

Performance Appraisals

A Final Criticism

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This document examines what the author believes to be the quality that makes performance appraisal and performance appraisal systems immune to critique, criticism or challenge; namely, the fact that it shores up and buttresses a hierarchical system of managerial authority and, in so doing, also reinforces an underlying reliance on fear as the basic means of managerial control even if it is only occasionally invoked.

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I have for many years railed against performance appraisal systems but to very little effect. I know of only a few companies that have heeded my counsel and scrapped the darn things. My efforts have been largely fruitless and likely to remain so. However, in this paper I do have one last criticism to launch against performance appraisals. I also believe this final criticism of mine drives straight to the heart of the matter but I leave that judgment to you, the reader.

First, please know that I am not the only one to criticize performance appraisals. Other critics include W. Edwards Deming, Tom Coens (co-author of *Abolishing Performance Appraisals*), and professors Samuel Culbert and Jeffrey Pfeffer. Criticisms regularly leveled against performance appraisals include arguments that they are wasteful, counter-productive and just plain worthless. Performance appraisal defenders immediately point to the supposed virtues of such systems. But neither side to the debate seems to be making any progress. Critics remain steadfast; so do defenders. It is a deadlock. One thing seems clear, unless and until HR becomes opposed to performance appraisals and more CEOs are persuaded to scrap them, performance appraisals will remain a fact of life in most organizations.

This issue, viewed through the lens of Kurt Lewin's force-field analysis, has critics pushing toward scrapping performance appraisals and defenders pushing back with equal force. Because performance appraisals are already in place, it falls to their critics to dislodge them. So far such efforts have been almost entirely futile. I say "almost entirely" because a few companies here and there have scrapped their performance appraisal systems – but the vast majority has not and, in my opinion, they are not likely to do so any time soon. Pushing harder won't get the job done. However, Lewin's force-field analysis also suggests a strategy not of pushing harder but of under-cutting the opposing forces.

So what, then, are the opposing forces used to respond to and negate criticisms of performance appraisals? For the most part they consist of the supposed benefits of performance appraisals and chief among these are the following:

- Performance appraisals are useful and valuable when they are done properly.
- Performance appraisals offer a much-needed forum for providing feedback to employees.
- Performance appraisals provide a mechanism for setting work objectives and developmental plans.
- Performance appraisals provide a necessary degree of legal protection.
- Performance appraisals provide a means of distributing pay raises.
- Performance appraisal systems standardize and make performance appraisal itself a fair and valid process.

These claims in favor of performance appraisal have been taken to task by more than one author (including yours truly) and, in my view, shown to have no credible foundation (and even less in the current environment of "hire and fire at will"). Yet challenging or even disproving the validity of these claims seems to make no difference. There must be something else at work and I think I know what that something else is.

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In my published critique of performance appraisal systems¹, I included a list of supposed benefits of performance appraisals similar to the one above but I also mentioned another benefit, one I did not bother taking to task. Here is what I wrote back then:

“A perhaps less typical but more candid executive might add a final benefit: the formal performance appraisal system shores up an organization’s hierarchical authority system. It gives the supervising manager control over the carrots and sticks in what is essentially a carrot-and-stick management system.”

As we will see, I believe it is this quality of performance appraisal systems that sustains their existence and makes them so unassailable.

The “carrots” controlled by performance appraisal systems are quite modest; indeed, in many cases they are so modest as to be inconsequential. The typical merit increase is less than five percent and, before hard times set in, often wasn’t large enough to offset inflation. Promotions are not directly controlled by performance appraisals nor are plum assignments or any other desirable state of affairs. In short, the “carrots” directly controlled by performance appraisal systems really don’t amount to much.

However, performance appraisal systems do carry big “sticks” and they pack a mighty wallop. The old childhood saying that “sticks and stones can break my bones but words can never hurt me” is nowhere less true than in the case of performance appraisal systems. The words used to construct a negative performance appraisal can mean no pay raise at all; they can mean the odds of promotion are slim to none; they can preclude any choice assignments; and they can damage a career beyond repair. It is the “sticks” in the form of the words written in performance appraisal systems that serve to shore up that hierarchical system of managerial authority. And in wielding those sticks performance appraisal systems rely on fear. Performance appraisal systems are one of the chief means of coercing employees into “toeing the line” and otherwise submitting to managerial authority. Needless to say, the hierarchical system of managerial authority that performance appraisal systems shore up also relies on fear.

That performance appraisal systems rely on fear accounts for the widespread dislike of them – and for the fact that this dislike is rarely expressed except in terms of soft criticisms or, at worst, a mild form of disgust. After all, getting too harsh with your criticisms of performance appraisals might fetch you a wallop from one of those big “sticks” when it comes time for your own appraisal.

That performance appraisal systems rely on fear also speaks volumes about the true attitudes of management and management’s attitude toward the workforce, not to mention the HR departments and legions of consulting firms and software vendors who encourage and support the use of such systems. They don’t care one whit about the fear element; indeed, I suspect they view it as something they would rather have than be without. Perhaps they’ve not given the matter much thought but if they

¹ “Don’t redesign your company’s performance appraisal system – scrap it!” *Corporate University Review*, Vol 5, No 3 (May-Jun 1997) pp 54-59. Available on the web at http://www.nickols.us/scrap_it.pdf.

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have, they've chosen to continue on their current course and the element of fear plays a key role in steering and staying that course. Even if management and HR were to acknowledge the element of fear in performance appraisals they would likely shrug and say it is a necessary evil.

Unless and until fear can be driven from the workplace, those stick-wielding, word-laden performance appraisal systems will remain in place. Simon Legree's whip, largely absent from today's workplace, has been replaced by words. The term "tongue-lashing" is nowhere as relevant as it is in the context of performance appraisal – written or oral. So listen and read carefully when your manager or supervisor speaks and writes lest you miss that menacing tone of voice or turn of phrase that now substitutes for the crack of the whip. If you're perceptive – and maybe a little bit lucky – you will mend your ways and you won't have to suffer the word-lashing of a negative performance appraisal or worse, one of those carefully crafted appraisals that can't be faulted for being negative yet seals your fate more certainly than a blatantly negative one.

Simon Legree's whip has disappeared for good reason; we no longer work with our backs and muscles, we rely on our wits. Our work has shifted away from prefigured or "canned" routines to configured or "crafted" responses. Our employers can't rely on our compliance alone; they need our contributions as well; they need us to become agents acting on their behalf instead of being acquiescent instruments of managerial will. The employer-employee relationship is in desperate need of redefinition and fear can't and won't accomplish that; indeed, it stands squarely in the way.

Surprisingly, I am not without hope. Why? Because as is the case with so many things, performance appraisals contain the seeds of their own destruction. Their reliance on fear and their use of words as whips means they cannot play a meaningful role in successfully confronting the challenges now facing most modern organizations; namely, obtaining the best possible efforts from committed employees. The best they can do is serve as a tool used to exact compliance – and, as they have done for so many years now, shore up that hierarchical system of managerial authority.

So will performance appraisal systems go the way of other dinosaurs that preceded them? I think so – because the companies that do as Deming suggested and drive fear out of the workplace will win the race. The rest will fall by the wayside – and deservedly so.

Contact the Author

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