

Talent Reviews Are a Measuring Device, Not a Management Device

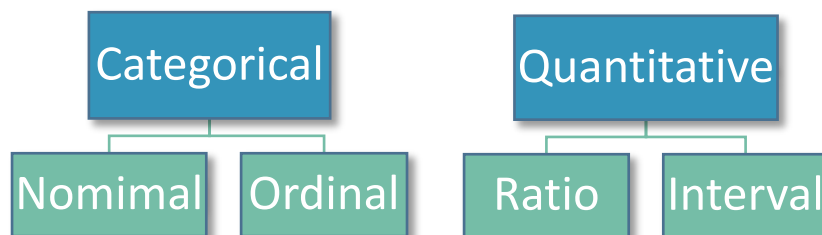
By Tim Wright

This article will explore the multi-dimensional challenges of statistical measures and techniques associated with talent development and how applying the wrong measures will yield inaccurate performance assessments and noncompliance. We will also show how an evolutionary strategy can enhance the process.

The talent review is a check point that shows how well a company's belief system connects people and purpose. Culture and leadership values provide the *framework* for an environment where personal needs can be met, where personal development takes place and where applying the right performance metrics can ensure effective action.

The talent review process looks at performance in many ways, with each measure demonstrating different abilities and different levels of information.

There are two types of data – categorical and quantitative. Categorical is made up of nominal (names) data and ordinal (scale) data. Quantitative data can be characterized as ratio and interval. Ordinal data are ranked categories (e.g., *excellent*, *very good*, *average*, and *needs improvement*). The limitation of an ordinal scale is the quantitative distance between categories cannot be measured.



Numbers can also be designated as nominal data or *names* for a category. The numbers, however, are still categorical. Data is *discrete* when it represents precise noncontinuous classifications of 1 and 2 and 3 and 4 and 5 that cannot be subdivided meaningfully.

If the talent review format has an ordinal scale of ranked numbers from 1 through 5 and the boss assigns a 4.5 rating, they are essentially attempting to divide a word (text) by two.

This math operation cannot be performed because numbers characterized as category names are not quantitative. The 4.5 rating on a ratio scale is a true number.

Another limitation for a categorical rating scale assessment is that its interpretation is subjective. A rating of *exceeds expectations* by a boss can be interpreted differently by a department head or CEO, who judged the performance from a different criterion at a lower standard and did not approve a salary increase allotted for the highest performers.

In another example, the ordinal rating scale was removed from a narrative review format because of criticism that it resembled a grade school report card. Like the discrepancy in the previous example above, the boss's performance review was challenged by a direct report as subjective. The boss's performance assessment could not be quantified with the solely narrative approach, and the talent review process negatively impacted morale.

Legally and as a best practice, the talent review process is required to be *reliable* and *consistent*. The format is reliable when the measuring instrument accurately measures the total performance. Consistency means each time the measuring instrument is applied to performance for the period, the result should be the same. This leads us to *time-series* and *cross-sectional* data collection methods.

Time-series data is collected at various intervals for a period over time. Cross-sectional data represents data collected at one point or near one point in time, like stock prices. For the talent review to be reliable, it should measure performance for an entire review period and not just a single point in time. Measuring performance for the past month, while ignoring performance for the previous eleven months during an annual period will produce a short-term recency effect. Primacy bias favors the long-term over the short-term. Each form of bias will make the talent review process inconsistent and unreliable.

The talent review process presents the opportunity to explore everything the employee has done correctly over the last period and to close the gaps where they have fallen short. It is not a punitive process; it is an evolutionary process. Performance cannot be static. Bosses should be trained on evolutionary techniques that demonstrate how performance and business goals are realigned and elevated. It is the opportunity to onboard new routines and curriculums that specifically target hard skills, soft skills, and any new technology required to positively transform performance for the next performance period.

The final evolutionary leadership step aims towards the most important part of the talent review process – potential. Potential cannot be quantified because it gazes forward towards the future. The potential stage is the alignment of expectations for the next evolutionary step in the career path. It is the process of constructing a clear picture or vision of what success looks like for all, obstacles to overcome, and how the *framework* of company culture and values will make this vision become a reality.



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