



Performance Appraisal System (PAS)

Quick Reference Guide

October 2015



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1.0. Introduction

Performance Appraisal is the means by which SMSA Express will enable its employees to give their best. That means working at the highest level of performance employees are capable of, and on the most important things that need to be done. Performance Appraisal is a way of planning with our employees what they are expected to achieve and by when, and then of assessing how well they performed against these plans in order to reward them appropriately.

SMSA Express' Performance Appraisal System (PAS) is intended to objectively measure each employee's job performance. The philosophy behind SMSA Express's appraisal program is that every Department, every Section and every job within SMSA Express is uniquely responsible for creating value for the Company and/or for making its own contribution to the accomplishment of the vision and mission and strategic objectives of the Company.

The purpose of the annual performance evaluation process is to promote communication and provide useful feedback about job performance, facilitate better working relationship, provide an historical record of performance and to contribute to employee's professional development.

2. Definition of Performance Appraisal

Performance Appraisal is the on-going process of evaluating and managing employee behavior and work performance in the workplace.

Performance Appraisal is a process which links individuals and teams on a daily basis with the larger goals, values and cultural practices of SMSA Express and the needs of its customers. It is a process for establishing a shared understanding about what is to be achieved and how it is to be achieved. It is an approach to managing people that, when done well, contributes to an enduring and healthy organization.

3. Policy Statement

SMSA Express will use the system of performance appraisal to create a shared understanding about what is to be achieved (outputs, results and Key performance indicators or KPIs) and how it is achieved (behaviours and competencies). Managers and employees are required to use the Performance Appraisal System to create a shared understanding about what is to be achieved and how it is achieved. Managers and supervisors must ensure that individuals and teams have a common understanding of how their jobs connect to the mission and goals of the business.

To improve performance, employees also need to know what superior performance looks like, and how to achieve it. While historically the focus of performance management was on past performance, often used for the sole purpose of compensation decisions, today best practice performance management focuses on on-going employee performance improvement and professional development.

SMSA Express' Performance Appraisal System (PAS) is a management tool to motivate high levels of achievement, and to hold managers and supervisors accountable for their individual and organizational performance.

4. Glossary of Terms

Appraisal: The process of reviewing and evaluating employee work performance, and assessing achievement of established objectives and competencies.

Accountabilities: Specific tasks that describe the work of the employee, plus the performance standards and goals that specify what is required for acceptable performance. Accountabilities are defined jointly by the employee and supervisor, and then recorded on the Goal setting Form (Annexed)

Appraisal Period: The established 12-month period of time during which performance is planned, reviewed and a rating of performance is assigned. It is sometimes called the performance appraisal cycle.

Critical Element: A key component of an employee's work consisting of one or more duties and responsibilities that contributes to organizational goals and results and is so important that unsatisfactory performance of the element would make the overall performance unsatisfactory.

Competencies: The mixture of Knowledge, Skills, Abilities and behaviors which provide a clear description of what a person needs to do to carry out his job responsibilities effectively.

Development: The process of improving performance. Development may involve learning new skills or responsibilities, or improving current abilities and competencies. Coaching is one way to help an employee's development. An annual employee development & action plan (EDP) is written during the final performance evaluations.

Goal-setting: Setting performance expectations and goals for individuals in order to channel efforts toward achieving organizational objectives.

Employee Development & Action Plan (EDP): A written plan that identifies the critical element(s) in which the employee is failing and addresses what the required actions to bring performance up to the accepted level. It identifies every form of assistance that will be provided, and the consequences of failing to improve during the specific period of time. That would be the corrective action set to get the employee up to speed with required level of performance.

Minimum Appraisal Period: The length of time, **90 calendar days**, that the employee must be performing in a position supervised by the evaluating supervisor and under an approved performance plan in order to be eligible for an annual appraisal.

Performance: The manner in which the employee accomplishes work assignments or responsibilities.

Progress Review: The on-going performance review and discussion with the employee at least once during the appraisal period to review the employee's progress and communicate performance on the identified elements as compared to the standards established. To make

any recommended revisions to critical elements, goals, performance standards and to identify any performance barriers or performance improvements required.

Performance Plan: A written plan consisting of identified performance objectives and standards that identify levels of performance.

Performance Evaluation: The written appraisal of performance compared to the performance standard(s) for each critical element or goal for which there has been an opportunity to perform during the minimum rating period. It includes a rating for each performance element or goal, as well as a summary for final performance evaluations.

Performance Standard: The expression of the desired performance outcome(s), requirement(s) or expectation(s) that must be met to be appraised on a critical element at a particular level of performance. These are used to clarify the key outputs of a job by describing what "doing well" means.

Supervisor: The manager responsible for setting of goals, performance review and assessment of an employee. This includes the allocation of standards and goals, monitoring performance activities and progress, discussing performance and development progress through periodical feedback sessions.

5. Objectives of the Performance Appraisal System (PAS)

The ultimate goal of SMSA Express' Performance Appraisal System (PAS) is to help employees and supervisors achieve the Company's overall strategic objectives.

A number of specific objectives include:

- Improving individual and collective performance.
- Helping employees to develop their careers.
- Providing a transparent basis for awarding promotions and bonus payments.
- Providing satisfaction and encouragement to the employee who has been trying to perform well.
- Identifying areas of strength and target areas for improvement.
- Communicating management's expectations to supervisors and employees.
- Improving communication between senior management, supervisors and employees.
- Assisting employees to enhance their career prospects through recognizing and rewarding effective performance.
- Identifying and resolving cases of underperformance.
- Providing important links to other Human Resource Management functions, such as promotions, performance awards, staffing considerations, career planning and development, corrective action as well as succession planning.

6. The Performance Appraisal Cycle

The Performance Appraisal cycle consists of the following four phases:

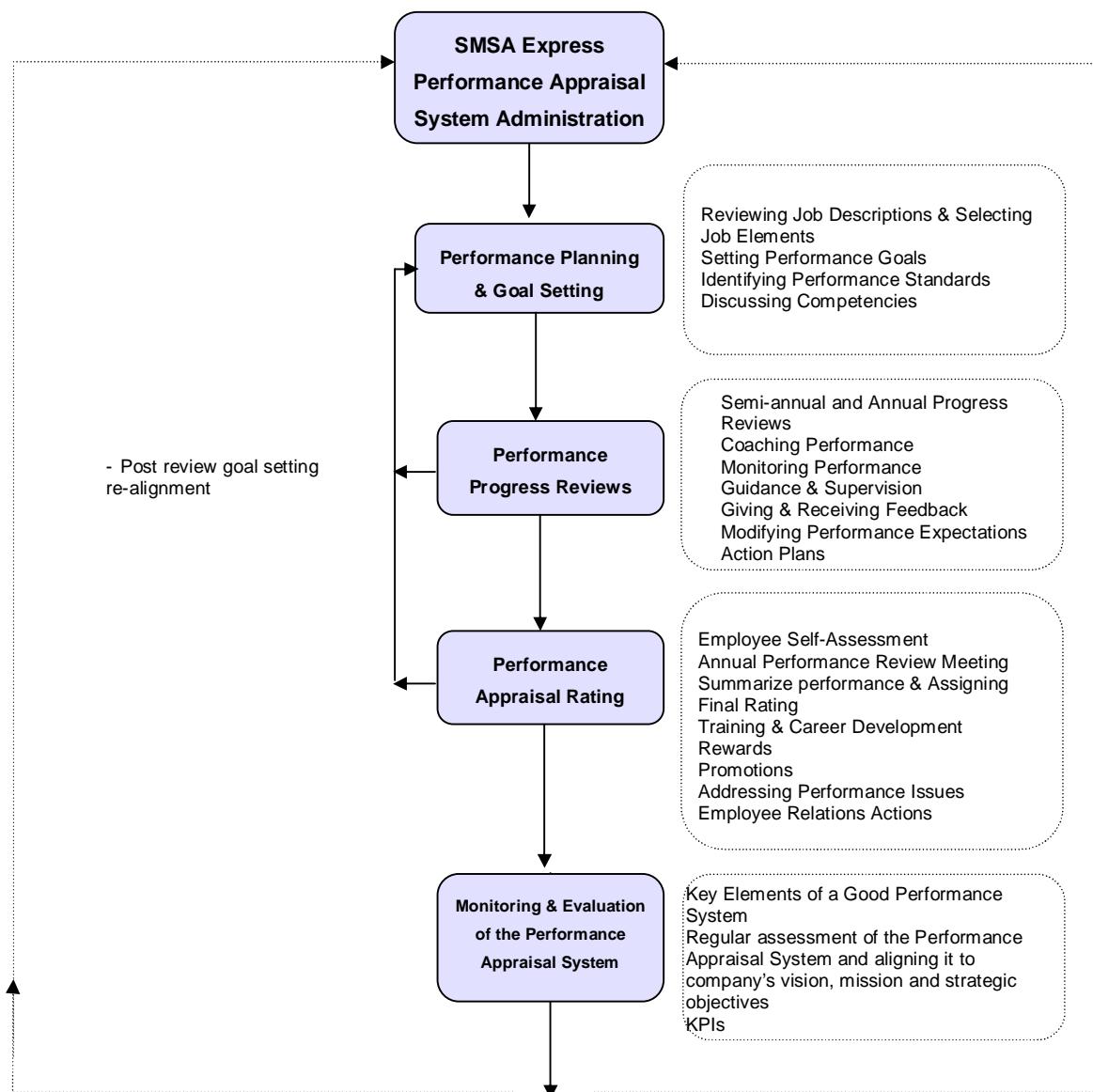
Phases 1: Performance Planning & Goal Setting

Phases 2: Performance Progress Reviews

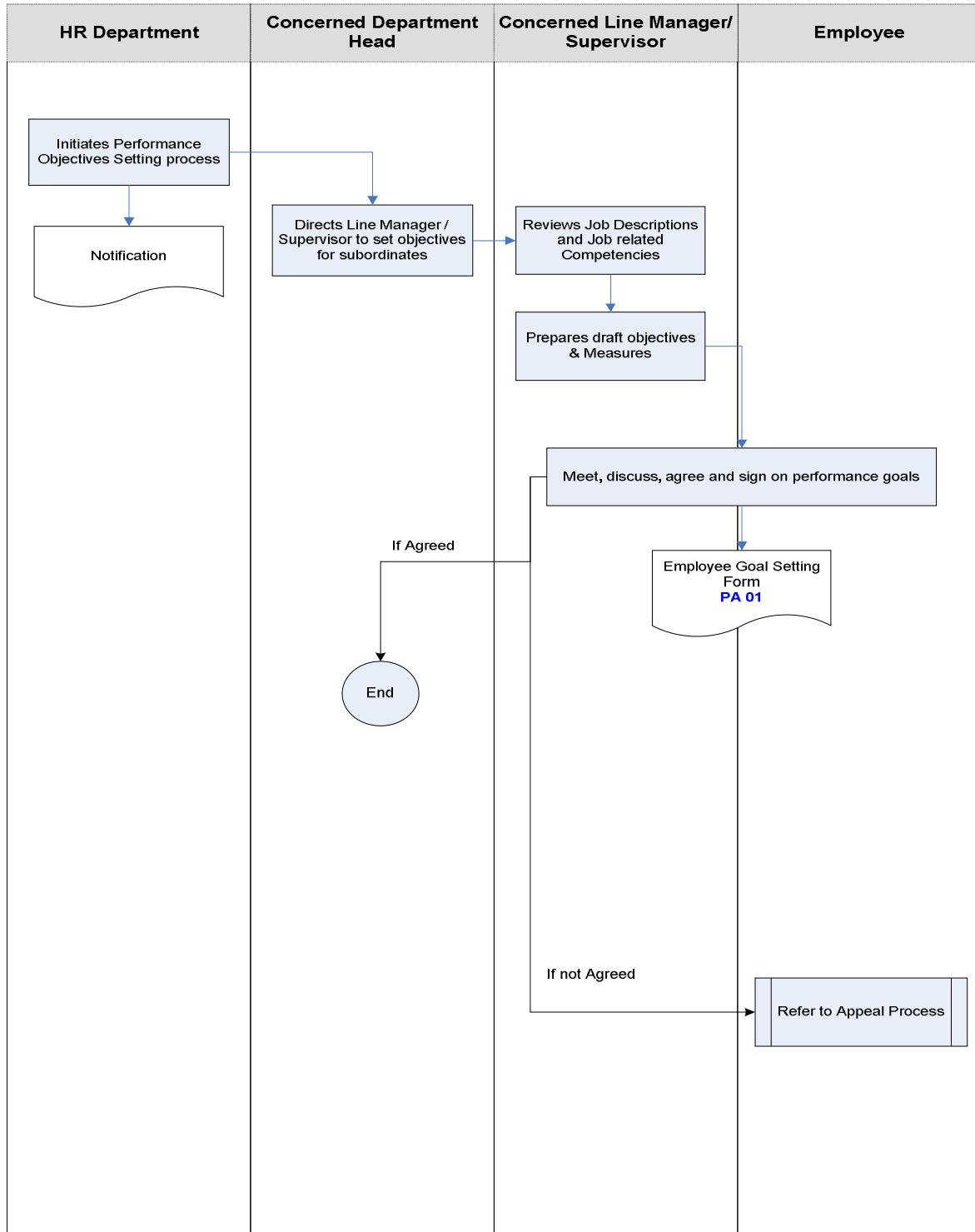
Phases 3: Performance Appraisal Rating

Phases 4: Monitoring & Evaluating the Performance Appraisal System

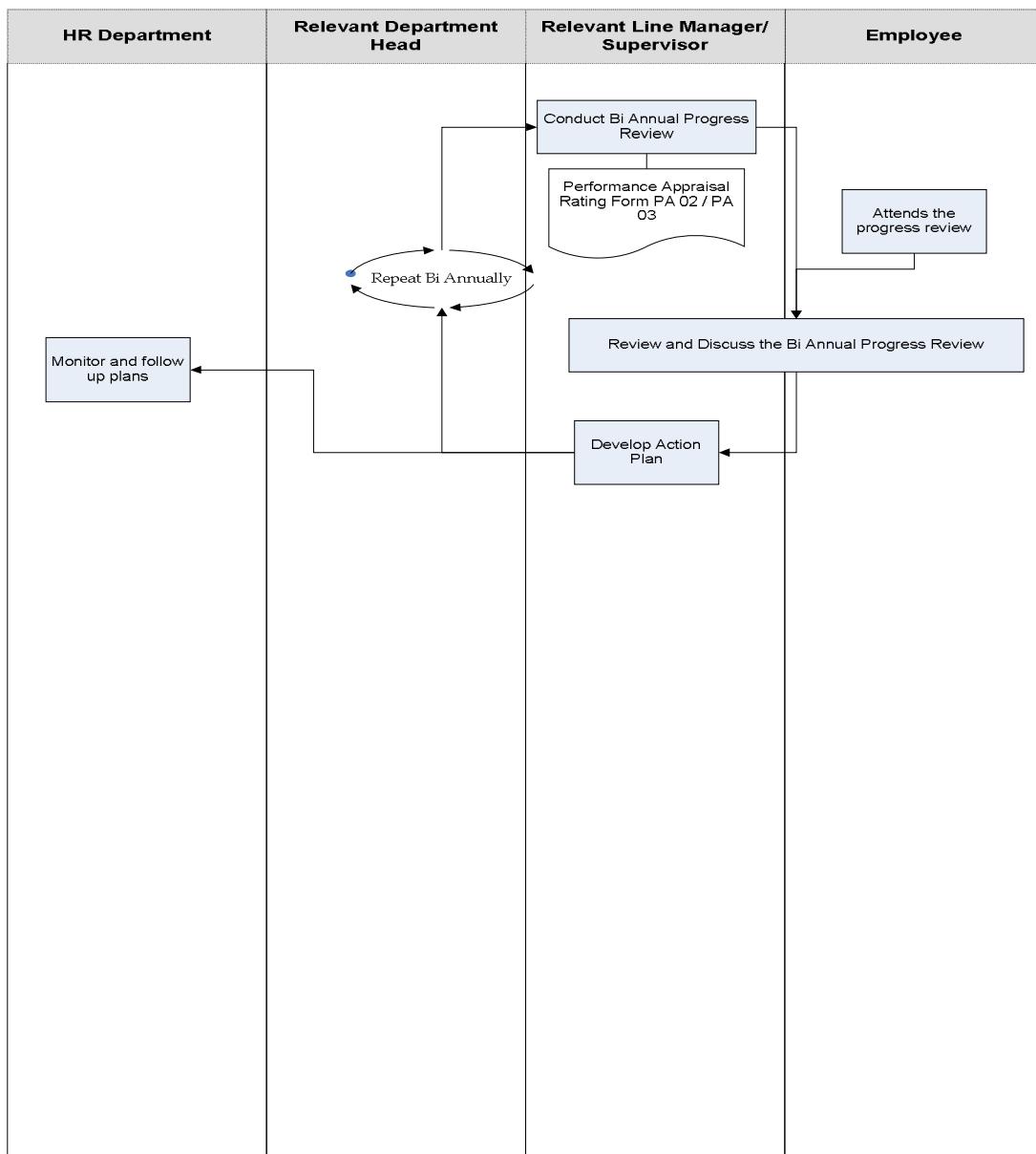
6.1. Overall Flow chart by Phases:



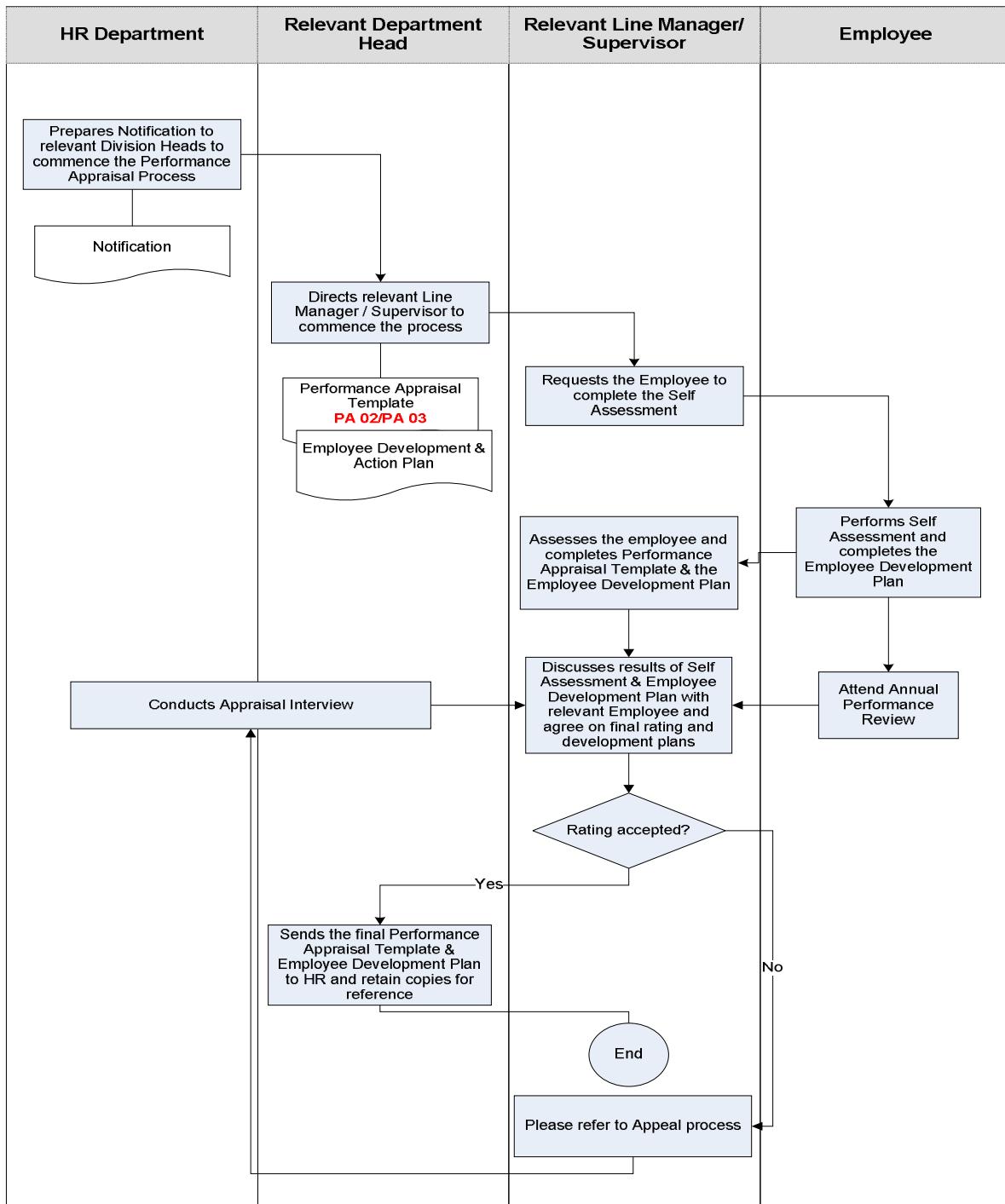
Phase 1: Goal setting and performance planning workflow



Phase 2: Performance progress reviews phase workflow



Phase 3: Performance Appraisal Rating Phase Workflow



Phase 4: Monitoring & Evaluation of the Performance Appraisal System

Evaluations and ongoing monitoring for the Performance Appraisal System (PAS) is essential for system management and accountability.

The Performance Appraisal System must be continually reviewed, monitored and enhanced. All departments and employees are encouraged to review the PAS and recommend developments and enhancements to ensure that the system fully suites the corporate requirements.

Information and feedback needs to be collected through a variety of methods and means such as interviews, focus groups, surveys, review of the quality of the Performance Appraisal System.

6.2. Roles & Responsibilities during the Performance Appraisal Cycle (All Phases):

Phase 1: Goal setting and performance planning	
Roles	Responsibilities
Department Heads and Department Managers	<ul style="list-style-type: none"> Responsible for goal setting for his department, ensures alignment of goals by reviewing and approving the performance plans / goals and forwards a signed copy to performance management supervisor.
Immediate Supervisor	<ul style="list-style-type: none"> Plans performance by clarifying relevant employee's job descriptions and setting performance goals Translates departmental goals into individual job objectives and requirements. Communicates his expectations regarding employee performance. Reviews and approve the goals with concerned employees.
Employees	<ul style="list-style-type: none"> Reviews the goals and discuss them with Relevant Department or Project Manager. Approves the goals.
Department of Human Resources:	<ul style="list-style-type: none"> Controller of the entire PAS cycle. Initiate the process and ensure timely closure. Reviews to ensure that the goals are within employee's job responsibilities and in line with overall strategies and objectives. Conduct audit reviews to ensure the results are realistic and objective. Analyze results to ensure justifiable distribution of ratings across the entire scale.
Quality and Risk Management	<ul style="list-style-type: none"> May conduct regular audits to ensure employee KPIs are properly cascading from overall company objectives. (Also refer to the updated KPI policy). May Conduct regular audits to ensure alignment with the PAS policies

Phase 2: Performance progress reviews	
Roles	Responsibilities
Department Heads and Department Managers	<ul style="list-style-type: none"> Ensures the facilitation of the process.
Immediate Supervisor	<ul style="list-style-type: none"> Conducts performance progress reviews with relevant employees on regular basis. Provides on-going performance feedback to employees to recognize excellent performance Provides feedback to correct performance that does not meet established expectations Solicits ideas and suggestions from the employee for improving work processes Works with the employee to identify barriers to success and strategies for removing or minimizing the barriers Solicits employee feedback on supervisory coaching effectiveness
Employees	<ul style="list-style-type: none"> Employees are encouraged to be active participants in their own progress reviews Employees are encouraged to ask their supervisors for coaching when they need it. Employees are encouraged to listen and respond to feedback from coaches. Employees are encouraged to provide feedback to their coaches about what they need.
Department of Human Resources:	<ul style="list-style-type: none"> Monitors and follows-up on the action plan and employee development & action plan (EDP) for ensuring execution. Provides advice and guidance to the employees as well as management.

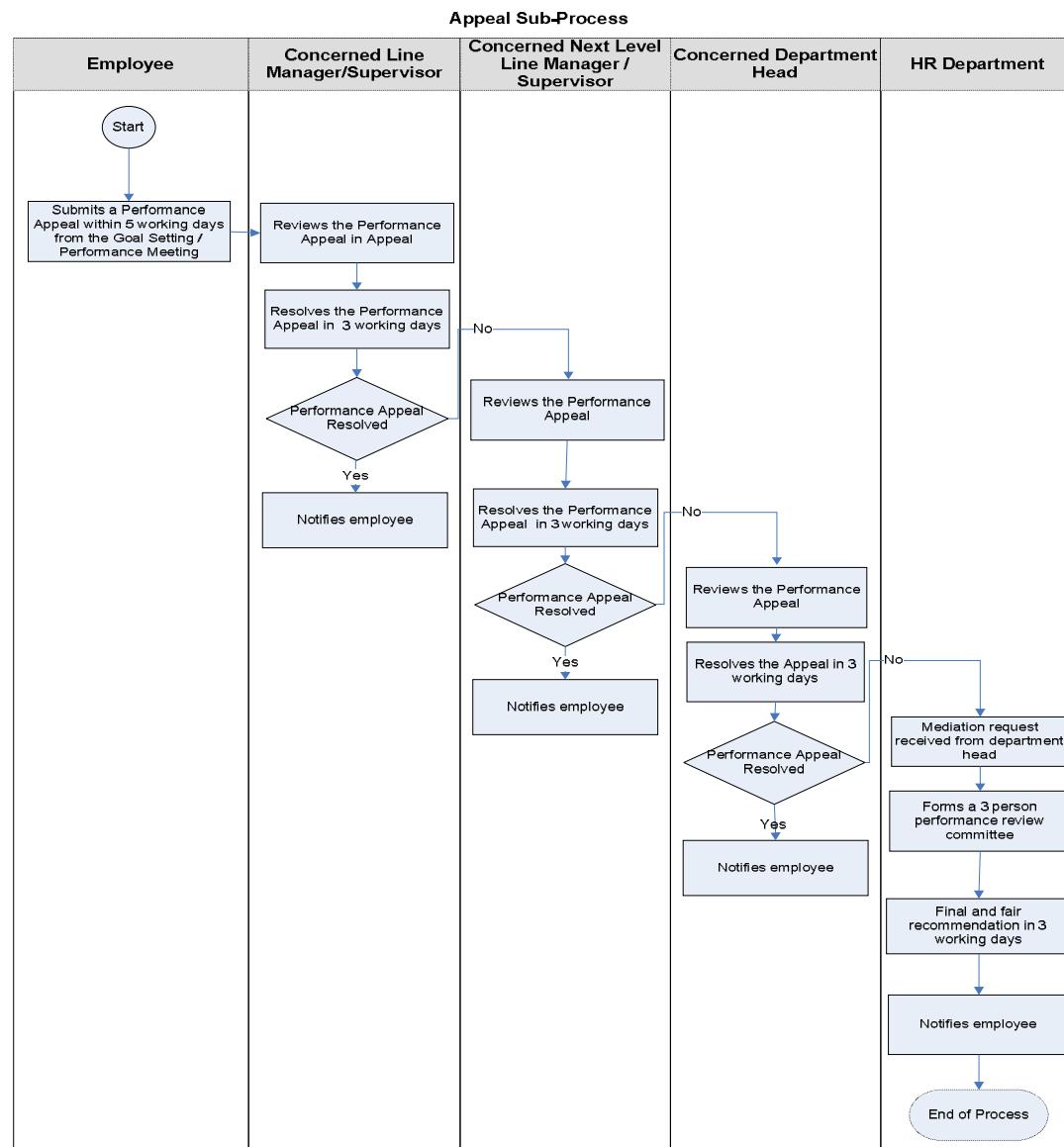
Phase 3: Performance Appraisal Rating:	
Roles	Responsibilities
Department Heads and Department Managers	<ul style="list-style-type: none"> Overlooks the process from a department head's perspective by ensuring the maintenance of the bell curve.
Immediate Supervisor	<ul style="list-style-type: none"> Prepares the employee for self-assessment and emphasizes the importance of the self-assessment in the process. Allows a reasonable amount of time for the eligible employee to complete the self-assessment form prior to the annual performance review meeting. Reads and reflects on the self-evaluation the employee submits before the performance review meeting. Schedules a time to discuss the self-assessment with your employee during the performance review meeting. Compares the employee's self-assessment with your own performance review and discuss any differences with the employee. Agrees and assigns a final performance evaluation to the employee Discusses improvement and development needs of the employee and completes the Employee Development & Action Plan. Answers employee questions with regard to the performance review. Signs the performance review and obtain the employee's signature. Makes decisions related to recognitions and rewards, promotion, training and career development, promotion, personnel changes, etc. Deals with performance related issues. In senior management performance evaluation supervisor will nominate a peer essentially required to have a working relationship with the performance appraisee. The supervisor must ensure that he receives the evaluations from the nominated peer while evaluating senior management position(s).
Employees	<ul style="list-style-type: none"> Takes adequate time to complete the self-assessment form in a thoughtful way, including comments as well as ratings for own performance. Uses the self-assessment to create information to share with and questions to ask the supervisor during the discussion. Provides the self-assessment form to the supervisor prior to the scheduled performance review meeting. Attends the performance review meeting with supervisor. Listens to feedback from the supervisor and asks questions to clarify information. Identifies areas for improvement and development Signs the Performance Appraisal Form and the EDP.
Department of Human Resources:	<ul style="list-style-type: none"> Controller of the entire PAS cycle Initiate the process and ensure timely closure. Conduct audit reviews to ensure the results are realistic and objective. Analyze results to ensure justifiable distribution of ratings across the entire scale.

Phase 4: Monitoring & Evaluation of the Performance Appraisal System

Roles	Responsibilities
All Responsible	The Performance Appraisal System must be continually reviewed, monitored and enhanced. All departments and employees are encouraged to review the PAS and recommend developments and enhancements to ensure that the system fully suites the corporate requirements

7. Appeal Process:

7.1. Appeal Process Workflow:



7.2. Roles & Responsibilities during the Appeal process:

Roles	Responsibilities
Employee	<ul style="list-style-type: none"> • An employee who disagrees with his Goal setting/final performance evaluations may submit an appeal in writing to the immediate supervisor within 5 workdays from the Goal setting/performance meeting. • If the employee does not get satisfactory response from his Supervisor, he may appeal to the indirect supervisor who should provide feedback within 3 working days. • If the employee is still not satisfied with his Goal setting/final rating, he may appeal to the respective department head that should also provide his response within 3 working days.
Immediate Supervisor	<ul style="list-style-type: none"> • He should get a written response within 3 working days.
Department Head/Department Manager	<ul style="list-style-type: none"> • Department head that should also provide his response within 3 working days.
Department of Human Resources /	<ul style="list-style-type: none"> • If the above does not resolve the employee concern, the appeal will be forwarded to HR who will take it forward to the Performance Review Committee.
Performance Review Committee:	<ul style="list-style-type: none"> • The Performance Review Committee will be formed by the Head of Human Resources Department, and two other executives including MD (Chair), and the third member (who will be a head of department) will be selected on case-by-case basis from various departments. • This committee will review the employee request and any other evidence submitted to develop its final and fair recommendations within 3 working days

8. Performance Appraisal Major Processes Timeframes

Performance Appraisal Period:

- The annual Performance Appraisal cycle is normally from January to December.
- Performance planning and goal setting takes place during December.
- Performance progress reviews is expected to be throughout the year.
- Performance Appraisals rating should be finalized ideally during late December or early January of the next year.
- Communication of performance evaluation to all employees is expected to be during December or early January.
- Minimum of 90 days are required to evaluate new hires during the probationary period appraisal.
- Performance Appraisal for employee who transferred during the year must be completed by both former and current supervisors. In case of difference in ratings, the average of the two performance reviews will form the final rating for the employee, however on pro-rated basis depending on period spent with each supervisor.
- Distribution of rewards should take place ideally during January or early February.

Performance Element	Month	Responsibility
Strategic and Business Plans for the year are decided and they are cascaded down the line to concerned Department Heads & Department Managers as departmental business, operational and quality targets.	November	MD/QRM & HR
Business Plans for the year are translated into operational, personal and quality objectives. Managers and Supervisors discuss objectives with concerned employees.	December	Department Heads and Department Managers
Performance Appraisal Progress Reviews. Managers and Supervisors sit with concerned employees on bi-annual basis to track, coach and assess progress reviews.	June - July	Managers and Supervisors
Individual Self-Assessment and Final Performance Evaluation.	December	All employees (self-assessment though is for management)
Performance Rewards & Development Plans.	January	MD, CEO, Finance & Department Heads

9. Corporate Appraisal Method:

A) This table is used for the below mentioned positions only.

- A-1) Call Centre Agent, Customer support, Customer Care, Trace Officer
- A-2) Courier Priority
- A-3) Sales
- A-4) Accounts Receivables (AR Executives, AR Support)

Appraisal Method	Weighted Percentage
Key Performance Indicators	100% KPIs
Competencies Rating Scale	Not required for this year 2015
Total Weighting	100%

However, for **other employees apart from above**, the below table will be followed

B-1) Senior Management & Management (PA 03):

Appraisal Method	Weighted Percentage
Key Performance Indicators	80% KPIs
Competencies Rating Scale	20% (Behavioural)
Total Weighting	100%

B-2) Supervisors & Non Management (PA 02):

Appraisal Method	Weighted Percentage
Key Performance Indicators	70% KPIs
Competencies Rating Scale	30% (50% of Technical, 50% of Behavioural)
Total Weighting	100%

Performance Appraisal System Weightings:

- Total Weights for each appraisal method is 100%.
- Weights depend on the criticality and importance of the objectives and competencies.
- The relative weight for each critical objective and competencies should normally range between 5% and 15%. But, if the number of performance objective is less than 6, then the weightage can be exceeded above 15.

10. Rewards:

Performance rewarding means recognizing employees, individually and as team members, for their performance and acknowledging their contributions of the Company's objectives. In other words, it's linking actual performance to suitable compensation.

The following table shows the percentages of bonus award associated with the performance evaluation:

Numerical Rating	Adjective Rating	Bonus Award
5	Outstanding	As per KPI policy
4	Exceeds Expectations (EE)	As per KPI policy
3	Meets Expectations(ME)	As per KPI policy
2	Below Expectations (BE)	As per KPI policy
1	Poor Performance (PP)	As per KPI policy

11. Bonus Pot

Bonus Pot is the amount of money allocated by Senior Management at their discretion for distribution as bonuses to all eligible employees in terms of current company policies.

The bonus share pot should be based on the profit.

Please refer to SMSA KPI policy.

Performance bonus:

Department Head will review the performance ratings given to his staff and subsequently approve them after thorough review as per SMSA policy.

Performance appraisal team (Human Resource Department) will compile and finalize the summary of performance results from all the departments.

To calculate the performance bonus for each department, the Finance Department shall calculate the distribution of bonus amount to individual employees based on their performance results and the amount of bonus available for distribution.

12. Promotion:

The annual performance review process will provide the basis for evaluating the employee's readiness for promotion. The promotion process may take place on a yearly basis and will be based on outstanding performance results and availability of suitable position. Promoting an employee to the next job grade should be based on the following:

- A position becomes available within the organization;
- Vacant positions must be in accordance with the annual approved manpower plan of the company;
- The employee possesses the minimum qualifications, skills and competencies for the position or have clearly demonstrated the ability to perform the job;
- The employee has demonstrated consistent job performance evaluation deserving of promotional consideration;
- To be eligible for a promotion, an employee must have been in the position for at least one year, exception subjected to MD/CEO's approval

**For Further Clarifications please refer to the
SMSA PAS Manual.**

Thank you!