

Latest Developments Performance Management.

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Abstract

With the backdrop of increasing layoffs and high attrition rate in today's corporate world, it becomes crucial for us to think of ways to improve the performance of the employees and thereby ensure that it is in par with the organizational objectives. one such ways to achieve the same is performance management.

This paper attempts to examine the methods by which performance of the employees can be enhanced as against the traditional methods of performance management which is inherent with a lot of loopholes. We have tried to counter the issues with revolutionary strategies which are easily adaptable in the face of the dynamic work culture. The strategies so devised aims at bridging the gap between cultural thinking and professional practices which was one of the grave issues of performance management, it helps the manager to mitigate the generational gap amongst the employees and to use it as a leverage in the diverse workforce. The paper also aims at improving the employee experience, it refers to the very first interactions an employee has as a job applicant with the company throughout their continued employment in the organization. It emphasizes on the transition of the rating and appraisal systems from the conventional rating to that of its modern counterpart. The paper tries to give an analysis as to how Artificial intelligence(AI) can be used to improve and enhance the performance of the employees which ultimately leads to the profitability and growth of the organization.

The findings of the paper is backed by strong case study like that of the Deloitte.

The following paper tries to emphasize the implementation of latest trends in performance management and the advantages of it that is, if implemented properly and effectively, if done so the organization will be able to maintain a competitive edge over others.

Keywords: Generational diversity, Artificial intelligence, Employee experience, Engagement, efficiency, cultural diversity.

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Introduction

History:

Prior to World War 1, industrial economy has never thought about Performance Management. It had been an alien word for their labor or capitalistic dictionary of economics. The idea of performance management was not even coined as the base for building an organization is to create a profit and not to manage it. Industrialized nations were on full fledge operations without having a goal for sustained Performance Management due to following factors:

- No Competition
- Cheap Resources
- High and Growing Demand
- No responsibility towards the society

In recent years, performance management has evolved even further, with many companies pulling down the traditional hierarchy in favor of more equal working environments. This has led to an increase in Performance Management Systems that seek multiple feedback sources when assessing an employee's performance.

Meaning:

Performance management is the continuing process of communication between managers and employees, with the mutual goal of accomplishing the strategic goals of the company. It is the foundation for employee performance and engagement in any organization that wants its employees to reach their maximum potential and boost their productivity and success. It is a set of activities that ensure goals are met in an effective and efficient manner

According to Armstrong and Baron (2004) a definition of performance management is "A process which contributes to the effective management of individuals and teams in order to achieve high levels of organizational performance.

Benefits of performance management:

Managing employee or system performance and aligning their objectives facilitates the effective delivery of strategic and operational goals. Some proponents argue there is a clear and immediate correlation between using performance management programs or software and improved business and organizational results. In the public sector, the effects of performance management systems have differed from positive to negative, suggesting that differences in the characteristics of performance management systems and the contexts into which they are implemented play an important role to the success or failure of performance management.

Direct financial gain

- Grow sales
- Reduce costs in the organization
- Decreases the time it takes to create strategic or operational changes by communicating the changes through a new set of goals

Motivated workforce

- Optimizes incentive plans to specific goals for over achievement, not just business as usual
- Improves employee engagement because everyone understands how they are directly contributing to the organizations high level goals
- Professional development programs are better aligned directly to achieving business level goals

Improved management control

- Flexible, responsive to management needs
- Simplifies communication of strategic goals scenario planning
- Provides well documented and communicated process documentation

Objective of the study:

Performance management is a broad term, it can be related to an organization, a department or an employee. We have put forth a conceptual study of performance management as a conceptual study in the backdrop of human resource. The paper tries to emphasize the implementation of latest trends in performance management and the advantages of it that is, if implemented properly and effectively.

The following are the objectives of the study –

1. The main objective of the study is to emphasize the implementation of new Performance Management System in today's corporate world.
2. Suggesting necessary changes to the current Performance Management System
3. Provide revolutionary new methods to curb employee and organizational inefficiency.
4. To enhance the welfare of the employees.

Need of the study:

- In the era of cut throat competition and globalization, organizations have realized the importance of strategic HR practices for gaining a competitive edge over the competitors
- A well designed performance management system can play a crucial role in streamlining the activities of the employees in an organization for realizing the ultimate corporate mission and vision

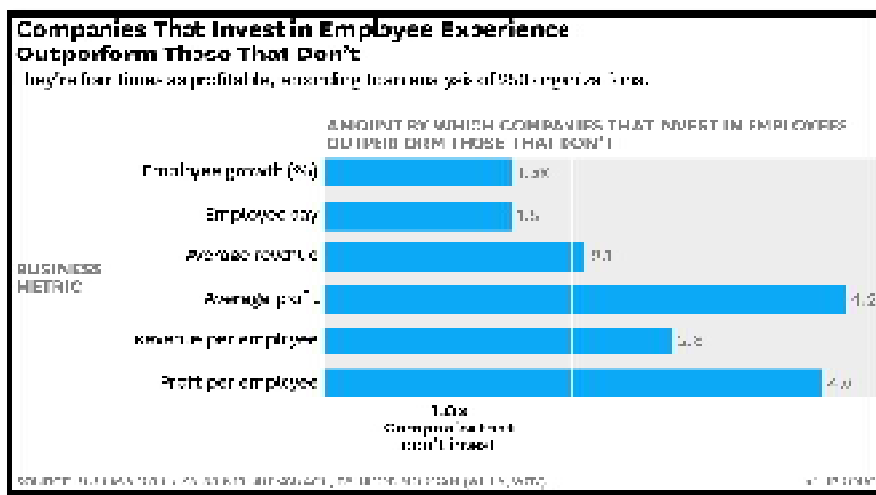
- Managing the performance of the employees is one of the toughest challenges which the organizations are facing today as this completely depends upon the employee’s commitment, competence and clarity of performance.

There have been various studies and research to improve performance management. Following are some of the latest and groundbreaking performance management trends:

Employee experience

Employee experience is one of those terms that’s just now gaining some traction in talent acquisition discussions. Just like a customer, it’s cheaper and more efficient to maintain a positive relationship with current employees over having to attract and recruit new hires. HR takes many approaches and strategies to build those positive relationships, most of which fall under the three influences listed above. In other words, employee engagement (and the benefits of it) is the result of an organization’s employee experience. When leaders dream of increasing engagement, they should instead be considering how they can improve the experience of being an employee at the organization.

And it seems as though this sentiment is catching on. Employee engagement has continued to trend downward in HR professionals' list of top workforce management challenges. In 2016, it was ranked at number two, but it fell to fifth place by 2017, leaving 47% of HR professionals to claim employee turnover/retention as their top challenge.



Engaged, satisfied employees represent up to 59% more growth in revenue per employee, according to a Gallup report. (State of the American Manager). Over half of 2000 US employees surveyed by Officevibe said they would remain with their employers longer if they felt valued by

their managers. Companies that invest in Employee Experience can significantly boost their revenue and retain valuable employees.

Following are some of the advices to improve employee experience:

1) Provide training and advancement opportunities: Current trends show that employees leave companies more frequently than in decades past. Training and opportunities for advancement can help keep employees engaged and improve employee retention. Training and advancement also diminishes boredom and demonstrates investment in employee satisfaction.

2) Promote and train effective leaders: Gallup research shows that having effective managers in place greatly influences experience. However, their research also shows that about 1 person in 10 has the natural talent to be a successful manager. Therefore, training is critical so that managers know how to motivate employees to perform at their best every day and stay with the same employer.

3) Survey employees frequently and take action on survey results: According to OfficeVibe, surveying employees often gives management valuable insights to know how employees feel about the company and can help retain top talent. Equally vital is sharing the results, and acting on their feedback in a timely manner. When management acts quickly, employees will realize their opinions matter.

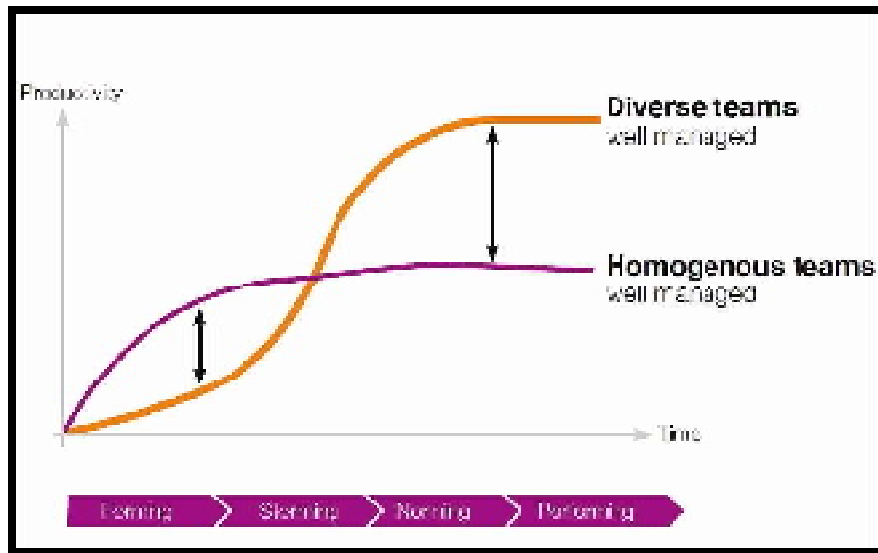
4) Strengthen emotional ties to the company and foster stronger relationships among employees: Organizing corporate outings, team building events, and charitable and socially responsible projects all can build on that corporate culture and strength.

Cost of implementation:

The cost of implementation is purely subjective, it varies from one organization to another depending upon the size and nature of the organization. There's no sure way of determining the cost factor in implementing the above said method. There have been many organizations which offer to implement employee experience improving packages- one such organization is Culture Amp, we can take it as a reference as the cost of implementation. The organization charges around \$10,500/year for the all round improvement of employee experience which may seem a lot for small organizations but the increased outcome of the organization may hopefully be able to make up for it. In the end the cost of implementation is marginal compared to the increased output of the employees and the organization.

Greater generational diversity

Millennials are already the most represented demographic in the workforce, but they're far from being dominant. Gen Xers(those born around 1965-1984) are still very much in the mix, while Gen Z talent (those born around 2000) is starting to graduate college and enter the labor force in droves. This generational mix is also impacted by the fact that more baby boomers are staying on in their jobs because of financial factors. What this all adds up to for businesses is an office rich in generational diversity, which is at once a good thing and a complicated balancing act. While companies can depend on older employees to mentor younger ones, for instance, divides in cultural thinking and professional practices of different generations could prove difficult to address. Managers will need to become more aware of mitigating these differences, as well as leveraging the strengths of a diverse workplace.



Following are some suggestions to improve generational diversity:

1. Adapt your recruiting strategies.

If we want to benefit from generational diversity, we need to be able to recruit people across generations as well. In the job ads, we should be careful about using age-discriminating formulations. Instead, we should craft our message to appeal to diverse candidates. Baby Boomers might positively react to mentions of the company's industry awards or other successes while Millennials would care more about personal development opportunities and social responsibility, Hence it would be necessary for us to adapt our recruiting strategies and to recruit employees from all age groups.

2) Listen to employees and find out what they want.

Instead of making age-based assumptions about the needs of employees, we should take the time to listen to each employee and find out what they want. This will open the lines of communication, help us work together more efficiently, and improve employee engagement.

3)Customize approach for each employee.

Each employee is a unique individual with different preferences, goals, skills, weaknesses, and ways of communicating. Rather than generalizing and treating everyone the same, we should take a custom approach with each employee.

4) Assemble age-diverse teams for projects.

By creating age-diverse project teams, we can leverage the unique strengths of each generation, while also encouraging team members to collaborate and build relationships with one another. Despite possible conflicting opinions or disagreements, 89% of employees in Australia prefer to work with age diverse colleagues.

For example, a Gen Z employee might be aware of the latest technology and social media platforms, while an experienced Boomer might have invaluable knowledge of the industry you work in.

Cost of implementation:

The above said method is one of the few ways which doesn't include any extra cost involved. Although there will be a requirement of modifying the existing recruiting process. It will also include extra effort of managing the differences among the diverse workforce.

Artificial intelligence(AI).

This paper tries to look at AI not as a replacement of human resource but as a mere way to enhance the performance of the employees. It "is an application of artificial intelligence (AI) that provides systems the ability to automatically learn and improve from experience (without explicitly being programmed to do so). Machine learning focuses on developing computer programs that can access data, analyze it and use it to learn."The future of performance management is here as artificial intelligence meets performance management. It is the process of implementation and use of artificial intelligence in recruiting, training and helping the employees in achieving the organizational goals.

Hiring process:

Use of Artificial Intelligence by automating the screening process grades the candidates uniformly to match the qualifying criteria. It reduces the unconscious human bias since Artificial Intelligence can be tuned to ignore demographic related information about candidate's age, sex, and race. A hiring manager can enhance his efficiency by automating redundant and time taking

processes using AI such as CV screening, interview scheduling, and communication with candidates. AI can help assess candidates and speed up the time to hire without sacrificing quality of hire.

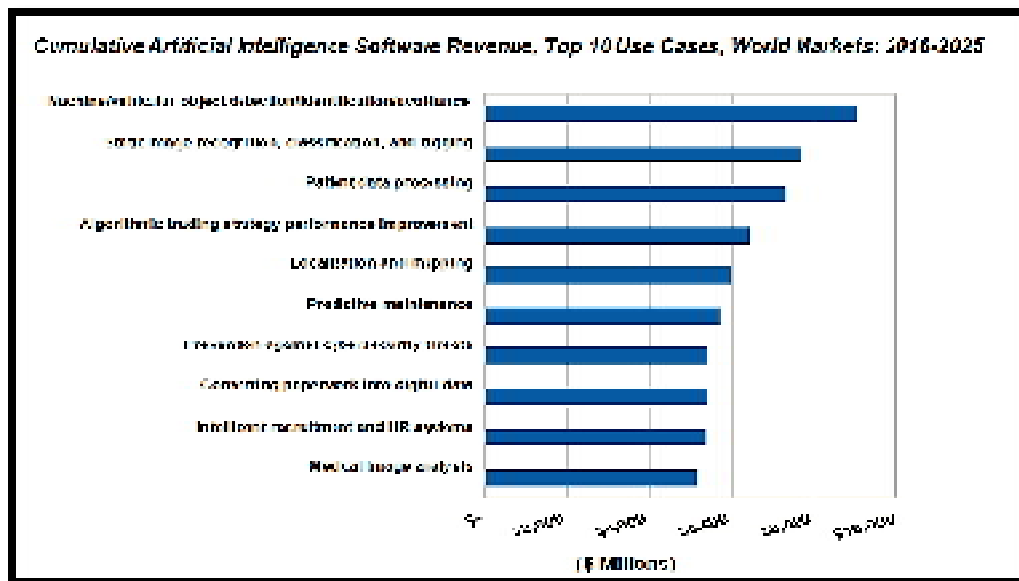
Training and Development:

HR departments all over the world always find the ways to train their staff, enabling them to earn certifications, cross-train and learn new skills. What AI-enriched software programmes bring to the table, is that they allow staff to engage in self-directed progress with their training, at their own comfortable pace. It allows for faster development by introducing rewards and incentives based on each employee's profile. Tests and quizzes developed with A.I. may extend beyond the basic question-and-answer format and may adapt themselves based on individual progressions and needs and therefore measure an employee's engagement with the training program more intuitively and intelligently. This would increase employee enjoyment of the program, as well as the program's capacity to teach.

Performance Review:

It is common knowledge that employees dread the year-end review and feedback. But a not so common knowledge is that even the companies aren't satisfied with the current performance review management. According to a recent study as quoted in Forbes.com, only 6% of the companies felt that their current performance management processes are worthwhile. They are aware that the current processes are marred with the subjectivity of the evaluator and there can be possibilities of biases while reviewing. And hence it is often seen that employees are never satisfied with the feedback that they get in such reviews and organizational goals are not met effectively.

BetterWorks is an AI solution provider to problems such as performance reviews and goal setting. Its current clients include BMW, GoPro, AOL, Shutterstock etc. It works effectively by providing 360o feedback and performance measurement. Because it relies on hard data, and it considers way more variables which a human HR can process, there are absolutely negligible chances of biases creeping in. The good thing about it is, it provides the performance review in real time. So, if an employee is doing something really good and is achieving goals then he can be rewarded instantaneously which acts as a positive reinforcement. And in another case where an employee is not able to achieve goals then intervention too can be provided in real time so that it doesn't get too late before the problem goes out of hand. Also, many employees feel motivated when they are able to see how their contribution helps the company in achieving the organizational goals. By deploying AI, employees will be able to see how even their minutest of actions are affecting the bottom line of the company.



Cost of implementation:

The cost of implementing AI is subjective, for an organization to develop its own artificial intelligence it has to hire data scientists, they charge around \$36-\$200 an hour and cite the cost of the project to be around \$400 dollars which may vary depending upon the complexity of the complexity of the algorithm.

Case studies:

Following are some of the case studies to back the findings of the paper:

1. Airbnb

This case is about the employee experience initiatives introduced at Airbnb that saw the company being ranked first in the list of ‘Best Place to Work’ in the US by Glassdoor in 2016. Mark Levy, the chief of Employee Experience, was credited with crafting the unique employee experience at Airbnb. The employee experience department at Airbnb strove to create an indelible experience for its employees through a gamut of initiatives ranging from the place where they worked, the kind of food the employees ate every day, to preserving the culture of the new company. The case describes the various initiatives taken by the company to bring together and forge the different emotional connections the employees created during working and in being part of the bigger Airbnb community. After improving employee experience strategies It's no coincidence that the company is producing sustained growth (with profits projected to increase by 3,400 percent in four short years), enjoys the strongest advocates of any brand (according to YouGov BrandIndex), and is one of the best companies to work for, according to LinkedIn’s annual Top Companies list.

2. Deloitte saved 2 million working hours per year with weekly check-ins

Deloitte was the first big name to announce in 2015 that it was scrapping once-a-year performance reviews, 360-degree feedback and objective cascading. This was after it calculated that these processes were consuming a remarkable 2 million hours a year across the organization.

Deloitte's new process requires every team leader to check in with each team member once a week to discuss near-term work and priorities, comment on recent work and provide coaching. To ensure these check-ins take place frequently, the check-ins are initiated by the team members, rather than the team leaders.

These weekly check-ins are supported by quarterly reviews in which team leaders are asked to respond to four future-focused statements about each team member. Rather than asking team leaders what they think of the team member, which is what traditional performance ratings do, they ask what the team leader would do with the team member.

Recommendations:

keeping in mind the findings of the paper which is backed by statistical data, it is highly suggested for an organization to implement the above said trends as they will help the organization to maintain a competitive edge over others. The trends so explained will help the employees of the organization to work effectively and efficiently, it will help the employees to achieve the organizational goals. It becomes absolutely pivotal for an organization to not only to implement the above said methods but also to ensure a strict follow up regime to understand the effects of doing so. By this the organization will be able to rectify any errors or drawbacks in the earlier stages of the implementation and contribute to the success of the same. The study of the paper is purely conceptual, it may vary from one organization to another, it is highly recommended that the organization willing to implement the methods to modify them if necessary according to their requirements so that it is compatible with the size and nature of the organization.

Conclusion:

From the study it is clear that the traditional methods of performance management do not make the cut in today's competitive corporate world. Organizations are suggested to implement new and ground breaking methods in the field of performance management to enjoy improved efficiency and thereby ensure continued existence. The study provides a detailed analysis of the recent trends and ways to implement them effectively. it becomes absolutely necessary for any

organization to retain and improve the existing employees as it is cheaper to do so compared to hiring and training new employees, not only it is costly it also time consuming. The performance management systems will help the organization's expectations and to be in par with the dynamic work culture. It will ensure employee satisfaction and improved efficiency of both the employees and ultimately the organization itself.

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