

## Prevent “Performance Punishment” – a Retention Risk for Strong Performers

High-performing, high-potential (HiPo) employees are among an organization’s most valuable assets. They consistently deliver strong results today while also demonstrating the ability, aspiration, and agility to take on broader leadership responsibilities in the future. Because of their reliability and competence, leaders often entrust them with additional projects and critical assignments. While this trust reflects confidence in their abilities, it can inadvertently translate into heavier workloads and increased pressure for the very employees the organization hopes to retain.

In the most recent Association for Talent Development (ATD) APAC conference in Taiwan held in October 2025, NRI’s ASEAN study of over 1,000 employees across industries and five countries reveal that “*compensation not worth the workload*” ranks among the top 3 reasons employees consider leaving an organization.

### What is “Performance Punishment”

*When additional responsibility is not matched with meaningful recognition, development opportunities, or reward, high performers may begin to feel that their strong performance is being penalized rather than valued*

—resulting in a cycle where the most capable employees are repeatedly given more work simply because they can deliver. In modern management, this concept is called “**performance punishment**” – showing a growing tension that impacts HiPo talent retention.

Over time, this dynamic can erode motivation and lead high performers to reassess their commitment to the organization. As such, organizations must (1) clarify role expectations and (2) carefully manage the balance between stretch opportunities and sustainable workloads, ensuring that compensation, growth, and recognition keep pace with expectations—making HiPo retention not just a talent issue, but a strategic priority.

### What factors influence employees’ decision to leave?

Critical Factor that made Employees decide to Leave Previous Company (values in %). Single Response



Harvard Business Review (2024) published that organizations often rely disproportionately on a small group of high performers to drive results. High performers, who are ~400% more productive than an average employee are often overlooked as managers focus on interventions for non-performers. This unbalanced attention is costly, leading to disengagement, frustration, and ultimately, the loss of top talent.

### Why is it a Retention Risk?

When **performance punishment becomes systemic rather than occasional**, several organizational risks begin to emerge:

1. **Burnout and Attrition** - High performers tend to be resilient and intrinsically motivated. Because they continue delivering results under pressure, leaders may underestimate the strain placed on them. However, sustained overextension eventually accumulates. Chronic workload imbalance is one of the strongest predictors of employee exhaustion and disengagement. Over time, even the most committed employees may reach a rational conclusion: *'If excellence only leads to more burden, then perhaps the better option is to leave.'* Ironically,

organizations then lose the very employees they relied on most.

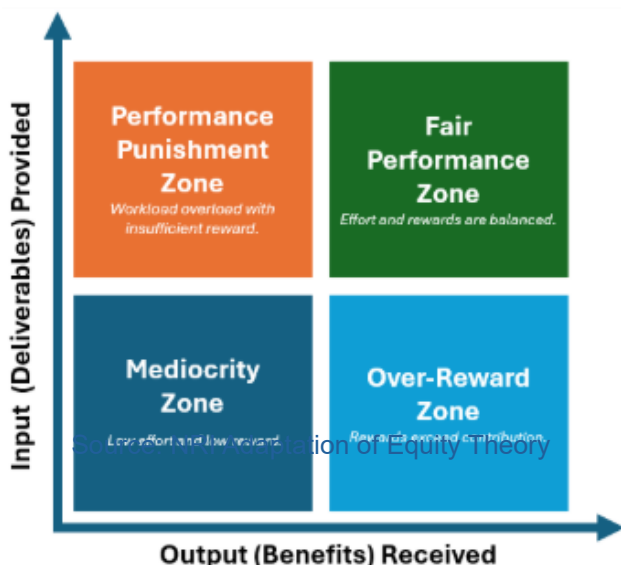
2. **Knowledge Bottlenecks and Reduced Collaboration** - Another unintended consequence is a shift in behavior around knowledge and expertise sharing. When top contributors are consistently overloaded, they may begin to protect their time more aggressively. This often leads to reduced mentoring, less proactive knowledge sharing, and narrower focus on immediate deliverables. Research on collaboration patterns cited in Harvard Business Review notes that when organizations rely too heavily on a few key individuals, those individuals become bottlenecks rather than enablers of productivity. Instead of scaling expertise across the organization, knowledge becomes concentrated in a few overburdened employees. Over time, this limits the organization's ability to scale capability beyond a few key individuals.
3. **The Rise of "Strategic Mediocrity"** – Unfortunately, most grave yet subtle consequence is cultural. Employees constantly observe what behaviors are rewarded and which ones come with hidden costs. If the message they see is that high performance leads to heavier

workloads, while average performance leads to manageable expectations, people will naturally adjust their effort. Over time, this creates what could be described as strategic mediocrity—where employees intentionally stay in the middle of the performance curve to avoid the invisible *consequence* placed on excellence. One explanation comes from Equity Theory (Adams, 1963), which suggests that employees constantly assess whether the balance between their contributions and rewards feels fair. When individuals consistently contribute more effort without corresponding recognition or growth opportunities, perceptions of inequity begin to form. When rewards do not align with increasing performance demands, it can easily move people towards either punishment zone or mediocrity zone. When this happens, the organization doesn't just lose productivity. It weakens its ability to drive and sustain high performance over time.

### How Leaders Can Strengthen Retention of Strong Performers

Preventing performance punishment requires leaders to intentionally design systems that recognize excellence while protecting sustainability. Three (3) leadership practices can help restore that balance:

1. **Clarify Roles and Responsibilities (R&R) Expectations and Review Work Allocation** – Clear role expectations help managers and employees distinguish when someone is underperforming, meeting expectations, or consistently operating beyond their role scope. Leaders should regularly review how work is distributed—ensuring critical tasks and problem-solving responsibilities are not repeatedly concentrated on the same high performers.
2. **Balance Stretch Opportunities with Meaningful Rewards** – Additional responsibilities should create growth, not just more pressure. Stretch assignments should come with **visible development opportunities, leadership exposure, and recognition**—through career advancement, compensation, or expanded authority.



3. **Normalize Capacity Conversations** –

High performers often hesitate to decline additional work. Leaders should create an environment where **workload and capacity can be openly discussed**, helping ensure stretch opportunities remain sustainable rather than overwhelming.

The real test of a performance-driven organization is not only how it pushes people to excel, but how it **protects those who consistently do**. Leaders would do well to pause and reflect:

*Are our most capable people being developed—or simply relied upon?*

If high performers are quietly carrying disproportionate workloads, the organization may be extracting short-term results at the expense of long-term capability. Protecting HiPo talent therefore requires intentional leadership—clarifying expectations, rewarding contribution fairly, and ensuring that stretch opportunities remain sustainable.

When organizations actively safeguard their strongest performers, they send a powerful signal:

*excellence is not punished with more burden, but supported with growth, recognition, and opportunity.*

## About the Contributors



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