

## Performance Ratings – The Great Demotivator

The other day I received an email from a friend that stated, “Had my performance review today, apparently I ‘Meet Expectations’; I went home and started applying for new jobs.” This may seem like a drastic reaction to being told that you meet expectations, but unfortunately, responses like this are not uncommon. Labeling people with a rating, whether good, bad or neutral, can cause a negative reaction and can actually have the opposite effective of what was intended. As a matter of fact, surveys consistently tell us that most employees are demotivated by their performance rating and the overall review process, even if they have been given favorable ratings and remarks.

Performance ratings have been a long held business process and people should be accustomed to the annual procedure of being placed in a category, so what’s the big deal? Why such negative reactions to being told how you did for the year through a rating category?

One reason people have such a strong reaction to a performance rating or ranking is an actual neurologic response. According to Dr. David Rock of the Neuro Leadership Institute (<http://www.davidrock.net/about/>), being categorized creates a fight or flight reaction which in turn can interfere with the impact of feedback being given, even if it is positive.

Another reason for negative reactions to a rating is how we define ratings scales as individuals. Think about most performance rating scales, whether they are some variation of the traditional, “Exceeds, Meets, Does Not Meet” or a numeric scale, the middle rating is often equated with our grade school days of a “C” grade. So no matter how much as manager, we try to explain that, “Meets” is a good thing, it resonates very differently with the person receiving the rating.

Thinking about both of the reasons mentioned above, it certainly can explain the reaction of from my friend, who tends to be a bit of an overachiever. The

combination of the innate neurologic response and the perception of being a “C” student led her on a path of “flight.” Her manager, who may have perceived the “Meets Expectations” rating as a good thing and perhaps even provided positive examples of accomplishments or behaviors from the year, likely did not intend for the outcome of the performance review to be her employee looking for another job.

One additional factor that can lead to the fight or flight response in the review rating process is a misalignment between the manager and employee’s point of view of achievements, accomplishments and overall performance from the year in review. Traditional performance processes that focus on a single point-of-time review often do not support or facilitate an approach of ongoing bi-directional assessment of milestones throughout the year. Also, the measurements that are being rated in the final review oftentimes are not an accurate reflection of the day to day work of the employee. So, even if a manager has been above average in giving periodic feedback throughout the year, a final culmination or “judgment” can be very misaligned to how the individual has perceived their performance as compared to that of their manager.

Effective performance processes should encourage and support an ongoing two way dialog around what is working well and what can be developed or adjusted throughout the year. A “coaching” approach in which managers communicate to help employees unlock their potential, find their own solutions, and regularly discuss their perception of performance and achievements can eliminate the need for a “final rating” at the end of the year, or at the very least, eliminate any element of surprise of the final rating.

Knowing that ratings can create such negative impact for employees and managers alike, why do so many companies continue to cling to this approach? One reason is that performance ratings are often linked to other processes such as salary increases, bonuses and promotions so they idea of removing them

altogether can certainly conjure fear in those who are responsible for such decisions.

Doing away with or at least decoupling performance ratings from rewards is a lofty subject and cannot be covered all in one blog article so be on the lookout for our next entry, “Performance Ratings – Finding a Better Way.” In the meantime, spend a little time thinking about the “why’s” around your company’s rating traditions and assessing the impact that they have. Also think about your own performance review history and your personal response; did you welcome your rating with open arms or was there perhaps even the slightest “fight or flight” response in you?

