OBJECTIVES AND KEY RESULTS BASED STRATEGIC TARGET SETTING: A CASE STUDY IN A GLOBAL MANUFACTURING COMPANY

Lappeenranta–Lahti University of Technology LUT

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Examiners: Post-doctoral researcher, docent Lasse Metso and University lecturer, DSc. (Tech) Tiina Sinkkonen

ABSTRACT

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Objectives and key results based strategic target setting: a case study in a global manufacturing company

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Organisations have increasingly adopted new goal-setting frameworks in order to improve strategy execution and business performance. One of these frameworks has been objectives and key Results (OKR), which has become widely used in technology companies. This master's thesis examined how the OKR framework can be used to drive strategic priorities and improve business performance in a global matrix-structured manufacturing company. The research aimed to identify strengths, challenges, and improvement opportunities in the case company's current OKR model.

The thesis was conducted as a qualitative case. It combined a literature review with semi-structured interviews of case company employees that engage in OKR usage. The findings highlighted key enablers and barriers to effective OKR use, including transparency, incentive structures, and alignment across organisational levels. While OKRs were found to support strategic focus their effectiveness was influenced by variations in adoption consistency, the extent to which they were linked to incentives, and how ambition was balanced with realistic goal setting. Based on the findings of the thesis, practical recommendations were presented for refining the OKR process to better fit the realities of the global manufacturing company with a matrix structure.

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Organisaatiot ovat yhä enemmän ottaneet käyttöön uusia tavoiteasettelun viitekehyksiä parantaakseen strategian toimeenpanoa ja liiketoiminnan suorituskykyä. Yksi näistä viitekehyksistä on Objectives and Key Results (OKR), josta on tullut laajasti käytetty erityisesti teknologiayrityksissä. Tämä diplomityö tarkasteli, miten OKR-viitekehystä voidaan hyödyntää strategisten tavoitteiden edistämisessä ja liiketoiminnan suorituskyvyn parantamisessa globaalissa matriisirakenteisessa valmistavassa yrityksessä. Tutkimuksen tavoitteena oli tunnistaa vahvuudet, haasteet ja kehitysmahdollisuudet case-yrityksen nykyisessä OKR-mallissa.

Tutkimus toteutettiin kvalitatiivisena tapaustutkimuksena. Se yhdistää kirjallisuuskatsauksen ja puolistrukturoidut haastattelut, joita tehtiin case-yrityksen työntekijöille, jotka käyttävät OKR-mallia työssään. Tulokset tuovat esiin keskeiset mahdollisuudet ja esteet OKR-mallin tehokkaalle käytölle, kuten läpinäkyvyys, kannustinjärjestelmät ja organisaatiotasoja yhdistävä linjakkuus. Vaikka OKR-mallin havaittiin tukevan strategista fokusta, sen hyödynnettävyyteen vaikuttivat muun muassa erot käyttöönoton johdonmukaisuudessa, mallin kytkentä kannustimiin, sekä kunnianhimon ja realistisen tavoiteasetannan tasapaino. Tutkimuksen tulosten pohjalta esitettiin käytännön suosituksia OKR-prosessin kehittämiseksi niin, että se vastaisi paremmin globaalin matriisirakenteisen valmistavan yrityksen toimintaympäristön tarpeita.

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1 Introduction

The aim of this chapter is to provide an overview of the study by covering the background, justification, research scope, and the case study organisation.

1.1 Background

Companies often struggle with effectively implementing their strategy. Studies by Kaplan and Norton (2001) and Miller (1997) claim that strategy implementation frequently fails with an estimated failure rate ranging between 50% and 90%. According to a more recent study made by Cândido and Santos (2015), they suggest that in light of new evidence such percentages are outdated and lack scientific evidence. However, this shows that while the precise failure rates may be debated, the challenge of effective strategy execution is still an issue for most organisations and the prevalence of implementation failure remains undisputed.

Strategic execution has been acknowledged to be a crucial part of organisations' success. Even though companies devote considerable amount of time and resources in planning and developing their strategies, the execution part faces challenges. In a survey of over 400 global CEOs revealed that executional excellence was seen as the top challenge across the globe. It was said to be more challenging than aspects such as innovation, geopolitical risk, and revenue growth. Notably, this survey positioned executional effectiveness over more than 80 other business challenges. (Sull, Homkes & Sull, 2015).

To tackle this challenge of getting strategy to be implemented thoroughly in all layers of the organisation, objectives and key results (OKR) framework has emerged. Originally popularized in Silicon Valley, the OKR framework was first widely adopted by technology companies (Doerr 2018, p.7). In recent years, the OKR framework has gained popularity in various other industries to enhance strategic alignment and encourage ambition in goal setting. While the OKR framework has been widely adopted in technology companies, its application in global manufacturing companies remains a relatively new phenomenon (Lamorte 2022, p. 15-16).

Existing research on the adaptation of the OKR framework is predominantly limited to technology companies that operate in agile environments. The way technology companies operate and form their strategies differs from large manufacturing companies which work on a global scale. As global manufacturing companies often operate in matrix structures with multi-layer hierarchies, the effective adaptation of the framework is critical. In addition, the overall academic research done for these type of organisations remains limited in both scope and depth.

1.2 Research Scope

This study examines the effective implementation and usage of OKR framework in global manufacturing company by identifying key success factors and potential challenges. This research aims to extend existing knowledge of OKR adaptation beyond the technology sector. The objective of the study is to analyse how to use the OKR framework to drive the case company's strategy and business performance. The research examines the key factors in the implementation of the OKR model and its impact on strategy execution.

The case company of this thesis is a global manufacturing company with over 60 000 employees and annual revenues in the multi-billion-euro range. Recognised as a leader in its industry, the company designs, manufactures, and services complex equipment and solutions for customers worldwide, with operations spanning multiple business units and a highly integrated global supply chain.

Based on the research findings, the study will provide recommendations for adapting the OKR framework in order to enhance strategic alignment and overall business performance. To achieve these goals, the study seeks to answer the following research questions:

RQ1: *How to utilize the OKR framework to drive strategy and improve business performance in a global matrix organisation?*

RQ2: *How can linking OKRs to incentives affect employee motivation and company performance?*

RQ3*: How can organisations ensure consistent OKR goal setting?*

The research will be conducted as a qualitative case study focusing on the case company, complemented by a literature review to establish a theoretical foundation for the study. Insights from interviews with professionals from other organisations on their way of adopting OKRs to provide a broader perspective to the study. However, the primary objective is to analyse the implementation and effectiveness of the OKR framework within the organisation. The research emphasizes the frameworks' role in strategic alignment, business performance, and transparency. Since this study is exploratory, the research relies on empirical data collected through interviews.

1.3 Structure of the thesis

The first chapter introduces the study by presenting the background, motivation, scope, and research questions. The second chapter provides a literature review on strategic management, performance management, and change management, forming the theoretical foundation of the thesis. Chapter three presents the OKR framework in detail, including its origins, structure, and key components such as objectives, key results, transparency, and cycle.

Chapter four explains the research methodology, including the data collection and analysis methods, and gives an overview of the case company. Chapter five presents the empirical findings from the and supporting documentation. Chapter six discusses the key insights gained from the research, comparing them to existing literature, and provides practical recommendations for the case company. Finally, chapter seven summarizes the findings, reflects on the research questions, assesses the reliability of the results, and offers suggestions for future research.

The structure of this thesis is illustrated in the figure 1.

Figure 1. Structure of the thesis

2 Theoretical foundations of strategic, performance, and change management

This chapter provides a theoretical foundation for the study by reviewing key literature on strategic management, performance management and change management. These areas are essential for understanding how companies set long-term goals, track their progress, and adapt to internal or external changes. The review focuses on how these concepts apply in organisational settings and forms the basis for the later analysis in this study.

2.1 Strategic management

Strategy can be understood as the formulation of a distinctive and valuable market position, based in a specific set of activities that differ from those of competitors (Porter 1996, p. 68). According to Grant (2018, p. 4) the primary role of a strategy is not to be a plan or a program of instructions. Rather, the role of a strategy is to set a theme that guides organisations in a wanted direction. The purpose of a strategy is to set a clear way forward and ensure that the company has both long-term and short-term goals. However, the true effectiveness of a strategy is not on how clearly it is defined but how well it is implemented across all levels of the organisation.

Mintzberg (1987) conceptualizes strategy through five perspectives, also called the "five Ps for strategy". These five approaches are plan, ploy, pattern, position, and perspective. Strategy as a plan views strategy as a structured course of action that is designed to reach certain goals. Strategy as a ploy is seen as a short-term action to gain a competitive advantage and get ahead of the competition. Strategy as a pattern focuses on what is actually done and views strategy as a continuous set of behaviours. Strategy as a position focuses on how organisations place themselves within the realm of competition and the market. Strategy as a perspective views the strategy as it is perceived within an organisation. Mintzberg’s five Ps for strategy emphasizes that strategy is not a one-dimensional process but rather a multi-dimensional process.

There has been considerable criticism regarding the effectiveness of strategic planning, especially in cases where it follows a top-down strategic planning approach. Mintzberg (1994) pointed out that strategy is determined by the executives but shaped and executed by all levels of an organisation. As a result, a strategy often appears different depending on factors like geographical location, function, and core responsibilities of teams and individuals. A strictly top-down approach to strategic management can lead to disconnecting from real-world challenges if adaptation and alignment are not done correctly at the execution level. (Grant 2018, p. 326)

In order to guide organisational strategies, different types of models and frameworks have been developed. One of the most widely recognized approaches to strategic management is the balanced scorecard, introduced by Kaplan and Norton (1992). As outlined by Lynch (2018, p. 452-453) the core idea of the balanced scorecard is to utilize strategic and financial measures in order to assess the ongoing strategy. The balanced scorecard takes into account four perspectives: financial, customer, internal, and future which are turned into KPIs (Key Performance Indicators). The balanced scorecard uses both quantitative and qualitative measures.

While strategic management sets the long-term direction of an organisation (Grant 2018, p.4), its effective execution requires mechanisms in order to monitor the progress and adjust actions over time (Kaplan & Norton 1992). Performance management provides these mechanisms as it helps to translate strategic priorities into progress points that guide organisational behaviour toward targets (Cokins 2009, p. 9). The following section examines performance management as an enabler for strategy execution.

2.2 Performance management

While there has been a significant amount of research on the concept of performance management, its definitions vary across literature and practical contexts. This reflects the ways PM is understood and used in different organisations (Hellqvist 2011). However, there is a wide consensus that PM functions as a managerial tool to guide employee behaviour toward the organisation's strategic priorities. The overall goal of PM is to enhance the overall performance of an organisation. (Claus & Briscoe 2009; Chiang & Birtch 2010).

According to Cokins (2009, p. 9), the key function of performance management is to drive organisational improvement by aligning actions with strategic goals. It involves turning set plans into actionable results. This ensures that an organisation can continuously adjust and adapt. Performance management enables organisations to adapt to changing market conditions and react more efficiently.

Helmold (2022, p. 1) outlines that performance management is a systematic approach that brings together performance measurement, management, and improvement. PM focuses on ensuring that all parts of the organisation like processes, departments, teams, and individuals are working together to achieve set strategic goals.

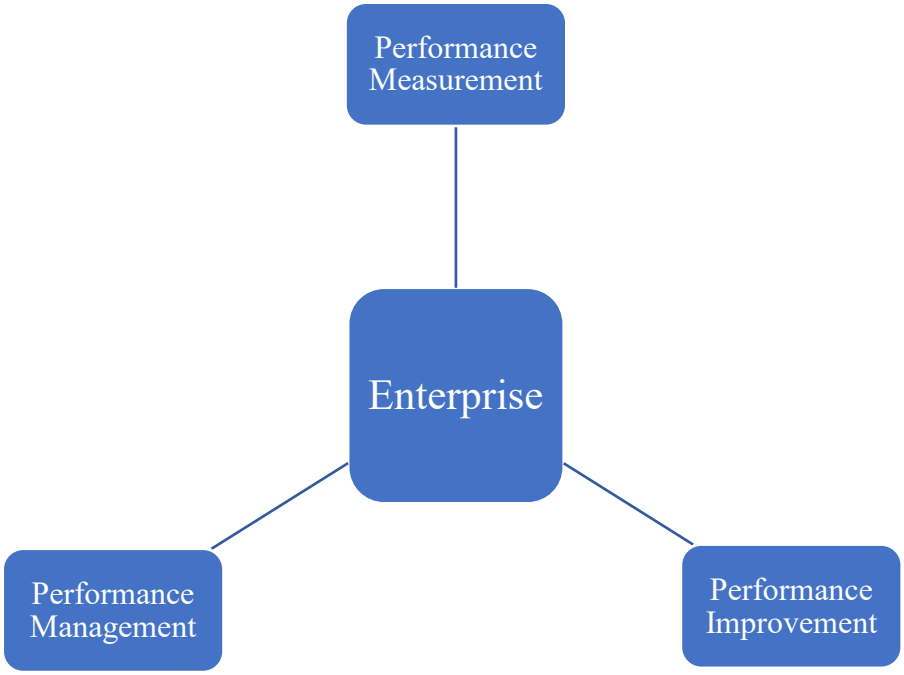

Figure 2. Performance management elements (Helmold 2022, p. 2)

The figure 2 visually represents Helmold (2022, p. 2) conceptualization of performance management. At the centre of the figure is the enterprise. The enterprise represents the organisation as a whole. Surrounding the enterprise are three core components that form the foundation of performance management system: performance measurement, performance management, and performance improvement. Helmold (2022, p. 2) defines them as the following:

- Performance measurement involves tracking and quantifying activities and outcomes. The idea of performance measurement is to provide the necessary data points to assess the progress towards the set goals.
- Performance management refers to the ongoing process of setting objectives, aligning efforts across teams and departments, and making informed decisions based on measured results. This component ensures that the organisation's activities are coordinated and purposeful.
- Performance improvement focuses on using insights from measurement and management to identify areas for enhancement. This can involve process optimization, capability development, or adjusting strategies to better meet objectives.

Performance management goes beyond the use of practical tools as it is fundamentally grounded in theory. Instead of just being abstract ideas, theories help to make sense of how performance management systems function. Theories explain not only how goals are set and tracked, but why some approaches work better than others depending on factors like structure, culture, or strategy. Without theory, performance management can easily become disconnected from the bigger picture. It's also harder to move beyond trial and error if there's no clear framework to guide decisions. (Adler 2022, p. 32–33)

One of the most known theories is the goal-setting theory. The Goal-Setting Theory was developed by Edwin A. Locke and Gary P. Latham. In the goal-setting theory, Locke and Latham (2012, p. 3) explore how psychological mechanisms behind goal setting affect people's motivation and performance. Goal as outlined by Locke and Latham is the desired outcome of an action or set of actions.

According to the goal-setting theory by Locke and Latham (2012, p.6), four elements affect performance toward a goal. The first element is direction since a clear goal helps people to prioritize their work and focus on things that drive them towards a set goal. The second is effort, since setting a specific goal increases motivation, driving individuals to work towards achieving it. The third aspect is persistence, as people are more prone to work towards achieving goals that are ambitious and require large amounts of effort rather than easily achievable goals. The fourth element is strategy development, which refers to how people refine their approach when faced with a challenging goal in order to achieve it.

Locke and Latham (2012, p. 7) state that feedback regarding performance is a key element in relationship to performance. Goals are more effective when individuals receive feedback on their progress towards them. Feedback enables individuals, teams, and organisations to evaluate whether increased effort or adjustments are required to reach agreed goals. If feedback is absent, goal setting can lose its effectiveness. Empirical research by Locke, Cartledge, and Koeppel (1968) supports the idea that goal setting plays a crucial role in bridging the gap between feedback and actionable improvements.

As stated by Locke and Latham (1990, p. 124) goal commitment is an important part of the relationship between goal setting and performance. Without true commitment, goals have little impact on effort. Research by Erez and Zidon (1984) shows that high commitment enhances performance in cases where there are specifically challenging goals. In addition, publicly sharing goals has been shown to positively influence goal commitment and performance.

However, the relationship between incentives and goal commitment has produced mixed findings from research. Locke and Latham (1990, p.76) outline that while moderate incentives are effective for goals of medium difficulty, a different approach is needed for exceedingly challenging goals. In these types of situations, placing emphasis on progress and incremental achievements rather than solely on the final goal can be more effective.

Another theoretical lens that contributes to a deeper understanding of performance management is agency theory. The agency theory was developed by Jensen and Meckling, and it offers a framework for examining the relationship between principals (leadership) and agents (managers). The theory focuses specifically on situations where decision-making authority is delegated. At its core, agency theory highlights the challenges that come when the goals of the agent may not fully align with those of the principal. The theory lies on three key behavioural assumptions: individuals are self-interested, have limited rationality, and are generally risk averse. These assumptions help to uncover why in some cases managers might act in ways that do not always maximize organisational performance. (Jensen & Meckling, 1976)

To mitigate these risks that organisations face they often rely on various governance and control mechanisms. These mechanisms are typically in the form of incentive-based compensation, monitoring, and formal governance structures. However, the theory points

out that often the agency costs are unavoidable. Moreover, it also reflects a necessary trade-off when delegation is required to scale. Understanding these dynamics helps explain why certain performance management systems are more effective than others especially when they are depending on how they align incentives and establish accountability. (Jensen & Meckling 1976)

Another theory that covers understanding of how individuals engage with performance management systems is Self-Determination Theory (SDT). SDT was developed by Deci and Ryan. It explores the psychological drivers behind human motivation. The theory emphasizes the importance of social environments in shaping how people commit to goals and responsibilities. SDT determines different types for motivation rather than looking it as a singular concept. The most common types for it are intrinsic motivation which is doing something for its inherent satisfaction. Another one is extrinsic motivation which is doing something for a separable outcome. (Deci & Ryan, 1985)

At the heart of the theory are three innate psychological needs. Those are autonomy, competence, and relatedness (Deci & Ryan 1985; Ryan, Kuhl, & Deci 1997). Described by Deci & Ryan (1985) when these three needs are supported, people are more likely to take initiative, internalize goals, and remain engaged. Performance system that allows employees to feel ownership over their objectives, provides meaningful feedback, and creates a sense of connection is more likely to result desirable outcomes and performance. This is because they satisfy the fundamental psychological needs of autonomy, competence, and relatedness.

Moreover, SDT also explains how external expectations can be internalized through a process of motivational integration, moving from compliance to true commitment (Ryan & Connell 1989). This is particularly relevant in organisational settings, where much of the work is not inherently enjoyable but can become meaningful when aligned with personal values and supported by the right context (Grolnick & Ryan 1989).

2.3 Critique of traditional performance management

While performance management can play an important role in making sure that organisational activities are linked with strategic goals, their effectiveness has been increasingly questioned. Conventional approaches to PM are typically built on fixed

objectives and linear planning processes. This is argued to lack the flexibility needed in order to respond to uncertainty and change (Melnyk et al. 2014). They point out that in uncertain conditions these systems can lose their ability to keep strategic goals and operational actions properly aligned.

Further critique of performance management practices has focused on the unintended side effects. Gray et al. (2014, p. 110-114) point out that an overemphasis on measurable targets and incentive structures can lead to unwanted behaviours. These behaviours can be in ways like gaming, resistance to change, and reduced employee well-being.

Brady and Walsh (2008) also note that many organisations operate with traditional top-down approaches to performance measurement. These follow a process where executives define objectives and cascade them down through the hierarchy. While this approach can often bring consistency to goal setting, it can fail to reflect the day-to-day work that is done by people on the lower levels of the hierarchy.

Furthermore, a top-down approach to goal setting can result in a disconnect between organisational objectives and the day-to-day responsibilities of individuals. When goals are set at higher levels without sufficient input from those expected to carry them out it can lead to cases where employees may struggle to see how their work contributes to the organisation's broader goals. (Watts and McNair-Connolly 2012; Jonsson and Lesshammar 1999) As a result of this phenomenon, organisations have adopted a more bottom-up approach to setting performance metrics. However, this kind of approach can weaken overall strategic alignment, since metrics created by employees may not always align with the organisation’s strategy (Torres et al. 2011).

Implementing or refining performance management systems especially when they introduce new ways of working creates an organisational shift as it represents a transformation to new ways of working driven by internal or external factors (Lewin 1947, p. 151). This type of change is a multi-stage process that often fails when its difficulty is underestimated or when there is not enough implementation adopted (Kotter 2007, p. 98). Even systems with clear potential benefits can fail if not adopted and embedded effectively. The next section explores the principles of change management that underpin such transformations.

2.4 Change management

It can be said that as long as organisations have existed changed initiatives have taken place inside them. Lewin (1947 p. 151) describes organisational change as the transformation that happens when a new situation develops from a previous one due to either internal or external factors. In other words, change happens when situations shift from what they were before influenced by drivers acting on the organisation.

Building on this view, Kotter (2007, p.96-97) says that change is not just a single event. Rather change is a complex, multi-stage process that happens over a period of time. Transformation efforts often fail because organisations underestimate the difficulty of change and attempt to shortcut the process. Nohria and Beer (2000, p. 133) point out that approximately 70% of organisational change efforts do not achieve their desired outcomes. This high figure of failure rate emphasizes the obstacles that many organisations face when attempting to implement change.

Effective change requires a structured approach beginning with establishing a strong sense of urgency. Without a strong sense of urgency change efforts tend to stall before meaningful progress is able to be made. Successful change leaders understand the importance of communicating a clear vision, empowering employees, generating short-term wins, and anchoring new behaviours in the organisation's culture. These elements are essential for overcoming resistance and ensuring that change becomes sustainable rather than temporary. (Kotter 2007)

Resistance of change is often brought up when talking about change management. According to Kupiek and Marcinkowski (2024 p. 153), the resistance towards change should not be seen as an obstacle in the change journey but rather as an expected part of it. The complete absence of resistance to change can indicate a lack of critical engagement from the people affected by it. Rather than viewing resistance as a sign of failure it can signal that individuals are invested in the change and are critically processing its implications. In line with this, Kotter and Schlesinger (1979) offer a foundational framework for diagnosing and addressing resistance. The framework identifies four primary sources: parochial self-interest, misunderstanding and lack of trust, differing assessments of the proposed change, and low tolerance for disruption.

Kotter and Schlesinger (1979) point out that resistance to change is not uniform in nature and can come from different sources depending on the organisational context. They identify several approaches for responding to resistance. These approaches are communication, involvement, support mechanisms and negotiation. The choice of approach should be informed by the specific circumstances surrounding the change. Rather than treating resistance as purely obstructive, their framework highlights the need to understand its underlying causes in order to manage it effectively within the change process.

3 Objectives and key results framework

This chapter establishes the theoretical foundation for the study by examining the OKR framework. The chapter begins with going over the origins and theoretical foundations of the framework. After that the chapter goes into the core components of OKRs. This part focuses on the objectives that define ambitious qualitative goals and key results that provide measurable indicators of progress. The last part of the chapter examines the role of transparency and alignment in the framework.

3.1 Origins and theoretical foundations of the framework

Peter Drucker, who is widely regarded by many as the father of management thinking identified a discrepancy between corporate success and individuals' professional achievement in his book "The Practice of Management" from 1954. As outlined by Niven and Lamorte (2016, p. 4), Drucker observed that performance measurement often prioritizes individual achievements rather than aligning with overall organisational success. To address this problem, he developed the Management by Objectives (MBO) framework.

According to Niven and Lamorte (2016, p. 3), many companies struggled with the MBO framework. This was due to the top-down approach to setting objectives which often led to a lack of adaptability in the lower hierarchical levels. Another key reason why many organisations struggled with the framework was that the goal setting was done annual basis rather than quarterly basis. Niven & Lamorte (2016, p. 3-4) also point out that even though the system was developed to enhance collaboration many companies struggled to do enhance their collaboration through the framework.

The OKR framework was developed by Andy Grove. When Grove was employed by Intel during the 1970, he used the MBO framework at Intel. However, Grove recognized limitations in the framework and decided to modify it to better drive business success at Intel. By doing these modifications he initially designed the OKR framework. (Niven & Lamorte 2016, p. 4)

The table 1 by Doerr (2018, p.28) outlines the key differences between Management by Objectives (MBO) and OKRs. While both frameworks serve as strategic goal-setting methodologies they differ in the way they approach aspects like goal formulation, execution, transparency, and alignment.

Table 1. Management by Objectives Versus Objectives and Key Results (Doerr 2018, p.28)

MBO	**OKR**
Focuses on defining what needs to be achieved	Focuses on both what needs to be achieved and how to achieve it
Reviewed on an annual basis	Reviewed on a quarterly or monthly basis
Goals and progress are confidential and not widely shared	Goals and progress are openly shared and transparent across the organisation
Follows a top-down management approach	Encourages a bottom-up approach
Directly linked to employee compensation and performance reviews	Not tied to compensation to encourage ambitious goal setting
Prioritizes low-risk, achievable goals	Encourages bold, ambitious, and aspirational goals

According to Haak (2021, p. 24), the OKR framework was created in order for organisations to be more ambitious in their goal setting and drive execution toward achieving them. At its core the OKR framework is designed to integrate organisations strategy into people's everyday work. In addition, the OKR framework's goal is to make organisations at all levels more aligned and accountable. (Stanforth 2020, p. 18)

Even though the OKR framework was successfully implemented at Intel, the framework gained wider recognition and popularity through John Doer (Niven & Lamorte 2016, p. 5). Doerr who previously worked at Intel with Andy Grove introduced OKRs at Google. At Google, the OKR framework became a core performance management system. (Doerr 2018,

p. 12) Due to the wide success of Google, the OKR framework became a more known framework for performance management.

However, the adoption of the OKR framework has not remained to be the framework of mainly tech companies. As an example, in 2014 the CEO of Sears a traditional retail company based in the US adopted the OKR framework across the entire organisation. The adoption of the framework was recognized to be done after watching a presentation on how Google used the system in their operations. (Lamorte 2022, p. 15–16). In recent years, organisations various fields have also begun to explore the value of OKRs. Some companies even apply OKR framework to improve existing systems like KPIs or balanced scorecards without formally adopting the full OKR model. This indicates a growing interest across sectors to use OKRs for setting and aligning strategic goals. (Lamorte 2022, p. 2, 8)

However, as described by Haak (2021, p. 13) even though companies that have adopted the OKR framework have been able to gain success the framework is not a silver bullet with which every organisation is able to deliver results. The effectiveness of the framework depends on how well it is adapted to the organisation. The successful implementation of the OKR framework requires organisational commitment, effective change management, and continuous iteration to drive wanted results.

3.2 Objectives

In the OKR framework, the objective stands for the desired outcome that an individual, team, or organisation seeks to achieve. The objective defines what is wanted to be accomplished serving as the overarching end goal. Importantly, objectives are always qualitative goals. (Niven & Lamorte 2016, p. 8) As also described by Haak (2021, p.72) objectives should be free from numerical targets since the purpose of objective is to focus on the broad ambition rather than the qualitative endpoint. This type of philosophical idea is to drive for encouragement for thinking beyond the output and focus on the outcome.

According to Doerr (2018, p. 14), the objective needs to be concrete, action-oriented, and inspiring. The fundamental principle behind setting the objective is to aspire for ambitious goals that challenge the individual, team, and organisation. Also, described by Haak (2021, p. 14-15) the idea of the objective is to serve as an aspiration that pushes the organisation to

new heights. By defining aspirational objectives, organisations can adapt to a culture that motivates employees to strive for excellence. However, as told by Niven and Lamorte (2016, p. 63) even though the objective needs to be inspirational it also has to be achievable. Overly ambitious goals can be demotivating rather than inspiring.

As described by Ematinger et al. (2024, p. 4-7) objectives should be set to be achieved within a realistic and manageable timeframe. An example of this is a three-month cycle which is considered effective. Also outlined by Niven and Lamorte (2016, p. 62) objectives should be achievable within a defined time frame which often is within a quarter. A relatively short horizon keeps efforts focused and allows for regular performance reviews. When objectives are set for too long-term there is a possibility that they become disconnected from the day-to-day operations and consequently can lose their practical value.

Ematinger et al. (2024, p. 4-7) outline that objectives must be closely connected to the organisation's overall purpose and strategic direction. Without such alignment, well-executed goals may fail to contribute meaningfully to the organisational strategic goals. The organisation's strategy should act as a guiding light in the formation and selection of objectives. Niven and Lamorte (2016, p. 62–64) emphasize that an objective that lacks a clear link to business outcomes can divert attention and resources without generating real benefit. Thus, objectives should always be grounded in what matters most for the organisation's mission, customer success, or long-term competitiveness.

According to Niven and Lamorte (2016, p. 62–64) important is that the objective must be controllable by the team responsible for achieving it. Objectives that require outcomes beyond the team's direct influence undermine accountability and dilute ownership. For OKRs to work effectively, those who set the objectives must also have the means to execute them.

Haak (2021, p. 71–74) emphasizes that developing high-quality objectives is a learning process that can take time. Effective creation of objectives evolves through continuous practice, reflection, and incremental improvement. With each iteration and round of coming up with objectives, individuals and teams are able to refine their ability to come up with objectives that strive the teams work forward in a more effective manner.

According to Haak (2021, p. 74) a good objective consists of a verb, adjective phrase, noun, and an adverb phrase. According to Lamorte (2022, p. 9), many organisations have had

challenges with the use of objective descriptions. To address this challenge, the creation of effective objectives evolved toward answering the question “Why now?’’. By answering to this question, it clarifies the current importance of the objective. By expressing this with a few sentences, this explanation highlights why the objective is timely and relevant.

3.3 Key results

Key results in the OKR framework describe which way the set objective is going to be achieved. According to Doerr (2018, p. 3), key results serve as a clear benchmark in achieving the set objective by giving quantifiable and trackable results that are monitored typically on a quarterly basis. Haak (2021, p. 16) points out that key results should challenge people to work towards an objective, but they should not be over-ambitious. Overly ambitious key results can lead to frustration if they are seen as unachievable. On the other hand, well-defined key results that are set right lead to better performance as teams are more motivated to work towards them.

According to Niven and Lamorte (2016, p. 99), a key result can be any type of quantifiable number, figure, or percentage. The primary purpose of a key result is to ensure quantifiability, allowing for the assessment of whether the objective is being met. Doerr (2018, p. 32) outlines that each objective should have three to five key results. The reason for limiting the number of key results ensures that a certain level of focus can be maintained to achieve the objective. This allows for clearer tracking of progress and prevents over usage of metrics. Similarly, Haak (2022, p. 82) limits the number of key results for an objective to four. Lamorte (2022, p. 8) outlines that the number of key results has been reduced since the framework has developed in companies. According to Lamorte in (2016, p. 100) most companies defined three to five key results for an objective. By year 2020, the number of key results set for an objective was dropped down to two to four for a single objective. This advancement was said to drive focus that inside the companies as it is the core purpose of the framework.

Niven and Lamorte (2016, p. 76-80) identify three types of key results. These different key results serve different roles within the OKR framework, each contributing to the clarity and measurability of goals:

- Baseline key results establish a reference point by capturing the current state of performance. While they do not indicate progress or success on their own, they provide a crucial benchmark for evaluating future changes. This comparison helps determine whether performance has improved or declined over time.
- Metric key results represent the most direct and quantifiable form of measurement. These key results rely on numerical indicators like percentages, revenue figures, or productivity rates and are used to evaluate performance over time. They provide a clear and objective way to track whether initiatives are moving toward the right direction.
- Milestone key results focus on tracking progress through the completion of specific tasks or project phases. Unlike metric-based results that depend on numerical values, milestone results are binary in nature where they are either achieved or not. An example of such results might be the successful launch of a new website or the delivery of a new product feature by the end of a quarter.

Beyond structure and type Ematinger et al. (2024, p. 6–7) point out the following qualities that distinguish effective key results:

- First, they should be independently measurable. Each key result should make a clear and distinct contribution to its associated objective without relying on the completion of other key results. If the success of one key result hinges on another being completed first, it becomes difficult to pinpoint where progress is occurring and where it may be stalling. As a result, this reduces clarity and effectiveness of tracking the performance.
- Second, key results must be outcome-focused rather than activity-driven. Activities on their own do not necessarily indicate success. What matters is the effect those actions have produced. Key results should reflect measurable change or progress, rather than documenting that something was done. By specifying key results that are outcome driven organisations can promote accountability. In addition, this ensures that attention remains on generating value, rather than on activity for reporting purposes.
- The formulation of key results should avoid overly vague or abstract language and be written in clearly. Overly complicated or subjective language can undermine the effectiveness of performance metrics if not accompanied by clear criteria for

measurement. To ensure the clarity and usefulness, key results should be articulated in a way that is measurable, precise and contribute to achieving the goal of the set objective.

According to Haak (2022, p. 81–82), key results should focus on measurable outcomes that clearly indicate whether progress is being made towards their set objective. Key results should be outcome-driven that describe result rather than the activity required to achieve it. In addition, well-crafted key results are ideally limited in number, actionable within the team's control.

3.4 Transparency and alignment in objectives and key results

A key attribute of the OKR framework is that it emphasizes transparency across an organisation. According to Niven and Lamorte (2016, p. 23), OKRs should be openly shared to drive for transparency and encourage collaboration. Doerr (2018, p. 61) outlines that, according to research people are more motivated to work toward goals when they are visible to everyone within the organisation. This level of transparency is a central characteristic of the OKR framework. Doerr (2018, p. 62) also described that transparency in goal setting enhances collaboration. When functions, teams, and individuals are aligned the organisation is able to work more effectively towards a common goal.

Kempf and Kühn (2022, p. 132) also outline that transparency plays a role in the effectiveness of OKRs. This is due to the fact that it directly influences accountability and the willingness of individuals. Moreover, when objectives, responsibilities, and expectations are not clearly communicated and visible to other employees there can be a lack of proper ownership and engagement. This is why OKRs drive transparency as making goals and responsibilities visible helps in outlining possible misalignments or gaps that could affect overall performance. Moreover, visibility allows teams and individuals to gain clarity on how their work support the organisation's goals.

Outlined by Doerr (2018, p. 62) OKRs are typically cascaded through the organisation. According to Niven and Lamorte (2016, p. 104), it is good to start by defining the highest level of OKRs in the organisation which are also called "corporate-level" OKRs. These OKRs will set the tone for the rest of the organisation. However, in the case of OKRs

cascading does not necessarily follow a strict top-down hierarchy. OKRs can also adopt a bottom-up approach. In this approach teams and individuals make their own OKRs based on company goals. As OKRs are transparent several levels can be bypassed allowing teams to align directly with the organisation's strategic priorities. (Doerr, 2018, p. 55-56) However, Lamorte (2022, p. 7) points out that in more recent developments most organisations today prefer to start with high-level and team-based OKRs. It is more uncommon to set individual-level OKRs. This evolution regarding OKR setting reflects a growing consensus that personal OKRs should not be mandatory in all organisations. Rather setting of individual OKRs should be through organic evolution based on organisational needs.

Haak (2021, p. 182-183) describes that alignment through share OKRs will help organisations to drive certain themes throughout and give needed traction for them to be adopted. By engaging different functions to align their efforts around a common goal, organisations can generate ensure consistent prioritization. Shared OKRs help break down silos create cross-functional collaboration and clarify how different teams contribute to common targets. Figure 3 by Haak (2021, p. 183) about how the alignment works through a shared OKR in an organisation.

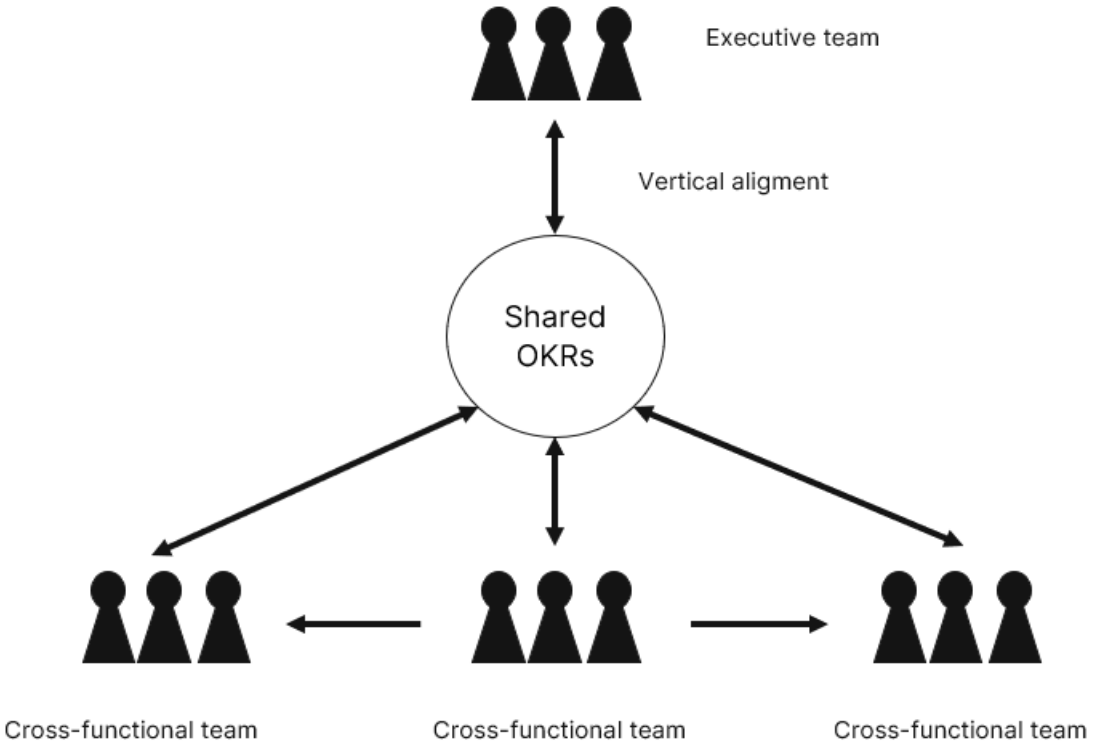

Figure 3. Shared OKRs with cross-functional teams (Haak 2021, p.183)

OKRs are designed to be continuously monitored and adjusted. Unlike traditional goal-setting methods that often remain fixed, OKRs are meant to be flexible to change. This allows for adjustment and refinement in case of newly identified needs and adjusted priorities. This is why transparency of OKRs remain important across all levels of the organisation. Through this shared visibility it encourages individuals to align their efforts and make sure that the organisation as a whole is working in the right direction. (Doerr 2018, p. 85-86)

People are drawn to knowing how they're progressing, especially when that progress is shown visually and in detail. When progress is visible and measurable, it enhances motivation and drives performance. In addition, simply writing down goals increases the likelihood of achieving them. This effect becomes stronger when progress is monitored, and goals are shared with others. (Doerr 2018, p. 88)

A key advantage of using real-time dashboards is the ability to monitor progress against targets while also identifying areas that need attention. Although OKRs are used for tracking and promoting forward momentum, they also serve a role in preventing efforts in the wrong direction. In these cases, the continuous tracking of OKRs helps reduce unwanted surprises when they are monitored on a regular basis. This feedback allows to learn from setbacks and use those lessons to spark new progress. (Doerr 2018, p. 89).

When a particular key result or objective is no longer relevant or practical, it's acceptable to drop if seen fit. This is due to the fact that there's no value in clinging to outdated goals simply because they were set earlier. In regard to OKRs they should serve a purpose. if it is seen that the purpose disappears it should be let go. However, in these types of cases when objectives are removed before the end of a given period, it's important to inform everyone involved. In addition, it should be reflected that why the measures were taken and what was learned from it. (Doerr 2018, p. 89)

3.5 Cycle

While there are multiple interpretations of the OKR cycle with slight variations, they all share a common underlying purpose. As described by (Rompho and Truktrong 2023) the interpretations can differ depending on the organisation. However, in a corporate setting OKRs are typically established on a quarterly or annual basis. According to (Haak 2021, p. 180) OKRs have five phases: setting, alignment, kick-off, execution, and review. Similarly, Stanforth (2020, p. 32) outlines a comparable approach in which the cycle consists of five phases: crafting, alignment, tracking, check-in, and grading. Both emphasize the importance of goal definition, alignment, monitoring, and evaluation.

From the figure 4 we can see the OKR cycle according to Haak (2021, p. 180). As mentioned, the cycle starts with setting the OKRs. After the OKRs have been set they are aligned with corresponding stakeholders to Haak (2021, p. 181). When proper alignment has been reached, they are kicked off. During the check-in phase teams meet regularly to assess the progress of and discuss any challenges. These check-ins help keep the momentum going, build accountability, and make it easier to adjust plans when needed. Haak (2021, p. 191) The last part of the cycle is the review where the outcome of the OKRs is last time assessed and reflections are made Haak (2021, p. 208).

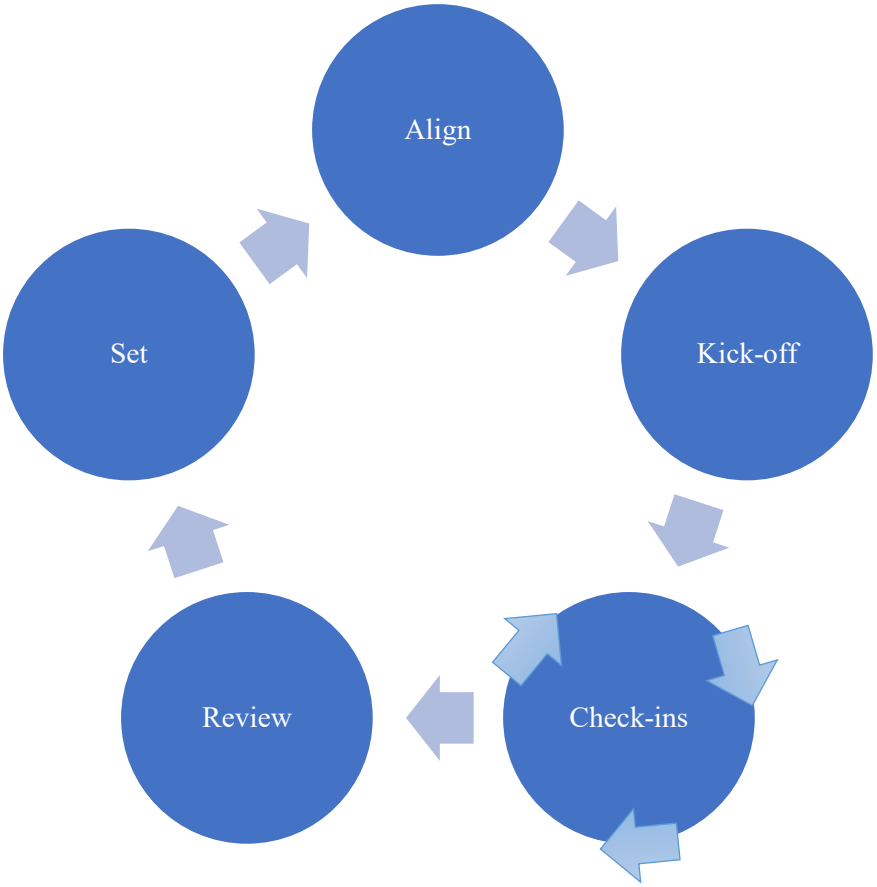

Figure 4. OKR cycle (Haak 2021, p. 180)

According to Kempf and Kühn (2022, p. 81-82) the OKR cycle consists of three key phases prepare, execute, and learn:

- In the prepare phase the leadership defines strategic OKRs while teams draft their own based on overall operational goals according to strategy. After that the OKRs are aligned through workshops.
- The execute phase begins with a kick-off, followed by teams working toward their goals with regular check-ins to track progress.
- In the learn phase of the cycle a review and retrospective are conducted to evaluate outcomes and improve collaboration. A characteristic of this phase is that the process is looked at holistically in order to better it in the future OKR cycles.

Kempf and Kühn (2022 p. 129-130) describe that a typical OKR cycle that lasts three to four months. Similarly, Ematinger et al. (2024, p. 4-5) describe the OKR cycle as a structured three-month process. Ematinger et al (2024, p. 4) identifies four stages of the OKR cycle planning, weekly check-ins, review, and retrospective:

- The planning phase focuses on defining objectives and key results based on the organisational vision.
- Weekly meetings help ensure ongoing transparency and alignment by tracking progress and addressing results.
- The review stage evaluates performance at the end of the cycle against the initial expectations
- Retrospective takes a broader, more reflective view, encouraging team learning and continuous improvement beyond just quantitative metrics.

Niven and Lamorte (2016, p. 136) outline that after a quarter has finished the results are given to each OKR. Additionally new OKRs are created when a need is identified for goals that have not yet been defined. OKRs that continue to hold relevance over longer time horizons are retained and carried forward into the next cycle. In contrast, those created for shorter-term priorities and are identified to completed are formally closed. Doerr (2018, p.196) mentions that in order to keep the OKRs relevant regular check-ins and updates on the progress are needed. Even if the targets of OKRs are reviewed quarterly the progress follow-up should be done in a more regular basis especially for those one that are in need for more attention. Through this follow-up it is made sure that the teams are working on the right things that are bringing the organisation the most value. Moreover, this type of working way encourages fail fast mentality where the way going forwards can be adjusted with agility.

According to Lamorte (2022, p. 9), increasing number of organisations are transitioning from quarterly OKR cycles to four-month cycles. This transition reflects how quarterly planning can become challenging for many companies, as overlapping business activities often lead to time constraints and increased pressure during planning cycles. As an example, Q1 OKRs are often not finalized until mid- or late February. This leaves only a short window before Q2 planning must begin. Moreover, summer vacations can delay mid-year planning, making

it harder to maintain the rhythm of quarterly cycles and prompting interest in four-month OKR timelines.

3.6 Objectives and key results linkage to strategy

According to Niven and Lamorte (2016, p. 65–66), the linkage between OKRs and strategy is fundamental as OKRs are meant to translate an organizations strategic direction into actionable outcomes. Organisations strategy provides the context for OKR creation, making sure that OKRs are not only aspirational but directly connected to the organization's goals. Strategy serves as the guiding framework within which OKRs can drive execution. As a result, OKRs are able to operationalize strategy making it concrete through measurable results that align teams around shared priorities.

Doerr (2018, p. 62) points out that one of the challenges organizations faces is not the creation of strategy but ensuring the way organisations employees understand it and can see how their roles contribute to it. When strategy is not clearly understood, execution of it can suffers when employees cannot see the linkage between their daily work and organizational priorities. As a result, the effectiveness of execution depends as much on understanding and clarity as it does on the quality of the strategy itself. By providing transparency and focus, OKRs bring clarity and focus by connecting person's work to team goals, department priorities, and the overall mission. This helps employees understand how their efforts support the organization's strategy.

Haak (2021, p. 39–40) underscores that OKRs serve as a tool for executing strategy. OKRs not only support organisations goals but also provide a systematic way to translate strategic goals into coordinated actions across the organization. By framing strategy execution through measurable objectives and results, OKRs help to maintain focus on strategic priorities. This way, OKRs serve both as a driver of alignment and as a communication tool that translates strategy into action throughout the organisation.

3.7 Benefits and drawbacks of incentive linkage

Incentive structures represent another important factor when considering the impact of OKRs on strategic performance. The original philosophy behind OKRs was to maintain a clear separation between OKRs and financial compensation. This was done in order to encourage employees to set aspirational goals without fear of not reaching the compensation targets. However, as noted in Rompho's empirical findings in cases where organisations tie OKRs to bonuses or performance evaluations, employees tend to engage in "sandbagging". This "Sandbagging" means deliberately lowering the ambition of their goals to maximize reward outcomes. (Rompho, 2024) As a result, this undermines the stretch nature of OKRs and discourages experimentation or learning from failure (Latham, 2020). To maintain the core idea of the framework, organisations are advised to treat OKRs primarily as developmental tools rather than as mechanisms for monetary evaluation (Rompho, 2024).

According to Niven and Lamorte (2016, p. 152), linking OKRs to incentive programs both benefits and drawbacks. A key benefit of that linkage is that it can signal the importance of the OKR framework within the organisation. By linking OKRs with incentives, employees are more likely to commit and engage with the framework. This seen importance can enhance the framework overall adoption in the organisation at all levels associated. Niven and Lamorte (2016, p. 153), point out that a typical nature of incentive-based compensation is a clearly defined targets on what is wanted to be achieved. Integrating incentives to OKRs creates clear guidance on what are the measurable things that are wanted to be achieved with OKRs and what are the levels that require for the desired outcomes to be fulfilled. This can be seen to drive engagement as well.

As pointed out by Niven and Lamorte (2016, p. 153), the clear downside of linking OKRs to incentives is that it fights against the nature of the frameworks target setting principle of ambitious targets as incentives are typically negotiated to be easy to accomplish. This can lead to a scenario where ambition is in some instances punished if the set ambitious targets are not achieved. Haak (2021, p. 71) says that combining OKRs and incentives leads to people setting lower targets which fights against the OKRs core principle. Also, Doerr (2018, p. 128) say that when goals are combined with incentives it can be highly possible that people are going to start "sandbagging" meaning setting lower target in order to reach them. In addition, Doerr mentions that as the key strengths of OKRs is their flexibility where priorities

can shift, and targets set earlier in the cycle may become outdated or irrelevant. As a result, tying compensation to these targets can discourage employees from adapting to new priorities. These risks reducing the effectiveness of OKRs as a strategic tool and contradicts their intended purpose.

Another risk of linking OKRs to incentives outlined by Niven and Lamorte (2016, p. 153–154), is that it reduces the likelihood of formulating OKRs based on forward-looking, "leading" indicators. Instead, they increase the likelihood that OKRs are written in a way that reflect past performance rather than drive future outcomes “lagging” indicator. Niven and Lamorte emphasize that this can lead to a situation where focus can result in quick wins that compromise future strategic value. When incentives are involved, individuals may prioritize objectives that are easier to measure and achieve in the short run, rather than those that would best support the organisation’s long-term success.

Doerr (2018, p. 128) points out that even when OKRs and incentives are not directly linked, they can still be indirectly intertwined. He suggests that maintaining this separation allows for a healthier and more constructive use of the OKR framework. By separating OKRs from incentives organisations can better drive a culture where ambitious goals are pursued for the sake of impact and learning, rather than simply for compensation purposes. Similarly (Rompho, 2024) outline that to maintain the core idea of the framework, companies are advised to treat OKRs primarily as developmental tools rather than as mechanisms for monetary evaluation.

3.8 Challenges and barriers in the use of the framework

Defined important is the organisational mindset around goal setting, since OKRs encourage the use of ambitious stretch goals in order to inspire innovation and performance. (Haak 2021, p. 24) As highlighted by Latham (2020), ambitious goals can enhance innovation and performance when individuals perceive them as practically reachable. Similarly, Erez and Kanfer (1983) argue that goal-setting effectiveness depends on whether individuals believe they have the resources and autonomy to reach the set targets.

When stretch goals are imposed in a top-down fashion without proper involvement from lower part of the organisation, they risk being perceived as unrealistic. This can lead to

several unwanted consequences such as demotivation, avoidance behaviors and minimal compliance rather than engagement. (Latham, 2020) To address these challenges organisations capability-building in goal setting is considered to be essential. This ensures that teams contribute to defining objectives that remain challenging yet achievable (Erez & Kanfer, 1983). According to Latham (2020) this includes supporting calculated risk-taking and having a culture in which partial success is valued as part of the learning process.

Strategic misalignment is also a common issue often observed in organisations working with OKRs. While one of the purposes behind OKRs is to better the alignment inside the organisation implementation gaps often come up when objectives are developed in silos (Tangen, 2004). Perrin (1998) warns that measurement systems that lack a shared understanding of value creation are prone to result in fragmented objectives. These do not collectively advance the organisation's mission. In large or matrixed organisations, this fragmentation is intensified because of the multiple reporting lines and localized priorities (Tangen, 2004). To counter this effect, organisations would need to implement shared planning processes, peer reviews of OKRs, and transparent strategy communication, ensuring that team-level Key Results can be traced directly to enterprise-level goals (Perrin, 1998; Tangen, 2004)

One frequent issue is the overproduction of key results. Rather than focusing on a few impactful metrics, organisations may list everything measurable. This type of approach often leads to clutter and a lack of clarity. As a result, this undermines the core purpose of OKRs, which is to concentrate on what truly drives success. Another common problem is unclear or confusing key results. A simple way for organisations to avoid this is to make sure that the language is straightforward and free from excessive acronyms. Additionally, while milestone-oriented key results drive a purpose reliance on such key results without linking them to measurable outcomes can dilute their effectiveness. In cases where progress is tracked mainly by completed tasks rather than achieved results, it increases the difficulty of evaluating real impact. (Niven & Lamorte 2016, p. 159)

A frequent mistake made by those new to OKRs is replicating high-level organisational key results and treating them as their own objectives. While aligning with broader company goals is important, this approach often overlooks the value of local context and individual team contributions. Ideally, OKRs should reflect a mix of both top-down alignment and bottom-up insight. Departments and business units should ensure their objectives are aligned with

the overarching strategy. Additionally, they should clearly reflect their distinct role in achieving success. Simply duplicating corporate OKRs can hinder innovation and reduce engagement. (Niven & Lamorte 2016, p. 158-159)

One of the strengths of the OKR frameworks is its nature to focus but only when that focus is deliberate and limited. People often are trying to do too much at once. This turns OKRs into an overwhelming list of goals rather than a clear strategic tool it is meant to be. By setting too many OKRs, organisations risk losing sight of their most critical priorities which results in people feeling overwhelmed. Instead of directing attention toward strategic transformation, the focus gets diluted by day-to-day operations. Haak (2021, p. 38-39)

Additionally, many organisations become discouraged with OKRs due to a lack of quick visible results. This is true especially in the early stages as it's common for teams to feel that little visible progress has been made. Without indicators to show movement or success motivation can fade and can result in teams abandoning the OKR process altogether. This can lead to reverting back to old habits and abandoning the structure OKRs are meant to provide. It can take time for an organisation to become comfortable with the OKR rhythm and begin seeing meaningful outcomes. (Haak 2021, p. 39)

4 Research methodology and case

This chapter outlines the empirical research approach and methods that were used in the research. The study aims to generate insights by analysing qualitative data collected through interviews. A case study methodology was selected to enable an in-depth understanding of the practices used within the case organisation.

4.1 Research methodology and data collection

To gather empirical data for the study, a qualitative case study approach was used. The data was collected through semi-structured interviews by interviewing personnel from inside the case company. Semi-structured interviews were chosen since it offers flexibility to follow up on interviewees responses, while still providing structure to guide the discussion (Bryman 2012, p. 470).

The primary data source consisted of semi-structured interviews conducted with individuals across various positions and geographical locations. Moreover, the operational roles of the interviewees chosen for this study were different in order to develop a holistic view on the case company's practices. The participants were chosen based on their involvement and in the OKR process within the case company. In total, interviews were conducted with ten employees. The interview pool allowed the study to explore various perspectives, points of view of OKR usage. Role and the scope of responsibility of the interviewees can be found from the table 2.

Table 2. Role and scope of responsibility of the interviewees

Role	Scope of responsibility	Years of professional experience
Strategy and change manager	Frontline	14
Strategy and change manager	Frontline	16
Strategy and change manager	Frontline	12
Strategy and change manager	Frontline	25
Strategy and change manager	Global	11
Program manager	Global	15
Program manager	Global	28
Head of operations development	Global	31
Head of continual improvement	Global	28
Director	Global	18

The interviews were conducted both remotely and in person and lasted between 30 and 60 minutes. The interview questions were sent beforehand to interviewees. The interview questions can be found from appendix 1. Even though the interview questions were sent out beforehand to the interviewees the format allowed for follow-up questions. This allowed the exploration of key insights in a deeper level which is a key characteristic of semi-structured interviews (Kvale 2007, p.79). The participants' identities are anonymized in this thesis and referred to as interviewees to maintain confidentiality.

The interview questions were designed to begin from each interviewee's personal experience of OKRs and gradually expand toward broader practices related to the framework. This allowed participants to share their experiences in their own words and helped establish a natural flow for the interview. The initial questions focused on how the interviewees personally experienced the OKR framework within their own teams and roles. The open questions were designed to uncover how deeply the framework had been embedded into everyday operations and whether it was perceived as useful.

After these questions the interview then moved to questions concerning organisational alignment and the practical application of OKRs within the matrix structure of the case company. These questions were aimed to reveal how OKRs were integrated into broader

strategy execution and whether structural factors enabled or hindered their effectiveness. As the discussion progressed, interviewees were prompted to reflect on the motivational aspects of the framework, including whether OKRs were linked to performance evaluations or incentives. At the end the interviews concluded with questions designed to areas for improvement. This structure ensured a balanced view of current practices and aspirations for future development.

Throughout the interviews, open discussion was encouraged around personal experiences, challenges in implementation and perceived motivation or resistance among teams. This structure enabled both contextual understanding and thematic depth in relation to OKR usage in a matrix organisation.

4.2 Data analysis

The analysis of the semi-structured interview data was done through a structured process extracting insights relevant to the implementation and use of the OKR framework. This method aligns with common practices in qualitative research when analysing semi-structured interviews. The process began with organizing and reviewing the transcripts and notes taken during the interviews to gain understanding of the content. The data was then examined in greater depth to identify patterns and recurring themes. (Creswell 2013, p. 225–231)

The data was analysed using thematic analysis, a technique used to identify and interpret patterns or themes within qualitative data. (Creswell 2013, p. 104). Through this process, several themes came up based on the interview insights. These themes were about regarding topics like strategic alignment, transparency and visibility, consistency versus flexibility in goal setting, and the question of linking OKRs to incentives. Each of these themes is discussed in detail in chapter 5.

The analysis aims to offer a balanced and well-supported view of how the case company has implemented and used the OKR framework. By contextualizing the content of the interviews, the study aims to generate meaningful insights into how the OKR framework is used within the global matrix organisation. The analysis is not only going to describe what

has been done, but to describe how the framework functions, where it adds value, where it faces limitations, and what lessons can be drawn from its use.

4.3 Case study organisation

The case study organisation is a global manufacturing company operating in multiple international markets with thousands of employees worldwide and a presence in numerous countries. The company has a matrix organisational structure that includes multiple layers and various business units. Due to the company's large scale and global operations the effectiveness and strategy execution across the organisation presents complexities.

To address these complexities the case study organisation has recently adopted the OKR framework in order to improve business performance and overall strategy execution. Moreover, the company’s motivation to transition to the model was to increase agility and address challenges in goal setting that would ultimately drive its new strategy. The study will be conducted as a case study for the global manufacturing company’s strategic divisions.

5 Insights

This chapter introduces the insights discovered in the data collection through the interviews. The goal of the interviews was to develop an understanding of how the case company's OKR framework supports strategic alignment, execution, and performance management. Moreover, the interviews sought to discover potential challenges, behavioural impacts, and improvement opportunities related to the OKR framework. The insights from the interviews are organized around the core research questions of the study.

5.1 Strategic purpose and role of the framework

The interviews started with the question of what purpose the OKR framework serves for each of the interviewees. This opening was designed to uncover how individuals in the case company saw the value of the framework according to their roles. The responses from the interviews revealed a clear pattern. OKRs were seen as a mechanism for turning strategy into action. Secondly, it was seen as a tool for shifting mindsets towards a future-oriented planning. Thirdly, it was seen as an asset for establishing a structured rhythm for leadership and execution.

The interviewees stated that OKRs were seen as a practical tool for making strategy a concrete part of the day-to-day operations. Instead of being abstract or high-level, the strategic priorities were seen to become more actionable through the OKR framework. Several interviewees pointed out that OKRs helped clarify how everyday activities contribute to the organisation's strategic priorities. In addition, the framework was said to increase visibility and alignment throughout the organisation. Several interviewees said that the transparency of OKRs made strategic priorities more accessible and visible across different teams and levels of the organisation. Based on the interviews, this visibility was seen to reduce silos and encourage cross-functional collaboration. This was made to be possible as employees could have more transparency and visibility on the focus areas that others were working towards. Various interviewees pointed out that the clear strategic priorities of the case company's strategy helped to bring clarity into the core focus areas.

Interviewees highlighted that the OKR framework encouraged a more forward-looking way of working. OKRs were viewed as a tool that encourages teams to think about what should improve or be developed in order to drive the execution of the strategic priorities. One interviewee said that OKRs help move the mindset "from backward-looking KPIs to future-focused planning". This shift in the mindset was said to enable thinking not just about measuring what has happened but focusing on the things that should happen next. This new perspective was considered beneficial for driving ambition and supporting continuous improvement.

The interviewees pointed out that the cyclical nature of the framework was described to help in keeping strategic priorities present in the daily work. This regular rhythm was seen to enable possible realignment of priorities based on their progress. One interviewee described how the case company's OKR quarterly cycle "keeps the strategy alive and moving forward". Other interviewees emphasized that it allowed for meaningful assessment. The repeated review points throughout the year were seen as a key enabler of more dynamic strategy execution.

The table 3 illustrates the most mentioned strategic purposes that interviewees mentioned about the OKR framework. The most mentioned theme was the ability of OKRs to turn strategy into action, which was said seven times during the interviews. The second most mentioned purpose was connecting daily tasks to strategy, which was said six times during the interviews. The third most mentioned was forward looking planning, which was said five times. Visibility and alignment with encouragement towards ambition were mentioned four times during the interviews.

Table 3. Strategic purpose of OKRs mentions

Strategic Purpose of OKRs	**Number of Mentions (N)**
Turning strategy into daily action	7
Promoting forward-looking planning	5
Improving visibility and alignment	4
Connecting daily tasks to strategy	6
Encouraging ambition	4

5.2 Bridging strategy and execution in a matrix organisation

The interviewees were asked to reflect on how well the case company's OKR framework connects to the organisation's strategic priorities, particularly in the context of a global matrix organisation. Several interviewees noted that OKRs can form an effective link between strategy and execution when applied correctly. It was said by the interviewees that success in this regard depends on how well objectives and key results are defined. In addition, another crucial part that was mentioned was whether realistic time horizons for the goals have been used. When timeframes and expectations are aligned, OKRs were seen to provide clarity and focus that support both strategic alignment and practical progress.

In most of the interviews, it was indicated by the interviewees that the OKR adoption remains at an early stage in the organisation. Many of the interviewees described that there were still varying levels of understanding and engagement across teams. One consistently mentioned practice of the case company's OKR framework was the mapping of OKRs to the company's main strategic priorities. This was described as helpful because it provided teams with a clearer sense of direction and purpose related to their OKR creation and tracking. By linking their goals to high-level business goals, teams were better able to understand how their work contributes to long-term ambitions.

The matrix structure of the organisation was seen to influence how OKRs are implemented and perceived. The interviewees said that in the case of a company organisation structure with multiple functions, geographies, and business units, flexibility is essential. In this context, the OKR framework was viewed as a valuable tool for balancing global direction with local adoption. One interviewee described how OKRs "give visibility to what local teams are doing". Instead of just setting uniform top-down objectives, the framework allowed teams to define their own OKRs within the boundaries of company-level goals. This flexibility was considered important in ensuring relevance as different units of the case company face varying market realities and customer demands. As another interviewee noted, this was beneficial in creating ownership and initiative within teams, which might otherwise feel disconnected from high-level strategy. However, the local adaptation of OKRs was said to be at an early stage and mainly driven by the top-down OKRs.

5.3 Frameworks suitability in a matrix organisation

Interviewees were asked to explain how the case company's OKR framework was used within their organisational context. Moreover, the interviewees were asked to describe current collaboration across teams and business functions. The goal was to understand how organisational structure influences the effectiveness of OKRs and to identify possible enablers and barriers. Many of the interviewees highlighted that the transparency of OKRs had a positive impact on cross-functional collaboration. By making goals visible in the organisation, the OKR framework was seen to enhance alignment. Interviewees noted that this visibility helped clarify interdependencies and reduced the risk of conflicting priorities. Particularly in a matrix organisation where collaboration across functions is critical, the open sharing of OKRs was seen as an important enabler that improved strategic coherence.

The table 4 shows how many interviewees saw the OKR framework as suitable for a matrix organisation. According to the interviews, nine out of the ten interviewees expressed that the OKR framework is suitable for a matrix organisation, and only one interviewee said either yes or no to the question.

Table 4. Suitability of OKR framework in a matrix organisation

Suitability of OKR framework in a matrix organization	**Number of mentions**
Yes	9
No	0
Did not say yes or no	1

5.4 Review cadence and tracking practices

The interviewees were asked to describe how the review cadence and progress tracking practices function in their organisational context with the current OKR framework of the case company. The purpose of this discussion was to understand how the existing review structure works in practice in different parts of the organisation. Moreover, the interviewees

were asked to identify any limitations in the tracking practices that could limit the effective use of the framework. The responses revealed a shared understanding of the value of structured follow-up but also highlighted several areas for attention.

The interviewees stated that the organisation sets its OKRs at the end of each year in preparation for the following year. Moreover, for each quarter of the year, targets are set and followed on a quarterly review cadence. The quarterly cycle was viewed as a logical and practical review structure regarding the progress of the initiatives. In many of the interviews, it was mentioned that the current cycle allows teams to set and assess meaningful progress over the time horizon. Quarterly reviews were considered sufficient for keeping strategic objectives visible without overwhelming teams with constant check-ins. However, interviewees particularly those closer to operational execution mentioned that the quarterly review cadence can be, at times too infrequent in fast-changing environments. In these cases, a monthly cadence of reviews was seen as a more suitable follow-up cycle to maintain momentum and allow earlier intervention to initiatives that needed attention.

The table 5 presents the distribution of preferred review cadences among interviewees. The quarterly review cadence was viewed by seven interviewees as the optimal cycle to review progress regarding the tracked OKRs. While quarterly reviews were widely accepted as the most optimal cycle, two interviewees mentioned that the monthly cadence of tracking OKRs would be a suitable option. In addition, one interviewee stated that a biweekly cadence on the follow-up would be necessary to stay on track with the progress.

Table 5. Review cadence split

Review Cadence	**Number of mentions**
Quarterly	7
Monthly	2
Biweekly	1

Another matter that came up during the interviews was the importance of visibility into OKR progress. Progress on OKRs was often collected manually. According to the interviewees, this created an extra workload and delayed visibility on the progress. Several participants pointed out that collecting the OKR data manually and inputting the information in the

centrally used OKR tool required time to be allocated from their day-to-day work. In addition, this was said to have reduced the ability to react quickly to possible changes in the progress of OKRs. Interviewees said that in some instances, progress updates were compiled just before review meetings.

The interviewees said that the cadence for reviewing OKRs should depend on the nature of the work. Some interviewees emphasized that a single fixed review cycle was not always suitable for all levels of the organisation. It was said that for the larger strategic initiatives, the quarterly review cycle was good. This was said as the progression was mentioned to be quite static if followed up more often. However, it was mentioned that in part of the organisation where the work was more project-driven, teams may require more frequent updates. According to the interviewees, incorporating monthly, biweekly reviews at this level could help to maintain momentum and ensure that OKRs are followed up and integrated into daily work, rather than treated as a quarterly reporting exercise.

5.5 Motivation, incentives, and goal ambition

To explore the relationship between OKRs and employee motivation, the interviewees were asked whether OKRs are currently linked to incentives or performance evaluations and how this connection affects goal ambition and behaviour. The responses offered insight into how the interviewees perceive the motivational function of OKRs. Moreover, the interviews revealed differing views on the role that incentives could play in the framework.

The interviewees stated that OKRs are not tied to financial incentives, bonuses, or performance reviews within the organisation. This separation was seen as intentional and aligned with the framework's aim to encourage ambitious goal setting without penalizing partial achievement. Interviewees noted that this approach supports the use of stretch goals and encourages teams to aim higher without fear of failure. From this perspective, having a separation of OKRs from compensation was considered to drive a more developmental environment.

At the same time, some interviewees stated that the absence of incentive linkage to OKRs could also reduce the perceived importance of the framework. Without a connection to individual accountability or formal recognition, OKRs were seen at a risk of being viewed

as an administrative task rather than a meaningful driver of performance. However, a few interviews pointed out that full linkage to compensation may not be the best solution to drive desired outcomes related to the framework. Instead, the selective use of recognition mechanisms was seen as a more meaningful way to reinforce the importance of the framework and drive its adoption in the organisation.

The table 6 illustrates how interviewees viewed the potential connection between OKRs and incentives. A majority of participants emphasized the value of keeping OKRs separate from direct financial incentives, as five of the ten interviewees preferred no direct linkage of OKRs to incentives. However, three respondents saw potential value in selective incentive mechanisms, such as recognition or visibility, while two interviewees supported stronger integration with performance evaluations.

Table 6. Perspectives on linking OKRs to incentives

Linking OKRs to incentives	**Number of mention**
Prefer no direct linkage to incentives	5
See potential in selective recognition	3
Would support stronger linkage to performance/incentives	2

Interviewees said that social and organisational dynamics influenced how goals were set. Several interviewees pointed out that the visibility of OKRs across the organisation created an informal pressure to present objectives in a positive light and avoid showing negative progress. This tendency was said to be evident in how progress statuses were reported, with the avoidance of labels that might indicate underperformance. As a result, overly cautious or conservative goals were sometimes set as OKRs were treated more like traditional KPIs than aspirational stretch goals. This shift in mindset was seen to reduce the transformative potential of the framework and limit its ability to drive ambitious change.

5.6 Ownership and engagement with the framework

Interviewees were asked to reflect on how OKRs are perceived within their teams and functions. Moreover, they were asked to describe whether the framework is seen as a meaningful strategic tool or primarily as a compliance-driven exercise. The aim was to explore how deeply OKRs are embedded into the way teams work and to what extent individuals and teams feel ownership over the targets.

One theme that came up in the interviews was that the level of engagement with OKRs varied depending on the level of autonomy in setting the OKRS. Teams that had formulated their own OKRs within those linked to the strategic priorities reported a higher sense of ownership and commitment. One interviewee described how local teams had created OKRs that better reflected their operational realities. This made the framework feel more relevant and actionable. In such cases, OKRs were not seen as an external requirement, but rather as a meaningful tool for guiding the team's direction and focus. In these cases, OKRs were described as relevant and motivating. In addition, they were described to provide clarity on what the team aimed to achieve.

In scenarios where OKRs were defined in a more top-down manner, some interviewees mentioned that they were occasionally perceived as an additional layer of administrative reporting. This was mentioned to be the case when enough explanation behind the background of the objectives was not provided. In such cases, the OKRs lacked relevance to the team. As a result, engagement with the framework was limited. This was especially evident in areas where the purpose of the OKR model was not yet clearly understood and adopted. At the same time, interviewees acknowledged that certain strategic priorities that are driven as global transformation initiatives require shared objectives across all levels of the organisation. In these cases, standardization of key initiatives was considered necessary to ensure alignment and collective focus, regardless of local differences.

The interviews also emphasized the critical role of leadership in shaping engagement. In cases where leaders used OKRs to structure team discussions, followed up on progress meaningfully, teams were more likely to view the framework as relevant and motivating. Conversely, where leadership involvement was more infrequent, OKRs risked being seen as more of a reporting exercise rather than a strategic tool.

5.7 Ensuring consistency and local adaptation in goal setting

To examine how OKR practices vary across different parts of the organisation, interviewees were asked about the consistency of goal-setting practices and how much local adaptation was done. The aim was to understand how the organisation balances standardization with flexibility and what kinds of support structures are in place to promote quality and alignment in OKR formulation.

The interviews revealed that there are currently variations in the OKR practices across teams. While some teams had established clear routines for defining and tracking OKRs, others operated in a more inconsistent manner. Specifically, there was variation on what constitutes a well-structured objective or meaningful key result. As a result, there was variation in the quality of OKRs across the organisation. For example, some teams formulated their OKRs in close alignment with strategic priorities, while others defaulted to routine KPIs.

Despite these variations, most interviewees acknowledged that some level of local adaptation is both necessary and beneficial. Given the diversity of geographical scopes within the organisation, a one-size-fits-all approach was not considered feasible. Teams working in localized markets often required greater flexibility in how goals were framed and prioritized. Interviewees emphasized that this kind of adoption supported relevance and ownership.

To support consistency without undermining, the organisation had introduced tools and templates, such as slide decks and planning guides. While these materials were appreciated, several interviewees noted that they were not always sufficient on their own. Practical coaching, peer sharing, and examples from other teams were considered more impactful in helping teams adopt effective OKR practices. Some participants also called for stronger validation processes.

5.8 Implementation challenges and lessons learned

As part of the interviews, participants were asked to reflect on the main challenges they have encountered since the implementation of the OKR framework at the beginning of the year. The aim was to identify practical barriers, cultural dynamics, and lessons learned from the

early stages of adoption. While the general attitude toward OKRs was positive, a few themes regarding the challenges related to the framework were brought up in the interviews.

A challenge that was mentioned in many of the interviews was regarding confusion around the difference between OKRs and traditional key performance indicators (KPIs). Many of the interviewees pointed out that there was a struggle to differentiate between forward-looking key results and backward-looking performance metrics. Since there was this confusion among people in the organisation, some OKRs were written in the form of KPIs rather than key results. Interviewees said that this created confusion as the OKRs were written the first time, in the organisation guidance was taken from already created OKRs.

In addition to conceptual challenges related to the framework, interviewees also noted practical challenges related to data accessibility. Interviewees noted that the tool currently used to manage OKRs required manual data inputs. This led to inconsistent tracking practices and limited the visibility of progress between review periods. In some cases, it is also said to have resulted in OKRs being updated too close to quarterly review meetings, making it difficult to react to possible challenges related to key results in a timely manner.

Cultural dynamics also played a role in the challenges experienced related to the OKR framework. One of the themes raised was the discomfort associated with marking OKRs as being behind target. Interviewees acknowledged that there was a tendency to avoid assigning a status that were behind targets due to concerns that it might be viewed unfavourably. This behaviour undermined the learning-oriented nature of the framework. Moreover, it reduced the effectiveness of progress reviews.

The table 7 shows the most frequently cited difficulties among interviewees. The most common challenge was confusion between OKRs and traditional KPIs, which was mentioned seven times. This conceptual ambiguity often led to key results being framed as performance metrics rather than forward-looking targets. Data accessibility was another major issue, cited five times, with many participants highlighting the burden of manual tracking and limited tool support. A lack of structured OKR examples and weak validation practices during goal-setting were also mentioned, each three times, reflecting the need for more practical guidance and support during implementation.

Table 7. Most mentioned challenges related to the framework

Most mentioned challenges related to the framework	Number of mentions
Lack of validation in goal-setting	3
Lack of structured OKR examples	3
Data accessibility	5
Confusion between OKRs and KPIs	7

Despite these challenges, interviewees shared valuable reflections on how the use of the framework could be improved to drive its performance. Several emphasized the importance of ongoing capability-building, including hands-on training and real-life examples. Also, it was noted that people would benefit from examples of OKRs that were able to drive business performance regarding the strategic priorities.

5.9 Summary of the findings

The interviews implicated that the OKR framework was seen as a tool for turning strategy into daily action. The interviewees saw value in the case company's framework's ability to make strategic priorities more concrete part of day-to-day work and provide a clearer sense of direction towards the ambition. OKRs were also described to shift the mindset from tracking past performance to a more forward-looking orientation that is direct towards ambition and continuous improvement. Additionally, the cyclical nature of the case companies' framework was said to keep the strategy present through OKR reviews.

The interviewees saw, OKRs as a useful for bridging strategy and execution. The case company's OKR framework's flexibility allowed OKRs to be connected with local priorities, making the framework more relevant for teams operating in diverse markets. This adaptability was said to promote ownership. However, the case company OKR adoption was still in an early stage, and many interviewees pointed out that the process remained largely top-down.

During the interviews transparency emerged as a recurring theme. The open visibility of OKRs was described by the interviewees to breaking down silos and improving cross-

functional collaboration. In a matrix structure, this transparency was considered especially valuable for clarifying interdependencies and avoiding conflicting priorities. The majority of interviewees agreed that OKRs are suitable for global matrix organisation structure.

Regarding review and tracking practices, the quarterly cadence was seen by the interviewees as adequate for maintaining focus and preventing excessive reporting activities. However, some interviewees working closer to operational activities argued that quarterly reviews were too infrequent for fast-moving environment. In these cases, more frequent reviews of monthly or even biweekly were seen as better suited. A practical challenge that was mentioned during the interviews was the reliance on manual data collection, which created additional workload and reduced the timeliness of progress visibility.

The question of motivation and incentives generated mixed responses by the interviewees. The organisation had chosen not to tie OKRs to incentives. This was seen by many as supporting ambition by removing the fear of failure. In retrospect, the absence of incentive connection was said by the interviewees to risk diminishing the perceived importance of the framework. Social dynamics also played a role, as the visibility of OKRs created informal pressure to report progress positively, which sometimes led to conservative goal-setting.

Ownership and engagement varied depending on how OKRs were formulated. The interviewees stated that where teams were able to define their own OKRs within the strategic boundaries, the framework was described as motivating and relevant. In contrast, in some cases interviewees noted that when OKRs were imposed more top-down without sufficient relevance they were perceived as administrative reporting. Leadership involvement was said by the interviewees to be a critical factor to the engagement of the framework.

The interviews revealed variation in the quality of OKRs across the organisation. Some teams produced OKRs that were formulated as leading indicators, while others defaulted to routine lagging KPIs, reflecting uncertainty about what constitutes a well-formulated OKR. Local adaptation was seen as both necessary and beneficial, given operational contexts, but interviewees emphasised the need for stronger guidance, examples, and coaching to ensure quality and consistency.

Through the interviews implementation challenges were identified. The most notable was confusion between OKRs and traditional KPIs. This resulted in backward-looking measures being labelled as key results. Data accessibility and manual tracking posed another barrier,

limiting the framework's effectiveness in practice. Cultural factors, such as reluctance to mark OKRs as behind target were seen to reduce the framework's learning potential. These challenges highlighted the importance of capability-building, practical examples, and validation processes in improving adoption.

6 Analysis and discussion

This chapter covers the analysis of the results of the interviews and the discussion. The aim is to analyse the empirical results with the existing theory on the related matters. Also, the chapter provides recommendations related to the OKR framework in the case company and gives answers to the research questions.

6.1 Role of transparency in strategic alignment and goal setting

The interviews mentioned frequently that the OKR framework is valued for providing transparency and visibility into the initiatives that teams across the organisation are undertaking to support the company's strategy. Interviewees described that the framework was seen to increase alignment in the organisation. This alignment and visibility contributed positively to the clarity of direction and cross functional understanding of strategic priorities.

Described by the interviewees in multiple instances was that the open access to OKRs enabled better cross-functional collaboration. Interviewees highlighted that the visibility helped to identify possible overlaps. This aligns with Kempf and Kühn (2022, p. 132) as they also state that visibility into things that others are working on strengthens accountability and improves mutual understanding between units. This visibility is essential, especially in a complex matrix organisation where it can be challenging to have clarity on the things other teams are working on. Thus, transparency plays a pivotal role in creating alignment and collaboration. In addition, it reduces silos and helps to ensure that strategic initiatives are executed in a coordinated manner across the organisation.

Visibility also introduced behaviours that influenced how goals were set. Some interviewees noted that when since OKRs were made visible to others it was said to affect the target setting ambition. In some cases, this was attributed to concern over negative perceptions if the set goals were not achieved due to their highly ambitious targets. Conservative goal setting can reduce the framework's ability to promote open learning and iterative improvement. Kotter and Schlesinger (1979) support this finding as they argue that resistance to change can happen as people worry about being judged or misunderstood, especially if new systems make them more exposed than before. These insights can be

interpreted as indicating that while transparency is a core strength of the framework, it also requires time for the organisation to adapt to the cultural change it brings where stretch goals and not always achieving them are seen as opportunities for learning and growth. Nevertheless, interviewees also highlighted that conservative goal setting was not solely an issue related to the framework but reflective of a broader organisational trend toward achievable targets.

Despite these behavioural implications, transparency was widely regarded by interviewees as a key enabler of enhanced accountability and strategic coherence. They stressed the importance of having an organisational culture where visibility is paired with support and open dialogue. This reflects the principles of Self-Determination Theory (Deci & Ryan, 1985), which emphasizes that motivation and engagement increase when individuals experience competence, autonomy, and relatedness. It can be said that when transparency is coupled with supportive leadership and open communication it can enhance the organisation's overall capacity to align strategically and execute effectively.

These findings highlight that transparency alone is not sufficient for effective OKR adoption. For the framework to support engagement, it should be accompanied by behaviours and leadership practices that reinforce psychological safety and shared ownership. In the context of a matrix organisation, the way OKRs are framed becomes important. When OKRs are presented as tools for learning and development, rather than as instruments of evaluation it is more likely to create more meaningful engagement. Without cultural reinforcement, transparency may shift from being a driver of alignment to becoming a source of compliance, which can ultimately undermine the benefits of the framework.

6.2 Role of incentives in motivation and ownership

Niven and Lamorte (2016, p.152) say that linking OKRs to incentives presents both opportunities and challenges. According to Rompho (2024), the original philosophy behind OKRs advocates that there should be a clear separation between OKRs and financial compensation. This is encouraged as it promotes encouragement to set ambitious targets that aim for more than is expected to be achieved, which is a fundamental part of the framework. The interviews revealed that the case company did not include the current OKRs with their incentives. Interviewees noted this separation creates an environment where teams are

encouraged to set ambitious targets without fear of being penalized for not fully achieving them.

However, the interviewees revealed that the absence of any connection to incentives could weaken the perceived importance of the framework. It was said that the linkage of OKRs to incentives could strengthen the engagement and buy in of the framework. This viewpoint is in line with Niven and Lamorte's (2016, p.152) argument that the possible linking of OKRs to incentives would underline the importance of the framework within the organisation and increase the level of accountability and importance. What was also said by the interviewees is that the linkage would increase ownership of OKRs, as the connection could enhance the feeling that individual and team efforts are acknowledged and valued.

According to Niven and Lamorte (2016, p. 153), incentive-based compensation relies on clearly defined targets with precise benchmarks on required achievement levels. The interviewees similarly stated that if OKRs were to be linked to incentives, the level of achievement would need to be defined with precision to ensure fairness and clarity in evaluating performance. It was noted that linking OKRs to compensation would require clearer definitions of specific metrics, baselines, and expected outcomes. Without this clarity, evaluations could become subjective or unfair across different teams. Furthermore, interviewees pointed out that even if targets were clearly defined challenges could appear in situations where the business priorities change. Doerr (2018, p. 128) outlines that the key strength of OKRs is their flexibility, which allows creating new priorities when they arise, and irrelevant targets can be removed if they are no longer relevant due to changes. Therefore, linking OKRs to incentives too tightly could discourage this flexibility of adapting to changing priorities and really driving true value through the framework.

Several interviewees reflected on the risk of conservative goal setting within the current framework. Although no direct sandbagging behaviour was reported, some participants noted a tendency towards cautious or safe goal setting practices. What was mentioned by some of the interviewees was that the linkage to incentives would potentially amplify tendencies of sandbagging efforts, leading employees to intentionally set less ambitious targets. This concern was similarly outlined by Doerr (2018, p. 128), warning that when goals are combined with incentives, goal setting may encourage sandbagging. Additionally, Gray et al. (2014, p. 110–114) note that emphasis on performance measurement incentive

structures can lead to unwanted behaviours such as risk aversion, gaming, or avoiding negative indicators.

The findings illustrate the delicate balance needed to motivate performance while preserving the ambition embedded in the OKR frameworks main intent. Within the case company, the current absence of incentive linkage appears to support a psychological safety that promotes ambitious goals and flexibility. However, the absence of incentive linkage may also risk the perceived importance of the framework over time. The interviews suggest that recognition and accountability are still needed but should be approached in a way that protects flexibility, reduces fear of failure, and reinforces intrinsic motivation.

6.3 Structural consistency and contextual flexibility

The interviews indicated that the OKR framework was viewed as well-suited for a large matrix organisation. Interviewees mentioned that the framework brought a greater level of clarity and alignment to the organisation. This greater level of alignment was driven by the visibility of OKRs across the organisation, enabling different teams in all layers of the organisation to understand each other's priorities. However, it became evident from the interviews that goal setting practices across the organisation required a careful balance between consistency and flexibility.

Interviewees saw clear value in the consistency that the framework brings to goal setting. By establishing a shared structure throughout the various layers of the organisation, OKRs were described to support alignment and help to track progress on strategic priorities. A top-down approach where higher level OKRs were set first and cascaded to guide lower layer targets was considered beneficial. Haak (2021, p. 182-183) notes that alignment through shared OKRs will help organisations to drive key themes across the organisation and provide needed traction for them to be adopted. Similarly outlined by Doerr (2018, p. 62) and Niven and Lamorte (2016, p. 104), top-down driven OKRs offer an approach for organisations to guide the direction that will set the tone for the lower levels.

However, the interviews also highlighted that local adoption regarding the usage of the framework was seen as essential. Teams operating under different business environments and geographical locations noted that top down driven OKRs were bringing them useful

direction for identifying key initiatives. Still, it also became clear that strict top-down driven alignment could lead to misalignment with local strategic realities in which the case company operates. This supports Grant's (2018, p. 326) concern that a strictly top-down driven approach may become disconnected from the operational realities, particularly in a matrix organisation with varying conditions across units and geographies. Mintzberg (1987) also argues that strategy is interpreted differently across the organisation and must be seen as a multi-dimensional process shaped by local context. The interview findings reflect this view, as global OKRs were strategically aligned but were sometimes perceived as lacking local relevance.

In an environment where teams may report to both functional and regional leadership, clarity on prioritization and goal ownership becomes especially important. The OKR framework was seen to support navigating this complexity by making goals explicit and encouraging discussion around focus areas. This complexity is typical of matrix organisations, as Tangen (2004) notes that multiple reporting lines and localized priorities often lead to fragmented objectives. In this type of environment, interviewees described the OKR framework as providing structure and transparency by clearly identifying responsibilities and strategic focus.

The findings highlight maintaining a delicate balance of consistency in OKR structures to support strategic alignment, but being too rigid can diminish local relevance. This balance ensures that global strategic directions provided by top-down OKRs remain meaningful and applicable at the local level. An effective OKR framework combines clear top-down direction with enough flexibility for teams to set and adjust their goals within the strategic priorities. Such flexibility was recognized as essential for enhancing overall strategic alignment in a complex matrix organisational environment.

6.4 Objectives and key results cycle

The importance of maintaining a regular cadence to sustain momentum and focus within the OKR framework came up frequently during the interviews. The interviewees described that the case company uses a structure where OKRs are set annually, complemented by defining specific quarterly targets that are reviewed at the quarter's end. This approach was described by interviewees as both logical and practical for effectively aligning teams around strategic

priorities. The described cycle closely mirrors the structure proposed by Haak (2021, p.180), encompassing the phases of setting, aligning, kicking off, checking in, and reviewing OKRs.

It was said by the interviewees that since the OKRs were established, they have consistently reviewed and monitored them. However, when asked whether OKRs were actively removed or new ones created in response to changing business needs or focus, most respondents indicated that this was an uncommon practice. Niven and Lamorte (2016, p. 136) advocate that new OKRs should be introduced as soon as new strategic priorities arise. Additionally, it is mentioned that OKRs that continue to hold relevance over longer time horizons should be carried forward into the next cycle. In contrast, those created for shorter-term priorities and identified as completed should be formally closed to maintain clarity and bring focus to work.

The quarterly rhythm of viewing the progress of the OKRs was described by the interviewees as sufficient for allowing meaningful progress to happen without overburdening teams with administrative oversight. However, interviewees particularly those closer to operational execution, expressed that the quarterly cycle was not always the best in highly dynamic contexts. For such environments, the quarterly reviews were viewed as too infrequent. In these environments, interviewees said that monthly or even biweekly follow-up might capture progress more effectively, enabling quicker responsiveness and continuous adjustments to changes. Doerr (2018, p.196) mentions that regular check-ins and updates on the progress of OKRs are needed. He emphasizes that even if the targets of OKRs are reviewed quarterly, the check-in on the progress is encouraged to be done on a more regular basis, especially for OKRs that are in need of more attention. Regular check-ins ensure teams remain aligned and focused on tasks contributing the most value for the

These findings highlight the need to strike a balance between structured alignment and adaptive flexibility within the OKR cycle. The current cadence provides a pragmatic rhythm for alignment. However, while the current quarterly cadence effectively supports strategic coordination, its relatively static nature and limited use of mid-cycle adjustments can reduce the framework’s ability to drive continuous learning and responsiveness. This is why regular check-ins are essential for ensuring that teams are focused on the most valuable activities and necessary actions are taken on time. Combining structured quarterly reviews with more frequent check-ins could enhance the OKR framework's ability to function as a responsive tool for strategy execution.

6.5 Key challenges and implementation lessons

The implementation of the OKR framework within the case company has generally been received positively. According to the interviews, it has brought greater alignment between strategic priorities and daily operations, enhanced transparency across teams, and introduced a structured cadence for reviewing progress on strategic themes. Several interviewees emphasized that the framework helped operationalize the company's strategic priorities, making them more actionable in day-to-day work. However, the interviews also pointed out challenges that have influenced the frameworks usage thus far. These challenges are related to both conceptual misunderstandings and practical difficulties associated with implementation in a large matrix organisation.

A common conceptual challenge identified by interviewees was confusion between OKRs and traditional key performance indicators (KPIs). Several interviewees frequently expressed uncertainty regarding how key results differ from existing metrics. This lack of distinction led to key results sometimes being formulated as lagging indicators or standard performance metrics, rather than as forward-looking leading indicators. This confusion reflects the deeper behavioural and mindset shift necessary for successful OKR adoption. According to Doerr (2018, p. 158), when OKRs are treated as such they risk becoming a reporting layer rather than a tool for driving strategy execution. Similarly, Niven and Lamorte (2016, p. 153–154) emphasize that when OKRs are formulated as lagging indicators rather than leading indicators, the behaviour of OKRs reflects past performance rather than drives future-oriented strategic progress. As a result, they encourage driving short-term gains rather than sustained organisational value.

Alongside conceptual misunderstandings, many interviewees pointed to issues in the practical execution of the framework. This was evident area of data availability. Interviewees noted that the manual updating required for OKR progress tracking often caused delays in receiving timely feedback. As a result, updates were frequently made only shortly before quarterly meetings. This significantly reduced opportunities for proactive adjustments and course corrections during the OKR cycle. This issue aligns with the literature, emphasizing that timely and accurate data are essential for effective OKR execution and ongoing responsiveness (Cokins, 2009).

Cultural dynamics also influenced perceptions and usage of the OKR framework. Even though the framework is intended to support learning and promote ambitious goal setting, there was a tendency to avoid negative status updates out of concern for how they might be perceived. This behaviour indicates the necessity for a broader cultural shift to fully embrace the learning-focused philosophy inherent in the OKR framework. Haak (2021, p. 41) points out that experimentation and occasional failures are a central part of the framework. Thus, OKRs drive a cultural change in the organisation. However, the cultural change does not happen overnight. According to Haak (2021, p. 283), for the ambitious OKRs to be driven, sustained leadership encouragement is crucial in fostering the courage needed to drive change. Through encouragement, teams are able to have the courage to drive change inside the organisation.

Interviewees pointed out that there is uncertainty about how to create meaningful OKRs that would drive change. This uncertainty was said to be coming from a lack of understanding about what constitutes a good objective or outcome-focused key result. Consequently, some OKRs were defaulted to task-oriented targets while others replicated existing KPIs without considering whether they supported forward-looking progress. This reinforces Haak (2021, p. 71–74) point that developing high-quality OKRs is a learning process that often takes time. Effective creation evolves through continuous practice and reflection. With each iteration and round, individuals and teams improve their ability to set OKRs that drive progress.

Despite these challenges, interviewees provided valuable insights on improving the implementation practices. A key lesson highlighted was the importance of building capability through training, especially with real-life examples that demonstrate what type of OKRs have been able to drive strategic priorities and how they look like in different contexts.

These findings highlight the critical importance of building internal OKR competencies for meaningful implementation. While the framework provides structural clarity, its impact ultimately depends on how well individuals and teams can formulate targets that are both ambitious and outcome oriented. Without sufficient support, there is a risk of reverting to KPI-based or task-focused objectives that do not drive the intended change. OKR frameworks is a learning process where the quality improves over time. However, this does not come on its own and requires consistent training and shared learning. Implementing

practical learning mechanisms such as peer reviews and iterative feedback loops can help teams internalize OKR principles.

6.6 Strategic alignment through objectives and key results in a matrix organisation

According to the interviews, a key perceived benefit of the OKR framework is its ability to enhance alignment between strategy and day-to-day operations. Based on the interviews, what was evident was that within the case company which is operating under a matrix structure is that the framework provided alignment. Niven and Lamorte (2016, p. 43) outline that OKRs increase collaboration and alignment by providing a common language and shared focus, which is especially valuable in complex organisational environments. Additionally, the simplicity and clarity in strategy execution provided by the OKR framework were recognized by the interviewees which is also noted by Niven and Lamorte (2016, p. 42) to be the key benefits of the framework.

OKRs were seen by many interviewees as a helpful mechanism to strengthen strategic focus. However, as mentioned in the interviews, what was seen as a crucial part of this was the necessity of maintaining simplicity within strategic priorities. Several interviewees pointed out that OKRs helped translate broad strategic goals into specific, actionable tasks by creating annual objectives with quarterly targets. Moreover, the interviewees appreciated the structured approach brought by OKRs, which helps them to facilitate their work via the focus points that were tracked. These observations align with Haak's (2021, p. 67–70, 182–183) findings, which underscore the necessity of simplicity in strategy formulation for OKRs to effectively translate goals into concrete objectives and measurable key results.

While OKRs that are cascaded down from the upper layers of the organisation provided direction, some interviewees mentioned the importance of maintaining local flexibility to adapt to diverse geographical contexts. This insight resonates with Grant's (2018, p. 326) point that strategy imposed from the top risk becoming disconnected from operational realities unless adapted locally. Haak (2021, p. 41) similarly outlines that OKR framework requires cultural transformation that is driven by leadership. Leaderships responsibility is to give the trust and freedom to teams and empower them to make contextually appropriate decisions as the framework encourages that.

These findings highlight the importance of building internal OKR capability as a foundation for meaningful implementation. While the framework provides structural clarity, its impact ultimately depends on how well individuals and teams can formulate goals that are both ambitious and outcome oriented. Without proper support, there is a risk of reverting to familiar KPI-style or task-based goals that do not drive meaningful change. As Emantinger et al. (2024, p. 22) emphasize, OKR quality improves over time, but only when supported by consistent training, shared learning, and clear expectations. Embedding practical learning mechanisms—such as peer reviews, guided workshops, and iterative feedback loops—can help teams internalize the principles of the framework. Over time, this shift from superficial compliance toward strategic application allows OKRs to function not just as a goal-setting structure, but as a dynamic enabler of cultural learning, ambition, and long-term performance.

6.7 Recommendations on future action

Based on the findings and analysis presented in this study, the following recommendations are proposed to enhance the effectiveness of the OKR framework within the case company. These recommendations are based on the empirical data combined with existing research on the subject. The recommendations are specifically tailored to address the needs of a matrix-structured organisation.

To improve the strategic alignment and clarity across the organisation, the case company could benefit from jointly defining a limited set of shared OKRs in collaboration across organisational levels. These shared OKRs should be derived from core strategic priorities. In addition, these shared OKRs would serve as reference points for teams for setting their own targets in the various levels of the organisation. While the OKR framework described by Doerr (2018, p. 55–56) utilizes a bottom-up goal setting and encourages autonomy on OKR creation defining small number of common, strategically significant objectives and key results that are co-created by leadership and key operational stakeholders could bring more clarity and sharpen the strategic direction that the leadership want to take the organisation towards.

The findings underscore that clear strategic alignment is important for teams to understand how their day-to-day work supports strategic organisational goals. A focused set of

strategically significant OKRs could help to create clarity across functions and geographies. This would allow more effective tracking of organisational progress on the key objectives while providing direction on what the organisation wants to focus on. When teams clearly understand how their own objectives link to priorities, the alignment becomes more natural, and the strategic purpose of daily work becomes more visible.

While maintaining consistency with shared OKRs that are cascaded to the different layers of the organisation, it is important not to preserve the need for the creation of OKRs specific to the local relevance. To ensure that the framework remains meaningful across diverse contexts, teams should be encouraged to use the autonomy to define their own OKRs that reflect specific business realities. These OKRs should not exist in isolation but should be framed as natural extensions of the strategic OKRs. By integrating strategic direction with locally tailored execution, the framework can support both organisational coherence and adaptability.

To strengthen the quality and strategic impact of OKRs, the case company should invest in building internal capabilities systematically regarding the OKR framework. The effective usage, especially the formulation of objectives and outcome-oriented key results, was identified through the interviews to be challenging, especially in the early stages of adopting the framework. This is why the importance of practical skill learning and continuous iteration rounds should not be forgotten. Without support, there is a risk that OKRs will become activity trackers or lose their strategic relevance over time.

To mitigate this, the company should establish structured training sessions as a routine part of the annual OKR process. These sessions should focus on practical applications and real-world examples that provide teams with actionable guidance. Furthermore, developing internal documentation with concrete examples of effective OKRs from various business units will offer teams valuable reference points when formulating their objectives and key results. Moreover, the case company could benefit from highlighting existing OKRs that have contributed value regarding the strategic priorities. Highlighting successful cases of OKRs that significantly advanced strategic priorities can further reinforce best practices.

Finally, to preserve the original purpose of the OKR framework as a tool for ambition and learning, OKRs should remain separate from financial incentives. Although linking OKRs directly to incentives might increase accountability towards OKRs, it can inadvertently

reduce their effectiveness. When incentives are tied to OKRs, there is a tendency for employees to set safer easily achievable targets in order to reach them. This can limit the framework's potential to drive meaningful impact on the strategic priorities.

A core benefit of the OKR framework is encouraging ambitious, forward-looking targets that drive teams to push beyond routine performance. This ambition can be better thriven in a culture where partial achievement is valued as progress and experimentation is encouraged rather than penalized. Linking OKRs to financial incentives could shift attention from strategic contribution to reward optimization. As a result, employees might be inclined to downplay ambition or overly optimistically represent their progress.

In a global matrix organisation clarity becomes particularly important. Uniformly tying OKRs to performance evaluations may inadvertently create inconsistencies due to varying local contexts, maturity levels, and market conditions. Keeping OKRs separate from incentives reinforces their strategic, learning-oriented nature and maintains their effectiveness in driving genuine organisational alignment and growth.

6.8 Answers to the research questions

Lastly, the stated research questions are discussed. The purpose of this thesis was to examine how the OKR framework can be effectively used in a global manufacturing company and how it influences the organisation's strategic alignment and business performance. The research was conducted as a qualitative case study, drawing on insights from ten employee interviews within the company. These responses provided a basis for identifying key success factors, common challenges, and contextual nuances in the application of the OKR model.

Building on these findings, the thesis offers practical recommendations for enhancing the use of OKRs to support strategy execution and organisational focus. More broadly, this research contributes to the growing body of literature on OKR adaptation beyond its origins in the technology sector, offering a manufacturing-specific perspective. However, as the findings are based on a single case company, hence they are not fully generalizable across the industry.

The first research question of the study was:

RQ1: *"How can the OKR framework be utilized to drive strategy and improve business performance in a global matrix organisation?"*

The empirical findings and prior literature support each other. First, interviewees highlight that OKRs makes strategy more tangible by providing a common strategic language that bridges different functions, geographies, and business units across the organisation. Similarly, Haak (2021, p. 39–40) states that OKRs deliver the most value when they are aligned with the organisations' strategic priorities. Interviewees also underline the flexibility in adapting their OKRs within the boundaries of the company's strategic targets. This flexibility was seen as critical in ensuring that goals remained meaningful across markets with differing customer demands and operating conditions.

Transparency emerged as another critical factor. Both the case evidence and prior studies stress that openly sharing OKRs across organisational levels fosters alignment and collaboration (Doerr, 2018, p. 61; Niven & Lamorte, 2016, p. 23). Interviews highlighted that transparency of OKRs across organisational levels supports alignment and cross-functional collaboration. This research found that employees are more likely to understand how their work connects to organisational targets when objectives and key results are openly shared. This transparent nature was said to reduce silos and create a more unified direction for an organisation. The research further identified that a regular cadence of quarterly planning and review cycles is suitable for keeping strategy adaptive and iterative rather than static.

The second research question of the study was:

RQ2: *"How can linking OKRs to incentives affect employee motivation and company performance?"*

The research found a preference among interviewees to keep OKRs separate from financial incentives. Linking OKRs to incentives was seen as potentially problematic, as it was said to encourage conservative goal setting in order to secure rewards. This tendency towards conservative goal setting undermines the aspirational nature of the framework, leading to easily achievable targets rather than the ambitious stretch goals the OKR framework is designed to promote. As a result, this can weaken an organisation's ability to drive strategic execution.

This is further supported by research, which cautions against linking OKRs to financial incentives. Doerr (2018, p. 128) and Niven and Lamorte (2016, p. 153) argues that OKRs should not be directly tied to incentives, since employees may start to set too conservative goals to simply guarantee rewards. Similarly, Haak (2021, p. 71) highlights that connecting OKRs to financial incentives reduces willingness to take risks and pursue, undermining the purpose of OKRs. Rompho (2024) shows that tying OKRs to bonuses often led to sandbagging, i.e. lowering ambition to secure payouts. Therefore, ORKs should not be seen as compensation method, rather than a tool for organisational transformation.

However, the findings of the interviews also highlight that entirely separating OKRs from any form of recognition can diminish the perceived importance of the framework. Interviewees noted that without acknowledgment of effort and achievement, OKRs risk being perceived merely as administrative tasks. This can lead to the framework losing strategic significance and motivational power.

Furthermore, the answers highlight that motivation is closely tied to ownership and perceived relevance. Motivation is closely associated with ownership and relevance. Teams given autonomy to define their OKRs within the broader strategic framework reported higher engagement levels and stronger commitment to achieving outcomes. Therefore, this study concludes that motivators such as autonomy are likely to play a critical role in sustaining high performance in an OKR-driven environment.

As summarized in the table 8, linking OKRs to incentives can have several consequences. The linkage tends to reduce goal ambition, introduce bias in reporting, shift focus on reward optimization, and weaken the learning culture. In contrast, when OKRs are decoupled from incentives, they are more likely to encourage stretching toward ambitious goals, support transparency, promote alignment with strategic priorities, and create a stronger culture of learning and reflection. These differences underline the importance of maintaining OKRs as a tool for strategic guidance rather than individual performance evaluation.

Table 8. Effects of incentive linkage

Aspect	With incentive linkage	Without incentive linkage
Goal ambition	Tends to decrease	Encourage to stretch
Reporting accuracy	May become biased	More transparent
Focus	Reward optimization	Strategic contribution
Learning culture	At risk	Strengthened

The third research question of the study was:

RQ3; "*How can organisations ensure consistent OKR goal setting?*"

The study identified inconsistent understanding of OKRs across teams as a key barrier to consistency. The most frequent confusion was between OKRs and KPIs. Compared to KPIs, OKRs emphasize change and improvement, rather than merely reporting performance (Niven & Lamorte, 2016, p. 153–154). This confusion between lagging and leading metrics led target setting to focus on maintaining current performance rather than driving strategic change. The research highlighted the importance of understanding OKRs as tools for ambitious, change-oriented objectives supported by measurable key results, which differ from KPIs intended primarily for tracking ongoing operational performance.

Maintaining a connection between OKRs and core strategic priorities was found to be essential to target setting. The research showed that when OKRs are driven top-down and derived directly from the organisation's strategic targets, they bring clarity to goal setting. The findings also supported establishing a limited number of strategically significant objectives at the organisational level as a reference point for teams, helping to reduce fragmentation and improve alignment across the company.

The study also highlighted the significant role of capability-building activities in raising the overall quality of OKRs. Internal training sessions and sharing practical examples of well-formulated OKRs from other teams were considered particularly effective in improving understanding and consistency in OKR goal setting. In the case of the company, these initiatives were most successful when integrated into the planning cycle rather than treated as one-off event.

7 Conclusion

This chapter covers the summary of the thesis by outlining the key findings and main contributions of the study. Chapter also discusses the limitations of the study and proposes directions and suggestions for future research to build upon the insights generated in this thesis.

7.1 Summary

This thesis explored how the OKR framework was implemented and experienced in a global matrix-structured organisation. The aim of the thesis was to examine how the OKR framework contribute to aligning strategic priorities across different levels and functions within the organisation. It also examined how the framework influences target-setting, progress tracking, and accountability. In addition, the research considered the challenges and opportunities associated with using OKRs in a global matrix organisation. Finally, the study aimed to identify ways to adapt and refine the OKR model to better fit the operational realities of a global manufacturing company.

In the literature review of the thesis covered themes on strategic management, performance management, and change management. Strategic management literature explained how organisations define long-term direction and the challenges of translating strategy into execution. Performance management research highlighted the role of measurement, alignment, and incentives in guiding behaviour. Change management provided insights into why organisational transformations often fail and underlined the importance of leadership, communication, and cultural adaptation when introducing new frameworks. After this, the literature review examined the OKR framework in detail. It described the origins of OKRs and their purpose. The review emphasised the central features of the framework like objectives, measurable key results, transparency across the organisation, and cyclical review processes. In addition, the literature highlighted both the benefits and risks of incentive linkage, the importance of balancing standardisation with flexibility, and the common challenges organisations face when adopting OKRs for the first time.

The thesis was conducted as a qualitative case study approach combining a literature review with semi-structured interviews. The empirical data was collected through interviews with ten of the employees of the case company from different levels and functions of the organisation. The interviewees were selected based on their involvement with the OKR process to gain a broad understanding of how OKRs were seen, used, and experienced in the organisation. The literature review provided a theoretical foundation on the evolution of OKRs and how they are used, strategic management, and performance management in large organisations.

The findings of the thesis indicated that transparency of the OKR framework acted as both an enabler and a constraint. On one hand, the framework increased visibility strengthened alignment and created a shared understanding of how the day do day work contributed to the organisation's strategic direction. On the other hand, the visibility influenced the ambition of goal setting and resulted in teams to adopt more conservative targets or focus on delivering favourable results rather than pursuing bold outcomes.

The thesis found motivation and ownership to be highest when teams were empowered to define their own OKRs within a clear strategic context. At the same time, limited number of top-down driven OKRs aligned through the organisation was found to be effective in tracking key initiatives and clarifying the link between OKRs and financial KPIs. However, a purely top-down approach was identified to risk compromising relevance and reducing engagement.

The thesis found that linking OKRs directly to financial incentives was problematic, as it encouraged risk-avoidance and reduced ambition which are the core purposes of the framework. The analysis further revealed that cultural and structural factors shaped the effectiveness of OKRs. Local adaptation, iterative learning, and committed leadership support were important to ensuring the framework operated as a tool for strategy execution than becoming a compliance exercise. Furthermore, the findings highlighted the importance of balancing ambition with psychological safety within a culture that encourages experimentation and calculated risk-taking. Without such a culture, the pressure to deliver results risked constraining the frameworks effectiveness.

Based on the findings, the thesis provided practical recommendations for enhancing the OKR frameworks effectiveness in the case company. The thesis recommended co-creating

a limited set of shared strategically significant OKRs across organisational levels, while allowing teams to define locally relevant OKRs that extend from these. Strengthening internal capabilities through structured training, practical examples, and clear documentation. In addition, decoupling OKRs from financial incentives was advised to preserve ambition, encourage experimentation.

7.2 Limitations of the study

The reliability of the results is influenced by certain limitations of the research. The study was conducted as a single-company case, which restricts the broader relevance of the findings to other organisational contexts. In addition, while the interviewees' sample of ten employees is sufficient to capture multiple perspectives within the case company, it remains a relatively small dataset. As a result, the findings should be interpreted as indicative rather than exhaustive. The adoption of the OKR framework in the case company was still at an early stage. Thereby, this may have shaped how interviewees perceived its value and challenges. Despite the mentioned limitations, the credibility of the results was strengthened through existing literature. By comparing the empirical findings to theoretical perspectives on the discussed matters the analysis was able to identify both consistencies and inconsistencies in the findings, which enhances the trustworthiness of the conclusions.

7.3 Future research suggestions

This thesis has provided insights into the usage of the OKR framework in a global manufacturing company with a matrix structure. However, there are areas that could need further exploration. Future research may benefit from conducting research on how OKR practices evolve over time as adoption matures and stabilises in an organisation. This type of research could provide a more detailed understanding of how the various aspects of the framework like alignment, transparency, and ownership develop across multiple OKR cycles extending the insights related to RQ1.

Further research could also focus on comparing different organisational contexts where the OKR framework has been adopted. Comparative analyses between technology firms where OKRs are already well established and industry companies could reveal important differences in how the framework supports strategy execution depending on the operating environment. This would deepen the understanding of how context influences the effectiveness of OKRs and provide new perspectives on the RQ2.

While this thesis was a qualitative case study, a quantitative approach could be used to measure the impact of OKRs on organisational performance. This type of a more data-driven approach would enable stronger conclusions about the performance effects of the framework addressing RQ3.

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Appendix 1. Interview questions

In your own words what purpose does OKRs serve for you?

To what extent do OKRs help connect long-term strategy with day-to-day execution in your team or unit?

Do you think OKRs are suitable for large matrix organisation? (do they support or complicate collaboration across reporting lines and units?)

What is an optimal OKR cycle in your opinion? how well are OKRs tracked or adjusted throughout the cycle?

What challenges or obstacles have you experienced in working with OKRs? What would need to improve for OKRs to feel more impactful or valuable in your team?

Are OKRs linked to incentives (bonuses, performance evaluations), and how does that influence goal ambition?

Have you observed behaviors like sandbagging or overly safe goal-setting due to the OKR process or incentives?

To what extent do you or your team feel ownership of OKRs and are they seen as meaningful tools or just compliance?

Do you feel that OKRs are set consistently across teams? What variations have you noticed?

Are the tools, guidelines, or support (like coaching/templates) sufficient for OKR setting in your area?

How are OKRs reviewed or validated in your team, and does this process help performance management?