

# Reconstructing the Adaptive Performance Management Model in the Dynamics of Flexible and Hybrid Work in the Digital Era

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**Abstract.** This study aims to reconstruct the adaptive performance management model within the context of flexible and hybrid work dynamics in the digital era. The research approach used is a literature review with a qualitative method and descriptive analysis. Data was collected from Google Scholar and several credible websites for the period 1991–2025, initially comprising 30 articles, which were then filtered down to 17 most relevant articles through a stringent selection process. The research findings show that traditional performance management models need to transform into more adaptive systems by integrating agile principles, the use of digital technology, self-determination theory, goal-setting theory, and dynamic capability theory. In hybrid and flexible work environments, performance is more effectively assessed using an outcome-based approach, continuous feedback, and real-time digital platforms. This research also highlights the importance of new competencies for managers to manage remote team performance and the need to prioritize employee psychological well-being within the adaptive performance management system. Case studies from various multinational companies support these findings, where flexible performance management approaches have enhanced productivity and employee engagement. This research is expected to serve as a foundation for organizations to develop performance management systems that are more relevant to the demands of modern work.

**Keywords:** Adaptive Performance Management, Flexible Work, Hybrid Work, Digital Era, Agile Performance Management.

## 1. Introduction

The digital era has brought profound transformations in organizational structures, operational patterns, and work culture across the globe. The rapid advancement of digital technologies—such as cloud computing, artificial intelligence (AI), and virtual communication tools—has accelerated the adoption of flexible work arrangements, including remote work, hybrid systems, and non-traditional working hours. These shifts demand that organizations adapt not only to technological infrastructure but also to new ways of managing human resources. Flexibility has become essential for sustaining productivity [1]), yet this paradigm shift also introduces complex challenges in monitoring and evaluating employee performance within decentralized and digitally connected work environments.

Traditional performance management models, which rely on physical presence, direct supervision, and attendance-based output, are gradually losing their relevance. In the context of hybrid and remote work, measuring performance solely through tangible outputs or adherence to fixed schedules no longer captures the comprehensive value contributed by employees. Increasingly, organizations recognize the need for adaptive performance metrics that reflect competencies such as virtual collaboration, technological engagement, innovation, and the ability to respond swiftly to dynamic change. Adaptability has thus emerged as a central theme in redefining performance systems for the digital work era [2].

Given these demands, there is a growing need to reconstruct a performance management model that is both responsive and proactive—one that fosters employee development while aligning with flexible work structures. The reconstructed model must integrate elements of agility, empowerment, digital collaboration, and results-oriented assessment. This implies a shift from input-based measurements to outcome-based evaluations that

include creativity, initiative, problem-solving abilities, and contributions to organizational innovation. Furthermore, the model must account for employee well-being, especially as digital work environments often result in blurred boundaries between personal and professional life, increased workload distribution, and sustained digital connectivity.

The transformation of work dynamics also requires changes in how performance expectations are communicated. In hybrid environments, effective communication, goal clarity, and trust-building between leaders and employees become critical to sustaining performance [3]. Adaptive models must support two-way communication that is transparent and continuous. Leadership should transition from a supervisory role to a coaching-based approach, incorporating real-time feedback and flexible goal-setting. Unlike conventional annual reviews, this approach emphasizes ongoing dialogue and alignment, allowing employees to adjust and improve iteratively.

Recent literature emphasizes the crucial role of digital technology in supporting adaptive performance systems. Platforms such as Slack, Microsoft Teams, and Asana offer real-time collaboration and task management capabilities that maintain organizational coordination while respecting employee autonomy (Rightpoint, 2024). Additionally, AI-powered analytics tools provide deeper insights into individual and team performance by interpreting data related to engagement, emotional well-being, and collaboration effectiveness [4]. Such technologies enable organizations to assess qualitative performance indicators that were previously difficult to quantify, further supporting a holistic evaluation process. However, the strategic use of technology must also consider ethical implications, especially regarding data privacy, transparency, and algorithmic fairness.

Despite these advancements, ensuring fairness and inclusivity remains a significant challenge. Hybrid work structures increase the risk of proximity bias—favoring employees who are more physically visible in the workplace—which can distort performance perceptions and evaluation outcomes [5]. An effective adaptive model must include mechanisms to reduce such biases, including the use of objective and standardized outcome-based assessments, transparent evaluation processes, and training for managers to lead hybrid teams equitably. Addressing these issues is crucial for sustaining trust and equity in the workplace.

To develop a comprehensive conceptual model, this study explores a range of theoretical perspectives, including Agile Performance Management Theory, which emphasizes continuous feedback and iterative development (HBR, 2016), and Dynamic Capability Theory, which focuses on the ability of organizations to integrate, build, and reconfigure internal competencies in response to environmental changes (Teece, Pisano, & Shuen, 1997). The study also draws on contemporary literature in Digital Leadership and Employee Experience to inform model development. Best practices from organizations such as Microsoft, which has successfully implemented adaptive performance systems in hybrid work contexts, will be examined to enrich the empirical basis of the model. Furthermore, the relevance of these concepts will be contextualized within the Indonesian organizational landscape, which has unique socio-cultural dynamics, including hierarchical work structures and varying degrees of digital maturity.

Based on the aforementioned background, this study aims to conduct a systematic literature review to reconstruct an adaptive performance management model that is relevant to the dynamic realities of flexible and hybrid work in the digital age. The result of this reconstruction is expected to serve as both a theoretical contribution to academic literature and a practical guide for organizations—particularly those operating in Indonesia—to design more effective, inclusive, and future-ready performance management systems.

### **1.1. Adaptive Performance Management**

Adaptive performance management is an approach to managing employee performance that is flexible and responsive to changes in the business environment and organizational dynamics [6]. Unlike traditional systems, which are rigid and focused on annual evaluations, adaptive performance management emphasizes the achievement of continuously adjusted goals, ongoing feedback, and empowering employees to thrive in uncertain and changing conditions. This approach highlights the need for collaboration, individual capability development, and the use of technology to support real-time performance monitoring and development, making it highly relevant in the context of the fast-changing modern workplace.

### **1.2. Flexible Work**

Flexible work refers to work arrangements that give employees the freedom to choose the time, place, and methods of work that best suit their individual needs and productivity [7]. Forms of flexible work include flexible working hours (flextime), remote working, compressed workweeks, and job sharing. The goal of flexible work is to improve work-life balance, increase motivation, and retain talented employees while ensuring

organizational goals are still met. In practice, flexible work requires high trust between managers and employees and a performance management system that can measure outcomes without relying on physical presence.

### **1.3. Hybrid Work**

Hybrid work is a work model that combines on-site office work and remote work in a balanced manner, according to the needs of the organization and employee preferences [5]. This system is designed to optimize productivity, collaboration, and employee well-being by providing flexibility in determining when and where employees work. The hybrid work model demands a new approach to performance management, the use of collaborative technology, and the strengthening of an inclusive organizational culture for employees located in various locations. As hybrid work evolves, organizations must create adaptive policies and accurate performance measurement systems, even when employees are not physically present in the office.

### **1.4. Digital Era**

The digital era refers to a period of social, economic, and organizational transformation marked by the massive use of digital technologies such as the internet, artificial intelligence, big data, and digital collaboration platforms [8], [9]. In this era, technology has transformed how organizations operate, innovate, and manage human resources, including in the realm of performance management. The digital era requires organizations to become more agile, data-driven, and customer-centric while facing challenges such as data security, changing workforce competencies, and adapting to new business models. In the context of performance management, the digital era promotes the use of cloud-based systems, predictive analytics, and platform-based communication to optimize employee performance.

### **1.5. Agile Performance Management**

Agile Performance Management is a performance management approach based on agile principles, such as flexibility, collaboration, continuous iteration, and focus on results [10]. This approach replaces the traditional rigid performance systems with one that prioritizes regular feedback, short-term goal setting, continuous employee development, and team empowerment. Agile Performance Management allows organizations to quickly respond to business changes by aligning employee goals with evolving strategic priorities, enhancing engagement, and accelerating innovation. This concept is particularly well-suited for dynamic work environments like flexible and hybrid work in the digital era.

## **2. Method**

This study employs a literature review approach with a qualitative method to gain a deep understanding of the reconstruction of the adaptive performance management model within the context of flexible and hybrid work in the digital era. A qualitative approach was chosen to comprehensively explore various concepts, theories, and practices of adaptive performance management based on credible academic sources. The analysis in this study was conducted using descriptive analysis techniques, aimed at interpreting, comparing, and synthesizing the key findings from various relevant literatures. The primary data sources for this research come from scientific articles published between 1991 and 2025, with a focus on data obtained from Google Scholar and other credible academic and organizational websites, such as ResearchGate, ScienceDirect, Taylor & Francis, SpringerLink, as well as official reports from organizations. The selection of these sources was based on the quality, accuracy, and relevance of the information to the research focus. The data collection process began with identifying and downloading 30 articles related to the topics of adaptive performance management, flexible work, hybrid work, and the impact of digital transformation on work dynamics. An initial selection was made based on the titles and abstracts of the articles to ensure their relevance to the research focus. Following that, a deeper content review was conducted to assess the quality of methodology, source credibility, and alignment with the research objectives. Through a rigorous selection process, considering theoretical validity, empirical contributions, and practical relevance, the number of articles used in the final analysis was narrowed down to 17. These selected articles were analyzed by categorizing key findings based on major themes such as adaptive performance management models, organizational strategies for supporting hybrid work, the use of technology in performance management, and challenges and solutions in flexible work dynamics. During the analysis process, thematic coding techniques were employed to identify major patterns, differing perspectives, and relationships between concepts emerging from the literature. Each theme identified was then developed narratively to create a comprehensive understanding of the need for reconstructing the performance management model that meets the demands of the digital era. Furthermore, to maintain the validity of the research findings, a source triangulation process was conducted by comparing findings from different trustworthy articles and

reports. This strategy aimed to minimize interpretive bias and enhance the reliability of the analysis. Data that did not meet credibility criteria or had potential conflicts of interest were excluded from the final analysis.

### **3. Result and Discussion**

The development of flexible and hybrid work has brought about fundamental changes in the way organizations manage their human resources, now requiring a more adaptive and responsive approach to the dynamics of environmental change. In this regard, the Dynamic Capabilities Theory provides a strong foundation for understanding the importance of an organization's ability to adapt, respond to market changes, and build new capabilities relevant to meet these challenges [11]. With the adoption of flexible work models, organizations must not only maintain traditional performance management methods but also develop more flexible capabilities, such as result-based monitoring and evaluation, and the development of employee competencies that are more focused on actual contributions and individual achievements. This transformation replaces direct supervision models with result-based management systems that emphasize the strengthening of creativity, innovation, and collaboration, which can occur even when separated by physical distance or time zones. This concept leads to a more decentralized performance management model, where the role of technology as a tool for communication and collaboration becomes increasingly dominant, allowing organizations to maintain operational efficiency and effectiveness amidst the shifting work paradigm. Organizations capable of developing these dynamic capabilities will be better prepared to face rapid changes, maintain competitiveness, and optimize human resource performance in the ever-evolving flexible and hybrid work contexts.

Research in the *Industrial and Organizational Psychology* journal shows that the implementation of Agile Performance Management within organizations can increase employee engagement by up to 30% and accelerate internal innovation, as this model emphasizes continuous feedback, dynamic goal adjustment, and employee development coaching, replacing the traditional annual performance appraisal approach [12]. These findings are particularly relevant in the context of flexible and hybrid work, where the fast-changing work environment forces organizations to adapt quickly and effectively in managing performance. In such conditions, static and rigid performance management systems become inadequate, as they cannot respond to the need for timely changes. The application of agile principles in performance management becomes crucial, as a strategic choice and an urgent necessity to ensure productivity remains intact and talent can be retained amidst ongoing changes. The reconstruction of an effective performance management model in the digital era must account for flexibility, collaboration, and adaptability—hallmarks of the agile model—to create systems that are more responsive to market dynamics and individual employee needs.

The Self-Determination Theory approach provides deep insights into the psychological factors that motivate employees in a flexible work environment [13], particularly in the hybrid context. Autonomy, competence, and relatedness are the three core elements that drive intrinsic motivation in employees. In hybrid settings, employees require a higher degree of autonomy over task and work time management, as this flexibility allows them to work more independently and take responsibility for their outcomes. Furthermore, the sense of competence in using technology to manage remote work becomes a key factor in ensuring that employees can work effectively despite not being in the same physical location. Relatedness to the team is also an essential factor, where employees need to feel connected and part of a larger group even when separated by distance and time. An adaptive performance management model should be designed to account for these three aspects by creating an environment that supports optimal performance, both through clear work outcome measurements and the evaluation of employees' psychological engagement in each work process. This ensures that employees are assessed based on the output achieved, as well as the extent to which they are emotionally and psychologically engaged in the work performed.

A successful example of a hybrid work model can be seen at Microsoft, which, in the report *The Next Great Disruption is Hybrid Work* (2021), revealed how they reconstructed their performance management by introducing the "Hybrid Work Paradox Model" [14]. In this model, employee success is measured based on clear, measurable outcomes, personal flexibility, and contribution to team innovation. Microsoft shifted its focus from the traditional annual performance review system to a more responsive and continuous approach, introducing daily pulse surveys and real-time feedback to replace the rigid annual appraisals. This demonstrates that, even though Microsoft is a large global organization, they recognize the importance of redesigning their performance management system to remain relevant amid the changing work landscape, which is becoming increasingly flexible and distributed. The application of a result-based performance management system with fast feedback allows the organization to measure performance more accurately, assess employee engagement and innovation in the context of a more dynamic work environment, and maintain a balance between

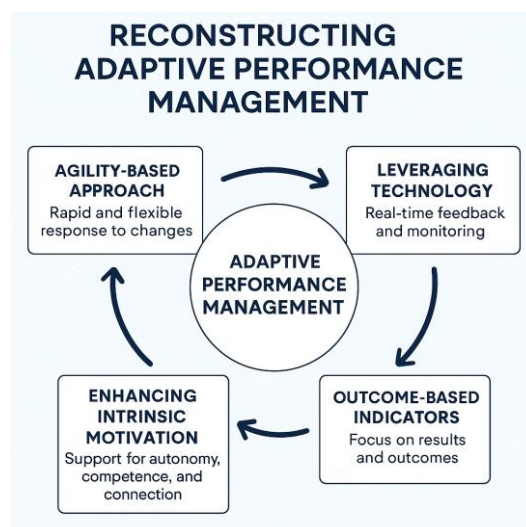
productivity and flexibility. Thus, Microsoft shows that even large global companies must actively adjust and update their performance management approaches to support employees working in the ever-evolving hybrid model.

Research in the Electronic Journal reveals that although employees in remote work settings tend to work more hours, productivity per hour can decrease without an effective and adaptive performance monitoring system [15]. This finding emphasizes the importance of a performance management model that focuses not only on the volume of work but also on work efficiency and its contribution to the organization's long-term goals. In this context, fair workload management becomes crucial to ensure that employees are not overburdened with excessive tasks that could reduce the quality of their work. Moreover, establishing performance indicators based on outcomes, rather than just outputs, allows organizations to evaluate work results that are more relevant and impactful. Lastly, to ensure performance is maintained, fast and constructive feedback mechanisms are necessary for employees to improve their work in real-time, creating a more responsive and efficient performance management process. This underscores that performance management in remote work environments requires a more measured and adaptive approach to enhance productivity and ensure organizational goals are met.

The Goal-Setting Theory provides a strong framework for developing an adaptive performance model, where clear and challenging goals, coupled with timely feedback, have been shown to significantly improve performance [16]. In the hybrid work context, applying this theory requires an emphasis on the importance of regular goal negotiation and clarification, as teams separated by physical locations may face challenges in communicating directly. Employees in hybrid settings need to perceive a clear connection between their individual goals and the organization's mission and vision, so they feel motivated to achieve them with a clear understanding of expectations. Furthermore, open communication channels are crucial, enabling employees to obtain clarification and support when necessary, ensuring they meet performance targets and feel ownership over the process and results. This approach highlights that performance management in hybrid work environments requires dynamic arrangements, with continuously updated goals and adaptive support, to ensure optimal outcomes in flexible work conditions.

Gojek provides a relevant example of successful hybrid work implementation in Indonesia, having developed an innovative digital-based Performance Enablement system. This system utilizes flexible OKRs (Objectives and Key Results), allowing for goal adjustments that can adapt to business needs and work dynamics. To support effective performance management, Gojek also integrates routine coaching sessions through a virtual platform, ensuring continuous interaction and guidance even as teams work in remote or hybrid settings. Additionally, regular engagement surveys offer insights into employee satisfaction and involvement, helping management identify areas for improvement. This approach enables Gojek to maintain innovation speed, ensuring employees stay motivated and productive despite working in a distributed setting. Gojek's case confirms that performance management based on clear outcomes, coupled with responsive feedback mechanisms and the adaptation of digital work culture, is vital for maintaining organizational performance in the era of flexible work. Gojek can efficiently optimize employee performance with this integrated system, ensuring organizational goals are achieved despite the challenges posed by a more flexible work arrangement [17].

Based on the integration of theory, previous research findings, and case studies discussed, it can be concluded that the reconstruction of adaptive performance management models must adopt an agility-based approach, allowing organizations to move quickly and flexibly in responding to change, while strengthening employees' intrinsic motivation by providing space for autonomy, competence development, and strong team relationships. Additionally, the use of technology as a performance management support tool, such as real-time feedback systems and digital platforms for monitoring, becomes critical in ensuring transparency and responsiveness. Designing performance indicators focused on results and clear outcomes, while being inclusive of the dynamics of flexible work conditions, will help organizations more accurately measure achievements aligned with strategic goals. With this approach, organizations will be able to create a relevant performance management system in the digital era, serving as a key driver of productivity, innovation, and employee well-being in the long term, while preparing them to face future challenges more effectively.



**Figure 1.** Reconstructing the Adaptive Performance Management Model

#### 4. Conclusion

This study concludes that the dynamics of flexible and hybrid work in the digital era require the reconstruction of traditional performance management models towards more adaptive, agile, and outcome-based models. Based on the literature review conducted, it was found that an adaptive performance management model relevant to the current work context is one that integrates the principles of agile performance management, self-determination, goal-setting, and dynamic capabilities. This model must be able to align performance measurements with the needs for individual flexibility, support psychological engagement, and optimize the use of digital technology to ensure effective monitoring and performance development. This reconstruction serves as a response to changes in the work environment, as well as a proactive strategy to maintain productivity, innovation, and employee well-being in the long term.

The theoretical implications of this research are the need to expand the concept of performance management to encompass factors such as adaptability, autonomy, technology, and the sustainability of work relationships in flexible work situations. Practically, organizations need to revise performance appraisal systems, replacing the annual evaluation approach with a continuous feedback model, setting dynamic work goals integrated with organizational development, and building digital support systems that enable real-time performance tracking. For human resource practitioners, this research provides guidance that performance management can no longer be separated from an understanding of employees' intrinsic motivation and the need for work flexibility in the digital era.

Based on the research findings, it is recommended that organizations, both in the private and public sectors, adopt an outcome-based hybrid performance management approach, emphasizing collaboration and supported by the use of digital platforms for feedback and coaching. Organizations should also provide training for managers and supervisors on virtual performance management skills, including giving constructive feedback and building remote team connectivity. Future researchers are encouraged to develop this conceptual model into empirical quantitative or qualitative studies to test the validity of the proposed reconstruction model across various industries and organizational cultures.

This study has several limitations that need to be considered. First, as a qualitative literature review, this research relies on the quality and relevance of articles available within the 1991–2025 timeframe, meaning that the results are highly dependent on the completeness of secondary data. Second, because this research did not conduct field studies or primary surveys, it has not been able to confirm the application of the reconstruction model in real-world situations quantitatively. Third, most of the literature analyzed focuses on the context of large organizations in developed countries, so the adaptability of the model in small-scale organizations or in developing countries like Indonesia needs further testing in future studies.

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