% respondents say effective KM fosters the innovation while remaining 15% respondents say it increases the productivity.

Cognizant- 30% respondents say knowledge management helps the employees to use contemporary technologies and process, 20% respondents say KM results in efficient management of information, 20% respondents are of the view that KM helps to enhance

customer satisfaction while 30% respondents are of the opinion that KM helps in increasing the productivity.

Persistent- Around 30% respondents think that knowledge management helps the employees to use contemporary technologies and process, 30% respondents say KM results in efficient management of information, 40% respondents say effective KM fosters the innovation.

**Table No. 9.21.6: Employee Motivation Techniques**

Item	ZS	TCS	Info	IBM	Patni	Zen.	Wipro	WNS	Cogni.	Persis.
Recognition	25	25	30	33	65	20	15	40	32	30
Growth opportunities	40	45	40	50	35	40	45	30	47	40
Monetary benefits	35	30	30	17	--	40	40	30	21	30
Total percentage	100	100	100	100	100	100	100	100	100	100

From the above table it is observed that;

ZS- 25% respondents say that the employees are rewarded with recognition, 40% respondents are of the view that employees are provided with growth opportunities while 35% respondents agree that employees are offered monetary benefits for their effective performance.

TCS – According to 25% respondents the employees are rewarded with recognition, 45% respondents are of the view that employees are provided with growth opportunities whereas 30% respondents agree that employees are offered monetary benefits for their effective performance.

Infosys- 30% respondents say that the employees are rewarded with recognition, 40% respondents are of the view that employees are provided with growth opportunities and 30% respondents agree that employees are offered monetary benefits for their effective performance.

IBM- 33% respondents say that the employees are rewarded with recognition, 50% respondents are of the view that employees are provided with growth opportunities and

17% respondents agree that employees are offered monetary benefits for their effective performance.

Patni- 65% respondents say that the employees are rewarded with recognition while 35% respondents are of the view that employees are provided with growth opportunities for their effective performance.

Zensar- 20% respondents say that the employees are rewarded with recognition, 40% respondents are of the view that employees are provided with growth opportunities and 40% respondents agree that employees are offered monetary benefits for their effective performance.

Wipro- 15% respondents say that the employees are rewarded with recognition, 45% respondents are of the view that employees are provided with growth opportunities and 40% respondents agree that employees are offered monetary benefits for their effective performance.

WNS- 40% respondents say that the employees are rewarded with recognition, 30% respondents are of the view that employees are provided with growth opportunities and 30% respondents agree that employees are offered monetary benefits for their effective performance.

Cognizant- 32% respondents say that the employees are rewarded with recognition, 47% respondents are of the view that employees are provided with growth opportunities while 21% respondents agree that employees are offered monetary benefits for their effective performance.

Persistent- 30% respondents say that the employees are rewarded with recognition, 40% respondents are of the view that employees are provided with growth opportunities and 30% respondents agree that employees are offered monetary benefits for their effective performance.

**Table No. 9. 21.7: Talent Attraction & Retention strategies**

<b>Item</b>	<b>ZS</b>	<b>TCS</b>	<b>Info</b>	<b>IBM</b>	<b>Patni</b>	<b>Zen.</b>	<b>Wipro</b>	<b>WNS</b>	<b>Cogni.</b>	<b>Persis.</b>
Hike in pay	30	10	--	32	20	40	35	30	35	30
Employee empowerment	25	50	40	47	10	30	45	45	40	20
Growth opportunities	45	40	60	21	70	30	20	25	25	50
Total	100	100	100	100	100	100	100	100	100	100

From the above table it is revealed that,

ZS- 30% respondents are of the view that organisation adopts hike in pay strategy in order to attract and retain the talent, 25% respondents view that organisation believes in employee empowerment while 45% respondents say organisation provides adequate growth opportunities to attract and retain talent.

TCS- 10% respondents are of the opinion that employees are given hike in pays, 50% respondents say that organisation adopts way of employee empowerment , 40% respondents say growth opportunities are provided to the employees with an intention to attract and retain the talent.

Infosys- 40% respondents view that organisation believes in employee empowerment while 60% respondents say organisation provides adequate growth opportunities to attract and retain talent.

IBM- 32% respondents are of the view that organisation adopts hike in pay strategy in order to attract and retain the talent, 47% respondents view that organisation believes in employee empowerment while 21% respondents say organisation provides adequate growth opportunities to attract and retain talent.

Patni- 20% respondents are of the view that organisation adopts hike in pay strategy in order to attract and retain the talent, 10% respondents view that organisation believes in employee empowerment while 70% respondents say organisation provides adequate growth opportunities to attract and retain talent.

Zensar- 40% respondents are of the view that organisation adopts hike in pay strategy in order to attract and retain the talent, 30% respondents view that organisation believes in employee empowerment while 30% respondents say organisation provides adequate growth opportunities to attract and retain talent.

Wipro- 35% respondents are of the view that organisation adopts hike in pay strategy in order to attract and retain the talent, 45% respondents view that organisation believes in employee empowerment while 20% respondents say organisation provides adequate growth opportunities to attract and retain talent.

WNS- 30% respondents are of the view that organisation adopts hike in pay strategy in order to attract and retain the talent, 45% respondents view that organisation believes in employee empowerment while 25% respondents say organisation provides adequate growth opportunities to attract and retain talent.

Cognizant- 35% respondents are of the view that organisation adopts hike in pay strategy in order to attract and retain the talent, 40% respondents view that organisation believes in employee empowerment while 25% respondents say organisation provides adequate growth opportunities to attract and retain talent.

Persistent- 30% respondents are of the view that organisation adopts hike in pay strategy in order to attract and retain the talent, 20% respondents view that organisation believes in employee empowerment while 50% respondents say organisation provides adequate growth opportunities to attract and retain talent.

**Table No. 9.21.8 Focus of Organisations**

Item	ZS	TCS	Info	IBM	Patni	Zensar	Wipro	WNS	Cogni.	Persis.
Short term gains	10	5	5	--	20	--	15	--	--	--
Long term gains	20	15	20	15	15	25	10	20	22	15
Medium term gains	70	80	75	85	65	75	75	80	78	85
Total	100	100	100	100	100	100	100	100	100	100

From the above table it is visible that:

ZS: here the company's primary focus is on medium term gains as indicated by 70%, then after it is on long term gains as 20% responses have been received for this option while 10% responses are for short term gains.

TCS: 80% respondents are of the view that company's primary focus is on medium term gains, 15% respondents say company focus is on long term gains whereas 5% responses have been received for short term gains.

Infosys: Around 75% respondents say company focuses on medium term gains, 20% respondents are of the view that company focus is on long term gains while 5% respondents say company focus is on short term gains.

IBM: 85% respondents say company's primary focus is on medium term gains while 15% responses indicates that company's focus is on long term gains.

Patni: According to 65% respondents say company focuses on medium term gains, 20% respondents are of the view that company focus is on short term gains while 15% respondents say company focus is on long term gains.

Zensar: 75% respondents say company's primary focus is on medium term gains while 25% responses indicates that company's focus is on long term gains.

Wipro: 75% respondents are of the view that company's primary focus is on medium term gains, 15% respondents say company focus is on short term gains whereas 10% responses have been received for long term gains.

WNS: 80% respondents say company's primary focus is on medium term gains while 20% responses indicates that company's focus is on long term gains.

Cognizant: Around 78% respondents say company's primary focus is on medium term gains while 22% responses indicates that company's focus is on long term gains.

Persistent: 85% respondents say company's primary focus is on medium term gains while 15% responses indicates that company's focus is on long term gains.

<sup>1</sup> In this present chapter,, the abbreviation Zen. Stands for company Zensar, Cogni. Stands for Cognizant and Persis. stands for company name Persistent and Info. stands for Infosys.



**9.21.9 Summary of all the emerging parameters has been tabulated in the following table:**

Sr. No.	Item	ZS	TCS	Infosys	IBM	Patni	Zensar	Wipro	WNS	Cognizant	Persistent
<b>1</b>	Organisation Structure: Functional	60	50	40	19	80	25	65	65	42	45
	Divisional	--	--	--	37	--	40	--	--	--	--
	Matrix	40	50	60	44	20	35	35	35	58	55
<b>2</b>	Work Culture within organisations: By function	70	90	70	80	67	60	50	30	40	--
<b>3</b>	Formal Communication	60	59	60	70	62	75	70	60	80	70
<b>4</b>	Decision making within department (centralised)	20	25	20	30	40	35	27	25	30	40
<b>5</b>	Participative decision making in organisation	60	70	80	75	60	60	75	65	80	60
<b>6</b>	Vision shared by the top management (always)	60	70	80	75	60	50	70	70	60	50
<b>7</b>	Weightage given to technical qualifications	31	30	38	37	15	--	30	30	40	15
<b>8</b>	Complete Interchangeability	70	--	--	40	--	--	10	25	--	50
<b>9</b>	Employee transferability to other job (very common)	40	--	63	--	30	55	70	50	30	60

Sr. No.	Item	ZS	TCS	Infosys	IBM	Patni	Zensar	Wipro	WNS	Cognizant	Persistent
10	Criteria for appraisal: Output/Result of Employees	5	5	25	25	25	30	18	15	20	20
11	Identifying the gaps in desired & actual performance	18	17	50	17	10	21	17	25	23	25
12	Training programme dealing with quality management	40	20	25	15	25	25	10	25	--	20
13	Reward through promotion	30	30	50	25	25	35	25	30	20	25
14	Performance as the base of promotion	50	40	45	36	40	50	30	40	42	35
15	Ranking Method of performance appraisal	60	80	20	30	40	40	60	--	70	70
16	Existence of group appraisal / team appraisal	60	70	75	90	85	80	90	55	30	60
17	'Project excellence' as a criteria for group appraisal	18	30	40	41	60	--	30	30	18	33
18	Frequency of employee appraisal (six months)	50	90	60	75	10	--	20	40	50	60

Sr. No.	Item	ZS	TCS	Infosys	IBM	Patni	Zensar	Wipro	WNS	Cognizant	Persistent
19	Communication of objectives through immediate boss	67	70	60	40	50	80	65	85	90	75
20	Existence of self-appraisal system	80	60	40	30	70	90	75	90	80	85
21	Appraiser of the employees: immediate boss	80	70	60	75	60	80	40	50	85	73
22	Feedback through one to one communication	50	40	32	40	70	50	40	35	50	50
23	Employee experience about performance appraisal (good)	25	20	40	90	30	80	70	70	60	60
24	Complaint regarding performance appraisal	10	17	25	20	45	33	20	35	30	15
25	Management attitude (complaints never been solved regarding performance appraisal)	--	--	5	--	35	--	--	--	--	--
26	'Less period' for performance improvement	15	20	25	25	30	20	--	40	25	30
27	Effectiveness of training programme 'up to some extent'	30	67	20	58	65	40	75	35	40	60

Sr. No.	Item	ZS	TCS	Infosys	IBM	Patni	Zensar	Wipro	WNS	Cognizant	Persistent
28	Effective performance appraisal system	70	65	72	75	55	60	68	70	73	60
29	Performance appraisal system requires some changes	25	35	28	25	45	20	32	20	27	25
30	Adequate promotion policy	85	80	85	75	60	50	70	60	85	70
31	Promotion policy require some changes	10	10	15	05	30	20	10	15	15	20
32	Higher productivity through new technology	50	24	22	29	16	55	20	23	60	30
33	Participative leadership	80	60	75	70	--	50	50	20	55	60
34	Freedom to vary leadership	90	75	80	85	40	50	30	40	65	60
35	Initiative for knowledge management through providing infrastructure	30	30	80	25	30	30	40	40	50	60
36	Increasing productivity through knowledge management	60	30	30	20	50	25	--	15	30	--

## 9.22 Correlation between performance and promotion

### 9.22.1 ZS Associates correlations

		Promotions received in last two years	Performance _ Promotion	Ability to meet deadline	Job Knowledge & skills	Ability to meet set performance objectives	Response to expressed needs and requirement of the job	Quality of work	Team work	Timely deliverance of output
Promotions received in last two years	Pearson Correlation	1	. <sup>a</sup>	.176**	-.410	.176	. <sup>a</sup>	-.176	.176**	. <sup>a</sup>
	Sig. (2-tailed)		.	.000	.186	.585	.	.585	.000	.
	N	12	12	12	12	12	12	12	12	12
Performance _ Promotion	Pearson Correlation	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.
	N	12	12	12	12	12	12	12	12	12
Ability to meet deadline	Pearson Correlation	.176**	. <sup>a</sup>	1	-.314	.314	. <sup>a</sup>	.029	-.029	. <sup>a</sup>
	Sig. (2-tailed)	.000	.		.320	.320	.	.930	.930	.
	N	12	12	12	12	12	12	12	12	12

		Promotions received in last two years	Performance Promotion	Ability to meet deadline	Job Knowledge & skills	Ability to meet set performance objectives	Response to expressed needs and requirement of the job	Quality of work	Team work	Timely deliverance of output
Job Knowledge & skills	Pearson Correlation	-.410	. <sup>a</sup>	-.314	1	.029	. <sup>a</sup>	.657*	.371	. <sup>a</sup>
	Sig. (2-tailed)	.186	.	.320		.930	.	.020	.235	.
	N	12	12	12	12	12	12	12	12	12
Ability to meet set performance objectives	Pearson Correlation	.176	. <sup>a</sup>	.314	.029	1	. <sup>a</sup>	-.314	.314	. <sup>a</sup>
	Sig. (2-tailed)	.585	.	.320	.930		.	.320	.320	.
	N	12	12	12	12	12	12	12	12	12
Response to expressed needs and requirement of the job	Pearson Correlation	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.
	N	12	12	12	12	12	12	12	12	12
Quality of work	Pearson Correlation	-.176	. <sup>a</sup>	.029	.657*	-.314	. <sup>a</sup>	1	.371	. <sup>a</sup>
	Sig. (2-tailed)	.585	.	.930	.020	.320	.		.235	.
	N	12	12	12	12	12	12	12	12	12

		Promotions received in last two years	Performance Promotion	Ability to meet deadline	Job Knowledge & skills	Ability to meet set performance objectives	Response to expressed needs and requirement of the job	Quality of work	Team work	Timely deliverance of output
Team work	Pearson Correlation	.176**	. <sup>a</sup>	-.029	.371	.314	. <sup>a</sup>	.371	1	. <sup>a</sup>
	Sig. (2-tailed)	.000	.	.930	.235	.320	.	.235		.
	N	12	12	12	12	12	12	12	12	12
Timely deliverance of output	Pearson Correlation	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.
	N	12	12	12	12	12	12	12	12	12

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*. Correlation is significant at the 0.01 level (2-tailed).

In the above table there is correlation between the following variables:

1. Promotions received in last two years and ability to meet deadlines.
2. Promotions received in last two years and team work.

Here the respondents received promotions in last two years based upon these two performance parameters.

**9.22.2 Tata Consultancy Services ( TCS) correlations**

		Promotions received in last two years	Performance _ Promotion	Ability to meet set performance objectives	Response to expressed needs and requirement of the job	Quality of work	Team work	Timely deliverance of output
Promotions received in last two years	Pearson Correlation	1	-.293	.522**	.000	.111**	.463	-.111
	Sig. (2-tailed)		.356	.000	1.000	.000	.130	.731
	N	12	12	12	12	12	12	12
Performance _ Promotion	Pearson Correlation	-.293	1	-.357	-.181	-.683*	-.361	-.098
	Sig. (2-tailed)	.356		.255	.574	.014	.248	.763
	N	12	12	12	12	12	12	12
Ability to meet set performance objectives	Pearson Correlation	.522**	-.357	1	.161	.522	.322	.174
	Sig. (2-tailed)	.000	.255		.617	.082	.307	.588
	N	12	12	12	12	12	12	12
Response to expressed needs and requirement of the job	Pearson Correlation	.000	-.181	.161	1	.309	.286	.309
	Sig. (2-tailed)	1.000	.574	.617		.329	.368	.329
	N	12	12	12	12	12	12	12



		Promotions received in last two years	Performance _ Promotion	Ability to meet set performance objectives	Response to expressed needs and requirement of the job	Quality of work	Team work	Timely deliverance of output
Quality of work	Pearson Correlation	.111**	-.683*	.522	.309	1	.000	.333
	Sig. (2-tailed)	.000	.014	.082	.329		1.000	.290
	N	12	12	12	12	12	12	12
Team work	Pearson Correlation	.463	-.361	.322	.286	.000	1	-.309
	Sig. (2-tailed)	.130	.248	.307	.368	1.000		.329
	N	12	12	12	12	12	12	12
Timely deliverance of output	Pearson Correlation	-.111	-.098	.174	.309	.333	-.309	1
	Sig. (2-tailed)	.731	.763	.588	.329	.290	.329	
	N	12	12	12	12	12	12	12

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*. Correlation is significant at the 0.01 level (2-tailed).

In the above analysis there is correlation in the following variables:

1. Promotions received in last two years and ability to meet set performance objectives
2. Promotions received in last two years and quality of work.

This analysis indicates that the respondents have received promotions in last two years based upon their ability to meet set performance objectives bad quality of work.

### 9.22.3 Infosys Correlations

		Promotions received in last two years	Performance _ Promotion	Ability to meet deadline	Job Knowledge & skills	Ability to meet set performance objectives	Response to expressed needs and requirement of the job	Quality of work	Team work	Timely deliverance of output
Promotions received in last two years	Pearson Correlation	1	.179	-.533	.353**	-.374	.098	.110	.204	.299**
	Sig. (2-tailed)		.578	.074	.000	.231	.763	.734	.525	.000
	N	12	12	12	12	12	12	12	12	12
Performance _ Promotion	Pearson Correlation	.179	1	-.148	.287	.080	-.161	-.254	-.017	-.039
	Sig. (2-tailed)	.578		.645	.366	.806	.618	.427	.959	.903
	N	12	12	12	12	12	12	12	12	12
Ability to meet deadline	Pearson Correlation	-.533	-.148	1	.346	.600*	-.420	.347	.512	-.600*
	Sig. (2-tailed)	.074	.645		.270	.039	.174	.269	.089	.039
	N	12	12	12	12	12	12	12	12	12
Job Knowledge & skills	Pearson Correlation	.353**	.287	.346	1	.329	-.317	.186	.563	-.078
	Sig. (2-tailed)	.000	.366	.270		.297	.316	.563	.057	.811
	N	12	12	12	12	12	12	12	12	12

		Promotions received in last two years	Performance _ Promotion	Ability to meet deadline	Job Knowledge & skills	Ability to meet set performance objectives	Response to expressed needs and requirement of the job	Quality of work	Team work	Timely deliverance of output
Ability to meet set performance objectives	Pearson Correlation	-.374	.080	.600	.329	1	.225	.017	.432	-.644
	Sig. (2-tailed)	.231	.806	.039	.297	.481	.958	.161	.024	
	N	12	12	12	12	12	12	12	12	
Response to expressed needs and requirement of the job	Pearson Correlation	.098	-.161	-.420	-.317	.225	1	-.225	-.174	.000
	Sig. (2-tailed)	.763	.618	.174	.316	.481	.481	.588	1.000	
	N	12	12	12	12	12	12	12	12	
Quality of work	Pearson Correlation	.110	-.254	.347	.186	.017	-.225	1	.510	-.184
	Sig. (2-tailed)	.734	.427	.269	.563	.958	.481	.090	.567	
	N	12	12	12	12	12	12	12	12	
Team work	Pearson Correlation	.204	-.017	.512	.563	.432	-.174	.510	1	-.533
	Sig. (2-tailed)	.525	.959	.089	.057	.161	.588	.090	.074	
	N	12	12	12	12	12	12	12	12	
Timely deliverance of output	Pearson Correlation	.299**	-.039	-.600	-.078	-.644	.000	-.184	-.533	1
	Sig. (2-tailed)	.000	.903	.039	.811	.024	1.000	.567	.074	
	N	12	12	12	12	12	12	12	12	

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*. Correlation is significant at the 0.01 level (2-tailed).

In the above analysis there is correlation between promotions received in last two years & job knowledge and skills, promotions received in last two years and timely deliverance of output. Hence it is clear that respondents have received promotions in last two years based upon these two performance parameters.

### 9.22.4 IBM Correlations

		Promotions received in last two years	Performance_Promotion	Ability to meet deadline	Job Knowledge & skills	Ability to meet set performance objectives	Response to expressed needs and requirement of the job	Quality of work	Team work	Timely deliverance of output
Promotions received in last two years	Pearson Correlation	1	-.465	.383**	.000	.196	.470	.283**	-.085	-.163
	Sig. (2-tailed)		.128	.000	1.000	.542	.124	.000	.792	.612
	N	12	12	12	12	12	12	12	12	12
Performance _ Promotion	Pearson Correlation	-.465	1	.141	.000	.033	.042	.483	.204	-.502
	Sig. (2-tailed)	.128		.662	1.000	.918	.896	.111	.525	.096
	N	12	12	12	12	12	12	12	12	12
Ability to meet deadline	Pearson Correlation	.383**	.141	1	.000	.650*	.674*	.834**	.314	-.361
	Sig. (2-tailed)	.000	.662		1.000	.022	.016	.001	.320	.249
	N	12	12	12	12	12	12	12	12	12
Job Knowledge & skills	Pearson Correlation	.000	.000	.000	1	.200	.000	.000	.522	.000
	Sig. (2-tailed)	1.000	1.000	1.000		.533	1.000	1.000	.082	1.000
	N	12	12	12	12	12	12	12	12	12

		Promotions received in last two years	Performanc e_ Promotion	Ability to meet deadline	Job Knowledge & skills	Ability to meet set performance objectives	Response to expressed needs and requirement of the job	Quality of work	Team work	Timely deliverance of output
Ability to meet set performance objectives	Pearson	.196	.033	.650*	.200	1	.454	.577*	.104	-.067
	Correlation									
	Sig. (2-tailed)	.542	.918	.022	.533	.138	.049	.747	.837	
	N	12	12	12	12	12	12	12	12	12
Response to expressed needs and requirement of the job	Pearson	.470	.042	.674*	.000	.454	1	.437	.342	-.151
	Correlation									
	Sig. (2-tailed)	.124	.896	.016	1.000	.138	.156	.276	.639	
	N	12	12	12	12	12	12	12	12	12
Quality of work	Pearson	.283**	.483	.834**	.000	.577*	.437	1	.302	-.577*
	Correlation									
	Sig. (2-tailed)	.000	.111	.001	1.000	.049	.156	.341	.049	
	N	12	12	12	12	12	12	12	12	12
Team work	Pearson	-.085	.204	.314	.522	.104	.342	.302	1	-.174
	Correlation									
	Sig. (2-tailed)	.792	.525	.320	.082	.747	.276	.341	.588	
	N	12	12	12	12	12	12	12	12	12

		Promotions received in last two years	Performance Promotion	Ability to meet deadline	Job Knowledge & skills	Ability to meet set performance objectives	Response to expressed needs and requirement of the job	Quality of work	Team work	Timely deliverance of output
Timely deliverance of output	Pearson Correlation	-.163	-.502	-.361	.000	-.067	-.151	-.577*	-.174	1
	Sig. (2-tailed)	.612	.096	.249	1.000	.837	.639	.049	.588	
	N	12	12	12	12	12	12	12	12	12

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*. Correlation is significant at the 0.01 level (2-tailed).

From the above table it is evident that there is correlation between

(i) Ability to meet deadlines and promotions received

(ii) Quality of work and promotions received in last two years. It indicates that the respondents have received promotion based upon their performance parameters.

### 9.22.5 Patni Correlations

		Promotions received in last two years	Performance _ Promotion	Ability to meet deadline	Job Knowledge & skills	Ability to meet set performance objectives	Response to expressed needs and requirement of the job	Quality of work	Team work	Timely deliverance of output
Promotions received in last two years	Pearson Correlation	1	.000	.169	.177	.000	.192**	.140	.104**	-.192
	Sig. (2-tailed)		1.000	.599	.583	1.000	.000	.664	.000	.549
	N	12	12	12	12	12	12	12	12	12
Performance _ Promotion	Pearson Correlation	.000	1	-.098	.000	-.290	.556	.404	-.120	-.333
	Sig. (2-tailed)	1.000		.763	1.000	.360	.061	.192	.709	.290
	N	12	12	12	12	12	12	12	12	12
Ability to meet deadline	Pearson Correlation	.169	-.098	1	-.478	-.153	-.098	-.071	.388	-.098
	Sig. (2-tailed)	.599	.763		.116	.635	.763	.826	.213	.763
	N	12	12	12	12	12	12	12	12	12
Job Knowledge & skills	Pearson Correlation	.177	.000	-.478	1	.213	-.408	.297	-.369	.408
	Sig. (2-tailed)	.583	1.000	.116		.506	.188	.348	.238	.188
	N	12	12	12	12	12	12	12	12	12



		Promotions received in last two years	Performance _ Promotion	Ability to meet deadline	Job Knowledge & skills	Ability to meet set performance objectives	Response to expressed needs and requirement of the job	Quality of work	Team work	Timely deliverance of output
Ability to meet set performance objectives	Pearson Correlation	.000	-.290	-.153	.213	1	-.290	-.211	-.314	.406
	Sig. (2-tailed)	1.000	.360	.635	.506	.360	.360	.510	.320	.190
	N	12	12	12	12	12	12	12	12	12
Response to expressed needs and requirement of the job	Pearson Correlation	.192**	.556	-.098	-.408	-.290	1	.404	.120	-.333
	Sig. (2-tailed)	.000	.061	.763	.188	.360	.192	.709	.290	.290
	N	12	12	12	12	12	12	12	12	12
Quality of work	Pearson Correlation	.140	.404	-.071	.297	-.211	.404	1	-.438	.404
	Sig. (2-tailed)	.664	.192	.826	.348	.510	.192	.154	.192	.192
	N	12	12	12	12	12	12	12	12	12
Team work	Pearson Correlation	.104**	-.120	.388	-.369	-.314	.120	-.438	1	-.361
	Sig. (2-tailed)	.000	.709	.213	.238	.320	.709	.154	.249	.249
	N	12	12	12	12	12	12	12	12	12
Timely deliverance of output	Pearson Correlation	-.192	-.333	-.098	.408	.406	-.333	.404	-.361	1
	Sig. (2-tailed)	.549	.290	.763	.188	.190	.290	.192	.249	.249
	N	12	12	12	12	12	12	12	12	12

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*. Correlation is significant at the 0.01 level (2-tailed).

From the above table it is evident that there is correlation between

- (i) Response to expressed needs and requirement of the job and promotion received
- (ii) Team work and promotions received. Hence it can be said that the respondents have been promoted based upon their performance.

### 9.22.6 Zensar Correlations

		Promotions received in last two years	Performance_Promotion	Ability to meet deadline	Job Knowledge & skills	Ability to meet set performance objectives	Response to expressed needs and requirement of the job	Quality of work	Team work	Timely deliverance of output
Promotions received in last two years	Pearson Correlation	1	-.090	.090**	.631*	.451	. <sup>a</sup>	.090	.631**	. <sup>a</sup>
	Sig. (2-tailed)		.780	.000	.028	.141	.	.780	.000	.
	N	12	12	12	12	12	12	12	12	12
Performance _ Promotion	Pearson Correlation	-.090	1	-.333	.000	.000	. <sup>a</sup>	-.333	.000	. <sup>a</sup>
	Sig. (2-tailed)	.780		.290	1.000	1.000	.	.290	1.000	.
	N	12	12	12	12	12	12	12	12	12
Ability to meet deadline	Pearson Correlation	.090**	-.333	1	.000	-.333	. <sup>a</sup>	1.000**	.000	. <sup>a</sup>
	Sig. (2-tailed)	.000	.290		1.000	.290	.	.000	1.000	.
	N	12	12	12	12	12	12	12	12	12
Job Knowledge & skills	Pearson Correlation	.631*	.000	.000	1	.667*	. <sup>a</sup>	.000	1.000**	. <sup>a</sup>
	Sig. (2-tailed)	.028	1.000	1.000		.018	.	1.000	.000	.
	N	12	12	12	12	12	12	12	12	12

		Promotions received in last two years	Performance Promotion	Ability to meet deadline	Job Knowledge & skills	Ability to meet set performance objectives	Response to expressed needs and requirement of the job	Quality of work	Team work	Timely deliverance of output
Ability to meet set performance objectives	Pearson Correlation	.451	.000	-.333	.667*	1	.a	-.333	.667*	.a
	Sig. (2-tailed)	.141	1.000	.290	.018		.	.290	.018	.
	N	12	12	12	12	12	12	12	12	12
Response to expressed needs and requirement of the job	Pearson Correlation	.a	.a	.a	.a	.a	.a	.a	.a	.a
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.
	N	12	12	12	12	12	12	12	12	12
Quality of work	Pearson Correlation	.090	-.333	1.000**	.000	-.333	.a	1	.000	.a
	Sig. (2-tailed)	.780	.290	.000	1.000	.290	.		1.000	.
	N	12	12	12	12	12	12	12	12	12
Team work	Pearson Correlation	.631**	.000	.000	1.000**	.667*	.a	.000	1	.a
	Sig. (2-tailed)	.000	1.000	1.000	.000	.018	.	1.000		.
	N	12	12	12	12	12	12	12	12	12
Timely deliverance of output	Pearson Correlation	.a	.a	.a	.a	.a	.a	.a	.a	.a
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.
	N	12	12	12	12	12	12	12	12	12

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*. Correlation is significant at the 0.01 level (2-tailed).

In the above analysis there is correlation between

(i) promotions received in last two years and ability to meet deadlines.

(ii) promotions received in last two years and team work.

The respondents have received promotion on the basis of the performance parameters like ability to meet deadlines and team work.

### 9.22.7 WNS Correlations

		Promotions received in last two years	Performance_Promotion	Ability to meet deadline	Job Knowledge & skills	Ability to meet set performance objectives	Response to expressed needs and requirement of the job	Quality of work	Team work	Timely deliverance of output
Promotions received in last two years	Pearson Correlation	1	-.036	-.391	.097	-.258	-.052	.180**	-.528	. <sup>a</sup>
	Sig. (2-tailed)		.911	.209	.765	.418	.873	.000	.078	.
	N	12	12	12	12	12	12	12	12	12
Performance_Promotion	Pearson Correlation	-.036	1	.561	.224	-.018	-.080	-.063	.094	. <sup>a</sup>
	Sig. (2-tailed)	.911		.058	.484	.955	.805	.845	.771	.
	N	12	12	12	12	12	12	12	12	12
Ability to meet deadline	Pearson Correlation	-.391	.561	1	-.192	.140	-.309	.098	.566	. <sup>a</sup>
	Sig. (2-tailed)	.209	.058		.549	.664	.329	.763	.055	.
	N	12	12	12	12	12	12	12	12	12
Job Knowledge & skills	Pearson Correlation	.097	.224	-.192	1	-.243	.000	-.169	-.140	. <sup>a</sup>
	Sig. (2-tailed)	.765	.484	.549		.448	1.000	.599	.664	.
	N	12	12	12	12	12	12	12	12	12

		Promotions received in last two years	Performance_Promotion	Ability to meet deadline	Job Knowledge & skills	Ability to meet set performance objectives	Response to expressed needs and requirement of the job	Quality of work	Team work	Timely deliverance of output
Ability to meet set performance objectives	Pearson Correlation	-.258	-.018	.140	-.243	.1	-.065	.533	.509	. <sup>a</sup>
	Sig. (2-tailed)	.418	.955	.664	.448		.841	.074	.091	.
	N	12	12	12	12	12	12	12	12	12
Response to expressed needs and requirement of the job	Pearson Correlation	-.052	-.080	-.309	.000	-.065	.1	-.632 <sup>+</sup>	-.449	. <sup>a</sup>
	Sig. (2-tailed)	.873	.805	.329	1.000	.841		.027	.143	.
	N	12	12	12	12	12	12	12	12	12
Quality of work	Pearson Correlation	.180**	-.063	.098	-.169	.533	-.632 <sup>+</sup>	.1	.497	. <sup>a</sup>
	Sig. (2-tailed)	.000	.845	.763	.599	.074	.027		.100	.
	N	12	12	12	12	12	12	12	12	12
Team work	Pearson Correlation	-.528	.094	.566	-.140	.509	-.449	.497	.1	. <sup>a</sup>
	Sig. (2-tailed)	.078	.771	.055	.664	.091	.143	.100		.
	N	12	12	12	12	12	12	12	12	12
Timely deliverance of output	Pearson Correlation	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.
	N	12	12	12	12	12	12	12	12	12

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*. Correlation is significant at the 0.01 level (2-tailed).

In the above analysis there is correlation between promotions received in last two years and quality of work. The respondents have received promotion in last two years based upon it.



### 9.22.8 Wipro Correlations

		Promotions received in last two years	Performance_Promotion	Ability to meet deadline	Job Knowledge & skills	Ability to meet set performance objectives	Response to expressed needs and requirement of the job	Quality of work	Team work	Timely deliverance of output
Promotions received in last two years	Pearson Correlation	1	.342	.483**	-.103	.273	-.068	.167	.212**	-.204
	Sig. (2-tailed)		.277	.000	.749	.390	.833	.603	.000	.525
	N	12	12	12	12	12	12	12	12	12
Performance _ Promotion	Pearson Correlation	.342	1	.354	-.472	.125	.250	.000	-.239	-.213
	Sig. (2-tailed)	.277		.260	.121	.699	.433	1.000	.454	.506
	N	12	12	12	12	12	12	12	12	12
Ability to meet deadline	Pearson Correlation	.483**	.354	1	.000	.000	.354	.577	.169	.302
	Sig. (2-tailed)	.000	.260		1.000	1.000	.260	.049	.599	.341
	N	12	12	12	12	12	12	12	12	12
Job Knowledge & skills	Pearson Correlation	-.103	-.472	.000	1	-.378	.094	.000	.452	.161
	Sig. (2-tailed)	.749	.121	1.000		.226	.770	1.000	.140	.617
	N	12	12	12	12	12	12	12	12	12

		Promotions received in last two years	Performanc e_ Promotion	Ability to meet deadline	Job Knowledge & skills	Ability to meet set performance objectives	Response to expressed needs and requirement of the job	Quality of work	Team work	Timely deliverance of output
Ability to meet set performance objectives	Pearson	.273	.125	.000	-.378	1	.125	.408	.239	-.426
	Correlation									
	Sig. (2-tailed)	.390	.699	1.000	.226		.699	.188	.454	.167
	N	12	12	12	12	12	12	12	12	12
Response to expressed needs and requirement of the job	Pearson	-.068	.250	.354	.094	.125	1	.000	-.239	-.213
	Correlation									
	Sig. (2-tailed)	.833	.433	.260	.770	.699		1.000	.454	.506
	N	12	12	12	12	12	12	12	12	12
Quality of work	Pearson	.167	.000	.577	.000	.408	.000	1	.488	.174
	Correlation									
	Sig. (2-tailed)	.603	1.000	.049	1.000	.188	1.000		.108	.588
	N	12	12	12	12	12	12	12	12	12
Team work	Pearson	.212**	-.239	.169	.452	.239	-.239	.488	1	-.255
	Correlation									
	Sig. (2-tailed)	.000	.454	.599	.140	.454	.454	.108		.424
	N	12	12	12	12	12	12	12	12	12
Timely deliverance of output	Pearson	-.204	-.213	.302	.161	-.426	-.213	.174	-.255	1
	Correlation									
	Sig. (2-tailed)	.525	.506	.341	.617	.167	.506	.588	.424	
	N	12	12	12	12	12	12	12	12	12

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*. Correlation is significant at the 0.01 level (2-tailed).

In the above analysis there is correlation between

(i) promotions received in last two years and ability to meet deadlines

(ii) promotions received in last two years and team work.

### 9.22.9 Cognizant Correlations

		Promotions received in last two years	Performance_Promotion	Ability to meet deadline	Job Knowledge & skills	Ability to meet set performance objectives	Response to expressed needs and requirement of the job	Quality of work	Team work	Timely deliverance of output
Promotions received in last two years	Pearson Correlation	1	.342	.483	-.103	.376**	-.068	.167	.342**	-.303
	Sig. (2-tailed)		.277	.111	.749	.000	.833	.603	.000	.339
	N	12	12	12	12	12	12	12	12	12
Performance _ Promotion	Pearson Correlation	.342	1	.354	-.472	.239	.250	.000	-.125	-.316
	Sig. (2-tailed)	.277		.260	.121	.454	.433	1.000	.699	.317
	N	12	12	12	12	12	12	12	12	12
Ability to meet deadline	Pearson Correlation	.483	.354	1	.000	.169	.354	.577	.354	.000
	Sig. (2-tailed)	.111	.260		1.000	.599	.260	.049	.260	1.000
	N	12	12	12	12	12	12	12	12	12
Job Knowledge & skills	Pearson Correlation	-.103	-.472	.000	1	-.452	.094	.000	.378	.239
	Sig. (2-tailed)	.749	.121	1.000		.140	.770	1.000	.226	.454
	N	12	12	12	12	12	12	12	12	12

		Promotions received in last two years	Performance_Promotion	Ability to meet deadline	Job Knowledge & skills	Ability to meet set performance objectives	Response to expressed needs and requirement of the job	Quality of work	Team work	Timely deliverance of output
Ability to meet set performance objectives	Pearson Correlation	.376**	.239	.169	-.452	1	.239	.293	.239	-.529
	Sig. (2-tailed)	.000	.454	.599	.140		.454	.356	.454	.077
	N	12	12	12	12	12	12	12	12	12
Response to expressed needs and requirement of the job	Pearson Correlation	-.068	.250	.354	.094	.239	1	.000	-.125	-.316
	Sig. (2-tailed)	.833	.433	.260	.770	.454		1.000	.699	.317
	N	12	12	12	12	12	12	12	12	12
Quality of work	Pearson Correlation	.167	.000	.577	.000	.293	.000	1	.408	.258
	Sig. (2-tailed)	.603	1.000	.049	1.000	.356	1.000		.188	.418
	N	12	12	12	12	12	12	12	12	12
Team work	Pearson Correlation	.342**	-.125	.354	.378	.239	-.125	.408	1	-.316
	Sig. (2-tailed)	.000	.699	.260	.226	.454	.699	.188		.317
	N	12	12	12	12	12	12	12	12	12
Timely deliverance of output	Pearson Correlation	-.303	-.316	.000	.239	-.529	-.316	.258	-.316	1
	Sig. (2-tailed)	.339	.317	1.000	.454	.077	.317	.418	.317	
	N	12	12	12	12	12	12	12	12	12

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*. Correlation is significant at the 0.01 level (2-tailed).

In the above analysis there is correlation between promotions received in last two years and ability to meet set performance objectives & team work. It indicates that the respondents have been promoted based upon their ability to meet deadlines and team work.

### 9.22.10 Persistent Correlations

		Promotions received in last two years	Performance Promotion	Ability to meet deadline	Job Knowledge & skills	Ability to meet set performance objectives	Response to expressed needs and requirement of the job	Quality of work	Team work	Timely deliverance of output
Promotions received in last two years	Pearson Correlation	1	-.570	-.010	-.258	-.068	-.168	-.460	-.258	. <sup>a</sup>
	Sig. (2-tailed)		.053	.974	.418	.834	.603	.132	.418	.
	N	12	12	12	12	12	12	12	12	12
Performance _ Promotion	Pearson Correlation	-.570	1	-.341	-.215	-.088	-.139	.023	.240	. <sup>a</sup>
	Sig. (2-tailed)	.053		.279	.503	.785	.666	.945	.452	.
	N	12	12	12	12	12	12	12	12	12
Ability to meet deadline	Pearson Correlation	-.010	-.341	1	.638 <sup>*</sup>	.682 <sup>*</sup>	.414	.667 <sup>*</sup>	.374	. <sup>a</sup>
	Sig. (2-tailed)	.974	.279		.026	.015	.180	.018	.231	.
	N	12	12	12	12	12	12	12	12	12
Job Knowledge & skills	Pearson Correlation	-.258	-.215	.638 <sup>*</sup>	1	.714 <sup>**</sup>	-.019	.561	.314	. <sup>a</sup>
	Sig. (2-tailed)	.418	.503	.026		.009	.954	.058	.320	.
	N	12	12	12	12	12	12	12	12	12

		Promotions received in last two years	Performance _ Promotion	Ability to meet deadline	Job Knowledge & skills	Ability to meet set performance objectives	Response to expressed needs and requirement of the job	Quality of work	Team work	Timely deliverance of output
Ability to meet set performance objectives	Pearson Correlation	-.068	-.088	.682	.714	1	-.204	.663	.371	. <sup>a</sup>
	Sig. (2-tailed)	.834	.785	.015	.009		.525	.019	.235	.
	N	12	12	12	12	12	12	12	12	12
Response to expressed needs and requirement of the job	Pearson Correlation	-.168	-.139	.414	-.019	-.204	1	.364	-.019	. <sup>a</sup>
	Sig. (2-tailed)	.603	.666	.180	.954	.525		.245	.954	.
	N	12	12	12	12	12	12	12	12	12
Quality of work	Pearson Correlation	-.460	.023	.667	.561	.663	.364	1	.255	. <sup>a</sup>
	Sig. (2-tailed)	.132	.945	.018	.058	.019	.245		.424	.
	N	12	12	12	12	12	12	12	12	12
Team work	Pearson Correlation	-.258	.240	.374	.314	.371	-.019	.255	1	. <sup>a</sup>
	Sig. (2-tailed)	.418	.452	.231	.320	.235	.954	.424		.
	N	12	12	12	12	12	12	12	12	12
Timely deliverance of output	Pearson Correlation	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>	. <sup>a</sup>
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.
	N	12	12	12	12	12	12	12	12	12



a. Cannot be computed because at least one of the variables is constant.

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*. Correlation is significant at the 0.01 level (2-tailed).

From the above table it can be said that there is no correlation between promotions received in last two years and other performance parameters.

## Chapter 10

### Qualitative Analysis

#### 10.1 Introduction

With the globalisation of world economy, the business landscape has changed forever. From a stable, predictable and seller's paradigm, the business has changed to uncertainty and discontinuity and buyer's market. Technology, products and financial capital are increasingly prone to duplication by the competitors. Therefore, organisations need those resources which are not prone to duplication by competitors. Employees are now viewed as human resource because their talents, skills, motivations and commitment can lead to increased performance at both individual and group level which is capable of increasing organisation's competence and performance.

In this chapter, many Top management people of the selected ITES companies have been interviewed with a view to judge/evaluate the HR and HR practices. These interviews also helped to evaluate the overall organisational performance of these ITES companies.

The Selected ITES companies interviewed are as under:

- ZS Associates Ltd., Pune
- Tata Consultancy Services, Pune
- Infosys, Pune
- IBM India Pvt. Ltd., Pune
- Patni Computer System Ltd. Pune
- Zensar Technologies, Pune
- Wipro Technologies Ltd., Pune
- WNS Global Services, Pune
- Cognizant, Pune
- Persistent, Pune

## **10.2. Some Measurement Norms**

The selected ITES companies, as per section 10.1 have been interviewed and their appreciation noted and evaluation discussed in the succeeding paragraphs. The interview schedule has been given in Appendix 'A'. The interviews have been conducted on the following performance measurement norms and some other important criterias.

- Core Competence
- Change Management
- Crisis Management
- Product/ Service/ Process orientation
- Employee Motivation (self-motivated / works for incentives)
- Leadership Style
- Customer Focus
- Strategies for talent retention & attrition control
- Maintenance of quality of products & services
- Performance Appraisal System
- Promotion Policy
- Compensation
- Employee Welfare
- Innovation
- Training & development of employees
- IT aspirations
- Strategies for being a World Class IT / ITES company
- Work Culture
- Strategic Flexibility & Interchangeability
- Productivity Management
- Focus Commitment
- Organisational structure

- Tolerance for ambiguity
- The interviews have been done mostly personally and on e-mail (internet) basis.

### 10.3 ZS Associates Ltd.

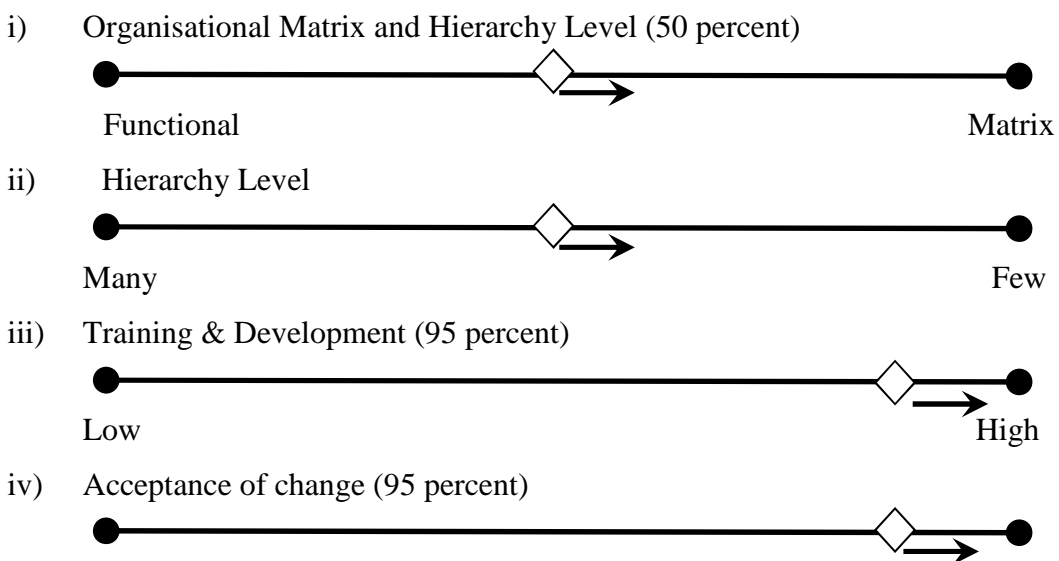
ZS Associates is a global management consulting firm specializing in sales and marketing consulting, capability building, and outsourcing. ZS has deep expertise across the sales and marketing spectrum, from the strategic to the tactical. ZS Associates is imbued with a passion for learning, innovating, and helping companies succeed. ZS is committed to delivering the best solutions to solve client problems – and developing outstanding people to do it – a hallmark that continues to define the success of ZS today.

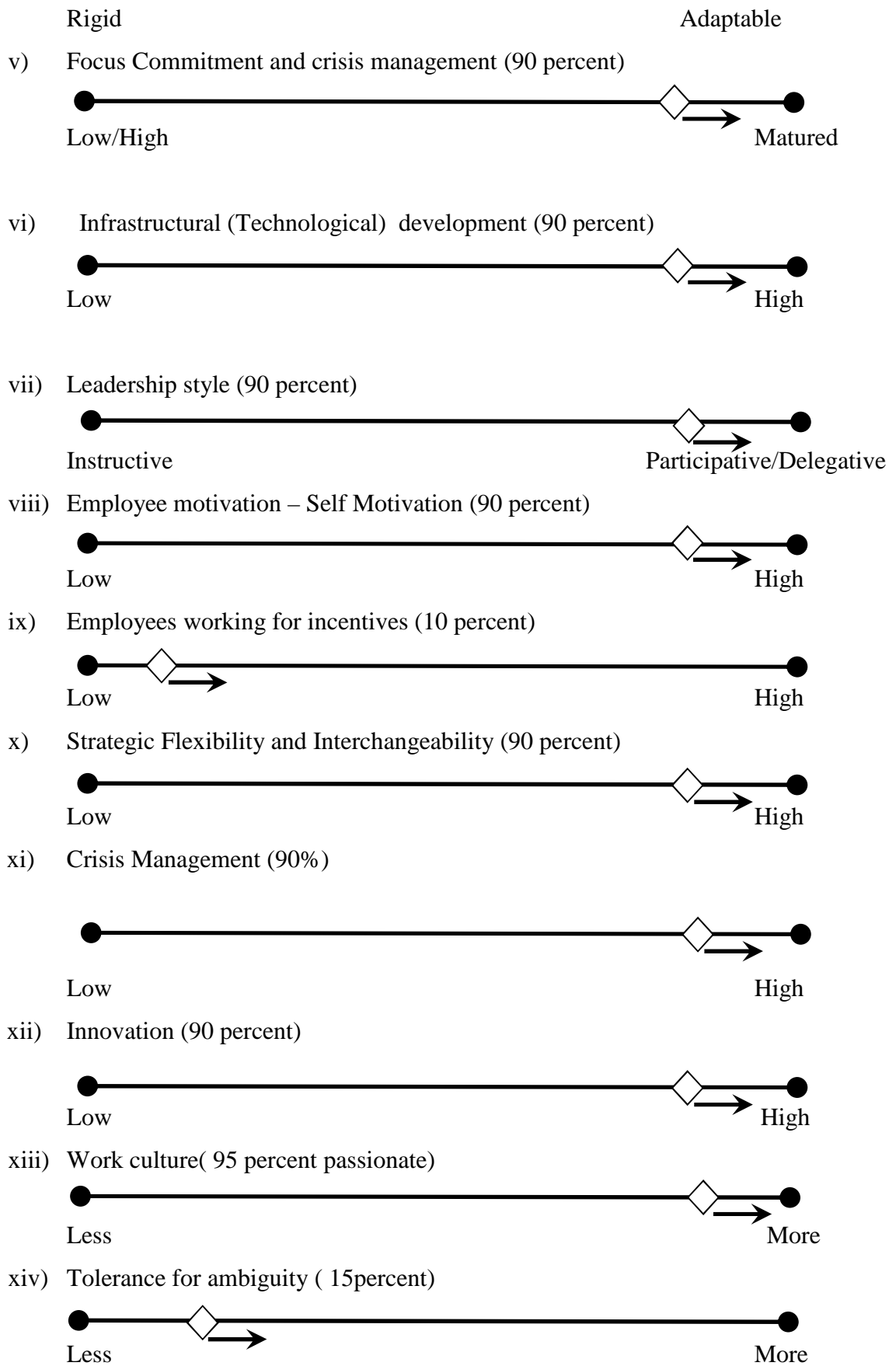
A structured interview of the present officials working at the top management and ‘Continuum pattern’ of the determinants arrived at, are given as under. The main thrust core competencies of the company are:

- Talent
- Work Culture

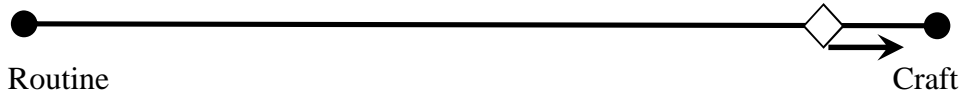
ZS culture can be described as both casual and intense. We have a high-energy workplace in which the focus is on high-quality results. We value creativity and are open to new ideas. ZS cultivate an entrepreneurial spirit by encouraging individual initiative, recognizing that each person contributes to the firm’s innovation. Work at ZS is done in a team-focused environment. Our language is framed by the use of "we" and "us," not "I" and "me"

The main traits are discussed below:





xv) Productivity Management ( 95 percent)



The interview also helped to acquire following information

- **Product / Service based Company**

ZS is service based company

- **Quality of Products / Services**

Quality of products / services is maintained through Internal and External Audit, continuous focus on Quality Management programme (which covers quality check, quality assurance)

- **Strategies for talent retention & attrition control**

Empowerment, passionate work culture, diversified work

- **Performance Appraisal System**

Ranking Method (employee is evaluated on the scale of 1 to 5, 5 = best, 1 = worst) rater rates an employee on the above scale for the different parameters like project performance, service, communication, technical skills etc. then collectively points are assigned to an employee). Employees are appraised in every six months.

- **Promotion Policy**

Promotions are based upon the performance and expertise

- **Employee Welfare**

Loan to employees, Medical insurance, assistance to employees in educational programmes

- **IT aspirations**

Adapting innovative technologies, recruiting best talent, training to existing workforce to remain competitive

- **Strategies for being a World Class IT / ITES company**

Empowerment, passionate work culture, diversified work.

## 10.4 Tata Consultancy Services (TCS)

Tata Consultancy Services is an IT services, business solutions and outsourcing organization that delivers real results to global businesses, ensuring a level of certainty that no other firm can match.

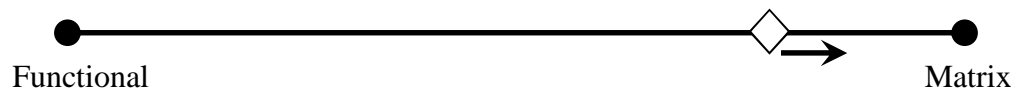
TCS offers a consulting-led integrated portfolio of IT and IT-enabled services delivered through its unique Global Network Delivery Model, recognized as the benchmark of excellence in software development. Core competence of this ITES Company is values and customer focus. TCS understand that their clients need to do more with less, respond quickly to the needs of their markets and get more strategic advantage from IT. TCS helps customers to achieve their business objectives by providing innovative, best in class consulting, IT solutions and services. Leading Change, integrity, respect for individuals, excellence, learning & sharing are the values TCS believe in.

A structured interview of the present officials working at the top management and 'Continuum pattern' of the determinants arrived at, are given as under. The main thrust core competencies of the company are:

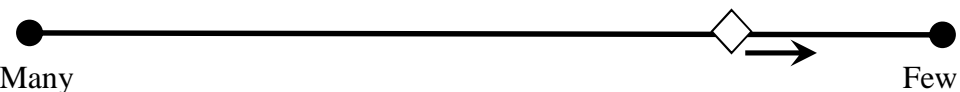
- Customer Focus is very high (90 percent)
- Adherence to the values is also very high (95 percent)

The main traits are discussed below:

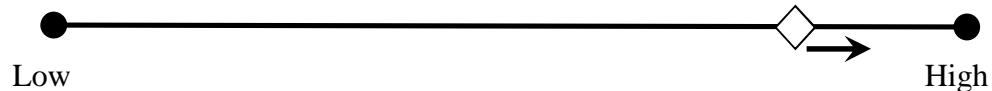
i) Organisational Matrix and Hierarchy Level (80 percent)



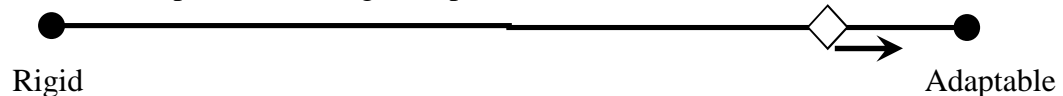
ii) Hierarchy Level

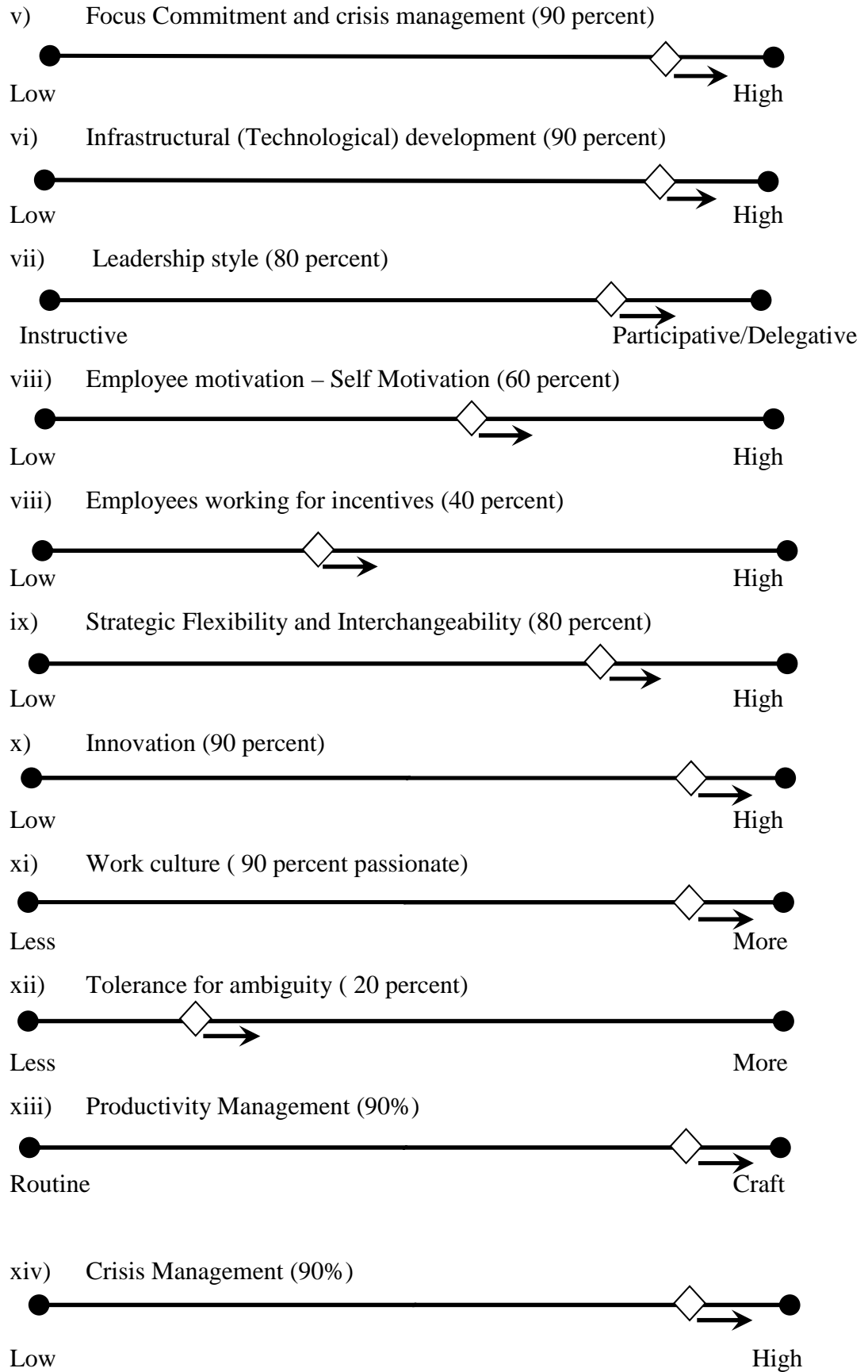


iii) Training & Development (85 percent)



iv) Acceptance of change (90 percent)







The interview also helped to acquire following information:

- **Service based Company**

TCS is mainly a service based company

- **Quality of Products / Services**

Quality of services / product is the main concern of TCS and it strives hard to achieve continuous improvement in quality of services and products through meeting various standards of quality. The ability of TCS to deliver high quality services and solutions is unmatched. This is the world's first organisation to achieve an enterprise – wide Maturity Level 5 on both CMMI and PCMM, using SCAMPIsm, the most rigorous assessment methodology. Additionally, Integrated Quality Management Systems (iQMS) integrated process, people and technology maturity through various established frameworks and practices including IEEE, ISO 9001:2008, ISO 27001, ISO 20000, ISO 14001, OHSAS 18001 and Six Sigma.

- **Strategies for talent retention & attrition control**

Effective appraisal system, training & development programmes, career path, HR practices etc.

- **Performance Appraisal System**

Self- Appraisal System. Appraisal is done yearly for senior employees and bi annually for the trainees

- **Promotion Policy**

Promotion is competency based, role based.

- **Compensation**

For Junior employees pay is fixed; but at senior level the pay is 60% fixed and 40% variable. The variable pay is based upon the performance of these senior employees.

- **Employee Welfare:**

Employee fitness programmes, flexible work timings, crush facility, work from home, workshops, seminars for employee development, yoga sessions, sports etc.

- **IT aspirations**

- Global top 10 by 2010 (TCS is on 4<sup>th</sup> position now)

- **Strategies for being a World Class IT / ITES company:** Diversification, expansion of business

### 10.5 Infosys

Established in 1981, Infosys is a NASDAQ listed global consulting and IT services company with more than 114,000 employees. From a capital of US\$ 250, we have grown to become a US\$ 4.8 billion company with a market capitalization of approximately US\$ 33 billion.

In a journey of over 29 years, Infosys has catalyzed some of the major changes that have led to India's emergence as the global destination for software services talent. Infosys pioneered the Global Delivery Model and became the first IT Company from India to be listed on NASDAQ. Our employee stock options program created some of India's first salaried millionaires.

A structured interview of the present officials working at the top management and 'Continuum pattern' of the determinants arrived at, are given as under. The main thrust core competencies of the company are "CLIFE".

C = Customer Delight

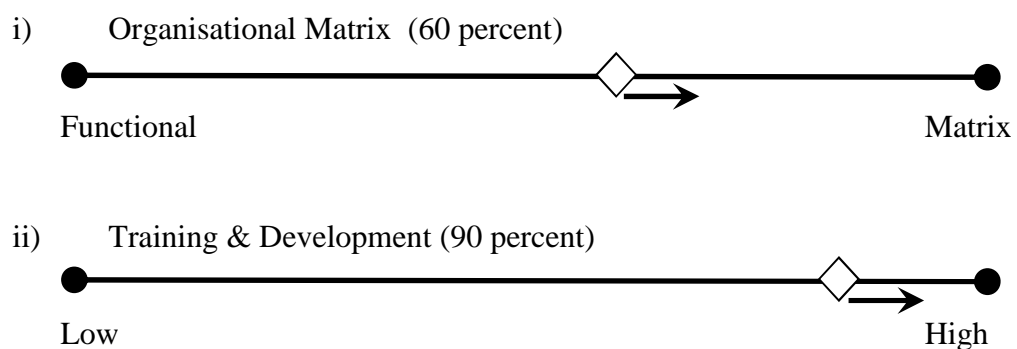
L = Leadership by Example

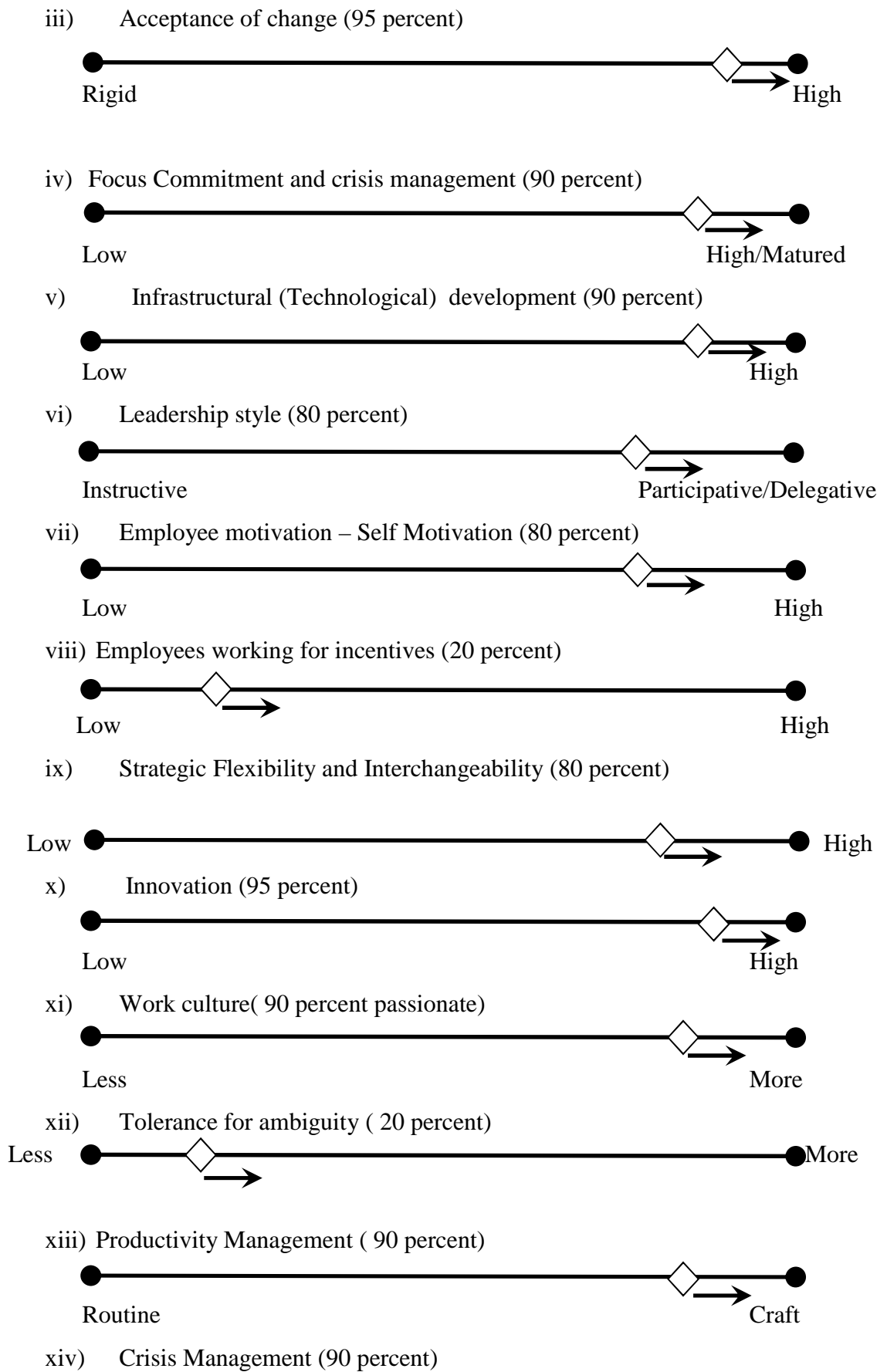
I = Integrity & Transparency

F = Fairness

E = Pursuit of Excellence

The main traits are discussed below:







The interview also helped to acquire following information

- **Product / Service based Company**

Infosys is mainly a Service based company

- **Quality of Products / Services**

At Infosys success comes through an enduring commitment to innovation, industry leadership and quality through the highest standard in quality software delivery – Carnegie Mellon University CMMI Level 5 Certification, ISO, EN9100, Six Sigma and Baldrige standards framework. At Infosys, Quality is described as "a never ending journey towards excellence."

Infosys was the very first Indian company to deploy world-class corporate governance practices, the first to publish quarterly financials and adhere to GAAP accounting standards of seven major countries, providing financial transparency in all operations.

- **Strategies for talent retention & attrition control**

Best work culture, Promotion, Salary hikes and Reward to the best performers

### **Performance Appraisal System**

Infosys has its own application for employee appraisal. It uses combination of many complex methods.

### **Promotion Policy**

In Infosys promotions are based upon the last performance scores; hence its performance based

### **Compensation**

50 % pay is fixed and 50% is variable. Variable pay is dependent upon the performance of the employees.

### **Employee Welfare**

Workshops for employees on the issues of Stress Management; it does conduct fitness programmes, free health check-ups for employees.

- **IT aspirations**

To achieve global Industry Leadership

- **Strategies for being a World Class IT / ITES company**

Infosys gives thrust upon customer focus, Employee satisfaction, and conducive work environment.

### 10.6 IBM India Pvt. Ltd.

IBM is the only IT Company in the world and also in India that offers end-to-end solutions to customers from hardware to software, services and consulting. IBM helped pioneer information technology over the years and it stands today at the forefront of a worldwide industry that is revolutionizing the way in which enterprises, organizations and people operate and thrive.

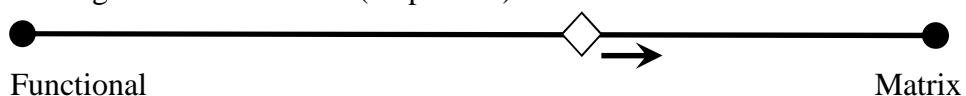
A structured interview of the present officials working at the top management and ‘Continuum pattern’ of the determinants arrived at, are given as under. The main thrust core competencies of the company are:

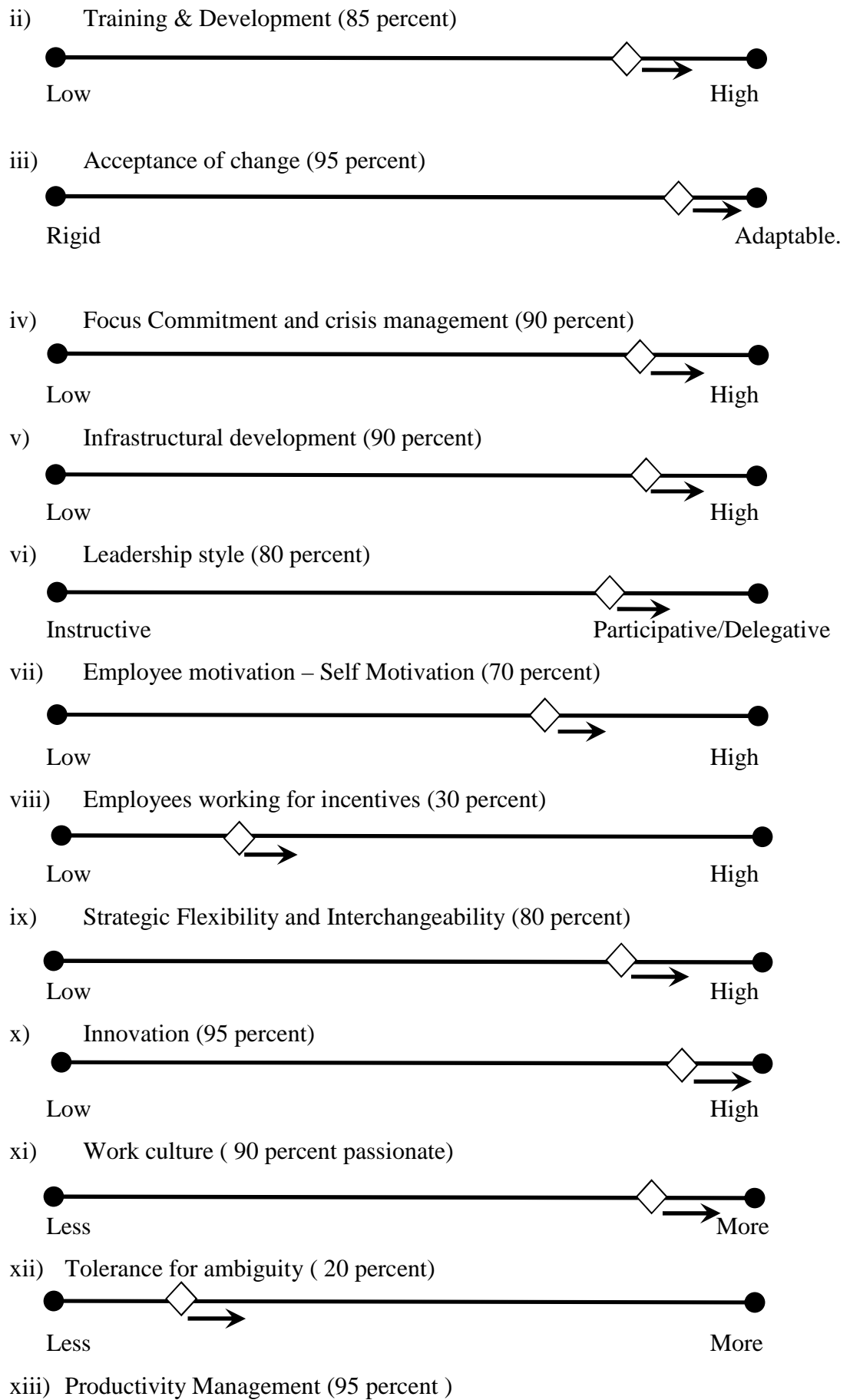
- **Innovation**

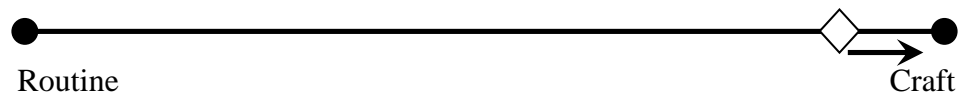
IBM Research is playing a critical role in the development and application of new technologies that are revolutionizing information technology and science. With 3,000 employees in eight laboratories in six countries, the IBM Research Division has a broad and aggressive agenda in most fields underlying information technology, particularly in computer science. From its origin in 1945 as a Columbia University-based laboratory devoted to science, IBM Research has continually evolved its scope and mission, and played an essential role in the rapidly changing IT industry by producing a constant stream of pioneering contributions to both science and technology. Mainframe is the noteworthy innovation for which IBM is known for; IBM’s mainframe products have delivered significant new technologies to the market for many years.

The main traits are discussed below:

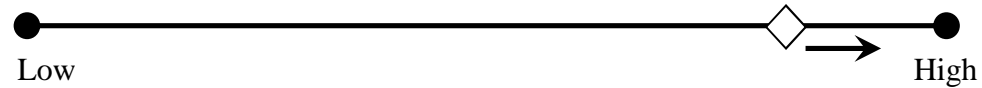
i) **Organisational Matrix (60 percent)**







xiv) Crisis Management (90 percent)



The interview also helped to acquire following information

- **Product / Service based Company**

IBM is Product and Service based company

- **Strategies for talent retention & attrition control**

Best work culture, diversified work, Good work life balance, recognition etc.

- **Performance Appraisal System**

360 degree feedback method, Ranking Method is used for appraising the performance of employees. Appraisal is done in every six months.

- **Employee Welfare**

- IBM offers a range of personal benefits such as medical schemes, dental schemes, health screening, wellness programs, retirement and insurance program as a part of employee welfare

- **IT aspirations**

To achieve global Industry Leadership

- **Strategies for being a World Class IT / ITES company**

Continuously inventing and innovating technology, in the field of Information Technology and Science

## 10.7 Patni Computer Systems

Patni Computer Systems Ltd. is a provider of Information Technology services and business solutions. The company employs over 15000 people, and has 23 international offices across the Americas, Europe, and Asia-Pacific, as well as offshore development

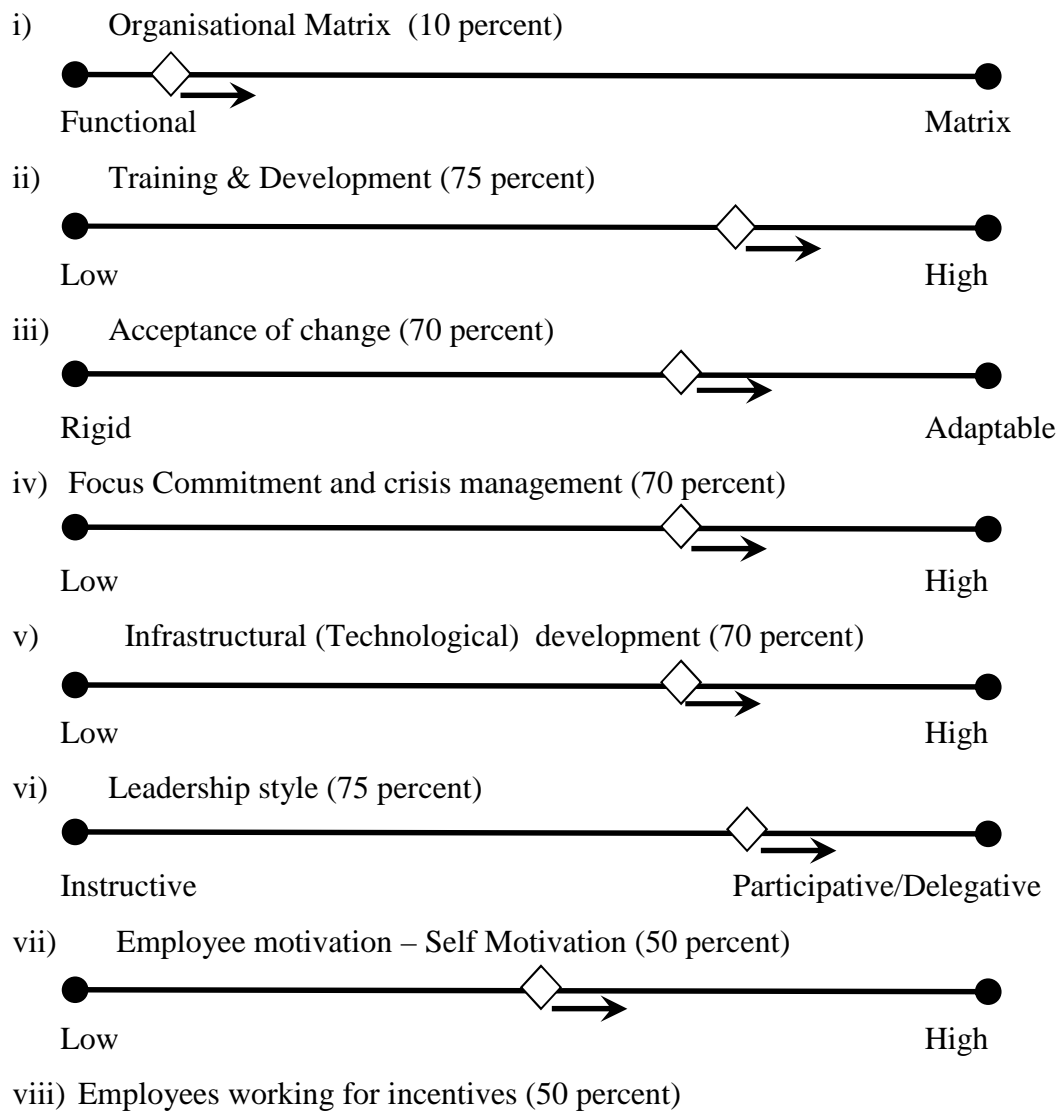
centres in 8 cities in India. Patni's clients include more than 400 Fortune 1000 companies.

A structured interview of the present officials working at the top management and 'Continuum pattern' of the determinants arrived at, are given as under. The main thrust core competencies of the company are:

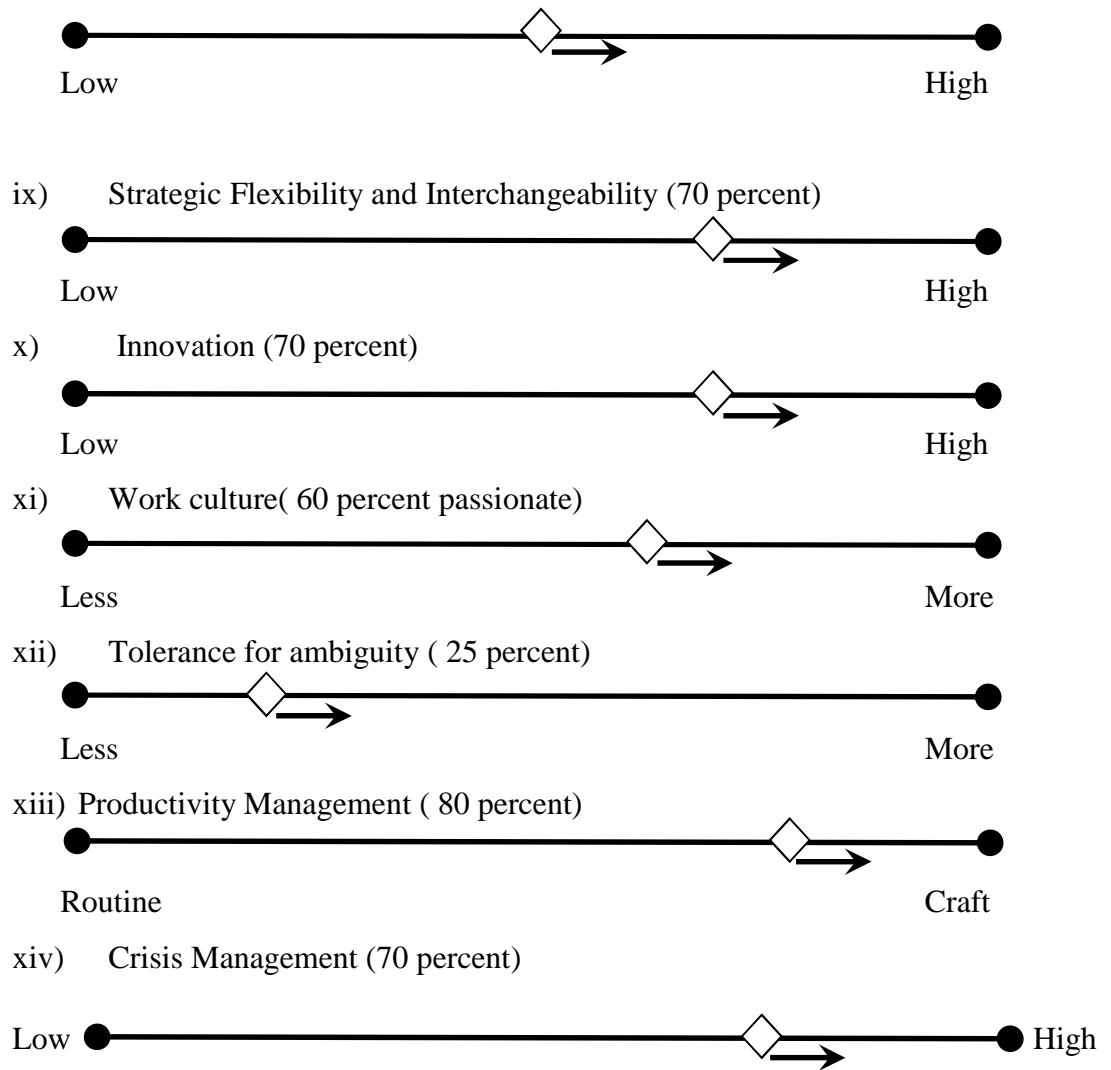
- **Modernisation**

Patni's core competency in legacy modernization is augmented by proven methodologies and strategic alliances with leading modernization tool vendors. Patni provides enhanced flexibility to organizations looking towards modernizing/migrating their legacy systems and applications by using a combination of proprietary methodologies, accelerators, customized tools, processes, and industry practices, that help reduce complexities and costs involved in modernizing legacy systems.

The main traits are discussed below:







The interview also helped to acquire following information

- **Product / Service based Company**

Patni Computers is product and service based company and it is mainly process oriented.

- **Quality of Products / Services**

At Patni, integrated six sigma technique focuses on process improvement; quality systems create strong predictive and diagnostic focus, delivering measurable performance to clients' 'Critical to Quality' parameters - faster turnaround, higher productivity

- **Strategies for talent retention & attrition control**

Adequate Growth opportunities, employee empowerment

- **Performance Appraisal System**

Ranking Method is used for appraising the employees. Employees are appraised annually.

- **Promotion Policy**

Promotions are based upon the performance

- **Employee Welfare**

Medical insurance, loans to employees at low interest rate

- **IT aspirations**

To achieve global IT services leadership in providing value-added high quality IT solutions to the clients in selected horizontal and vertical segments, by combining technology skills, domain expertise, process focus and a commitment to long-term client relations

- **Strategies for being a World Class IT / ITES company**

Patni is striving for excellence with an operating discipline, benchmarked with the best globally

## **10.8 Zensar Technologies**

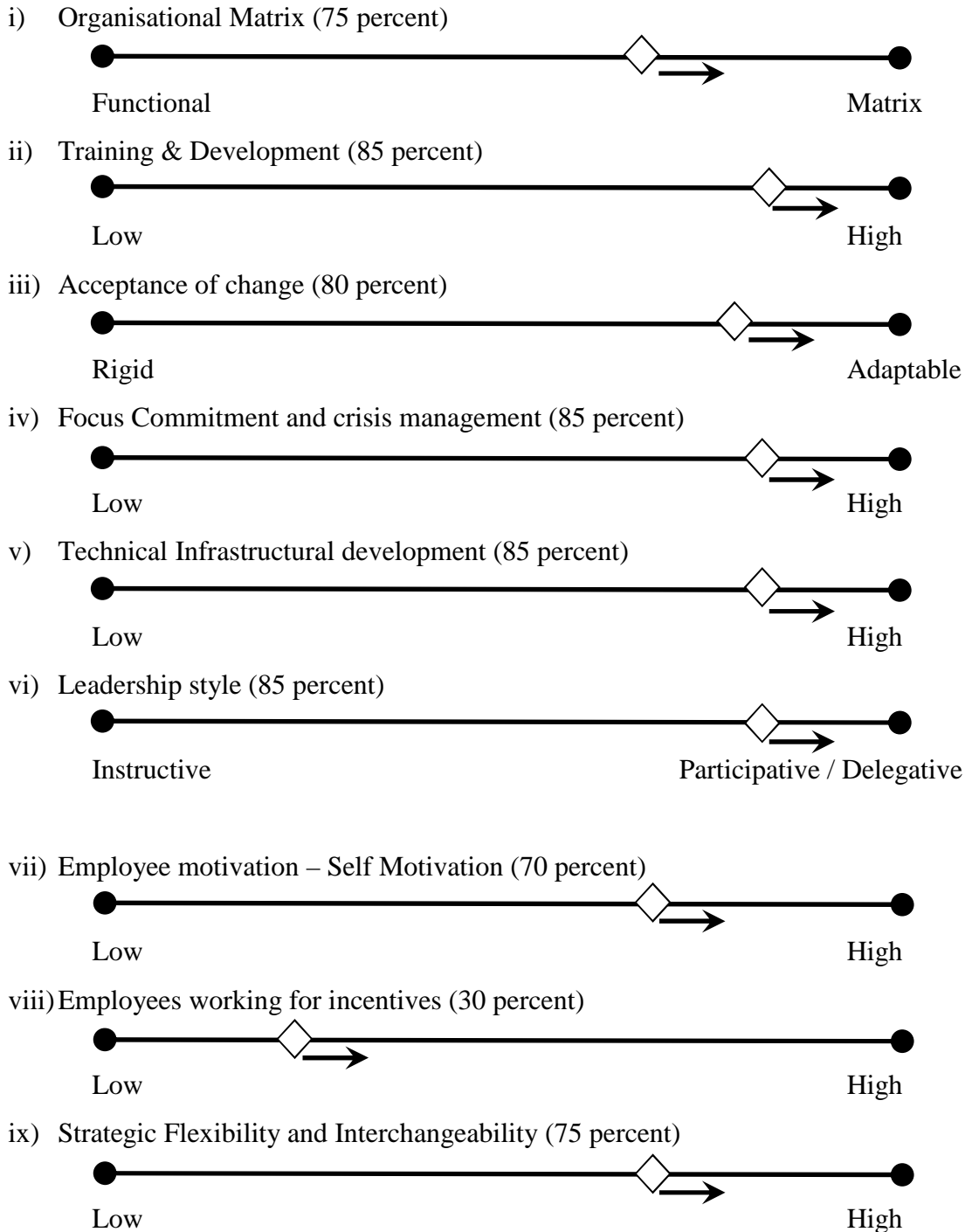
Zensar Technologies is a globally focused software and services company spread across eighteen countries across the world. Zensar provides end-to-end services from IT development to Business Process Outsourcing, from consulting to implementation. With more than 5400 associates and sales and operations presence across US, UK, Germany, Sweden, Finland, Middle East, South Africa, Singapore, Australia, Japan and Poland, the Company delivers comprehensive services in mission-critical applications, enterprise applications, e-business, BPO Services.

A structured interview of the present officials working at the top management and 'Continuum pattern' of the determinants arrived at, are given as under. The main thrust core competency of the company is:

- **Customer Focus**

Zensar strives hard towards creating value to its customers business, Zensar has built and consolidated a comprehensive portfolio of services in IT and BPO, lending a wide range of benefits from cost arbitrage, to unmatched quality, differentiated value to a holistic strategic partnership with its customers; and further lending a significant advantage by offering models to customers that best suit their business needs traversing the context areas down to the core focus areas of the customer.

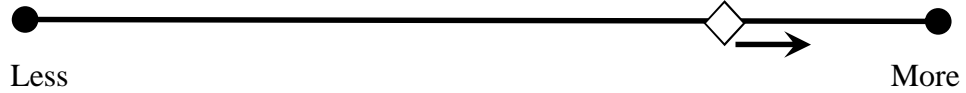
The main traits are discussed below:



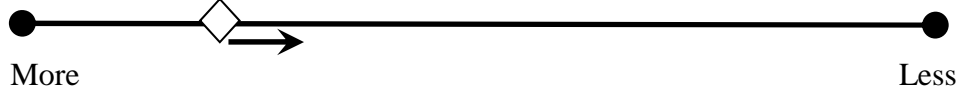
x) Innovation (90 percent)



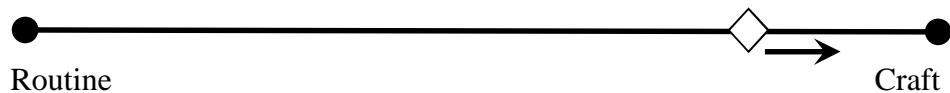
xi) Work culture (80 percent passionate)



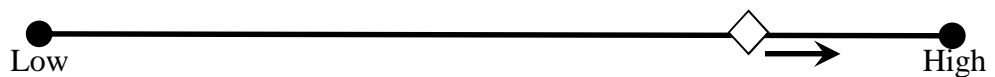
xii) Tolerance for ambiguity (25 percent)



xiii) Productivity Management (85 percent)



xiv) Crisis Management (85percent)



The interview also helped to acquire following information

- **Product / Service based Company**

Zensar is a Service based company

- **Quality of Products / Services**

Zensar's Quality Management System has been created over a span of 15 years and is based on international frameworks and benchmarks it uses:

- **ISO 9001:2008:** Basic system for defining our QMS and to assess QMS effectiveness
- **SEI CMM/CMMI:** Best practices for software engineering and continuous process improvement
- **Total Quality Management (TQM):** Used to bring about overall improvement and business excellence
- **Six sigma:** Use as a tool for systematic analysis and process improvement

- **Strategies for talent retention & attrition control**

Employee empowerment, growth opportunities, promotion

- **Performance Appraisal System**

Self-Appraisal system is used for evaluating employee performance. Employees are appraised annually against certain KRAs (Key Result Area).

- **Promotion Policy**

Promotion is based upon the employee performance and the attainment of targets.

- **IT aspirations**

Innovate to enhance the customer's competitive advantage to add agility to their business

- **Strategies for being a World Class IT / ITES company**

Continuous innovation, extensive customer focus

## **10.9 Wipro Technologies Ltd.**

Wipro IT Business, a division of Wipro Limited (NYSE:WIT), is amongst the largest global IT services, BPO and Product Engineering companies. In addition to the IT business, Wipro also has leadership position in niche market segments of consumer products and lighting solutions. The company has been listed since 1945 and started its technology business in 1980. Today, Wipro generates USD 6 billion (India GAAP figure 2009-10) of annual revenues. Its equity shares are listed in India on the Mumbai Stock Exchange and the National Stock Exchange; as well as on the New York Stock Exchange in the US.

Wipro makes an ideal partner for organizations looking at transformational IT solutions because of its core capabilities, great human resources, commitment to quality and the global infrastructure to deliver a wide range of technology and business consulting solutions and services, 24/7. Wipro enables business results by being a 'transformation catalyst'. It offers integrated portfolio of services to its clients in the areas of Consulting, System Integration and Outsourcing for key-industry verticals.

A structured interview of the present officials working at the top management and 'Continuum pattern' of the determinants arrived at, are given as under. The main thrust core competencies of the company are:

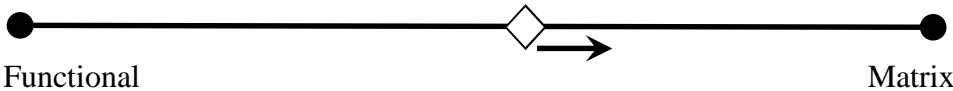
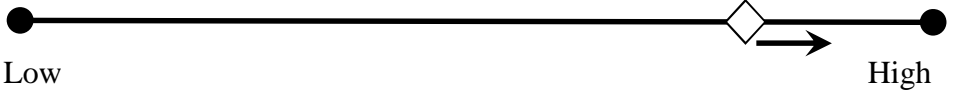
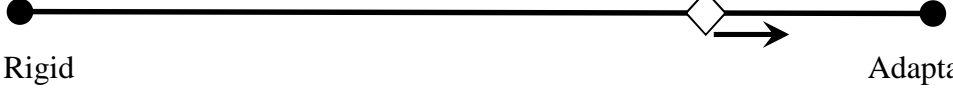
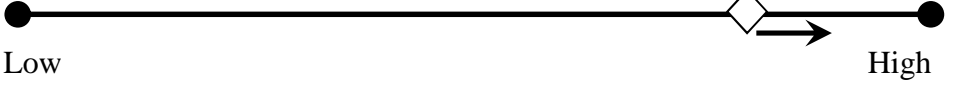
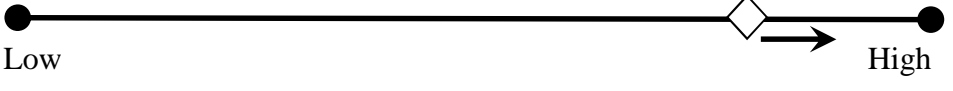
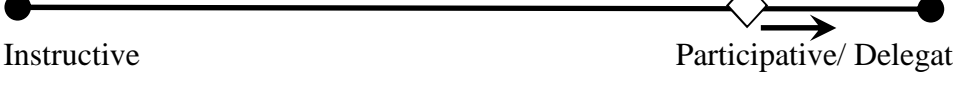

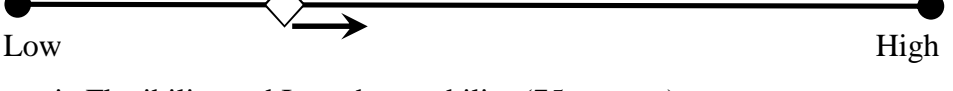
- **Innovation**

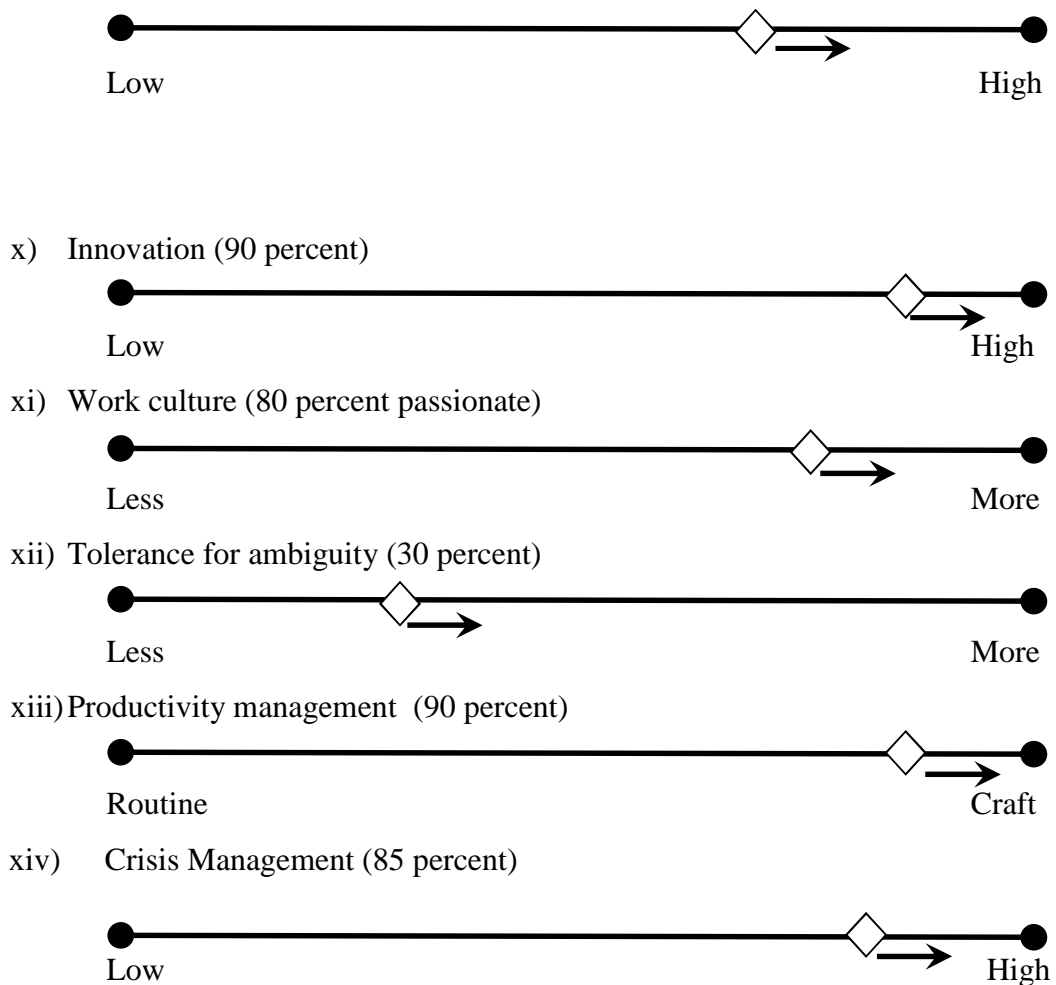
Wipro is at the forefront of technological and business co-innovation with 136 patents and invention disclosures. With enhanced business performance at the core of its deliveries due to its strong R&D and Innovation focus, Wipro gets an enviable 95 percent repeat business.

- **Customer Focus**

Wipro make our clients business more efficient through a combination of process transformation, outsourcing, consulting and technology products and services. Wipro endeavours to deliver reliability and effectiveness to its customers by maintaining high standards in service offerings through robust internal processes and people management systems.

The main traits are discussed below:

- i) Organisational Matrix (60 percent)
 
- ii) Training & Development (85 percent)
 
- iii) Acceptance of change (80 percent)
 
- iv) Focus Commitment and crisis management (85 percent)
 
- v) Infrastructural development (85 percent)
 
- vi) Leadership style (85 percent)
 
- vii) Employee motivation – Self Motivation (70 percent)
 
- viii) Employees working for incentives (30 percent)
 
- ix) Strategic Flexibility and Interchangeability (75 percent)



The interview also helped to acquire following information

- **Product / Service based Company**

Wipro is a Product & Service based company

- **Quality of Products / Services**

In line with Wipro's belief in constant innovation, over the years, Wipro has been a pioneer in adopting and adapting several improvement methodologies like Lean, Six Sigma, Kaizen, etc. to further the efficiency of its processes. Wipro was the first to adopt Six Sigma in IT delivery, way back in 1998; Lean methodology was adopted from the world-class Toyota Production System for improving the efficiency of the delivery engine; again a first in the industry, in the year 2005. Wipro has become extremely proficient in the application of these methodologies for internal processes as well as in our customer's organizations, achieving significant improvements not only in the customers' IT processes but also critical business processes.

- **Strategies for talent retention & attrition control**

Group Medi-claim Insurance Scheme, Personal Accident Insurance Scheme, Subsidized Food and Transportation, Company Leased Accommodation, Recreation, Cafeteria,

ATM and Concierge facilities, Corporate Credit Card, Cellular Phone / Laptop: Cellular phone and / or Laptop are provided to the employees on the basis of business need.

- **Performance Appraisal System**

360 degree Feedback Method is used for employee performance appraisal. Employees are appraised once in a six months. Output / Result, competency, ability to complete a given task within a given task are the criterias considered for evaluating employee performance.

- **Promotion Policy**

Promotion is based upon the employee performance

## **10.10 WNS Global Services**

WNS is a leading global business process outsourcing company. Deep industry and business process knowledge, a partnership approach, comprehensive service offerings and a proven track record enable WNS to deliver business value to many of the world's leading companies.

A structured interview of the present officials working at the top management and 'Continuum pattern' of the determinants arrived at, are given as under. The main thrust core competencies of the company are:

- **Customer Focus**

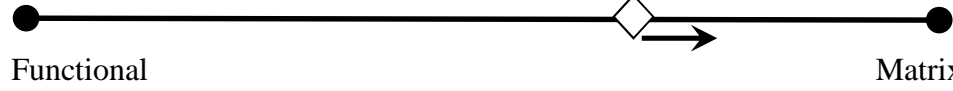
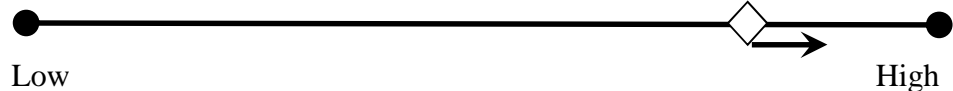
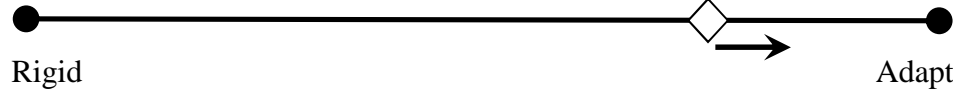
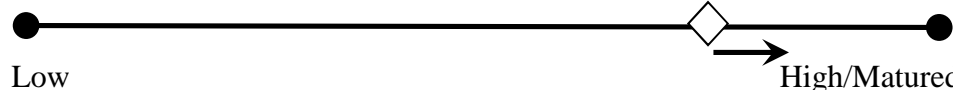
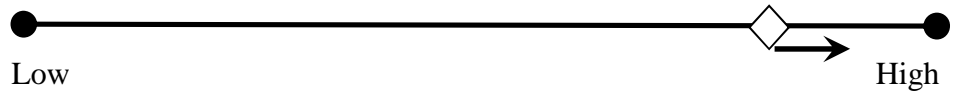
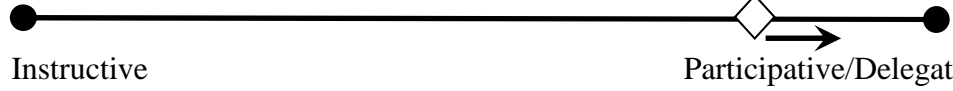
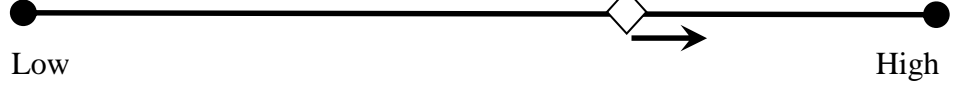



As a leading global **BPO** (business process outsourcing) company, WNS "extends the enterprise" of some of the world's best brands. Through its **global delivery network** and a **comprehensive outsourcing services offering**, WNS deliver business value to its clients by combining operational excellence and deep domain - industry and functional – knowledge

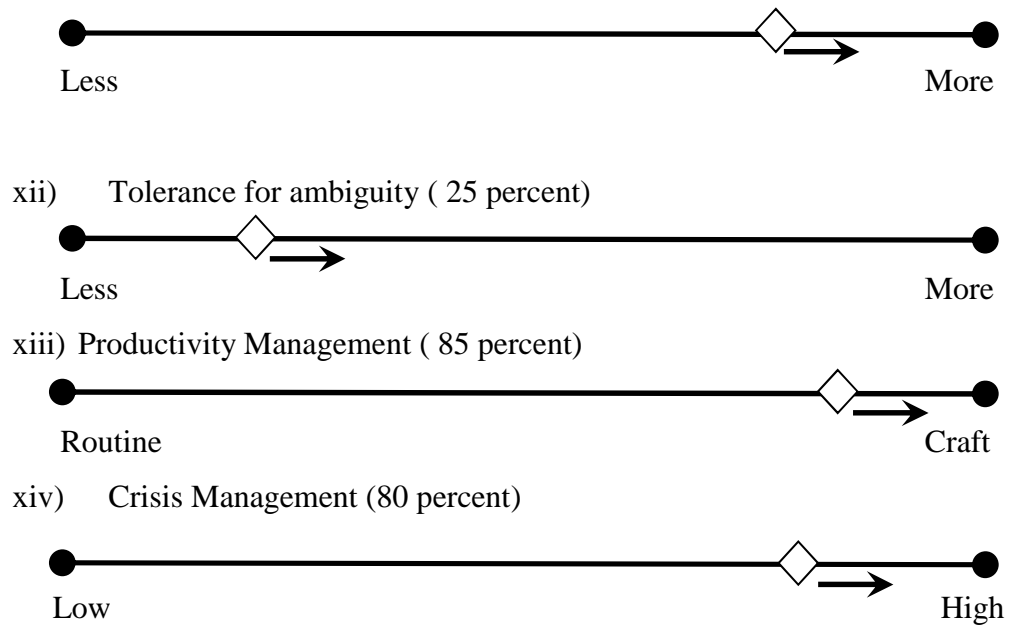
**Flexibility** is the cornerstone of company's success. Not all organizations seek to implement radical change. We engage with equal passion with clients seeking to implement a "trial and learn" model, one process at a time, and with those aiming to transform multiple processes or complete functions at once.

Delivering the entire spectrum of business processes – from shared back office processes to industry-specific front and middle office processes, all the way to complex, actionable research and analytics, WNS changes the game for its clients.



The main traits are discussed below:

- i) Organisational Matrix (70 percent)
 
- ii) Training & Development (85 percent)
 
- iii) Acceptance of change (80 percent)
 
- iv) Focus Commitment and crisis management (80 percent)
 
- v) Infrastructural (Technological) development (85 percent)
 
- vi) Leadership style (85 percent)
 
- vii) Employee motivation – Self Motivation (70 percent)
 
- viii) Employees working for incentives (30 percent)
 
- ix) Strategic Flexibility and Interchangeability (80 percent)
 
- x) Innovation (90 percent)
 
- xi) Work culture(80 percent passionate)



The interview also helped to acquire following information

- **Product / Service based Company**

WNS is a service based company

- **Quality of Products / Services**

At WNS, operational excellence is at the heart of everything they do. Their quality value proposition is based on service delivery value chain – Transition, Stabilize and Improve. They leverage their proven assets, tools and methodologies across the entire chain – from transition and stabilization - to ensure seamless and smooth BPO operations, applying ISO standards and LEAN and Six Sigma methodologies to reduce inefficiencies and enhance productivity on a continuous basis

- **Strategies for talent retention & attrition control**

Growth opportunities, work culture

- **Performance Appraisal System**

Ranking Method, Self – appraisal method is used for appraising the performance of the employees. Performance appraisal is done in every six months. Employees are evaluated on the basis of their subject knowledge, Skills and output / Result.

- **Promotion Policy**

Promotions are based upon the performance ratings

- **Compensation**

Decisions regarding pay hikes, bonus, incentives is mainly dependent on the performance of the employee.

- **Employee Welfare**

Medical insurance, assistance to employees in educational programmes

- **IT aspirations**

Enabling the clients to outperform with passion for service and innovation

- **Strategies for being a World Class IT / ITES company**

Operational efficiency, emphasis on quality management, cutting-edge processes for clients.

## **10.11 Cognizant**

Cognizant is a leading provider of information technology, consulting, IT infrastructure and business process outsourcing services. By leveraging highly flexible business processes, a seamless global delivery network and deep domain expertise, Cognizant delivers a better “return on outsourcing.” Cognizant was one of the first IT services companies to organize around key industry verticals and horizontals. This enables Cognizant to establish extremely close partnerships that foster continuous operational improvements and better bottom-line results for clients.

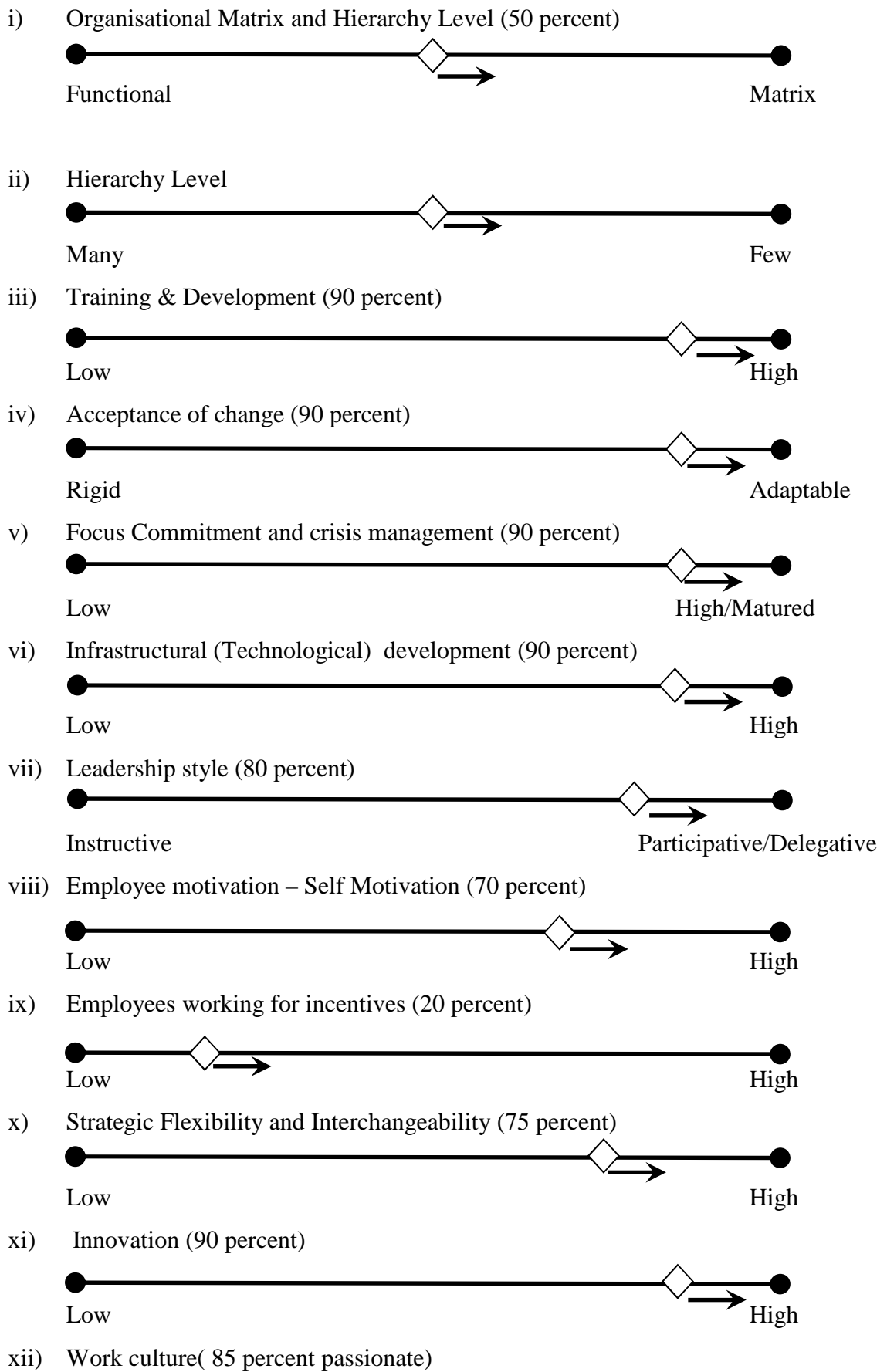
A structured interview of the present officials working at the top management and ‘Continuum pattern’ of the determinants arrived at, are given as under. The main thrust core competencies of the company are:

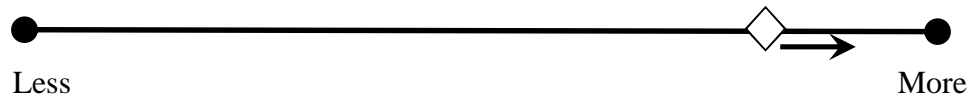
- **Customer Focus**

Cognizant, is proud to have built a culture attuned to anticipating and understanding it’s clients’ needs, and then working in close partnership with them to make their businesses stronger — more productive, more profitable, more capable of capturing market opportunities — and thus more valuable.

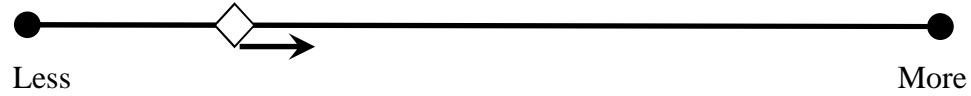
As a customer-centric, relationship-driven partner, cognizant is redefining the way companies experience and benefit from global services. Its unique delivery model is infused with a distinct culture of high customer satisfaction. Cognizant delivers a trusted partnership, cost reductions and business results.

The main traits are discussed below:

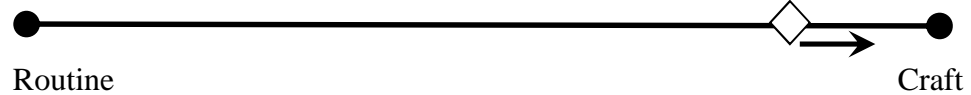




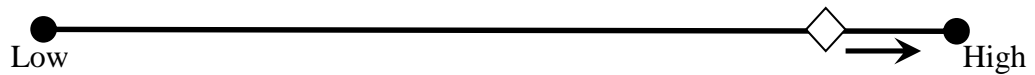
xiii) Tolerance for ambiguity ( 25percent)



xiv) Productivity Management ( 90 percent)



xv) Crisis Management ( 90 percent)



The interview also helped to acquire following information

- **Product / Service based Company**

Cognizant is product and service based company

- **Quality of Products / Services**

Quality of Services and products is enhanced through continuous monitoring the performance of the products and services. At Cognizant they have rigorous quality management programmes

- **Strategies for talent retention & attrition control**

Pay hikes, growth opportunities, employee empowerment

- **Performance Appraisal System**

Competency based performance appraisal system & Ranking Method is used for appraising the employees.

- **Promotion Policy**

Promotions are based upon the performance

- **Employee Welfare**

Medical insurance, assistance to employees in educational programme

- **IT aspirations**

To be a leading provider of information technology, consulting, IT infrastructure and business process outsourcing services

- **Strategies for being a World Class IT / ITES company**

Using the IT infrastructure, business processes, technology innovation, know how for making the client’s businesses stronger

### 10.12 Persistent

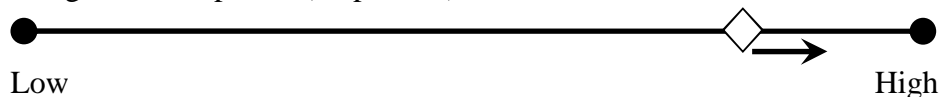
Persistent is one of the leading outsourced software product development (OPD) specialists, offering customers the benefits of offshore delivery. We deliver services across all stages of the product life cycle, which enables us to work with a wide range of customers and allows us to develop, enhance and deploy our customers’ software products. From R&D to development, testing, support and professional services, we lever it all.

A structured interview of the present officials working at the top management and ‘Continuum pattern’ of the determinants arrived at, are given as under. The main thrust core competencies of the company are:

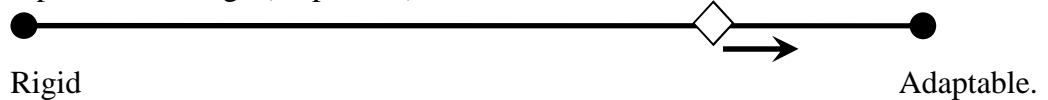
- Technology driven company
- Committed to the highest standard of ethics and integrity

The main traits are discussed below:

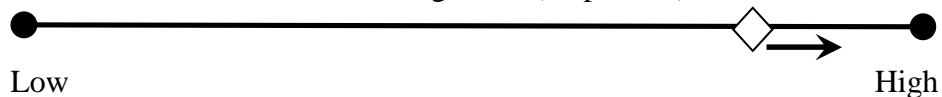
i) Training & Development (85 percent)



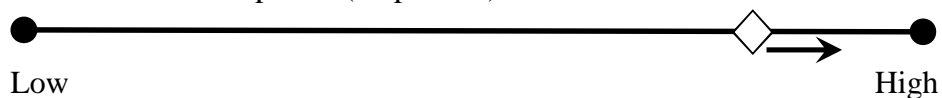
ii) Acceptance of change (80 percent)



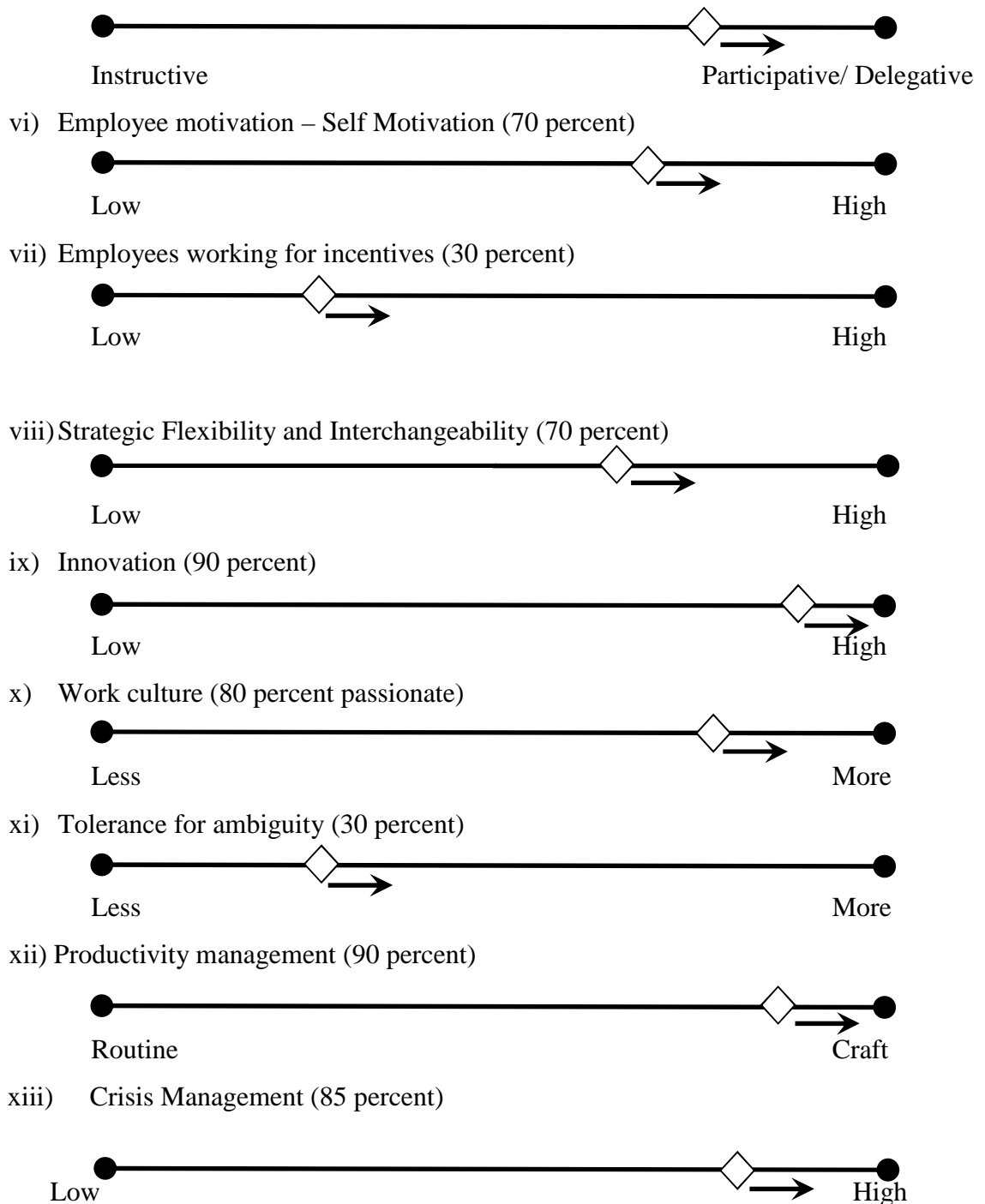
iii) Focus Commitment and crisis management (85 percent)



iv) Infrastructural development (85 percent)



v) Leadership style (80 percent)



The interview also helped to acquire following information

- **Product / Service based Company**  
 Persistent is a product and service based company.
- **Quality of Products / Services**

Persistent is dedicated to Quality - quality of products, quality of service, quality of relationships, quality of communications & quality of their promises.

- **Performance Appraisal System**

Combination of Weighted Checklist, Management by Objectives is used for employee appraisal. Employees are evaluated annually by the project manager.

- **Promotion Policy**

Promotion is based upon the employee performance

- **Employee Welfare**

Round-the-clock access to an on-locale gymnasium, badminton and TT courts, a sprawling library and a large cafeteria, Even the routine seminars and training sessions for the employees on various issues.

- **IT aspirations**

Delivering value to the customers through innovation and by consistently improving efficiency.

- **Strategies for being a World Class IT / ITES company**

Working with customers to help them proficiently deliver products to maximize their core business.



**Table 10.1: Summary of Traits ITES Company wise**

Sr. No.	Items Description	Rating (Per cent)									
		ZS (1)	TCS (2)	Info (3)	IBM (4)	Patni (5)	Zen. (6)	Wipro (7)	WNS (8)	Cogn (9)	Persi. (10)
1	Organisational Structure Matrix	50%	80%	80%	60%	10%	75%	60%	70%	50%	--
2	Training & Development	95%	85%	90%	85%	75%	85%	85%	85%	90%	85%
3	Acceptance of Change	95%	90%	95%	95%	70%	80%	80%	80%	90%	80%
4	Focus Commitment	90%	90%	90%	90%	70%	85%	85%	80%	90%	85%
5	Infrastructure Development	90%	90%	90%	90%	70%	85%	85%	85%	90%	85%
6	Leadership Style	90%	80%	80%	80%	50%	85%	85%	85%	70%	80%
7	Employee Motivation (self)	90%	60%	80%	70%	50%	70%	70%	70%	70%	70%
8	Motivation due to incentives	10%	40%	20%	30%	50%	30%	30%	30%	30%	30%
9	Strategic Flexibility & Interchangeability	90%	80%	80%	80%	70%	75%	75%	80%	75%	70%
10	Crisis Management	90%	90%	90%	90%	70%	85%	85%	80%	90%	85%
11	Innovation	90%	90%	95%	95%	70%	90%	90%	90%	90%	90%
12	Work Culture (passionate)	95%	90%	90%	90%	60%	80%	80%	80%	85%	80%
13	Tolerance for Ambiguity	15%	20%	20%	20%	25%	25%	30%	25%	25%	30%
14	Productivity Management	95%	90%	90%	95%	80%	85%	90%	85%	90%	90%

**Table 10.2: Summary of Ratings of Parameters (determinants)**

Sr. No.	Item : Description	Low	Medium	High
1.	Organisation Structure (Matrix type)	50% ZS, 50% Cognizant , 10% Patni	70% WNS, 60% IBM,60% Wipro	80% Infosys, 80% TCS, 75% Zensar
2.	Training & Development	75% Patni	85% TCS, 85% IBM, 85% WNS, 85% Zensar, 85% Wipro, 85% Persistent	95% ZS, 90% Cognizant
3	Acceptance of Change	70% Patni	80% WNS, 80% Zensar, 80% Wipro, 80% Persistent	95% ZS, 95% Infosys, 95% IBM, 90% Cognizant, 90% TCS
4	Focus Commitment	70% Patni	80% WNS	90% ZS, 90%TCS, 90% IBM, 90%Infosys, 90% Cognizant, 85% Zensar, 85% Wipro, 85% Persistent
5	Infrastructure Development	70% Patni	-----	90% ZS, 90% TCS, 90% IBM, 90%Infosys, 90% Cognizant, 85% Zensar, 85% Wipro, 85% WNS, 85% Persistent
6	Leadership Style	50% Patni, 70% Cognizant	80% Persistent, 80% TCS, 80% Infosys, 80% IBM	90% ZS, 85% Zensar, 85% Wipro, 85% WNS
7	Employee Motivation (self)	50% Patni, 60% TCS	70% WNS, 70% Zensar, 70% Wipro, 70% Persistent, 70% IBM, 70% Cognizant	90% ZS, 80% Infosys

<b>Sr. No.</b>	<b>Item : Description</b>	<b>Low</b>	<b>Medium</b>	<b>High</b>
<b>8</b>	Motivation due to incentives	10% ZS, 20% Infosys	30% IBM, 30% Cognizant, 30% WNS, 30% Zensar, 30% Wipro, 30% Persistent	50% Patni, 40% TCS
<b>9</b>	Strategic Flexibility & Interchangeability	----	75% Zensar, 75% Wipro, 70% Patni, 70% Persistent, 75% Cognizant	90% ZS, 80% TCS, 80% Infosys, 80% IBM, 80% WNS
<b>10</b>	Crisis Management	70% Patni	80% WNS	90% ZS, 90% TCS, 90% IBM, 90% Infosys, 90% Cognizant, 85% Zensar, 85% Wipro, 85% Persistent
<b>11</b>	Innovation	70% Patni	----	90% ZS, 90% TCS, 95% Infosys, 95% IBM, 90% Zensar, 90% Wipro, 90% WNS, 90% Cognizant, 90% Persistent
<b>12</b>	Work Culture (Passionate)	60% Patni	80% WNS, 80% Zensar, 80% Wipro, 85% Cognizant 80% Persistent	95% ZS, 90% TCS, 90% IBM, 90% Infosys
<b>13</b>	Tolerance for Ambiguity	----	15% ZS, 20% TCS, 20% Infosys, 20% IBM	30% Persistent, 30% Wipro, 25% Patni, 25% Zensar, 25% WNS, 25% Cognizant
<b>14</b>	Productivity Management	----	80% Patni, 85% Zensar, 85% WNS	95% ZS, 90% TCS, 90% Infosys, 95% IBM, 90% Wipro, 90% Cognizant, 90% Persistent

## CHAPTER 11

### SYNTHESIS AND DISCUSSION OF RESULTS

#### 11.1 INTRODUCTION

In the present chapter, based upon the empirical and qualitative studies, certain thrust points pertaining to performance appraisal system and promotion policy of the selected ITES companies have been presented. With the help of X-ray Metrics factor, the chapter also presents performance metrics and financial performance metrics of studied companies. The Financial Performance Metrics of the considered companies is suitably presented in the form of Financial and Marketing Dashboards. The learning issues provide wealth of information's about the strong and weak points of the organisations. A holistic approach of the above synthesis has been presented logically and an emerging model of innovation has been suggested.

Earlier chapter eight exclusively deals with Innovation Manifestations, wherein the concepts like 'Disruptive Innovation', three innovation imperatives, Innovation Blitz, and Slow Innovation mechanism have been covered adequately. With the understanding of these factors, an emerging model of Fast Innovation "Innovation Blitzkrieg" has been evolved in the present chapter.

#### ➤ **Hyperinnovation Parameter**

Hyper innovation includes degree of novelty (newness) as well as complexity (diverse ideas). One of the hyper innovation recommended principle has been suitably suggested in this chapter while considering the various determinants of CSF/KPIs have been discussed.

Before we analyse the studies some of the parameters are given below:

- **Key Performance Indicators (KPIs):** It is a measure of reflecting how an organisation is doing in a specific aspect of its performance.
- **Critical Success Factors (CSFs):** It is a broader term and it's a key activity needed to achieve the given strategic objectives of the organisation. A KPI is one representation of CSF.
- **Dashboards:** It acts as the primary analytical application in any organization. The Dashboard provides critical indicators together so that the information is available in one snapshot. Dashboards are the simplest type of Performance Measurement

System; a dashboard combines the company's numerous metrics, targets & performance data into one online or printed document. A dashboard enables executives and managers to easily digest the company's aggregate performance data.

- **X-ray factor Analysis**

- a) X-ray factor Analysis makes visible individuals 'interconnectedness and interactions – and can identify the central people and the peripheral, the 'connectors' and 'boundary spanners', the bottlenecks, unsung heroes and untapped resources, as well as distinguishing the different sub-groups amongst staff and leadership.
- b) Another application is to map the energy network of an organisation i.e the energising people and the de-energising ones (the attractors vs. energy-sappers) or it can map the problem-solving/brainstorming networks, in order to identify capacity for innovation. Thus, almost like an X-ray of an organisation, it provides scan of our people information.

## **11.2 SYNTHESIS OF THE STUDIES**

Herein a final analysis of all the ingredients under the hypothesis has been attempted and a relationship between them has been tried out to establish as a measure of performance metrics.

**Hypothesis: There are certain constraints/ lacunae in the existing performance appraisal system and promotion policy of ITES companies.**

This hypothesis can be conveniently subdivided into subthemes – thrust points, as under:

- **Performance Appreciation Metrics:**
  - a) Performance Appraisal System.
  - b) Performance HR Metrics.
- **Financial Performance Metrics**
- **Analysis of Promotion Policy of studied companies.**

### **11.2.1 Performance Appreciation Metrics:**

- Performance Appraisal System

In the light of above mentioned hypothesis, the following table (Table no.11.1) presents gist of empirical study, pertaining to the existing Performance Appraisal System and other relevant issues considered in the study.

- Empirical Study

**Table 11.1 : Determinants of Empirical Study**

Sr. No.	Item	ZS (%)	TCS (%)	Infosys (%)	IBM (%)	Patni (%)	Zensar (%)	Wipro (%)	WNS (%)	Cogniz (%)	Persis (%)
1	Organisational Structure:										
	Functional	60	50	40	19	80	25	65	65	42	45
	Divisional	--	--	--	37	--	40	--	--	--	--
	Matrix	40	50	60	44	20	35	35	35	58	55
2	Work Culture within organisations: (Functional aspects)	70	90	70	80	67	60	50	30	40	--
3	Formal Communication	60	59	60	70	62	75	70	60	80	70
4	Decision making within departments	20	25	20	30	40	35	27	25	30	40
5	Participative decision making in organisation	60	70	80	75	60	60	75	65	80	60
6	Vision shared by the top management	60	70	80	75	60	50	70	70	60	50
7	Weightage given to technical qualifications	31	30	38	37	15	--	30	30	40	15
8	Complete Interchange ability	70	--	--	40	--	--	10	25	--	50

Sr. No.	Item	ZS (%)	TCS (%)	Infosys (%)	IBM (%)	Patni (%)	Zensar (%)	Wipro (%)	WNS (%)	Cogniz (%)	Persis (%)
9	Employee transferability to other job (job rotation)	40	--	63	--	30	55	70	50	30	60
10	Identifying the gaps in desired & actual performance	18	17	50	17	10	21	17	25	23	25
11	Reward through promotion	30	30	50	25	25	35	25	30	20	25
12	Performance as the base of promotion	50	40	45	36	40	50	30	40	42	35
13	Ranking Method of performance appraisal	60	80	20	30	40	40	60	--	70	70
14	Existence of group appraisal / team appraisal	60	70	75	90	85	80	90	55	30	60
15	Frequency of employee appraisal (six months)	50	90	60	75	10	--	20	40	50	60
16	Communication of objectives through immediate boss	67	70	60	40	50	80	65	85	90	75
17	Existence of self-appraisal system	80	60	40	30	70	90	20	10	20	15
18	Appraiser of the employees: immediate boss	80	70	60	75	60	80	40	50	85	73
19	Employee's feedback about performance appraisal (positive)	25	20	40	90	30	80	70	70	60	60
20	Complaint regarding performance appraisal	10	17	25	20	45	33	20	35	30	15
21	Effectiveness of training programme	30	67	20	58	65	40	75	35	40	60



<b>Sr. No.</b>	<b>Item</b>	<b>ZS (%)</b>	<b>TCS (%)</b>	<b>Infosys (%)</b>	<b>IBM (%)</b>	<b>Patni (%)</b>	<b>Zensar (%)</b>	<b>Wipro (%)</b>	<b>WNS (%)</b>	<b>Cogniz (%)</b>	<b>Persis (%)</b>
22	Effective performance appraisal system	70	65	72	75	55	60	68	70	73	60
23	Defective performance appraisal system	5	--	--	--	--	20	--	10	--	15
24	Performance appraisal system requires some changes	25	35	28	25	45	20	32	20	27	25
25	Adequate promotion policy	90	80	85	75	60	50	70	60	85	70
26	Promotion policy require some changes	10	10	15	05	30	20	10	15	15	20
27	Higher productivity through new technology	50	24	22	29	16	55	20	23	60	30
28	Participative leadership	80	60	75	70	--	50	50	20	55	60
29	Initiative for knowledge management	30	30	80	25	30	30	40	40	50	60
30	Increasing productivity through knowledge management	60	30	30	20	50	25	--	15	30	--

- **Qualitative Analysis**

Qualitative Analysis is depicted in Table 11.2, Top management people of the selected ITES companies have been interviewed with a view to judge/evaluate the HR practices. These interviews also helped to evaluate the overall organisational performance of these ITES companies.

<b>Table 11.2 : Determinants of Qualitative analysis</b>											
<b>Sr. No.</b>	<b>Item</b>	<b>ZS (%)</b>	<b>TCS (%)</b>	<b>Infosys (%)</b>	<b>IBM (%)</b>	<b>Patni (%)</b>	<b>Zensar (%)</b>	<b>Wipro (%)</b>	<b>WNS (%)</b>	<b>Cogniz (%)</b>	<b>Persis (%)</b>
1	Organisational Structure based on Matrix form	50%	80%	80%	60%	10%	75%	60%	70%	50%	--
2	Training & Development	95%	85%	90%	85%	75%	85%	85%	85%	90%	85%
3	Acceptance of Change	95%	90%	95%	95%	70%	80%	80%	80%	90%	80%
4	Focus Commitment	90%	90%	90%	90%	70%	85%	85%	80%	90%	85%
5	Infrastructure Development	90%	90%	90%	90%	70%	85%	85%	85%	90%	85%
6	Participative Leadership Style	90%	80%	80%	80%	50%	85%	85%	85%	70%	80%
7	Employee Motivation (self)	90%	60%	80%	70%	50%	70%	70%	70%	70%	70%
8	Motivation due to incentives	10%	40%	20%	30%	50%	30%	30%	30%	30%	30%
9	Strategic Flexibility & Interchange ability	90%	80%	80%	80%	70%	75%	75%	80%	75%	70%

<b>Sr. No.</b>	<b>Item</b>	<b>ZS (%)</b>	<b>TCS (%)</b>	<b>Infosys (%)</b>	<b>IBM (%)</b>	<b>Patni (%)</b>	<b>Zensar (%)</b>	<b>Wipro (%)</b>	<b>WNS (%)</b>	<b>Cogniz (%)</b>	<b>Persis (%)</b>
<b>10</b>	Innovative approach	90%	90%	95%	95%	70%	90%	90%	90%	90%	90%
<b>11</b>	Crisis Management	90%	90%	90%	90%	70%	85%	85%	80%	90%	85%
<b>12</b>	Work Culture (passionate)	95%	90%	90%	90%	60%	80%	80%	80%	85%	80%
<b>13</b>	Tolerance for Ambiguity	15%	20%	20%	20%	25%	25%	30%	25%	25%	30%
<b>14</b>	Productivity Measures/Approach	95%	90%	90%	95%	80%	85%	90%	85%	90%	90%

**11.2.1.1 Analytical deductions pertaining to Performance Appraisal System of selected ITES companies:**

**a) Performance Appraisal System:**

The satisfaction level of the employees/ respondents regarding their existing performance appraisal system is as follows:

<b>Name of the Company</b>	<b>Satisfied (+ve) %</b>	<b>Not Satisfied (-ve) %</b>
TCS	65	35
Patni	55	45
Zensar	60	40
Wipro	68	32
Persistent	60	40
ZS	70	30
Infosys	72	28
IBM	75	25
WNS	70	30
Cognizant	73	27

**Critical Comment:** It is generally observed from the above data that the majority of the employees of the companies are in consonance and feel satisfied with the existing performance appraisal system.

**(b) Performance HR Metrics**

Performance Metrics for the selected ITES companies has been formulated with the following Key Performance Indicators (KPIs) and certain common traits:

**Table 11.3: Performance HR Metrics of the Selected ITES Companies**

<b>Key Performance Indicators (KPIs)</b>	<b>ZS</b>	<b>Info</b>	<b>TCS</b>	<b>IBM</b>	<b>Patni</b>	<b>Zen</b>	<b>Wipro</b>	<b>Cogni</b>	<b>Remark</b>
Customer Satisfaction	75%	65%	60%	73%	50%	55%	63%	60%	Secondary sources
Talent retention	92%	89%	88%	85%	77%	80%	80%	89%	Secondary sources
Training & Development	95%	90%	85%	85%	75%	85%	85%	90%	Qualitative Analysis
Interchangeability/ Flexibility	90%	80%	80%	80%	70%	75%	75%	75%	Qualitative Analysis
Feedback/ follow-up	50%	32%	40%	40%	70%	50%	40%	50%	Empirical Study
Crisis Management	90%	90%	90%	90%	70%	85%	85%	90%	Qualitative Analysis
Performance based Reward/ Incentives	30%	50%	30%	25%	25%	35%	25%	32%	Empirical Study
Innovative approach	90%	95%	90%	95%	70%	90%	90%	90%	Qualitative Analysis
Acceptance of change	95%	95%	90%	95%	70%	80%	80%	90%	Qualitative Analysis

(Note: In the above table Zen stands for company name Zensar while Cogni. Stands for company name Cognizant)

Further categorizing the selected eight ITES companies on basis of Performance HR Metrics (Refer Table 11.3) as under:

<b>Particulars</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
<b>Selected Companies</b>	ZS, Infosys, TCS, Wipro	Zensar, Cognizant, IBM	Patni

### 11.2.2 Financial Performance Metrics

Financial Performance Metrics for the selected ITES companies has been formulated with the help of certain key performance indicators (KPIs) like, revenue, EVA, net profit and some Key Financial Ratios (KFRs) like Return on Capital Employed (ROCE) and Margin on Sales percentage (MoS) yet at the same time Earning Per Share (EPS) has also been considered.

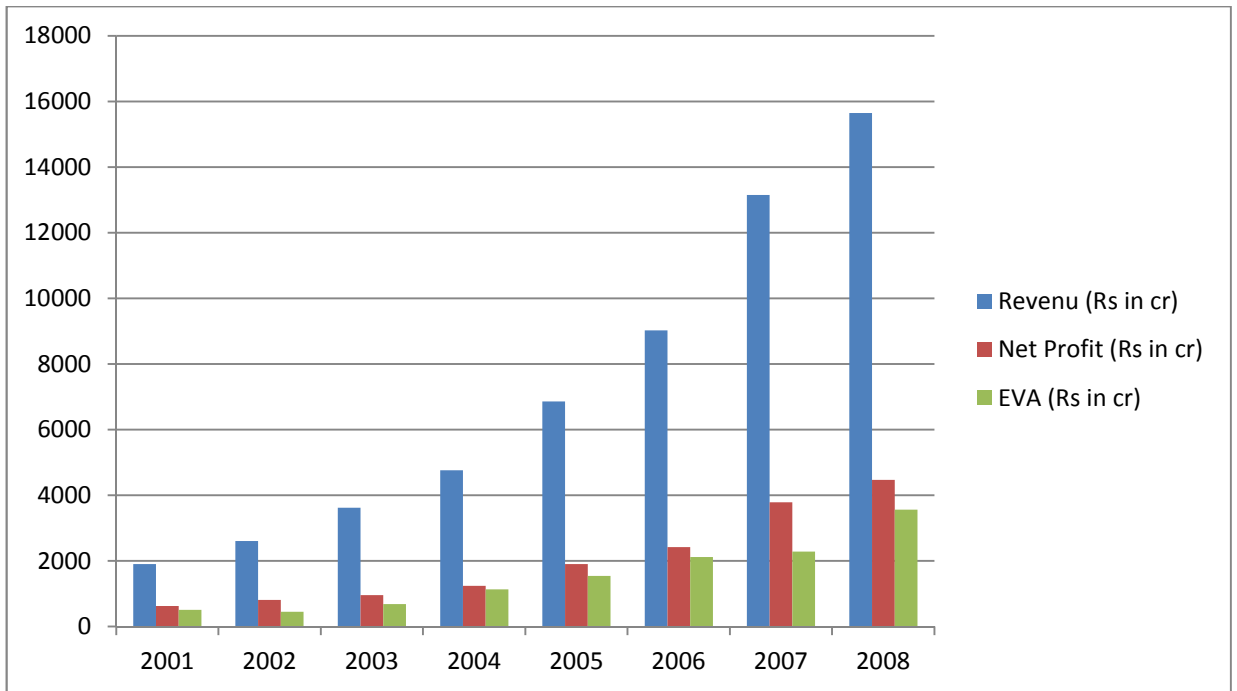
➤ **X-RAY METRICS FACTOR**

Metrics can serve as leading indicators of problems, opportunities and future financial performance. Just as X-rays (now MRIs) are designed to provide deeper views of our body metrics can show problems and opportunities that would otherwise be.

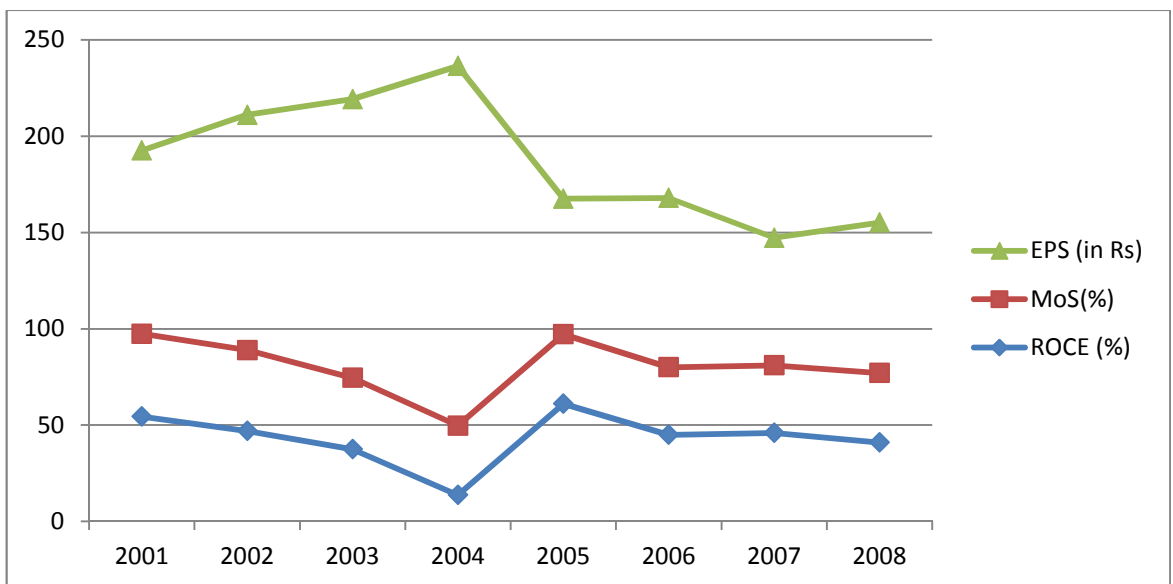
*I) INFOSYS: Financial Performance Metrics of Infosys is depicted in table 11.4*

**Table 11.4 Financial Performance Metrics of Infosys**

<b>KPIs/ KFRs</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Revenue (Rs in cr)	1,900.57	2,604	3,623	4,761	6,860	9,028	13,149	15,648
Net Profit(Rs in cr)	629	808	958	1,243	1,904	2,421	3,783	4,470
EVA (Rs in cr)	510	454	689	1132	1540	2122	2286	3563
Return on Capital Employed (ROCE) in %	54.42	46.94	37.51	13.73	61.12	45	46	41
Earning Per Share in Rs. (EPS)	95.05	122.07	144.61	186.59	70.38	87.86	66.23	78.15
Margin on Sales percentage	43%	42%	37%	36%	36%	35%	35%	36%



**Fig.11.1 (a): Marketing and Financial Dashboards of Infosys (2001- 2008)**



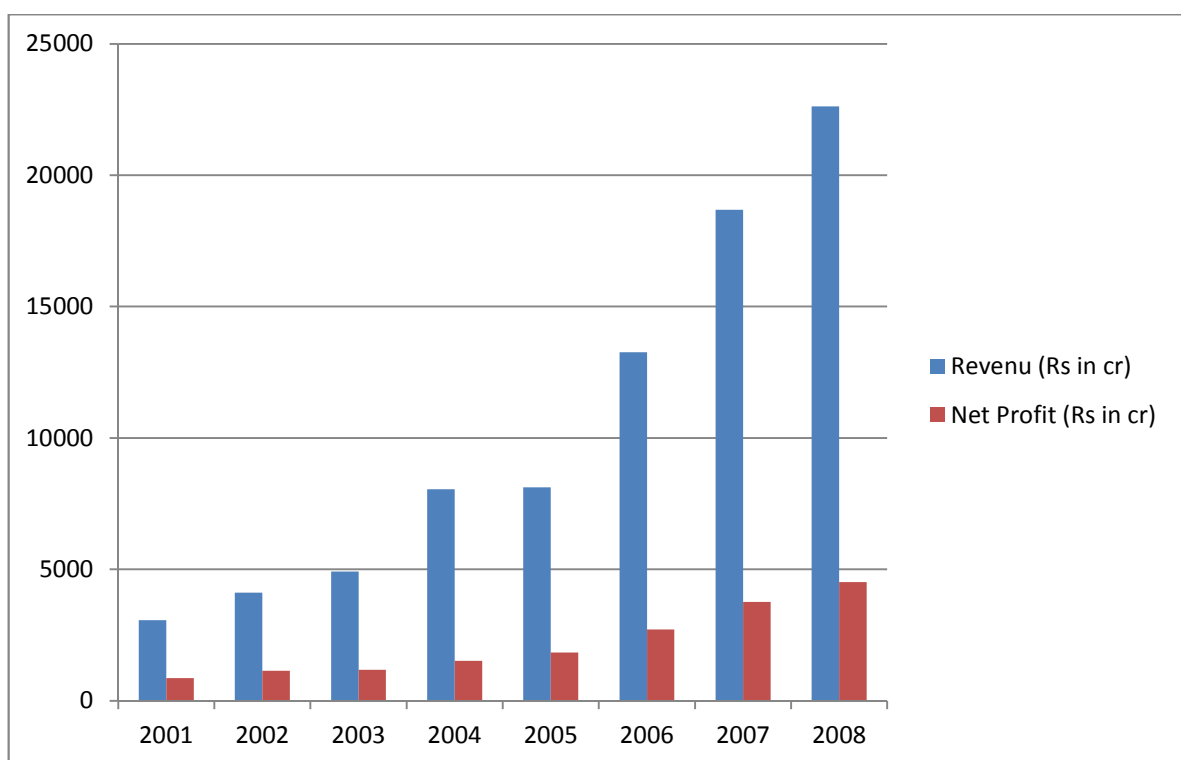
**Fig.11.1 (b): Marketing and Financial Dashboards of Infosys (2001- 2008)**

From the above analysis it is evident that there has been continuous and rapid increase in the revenue, net profit and EVA of the Infosys while Return on Capital Employed (ROCE), Earning Per Share (EPS) and Margin on Sales (MoS) is found to be fluctuating.

**II) Tata Consultancy Services (TCS): Financial Performance Metrics of TCS is depicted in table 11.5**

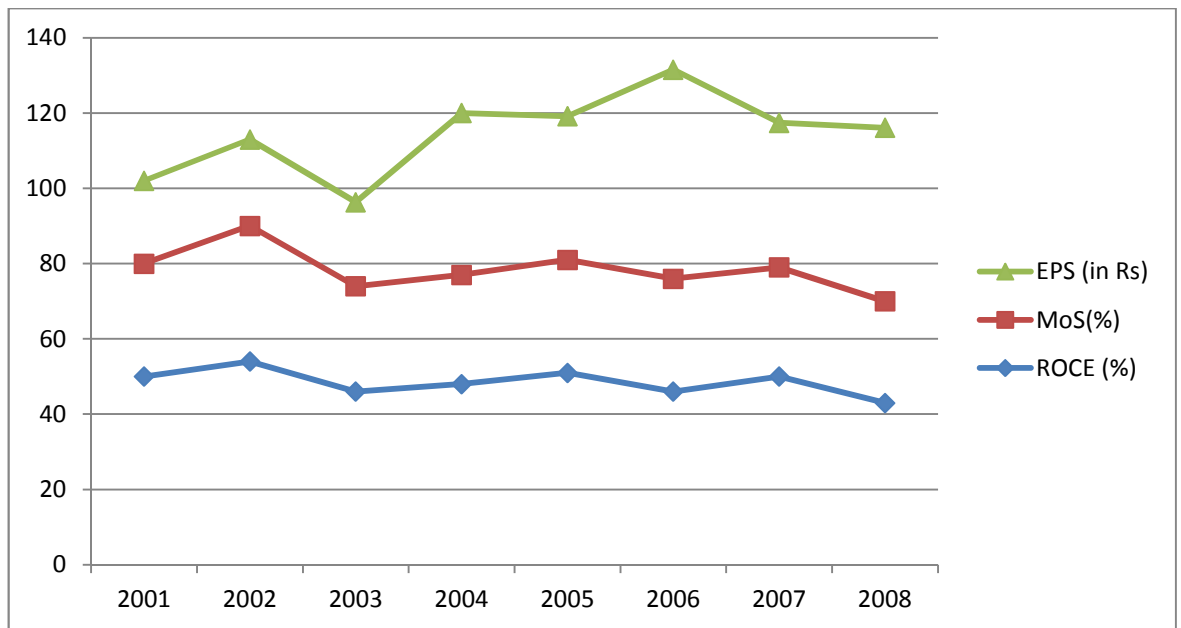
**Table 11.5 Financial Performance Metrics of Tata Consultancy Services (TCS)**

<b>KPIs/ KFRs</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Revenue (Rs in cr)	3062	4114	4915	8051	8123	13264	18685	22620
Net Profit(Rs in cr)	863	1145	1176	1518	1831	2717	3757	4509
Return on Capital Employed (ROCE) in %	50	54	46	48	51	56	50	43
Earning Per Share (EPS) in Rs.	22.0	23.0	22.3	42.98	38.15	55.53	38.39	46.07
Margin on Sales (MoS) in %	30%	36%	28%	29%	30%	30%	29%	27%



**Fig.11.2 (a): Marketing and Financial Dashboards of TCS (2001- 2008)**





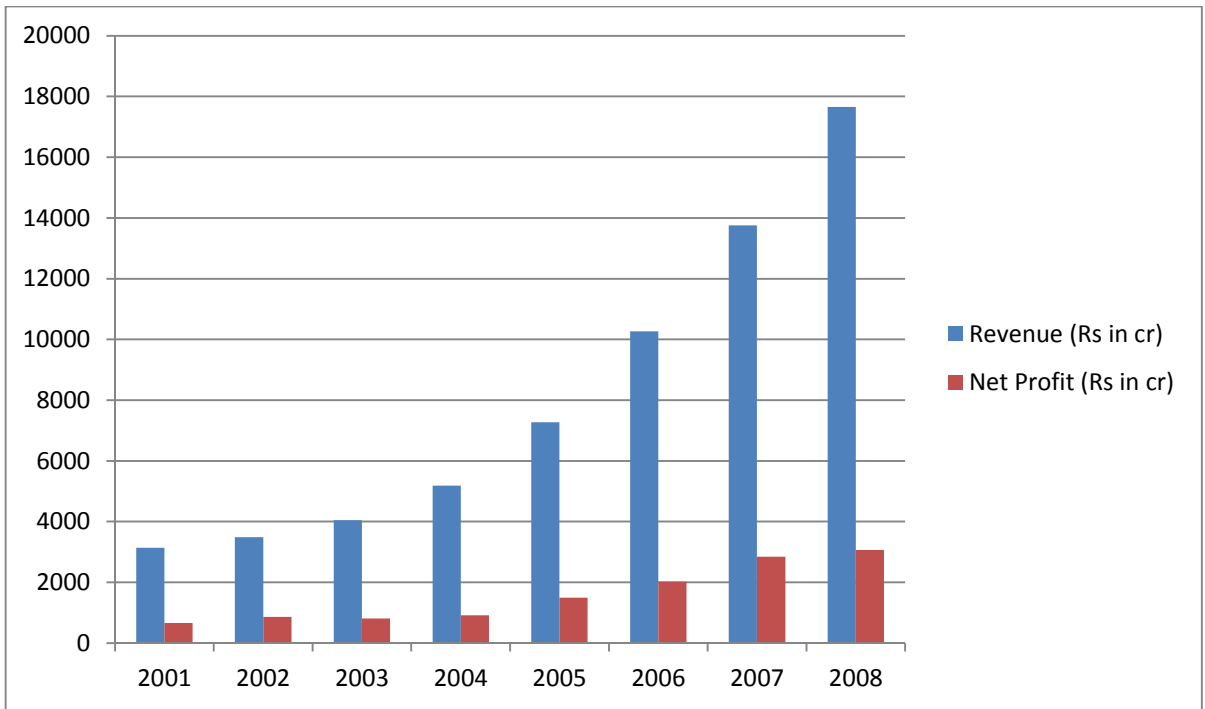
**Fig.11.2 (b): Marketing and Financial Dashboards of TCS (2001- 2008)**

From the above analysis it is evident that there has been continuous and rapid increase in the revenue, and net profit of TCS while Return on Capital Employed (ROCE) appears to be fluctuating slightly, Earning Per Share (EPS) and Margin on Sales (MoS) is also found to be fluctuating.

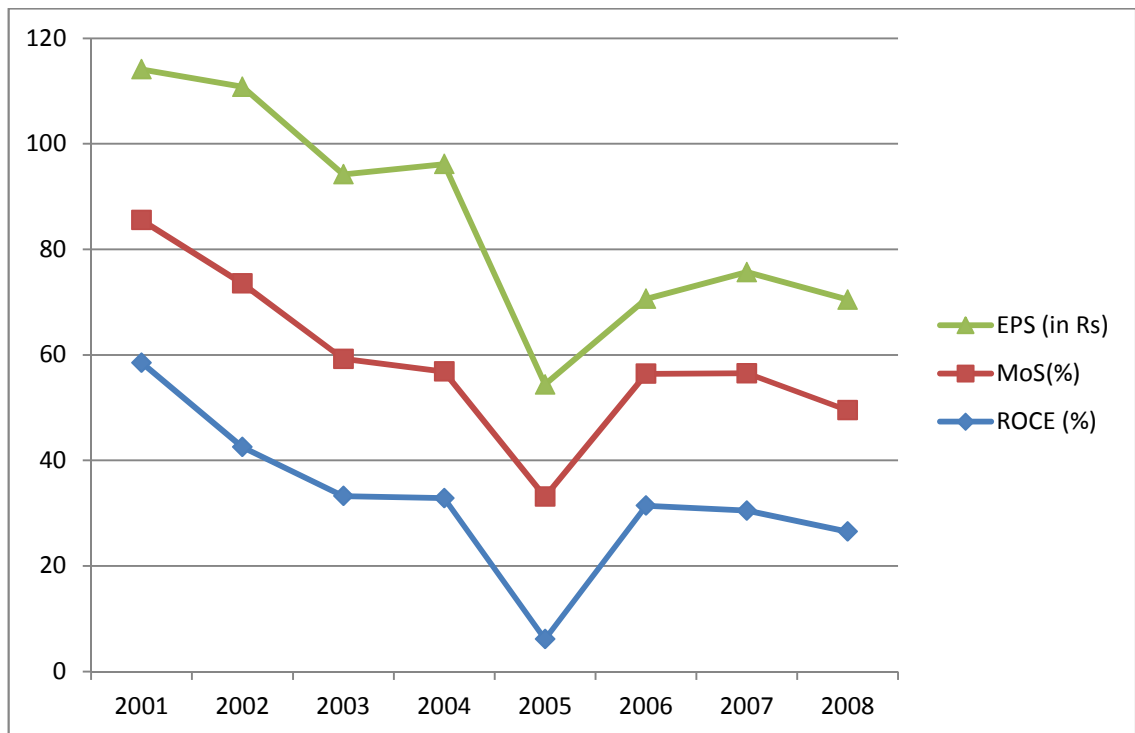
**III) Wipro Technologies: Financial Performance Metrics of Wipro is depicted in table 11.6**

**Table 11.6: Financial Performance Metrics of Wipro Technologies Pvt. Ltd.**

KPIs/ KFRs	2001	2002	2003	2004	2005	2006	2007	2008
Revenue (Rs in cr)	3,140	3,487	4,047	5,190	7,276	10,264	13,759	17,658
Net Profit (Rs in cr)	666	866	813	915	1,494	2,020	2,842	3,063
Return on Capital Employed (ROCE) in %	58.52	42.53	33.25	32.84	6.13	31.43	30.50	26.51
Earning Per Share (EPS) in Rs.	28.59	37.26	34.97	39.31	21.25	14.17	19.18	20.96
Margin on Sales percentage(MoS) in %	27%	31%	26%	24%	27%	25%	26%	23%



**Fig.11.3 (a): Marketing and Financial Dashboards of Wipro (2001- 2008)**



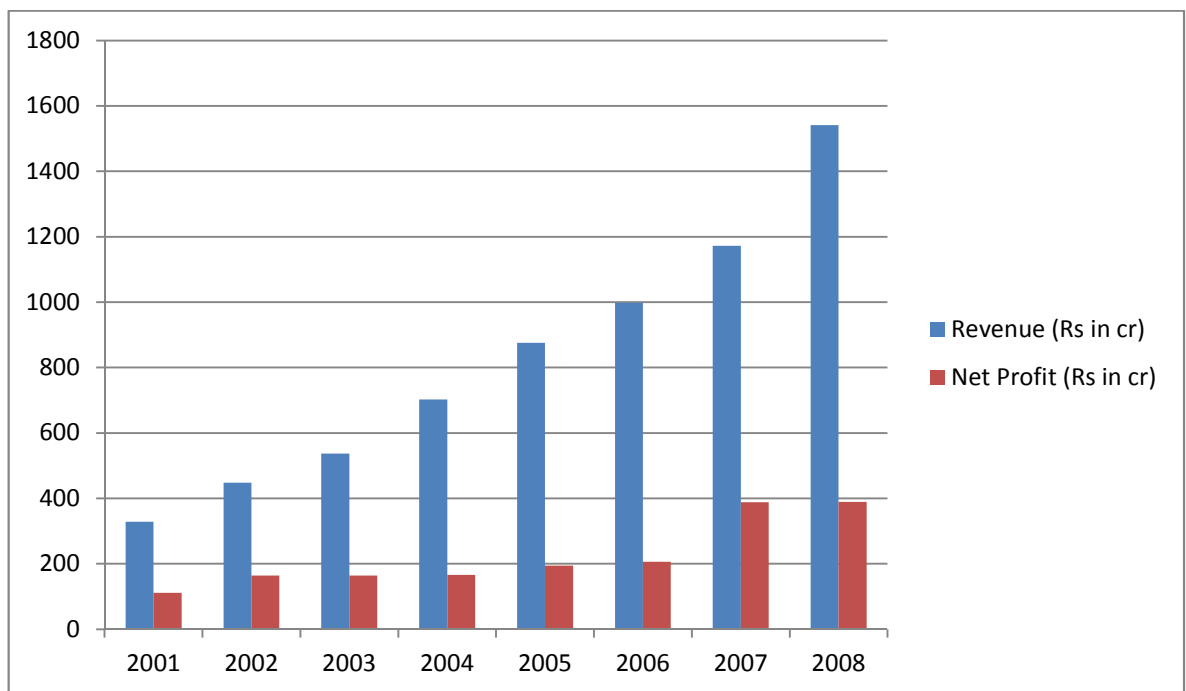
**Fig.11.3 (b): Marketing and Financial Dashboards of Wipro (2001- 2008)**

From the above analysis it is evident that there has been continuous and rapid increase in the revenue and net profit of Wipro while Return on Capital Employed (ROCE), Earning Per Share (EPS) appears to be varying in nature. It is also evident that there is slight fluctuation in Margin on Sales (MoS).

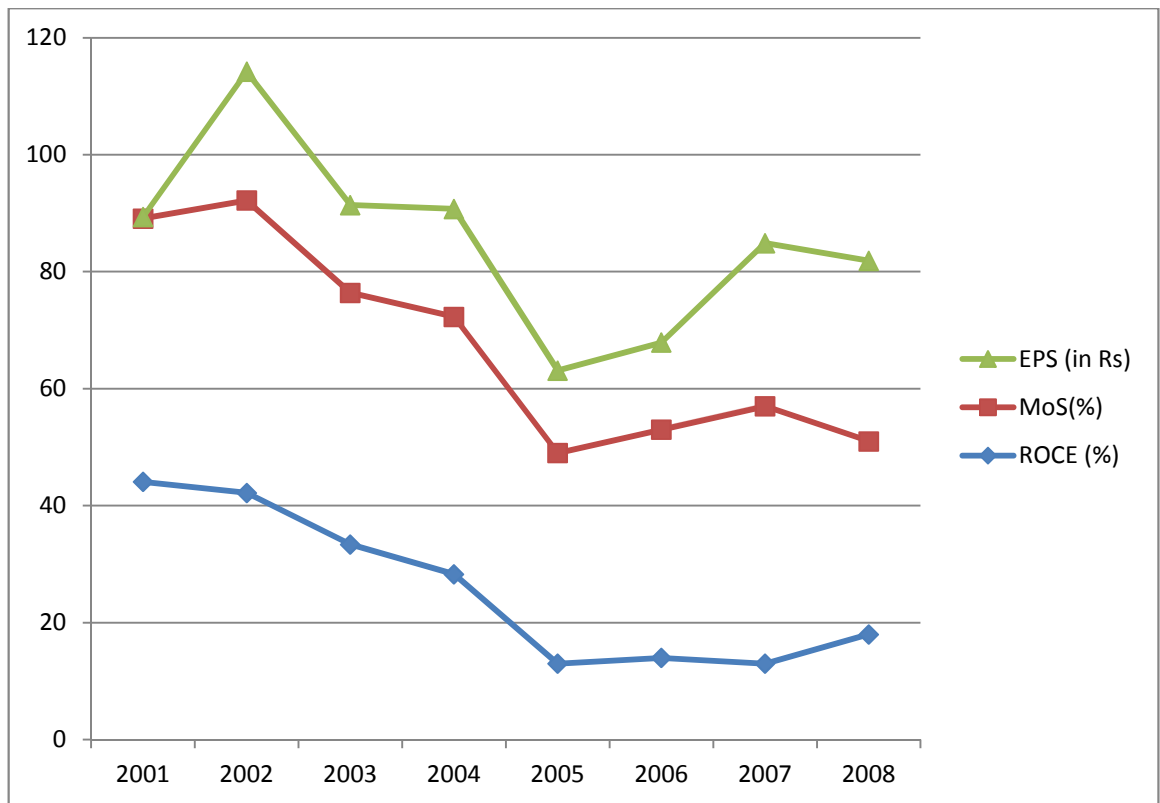
**IV) Patni Computer Systems: Financial Performance Metrics of Patni is depicted in table 11.7**

**Table 11.7 Financial Performance Metrics of Patni Computer Systems**

<b>KPIs/ KFRs</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Revenue (Rs in cr)	329	448	537	702	876	998	1,172	1,541
Net Profit(Rs in cr)	111	164	164	166	194	206	388	389
Return on Capital Employed (ROCE) in %	44.1	42.2	33.4	28.3	13	14	13	18
Earning Per Share (EPS) in Rs	0.25	21.99	14.99	18.44	14.11	14.88	27.88	30.88
Margin on Sales percentage (MoS) in %	45%	50%	43%	44%	36%	39%	44%	33%



**Fig.11.4 (a): Marketing and Financial Dashboards of Patni (2001- 2008)**



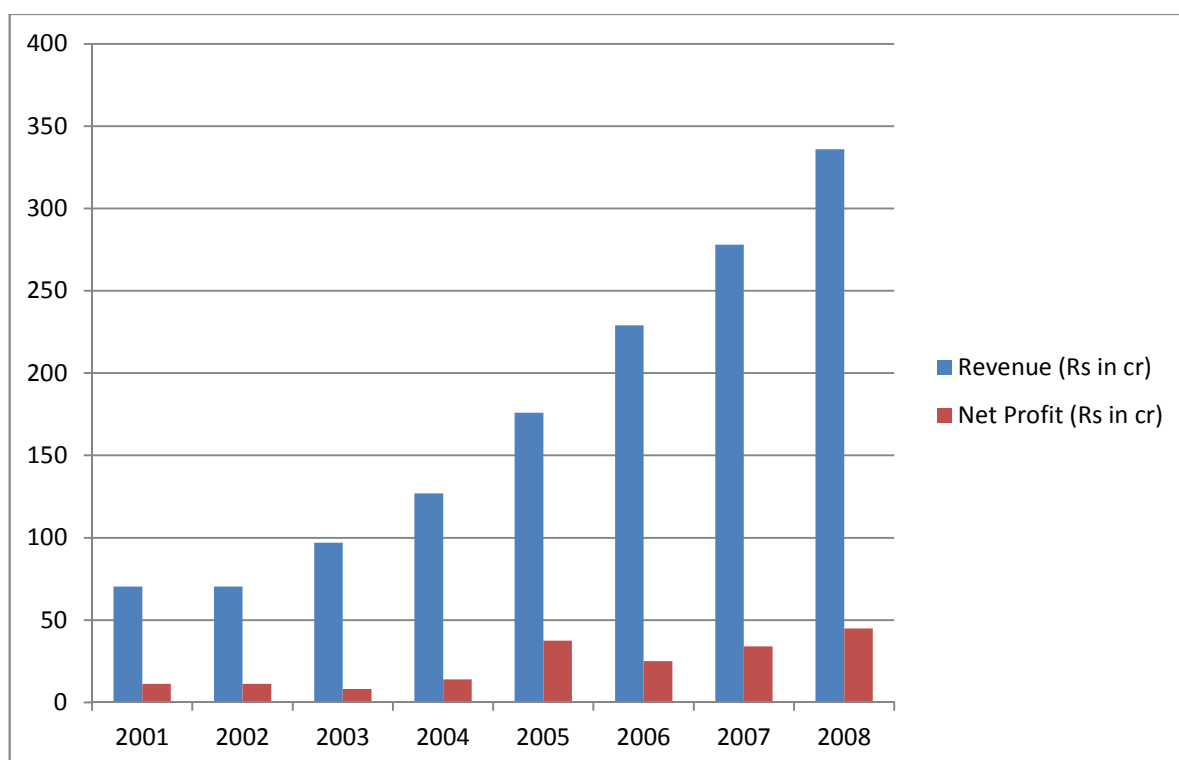
**Fig.11.4 (b): Marketing and Financial Dashboards of Patni (2001- 2008)**

From the above analysis it is clear that the revenue of Patni Computer Systems is growing very rapidly so far net profit is concerned it is increasing in good numbers. Return on Capital Employed (ROCE) found to be continuously decreasing after the year 2001. It is found that there is fluctuation taking place in case of Earning Per Share (EPS) and Margin on Sales (MoS).

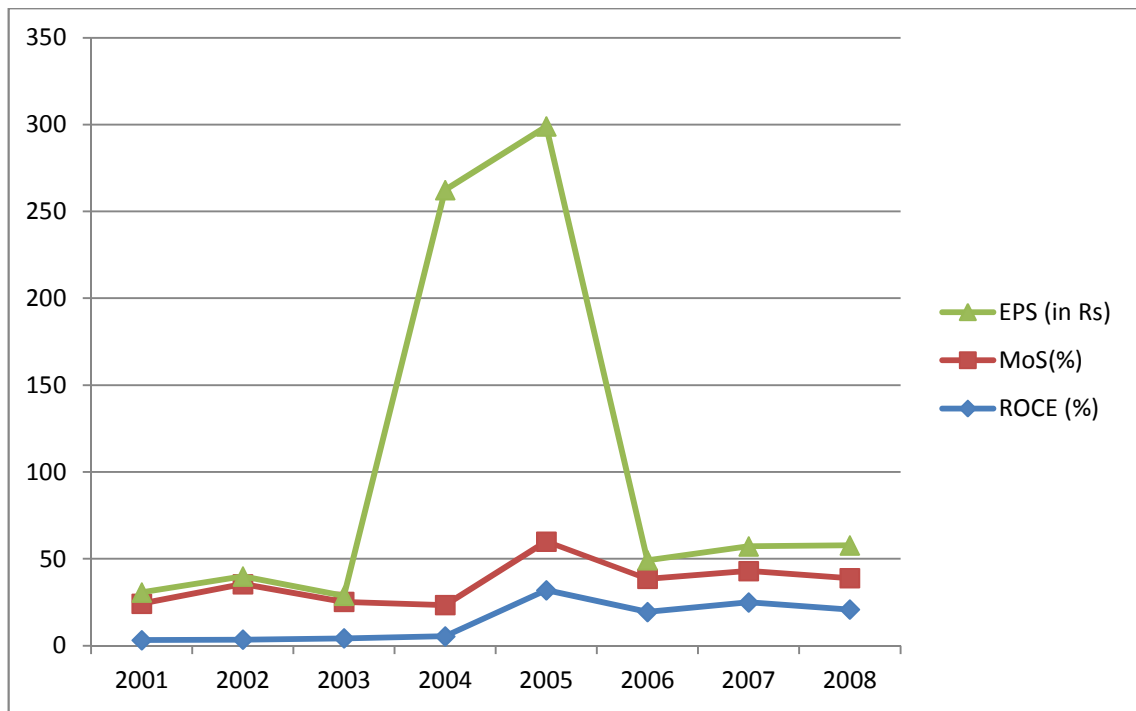
V) *Zensar Technologies: Financial Performance Metrics of Infosys is depicted in table 11.8*

**Table 11.8 Financial Performance Metrics of Zensar Technologies:**

KPIs/ KFRs	2001	2002	2003	2004	2005	2006	2007	2008
Revenue (Rs in cr)	70.32	70.29	97	127	176	229	278	336
Net Profit(Rs in cr)	11.32	11.22	8.16	14.00	37.59	25	34	45
Return on Capital Employed (ROCE) in %	3.20	3.46	4.23	5.4	32	19.47	25.00	20.84
Earning Per Share (EPS) in Rs.	6.49	4.41	3.50	232.88	232.88	10.72	14.16	18.94
Margin on Sales percentage (MoS) in %	21%	32%	21%	18%	28%	19%	18%	18%



**Fig.11.5 (a): Marketing and Financial Dashboards of Zensar (2001- 2008)**



**Fig.11.5 (b): Marketing and Financial Dashboards of Zensar (2001- 2008)**

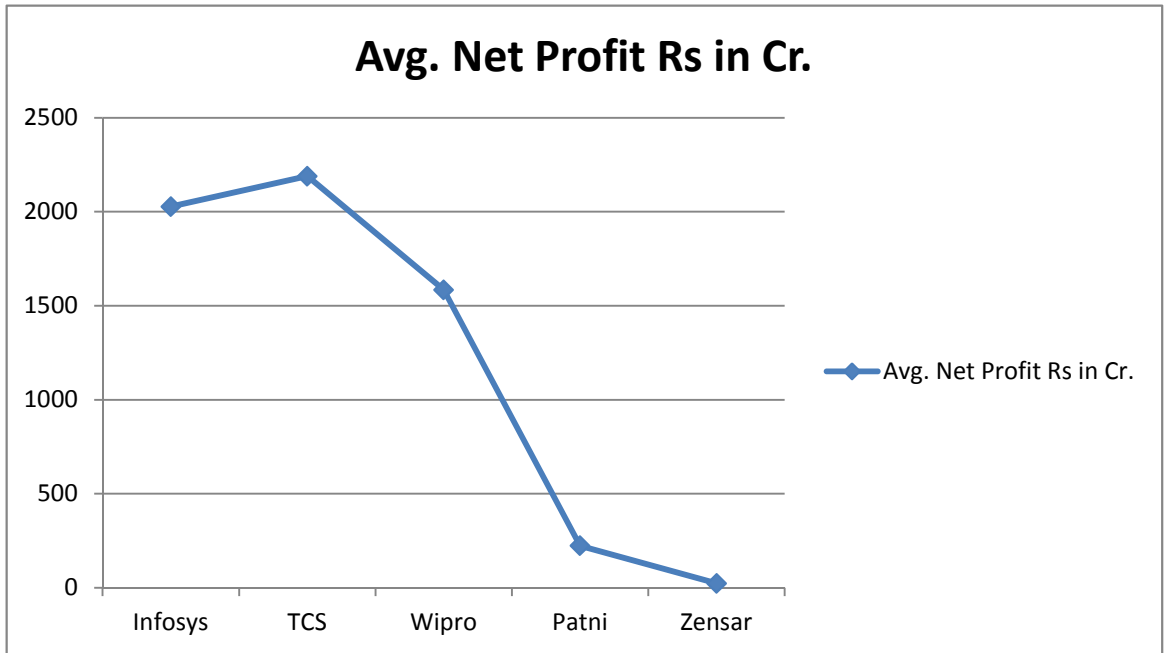
From the above analysis it is observed that there is continuous increase in the revenue of Zensar Technologies, so far net profit is concerned it appears to be fluctuating for the period 2001-08. It is found that Return on Capital Employed (ROCE) has been increasing from 2001 – 2005; thereafter 2005 there is decrease in ROCE till the year 2008. There is fluctuation in case of EPS and MoS.

**VI) A study of Comparative analysis of Financial Performance Metrics of selected ITES companies is depicted in Table 11.9**

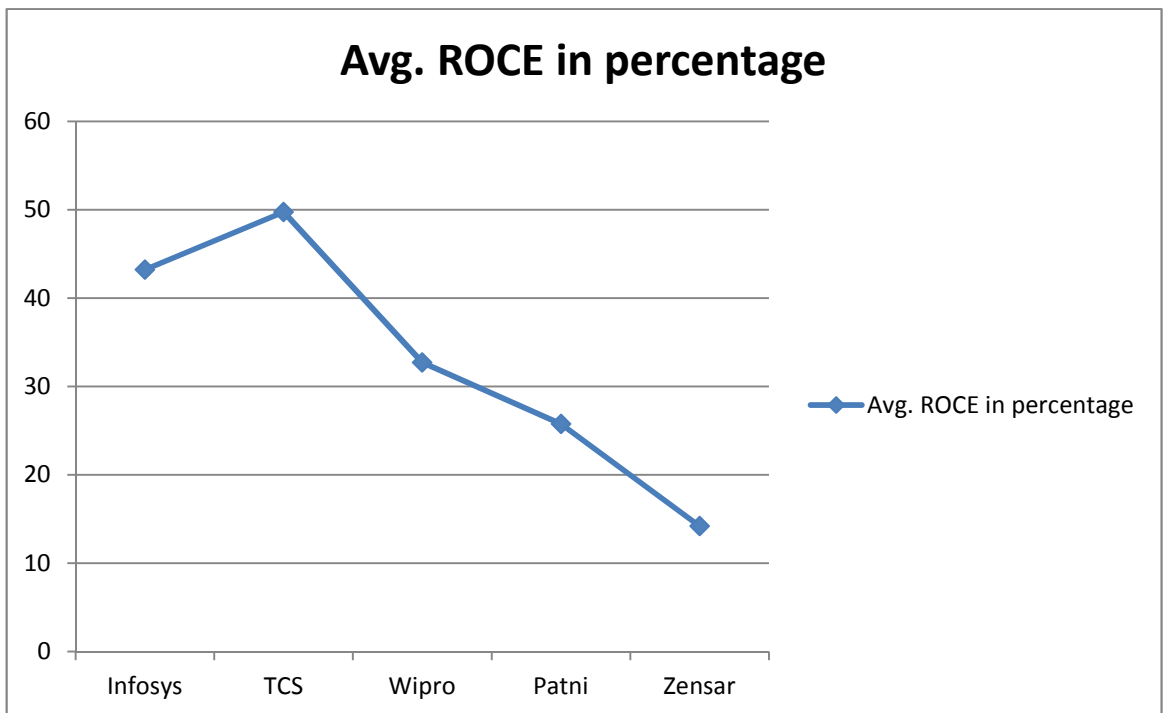
**Table 11.9: Comparative analysis of Financial Performance Metrics of ITES companies:**

Avg. of KPIs (2001-08)	ITES Companies				
	Infosys	TCS	Wipro	Patni	Zensar
Return on Capital Employed (ROCE)	43.21	49.73	32.71	25.75	14.2
Net Profit (Rs in crore)	2027	2189	1584.8	222.75	23.28
Earning Per Share (EPS in Rs)	106.36	36.05	26.96	17.92	65.49

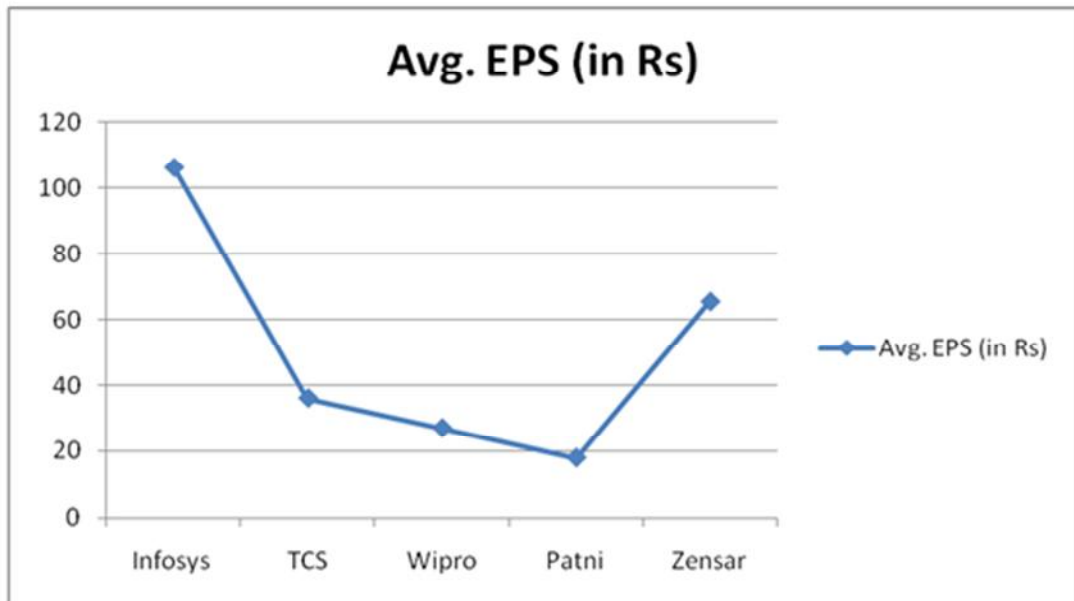
The above Table 11.9 can be further shown as per graphical representation as under:



**Fig.11.6 : Average Net Profit of selected five companies**



**Fig.11.7 : Average ROCE of selected five companies**



**Fig.11.8: Average EPS of selected five companies**

The above analysis Table no. 11.9 presents comparative analysis of the five selected ITES companies i.e. Infosys, TCS, Wipro, Patni and Zensar in terms of average ROCE, average net profit and average EPS for the period 2001-08.

Table 11.9 represents comparative analysis of Financial Performance Metrics of the following ITES companies:

- Infosys
- TCS
- Wipro
- Zensar
- Patni

### 11. 2.3 Discussions of Results

- i) From Performance HR Metrics as well as Financial Performance Metrics it is observed that the above selected ITES companies can be categorised :
  - High : ZS, Infosys, TCS, Wipro
  - Medium : Zensar, Cognizant, IBM
  - Low : Patni
- ii) From comparative analysis of Financial Performance Metrics of five selected ITES companies, the following observation emerges:
  - High : Infosys, TCS, Wipro
  - Medium: Zensar



- Low: Patni
- iii) From the above consideration of the analyses, further the companies can be categorised as under:

<b>Best rated Company</b>	<b>Medium range company</b>	<b>Lower range company</b>
<ul style="list-style-type: none"> <li>• INFOSYS</li> <li>• TCS</li> <li>• WIPRO.</li> </ul>	<ul style="list-style-type: none"> <li>• ZENSAR</li> </ul>	<ul style="list-style-type: none"> <li>• PATNI</li> </ul>

#### **11.2.4 Logical Deductions**

Financial Metrics of the Selected ITES companies comprises of revenue, net profit, Economic Value Added (EVA), Return on Capital Employed (ROCE), Margin on Sales (MoS) and Earning Per Share (EPS). It is evident that there has been continuous and rapid growth in the revenue and net profit of the selected ITES companies which is encouraging and indicates positive trend in past financial performance of selected ITES companies. Rapid growth in revenue and net profit does also indicate further future prospects for these companies.

The above analysis of selected ITES companies studied with some key performance indicators and common traits under Performance Metrics indicate that these ITES companies are highly competitive in nature. Based upon the above analysis it appears that all the selected ITES companies are performing better in talent retention, training & development, interchange ability/ flexibility, crisis management, acceptance of change and innovative approach.

#### **11.2.5 Promotion Policy Analysis**

The following is the evaluation of the ITES companies regarding Promotion policies:

- a) Majority of the ITES companies out of 10, are in consonance / agreement for existence of promotion policies and people/respondents are satisfied with policy (85%).
- b) Three companies, e.g.: Zensar (50%), Patni (60%) and WNS (60%), they are at little variance from the above subparagraph (a).
- c) Only 15% employees have desired for a change with the promotion policy.

Thus, it is eventually observed that since 85% employees are in favour, of existing promotion policies and only 15% in disagreement, the sub-hypothesis of promotional policy is validated and does not require any change.

### 11.2.6 Principle of Hyper-innovation and uncertainty aspect

As we understand innovation is continuous improvement / ideation – new ideas. Hyperinnovation decidedly touch upon degree of novelty (newness) & complexity (diversity of ideas) embedded in a particular innovation which depends with a limitation on cycle time-to-market.

The principle of Hyperinnovation depends on mainly the degree of novelty multiplied by complexity – the higher the uncertainty the longer the relative cycle time. Herein, degree of novelty and complexities defines the degree of uncertainty and uncertainty defines the relative timing factors involved in introduction. There are various ways and means of finding complexity and measuring novelty. A possible hyperinnovation equation can be given as below:

$$C_t = \Delta Y \cdot N * D_n \dots \dots \dots (1)$$

Where, (C<sub>t</sub>) = Cycle time

( ΔY) = Uncertainty

(N) = Novelty

(D<sub>n</sub>) = Complexity

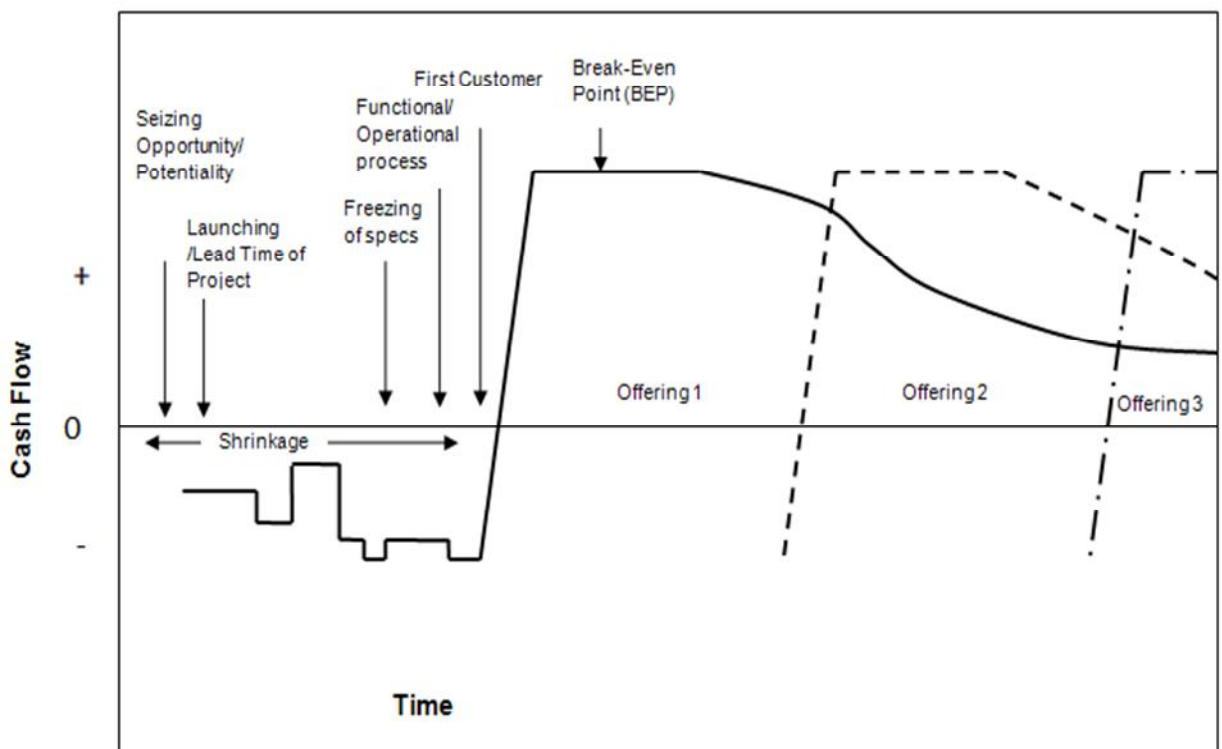
There are various ways and means to measure C<sub>t</sub>, D<sub>n</sub>, and N, which will determine the degree of ΔY (Uncertainty).

### 11.2.7 A suggested Innovative Model

As has been observed, that the top three companies:

- INFOSYS,
- TCS and
- WIPRO

These companies follow a high deliverance (productive) model. A fast Innovation Blitzkreig model evolved is followed in these cases.



**Fig.11.9: Innovation Blitzkreig Model**

This model has been suitably named as “INNOVATION BLITZKREIG”. This model modifies the slow model by the following activities:

1. The companies have to significantly change their total innovation process to be able to double or triple their rates of organic growth.
  - Shrinking/shortening time, time to launch.
  - Rapid learning(getting better & faster)

- Freezing specifications (specs) through ‘flexible performance target decision-evolvability
  - Cross-functional teams.
  - Disruptive offerings – a great innovative / propulsive pioneer to growth.
  - Redefining the playing field.
  - Improving accuracy of the products/services etc.
2. Higher margins on many offerings from A, B, C etc.
  3. Reaching Break Even Point (BEP) earlier.
  4. Seizing opportunities, market differentiation and many experiential quality management techniques.

#### **11.2.8 Emerging Issues out of discussion of results are as under:**

Some main thrust or bullet points emerging out of the synthesis of (empirical and qualitative analysis) are enumerated as below:

1. Acceptance of change as a true leadership quality should be above par and is existing in the ITES companies.
2. Participative leadership is found.
3. Crisis management adaptability exists in almost in every Selected ITES companies.
4. Strong communication between top managers and employees has been found to exist in the selected ITES companies.
5. Training and development activities taking place regularly helps the companies to remain competitive.
6. Interchangeability and other form of flexibility like in HRM, decision making is visible in Selected ITES companies.
7. It is observed that rotation of the employees in the discipline like IT/ITES should take place to avoid stagnancy and also for the futuristic prospects.
8. It is observed that majority of ITES companies are working on functional and Matrix organisation structure.
9. Employees are given opportunity to participate in the planning and controlling of the activities, which is considered one of the significant performance HR drivers.

10. Customer Satisfaction (On Time Delivery etc.) is around 75 percent which is satisfactory.
11. Customer focus and co-creation of values with organisations and customers are the main strength in some findings.
12. With HR and technological core competence, a higher professionalism and high order of passionate work culture has been found in selected ITES companies.
13. Around 80% of Participative and committed leadership (leading indicator) is counted as positive finding.
14. Knowledge Management appears to be - very effective - knowledge sharing forms one of the important criterias in employee performance appraisal.
15. ITES companies practice employee empowerment and do provide adequate growth opportunities to the employees in order to retain and attract the talent.

### **11.3 LIMITATIONS OF THE STUDY**

1. The geographical region selected for the study was confined to ITES companies in Pune region only.
2. Sample size was found to be a constraint.
3. Detailed statistical analysis would have been done with the availability of more relevant data.
4. Due to high degree of confidentiality of the Selected ITES companies, getting factual data was a constraint.
5. There was discrepancy found, sometime between top and lower management interactions.

### **11.4 CONCLUDING REMARKS**

In this chapter, syntheses of empirical studies and qualitative analysis have been made under the hypothesis and thrust points considered. With the help of performance metrics the performance of selected ITES companies have been evaluated on the basis of certain relevant traits like customer satisfaction, training and development, crisis management, acceptance of change etc. Financial performance metrics evaluates the financial performance of the companies on the basis of certain financial performance indicators such as revenue, net profit, return on capital employed and margin on sales percentage.

The present research clearly validates Performance Metrics (Performance appraisal and promotion policy) of the selected ITES companies. The employees of ITES companies

are generally in consonance (agreement) about performance appraisal system and promotion policies.

Considering the overall performance of the ITES companies, an 'Innovative Blitzkrieg' Model has been suitably evolved. This study also brings out some salient points out of the synthesis of empirical as well as qualitative studies carried out in the present research work. Eventually it is hoped that this study may evince keen interest for further future work by erudite readers/ research scholars.

## **CHAPTER 12**

### **CONCLUSIONS AND RECOMMENDATIONS**

#### **12.1 INTRODUCTION**

Performance management is a managerial tool for managing organisational performance for increased effectiveness. It connects all the resources such as financial capital, physical capital and human capital with the goals and objectives of the people and objectives of the organisation with people and leadership driving the processes for achieving best organisational outcomes. It requires appropriate planning, managing, measuring, monitoring and rewarding performance in the context of organisation's goals and objectives.

With the above view, an attempt has been made in this work to gather and critically examine the valuable inputs from selected ITES companies and carry out analysis of the qualitative and quantitative data for arriving at desired organisational throughput. To accomplish these events in this study one hypothesis has been considered. In the light of the hypothesis, critical evaluation of performance appraisal system and promotion policy of selected ITES Companies has also been done. Apart from 'manifestations of performance', literature review, study design formulations/methodology has been evolved.

Most importantly the study has been able to culminate into an innovation model , which demonstrates how the IT/ ITES companies remain competitive by constantly driving towards innovation faster to enable sustained profitable growth.

#### **12.2 SUMMARY OF RESEARCH FINDINGS**

The various dimensions of Selected ITES companies have been studied in chapters nine and ten, which discuss about empirical study (questionnaire analysis), and qualitative analysis (includes interview analysis). The important parameters of HR and related ingredients along with performance appraisal system and employee promotion policy show a deep insight about the problem areas which need to be improved.

**A summary of important findings emerged out of the study are enumerated below:**

1. Flexibility in HRM, interchangeability and crisis management is encouraging.
2. Strong communication in the ITES companies has made a way of working.
3. Regular and need based training is given to the employees to make them competitive.
4. Focussed, committed work culture has been taking place.
5. 'Acceptance of change' has been found at higher order.
6. Customer satisfaction and loyalty is very high
7. Employee empowerment and participative leadership is exhibited.
8. ITES companies are highly performance oriented hence they use performance appraisal system to identify the gap between actual performance of the employees and planned one.
9. Employees are rewarded for their performance by the way of promotions.
10. Employee empowerment plays a vital role in employee retention and attraction.
11. Innovation and knowledge management are buzzword in ITES companies.
12. Management of product / service quality is laying stress on building effective product/ service which inturn compels ITES companies to adopt stringent quality initiatives.
13. It is found that there exists correlation between promotion received and performance. It appears that out of 10 selected ITES companies, in case of 9 companies respondents have been promoted based upon their performance level.

### **12.3 MAJOR RECOMMENDATIONS AND IMPLICATIONS**

The major recommendations and implications of the research are summerised as follows:

1. The ITES companies need to be transparent in the evaluation / appraisal systems. This can be achieved by clearly communicating the goals and evaluation criterias.
2. Furthermore evaluation should be based on past performance strictly. Future prospects should not be looked into for evaluating criteria.
3. Appraisal system should be more flexible. Once the appraisal is done by the superior, it should be shared with the employees and participative discussion should be carried out. Only after mutual concern the appraisal results should be frozen.



4. Evaluation system should include criteria like innovation, generation of new ideas, time management and grasping ability. Customer satisfaction should be given high importance while evaluating an employee.
5. Performance appraisal needs to be done at regular intervals so that employees can get moderate period for the performance improvement. However care should be taken that the appraisal process doesn't become mere formality.
6. Giving training to those who need improvement in their performance seems to be ready remedy towards solving performance related problems of the employees. However, whether employee really need training and whether problems he / she facing are trainable or not, need to be investigated properly.
7. Promotions should be based upon the balanced weight of performance and duration of service.
8. Process of setting the performance objectives should be clear; this could help to make promotion process a transparent one.
9. There should be clear and consistent guidelines for promotions and facilitate a comprehensive analysis of performance devoid of biases.
10. After the performance review, if the employees have any complaints a due attention is to be given and complaints need to be resolved.

#### **12.4 LIMITATIONS OF THE STUDY**

1. The geographical region selected for the study was confined to ITES companies in Pune region only.
2. Sample size was found to be a constraint.
3. Detailed statistical analysis would have been done with the availability of more relevant data.
4. Due to high degree of confidentiality of the Selected ITES companies, getting factual data was a constraint.
5. There was discrepancy found, sometime between top and lower management interactions.

### **13.5 FURTHER SUGGESTED RESEARCH WORK:**

1. More data analysis and deliberations thereof are required.
2. The two evolved models may be taken for future predictions of the functional aspects in similar organisations.

### **12.6 CONCLUDING REMARKS**

The present study has touched upon the various issues at a suitable designed level for the framework of this research. It has been observed that ITES companies pretty strong in communication, infrastructural development, Technological development, knowledge management initiatives, training and development, innovation.

Performance appraisal system and employee promotion policy being a core theme of the study, have been covered in detail. There appears to be certain shortcomings in the existing performance appraisal system and employee promotion policy of the selected ITES companies. The study also presents a model, revealing the performance of the ITES companies and showcasing their speed of innovation resulting into high deliverance.

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2. [www.hrfolks.com](http://www.hrfolks.com)
3. [www.icmrindia.org](http://www.icmrindia.org)
4. [www.moneybeacon.com](http://www.moneybeacon.com)
5. [www.moneycontrol.com](http://www.moneycontrol.com)

## Appendix - A

### Questionnaire for Empirical Study

Questionnaire for employees working at top management/ middle management

Name of the Organisation: \_\_\_\_\_

#### **Organization Structure/ Basic organisational form**

1. Can you characterize your organizational structure?
  - a)  Functional
  - b)  Divisional
  - c)  Matrix
  - d)  Any other
  
2. In what way are individual positions, units and so on clustered within your organization unit?
  - a)  By Function
  - b)  By target group
  - c)  By product
  - d)  By service
  - e)  By place
  - f)  By project
  
3. How many people are employed in your company?
  
4. How many levels of hierarchy are there in your organization?
  - a)  Many (Hierarchical)
  - b)  Few (Flat)
  
5. How does the communication work in this hierarchy?
  - a)  Formal
  - b)  Informal
  
6. Does your company use any of the following ways of organizing work?  
(1 = 25%, 2 = 25 -50%, 3 = above 50%, 4 = don't know, 5 = Please to introduce)
  - a)  Quality circles / groups
  - b)  Delegation of responsibility
  - c)  Planned job rotation
  - d)  As per resource availability
  - e)  Integration of functions
  - f)  Specialization
  - g)  Incentives based upon quality of results

### **Job Knowledge**

7. What level of job knowledge do your employees have?
- a)  Outstanding                      c)  Average  
b)  Above average                      d)  Below average

### **Content of the Job / Tasks**

8. Is the content of job changed for the employees during last two years?
- a)  Work autonomy                      d)  Multi-tasking  
b)  Specialization                      e)  Weight upon technical qualifications  
c)  Co –operation with management

### **Interchangeability**

9. Employee transferability to other role / job –
- a)  No interchangeability  
b)  Low high  
c)  Complete interchangeability
10. Do employees easily shift in practice from one role to another?
- a)  Never  
b)  Not Very often  
c)  Often

### **Decision- making / Empowerment**

11. How does the decision-making within unit/department take place?
- a)  Centralized                      b)  Empowerment

12. Decision making in your organization –

- a)  Decision making at individual level (Exclusive)
- b)  Participative decision making (Participation)

### **Flexibility**

13. Attitude of your employees to new concepts and changes is -

- a)  Constantly drive for change
- b)  Resistance towards change
- c)  Can't say

14. What is the mindset of employees to acquire additional skills/ Competence as a consequence of organizational change?

- a)  Very Small
- b)  Moderate
- c)  Don't know

### **Vision, Mission and Organizational Contribution to it –**

15. Does the top management share vision of your company with everyone within your unit?

- a)  Always
- b)  On new basis
- c)  Never

16. Is the Mission derived by everyone within your unit?

- a)  Always
- b)  Sometime
- c)  Never



17. Are there different images / ideas about the mission or the image of the organization within your unit?

- a)  Heterogeneous
- b)  Homogenous
- c)  Leadership Profile

18. Do you supervise people in the department / unit?

- a)  Yes
- b)  No

19. How great importance do your company assign to the following performance parameters of an employee –

(1 = Great      2 = Very much                      3 = Less important      4 = can't say)

- a)  Quality of work
- b)  Quantity of work
- c)  Timeliness in completing the work
- d)  Knowledge of the job
- e)  Ability to make decisions
- f)  Ability to solve problems
- g)  Creativity
- h)  Focus on organisational objectives

20. What do you think Organisational productivity depends on employee performance?

- a) Up to great extent
- b) Up to some extent
- c) Not at all

21. Your company tends to achieve higher productivity through:

- a)  Innovative methods and processes
- b)  Creating performance driven culture
- c)  Developing knowledge sharing culture
- d)  Introducing new technology
- e)  Focusing on the development of its workforce

22. How is the employee productivity measured?

- a) In terms of meeting standards  level      b) In terms of client's satisfaction

### **Superior Performance**

23. Employees are given a chance to demonstrate superior performance through -

- a)  Diversity of work  
b)  Initiative in shouldering newer responsibilities  
c)  Critical assignments / projects

### **Knowledge Management**

24. Do your employees show willingness to share their knowledge and information?

- a)  Yes      b)  No

25. What initiatives your company takes to promote knowledge sharing culture?

- a)  Reward      c)  Providing the infrastructure  
b)  Considering in appraisal

26. How the Knowledge management has been benefiting your company -

- a) Contemporary technologies & processes       d) Fosters innovation   
b) Efficient management of information       e) Increasing productivity   
c) Increasing customer satisfaction

27. How do the employees face the competitive business environment?

- a) Through constantly updating knowledge   
b) Participating in internal / external educational schemes

## **Leadership Style**

28. Are the employees guided by their leader/ manager/superior while achieving their objectives?

a)  Yes

b)  No

29. How would you characterize style of leading in your organization?

a)  (task- oriented) mainly directing

b)  (Instructive) indicating step by step what employees should do, and keep close supervision of the performance.

c)  (sedation- oriented) mainly collaborating

d)  (Participative) making decisions together with the employee, and supporting him/her in the task performance

e)  Consultative

f)  Declarative

g)  Combination of one of above

30. How much freedom of action has, in your opinion, an executive within the organization to vary his leadership with regard to directing and collaboration?

a)  None

d)  Not much

b)  Little

e)  Much

c)  Complete

## **Performance appraisal system at individual level**

31. Does your company have performance appraisal system?

Yes  No

32. Is it applicable to all the employees?

Yes  No

33. What type of Performance appraisal system your company follows for evaluating the performance of employees?

- a)  360 degree Feedback                      b)  Grading method
- b)  Ranking method                                      d)  Any other

34. Do you have self – appraisal system for evaluating the performance of employees?

- a)  Yes    b)  No

35. Who appraises the employees?

- a)  Departmental Head/Manager                      c)  Any other
- b)  HR manager

36. How frequently the employees are appraised?

- a)  3 months    c)  Yearly
- b)  6 months

37. The most significant reasons for using performance appraisal are:

- a)  Payroll & compensation decisions
- b)  Training & development needs
- c)  Identifying the gaps in desired & actual performance
- d)  Deciding future goals and course of action
- e)  Taking decisions regarding promotions, demotions and transfers

### **Setting of Standards**

38. How the standards of employee performance are set?

- a)  On the basis of employee past performance
- b)  In alignment with Organisational goals and objectives

39. Are the employees communicated the standards of performance?

a)  Yes

b)  No

### **Communication and co-ordination**

40. How employees are communicated their objectives and job expectations?

a)  Through e-mail

c)  One to one communication

b)  Through meeting

41. Who communicates the employees the objectives and expectations?

a)  Immediate Boss

c)  HR Department

b)  Manager

42. Please mark the criteria considered while evaluating the performance of your employees in your company.

a)  Achievement of Objectives

f)  Core competency

b)  Ability of meeting defined standards

g)  Commitment

c)  Ability to meet deadlines

h)  Any other

d)  Output/Result of employees

i)  Knowledge & Skills

e)  Attitude towards the work

j)  Competency level

43. Are the employees included in the process of setting the work objectives?

a)  Yes

b)  No

44. Whether the employees discuss the work related problems openly with their superiors?

a)  Yes

b)  No

45. How the employees are motivated to perform the best of them?

- a)  Recognition  
b)  Growth Opportunities  
c)  Monetary Benefits

### **Performance Review**

46. How the employees come to know about their performance review (i.e Feedback mechanism)

- a)  Through Meeting  
b)  One to one communication  
c)  Through e-mail  
d)  Any other

47. Are the review discussions?

- a)  Formality  
b)  Hardly  
c)  Worthwhile  
d)  Sometime Functional  
e)  Functional

48. If the appraiser has any complaint regarding performance review, how it is resolved?

- a)  Through One to One Communication  
b)  Formal Procedure

49. How much time is given to an employee to improve his performance?

- a)  2 months  
b)  3 months  
c)  6 months  
d)  Can't Say

### **Training and development**

50. What initiatives your company takes to improve the performance of employees?

- a)  Counseling & Coaching  
b)  Training & Development Programs

51. Who decides the training period of an employee?

- a)  Employee Manager  
b)  HR Manager  
c)  Immediate boss

52. After going through training if there is no improvement in the performance of employees whether employee is being sacked out?

- a)  Yes b)  No

53. Are your employees being regularly trained to fulfil the objectives of company in changing situation?

- a)  Yes b)  No

54. Training mainly dealt with?

- a)  Strategy, Market and Costumes Conditions e)  Quality Management  
b)  New Technology f)  Demands  
c)  Communication, Co-operation etc. g)  Leadership Development  
d)  Working Environment h)  Others

55. Do you have any system of taking the feedback of training programmes?

- a)  Yes b)  No

56. Does your company provide any training programme to those who frame the Performance appraisal System for employees?

- a)  Yes b)  No

### **Rewards/ Compensation/ Incentives**

57. How does your company reward any employee for the best performance?

- a)  Increments d)  Awards  
b)  Increase in Pay e)  Gifts  
c)  Promotion f)  Any other

58. Do you think the recognition of one's performance in any of the ways mentioned above motivates the work performance of the employees?

- a)  Yes b)  No





65. What are the basics of promotion policy in your company?

- a)  Result/output  
b)  Work Experience/Seniority  
c)  Competency  
d)  Performance

66. After being promoted if the employee is found performing average/poor, do your company demotes that employee?

- a)  Yes  
b)  No

67. Whether you company has ever sacked out the employees on the ground of poor performance?

- a)  Yes  
b)  No

68. According to you, Performance appraisal system of your company is :

- a)  Effective  
b)  Defective

If defective, please mention the defects \_\_\_\_\_

69. In your opinion, are your employees happy with your existing performance appraisal system?

- a)  Yes  
b)  No

70. Rank the following factors which result in high performance of employees:  
(Ranking: 10 highest, 1 lowest)

- a)  Effective Leadership  
b)  Extensive Communication  
c)  Organizational Culture  
d)  Effective P.A. system  
e)  Working conditions  
f)  Job satisfaction  
g)  Commitment  
h)  Management Style

## **HRM**

71. To what extent does the company use the following possibilities to ensure that the employees are in accordance with the needs of the company?

{Indicate degree of importance: 1= High; 2 = some; 3= small; 4= not at all}

- a)  By recruitment
- b)  By rotation of job
- c)  By regulation of working time (i.e. overtime, distribution of work etc.)
- e)  By dismissal
- f)  Any other measure

72. How important is it for the company's competitiveness that the employees continuously develop their skills?

- a)  Great
- b)  Some
- c)  None
- d)  Don't know

## **Innovation**

73. Is there any change in Business model of your company in last one / two years?

- a)  Great
- b)  Moderate
- c)  Small
- d)  No change

74. Are your business processes have gone through changes in last one / two years?

- a)  Great
- b)  Moderate
- c)  Small

75. Do your employees try to introduce innovative ideas, concepts while performing given task?

- a)  Always
- b)  Sometimes
- c)  Don't know

76. What is the core competence of organization?

- a)  Great value to customers
- b)  Unique Business Model
- c)  Human Values.

77. Focus of the organisation

- a)  Short term c)  Long Term  
b)  Medium term

78. Closed open organisation

- a)  Dominance of Process (means oriented)  
b)  Product – push (Technology push)  
c)  Dominance of Product (Product oriented)

79. HR Performance drivers

- a)  Goal oriented performance  
b)  Self - motivated performance  
c)  Self - commitment  
d)  Working for career aspirations  
e)  Working for value creation of the company

80. What is the policy for talent retention & attrition control?

- a)  Hike in pay c)  Growth opportunities  
b)  Employee empowerment d)  Any other

**Respondent's profile:**

Name of the Respondent:

Name of the Company:

Designation:

Contact No. \_\_\_\_\_

Email ID: \_\_\_\_\_

## Appendix B

### Questionnaire for Empirical Study

#### Questionnaire for employees at the junior level / bottom level of Management (appraisee)

(Please Tick the option which ever is applicable)

1. Since how long you are working with the present company?

- |                     |                          |                        |                          |
|---------------------|--------------------------|------------------------|--------------------------|
| a) Less than a year | <input type="checkbox"/> | c) Two years           | <input type="checkbox"/> |
| b) One year         | <input type="checkbox"/> | d) More than two years | <input type="checkbox"/> |

#### **D) Performance appraisal**

2. Which of the following Performance Appraisal method is followed in your company?

- |                                |                          |                           |                          |
|--------------------------------|--------------------------|---------------------------|--------------------------|
| a) Ranking method              | <input type="checkbox"/> | d) Self-appraisal method  | <input type="checkbox"/> |
| b) 360 degree appraisal method | <input type="checkbox"/> | e) Group appraisal method | <input type="checkbox"/> |
| c) Peer appraisal method       | <input type="checkbox"/> |                           |                          |

3. Performance review is done to:

- |                         |                          |                                |                          |
|-------------------------|--------------------------|--------------------------------|--------------------------|
| a) Reward the work done | <input type="checkbox"/> | c) Giving appropriate feedback | <input type="checkbox"/> |
| b) Formality            | <input type="checkbox"/> | d) All of the above            | <input type="checkbox"/> |
| e) Any other            | <input type="checkbox"/> |                                |                          |

4. Who appraises your performance?

- |                    |                          |              |                          |
|--------------------|--------------------------|--------------|--------------------------|
| a) Project Manager | <input type="checkbox"/> | c) Superior  | <input type="checkbox"/> |
| b) Immediate boss  | <input type="checkbox"/> | d) Manager   | <input type="checkbox"/> |
| c) Supervisor      | <input type="checkbox"/> | e) Any other | <input type="checkbox"/> |

5. How frequently your performance is appraised?

- a) once in a three months  c) Annually   
b) once in a six months  d) As per requirement

6. What criterias are considered for evaluating your performance?

- a) Subject knowledge & Skills  c) Ability to complete given task within time   
b) Competency  d) Output/ Result   
e) Any other

(If not of the above, please mention the criterias considered for evaluating your performance)

---

7. Would you like to suggest any changes regarding the criterias which are used for evaluating your performance?

If yes, Please specify:

---

### **Communication & Co -ordination**

8. How employees are communicated their objectives and job expectations?

- a) Through e-mail  c) One to one communication   
b) Through meeting  d) or any other system

9. Who communicates the employees the objectives and expectations?

- a) Immediate Boss  b) HR Department   
c) Employee Manager

10. How do you come to know about your performance review (i.e. Feedback Mechanism)?

- a) Through Meeting  c) Through e-mail   
b) One to one communication

11 Please rate the following aspects of your performance appraisal system

(From 1 to 5, 1 = poor, 5 = best )

- a) Process of communicating performance standards
- b) Feedback Mechanism
- c) Performance review process
- d) Clarity of performance appraisal system
- e) Transparency in Performance Appraisal

12 How many times you have gone through performance reviews during last two years?

- a) Not yet
- b) One time
- c) Two times
- d) More than two times

13. How do you narrate your experiences about performance appraisal?

- a) Very good
- b) Good
- c) Bad
- d) Can't say

14. Did you ever have any complaint regarding your performance review?

- a) Yes
  - b) No
- If yes, they had been resolved: fully  partially  never

15. Does your company provide any training programme to the employees who need improvement in their performance?

- a) Yes
- b) No

16. How far these initiatives help an employee to improve the performance?

- a) Up to great extent
- b) Up to some extent
- c) Not at all



23. According to you, performance appraisal system of your company is:

- a) Effective  b) Defective

If defective, please mention the defects \_\_\_\_\_

24. Does your company consider 'performance' as one of the important factors for promoting the employees?

- a) Yes  b) No

25. How many promotions you have received in last two years?

Please specify \_\_\_\_\_

26. How much do you agree that following leads to the promotion?

- a) Performance :  
i) Strongly disagree  
ii) Disagree  
iii) Neither agrees nor disagrees  
iv) Agree  
v) Strongly agree
- b) Length of service :  
i) Strongly disagree  
ii) Disagree  
iii) Neither agrees nor disagrees  
iv) Agree  
v) Strongly agree
- c) Seniority :  
i) Strongly disagree  
ii) Disagree  
iii) Neither agree nor disagree  
iv) Agree  
v) Strongly agree

27. According to you, your job knowledge and skills are:

- a) Excellent  d) Average   
b) Very good  e) Poor   
c) Good



28. How do you rate your ability to meet set performance objectives?

- a) Excellent       d) Average   
b) Very good       e) Poor   
c) Good

29. How do you rate your ability to meet deadlines?

- a) Excellent       d) Average   
b) Very good       e) Poor   
c) Good

30. Do you respond to expressed needs and requirements of the job?

- a) Always prompt       c) depends upon the situation   
b) Sometimes prompt

31. According to you what is your quality of work?

- a) Excellent       d) Average   
b) Very good       e) Poor   
c) Good

32. How do you rate your team work?

- a) Excellent       d) Average   
b) Very good       e) Poor   
c) Good

33. What do you think about your timely deliverance of output?

- a) On the time       c) Exceeds the time limit   
b) Before the time

## II) Promotion Policy

34. What are the basics of Promotion Policy in your company?

- a) Result / Output
- b) Competency
- c) Work experience / seniority
- d) Performance

35. What is your opinion towards promotion policy of your company?

- a) Adequate
- b) Inadequate
- c) Requires some changes

36. What changes you would like to recommend in promotion policy of your company?

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37. What do you think is there any linkage between performance appraisal and promotion?

Yes  No

If yes, please specify \_\_\_\_\_

**Name of the Respondent:** \_\_\_\_\_

**Name of the Company:** \_\_\_\_\_

**Job Profile:** \_\_\_\_\_ **Contact No.** \_\_\_\_\_

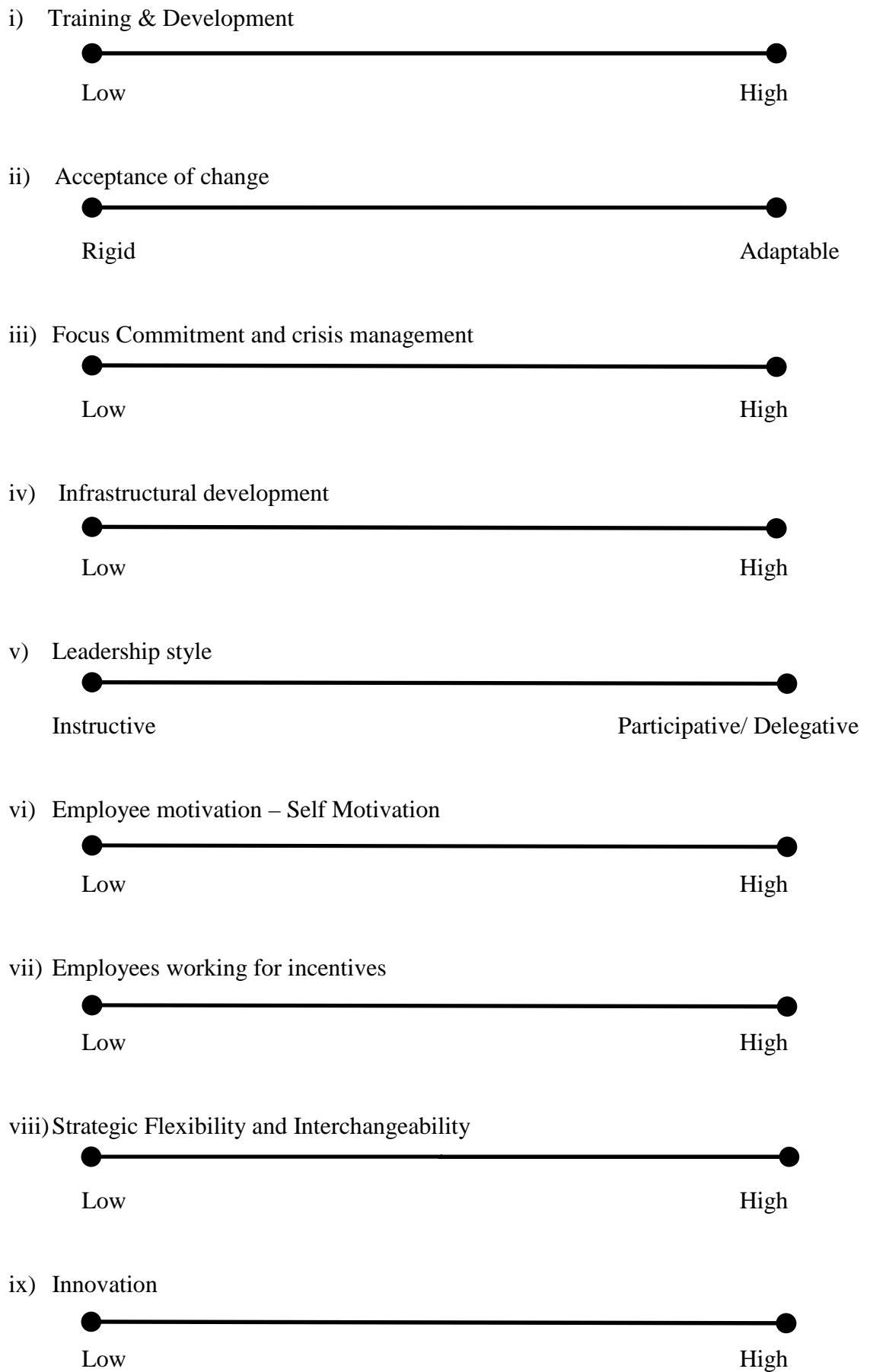
## **Appendix- C**

### **Interview Schedule:**

The interviews were done with the officers working at the Top Management Level to know the strong and weak points about the particular ITES Company. The interviews generally covered the following dominant parameters:

- Organisational structure
- Training and development
- Acceptance of change
- Focus commitment and crisis management
- Infrastructural development
- Leadership style
- Employee motivation – Self motivation
- Employees working for incentives
- Innovation
- Strategic flexibility and interchangeability
- Work culture
- Tolerance for ambiguity
- Productivity management
- Product/ service based
- Core competence
- Performance appraisal system
- Promotion policy
- Quality Management
- Talent retention/ talent attraction policy
- Employee welfare
- IT aspirations
- Customer focus

The main traits/determinants discussed on continuum scale are:



x) Work culture  
●—————●  
Less More

xi) Tolerance for ambiguity  
●—————●  
Less More

xii) Productivity management  
●—————●  
Routine Craft

xiii) Crisis Management  
●—————●  
Routine Craft

\*\*\*\*\*