Performance Management: Embracing Complexity, Evading Reductionism, and Moving to Outcome-Based Approaches

Shonna D. Waters, Wayne A. Baughman, and David W. Dorsey
U.S. National Security Agency

Adler et al. (2016) open with a summary of the business case driving our field to change and close by providing principles for accomplishing that change, where they conclude that "there is no right answer to the ratings question" (p. 244). Lying between the opening and closing sections is a series of arguments for and against today's performance rating status quo, arguments illustrating just what happens when too many years are spent seeking answers along too narrow a path. In this commentary, we provide additional support for the strategy- and outcome-driven approach to performance management advocated in the article. In addition, we offer ideas for what has contributed to getting us and keeping us where we are. Unless we understand what has driven performance ratings research and practice to be the object of an intense and lengthy debate, these same forces may well drive us to carry out years-long experiments of questionable value along similarly narrow paths. We want to offer our views on how to foster outcome-based practice more broadly.

Focus on Delivering Value

Outcome-based approaches to practice help to ensure that work focuses on delivering value, providing clear answers to the question, "Ratings for the sake of what?" Organizations are not considering eliminating performance ratings because making ratings is hard; it is because performance ratings generally offer no tangible value. For example, when viewed from an outcome-based perspective, the entire debate about keeping or eliminating performance ratings seems unnecessary. In applied settings, practitioners viewed as credible and relevant can explain how specific tools or processes will help create valued outcomes. Accordingly, one should include or exclude performance management practices based on their effectiveness in creating

    Shonna D. Waters, Wayne A. Baughman, and David W. Dorsey, U.S. National Security Agency, Fort Meade, Maryland.

intended outcomes, and a focus on delivering valued outcomes provides clear criteria for selecting design and implementation options (Gertner, 2012). Accurate performance measurement in any psychometric sense is probably more important to researchers than to managers, especially to the extent that ratings are viewed in isolation from the multitude of social and political forces that make them an afterthought (Murphy & Cleveland, 1995).

Embrace Complexity

Outcome-based approaches to practice help effectively identify, respect, and deal with complexity, and the technical, business, and social aspects of performance management make these systems extremely complex. Unlike predominately technical work (e.g., developing selection tools), where issues of technical quality predominate, personnel management and the systems that support it routinely involve addressing issues related to business, culture, and politics, which are not typically the concern of performance appraisal experts. Thus, outcome-based approaches to the design and implementation of complex systems tend to be interdisciplinary approaches (Brooks, 1975). This is evident if one looks at some of the largest national laboratories and sponsors of research in the United States (e.g., Defense Advanced Research Projects Agency, National Science Foundation); many if not most of their efforts are interdisciplinary in nature, precisely because they are focused on complex, real-world challenges.

Dealing forthrightly with complexity can help prevent wasted efforts by reminding practitioners that there are many connected pieces that must work together to create the whole. Time and effort spent trying to optimize one or a few parts of a system can lead to neglecting other critical elements, implementing solutions that do not scale, and creating unintended consequences. In one example, performance appraisal ratings are only one element of many that constitute a performance management system. Yet, apparently by virtue of its continued status as an object of intense focus, performance appraisal tools and processes have become synonymous with performance management. In a second example, feedback is often discussed as if it were a unitary, mostly negative, and evaluative concept. In fact, there are several types of feedback (e.g., Stone & Heen, 2015). It can be appreciative, as we espouse in recognizing best practices. It can be instructive or developmental, as we hope managers and team members provide each other day-to-day, and yes, sometimes, evaluative feedback is desired or required.

Avoid Bad Habits

Outcome-based approaches to practice help avoid applying generally unproductive reductionist perspectives in applied settings. When performance ratings or any other management practices are implemented in organizations,

practitioners face completely different and very context-specific levels and types of complexity (Anderson, 1972). A reductionist focus on finding universal "right answers" cannot guide complex system design and implementation. As noted by Anderson (1972, p. 393), "The ability to reduce everything to simple fundamental laws does not imply the ability to start from those laws and reconstruct the universe." Although the science of physiology deals with the basic body processes and structures that support all human behavior, psychology is much more than applied physiology.

Reductionist tendencies can undermine efforts to reform evaluation of people in work settings if all that happens is merely to shift from an old to a new target, from a reductionist focus on performance ratings to a reductionist focus on feedback. Embracing complexity and its inherent requirement for a broader interdisciplinary perspective is one way to help ensure that more is done than either maintaining the status quo or chasing a new shiny object. We need to instead address questions of if, why, and how best to make evaluations of people in work settings. In our own applied work, taking an outcome-based approach to performance management reform required drawing on diverse literatures (e.g., feedback, compensation, motivation, coaching, organizational culture, cognitive theory, social theory, and economics).

Taking new ideas, trends, and terms at face value without critical evaluation can lead to unwarranted assumptions about the soundness of this or that design or implementation decision. We are concerned that in an attempt to escape one utopian ideal (psychometrically sound ratings-based measurement), we will simply chase another utopia (that all supervisors are coaches and that all employees want feedback/coaching). For example, strictly speaking and in general, a manager is not a coach, and a job is not a developmental environment. A true coaching relationship is completely optional in that it requires, in part, the permission of the coachee and a coach with no personal stake in the coaching outcomes (Whitworth, 2007). Characterizing better ways for supervisors to engage employees as "coaching" might create unrealistic expectations for many, and the same individuals who resist being evaluated are not likely to welcome being coached.

In the case of development, true developmental environments are rarely achieved in a work setting. In true developmental environments, it is safe to fail, making it possible to surface openly and remedy capability shortfalls (e.g., Rosen, 1974). In contrast, performance environments punish failure, making it necessary for people to capitalize on their strengths and downplay or conceal their capability shortfalls (e.g., Persley, Baughman, Morath, Holt, & Maher, 1994). In the typical workplace, "developmental opportunities" are performance opportunities, where management has predetermined that the placements have a high probability of success. Fortunately, employees are not

naïve and know that solid performance is what is expected from developmental assignments. If organizations provided true developmental environments, they would be measuring progress against developmental objectives rather than against performance objectives.

A Way Forward

Industrial–organizational psychology is not well served in applied settings by practices that overvalue reductionist perspectives and blind practitioners to what is really important. Instead, practices must be capable of effectively accounting for the complexity of real-world systems and of addressing what is important to people, not what is easy or enjoyable for researchers or practitioners. Outcome-based approaches to performance management system design and implementation can accomplish this objective. In addition, it would be ideal if the field were to develop a research literature that can truly inform those looking to improve organizational processes. It has been 20 years since Murphy and Cleveland (1995) published their thorough analysis of social and organizational effects on performance appraisals. It has been 50 years since Meyer, Kay, and French (1965) argued that different decisions required different assessment approaches. The timing could not be better for something new.

References

Adler, S., Campion, M., Colquitt, A., Grubb, A., Murphy, K., Ollander-Krane, R., & Pulakos, E. D. (2016). Getting rid of performance ratings: Genius or folly? A debate. *Industrial and Organizational Psychology: Perspectives on Science and Practice, 9*(2), 219–252.

Anderson, P. W. (1972). More is different. *Science, 177*, 393–396.

Brooks, F. P. (1975). *The mythical man-month* (Vol. 1995). Reading, MA: Addison-Wesley.

Gertner, J. (2012). *The idea factory: Bell Labs and the great age of American innovation*. New York, NY: Penguin Press.

Meyer, H. H., Kay, E., & French, J. P. (1965). Split roles in performance appraisal. *Harvard Business Review*. Retrieved from https://hbr.org/1965/01/split-roles-in-performance-appraisal/ar/1

Murphy, K. R., & Cleveland, J. N. (1995). *Understanding performance appraisal: Social, organizational, and goal-based perspectives*. Thousand Oaks, CA: Sage.

Persley, N., Baughman, W. A., Morath, R., Holt, R., & Maher, M. A. (1994, July). *Defining developmental environments: Curriculum design strategies promoting positive reactions to demanding courses*. Poster session presented at the 6th annual convention of the American Psychological Society, Washington, DC.

Rosen, L. (1974, April). *A proposal for a developmental environment*. Retrieved from ERIC database. (ED093391)

Stone, D., & Heen, S. (2015). *Thanks for the feedback*. New York, NY: Penguin Group.

Whitworth, L. (2007). *Co-active coaching: New skills for coaching people toward success in work and life*. Mountain View, CA: Davies-Black.