

Multisource Feedback, Human Capital, and the Financial Performance of Organisations

Key Finding: Multisource feedback (MSF) refers to a process whereby subordinates, peers, supervisors, and/or customers provide recipients with feedback concerning their work behaviours and/or performance. Organisations that use MSF have higher levels of employee ability, knowledge sharing and workforce productivity than organisations that do not. Furthermore, the relationship between MSF and the three outcomes can be enhanced if feedback is used for both developmental and administrative purposes.

Executive summary: Figure 1 illustrates the aspects studied by the authors, namely the relationship between an organisation's use of MSF programmes and its financial performance. It is argued that MSF programmes can play a role in the development of human capital, i.e. improved *employees' abilities*, by helping them better understand their own strengths and weaknesses. At the same time, MSF programmes facilitate *knowledge sharing* as it motivates feedback-seeking behaviour among employees and establishes a norm that is supportive of such behaviour. The authors further believe that both the aforementioned relationships are moderated by the underlying *purpose of MSF programmes*. According to them, MSF programmes that are based on dual purposes, i.e. administrative as well as developmental purposes, are more effective in improving those relationships because of the increased motivation of organisational members. Finally, the authors claim that both improved *employees' ability* as well as *knowledge sharing* ultimately lead to improved organisational performance, here defined as *workforce productivity*.

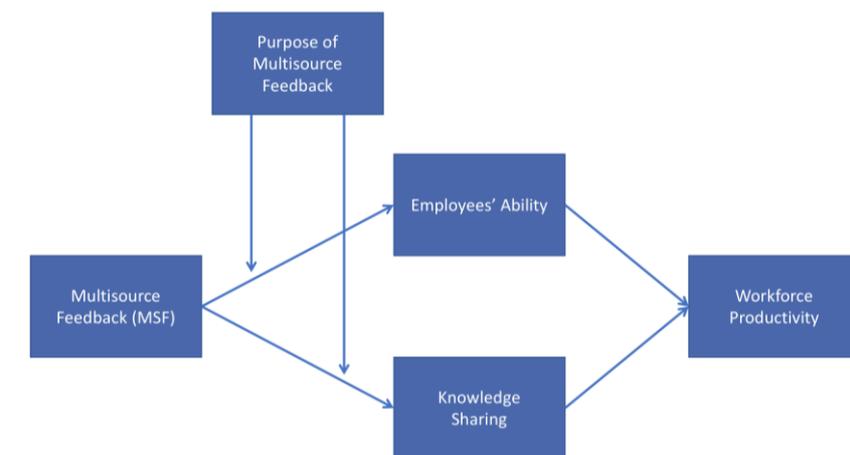


Figure 1 - Proposed conceptual model of the relationship between MSF and organisational performance.

What are the practical implications for my organisation?

- The use of MSF has, on average, been found to have positive effects on subsequent employee performance and workforce productivity. However, the first effect tends to be small and variable.
- Financially suffering companies should not cut training and development programmes or similar investments in human capital.
- The results presented above suggest that organisations should consider using MSF for both developmental and administrative purposes.

Summary of: Kim, K.Y., Atwater, L., Patel, P.C. & Smither, J.W. (2016). Multisource feedback, human capital, and the financial performance of organisations. *Journal of Applied Psychology*, 101(11), 1569-1584.