

Employee Perceptions about Influence of Performance Appraisal Factors with Managerial Decision in PT ASKRINDO

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Abstract: ***Purpose:** Performance appraisal is one of the most important human resource management practices as it yields critical decisions integral to various human resource actions and outcomes. The purpose of this paper is to explore the influence of performance evaluation factors to managerial decision. **Design/methodology/approach:** Is a descriptive case study, with secondary census data about perception of employee. The relationship between performance evaluation factors and managerial decision were analyzed using multiple regression analysis. **Findings:** The study findings suggest a significant positive in some performance evaluation factors to managerial decision. Sensitivity, acceptability, and practicality factors were found have significant impact on most of managerial decision especially in training and employee mutation. But performance evaluation factors has no significant influence at bonuses and employee benefits. **Research limitations/implications:** The research result depend on employee perception only. All responses on questioners are from self-report measures. **Practical implications :** The study findings suggest that a priority performance evaluation factors that must be enhanced is . sensitivity, acceptability, and practicality factors. The company can focus on these three factors to get a better and effective system of performance evaluation that have impact on managerial decision.*

Keywords: Performance appraisal factors, managerial decision, multi regression analysis

1. Introduction

Human resources (HR) is an asset that is very important for company survival. The management of human resources within the company is done throughout the recruitment period until retirement, so it is very sensitive to mistakes [1]. Managerial decisions on human resources such as promotions, bonuses, and salary increases are influenced by performance appraisals based on the goal of optimizing employee performance to develop the company [2]. An employee performance appraisal is performed as a means of communicating management's suggestions and goals, motivation, organizational reward distribution (pay rise and promotion), and researching management personnel [3].

The existence of a performance appraisal system in a company needs to be effective, acceptable, and appropriate to use. An effective performance appraisal system should meet performance appraisal factors such as relevance, sensitivity, reliability, acceptability, and practicality. The performance appraisal factor is influenced by employee perceptions [4]. Inaccurate employee perceptions of performance appraisal can have a negative impact on employees and organizations.

PT Askrindo has an updated employee performance appraisal system for each period. Performance appraisal system must be continuously improved over the current period based on the company's needs and previous performance appraisal evaluations [5]. The results of the performance appraisal system itself affect managerial decisions, performance appraisals contribute to managerial decision especially employee movement (mutation)[6]. Performance appraisal has a positive and significant influence on the determination of remuneration [7]. Based on the above, managerial decision making in the organization is based on performance appraisal score. Managerial decisions

within PT Askrindo are divided into: training, mutations, benefits, and bonuses.

The importance of PT Askrindo on employees' perceptions of performance appraisal systems that may affect managerial decisions has several reasons. PT Askrindo has updated its performance appraisal system but has not felt any change in managerial decisions. The organization also feels lack of understanding of key performance appraisal factors that need to be improved to produce better performance appraisal systems. Companies need to pay attention to the main things in the performance improvement system in accordance with the current state of the company to stay focused on the main elements of performance improvement [8].

This study is expected to give input to PT Askrindo regarding current performance appraisal condition and give suggestion of improvement implementation plan to adjust to company condition.

2. Literature review and hypotheses

Managerial Decisions

Decision-making is a key part of managers' activities. This activity plays an important role especially when managers perform the planning function. In the planning process, managers decide on organizational goals to be achieved, resources to be used, and who will carry out the task [9].

Different managerial decisions of each company based on the composition of strategy, vision, mission, and goals of the company. Based on interviews, managerial decisions in Askrindo are divided into 4 categories, namely:

- 1) Training, in this case is expected to be given to employees based on the results of performance appraisal, either to improve employee performance, or to develop

- the potential of employees in order to rise to the next career ladder. Employee satisfaction is the greatest contribution to the training is when the performance appraisal system influences the procurement of training [9]. And results of the performance appraisal system should be the main benchmark in decision-making procurement training [10].
- 2) Mutations, are interpreted in two ways: functional migration of positions (promotion and demotion), or geographical positioning of employees (switching branches). Performance appraisal has a significant positive influence on career development, the relationship means that the better employee performance hence increase career development and work experience have significant positive influence of career development, the relationship means that the better work experience of employees hence can increase development [11]
 - 3) Benefits, is defined as the enjoyment of employees who are enjoyed regularly, not only in one assessment period, but in continuity, such as the right amount of loan ceiling and salary scale increase. Benefit linkages and performance appraisals can increase employee motivation in work, depending on the company's own strategic plan [12].
 - 4) Bonuses, is defined as the enjoyment of employees who enjoyed only in certain periods, such as year-end bonuses.

Performance Appraisal Factors

Performance appraisals need to done to determine whether during the performance appraisal there is a error from the before or whether the performance can be upgraded. Performance appraisal is the result of a systematic assessment and is based on a group of activity indicators in the form of input indicators, outputs, outcomes, benefits, and impacts. Performance appraisal is used as a basis to assess the success and failure of the implementation of activities in accordance with the goals and objectives set out in order to achieve the company mission [13]. To perform the assessment, it is necessary to measure performance appraisal so that there is a need for a measure of performance appraisal. Performance appraisals can only be made on real and measurable factors. In order to improve performance appraisal, keep in mind what the current performance appraisal looks like [14]. Effective performance appraisal must have two main factors namely communication and assessment competence [15].

Performance measurement system criteria [16] are:

- 1) Relevant, Relevant has a meaning (1) there is a close relationship between the standards for a particular job with organizational goals, and (2) there is a clear connection between the critical elements of a job that has been identified through job analysis with dimensions to be assessed in the assessment form .
- 2) Sensitivity, Sensitivity means the ability of performance appraisal systems to differentiate good employees and bad employees.
- 3) Reliability, Reliability in this context means consistency of judgment. In other words even if the instrument is used by two different people in assessing an employee, the results of the assessment will tend to be the same.

- 4) Acceptability, Acceptability means that the designed performance measurement is acceptable to those who use it.
- 5) Practical, Practical means that the agreed valuation instrument is easily understood by the user concerned in the assessment process.

If we take the conclusions of all the above theories, then a good performance assessment, ideal and effective, must meet the seven main factors, namely Relevance (criteria related), Sensitivity, Reliability (standardization), Acceptability (support of all users), Practical (easy practice), Competence of appraiser (qualified appraiser), and Communication.

3. Data Source and Method

3.1 Data collection

Questionnaire, Contains a set of questions that can be submitted for answers by respondents online. Survey and distribution of questionnaires were used to collect data and information required in the study. The information obtained gives an overview of the company's operational activities, as well as employees' perceptions of performance appraisal factors and their impact on management decisions. Questionnaires data will be obtained directly into the employee database Askrindo

Interview, Interviews were conducted with HRD managers to obtain assessment data, aspects of managerial decisions in Askrindo and procedures for the preparation of questionnaires distributed by HRD

Documentation, Information about the general description of PT Askrindo company, company data, employee data and basic information PT Askrindo

Census, In the form of census data from questionnaires filled by all permanent employees-active employees of PT. Askrindo collected in an application database Self-Service PT. Askrindo which amounted to 860 people.

3.2 Measures and Procedure

Measurement using questionnaires with Likert scale. Measurements with Likert scale can know respondents' perceptions of observation variables and respondents are asked to assess on a verbal ordinal scale in a number of categories by expressing agreement and disagreement with a particular subject, object or event [17]. The Likert scale used in this study consists of five alternative options, namely: SS (Strongly Agree), Agree (S), CS (Simply Agree), TS (Disagree), STS (Strongly Disagree).

Multiple regression analysis is used to find out whether employee perceptions about performance appraisal factors influence managerial performance decision making. This analysis yields an R-Square number indicating how much training variables can be explained by the model. Furthermore, by using the F test to test whether the independent variables together have an influence on the dependent variable. The hypothesis is that the independent variables together have no significant influence on the

dependent variable (H0), and the independent variables together have a significant influence on the dependent variable (H1). In the T test, if a significance value of less than 5% (<0.05) means that there is a factor affecting training (H0 is rejected), in other words the model is feasible. If a significance value greater than 5% (> 0.05) means that there are no factors affecting training (H0 accepted), in other words the model is not feasible. To create a regression model, taken from the T test coefficient. The multicollinearity test identifies whether there is a perfect linear relationship between the independent variables in the regression model. A strong correlation between independent variables indicates the presence of multicollinearity. If there is a perfect correlation between independent variables, then the consequences are the regression coefficients can not be estimated, the predictive power is not reliable. This test is seen from the Tolerance and VIF numbers, if the Tolerance number is more than 0.1 and VIF is below 10, then there is no multicollinearity.

4. Result

4.1 Employee Perceptions About Performance Appraisal Factors with Managerial Decision on Training

The results of the calculation using multiple regression analysis, shows the R-Square value of 18.6%. The result of F test got the number of significance (0.000), and the result of Test T gives information that the most significant factor influence the managerial decision of training (Y1) is Sensitivity (X2) with value 0.133, Acceptability (X4) with value 0.253, and Practical (X5) with a value of 0.241.

In the research results, obtained R-Square value of 18.6% means the diversity of training variables that can be explained by the model of 18.6%, the remaining 81.4% explained by other factors outside the model. In other words, the R-Square value explains that managerial decision making training is influenced by performance appraisal factors of 18.6%, and 81.4% can not be explained in this research model.

Test F yields significance value (0.000) is less than 0.05 means hypothesis H0 rejected, and H1 hypothesis accepted. H1 hypothesis is the independent variables together have a significant influence on the dependent variable. With Hypothesis H1, we can say that the factors of performance appraisal have a significant influence on managerial decision making in PT Askrindo.

The T test results give us constant numbers and coefficients on each independent variable. If included in multiple linear Regression models, it will produce:

$$Y_1 = 28,521 + 0,020X_1 + 0,133X_2 + 0,015X_3 + 0,253X_4 + 0,241X_5 - 0,027X_6 - 0,099X_7 \quad (1)$$

*Legends: Y1: Training; X1: Relevance; X2: Sensitivity; X3: Reliability; X4: Acceptability; X5: Practical; X6: Appraisal Competency; X7: Communication

The multicollinearity test is seen from the Tolerance and VIF numbers, it can be seen that the research results get the

Tolerance score in all assessment factors more than 0.1 and the VIF number is below 10, so it can be concluded that there is no multicollinearity between independent variables (strong predictive power).

4.2 Employee Perceptions About Performance Appraisal Factors with Managerial Decisions on Mutations

The result of the calculation using multiple regression analysis, shows the R-Square value of 26.2%. The result of F test got the number of significance (0,000), and the result of Test T gives information that the most significant factor affecting managerial decision of mutation (Y2) is acceptability (X4) with value 0,330 and Practical (X5) with value 0,311.

In result of research, got value of R-Square equal to 26,2% mean variation of mutation variable which can be explained by model equal to 26,2%, rest 73.8% explained by other factor outside model. In other words, the R-Square value explains that managerial decision making of mutation is influenced by performance appraisal factors 26,2% and 73,8% can not be explained in this research model.

Test F yields significance value (0.000) is less than 0.05 means hypothesis H0 rejected, and H1 hypothesis accepted. H1 hypothesis is independent variables together have a significant influence on dependent variable. With the acceptance of H1 hypothesis, we can say that the factors of performance appraisal have a significant influence to the decision of managerial mutation in PT Askrindo.

The T test results give us constant numbers and coefficients on each independent variable. If included in multiple linear Regression models, it will produce:

$$Y_2 = 18,345 + 0,084X_1 + 0,068X_2 - 0,018X_3 + 0,330X_4 + 0,311X_5 - 0,037X_6 - 0,065X_7 \quad (2)$$

*Legends: Y2: mutation; X1: Relevance; X2: Sensitivity; X3: Reliability; X4: Acceptability; X5: Practical; X6: Appraisal Competency; X7: Communication

The multicollinearity test is seen from the Tolerance and VIF numbers, it can be seen that the research results get the Tolerance score in all assessment factors more than 0.1 and the VIF number is below 10, so it can be concluded that there is no multicollinearity between independent variables (strong predictive power).

4.3 Employee Perceptions About Rating Factors with Managerial Benefit Decisions

The results of the calculation using multiple regression analysis, shows the value of R-Square of 0.3%. The result of F test got the number of significance (0.000), and the result of Test T gives information that the most significant factor affecting managerial benefit decision (Y3) is sensitivity (X2) with value 0,046.

In the research results, obtained R-Square value of 0.3% means diversity of benefit variables that can be explained by the model of 0.3%, the remaining 99.7% explained by other

factors outside the model. In other words, the R-Square value explains that managerial benefit decision making is influenced by performance appraisal factors of 0.3% and 99.7% can not be explained in this research model.

Test F yields significance value (0.924) is more than 0.05 means hypothesis H₀ accepted, and H₁ hypothesis is rejected. H₀ hypothesis is that independent variables together have no significant influence on dependent variable. With Hypothesis H₀, we can say that performance appraisal factors have no significant influence on managerial benefit decision making in PT Askrindo.

The T test results give us constant numbers and coefficients on each independent variable. If included in multiple linear Regression models, it will produce:

$$Y_3 = 68,034 - 0,002X_1 + 0,046X_2 - 0,018X_3 + 0,009X_4 - 0,009X_5 - 0,010X_6 + 0,005X_7 \quad (3)$$

*Legends: Y₃: benefits; X₁: Relevance; X₂: Sensitivity; X₃: Reliability; X₄: Acceptability; X₅: Practical; X₆: Appraisal Competency; X₇: Communication

The multicollinearity test is seen from the Tolerance and VIF numbers, it can be seen that the research results get the Tolerance score in all assessment factors more than 0.1 and the VIF number is below 10, so it can be concluded that there is no multicollinearity between independent variables (strong predictive power).

4.4 Tables Employee Perceptions About Performance Appraisal Factors with Managerial Bonus Decisions

The result of the calculation using multiple regression analysis, shows the R-Square value of 1.2%. The result of F test got the significance number (0,000), and the result of Test T gives information that the most significant factor affecting managerial bonus decision (Y₄) is practical (X₅) with value 0,043.

In the research results, obtained R-Square value of 1.2% means the diversity of bonus variables that can be explained by the model of 1.2%, the remaining 98.8% explained by other factors outside the model. In other words, the R-Square value explains that managerial bonus decision making is influenced by performance appraisal factors of 1.2% and 98.8% can not be explained in this research model.

Test F yields significance value (0.168) is more than 0.05 means hypothesis H₀ accepted, and H₁ hypothesis is rejected. H₀ hypothesis is that independent variables together have no significant influence on dependent variable. With the receipt of H₀ Hypothesis, we can say that performance appraisal factors have no significant influence on managerial bonus decision making in PT Askrindo.

4.5 Employee Perceptions About Performance Appraisal Factors with Managerial Decisions

The result of the calculation using multiple regression analysis, shows the R-Square value of 1.2%. The result of F test got the significance number (0,000), and the result of

Test T gives information that the most significant factor affecting managerial bonus decision (Y₄) is practical (X₅) with value 0,043.

In the research results, obtained R-Square value of 1.2% means the diversity of bonus variables that can be explained by the model of 1.2%, the remaining 98.8% explained by other factors outside the model. In other words, the R-Square value explains that managerial bonus decision making is influenced by performance appraisal factors of 1.2% and 98.8% can not be explained in this research model.

Test F yields significance value (0.168) is more than 0.05 means hypothesis H₀ accepted, and H₁ hypothesis is rejected. H₀ hypothesis is that independent variables together have no significant influence on dependent variable. With the receipt of H₀ Hypothesis, we can say that performance appraisal factors have no significant influence on managerial bonus decision making in PT Askrindo.

5. Managerial Implications

Based on the study, PT Askrindo can improve the main factors of sensitivity, acceptability, and practical to improve the effectiveness of performance so as to affect overall managerial decisions and managerial decisions on training procurement

For managerial decision mutations, the main factors to be improved are acceptability and practical factors. As for the managerial decisions of giving bonus and benefit, PT Askrindo no need to make improvements in the effectiveness of performance because based on the results of research, performance appraisal factors have no significant influence in decision making of bonuses and benefits.

6. Conclusions

The results of the analyst from the case study conducted at PT Askrindo, resulted in the following conclusions:

- a) The most influential performance appraisal factors for managerial decision training are the sensitivity, acceptability, and practical factors.
- b) The most influential performance appraisal factors for managerial decision mutations are acceptability and practical factors.
- c) Performance appraisal factor has no influence to managerial decision of giving of employee benefit and bonuses, meaning that although Askrindo performance appraisal system is improved to be more effective, employee perception value about influence of performance appraisal to benefits and bonus will not change
- d) The most influential performance appraisal factors for overall managerial decisions are the sensitivity, acceptability, and practical factors.

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