Making the most of staff appraisal

What if you learned that you could eliminate a time-intensive workplace process that causes harm to your business?

What if you also discovered that despite the process’ harm, nearly all professional firms in Kenya with more than 10 permanent staff utilise it?

So, ditching the common procedure could unlock a distinct competitive advantage for your firm. Such a scenario represents a plausible easy decision for you as the manager of your entity.
Now that the foundation for the corporate absurdity is formed, would you still be so brave to eliminate it once you find out that the harmful process is the employee-loathed but executive-loved performance review process.

Shocked? Jump from one organisation to another and even casual observers find that annual performance reviews represent one of the most ubiquitous features in our corporate landscape.

Managerial thinking entails opinions that performance reviews actually improve workplace employee behaviours and therefore enhance corporate outcomes.

However, as demonstrated multiple times in the Business Daily, a disconnect exists between what executives intuitively think is correct and what science actually knows.

Social scientists firmly understand the dangers of performance evaluations whether in dissimilarity bias and supervisory lies to primacy, regency, halo, and trait issues to staff demotivation, increased turnover, and perceived injustice outcomes as discussed previously in Business Talk.

Recently, yet another recent powerful study jointly from America and Canada displayed even more harm done by performance reviews.

Sue Moon, Steven Scullen, and Gary Latham investigated a particular recurring feature of performance evaluations — forced distribution rating systems.

The forced distribution that most performance reviews requires involves categorising employees into different lumped groupings.

Such employee types typically involve three or four classifications of excellent, good, acceptable, and unacceptable employee outcomes.

General Electric in the 1980s made classification systems famous and linked rewards to one’s rating category. Most firms followed suite and now do the same.

Executives typically prefer various individual behaviours outcomes among their staff that include task behaviour performance by fulfilling the roles included in their official job descriptions.

Also, supervisors desire organisation citizenship behaviour whereby staff go out of their way above and beyond their defined roles to assist the company and their fellow employees on personal and professional levels. Managers also want lower employee turnover behaviour. Additionally, employers crave lower counterproductive workplace behaviour.

Counterproductive actions, as an example, largely led to the 2008 global financial crash through mortgage loan officers in the United States unethically forcing risky debt through the approval process in order to earn large bonuses tied solely to new business generation.
Managers might submit to conventional thought rather than scientific-based fact thinking that such classifications within performance appraisals make employees strive harder and boost companies’ bottom lines through the control of the above four staff behaviours. However, Moon and her team found precisely the opposite on three indicators.

In the short-term, forced distribution rating systems do increase in-role task behaviour that leads to higher individual performance because it motivates higher efforts and both attracts and retains top talent.

However, the classifications cause dramatically lower organisation citizenship behaviour whereby employees stop helping one another and work solely to attain the desired classification.

Inasmuch, workers engage in counterproductive behaviour to harm, sabotage, and sideline fellow workers and overall corporate goals just to fall within the classification systems.

So in the medium-term and long-term, individual job performance on tasks begins to suffer as the worsened behaviour and dysfunctional excessive competition reduces work effort.

Tasks interdependent within a team or between departments prove particularly vulnerable to the effects of the undesirable actions and suffer more than solely independent tasks.

Over time, organisational culture suffers irrecoverable damage.

Interestingly, other mountains of research show that feedback to employees does improve their performance.

Feedback increases worker-supervisor bonds, improves workplace trust in co-workers and management, and leads to a transformational organisational culture.

So what should managers do if performance reviews and evaluation rankings cause harm but feedback proves useful? Introduce the scientifically supported solution.

Conduct monthly or quarterly affirmative performance coaching that incorporates feedback but leaves out the formality and problems of review. Require managers to meet with their staff individually on a monthly basis. Train supervisors to make the sessions positive-based, not deficiency-focused. Discuss the staff’s career, envision the future, share how they can enhance or alter behaviour to reach their goals.