

The Influence of Employees' Involvement in Performance Assessment System on Employees' Creativity

Maryam Sadat Hashemi Fesharaki

M.A Student of Central Tehran Branch, Islamic Azad University, Iran

Sayyed Hossein Hashemi Fesharaki

M.A Student of Science and research Esfahan Branch, Islamic Azad University, Iran

Sayyed Mohsen Allameh

Faculty of Economics & Administrative Science, Department of management, university of Isfahan, Isfahan, Iran

Email: Dr_allameh@yahoo.com

Abstract

The aim of the present study is to investigate the influence of employees' involvement in performance assessment system on employees' creativity of sales and engineering departments of Ebtekar manufacturer. This empirical survey analyzed data by descriptive analytical methods. The sample size based on random sampling formula was determined as 97 employees. The questionnaire was used to gather data and structural equation modeling was used to data analysis. The results of this study show that all effects were adopted with the theoretical framework. Therefore, the variable of employees' involvement in performance assessment system positively influences the employees' abilities and skills to create creativity. This variable positively affects on employees' attitudes toward creativity and employees' perceptions of social pressures and norms. Also, the variables of employee's attitudes, social pressures and norms, and employees' abilities and skills positively influence the creativity.

Keywords: Employee involvement, performance assessment system, employee attitude, social pressures and norms, employee skill, creativity

Introduction

Today, many companies' values, especially service providers, are greatly related to the knowledge and skills of their workforces. Therefore, the Human Resources are prior to and independent of capital, because value added of the existing capital follows knowledge and skills of the human resources. Therefore, in comparison with capital human resources, human resources are superior and require more attention.

Efficiency and effectiveness of management means the manager's ability to prepare, develop, allocate, maintain and use of resources. This requires accurate information about human resources as a vital resource of any organization.

Departments' managers as another user of financial information require such information to plan and control human resources. Moreover, accounting of human resource management is a performance assessment method for the utilization of human resources (Birnberg, Luft, & Shields, 2007).

Employee Involvement is one of the important topics of human resources accounting. Most of researches in this field have considered Involvement in budgeting, while the subject of involvement can be observed through performance assessment system to improve the human resource accounting (Abernethy and Bouwens, 2005).

Considering the involvement of staffs is significant for improving the performance assessment system, as we assume in the present study, although few researchers have studied about its impact on employees' performance. Most of the researchers have studied its outcome on Organization performance as an instrument to facilitate management control on staffs' performance.

The role of creativity in human resource accounting system is closely related to the role of motivation in this system. Job motivation in human resource accounting system is a conceptual term which contains 4 processes of:

(1) "stimulus" to create the energy to do the activity (2) "guidance" to direct energy and effort (3) "strength" used attempt to spent at each moment (4) "sustainability" total time taken to perform the task (Birnberg et al, 2007).

In today's world, creativity of employees is one of the effective options on organization performance (Crant, 2000). In the present study, creative employee means to be primer, active, and dynamic (Frese and Fay, 2001). Employees, as directly dealing with business processes, can improve performance assessment system (Masquefa, 2008).

Therefore, this research seeks to answer this question: how is the employee performance assessment system related with their creativity.

Originality

The process of performance assessment in recent years compared to the past has developed and progressed.

The domain of using performance assessment is using all dimensions and directions of human and organization activities. In fact, today the latest scientific areas are directly or indirectly related to the performance assessment to improve organization performance regarding to its mission.

Creativity is one of the important choices of present life and work because of acceleration and speed in productions, create diversity and respond quickly to customer expectations. Development and generalization of creativity leads families, communities and organizations to pay more attention on creativity. Creativity in the family facilitates optimum use of the time and opportunity and among communities, it makes societies satisfaction, ethics and better use of resources. At organizations level, it leads to renewal processes, product and organization's rejuvenation.

Theatrical Framework

The psychological theory used in the present study is "theory of planned behavior (TPB)".

This theory was introduced by Ajzen and his colleagues and widely used in various studies to determine the attitude and believe (Ajzen, 1991). On the basis of TPB theory, the most determining factor of behavior is intention. Intention is determined by three factors.

First is attitude towards behavior which is the positive and negative judgment of person. The second factor is social norms which mean individual's perception of perceived social pressure. Third factor is perceived control behavior that is the perception of individual from ease or hardness of doing a behavior.

These factors can prevent or facilitate the doing behavior. When an independent variable influences on any of TPB's factors, behavior can change (Ajzen, 2006). In the present study, performance assessment system is an independent variable and TPB's factors are intermediate variables and employees' creativity is a dependent variable.

By employees' involvement in performance assessment system, we can rise their rights which leads to do their duties as well as possible because they will believe that the successes of their jobs are theirs (Vroom, 1993). This involvement will make employees sure about the outcomes of performance assessment system (Luckett and Eggleton, 1991). The outcome of performance assessment system will be the job feedback of employees, which by discussing about can increase employees' knowledge (Abernethy and Bouwens, 2005). Therefore, first we assumed the first hypothesis as:

Hypothesis 1: employee involvement in performance assessment system is positively related to the positive employee's attitude toward job creativity.

An objective is acceptable at organization while it will be aligned with achieving organization's goals (Hamilton, 2008). Therefore, performance assessment system can prioritize people behaviors and determine their direction of behaviors and efforts. By employee involvement in this system, they intend to direct their behaviors and follow organization's goals (Hall, 2008). In regard to what were mentioned, second hypothesis assumed that:

Hypothesis 2: employee involvement in performance assessment system is positively related to his/her feeling of social beliefs in order to generate creativity.

By the use of assessment function, managers can identify employees' strengths and weaknesses. By employee involvement, the employees can place in managers' positions and together with them, assess their performance. Therefore, they would better know what to do and how to do. Performance assessment system leads employees to do their duties in more powerful way and with more skills (Kleingeld, Tuijil, & Algera, 2004).

As previously stated, performance assessment system is employee performance feedback. Providing feedback increases efficiency of staffs in decision making (Webb, 2004). As the third hypothesis, we assumed:

Hypothesis 3: employee involvement in performance assessment system is positively related to employee's skill and ability in generating creativity.

Theory of planned behavior suggests that the incidence of a behavior depends on individual's attitude, social pressures, and perceived control behaviors. According to this theory, we have described the relationship between these factors and employee creativity in the following hypotheses:

Hypothesis 4: employee's attitude towards creativity is positively related to emerge his/her creativity.

Hypothesis 5: employee's feeling from social beliefs about creativity is positively related to emerge his/her creativity.

Hypothesis 6: employee's skills and ability is positively related to emerge his/her creativity.

Conceptual Model

Conceptual model on the basis of variables is presented in Figure 1. In this model, employee involvement in performance assessment system is the independent variable and the four variables of attitude toward generating creativity, and perception pressures and social norms,

employees' skills and abilities in generating creativity are mediator variables and the dependent variable is employee creativity.

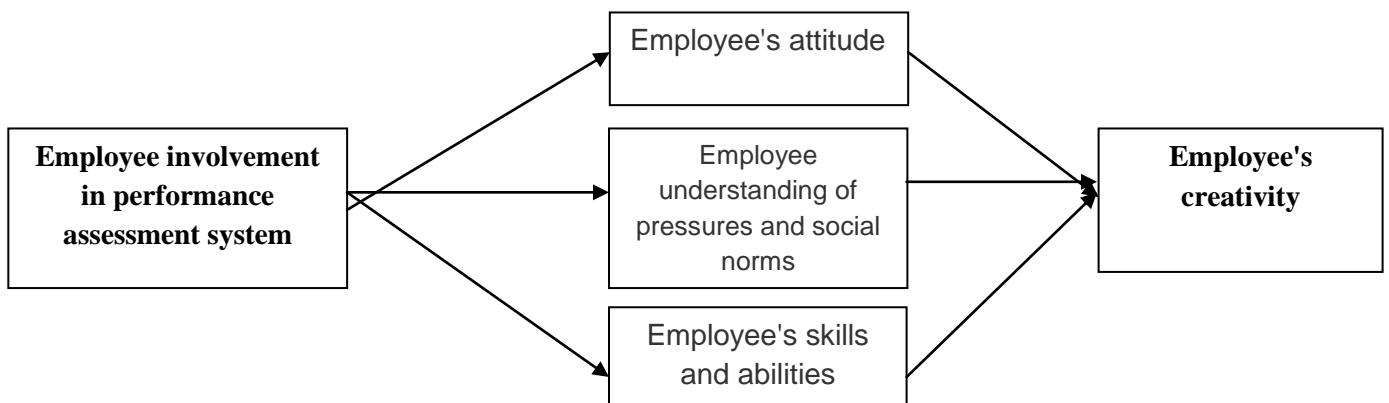


Figure1. Conceptual model (Bianca, Marc & Celeste, 2012)

Methodology

Sample Size

Simple random sampling was used to determine the sample size:

$$n = \frac{z^2 \cdot \frac{\alpha}{2} \cdot pq}{e^2} = \frac{(1.96^2)(0.25)}{0.1^2} = 96.04 \approx 97$$

The numbers of 120 questionnaires were distributed, as 10 questionnaires were unusable, ultimately, 110 questionnaires were reviewed. The statistic population is all employees in sales, manufacturing and engineering departments in Ebtekar manufacturer, Isfahan, in 2012.

Validity And Reliability

Validity of the research was confirmed by experts' suggestions of human resource field. The Reliability was tested by Cronbach's alpha (table1).

Table1. Cronbach's alpha

Variable	Questions	Tested coefficient
All variables	30	0/824
Employee involvement	25-30	0/723
Employee's Attitude	19 -24	0/821
Employee's Perception	14 -18	0/752
Employee's Skills and ability	8 -13	0/932

Employee's Creativity	1 -7	0/760
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Measurement Tools

We used questionnaire to gather statistics data. For questionnaire, several articles in this field were reviewed. In order to design the questionnaire, the first part included questions related to personal information and the second part included questions to measure model variables. In order to test the hypotheses, we used structural equation modeling (SEM) method. For this purpose, two software i.e. SPSS and PLS software were used.

Relationship between variables in the structural equation modeling is divided into two areas:

- 1) Relationships between variables of the implicit with explicit variables (model determination)
- 2) Relationship between the variables implicit variables with implicit (structural model)

Measurement Model

In structural equation modeling, we first need to examine validity of measurement. For this purpose, the confirmatory factor analysis is used. The factor loading of each indicator should be greater than 1.96 of t-value, and then the indicator is valid for measuring (Nunnally & Berstein, 1994). See table 2.

Table2. Measurement validity

Construct	indicator	Factor loading	t-value	results
) F1(involvement	S25	0/779	6/44	Accepted
	S26	0/577	3/51	Accepted
	S27	0/786	9/39	Accepted
	S28	0/221	0/639	Omitted
	S29	0/446	2/11	Accepted
	S30	0/478	2/754	Accepted
)F2(attitude	S19	0/789	9/86	Accepted
	S20	0/858	12/99	Accepted
	S21	0/897	18/00	Accepted
	S22	0/841	22/87	Accepted
	S23	0/864	18/83	Accepted
	S24	0/589	4/40	Accepted
Perception (F3)	S18	0/415	2/01	Accepted
	S17	0/873	2/98	Accepted
	S16	0/548	2/01	Accepted
	S15	0/903	2/91	Accepted
	S14	0/661	2/57	Accepted
skills and	S13	0/552	4/40	Accepted

abilities (F4)	S12	0/867	8/00	Accepted
	S11	0/670	7/20	Accepted
	S10	0/580	4/20	Accepted
	S9	0/731	6/48	Accepted
	S8	0/783	18/55	Accepted
Creativity)F5(S7	0/858	27/63	Accepted
	S6	0/754	12/55	Accepted
	S5	0/823	20/87	Accepted
	S4	0/864	34/34	Accepted
	S3	0/757	10/46	Accepted
	S1	0/680	9/36	Accepted
	S2	0/829	21/75	Accepted

Regarding the results of table 2, only indicator of S28 in involvement variable has the t -value less than 1.96 and it have to be omitted. Therefore, the construction validity shows that the other indicators are suitable for measuring variables in research model. In the next step, we examined Validity by PLS. This process can be done through two ways. In the first method, by measuring extracted variance mean index, it was concluded that all the Average Variance Extracted (AVE) are higher than 0.4 and are acceptable (table 3) (Nunnally & Berstein, 1994).

Table3. Average Variance Extracted

Indicators	AVE	Acceptable level
) F1(involvement	0/451	0/4
)F2(attitude	0/667	0/4
Perception (F3)	0/580	0/4
skills and abilities (F4)	0/512	0/4
)F5(Creativity	0/653	0/4

The second method for assessment of Validity is using average variance Square root. For this purpose, this factor should be more than other variables' correlations with this construct (Noit and Hankook, 2001). This is shown in table 4. Results of assessing the validity indicate that the indicators are valid enough.

Table4. Average variance Square root

Indicators	F1	F2	F3	F4	F5
)F1(involvement	0/671	0/111	0/532	0/141	0/347
)F2(attitude	0/111	0/817	-0/094	0/363	0/361
Perception (F3)	0/532	-0/094	0/761	0/183	0/137
skills and abilities (F4)	0/141	0/363	0/183	0/716	0/377

Creativity) F5(0/347	0/361	0/137	0/377	0/808
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Finally, we used the converged validity to study this issue, that the indicators have highest correlation with their structure compared to other structures. In order to measure converged validity, we used cross-loadings (Rencher, 1998). According to table 5, the converged validity is also confirmed.

Table5. Converged validity

Indicators	F1	F2	F3	F4	F5
) F1(involvement	0/78	0/45	0/44	0/08	0/14
)F2(attitude	0/23	0/87	0/31	0/21	0/11
Perception (F3)	0/22	0/05	0/75	0/11	0/12
skills and abilities (F4)	0/24	0/17	0/19	0/82	0/11
Creativity) F5(0/24	0/32	0/20	0/07	0/77

As shown above, validity and reliability of model is confirmed.

Structural Model

Six hypotheses were evaluated through structural equation modeling, by considering liner relationships between dependant and independent variables as shown in table 6.

Table6. Effect employee involvement on TPB

Effect	Standard Path way	P value	R ²
Employee involvement employee's attitude	0/316	0/008	0/464
Employee involvement Employee's Pressures and social norms	0/226	0/003	
Employee involvement Employee's skills and abilities	0/458	0/001	0/363

employee's attitude Employee creativity	0/687	0/001	0/282
Employee's Pressures and social norms Employee creativity	0/390	0/001	
Employee's skills and abilities Employee creativity	0/360	0/001	0/534

Fitness Of Structural Model

Finally, measuring two indicators of AVIF (1.5333) and ARS (0.410) indicates that the multiple alignments have been controlled in the model and estimation accuracy of the model is valid enough. Also, the index of APC (0.312) showed that the linear relationship among variables is well identified and significant (Noit and Hankook, 2001).

Conclusion

Based on the results, employee involvement in performance assessment system directly influences the employee's attitude. If employee involvement performance assessment system increases, attitude of staff towards creativity will raise. Using employee involvement will increase employee's authority, see their job success as his/her success and change his/her attitude.

The results indicate that by increasing employee involvement in performance assessment system, perception of employee about pressures and social norms will increase, too. They better adopt their behaviors to organizational goals.

According to the results, employee involvement in performance assessment system significantly influences their skills and abilities. In performance assessment system, they will find out how to work well and use their skills in generating creativity that in turn will increase the creativity.

The results find out that the employee's attitude is positively related to generating creativity. Emerging positive attitude toward creativity can easily increase employee's creativity within the organization. Also, the perception of employee from pressures and social norms positively influences the employee creativity. Their perceptions will motivate them to be more creative. Employee's skills and ability is positively related to employee's creativity in organization. These skills can raise creative behaviors.

Totally, the results indicate that 46% of employee attitude variance, 48% of skills and abilities variance, and 36% of employee perception is predicted by variable of employee involvement.

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