Annual performance reviews are disappearing – here’s why - Rochester Business Journal

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Executive Summary

This article addresses the growing organisational shift away from traditional annual performance reviews, examining the drivers behind their decline and the alternative approaches companies are adopting. The author, writing in a Q&A advice column format, draws on commentary from HR practitioners, recruiters, consultants, and a co-author of a book on employee experience to argue that annual reviews are increasingly viewed as ineffective, anxiety-inducing, and misaligned with the needs of modern workforces. Key evidence includes a Deloitte study cited by a recruiter finding that 61% of managers and 72% of employees distrust their organisation's performance management systems, alongside case studies from Lock Search Group and JobLeads describing their transitions to continuous, dialogue-based feedback models. A Fortune 100 financial services firm is also referenced as having replaced annual evaluations with ongoing trust-building conversations, reportedly improving manager-employee relationships. The article concludes that organisations are moving toward real-time, multi-source, and AI-assisted feedback systems, but cautions that technology adoption without employee engagement and accountability structures may not yield the desired outcomes.

Key Insights

1. A Deloitte study cited in the article found that 61% of managers and 72% of employees report they do not completely trust their organisation's performance management systems.

2. Research going back to 2011 is referenced to support the claim that traditional performance review processes rarely help employees improve job performance and are frequently perceived as threatening.

3. Practitioners from Lock Search Group and JobLeads report that shifting to continuous, real-time feedback reduced review-related stress, improved clarity on expectations, and decoupled compensation recognition from a rigid annual cycle.

Practical Takeaways

• Lock Search Group's experience illustrates that leveraging existing real-time feedback logs — rather than constructing new formal documentation — can reduce administrative burden while maintaining performance visibility.

• JobLeads' transition to lighter tooling focused on goals, feedback, and notes without numerical scoring reflects an approach that prioritises conversational quality over measurement complexity.

Critical Analysis

Strengths: The article draws on multiple practitioner voices across different organisational contexts (recruiting, tech, financial services, consulting), providing varied real-world perspectives. The inclusion of a specific Deloitte statistic adds a quantitative anchor. Limitations: The Deloitte study is referenced only through a secondary source (a recruiter) without title, year, or methodology details, making independent verification impossible. The article is structured as a workplace advice column, introducing inherent editorial framing that favours the 'annual reviews are bad' narrative. No counterarguments or evidence supporting the continued effectiveness of structured annual reviews are presented. Case study organisations are small to mid-sized firms, limiting generalisability to large enterprises. The mention of commercial PMS vendors (Lattice, 15Five, PerformYard) without disclosure of any affiliation or critical assessment reads as incidental promotion. The claim that research 'going back to 2011' supports review ineffectiveness is unattributed and unverifiable as presented.

Organizational Practice

Lock Search Group replaced formal top-down annual reviews with peer-informed, real-time feedback processes drawing on existing feedback logs, and decoupled salary adjustments from a fixed annual cycle. JobLeads introduced shorter, more frequent check-ins using light tooling that aggregates goals and feedback without numerical scoring. A Fortune 100 financial services firm (unnamed) replaced once-a-year evaluations with structured, ongoing trust-building dialogues focused on shared purpose, expectation alignment, and collaborative problem-solving.

Strategic Implications

The article reflects a practitioner-level consensus forming around the inadequacy of annual review cycles in fast-moving, hybrid, and multi-generational work environments. The cited trust deficit data — if corroborated — points to a systemic legitimacy problem in existing PMS infrastructure that technology layering alone may not resolve. The cases presented suggest a pattern of organisations redistributing performance conversations across the year rather than eliminating formal evaluation entirely, which has implications for how PMS vendors position continuous feedback tooling versus periodic review modules. The caution expressed around AI adoption without employee co-design may signal an emerging tension between automation-driven efficiency and the perceived fairness requirements of performance evaluation.

Validation Status: passed
