

TCS RECRUITMENT SCANDAL: IT'S TIME TO RECHECK THE CORPORATE RECRUITING SYSTEM

Jeevan M, PGDM student, Dayananda Sagar Business School (DSBS), Bangalore, Karnataka

Vignesh, PGDM student, Dayananda Sagar Business School (DSBS), Bangalore, Karnataka

Preethraj, PGDM student, Dayananda Sagar Business School (DSBS), Bangalore, Karnataka

Gourav, PGDM student, Dayananda Sagar Business School (DSBS), Bangalore, Karnataka

Shreya S, PGDM student, Dayananda Sagar Business School (DSBS), Bangalore, Karnataka

Vanishree, PGDM student, Dayananda Sagar Business School (DSBS), Bangalore, Karnataka

ABSTRACT

This paper tries to find know about the whistleblower from the IT sector who risked his career in exposing the unethical practices that was been following in the company. In addition will know how TCS took over this issue and solved the same.

Purpose – The purpose of this paper is to find how the TCS bribe for jobs scandal would also create doubts not only in the minds of its clients but in the minds of other clients of Indian IT majors about the quality of the people working on various projects.

Findings – The involvement of RMG department played the major role in the scandal. And we found out the 3 levels of scandal.

Methods – This paper shows that how TCS got to know about the scam and who were all involved in the scam

Practical implications – TCS hired an investigation team headed by Ajith Menon - chief security officer. One the day one itself the RMG head E S Chakravathy was sent on leave

Results – After the investigation came to conclusion a total of 15 employees were terminated including the RMG head E S Chakravathy and project manager Arun G K and a total of 8 staffing firms were blacklisted

Keywords – Whistle blower, Resource management group, staffing firms, Ajith Menon, ES Chakravathy

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INTRODUCTION

TCS has roughly 6 lakhs employees with an alteration rate of 20% every year which means they have to continuing filling 1 lakh employees every single year and scandal even if it is small scale will lead to massive numbers, 1 lakh recruitments per year in 1 single company now we can understand what kind of financial impact this scandal would have had.

This scandal came to light by a whistle blower

inside the company who sent a mail to the CEO that is **K. Krithivasan**. Saying that in staff recruitment process there a bribery involved, and this process is going on for the past 3 years, and in this 3 years period the total bribed amount is more than 100 crores.

This scandal involves a few employees in TCS's resource Management Group (RMG) which is in charge of mobilizing contract staff for various projects. Allegedly giving preferential treatment to certain staffing firms in lieu of bribes.

LITERATURE REVIEW

S. No	Name of the author & year	Title of the study	Journal / institute name	Findings from the source
01	MG ARUN Jul 17 2023	TCS Hiring Scam	India Today .in	The scam is likely to make tech firms take a hard system in place
02	SHOUVIK DAS Jun 29 2023	Tata's Chandrasekaran expresses deep pain over job scam at TCS	Livemint.com	Chandrasekaran assured shareholders of stringent measures to tighten the way it engages with the entire network of over 1000 staffing firms
03	SURABHI AGARWAL Jun 28 2023	TCS job scandal: company writes to board members clarifying details about allegations	Economic times.com	TCS was altered about senior executives breaching corporate code of conduct to give preferential treatment to some recruits at the company's RMG division
04	HT news desk Jun 27 2023	Rocked by bribes-for-jobs scandal, TCS names new hiring head as probe continues	Hindustan times .com	New management coming to power and taking over the issue

METHODOLOGY

1. Research objectives:

- a) To understand the motivations and circumstances that led the whistle – blower to come forward with information about the TCS Company
- b) To assess the impact of the whistle-blowing on the

exposure and unravelling of the TCS recruiting scandal, including how the information provided by whistle-blowers influenced investigations

2. Data Collection & Analysis

METHOD	DATA SOURCE	THEME ANALYZED
Content Analysis	Newspapers – The EconomicTimes, The Hindu Business Line, Times Now, India Today	Media portrayal, public sentiment, key events

I. WHAT REALLY HAPPENED IN TCS?

Now assume you are a project manager working for TCS or any of the IT sector companies, when client appreciates your work and says that why don't we add 2 more resources to our team we really appreciate your work. As a project manager he will feel very happy and place a request saying I need 2 resources. This request is sent to the **E S Chakravathy** the head of Resource Management Group (RMG). Here the RMG has the authority of allocating which resources (employees) should go to which team or which project. Now we can see the project allocation is a huge thing in IT because the primary cost pays in IT is employee expenses, So the companies don't want to have too many employees on the bench neither they don't want to have anybody. So Resource Management Group is a very important group in IT services industry and if the head **E S Chakravathy** is involved in scandals then you can see what kind of output devilleries would go to the end client.

THE POTENTIAL SCANDALS RMG WAS INVOLVED

1. INFORMATION ARBITRAGE

When there is requirement of resources the RMG would say that they are short of resources the he would say let's call up all the vendors and see if they can provide, but there is 1 piece that the RMG manages they will go through the back door and call his favorite 4-5 vendors and ask for the required resources in return the vendors will have to pay commission for the information shared only to them specially. These vendors would be happy because 1 lakh recruitments every year. So this is the first level of scandal is just commissions for giving first access to the information.

CONTRACTUAL WORKERS SCAM

Let's say if the staffing firm provides 2-3 profiles then if the total expense and the rate is 10\$ per hour then the staffing firms and RGM will come together and say why don't we increase the rate to 12\$, as staffing firm you take the 1\$ and I will take additional 1\$ so for every single employee every single hour they are charging more and RMG and staffing firms making money out of it. This is the second level of scandal that is going on in TCS.

2. COMISSION TO GET LISTED

Just to get on the list even if your one of the best staffing firms in the country just to get on the list for the TCS books you need to pay a certain amount of commission. If you want to get listed in. you can see how quickly and easily these can be done by one of the most powerful groups in the company Resource Management Group.

II. IMPACT OF THE SCAM

When **CEO K Krithivasan** received the mail sent by the whistle blower he appointed **Ajith Menon** – Chief information security officer as the head of the investigation group for this allegation. On the very first day of investigation itself, the RGM head **E S Chakravathy** was sent on leave. The investigation went on for weeks and they came to know that the allegations were true and 4 people were terminated from the Resource Management Group they are the Head of RMG **E S Chakravathy**, project manager **Arun G K**, and **2 more employees**. In addition to that 3 staffing firms were blacklisted. Now the

chairman of **Tata Sons Natrajan Chandrasekaran** has appointed a new head for the Resource Management Group **Shivakumar Vishwanathan**. Finally, now a total of 15 employees and 8 staffing firms are terminated and blacklisted.

Few more impacts of the scam are:

1. Reputation and good will of the company
2. Disrupts the employee relations
3. HR clean up in major IT and other Companies

III. MEASURES TO BE TAKEN

The TCS scandal is an indication of how crucial it's for companies to maintain ethical hiring procedures and establish strong measures to prevent fraudulent activities. It's essential for organizations to prioritize integrity, transparency and thorough background checks in order to safeguard their recruitment processes and preserve their reputation. By doing they can create an atmosphere of trust. Ensure the credibility of their hiring practices ultimately contributing to a more dependable and ethical industry, as a whole.

The measures that can have been applied

1. Create a strict/strong Code of Conduct
2. Firing the employees and blacklisting the staffing firms
3. Ensure the background checks are clear
4. To have good communications with the employees

CONCLUSION

In conclusion, TCS hiring scams, like any other job-related scams have serious legal and ethical implications. It is essential for both job seekers and companies to remain vigilant and take proactive steps to prevent and report such fraudulent activities to protect the interest of all parties involved. The individuals involved

5. Giving a press release about the issue

IV. DID IT AFFECT FINANCIALLY?

It is very clear that after the press release by TATA Sons chairman N Chandrasekaran. He stated that RMG does not involve in recruitment process it is only the HR department for hire candidates. The role of Resource Management Group is to allocate right resource to the right team and to the required project. The RMG department have no part in hiring employees. Chandrasekaran, who is also the chairman of TCS, assured shareholders at the company's 28th Annual General Meeting of stringent measures to tighten the way it engages with the entire network of over 1,000 staffing firms and ensure such incidents do not happen again. He gave assurance that there is no financial backdrop for TCS as there was no missing records of money from the company all the account and reports were intact.

- (1) this does not involve any fraud by or against the Company and no financial impact
- (2) the issue relates to breach of Company's Code of Conduct by certain employees and vendors providing contractors.
- (3) no key managerial person of the Company has been found to be involved.

The company said while skirting the issue of action taken against the employees and the vendors, it did not affect financially because the money which was 100 crores does not belong to TCS. Therefore, there was no financial impact on the company.

in this scam could face legal actions, including criminal charges. Attempting to deceive job seekers or extract money through fraudulent practices is illegal and unethical.

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