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## The Role of Feedback as a Management Tool in Performance Management Program

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### Abstract

*There is a constant pressure to achieve targets, to reach higher performance levels, and to ensure that the employee's effort supports and fosters the organization's goals. To ensure that activities are aligned with the organization's strategy, vision, mission and values, the organization needs to concentrate on what the employees are actually doing. The organization does this through performance management. Performance management process is not feasible without the feedback culture in the organization. The feedback system involves different ways of achieving feedback, both at the employee's as well as at the organization's level. The objective of this paper is to present the result of the survey on the importance of fostering feedback as a management tool in strengthening the organization. The survey was conducted in the beginning of 2019 in a non-profit organization. Some of the results show that effective feedback requires that the employee has a goal, takes action to achieve the goal, and receives goal-related feedback on his or her actions. The employee goals and performance, coupled with organization goals and performance, are directly linked to the key success factors. The paper shows, apart from the importance of conducting regularly feedback, how feedback could encourage good relations between management and employees motivating them to do their best.*

**Keywords:** performance management program; feedback culture; learning organization; human resource management.

### 1. Introduction

The key issue among management today is: "How well is an employee applying his or her current skills, and to what extent is he or she achieving the desired outcomes". The result is that members of the team actually do what they should be doing, and that measurements for defining how well they are doing are clearly connected to organizational success. All these activities are measured via performance management program. With the development of organizational learning, the role of human resource management is getting greater impact and involvement in formulating performance measurement as a feedback mechanism for overall company progress.

In today's knowledge-based economy the intensity of changes, caused by digitalization and globalization, opens up space for new manners of thinking aimed at sustainable company business-making for a longer period of time and thus building the organization stronger. Finding employee's talents and engaging them is the main goal of the organization. In the same time, the employees require to see competent development and evidence of own personal growth. One of the opportunities is to enhance intellectual skills via organization's culture and professional feedback. Feedback is, and should always be operated as a dialogue, two-way process. Feedback culture, when operating consistently, increases the process of developing people and businesses. Two-way communication is essential in good feedback between the employee and manager, promotes good relations between management and employees and mo-

tivates employees to do their best. Accepting feedback and applying corrections will create responsibility and recognition in their jobs. Management cannot ignore or eliminate the feedback as a tool for effective communication in all channels. A new manner of thinking and communication of the leader with his or her employees is needed so that the results of a synergetic action could be efficient and effective, thus making companies successful in the 21st century business-making. Some of these communication tools are active listening and feedback. When effective managers have reliable feedback they succeed in their effective communication.

### 2. Literature review

Feedback and goal setting have become integrated management tools because they are thought to serve both informational and motivational functions that enhance an employee's work performance [1] [2]. Feedback can provide information about the correctness, accuracy, and adequacy of work behaviours. Feedback may be necessary for instilling a sense of competence, accomplishment and control in workers [3]. Scholars have noted that an incomplete understanding of various important aspects of feedback still remains prominent [4]. The value of organizational feedback culture on feedback outcomes is a recognized gap in literature [5].

Early surveys on the feedback in organizations show that due to the value of feedback information, employees often

proactively seek feedback from others (e.g. peers, subordinates, or supervisors) rather than passively wait for it [6] [7] [8]. By seeking feedback, employees can obtain information to improve their task performance [9], reduce their uncertainty [6], and "learn the ropes" of a new job [10]. The feedback includes a wide range of sources from formal rules to personal thoughts and feelings [11]. According to Dahling & O'Malley [12], Steelman et al. [13] managers' role is increasingly accountable for providing resources that support employee development, particularly in the form of feedback and coaching. To support managers as trainers and coaches, organizations must provide managers with the tools they need to succeed in this area. Thus, Steelman et al [13] refined the construct of feedback focusing on informal feedback, daily feedback exchanges between supervisor and subordinates and between peer co-workers in a form of the Feedback Environment Scale. Pulakos and O'Leary [14] illustrated that ongoing informal feedback exchanges between managers and employees can enhance the effectiveness of performance management (e.g. communicating clear work expectations, setting short-term objectives and deadlines, and providing continual guidance). According to London & Smither, feedback orientation refers to an employee's overall process of receiving and seeking feedback, and how to direct the reaction on the feedback to behavioural change and performance improvement. Feedback culture refers to the organization's support for feedback and coaching. The aim is that feedback should improve performance and valued outcomes [15]. Thus, according to London & Smither, human resource research and practice need to measure feedback culture continuously, in order to understand better and influence the effects of feedback on self-awareness, self-confidence, and job performance.

Managers realize and understand the impact that their performance has on others. To work without feedback is alike to set out to an important journey without a compass. Feedback is the instrument which measures the effectiveness of communication and is used for evaluation and review. Promotion of the learning continuum, fostering of a trusting climate, and endorsement of authentic dialogue are three recommendations offered to support creating a feedback-friendly culture in order to gain more insight and enhance the meaningfulness of feedback. Feedback is good, feedback-friendly culture is better [5].

According to Ashford et al, after two decades of research, scholars have developed a robust understanding of the core "building blocks" of feedback-seeking behaviour – the antecedents of seeking, the motives to seek, the patterns of seeking, and the outcomes of seeking [16]. Authentic leaders form the relationships by performing unconditional trust, by communicating directly and transparently, by discovering and communicating meaning, by focusing on followers' development [17]. At the same time, survey which Zenger & Folkman [18] conducted with about 100 leaders through their 360° Assessment (assessment of the current development of competencies of managers by their immediate superior, subordinates and peers of the same rank, including an employee self-assessment), shows that successful innovative leaders, in addition to a clear strategic vision, also have a strong focus on the customer and create a climate of mutual trust, inspiration and motivation through concrete actions [19] [20].

### 3. The role of feedback in development of learning organization

The transformational leader of the 21 century, who is at the same time the leader in permanent learning and creation, is different concerning the way of understanding the need of changing his or her style of communicating with his or her employees who, under the impact and by accepting the change, themselves become creators of the added value in the company. The coaching style of the leader has a positive impact on employee motivation and self-esteem as well as their creative

dimension, which makes the company more competitive at the turbulent market [19].

A key factor of the development of a learning organization and organizations in general is the preparation of a proper execution of the feedback system. The feedback system involves different ways of achieving feedback, both at the employee as well as organization level. The feedback culture may be viewed from the side of the feedback sender, feedback content, and of the functional means. According to Earley et al [20], effective feedback requires that a person has a goal, takes action to achieve the goal, and receives goal-related information about his or her actions. Any useful feedback system involves not only a clear goal, but also transparent and tangible results related to the goal that are called key performance indicators. Lifelong learning is an obligation of everyone who wishes to become and remain a serious player at the market. The job position of a leader in the networking and collaborative economy era calls for a different manner of management, based on the important role of the leader who stimulates exchange of knowledge through a network of stakeholders, as well as the process of transfer of a part of his or her competences to co-workers within the team. Feedback is an inexpensive, most influential, most used tool by the management to execute proper work performance. It has strong connection between employee and management showing satisfaction and efficiency.

Efficiency per se, in the hyper-competition era where the need for ultra efficiency is the next business goalpost, requires the workers to be extremely productive and with no downtime. IT solutions are being developed which monitor the level of physical aptness of workers. But the efficiency goal is also connected not only with physical readiness but also psychological. In research it is called biological feedback, and it belongs to the neuroscientific discipline [21]. Biological feedback represents a technique of measuring the psychophysiological status of the employee. It can only be carried out on the individual level, so that personal measurements are the only way to gain insight into the psychophysiological state of a person. Usually there is a decision what is the individual standard of the optimal state, which is the foundation for corrections. Biological feedback aims to track and analyze the indicators of heart rate, breathing rate, and skin galvanic reaction as well as their influence on the overall labor intensity and effectiveness.

Furthermore, neuroscience can measure the behavior of feedback-related responses in the striatum, which is a cluster of neurons in the subcortical basal ganglia of the forebrain, in the sense that they can influence basic motivation of a desired behavior [21]. Positive feedback was received as a rewarding outcome, and motivated individuals could accustom to the feedback despite of tiredness through the study.

Goleman and Boyatzis [22] [23] believe that companies interested in development of leadership need to assess willingness on part of their employees to change and include them in their development programs, applying tools which diagnose their strengths and weaknesses, strengthen their communication skills, and release the potential for perceiving a broader picture and a step ahead, all aimed at promoting company achievements. E-learner-centric trainings include challenge, control, collaboration, personalization, engagement, relevance, and feedbacks. In order to have truly engaged e-learners, their curiosity and feedback must be stimulated and sustained along the entire process [23].

E-coaching as a virtual coaching is conducted via telephone or the Internet. This form of real-time coaching allows the coach to provide guidance, support and encouragement, just-in-time input or feedback to an employee [26]. New generations' lifelong engagement is based on digital platforms which present their learning style aimed at ensuring their satisfaction, meeting their expectations, and corresponding to their values and behaviours [25]. Modern-day learning programs apply power technologies like on-line coaching and online training [28] for leaders to understand how to implement real changes and to adapt the

forms of work and behaviour of the new "digital" generation. According to Ashford et al, whether working virtually at home or across an ocean in a subsidiary, without proactive feedback seeking, they may be completely unprepared for what they hear in their performance appraisals. The role of coaching-style of the leader is in understanding employees by asking good questions, support in defining and achieving goals, either professional or private, as well as integration and visionary perception of future activities [25].

## 4. The role of feedback in employee performance

By applying the principle of key performance indicators (KPIs) to employee goals and performance, organization creates a direct link between all of the key success factors that have been derived from the overall strategy. The result is that members of team actually do what they should be doing, and that measurements for determining how well they are doing are clearly connected to organizational success.

When an employee's goal is defined in terms of organizational KPIs, it ensures that what the employee is doing is well aligned with the goals of the organization. [21] This is the critical link between employee performance and organizational success. When feedback is received, the receiver is fully aware that he or she gets it from the perspective of the person who gives it to him or her and therefore, there is no reason to defend or justify him or herself. The most useful thing to do is to really hear what a person has to say, and often, when he or she does so, the receiver sees some facts that he or she is not able to notice from their perspective. Therefore, the receiver treats every feedback as a gift and he or she can say thanks. Experiences show that in many organizations, the feedback process frequently fails because it comes from a sense of fear, judgement and separation. Feedback given out of love, acceptance and connection is a nourishing experience that allows people to gauge where they are and to work out collaboratively what they need to do next.

An individual employee's goal should be linked to the organizational strategy, and aligned with the organizational vision, organizational mission, organizational objective, organizational KPI, organizational critical success factor and team member's goals. Taken to the next level, each employee goal should have at least one associated KPI. The KPI creation process consists of three phases where the first phase undertakes the use of the individual's job description and

department goals as the baseline for setting goals and expectations. The second phase undertakes observation and paying attention to employees doing their job to notice when they need help, performance correction, or feedback. This phase includes mentoring and coaching on a regular basis, as well as feedback. Feedback should be specific, positive and constructive, as well as provided timely in order to help employees to be successful. The third phase undertakes the performance assessment that summarizes the employee's contributions over the entire appraisal period; it may occur as often as necessary in order to acknowledge the employee for accomplishments and to plan together any necessary improved performance. It includes employee recognition which consists of formal recognition, informal recognition and day-to-day recognition. Formal recognition is a structured or planned program of recognition for desired performance usually given in public. Informal recognition is a spontaneous gesture of sincere thanks for desired behaviour or performance. Day-to-day recognition is daily feedback about positive employee performance.

In today's globalized society, all organizations strive for success and desire to get profits and a continuous progress. Many of them have to deal with employee retention issues i.e. organizations struggle to retain their employees [28]. According to Sandhya and Kumar [29], this employee retention challenge could be managed better through motivating the employees by means of open communication and rewards among other aspects. Employees are motivated to perform through their commitment to the organization's goals. Performance is managed primarily at team level through peer feedback. Information and results are openly shared and employees are trusted to know how the organization and other teams are performing. Giving feedback is a responsibility shared by all and happens routinely at both team and individual level. Providing timely feedback about expectations is a practice to be embraced regardless of the discomfort.

## 5. Survey on feedback culture in non-profit organization as a case study

### 5.1. Methodology and results

The research was conducted during first quarter of 2019 in a non-profit organization on a sample of 160 employees in Serbia who independently and anonymously completed the questionnaire. The goal was to find out what are the organizational image of employees and their habits related to feedback.



Figure 1. Organizational image assessed by employees

According to results of survey the organization stands out as being member-oriented and the leader in its fields that actively promotes and adheres to its vision and values. 40% of the employees agree that the organization has outstanding reputation with senior managers who share information on the organization's strategy to employees. In line with that goes the statement that organization has a strong and capable team of senior managers. Finally, the greatest room for improvement is related to providing employees with clearer, long-term and more persistent vision of what the organization stands for. Also, not many employees recognized that the organization neither appreciates, honours their employees (63% of the employees disagreed or strongly disagreed with the statement), nor that it is financially advanced and stable (50% of the employees disagreed or strongly disagreed).

When it comes to the ability of employees to actively listen, most of them stated that they often listen to others.

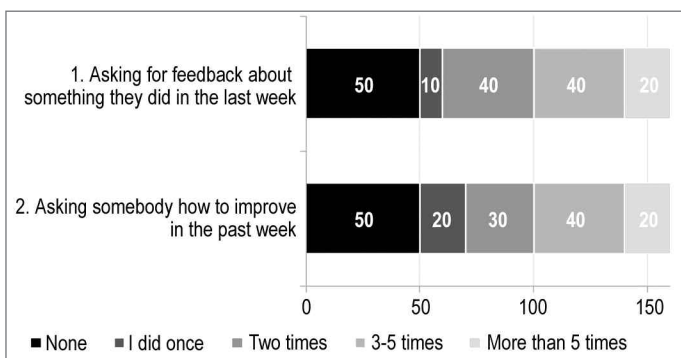


Figure 2. Feedback assessment by employees

However, some of them don't have a practice of asking for feedback about their job performance or about the ways to improve.

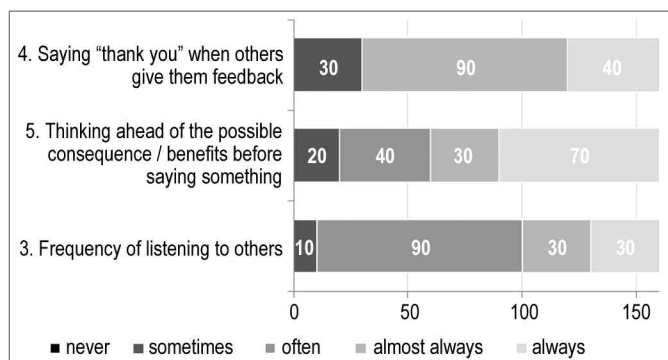


Figure 3. Feedback assessment by employees

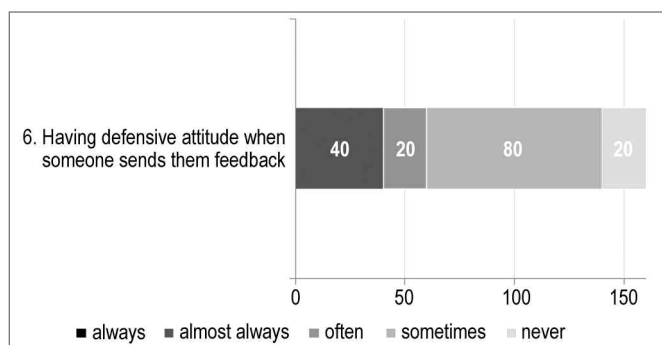


Figure 4. Feedback assessment by employees

Almost 25% of the employees had defensive attitude when someone gave them feedback.

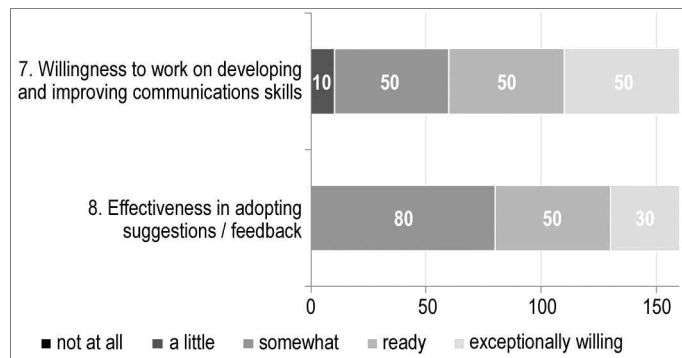


Figure 5. Feedback assessment by employees

## 6. Discussion

The sense of familiarity that employees have with an organization cannot compensate for the lack of a clear and precise image, especially when it comes to job description, work tasks, and the positions within their departments. Clearly and precisely defined activities, like preparation of employee job descriptions, definition of teams and sectors requirements, definition of obligations and rights of middle management and top management are of utmost importance. In order to have stakeholders' feedback in professional way, a yearly survey should be conducted. Techniques could be quantitative (online and offline) and qualitative (focus groups, in depth interviews) done by experts in this field with a strong emphasis on recommendations and action steps.

According to results employees generally show high willingness to work on developing and improving their communication skills, and consider being somewhat or highly effective in adopting suggestions and feedback, and applying them. Employees have a good attitude towards getting a feedback, and most of them will be polite and will actively listen to others. They are willing to work on developing and improving their communication skills, and consider being very successful in adopting suggestions. On the other hand, almost all employees mentioned that they always or almost always think ahead of the possible consequences and benefits before saying something (63% of the employees said almost always or always). Although not necessary, this could be an indicator of potential barriers between employees, because of not having an open and honest conversation related to everyday work. What is more, 32% of the employees do not have a habit of asking for feedback about something they did. Moreover, 44% of the employees did not ask any co-worker how to improve their performance.

The research gave elements to work on, like the lack of an adequate feedback from the stakeholders; the lack of the systematic monitoring of the business results and the lack of internal evaluation tools to measure the productivity of middle management; all of the before mentioned is an indication of lack of transparency of the work of the organisation. Transparency is essential for the successful functioning and progress of any organization or business. A well-implemented transparency management policy at all levels serves as a motivation and incentive for advancement within an organization. This also leads to the construction of a positive image in public.

The organization would be moving in that direction through the delivering of feedback as a well-established practice that is well accepted by most employees. The information that is given to employees can be aimed at the desired direction, and therefore strengthened. It should cover the way they work, the speed at which the tasks are carried out, the ideas they come up with, the quality of teamwork that leads to change, and other relevant behaviours. The focus should be on retention as well as recruitment. This requires preparation of effective on-boarding plan that includes regular review and feedback. If employees are

meeting their targets and KPIs, they should be told about it and feedback should be regularly given. Employees should have the possibility of further training and education. The organization should create a feedback and reward system that positively reinforces the desired behaviour and eliminates undesirable consequences. In the organisation, the formal feedback should be given on weekly regular meetings, and informal should be arranged around 1on1 meetings and carried out in email correspondence and other team meetings.

One way to ensure this is to get employee's feedback on what they think their potential is. Be mindful that KPIs may change over the time because of external situations that could impact the organization, so ensure regular review and monitoring. Mentoring and coaching are suggested on a regular basis. Feedback should be provided timely, specifically, in a positive and constructive manner in order to help employees to be successful. Feedback is an imperative. Employees should feel free to openly talk about any potential barrier during work. Because of that, it is important to build a working atmosphere based on trust, where employees are encouraged to proactively ask for feedback or any other problem that comes up during work.

Internal communication improvement includes creation of a positive and efficient working atmosphere, development tools for assessing the effectiveness of internal communication, development of systems and channels of continuous communication, development of the ability to actively listen. Introduction of Feedback culture in communication and organizing training for Communication Skills, introduction of 360 feedbacks, self-reviews and e-Net Promoter Score will be included in the business plan for 2020. As a result of survey, the key people in the organization decided to organize the Workshop on feedback process. The goal was to set the procedures in the process of building the feedback culture in the organization.

## 7. Conclusion

A good feedback encourages employees to change unproductive behaviour and find a solution about how a different behaviour in a given situation would be more effective, and to understand that the concrete description of the situation is supported by fact-oriented facts on the future rather than the past. Feedback is a tool used to improve employee performance. Efficient feedback facilitates growth and enables people to align what the organization needs with what energizes them. Goals are achieved through a precise system of clearly defined goals and KPIs that track job performance and feedback.

This is particularly important given that the Millennials generation, which is slowly becoming a leading workforce in the labour market, believes that a work environment that provides good employee relations and personal development opportunities is desirable; on the other hand, Millennials are ready to leave the company if these two factors are lacking. Employees, especially among Millennials, value teamwork, feedback, autonomy and recognition for their own work [30].

Creating an atmosphere in which giving a feedback is not only desirable, but also viewed as positive, is critical to the success of an organization or company. Feedback is one of the important KPIs of an organization or company. KPIs are metrics that link organizational vision with individual action. The survey has shown that employees want to get a feedback, but not everyone initiates it. This leads to transparency issues in the work of the organization or firm. The transparency in organizations means that all members of the organization are constantly receiving and giving feedback. Giving and receiving feedback is a skill that both the top management of an organization or company as well as employees need to learn. Combining an atmosphere that supports and encourages feedback giving and following the basic rules of feedback giving and receiving provides an opportunity for employees to be more

open, feel more comfortable in the work environment of a company or organization. Above all, their productivity and ability to solve problems quickly increases, with the possibility of personal development through a company or organization reward system.

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