

Replacements for Annual Performance Review in Retail and Manufacturing Jobs

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Annual Performance Reviews in Retail and Manufacturing

Retail and manufacturing companies use the human resources department to provide the organization with the necessary structures and abilities to meet their business needs by managing their most valuable resources. Additionally, the human resource department conducts annual performance reviews for all employees in an organization. An annual performance review is a series of processes that involve formal discussions about an employee's development and performance in the company. The processes involve setting a plan of action for the following year and also reviewing achievements acquired in the previous year. Companies conduct annual performance reviews to discuss work conduct, work plans, roles and responsibilities, position descriptions, and non-financial compensations. More specifically, this paper discusses possible measures that should replace annual performance reviews in retail and manufacturing jobs.

Limitations of Traditional Annual Reviews

Over the past few years, both managers and employees have outgrown the need for annual performance reviews. Employees dread these processes and studies show that they are no longer effective, therefore, only a few companies conduct the annual performance reviews. Many companies and businesses have abolished annual performance reviews, for they bring more problems than solutions. Initially, annual performance reviews are conducted to evaluate employee accountability, track worker performance, and reward those who have excelled, but they do not provide guidance for managers to coach their employees to better performance. Therefore, annual performance reviews no longer motivate employees, and managers are forced to offer more distinctive feedback and personalized work arrangements for their best employees. Today, employees call out for frequent feedback, collaborations with workmates, and, most importantly, open communication in the office. They want quarterly, monthly and even weekly performance reviews (Terrence, 2017), and this change has created job opportunities for Tech companies where they are required to conduct constant employee evaluations. A study conducted recently by psychologists at Kansas State University shows that negative feedback during annual performance reviews demotivates employees, which leads to poor work performance, which negatively impacts a company's products, sales, and services.

Continuous Coaching and Performance Development

To motivate employees, companies have established and initiated other ways of improving work performance without annual performance reviews. First, managers must be equipped with the necessary tools to coach and empower other employees. Workers don't see their work managers as experts in certain fields; instead, they look up to them for encouragement, coaching, and mentorship. Managers should help their employees to learn and grow in their jobs. Further, employees do not require annual performance reviews to rate their work; instead, companies should start developing management performance. Many companies so far have killed annual performance reviews because they mostly focus on processes rather than outcomes. Additionally, many employees prefer ongoing performance development because it helps them determine ways that will bring positive changes to the company. Also, a healthy manager-employee relationship helps to continuously improve work performance, unlike conducting annual performance reviews.

Flexible Compensation and Employee Rewards

Secondly, a company that wants to replace annual performance reviews can revamp compensation offerings to top-performing employees. As much as managers want to retain a healthy manager-employee relationship, it can be hard, especially when there are limited set pay scales. If this is the case, it is difficult to retain and nurture talent in the company. High-performing employees feel demotivated in their work, especially when they know that they cannot get a pay raise until the annual performance reviews. Therefore, many companies have established new techniques to reward their employees. Some of these techniques include offering compensation pay, biannual bonuses, and peer-to-peer awards. For example, a retail or wholesale business offers bonuses twice a year for all employees who attain a certain number of sales. This technique motivates employees to work harder, which leads to better work performance and more sales, unlike when a company or a business rely on annual performance reviews.

Rating Systems and Peer-Based Evaluation

Thirdly, many companies use old-school rating systems to rank their employees rather than annual performance reviews. These systems use a scale where a manager ranks an employee with a number, for example, from number one to four. This technique also uses qualitative ratings such as 'meet expectations' or 'exceeds expectations'. In this system, managers do not rank employees based on competency and skills. Instead, they emphasize more on the employee rather than what they can do. The system points out what the employee has done right and how to improve instead of what they did wrong. Many companies have used this system to rate workers' performance in order to determine pay raises and bonus awards. The old-school rating systems allow employees to rate their fellow

colleagues, providing a more rounded view of an employee. As a result, the system provides the actual value of an employee to the company. This system helps many employees evaluate their work performance and find areas that need improvement. However, it also creates certain obstacles for managers who will get rid of formal annual employee performance reviews (Christopher and Alexandra, 2016).

References

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