

Optimization of Product Development Team Performance Appraisal System of Internet Company Based on OKR

Yu Huang

Northwest University of Political Science and Law, Xi'an 710000, China.

Abstract: With the advent of the era of big data and knowledge economy, the business environment has changed considerably, requiring enterprises to conform to the development and change performance appraisal. In this context, the new performance management model represented by the Objective and Key Result (OKR) method has begun to receive extensive attention from the theoretical and practical circles. This paper takes the product development team of HD as an example to optimize the performance appraisal system through the objective and key result method to stimulate the employees' autonomous initiative and innovation ability, so as to promote the promotion and application of OKR management mode in Internet-based enterprises.

Keywords: Performance Management; Objective and Key Result; Internet Enterprises

1. Current situation of product development team performance appraisal

HD researches and develops information systems and web products, providing technology development and customer service. Project A involves many business units of the company, and its product development team is responsible for developing and maintaining a fast iterative reporting system for Company B to optimize the user experience. The organizational structure is as follows: under the product manager, there is a market research group, a project manager, and a user experience group; under the project manager, there is a business requirements group, a product design group, a technology development group, a functional testing group, an operation and maintenance support group, and a project management group.

The company's human resources department is set up in the headquarters, and a branch commissioner is assigned to carry out the implementation of performance appraisal. The appraisal of the product development team members is mainly for the weekly and monthly closure within the project, the transfer report and the completion of daily work. The team conducts daily morning meetings to do work progress reporting and planning. Due to the high demand for technology in the Internet industry, the company puts more effort on technology development and reduces the emphasis on management. The work content is characterized by high innovation, high relevance and non-quantifiable, and part of the performance appraisal relies on subjective evaluation.

2. Problem analysis of product development team performance appraisal

First, the nature of work in Internet companies does not apply to the traditional performance management model. Employees are mainly engaged in mental labor, and tasks are completed by multiple collaborators with flexible processing and high innovation. Most of the work results are difficult to quantify, and the time to be transformed into economic benefits is longer than that of traditional industries, so it is difficult to set up indicators quantitatively, and the performance results are difficult to evaluate.

Second, the resistance brought by the one-way flow of appraisal. Performance appraisal is not easily changed after it is designated by the superior, while in practice, the degree of urgency and the solution are characterized by uncertainty due to the emergence of sudden problems of the product and so on. Therefore, the pre-designed performance indicators will be out of touch with the actual work, and the effectiveness of the assessment is greatly reduced. Secondly, employees will feel a sense of purpose for the indicators set by their superiors, and will not be able to find their personal goals and perceive their personal growth through the team, and will lack positive feedback information.

Third, the comprehensive evaluation content is broad, and the form of assessment is reduced to "personal assessment". Due to the changeability and unmeasurability of the work content, the unquantifiable part of the assessment relies on subjective evaluation, and the employees who are in the circle and have good relationships will get higher scores in the assessment. At the same time, the unfairness brought by the "popularity appraisal" will reduce the cohesion of the team and the sense of belonging to the enterprise.

3. The need to adopt OKR for performance appraisal

The Objectives and Key Results (OKR) method is a performance management tool. Where O is the objective and KR is the key performance centered on milestones to be achieved. In the 1970s, Andy Grove invented OKR. OKR is a set of management tools that track objectives and their accomplishment, promote teamwork, and focus energy on measurable contributions that will grow the organization.^[1]

Internet companies are located in the field of rapid technological updates, the rapid development of competing companies, companies must pay attention to the development of trends, adjust the direction of the product, the requirement to be able to hit the "moving target". If you continue to use the KPI assessment tool, the indicator system is too rigid, the target adjustment is difficult, OKR is a more agile performance management method, will set a challenging, measurable milestones, set a large number of measurable and executable key results around the target to facilitate the completion of the target, regular performance review and timely adjustment.

Diversified division of labor within Internet enterprises. Organizations need to create an organizational atmosphere of continuous communication and learning, innovate core competitiveness, and form a learning organization. With the transparent goal-setting and horizontal collaboration characteristics of OKR work method, an open communication and collaboration system can be formed to improve efficiency, realize the transformation from "employment relationship" to "cooperative relationship", and let employees understand the value of their own work, so as to truly realize the Y hypothesis of human nature theory. Realize the Y hypothesis of human nature theory.^[2]

4. Optimization design of OKR-based performance appraisal system

In the development of the appraisal program and the implementation of the whole process, the process involved mainly consists of preparation, development, follow-up, scoring, performance interviews, the use of appraisal results and other stages. The process requires performance communication throughout to promote the smooth implementation of OKR performance appraisal.

4.1 Preparation stage

On the one hand, the management should learn the concept of OKR, set up a special OKR team, and make clear the person in charge. On the other hand, the whole staff should be notified in the form of meetings, emails, etc., and all staff should learn OKR. OKR should be set according to the following principles: first, the goals should be set to take into account the challenge and achievability, to ensure the balance of the goal setting, and the best score status between 60% and 70% of the total score.^[3] Second, the management process and assessment indicators should be open and transparent, effectively aligning OKRs and creating a learning organization atmosphere.^[4] Third, the establishment of personal goals should be as focused as possible, limited to five or less, indicating primary and secondary goals.

4.2 Formulation Stage

4.2.1 Confirmation of corporate strategic objectives and mission vision

First of all, the company's current strategic objectives and vision should be determined, and the decomposition of the objectives at all levels is based on the premise of clear corporate strategic objectives. According to the company's strategic planning, the analysis of the external situation of the industry in which it is located, the decomposition is summarized through the corporate objectives.

4.2.2 Confirmation of Team OKRs

Since OKR emphasizes the creativity of the basic staff, the goal (O) is determined by first letting the basic staff discuss their own goals (individual O), and then summarizing the team goals (team O), which is a bottom-up process; the team members work together according to the enterprise's goals and visions, provide opinions on the team O, and confirm the team O. Subsequently, the top-down

decomposition of the goal (O) is carried out to obtain a number of quantifiable key results (KR). The team communicates internally, fully listens to the opinions of grassroots employees, and provides timely feedback on problems with OKRs and makes corrections.

4.2.3 Confirmation of Individual OKRs

After confirming the team's OKR, then adjust the confirmation of personal goals and key results according to the team's OKR, pay attention to the personal O needs to be associated with the team KR. Make the team O to team KR to individual O to individual KR is a top-down, bottom-up coherent process, so as to rolling revisions, through the decomposition of personal goals (O), to get a number of quantifiable key results (KR). Vertical and horizontal OKR alignment is performed so that individual OKRs can be effectively aligned.

4.3 Follow-up Stage

Communication is the key throughout the implementation of OKR. The quality and frequency of communication between managers and employees affect the effectiveness of OKR implementation. Weekly meetings and conferences are utilized to follow up on OKRs, with full discussion around the progress of OKRs, issues and risks, and to-do lists, etc. OKRs can be adjusted and re-aligned if necessary. Management should listen to employees carefully and give them timely feedback and support ^[5].

4.4 Summarize scoring and performance interviews

All employees score the OKRs. While reminding everyone to take the initiative to score their OKRs, it is important for everyone to realize that OKR scores have nothing to do with individual performance, but only represent the achievement of goals for this cycle. The appraiser conducts a performance interview with the appraisee. The content includes: review of past performance, reasons for scoring the performance results, and future work arrangements.

4.5 Application of appraisal results

On the one hand, the appraisal results are linked to the performance pay, and on the other hand, they provide the prerequisite basis and reference for the next round of OKR setting. However, it is necessary to pay attention to the fact that the setting of performance pay should not be too rigid, so as not to reduce the standard of OKR setting due to the pursuit of pay and weaken the challenge of OKR setting.

5. Conclusion

The problems faced by HD's performance appraisal have certain commonality with those in the same Internet technology industry. The industry-specific innovativeness, flexibility, and extensibility make the indicators unquantifiable and make it difficult to finalize the performance program, and a set of scientific and complete performance appraisal system is lacking. OKR management tool is easy to operate, clear objectives, specific to the executive level, can improve the creativity and initiative of employees, promote the completion of difficult work, and promote team cohesion. It has certain reference significance for the product development team in the same Internet industry and even other flat and innovative enterprises.

References

[1] Yao Q. OKR Agile Performance Management, You Learn It [M]. Beijing:China Industrial and Commercial Union Publishing House, 2019.

[2] Yao K, Ding TL. Anti-touching fish: a management approach based on X+Y theory[J]. Enterprise Management, 2022(05): 88-92.

[3] Wei J. Analysis of optimization strategy of company performance management system based on OKR[J]. Knowledge Economy, 2020, 000(005): 103-104.

[4] Kristina. OKR Work Method: The High Performance Secrets of Google, Collage and Other Companies [M]. Beijing:CITIC Press, 2017:3-5.