

DIGITIZED PERFORMANCE APPRAISAL PROCESS: A CASE OF BRAKES INDIA

Nitika Kaushik & Poonam Arora

School of Management, The North Cap University, Gurugram



Citation: Kaushik, N. & Arora, A. (2020). Digitized Performance Appraisal Process: A case of Brakes India, Journal of Strategy and Performance Management, 8(2), 64-78.

ABSTRACT

This paper aims to explore the effectiveness of technology in facilitating digitization of performance appraisal. Traditional Performance appraisals based on pen and paper relies heavily on economic rewards and threat of punishment to motivate the employees to meet the performance standards. It may lead to disappointing results for all concerned and can cause bad feelings, job dissatisfaction and damaged relationships if not managed well. The concept of Conventional performance appraisal does hold true with today's millennial generation. Therefore this paper proposes Digitization based performance appraisal approach. Technology makes performance appraisal a dynamic process, which could be viewed as more flexible, more data driven, more continuous and more development-oriented. The digitization of performance appraisal is illustrated in simple case study of Brakes India Private Limited. Some major challenges in embracing technology for performance evaluation are emphasized. The managerial implications and scope for future are covered.

Key words: Performance Appraisal, Digitization, Technology and Data Driven.

INTRODUCTION

Performance refers the degree to which an employee administers his knowledge, abilities and efforts to the tasks allotted to him. Whereas appraisal is the act of assessing the performance of an employee. Thus performance appraisal refers to a process of evaluating employee's performance to understand how well they perform in a job according to the given standards. It is a critical activity of manager who supervise employees in any company, or where employees are required to complete set tasks and objectives. It is a systematic process of assessing the performance and potential of employees for their career growth and development.

Fletcher (2001), points out that performance evaluation involves all those activities, through which organizations seek to evaluate employees and develop their competence, improve performance and give rewards. Though they provide vital information for taking various decisions like compensation, promotion, termination and other compliance mandated functions but it fails to actually improve the performance of the employees. The core values of performance appraisal are collapsing in millennial era.

Traditional performance appraisal done with pen and paper is more like top-down approach that emphasizes negatives over positives. It stifles healthy career conversations and alienates talented and typical employee alike (Koehler & Chandler, 2016). There are annual reviews to assess employees past performance and more focus is given on achieving targets. Perennial complaints like rigidity, opacity, unfairness, arbitrariness still persist. Critiques of traditional performance appraisal believe that performance reviews in general do more harm than good. As a result, this conventional appraisal process no longer fits the needs of millennial employers who are looking to develop and promote better performance (Schaufenbuel, 2016). This creates the need to scrap the traditional performance appraisal to more data driven, flexible, and continuous system. There is a demand for Digitization in performance appraisal (Koehler & Chandler, 2016).

Digitization in performance appraisal has bought a revolution in the business processes. This is illustrated with the help of case study of Brakes India Pvt. Ltd .The feasibility and effectiveness of technology based performance appraisal is elucidated in this case study. Brakes India was facing lot of challenges with traditional performance appraisal process. As a solution for this, they have automated their appraisal process with the help of synergita software for performance appraisal. The implications and benefits of the digitized performance appraisal are further discussed in the case study.

LITERATURE REVIEW

According to Grote (2011) and Rao (2012) performance appraisal denotes the record prepared by the manager which depicts his opinion or summary of the status of an employee's job, potential for growth and development and his/her

overall performance against the set standards. Performance appraisal assesses employee's current as well as potential performance levels (Enikanselu & Oyende, 2009).

Performance appraisal process should include healthy discussion between supervisor and employee regarding employee performance on a given job. It should take place in pleasing environment with the elements of trust and transparency. Conducting performance assessment with this scientific emphasis can help to eradicate feelings of discrimination or bias among employees, who are not satisfied with the evaluation process. The major concern of this paper is how technology assisted performance appraisal can be utilized to remove discrimination or bias in appraisal process in order to evaluate the performance of employees in factual and objective manner. There are very few research papers that have critically evaluated the role, application and the effectiveness of using technology in performance appraisal process. There are some assumptions that technology has no role to play in evaluating the performance of employees while there are others who believe that technology has helped to reduce the bias in performance assessment to the barest minimum.

Grote (2011) points out that while lot of academic papers mentioned about the difficulties experienced in conducting paper based performance appraisal few have so far detailed out the role of digitized performance appraisal in solving these problems. Even though the supervisor are able to write appraisal effectively, they still want to avoid the face to face interaction with the employee to discuss the appraisal feedback, but according to Rao (2012) feedback discussion is quite an essential activity in the appraisal process in order to consider strong link between evaluated performance and the resulting monetary benefits in terms of salary, promotion, or non-financial recognitions .This is where technology can help. In private firm, online performance appraisal can help managers to continuously provide grading to the employees according to the performance standards. Data driven performance evaluation enables managers to express rating into facts and figures that can easily be compared and to have quick and accurate decision making with regards to compensation, promotion, transfer or training for performance enhancement. Gates (1999) points out that the utilization of technology in performance appraisal approach has helped to reduce by at least 50 percent the time spent by managers on appraisal administration.

There have been positive results associated with online monitoring of performance. Technology assisted performance appraisal has been used to facilitate the feedback process with the use spreadsheet packages available online (Fletcher, 2001). Various performance evaluation software are available online that various companies can utilize to get better satisfaction with evaluation process. Online data about employee performance provides an important understanding into how employees have performed and how can they enhance their performance. The products can be either online or installable, but whatever accessibility type is selected, the main aim of performance appraisal software is to remarkably enhance the evaluation process, brings down its rigidity, and utilizes online performance assessment system to achieve more unbiased, precise, dependable and speedy appraisal.

Utilization of performance appraisal software eliminates the subjective opinion of the supervisor and bias in performance evaluation and intuition is being replaced by data driven performance appraisal. Giving importance to data allows more evidence based performance assessment and discussions, with inputs from multiple sources. Technology is more and more regarded as a crucial success factor for strategic performance appraisal approach. As Murthy (2015) explains, if the manager rating and feedback are established on factual data, it is simple and much easy to explain the reason behind the grading of employees. It also enables the employee to gain insight into where they stand as compare to fellow employees, but if it is not data driven, then it is difficult to explain the rating justification to the employees without disruptive bias.

With digitization of performance appraisal, employees are treated as people not as statistics and technology is used as aids. Since 1985, Microsoft Excel statistical software, commonly used in many corporate offices across the globe (Spiegel & Stephens, 2011). It provides reliable classification and computation. Thereby prominent software such as spreadsheet package can be used for collecting the data about employee performance and assessment especially in a developing economy like India.

In this era of big data the supremacy of technology is acknowledged in every field and sector today and considered as one of the global forces breaking all the trends (Dobbs et al. 2015). With digitization it becomes possible to have performance improvement for all the employees regardless of their current talent level. Notably, high potential performers and at risk under-performers both will be focused on

regular basis. Use of technology in performance assessment enables manager not only to improve the existing capabilities but to cultivate new skills and innovation. (Schrage et al. 2019)

Paper based performance appraisal process were based on ranking of employees and typically segregate them as good performers for development and promotion, the bad performers to be expelled, and the average but the typical, solid but not extraordinary performers were not focused upon. A new approach to performance appraisal with special importance on skills and technology, and employee growth by managers is changing the game. Organizations are increasingly embracing upon digital platforms for performance assessment and evaluation and to bring new skills and competences in the wider range of employees. Coaching and not just grading and reviewing are becoming an essential element part of new performance appraisal process. Digitization of performance evaluation makes this option more simple, economical, and scalable. It empowers the employees with tools that are nanoscopic and more instantaneous, and that can be used to solve problems without relying on their supervisor and certainly not on HR folks. (Kiron et al. 2019)

To be precise, web based performance appraisal approach has started to personalize and customize their coaching and feedback. Digitization has become a source for applying performance assessment tools and techniques to all employees throughout the organization, whatever their talent level. (Schrage et al. 2019) Therefore, this paper is based upon the belief that it is beneficial to replace paper based performance appraisal process which relied on subjective feedback of manager, segregation of employees and time consuming process to more innovative, personalized and technology based appraisal process.

RESEARCH OBJECTIVES

- To examine why traditional performance appraisal systems are not effective in performance assessment of employees, that has made employers to rethink their approach to more innovative and data driven performance appraisal.
- To study the impact of technology and innovativeness in the approaches of performance appraisal.

RESEARCH METHODOLOGY

The methodology adopted for the study is basically descriptive cum analytical. Data collection for the case study is based on secondary data resources. Secondary sources used in this research are various files and records maintained by organization, HR manual, journals, booklets, internet, company websites etc. The study is limited to only one organization i.e. Brakes India Ltd. The analysis part is related to complete representation of performance appraisal process and its conversion to automated platform in Brakes India Ltd.

CASE STUDY

HOW BRAKES INDIA AUTOMATED THEIR MANUAL APPRAISAL PROCESS?

Brakes India (BI) Private Limited is headquartered in Chennai (India) and is the major manufacturer of the self propelling braking devices and ferrous castings in India. Brakes India has manufacturing plants spread across India and employs over 7000 people of which about 1800 are supervisory and managerial staff. They provide complete braking solutions to automotive OEMs in India for passenger cars, commercial automobile, three wheelers, tractors and off-road vehicles. The renowned auto manufacturers such as Ashok Leyland, Bosch, Mercedes Benz, TVS Suzuki, Ford, etc. are their customers.

Brakes India's employee performance appraisal process

Brakes India follows annual employee performance appraisal process. They have a clearly defined process for the appraisal reviews. Typically, the process consists of the following steps:

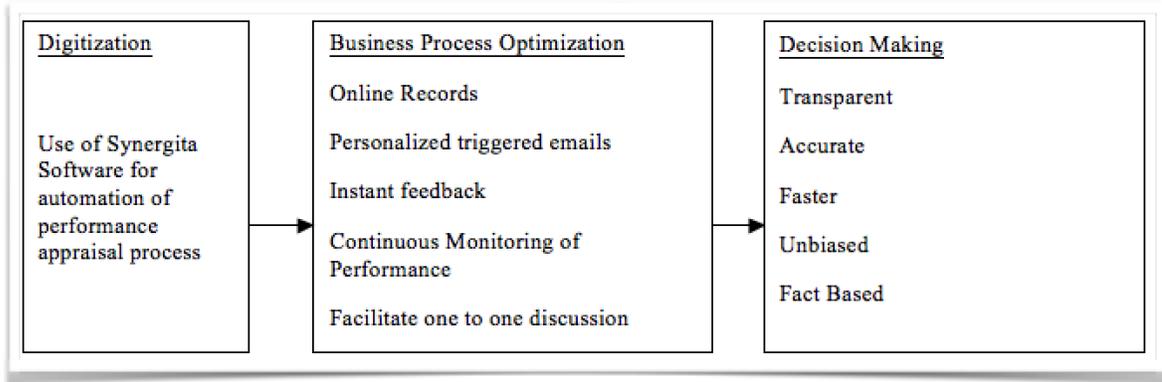
- Goals for the current review year
- Goals for the next financial year
- Competency review
- Manager to identify employee specific development plans
- Discussion with employees.
- Approval process with reviewers, department head, HR

Brakes India management team takes a lot of pride and ownership in their performance appraisal process. Right from division head to Director In-charge, they

go through the feedback forms of employees from various supervisors. The detail-oriented process includes reviewing the recommendations and development plans of each employee with meticulous care (Synergita, 2019).

Challenges with Brakes India’s employee performance appraisal process

- It takes lot of time to retrieve past feedback forms when a manager wants to review past appraisal records of an employee.
- Since it is a pen and paper based model, printing feedback forms, handing it over to each department heads and employees took a lot of time.
- One feedback form was used across organization irrespective of the role/ designation customization was not possible to make it more specific to a particular unit (e.g. Foundry unit Vs assembly division) (Synergita, 2019)



Digitization Process of Brakes India Private Ltd

Source: Formulated by author, based on literature

Automating their appraisal process

Brakes India wanted a solution that could replicate their existing process. They have automated their appraisal process with the help of Synergita software for performance appraisal. Electronic performance evaluation approach assures that all employees are focused and a record of the activities of both employees and supervisor is maintained leading to answerable and justified performance appraisal system. Automation adds the element of transparency wherein supervisor and the HR managers can easily log in to the HR portal in cases of disagreements and find

out the main cause of the dispute by checking who has noted what and when and where. The employees can also log in to the portal and examine the record for themselves, this brings the transparency into the appraisal process. It makes work culture fun and exciting for the Brakes India employees. Bringing in peer recognition, instant awards and exciting reward programs with Synergita's platform, makes employees cherish their working moment with continuous appreciation and inspiration. Brake India have streamlined and started periodic performance reviews and annual appraisals easily with the fully-automated, efficient Synergita software. They have automated performance assessment from launch to appraisal letter delivery to accelerate the appraisal process. Using Synergita's managers can easily configure feedback forms and workflow processes. Employees get authentic reviews from supervisor mapped for each goal to be achieved. These reviews and development feedback from the supervisor helps employee to progress towards goals. It facilitated 1-1 discussions on performance review and future growth and development. With simple drag-and-drop interface facilitate the creation of custom appraisal workflows for each job levels with unique review forms to assess and monitor employees' roles and skills. Check the suitable rating scale for each review questions in the feedback forms. Synergita made easier for Brake India to conduct the performance evaluation the way it wants and particularly designed for its organizational culture. Performance review software helps matrix managers provide feedback and rating for the goals mapped to them. Automation reduces the task of HR manager from following up with employees and supervisor to finish the performance reviews within time limits. Synergita's notification engine will do this task efficiently and facilitate HR folks to wrap up the review process quickly. Employees will receive the much awaited salary revision mail easily with the Synergita personalized system-triggered email. Hence the manager can manage the employees performance reviews end-to-end with simple and refreshing Synergita software. This is taken as step one so that people will have a better transition from paper model to technology-driven performance feedback model. Software automated the existing process and focused on efficiency & effectiveness of the process.

Implication of digital appraisal process

Cost reduction

The focus was on automation and to bring in efficiency in the execution of the performance appraisal process. The entire process was completed in about 8 weeks whereas earlier, it used to take about 16 weeks. Savings of about 50% of the cycle time.

Time management

HR had complete, up-to-date status at any point in time during the appraisal process. They knew exactly where it is going well, where there is a lag, etc. They could easily track the progress and also kept the appropriate department head informed of the progress. This empowers both HR and department heads to stay abreast of the progress.

Data management

Steps such as normalization, data aggregation, etc. were done in very less time (or no time). All these aggregated reports can be extracted with a single mouse click. Earlier these tasks were done manually by HR and were very time-consuming. Now, they could right away start with analysis and actions on employee development, salary revision discussions, etc.

More interactive and responsive performance appraisal system

Employees were able to provide feedback anywhere as it was accessible from the cloud. Made life easier for the employees and managers. Brakes India HR team was able to meet the dates they have set for completing the appraisal process. They received kudos from the entire organization, leadership team and their colleagues.

Introduction to continuous feedback

Now, Brakes India is in the process of implementing "Employee Diary" through performance appraisal software. This is essentially continuous feedback between the manager and their team members. The primary focus here is to provide appreciations, constructive feedback for the employees, etc. This will

help in increasing the collaboration and trust between the manager and their team members.

Enhance performance

The focus is on development and continuous-feedback based solution to create a high-performance culture & helps to deliver high-productivity.

Foster collaboration

Automation facilitates better collaboration and improves employee engagement for sustained growth and development.

Stress free appraisals

Digitization of performance evaluation process helps in saving time and effort and facilitates appraisal process stress-free.

THE DIGITAL FUTURE OF PERFORMANCE APPRAISAL

The conventional performance appraisal systems are not able to meet the demands of next-generation performance appraisal. Yesterday performance appraisal cannot sustain in the competitive environment of tomorrow. The future of performance appraisal belongs to data intensive systems that increase the information available and provide better advice to supervisor and employees.

Increasingly the more advanced, extensive, predictive and precise technologies will drive millennial generation performance appraisal. Feedback is leading to feed-forward. Data analytics are designed to enhance future high-performance outcomes. Technology based performance appraisal systems will led data-driven advice and information to both supervisor and employees. Career growth development options will also be enhanced, whereas it will become difficult for the employees to escape personal accountability at the workplace.

New dualities to tackle

Today global workforce is increasingly relying on digital technologies. This workplace advancement not only reduces the ambiguity in appraisal process but also makes it more powerful for the next generation. Interestingly the same digital

tools used for enhancing the personal productivity would be used to measure and monitor that productivity.

On the one end , digital tools facilitate managers to have one to one conversation with employees. Help manager to build catalog of employee skills and to inform employees where they stand on an ongoing basis. Whereas on the other end these automated tools may put enormous pressure on the employees as they might wonder that everything they do will be a part of their evaluation.

As easily accessible performance review feedback is continuously available, should employees take greater initiative for personal growth and development or should their supervisor manage and motivate more? In reality, these questions become future challenges. Their answers will decide the culture and quality of enterprise transformation.

From Human to Automated Feedback

How should organization combine impersonal and personal feedback? Will human supervisor know when it's best to give their viewpoints into an employee's flow of automated feedback? How often performance should be monitored? Whether the positive feedback should be given on real time basis or at the end-of-day, end-of-week, or end-of-month in order to constructively influencing performance?

Another challenge is whether employee's personal mobile phones should be used to facilitate performance appraisal systems analysis and feedback. Personal devices should be allowed to become part of professional evaluation and development or not?

From Individual to Team Evaluation

Automated performance evaluation process enables the continuous assessment of individual performance. Simultaneously, many organisations depend on teams and cross functional collaborations to get job done. Evaluating team performance has become human capital priority. This trend will likely increase for next generation. Then how the companies will combine individual and team evaluation? Will praises, incentives and rewards be weighted more for individual or for team performance?

Employees and Non-employees

Appraisal system and processes used to focus on regular employees. The increasing reliance on contractual employees, however, raises issues about cultural and operational reliability in the execution of performance evaluation. To what the extent performance appraisal will enhance the effectiveness of non employees, how to motivate someone on whom there is no full authority? How to keep them invested in company objectives when they don't get the same benefits as the full time employees.

More Data-Driven and Intuitive

With the use of tech dependent performance appraisal, supervisor will have data rich understanding which enables to provide personal coaching to individuals and teams. Leaders confronted with cultural and organizational challenges when engaged to next-generation appraisal systems. Managers must decide which trade-offs work best for employees. Which kind of monitoring and measuring practices offer the greatest insight into enhancing the productivity? If employees are the essential assets of the organization they must be managed and assessed in such a way that would maximize their returns.

LIMITATIONS AND SCOPE FOR FUTURE RESEARCH

- The study is limited to only one organization. Similar analysis could be done for a greater number of organizations.
- This study is based on secondary data, more methods of data collection can be explored for future research.
- The study is limited to only automation part of performance appraisal process. Furthermore related concepts of performance appraisal and automation can be explored like agile performance management etc.
- The current study can be extended for comparison between organizations implementing automation process in performance management and those which are not implementing.
- The comparison of automated performance appraisal process can be done across different sectors and industries.

CONCLUSION

This paper reviewed how the technology enabled performance appraisal system helps in resolving the issues faced by managers in conducting performance assessment. The effectiveness of software based performance appraisal is illustrated with the help of case study. With a proficient HR system Brakes India have lessen the administration burdens of traditional performance appraisal systems and moved into a more innovative, precise , faster and web-based platform from a paper based approach. Some of the benefits like linking individual goals to the organization's mission, increased standardization, more precise annual performance ratings, facilitating communication between employees and managers and progress reports across the company are being highlighted. Some dualities and challenges that managers addresses when engaging to future generation performance evaluation systems are highlighted. Organizations using digital performance appraisal will be better prepared to handle today's (and tomorrow's) challenges in the most effective manner. It is fine not to be ideal here, but the winners are those who will dare to move fast to the next level of digitization and move along with the business rapidly.

REFERENCES

- Aro-Gordon, S. (2016). Leveraging Information Technology for Effective Performance Appraisal in the Nigerian Public Service. *SDMIMD Journal of Management*, 7(2), 21-38.
- Automate employee performance reviews. Retrieved from <https://www.synergita.com/features/performance-management.html>
- Basumallick, C. (2018). Automating Employee Performance Management. Retrieved from <https://www.hrtechnologist.com/articles/performance-management-hcm/automating-employee-performance-management/>
- How Automation Can Help the Performance Appraisal Process Become More Efficient. Retrieved from <https://www.managementstudyguide.com/how-automation-can-help-performance-appraisal-process-become-more-efficient.htm>

-
- How Brakes India Automated their Manual Appraisal Process. Retrieved from <https://www.synergita.com/pdf/case-study/case-brakes-india.pdf>
- Khedkar, D. E. (2016). Analysis of Performance Appraisal Systems in Education Sector. *International Journal of Management Sciences and Business Research*, June-2015 ISSN (2226-8235) Vol-4, (6).
- Koehler, B., Chandler, T., (2016). How Performance Management is Killing Performance and What to Do About It. Retrieved from <https://bthechange.com/8-reasons-why-the-performance-review-is-universally-hated-f3328cf3c982>
- Kulik, C. T., & Ambrose, M. L. (1993). The impact of computerized performance monitoring design features on the performance appraisal process. *Journal of Managerial Issues*, 182-197.
- Kumar, M., Shirley, N., & Singh, G.D. (2017). Employee's performance appraisal system and its implication for individual and organizational growth. *International Journal of Enhanced Research in Management & Computer Applications*, 6(1).
- Schrage, M., Kiron, D., Hancock, B., & Breschi, R. (2019). Performance Management's Digital Shift. *MIT Sloan Management Review*, 60(3), 0_1-23.
- Stephen, A. G. An IT-Based Appraisal Model for Effective Performance Management System in Nigeria.
- Schaufenbuel, K. (2016). Transforming the Traditional Performance Review Process. Retrieved from <https://connectstage.rti.org/docs/unc-white-paper-transforming-the-traditional-performance-review-process.pdf>
- Surbhi, S.(2018). Difference Between Performance Appraisal and Performance Management. Retrieved from <https://keydifferences.com/difference-between-performance-appraisal-and-performance-management.html>

Synergita (2019). How Brakes India Automated their manual appraisal process?
Retrieved from <https://www.synergita.com/case-study/how-brakes-india-automated-their-manual-appraisal-process-case-study.html>