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Feedback Dynamics Are Critical to Improving Performance Management Systems

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Colquitt, Murphy, and Ollander-Krane (Adler et al., 2016) argue that performance ratings are problematic in part because of the problems associated with feedback: Ratees dislike and dismiss performance feedback, raters are reluctant to provide tough feedback, and organizations do not enact research findings about improving feedback processes (Adler et al.). Discarding performance ratings on these grounds is effectively "throwing out the baby with the bath water," given that we know quite a lot about how to improve the delivery and receptivity of feedback. Our commentary is intended to briefly illustrate ways to leverage research on *feedback receptivity* to improve performance management systems. Specifically, we focus on (a) cultivating supportive feedback environments, (b) integrating employee coaching into performance management systems, and (c) attending to the characteristics of feedback recipients to understand how they process feedback.

By focusing on feedback receptivity, we align with research that articulates that the best performance management involves regular, ongoing communication with employees. Studies consistently highlight that continuous feedback is more likely to change employee behaviors (Pulakos, Hanson, Arad, & Moye, 2015), especially if given following effective or ineffective performance episodes. This is true regardless of whether the feedback is provided formally or via informal daily feedback exchanges. Thus, pursuing the

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strategies outlined below can drive employee engagement and performance while also removing the surprise, discomfort, and ineffectiveness that sours managers and subordinates on performance management.

Strategy 1: Cultivate Supportive Feedback Environments

As an important starting point for improving the regular, ongoing performance dialogue between supervisors and subordinates, organizations should improve the overall feedback environment. The feedback environment aims at cultivating supportive, informal supervisor–subordinate feedback relations on a day-to-day basis (Steelman, Levy, & Snell, 2004) and encompasses seven facets of feedback experiences that managers can systematically improve: (a) *source credibility*, which concerns judgments about the qualifications of the feedback sources; (b) *feedback quality*, which concerns the perceived value/utility of the feedback itself; (c) *feedback delivery*, which concerns the tactfulness of how feedback is provided; (d) *frequency of favorable feedback*, which concerns whether positive feedback is provided when warranted; (e) *frequency of unfavorable feedback*, which concerns whether negative feedback is provided when warranted; (f) *source availability*, which concerns access to desired feedback sources; and (g) *promotion of feedback seeking*, which concerns the active encouragement of seeking feedback from one's supervisor(s). Importantly, the feedback environment is often assessed from the perspective of an individual employee evaluating his/her direct supervisor.

Given its informal nature, the feedback environment can sidestep the problems associated with rigid, formal performance management systems (Dahling & O'Malley, 2011). Fortunately, improving such perceptions is fairly straightforward: Managers can become more accessible for feedback conversations and remind subordinates that feedback seeking is encouraged and supported. Greater feedback environment perceptions are related to many positive outcomes that make such efforts worthwhile, including reduced perceptions of organizational politics (Rosen, Levy, & Hall, 2006) and increased role clarity (Whitaker, Dahling, & Levy, 2007), which Colquitt, Murphy, and Ollander-Krane (Adler et al.) noted are key problems with performance management systems. Feedback environment perceptions also predict improved work attitudes and engagement (Gabriel, Frantz, Levy, & Hilliard, 2014; Norris-Watts & Levy, 2004) as well as higher ratings of employee task performance and citizenship behaviors (Norris-Watts & Levy, 2004; Whitaker et al., 2007). Moreover, the importance of the feedback environment underscores the necessity for supervisors to incorporate positive feedback into their daily feedback sessions, a point Pulakos and colleagues (2015) note as being underutilized. We agree, as positive feedback can not only motivate employees but also encourage them to continue working with

more vigor, determination, and creativity (Zenger & Folkman, 2013). All in all, by enhancing the effectiveness of *informal* feedback-related processes encapsulated in the feedback environment, we suspect that the formal ratings can evolve to become more effective.

Strategy 2: Develop and Foster Employee Coaching Programs

Emerging research on employee coaching also underscores how regular, informal performance dialogues between supervisors and subordinates can contribute to effective performance management. Employee coaching involves tailored performance feedback, effective behavioral modeling, and strategic goal setting to help subordinates overcome individual challenges (Dahling, Taylor, Chau, & Dwight, 2016; Liu & Batt, 2010). Coaching differs from training and formal performance appraisals because it is individualized, open-ended, and developmental, but it complements performance management by giving employees on-demand feedback and opportunities to address performance issues before poor ratings occur (Dahling et al., 2016). To this end, employee coaching can stem from a formal organizational policy or an informal practice adopted by individual managers toward their subordinates.

When it comes to integrating employee coaching initiatives with broader performance management systems, research indicates that coaching predicts objective indices of performance. For example, Dahling et al. (2016) compared the effects of coaching frequency (i.e., how often managers coached individual subordinates) and coaching skill (i.e., the quality of coaching performed by managers) on sales goal attainment in a pharmaceuticals organization. Results indicated that coaching skill improved performance directly and indirectly through improved role clarity for employees; coaching frequency did *not* significantly predict performance. Therefore, more benefits will be reaped if organizations focus resources on developing managers to engage in effective coaching versus monitoring how much time managers spend coaching or providing feedback. Moreover, in complex work environments, employees likely face daily challenges surrounding how to best use their time when pursuing multiple goals. Providing coaching that helps employees monitor goal progress can be fruitful in making employees more aware beyond just providing negative feedback when goals are not met (Gregory, Beck, & Carr, 2011).

As a note, part of effective coaching lies in the *delivery* of performance feedback. When feedback is given considerately, employees are more likely to react positively and believe they have been treated well (Wang, Burlacu, Truxillo, James, & Yao, 2015). This is important, as information received in an interaction characterized by good interpersonal treatment results in a higher likelihood of information being translated into action (van den Bos,

Wilke, & Lind, 1998). Taken together, training on effective coaching should involve development of these interpersonal skills that can improve feedback delivery, thereby increasing subordinate receptivity to feedback.

Strategy 3: Attend to Individual Differences That Shape Feedback Receptivity
A final factor affecting the viability of any performance management system involves the reactions of the subordinate recipients themselves. Importantly, people differ in their motivation and ability to process feedback accurately. For example, Audia and Locke (2003) pointed out that high performers are less likely to accurately process feedback and change performance behaviors. Indeed, employee differences can create nuances in the system that need to be recognized and accounted for given that the recipient is an active part of the feedback process (Linderbaum & Levy, 2010). In our view, this aspect of feedback research—and performance management research, more broadly—warrants more empirical and practical attention.

One important difference is feedback orientation (Linderbaum & Levy, 2010; London & Smither, 2002). Individuals higher on feedback orientation are more receptive to feedback, find feedback more valuable, see feedback more positively, process feedback more mindfully, and have a higher sense of accountability to act on feedback (Dahling, Chau, & O'Malley, 2012; London & Smither, 2002). Gabriel and colleagues (2014) found that reactions to supportive feedback environments depend on one's feedback orientation: Feedback environment perceptions were *negatively* related to aspects of empowerment among workers with low feedback orientation. As such, not accounting for such individual differences can lead to conclusions that performance management systems are ineffective when, in fact, they need better tailoring. Fortunately, feedback orientation is a malleable quasi-trait (Dahling et al., 2012), and consistent, positive feedback experiences are expected to improve feedback orientation over time.

Feedback receptivity also depends on individuals' goal orientations: People who have a learning goal orientation (i.e., those focused on developing skills) respond more favorably to performance feedback via increased motivation, goal setting, and effort, whereas those with performance-prove orientation (i.e., demonstrating competence) or performance-avoid orientation (i.e., avoiding looking incompetent) tend to be less receptive to feedback (VandeWalle, Cron, & Slocum, 2001). However, Davis, Carson, Ammeter, and Treadway (2005) found that when specific (rather than general) feedback is given, individuals low on learning orientation and high on performance orientation can react positively, and the feedback can impact their performance. This suggests that improving aspects of feedback may yield greater receptivity to feedback regardless of goal orientation differences.

Demographics are also proving to be an emerging research area. For example, Wang and colleagues (2015) found that age shapes how people use feedback, such that older employees were more likely to use feedback in order to be aware of others' views of themselves and inform the quality of their social relations at work, whereas younger employees were more likely to use feedback to improve their performance and career pursuits. Racial differences also shape how people react to feedback; Ryan and colleagues (Ryan, Brutus, Greguras, & Hakel, 2000) found that racial similarity between the feedback source and recipient positively influenced the recipient's receptivity to that feedback, whereas racial dissimilarity negatively influenced receptivity to feedback. Combined, the aforementioned research highlights that to accurately diagnose the effectiveness of performance management one must understand the individual feedback recipients as best as possible.

Conclusion

Although we know a great deal about how to improve feedback exchanges, a critical challenge moving forward will be for scholars and practitioners alike to continue exploring how feedback dynamics alter the implementation of performance management systems. Given that feedback experiences will change from one day to the next, taking a static, single snapshot of supervisor and subordinate reactions to formal ratings will likely not tell the whole picture of whether, and in what ways, the system needs repairing. Rather, we need to examine performance management systems via multiple daily assessments of how feedback processes are being implemented. For example, what happens when there is variability in one's daily experience of feedback (e.g., feedback quality varies from one day to the next)? Is this variability worse than having consistently frustrating feedback experiences? Rather than giving up on performance management systems, we believe that we are at the next frontier for understanding how the dynamics surrounding the feedback process can revamp performance management systems.

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How Will Getting Rid of Performance Ratings Affect Managers?

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Amid the debate about getting rid of formal performance ratings, the practical implications for managers should be carefully considered. Adler et al. (2016) acknowledged some implications for managers who evaluate their subordinates with the traditional formal review. However, they do not fully explore the implications for managers when organizations trade formal performance reviews for frequent, less-formal performance conversations, which are a very popular alternative (Meinert, 2015; Rock & Jones, 2015; Wilkie, 2015). It is possible that organizations will benefit when formal performance reviews are removed; however, upon discussing this issue with a panel of human resources executives and organizational development practitioners, we were struck by their concern for how abandoning formalized review procedures would affect managers. This panel represented a wide array of industries (healthcare, retail, manufacturing, energy, academia, and the nonprofit sector), and their organizations used a variety of performance procedures, including formalized annual reviews and informal performance conversations. The goal of this commentary is to guide thinking, with the help of our practitioner-oriented panel, toward some of the obstacles managers may face in having to provide more frequent informal performance conversations.

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