

Eighty-six percent of companies are unhappy with performance management. This is a remarkable number given how much money and time are invested in performance management. While existing solutions clearly have not been sufficient, the need to manage performance remains, and thus companies have worked with what they had. However, neuroscientific and psychological research now suggest why so many performance management projects are doomed to failure and what can make performance management more readily accomplish what it is intended for. Inadvertently, performance management systems often actually encourage a way of thinking that limits the ability to grow talent. Inherent to their processes is a message that talent is fixed. Research illustrates that a belief in fixed talent is far more limiting than it might at first appear. Meanwhile, this part of managing performance is wholly unnecessary. A belief that talent can be developed, by contrast, should lead to more effective feedback, goal achievement, evaluation effectiveness and a culture of collaboration and growth.

One Simple Idea That Can Transform Performance Management

By David Rock, Josh Davis and Elizabeth Jones

The way we manage performance in organizations needs a dramatic overhaul. According to data gathered by leading Human Capital research organizations, only 8 percent of HR executives thought performance management made a significant contribution to performance (Institute for Corporate Productivity). Fourteen percent thought that “no changes were needed” to performance systems (Corporate Executive Board). And 23 percent thought that performance systems reflected employee contributions (Conference Board). An average of these comes to 16.2 percent. In other words, around 86 percent of companies are not that happy with performance management as it stands.

Many companies are working hard to address this gap. However, most are focusing on the more tangible parts of the process: installing software to manage the data, altering the way people are rated or shifting how information is gathered. While all this can be helpful, it doesn’t seem to guarantee a significant increase in the effectiveness of an overall performance management process.

Research is leading us to believe that one of the key factors for radically improving the effectiveness of performance management may come from somewhere quite unexpected and generally overlooked — from an organization’s philosophical stance about human nature. In short, whether organizational leaders believe that other leaders are born or made may matter much more than we realized.

An Age-Old Question

Take any introductory psychology class and you’ll come across the so-called “nature vs. nurture” debate. It’s not really a debate; it is more of a question people cannot seem to get enough of. That question is, what causes me to be who I am? Is it all predetermined by my genes (nature), or is it a consequence of how I was raised (nurture)? Was I born to be a great leader, or have I learned how to motivate people? Along similar lines, we all wonder, is intelligence innate, or can we get smarter? Is IQ fixed? Can people really change?

Most scientists would agree that nature and nurture both matter and interact with each other. Yet that does not stop people from having a philosophy about life that leans toward one or the other of these options. And this is where it really gets interesting. Research suggests that people’s beliefs about whether intelligence or talent is born or can be developed, dramatically impacts the success or failure of a whole performance management system. Let’s call the two beliefs people can have either a “Fixed” mindset or a “Growth” mindset, according to a framework developed by Stanford Psychologist Carol Dweck. Believing that talent is fixed has some surprisingly big downsides, which we will lay out in this paper.

The other big surprise is that while people fall fairly evenly into both camps, they are very easily and quickly primed or influenced to believe one way or the other. Unfortunately, many of the tools that organizations use to try to drive performance are unintentionally sending people down the wrong path, priming folks to believe that talent is fixed. Before we get into that, let’s briefly explore the deeper science of how all this works.

The Neuroscience of Why Your Beliefs Matter

Some of the first research on the impact of our beliefs on performance came from Carol Dweck. Dweck found that not all praise is helpful. It depends on whether the praise encourages us to believe that we can change. For example, praising children for talent, e.g. “You must be smart,” versus for effort, e.g. “You must have worked hard,” led to measurably different performance. Both may seem like good rewards to offer children and both often feel good to hear. Yet when children were asked to report their test scores to an anonymous child at another school, the researchers hypothesized that kids praised for ability were more likely to misrepresent their performance to show themselves in a more positive light. Indeed, praise for fixed ability led 38 percent of children to inflate their scores on a test, while only 13 percent of those praised for effort inflated scores and

did not differ from a control group (Mueller & Dweck, 1998). The simple act of praising a child in such a way as to imply a fixed trait — even a positive one — also led children to give up sooner, enjoy the work less, and to attribute failure more to ability rather than effort, than those kids praised for effort.

Out of this research, Dweck developed the idea that we prime kids to believe in fixed or growth mindset unintentionally, and that this priming has a surprisingly large effect on everyday learning and performance. These findings do not only relate to kids or to education, but highlight an important quirk of human functioning driven by something that happens in the brain in adults, too. Many other researchers have found similar effects due to various beliefs regarding ability-to-change, across a range of leadership-relevant domains.

Firstly, there is a concept called “Self-Efficacy” introduced by the great psychologist, Albert Bandura (Bandura, 1977). Self-efficacy is the belief in one’s capabilities to succeed at something. Bandura demonstrated that this belief was a major determining factor in whether therapy helped a person change. The value of self-efficacy stretched beyond therapeutic settings to organizational contexts. One study assigned subjects to be managers of simulated organizations. The researchers found that subjects who had a belief that it would be hard to influence group behavior within the organization gave up on themselves, and did so around goals they easily could have achieved. By contrast, those managers who believed it would be possible to change the course of their organization, set goals that were more and more challenging, and, in turn, the group performed well (Bandura & Wood, 1989). In short, our belief about our capabilities impacts success.

Secondly, there is work on the belief in free will. Anyone who has read a philosophy book will have enjoyed at least one day of mental exhaustion pondering whether we have free will. Regardless of your answer, choosing to hold the belief in free will has a significant impact on one’s performance. It turns out that people who believe in free will are significantly better performers at work rated by themselves and also by others (Stillman et al., 2010). Vohs and Schooler (2008) also showed that people were more likely to cheat and pay themselves more than they deserved when working from a belief in determinism, and to do the right thing when they worked from a belief in free will. And researchers even found that believing in free will makes you less

likely to be aggressive and more likely to be helpful to others (Baumeister, Masicampo, & DeWall, 2009).

So your belief in whether you have control over yourself impacts success, and even our ethics and how we collaborate with others.

In a third strand of research, psychologists such as Roy Baumeister explore the impact of willpower. Willpower is the ability to control our impulses, to delay gratification. One of the earliest studies in this realm was from Walter Mischel, who tested the capacity of 4 year olds to control their impulses as demonstrated by a series of tests, e.g. being offered one treat such as marshmallows now or two later. The level of impulse control at age 4 correlated closely to SAT scores later on (Mischel, Shoda, & Rodriguez, 1989). Here’s the even more surprising part: it turns out that even our basic beliefs about willpower itself, about whether it is a resource that easily depletes, also impacts how much willpower we have (Job, Dweck, & Walton, 2010). This is similar to the self-efficacy idea, and perhaps you can see both ideas are similar to Dweck’s growth mindset.

Baumeister suggests in related research that not believing “in free will serves as a cue to act on impulse” (Baumeister et al., 2009, p. 267). It seems to work against self-control. This starts to give us a clue as to what might be going on underneath the surface. In a paper published in the *NeuroLeadership Journal* called the “Brain’s Braking System” (Lieberman, 2009), Matthew Lieberman from UCLA outlined how we have a specific network in the brain that is central to inhibiting impulses. In other words, we need this circuitry to both stop ourselves doing something we shouldn’t do, such as either act unethically or simply act the way we always have. We need this network to change ourselves and to learn. These different studies point to the same hypothesis: Activation of the brain’s braking system is impacted by the beliefs we have; if we believe we can grow (mindsets), or we can change ourselves (self-efficacy), or believe we have free will, or that we have good will power, we activate this circuitry more intensely than we otherwise would if we believe we are fixed by nature.

In summary, our beliefs about fixed or growth mindset can have a profound impact on our behavior. Let’s now look at how this plays out based on the two mindsets. Then, we will explore some specifics about what organizations might do differently.

The Impact of Fixed Mindset

One of the more unexpected findings from this area of research is how easily we can be primed to believe in fixed or growth mindset. Simply having people read an article leaning one way or the other is enough to cause people to behave in line with that philosophy (e.g. Chiu, Hong, & Dweck, 1997). Unfortunately, many of our HR practices are accidentally priming people for fixed mindset.

A number of things happen as a result of the fixed mindset that works against increasing performance. We can expect that a person operating from a fixed mindset will shut down in reaction to feedback, avoid stretch goals, be motivated by seeking approval, avoid effort and see other’s success as a threat. This collection of reactions describes pretty well what makes performance management such a painful — if not debilitating — process.

Feedback Shuts You Down

Picture the following feedback scenario. A well-liked, director-level executive, a long-term employee, has become inconsistent in getting projects in on time. His manager delivers the news and the director gets defensive. He might withdraw from interacting for a while, complain to his wife a lot, and eventually fall back into the same rut. The director and his manager will probably feel more at odds than before, rather than as part of a team. This interaction can be explained by the SCARF model (Rock, 2008), in terms of the director’s status being threatened. However, even if the director’s boss took care to manage the director’s status (perhaps sharing the positive impact he had been having first), the director’s mindset can still play a key role in whether this feedback is ignored or accepted.

Neuroscience is beginning to explain how this happens. Mangels and colleagues (Mangels, Butterfield, Lamb, Good, & Dweck, 2006) gathered two groups of people, those who tended to believe that intelligence can’t change, and those who tended to believe it can. For both groups, they monitored brain wave activity while participants answered a series of general knowledge questions — e.g. from history, literature or geography. After each question, there was a pause and then either positive or negative feedback. And then, they provided some useful information for learning — the correct answer. Those with a fixed mindset had increased brain wave

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activity in a frontal part of the brain that had to do with attending to negative feedback. And when they received the correct answers, they also had a shorter duration of a type of brain activity that is associated with deeply processing meaning, and thus with long-term learning. It seems their attention was elsewhere — perhaps on proving how smart they were. To find out who happened to make use of the learning information to improve their performance, there was later a surprise retest for those items participants had answered incorrectly. The fixed mindset group also showed less performance improvement on the retest, even though they started out the study performing equally well.

Stretch Goals Are Dangerous

For someone with a fixed mindset, failing to meet a goal is evidence of not having what it takes inherently to meet the goal. Because a stretch goal is one to work toward, and there is real probability of not reaching it, a stretch goal thus has a real probability of leading to feeling like a failure because of a drop in perceived status (Rock, 2008). Thus, people with a fixed mindset should tend to avoid stretch goals.

Motivation Comes from Approval

Getting approval feels good. It's a sign that the powers that be are in your favor. It bodes well for the future. And, with a fixed mindset, it means there's something special about your innate talents that was recognized and appreciated. To anyone who has experienced this, it is a highly motivating reward. It may be tempting to take the attitude that whatever motivates is good enough. But there is a problem. Motivation by approval takes the mind away from intrinsic motivation to gain mastery. Approval is a form of success or failure, rather than an opportunity to learn.

Effort Is to Be Avoided

From a fixed mindset perspective, effort is what a person would need to put in if they

did not have talent. If effort means low talent, it's not surprising someone might avoid it.

Here is some of the toughest irony. Focusing mainly on big achievements is a way of reinforcing the philosophy that we cannot change. Work becomes about proving who you are via successes and the approval of your colleagues and superiors, rather than about continuing to master the craft. By contrast, making it about the journey — the effort and the learning — not the destination is what leads to better performance. While knowing where you're heading clearly matters, making it all about the end goals can get in the way. It leads to fragile workers, who work just to prove they are OK, rather than resilient workers who work hard to improve their day-to-day performance.

Other's Success Is a Threat

Nothing brings home the issue of other people's success quite like a college reunion. The well-meaning question, "Did you hear that Angela sold her Internet startup for \$100 million?" can make you wish you hadn't come. These social comparisons are operating constantly in the workplace. Our brains are wired to give a great deal of attention to assessing our social surroundings (Lieberman & Eisenberger, 2008). Thus, we frequently encounter evidence of other people's success relative to our own. On a bad day, this can really slow us down. This is particularly the case with a fixed mindset about talent. The meaning of the message ends up being "someone else is better than you." If talent is fixed, that's just evidence there's no point in trying.

The Impact of Growth Mindset

Feedback Is a Chance to Learn

With a growth mindset, feedback can lead to growth and improved performance. In the previous section, we described a study by Mangels and colleagues (Mangels et al., 2006), in which brainwave activity was monitored while people answered questions, received positive or negative feedback, learned the answer, and then had a surprise retest. We described the limitations that the fixed mindset group experienced in terms of improved performance. What we did not discuss was the neuroscientific benefit of a growth mindset that this work illustrated.

Consider our well-liked director from the above example, receiving feedback about his

slacking performance, but this time while both he and his manager have a growth mindset. The director is likely to be less reactive to the negative feedback that he has not been performing well, and more likely to engage in deeper processing about what there is to learn in his manager's comments. Meanwhile, his manager is more likely to phrase feedback in terms of a change in effort not ability, and provide suggestions about what to focus new effort on, rather than offering threats or rewards intended to get our director moving.

Stretch Goals Are Helpful

A great example of a stretch goal is to change the scholastic achievement of inner-city kids performing at the 35th percentile in math. Blackwell and colleagues educated 7th graders from such a group to have a philosophy that intelligence can change, and their grades improved relative to those in a control group (Blackwell, Trzesniewski, & Dweck, 2007). With a growth mindset, stretch goals are reframed as an opportunity to grow rather than a threat to your status.

Motivation Comes from Mastery

It is often said that if you want to be great at something, you must love to do it. A person who loves a process is likely to put in the time to get good. The sales person who loves the art of the deal will pay attention to what works, look for opportunities to explore how others do it, notice what worked and what did not in each customer encounter, and continually hone her craft. If a sale happens, she is interested in learning about what worked. If a sale does not happen, she is interested in learning when a certain way of talking is appropriate and when it is not. Regardless, she succeeds in her goals of increasing her mastery, and is thus motivated to try again. Her counterpart, who is focused on success and failure, lauds himself for being a natural when a sale happens, and berates himself for being in the wrong profession when it does not. Neither reaction leads him to try again, because if he has lauded himself, he has nowhere to go but down, and if he has berated himself for being in the wrong profession, there is no point in trying.

Effort Is Critical

For a person with a growth mindset, effort is the path to mastery and success. This is exactly the opposite of having a fixed mindset, where putting in effort means you are not intrinsically capable. Organizations should

guide employees to focus on effort. Researchers have shown that praise for effort helps drive improved performance as compared to praise for talent (Mueller & Dweck, 1998).

Other's Success Is Something to Learn From

Comparing ourselves to others can be a motivator with the right philosophy. It can even affect our leadership ability. Hoyt, Burnette, and Innella (2012) found that people who believe that leaders are made were more likely to perform better as leaders, have more leadership confidence and be less anxious-depressed after thinking about a successful role model, than people who endorsed the belief that leaders are born. And the general pattern of findings was replicated whether looking at people who naturally held these beliefs, or when the experimenters manipulated these beliefs.

So What Should HR Leaders Do About This?

Every company would like their employees to learn from feedback, benefit from stretch goals, be intrinsically motivated to master their work, value effort and model other people's success. These should all be the natural result of performance management systems. Yet our current approach to performance management tends to do the exact opposite because of the way goals are set, feedback is given and how people are measured. Changing this requires educating people about the growth-mindset concept, priming a whole organization to believe in and focus on the idea that people can grow, at every level. Here are examples of making this change in mindset across several domains.

How Goals Are Stated

We need to educate people to set goals that are growth-mindset driven. Shift goals from "I will show everyone I am the best at customer service" to "I will study the art and thus gain mastery with serving customers." This is a subtle, but important, distinction that primes people's unconscious the right way.

How Feedback Is Delivered

We need to shift feedback so it primes people for the potential for improvement. This means shifting a feedback statement from "You're good at analysis but not communica-

tion" to something like "You've worked really hard on the analysis part; I wonder if you would be willing to focus more on developing ways to communicate your findings." Again this is a subtle but important distinction that focuses people on the fact that effort has generated results not just talent, and primes people to see that more effort could generate other results.

What Is Measured

We need to shift the emphasis from putting people in buckets, e.g. "You're performing in the middle 50 percent" and instead measure people on how much they are learning and growing, literally focusing people on and rewarding them for growth. This means creating different types of scales that address people's growth and not just what they deliver, and emphasizing this growth. Of course, we still need to address whether people achieve certain objectives, however, we can also focus people on their actual growth and learning — not just their output.

These are a few brief examples of how to change the mindset of performance management. An important foundation of any change will be to educate employee populations about the whole idea of fixed and growth mindset. This isn't about changing software or hardware, or the number of ratings people have, it is about changing mindsets about how we change. Are leaders born or made? We may never know. However, if you believe they're made, research suggests that you will create better ones.

Finally, we would like to acknowledge you, the reader, for taking time to educate yourself about a different approach to performance management. Continued learning is a great example of a growth mindset. **RC**

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