Study on the Impact of Performance Management System on Employees Performance At TCS

Ayushi Mall

Under The Guidance of Prof. (Dr. Alka Agnihotri)

Master of Business Administration

School of Management Galgotias University

Plot No. 2, Sector 17A, Greater Noida, Uttar Pradesh 203201, India

ABSTARCT

This study focuses on studying, analyzing, and exploring the impact of performance management system on employee's performance and their usage in TCS. Performance management isn't always easy. It's a dynamic process that's influenced by changing trends and new developments in the field. The project report delves into the detailed of performance management systems within the context of the IT industry, specifically examining the practices adopted by prominent companies like HCL, WIPRO, and TCS. It outlines a comprehensive process involving setting objectives, devising plans to achieve them, and ultimately attaining desired outcomes, with rewards and recognition serving as key elements at the culmination of this process. A notable finding highlighted in the report is the emphasis on mitigating bias in performance management through continuous observations. This suggests a shift towards more dynamic and ongoing evaluation methods rather than relying solely on periodic assessments. Additionally, there is a discernible trend towards leveraging online tools to facilitate performance management processes, indicating a move towards greater efficiency and automation in this domain. The significance of performance management is underscored as a fundamental aspect of organizational functioning, serving to not only measure and incentivize individual and collective performance but also to cultivate a culture of accountability and goal alignment within the organization. Moreover, the report suggests that effective communication networks, both formal and informal, play a crucial role in enhancing the efficacy of performance management practices and contributing to the organization's competitive advantage. However, the report also acknowledges the inherent limitations of delving deeply into the multifaceted nature of performance management within the scope of the project. While it provides valuable insights into specific practices and trends, it recognizes that performance management encompasses broader implications and complexities that may not be fully addressed within the confines of the study.

The reason why I chose this topic is that nowadays many organizations are relying on employees for success and competitiveness. According to the resource-based view, employees are the resources and assets of an organization. Consequently, organizations need to figure out strategies for identifying, encouraging, measuring, evaluating, improving, and rewarding employees' performance at work.

1.INTRODUCTION

PERFORMANCE MANAGEMENT SYSTEM

1.1 Background

The Performance Management System (PMS) stands as the cornerstone of effective "people management" within organizations. At its core, the purpose of any organization is to perform—to achieve its goals, fulfill its mission, and thrive in its industry. However, this performance is intricately tied to the performance of its people. Without the commitment, effort, and excellence of employees, organizations simply cannot survive in today's competitive landscape. The PMS serves as the mechanism through which organizations monitor, evaluate, and enhance the performance of their workforce. By setting clear expectations, providing regular feedback, and offering opportunities for development, the PMS empowers employees to perform at their peak levels. When individuals are supported and enabled to excel in their roles, organizations can effectively compete, innovate, and make a significant impact within their respective industries. Moreover, a robust PMS enables organizations to identify and cultivate talent, ensuring that they have the right people in the right positions to drive success. By recognizing and rewarding high performance, the PMS motivates employees to continually strive for excellence, creating a culture of achievement and continuous improvement. In essence, the PMS serves as the engine that fuels organizational performance. By investing in the development and optimization of their people, organizations can not only survive but also thrive, competing effectively and making significant contributions to their respective fields.

Executive Performance Management System Includes:

- Planning work and setting expectations.
- Continually monitoring performance.
- Developing the capacity to perform.
- Periodically rating the performance in a summary.
- Rewarding good performance.

The Executive Performance Management System serves as the backbone of an organization's approach to maximizing the effectiveness and contributions of its executives. It encompasses a comprehensive set of practices and principles aimed at ensuring that executives are aligned with organizational goals, continually improving their performance, and being appropriately recognized and rewarded for their contributions.

Planning : Planning involves setting clear and measurable performance expectations and goals for executives. This process ensures that executives understand what is expected of them and how their efforts contribute to the broader organizational objectives. By establishing achievable goals, organizations provide executives with a roadmap for success and clarity on their role within the organization.

Monitoring: Monitoring performance is a continuous process that involves regularly measuring and assessing executives' progress towards their goals. Through ongoing feedback and performance reviews, organizations can identify areas of strength and areas for improvement, allowing for timely interventions and adjustments as needed.

This continuous monitoring helps ensure that executives stay on track and remain aligned with organizational priorities.

Developing: Development is integral to the growth and effectiveness of executives within an organization. This includes providing opportunities for training, skill-building assignments, and professional development initiatives. By investing in executives' growth and skill development, organizations not only enhance individual performance but also strengthen the overall capabilities of their leadership team.

Rating: Periodic performance ratings provide a summary evaluation of executives' performance over a specific period. These ratings are typically based on established performance criteria and standards, allowing organizations to assess executives' contributions and achievements objectively. Ratings help identify top performers, track performance trends over time, and inform decisions related to promotions, bonuses, and other rewards.

Rewarding: Recognizing and rewarding good performance is essential for motivating and retaining top talent. Rewards can take various forms, including monetary incentives, promotions, bonuses, and public recognition. By acknowledging executives' contributions and achievements, organizations reinforce desired behaviors, encourage continued excellence, and foster a culture of performance and recognition.

Organizational Readiness

Organizational readiness is paramount before implementing a performance management system. Several key resource management practices need to be in place to support the process effectively:

Well-Designed Jobs: Jobs should be carefully structured and designed to align with organizational goals and objectives. Clear roles, responsibilities, and expectations should be defined to ensure that employees understand their contributions to the organization.

Written Job Descriptions: Comprehensive job descriptions outline the duties, responsibilities, and qualifications required for each position within the organization. These documents serve as a foundation for performance expectations and provide clarity for employees regarding their roles and responsibilities.

Comprehensive Orientation: Effective orientation programs ensure that employees are equipped with the knowledge and resources needed to succeed in their roles from the outset. New hires should receive thorough introductions to organizational policies, procedures, and expectations to facilitate a smooth transition into their positions.

Effective Training: Ongoing training and development opportunities are essential for building employee skills and capabilities. Training programs should be tailored to individual needs and aligned with organizational goals to enhance job performance and support career growth.

Effective Supervision: Strong leadership and supervision are crucial for guiding and supporting employees in their roles. Supervisors should provide regular feedback, coaching, and guidance to help employees succeed and address any performance issues that may arise.

Positive Work Environment: A positive work environment fosters employee engagement, satisfaction, and productivity. Organizational culture, policies, and practices should promote teamwork, collaboration, open communication, and a sense of belonging among employees.

Examples of management support for performance management includes:

Here are examples of management support for performance management:

Assigning Challenging Work to Top Performers: Recognizing top performers by entrusting them with more challenging assignments demonstrates management's confidence in their abilities and encourages continued excellence.

Allocating Resources for Training and Development: Providing financial support for training, workshops, and other developmental opportunities signals management's commitment to enhancing employee skills and capabilities, contributing to improved performance.

Demonstrating Commitment to Address Poor Performance: Management's commitment to addressing poor performance is essential. This includes actively engaging in discussions with underperforming employees, providing support or additional training to help them improve, and taking appropriate action if performance issues persist.

Recognizing Good Performance: Acknowledging and rewarding good performance reinforces desired behaviors and motivates employees to maintain high standards of performance. This recognition can take various forms, such as verbal praise, bonuses, or other incentives.

Providing Support for Improvement: When performance falls short of expectations, management should provide support and resources to help employees address their performance gaps. This may include additional training, coaching, or guidance to help employees improve their performance.

Taking Action on Consistently Poor Performance: Consistently poor performance may necessitate a change in responsibilities or, in severe cases, termination of employment. Management should address performance issues promptly and fairly, ensuring that underperforming employees understand the consequences of continued subpar performance.

Organizational Fit

Organizational fit is crucial for the effectiveness of a performance management system. It ensures that the system aligns with the strategic direction and culture of the organization. Here are guiding principles consistent with effective performance management systems that should be adopted:

Alignment with Organizational Goals: The performance management system should link the goals and objectives of individual executives with those of the organization. This alignment ensures that individual efforts contribute to the achievement of broader organizational objectives.

Collaborative Goal Setting and Performance Review: Executives and their supervisors should collaborate in setting performance goals and regularly reviewing progress. This collaborative approach promotes ownership, accountability, and mutual understanding of expectations.

Continuous Process: Performance management should be an ongoing process rather than a once-a-year event. Continuous feedback and performance discussions throughout the year allow for timely adjustments, coaching, and support.

Forward-Looking Orientation: The focus of performance management should be on both past performance evaluation and future goal setting. Summarizing past performance provides a basis for setting future goals and development plans that support career growth and organizational success.

Two-Way Communication: Effective performance management fosters open and transparent communication between executives and reporting officers. Two-way communication allows for clarity on expectations, feedback exchange, and addressing any concerns or challenges.

Training and Development Opportunities: Organizations should provide training and development opportunities to support executives in improving their performance. Investing in employee growth and skill development not only enhances individual capabilities but also contributes to organizational effectiveness and competitiveness.

Different types of performance management system

There are various types of performance management systems, each with its own approach to measuring and evaluating performance. Some of the common types include:

Self-Appraisal: Executives are asked to evaluate their own work performance, providing insights into their own perceptions and reflections on their achievements, strengths, and areas for improvement.

Peer Appraisal: Staff members of similar rank within the organization evaluate the performance of their peers, offering a unique perspective on their colleagues' performance, teamwork, and collaboration.

Team Appraisal: Similar to peer appraisal, executives who work as part of a team are evaluated collectively, assessing the team's performance and contributions towards achieving team goals.
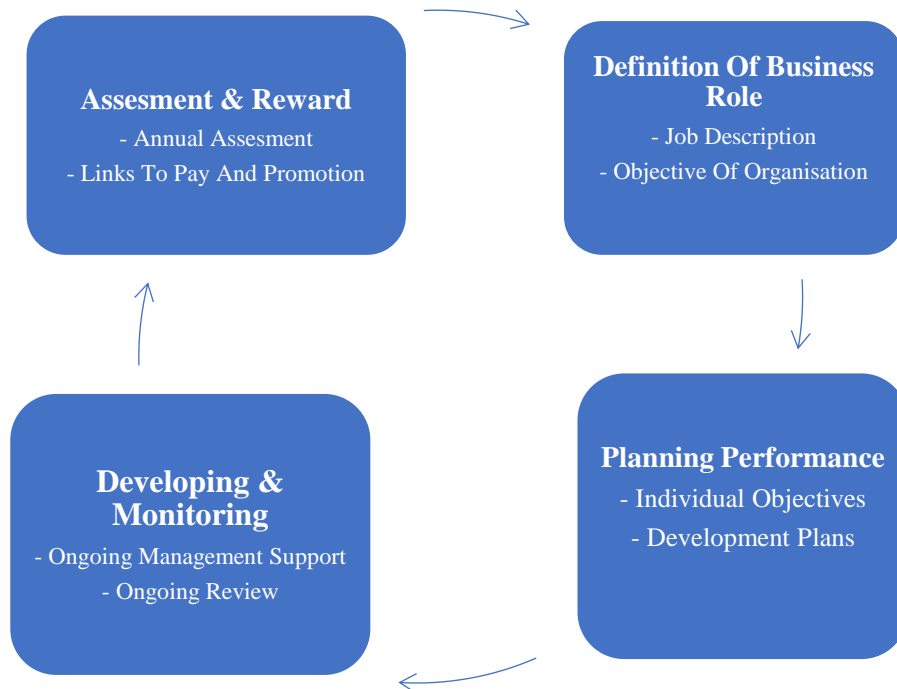
Assessment Centre: Executives undergo assessment by professional assessors using various evaluation methods, such as simulations, role-plays, case studies, and real-life activities, to gauge their skills, competencies, and potential.

360-Degree or Full Circle Appraisal: The executive's performance is reviewed by gathering feedback from representatives of all the groups they interact with, including superiors, peers, subordinates, and clients. This holistic approach provides a comprehensive view of the executive's performance from multiple perspectives.

Combination of Methods: Some organizations combine different appraisal methods into their performance management process, tailoring the approach to suit their specific organizational culture, goals, and objectives.

Management-by-Objectives (MBO): Executives set specific, measurable objectives in collaboration with their reporting officer, and their achievement of these objectives is assessed periodically. This approach focuses on aligning individual goals with organizational objectives, promoting clarity, accountability, and performance improvement.

Start Of Performance Management Cycle

Tips For Implementing PMS

Implementing a performance management system (PMS) requires careful planning and execution to ensure its success. Here are some tips for implementing PMS effectively:

Frequent Communication: Establish frequent two-way communication channels between reporting officers and executives. Regular check-ins, feedback sessions, and performance discussions help maintain alignment, clarify expectations, and address any concerns or challenges in a timely manner.

Remove Performance Obstacles: Identify and actively address any obstacles or barriers that may hinder executives' performance. This may include providing necessary resources, addressing skill gaps through training and development, or streamlining processes to improve efficiency.

Encourage Questions and Clarifications: Create an open and supportive atmosphere where executives feel comfortable asking questions and seeking clarifications about performance expectations, goals, or any other aspects of the performance management process. Encouraging dialogue fosters transparency, trust, and engagement.

The reporting officer's should:

➢ Collaborate with executives to set mutually agreed-upon goals.
➢ Communicate top management goals to executives and involve them in goal setting.
➢ Document goals for clarity and understanding.
➢ Evaluate their own performance before assessing executives'.
➢ Seek feedback from peers and superiors on their performance.
➢ Document examples of both superior performance and areas for improvement.
➢ Avoid being influenced by the most recent event (halo effect).
➢ Prepare for performance discussions and set clear meeting dates and objectives.

Role Of PMS Officer

1) **Implementation of PMS:** The PMS Officer is responsible for implementing the performance management system within their designated location, whether it's a plant, project region, or corporate office.

2) **Periodic Administration and Follow-Up:** They oversee and ensure the smooth running of PMS activities according to the schedule. This includes conducting performance evaluations, collecting feedback, and tracking progress regularly.

3) **Analysis of PMS Activities**: The PMS Officer analyzes the data collected from PMS activities to identify trends, patterns, and areas for improvement. This analysis helps in making informed decisions about performance management strategies and interventions.

4) **Collection and Collaboration of Individual Development Needs:** They gather information on individual development needs from employees and collaborate with the regional Human Resources Development (HRD) department to ensure these needs are addressed effectively. This may include providing training, coaching, or other development opportunities.

The Performance Management System (PMS) Cycle

PMS cycle consists of several key stages:

1) **Performance Planning:**
   This stage involves defining expectations, setting targets, and determining priorities for the upcoming performance period. It also includes allocating resources needed to achieve these objectives, ensuring goals are **SMART (Specific, Measurable, Agreed upon, Realistic, Time-bound)**, and aligning measures with results within executives' control.

2) **Mid-Year Review:**

Mid-year reviews are conducted to reinforce good performance, update progress on targets, identify areas for mid-course corrections, revisit Key Performance Areas (KPAs) and goals if necessary, and assess resource and skill requirements affecting individual performance.

3) **Annual Assessment:**

The main objectives of the annual assessment are to discuss and assess performance with respect to agreed targets, evaluate competencies, potential, and core values actualization, and agree upon improvement plans and developmental needs for individuals.

4) **Normalization:**

The normalization process aims to ensure parity and integrity in performance ratings across various departments and locations, enhancing objectivity and transparency in the appraisal system. It also reviews individual performance from the perspective of organizational achievements.

5) **Feedback, Coaching, and Counseling:**

These components are essential for making the PMS an open system and fostering a development-oriented culture across the organization. Providing feedback on performance results and offering developmental coaching and counseling support executives in their professional growth and improvement.

Features Of Performance Menegement System

The features of a Performance Management System (PMS) include:

- **Setting SMART Goals for Employees:** Goal Setting Software provides tools for setting Specific, Measurable, Achievable, Relevant, and Time-bound (SMART) goals for employees. This ensures clarity and alignment with organizational objectives.

- **Evaluating Employee Performance:** Employee Appraisal Software facilitates objective and accurate evaluation of employee performance. It enables managers to assess strengths and weaknesses effectively, providing valuable insights for performance improvement.

- **Coaching and Training Employees:** Continuous coaching and training are essential for improving employee performance. Performance Management Systems offer tools and resources to support ongoing skill development and competency enhancement.

- **Defining Competitive Employee Compensation Plans:** Employee Compensation Plan features help organizations remain competitive in the market by designing competitive compensation packages. This helps attract and retain talented employees by offering fair and competitive remuneration.

- **Promoting Employees to Critical Positions:** Succession Planning Software assists in identifying critical positions within the organization and recommending suitable employees to fill these roles. This ensures smooth succession and promotes organizational continuity and stability.

1.2 BENEFITS OF AN EMPLOYEE PERFORMANCE MANAGEMENT SYSTEM

1) **Affordability:** Pricing based on per employee login makes it highly affordable for organizations of all sizes, with no need for additional expenses such as purchasing hardware or software or hiring IT resources.

2) **Cost-Efficiency:** Eliminates the need for costly investments in hardware and software, saving organizations from extra expenses.

3) **Time-Saving:** Automated workflows in the Performance Management System streamline task assignments to relevant employees, saving transaction time and improving efficiency.

4) **Reporting and Analysis Tools:** Reporting and analysis tools simplify large volumes of employee performance data into customizable reports. These reports can be used for business analysis or making human resource decisions, enhancing decision-making processes.

5) **Ease of Use:** Web-based interface makes the Performance Management System easy to access via the internet or company intranet. This accessibility ensures user-friendliness and convenience for employees and managers alike.

1.3 OBJECTIVE OF THE PERFORMANCE MANAGEMENT SYSTEM

- ✓ Enable employees to meet set performance standards and expectations.
- ✓ Identify the skills and knowledge necessary for efficient job performance, facilitating targeted training and development efforts.
- ✓ Boost employee motivation and empowerment by providing clear performance expectations, feedback, and recognition.
- ✓ Serve as a communication channel between teams and supervisors, enhancing transparency in goal setting and performance expectations.
- ✓ Identify factors contributing to low performance and provide suggestions for development interventions to address them effectively.
- ✓ Offer data for various important decisions such as promotions, strategic planning, succession planning, and performance-based compensation.

1.4 SCOPE OF THE PERFORMANCE MANAGEMENT SYSTEM

Improving Performance Alignment: It helps employees align their efforts with the objectives of the organization, directing their focus towards the right priorities.

Monitoring Performance: The system continuously monitors performance to ensure it is in line with organizational objectives, providing feedback and corrective measures as needed.

Enhancing Working Relationships: By promoting professional relationships among coworkers, subordinates, and managers, the performance management system fosters a positive work environment conducive to collaboration and teamwork.

Realizing Organizational Goals: By aligning employee behavior with the business strategy of the organization, the system contributes to the realization of organizational goals and objectives.

Motivating Employees: The system motivates employees to work towards achieving objectives by providing feedback, recognition, and rewards for performance excellence.

Identifying Competencies and Gaps: It helps identify both strengths and weaknesses in employee competencies, allowing organizations to address competency gaps that may impact performance.

Promoting a Performance Culture: An effective performance management system promotes a culture of continuous improvement and excellence, recognizing and rewarding high performance while providing support for development and growth.

1.5 PROBLEM STATEMENT

The problem statement revolves around the importance of performance management in organizations and its impact on employee performance. It emphasizes that a well-functioning performance management system is crucial for setting performance expectations, motivating employees, and assessing organizational and individual performance.

 The problem statement seeks to address the following key questions:

- How does the performance management system impact employee performance?
- What is the relationship between the performance management system and organizational performance?
- How do different stages of the performance management system influence employee performance?

2.LITERATURE REVIEW

1. **Muhammad, S., Khan, I., & Hameed, F. (2022). The Impact of Performance Management System on Employees Performance.** *International Journal of Business and Management Sciences*, *2*(3), 38-47.

Employees are the central theme of many studies. In this global and competitive environment organization focuses on the performance of employees. The current study is to concentrate on breaking down and investigating the impact of performance management system on employee performance. The current study followed quantitative mono method. A deductive approach and survey strategy were used, as the study test the effects of a performance management system on employee's performance, collecting data from respondents through adopted questionnaire. Air Blue Airline was considered as the targeted population of the study. Total 160 employees working in the said organization was taken as sample of the study, out of which 130 response was received. Regression and correlation were applied to check the effects of the independent variable on the dependent variable and to check the relationship of variables. Based on the results of the study it was found that there was a significant effect of a performance management system on employee's performance. It was also concluded that there was a positive and significant relationship between performance management and employee performance. The study contributes to the body of knowledge by providing information about the relationship and effects of performance management on employee performance. The results of the study can be used by the Airline industry for the improvement of their performance management system and increasing the performance of employees. The management of Air Blue Airline can adopt a well-defined system of the performance management system, ensure staff involvement, fair monitoring, and rewards in the organization. Future research can be conducted on other methods and a widespread population.

2. **Waleed Ameen Almulaiki1 , [23.02.2023], The Impact of Performance Management on Employee Performance**

In order to discuss the most significant findings of those studies in four main axes—the impact of PMS on employee performance, the components of the PMS, and the literature review—this paper reviews the literature on the impact of performance management practices on employee performance during the period (2015–2020). Additionally, the traits of a successful PMS and the challenges faced when implementing the system. The article came to the conclusion that the performance system has a significant moral impact on how well workers perform in firms. These studies provided conclusive evidence that, in addition to the PMS, working conditions, compensation, and promotion are organizational elements that influence employees' performance. Performance monitoring is carried out with performance assessment by management since, according to the research; performance planning has a limited impact on workers' performance while performance appraisal has been the most precise of employee performance.

3. **Frank H.M. Verbeeten Accounting, Auditing & Accountability Journal {ISSN: 0951-3574},[28 March 2008],Performance management practices in public sector organizations: Impact on performance**

The research project is based on economic as well as behavioral theories. The study distinguishes amongst quantitative performance (efficiency, quantities produced) and qualitative performance (accuracy, quality, innovation and employee morale) and uses survey data from 93 public sector organizations in the Netherlands.

The research shows that the definition of clear and measurable goals is positively associated with quantity performance as well as quality performance. In addition, the use of incentives is positively associated with quantity performance yet not related to quality performance. Finally, the effects of performance management practices in public sector organizations are affected by institutional factors. The results suggest that the behavioral effects of performance management practices are as important as the economic effects in public sector organizations.

All limitations of survey research apply. The survey is based on public sector organizations in The Netherlands; findings may not be transferable to other countries.

The joint introduction of performance management practices may provide an opportunity to increase quantity performance yet may have no impact on quality performance.

The paper responds to previous calls in the literature to use quantitative research methods to generalize findings from previous case studies. Also, the paper empirically tests the impact of performance management practices on performance, an area that has attracted scarce research attention.

4. **Ulrika Heisman, Simon Calmar Andersen [05 April 2013], Impact of Performance Management in Public and Private Organizations**

Recent theoretical developments suggest that management actions have different impacts on outcomes in public and private organizations. This proposition is important to public organizations' widespread import of private sector management tools, such as performance management. This article examines how performance management influences performance outcomes in otherwise similar public and private organizations. Showing that the factors expected to diminish the impact of performance management parallel the organizational characteristics of public organizations, we hypothesize that this type of management is less effective in public organizations. A difference-in-differences model based on survey data on management in Danish public and private schools, combined with administrative data of students' test scores, confirms the hypothesis. The results have important implications for the transfer of management actions across sectors.

5. **Ed Gerrish , [18 August 2015],The Impact of Performance Management on Performance in Public Organizations: A Meta-Analysis**

Performance-based management is pervasive in public organizations; countless governments have implemented performance management systems with the hope that they will improve organizational effectiveness. However, there has been little comprehensive review of their impact. This article conducts a meta-analysis on the impact of performance management on performance in public organizations. It contributes to the current literature in three ways. First, it examines the effect of the "average" performance management system. Second, it examines the influence of management: whether beneficial performance management practices moderate the average effect.

Third, it examines the effect of "time" on performance management. Using 2,188 effects from 49 studies, the analysis finds that performance management has a small average effect. However, the effect is substantially larger when indicators of best practices in high-quality studies are included, indicating that management practices have an important impact on the effectiveness of performance management systems. Evidence for the effect of time is mixed.

6.   Michela Arnaboldi, Irvine Lapsley, Ileana Steccolini, [06 January 2015], Performance Management in the Public Sector: The Ultimate Challenge

Performance Management is the challenge confronting public service managers. However, the enduring research focus on performance *measurement* in public services, without resolution, does not offer neat solutions to performance *management* in public services. This drawback of measurement difficulties has not abated interest in performance management. But there are significant adverse outcomes associated with the clumsy use of performance management systems in public services, particularly negative effects on staff morale. The lack of ready-made answers to performance management makes this task complex and demanding for public service managers. This paper identifies critical dimensions of effectiveness in performance management systems.

7.   D. Renee Tanner, Book Editor(s):William J. Rothwell Ph.D., SPHR, Robert K. Prescott Ph.D., SPHR [First published: 09 April 2012], Performance Management

The goal of performance management is continuous improvement in the mutual success of all stakeholders focusing on the things that matter most. Performance management influences selection, development, compensation, retention, promotion and termination. Performance management starts with the organization's goals. The chapter focuses on the steps involved in performance management process. Ineffective performance management systems can be time-consuming, difficult to use, and unfair to employees, leading to undesirable legal ramifications. Performance management can take many forms. It is most effective when the system takes advantage of current best practices that are tailored to the organization's unique business, culture, and strategies and when it is focused on the highest levels of fairness and objectivity. Done well, performance management shows how the output of every person drives the organization's bottom-line results.

3.COMPANY PROFILE

3.1 INTRODUCTION

TCS offers a consulting-led, cognitive-powered, integrated portfolio of business, technology, and engineering services and solutions. This is delivered through its unique Location Independent Agile™ delivery model, recognized as a benchmark of excellence in software development.

A part of the Tata group, India's largest multinational business group, TCS has over 488,000 of the world's best-trained consultants in 46 countries. The company generated consolidated revenues of US $22.2 billion in the fiscal year ended March 31, 2021, and is listed on the BSE (formerly Bombay Stock Exchange) and the NSE (National Stock Exchange) in India. TCS' proactive stance on climate change and award-winning work with communities across the world have earned it a place in leading sustainability indices such as the MSCI Global Sustainability Index and the FTSE4Good Emerging Index.

Tata Consultancy Services (TCS) is an Indian multinational information technology (IT) services and consulting company headquartered in Mumbai, Maharashtra, India with its largest campus located in Chennai, Tamil Nadu, India. As of February 2021, TCS is the largest IT services company in the world by market capitalization ($200 billion). It is a subsidiary of the Tata Group and operates in 149 locations across 46 countries.

TCS is the second largest Indian company by market capitalization and is among the most valuable IT services brands worldwide. In 2015, TCS was ranked 64th overall in the Forbes World's Most Innovative Companies ranking, making it both the highest-ranked IT services company and the top Indian company. As of 2018, it is ranked eleventh on the Fortune India 500 list. In April 2018, TCS became the first Indian IT company to reach $100 billion in market capitalisation and second Indian company ever (after Reliance Industries achieved it in 2007) after its market capitalisation stood at ₹6.793 trillion (equivalent to ₹7.7 trillion or US$100 billion in 2020) on the Bombay Stock Exchange

In 2016–2017, parent company Tata Sons owned 72.05% of TCS and more than 70% of Tata Sons' dividends were generated by TCS. In March 2018, Tata Sons sold stocks of TCS worth $1.25 billion in a bulk deal. As of 15 September 2021, TCS has recorded a market capitalization of US$200 billion, making it the first Indian IT firm to do so.

3.2 History

1968–2005

Tata Consultancy Services Limited, initially started as "Tata Computer Systems" was founded in 1968 by division of Tata Sons Limited. Its early contracts included punched card services to sister company TISCO (now Tata Steel), working on an Inter-Branch Reconciliation System for the Central Bank of India,[24] and providing bureau services to Unit Trust of India.

In 1975, TCS delivered an electronic depository and trading system called SECOM for Swiss company SIS SegaInterSettle; it also developed System X for the Canadian Depository System and automated the Johannesburg Stock Exchange.TCS associated with a Swiss partner, TKS Teknosoft, which it later acquired.

In 1980, TCS established India's first dedicated software research and development centre, the Tata Research Development and Design Centre (TRDDC) in Pune. In 1981, it established India's first client-dedicated offshore development centre, set up for clients Tandem. TCS later (1993) partnered with Canada-based software factory Integrity Software Corp, which TCS later acquired.

In anticipation of the Y2K bug and the launch of a unified European currency (Euro), Tata Consultancy Services created the factory model for Y2K conversion and developed software tools which automated the conversion process and enabled third-party developer and client implementation. Towards the end of 1999, TCS decided to offer Decision Support System (DSS) in the domestic market under its Corporate Vice President and Transformation Head Subbu Iyer.

2005 to 2021

On 25 August 2004, TCS became a publicly listed company.

In 2005, TCS became the first India based IT services company to enter the bioinformatics market. In 2006, it designed an ERP system for the Indian Railway Catering and Tourism Corporation. By 2008, its e-business activities were generating over US$500 million in annual revenues.

TCS entered the small and medium enterprises market for the first time in 2011, with cloud-based offerings. On the last trading day of 2011, it overtook RIL to achieve the highest market capitalisation of any India-based company. In the 2011–12 fiscal year, TCS achieved annual revenues of over US$10 billion for the first time.

In May 2013, TCS was awarded a six-year contract worth over ₹11 billion (US$150 million) to provide services to the Indian Department of Posts. In 2013, the firm moved from the 13th position to 10th position in the League of top 10 global IT services companies and in July 2014, it became the first Indian company with over ₹5 trillion (equivalent to ₹6.8 trillion or US$90 billion in 2020) market capitalisation.

In Jan 2015, TCS ends RIL's 23-year run as India's most profitable firm.

In Jan 2017, the company announced a partnership with Aurus, Inc., a payments technology company, to deliver payment solutions for retailers using TCS OmniStore, a first of its kind unified store commerce platform. In the same year, TCS China was associated as a joint venture with the Chinese government.

TCS announced its FY19 Q3 results posting 24 per cent year-on-year (YoY) rise in profit at ₹81.05 billion (equivalent to ₹86 billion or US$1.1 billion in 2020).The stock plunged 2.5 per global ippo/illa/ega oh ippo/illa/ega zero cent intra-day as brokerages cut price target.

TCS received the 2019 American Business Awards from Four Stevies.

On 8 October 2020, TCS surpassed Accenture in market capitalisation to become the world's most-valuable IT company with a market cap of $144.73 billion. On 25 January 2021, TCS again surpassed Accenture briefly, in market capitalisation to become the world's most-valuable IT company with a market cap of $170 billion.The same day, TCS became India's most valuable company, surpassing Reliance Industries with a market cap of ₹12.55 trillion (US$170 billion). In 2021 Tata is also one of the largest job provider in India hiring 43,000 individuals in H1 FY22.

Vision & Values

To be amongst the 5 most admired Information Technology Solution Providers globally with leadership focus in delivery of products, solutions and services which are globally competitive.

The New Generation Of Tcs Technology :

• Delivery of Product and Services which are globally competitive.

• Continuous improvement of our products, processes and people.

• A learning organization of committed and contributing employees who share the competitive agenda.

• Continuous satisfaction of our customers , shareholders and employees.

• Expansion in our areas of core competency and development of New Competencies.

3.3 MISSION STATEMENT OF THE COMPANY

Mission

TCS Technology will provide products and services that not only meet but exceed the expectation of our customers through planned and continuous improvement of our Services, Products, Processes and People.

The Mission of the Human Resources Department, is to Recruit, Develop and Retain the High-Caliber Diverse workforce

• Employee centric organization

• Well defined policies and processes

• Premeditated induction/Orientation Programme to suit individual needs

• Long term engagement with multiple project opportunities

• Diversity in verticals/domain focus – Finance, Telecom, Technology, Shipping, Airlines, Medical…….

• Well carved learning curve with performance management system

• Rewards & Recognition

• Cross training/learning opportunities & redeployment opportunities

• Multiple geographic location project opportunity

• International best practices

Recognition

• Enhance performance by continuous learning

• Continuous Motivation

• Provide practical feedback for learning

• Glass door policy to address any issue or concern

• Culture of performance

• Lead employees on learning curve

• Rewards & recognition

Building Commitment

• Focus – Employees are given equal opportunities

• Involvement – Marching together towards common goal

• Development – Encourage opportunities for learning and growth

• Gratitude – Recognize performance (formal or informal)

• Accountability – Employees are given freedom to work and outshine.

TCS BPS

TCS BPS (Business Process Services) is the third-largest India-based IT outsourcing company (after capgemini). The BPS division had revenues of US$1.44 billion in the FY 2012-13 which was 12.5% of the total revenue of TCS. TCS BPS has more than 45,000 employees which serve over 225 million customers across 11 countries. The rate of attrition in BPS division during the financial year 2012-13 was 19.5%.

In 2006, TCS won a $35 million contract from Eli Lilly and Company for providing data management, biostatistics and medical writing services. In 2007, it won a major multi-year deal from Swiss pharmaceutical major Hoffmann-La Roche to provide data management, biostatistics, clinical programming and drug safety support to Hoffmann-La Roche's global pharmaceutical development efforts.

The firm has also opened a business process outsourcing facility in the Philippines.

Tata Research Development And Design Centre

TCS established the first software research center in India, the Tata Research Development and Design Centre, in Pune, India in 1981. TRDDC undertakes research in Software engineering, Process engineering and systems research. Researchers at TRDDC also developed MasterCraft (now a suite of digitization and optimization tools) a Model Driven Development software that can automatically create code based on a model of a software, and rewrite the code based on the user's needs. Research at TRDDC has also resulted in the development of Sujal, a low-cost water purifier that can be manufactured using locally available resources. TCS deployed thousands of these filters in the Indian Ocean tsunami disaster of 2004 as part of its relief activities. This product has been marketed in India as Tata swach, a low cost water purifier.

Innovation Labs

In 2007, TCS launched its co-innovation network, a network of innovation labs, start up alliances, university research departments, and venture capitalists. In addition, TCS has 19 innovation labs based in three countries. TCS' partners include Collabnet. Cassatt, academic

institutions such as IITs, Stanford, MIT, Carnegie Mellon and venture capitalists like Sequoia and Kleiner Perkins.

3.4 Locations

TCS has operations in the following locations:

INDIA:

Ahmedabad, Bengaluru, Baroda, Bhubaneswar, Chennai, Coimbatore, Delhi, Gandhinagar, Goa, Gurugram, Guwahati, Hyderabad, Bhopal, Indore, Jamshedpur, Kalyan, Thane, Kochi, Kolkata, Lucknow, New Delhi, Mumbai, Nagpur, Noida, Nashik, Patna, Pune, Thiruvananthapuram, and Varanasi.

ASIA (EXCLUDING INDIA):

Bahrain, China, Israel, UAE, Hong Kong, Indonesia, Japan, Malaysia, the Philippines, Saudi Arabia, Singapore, South Korea, Taiwan, Thailand, and Qatar.

OCEANIA:

Australia

AFRICA:

South Africa, Morocco (closed)

EUROPE:

Belgium, Bulgaria, Denmark, Finland, France, Germany, Hungary, Iceland, Republic of Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

4.THE PERFORMANCE MANAGEMENT SYSTEM (PMS)

4.1 Overview

The Performance Management System (PMS) at TCS is undergoing a significant transformation, moving away from traditional appraisal methods towards a more collaborative and employee-driven approach. This shift aims to align organizational and individual objectives while fostering ongoing communication.

The key objectives of the new system include systematic planning of performance targets, ensuring alignment with organizational goals, objective assessment of performance, identifying development gaps, providing inputs for career planning, offering feedback and counseling, and determining compensation and rewards. While certain aspects like 360-degree feedback and dynamic appraisal formats are not included in the current stage of development, the system emphasizes continuous improvement and empowerment of employees to manage their own performance.

The new Performance Management System (PMS) at TCS revolves around four core processes:

Planning Performance: This process involves setting clear and achievable performance targets at the beginning of the performance cycle. It aims to establish expectations for employees and align their goals with organizational objectives.

Managing Performance: Once performance targets are set, this process focuses on actively managing and monitoring performance throughout the performance cycle. It involves providing necessary resources, support, and feedback to help employees succeed in their roles.

Reviewing Performance: At regular intervals, performance is reviewed against the established targets and expectations. This process involves assessing performance objectively, identifying strengths and areas for improvement, and providing constructive feedback to employees.

Rewarding: Based on the performance review, rewards and recognition are provided to employees who have demonstrated exceptional performance. This process ensures that employees are incentivized and motivated to continue delivering high-quality work.

4.2 MODEL FOR P.M.S AT TCS:-

.

PLANNING PERFORMANCE	REVIEW PERFORMANCE
- Establishing Objectives. - Describing Job Expectations. - Planning Competency Improvements. - Setting Performance Standard by 31st March.	- Formal Reformat Review Of Performance. - Individual Self Review - Coaching, Counseling And Feedback. - Mid Year Review 1-15 Oct On Going Formal Reviews. - Quarterly Review 1-15 July And 1-15 Jan.
REWARDING PERFORMANCE	**PERFORMANCE ASSESSMENT AND DEVELOPMENT PLANNING**
- Recognition Monetary /Non Monetary Individual Performance Pay. - Team Reward. - Increments. - Annual Increments Effective 1st April.	- Annual Appraisal. - Normalization Of Ratings. - Development Planning. - Annual Assessment 1-15. - Finalization Of Ratings 15-30 April. - Development Planning 1-15 May.

Target Setting Process

The target-setting process begins with the organizational vision and mission statement, which outline the long-term goals of the organization. From there, the annual business plan is developed, providing a strategic overview of the company's objectives for the upcoming year.

This business plan serves as the foundation for creating operational functional plans, which establish specific targets, budgets, and initiatives for each department. These functional plans are then broken down further into departmental plans, outlining objectives and strategies for individual teams.

Individual Key Result Areas (KRAs) are derived from these departmental plans through collaborative discussions between the appraiser and appraise. These discussions typically take place in an open group setting, allowing for transparency and mutual understanding.

The group target-setting process is crucial for ensuring effectiveness, as it enables all stakeholders who are interdependent on each other's objectives to participate and discuss targets openly. This collaborative approach fosters alignment, accountability, and a shared commitment to achieving organizational goals.

With the emphasis on looking forward, the discussion should address issues such as:

What does the appraise aim to do in the period ahead?

What KRA's is he/she going to focus upon?

Are these KRA's **SMART (S-**specific**, M-**measurable**, A-**Attainable**, R-**Relevant**, T-**Time bound).

What element of stretch is going to built into his/her targets?

What process is he/she is going to adopt to achieve his/her KRA's?

What kind of support will be required by him/her to achieve the above?

In case the business plan undergo a change at any time during the year, how are the individual KRA's going to be reworked and realigned?

Review Performance

As part of the new Performance Management System, every employee will receive ongoing feedback throughout the year, ensuring that their progress is continuously tracked, successes are recognized, and areas for improvement are identified promptly. This regular interaction is crucial for employee development and ensures that any need for additional support is addressed in a timely manner.

Formal performance reviews are scheduled to take place three times a year:

1. **Quarterly Reviews:** These reviews occur every three months, providing employees with regular feedback on their performance and progress towards their goals.

2. **Mid-Year Review:** This review takes place halfway through the year, allowing for a more comprehensive assessment of performance and goal achievement.

3. **Annual Assessment:** The year-end evaluation provides a holistic overview of the employee's performance throughout the year, highlighting achievements and areas for improvement.

Performance Assessment And Development Planning

The Performance Assessment and Development Planning process involves a formal evaluation of an employee's performance at the end of the annual cycle. This assessment is based on an analysis of the employee's past performance, which serves as the foundation for setting expectations for the upcoming year. Additionally, it serves to conclude the current performance cycle. During the formal annual assessment, which typically occurs annually, the appraiser and the appraisee collaborate to establish a shared understanding of the appraiser's performance over the preceding year. This assessment should take into account any feedback provided throughout the year, ensuring that there are no unexpected surprises during the evaluation. Overall, the annual assessment aims to provide a comprehensive overview of the employee's performance, facilitate open communication between the appraiser and the appraisee, and set the stage for continued development and improvement in the upcoming year.

Process For Annual Performance Assessment

The appraiser will evaluate the appraisee's achievement against each Key Result Area (KRA) set at the beginning of the year, which includes tasks and competencies. Based on this assessment, an overall performance score for the individual will be determined. This score is calculated by comparing the actual achievement to the target on each KRA, multiplied by the respective weights assigned to each KRA.

The overall score will be rounded off to the nearest whole number, with scores below 0.5 rounded down and scores 0.5 and above rounded up. For example, a score of 98.2% will be rounded off to 98%, and a score of 99.6% will be rounded off to 100%.

Initially, the existing rating scale of 8 points will be used to facilitate a smooth transition to the proposed system. Eventually, a rating scale of 5 will be implemented as the organization becomes accustomed to the new system.

The appraiser will document the rating along with comments in the relevant section of the form. In cases of extreme ratings, the appraiser must provide reasons for the ratings for specific incidents, which will be recorded accordingly.

Before the discussion between the appraisee and appraiser, the appraisee will also provide a self-rating. A formal one-to-one appraisal meeting will be conducted to discuss the performance evaluation. During this meeting, the final rating will be determined through mutual agreement between the appraisee and appraiser.

The final rating and any reasons for changes will be documented, and formal sign-off on the document is required at this stage. In cases of matrix reporting, where multiple appraisers are involved, all appraisers will discuss the appraisee's performance against targets and record their comments and ratings on the appraisal form.

Development Planning

The Personal Performance Review Form (PPRF) enables the collection of input on the developmental needs of individuals for both current and future job responsibilities. It's crucial that these inputs are gathered and analyzed by the HR department to finalize development strategies that address those needs. This includes determining the timeframe, identifying resource persons, and outlining specific plans for development. While the Performance Management system serves as an important input for development planning, it's just one piece of the puzzle. It's recommended to gather similar inputs from other sources such as Assessment Development Centers, 360-degree feedback, other assessments, or special projects assigned. By incorporating inputs from various sources, organizations can create more comprehensive and effective development plans tailored to individual needs and goals.

Rewarding Performance

Rewarding Performance delves into the complex relationship between pay and performance within organizations, emphasizing the critical role this link plays in driving business success. It acknowledges that the manner in which pay and performance are connected is influenced by various factors such as organizational strategy, design, culture, and prevailing norms. Furthermore, it suggests that contemporary organizations are reexamining and redefining the connection between pay and performance. This reflects a growing recognition of the need for more nuanced and effective reward systems that not only incentivize desired outcomes but also reinforce behaviors aligned with organizational objectives. The passage highlights the importance of designing reward systems that go beyond monetary compensation to include non-financial elements, such as recognition and opportunities for advancement, as they can often be more motivating for employees. This shows the concept of behavioral reinforcement as a powerful motivational technique. It emphasizes the importance of recognizing and praising desired behaviors, providing timely and specific feedback, and offering both big and small rewards to encourage their recurrence. By focusing on reinforcing behaviors that lead to positive outcomes, organizations can effectively shape employee behavior and drive performance.

Moreover, this provides insights into TCS's Human Resource Management System (HRMS) objectives and functions.
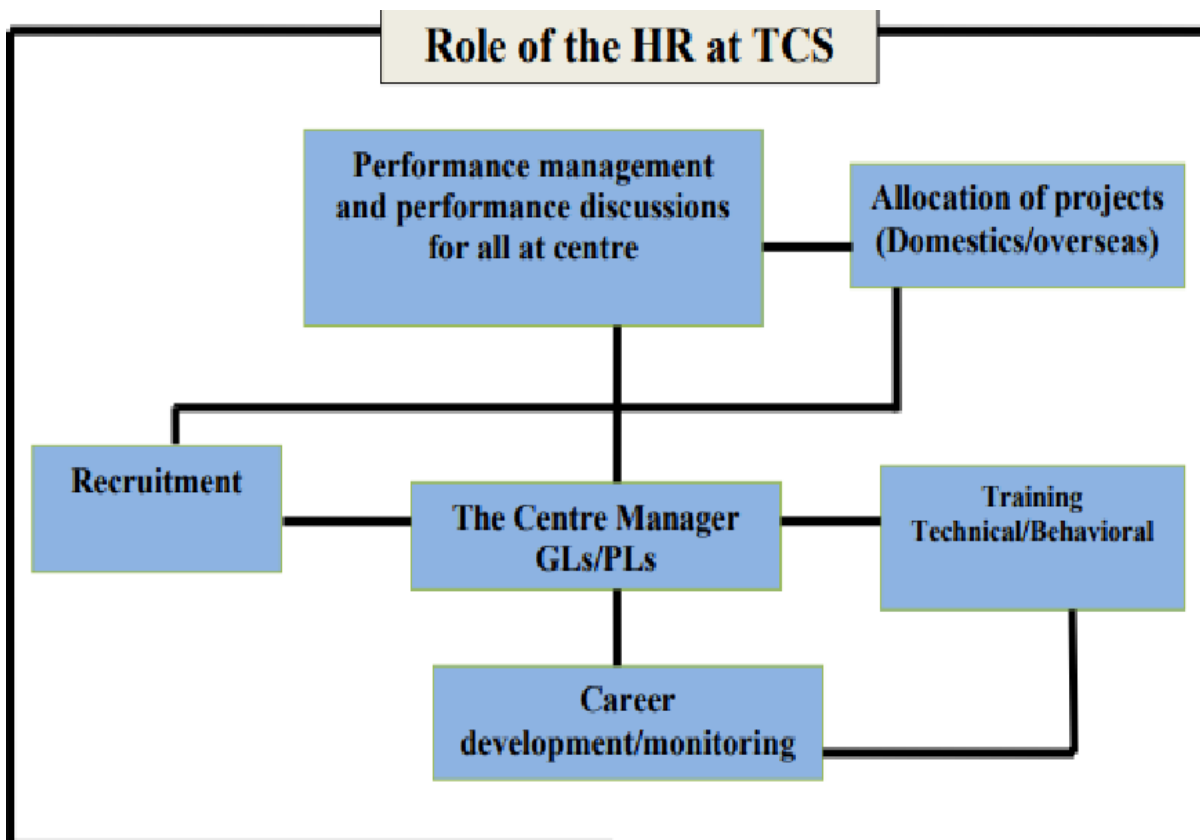
It outlines the various aspects of HRMS, including:

- Recruitment Processes
- Tracking Changes
- Training Modules
- Performance Appraisal Management
- Manpower Planning.

It also highlights TCS's transition to a performance-linked salary structure, where compensation is directly tied to business performance, and the adoption of Economic Value Added (EVA) as a measure to link incentives with individual performance. Instead of solely basing salaries and compensation on individual appraisals or overall company performance, TCS is now tying incentives directly to EVA growth. This approach means that employees will receive bonuses and incentives based on how much value they contribute to their specific area of operation within TCS. Mr. Ramadorai, former CEO of TCS, explains that each unit within TCS will have its own EVA measurement, allowing employees to receive different bonuses and incentives based on their unit's performance.

The goal is to make employees feel like they are running their own business units, encouraging them to think like entrepreneurs and understand how their work adds value to the company. Additionally, TCS plans to pay employees a portion of the EVA in the same year it's generated and save the rest for lean years. This ensures that employees' compensation remains stable even if the company's performance fluctuates. The passage also highlights TCS's strong focus on HR practices and its role in shaping the company's workforce. The HR group at TCS operates with technical expertise to facilitate recruitment, career development, and other HR processes. This emphasis on HR excellence has contributed to TCS's success in a competitive industry, where attracting and retaining top talent is crucial.

Overall, this underscores the importance of aligning pay with performance and the role of HR in designing and implementing effective reward systems. It also illustrates how organizations like TCS are adapting their HR practices to meet the evolving needs of the modern workforce and drive organizational success.

4.3 PERFORMANCE MANAGEMENT AT TCS

The performance management system at TCS has evolved to prioritize objectivity and a structured approach to evaluating employee performance against predetermined criteria. Notably, senior management actively participates in defining guidelines for the performance appraisal process, ensuring employee buy-in. The rating system and its conversion into monetary terms are determined through consensus among a cross-functional team with representation from all levels. TCS's performance management system is supported by an online tool called the

Human Resource Management System, which provides comprehensive employee information from biographical details to project performance. Employees receive formal performance feedback every two months until confirmation, after which feedback is provided twice a year. Informal feedback discussions between Project Leaders and Team Members are also encouraged and well-received. However, despite well-defined roles, performance discussions between HR owners and software professionals are often ineffective, and concerns about transparency and favoritism in project allocation persist. The globalization and high demand for software professionals have led to challenges in adhering to transparent recruitment processes, leading to implementation issues within the HR system at TCS.

4.4 OBJECTIVE OF THE STUDY

The objectives of the study are as follows:

- Evaluate the influence of the performance management system on the performance of employees at TCS.

- Assess the effectiveness of the current performance management system employed by TCS.

- Identify the specific processes and methodologies utilized by TCS for performance management aimed at retaining their employees.

- Identify and analyze the strategies implemented by TCS in the execution of performance management to enhance employee retention within the organization.

4.5 SCOPE OF THE STUDY

The scope of the study encompasses the following:

- Evaluating the effectiveness of the performance management system in retaining employees at TCS.

- Analyzing and collecting data on the performance management practices and employee retention strategies implemented at TCS.

- Understanding the significance of performance management for employees within the organization.

- Studying the various methods and approaches to performance management utilized by TCS to enhance employee retention.

5.RESEARCH METHDOLOGIES

5.1 RESEARCH DESIGN

The research design serves as the roadmap for collecting, measuring, and analyzing data in a systematic manner. It's essentially a detailed plan that guides the entire research process. This plan addresses questions such as:

1) **Types of Data Required:** This refers to the specific information or variables that researchers need to gather to address their research questions or objectives. Data can be quantitative (numerical) or qualitative (non-numerical), and researchers must determine what types of data are most relevant and appropriate for their study. For example, in a market research study, researchers might need data on consumer preferences, purchasing behavior, demographic information, etc.

2) **Techniques to be Used:** Researchers must decide on the methods and techniques they will employ to collect and analyze data. This could include surveys, interviews, experiments, observations, or a combination of these methods. The choice of techniques depends on factors such as the nature of the research questions, the target population, resource constraints, and the desired level of depth and detail in the data analysis.

3) **Data Sources:** Researchers need to identify where they will obtain the necessary data for their study. This could involve primary data collection (data collected specifically for the research study) or secondary data sources (existing data collected by other researchers, organizations, or government agencies). Data sources could include databases, archival records, published literature, online repositories, or fieldwork.

4) **Study Location:** Researchers must determine where the study will be conducted. This could be a specific geographical area, such as a city, region, or country, or it could be a particular setting, such as a laboratory, workplace, or community. The choice of study location may impact factors such as data collection methods, sampling procedures, and the generalizability of the study findings.

5.2 RESEARCH METHOD

The primary objective of this research is to provide a comprehensive understanding of the impact of performance management on employee retention at TCS. To achieve this goal, a survey method has been chosen as the most appropriate approach

Data Collection:

Primary Data: The primary data will be collected through the distribution of questionnaires among employees from various departments of TCS. These questionnaires will gather direct feedback and insights from employees regarding their perceptions of performance management and its impact on their retention.

Data Representation: The collected primary data will be represented using pie charts and bar charts, which will help visualize and analyze the responses effectively.

Secondary Data: In addition to primary data, secondary data will be collected from various sources such as the company's website and other published literature. This secondary data will include information from books,

journals, newspapers, research articles, theses, websites, and magazines, providing additional context and insights into the topic.

By combining both primary and secondary data, this research aims to offer a comprehensive analysis of the relationship between performance management and impact on employee performance at TCS.

5.3 DATA ANALYSIS/RESEARCH INSTRUMENT

The primary instrument used for gathering data in this study was a questionnaire. Responses collected through the questionnaire will be thoroughly evaluated and interpreted to derive meaningful insights.

Data Analysis Approach:

1) **Evaluation of Responses:** All responses obtained from the questionnaire will be carefully reviewed and analyzed to identify patterns, trends, and correlations.
2) **Calculation of Sample Percentage:** Sample percentage will be calculated to quantify the distribution of responses across different variables. This will help in understanding the prevalence of certain opinions or viewpoints among the respondents.
3) **Data Representation:** The analyzed data will be represented using graphs and charts. Visual representations such as bar graphs, pie charts will be utilized to effectively communicate the findings and make comparisons between different response categories.

5.4 TOOLS AND TECHNIQUES OF ANALYSIS

The data so collected will be analyze through the application of stastical techniques such as bar graph and pie chart.
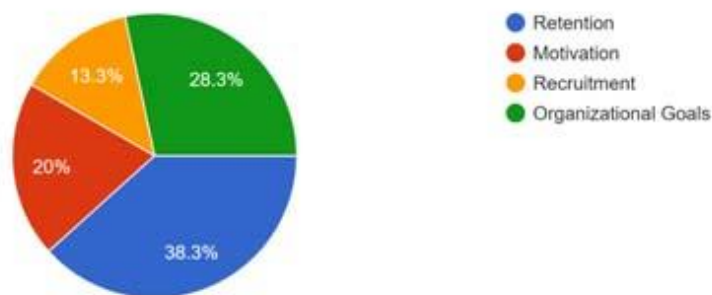
5.5 PLAN OF ACTION

Duration of Study : 6 Months

6.DATA ANALYSIS AND INTEPRETATION

In your opinion, the Performance Appraisal system of your organization is related to which of the following?
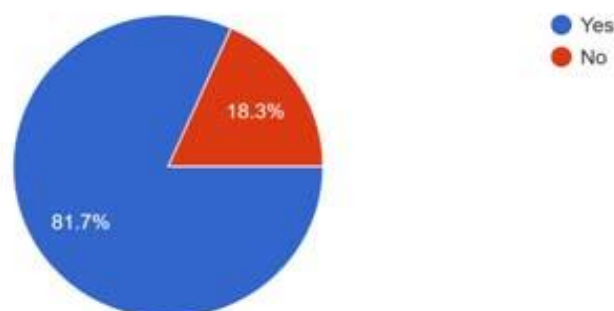
60 responses

- Retention
- Motivation
- Recruitment
- Organizational Goals

➢ **38.3%** of employees think that Performance Appraisal System is related to **RETENTION**
➢ **28.3%** is related to **Organizational Goals**
➢ **20%** is related to **Motivation**
➢ **13.3%** is related to **Recruitment**

So this is very clear from data that performance appraisal helps employees to retain in the organization as they feel engaged and motivated.

Did your manager communicate or interact on regular basis

60 responses

- Yes
- No

From the above it is very clear that TCS manager communicate and interact with their employees on regular basis which helps to build the morale of the employees and their engagement which leads to enhance productivity of an organization.
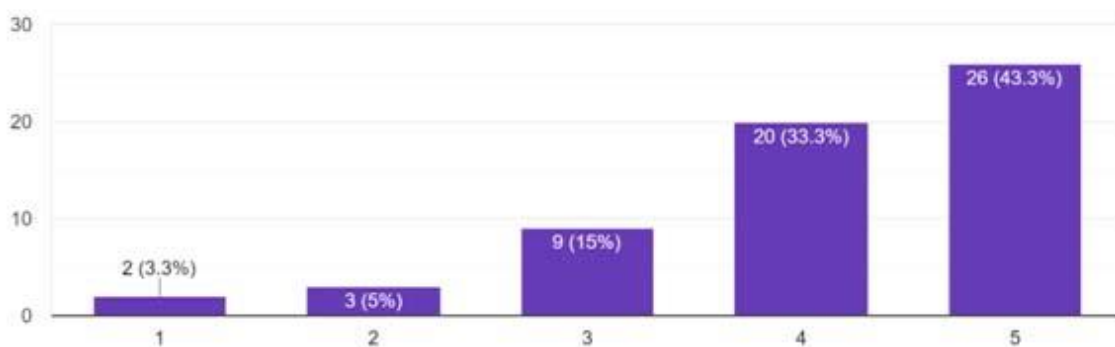

From the above data it is clear that competencies of employees is the main determinant of performance management in TCS then organizational culture.

The competency of employees is a critical determinant of job performance within an organization because Competency encompasses the knowledge, skills, abilities, and behaviors that individuals bring to their roles, and it directly influences their ability to perform tasks effectively and achieve desired outcomes.
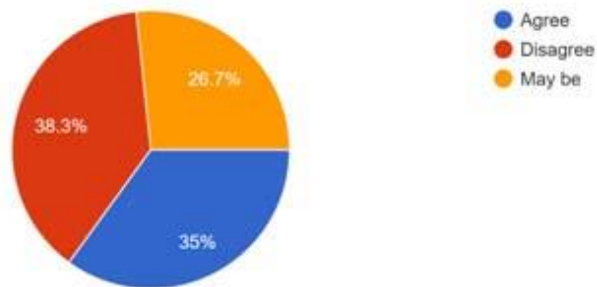

From the above data shows that **(33.3% - 43.3%)** of employees think that the performance management encourage them to retain the organization and TCS employees are satisfied with Performance Management System because it encourage them to retain.

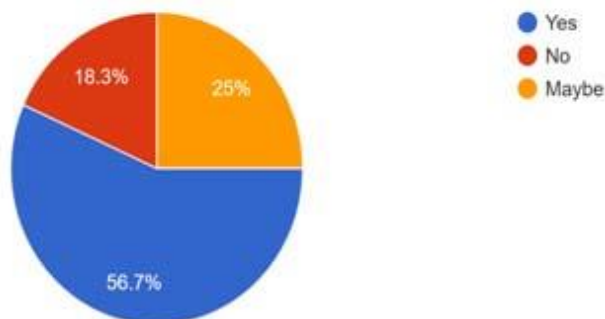Did you feel that performance management help in achieving individual goal.
60 responses

From the above data **35%** employees feel that Performance Management helps in achieving their individual goal whereas **38.3%** employees feel the opposite that it doesn't help them to achieve their individual goals and **26.75%** feels maybe.

Do the Performance Management System implemented in your organization create a participative environment?
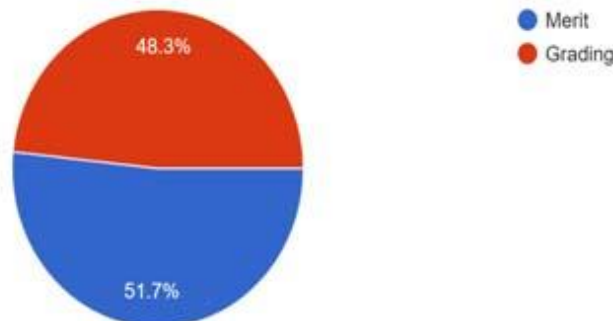60 responses

From the above data this is clear that Performance Management System of TCS create a participative environment and help employees to engaged and retain the organization.

Which method of performance appraisal is implemented in the organization
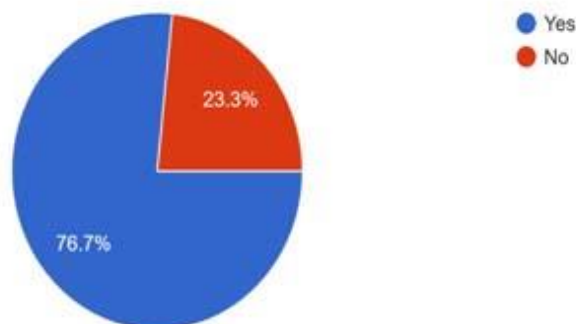60 responses

Above data shows that **51.7%** of employees think that **Merit Method** is used

48.3% of employees think that **Grading Method** is used.

Does the performance of employees improve due to the current Performance Management System
60 responses

From the above data **76.7%** of employees of TCS improve their performance due to the current Performance Management System.

7.FINDINGS

Based on the study conducted, several key findings were revealed:

➢ Performance appraisal has a significant impact on both motivation and retention, with 30% attributed to motivation and 40% to retention.

➢ Most employees reported regular interaction with their managers, and half of them acknowledged that the current performance management system has improved their performance.

➢ The merit method is predominantly used for performance appraisal, fostering a competitive environment within the organization.

➢ The performance management system at TCS emphasizes regular feedback, goal-setting, and development opportunities for employees.

➢ TCS utilizes an online Human Resource Management System (HRMS) to track individual performance, which has been well-received by employees.

➢ Employee development is a key focus area in TCS's performance management policies.

➢ The use of continuous observations and normalization techniques helps in reducing bias in the performance management system.

➢ In case of poor performance, TCS provides performance improvement plans to support employees.

➢ Effective performance management is built on a trusting relationship between reporting officers and executives, facilitating open communication channels.

➢ TCS's performance management system appears to be comprehensive, emphasizing continuous feedback, development, and transparency to enhance employee motivation and retention.

8.LIMITATIONS OF THE STUDY

The study encountered several limitations, which are as follows:

Reliance on Respondent's Accuracy: The findings of the survey heavily rely on the responses provided by the respondents, which may not always be accurate or unbiased, affecting the reliability of the data.

Time and Cost Constraints: Due to the academic nature of the study, there were limitations in terms of time and cost, preventing a more comprehensive investigation. This restricted the depth of the analysis and the breadth of the research.

Insufficient Methodology: The data collection method, primarily through questionnaires, may not have been adequate to delve deeply into the analysis of responses. A more diverse and comprehensive methodology could have provided richer insights.

Time Constraint: There was a limited time frame to complete the project, which restricted the ability to explore the topic in greater depth or detail.

Cost of Data Collection: Collecting data from primary sources, such as through surveys or interviews, can be expensive. As a result, relying on secondary sources, such as the internet, may have limited the availability of data.

Lack of Personal Information: The study lacked access to personal information, which could have provided valuable insights into the impact of certain parameters on employee competencies.

Complexity of Performance Management: Performance management is a complex topic with wide-ranging implications, making it challenging to delve deeply into all its aspects within the scope of the study.

9.RECOMMENDATIONS

These recommendations aim to enhance the effectiveness of the performance management system and improve employee performance:

Encourage Frequent Feedback: Encourage regular feedback sessions to make performance management an ongoing coaching process rather than a once-a-year activity. This promotes continuous improvement and helps address issues in a timely manner.

Enhance HR Management Systems: Utilize advanced HR management systems, such as the Oracle Developer 2000 tool, more effectively to streamline performance management processes and ensure accurate tracking of employee performance.

Formulate Innovative Training Policies: Develop innovative training and development policies to ensure that employees are equipped with the skills and knowledge that match their satisfaction levels, thereby enhancing their performance.

Foster Open Communication: Build a culture of open communication where feedback flows freely between employees and managers, laying the foundation for effective performance management.

Utilize Ranking Systems: Implement ranking systems to reduce biases in performance appraisal and ensure fair evaluation of employees' performance.

Provide Improvement Counseling: Offer improvement counseling and support to employees who are struggling with poor performance, helping them to identify areas for improvement and develop action plans to enhance their performance.

Focus on Development and Innovation: Emphasize training, career development, and succession planning as essential components of the performance management system to foster employee growth and innovation within the organization.

10.CONCLUSION

In conclusion, the performance management system (PMS) plays a crucial role in organizations by effectively measuring, motivating, and enhancing overall performance. It serves as a tool to align individual and organizational goals, fostering a culture of accountability and excellence. To ensure success, organizations must prioritize the development of retention strategies tailored to their unique needs.

Investing in technology-driven solutions can streamline performance management processes and facilitate data-driven decision-making. Additionally, fostering open communication channels, both formal and informal, can further strengthen organizational culture and competitiveness.

By prioritizing retention and innovation strategies, organizations can continuously improve employee performance and drive organizational success. The focus should remain on enhancing the PMS to adapt to evolving business landscapes and ensure sustained growth and competitiveness in the long term.

BIBLIOGRAPHY

BOOKS REFFERED

- Human Resource Management, Khanka
- Human Resource and Personnel Management, K. Aswathappa
- Performance Management, T.V Rao

WEBSITES REEFERED

- http://www.hcltech.com/bpo
- https://www.wipro.com/en-IN/
- https://www.tcs.com
- www.Wikipedia.com
- www.performancemanagementguide.com

JOURNALS REFFERED

- Global Journal of Commerce And Management Perspective

  http://gifre.org/library/upload/volume/volume-1288.pdf

- International Journal of Human Resource & Industrial Research, Vol.3, Issue 7, Dec, 2016, pp 37-45, ISSN: 2349 -3593 (Online), ISSN: 2349 -4816

  file://ID:/Downloads/Paper-5%20Issue