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**Evaluating Employees? Add
Environmental & Societal Impact to Your
Performance Checklist**

**CEO Publication
B 11-14 (602)**

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September 2011

Evaluating Employees? Add Environmental & Societal Impact to Your Performance Checklist

It's that time again; companies are appraising the performance of their employees from the previous year. By now, most "well managed" organizations have collected the information they need to appraise the 2010 performance of their employees and either have given – or are about to give – the results to them.

In most cases, the companies I have studied measure only the performance of their employees with respect to its impact on the business' bottom-line: financial performance. Well managed companies measure both the results achieved and "how" they achieved them. Very few companies have appraisals that go above and beyond – considering employees' performance as it relates to the environment or society. As a result, employees see their impact on sustainability and social issues as a nice "to do" – not a "must do" part of their jobs. They don't have to make tough decisions about tradeoffs between profits and environmental impacts and they are not focused on making win/win/win decisions with respect to profit, people and planet.

Motivating Performance in 2011

What can be done about this? It's obviously too late to change how individuals are being appraised based on their 2010 performances, but 2011 is a whole new year and opportunity to change performance appraisals in the future.. This is the exactly the right time to set goals for each employee within your organization that include social and environmental – in addition to goals for financial performance. If this is not done, supporting sustainability will remain a nice "to do," not a "must do" that's part of your overall strategy. On the other hand, if these goals are included, there's a much better chance employees will be motivated to find win/win/win actions.

One last point about performance management that's worth sharing: Research at the [Center for Effective Organizations](#) on performance appraisal systems show that they often are not very effective at motivating behavior. However, when they include the right approach to goal setting, they do tend to have a positive effect on motivation. Not any kind of goals will do; they need to be specific and progress toward them measurable. Difficulty is also important. If they are too difficult, people either don't try to achieve them or cut corners and cheat in order to reach them as happened in the case of Enron. If the goals are too easy, they motivate mediocre performance. But if they are challenging, but achievable, they motivate good performance.

So let's look at the facts. The failure of most organizations to evaluate their employees on social and environmental performance measures is symptomatic of a more general problem. Most organizations, whether they are for-profit or not fail to implement management approaches and systems that create sustainable effectiveness. They are managed to optimize short-term financial performance, not long term financial, social and environmental performance. Changing the performance management system is just one step in the right direction, but it's a necessary and important step.

Edward E. Lawler III is co-author of [Management Reset: Organizing for Sustainable Effectiveness](#). A distinguished professor of business at the University of Southern California (USC) Marshall School of Business, he is also the founder and director of the University's Center for Effective Organizations (CEO), one of the country's leading management research organizations.