

Improvement on Employee Performance

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Abstract: This study aims to determine the effectiveness of interviews in improving employee performance as an assessment of company's performance in a business equipment company. Respondents were randomly assigned which included managers (n = 25) and employees (n = 70) both of which are of the two requirements in the feedback interview. Employees who participated in the interview with the manager were observed by their colleagues anonymously. This study found that feedback interview had a better and significant effect on the manager's performance for the following four months after its implementation than on employees who received feedback interview for the assessment of the performance of the company. The findings of the performance assessment with the intervention indicate that, the effects of feedback interview can relatively improve performance. The results of the study suggested that the interview feedback was proved to be useful for HR managers in finding ways to improve the performance of an organization of human resources, in addition to the traditional performance appraisal.

Key words: Interviews, feedback, performance assessment, performance management, human resources

INTRODUCTION

Although, the performance appraisal interview (Penilaian Kinerja/PK) is a prominent feature of human resource management practices for decades, its effectiveness in improving the attitude and performance of the employees is still under debate (Smither *et al.*, 2005). Kuvaas (2011), citing previous research, concluded that "despite the rhetoric PK and its impact on the commitment and work performance, the relationships between the two are largely conjectural of the test results." Some researchers suggested that PK, in many cases can be destructive (Coens and Jekins, 2000; Grubb, 2007). Recognizing the inherent disadvantages of the traditional PK, Kluger and Nir (2010) developed a performance management methodology of alternative performance called Interview Feedback (FFI).

FFI aims to improve performance and improve collaboration between managers and subordinates based on the positive aspects of employee experiences with "error" as the focus. Unlike PK traditional, FFI seeks to obtain successful experiences of the employees with the intention of creating the requirements of equal convenience for a better success in the future so-called feedback. The goal is to develop the best basic field knowledge of the employees for the future through a dialogue between managers and subordinates (Kluger and Nir, 2010). Although, the proposed system has a strong theoretical basis, there are only two studies having been conducted regarding FFI (Bouskila-Yam and Kluger, 2011;

Kluger and Nir, 2010), thus, convincing evidence of its effectiveness is still limited. This experimental research was conducted to fill the gap and needs on that matter. The methodology of FFI is still in the development stage so its effectiveness in improving employee performance is still unknown compared with the traditional PK in an organization. Thus, the objective of this field experiment was to test the impacts of FFI interventions in relation to the traditional PK on employees' performance over time. Because the performance of employees is critical to organization effectiveness, the finding that, there is a significant relationship between FFI and employee performance will make PK have practical significance for the HR manager.

From a theoretical perspective, this experiment has the potential to give rise to a series of new questions for the assessment process. There are a number of literature on the negative impacts of traditional PK interviews (Behn, 2003; Belschak and Hartog, 2009; Mani, 2002; Smither *et al.*, 2005; Watkins and Mohr, 2001) and on a further statement on an effective alternative (Grubb, 2007; Lee, 2006). This study systematically evaluated FFI from this perspective.

MATERIALS AND METHODS

Respondents: All managers (n = 25) of sales and customer service in a business equipment company in Makassar participated in this experiment. Their average age was 40 year (standard deviation = 8.12); 65% was male. All their

direct subordinates ($n = 145$) participated. Their average age was 45 year (standard deviation = 7.87); 67% was male. Their average work length at the company was 11 years (standard deviation = 7.48).

Procedure: One of the requirements of feedback interview was determining the managers and employees at random to be interviewed ($n = 13$ managers, 70 employees) or be given feedback interview ($n = 12$ managers, 75 employees). This design was used to maximize external validity by applying FFI techniques for the assessment of employees in the context of an existing organization. As has been stated by McGrath (1981), all options of study design involve a compromise between the generalizability, accuracy in measurement and study reliability. Lawler (1977) suggested that traditional laboratory experiments failed to address the reality of life in an organization. Highhouse (2009) and Hollenbeck (2002) debated the usefulness of a field experiment in which the phenomenon of interest can be tested in a natural environment. Thus, this study tested the effectiveness of FFI in the context of the “real world”.

Feedback techniques required managers to receive 2.5 h of training. The training consisted of lectures, group discussions and role playing in pairs. Lecture stressed the need to get employees’ focus on the positive work experience involving the achievement of objectives. Methodologies implemented to facilitate retention of employees were similar to the critical incident techniques. Flanagan (1954) stated:

- “No matter how bad the incident you experienced last year, everyone has one or more positive experiences. Tell me about a specific incident that you feel, particularly a good one when you reach your goal?”
- “What kind of condition allows you to be effective personally?”
- “What do you exactly do to make yourself feel alive and vibrant?”
- “What can you do next year that allows you to think, feel and act continuously about all of the things you mentioned previously? Discussion groups during the training focused on how to interpret the questions to suit the personal style of a manager

Employees did not realize that the manager had received training in the techniques of performance interview. Managers were involved in performance assessment according to the annual performance appraisal process in the organization. Every manager in this study received some kinds of training in order to minimize the psychological or behavioral responses due

to the treatment (Cook and Campbell, 1979). In addition, many employees in the company worked in the service or sales that required them to be away from a company during most of their working h. This remote position minimized the potential for contamination among training interventions.

Performance assessment: To avoid the probability of deviating measurements yet profitable (i.e., a positive linear error of employees who reported to the manager). HR managers chose peers to provide anonymous performance appraisals for each employee. Each peer was selected based on opportunities to observe employee performance on an ongoing basis and based on a thorough understanding of the employee’s duties. In most instances, peers provide a more valid performance assessment than the supervisors, subordinates or self-assessment (Latham and Russo, 2008).

Instruments for performance assessment included seven items of Behaviour Observation Scale (BOS) obtained from the analysis of the work involving the company’s senior management team ($n = 6$) and six employees who were chosen randomly by the HR manager. Sample items included “Individuals who have completed the project ahead of time” and “People who are actively finding ways to improve the business”. The items were scored according to Likert scales, namely: 1 = almost never and 5 = almost always.

BOS scale was used for two reasons. First, previous studies indicated that, this scale is a reliable and valid assessment instrument (Tziner and Kopelman, 2002). Second, current organizational assessment instruments have an orientation in nature, thus such instruments may lead to type II error when analyzing the data which is making the wrong conclusion that the FFI is not effective in improving job performance. The BOS data were collected during the four months the subjects following FFI and assessment was carried out in a quarter basis in this company.

Perceived honesty: Perceived honesty is an important factor in the success of any PK intervention (Colquitt *et al.*, 2001). This is because the effectiveness of PK interview can be altered by the perceived honesty (Folger and Cropanzano, 1998). As a result, the measure of honesty was used as a covariate in this study.

The measure of honesty was adopted from the procedure of an organizational justice research by Colquitt *et al.* (2001). A sample item from five scales was “Manager, I try to get input before evaluating the performance” (1 = never; 5 = always). This is the measure of the public perception of honesty. Respondents were

not asked to remember exactly how many times the evaluation performance or feedback interview was conducted. The data were collected after the employee received PK or FFI.

RESULTS

Reliability: Cronbach’s coefficient alpha for the seven items had a total of .73. The scale of coefficient alpha of five items assessed was accounted for .83.

Hypothesis: The average rating of performance was 3.30 (standard deviation/SD = .32) for employees with the requirements of the feedback and 3.14 (SD = .42) for employees with the requirements of the feedback. Analysis of covariance was conducted with the perception of managers and employees towards manager’s honesty as its covariates. Managers became covariates because employees were placed in the working site of manager in this sample.

The analysis revealed significant differences in performance between employees with the requirements of feed-forward and feedback ($F = 8.26; p < 0.001$). The measurement of Cohen size effect was .41.

Pearson correlation between performance and justice was not significant ($r = 0.028, p = .13$), showing the freedom between these two factors. However, the addition of justice as a covariate strengthened the relationship between feed-forward and performance. This was an indication of the effect of suppressing/suppressor.

Suppressor variables were covariates that did not have a major correlation with the results but inclusively those variables could improve the strength of the relationship between independent variables and the dependent variables. Based on these findings, the relationship between feed-forward, fairness and performance was analyzed further.

Hierarchical regression model was used to test the effect of suppressing. In step 1, the feed-forward variable and justice were included in the regression, in which performance became the dependent variable. In step 2, the interaction variables were added in which justice was crossed with feed-forward variable shown in Table 1. In a model containing interaction variables (model 2), the level of the relationship between feed-forward and performance was significant ($b = -0.59, p < 0.01$) but the effect on the performance of justice was not statistically significant. This supported the suppressive effect.

Pressure occurred during the addition of ambiguous variables so the statistical analysis increased the relationship between independent variables and the dependent variable (Cohen and Cohen, 1983). In statistics, the removal of the perception of justice reduces the

Table 1: Analysis of hierarchical regression model

| Variables | B | SEB | B |
|------------------------------------|-------|------|-------|
| Step 1 | | | |
| Feed forward | 4.03 | 1.34 | 0.59* |
| Perceptions of justice | 27.00 | 0.14 | 0.31 |
| Step 2 | | | |
| Feed forward | 4.30 | 1.32 | 0.58* |
| Perceptions of justice | 0.41 | 0.56 | 0.47 |
| Feedforward*perceptions of justice | 0.43 | 0.34 | 0.85 |

interference of ambiguous variables (MacKinnon *et al.*, 2000). This fact is in line with expectations that justice impacts on the relationship between feed-forward and performance caused by the importance of perception of honesty during the performance appraisal interview.

DISCUSSION

The significance of theoretical and field experiments was to compare the impacts of FFI on work performance through a feedback interview and traditional performance appraisal interview. It was found that FFI improved performance four months later and this has been associated with performance evaluation focused on the feedback. The results of the study showed that the impact of the FFI was relatively apparent. The findings indicated that the FFI was proven to be useful for HR managers who were looking for ways to improve the performance of their organization’s human resources, in addition to the traditional performance appraisal process.

The practical significance of the field experiment was the fact that the period of the training to teach managers how to use FFI was rather short. In this field experiment, the training time for 13 managers, only took two and a half h. The training aimed to transform the role of manager from the assessor or critics on the past performance of employees to the appreciative examination of what the employees will do in the future. Therefore, the purpose of this research focused on the behavioral aspects.

The theoretical explanation of the effectiveness of these techniques include: the theory of goal setting proposed by Locke and Latham (2002) states that feedback can reduce the likelihood of the achievement of the objectives because feed-forward informs individuals whether a different strategy or more effort is needed. Feed-forward process leads to the setting of the goal of performance improvement.

The theory of intention embodiment by Gollwitzer (1999) states that the purpose accompanied by the embodiment of intention on a complex task for an individual leads to the achievement of higher goals of the determination of the goal itself. The embodiment of intention is mental bond that is created between the specific situations in the future and the desired signal

response. Embodiment of the intention puts a person's behavior in a reference frame after the right situation is found. FFI makes managers aware of the goals set by the employees, allowing managers to help employees find the right situation for the achievement of the objectives (e.g., committee assignments, job rotation, task force).

Theory of organizational justice proposed by the Folger and Cropanzano (1998) states that in addition to justice, leaders must be seen to be fair to be effective in improving job performance of the subordinates. Based on this theory, FFI stresses the opinion of the employees in relation to what happens in the traditional performance appraisal interview (Kluger and Nir, 2010). This is because employees are responsible for the effectiveness of the memorable events and goals which are set based on the memory of the specific critical incidents. Opinions have positive impacts on employees' perceptions both on the distributive justice and procedural justice (Colquitt *et al.*, 2001). Employees are asked to apply what has been learned from the success of the past into the future so that the manager can improve the shortage or make an improved model of performance management. By eliminating the role of the manager as an appraiser whether real or perceived, the bias is no longer a problem for employees.

CONCLUSION

There were four stages of the limitations of this field experiment. First, the individual differences were not taken into account as a possible moderate variable of FFI towards work performance. Future research needs to examine whether FFI is more effective in selecting employees to be promoted or whether managers retain full trust as a whole or incrementally. Heslin and Latham (2004) found that only managers with incremental belief tend to be a coach for their subordinates. Self-efficacy also needs to be assessed. Heslin and Latham (2004) found that self-efficacy reduces the impact of feedback from the subordinates towards the work performance of the managers. Self-efficacy may reduce the extent in which employees believe that high performance can be done in the future based on self-discovery during FFI.

Second, the variable of the delivery of FFI and work performance was not investigated. Variables (e.g., opinions) in the theory of organizational justice (Folger and Cropanzano, 1998) should be investigated because of the emphasis of this theory on the perceived fairness. Another possibility of the variable of the delivery of the positive effects of FFI on employee performance is a specific goal setting and the realization

of intentions. Research showed that the determination of the goal reduced the impact of feedback on performance (Locke and Latham, 2002). The setting of goals has a similar role with feed-forward.

Third, only managers in the company were randomly assigned as a requirement. Meanwhile, on the laboratory experiments/simulations, random determination should include managers and subordinates. In this experiment, internal validity was reduced and replaced with external validity. The FFI should also be examined based on the requirements of organizations which, in a simulative way, involve the selection of participants randomly to the control group. The control group was not possible for the investigation because both companies as well as government policy required the employee performance appraisal.

Fourth, the performance measures were taken only once, i.e., four months after the implementation of FFI. This is because companies wanted to implement FFI to all employees. The impacts of FFI on work performance by improving contextual performance and reducing unproductive performance, need to be assessed over a longer period of time to assess to what extent these impacts persist.

In general, the field test of FFI techniques showed that, there was a possibility of improving the performance of the employees using performance management techniques. If combined with the findings of Bouskila-Yam and Kluger (2011) who found that the FFI could improve relations between managers and subordinates, FFI demonstrated the potential to reduce some of the negative impacts of traditional performance appraisal interview process.

If other studies questioned the needs for performance feedback interviews, the two studies mentioned previously are the first two studies that showed an alternative towards the dominant view about how to conduct assessment interviews.

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