



FEEDBACK, GOAL SETTING AND PERFORMANCE MANAGEMENT IN A FAST-CHANGING ENVIRONMENT

A study of employees' perceptions

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Thesis	Master Thesis in Strategic Human Resource Management and Labour Relations/ 30 hp
Level:	Second Cycle
Semester/year:	Spring 2018
Supervisor:	Thomas Jordan
Examiner:	Lotta Dellve
Report no:	

Abstract

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Keywords: Feedback environment, goal setting, performance management, feedback-seeking behavior (FSB), feedback environment scale (FES), goal setting theory, control theory

Purpose: This thesis aims to study how employees perceive their feedback environment and goal setting in relation to performance management.

Theory: This study is based upon the theoretical understanding of the mechanisms by which the feedback environment and goal setting affect performance. The theory of *feedback-seeking behavior (FSB)* provides a good foundation for the analysis as it looks at feedback not only from the organizational perspective but also from the individual's view. In addition, *goal setting theory* offers an understanding of how individuals can improve their performance by having a positive goal setting strategy, which adds a supportive ground for the analysis of this paper. We also based our work on *control theory* which provides a meaningful framework to analyze the relationship among performance, goal setting, and feedback environment, which are the main subjects of this study.

Method: The study employs qualitative research methodology and the empirical data is based on interviews of employees in a case company and a questionnaire which is used qualitatively.

Results: The study revealed that feedback environment and goal setting played an important role in employees' performance. There are various mechanisms by which these two factors influence performance. Four dimensions were found to be important in feedback environment: frequency of feedback, sources of feedback, content of feedback, and encouragement of feedback-seeking. Besides, alignment between employees' goals and team and company directions as well as personal capabilities, content of goals, flexibility, and transparency were found to be the fundamental dimensions of goal setting in employees' performance. There is an interdependent relationship among feedback, goal setting, and performance where the lack of either feedback or goal setting will negatively impact performance. It is suggested that the human aspect should be central in performance management and that the mindset of actively working with feedback and goal setting will lead to performance development.

Acknowledgement

We would like to send our sincere thanks to our supervisor Thomas Jordan who dedicatedly supervised and gave us valuable input and guidance. We also wish to thank the contact persons at the case company for their enthusiastic support and useful advices. In addition, our thesis was made possible thanks to the participation of the research informants at the case company who devoted their precious time to take part in the interviews and survey. We would like to take this chance to sincerely thank our course leader Bertil Rolandsson and our classmates for their comments and suggestions on our study. Our appreciation also extends to the Swedish Institute for granting one of the authors of this thesis the scholarship to study at Gothenburg University and carry out this research.

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1. INTRODUCTION

1.1. Background

Performance appraisals have been widely used by organizations as a strategy to improve performance; however, much critique was drawn to such practice. Managers and employees at various companies have expressed dissatisfaction with the ineffectiveness of performance review processes (Rock, Davis, & Jones, 2014; Cunningham, 2015; Tavis et al., 2016). According to Adler et al. (2016), current performance evaluation processes are perceived to fail to deliver expected results. Large businesses, such as Accenture, Deloitte, Adobe, Gap, Medtronic, CEB, Juniper Networks, Sears, ConAgra, Intel, Eli Lilly, and Cargill, have transformed their performance review processes (Rock et al., 2014; Cunningham, 2015; Tavis et al., 2016). These companies recognize the ineffectiveness and negative consequences of annual performance review and envision alternative measures that help improve employee performance (ibid). Not only are performance appraisal systems not appreciated in terms of their benefits to the organizations, they are also believed to negatively influence the morale of employees in general (Culbert & Rout, 2010; Aguinis, Joo, & Gottfredson, 2011). The changing nature of performance management has received much interest in the recent years and it was identified as the number one workplace trend by SIOP for 2017 (SIOP, 2016). Thus, it is interesting for the authors of this study to explore the practice of performance management at the workplace.

Various researchers have investigated the problems with performance management in practice. Recently, Levy, Tseng, Rosen, and Lueke (2017) conducted an extensive review on performance management where the authors pointed out three areas of criticism that have received attention from both the academics and practitioners: feedback processes, accountability in the rating system, and alignment of performance management systems with organizational strategies. Having identified the problems, researchers as well as practitioners in the field of HRM suggested recommendations on how organizations could maximize the effectiveness of performance management systems (ibid). Among the recommendations, the suggestion for a favorable feedback environment to be incorporated within the performance management system has received strong endorsement. An encouraging feedback environment is believed to (1) positively influence job satisfaction, organizational commitment, and morale, (2) to reduce stress, role ambiguity, and burnout, (3) to enhance leader-member relationship, coaching quality, and employee

empowerment, and (4) to improve task performance, contextual performance, and employee behavior (see review by Levy et al., 2017). Thus, we are motivated to look at the role of feedback environment in the performance management system at the workplace in a specific organization, especially from the perception of employees.

As the ultimate goal of performance management is to help individuals meet their goals, thereby help the organization function more effectively (DeNisi & Smith, 2014, p. 128), it would be a shortcoming to not mention goal setting in the performance management system. It has been indicated in the research on goal setting that this practice has a close relationship with employees' performance (Rynes, 2007; Pinder, 2008; Lee, 2017). The mechanism by which goal setting affects performance management is moderated by feedback. According to control theory, goals help orient individuals' behavior and effort towards the right direction in order to achieve desired performance outcomes, which are confirmed by the feedback that individuals receive from relevant stakeholders (Gregory & Levy, 2015). The feedback provided by the surroundings help individuals keep track of their performance and ensure that what they are doing will lead to accomplishing the predefined goals. Therefore, we argue that goal setting is another important aspect that organizations must take into consideration when designing and practicing performance management to achieve organizational effectiveness and development.

1.2. Research purpose and questions

We believe that feedback environment and goal setting are two important elements of the performance management system. Our paper aims to *study how employees perceive feedback environment and goal setting in relation to performance management.*

With *feedback environment*, we mean the environment in which employees receive and give feedback as a consequence of the way the performance management system is designed. In other words, it refers to the company's policy/ directives specified in the performance management system on giving and receiving feedback.

For *goal setting*, we see it as the practice in which employees are aware of and committed to goals on different levels, including corporate goals, team goals, group goals, and personal goals.

The above purpose is translated into the following research questions:

- *How do employees experience the feedback environment in relation to their performance development?*
- *How do employees perceive the effect of goal setting on their performance?*
- *How are feedback, goals, and performance connected?*

In order to answer these questions, we studied (1) the feedback environment at the case company, (2) the way goal setting was practiced in the previous setting and (3) employees' perception of the role of feedback and goal setting in their performance development. In addition, we also investigated employees' expectations on what can be done to improve the feedback environment and the practice of goal setting within the company.

2. LITERATURE REVIEW

2.1. Performance appraisal and performance management

2.1.1. Definition of performance appraisal and performance management

Performance appraisal is defined as a process by which individual employee performance is evaluated over a certain period (DeNisi & Smith, 2014, p.131). It is different from performance management, which refers to an ongoing process that involves all activities aiming at improving performance of individuals and teams (Aguinis, 2009). Research on performance appraisal in the early days concentrated on developing performance rating systems that ensure accuracy and minimize errors (Barrett et al., 1958; Blanz & Ghiselli, 1972; Murphy & Balzer, 1989). However, at later stages of research, scholars have placed more importance on the concept on performance management over performance appraisal and the research focus switched to questioning the rating accuracy goal of performance appraisal and stressing the importance of performance improvement (Murphy & Cleveland, 1995; DeNisi & Gonzalez, 2004; DeNisi & Pritchard, 2006, Aguinis & Pierce, 2008; Pulakos, 2009). In this stream of research, attention shifts from rating accuracy to the cognitive process of employees being appraised.

2.1.2. The debate over traditional performance appraisal system

Recently, there has been a debate over performance reviews since Culbert's article in The Wall Street Journal that sees performance review as a culprit that "destroys morale, kills teamwork and hurts the bottom line" (Culbert, 2008). Rock et al. (2014) share a similar view and provide explanations for why the performance systems are "misleading, cumbersome, and complex" from a neuroscience perspective. Even before Culbert, Coens and Jenkins (2000) published a book that advocates the abolishment of performance appraisal and turning towards an alternative of such practice. Other scholars stress the difference between performance appraisal and performance management and suggest concentrating on finding ways to improve performance rating rather than entirely abolishing it (Aguinis et al., 2011; Adler et al, 2016). Large companies, as previously mentioned, have started working on abandoning or curtailing their performance appraisal systems. Stout is an example; the company developed a continuous real-time feedback system that utilizes a user-friendly mobile platform allowing real-time public peer recognition (Spehar & Eubanks, 2017).

2.1.3. Transforming performance management: a focus on people

It has been indicated in various studies that the performance management process needs to be transformed to achieve individual and organizational development (Levy, Tseng, Rosen, & Lueke, 2017). A major highlight has been noticed in this transformation: changing the focus from system to people. Gregory and Levy (2015) suggested concentrating on the human aspect in transforming performance management by (1) setting and communicating expectations on how the performance management system should be for *managers and employees* and (2) providing support in implementing the “right” process. Gallo (2012) also stressed the importance of training as an intervention to help improve performance management within an organization. The author advocated a shift in performance management paradigm from systems to people. Similarly, Spehar – Stout’s HR Director – emphasizes behavioral change, instead of system change, as a focus in the company’s move in its journey to transforming performance management (Spehar & Eubanks, 2017).

2.1.4. The role of feedback in performance management

All in all, both academics and practitioners within the field of performance management admit that performance appraisal is problematic. Though they have different opinions on whether to remove performance appraisal and how to improve it, we see a similar view that they all share: effective two-way communication and continuous feedback are key to performance improvement (Culbert, 2008; Coens & Jenkins, 2000; Rock et al., 2014; Pulakos & O’Leary, 2011). Some researchers give suggestion on how to improve communication in performance management. Jones and Culbertson (2011) clarify what it means by effective communication and propose that the communication must be “one of mutual respect and consideration, with a focus on defining and redefining standards and expectations” (p. 181) while Dahling and O’Malley (2011) seek to explore the development of supportive feedback environments. Sharing the above scholars’ view, Adler et al. (2016) maintain that constructive communication is a requirement for effective performance management (p.240).

HR practitioners at large organizations which have transformed the performance management practice also stress the fundamental need of effective communication in the form of real-time feedback and continuous conversation between managers and employees (Rock et al., 2014; Cunningham, 2015; Tavis et al., 2016; Spehar & Eubanks, 2017).

2.1.5. The role of goal setting in performance management

The effect of goal setting on employee performance has been analysed since the 1960's (Locke, 1968). Since that time various researchers have established the importance of clear goal settings in performance management (Rynes, 2007; Pinder, 2008; Lee, 2017) but still, most work is referenced to the work done by Locke and Latham as prime source of later research. They focused their primary research interest on analysing the connection between goal setting and individual performance. According to Locke, around 90% of empirical data showed a positive effect of clear goal setting on employees' performance (Latham, Borgogni, & Petitta, 2008; Locke, Shaw, Saari, & Latham, 1981). Various later researchers have supported this statement with further findings (Rynes, 2007; Latham et al., 2008; Aguinis, 2013).

2.2. Feedback environment

Feedback environment, or sometimes termed as feedback culture, has been a popular subject of research. In an attempt to deeply diagnose feedback processes in organizations in order to train organizational members to give more meaningful feedback, Steelman, Levy, and Snell (2004) developed the construct "feedback environment" which they defined as "the contextual aspects of day-to-day supervisor-subordinate and coworker-coworker feedback processes" (p. 166).

2.2.1. The Feedback environment scale (FES)

The three authors developed a tool to assist feedback environment diagnosis called the Feedback Environment Scale (FES) which includes seven facets: (1) source credibility, (2) feedback quality, (3) feedback delivery, (4) favorable feedback, (5) unfavorable feedback, (6) source availability, and (7) promotes feedback seeking. The following table presents the meaning of each facet:

Source credibility	Feedback source's expertise and trustworthiness. Expertise refers to the knowledge of the source on recipients' job requirements, performance and his/her ability to accurately judge the performance Trustworthiness refers to the recipients' trust in the source to provide accurate feedback information.
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Feedback quality	Consistency and usefulness of the feedback. Feedback which is more consistent across time, specific, and perceived as useful by the recipients is high-quality feedback.
Feedback delivery	The source's consideration in giving feedback. The more considerate the source is the more likely the recipients are to accept the feedback.
Favorable feedback	The perceived frequency of positive feedback from supervisors and/or coworkers <i>when from the feedback recipient's view</i> , his or her performance does in fact warrant positive feedback.
Unfavorable feedback	Unfavorable feedback is conceptualized as the perceived frequency of negative feedback from supervisors and/or coworkers <i>when from the feedback recipient's view</i> , his or her performance warrants such feedback.
Source availability	The perceived amount of contact an employee has with his or her supervisor and/or coworkers and the ease with which feedback can be obtained.
Promotes feedback-seeking	The extent to which the environment is supportive or unsupportive of feedback-seeking, i.e. the extent to which employees are rewarded for feedback-seeking and feel comfortable in asking for feedback

Table 1. Feedback Environment Scale

Adapted from Steelman et al., 2004

The authors explicitly distinguished their definition of favorable and unfavorable feedback from previous definitions where favorable and unfavorable feedback are simply referring to positive and negative feedback sign (i.e. whether the employees receive feedback that they are doing well or not well). Their own definition of favorable and unfavorable feedback also includes the justification between the recipients' own reflection on their performance and the feedback received.

The study found that positive feedback environment is facilitated if the feedback (both *favorable* and *unfavorable*) is of *high quality* and being *frequently* delivered in a *considerate* way

by a *credible source* and that *feedback-seeking* is encouraged within the organization (Steelman et al., 2004). These findings are in line with other studies which investigated some of the facets separately. Tornow and London (1998) stressed the importance of multiple sources of feedback and provided suggestions on how to maximize this multidirectional feedback resource to promote individual and organizational development. London and Smither (2002) proposed that a strong feedback culture includes organizational support for feedback, training and coaching on how to interpret and use feedback, and the use of feedback in performance improvement. The promotion of feedback-seeking for a favorable feedback environment has been advocated by various researchers such as Ashford and Cummings (1983), London and Smither (2002), and Whitaker, Dahling, and Levy (2007).

2.2.2. Outcomes of feedback environment

Feedback environment has been found to be related to job attitude and satisfaction through different mechanisms. Steelman et al. (2004) believed that an encouraging feedback environment would result in more satisfaction with feedback, better leader-member relationship, greater motivation to use feedback, and increased feedback-seeking behavior in organizational members.

In addition, Norris-Watts and Levy (2004) explored a positive relationship between a supportive feedback environment and organizational citizenship behavior with *affective commitment* as a mediator. Sparr and Sonnentag (2008) showed that a positive feedback environment enhances job satisfaction and improves employees' *personal control* over information and decisions. Furthermore, high quality feedback environment was found to predict increased *affective commitment, motivation, empowerment and role clarity* (Dahling, Gabriel, & MacGowan, 2017). Negative feelings such as helplessness, depression, and burnout are believed to be mitigated thanks to an encouraging feedback environment (Sparr & Sonnentag, 2008; Peng & Chiu, 2010). *Leader-member exchange* relationship has been found to be a strong mediator in the positive relationship between feedback environment and job satisfaction (Anseel & Lievens, 2007; Khurshid, Awais, Khurshid, Nasir, & Shahzadi, 2017).

In an extensive work on using feedback in organizations, Gregory and Levy (2015) briefed the conditions and outcomes of a favorable feedback environment in the below table.

A favorable feedback environment	Critical outcomes tied to a favorable feedback environment
<ul style="list-style-type: none"> - A credible source - High-quality feedback - Effective feedback delivery - A mix of favorable and unfavorable feedback - A readily available source - Feedback-seeking is promoted and encouraged 	<ul style="list-style-type: none"> - Higher organizational commitment and job satisfaction - More helping behaviors - Higher performance - Higher employee morale - Fewer organizational politics - Higher role clarity - More feedback seeking - Better supervisor/subordinate relationships - A greater sense of personal control - Reduced feelings of depression or helplessness - Lower turnover intentions

Table 2. Conditions and outcomes of a favorable feedback environment
Gregory & Levy, 2015

2.2.3. The link between feedback environment and performance management

London and Smither (2002) investigated the effect of the feedback environment on performance management. The authors conceptualized performance management as a multistage and longitudinal process whose key element is feedback provision and acceptance (ibid). The performance management cycle is segmented into three stages each of which involves dealing with feedback: (1) anticipating, receiving, and reacting to feedback, (2) processing the feedback; and (3) using the feedback. London and Smither (2002) proposed that feedback environment directly influences the three stages in the abovementioned performance management cycle as it (1) affects how employees make sense of and react to feedback, for instance, positive feedback environment allows coaching employees on taking the feedback as implications for behavior change and development rather than personal attack; (2) allows employees to seek meaning in feedback thanks to the clarification of the linkage between behaviors, performance and valued outcomes; and (3) encourages employees to use the feedback in a positive way since a favorable feedback environment helps increase individuals’ self-determination. Building upon London and Smither’s work (2002), Gregory and Levy (2015) maintained that it is vital to incorporate a favorable feedback environment into performance management system (p.98).

2.3. Goal setting

2.3.1. Motivation for goal setting

The definition of a goal can be attributed towards the objective or desired outcome from an action. It is found that clearly specified goals urged towards generating higher performance since they create a sense to target and aim (Locke & Latham, 2013). Loosely specified goals with vague boundaries such as ‘doing ones best’ do not result in the same pattern of passionate achievement. Nevertheless, it is also not true that specific goals have a one to one relation to high performance because goals vary in their level of difficulty; however, they do reduce the level of ambiguity towards target achievement (ibid).

2.3.2. Goal mechanisms

Goal setting theory points out three mechanisms that positively influence employee performance with high goals; direction, effort and persistence (Locke & Latham, 1990a; Locke & Latham, 2013; Asmus, Karl, Mohnen, & Renhart, 2015).

First, goals help employees to understand the direction where to go and to manage their work accordingly. It means that employees can focus on a specific task and finish it rather than do it another day. Setting goals increases goal related activities which have direct effect on performance. Through a series of studies where goals were consciously set or sub-consciously primed, Shah, Friedman, and Kruglanski (2002) showed that individuals create a shielding behaviour to block all non-necessary activities and focus on actual task performance that relate to the specified goal.

Secondly, performance energizes employees to work on tasks more effectively. According to Locke’s and Latham’s (2013) findings, difficult and complex objectives tend to lead towards high performing individuals while the same results are not seen by setting lower targets. It was found by Locke (1968) that employees with highest goals have 250% better performance compared to the ones with the easiest goal.

Thirdly, commitment to high goals can also lead to persistence in goal achievement. This can not only help the road to set goals but can also generate a pattern in the behavior which is prone to persistence and hardship (Locke & Latham, 2013).

Keeping in view the above three aspects, goals are considered as a great motivational mechanism (Locke et al., 1981; Asmus et al., 2015). Latham et al. (2008) call those three goal

functions as three *milestones of motivation*. The realm of goal complexity cannot be fulfilled with having only the three traditional mechanisms pointed above since motivation alone is not enough for goal achievement and a strategy is needed (Latham & Locke, 2007). So, *the fourth mechanism* revolves around the indirect effect on action that may lead to discovery and use of relevant available strategies.

2.3.2. Moderators in goal-performance relationship

There exist several factors that can increase or lower the effect of goal setting (Latham et al, 2008; Locke & Latham, 2002). *Self-efficacy* (Locke and Latham, 2002), *ability* and *knowledge* (Latham et al., 2008) play vital roles in goal setting as it is logical that those qualities can help to achieve higher goals. Ability affects the choice of goals as employees cannot accomplish the goal when they lack knowledge about subject.

Importance of and commitment to a specific goal (Latham et al, 2008; Locke & Latham, 2002) also strengthens the relationship between goals and performance. Moreover, as Latham et al. say in their work (2008), those who have low commitment or none at all towards a specific goal are the ones who do not have a goal. The theory suggested that commitment is a moderator in goal – performance relationship and their relation was described by Erez and Zidon in 1984. They posited that goal difficulty has bigger impact on performance for employees with high goal commitment than for those with low commitment.

Task complexity is another moderator in the goal-performance relationship. Goal setting has a great positive influence on tasks that are direct with the condition that necessary skills are available (Locke & Latham, 2013). Latham and Locke (2007) noticed that the effect of goal setting is higher on a simple task compared to a complex one, but this difference disappears when appropriate skills and knowledge are used for achieving complex tasks (Kanfer & Ackerman, 1989; Locke & Latham, 2002).

Context (Latham & Locke, 2007) is another factor that has influence on the effect of goal settings. It is important to have the suitable needed resources depending upon the context of the situation and these should be readily adaptable to the variations in the context.

2.3.3. The relationship between feedback and goal setting

Taking in consideration the context of current research, the relationship between feedback and goal setting is the subject of the biggest interest since feedback is one of moderating variables for goal setting (Locke & Latham, 2002; Latham & Locke, 2007). The direct connection between goals and feedback was indicated since clear goals help to judge the performance fairer and as a result the employee gets more reasonable feedback (Lee, 2017). Goal setting allows one to get better feedback from the surroundings, which would lead to more effective actions. It was also established that neither of them can be effective if either feedback or clear goals are missing (Erez, 1977; Locke et al., 1981). If one of the elements is missing, the error cannot be detected and as a consequence, the actions to change/improve the situation cannot be initiated (Campion & Lord, 1982).

In conclusion, previous literature has provided an extensive pool of information on feedback and goal setting as well as their relations to performance management. As we can see from the review, research studies on these topics are sometimes overlapping due to the interdependent relationship when it comes to how the organizational performance management system affects employees' performance. The existing literature has already studied the relationships between (1) feedback and performance management, (2) goal setting and performance management, and (3) feedback and goal setting. This provides a good foundation on which this study can be based in order to explore whether such relationships prevail in the case company, especially from the point of view of the employees' perceptions.

3. THEORETICAL FRAMEWORK

This study aims to investigate the role of feedback environment and goal setting in the practice of performance management; thus, it is imperative to establish a theoretical understanding on the mechanisms by which feedback environment and goal setting may affect performance. We believe that the theory of feedback-seeking behavior provides a good foundation for the analysis as it looks at feedback not only from the organizational perspective but also from the individual's view (Ashford & Cummings, 1983). In addition, goal setting theory offers an understanding on how individuals can improve their performance by having a positive goal setting strategy, which adds a supportive ground for the analysis of this paper. We are also basing our work on control theory which provides a meaningful framework to analyze the relationship among performance, goal setting, and feedback environment, which are the main subjects of this paper. The following section will look at the three abovementioned theories in detail.

3.1. Feedback-seeking behavior theory

As active feedback-seeking behavior (FSB) is beneficial for both individuals and organizations (Ashford & Cummings, 1983; Morrison, 1993; Crommelinck & Anseel, 2013), we want to explore whether the feedback environment affected by the organizations' performance management system facilitates or hinders FSB. The concept of FSB was introduced by Ashford and Cummings in their article in 1983 when they started a research stream that shifted the focus on feedback as an organizational resource to seeing feedback as an individual resource (Ashford & Cummings, 1983, p. 371).

This model puts individuals in the information environment rich of data and maintains that there is a set of motivators that stimulate individuals' effort in seeking for feedback. This effort is regulated by the organizing function which refers to the goals of individuals in feedback-seeking. The feedback-seeking motivation results in two sets of seeking strategies: (1) monitoring strategy requires seekers to observe others for cues that can provide useful feedback based on which they can make inferences about the value of their own behavior; and (2) inquiry strategy which entails individuals directly asking other actors within the information environment for feedback on their behavior (ibid).

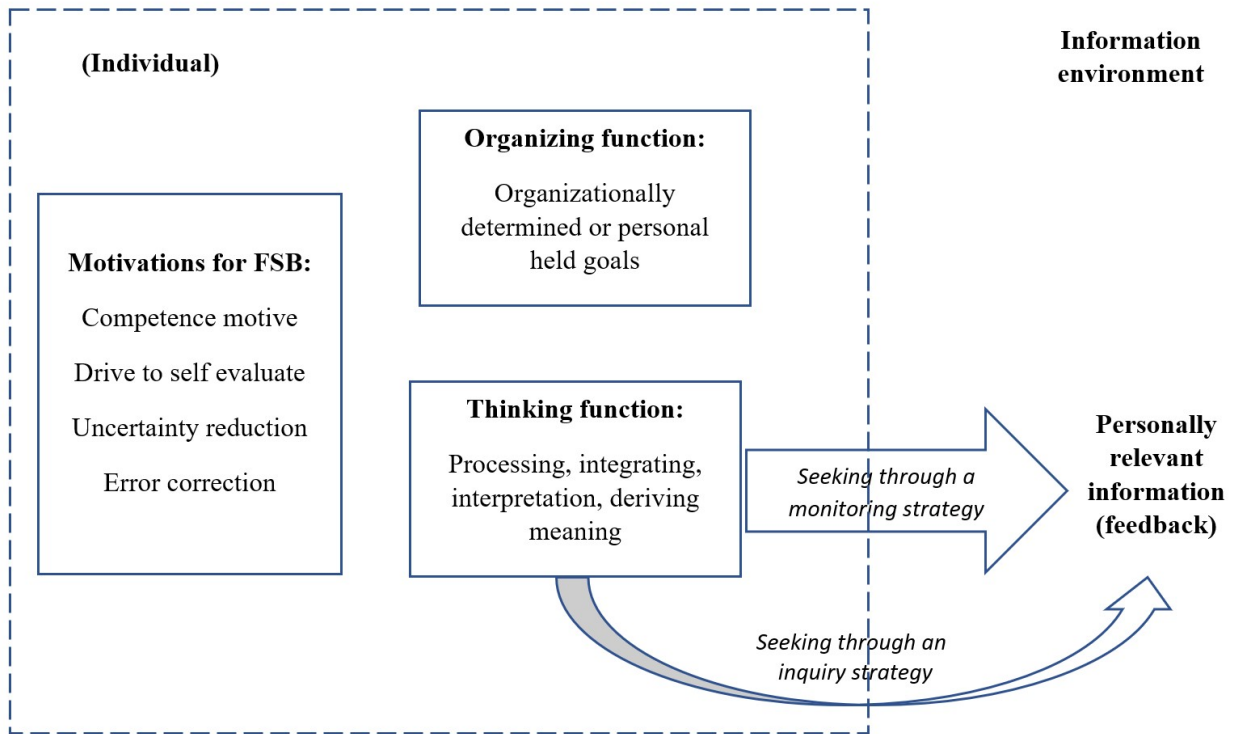


Figure 1. FSB process

Adapted from Ashford and Cummings, 1983, p. 383.

In their review on FSB literature done by previous studies, Crommelinck and Anseel (2013) identify three categories of outcome that FSB has on individuals: (i) active FSB brings about positive *performance*, both for managers and employees, (ii) FSB is believed to have important consequences in *learning and creativity* and (iii) FSB is useful for *adaptation and socialization*. Given the positive outcomes of FSB, various scholars have investigated the antecedents of FSB and recommended measures to encourage such behavior in organizations. Crommelinck and Anseel (2013) categorized FSB antecedents that received the most research attention into two groups: *individual factors* and *contextual factors*, as summarized in the below table.

Individual factors	Contextual factors
External feedback propensity Feedback orientation Learning goal orientation Performance, performance expectations Tolerance of ambiguity Tenure, age, experience Self-esteem	Environment: + Uncertainty + Publicness of seeking + Effort + Organizational socialisation Feedback: + Sign + Diagnosticity Target + Transformational leadership + Relationship quality + Availability, accessibility + Support, consideration + Expertise + Mood

Table 3. Individual and contextual factors influencing FSB
Crommelinck and Anseel, 2013, p.235.

FSB Theory critique: Crommelinck and Anseel (2013) raised up the issue of inconsistency in study results concerning the motives for seeking feedback; some researchers argued that uncertainty motivates individuals to seek for feedback while others take an opposite point of view. Building upon the inconsistency in the literature, the authors point out that uncertainty might lead individuals to seek less feedback which is contradictory to the traditional view (p.235). Crommelinck and Anseel (2013) also mentioned the underdeveloped mechanism by which performance is linked to FSB. Similarly, Anseel, Beatty, Shen, Lievens, and Sackett (2015) carried out a meta-analytic review on antecedents and outcomes of FSB based on self-motives perspective and suggested a negative relationship between uncertainty and FSB and a small relationship between FSB and performance.

3.2. Goal setting theory

The idea of goal setting theory is related with the idea of purposefully directed actions (Locke & Latham, 1990b). The theory is influenced a lot by Ryan's (1970) assumption that human behavior is driven by objectives (Asmus et al., 2015).

According to the theory, people get motivated by establishing goals but not all goals can have positive influence on performance. Employees must be committed to the goal and have abilities to reach it to improve their performance. It can be private (keeping the commitment for one's own) or public commitment (known by others) and according to Hollenbeck, Williams and Klein (1989), public commitment renders much more effectiveness than private commitment.

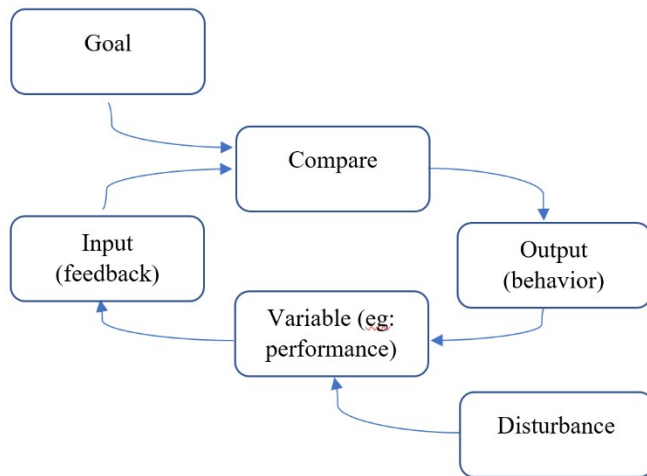
According to Locke, assigned goals generate a much stronger personal impact (Locke & Latham, 1990b). First, assigned goals come from a person with an assigned authority or having a position that entails the authority of goal assignment. Secondly, it can generate a notion among the employees that they are entrusted by the assignee to deliver the goal. This might lead to higher levels of motivation and desire to go through the endeavour of goal achievement. A third aspect is that a difficult goal can impose certain needs of competence build-up of knowledge achievement that might enhance motivation to improve the skill set. Lastly, assigned goals serve as a baseline for definition of standards used by employees for self-satisfaction. However, assigned goals can also lead to poor performance if the definition of the assignment is set in a loose/vague manner without imbedding the necessity of the rationale of the goals (ibid).

Goal setting is more effective and usually only effective when feedback allows performance to be tracked in relation to one's goals (Meyerson, 1990). Feedback without goal also has little effect on performance. Specificity and consistency of the directions given in the feedback is of utmost importance. Without these employees would feel pressured and reach the dilemma of delivering multiple expectations with no co-relation what so ever (ibid).

Goal setting theory critique: The theory of goal setting faced critics in relation to unethical behavior and unintentional bias in the journey of achieving goals. Ordóñez, et al. (2009) argued that employees may employ unethical behavior to meet specific and challenging goals. For instance, salespersons may lie to their customers or falsify the sales figures to reach the sales quota set for them (ibid). In addition, employees may focus too much on the goals and ignore other aspects of their jobs which may bring about negative consequences on the overall performance (Simons & Chabris, 1999).

3.3. Control theory

In order to understand how feedback and goals drive behavior, it is beneficial to study control theory (Gregory & Levy, 2015) which is an approach to explore the “self-regulating systems” and functions as a tool in conceptualizing and analyzing human behavior (Carver & Scheier, 1982). Control theory is based on the premise that human beings try to control and regulate their performance on a specific task by keeping track on their behavior in relation to some standards (Gregory, Beck, & Carr, 2011), which can be simplified in the below figure:



***Figure 3. Simple control loop
Gregory, Beck, & Carr, 2011***

The process of monitoring one’s own behavior entails the comparison of his/her present performance or behavior to a reference standard or goal (Carver & Scheier, 1982; Lord & Levy, 1994; Gregory & Levy, 2015). This process is enabled by feedback and goal setting as (1) predefined goals or standards allow people to be knowledgeable about which direction they should move towards and (2) feedback provides the recipients information on their current performance so that they are conscious of how they are performing and whether what they are doing would bring them the desired outcome. Once people detect that there is a gap between their performance and the desired goal, also known as goal-performance discrepancies, they are likely to make an effort in reducing that gap by either modifying their performance or changing the goal (ibid).

Reactions to the recognition of goal-performance discrepancies can vary depending on the situations and individual differences. Campion and Lord (1982) proposed that a person would (1) either increase effort to achieve the committed goal or (2) lower or even abandon the predefined goal to bring performance and goal as close as possible. The authors also posited that the decision on how people respond is determined by how committed they are to the goal. Besides goal-performance discrepancies *reduction*, Bandura and Locke (2003) believed that individuals could also opt to engage in discrepancy *production* since people are “aspiring and proactive organisms” (p.91) and are able to exercise forethought which allows them to obtain adoptive control anticipatorily. Similarly, Williams, Donovan, and Dodge (2000) mentioned upward goal revision as a practice that individuals adopt once their goals have been met (i.e. goal-performance discrepancies are removed), and thereby increases the goal-performance discrepancies once again with the hope that raising discrepancy will provide motivational force to reach of higher level of performance.

Control theory critique

Although control theory provides an explanation on how goal setting and feedback are necessary in the journey of enhancing performance, its principle, which suggests that discrepancy reduction leads to performance enhancement, faces criticism. Williams, Donovan, and Dodge (2000) suggested that it is not a primary concern of individuals in achievement setting to completely remove discrepancies. Similarly, Locke and Latham (2013) presented a drawback with control theory which views the goal-performance discrepancies reduction as the motivational force for individuals’ actions. They argued that with the control theory principle, people may simply abandon or lower goals to reduce the discrepancy.

4. RESEARCH METHODOLOGY

4.1. Choice of method

The study employed a qualitative research method, which helps discover “perceptions, attitudes, beliefs, views, and feelings” (Hakim, 2000), as we intended to capture employees’ perception and views on the feedback environment and goal setting practice within the company’s performance management system. These elements are important to analyze to achieve the exploratory purpose as Richie and Lewis (2003) argued that “qualitative methods are used to address research questions that require explanation or understanding of social phenomena and their contexts” which is applicable to the scope of this study. The issue of generalization has been questioned in regard to qualitative research methods; however, there is a possibility to generalize qualitative research findings, but with greater clarification (Richie & Lewis, 2003; Flyvbjerg, 2006). In other words, thorough and systematic procedures need to be devised and followed carefully while conducting qualitative research (Glaser & Strauss, 1967). Thus, the study was conducted in accordance with the established procedures described below.

4.2. Research setting

The company under study is an international corporation with more than 35,000 employees worldwide. The thesis focuses on the headquarter office in Sweden where the company wants to begin the transformation of its performance management practice by replacing the traditional yearly review with a new framework called “Continuous Alignment and Feedback”. This new framework aims at providing a continuous, multi-dimensional feedback environment and transparent, easy-to-access goals. The company launched the new framework on January 1st, 2018 but not much communication has been done regarding the change. This is a good occasion for us to study the role of feedback and goal setting in performance management as the company has paid closer attention to such elements within the working environment.

A technical platform has also been designed to support the new framework and the company plans to pilot it in a small team. 147 employees in different positions and levels are involved in this pilot project. Prior to the project launching, around 20 employees and the authors of this study were invited to the technical platform test sessions where participants were introduced to the new

framework and experienced the tool. We initially wanted to additionally investigate employees' experience of the new technical platform and how it affects the feedback and goal setting in performance management. Unfortunately, by the time we conducted this study, the pilot project had not been launched.

4.3. Selection of participants

As the study aims to explore employees' views, we tried to have a diversity in tenure, job levels, departments, gender, and levels of involvement in the new framework. The reason for having such variety is to get insights from different angles and to mitigate the risk of "comprised diversity" (Ritchie & Lewis, 2003).

For interviews, the contact persons at the company helped us to get access to the informants. First, we had interviews with people highly involved in the new framework (those in the core team working with developing the new framework and the technical platform) to get a general understanding of the current setting of performance management, the reasons for the change, and how the new framework is expected to function. Once we had gained the overview, interviews were conducted with people outside the project who were not colored by the new concepts. Besides, we also interviewed three out of 20 participants of the test sessions to study their opinions. All informants were invited for face-to-face interviews via company email. In total, 13 interviews were conducted; we argue that this number of interviews is enough for analysis since common patterns had already emerged after ten first interviews, the last three interviews confirmed emerging themes from the preceding interviews and survey. Three of the interviewees are the core team members, three are in managerial positions and the other seven are employees. These respondents are working at different departments, such as Recruitment, HR Service Center, Finance, Purchasing, Consultant Management, IT, and Product and Quality. The gender ratio was quite balanced with seven females and six males. Interview respondents' tenure ranges from one to 25 years.

For the survey, we chose to distribute the questionnaire to all 147 employees who are supposed to be involved in the pilot project with the intention of getting their insights in both the new framework and new technical platform after the pilot project. However, the pilot project on the technical platform was delayed so we could not fulfill our initial intention. Nevertheless, the data

collected from these informants were still valuable as it gave us an understanding of employees' opinions on the current setting of performance management in terms of feedback and goal setting as well as their expectations of improvement.

4.4. Data collection

The study utilized both interviews, and a survey to collect data, of which the data from the interviews is the main source of information.

The study used a semi-structured interview as the primary method. As semi-structured interviews allow flexibility in asking questions and giving answers (Edwards & Holland, 2013), we were able to gather data in a thematic way and simultaneously capture interesting emerging information. Nevertheless, we were aware that interviewees would be subjected to the risk of "leading" in the interview; therefore, taking Jørgensen and Phillips' (2002) advice, interview questions were formulated and analyzed carefully to mitigate such risk. An interview guide (Appendix 1) designed based on the study purpose and aims to explore informants' experience and perception as well as expectations of two primary factors of the study: feedback and goal setting, in performance management. To ensure the credibility of information, we taped all interviews with participants' permission except one where the interviewee was not comfortable being recorded; for this special case, one of the authors was responsible for taking careful notes of the conversation while the other took the role of moderating the interview. Each interview lasted approximately one hour, and the interviews were conducted between February and April 2018.

The reason for employing a questionnaire was to include a larger population and get a general view on employees' opinions about the company's current performance management system as well as their expectations of improvement. This method lets us to access information from a large sample in a relatively short period of time (Ponto, 2015). The survey data was utilized as a qualitative source rather than quantitative. Using online questionnaires allows convenience (easy access through a smart device), quick response (thanks to the Internet) and automatic calculation of results (Nolinske, n.d.). However, there are challenges with online questionnaires such as informants not paying attention to invitation emails or multiple submissions that skew results. Therefore, the survey (Appendix 2) was sent out from the company's internal system to stimulate employee involvement. The survey was distributed to 149 receivers (147 involved in the pilot project and two authors of the study) with a reminder email three days before the deadline. The

survey response rate is 45% (66 out of 147) in which 76% of respondents are in the HR Department. The observation we made in the acceptance test sessions of the technical platform also provided us some helpful information.

4.5. Data analysis

Content analysis (Grbich, 2007) was used to analyze data collected from interviews and survey. We transcribed all interviews and coded the transcripts to find patterns in the respondents' answers. Survey results had already been consolidated automatically through the internal survey service. However, such results needed to be closely studied to see how the data fits the themes emerged in the interviews. With such themes, we were able to present the findings in a thematic structure which made the data collected more logical and intelligible.

4.6. Reliability and validity

We had our interview guide and questionnaire tested before conducting the interviews and sending out the survey to assure that informants understood the questions the same way. The interviews were recorded and transcribed; thus, the data collected can be argued to be credible. Also, we aimed to achieve the six quality criteria for an interview suggested by Kvale (2007). Specifically, we attempted to (1) ask questions in a way that invites rich and relevant answers from the interviewees, (2) leave enough time for responses, (3) ask follow-up questions to clarify meanings of answers and allow respondents to elaborate on their ideas, and tried to (4) interpret, (5) verify, and (6) self-report the meaning of what is said during the interviews (ibid).

Validity can be understood in the form of a question put by Ritchie and Lewis (2003) “are we accurately reflecting the phenomena under study as perceived by the study population?” The authors suggested qualitative researchers to check five elements: sample coverage (a), capture of the phenomena (b), identification or labelling (c), interpretation (d), and display (e) to assure a study’s validity. In our study, we tried to choose the sample without bias by allowing diversity as discussed previously (see 4.3. Selection of participants) (a). We believe that the informants were provided a good environment to express their views; survey respondents were allowed space for additional comments in each question and during interviews, interviewees had chances to elaborate their views and bring up further thoughts (b). To ensure that the identification and categorization

of the phenomena arising in the interviews and survey were accurate, we tried to clarify ambiguity during the interviews or afterwards through email (c). The findings of the study are based on the data collected and verified by both authors by transcribing, coding, and discussing the data continuously (d). We also try to present the findings in a clear and logical way that reflects the data collected and minimizes subjectivity (e).

4.7. Ethical considerations

This study was done in accordance with the four ethical principles in social research which require researchers to be cautious about the following areas: harm to participants, lack of informed consent, invasion of privacy, and deception (Bryman, 2012). The study took participants' safety into consideration by making sure that their work and development within the company will not be affected since all participants are ensured of anonymity and confidentiality. With regards to consent, research participants were only interviewed once we got their agreement to participate. Besides, survey respondents had the choice to answer the questionnaire or not so the data collected is implied to be with respondents' consent. Participants' privacy was not invaded as informants were not asked private or sensitive questions; additionally, they could choose to not answer the questions if they felt uncomfortable. Moreover, no deception was involved with this study; we informed every participant about the purpose of the study either in the introduction of the survey or in the invitation emails for interview. The purpose of our presence at the acceptance test sessions had also been clarified before the test sessions took place.

4.8. Limitations

The first limitation is on the sample size; we had only 13 interviews and a survey response rate of 45%. The reasons for this limited sample size include the short time span allowed for a master thesis and the dependence on the company's schedule. However, as we argued earlier, this sample size is acceptable and useful in answering our research questions. Furthermore, we focused carefully on data collection and analysis process to overcome this limitation.

Secondly, even though we achieved sample diversity in the interviews, we were not able to do so with the survey. 76% of the survey respondents are HR staff which may affect the results since they are likely to have already been aware of the issue of performance management, which may

influence the information obtained for analysis. However, this may also be interpreted as a strength as informants with HR specialization may have the knowledge to evaluate issues involved in performance management.

Finally, the delay of the pilot project on the technical platform was a disadvantage for our study. Since this project was not launched as timely as expected, we had a smaller number of informants from whom we can discuss the new framework. Thus, instead of comparing employees' experiences of the old setting and that of the new framework, we focused on investigating employees' experiences of previous system and their expectations on what can be improved in terms of feedback environment and goal setting in performance management.

5. FINDINGS

This section aims to systematically summarize the empirical data collected from the interviews and the survey in relation to our research purpose. We will start with presenting the background information of the company under study, followed by findings on how the employees perceive the feedback environment and the practice of goal setting as well as their roles in performance management. We will also describe employees' views on the connection among feedback, goals and performance at the end of this chapter.

To assure anonymity of research participants, we assign numbers to the interviewees and refer to them as Manager 1, Employee 2, Core team member 1, etc. Beside interviews, findings are also based on the survey result and observations made in the acceptance test sessions.

5.1. Background of change

As mentioned in the research setting, the company is on its way to change the performance and goal management system by merging the two separate processes of managing goals and performance into one framework called “Continuous Alignment and Feedback”. This part will present the background information on this change.

5.1.1. Previous setting of performance and goal management

Previously, the company had two separate processes for managing goals and performance. The Strategy and Target Deployment is a process in which the KPIs and measurements are defined in a top-down manner from top management onto functional levels. According to most of the interviewees, this process has some drawbacks in terms of time, flexibility, and activeness. It is revealed that the process takes a long time to cascade objectives to all levels:

...it takes basically one year before we have defined the first version of corporate objectives until we reach the individual level. (Core team member 3)

From what we learn in the interviews, this type of hierarchical cascading also presents a problem for flexibility in changing goals as goals that were defined a year ago may become obsolete when they reach the functional levels. 24% of the survey respondents find it difficult to change their goals during the year while 8% say that they do not have a possibility to change their goals. Another pattern found in the interviews is the reactiveness caused by such process setting.

It is argued by some interviewees that the process does not stimulate employees' activeness in aligning goals to company's direction; rather, it is *“more about checking the KPIs than actually thinking if it is right for the company”* (Core team member 2). Besides, the observation on the acceptance test sessions shows that the process is perceived to not support the agile way of working in which team goals are assigned great importance.

The process of Performance Develop is more focusing on the individual performance and development plans. There is a one-to-one talk between the manager and the employee regarding the employee's performance every six or twelve months. With this kind of setting, most interview respondents find that this is something they are required to do in a fixed cadence and do not see any value in following such process.

...the old Performance Develop in individual performance was something that you did besides daily operations, it wasn't something that is connected to what I did, it was something that I had to do and I did it in the beginning of the year and in the end of the year and besides that I could forget about it.
(Core team member 3)

The majority of the interviewees believed that feedback in these reviews come six months or a year later do not allow employees to take actions for improvement as employees may have forgotten the incidents which the feedback derives from. Also, the way the process is structured discouraged continuous conversations:

I think by emphasizing yearly process we have taken away the focus on continuous dialogue. (Core team member 2)

In general, the previous setting of performance and goal management with two separate processes results in some hindrances in employee performance development. There is an argument from several interviewees that people unknowingly think of performance and goals as two unrelated things by having these two processes separately in the company's management system. Moreover, this setting also officially places a lot of responsibilities on the managers in terms of learning and feedback and employees tend to have a more reactive role in their own development.

5.1.2. Reasons for change

From discussion with informants, there are several reasons for the change from having two separate processes to establishing one new platform that combines performance and goal management.

First, the rapidly changing environment where competitiveness from other companies is increasing, technology has quickly advanced, and product requirements have changed requires the company to act fast to adapt and move forward by having the necessary competences in the workforce.

Secondly, more employees are working cross-functionally (most interviewees and 77% of survey respondents) which demands a system where performance feedback is also accessible for those working in a matrix format. Moreover, working cross-functionally also requires an effective goal management system where everyone can be clear of what is expected from them and has a possibility to align their goals to the organizational and team direction which may change over time. The previous setting does not support such a dynamic way of working as it is time-consuming and inflexible.

Finally, many people see a connection between goal management and performance management and believe that the two must be combined to facilitate the development of the company's workforce. This will be discussed in detail later in the findings.

5.1.3. New framework

The new framework of Continuous Alignment and Feedback is a mindset-changing initiative with which the company expects everyone to be aware of the importance of feedback and goal setting.

This framework moves away from the yearly process, and responsibilities in employee development are shifted from the managers to the employees and that:

...everyone has a responsibility to support each other in growing by using feedback and talking about priorities, alignment of priorities and doing that on continuous basis, as often as it is needed. (Core team member 2)

The main purposes of this framework are to (1) drive and support a continuous and transparent priority discussion where all employees are involved and take responsibility for their own learning and development, and (2) value the continuous feedback to stimulate development and support the company culture by having employees being active in asking for and giving feedback from all stakeholders involved in their daily operations as frequently as needed.

In interviews with those introduced to this new framework, most people believe that this new framework will be an enabler for building a positive feedback culture with continuous dialogues

not only between managers and employees but also among colleagues. They expect that with this new framework, they can work more actively with goals and priorities.

However, about half of the interviewees posited that they had already internalized the new type of working because they realized that the old way of working does not suit their team setting.

It's an evolution of what we have already had, not a big change I would say. (Manager 2)

Thus, it can be argued that the company management system on performance and goals that was previously established has been lagging behind the changing working environment since the way of working and the organizational culture have already changed in recent years in some parts of the company.

5.2. Feedback and its impact on performance management

5.2.1. Role of feedback in performance from employees' view

Feedback is perceived to be a fundamental element at work by all interview respondents. Everyone expressed that feedback is necessary in enhancing their performance, both for daily operations and career development.

Most interviewees claimed that feedback helps them keep track of what they are doing, whether they are performing well enough and working towards to right direction. It is believed that having such knowledge is essential for employees to adjust their behaviors or actions timely to grow in their jobs since they have a chance to correct themselves along the way.

I think feedback is always important in order to see if I am doing a good job, which means that I actually grow further, and feedback helps me to shape and adjust to do things better. (Manager 2)

Several interviewees stated that feedback is a good tool to help others within the company to grow as it helps people to “~~see what they cannot see themselves in their own behavior~~” (*Core team member 2*). This is especially important during the learning period; employees in their new positions can learn from experienced co-workers' feedback and seniors can also learn about new perspectives from the freshers.

If you do something new, you need more feedback. So we have a lot of feedback sessions especially at the beginning of our transformation journey. All individuals are working differently and we need to keep the same line. (Employee 7)

Some respondents believe that feedback facilitates the collaboration at the workplace as feedback helps people understand each other which brings about effectiveness and trust.

It is very important, and it builds relations in a way. It builds trust and good working condition if we can be aware of each other's strengths and weaknesses. (Employee 4)

Several interviewees conceive positive feedback as motivational since the recognition provokes them to put more effort in their tasks and helps them achieve better performance.

If people don't give feedback, they are not appreciated, and they don't feel motivated. It affects performance. (Employee 1)

It is emphasized in several interview discussions that feedback must be given and received in a proper way to be valuable. Some respondents mentioned that feedback can be destructive when it is not fact-based or the feedback sender is focusing more on personal competence instead of task-related behaviors.

5.2.2. Feedback environment from the employees' perceptions

Frequency of feedback

Data from the survey shows that 47% of the respondents want more feedback in their work while 41% believe that they receive enough feedback. The answers from the interviews also differ among informants, about half stated that they got feedback frequently while the other half reported that feedback is too limited. However, all interviewees emphasized the importance of frequent feedback and expressed that they wanted feedback on a more regular basis. It was found in the discussions that the difference in the answers originates from the individual personalities and managers' styles. There are employees who are active in asking for feedback while others are more reserved or not aware of the importance of feedback.

I need to chase it by myself as well, it's important not to rely on someone else too much. I think it should be whenever I need to get feedback. (Employee 4)

From the managers' side, they are not required to give feedback on a frequent basis but rather, it depends on their preference of how often they give feedback to their employees.

As the manager, the minimum requirement has been that you should do it twice a year. So if you are a good manager you would do it frequently. But if you don't like to give feedback, then you can say that the requirement is twice a year, so you don't have to do that. (Core team member 3)

It is revealed from the data that the way the performance management system is designed creates stress in feedback session as it becomes too formal when employees must give feedback officially in a review meeting. Feedback on a continuous basis becomes part of the daily routine which makes it less formal and helps take away the pressure in giving or receiving feedback.

It's easier (*continuous feedback - authors*) than throwing a bomb every 6 month. For me it's more comfortable to do it continuously. (Employee 4)

Moreover, several interviewees believe that it is too late to act upon the feedback given in these review meetings as they cannot change what happened six months or a year ago and that people may not remember the details.

Sources of feedback

One third of the survey respondents claimed that they received feedback from both managers and colleagues. According to most interviewees, it is less common to have feedback from coworkers or subordinates but mostly from the managers. Within the cross-functional team setting, employees find that their organizational managers are not able to give feedback regarding their performance as the managers do not have frequent contact or constantly follow their performance.

My line manager doesn't know at all what I am doing right now. If I ask her for feedback, she would need to ask my team.... But from feedback and performance point of view, she has to find input from people I work with. (Employee 4)

What we learned from the interviews is that it is even harder for managers to get feedback from their reports. One respondent in a managerial position admitted that he hardly got feedback from his juniors:

I try to look for people to give feedback but that's hard. Sometimes I need to ask them to give feedback. Some people are afraid ... (Manager 1)

Findings show that feedback within the company is given both verbally and in written forms of which verbal feedback is preferred. A few interviewees claimed that verbal feedback allows people to have a personal touch thanks to the body language at the time feedback is given and that the feedback receiver has a chance to discuss the feedback with the giver.

I don't believe in giving feedback in a written form as much as in dialogue. It can be dangerous. You need the whole body language. (Employee 1)

In general, the previous setting of performance management with mid-year and year-end reviews does not encourage multi-directional feedback. However, some employees are proactive in asking for feedback even though they are not required to. They send emails to whom they want feedback from; some design their own questionnaires, and some organize regular feedback sessions with their colleagues.

Content of feedback

Most research participants believe that the content of the feedback is very important because the purpose of feedback is to facilitate employees' learning and development, as put by one interviewee " It should always have a purpose to improve" (*Employee 1*).

Only 44% of the survey respondents totally agree with the statement: "The feedback I receive gives me useful information on how to improve my performance" while the other 56% either do not agree or partly agree. Additional comments for this question show that people look for more critical feedback on how they can improve and would love their colleagues to be more straightforward in giving feedback:

We are too nice and friendly in our feedback conversations. We could do with more honesty. (Survey respondent)

Discussions with interviewees go in line with the survey result, most interviewees think employees within the company are not receiving as much developing feedback as they expect.

I would say the company culture is rather soft in terms of people don't want to step on each other toes and they believe that constructive feedback can be hurtful. (Manager 3)

Some interview respondents saw that the performance management system does not support feedback to be a part of everyday working life so that feedback has not yet been natural within the culture. A similar opinion is found in the survey result:

If we give and receive feedback more often the big drama around it will be reduced, and we can relate to feedback in a more relaxed matter. (Survey respondent)

Feedback-seeking encouragement

53% of survey respondents find it easy to ask for feedback while the other 47% either find it difficult or have no possibility to do so. Interview respondents also differ in their responses regarding the easiness in asking for feedback. The reasons for such differences are similar to that of the answers regarding frequency of feedback: the individuals' personalities and the managing styles of managers.

The interview discussions showed that the way the performance management system is designed does not stimulate employees to actively ask for feedback. The majority of respondents think there is much to be done with raising the awareness of the employees about the importance of feedback. When being asked whether there is any policy in the company that encourages

employees for feedback, a respondent replied: “I don’t think I have read. Not visible enough.”
(Employee 6)

Many interviewees admitted that they did not feel being encouraged by the company management system to work actively with feedback. Rather, they claimed that they were aware of the need of feedback because of their own experience, personalities, and motivation.

My personality needs to ask for feedback. I don’t think anyone told me to ask for feedback. I don’t think it is in the culture. (Employee 4)

The issue of trust has permeated our conversations with interviewees. Most respondents believe that it is essential to have a trusting relationship for a positive feedback culture to be built; it is important for the employees to feel safe when voicing their opinions without fearing that negative consequences may arise from such action. However, most respondents find that the company has not been at such state yet.

... having a trusting dialogue is also good starting point for feedback. Feedback is based on that I am comfortable talking to you, I feel comfortable challenging myself in front of you. That may eventually lead to that I feel comfortable giving feedback to you. (Core team member 2)

Some interview respondents expressed their concern on the clarity of company expectations on how they should work with feedback. They are confused whether they should be the ones that initiate the discussion with managers or the responsibility should be on the managers. There was also some concern in the acceptance test sessions that the company culture was still not ready for the freedom of feedback exchange among colleagues. Thus, we argue that the company has not yet been able to provide a working environment that promotes active feedback-seeking among employees.

Expected improvements regarding feedback environment

The collected data shows that continuous feedback is what research participants expect to be achieved within the working environment. Survey result and interview conversations provide several suggestions for improvement of the feedback environment within the company.

First, some informants claimed that it is crucial to have an official policy and clear guidelines to raise awareness on feedback in the organization. A PowerPoint slide or a document on the Intranet is not enough and there should be an effective way to bring up the discussion of feedback on a more regular basis.

Feedback is easily forgotten in the daily work so it needs a continuous reminder. (Survey respondent)

Second, it is suggested by some respondents that managers and leaders should be the role-models in the journey to internalize a favorable feedback culture. It is important for managers to walk the talk and explicitly encourage their subordinates to be active in giving and searching for feedback. Managers and leaders should receive trainings on how to work with feedback and how to motivate employees to seek and give feedback.

Third, training is recommended as a useful tool to promote continuous feedback among employees. Employees should be given chances to attend workshops or training sessions where they are coached about what feedback is, how to give and receive feedback in a constructive way, how to handle emotions in case of negative feedback.

Teach people what feedback is, how to give it and how to react to it. Everyone can handle positive feedback, but it requires much more reflection though to handle negative or constructive feedback. (Survey respondent)

In conclusion, it is a common belief within the company that feedback plays an essential role in employees' performance and development. Not only does feedback help employees to have an understanding of how they are performing, it also promotes learning and development, collaboration, and functions as a tool to motivate employees. The majority of the respondents consider that the previous setting of performance management does not encourage employees to ask for and give feedback and that feedback is not as continuous as expected. Moreover, feedback is found to be not multi-directional enough and the ones giving feedback sometimes do not have adequate understanding of the receivers' performance. Also, it is believed that employees within the company need to work better with unfavorable feedback beside favorable ones. It was suggested that clear policy and guidelines, role-models from the managers, and training sessions on feedback can help improve the feedback environment.

5.3. Goal setting and its impact on performance management

5.3.1. Role of goal setting in performance management

Goal setting is claimed to have a crucial role in employees' performance development, as suggested by most research participants. There are several mechanisms by which goal setting helps employees perform and develop.

First, every interviewee agreed that goals help them stay focused and steer them to the right direction. Goal setting helps employees gain clarity about what is expected from them and what

should be done to deliver the expected. This helps employees have better understanding of where they are and what can be done for their personal growth.

Direction is important. It's better to go slowly to the right direction than fast to the wrong one. (Employee 1)

Second, having goals that are aligned to the company direction is claimed to give employees the feeling that they are part of the bigger organization and that they can contribute to the company development. This helps motivate employees in their daily work and improve their performance, as believed by the several informants.

On the individual level you have to realize that you are part of the system and you need to contribute to objectives... (Employee 7)

Also, it is believed that goal setting helps colleagues work more effectively together as it reduces the conflicts related to where the team is heading. Goals can function as a compass which prevents the groups from getting lost and allows everyone to have a mutual understanding of the way team resources are utilized.

Nevertheless, some respondents mentioned that having goals can be stressful when they are set in the wrong way; for instance, bearing in mind the goals to be accomplished throughout the year or having too many unrelated targets may be a burden.

It puts pressure on me. If someone tells me in the beginning of the year "This is your goal!" And then I see throughout the year that things are changing, it creates pressure. I can't perform on my goal. (Employee 4)

Therefore, it is important to keep in mind that goals are valuable in employees' performance development only when they are set in the right way with both managers and employees being committed, active and constructive.

5.3.2. The practice of goal setting at the company

From the interview discussions, it is revealed that the practice of goal setting is different from team to team within the company. The difference is again a result of individual preferences of managers and employees. Also, there are different interpretations of the terms "goal" and "priority" among interview respondents. Some consider these two terms synonymous while some see them as distinct things, several people claimed they had priorities, but not goals.

Goals are more long-term, priorities are short-term. They are more relevant. (Employee 6)

This confusion with the terms may bring about difficulties in the communication of the new framework since the core team working with the new framework does not distinguish the terms.

Several elements are considered important in goal setting by the informants and we will go through them in more details below.

Alignment of employees' goals with the team and company's direction

It is shown in most interview discussions that employees' goals should be connected to the team and organizational direction.

... you can not talk only about priorities or goals without making them aligned with important stakeholders around you, which can be your colleagues or team or manager or etc. (Core team member 2)

However, this is not achieved universally within the company, 30% of the survey respondents either do not know organizational goals or are not sure how the organizational goals are applicable to their tasks.

According to some informants, employee involvement in the goal setting process is essential as it would help employees connect their own daily operations to where the team and the company is heading. It is mentioned that the practice of setting goals ought to be a dialogue between the managers and the employees based on employees' capabilities, interests, and what is required of the individuals from the organization.

For me, it's very important that the individual whom you are supposed to evaluate is the part of a goal setting process. Mutually agree on what to achieve... I am taking away the company's responsibility and put it on individual's responsibility for his or her own career, sense of purpose, etc. (Manager 3)

It is found in conversations with several interviewees that some teams are working well with setting goals in alignment with the organizational directions; however, this is not the case for every team. Thus, it can be inferred that the goal setting process designed by the company needs to take employee involvement to special consideration.

Content of goals

The goals are expected by most research participants to be clear, relevant, and meaningful. Goals are sometimes claimed to be "up in the air" (Survey respondent) which does not help facilitate employees' development.

I have had too many managers that set targets that are check in the box, like do this, and not so much reflection and personal growth targets. I have also observed management teams that have far too operational targets, and not enough strategic ones. (Survey respondent)

Clear goals are considered to be an enabler for employees to have the right deliveries in the focus areas of their team or organization. The clarity of goals can be gained through employee involvement in the goal setting process as claimed by several respondents.

The goals are not given to us. We got focus areas and from that we also have our business or customer values, what we deliver. And to that we connect our own priorities that we create. I know what is mine since I created them myself. (Employee 3)

It is worthy to note that the content of goals should be tailored to the individuals' situations such as where they are in their careers, what they want to achieve in their personal development, and their personal lives. Thus, having employees involved in the conversation of goal setting not only helps the goals to be aligned with the organizational directions but also helps employees to connect the goals to their personal concerns.

The importance of goal clarity depends on where they are at in their career really. If you are rather junior in your career, you don't know what you are going to do, you absorb everything, which is fine. ... Again, you need to see the individual. You need to see where he or she is in a career, in a life, in ambition. (Manager 3)

Flexibility

It is claimed by most research participants that the possibility to update goals over time is necessary because the business environment is constantly changing. The way goals are set within the company at present is believed to be rigid except some parts within the company where people develop their own ways of working with goals. Some respondents saw the process designed in a top-down manner as a formality rather than something they can make use of in their daily work life.

We set out a target so we rarely go back to the target, there I think we should be able to adjust targets along the journey... We set long-term targets and so much happening so I think we should focus more on shorter targets. (Manager 2)

Some interviewees argued that goals may not be valid as time passes and it does not make sense to define what should be done in a year's time. This is especially relevant in the context of "the *fast-moving changing world*" (Employee 2) which requires companies and their staff to continuously adapt their ways of working.

Goals are only relevant at the time you set them, when you know where you are. But when business changes, you have to align your own priorities with the company. (Core team member 2)

Flexibility in goal setting is expected to require effort both from the company management system and the employees themselves. Several interviewees suggested that once being given the

flexibility in working with goals, employees should be responsible for keeping the goals up-to-date and ensuring validity of goals over time.

Transparency

The survey result shows that 59% of respondents want more transparency of goals within the organization while 36% think they have adequate knowledge about their colleagues' goals. Interviewees also differ in their responses regarding transparency of goals. Some think that they know enough of their coworkers' goals or do not feel the need to know too much about the goals of others. In contrast, other respondents stress the importance of knowing teammates' goals since they believe that this would enhance team effectiveness. Some respondents posit that it is beneficial for goals to be transparent as many stakeholders can be impacted by a colleague's goals.

I think it should be transparent because that could influence someone else in the organization and especially if you look at a manager level then as an employee I need to understand where my organization is heading and then it's important that I know what is prioritized for my managers, for my other stakeholders. (Core team member 3)

Also, it is argued that having goal transparency facilitates team collaboration since knowing what coworkers are aiming for in the team allows people to clarify everyone's responsibilities in case there are conflicts. Besides, understanding teammates' priorities enables the sharing of resources to assist each other in reaching the mutual targets.

We should collaborate because it's very easy to focus on your own stuff when you are responsible but then you should be able to have shared resources, or you might have some conflicts in time and then you need to agree and understand "ok, this objective we share in common or maybe not. (Employee 7)

The process of Strategy and Target Deployment at the company is perceived to be not transparent as expected since although the company directions and focus areas are available in the system, not everyone is clear of their teammates' goals and activities. It can be seen from the interviews that not everyone wants goal transparency; nonetheless, this view belongs to the minor group of respondents. However, it was brought up that transparency might not be of any harm.

I don't mind if there is transparency but it's not something I am asking for them specifically. (Employee 3)

Expected improvements on goal setting

In order for the practice of goal setting to meet the expected elements mentioned above, research informants suggested several ways for improvement.

The most fundamental factor for the company to work better with goal setting, as conceived by most respondents, is that the new mindset must be in place. It is expected that everyone within the company should start to think about goal setting as a continuous practice instead of something that is done once a year. Again, a guideline being uploaded somewhere on the Intranet is not supposed to be helpful, several respondents argue that the mindset needs to be talked over regularly to be internalized by employees on a large scale.

I think adopting the mindset is the start. Because there are some very simple guiding principles stated there and if we start to use them, on daily basis, I think we will move rapidly to the wanted state. (Core team member 2)

Another expectation is that the company's Strategy and Target Deployment process be replaced with a new procedure or system where goals are transparent, revisited continuously, and tailored to employees' circumstances.

System should be tailored to my personality and my work. My work of course is very different from someone from R&D for example. If it could be tailored to my work, it would be good. (Employee 4)

Besides, the support from managers is believed to be helpful in enhancing the practice of goal setting within the company. Some survey respondents expressed the wish to receive more support from the managers in setting goals. Several interviewees also mentioned that managers can be employees' facilitators in goal setting, they should be helping the employees to set goals on their own in a way that matches their situations and alignment with company and team direction is achieved.

I am just a facilitator, it's the individual who makes things happen. (Manager 3)

Finally, it is recommended that continuous feedback should be given so that employees interpret their goals on a regular basis. Most respondents claim that there is a close connection between feedback and goals, employees need feedback to be able to reach the expected accomplishments. We find this aspect significant and devote one section to discuss the relationship among feedback, goal setting, and performance later in the findings.

In summary, goal setting is believed by research informants to be helpful in employees' performance growth in various ways. It helps employees to stay on the right direction, feel involved in the organization and facilitates teamwork thanks to the mutual understanding of coworkers. Nonetheless, goals that are not set appropriately may be harmful. Some elements have been brought up in the study as important in goal setting such as alignment with company direction and employees' personal concerns, content of goals, flexibility, and transparency. Research data shows that the general state of the company has not yet been positive. It is revealed that the way

goals are set does not allow continuous alignment with the company and team direction, goals are not clear and meaningful, and there is a lack of flexibility and transparency. Expected improvements on the practice of goal setting include the new mindset of actively working with goal setting, a new goal management system which allows flexibility and transparency, support from managers and constant feedback.

5.4. System support

Current setting

Interview discussions with informants show that there existed two separate technical tools aiming to assist employees within the company to manage their goals and performance.

The majority of respondents found the system support not effective because it is inflexible, slow, not intuitive, not user-friendly and “very old-looking” (*Employee 6*). One respondent accused the mandatory system support of wasting people’s energy as employees tended to spend their effort on “talking about why they have to use the system rather than spending the energy trying to do good work” (*Core team member 2*). Some interviewees claimed that the formality brought about by the system support discouraged them from getting feedback and working actively with goals; they were instead distracted from their work and became frustrated when being forced to use such tool.

The whole thing with structuring it and putting it in a specific system, it just gives me feeling that I’ve done something wrong. So I don’t like that SAP system. It gives me goosebumps. It gets so structured. (*Employee 4*)

Given such inconvenience with the system support, informants admitted that they had their own ways to get around with it. Some worked outside the system support and copy-pasted the text into the system to fulfill the requirement, which obviously inferred that the system support did not accomplish its mission as a “support”.

...each performance review would take about an hour to talk through it and add another hour just to type in all the things. So my manager cheated and did a work around and worked everything in Excel and attached the Excel file in the tool. (*Employee 2*)

Recognizing that the system support failed to meet employees’ needs, the company decided to make it non-mandatory “because we realized that being forced to describe your priorities or feedback in specific format works in opposite direction as we want to do it...” (*Core team member 2*).

The new technical platform

The company has been working on a new technical platform to support the new framework and as mentioned previously, they planned to have a pilot project on such platform. This new system support combines goal and performance management into one tool, but it has not been complete and is still undergoing experimentation and is subjected to modifications. Thus, findings in this section are based on the talks with those informants having experienced the new tool themselves. There is also a mobile app available; however, very few people have experienced it. Thus, we will not discuss the app in this section.

The new technical tool was found to be more flexible and transparent since users are allowed to make changes easily and feedback and objectives can be customized to be visible to related stakeholders. Besides, most respondents found it quite easy to fill in things and to collect feedback when and from whom they want. The connection with team members was conceived to be available in this platform, which some respondents are fond of. It was argued that the new system support would facilitate the continuity of feedback and goal setting as specified in the new framework.

What I liked about the new tool is that it would be more frequent... I think it has a potential. It would be easier to have everything gathered in one system and easy to use it. And it was easy to collect feedback and it was also visible for the manager and so on. I think it would work well if we would have possibility to update the system... It is more flexible than our current. (Employee 3)

Nevertheless, most respondents found the tool too heavy and complicated. It is claimed that the tool has too many functions and it is hard for users to understand the connection among the different parts. Most respondents argued that employees would not be motivated to use the technical tool if it is not simple and easy to use.

It's easy to fill in the system, but it could be good if they take away some parts. It would be good if it can be easier to be understood, and maybe see some connections between some parts. (Employee 5)

There is a concern with the new tool regarding the issue of global data protection. It was brought up in the acceptance test sessions and also in some interviews that the company must be careful in balancing the amount of data sharing in the technical platform and the requirement on data protection.

From what we learned in the interviews and acceptance test sessions, people were looking for simplicity, intuitiveness, user-friendliness, and flexibility in a system support.

Several respondents stressed the risk of forgetting the human aspect when concentrating too much on the technical tool. Although it was believed by half of the respondents that the technical platform may be a good tool to help spreading the new mindset of working actively with feedback and goals, they cautioned that employees ought to have personal contact in working with feedback and goal setting and that the IT system should only function as a support.

The technical platform must support the dialogue and if we choose a tool, regardless of any tool, you have problem with what to fill in, what to write, then it's not good. And that is perhaps what I would like to see in the tool as well: the human, the person behind it. (Manager 1)

All in all, the current system support is perceived to be ineffective since it does not support the new way of working in the fast-changing environment. Findings show that employees within the company are using other tools instead of the company's IT support system. As it is today, the IT system is not made compulsory and the company is working on the new technical platform for replacement. Initial experiences with the new pilot platform show that it has both strengths and weaknesses. The concern of data protection and the risk of lacking human touch have been brought up when it comes to system support.

5.5. Connection among feedback, goal setting and performance

In conversations with the all interviewees, there is a close connection between feedback and goals and this connection plays an important role in employees' performance development.

First, most respondents claimed that feedback along the way helped them keep track of their performance and let them know whether they were performing towards the goals they aimed for. Feedback is considered to be a good tool that helps employees to see the bigger picture of their teams and the company in general and their own actions and behaviors in specific. Consequently, they can have an understanding of whether they are contributing to the development of the bigger organization.

Good to have a goal... And of course, going there should be with some sort of feedback loops on a road. Feedback helps to track my performance if it is aligned with the goals. (Employee 4)

Second, it was posited by respondents that having a clear view on their performance in relation to the goals thanks to feedback assist employees in their learning and development. Once having been aware of the mismatch between what they are doing and the targets, employees are able to correct their actions and behaviors to perform better in order to reach the expected goals. Also, it

was argued that conversations about goals in the daily operations help people realize whether their goals are still valid and meaningful. Some respondents stated that sometimes goals become obsolete in their work because of the changes in the business environment. Some mentioned that goals may be unachievable which may destroy the performance instead of improving it. Some experienced the situations in which goals were sometimes reached easily before the expected milestones which infers that these goals may have been set lower than the individuals' competences. In these cases, it was advised that having regular talks on goals could help spot the inappropriateness of goals and allow possibility to change them. If they are out-of-date, new goals can be set; if they are too ambitious, employees and managers can work together to have goals more reasonable; and if they are low, more ambitious goals should be set so that employees can use their capabilities to the fullest. As a result, it is argued that employees can grow and develop themselves as these discussions with their managers and their teams on goals help them have a better understanding of their own performance and potentials - or using a respondent's words: "to push the development and grow up" (*Manager 1*).

The above finding was well explained by the below response in an interview:

The more you ask for feedback, the more you realize how close are you to the goal. Should it be changed? Was it too ambitious? As soon as you reach the goal... what is next? What was the purpose of that goal? If you have feedback sessions, it can give you some clarifications where you are in relation to that goal. (*Manager 3*)

Third, it was raised in several interviews that feedback to employees on their way to reach their goals is also a good source of motivation. If they are performing well in accordance with the expected destination, encouraging comments on their performance help assure employees that they are on the right track and motivate them to keep moving and developing.

The goals have feedback as encouragement to achieve the goals... (*Manager 1*)

It was brought up in conversations with several respondents that in order for the above three things to be gained, feedback on goals must be continuous. Some informants argued that constant feedback is necessary because it allows managers and employees to reflect regularly on the objectives and ensures that problems are detected in a timely manner. Also, it is claimed that goals help feedback to be more meaningful in employees' performance as without goals, people may end up in talking about irrelevant things. Furthermore, continuous discussions on goals provide on-going understanding and consensus between managers and employees as well as among colleagues on where people are, how they performed, and what they have accomplished.

Consequently, it is expected that there should be less conflict when employees' performance is evaluated in the performance reviews as they have been aware of the evaluations along the way.

Conclusion on findings

As can be seen from the findings, the company has not reached the state in which the feedback environment is positive and goal setting is effective. Though some parts within the company have already developed their own ways of working to adapt to changes in the business environment, this has not been on a general level of the organization. There are various reasons for this and the company is on its way to transform the performance and goal management in order to develop the workforce performance-wise.

Nevertheless, most respondents are quite optimistic for the company's future in terms of feedback environment and goal setting. Though things have not been as positive as expected, it is claimed that the company has been progressing in recent years and several informants expressed they were rather hopeful since they saw that the company has started to put effort in promoting a better working environment in which human becomes the central part.

And if we really see the people, see the potential, that will automatically lead to enhanced feedback. It will lead to goals setting in a different way that we've done so far. We are just too new now. So are we fully there yet? Oh, definitely not. Have we gone quite far? Yes, we did. But there is still tons of things to do. So what I would say it's not sprint, it's a marathon. Let's say we run first lap out of 4 or 5 and it's more about not giving up and having fun in a process. And by doing so I am sure we will achieve that rather ambitious goal to set new goals once we are there.
(Manager 3)

6. DISCUSSION

This chapter will discuss the empirical results in relation to the previous literature on feedback environment, goal setting and their role in performance management as well as the theories presented earlier in this study. In general, our findings are in line with previous research though there exist some differences in terms of how we interpret the meaning of several concepts which will be discussed in detail in this section. In addition, we discovered some new elements that were not brought up in preceding studies, for example the form of feedback in the feedback environment and collaboration among coworkers as an additional mechanism in the relationship between goal setting and performance.

6.1. A human-centric approach towards performance management: a new way of working with feedback and goal setting

In line with previous research on the ineffectiveness of traditional performance management systems (Rock, Davis, & Jones, 2014; Cunningham, 2015; Tavis et al., 2016), the findings of this study indicate that the way the case company structured its performance and goal management system failed to achieve its intention of developing the employees. It was disclosed in the empirical data that the company management system of performance and goals lacked flexibility, timeliness, activeness, and employee involvement, and did not produce the desired results. As such, the company joined their peers such as General Electrics, Deloitte, Intel, etc. (Rock et al., 2014; Cunningham, 2015; Tavis et al., 2016) in the flow of transforming the performance management system. The changes in the working environment demand a new approach towards working with employees' performance that focuses on the human aspect as found out in the empirical results. This is similar to what other researchers and HR practitioners recommended in recent years; Gregory and Levy (2015) stressed the importance of giving the workforce a clear understanding of the performance management process, Gallo (2012) suggested paying attention to providing training to the staff to improve performance management, and Spehar (2017) at Stout also expressed that the behavioral change is the primary prerequisite for the transformation. Our findings show that the mindset is considered the most important factor in transforming the

performance management; once having a mindset of working actively with feedback and goals in place, employees are expected to improve their performance.

To facilitate the process of mindset changing, it was explored in our findings that the system support can be beneficial. It was argued that with a simple and user-friendly technical tool, employees could be reminded and motivated to work more actively with feedback and goals - which is what the active mindset is about. This is in accordance with Spehar's claim that a user-friendly mobile app assisted her company - Stout - to successfully transform its performance management system (Spehar & Eubanks, 2017). What we learned from our findings is that users expect the system support to be simple, intuitive, user-friendly, and flexible. Nevertheless, it should be noticed that the human aspect should be central, and the IT platform ought to function as a support only, as brought up in our empirical data.

6.2. Feedback environment and its role in performance management

It has been shown in previous studies that feedback is of great importance when it comes to employees' performance (Coens & Jenkins, 2000; Culbert, 2008; Pulakos & O'Leary, 2011; Aguinis et al., 2011; Dahling and O'Malley, 2011; Adler et al., 2016). This is also evident in our findings regarding how employees perceive the role of feedback in their performance. This subchapter aims to clarify (1) how the feedback environment affects performance and (2) the important dimensions of feedback environment, by linking the empirical findings to the previous research; also, the theory of feedback-seeking behavior (FSB) will be applied to analyze how feedback environment influences employees' feedback-seeking motivation.

6.2.1. Feedback environment as a fundamental element in employees' performance

Feedback environment has been found in our research to influence employees' performance in various ways. As stated by Gregory and Levy (2015), a favorable feedback environment is expected to bring about a greater sense of personal control which means that employees have better understanding of their own performance. This argument is supported by our findings in which continuous feedback helps employees keep track of their performance. It was found that having knowledge on whether employees are performing in accordance with expectations allows them to

act upon such knowledge. This personal awareness is believed to benefit employees' growth and development, as implied by the empirical data, by helping them to see things that they may have not noticed themselves and adjust their behaviors and actions accordingly. This is in consonance with London and Smither's (2002) proposal on how the feedback environment impacts the performance management cycle. The authors maintain that the feedback environment plays an important role in how employees perceive and react to feedback and how they make sense of the relationship between feedback and performance (ibid).

According to our interpretation of the study results, another mechanism in which the feedback environment affects performance management is by strengthening collaboration among coworkers thanks to the mutual understanding within a working group, which is supported by continuous feedback. This is what Norris-Watt and Levy (2004) called organizational citizenship behavior. Their study in 2004 found a positive relationship between an encouraging feedback environment and helping behaviors among colleagues (ibid). From our review of previous literature, leader-member exchange (LMX) has been permeated in the stream of research on feedback environment (Anseel & Lievens, 2007; Khurshid et al., 2017). Nevertheless, it has been found out in this study that people are paying more attention to the relationship among co-workers when it comes to feedback. Thus, we believe that the relationship among colleagues within an organization is of equal importance to leader-member exchange and should be taken into consideration in the performance management system.

Feedback is also beneficial in improving employees' performance thanks to the motivational effect on employees upon receiving encouraging feedback about their tasks and behaviors, as supported by our findings. This was also explored in a study by Dahling, Gabriel, and MacGowan (2017) in which the feedback environment was found to be positively correlated with employees' affective commitment and motivation.

To conclude, feedback environment has an important impact on performance management. There are multiple outcomes of the feedback environment as brought up in previous studies such as personal control, growth and development, organizational citizenship behavior (or collaboration), motivation, empowerment, role clarity, reduced stress and burnout, as well as low turnover intentions (Peng & Chiu, 2010; Sparr & Sonnentag, 2008; Gregory & Levy, 2015).

Although our study verified only the first four outcomes, it is enough to endorse the necessity of feedback in performance improvement.

6.2.2. Important dimensions of feedback environment

Given the fundamental role of feedback environment in performance management, it is valuable to examine the dimensions which construct a favorable feedback environment. Frequency, sources, content of feedback, and feedback-seeking encouragement are considered the key elements in a feedback environment, as depicted in our study. In comparison to the Feedback Environment Scale (FES) of Steelman et al. (2004), our four mentioned dimensions basically reflect their seven facets of FES, namely: source credibility, feedback quality, feedback delivery, favorable feedback, unfavorable feedback, source availability, and promotes feedback seeking. Although the names of the dimensions in our findings differ to how Steelman et al. (2004) named the seven facets, the meaning is quite similar.

To exemplify, we discovered that what is meant by content of feedback in some ways covers the three facets of FES including feedback quality, favorable feedback, and unfavorable feedback. Content of feedback, as implied in the findings, refers to how useful the receivers perceive the feedback to be in improving their performance. Furthermore, it was explored in our findings that besides positive feedback (or favorable feedback as in FES) which functions as a motivational factor, negative or developing feedback (or unfavorable feedback as in FES) is expected to improve receivers' growth and development. This is similar to how Steelman et al. (2004) described the three facets of feedback quality, favorable feedback, and unfavorable feedback. However, it should be noticed that our definitions of favorable and unfavorable feedback do not take in to account the justification between the recipients' own reflection on their performance and the meaning of the feedback they received, as defined by Steelman et al. (2004).

The two dimensions of frequency and sources of feedback in our findings seem to incorporate the three facets of source availability, source credibility and feedback delivery of the FES. What Steelman et al. (2004) meant by these facets is that the source of feedback should be available when it is needed, the person giving feedback should have sufficient understanding of the receivers' performance and that the way feedback is delivered ought to be with consideration. This is supported by our findings when it comes to feedback frequency and sources which refer to the continuity of feedback, the availability of feedback givers, and the knowledge that feedback givers

have regarding receivers' tasks. The form of feedback, i.e. verbal or written feedback of which verbal feedback is preferred, has emerged in our findings to be of importance; nevertheless, it has not received much attention in previous research.

The last facet of FES, which is "promotes feedback seeking", is similar to our dimension of feedback-seeking encouragement. With this dimension, we found that employees are encouraged to work actively with feedback when there is a general awareness of the importance of feedback within the company, when there exist trusting relationships among the staff and a clear policy or guidelines of expectation from the management board. All of these depict whether the company is supportive or not in inspiring employees to search for and give feedback, which is similar to how Steelman et al. (2004) characterized the facet of "promotes feedback seeking".

Our dimensions of feedback environment and Steelman et al.'s (2004) FES both aim to provide a support for facilitating a positive environment where employees are motivated to actively seek and give feedback, or also referred to as employees' feedback-seeking behavior in FSB theory. Our empirical data suggested that if a company does not have enough encouraging policies and practices for a favorable feedback environment - which means that employees are not supported by the surroundings to be active in looking for and giving feedback, they are more reluctant to step out and seek feedback. This is in line with the FSB theory in which the contextual factors are considered to have great influence on employees' feedback-seeking behavior (Crommelinck & Anseel, 2013). Another group of antecedents of FSB which is individual factors is also believed to affect employees' effort in seeking for feedback (ibid). In the same vein, our findings indicate that individuals' personalities and experience have a decisive role in whether employees are active in looking for feedback.

Besides, the FSB theory mentioned two strategies for feedback-seeking which are monitoring strategy (refers to seekers' active observation) and inquiry strategy (involves direct request from feedback seekers) (Ashford & Cummings, 1983). From what we interpret of the findings, the new framework of Continuous Alignment and Feedback that the company wants to establish seems to promote the inquiry feedback-seeking strategy among employees within the organization. With the new framework, the company aims to improve the four dimensions of feedback environment by promoting multi-directional feedback on a continuous basis (frequency and source of feedback) with the purpose of enhancing employees' performance (content of feedback) and encouraging

employees to actively seek and give feedback via establishing a new mindset (feedback-seeking encouragement). As a result, employees are involved in the process of directly inquiring for feedback from whom they think are useful and when they feel the need.

In general, our findings explored four important dimensions of feedback environment which, as explained above, reflect the seven facets of FES developed by Steelman et al. (2004). However, we also discovered that the form of feedback is also an important element to be taken into consideration when it comes to feedback environment. Furthermore, our study provides additional empirical evidence for the FSB theory in regard to antecedents of feedback-seeking behavior. This theory also helps us to explain the choice of the company in transforming their performance management practice which promotes the inquiry feedback-seeking strategy.

6.3. Goal setting and its role in employees' performance

Goal setting has been explored in numerous research studies and the goal setting theory was developed as a foundation to understand how goal setting affects employees' performance. Our study acts as an additional empirical evidence of the role of goal setting in performance improvement, as implied in the findings. We will devote this part to discuss (1) how the practice of goal setting influences performance and (2) the critical dimensions of goal setting in relation to performance management with the help of previous literature and the theory of goal setting.

6.3.1. Goal setting as a compass in employees' performance

In previous literature, direction, effort, and persistence have been found to be the mechanisms by which goal setting influences performance (Locke & Latham, 1990a; Locke & Latham, 2013; Asmus, Karl, Mohnen, & Renhart, 2015). These were also to some extent supported by the findings of this study. It is worthy to note that some of the previous research on goal setting concentrates on the practice of setting *high* goals while our study does not take the characteristic of high or low goals into account but rather refers to goals in general. Thus, linking our findings to these studies may have some limitations. However, we think that these research results are valuable in explaining our findings.

As explored in our study, goal setting helps employees to stay focused on their performance towards the expected destination and as a result, facilitates their learning and development, thanks to the clarity of what is expected of them and what should be done to achieve the desired targets. This is similar to the mechanisms of direction and effort proposed in previous research (Locke & Latham, 1990a; Locke & Latham, 2013; Asmus, Karl, Mohnen, & Renhart, 2015) where it is argued that goals help employees to be clear of the direction, to focus on the tasks accordingly, and to be motivated to put more effort in achieving the goals.

We also found out that goal setting could function as a motivational factor as it helps employees feel that they belong to the organization they are working for and in turn encourages them to commit more to their daily operations. The mechanism of persistence, which is believed to originate from the commitment to goals, was discovered by Locke and Latham (2013) to bring about better performance. Thus, according to this mechanism, goal setting can facilitate employees' performance thanks to the commitment to the goals they have.

There is another mechanism (i.e. collaboration among coworkers) that was found in our study to influence the relationship between goal setting and performance but was not brought up in the theory of goal setting. Our findings show that colleagues can avoid conflict in terms of where the group is heading and share resources in a better way among group members once being clear of the goals. Consequently, both individual and group performance can be improved. Therefore, we suggest that collaboration can be an additional mechanism by which goal setting impacts performance.

Nevertheless, in accordance with previous research, our findings imply that goal setting must be done in an appropriate manner in order for the above-mentioned mechanisms to function. What we found to be of importance is that employees may feel the pressure when having irrelevant and meaningless goals. Locke and Latham (1990b) also raised up this issue in their research and posited that goals set in a loose manner may lead to poor performance instead of development.

In conclusion, goal setting plays an important role in performance development as proposed by preceding literature and this is supported in our study. The three mechanisms of direction, effort, and persistence (Locke & Latham, 1990a; Locke & Latham, 2013; Asmus, Karl, Mohnen, & Renhart, 2015) were visible in some ways in our findings. Nonetheless, we also found another mechanism in relation to collaboration among coworkers to be valid in the correlation between

goal setting and performance. Another important finding regarding the role of goal setting in performance development is that goals must be set appropriately to bring about positive performance, which is supported by both previous research and our empirical data.

6.3.2. Important dimensions of goal setting in relation to performance management

It was discovered in our findings that there are several dimensions of goal setting that must be considered when discussing the effect of goal setting in performance development. These include alignment of employees' goals with the team and the company's direction as well as their personal capabilities, content of goals, flexibility, and transparency. Linking these dimensions to the previous research on the theory of goal setting, we found interesting connections.

Our findings imply that employees should be involved in the process of setting goals to allow an alignment between their goals and their competences, team goals and company's direction. Consequently, it is expected that they become more committed to the goals set and achieve better performance. The aspect of individuals' competences is similar to what Locke and Latham (2002) found when investigating the factors that affect performance level in the context of similar resources. They claimed that goal setting can be effective in improving performance only when the individuals have the abilities and resources to obtain the goals (*ibid*). Here the authors placed importance on the available resources in the context, which in our interpretation, is more of a reactive approach towards goal setting. From what we understand of the theory of goal setting, the context is considered on the way to achieve goals. However, we believe that the context (eg. available resources, employees' abilities, company's direction) should be taken into consideration even before the journey of accomplishing the goals starts; in other words, the context must be examined in the process of *setting* the goals, not in the process of *realizing* the goals.

The way Locke and Latham (2002) perceived *context* in the relationship between goal setting and performance is closer to our dimension of flexibility. Our findings show that employees feel the need to have the possibility of updating the goals in accordance with the changes in their work. This is in line with Locke and Latham's (2002) claim that adaptations should be made available in cases of variations in the context.

As depicted in our findings, content of goals refers to whether the employees have a clear understanding of goals and whether the goals can be tailored to their personal concerns. If these two conditions are met, it is expected that the goals bring about more effective performance. Content of goals in the theory of goal setting is about (1) specificity of the goals - which is similar to clarity of goals in our findings and (2) complexity of goals - which was not of our study interest when conducting this research. Regarding specificity of goals, our findings were in agreement with goal setting theory which posits that the more specific the goals are, the better the performance is.

Transparency was found in our study to be another dimension of goal setting that may affect performance. Having transparent goals, as implied in our findings, means that everyone in the organization has the possibility to see each other's goals. This transparency is believed to be advantageous since organizational members are dependent on each other and they can assist each other to have a better collaboration if they know what their colleagues are working towards. On the other hand, the theory of goal setting does not see transparency the same way we do. Public commitment, the term used by this theory to refer to the fact that others know about one's commitment to his/her goals, is believed to be more effective than private commitment (Hollenbeck et al., 1989). The authors argued that goals which are made public result in higher commitment to the goals and in turn produce better performance. Thus, it can be seen that we see transparency as a factor that promotes *collaboration* while Hollenbeck et al. (1989) see it more as a factor of promoting *commitment*.

To conclude, our findings on the dimensions of goal setting in relation to performance management and the factors mentioned in the goal setting theory are similar in general but the interpretations of these dimensions may be different. Our findings are in consonance with the goal setting theory in terms of goal clarity, flexibility, and individual's capabilities. However, we have different views when it comes to context, transparency and the aspect of task complexity in the content of goals.

6.4. Feedback and goals: one without the other is meaningless for employees' performance

A major finding of our study is the interdependent relationship between feedback and goals in employees' performance development. It was evident in our findings that feedback could be less meaningful if it is not connected to goals and that goals could not be fulfilled without feedback on the way. This is supported by both the goal setting theory and control theory.

The theory of goal setting claims that goal setting is more effective and usually effective only when feedback allows performance to be tracked in relation to one's goals is available (Meyerson, 1990). This is similar to what we found in the study; feedback was considered to be necessary on the way to realizing goals as it helps employees to know whether they are performing towards the desired targets. Having knowledge on how employees are performing in relation to the goals is argued, as supported by the study findings, to allow them to adjust their behavior and actions to deliver what they are expected of. Besides, we found out that encouraging feedback when employees are on the right track could function as a motivational factor in employees' performance. However, this finding was not visible in the goal setting theory; this theory does not mention feedback as a motivation but instead considers the managers' trust in employees as inspirational (Locke & Latham, 1990b).

In case of mismatch between performance and goals - or also called goal-performance discrepancies in the control theory, correct actions are believed to minimize such gap (Campion & Lord, 1982; Bandura & Locke, 2003; Williams et al., 2000). It is claimed that once there is an awareness of gap between goal and performance, people may either reduce or increase (produce) the gap to achieve better performance (ibid). Our empirical data shows that with the feedback available, employees and managers can either set new goals if the goals are obsolete (gap reduction), set more ambitious goals if the goals are too easy to be achieved after a short time (gap production), or set more reasonable goals if the goals are too high (gap reduction). As implied in our findings, it is believed that discussions between employees and managers regarding goals help employees to develop and grow since they have better understanding of their own performance in terms of shortcomings as well as potentials.

Although the control theory is criticized for its principle of goal-performance discrepancies *reduction* by several researchers (Williams et al, 2000; Locke & Latham, 2013), we see that the

control theory also takes goal-performance discrepancies *production* into consideration as a motivational force (Bandura & Locke, 2003). We found in our study that employees and managers also raise the goals if the goals are discovered to be lower than employees' potentials. This is in accordance with Bandura and Locke's (2003) claim about goal-performance discrepancies *production*. Thus, we would argue that people should take the critique on the control theory into consideration and have an appropriate strategy to work with goal setting by employing both goal-performance discrepancies reduction and production.

In conclusion, feedback and goal setting were found to be interrelated and this finding of our study can be explained by the theory of goal setting and control theory. Nonetheless, it is noteworthy that the continuity of feedback on performance in relation to goals is of utmost importance. As indicated in our study, employees and managers ought to continuously revisit goals to have timely identification of possible issue; thus, early actions can be taken to tackle the problems and bring about better performance.

7. CONCLUSION

This section aims to summarize the study by portraying how the research purpose is fulfilled. In addition, main contributions of the study and recommendations for future research will also be discussed in this section.

The aim of this paper was to explore the role of feedback environment and goal setting in performance development from the perception of employees. Our study was able to depict that:

(1) Feedback environment is crucial to employees' performance since it helps facilitate employees' personal control over their performance, promote growth and development in the workforce, support better collaboration among coworkers, and motivate employees in their work. In order to be effective, feedback environment should allow feedback to be continuous (frequency of feedback) and multi-directional (sources of feedback); besides, both favorable and unfavorable feedback should be available and handled in a proper manner (content of feedback), and the working environment ought to encourage employees to be active in asking for and giving feedback (feedback-seeking encouragement).

(2) Goal setting functions as a compass in employees' performance and boosts their learning and growth by keeping the employees focused on their performance towards the desired outcomes, motivating employees since goals give them the feeling of belonging to the organization, and promoting mutual understanding and effective cooperation among colleagues. Goals must be set in an appropriate way or else they may become counter-productive. It was recommended in our findings that the practice of goal setting should allow (i) alignment between goals and employees' competences, team goals and company's direction, (ii) clarity, meaningfulness and tailoring of goals to individual situations, (iii) flexibility in cases of changes in the work environment, and (iv) transparency of goals (i.e. visibility of goals to organizational members).

(3) Feedback, goal setting, and performance have an interdependent relationship where the lack of either feedback or goal setting will negatively impact employees' performance. Continuous feedback on employees' performance in relation to their goals is beneficial in identifying mismatch between goal and performance which in turn allows timely actions to be taken in order to improve employees' performance.

(4) The human aspect should be central in performance management and it is recommended to take the mindset change into special consideration in the transformation of performance management. Employees are expected to think of and work with goals and feedback actively to obtain performance development. In addition, technical support can be of benefit if it is designed in an effective way allowing simplicity, user-friendliness, intuitiveness, and flexibility.

Main contributions

Our study provided additional empirical evidence to the previous research and theories on feedback environment, goal setting, and performance management and found some new elements as well.

First, the study provided support for the necessity of feedback environment in performance management and explored four important dimensions of feedback environment which reflect the seven facets of Steelman et al.'s (2004) Feedback Environment Scale. Additionally, we found that the relationship among coworkers is of equal importance to leader-member exchange and that the form of feedback should also be taken into consideration in the feedback environment. The two groups of antecedents of feedback-seeking behavior theory were also supported in our study.

Second, our findings added an evidence for the fundamental role of goal setting in employees' performance and extended the theory of goal setting by discovering an additional mechanism by which goal setting influences performance which is collaboration among workers. Furthermore, in discussing the important dimensions of goal setting, we argued that being proactive in setting goals is beneficial instead of looking at the context in a reactive manner as brought up by the theory of goal setting.

Last but not least, our study results on the connection among feedback, goal setting, and performance reinforced the control theory. Moreover, we suggested the adoption of both goal-performance discrepancies reduction and production as a strategy in goal setting in relation to feedback and performance to overcome the critique on control theory.

Future research

Our study has illustrated the crucial role as well as the important dimensions of feedback environment and goal setting in employees' performance. It will be interesting for future research to look more specifically at how to work with these dimensions effectively. We believe that this research direction may be advantageous in providing practical knowledge for HR practitioners in working with performance management.

In addition, though it was discovered in our study that the human aspect is of utmost importance, the role of the system support should not be overlooked. We explored employees' expectations on what an IT support should provide; nevertheless, this was not a major focus in our study. Thus, future research may expand on this topic and investigate the role as well as the implementation of the technical support in performance management.

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APPENDICES

APPENDIX 1: INTERVIEW GUIDE

Background information

Feedback environment

1/ What role does feedback play for you in your work?

2/ Do you get feedback?

- From which sources do you get feedback? In which forms?
- How often do you get feedback?
- Do you find it easy to ask for feedback?
 - +Are your manager/supervisor available when you want to get performance information?
 - +Are you comfortable asking for feedback?
 - +Does your manager encourage you to ask for feedback?

3/ Do you give feedback?

- To whom do you give feedback? How often?
- Are you comfortable with giving feedback to your managers/ supervisors/ colleagues?
- Do you think if your managers/ supervisors/ colleagues welcome your feedback?

4/ Are you aware that you are expected to ask for and give feedback?

- What do you think about that?

5/ Do you find the feedback you get useful?

- Is the feedback you receive timely?
- Do you sometimes get feedback in a form that doesn't work for you? If yes, how?
- Do you act upon the feedback you receive?

7/ Does the company have any system support for providing feedback in the performance management system?

- How does it work?
- Is it effective?
- Is it user-friendly?
- Do you use it? If yes, how often?

8/ Do you feel that the performance management system encourages a positive feedback environment (probes: encourage you to ask for feedback, feedback is given frequently, both favorable and unfavorable feedback is given)

- How often do you have performance review meetings with your manager/ supervisor?
Would you like to have it more often?

9/ Would you like more continuous feedback throughout the year?

Goal-setting

10/ How are your goals set?

- Who decide which goals you must achieve?
- On which criteria are the goals based?
- How often do you have your goals set?
- Can you change your goals during the year?
- Do you feel the need of flexibility in goal setting?

11/ Are you always clear about the goals to achieve?

- Are you aware of the organizational goals?
 - +Do you align what you do with the corporate goals?
 - +Do you think that your team goals correspond to organizational goals?
- Are your colleagues' goals visible to you?

12/ Do you think that your goals are specific enough?

13/ How important it is for you to be clear about goals (on different levels)? Why?

14/ Is there any system support for goal setting in your organization?

- How does it work?
- Do you find it effective?
- Do you use it?

15/ Do you see any effect that goal setting has on your performance?

16/ Do you see any connection between feedback and goal setting?

Improvements

17/ What can be done to improve the performance management system in terms of feedback and goal setting?

18/ What can be improved in the system support to facilitate performance management?

19/ Do you have any further comments on what we have discussed?

Thank you for your participation!

APPENDIX 2: QUESTIONNAIRE

PERFORMANCE AND GOAL MANAGEMENT

This questionnaire aims at exploring employees' opinions on the company's performance management system. Questionnaire participants are ensured anonymity and responses will be treated with confidentiality. You are welcomed to provide additional comments.

Thank you for your participation!

Background information

What is your gender?

Male

Female

Other

What is your age?

25 or less

26-35

36-45

46-55

56 or older

How long have you been working at the company?

less than 1 year

1-5 years

6-10 years

11-15 years

More than 15 years

Which business function do you belong to?

.....

What is your job level?

Senior Vice President (SVP)

Vice President (VP)

Group Manager

Director

Supervisor


Employee

Other.

Do you work cross-functional?

Yes

No

 I do not understand

1. Do you find it easy to ask for performance feedback?
 - a. Yes, I can easily ask for feedback on my job performance whenever I want
 - b. No, I cannot ask for feedback as frequently as I want to
 - c. Other:

2. In your opinion, do you receive enough feedback on your performance?
 - a. Yes, I receive enough feedback on my performance
 - b. No, I need more feedback
 - c. Other:

3. Who usually gives you feedback regarding your job performance?
 - a. My managers/ supervisors
 - b. My coworkers
 - c. Both

4. To what extent do you agree with this statement: The feedback I receive gives me useful information on how to improve my performance?
 - a. Yes, I totally agree
 - b. I only partly agree
 - c. I don't agree

Comments:

5. In your opinion, what can be done to improve the feedback environment at the company?
.....
.....

6. To what extent are you aware of the organizational goals?
 - a. I know and understand the organizational goals very well
 - b. I know them but I'm not really sure how they are applicable to my tasks
 - c. I don't know

7. Can you easily change your goals during the year?
 - a. Yes, I can easily change the goals when it is necessary
 - b. It is possible to change the goals, but not very easy
 - c. No, I cannot change the goals during the year
 - d. Other:.....

8. Do you think that you know enough about your goals and others' goals at the workplace?
- a. Yes, I know enough
 - b. No, I would like to have more clarity
 - c. Other:

9. In your opinion, what can be done to make the goal setting practice more effective for your job?

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10. Are there any other comments you would like to make about performance management process in the company?

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