Redesigning Performance Management Systems

Every domain and process in HR has already jumped onto the digital wagon. Niche Tech-HR organizations are reporting a healthy adoption of advanced tools and products that simplify routine and often time-consuming processes. While automating scouting for talent, payroll, or employee engagement has witnessed maximum traction in the past few years, digitalization of performance review systems has also been steadily gaining momentum in the industry. We take a quick look at this transition to digital performance review systems, and why it's increasingly becoming popular.

The Benefits and Ease

The obvious reviews and appraisals when done using digital tools ensure continuity, accuracy, and timeliness. Traditionally, performance appraisal meetings have been undertaken annually or quarterly, and have been nerve-wracking experiences for many. The meticulous paperwork preceding it, and the general unease of the process wherein you are marked as a top, average or low performer, have ensured that the process, even if followed to the T, did not lead to satisfactory results.

The reduction of human bias, as a result of digitizing the process, alongside having an equal, transparent and fair methodology to evaluate employee performances, establishes a sense of trust and willingness for the participant as well. Furthermore, digitizing the process of performance review allows for customized and in-depth feedback, as opposed to subjective remarks from a manager. Accountability discussions and goal-setting are undertaken in a systematic and methodical manner, and not lost over email threads and official memos. Furthermore, the data generated from the exercise is far more valuable, more secure and equally accessible to the involved stakeholders. More than anything, digitizing the process of performance management allows for better streamlining, tracking and actually benefitting from the results of the exercise.

The Improvement over Traditional Systems

The process of digitizing review systems also provides employers and HR leaders to do away with the inefficacies of the conventional performance management systems. Centralisation of the process allows for a visible, transparent and accessible system, leading to faster and more reliable assessments, which employees are more likely to connect and engage with. Furthermore, real-time and consistent appraisals, lead to a better understanding of one's own shortcomings and strengths, thus, paving way for being more agile and proactive. As a result, reinforcements and training become timely and effective, and metrics like pay-for-performance bonuses and raises become easier to calculate. Since the assessment is purely based on data, it is devoid of subjective interpretation.

The fact that big names are moving away from traditional appraisal approaches indicates that there is much room for improvement. Consider this, in an internal study in 2012, Deloitte found that employees and managers used to spend nearly two million hours a year solely on performance reviews. It was then they realized that part of the problem was the complexity and the amount of time taken by the process. While leading tech companies like Google, Adobe, IBM, Microsoft, Dell, Cisco, Infosys, Accenture, Wipro, and TCS have already ditched the conventional rating approach to appraisals for a more dynamic, interactive and accessible platform, even GE, once a champion of rigid performance review systems, has done away with it. Admitting that a new model of appraisal was needed, paved way for creative approaches that facilitated smart setting of goals, engaged employees with holistic feedback, included training opportunities, and simplified performance-based incentives. Hence, digitizing the process has resulted in better efficiency, productivity, and communication – all key aspects of the traditional review process, but often casualties due to its misdirected nature.

Catering to a Changing Paradigm of Work

Lastly, has taken care of the interests of the changing workforce, and the very change in the definition of work over the past few years. With the spotlight shining bright on work-life balance, work culture, employee value proposition and career growth, digitization of appraisal systems have encompassed the needs of a growing workforce that innovates and collaborates more. Doing away with rigid, annual and subjective performance reviews, and adopting more open, flexible and regular methods equips employees with a sense of goal and direction, and allows for reinforcing company values and mission.

It shouldn't come as a surprise to most companies that have redesigned their performance review systems asked their employees about the kind of evaluation they think will work best. PwC, IBM, and Accenture went to their employees first – to actually understand how they can best design an appraisal approach that takes care of the things that matter. Thus, features like year-round performance management, customized feedback, employee empowerment, and learning based reports have been incorporated in the new way in which employee performance is reviewed. For example, Uber simply lists the three skills you are good at and three areas where you need to improve as a part of their review. Furthermore, the focus to attract and retain top talent means that evaluating how work is done must be flexible to accommodate the aspirations of the workforce.

With the focus of performance review systems shifting from ratings and grades to feedback and development, taking the process on cloud has resulted in it being better, easier and accessible. The transition to more efficient and competent appraisal approaches has been aided by technological breakthroughs, and one can safely assume that the field is likely to witness exciting developments in the future.

(Source : Manav Seth, https://tinyurl.com/yblqn74r)