

# Human Resource and Diversity Management

## Performance & appraisal



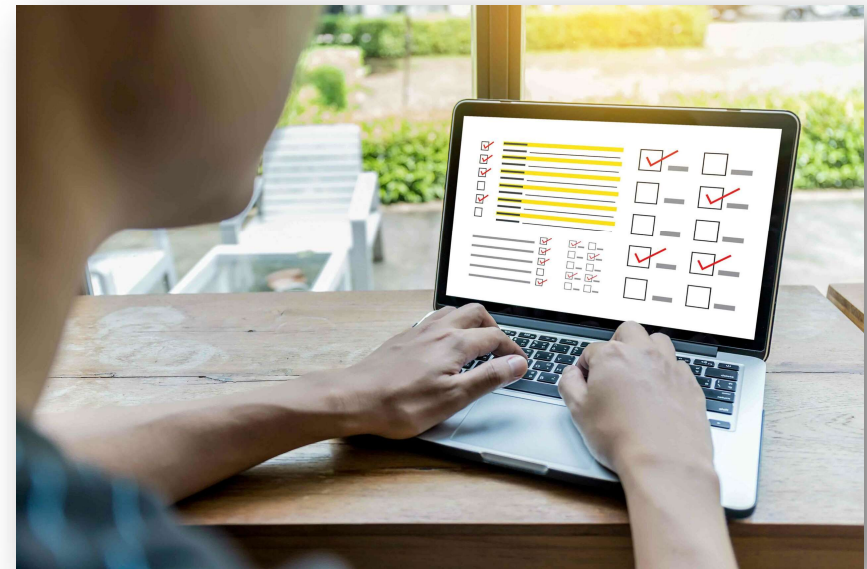
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# SESSION PLAN

- I. Learning objectives
- II. Traditional performance review
- III. The limits of traditional performance review
- IV. Towards new methods of performance review
- V. Overview



# I. Learning objectives



# LEARNING OBJECTIVES

- Discussing the **relevance** of the traditional method of performance review.
- Identifying **innovative practices** in employee appraisal.
- Knowing how to implement a real performance management.



## II. Traditional performance review



# WHAT IS EVALUATION?

## ■ What forms can it take?

- Annual performance review (*annual interview*)
- Rating system
- Ranking of employees

## ■ Is annual interview mandatory in France?

- Optional, except if there is a collective agreement
- Compulsory for managers on a fixed-term contract (article L.3121-46 of the French Labor Code)

## ■ How do we measure performance?

- Quantitative/qualitative criteria related to the missions
- Three levels: task performance, contextual performance and adaptive performance
- Assessed in absolute or relative terms



# THE CONDUCT OF THE ANNUAL INTERVIEW

## 1. Reminder

- Previous evaluations
- The purpose of the job
- The evaluation criteria set/objectives and expected results

## 2. Overall assessment

- Achievement of objectives
- Gap analysis

## 3. Analysis of current and future developments in the function

## 4. Search for more efficient means and corrective actions

## 5. Required training

- Short-term (adaptation to the position)
- Long term (evolution of the job and skills)

## 6. Dialogue on the appraisee's career and compensation

## 7. Decisions on a common commitment

- Setting of new objectives
- Formalization of the actions envisaged

# EXAMPLE OF A CLASSIC ANNUAL INTERVIEW GRID

EMPLOYEE PERFORMANCE REVIEW			
EMPLOYEE DETAILS			
NAME OF EMPLOYEE		DEPARTMENT	
EMPLOYEE ID		MANAGER NAME	
EMPLOYEE TITLE		MANAGER TITLE	
JOINING DATE		TODAY'S DATE	
RATING SCALE: 1- NOT SATISFIED, 2- SATISFIED, 3- VERY SATISFIED			
PERFORMANCE			
	WEIGHTAGE ( % )	RATING ( 1-3 )	NET SCORE
Works to full potential	10%	2	0.2
Quality of work	15%	3	0.45
Working in teams	20%	2	0.4
Consistency in work	10%	1	0.1
Communication skills	10%	2	0.2
Works independently	10%	2	0.2
Takes initiative	15%	3	0.45
Creativity	10%	1	0.1
TOTAL PERFORMANCE SCORE			2.1



# A BIT OF HUMOR

- The Office – S2E8 – Performance Review (NBC, 2006)

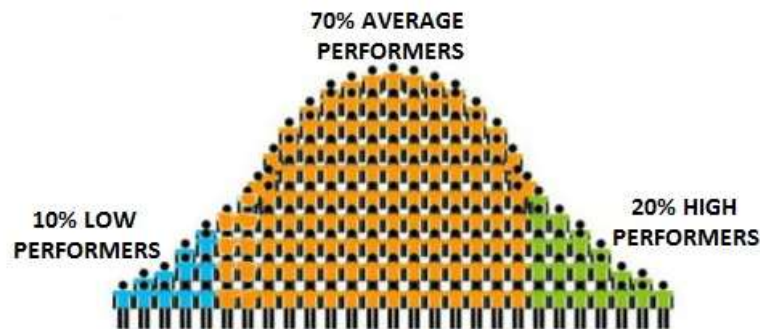


# A BIT OF HUMOR

- The Office – S2E8 – Performance Review (Mulverine, 2019)



# FORCED RANKING



## The illicit nature of forced ranking

On March 27, 2013, the French Court of Cassation affirmed its illegality. Hewlett-Packard France imposed a classification of employees into 5 performance groups, according to proportions fixed in advance: the weakest group had to include at least 5% of employees, the most successful group at most 20%. For the judges, the existence of imperative quotas is not admissible, as it may lead the assessor to classify in the worst group employees who would have deserved a better assessment if only the analysis of their work had been taken into account.

**The performance review of employees must be based on objective/relevant methods and criteria.**

# A BIT OF HUMOR

- Penny's Performance Review (Be Nice to Penny, 2012)

Be Nice to Penny

# III. The limits of traditional performance review



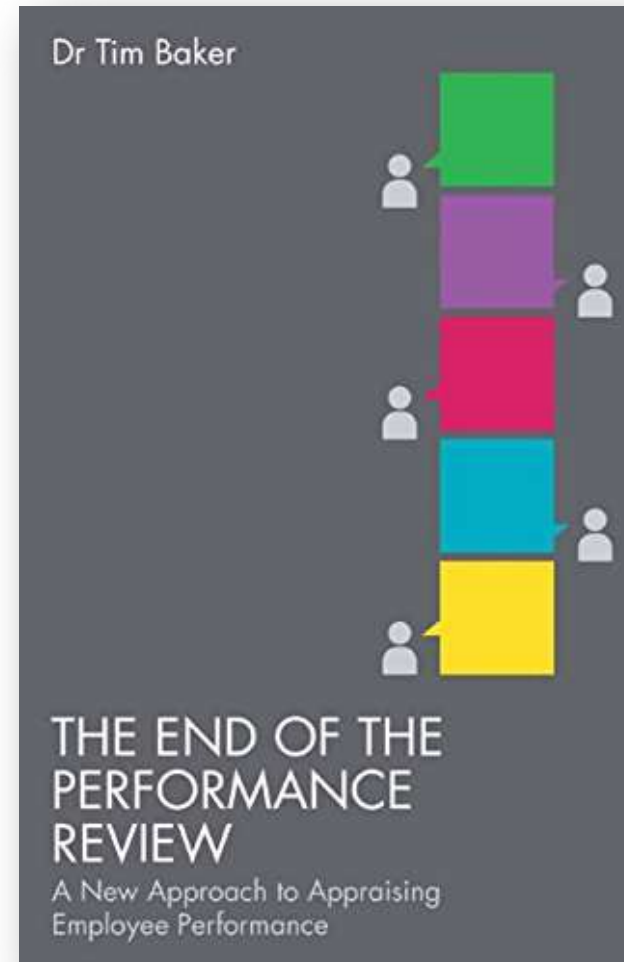
# TOWARDS THE DISAPPEARANCE OF ANNUAL REVIEWS?

Are annual interviews obsolete and counterproductive?

“In fact, annual reviews have often become useless, even counter-productive: a Globoforce study indicates that more than **half of employees** are demotivated by annual reviews, while Tower Watson analyzed that 43% of the best performing employees received feedback once a week which, according to Gallup, would increase productivity by 12.5%!”

*(Source: Les Echos, October 2015)*

# QUESTIONING PERFORMANCE REVIEW





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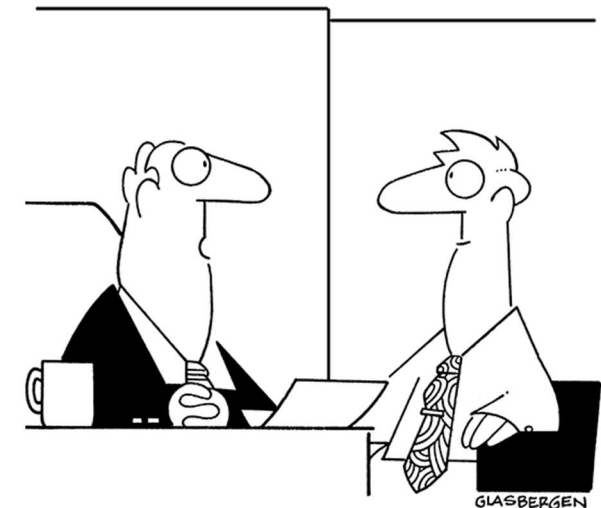
- Tim Baker - The End of the Performance Review (2019)





# THE LIMITS OF THE ANNUAL INTERVIEW

- The **annual interview** is nowadays more and more criticized because it is no longer adapted to the needs and rhythm of organizations:
- Employees want **more recognition and visibility** on their career progression.
- The annual interview, based on a culture of results, is often a **source of frustration and stress** because the review is frequently linked to issues of rating, compensation and/or promotion.
- The annual interview, associated with a **hierarchical relationship**, can be unsuitable for the structure of the company and its coordination mode.
- The **annual frequency** of the interview is no longer adapted to the reality of organizations.
- The annual interview doesn't take sufficient account of teamwork.



"Dan, you are my most valuable employee.  
Your ineptitude consistently raises the  
self-esteem of everyone you work with."

# THE BIASES OF THE ANNUAL INTERVIEW

- Managers' personalities and the quality of their relationships with employees **tend to affect their judgments:**
  - The most “pleasant” managers give higher ratings.
  - Good relationships lead to better ratings.
- **Managers' stereotypes** about the demographics of their subordinates (age, ethnicity, gender...) also impact their evaluations!



# THE LIMITS OF SELF-ASSESSMENT

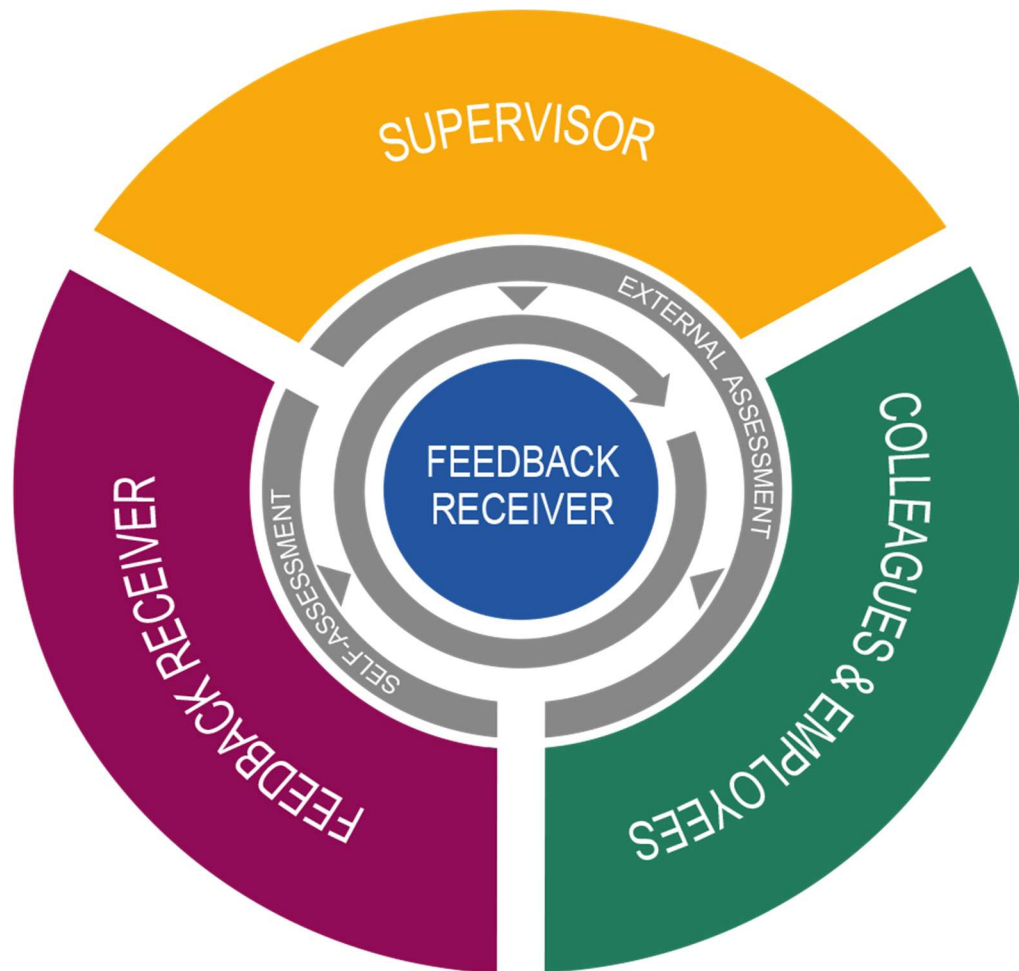
- The Dunning Kruger Effect (Sprouts, 2021)



## IV. Towards new methods of performance review



# ASSESSING DIFFERENTLY: 360° FEEDBACK



# ASSESSING DIFFERENTLY: 360° FEEDBACK

- Is 360 Degree Feedback good or bad for performance management?  
(Advanced Clear Review, 2018)



# THE REVIEW METHOD FOR LIBERATED COMPANIES

- **Liberated company: definition**
- Some organizations, such as FAVI, have eliminated the annual interview in favor of **more frequent feedback**.
- Others have implemented **peer review**. The major benefit is to give each person a broader and more meaningful perspective of their contribution to the life of the organization.
- The feedback system goes beyond the context of the work itself and its results. It leads to a broader exploration of people's expectations, fears and sense of commitment to the company.

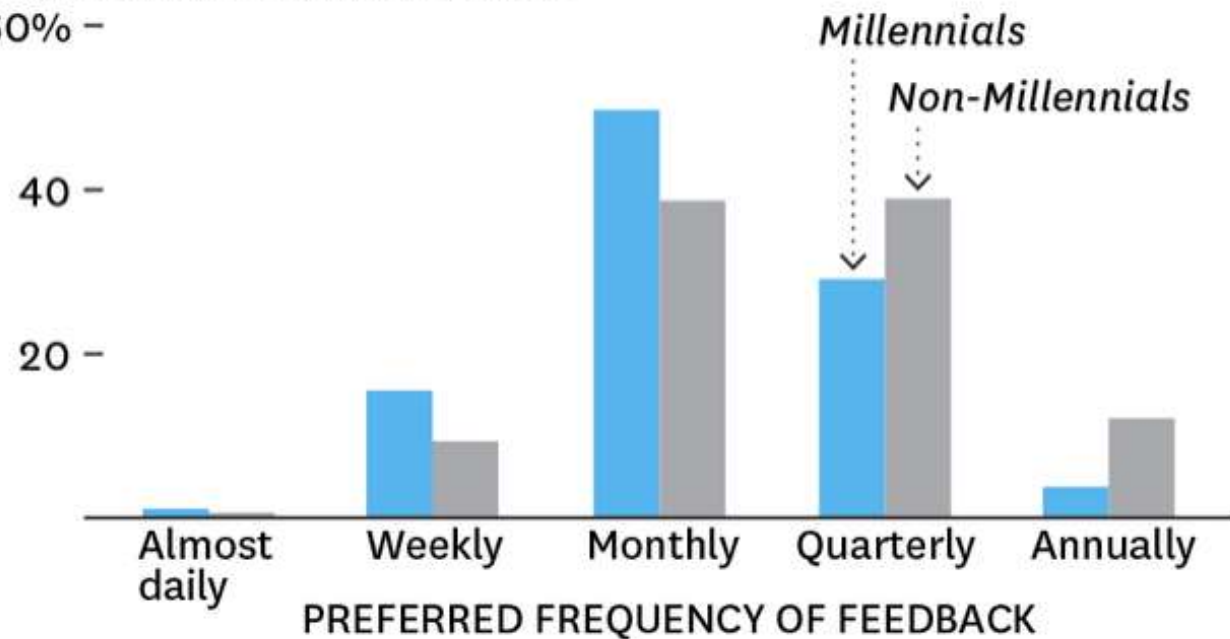


# A GENERATIONAL RELATIONSHIP TO EVALUATION

## HOW OFTEN EMPLOYEES WANT FEEDBACK FROM MANAGERS

Most millennials prefer monthly.

PERCENTAGE OF RESPONDENTS  
60% –



Source: <https://hbr.org/2015/02/millennials-want-to-be-coached-at-work>



# V. Overview



# THE KEYS TO A SUCCESSFUL EVALUATION

1. Manager's involvement
2. Manager training and preparation
3. Employee's involvement
4. Real impact on the employee's future
5. Exemplariness of the hierarchy at all levels of the company
6. Explicit and commonly known evaluation criteria
7. Regular coaching on the job

# MAKE EMPLOYEES THE ACTORS OF THEIR OWN REVIEW

- Involve through **self-assessment**.
- Conduct reviews in a manner that is **fair to all employees**.
- Consider other criteria than just job performance.
- Involve **other stakeholders** in the review process.
- Provide feedback on the review to employees.
- **Be transparent** about the outcome of the review (e.g., in terms of compensation and career management).



# CONCLUSION

## ■ Key points

- A practice at the heart of other topics: compensation, promotion, training...
- An effective practice if and only if it takes place within a decision-making process with real stakes.
- A legitimate and expected practice (need for feedback) but at the same time criticized.
- A practice **in the process of renewal**, directly linked to the transformations of organizations.

## ■ Managerial challenges

- Entrust the evaluation to person(s) with the relevant information and the ability to influence decisions.
- Avoid instrumental and technological drift.
- Do not confuse performance review with feedback.

