

Finally, according to equity theory, when people contribute more, they usually expect to have outcomes that are higher than the outcomes of those who contribute less. When this expectation is violated, it can affect turnover intentions and increase the risk the firm will lose its most valued employees. For all these reasons, loss aversion is likely to be a force in retaining performance ratings and their (albeit small) link to pay increases.

### Final Thoughts

I want to emphasize that I am not arguing that performance ratings (and their links to pay increases) should or should not be retained. I agree with Pulakos et al. (2015) that there is no simple or broadly applicable answer to this decision. I am merely noting that a considerable body of research in psychology, behavioral economics, and decision making points to strong forces that are likely to make performance ratings a fact of life in most organizations for years to come.

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## The Performance Management Fix Is In: How Practice Can Build on the Research

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The scientist–practitioner model of training in industrial and organizational psychology provides the foundation for the education of industrial and organizational psychologists across the world. This approach is important because, as industrial and organizational psychologists, we are responsible for both the creation and discovery of knowledge and the use or application

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of that knowledge. In multiple articles recently published in this journal, Pulakos and her colleagues (Pulakos, Mueller Hanson, Arad, & Moye, 2015; Pulakos & O'Leary, 2011) have argued that performance management (PM), as applied and implemented in organizations, is broken. This is not a unique take on the state of PM in organizations, as others have been arguing for many years that PM is no longer working in organizations the way that we would like it to work (Banks & Murphy, 1985; Bretz, Milkovich, & Read, 1992). Further, for many years and in many Society for Industrial and Organizational Psychology conference panels and debates in the literature, we have been inundated with discussions and conversations around the science–practice gap and around the gap being especially evident in PM. One somewhat middle-of-the-road perspective on this is that researchers are not studying what practitioners need studied to improve PM and that practitioners are not relying on the published scholarship in building and implementing PM systems. We believe that there is a great deal of truth in this middle-of-the-road perspective. However, we propose that the recent work of Pulakos and colleagues (Pulakos et al., 2015; Pulakos & O'Leary, 2011) is a good example of practitioners not recognizing or relying on the existing scholarship. In the lead article in this issue of the journal, Pulakos et al. (2015) have proposed a fix for PM that is experiential in nature and focused on behavior change. We argue here that there is established scholarship that both supports some of the recommendations Pulakos et al. (2015) have made and proposes other recommendations. However, it appears that this existing literature that shows the value of many of the same elements that Pulakos et al. (2015) have emphasized has been largely ignored in their previous article (Pulakos & O'Leary, 2011) and seemingly ignored in their current article. If we are to reduce the science–practice gap in PM, we need to do a better job of listening to each other: The researchers need to listen to the research needs of practitioners to inform their PM systems, and the practitioners need to read, consider, and apply the existing scholarship to the development and implementation of PM systems.

We argue that the science of PM has actually made a great deal of progress in the last 20 years. Ilgen, Barnes-Farrell, and McKellin (1993) argued convincingly that scholars had learned a great deal about the cognitive processes involved in performance appraisal (PA) in the 1980s but that not as much progress has been made as should have been made regarding how to better develop and implement PA in organizations. Ilgen et al. argued that future research should focus more on the “social milieu” in which raters and ratees find themselves because this social context (Ferris, Munyon, Basik, & Buckley, 2008; Levy & Williams, 2004) plays a large role in how the appraisal process unfolds and how effective the PM process is. In their review of the literature published between 1985 and 1990, Bretz et al. (1992) concluded that “virtually no systematic research exists on how the organizational

context affects the rater/ratee relationship” (p. 330) and argued that research needs to focus on the effects of the appraisal context in order to better inform appraisal practice. Others have argued that PA takes place within a social context, and that context has a significant impact on the appraisal process and the various elements of that process, such as the rater–ratee relationship, appraisal reactions, and intent to use feedback (Farr & Levy, 2007; Levy & Williams, 2004). We consider three examples that demonstrate that the current PM research has been largely ignored in the Pulakos et al. (2015) article.

First, Pulakos et al. (2015) have argued that effective PM turns on the social interactions between people. Previously, Pulakos and O’Leary (2011) suggested that practitioners need to change course in PM systems. We argue that the research that would allow for a new course—a focus on the social context—has been available for many years. This literature emerged in the 1990s, and it continues today with a focus on the social context in which PM takes place. In their review of the literature from 1995 to 2003, Levy and Williams (2004) argued for the importance of the social context of PA and identified three major categories of variables that play an important part in the appraisal process. This review unearthed 360 articles that in some way focused on PM from a social context perspective. For instance, empirical articles were uncovered that focused on variables and/or constructs like affective states, personality, rater motivation, rating purpose, attributions for performance, rater accountability, ratee participation, perceptions of fairness, rater–ratee relationship, and trust. There are many important findings in the literature and summarized in the review that should help practitioners build, develop, and implement PM systems.

Second, “ongoing day-to-day” behaviors and interactions have been emphasized by Pulakos et al. (2015) as being integral to effective performance and employee engagement. They have proposed that this new focus on the day-to-day feedback interactions is an important contextual element that is part of the fix for broken PM. If this is part of the fix, it should have been implemented in PM processes years ago because researchers have been making this case for over a decade (London & Smither, 2002). Steelman, Levy, and Snell (2004, p. 166) proposed the “feedback environment” construct as “the contextual aspects of day-to-day supervisor-subordinate and coworker-coworker feedback processes rather than the formal performance appraisal feedback session.” Pulakos and colleagues (2015) have argued in their article and elsewhere that these informal day-to-day feedback interactions are potentially more important than are the once or twice a year formal review session. We agree, and the literature supports the notion that a favorable feedback environment creates a culture of continuous learning and that employees are more likely to mindfully process feedback and use it to make behavioral changes and improve performance (Levy & Thompson, 2012). These

early studies have been followed by a long program of research uncovering significant relationships between this day-to-day feedback environment and important outcomes like performance, job morale, intent to use feedback, organizational citizenship behaviors, and well-being. So, research has clearly shown the importance of the feedback environment to the PM process. Yet, Pulakos et al. (2015) have noted that there has been much less focus on informal feedback than on formal feedback and that there are fewer informal feedback models. We submit that there has been considerable research on informal feedback over the past 10–15 years and that there are established models and measures such as the Feedback Environment Scale (Steelman et al., 2004) that should be instrumental in developing or “fixing” PM processes.

Third, Table 4 of Pulakos et al.’s (2015) article has provided what the authors have described as “a new PM mindset and process,” which is focused on the following: (a) Effective PM is an ongoing process, (b) day-to-day activities are more important than are forms and scales, (c) employee–manager relationships are key, and (d) PM systems need to be flexible. As we have suggested earlier, these foundational principles have been proposed and developed in the literature for many years. These are not new principles and, we would argue, not a new mindset. Further, these principles have served as a framework for consulting practices for many years as well. For instance, as long ago as 1987, one of us participated in the development of a PM system for General Motors that looks very similar to what Pulakos et al. (2015) have presented here. That PM system included the following principles: (a) Provide role clarity through setting clear responsibilities and expectations that are continuously discussed between manager and employees to ensure real-time changes as roles and projects evolve. (b) Abandon rating scales and replace them with continuous discussions regarding feedback on behaviors and results. (c) Use ongoing communications and coaching as the core process of the system and the responsibility of both the manager and the employee. (d) Use feedback received from various team members throughout the organization to identify individual opportunities for improvement, to help meet various business needs. In addition, the PM system in 1987 emphasized all of the “characteristics of PM tomorrow” that Pulakos et al. (2015) have provided in Figure 1. For instance, in addition to those principles discussed above, feedback is continually collected from multiple sources, including other managers, peers, team members, and others who collaborate with the individual. This information is used by the manager and employee to help with continual development. Expectations are continually discussed and clarified as situations change; therefore, the emphasis is on employee development and not on administrative decision making. Finally, both managers and employees are trained to maximize the effective behaviors that drive system success.

Our point is that many of the suggestions being made in the article are supported by theoretical and empirical work in the scientific literature and that this literature should be the basis for PM systems. In addition, many of these same suggestions have been implemented historically and currently in many organizations. In the past 10 years, one of us has been involved in multiple Society for Industrial and Organizational Psychology sessions focused on the science–practice gap in PM, including a set of well-attended panels in 2012 and 2013. In order to shrink the gap, practitioners must use the research available to build and implement better PM systems. The onus is also on researchers to focus research on addressing the questions that practitioners need to have answered. If researchers and practitioners ignore this and instead do their own thing without being aware of what is going on in the other realm (science or practice), then the gap will not shrink and will likely grow even larger. Pulakos et al. (2015) have provided an interesting and a potentially very successful PM program in their article; it appears to be very good practice. However, they have also used words and phrases like “fundamental shift,” “PM reform,” “fundamental changes,” “new overall approach,” and “a new PM mindset.” Perhaps these terms are accurate, but we cannot forget that research has been suggesting movement in this direction for many years, with empirical support for some of the major principles discussed in this PM approach. The science to support the fundamental shift or the new PM mindset as articulated in the lead article exists, and it has existed for a good while.

Two of the current authors are old enough to remember the validity information exchange that appeared in *Personnel Psychology*. In each journal issue, organizations would discuss the selection tests they were using and would share validity data. We believe our field could be enhanced through this type of outlet for PM systems. Although some outlets exist, they are either proprietary or fee based. We strongly believe the current focal article can be a call for collaboration between researchers and practitioners to find creative outlets for such critical organizational practices, like PM systems, and to help bridge the science–practice gap.

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## Improvements in Performance Management Through the Use of 360 Feedback

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The purpose of this commentary is to complement the lead article by Pulakos, Mueller Hanson, Arad, and Moye (2015) by proposing the incorporation of 360 feedback as another means of improving performance

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