

## Genius or Folly?

### It Depends On Whether Performance Ratings Survive the “Psychological Immune System”

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#### 1. Do employees welcome or reject tough feedback?

At the heart of the debate between Colquitt and Adler’s camps is a disagreement about the degree to which employees can be expected to respond favorably to challenging, negative, or critical feedback. Colquitt and colleagues argue that we often try and avoid blame, select jobs that don’t rate us against others, and respond unhappily to accurate appraisals. Adler and his collaborators, by contrast, are more optimistic. They point to how feedback drives us to seek new strategies, change our behavior, and improve our skills.

This same question can be found in the literature in social psychology: How do we reconcile the fact that people strive for *both* enhancement and accuracy in others’ appraisals? We want others to see us correctly—warts and all—but we also want others’ admiration and respect. And we seem to have the competing impulses to improve ourselves, but also to defend our self-worth against threats (Sedikides & Strube, 1995).

In our comment, we describe how these competing motives can be understood as part of a “psychological immune system” that protects our self-worth against threats. We consider how this immune system often undermines the efficacy of well-intended performance rating systems. Finally, we conclude by highlighting the potential of strengths-based appraisal systems as a way of reinventing performance appraisal.

## 2. The “psychological immune system”

One way of synthesizing our seemingly contradictory impulses toward both accuracy and self-enhancement is to think of people as having a “psychological immune system” that protects our sense of self-worth and emotional well-being (Wilson & Gilbert, 2005). As anyone who has participated in performance ratings knows, people have an astonishing repertoire of responses that can keep them from having to accept and act upon negative feedback. We engage in self-deception (Taylor & Armor, 1996), self-serving attributions (Mezulis, Abramson, Hyde & Hankin, 2004), and trivialization (Simon, Greenberg & Brehm, 1995), among any number of other defensive strategies aimed at keeping us from having to attend to or accept negative feedback.

When we do accept negative feedback, it tends to be only under a limited set of circumstances where that feedback serves our overall well-being. Self-verification theory shows that people will seek out negative appraisals — but only when they match our own strongly held self-views, and only with the purpose of maintaining a coherent sense of self and avoiding the anxiety of being misperceived (Swann, Rentfrow & Guinn, 2002). Self-affirmation theory suggests that we will accept and act upon threatening feedback, but only when our global sense of worth is bolstered with reminders of our adequacy and value in other parts of our life (Sherman & Cohen, 2006).

There *is*, however, an ideal combination of motives that enhances openness to feedback: Gregg and colleagues label this pair of dispositional self-motives *assessment-with-improvement* (Gregg, Hepper & Sedikides, 2011). These people, like those with a “growth mindset” described by Adler et al., accept tough feedback because they want to improve themselves over the long

term. The problem is that that this set of self-motives is found among those who are least likely to be in need of performance appraisal in the first place. High in self-esteem and low in neuroticism (Gregg et al., 2011), these are likely the type of employees who will seek out informal feedback themselves, and suffer least in the absence of formal performance ratings. In other words, those who approach performance ratings with the most open minds are likely the ones least dependent on *formal* systems for performance appraisal.

### **3. Bad is stronger than good**

We know, in summary, that many employees — and likely those most in need of performance appraisal — are prone to ignoring, dismissing or discounting negative feedback. But most forms of traditional performance assessment do involve either negative feedback, or the prospect of negative feedback, hanging over the employee like the sword of Damocles. This is true of a wide range of systems, including 360-degree appraisals, in which negative reactions commonly occur when appraisals are either objectively unfavorable, or simply less favorable than employees' own self-evaluations (Brett & Atwater, 2001). Even self-proclaimed 'post-performance-appraisal' systems like Deloitte's "snapshots" ask questions about the "risk of low performance", and measure performance and promotability from unfavorable to favorable (Buckingham & Goodall, 2015). This simple balancing of positive and negative feedback is not enough. Negative feedback swamps positive feedback in cognition—or, more succinctly, "bad is stronger than good" (Baumeister, Bratslavsky, Finkenauer & Vohs, 2001).

But what would appraisals that survive the psychological immune system look like? We need an approach that (1) minimizes negative feedback, and yet still (2) contributes to employee

motivation, development, and performance. Strengths-based appraisals provide this approach.

#### **4. Building on strengths**

A range of approaches have emerged in recent years for building on strengths rather than addressing deficits or weaknesses. In organizational behavior, for instance, the Reflected Best-Self Exercise (Roberts, Dutton, Spreitzer, Heathy & Quinn, 2005) asks people to seek out stories about times they were at their best and made meaningful contributions. These stories are gathered from people they know across a range of contexts (friends, family, current and former coworkers, supervisors, and subordinates, among others), and are used to compose a “portrait” of the person’s strengths and talents. From this portrait, people identify the settings, relationships and tasks that allow them to be “at their best”, and the actions that will allow them to be their “best selves” more often. Research suggests that the exercise can enhance performance, creativity, and resistance to stress (Cable, Lee, Gino & Staats, 2015).

There are similar commercially-available approaches that focus on self-reflection rather than feedback from others. The premise of these techniques is to help people discover their areas of talent through self-reflection, guiding them to plan for skill development to develop strengths from these talents. Research with university students suggests such approaches can enhance both hope and self-efficacy (Hodges & Clifton, 2004).

#### **5. Appraisal without the bad news**

Research suggests that when organizations create a climate that focuses on strengths rather than deficiencies, the positive affect that results can drive both in-role performance and

‘above-and-beyond’ citizenship behaviors (Van Woerkom & Meyers, 2014). Performance reviews can play a role in creating such climates. The practical question is *how* managers can conduct appraisals in a way that highlights strengths. Aguinis, Gottfredson and Joo (2012) suggest that effective performance feedback should focus primarily on strengths. Where weaknesses are discussed, they propose giving “at least three pieces of positive feedback for every piece of negative feedback”, and linking negative feedback to specific knowledge or skills (which are malleable), rather than talents (which are hard to acquire).

More recently, the *feedforward interview* (FFI; Kluger & Nir, 2010) has more radically extended this approach. The FFI, though conducted as a performance appraisal interview, mirrors elements of the reflected best-self exercise. The manager elicits from the employee one or more *positive* experiences at work from the previous year. Negative experiences are not discussed, no matter “...how bad the past year was” (Budworth, Latham & Manroop, 2014: 49). Employees identify the behaviors and circumstances that allowed them to be effective, then consider how they can take action to be at their best more often at work (and how their manager can re-create those ideal circumstances). Compared to traditional performance appraisals, feedforward drives both higher performance and improved employee perceptions of fairness (Budworth et al., 2014).

There is evidence that leaving out discussion of negative performance or deficits can, in fact, enhance motivation and efforts toward improvement. Hiemstra and Van Yperen (2015) conducted two randomized experiments in which students were assigned to identify and act on the strengths, or on their deficits. Despite the fact that working on one’s deficits would presumably be harder and require greater effort, it was actually the students focused on building on strengths

who intended to exert more effort. This effect, they found, was mediated by feeling competent and intrinsically motivated.

## **6. Resolving the multiple-rater problem**

In the focal article, Adler and colleagues point to 360-degree feedback as a way of improving reliability and reducing bias. Colquitt et al. disagree: 360-degree feedback simply introduces systematic disagreements resulting from raters' different "roles and perspectives".

Strengths-based approaches may be able to help resolve this tension.

In Cable and colleagues' (2015) study of the Reflected Best Self exercise, they compared participants in two versions of the exercise against a control condition. Participants whose 'best-self' stories were self-generated (similar to those used in FFI research to date) performed no better than control. But those whose stories were gathered from across their social network (friends, family, colleagues, etc.) performed significantly better than control. In other words, strengths-based assessments are enhanced by drawing on feedback from multiple sources. Raters like peers and subordinates provide different but complementary pieces of information. With a multi-source strength-based appraisal, raters can highlight unique work situations where they observed employees performing at their best. Disagreements will still occur, but will reflect different observations that add value to the appraisal, rather than a lack of reliability.

## **7. Fitting the other pieces of the HRM puzzle**

The focal article reminds us that an absence of performance appraisals leaves managers adrift when it comes to decision-making about advancement or compensation. We argue that

strengths-based appraisals can aid in these decisions, particularly when they are based on multiple raters and combined with competency-based models.

Competency models require organizations to focus on specific behavioral themes embedded in a limited number of competencies, aligned with overall strategy (Sanchez & Levine, 2009). Organizations can use strengths-based performance appraisals as the initial step of their talent management process. They can begin by considering how employees' strengths are aligned with the competencies necessary to perform in the organization's key roles or positions (Lewis & Hackman, 2006). They can then be provided with opportunities to further develop those competencies (e.g., mentoring; specific assignments) before being eventually promoted. An appraisal system focused on strengths is well-suited to this approach to guiding promotion and job-assignment decisions.

A strength-based approach can similarly fit with organizations' competency-based compensation system. Employees can be paid or rewarded if they possess a set of core competencies identified as valuable for the organization's success (Campion, Fink, Rugeberg, Carr, Phillips, & Odman, 2011). Lawler (1994) proposed relying on peers rather than supervisors for these judgments, as they have accumulated more valuable information about the employee's competencies and contributions to the team's performance. In some firms, "peer bonus" or "spot bonus" systems have already emerged as a way for peers to directly, immediately reward contributions or commendable behavior (e.g., See, 2015). Such approaches, while based on strengths, could contribute to a compensation system that rewards key competencies.

## **8. Concluding thoughts**

Much is at stake in this debate. When performance appraisals are seen as fair and those conducting them as benevolent, it enhances trust in management (Mayer & Davis, 1999). But achieving fairness in the eyes of ratees is exceptionally difficult to achieve — in large part, because we have a psychological “immune system” that protects us from just the sort of critical, important feedback that well-designed performance appraisals are meant to deliver. Instead of dismantling appraisals or tinkering incrementally with them, we must reinvent them.

The strengths-based approach offers such a reinvention. By focusing on our contributions and capabilities, they lower our guard and bypass the “immune system”. But strengths-based appraisals are not empty praise. By asking employees to consider the behaviors, situations, and support needed to replicate their successes, they challenge employees and offer a path to personal improvement.

A transformation of this kind will require hard work in terms of theory, empirical research, and practice. In particular, it will be a challenge to identify strategies for aligning and integrating strengths-based appraisals with other human resource practices, from advancement to compensation. It will also be important to identify how to best combine strengths-based appraisals with the objective performance metrics (e.g., productivity, sales, attendance, etc.) that organizations may still gather for purposes like discipline and dismissal. But, as the focal article rightly notes, “too hard” is no excuse for I/O psychology.

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