IBM® **Smarter Workforce Institute**
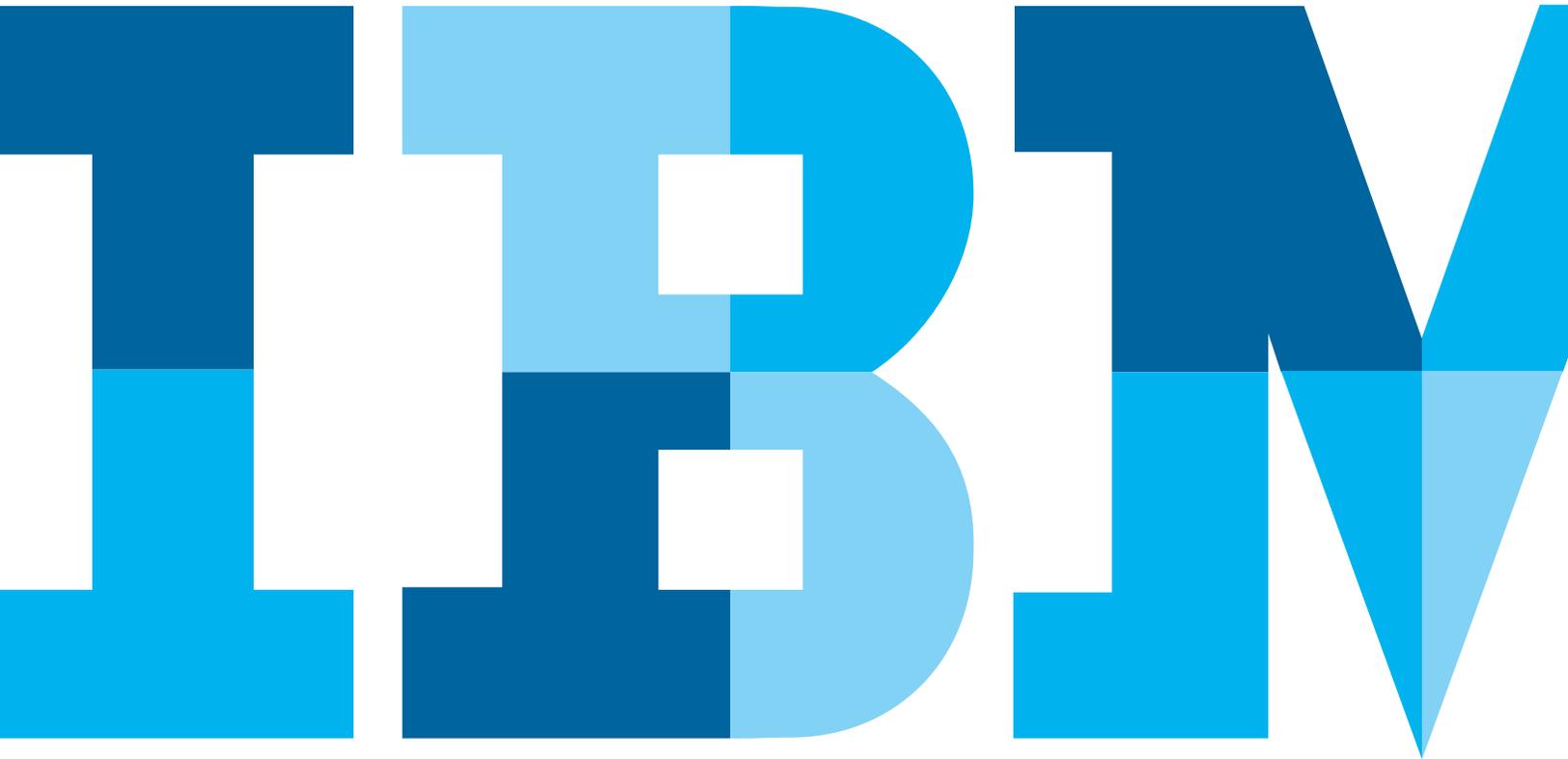
Performance feedback beyond the annual appraisal

Feedback via technology linked to positive employee attitudes

Background

Effective feedback is critical for employees to improve their work performance which, in turn, drives business growth. Feedback helps to reduce ambiguity and uncertainty about what goals to pursue, to understand what behaviors are required for success, and to know how others view and evaluate one's performance (Ashford et al. 2003).

In numerous studies, performance feedback that directs people's focus of attention to work has been linked to increased satisfaction and motivation, and particularly to enhanced performance (Kluger & DeNisi, 1996). Feedback has been recognized as essential to organizational success. Furthermore, employees indicate they are open to feedback. In fact, a recent survey claims they want both negative and positive feedback and they believe their performance improves when they get it (Zenger & Folkman, 2014).

Traditionally, performance feedback is given face to face via the annual or semi-annual appraisal. This practice is far from popular. Commentators claim: "It destroys morale, kills teamwork and hurts the bottom line" (Culbert, 2008). Not exactly a vote of confidence and, understandably, many organizations are keen to make performance feedback more effective.

With workplace communication and collaboration technologies becoming ever more commonplace, and timely face-to-face communication becoming less feasible due to ever-growing virtual teams, performance feedback can now be delivered by a variety of media or technologies such as videoconferencing and social platforms. Media richness theory (Daft & Legel, 1986) explains how the more 'cues' (facial expression, voice tone, inflection, etc.) and the more timely a particular media or technology, the richer the media. This is important because richer media have been shown to result in improved social-emotional communication, which could mean a much better feedback experience for employees (Kahai & Cooper, 2003).

Given this theoretical approach and concerns about the existing appraisal systems, the IBM Smarter Workforce Institute was interested in exploring whether technology-facilitated feedback could be effective. This white paper reveals the findings of our research, as we investigated employee opinions about receiving performance feedback in organizations that have embraced these and other technologies.

Key Findings

The research described in this white paper concerns employees receiving performance feedback via media including email, instant messaging, conference calls, online meeting, content management tools or social networking communities. We found employees who received feedback via more technologies were more engaged, more satisfied with their jobs, felt better recognized and had higher opinions of their managers.

Key findings include:

- A majority of employees report receiving feedback via technology (59 percent), although a large percentage (41 percent) do not use any of the listed technologies.
- Workers whose organizations use technology for performance feedback rated employee engagement, recognition, job satisfaction and their manager's feedback effectiveness markedly higher than workers in organizations that do not.
- The more technologies used for performance feedback the better the outcomes.
  - Recognition scores rise from 52 percent when none of the identified technology is used for performance feedback, up to almost 89 percent when four or more different technologies are used for performance feedback—a 37 percentage point increase.
  - The score for Manager Feedback Effectiveness doubled from 36 percent when no technology was used, to 72 percent when four or more technologies were used for performance feedback.

It is important to note that this study specifically looked at performance feedback via technology and not at other forms of performance feedback, such as face-to-face. Therefore, where this white paper mentions that no technology was used for performance feedback, the organization may still give performance feedback via other methods, including face-to-face.

Research results
How prevalent is use of technology for performance feedback?

We found a majority of employees report receiving feedback via technology (59 percent), although a large percentage (41 percent) do not use any of the listed technologies[1] to provide performance feedback (Figure 1), and those that do are receiving it mostly through only one channel (Figure 2). Of the 59 percent who said their organizations used at least one of the listed technologies for performance feedback, the most popular media are email (57 percent), real-time communication such as instant messaging (27 percent) and online meetings (18 percent).
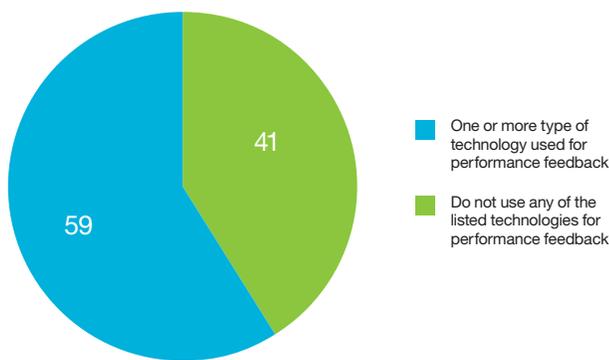
Figure 1: Organizational use of technology for performance feedback

[1]Email, real time communication (such as enterprise instant messaging), online meetings or webinars, teleconferences and video conferences, content management tools such as file sharing and wikis, social networking communities.
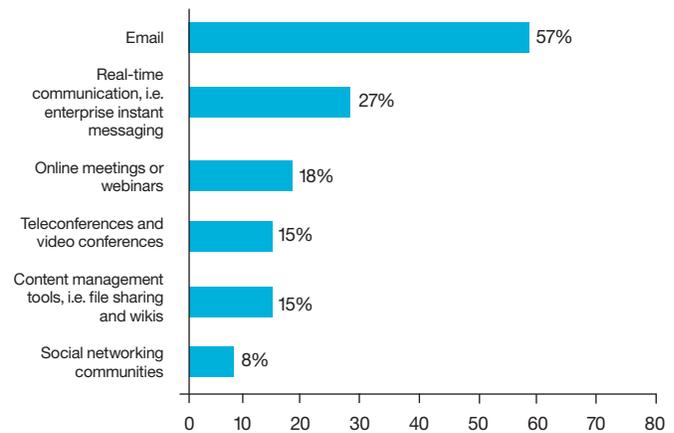
Figure 2: Use of technologies for performance feedback

Note: WorkTrends 2013/2014 Global Employee Sample: 11,339. Total is more than 100% because respondents could choose more than one option.

In terms of multiple technologies used for performance feedback, the majority of respondents (44 percent) used just one method. Just under one in 10 respondents (9 percent) reported use of two technologies for performance feedback, while just one in 50 (2 percent) of workers surveyed said their organizations used four or more technologies (Figure 3).
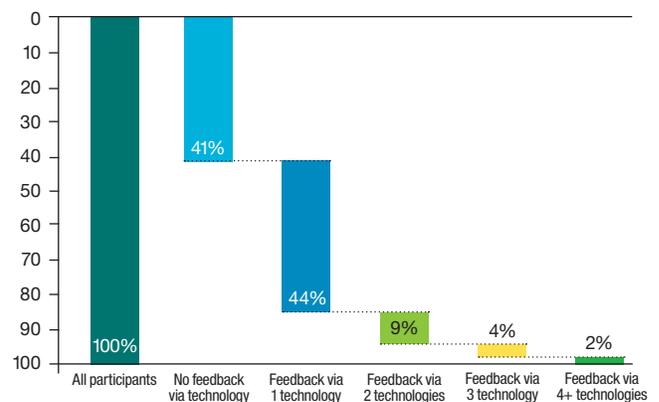
Figure 3: Percentage of Participants Reporting Zero, One or Multiple Technologies used in their Organizations for Providing Performance Feedback

How does technology use for feedback vary by industry and country?

The organizations and countries represented within this white paper are far from a homogenous group in terms of the use of communication technologies in providing performance feedback. Some industries and countries use technology for feedback more extensively than others, which appears to be aligned with their use of technology in general. No surprises here, but worth noting.

Figure 4 shows the top and bottom three industries using one or more technologies in performance feedback. Information technology (76 percent) companies are in the top three industries, while the bottom industries could be seen as more 'traditional' in nature. Furthermore, it should be acknowledged that industries such as transportation (54 percent) may not be high users of technology in general and this may be reflected in their use of technology for performance feedback.

In Figure 5, the top three and bottom three countries using one or more technologies in performance feedback are presented. There is a wide range of use with emerging economies such as India (92 percent) appearing at the top. Regarding the use of technology for performance feedback, the three countries at the bottom may be influenced by cultural differences that could favor non-technological forms of feedback. However, we would suggest further research in this area to explore the driving factors of technology use for performance feedback. Although not shown in Figure 5, the US (61 percent) and UK (51 percent) are in the middle.
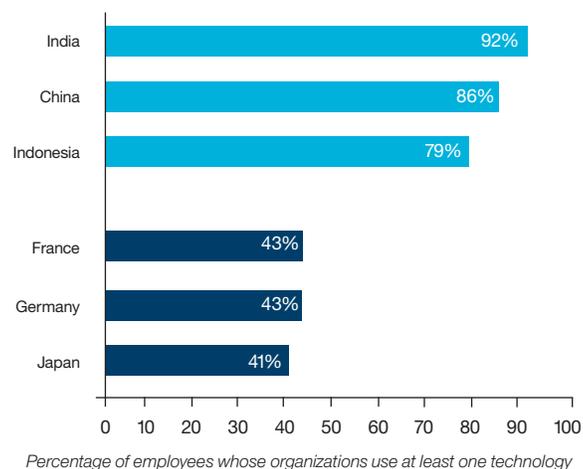

Percentage of employees whose organizations use at least one technology

Figure 5: Top three versus bottom three countries using technology for feedback

Note: WorkTrends 2013/2014 Global Employee Sample: 19,337.

What impact does performance feedback via technology have on employee attitudes?

The next phase of our analysis examined the difference that feedback could make on the critical outcome variables of job satisfaction, employee engagement, recognition and manager feedback effectiveness. In every case, workers whose organizations use technology for performance feedback rated their levels markedly higher than workers in organizations that do not (see Figure 6).
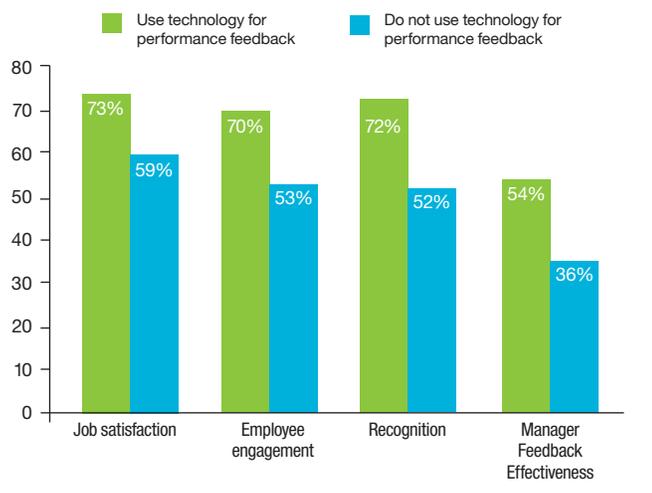

Percentage of employees whose organizations use at least one technology

Figure 4: Top three versus bottom three industries using technology for feedback

Note: WorkTrends 2013/2014 Global Employee Sample: 19,337.

Figure 6: Use of technology for performance feedback linked to higher scores on a range of outcomes

Note: WorkTrends 2013/2014 Global Employee Sample: N=18,286-19,257.

The largest difference can be seen in the area of recognition, where there is a 20 percentage point difference between organizations that give performance feedback via technology and those that do not. Furthermore, employee ratings of their manager's feedback effectiveness are significantly higher in organizations that use technology to provide feedback (see Table 1).

Do employee outcomes improve with use of multiple technologies for performance feedback?

Our analysis found that generally the more technologies used for performance feedback the better the outcomes. This upward trend in the outcome scores was consistent up to and including the use of four different technologies (see Table 1). In fact, recognition scores rise from 52 percent when none of the identified technologies are used for performance feedback, up to 89 percent when four or more different technologies are used for performance feedback—a 37 percentage point increase.

The ratings of managers by employees also improved significantly with the number of technologies used for feedback. The score for Manager Feedback Effectiveness increased substantially from 36 percent when no technology was used, up to 72 percent when four or more technologies were used.

In summary, it appears from this analysis that more really is better when it comes to the use of technology for performance feedback.

	Number of technologies used for performance feedback				
	0	1	2	3	4+
Job satisfaction	59%	71%	77%	82%	84%
Employee engagement	53%	68%	75%	80%	84%
Recognition	52%	69%	78%	83%	89%
Manager feedback effectiveness	36%	52%	60%	65%	72%

Table 1: Multiple use of technologies for performance feedback

Note: WorkTrends 2013/2014 Global Employee Sample: N=18,286-19,257. Values represent percent favorable.

Conclusion

We believe this analysis presents a strong indication of the potential value of communication and collaboration technologies in performance feedback. Employee engagement, job satisfaction, feelings of recognition and ratings of manager feedback behavior are all markedly higher among workers whose organizations use these channels to provide performance feedback.

In short, delivering feedback via technology (and ideally multiple channels) is associated with positive outcomes, likely due to the frequency and immediacy afforded by those mechanisms. This is in line with media richness theory, which indicates that richer media provides multiple cues and

immediate feedback through multiple channels (Daft & Lengel, 1986). Richer media results in more frequent and greater social-emotional communication (Kahai & Cooper, 2003). Given that employees who receive performance feedback through various media types (including the kinds of technologies investigated in this paper) receive richer, more timely and perhaps even more frequent communication, they are more likely to feel satisfied and motivated. By understanding these relationships organizations can take steps to proactively design an environment for more effective feedback delivery. Some countries and industries are already reaping the benefits more than others; the others should consider the appropriateness within their environments and perhaps use technology to help build more of a culture of feedback.

Furthermore, social technologies could be strong candidates to effectively deliver performance feedback as they offer opportunities for timely and frequent feedback. Overall, the results suggest organizations should take advantage of communication and collaborative technologies in providing effective feedback and motivating employees.

Future research

Following this analysis, it would be reasonable to ask whether these findings related to performance feedback could be replicated across other areas of performance management, such as goal setting. It would also be interesting to analyze whether performance management via social technologies specifically could be a valuable and more effective approach than traditional appraisals. Such a question will be the focus of future research by the IBM Smarter Workforce Institute.

Appendix
The research study

Given the importance of performance feedback and the increasing use of workplace communication and collaboration tools, the IBM Smarter Workforce Institute wanted to gain further insight into what kind of impact performance feedback via technology might be having on employees. By analyzing data from a global, cross-industry survey of about 20,000 workers conducted in 2013-2014, we wanted to understand the relationship between the use of technologies for feedback and key employee outcome variables.

Outcome variables:

- Employee engagement: Employee engagement is widely accepted as a critical element in a high performing organization. Higher engagement has been associated with enhanced financial performance in a number of studies, and is used as a key performance indicator in numerous organizations (IBM, 2014). The Employee Engagement Index in our study is the degree to which an employee agrees with the following statements:
  - Overall, I am extremely satisfied with my organization as a place to work.
  - I am proud to tell people I work for my organization.
  - I would gladly refer a good friend or family member to my organization for employment.
  - I rarely think about looking for a new job with another organization.
- Job satisfaction: Since Frederick Herzberg's seminal work from the late 1950s, job satisfaction has been recognized as a critical factor in employee productivity. Numerous studies have found that job satisfaction is positively associated with job performance (Judge et al., 2001).
- Recognition: Recognition not only makes us feel good about the work we do, it is also essential to forming loyalty to an organization and being productive in the long run (Wiley & Kowske, 2011). To create a 'recognition index' we considered levels of agreement with the following four statements:
  - My contributions at work are valued.
  - I receive recognition when I do a good job.
  - Good performance gets rewarded.
  - I feel appreciated at work.

In addition to considering these concepts as outcome variables, we also sought to understand the potential relationship between organizations that give performance feedback via the selected technologies and employee ratings of their managers' feedback effectiveness.

Managers' feedback effectiveness is an index comprising three key managerial practices or behaviors:

- Finding out and encouraging others to express openly their real thoughts and feelings, building a climate of trust and openness where people feel valued for expressing their true point of view.
- Setting challenging yet realistic goals and targets to continually improve performance, measuring and reviewing progress towards goals and taking action to ensure these are achieved.
- Having high expectations about the potential of staff and providing them with the resources, coaching, feedback, training and stretching responsibilities to develop their behavior.

For more information

To learn how to build a smarter workforce, visit:
ibm.com/smarterworkforce

IBM Smarter Workforce Institute

The IBM Smarter Workforce Institute produces rigorous, global, innovative research spanning a wide range of workforce topics. The Institute's team of experienced researchers applies depth and breadth of content and analytical expertise to generate reports, white papers and insights that advance the collective understanding of work and organizations. This white paper is part of IBM's on-going commitment to provide highly credible, leading-edge research findings that help organizations realize value through their people.

References

Ashford, S. J., Blatt, R., & Walle, D. V. (2003). Reflections on the looking glass: A review of research on feedback-seeking behavior in organizations. Journal of Management, 29(6), 773-799. http://www.sciencedirect.com/science/article/pii/S0149206303000795

Culbert, S. (2008). Get Rid of the Performance Review. The Wall Street Journal. http://online.wsj.com/news/articles/SB122426318874844933

Daft, R. L., & Lengel, R. H. (1986). Organizational information requirements, media richness and structural design. Management science, 32(5), 554-571. http://dl.acm.org/citation.cfm?id=8433

IBM. (2014). Beyond engagement: The definitive guide to employee surveys and organizational performance. http://www-01.ibm.com/common/ssi/cgi-bin/ssialias?infotype=SA&subtype=WH&htmlfid=LOW14043USEN
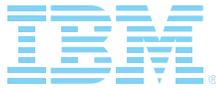
Judge, T. A., Thoresen, C. J., Bono, J. E., & Patton, G. K. (2001). The job satisfaction–job performance relationship: A qualitative and quantitative review. Psychological bulletin, 127(3), 376. http://www.ncbi.nlm.nih.gov/pubmed/11393302

Kahai, S. S., & Cooper, R. B. (2003). Exploring the core concepts of media richness theory: The impact of cue multiplicity and feedback immediacy on decision quality. Journal of Management Information Systems, 20(1), 263-300. http://www.jstor.org/discover/10.2307/40398623?uid=3739736&uid=2129&uid=2&uid=70&uid=4&uid=3739256&sid=21104335845607

Kluger, A. N., & DeNisi, A. (1996). The effects of feedback interventions on performance: a historical review, a meta-analysis, and a preliminary feedback intervention theory. Psychological bulletin, 119(2), 254. https://www.zotero.org/matthewbarr/items/itemKey/EKKMMVKT

Wiley, J. W. & Kowske, B. (2011). RESPECT: Delivering Results By Giving Employees What They Really Want. San Francisco: John Wiley & Sons. http://www.wiley.com/WileyCDA/WileyTitle/productCd-1118027817.html

Zenger, J. & Folkman, J. (2014). Your Employees Want the Negative Feedback You Hate to Give. Harvard Business Review. http://blogs.hbr.org/2014/01/your-employees-want-the-negative-feedback-you-hate-to-give/

IBM.