Performance reviews are broken.
- According to a recent Reuters poll, 4 out of 5 U.S. workers are dissatisfied with their job performance reviews.¹
- 46% of respondents in a recent Globoforce/SHRM survey said that annual performance reviews are not an accurate appraisal of an employee’s work (and these are the same folks who oversee many companies’ performance reviews).
- According to an article published in The Psychological Bulletin, psychologists concluded that at least 30% of the performance reviews ended up in decreased employee performance.²

TO FIND THE PROBLEM, BEGIN WITH THE NAME

The primary problem with the annual performance review is that it’s annual. And getting feedback – good or bad – once a year simply doesn’t move the needle on employee performance. Feedback delivered only on rare occasions doesn’t help people improve performance on an ongoing basis. Giving people immediate feedback increases the probability that the feedback will be instructive and useful. Think about great coaches, great teachers or great managers you’ve known in your life; chances are that they had a way of giving helpful, timely feedback.

The lack of timely feedback is but one of many inherent shortcomings in the traditional performance management process based on annual reviews:

- They are forced. We are simply not wired for infrequent feedback. Growing up, we didn’t have rigid performance reviews with our parents. If we misbehaved, we heard about it immediately. If we behaved well, they showered us with positive reinforcement. Our parents didn’t sit down with us at the end of the quarter or end of the year to review our performance. We expect and crave more frequent communication on the value and impact of our contributions.
- People hate them. Employees dread performance reviews – and managers dread them, too. Not too many people enjoy the feeling of being on trial, and not too many people enjoy being on juries either. In fact, according to the Fall 2011 Globoforce Workforce Mood Tracker, 52% of U.S. employees do not think annual performance reviews are an accurate appraisal for the work they do.³
- They happen for everyone at the same time. Trying to squeeze all employees through a performance review process within a two-week period is daunting and a bit silly. Employees need feedback at different points in time, and managers need time to focus on the unique needs of each employee.

Organizations that apply talent management practices demonstrate higher financial performance compared to their industry peers. Those specific talent management practices that most distinguished financial outperformers from other organizations are understanding and acting upon employee engagement and aligning recognition and performance management systems. —IBM INSTITUTE FOR BUSINESS VALUE, INTEGRATED TALENT MANAGEMENT REPORT

They are biased. A manager isn’t necessarily the best judge of a direct report’s performance. The traditional review forces one person’s viewpoint on somebody else. There might be personality issues. The manager might not have good visibility into the value and total contribution of an employee. The manager may simply not be equipped to give meaningful feedback.

What if there were a better way to evaluate an employee’s true performance and impact within an organization?

ENTER THE WISDOM OF CROWDS

The concept behind the “wisdom of crowds” is that collective knowledge trumps individual knowledge. When we tap into the knowledge and/or opinions of a group of people rather than a single expert to answer a question, we end up with a more informed and complete picture of reality.

A related concept is “crowdsourcing,” which facilitates people from a broad audience to offer their knowledge and opinions. One well-known example is Yelp, which has enabled restaurant and store reviews from average users rather than just newspaper and magazine writers. The result is 22 million reviews on virtually any retail store in many countries around the world.

Similarly, Wikipedia crowdsourced the encyclopedia, so that anyone who has knowledge on any topic can contribute. The result: Wikipedia today has 20 million articles and is one of the top ten most visited sites in the world.

More than ever, it’s easy for people to give and receive information. And enterprising individuals can imagine and build clever ways to aggregate and curate that information to make that collection of information useful and meaningful.

The same can be true for aggregating performance feedback in the workplace.

THE WISDOM OF THE WORKPLACE

Imagine a workplace in which you could crowdsourc performance management. What would that look like? How would that work?

First, step back and envision how a truly pervasive performance feedback loop might begin to form. Think back to those examples of Yelp and Wikipedia and why they work. A lot of it boils back down to human nature. In the case of Yelp, its ability to gain critical mass is predicated on the simple fact that people enjoy sharing their restaurant experiences, and people want restaurant reviews when deciding where to go. As for Wikipedia, sharing knowledge is simply fundamental to humans and to societies at large.

So the question becomes: What is a fundamental thing people like to get in the workplace?

One answer is that they like to be thanked. And most people also enjoy giving thanks.

If your company had a common system or platform for giving and receiving recognition, common sense and human nature would dictate this platform would get traction.

Now, let’s imagine you have that platform in place. And just like Yelp or Wikipedia, it starts to gain critical mass. And like Yelp and Wikipedia, once it gets critical mass, it becomes self-reinforcing. Once people become more consciously aware of how much they like thanking others and being thanked, they tend to do so more intuitively. Recognizing others – providing timely, appropriate feedback – becomes part of the company’s collective behavior patterns. It becomes part of the company’s culture.
CROWDSOURCING PERFORMANCE MANAGEMENT

With a culture of recognition in place, you now have the foundation to feed constant, crowdsourced feedback into your performance management system. With strategic recognition, not only do you tie recognition to company values in an explicit and public way, but you have a platform that allows you to conduct meaningful analysis. If recognition is thoroughly woven into the fabric of your culture, it becomes a true measurement tool of individual and organizational performance.

At a glance, you can see who is valued most in the company, which departments are embracing specific core values the most, which departments seem to be servicing other departments well, and how that’s trending over time. You have ways to measure what were previously considered “intangibles.”

As the famous management consultant Peter Drucker said, “What gets measured gets managed.”

WINS ACROSS THE BOARD

The benefit is multi-fold. People are motivated by recognition. When they’re motivated, they’re exceedingly more likely to put forth discretionary effort. They’re also far more likely to work in a way that benefits their coworkers.

Management is equipped with far more data from myriad input points (anyone who has given recognition to another employee) throughout the entire year, not one input point (the specific manager) at one point in time.

By implementing a strategic recognition program, you build the framework to blanket your workforce with positivity, increasing emotional bonds between the employee and the company, while delivering information through the wisdom of crowds that you’ve never had access to before.

A key component of our strategy at Dow is our Performance Culture. We want to create a culture of recognition, where employees feel appreciated for behaviors that contribute to both company and personal success.

—SEBASTIÁN SORIA, GLOBAL COMPENSATION DIRECTOR, THE DOW CHEMICAL COMPANY

Globoforce gives you the tools to transform your annual review process to a crowdsourced, feedback-rich culture of recognition.

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