THE IMPORTANCE OF FEEDBACK IN THE ORGANISATION’S DEVELOPMENT PROCESS

Made Torokoff
University of Tartu Pärnu College

Introduction

In the knowledge-based economy new ideas and models of thinking serve as a basis of organisational vitality. How to reveal people’s talents and make maximum use of them aimed at achieving the organisation’s main goal. Managers want to see efficient processes and proof of personal growth. One of the opportunities is to increase intellectual capital via organisational learning and efficient feedback.

Carrying out appraisal and development interviews is still in an early phase in the Estonian companies. The present article focuses on these issues. The article is divided into three parts, the first part looks at the general plan of the development process, the second deals with the learning organisation process in an organisation, and the third underlines the importance of feedback and appraisal interviews.

This article provides an overview with the aim to specify the role of the feedback system and its importance in maximising added value of the organisation.

The general plan of the development process

Organisation development is a long-term effort to improve an organisation’s ability to cope with the environment and solve problems (Schermerhorn, 1996:448). According to Richard Beckhart’s definition in R. W. Griffin’s book (1996:364), organisation development is “an effort planned, organisation wide, and managed from the top to increase the organisation effectiveness and health through planned interventions in the organisation’s “process”, using behavioural science knowledge”. The description of the essence of the development process and its techniques in this source is limited to listing behavioural methods, which cannot be considered sufficient from the viewpoint of a strategic mindset.

Staff development and an organisation’s strategic capabilities also fit in with the concept of development. To clarify the present usage we should here add the definition of “strategic”. H. Mintzberg (1999) uses the phrase “strategy process”. An agent of change is perceived to introduce changes (Schermerhorn, 1996), in some sources the function is delegated to the so-called central manager (Siimon, Vadi, 1999).

In this particular context, organisation development as a process may include a number of changes. Development as a concept is wider than change and they overlap only partly. Steps taken in the course of a development process do not always yield the planned results, i.e. uncontrollable reactive changes in the organisation are likely to occur. Consequently, the launch of a development process presumes the organisation’s members’ ability to cope with a succession of changes, while managers are presumed to have the skills and ability needed to manage processes. As
a whole it requires learning ability on all levels – individual and collective, i.e. organisational learning.

Organisational learning and knowledge creation

“Organisational learning” and “knowledge creation” are basic concepts used to describe an organisation’s ability to cope with change. The word “learning” comes from an Indo-European word *leis*, a noun meaning “a path” or “furrow”. Learning thus acquires the meaning “gathering experience by following a particular path and presumably for the whole life” (Senge, Kleiner, Roberts *et al*. 2003:61). Learning is also defined as “the detection and correction of errors”. “Error is mismatch: a condition of learning and matching is a second condition of learning” (Argyris, 1976). Researchers have identified distinct systematic levels of learning: zero, single loop, double loop and triple loop learning (Argyris, 1977; Georges, Romme, Witteloostuijn, 1999). The learning level is zero when the organisation is not able to take corrective action in reply to a change. “Single loop learning occurs when matches are created, or when mismatches are corrected by changing actions. Double loop learning occurs when mismatches are corrected by first examining and altering the governing variables of the actions” (Argyris, 1999). The mistake is to “define learning too narrowly as mere problem solving …”. It is a reflection of how people “think – that is cognitive rule” (Argyris, 1999). Triple loop learning concerning “structures and strategies for learning” is a relevant “overall learning infrastructure” as well as “competences and skills to use this infrastructure”. All types of learning and “particularly triple loop learning are concerned with structural patterns”: mental maps, facilitating structures, etc (Georges *et al.*, 1999).

Professor I. Nonaka (1991) describes the experience of the Japanese companies like Honda, Canon, Matsushita and others in knowledge creation. The Japanese management “puts knowledge creation exactly where it belongs: at the very centre of a company’s human resources strategy”. He advocates the view of dynamic interaction between tacit and explicit knowledge and develops the SECI model of “spiral evolution of knowledge conversion and self-transcending process” (Nonaka, Konno, 1998). The SECI model serves as an outline for knowledge creation as a spiral process via four phases. The model’s name is an acronym of the following processes:

1. socialisation – sharing tacit knowledge between individuals;
2. externalisation – translation of tacit knowledge into explicit knowledge;
3. combination – conversation of explicit knowledge into a useable form;
4. internalisation – conversion of explicit knowledge into practice, “learning by doing”, i.e. new tacit knowledge.

The team in a smaller organisational structure has a common reflected object, it is more homogenous as well, compared to larger structures. That would mean more direct (joint) shared experience and a more immediate reflection of the object (company).

Organisational learning mostly originates from a company’s internal and external environment, business processes, resources, knowledge, etc. and also serves as cognitive mapping. A cognitive map is defined as “mental constructs which we use to understand and know our environment” (Spicer, 1998).
Consequently, learning has the characteristics of a process as well as of infrastructure and of mental origin and these form the three different dimensions of organisational learning and organisation development. Therefore it may be claimed that new knowledge creation is realised in an interaction of

- main processes,
- learning (sometimes partly training) and
- mental systems

providing a framework for organisation development (Mets, 2002). The feedback system has an important place in the process of the organisation development and both have a strong mutual impact (Figure 1).

![Figure 1. Framework for organisational development and its link to the feedback system (compiled by M. Torokoff after the model by T. Mets)](image)

Organisational learning is not a cumulative result of members’ learning but a new quality. Learning in organisations is continuous control over experience and it is transformed into accessible knowledge for the whole organisation, which is important for the organisation’s goals. (Senge, Kleiner, Roberts et al 2003:60). Mental models and cognitive maps created in the main and learning (training) processes, as well as their shared values, guide the behaviour of an organisation’s members. In a small enterprise organisational learning can be the same as team learning. The style of management determines team and learning process formation in organisation development. Particularly effective are facilitating (Long, 1992) and learning leadership styles.

The manager’s role in the implementation of a feedback system

A task of managerial work is to learn to know the employees well in order to put people’s hidden talents into maximum use for the achievement of the organisation’s primary goals. This role expects the manager to be the leading person who organises a network of relationships and creates prerequisites for synergy. A technologically improving world should address the people as a non-exhaustive resource because the creative aspect of work is invaluable and inimitable. Communication should be perfect, added value requires more than just an exchange of information (Zwell, 2000; Sydänmaanlakka, 2002; Mets, 2002; Vadi, 2004; Torokoff and Mets, 2005).
Innovation in an organisation is a difficult process, which is easier to destroy than to lead to a positive end result by way of efficient strategies (Hanson, 2001; Weedall, 2004). Stress is laid on basic principles, such as the consideration of cultural and historic traditions, the existence of specific goals, the determination of responsibility, the internalisation of humanistic values, networking (Heaney, 2004; Hinton 2004; Weedall 2004). If we look at leverage as a rate to which an organisation can increase its profit at the maximum usefulness of resources, we should note the unlimited state of people as a resource (Mets, 2003).

Authors have suggested using the following success factors to estimate the success of company: clearly established goals (as results) “it is not the process but the goal which guarantees success” (Hinton, 2004:1); measurable results; areas of responsibility; defined roles; continuously analysed and improved working processes; an open system of information exchange; development opportunities (Hinton 2004; Schechter 2004; Connolly, Dunning, James 2002). How can balance in the system, the ability of self-reform and integrity be ensured, and priorities determined? In the future, communications problems in high-tech societies may cause serious malfunctioning, and thus skills of a new type will be required that are behavioural rather than intellectual (Calabrese, Roberts, 2002).

Figure 2. Mutual impact of the parts of feedback (compiled by the author).

A key factor of the development of a learning organisation and organisations in general is the creation of a well-functioning feedback system. The feedback system comprises different means to gain feedback both at the individual’s and organisation’s level. The feedback culture may be viewed from the aspects of the feedback giver, feedback content, and of the applied means. Concepts: feedback, an appraisal interview, and a development discussion form a feedback system which is
based on management by objectives. Targeted management requires setting the targets and following them (Türk, 2001; Woodmann and Pasmore, 2002). A target-centred feedback system favours the development of the organisation as a whole. Targeted management is a method where performance of the previous work period is discussed and the focus lies in the primary goals of future work.

The appraisal and development interviews are often joined. One of the components of the feedback system is regular development discussions, desirably twice a year. It gives an excellent opportunity for getting to know employees well.

The person’s abilities and talents can only develop in the atmosphere of balanced rules where “you must” and “you cannot” are as important as “I want/I don’t want”. The primary aim of an assessment of achievements is to guarantee employees feedback on their work and note how they could be even more efficient and useful than until then (Üksvärav, 2004).

While teamwork is assessed, a common assessment of different professional functions forms the core where the team’s goals are followed. Setting a clear target and following it can be more important for the team than securing harmony inside the group (Türk, 2001). In the situations where definite work tasks are difficult to set and difficult to assess, performance appraisal is being substituted by performance management.

In a well-functioning feedback system development discussions are a planned part of performance management.

Figure 3. The practice of performance management (Sydaänmaanlakka, 2002:83)

We act and work more and more in teams, we can ask whether planning and development discussions should also be conducted in teams. Discussions held at a team level can be useful for example when:

- the team has joint objectives and tasks;
- individual objectives are hard to set; and
• the work is mainly done in a team.

Team discussions can complement individual discussions, but should not replace them. They should concentrate mainly on the definition of objectives, evaluation of joint results, issues concerning the division of the workload, and evaluation of how the team generally works. The planning and development discussion for a team:
• members of the team;
• purpose of the team;
• suppliers and customers of the team;
• key tasks, objectives and indicators of success;
• competencies needed in the team;
• controlling the team;
• rules of the game for the team; and
• development plan for the team.

Many of the same issues are handled in well-run planning meetings. Indeed, this kind of discussion can easily form part of a general planning meeting. It should be possible to combine new practices with old tools so that we don’t overburden the organisation with too many meetings and discussions.

By making a summary of individual planning and development discussion and by distributing it to all the members of the team, the whole team can distribute valuable information about the duties and objectives of the members of the team. Everyone fills in the three basic things concerning his/her own job:
• What is the purpose of my job?
• What are my key tasks (time share in percentage)?
• What are my key objectives (ten most important objectives)?

The distribution of this kind of information within the team helps the members of the team to cooperate better and to support each other (Sydänmaanlsakka, 2002; Woodmann and Pasmore, 2002; Torokoff and Mets, 2005).

Employees are able to learn from all people surrounding them. It is not a rare occasion now that a manager is supervised by a more experienced subordinate employee. Employees’ satisfaction and productivity are those phenomena which play an important role in the proportion of work and cooperation in the company. The issue is: how can we achieve the situation where the employees are both productive and satisfied? Human capital monitor is a way which unites all methods and is the only method to join people’s essential values and what they create (Mayo, 2004). A well-functioning feedback system is an important resource and a role from the aspect of a company’s development. According to T. Mets intellectual leverage is linked to a more extensive use of knowledge: at the person’s level that means a more perfect command of knowledge/competence/skills, an interpersonal dimension is added at the organisation’s level. A feedback interview supports the leverage process (Mets, 2003).

When assessing the team’s work, assessment should be based on both the team’s and individual’s assessment by integrating them as an entirety.
Individual development discussions

The manager’s actions affect the behaviour of individuals and groups. The function of a manager’s actions is to plan, motivate and check. The manager’s style is determined by his ability to diagnose the state of maturity of each employee and the requirements arising in each specific case. The objective of the manager’s actions should be moulding the employees who could be able to internalise, i.e. make external control their personal matter. Relations are important. Interpersonal relations between the staff come on the foreground. The relations are characterised by mutual influence. At each and every level. Good relationships require work, and deeper understanding of people is of particular help. “An exchange of information and mutual communication serve as basis for effective relationships between the manager and the employee. If the employees understand how their individual contributions impact the whole group and they are willing to make more efforts for the sake of them all, an entity is formed which is larger than the sum of its parts (Winston, 1996). We use various means of communication but rarely analyse their potential effect on our partners. The behaviour of the manager is a major tool for the exercise of influence on employees (Vadi, 2004). The manager’s mindset becomes very important, as is his ability to analyse processes in the organisation. Prof William James has said that we are only half-awake compared to what we should be. We use a minute fraction of our physical and mental abilities. The human creature lives far below his capacity level. He possesses various talents that usually lie unused (Edvinsson, 2003, Sveiby, 1997).

A development discussion/appraisal interview has a deeper philosophical meaning than we might think. The core of the discussion as a form of social relations, is communication. Chesterton thinks the discussion is sacred, it is so fragile and evasive. N. Wiener (1969) debates that there is no objective noise-free information, every piece of information contains a subjective aspect, however, without information which is close to truth, any thoughtful management would be impossible.

Satisfied, dedicated and motivated employees are an invaluable asset, therefore it is important to consider their personal career plans or help them draw up such plans. A preparation process for a development interview is two-sided, it is presented in Table 1.

Table 1. Structure of the development discussion

<table>
<thead>
<tr>
<th>Introduction of the development discussion</th>
<th>Arrangement</th>
<th>responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. preparation</td>
<td>creating the system of development discussions</td>
<td></td>
</tr>
<tr>
<td>2. content/arrangement of the discussion</td>
<td>presentation of the system created at meetings</td>
<td></td>
</tr>
<tr>
<td>3. obligations after the discussion</td>
<td>mapping the employee’s competences (skills, abilities)</td>
<td></td>
</tr>
</tbody>
</table>

The efficiency of the development discussion has a link to the common share of values and expectations of the manager and the employee, and meaningful objectives (see Figure 2).
The result of a successful development discussion should support the organisation development (Figure 1) and the leverage process.

**Important factors** in the arrangement of the development discussions are time, duration, place, and a culture of discipline which enable the professionals contain chaos (Magretta and Stone, 2003; Mckenna and Maister, 2003). A well-functioning development discussion provides opportunities for expressing gratitude, describing and specifying needs, seeking ideas concerning weak areas and for negotiating or specifying objectives. A dialogue is necessary for any development while the dialogue necessitates choices, and choices, in their turn, creation. It is a mutual process but the process is guided by the manager. A high-quality professional discussion is (Elliott, 1991):
- open,
- free,
- tolerant.

The conclusions and assessment should meet these criteria: 1) objective 2) honest, 3) realistic, 4) constructive, 5) open for dialogue, 6) substantiated, 7) effective, 8) can be developed, 9) encouraging (Elliott, 1991).

Emotional attitudes cannot be ruled out in a development discussion. A valuable piece of advice for those being criticised is that criticism should be seen as some valuable information for improvement, not as an attack. It is important not to ruin relationships for good, whereas future cooperation cannot then be expected to yield efficiency (Torokoff, 2003).
Table 2. The structure of the development discussion as a culture.

<table>
<thead>
<tr>
<th>development discussion</th>
<th>retrospect</th>
<th>situation today</th>
<th>foresight future</th>
</tr>
</thead>
<tbody>
<tr>
<td>which training and</td>
<td>fulfilment of</td>
<td>duties</td>
<td>Development discussion</td>
</tr>
<tr>
<td>development programmes are</td>
<td>targets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>needed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>survey of satisfaction</td>
<td>work results</td>
<td>work conditions</td>
<td>career planning</td>
</tr>
<tr>
<td></td>
<td>until today</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The culture of giving feedback is only developing in Estonia. An appraisal interview as a form of feedback culture may be viewed as an influential factor in the organisation culture, presented concisely in Table 2.

Features of the feedback culture: openness, confidence, respect for the individual, wide communication, acceptability of mistakes, positive atmosphere of cooperation, mutual support and a stress on continuous learning (Sydänmaanlakka, 2002; Gratton, 2004;). While the leverage phenomenon reveals best in the maximum state of person’s satisfaction and motivation, it is only logical to expect that the social atmosphere at work and conditions in terms of human relations are monitored. For the leverage to function, the entire staff should enter into relationships which create synergy, motivation and an opportunity for satisfaction (Mets, 2003).

The interview with the employee has a crucial importance from the point of view of their performance appraisal. The manager should not be in a hurry, no interference should be allowed, all aspects must be looked at, and all questions raised must be addressed. Listening is essential because listening to a subordinate can be as important as the interview itself. The manager’s ability to treat people in a different way is useful. Many people only pronounce what the manager expects to hear, just a few are outspoken and tell the truth, and a special attention must be paid to those people. Where mobbing seems to occur in the interview, the manager has to intervene and take the necessary measures. Bullying at work causes high stress levels, damages emotional atmosphere and undermines the ethical base of the organisation. In Scandinavia and Germany the concept of mobbing is understood as maltreatment of the organisation’s member, especially as causing emotional harm (Kidron, 2003). For instance, in a number of the European countries mobbing is illegal and punished by law (unfortunately not in Estonia).

Good results are achieved by understanding each other well, an overview of major positive and negative factors are presented in Table 3.
Table 3. Factors of the development discussion

<table>
<thead>
<tr>
<th>Efficiency of the appraisal interview</th>
<th>Factor which inhibit the appraisal interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>an opportunity to learn and share professional values</td>
<td>synergy does not occur</td>
</tr>
<tr>
<td>an opportunity to gain support for the introduction of changes</td>
<td>hurrying and superficiality</td>
</tr>
<tr>
<td>an opportunity to express gratitude and respect</td>
<td>insincerity caused by mutual reluctance</td>
</tr>
<tr>
<td>an opportunity to improve team work on the whole</td>
<td>a formal act</td>
</tr>
<tr>
<td>an opportunity to obtain ideas for the improvement of weaknesses</td>
<td>non-systematised situation due to absence of planning</td>
</tr>
<tr>
<td>to specify aims and training needs for the next stage</td>
<td>attitudes clash and dialogue does not occur (the manager is dominating and the employee keeps complaining or blaming colleagues)</td>
</tr>
<tr>
<td>to give emphasis to the employee’s hidden abilities</td>
<td>the feeling of distrust caused by injustice</td>
</tr>
<tr>
<td>mutual satisfaction and growth of motivation</td>
<td>existence of mobbing or workplace bullying</td>
</tr>
</tbody>
</table>

The manager should set the positive atmosphere of the interview. The more candid are the employee and the manager, the better are professional relations at work. Trust does not mean being naïve or blind towards employee’s or company’s faults. The right attitudes of the manager enable the improvement of the internal atmosphere of the company. Loyalty cannot be forced upon (Torokoff, 2003). The aspects of what the employee is able to change must be accepted. In conclusion, a good development interview is a performance interview which results in mutual agreements and encourages both the employee and the manager to do their best.

Each decision must be based on the proof how well an employee works. A development interview is useful for each of the employees and the entire organisation. The interview guarantees concordance of the organisational and personal goals over the next period, determines the employee’s role in the success of the organisation and allows performance improvement, if the course of the goal achievement is discussed during the period. It is important that the interview is documented and signed by both parties. The appraisal and development interviews must be official and be based on a particular methodology.

The creation, implementation and renewal of the feedback system require authority and competence in management and make the managers to develop themselves. According to practices the interviews which are carried out well have a motivating effect and this allows to guide employees even more efficiently. A well-functioning feedback system helps the manager to map hidden parameters of the intellectual capital of the organisation, and to support the development of the interpersonal network through teamwork management. In the process of the knowledge sharing, knowledge becomes explicit knowledge and can thus be recorded, and recorded knowledge is a structural capital which may prompt innovation and creation of values (Edvinsson, 2003). Both the individual and team interviews support the leverage process, dynamically shape the work environment and encourage to take risks (moderate errors are allowed). Talents become a value for the organisation, talented leaders can face new challenges. A meaningful goal of an action for every employee is determined in the course of an immediate intensive communication, so that the goals make people work and values keep them making effort. In the interaction all people are related to each other, a base of horizontal relations develops.
and the internal assessment has a great role. A propelling force is activity and wisdom, both based on ethical grounds.

**In conclusion**

A thorough preparation is required to initiate, launch and implement the feedback system in the organisation. It is necessary to prepare the basic principles of appraisal and development interviews, collect and analyse information, and set new goals together. To this end, meetings must be convened where the essence of the system is presented along with each employee’s unique role. The interviews must be constructive and matter-of-fact, there should be no stigmatisation or blaming. It is essential to analyse mistakes rapidly and to learn from mistakes, and remove obstacles to work.

The author’s experience as a trainer and consultant in Estonian companies proves the vitality of appraisal interviews in the strategic development of companies. The Estonian managers need training in this sphere. The author will continue research in this sphere in the future. A further development of the organisation’s strategic capacity presumes both a functioning strategic cycle, including its repetition at a new level each time, and continuous improvement of the learning environment. The continuous feedback system allows employees feel safe, choose the best methods of work, learn and share their knowledge to be ready to acquire new competences, and implement them immediately for the achievement of the organisation’s primary objective. Organisation development is impossible without giving support to the development of individuals. If the feedback system functions without hitches, the organisation will retain its ability for renewal through changing processes and ways of work, which is characteristic of a learning organisation. The managers need to learn how to skilfully give constructive feedback, carry out appraisal or development interviews in order to optimise maximum use for the organisational development. By balancing the arrangement of the feedback system and responsibility the manager establishes prerequisites for the formation of the feedback culture which will have a positive impact on the organisation’s performance and larger success.

**References**


### Kokkuvõte

**TAGASISIDE TÄHTSUS ORGANISATSIOONI ARENDUSPROTSESSIS**

Made Torokoff


Hea tagasisidekultuuri tegurite hulka kuuluvas nõudeks avatus, usalduslikkus, üksikisiku austamine, laialdane suhtlemine, positiivne koostöö õhkkond, üksikseise toetamine ja pidevõppe rühmatamine.
Artikkel on jaotatud kolmeks osaks, millest esimeses vaadeldakse arendusprotsessi üldskeemi, teises käsitletakse õppiva organisatsiooni protsessi põhimõtteid, kolmandas analüüsitakse tagasiside süsteemi ja arenguvestluse osatähtsust indiviidi ning grupiga organisatsiooni arendusprotsessis.

Autor toob välja järgmised printsiibid:

1. Tagasiside süsteemi loomisel, käivitamiseks ja rakendamiseks on tarvis teha küllaldast ettevalmistustööd.
2. Hindamis- ja arenguvestluse peab olema ametlik, dokumenteeritud, ja pöhinema konkreetsetel metoodikal.
3. Arenguvestluse tulemusena allkirjastatakse dokument mõlemaspoolt, mille tulemusel eesmärgid muutuvad tähenduslikuks ja vastutus konkretiseerub.
4. Vestlused peavad olema konstruktiivsed ja heatahtlikud.
5. Oluline on tunnistada vigu, kiiresti vead läbi analüüsida ja õppida vigadest ning kõrvaldada tööd segavad tegurid.
7. Hästitoimiv tagasiside süsteem toetab kordistamisprotsessi, võimaldab juhil kaardistada oma organisatsiooni intellektuaalse kapitali varjatud parameetreid ja juhtida tulemuslikumalt meeskonnatööd.

Kokkuvõtteks võib väita, hästitoimival tagasiside süsteemil on ettevõtte arengu aspektist oluline roll. Kui tagasiside süsteem töötab tõrgeteta, siis reaalselt hakkab arendusprotsess toimuma, organisatsioonil püsib võime ennast uuendada protsessi ja tööviiside muutmise kaudu, mis iseloomustab õppivat organisatsiooni.