

Job Performance Reviews Are Outdated and Often Pointless - FlaglerLive

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Executive Summary

This article addresses the persistent use of annual individual performance reviews despite substantial evidence of their ineffectiveness. The authors — both academics from New Zealand universities — argue that conventional performance appraisal and KPI systems are institutionally entrenched rather than genuinely effective, creating a significant disconnect between how leaders and employees perceive their utility. Key evidence includes a 2024 Betterworks survey finding that 44% of employees viewed performance management as a 'significant failure' and that employees were 57% less likely than leaders to believe it was working well, alongside a 2025 Cornell University analysis identifying institutional embeddedness and the illusion of objectivity as primary reasons outdated systems persist. The authors further draw on the well-established social science principle that when a metric becomes a target, it loses its validity as a measure. The article concludes that modern high-performance management approaches — emphasising continuous feedback, adaptable short-term objectives, and multi-source input — better reflect contemporary work realities, and that organisations should critically evaluate whether their performance metrics drive actual improvement or merely manufacture quantitative data.

Key Insights

1. A fundamental tension exists between using performance systems for pay/promotion decisions versus learning and development, and collapsing both into a single annual process undermines both objectives.
2. Cornell University's 2025 analysis suggests traditional performance systems persist not because they are effective but because they are institutionally embedded, perceived as objective, and costly to overhaul — with only one in five employees motivated by current systems.
3. The Goodhart's Law dynamic — where a metric becomes a target and ceases to be a good measure — is identified as a core failure mechanism in KPI-heavy systems, encouraging gaming, shortcuts, and misaligned behaviours rather than genuine improvement.

Practical Takeaways

- Organisations separating pay/promotion decisions from learning and development conversations may reduce the inherent tension that undermines both processes in combined annual reviews.
- Continuous, real-time feedback mechanisms and short-term adaptable objectives are presented in the literature as more aligned with how work actually occurs, particularly where human contributions involve creativity and problem-solving rather than routine measurable tasks.

Frameworks Mentioned

360-Degree Review — A multi-source feedback approach in which performance insights are gathered from multiple colleagues to provide a more balanced view of how an individual works with others, as opposed to single-source supervisor assessment.

Critical Analysis

Strengths: The article draws on credible academic and institutional sources including Cornell University's Center for Advanced Human Resource Studies and a large-scale 2024 Betterworks survey. The authors hold relevant academic positions and frame arguments within established management scholarship, including the Goodhart's Law principle. The critique of the pay-versus-development tension is well-grounded in management literature. **Limitations:** The article is primarily an opinion piece, and while it references research, it does not engage with counterarguments or contexts where structured annual reviews may function effectively (e.g., regulated industries, unionised environments, compliance-heavy sectors). The Betterworks survey is cited from a vendor with a commercial interest in performance management reform, which introduces potential source bias that the authors do not acknowledge. The prescriptive direction toward continuous feedback and 360-degree input is presented as self-evidently superior without engaging with the known limitations of those approaches (e.g., rating inflation in peer feedback, administrative burden of continuous systems). The article is written for a general audience and lacks the methodological depth of a research paper.

Organizational Practice

The article describes organisations using annual performance review cycles featuring standardised assessment forms, numerical rating scales, and KPI tracking tied to remuneration, promotions, and HR compliance cycles. It also notes emerging practices in some organisations involving continuous feedback loops, short-term adaptable goal-setting, informal manager-employee conversations, and multi-source (360-degree) input as alternatives to traditional annual review processes.

Strategic Implications

The article points to a widening perception gap between leadership confidence in performance management systems and employee dissatisfaction, which may signal reputational and engagement risks for organisations maintaining unchanged annual review structures. The framing of institutional inertia — rather than evidence of effectiveness — as the primary driver of system persistence suggests that PMS reform efforts face structural rather than purely technical barriers. The shift in work toward creativity and problem-solving, as routine tasks are automated, implies that output-based metrics may become increasingly misaligned with the actual nature of value creation, potentially accelerating pressure for alternative measurement approaches.

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