

# Why performance reviews are outdated and how to replace them

Employee performance reviews, which are often linked to key performance indicators (KPIs), have been challenged by many human resources practitioners as an ineffective and stressful way of measuring employees' progress. An innovative approach suggests focusing on job outcomes, which are the actual achievements that employees are expected to produce, rather than on their input or activities. This can help employees align with the organisation's goals, take ownership of their work, and improve their performance.



Nicol Myburgh, HCM business unit head, CRS Technologies. Source: Supplied

“But while KPIs are geared to driving performance improvements, they are often perceived by employees as a ‘stick’ or form of punishment rather than a ‘carrot’ or motivator,” says Nicol Myburgh, HCM business unit head at CRS Technologies.

He cites various reasons for this view. “Employees often experience anxiety leading up to their performance evaluation, which tends to focus on past accomplishments rather than future development and growth.”



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“Additionally, because performance reviews are a time-consuming exercise for both managers and employees, they are often conducted only once or twice a year. This means employees do not receive timely feedback and are thus unable to make immediate improvements or adjustments.”

Myburgh believes that rather than tracking employees' performance through their input – as KPIs are specifically designed to do – companies should rather focus on their job outcomes.

## Job outcomes are directly related

“These outcomes are directly related to the responsibilities and tasks outlined in an employee's job description and refer to the achievements the employee is expected to produce as a result of their work within the organisation.”

Consider a call centre agent, for example, whose job outcomes might include achieving two sales a day. How this target is achieved is up to the agent. KPIs such as the amount of time spent at their desk and the number of calls made during the day are irrelevant, if the required outcome of two sales is achieved.

“Defining and assessing job outcomes ensures that employees are aligned with the organisation’s strategic drivers,” Myburgh continues. “This helps them to know what is expected of them, take ownership for clarifying outcomes on projects, and make meaningful contributions to the company's success.”

But employees are human, after all, and there will invariably be occasions when an employee fails to meet the employer’s work performance standards, for various reasons. And while South Africa’s labour legislation does make provision for the dismissal of employees for poor work performance, this must be done in accordance with a fair and proper procedure.

## **Performance reviews are still relevant**

This is where performance reviews can play an integral role, says Myburgh.

“They provide a formal record of the entire underperformance management process, in which employers assess the employee’s work, identify areas where they are falling short of expectations, and discuss strategies for improvement. Should further intervention be required, such as performance warnings or hearings, the documentation gathered during the performance review can be invaluable.”

Whether an organisation chooses to utilise performance reviews will depend on its culture, the industry in which it operates and its specific performance management needs. While the current trend is toward more agile feedback systems, performance reviews still have a role to play in many workplaces, Myburgh concludes.

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