

Why Bother? The Need for Better Performance Appraisals

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Performance Appraisals. Managers hate to give them, employees hate receiving them. So why bother? The very definition of performance management incorporates performance appraisals as it states that this is the process of **setting expectations, aligning goals, assessing results and focusing on staff development** through **ongoing feedback between managers and their subordinates**. These performance reviews are a necessary evil as they are an essential part of the performance management equation which speaks to accountability and feedback.

Performance appraisal can be described as an ad-hoc formal process whereby employees are evaluated by some judge (typically a supervisor) who assesses the employee's performance along with a given set of dimensions, assigns a score to that assessment, and then usually informs the employee of his or her formal rating. Performance management refers to the wide variety of activities, policies, procedures, and interventions designed to help employees to improve their performance. In order to have a good performance management system, it begins with the performance appraisals but also includes feedback, goal setting, and training, as well as reward systems. By the early 2000s, organizations were using performance appraisals mainly to hold employees accountable and to allocate rewards.

Performance appraisal is used for a variety of purposes in organizations (Cleveland et al., 1988), and these purposes influence the way performance is defined (e.g., task performance vs. contextual performance; Podsakoff, Ahearne, & MacKenzie, 1997) and the way raters and ratees approach the task of performance appraisal (Murphy & Cleveland, 1995).

In recent years the relationship between the employee and their employers has changed. There is now a lack of loyalty and job security and greater scepticism between the employee and their employer. This is mainly because employers are now adapting to the modern cheaper and faster working environment which has resulted in employees being viewed as free agents who offer their services for predetermined shorter periods of time (Bengston, 2003).

Douglas McGregor in a well-known scholar specializing in organisational behaviour in 1972, published an article titled "An Uneasy Look at Performance Appraisal." in the Harvard Business Review. He was looking at the hidden drawbacks of traditional performance reviews. He proffered that the main issues with performance appraisals were defensive responses of the subordinate, excessive judgmental approaches of supervisors along with the general dread and often avoidance of the entire process.

Domske (2010) also did a review of the problems associated with performance reviews and argued that mishandled appraisals can lead to dysfunctional behaviour because they often are manipulative, abusive and autocratic. In an article titled "Performance Reviews", Ashoffner (2010) an HR Director, in his article entitled "Performance Reviews", discussed how he was sued by three employees who were laid off based solely on poorly handled information in their annual performance appraisals. Rick Dacri in

2005 also wrote an article on performance appraisals which he titled “Unwanted, Disliked, Dishonest: Performance Appraisal Must Go” which argued that we should destroy all performance appraisals, stating, Employees don’t like them, managers hate giving them and they are rarely written honestly anyway. Manish (2009) suggested dropping performance appraisals and simply sitting down and discussing performance issues face-to-face in a conversational manner.

It has been said that the main factor in having better more successful performance appraisals is to ensure a positive relationship between the employee and their employer combined with a good corporate culture. The following 5 points were seen as major influences in ensuring better performance appraisals:

- Choose wisely - hire the best people the corporation can afford.
- Empower these people by pumping them full of self-confidence.
- Show them what success looks like; be clear on expectations.
- Measure performance accurately in a performance-oriented work environment.
- Reward them generously and have a clear connection between performance and pay

The following 3 points were seen as the major stumbling blocks to achieving successful performance appraisals by Bacal (2009), in his article, “Why Performance Appraisals Fail”:

- Lack of objectivity on the employer’s part,
- The failure to focus on developmental issues,
- Fairness issues.

Domski (2010) in Dysfunctional Behavior added that most appraisals lack ongoing real-time reviews, genuine employee involvement, and often fail to actually recognize good performance. Dacri (2005) further argues that many evaluations often understate problems in order to avoid the inevitable war of confrontation. Mathison 1988 however, acknowledges the role played by traditional distortions in perception, such as halo-horn effect, contrast effect, primacy recency bias, assumed similarity, and finally, favoring similarity, as major sources of problems in the annual performance review process.

How performance appraisals can be improved

1. Empowering the employee

This can be done by involving the employee in developing their own goals within the context of the unit and developing their strengths and building a mentor system; for example, as used by General Electric (Welsh, 2005) where part of one’s assessment is how well the person you are assigned to mentor performs a line of responsibility.

1. Make the performance reviews comfortable for both parties involved

You should aim to reduce the tensions associated with the manager-employee annual review. This softens some of the avoidance and management impulses to understate performance problems (Welsh, 2005).

1. Offer clear succession plans for good performers

Early in one's career, the more your skills are known to the larger organization, the faster one's career is likely to advance (Bratton & Gold, 2008). Additionally, this semi-public announcement of one's unique goals may draw additional support of resources within the group or organization

Some businesses have dropped performance appraisals altogether, choosing to replace them with frequent, informal check-ins between managers and employees. Technology companies such as Adobe, Juniper Systems, Dell, Microsoft, and IBM have led the way. Price Water Cooper tried it with a pilot group in 2013 and then discontinued annual reviews for all 200,000-plus employees. Deloitte followed in 2015, and Accenture, Gap, KPMG with General Electric, the long-time role model for traditional appraisals making similar announcements shortly thereafter. Deloitte reported that 58% of HR executives considered reviews an ineffective use of supervisors' time. In a study by the advisory service CEB, the average manager reported spending about 210 hours—close to five weeks—doing appraisals each year. The trend in leaving traditional performance appraisals is due to the return of people development, the need for agility and the centrality of teamwork.

However, for those companies who intend to keep doing performance reviews, there is a need to remember that productive and positive annual reviews begin with a healthy positive relationship and continuous dialogue between the employee and supervisor, all within the context of a consistent application of best practices. This is certainly the beginning of the annual review as a positive source for employee motivation and better more successful performance appraisals.

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