Why do Performance Reviews at Work?

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Performance reviews are critical to the overall welfare of the organization and should be viewed as a highly valuable and positive experience for both the organization and the employee. This is not always the case as most people have a negative perspective when considering performance reviews. Nevertheless, when conducted in the proper manner, performance reviews have the potential to be valuable tools for organizations to improve its performance and effectiveness as well as for providing a forum to develop employees.

Performance reviews can motivate employees to do better and raises their self-esteem. They can act as forums to build upon the employer/employee relationship and to strengthen it so as to foster improved commitment between both parties. It has been demonstrated that there is a strong desire among employees to know how they are performing as well as hot their supervisor perceives them. Performance reviews provide the opportunity to give the appropriate recognition and praise to the employee's work contributions, allows the organization to further develop the employee, provide on-going feedback to reward good performance and also to resolve any performance issues.

Therefore, it is important for organizations to recognize the utility of conducting performance reviews and promote it as a critical management activity. Time and effort should be spent on developing, implementing and maintaining properly designed performance reviews. The benefits for the organization and the employees will far outweigh the investment in time, cost and effort.