Chapter 1

A Conceptual Artificial Intelligence Application Framework in Performance Appraisal

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ABSTRACT

It is the era of data and artificial intelligence (AI). They changed the way we did work, lived life, and even thought. It is a crucial time for companies to retain employees and hire new, talented employees. AI can help in doing the same. There's no doubt that AI technology has changed HR practices, and this change has accelerated since the beginning of the COVID-19 pandemic. HR (human resource) managers use AI, and it's helped them make less biased, accurate, and data-supported decisions in all performance management process. In this chapter, the authors discuss organizational justice and its role in performance appraisal. Furthermore, performance appraisal satisfaction and how AI supports performance appraisal are discussed. A conceptual framework has been used to show the relationship between AI technology applications and performance appraisal functions. All in all, they try to help organizations and scholars understand how AI technology practices change performance appraisal.

INTRODUCTION

HR managers need to undertake performance reviews to assess their employees' effectiveness and ability to accomplish business goals (Richards et al., 2019; Kakkar et al., 2020). Undoubtedly, it is a crucial time for companies and businesses to survive and keep growing in today's market. AI is part of software engineering tries to replace humans with machines (Lee et al., 2018; Brooks, 1991; Schank, 1987). Technology is changing organizations day-by-day. Today's businesses are using AI in different departments, from marketing to HR (Strohmeier and Piazza, 2015; Tewari and Pant, 2020; Bhardwaj et al., 2020).

Data is the backbone of AI, and scholars assumed HR was the department that was not as data-driven as other departments (Davenport, 2014). Despite that barrier, different companies have released software that enables organizations to use AI in HR functions and even for companies that can't generate big data (Cheng and Hackett, 2021). AI technology has the potential to eliminate repetitive tasks, help in making decisions, and perform some tasks that require decision-making. Since the start of the COVID-19 pandemic, organizations have accelerated their use of AI.

This study examines how the performance appraisal model is impacted by the usage of AI, so a conceptual framework has been used to illustrate the relationship between AI technology applications and performance. In this paper, we are trying to help organizations and scholars understand how AI technology practices change performance appraisal systems and update your knowledge regarding recent application of AI in HR practices.

The subsequent part of this paper discusses the relevant theoretical literature. The third part presents the conceptual framework model, and the final section is the conclusion.

BACKGROUND OF THE STUDY

Performance Management

Performance is considered as an outcome of activity, particularly job function, at a specific time (Bernardin and Beatty, 1984). Different scholars define performance management differently. Mohrman and Mohrman (1995) define performance management as a tool for managing business. Walters (1995) defines performance management as a process which directs and supports employees to achieve as high as possible work efficiency and effectiveness. Aguinis, in his book "Performance Management for Dummies", defines performance management as a continuous process that aims to identify, measure, and develop performance (2019).

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