Performance Appraisals Don’t Work

Second only to firing an employee, managers cite performance appraisal as the task they dislike the most. This is understandable given that the process of performance appraisal, as traditionally practiced, is fundamentally flawed. It is incongruent with the values-based, vision-driven, mission-oriented, participative work environments favored by forward thinking organizations today. It smacks of an old fashioned, paternalistic, top down, autocratic mode of management which treats employees as possessions of the company.

**The Traditional Performance Appraisal Process**

In the conventional performance appraisal or review process, the manager annually writes his opinions of the performance of a reporting staff member on a document supplied by the HR department. In some organizations, the staff member is asked to fill out a self-review to share with the supervisor.

Most of the time, the appraisal reflects what the manager can remember; this is usually the most recent events. Almost always, the appraisal is based on opinions as real performance measurement takes time and follow-up to do well. The documents in use in many organizations also ask the supervisor to make judgments based on concepts and words such as excellent performance (what's that?), exhibits enthusiasm (hmmm, laughs a lot?) and achievement oriented (likes to score?).

Many managers are uncomfortable in the role of judge, so uncomfortable, in fact, that performance appraisals are often months overdue. The HR professional, who manages the appraisal system, finds his most important roles are to develop the form and maintain an employee official file, notify supervisors of due dates, and then nag, nag, nag when the review is long overdue.

Despite the fact that annual raises are often tied to the performance evaluation, managers avoid doing them as long as possible. This results in an unmotivated employee who feels his manager doesn’t care about him enough to facilitate his annual raise.

**Employee Performance Appraisal is Painful and It Doesn’t Work**

Why is this established process so painful for all participants? The manager is uncomfortable in the judgment seat. He knows he may have to justify his opinions with specific examples when the staff member asks. He lacks skill in providing feedback and often provokes a defensive response from the employee, who may justifiably feel he is under attack. Consequently, managers avoid giving honest feedback which defeats the purpose of the performance appraisal.

In turn, the staff member whose performance is under review often becomes defensive. Whenever his performance is rated as less than the best, or less than the level at which he personally perceives his contribution, the manager is viewed as punitive.

Disagreement about contribution and performance ratings can create a conflict ridden situation that festers for months. Most managers avoid conflict that will undermine work place harmony. In today’s team-oriented work environment, it is also difficult to ask people who work as colleagues, and sometimes even friends, to take on the role of judge and defendant.

Further compromising the situation, with salary increases frequently tied to the numerical rating or ranking, the manager knows he is limiting the staff member’s increase if he rates his performance less than “outstanding”. No wonder managers waffle, and in one organization with whom I worked, ninety-six percent of all employees were rated “one".

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Am I completely against performance appraisals? Yes, if the approach taken is the traditional one I have described in this article. It is harmful to performance development; damages work place trust, undermines harmony and fails to encourage personal best performance. Furthermore, it underutilizes the talents of HR professionals and managers and forever limits their ability to contribute to true performance improvement within your organization.

A performance management system, which I would propose to replace the old approach, is a completely different discussion. And, I don’t mean renaming performance appraisal as “performance management” because the words are currently in vogue. Performance management starts with how a position is defined and ends when you have determined why an excellent employee left your organization for another opportunity.

Within such a system, feedback to each staff member occurs regularly. Individual performance objectives are measurable and based on prioritized goals that support the accomplishment of the overall goals of the total organization. The vibrancy and performance of your organization is ensured because you focus on developmental plans and opportunities for each staff member.

**Performance Feedback**

In a performance management system, feedback remains integral to successful practice. The feedback, however, is a discussion. Both the staff person and his manager have an equivalent opportunity to bring information to the dialogue. Feedback is often obtained from peers, direct reporting staff, and customers to enhance mutual understanding of an individual’s contribution and developmental needs. (This is commonly known as 360 degree feedback.) The developmental plan establishes the organization’s commitment to help each person continue to expand his knowledge and skills. This is the foundation upon which a continuously improving organization builds.