

DOES PERFORMANCE MANAGEMENT DO MORE HARM THAN GOOD?



Visiting Professor
Nick Holley

Visiting Professor Nick Holley | [@Nick_Holley](#)

[For the full article, click here](#)

What needs to be done to improve performance management? In this article, Professor Nick Holley, outlines what areas need to change, and change fast.

‘There is a widespread feeling that while performance management has a theoretical underpinning, due to the way it is implemented in most companies, the potentially beneficial outcomes seem to be outweighed by the time invested in it by HR and line managers,’ says Nick.

But he believes that there is no universal solution; the answer that is right for any particular organisation is the one that addresses the issues and challenges it faces. Indeed, the search for an answer based on what other organisations are doing is symptomatic of the fundamental problem of performance management and, indeed of HR generally.

So why doesn't it work?

Over complexity – the time spent on the process is not reflected in the value added to the business.

Process focus – the underlying purpose gets lost, especially the importance of having great conversations.

Demotivation – the way it is implemented by line managers results in lower performance.

Short-termism – the desire for quick, individual results undermines innovation and collaboration.



Internal competition – the most negative element of all is the calibration of performance against a forced ratings distribution.

Management bias – the unconscious biases exhibited by most managers create skewed rating criteria.

So performance management often does more harm than good, but some organisations are stripping away the bureaucracy and creating processes that focus more on developmental dialogues to drive higher performance. This involves making performance management:

- less about a process; more about a conversation
- less historical; more forward-looking
- less about rating performance; more about improving performance
- less about addressing weaknesses; more about building on strengths
- less individual; more collective

There is also a move away from one universal model of performance management to a process that

comprises: **research, focus, consultation, measurement and dialogue.**

This new approach involves organisations:

- conducting deep research about what motivates and engages their people
- evaluating the impact and outcomes that their current approach is having at an organisational and individual level, not the process
- focusing performance management on helping organisation reaching one or two desired business outcomes, and recognising performance management as a key strategic deployment tool not an HR tool
- involving their key stakeholders, and admitting that they don't have all the answers
- focusing not on the process and system but recognising that the differentiator is the dialogue between managers and their people – it's the investment in this that holds the key to better performance management.

So the message is: challenge your current approach to performance management. Does it fit the current and future needs of your business, rather than some theoretical model of the needs of HR? If it doesn't, rework it until it does!

The full version of this article originally appeared on Changeboard.