

## **ABSTRACT**

One of the ways to be a successful corporation in this era of great competition is to recruit possible candidates for every particular role and retain important personnel to have a stronger and highly motivated set of employees. So, what does it take for a company and its leaders to recruit, retain and encourage a competent workforce? Nowadays, any industrial human resource management, large or small, has expanded its horizons to analyse and monitor its employees' performance. The goal of this study is to help readers comprehend the importance of rethinking and restructuring performance management strategies in the workplace by referring to articles that discuss some of the finest methods used by businesses. This report covers the process of reviewing performance, the reasons for conducting a performance review, understanding the various methods of a performance review by consulting articles and other sources, and evaluating the results to determine which methods are most appropriate for the organization's goals. Finally, this study examined the firm 'TATA Consultancy Services (TCS)' and the system of performance management strategies used.

**KEYWORDS:** HR (Human Resources), Management, Appraisal, Performance, Ratings

## 1.1 INTRODUCTION

In recent times, trailblazing firms began dropping performance assessments for their workers, a move that has been met with suspicion by some managers and several employees. The preparedness of these companies to try such a radical change, on the other end, demonstrates how inadequate a handful of them believe outdated traditional performance management approaches are (Sammer, 2017). Unsurprisingly, two-thirds of businesses believe the existing appraisal process needs to be rethought. For both managers and employees, many appraisal processes are frustrating experiences. The procedure frequently leaves outstanding employees unemployed, feeling undervalued, disillusioned, and demotivated due to a large emphasis on top-down evaluation and conversations around closing ‘performance gaps.’ Many managers despise the procedure because they observe how it erodes their employees’ confidence and relationships. Because of the complexity and numerous drawbacks allied with outdated appraisal systems, an increasing number of businesses are opting out of performance reviews altogether, a decision as harmful as a poorly fabricated rating system. When properly planned and implemented, a performance assessment system can organize and encourage individuals toward a single goal, fast-track learning and growth, increase performance, and unravel creativity and growth which is yet to come (Brook, 2021).

According to a performance management research, in 2017, conducted by an HR consulting firm, ‘Mercer,’ 89% of businesses have their workers’ performance rankings tied to pay. It also concluded that 57% use an old-fashioned rating scale of 5-point. Furthermore, it discovered:

- i. 95% of employers are unhappy with the performance management system of the company;
- ii. 90% of Human Resources executives say that the performance of their department is good;
- iii. For their performance management structure to be operative, 48% of companies say it requires more development;
- iv. Only 30% of employers think their performance management system is “*exceptionally valuable.*”

- v. 10% to 15% of businesses are planning to do away with performance ratings.



*Figure 1.1 Asian Business (Depositphotos, Inc., 2021)*

### **1.1.1 PERFORMANCE MANAGEMENT: INSIGHT**

According to (UKEssays, 2015), performance management is the course of fashioning an atmosphere where individuals perform in their various capacities in meeting the business' goals. It is a powerful tool used by corporate management in assisting managers and employers in the monitoring and evaluation of their employees or operatives' work. Goals, expectations, and career progress of the business as well as how each employee's work tallies and coincides with the ultimate vision and aim of the company. Theoretically, an unattainable outright performance standard is always required of every employee by his or her boss, which is encapsulated in the performance management theory. From time to time, workflows are being adjusted, new lines of action are being recommended and drawn, and vital decisions that spur each employee and employer to achieve the company's goals are thought (Carla, 2021).



*Figure 1.2- Performance Management Icons (Depositphotos, Inc., 2021)*

The most challenging procedure for a manager in a firm is performance management, but it is an unavoidable component of the process. UKEssays (2015) outlined some steps in the performance management process:

- i. Planning;
- ii. Determining and connecting organizational goals with personnel objectives;
- iii. Setting a high bar for yourself and your employees;
- iv. Recognizing their abilities and setting goals that are within their reach;
- v. Reviewing;
- vi. Making certain that everything is documented;
- vii. Coaching;
- viii. Additional training and development, if necessary;
- ix. Receiving feedback on performance
- x. Reevaluating your performance.

### 1.1.2 OBJECTIVES

- i. Performance management tools enable employees to work to their full potential to deliver the greatest possible work in the most effective, efficient, and productive way possible;
- ii. Individuals must be judged based on the larger workplace environment, according to the concept of performance management;
- iii. Transparency, accountability, and a good understanding of requirements are fundamental to performance management.



Figure 1.3- Performance Rating (Depositphotos, Inc., 2021)

## 1.2 RETHINKING PERFORMANCE MANAGEMENT STRATEGIES

Performance ratings have long been used to assess and communicate how well individuals perform on the job. However, that does not imply that they are the most effective means of achieving each of those goals. Organizations are embracing new techniques to provide stronger guidance for employees as they recognize that performance management is a little more challenging than previously assumed (Box of Crayons, 2017). A ‘Mercer’ report in 2016 on performance organization developments indicated that *“in a no-rating environment, an organization can promote fruitful discussions about goals, performance, and development.”* However, many HR executives

are suspicious of this move, and some organizations that considered abolishing performance evaluations ultimately elected to keep them, according to the survey. One of such organization, a multinational firm, that renders professional services, discovered that its specialists placed a high value on their whole rating, and those excellent assessments were a key component in retaining the best personnel. Discussions about getting rid of performance ratings, on the other hand, “*are a recognition that performance management is not helping organizations to achieve their goals,*” according to a principal consultant in Mercer’s Atlanta office, Lori Holsinger. She remarked that this is a chance to reflect on the concept of performance evaluation and its mission (Holsinger, 2016).



*Figure 1.4- Exceptional Rating (Depositphotos, Inc., 2021)*

Holsinger (2016) and ‘Mercer’ HR consultancy researched, examined the performance management of employees, and proposed three rating approaches that best fit organization for their various environments.

*Table 1.1- Rating Approaches (Holsinger, 2016)*

<b>RATING APPROACHES</b>	
<i>Delinking pay and performance</i>	<i>“Globally, nine in 10 organizations have a pay-for-performance approach, in part to drive employees to higher levels of performance to positively impact business results. A Fortune 100 multinational is exploring whether to completely abandon annual merit increases. As part of their re-design,</i>

	<i>they are questioning whether 3% differentiation has an impact at the individual level.”</i>
<i>Pay for performance with no ratings</i>	<i>“While some companies are concerned about the potential legal exposure of continuing to link performance to pay decisions, some firms have found a way to make the process more legally defensible. One firm that has eliminated performance ratings uses a series of job-specific financial measures as inputs to the pay allocation discussion. They have found that this method has led to more sound pay-for-performance decisions over the past few years.”</i>
<i>Maintaining ratings</i>	<i>“With all the press about the elimination of ratings, some companies have explored this design change but have decided to maintain overall performance ratings. A global professional services firm conducted an internal labour market analysis that revealed consultants value the overall rating they receive and that ratings are some of the most critical factors in retaining top talent.”</i>

## 1.2.1 WAYS OF RETHINKING AND RESTRUCTURING PERFORMANCE MANAGEMENT STRATEGIES IN THE NEW WORLD OF WORK

A performance management system, when properly conducted, has the power to bring people together around a single purpose, foster learning, increase performance, and unleash creativity and imminent growth. In what ways can Human Resources and managers rethink and restructure performance management strategies in the new world of work?

### a) PROMOTING A FEEDBACK CULTURE

Employees, like professional athletes, deserve multi-rater feedback to study and grow. Co-workers, project leads, superiors, and customers, among others, should supply this information in addition to the person’s boss. A rising range of performance assessment web apps and management software is available to allow for actual feedback from co-workers and stakeholders. Basic e-mail or dialogue feedback collecting, on the other hand, can be just as effective. It is recommended that at a minimum, the employee’s employer gathers input from crucial stakeholders at the very least before periodical performance discussions or after major initiatives.

The list below are samples of inquiries to ask:



- i. What has the person done exceptionally well in the past?
- ii. What particular steps may the person take to strengthen his or her relationship?
- iii. What particular steps will the person take to help him or her improve their performance?

The feedback culture saves companies time, resources, and money, generates much data, increases performance, as well as enabling better work relationships (Chiara, 2020). Employees should be convinced that the fair feedback system and of classified information, will be utilized in helping them grow rather than punish them, to foster a flourishing feedback culture. In trusting and fully supporting this type of culture, workers must come to the lime-light of understanding that their employers and the rest of the management team respect to input, while being open to receiving such feedback themselves.



*Figure 1.5- Encouraging A Feedback Culture (Depositphotos, Inc., 2021)*

Below is a given feedback example:

*“You did a good job in our client meeting this morning- you explained the algorithm with analogies that helped communicate the technical information to the non-tech executives. I can tell that you truly understand and are passionate about this topic. However, sometimes when you get excited, you speak too fast. You also didn’t pause for questioning before moving on to the next topic. Next time, try and speak slower and*



*remember to ask if anyone has questions before moving on to the next topic”* (Chiara, 2020).

#### **b) CONCENTRATION ON PERSONAL ASSETS (STRENGTHS)**

Traditional appraisals focus on deficiencies as a significant emphasis for improvement and look mostly at prior activity to estimate performance levels. Interestingly, this strategy frequently degrades efficiency, effectiveness, enthusiasm, and identity. Appraisals must pay significance to the strengths and triumphs that energize and motivate individuals in encouraging advancement. A strengths-based appraisal method can produce amazing results for a high majority of workers who currently achieve or surpass the bench-mark for the performance evaluation. Making use of an individual and strengths-based expansion method increased performance by almost 40%, as reported by a 2005 Corporate Leadership Council research encompassing 135 organizations. This is justified in some elite organizations such as ‘Deloitte,’ ‘Facebook’ and ‘Photo-box’ as their strengths are prioritized in their performance conversations. Managers, leaders, and employers must be educated on the need and steps to become better strengths coaches and productivity boosters rather than judgmental critics to fully implement this method. Employees must also be given the freedom to identify and exploit their abilities to maximize the company’s worth (Schaap, 2021).

#### **c) GETTING RID OF THE ‘SANDWICH APPROACH’**

Over time, the ‘sandwich approach’ or ‘hamburger method’ has been used by employers to tackle challenging conversations. In this approach, an employer offers a piece of destructive feedback ‘*sandwiched*’ in-between two constructive ones, thereby easing the critique blow. While many employers have touted this method as effective, it has been proven by some notable HR consultancies that it serves as a hindrance to bringing out the maximum best from their employees. Researchers from the ‘*Journal of Behavioural Studies in Business*’ gave some explanations on getting rid of the ‘sandwich approach.’

- i. Incorporating positives may undercut the criticism at hand, rendering it useless;

- ii. Employees will grow to distrust praise as a result of the strategy, as they start foreseeing the criticism that would follow;
- iii. When praise is warranted, the technique detracts from it;
- iv. The technique may be more of a crutch for employers who have trouble offering criticism than a tool for helping their workers develop;
- v. It may provide employees a muddled or misleading picture of their work performance and the modifications that must be made (University of Findlay, n.d.)

(Brook, 2021) also recommended two alternatives in tackling the ‘sandwich approach’ that has, for many years, shifted the attention of workers to the negative takeaway messages.

- i. For solid and top performers, emphasize their skills, successes, and how they would use them in the long term to enhance their productivity and outcomes;
- ii. For underperformers, make it clear what the shortcomings are and what the employee needs to do to improve. Be open and honest with the individual so that they understand what is expected of them and the implications of continuing to underperform. This should be done in a positive, fair, and encouraging manner at all times.

#### **d) CRITICAL CHECKLIST METHOD**

In this method, the manager records all of an employee’s extraordinary achievements or failure events during the year. For instance, if a marketing manager wins a large contract for a big amount of money, his supervisor will keep track of it. In addition, while filling out the ‘Appraisal form,’ the manager consults his records and utilizes them to back up an employee’s assessment (UKEssays, 2015).

# CHECKLIST METHOD

1. Is regular on the job?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Does maintain discipline well?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Shows consistent behaviour to all colleagues?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. Is interested in their job?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5. Keeps making mistakes?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6. Shows favouritism towards particular colleagues?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

*Figure 1.6 - Critical Checklist (Depositphotos, Inc., 2021)*

## 1.3 ANALYSIS OF THE PERFORMANCE MANAGEMENT SYSTEM USED AT TATA CONSULTANCY SERVICES (TCS)

TATA Consultancy Services has a rigorous and efficient performance management system. Although, it is a difficult challenge for a multi-national corporation with a high number of people from many cultures. TCS evaluates its employees using a balanced scorecard approach. It considers four categories: customer, financial, learning and process. Here, the employee may see the big picture of how his or her work affects the company's overall effectiveness. Broad strategic priorities are translated into several departments, and then down to organizational objectives in a cascading manner. Corporate plans are aligned with personal performance and are measured in terms of growth, revenue and cost. Employee participation is judged against producing and maintaining value, which is an internal process in which TCS thrives. TCS focuses on the customer's viewpoint

on how to differentiate our offering to help our partners grow their businesses. Finally, from a learning standpoint, this allows the firm's vision to be matched with personal learning and development. To promote a healthy work environment, TCS offers a variety of training sessions that are related to job-and-growth training. TATA Consultancy Services organizes its performance assessment, based on objectives to which the firm and employers align, twice a year. The performance system is sustained by an Oracle Developer-based tool, 'The Human Resource Management System' (HRMS). (UKEssays, 2015)

## **1.4 CONCLUSION**

Conclusively, performance appraisals aim to align and strengthen an employee's performance to meet the larger commercial purpose. Although, it takes time to create a performance measurement system, starting with a conceptual model and running it in a test program allows the company to see what is functioning well and what needs to be tweaked before implementing it across the board. Managers must then be instructed on how to use the new system. Also, the employer and their employees should lend helping hands to one another in having a seamless passage of conversation about gifts, deficiencies, goals, and skills gaps; this validation and participation are mandatory in engineering performance management. Overall, the performance management system should assist a person in accomplishing results effectively and efficiently while also assisting the organization in meeting its objectives. Relentless learning and development based on performance management facilitate operational planning, as well as managing and prompting larger assemblies in reaching their goals.

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