Chapter -III

State of Performance Management Systems in TCS and BSNL
In this chapter, an attempt is made to present human resource function and the performance appraisal system followed in the public and private sector organisations in general and with reference to the select organisations. This is arranged in two sections: Section I explain about the TCS (hereafter referred as ‘TCS’) and Section II about BSNL (hereafter referred as ‘BSNL’).

SECTION I-A

The main objective of this section is to know the TCS human resource function and its other sub-systems that are coping along with the performance management systems.

**Human Resource Management System of TCS (HRMS):**

**3.1 Objectives:**

The objective of the HRMS module of TCS is to manage the recruitment of workforce and track developments related to the employees of the organisation. These are useful for purposes of promotion, transfer, deputation, leave, etc. The module also provides reports on time-to-time of the employees. HRMS aids in improving manpower planning and in the effective utilization of manpower across the organisation.

**3.2 Functions of human resource management system:**

At TCS, the functions of HRMS is concerned stated as: organisational set up and configuration, defining organisational structure and hierarchy, updating organisational structure and hierarchy, defining and maintaining employee classification and hierarchy, set up access and approval levels.

**3.3. The process of recruitment and track changes:**

As far as recruitment is concerned advertisements in various times will appear in the newspapers and magazines. This process includes application processing, written tests, group discussions, updated lists for campus recruitments, employee details maintenance, maintaining
service records and benefits of employees. The tracking change at TCS is happening with salary scales, allowances and claims processing, issuing loans and advances. Further, the attendance management system is also effectively tracked through attendance registers, late arrivals, overtime, maintaining shift rosters, capturing interface data and generating interface reports. As far as training modules are concerned tracking is occurring in terms of budgetary allocations, internal training programmes, details of training institutions, training requests, post-training details and post-training work allocations. Finally, performance-appraisal management also doing tracking in terms of maintaining details of timely performance-appraisal reports, ratings from appraisal officers and promotion-details of the employees.

3.4. The process of manpower planning:

The process of manpower planning at TCS consists of maintaining transfer, succession details, generating management information systems reports and current human resources details that help to take decision towards employee performance.

3.5 TCS shifts to performance-linked salary structure:

TCS is changing its salary structure and going in for variable compensation based on business performance. The largest software consultancy has been, for a while, under pressure to compete with the ESOP-based compensation structures of its listed rivals in the talent-scarce industry. TCS has taken a bold step to give differential pay at the same hierarchical levels and linked it directly to the performance of the business units.

Further, former CEO of TCS, Mr. Ramadorai, says that there is no ceiling on the bonus. It can be equal to the fixed portion of the salary, provided the cell has shown that kind of economic value added (hereafter EVA) growth, it is not just compensation; the employees should get a feeling of ownership for their own unit, and its performance." TCS is software services company
and has till now based its salaries and compensation on individual appraisals, as well as total performance of the company. The issue of revenue-sharing with employees has been at the top of the agenda for the top brass of the Tata. TCS has adopted the EVA to link incentives and performance for its employees at individual levels. This will imply a significant variance in bonuses or the variable component of people's salaries, based on the practice and the area of operation. Mr. Ramadorai states that, TCS is defining its cells based on the practice, the market it is operating in, and the business it is in. "The EVA will vary from cell to cell, therefore employees will get different bonus and incentives for the year," Further, the objective of taking the EVA measure to the cell level is not limited to giving incentives only, the employees should feel as if they are running their business. They have to think like entrepreneurs and know the cost attached to their business and how they will add value to the investment." Though TCS is linking the incentives to be paid to the EVA it will not pay the complete EVA in the same year that the growth is made. "TCS has been paying employees a portion of the EVA and bank the remaining, so that in case the employees are not able to record the same EVA growth in the lean years, their compensation will not go down." TCS creates HR practices that shape its competencies and its workforce to continuously innovate in a volatile and dynamic industry. As TCS moves into an era of e-business where IT professionals will interview employers so stringently that 40 percent employers will miss recruitment goals (source: Gartner Group), the role of human resource assumes unthinkable proportions and is sustained subject to mammoth challenges. With this sensitive breed of IT professionals, TCS has grown to and sustained at the top position is a question which market watchers have asked themselves a thousand times. There is but one answer - passion for excellence in the workforce practices. TCS has developed an unbreakable bond with sound HR practices in an environment that defies traditional roles and responsibilities. The TCS-HR group operates with technical experts to create a synergy which is enviable.
The Exhibit-1 illustrates the role of HR, which evidently is that of a facilitator. So whether it is recruitment or even career development, HR is the catalyst which initiates and institutionalizes processes. To manage all the functions for all employees is a Herculean task but the smoothness of operations is intriguing. The HR structure, which allows flexibility and empowerment, is the solution.

Exhibit 3.1

Role of the HR at TCS

- Performance management and performance discussions for all at centre
- Allocation of projects (Domestics/overseas)
- Recruitment
- The Centre Manager GLs/PLs
- Training Technical/Behavioral
- Career development/monitoring

Source: www.tcs.com

The exhibit-3.2 illustrates that the HR head at each region has a sufficient degree of authority to carry out relevant functions and yet the corporate is easily accessible for advice and guidance. Such a structure promotes sharing of best practices across the regions and the institutionalization of the best across the regions.
3.6. The recruitment waterfall:

TCS believes in the strength of human resources, and focuses predominantly on the recruitment function. A sound recruitment process translates into a sound foundation for the organisation. In the dynamic software industry, with the demand for outgrowing the supply, it is the quality of people and workforce practices that are the deciding factors for any organization’s success. With process orientation so intricately woven into the human resource practices, system thinking is the key for the design of all design of all workforce practices at TCS. And it follows the simplified "Waterfall Recruitment Process" to recruit world-class talent along with sound recruitment process starting from accrediting institutes to training on interview techniques.

The accreditation process includes a list of parameters that must be met. These include library facilities, standard of entrance tests, number of full time faculty, number of computers vis-à-vis number of students, among others. The accreditation process will be accomplished through
software program based on checklist. The human resource group has been accustomed to using technology so that objectivity is maintained and so is accuracy of data.

Exhibit:3.3

Source: www.tcs.com

The human resource group is constantly exposed to the nuances of the various interviewing techniques. In most cases it is the structured interview process that is followed to judge an individual's mental makeup his attitude and his orientation towards IT. It is imperative for human resource to participate in any interview and evaluate the candidate's state of readiness to accept the challenges involved in the field. TCS mandates the presence of at least one psychologist and a language expert to be part of the interview panel....so that while the technology experts evaluate a candidate's technical skills, his attitude and communication skills are not ignored.
3.7 The high and low of training:

TCS enjoys the reputation of having the best training facilities for its employees. While everyone is aware of the structured technical training provided to the new entrants, few know that the human resource group plays a valuable role in the grooming of the entrants and in the preparation of these individuals to work in teams and understand the culture.

At the TCS Training Centre in Trivandrum, it is a regular feature to see the human resource officers striking an immediate rapport with the young new entrants orienting them into the professional phase of their life. Focusing on team building, competitive presentation skill and grooming, the human resource professional takes the new entrant through what are called the life skills. These are dedicated HR resources (Life Guards) provided for every batch at the centre guiding and helping new entrants in their transition phase from students to IT professionals. And they are there with the batch through all its highs and lows through the 72-day long training program, providing individual assistance when required, helping the new entrants tide over the new demands of professional life.

3.8 Retaining the best

In an era where company loyalty is on the decline, and demand for skilled software resources is so devastatingly high, TCS's strength lies in retaining and developing its employees. Its low attrition rate while surprising is also expectable. TCS constantly reviews its human resource policies because often these decide whether an employee will stay or choose to leave. In a survey that was conducted for the compensation study for professionals of IT market, 43 percent of the respondents cited as ‘lack of career advancement’ as a leading cause of turnover. Another study revealed that while people may join because of the work culture and compensation factors among others, they leave on account of poor job satisfaction.
In TCS, the stress is on identifying the competencies required for a role and then filling the positions. And it is here that the Manpower Allocation Task Committee (MATC) in TCS has a predominant role to play. TCS has a career path for Technical Gurus, for managers and for Research Scientists and here again the human resource group facilities the entire process through a thorough competency matching. This is done by a function unique to TCS called the MATC-Manpower Allocation Task Committee. MATC is aided by a system that assists in identifying not just competencies for a role but also the level of competency required to fit. The committee is responsible for the allocation of every individual to projects depending on the set of competencies and the level of capability in these competencies. These could be projects in India or overseas. The career paths have been designed by the consultancy experts and necessary qualities (both behavioral and technical) required, have been used as inputs.

This chief dilemma of how to make employees stay is one that haunts every company in the software industry. TCS is no exception, but a proactive approach in terms of anticipating employee demand and satisfying them has been TCS's strategy. No wonder then that TCS considers the Employee Satisfaction Scheme (ESS) and its results the prime source to draw from all human resource policies. It was due to the satisfaction survey that TCS recognized the employee dissatisfaction with the house rent subsidy, which insisted on reimbursement of actual expenditure and modified the scheme to a house rent allowance, which is paid now as a percentage of the basic salary component.

The human resource team in TCS is transcending its traditional "maintenance" role to a new developmental role. Designing training modules for Senior Project Leaders on performance management, facilitating the implementation of P-CMM (being done for the first time in Asia) or designing a Balanced Score Card for the team, the human resource group is at the forefront,
rubbing shoulders with the technology experts. With all this and more the journey towards excellence has only just begun.

3.9. People management, TCS styles:

TCS, Gurgaon and Noida centers, have become the first in the world to receive PCMM (People Capability Maturity Model) Level 4 certification. The process of People Capability Maturity Model consists of the following steps: 1. Questionnaires are sent to 20% of the workforce; 2. Interviews with owners, viz Human resource division and managerial staff; 3. the workforce itself is interviewed; interpretation of all data carried out; 4. Strengths and weaknesses are ascertained, and the organisation informed about these, and its reaction to the same noted down; 5. Managers assigned to ensure evolving growth of the people within the organisation, with section heads in-charge of fostering that growth; 6. A final rating awarded, on the condition that the company will continue to remain at least at that level.

3.10 The PCMM assessment of TCS: Gurgaon and Noida development centers, recognized by the Software Engineering Institute at Carnegie Mellon University, indicate that the two centers "adopt measurable people practices by empowering the workgroups and manage the capability and performance of their workforce quantitatively". Level 4 practices provide better inputs to the organisation's management for taking strategic people practices-related decisions and to proactively manage the capability of the organisation, helping the organisation improve project performance and delivery schedules. “TCS has capitalized on its software certification of CMM Level 5 and has extended this to implement the same in its workforce practices," PCMM is a roadmap for implementing workforce practices that continuously improves the capability of an organisation. It is a step over the software CMM that takes into consideration the most critical and indispensable component of the software industry people. People-CMM consists of five maturity levels that lay successive foundations for constant improvement of talent, developing
effective teams and successfully managing the people assets of the organisation. Each maturity level is a well-defined evolutionary plateau that institutionalizes a level of capability for developing the talent within the organisation.

3.11. The role of HR in TCS:

At TCS, it is found that the human resource management function has a system module called as HRMS (Human Resource Management System). The function is supported by the HRMS to manage promotions, transfers, deputations, Leave etc. The system also works to generate reports on period-to-period details of every employee and effective utilization of manpower across the organisation. Further, the functions of HRMS can be broadly stated as organisational set up and configuration, defining and updating organisational structure and hierarchy, defining and maintaining employee classification and hierarchy, set up access and approval levels.

From the data it is concluded that the process of recruitment of TCS has got various methods like direct on-campus and off-campus recruitment and through consultancies. Further, TCS identified various track changes by doing various activities under human resource function. The process of manpower planning consists of maintaining transfer details, succession details, generating management information system reports and details for decision making purpose. At TCS, in the view of people management styles TCS Gurgaon and Noida centers have become the first in the world to receive PCMM (People Capability Maturity Model) Level 4 certification. The other centers of TCS are also trying to adopt PCMM to deliver the quality of the projects.

The salaries and compensation is purely based on individual appraisals, as well as total performance of the company. The HR group operates with technical experts to create a synergy which is enviable. So whether, it is recruitment or even career development, HR is the catalyst which initiates and institutionalizes the processes. To manage all the functions for all employees is a Herculean task but the smoothness of operations is intriguing. The HR structure, which
allows flexibility and empowerment, is the solution. In addition, from the data it is found that the HR head at each region has a sufficient degree of authority to carry out relevant functions and yet the corporate is easily accessible for advice and guidance. Such a structure promotes sharing of the best practices across the regions and the institutionalization of the best across the regions.

Further, TCS believes in the strength of human resources and focuses predominantly on the recruitment function. The TCS training is one of the important parameter to get best from the individual employees. The training division is also making the students as IT professionals by focusing on team building, competitive presentation skill and grooming as life skills. These are dedicated human resource (Life Guards) provided for every batch at the centre guiding and helping new entrants in their transition phase. As for as employees retention concern, TCS ’s strength lies in retaining and developing its employees. Because TCS constantly reviews its human resource policies because often these decide whether an employee will stay or choose to leave. Further it is identified that, lack of career advancement, poor job content have become a cause for turnover in the organisation.

SECTION I-B

Now, an attempt is made to know the performance management systems of select organisations to understand how the systems are coping along with other human resource function. It is necessary to understand the associated functions that are exist along with performance management systems.

Performance-appraisal management that consist of maintaining details of timely performance-appraisal reports, maintaining details of ratings from appraisal officers, generating details of reminders for performance-appraisal reports. Promotion-details management, generating lists of eligible candidates, grading eligible candidates, maintaining details of promotions, leave-details
management, crediting leave to employee accounts, maintaining details of leave availed and required approvals, maintaining details of leave encashment, validating details of residual leave, separation-details management, updating details of terminal benefits, registering details of employee benefits and generating reports of these details.

3.12. TCS - Salary structure:

TCS is changing its salary structure and going in for variable compensation based on business performance. The largest software consultancy has been, for a while, under pressure to compete with the ESOP-based compensation structures of its listed rivals in the talent-scarce industry. This is the first time in its history that TCS has decided to give differential pay at the same hierarchical levels and linked it directly to the performance of the business units.

TCS is a software services company, has till now based its salaries and compensation on individual appraisals, as well as total performance of the company. The issue of revenue-sharing with employees has been at the top of the agenda for the top brass of the TCS. The TCS is adopting the economic value added to link incentives and performance for its employees at individual levels. This will imply a significant variance in bonuses or the variable component of people's salaries, based on the practice and the area of operation. "Tata Sons has been using economic value added to track the companies’ performance vis-a-vis our competition for a year now. Further, it is intended to take the economic value added to individual "cell level" and use it to give incentives for our employees also." TCS CEO, Mr. Ramadorai states that, TCS is defining its cells based on the practice, the market it is operating in and the business it is in. "The economic value added will vary from cell to cell therefore employees will get different bonus and incentives for the year," Further, the objective of taking the economic value added measure to the cell level is not limited to giving incentives only, every employee should feel as if they are
running their business. They have to think like entrepreneurs and know the cost attached to their business and how will they add value to the investment." TCS create HR practices that shape its competencies and its workforce to continuously innovate in a volatile and dynamic industry.

3.13. Performance management system in TCS:

At the heart of an employee's satisfaction lies the fact that his performance is being appreciated and recognized. TCS’s performance management system has metamorphosed into one that emphasizes objectivity and a system that mandates performance evaluation against pre-determined criteria. What deserves special mention is the active participation of the senior management in the determination of guidelines for the performance appraisal process. The process ensure buy in of the employees since the guidelines for the rating system and its conversion into money terms is not unilaterally decided by human resource but is a consensus of a cross functional team with representation from all levels.

TCS's performance management system is supported by an online system called the Human resource management system- an Oracle Developer 2000 based tool. The system consists individual right from his biographical details to their projects performance. An employee's performance history at the click of a button and this accurately maintained for all employees. Right from entry, an employee in TCS get formal performance feedback once every two months till such time that employee is confirmed after which the performance feedback is provided twice every year on a formal basis. TCS however widely encourage informal feedback discussions between Project Leaders and Team Members and this concept has found an overwhelming appeal among the people.
3.14 Conclusion: At TCS, despite well defined human resource management role, in reality the performance discussions, between human resource owners and software professionals are not at all effective. The question with regards to performance evaluations like its transparency is still biased. While allocating of the projects to the employees there is no transparency and favoritism is existing. Due to globalization and huge demand of the software professionals, the human resource owners are suppressing the Water Fall recruitment process. However, it seems to be at TCS, theoretically the human resource system is good but in implementation process there is no success.

SECTION II-A

3.15. The role of human resource management in BSNL:

The main objective of this section is to know the human resource function and more specifically the employee performance appraisal process. Besides, the other developmental processes like human resource information system, the corporate structure of BSNL board consists of CMD and five full time directors, human resource development (HRD), planning and new services, operations, finance and commercial and marketing, who manages the entire gamut of BSNL operations.
3.16 Organisation chart of BSNL:

Exhibit 3.4

(Source: www.tcs.com)
3.17. Human resource development:

BSNL with a corporate philosophy which considers human resource as the most prized assets of the organisation, it's natural for BSNL to continually hone employee skills, enhance their knowledge and their expertise and their aspirations to fruition. Even as BSNL goes about conducting its business activities, it lays emphasis on constant enhancement of knowledge and skills through regular training programmes. BSNL has a vast reservoir of highly skilled and experienced work force of about 3,57,000 personnel. Its staff, which is one of the best trained manpower in the telecom sector, is the biggest asset. BSNL believes that its future depends on the staff who provide services to their valued customers and stay in touch with them. To meet the technological challenges, employees are trained for technology up-gradation, modernization,
computerization etc, in BSNL’s training centers spread across country. These centers are properly equipped with the requisite infrastructure facilities such as lecture rooms, modern audio-visual aids, libraries, hostels etc. The apex training centers of BSNL i.e. Advance level telecom training center (ALTTC) at Ghaziabad and Bharat Ratna Bhimrao Telecom Training Center at Jabalpur are comparable to any world class Telecom Training Center. Moreover, 43 zonal training centers and a National Academy of Telecom Finance and Management have been running for several years now. Different curricula run in these centers to impart technology based training, training for attitudinal change, basic educational and skill development programs, etc.

SECTION – II -B

3.18. Performance management system in BSNL:

The corporate structure of BSNL board consists of CMD and five full time directors, human resource development (HRD), planning and new services, operations, finance, commercial and marketing, who manages the entire gamut of BSNL operations.

The corporate philosophy of Bharath Sanchar Nigam Limited, consider all level of employees are most valuable and important, the expertise of employee skills, knowledge continuously hone for the dynamic environment that leads to individual aspirations to fruition. Further, TCS lays emphasis on continuous development of knowledge and skills through regular employee training and development programs. The BSNL has got importance towards customer satisfaction to provide value and to retain them continuously with the trained manpower who are highly skilled and experienced work force. The employees are trained for technology upgradation, modernization, computerization etc, to meet the technological challenges.

3.18. Conclusion: At BSNL, from the secondary data and discussion with Junior Telecom Officers (JTOs) it is learned that the well-defined structure of human resource processes are not
implemented perfectly in the organisation. The functional superiors would appraise their employees in the given format; it is the ministry that will consider the evaluations based on the government regulations and policies. The collective responsibility is visible, but not individual responsibility that appears in entire organisation structure. To complete the projects, time was not considered within the organisation, but they try for quality in the projects. The outcome of performance evaluation of each individual engineer is not completely disclosed; but maintained as confidential report by their superiors. Hence, one could not find the place to have discussions with superiors with respect to job related targets and achievements.

The performance evaluations and its outcomes are not utilized fully because of subject to condition of reservations of the government. So, some extent evaluation outcomes have not received its importance much in organisational decision-making; in that place politics takes place. In the public sector, there is a recruitment process which centrally managed by the BSNL, advertisement takes place every year for its vacancies. The qualifications, experiences both are reasonably considered for functional level employees to become junior telecom officers. The BSNL do not have any moderate performance evaluation system rather it do have a common performance appraisal method along with other employees.

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