The Influence of Performance Appraisal System Toward Work Motivation and Performance of Five Star Hotels Employees in Yogyakarta

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Abstract: The study aims to determine the extent to which performance appraisal system that have been carried out affect the employee’s performance of five star hotels in Yogyakarta, with work motivation as a variable. Theoretically, hypothesis underlying the objectives will be analyzed by path analysis, the processing using AMOS software. Analytical results show that 1) descriptively, it can be concluded that all variables already considered quite good although not as expected leadership, 2) indirectly, the dimensional rating system has a strong and significant influence on performance of employee if the work motivation to be variable, 3) appraiser on appraisal work indirectly through the variable of work motivation is the variable that most strongly influence the employee performance.

Keywords: Performance appraisal, motivation, and performance.

The situational change that related with organization and its environment, sometime too difficult to predict previously, so the uncertainty level is very high. Organization should do effort to decrease or minimize the uncertainty of the organization. The success of the effort need support from the professional human resources, because of that discussion about human resources management in organization is interesting for all parties. Even if connected with values that called as aspiration, whether personal aspiration, group aspiration, even societal aspiration or national aspiration, only can be embodied (reached) with vehicle of ‘organization’. Organization in this case can be personal organization, non profit organization up to organization for profit whose goal is to get profit.

Surviving organization, especially organization for profit, is organization that able to manage professionally for human resources and its other production factors. Human resources should be motivated so the resources will do their work with motivation. Actually, each man have motivation although basically it is different one another. As employee should do change, because employee that still hold old concept will left behind from other employee.

Employees that hold old concept in general have characteristic such as, first, employee who consider the organization condition today in exist and developing conditions, then the employee do not need to do change. Even in its development, many new employee become competitor that able to shift the existing employee. Competitor has superior quality than the old employee if they don’t make development. Second, if the existing employee have problem, they feel that the problems can be solved with old solution. They forget that the condition today is very different, the old ways may will worsen the problems. Third, employee feel that the change will produce problem. Only superior employee that able to make change without producing problem.

Important in its relation with the long term success of organization, that is its ability to appraise professionally their employee or solving problem that become their responsibility. Al Quran as the God say, with means:

"In each human we determined their deed (as necklace determination) at their neck. And we produce for them at the Judgment day, a holy book

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that found openly. Read your holy book, make yourself enough at this time as calculation for yourselves, and who is deviate, then he will lose himself. Someone with sin unable to bear other people sin. And we will not give punishment before sending messenger."

It is important the appraisal for employee, because performance appraisal become useful instrument to evaluate employee, and also to develop and motivate them in their work. Company need to know all weaknesses and superiority of their employees as base for improving the weaknesses and strengthen their strengths in effort to improve productivity and development for the employee. Then it needs performance appraisal periodically that oriented to past or future. The performance appraisal is a process in organization whose goal to give feedback to employee in effort to improve organization productivity, and especially done in relation with various policy for the employee such as for promotion, salary increase, education and training, and etc. So, the performance appraisal will become the base for appraisal how far the human resources management done well, and what will be done in the next is important thing in the human resources management.

The performance appraisal basically is observation process to the work implementation from the employee. The observation results then be measured then is stated in the decision making about the success or failure in the work. The appraisal is done as process to uncover the human activities in work whose the weight give attention to the human behavior as the embodiment of human dimension, then the measurement that done is not exactly or mathematically. The mathematic measurement to the employee unable to do because the object is behavior that complex and unique. It can be understand because in the performance appraisal, too many psychic aspects or mental and social processes that can not stated in the concrete measuring instrument such as meter, scale, and etc.

The employee fidgetiness to the performance appraisal occurred in each organization. Many employee be offended with the appraisal system that is without justice, not transparent, not objective, because relate with the weaknesses measurement and employee superiority. The fidgetiness able to disturb employee concentration that will decrease the performance. Especially if the employees have not high motivation.

Employee work motivation that is the encouragement that come from themselves to do their work well will strengthen the performance appraisal. It means, employee that appraises the performance appraisal is good, then their performance will go high, especially if the employees have high motivation. So only at high motivation employee that will occurred strong influence between performance appraisal to the employee, and in contrary at employee that have low motivation, there will be negative influence between performance appraisal to the employee performance. So the work motivation position in this case as the moderating variable.

To know how the variable empirically bring their own roles in the company, then it need relevant research. To do the research, it will be tried at five star hotel employee in Yogyakarta. The place selection base on 1) guests (consumers) that are serviced directly by employee (waiters), 2) hotel employee should able to give good service to consumer (guests) as one of their performance appraisal, 3) at hotel as the service seller will give emphasis to good service for the company progress 4) culture to announce the best employee at certain month as proof that the employee do their performance appraisal.

Based on the explanation, then there are two problem formulation, first, are there positive influences, either simultaneously or partially among variables in the performance appraisal that consist of (X1) appraisal component, (X2) appraisal method and (X3) appraiser (Y1) to work motivation. Second, are there negative influences, either simultaneously or partially among variables in the performance appraisal that consist of (X1) appraisal component, (X2) appraisal method and (X3) appraiser to (Y1) work motivation (Y2).

Karmini in 203 has done research with title "The Influence of Performance Appraisal to The Work Motivation of Kesban Linmas Office of Kulon Progo Regency, Yogyakarta". The research based on that the appraisal system with DP3 for civil employee (PNS) consisered as formality that don in routine. Although appraisal criteria have been regulated in the governmental regulation no 10 of 1979, or circulation
letter of BAKN Head but according to many parties has many weaknesses.

The problem formulations in the research "are there influence of the performance appraisal to the employee work motivation of Kesban Limnas Office of Kulon Progo Regency". The research was done to know are there influence of performance appraisal to the work motivation of employee. Suitable with the problem, then the independent variables in the research is performance appraisal system that consists of four dimension, that is objectivity, transparency, validity and research period, as dependent variable is work motivation.

As the research subject is all Kesban Limnas Office Employee of Kulon Progo regency of 36 employees. By using questionnaire, data collected and analyzed with multiple regression and partial regression to give answer for the research questions. The conclusion were 1) descriptive it can be stated: a. objectivity was considered as low, because who stated uncertain =23.68% and who stated bad = 36.84% and, b. system transparency was considered as not good, it showed with the employees who stated not transparent = 55.26%, c. appraisal validity was considered as lack, because 68.42% employee stated like this, d. appraisal period was considered as enough, e. work motivation as superior direct appraisal was considered as not good because 31.58 stated as high and 7.89 stated as very high. So in general, it can be concluded that the performance appraisal today that done by government is considered not quality by the employee, it was one of low work motivation causes, 2) from the regression coefficient test simultaneously, it can be stated that the appraisal system variable entirely have significant and strong influences to work motivation. It can be confirmed with $R^2 = 0.8897$ with $F = 66.521$. 3) from the partial correlation coefficient calculation, the most dominant one is appraisal system objectivity ($r_{23.24} = 0.4654$ with $t = 3.021$). Other variable also have significant influence to the work motivation is research validity ($r_{23.24} = 0.3473$ with $t = 2.128$). While other variables individually do not influence the work motivation.

This part will reveal about the basic theories that will be used to support the revealed variables in the research.

### Performance appraisal theories

#### Performance appraisal definition

In the modern organizations, in general have formal and informal means to appraise their employee. The performance appraisal can be defined as any procedures that including performance standard determination, actual performance appraisal in its relation with the standard and give feedback to employee with goal to motivate the people to remove the performance decrease or to keep the performance high (Dessler, 2003:241). Then it is stated by Dessler (2003:241), there are four reasons why company need to make performance appraisal. First, the performance appraisal results can be used to consider promotion and salary determination. Second, the performance appraisal give one chance for leader or employee to review the behavior that related with employee work. Third, performance appraisal is part of company carrier planning process. Fourth, performance appraisal helps manager to do better management so improve the performance of the company. So the performance appraisal entirely is different with job evaluation. Performance appraisal related with how good people do their given task (Simamora. 1999:416). Confirming the existing understanding, that the performance appraisal is human resources activity is observation process to the work implementation. So the performance appraisal has good meaning for organization because through feedback that given by company, the employee able to take correction action to improve performance that finally give positive things for the employee (Hariandja, 2006:195).

#### Goals and benefits of performance appraisal

The main goal of performance appraisal is to produce accurate information about behavior and performance of organization members. The performance appraisal is used for various goals organization. Each organization give emphasis to different goals and other organization also can give emphasis to different goals with the similar performance appraisal. The goal diversity of appraisal often give varied goals about the performance appraisal. Nawawi (2005:248) stated in broad outline there are two goals, general and specific goals. The general goals for performance
appraisal (1) improve work implementation by using existing potentials maximally, (2) accumulating and preparing information for decision making (3) arranging human resources inventory at organization so can be used to design work relation and work satisfaction (4) improve work motivation that finally influence the performance. While the specific goal (1) for promotion and stopping wrong work implementation, maintain discipline and to determine compensation (2) as information for making test with high validity, (3) as feedback information, (4) identifying the employee needs to improve work achievement, (4) information about job specification and (6) improve communication as effort to embody humane and harmonic relation.

The benefit of performance appraisal as explained by Hariandja (2005:195), that is employee performance improvement, salary adjustment, placement, training and development, carrier planning, identifying weaknesses in the placement process, information about weaknesses in product design, helping in overcome the external problem and feedback. While according to Sumanjaya (1999:423) stated that the main goal of performance appraisal is to produce accurate information about behavior of organization member. The problem is, the consequence from one of main problems that found by company in performance appraisal is the double goals of the performance appraisal. In one side, company need objective evaluation from individual past to help the individuals in making personnel decision. At other side, company needs instrument to help individuals to improve performance, plan the future work, develop skill and ability for career development, and tighten the relation quality as manager and employee. The results of performance appraisal often be used as basis for regular evaluation to the organization member. Whether the individuals were considered as competent or not competent, effective or ineffective, can be promoted or not are based on information from performance appraisal. While the benefit of performance appraisal can be enjoyed by the employee or organization.

In reaching the performance appraisal goals, there are some obstacles, such as the presence of supervisor bias, halo effect, error of central tendency, the leniency and strictness biases, personal prejudice, the recency effect. (Hariandja, 2005:201)

**Performance appraisal methods**

The performance appraisal methods in general can be grouped in two categories. First, the appraisal that oriented to past: rating scale, checklist, critical incident technique, behavior anchored rating scale, observation and performance test, group comparison method. Second, the future appraisal method that is understood with appraisal about potential of employee to do work in the future. The methods consist of: self appraisal, management by objective, psychological appraisal and assessment center. (Dessler, 2003:243). (Hariandja, 2005:204). (Nawawi, 2005:247).

**Performance appraisal as performance improvement**

Performance appraisal that one of its goals to improve the employees quality, including the giving of guideline for employees about their performance in the future. The performance appraisal as feedback will explain the weaknesses and strengths in the past and determine the direction for employee to correct it. Employees usually want to know how their performance or carrier able to improve in the future. The performance appraisal system should be designed to overcome the bad performance, the appraisal should be designed to develop employee to more professional direction. Because of that, some activities that is integral part of performance appraisal should be done, that is the performance goal determination that is specific, measured, moderate easiness, limited time, direction and support by superior and conduct performance appraisal.

**Investigation about work motivation**

**Motivation definition**

Nawawi (2005:351) explained that motivation is condition that encourage someone do certain action that occurred in conscious. While Hariandja (2005: 321) stated that motivation is understood as factors that direct and encourage behavior or someone wants to do activity that is stated in hard or not hard effort. If viewed from the origin, the motivation term come from Latin language “movere” that means support or move. While motivation term in the management only present at the human resource in general and
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especially subordinates. Motivation discuss about how to direct subordinate potential to cooperate productively to reach the determined goals (Melayu, 2001: 140). Abraham Sperling stated that the motivation is defined as tendency to act, from the drive and ended with the self adjustment (in Mangkunegara, 2001:93). Stanton defined motivation as "a motive is need that stimulated that orientated to individual goal in reaching satisfaction". While (Mangkunegara, 2001:68), stated that motivation is made from attitude of employee in facing work situation. Motivation is condition that drives the employee to reach organizational goal. According to Nawawi (2001:351), motivation with basic term of motive means encouragement, cause or reason of someone to do something. So, motivation mean condition that encourages or makes someone do something that is occurred in conscious way.

In its relation with motive in human, it can be divided based on the viewpoints, that is (1) multiple motive, that is the emerging of some goals that want to be reached by someone, when the someone do certain activities well, (2) motive can changes in unpredictable time (3) motive that emerge under unconscious way, because someone is under pressure (Anorak 2001:36).

Some theories models about motivation

Each human always has internal motivation, it means the encourage or drive of someone to do work come from his heart. But, in the fact, the someone needs always develop as consequences of individual interaction with their environment. If someone do work because of external factors, it called as external motivation. Various theories that explained about motivation, either external or internal: 1) theory of need motivation, the theory was explained by Abraham Maslow that stated that human is motivated to satisfy some needs that is adhering to each human and inherit in nature. While the needs are (1) physical needs, (2) safety needs, (3) social needs, (4) esteem needs, and (5) self actualization needs, 2) theory X and Y, the theory stated that human basically consist of two types. The founder is McGregor, stated that there are X men and Y men that each has certain characteristics. The X men are human that always avoid work if possible, while Y men show characteristic of want to work that considered work as play (Harianjia, 2005, 328) 3) three needs theory, the theory is proposed by David McClelland, stated that there are three human needs (1) need for achievement (2) needs for power (3) need for affiliation, 4) ERG theory, the theory is proposed by Clayton Alderfer, that actually not too different with A. Maslow theory, that stated the theory is the revision, 5) Two factors theory, the theory is proposed by Frederick Herzberg stated that a work always relate with two aspects, that is the work such as coordinating an activity, waiting customer, and etc called job content. Aspect that related with job content, 6) expectancy theory, the theory is stated by Victor Vroom that stated that someone motivation is influenced by those factors, that is (1) the relation of effort level and work appearance level, in the term of someone faith to fulfill the performance level in work (2) relation between work appearance and outcome, means possibility or belief of someone to get compensation if fulfill certain achievement (3) the values that given for their achievement 7) equity theories, the theory explained about adjustment toward employee justice and company 8) goal setting theory, support certain behavior toward work is goals, and the goal determination process itself, 9) reinforcement theory, stated that factor that motivate someone in conducting work is reward that will be received from the implementation of work.

Performance concept

According to Hasibuan (1997:105), work achievement is work results that are achieved in the task implementation that given to employee, where based on proficiency, experience, time, and seriousness. It is stated also that the performance in the appraised elements including, loyalty, responsibility, proficiency, leadership, cooperation, creativity, discipline, work results, honesty, personality, initiative. According to Robbins (1996:218), that employee performance as function of interaction between ability and work motivation. If there are things that insufficient, the performance will be influenced negatively, beside motivation also considered for ability (intelligence and skill) to explain and assess employee performance. For that, we get performance term. Where performance is function of work motivation and ability in general can be formulated as
Thinking framework

From the theoretical studies, then it can be explained that the more complete and relevant component as the appraisal element, the better or the more accurate a method or appraisal way is done or the more accurate or competent the appraiser will influence the work motivation. The high work motivation will improve employee work performance, so the appraisal system dimension is exogenous variable and motivation variable and performance is endogenous variable. From the endogenous variable, motivation variable is intervening variable. To facilitate the analysis model, then each variable is given notation as follows:

Appraisal component that given notation X1
Appraisal method that given notation of X2 and Appraiser given notation of X3
While work motivation is given notation of Y1
and employee performance of Y2

The model visualization can be depicted as follows:

HYPOTHESES

From the above thinking framework, it can be formulated hypotheses as follows: 1) performance appraisal factors, either simultaneously or partially, have positive influence to the employee work motivation 2) performance appraisal factors and work motivation, either simultaneously or partially, have positive influence to the employee work motivation.
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RESEARCH METHOD

As population of the research is all employee not included top manager at the five star hotels in Yogyakarta. Based on various considerations, the research only including 75 employees who the selection done with the simple random with lottery.

Variable collection or measurement by questionnaire whose the question is done closely. Especially for employee performance variable, the questionnaire done by their own supervisor.

The research is done to explain the influence of independent variable toward dependent variable through intervening variable, that known as path analysis.

Operational definition each variable:

<table>
<thead>
<tr>
<th>Variables</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appraisal components are elements that be used for appraisal</td>
<td>$X_{11}$ Element amount</td>
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<tr>
<td></td>
<td>$X_{12}$ Prediction ability</td>
</tr>
<tr>
<td></td>
<td>$X_{13}$ Relevance</td>
</tr>
<tr>
<td></td>
<td>$X_{14}$ Consistency</td>
</tr>
<tr>
<td></td>
<td>$X_{21}$ Appraisal period</td>
</tr>
<tr>
<td></td>
<td>$X_{22}$ Record technique</td>
</tr>
<tr>
<td></td>
<td>$X_{23}$ Transparency</td>
</tr>
<tr>
<td></td>
<td>$X_{24}$ Objectivity</td>
</tr>
<tr>
<td></td>
<td>$X_{31}$ Legality/authority</td>
</tr>
<tr>
<td></td>
<td>$X_{32}$ Ability</td>
</tr>
<tr>
<td>Appraisal method ($X_2$) is the way to appraise</td>
<td>$X_{32}$ Understanding</td>
</tr>
<tr>
<td></td>
<td>$X_{34}$ Justice</td>
</tr>
<tr>
<td>Appraisal appraiser ($X_3$) is person that do the appraisal</td>
<td>$X_{35}$ Acknowledgement</td>
</tr>
<tr>
<td></td>
<td>$Y_{11}$ Diligence</td>
</tr>
<tr>
<td>Work motivation ($Y_1$) is encourage to do work</td>
<td>$Y_{12}$ Work perseverance</td>
</tr>
<tr>
<td></td>
<td>$Y_{15}$ Despondence</td>
</tr>
<tr>
<td></td>
<td>$Y_{14}$ Progress want</td>
</tr>
<tr>
<td></td>
<td>$Y_{15}$ Easy to satisfy with situation</td>
</tr>
<tr>
<td></td>
<td>$Y_{21}$ Work quality</td>
</tr>
<tr>
<td></td>
<td>$Y_{22}$ Time usage</td>
</tr>
<tr>
<td></td>
<td>$Y_{25}$ Discipline to the order</td>
</tr>
<tr>
<td></td>
<td>$Y_{24}$ Speed to understand work</td>
</tr>
<tr>
<td>Employee performance ($Y_2$)</td>
<td>$Y_{25}$ Cooperation ability</td>
</tr>
</tbody>
</table>

RESEARCH RESULTS

Validity test and reliability

The testing toward instrument validity done by using "criteria validity" that the calculation done with product moment correlation from Pearson between score at each toward total score. From the data analysis, it can be known that all element in the questionnaire has product moment simple correlation weight from Pearson with significance <5% (using number that in general be used in the test)

While the testing toward instrument reliability done by using alpha cronbach that based on element score variance. The data analysis results showed that all instruments or questionnaire have alpha Cronbach of >0.7

So entirely all data of measurement results from questionnaire can be said as valid and reliable, so appropriate for the next analysis.

Descriptive analysis results

Interpretation of descriptive analysis results based on total score with category based on Likert scale. Based on general determination that is used
usually (standard), that certain variable stated as good if supported by at least 90% respondent, it means if the support less than stated the variable not suitable with the manager wish. It is supported by information of analysis results, that each dimension of appraisal system by respondents valued as follows: 1) appraisal component was stated as complete by 35.83% respondents and stated as very complete by 15% respondents, 2) the performance appraisal method was considered as good by 30.83% respondents, considered as very good by 14.17% respondents, 3) the performance appraisal appraiser was considered as appropriate by 36.67% respondents and stated as very appropriate by 7.50% respondent.

The performance appraisal system whose the implementation not good yet actually influence to the work motivation (33.33% have high motivation and 5.83% have very high motivation). Suitable with the problem formulation, the work motivation finally influence the employee performance. The results showed that 24.17% respondents were stated have high performance and 14.17% were stated have very high performance.

**Inferential analysis results**

Based on the theoretical model, then the used analysis is path analysis with steps as follows:

**Assumption test**

Basically the path analysis was processed based on regression and linear correlation, because of that the data normality assumption, there is no multicollinearity and no heteroscedasticity from data should be fulfilled. The calculation results showed that all assumption was fulfilled as appeared at the table summary as follows:

**Regression model**

The calculation results from stage I regression or stage II obtained important values as follows:

**Path analysis model**

Based on the results from regression of stage I or stage II, obtained the indirect influence coefficient and its totals as follows:

**CONCLUSION AND SUGGESTIONS**

**Conclusion**

1) Performance appraisal system dimension, work motivation, and employee performance that done until now not suitable with the management wish, 2) partially, all performance appraisal system dimension have direct influence to work motivation, but toward performance only appraiser and work motivation that have direct influence (look at the beta coefficient values that were standardized and the significance level of the t test for each regression model), 3) simultaneously all appraisal system dimension have influence toward work motivation and work motivation has influence toward employee performance (look at the R² values and significance level of F test), 4) so it can be obtained the indirect influence value and the total effect of each system dimension of work motivation, 5) from the three appraisal system dimension, actually the appraiser is the strongest variable toward performance 6) the research limit is no control for the employee characteristic so the produced influence value at the analysis less perfect.
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<table>
<thead>
<tr>
<th>Regression model</th>
<th>Dependent variable</th>
<th>Calculation</th>
<th>Independent variables</th>
<th>Anova</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage I</td>
<td>ZY1</td>
<td>Beta coeff</td>
<td>ZX1 0.350 0.205 0.383</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(L1)</td>
<td>(L12) (L13)</td>
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<tr>
<td></td>
<td></td>
<td>Sig 0.000</td>
<td>(L1) (L12) (L13)</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td></td>
<td>R² 0.000</td>
<td>0.000</td>
<td>0.061</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sig</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Stage II</td>
<td>ZY2</td>
<td>Beta coeff</td>
<td>ZX1 0.017 0.072 0.353</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(L1)</td>
<td>(L12) (L13)</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sig 0.830</td>
<td>(L1) (L12) (L13)</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>R² 0.371</td>
<td>0.000</td>
<td>0.067</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sig</td>
<td></td>
<td>0.000</td>
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</table>

<table>
<thead>
<tr>
<th>Influence model</th>
<th>Indirect coefficient</th>
<th>Total coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>ZX1 → ZY1 → ZY2</td>
<td>0.15925</td>
<td>0.17625</td>
</tr>
<tr>
<td>ZX2 → ZY1 → ZY2</td>
<td>0.09228</td>
<td>0.16528</td>
</tr>
<tr>
<td>ZX3 → ZY1 → ZY2</td>
<td>0.17427</td>
<td>0.52727</td>
</tr>
</tbody>
</table>

Suggestions

1) attention of five star hotel manager toward the performance appraisal system and its application should be better so able to encourage the work motivation of employees, that finally will improve the performance, 2) priority scale for improvement should be prioritized to the appraiser. It is important because related with performance appraisal of someone. Select person who understand truly for what the appraisal is done, select independent person and understand the appraised attitude and behavior, select honest, just, and objective person in giving appraisal, 3) special for employees, the motivation should emerge from themselves, conduct self monitoring, and aware that right and duty balance should be maintained.

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