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## Does human resources fail it's performance appraisal ?

By Stella Muthoni

“There are “serious and widespread doubts about human resources (HR) contribution to organisational performance.” “The activities of HR appear to be – and often are – disconnected from the real work of the organisation” wrote Dave Ulrich of the University Of Michigan in the *Harvard Business Review* in 1998. “Indeed if HR were to remain configured as it is today in many companies, I would have to answer the question with a resounding “Yes – abolish the thing!”” says the professor of business.”

What is the real contribution the human resources makes to an organisation's operational and financial performance? HR in most Kenyan companies serves as a combined doorman and security guard, welcoming the new recruit into the firm, showing them where to hand their hat and then acts more as rule making policy and procedures police.

### **No there, there**

Human resources abounds with jargon "business speak" but when one digs deeper there is often "no there, there". Over time, the personnel department has been renamed human resources and in some cases evolving to a fancier human capital unit and or the manager of people and culture, but what is HR's real impact? Somehow we continue to go through the ritual of saying all these nice things about the HR function but don't see hard results.

Performance management is thought to be the domain of HR but when one delves down into what this really means it's generally simply good old fashioned performance appraisals. Whether they are done once, twice or three times a year the result is generally the same. There are severe doubts about whether performance appraisals work.

- Research shows that people are often more confused about where they stand in the organisation after the performance appraisal than before.
- Psychologist Douglas McGregor complained that the major reason appraisals failed was that "superiors disliked playing god by making judgements about another person's worth."
- "The appraisal situation gives rise to powerful, paralysing feelings of guilt that make it extremely difficult for most executives to be constructively critical of subordinates" states Harry Levinson, clinical professor of psychology at Harvard Medical School.

"Subordinates will inevitably be appraised on how well they work with superiors and help the latter meet goals." And, "quality of performance frequently, therefore, loses out to quantification" is Levinson's disturbing critique.

### **Like a rat in maze**

Often the performance appraisal process assumes the staff member is like a rat in a maze with a choice between two alternatives: the rodent will either choose the food or the reward. If the cheese is not selected, the rat is starved to make sure it wants food. Sound familiar?

Well that's one way to manage performance but people are not rats. Somehow what is forgotten is that staff are most deeply motivated by work that stretches and excites them while also advancing organisational goals.

For performance management to work, the approach has to be in direct alignment with the corporate strategy, unit business plans and all the elements of the HR cycle. Research by Abbott Consulting suggests that roughly 5% of firms in East Africa have a real performance management system in place that links the elements of HR with business planning. Generally these are market leaders like Citigroup or Sarova Hotels. Some imaginative and entrepreneurial firms in Kenya don't even have an HR function, they work more by having senior managers hire staff based on their energetic can do attitude and leave the mechanics of signing on to administration.

So what is HR's role? To begin with it is getting the right people on the bus and ensuring staff are engaged, switched on, excited about their role.

### **Right people in the matatu**

One of the more interesting pieces of analysis was a landmark five year study by Jim Collins and researchers that tracked 1,435 US established companies over 15 years which pointed out some remarkable commonalities of what it took to go from "good" to "great." There was no mythical change moment – but what all great 11 out of 1,435 companies had was a stress on having the right people in place. Collin's landmark "Good To Great" research showed that outstanding firms that outperformed the market started, not with some blue sky elaborate vision of where they wanted to be, but more with who they wanted on board. Trick is to get the right people on the bus, in the right seats.

Marcus Buckingham of the Gallup Organisation found that in the US working population there is a direct link between people's engagement and business performance. Gallup's results showed: Staff who are engaged, loyal and productive -- 26%

- Not engaged, just putting in time -- 55%
- Actively disengaged, unhappy and spreading their discontent - 19%.

While one can argue about whether results reflect the situation in East Africa it's a bit shocking if 3 out of 4 staff are not engaged, or actively disengaged. Trick is to increase the ratio engaged to actively disengaged staff. There are 12 questions representing core issues that have to be addressed to have staff be more engaged in their work. Now that's HR's role. How engaged are your staff?

Task at hand is to build on staff's strengths to create customer satisfaction that wow's internal and external customers. When you do that, its source of competitive advantage that can't be taken away.

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