

## **E-Performance Management System (e-PMS) as a Strategic Instrument: A Critical Review**

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**Abstract:** Managers utilize performance appraisals to emphasize both the strengths and weaknesses of employees, help them improve in areas needing development, and collaboratively establish career advancement goals. Traditional employee behavior and skills have been influenced by intense competition, emerging technologies, and process re-engineering. To meet these evolving demands, organizations are increasingly relying on communication technologies to assess and enhance employee performance and productivity. As the corporate landscape becomes more competitive, many companies find it challenging to allocate time for individual performance reviews and have turned to electronic performance appraisals instead. Many organizations are now employing electronic performance management systems (e-PMS) to monitor employee performance. The term "e-performance management" describes how information technology is designed, implemented, and used through a performance management system (PMS). It is a subset of electronic human resource management (e-HRM) systems. By integrating IT into the performance management process, organizations can align their performance management strategies with their overall goals, policies, and practices. The relational aspect of e-HRM within e-performance management supports various business activities. However, leveraging technology to enhance human performance is a relatively new and poorly understood endeavor, posing challenges for many organizations. The influence of e-PMS in the Indian context has not received much attention, according to a review of the literature. Therefore, this study aims to provide an overview of e-PMS, highlighting key concerns and strategic initiatives that Indian companies should consider when setting objectives to meet the needs and expectations of their workforce.

**Key Words:** e-HRM, E-staffing system, Performance appraisal process, performance-oriented compensation strategies, e-employee assessment tools, etc.

## 1. Introduction

In the current competitive business environment, which is made more intense by globalisation and communication technology breakthroughs, businesses must establish optimum work practices and quickly adjust to changes. Factors such as evolving company strategies, shifting labor market conditions, technological advancements, competitive HRM practices, economic fluctuations, regulatory changes, and rising employee expectations have necessitated a comprehensive restructuring of Human Resource Management (HRM) processes. As a result, HRM units are increasingly taking on strategic roles rather than merely operational tasks (Cook, 1999; Bondarouk & Ruel, 2009; Marler, 2009).

A move away from traditional operational duties and towards long-term strategic endeavors can be observed in the evolution of HR managers' tasks. Information technology integration has been emphasized in the effort to reorganize HRM procedures in order to improve operational results (Iqbal, Ahmad, Raziq, & Borini, 2019). As a result, HR departments have begun focusing on using technology to lower transaction volume. The design of software systems that move human resources data and processes for making decisions from manual records to digital platforms has resulted from this endeavor's collaboration between IT specialists and HR experts. This has made it easier to implement E-HRM applications (Hall & Moritz, 2003).

With the rise of computers and the internet, HR departments have been empowered to take on more strategic roles, directly contributing to operational success. Processes such as recruitment, performance assessment, internal transfers, compensation management, workforce security, personnel administration, training and development, and performance evaluation have all been transitioned to electronic systems, enabling a more holistic management approach. Human Resources professionals may now concentrate more on strategic goals rather than mundane tasks owing to the reduction in bureaucratic inefficiencies and manual errors brought about by this digital revolution (Ulrich & Lake, 1990; Snell, 1994; Cook, 1999).

Organisational management has been profoundly impacted by the profound changes in social and economic dynamics brought about by the quick development of information and communication technologies (ICTs). As consequence, the Human Resource Information System (HRIS) has become a crucial idea which makes use of information technology to manage human resources and all of its associated operations. Data related to an organization's human resources can be collected, stored, maintained, and retrieved in a systematic manner thanks to HRIS (Singh, Jindal, & Samim, 2011). It facilitates improved cooperation between HR departments and the management team by supporting essential functions including employee selection, payroll administration, training predictions, career development, equity monitoring, and productivity assessments (Tumuhirwe, 2011).

E-training and development systems, e-human resource planning systems, e-staffing systems, and e-performance management systems are vital components of HRIS. The e-performance management system is the particular emphasis of this study. E-performance management encompasses the planning, implementation, and application of information technology in managing performance management systems (PMS). It is defined as a structured approach to executing performance management processes using web-based technologies (Ruel, Bondarouk, and Looise, 2004). Jarrar and Schiuma (2007) noted that e-performance management aids organizations in motivating and retaining top talent by providing insights into high performers

throughout the enterprise. As a part of e-HRM or HRIS, e-performance management streamlines performance assessments through electronic means, thereby supporting business processes.

The e-performance management tool simplifies performance contracting and evaluation by aligning organizational goals with balanced scorecard elements, offering a comprehensive view of performance capabilities across departments and individuals (Ravisha & Pakkeerappa, 2013). The benefits of using computerised assessment tools to expedite the performance review process are being increasingly recognised by HR managers. Evaluation techniques are now simpler, quicker, and more productive because to the adoption of a single digital appraisal system (Lloyd, 2016). Each assessment should ideally be a source of knowledge and inspiration for staff members, permitting even the best performers to proceed with an intimate understanding of their present level of job performance and new objectives for inspiration and development.

In order to effectively manage organisational performance, an e-performance management system must:

- Ensuring employees understand the significance of their contributions to organizational goals.
- Clarifying expectations for each employee and confirming their skills and support to meet those expectations.
- Aligning objectives and facilitating effective communication throughout the organization.
- Fostering a positive and trust-based relationship between employees and managers, promoting empowerment and collaboration.

## **2. Purpose**

This qualitative research article aims to provide a foundational understanding of the e-performance management process within organizations, while also exploring various strategies to enhance organizational branding for talent acquisition and retention

## **3. Method and materials**

The study's sole source of secondary data was a wide variety of literature found in numerous databases, internet, and other easily available sources. To guarantee a solid grasp of the subject, a meticulous systematic examination of the gathered material was carried out. Using a methodical search approach, the researcher found pertinent articles about the e-performance management system in the searchable databases of Google Scholar, Science Direct, and Emerald, with an emphasis on works published during the last ten years. The precise keyword "e-performance management system" was used in the attempt to expedite the procedure and boost the findings' appropriateness.

## **4. Results and discussion**

The strategic planning, application, and execution of information technology in the administration of performance management systems (PMS) is referred to as e-performance management. E-performance management, a web-based technology that is part of electronic human resource management (e-HRM) or human resource information systems, is designed to make the procedure for assessing performance in organisations simpler (Al-Raisi, Amin, & Tahir, 2011; Ravisha

&Pakkeerappa, 2013). Organisations have no trouble integrating their plans, policies, and procedures with the performance management framework through the implementation of IT-enabled PMS (Bhattacharyya, 2017). The efficiency of the appraisal process is increased by this integration, which makes it feasible to evaluate performance indicators quickly. Additionally, e-performance management systems offer transparent, permanent documentation that encourage employee motivation, which in turn promotes performance. Additionally, these systems provide flexible elements that make it easier to create and execute customized performance policies, long-term performance management goals, and performance-based pay plans. E-performance management systems have become vital for creating compensation plans and promotion strategies that support company objectives since they offer realistic productivity evaluations.

#### **4.1 Benefits of E-PMS**

Future employee evaluations can profit greatly from e-performance management, which offers an array of advantages that enhance the procedure as a whole. One primary benefit is the accelerated and streamlined administration of performance reviews, allowing managers to invest less time and effort into evaluations (Kariznoee, Afshani, & Moghadam, 2012). This efficiency not only saves time but also enables managers to focus on more strategic tasks.

Better organisation and context clarification are two additional significant advantages. E-performance evaluations make it simpler to record departmental, divisional, and organizational goals in the system so that managers may review and express these goals to staff members. Management can evaluate their own performance in comparison to peer and organizational standards attributable to this extensive data (Kundu & Kadian, 2012). Giving personnel access to this data gives them insightful understanding of their contributions and demonstrates how their work promotes the more general goals of the business. Furthermore, it gives supervisors the skills they need to lead their teams to greater productivity and effectiveness (Khashman& Al-Ryalat, 2015).

E-performance management solutions additionally enhance the ability to collect and analyze data. An electronic assessment platform gives management the ability to collect and evaluate vital information, notably departmental ratings, training needs, high performers, underperformers, and goal progress. Positive and negative constructive feedback are both made simpler with this system, which is necessary for staff development and motivation. Whether a staff member has exceeded requirements or requires further development, clear communication with regard to performance modifications encourages them and makes this feedback an appreciated tool. Additionally, organizations can benefit from constitutional safeguards through satisfactory performance recording via e-performance management, thereby decreasing the danger of unjust termination claims (Bharti, 2015).

According to research by Odhiambo and Kamau (2013), computerised employee appraisal methods have a favourable effect on organisational and worker efficiency. According to their conclusions, assessment techniques based on human resource information systems (HRIS) have substantial beneficial effects on performance, profitability, competitiveness, creativity, adaptability, and motivation. Utilizing HRIS procedures minimizes time and resource waste, stimulates productivity, boosts profitability, enhances customer service, and develops employee commitment—all of which eventually improve organizational effectiveness.

The organisational performance of Kenya's commercial banks is additionally significantly affected by e-training, e-recruitment, and e-performance appraisal, as reported by Opiyo and Abok (2015). By delivering insights on high performers throughout the organisation, e-performance management encourages businesses to retain and inspire top talent (Jarrar & Schiuma, 2007). Organizations can achieve substantial reductions in expenses by incorporating the performance management procedures into a web-based, real-time solution.

The robust functionalities of e-performance management include:

**Flexibility:** Performance management procedures can be adjusted for each staff group, taking into account both straightforward and intricate corporate plans, thanks to customizable templates and alternatives for 360-degree or multi-rater assessments.

**Embedded Intelligence:** The solution enhances the calibre, promptness, and efficacy of feedback from workers by integrating performance and competency stuff with an inventory of embedded management tools.

**Integration:** Management can accomplish real pay-for-performance outcomes, timely learning and development efforts, and successful career and succession planning with the help of close connections with core employee data within the enterprise HR management system (HRMS). Performance and competency data are communicated effectively due to this integration (Frayne & Geringer, 2005).

Through a systematic procedure, e-performance management proactively involves people with specific business objectives, thereby enhancing organizational success. Organizations may successfully identify, plan, monitor, enhance, and reward performance courtesy to this all-encompassing strategy. Presenting workers clear performance objectives and deadlines is the first step. Then, in order to accommodate staff skills and adjust to external variables including market conditions or competitive pressures, organizational management can continue to keep an eye on and update these goals and objectives. There are numerous techniques available to coach staff members towards accomplishment during this process. To individuals who desire additional growth, e-performance systems additionally facilitate learning and career planning quicker.

The notion that e-performance management systems may simplify the performance review process, cut expenditures, and minimise the time and energy required to manage employee performance is an important consideration in reason organizations use them. According to studies by Earley (1988), Payne et al. (2009), along with other researchers, employees tend to have a positive opinion of computerized feedback and are likely to feel more engaged in the performance evaluation process (Cardy & Miller, 2005). Furthermore, when automation system input closely resembles that of their upper management, employees are more likely to attribute it. Employees that place a higher priority on "image management," nevertheless, might prefer supervisor input to computerized assessments. According to Stone, Stone-Romero, and Lukaszewski (2006), staff embrace of e-performance management systems will ultimately hinge on how much they believe these systems are beneficial in accomplishing their own objectives.

E-performance management systems' effects on supervisor-employee relationships must be considered into account when evaluating them. These approaches are said to have the benefit of permitting supervisors to spend more time managing and establishing performance-related

interactions and less time on performance evaluation. There isn't much actual data on this subject matter, though. Zuboff (1988) showed that supervisors tend to rely more on the generated data in the assessment process when performance data is recorded using computerized systems, which resulting in fewer "fact-finding" encounters. By decreasing chances to make an in-person relationships, this change may deepen the relationships gap between management and their employees.

Feedback is not as likely to captivate employees' attention, change their behaviour, or improve productivity when it is given electronically, and executives don't meet with staff to talk about what they do. E-performance monitoring systems may also encourage individuals to conduct themselves in a strict manner, concentrating on "looking good" in relation to the performance measures being monitored while disregarding other crucial performance-related behaviours that the system fails to monitor.

Future employee reviews may benefit from e-performance management's quicker and easier administration, which releases up managers' time and energy to focus on performance reviews (Kariznoee, Afshani, & Moghadam, 2012). Additionally, by giving management the means of collecting and analyses critical data on high performers, underperformers, training needs, goal progress, goal alignment, and departmental ratings, these systems enhance data gathering and analysis skills. Positive and negative feedback are both rendered easier by the system, which is crucial to staff development and motivation inside the business. Providing prompt feedback encourages staff members to evaluate how effectively they are adapting to their duties. irrespective of whether they accomplish or exceed goals, this data is a priceless tool for development. Finally, by guaranteeing that performance assessments are properly documented, efficient e-performance management may provide organizations legal protection (Bharti, 2015).

#### **4.2 E-PMS Infrastructure**

Ernst-Jan Bergman (2007) asserts that the successful deployment of the e-performance management system (e-PMS) is a major prerequisite for the efficacy of e-performance management (e-PM). This success is influenced by several factors, including the extent of e-PM usage, user satisfaction with the e-PMS, and satisfaction with the overall performance management process.

In today's business landscape, organizations increasingly leverage web-based technologies to enhance their performance management processes. This shift aims to streamline administrative tasks and reduce costs by replacing traditional paper-based performance management forms with electronic alternatives. An automated performance management application offers a range of features designed to facilitate effective performance evaluation. These features include:

- **Performance Rating Functionality:** The system captures performance ratings through user-friendly interfaces that display relevant competencies, performance standards, and rating processes.
- **Help and Information Resources:** Web pages that provide assistance and information files support users throughout the performance management process.
- **Employee Input and Achievement Documentation:** The platform allows employees to submit feedback and document their accomplishments online, promoting engagement and transparency.

- **Workflow Management:** The system manages workflow by sending reminders to managers and employees about critical performance management events and facilitating the exchange of routine documents.
- **Access to Forms and Documents:** It grants access to necessary forms and documents throughout the appraisal process, ensuring all stakeholders have the information they need.
- **Real-Time Training and Feedback:** The application offers immediate training and feedback to help managers minimize rating errors. For instance, if a manager consistently rates employees at the highest levels, the system prompts them to ensure their evaluations accurately reflect both strengths and areas for improvement.
- **Sample Behavioral Statements:** Managers are provided with sample behavioral statements to assist in crafting narratives. They can select statements that align with the employee's actual behavior and customize them for more accurate reporting.

In addition to boosting the effectiveness and precision of performance reviews, these all-inclusive e-PMS capabilities additionally assist to foster a more engaged and driven staff.

### **4.3 Features of e-PMS**

E-performance management offers a versatile software module designed for widespread application across organizations located in various regions worldwide. This system includes a comprehensive range of features, such as:

**Job or Individual-Centered Performance Contracts:** Tailored performance agreements that align with specific roles or individual employee objectives.

**Performance Criteria Uploading:** The ability to easily upload and update performance criteria, ensuring that standards are current and relevant.

**Secure Online Appraisal:** Appraisals are conducted through a secure online platform, accessible only with a password to maintain confidentiality.

**Automatic Email Notifications:** Upon completion of the appraisal process, automated email notifications are sent to both employees and managers, keeping all parties informed.

**Workflow Monitoring System:** A systematic workflow feature that tracks the progress of appraisals, ensuring that evaluations are conducted in a timely manner.

**Archive Retrieval:** Access to historical appraisals is facilitated through an archive retrieval function, allowing for the review of previous evaluations.

**Weighting Protocols Assignment:** Flexibility in assigning different weighting protocols to various performance metrics, accommodating diverse organizational needs.

**Competency Ratings Viewing:** Managers can easily view competency ratings, facilitating more informed discussions about employee performance.

**Compensation Details Access:** The system allows for transparent viewing of compensation details, supporting fair and equitable remuneration practices.

**Career Advancement Opportunities:** Information about available career advancement opportunities is integrated into the system, encouraging employee development and growth.

These features collectively enhance the efficiency and effectiveness of performance management processes, fostering a culture of continuous improvement and employee engagement across the organization.

#### **4.4 Drawbacks of e-Performance Management**

Despite the extensive benefits that e-performance management systems (e-PMS) can offer, it is important to acknowledge that these advantages are not always fully realized. The efficiency of these systems can be significantly affected by a number of factors, such as organizational culture and implementation strategies. For example, a study conducted by Petrakaki et al. (2007) on the effects of e-performance systems on Greek government employees determined that although these systems improved employee performance, they also unintentionally encouraged bad habits like lying because workers felt challenged to perform. This underscores the complexity involved in creating a successful e-performance system; there are no guarantees of success, as various factors—including cultural dynamics—play a critical role, and overlooking these can lead to failure.

Additionally, the introduction of electronic performance management systems carries certain financial risks, particularly due to the high costs associated with their development. Holland, Cooper, and Hecker (2015) highlight that organizations often engage external consultants to optimize new networks. These consultants may lack familiarity with the specific features of the enterprise, necessitating time for them to understand the organization's unique context. Furthermore, employees involved in developing the e-PMS must balance their existing responsibilities while contributing to the creation of the new system, which can stretch resources thin.

Even when a system is developed in-house, there remains the risk of shortcomings. The development process can be lengthy, and as new business lines emerge and accounting practices evolve, continuous updates and adaptations of the technology will be required (Onnasch et al., 2014). This situation demands that programmers, project managers, and analysts remain well-acquainted with the organization's needs. Moreover, if key specialists leave the company, this can create significant challenges in maintaining and operating the system effectively. Overall, while e-performance management systems have the potential to transform performance evaluation processes, careful consideration of the associated risks and challenges is essential for successful implementation and sustainability.

## **5. Conclusion**

E-performance management offers enterprises exceptional value for their investment by effectively addressing their specific needs. This innovative online software program enables organizations to monitor essential skills and competencies as part of their employee performance

management process. In today's competitive landscape, e-performance management systems have emerged as a vital trend, significantly enhancing organizational performance.

As this paper demonstrates through comprehensive research, businesses are increasingly aligning their missions, objectives, strategies, and tactics with e-performance management functions. This integration not only streamlines performance evaluations but also fosters a culture of continuous improvement. Furthermore, e-performance management can seamlessly connect with other business processes, allowing organizations to identify and nurture their top employees' talents, skills, knowledge, and competencies. In addition to improving individual performance, this all-encompassing strategy additionally benefits the organization as a whole.

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