

Employees Get Performance Reviews. Organizations Should Too.

An organizational performance review can reveal why capable people struggle to deliver. Applying that scrutiny helps leaders make better judgements about both people and the business.

By Lara Blackert

Organizations invest enormous effort in evaluating individual performance. Goals, behaviors, results, and development are reviewed with an expectation that employees will accept feedback and improve. The organization itself is rarely subjected to equivalent scrutiny.

When performance falters, leaders examine talent, capability, commitment, and fit. They ask whether people are meeting expectations. They are less likely to ask whether enterprise conditions are enabling or constraining the performance expected.

A credible performance system should therefore evaluate both the individual and the environment in which performance is expected.

Performance is produced within conditions

No individual performs independently of the system. Decision rights determine whether action is possible. Information access affects judgement. Role clarity shapes accountability. Governance establishes how quickly issues can be resolved. Leadership behavior signals whether candor is welcomed or constrained.

When these conditions are strong, capable people can contribute. When they are weak, even exceptional employees spend increasing energy navigating friction the organization has normalized.

Yet the consequences are often recorded as individual failures. Someone is not strategic enough after being excluded from strategy. A leader lacks execution after decisions are repeatedly reversed. An employee is not collaborative after raising issues others preferred to avoid.

In those cases, the performance conclusion is incomplete because it attributes to the individual what the organization helped produce.

What should be reviewed

An organizational performance review would assess whether the enterprise creates credible conditions for performance.

The review should test whether decision rights are clear, authority matches accountability, information reaches the people who need it, leadership commitments are reliable, and employees receive usable feedback. It should also examine whether concerns are investigated consistently, people can challenge assumptions without losing standing, and the organization learns from departures rather than explaining each one away.

The review should also examine whether formal processes reflect lived experience. A policy may promise escalation while employees know escalation carries consequences. A value may celebrate candor while influential leaders remain insulated from challenge. A role description may grant authority that the actual decision system does not honor.

The distance between the formal organization and the lived organization is a performance issue.

The evidence already exists

Organizations do not need another annual survey to begin. Evidence is present in repeated escalations, regrettable turnover, abandoned initiatives, long vacancies, grievance patterns, exit themes, rework, decision delays, and the number of capable people required to work around ordinary processes.

The leadership challenge is to interpret that evidence at the organizational level rather than explain each signal as an isolated problem with an individual.

Who evaluates the organization

Management cannot be the only reviewer of conditions management created. Boards need a more direct view of organizational health, particularly at senior levels. Internal audit, risk, legal, HR, and employee-relations functions can contribute evidence, but independence matters when organizational power dynamics may influence how concerns are assessed.

The process should not become another scorecard that can be managed. Its purpose is disciplined inquiry into where the organization is limiting the performance it expects, what human cost is being absorbed to keep results moving, and which conditions have become normalized because capable people continue to compensate for them.

Accountability should run in both directions

Employees should be accountable for results, conduct, judgement, and growth. Leaders should be equally accountable for clarity, fairness, credible governance, and the conditions required to do the work.

Those expectations reinforce one another.

An organization that reviews its own performance gains a more accurate understanding of individual performance. It can distinguish capability gaps from structural constraints and make better decisions about both.

If people are expected to improve after receiving feedback, organizations should be willing to do the same.