THE EMPLOYEE PERFORMANCE ASSESSMENT AND EMPLOYEE TRAINING, ON EMPLOYEE INTENSION

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Abstract: This study aims to examine and analyze the effect of employee performance appraisal and employee learning, to an employee out intentions with employee retention as a mediating variable. High employee turnover rates can result in negative impacts on the company such as decreasing service, decreasing productivity and resulting in increased human resource costs in terms of the cost of training that has been invested and for recruitment and retraining. The XYZ Secondary Data of 2016-2017 shows the turnover of employees. One of the challenges faced by the company is the employee turnover, from the data obtained by employee turnover recorded up to August 2017 of 3.66%, 0.48% above the target year 2017 sesar 3.18. This study uses 36 parameters, multiplied by 5 then the required number of samples is 180 respondents. A sample used in this research is 180 employees at some position/position of PT XYZ. A technique of collecting data using observation, interview and questioner and data analysis technique used is the Structural Equation Model (SEM) version 22.0. In further research, researchers can conduct research on aspects other than those studied in this research and are expected to be able to explore other variables such as organizational culture, compensation and benefits, leadership, coaching and mentoring, career development and other variables suspected of having an influence on employee performance in an organization or company.

Keywords: performance appraisal, employee training, employee retention, turnover intentions.

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The development of human resources in an industry and organization today is growing rapidly. Human resources become one of the important aspects of the achievement of a vision, mission, and objectives in an organization. In the midst of intense industrial competition, companies not only recruit employees based on their talents and abilities but also must be able to retain employees to apply and bring the skills to the work. Investment in human resources has enormous implications for the organization, with this in mind that employees are viewed as assets in every organization. According to Dhanpat, N., Modau, FD. Lugisani, P., Mabojane, R., & Phiri, M. (2018), that ‘the human factor is still a strategic and competitive advantage in managing customer relationships since no technology can re-
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place skilled communication, problem solving and customer focus. Added also by Grobler, WÖrnich, Carrell, Elbert & Hatfield (in Dhanpat, et al., 2018), the Organization may find it easier to attract people. However, maintaining it can be a big challenge because people are motivated by various factors. Employee retention is considered one of the biggest challenges affecting the organization (Das, Nandialath & Mohan, 2013). Turnover is a concern in organizations around the world that increase the cost of organization operational, leaving significant implications concerning a loss of human resources and disruption in organizational activities (Takawiara, Coetzee & Schreuder, 2014). There are several factors affecting employee retention, which include compensation, career opportunities, material working conditions and training and development.

The high percentage of turnover causes the company to suffer substantial losses caused by increased human resource costs, which include recruitment fees, selection and training provided for the new employees, as well as other expenses such as advertising job advertisements in the mass media. Turnover affects various work activities within companies and affects overall employee performance. Turnover also results in the company to be not being effective as it can lose qualified and potential employees. Human resource is an important pillar to support the company in achieving its goals. It takes employees who have the competence and high performance obtained by a long process so that there is an effort to maintain. One of the challenges facing the company is the turnover of employees, from the data obtained by the turnover of employees of PT XYZ, recorded up to August 2017 of 3.66%, 0.48% above the target for the year 2017 of 3.18%. Managing turnover is a challenge for companies that rely on human resources to be able to compete against global challenges. Turnover is cost, the higher the turnover rate, the higher the cost to be incurred by the company. The researcher conducts field study through Focus Group Discussion (FGD) to analyze the factors that cause a high turnover rate. Employee performance appraisal and employee learning are strongly expected to affect employee outsourcing by involving employee retention factors. Pre-text results are shown in the following table:

**Table 1 Recap Result Data of PT XYZ Pre-Survey Result**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Favourable</th>
<th>Neutral</th>
<th>Unfavourable</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Employee Learning</td>
<td>68.7%</td>
<td>24.7%</td>
<td>6.7%</td>
</tr>
<tr>
<td>2 Employee Retention</td>
<td>75.3%</td>
<td>20.0%</td>
<td>4.7%</td>
</tr>
<tr>
<td>3 Employee Performance</td>
<td>86.7%</td>
<td>13.3%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>76.9%</strong></td>
<td><strong>19.3%</strong></td>
<td><strong>3.8%</strong></td>
</tr>
</tbody>
</table>

Source: 2017 pre-survey data

Table 1 shows that 76.9% of 30 respondents stated that 3 factors are important in preventing the occurrence of turnover.

According to Awang, Amir, & Osma, in Holston (2018: 168). Turnover intention is a behavioural attitude of a person who wants to resign from the organization and is an actual predictor of actual turnover. Turnover intentions describe an individual’s thinking about resigning, finding new jobs elsewhere, and willing to leave the organization. Furthermore, willing to end the work or leave the organization related to individual satisfaction or dissatisfaction with their work (Jaffrey & Khresna 2017: 2). It is important for organizations to retain talented employees for a competitive advantage. Organizations need to focus on retaining skilled employees and keeping them engaged in their work. According to Jaffrey & Khresna (2017: 2), the cessation of em-
employees of the company or known as turnover can be caused by many reasons, either from the organization or by the employee’s desires. The resign of employees on company decisions is called termination. Meanwhile, the decision to quit the employee itself is called voluntary resignation. The action to quit the organization in this study is referred to as voluntary employee resignation. This study will examine the effect of employee training, performance appraisal of employee turnover intentions with employee retention as a mediating variable.

THEORETICAL REVIEW

Training is a systematic effort to improve knowledge, skills and behaviour, and contribute to performance improvement. Individual differences in tasks and responsibilities in work have consequences for individual training needs that are different from others. Therefore, this training is carried out based on the analysis of organizational needs according to the existing potential of the individual, so that training can strengthen or increase existing knowledge or skills (Jeffrey & Ruliyanto 2017: 78). According to M. Armstrong in the study of the Prophet, et al. (2016: 4) Training is the development of knowledge, systematic skills and attitudes needed by individuals to perform tasks or jobs provided adequately. Training according to Dessler (2013: 246) is “the process of teaching new or existing employees, the basic skills they need to carry on their work”. Training is one effort to improve the quality of human resources in the world of work. Employees, whether new or currently working, need to attend training due to job demands that may change due to changes in the work environment, strategy, and so on.

Aguinis (2013: 2) in his book believes performance management is a continuous process for identifying, measuring, and developing individual and team performance and aligning performance with the organization’s strategic goals. Meanwhile, according to A. Mohrman, S. Mohrman, and C. Worley (1990, in Thomas G. Cummings & Christopher G. Worley, 2009), Performance management is the process of determining, measuring, and strengthening the integrated behaviour and work results of employees. According to Mathis and Jackson (2009: 382): Performance appraisal is the process of evaluating how well employees perform their work when compared to a set of standards, and then communicating the information to employees. Performance appraisals are also called employee rankings, employee evaluations, job reviews, performance evaluations, and results assessment.

Gurumani in James and Matthew (2012) mentions that employee retention is a process whereby Employees are encouraged to remain within the organization for maximum duration. Employee retention benefits organizations and employees, current employees are different when they feel dissatisfied, they move to another organization. It is the responsibility of the company to retain its best employees, if not, that organization will lose a good employee. The study also shows that retention is driven by several key factors, which should be managed congruently: organizational culture, communication, strategy, salary and benefits, flexible work schedules and career development systems (Logan, in Sinha 2012).

The results from the study show that turnover intentions have a significant and negative impact on employee performance, and both perceived organizational support and affective commitment have a partial mediation effect between confidence in management and employee turnover (Wong, et al. 2014). The level of one’s motivation depends on the attractiveness of the award being sought, and the possibility of earning this award can persist in today’s organizational management goals to achieve high productivity and competitive advantage in the ‘market’. Employees want a compensation system that they consider to be fair and commensurate with their skills and expectations. The data show that there is a positive impact or positive effect of performance appraisal satisfaction on employees out intention at PT. XYZ-Bandung (Jeffrey & Khresna 2017). Thus, the following hypotheses are formulated to consider the effect of Performance Assessment factors on Turnover Intent:

Ha1: There is an influence of the Performance Appraisal factor on Turnover Intention.
Training has long been considered to play an important role in achieving positive attitudes and results behaviour among employees. Memon, Rohani Salleh and Mohamed Noor Rosli Baharom (2016) argue that training satisfaction is significantly related to work attachment and work attitudes that predict turnover intentions, the role of mediation of work attachment between satisfaction training and logical migratory desire is justified. Rahman and Nas (2013) examine the relationship between training and turnover among academics from 16 state universities in Pakistan, observing that employees perceptions of their training and development predict their migratory desires. Huang and Su (2016) found a significantly negative relationship between job training satisfaction and turnover intentions among Taiwan employees. Therefore, the following hypotheses were developed to investigate the impact of Training on Turnover Intensity comprehensively:

Ha2: There is an influence of the Training factor on Turnover Intention.

Economic shocks, demographic changes in local and overseas businesses, have led organizations to divert their attention to staff retention (Dhanpat, N., Modau, FD, Lugisani, P., Mabojane, R., & Phiri, M., 2018). Performance appraisal can also serve as a means of communication between management and employees. This can then support retention, because employees can view the assessment process positively and not only as a measurement, and control process, the company has designed the best performance appraisal system from an organizational perspective, but this is still not considered effective by employees (Johennesse & Te-Kuang Chou, 2017, Sharma., et al., 2015). It is important for organizations to understand how employees feel the effectiveness of their performance appraisal systems, for positive employee performance results. They should be specifically tailored to match the values and characteristics of an organization and its employees (Aladwan., et al. 2015). The following hypothesis is to highlight the effects of performance appraisal on employee retention:

Ha3: There is an influence of the Performance Evaluation factor to Retention.

While retaining employees is cheaper and better options than hiring new employees, employment and training will help retain employees in the organization for longer periods and are likely to have a positive impact on employee commitment (Aladwan, et al. 2015). According to Haider., et al. (2015) the key in employee retention is skills development, management competence, and rewards both psychologically and financially. Organizations need to pay serious attention to their investments in training and development if they want to retain key employees. Training and development is a process of developing expertise in employees for better performance goals. When companies provide relevant and effective training, employees feel that the company is adapted by improving their skills and abilities and this will be reflected in their commitment to the organization (Umamaheswari S & Jayasree Krishnan, 2016). In summary, according to the literature mentioned above, it can be hypothesized that:

Ha4: There is an effect of the Training factor on Retention.

Maintaining a skilled workforce and lowering employee turnover is a challenge for many organizations because the key to operational excellence is high employee retention. Dealing with employee turnover rates have required companies to formulate and implement robust retention strategies to effectively reduce employee turnover. Employee turnover rate in the retail industry is higher than that of other industries. Lack of information about the cause of employee turnover results in a faulty retention strategy and fails to reduce or decrease turnover (Harrison & Pamela 2014). As shown in Hofaidhllaoui & Nita’s (2014) study, retention is a significant challenge for all organizations, especially those in highly competitive areas, often with a scarcity of talent. Actively monitoring various aspects of job satisfaction can provide information about which employees are likely to leave the organization and highlight appropriate actions to take by employers to manage retention.

With the perspective that employee turnover is cost, the organization has realized it is important to retain employees and focus on the formulation, as
well as the implementation of a robust retention strategy to effectively reduce employee turnover. Thus, employee retention strategies have gradually become an important part of the organization’s overall business strategy (Gosh, et al. 2013). Therefore, the following hypotheses were developed to investigate the impact of retention on turnover intent comprehensively:

Ha5: There is an influence of Retention factor on Turnover Intention

METHOD

The type of this research is quantitative by survey method through a questionnaire to collect data. Researchers distributed questionnaires directly to employees using the convenience sampling method, the sampling is based on the availability of the subject and the ease to get it. Samples are taken/selected because the sample is present at the right place and time. The research design is descriptive, it is to make a description of facts, characteristics and relationships between phenomena that are systematically investigated, factually and accurately. This is to explain the effect of employee training and performance assessment of employee turnover intentions with employee retention as a mediation variable. The sampling method uses primary data through direct observation activities on activities that occurred in the research location, conducted Focus Group Discussion (FGD) and interview process of Human Capital company at structural officials on the acquisition of qualitative data on questionnaires to 180 respondents. Data analysis method in this research using SEM (Structural Equation Model) by using Analysis of Moment Structure (AMOS) 22.0.

RESULTS AND DISCUSSION

Validity and Reliability Test of Measuring Instruments

The results of the validity and reliability test of each indicator (each item of question) on each variable indicates that all the indicators in the performance evaluation variable, employee training, employee retention and turnover intention used in the research are acceptable and reliable because Cronbach’s Alpha Individual indicators ε” 0.70 and overall shows the value of CR> 2. SE. Analysis is done by using the program Structural Equation Model (SEM) AMOS version 22.0.

Variance Extracted, & Construct Reliability

From result of data processing, showed a result that all under 0.50 for AVE value, ET value is 0.419, AVE EP value is 0.422, AVE ER value is 0.464 and AVE IT value is 0.396. So it can be concluded that no latent constructs that meet the AVE criteria of >0.50 because all constructs give AVE value <0.50. The reliability value of each latent variable for exogenous variables is >0.70, that is ET with reliability value 0.852, EP with 0.852, while for endogenous variable reliability values under 0.70 with 0.559 for ER and 0.508 for IT variables.

Constructs Relations (Path Coefficient and Goodness of Fit Index)

The next analysis is to perform a full structural model analysis by including indicators that have been tested with confirmatory factor analysis and have a feasible or valid result. Full model feasibility test results indicate that the indicators used to form the research model almost all have met the criteria $\chi^2$ - Chi Square is expected smaller in $\chi^2$ table with value 610.395, which means the value has been met, while the goodness of fit equal to 0.830 shown in the column of cut of value (ε” 0.90), then it can be said to form a research model has met the eligibility criteria of a model.

A Coefficient of Determination (R²)

The value of the coefficient of determination is shown by the value of Squared Multiple Correlation (R²) which is defined as how big the ability of all independent variables in explaining the variance of the dependent variable. In simple terms the coefficient of determination is calculated by squaring the correlation coefficient (R) which can be seen in Table 2 below:
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Regression weight gives the value of unstandardized and standardized regression coefficients. Unstandardized value = standardized value with standard error (SE). The critical value (CR) is equal to the value of t on the regression of OLS and P is the probability level of significance with *** means by significant default at 0.0001 (Ghozali, 2014). So it can be concluded that employee training has a positive effect on employee retention with a standardized coefficient 0.719, employee training will increase retention equal to 71.9%. The result of the performance appraisal negatively affects employee retention with a standardized coefficient of -0.138. Performance appraisal will only decrease employee retention equal to -1.38%. While for employee training has a positive effect on the intention of employee turnover by having a standardized coefficient of 0.785, improving employee performance of 78.5%,

but for performance appraisal of employee turnover intentions have no effect because the probability far above 0.05 ie with the value of 0.485, as well as retention of employee turnover intention of probability value far above 0.05 with value 0.966.

**Hypothesis testing**

The results of this test will show whether all the paths analyzed show significant critical ratios, seen from the magnitude of the estimate and standardized estimate with the value of c.r which has a significance level less than 5%. If the results of data processing meet these requirements, then the hypothesis is accepted. In t-value Model SEM 22.0 employee training and assessment of turnover intentions with employee retention as mediating variables, are presented in Figure 1 below:

![Figure 1](https://example.com/figure1.png)

**Figure 1** t-Value Model Structural employee training and assessment of turnover intentions with employee retention as mediating variables
Based on the results of data processing using SEM AMOS 22.0 obtained the following results:

**Effect of Employee Training on Employee Retention**, From the results of data processing is known that C.R (Critical Ratio) for direct influence between the employee training to employee retention as has been presented in table C.R. of 5.867 and probability of *** where the value means that it has a significant influence that the probability is \( p > 0.0001 \), where the value is smaller than alpha value 0.05. So it can be concluded that employee training affects employee retention.

**The Effect of Employee Performance Assessment on Employee Retention**, meanwhile, for the direct influence of employee performance appraisal on employee retention, as presented in table C.R. equal to -1.857 and probability 0.043 where the value is smaller than alpha value 0.05. So it can be concluded that employee performance assessment affects employee retention.

**Effect of Employee Learning on Employee Turnover Intention**, From the result of data processing is known that C.R (Critical Ratio) for the direct influence between employees learning on employee turnover intention as already presented in table C.R. of 4.525 probability *** where the value is interpreted that has a significant influence in the probability value \( p > 0.0001 \), where the value is smaller than the value of alpha 0.05. So it can be concluded that the employee’s employee learning effect on employee intentions.

**The Effect of Employee Performance Evaluation on Employee Turnover Intention**, From the result of data processing, is known that C.R (Critical Ratio) for the direct influence between employee performance appraisal to an employee out intention as already presented in table C.R. equal to 0.692 and probability 0.489 where the value is greater than alpha value 0.05. So it can be concluded that the assessment of employee performance does not affect the intention of employees.

**Effect of Employee Retention on Employee Turnover Intention**, From the result of data processing, is known that C.R (Critical Ratio) for direct influence between employee retention to an employee out intention as already presented in table C.R. of -0.042 and probability 0.966 where the value is greater than alpha value 0.05. So, it can be concluded that employee retention does not affect employee turnover intention.

### CONCLUSIONS AND RECOMMENDATIONS

**Conclusion**

Employee performance appraisal has a significant positive effect on employee retention. Performance appraisals make employees feel that they are valued, the system of division of tasks and tar-
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gets to make employees feel cared for. Employee learning affects employee retention. Based on the questionnaire it can be seen that the material given during the training can improve the knowledge and support the employee’s work. With the employee training program, the new employees feel that they can work to match the existing employees and employees feel noticed by the company. Employees learning has a significant effect on employee turnover intentions. The existence of the influence of employee learning consisting of appropriate training materials (supporting materials, material suitability and material relation with work), effective training methods (easy to understand, and in accordance with employee mindset) as well as training facilities (supporting equipment, instructors / competent trainers and decent rooms). Employees will feel well managed so that it will reduce the tendency to move to another company. Employee performance appraisal does not affect employee turnover intention. This proves that well-managed employee performance appraisals will reduce employees’ willingness to resign. Employee retention does not affect employee turnover intention. The above, proving that improving the management of employees will lower the intention to resign.

Recommendation

Suggestions that can be given in research at PT XYZ as follows: Maintain the performance appraisal program and employee retention program that is currently running well and optimize the performance assessment by considering the factors of performance appraisal factors. The work to be achieved both in quality and quantity adjust to the ability of employees. Appreciation of the achievement of work both material and non-material.

Make more intensive improvement of the training program. If the employee training program is improved and managed optimally, it will not only improve employee performance and organizational performance but will eliminate the performance gap by reducing the level of complaints that are still happening and still the dilemma of the company to provide services best.

To lower turnover rates, companies also need to optimize existing training programs to be more applicable and technically support employee work skills, and review current programs with the effort, that are Employee training by identifying the extent of knowledge and skills, Increasing the active role of departmental leaders on all training plans and programs ranging from identification of training programs, training materials, identification of trainees and engaging in employee review programs that have completed trainin, and Increase the opportunity for all employees to take training.

Performance appraisal and training proved to affect employee retention and intention program, based on the above result it can be submitted the following suggestions: Companies need to be more serious in engaging the active participation of heads in supporting employee retention programs. Heads in each work unit guide on working procedures before conducting service activities, Conduct a review of the employee performance appraisal process so that it can be more precise and improve employee motivation in work. Employee relations, including fair / non-discriminatory treatment and implementation of HR policies, can also increase employee retention. Leaders of the company must strive for every employee to work until his retirement. Failure will cause a high turnover rate.

In subsequent research, researchers can research on aspects beyond what has been studied in this research and are expected to explore other variables such as organizational culture, compensation and benefits, leadership, coaching and mentoring, career development and other variables that are suspected to affect employee performance in an organization or company. This research does not examine the reasons for employee turnover descriptively. In the next research can be done by showing the reasons for employee turnover descriptively. Thus there is likely to be obtained new findings that cause the most decrease in employee turnover. Subsequent research, researchers can research on a similar object with a longer data period, with more respondents by using different variables.
REFERENCES


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