


8 Shocking Performance Management Statistics

Bhaswati Bhattacharyya
Dec 31, 2018



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Are You Thinking About Revamping Your Performance Management Process?



Moving out of a familiar area might seem risky, but sticking to it can end up hurting your employees and business even more!

Here are some shocking statistics related to performance management:

1. 90% Of Performance Reviews Are Painful And Ineffective

Performance reviews that focus too much on recent happenings and mostly on negative feedback threaten the self-worth of employees. Research of the brain shows that when a person's status is threatened, activity in certain regions of the brain starts to go downhill. When feedback is termed as "constructive" and is done by people who probably do not even spend that much time with the employees, it might end up doing more damage than good

2. 51% Of Employees Believe Annual Reviews Are Inaccurate

Annual reviews are untimely and irrelevant with a gap of anywhere between 6 to 12 months. A lot happens in such a vast amount of time gap and one review is just not enough to cover it all in a fair manner. This results in reviews being biased, incorrect and demotivating to employees most of the time.

3. Only 5% Of HR Leaders Are Satisfied With Performance Reviews

95% of managers reported being "unhappy" with traditional performance management according to a CEB study. They also reported that they felt there is room for improvement. Not a very good number now, is it.

4. Managers Spend 210 Hours A Year On Performance Management, And Employees Spend 40 Hours A Year

This is a lot of resources spent, if taken cumulatively, that too by managers and employees who do not even feel like it actually impacts performance! According to CEB's calculations, for a company of 10,000 employees, the average spend is about \$35 million a year on conducting performance reviews alone!

5. 22% Of Employees Have Called In Sick Rather Than Face A Performance Review

In a survey of over 1000 millennials, 22% of employees preferred to call in sick and avoid the whole situation rather than go through a performance review. This goes completely against what performance review interactions are meant to do - help people express and reflect willingly on how they have done. Instead, this has become something which the employees dread.

6. Only 8% Of Companies Believe Their Performance Management Process Is Highly Effective In Driving Business Value, While 58% Say It's Not An Effective Use Of Time.

Performance reviews are supposed to aim at helping employees grow and become more productive, which in turn positively impacts businesses with higher revenues and success. However, the way reviews are conducted end up hurting employee sentiments and wasting company resources which has a negative impact on limited resources.

7. 80% Of Gen Y Said They Prefer On-The-Spot Recognition Over Formal Reviews.

Positive recognition is a form of appreciation that can go a long way. Once in a year reviews fail to capitalize on this fact, as most of the achievements might easily be forgotten in a 12-month long gap. The Gen Y generation is not happy with this and prefers to be rewarded and recognized on the spot for immediate gratification.

8. 80% Of Employees Prefer Immediate Feedback To Annual Reviews.


Another study of 1500 employees by Adobe concluded that annual performance reviews are outdated and too time-consuming. This study even convinced Adobe's EVP of Customer & Employee experience to completely do away with reviews in 2017! The employees surveyed felt that more immediate feedback is more beneficial to them, and contributes positively to their performance.

So Is It Time To Ditch Annual Reviews?

The reality is that even though performance ratings have their own share of justified criticism, they are also important. Ratings are most critical when decisions relating to pay and promotions need to be undertaken. For this, performance needs to be assessed and a value needs to be given to make decisions.

Ratings are also a preference for high performers as they take it as a form of recognition for the work they are doing. Any kind of replacement then makes them doubt the validity of reviews. Without an empirical way of coming to decisions, employees are mostly left in the dark as to how exactly they were assessed.

Hence, it is not about choosing one system over the other. The solution lies in understanding loopholes in the current system and also digging the advantages. A fine balance needs to be achieved between the benefits of a review system and tools and technologies that will help better the entire process. The wisdom of 2018 is to use modern performance practices for focusing on employee learning and growth, while also keeping the scope traditional reviews open.



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About The Author




Bhaswati Bhattacharyya is a Product Marketer at Keka, an employee experience HR platform. Passionate about economics, Bhaswati also loves storytelling. She has a keen interest in start-ups, food and travel. In her 'me time' she picks up fiction novels, tries different cuisines or explores routes to less-traveled places on the world map. Get in touch with her @Bhaswatibh

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