APPLICATION OF DIGITTAL TECHNOLOGIES IN PERFORMANCE APPRAISAL

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ABSTRACT

Performance appraisal is one of the most important parts in human resource management. Perormance appraisals are used when taking impornat decisions regarding employee's work conditions, including promotions, termination, and rewards. Developmental uses of appraisal, which are geared toward improving employees' performance and strengthening their job skills, include providing feedback, counseling employees on effective work behaviors, and offering them training and other learning opportunities. If done effectively, performance appraisal can be the key to developing employees and improving their performance. How do modern digital technologies apply to the process of performance appraisal? To answer this question is the purpose of our report. It will be organized as follows: Introduction, Chapter I – Measuring Performance, Chapter II - Application of Modern Digital Technologies in Conducting Performance Appraisal, Conclusion.

Key words: enterprise, human resources management, labor market, peer review
JEL: J81, M15, M13

INTRODUCTION

Generally, performance appraisals are used by employers to assess employees and take important decisions regarding employee's work conditions, including promotions, termination, and rewards as well as for developmental purposes. As a result of performance assessment, employees receive valuable directions, including feedbacks, counseling on effective work behaviors, training offering, and other learning opportunities to enhance their job skills and further their careers. If done effectively, performance appraisal can be the key to employees improving at their job and specialty development (1).

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How digital technologies could be applied to enable an effective performance management process? Our study is trying to answer this question.

MEASURING PERFORMANCE

Employers use different grades to assess certain employee performance. The grades vary from excellent to poor. It is often difficult to quantify an employee's performance in its entirety. For example, creativity is a worker's quality that is hard to be measured. Employers need a different set of criteria to measure certain worker's skills. There are two key appraisal systems used by employers: relative judgment and absolute judgment. With a relative judgment approach, the employer assesses an employee's performance next to the performance of their peers. Providing a *rank order* of workers from best to worst is an example of a relative approach (1). Another type of relative judgment format defines employees

into groups, such as top third, middle third, and lowest third. The main advantage of the relative rating systems is that it enables the employers to differentiate among their workers. Without such a system, many supervisors are inclined to rate everyone the same, which destroys the appraisal system's value (1).

Appraisal Instruments
Trait appraisal instruments
The supervisor uses trait appraisal instruments whenever he needs to make judgments about *traits*, features of a worker's character that tend to be consistent and enduring. Trait-based rating scales are used to assess four important traits, namely decisiveness, reliability, energy, and loyalty. Although some organizations use trait ratings, it is fair to say that there is a certain degree of subjectivism in this type of appraisal instrument. This subjectivism could lead to a deterioration of appraisal results due to conscious or unconscious bias. Other than that, trait appraisal instruments are less defensible in court due to their ambiguous nature (1).

Behavioral appraisal instruments
Behavioral appraisal instruments focus on assessing a worker's behaviors (for example: works well with coworkers, comes to meetings on time). In other words, compared to trait appraisal instruments, which assess certain traits of the employees, behavioral appraisal instruments offer an answer to the question of whether an employee does or does not exhibit certain behavior. Behavioral appraisal instruments emphasize the value rather than the *frequency* of specific behaviors that could occur. Probably the best-known behavioral scale is the Behaviorally Anchored Rating Scale (BARS). Evaluating the worker's behavior during an assessment period, based on the behavioral criteria provided by the Behaviorally Anchored Rating Scale (BARS), the supervisor comes with an assessment decision (2).

Measurement Tools
The direct source of performance appraisal is the supervisor director. However, it is often the case that other parties take part in the performance appraisal process as well. Such parties could be self, peers, subordinates, and even customers (1).

Self-review
In this type of review, the worker assesses himself. He evaluates his skills, abilities, and achievements based on a certain scale. In some cases, there might be a substantial difference in opinion between a supervisor and an employee regarding one or another area of the employee's evaluation. Communication and possibly investigation are warranted in such a case (1).

Peer review
In a peer review, workers at the same level of the organization rate one another. In many organizations, the peer-review process takes the better part of a performance appraisal.

Subordinate review process
In a **subordinate review**, workers evaluate their supervisors.

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Customers review
In addition to feedback from within the organization, companies are increasingly looking to customers as a valuable source of appraisal. It could be a case where workers exhibit only those behaviors that are likable to their managers while ignoring behaviors that are critical to customer satisfaction. Supervisors may have limited information or a limited perspective, whereas internal and external customers often have a wider focus or greater experience with more parts of the business. Therefore in many cases, customers' reviews might be valuable for an organization as well as for rating employees (1).

360° feedback
The combination of peer, subordinate, self-review, and sometimes customer appraisal, is termed 360° feedback. A 360° system can offer a well-rounded picture of an employee's performance, one that is difficult to ignore or discount, because it comes from multiple perspectives. Many organizations are now employing technology to make 360° appraisal an efficient and cost-effective system (1).

Managing Performance
The Appraisal Interview
In most cases the appraisal interview is separated into two sessions: one to discuss performance, the other to discuss salary. The logic behind this system was based on two assumptions. First, managers cannot simultaneously be both a coach and a judge. Thus, the managers are expected to play the coach role during the performance development meeting and the judge role during the salary meeting. Second, if performance and salary discussions were combined, employees probably would not listen to their performance feedback because their interest would be focused on salary decisions (3).

Performance Improvement
Because formal appraisal interviews typically are conducted only once a year, they may not always have a substantial and lasting impact on worker performance. Much more important than the annual interview is informal day-to-day performance management. Supervisors, who manage performance effectively, generally share four characteristics. They are:

- Explore the causes of performance problems.
- Direct attention to the causes of problems.
- Develop an action plan and empower workers to reach a solution.
- Direct communication at performance and provide effective feedback.

Each of these characteristics is critical to achieving improved and sustained performance levels (1).

APPLICATION OF MODERN DIGITAL TECHNOLOGIES IN PERFORMANCE APPRAISAL
Digital and technological advancements proved to have exercised an irreversible impact on business and performance functions and processes. The energy with which nowadays corporate organizations need to innovate and adapt, the constant call for flexibility and progress have brought significant changes to manufacturing, data gathering and storing, HR processes, and management information systems, to mention a few. Employee performance management was not left behind and the role of automation is expanding every day. Employees are not what they used to be, they are not necessarily tied to their working places and offices any longer, working from home became a norm and not an exception during the pandemics, working hours are malleable and not fixed with the implementation of innovative technologies and virtual team interaction, and all that logically led to necessary changes in performance management systems (4). These innovations provide easier, dependable, and defensible monitoring of individual working progress, making sure it does not fall behind and is in alignment with set standards and norms, which prepares today's employees for future challenges. The assessment methods from yesterday, although useful and valuable once, are no longer suitable for the dynamics of the day, having grown exhaustive and time-consuming (4). To evaluate working performance annually was a Sisyphean task because it was almost impossible to evaluate employees' performance over a period that long. It was as if working from memory and the methods and rules applied felt unclear, long-fetched, and often unfair, which led to employees' frustration and demotivation. Appraising an employee's contribution over a year in a single interview face to face led to the omission of important details of how things ensued and left the employees detached and apathetic in defending their work contribution (4). Digital workplaces however changed the long periods of evaluation to day-to-day work assessments and with it the attitude towards workers' effectiveness. Organizations implement new and progressive forms of employee performance appraisal such as continuous assessment and grading on an automated platform. These methods enhance accuracy and precision and at the same time leave behind the labor-consuming and not sufficiently precise manual collection. Interactive, target-driven, and recordable - these are the qualities of the new methods that turned the evaluation process in a new direction. Digital workplaces have not only spared long and exhausting commutes, reduced costs on managing physical workspaces, brought in fewer sick days, speeded workers' daily performance with flexible work hours but turned the employee

from a passive evaluated into an active and valuable participant in the evaluation process (4).

Digital Performance Appraisal
Digital performance appraisal software is two-way communication, which records employee engagement during a work process in real-time and provides proof for individual contribution and performance. It also helps coordinate the progress of the process by linking employees to management for reports of personal observation on immerging or unforeseen difficulties and impediments and questions about immediate or new tasks and adjustments in the collective effort (4).

By facilitating communications, the digital performance appraisal helps the employees concentrate on the job ahead by daily building their trust in keeping them informed of any possible error or important news, displaying online messages in a friendly and engaging manner, thus enhancing their productivity. This software effectively identifies barriers and obstacles in the working process by aiding performance management in finding new and adequate solutions while it lasts and not as an aftermath, which is characteristic of the traditional evaluation practice (4).

Types of performance appraisal software
There are many different types of software used for management performance appraisal. The five most important of them are Trakstar, BambooHR, Endagedly, UtilitiPro, and WorkdayHuman Capital Management.

Trakstar - An easy way to review the performance of hundreds to thousands of employees. The most important Trakstar features include 360 Degree Feedback, Benchmarking, Competency Management, Customizable Templates, Dashboard, Employee Management, Employee Profiles, Employee Recognition, Goal Management, Individual Development Plans, KPI Monitoring, Negative Feedback Management, On-going Performance Tracking (5).

BambooHR - Serving more than 10,000 customers and 1,000,000 employees, BambooHR is a leading software providing a powerful and trustworthy tool for human resources departments in small and medium businesses. BambooHR's cloud-based system is an intuitive, affordable way for growing companies to manage essential employee information in a personalized Human Resources Information System (HRIS). Its software renders HR the freedom to be more strategic, which helps the entire organization do the same. BambooHR's important features include: 360 Degree Feedback, Appraisal History Tracking, Compensation Management, Objective/Goal Setting, Peer Appraisals, Self Service Portal, Self-Appraisals (5).

Engagedly - Engagedly is an avant-garde performance management software that delivers new meaning to performance evaluation by simplifying and organizing elements of employee's work, incorporating them into the performance review process. Engagedly offers 360-degree feedback and facilitates continuous performance reviews. It takes minutes to sets the program and run a review process that employees will appreciate; it saves time for managers and HR gets detailed analytic too. Endgagedly includes the following features: 360 Degree Feedback, Appraisal History Tracking, Custom Rating Scales, Individual Development Plans, Objective/Goal Setting, On-going Performance Tracking, Peer Appraisals, Self Service Portal, Self-Appraisals, Skills Assessments (5).

UltiPro - An ultimate, cloud-based software that helps organizations expedite and ameliorate work experiences for all employees. With UltiPro, companies will find it easy to manage global people data and processes and guarantee their staff the confidence they need to feel engaged and productive from day one. With UltiPro, personalized recruiting can be carried out as onboarding experiences and guidance of employees through important tasks and choices can be conveyed. UltiPro simplifies complex payroll computations, efficiently manages time and attendance needs. The main performance appraisal features of the software include: 360 Degree Feedback, Appraisal History Tracking, Compensation Management, Custom Rating Scales, Individual Development Plans, Objective/Goal Setting, On-going Performance

Tracking, Peer Appraisals, Self Service Portal, Self-Appraisals, Skills Assessments (5)

Workday Human Captial Management - eases visibility into all workforce operations for managers and HR teams, and equips organizations for growth and expansion. The system supplies companies with a means to find skilled workers through talent searching and job profiles and enables them to build strong teams of employees. Workday HCM prepares enterprises to manage global teams from hire through to retirement. Workday Performance Appraisal Features include Compensation Management, Individual Development Plans, Objective/Goal Setting, Self Service Portal, Skills Assessments (5).

CONCLUSION

Performance management is one of the most important parts of human resource management. Through a clear and fair performance management process the employer can evaluate an employee honestly and transparently. In such a manner the employee will take the manager's remarks under consideration and improve further his working process. However, whenever an employer assesses the employee there is a probability of subjectivity as well as human error. To achieve full transparency of the assessment process in recent years employers use plenty of performance management software. The application of digital technologies in human resource management plays a significant role in achieving fair and square assessment process as well as providing precise criteria for employee further professional development.

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