

# Performance Management and Appraisal – Advent of New Appraisal System at TCS

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**ABSTRACT:** Performance appraisal is an idea connected to Human Resource Management and, as a result, a component of the bigger concept of management. Much effort has been carried out to seriously analysis performance appraisal methods, and this paper provides a brief analysis in regards to Indian software program industries TCS. Performance appraisal continues to be a brand new concept this is gaining traction in each educational and practitioner circles. This study is an attempt to conduct an empirical exam of performance appraisal techniques and discourses through making use of a number of the strands of essential thinking to them.

**Keywords-**performance evaluation, growth, development, feedback.

## I. INTRODUCTION:

Performance appraisal system (PAS) method is an essential tool for the development and progress of workers as well as companies in all areas of human resource development. PAS evaluates whether workers at different levels do their task in accordance with their managers' expectations and specified standards. The information provided from such performance evaluation programs helps managers typically implement specific administrative and development choices on the selection, placement, promotion, incentives and completion of training. In addition, the performance assessment system gives management information to assist discover prospective workers and to provide appropriate management guidance. Evaluation of performance is an answer in people's hand to look into their personal abilities and performance questions. The performance assessment process allows a resourceful organisation to solve its challenges and achieve desired business objectives.

The performance evaluation system offers management information and employee performance that may be utilized to identify employees with potential for succession plans. It

supports managers in taking administrative decisions such as pay increases, promotion, positioning, transfers to help supervisors know their subordinates and offers the subordinates the opportunity to learn wherein they may be with the boss "Spriegel and Mumma, 1961 Rudrabsavaraj 1969; Levinson 1970; Monapa 1974 Caroll, 1982 Saiyadain, 1985; Mufeed 1995; Robberts, 1995; and Mufeed, 1998", Regrettably, the early improvement of evaluation structures was primarily based totally on casual persona assessments.

Supervisors tended to assess subjectively based on their predetermined preferences, widespread rating mistakes, and feedback warfare seen as punishments by workers "Gomez Mejia, 1989". Attempts to enhance ratings have been very difficult to improve the amount to which genuine performance indicators are valid. One principal cause for that is that little or no is but understood about cognitive approaches that underpin the evaluation of the other's performance, in line with "Carrol and Schiner 1990", and "Landy and Farr (1983)". They declare that advances to performance evaluation are sponsored through "Denisi et al (1984), Feldman (1981), and Ilgen and Feldman to realize such approaches (1983)".

Recently, research investigations show that few businesses are happy and in satisfaction have increased sufficiently with their present performance evaluation methods. Research also showed that evaluation processes in most businesses are typically ill-designed "Thathachary 1981, Latham & Wexley 1982 and Rao 1992". This is essentially due to the fact the system that already exists isn't always effective and it is not explained or made known to the employees as the aim of this system. Many managers believe PAS takes too much of their productive time without proper compensation, many companies are looking for a performance assessment system that promotes and instills a performance culture amongst employees in their businesses. During this study endeavor, the causes involved for unhappiness among employees

at various levels regarding PAS operations will be diagnosed and the solution will be known. The current study also attempts to identify the elements that make assessments acceptance, efficiency, workability and palatability at employee and organizational levels.

#### Objectives of the Study:

1. See employee satisfaction level, in the sample studies organisations, for the present performance assessment system of (TCS).
2. Factors responsible for managers' discontent with PAS in the various businesses

## II. LITERATURE REVIEW:

“Brumback (1988)” talked about “Performance convey both behaviors and results. Behaviors proceeds from the performer and remodel performance from abstraction to action. Not simply the units for results, behaviors and additionally consequences of their very own right, the product of intellectual and physical effort implemented to the and duty may be judged other than results

Performance is usually related to overall performance management and measurement. The method of overall performance management and measurement includes levels that require to be identified and supported. Performance managements an ongoing method of communication among a manager and its employee's. It encompasses activity like common purpose setting, continuous developmentreview, and mode of continuous communication, feedback and training, implementing of employee

development program, reward achievement which ensures that the goals are consistently being made in an effective manner.

Armstrong and Baron stated “Performance management is both a strategic and an integrated approach to delivering successful results in organization by improving the performance and developing the capabilities of team and individual”

“Jorge M. S, Carlos F (2010)” deliberated that Performance management is the total of performance appraisal systems along with broader human resource structures as a way client to be the focal point of strategic organizational, operational and practices. Many production groups function as open structures of operations. In those type of structures, brand new operational technology of producing are improved with current communication technology information and to combine and coordinate operational resources, activities and approaches as a way to create a flow of value-delivered operations aimed toward capturing and maintaining a competitive advantage and performance management system proves to be very beneficialin doing so

“Neeti and Santosh .C (2015)” studied that employees have excellent expertise of performance appraisal and feature high quality mindset in the direction of it as their promotion is primarily based totally on performance appraisal and the rankings help to fix increments. During the path of have a look at recommendations came from the personnel for the need of counseling. Performance appraisal need to build extra obvious and rationale.

## PERFORMANCE MANAGEMENT CYCLE



#### PHASE 1 STEPS- **Plan**

- Develop job description.
- Recruit potential employees.
- Through comprehensive selection process select right person to right job.
- Develop a work plan that outline the task to be completed.
- Identify areas of key performance objectives, the objective has to be SMART (specific, measurable, attainable, realistic and time bound).

#### PHASE 2 STEPS- **ACT**

- Achieve the objective.
- Carry out the roles.
- Implement personnel development planning.

#### PHASE 3 STEPS- **MONITOR**

- During this segment the worker and the supervisor meet to access development towards achieving performance objective
- Identifying barrier that stops the personnel from achieving performance objective
- Eradication of barrier
- Feedback sharing on progress relating to goals
- Identify any changes which is required to be implemented
- Determine any extra support is requested to assist the employee

#### PHASE 4 STEPS- **REVIEW**

- In performance assessment meeting the worker and manager meet to gist out the work fulfilled in last year relating to set goals
- Conducting the assessment discussion
- Self-assessment and assessment by management is determined and compared
- Identify knowledge i.e. need for training and development
- Rewarding achievement i.e. promotion or incentives

#### **PERFORMANCE APPRAISAL**

Performance appraisal is a method that provides and analyses a person's overall skills and potential enabling decision which is to be made for specific purpose according to Flippo. "Performance appraisal is a systematic, periodic and impartial rating of an employee's excellence in matter pertaining to his present job and his potential for a better job". Performance appraisal makes employee aware of their performance shortcoming, it provides database for making decision related to training needs, it identifies strength and weakness of appraisee, it also motivates and provides coaching, counselling, monitoring to subordinates.

#### **Performance appraisal process**

STEP 1- The process starts with setting a performance standard, which should be transparent and its purpose must be easily understandable.

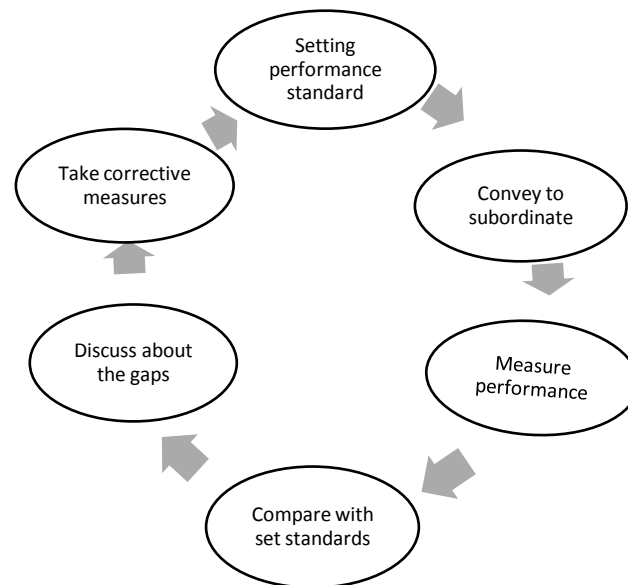
STEP 2- Next step is to convey the expectation to the employees which will realise their role and understand what is expected from them, the standard should be modified if required after getting the feedback from employees

STEP 3- After the standard is conveyed the next step is to measure the actual performance of the workers using right method of appraisal.

STEP 4- In this step the performance is differentiated with the set performance standard which will help the appraiser to discuss about the gap with the employee.

STEP 5- Here the appraiser communicates with the employee regarding the result of the appraisal along with difference in the actual performance and set standard, this helps the appraisee to know his strength and weakness which may motivate him to improve his performance but this influence of feedback might be negative or positive depending upon how the feedback is presented

STEP 6- The last step is to take corrective action which can enhance the employee's performance, the corrective measures may be in form of training, counselling, coaching etc.



## METHODS OF PERFORMANCE APPRAISAL

There are several techniques for measuring performance of personnel. Selection of proper technique usually depends on organisation size, culture, product technology. The methods can be broadly categorised into two categories.

### Traditional methods-

1. Confidential report
2. Essay method
3. Straight ranking scale
4. Graphic rating scale
5. Forced distribution method
6. Paired comparison method
7. Checklist method
8. Critical incident method
9. Group appraisal method
10. Field review method
11. Forced choice method

### MODERN METHOD

1. Assessment center
2. Human resource accounting
3. BARS
4. MBO
5. 360-Degree appraisal
6. Psychological method

**Confidential method** – Its traditional form of appraisal, usually used by governmental organizations. A confidential report is prepared by the immediate boss or supervisor, who analyses strength, weakness, achievement, failures, and personality of the employee. The assessment is based on impression for which it is in descriptive form mainly used for promotion or transfer. Its credibility is low as there is no feedback.

**Essay method** – In this technique the supervisor writes a brief paragraph on the employee's performance depending on the overall behavior of the employee but this method has a lot of drawbacks like the evaluator might be biased, quality of appraisal also depends upon the writing ability of the evaluator, very time-consuming and there is no objectivity or specific points of comparison among the employees.

**Straight ranking method** – It is one of the simplest and easiest traditional forms of appraisal, here the evaluator allots rank to every employee in the same work unit doing the same kind of work, different ranks are set i.e. Best to worst on the basis of the entire performance of the workers. It sometimes involves biasness, usually suitable for small workforce not large companies as ranking employees having different behavioral patterns is difficult.

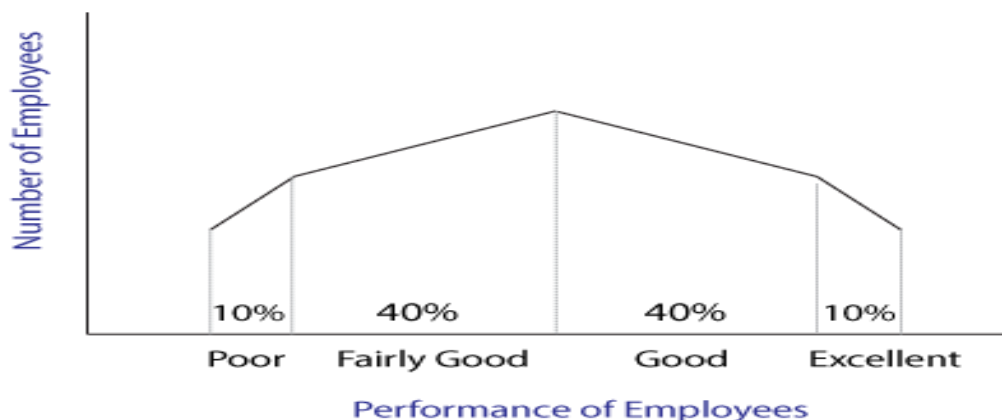
EMPLOYEE	RANK
A	4
B	2
C	1
D	3

Graphical rating scale- Also known as linear or simple rating, in this from the It provide a list to the evaluator which includes various qualities like cooperativeness, punctuality, motivation, attitude, output, sincerity. The evaluator has to access the performance on several factors each having five degree.

Forced distribution method- In this technique the employees are rated in the form of a

normal frequency distribution technique, personnel's are placed under some group but aren't ranked with that group. It is widely driven in service based company. The main drawback is evaluator does not explain why the employee is placed in that particular category, it is also known as bell shaped method of distribution.

### Forced Distribution Method



Paired compared method- This method is modified version of straight ranking method, every employee is compared with each other, the often he is better than other determines his rank. it is easy reliable and simple usually suitable for small organization, the drawback is that it is very time consuming. The total pairs can be determined using the equation -  $N(N-1)/2$

Checklist method- It is a list of statement that illustrate the characteristic and conduct of employee on the job, then employee is examined whether his behavior is positive (yes) or negative (no). There are three type checklist method

- Simple checklist (equal importance is given to all statement)
- Weighted checklist( every statement has its own weight)
- Force choice checklist( it consist of five statement two most descriptive and two least descriptive and one neutral statement)

It is time consuming, descriptive and expensive method, risk of misinterpretation is high, trained evaluator is required.

Critical incident method- This is done by the immediate boss who maintains a written record of critical events and employee's behavior during that event is recorded. It is technically based on description of event not on ranking or rating. It is very difficult and cumbersome to keep a written file for every worker at some stage in each primary event. It may also develop negative feeling from employees if after sometimes the incident are quoted in order to judge the performance.

Group appraisal method- In this method assessment is done by a group, the group usually consist of immediate boss, head of department and other senior who are associated to the same department. The group set a standard for the performance and measures the actual performance of the employee, examines the reason behind poor performance of the employee and provide ideas for

improvement. It is quite impersonal and unbiased as a group is involved in appraising, but the method is very slow.

**Field review method-** It is conducted by outside personnel, especially someone from human resource department, supervisor's personal biasness is reduced due to active involvement of HR officer. The HR officer reviews the employee record and holds an interview with the ratee and supervisor, primarily used to make promotion decisions at a managerial level. It is time-consuming and a skilled compatible interviewer is required.

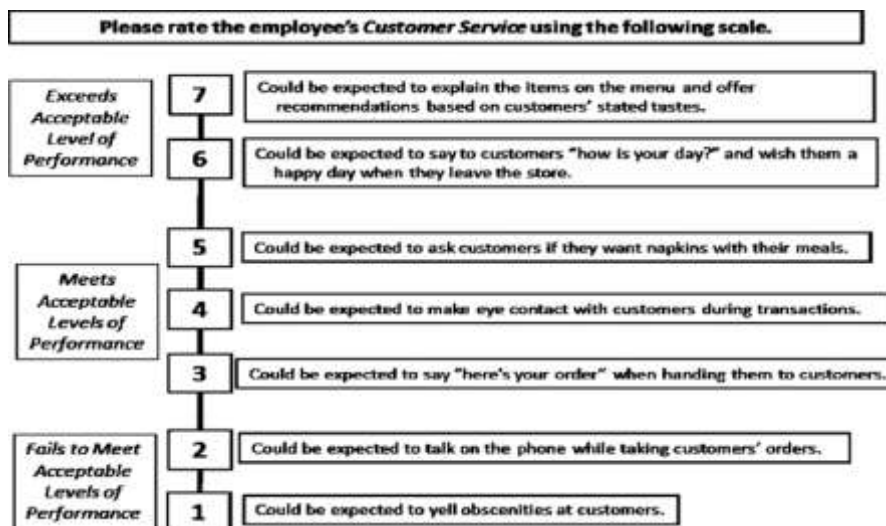
**Forced choice method –** This method was first introduced by J.P. Guilford. HR manager first prepares a set of questions (both positive and negative), then the statement is forwarded to the rater who has to evaluate. Each statement carries some hidden scores which are summed up and a conclusion is drawn.

**Assessment centered method-** This method is basically used for evaluating executive or supervisor's potential. In this technique a group of personnel is drawn from various work units and are told to work on assignments much like to the one they could be dealing with when promoted. Experienced managers are appointed as evaluators to rank the performance. The group is evaluated via role play, business games, group activities and a basket of exercises. This kind of appraisal is usually done

to decide promotional aspects, but it has some drawbacks as it is very costly and time-consuming method and also creates unhealthy competition among the employees.

**Human resource accounting method-** This is the process where performance is judged in terms of the worth of the employee i.e. monetary benefits yield. In other words ROI is calculated by analyzing the cost and contribution of an employee, by cost it means expenditure incurred on HRP, recruitment, selection, induction, training, compensation. The variation between the expenditure and profit would be reflected by the ROI graph or performance of employee. This is usually used for evaluating group performance rather than individual ones.

**BARS (Behaviorally Anchored Rating Scale) –** This method is the combination of graphical rating scale and critical incident technique. The appraiser observes employee's work behavior and compares those observations with behaviorally anchored rating scales. These usually consist of scales ranging from 5-10, each representing a statement that describes behavior of employees ranging from unacceptable to most acceptable. This method is widely accepted as it provides a basis for setting developmental goals and is capable of differentiating behavior performance results.



**Management by objective (MBO) -** Peter Drucker introduced this concept in 1954. It requires an employee to establish the objective of the job. There is a focus on results to be achieved rather than on activities. Focus is on the future rather than the past or present. The main aim is to have a positive approach with a view to solving. MBO also clearly specifies the goals so as to avoid the role of ambiguity and

misunderstanding. This is not an ideal way of performance appraisal in the case of blue collar workers as they are not able to set clear goals. This method helps in raising the morale of employees and helps to satisfy ego. It won't be successful without the support of top management.

**360-degree appraisal-** Every employee is evaluated by a minimum of 15 colleagues at least 2

of them being his boss, 4 peer and 6 subordinates. On basis of collected information strength and weakness are traced. This method encourages people to focus their attention toward goals.

Psychological method –large organization hire industrial psychologist who evaluates the employee's future potential instead of past performance. It usually consist of in-depth interview, psychological test, and conversation with superiors, then the psychologist analysis employees emotional, logical and job related characteristic.

#### PERFORMANCE MANAGEMENT IN TCS.

Tata Consultancy Services (TCS) is a multinational Indian information technology (IT) consulting and services company headquartered in Mumbai, Maharashtra, India, and has the largest office and staff in Chennai, Tamil Nadu, India. TCS is the world's largest IT Company with a market value of US\$169.2 billion. It is part of the Tata Group and operates in 149 locations in 46 countries. TCS is the second largest company in India by market capitalization. In 2015, TATA Consultancy Service ranked 64th in the Forbes ranking of the world's most innovative companies, becoming India's leading IT service company. In April 2018, TCS became India's first IT Company with a market capitalization of US\$100 billion and India's second largest IT Company. (Following the success of Reliance Industries in 2007)The market value of the Bombay Stock Exchange is 67.933.281 billion won (102.6 billion US dollars).

TCS deserted bell curve based performance appraisal and has moved to continuous feedback system and becoming most recent player to relocate itself from force ranking system. TCS chief executive N.chandrasekaran stated that they appraised employees on their performance only but now seeking to make sure that feedback process is continuous rather than at definite period.

Continuous feedback –in this type of appraisal the employee doesn't have to wait for a particular period to get the feedback or discuss the issue with the manager. This type of appraisal

occur more often like within 1-3 month where employee and manager systematically discuss the strength and weakness of the employee and find solution to improve the performance of the employee.

#### III. CONCLUSION

Performance appraisal makes employees aware of their performance and shortcomings.it provide raw material for various personnel decision like increment, promotion, transfer, etc. Performance appraisal helps in motivating the employees. When TCS changed its appraisal system it found that employees were able to know where they stand and what was expected from them in terms of their performance, with continuous feedback system they were able to fill the gap hence resulted in better performance of employees which created an engaging and enjoyable workplace as a result it enhanced the productivity of the organization

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