

PERFORMANCE REVIEWS LOSE STEAM



The time of year for the dreaded performance review is upon us. However, some companies are choosing to forego this particular rite of passage. While most companies continue to conduct performance reviews once or twice a year, about 1 percent of today's companies are abandoning the practice altogether. The consensus among that 1 percent is that performance reviews do not particularly motivate workers to perform better or more efficiently and that they are often anxiety provoking. But experts suggest that if performance reviews are dropped, they must be replaced with some sort of approach to giving feedback to employees. Even those who use performance reviews, their use is not favored. Almost two-thirds of human resources officers rated their own performance management procedures a C or less according to a professional association called WorldatWork. In an academic review of 600 different studies involving employee feedback, nearly 66 percent of the appraisals received a zero or even reported having a negative impact on employee performance following the feedback. Atlassian Inc. is a software company based in Sydney, Australia. Last year, the company started an experiment which they recorded in their blog wherein they ditched the traditional performance review for its 450 employees. Employees had previously been evaluated two times a year on a 5-point scale. These evaluations were plotted on a bell-shaped distribution curve which then determined the bonus each worker would receive. Instead of generating discussion about how to increase performance, the reviews cause major problems within the company. Employees became anxious and unmotivated. The new plan consisted of allowing managers and workers to discuss goals and performance at weekly individual meetings encouraging feedback to happen both ways. An online app was also used to help springboard discussion and participation. The company also did away with linking performance bonuses to the bell-shaped curve distribution and instead gave an across the board 8 percent raise to everyone and even threw in some group bonuses and stock options. Samuel Culbert is a professor of management at the University of California in Los Angeles. He co-authored a book entitled, "Get Rid of the Performance Review!" Culbert states that traditional performance reviews tend to be an intimidating process and can make employees afraid to acknowledge their weaknesses. Most experts agree that when eliminating such reviews, other options for feedback must be put into place. They argue that some kind of review is necessary to prevent workers from slacking off on their duties, as well as to ensure that employees who are doing well are recognized for their accomplishments. Also, companies that do not use traditional reviews feel it puts a lot of responsibility on the shoulders of the managers as well as employees to have what could be very difficult conversations. Other managers fear the repercussions that could occur if an employee is fired and there is no official performance review on file.

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