

TATA CONSULTANCY SERVICES' BENCH POLICY: STRENGTHENING OR WEAKENING THE BENCH?¹

Shubham Sharma and Satyendra C. Pandey wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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On June 12, 2025, Tata Consultancy Services (TCS), India's largest information technology (IT) services firm, announced a revised associate² (employee) deployment policy aimed at improving workforce utilization.³ Under the new policy, associates were required to be billable for at least 225 business days annually, with a cap of 35 business days on the bench⁴—i.e., periods without active project assignments.⁵ The announcement quickly sparked anxiety among employees. They took to platforms like Reddit to express concerns about role mismatches, unclear redeployment processes, and the looming risk of forced exits.⁶ As the first 35-day cycle ended in July for people who had worked on various projects during the past year, many employees were left uncertain about their future at the company.⁷

While TCS leadership positioned the policy as a move toward stricter internal workforce management in a rapidly changing IT industry,⁸ critics argued that it lacked adequate support for employees navigating transitions between projects.⁹ With the matter escalating to the India's Ministry of Labour and Employment¹⁰ and the next cycle of TCS's new deployment policy approaching in July, the company now faced a critical decision: Were the support mechanisms provided to associates during the 35-day bench period sufficient, or could TCS be doing more to help associates manage their redeployment effectively?

The senior leadership team at TCS was considering several options to improve the reception of the newly introduced policy and mitigate emerging reputational risks. One option was to retain the current policy, thereby continuing to emphasize associates' accountability for timely redeployment. However, this option risked deepening employee anxiety and attrition if TCS did not provide the necessary support, such as access to real-time project openings, personalized guidance, and targeted reskilling opportunities, to employees during the bench period. Another approach was to repackage the policy with more structured career support mechanisms to assist associates in navigating transitions, such as creating internal project marketplaces for bench associates, pairing them with dedicated mentors, or rolling out domain-based reskilling programs on topics like cloud computing,¹¹ generative artificial intelligence (AI),¹² development operations (DevOps),¹³ and digital transformation. Yet, pursuing this option demanded time, investment, and coordination across multiple functions—including resource management, human resources, learning and development teams, and various business units. Another option was to encourage associates on the bench to undergo upskilling in business development and explore potential project opportunities, particularly among small and medium-sized enterprises or new markets. This approach could foster entrepreneurial thinking and empower associates to take charge of their billability by proactively identifying

and pitching solutions to potential clients. But shifting responsibility for business generation onto associates—especially those in technical or support roles—could create uneven pressure or even internal resentment among employees, with some feeling disproportionately burdened by expectations they were not originally hired to fulfill.

Addressing this issue had become increasingly critical, not just from a workforce planning perspective but also in terms of how TCS upheld employee trust, preserved employee well-being, and protected its reputation as an employer of choice in an intensely competitive global talent landscape.

TATA CONSULTANCY SERVICES BACKGROUND

Tata Consultancy Services (TCS) was originally founded as Tata Computer Systems in 1968 by Fakir Chand Kohli, widely regarded as the father of the Indian IT industry. TCS was one of the world's largest IT services and consulting firms¹⁴ and the largest IT company in India, with a market capitalization of ₹11.15 trillion (approximately US\$12.69 billion).¹⁵ Headquartered in Mumbai, India, TCS served clients across more than 50 countries and operated in diverse verticals, including banking and financial services, manufacturing, retail, life sciences, and public sector enterprises. Its suite of services spanned IT consulting, software development, business process outsourcing, and emerging areas like AI, cloud, and cybersecurity.¹⁶

TCS had a global workforce of over 600,000 employees (see Exhibit 1).¹⁷ The annual attrition rate stood at 13.3 per cent for fiscal year (FY) 2024.¹⁸ The company was consistently ranked among the most valuable IT brands worldwide¹⁹ and recognized for its training infrastructure, workforce stability, and employer branding.²⁰

INDIAN IT INDUSTRY

The IT and business process management sector in India contributed over 7.5 per cent to India's gross domestic product. The sector included a broad array of services, including IT consulting, application development, infrastructure services, engineering research and development, and digital transformation, with increasing focus on emerging domains like AI, cloud computing, cybersecurity, and data analytics. The country's Union Budget 2024–25²¹ proposed an allocation of \$13.98 billion for the IT and telecom sectors.²² The IT industry added 290,000 new jobs, taking the industry's workforce tally to 5.4 million people in FY23.²³ The industry's structure comprised Tier-1 IT service providers, such as TCS, Infosys Ltd. (Infosys), Wipro Ltd. (Wipro), HCL Technologies Ltd., and Tech Mahindra Ltd., and mid-sized firms (with annual revenues between \$1 billion and \$5 billion)²⁴ such as LTIMindtree Ltd., Mphasis, Coforge, Persistent Systems Ltd., and Hexaware Technologies Ltd.²⁵

The Indian IT industry's revenue reached \$254 billion at the end of 2024 with a 3.8 per cent year-on-year increase.²⁶ IT spending in India was estimated to record a growth of 11.1 per cent in 2024, totalling \$138.6 billion.²⁷ For the April–June quarter of 2025, Tier-1 IT companies in India, despite securing robust deals and margin expansion, reported a decline in revenues and headcount (see Exhibit 2).²⁸ Exports from the Indian IT services industry stood at \$199 billion in FY24 and \$193 billion in FY23.²⁹

In recent years, Indian IT firms had faced several challenges, such as slowing global demand, delayed client decisions, and tighter technology budgets.³⁰ After a period of heavy hiring during the post-pandemic recovery, companies began focusing on cost control and improving efficiency.³¹ To stay competitive, many IT service providers started using automation, AI, and generative AI tools to deliver faster and cheaper solutions.³² These technologies helped reduce the need for large project teams and led to shorter project

timelines. As a result, IT companies began reducing their bench sizes, increasing employee utilization rates, and shifting toward just-in-time staffing models that allowed quicker deployment of resources.³³

People Management

Hiring Practices

Hiring practices across Indian IT companies were shifting from traditional degree-based recruitment to skills-based hiring. Around 30 per cent of Indian companies were looking to adopt skills-based hiring practices in 2025.³⁴ This transition was becoming particularly prominent in roles such as software development, AI engineering, and cybersecurity.³⁵ Employers were increasingly relying on coding challenges, project portfolios, situational tests, and industry-recognized certifications to assess candidates, thereby broadening access to tech roles and diversifying the talent pool.³⁶

Simultaneously, technology was playing a key role in recruitment processes. Firms integrated AI-powered screening tools, automated interviews, and gamified assessments to streamline hiring by automating routine tasks such as the screening of resumes and the initial background check of candidates.³⁷ Leading IT companies developed proprietary platforms to match candidate capabilities with project requirements and enabled predictive hiring. These systems were particularly effective in managing large-scale applicant pools while enhancing alignment between business needs and talent supply.³⁸

Campus recruitment was another method of hiring at IT companies. Many companies were returning to academic institutions with a focus on hiring job-ready graduates equipped with digital and applied skills. TCS planned to hire 40,000 new graduates, while Infosys aimed to recruit 15,000–20,000 new graduates through campus recruitment.³⁹ These figures marked a sharp decline compared to the previous year, with industry experts noting a considerable slowdown in hiring activity within the IT sector.⁴⁰

Compensation Trends

Compensation in the Indian IT sector mostly reflected stagnation in general IT areas, particularly for early-career professionals. The salaries for recent graduates at top IT companies in India remained around ₹350,000–₹400,00 per year (approximately \$3,985–\$4,554)—figures that had not changed significantly over the last decade.⁴¹ The compensation pattern was driven by profitability concerns, changing business needs, and the impact of new-age technology. Candidates with skills in areas such as AI, generative AI, and cybersecurity were offered starting salaries ranging between ₹600,000 and ₹900,000 per year (approximately \$6,830 and \$10,247)—almost twice that of general IT new graduates.⁴²

In FY24, Wipro and Tech Mahindra Ltd. saw a decline in their median employee salaries, by 0.6 per cent and 6.52 per cent, respectively, even though their headcount increased.⁴³ Reports suggested that a probable reason for the decline in median salaries could be an effort to control payroll expenses by hiring more new graduates at lower compensation. Analysts highlighted that IT firms were increasingly hiring from academic institutions in non-metro cities, which lowered the cost of hiring and the average wages paid.⁴⁴ In contrast, Infosys and TCS showed modest increases—ranging between 6 per cent and 9 per cent—in median salaries, indicating selective investments in skilled professionals and possibly fewer additions at the entry level.⁴⁵