What’s Wrong with Annual Reviews – and 6 Tips to Improve Them

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Executive Summary

This article addresses the widespread dissatisfaction with annual performance reviews and proposes six practitioner strategies for improving performance evaluation systems. The author's central argument is that annual reviews are structurally insufficient as standalone performance indicators and that organizations benefit from increasing review frequency, incorporating self-assessments, and expanding the scope of what is evaluated. Key evidence draws on Workhuman research indicating that nearly a third of companies still conduct annual-only reviews, and a Gallup study finding that just 2% of HR executives at Fortune 500 companies strongly agree their performance management system inspires employee improvement. Additional perspectives are offered by named practitioners from Workhuman, Deloitte Consulting, and Ascend Behavior Partners. The article concludes that shifting toward continuous performance development, greater transparency, and post-review employee support produces more meaningful evaluations. The piece does not present original empirical research but synthesizes practitioner opinion and selected third-party statistics to support a reform-oriented position on traditional appraisal cycles.

Key Insights

1. Only 2% of HR executives at Fortune 500 companies strongly agree their performance management system inspires employees to improve, according to a Gallup study cited in the article.

2. Workhuman research indicates 22% of employees worry their annual review will not accurately reflect their performance, pointing to a structural credibility gap in infrequent evaluations.

3. The article positions continuous performance development — combining frequent check-ins, real-time feedback, and annual reviews — as a complementary model rather than a wholesale replacement of formal appraisals.

Practical Takeaways

• Organizations are described as adopting brief online self-assessments (as short as 10 minutes) prior to manager check-ins as a way to structure frequent, informal performance conversations.

• Project-based 360-degree feedback, focused on two to three key skills and one development area, is presented as a method for capturing performance data outside the predictable annual review cycle.

Frameworks Mentioned

360-Degree Review — Multi-rater feedback approach cited by Joan Goodwin of Deloitte Consulting as a method for assessing employee skills upon completion of projects or initiatives, focusing on demonstrated strengths and one development area.

Critical Analysis

The article's primary limitation is source bias: two of its three named expert voices — Rosette Cataldo and the Workhuman research data — originate from Workhuman, a vendor whose commercial product directly benefits from organizations moving away from annual reviews toward continuous performance platforms. The Gallup statistic (2% of HR executives) is cited without a specific study name, date, or methodology, reducing its verifiability. The Deloitte Consulting voice adds some credibility, but is also practitioner opinion rather than peer-reviewed evidence. On the strengths side, the article accurately represents a real and well-documented tension in the performance management field, and the six strategies it outlines are broadly consistent with academic and industry literature on the subject. The employee preference data (money, flexibility, positive culture, job security, recognition) is attributed to Workhuman research but presented without sample size or methodology. Overall, the piece functions as useful practitioner guidance but should not be treated as independent empirical evidence.

Organizational Practice

The article describes organizations using annual, biannual, and quarterly performance reviews, with some adopting continuous performance development models that layer frequent check-ins and real-time feedback onto formal annual appraisals. One named organization, Ascend Behavior Partners, is described as implementing brief online manager assessments followed by one-on-one conversations with frontline employees. Companies are also described as incorporating culture contribution into assessments and using project-based multi-rater feedback as a supplement to scheduled reviews.

Strategic Implications

The article reflects a broader industry movement away from point-in-time annual appraisals toward continuous or hybrid review cadences. The data points cited suggest persistent dissatisfaction with traditional annual review models even among large, resource-rich organizations, indicating that review frequency alone does not resolve underlying issues of perceived fairness and relevance. The emphasis on pay transparency and post-review support signals that review processes are increasingly evaluated not just as feedback mechanisms but as components of broader employee experience and retention systems. Vendor involvement in producing and framing the supporting research suggests the continuous performance management market has a commercial stake in shaping organizational norms around review frequency.

Validation Status: passed
