

Debate

The Usefulness of Performance Reviews

ISSUE: Should companies get rid of the performance review?

The beginning of the year brings with it something dreaded by employees: the performance review. Performance reviews are meant to measure an employee's progress over the year and determine whether their performance meets the expectations of the job. The theory behind performance reviews is that they help employees enhance their strengths and improve on their weaknesses. Performance reviews are often used in promotion or compensation decisions. Many firms have tried to adapt the performance review, or even include feedback from other employees in the form of 360° feedback to gain a better appreciation of an employee's performance.

Performance reviews act as an important benchmark for employees. Supporters argue that it helps employees realize how they are doing compared to others in the company and allows them to see areas of improvement. The ability to measure an employee's performance is essential in determining how he or she fits in with the firm. Performance reviews also provide the manager with the ability to help the employee improve on his or her strengths and weaknesses, improving employee skill sets and giving them more of an opportunity to advance in their careers. Managers who genuinely care about their subordinates can work with the employee more closely to enhance his or her performance.

Performance reviews help employees look toward the future and anticipate ways that they can develop to become higher performing employees. They are also highly important in recognizing high achievers. Employees who are performing highly can be recognized and awarded accordingly. From a business perspective, performance reviews are also efficient because they identify the lowest performers. Managers can determine whether those who score low in a performance review are likely to improve with additional training. However, if they cannot, then it might be more productive for the employer and employee to part ways. In this way, performance reviews can possibly increase productivity and make operations more efficient.

However, organizations including Adobe, Juniper, and Kelly Services have begun to scrap the traditional performance review due to perceived weaknesses. Critics of performance reviews believe they have so many flaws that the time it takes to implement a review in no way equals the benefits. Instead, it creates tension between employees and their supervisors. There are many disadvantages to performance reviews that could hinder their usefulness. For instance, managers are themselves not unbiased. It has been shown that managers tend to give higher ratings to employees that they have hired and lower ratings to employees who are different from them.

Critics suggest that the performance review places employees at odds with their managers because they have different intentions. Employees are more concerned with compensation or promotion, while employers are more interested in employee improvement. Also, because the performance review is a one-way form of communication, it places the boss in a powerful and intimidating position. Additionally, many performance reviews have criteria that may or may not be specific to that employee's particular job. Opponents argue that since all employees are different, they cannot possibly be fit into a box of predetermined criteria.

A recent study suggests that it is often a company's best employees that dislike criticism the most. Additionally, high achievers who are rated below the highest rating are often crushed, even if they still receive a high score. Contrary to popular opinion, this research study seems to demonstrate that those who want to improve do not like the negative feedback given in a performance review and—like many people—will often zone out once a supervisor begins to provide negative feedback.

While it would suggest that performance reviews have many disadvantages, supporters believe that the problem is not in the review, but with the manager involved in the review. They argue that managers do not often prepare themselves adequately for the review. Additionally, they stress that performance reviews should never be a onetime feedback mechanism. While they should serve as an overall benchmark of the employees' strengths, progress, and weaknesses over the past year, managers should constantly be providing their employees with feedback on how they are doing. This would mean at performance reviews should never be a surprise.

Some alternatives to the traditional performance review have been suggested. One alternative is the 360° review, which gets employees and even customers involved in the review. While this helps eliminate the bias of just one person (the manager), it still has the weakness of incorporating biases from other people. Another alternative is to make the performance review more of a two-way form of communication. Instead of the manager simply evaluating the employee's performance, employees could also be provided with the opportunity to share their thoughts about their superiors or the company. This would help keep the managers accountable in working toward employee progress. REI, for instance, has an independent firm conduct an annual employee survey to gather employee feedback about the company, its benefits, their engagement, and more. The survey is anonymous so employees can feel comfortable being honest.

There are two sides to every issue:

1. Traditional performance reviews should be completely eliminated due to their disadvantages.
 2. Traditional performance reviews act as important indicators of employee progress and productivity.
-

Sources:

Josh Bersin, "Time to Scrap Performance Appraisals?" Forbes, May 6, 2013, <http://www.forbes.com/sites/joshbersin/2013/05/06/time-to-scrap-performance-appraisals/> (accessed February 4, 2014).

Samuel A. Colbert, "Get Rid of the Performance Review!" The Wall Street Journal, October 20, 2008, <http://online.wsj.com/news/articles/SB122426318874844933> (accessed February 4, 2014).

Rose Johnson, "Advantages & Disadvantages of Performance Evaluation," Chron, <http://smallbusiness.chron.com/advantages-disadvantages-performance-evaluation-21143.html> (accessed February 4, 2014).

Jena McGregor, "Study finds that basically every single person hates performance reviews," The Washington Post, January 27, 2014, <http://www.washingtonpost.com/blogs/on-leadership/wp/2014/01/27/study-finds-that-basically-every-single-person-hates-performance-reviews/> (accessed February 4, 2014).

REI, "Employee Engagement & Retention," <http://www.rei.com/stewardship/report/workplace/employee-engagement-retention.html> (accessed February 4, 2014).

Derek Thompson, "The Case Against Performance Reviews," The Atlantic, January 29, 2014, <http://www.theatlantic.com/business/archive/2014/01/the-case-against-performance-reviews/283402/> (accessed February 4, 2014).