
Imminent of Performance Management in Artificial Intelligence Age

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Abstract

In current age of globalization, aptitude initiative is seen as a crucial advantage for the long-term growth of cooperative, digitalized, high-performance organizations. Companies are making more and more attempts to address the challenge of how to brand performance management as an accomplishment within the companies. Performance management plans are typically included into yearly evaluations as a measure of employee progress. Big data analytics, artificial intelligence, and information technology have changed how management evaluates employee performance. Companies are aware of the need of artificial intelligence in performance management plans in order to meet capacity criteria. The inclusion of cutting-edge technologies, such as machine learning and artificial intelligence, which allow the adoption of prognostic analytics in highlighting worker performance, leads to a continuous improvement in the quality of workers' performance. This study has significant practical implications for firm performance management techniques, employee performance, and employee engagement settings in modern businesses, including higher productivity, involvement, building of leadership trust, helpful management, decrease in absenteeism, and employee churn. A numerical performance management strategy will shorten the management's time and labor requirements and increase worker performance evaluation transparency and objectivity. The study's conclusion is to determine the performance management system's practical usefulness. The study's technique is conceptual research. This study aims to highlight the impending use of performance management techniques in modern high performance firms and the artificial intelligence era, postulate a conceptual model, and provide a critical perspective on international business to understand and improve performance assessment.

Keywords: Assessment, Artificial Intelligence, Numerical Performance Management, Worker, Motivation, Performance management, Productivity.

Introduction

Performance management is a common practice used to identify the behaviors that help organizations accomplish their goals via ongoing evaluation and reaction focused on improving employee performance. The globe has boosted competitiveness to the point that "survival of the fittest" has become the benchmark for existence. In this exciting environment, performance centrism has been the mantra for sustenance and competitive advantage. From this point on, businesses are committed to reinventing their models, strategies, and plans for managing and enhancing employee performance. These businesses research, change, and develop into high-performing businesses. The yearly assessment technique is a continuous evaluation of representatives in a way that makes it easier for them to align their goals with the most important ones. In order to recognize growth and different aspects of an individual's abilities, it also built a thorough use of goal-setting and measurements. Performance management offers several advantages above the typical yearly evaluation.

Performance Management Scheme in Great Performing Systems (GPS)

Performance is strategy, and a significant devotion to the company will check and analyze a worker's employment terms. Performance management is the ongoing process of defining goals, assessing development, and developing ongoing training and response to ensure that employees are attaining their stated goals and career aspirations. Performance management replaces the annual performance assessment.

TV Rao, an author and renowned HR specialist, states in his 2004 book that "some of the vital components of Performance Evaluation System are Identification of Key Performance Areas (KPAs) and setting objectives, Identification of Attributes to be Shown by All Managers Regardless of Levels, and Self-Evaluation", performance analysis to identify factors facilitating and hindering performance and taking corrective action, identification of training needs and preparation of development plans, assessment by the reporting officer and sharing the ratings with the appraisee to arrive at mutually agreed-upon rating, performance analysis to help people learn from their seniors and improve performance, review by the reviewing officer, expansion action by the HRD department, and de-escalation.

Performance Assessment Techniques Practiced by Firms

performance analysis to identify factors facilitating and hindering performance and taking corrective action, identification of training needs and preparation of development plans, assessment by the reporting officer and sharing the ratings with the appraisee to arrive at mutually agreed-upon rating, performance analysis to help people learn from their seniors and improve performance, review by the reviewing officer, expansion action by the HRD department, and de-escalation. A self-evaluation by the employee was followed by peer assessments. Regarding assessment, Google employees are asked to rate one another and their own accounts using the predetermined criteria, including as leadership abilities, problem-solving abilities, and Googleyness.

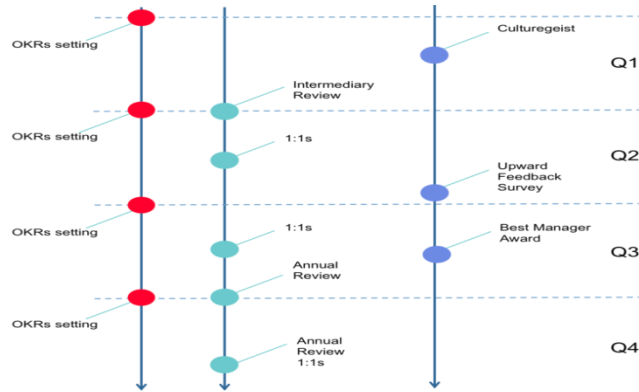


Figure 1: Google’s simplified performance management schedule (1501794944google-performance-reviews-preview_1) adapted from the work of Prof. Fazeelath Tabassum, (2018)

The reason Nigeria Liquefied Natural Gas (NLNG) caught people's attention is because it is a company that frequently used the "forced ranking" process and was a pioneer in popularizing it within the human resources community. Simply said, NLNG widely proclaimed this strategy, and many other companies did the same few years ago. The method by which this practice inflated workers' minds is the primary justification for its abolishment. According to a study, the neuronal reaction that the human brain provides in response to criticism of any kind is the same as the response it provides in response to a threat to one's physical safety. In NLNG, management rank employees against their will under a forced ranking system. The habit of assigning most employees a standard score of 3 (out of 5) was rapidly established by managers. This number also influenced decisions about employee progression and compensation. A feedback app was built by NLNG's new performance management scheme, which allows for regular feedback. Managers are expected to communicate often with their staff, or at "touchpoints," highlighting how distant they are from achieving their predetermined set goals. NLNG employees between 1500 and 2000 are now utilizing this app. This app's main strength is supporting NLNG's cultural transformation and fostering ongoing dialogue. The goal of the app—to promote interaction and discussion—is more important than the mobile technology it uses. This innovative performance management plan introduced by NLNG has made headlines for a variety of reasons, and the effects it has on employees' actual levels of motivation will be worth examining.

Agip has devised a system for yearly assessments, which is also adhered to. Later checkpoints of the app-based performance management scheme, which include a 5-point scale, are focused on the balancing discussion.

The Current Statistics of Performance Management

Performance management reform is viewed as having a high importance. The company's capacity to improve performance management has increased 10% more in comparison to 2022. New performance methods have significant consequences. 90% of businesses have changed their performance management procedures due to the benefits of 96% simpler processes and 83% higher-quality manager-employee dialogue.

Figure 1. Performance management: Percentage of respondents rating this trend "important" or "very important"

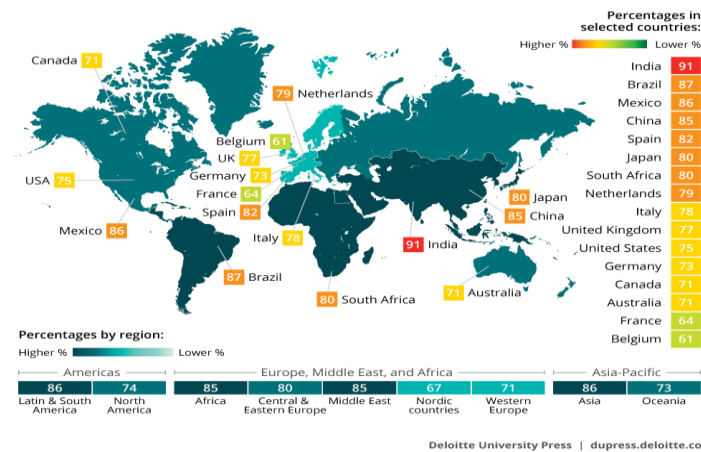


Figure 2 Performance Management: percentage of respondents rating this trend "importance" or "very important" adapted from the work of Prof. Fazeelath Tabassum, 2018

Companies today need support goals, appropriate responses, and trainers who can provide real-time feedback. 91 percent of companies have accepted continuous performance management, which provides better data for decisions with key vicissitudes by eliminating partiality and discrimination in upgrade and career advancement. New performance methodology increasing attention, producing frequent check-ins, and refining dialogues. Software that leads the way in innovative thinking makes goal-setting more collaborative, transparent, mobile, and digital. Promoting relaxed growth and integrating performance management tools with services like Slack, Outlook, and Gmail after supplying a constant reaction, quick information, organizing data/analytics, and backup career development.

Reconsidering Worker's Performance Management

In the modern digital workplace, performance management is evolving to support more frequent, thorough responses. Leaders in human resources should be aware of these cutting-edge techniques and consider how they can affect applications for talent management and associated processes.

In an effort to progress operational, several companies, including NLNG, Agip, SPDC, the Gap, and Adobe Systems, have done just that. Instead of backward-focused grading and ranking, a superior priority on teams is put on person's appearances, which is the exact antithesis of what they are neglecting.

Influences and Top Recommendations for Reconsidering Performance Management in the Artificial Intelligence Age

The improvement of collaboration and orderliness in the workplace necessitates a reevaluation of conventional performance management schemes in search of new unceasing, alluring strategies. Reward plans, strategies, policies, programs, and tools must be reevaluated in light of changes in performance management techniques, such as the elimination of the annual evaluation score. Individual worker performance measurements will be used more frequently as a result of increased performance response occurrence and satisfaction. Increased use of individual employee performance measurements will result from increased performance response occurrence and gratification. The Artificial

Intelligence era offers novel ways to worker performance management that support everyday performance discussions, customized growth, and discernibility of successes, however there aren't many ideas for rethinking performance management in this context.

Employ and promote managers with resilient training and communication skills as well as workforce adeptness with digital technology. Regulate incentive strategies to create new, more efficient substitutes for performance management. Reconsider policies and rules governing the sharing of data with people and groups, weighing the dangers of oversharing and undersharing while advancing the need for more transparency.

The Usual Performance Management Cycle



Figure: 3 Source: By Michael Armstrong of Performance Management

Adapted from the work of Prof. Fazeelath Tabassum, 2018

Planning, which is the first stage of this performance management cycle, was often communicated just once a year. Workers review their job requirements and set SMART goals, objectives, and plans in the first stage. The next stages are "Act" and "Track," which take place throughout the annual track growth, and offer response. The final stage, "Review," typically ties it in with the worker's performance ratings. The 'Review' phase often involves an annual performance review, a meeting when employees and management discuss and evaluate goal development and completion, performance difficulties, training and development, and opportunities for progress. Due to the shortcomings of this annual process, businesses throughout the world have embraced a more flexible cycle for performance management.

Literature Review on Performance Management

Employee reactions to the use of an online overall performance evaluation (PA) vs the traditional paper-and-pencil (P&P) approach were studied by Stephanie and Horner (2008). A quasi-experimental research comparing the replies of workers evaluated using an online version of the same assessment tool to those obtained using a paper and pen performance appraisal instrument. The software training program must be made available, and people must receive enough education on how to rate and respond using the device. The pressing need to examine managers' and HR supervisors' responses to machine learning, Additional independent variables, variables related to technology acceptance, and employers may be better prepared to accept similar generation in performance evaluation and work to ensure that the quality and application of the Performance Appraisal are improved rather than hampered.

During the appraisal process, Peter Prowse and Julie Prowse (2009) examined evaluation tactics and difficulties. The researcher used a literature review to assess the appraisal methodology. The researcher needs additional flexibility to look into other techniques of responding, identify training needs, and provide motivation, potential, and evidence that may support prospective career advancement and justify reward.

Anitha (2014) looked at a variety of factors that have an impact on employee engagement and concentrated on the factors that influence the link between overall employee performance and engagement. For the purpose of processing the data, survey questionnaires and random sampling methods were combined. The aspects that were emphasized were the working environment, management, team and coworkers, education and professional progression, reimbursement program, rules and procedures, and workplace wellbeing. Employee happiness and productivity were found to be significantly influenced by the working environment, team dynamics, and peer connections. The factors affecting each employee's involvement and productivity will soon be thoroughly examined.

Financial, operational, and human resource results may be categorized into three broad groups, according to Katou (2017). Sales growth, return on equity, and return on assets are examples of financial performance. Productivity, expansion, and inventiveness are all examples of operational results. The researcher intends to argue that human resource management progressively affects the outcomes of the three various types of businesses. Numerous significant research demonstrate the positive effects of business strategy on individual traits and day-to-day human resource procedures. The study does not support the conclusion of dynamic causality since the researcher was unable to overcome the latitude correlations between the dependent and independent variables. Future studies might benefit from adopting longitudinal research to examine how employee attitudes and behavior, as well as the content and methodology of HRM systems, affect operational success.

Objectives of the Study Primary Objective

- To ascertain the numerous vicissitudes firms are making to their performance management Schemes.

Secondary Objective

- To determine the usual criticisms of performance management schemes.
- To examine the motives of firms reconsidering performance management.
- To ascertain the imminent of Performance Management scheme in artificial intelligence age.

Research Methodology

A conceptual research methodology was utilized to achieve the study's goal, while a case study strategy was employed to collect and evaluate the data. An extensive literature research revealed a deficit in the depth of modern assessments, and critics were developed in accordance with the deficiencies. The study was based on primary data that was gathered through focus groups with managers who were conducting appraisals and a small number of human resource managers. The majority of the analysis was based on secondary data, which was easily accessible and made it easier to comprehend the existing performance management scheme's approaches. The conclusions are based on a qualitative review of the material gathered.

Critical Analysis of Performance Management Scheme

Firms of all sizes are transitioning away from yearly assessments to steadiest "check-ins,"

recurrent real-time response, as well as the reform of performance management. As a result, the importance of discussions and responses has shifted from quantity to quality. The goal of performance management is to provide employees and managers with the framework for outstanding talks and responsive participation. Backgrounds or strategies for performance management should encourage discussion that is time-sensitive, expanding, and supported by timely, high-quality responses. Decoupled performance assessment is striving for "simplicity," which is absurdly simple to understand, and businesses are starting to realize this.

Innovative and novel software tools for performance management have been accepted swiftly. Businesses are adopting modern, cutting-edge performance management tools like the perfect Assessment software at a rapid rate. These tools give staff members the ability to receive and request responses in real-time, send automated email notifications to encourage frequent check-ins between staff members and their managers, offer online discussion boards for active one-on-one interactions, and give HR and top management insight into whether consistent performance considerations are being made. In addition, these solutions allow for the selection and evaluation of flexible goals and shorter-term priorities, in contrast to traditional performance management software, which has a history of forcing organizations to adhere to a yearly goal-setting cycle.

At least twice a year, performance reviews should be place, and the PMS should be very motivating and active.

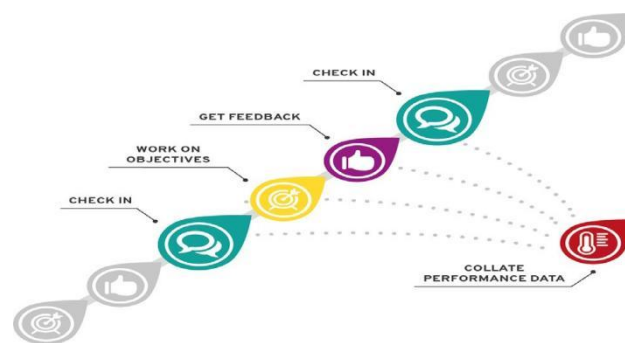


Figure: 4

Source: Explaining the Stages of the Performance Management Cycle, by Stuart Hearn, Aug 28, 2017, Blog (<https://clearreview.com/stages-of-performance-management-cycle/>) adopted from the work of **Prof.** Fazeelath Tabassum, 2018

Through periodic "check-in" meetings, employees and managers are periodically updated. New near-term goals are also determined, and conversations are immediate-focused and action-oriented.

Criticism for New Unceasing Performance Management Cycle

Analyzing the new unceasing technique step-by-step, the cycle of performance management reveals the few crucial phases. As a result of the time commitment and associated expenditures, the ongoing one-on-one performance conversations will become ineffective. The new unceasing model will now be expensive. Performance flaws including indulgence, favoritism, halo effect, and stereotype flaw may occur. Numerous replies might cause confusion among the workers regarding the anticipated negative impact on their motivation and output. In order to evaluate the employees, the assessor must be aware of the performance evaluation variables.

Response might be rendered ineffective if not managed properly and correctly. Last but not least, organizations must offer training to develop a system of performance evaluation that functions well and to keep staff members motivated and productive.

The Practical Implications

For businesses, a significant problem with performance management systems (PMS) is their effectiveness. Implications of Performance Management is a continuous process that creates a workplace that motivates people to increase their production and reach their full potential while they are working. Performance management builds employee capability, provides tactical guidance, and increases the company's worth. Managers and employees have more control over creating and achieving goals thanks to performance management. In order to effectively evaluate employees, the assessor must be clear about the factors that will be considered in the review. The correlation between performance and pay will lead to better employee performance. Performance reviews should be carried out often to aid workers in reaching the targeted goals. The firms may thus spend less time performing repairs as a result of their personnel. The co-systems of Prominent Performance Plans work together to ensure that the goals may be attained. While software packages can also be referred to as performance management tools, practices like periodic performance reviews and incentive programs are examples of performance management tools in use. Performance management software, which is also a performance management tool, may assist organize one-on-one meetings and facilitate real-time answers. Numerous employees now benefit more often and effectively thanks to software, and they are also holding performance discussions with their managers.

Conclusion

The field of performance management is rapidly shifting away from traditional methodologies and toward more cutting-edge approaches that are clearer, more effective, grounded in principles, and more response-focused. The previous, database-based assessment methods have proven to be ineffective. Instead, business leaders will use a variety of strategies. The businesses require performance evaluations that are forward-looking and place more of an emphasis on growth and training than on assessment. Firms should learn how the software is used since new performance management software products are often rushed into use.

Accept innovative, cutting-edge methods of performance management that encourage continuing performance assessments, customized growth, and the capacity to recognize triumphs. Employee motivation is aided by performance management tools. Most individuals are more motivated by gratitude than by money, and gratitude can also lower voluntary turnover. Businesses must be aware of the benefits of using the newest performance management trends and work to reach their goals in a SMART way—that is, in a way that is precise, measurable, achievable, realistic, and time-bound. As a result, by making their staff happy, firms may succeed in achieving their objectives.

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