

Transparency in Organizations: How Narrative Feedback Influences the Emotional and Behavioural Responses to Transparent Numerical Feedback

25.06.2023

Bachelor of Science

Julia Thaler

J.Thaler@campus.lmu.de

Purpose/Motivation: Numerical feedback is a common tool to communicate information about past performance (Bernstein & Li, 2017; Brutus, 2010). Organizations vary widely in their level of feedback transparency, with some companies disclosing the performance information of all employees to all members of the organization (transparency), and some organizations not even disclosing personal performance information to the individual employee (secrecy) (Blackman, 2020; Goldstein, 2014; Hamilton, 2022). This reflects the complexity that organizations face as the call for transparency persists (Bamberger & Belogolovsky, 2017). However, scholars have provided limited guidance to organizations on whether the act of sharing truly is caring. Similarly, narrative feedback, a frequent companion of numerical feedback, has attracted little attention (Brutus, 2010). This thesis offers a theoretical examination of the affective and behavioural responses to numerical feedback transparency and examines narrative feedback as a contextual factor.

Theories/Hypotheses: Prior research has suggested a relationship between feedback and discretionary work behaviours through emotional reactions (Belschak & den Hartog, 2009). In line with this, envy is introduced as a mediator for the relationship between horizontal feedback transparency and counterproductive work behaviour (“CWB”). Social comparison theory (Festinger, 1954) provides the theoretical foundations for explaining the occurrence of envy (Crusius et al., 2020). It is argued that horizontally transparent numerical feedback could serve as information for comparison, leading to the occurrence of envy. Narrative feedback might lower overall levels of envy (Brutus, 2010; Ferstl, 2000) and impact which sub-type of envy is evoked (benign vs. malicious). Appraisal theory is used to theorize on the moderating influence of narrative feedback. Put simply, appraisal theories suggest that emotions are response patterns that display the appraisal of events (Moors et al., 2013). The assignment of a value to an appraisal dimension, which allows for the distinction between emotions (van de Ven et al., 2012), is considered the process of appraisal (Moors et al., 2013). Two dimensions determine differences in the appraisal of malicious and benign envy: (a) perceived deservingness (Feather, 1999) and (b) control potential (van de Ven et al., 2012). Overall, narrative feedback should foster perceptions of deservingness and control potential, hence, facilitating benign envy, while the sole provision of numerical feedback should lead to

malicious envy (Crusius et al., 2020; van de Ven et al., 2012). The perceived gap between the envied and the envious leads to a motivation to close it and thereby reduce negative affect as well as restore a positive self-view (Smith & Kim, 2007). While malicious envy should elicit action tendencies directed at pulling the other down, benign envy should motivate individuals to level themselves up to reach parity (Crusius et al., 2020; Smith & Kim, 2007).

Consequently, depending on the dominant sub-type of envy, the probability of engagement in CWB should vary (Duffy et al., 2021).

Approach/Methodology: A literature review was performed to develop a theoretically driven conceptual model.

Research Limitations: “Feedback is not a simple stimulus” (Ilgen et al., 1979, p. 349), causing inherent complexity in the exploration of its effects. Hence, the sole focus on feedback format is unarguably a limitation. There is a broad variety of other moderating variables that could impact social comparison and its appraisal. Individual differences strongly affect comparison behaviour (Buunk & Gibbons, 2007). Earlier research has noted that pay position is an important influencing factor when it comes to the consequences of pay transparency (SimanTov-Nachlieli & Bamberger, 2021). Furthermore, the purpose of performance appraisal should have considerable effects on the focus of the recipient: Numerical feedback tends to serve an administrative purpose, whereas narrative feedback has a developmental focus, indicating that recipients might care less about narrative feedback and exhibit stronger reactions to numerical feedback (Brutus, 2010). It must be noted that envy is not the only construct that could act as a mediator. Prior research on pay transparency has proposed that justice perceptions might serve as a link between transparency and CWB (SimanTov-Nachlieli & Bamberger, 2021). Similarly, justice perceptions may significantly influence the outcomes of feedback transparency. Lastly, many questions remain regarding the mechanism evoking malicious and benign envy (Crusius et al., 2020), as well as their mutually exclusive nature (van de Ven et al., 2009).

Research Implications: This thesis demonstrates the importance of transparency research in the context of performance feedback and raises questions for future research.

Practical Implications: Integrating transparent numerical feedback practices with narrative feedback might help organizations to reach transparency goals while averting potential negative behavioural and emotional repercussions.

Contribution: A definition for narrative feedback was developed by turning to earlier research on the dimensions of narrative comments in performance management. The frequently disregarded qualitative facet of feedback was brought to the forefront to acknowledge its practical significance (Brutus, 2010). Furthermore, impulses for future research were discussed.

Paper type: Conceptual

Further readings:

Bamberger, P., & Belogolovsky, E. (2017). The dark side of transparency: How and when pay administration practices affect employee helping. *Journal of Applied Psychology, 102*(4), 658–671. <https://doi.org/10.1037/apl0000184>

Bernstein, E. S., & Li, S. (2017). Seeing where you stand: From performance feedback to performance transparency. *Academy of Management Proceedings, 2017*(1), 1–43. <https://doi.org/10.5465/AMBPP.2017.14752abstract>

Brutus, S. (2010). Words versus numbers: A theoretical exploration of giving and receiving narrative comments in performance appraisal. *Human Resource Management Review, 20*(2), 144–157. <https://doi.org/10.1016/j.hrmr.2009.06.003>

Crusius, J., Gonzalez, M. F., Lange, J., & Cohen-Charash, Y. (2020). Envy: An adversarial review and comparison of two competing views. *Emotion Review, 12*(1), 3–21. <https://doi.org/10.1177/1754073919873131>

Moors, A., Ellsworth, P. C., Scherer, K. R., & Frijda, N. H. (2013). Appraisal theories of emotion: State of the art and future development. *Emotion Review, 5*(2), 119–124. <https://doi.org/10.1177/1754073912468165>

SimanTov-Nachlieli, I., & Bamberger, P. (2021). Pay communication, justice, and affect: The asymmetric effects of process and outcome pay transparency on counterproductive workplace behavior. *Journal of Applied Psychology, 106*(2), 230–249. <https://doi.org/10.1037/apl0000502>

Smith, R. H., & Kim, S. H. (2007). Comprehending envy. *Psychological Bulletin, 133*(1), 46–64. <https://doi.org/10.1037/0033-2909.133.1.46>

van de Ven, N., Zeelenberg, M., & Pieters, R. (2012). Appraisal patterns of envy and related emotions. *Motivation and Emotion, 36*, 195–204. <https://doi.org/10.1007/s11031-011-9235-8>