

Performance Appraisal Process of Pharmaceutical Companies in Bangladesh: A Case Study on GlaxoSmithKline Bangladesh Limited

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Abstract

There is greater recognition that distinctive competencies are obtained through highly developed employee skills, distinctive organizational cultures, management processes and systems. To attain such recognitions HR plays a key role and one of the important aspects of HR process affiliated with the above objective is performance appraisal process. In this study an attempt has been made to understand the performance appraisal process of pharmaceutical companies in Bangladesh and GlaxoSmithKline (GSK) Bangladesh Ltd.; a subsidiary of GlaxoSmithKline plc. has been taken as a case study in this regard. The repercussion of this study reveals the performance appraisal process and eventually concludes with some implications for pharmaceutical companies of Bangladesh to make the present performance appraisal process more effective and objective oriented.

Keywords: Performance appraisal, Pharmaceutical company

1. Introduction

In today's intensely competitive and global marketplace, competitive advantage lies not just in differentiating a product or service or in becoming the low cost leader but in also being able to tap the company's special skills or core competencies. Thereby skilled and efficient employees of a company are now considered as one of the core competencies of the company. Especially for pharmaceutical industry skilled and efficient employees are must as it requires specialized, technical and, scientific knowledge and expertise and there is zero tolerance in terms of developing quality products & services. To attain such objectives HR plays a vital role and one of the most used tools by HR in order to ensure skilled and efficient employees is performance appraisal.

The first known appraisal system was developed in the U.S. by its federal government. The U.S. Congress enacted a legislation in 1842 requiring that heads of executives departments make an annual review to determine whether clerks were 'usefully employed' (Mayer 1974). However, it was not until after World War II that formal, regular and written performance appraisal system were widely adopted by government and business organization.

Performance appraisal may be defined as a structured formal interaction between a subordinate and supervisor, that usually takes the form of a periodic interview (annual or semi-annual), in which the work performance of the subordinate is examined and discussed, with a view to identifying weaknesses and strengths as well as opportunities for improvement and skills development. Performance appraisal is evaluating an employee's current and/or past performance relative to his or her performance standard (Garry Dessler 1999). For most people "performance appraisal" brings to mind appraisal tools. However, forms are only part of the appraisal process. Performance appraisal also assumes that the employee knew what the performance standards were, and achieved the feedback required to remove any performance deficiencies. The aim should always be to improve the employee's, and, thereby, the company's performance (Garry Dessler 1999).

Most organizations maintain their formal evaluation system because they consider performance evaluation to be fundamental to organizational effectiveness. It is better to maintain the visibility of a formal program because; it may help to improve systematically the fairness, validity, usefulness and reliability of the appraisal process (Schuler 1981).

The purpose of performance appraisal process are to (a) control the employee performance focusing on the past performance, and (b) develop employee to be an effective performer focusing on the importance of future performance. Performance appraisal is important from the viewpoints of both the employee and the organization.

From the employee point of view performance appraisal is important, because: (a) employee can modify his work behavior to become a more effective performer, and (b) it increases the likelihood of receiving increase compensation and/or recognition. From the organizational point of view it is important, because: (a) it is used to provide a basis for making decisions on promotion, transfer, demotion, and termination, (b) it is used as a criterion for validating selection devices and training programs, (c) it is used to allocate rewards to employees, and (d) it is used to justify feedback to individuals to aid their personal and career development and accordingly to help assure organizational effectiveness (Kane and Lawler 1979).

2. Objective of the Study

The objectives of this study are:

- to study the present appraisal system of GlaxoSmithKline Bangladesh Ltd. in order to retrieve the information regarding the performance appraisal process of a multinational pharmaceutical company;
- to examine the employee's attitude towards the effectiveness of the appraisal system practiced by the pharmaceutical company;
- to analyze the findings and thereby draw some implications in order to make the performance appraisal process for the said company more effective and efficient.

3. Methods of Data Collection

3.1 Methodology of Data Collection

Both primary and secondary sources of information have been considered as a data collection process. Primary data was collected through checklist (A number of questions in the form of checklist had been formulated) and personnel interview (some of the employees of GSK Bangladesh Limited were interviewed to get their personal views about the subject).

The secondary information of the study was collected from the web sites, published literature, research papers and, various reports (internal and external) of the sample firms. Qualitative technique was used to analyze the collected data.

3.2 Sample Size and Population

Populations of this research are of two types:

- Management of GSK Bangladesh Limited: It includes the view of the personnel who are involved in the performance appraisal and employee motivation in HR department;
- Employees of GSK Bangladesh Limited: The general employees of GSK include those who had undergone some performance appraisal. It includes officers and mid level managers.

3.3 Sampling Method

There are two types of populations' size, based on which different samples were drawn. For management no sampling is needed, because there are very few HR personnel. For employees, random sampling was chosen.

4. The Case Study

4.1 Company Profile

GlaxoSmithKline (GSK) International is a world leading research-based pharmaceutical company with a powerful combination of skills and resources that provides a platform for delivering strong growth in today's rapidly changing healthcare environment. GSK International is now positioning as 2nd in terms of generating sales volume (source: IMS Health 2008, top 15 global corporations) and 4th in terms of generating revenue (based on 2009 pharma revenues, source: 2010 Rodman Publishing) comparing to other multinational pharmaceutical player.

The company started its business in Bangladesh in 1947 at Chittagong by importing from group companies. The Chittagong factory site of GSK Bangladesh Limited was established in 1967. Name of company changed from "Glaxo Welcome Bangladesh Limited" to "GlaxoSmithKline Bangladesh Limited" on 4th September 2002. The company is located with its Headquarter in Dhaka and registered office in Chittagong. GSK Bangladesh's 81.95% market share is owned by GSK International, and rests are owned by the ICB, general public and others of Bangladesh (Annual Reports of GSK Bangladesh Ltd.). This is a listed company under Dhaka and Chittagong Stock Exchange. At present, in Bangladesh, there are 204 national pharmaceutical companies and only 7 multinational or foreign companies operating. In Bangladesh although they are dominating on vaccination along with some other group of medicine and health food drinks but in terms market share positioning they were stood

at 8th (GSK marketing report 2004). The current portfolio of GlaxoSmithKline Bangladesh Ltd. covers almost all drugs like Anti-bacterial, Respiratory, Vitamins, Gastro- intestinal, Oral steroid, Eye/Ear drops, Anti-depressive, Cough and Cold preps, Anti-viral, Non- Pharma. Apart from the above the most well known health food drinks brand is Horlicks from GSK Bangladesh Ltd. With the ever committed 615 numbers of personnel all over the country GSK Bangladesh Ltd., which now comprises of both pharma and consumer, continually strive to meet the GlaxoSmithKline mission to improve the quality of human life by ensuring healthcare products, health drinks and different corporate social responsibility programs.

4.2 Performance Appraisal Process Overview in GSK Bangladesh Ltd.

GSK Bangladesh Ltd. has four functional sub-department of HR department. The departments are HR Development, HR Services, Compensation, Industrial Relations. Performance appraisal is practiced under Operation of HR Services. GSK has divided its total employees into 2 categories for appraisal: (1) management employees and (2) non-management employees. For management employees, it has been splited into director, manager and officer. There are two categories of officer. One is office based officer and another is field force officer. Office based officers are also of two types, one is commercial officer and another is global manufacturing & supply (GMS)/ factory officer. Covering the above categories in total six types of appraisal system is used in GSK Bangladesh Ltd. such as: (1) director, (2) manager, (3) commercial officer, (4) global manufacturing & supply (GMS)/ factory officer, (5) field force officer, and (6) non-management staff. All this appraisal process has been conducted once in a year with a midyear review option.

5. Findings of the Study

5.1 Director's and Manager's Appraisal Process in GSK

For directors' and managers' appraisal process, GSK Bangladesh Ltd. used a standard performance appraisal form that is known as 'Performance and Development Plan' (PDP) followed & practiced by all GSK International affiliates. Apart from that for top executives they followed the talent review or successor planning process through this appraisal process. Overall they followed the overall process of Management by Objectives (MBO) method.

Performance and Development Planning (PDP) is an important step in the global effort to engage and enable employees to deliver their contribution to GSK's business success. Equally as important, PDP serves to enable employees to identify and realize personal opportunities for development that are aligned to current and future business challenges.

GSK values the "Pay for Performance" approach, which makes it critical to have a sound process for measuring performance. The tools included in GSK's PDP program are designed to define, measure, review and reward employee performance. The process consists of setting objectives and performance measures, identifying Leadership Essentials and behaviors for each essential and periodically reviewing progress.

Another important component of PDP is the Development Plan. This plan includes the identification and review of developmental objectives related both to current role and to career aspirations. This plan has been used in 'Talent Review' meetings for the top 10,000 GSK managers globally every year.

The following guidelines have been enforced throughout GSK for using and storing the data of PDP:

- It allows the employee to monitor and track their progress against their yearly objectives and development plan.
- The annual review portion of the form will feed into GSK's compensation process as a variable for both bonus and salary increases.
- The information form may be used in the talent review process to provide feedback to the employee on their career development and to allow GSK Management to forecast the future talent needs of the corporation.

In addition to that data security guideline is there in order to protect confidentiality of both employers and employee during appraisal process. The PDP Form consists of 7 sections. 'Part A – Performance Plan & Objectives' clearly defines expected results and also conforms to as many of the following criteria as possible which are Specific, Measurable, Action- Oriented, Realistic and, Time-Based.

These criteria are there to ensure what the employee wants to do, by when and at what level of quality. Also it determines what to do in order to exceed his or her manager's expectations. Here they have the flexibility to choose any number of objectives, but not less than 3. 'Part B – Leadership Essentials' is there to find how work gets done to achieve GSK goals and culture. Here employees' agree up to 3 Leadership Essentials which will

directly impact achievement of their objectives. 'Part C – Periodic Reviews' set up reviews of employee objectives and essentials with their manager several times throughout the year. This enables them to know how they are progressing in both areas and allow time to adjust if necessary. 'Part D – Annual Review' take place at the end of the year. Here the manager first evaluate each objective and essential, noting results in Parts A and B of the PDP Form, and then review overall performance and document in Part D. It is important to note here that the manager's overall review of an employee's, performance will be an important, but not the only, element in making compensation decisions. 'Part E – Development Plan' is to develop knowledge, skills and behaviors that will enable an employee to be successful in their current position, as well as prepare them for future roles to which they aspire. In this part they look at how they can leverage their strengths to achieve their current goals and plan how to address development needs. 'Part F – Development Plan Periodic Reviews' is there to review their progress on their development plan several times a year with their objectives and Leadership Essentials. 'Part G – Development Annual Review' is to take place at the end of the year and may take place at the same time as the review of their objectives and Leadership Essentials or at a separate time if an employee and their manager prefer. Here too, it is important to get customer input to help them assess how they are progressing on their development. However this review does not impact their compensation. In addition to that PDP process, directors and above have to pass under 360 degree feedback systems.

Talent Review is another form of appraises the performance of top-level i.e. executive employee. The purpose of Talent Review is to focus on the development of leaders to meet future business challenges and to make key talent more visible across GSK. The process also ensures that organizational changes are anticipated and successors identified. Both PDP & Talent Review are designed to help retain key talent. In world class organizations, top performers are motivated by challenging work that is aligned with corporate objectives, opportunities to learn and develop, and compensation packages that reflect their performance.

GSK group has some top level strategy in case of performance appraisal; Talent Review is one of those where in case of top-level executive successor planning is taken. e.g. in case of CEO in GSK Bangladesh Ltd. who will be the next CEO it has already been decided by the GSK group but this information is not available to all level of employees.

5.2 Officer's Appraisal Process in GSK

Officer's appraisal is a formal process being conducted through participatory manner. This is not viewed as an annual event rather it represents a systematic year- round process. At the initial stage of the performance year, both supervisor and supervisee discuss about targets to be achieved in the current year and share mutual expectations. At this stage, objectives are set and action plans are developed. During the year, supervisor provides performance feedback to the employee. Supervisors observe the pattern of behavior of the subordinate in connection with job performance. This is process of observation, follow-up, providing necessary support, counseling, coaching and mentoring etc. The timing of officer's appraisal is the same to managers. There are two types of appraisal formats used for officer's performance assessment (1) one is for office-based officers and, (2) field force officer. HR checks and processes all appraisals and communicates with the concerned employees in writing about the appraisal outcome. For any discrepancy it has been discussed with the concerned line manager and solved immediately.

Office based officers are of two types – (1) commercial officer and, (2) global manufacturing & supply (GMS)/ factory officer. The appraisal system of these two categories employees is almost same. The traits that have been focused in both cases are knowledge/experience relating to job, self-expression speech, self-expression writing, and application of intelligence, use of initiative, reliability, and relationship with superior, co-operation with colleagues, leadership qualities, and success in delegation. After assessing the mentioned adjectives, performance is measured. The only difference in this case is that in case of Global Manufacturing & Supply (GMS)/ Factory Officer final approval must come from Technical Director. In these two cases evaluation is done on each of the items on a six point scale - Outstanding, Good, Average, Poor, Unsatisfactory and +/- Last.

5.3 Sales Force Officer's Appraisal Process in GSK

In case of measuring the performance of sales force officer following adjectives are considered: target achievement (give percentage if available), product knowledge, market knowledge, customer relations (doctors, chemists etc.), selling skills (detailing, listening & closing), knowledge of competition, achievement of work assigned (doctors/chemist calls), ability to organize work, initiative, quality of reporting, maintenance of MSL & call planners, attitude towards superiors & colleagues, active participation in conference & meeting, effective utilization of promotional materials, trustworthiness and integrity and, attention to safe working.

Under this category adjective rating scale method is used as well. Here evaluation is done on each of the items

on a point scale – Outstanding (A) Very good (B) Good (Performance superior to expected standard) (C) Satisfactory (Expected standard of performance) (D) Marginal (Not entirely satisfactory) (E) Unsatisfactory (Requires action, assistance & training) (F).

5.4 Non-Management Staff's Appraisal Process in GSK

Appraisal system of non-management staff is different than that of management employees. Non-management staff (i.e. sweeper) to confidential secretary is under non-management appraisal system. In case of non-management employees' appraisal, mainly two issues are considered. (1) Individual record: based on individual record following items are considered - discipline, punctuality, leave record, monthly medical visits, leave availed and, (2) Performance: in case of evaluating performance following things are considered - knowledge of job, accuracy, neatness, dependability, work speed, responsibility, adaptability, attitude to others, health & safety awareness, leadership.

GSK Bangladesh Ltd management maintains Annual Confidential Report or ACR to assess annual job performance of each and every non-management staff. Job performance of non-management staffs is evaluated once at the end of each financial year. In ACR, every departmental heads put their remarks about the individual's job performance and efficiency. And for non-management staff adjective rating scale method is used as well. Here evaluation is done on each of the items on a five point scale – (A) Very Good, (B) Good, (C) Satisfactory, (D) Poor, and (E) Very Poor.

6. Analysis of the Findings

The same standard across all GSK international affiliates and different performance appraisal format as per the need and standard of different employees followed by GSK Bangladesh Ltd. showed the importance of this process to the company. But also there are some improvement areas for GSK Bangladesh Ltd. that could be more effective and efficient for this process. By analyzing the findings following strengths and weaknesses of performance appraisal process of the said company has been revealed:

6.1 Strengths of Performance Appraisal Process in GSK

Structured & specific performance appraisal policy for its different graded employees and also a single standard for its directors and managers level across GSK International affiliates is the strength of GSK Bangladesh Ltd.'s performance appraisal process. It is routine work, strictly followed within the time frame like any reputed and well managed organizations. GSK has very strong internal and external training facilities, which helps the employees to improve their performance. Also to some extent it is transparent, unbiased, result oriented and across the table. Based on performance, employees get international posting with a huge number of facilities. Talent review program for director and above level employees has been done by the Zonal HR Head which is also a very good initiative in terms of talent recognition and motivation. Employees who are undergone in the PDP process are satisfied because in this case goal for that particular employee is set on the basis of negotiation with his/her supervisor.

6.2 Weaknesses of Performance Appraisal Process in GSK

Factors that have been used for officers are not up-to-date. In addition to that the total process is still paper based which is time consuming. Less HR involvement is there in terms of PDP review. It is evident through the survey that above all, GSK Bangladesh Ltd. is also facing the same legacy effect of performance appraisal like other company does and that is difference in reaction of the same person at appraisal and/or appraise position at the same time e.g. most of the employees when they act as appraiser in that case they are happy with the appraisal system of GSK. But the same person when he is an appraise is not satisfy enough with that system.

7. Conclusion and Implications

Performance Appraisal of GSK Bangladesh Ltd. could be a role model for many other organizations in this country especially the international standardized PDP form and other process mentioned in this research paper. However, some recommendations have been made based on the outcome of research findings and analysis, which might be helpful for GSK's performance appraisal and the organization as a whole in order to be more effective.

- As a multinational pharmaceutical company GSK Bangladesh Ltd. should develop the 'Internet Based Performance Appraisal System'. This will save money in long term associated with this process and also will save the time of busy personnel. It's better if the company doesn't only depend on the supervisor for its employee performance measurement rather; there must be HR involvement for a fair measurement in all categories of employees' performance appraisal process. There is a system that only

the supervisors of a particular employee appraise his/her subordinate's performance. But in this process there might be a chance of biasness. To solve these types of problem GSK could appoint employee(s) in HR dept. who will observe the performance of employees' on regular basis.

- It should also include some factors like commercial judgment, creativity, problem-solving and decision-making, steadiness under pressure, personal appearance and image, appreciation and application of social responsibility, sustainability, and ethical considerations.
- From the survey it is found that the appraisee wants that appraisal process should be more than once in a year. GSK can take this step that they will appraise the performance of employees more than once in a year.
- The organization may adopt other ways to appraise managers that will help to appraise the reality of their work pressure. For example: apart from their directors they can use the 360 degree feedback system to appraise the managers. This system will not only involve their superior to appraise them but also his peer, colleagues, subordinates and others around. They can also use other methods such as, constructive behavioral rating.

The goal of GSK International is to be indisputable leader in the field of world pharmaceutical companies. To achieve this goal, GSK has to develop a global set up for each operating country office with local competencies. Keeping this target in mind GSK Bangladesh Ltd. realizes the indispensable need of identification of potential employees and placing the right people to the right position. They recognize that only those people can achieve their goal whose potentiality is well identified by the company. The performance appraisal process is thus playing an important role for this company. In a conclusion note this is just to mention that the organization conducts an 'Employee Satisfaction Survey' every year to understand their perception and expectation. The organization seemed pleased about the fact that the perception was enthusiastic and generally positive.

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