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Feedback frequency: the key to good appraisal

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Summary

Performance appraisals give employees feedback to help them improve their performance. Yet the value of appraisal continues to be questioned and achieving favourable reactions from appraisees is a precondition for them to improved performance. We apply due process theory to explain how frequent feedback and effective performance standard-setting are vital for the acceptability of appraisal. Our meta-analytical study shows that acceptability of appraisals is enhanced when feedback is frequent and standards are set and clear to employees, but also that these two things have a synergistic relationship. Feedback has a greater effect when standard-setting is effective, as well as when employees receive a favourable appraisal. The implications for practice are that rather than abandoning appraisals or continuing to treat them as an annual ritual, more attention should be paid to feedback and standard-setting than is all too often the case.

Introduction

Performance appraisal often gets a bad press. Its use has grown substantially in the last two decades in Britain (van Wanrooy et al 2013, p98) – to the point that it is almost ubiquitous – and certainly the days when its use was limited primarily to managers or when only a handful of organisations, such as Nissan, appraised *all* their employees are gone. Nonetheless, there remains a feeling that appraisal is not done well. One response is to abandon appraisals altogether (Coens and Jenkins 2000). Given the strong commitment to it and prime role in performance management, we follow the alternative avenue of exploring ways to improve the efficacy of appraisals by understanding the mechanisms that lead to increased performance appraisal acceptance.

Positive employee reactions to formal appraisals are vital if these are to affect performance and create favourable employee attitudes. However, all too often the important elements of setting performance standards and delivering frequent feedback

during the appraisal cycle are not done well. We first outline a theory of how frequent positive feedback may have positive effects on employees' appraisal reactions and how these effects may be contingent on the employees' knowledge of performance standards, as well as whether they get a favourable performance rating. We then report a meta-analysis of appraisal studies to test our theory. The results support the notion that frequent and positive feedback is important and contingent factors affect its efficacy.

Theoretical background and hypotheses

Research on appraisal initially treated it like a test or psychometric assessment and therefore focused on the psychometric properties of performance ratings. This approach assumes that work performance can be measured validly and reliably, appraisers can evaluate performance accurately, and an ultimate performance criterion exists. Folger et al (1992) questioned these assumptions, as appraisers are susceptible to systematic errors and are biased by political and motivational factors. Moreover, we argue that multiple goals and mixed motives may further confound the integrity of the appraisal process.

Folger et al (1992) developed the due process theory in response to these concerns about the psychometric model, shifting the key goal of performance appraisal to the achievement of a fair outcome. Frequent feedback and knowledge of performance standards are crucial for applying the legal theory of due process to performance appraisal (Folger et al 1992). It is based on the Fifth and Fourteenth Amendments to the US Constitution, which specify the principles of due process as entailing adequate notice of charges and proceedings, a fair hearing centred on presenting evidence and a legal defence, and judgements based on evidence, impartial and unbiased. In the context of performance appraisal, setting standards or expectations in the planning stage and giving feedback between this stage and the formal appraisal provide the adequate notice dimension of due process. The remaining due process criteria – fair hearing and judgement on evidence – are fulfilled through the appraisal itself, appeals procedures, and ensuring judgements at all stages are based on relevant evidence.

Ensuring that employees receive frequent feedback and have knowledge of standards should increase the likelihood that the appraisal process is seen as procedurally and interpersonally fair as it fulfils the adequate-notice dimension of due process. This in turn should facilitate more favourable employee appraisal reactions. Due process theory suggests that the criteria for gauging the efficacy of the performance appraisal process should be positive employee reactions.

Frequent feedback provides information that allows individuals to determine how well or poorly a job has been done and facilitates discussions between a manager and the appraisee that may enable behavioural change between the planning stage and the formal performance appraisal review. We hypothesise that it will be positively related to

favourable reactions to appraisal as it facilitates employees' learning and error correction, gives them a greater sense of control over the appraisal process, and should increase the extent to which the appraisal is based on valid and accurate information. We therefore predict:

Hypothesis 1: Feedback frequency will be positively related to appraisal reactions.

Similarly, knowledge of performance standards should increase acceptability since it ensures that employees can effectively prioritise and accomplish their work, which is especially important when employees have multiple tasks and goals. Without the provision of this knowledge, due process theory suggests that employees should not be held accountable to performance standards. Increased knowledge about the appraisal process creates shared understandings between the parties and improves employees' justice perceptions. Having knowledge of performance standards means that employees can adjust their behaviour so it meets the criteria for them to maximise their rewards; and the evidence is that it is meeting of standards and goals, rather than the goal-setting itself, that has most effect on well-being.

Hypothesis 2: Knowledge of performance standards will be positively related to appraisal reactions.

Moderators of the relationship between feedback frequency and appraisal reactions

While theory predicts a positive association between feedback frequency and appraisal reactions, the empirical research has produced inconsistent results. This may reflect the fact that the relationships may be contingent on other factors. We hypothesise that the relationship between feedback frequency and appraisal reactions will be stronger when knowledge of performance standards is available to the appraisee. That is, these two elements of the appraisal process will have a synergistic effect on appraisal reactions. First, frequent feedback will have a weaker effect when performance standards and prescriptive recommendations for improving performance are unclear. Second, while frequent feedback should enhance the development of shared understandings of performance standards and enable the appraisal to become a learning process, adequate planning should accentuate this process and ensure that the feedback is grounded in shared expectations as employees have a chance to discuss or review their goals with supervisors. Conversely, if the planning is insufficient, the effect of frequent feedback on appraisal reactions will be weaker.

Hypothesis 3: Knowledge of performance standards will moderate the relationship between feedback frequency and appraisal reactions such that the relationship between feedback frequency and appraisal reactions will be stronger (weaker) as knowledge of performance standards increases (decreases).

We also anticipate that the feedback's effect on appraisal reactions will be greater when appraisees receive a favourable appraisal or rating. Unsurprisingly, positive performance ratings have been found to be associated with favourable appraisal reactions. Conversely, performance appraisal research consistently has shown that low appraisal favourability is associated with the evaluation being perceived as inaccurate or unacceptable to the appraisee. We expect the effects of feedback frequency on appraisal reactions will be amplified by rating favourability as employees' sense of justice generated by frequent feedback is reinforced when feedback is positive; it adds credibility to the shared understandings that emerge in the feedback interactions and employees are likely to feel that attending to this feedback was rewarded. In contrast, any perceived injustice of the appraisal process is likely to be stronger when employees receive both little or no feedback and a poor rating. We therefore hypothesise:

Hypothesis 4: Rating favourability will moderate the relationship between feedback frequency and appraisal reactions such that the relationship between feedback frequency and appraisal reactions will be stronger (weaker) as appraisal favourability increases (decreases).

Empirical study

Having applied due process theory to developing understanding of relationships amongst frequent feedback and employees' knowledge of standards, favourability of assessments and reactions to appraisal, we tested our hypotheses using a meta-analytic design. The sample was constructed through searching databases such as PsycInfo, Business Source Elite, JStor, ProQuest, Sage Journals Online, and Social Science Abstracts and reference lists of major reviews related to performance appraisal. We used three inclusion criteria. Studies had to: (1) assess a relationship between an employee reaction criteria and one or more measures of adequate notice (that is, knowledge of performance standards or frequent feedback); (2) include actual performance reviews; and (3) report an effect size, or sufficient information to calculate an effect size or to obtain it from the author.

Our search yielded 35 total studies (39 unique samples and 10,672 responses) that included reactions to appraisal and one or both of feedback frequency or knowledge of performance standards. For feedback frequency, we analysed effect sizes for 5,227 respondents across 18 unique samples from 16 studies. For knowledge of performance

standards, we analysed effect sizes for 5,317 responses across 19 unique samples from 17 studies. Data were analysed using standard meta-analytic methods involving regression analysis.

Employee reactions to performance appraisal are measured by satisfaction with the appraisal, perceptions of accuracy, motivation to improve performance, performance appraisal fairness, or perceptions of organisational justice. Previous meta-analyses have treated performance appraisal reactions as a composite variable for two reasons. First, they all represent appraisal reactions. Second, there are too few primary studies in the empirical literature to look at meta-analytic correlations with individual reaction criteria.

Table 1 displays results. As expected, both aspects of adequate notice – knowledge of performance standards and frequent feedback – were correlated with employee reactions to appraisal, thus supporting both Hypothesis 1 and 2. The relationship between feedback frequency and employee reactions was moderated by knowledge of performance standards and appraisal favourability, and in the expected direction. That is, the relationship is accentuated by these contingent factors, thus supporting both Hypothesis 3 and 4. These results support the theoretical arguments we developed for the link between feedback and appraisal reactions based on its role in increasing the quality and quantity of information that employees receive and their sense of justice.

Table 1: Meta-analytic results for employee reactions to performance appraisal							
	<i>N</i>	<i>k</i>	<i>SDr</i>	<i>Mr</i>	Lower 95%CI	Upper 95%CI	Q
<i>Adequate notice</i>							
Frequent feedback	5,227	18	0.24	0.45	0.33	0.56	290.35*
Knowledge of performance standards	5,445	19	0.19	0.49	0.40	0.60	201.07*
<p><i>Note:</i> <i>N</i> = cumulative sample size; <i>k</i> = cumulative number of effect sizes; <i>SDr</i> = weighted standard deviation of observed effect sizes; <i>Mr</i> = population mean correlation; Q = heterogeneity of <i>Mr</i>.</p> <p>* Significant at $p < 0.05$.</p> <p>Since effect size distributions were heterogeneous, random effects models were employed for <i>Mr</i> and its confidence interval (Hedges and Vavae 1998).</p>							

Implications for practice

The results confirm the core elements of due process theory and suggest that organisations will benefit from implementing both aspects of the adequate notice dimensions of due process. More attention should be paid to feedback and standard-setting than is all too often the case. Recurring informal conversations with subordinates for the purpose of providing feedback and clarifying performance standards and improving employee skills should be encouraged (Levy et al 2015). Moreover, performance feedback should concentrate on employee development, as well as error correction, if it is to facilitate performance gains for workers. Standards make appraisal and feedback easier so the appraisal does not need to focus on the person; and they can be defined as ideals and not obligations so the appraisal can focus on development and not ensuring obligations have been fulfilled. Including performance standards for specific job families in organisational handbooks is one potential formal mechanism, provided these are suitably nuanced and not interpreted too rigidly. Performance management systems that overtly link organisational goals and standards to performance rating schemes should be designed in such a way that trade-offs between goals are acknowledged and achievement of them is not at the expense of creativity. The existence of such multiple or conflicting goals should not be used to justify a fatalistic approach to appraisal – that it can never really be much use. Moreover, reflective processes should be built into such systems to maintain high-quality feedback and standard-setting.

The most substantive implication of our results concerns employee involvement. Just as feedback transforms the traditional attitude survey to a high-involvement management practice – the survey feedback method – so feedback transforms appraisal from a tool of performance management to a potentially vital high-involvement practice.

Conclusion

We have outlined a theory of appraisal based on the due process perspective in which feedback frequency, knowledge of performance standards, and performance rating favourability are related to performance appraisal reactions. Our tests of it using meta-analysis provides support for it; and also suggests that inconsistencies across past studies on the effects of feedback may reflect the moderating role of knowledge of performance standards and how favourable are the appraiser's ratings. Enhancing feedback and standard-setting should greatly improve the effectiveness of appraisal. Consideration of these should be central in the design of appraisal systems, as well as interventions to improve the effectiveness of existing processes and further studies to assess the value and efficacy of appraisal.

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