Wipro limited and the indian technology sector

Introduction:

Wipro Limited is a $5 billion Indian conglomerate. According to the 2008-09 revenue, Wipro is the second largest IT Company in India. Wipro Ltd has interests varying from information technology consumer care, lighting, engineering and healthcare businesses. Azim Premji is the Chairman of the board. Wipro technologies provide integrated business, technology and process solutions on a global delivery platform. Wipro employ 100, 000 people across 56 nationalities. Some of the offerings of Wipro Technologies are:-

Services

Industries

Consulting

Telecom Service Providers

Package Implementation

Financial Services

Application Development & Maintenance

Retail

Testing Services

Energy & Utilities

Technology Infrastructure

Manufacturing

Business Process Outsourcing

Technology, Media & Transportation Services

Product Engineering

Head Quarter: IndiaGeographical Locations:-

Performance management system:

Performance Management at Wipro is a continuous process and employees are observed throughout the year for their performance. However on a much formal method Wipro follows three appraisal cycles viz. Annual, interim and confirmatory.

Annual – This is a yearly appraisal cycle. Normally the annual appraisal cycle is carried out during the month of April and May. The critical component measured in this appraisal is the performance of the employee during last year. This appraisal act as an indicator for pay hikes.

Interim – This is an indicative appraisal, normally carried in the month of October and November. This appraisal acts as a basis for annual appraisal. The appraisal ratings act as input during annual appraisal. The main reason for having an interim appraisal is to appraise employee's performance half yearly as Wipro being a tech services company, normal duration of employee under a particular project/manager/client is shorter.

Confirmatory – This appraisal is carried out to appraise new joiners for the duration of 12 months from the date of their joining. The main reason behind

this kind of appraisal system is to remove unfairness to employees who miss out annual appraisal cycle due to joining at a different date. Being a tech services company Wipro is on a continuous hiring spree and confirmatory appraisal thus acts as a tool to identify joiner's performance and giving him confirmation.

A normal appraisal cycle

Goals of Performance management:

Performance management approach:

Source of performance management system:

Administrative purpose:

Strategic Purpose:

Developmental Purpose:

Infosys:

Introduction:

Infosys is an Indian IT company headquartered in Bangalore with annual revenue of $4. 6 billion in 2009. It employs around 1, 05, 000 employees. It is the third largest IT Company in India after TCS and Wipro. It provide Information Technology, consulting and business solutions. Infosys is the first IT Company in India to earn CMM level 5 certification (highest level in software quality ratings). It has often been rated as the best companies to work for in India.

Performance management system:

Performance appraisal is done twice a year.

CRR system is used. CRR stands for cumulative relative rankings. The appraisal process is relative in nature. The ratings are 1+, 1, 2, 3, 4 with 1+ being the highest and 4 the lowest.

A certain percentage of employees are assigned to each rating based on performance

The performance rating is done on the basis of following factors

Skill set

Timeliness of work delivery.

Certification.

Customer Feedback.

Knowledge gained through training.

Employees have a say in the process. A meeting is held between manager and employee before appraisal in which the employee can elaborate on his work and achievements.

The process is kind of 360 degree approach since the views of manager, peer and customer are taken into consideration

The employees who get bad ratings are given counselling so as to determine the reason of poor performance and improve upon the same.

Performance management approach:

The performance management approach used in Infosys is forced distribution which comes under comparative approach. Here the employees are first rated among each other and based on the ratings, they are divided into five grades. +1 is the highest grade and 4 is the lowest grade. The salary increment is decided based on this grade as the employees in a particular grade are considered to be of equal value.

The qualities tested for performance appraisal are different at different levels in the organisation. As one moves up the hierarchy, managerial skills like leadership and ability to work in a team are given more importance than technical skills.

Source of performance management system:

The sources of performance management system are employee, manager and client.

Self: First the information regarding work done in the past 6 months is filled by the employee in appraisal form. This acts as primary source of information.

Manager: Then the form is analysed by the manager to check the authenticity of information. A meeting is held between manager and employee to clarify any doubts regarding the information filled.

Customers: The behaviour of employee towards the client is also taken into consideration since client satisfaction and retention are very important.

Senior Manager: The employee can request a review of the appraisal by a senior manager if he is not satisfied.

Subordinate: If the appraisal of a manager is under consideration, then the views of subordinate are also taken into account. This makes sure that the manager is effective in personal relations apart from technical skills and overall the employees are satisfied.

So we can see that information is collected by 360° approach wherein the views of manager, employee, subordinate and client are taken into account.

Administrative purpose:

The administrative purpose of the performance management deals with the regular functioning of the company. The performance management is used to award rating which decides the salary of the individual. The process is transparent and fair so that the employee is not dissatisfied. The pay is commensurate to the performance of the individual. Awards and recognitions are given to boost the morale of the employee.

Strategic Purpose:

The strategic purpose of performance management is to link the employee goals with the goals of the organisation. The strategic purpose of performance management at Infosys is to clearly define the goals of an individual and help him in achieving them. Based on the performance and employee aspirations, different career options are given to them so as to develop highly productive resources. The company has been highly successful in its strategic purpose and has been awarded " the best places to work in India" title several times.

Developmental Purpose:

Performance management is also used for developmental purpose. It helps in finding the gaps between the skills set of employees and those required for the job. Based on the performance, different training programmes are given to employees. The reason for bad performance can be lack of interest or lack of skills. So proper counselling is provided so that the employees can work upon the factors and improve upon them by training. Infosys has dedicated training centre in Mysore for training of new as well as existing employees

Employee Feedback

Employee feedback on the performance appraisal process has been average. The salary levels are high as compared to government sector or private sector jobs in manufacturing sector. The growth rate is also high as compared to other sectors. But they think that their ratings do not always reflect their skill level. The employees are dissatisfied by allocation of fixed percentage allocation of employees to each rating level. So even if someone has improved his performance than past year but everyone else worked much harder than him, he may still land up with low ratings. This has caused frustration among employees. Also benched employees are not able to meet billability target which is a primary component of performance evaluation. So they are at the losing end without any fault from their side.

POWER SECTOR:-

NTPC:

Introduction:

Performance management system:

Goals of Performance management:

Performance management approach:

Source of performance management system:

Administrative purpose:

Strategic Purpose:

Developmental Purpose:

AGRO TECH SECTOR:-

Shriram Bioseed Genetics India Ltd:

Introduction:

Performance management system:

Goals of Performance management:

Performance management approach:

Source of performance management system:

Administrative purpose:

Strategic Purpose:

Developmental Purpose:

COMPARITIVE ANALYSIS:-

IT sector

Agro sector

Wipro

Infosys

Shriram Bioseed

Career Progression

Fast

Fast

Low

Pay Level

High

High

Low

Performance/Seniority based appraisal

Performance based

Performance based

Performance based

Appraisal Cycle

Twice a year

Twice a year

Once a year

Strategic Congruence

High

High

High

Employee retention

Medium

Medium

High

Employee development

High

High

High

CONCLUSION:-

The IT sector provides fast career progression and high pay levels. Since the

appraisal is based on performance rather than seniority, IT is a favourite

among youngsters. The appraisal cycle is twice a year because the average time of project completion is approximately one year. The performance management is result oriented and helps in achieving the overall goal of the company. The attrition rate in IT sector is high as people keep on switching jobs for better salary. IT companies like Wipro and Infosys emphasis a lot on employee development through training and certification programmes.

We studied Shriram Bioseed in the agro-tech sector. The company has low career progression because the time of promotion is not fixed. The pay level is low for semi-skilled but high for skilled employees. So the difference between pay of manager and labour is high. The appraisal cycle is once a year. The company is research and development based so the strategic congruence is high. Since the competition in agro-tech sector is low as compared to software industry, the attrition rate is low. Training is provided to semi-skilled workers so employee development is high.

We have selected NTPC from power sector. The career progression is low but pay level is high. Promotion is based on performance-cum-seniority basis. So in order to progress to next level, one should have minimum service and then performance is considered. The appraisal review is twice a year but the salary hike is given at the end of year. The strategic congruence is medium since the management is not much concerned about achieving targets when compared to private sector. Employee retention is high because people prefer the job security of government jobs. The employee development is medium since emphasis on training is not high due to complacent attitude of managers.

REFERENCES:-

APPENDIX:-

Performance Management @Wipro:

REFERENCES:-