

## ANALYSIS THE PERFORMANCE APPRAISAL EFFECTIVENESS ON EMPLOYEE PERFORMANCE AT PT. PELINDO IV (PERSERO) BITUNG

*ANALISA KEFEKTIFAN PENILAIAN KINERJA TERHADAP KINERJA PEGAWAI DI PT. PELINDO IV (PERSERO) BITUNG*

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**Abstract:** The focus of this research is on the effectiveness of the Performance Appraisal system. Performance Appraisals are an imperative part of HRM systems within company. Performance Appraisal is known to benefit company by helping them measure performance, motivate employees and most commonly help to make HR related administrative decisions such as promotions and rewards. This study aims to investigate the effectiveness of Performance Appraisals from the perception of the employees. The study was carried out in PT Pelindo IV Bitung. The research adopts a interview were issued to gather data from the employees to measure their opinions of the PA system and how successful they feel it is. The findings of the study revealed that overall the employees were happy with having to complete performance appraisal, but there is still some work to be done in improving the system and making it more successful and rewarding.

**Keywords:** *human Resource, performance appraisals, work effectiveness*

**Abstrak:** Fokus dari penelitian ini adalah pada efektivitas sistem Penilaian Kinerja. Penilaian Kinerja merupakan bagian penting dari sistem SDM dalam perusahaan. Penilaian Kinerja diketahui menguntungkan perusahaan dengan membantu mereka mengukur kinerja, memotivasi karyawan dan paling sering membantu untuk membuat keputusan administratif SDM terkait seperti promosi dan penghargaan. Penelitian ini bertujuan untuk mengetahui efektivitas dari Penilaian Kinerja dari persepsi karyawan. Penelitian ini dilakukan di PT Pelindo IV Bitung. Penelitian ini mengadopsi sebuah wawancara yang diterbitkan untuk mengumpulkan data dari karyawan untuk mengukur pendapat mereka tentang sistem kinerja pegawai dan seberapa sukses mereka merasa itu. Temuan penelitian menunjukkan bahwa secara keseluruhan karyawan senang dengan harus menyelesaikan penilaian kinerja, namun masih ada beberapa pekerjaan yang harus dilakukan dalam meningkatkan sistem dan membuatnya lebih sukses dan bermanfaat.

**Kata kunci:** *sumber daya manusia, penilaian kinerja, efektifitas pekerjaan*

## INTRODUCTION

### Research Background

The existence of the company is very important for economic development in a country as one of the means for community life. As in the activities of the company there is cooperation between the factors - factors of production to create goods and services that can be received and used by the community to meet their needs.

Each company has a goal to reach the maximum level. The advantages can be obtained one of them if the company is handled by a good management. In addition, the quality of human resources is also very requires a company's success. If the company is present in the human resources that are reliable, the performance of employees will be high and the results will also be the maximum output.

The factors that determine the production performance of the employees one of which is human resources should be available within a company employee or qualified labor. To increase performance of employees, need motivation and performance appraisal for employees.

Performance appraisal can be defined as the process through which organizations evaluating or assessing employee performance. To measure the performance assessment, there are several standards used, and also techniques. However, this appraisal process has less value if the employees do not receive feedback on their work performance. Without feedback, employee behavior will not be repaired. Therefore, a critical part of the assessment process in a job interview. To measure the employees performance, the organization use a employees performance appraisal. Performance appraisals are most commonly undertaken to let an employee know how his or her performance compares with the supervisors expectations. Employees performance appraisal has been widely practiced in state-owned enterprises. It used for promotion, training, rewards, transfer, career development and demotion.

### Research Objectives

The objectives of this research are to know: How does performance appraisal influence employee performance?

## THEORETICAL FRAMEWORK

### Theories

#### Employee Performance

Employee performance can be defined as the job related activities of an employee in an organization and how well those activities were executed. Employee performance is a process for establishing a shared workforce understanding about what is to be achieved at an organizations level. Employee performance also can be defined as the outcome and contribution of the employee in an organization to make them attains their goals. Performance is defined as the record of outcomes produced on a specified job function or activity during a specified time period (Sumarauw, Saerang and Pandowo, 2014). Waridin (2005) performance can be defined a comparison about the result achieved by employees with a working standard. Based on the understanding above, performance is a comparison about the result achieved by employees with the working standards in company.

#### Performance Appraisal

Angelo DeNisi and Pritchard (2006:253-277) "Performance appraisal" is a discrete, formal, organizationally sanctioned event, usually not occurring more frequently than once or twice a year, which has clearly stated performance dimensions and/or criteria that are used in the evaluation process. Mathis and Jackson (2001) Performance Appraisal is the process of evaluating how well employees do their jobs when compared with a standard set, and then communicating with employees.

#### Effective Performance Appraisal

There appears to be no one single best method of Performance Appraisal, although there are certain common elements throughout all effective methods. 'Effective performance appraisals are commonly associated with clear goals that are attached to specific performance criteria and are well-accepted by both appraiser and appraise' (Mustapha & Daud, p.158). All effective performance appraisals include elements such as linking appraisal to rewards, the supervisor and employee working together to identify goals, performance goals clearly

defined, feedback given to the appraiser on their effectiveness and compliance with legal requirements (Rankin & Kleiner, 1988). Piggot-Irvine, (2003) In order to have effective appraisal, the process must be embedded completely throughout the organization where the values shape part of the fabric of the everyday life of the workplace.

### **Previous Research**

Performance appraisal system: It's Implication to Employee Performance, Daoanis (2012) an appraisal system should have a clear sense of direction, honest and meaningful feedback. There should be immediate and honest reinforcement and it should give an opportunity for employees to participate in setting the goals and standards for performance. The aim of every appraisal system must be to allow for continuous communication between management and teachers about job performance and should be geared for the total improvement of the organization as a whole. The result of the study suggest that the company under study should revisit the criteria set forth in their current appraisal system in order to address the gaps that were identified by the employees, Obisi (2011) organizations should face realities that performance appraisal is incomplete unless the appraisee is told what his strengths are and weaknesses, his performance cannot improve in the subsequent future, which obviously defeats the very objective of periodic appraisals. Such a process of discussion with the subordinates focusing on the entire performance (tasks and behavior) during the particular period is called performance appraisal counseling. Effective Management of The Performance Appraisal Process In Lebanon, Saleh (2008) the principal purpose of an appraisal system should be to improve the employee and the organizational performance. The system must be based on a deep regard for people and recognize that employees are the most important resource. The system should first of all contribute to the satisfaction of all the employees. Role of Performance Appraisal Policy And Its Effects On Employee Performance, Michael, Melanie and Dinesh (2013) the adequate performance of employee's based on performance appraisal policy will result in improvement in employee performance. Feedback, particularly on interpersonal (supervisor-subordinate) basis will be found to be useful and highly effective in motivating employees to improve their performance.

### **Research Hypothesis**

H: The influence of performance appraisal on the performance of the employee.

## **RESEARCH METHOD**

### **Type of Research**

The researcher used qualitative method to analyze the implementation of performance appraisal on employee performance.

### **Place and Time of Research**

This research is conducted in Manado, North Sulawesi, Indonesia. More specifically the downtown area of the city where the PT.Pelindo IV (Persero) Bitung located. The research was held during June to August 2015.

### **Population and Sample**

In this research the population is all the employees of PT. Pelindo IV (Persero) Bitung. This research used 10 informants as sample who are subordinates and work for PT. Pelindo IV (Persero) Bitung.

### **Data Collection Method**

There are two types of data which are primary data and secondary data. Sekaran and Bougie (2009:186-188) stated that interview is consist of two types which are unstructured interviews and structured interviews. In secondary data, researcher collect several sources such as books that dominated used in theoretical review, several articles to compare and analyze the previous research and relevant literature from library and internet about another keywords that can be contained in this research.



## Data Analysis Method

### Validity and Reliability

Many of the qualitative research have doubted the validity because of researcher subjectivity, less of control in interview question, and incredible data resources. The data validity really needs to check with: (1) Credibility: If the result of this research is reliable, trustworthy, and can be accepted. This research using the checking tool to prove credibility of the research result by using triangulation method. (2) Transferability: The research result can be applied to other situations. The researcher responsible to provide the descriptive data clearly, systematic, and reliable in the research report. The reader will clearly understand the result of this research. (3) Conformability: If the research result can be verified in accordance with data collected. This can be done by discussing with other people who do not participate in this research in order to be more objective.

## RESULT AND DISCUSSION

### Result

This research the researcher interview the employee that work in PT. Pelindo IV (Persero) Bitung, where want to know and analysis the performance appraisal effectiveness on employee performance. From ten informants that were interviewed, basically they work in PT. Pelindo IV (Persero) Bitung.

#### Informant 1

The first respondent is informant 1. He worked at PT Pelindo IV in human resources division. He has been working in PT.Pelindo IV for 11 years. Based on the interview the informant 1 said that he had completed the performance appraisal process, the last performance appraisal in Last Year, performance appraisal is conducted most often six months. When the researcher asked his opinion about it conduct performance assessment is held in a company. Informant 1 said: *"yes I agree, because for measuring performance and as an evaluation"*. Based on the informant 1 opinion appraisal of performance make him understand what he should do and can trigger morale

He also said the performance appraisal within the company is good enough. According to informant 1 way of assessing the performance appraisal methods in the company by way of direct assessment of the leadership. According to informant 1 only partial salaries and promotions based on performance appraisal. He also said the company trying to achieve through the performance appraisal is profit and human resource capacity. Based on the informant 1 opinion performance appraisal could be yes or may not be in terms of improving the performance of employees for performance appraisal must be balanced with the welfare of human resources.

#### Informant 2

Informant 2 have been working in PT Pelindo IV in human resources division. She has been working in PT Pelindo IV for 10 years. Based on the interview the informant 2 said that she had completed the performance appraisal process, the last performance appraisal in September 2015, performance appraisal is conducted every one month. When the researcher asked his opinion about it conduct performance assessment is held in a company. Informant 2 said: *"I strongly agree, because in order to encourage work every day or just be lazy in the office"*. Based on the informant 2 opinion indeed with the performance appraisal discipline, manners and morale will help employees become better.

She also said she do not know the company's performance appraisal in fair or not. According to informant 2 there is a system and method of appraisal of central office. According to informant 2 indeed salaries and promotions based on performance appraisal. He also said the company trying to achieve through the performance appraisal is affect revenue and Profit Company. Based on the informant 2 opinion the employee's performance is influenced by the spirit of the work, courtesy of employees, to be better and improve morale.

**Informant 3**

Informant 3 have been working in PT Pelindo IV in human resources division. He has been working in PT Pelindo IV for 6 years. Based on the interview the informant 3 said that he had completed the performance appraisal process, the last performance appraisal in every 15th of the month, performance appraisal is conducted every one month. When the researcher asked his opinion about it conduct performance assessment is held in a company. Informant 3 said: *“yes, in order to improve employee performance”*. Based on the informant 3 opinion appraisal of performance make him understand what he should do.

He also said appraisal of performance in its very fair. According to informant 3 way of assessing the performance appraisal method is through the achievement of the target system. According to informant 3 indeed salaries and promotions based on performance appraisal. He also said the company trying to achieve through the performance appraisal is improving the quality of human resources. Based on the informant 3 opinion the performance appraisal can improve employee performance, because we are required to achieve the target that we set.

**Informant 4**

Informant 4 have been working in PT Pelindo IV in service vessel division. He has been working in PT Pelindo IV for 10 years. Based on the interview the informant 4 said that he had completed the performance appraisal process, the last performance appraisal in September 2015, performance appraisal is conducted each month performance evaluation and an assessment in each division.

When the researcher asked his opinion about it conduct performance assessment is held in a company. Informant 4 said: *“yes, to accommodate any work that is done every individual or division”*. Based on the informant 4 opinion appraisal of performance make him understand what he should do because given the responsibility and the work to be done

He also said performance appraisal still needs to be improved, despite being good and going towards a better. According to informant 4 way of assessing the performance appraisal method is in terms of customer satisfaction levels and progress of the company or the company's revenue. According to informant 4 indeed salaries and promotions based on performance appraisal, because promotion was supposed to be for people who are considered able to carry out tasks entrusted. He also said the company trying to achieve through the performance appraisal is well-being of the company so transmitted to the welfare of employees. Based on the informant 4 opinion the performance appraisal can improve employee performance, because we assessed productive will depend on ourselves will not be the responsibility of the company that is given to us.

**Informant 5**

Informant 5 have been working in PT Pelindo IV in service vessel division. She has been working in PT Pelindo IV for 3 years. Based on the interview the informant 5 said that she had completed the performance appraisal process, the last performance appraisal in September 2015, performance appraisal is conducted every one month. When the researcher asked his opinion about it conduct performance assessment is held in a company. Informant 5 said: *“I agree, because to improved performance and assessment of the work and performance of the company”*. Based on the informant 5 opinion appraisal of performance make her understand what she should do.

She also said appraisal of performance in its very fair. According to informant 5 way of assessing the performance appraisal method is using key performance indicators. According to informant 5 indeed salaries and promotions based on performance appraisal. She also said the company trying to achieve through the performance appraisal is to increase the company's performance and improve the quality of employees. Based on the informant 5 opinion the performance appraisal can improve employee performance, because the assessed, employees can find out the pros and cons so that they can fix themselves.

**Informant 6**

Informant 6 have been working in PT Pelindo IV in service vessel division. He has been working in PT Pelindo IV for 4 years. Based on the interview the informant 6 said that he had completed the performance appraisal process, the last performance appraisal in September 2015, performance appraisal is conducted every one month.

When the researcher asked his opinion about it conduct performance assessment is held in a company. Informant 6 said: *“yes, it can motivate employees to work”*. Based on the informant 6 opinion appraisal of performance make him understand what he should do. He also said appraisal of performance in its very fair. According to informant 6 way of assessing the performance appraisal method is using key performance indicators. According to informant 6 indeed salaries and promotions based on performance appraisal. He also said the company trying to achieve through the performance appraisal is to increase the company's performance and improve the quality of employees. Based on the informant 6 opinion the performance appraisal can improve employee performance, because the presence of the employee performance appraisal can improve the quality of work.

#### **Informant 7**

Informant 7 have been working in PT Pelindo IV in finance division. She has been working in PT Pelindo IV for 9 years. Based on the interview the informant 7 said that she had completed the performance appraisal process, the last performance appraisal in September 2015, performance appraisal is conducted every one month. When the researcher asked his opinion about it conduct performance assessment is held in a company. Informant 7 said: *“I strongly agree, because it will be able to evaluate and improve employee morale”*. Based on the informant 7 opinion appraisal of performance make her understand what she should do, because the performance appraisal includes desk job in which we live and work face every day.

She also said appraisal of performance in its very fair. According to informant 7 way of assessing the performance appraisal method is using key performance indicators. According to informant 7 indeed salaries and promotions based on performance appraisal, but if there could be a greater increase in the future. She also said the company trying to achieve through the performance appraisal is employee loyalty. Based on the informant 7 opinion the performance appraisal can improve employee performance, because with our performance assessed, it will add to the spirit and loyalty within employee.

#### **Informant 8**

Informant 8 have been working in PT Pelindo IV in finance division. She has been working in PT Pelindo IV for 9 years. Based on the interview the informant 8 said that she had completed the performance appraisal process, the last performance appraisal in September 2015, performance appraisal is conducted every one month. When the researcher asked his opinion about it conduct performance assessment is held in a company. Informant 8 said: *“I strongly agree, in order to evaluate the performance and functioning of the better employees”*. Based on the informant 8 opinion appraisal of performance make her understand what she should do, because the employee be more focused at work.

She also said appraisal of performance in its very fair in accordance with existing job description. According to informant 8 way of assessing the performance appraisal method is using key performance indicators. According to informant 8 indeed salaries and promotions based on performance appraisal. She also said the company trying to achieve through the performance appraisal is to make the company forward. Based on the informant 8 opinion the performance appraisal can improve employee performance, because to improving employee performance, because it can increase company profits if good employee performance.

#### **Informant 9**

Informant 9 have been working in PT Pelindo IV in finance division. He has been working in PT Pelindo IV for 10 years. Based on the interview the informant 9 said that he had completed the performance appraisal process, the last performance appraisal in September 2015, performance appraisal is conducted every one month. When the researcher asked his opinion about it conduct performance assessment is held in a company. Informant 1 said: *“I strongly agree, because it will be able to evaluate and improve morale”*. Based on the informant 9 opinion appraisal of performance make him understand what he should do.

He also said the performance appraisal within the company is good enough. According to informant 1 way of assessing the performance appraisal methods is using key performance indicators. According to informant 9 indeed salaries and promotions based on performance appraisal. He also said the company trying to achieve through the performance appraisal is to create profits and good quality. Based on the informant 9



opinion the performance appraisal can improve employee performance, because with the performance appraisal can boost morale.

### **Informant 10**

Informant 10 have been working in PT Pelindo IV in information systems division. He has been working in PT Pelindo IV for 7 years. Based on the interview the informant 10 said that he had completed the performance appraisal process, the last performance appraisal in September 2015, performance appraisal is conducted every one month. When the researcher asked his opinion about it conduct performance assessment is held in a company. Informant 1 said: *“yes, because the appraisal is the evaluation of the performance benchmark of the business plan target”*. Based on the informant 10 opinion appraisal of performance make him understand what he should do, because performance is key to the success of the company.

He also said the company's performance appraisal is not fair, because the assessment is still manual has not been included in the system. According to informant 10 way of assessing the performance appraisal methods is appropriate job description and corresponding weights work. According to informant 10 indeed salaries and promotions based on performance appraisal. He also said the company trying to achieve through the performance appraisal is revenue and profit targets high. Based on the informant 10 opinion the performance appraisal can improve employee performance, because adjusted in accordance with the achievement of the company.

### **Discussion**

Within the interviews process whether the performance appraisal process in the company is effective, the researcher will look into whether the process includes fundamental elements of an effective appraisal according to the literature. The elements that will be discussed are participation, fairness, rewards tied to appraisal, and motivation. Participation the importance of employee participation in performance appraisal is for the effectiveness of the procedure. Cawley, B. Keeping and Levy (1998) stated that staff participation in the appraisal procedure has a major consequence on employee satisfaction and their acceptance of the performance appraisal. Accordingly, including the employees in the appraisal process is fundamental to the effectiveness of performance appraisal. When respondents were asked if they had completed the performance appraisal process, all of the respondents (100%) stated they had completed the performance appraisal process. This is another strong response in terms of mutual involvement in the participation of the respondent so can make the effectiveness of performance appraisal.

Fairness, according to the responses of the survey, 70% of employees agreed that the performance appraisal system is fair. Bretz, Milkovich and Read, W (1992) stated that fairness of the appraisal system has emerged as the most essential issues to be faced by companies. Fletcher (2004) also listed fairness as a crucial element of effective appraisal. Overall, fairness of the appraisal is not a major issue for the organization as it seems to be a vital part of their system and is an element of appraisal the company values.

Rewards tied to appraisal ninety percent of the employee's surveyed stated that their pay, benefits and promotion are based on the performance appraisal. When employees were asked in question eight to choose what they felt were the aims the company had for performance appraisal, eighty percent of the total respondents chose that it was to determine upgrading and rewards. Tying rewards to performance is commonplace across all industries and is widely recognized as an effective measure. From looking at the responses, the organization in question does appear to use the appraisal as a method for determining rewards and pay, this is not necessarily a negative, but it is important that the company makes participants aware of what they are using the appraisal for. 10% of employees stated they did not know whether appraisal results were linked to their pay and rewards.

Motivation, from analyzing the results of the survey, the performance appraisal system is doing a acceptable job of motivating the employees. A total of 90% of the employees surveyed agreed that they are more motivated after performance appraisal. For employees to be motivated by something like performance appraisal they need to have a good understanding of the system and need to benefiting from it. Thus the result of this question positively highlights how the company's appraisal system is effective in motivating their employees.

Of the 10 respondents survey, 90% of them agreed that performance appraisal improved job performance. The main aim of Performance appraisal is to review previous performance, highlight the positives and set objectives to improve future performance. Having employees rate the appraisal system as a catalyst in improving their performance is a major benefit for the organization. If you look at the results of both the statement on fairness of the appraisal and the statement on motivation from the appraisal system, there are some similarities with the percentage of votes they were given. For respondents who both agreed and strongly agreed to both these statements are very close, showing a strong comparison between the amount of people who felt the system was fair also felt that they system motivated them. This agrees with Selvarajan & Cloninger (2012) hypothesis that employees' perception of fairness is linked to appraisal motivating employees. From this, it is noticeable that Performance appraisal does motivate employees to improve their performance, but the organization needs to do more to ensure this is the case with all employees.

## Conclusion

Based on the result of analysis and the discussion, the conclusions is that performance appraisal has influence on employee performance. Performance appraisal increases the performance on employees.

## Recommendation

Since performance appraisal increases the performance of employee, then the management of PT. Pelindo IV Bitung should develop the performance appraisal is the company in order to increases the performance of employees in the future.

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