Abolishing Performance Appraisals

WHY THEY BACKFIRE AND WHAT TO DO INSTEAD

Tom Coens and Mary Jenkins

FOREWORD BY PETER BLOCK

An Excerpt From

Abolishing Performance Appraisals: Why They Backfire and What to Do Instead

by Tom Coens and Mary Jenkins
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Introduction

Letting Go of a Hopeless Ritual

The world will not be saved by old minds with new programs. If the world is saved, it will be saved by new minds—with no programs.

Daniel Quinn, *The Story of B*

If less than 10% of your customers judged a product effective and seven out of 10 said they were more confused than enlightened by it, you would drop it, right? So, why don't more companies drop their annual job-performance reviews?

Timothy D. Schellhardt, *The Wall Street Journal*

Throughout our work lives, most of us have struggled with performance appraisal. No matter how many times we redesign it, retrain the supervisors, or give it new names, it never comes out right. Again and again, we see supervisors procrastinate or just go through the motions, with little taken to heart. And the supervisors who do take it to heart and give it their best mostly meet disappointment. Earnestly intending to provide constructive feedback and write good development plans and goals, they find that people with less-than-superior ratings are preoccupied with the numerical rating rather than the message. Except for those receiving top ratings, the good conversation they had hoped for rarely happens. Employees tune out and politely complete the interview. Others become defensive and resentful, with shattered relationships sure to follow. Then the supervisors ask themselves, "Where did I go

wrong?" knowing they were only doing their job. Some blame themselves. And even more attribute the outcome to the employee's bad attitude in refusing to accept constructive criticism.

After every new experiment with appraisal, word of disappointment filters its way back to the Human Resources department. The H.R. staff reflects on what has happened. They had tried to create a process that would please everyone. They researched and then redesigned the steps, scales, and forms to be friendly and meet organizational objectives. Well-planned and high-spirited training was provided. The new tool was proudly conveyed with sincere enthusiasm. But then the fizzle came, with all the symptoms of the past—the disenchanted supervisors, the procrastination, the employee complaints and appeals. Rather than helping people, the H.R. staff finds itself policing, refereeing, and collecting a lot of paper that doesn't mean much to most people.

Most of us have seen this pattern. We readily recognize the widespread ineffectiveness and resistance to appraisal as well as the unintended, undesirable effects. Most of us tend to treat these outcomes as anomalies to be cast aside, blaming the givers as defective managers and the receivers as malcontents. Because of these beliefs, we continue to hope that people can turn it around and get it right.

Even with our best efforts, however, we cannot get it right. The source of the problem is not the people involved—*it is in the appraisal system itself,* its very nature and its unseen, underlying premises.

In this book, we uproot the underlying premises and beliefs of appraisal so you can see the causes of appraisal outcomes and damaging effects. Upon reflection, we expect you, too, will see that appraisal is a hopeless and futile path. In its place, we offer real hope and entirely new pathways.

We work from the intended purpose of appraisal. Your motives for doing appraisal were never wrong—they were noble and worthy. Good communication, improving performance, motivating and helping employees with their careers, fair promotion and pay practices, reliable legal documentation, and properly documenting counseling and corrective actions—*all* are valid and necessary objectives. Building from these noble intentions, we open new doors and offer alternatives that can bring success and restore joy to people's work. We offer specific guidance on how to transition away from appraisal and even have fun doing it. The pain of policing and the paper-collecting drudgery of appraisal were never fun. In

discarding appraisal, however, there are unlimited opportunities for interesting challenges and joy in learning.

The Legacy of Appraisal

Assuredly, challenging the very notion and necessity of appraisal is a daunting task. The practice of giving employees annual ratings or performance evaluations is widely accepted as an essential and valuable tool throughout the business world. Indeed, it is difficult to find large organizations that do not subscribe to the practice of appraisal. Over the past several decades, many books have been written about performance evaluations or performance appraisals (as human resources professionals prefer to call them). At our most recent checking, Amazon.com offers nearly 200 titles that focus on the less-than-fascinating topic of appraisal—more than 50 were published since 1994. The Library of Congress lists more than 500 titles on the topic of appraisal dating back to 1898. Half of these were published after 1975.

While many of these books talk about the pervasive problems associated with appraisal, sparingly few of them engage in any serious, in-depth discussion of the bigger question: *Are they needed at all?* Instead, they give advice and suggestions on how to *improve* appraisals rather than considering the possibility of a work world *without* any kind of performance appraisal.

This book is different. It is not written to give you a better approach in *using* performance appraisals. We have nothing new to sell you. We offer no "newly designed, re-engineered, total-quality, 360-degree, competency-based, high-performance management appraisal process" or any other bottled medicine. Our objective is simple. We wish to challenge you to think about the use of appraisals at a deeper level—to ask yourself the questions rarely contemplated by managers and organizations that perpetuate the use of appraisal today:

- Why do you use performance appraisals?
- Do they accomplish your intended goals?
- What are their real effects?
- Do you really need *any* kind of performance appraisal system?
- If not, are there alternative ways to accomplish your intended goals?

We challenge you to explore these questions with an open mind and then ask you to consider new possibilities to build a more joyful and productive workplace, including, *can* you imagine, work environments *without* any performance appraisal system.

What This Book Is Not About

The confusion and complexities of appraisal are so commonplace that we must briefly say what this book is *not* about before telling you what to expect.

This book is *not* about a better or new way to do performance appraisals. This book is about eliminating appraisals, not doing appraisals in a different way. Nor does this book offer a specific, canned alternative to replace appraisal. As we explain, no one system can address the complex goals of appraisal. And to meet the needs of your unique organization, there are no easy solutions. With examples and a clear-cut strategy at the close of the book, however, we do tell you how to escape the perennial disappointments of appraisal and create alternatives that will really make a difference.

This book is *not* about a new way to do pay-for-performance. The issues surrounding appraisal and merit pay practices overlap to a considerable degree, yet they are different. Incentive pay systems are also fraught with problems, some of which arise from the inability to accurately assess individual performance. Eliminating appraisal does not necessarily mean giving up merit pay practices. For many organizations, however, abolishing performance appraisals will pose new challenges and deeper questions about their merit and incentive pay practices (as we discuss in Chapter 6).

This book is *not* about replacing performance appraisals with a formal mandatory, written feedback system. Managers are increasingly aware that many employees do not like rating scales because of their rather arbitrary and reductionistic nature. To cure these defects, many organizations have moved to a system of annual, written feedback, without rating scales or any connection to pay raises. While this method eliminates some of the problems of traditional appraisal, it nonetheless perpetuates much of the thinking behind appraisal, creating unhealthy effects as we explain in Chapter 5.

Then What Is This Book About?

This book *is* about questioning the underlying assumptions behind the use of performance appraisals. For appraisal to be a reliable and useful tool, certain premises must hold true. For example, we must believe that all employees want to be coached with the same approach, or we must believe that people who rate performance can be unbiased and objective. We have asked thousands of people whether these and other appraisal assumptions are reasonable. The response is always the same—*the key underlying assumptions of appraisals are not logical and realistic*.

    This book *is* about a return to authenticity in communication, giving feedback, and partnering with employees. Good communication is critical in today's fast-changing workplace. More than ever before, we rely on employees to be committed and responsible for the functions they serve. We need employees to partner with management in meeting customer needs amid global competition and, in the public and nonprofit sectors, to help us survive life-threatening financial conditions. Far more often than not, appraisal actually *impedes* authentic communication and partnering.

    This book *is* about redefining the roles of managers and employees. In this new century, the relationship between managers and employees is undergoing dramatic change. The new workforce, if it is to be energized at all, will more and more demand a genuine say in how the work is to be done. The prevailing mode of work has shifted to empowerment, collaboration, and teams. These changes mean that every manager will serve in a new role. It requires a shift from "managing" people to *helping* people manage themselves and the business. With the information age, new technology, and flattened organizations, a manager's work-knowledge skills will become increasingly less important. More and more workplaces of the future will require managers to excel in *people* skills and the *artful* leadership evinced by a shared sense of purpose and vision.

    New roles for managers also means new mental models for employees. Paramount to this book is the idea: *Employees want to be and are fully capable of being responsible for themselves*. With a supportive work culture and access to helpful resources and training, employees will take responsibility to get timely and useful feedback, grow their skills, and improve their performance in alignment with organizational needs.

In asking you to abolish appraisal, we are really challenging you to answer a deeper question: *What type of work culture do you really want to create?* Do you want one where managers are responsible for their employees or where *everyone* through collaborative efforts is accountable for the work to be done?

This book *is* about giving leaders the freedom to choose for themselves the most effective ways of working with people. It is hypocritical and unrealistic to hold executives, managers, and supervisors "accountable" for outcomes or talk about an empowered organization when we mandate one specific coaching approach for everyone who supervises. Though well intended, appraisal uniformly imposes a single method for conveying feedback, managing performance, measuring competencies, developing employees, and the like. Instead, each manager, based on his or her unique personal style and particular assignment, must be given the space and freedom to choose the best methods and timing for coaching, feedback, and fostering performance and development.

Lastly, this book *is* about refocusing on outstanding *organizational* performance. The widespread practice of using *individual* performance appraisals to attain *organizational* improvement stems from the myth that better organizational performance will result from getting each person to do a better job. Substantial organizational improvement can only be achieved by improving the *whole* organization as a complex system. While individual improvement efforts are beneficial and often necessary, too much emphasis is placed on improving the organization by working on individuals. In place of appraisal, we urge organizations to use alternative strategies that seek improvement from a broader perspective. At the same time, we discuss how individual improvement initiatives can better align with the organization as a whole.

Getting to the "Instead"

If you are anything like the audiences we encounter, you anxiously want us to just zip ahead to "what to do instead." The "instead" is not a concise list, a set of new forms, or best practices that you can model. The "instead" can only begin with *new thinking*. And we know no effective way to help you get there unless you first understand the dynamics of appraisal and why it fails. To short-cut this step will only doom your best efforts to start anew.

We are often told about companies that purportedly have abolished appraisal. But when we take a closer look, we find they have adopted merely a *variation* of appraisal—people are still having things done *to* them, paper is collected for the personnel file, and every employee and supervisor is required to use some process that was determined to be in their best interest. Invariably, the symptoms and effects of appraisal pop up again.

To get to an "instead" that will really make a difference, you must design alternatives from an entirely new set of premises and beliefs about people, work, motivation, improvement, and the nature of leadership. For most of us, it is extremely difficult to think in terms of new assumptions—our conventional ways of looking at workplace issues are steeped in hidden, unhealthy assumptions that underscore control and a lack of trust in employees. To keep them from popping up again in designing our "insteads," we must look at what happened in appraisal and clearly identify the operative assumptions. Only then can we avoid repeating our mistakes.

We are as anxious to get to what to do instead as you are, but to create meaningful alternatives, we must work through the assumptions. To ease this arduous task, we provide an overview of appraisal's pervasive assumptions (Chapter 1) and throughout the book discuss assumptions relating to the functions of appraisal. To reinforce the learning, we close chapters with a recap of conventional appraisal assumptions and new assumptions from which we can create alternatives.

A Road Map

The book is organized into three parts: *Why Appraisals Backfire: The Fatal Flaws* (Part One), *What to Do Instead: Five Functions of Appraisal* (Part Two), and *How to Get There: The Transition to Alternatives* (Part Three).

Part One provides foundations that are critical for the remainder of the book. Chapter 1 clarifies what we mean by *appraisal* and spells out its key functions. It further explains the mechanics of *underlying assumptions* and discusses assumptions that repeatedly crop up in the various functions of appraisal. Chapter 2 challenges you to think about organizational improvement in a new light. This new perspective will prove invaluable in designing alternatives to appraisal. In Chapter 3, we examine appraisal's

track record as a rating tool. As you probably understand, this is an important underpinning to other functions of appraisals, particularly pay and promotions.

In Part Two, we discretely examine the five major functions of appraisal in separate chapters: coaching (Chapter 4); feedback (Chapter 5); fair pay and motivation (Chapter 6); development and promotions (Chapter 7); and problem performers and legal documentation (Chapter 8). With respect to each function, we identify the most commonly held underlying assumptions. From this foundation, we recommend specific strategies with case studies and examples for designing alternatives.

In Part Three, we lay out a series of sequential steps to phase out appraisal and to design and implement alternatives. Finding the right alternatives for your organizations cannot be expedited—it requires careful inquiry and strategic measures to garner support from the entire organization. Bypassing these measures is a sure formula for failure.

At the end of the book, *What the Sages Say* and *Further Reading and Resources* provide supplemental information.

The most difficult challenge in writing this book was to find a logical, coherent order to present the ideas. We have found it most difficult to write about any one aspect of appraisal functions and problems without concurrently addressing others. After considerable rework, we found this presentation to be the most economical and effective. You may have bought this book with particular interest in a single function, such as feedback, pay, or employee development. However, you will get the most out of this book if you resist the temptation of jumping ahead, or, if you can't resist, then at least read through Chapter 3 before skipping ahead.

Though abolishing appraisal is the prevailing theme of this book, we understand that, in the end, you or your organization may not choose abolishment. If you choose to stay with appraisal, however, we hope, at the very least, that this book enables you to better understand what you are doing and why you are doing it.

1

Good Intentions
That Never
Deliver

It is not enough to change strategies, structures, and systems, unless the thinking that produced those strategies, structures, and systems also changes.

Peter Senge, *The Dance of Change*

It seems quite probable, as we continue to question our current practices, that most systems of performance appraisals . . . will be unmasked as detrimental to human spirit.

Dick Richards, *Artful Work*

Abolish performance appraisal. Yes, it feels uncomfortable to say that. Appraisal represents the conventional wisdom. We've grown accustomed to it, in spite of its inevitable flaws. Letting go of it feels like we're going on a course to abandon people and their needs—the need for feedback, good coaching and development, the need for a measuring stick so people and the organization can know where people stand.

Our discomfort is quite natural. It stems from the truly good intentions behind appraisal. Abolishing appraisal does not mean abandoning its good intentions. It is diametrically the opposite—it is about getting serious about those intentions and finding pathways that *can* deliver without bringing on the perennial problems of appraisal. In this chapter, we separate the wheat from the chaff, keeping the worthy intentions of

appraisal while we thresh out its structures and underlying beliefs. It is those potent beliefs and the resulting structures that ensure failure and the unintended toxic side effects.

To bring focus and clarity to this discussion, we begin by defining what we mean by *performance appraisal*. After all, there are innumerable euphemisms for appraisal and many variations in form. At their extreme, the variations may make it difficult to discern whether we are talking about appraisal or something else. Next we examine the noble intentions of appraisal. Before we can intelligently discuss their flaws and what to do instead, we must be clear about what appraisals are trying to achieve. Then, we take a distant look at the *outcomes* and *effects* of appraisals. Finally, as a foundation for the remainder of the book, we examine the beliefs or *underlying assumptions* that cause the repeated failure of appraisal.

■ What Do We Mean by Performance Appraisal?

Confusion prevails over what appraisal is and is not. Many organizations have proclaimed that they have dropped the practice, but what they do instead is merely appraisal with a new name. The goal of this book is to truly *abolish* appraisal. If ultimately this is your goal as well, it is critical to understand what appraisal is and is not. To clarify the difference between a variation of appraisal and *genuine* alternatives to appraisal, we start with a good working definition.

Although management textbooks provide scores of definitions for *performance appraisal,* a mere dictionary gets us off to a good start. *Performance* is defined as "the way in which someone or something functions."[1] *Appraise* comes from the Latin word *pretiare,* meaning *to value.* Hence, appraisal is a process in which we *evaluate, judge,* or *estimate.*[2] Combining these definitions, we may say that performance appraisal is the *process of evaluating or judging the way in which someone is functioning.*

Gertrude Stein

"A Rose Is a Rose Is a Rose"

Performance appraisal is the most accepted term describing the subject of this book. It is generally interchangeable with *performance evaluation, performance review, annual review, personal rating, performance rating,* and the like. It also may include ap-

praisal schemes that are called *performance management, 360-degree feedback,* or *competency modeling.* The descriptors *performance review* or *performance evaluation* are perhaps most popular in the vernacular, but human resources professionals prefer to call it *performance appraisal.* Using the word *appraisal* makes this process easily distinguishable from another unrelated process called *job evaluation,* a system used to rate and compare *jobs* (not people) for pay purposes. Throughout this book, we will simply use the term *appraisal* as a cauldron for all the names and variations of performance appraisal.

When we speak of appraisal, our focus is on processes that judge *individual* performance, not the performance of an organization or a business unit. Although widely varying in form, appraisal, as conventionally practiced, will nearly always contain the five distinguishing features we summarize below. If a process is missing some of these features, we would not view it as a systematic appraisal practice but rather as some other type of communication, personal development, or organizational development tool. Regardless of what it is called (see *"A Rose Is a Rose"*), we believe the practice of performance appraisal exists when most or all of the following features are present in a single process or tool:

1. **Employees' individual work performance, behaviors, or traits are rated, judged, and/or described by someone other than the employee.** In many organizations today, appraisal feedback is given by persons other than the immediate supervisor (e.g., co-workers, subordinates, internal or external customers, suppliers, or professional raters). Just because the supervisor is not the sole rater or one of the raters, the process may nonetheless constitute a form of appraisal. A tool in which *the employee* is the sole judge would be a developmental tool rather than a performance appraisal.

2. **Such ratings, judgments, and descriptions relate to a specific time period (e.g., a year, a calendar quarter) rather than a particular work product or project.** A salesperson may get a written evaluation after each sales call from the trainer—feedback of this type on a work product, project, or task is an appraisal of sorts, but it is not the systematic appraisal process that is the target of this book.

3. **The process is systematically applied to all employees or a class of employees.** Sometimes people are selectively evaluated because they are performing poorly or they are asking for special help. Selective evaluations would be an appropriate form of *individual intervention* and

do not constitute systematic appraisal as general practice, and such is not in conflict with the goals of this book.

4. **The process is either mandatory or induced by an extrinsic incentive (e.g., eligibility for a pay raise) as opposed to a process that is purely voluntary or elective.** An employee who freely chooses to seek feedback, without coercion or extrinsic incentive, is engaged in an employee development process.

5. **The results of ratings, judgments, or documentation are kept or preserved by someone in the organization other than the rated employee.** If, for legal or other reasons, the results of the evaluative process are preserved as a record by the organization (in the H.R. department, supervisor's records, or by someone other than the rated employee), this would be consistent with appraisal. However, if the *sole* purpose of the ratings, judgments, or work documentation is to provide information for the *employee's* own use, and there is no requirement to file the documented evidence of the evaluation or feedback with the organization, it is a communication or development tool.

Putting these five characteristics together into a single statement, for purposes of this book we can say:

> The practice of *performance appraisal* is a mandated process in which, for a specified period of time, all or a group of employees' work performance, behaviors, or traits are individually rated, judged, or described by a person other than the rated employee and the results are kept by the organization.

We can illustrate this definition through a couple of examples. Some organizations have pared conventional appraisal down to a process in which all employees simply receive written feedback from supervisors or others. In this approach, the employer systematically requires employees to undergo a feedback session that culminates in a written feedback form. There are no numeric ratings or scales. The outcome of the feedback is disconnected from pay raises, promotion, or layoffs. The human resources department or supervisor keeps a record of the written feedback form. Although such a feedback mechanism would be friendlier than conventional appraisal approaches, it nonetheless is a variation of *performance appraisal.* Even though there are no scales or ratings, there is an *evaluation* or *judgment,* explicitly or implicitly, about the success of that employee. Such documented records, at least implicitly, would reflect upon the qual-

ity of work performed. Because the process still mandatorily imposes an evaluation by others, we label this process an *appraisal*.

By contrast, in some organizations, the responsibility for feedback has been shifted to the employee. The employee freely decides if and when to initiate and gather feedback from various sources. When collected, the results are sent only to the rated employee (or, sometimes, 360-degree models utilize a processing center that deletes the identity of contributors but makes no record of the feedback). The employee keeps all of the feedback records but may choose to share and discuss the results with others (supervisor, mentor, career counselor, etc.). Though this process partly resembles appraisal, the elective features and exclusive control by the employee would cause us to characterize it as an employee development tool.

The distinction between the above two examples may seem trivial at this juncture, but it is critical in evaluating alternatives to appraisal. Feedback may be the key action in both processes, but the absence of certain structures in the second suggests an entirely different set of beliefs and this, as we shall explain, will drive entirely different outcomes.

■ The Intentions and Purposes of Appraisal

The above definitions tell us little about the *purposes* of appraisal. When we ask organizations why they use appraisals, we get a variety of answers and a very long list to boot. In one form or another, the items in Figure 1.1 typically are mentioned.

Give feedback	Set and measure goals
Promotion screening/decisions	Motivate/provide recognition
Get performance improvement	Downsize/layoff decisions
Coaching and mentoring	Award pay increases
Counsel problem performers	Measure individual performance
Development/training needs	Legal documentation
Career Advancement	

Figure 1.1 Common Responses—Why do we do appraisals?

Various surveys are consistent with our audience's responses. For example, an earlier survey 2,400 members from human resources, finance, marketing, and information systems departments, taken by the American Management Association, found that 86% of the respondents said appraisal was tied to *compensation* decisions. Another 65% of the same respondents reported that the tool was to be used for *counseling,* while 64% identified *training and development.* Other purposes also drew high responses including: *promotion* (45%), *staff planning* (43%), and *retention* and *discharge* (30%).[3]

A key goal of this book is to explain why appraisals backfire. We can't explain why until we specify the purpose of performance appraisal. In other words, *What are we trying to accomplish?*[4] In most organizations the answer is several items in Figure 1.1. For the sake of economy and logical organization, we have taken the commonly identified purposes of appraisal and allocated them into six broadly defined functional categories, each of which we address in separate chapters. The six functional categories are:

1. **Improvement.** The process should help both the employee and the organization to get better results, improving quality, efficiency, effectiveness, alignment, and the like (Chapter 2).

2. **Coaching and Guidance.** In the traditional management view, appraisal provides a managerial tool and framework for coaching, counseling, and motivating employees (Chapter 4).

3. **Feedback and Communication.** Appraisal is intended to enhance communication between the employee, supervisor, and others in the organization, including feedback on employee performance (Chapter 5).

4. **Compensation.** By tying appraisal to compensation (salary increases, bonuses), purportedly people will work harder. In theory, the pay also will be more fair, rewarding the most deserving employees (Chapter 6).

5. **Staffing Decisions and Professional Development.** Appraisal attempts to provide information to enable the organization to fairly and effectively select employees for promotion, layoffs, or reductions-in-force (RIFs). It's also used to identify staffing and training needs and assist employees in their career development (Chapter 7).
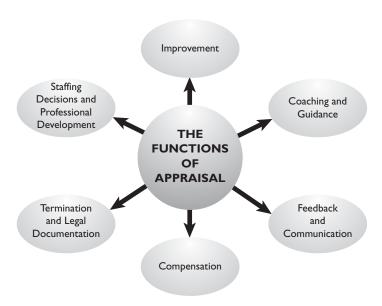
Figure 1.2   The Functions of Appraisal

6. Termination and Legal Documentation. Effectively written appraisals should provide objective and impartial documentation that is necessary or useful in disciplinary and discharge decisions—ultimately they may be challenged by the unemployment office, civil rights agencies, and union representatives (Chapter 8).

We have not listed the rating process as a function of appraisal because it is not a function in and of itself, but rather a tool that is used with appraisal functions such as pay, career advancement, promotion, and determination of training needs. The process of rating, however, is so critical to the functions of appraisal that we have devoted an entire chapter to appraisal as a rating tool (Chapter 3).

■ Do Appraisals Work?

Knowing the reasons why we do appraisal, the question is—do they work? As you work your way through this book, we hope that you will see the answer for yourself. In the interest of honesty at the outset, let us say it is our fervent belief that appraisal does not work. It impedes the reception of

feedback, and there is no solid evidence that it motivates people or leads to meaningful improvement. Due to its inherent design flaws, appraisal produces distorted and unreliable data about the contribution of employees. Consequently, the resulting documentation is not useful for staffing decisions and often does not hold up in court. Too often, appraisal destroys human spirit and, in the span of a 30-minute meeting, can transform a vibrant, highly committed employee into a demoralized, indifferent wallflower who reads the want ads on the weekend.

Our harsh censure of appraisal rests on a solid foundation. Academia, industry, and professional associations have intensely scrutinized appraisal for more than 50 years now, producing hundreds of studies, surveys, and articles. Despite a strong bias by many researchers who favor appraisal or imply that appraisal is indispensable, these studies and surveys offer scant evidence of appraisal's success. A survey by the Society for Human Resources Management found that more than 90% of appraisal systems were not successful.[5] Another survey by Development Dimensions Incorporated, a leading H.R. consulting firm, found that most employers expressed "overwhelming" dissatisfaction with their performance management systems.[6] In an *Industry Week* survey, only 18% of respondents said their performance reviews were effective, with 48% of respondents calling them "second-guessing sessions."[7] A 1997 survey by Aon Consulting and the Society of Human Resources Management found that a mere 5% of H.R. professionals polled reported that they were "very satisfied" with their performance management systems.[8] Throughout the rest of this book we discuss the reasons for these dismal results.

■ Why Do We Hang onto a Process That Doesn't Work?

Taken as a whole, the research decidedly demonstrates that appraisals are ineffective and cause a spate of undesirable, unintended effects. As we excavated a mountain of research on appraisal, we became increasingly amazed that business scholars and leaders have not collectively called a halt to the practice. With the vast majority of organizations repeatedly experiencing disappointing results and problems with appraisal, we wonder why there isn't more discussion about dropping it, rather than trying to fix it.

As a person who has purchased or checked out this book, you very likely sense that your appraisals are not working. You also likely have observed some of the damage done by appraisal and may have some notions about why it doesn't work. You may have a clear sense that most people in your organization dislike, disregard, and even despise the process. Interestingly, even if your sense is correct, you shouldn't expect the people in your organization to stand up and cheer if you announce the end of appraisal. In fact, if you take a poll without any educational initiative, asking people in your organization if they would like to abolish appraisal, we predict that most employees will say "keep it." Even in organizations with high rates of dissatisfaction and disillusionment about appraisal, you will get this reaction.

Why do people want to keep a process that has never worked? There are many answers to this complex enigma. In part, people want appraisal because its purposes are worthy—the notion of tossing appraisal seemingly means abandoning those purposes. People think that no appraisal means no feedback, no special help on career and performance issues. They believe no appraisal means arbitrary decisions about pay adjustments and career advancement. They also cling to the illusion that they need appraisal to tell them where they stand. As we explain in the pay chapter, most people believe that they are top-notch performers (for example, 80% of people perceive themselves to be in the top quarter of all performers), and they believe that an evaluative system will recognize this and reward them with pay increases, career advancement, promotions, and other perks. To them, dropping appraisal will mean their good efforts will go unnoticed and unrewarded—they will get the same treatment as their sub-par peers. Because they have not examined the underlying assumptions of appraisal, they see its perennial problems only as something that needs to be fixed—a new design or better training could fix the problem.

Given this prevailing view, each organization has two choices in dealing with the futile process of appraisal. Choice one is to appease everyone by continuing the practice, promoting the illusion that appraisal works and pretending not to notice the harmful side effects. Choice two is to begin an organization-wide initiative of *education* in which you help people understand *why* appraisal fails and then, *together,* work on strategies to replace appraisal, looking for genuinely new ways to actually deliver on the high hopes that were placed in appraisal. The rest of this book is aimed at the latter course.

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