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Appraisal - Who needs it?

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APPRAISAL — WHO NEEDS IT?

Review of workers' performances each year may prove to be more of a stumbling block to innovation

DR MANOJ THULASIDAS

WE GO through this ordeal every year when our bosses appraise our performance. Our career progression, bonus and salary depend on it. So, we spend sleepless nights agonising over it.

In addition to the appraisal, we also get our “key performance indicators” or KPIs – the commandments we have to live by for the rest of the year. The whole experience is so unpleasant, we say to ourselves that life as an employee sucks.

But the bosses fare hardly better. They have to worry about their own appraisals by bigger bosses. On top of that, they have to craft the KPI commandments for us, a job pretty darned difficult to delegate. In all likelihood, they say to themselves that their life as a boss sucks!

Given that nobody is thrilled about the exercise, why do we do it? Who needs it?

The objective behind performance appraisal is noble. It strives to reward good performance and punish poor shows – the old carrot and stick management paradigm.

This objective is easily met in a small organisation without the need for a formal appraisal process. Small business owners know who to keep and who to sack.

But in a big corporate body with thousands of

TOP MAN

CAN DO BETTER

WHO GIVES A TOSS?

employees, how do you design a fair and consistent compensation scheme?

The solution, of course, is to pay a tidy sum to consultants who design appraisal forms and define a uniform process – too uniform, perhaps.

Such verbose forms and inflexible processes come with inherent problems.

One problem is that the focus shifts from the original objective (carrot and stick) to fairness and consistency (one size fits all).

Mind you, most bosses know who to reward and who to admonish. But the human resource department wants the bosses to follow a uniform process, thereby increasing everybody's workload.

Another more insidious problem with this consultancy driven approach is that it is necessarily geared towards mediocrity.

When you design an appraisal process to cater to

everybody, the best you can hope to achieve is to improve the average performance level by a bit. Following such a process, the European Organization for Nuclear Research (Cern) scientist who invented the World Wide Web would have fared badly, for he did not concentrate on his KPIs and wasted all his time thinking about file transfers!

Cern is a place that consistently produces Nobel Laureates. (I once found myself with two of them in a Cern elevator!) How does it do it?

Certainly not by following processes that are designed to make incremental improvements at the average level. The trick is to be a centre for excellence which attracts geniuses.

Of course, it is not fair to compare an average organisation with Cern. But we have to realise that the verbose forms, which focus on averages and promote mediocrity, are a poor tool for innovation management.

A viable alternative to standardised and regimented appraisal processes is to align employee objectives with those of the organisation and leave performance and reward management to bosses.

With some luck, this approach may retain fringe geniuses and promote innovation. At the very least, it will alleviate some employee anxiety and sleepless nights.

The writer is a scientist from Cern who currently heads the Quantitative Analytics team in OCBC.

He is also author of the book “The Unreal Universe”, available in local bookstores.