

Insert company Logo

| Policy Name: | **Performance Management and Appraisal Policy** |
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| Policy Number: |  |
| Version: | Effective Date: |

|  | **Name** | **Designation** | **Signature** | **Date** |
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| Prepared By: |  |  |  |  |
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| Approved By: |  |  |  |  |

| **Date** | **Version** | **Summary of Change** |
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# **DEFINITION**

1. **Performance Management System/ Appraisal** is an ongoing process of communication between a supervisor and an employee that occurs throughout the year, in support of accomplishing the strategic objectives of the organization.
2. **Performance Improvement Plan (PIP)** is a tool to give an employee with performance deficiencies the opportunity to succeed.
3. **Increment** a rise or hike on the current pay. All the employees receive annual increments or pay rise.
4. **Company/ Organization** means all the businesses which are under the umbrella of **“Company Name”** group.
5. **Member/ Employee** means a person employed with ***“Company Name”*** at all levels for wages or salary.
6. **Management** means the group of individuals that operate at the higher level at ***“Company Name”*** and have day-to-day responsibility for managing all individuals and maintaining responsibility for all the key business functions.

# **PURPOSE**

The policy aims to ensure that employees:

* Know what is expected of them i.e. the required standard of performance and how they should do their jobs.
* Receive feedback which aims to improve and develop performance and recognize their achievements
* Identify areas where improvement is required and training and development needs
* Have a mutually agreed plan to achieve both development goals and employee career development
* Identify member’s measurable goals/ KRAs with the intention of aligning individual & organizational goals.
* Reward potential members through promotion.

# **APPLICABILITY**

The policy is applicable to all members of the ***“Company Name”*** across all the locations and branches.

# **RESPOSIBILITY & ACCOUNTABILITY**

Reporting Manager, Human Resource Department, Management

# **POLICY**

This policy provides a guide to employees on the purpose of the performance appraisal and to ensure that the work performance and training needs of every employee are managed effectively and fairly.

A performance Management system gives individual employees and their manager an opportunity to review performance, work content, loads and volume, to look back on what has been achieved during the past year then agree future objectives. It is also the time an employee can agree personal objectives, and any learning and development requirements which may help.

## **PMS Cycle**

Performance Appraisal will be conducted annually in the month of April.

Annual Appraisal Bracket- Cutoff date will be 31st December

Employees who have joined from 1st Jan to 31st December will be eligible for their first Annual Increment and the increment shall be on pro-rata basis with effect from 1st of April in the subsequent year and the following increments shall be on yearly basis.

## **Performance Tracking**

1. **Monthly Appraisal**- For sales and marketing staff including filed executives. The employees who have target based jobs.
2. **Quarterly Appraisal-** For all the operational staff excluding sales and marketing staff.

##  **B.1 Monthly Appraisal- Performance Tracking of Sales/ marketing/ Field Staff**

* Performance will be tracked on monthly basis for Sales, Marketing and field staff.
* The performance appraisal approach will be 2 tiers (Reporting Manager & HOD).
* The Reporting Manager will rate the score based on performance along with HR Manager on one to one basis. Final score will be closed by HOD.
* The joining month will be considered as zero month. Member will not be reviewed in his zero month

### **Issuance of Performance Improvement Plan PIP**

* For confirmed members, if rating is 1 & 2 for two consecutive months **Performance Improvement Plan (PIP)** will be initiated by the reporting manager for a minimum period of 2 months. If PIP is not met as per expectation set, then PIP would be extended again for one month with the final warning. After the final warning if a member is not performing then his/her services would be terminated on the grounds of non-performance without any notice period even if members resign.
* For members on probation, performance will be monitored for initial three months and constant feedback will be given to the non-performers to achieve their Goalsheet. In case if a member fails to achieve his/her Goalsheet within 3 months then PIP process would be initiated with the final warning. After the final warning if a member is not performing then his/her services would be terminated on the grounds of non-performance without any notice period even if members resign.

## **B.2 Quarterly Appraisal- Performance Tracking for Operational staff (non-sales team)**

* Performance will be tracked quarterly for operational Staff which excludes Sales, marketing and field staff.
* The performance appraisal approach will be 3 tiers (Self, Reporting Manager & HOD).
* A member needs to submit his self- assessment.

### **Self-assessment/ Appraisal**

Self-Assessment Form will include the Goal Sheet of the employee along with the KRAs and KPIs. Employee must rate himself between 1 to 5, where 5 being the highest.

Manual Method- Employees must be informed of the appraisal at least 4 weeks before the appraisal one-to-one meeting. A copy of the appraisal self-assessment form should be given to the employee so the employee has an opportunity to contribute.

A copy of the completed self-assessment form should be returned to the manager 1 week before the appraisal one-to-one meeting.

HRIS Software/ Digital Method- Employees must fill the Self-Assessment form online or at HRIS system. Digital form will be available and employee needs to rate himself.

The Reporting Manager will rate the score based on performance along with HR Manager on one to one basis. Final score will be closed by HOD.

### **Issuance of Performance Improvement Plan PIP**

For all members if rating is 1 & 2 for the said quarter then Performance Improvement Plan (PIP) will be initiated by the reporting manager for the period of 2 months. If PIP is not met as per expectation set, then PIP would be extended again for one month with the final warning. After the Final warning if a member is not performing then his/her services would be terminated on the grounds of non-performance. After the final warning if a member is not performing then his/her services would be terminated on the grounds of non-performance without any notice period even if members resign.

## **PMS/ Appraisal Process**

* PMS will be conducted manually or online (HRIS Software)
* Employees will be reviewed according to the Rating scale as mentioned in the below table:

### **C.1 Rating Grid**

| **Rating** | **Scale** | **Rating Description** |
| --- | --- | --- |
| 110%+ | 5 | Significantly Exceeds Expectations |
| 90 to 109% | 4 | Exceeds Expectations |
| 70 to 89% | 3 | Meets Expectations |
| 50 to 69% | 2 | Partially Meets Expectations |
| Less than 50% | 1 | Does not Meet Expectations/PIP |

* In case of transfers, same goal sheet will include KRAs of both roles.
* Member should be active and not serving the notice period on the date of increment. If he/she resigns on date of payout, then increment will not be paid to the member.
* Promotions will be in April only based on eligibility/recommendation and as per criteria mentioned below:
	1. Current rating of 3 and above in two consecutive years.
	2. In exception cases if a member has achieved his /her fast track goal sheet, then he/she is eligible for promotion in case if there is any vacancy.
	3. For Supervisory positions employees need to go through Panel Interview
	4. Recommendation for promotion not to exceed 20% of population function wise.
* Increment Percentage Grid will be prepared on basis of the allocated budget and profits.
* Bell curving method will be used in order to finalize the increment percentage.
* Annual score of the employee will be calculated.
* Employees who have been rated 1 will not be eligible for increments.
* On basis of the rating employee increments will be calculated.
* The final increment working will be reviewed by the department head and management. Post approval the letters will be generated.
* Accordingly HR will share the Increment Letter or Promotion Letter with the employee.
* The increment arrears if any will be added in the next pay cycle.

# **RESTRICTIVE CLAUSE**

* + Any exceptions to the above would be at the sole discretion of the Management.
	+ Management reserves the right to change and or modify the policy without stating any reason.
* The organization reserves its right to withdraw this policy without assigning any reason by using its sole discretion which will be binding on all members. The Employees hereby unconditionally agree to all such changes/ amendments/ additions/ deletions/ modifications.
* The Company's reputation and credibility are based upon its total commitment to ethical business practices and also on ethical conduct of its Employees. To safeguard the Company's reputation, Employees must conduct themselves in accordance with the highest ethical standards and also be perceived to be acting ethically at all times. Compliance with all policies of the Company, relevant applicable laws and regulations is the minimum standard which should be adhered to by all the Employees all the times.



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