

Role of Performance Management in Managing Talent Management Challenges during COVID-19 Pandemic and Beyond: A Conceptual Review

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ABSTRACT

Significant talent management challenges have come from the COVID-19 pandemic, like (a) temporary halt for non-essential recruitment and layoff to cut cost (b) wage-freezes, wage reduction & bonus cancellations (c) changed mode of working i.e., teleworking (d) increased work stress etc. Furthermore, COVID-19 has revealed that many organizations do not use state-of-science performance management systems rather, they have relied on the traditional system of a performance management system which includes occasional evaluation and less effort in the alignment of employees, individual goals, and organizational goals. As a result of the lack of value provided by the traditional performance management system, many businesses are fully eliminating performance reviews. We assert that performance management meets significant managerial, strategic developmental, and organizational maintenance if executed using evidence-based recommendations and thus can solve contemporary talent management difficulties. In this paper, an attempt has been made to give some suggestions on how to accept and strengthen the performance management system to help organizations face unprecedented situations like the COVID-19 pandemic. The present study is review of many articles, research papers, books, blogs etc. The current study is based on secondary data.

Keywords: COVID-19 Pandemic, Performance Management, Talent Development, Talent Management.

Adhyayan: A Journal of Management Sciences (2021); DOI: 10.21567/adhyayan.v11i2.00

INTRODUCTION

Due to COVID-19 pandemic the world economy has shrunk drastically. Be it any big economy or small economy, major countries have experienced downfall in their respective growth rates. India's growth rate in fourth fiscal year 2020 has also gone down to 3.1%. These financial miseries are impacting talent management adversely. In the pandemic time, many companies have temporarily halted the recruitment of non-essential employees. At the end of March 2020, 42% of corporations in the US and Canada have frozen or decreased employment, with another 28% considering doing so (Willis Towers Watson, 2020). In December 2020 one 7.91% unemployment rate prevailed in Indian economy due to COVID-19 pandemic (statista.com). And those workers who are somehow fortunate to preserve their employment suffer wage-freezes, salary cuts, bonus cancellations, and zero increments as second set of talent management challenges. At the global level, 29% of employers have executed salary cuts, 42% have

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How to cite this article: Singh, A., & Ahmad, E. (2021). Role of Performance Management in Managing Talent Management Challenges during COVID-19 Pandemic and Beyond: A Conceptual Review. *Adhyayan: A Journal of Management Sciences*, 11(2):1-5.

Source of support: Nil

Conflict of interest: None

gone for wage freezes, and 37% have implemented bonus reductions (Korn Ferry, 2020). Later on third major talent management challenge is concerned with the way work is being done i.e., teleworking, hybrid working etc. Furthermore, because Kelly walking reduces unsolicited interpersonal communication, the firm must emphasize an informal communication channel to distribute knowledge, encourage innovation, and boost productivity (Nonaka, 1994, Ragress, 1983). Finally the pandemic has intensified stress among employees

extensive workload (45%), juggle between personal and professional life (32%), pressure (30%) and unclear and changing performance expectations (26%) have majorly contributed to high level stress off employees during COVID-19 pandemic (Eagle Hill Consultancy, 2020).

Conclusively, firms of all sizes faced massive talent management issues like hiring restrictions and layoffs, wage freezes, cancelled bonuses, changed work methodology, and increased employees' stress. These challenges were present in past also but to a very short extent, but during and beyond pandemic, it has been magnified. The performance Management system is poorly understood and underutilized talent management system that may assist firms in navigating pandemic like COVID-19. Furthermore, applying an evidence-based performance management system may help firms deal with pandemic-related talent management issues and prosper when the pandemic is over.

Performance Management: A Poorly Defined and Misspent Talent Management Function

Aguinis, 2019 Defined performance management as "a consistent process of recognizing, assessing and developing individual and workgroup performance while integrating performance with the organization's strategic goals." As a result it plays more critical role in talent management because it makes employees more competent, committed, enthusiastic, energetic, flexible and motivated. Performance management distinguishes excellent performers from average performers and plays a crucial role in retaining talented Employers and making effective personnel decisions (Aguinis, 2019). However, performance management is sometimes confused with performance appraisals and reviews, but we need to understand that performance appraisal is only an element of performance management that involves measuring and describing the strengths and weaknesses of employees (Aguinis, 2019). In other words, we can take it like performance appraisal is a once-a-year evaluation of job done by employees, whereas performance management is a consistent and ongoing activity to provide actual feedback and mentoring for the growth and development of employees. Still, in the current scenario, it is unsurprising that performance evaluation is being perceived as a burden by many organizations and supervisors who have considered it only a "check-box". So they can placate HR and go back to their real task. During COVID-19 pandemic, the concept of performance management has been doubted multiple times. Time becomes crucial because

employees are mostly tugged in numerous directions and urged to achieve more with less. Completing performance evaluation duties normally requires a significant amount of time, which is frequently seen as an extra layer of strain for employees and managers on top of their already heavy workloads (Aguinis & Burgi-Tian, 2021).

Role of Performance Management in adapting and dealing with Talent Management issues during and beyond COVID-19 pandemic

COVID-19 has proved that many firms do not deploy state-of-art performance management rather than rely on performance appraisal. Factually, many firms have chosen to demote, postpone or eliminate performance evaluations demonstrate that such system had hardly some value and it did not play a strategic role and were mostly administrative and cumbersome requirements rather than performance management system. One of the major reasons behind under usage of performance management is negligence due to many usage of the concept (Aguinis, 2019). Performance management in particular, serves other key organizational goals and the normal well-known administrative function like conversing and entrenching strategic priorities, promoting employee development, preparing & providing quality manpower and gathering information to aid in decision making. Hence, performance management is perfectly equipped to help organizations overcome many talent management difficulties faced by a crisis like the COVID-19 pandemic if conducted according to evidence-based approaches. In actual context, performance management help organizations in not only dealing with talent management issues during pandemic but also helps the organization in sailing beyond pandemic.

Contribution of Performance Management

Performance management has contributed to the organization's effectiveness (Aguinis, 2019). The given contributions are especially important in time of crisis. Firstly, it improves extra-role conduct, commonly referred as organizational citizenship behavior (OCB). Its arbitrary conduct adds to the company's overall success like volunteering to do things that are not formal part of job, providing support to co-workers, reflecting the organization's good image to outsiders (Organ, 2018). OCB is mainly useful in time of crisis because workers are encouraged to share ideas to assist others and asked to go out of normal ways based on their ability, networks and inventiveness to help the company to survive. An



evidence-based performance management system recognizes and addresses formal activities that must be completed by employees' job description, active measures, etc. Secondly, when telework or work from home becomes more common, employee engagement becomes critical for job productivity. A quality performance management system enhances employee engagement because employees are already aware of their job expectations (Kakkar *et al.*, 2020), enhancing job satisfaction and lowering turnover intentions (Kuvaas, 2006). We can say that good performance management system allows the buildup of human capital, which has a beneficial influence on organizational performance and growth (Diaz- Fernandez *et al.*, 2017). Eventually, performance management assists businesses in defining objectives and strategic orientations and job descriptions and duties. Many firms were compelled to change direction due to COVID-19 pandemic by reassessing priorities. Companies may use a performance management system to convey the organization's strategic directives to workers effectively and to assist them in understanding the need of alteration in job duties.

Applying Performance Management System to Optimize Favorable Performance Amidst and Beyond Pandemic

Performance management theory and concepts are applicable even during COVID-19 pandemic, but some evidence based changes are advised to adopt these situations and problems. Hence, some research-based suggestions are being provided to organizations to strengthen performance management system:

1. Measurement of Results with Addition to Behaviors

Results (consequence of worker's job activities) & behaviors (method of doing work by employees) are two basic techniques to assess performance (Aguinis, 2019). Several firms employ a combination of behaviors and outcomes. There are multiple reasons behind taking behaviors to assess performance. For instance, the relationship between activities and outcomes may not be visible, job outcomes may emerge in the near future or results may be out of employee's control (Aguinis, 2019). Organizations must rely more on outcomes approach during pandemic like COVID-19, which has worsened telework and a scarcity of genuine and instant encounters among employees, because behaviors are no more evident or available. There are generally multiple right methods to execute the task.

Managers and employees must discuss these relevant performance goals like performance goals must be attainable, taking into account the harsh uncontrollable factors and the hurdles that employees confront when working from home. Furthermore, organizational goals should be flexible, evaluated, revised more frequently, and altered if needed. Thirdly, goals must be clearly and completely stated. This is especially significant when individuals work from different remote areas and are not in often touch with each other.

2. Measurement of Adaptive Performance

Performance is a multifaceted concept that encompasses the following types (i) Work performance & job description (ii) OCB (iii) Ineffective performance & (iv) Adaptive performance. Adaptive performance is especially important at times of crisis and fast changes because workers' capacity to learn fast and innovate is important for the organization's existence in the long run. Pulakos, *et al.*, 2000 identified eight components of adaptive performance, which are as follows:

- a. Coping up with the crisis and emergency conditions
- b. Job stress management
- c. Problem solving in creative manner
- d. Managing unexpected events
- e. Learning job task
- f. Exhibiting cultural adaptation
- g. Showing adaptability in physical sense etc.

Adaptability becomes a vital quality during and beyond COVID-19 pandemic, when monitoring task, OCB etc. becomes challenging, which should be assessed to establish employees' performance levels.

3. Regularly Organizing Stay Interviews to Retain Talented Employees

Aguinis, 2014, Aguinis & Bradley, 2015, and Murphy, 2020 found that the performance level of employees continues to follow a highly skewed distribution with a small number of highly effective performers contributing majorly more than vast majority of workers. It is critical to keep top performers who make more impactful contributions to establish and sustain a competitive advantage and withstand pandemic (Aguinis *et al.*, 2012). A stay interview should be included in the performance management system to accomplish the goals mentioned above. These interviews are designed to uncover what motivates top performers to stay with the company and give information that management may utilize to implement retention strategies (Aguinis *et al.*, 2012).

4. Executing a Performance Management System using Several Sources

Managers and workers are the only ones who complete performance assessments in most firms (Mercer, 2019). In reality, only around 20% of employees are rated by their co-workers (Voza, 2020). A multisource performance management system, often known as 360 degree performance appraisal system, provides several advantages to organizations. In this appraisal system, superiors, peers, juniors, vendors, suppliers, partners, and customers rate employees' performance. It is best used for the growth of employees. When employees are teleworking, this system may help them connect and strengthen their emotional commitment to the team and business and their sense of togetherness. Employees are used to accepting this feedback willingly when it comes from numerous people simultaneously. That's why this approach encourages collaboration and feedback.

5. Collection and Usage of Performance Promoter Scores System

The strategic orientation of businesses changes swiftly, time is limited, events frequently spiral out of control, and employee behaviour is difficult to assess due to distant job satisfaction. As a result, firms must modify performance management and utilize clear, brief, significant, insightful, detailed, and quick measurements. Aguinis and Burgi-Tian (2021) created the promoter score to measure performance (PPS), which is particularly beneficial for measuring performance during pandemic and building on the well-known net promoter score (NPS). PPS also has the benefit of monitoring the performance of not just people but groups. As a result, in addition to rewarding individuals, PPS may be used to incentivize collections (Gomex-Mejia *et al.*, 2015).

CONCLUSION

The budget constraints and income downfall are caused by the COVID-19 pandemic, leading to substantial talent management problems. Many firms have chosen to lower or altogether eliminate performance assessments and reviews in light of these challenging conditions. In reality, these methods are being phased out, which shows that many firms do not use the state-of-the-science performance management system, instead preferring to rely on performance assessment. On the other hand, performance management is well equipped to solve the multiple talent management issues raised by the COVID-

19 problems because it fulfills significant operational, tactical, informational, instructional, organizational, maintenance and record-keeping needs. To address talent management difficulties five evidence-based recommendations have been given:

- Measurement of results with addition to behaviors
- Measurement of adaptive performance
- Regularly organizing stay interviews to retain talented employees
- Executing a performance management system using several sources
- Collection and usage of performance promoter scores system

These evidence-based strategies will assist companies in dealing with challenges during a crisis and enable them to thrive once the crisis has passed.

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