



- Global Economics
- Companies & Industries
- Politics & Policy
- Technology
- Markets & Finance
- Innovation & Design
- Lifestyle
- Business Schools
- Small Business
- Video & Multimedia

Workplace

Performance Reviews: Why Bother?

By Claire Suddath | November 07, 2013

-
-
-
-
-
- SEND TO kindle



Illustration by R. Kikuo Johnson

When Peter Gross, an editor in the financial services industry in Virginia, walked into his 2008 yearend performance review, he was feeling pretty good. “I knew I’d get dinged on some nebulous things like ‘initiative’ and ‘enthusiasm,’” he says. “But on the measurable stuff, I’d exceeded all my goals.” So he was taken aback when, on a scale from one to five, his manager gave him mostly twos and threes. “I remember there was one thing I was supposed to do 30 times over the course of year, and I’d done it 49 times, but I still only got ‘meets expectations,’” he recalls. Every year after that, Gross worried for weeks leading up to his annual review. “I was a mess,” he says. “I’d be up stress-eating until 2:30 in the morning, and of course the actual day was nerve-racking.”

Performance reviews can be traced to the 1930s, when a Harvard Business School professor named Elton Mayo studied the behavior of workers in a Western Electric

Most Popular Feed

Read	Shared	Discussed
------	--------	-----------

- Four Reasons Why Putin Could Be Marching Back Into Ukraine
- Taylor Swift /s the Music Industry
- The Complete 2014 Business School Ranking
- Pizza Hut Goes Flat With Redesigned Logo
- Malcolm Gladwell: Football Is a Moral Abomination
- Taylor Swift /s the Music Industry
- Four Reasons Why Putin Could Be Marching Back Into Ukraine
- The Complete 2014 Business School Ranking
- Best Business Schools 2014: Duke Tops Full-Time MBA List, Harvard Slips
- Math Proves It: Hipsters All Look the Same
- Putin Is Losing Out to China in Central Asia's Latest 'Great Game'
- India vs. China: The Battle for Global Manufacturing
- Putin's War Games Are Setting Off Alarms Worldwide
- 214,000 More Jobs Are Great. But Where Are the Raises?
- When Will Americans Ever Get Raises?

Subscribe to our *daily* Newsletter [Sample copy](#)

Companies Mentioned

MSFT (Microsoft Corp)
 \$49.33 **0.55** **1.1%**
 USD

factory. He found that happiness and productivity were directly related to the social structure of the workplace. Suddenly it wasn't enough to just hire someone to do a job; bosses had to manage and mentor people, too. They did that, usually, with formal meetings. In 1950 the U.S. government institutionalized this with the Performance Rating Act, which mandated annual reviews of federal employees. Later laws would tie bonuses and salaries to these assessments.

Unsurprisingly, hauling people into a conference room and rating them on a numerical scale isn't a popular practice. A 1997 national survey by the Society for Human Resource Management found that only 5 percent of employees were satisfied (42 percent were dissatisfied) with their companies' review process. Even those who should be its champion—HR departments—can barely muster enthusiasm. A 2010 Sibson Consulting study found that 58 percent of HR managers dislike their own review systems.

"The best kind of performance review is no performance review," says Aubrey Daniels, a clinical psychologist turned management consultant who coined the term "performance management" in the 1970s. "It's a sadistic process for what purpose I don't know." Take Microsoft's (MSFT) "stack racking" method. The system grades employees on a curve, meaning a certain number must be labeled underperformers. Stack ranking creates a sense of helplessness and failure and "encouraged people to backstab their co-workers," as David Auerbach, a former Microsoft software engineer, put it.

The biggest problem with reviews, Daniels says, is that they happen too infrequently. Managers should address issues when they arise, not six or eight months later. "Think of a sports team: A coach doesn't wait until the end of a season to give his players feedback," he says. A sit-down with your superior can be beneficial, but the discussion should be forward-looking, not a nitpicking appraisal of the past. "[My boss's] rule is that if you're hearing something for the first time in the annual review, that he hasn't done his job right," says Emily Faye Abbott, an assistant district attorney in Knoxville, Tenn.

"Mainstream management is embedded in, and relies on, a culture of domination," writes UCLA Anderson School of Management professor Samuel Culbert in *Get Rid of the Performance Review!*, "and the performance review is the biggest hammer management has." Feedback shouldn't be like a report card, Culbert says. Daniels urges his clients to eliminate the process, and says one of them, Blue Cross & Blue Shield of Alabama, is considering it. "I've convinced them they don't need it, but they haven't totally abandoned it. It's scary for a company to drop a procedure they've been doing for years."

The true goal of the performance review isn't to help the employee—it's to help the company. "A lot of people won't tell you this, but they don't need to document your good performance, just your poor one," Daniels says. "That way they have written documentation that'll help them get rid of you without fear of retribution."

Despite his lackluster review, Gross wasn't fired. He still works at the same company, under a different manager he likes much better. "Even if he rates me the same way, it won't mean as much, because I know he doesn't care about specific numbers," he says. "Now I'm OK with being average."

Market data is delayed at least 15 minutes.

BloombergBusinessweek

Does Copper Signal a Stronger Global Economy?



Wal-Mart Shares Gain on Increased Same-Store Sales



Obama Visits Myanmar, a Success Story That Has Soured



Why Gamco's Howard Ward Remains Bullish for 2015



Regulators Say Overdraft Protection Is a Loan in Disguise



Keyssa Promises to Let You 'Kiss' Your Cords Goodbye



Ebola: Doctors Without Borders Shows How to Manage a Plague



A Customer-Service Giant Wants to Chop Down the Automated Phone Tree



Obamacare: A Guide for the Self-Employed



Is OnDeck Capital the Next Generation of Lender or Boiler Room?



Ads by Google

Lifestyle related Jobs

Post a Job

Business Development jobs

Design jobs

Entertainment jobs

Environmental jobs

Executive jobs

Healthcare jobs

Suddath is a staff writer for *Bloomberg Businessweek*.



SEND TO kindle



LIMITED-TIME OFFER SUBSCRIBE NOW

Legal jobs

Management jobs

Marketing jobs

Real Estate jobs

Retail jobs

Sales jobs

View all Lifestyle related jobs

SimplyHired

Sponsored Links

Buy a link now!

Social

- Follow us on Twitter
- Join us on Facebook
- Connect with us on LinkedIn
- Connect with us on Google+
- Subscribe to Bloomberg Businessweek



Links

- Our Company
- News Mission
- Advertising
- Careers
- Content Licensing
- Feedback
- Custom Publishing
- Manage Subscription
- Mobile
- Newsletters
- Privacy Policy
- Reprints & Permissions
- Sitemap
- Terms of Use
- [+] Rate This Page
- Sponsor Content Terms

Get Businessweek Delivered



The Year Ahead: 2015

SUBSCRIBE

blog comments powered by Disqus