

THE IMPACT OF PERFORMANCE APPRAISAL, REWARD SYSTEM, JOB STRESS, AND WORK LIFE CONFLICT TO EMPLOYEE PERFORMANCE

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ABSTRACT

Employee Performance is an important part in a company or organization. It plays a very important role in an organization because performance of the company or organization largely depends on the performance of its employee. Recently, organizations realize that there are several factors that can affect employee performance. Several factors that can be considered as the major determinants of employee performance, such as Performance Appraisal, Reward System, Job Stress, and Work life conflict. The relationship between Performance Appraisal, Reward System, Job Stress, and Work life conflict, is researched using Multiple Regression Analysis. The data gathered by questionnaire that spread among fifty employees at Kantor Dinas Perhubungan Provinsi Sulawesi Utara. The finding from the current study stated that there is a positive relationship between performance appraisal, reward system, job stress, work life conflict, and employee performance. The most influencing factor is reward system. This research using convenience sampling refers to the collection of information from members of the population who are conveniently available to provide it. Convenience sampling is most often used during the exploratory phase of a research project and is perhaps the best way of getting some basic information quickly and efficiently.

Keywords: *employee performance, performance appraisal, reward system, job stress, and work life conflict.*

INTRODUCTION

Organization is a social unit of people that is structured and managed to meet a need or to pursue a goal. Organization is a structured social system consisting of group and individual working together to meet some agreed-upon objectives. Organization describes the people in it according to their own roles. In this case employee's role can affect the performance of the organization or company.

Employee performance is a key element of the organization. The success or failure of the organization depends on employee performance itself. Employee performance is tightly related to organizational performance, effective and efficient employee performance will positively influence organizational performance. In the competitive environment of modern era organizations are persistently improving performance of their employees by improving Human Resource practices. Effective Human Resource practices improve the performance of organization and lead the organization to reach the goals and lead the organization to higher level.

Human Resource Development is the framework for helping employees develop their personal and organizational skills, knowledge, and abilities. The purpose of Human Resource Development is to enhance learning, human potential and high performance in work related system. Human resource development includes training an individual after he/she is first hired, providing opportunities to learn new skills, distributing resources that are beneficial for the employee's task and any other developmental activities. Society is faced with new challenges and changes daily which increase the need to provide employees with appropriate learning experiences. Moreover, Human Resource Development helps organization to provide learning related to the goals of the organization and to its employees. To evaluate performance of employees in organization and to maintain necessary balance of human resource for smooth operations of organization is several purpose of

employing human resource practice. Now human resource works is not only concerned with recruitment and selection, training and development but its scope has been widened to many new and distinguished areas. Organization having qualified and experienced manpower gives competitive edge and be the most sustainable source of competitive advantage. Employees today are more likely to express a strong desire to have a harmonious balance between career, family life, and leisure activities. But they cannot face the hard competition in the organization.

Nowadays civil servant is a good job. Many people wanted to be a civil servant for a big salary, although it is not easy to be a civil servant but these people stay still wanted to be a civil servant. But unfortunately a big salary is not comparable to the performance itself. Lately people feel disappointed with the performance of civil servant. Although not all of civil servant performance is disappointing. There is an issue about the civil servant performance and few factors that may impact the performance and its effect to the organization or the firm. In this case civil servant that work as employee at Kantor Dinas Perhubungan Provinsi Sulawesi Utara is an example for measuring the employee performance. Measuring the employee performance is not really easy; there are factors to help make it easy. Focus on the factor make it way to a few variables that can use to measure the employee performance. The variable such as performance appraisal, reward system, job related stress, and work life conflict. With these variables may help to measure the employee performance at Kantor Dinas Perhubungan Provinsi Sulawesi Utara.

Research Objectives

The Objectives in this research are to find out the influence of:

1. Performance appraisal, reward system, job stress, and work life conflict on employee performance in Kantor Dinas Perhubungan Provinsi Sulawesi Utara.
2. Performance appraisal on employee performance in Kantor Dinas Perhubungan Provinsi Sulawesi Utara.
3. Reward system on employee performance in Kantor Dinas Perhubungan Provinsi Sulawesi Utara.
4. Job related stress on employee performance in Kantor Dinas Perhubungan Provinsi Sulawesi Utara.
5. Work life conflict on employee performance in Kantor Dinas Perhubungan Provinsi Sulawesi Utara.

THEORETICAL FRAMEWORK

Human Resource Management

Armstrong (2006:186) stated that the overall purpose of human resource management is to ensure that the organization is able to achieve success through people. Human resource management system can be the source of organizational capabilities that allow firms to learn and capitalize on new opportunities.

Performance Appraisal

Asuinura (2011) stated that it is important that employees know exactly what is expected of them, and the yardstick by which their performance and results will be measured. Employee commitment and productivity can be improved with performance appraisal system.

Reward System

Luthans (2000) stated that there are two types of reward system which are financial (extrinsic) and non-financial (intrinsic) reward and both can be utilized positively to enhance employee performance. Lotta (2012) agree that financial incentive are indeed effective in motivating employee and have significant effect on employee performance. Financial reward means pay for performance such as performance bonus, job promotion, commission, tips, and gifts. Non-financial reward is non-monetary or non-cash and it is a social recognition, praise and appreciation.

Job Stress

Job related stress is stress caused or made worse by work. It simply refers to when a person perceives the work environment in such a way that his or her reaction involves feelings of an inability to be solved. It may be caused by perceived, deadlines, threats within the working environment.

Work Life Conflict

ILO (1992) defined that employees today are more likely to express a strong desire to have a harmonious balance between career, family life, and leisure activities. But they cannot face the hard competition in the organization. If an organization has too much work life conflicts among the employees, it is very dangerous for its long term performance.

Previous Research

Adofo (2011) describe about how performance appraisal can affect employee performance. A good appraisal system provides right feedback about the performance of an employee. Luthans (2000) recognized that Reward System has been found to be one of the main organization's policies which can increase the performance of employee. There are two types of reward system which are financial (extrinsic) and non-financial (intrinsic) reward and both can be utilized positively to enhance employees performance. Financial reward means pay for performance such as performance bonus, job promotion, commission, tips, and gifts. Non-financial reward is non-monetary or non-cash and it is a social recognition, praise, and appreciation. Sabita (2013) describe how work overload creates pressure when it exceeds an individual's capacity level. It is a situation where a person feels pressure on his/her job, and if this situation continues for a long time without any breaks then different physical, behavioral and mental problems may arise. In the other words, work overload can caused job stress that may affect employee performance. Saira (2013) describe about how work life conflict did not a significant affect to employee performance. Value of work life conflict and employee performance in Pakistan indicates the weak relationship.

Conceptual Framework

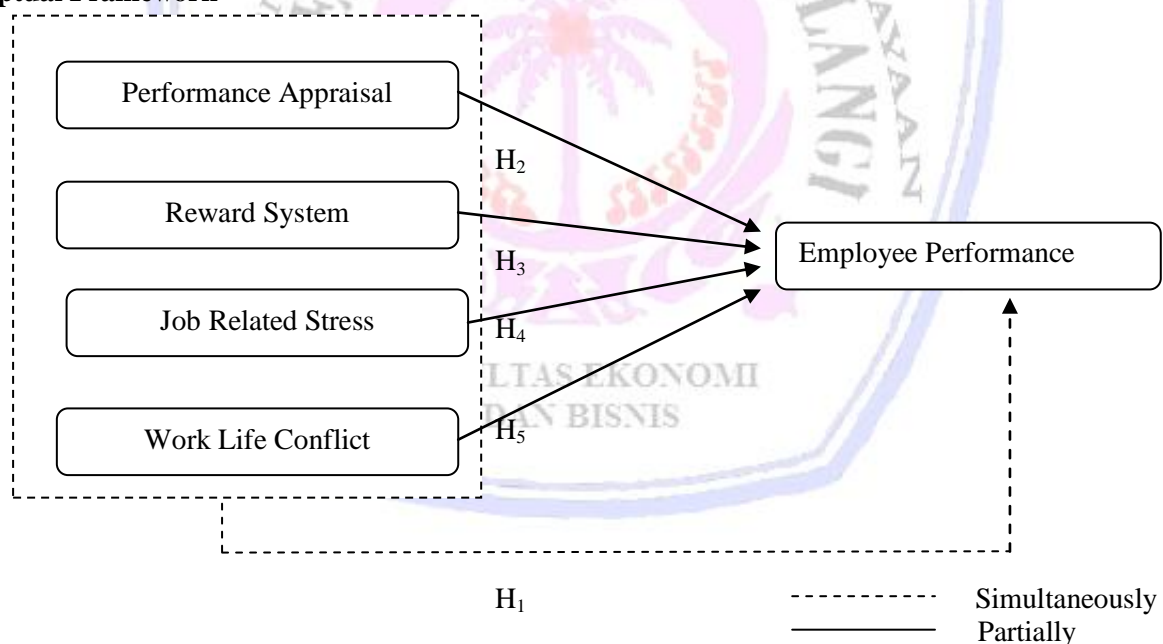


Figure 1. Conceptual Framework

Source: Processed data 2014

Research Hypothesis

- H₁: All variables significantly influence employee performance.
- H₂: Performance appraisals significantly influences employee performance.
- H₃: Reward system significantly influences employee performance.
- H₄: Job related stress significantly stress influences employee performance.
- H₅: Work life conflict significantly influences employee performance.

RESEARCH METHOD

Type of Research

The purpose of this research is to know the impact of performance appraisals, reward system, job related stress, work life conflict on employee performance. This research is causal type. Causal since the purpose is to determine if one or more variables cause another variable to occur or change. This research is a quantitative method since using questionnaire as a tool to gather data and analysis.

Place and Time of Research

The study was conducted in Manado and occurred at Kantor Dinas Perhubungan Sulawesi Utara. That field is a perfect location to do this research and find if performance appraisals, reward system, job related stress, worklife conflict have an impact to employee performance. This research regarding the employees as respondents from July to September 2014 and the survey started on July 2014.

Population and Sample

Population is the entire group of people, events or things of interest that the researcher wishes to investigate. (Sekaran and Bougie 2009:262). The population in this research is the active employee of Kantor Dinas Perhubungan Provinsi Sulawesi Utara. Sample is part of the number and characteristics of the population (Sugiyono, 2013:118). The sample of this research is 50 respondents of employees at Kantor Dinas Perhubungan Provinsi Sulawesi Utara. This research using convenience sampling refers to the collection of information from members of the population who are conveniently available to provide it. Convenience sampling is most often used during the exploratory phase of a research project and is perhaps the best way of getting some basic information quickly and efficiently.

Data Collection Method

The data used in this research consist of two types between primary data through questionnaires and secondary data taken from books, journals, and relevant literature from library and internet to understand of theoretical support on this research.

Operational Definition of Research Variables

1. Performance Appraisal (X_1) is an evaluation of employee performance.
2. Reward system (X_2) is a financial or non-financial rewards to the employee based on their job performance.
3. Job stress (X_3) is work under pressure caused work overload can effect employee performance.
4. Work life conflict is (X_4) partnership competition among the employee.
5. Employee Performance (Y) is a performance about behavior or what employees do, not about what employees produce or the outcomes of their work.

Data Analysis Method

Validity and Reliability

Validity is a test of how well an instrument that is developed measures the particular concept it is intended to measure. To analyze the validity of questionnaire, Pearson Product Moment is used. The instrument will valid if the instrument is able to fill the requirement in validity test. Validity for each variable is good where the values are above minimum level of 0.30. Reliability test is established by testing for both consistency and stability of the answer of questions. Consistency indicates how well the items measuring a concept hang together as a set; Cronbach's alpha is a reliability coefficients that indicates how well the items in a set are positively correlated to one another, the questionnaire is reliable if the value of Cronbach's Alpha more than 0.6 (Sekaran and Bougie, 2009:162).

Multiple Regression Analysis

The method of analysis used in this study is multiple regression models approach the return. This method has been chosen to measure the performance appraisals (X_1), reward system (X_2), job related stress (X_3), worklife conflict (X_4), on employee performance (Y).

$$Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$$

Y	= Employee Performance
X_1	= Performance Appraisals
X_2	= Reward System
X_3	= Job Related Stress
X_4	= Work Life Conflict
b_0	= Intercept
e	= Error
b_1, b_2, b_3, b_4	= The regression coefficient of each variable

RESULT AND DISCUSSION

Validity and Reliability

Validity test is used to know whether the instrument is valid or not. The instrument is valid if the value of variable is positive and more than 0.3. The result of Performance Appraisal (X_1) is 0.835, Reward System (X_2) is 0.890, Job Stress (X_3) is 0.821, and Work life conflict (X_4) is (0.853). The reliability test in this research using Alpha Cronbach, which will show the instrument is reliable if the coefficient value is more than 0.6. The value of Cronbach Alpha is 0.939 which is more than 0.6. Therefore, the measurement instruments used for this research are reliable.

Classical Assumption

Multicollinearity

Table 1. Multicollinearity result

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
1		
X_1	0.312	3.209
X_2	0.32	8.314
X_3	0.258	3.881
X_4	0.456	6.425

a. Dependent Variable: Y

Source : SPSS data analysis, 2014

Table 1 above shows that the Tolerance of Performance Appraisal is 0.312; Reward System is 0.320; Job Stress is 0.258, and Work life conflict is 0.456 meaning the tolerance value of each variable is more than 0.2. The VIF value of Performance Appraisal 3.209, Reward System is 8.314, Job Stress is 3.881, and Work life conflict is 6.425 meaning the VIF value of each variable is less than 10. Since all the tolerance value is more

than 0.2 and VIF value is less than 10 of each variable independent, so this research is free from multicollinearity.

Heteroscedasticity

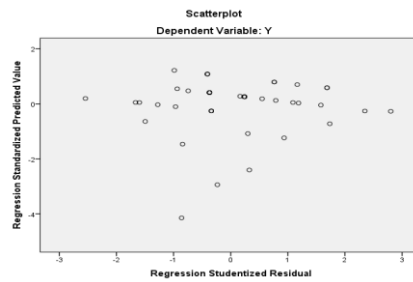


Figure 2. Heteroscedasticity result
Source: SPSS data analysis, 2014

The Figure 2 shows that the pattern of points is spreading. The points are spreading above and below of zero point in ordinate. It proves that there is no heteroscedasticity in this regression model.

Normality

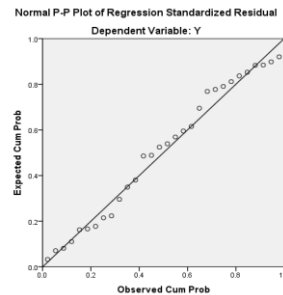


Figure 3. Normality result
Source: SPSS data analysis, 2014

Figure 3 shows that the data spreads near the diagonal line and follow the direction of diagonal line. Therefore, the normality test is accomplished.

Multiple Regression Analysis

Table 2. Multiple Regression Analysis Table

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.018	0.472		0.038	0.97
	Performance Appraisal	0.23	0.057	0.258	4.039	0
	Reward System	0.344	0.104	0.341	3.32	0.002
	Job Related Stress	0.234	0.066	0.251	3.575	0.001
	Work life Conflict	0.204	0.094	0.195	2.156	0.036

a. Dependent Variable: SMEs DEV
Source : SPSS data analysis, 2014

The calculation is conducted by using the SPSS software. The computerized calculation ensures the accuracy of the analysis. From the result in table 2, the multiple regression model can be defined as:

$$Y = 0.018 + 0.230X_1 + 0.344X_2 + 0.234X_3 + 0.204X_4$$

- 1) Constant value of 0.018 means that if the variables in this research of Variable X_1 , X_2 , X_3 and X_4 simultaneously increased by one scale or one unit will increase the Y at 0.018 point.
- 2) Coefficient value of 0.230 means that if the variables in this research of X_1 increased by one scale or one unit, it will improve and increase Y at 0.230.
- 3) Coefficient value of 0.344 means that if the variables in this research of X_2 increased by one scale or one unit, it will improve and increase Y at 0.344.
- 4) Coefficient value of 0.234 means that if the variables in this research of X_3 increased by one scale or one unit, it will improve and increase Y at 0.234.
- 5) Coefficient value of 0.204 means that if the variables in this research of X_4 increased by one scale or one unit, it will improve and increase Customer Satisfaction Y at 0.204.

Multiple Regression Coefficient of Correlation & Determination

Table 3. Table R and R²

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.971 ^a	0.943	0.938	0.388

a. Predictors: (Constant), GP,FIS,HCB,FA

Source: SPSS data analysis, 2014

The interpretation of coefficient correlation (R) that shown in Table 3 means there is significant relationship between the four independent variables with dependent variable. It is because the value of R is 0.971 which proved that the relationship among variable independents and dependent is very strong. The coefficient of determination (R²) measures how far the ability of a model in explaining variation of dependent variable. The value of coefficient of determination is between 0 and 1. The coefficient of determination (R²) according to the Table 4.4 is 0.943, it shows that the linear relationship in this model is able to explain the employee performance (Y) for 94.3% while the rest 5.7% is explained by other factors not discussed in this research.

Hypothesis Testing

F-test

Table 4. F-test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	111.721	4	27.93	185.949	.000 ^b
	Residual	6.759	45	0.15		
	Total	118.48	49			

a. Dependent Variable: Y

b. Predictors: (Constant), X_4 , X_3 , X_2 , X_1

With the level of significant of 0.05 and degree of freedom (df) of 4; 100, the F_{table} from F distribution table is $F_{4; 100; 0.05} = 2.46$, while F_{count} from Table 4.6 is 185.949 then the result is $F_{count} > F_{table} : 185.949 > 2.46$. Since the F_{count} is greater than F_{table} , H_0 is rejected and H_1 is accepted. It means that the independent variables significantly affect the dependent variable simultaneously.

T-test

Table 5. T-test

Model		t	Sig.
1	(Constant)	0.038	0.97
	Performance Appraisal	4.039	0
	Reward System	3.32	0.002
	Job Related Stress	3.575	0.001
	Work Life Conflict	2.156	0.036

a. Dependent Variable: SMEs Development
Source: SPSS data processed, 2014

The partial influence for each independent variable will be explained as follows.

1. Performance Appraisal (X_1) on Employee Performance (Y)
In Table 5 the T_{count} of Performance Appraisal (X_1) is 4.039. Comparing T_{count} with T_{table} : $4.039 > 1.984$. Since the T_{count} is greater than T_{table} , H_0 is rejected and H_1 is accepted. Therefore, Performance Appraisal has very significant influence to Employee Performance.
2. Reward System (X_2) on Employee Performance (Y)
In Table 5 the T_{count} of Reward System (X_2) is 3.320. Comparing T_{count} with T_{table} : $3.320 > 1.984$. Since the T_{count} is greater than T_{table} , H_0 is rejected and H_1 is accepted. Therefore, Reward System has very significant influence to Employee Performance.
3. Job Stress (X_3) on Employee Performance (Y)
In Table 5 the T_{count} of Job Stress (X_3) is 3.575. Comparing T_{count} with T_{table} : $3.575 > 1.984$. Since the T_{count} is greater than T_{table} , H_0 is rejected and H_1 is accepted. Therefore, Job Stress has very significant influence to Employee Performance.
4. Work life conflict (X_4) on Employee Performance (Y)
In Table 5 the T_{count} of Work life conflict (X_4) is 2.156. Comparing T_{count} with T_{table} : $2.156 > 1.984$. Since the T_{count} is greater than T_{table} , H_0 is rejected and H_1 is accepted. Therefore, Work life conflict has very significant influence on Employee Performance.

Discussion

The research collected data from 50 respondents that were categorized by gender and age. The data is taken from the active employee of Kantor Dinas Perhubungan Provinsi Sulawesi Utara. The result shows those Performance Appraisal, Reward system, Job stress, and Work life conflict have positive influence on employee performance. Based on the Hypothesis testing by using F-test and T-test, it is proven that there is linear relationship between independents and dependent variable simultaneously and partially.

Performance Appraisal on Employee Performance

Analyzing the result of the influence between Performance Appraisal and Employee Performance, the researcher found the similar result with the previous study obtained in this research. Today, most of organization attempt to develop the outlook and performance of its employees by using multiple and complex training and educational programs. Performance appraisal is a process obtaining, analyzing, and recording information about the relative worth of an employee. A good appraisal system provides right feedback about the performance of an employee. Adofo (2011) describe about how performance appraisal can affect employee performance.

Employee performance at Kantor Dinas Perhubungan Provinsi Sulawesi Utara is inseparable from the human resource development. Human Resource Development is the framework for helping employees develop their personal and organizational skills, knowledge, and abilities. Moreover, Human Resource Development helps organization to provide learning related to the goals of the organization and to its employees. The researcher recognizes that the personality of employees is generally developed when they learn several dimensions of job while working. In other words, it is also believed that proper development of the personality of an employee at Kantor Dinas Perhubungan Provinsi Sulawesi Utara by exercising on the job will be more useful when the organization simultaneously gets related feedback through a systematic method of performance appraisal. This will be a great advantage for Kantor Dinas Perhubungan Provinsi Sulawesi Utara, especially in order to boost the development of their employees' performance.

Reward System on Employee Performance

Analyzing the result of the influence between Reward System and Employee Performance the researcher found the similar result with the previous study obtained in this research. Luthans (2000) recognized that Reward System has been found to be one of the main organization's policies which can increase the performance of employee. There are two types of reward system which are financial (extrinsic) and non-financial (intrinsic) reward and both can be utilized positively to enhance employees performance. Financial reward means pay for performance such as performance bonus, job promotion, commission, tips, and gifts. Non-financial reward is non-monetary or non-cash and it is a social recognition, praise, and appreciation. The researcher found that the financial and non-financial reward can improve the performance of employee based on their job at Kantor Dinas Perhubungan Provinsi Sulawesi Utara.

Job Stress on Employee Performance

Analyzing the result of the influence between Job stress and Employee Performance, the researcher found the similar result with the previous study obtained in this research. Sabita (2013) describe how work overload creates pressure when it exceeds an individual's capacity level. It is a situation where a person feels pressure on his/her job, and if this situation continues for a long time without any breaks then different physical, behavioral and mental problems may arise. In other words, the researcher found that work overload can cause job stress that may affect employee performance. Now a days stress has become an important part of job in Kantor Dinas Perhubungan Provinsi Sulawesi Utara. Work under pressure is increasing the level of stress among the employee. In this case if the problem of stress among the employee of Kantor Dinas Perhubungan Provinsi Sulawesi Utara continues it may affect the performance of the organization itself. This will be good enough if the employee can endure the stress of work overload and longtime of working so the performance of employee and the organization can run well. Without the stress while working the organization will be greater than ever for served.

Work life conflict on Employee Performance

Analyzing the result of the influence between Work life conflict and Employee Performance, the researcher found not similar result with the previous study obtained in this research. Saira (2013) describe about how work life conflict did not a significant affect to employee performance. Value of work life conflict and employee performance in Pakistan indicates the weak relationship. Which is the independent variable have no strong relationship with the dependent variable. But, in this case the researcher found that the work life conflict and employee performance at Kantor Dinas Perhubungan Provinsi Sulawesi Utara has a significant influence. Work life conflict is all about partnership competition among the employee. Employees of Kantor Dinas Perhubungan Provinsi Sulawesi Utara are more likely cannot face the hard competition in the organization.

CONCLUSION AND RECOMMENDATION

Conclusion

The Final Conclusion of this research are:

1. Performance Appraisal, Reward system, Job stress, and Work life conflict have significant influence on employee performance simultaneously.

2. Performance Appraisal has a significant influence on employee performance partially.
3. Reward system has a significant influence on employee performance partially.
4. Job stress has a significant influence on employee performance partially.
5. Work life conflict has a significant influence on employee performance partially.

Recommendation

This research was done with hope that it has a big contribution especially for Employee Performance at Kantor Dinas Perhubungan Provinsi Sulawesi Utara. Organization must realize that there are many problems and challenges faced by employee to improve their performance and gain the skills of organization itself. Because of that, to enhance the development of employee performance at Kantor Dinas Perhubungan Provinsi Sulawesi Utara these four proponents should be considered intensively. The few things that must be considered by Kantor Dinas Perhubungan Provinsi Sulawesi Utara related these four independent variables, including:

1. Keep enhances the human resources quality of employee performance through various program such as training and providing opportunities to learn new skills.
2. The equation of multiple linear regression obtained in this research assumed Reward system as the dominant influence compare with the other variables that influence Employee Performance at Kantor Dinas Perhubungan Provinsi Sulawesi Utara. Through the Reward system organization may take controlled of their employee performance based on the reward system procedure.

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