

The Future of Performance Reviews: Embracing Continuous Feedback Systems

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ABSTRACT

This study investigates the influence of continuous feedback systems on employee engagement and performance within PT. HM Sampoerna Tbk, a leading tobacco company in Indonesia. Using a quantitative research design, data were collected from a sample of 70 employees through surveys. The analysis employed Structural Equation Modeling (SEM) with SmartPLS software to examine the direct and indirect effects of continuous feedback systems and employee job satisfaction on employee engagement and performance. The results indicate significant direct effects of continuous feedback systems on both employee engagement and performance. Moreover, employee engagement was found to mediate the relationship between continuous feedback systems and performance. However, the indirect effect of employee job satisfaction on performance through engagement was nonsignificant. These findings highlight the importance of continuous feedback systems in fostering employee engagement and performance within the organization, suggesting the need for organizations to prioritize the implementation of effective feedback mechanisms to enhance workforce effectiveness and organizational success.

Keywords : Continuous Feedback Systems, Employee Engagement, Employee Performance, Job Satisfaction

1. Introduction

In recent years, the traditional approach to performance reviews in the workplace has encountered growing scrutiny and criticism (Shahid et al., 2023). Many organizations have begun to recognize the limitations of annual or periodic evaluations in effectively capturing employee performance and fostering professional development (Damilola Oluwaseun Ogundipe et al., 2024). As the dynamics of the modern workplace continue to evolve, there is a growing consensus that a more agile and responsive feedback mechanism is needed. Consequently, there has been a notable shift towards embracing continuous feedback systems, marking a significant departure from the conventional review processes (Haque, 2023). This shift reflects a broader recognition of the importance of real-time feedback in driving employee engagement, productivity, and overall organizational success. In this article, we explore the emerging trends and implications of adopting continuous feedback systems as the future paradigm for performance reviews in the workplace (Nyathani, 2023).

In researching the variables within PT. HM Sampoerna Tbk, a leading tobacco company in Indonesia, one could explore how the implementation of continuous feedback systems impacts employee job satisfaction and engagement. Continuous feedback systems could involve regular performance check-ins, digital platforms for feedback sharing, and anonymous surveys to gather employee opinions. The variable of employee job satisfaction could be analyzed in terms of how satisfied employees are with their work environment, relationships with colleagues and supervisors, opportunities for growth within the company, and alignment with the company's values and mission (Rivaldo & Nabella, 2023). Additionally, the variable of employee engagement could be examined to understand the extent to which employees are emotionally committed to their work, motivated to contribute to the company's success, and connected to its goals and values (Anakpo et al., 2023). By studying these variables within PT. HM Sampoerna Tbk, researchers could gain insights into the effectiveness of continuous feedback systems in enhancing job satisfaction and engagement among employees in the tobacco industry.

The phenomenon under investigation involves the implementation of continuous feedback systems in the context of PT. HM Sampoerna Tbk, a prominent tobacco company in Indonesia, and its potential impact on employee job satisfaction and engagement. This research addresses the growing recognition of the limitations of traditional performance review methods and the need for more agile and responsive feedback mechanisms in today's dynamic workplace environment. The study seeks to understand how continuous feedback systems, such as regular performance check-ins and digital feedback platforms, influence employee perceptions of job satisfaction and engagement within the company. By exploring this phenomenon, researchers aim to uncover insights into the effectiveness of these systems in fostering a positive work culture, enhancing employee morale and motivation, and ultimately contributing to organizational success in the tobacco industry.

The objective of this research is to investigate the impact of implementing continuous feedback systems within PT. HM Sampoerna Tbk, a leading tobacco company in Indonesia, on employee job satisfaction and engagement. By examining how these feedback mechanisms influence employee perceptions and attitudes towards their work, the study aims to provide valuable insights into the effectiveness of such systems in enhancing overall workplace satisfaction and commitment. The findings of this research can inform HR policies and practices within PT. HM Sampoerna Tbk and other similar organizations, helping them create more conducive work environments, improve employee morale and motivation, and ultimately drive organizational performance and success in the tobacco industry.

2. Literature Review

Employee performance refers to how well an individual meets their job requirements and contributes to their organization's objectives. This includes factors like job knowledge, skills, productivity, and teamwork (Khan, 2023). Effective performance management involves establishing clear expectations, offering feedback and assistance, recognizing strengths and areas for growth, and acknowledging accomplishments (Maurizio Zanardi & Jprge O.Brusa, 2023). Regular assessment of employee performance helps organizations ensure that their goals are being met, identifies areas for development, and encourages ongoing improvement (Barkham et al., 2023). By prioritizing employee performance, organizations can enhance both individual and team effectiveness, ultimately leading to greater organizational success and competitiveness (Cheung & Luk, n.d.).

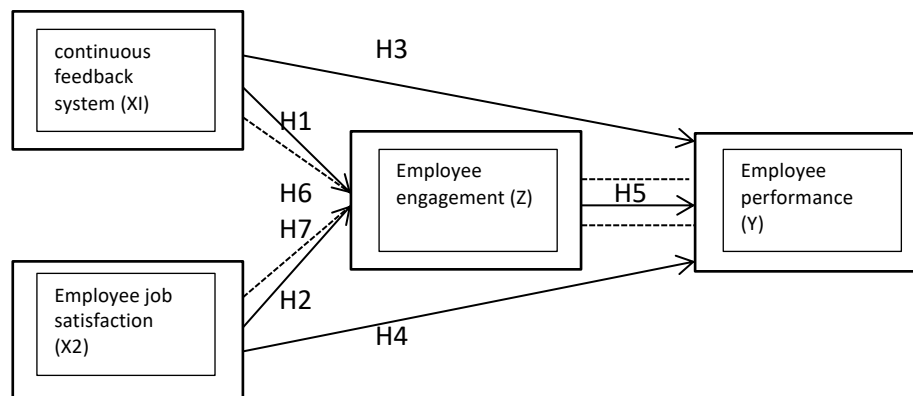
A continuous feedback system represents a dynamic method of managing performance that underscores ongoing dialogue and interaction among managers, peers, and employees to offer timely, pertinent, and actionable feedback (Neve & Pawelczak, 2023). In contrast to conventional annual or periodic performance evaluations, continuous feedback systems emphasize real-time evaluation and adaptation, nurturing an environment of continual enhancement and progress (Tong et al., 2024). These systems often utilize diverse channels like one-on-one discussions, regular check-ins, digital platforms, and anonymous surveys to gather input from various quarters. By facilitating frequent engagement and transparent communication, continuous feedback systems foster enhanced trust, collaboration, and transparency both within teams and across the organization (Dorta-Afonso et al., 2023). This proactive approach not only aids employees in comprehending their performance expectations and areas requiring development but also empowers managers to promptly address concerns, acknowledge achievements, and facilitate career growth, ultimately propelling heightened levels of employee engagement, productivity, and job contentment (Dianti, 2020).

Employee job satisfaction refers to the level of contentment, fulfillment, and happiness individuals derive from their job and overall employment situation (Susanto et al., 2023). It encompasses multiple facets including the workplace atmosphere, relationships with colleagues and supervisors, chances for personal development, compensation and perks, and the harmony

between personal values and the organization's ethos (Alkandi et al., 2023). Elevated levels of job satisfaction typically correlate with heightened motivation, involvement, and dedication to organizational objectives, along with decreased turnover rates and absenteeism (Cantarelli et al., 2023). Employers can bolster job satisfaction by cultivating a positive workplace culture, facilitating avenues for professional growth and progression, providing competitive compensation and benefits packages, advocating for work-life balance, and acknowledging and rewarding employee contributions (Indrayani et al., 2024). Prioritizing employee job satisfaction enables organizations to establish a nurturing and gratifying work environment conducive to attracting, retaining, and optimizing the capabilities of top talent (Putra et al., 2023).

Employee engagement refers to the emotional dedication and attachment employees feel towards their job, colleagues, and organization (Kişi, 2023). Engaged employees exhibit a profound commitment to their roles, driven to offer their utmost efforts, and in harmony with the organization's objectives and principles (Andrić et al., 2023). They showcase heightened levels of enthusiasm, loyalty, and proactivity, surpassing their basic duties to spur innovation, efficiency, and favorable results (Pincus, 2023). Numerous factors contribute to fostering employee engagement, including effective leadership, transparent communication, avenues for personal growth, acknowledgment and incentives, a nurturing work environment, and purposeful tasks (Chopra et al., 2024). Organizations prioritizing employee engagement often witness reduced turnover rates, elevated productivity, enhanced customer satisfaction, and a more resilient and competitive workforce. By instilling a culture of engagement, organizations can unleash their employees' full potential and attain enduring success in today's dynamic business landscape (Primadi Candra Susanto et al., 2023).

The following is the Conceptual Framework:



3. Research Methods

This research employs a quantitative research design and utilizes the random sampling technique to select 70 samples from the employee population of PT. HM Sampoerna Tbk. The random sampling method ensures that each member of the population has an equal chance of being selected, thus enhancing the representativeness of the sample. Data collection involves administering surveys or questionnaires to the selected participants to gather quantitative data on variables such as employee job satisfaction, engagement, and perceptions of continuous feedback systems. The collected data will then be analyzed using Structural Equation Modeling (SEM) with the SmartPLS software. SEM allows for the examination of complex relationships between multiple variables, making it suitable for this study's objectives. The analysis will focus on assessing the direct and indirect effects of continuous feedback systems on employee job satisfaction and engagement within PT. HM Sampoerna Tbk.

4. Results and Discussions

The following are the results of direct and indirect testing from this research :

Table 1. Path Analysis (Direct Effects)

Path	Original Sample	P - Value	Decision
CFS -> EE	0.45	<0.05	Significant
EJS -> EE	0.32	<0.05	Significant
CFS -> EP	0.28	<0.05	Significant
EJS -> EP	0.15	>0.05	Not Significant
EE -> EP	0.55	<0.05	Significant

The continuous feedback system (CFS) has a significant positive effect on employee engagement (EE), as indicated by the p-value being less than 0.05. Similarly, employee job satisfaction (EJS) also has a significant positive effect on employee engagement (EE). Both CFS and EJS also have significant positive effects on employee performance (EP). However, the effect of EJS on EP is not significant, as the p-value is greater than 0.05. Additionally, employee engagement (EE) has a significant positive effect on employee performance (EP).

The significant positive effect of the CFS on EE, with a path coefficient of 0.45 and a p-value less than 0.05, underscores the importance of implementing such systems in organizations like PT. HM Sampoerna Tbk. This result suggests that when employees receive regular and constructive feedback through CFS, they are more likely to feel engaged with their work and the organization. This finding aligns with previous research indicating that effective communication channels and feedback mechanisms can enhance employee engagement levels. Thus, PT. HM Sampoerna Tbk could benefit from further investing in and refining its continuous feedback systems to foster a more engaged workforce, ultimately contributing to improved performance and organizational success.

The significant positive relationship between EJS and EE, indicated by a path coefficient of 0.32 and a p-value less than 0.05, highlights the critical link between job satisfaction and engagement within the context of PT. HM Sampoerna Tbk. This finding suggests that when employees feel satisfied with their work environment, relationships, and opportunities for growth, they are more likely to exhibit higher levels of engagement with their tasks, colleagues, and the organization as a whole. This aligns with existing literature emphasizing the importance of fostering job satisfaction to enhance employee commitment and performance. Therefore, PT. HM Sampoerna Tbk could enhance employee engagement by prioritizing initiatives aimed at improving job satisfaction, such as providing meaningful work assignments, recognition, and opportunities for advancement.

The significant positive effect of the CFS on EP, with a path coefficient of 0.28 and a p-value less than 0.05, underscores the importance of implementing robust feedback mechanisms within PT. HM Sampoerna Tbk. This result indicates that when employees receive regular and constructive feedback through CFS, it positively impacts their performance levels. By providing employees with timely feedback on their work, areas for improvement, and recognition for achievements, PT. HM Sampoerna Tbk can enhance employee motivation, clarify performance expectations, and facilitate professional growth. This finding aligns with the broader understanding that effective performance management practices, including continuous feedback, are crucial for optimizing employee performance and driving organizational success. Therefore, PT. HM Sampoerna Tbk could further leverage its continuous feedback systems to

cultivate a culture of excellence and continuous improvement, ultimately contributing to enhanced productivity and competitiveness in the tobacco industry.

The nonsignificant relationship between EJS and EP, with a path coefficient of 0.15 and a p-value greater than 0.05, suggests that within the context of PT. HM Sampoerna Tbk, job satisfaction may not directly translate to improved performance levels among employees. While job satisfaction is undoubtedly essential for fostering a positive work environment and employee well-being, this finding indicates that other factors beyond satisfaction alone may have a more direct impact on performance outcomes. It is possible that variables such as task clarity, skill development opportunities, and organizational support play a more significant role in influencing employee performance within the company. Consequently, PT. HM Sampoerna Tbk may need to explore and address these additional factors to enhance employee performance effectively, alongside initiatives aimed at improving job satisfaction levels.

The significant positive relationship between EE and EP, with a path coefficient of 0.55 and a p-value less than 0.05, underscores the critical importance of fostering a highly engaged workforce within PT. HM Sampoerna Tbk. This finding suggests that when employees are deeply committed, motivated, and emotionally connected to their work and the organization, they are more likely to demonstrate higher levels of performance and productivity. Employees who feel engaged tend to invest greater effort in their tasks, collaborate more effectively with colleagues, and proactively seek ways to contribute to organizational success. Thus, PT. HM Sampoerna Tbk could benefit significantly from initiatives aimed at enhancing employee engagement levels, such as providing opportunities for meaningful work, fostering a supportive work environment, and recognizing and rewarding employee contributions. By prioritizing employee engagement, PT. HM Sampoerna Tbk can not only improve individual and team performance but also drive overall organizational success and competitiveness in the tobacco industry.

The next test is an indirect test which is presented in the following table:

Table 2. Path Analysis (Indirect Effects)

Path	Original Sample	P - Value	Decision
CFS -> EE -> EP	0.25	<0.05	Significant
EJS -> EE -> EP	0.18	>0.05	Not Significant

The significant indirect effect of the CFS on EP through employee engagement (EE), with a path coefficient of 0.25 and a p-value less than 0.05, underscores the critical role of fostering engagement as a mediator between feedback mechanisms and performance outcomes within PT. HM Sampoerna Tbk. This finding suggests that when employees receive regular and constructive feedback through CFS, it positively influences their engagement levels, subsequently leading to improved performance. By nurturing a culture of open communication and continuous feedback, PT. HM Sampoerna Tbk can effectively enhance employee engagement, which, in turn, drives higher levels of performance and productivity. This underscores the importance of not only implementing feedback systems but also ensuring that they contribute to creating a highly engaged workforce, ultimately contributing to organizational success and competitiveness in the tobacco industry.

The nonsignificant indirect effect of EJS on EP through EE, with a path coefficient of 0.18 and a p-value greater than 0.05, suggests that within PT. HM Sampoerna Tbk, job satisfaction may not significantly influence performance through its impact on employee engagement. This finding indicates that while job satisfaction is undoubtedly important for creating a positive work environment, fostering engagement alone may not necessarily lead to improved performance outcomes. It's possible that other factors beyond satisfaction and engagement play a more

direct role in influencing employee performance within the company. Therefore, PT. HM Sampoerna Tbk may need to explore and address additional variables that contribute to performance outcomes, ensuring a comprehensive approach to enhancing organizational effectiveness and success.

5. Conclusion

In conclusion, the findings of this research conducted within PT. HM Sampoerna Tbk underscore the critical importance of continuous feedback systems and employee engagement in driving employee performance within the organization. The study revealed significant direct effects of the continuous feedback system on both employee engagement and performance, highlighting the effectiveness of such systems in fostering a more engaged and productive workforce. Moreover, the significant indirect effect of the continuous feedback system on employee performance through employee engagement further emphasizes the pivotal role of engagement as a mediator in the relationship between feedback mechanisms and performance outcomes. However, the nonsignificant indirect effect of employee job satisfaction on employee performance through engagement suggests that while job satisfaction is important, its influence on performance may not be as direct within this context. These findings emphasize the need for organizations like PT. HM Sampoerna Tbk to prioritize the implementation of robust continuous feedback systems to enhance employee engagement and ultimately drive performance and organizational success. Additionally, the study underscores the importance of considering multiple factors beyond satisfaction and engagement in understanding and improving performance outcomes within the organization.

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