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A STUDY ON RECENT E-PERFORMANCE APPRAISAL METHODS IN IT INDUSTRY

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Abstract

India is that the world's largest sourcing destination for the IT industry, accounting for about 52% of the \$ 200 billion market. India employs about 15 million Indians and continues to contribute significantly to the economic transformation of the country. Hence IT sector is taken under consideration to be one of the absolute best contributing sectors towards GDP. Being such a chance driven sector, rate of attrition during this sector is additionally quite high. Additionally, thereto the speed of attrition with regard to dissatisfaction within the performance appraisal methods used is eighteen .7%. Thus, performance appraisal methods utilized in the organization plays an important role in determining the employee's performance, also because the satisfaction level of the worker towards the performance appraisal method used. It's considered to be one among the important factors motivating the workers to perform on par or above the quality set. This paper is a study of performance appraisal methods employed by the highest 10 IT companies (based on revenue-2020) which incorporates – TCS, Infosys, Wipro, Tech Mahindra, HCL Technologies, Mphasis, Oracle Financial Services, Mindtree, Polaris Technology and Rolta India sequentially. Coincidentally these companies use either 360-degree feedback or Balanced Score Card. Thus, this paper could also be a review of 360-degree feedback and balanced score card, analyzing its advantages, disadvantages and reasons for using the tactic.

Keywords:IT Sector, Performance Appraisal, 360 Degree Feedback, Balanced Score Card.

INTRODUCTION

India's IT Services industry was born in Mumbai in 1967 with the creation of Tata Consultancy Services who in 1977 partnered with Burroughs which began India's export of IT services. The first software export zone, SEEPZ – the precursor to the modern-day IT park – was established in Mumbai in 1973. quite 80 percent of the country's software exports were from SEEPZ within the 1980s. Within 90 days of its establishment, the Task Force produced a thorough background report on the state of technology in India and an IT Action Plan with 108 recommendations. The Task Force could act quickly because it built upon the experience and frustrations of state governments, central government agencies, universities, and thus the software industry. Much of what it proposed was also according to the thinking and proposals of international bodies just like the World Trade Organization (WTO), International Telecommunications Union (ITU), and International Bank for Reconstruction and Development. additionally, the Task Force incorporated the experiences of Singapore and other nations, which implemented similar programs. it had been less a task of invention than of sparking action on a consensus that had already evolved within the networking community and government. the knowledge Technology & Information Technology Enabled Services (IT-ITeS) sector may be a field which is undergoing rapid evolution and is changing the form of Indian business standards. This sector includes software development, consultancies, software management, online services and business process outsourcing (BPO).

The top 10 IT companies (based on revenue-2019 report) which incorporates K. Chandhana, Research Scholar, Hindustan University Dr. David T Easow, Deputy Director (SoM& International Affairs), Hindustan University– TCS, Infosys, Wipro, Tech Mahindra, HCL Technologies, Mphasis, Oracle Financial Services, Mindtree, Polaris Technology and Rolta India are the trend setters of the market in many aspects. India, the fourth largest base for young businesses within the planet and residential to 3 ,000 tech start-ups, is close to extend its base to 11,500 tech start-ups by 2020, as per a report by Nasscom and Zinnov industry Private Ltd. Emerging technologies present an entire new gamut of opportunities for IT firms in India. the pc software and hardware sector in India attracted cumulative foreign direct investment (FDI) inflows worth US\$ 13,788.56 million between April 2000 and December 2014, according to data released by the Department of economic Policy and Promotion (DIPP). Performance Appraisal Method utilized in Top 10 IT Companies-360 Degree Feedback & Balanced Score Card:

The performance of an employee is measured and evaluated with the use of performance appraisal methods of the company. But the pitfall is that the day to day increasing grievance towards the appraisal methods utilized within the organisations. Performance appraisal plays an important role in determining the employee's performance, also because the satisfaction level of the worker towards the performance appraisal method used.



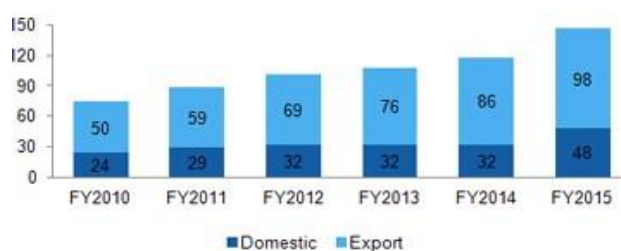
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Performance Appraisal is that the systematic evaluation of the performance of employees and to understand the talents of a private for further growth and development. Performance appraisal is usually wiped-out systematic ways which are as follows: • The supervisors measure the pay of employees and compare it with targets and plans. • The supervisor analyses the factors behind work performances of employees. • The employers are in position to guide the workers for a far better performance. “It could also be a scientific evaluation of a personal with regard to performance on the work and individual’s potential for development.” Employees who work only for money quit after a salary hike to barter further with the other organization. Individuals who don’t get satisfactory appraisal in any case get demotivated and appearance for a change. Any employee who doesn’t suits his/her appraisal or feel has not got what he/she deserves must be addressed at the earliest. 4 Goals of Performance Appraisals General Goals Specific Goals Developmental Use Individual needs Performance feedback Transfers and Placements Strengths and Development needs Administrative Decisions / Uses Salary Promotion Retention / Termination Recognition Layoffs Poor Performers identification Organizational Maintenance HR Planning Training Needs Organizational Goal achievements Goal Identification HR Systems Evaluation Reinforcement of organizational needs Documentation Validation Research For HR Decisions Legal Requirements There are several performance appraisal methods employed by IT sector as a whole . But this paper focuses only on the methods employed by the very best ten IT companies, as they’re the market leaders of this sector. Amidst the high competition within the market, the highest ten IT companies uses either of two methods –

Market size of IT industry in India (US\$ billion)



Source: Nasscom, TechSci Research
Note: E - Estimates

The performance of an employee is measured and evaluated with the utilization of performance appraisal methods of the corporate. But the pitfall is that the day to day increasing grievance towards the appraisal methods utilized in the organisations. Performance appraisal plays an important role in determining the employee’s performance, also because the satisfaction level of the worker towards the performance appraisal method used.

Performance Appraisal is that the systematic evaluation of the performance of employees and to know the skills of an individual for further growth and development. Performance appraisal is generally done in systematic ways which are as follows: • The supervisors measure the pay of employees and compare it with targets and plans. • The supervisor analyses the factors behind work performances of employees. • The employers are in position to guide the workers for a far better performance. “It may be a systematic evaluation of a private with reference to performance on the work and individual’s potential for development.” Employees who work just for money quit after a salary hike to negotiate further with any other organization. Individuals who don’t get satisfactory appraisal in any case get demotivated and appearance for a change.

4 Goals of Performance Appraisals General Goals Specific Goals Developmental Use Individual needs Performance feedback Transfers and Placements Strengths and Development needs Administrative Decisions / Uses Salary Promotion Retention / Termination Recognition Layoffs Poor Performers identification Organizational Maintenance HR Planning Training Needs Organizational Goal achievements Goal Identification HR Systems Evaluation Reinforcement of organizational needs Documentation Validation Research For HR Decisions Legal Requirements There are several performance appraisal methods employed by IT sector as an entire . But this paper focuses only on the methods employed by the highest ten IT companies, as they’re the market leaders of this sector. Amidst the high competition in the market, the top ten IT companies uses either of two methods – 360-degree feedback or balanced score card.

The 360-evaluation feedback method was first used in the 1940s. It is a system or process during which employees receive confidential, anonymous feedback from the people that work around them. Analogous to the multiple points on a compass, the 360 method provides each employee the chance to receive performance feedback from his or her supervisor, peers, staff members, co-workers and customers. Usually, this tool is used for employees at middle and senior level. The complexity of their roles enables the



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organization to generate sufficient data from all stakeholders for a meaningful assessment. Most organizations that specialise in employee development use the 360-degree tool to assess performance and potential of staff and enable the workers to map their career path supported the feedback. Organizations take 360-degree feedback about an employee before taking a serious decision about the professional's career. Advantages of 360 Degree Feedback The 360-feedback system automatically tabulates the results and presents them during a format that helps the feedback recipient create a development plan. Individual responses are always combined with responses from people within the same rater category (e.g., peer, direct report) in order to preserve anonymity and to give the employee a clear picture of his/her greatest overall strengths and weaknesses. When done properly, 360-degree feedback is very effective as a development tool. The feedback process gives people an opportunity to provide anonymous feedback to a coworker that they might otherwise be uncomfortable giving. Feedback recipients gain insight into how others perceive them and have a chance to regulate behaviors and develop skills which will enable them to shine at their jobs. 360-degree feedback is that the most comprehensive appraisal where the feedback about the worker's performance comes from all the sources that are available contact with the employee on his job. 360-degree Feedback, or multi-rater feedback, is used by 90% of Fortune 500 companies (Carruthers, 2003).

360-degree appraisal has four integral components: • Self appraisal • Superior's appraisal • Subordinate's appraisal • Peer appraisal. Self appraisal is the best way to analyze one's strength and weakness, performance standards, areas of improvement; whereas the superior's appraisal form is the traditional part of the 360-degree feedback method where the employee's performance is evaluated by the superior. Subordinates' appraisal gives a chance to judge the employee on the parameters like communication and motivating abilities, superior's ability to delegate the work, leadership qualities etc.

Review of literature

The primary reason to use this full circle of confidential reviews is to supply the worker with information about his/her performance from multiple perspectives. From this feedback, the worker is able to set goals for self-development which will advance their career and benefit the organization. Under ideal circumstances, 360-degree feedback is used as an assessment for personal development rather than evaluation (Tarnow, W., 1998). Criticisms are seen as opportunities for improvement (Randel, A., 2004). Feedback tool includes area for comments (Hoffmanner, A., 2004). This method possesses high employee involvement and also has the strongest impact on behavior and performance.

II. BALANCED SCORE CARD

Balanced Score Card may be a strategic planning and management system that's used extensively in business and industry, government, and nonprofit organizations worldwide to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals. It was originated by Drs. Robert Kaplan (Harvard Business School) and David Norton as a performance measurement framework that added strategic non-financial performance measures to traditional financial metrics to give managers and executives a more 'balanced' view of organizational performance. The balanced scorecard has evolved from its early use as an easy performance measurement framework to a full strategic planning management system. Balanced scorecard method addresses four business perspectives, which are as follows: • Financial Perspective • Customer Perspective • Learning and Growth Perspective • Business Process.

There are four processes during which balanced score card relies on. They are translating the vision, communicating and linking, business planning and feedback and learning. The first new process: translating the vision—helps managers build a consensus round the organization's vision and strategy. Despite the simplest intentions of these at the highest, lofty statements about becoming "best in school," "the favorite supplier," or an "empowered organization" don't translate easily into operational terms that provide useful guides to action at the local level. For people to act on the words in vision and strategy statements, those statements must be expressed as an integrated set of objectives and measures, agreed upon by all senior executives, that describe the long-term drivers of success. The second process: communicating and linking—lets managers communicate their strategy up and down the organization and link it to departmental and individual objectives. Traditionally, departments are evaluated by their financial performance, and individual incentives are tied to short-term financial goals. The scorecard gives managers how of ensuring that each one levels of the organization understand the long-term strategy which both departmental and individual objectives are aligned with it. The third process: business planning—enables companies to integrate their business and financial plans. Almost all organizations today are implementing a variety of change programs, each with its own champions, gurus, and consultants, and each competing for senior executives' time, energy, and resources. Managers find it difficult to integrate those diverse initiatives to achieve their strategic goals—a situation that leads to frequent disappointments with the programs' results. But when managers use the ambitious goals set for balanced scorecard measures because the basis for allocating resources and setting priorities, they will undertake and coordinate only those initiatives that move them toward their long-term strategic objectives. The fourth process: feedback and learning—gives companies the capacity for what we call strategic learning. Existing feedback and review processes specialise in whether the



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corporate, its departments, or its individual employees have met their budgeted financial goals. With the balanced scorecard at the center of its management systems, a company can monitor short-term results from the three additional perspectives—customers, internal business processes, and learning and growth—and evaluate strategy in the light of recent performance. The scorecard thus enables companies to switch strategies to reflect real-time learning.

ADVANTAGES OF BALANCED SCORE CARD

The balanced scorecard transforms an organization's strategic plan from an attractive but passive document into the "marching orders" for the organization on a daily basis. It provides a framework that not only provides performance measurements, but helps planners identify what should be done and measured. It enables executives to truly execute their strategies. Without a balanced scorecard, most organizations are unable to realize an identical consistency of vision and action as they plan to change direction and introduce new strategies and processes. The balanced scorecard provides a framework for managing the implementation of strategy while also allowing the strategy itself to evolve in response to changes in the company's competitive. Managers using the balanced scorecard don't need to believe short-term financial measures because the sole indicators of the company's performance. The scorecard lets them introduce four new management processes that, separately and together, contribute to linking long-term strategic objectives with short-term actions.

Companies are using the scorecard to

- Clarify and update strategy;
- Communicate strategy throughout the company;
- Align unit and individual goals with the strategy;
- Link strategic objectives to long-term targets and annual budgets;

DISADVANTAGES OF BALANCED SCORE CARD

It takes time to adapt to balanced scorecard strategic system. So, this will require a lot of motivation from the management to be able to successfully complete the process. Balanced scorecard gives you an in-depth overview of the corporate. It will give you facts about your company's execution and performance. But it'll not offer you recommendations on the way to amend strategies and policies to beat discrepancies. Therefore, for attainment of an entire analysis of a company's performance, a more magnanimous strategy are going to be required. While the balanced scorecard gives you an overall view of the four areas for concern in business growth and development, these four areas don't paint the entire picture. The financial information included on the scorecard is restricted. Instead, to be successfully implemented, the balanced scorecard must be a part of a much bigger strategy for company growth that has meticulous accounting methods. Many companies use metrics that aren't applicable to their own situation. It is vitally important when using balanced scorecards to form the knowledge being tracked applicable to their needs. Otherwise, the metrics will be meaningless. Balanced Score Card system would require a high initial cost and time spent. This will make the balance sheet depict that the company is not making profit and that implementing the balanced scorecard system is a waste of money.

IV. CONCLUSION

Human resources are the vital source of every organization. Every employee in a corporation increases the productivity and goodwill of each company. An employee, being a private is treated as assets within the organization. So, the organization should mainly emphasis performance appraisal techniques and its development program. Both the appraiser and appraise should realize the principle and use the tool of appraisal system in a constructive way for the prosperity of the organization. Both 360-degree feedback and balanced score card has its own loopholes, though these methods are being used by top IT companies. The satisfaction level of employees towards these appraisals methods are very low (source: discussions in the HR forums like citeHR.com) and there is a need of a new appraisal method which prevents these errors and have the advantages of these methods.

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