

Relationship of Performance Appraisal, Work Motivation, and Turnover Intention towards Improving Employee Performance

Ayu Puspa Wirani¹, Ganjar Sidik Gandara², Riko Muri³, Zulfa Fitri Ikatrinasari⁴

^{1,2,3}Master Student, Department of Industrial Engineering, Mercubuana University, Jakarta, Indonesia

⁴Lecturer, Department of Industrial Engineering, Mercubuana University, Jakarta, Indonesia

Abstract: The purpose of this study is find out and analyze the relationship or correlation between appraisal performance, motivation, and employee turnover intention towards improving employee performance. It can provide an overview to the organization to be able to make increase employee performance can still increase. There are many factors that influence employee performance, such as appraisal performance, motivation and turnover intention or the tendency of employees to resign by their own volition. Research method in this study was conducted with a quantitative method approach obtained through the distribution of questionnaires with a Likert scale and analyzed used linear regression. Based on results, only the work motivation variables that significantly influence employee performance improvement ($x_2 = 2,177$), while the performance appraisal variable ($x_1 = 1,033$) and employee turnover intention ($x_3 = -0,284$) did not show a significant effect towards improving employee performance.

Keywords: Performance Appraisal, Motivation, Turn Over Intention of Employee.

1. Introduction

The existence of a workforce is needed to contribute in achieving company goals. Every company will strive to improve employee performance. Employee performance is indicated by the results achieved in his work according to certain criteria that apply to a job. Performance shows a person's behavior that is directly related to the production of goods or service delivery [1]. Performance management is needed as a systematic process in order to improve organizational performance. Performance management is an approach in the management and development of human resources in an effort to improve the achievement of short-term and long-term goals of the organization. One form of performance management is performance appraisal, which is a system used by management to evaluate individual performance in a given period, provide feedback and foster individuals so that the individuals are expected to improve their performance. Last research show that performance appraisal is important and has an impact on employee performance [2]-[4]. Improving individual performance will certainly improve company performance. In addition to performance appraisal, increasing employee performance is also related to employees'

work motivation and turnover intention. Motivation can encourage someone to work together, work effectively and be integrated with all their power and efforts to achieve satisfaction [5]. In addition, increasing employee performance is also related to the turnover of employee intention.

The meaning of intention is an intent or desire rising in individuals to do something [6]. While turnover is the cessation of an employee from where he works voluntarily, it can be defined that turnover intention is the tendency or intention of the employee to stop working from his job voluntarily at his own choice. Turnover is an individual control which can provide faster research results and relatively easy to predict compared to their intention behavior. Industries that have high turnover intention indicate that employees are unsatisfied working in the said industry [6]. Based on this problems, research of relationship between performance appraisal, work motivation, and turnover employee intention are important to improve employee performance to achieve company goals was conducted.

2. Literature review

A. Performance appraisal

Performance Management Process is a continuous process related to the components that are interrelated in giving an impact on the overall performance management system [7]. One of the components of performance management is a Performance Assessment that aims to measure the performance of a person or group of employees, usually in this performance measurement a form is used in the form of a manual/appraisal form or an electronic form. Performance appraisal is a systematic study of employee working conditions which carried out formally that are associated with performance standards that have been determined by the company [8]. Performance appraisal is evaluating an employee's current and past performance associated with the performance standards of the said employee [8]. The results of performance appraisal can indicate whether or not the human resource has fulfilled the demands of the company in terms of quality and quantity. Performance is the result of work that can be achieved by a

person or group of people in an organization according to their respective authority and responsibility in order to achieve organizational goals. Organizational performance needs to be considered given that performance is a function of the results of work or activities that exist in the company influenced by internal and external factors in an effort to achieve company goals that have been set in the company's vision and mission. Job functions or activities related to organizational performance includes: corporate strategy, marketing, operations, human resources, and finance. Many factors are used as predictors for company performance. The compatibility factor and coherence of individuals with the work environment can also be a factor to see company performance.

B. Motivation

Motivation is a process that explains the intensity, direction and perseverance of an individual to achieve his goals. Three main elements in this definition include intensity, direction and perseverance. There are those who interpret motivation as an excuse and there are those who interpret motivation as spirit. Robbin suggested that motivation is the desire to do as a willingness to issue a high level of effort for organizational goals, which is conditioned by the ability of that effort to meet an individual need [8]. In organizational life, including working life in business organizations, the absolute aspect of work motivation gets serious attention from managers [8]. Because 4 (four) main considerations are: (1) The philosophy of human life revolves around the principle of "quit pro quo", which in layman's language is reflected by the saying that "an eye for an eye, a tooth for a tooth", (2) Dynamics of human needs are very complex and not only material but also psychological, (3) There is no saturation point in satisfying human needs, (4) Differences in the individual characteristics in organizations or companies resulting in no single motivational technique that is equally effective for everyone in the organization, also for someone different times and conditions. Giving encouragement as a form of motivation is important to increase employee enthusiasm so that it can achieve the desired results expected by the management [8]. The relationship of motivation, work passion and optimal results has a linear form in the sense that the employee's work passion will increase and the work will be optimized in accordance with the established performance standards by giving a good work motivation. Work passion as a form of motivation can be seen, among others, from the level of attendance of employees and responsibility for the specified work time. There are 2 (two) techniques to motivate employee's work, namely: (1) Techniques for meeting employee needs, meaning that fulfilling the employee needs is a fundamental that underlies work behavior. (2) Persuasive communication techniques, is one of the techniques to motivate employees to work by influencing employees extra logically. This technique is formulated with the term "AIDDAS", namely Attention, Interest, Desire, Decision, Action, and Satisfaction [8]. In its use, a leader must first give attention to employees

about the importance of the purpose of a job so that employees develop interest in work implementation, if interest has developed, then the desire to make decisions and take action in achieving the goals expected by the leader will be strong. Thus, employees will work with high motivation and feel satisfied with the results of their work.

C. Turnover intention of employee

Turnover intention refers to someone's intention to look for other work alternatives and has not materialized in form of real behavior [9]. Several things that need to be understood to find the general definition of turnover, including:

- Turnover focuses on employees, in the sense that they receive wages from the organization that indicates membership of the organization as a condition that shows employee membership in the organization.
- Turnover focuses on termination or secession of employee from the organization.
- A general definition of turnover can be used for various types of organizations and on various types of employee-organization relations.

Turnover intentions are indicated as individual attitudes that refer to the results of evaluations regarding the continuity of their relationship with the organization where they work and have not materialized in the form of definite actions [9]. Turnover leads more to the final reality faced by organizations in form of the number of the employees who leave the organization. The intent to secession is a dominant predictor that indicate a positive turnover occurrence. The intent to secession refers to the results of evaluating individuals regarding the continuation of their relationship with the organization and the action that has not been shown to leave the organization.[9]. Employee turnover in an organization has an effect on the amount of recruitment/employee selection costs in which there are advertising costs, such as posting job vacancies and the costs and time of training new employees. Although looking from the other side of this occurrence is there will be a new opportunity to have a career in the position left by the previous incumbent, but in the process, if the rate of the turnover occurrence is unusually high, this could be an indication that there is a problem in the organization. Many factors contributes to employees' secession but the strong determinant factor of secession includes: [9]

- *Job Satisfaction*: At the individual level, satisfaction is the psychological variable most often examined in a turnover intention model. Satisfaction aspects found related to secession includes satisfaction with wages and promotion, satisfaction with the received supervision, satisfaction with colleagues, and satisfaction with work and task at hand.
- *Employees' Organizational Commitment*: Because the relationship between job satisfaction and the desire to quit the job only explains a small number of variants, it is clear that the employee turnover intention process

model must use other variables other than job satisfaction as the sole explanatory variable. Subsequent developments in turnover intention include the construction of organizational commitment as a concept that helps explain the process as a form of behavior, organizational commitment can be distinguished from job satisfaction. Commitment refers to an individual's affective response to the whole organization, while satisfaction leads to the specific aspects of the employees.

3. Analytical approach

This study uses a quantitative method approach obtained through questionnaires with a Likert scale (with choices of answers from strongly agree to strongly disagree). The sampling technique used in this study is a random sampling with the calculation of the total samples as follows:

$$n = \frac{N}{1 + N \cdot e} = \frac{254}{1 + 254 \cdot 10\%} = 72$$

Where:

N = Total populations

e = Errors expected in this study, with predetermined e value of 10%

n = Total of samples taken

Ordinal data obtained from the questioner then transformed into interval using the MSI method. Furthermore, the usage of linear regression method for data analysis is used to analyze relationship between performance appraisal, work motivation, and employee turnover intention against improvement in employee's performance. The linear regression equation is as follows:

$$Y = a + b_1x_1 + b_2x_2 + b_3x_3 + e$$

Where:

Y = Employees' performance

X₁ = Performance Appraisal

X₂ = Work Motivation

X₃ = Turnover Intention

a = Constant

b₁, b₂, b₃ = Regression coefficients of each independent variable

e = Confounding variable that affect x value

4. Results and discussion

Research data processing is carried out using SPSS software with the following results:

Table 1
SPSS Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.219	.548		4.052	.000
	Appraisal	-.051	.104	-.057	-.492	.624
	Motivation	.334	.103	.369	3.252	.002
	Turnover	.089	.106	.096	.835	.407

a. Dependent Variable: Performance

Based on Table 1, regression equation of this research:
 $= 2.219 - 0.051x_1 + 0.334x_2 + 0.089x_3$

The equation above shows that:

- Performance appraisal regression coefficient (X₁) shows a negative value. Which means that the performance appraisal (X₁) is not aligned with the employees' performance. If the performance appraisal (X₁) increases, the employees' performance will decrease and vice versa.
- Work motivation regression coefficient (X₂) shows a positive value. Which means if the work motivation (X₂) is aligned with the employees' performance. If work motivation (X₂) increases, the employees' performance will increase and vice versa.
- Employee turnover regression coefficient (X₃) shows a positive value. Which means that employee turnover (X₃) is aligned with employees' performance. If employee turnover (X₃) increases, the employees' performance will increase and vice versa.

In addition to the linear regression equation, F tests were also conducted to test hypotheses regarding the relationship between performance appraisal, work motivation, and employee turnover intention towards improving employee performance to achieve company goals. In this study, hypothesis used is H₀: b₁ = b₂ = 0, meaning that there are no influence of performance appraisal, work motivation, and employee turnover intention towards employee performance and Ha : b₁ = b₂ = 0, meaning that there are influence of performance appraisal, work motivation, and employee turnover intention towards employee performance. The F test is carried out to test the correctness of this hypothesis. The basis of acceptance and rejection of the hypothesis based on the F test can be known by comparing the significance of F count with 0,05.

Criteria of acceptance and rejection of the hypothesis are:

- If the significance of F count <0,05, then there is an influence of employees' performance appraisal, work motivation, and turnover intention variables on employee performance. Which means that H₀ is rejected and H₁ is accepted.
- If the significance of F count >0,05, then there is no influence of employees' performance appraisal, work motivation, and turnover intention variables on employee performance. Which means that H₀ is accepted and H₁ is rejected.

Table 2
Sum of Squares Calculation

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.546	3	2.515	3.682	.016 ^b
	Residual	46.454	68	.683		
	Total	54.000	71			

a. Dependent Variable: Performance
b. Predictors: (Constant), Turnover, Motivation, Appraisal

Based on Table 2, the results of F count is 7.546 with a significance level 0.016. The value of significance F test is less than 0.05 so that there is an influence of employee appraisal, work motivation and turnover intention variables on employee performance. From these results, H_0 is rejected and means H_a is accepted. In addition, the results of processing using SPSS obtained the value of R squared = 0.14 which means that 14% of employee performance can be explained by the variance of three independent variables, namely appraisal performance, work motivation, and employee turnover intention. And 86% is caused by other factors

Table 3
F-Test Calculation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change
1	.374 ^a	.140	.102	.827	.140

a. Predictors: (Constant), Turnover, Motivation, Appraisal
b. Dependent Variable: Performance

After known that all of independent variables influence the performance of employees, then a partial test is carried out with the T test, because it is possible even though there are influences together, there may be variables that do not partially influence. Criteria of acceptance and rejection of the partial hypothesis with the T test are:

- If the significance level < 0.05 then there is a partial effect or H_0 is rejected and H_a is accepted.
- If the level of significance > 0.05 then there is no partial effect or H_0 is accepted and H_a is rejected.

Table 4
T-Test Calculation

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.469	.541		4.564	.000
	Appraisal	.103	.099	.120	1.033	.305
	Motivation	.202	.093	.254	2.177	.033
	Turnover	-.030	.105	-.033	-.284	.777

a. Dependent Variable: Performance

Based on the Table 4, T-Test results are:

- The value of T count of variable Performance Appraisal (X_1) is 1.033 with Non-significance level of 0.305 ($P > 0.05$). Because this Non-significance level is greater than 0.05, it does not have a Non-significant effect between the Performance Appraisal variable on performance improvement.

- The value of T count of the work motivation variable (X_2) is 2.177 with a significance level of 0.033 ($P < 0.05$). Because this significance level is less than 0.05, there is a significant effect of work motivation variables on improving employee performance.
- The value of T count variable turn over employee intention (X_3) of -0.284 with a significance level of 0.777 ($P > 0.05$). Because this significance level is more than 0.05, there is no significant influence on the turnover variable of employee intention with increasing employee performance.

5. Conclusion

Based on the results and discussion, it can be concluded that only work motivation variables that significantly influence employee performance improvement, while employee performance appraisal variables and employee turnover intentions do not show a significant effect on employee performance improvement.

References

- [1] Winardi, Jasman J. Ma'ruf. Said Musnadi, "Pengaruh Budaya Organisasi dan Motivasi terhadap Kinerja Karyawan dengan Komitmen organisasional sebagai Variabel Intervening (studi pada Karyawan Dinas Pengairan Provinsi Aceh)", Jurnal Ilmu Manajemen Universitas Syiah Kuala., Vol.1 Tahun I. No.1
- [2] Subekti, Agus dan Djoko Setyadi, "The Implication of Financial Compensation and Performance Appraisal System to Job Satisfaction and Motivation also Employee Performance in PT Pupuk Kalimantan Timur Indonesia", International Journal of Business and Management Invention, Volume 5, Issue 2, 2016.
- [3] Januari, Cindi Ismi, Hamidah Nayati Utami, & Ika Ruhana, "Pengaruh Penilaian Kinerja terhadap Kepuasan Kerja dan Prestasi Kerja. (Studi pada Karyawan PT. Telekomunikasi Indonesia, Tbk Wilayah Malang)", Jurnal Administrasi Bisnis, Vol. 24, No. 2, 2015.
- [4] Yatiman, Nur, "Analisis Pengaruh Karakteristik Pekerjaan dan Penilaian Kinerja terhadap Kinerja dengan Mediasi Motivasi (Studi pada Pegawai Kantor Balai Pelatihan Kesehatan (Bapelkes) Semarang)", <http://www.unisbank.ac.id/ojs/index.php/pascal/article/view/3619>, 2015.
- [5] Hasibuan, Malayu, S.P, "Organisasi dan Motivasi Dasar Peningkatan Produktivitas", PT. Bumi Aksara, Cetakan Keempat, 2004.
- [6] Kurniasari, Luvy, "Pengaruh Komitmen Organisasi dan Job Insecurity Karyawan terhadap Intensi Turnover", Thesis, Program Pascasarjana Pengembangan Sumber Daya Manusia, Universitas Airlangga, Surabaya, 2004.
- [7] Ikatrinasari, Zulfa Fitri, "Performance Management: Process & Strategic Planning", Modul Perkuliahan Manajemen Kinerja, 2015.
- [8] Ida Ayu Brahmasari dan Agus Suprayetno, "Pengaruh Motivasi Kerja, Kepemimpinan dan Budaya Organisasi Terhadap Kepuasan Kerja Karyawan serta Dampaknya pada Kinerja Perusahaan", Report of PT. Pei Hai International Wiratama Indonesia, 2008.
- [9] Andriyani Prawitasari, "Faktor-Faktor Yang Mempengaruhi Turnover Intention Karyawan Pada PT. Mandiri Tunas Finance Bengkulu", 2016.