

# PERFORMANCE APPRAISAL AND BONUS PAYMENTS: A RESEARCH ON WIPRO'S HR STRATEGIES

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**ABSTRACT:** The purpose of this study is to analyze the performance evaluation and bonus pay policies of Wipro Technologies with an eye toward determining how effectively these policies encourage employee engagement in relation to company objectives. The measurement of employee contributions and the effectiveness of the incentive payment system in encouraging higher work performance are the foci of this study. The study examines the importance of several human resource activities in enhancing employee satisfaction, productivity, and retention, and how they might be integrated into an organization's overall talent management framework. This research aims to identify problem areas by analyzing the effects of these methods on employee engagement and business culture. Finding better ways to handle human resources in order to foster a performance culture was the primary objective of the research.

**Keywords:** Performance Appraisal, Bonus Payments, HR Strategies, Employee Motivation and Organizational Culture.

## 1. INTRODUCTION

Performance review is an organized and periodic procedure that assesses an employee's work in relation to predetermined criteria. It's a personal assessment of the worker's strengths and areas for improvement, as well as their potential for advancement within the organization.

An official and structured assessment of an employee's work performance is known as a performance evaluation or review. Employees should use performance reviews as a springboard for career development, a tool for self-assessment, a basis for decision-making regarding salary increases, promotions, and other job-related matters, and as a means of receiving constructive criticism on their work. An employee's performance review is an in-depth analysis of their work over a given time frame that focuses on their job-related behaviors, competences, and skills. A combination of self-evaluations, standardized rating systems, and feedback from superiors, peers, and subordinates may be used.

A bonus is an additional monetary payment on top of an employee's base pay. Companies have the option to offer bonuses to both new hires and senior executives. Bonuses are typically given to employees who perform a

good job, but sometimes companies offer them to everyone just to make them stop being envious.

### USES OF PERFORMANCE APPRAISAL:

One of the numerous functions of performance reviews is to verify that workers are contributing to the achievement of organizational objectives. A corporation can accomplish the following with well-planned performance evaluations.



### Identify Candidates for Incentives:

Discussions regarding work-life balance, corporate culture, and individual business objectives are facilitated by performance reviews. They make it feasible to identify potential candidates for promotions and bonuses. To ensure that competent individuals

are compensated appropriately, an impartial evaluation is conducted. As a result, staff morale remains high and performance improves.

**Human Resource Planning:** Both employers and employees benefit from performance reviews because they provide insight into current and future skill levels. In addition, HR planning is useful for seeing where there are gaps in knowledge and abilities, which can then lead to the recruitment of extra staff.

**Training and Development Programs:** Employees are better able to connect their work with the company's objectives when they have opportunities for professional development and training. Although it is not their intended purpose, performance appraisals can help determine whether workers require coaching or mentoring. Companies can help their employees improve their skills and address their areas of weakness by conducting a strengths and weaknesses analysis.

**Promotes Employee Engagement** Participation in the appraisal process increases the likelihood that employees will cooperate with management. Workers will go above and beyond when they know their efforts matter to the bigger picture.

**Foster Team Bonding:** Managers and employees have a stronger bond after conducting performance reviews. By restating the company's objective, managers ensure that workers understand their role and contribute to its achievement. The relationship between supervisors and employees is enhanced when they have regular conversations because it makes bosses more approachable.

**Improves Employee Performance:** Receiving and providing constructive feedback on performance is a great way to boost workers' output. When people are recognized and appreciated for their efforts, it motivates them to work harder and ultimately achieve better results. Workers have a clearer picture of their responsibilities when performance evaluations center on identifying issues and developing solutions for the business. So, they're prepared to step up their game and put their skills to work so they can advance professionally and personally.

## 2. REVIEW OF LITERATURE

Linda Green (2024) Incentives are more effective in motivating employees when they are tied to performance reports. Workers are incentivized to behave ethically since their compensation is proportional to their performance. Workers are more inclined to put in extra effort and remain engaged when they can see how their performance reports affect their compensation. For employees to perceive the tangible benefits of their efforts, performance standards must be defined in a way that is easy to understand, quantify, and achieve. Companies demonstrate their appreciation and value for their finest employees with bonus payments. They are more inclined to remain with the organization when they are assured that their efforts will be acknowledged and appreciated. Over time, this improves morale and productivity. Bonus programs should not hinder teamwork or promote unhealthy competition, thus they should be well-planned.

Emma Roberts (2024) Performance reviews are the most common determinant of incentive pay. To sidestep complications, nevertheless, one must consider ethical and legal considerations. Fair wage and nondiscrimination rules, among others, must be strictly enforced in the workplace. There can be no gender, racial, age, or other kind of protected characteristic bias in performance evaluations or bonus schemes. To forestall accusations of prejudice or unfair treatment, organizations should be forthright about its screening procedures and criteria. Keeping meticulous records of performance appraisals and the reasoning behind bonus choices is crucial for avoiding legal issues. Ensuring fair and honest performance reviews and providing workers with incentives that are directly tied to their job is crucial from an ethical standpoint. Employee morale, trust, and business culture are all significantly impacted by the moral implications of incentive payments. In order to maintain a healthy work environment, organizations must adhere to regulatory regulations and ensure that performance assessments and incentive programs are fair and transparent.

Olivia Thomas (2024) As the number of workers doing remote work continues to rise,

companies are reevaluating the value of performance reviews and incentive compensation. Virtual performance assessments that center on output and KPIs are gradually displacing their in-person counterparts. Meeting sales quotas, completing projects on schedule, or other quantifiable success indicators are common ways for remote workers to earn bonuses. When employees are not physically present, it can be challenging to conduct fair and unbiased performance evaluations. Checking in with remote workers often, encouraging open communication, and using digital tools for performance assessment are all critical ways to make sure they get useful feedback when they need it. In a remote work culture, it's vital to keep in mind that regulations regarding bonus payments may need to be more accommodating to diverse work schedules.

James Miller (2023) The distribution of incentive pay is heavily influenced by performance assessments in many organizations. The assessment process takes into account the employee's contributions throughout a given time period and measures their overall work effectiveness as well as key performance indicators (KPIs). In order to incentivize top performers monetarily, performance reviews are sometimes tied to bonus payments. Employees are better able to grasp and contribute to the company's objectives with this approach, leading to increased output overall. It aids organizations in carrying out their duties in a fair and transparent way where compensation is determined by personal efforts. Reviews of performance guarantee that compensation is proportional to output, which in turn motivates the desired actions and outcomes.

Michael Johnson (2023) There could be a number of complications for businesses when they attempt to link performance assessments with incentive payments. Fair, regular, and objective performance assessments are another critical part of this profession. Because of partiality, bias, or a lack of success indicators, employees may feel their reviews do not fairly represent their performance. This can lead to dissatisfaction. Another difficulty is ensuring that all levels of

the business use success indicators in a fair and consistent manner while also keeping them aligned with the organization's goals. When employees feel they won't be able to achieve their goals or satisfy the performance standards for a bonus, it can lead to frustration and discontent. Furthermore, employees may prioritize short-term objectives over long-term ones in order to earn bonuses, rather than contributing to the organization's success in the long run, if financial incentives are overemphasized.

William Clark (2023) Paying CEOs and keeping employees are two areas where performance reviews significantly impact long-term incentive pay. The long-term success of the business and the senior leadership's individual performance are typically the determinants of their long-term incentives. As a result, CEOs are less likely to prioritize short-term gains at the expense of the company's long-term growth and development. Typically, when evaluating CEOs, a broader set of criteria is used, including the overall performance of the firm, the efficacy of the leadership, and the strategic vision. Performance appraisals at this level are known to be comprehensive, including feedback from colleagues, board members, and others. Included in long-term incentive pay are deferred compensation, stock options, and performance shares. Its purpose is to inspire top-level decision-makers to prioritize the company's future prosperity.

Jennifer Adams (2023) An effective way to inspire employees and boost firm performance is to tie performance reviews to annual bonus schemes. Companies can achieve greater productivity by connecting employee compensation to their performance. This motivates staff to not only reach but surpass their goals. Performance assessments that use objective, quantifiable criteria result in bonuses that are both fair and commensurate with each employee's efforts. By fostering a sense of shared purpose and encouraging employees to work together, this strategy aids in the expansion of businesses. Employees will know exactly what they need to accomplish to earn incentives if the assessment technique and bonus requirements

are communicated clearly. However, issues arise and dissatisfaction may result from performance evaluations that are prejudiced or not particularly accurate. Consequently, developing strategies for ongoing evaluation and providing managers with quality training are essential for ensuring justice is served.

Daniel Moore (2023) Innovative ways of integrating incentive compensation with performance assessments are gaining traction as businesses strive to create more personalized and adaptable compensation plans for their employees. Some businesses are moving away from annual bonus systems and toward incentive plans that are based on real-time performance assessments, such as quarterly or monthly plans. Once employees complete specific milestones, they may be eligible for prizes more frequently. This can be accomplished with systems that typically employ continuous feedback methods. There has also been a shift toward linking performance reviews with non-monetary benefits, such as increased paid time off or opportunities for advancement within the organization. Younger workers, who may prioritize career advancement and work-life balance over financial compensation, are a prime example of how this approach changes with the times. A growing number of businesses are considering "gamifying" performance management, in which employees would receive incentives for completing tasks or reaching targets. These novel suggestions have the potential to increase morale and productivity in the workplace by providing rewards that are both immediate and practical.

Charlotte Wilson (2023) It's inevitable that performance reviews, particularly those involving bonus determination, would incorporate self-evaluation to a large extent. Employees are empowered to take ownership of their own achievements and professional development possibilities when organizations allow them to review their own performance. A more realistic image of an employee's talents is presented to employers when supervisors and employees equally rate their own performance. Payouts are more equitable and commensurate with contributions because employees are more actively involved in the

evaluation process using this method. By allowing one's own strengths and areas for improvement to direct one's own development and goal-setting, self-evaluation encourages lifelong learning. Workers who are very critical or overly lenient, they say in their self-evaluations, could lead to issues and bias the grading process. To combat this, numerous companies combine self-evaluation with objective performance indicators. By doing so, we can guarantee that the rewards are proportional to the actual performance.

David Green (2022) Employees' behavior and mindset can be significantly influenced by bonus payments that are contingent on performance appraisals. Bonuses boost engagement, motivation, and job satisfaction when they are perceived as just compensation for individual achievements. Bonuses are great for boosting morale and productivity, but they can damage trust in management and employees' perceptions of fairness if they are disregarded. According to research, employees are more inclined to remain loyal and put in extra effort for their employer when they believe their compensation is reasonable and connected to their job. However, poor behavior or being too exhausted to do anything can result from intense competition for prizes or high expectations. Bonuses are good for more than just your bank account. Bonuses are a popular way for employers to show appreciation for their employees and boost morale. For the greatest psychological outcomes, businesses should use transparent processes for performance assessments and bonus payments.

### 3. TYPES OF PERFORMANCE APPRAISAL

Performance reviews can take several forms, depending on the nature of the firm, the sector in which it operates, the size of the organization, and the specific duties and responsibilities of each employee. As a rule, the following tests are utilized:

**Negotiated appraisal:** assessing an employee through negotiated reports, a third party acts as a mediator. Discussing the employee's strengths is the first step in providing constructive criticism. Such a review can be



useful in situations where there is animosity or disagreement between an employee and their supervisor.

**Management by objective:** Management by Objectives (MBO) is an approach to performance reviews in which managers and employees collaborate to establish measurable objectives for each worker. Once an objective has been defined, progress toward that objective is monitored by both the manager and the worker. Following the evaluation period, the management verifies if the employee achieved their objectives and, if so, bestows the appropriate incentive.

**Assessment centre:** Workers can have a better understanding of other people's perspectives with the use of the assessment center technique. Because of this, they have a clearer idea of the consequences of failing. The assessment center technique consists of a pre-test, an assessment, and a post-test. Various scenarios and role-playing games are used by management to evaluate an employee's performance in their current position.

**Self-appraisal:** It is referred to as a self-appraisal when a worker evaluates their own performance. They can learn their strengths and areas for improvement with this approach. They could also highlight their contributions to the organization, such as reaching a significant sales target in a particular month. Typically, this assessment requires the completion of a form. An additional meeting may be scheduled by the supervisor in response to the findings of the self-evaluation.

**Peer reviews:** A peer review is when an employee's coworkers assess their job. You may learn a lot about a person's work ethic and teamwork skills from a performance assessment like this one. The individual doing the assessment is often an employee's direct supervisor or coworker who has extensive knowledge of the employee's character and abilities.

**Customer or client reviews:** Customer evaluations are written by people who have actually utilized a company's products or services. This gives the business insight into how individuals and the company are seen by those outside the organization. Improved job

performance and stronger relationships with clients are two outcomes that may result from this evaluation.

**Behaviourally anchored rating scale:** One such rating system is the behaviorally anchored rating scale, or BARS, which uses predetermined criteria to evaluate an employee's performance. Organizations assign a score to each occurrence so they may gather more accurate quantitative and qualitative data. Using this data, supervisors can evaluate workers' performance in relation to expectations.

**Human resource accounting:** Human resource accounting, another name for the cost accounting approach, is used to determine an employee's salary. The expense of maintaining the employee's wage is also taken into consideration. The worth of the service and the strength of interpersonal connections are the primary foci of this evaluation.

#### 4. BONUS PAYMENTS

Employee's regular salary could be augmented by a bonus. Something other than money could be involved. In recognition of their hard work and dedication throughout the year, some employees may receive bonuses from their superiors. Still, every employee gets a bonus check from time to time. In addition, there are companies that provide bonuses for both hiring and retaining staff.

"Bonuses" are supplemental payments made to employees by their employers. These rewards are a common way for companies to show appreciation for employees' dedication, loyalty, and accomplishments. For various reasons or events, bonuses might be given in various ways.

#### TYPES OF BONUS PAYMENTS

## Types of Bonuses



**Profit Sharing:** One kind of compensation is profit sharing, which allows employees to keep a portion of their employer's earnings. Depending on the company's policies, employees may receive their paycheck weekly or annually. Some businesses have a profit-sharing target that, once reached, pays out bonuses to workers.

**Spot Bonus:** Someone who accomplishes a great job on a certain task gets a prize right away. This monetary reward might be yours if you consistently go above and above the call of duty. Most likely, spot programs will appeal to individuals rather than groups. The name of the application is derived from the fact that supervisors and bosses can quickly and easily reward their employees in real time. There are no time constraints or objectives that this approach must adhere to. The boss and the action that resulted in the incentive determine its magnitude.

**Non-Cash Bonus:** A certificate, a memento, or an internal award can all serve as non-monetary incentives. A medal or other reward from the firm could be bestowed upon an employee upon being recognized as Employee of the Month. Award nominations that do not include monetary compensation might be reviewed by supervisors. Alternatively, some businesses have a secret system where employees can nominate colleagues they think should be recognized. This is a great example of how to get coworkers to cooperate with one another.

**Referral Bonus:** Current employees can earn a referral bonus if they successfully recommend new hires to their employer. Many companies provide 90-day trial periods, and if your idea is successful within that time, you can be paid an honorarium. Incentives to recruit a specific number of customers are offered by several companies. In times of rapid expansion or the establishment of new departments, this compensation structure may facilitate the hiring of additional staff. The amount of the referral incentive can vary according to the company's policies. Some employees earn a flat rate regardless of the task, while others see their pay scale adjusted according to the specific set of abilities required for each position. It could be tempting to take advantage of the additional funds if qualified individuals are hard to come by.

**Signing Bonus:** As an incentive for accepting a job offer, some companies provide signing bonuses to prospective employees. The methods used by companies to distribute signing bonuses have been somewhat variable. Depending on the company, you may have to wait a few months before you get your cash after completing the enrolling process. Also, if an employee quits within a specific amount of months, the majority of employment contracts provide that they must repay the full signing bonus. Companies utilize this type of incentive system to attract more eligible applicants and individuals with uncommon abilities when unemployment is low.

**Milestone Bonus:** Companies frequently offer milestone bonuses, also known as mission or task awards, when a project or objective reaches a certain point. Projects with tight deadlines typically receive this benefit. At specific stages of a project or upon attainment of a minor objective, companies may offer incentives. Workers are given explicit instructions on how to qualify for the incentive by the corporation, which establishes dates and goals in advance. Software and hardware development teams are kept motivated during projects via incentive systems implemented by companies. As an additional perk, they may request a quality review.

**Project Bonus:** Offering a project bonus is one method for businesses to recognize and appreciate excellent project performance. Companies primarily engage their staff with project awards. Companies work with upper management to thoughtfully plan this kind of compensation. The boss usually decides on the project strategy and communicates it to the team ahead of time. An incentive for the task is a one-time payment to the individual or group. The success incentive is another name for this kind of recognition.

**Attendance Bonus:** Motivating employees to continue their excellent attendance is a common practice. Organizations may provide incentives for regular or annual attendance based on their bonus systems. Businesses providing year-round services, such as hotels, restaurants, and pharmacies, often offer this perk. Because many industries do not adhere to traditional holiday schedules, employees are expected to be present on major holidays and celebrations. This is how the employees of these businesses are compensated.

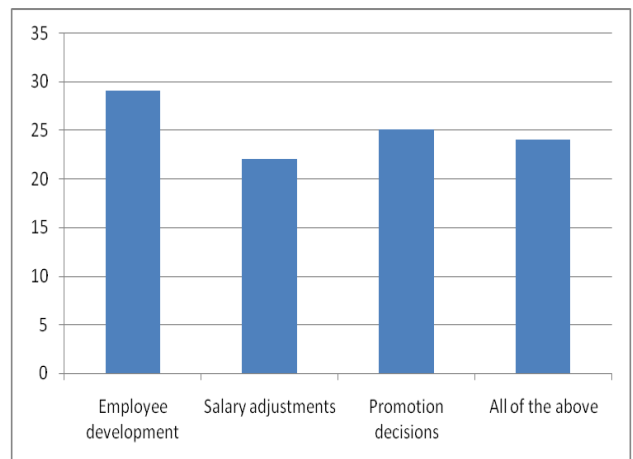
**Annual Bonus:** An annual bonus is one kind of compensation that some companies offer to workers who consistently demonstrate high levels of performance. Many companies consider the previous year's performance of the company and its personnel before distributing incentives. Your job title might have an effect on the amount of your annual bonus as well. However, there are certain businesses that distribute rewards uniformly across all positions.

**Holiday Bonus:** Companies frequently offer Christmas bonuses to their employees as a pleasant act during the holiday season. The timing or quality of your performance is irrelevant to these prizes. A month's salary is one option for some organizations' rewards programs, while others choose to provide employees with tangible items.

## 5. RESULTS AND DISCUSSION

### 1 . What is the primary objective of WIPRO's performance appraisal system?

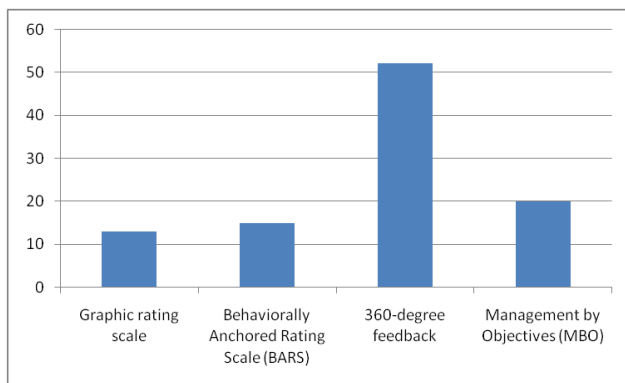
S.NO	PARTICULARS	RESPONDENTS	PERCENTAGE
1	Employee development	29	29%
2	Salary adjustments	22	22%
3	Promotion decisions	25	25%
4	All of the above	24	24%
TOTAL		100	100%



**INTERPRETATION:** The results reveal that 29% of respondents emphasized the significance of staff growth and stated that it was their primary objective. Salary adjustments account for 22% and promotions for 25%. Among those who participated, 24% are in favor of an approach that prioritizes internal growth, recognition, and compensation while also taking the big picture into account and giving equal weight to each component.

### 2 . What performance appraisal method does WIPRO typically employ?

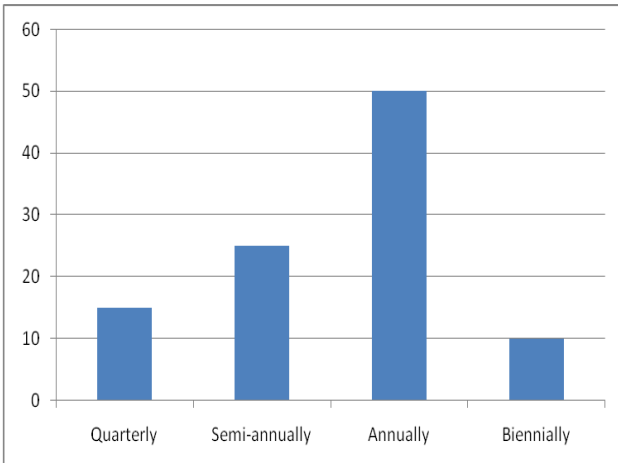
S.NO	PARTICULARS	RESPONDENTS	PERCENTAGE
1	Graphic rating scale	13	13%
2	Behaviorally Anchored Rating Scale (BARS)	15	15%
3	360-degree feedback	52	52%
4	Management by Objectives (MBO)	20	20%
TOTAL		100	100%



**INTERPRETATION:** The fact that 52% of respondents are in favor of 360-degree feedback demonstrates its usefulness for performance evaluations. The 20% significance level of Management by Objectives (MBO) demonstrates its usefulness for goal-oriented evaluations. Both the Graphic Rating Scale and the Behaviorally Anchored Rating Scale (BARS) are less well-known, with popularity percentages of 13% and 15%, respectively. Taking into account all of the data, these findings demonstrate that comprehensive feedback approaches, particularly the 360-degree feedback approach, are highly valued by individuals.

### 3. What is the frequency of performance evaluations at WIPRO?

S.NO	PARTICULARS	RESPONDENTS	PERCENTAGE
1	Quarterly	15	15%
2	Semi-annually	25	25%
3	Annually	50	50%
4	Biennially	10	10%
TOTAL		100	100%

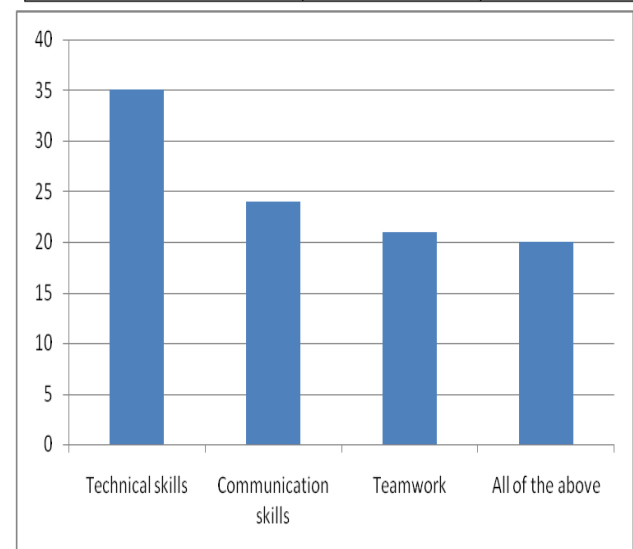


**INTERPRETATION:** A statistically significant number of responders (50%) are in

favor of annual exams, indicating a preference for comprehensive annual exams. Along with that, 25% of people surveyed would prefer evaluations every six months, indicating a clear preference for more frequent assessments. Ten percent of people take part in assessments every two years, whilst fifteen percent take part in assessments every three months. This distribution demonstrates the importance of yearly feedback mechanisms in success evaluation systems and the level of support for their implementation.

### 4. What variables does WIPRO assess when evaluating performance?

S.NO	PARTICULARS	RESPONDENTS	PERCENTAGE
1	Technical skills	35	35%
2	Communication skills	24	24%
3	Teamwork	21	21%
4	All of the above	20	20%
TOTAL		100	100%

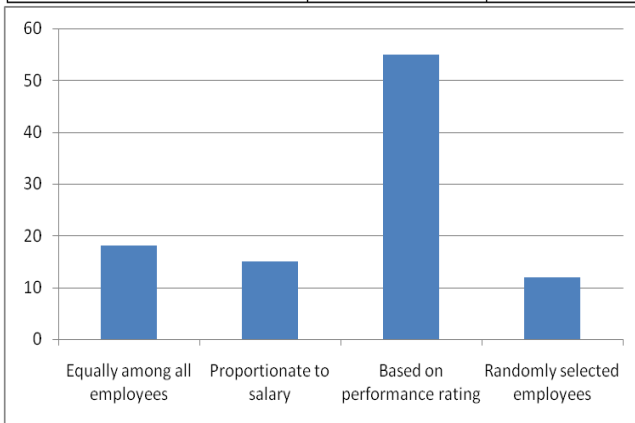


**INTERPRETATION:** People place a high importance on technical abilities, according to the report, since they account for 35% of all choices. Among those who took part, 21% ranked teamwork as extremely vital, while 24% ranked strong public speaking abilities as very important. In addition, 20% of respondents think these abilities are roughly equal in importance. This highlights the significance of possessing a diverse set of talents while entering the workforce.

### 5. What is the typical methodology employed by WIPRO for the distribution of performance bonuses?



S.NO	PARTICULARS	RESPONDENTS	PERCENTAGE
1	Equally among all employees	18	18%
2	Proportionate to salary	15	15%
3	Based on performance rating	55	55%
4	Randomly selected employees	12	12%
TOTAL		100	100%



**INTERPRETATION:** Incentives are tied to performance evaluations, 55% of respondents say they really appreciate it. Contrarily, 18% would want a fair distribution among all employees, and 15% would prefer compensation that is directly proportional to their salary. Recognizing individuals based on their achievement at work is crucial, as only 12% of respondents support random bonus distribution.

## 6. CONCLUSION

In conclusion, Wipro's incentives and techniques for measuring employee performance are critical for increasing engagement and assisting employees in aligning their individual objectives with those of the firm. A culture that values achievement and promotes continuous improvement can be fostered with the support of these HR strategies. Both the bonus system and the assessment system do a good job of rewarding employees for their efforts, which in turn encourages them to work more. It might be helpful to clarify the process for awarding incentives and enhance feedback tools to encourage greater employee participation. Wipro may enhance its approach to talent management by utilizing these tactics. These HR practices significantly impact employee

happiness and loyalty when all factors are considered. Constant evaluation and adjustment is essential to these methods' long-term viability.

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