
The Effects of Performance Appraisal on Employee Motivation and Organizational Commitment

A case study of how different performance appraisal systems affect employee reactions in a global management consulting organization

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Abstract

In the past couple of years there has been a shift in the business world since a number of corporations have decided to scrap their rating systems and current, quantitatively focused, forms of performance reviews and instead adopt qualitative feedback systems. This shift has opened up for investigating potential differences between different types of performance appraisal systems and their subsequent effects on employees and the organization. This study therefore examines how different performance appraisal systems, building on qualitative or quantitative feedback, affect employee motivation and organizational commitment through perceived satisfaction alternatively dissatisfaction with the feedback and the feedback system. Employee motivation and organizational commitment are examined due to its direct link to employee performance and ultimately the performance of the organization. Thereby the study aims to identify how employee reactions towards different performance appraisal systems have potential different ultimate effects on employee and organizational performance. Employing a qualitative single-case study approach, at a management consulting organization, two types of feedback, qualitative and quantitative feedback, were investigated. Using an adapted version of Iqbal et al.'s (2014) integrated framework, with the measurement criteria of perceived accuracy, purposefulness, fairness, and the added criterion perceived understanding, the findings from the semi-structured interviews indicate differences in employee reactions between the two performance appraisal systems. The qualitative feedback system resulted in positive employee reactions towards the measurement criteria, thus creating both motivation and organizational commitment. The quantitative feedback system resulted in both positive and negative employee reactions. A low level of organizational commitment was one outcome, a result in line with preexisting theory. A second outcome of the employee reactions towards quantitative feedback was a high level of motivation, which is a result contradicting preexisting theory. This phenomenon could instead be explained, in this case study, by identity work theory. The findings fill the intended literature gap as well as shed light on adjacent topics and bring insights that problematize existing theory. Conclusions from these findings offer, in their turn, new insights and knowledge, which should be useful for both researchers and practitioners.

Key words: performance appraisal, performance appraisal system, qualitative and quantitative feedback, ratee reactions, motivation, organizational commitment

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1. Introduction

Performance management has been of interest to organizations for long as people have been working together in organizations (Armstrong & Baron, 2000). The goal of performance management is performance improvement, at the level of the individual employee and teams initially, and ultimately at the level of the whole organization (DeNisi & Pritchard, 2006). Given this objective, performance of individuals has got to be measured and compared against objectives in order for progress or areas of improvement to be observable. This is where performance appraisal (PA) systems come into the picture as important performance management tools.

Informal performance appraisal systems have essentially been around as long as performance management, but formal systems of performance appraisal have a shorter, but still considerable, history. Today, performance appraisal is one of the most commonly adopted practices in high-performance work systems and virtually universally present (Redman & Wilkinson, 2008). Generally, formal PA systems have developmental purposes (identifying employees' areas of performance improvement and training needs) and/or administrative purposes (merit reviews, promotion decisions, and salary administration) (Cleveland et al., 1989; Drenth, 1984). Since organizational performance is vital to organizations and since considerable amounts of time and monetary resources are generally invested into performance appraisal systems and processes, effectiveness of performance appraisal (EPA) has become increasingly interesting and important to both practitioners and researchers.

Performance appraisal effectiveness has long been at the heart of much of the literature within performance appraisal and it has more recently focused on how to evaluate PA systems (Chiang & Birtch, 2010; Dobbins, 1994; Keeping & Levy, 2000). Appraisal reactions, such as satisfaction or dissatisfaction, as a way to evaluate PA systems have been growing over the past couple of decades and are today asserted as the most important criteria for measuring EPA since positive ratee reactions towards PA systems are linked to positive job attitudes (Pettijohn et al., 2001) and changes in behavior (Jawahar, 2006; Nathan et al., 1991). Researchers have also observed that when employees do not react the way intended, and hence do not support the PA system, it is doomed to be unsuccessful (DeNisi & Pritchard, 2006; Keeping & Levy, 2000).

Generally, two types of PA systems exist and usually organizations adopt and use one of them. The first and historically more common type of PA system is focused on quantitative feedback, which entails that employees are being evaluated using solely ratings or a combination of ratings and some qualitative feedback. The second type of PA system is focused on qualitative feedback, which entails that employees are being evaluated and provided feedback in solely qualitative forms.

In the past couple of years there has been a shift in the business world since a number of corporations have decided to scrap their rating systems and current, quantitatively focused, forms of performance reviews. Many state that their decision to remove quantitative feedback has been based on research conducted by the companies themselves as well as on external studies. The research and studies show that the time, money, and effort invested into the rating processes do

not help to accomplish the main goal of driving and increasing the performance of the companies' employees and ultimately the performance of the organization itself. By the end of 2015, a number of large international companies have made the decision to remove ratings in their evaluation processes, including giants such as Microsoft, Dell, Deloitte and Accenture. (Cunningham, 2015; Rock & Jones, 2015)

Due to the current trend of removing quantitative feedback, researchers have regained an interest in the topic of feedback and performance appraisals, as the field of study is drastically changing. However, the removal of ratings and thereby the use of new forms of PA systems, is still a rather unexplored field, particularly from the perspective of the employees. Research on how employees will react to different types of performance feedback and what the implications of this change will be, is still in a rather nascent stage. Consequently, the aim of the thesis is to study the effects of qualitative and quantitative performance feedback on employees' motivation and organizational commitment, which ultimately affects employees' performance. This will be investigated through explanatory research at a management consulting organization that recently undergone a change of feedback process, which entailed a removal of the quantitative part of the feedback (ratings) from the performance evaluation of first-year and second-year consultants.

1.2 Purpose and Research Question

The study intends to fulfill both a theoretical and a practical purpose. The theoretical purpose of this study is to address an existing gap in literature and investigate how the two different types of PA feedback, quantitative and qualitative feedback, affect employee motivation, organizational commitment, and ultimately performance. This will be done by gaining a deeper understanding of ratees' reactions towards these types of feedback, i.e. employee satisfaction/dissatisfaction with quantitative and qualitative feedback. The study thereby also intends to extend the preexisting theory of PA and employee satisfaction with PA in two main aspects. Firstly, this study will add to existing theory by pursuing the theoretical purpose by differentiating employee reactions towards PA depending on if the PA builds on quantitative or qualitative forms of feedback. Secondly, this study will add to existing theory by pursuing the theoretical purpose by using a different research approach than previous studies have used historically, i.e. qualitatively measuring employee reactions towards quantitative and qualitative feedback PA systems.

From a practical perspective, the study aims to offer new knowledge and guidance to practitioners, i.e. organizations, on how quantitative and qualitative PA feedback affect employees' satisfaction with the PA system, what aspects to consider when designing and/or improving feedback processes, and what outcomes, in terms of employee reactions and hence motivation and organizational commitment, to expect depending on PA system used. The fulfillment of the practical purpose of this study is especially important in today's service organizations, in which the workforce is the organization's most valuable asset and key for ultimately increasing organizational performance.

In order to address the need for deeper knowledge and understanding of how different types of feedback affect employee motivation and organizational commitment, through perceived satisfaction or dissatisfaction with the feedback, this thesis will examine the following research questions:

1. *How do different types of feedback, qualitative and quantitative feedback, affect employees' motivation?*
2. *How do different types of feedback, qualitative and quantitative feedback, affect employees' organizational commitment?*

How ratee reactions affect the employee motivation and organizational commitment are interesting to investigate since they, in their turn, are directly linked to and affect employee performance. The effects on performance are of interest since increased performance is organizations' desired outcome of PA systems.

1.2 Thesis Disposition

This study is structured according to the following outline.

<i>Chapter 2</i> Theoretical Framework	The introduction is followed by the theoretical framework presenting relevant theories within performance management, feedback appraisal, ratings, and ratee reactions to provide a general understanding of the theoretical field and elaborate on the research gap. A conceptual framework is presented in the end of the chapter.
<i>Chapter 3</i> Methodology	In this chapter the choice of research approach, case selection, and operationalization of the study is presented as well as the method of data collection and analysis.
<i>Chapter 4</i> Empirics	The fourth chapter contains the empirical findings from the semi-structured interviews and other data regarding the case company. The data is categorized according to the hierarchical levels and the thematic analysis.
<i>Chapter 5</i> Analysis	In this chapter, the empirical data is analyzed using the theoretical framework and the findings are presented according to the structure of the framework.
<i>Chapter 6</i> Discussion	This chapter discusses the results of the study and additional findings from it.
<i>Chapter 7</i> Conclusion	The thesis ends with a discussion regarding the main contributions, the practical implications of the study, and gives direction for further research.

2. Theoretical Framework

In this chapter the theoretical framework of this study is presented. In the first part the method for the literature review is presented, followed by a short introduction of performance management and performance appraisal and finally the research gap is identified and described. In the second part the framework used as a foundation for the theoretical framework of this study is presented, followed by the adaptations made to that framework. Finally, the adapted theoretical framework used for this study is presented.

2.1. Literature Review Method

The literature for this study had its starting point in reviewing literature within the areas of “performance management”, followed by review of theory within the areas of “performance appraisal”, “effectiveness of performance appraisal”, and “ratee reactions towards performance appraisal”. Adjacent topics and themes were later searched for using single or multiple key words as well as references to other sources in articles reviewed. The literature review was conducted at libraries in Stockholm and mainly at the library of Stockholm School of Economics. The primary databases used to search for journals and articles were SAGE Journals, EBSCOhost, Elsevier, and Emerald Insight. Peer reviewed journals and articles were prioritized as extensively as possible over the non-reviewed ones in order to ensure a high quality of the literature used.

2.2. Introductory Theory

An introduction to the concepts of performance management, performance appraisal, performance appraisal effectiveness, and ratee reactions is presented in this section. These concepts are central and key for this study as well as for the developed theoretical framework presented later.

2.2.1. Performance Management

Performance management has long been of interest to managers and organizations, but has become increasingly popular since the 1980's (Armstrong & Baron, 2000). Performance management can be defined as a human resource management process involving a broad set of activities aimed at improving the performance of organizations' employees by focusing on motivating employees to improve themselves. This also entails having a focus on managing and developing employees so that such an objective can be achieved (DeNisi & Pritchard, 2006; Armstrong & Baron, 2000). According to DeNisi and Pritchard (2006) the goal of performance management is performance improvement, at the level of the individual employee and teams initially, and ultimately at the level of the whole organization. Given the objective of performance improvement, the performance of individuals also has to be measured and compared against objectives in order for progress or areas of improvement to be observable. Generally, a well-developed PA system should include the following six aspects suggested by Armstrong and Baron (2000):

1. A statement of the organization's values
2. A statement of the organization's objectives
3. Individual objectives that can be related to the objectives of the organization
4. Regular performance reviews throughout the year
5. Performance-related pay

6. Training and counseling

A vital aspect of having a well-developed performance management process and improving employee performance is, like mentioned above, performance reviews. This is because performance reviews, also and hereafter called performance appraisals, provide input, in the form of information, to the performance management process (DeNisi & Pritchard, 2006).

2.2.2. Performance Appraisal

Informal PA systems have been around as long as people have been working together, as it is a universal human tendency to evaluate one's colleagues. Formal systems of PA have a shorter, but still considerable, history. Today, PA is one of the most commonly adopted practices in high-performance work systems and is basically universally present. (Redman & Wilkinson, 2008)

Performance appraisal can be defined as “an objective, rational, and systematic way for organizations to manage workforce performance” (Chiang & Birtch, 2010, p. 1367). It is, more specifically, a systematic and rational way for evaluating performance of employees, determining how effective employees are in their performances, and providing feedback on what the employees are doing well and which performance adjustments that can be made (Armstrong & Baron, 2000; Latham et al., 2008; Nurse, 2005). Apart from the developmental purpose of identifying areas of performance improvement and employee training needs, performance appraisal is commonly used for administrative purposes such as merit reviews, promotion decisions, and salary administration (Cleveland et al., 1989; Drenth, 1984). The literature has not reached a consensus regarding the primary purpose of performance appraisal, but Walsh and Fisher (2005) have identified four general uses:

1. Provide feedback about strengths and weaknesses of employees
2. Distinguish between individuals to allocate rewards and salaries
3. Evaluate and maintain the HR systems of the organization
4. Create a paper trail of documentation

There is, on the other hand, a stronger consensus among researchers regarding the ultimate goal of PA, which is to “provide information that will best enable managers to improve employee performance” (DeNisi & Pritchard, 2006, p. 255). However, there has long been a clash of perspectives, within HRM, as to how PA should help to improve employee performance. The first perspective, the soft HRM approach, sees PA as a tool to develop individual performance of employees. The second and historically more common perspective, the hard HRM approach, sees PA as a tool to make sure that the employees meet the objectives of the organization and that different levels of performance in doing so is being differently rewarded. (Armstrong & Baron, 2000)

The historically more common and widespread perspective, the hard HRM perspective, has recently met resistance and been more criticized. That type of PA perspective has generated dissatisfaction among employees, as many still view it as unfair and ineffective despite the attention and resources spent on improving it in terms of evaluation and decision-making procedures, as well as distribution of outcomes (Shrivastava & Purang, 2011). Additionally, many employees also report that too little attention has been given to aspects of the soft HRM

approach, such as development issues (Walsh & Fisher, 2005). As a result of this dissatisfaction, an interest in what has been called “non-traditional” appraisal systems has been growing in the past decade (e.g. Coens & Jenkins, 2000; Lawler, 2000). These “non-traditional” systems place less emphasis on administrative purposes such as ratings and rankings, and instead focus more on developmental purposes. Although these systems have been growing in popularity over the past years, most firms did not fully adopt them, but adopted a hybrid model instead, which still retained some focus on the administrative purposes (Bladen, 2001).

2.2.3. Performance Appraisal Effectiveness

Performance appraisal effectiveness refers to how well an appraisal system is working as a tool for evaluating and assessing performance of employees and it has long been at the heart of much of the literature within performance appraisal (Dobbins, 1994; Keeping & Levy, 2000). The research focus within performance appraisal effectiveness has shifted over the years (Iqbal et al., 2014). From previously focusing more on how to operationalize the complex process of assessing work performance among employees (Keeping & Levy, 2000; Lawler et al., 1984; Lee, 1985) to more recently focusing on how to evaluate and manage a performance appraisal system (Chiang & Birtch, 2010). However, the identification and choice of criteria for evaluating the effectiveness of performance appraisal systems has been discussed and researched for more than fifty years (e.g. Weitz, 1961; Wallace, 1965; Smith, 1976) and a vast number of criteria have been suggested as well as different rationales for choosing among them (Balzer & Sulsky, 1990).

Despite the argumentations around what criteria to choose in order to create an effective performance appraisal system, many researchers have agreed that having a technically sound PA system is not a guarantee for an effective PA. To be effective, an appraisal system must satisfy the needs of all parties involved in the process, i.e. both raters¹ and ratees². Furthermore, subordinates and managers must have a shared perception of the purpose and goals of the PA process. (Longenecker & Goff, 1992) However, it is common that raters and ratees are not equally satisfied with the PA system in use or that organizational and individual goals clash (Beer, 1982; Walsh & Fisher, 2005). Researchers and practitioners hence argue that PA effectiveness is not determined solely by the objective characteristics of the process but it is rather a question of whether the employees and managers are satisfied with the system or not (Walsh & Fisher, 2005). Positive reactions towards appraisal systems are essential to influence PA purposes such as employee behavior and development (Kuvaas, 2006; Taylor, 1995).

2.2.4. Appraisal Reactions

The research focus on positive appraisal reactions such as acceptability and satisfaction has been growing over the past twenty years and has been cited as an important trend within performance appraisal research (Levy & Williams, 2004). Previous focus on psychometric properties of performance appraisal systems have in other words given way for the growing recognition of the importance of qualitative aspects of appraisal, and among them primarily ratee reactions (Pichler, 2012; Roch et al., 2007). Employees’ reactions to a performance appraisal system is an important tool for measuring the effectiveness of a PA system since employees normally do not have the

¹ Rator is the individual who gives feedback/rating

² Ratee is the individual who receives feedback/rating

information or expertise to evaluate a PA system, from a technical, financial, legal or strategic perspective. Instead employees' evaluations are often driven by individual and subjective reactions on their perceptions of how satisfactory a PA system is. (Bowen et al., 2000) Furthermore, research has revealed that appraisal reactions also indicate overall appraisal viability better than psychometric indices (Giles & Mossholder, 1990).

Appraisal reactions play a central role in PA processes since positive reactions are both crucial to the acceptance and use of an appraisal system and contribute to the validity of a PA process (Cardy & Dobbins, 1994; Murphy & Cleveland, 1995). Some researchers even assert that appraisal reactions are the most important appraisal criteria since they are linked to job attitudes (Pettijohn et al., 2001) and changes in behavior (Jawahar, 2006; Nathan et al., 1991). If employees do not react the way intended and hence do not support the PA system, any PA system will ultimately be unsuccessful. This is because if the users of the system react negatively, the more likely it is that they ignore and do not use the feedback they receive and hence no development or change in behavior will follow. (DeNisi & Pritchard, 2006; Keeping & Levy, 2000) Curdy and Dobbins (1994) even claimed that "with dissatisfaction and feelings of unfairness in process and inequity in evaluations, any appraisal system will be doomed to fail" (p. 54). Employee reactions towards PA hence play a very important role, but they also play an important part when evaluating the EPA in situations when PA processes and procedures are being developed (Hedge & Borman, 1995; Keeping & Levy, 2000). How employees perceive PA systems and their reactions towards PA systems are therefore of particular importance today when there is a widespread and increasing trend of changing or developing PA systems within certain industries (Cunningham, 2015; Rock & Jones, 2015).

2.3. Research Gap

Despite the rather long history of research within the areas of performance management and performance appraisal, practitioners have long and still continue to complain about how academic research within these areas have been of limited usefulness (e.g. Chiang & Birtch, 2010; DeNisi & Pritchard, 2006; Ilgen, 1993; Ilgen et al., 1993). In addition to this, Pulakos (2004) reported that a recent survey indicated that only one in ten employees deems their organization's performance appraisal system to be helpful in improving their performance. There is clearly more to be done in the area of academic research that can guide practice as well as an interest in what type of PA systems that affect performance more positively.

Most research on performance management and PA has, up until recently, focused on the practical issues such as measurement issues. Furthermore, the limited number of studies that have investigated the relationship between performance appraisals and subsequent performance has typically done so by investigating the relationship between the rating itself, or feedback from rating, with subsequent performance. They have thus focused less on the relationship between performance and employees' reactions towards, and hence satisfaction with, ratings or feedback. Additionally, the limited number of studies that have focused on the relationship between ratee reactions towards PA systems and subsequent performance have used a quantitative research approach or conducted meta-analysis with previous quantitative studies as a basis. (DeNisi & Pritchard, 2006) Furthermore, Keeping and Levy (2000) report that such ubiquitous self-reported

quantitative data “can be biased because of contextual aspects such as the timing, order, and method of measurement” (p. 711).

No, or very little, research has used a qualitative research approach to measure ratee reactions towards PA systems, i.e. qualitatively measured the relationship between performance appraisal systems and performance. This study therefore aims to investigate how different appraisal systems affect performance through measuring ratee reactions towards, and hence satisfaction with, PA systems qualitatively. By that, this study intends to investigate the phenomenon in question from new perspectives and thus contribute with new insights and potentially fill the current research gap with new information and understanding and/or reinforce existing research and understanding.

Furthermore, the recent and increasingly more widespread trend of adopting an appraisal system that focuses on qualitative feedback and not quantitative ratings has also resulted in a research gap. Only a limited number of research papers within performance management or performance appraisal has diversified and made a clear distinction between quantitative and qualitative feedback or investigated potential differences in how the different two PA systems affect ratee reactions and subsequent performance differently. This study therefore also aims to contribute with insights in this area.

2.4. Theoretical Framework

In the following section the integrated framework by Iqbal et al. (2014), which constitutes the base for this study's theoretical framework, is presented. Following that, the adapted theoretical framework of this study is presented and explained.

2.4.1. An Integrated Framework of EPA

The integrated framework by Iqbal et al. (2014) (see Appendix 9.1) is a framework that examines the EPA based on analysis of 127 articles. The framework investigates EPA by drawing on the expanded view of the measurement criteria purposefulness, accuracy, and fairness, which are investigated by measuring ratee reactions towards the criteria. The ratee reactions-based EPA outcomes are categorized into person-referenced outcomes and organizational-referenced outcomes. The ratee reaction-based integrated framework resulted in a framework useful for both researchers and practitioners for evaluating effectiveness of performance appraisal.

2.4.1.1. Adaptions Made to the Integrated Framework

The theoretical framework used in this study is similar to the integrated framework by Iqbal et al. (2014) in the sense that it investigates ratee reactions, i.e. satisfaction or dissatisfaction, towards measurement criteria of performance appraisal systems and through that explores the effectiveness of performance appraisal systems. However, a few adaptions to Iqbal et al.'s framework were made for this study in order to make it more suitable for investigating the research questions of this study.

Similar to the integrated framework, the framework of this study draws upon the measurement criteria perceived accuracy, perceived purposefulness, and perceived fairness. However, an

additional measurement criterion, and hence ratee reactions towards that measurement criterion, is included in the framework. The criterion added was perceived understanding and it was included in the theoretical framework of this study for three reasons. Firstly, the qualitative performance appraisal system had been implemented at the case organization relatively recently before this study was made and the ratees' understanding and knowledge of that PA system would therefore be a crucial factor to take into consideration when investigating ratees' reactions towards the qualitative appraisal system. Secondly, understanding as a measurement criterion was also appropriate to include in this study since two appraisal systems, a quantitative and a qualitative one, were present and worked in parallel to each other at the case organization. The use of two different systems in parallel to each other at the organization was expected to create confusion and therefore ratees' understanding of the appraisal systems and their subsequent reactions towards them would be of interest since the reactions likely would have an effect on the effectiveness of the appraisal systems as well as the performance of the ratees. Thirdly, additional theory has shown that the measurement criterion of understanding is an important factor to include when analyzing employee reactions towards PA systems (see section 2.4.2.4).

A second adaption that was made to the framework of Iqbal et al. (2014) in order to fit this study was that ratee reactions towards the measurement criteria were investigated only in regards to how they affect motivation and/or organizational commitment, and not how they affect person-referenced and organization-referenced outcomes. This adaption and the more narrowed focus was appropriate since this study was focused on one specific case study and not a meta-analysis of research papers. Secondly, motivation and organizational commitment have been recognized in research as having direct impact on employee performance, which was an outcome vital to measure and compare between the two performance appraisal systems investigated.

As presented above, the four different ratee reactions presented ultimately have an effect on motivation and/or organizational commitment. Previous research has identified that accuracy and understanding only affect employee motivation and that fairness and purposefulness affect both motivation and organizational commitment. Even though accuracy and understanding might also have a positive effect on organizational commitment, as the opposite has not been reported, this study has not assumed so because of the lack of theory providing solid evidence for such possible links. Therefore, this study only supposes that accuracy and understanding affects motivation, while fairness and purposefulness affect motivation as well as organizational commitment.

2.4.2. Factors of Ratee Reactions

In the following sections the four ratee reactions: perceived accuracy, purposefulness, fairness, and understanding are presented.

2.4.2.1. Accuracy

The first ratee reaction towards performance appraisal systems is perceived accuracy and it refers to how accurate and reliable ratees perceive the performance appraisal (Iqbal et al., 2014; Jacobs et al., 1980). Perceived accuracy is an important ratee reaction to include when studying the effects of performance appraisal systems since perceived accuracy is crucial to the acceptance and

use of feedback. If feedback is perceived as inaccurate by ratees, appropriate identification of development needs of employees will remain unrealized and subsequent opportunities for development will be inhibited. As a consequence, the employees' careers will not be enhanced. (Curtis et al., 2005) Research has identified that perceived accuracy of feedback is directly affecting the motivating properties of feedback. Hence, if feedback is inaccurate, employees will lack motivation to correct weak performance and develop unused potential. On the contrary, PA systems that are perceived as accurate enhance ratees' motivation to improve performance. (Roberson & Stewart, 2006)

As stated above, the perceived accuracy is a crucial determinant for the acceptance and use of PA and hence for creating motivation among employees. Since perceived accuracy is a subjective measure, it can be difficult to state what determinants it is influenced and affected by. Perceived accuracy can, however, be expected to be influenced by the same or similar measures used for determining "actual accuracy"³ of PA systems, which also have been investigated within the research area of PA. Such "actual accuracy" refers to the elimination of rating error and biases (Iqbal et al., 2014). According to theory, rating errors and biases can arise from a number of different factors (Curtis et al., 2005). There are three common reasons discussed for why raters (the most commonly discussed reason for inaccuracy) give inaccurate feedback and ratings. Firstly, time pressure, complex PA systems and forms, and lack of information about the ratee can affect the level of accuracy (Tziner et al., 2008; Walsh & Fisher, 2005). Secondly, inaccuracy can be a result of inflated feedback and ratings due to the rater's will to protect ratees from the consequences of negative feedback, avoid conflicts, or enhance his/her personal agenda (Curtis et al., 2005; Giles & Mossholder, 1990; Klimoski & Inks, 1990; Longenecker et al., 1987). Thirdly, feedback and ratings risk being less accurate and more lenient when they are obtained for administrative purposes than when they are obtained for developmental purposes (Decotiis & Petit, 1978; Ng et al., 2011; Tziner et al., 2001; Youngcourt et al., 2007).

2.4.2.2. Purposefulness

The second ratee reaction towards performance appraisal systems is perceived purposefulness and it refers to what the employees perceive the purpose of the PA process to be and how well the PA process is perceived to achieve those purposes (Iqbal et al., 2014; Youngcourt et al., 2007). The perceived purposefulness of appraisals is an important ratee reaction to include and investigate both since the perceived purpose of the PA system will affect processes and outcomes and also as the perceived purpose will influence the employee's motivation and attitudes towards the PA process (DeNisi et al., 1984; Williams et al., 1985; Youngcourt et al., 2007). Perceived purposefulness has also a positive effect on organizational commitment as a consequence of ratees feeling satisfied with rewards, the rating system, and/or the organization's willingness to invest in long-term development of its employees, i.e. feeling satisfied with either administrative or developmental purposes and outcomes (Iqbal et al., 2014; Tziner et al., 2001).

Perceived purposefulness is a crucial determinant for the acceptance and use of PA and hence for creating motivation and organizational commitment among employees. Since perceived purposefulness is a subjective measure, it can be difficult to state what determinants it is

³ "Actual accuracy" refers to objectively and quantitatively measured accuracy.

influenced and affected by. Perceived purposefulness can, however, be expected to be influenced by the same or similar measures used for determining “actual purposefulness”⁴ of PA systems. The most commonly researched purposes of PA are employee development and reward allocation, i.e. the developmental and administrative purposes of PA.

A strong link between administrative purposes, such as rewards, and subsequent effectiveness of PA has been identified in previous research (Bititchi et al., 2012; Lawler, 2003). This can be explained by equity and expectancy theory, which state that employees will perform corresponding to the rewards they receive for a specific level of performance (Chiang & Birtch, 2010; Kudisch et al., 2006). Results from previous research have shown that when PA systems have a strong link to administrative purposes, they are both taken more seriously by employees as well as being more effective (Harder, 1992; Lawler, 2003). This also brings that employees who experience that they are under-rewarded are likely to adopt a more selfish behavior as well as decrease their performance (Harder, 1992).

Even though much research has focused on the administrative purposes of PA, the developmental purposes of PA are considered to be among the primary purposes, as many researchers consider PA systems to be oriented towards developing and motivating employees rather than solely focusing on “measurement” (Cleveland et al., 1989; Nurse, 2005; Shrivastava & Purang, 2011). The effect developmental purposes can have on EPA can be explained by social exchange theory, which states that employees will try to reciprocate when they experience the organization to be enthusiastic about the development of its employees (Chiang & Birtch, 2010; Kuvaas, 2006; Youngcourt et al., 2007).

2.4.2.3. Fairness

The third ratee reaction towards performance appraisal systems is perceived fairness and it refers to how fair ratees perceive the PA (Iqbal et al., 2014). A positive ratee reaction towards perceived fairness of the PA process and feedback is important since it helps employees manage their uncertainty, as their belief in fairness gives them confidence that they cannot be exploited or excluded by the system (Van den Bos & Lind, 2002). As a consequence, perceived fairness will positively and directly influence ratees’ motivation to improve performance or develop unused potential (Roberson & Stewart, 2006; Taylor et al., 1995; Van den Bos & Lind, 2002). Perceived fairness in the PA process also holds an important place in organizations as it directly affects and enhances positive outcomes such as job satisfaction as well as organizational commitment (Roch et al., 2007; Shrivastava & Purang, 2011). The positive effects perceived fairness has on both motivation and organizational commitment therefore validate that it is in the best interest of the organization to maximize employees’ fairness perceptions (Roch et al., 2007).

Perceived fairness is a crucial determinant for the acceptance and use of PA and hence for creating motivation and organizational commitment among employees. Since perceived fairness is a subjective measure, it can, like the previous two measurement criteria, be difficult to state what determinants it is influenced and affected by. Perceived fairness can, however, be expected

⁴ “Actual purposefulness” refers to objective and real purposefulness.

to be influenced by the same or similar measures used for determining “actual fairness”⁵ of PA systems. Such “actual fairness” refers to ensuring justice in the performance appraisal systems through a set of rules and practices (Iqbal et al., 2014). Fairness of PA has generally been derived from equity theory (Dusterhoff et al., 2014; McDowall & Fletcher, 2004) and, furthermore, fairness has commonly been categorized into two different types of fairness; procedural and distributive fairness, which relates to the fairness of processes and the distribution of outcomes (Iqbal et al., 2014). Folger et al. (1992) suggest that the following three features should characterize a fair PA system:

1. Adequate notice: “Means that managers distribute and explain performance standards as well as provide regular and timely feedback on performance”
2. Fair hearing: “That an employee is provided with an assessment of his/her performance and an explanation of how the assessment was derived, as well as an opportunity to provide commentary”
3. Judgment based on evidence: “That managers consistently and without bias apply performance standards to all employees”

2.4.2.4. Understanding

The fourth and last ratee reaction towards performance appraisal systems is perceived understanding and it refers to how well employees perceive that they understand the performance appraisal process and the content of it (Giles & Mossholder, 1990). Perceived understanding is an important ratee reaction since perceived understanding of the connections between performance, appraisal, and valuable outcomes is vital for adding feelings of process control. According to process control theory, higher levels of perceived control will result in outcomes that are more favorable to the employee (Giles & Mossholder, 1990; Kavanagh et al., 2007). Furthermore, ratees are also more likely to accept the PA system and processes if they perceive they understand them and acceptance has been shown to be a critical variable in the generation of satisfaction with the PA system as well as motivation (Roberts, 2003). Perceived ratee understanding of objectives and the operation of the PA process, as well as involvement in the PA process, have been proved to create positive reactions towards the system and enhance employees’ motivation to perform (Chiang et al., 2010; Levy & Williams, 1998).

Perceived understanding is a crucial determinant for the acceptance and use of PA and hence for creating motivation among employees. Since perceived understanding is a subjective measure, it can be difficult to state what determinants it is influenced and affected by. It can, however, be expected to be influenced by the same or similar measures used for determining “actual understanding”⁶ of PA systems. Such “objective understanding” can be seen as consisting of several elements such as “clarity about the role of appraisals, understanding of performance objectives, and acceptance of those objectives” (Kavanagh et al., 2007, p. 132).

⁵ “Actual fairness” refers to objectively and quantitatively measured fairness.

⁶ “Actual understanding” refers to objective and real understanding.

2.4.3. Outcomes of Ratee Reactions

In the following section the two outcomes of positive ratee reactions; motivation and organizational commitment, are presented. Lastly, the connection between motivation/organizational commitment and performance is described.

2.4.3.1. Motivation

A first important outcome of positive ratee reactions towards the criteria of perceived accuracy, purposefulness, fairness, and understanding is motivation. Positive ratee reactions towards a PA system result in motivation since a system that is perceived as well-functioning by employees help employees to determine appropriate allocation of their resources, such as time and effort, or performance strategy. As a result, positive reactions towards a feedback system motivate desired positive behavior. (Roberson & Stewart, 2006)

The type of motivation resulting from positive ratee reactions, which ultimately results in performance, can be either extrinsic or intrinsic (Kuvaas, 2006). Extrinsic motivation refers to doing an activity because it leads to a separable outcome, such as monetary rewards (Ryan & Deci, 2000). Expectancy theory can explain extrinsic motivation since extrinsically motivated employees' motivation to exert effort is a result of their belief that a certain level of performance will result in certain valued outcomes, such as salary increases or other monetary rewards (Armstrong & Baron, 2000; Lawler, 2003; Kudisch et al., 2006). Intrinsic motivation refers to doing an activity because it is inherently enjoyable, satisfying, or interesting (Deci et al., 1989; Ryan & Deci, 2000; Vallerand, 1997). Intrinsic motivation can arise from positive ratee reactions as a result of systematic feedback, as it creates experienced responsibility of outcomes and perceived competence among employees (Kuvaas, 2006; Ryan & Deci, 2000).

2.4.3.2. Organizational Commitment

A second important outcome of positive ratee reactions towards the criteria perceived purposefulness and fairness is organizational commitment. Organizational commitment is an outcome of ratee reactions since research has showed that satisfaction with the performance appraisal system affects both organizational commitment and the intention to stay positively (Kuvaas, 2006). It is an important positive outcome of ratee reactions towards perceived purposefulness and fairness since participation behaviors as staying in the organization most likely will have a positive impact on employee and organizational performance (Kuvaas, 2006; Taylor et al., 1995).

Depending on what created the positive ratee reactions, three different types of organizational commitment can be the result according to the three-component model of organizational commitment (Powell & Meyer, 2004). The first type of organizational commitment is "continuance commitment" and refers to the function of perceived cost and benefits of staying in the organization (Powell & Meyer, 2004; Tziner et al., 2001). The second type of organizational commitment is "normative commitment" and it refers to a sense of obligation to stay in the organization, e.g. because the organization has invested in the employees and according to social exchange theory such investment can be repaid by staying and engaging in productive work behavior (Kudisch, 2006; Powell & Meyer, 2004). The third and final type of organizational

commitment is “affective commitment” and it refers to commitment resulting from the employee and organization having congruent goals and values (Pearce & Porter, 1986; Powell & Meyer, 2004; Roberts, 2003). Affective commitment will result in employees being willing to exert effort on behalf of the organization as well as staying in the organization (Pearce & Porter, 1986).

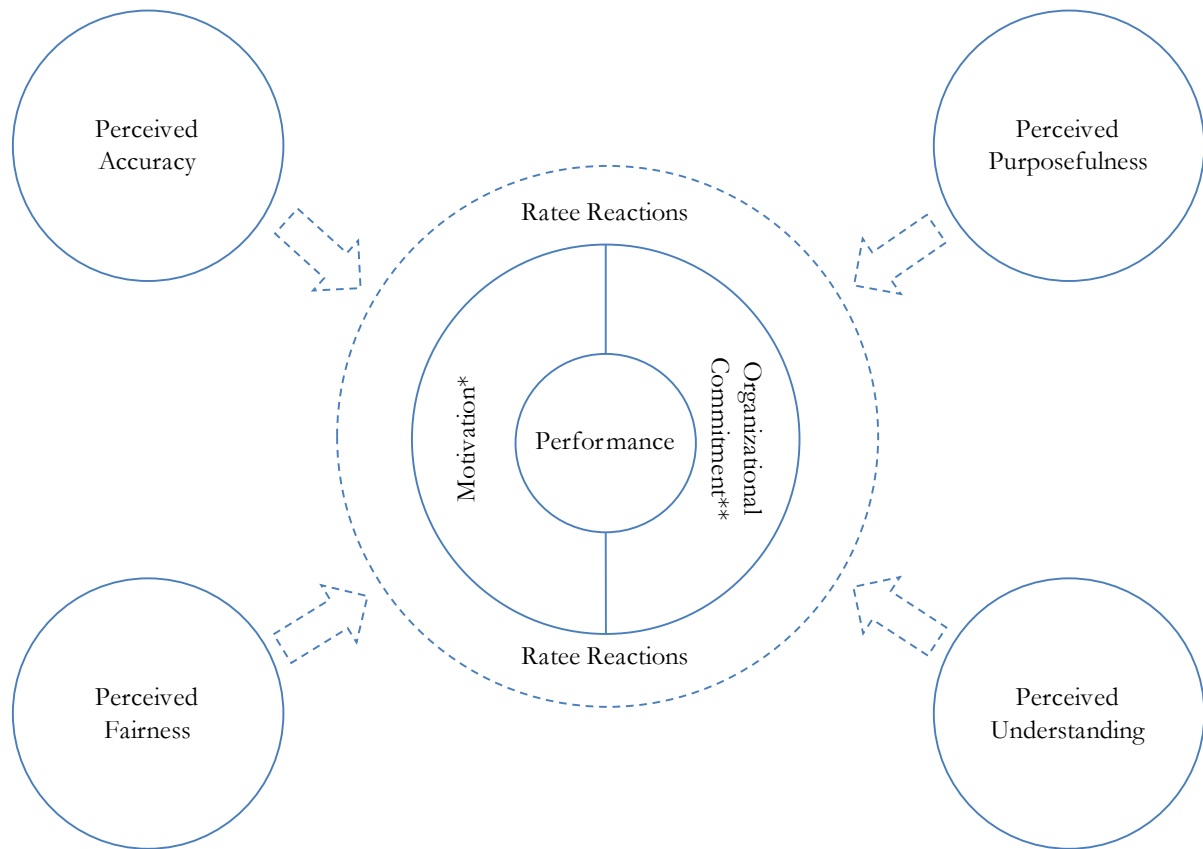
2.4.3.3. Performance

The purpose of performance appraisal is to increase individual employee performance. Employee satisfaction with the performance appraisal can therefore be expected to positively affect employee performance and hence also organizational performance ultimately (Kuvaas, 2006; Roberson & Stewart, 2006; Walsh & Fisher, 2005). Motivation and organizational commitment are both essential factors in creating and sustaining employee performance and ultimately organizational performance, as they both (as indicated in sections 2.4.3.1. and 2.4.3.2.) directly affect employee performance positively.

Employee satisfaction with perceived accuracy, purposefulness, fairness, and understanding of a PA system results in employee motivation to improve performance and develop unused potential as well as increases employees’ productiveness (Shrivastava & Purang, 2011; Taylor et al., 1995). Similarly, satisfaction with perceived purposefulness and fairness of a PA system results in organizational commitment among employees as well as participation behaviors such as staying in the organization, which in its turn has strong impact on employee effectiveness, productivity, and performance (Roberts, 2003; Taylor et al., 1995).

2.5. Summary of Theoretical Framework

The adapted framework builds on the measurement criteria of perceived accuracy, purposefulness, fairness, and understanding. It draws upon the relationships between those four criteria and ratee reactions as well as the relationship between ratee reactions and motivation and/or organizational commitment. Since motivation and organizational commitment are directly influencing employee and ultimately organizational performance, ratee reactions towards the four criteria can provide insights into how effective an appraisal system is in terms of creating performance (see Figure 1).



* Affected by perceived accuracy, purposefulness, fairness, and understanding

** Affected by perceived purposefulness and fairness

Figure 1. Adapted Theoretical Framework

3. Methodology

In this chapter, the research design and methodological choices of the study are outlined. Firstly, the research approach and choice of case study is explained. Thereafter, the process of the study, data collection and analysis are presented. As requested by the case company, all details and names are anonymous throughout the study. For that reason, company background and company-specific sources are kept anonymous and are illustrated only in a limited way.

3.1 Research Approach

Over the last decades, the evaluation and management of the effectiveness of appraisal systems has been thoroughly researched and new insights, albeit often only disconnected fragments of insights, have been presented (Iqbal et al., 2014). However, studies on the effectiveness of appraisal systems have previously not focused on or distinguished between different types of appraisal systems. The current shift from appraisal systems built on quantitative rating to systems built on qualitative feedback, observed within the consulting industry for example, therefore represents a more nascent part of the scientific area of performance appraisal. However, this part of the scientific area still builds upon the existing and well-researched area of performance appraisal effectiveness. If preexisting theoretical work is available but the theoretical work in a specific adjacent area does not exist or is nascent, researchers deal with what is called intermediate theory (Edmondson & McManus, 2007). The aim in those cases is to add new constructs and/or provisional theoretical relationships as well as new measures (Ridder & Hoon, 2009). As a result of the theory in this research area being assessed as in an intermediate state, a qualitative research approach was considered appropriate for this study.

In order to investigate the research questions, *How do different types of feedback, qualitative and quantitative feedback, affect employees' motivation?* and *How do different types of feedback, qualitative and quantitative feedback, affect employees' organizational commitment?* and to add to current scientific research done in the area of the topic, a qualitative and abductive research approach was chosen. A qualitative research approach was, firstly, appropriate for this study because of the intermediate state of the theory (Ridder & Hoon, 2009) and the aim to attain a deeper understanding and collect new information in order to contribute with new knowledge to the existing theory (Jacobsen et al., 2002; Andersen, 1998). Secondly, it was appropriate since a qualitative in-depth study allows for understanding the perspectives, actions, norms, and beliefs of respondents as well as for evaluating the relevance of preexisting theories and models (Yin, 2015; Friedland & Alford, 1991; Trost, 2010; Flick, 2009). The qualitative research approach therefore invited for the opportunity to shine new light on a phenomenon within a research area that has been studied extensively, which could result in the discovery of new connections and constructs that later could be further investigated using a quantitative approach. An abductive research approach was applied since analysis was conducted by combining preexisting theory with empirical findings and thereafter developing theory again in an iterative way. (Alvesson & Skoldberg, 2009; Bryman, 2002; Edmondson & McManus, 2007; Patel, 2003) The abductive method is an appropriate method for examining reality in an authentic way and for studies that, similar to this one, aim to identify explanations to why certain events occur in certain specific contexts (Flick, 2015; Patel & Davidsson, 2011).

A qualitative single case study was assessed as the most appropriate research approach for this study when evaluating the three conditions, presented by Yin (2014), to consider when choosing research method: 1) the type of research question posed, 2) the extent of control has over actual behavioral events, and 3) the degree of focus on contemporary events as opposed to entirely historical events. In the following section, the appropriateness of a single case study in relation to these three conditions will be further explained.

3.2 Case Selection

For this study, an explanatory case study was chosen as the appropriate research method to answer the research questions, as it was believed to have the best methodological fit with the research goal in several aspects. Firstly, this was because case studies are suitable for explanatory, qualitative research conducted within a research field of intermediate theory (Yin, 2014). Secondly, it was a preferred research strategy since the study's main focus was on a contemporary event in a real-life context and there was limited control over the behavioral events studied (Yin, 2014; Eisenhardt & Graebner, 2007). Lastly, it is suitable for studies, like this one, that build upon the collection of detailed and exhaustive data and through that aim to explain present circumstances regarding a social phenomenon through “why” and “how” questions (Yin, 2014).

3.2.1 Choice of a Single Case

Generally, there are two types of case studies – single case studies and multiple case studies (Yin, 2014; Andrade, 2009). In order to gain deep understanding of behaviors and experiences of employees at different levels within a firm having experience from both quantitative feedback and qualitative feedback, sufficient access had to be ensured. For that reason, as well as to be able to draw relevant conclusions in the somewhat unexplored field of this study, it was appropriate to focus on a single company and hence a single case study method was considered the most relevant. The single case study also contributes to a more comprehensive understanding of a studied phenomenon, which was vital for filling the identified research gap (Siggelkow, 2007).

3.2.2 Choice of Organization

Consulting is an industry that has always had a major focus on performance, both on an individual-, team- and, organizational level (Kubr, 2002). Performance feedback of different types, with multiple developmental and administrative purposes such as training, individual development, promotion, and salaries, is constantly given to individual consultants. Due to the perceived importance of these processes, it is an appropriate industry to conduct the study in. As the study aims to understand the difference in experiences and behaviors between two forms of performance feedback (quantitative and qualitative feedback), the chosen case organization needed to fulfill a number of criteria, 1) Offer consulting services, 2) Have fully established and continuous performance feedback processes at all levels within the organization, 3) Have experience from both quantitative and qualitative feedback processes.

The chosen company, in which the single case study was conducted, fulfilled all those criteria and was therefore an appropriate case for this study. The organization offers consulting services and has a history of performance feedback. Their recent removal of quantitative ratings for their first-

year and second-year consultants, thus only receiving the qualitative part of the feedback, provided the company with experience from both quantitative and qualitative feedback processes. Their situation enabled the researchers to gain a deep understanding of behaviors and thoughts regarding the differences between ratings and qualitative feedback. Besides the fulfilled criteria, relationships with key employees at the case company were established and in combination with the fact that the case company was interested in the topic and of the effects of the different types of feedback, access and openness from the case company were easily achieved.

3.2.2.1 Time Frame

Two alternative time frames to consider for case studies are discussed and presented by Voss et al. (2002) and Yin (2014); longitudinal and retrospective case studies. A longitudinal case study would have its advantages in that the change of feedback system could have been studied before and after the implementation and thereby cause and effect would be easier to determine (Leonard-Barton 1990). However, since the process of implementation and integration can take many years, a longitudinal case study was not possible to conduct because of the restricted time frame of this study. Instead, the phenomenon was studied retrospectively. This was appropriate because of the time frame of this study and the fact that studies have shown that participants in organizational processes do not forget significant events to the same degree as one might suppose (Huber, 1985). Informative retrospective data and an understanding of the situation before and after the implementation could be acquired through internal documentation and interviews with employees having experienced both processes of feedback (employees having received or given qualitative and/or quantitative feedback or, as in the case of counselors, having witnessed the reactions and actions of previous junior consultants receiving quantitative feedback as well as current junior consultants receiving only qualitative feedback). Since the implementation of the qualitative feedback for first-year consultants was only 1,5 years ago and only 6 months ago for second year consultants, memories collected retrospectively were adequately fresh and hence perceived reliable.

3.2.2.2 Anonymity

By request from the case company, names of both interviewees and the company will remain anonymous. Yin (2014) raises the question regarding whether case identities should be real (accurately identified) or anonymous (names of the entire case and/or its participants disguised). Because of the somewhat sensitive topic studied at the case company and the single case nature of the study, neither anonymity of the interviewees alone was sufficient nor was the anonymity of the company alone sufficient (Yin, 2014). Also for that reason, apart from the request from the case company, anonymity of both interviewees and the company were ensured. Anonymity is advantageous in this type of qualitative case studies since it minimizes the possibility of interviewees adapting their values and belief according to what they believe is appropriate. The information revealed about the company and the interviewees is, however, assessed as sufficient for the reader to understand the content and conclusions presented in this study.

3.3 Operationalization

The operationalization process of this study (see Figure 2) can be divided into two steps following the initial stage of mapping out the field of relevant theory that examines performance feedback, performance appraisal and ratings. In the first stage, information and documentation was collected about the case company, its processes, and initiatives that concerned the topic to be investigated. This information was mainly collected from internal sources within the company, but some information was also collected from external sources. Because of the nature of the topic, most internally collected information was classified. In the second stage of the operationalization process, the interview guides were developed building on knowledge gained from theory research and documented internal and external information. The interview guides were later iterated and the questions adapted in order to gain the most valuable insights about the topic studied (see sections 3.3.2.3.1-3.3.2.3.3).

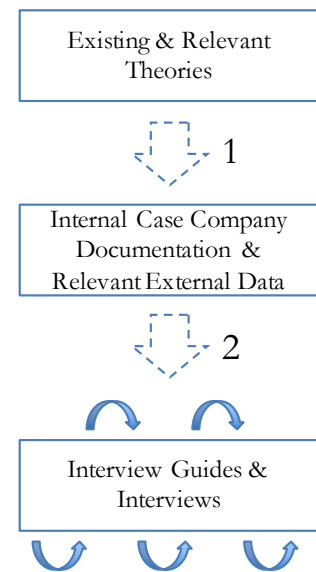


Figure 2. Operationalization process

This two-step operationalization was conducted to enhance the quality of the data collection by using two complementary techniques; reactive procedures in the form of interviews and non-reactive procedures in the form of printed documentation (Flick 2008). According to Ridder and Hoon (2009) complementary techniques entails “collecting data on the same construct from the application of techniques addressing different aspects of an issue” (p. 95) and it helps to draw additional inferences about a topic that otherwise would not have been obtained by solely relying on one single data source. The possibility to gain a more secure understanding of the topic and additional knowledge was hence systematically extended (Gephart, 2004).

3.3.1 Company Data

Most documented information used in this study consisted of internal and confidential documentation distributed by the case company. The documentation included internal presentations, intranet documentation and other texts that helped to gain a deeper understanding of the company, current feedback processes and related processes, goals and expectations on employees, and the reasoning behind the change from quantitative to qualitative feedback for first-year and second-year consultants. This type of information was also gained during the two first meetings at the company with the CEO, Managing Partner, and People Partner as well as during the interview with the HR Manager of the company (see Appendix 9.2). The internally gained information was complemented with information about the company and the industry from available external sources. This is because such external information could raise attention to other aspects that could be important to investigate further in the interviews.

3.3.2 Interviews

In the following section, the method for collecting the empirical data through the semi-structured interviews is presented and described.

3.3.2.1 Sample Selection

A total of 28 in-depth semi-structured interviews (see Appendix 9.2) were conducted at the case company, which is considered a sufficiently large sample for a qualitative study in order to ensure that the sample covers all important facets and variations of the studied topic (Bazeley, 2013; Elliott & Timulak, 2005; Guest et al., 2006). The People Partner of the consulting division provided names of interviewees after having been requested to provide a sufficiently large sample of randomly picked potential interviewees from each of the four subcategories first-year consultants, second-year consultants, senior consultants, and counselors. This was to ensure that employees from each of the following three groups were represented:

1. Employees only having received qualitative feedback
2. Employees only having received the combination of quantitative and qualitative feedback
3. Employees with experience from giving only qualitative or quantitative feedback or both

There are no employees who have only received ratings, as the consultants who receive quantitative feedback get ratings in combination with some qualitative feedback. Furthermore, equally many men as women would have to be represented on the list as well as all the Swedish consulting offices of the case company. The company complied with this and presented such a list with 40 potential interviewees in total, which corresponded to 10 interviewees from each of the four subcategories. The 40 interviewees were contacted by email and 30 interviewees, which represented 75 % of the asked employees, answered and booked an appropriate time for an in-depth interview. However, after approximately 25 interviews, the study was saturated in the sense that very little or no new information or insights were gained from the interviews. An additional three interviews were conducted in order to ensure that the study really was saturated, which it proved to be. For that reason, the last two interviews were cancelled and, in total, 28 interviews were conducted.

3.3.2.2 Interview Setting

19 of the semi-structured were conducted face-to-face at the Stockholm office of the case company. The other 9 interviews were made over telephone because of the geographical distance between the interviewers and the interviewees. The in-depth interviews lasted between 35-75 minutes and followed the same basic structure of the interview guides (see Appendices 9.3-9.5). The first two meetings and the interview with the HR Manager were also conducted face-to-face at the Stockholm office.

3.3.2.3 Semi-structured Interviews

The interviews conducted were semi-structured in-depth interviews. This was considered the most suitable interview method, firstly, since semi-structured interviews are appropriate for explanatory qualitative studies that aim to answer “how” and “what” questions (Edmondson & McManus, 2007; Miles & Huberman, 1994; Saunders et al., 2009). Secondly, semi-structured interviewing with open-ended questions is appropriate when the empirical data collected should consist of general information about a specific topic and when exploration of adjacent concepts and opinions are embraced (Gillham, 2005; Quader, 2007). Thirdly, it is a suitable method for this type of study, as it aims to gain deep insights, capture and collect interviewees’ personal interpretations and opinions in their own phrasing (Jacobsen et al., 2002; Saunders et al., 2009).

Three different interview guides were developed and used depending on if the interviewee had received only qualitative feedback, a combination of qualitative and quantitative feedback or if the interviewee had the experience from giving feedback in the role as a counselor. The same themes were covered in all three interview guides, but they differed somewhat depending on what type of feedback experience the interviewee had (see Appendices 9.3-9.5).

Interviewees' reactions towards the four measurement criteria; perceived accuracy, purposefulness, fairness, and understanding, were in some cases investigated through either asking direct questions or sometimes through asking indirect questions. Ratees' satisfaction with the accuracy and fairness of the PA system could for example be investigated by asking direct questions. Ratees' reactions towards the perceived purpose of the PA system and their perceived understanding of it were more difficult to investigate through asking direct questions and therefore were those criteria handled through asking questions that indirectly would generate insights about the ratees' reactions (see Appendices 9.3-9.5).

The interview guides used during the interviews had not been distributed before the interviews in order to enable spontaneous and true reactions and answers from the interviewees (Flick, 2009). Questions were posed in the same chronological order as described in the interview guides, however questions could vary somewhat and probing questions were sometimes asked in order to get the interviewee to develop his/her answer or reasoning. This method allowed for a deeper and more accurate understanding of the empirical data as well as the topic itself (Yin, 2014; Saunders et al., 2009).

3.3.2.3.1 Prestudy 1

A first prestudy with three interviewees was made to ensure that both the interview guides and technique were appropriate for answering the research questions. The three semi-structured interviews were made face-to-face with three interviewees, each one representing one of the three groups presented in section 3.3.2.1. Through these three representatives all three interview guides could be tested, both in terms of the outline and the understandability of the questions. After having gained more knowledge about the feedback system and the appropriateness of the questions asked, adaptations were made to the interview guides. These changes mainly concerned the phrasing of questions to make the questions clearer.

3.3.2.3.2 Prestudy 2

A second prestudy was made with three new interviewees in order to test the updated versions of the interview guides. In all three cases it became evident that the interview guides worked as intended, as the interviewees provided clearer and more developed answers and reflections. Hence, deeper insights about the topic studied could be obtained from the interviews. After the second prestudy no further changes were made to the interview guides or method.

3.3.2.3.3 Main Study

Since no changes were made after the second prestudy, the interviews of the main study were identical to the interviews of the second prestudy.

3.4 Data Documentation

The semi-structured interviews were documented in multiple ways. During the interviews one person was responsible for leading the interview while the other one was responsible for taking notes. All notes were stored digitally. All interviewees gave their permission to record the interview and hence all interviews were recorded with an interview recorder and later stored digitally. All interviews were discussed within 48 hours, but before the discussion the researchers first reflected upon the interviews individually in order to decrease the possibility of bias (Flick, 2009). Answers to key questions were then filled in into an Excel file used to create a simplified overview of the answers of the respondents. All interviews were also transcribed and since there is no single right way of transcribing interviews according to Silverman (2013), focus was on transcribing the more vital parts of the interviews, connected to the framework. The researchers believed this was an appropriate choice since all interviews had already been discussed, partially analyzed, and the important parts distinguished before the transcription process. This way it was possible to stay true to the conversation, but yet be pragmatic in dealing with the vast amount of collected data (Bazeley, 2013). Furthermore, all interviews were transcribed in the language spoken at the interview. Since most interviews were translated from Swedish to English, translation was conducted and checked by both interviewers in order to avoid possible misinterpretations of the answers (Flick, 2009).

3.5 Analysis

Because of the abductive method of this study, data collection and data analysis overlapped as they were done simultaneously during the process. However, the main work of the analysis was done after all 28 semi-structured interviews had been conducted and transcribed. Analysis of the empirical data was first done within each of the following four groups: first-year consultants, second-year consultants, senior consultants, and counselors. Data within each group was first codified and then followed by thematic analysis, which is a useful method for analyzing data in an under-researched area or when the opinions of the interviewees are unknown (Braun & Clarke, 2006). The thematic analysis was conducted through first having an open mind for any types of themes, in order to avoid that only specific themes were sought after by the researchers. Thereafter themes related to the theoretical framework, such as perceived accuracy, purposefulness, fairness, and understanding, were identified.

Through the coding and thematic analysis, group specific themes and patterns could be identified within each group before generalizing across the groups (Eisenhardt, 1989). Patterns were identified for each group by filling in interviewees' answers into an Excel document. As suggested by Voss et al. (2002), this way the data could be visualized and an overview of the collected data from each group could easily be obtained. In a second step the themes and patterns from each group could be compared to each other in order to identify common themes and patterns or areas where there were no common denominators or contradicting information. By organizing data according to the themes of the theoretical framework, conclusions could be drawn from the common themes and about the areas lacking a common denominator as well as the root causes for that.

3.6 Quality Considerations

In the following section, the quality aspects of the method are investigated and described. First the validity of the study is presented and thereafter reliability.

3.6.1 Validity

Construct validity tests to what extent correct operational measures were established for the concepts being tested in a study (Yin, 2014). Construct validity have been ensured in this study by using multiple sources of evidence (Voss et al., 2002; Yin, 2014), both empirical data from interviews and documented internal and external data. Emphasis has also been placed on establishing a clear and objective chain of evidence in order to ensure construct validity (Yin, 2014), by coding the data in a coherent way, then independently analyzing and categorizing the data, and later comparing it and doing it both researchers together.

Internal validity, appropriate for explanatory studies like this one, tests if a causal relationship has been established, i.e. that “certain conditions are shown to lead to other conditions” (Yin 2014, p. 181). In order to ensure internal validity, the possible problem of inference by the investigators was taken into account and handled during data analysis (Yin, 2014). It was conducted through ensuring that individual analysis by the researchers was first done and then followed by comparison of analyses in order to identify potential influences from researchers. Increased internal validity was also ensured by interviewing a broad sample of consultants from different levels and subunits within the company and from three different offices, as suggested by Eisenhardt and Graebner (2007).

External validity establishes the domain to which the findings of a study can be generalized (Yin, 2014). It is often difficult to ensure external validity of case studies since they rely on analytical generalization. However, considering the size of the case company, the academic and professional background of the employees, and the configuration of internal processes in general and the feedback processes in particular, the case company is in many ways comparable to other medium- to large sized international consulting companies. Therefore, it can be assumed that the findings at the case company as well as in this study is at least generalizable to other similar medium- to large sized international consulting companies.

3.6.2 Reliability

Reliability demonstrates to what extent the operations and findings of a study can be repeated and replicated by others with the same result (Yin, 2014). The primary goal of reliability is to minimize or avoid biased interpretation of data so that the study can be replicated (Silverman 2013). In order to ensure reliability in this study, both authors were present at all interviews, the data was coded coherently, and the findings were interpreted and analyzed first independently and later together (Bazeley, 2013). Reliability was additionally increased through conducting two prestudies with the aim to identify and remove potential interview questions that could create errors or biases in the main study (Flick, 2009). However, it is near impossible to remove all possible errors and biases from a qualitative case study since it reflects reality at a particular point in time, and that reality can change (Elliott & Timulak, 2005; Marshall & Rossman, 1989).

3.7 Methodological Limitations

A first limitation that follows as a result of the methodological research approach chosen for this study is related to the choice of a single case study. Even though a single case study was appropriate for the reasons stated above in section 3.2, it also comes with its limitations related to external validity and reliability, despite the researchers' best intentions and actions to increase the external validity and reliability. In order to ensure a higher level of external validity and reliability, a replication and/or multi-case study approach would have to be adopted.

A second limitation of this study is related to how the sample of interviewees was collected. The People Partner provided the list of interviewees and even though this person was provided with a number of requirements, the person's decisions could have been biased consciously or unconsciously. However, considering the large sample, the potential degree of bias is considered to not have been too extensive to have a profound effect on the results.

A third limitation of this study is related to the choice of a qualitative research approach and semi-structured interviews for collecting empirical data about a subject that could be interpreted as somewhat sensitive to some interviewees. In order to ensure valid and true data from the interviewees, it was important to build trust and understanding. However, this was only possible in a limited extent because of the limited amount of time spent with the interviewees. However, trust between the interviewers and the interviewees was aimed to be gained as quickly and to such a large extent as possible by conducting the interviews at the interviewees' office when possible, as that was an environment in which they would feel most comfortable. Secondly, in the cases where the interviews were conducted at the case company's office, the interviews were held in a remote and closed room. Thirdly, all interviews started off with general small talk followed by additional general questions about the interviewee and his/her position, tasks, and experience from working at the case company. This way a relaxed situation was created, which opened up for trust building. Lastly, trust was built through informing interviewees about the anonymity measures to be taken, both in terms of individual anonymity and organizational anonymity, already in the invitation to the interview. The interviewees were also reminded about the anonymity again at the interview. Despite the actions taken, it can be expected that some interviewees' answers were biased or dishonest to some extent. The researchers do, however, believe that a majority of those biased answers have been detected thanks to the large interviewee sample in combination with the interviewers' possibility to evaluate and interpret the answers from the interviewees face to face. A quantitative approach to this study would not have been preferred since it would not allow for creating trust and openness or avoid and detect biases or dishonest answers to the same extent as a qualitative study.

4. Empirics

In the following chapter the empirical findings of the study are illustrated. A brief description of the case organization, the career hierarchy as well as the case organization's feedback process, key instruments, and actors of the process is presented to outline the environment, followed by the empirical findings divided by the different hierarchical levels.

4.1 Introduction to the Case Organization

The company studied in this case study is a global as well as a big actor in the consulting industry in Sweden and the organization also offers other services than consulting. The Swedish consulting office of the organization employs approximately 400 employees, and they are all placed within different subunits. These subunits are organized according to what type of solutions that is offered. Consultants who work in the organization have all obtained a high academic degree with great results, most within engineering or business.

4.1.1 Hierarchical Levels of the Case Organization

The case company has eight predetermined hierarchical levels for its consultants (see Figure 3). These levels can be defined as: first-year consultant, second-year consultant, senior consultant, manager, senior manager, director, executive director, and partner. The company does not apply “up-or-out” but it does want its consultants to develop and move upwards in the hierarchy and work hard in order to achieve results. The number of years spent on each hierarchical level differs from consultant to consultant but almost all consultants move from first-year consultant to second-year consultant after a year and up to senior consultant after another year, so in total approximately two years on the two lowest levels in the hierarchy.

The managers, senior managers, directors, executive directors and partners who have been involved in our collection of empirical data will hereafter be categorized and labeled as one group, the counselors.

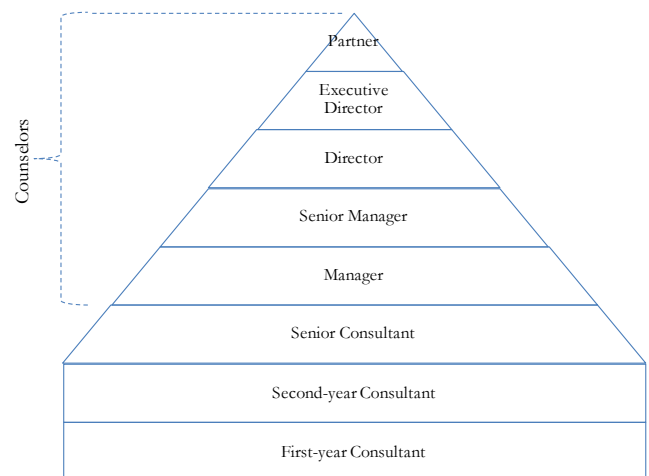


Figure 3. The Hierarchical Levels of the Case Organization

4.2 Feedback Process

Two types of feedback are present in the case organization. *Qualitative feedback* is a shorter text that is supposed to inform the consultant in detail how the feedback giver perceived his/her performance. It should contain achievements and strengths of the consultant, and improvement points for the future. *Quantitative feedback* is a number known as a rating that consultants receive in combination with some qualitative feedback. The rating rates the consultant's performance on a numerical scale and can be seen as a summary of the consultant's work compressed into one number.

4.2.1 Key Instruments and Actors of the Feedback Process

The different key instruments and actors of the feedback process are described, in the following order; the “expectations framework” of the case company, the personal development website, the rating system, the bonus system, and role description of a counselor and counselee.

4.2.1.1 Expectations Framework

The organization has a number of set expectations that are used to evaluate the performance of its employees. The “expectations framework” is divided into four categories⁷: customers & utilization, people values, quality, and operations. The four categories are all relevant regardless of the consultant’s level, however, the actual expectations vary and increase the higher up in the hierarchy the consultant is.

4.2.1.2 Personal Development Website

All consultants in the organization have their own log-in to a personal development website. The purpose of the website is to collect the consultants’ goal plan, self-assessments of prior project performance, and received feedback in one place. The consultants can request formal feedback from his/her project leaders and other colleagues through the development website and the formal feedback received is then placed and stored on the website. It thereby creates a place where the consultant can collect information on how to move forward to achieve goals and perform better in upcoming projects.

4.2.1.3 Rating System

Rating systems are rather common within the consulting industry. A rating system entails that the employees of the organization are rated on a numerical scale based on their performance. The case company uses a scale of 1-5 and the different ratings describe how the organization perceives different levels of performance (see Figure 4).

Rating Scale				
1	2	3	4	5
Performance below the expectations of the organization.		Performance equal the expectations of the organization.	Performance exceed the expectations of the organization	

Figure 4. Rating Scale

The consultants of the company receive ratings after each project and a final rating after the roundtable session, which summarizes the yearly performance of the consultant. The final rating is not only based on the project ratings received during the year, it is also dependent on the completeness of the individual’s goals as well as the performance of other consultants at the same hierarchical level within the same subunit. The final rating is dependent on other consultants’ performances as all final ratings are calibrated against each other during roundtable according to

⁷ As this information is confidential, the framework has been rephrased to ensure confidentiality and no further details can be revealed.

a forced curve. The forced curve entails that the organization cannot allocate final ratings freely to consultants as it limits the number of each rating that can be given.

4.2.1.4 Bonus System

All consultants except for first-year consultants are part of the bonus system and are entitled to a bonus every year. The bonus for each consultant is determined by a function that contains a number of multiples and factors that calculates the bonus for each individual consultant. Broadly, the bonus is dependent on two factors; the individual consultant's final rating and the organization's overall performance.

4.2.1.5 Counselor

The organization has implemented counselor-counselee relationships throughout the organization. A counselor is a more senior employee who helps a counselee (see section 4.2.1.6) within the same subunit. To become a counselor, the consultant needs to be on the manager level or above and in most cases a counselor has between 1-3 counselees simultaneously. The counselor has two responsibilities towards the counselee, (1) to help the counselee to develop and (2) to act as a supervisor. Within these responsibilities there are a number of tasks to fulfil as a counselor (see Figure 5).

Develop the counselee	Act as a supervisor
<ol style="list-style-type: none"> 1. Create and support a long-term relationship with the counselee 2. Give continuous coaching and feedback <ol style="list-style-type: none"> a. Collect additional feedback from project leaders 3. Manage the performance of the counselee; support in goal setting and formal feedback process <ol style="list-style-type: none"> a. Set goals in the beginning of the fiscal year b. Mid-year discussion c. Year-end and Roundtable session 	<ol style="list-style-type: none"> 1. Administrative responsibility regarding the counselee 2. Salary and grade communication 3. Information channel 4. Follow up on counselee's projects to optimize his/her utilization

Figure 5. Responsibilities of Counselors

4.2.1.6 Counselee

A counselee is, as stated above, an employee who receives help and guidance from a counselor. The counselee is in this relationship responsible for requesting formal feedback from his/her project leaders and other colleagues through the personal development site, so that the counselor can acquire an overview of the performance of the counselee.

4.2.2 The Formal Feedback Process

This section provides an overview of the formal feedback process in the case company. The activities of goal setting, receiving formal project feedback, mid-year review, and year-end review and roundtable sessions are outlined below.

4.2.2.1 Goal Setting

The formal feedback process is conducted on a yearly basis, equaling the fiscal year of the organization. It starts off in the beginning of the fiscal year when the counselee creates his/her goal plan together with his/her counselor. The goal plan should correspond to the expectations from the “expectations framework” and include individual goals based on the counselee’s interests and desired career path.

4.2.2.2 Receive Formal Project Feedback

Consultants can and should request feedback, through the personal development website, from the project leader after every finished project. This type of feedback can be requested for both external client projects as well as for internal projects.

When sending the feedback request, the consultant needs to write a self-assessment on the development site that the project leader gets access to before writing his/her project feedback. The self-assessment should include the consultant’s view of his/her contributions to the project, level of performance, and potential areas of improvement. The counselee should touch upon parts he/she wants formal feedback on, as the project leader usually uses the document as a foundation for the formal feedback he/she then gives. The purpose of having consultants writing project self-assessments before receiving project feedback is to assure that the project leader has a clear understanding of the consultant’s point of view on his/her performance and if there is a mismatch this should be discussed before the formal feedback is sent and registered on the site.

The formal feedback that the project leader writes is sent to the personal development site where the consultant later can access it. The feedback contains a rating and a detailed description of the consultant’s strengths, achievements, and improvement areas. All feedback in the personal development site is registered and cannot be deleted or changed by the consultant or the feedback giver after registration.

4.2.2.3 Mid-year Review

In the middle of the fiscal year, the counselor and counselee have an obligatory meeting where they discuss the feedback from the first six months of the year. They also review the goal plan in order to see what the counselee should focus on the last six months of the fiscal year in order to fulfil his/her goals. This is also an opportunity for the counselee to ask questions to the counselor regarding feedback from prior projects, as the counselor can act as a mediator between project leader and counselee.

4.2.2.4 Year-end Review and Roundtable Session

The year-end review is similar to the mid-year review between the counselor and counselee, but bigger in scope. The counselor reaches out to most of the project leaders, whom have given

feedback to the counselee during the year, in order to get a deeper understanding of the performance of the counselee. Similar to mid-year, the counselor and counselee meet to discuss the feedback and to summarize the year. They also go through the goal plan to see if the counselee has achieved the goals set in the beginning of the fiscal year.

Prior to these discussions with the counselor, it is up to the counselee to create a “business case” about himself/herself. The “business case” should summarize the key points regarding achievements and the performance of the counselee from the past year. The purpose of the “business case” is to give the counselor a good base of information before the counselor represents the counselee in the year-end roundtable session.

The roundtable session is a meeting where counselors and other senior colleagues meet to discuss the counsees’ performance of the past year. Counselors are responsible for representing their counselee(s) during these meetings, which entails to present the counselee, his/her feedback, achievements, and performance of the year. This is a fundamental part of the roundtable discussions. The counselors should also propose a final rating for the counselee. Thereafter, all counsees within the same subunit are compared in order to calibrate the final ratings since the ratings need to be allocated according to a forced curve. The final rating that is determined during the roundtable session ultimately affects the bonus and the salary review of the counselee. After the roundtable session, the counselor is responsible for getting back to the counselee with the results from the roundtable, which consist of the final rating, salary review decision, and a quick summary of the roundtable discussions.

4.2.4 Change in Formal Feedback Process

Recently, the organization decided that the more junior consultants need to get the chance to focus more on learning and developing in the beginning of their careers. In order to work towards a greater focus on these aspects, the company introduced a pilot, which would be launched in the Nordic countries to test the concept. The pilot was launched in the end of 2014 and involved that ratings for first-year consultants were removed. The first-year consultants would therefore only receive qualitative feedback after projects and no final rating would be calibrated or determined during roundtable sessions.

The thought behind the removal of ratings was that it would decrease the pressures experienced by first-year consultants, and thereby enable the consultant to solely focus on learning and professional growth. Removing ratings for the more junior levels was also an attempt to force project leaders to give more exhaustive qualitative feedback as they cannot give a rating and therefore need to describe the consultant’s performance in more detail. Other benefits the organization hoped would result from the pilot was encouragement of teamwork and removal of potential threats of internal competition between the consultants.

4.2.4.1 Step I of the Pilot

The pilot was launched and the ratings for first-year consultants were removed. As first-year consultants do not receive any bonus, the ratings did not have any administrative purpose as it does for other ranks in the organization. At this point in time, all other hierarchical levels

continued to have the same feedback process as before, i.e. receive both qualitative and quantitative feedback.

4.2.4.2 Step II of the Pilot

The company later believed it would also be beneficial for the first-year consultants to skip the ratings an additional year, which would involve removing ratings also for second-year consultants. With similar reasoning, the organization removed ratings for the second-year consultant level in the end of 2015, wanting the two first years to be a phase focused on learning and development for the consultants.

Second-year consultants, however, receive bonus, unlike first-year consultants, which means that the rating had an administrative purpose prior the change. The current solution to this is that all second-year consultants receive the same bonus, and it is therefore only dependent on the organization's overall performance.

4.2.4.3 Summary of the Changes in the Formal Feedback Process

The changes following the implementation of the pilot have had a number of effects on the feedback process, which are summarized in Figure 6.

Old Process		New Process
Project Feedback	All consultants: A combination of quantitative and qualitative feedback was given to all consultants.	First-year & second-year consultants: The intention is to give more exhaustive and detailed qualitative feedback. Consultants on levels above: Receive the 'old' combination of qualitative and quantitative feedback.
Mid-year Review	All consultants: Counselor and counselee discussed ratings, qualitative feedback of the past 6 months, and the set individual goal plan.	First-year & second-year consultants: Only qualitative feedback is discussed as well as the individual goal plan and the focus should now be on the consultant's improvement areas. Consultants on levels above: The mid-year review discussions are performed according to the old process.
Year-End Review & Roundtable Session		
Year-End Review	All consultants: Counselors and counsees meet to discuss the past year's ratings, qualitative feedback, and individual goal plan. The counselee needs to prepare a "business case" before meeting with his/her counselor, including feedback, ratings, and other information he/she wants to shed light on.	First-year & second-year consultants: Counselors and counsees meet to discuss the past year's qualitative feedback and individual goal plan. The counselee needs to prepare a "business case" before meeting with his/her counselor, including the qualitative feedback and other parts he/she wants to shed light on. Consultants on levels above: The year-end review discussions are performed according to the old process.
Roundtable Session	All consultants: Counselors represent the counselee in the roundtable sessions; highlighting his/her achievements, received ratings, performance, and a suggestion for a final rating. A final rating is decided during the session, after discussions and the calibration of all final ratings.	First-year consultants: Counselors represent the counselee in the roundtable sessions; highlighting his/her achievements, and performance. Purpose is to conclude if the counselee is on the right track or not. Second-year consultants: Counselors represent the counselee in the roundtable sessions; highlighting his/her achievements, and performance. Purpose is to conclude if the counselee is on the right track, ready for promotion and decide the counselee's potential salary raise. Consultants on levels above: The roundtable sessions are performed according to the old process.

Figure 6. Changes in the Feedback Process

4.3 Ratee Reactions Towards the Four Measurement Criteria

Four subcategories have been established for this study. The first-year and second-year consultants only receive qualitative feedback but they are separated as they have had different experiences in terms of when they gained the information about the change of feedback system and second-year consultants are part of the bonus system. Senior consultants obtain both ratings and qualitative feedback and the fourth hierarchical group, counselors, is the group that gives different types of feedback, both in their roles as counselors but also as project leaders. Their views on the feedback process and different types of feedback are structured according to the measurement criteria of the framework presented in chapter 2.

4.3.1 First-year Consultants

The first-year consultants are either recent graduates or have minimal years of work experience and the majority has worked at the case organization for approximately ten months. They only receive qualitative feedback.

4.3.1.1 Perceived Accuracy

The majority of the first-year consultants perceive the feedback they have received so far in their career to describe their performance in a correct way. They describe the feedback to be very relatable and they notice that the feedback giver has given feedback that is based on their performance during the project and nothing else.

4.3.1.2 Perceived Purposefulness

Depending on the type of feedback, the respondents identify different purposes. Firstly, the respondents see the main purposes of the qualitative feedback they receive to be increased development and learning, as the qualitative feedback entails suggestions and guidance on what they should improve on in order to develop and become better consultants for the upcoming projects. The majority of the first-year consultants think the purpose they stated is fulfilled through the current feedback process and the received feedback, as they receive a lot of formal feedback and guidance as juniors. However, the level of detail and scope of the formal qualitative feedback given varies from project leader to project leader. Many of the respondents think this is unfortunate since the purpose of the qualitative feedback thus is not always completely accomplished. The areas in which some respondents usually lack depth in is the areas of improvement, which all respondents perceive to be key and what they value the most. A few respondents believe this can be an effect of the fact that project leaders and other feedback givers are reluctant to providing “negative” feedback.

The respondents do not receive any quantitative feedback but have some knowledge about the organization’s rating system. The majority of first-year consultants believe the organization has the rating system as it helps the organization to compare consultants against each other as well as to gain a broad overview of the performance level of the organization’s employees. Also, a majority of the first-year consultants mentioned that ratings have an additional purpose; it helps the individual consultant to clearly understand how he/she is performing in comparison to others as well as to the expectations of the organization to a larger extent.

4.3.1.3 Perceived Fairness

The perceived fairness of the qualitative feedback is very high. All respondents mentioned that they think the feedback they receive is written in an objective way. However, even though all respondents said that they perceive the qualitative feedback to be fair, a few also revealed that they think the fairness can vary depending on who gives them the feedback.

“It also depends; it is very dependent on the person somehow. You can try to remove that and make it more process-dependent [...] but it will always be people who give feedback, it will always be about how much you connect with the person.” (Int_3)

Nonetheless, the general thought within the group of first-year consultants is that the feedback process and the qualitative feedback is as fair as the organization possibly can make it.

4.3.1.4 Perceived Understanding

The qualitative feedback is rarely unclear and the respondents find it filled with both general and detailed aspects that they can fully understand. If something would be unclear, it is always easy to have a discussion with the feedback giver to gain a complete understanding of the received feedback.

Even though the actual qualitative feedback is perceived to be very understandable, many of the respondents of this group feel uncertain about some parts of the formal feedback process. The biggest concern of the first-year consultants is the roundtable session. Many of them lack the desired transparency and thereby feel insecure about that specific part of the process. However, the first-year consultants also say that the insecurity regarding the roundtable sessions is still relatively low, as those sessions do not affect them too much at this stage when they only receive qualitative feedback and do not have to worry about decisions regarding final ratings, promotions, or bonuses.

4.3.2 Second-year Consultants

The second-year consultants have soon worked two years in the case organization. They have only received qualitative feedback as first-year consultants and were the first group of second-year consultants to only receive qualitative feedback. They receive a flat rate bonus after the fiscal year's end.

4.3.2.1 Perceived Accuracy

The second-year consultants are very satisfied with their qualitative feedback in terms of accuracy. They perceive the feedback they have obtained during their two years of employment to be concrete and accurate, and all respondents convey that they usually agree with the received feedback. A few consultants believe the process of writing a self-assessment to the project leader or feedback giver decreases the potential risk of inaccuracy. According to one respondent, this is because the self-assessment enables the two parties to understand each other better in the sense that feedback givers understand the perspective of the consultant, or vice versa, and thereby decreases the risk of disagreement or misunderstanding. If disagreement would occur, most

project leaders then initiate a discussion with the consultant to talk it through before posting the qualitative formal feedback on the development site.

4.3.2.2 Perceived Purposefulness

The respondents perceive the overall purpose of the feedback process to be to help the employees to develop and improve in their roles as consultants. Furthermore, they perceive the qualitative feedback to be key to fulfill this purpose. The general perception within the group of second-year consultants is that the qualitative feedback they receive somewhat fulfils that purpose. Although the consultants feel they develop through the qualitative feedback they get, they raised some aspects that could be improved in both the feedback process and the written feedback. Similar to the first-year consultants, the second-year consultants lack constructive feedback, including their individual areas of improvement and advice on how to improve, and wish to see more of this type of feedback in the formal process and/or receive it informally. They request constructive feedback since they think it will improve their professional selves and, according to all second-year consultants, development and being challenged in work situations were also two strong factors of motivation. Other suggestions brought up by the consultants for enhancing the development of the consultants, and thereby fulfilling the purpose to a higher level, were to have more continuous feedback in the formal process. One respondent would want to have weekly feedback meetings in order to fully consummate the purpose of the feedback process:

“The optimal situation would be if we would get feedback every week, so it would be more intertwined into our work. Not make such a big deal out of it, [...] make it a more natural part of our working process. Perhaps schedule weekly check-ins...” (Int_12)

Development and progress were not the only purposes brought up; a few of the respondents also mentioned that another purpose of the feedback process is to have a system for allocating monetary rewards of the organization. This purpose was however “eliminated” for second-year consultants when the quantitative part of the feedback was removed in the beginning of their second year, which the majority of the respondents on this level were disappointed with. Many of them saw the quantitative feedback as a way to excel and be able to understand on what performance level one was at compared to peers and the expectations of the organization.

“I don’t think it was the right path to take. We do work in a performance culture... [...] and if you then take away the opportunity to distinguish yourself from your peers then there are no incentives for working harder or doing that little extra that makes things go well.” (Int_8)

They also believe the quantitative feedback would have a strong motivational effect, which is something they miss with the qualitative feedback. The motivation does not only come from the monetary incentives in terms of a bonus linked to the rating, but the consultants also perceive the rating in itself to have a motivational effect:

“You want to get a ‘receipt’ on that you have done a good job, that would motivate me. Of course you want to have feedback on what you can improve and stuff as well, not only a grade, but yeah, I would feel more motivated by ratings.” (Int_12)

4.3.2.3 Perceived Fairness

Similar to the first-year consultants, the second-year consultants perceive the qualitative feedback to be fair in most cases. A few respondents, however, raised the issue that the fairness of the received feedback can differ depending on whom the feedback giver is. This variance is perceived to be very little and is not something that bothers the consultants much in the feedback process.

4.3.2.4 Perceived Understanding

After having worked in the organization for about two years, the consultants perceive themselves to understand the feedback process quite well. Many of them mention that going through the process really helped to understand the process in a better way than reading the process description. All respondents feel that the formal feedback they have received so far during their employment in the organization has generally been understandable and clear in its format.

Even though the second-year consultants state that they understand the feedback process, the majority of the respondents of this hierarchical level highlight that they do not fully understand the roundtable sessions. They lack transparency of the process and one respondent exemplifies this by stating:

“It’s like a black box.” (Int_13)

The process of the roundtable sessions is very vague to the second-year consultants and they do not know what the outcomes of these sessions will be. They also lack a clear understanding of the connection between the qualitative feedback and the outcomes of the roundtable sessions. The respondents perceived the roundtable sessions to be unclear during their first year as well and this was amplified after the case company decided to remove ratings for second-year consultants:

“What will happen now? Will our bonus be decided based upon qualitative feedback? ...I don’t know.” (Int_9)

Prior the change, the bonus of all consultants on this level was decided during the roundtable sessions and it was mainly based on a final rating. As the second-year consultants now only receive qualitative feedback, the respondents understand that some change in the decision-making process of bonuses for their level must have been done. However, what change has been or will be done is very vague to all respondents as no one fully understands how their bonuses will be determined.

“No I don’t know how it will work, I don’t even think they (the organization) know themselves what will happen as it is new for them as well.” (Int_7)

4.3.3 Senior Consultants

The senior consultants have worked a minimum of two years in the case organization. They receive both qualitative and quantitative feedback. They receive a bonus after the fiscal year’s end that is dependent on the final rating they receive after the roundtable sessions.

4.3.3.1 Perceived Accuracy

Senior consultants gain qualitative feedback with a rating attached to it and the general perception within the group is that the accuracy is very high. A number of them state that they have always gained qualitative feedback that is relevant and is based on their performance, and therefore feel that the qualitative feedback is as accurate as it can be.

However, the accuracy of the quantitative feedback is questioned by a few respondents. Firstly, a few senior consultants mention that they perceive the project ratings to be suffering from inflation, i.e. project leaders tend to give too high ratings to too many consultants. Secondly, a large part of this group of consultants perceives the final rating to be flawed in terms of accuracy due to the forced curve. This is because the final rating is not only calibrated based on their individual feedback and perceived performance but also related to their peers’ performance. It makes them feel helpless in the situation since they cannot fully control the outcome:

“It feels like a freaking lottery to be completely honest” (Int_19)

4.3.3.2 Perceived Purposefulness

All respondents perceived the primary purpose of the feedback process in general to be: to develop and improve the employees of the organization. In order to fulfil the perceived purpose, the respondents underline the importance of good and thorough qualitative feedback that touches upon both the consultant’s strengths as well as areas of improvement, which stipulates professional development.

The senior consultants are unified in their beliefs about the intended purpose of the feedback process, but disagree on if the current process fulfills it or not. Approximately half of the respondents comment on the fact that they would want to receive more constructive feedback in order to be able to do a better job, and avoid making the same mistakes twice. If the purpose is to develop the employees, then the feedback must include detailed information that can help the consultants to improve or else the qualitative feedback is perceived as quite useless by the senior consultants. The respondents believe this issue exist due to a fear of giving negative feedback and the will of project leaders to be perceived as nice people:

“It feels like people are afraid of giving constructive feedback and point out things one could have done better.” (Int_16)

“Many try to be nice and that’s not good. The worst thing is when someone is just trying to be nice. [...] Personally, I want people to be tough and give me recommendations on how to improve, that is what I take with me [from feedback] and can use” (Int_18)

In combination with the qualitative feedback, the senior consultants receive a rating and some of the respondents mention that this type of feedback has a completely different purpose than the qualitative feedback. The majority said the rating system helps the organization to compare the consultants and thus reward high-achievers. Furthermore, it adds guidance and structure to the organization’s way of distributing bonuses, promotions, and salary revisions. One respondent also believed that the purpose of the quantitative feedback is to motivate the employees to perform and do their best. The other respondents did not mention anything similar about motivation being one of the purposes of quantitative feedback, but the majority of the senior consultants perceived the rating to be very motivating in their work life.

“It gives motivation [...] people are used to striving for high grades and are very competitive...the rating itself is a ‘motivator’ and a tool for motivation, which the employer can use in order to get the best out of its employees” (Int_17)

4.3.3.3 Perceived Fairness

The general perception of the feedback process amongst the senior consultants is that it is fair. The qualitative feedback is perceived fair since it usually contains detailed information about how the project leader interprets the performance of the consultant. The project ratings are also seen as fair but the majority of the respondents notes that the final ratings can improve in terms of fairness.

According to the senior consultants, the final rating they receive after the roundtable sessions is based on a number of factors; project ratings from the fiscal year, degree of goal achievement, the roundtable members’ general perception of the consultant, and utilization. The utilization of the consultant describes how many hours he/she has been able to charge a client, so it is a way of measuring how much of the consultant’s time that has been allocated to projects for client. Senior consultants perceive the main reason for an unfair rating to be the utilization factor in the equation. The consultants feel that utilization is valued a lot higher than the other factors in the equation of determining the final rating and hence results in a sense of receiving an unfair rating in the end and that other positive aspects of the consultant’s work have been neglected. One respondent also mentions a feeling of helplessness, as one is not always able to affect one’s own utilization:

“Our rating is based a lot on utilization. Maybe one doesn’t say it is in public, but in general it is kind of the utilization that determines what rating you get in the end. And it is not always super easy to influence what utilization you get as a relatively junior resource. I don’t choose my projects myself; I get in on projects when people ‘take me in’. Personally, I think that gets quite weird, that I am mostly measured on something I can’t really influence.” (Int_20)

4.3.3.4 Perceived Understanding

After having worked in the organization for a number of years and going through the feedback process in the organization multiple times, the general perceived understanding of the process is high within the group of senior consultants. Many of the respondents state that they perceive the qualitative feedback to be concrete and easily understood. If any questions arise, they initiate a discussion with the feedback giver in order to get an additional explanation.

The majority of the respondents perceive the quantitative feedback to enhance their understanding of the qualitative feedback they receive after projects as it does not leave any room for interpretation like qualitative feedback otherwise can do. The different ratings equal a certain level of performance and they can therefore get a clear understanding of the feedback giver’s overall perception of their performance.

4.3.4 Counselors

Counselors are consultants on the higher levels of the hierarchy (manager to partner) and have many years of work experience within the consulting industry. They usually work as project leaders or similar and are therefore often the feedback givers to consultants working on their projects. In addition to being the most common feedback givers to consultants, they also act as counselors to consultants on more junior levels.

4.3.4.1 Perceived Accuracy

The qualitative feedback given within the organization is perceived to be accurate according to the counselors. However, the accuracy of the feedback is not perceived to be flawless. A few respondents raise the fact that they feel ratings are subjective to a certain extent. Two counselors state that the organization suffers from project rating inflation while a couple of other respondents perceive the final rating to be the inaccurate part of the rating system, mostly caused by the forced curve. One counselor expressed the issue of inflated project ratings accordingly:

“As project leader setting a too high project rating, it then means the consultant is super happy, you avoid having a tough discussion and you increase the chances of that person wanting to work with you again. [...] So it has happened that many get 4:s and 5:s as their project ratings” (Int_27)

4.3.4.2 Perceived Purposefulness

Development of the consultants was the unanimous answer from all counselors concerning the purpose of the feedback process. They perceive that this purpose should be fulfilled by the qualitative feedback the consultants receive since the feedback should include the accomplishments of the consultant as well as areas of improvement.

Having the belief that the qualitative feedback should develop consultants, the counselors do not perceive the qualitative feedback to fully fulfil the purpose today. They see a number of improvement points that could develop the feedback process and the majority discuss the need for more continuous and exhaustive feedback, either through the formal process or given on a more informal basis.

“I’ve gotten feedback like: Good job! High five! Then I just get pissed; that’s useless feedback” (Int_22)

Another issue half of the counselors highlight is an existing fear of giving constructive feedback amongst some of the feedback givers, which some of them have also encountered themselves:

“It is also about the fact that people don’t give “negative” feedback since they are afraid of how people will handle it” (Int_28)

One of the mentioned reasons for removing quantitative feedback for first-year and second-year consultants, according to the human resource department, was to force project leaders to become more detailed in the qualitative feedback. Unfortunately, the majority of the counselors do not see any differences or enhanced quality in the qualitative feedback given to the first-year and second-year consultants today. One consultant expressed it accordingly:

“When we say that we want qualitative feedback now, does that mean we didn’t have it before? We should always have had it (qualitative feedback), regardless of receiving quantitative feedback or not. And I don’t think we have received more qualitative feedback now after the feedback process change...” (Int_25)

The main purpose of the quantitative feedback, brought up by the counselors, was to create transparency and structure in the promotion-, incentive-, and salary systems. Rating is perceived amongst the respondents to be a relatively good tool for comparing consultants against each other but it also helps the individual consultant to understand how he/she performs in comparison to others and the expectations of the organization. Additionally, half of the respondents also stated that the rating system increases motivation and a number of these respondents have also seen decreased motivation in the more junior groups after the ratings were removed:

“The rating triggers a competitive aspect, one pushes oneself more. [...] Many here are competitive people and are driven by being the best and it is hard to meet that driving force if you only receive qualitative feedback.” (Int_22)

“It (removal of ratings) makes the consultants lazier if I’m allowed to say so. When I was more junior one didn’t say no to anything, you did everything. [...] I kind of miss that hunger and extra drive in today’s junior consultants. I figure that is one of the big changes that occurred.” (Int_28)

4.3.4.3 Perceived Fairness

The counselors perceive the qualitative feedback to be very fair as it forces project leaders to really think and reflect about the performance of the consultant before giving feedback. The ratings are not as fair as the qualitative feedback according to most counselors, which is why they think the first-year and second-year consultants perceive the feedback and the feedback process to be more fair than the rest of the consultants in the case company.

The project ratings are seen as subjective but the counselors do not explicitly say that the fairness suffers because of it. It is more about the fact that it makes the ratings inaccurate as stated in section 4.3.4.1. However, half of the respondents highlight the perceived injustice in the process of determining the final rating of consultants. They believe the issue lies in how some factors are valued higher than others, and most of them mention the utilization factor. The utilization has a great effect on the final rating according to the counselors and is sometimes perceived as being the only factor for determining the final rating:

“It (rating) can entail a lot of stress kind of, especially if you are in a situation where you can’t influence your rating that much, examples of that is when there are periods where you are in-between projects and you go without a project for a very long time, then it is hard to get a high final rating even if you have performed super well on the projects you actually have done.” (Int_21)

4.3.4.4 Perceived Understanding

The majority of the counselors have a very deep understanding of the entire feedback process, both as consultants have gone through the process numerous times and as counselors when representing their counselees. They also think the qualitative feedback given to consultants is clear, concrete and easily understood.

Furthermore, some of the respondents believe the understanding of the qualitative feedback enhances or becomes clearer in combination with a rating. They see the rating as a tool for helping the consultant to understand how the different parts of the qualitative feedback are valued against one another, hence it works like a “weighted average”.

“I would say that it (rating) helps with the understanding. (...) If you get both good and ‘negative’ feedback the rating helps to weight them against each other. If you get a five, then you understand that the ‘negative’ part was very small.” (Int_23)

Even though the counselors perceive that they understand the feedback process very well, they think the counselees do not share the same perceived clarity. Many of the respondents mention that they think and/or have heard their counselees or other consultants on lower levels perceive the roundtable sessions to be very vague and unclear.

4.3.5 Summary of the Four Hierarchical Groups in the Case Organization

The employees’ thoughts and perceptions about the qualitative and quantitative feedback and the feedback process have been summarized in Figure 7.

	Process	Qualitative feedback	Quantitative feedback
Perceived Accuracy	Majority of the respondents perceive it to be accurate.	Majority of the respondents perceive it to be accurate.	Within the two groups, senior consultants and counselors, who have experience from quantitative feedback perceive it to be less accurate than qualitative feedback due to calibration made to follow the forced curve.
Perceived Purposefulness	Majority of the respondents perceive the overall purpose of the process to be development and learning	All respondents see the purpose of qualitative feedback to be development. Some consultants, mostly on higher levels in the pyramid, perceive that the purpose of the current qualitative feedback is not fulfilled due to lack of continuous feedback, lack of constructive feedback, and fear of giving ‘negative’ feedback.	All respondents perceive the purpose of quantitative feedback to facilitate comparisons, both on organizational and individual level. Different types of comparisons can be made; peer-to-peer or consultant vs expectations of the company. The more senior groups also mention the strong motivational force the quantitative feedback has on consultants.
Perceived Fairness	Majority of the respondents perceive it to be generally fair.	All respondents perceive the qualitative feedback to be fair.	The two groups that have experience from quantitative feedback do not perceive the final rating to be as fair as the qualitative feedback, as it puts too much emphasis on the utilization parameter.
Perceived Understanding	The understanding of the process increases the more senior the respondent is due to the number of years of experience with the process. Many of the first-year and second-year consultants mention that they do not understand the roundtable sessions and they describe it as a ‘black box’.	All respondents perceive the qualitative feedback to be clear and understandable.	The majority of the senior consultants and counselors perceive the ratings to enhance the overall understanding of the qualitative feedback as it weighs the positive and negative parts of it against each other.

Figure 7. Summary of the Four Hierarchical Groups

5. Analysis

In the following chapter, the empirical findings are merged with the theoretical framework to investigate the research questions; how different types of feedback affect employees' (1) motivation and (2) organizational commitment. First, the effects of the different types of feedback on employees' motivation are analyzed. Thereafter the effects of the different types of feedback on employees' organizational commitment are analyzed.

5.1 Motivation

Analysis of the effects on motivation are conducted separately for the two types of feedback; qualitative and quantitative feedback, that are present in the case organization and that have been reviewed in this study.

5.1.1 Qualitative Feedback

At the case company, the respondents do not perceive there to be any issues with the qualitative feedback in terms of accuracy and fairness. According to theory, this should have a positive effect on employees' motivation to improve performance or develop unused potential (Roberson & Stuart, 2006; Van den Bos & Lind, 2002).

Employees believe that the overall purpose of the feedback process is development and that the organization's intention is to secure a feedback process that facilitates consultants' professional development. From the qualitative feedback, the consultants hope to receive feedback that will accelerate their personal development and growth, as it is something they express that they get motivated by. However, the consultants do not perceive that they receive a desired level of valuable outcomes from the qualitative feedback they obtain since they seek more constructive feedback. Constructive feedback is, however, less commonly obtained at the case company since many project leaders are perceived by ratees as somewhat afraid of giving 'negative' feedback, as they probably prefer to avoid conflicts and fear it might affect their future professional relationship with consultants. These fears of project leaders can be a potential explanation to the ratees' perception of scarce constructive feedback. The consultants not being fully satisfied with the qualitative feedback does not enable the level of motivation that could be extracted from the qualitative feedback in the case company, supporting the logics of equity theory, expectancy theory, and social exchange theory presented by Harder (1992), Chiang and Birtch (2010), Kuvaas (2006), Youngcourt et al. (2007). Additionally, project leaders' avoidance of constructive feedback might risk the qualitative feedback being lenient and hence less accurate (Curtis et al., 2005). However, the interviewed ratees have not expressed that they have observed that type of inaccuracy and it can therefore be expected to neither affect their perceived accuracy, nor their motivation, in a negative way.

The consultants perceive that they understand the qualitative feedback they receive, but the majority of the more junior consultants have a limited understanding of the roundtable sessions. According to process control theory (Kavanagh et al., 2007), it is important that employees understand the process, as it is key for creating a feeling of being able to control the process and thereby create more favorable outcomes. Such feelings, in their turn, lead to positive ratee reactions and increased motivation. However, the first-year consultants do not perceive their lack

of understanding of the roundtable sessions as a major issue since they do not receive any outcomes from it other than a summary of their project feedback. Therefore, the motivation of the first-year consultants is not affected by the perceived lack of understanding of the roundtable sessions. The motivation of second-year consultants is on the other hand more likely to be affected negatively due to perceived lack of knowledge about roundtable sessions. This is because perceived lack of knowledge reduces the perceived control of highly valued outcomes from the roundtable sessions, such as bonus, salary revision and potential promotion.

5.1.2 Quantitative Feedback

The perceived overall purpose of the quantitative feedback process is employee development but the perceived purpose of the ratings is to allocate rewards, create motivation and enable peer-to-peer comparison. The consultants appreciate this type of feedback since they receive outcomes they consider valuable from the ratings, such as monetary rewards but also recognition for their achievements. They value the rating itself, but since most consultants describe themselves as very competitive persons, whom get motivated by competing with other consultants for high ratings, they also find the rating to have a comparative value. Since the workforce perceive that they receive very valuable rewards from the quantitative feedback process, which in its turn results in positive ratee reactions and motivation, the findings support the theory presented by Bititchi et al. (2012) and Lawler (2003).

However, ratees perceive the current process of quantitative feedback to be neither fair nor accurate. To some extent, project ratings are suffering from inflation as a result of project leaders' tendency to give too high ratings to too many consultants in order to avoid giving 'negative' feedback and cause a potential conflict with ratees. This tendency could potentially be explained by the fact that feedback risk to be less accurate and more lenient when it is obtained for administrative purposes, such as bonus, salary, and promotions, which is the case for the ratees receiving quantitative feedback (Decotiis & Petit, 1978; Tziner et al., 2001; Youngcourt et al., 2007). The final rating is also perceived flawed due to the forced curve used for calibrating all ratings in the end of the year, as it results in consultants receiving lower ratings than they expect. Consultants perceive this inaccurate and unfair and it can be explained by the logics of equity theory, as the ratees perceive to not receive the outcomes they deserve for the effort they invested into the work (Dusterhoff et al., 2014; McDowall & Fletcher, 2004). Another problem with the final ratings is the amount of emphasis placed on consultants' utilization percentage of the year, which the respondents perceive to be unfair as it is a factor they might not always be able to influence. Thus, the quantitative feedback suffers from both perceived procedural unfairness because of too much emphasis on utilization and distributive unfairness because of the forced curve (Iqbal et al., 2014). Additionally, the consultants perceive that they do not understand what occurs during the roundtable sessions and refer to it as a 'black box' and a lottery in which no one knows what the outcome will be. This clearly reduces their perceived understanding of the entire feedback process.

The empirical findings of ratees' perceived inaccuracy, unfairness and lack of understanding of the PA process should according to theory result in decreased motivation (Dusterhoff et al., 2014; McDowall & Fletcher, 2004; Iqbal et al., 2014; Greenberg, 1990). However, the opposite has been observed and expressed by the consultants, as the ratings rather have a positive effect on

the motivation of ratees. The empirical findings of the study, regarding quantitative feedback and its effects on employee motivation, thus go against the theories of the theoretical framework. Regardless of the consultants' opinions of the quantitative part of the feedback and the acknowledged issues of the process, they still get very motivated and push themselves harder because of the rating. This is further supported by the fact that some project leaders perceive the more junior consultants to be less motivated now as they do not receive ratings anymore, especially when it comes to putting in extra effort or staying some extra hours at the office to do some additional work.

The study thereby confirms, through the responses from the individual consultants as well as the counselors, that ratees get motivated by quantitative feedback regardless of how the actual process is perceived in terms of accuracy, fairness, and understanding.

5.2 Organizational Commitment

The analysis of the effects on organizational commitment is separated for the two existing types of feedback; qualitative and quantitative feedback.

5.2.1 Qualitative Feedback

The consultants perceive the qualitative feedback to be purposeful since they want to know how they are performing on a more detailed level as well as get concrete suggestions on what to improve for the future in order to develop as a consultant. Since this also is the perceived purpose of this type of feedback, organizational commitment is created. The findings in the case organization also support the logics of social exchange theory (Kudisch, 2006), as organizational loyalty and an obligation to perform are created through qualitative feedback due to consultants feeling support and engagement from the organization in their personal development. There are different types of organizational commitment, which are described in the three-component model of commitment (Powell & Meyer, 2004), and the qualitative feedback creates two types of commitment: normative and affective commitment. Normative commitment is created as consultants feel that the organization is investing in their development and careers by ensuring that project leaders give qualitative feedback at the end of each project. Affective commitment is created since ratees perceive that they share the same goals as the organization, with the shared goal being development of consultants.

Furthermore, the qualitative feedback given in the case company is perceived to be fair by the ratees, which directly affects and enhances the positive view of the organization (Roch et al., 2007; Shrivastava & Purang, 2011). This in its turn also has a positive effect on organizational commitment (Roch et al., 2007).

5.2.2 Quantitative Feedback

The perceived purpose of quantitative feedback (allocate rewards, create motivation and peer-to-peer comparison) is perceived as fulfilled by the ratees in the case company. The consultants are therefore satisfied with the PA system of quantitative feedback, which has a positive effect on organizational commitment (Iqbal et al., 2014; Tziner et al., 2001).

Consultants do, however, not perceive the rating system to be optimal in its current form. They perceive it unfair in some situations and thus feel the organization is not managing the quantitative feedback system in an appropriate way. The consultants do not appreciate the process of calibrating final ratings to fit the forced curve since it sometimes results in them feeling that they do not get the final rating they deserve. They also perceive the organization to place a too large emphasis on the utilization parameter when calibrating the final ratings. Since perceived fairness of PA processes creates organizational commitment (Roch et al., 2007; Shrivastava & Purang, 2011), unfair feedback processes would be expected to not create organizational commitment.

6. Discussion

This chapter further discusses the findings and presents answers to the research questions and describes how the two types of feedback affect motivation, organizational commitment, and ultimately the performance of consultants. An additional finding of the study that goes beyond the immediate research questions is also presented.

The purpose of the study was to address the research gap of how different types of feedback affect employees. The following research questions were therefore aimed to be answered:

- *How do different types of feedback, qualitative and quantitative feedback, affect employees' motivation?*
- *How do different types of feedback, qualitative and quantitative feedback, affect employees' organizational commitment?*

The motivation and organizational commitment of employees, resulting from employee satisfaction with the PA system, have a direct link to employees' performance, as stated in section 2.4.3.3, and are therefore important factors to consider when analyzing PA systems. The answers to the research questions, which are presented in this section, have been structured according to the two studied types of feedback, qualitative and quantitative feedback.

6.1 Qualitative Feedback

The qualitative feedback has a positive effect on employees' motivation. The consultants perceive that the qualitative feedback provides guidance in how they can develop further as consultants. However, they request a higher degree of constructive feedback, as they perceive that type of feedback to be key to their development curve. Not receiving the amount of constructive feedback requested by the consultants therefore inhibits the level of motivation that could have resulted from more constructive qualitative feedback.

The qualitative feedback has a positive impact on the organizational commitment of the consultants, as stated in section 5.2.1, as they feel the organization is committed to and is investing in the consultants' individual development by having a qualitative feedback process.

As the consultants are generally satisfied with the qualitative feedback, it creates motivation and organizational commitment, which has a direct positive effect on employee performance and finally organizational performance (Kuvaas 2006; Roberson and Stewart 2006; Walsh and Fisher 2005). The core purpose of having a PA system is to increase individual employee performance, which the case organization fulfills to a certain extent with the qualitative feedback, but in order to increase performance even more, they need to ensure that the qualitative feedback contains more of what the consultants perceive they are missing - constructive feedback. That way more motivation can be created.

6.2 Quantitative Feedback

The quantitative feedback process has a positive motivational impact on the consultants even though they perceive it to be inaccurate, unfair, and feel that they have a lack of understanding of the process, which goes against the existing theory in the field. As this phenomenon cannot be

explained by the theoretical framework built on the existing theory within PA systems and expected employee reactions, additional theory was necessary for understanding and explaining the motivation that resulted from the dissatisfaction with the rating system.

Identity work theory and theory about how past behavior can predict future behavior can instead be used to explain the phenomenon observed. Identity work refers to individuals' constant efforts to shape a relatively coherent personal self-identity. Self-identity constitutes of social identities and is being created within different contexts of people, cultures and discourses. (Watson, 2008) Individuals can, for example, develop a sense of self-identity associated with different degrees of social status and membership to different social groups (Gill, 2015). Consultants at the case company share a similar academic background since they all have obtained a university degree with great academic results. The achievement of getting top grades from a top university creates an identity associated with feelings of being part of the social elite and having a high social status. The identity of social status and elitism the consultants acquired during their academic years can further be explained by the competition present at those top universities. This is because a sense of status is often acquired in contexts when individuals compete against each other and a pecking order of different levels of social status results from it (Marshall, 1998). The consultants' self-identity was further reinforced when being hired by a well-known management consulting firm, as these firms are known for only hiring highly educated, intellectual, and competitive people (Alvesson & Robertson, 2006).

The study by Ouellette & Wood (1998) indicates that past behavior can be used in order to predict future behavior. This is because past behavior has either become a habit or the positive outcomes of a certain past behavior are desired, which increases the intention to consciously and continuously adopt the same behavior. This theory can be used to further explain why the consultants at the case company perceive it to be important to receive high ratings, as they through that action can uphold their self-identity of elitism similar to what they did during their university studies by achieving high grades. The consultants' belief that acquiring high ratings will maintain their status and self-identity, as it comparably did during their studies, explains why consultants perceive the quantitative feedback (i.e. ratings) to be motivating, despite the fact that it is perceived unsatisfactory in several aspects. Additionally, theory states that extrinsic rewards, such as financial rewards, are important symbols of elitism (Alvesson & Robertson, 2006). This further supports the reasoning behind why consultants perceive the rating system to be motivating, as receiving financial rewards are associated with elitism and supports the consultants' self-identity.

Quantitative feedback can also create organizational commitment if the employees are satisfied with the process in terms of purposefulness and fairness. As mentioned in section 5.2.2, the consultants perceive the quantitative feedback to fulfill its purpose but the process is perceived to be unfair. The perceived purposefulness therefore creates organizational commitment but the perceived unfairness results in decreased organizational commitment. Taking these two results together, it can be assumed that no or little organizational commitment results from the quantitative feedback process. However, with this said, consultants receiving ratings can still be organizationally committed by other factors or processes of the organization, but not through to the rating system itself.

Since the quantitative PA system motivates the consultants, but creates no or very little organizational commitment, the performance of the consultants is in total positively influenced, as well as the organizational performance ultimately.

6.3 Additional Findings of the Study

From the study, an additional noteworthy finding was found that is beyond the chosen theoretical framework and research questions, hence it is presented separately.

6.3.1 Counselors' Opinion on the Current Feedback Processes

The counselors, in general, have a lot of opinions regarding the current PA system, i.e. both the qualitative and the quantitative feedback process. They raise a number of issues, such as inflated project ratings, overemphasis on utilization percentage when determining the final rating, the need for more exhaustive qualitative feedback, and the need for addressing the issue of project leaders' fear of giving negative feedback. These raised issues indicate that the counselors are not satisfied with how the current feedback processes are conducted. There are, however, a paradox in this is since their criticism is ultimately and actually criticism towards themselves, as they themselves are the project leaders and therefore also the feedback givers that they are criticizing. They are the writers of the qualitative feedback that, according to themselves, could be more exhaustive and contain more constructive feedback. They are the ones rating the project performance of the consultants, while they at the same time highlight the issue of the ratings being inflated.

As project leaders and feedback givers, they are the group of employees who have the most impact on how positive the feedback processes are perceived, but in this context they rather blame "the other project leaders" or the system itself by stating that they, as independent actors, actively think about these issues when giving qualitative and quantitative feedback and therefore do not contribute to the problems of the processes themselves. The findings support the theory of Argyris (1991) stating that management consultants have problems with critically reviewing their own behavior and identifying the ways they, often unconsciously, contribute to the organization's problems, which they do as feedback givers. This is because they have rarely encountered failure in their careers and therefore feel threatened by anything that could lead to a sense of failure. The counselors do not have any problems with critically analyzing structures, processes or others as long as it does not affect them as individuals (Argyris, 1991). This explains why the counselors leave themselves out of the discussion and instead accuse "the other project leaders" and the systems to be what need to change in order to solve the problems of the feedback processes.

These findings indicate that organizations cannot simply focus on potential flaws of the PA system itself or believe that a new PA system will resolve the problems of the current systems, as the project leaders have a big impact on both the input and the outcomes of the feedback processes. The current behavior and actions of the project leaders need to be improved if the issues of the qualitative and quantitative feedback processes are to be solved and performance further increased.

7. Conclusion

This chapter aims to conclude the thesis by outlining the main contributions, discussing the practical contributions, and raising areas for further research.

7.1 Main Contributions

Previous research has focused on studying the field of EPA quantitatively, this study has shed light on this research area of performance appraisal from a qualitative perspective and has there through made a contribution to the existing field of theory of the topic. Furthermore, this study deepens the understanding of how ratee reactions affect EPA and subsequent employee performance by differentiating between qualitative and quantitative forms of feedback.

The first contribution of the study is related to the qualitative research approach which has enabled an understanding of the underlying reasons why the employees react differently to different measurement criteria, such as accuracy, purposefulness, fairness, and understanding, and hence perceive PA systems differently. A second contribution to existing theory is related to the relationship between employee satisfaction towards PA systems and the created motivation/organizational commitment. Previous research that has investigated this relationship has focused on supporting that there is a direct link between the two factors but focused less on how the two parts can affect each other. The findings of this study demonstrate that the level of employee satisfaction does not have to equal a matching level of motivation or organizational commitment. This has been observed in this study in the case of the qualitative feedback process, as the consultants are generally satisfied with the qualitative feedback process but do not perceive that they experience an equal level of motivation as a result of their satisfaction.

The third and final contribution of this study is a new perspective on existing theory within PA, enabled by the chosen qualitative method as well as the systematic differentiation between qualitative and quantitative forms of feedback. The findings demonstrate that consultants become motivated by quantitative feedback even though they perceive it to be inaccurate, unfair, and have a lack of understanding of the process. These findings contradict the existing theory in the field as well as the theoretical framework of this study. This in its turn provides evidence and a foundation for questioning fundamental assumptions of existing theories and frameworks of PA and employee reactions towards PA systems. In addition to these findings, the study has also contributed with a potential explanation and understanding of why this phenomenon might be.

7.2 Practical Contributions

This study adds new information and insights to practitioners, whom perceive that previous research have lacked valuable practical knowledge. A first practical contribution of this study is related to the current trend of businesses exchanging quantitative (rating) PA systems to qualitative systems. Many of these organizations might take for granted that the implementation of a qualitative PA system automatically will result in increased employee satisfaction and subsequent increased performance but it is crucial that the qualitative feedback is of high quality and exhaustive enough for the consultants to fully grasp on what level they perform in order for it to have an equal motivational effect as ratings.

The second practical contribution refers to the impact the project leaders have on the performance appraisal system. The findings of this study indicate that organizations need to understand that performance cannot simply be increased by changing PA system or by making adaptations to an existing one, but rather gain an understanding of the role and the impact the feedback givers have on the effectiveness of these processes. This understanding is important since the feedback givers play a vital role in any PA system, as they provide the actual feedback the consultants receive, which in its turn has a great impact on employee reactions towards the PA system.

7.3 Areas for Further Research

The qualitative single-case research approach to this study opens up for new areas of research as well as new research approaches for studying the same or similar phenomenon. Adjacent areas of research, such as what effects cultural and nationality aspects of an organization have on ratee reactions towards different types of PA systems and the subsequent effectiveness of the system, would be of interest for achieving a deeper understanding of what fundamental factors impact ratee reactions and how they differ. Because of the intermediate theory within the researched area and the qualitative approach of this study, quantitative studies addressing the same research gap would be of interest for further research. This is because the quantitative approach for evaluating ratee reactions towards different types of performance appraisal systems could possibly bring new interesting insights to add to this qualitative study.

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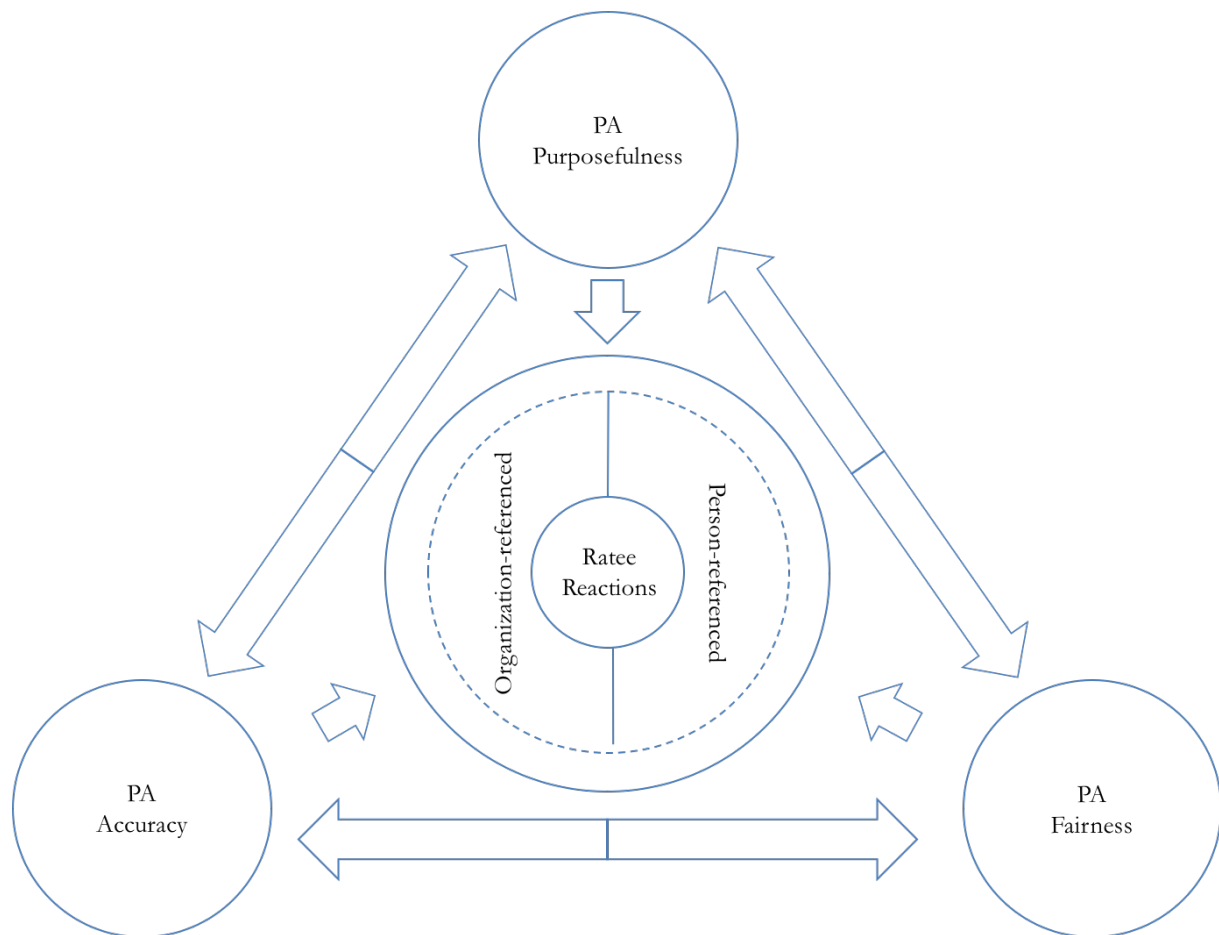
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9. Appendices

Appendix 9.1 Iqbal et al. Framework of Effectiveness of Performance Appraisal



Appendix 9.2 List of Interviews

Position	Code	Type of interview	Date
CEO	Meet_1	Collect information	10-02-16
Managing Partner, People Partner, HR Manager	Meet_2	Collect information	19-02-16
HR Manager	Meet_3	Collect information	01-03-16
First-year Consultant	Int_1	Pilot study 1 +data	18-03-16
First-year Consultant	Int_2	Data	21-03-16
First-year Consultant	Int_3	Data	22-03-16
First-year Consultant	Int_4	Data	23-03-16
First-year Consultant	Int_5	Data	29-03-16
Second-year Consultant	Int_6	Pilot study 2 +data	18-03-16
Second-year Consultant	Int_7	Data	24-03-16
Second-year Consultant	Int_8	Data	24-03-16
Second-year Consultant	Int_9	Data	24-03-16
Second-year Consultant	Int_10	Data	29-03-16
Second-year Consultant	Int_11	Data	01-04-16
Second-year Consultant	Int_12	Data	04-04-16
Second-year Consultant	Int_13	Data	05-04-16
Senior Consultant	Int_14	Pilot study 1 + data	18-03-16
Senior Consultant	Int_15	Pilot study 2 + data	18-03-16
Senior Consultant	Int_16	Data	22-03-16
Senior Consultant	Int_17	Data	24-03-16
Senior Consultant	Int_18	Data	29-03-16
Senior Consultant	Int_19	Data	04-04-16
Senior Consultant	Int_20	Data	05-04-16
Counselor	Int_21	Pilot study 1 + data	18-03-16
Counselor	Int_22	Pilot study 2 + data	18-03-16
Counselor	Int_23	Data	21-03-16
Counselor	Int_24	Data	21-03-16
Counselor	Int_25	Data	23-03-16
Counselor	Int_26	Data	01-04-16
Counselor	Int_27	Data	04-04-16
Counselor	Int_28	Data	06-04-16

Appendix 9.3 Interview guide for Main Study Category First-year & Second-year Consultants

1. Introduction

- a. Introduction of thesis topic
- b. Information about anonymity
 - i. Company anonymity
 - ii. Interviewee anonymity, internally and externally

2. Introduction of the interviewee

- a. How long have you worked in the organization?
- b. What forms of feedback have you received during your career at the organization?

3. Introductory questions

- a. Can you describe how you receive feedback during a fiscal year?
 - i. Formal process
 - ii. Informal process
- b. What do you perceive to be the key purpose(s) of feedback?
- c. Do you perceive these purposes to be fulfilled by the feedback process at the organization?
- d. Why, why not?

4. Feedback process

- a. Does the feedback process give you valuable information about your performance and improvement areas?
 - i. In what way?
 - ii. Does one type of feedback give you more value than the other?
- b. How well does the qualitative feedback reflect your performance?

5. Perceived fairness of different forms of feedback

- a. Do you perceive the qualitative feedback given to consultants to be fair? Why/Why not?

6. Perceived accuracy of different forms of feedback

- a. Do you perceive the qualitative feedback given to consultants to be accurate? Why/Why not?

7. Understanding of feedback and feedback process

- a. Is the qualitative feedback you receive clear and understandable?
- b. How often do you need to ask questions regarding the received feedback?
- c. Is the entire feedback process clear and understandable to you?

8. Improvement areas of the feedback process

- a. Do you feel that you get enough qualitative feedback?
- b. How could the current feedback process be improved?
 - i. In terms of qualitative feedback?
- c. Do you feel that you would benefit from having quantitative feedback as well?
 - i. Why/Why not?

9. Thoughts regarding the recent change of removing ratings for first-year consultants and second-year consultants

- a. What information did you receive about the feedback process of the organization?

- i. How was it communicated?
- b. Did you receive information about the pilot involving removal of ratings for first-year and second-year consultants?
 - i. How was it communicated?
- c. What was your initial reaction when you received the message that quantitative feedback was removed for first-year and second-year consultants? Why?
- d. Why do you believe they removed the quantitative feedback for first-year and second-year consultants?
- e. What would have been the primary benefits and drawbacks for you if you would receive quantitative feedback as well?

10. Motivation

- a. What do you get motivated by?
 - i. Why?
- b. Does the qualitative feedback affect your motivation?
 - i. How?
- c. Do you think your motivation would be affected by quantitative feedback?
 - i. How?

11. Counselor-counselee relationship

- a. How often do you see your counselor?
- b. How does the counselor help you in your work life?
 - i. How helpful is that?
 - ii. Is there something you would want to add/have more help with from your counselor?

12. Engagement from the organization

- a. How engaged are the counselors in the organization in their role as counselors?
 - i. In what ways?
- b. How engaged is the organization in creating a good feedback process?
 - i. In what ways?

13. Opinions about quantitative feedback

- a. What do you perceive to be the primary benefits and drawbacks for the individuals who receive quantitative feedback? Why?
- b. What do you perceive to be the primary benefits and drawbacks for the organization that gives quantitative feedback? Why?

14. Opinions about qualitative feedback

- a. What do you perceive to be the primary benefits and drawbacks for the individuals who receive qualitative feedback? Why?
- b. What do you perceive to be the primary benefits and drawbacks for the organization that gives qualitative feedback? Why?

Additional questions for second-year consultants

- a. Have you been informed about how the bonus system will work for you?
 - i. How?
- b. What are your thoughts on the bonus system for consultants without quantitative feedback?
- c. How does this change of bonus system make you feel?

Appendix 9.4 Interview guide for Main Study Category Senior Consultants

1. Introduction

- a. Introduction of thesis topic
- b. Information about anonymity
 - i. Company anonymity
 - ii. Interviewee anonymity, internally and externally

2. Introduction of the interviewee

- a. How long have you worked in the organization?
- b. What forms of feedback have you gained during your career at the organization?

3. Introductory questions

- a. Can you describe how you receive feedback during a fiscal year?
 - i. Formal process
 - ii. Informal process
- b. What do you perceive to be the key purpose(s) of feedback?
- c. Do you perceive these purposes to be fulfilled by the feedback process at the organization?
 - i. Why, why not?

4. Feedback process

- a. Does the feedback process give you valuable information about your performance and improvement areas?
 - i. In what way?
 - ii. Does one type of feedback give you more value than the other?
- b. How well do the qualitative and quantitative feedback reflect your performance?
- c. How does the quantitative feedback contribute to the feedback you receive?

5. Perceived fairness of different forms of feedback

- a. Do you perceive the qualitative feedback given to consultants to be fair?
Why/Why not?
- b. Do you perceive the quantitative feedback given to consultants to be fair?
Why/Why not?

6. Perceived accuracy of different forms of feedback

- a. Do you perceive the qualitative feedback given to consultants to be accurate?
Why/Why not?
- b. Do you perceive the quantitative feedback given to consultants to be accurate?
Why/Why not?

7. Understanding of feedback and feedback process

- a. Is the qualitative feedback you receive clear and understandable?
- b. Is the quantitative feedback you receive clear and understandable?
- c. How often do you need to ask questions regarding the received feedback?
- d. Is the entire feedback process clear and understandable to you?

8. Improvement areas of the feedback process

- a. Do you feel that you get enough quantitative feedback?
- b. Do you feel that you get enough qualitative feedback?

- c. How could the current feedback process be improved?
 - i. In terms of qualitative feedback?
 - ii. In terms of quantitative feedback?

9. Thoughts regarding the recent change of removing ratings for junior consultants and consultants

- a. What was your initial reaction when the changes were announced? Why?
- b. Do you see any differences in how the first-year consultants and second-year consultants behave and work today after the change was implemented compared to before when all hierarchical levels had quantitative feedback?
 - i. If yes,
 - 1. How?
 - 2. To what extent?
 - 3. What do you believe are the key factors to this change of behavior?

10. Motivation

- a. What do you get motivated by?
 - i. Why?
- b. Does the qualitative feedback affect your motivation?
 - i. How?
- c. Does the quantitative feedback affect your motivation?
 - i. How?

11. Counselor-counselee relationship

- a. How often do you see your counselor?
- b. How does the counselor help you in your work life?
 - i. How helpful is that?
 - ii. Is there something you would want to add/have more help with from your counselor?

12. Engagement from the organization

- a. How engaged are the counselors in the organization in their role as counselors?
 - i. In what ways?
- b. How engaged is the organization in creating a good feedback process?
 - i. In what ways?

13. Opinions about quantitative feedback

- a. What do you perceive to be the primary benefits and drawbacks for the individuals who receive quantitative feedback? Why?
- b. What do you perceive to be the primary benefits and drawbacks for the organization that gives quantitative feedback? Why?

14. Opinions about qualitative feedback

- a. What do you perceive to be the primary benefits and drawbacks for the individuals who receive qualitative feedback? Why?
- b. What do you perceive to be the primary benefits and drawbacks for the organization that gives qualitative feedback? Why?

Appendix 9.5 Interview guide for Main Study Category Counselors

1. Introduction

- a. Introduction of thesis topic
- b. Information about anonymity
 - i. Company anonymity
 - ii. Interviewee anonymity, internally and externally

2. Introduction of the interviewee

- a. How long have you worked in the organization?
- b. How many counselees do you have at the moment?
 - i. On what hierarchical levels are the counselees?
- c. How long have you been a counselor?

3. Introductory questions

- a. What do you perceive to be the key tasks as a counselor?
- b. What do you perceive to be the key purpose(s) of feedback?
- c. Do you perceive these purposes to be fulfilled by the feedback process at the organization?
 - i. Why, why not?
- d. Do you have experience of working with counselees who receive only qualitative feedback and counselees who receive the combination of quantitative and qualitative feedback?
 - i. If yes,
 - 1. Are there any differences in the counselees reactions dependent on the form of feedback? If so, what are the differences?

4. Counselees' processing of different forms of feedback

- a. How do you perceive the counselees to process quantitative feedback?
- b. How do you perceive the counselees to process qualitative feedback?

5. Perceived use of different forms of feedback

- a. How do you perceive the consultants use the qualitative feedback?
- b. How do you perceive the consultants use the quantitative feedback?
- c. Does any of the different forms affect the motivation of the counselees? If yes, how?

6. Perceived fairness of different forms of feedback

- a. Do you perceive the qualitative feedback given to consultants to be fair? Why/Why not?
- b. Do you perceive the quantitative feedback given to consultants to be fair? Why/Why not?

7. Perceived accuracy of different forms of feedback

- a. Do you perceive the qualitative feedback given to consultants to be accurate? Why/Why not?
- b. Do you perceive the quantitative feedback given to consultants to be accurate? Why/Why not?

8. Improvement areas of the feedback process

- a. How could the current feedback process be improved?

- i. In terms of qualitative feedback?
- ii. In terms of quantitative feedback?

9. Engagement from the organization

- a. How engaged is the organization in creating a good feedback process?
 - i. In what ways?
- b. How engaged are the counselors in the organization in their role as counselors?
 - i. In what ways?

10. Thoughts regarding the recent change of removing ratings for junior consultants and consultants

- a. What was your initial reaction when the changes were announced? Why?
- b. Do you see any differences in how the first-year consultants and second-year consultants behave and work today after the change was implemented compared to before when all hierarchical levels had quantitative feedback?
 - i. If yes,
 - 1. How?
 - 2. To what extent?
 - 3. What do you believe are the key factors to this change of behavior?

11. Opinions about quantitative feedback

- a. What do you perceive to be the primary benefits and drawbacks for the individuals who receive quantitative feedback? Why?
- b. What do you perceive to be the primary benefits and drawbacks for the organization that gives quantitative feedback? Why?

12. Opinions about qualitative feedback

- a. What do you perceive to be the primary benefits and drawbacks for the individuals who receive qualitative feedback? Why?
- b. What do you perceive to be the primary benefits and drawbacks for the organization that gives qualitative feedback? Why?