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The field of performance management has been in turmoil lately. Employees are getting confused. Leaders are getting frustrated. Consultants are getting rich. Why the upheaval? A small number of high-profile companies (including Adobe, GE, and Accenture) have abandoned traditional performance management in favor of less formal and quantifiable approaches that prioritize ongoing conversation over annual ratings. Elsewhere, human resources (HR) executives have dashed to follow suit, assuming what is best for these industry leaders will be best for their organizations, too. The problem is that there is little evidence to support these new approaches. We are not specifically arguing in favor of traditional ratings, nor do we believe most legacy performance and feedback systems are built to address today’s talent management challenges. But we are arguing for a pause before jumping into a hasty performance management redesign.

Human performance is complex. Some may even call it messy. Yet there are rules, principles, and science behind performance management. While the ultimate goal of any HR initiative is to improve performance, numerous intermediary levers can affect the outcome. Feedback is one of them, but there are many others, including goal setting, context, deliberate practice, and rewards structure. The answer to complexity is not oversimplification; the right process is the one that leverages the known facts about what drives performance. Today, HR too often ignores these facts, instead chasing “bright, shiny objects,” what John Boudreau and Steven Rice have referred to as flavor-of-the-day HR novelties.

HR practitioners are too quick to remove a process corporate leaders don’t like. They should be arguing for
the tough improvements that would actually drive performance, beginning with the use of feedback.

**Myths About Performance**

What are some of the myths that have led HR to redesign processes, despite the science? And what are the implications for a quality performance management process?

**Myth No. 1: It’s a problem that employees don’t like formal performance feedback.** Yes, there is certainly evidence that people don’t like feedback. Employees dislike it to such an extent that many will dodge feedback opportunities if they can. But that is hardly a reason for managers not to provide it. What an employee “likes” and whether he or she is satisfied are different. An employee’s satisfaction with feedback has a powerful mediating impact on performance; if he or she is dissatisfied with feedback, other performance factors, such as accountability or confidence in performing the task, plummet.

Thus, the best system is not one that reduces the aspects of review, like a final rating, that employees or managers “don’t like.” The best system is one that delivers feedback that satisfies. If a rating summarizes feedback that is clear, fair, developmental, sensitive to employees’ needs, and more, everyone will likely be satisfied.

Consider an annual checkup with your dentist. You may not like the conclusion that you need a filling. But you can be satisfied that the diagnosis is thorough, and the message can be delivered without making you feel like a jerk for not brushing or flossing adequately. And regardless of how “happy” you are, addressing the problem is the best possible outcome.

**Myth No. 2: “Bad” feedback is … bad.** The belief that negative feedback is bad is reflected in performance management redesign, which focuses on “appreciation,” for fear of demotivating the employee. The risk of this approach is that leaders avoid giving feedback, or sugarcoat it to the point that it has no practical value, or simply deliver it poorly. Indeed, leaders are notoriously unskilled as feedback messengers: Global data shows that the skill of giving constructive feedback is at the bottom of the competency list for managers and executives.

Perhaps, then, it is no surprise that whether feedback is positive or negative turns out to have virtually no bearing on performance. Studies show that positive feedback may lead to a decrease in effort, just as negative feedback may boost one’s desire to achieve more. Also, receiving only positive feedback keeps people from taking in negative feedback long term. An experimental study of strategic decision-makers showed that resting on the laurels of past successes and consistently getting only positive feedback will impede people from listening to negative feedback in the future, when it may actually be needed to correct a faulty course of action.

When feedback is properly situational, it loses its bad rap. Several factors should be taken into consideration to match the right message with the right person in a concrete situation. For instance, motivation improves both when positive feedback is given to people with a promotion focus (those who want to achieve and take risk, who are sensitive to rewards) and when negative feedback is given to people with a prevention focus (those who want to avoid trouble and are generally cautious, who are sensitive to punishment). Negative feedback
can be especially beneficial in “critical events” — novel, uncertain, first-time situations when the individual cares deeply about the outcome, such as leading a new team or managing a crisis. Yet a blanket belief that bad feedback is bad aligns with most people’s desire to avoid conflict. It is easier to believe that feedback needs to be motivational and uplifting — a clearly mistaken assumption. Rather, leaders must adopt the approach that is best aligned to the business challenges of the organization and the individuals involved.

Myth No. 3: If feedback is good, then frequent feedback is better. Much of the drive toward removing annual performance cycles in favor of regular check-ins has its origins in this sound bite. This is a case of “Yes, but … .” While there is evidence that frequent feedback is good, feedback should not be excessively frequent. A study at a large Midwestern university demonstrated that there is a tipping point at which an increase in feedback frequency leads to a decrease in task effort and performance. This goes against the conventional wisdom that employees need a lot of feedback, especially as they are learning a new task or a new role. A study conducted a few years ago tells us that too much feedback can be particularly harmful at the early learning stage. Of course, this is only one study. Yet it’s a helpful reminder that not all our long-held assumptions may be correct — and our mistaken assumptions may come back to haunt us if we hinge business decisions on them.

Here we also see a false dichotomy: If I want frequent feedback, I must dispense with an annual performance cycle. And that drives down the quality of the manager-employee conversations. Instead of thinking expansively, in terms of “Yes, and … ;” HR responds by removing existing processes. There are notable examples of companies that take a comprehensive view of performance management and the role of feedback. Facebook is one of them. Refusing to board the abandon-the-ratings bandwagon, the company published the article “Let’s Not Kill Performance Evaluations Yet.” Frequent feedback and regular performance evaluations may be complementary, not mutually exclusive.

Myth No. 4: Managers are essential to the performance management process. Most HR leaders would accept this as fact. Yet if there is lack of trust in the manager-employee relationship, the weight of the feedback decreases dramatically. We learned from a study of bank workers that source credibility — trust in the person giving feedback — strongly correlates with perceived accuracy and with a desire to respond, both of which have an impact on performance. When trust and engagement with managers are low, feedback won’t drive the desired outcomes. HR must then look for alternative sources of feedback, such as a 360-degree assessment, because feedback from a low-credibility leader won’t change anything.

Myth No. 5: Performance gets better with feedback. This is another case of “Yes, but … .” A careful review of scientific data affirms that simply providing feedback does not necessarily move the needle. One of the most influential meta-analytical studies on feedback demonstrated that only about a third of feedback interventions result in improved performance. That is, the remaining two-thirds do not. For this myth to become truth, the manager has to deliver quality feedback that takes into account a variety of factors (such as task, context, and personal characteristics) and synthesizes them into an appropriate message. Effective messages may compare one’s performance with the previous year’s,
with peers', or with best exemplars in the organization. Such a message could, in fact, be a performance rating. When people don’t know how they objectively compare with others, they are less likely to put in discretionary effort. 14 A rating is a helpful mechanism to ensure consistency in delivering the organizational message to the individual about the level of performance relative to expectations.

Myth No. 6: Feedback just happens. This magical thinking is refuted in study after study. Feedback-rich cultures do not appear out of thin air but depend on structure, processes, and persistence. Even those managers who indicate they know what to say to help employees develop, and how to say it, need a support process to guide them. Out of 500 managers surveyed globally, about a third confessed that they did not know how to help people change, and less than 10% said they knew how to make such behavioral change sustainable. 15 A change to the process that results in either poorer-quality feedback or inadvertently less feedback will likely cause a decline in performance. For example, CEB Inc. discovered that fewer hours are spent in informal performance conversations in organizations without performance ratings, compared with those that give ratings. 16 The same study revealed that employee perception of the quality of the feedback conversation is also 14% lower in organizations without ratings. Oversimplifying performance management in times when the managers need structure most is hardly responsible.

Changes to performance management that respond to just one or two chosen facts, while ignoring the complexity of human performance, waste an opportunity to drive individual performance and organizational success.

The examples above indicate the complexity of performance management and the dangers of relying on buzzwords and sound bites to redesign processes. We believe HR has a responsibility to understand this complexity and provide clear and concise guidance to managers on how to give feedback and manage performance in ways that drive business results. This requires an appreciation of why feedback matters and what makes feedback “good.”

Why Feedback Does Matter

What do we really know about what happens with feedback in organizations?

We know that successful leaders know themselves. We know that feedback is a key component in gaining this self-awareness, and self-aware people are more successful. In their seminal book The Leadership Machine, Mike Lombardo and Bob Eichinger outline six key sources of personal growth, and feedback is one of them. 17 We know that feedback can move the needle, and that appropriately frequent and repeated feedback spurs personal change to take place.

When the feedback process is well-managed, meaning it is perceived as credible and accurate and is received in the manner it was intended, it has a significant positive correlation with performance. 18 Of course, other individual and organizational aspects contribute, such as a feedback-rich environment and the individual’s desire to engage in the conversation, and we must embrace this multidimensionality. Improving feedback is not only.
about training managers, but also about organizational culture, a sharp focus on performance, and holding leaders accountable for people development. Still, the impact of feedback on the contribution a manager makes to the organization is hard to ignore.

Understanding what good feedback looks like, and how it can be delivered, will help win over even the most feedback-averse manager. That is the first step. The second is designing a solution to take performance to the next level.

Making Feedback a Good Investment

We think of feedback as an investment of time and resources: Bad investments destroy value, good investments add value, and the best investments create sustainable value. How does HR make feedback a “best investment”?

Create an approach that links feedback to the business strategy or company philosophy. Increasing value is the main driver of all actions in business environments. When giving feedback, take time to explain how the business is doing. Show how individual goals relate to bigger enterprise objectives and strategies. Highlight the connections between the individual’s work and business needs. And importantly, explain why the subject matter of the feedback you are about to give is important to the business.

Contrary to the view that too much information overwhelms the employee, providing a multifaceted and comprehensive description of the business situation, combined with a clear message on what is important, has a positive impact on performance. Data from U.S. Air Force research proves that employees can use complex, nonlinear information when it is included in feedback. And what are better words to describe the current business environment than “complex” and “nonlinear”?

Ensure your system focuses on performance first, development second. Focusing on performance goals gets people to act more quickly and with more zeal than a personal development target does. It also diverts the focus from the individual to the task, reducing the potential for negative reactions to feedback. Indeed, data from experiments at the University of California, Los Angeles, suggests that when information is ego-relevant — directly affecting one’s opinion of oneself — the feedback is more likely to be misinterpreted.

How performance objectives are framed, though, can make a big difference. While the manager’s main goal is to increase performance, the positioning of feedback works best when it contains the expectation of change and when it provokes the recipient to think in terms of a learning goal, such as, “Yes, I am keen to know how to design responsive web pages.” In one study, a group of students were given two challenging tasks separated by a period of time. They received feedback on how well they performed the first time around. Those with a learning-goal orientation performed better on the second task. Those with a proving-goal orientation (for example, “I must prove I am worthy of a promotion” or “I must do better than George on this”) did worse.

Employee satisfaction with feedback creates a virtuous circle. It has a powerful and additive impact on performance. When employees receive feedback that they perceive to be valuable and intended to help them
improve, other factors of performance are unlocked: utility (“I believe feedback will help me achieve my goals”), accountability (“I ought to do my job well”), self-efficacy (“I am able to perform the task”), and social awareness (“I take others’ opinions of my work seriously”).

Ensure leaders focus on both the what and the how. In many companies, the way in which employees get results has a great impact on their overall performance evaluations. Getting stuff done is important. But feedback on how they get results can change outcomes. Giving employees feedback on how their behaviors help or hamper their ability to achieve the desired business outcomes will be more effective and position them for success in the future. Managers should provide guidance on both productive and destructive behaviors. The nature of “derailers” — behaviors that impede success — is such that most people are either unaware of theirs or unable to control them without help. Focusing on strengths can be detrimental to individuals’ careers, as organizations are quite unforgiving about limitations — managers deselect for things that people are not good at. Delivering performance feedback in a manner that helps the employee realize his or her own nonproductive behaviors leads to a better mood at work, greater job satisfaction, and stronger organizational commitment.

Ensure that feedback is both specific and generic. A study was conducted with two groups of students taking part in a computer simulation. One group received generic feedback on their people management decisions, and the other got more specific feedback. The group receiving detailed feedback did better on the task, but the group getting generic feedback had to think more and therefore demonstrated a greater degree of competence after the simulation. Specificity increases task performance, while broad guidance promotes reflection and enhances learning. Clearly, both organizations and employees will benefit most from a combination of the two. For specificity, point out the exact behaviors that need to be improved, using facts and concrete situations from the recent past, and relate them to customer or peer feedback, if available. To switch to the more generic level, ask open-ended questions (“Changing which one behavior will make the biggest difference for your results?”), link individual results with the company’s strategy, or encourage employees to compare their performance with that of the best in the company and the industry.

Aim for structure, consistency, frequency, and immediacy. There are moments in life when less is more. Choose one or two critical points to deliver and focus on those. Giving feedback on every aspect of how employees go about their work will cause confusion and stress. Being structured and focused helps.

Similarly, consistency from one feedback interaction to another reinforces the message and reminds the employee to stay on track. The same message, delivered consistently, frequently, and via a variety of means, builds a solid foundation for behavioral change.

As mentioned earlier, feedback delivered too often may reduce both learning and task performance, but the consensus is that immediacy and frequency are desirable.

A well-designed performance management system promotes frequent and immediate feedback. It encourages feedback that is structured, and drives consistency both vertically within a department or a
division and horizontally across the organization. It makes it easy for leaders to identify and prioritize behaviors, by restricting feedback to critical points or limiting feedback to selected behaviors.

Add context and perspective. When assessing performance, managers should take into account information from multiple sources, both internal and external. They must consider the complexity of the operating environment, the adversity of situations, and the support that has or has not been provided to help employees attain their goals. We call these factors “feedback modifiers.” They complicate the job of delivering accurate and useful feedback, but they are essential to how the employee will see the credibility of the feedback provider and to the accuracy of the feedback. The fact that this adds complexity is why those who lead others are paid a premium.

Remove “noise.” Managerial discretion is part of performance evaluation and, we believe, usually a positive aspect. We know that managers’ assessments are typically more accurate than self-assessments. Managerial discretion also enables leaders to take account of everything that determines performance, including mitigating factors that would rightly impact perceptions of fairness. However, this same discretion can have negative consequences — through managers’ unconscious biases or more malevolent factors, such as the politics of the organization.

These noise factors can make it hard to provide fair, consistent, and useful feedback. HR should be accountable to minimize the noise. Examples of noise include:

- Lack of transparency. Establishing clear rules about what, how, and when feedback should be shared will mandate fairer and more open conversations.

- Organizational culture. The culture will either help or hinder the difficult task of giving fair feedback. If the culture is less open, HR must design more structured and formal processes. If the culture is open and candid, less structured processes can be implemented. Changes based on external trends, which do not take account of the prevailing company culture, risk diminishing the value of feedback and, ultimately, performance.

- Biases. HR has a role to ensure that leaders are educated on bias and that there are clear expectations that leaders actively work to minimize biases. Systems of calibration help here, as does the prospect of third-party review of assessments. We have written separately about ways to calibrate feedback using sources such as comparisons with internal and external peers and viewpoints of stakeholders and clients, and having managers check in with their own boss. Also, knowing that someone else will be auditing the feedback later will keep managers’ biases more in check and deter political maneuvering. While it is impossible to eliminate bias, leader awareness and conscious checking against the most pertinent forms of social (gender, age, race) and cognitive bias in performance appraisals will enhance the quality and outcome of feedback. Cognitive bias is less visible than the other kinds and may seem innocuous, but it has a real capacity to cripple decisions. Such bias comes in many shapes and forms — for example, the “halo and horns” effect (in which singular positive or negative experiences color an overall assessment), confirmation bias (seeking out and giving weight to information
consistent with one’s own views, while discarding discrepant data), or affinity bias (having a more favorable impression of someone who is similar to oneself in some way). Making people aware of their biases, training, and just-in-time priming (providing reminders to be aware of their own tendencies to succumb to bias) can all help managers make better decisions.

When managers have the right understanding of feedback, their job becomes much easier. We change and update our views about how the world works all the time. A danger of that is that we are likely to be drawn to bright, shiny objects or “trends du jour”; psychologists call these salience and recency effects. HR must help organizations and their leaders guard against such cognitive biases and work hard on building beliefs based on scientific evidence.

GE’s Jack Welch once said, “As a manager, you owe candor to your people,” and collectively we need to do a better job at enabling better, more candid feedback. But, of course, it takes two to tango, and it may be unfair to lay blame on managers alone. Employees engage in all types of feedback-avoiding behaviors to preserve positive impressions in the eyes of others, to avoid appearing weak or incompetent, and to maintain self-esteem. They may be recalcitrant, only pretend to care, or genuinely not “hear” the message. All of these, too, are the manager’s job to address by — surprise! — giving timely and accurate feedback.

We conclude that a lack of honest, focused, and timely performance feedback is a major constraint to organizational performance. Unfortunately, we see too many examples of HR ignoring the difficult facts in favor of simplistic, flavor-of-the-month solutions that will only make matters worse. Lombardo and Eichinger, experts on derailment, put it in no uncertain terms: “Getting no developmental feedback or feedback on strengths alone are time bombs which explode in managerial and executive roles.” It is HR’s job to take on the difficult challenge of instilling a robust and comprehensive approach to feedback and performance management that fits the particular needs of the organization. The approach must give managers the tools to truly improve a company’s performance and give employees the path to self- and career improvement.
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References


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