Chapter I
CHAPTER I

INTRODUCTION AND CONCEPTUAL BACKGROUND

OF THE STUDY

This chapter deals with a brief description of the Performance Management System and study area of select software companies in Bangalore. The brief description of the study area provides a sound background for detailed analysis and discussion of the results lend a hand to draw meaning full conclusions.

Major attention was given to resources, production and senior managers. But now in the large-scale modern production of many products with a large market (where the sky is the limit) in the last decades, the importance of human resources and their development, are in the foreground. In worldwide all the organizations to know the value of human resources as well as they are undervalued. Human capital is the wealth of a nation and an organization. The growth and expansion process is widespread and diverse. In this lesson, we understand the importance and concept of Human Resource Management (HRM).

In common human resources are people and their properties to work at both national and organizational level. Megginson has defined human resources as follows:

“From the national point of view, human resources are knowledge, skills, creative abilities, talents and attitudes obtained in the population; whereas from the viewpoint of the individual enterprise they represent the total of the inherent abilities, acquired knowledge and skills as exemplified in the talents and aptitudes of its employers”

Sumantra Ghosal has human resources as human capital. Classification of human capital into three categories: intellectual capital, social capital and emotional capital. Intellectual capital consists of knowledge, skills and tacit knowledge, cognitive complexity and the ability to learn. Social capital consists of a network of relationships, social life and reliability made. Emotional capital is self-reliance, ambition and the value of ability and resilience of risks. "In simple terms, human resource management is an efficient and effective method to reach the human resources of the utilization that the objectives are.
After Flippo, Human Resources or say that the personnel management is the planning, organization, direction and control of the supply, development, compensation, integration, maintenance and separation of the resource person into the ultimate goals achieved is "The National Institute of Personnel Management (NIPM) human resources India has defined - management of personnel as in the purpose of a company is to bring together and effective organization of men and" that part of the management in terms of people and their "Involved in the business of women in development and taking into account the well - being of individuals and work groups to do everything possible for success.

After Decenzo and Robbins, "managing human resources for the size of the population in management." Generally each and every individual are like and ready to prove their individuality and try to continue in their whole working life. Their commitment to the organization, is important to achieve organizational goals. This is true regardless of the type of organization - politics, economics, education, health or social action".

Human resources management can be defined as a process for acquiring, developing and retaining competent resources in the organization, thus effectively and efficiently achieving the objectives of an organization. In other words, human resource management is an art of people at work to give management the very best of the organization.

Human resources are the most valuable asset of a company. They are activators of non-human resources, the means of competitive advantages and the sources of creativity to develop. Ghoshal describes the human resources management function in the management of an organization along these lines. "Indian companies have sprinkled their strategic thinking, they even have a generation going forward with their origins, but they still have managers who have been trained by the older models who are essentially first generation management teams whose definitions role And tasks, personal skills and knowledge, ideas and beliefs about management has been shaped by an old model. Third generation strategies cannot be managed with second generation organizations and first generation managers to meet the needs of organizations And second-generation thoughts. Third-generation strategic view from above shows the role of human resource management in the HRM, Indian importance in three to see contexts, organizational, social and professional.
1.1 HRM Perspectives of Performance Management System

Concept of HRM borders on, Men or personnel can do many wonderful things and take up any challenge. Human resources is the precious stone in the crown of organization. They can be made more effective and aligned. There are no limits on their capabilities and their skills can be continuously improved through training, skills, attitude and other scientific equipment and mechanization.

Karen Legge has specified three elements of HRM as follows Human resource policies should be integrated with strategic business planning and used to reinforce appropriate culture. They can be trained to make the necessary climate, can increase efficiency, and are created. The environment and its freedom can be increased in order to create a pleasant environment. Karen Legge has three elements of human resource management the following personnel policy that is specified with strategic business planning should be integrated and used to strengthen respective culture. In the present competitive era the Human power are most valuable source of every organization. Human resources can exploit a coherent policy by both parties to be more effective, than the commitment to promote and goodwill among employees to promote flexibility in the interests of adaptive enterprise to pursue pursuit of excellence.

1.2 Employee Performance Management

In today's competitive environment, companies must continuously ensure the optimal performance of their employees to compete effectively. Traditionally tried this was to get through the performance evaluation of the employees, who was willing to tell people more where they did not have their performance. It served the purpose, to some extent, but not enough to improve employee performance to more desirable levels. This led to the introduction of the concept of performance management, which means the process of performance planning to improve performance, appreciation of performance, feedback and advice of an employee.

Many people think that performance management (sometimes called performance development) can be and performance evaluation and the same
This thinking made many companies to retain the old practices of performance appraisal. Therefore, these companies have not been able to reap the results of performance management. There is a need for changing mental set up along with the change in the system. Changing the nomenclature of a system without changing the mental set up is merely avoiding reality.

Therefore two perspectives of performance management and system performance should be considered in different perspectives.

Performance management is a comprehensive performance assessment, even if performance evaluation is part of performance management. In addition to performance evaluation includes planning management and the provision of performance capacity to improve your feedback on performance and advice to employees. In all performance management activities are linked to the objectives and strategies of the organization. That link, focus is on evaluation rather than what and how to evaluate performance.

Many research evidences suggest that the companies that have some sort of performance management systems have achieved overall better financial performance than those that have not.

Performance Management Features One of the successful performance management systems has the following characteristics.

1. Performance management is closely concerned with the organizational culture and strategically linked to clearly defined to organizational objectives. Therefore, performance measure is based on the critical success factors derived directly from the corporate and business strategy.

2. Many feel that there should be separation of appraisal for rewards from appraisal for development. Further, it is suggested that peer-level managers should conduct appraisal for rewards, instead of just immediate superiors. The performance management system is closely related to other human resources systems, such as planning, succession planning, and training and development
3. Performance management is an ongoing process of monitoring and feedback. Staff surveys are incorporated as focus group interviews in the approach, etc in all stages for the design, implementation, and review process.

4. Performance management involves effective use of technology in conveying desired competencies and in monitoring, collecting and giving feedback.

5. Performance management emphasizes comprehensive training to managers not only for their own development but also to act as effective coaches as the role of coaching in performance improvement is critical.

6. Performance management is a dynamic system that is suitable for changing workplace realities, such as working in teams and alternative work arrangements like tele-working, job sharing, etc.

Managers need to know whether their employees are performing their jobs efficiently and effectively or whether there is need for improvement. Evaluating employee performance is part of a performance management system, which is a process of establishing performance standards and appraising employee performance in order to arrive at objective human resource decisions as well as to provide documentation to support those decisions.

Performance evaluation is an important part of a performance management system. Here are the different methods of performance evaluation. Performance assessment Performance evaluation is the main component of energy management. In a working group, consciously or unconsciously, opinions make others.

The opinion may be about their quality, behaviors, way of working etc, such an opinion becomes basis or interpersonal interaction. In the same way, superiors form some opinions about their subordinates for determining many things like salary increase, promotion, transfer, etc. in large organizations, this process is formalized and takes the form of performance appraisal. Performance appraisal in some form has existed in old days also. For example, Wei dynasty (221-265 A.D.) in China introduced performance appraisal in which an Imperial Rater used to appraise the performance of members of the official family. In its present form, the New York City Civil Service adopted performance appraisal in 1883.
Since then and specially after World War I, performance appraisal in formal way has been adopted by most of the large organizations particularly in business field. In our country too, large organizations adopt formal appraisal method.

Performance Review concept is to evaluate performance, quality or merit. As part of the organization that performance evaluation is systematic, a personal development of supervisor or other family members with their performance. Performance evaluation is also described as the merit assessment in which one person is ranked as better or worse than others. The basic purpose of this credit is to determine the desirability of promoting an employee. However, performance evaluation is a broad term for this activity as its use extends beyond checking the suitability of funds. Such activities may be in addition to promoting training and development, salary increase, transfer, discharge, etc.

A formal definition of performance evaluation is as follows: s (performance) is the process of assessing performance and staff ratings in relation to the work standards for which it is used, the purpose of management, including the provision of Financial rewards and other actions positioning, selection for promotion, differentiated actions among members of a particular group requiring treatment that apply equally to all members.

1.3 Systematic Performance Appraisal

Performance evaluation is the systematic evaluation of the individual in terms of his / her performance in the workplace and its development potential. Therefore, performance evaluation is a systematic and objective way the merit or ability of an employee to evaluate their running mane. Emphasis is placed on two aspects; Systematic and objective.

Evaluation is the systematic if the whole rate of benefits in the same way, using the same approach, so the assessment of different people is comparable. This evaluation is taken at regular intervals in accordance with the plan; It is not left to chance. So you know the two pilots and rates the performance evaluation system and your time.

Appraisal has objectivity also. Its essential feature is that it attempts at accurate measurement by trying to eliminate human biases and prejudices. Objectives of Performance Appraisal As discussed earlier, performance appraisal is undertaken for a
variety of reasons. Review of organizational practices shows that organizations undertake performance appraisal exercises to meet certain objectives which are in the form of salary increase, promotion, identifying training and development needs, providing feedback to employees and putting pressure on employees for better performance.

**Salary Increase**

Performance evaluation plays a role in decisions about an increase in wages to do. Typically, the increase of an employee depends on how your job is done. There is continuous evaluation of their performance, both formally and informally.

In a small organization, since there is a direct contact between the employee and the one who makes decisions about salary increase, performance appraisal can be an informal process. However, in a large organization where such contact hardly exists, formal performance appraisal has to be undertaken.

This can show the work as well and the staff and how many need to be compensated for a raise.

**Upgrade**

Performance evaluation plays an important role in advocacy is based on merit. Most of the organizations often use a combination of merit and seniority for promotion, performance appraisal discloses how an employee is working in his present job and what his strong and weak points are. In the light of these, it can be decided whether he can be promoted to the next higher position and what additional training will be necessary for him. Likewise, the performance evaluation of the transmission can be used, cutting and unloading an employee.

**Training and Development**

Performance assessment is identifying the strengths and weaknesses of an employee in their current job. This information can be used to develop appropriate training and development programs to overcome the weaknesses of employees. In fact, many companies use performance evaluation as a means to identify the needs of employee training.
Feedback

Performance evaluation provides information to employees about their performance. He tells them where they are. A person works best when you know how it works; As your efforts contribute to the achievement of corporate goals.

This works in two ways. First, the person gets feedback about his performance and he may try to overcome his deficiencies which will lead to better performance. Secondly, if the person receives information about their performance, they can refer to their work with the goals of the organization. This gives you satisfaction that your job is important.

Thus, given the proper organizational climate, he will try his best to contribute maximum to the organization.

Pressure on Employees

The pressure on employees Performance evaluation is a kind of pressure on staff for better performance. When employees know that they are valued in relation to certain factors and their future depends to a large extent on this evaluation, they tend to have a positive and acceptable behavior in this regard. Therefore, the fault can automatically operate as a controller.

1.4 Definition of Performance Management

The role of the EU in the current scenario has undergone a radical change and focuses on developing such functional strategies that allow the effective implementation of key business strategies. In a way, HR and business strategies work in alignment. Today, it takes human resources to facilitate and improve employee performance by creating a good working environment and provide employees with the opportunity to plan the organization and decision to participate.

Today all major human resources activities are carried out in the development of high performance leaders and promote employee motivation. Thus it can be interpreted that the paper has developed from the simple UF apprezzatore a moderator and a facilitator. Performance management is the current password and the need in this day and age of skin competition and the organization's struggle for leadership. Performance management is a much larger and more complex human resources function, as it contains
activities such as defining common goals, continuous review of progress and frequent communication, feedback and advice to improve performance, implementation of development programs for staff and service recognition.

The performance management process begins with the adherence of a new owner to a system and ends when an employee leaves the company. Performance management can be considered as a systematic process whereby an organization's overall performance can be improved within a teaming scheme, thereby improving people's performance. It is a means to promote superior performance by making expectations available, defining the rollers within a framework of required qualifications and benchmarking achievable in connection.

After Performance Management Armstrong and Baron (1998), both of a strategic approach to achieving effective results integrated into organizations, improving performance and developing the skills of teams and individuals. The concept of performance management has gained its popularity in the early 80’s, when total quality management programs have received the highest importance to achieve the highest standards and quality performance. Tools such as design work, leadership development, education system and reward have a boost with the same traditional process of performance evaluation in the new and complete, and get a lot more extensive. Performance management is a communication process in the transition that takes place between supervisors and employees throughout the year. The process is very cyclical and continuous in nature. A performance management system includes the following actions.

Develop include clear descriptions and employee performance plans, essential result areas (KRA) and performance indicators. Choose the right system of people from a corresponding selection process. Negotiate performance requirements and standards for results and overall productivity in relation to the measurement of specified parameters. Continuous training and feedback during the execution of the deadline. Identify the training needs and development of action in relation to the measure in established standards and improve the effective implementation of development programs. Management of the fourth discussion on performance development and employee performance evaluated on the basis of performance plan.
To recognize the design of effective compensation systems and benefits for employees who do their work exceeds the achievement of established standards in accordance with profit plans or performance benchmarks. Provide advertising support / professional development and advice to employees. Conduct exit interviews to understand the cause of employee dissatisfaction and then leave an organization. A performance management process defines the platform, recognizes excellence by aligning the results of each employee with the task and objectives of the organization and making the employee and the organization the importance of a specific task to achieve this results. By establishing clear performance expectations that are results, actions and behavior, it helps exactly what is expected of your job and setting standards helps eliminate those jobs that are no longer used to understand employees. Regular feedback and training provides you to diagnose problems at an early stage and take remedial measures to advantage. Finally, performance management can be viewed as a proactive system of individuals and employee performance management organizations to drive performance and desired results. It draws attention to harmonious coordination between individual and organizational goals for performance excellence. The term performance management has had since the days of its significance whether the competitive pressure in the market have begun to grow and organizations have felt the need to introduce a comprehensive process system to manage their system's performance to global productivity and L To improve energy efficiency.

1.5 Phases of Performance Management Process

First phase: the origin of performance management came back in the early 1960s, when performance appraisal systems were in practice. During this time the annual confidential report (ACR) famous as "Employees Service Records" monitor employee behavior and these reports have been kept from any significant information on employee performance. A negative comment or observation or nell'ESR nell'ACR used to negatively influence the career to an employee's growth prospects. The comments were usually made of ten strokes based on the five or ten degree scale. These characteristics work, honesty, dynamism, punctuality, leadership, loyalty is found, etc. Observations of these relationships were never communicated to employees, and confidentiality is
maintained throughout the process. The staff remained in total darkness, due to the lack of a feedback mechanism and transparent communication. This system had suffered many disadvantages.

Second stage: This phase is continued from the late sixties to the early 1970s, and a key signal of this phase is that any negative comments were included in the performance reports were communicated to employees so that they can take corrective measures to overcome These disadvantages outweigh. In the process of performance evaluation testing means discretion have been used to exceed given the evaluation by the boss of the relationship. Employees use a formal written statement of their areas of improvement identified in the rule if the score for a particular trait was less than 33%.

Third phase: The term ACR was replaced by a performance evaluation at this stage. One of the major changes that have been introduced at this stage is that employees were allowed to describe the progress in implementing confidential relationships. Employees were allowed to describe their results in self-evaluation forms at the end of the year. In addition to including features on the rating scale, many organizations, various components have considered the productivity and performance an employee can achieve in quantifiable as goals, measure, etc. Some organizations also have a new section introduced in the training needs in the evaluation form. However, privacy was still maintained and the method to be aligned to the continuous controller, rather than being development-oriented.

Phase Four: This phase began in the mid-70's and its background was as great business teachers in India as Larsen & Toubro, State Bank of India followed by and many others have introduced major reforms in this area. At this point in the evaluation process is developed on the basis of performance objectives (based), participatory and open, instead of being treated as confidential procedure. The system focuses on performance planning, testing and developing an employee's methodical approach. Throughout the process, the (dependent) Commissioner and the person in charge of the relationship, both parties agreed on the key results areas earlier this year and to be reviewed after every six months. In reviewing various topics of an employee's training needs, the final objectives and feedback to the evaluator in a collaborative environment discussed the factors that
affect performance. This phase was a positive change in the field of performance management and many organizations have introduced new human resources to address the development problems of the organization.

Fifth phase: This phase of maturity of a people management approach coined. More power was driven and attention focused on development, planning and improvement. The greatest importance for the construction of culture has been given the team's assessments and quality circles were defined in order to evaluate the improvement in overall employee productivity.

The performance management system is still under development and a much more objective and transparent system is expected in the near future.

1.6 Objective of Performance Management System

According to Lockett (1992), performance management aims to develop individuals with the necessary commitment and competences to work towards the common meaningful goals within an organizational framework. Performance Management Frameworks are designed with the aim of improving the individual and organizational performance by identifying the performance requirements, the regular feedback and the support of the employees in their professional development.

Performance Management aims to create a high-performance culture for individuals as well as for the teams so that they can jointly take responsibility for a continuous improvement of the business processes and at the same time increase the competence barrier by improving their own abilities within a management framework. His focus is on making the goal clear so that people can make the right things at the right time. It can be said that the main goal of a performance management system is to reach the employees' capacities for the full potential of the employee and the organization by defining the expectations regarding roles, responsibilities and responsibilities, the skills required, and the expected behavior. The main focus of performance management is to ensure that the organization as a system and their subsystems work together in an integrated manner to achieve the best results or results.
The most important objectives of Performance Management are:

1. To enable employees to achieve superior standards of work performance.

2. Help the employees to identify the knowledge and skills needed to perform the work efficiently as this would focus on the right task in the right way.

3. Strengthen the performance of the employees by encouraging the employees empowerment, motivation and implementation of an effective reward mechanism.

4. Promoting a two way system of communication between the supervisors and the employees for clarifying expectations about the roles and accountabilities.

5. Communicate the functional and organizational objectives, provide a regular and transparent feedback to improve the performance of employees and continuous coaching.

6. Identify the barriers to effective performance and resolution of these barriers through continuous monitoring, coaching and development interventions.

7. Create a basis for multiple administrative decisions strategic planning, succession planning, promotions and performance-oriented remuneration.

8. Promoting personal growth and progress in the career of employees by helping them acquire the knowledge and skills required.

Managing employee performance is one of the key drivers for organizational success in the present context of firms trying to adopt a resource centered view of the organizational. We have seen elsewhere that integrating HRM practices with those of organizational goals and strategy increases the competitive advantages for the firm. Similarly, managing employee performance within the larger framework of organizational goals is critical for organizations that count people among their key assets. As we have been mentioning throughout, firms in the service sector that lay a lot of emphasis on people need to ensure that employee performance is managed in a holistic manner.
The main concerns of a performance management system in an organization are:

1. Product affected for output (results), results of processes needed to achieve results and inputs (knowledge, skills and attitudes).
2. Concerned about measurement of results and verification Establish progress to achieve objectives.
3. To form Concerned about the definition of business plans in advance for a successful future.
4. In an effort to continuously improve and develop continue to create a culture of learning and an open system.
5. Concerned with the creation of a culture of trust and mutual understanding, which promotes the free flow of communication at all levels in areas such as clarifying expectations and exchanging information on the fundamental values of an organization that Holds the team together.
6. Concerned about procedural fairness and transparency in decision-making

The approach to performance management has been an indispensable tool in the hands of the company as it ensures that the citizens of the company values hold and embrace the path of accomplishing the ultimate mission and business vision. It is a process perspective, as it includes both the supervisor and the employees in a joint planning process and the definition of annual objectives principles.

In the era of competitive enterprises and globalization have the importance of strategic human resources practices implemented a competitive advantage over the competition to win. A well-designed performance management system can play a crucial role in facilitating the activities of an organization's employees to achieve the mission and vision of the company. Performance management is a useful tool for aligning all organizational functions and key secondary functions, so the lens is aimed at achieving the organization. Performance management is a much broader system, as it relates to planning, execution, monitoring and evaluation, to increase productivity and growth at the individual and organizational levels. By clearly defining individual responsibilities and build on the basis of the team in the form of ARC and a common understanding of mutual responsibilities, allows a good performance management system improves and facilitates staff development.
The performance of administrative staff is one of the most difficult challenges facing companies today, as it depends entirely on the commitment, competence and clarity of employee performance. If you are effectively rewarded for a practice and you control a well-planned feedback mechanism, a performance management system can serve as an important tool for employee motivation and development. The need to establish a robust performance management system has been detrimental in the period when the traditional mechanism for evaluating performance began and its limits were heard to be overcome. The performance rating system of the previous period lacks objectivity because the diameter or parameters to measure performance have not been clearly defined and attention has focused on sections instead of measurable behavior or goals. As a result, morale and motivation at work were negatively affected throughout the evaluation process due to the lack of a clear feedback mechanism and lack of employee participation. A performance management system overcomes the disadvantages of the traditional performance appraisal system maintain a futuristic concept, rather than employees to evaluate past messages that evaluate employee performance.

Performance management is a strategic and holistic tool is omnipresent in nature as in all activities of the organization that deals with the individual management of the organization, the team and the organization. The process is important and very important to create a culture of an organization, with a view, can excel in people and teams depending on the skills and business processes to constantly improve.

Performance management helps improve the exchange of expectations for the quality of relationships between members of the organization, promoting and creating a climate of openness and reciprocity. The importance of performance management has grown rapidly in recent years because most organizations are placing a lot of emphasis on staff development and talent management. Modern organizations are working to maintain the skills of employees to govern leadership in the competitive market and play a leading role.

Arvind Mills Lalbhai Group, has realized the importance of strategic HRM practices and the introduction of a performance management system proactively in their organization after serious threats against competitors. The company has created a forensic planning and resources team that has taken descriptions of the positions of responsibility
and the structure of jobs for the staff to prepare and is responsible for carrying out the selection and hiring procedures. An innovative online recruitment system was introduced, which is known for resolving the interviews as a selection of the selection system, the generation of call letters, etc. This system has been connected to the formation of the suppression and information system for the information system. The training needs for the employees were handled by the management and organization of the group. The company also introduced the management system by objectives to establish the SMART objectives for the surpassing employees could motivate.

1.8 Components of Performance of Management System

Each effective performance management system includes the following components:

Performance Planning

Performance planning is the first critical component of any performance management process, which forms the basis of performance assessment. Performance planning is carried out jointly by evaluation and review by the start of a performance session. During this time the staff decides on the goals and key areas of performance that can be made perform after a mutual agreement between the relationship manager and the employee within a year before the budget execution.

Performance Appraisal and Reviewing

Performance evaluation and evaluation

Evaluations are usually carried out twice a year in an organization in the form of average reviews and annual reviews that take place at the end of the year. In this process, the assesses has mainly promises full-auto in the form of self-assessment and also describes the results for a given quantifiable period. After the self-assessment, the final appraisers are to be evaluated by the contractor for quantifiable and measurable employee results. The whole review process is actively participating in both the staff to analyze the evaluator the causes of differences in performance and how to overcome them. This was discussed in the comments section on performance.
Feedback and Counseling

Comments and tips

Responses and tips are very important in the performance management process. This is the time when the employee acquires knowledge on the part of the contractor areas of improvement as well as information on whether workers are expected to contribute to performance levels or not. The feedback of employees receives an open and very transparent and with it, also identifies the need for training and development of staff. The evaluator takes all possible steps to ensure that employees of an organization through effective advice and personal guidance, care and representation of employee training programs meet the expected results, develop skills and improvement of total productivity.

Rewarding good performance

This is a very important part as it will determine motivation in the work of an employee. During this phase, employees have publicly acknowledged the good behavior rewarded. This phase is very sensitive to employees as they can have a direct impact on self-esteem and the orientation of results. All contributions help a body recognized by an employee to successfully make the mistake and respond to the need for affection.

Performance Improvement Plans

Performance improvement plans

At this stage, we are adding a new set of targets for hiring employees and providing a new time frame for achieving these goals. The employee communicates clearly to the areas where the employee is expected to improve and also have a time limit within which the employee must demonstrate improvement. This plan is being developed by the evaluator and is approved by the contractor and with each other.

Potential Appraisal

Potential qualification

The potential assessment forms a basis for lateral and vertical movement of employees. Through the allocation of powers and the various techniques of analysis, a possible evaluation is carried out. Analysis of the potential provides the basic data for succession planning and job rotation.
Benefits of a Performance Management System

A good performance management system, the entire performance of the organization works to ensure ambitions and goals, the performance of teams and individuals to improve the company's performance by management. An effective performance management system can play a crucial role in performance management in an organization:

1. Ensure that employees understand the importance of their contribution to the organization's goals and objectives.
2. Make sure each employee understands what is expected of them and also to determine if employees have the skills and support needed to meet these expectations.
3. Make sure to facilitate the proper orientation or link your goals and effective communication within the organization.
4. Facilitating a friendly and harmonious relationship between an individual employee and the line manager is based on trust and autonomy.

Performance management practices can have a positive impact on job satisfaction and employee retention:

1. Make frequent open and transparent feedback to employees.
2. Established a clear link between performance and pay.
3. Enter etc. A lot of opportunities for learning and employee development in leadership development programs
4. Performance evaluation and distribution of incentives and rewards on a fair and equitable basis.
5. Define clear performance objectives through open communication and facilitate a common dialogue.
6. recognition of the reward and good performance of an organization.
7. Set offer the greatest career opportunities for growth.
1.9 Element of Performance Management System

Performance management is a concept in the field of human resources management. "Performance management is a continuous process of identifying, measuring, and performing individual employees' performance and alignment with strategic development objectives" (Aguinis, 2009).

There is no single universally accepted model of performance management. Various experts have explained the concept in their own ways. Mabey has prescribed the model of performance management system in the form of ‘performance management cycle’. This cycle has 5 elements which suggest how performance management system should be implemented in an organization.

The elements of performance management system cycle includes:

1. Setting of objectives.
3. Feedback of performance results.
4. Reward system based on performance outcomes
5. And amendments to objectives and activities (Mabey et al, 1999).

![Figure 1.1 Elements of PMS](image-url)
1.10 Software Industry

The word "software" was conceived in 1953 as a joke, but only appeared in the 1960s in print. Prior to that time, the computers were programmed by the customer and the few commercial computer manufacturers from the time UNIVAC and IBM. The first company of software products and services created to provide company computer use in the 1955th.

The software industry was expanded in the early 1960s, were sold almost immediately after the first computers in bulk quantities of products. University, government and commercial customers have created a demand for software. Many of these programs are written in-house by full-time programmers. Some of them were freely distributed freely among users of a particular machine. Others were (established in 1959) on a commercial basis and other companies like Computer Sciences Corporation began to grow. Other typical or influential software companies began in the 1960s including advanced computer techniques, automatic data processing, applied research data and general computing.

Computers / hardware manufacturers have started grouping operating systems, software and programming environments with their machines. When brought Digital Equipment Corporation (DEC), a relatively inexpensive microcomputer on the market that allows bringing computing to many companies and universities around the world and provoked massive innovation in new and powerful programming languages and techniques. New software for microcomputers has been created, so other manufacturers, such as IBM, are quickly leading December as IBM AS / 400, among others.

The industry has expanded in the mid-1970s that brought desktop computing to the employee for the first time significantly with the rise of the personal computer ("PC"). In recent years it has also created a growing market for games, applications and utilities. DOS, the first Microsoft operating system was the dominant operating system at the time. At the beginning of the 21st century, another successful business model has emerged from hosted software, called software as a service; That was at least the third time this model had been tried. From the perspective of the producers of some proprietary software, software as a service reduces the concern about unauthorized copying, since each client software is loaded on the end user's PC only over the Internet and by definition.
Table 1.1

Information Technology spending on software World wide

<table>
<thead>
<tr>
<th>S. No</th>
<th>Year</th>
<th>Amount Spent (Value in US. Dollars)</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>2008-2009</td>
<td>225.51</td>
</tr>
<tr>
<td>2</td>
<td>2009-2010</td>
<td>244.64</td>
</tr>
<tr>
<td>3</td>
<td>2010-2011</td>
<td>269.00</td>
</tr>
<tr>
<td>4</td>
<td>2011-2012</td>
<td>285.00</td>
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<tr>
<td>5</td>
<td>2012-2013</td>
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<tr>
<td>6</td>
<td>2013-2014</td>
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<td>7</td>
<td>2014-2105</td>
<td>314.00</td>
</tr>
<tr>
<td>8</td>
<td>2015-2016</td>
<td>332.00</td>
</tr>
</tbody>
</table>

Source: www.statista.com

The statistic shows the worldwide IT spending on software from 2009 to 2015, with a forecast to 2020. In 2015, spending on software was around 314 billion U.S. dollars. That same year, expenditure in the global information technology market amounted to 3,413 billion U.S. dollars and IT services, the second largest segment behind communications services, stood at 866 billion U.S. dollars.
Chart 1.1

Information Technology spending on software World wide

Software Industries in India

India is the largest in the global supply destination for the information technology and geography (IT) industry, accounting for approximately 67 percent of the market of $124 billion to $130 billion. The industry employs around 10 million workers. More importantly, the industry has led to the economic transformation of the country and has changed the perception of India in the world economy. The competitiveness of India's costs in providing IT services, about 3-4 times less than the United States continues to support its unique selling point (USP) in the global supply market.
Table 1.2

Production of Software’s in India

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<tr>
<th>S. No</th>
<th>Year</th>
<th>Export</th>
<th>Domestic</th>
<th>Total</th>
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<td>15</td>
<td>2014-15</td>
<td>612,144</td>
<td>131,040</td>
<td>743,184</td>
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</table>

Source: Ministry of Communication and IT
Chart 1.2

Production of Software’s in India

But India is also gaining in terms of intellectual capital with several global IT companies that set up their innovation centers in India. The IT industry is in high demand in India's education sector, especially in engineering and IT. The Indian IT and ITES industry is divided into four main segments: Services, Business Process Management (BPM), engineering software and hardware products and services. The IT-BPM industry, currently at $143 billion, expects an estimated $143 billion for 2015-16, with an average annual growth rate (CAGR) of 8.3% over the previous year to grow. The sector is expected to contribute 2015-16 9.5 percent of India's gross domestic product (GDP) and more than 45 percent of total exports of services.
Table 1.3
Export of Indian Software

<table>
<thead>
<tr>
<th>S. No</th>
<th>Year</th>
<th>Export</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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<tr>
<td>15</td>
<td>2014-15</td>
<td>612,144</td>
</tr>
</tbody>
</table>

Source: Ministry of Communication and IT
The software industry in India has experienced spectacular growth over the last three decades.

The software industry is expected to play a vital role in the growth of Indian Economy. However the ability of the software industry to sustain its growth will depend upon its ability to integrate needs of its international customers and aspirations of Indian software professionals. Software professionals from India aspire for and are capable of being global citizens. Based on in-depth analysis, this Research explores the human issues being experienced by Indian software organizations. It also suggests overcoming some of the human challenges to make this field the safest field. But at the same time, this field is having much more problems which make the IT as an unstable one. This is because of lack of planning and not able to fulfill the expectations and requirements of Human Resource Management.
Growth of software industries in India

The growth of the software industry in India

The software market in India is expected to grow 12.8 percent to $5.3 billion in 2016 to reach market research firm Gartner said. "The business software market is dynamic and evolving. Growth and the structure of decentralized purchasing factors and forces, consumerization, mobility, influence of other emerging markets, cloud-based implementations and new Consumption, "Gartner research director Bhavish Sood said in a statement. Growth is through such trends as increased adoption of software as a service and open source software (OSS), change in buying and buying behavior related to the digital initiative and the initiative of styles of government Indian digital powered Indians.

"In 2015, India's economy has shown signs of recovery, to facilitate most of the Government's bid to do business ... Und, offensichtlich that the government of India in the use of information technology management Examples include the India Digital initiative, the Citizens' Portal, the self-employment program and Skillful Use (SETUP) for start-up initiatives and smart cities. " Want to know how to use technology to open services and digital disciplines new growth opportunities. Companies are preparing to digitally transform to create new organizations and leadership positions. This transformation will produce varying degrees of acceptance, experimentation and spending on the latest technology, according to Gartner. Buy branded companies that sell consumer markets faster and expand the adoption of digital fingerprint applications and strengthen their competitive position, he added.

It is expected that the Indian industry at a rate of 12-14 percent for FY2016-17 with respect to a growth of monetary effects. The sector should also triple its current annual turnover of 350 billion dollars by 2025 to reach India is the third among ecosystems in newly created companies globally with more than 4,200 start-up companies. It is expected that the Internet economy of India to 10 billion profit in Rs 5 percent of the country's GDP in 2018, accounting. The Internet user base in India has reached over 400 million dollars by May 2016, the third largest in the world, while the number of users of social networks has grown 143 million in April 2015, And smart phones have grown to 160 million dollars.
It expects state revenue from cloud services in India to reach $1.26 billion in 2016, up 30.4 percent year-over-year (y-o-y). The public cloud market alone in the country was estimated at three to US $1.9 billion USD 638 million in 2014 increased in 2018 Internet penetration (in rural areas) and the rapid emergence of electronic commerce. Are the main factors, continued growth of co-location data centers and housing market in India. The Healthcare Industry Information Technology (IT) market is currently estimated at $1 billion and is expected to be around 1.5 times by 2020. The e-commerce (B2B) market business-to-business is expected to grow $700 billion range, while the consumer electronic commerce (B2C) market is expected to reach $102 billion by 2020.

Table 1.4
Segment wise Domestic Revenue Trends in IT – ITES Industry

<table>
<thead>
<tr>
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<th></th>
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</thead>
<tbody>
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<td>IT Service</td>
<td>58907.6</td>
<td>66300</td>
<td>72721.6</td>
<td>81662</td>
<td>89562</td>
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<td>ITeS-BPO</td>
<td>14849.1</td>
<td>17500</td>
<td>19593.8</td>
<td>21490</td>
<td>23364</td>
<td>12.97</td>
</tr>
<tr>
<td>Software Products.</td>
<td>18009.6</td>
<td>20500</td>
<td>22468.8</td>
<td>25788</td>
<td>27907</td>
<td>11.91</td>
</tr>
<tr>
<td>Total IT-ITeS</td>
<td>91766.4</td>
<td>104700</td>
<td>114784</td>
<td>128940</td>
<td>140833</td>
<td>12.35</td>
</tr>
</tbody>
</table>

Source: Ministry of Communication and IT

As shown in above Table 1.4, Domestic IT-ITES revenue (excluding hardware) is estimated to reach INR 1408 billion in FY2015-16, as compared to INR 1289 billion in FY2014-15, a y-o-y growth of ~9.22%. During FY2014-15, domestic IT services growth is likely to be at 9.67% as large enterprises exhibit cautious spending pattern; driven by technology upgrades in BFSI, telecom and State Governments, and compliance of MIS investments. The domestic BPO services growth is estimated at ~8.72% in FY2015-16, driven by demand from select customers reverting to outsourcing business processes, especially from the BFSI, automotive and retail sectors. Domestic software products is estimated at 8.22% due to increased demand for retail, healthcare, education, manufacturing (vertical-specific) and SMAC (Social media, mobility, analytics and cloud) - based solutions.
Segment wise Domestic Revenue Trends in IT – ITES Industry

Software industry in Karnataka

The software industry in the state of Karnataka in India has one of the most important pillars of the economy. Karnataka is the first among all Indian states in terms of revenue from software exports. Software exports of Karnataka amount to more than 487 billion (US $ 11.6 billion) in the year 2006-2007. This success has earned the nickname Silicon Valley of India, the capital of Karnataka, Bangalore. This is due to the presence of major software companies in Bangalore and the revenue generated by computer software exports. Most software companies in Bangalore, Mysore, Mangalore and Hubli in Karnataka distance. Most of the software companies are located in Bangalore, Mysore, Mangalore and Hubli in Karnataka.

The Nandi Hills area in the suburbs of Devanahalli is home to the next BIAL IT investment region, to about 22 billion dollars (49 km2), one of the largest infrastructure projects in the history of Karnataka. This commitment is planning four million jobs by the year 2030. The infrastructure for the development of the software industry in Karnataka will undoubtedly create required by STPI. The software industry in Karnataka
includes companies working in various sectors such as telecommunications, banking software, avionics, database, automotive, networking, semiconductors, mobile phones, the Internet and business process outsourcing applications.

Bangalore is known as Silicon Valley of India and the IT capital of India. It is considered to be a global information technology hub and largest software exports from India are done through Bangalore. Some of the top Indian IT service providers like Infosys, Wipro, Mindtree and Mphasis are headquartered in Bangalore. It is also the country headquarters to many top firms like Intel, Texas Instruments, Bosch, Yahoo, SAP Labs, Continental among others. Bangalore alone consists of more than 35% of all the IT companies present in India and contains close to 5000 companies, making it the largest IT contributor in India.

The Indian software industry has been concentrated in a few major cities such as Bangalore, Chennai, Hyderabad, etc in the past. However, in recent times, the proactive initiatives taken by various State Governments have resulted in software companies setting up their development centers across the country. New clusters in Pune, Noida, Bangalore and Gurgaon etc are growing at a rapid pace. The industry can be broadly segmented into the products training segment. The products and packages segment in turn can be classified based on technology/application into the application software category, the system infrastructure software category and the application development software category. This report focuses only on select product categories in the application software category including financial accounting products, Enterprise Resource Planning (ERP) software, Anti-Virus products and Multi-media Software. The software services segment can be broadly classified based on the type software majors. These include the Time & Material (T&M) based contracts and the fixed material price contracts. In case of the former kind of projects, the domestic company executes either a part or the whole project. These types of projects are invariably of lower value and don’t allow the Indian company any scope for pricing power. However, the overseas company gains in terms of time and cost. In case of the latter kind of projects, the onus of project management is shifted to the contracted. Generally, overseas clients offer this kind of contract to Indian companies that have gained a reputation in terms of project management skills. Margins in this kind of contracts are typically higher when compared to the T&M type of contracts (around 25.0 percent-30.0 percent).
The IT training segment can be broadly classified into 3 segments based on the end-user profile. These include the toddlers, the adolescents and the adults. Toddlers are essentially people who have low or no knowledge of computers and basically are interested in becoming computer literate and/or enhance their computer skills to include design & graphics, know about the Internet, enhance their office productivity tools skills (MS-Word, MS-Excel etc). The adolescents’ category includes people who want to upgrade their computer skills, who want to switch from an engineering background to the software industry and/or people wanting to go abroad. The adults’ category primarily involves people in the software industry wanting to keep themselves abreast of the changing technologies.

**Software companies in Bangalore**

Bangalore is known as the 'IT Capital of India’ and the "Silicon Valley of India. It boasts of the highest concentration of software companies in India. Almost all major IT companies like Infosys, Wipro, IBM, etc. They are based in Bangalore.

The information about the major IT companies in Bangalore in leading with revenue turnover and high employee population working with it.

**INFOSYS:** Infosys Technologies Limited is IT Company founded by N. R. Narayana Murthy. Established in Pune in the year 1981, the company later moved its headquarters to Bangalore. Today, Infosys boasts of nine development centers in India and over 30 offices worldwide. It is the first Indian company to be listed on NASDAQ. The corporate headquarters of the company are in Electronics City on Hosur Road, Bangalore.

**WIPRO:** Wipro is one of the leading IT companies in India. Establishment – 1945 it is the World's first CMMi Level 5 certified software services company and the first company outside USA to receive the IEEE Software Process Award. Wipro also holds the distinction of being the largest independent R&D Services provider in the world. It is also the only Indian company to hold a rank amongst the top 10 global outsourcing providers in IAOP’s 2006 Global Outsourcing 100 listing. The corporate headquarters of Wipro are at Doddakannelli, Sarjapur Road, Bangalore.
**IBM:** IBM Global Services is the largest information technology services and consulting provider in the world. IBM started its operations in India in the year 1992. Since then, it has opened offices in 14 cities, including regional offices in New Delhi, Mumbai, Kolkata and Chennai. The regional headquarters of IBM are in Bangalore. It is located in Subramanya Arcade on Bannerghatta Road, Bangalore.

**ACCENTURE:** Accenture counts amongst the premier management consulting, technology services and outsourcing companies in the world. It started its operations in India in the year 1987. Today, Accenture has set up offices in more than 40 countries of the world. The main office of Accenture in Bangalore is on Cunningham Road.

**IGATE GLOBAL SOLUTIONS:** iGATE Global Solutions is an IT company, providing services like consulting, IT Services, Data Analytics, Enterprise Systems, BPO/BSP, Contact Center and Infrastructure Management Services. The corporate headquarters of iGATE in India are at Jakkasandra, Koramangala Extn., Bangalore.

It has both positive and negative effects of the tremendous growth of the software industry. The per capita income of the state has increased. Current generation software engineers earn salaries early in their career more than their parents have earned at the end of their career. This flow can be seen with the young engineers showed new devices. Cars that once a luxury is the common thing to block the traffic and the availability of space for parking. More and more people travel abroad for business and tourism. Income growth has had an impact on property prices with rising interest rates. Land prices are well above the inflation rate and in some places the soil to evaluate doubles every two years became. Agriculture has been slowed down because people find it profitable to sell land instead of what is used for agriculture. The increase in revenue has software professionals among young people to an increasing interest is introduced in IT courses and information technology in the school to decide. Science, art and commerce must feel a lack of quality manpower.