

Overcoming the harmful flaws in Performance Appraisal Systems



Although service providers, consultants, HR professionals, and software companies spend ever more time and money on Performance Appraisal Systems (PAS), the increased effort can do little to decrease the gap between promise and reality.

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The Promise: Performance reviews are supposed to provide an objective evaluation that helps determine pay and lets employees know where they can do better.

The Reality: Reviews are inevitably political and subjective, and create schisms in boss-employee relationships. The link between pay and performance is tenuous at best.

It is negative to corporate performance, an obstacle to straight-talk relationships, and a prime cause of low morale at work. Even the

mere knowledge that such an event will take place damages daily communications and teamwork. I offered several reasons why I find performance reviews bogus in the previous issue of the Budapest Business Journal. I will now add some more and, of course, an alternative as well.

PERFORMANCE DOES NOT DETERMINE PAY

It's a nonsense idea that pay is a function of performance, and that the words being spoken in a performance review will affect pay. I believe market forces primarily determine pay, with most jobs placed in a salary range prior to an employee's hiring. The boss, and the boss' boss, then determines raises largely as a result of the market or the budget. The performance review is simply the place where the boss comes up with a story to justify the predetermined pay. If the raise is lower than the subordinate expects, the boss has to say, "We can work to get it higher in the future, and here are the things you need to do to get to that level." Or the boss can say, "I think you walk on water, but I got push-back from HR and we'll try again next year." Too

many lines spoken in a performance review are a cover story for the truth and have little to do with performance.

ONE SIZE DOES NOT FIT ALL

Employees all come with their own characteristics, strengths, and weaknesses that they orchestrate in every attempt to perform at their best. And yet in a PAS, employees are supposed to be measured along some predetermined checklist. In almost every instance, what is being "measured" has less to do with what an individual was focusing on in attempting to perform competently and more to do with a checklist expert's assumptions about what competent people do. This is why pleasing the boss so often becomes more important than doing a good job.

PERSONAL DEVELOPMENT IS IMPEDED

You would think that the person in the best position to help somebody improve would be his or her boss. The number one reason for that reluctance is that employees want to turn to somebody who understands their distinctive talents and way of thinking or knows them sufficiently well to appreciate the reasons behind the

IF PERFORMANCE IS GOOD

- What were the key factors that influenced how your performance turned out?
- Which strengths of yours do you think benefited you most?
- What ideas do you have in mind to leverage these strengths even more?

IF THE PERFORMANCE IS POOR

- What are your feelings on where we are in terms of your performance?
- What was happening to you when you stopped there?
- What other options can you think of to solve this issue?

GOAL-SETTING

- What are your goals for your current role?
- Is there a special challenge or skill you want to acquire?
- What are your most important development or career goals for the coming year?

FEEDBACK ABOUT THE MANAGER

- What is your view about the way I manage you as your boss?
- What works well for you in my managerial style?
- What would work better for you to make your job easier?

I often hear that managers resist the concept of ongoing coaching because they believe it is too time-consuming. Actually, it is quite the opposite. Managing poor employee performances is extremely time-consuming. Managers have to provide written reviews, spend time with employees to discuss these reviews, monitor progress made based on these reviews, and provide corrective feedback as required. In contrast, ongoing coaching might take 10 minutes of a manager's time every week. With such enhanced and regular communication and interaction, corrective measures are more easily and seamlessly applied, and results are visible fairly quickly.

unique ways they are driven to operate. By contrast, people do not want to pay a high price for acknowledging their need for improvement – which is exactly what they would do if they armed the boss with the kind of personal information he or she would need to help them develop. It could all come back to haunt them in the performance review.

PERFORMANCE SURPRISE

Most PAS suggest providing feedback on an annual or semi-annual basis. It's unfair to face the employees with their performance once a year. It gives both parties an opportunity to observe what has happened, but no corrective action can be taken, and it is too late recall where, when, and how the good or poor performance occurred.

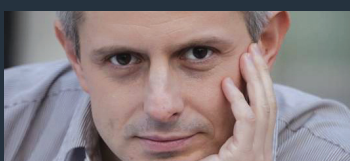
If your spouse prepares your favorite dessert, you say thank you when you arrive home and do not wait until Christmas because it is the time to be grateful. Why do managers do it differently in the workplace? It is important for the subordinates to get recognized or razzed at the time the performance occurs, not at some future point in time.

WHAT IS THE ALTERNATIVE?

Replace the traditional PAS with a continuous model and establish one-on-one meetings with team members as an opportunity for feedback and coaching. Every month or each time either the boss or the subordinate has the feeling that they aren't working well together, one meeting should be dedicated to a discussion on how the person can enhance his own performance and play to his strengths.

The boss' assignment is to guide, coach, and tutor; provide oversight, and generally do whatever is required to assist a subordinate in performing successfully. The discussions should be about how we, as teammates, are going to work together even more effectively and efficiently than we have done in the past. The meeting structure keeps the focus on the future and what "I" need from you as "teammate and partner" in order to accomplish what we both want to see happen.

Realistic assessment of someone's positive qualities requires replacing scores on standardized checklists with inquiry. As a result, step number one in giving effective feedback almost always involves "active questioning" inquiry. Both participants need an answer to the most significant issue at hand: "Given who I am and what I'm learning about this other individual, what's the best way for us to complement one another in getting work accomplished with excellence?" Let me offer a few questions you may want to use during the reviews. ■



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