

Performance management practices in Indian IT firms

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Abstract : *Performance management is one of the cornerstones of Human Resource practice in organizations. Since human resources are the key to competitive advantage, organizations strive to develop systems for enhancing employee performance. The design and implementation of performance management process (PMP) are related to employee motivation, performance, productivity and organizational profits, the firms seek to continuously improve the system. In-depth interviews were conducted in the select firms in Information Technology sector to understand the PMP, changes, if any, brought about in the process in recent times, reasons for these changes and expected outcomes. The findings suggest that the performance management process in these firms have undergone significant change and new performance appraisal methods are brought in for successfully evaluating the employees' job performance. Based on a representative IT data set I explored that the bell curve is no more a part of the league and even if it is in some of the firms it has broadened its dimension. As there are no new techniques that came in as an effective PA till now the firms' are mostly relying on their annual performance appraisal evaluation. Furthermore, firms have more than one performance appraisal methods. I found evidence for a formal relationship between the usage of performance appraisal and their effectiveness on employees.*

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Introduction

Performance Management refers to the methods a company uses to leverage its assets, people, money, and technology, to achieve strategic business goals. A performance management is a full spectrum of bringing out the best (or correcting the worst) in the employees from the moment a company hires them until they leave (or are fired). The attitude towards work has shifted tremendously. Younger generations especially don't see themselves as just fulfilling a job, working 8 hours a day and that's it. Employees want to develop themselves, find the

opportunity to move forward in their career and they expect to be recognized and appreciated for their contributions. A well-grounded performance management process built on regular and constructive feedback helps companies retain and develop their talent. With frequent feedback processes and goal settings, employees feel valued by the company, increase their commitment and as a result, their performance. Often performance management is confused with one of its key components – performance appraisal. Performance management is a series of activities designed to ensure that the organization gets the performance it needs from its employees. Performance appraisal is the process of determining how well employees do their jobs relative to a standard and communicating that information to them. Performance appraisal is a formal management system that provides for the evaluation of the quality of an individual's performance in an organization. Although performance appraisal is but one component of performance management, it is vital, in that it directly reflects the organization's strategic plan. Although evaluation of team performance is critical when teams exist in an organization, the focus of Performance appraisal in most firms remains on the individual employee. Regardless of the emphasis, an effective appraisal system evaluates accomplishments and initiates plans for development, goals, and objectives. Performance appraisal serves many purposes, and improved results and efficiency are increasingly critical in today's globally competitive marketplace. Therefore, abandoning the only program with performance in its name and employees as its focus would seem to be an ill-advised overreaction.

Performance management process

The performance management process starts by identifying the strategic goals an organization needs to accomplish to remain competitive and profitable. After these ideas are crystallized, managers see how they and their employees can help support organizational objectives by successfully completing work. Performance management enables a company to convert overall strategy into results that support the mission and objectives. However, just having a strategic plan

does not guarantee that results will be achieved and objectives will be satisfied. When organizational strategies have been defined, they must be translated into department or unit level actions. Then these actions must be assigned to individuals who are held accountable for efficient and effective goal accomplishment. In a sense, the sum of the work completed in all jobs should advance the strategic plan. By adopting a “big-picture” quantitative approach, managers can successfully combine individual efforts in a manner that provides practical measures of organizational effectiveness. Without question, rethinking performance management is at the top of many executive teams’ agendas, but what drove the change in this direction? In a recent article for *People + Strategy*, a Deloitte manager referred to the review process as “an investment of 1.8 million hours across the firm that didn’t fit our business needs anymore.” One Washington Post business writer called it a “rite of corporate Kabuki” that restricts creativity, generates mountains of paperwork and serves no real purpose. Others have described annual reviews as a last-century practice and blamed them for a lack of collaboration and innovation. Employers are also finally acknowledging that both supervisors and subordinates despite the appraisal process—a perennial problem that feels more urgent now that the labor market is picking up and concerns about retention have returned.

Concept of Performance management

The concept of Performance management may be traced to the work of Frederick Winslow Taylor. Then, in the 1950s and 60s, the US government institutionalized the idea by introducing the concept of performance ratings and the link between pay and the score civil servants received with the Performance Rating Act (1950), the Incentive Rewards Act (1954) and the Salary Reform Act (1962). Fast forwarded to the 1970s, and Aubrey Daniels coined the phrase “performance management”, and developed a process for firms to use it based on three principles – measurement, feedback and positive reinforcement. “That’s our business – helping managers get employees to perform to their potential through positive means,” Daniels once said. Then Peter Drucker’s famous “management by objectives” began to become popular. Instead of measuring performance with the intent to provide feedback, companies began measuring their employees’ performance against set targets. Finally, it became available to easily “cascade” goals so that employees took on a part of their boss’s goals, and measure everyone’s performance against set targets more and more precisely. This

allowed firms like GE and Microsoft to famously start managing out low performers. In GE this was known as the “vitality curve” and more informally as “rank and yank,” a process the firm is now doing away with. When you add up all of these elements, it’s easy to see where this goes horribly wrong. Instead of using performance management to actually “improve performance” based upon measurement, feedback, and positive reinforcement, it became no more than a “ratings system” that sowed internal competition for more money, prestige, and power; all motivation came through fear (of a low rating).

The main purpose of this study is to know the variations in the recent performance management practices that are being used in the firms. Every company values their status and tries to make a competitive position in the market. To achieve this, the company should have a quality performance management system for effectively analyzing their employee’s performance. Most of the firms are changing their existing performance management systems and are bringing in new techniques for successfully rating the employees. The reasons for the same and the benefits of the new performance management systems are described in thorough detail later in this study.

Bell shaped curve

A bell curve or more specifically a Gaussian distribution is a symmetric curve that is pronounced in the middle and tapered off at the edges. As such, the middle portion of the curve contains more area than either of the ends. The Bell Curve appraisal system is better known as the Forced Ranking Appraisal systems of a company’s employees. Forced ranking has been defined as “a workforce management tool based on the premise that in order to develop and thrive, a company must identify its best and worst performers, then nurture the former and rehabilitate or discard the latter”. It categorizes people based on their performance, rewards or penalizes them accordingly. This segregation is based on a relative comparison of the performance of the workforce against those engaged in similar activity and ranking them accordingly. The entire workforce is segregated as the top performers, medium performers, and the poor performers. The percentage varies with the company policy; it could be the top 10%, middle 80%, and the bottom 10%.

Benefits :

- The workers, who are high performers, are motivated to keep improving themselves with the incentive of stock options, higher pay etc.

- The majority of the workers, who are classified as average performers, are provided with opportunities to enhance themselves with various training modules and other tools of improvement. This increases the company's competence level as a whole.
- The low performers are warned that they need to get their act together and thus, the productivity of the organization slowly improves.
- Accountability, which is the purpose of performance appraisals, is enforced across the organization by using Bell Curve.

Flaws :

- The problem with Bell Curve methodology begins with its application. The distribution curve can only be applied to an organization with certain number of employees as a threshold. With small number of employees, the categorization of resources becomes too constrained, and more often, erroneous.
- Bell Curve method for performance appraisal always creates a doubt about the fairness of the classification system. Many times employees show increased activity in the time period approaching appraisals. Hence, the bias towards visible performance as against actual performance may overshadow fair categorization.
- Distributing incentives based on Bell curve methodology cannot guarantee an increase in the company's overall performance. It happens only over a long period of time.

According to the recent reports, companies such as TCS, Wipro, and HCL have dropped the bell curve method of performance management and brought in new and better techniques of managing the performance of their employees. However, companies worldwide like IBM, Deloitte, and even GE have removed the bell curve in the last couple of years and are moving to a method of continuous feedback — a change that was made to attract and retain young workers. But for the IT services industry whose companies have hundreds of thousands of employees, continuous feedback is not an easy goal to achieve. On top of these considerations, managers must be concerned about legal ramifications. Developing an effective performance appraisal system has been and will continue to be a high priority for management.

The study being conducted in the two IT firms have observed the abandoning of Bell curve method. The issues include dissatisfaction among the

employees and incorrect placing of them in the performance chart. In the context of the study, we will find out how bell curve is modified from being a disadvantage to an advantage for the employees and how firms are changing its dimension so that it could prove beneficial in assessing the performance of employees.

IT sector Performance management

Information technology (IT) is defined as the design, development, implementation, and management of computer-based information systems, particularly software applications and computer hardware. Today, it has grown to cover most aspects of computing and technology. The reason why it has catapulted in importance is due to the improving accessibility, awareness and utility of technology. Armstrong and Baron (1998) defined Performance Management System as a "strategic and integrated approach to increasing the effectiveness of companies by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors." It may be possible for the goal congruence i.e., reconcile the employee's personal goals with the organizational goals and thereby increase the productivity and profitability of the organization. Managing the employee performance facilitates the effective delivery of strategic and operational goals. Performance management aims at developing individuals with the required commitment and competencies for working towards the organizational objectives. Performance management frameworks are designed with the objective of improving both the individual and organizational performance by identifying performance requirements, providing regular feedback and assisting the employees in their career development. Its focus is on enabling goal clarity for making people do the right things in the right time. The main goal of performance management is to ensure that the organization as a system and its subsystems work together in an integrated fashion for accomplishing optimum results. The performance management approach has become an indispensable tool in the hands of the corporate as it ensures that the people will uphold the corporate values and tread in the path of accomplishment of the ultimate corporate vision and mission. It is a forward looking process as it involves both the supervisor and also the employee in a process of joint planning and goal setting in the beginning of the year. The performance management approach has become an indispensable tool in the hands of the corporation as it ensures that the people will uphold the corporate values and tread in the path of accomplishment of the ultimate corporate vision

and mission. It is a forward looking process as it involves both the supervisor and also the employee in a process of joint planning and goal setting in the beginning of the year.

This explorative study brings out the essence of the performance management practices used in IT firms. I collected data from individuals employed in various organizations and thus, focused on characteristics that can be examined in relation to any performance appraisal system. Lately, industry leaders are exchanging their old and outdated yearly performance reviews for a new solution that's more frequent, engaging, and aligned to keep employees goal-oriented, and ultimately, to excellent performance.

Literature review

Many organizations are finding out the hard way how financial disparities based on perceived performance differences bring with it significant risks. For a start, employees are set in competition with each other when co-operation and teamwork are needed. In addition, overly simplistic performance criteria can drive dysfunctional behaviors. Salaries can also blow out and put enormous financial strain on the organization, especially during times of low economic activity and recession (Leslie Allan 2010). Collins & Chippendale in their publication in 1995 wrote, "It seems that the majority of organizations will claim they have some kind of individual performance evaluation process, but that it doesn't work the way they want it to. There are some very common criticisms about it. For one, when they come to doing the evaluation or appraisal, managers don't have much objective evidence about how the person performed, what they really produced or the size of their contribution to team or organizational outcomes. Another common criticism is that the appraisal process drives the wrong behaviors. People know they can only be judged on how much they do or contribute, so they try to do a lot, or try to do things alone in order to isolate their contribution from the contributions of others." Feedback richness refers to a performance appraisal environment where employees receive specific, frequent, and timely feedback (Kinicki, Prussia, Ben and McKee-Ryan 2004). Organizations with systematic PM programs report superior financial results, customer satisfaction, and employee retention to (Nankervis & Compton, 2006). Not surprisingly, organizations utilizing PM systems to invest in the professional development of employees (rather than simply to inform human capital decisions) often have competitive advantages in terms of attracting and retaining top industry talent. Organizations have moved from

mid-year and end of year reviews to seeing PM as an ongoing process, only one component of which is the implementation of discrete, formal performance feedback sessions (London & Smither, 2002). Expanding beyond the traditional annual performance review, ongoing growth (or maintenance of good performance) has become a primary concern and places individual performance more broadly in the context of organizational performance (Bernardin, Hagan, Kane, & Villanova, 1998). Like other areas within the talent management space (e.g., coaching) the stigma that was once associated with devoting extra time and attention to growing and developing employees is rapidly diminishing. In fact, employees are seeking out professional development activities, and when they feel they are missing in an organization, many decide to leave (Morea, 2011). According to Otley (1999), a general performance management considers such problems: "What are the key objectives that are central to the organization's overall future success, and how does it go about evaluating its achievement for each of these objectives? What strategies and plans have the organization adopted and what are the processes and activities that it has decided will be required for it to successfully implement these? How does it assess and measure the performance of these activities? What level of performance does the organization need to achieve in each of the areas defined in the above two questions) and how does it go about setting appropriate performance targets for them? What rewards will managers (and other employees) gain by achieving these performance targets (or, conversely, what penalties will they suffer by failing to achieve them)? What are the information flows (feedback and feed forward loops) that are necessary to enable the organization to learn from its experience) and to adapt its current behavior in the light of that experience?" (Otley,1999).

The present study

The present study is contrived from one on one discussion with the notable employees of IT sector firms A and B.

a. Objectives

The foremost objective of this explorative study was to get an insight of the performance appraisal techniques being used in the firms A and B. The study focuses on the improvement factors related to performance appraisal. The study also focuses on the targets these companies have set and their anatomy of setting targets. Their new methods of performance appraisal and the annual performance review are outlined in this study. Jules Goddard in

his article in 2016 wrote, "We need to be open about where we feel we did well, and not so well, otherwise we won't learn. Feedback should be part of open, natural conversation as humans; unless appraisal is received when the relevant action is fresh in one's mind, it is often not regarded as just or interesting." As in an era of globalization, more and more employers are recruited in the Firm and to manage those employees' performance, it is essential to create an appraisal method that should be beneficial to the Firm both in terms of an effect of an employee and in terms of an employee satisfaction. This study covers those performance appraisal methods and brings out their advantages.

b. Methodology and Sample

A pilot study was conducted in an attempt to investigate which competencies are currently being used by organizations as part of their performance appraisal programs for managerial employees. The study was carried out in IT sector firms A and B. The major reason for choosing this sector is the recent change in the performance management system and the launch of new and more effective performance appraisals. This study focused on the human resource managers because of the critical role they play in the implementation of the HRM practices in organizations.

Data were obtained from 6 different human resource managers with more than 25 years of work experience. The total sample consisted of 3 (50%) female and 3 (50%) male managers. All the respondents held at least a college degree. Their average tenure in their current position is 5.67 years. Firm A embarked on a culture change journey to address the changing expectations of its clients. This can only be achieved if a firm is working effortlessly to achieve its goals. For this a firm should have hard working employees and to manage the employees based on their performance, a Firm should have sound performance appraisal system. This study brings out those performance appraisal systems being used in the firms and its procedure of managing employee's work performance. Firm B is a global leader in IT services, digital and business solutions that partners with its clients to simplify, strengthen and transform their businesses. It ensures the highest levels of certainty and satisfaction through a deep-set commitment to its clients, comprehensive industry expertise and a global network of innovation and delivery centers. Firm B has an insurmountable amount of employees and to manage such work force the performance management needs to be very disciplined and above average. This drives to the appraisal system used in the firm which should be employee

satisfying and rewarding. The study describes those performance appraisal techniques used in Firm B.

c. Instruments used

The research instrument was a self-administered questionnaire comprising three parts. In the first part, managerial values reflecting the socio-cultural context, and managerial assumptions pertaining to employee nature and behavior were measured. In the second part, managerial practices of PM were assessed by 4-5 questions. In the last part, demographic data of the managers (e.g. age, gender, education, tenure, and position) and industry characteristics of their organizations (e.g. industry presence of an established PM system) were obtained.

Managerial values (with the exception of performance orientation) and assumptions (with the exception of goal orientation) were assessed by the data collected and validated cross-culturally. PM practices were measured for the first time in this study by a scale comprising 4 questions capturing different aspects of the PM process (i.e. goal setting, determination of

performance criteria, determination of performance method, reasons for changing the current PM method, advantages and disadvantages, the consequences of performance evaluation, etc).

FINDINGS

• Firm A

Current performance appraisal methods

The ground method used for the performance appraisal is an annual performance appraisal technique done by the HR based on which an employee's job performance is evaluated for its role change, increment, etc. Other than that, the organization has started a brand new concept which is only one year old known as 'Digital Diary', introduced with an App which is a tool that facilitates communication between managers and subordinates on the regular ongoing basis. In this, an employee's performance is remarked on his digital diary account and the notification for the same is sent to all his seniors and co-workers. The advantage of this medium is that if an employee is not up to the mark with his work, the remark sent to him as an email will not be delivered to his senior co workers. Based on that remark an employee can respond to acknowledge his mistake. There is another option, the employee could respond that he can rectify the mistake within a timeline and can put a timeline. If he doesn't

follow the suit within that timeline the reminder is sent to him and the necessary action is taken and that is recorded in his/her digital diary.

Reasons for the change of previous appraisal system

There have been changes in the performance management system with time. Earlier it was bell curve (forced ranking system) for performance appraisal. According to the Vice President of HR department in Firm A, "We have moved out of forced ranking and the way we are looking at is that in a normal process there will be a bell curve, it will not be a forced bell curve but it will be a natural bell curve but the differentiation will remain." The differentiation is the basic foundation of the performance appraisal system. The employees are assembled on the basis of their differentiated rating and it is plotted on the bell curve. Employees considered bell curve as a biased appraisal method and lot of arguments used to happen between the managers and the employees on categorizing them based on their performance.

Advantage of current over the previous

The new policy gives a little stretch to the previous bell curve. The bell curve is adapted with new flexibility as the sensible manager would never abandon the method instead he would simplify it with the coming changes. Digital diary also has an advantage over the annual PA method as the performance measure of an employee is all kept track in record and the person is rated based on its performance rather than the perception in the mindset of the managers. This is how the new method of Performance appraisal introduced by the firm is used to meet the changing global environment.

Employee satisfaction

At the end of the year, performance is assessed where earlier it was forced bell curve. The employees are satisfied with this new approach and find it very suitable to work in the firm. Earlier managers were forced to do this setting. According to the Vice President, "If the managers are objective, there will be no disadvantage. So our challenge is to develop our managers so that they can handle it without much difficulty which may be a disadvantage."

Linkages and rewards

The new method is linked to bonus and incentives. There are two components Fixed and Variable components. The Fixed component defines the increment based on the performance review. The

Variable component is based on the KPIs (Key Performance Indicators). KPIs is a measurable value that demonstrates how effectively a Firm is achieving key business objectives. KPIs are the measure of gross margin and operative margin achieved and based on their percentage an employee is rewarded. There are two curves in it: Threshold and Complete. Variable quantity (x %) is achieved when the threshold curve is passed whereas a full quantity (100 %) is achieved when the complete curve is passed. The complete curve is not related to performance of the employee whereas the threshold curve is purely number based. According to the Line Manager, "Suppose in a project every employee has an equal increment valediction then every employee with the same grade will get the same amount of money as the amount will be divided evenly from the total. It ensures no binding from the organisation as the decision is taken completely by the delivery head. For example, the organization fixes the percentage 12, 10 and 6 for the grades A, B and C and there is no bell curve the manager may give A to all the employees, this can be a loss to an organisation. This can be rectified by giving the fixed budget for every project. In this, the project's delivery head decides the grading based on an employee's performance and the amount are distributed on account of that grading." The delivery head gets the fixed budget and he grades the employee to ensure that the amount an employee will get is purely on grounds of his effectiveness. The employees are given bonus on essence of fixed component based on their performance review and variable component based on KPIs (Key Performance Indicators) which is a way to determine how effectively the company is achieving its objective.

Goal setting

The targets are set by the BSC (Balance Score Card) driven goal setting which depends on KPIs. There are various KPIs like financial, process, learning and development, customer, etc. The organization characterizes the measure needed to create in these KPIs if they are going with the Balance Score Card. The performance should not be driven from one KPI but from the multiple KPIs and weight should be created so that it is balanced.

The performance management system focuses on enabling performance not only on assessment of performance. The flow chart looks like goal setting – performance enabling – performance assessment – performance correction. Goal setting is target setting. Quality performance management serves as "centers of excellence" to an organization by

providing reliable, accurate performance data on key business processes. Quality management enables an organization to examine its processes on an “end-to-end” basis. It also enables more effective, fact-based conversations with the market units, solution groups and external clients. This, in turn, results in improved Service Level Agreements (SLA’s) and enhanced client satisfaction.

- **Firm B**

Current performance appraisal methods

Until last year, bell curve method was used which includes parameter technical aspects and behavior skills. Last year the firm decided to abandon it. The new method yet not named and decided will be more of the result based and individual contribution to the business outcome. For now, the quarterly pulse survey is done which is not the soul performance appraisal method of the firm yet it shows the capability of an employee and gets the feedback from his/her complete internal environment.

Reasons for the change of previous appraisal system

The bell curve was a good concept. The bell curve was applied in all the levels at one go. The firm then used to define a unit and that unit abides to bell curve method. Suppose if the grades A,B,C,D and E are the overall performance of the employees in which A stands for excellent, B for very good, C for good, D for satisfactory and E for poor, the unit head decides which employee should get placed under which category based on his/her performance. Senior most employees get good appraisal. Majority of A, B goes to seniors. On the grounds, the junior people who work hard when doesn't get the appraisal they deserve, they used to get demotivated. For every level there are consultants, these consultants compete with the peers which lower it. Bell curve is more of a rationalization.

Advantage of current over the previous

It will be an individual contribution to the overall business. For example, if an employee is under a unit which earns 100 Rs., what is an employee's contribution to it. Did he/she lead the team to get that 100 under a strategy or did he/she earned the most which was a major benchmark in the earning? All of this is measured. The new appraisal system will have a feedback mechanism for an employee to improve his/her performance. The new system will be linked with the monetary benefit so that the

overall objective of the appraisal system should not get lost.

Employee satisfaction

The employees were greatly dissatisfied with the forced ranking. Their managers felt like some employees have a good potential but due to the poor performance of their unit they were given low percentage and because of that, the other person of the same caliber suffers. For example, if Unit 1 has more seniors & fewer juniors and Unit 2 has fewer seniors and more juniors. In this scenario, Unit 2 gets less good grade and the junior people suffers. Also if 5-6 units are combined and they form a higher bell curve then at a unit level, if an employee gets A grade and as mentioned the percentage is low, some of the employees have to be moved from A to B. This results in argument and quarrel and the employees get dissatisfied.

Linkages and rewards

Earlier appraisal system was linked to bonus or monetary benefit, role change and promotion. Firm B gives bonus quarterly. It depends on the performance of a unit. The performance is measured vertically rather than horizontally in a unit consisting of employees. Some part of the salary is linked to the bonus based on the performance and that the employee gets 50%, 75% or even 100% increment. In Firm B the rewards are more of a certification, points which could be either in cash or in vouchers. There are portals where points are exchanged. The second reward depends on employee's commitment to the organization where the reward is in the form of points, gold coins, etc. The rewards are usually in the form of certifications, promotions and gift vouchers or gold coins given to the employees which depend upon the employee's commitment to the organization.

Goal setting

The targets are usually set by the sales and marketing people related to revenue or by the delivery and operational people related to the cost in the firm. The unit is given a target and that percolates down to an individual level. The targets are at the top and bottom line. The sales & marketing people set the top line target which is mainly related to revenue and the delivery & operational people set the bottom line target related to cost. The job responsibilities and targets are set by the planning committee. The employees work on it and based on their performance they are appraised which further gives an idea of the capability an employee possesses according to his

or her performance. They are all linked in one circular chain.

Discussion

This study determined the associations between practices, context and performance management effectiveness. The contributions of this study are relative to the current state of performance management research. This analytical study demonstrated the performance appraisal techniques being used in firms A and B. As per the study, bell curve technique was used for distributing ratings that are generated with other appraisal methods and compared the ratings of people in these companies. Firm A used bell curve and every year within a particular period of time, the employees were graded according to their ranks. This creates a sense of little resentment among the employees as the employees of better caliber were graded in the low sections. Firm B also used this technique but again due to lack of employee satisfaction, they too abandoned it. The bell curve is still being used in Firm A but has been varied a lot from its previous form. It is used as an annual performance appraisal and employees are ranked based on their work throughout the year. Their performance is also assessed by 'Digital Diary' an online performance rating app which covers all the necessary information regarding an employee's performance and the job given to him/her. On account of an employee's work, the reviews are given by his/her supervisor and grading is done. This feedback system helps the manager to evaluate the employee's performance during the annual performance appraisal. Firm A's score increased by 7 % in performance management system. Employee satisfaction score (ESS) increased by 4-5 % on compensation. Firm B manages a large number of employees, and because of this, it is very difficult to look out the performance of each and every employee simultaneously. Due to this, the employees are placed under predetermined percentages of rates into performance categories and their performance rate decides to which section of that grading scale they fall in. Therefore, they are appraised in the forced ranking system. The proportions in each category are not symmetrical. Managers appraise employees in groups and even the above average employees are sometimes placed in the low lying category because of their low lying team. For now, Firm B has abandoned this method of appraising performance and is focussing on better and more effective appraisal system that would be fruitful for the entire firm having a huge population of employees. The job given to the team is known for every individual of that team and the entire team works on it as one unit. The supervisors set the target following the team regulation and

furthermore the performance is appraised based on the work done by the team.

Conclusions and implications for practice

From the study, it is found out that performance management system plays a key role in the organization. From the data collected it is clear that employees in the organization are clear about how this system works. Researchers and practitioners have been trying to improve employee performance management, including performance appraisal, for a long time and this study offers some guidance for organizational-level interventions that may improve overall system functioning. The findings reported here suggest that having the right practices and the right context may improve performance management effectiveness. Our investigation thus provides support for the idea that performance management effectiveness is not only a function of system design or best practices, but also of program implementation and execution in different organizational contexts. Firm A is slowly making its way towards the top renowned IT global sectors in India. The new Performance appraisal method is Digital diary and is very effective till date both in terms of evaluating employee's performance and in employee's satisfaction. The digital diary should be continued as the soul Performance appraisal method in the firm. Bell curve is abandoned both in Firm A and B. Even if it is used to a very low extent, its flexibility has been increased. "The bell curves applied to people performance creates more problems than what it strives to solve, including motivation and unfairness. The new world has no space for a rusted tool of the past. Let us bury it and on its tombstone let us write an epitaph: B.Curve, Rest in Peace Forever. We are preparing for the normals of the new world!" said by Adil Malia, Group President HR, Essar group. The lack of adequate Performance appraisal technique in Firm B pushes it to a vulnerable zone in Performance management. The firms should soon bring in the new method for appraising employee's performance. As per the results, the new technique will be launched soon. As for now, the firm is inclined towards pulse survey which is not considered as an important performance appraisal method used in the firm. Both the companies use annual performance appraisal method based on reviews and job performance of the employees as a mandatory exercise done at the end of every year.

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