

Case Study on Employee Engagement and Performance Appraisal: ITC Maurya

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Abstract

The hotel industry in India has experienced considerable and consistent growth over the last decade. The influx of tourists for the common wealth games has caused a further rise in the five star and deluxe hotels. In sync with the emerging trend, the study focuses on the two important HR practices of performance appraisal and employee engagement in the hotel industry. The research was conducted in ITC Maurya evaluates their practices relating to HR processes. The basic methods and systems are described keeping in mind the general trend in the Industry. ITC Maurya conducts the Q12 Gallup survey on its employees, this method is used to access the existing levels of satisfaction amongst employees. The employees were involved and highly satisfied with the work environment. The performance appraisal standards are updated and different methods of appraisal are used across the organization. The employees were aware of the criteria for appraisals and also related a sense of importance to them. The incentives and initiatives taken by the Hotel for various levels in the organization were communicated to all the employees.

Keywords: Employee Engagement, Performance Appraisal, Hospitality Sector

Introduction

The growing trends and rising competition in each category of hotels from five star deluxe to five star and even the new age budget hotels has caused the best in the business to evaluate their practices and check for areas of improvement. As the economy is developing and becoming more fluid the sustenance and growth of all organizations have assumed new dimensions all together.

Company Background

ITC is one of India's best private sector companies with a market capitalization of nearly US \$ 18 billion and a turnover of over US \$ 4.75 billion. ITC is rated among the World's Best Big Companies, Asia's 'Fob 50' and the World's Most Reputable Companies by Forbes magazine, among India's Most Respected Companies by Business World and among India's Most Valuable Companies by Business Today. ITC also ranks among India's top 10 'Most Valuable (Company) Brands', in a study conducted by Brand Finance and published by the Economic Times. ITC has a diversified presence in Cigarettes, Hotels, Paperboards & Specialty Papers, Packaging, Agricultural-Business, Packaged Foods & Confectionery, Information Technology, Branded Apparel, Personal Care, Stationery, Safety Matches and other FMCG products. ITC is an outstanding market leader in its traditional businesses of Cigarettes, Hotels, Paperboards, Packaging and Agri-Exports. Over the last decade and half the mad rush to India for business opportunities has

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intensified and elevated room rates and occupancy levels in India. Gaining market share even in its nascent businesses of Packaged Foods & Confectionery, Branded Apparel, Personal Care and Stationery. ITC's Agricultural-Business is India's second largest exporter of agricultural products. ITC is one of the India's biggest foreign exchange earners (US \$ 2 billion in the last decade). The Company's 'e-Chou pal' initiative is enabling Indian agriculture significantly enhance its competitiveness by empowering Indian farmers through the power of the Internet. As one of India's most valuable and respected corporations, ITC is widely perceived to be dedicatedly nation-oriented. Chairman Y C Deshpande calls this source of inspiration "a commitment beyond the market". In his own words: "ITC believes that its aspiration to create enduring value for the nation provides the motive force to sustain growing shareholder value". It was the first to launch the powerful idea of a 'Hotel within a Hotel' by segmenting and branding the hotel services. It created the exclusive 'ITC One', 'The Towers' and the 'Executive Club' each catering to the needs of the global business traveler with unmatched quality and a range of services.

Employee Engagement at ITC Maurya

Employee engagement is the measure of how involved and committed the workers are towards their organisation and values. A well engaged employee is well aware of the day to day happenings of the organisation and work with his or her fellow colleagues to improve the performance of the individual and work towards the betterment of the organisation. It is an optimistic attitude that the employees hold towards their organisation. Employee engagement is how the employee feels about his workplace employee feels about his workplace and whether he or she is satisfied with the work or not. It is also concerned with the emotions of an individual employee. The unique emotional balance of employees and their experience. The employers and their talent of creating conditions that give rise to employee engagement. Communication among employees at all levels in the organisation.

Levels of engagement: Gallup defines the various types of levels of engagement

*engaged-*these employees are also known as builders. They are impatient and willing to do the best of their ability. They are ready to know the expectations of their role so that they are able to face and exceed them. They are curious to know about their work place. They are highly talented and hardworking and like to give their 100 % at all times. They are passionate about their work and never take their work as a burden.

Not engaged- this category of employees are more concerned about the short-term task, they are quite away from the goal of the organisations. They work for the sake of doing it and want to get over with every task they perform as soon as possible. They never perform their work whole heartedly. Such people often feel that their work is not given enough importance or appreciation; they feel this way because they do not have healthy relationships with their fellow worker or managers.

Actively disengaged- this category of workers is also known as cave dwellers. They are highly negative regarding their work. They are highly unsatisfied with their work and they often show their unhappiness. They are pessimist and often create tensed atmosphere in the workplace. They transfer their negativity all around. Engagement is an important aspect of any organisation. It cultivates the feeling of commitment and satisfaction within the employees. When employee is engaged in their work, they give their 100% and work

for the benefit of the organisation. Engaged employees have a sense of responsibility and they work towards the required goals. Engaged employees provide the organisation with best results and high performance. An engaged employee will always deliver beyond expectations. “The Watson Wyatt” consulting companies have proved that there is an intrinsic link between employee engagement, customer loyalty, and profitability. As organizations are become more dependent on technology in a virtual working environment, there is a greater need to connect and engage with employees to provide them with an organizational identity.

Engagement assessment: This HR practice plays a crucial role in every organization. Employees who are engaged perform to their full potential, they are motivated and can also improve their skills as they progress. Employee engagement plays a vital role in the hotel because it effects everything from retention and productivity to profitability and safety. In today’s world organizations have found out various methods of creating competitive advantage. They have created competitive advantage through innovation, quality products, technology and pricing technology. Organizations view “customer service that exceeds expectations” as their key to success. Engaged employees provide quality service. Now there are a numbers of jobs in every industry but organizations need to focus on the right people for the right job. They should also make sure that these right people are satisfied with their work.

In the hospitality industry many employees see their jobs as stepping-stones to more permanent positions, and employee turnover rate ranges between 78.3 percent to 95.4 percent. These numbers are staggering; more staggering is the cost of this employee churn. The Incentive Research Foundation estimates roughly 100 to 200 percent of an employee’s base salary is spent to recruit and train a replacement. In an arena where customer service is paramount and the labor pool is shrinking, keeping employees satisfied and engaged is critical. ITC MAURYA measures the level of employee engagement in the hotel. It conducts the GALLUP Q12 survey on a yearly basis. An exhaustive study is conducted in different departments of the hotel on the basis of 12 questions. The Gallup conducts a survey and they give a small presentation in the hotel and they tell about the strongest and weakest departments in the hotel.

Initiatives: The management comes to know about the loop holes in various departments and they try to overcome them in order to increase employee engagement. Maurya undertakes various activities through employees can feel engaged in the work place. They have Maurya gazette, this is an internal newsletter which is made on monthly basis...This newsletter entails about the day to day happenings of the hotel. It also showcases department of the month. The employees those who are awarded as the employees of the month also narrate their experience that is also shown in this gazette.

They also have *Good Morning Maurya* which is a daily bulletin and it high lights the birthdays and lunch menu of the day. Some of the other activities are: Instant recognition, GM’s tea, Retirement ceremony, Yoga and meditation camps, Health camps , Diwali tambola, Annual day, New year celebration, Open forums and Long service awards. Gallup’s plays a vital role in the hotel. Employee engagement is of great importance in the hotel. The hotel has more than 100 employees in each department which is a huge number. The duty of the HR department is to take care of all the employees and the department ensures that the employees are well engaged in their job because only when the employees

are satisfied can they perform their 100%. The issue of a shortage of skills throughout the workforce is very important to the hospitality industry and the need to create a talent mix is recognized. Planning for future recruitment helps to accommodate the lack of essential skills in the modern HR environment. People are multi-talented and they expect a lot out of their job owing to this the employee engagement techniques are contemporary.

The Employee Side of the Human Sigma Equation: Human Sigma combines the power of two Gallup Consulting concepts: employee and customer engagement. The Human Sigma approach provides leaders with the means to reduce the variance in performance across organizational units. Research published by Gallup and others has shown that engaged employees are more productive employees. The research also proves that engaged employees are more profitable, more customer-focused, safer, and more likely to withstand temptations to leave. Many have long suspected the connection between an employee's level of engagement and the level and quality of his or her performance.

Performance Appraisal

Performance appraisal is a very important tool in any workplace. It helps in evaluating the behaviour of the employees in the workplace. It includes both the qualitative aspects of the job performance. It evaluates a person systematically including his on the job performance and his potential for development. It is a continuous process and its responsibility is totally on the supervisor. The supervisor makes sure that the work is in its place, he or she keeps a check on employees as to how the task assigned to them is performed. The supervisor tries to find out the weak points and try to cope up with the challenging situations. This process in an organization faces certain limitations like Halo effect, Error of comparison, Personal Bias, Leniency and incompetence of Appraiser. To make the process most effective the organizations should set clear defined standards, mutual understanding, selection of the right appraisal tool and constant review and feedback.

Process of Appraisal: The performance appraisal systems were formally communicated to the employees. Employees were well aware of the parameters of performance and also were satisfied with the systems. The performance appraisal system is based on the assessment sheet. The parameters of the sheet include: knowledge of work, planning organizations, delegating work, initiative & drive, personal efficiency, dependability, leadership, co-operation, honesty integrity, quality of work, punctuality, six sigma contribution. The parameters were assessed on a scale of outstanding, above average, average, below average. The performance is appraised by both appraiser and appraisees, Head of department, personnel manager and general manager. The sheet would contain information from all of the above. Appraisals are conducted yearly, in the month of February and March.

The process takes two weeks to complete. The appraisal depends on mainly the strength and weakness of employee and means to enhance quality of work of employee. The award system for appraisal is also in place. The head of department will decide the most deserving candidate for award. Performance Appraisal was found to be a two way process in the hotel, with the employer and the employee being equally involved in assessment. The process was designed to facilitate discussion and mapping of future goals and growth plans. The implementation of the performance appraisal process determined promotions, increments, training and development needs and best employee awards. The process differed across different levels; a combination of methods was used. It was clearly an

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annual process. In case of severe deviations from the expected standard, the employee was given a warning letter, terminated, increments were withheld, promotion withheld and in some situations employee is referred for further training and development.

Balanced Score Card: ITC Maurya successfully uses Balanced score card method for its appraisal. Balanced scorecard was prepared on FIVE parameters, which are as follows:

1. Customer perspective
2. Financial perspective
3. Internal perspective
4. Employees perspective
5. Social perspective.

The innovative aspect was the fifth parameter of the social perspective, which was added to the Scorecard at ITC Maurya. The Balanced Scorecard was strategically oriented, and all the functional heads had a series of meetings with the HR department and the top management team. The BSC is supported by the career review form to further assess the employees.

Career Review Form: This form assesses the subjective aspect of measuring a person's performance which is fixed at 30%. The objective of the career review form is to encapsulate the Big Five (The five Perspectives). The key competencies and the feedback which needs to be given to the senior managers. secondly, to allow inputs taken on key parameters and assessing the potential for future growth. It is done in cohesion with the Balanced Scorecard. It comprises of five sections.

Section A-The big Five/Self-Assessment

- * Revisiting the Big Five
- * Providing background against which the employee performed
- * Providing a framework to prepare for appraisal discussions

Filled by: Assessee

A1: Specify Departmental Objectives

A2: State Big five at the beginning of the year and achievements: Example: ?

A3: Factors which aided/hindered performance

Future Outlook: The Company has adopted various positive engagement and performance oriented objectives, however the future growth of the company will be determined by the enhancement of additional strategies. The drivers of engagement are the key focus of the company, the workforce has to reflect uniform positive levels of engagement. The focus on the drivers of engagement namely Career, Community, Congruence, Compensation, Content, Coping will further involve each employee. The process of appraisal will be blended with the requirement of the work. The appraisal process may align with the following aspects: process being Trait based, Behavior based, Knowledge or skill based, Result based. The Hotel aims at ideally using a combination of all these aspects for appraisal.

Focus of the organization is on increasing job understanding, remedial performance improvement, career development, employees efforts focused on specific tasks, increasing output, HRP, linking pay and performance, improving team work. Peer rating being an important part of the process, building a system of peer assessment to add value to the feedback collected by reviewers. Rating by customers, suppliers, outside experts and

clients provides an important insight into the study of appraisals. The measurement of the results to strengthen the existing processes and further additional three elements: dimension, measures and standards to the appraisal. Usage of forms which are more qualitative than quantitative, as using qualitative forms can cloud judgment and impact decision making.

The focus is on taking care of its people and developing them at every stage. Maurya is a 27 year old hotel and majority of the employees are working here since many years. Moreover, the trade union of this hotel is very strong and thus the employees have an emphatic backing from the union. The top management at times faces problems with the union and has to ensure that all its policies are people centric. It organizes various activities for its staff and provides welfare amenities. Daily meetings take place for every department and Saturday training sessions for all the head of departments. Various informal activities are organized to facilitate an open and friendly environment in terms of organizational work arrangements.

Every department designs its own feedback forms, which the employee has to fill from time to time. Despite these efforts at times the people working in the organization since many years tend to command most of the decisions. Except for one respondent, every employee interviewed supported the open culture facilitated at Maurya Sheraton. Authenticity is close to openness, the employees don't feel hesitant to come out with their views and own up their mistakes, as Maurya's culture doesn't believe in firing people for every small mistake unless and until it is really drastic. Various cross-functional training sessions and other informal sessions are organized to facilitate better employee relations. Running the gauntlet to more effective, purpose based performance management is a high risk, high reward endeavour. Many myths may be dispelled and may traps avoided. A successful run requires significant investment, sustained commitment and the underlying belief that performance management is a core business process that can create competitive advantage when done well.

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Web Resources

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<http://appraisals.naukrihub.com/succession-planning.html>

www.itc.com/maurya

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