Ratee Reactions Drive Performance Appraisal Success (and Failure)

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Although the authors make strong arguments for both sides of the debate in "Getting Rid of Performance Ratings: Genius or Folly? A Debate," we argue that performance appraisal reactions were largely overlooked beyond a few exceptions, where the authors either alluded to or explicitly mentioned reactions. For example, the authors explain that one reason organizations have eliminated the forced distribution approach is negative employee reactions. The authors also highlight the importance of managers using appropriate language when delivering performance appraisal ratings in order to improve employee reactions. Despite these exceptions, we believe it is necessary to call more attention to the critical role of ratee reactions in the performance appraisal process. Therefore, our commentary expands on the conversation sparked by Adler et al. (2016) by incorporating ratee reactions.

The shift from a cognitive focus to examining the social context surrounding performance appraisal systems manifests in the emphasis on understanding reactions to performance appraisal systems (Levy & Williams, 2004). Several researchers have argued that one of the best criterion for assessing performance appraisal systems is the reactions of the ratees (Cardy & Dobbins, 1994; Keeping & Levy, 2000; Kuvaas, 2006). For this reason, conceptualizations of performance appraisal effectiveness have recently been expanded to both include and emphasize the role of ratee reactions (Levy & Williams, 2004). Similarly, the value of reactions has been emphasized in newer models of performance appraisal systems that are devoted to managing and improving performance (Aguinis, 2009, 2013; Aguinis & Pierce, 2008; DeNisi & Pritchard, 2006; Murphy & DeNisi, 2008; Pulakos, 2009). With the support of research, we argue that ratee reactions are the primary driver in the success or failure of a performance appraisal system. Success and failure are determined by a combination of whether or not the system achieves its goals and the level of satisfaction with the system from employees at all levels of the organization. Brannick, Levine, and Morgeson (2007) identify two goals of performance appraisal: to develop employees and to

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make administrative decisions. We use these two objectives as an organizing framework for our discussion of the importance of ratee reactions.

Employee Development

Employee development is regarded as a primary goal of performance appraisal (DeNisi & Sonesh, 2011). Developmental performance appraisal is considered any effort concerned with enriching the attitudes, experiences, and skills that improve the effectiveness of employees (Boswell & Boudreau, 2002). One common practice of developmental performance appraisal is to provide employees with performance feedback that is intended to improve future job performance. However, in order for this performance feedback to be effective, it is essential that the recipient experience positive reactions (DeNisi & Pritchard, 2006). Specifically, researchers have suggested that, in order for performance appraisal systems and the associated feedback to positively influence employees' development and future performance, it is necessary that employees experience positive reactions in response to the performance appraisal system (Kuvaas, 2006). These positive reactions include positive perceptions of fairness, source credibility, and feedback accuracy, all of which have been shown to increase the probability that an employee will accept the feedback and, in turn, apply that feedback on the job (DeNisi & Pritchard, 2006; Levy & Williams, 2004; Taylor, Tracy, Renard, Harrison, & Carroll, 1995). Ultimately, the application of developmental feedback is the impetus necessary for employees to improve and develop as a result of the performance appraisal system. Therefore, when employee development is regarded as the objective of a performance appraisal system, the success or failure of a system is largely dependent on ratee reactions.

Administrative Decisions

An equally noteworthy goal of performance appraisal is to make informed and accurate administrative decisions. When it comes to administrative decisions, research has long recognized the importance of employees' perceptions of both distributive and procedural justice. Distributive justice is defined by perceptions of the fairness of the outcomes of the system, and procedural justice is defined by perceptions of the fairness of the process of the system, with each type of justice uniquely contributing to reaction-related outcomes. For example, Jawahar (2007) found a relationship between distributive justice and satisfaction with performance ratings. The same study also revealed a relationship between procedural justice and satisfaction with the performance appraisal system. Additional research has found that ratees react more positively to performance appraisal systems that incorporate the principles of organizational justice, even when evaluations are lower (Taylor et al., 1995). Other research has proposed the additional benefits of a system

that incorporates multiple types of justice (procedural, distributive, and interactional; Holbrook, 1999). A performance appraisal system designed for accuracy and employee differentiation can still yield positive ratee reactions with adherence to the principles of organizational justice.

Empirically Based Recommendations

With reactions being a driver of the success of performance appraisal systems, we argue that it is necessary to consider existing research on ratee reactions when developing best practices for performance appraisals. The research highlighted throughout our commentary demonstrates that enhancing ratee reactions is important whether the purpose of the performance appraisal concerns employee development or administrative decisions. On the basis of empirical findings, we suggest the following specific recommendations:

1. Train organizational supervisors. Research shows the adverse effects of negative feedback can be mitigated through feedback source credibility, high quality feedback, and considerate delivery (Steelman & Rutkowski, 2004).
2. Allow for voice and participation. Participation is highly correlated with reactions. Research shows that having a voice was more related to reactions than actually influencing the end result (Cawley, Keeping, & Levy, 1998).
3. Create a transparent system and increase user knowledge. Fairness perceptions can be enhanced when performance standards and expectations are clearly stated and performance appraisal procedures are understood by all employees (DeNisi & Pritchard, 2006).

Future Research Directions

Despite what we already know, additional research concerning ratee reactions should be conducted to further guide performance appraisal best practices. Positive ratee reactions have already been linked to future job performance (Jawahar, 2010), motivation to improve performance (Selvarajan & Cloninger, 2012), job satisfaction, commitment to and satisfaction with the supervisor, organizational commitment, and turnover intentions (Jawahar, 2006). However, in order to better ensure the success of performance appraisal systems, we must further our understanding of the role of both positive and negative ratee reactions. It is also essential to understand specifically how these reactions operate in a larger context.

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Time To Change the Bathwater: Correcting Misconceptions About Performance Ratings

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Recent commentary has suggested that performance management (PM) is fundamentally "broken," with negative feelings from managers and employees toward the process at an all-time high (Pulakos, Hanson, Arad, & Moye, 2015; Pulakos & O'Leary, 2011). In response, some high-profile organizations have decided to eliminate performance ratings altogether as a solution to the growing disenchantment. Adler et al. (2016) offer arguments both in support of and against eliminating performance ratings in organizations. Although both sides of the debate in the focal article make some strong arguments both for and against utilizing performance ratings in organizations, we believe there continue to be misunderstandings, mischaracterizations,

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