

## ROLE OF REGULAR ANNUAL INTERVIEWS IN THE PROCESS OF KNOWLEDGE MANAGEMENT IN A PUBLIC INSTITUTION

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### **Abstract:**

Regular annual interviews are becoming an essential tool in knowledge management processes. They assist in management, achievement of individual and organizational goals, individual career paths and in changing operation of the organization. Annual interviews also strengthen communication links between employees and management and impact organizational development on the basis of change and good planning. We wish to demonstrate the role of annual interviews in knowledge management processes, the importance of open communication within the organization and the role of interviews in career development of employees. All of this is important in order for the organization and the individual to stay ahead of the competition in the market. In this study we analyzed the role of regular annual interviews by the means of a questionnaire and an interview, performed on public institution employees. The research showed that a public institution, which is not performing regular annual interviews, is in favor of their introduction. They see benefits for the development of employees and also for the development of the organization in such interviews. Our interviews demonstrate a positive attitude of the public institution management towards the introduction of annual interviews, as they have already put them in the work plans for the future.

*Keywords: regular annual interviews, knowledge management, public institution, communication, human capital, quality*

## 1. INTRODUCTION

In recent years, changes in society aren't taking place only at the global level, but also at the individual level. Large organizations (Cornelissen, 2008) are known for frequent and drastic changes, such as company restructuring, development of new technologies, use of new work systems and introduction of a completely new mode of operation of the company/organization. The latter changes affect employees, therefore, the integration of management and employees is crucial when introducing such changes.

Knowledge represents the treasure of each organization and the fundamental means of production. The organization must carefully maintain knowledge, as it ensures good quality of work. In fact, knowledge acts as a generator, which provides a key advantage over the competition. Compared to the past, we now have more experience, resources and channels for acquiring new knowledge. Knowledge is a key asset and the strength of the organization, which can contribute success. Rowley and Hartley (2008, p. 3-4) emphasize that success can be developed on political, social and economic level. Organizations primarily work on identifying, creating and gathering knowledge that is based on knowledge within the organization and on good practice. In so doing they obtain information that answer questions »what do they know« and »where they are« (O'Dell, Grayson and Essaiades, 1998, p. 7). Davenport and Prusak (1998, p. 52) share this view, as they are convinced that all organizations strive towards acquiring and applying new knowledge. The organization must establish communication with the environment in order to gain new information. In the following steps this information is converted into knowledge and measures, which are based on the values of the organization and combined experience. They point out that the organization can not operate competitively without new knowledge.

However, knowledge is not a prerequisite for the operation of the organization. Quality of employees' work, and consequently the quality of the organization, is becoming increasingly important. In saying so, we must emphasize that it is important, if not crucial, for the development of the organization to care for the education and training of employees and the acquisition of relevant knowledge. By training its employees, the organization ensures itself a defined level of knowledge. Knowledge is of great importance, but not when it is stored in one place. Its value appears only when spread among employees. Rowley and Hartley (2008, p. 6) consider that knowledge in an organization is difficult to define. It is defined by referring to the information. Processes, such as studies, beliefs, synthesis of a variety of information, experiences transform information into new knowledge. All knowledge that is acquired and based on findings should be carefully processed and then reasonably passed on. Knowledge is acquired with the help of information, intuition, wisdom, and therefore the concept of knowledge should be carefully distinguished between different levels of learning. Sitar (2006, p. 59) believes that the field of knowledge management defines knowledge in two ways. In first it is defined as a combination of individual's information, experiences and values. Individual generates ideas, in which knowledge, called unpredictable or intuitive knowledge, is formed. Another way of defining knowledge is as justified truth. This is the knowledge in which we believe and trust. He also points out that the knowledge is a part of our actions, experiences and understanding of certain things, which are hidden in an individual and relate to his thoughts.

Most organizations are increasingly investing in the acquisition of new knowledge. This investments are reflected both in terms of employees as well as in the development of technology. A learning individual in the organization is difficult to overlook, since he/she is constantly searching for new ideas and enriching his/her knowledge. All this shows that an individual is training and educating him/herself, as well as testing new knowledge in practice. Learning does not mean that we are experts in a particular area. We become experts only when we know how to successfully integrate the acquired knowledge into the system of interconnections, into new concepts, ideas (Možina, 2009, p. 471).

In all this, knowledge management pays an important role, as it helps the individual in his/her development of knowledge, personal growth. It also helps create and deepen confidence in his/her skills and abilities. It is important to understand knowledge, to focus on it, and especially to handle it carefully and use it in our work (Jaklič, 2006, p. 13). Each organization must know the activities in the organization that lack solid foundation. Do employees possess the required knowledge, which documented information could have an impact on improving knowledge? Where are the obstacles that disable the transfer and dissemination of knowledge among employees. The organization must be aware of the kinds of knowledge without which the objectives, set by the

organization, can not be achieved (Černelič, 2006, p. 73). Černelič (2006, p. 91) believes that protecting knowledge is one of the main tasks of knowledge management, as well as ensuring the acquisition of new knowledge, as knowledge could otherwise become obsolete. The organization achieves new knowledge through education and training of employees, as well as by allowing them to be mobile and creative in different work positions.

Černelič (2006, p. 84) believes that creating and recording knowledge is not enough. We need to know how to pass it on to employees. It is important that the knowledge is transmitted from its source of origin to where it is necessary and beneficial for the organization. The author mentions intentional and unintentional sharing of knowledge. Intentional exchange of knowledge is based on written communication. This includes letters, billboards, messages, and education and training of employees, mentoring publications, consultations, exchange of personnel, staff mobility. Unintentional sharing of knowledge includes unscheduled operation among employees. This means telling anecdotes, various myths and non-dedicated working groups. Hauko (2007, p. 50) points out that a well-developed communication between employees has a positive effect on the successful and good transfer of knowledge within the organization. The more powerful and developed a communication system, the faster and more efficient the knowledge transfer among employees. Of course, such a communication system allows the transfer of knowledge between all departments of the organization, which undeniably has an even greater value. Such transfer is facilitated by information technology, e-mail, and ultimately even by teamwork.

Knowledge management is based on the quality management of knowledge. By doing so, we enable the achievement of changes in the current behavior of employees, as well as changes in the organization. Managing knowledge means not only obtaining, transferring and storing knowledge that exists, but also highlights the role of the manager. The manager must pay attention to all employees, their knowledge, experience that can bring good results, or may affect good decisions. Pirnat and Bahun (2003, p. 13) point out that the leaders of the organization are the ones responsible for the personal and professional development of employees. Implementation of quality educational and training programs is, in fact, prepared them. In training the employees, they transfer their knowledge and work experience onto employees. By personal example they show their attitude towards work and co-workers in the organization. They relate education and training of employees with the needs of the company. To identify the need for training, analyses of the key tasks of employees (competence, regular annual interviews) are used. The analyses unveil the career path of an employee and his expertise. Dimovski, Penger, Škerlavaj and Žnidaršič (2005, p. 43-45) believe that the role of the modern manager concerns or is based on training, mutual promotion and development of the entire organization. His/Her management affects the performance of employees. The manager seeks to steer employees to achieve their goals, which in turn affects the organization's objectives. This communication ability initiates staff motivation and effectiveness at work.

One of the effective tools of management in human resources or knowledge management are regular annual interviews, which allow employees to fulfill their objectives, and simultaneously affect the achievement of organizational goals. The problem that we want to highlight is directed to the assumption that employees have too few opportunities for an open, individual communication with the leader, which could be used to determine both the needs and skills of employees. In-depth communication, or the possibility of an interview with the leader, is mostly still offered only when solving major problems. Poor communication between employees is listed as the most common cause of dissatisfaction, poor work performance, and consequently the lack of work motivation, leading to the unsuccessfulness of the organization.

Regular annual interviews give the employee the opportunity to discuss with the leader his/her performance in the past, present and future. Annual interview is an in-depth discussion between a leader and a colleague. Discussion relates to acts which could improve their relationship. It focuses on the conditions that the employee has at work, his/her motivation and his/her performance. Majcen (2001, p. 51) believes that employees have an increasing desire for interviews. They would like for these interviews to be individual and undisturbed by various factors. Mumel (2008, p. 294) says that the purpose of conducting annual interviews is motivating employees to think about their work and plans, and for them to prepare their own suggestions on how to improve things. Their purpose is also to get the employees to reflect on their role in the organization and get an overview of the priorities of their duties, what is expected of them in the next year (period), and among other things to make employees even more independent, responsible and initiatory, when performing their duties, and to tell

the employees how the leaders see them, what they consider to be their good qualities, and where else some of their unexploited talents could be put to good use. Among other things, it is also intended to achieve greater understanding and trust between the leader and his/her co-workers, for the leader to get to know his/her co-workers and understand them better, and for the leader to recognize why employees sometimes behave the way they do. At the same time, the leader gets a better view of how the agreed upon things are realized in the long-term, and gathers information for planning and implementing the policy on education, training and promoting employees.

It is important to acknowledge that interviews benefit both the employee and the leader, as well as professional, human resources department and the organization in general. Some of the main benefits of interviews are: increased employee's and organization's successfulness, achieving goals and pursuing organization's vision, better feedback on performance, improving communication and interpersonal relationships, better implementation of human resources policies, as identifying development potential of employees, planning employee's career development, and possibilities for further education and training of an employee affect the development of both employees and organizations.

Slovenian companies or organizations are introducing annual interviews, but their degrees of success vary. Based on the research findings, Svetlik and Zupan (2009) stated the following key points of success: an annual interview can support top management; it contributes to the coherence of the whole system with the business and HR strategy; an employee must have an active role in the interview and must contribute to proposals and plans in the greatest extent, as this promotes inner motivation, better understanding and commitment to agreements, and a sense of inclusion; it promotes training of leaders; it is important for the fulfillment of agreements, as unfulfilled agreements operate demotivating and are the source of employee dissatisfaction; if we want it to be successfully introduced, it has to be introduced progressively and its implementation monitored; quality interviews are the benchmark for leaders' successfulness.

Public institution is an organization that can perform a variety of activities (educational, health service, social security,...). These are performed to meet the needs of citizens and are non-profit. Law on Civil Servants states in the Article 105 that a superior must monitor the work and career of an employee and conduct an interview with him/her at least once a year. The superior is obliged to monitor professional qualifications of the employee and provide him/her the opportunity to test his/her theoretical and practical knowledge (The Civil Servants Act, 2002, Art. 105).

Despite the fact that the Civil Servants Act states that it is obligatory to conduct interviews with employees at least once a year, this is unfortunately not the case in the addressed public institution. To search for causes or proposals for a more effective introduction of annual interviews and linking them to knowledge management processes, we have performed a quantitative research that is presented below.

## 2. METHODOLOGY

An empirical study was used to determine the wishes of employees in the introduction of annual interviews and opinions of leadership in addressing these issues. We conducted a survey among employees of a public institution as well as structured interviews with the leading figures of this public institution. For the semi-structured interview, we asked targeted questions. The data we obtained from the survey and the interviews gave us a full view of the public institution regarding the introduction of annual interviews. The data obtained were statistically analyzed and visualized using the SPSS statistical program.

The study included 95 employees, among which there was a higher proportion of women, 88%, men were in the minority, with only 12%. Most of the participants were aged 26 to 35 (40%), and the least of them were older than 55 years (4.2%). Empirical data show that the majority of respondents have either secondary (45.7%) or post-secondary/university (46.8%) education. The largest share of employees who participated in our survey have 21-30 years of service (37.9%) and the lowest proportion (8.4%) has more than 30 years of service.

### 3. RESULTS

From the research we have found that as many as 68.4% of the respondents have the possibility of a conversation or an interview with the leader at anytime. Notwithstanding the fact that regular annual interviews have not yet been introduced to the organization, the 80% of the respondents have the possibility of a longer, individual interview with the leader. Employees that participated in this interview needed no preparation for it, as confirmed by 74.5% of the respondents.

The theory already showed the importance of communication and relationship between the leader and employees for the successful operation of the organization. Respondents described in 64.2% the cooperation with the leader as good, and only 1.1% stated poor cooperation. This shows the positive functioning of the organization. The obtained data demonstrate that the organization is aware of the communication and good cooperation among employees.

Given the employees' good cooperation with their leader, the findings about the honesty of the interview were expected; 69.5% of the respondents confirmed that the interview was honest. If the interview is going well and is honest, the feeling of relaxation and well-being is also present. Well-being was stated by 42.1% of the respondents and 30.5% stated that the interview was conducted in a relaxed manner.

Leadership and motivation are extremely connected, which is why we believe that a leader who is successful in his work can also motivate employees to perform tasks. 41.1% of the respondents believe that the leader motivates them and 42.1% believe that the leader motivates them occasionally. These results demonstrate that leaders, for the most part, lean towards motivating employees. It was concluded that a leader who is communicative, willing to help employees, a leader who gives constructive criticism and suggestions for improvement, is seen by employees as capable of conducting interviews.

This was also confirmed by the results, as 71.6% of respondents believe that their leader is competent to perform regular annual interviews. With interviews a leader can assist employees in developing their self-esteem, especially when positive critique is involved. In this case the employee feels competent and more responsible. This was confirmed by 42.1% of the respondents. On the other hand, 28.4% of the respondents do not agree, and 29.5% of the respondents did not opt for an answer.

The usefulness of annual interviews was attributed to employees in 48.9%, 40.4% believe that interviews are mostly beneficial for the organization and 10.6% state benefits for the leaders. The results show that open communication that takes place in such interviews helps employees first, and with their good work performance it consequently benefits the organization and leader as well. The most important topics for regular annual interviews would be: a conversation about the work of an employee in the past, present and future, 37.6% of the respondents opted for this answer. This shows that employees want to perform quality work and in this way achieve the stated objectives. At the same time this confirms theorists, who also place the greatest importance to the work in the past, present and future. 26.9% of the respondents stated problems in the workplace as the main topic, and 19.4% of respondents stated interrelations. A topic that is related to salary, bonuses and praise was preferred by 7.5% of the respondents. Other topics were mentioned as the most important in less than 5%. These data show that employees want to work with leaders to outline their work path, as chosen issues relate primarily to work, potential problems and relationships.

Of course, we were also interested whether employees are aware of the competence they possess and their importance. Majority of the respondents, 92.6%, confirmed that they are aware of their competence. Competence are in 45.7% understood as ability, skills and knowledge. 34.0% respondents understand them as authority. A tenth of participants described them as knowledge and experience. 8.5% of the respondents would define them as professionalism and skill and 1.1% as values. 77.7% of the respondents present their competence to superiors with their method of work, and the rest of the percentages are divided between communication and presentation of work. That the organization provides professional training and allows employees to acquire new knowledge, was confirmed by 74.7% of the respondents. 40.8% of the respondents stated that they are given this opportunity more than 3 times a year.

Our assumption was that regular annual interviews are extremely important in the coming time. Organizations will create a competitive advantage precisely in the field of human capital. For this reason, we have, based on theoretical principles, set the following. It was assumed that more than 2/3 of employees wish to be interviewed by the leader. In this study we were mostly interested in finding out whether employees see regular annual interviews as necessary. More than half of the respondents (53.7%) believe that regular annual interviews with the leader are very much necessary. From this we can conclude that employees realize how important honest conversation with the leader is for good functioning in the workplace. 43.2% considers them as necessary, and only 3.2% think that they are not needed. These results suggest that employees showed a positive attitude towards the introduction of annual interviews, which gives the organization an incentive to introduce them in practice. This was followed by asking whether employees actually wish for annual interviews to be introduced. The obtained results demonstrate that a vast majority (84.2 %) of the respondents would like to see the annual interviews to be introduced. 12.6% are not sure, and 3.2% do not want it to happen. This can be linked to the answers of the previous question, because if the employees see the need for the introduction of annual interviews, they would also like to see them used in practice. The results clearly show that employees want feedback on the work done, conversations about their wishes and visions.

We also assumed that employees perceive the role of annual interviews as positive both in the process of knowledge management (knowledge transfer) as well as in the development of employee's career. We have collected the data which confirmed our assumptions through a set of claims that were related to knowledge, professionalism and competence of employees. They included education and training, career and knowledge transfer between employees. Average of claims was 3.27, which confirmed the assumption. The result shows that employees perceive the role of annual interviews as positive both in the process of knowledge management as well as in the development of employee's career. With this we confirmed that the organization ensures the development of its employees and with it high-quality work. However, we also noticed that on the basis of the interview, as one of the mechanisms of knowledge management, the process of determining knowledge and consequently the processes of education and training are taking place.

It was assumed that most of the employees accepted regular annual interviews as a useful and necessary communication tool for the effective and efficient operation of the organization. We've collected the data with the help of a few statements, which were then used to calculate an average value. If the value will be higher than 3, which is the middle of the scale, our assumption will be confirmed. Statements included consistency of employee's desires with the objectives of the organization, interpersonal relations, communication between employees and manager, employee's work performance, organizational work performance, as well as their effectiveness. The result 3.5 shows that employees accept regular annual interviews as useful and above all necessary communication tool for the effective functioning of the organization.

From the interviews conducted, we learned that in the public institution regular annual interviews have already been implemented in the human resources strategy. They are convinced that regular annual interviews will be well received by the employees. Regular annual interviews are deemed as necessary as they can help plan and enable the development of employees. In addition, interviews provide feedback on the work of employees. Regular annual interviews are seen as a way of improving communication, targeted management, a chance for praise and constructive criticism, linking individual goals with organizational goals. They allow systematic planning of needs for education and training of the individual and for career development. Regular annual interviews are also an opportunity for individuals to present their ideas and visions of "self" in the future in a particular workplace. They point out that knowledge management enables them timely provision of knowledge to employees, when they need it to perform their work. Therefore, they provide continuous training for employees in the organization. Regular annual interviews are seen as a management tool for easier directing and leading of the staff. It is believed that if regular annual interviews are not carried out, degraded performance of the organization may occur. Such interviews have not yet been introduced in the discussed organization. The reason lies in the lack of time and funding cuts, because bigger projects are always a priority.

#### **4. CONCLUSION**

The foundation of a successful and high-quality functioning of an organization is good leadership. This integral part of management will be effective only if good relationship is established. This means good

cooperation and communication with employees. Open communication between employees gives them a sense of active participation and mutual trust. Each organization sets a goal, which focuses on education and training. This way the organization ensures itself the readiness of employees to cope with new developments and future trends. The main task of the organization and the leader is to ensure employees timely acquisition of new knowledge. As we know, each new piece of information, each new change requires time to come to life among employees.

Regular annual interviews are a tool of knowledge management, as they can be used to collect new information, new knowledge, to find the origin of knowledge. And with the help of regular annual interviews, this knowledge is also transferred. By using such communication, leaders can discover areas where knowledge is weak and needs to be enhanced. In fact, regular annual interviews also function as a kind of "coercion" of an employee. He/she has to start producing new knowledge and must strengthen his/her ideas, visions. Knowledge management, as mentioned earlier, establishes the need for new knowledge and can greatly affect the connectedness of employees by using regular annual interviews, as in a way it liaises shared learning and application of knowledge.

Data from this study show that employees wish for the introduction of annual interviews, as the majority of respondents see them as necessary. Notwithstanding the fact that regular annual interviews have not yet been introduced, they are perceived as beneficial. They pose new challenges for many employees. They see them as a chance to show what they can and want to do. By using good motivation, manager must initiate the desire for new knowledge in employees. This would result in their improved work. Regular annual interviews are a form of communication that improves the communication link between employees, from the highest to the lowest level. This strengthened link greatly affects the flow of all information necessary for work. We must be aware that regular annual interviews bring both advantages as well as disadvantages. A positive attitude is especially prosperous in achieving the objectives, set by the organization. Sharing knowledge, open communication and close cooperation between employees certainly bring good results. On the other hand, lack of time, employee's fear of the leader, dishonest conversations can all have negative effects. That is why we need to prepare employees for regular annual interviews. They should be aware that regular annual interviews are an opportunity for acquiring, spreading and deepening knowledge.

Open communication helps achieve the objectives of both the employee and the organization. The consequences of such communication leave marks on employees and affect their satisfaction. Listening and taking into account their needs also reflects on the effectiveness of work. This way, employees feel the benefits of their work. After regular annual interviews, we would suggest conducting a survey, including questions about their views on the course of performed interviews, topics that they would wish to address, possible improvements. This way, employees would also be included in the preparation of interviews.

The world is facing an increasing competition in the market. Consequently, knowledge is gaining a growing importance. We need to be able to acquire knowledge by using a variety of information and communications technologies. With the process of knowledge management, this knowledge should then be effectively transferred to employees and successfully used in practice. We believe that leaders should be well acquainted with the future staffing needs of the organization and beyond. This way it will be easier to discover the potential for developing necessary competence. However, it is necessary to take deliberate steps when dealing with performers of annual interviews. Particularly in order to avoid the question: Have I done a good enough job with the assigned task? Although the public sector often lacks financial resources when development of an employee is concerned, it would be wise to ask employees how much they are willing to participate also from this point of view. We assume that it would be easier for many employees to decide to enhance their knowledge if a partial financial support of the organization would be involved.

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