The impact of performance appraisal methods on enterprises in the Internet era

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Abstract:
The purpose of this study is to explore the impact of performance appraisal methods on enterprises in the Internet era. Through literature review, empirical data analysis and case studies, we study the emerging performance appraisal methods in the Internet era, as well as their positive and negative impacts on enterprises. The study found that in the Internet era, factors such as data-driven performance reviews, the use of technology tools, and flexible remote work environments have had a profound impact on business performance. However, there are also some challenges and issues that companies need to overcome. This study is helpful for enterprises to better understand and cope with the changes of performance appraisal methods in the Internet era.

Keywords: Internet era, performance appraisal method, data-driven

1. Introduction

1.1 Background
With the rapid development of the Internet, enterprises are faced with major changes in performance appraisal methods [1]. Traditional performance appraisal methods are gradually not applicable to the modern business environment, so it is necessary to study the emerging performance appraisal methods in the Internet era and their impact on enterprises. The advent of the Internet era has given rise to new job roles, such as social media operations and data analysts. However, the inflexibility of traditional performance appraisal methods may hinder their ability to fully accommodate the requirements of these emerging positions, resulting in a lack of corresponding evaluation indicators and methodologies. Consequently, accurate assessment and motivation for employees in these roles may be compromised, thereby impacting their work enthusiasm and professional growth.

1.2 Research purpose
The purpose of this study is to explore the impact of performance appraisal methods on enterprises in the Internet era, including its advantages, challenges and future trends. Specific questions will focus on how the new performance appraisal methods adapt to the needs of enterprises in the Internet era, and what challenges may be faced in practice. This study will adopt a combination of qualitative and quantitative research methods, case analysis and questionnaire survey as the main means, through the collection of actual cases and employee feedback data, to deeply explore the impact of performance appraisal reform on enterprise operation, employee motivation and organizational development. Through the exploration of performance appraisal methods in the Internet era, this study aims to put forward corresponding predictions and suggestions for the future development of enterprises, which will help enterprises better adapt to the challenges and opportunities of the Internet era, improve the efficiency of performance management, and promote the sustainable development of organizations.

2. Overview of performance appraisal methods in the Internet era

2.1 Characteristics of the Internet era
The characteristics of the Internet era include digitalization, globalization, information, networking and intelligence. These characteristics make enterprises need to be more flexible and agile in responding to market changes, and make better use of data and technology to improve efficiency and innovation.
2.2 Limitations of traditional performance appraisal methods

Traditional performance appraisal methods usually rely on annual evaluations, supervisor evaluations and quantitative indicators [2][3]. These methods may have limitations in the Internet era, such as slow response speed, inaccurate data, and inadaptability to changes.

2.3 Emerging performance appraisal methods in the Internet era

In the Internet era, emerging performance appraisal methods include real-time data analysis [4], 360-degree feedback [5], automated evaluation tools [6], and OKR (Objective and Key Results). These methods emphasize data-driven, continuous feedback and goal-oriented.

3. Influencing factors of performance appraisal methods and their impact on enterprises in the Internet era

3.1 Influencing Factors

The main influencing factors include data-driven performance evaluation, technology-based performance monitoring, automated and intelligent performance management tools, and flexible remote working. Data-driven performance reviews utilize big data and analytics tools to monitor employee performance and business metrics. This allows businesses to more accurately assess employee performance, identify potential problems and make timely adjustments. Technology tools such as artificial intelligence, machine learning and big data analytics can help companies monitor employee progress and performance. This helps improve productivity and fine-grained management. Automated tools can streamline performance evaluation and management processes, reduce tedious manual work and increase efficiency. Intelligent tools are able to provide employees with personalized feedback and suggestions to promote employee growth and development.

In the age of the Internet, more and more enterprises are adopting flexible working arrangements and remote working modes. This flexibility provides employees with more autonomy, as well as the need for new performance reviews to assess remote work performance.

3.2 Impact on the business

The impact on the enterprise is mainly manifested in four aspects: improving productivity and efficiency, promoting innovation and employee engagement, improving employee satisfaction and retention, and aligning with the strategic objectives of the enterprise. Data-driven performance appraisal methods and technological tools in the Internet era can help enterprises better understand work processes and employee performance, thereby improving productivity and efficiency. Emerging performance appraisal methods emphasize goal-orientation and continuous feedback, which can help promote innovation and active employee participation, and improve job satisfaction. More fair and transparent performance appraisal methods can improve employee satisfaction, increase employee loyalty and reduce employee turnover. Emerging performance appraisal methods place more emphasis on goal alignment, helping employees better understand corporate strategic goals and improve team collaboration and overall performance.

4. Analysis of successful cases

4.1 Different types of enterprises

Different types of businesses may need to adopt different performance review models to best meet their specific business needs and culture. For technology businesses, performance reviews can rely on the progress and quality of the project, as well as the maintainability and security of the code. Technology businesses often emphasize innovation and can therefore include the introduction of new products or features as one of their performance metrics. Google, for example, has adopted the OKR (Objective and Key Results) system, which links employee performance to clear goals and key results. This approach emphasizes transparency of goals and evaluation methods, which makes employees more motivated to work and makes the entire organization more dynamic. Spotify uses the “Squad” model, which organizes teams into small, agile teams, each with their own goals and metrics. This approach encourages innovation and team collaboration, making the company more flexible.

A sales and marketing business may focus on increasing sales and expanding market share. Performance reviews can be measured based on the performance of the sales team and the effectiveness of marketing campaigns. In addition, maintaining customer satisfaction is equally critical for sales and marketing businesses, so customer feedback and survey results can be incorporated into performance reviews. Amazon, for example, uses a highly data-driven approach to sales performance. They provide reps with real-time sales dashboards that show their sales data, customer feedback, and goal achievement. This transparency helps sales reps better understand their performance and inspires competitiveness.

Manufacturing companies typically focus on production efficiency and product quality. Therefore, performance appraisal can rely on key performance indicators such as
the running time of the production line, scrap rate, on-time delivery rate, etc. In manufacturing, safety is of paramount importance. An employee’s safety awareness and actual safety record can be part of a performance review. At present, most state-owned enterprises take safety assessment as part of performance assessment, which not only improves the safety awareness of employees, but also reduces the occurrence of accidents.

**4.2 Different types of positions**

Success stories of performance appraisal methods for different positions in the Internet age can provide examples of how to effectively evaluate employee performance.

**4.2.1 Sales Positions:**

Salesforce has adopted the Objective and Key Results (OKR) system, which links the performance of sales representatives to clear sales goals and key results. This approach emphasizes transparency and measurement of goals, which motivates sales reps and helps achieve sales growth.

**4.2.2 Software Development jobs:**

GitHub is a code hosting platform and they have contribution charts for developers that show how much each developer has contributed to the project, including code submitted, requests merged, etc. This transparency helps developers measure their code contributions and collaboration.

**4.2.3 HR Positions:**

LinkedIn provides hiring metrics to help HR professionals track the effectiveness of hiring campaigns, including hiring speed, hiring costs, employee onboarding rates, etc. This helps optimize hiring strategies and evaluate the performance of the hiring team.

These success stories show that performance appraisal methods for different positions can be customized according to the nature and objectives of the position to ensure that employees’ work is aligned with the strategic objectives of the business. The key is to choose the appropriate indicators and tools to ensure that the appraisal approach can motivate employees, improve work efficiency and achieve business objectives.

**5. Problems and challenges faced**

The issue of the impact of different enterprises’ performance on enterprises involves multiple aspects. The issues may vary from firm to firm and industry to industry. Each enterprise should carefully analyze and evaluate the importance of performance to its business and development according to its own situation and strategic objectives to determine the appropriate performance management methods and strategies. It is difficult to find universal laws.

In addition, the performance appraisal reform in the Internet era faces many challenges, which cover multiple levels such as technology, culture and management. Possible challenges such as data privacy and security issues, the risk of technology dependency, cultural and managerial challenges, employee aversion and distrust, rapidly changing technology and market environment, complexity and diversity, lack of data analysis capabilities, etc., require targeted solutions.

**6. Research findings discussed and recommendations made**

Through literature review and case studies, this report summarizes the positive impact of performance appraisal methods on enterprise performance in the Internet era, including improving productivity, promoting innovation, and improving employee satisfaction. Performance appraisal reform is a complex task that requires companies to fully consider the challenges that exist and develop appropriate strategies to overcome them. The key is to ensure that the performance review approach is aligned with the strategic objectives of the business, while balancing data-driven assessment with the needs and expectations of employees. For different types of enterprises and different types of positions, customized performance appraisal methods are needed to make performance appraisal play the biggest role in the Internet era.

**7. The future research direction**

The emergence of the Internet era has given rise to novel job roles, such as social media operations and data analysts. However, the rigidity of conventional performance appraisal methods may impede their ability to fully accommodate the requirements of these emerging positions, resulting in a lack of corresponding evaluation indicators and methodologies. Consequently, accurate assessment and motivation for employees in these roles may be compromised, thereby impacting their work enthusiasm and professiona

**References**
