



DIGITAL PERFORMANCE MANAGEMENT SYSTEM: HOW IT IMPACTS EMPLOYEE ENGAGEMENT IN INDIAN RETAIL SECTOR

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ABSTRACT

Digitization in Performance Management system is a disruption in talent management practices in modern millennial organizations. The rapid digitization of business processes has mandated a re-invention of human capital management. The trends in HR practices has shifted from traditional methods to Digital Performance Management system, which gives the employees a real time feedback and improves employee's engagement with the job and organization by building trust, commitment, involvement at the workplace. Information technology, big data analytics and artificial intelligence have changed the way management measures employee performance. To achieve competency benchmarks companies have realised the importance of digital performance management system. The quality of employee performance invariably improves due to integration of advanced technologies like machine learning and artificial intelligence that enables the adoption of predictive analytics in accentuating employee engagement. The aim is to know the effectiveness of practical implementation of digital performance management system. Methodology adopted is case-based approach and empirical study. Data for this research will be conducted by questionnaire and interview, which will be distributed and scheduled with managers of Retail sector in South India. The sampling size of 50 were managers of Retail stores following the convenience sampling technique. The primary data collected is analysed through descriptive analysis, reliability statistics, factor analysis and rotated component matrix using SPSS software. The study has significant practical implication on organisational performance management practices, employee performance and employees engagement context in modern organizations through increased productivity, involvement, creation of trust in leadership, supportive management, reduce absenteeism and employee turnover. Digital performance management system will reduce the time, efforts of management and lead to transparency and honesty in employee performance appraisal. This study aims to highlight the digital Performance management system and its impact on employee's engagement. It also identifies the variables affecting employee engagement and how digital performance management practices would accentuate performance and engagement. Based on the empirical analysis a model is proposed highlighting relationship between digital performance management variables, employee engagement variables and employees performance outcomes.

KEYWORDS: *Appraisal, Competency, Digital Performance Management, Employee Engagement, Employee performance outcomes.*

INTRODUCTION

Performance management is a continual process intended to recognize the methods to achieve organizational goals through constant assessment and feedback leading to progress of employee performance. The globalized world has intensified competition to such an extent that 'survival of the fittest' has been the norm for existence. Performance centrism has been the mantra for sustenance and competitive advantage in this challenging scenario. Hence organisations have been striving

hard to re-invent strategies and models to measure, manage and accelerate the performance of their employees. These organisations learn, transform and perform developing into high performance organisations. Performance management partial assessment of employees to match individual goals to the organizational goals. Luecke (2007) recognizes reasons performance management matters. Shareholders are those with interest in the organization, observe better results, as the human assets of the organization work toward key goals. Managers are more successful, as their subordinates are doing

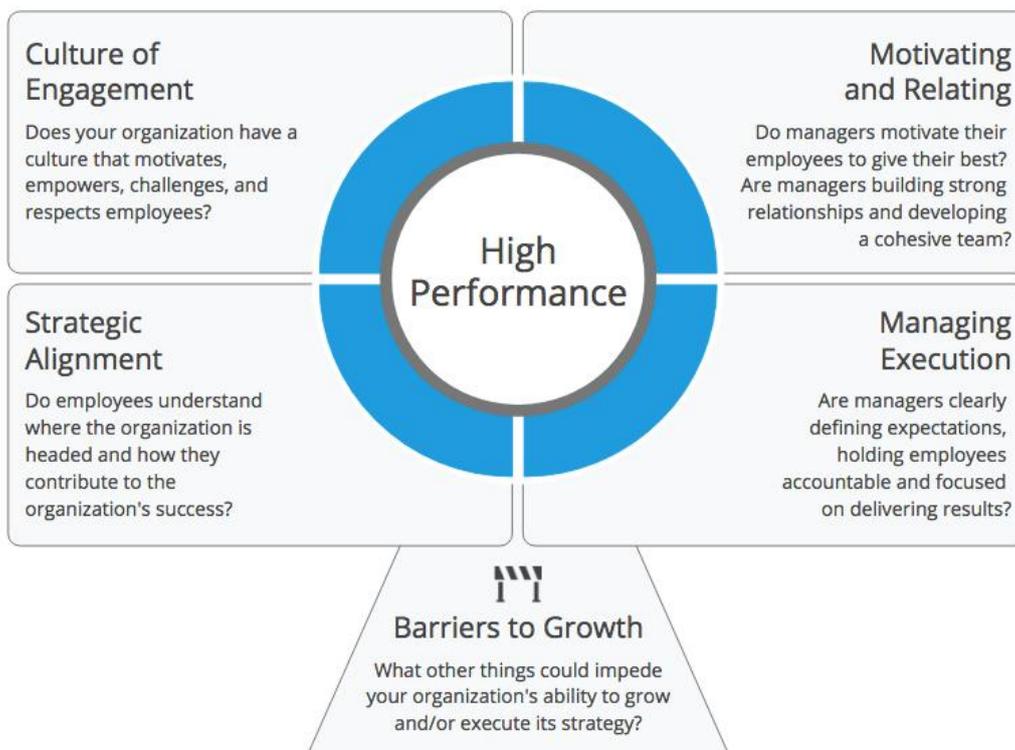
the right things. Employees experience higher job security, career advancement and pay checks, owing to the outstanding performance the world of Performance Management and Appraisal's is changing very quickly. Employee engagement goes beyond activities, games, and events. Employee engagement drives performance. Organizations with an engaged workforce outperform their competition. They have a better earning per share (EPS) and recover quickly when recessions and monetary obstructions. Employee commitment involves growth and innovation.

EMPLOYEE ENGAGEMENT

Based on recent knowledge compiled by Harvard Business Review, worker engagement has many key drivers. These embrace acknowledgement of work, clear accepting of company objectives, however individual work gives to the larger organization, assessments and performance analyses

associated with structure goals, personal and skilled development instances whereas staff might place completely different weight on every driver supported their own expertise, companies must realize how important each of these issues is in practice. Fortunately, improving engagement based on these employee needs and wants can be done seamlessly with the help of a comprehensive performance management system. The characteristics of newer tools such as enabling goal making to be more social and transparent often using the objectives and Key Results (OKR) model. Technology make employees easy to update about progress, tools that help employees request feedback. Periodic team surveys help managers evaluate team engagement and effectiveness, which are then used to evaluate managers. These make the employees engaged at work. The process implemented through a mobile app called High Ground.

Components of Employee Engagement



Source: employee engagement.

DIGITAL PERFORMANCE MANAGEMENT PRACTICES AND ENGAGEMENT OF EMPLOYEES

Digital Performance Management system (PMS) will lead to employee engagement and continuous growth of the company. Employee engagement is the level of commitment, trust, faith belief that employees shows towards company. DPMS gives a chance to employees a control over their job and creates a sense of trust and value, create a sense of confidence within employees. It is important for an employee to be clear about company goals, and how directly impacted the employee's goals in order to get full employee commitment. Workers need to be valued in the organisation. DPMS creates a sense of strong employee engagement, represent employees as credible and create a strong sense of integrity. Employees engage when they know that there role have direct impact on the success of the company. DPMS creates employee motivation and employee engagement, give

recognition to better performers and obtain the results to achieve and create teams in which there is healthy competition, support, trust, and cooperation. Encourage teamwork to maximize the potential of a department.

LITERATURE REVIEW

Anitha (2014) suggested the scope for analysing specific elements which have effect on individual worker engagement and thus impact employee overall performance.

Chandhana (2015) proposed need appraisal method that avoids errors and have the benefits of performance techniques.

Mohamed Saeed (2016) suggested future study to understand the connection among leadership, work engagement and Organisational citizenship behaviour.

Sujith (2017) suggested need to realize the benefits of performance management methods and work towards improved exercises.

Sruchita Maheswari Rath (2017) identified new mechanisms need to be developed to lessen the time component concerned in the system of appraisal. Also Suggested to introduce on-line-appraisal, which will reduces controversy and grievances within the business and it will help the evaluator in guiding the personnel to enhance their performance.

Kishori (2017) proposed a need of digitalization in performance management, which will lead to employee feedback system and transparent appraisal system.

OBJECTIVES OF STUDY

1. To highlight the digital Performance management system practices in retail sector.
2. To propose a conceptual model highlighting the influence of digital PMS on employee engagement.
3. To find the impact of digital performance management on employee engagement in the retail sector.

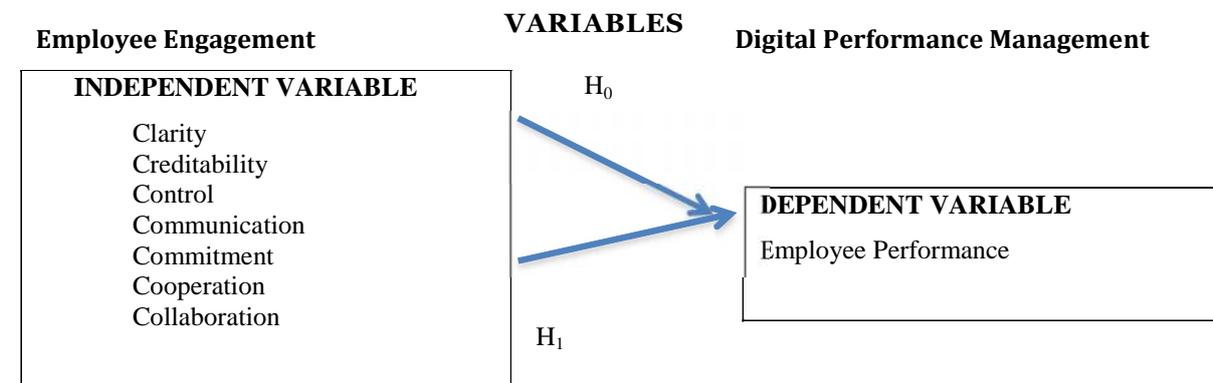
RESEARCH METHODOLOGY

For achieving the objective of study, the methodology adopted is case-based approach and empirical study. From a thorough literature review, a gap has been identified on the area of modern appraisals and critics provided as per the gaps. Data for this research will be conducted by questionnaire and interview, which will be distributed and scheduled with managers of Retail Stores in South India. The sampling size of 50 were managers of Retail stores following the convenience sampling technique. The primary data collected is analysed through descriptive analysis, reliability statistics, factor analysis and rotated component matrix using SPSS software.

HYPOTHESIS TESTING

H₀: There is no significant impact of Digital Performance management on employee’s engagement.

H₁: There is a significant impact of Digital Performance management on employee’s engagement.



ANALYSIS AND INTERPRETATION

Table: 1 Descriptive Analysis

	Mean	Std. Deviation	N
Digital Performance management system (DPMS) provides an opportunity to discuss with managers and give freedom to decide how to do job	4.20	.728	50
Digital performance management system will reduce the time, efforts of management.	4.14	.783	50
Employees feel that supervisor treat them with fairness and respect.	4.12	.659	50
Digital performance management system reduces employee absenteeism.	3.74	.777	50
Digital performance management system encourages positive feedback on performance of employees by supervisor without any bias.	4.16	.817	50
Digital performance management system have impact on employee emotional intelligence.	3.66	.895	50
Employees go extra mile when there is a culture rewarding commitment.	4.12	.594	50
DPMS leads to employee job satisfaction	4.02	.820	50
DPMS affect the psychology of employees.	3.50	.931	50
DPMS develop trust and commitment in employees	4.18	.873	50
DPMS increases communication between supervisor and employees	3.78	.996	50
Digitalization makes supervisor give employees regular feedback	3.92	.922	50
DPMS helps in regular check-in's about employee contribution.	4.20	.782	50
DPMS encourages employees participation in management.	4.14	.808	50
Result based incentives encourages employee engagement.	3.90	.789	50

Digital Performance Management leads to employee high engagement scores and profitability.	4.08	.877	50
DPMS helps to maintain transparency.	4.12	.895	50
DPMS improve the quality of services regularly.	3.88	1.043	50
DPMS gives meaning and relevance for the present and future responsibility.	3.98	.795	50
Digital performance management system impacts on employee's engagement.	3.98	.769	50

Table 1, shows the descriptive analysis of the respondents. The item which have lowest standard deviation like employees go extra mile when there is a culture rewarding commitment (M=4.12, Sd=.594) and employees feel that supervisor treat them with fairness and respect (M=4.12, Sd=.659) indicates that digital performance management has

impact on employee engagement in retail sector. The item, which have highest standard deviation like DPMS improve the quality of services regularly (M=3.88, Sd=1.043) and DPMS increases communication between supervisor and employees (M=3.78, Sd=.996) indicates that digital performance management has less impact on employee engagement in retail sector.

Table: 2 RELIABILITY STATISTICS

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.889	.890	20

In Reliability test, we need to look at the output score to check the reliability of items used in the instruments. The output score should be over 0.7 for higher internal consistency.

In the table 2, it is clearly shown that alpha=.889, which indicates the instrument is reliable.

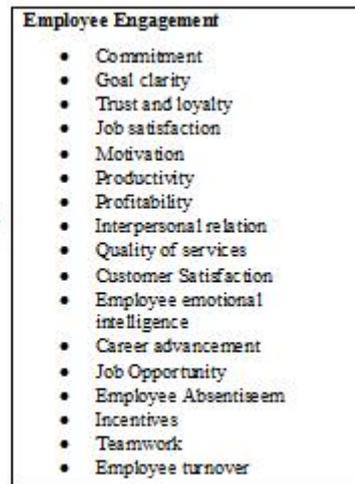
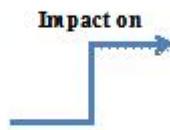
Table: 3 Rotated Component Matrix

	Component				
	1	2	3	4	5
DPMS helps to maintain transparency.	.893				
DPMS develop trust and commitment in employees	.813				
DPMS improve the quality of services regularly.	.766				
Digital performance management system encourages positive feedback on performance of employees by supervisor without any bias.	.763				
Digital Performance management system (DPMS) provides an opportunity to discuss with managers and give freedom to decide how to do job	.566		.532		
DPMS gives meaning and relevance for the present and future responsibility.					
Digital performance management system reduces employee absenteeism.		.760			
Digital performance management system has impact on employee emotional intelligence.		.692			
DPMS encourages employee's participation in management.		.619			
DPMS affect the psychology of employees.		.567			
DPMS helps in regular check-in's about employee contribution.			.788		
Digital performance management system will regular check-in's about employee contribution.			.659		
Digitalization makes supervisor give employees regular feedback					
DPMS increases communication between supervisor and employees				.748	
Result based incentives encourages employee engagement.				.737	
Digital performance management system impacts on employee's engagement.				.536	
Employees go extra mile when there is a culture rewarding commitment.					.788
Employees feel that supervisor treat them with fairness and respect.					.788
DPMS leads to employee job satisfaction					.597
Digital Performance Management leads to employee high engagement scores and profitability.					.523
Extraction Method: Principal Component Analysis.					
Rotation Method: Quartimax with Kaiser Normalization. ^a					
a. Rotation converged in 8 iterations.					

The rotation component matrix is used to reduce the quantity of factor on which variables under study have high loadings. The empty space on the table represents items loading less than 0.5. Items like maintenance of transparency, quality of services, encourages positive feedback on performance of employees by supervisor without any bias, provide an opportunity to discuss with managers and give freedom to decide how to do job are loaded on component 1. While other items like employee absenteeism, impact on employee emotional intelligence, encourage employee's participation in management, affect the psychology of

employees are loaded on component 2. Items like regular check-in's about employee contribution 3. Items like increases communication between supervisor and employees, result-based incentives encourages employee engagement, digital performance management system impacts on employee's engagement component 4. Items like employees go extra mile when there is a culture rewarding commitment, employees feel that supervisor treat them with fairness and respect, job satisfaction, Digital Performance Management leads to employee high engagement scores and profitability are component 5.

CONCEPTUAL MODEL



THE PRACTICAL IMPLICATIONS

The value of performance management system (PMS) has been an analytical issue for the organizations. Digital Performance Management creates a culture to inspire employees to advance their work performance and reach their full potential during their stay of employment. Digital tools allow employees to work in collaboration, even when separated by huge distances. There will be automatic email notifications of completed appraisal of retail employees. Leads to retail sector workflow monitoring by the managers. Helps in assigning different protocol to employees based on task and maintain employee engagement by competency rating. Thus implementation of digital performance management in the retail will lead to employee engagement and satisfaction of overall organizations.

FINDINGS

Hypothesis testing revealed that all the variables, which are essential to build employee engagement in the retail are given equal significance importance. There is a very high positive correlation among digital Performance management system and employee engagement. (DPMS) that provides an opportunity to discuss with managers, also gives employees freedom to decide about the job. The research also identified that digital performance management system reduce the time, efforts of management. Employees feel that supervisor treat them with fairness, respect with culture of rewarding commitment which creates employee engagement at workplace through reduced absenteeism rates. DPMS develop trust and commitment in employees and leads to job satisfaction through continuous feedback, communication system and maintenance of transparency in the Performance management system. Result based incentives encourages employee engagement. DPMS leads to employee high engagement scores and profitability, it also help employees in retail sector to

maintain quality of services. And researcher identified over all DPMS impacts on employee's engagement at workplace. The major findings of study proved that implementation of DPMS in retail industry will boost the employees morale, commitment, trust and loyalty. It's easy to track the records of employee profile. To keep employees engaged DPMS will motivate the employees by setting the targets through having regular interaction with managers and maintaining the system of transparency in retail sector. DPMS increase in sells in retail because of regular check-in and monitoring. DPMS is employee centered performance. Career advancement and opportunities will lead to employee engagement. Due to DPMS there is a possibility of multiple reviewers, counseling, feedback. Target based appraisal help employees in retail to make employees engagement and commitment.

CONCLUSION

Performance management is changing from traditional to modern methods. Modern companies to foster towards making organizational philosophy, high workplace commitment and directing on implementing digital performance management. Engaged teams show dramatically higher job retention rates and lower absenteeism, higher productivity, and greater profitability in retail sector. Increase employee engagement by allowing people to be more effective and impacts of their contributions. Digital performance will create the environment of transparency, continuous feedback leading to employee engagement by loyalty, motivation feedback and recognition, career path and professional development, and a revamped process for accurate and meaningful appraisals, organizations have what they need to increase profitability by improving employee engagement.

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