

How HR can harness the performance management revolution - HR Magazine

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Executive Summary

This article addresses the fundamental flaws in traditional performance management systems, particularly annual reviews that compress months of behavior into single high-stakes documents. The author argues that recency bias makes these systems ineffective and proposes shifting from event-driven to habit-driven performance management. Key evidence includes the observation that high-performing organizations monitor performance continuously rather than waiting for formal review cycles. The article advocates for using AI to consolidate ongoing performance data while maintaining human judgment for critical decisions. The implications suggest that HR must reframe performance management as a business imperative rather than a process obligation, building daily and weekly habits that create clearer performance pictures and enable real-time course correction.

Key Insights

1. Recency bias makes traditional annual reviews fundamentally flawed, as managers struggle to recall and address performance issues from months ago
2. High-performing organizations monitor performance continuously rather than waiting for formal review cycles
3. AI can consolidate months of performance data into coherent pictures, but only when supported by consistent daily and weekly performance habits

Practical Takeaways

- Build performance assessment through daily and weekly habits like regular one-to-ones, goal-setting, and real-time feedback rather than relying on annual events
- Make foundational managerial training bite-sized and incremental, ensuring leaders model the expected behaviors for their managers

Critical Analysis

Strengths include a clear articulation of recency bias problems and practical implementation guidance. However, the article is written by a Lattice executive, creating potential bias toward AI-enabled solutions. The claims about AI effectiveness lack empirical support, and the article doesn't address potential downsides of continuous monitoring or implementation challenges in different organizational contexts.

Organizational Practice

High-performing organizations monitor performance continuously through regular one-to-ones, goal-setting, check-ins, real-time feedback, and retrospectives, treating performance management as ongoing business intelligence rather than annual events

Strategic Implications

The article suggests a shift from annual performance reviews toward continuous performance monitoring enabled by AI consolidation of ongoing performance data, with implications for manager training, leadership modeling, and organizational performance tracking systems

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