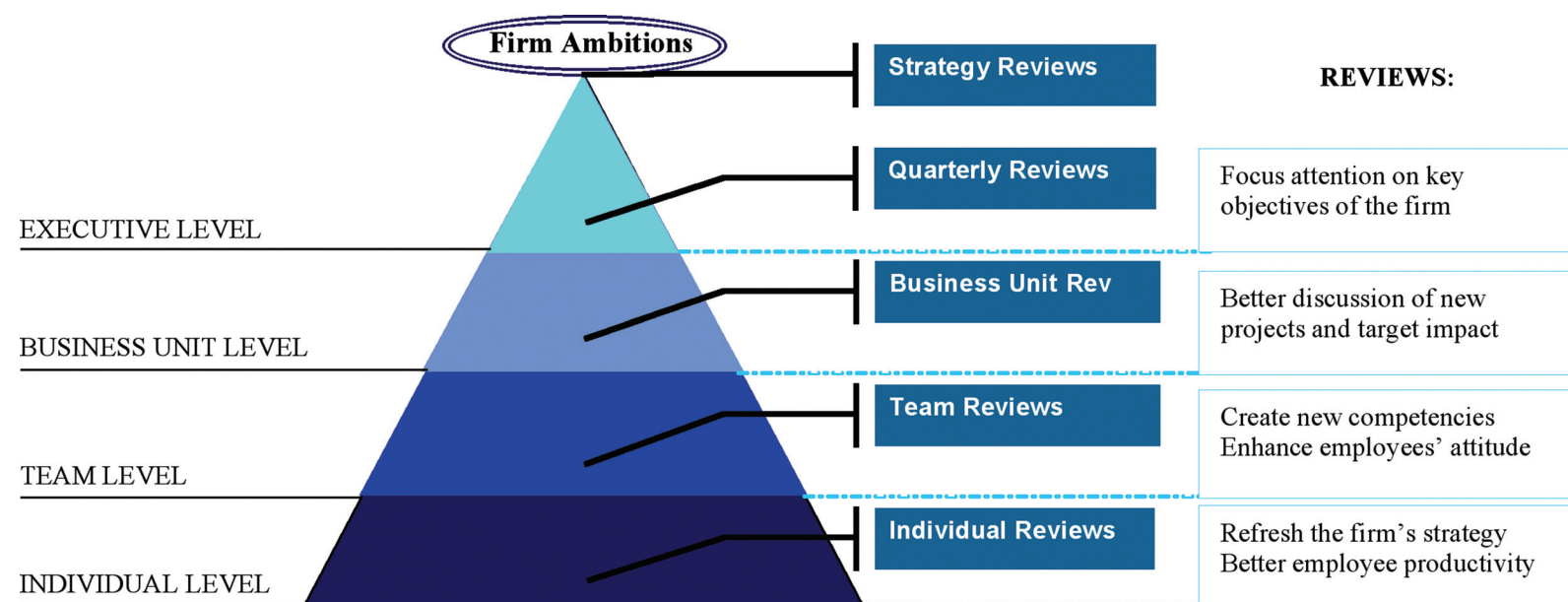


# The Power of Performance Management Reviews

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## Rationale

The agency theory of the firm suggests that organisations implement performance reviews to control their employees' performance, firm's productivity and profitability (Eisenhardt, 1989).

## Research Aim

Our research shows that organisations could obtain additional benefits from performance reviews on 'the internal way organisations perform', which underpin the firm's productivity, profitability and reputation.

## Our Findings

*Performance reviews at operational levels have the power to:*

- Drive cultural changes
- Change peoples behaviours
- Develop key competencies
- Make operational improvements
- Improve business results
- Refresh the whole organization bottom-up
- Create inimitable skills

*Performance reviews at executive level have the power to:*

- Improve management capabilities
- Improve people management skills

## Implications for Practice

- Performance reviews have a direct effect on the 'internal way organisations perform', which underpin firms' sustainable advantage
- Managers should consider the deployment of performance reviews to operational levels to 'liberate the full potential' of their PMS.
- Organisations which identify and understand the factors that positively affect performance reviews have 'more opportunities to maximise their results'.
- Organisations implementing performance reviews at managerial levels are potentially missing more than 50% of their benefits.

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