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How Will Getting Rid of Performance Ratings Affect Managers?

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Amid the debate about getting rid of formal performance ratings, the practical implications for managers should be carefully considered. Adler et al. (2016) acknowledged some implications for managers who evaluate their subordinates with the traditional formal review. However, they do not fully explore the implications for managers when organizations trade formal performance reviews for frequent, less-formal performance conversations, which are a very popular alternative (Meinert, 2015; Rock & Jones, 2015; Wilkie, 2015). It is possible that organizations will benefit when formal performance reviews are removed; however, upon discussing this issue with a panel of human resources executives and organizational development practitioners, we were struck by their concern for how abandoning formalized review procedures would affect managers. This panel represented a wide array of industries (healthcare, retail, manufacturing, energy, academia, and the nonprofit sector), and their organizations used a variety of performance procedures, including formalized annual reviews and informal performance conversations. The goal of this commentary is to guide thinking, with the help of our practitioner-oriented panel, toward some of the obstacles managers may face in having to provide more frequent informal performance conversations.

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Concern 1: Do Managers Have the Time for Frequent Conversations?

Adler et al. point out that managers spend upward of 200 hours annually on performance management activities. One may assume that this time expenditure would decrease if formalized review procedures are dropped. However, our panelists were concerned that the frequent performance conversations that are being substituted may require even *more* of managers' time rather than less. Several panelists expressed that their managers are already stretched thin, and expecting this kind of performance oversight and feedback would place a heavy burden on managers, potentially drawing focus away from other important tasks.

For example, at one 24–7 healthcare operation, managers and subordinates often have very little overlap in their schedules. What little face-to-face time they do have is in public and therefore not conducive to performance conversations. The scheduling and time burden of annual reviews are difficult enough; frequent performance conversations would require great restructuring of managers' schedules.

Concern 2: Do Managers Know How To Give Good Feedback?

Many panelists noted that there is a great amount of variability in the soft skills possessed by managers. Some are quite competent at providing high-quality communication, delivering feedback, and motivating employees. However, many of their organizations hire managers for their technical expertise rather than managerial acumen. Hence, our panelists expressed concern that many managers would not be able to effectively provide regular feedback. Relative to the step-by-step procedures involved in a traditional review, frequent performance conversations allow greater managerial autonomy over the processes. For managers without the skillset needed to provide effective feedback, this task can pose role overload, which may increase stress and undermine performance.

The obvious remedy, noted by the panelists, is to provide training to managers. In the focal article, training costs are noted as a source of expense associated with traditional formal processes. The nature of the training may change, but our panelists clearly indicated a continued need for training even if an organization adopts frequent performance conversations. In fact, the amount of training may actually increase. As a testament to this, two panelists representing organizations not currently using formalized procedures said that they have been providing training at corporate learning centers to help managers give effective feedback.

Concern 3: Will Managers Avoid the Tough Conversations?

A possible advantage of the traditional performance review is that, if done correctly, poor or mediocre performance must be confronted (or at least acknowledged) at some point. In contrast, managers engaging in performance conversations would have autonomy over if, when, and how to confront poor performance. Panelists expressed concern that this autonomy may lead to avoidance of the unpleasant task of delivering negative feedback. This could play out as managers spending more time engaging with high performers than with lower performers or perhaps by managers discussing only positive elements of performance with employees during conversations. Poor performance is probably best confronted as it occurs (Kang, Oah, & Dickinson, 2005), which favors frequent performance conversations. But this assumes that managers are willing to confront poor performance in a timely manner; panelists were skeptical that this would happen.

Managers may also feel a reduced sense of authority if they are not in charge of evaluative performance ratings. Multiple panelists noted that pay for performance would not be possible in their organizations if performance ratings were eliminated. This may fundamentally change the power structure of the manager–subordinate relationship, leaving managers no way to monetarily incentivize performance improvements.

Concern 4: Will Managers Take This Seriously?

Media reports point to generally positive reactions to the elimination of formal performance reviews (Rock & Jones, 2015). One panelist noted very positive reactions when their organization recently eliminated formal performance reviews. These reactions may mean that managers think they are finally "off the hook" for performance management. Quite the opposite, organizations making these changes are generally asking managers to engage even more frequently and carefully in performance management activities. Panelists were concerned that managers may not take the new performance management tasks seriously. One panelist wondered whether managers would put forth the effort to provide thoughtful and useful feedback to employees. Panelists cited the importance of rolling out performance review changes with clear expectations of continued performance management involvement. Another expressed that this was no different than other top-down organizational changes and that typical change management procedures should be followed. For example, there may be some resistance to change from managers who like or benefit from the traditional review system.

Another panelist wondered whether there would be any way to ensure that expected performance conversations were happening regularly. Some noted that they would probably need an oversight process to ensure that managers engage in performance conversations with the desired quality and frequency. This type of accountability could improve the accuracy of the conversations (Mero & Motowidlo, 1995). Oversight processes may be problematic, though, because they draw additional organizational resources and make performance management seem bureaucratic, both of which are cited as problems with traditional performance reviews (Adler et al.).

Panelists pointed to organizational culture as another factor that may determine how seriously managers engage in performance conversations with subordinates. One panelist whose organization does not use formalized procedures explained that the culture supports empowered managers, quick response times, and open communication. Each of these helps to provide an environment in which managers feel comfortable giving honest feedback in performance management conversations. Others clearly felt that their culture would not embrace less-formalized performance conversations. For instance, a panelist representing a healthcare company that employs unionized employees was very skeptical that frequent performance conversations would be effective in that environment. Even if labor union agreements allowed performance ratings to be eliminated, the rigid organizational culture simply would not allow such an approach to be effective.

Conclusion

Managers are at the heart of the performance management process. Organizations considering eliminating performance reviews should take careful consideration of implications for managers in the new processes. The concerns listed here probably do not represent an exhaustive list of concerns. Although our panel was quite diverse, we expect that the specific nature of managerial concerns will vary between organizations. Having said that, we feel that some solutions to the above concerns can be suggested:

- Concern 1: Do Managers Have the Time for Frequent Conversations?
  - Utilize technology to aid in providing feedback, especially for managers whose work schedules differ from subordinates.
- Concern 2: Do Managers Know How To Give Good Feedback?
  - Provide training for managers to help them learn how to provide feedback.
  - Recruit and select for managers with skills needed to provide high-quality communication, deliver effective feedback, and motivate employees.
- Concern 3: Will Managers Avoid the Tough Conversations?
  - Promote a culture of trust, openness, and honesty.
  - Establish a culture in which managers feel supported and protected when having to provide negative feedback.
- Concern 4: Will Managers Take This Seriously?

- Use change management techniques to overcome any resistance and encourage investment in new procedures.
- Ensure accountability for managers who provide feedback.

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Efficiency Ratings and Performance Appraisals in the United States Federal Government

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As industrial–organizational (I-O) psychologists and longtime employees, we have developed and implemented appraisal systems and have been subjected to and have subjected others to appraisals. We have thus viewed performance appraisals from all angles, seeing the good, the bad, and the downright ugly. We believe that all of the points discussed by Adler et al. (2016) about retaining or eliminating performance ratings have merit and address the realities of the current state of affairs in performance appraisal

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