An Analysis on Employees' Performance Appraisal System and Its Implication on Their Work Satisfaction at Oil Palm Research Center, Medan

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Abstract: Oil Palm Research Center, Medan, is a company which operates in oil palm research and propagation. Highly competitive human resources are needed to achieve a company's goal. It is found that the performance appraisal system at the PPKS (Oil Palm Research Center), Medan, is still not able to provide employees' work satisfaction due to some small frictions among the employees. There are also the wish and demand from the company to increase its employees' performance.The objective of the research was to evaluate some factors which caused the performance appraisal system on employees at PPKS, Medan, not to be able to increase their work satisfaction, and what policy which had to be made in order that the its employees performance appraisal system became more effective in increasing employees' work satisfaction at PPKS, Medan.The research used some theories and thoughts of some experts. That it is the responsibility of a company's manager to create his employees' work satisfaction.The research also used causal method. Questionnaires were distributed to 103 employees of PPKS, Medan. The samples were taken by using Stratified Random Sampling technique. The data were analyzed by using multiple regression analysis with F-test (simultaneous) and t-test (partial) at the significance level of 95%.The result of the research showed that there was the influence of 61% of the variable of service quality on employees' satisfaction, while the remaining 39% was influenced by the other variables excluded from independent variables. The result of F-test showed that the four independent variables (reliability, competence, credibility, and communication) had positive and significant influence on employees' work satisfaction at PPKS, Medan. The result of t-test showed that the variables which had significant influence on employees' work satisfaction at PPKS, Medan, were the variables of reliability and communication.

1 INTRODUCTION

In today's modern era, organizations are required to create high employee performance as a step to succeed organizational development. The success of the organization is influenced by various factors; one important factor is human resources. Organizations must think of ways in which human resources or implementers can improve their work performance for the achievement of organizational goals. One way is to increase employee satisfaction in work. To see the high level of work achievement that has been

achieved by the employee, then implemented a performance appraisal programconducted in a certain period. Mathis and Jackson (2006) state that: "Performance Appraisal is the process of evaluating how well employees perform their work when compared to a set of standards, and then communicating with employees."

Employee job satisfaction will grow if the appraisal of work performance done fairly, rational and objective and well documented. This is supported by the opinion of Rivai (2009) stating that: "people will be satisfied or dissatisfied;

depending on the presence or absence of equity in a situation, especially the work situation (Theory of Justice) ". The main components in the theory of justice are input, outcome, justice and injustice. Input is a valuable factor for employees who are considered to support their work such as education, experience, skills, number of tasks, equipment or equipment used to carry out their work. The result is something that employees consider to be valuable from their work; such as wages or salaries, side benefits, symbols, status, rewards and opportunities for growth or self-actualization. Organizations must be able to improve employee job satisfaction; which one of them by looking at what factors become the determinant ofemployee job satisfaction. According to Luthans (2006) the factors that affect job satisfaction include: the job itself, salary, promotion opportunities, supervision, colleagues and working conditions. Through this basis, the organization caneasily determine what steps to take to improve job satisfaction. The quality of human resources is determined by the extent to which the system in thefield of human resources isable to support and satisfy the wishes of employees and companies. To create employee job satisfaction is not easy; because job satisfaction can only be created if the employee performance appraisalsystem is made well and fair and implemented as well as possible. Gibson (1996) in Ermayanti (2001) and Brahmasari (2008), suggests that organizational performance depends on individual performance. So it can be understood that individual performance will contribute to organizational performance. Every company or institution needs to create high employee job satisfaction that will have implications for good individual performance that will ultimately contribute positively to the organization's performance.

The Center for Oil Palm Research (PPKS) is an oilpalm research institute in Medan established since 1916 under the name APA (Algemeene Proefstation der AVROS/ Algemene Vereniging voor Rubberplanters ter Oostkust van Sumatra). APA several times renamed according to the conditions at that time; became RISPA (Research Institute of The Sumatra Planters Association) in 1957 and became a Puslitbun in 1987. Finally in 1992 renamed the Center for Research on Oil Palm (PPKS). Some awards have been achieved by PPKS include: IPTEK Superior Center, Accreditation from KNAPP, Bakrie Award, PPKS Journal Accreditation, ISO Certification, KAN & Variety Protection.

But although PPKS's achievements are so proud but as a service institution, there are a lot of things that must be maintained and need continuous improvement; in the form of progressive progressive improvements, especially those related to human resources. The development of the company's management today, especially human resourcemanagement, is driven by the demand to paymore attention to the company's applied policies to its employees.

2 FRAMEWORK CONCEPTS AND HYPOTHESES

Conceptual framework Research begins by describing the operational variables contained in the study of 4 dimensions of service quality: Reliability, Competence, Credibility and Communication. These four dimensions of service quality are related to the employee's response to the performance appraisal system they get, whether satisfied or dissatisfied. According to Parasuraman (1990), the embodiment of satisfaction can beidentified through the four dimensions of service quality that are reflected from the service gaps that customers and customers expect to receive services.
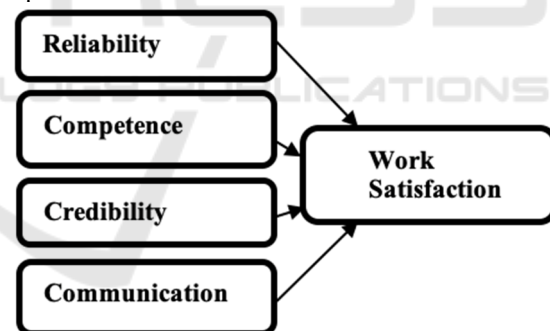

Figure 1 Research Model of Achievement Rating System Analysis Employee' Work and Its Implications on Job Satisfaction Employees at the Medan Palm Oil Research Center

1. Reliability
   H0: Reliability has no significant effect on job satisfaction employees.
   H1: Reliability has a significant effect on job satisfaction employees.
2. Competence;
   H0: Competence has no significant effect on satisfaction employee work.
   H1: Competence has a significant effect on job satisfaction employees

3. Credibility
  H0: Credibility has no significant effect on satisfaction employee work.
  H1: Credibility has a significant effect on job satisfaction employees.
4. Communication
  H0: Communication has no significant effect on satisfaction employee work.
  H1: Communication has a significant effect on job satisfaction employees.

3 METHOD

The research method used is the method of causal research, research conducted to investigate the cause-effect relationship by observing the consequences and possible factors (cause) that cause these effects. In this study, there are independent variables (cause) namely the variables that affect and the dependent variable (effect) is the variable that is affected.

The population in this study is 162 people who are employees in PPKS Medan. By using Slavin method with 6% error rate found the sample of 103. Data collection method in this study is to use questionnaires that are given to employees in PPKS Medan. Then also documents containing information about PPKS Medan. Data analysis used in this research is univariate analysis covering frequency distribution of respondent, validity test and reliability test. Then proceed with bivariate regression analysis.

4 RESULT

1. Validity and reliability analysis
To test the validity, a factor analysis was conducted to see if a variable is feasible to be analyzed further by using the Factor Analysis Method (KMO). All the measurement concepts of each variable question are valid and reliable which means that the questionnaire used in this study is a reliable questionnaire.

2. Testing classical assumptions
The classical assumption test must be met in order to obtain a regression model with unbiased estimation and reliable testing.
a) Normality Test.

Normality test was performed by Kolmogorov-Smirnov test. From the results of this testit can be seen that this regression model meets the assumption of normality and concluded feasible to use.
b) Multicollinearity test.
Obtained multicollinearity test results as can be see
1. VIF Value Reliability 1 <2.770 <10, meaning that thereis no multicollinearity in Reliability the variable.
2. VIF Value Competence 1 <2.289 <10, meaning there is no multicollinearity in the Competency variable.

3. VIF Credibility value 1 <2.038 <10, meaning there is no multicollinearity in the Credibility variable.
4. VIF value Communication 1 <1,746 <10, meaning there is no multicollinearity inthe Communication variable.
From the output data can be seen the calculation of tolerance values show all independent variables have a tolerance value > 0.1 which means there is no multikolineritas between independent variables. The result of calculation of Variance Inflation Factor (VIF) value also shows the same thing, there is no independent variable having linerity between independent variables.

c) Heteroscedasticity Test.
This study uses Spearman'rho correlation coefficient test to see whether heteroscedasticityoccurs. From Table 4, the results of heteroscedasticity test are:
1. 2. Value of reliability significance (0,518)> (0,05), meaning there is no heteroscedasticity at variable of reliability.
2. The value of competence significance (0.417)> (0.05), meaning there is noheteroscedasticity on competence variables.
3. The value of credibility significance (0.621)> (0.05), meaning there is no heteroscedasticity on credibility variables.
4. The value of communication significance (0.575)> (0.05), meaning there is no heteroscedasticity on communication variables.
5. From the output data can be seen that the significance value of the four independent variables more than 0.05. Thus it can be concluded that there is no problem of heteroscedasticity on regression model.

2. Bivariate Analysis of Multiple Linear RegressionRegression Coefficient Test Results can be seen from Table 1 below:

Table 1: Regression Coefficient Test

	Non-standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.049	.645		1,626	.107
Reliability	.343	.095	.381	3.630	.000
Competence	.114	.090	.122	1.274	.206
Credibility	.157	.091	.155	1.718	.089
Communication	.260	.087	.251	3.008	.003

a. Dependent Variabel: Satisfaction

Mathematically the result of multiple linear regression analysis can be written as follows:

$$Y = 1.049 + 0.343 X1 + 0.114 X2 + 0.157 X3 + 0.260 X4$$

Table 1 shows the effect of each independent variable (X1, X2, X3, and X4) on the dependent variable (Y).

Free Variable Correlation Analysis with Satisfaction
From the results of data analysis has been done, can be seen the results of correlation analysis of independent variables to the satisfaction variable in Table 2 below:

Table 2: Correlation Analysis Result

		Reliability	Competence	Credibility	Communication	Satisfaction
Reliability	Pearson Correlation	1	.712**	.666**	.638**	.731**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	103	103	103	103	103
Competence	Pearson Correlation	.712**	1	.644**	.532**	.626**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	103	103	103	103	103
Credibility	Pearson Correlation	.66**	.644**	1	.516*	.616*
	Sig. (2-tailed)	.000	.000		.000	.000
	N	.000	.000		.000	.000
Communication	Pearson Correlation Sig. (2-tailed)	.638**	.532**	.516**	1	.638**
		.000	.000	.000		.000
	N	103	.000	103	103	103
Satisfaction	Pearson Correlation	.731**	.626**	.616**	.638**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	103	103	103	103	103

1. Relationship Reliability with Job Satisfaction.
Value of correlation coefficient Reliability with satisfaction is 0.731 with asignificance level of 0.000.This confirms that there is a positive relationshipbetween reliability and significant performance satisfaction.Based on Guilford's theory, it is known that the relationship of reliability with job satisfaction is a strong relationship.

2. Relationship Competence with Job Satisfaction.
Value of correlation coefficient of Competence with Job Satisfaction is equal to 0.626with significance level equal to 0.000. This confirms that there is a positive relationship between Competence and significant job satisfaction. Based on the Guilford theory, it is known the relationship of Competencewith Satisfaction is a strong relationship.

3. Relationship of Credibility with Job Satisfaction.
The relationship Jobvalue of the correlation coefficient of credibility with job satisfaction is 0.616 witha significance level of 0.000. This confirms that there is a positive relationship between credibility and significant job satisfaction.
Based on Guilford's theory, then known credibility relationship with job satisfaction is a strong relationship.

4.Communication Relationship with Job Satisfaction.
The value of correlation coefficient of communication with job satisfaction is 0.638 with a significance level of 0.000. This confirms that there is a positive relationship between communication and significant job satisfaction. Based on Guilford's theory, it is known that the relationship of communication with job satisfactionis a strong relationship.

c).Hypothesis Test Results
1. Simultaneous Test Results (F-Test)
This test is also called ANOVA or variance analysis, which is the test of regression coefficient together (F-test) to test the significance of independent variable influence (reliability, competence, credibility and communication) to the dependent variable (job satisfaction). The test used α 0.05 significance level.

The test is also used to find out whether the regression model can be used to predict the dependent variable. The test results are seen in Table 3 below:

Table 3 : Result of Simultaneous Test (F)

ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	445.228	4	111.307	38.328	.000^a
Residual	284.597	98	2.904		
Total	729.825	102			

a. Predictors: (Constant), Communication, Credibility, Competence, Reliability

b. Dependent Variable: Satisfaction

Based on the results, it is found that the sig.α (.000a) value is less than the alpha of 5% (0.05). This indicates that the research results reject H0 and receive H1. Other results are also shown from the value of fcount that is equal to 38.328 where this value is greater than the ftable value of 3.933.Thus simultaneously or simultaneously four (4) factors namely reliability, competence, credibility, and communication have a positive and significant impact on job satisfaction of PPKS Medan employees.

2. Partial Test Results (T-test)

T-test aims to determine the magnitude of the influence of each independent variable individually (partial) to the dependent variable. The test criteria are as follows:

1. H0: X1 = 0, meaning that the variable reliability does not significantly affect employee job satisfaction variable.
    H1: X1 ≠ 0, meaning that the variable of reliability has a significant effect on employee satisfaction variable.
2. H0: X1 = 0, meaning that the variable reliability does not significantly affect employee job satisfaction variable.
    H1: X1 ≠ 0, meaning that the variable of reliability has a significant effect on employee satisfaction variable.
3. H0: X2 = 0, meaning that the competency variable has no significant effect on employee job satisfaction variable
    H1: X2 ≠ 0, meaning that the competence variable has a significant effect on employee satisfaction variable.
4. H0: X3 = 0, meaning that the credibility variable has no significant effect on employee job satisfaction variable.

H1: X3 ≠ 0, meaning that credibility variable significantly influence employee job satisfaction variable.

5. H0: X4 = 0, meaning the communication variable has no significant effect on employee satisfaction variable.
    H1: X4 ≠ 0, meaning that communication variables have a significanteffecton employee job satisfaction variable.

Criterion of decision making:
H0: received when the significance value> 0.05

H0: rejected if the value of significance <0.05

The results of this test can be seen in the appendix and in Table 4 below:

Tabel 4 :T-test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1(Constant)	1.049	.645		1.626	.107
Reliability	.343	.095	.381	3.630	.000
Competence	.114	.090	.122	1.274	.206
Credibility	.157	.091	.155	1.718	.089
Communication	.260	.087	.251	3.008	.003

a. Dependent Variable: Satisfaction

From Table 4 contained in the attachment of T test the following results are obtained:

1. Value significance (0,000) <(0.05), then Ho: rejected, meaning reliability has a positive and significant effect on job satisfaction.
2. The value of significance (0.206)> (0.05), then Ho: accepted, meaning that the competence does not have a positive and insignificant effect on job satisfaction.
3. The value of significance (0.089> (0.05), then Ho: accepted, meaning that credibility has no positive and significant effect on job satisfaction.
4. Significance value (0.003 <(0.05), then Ho: rejected, meaning that communication has a positive and significant effect on job satisfaction.

5 DISCUSSION

After performing various tests both on the questionnaire and on the variables; it turns out that this research deserves to be continued by multiple linear analysis. In multiple linear regression test to four independent variable of reliability, competence, credibility and communication have influence to employee job satisfaction. The effect of these four variables varies greatly. Reliability has the greatest influence; followed by communication, then credibility and competence. The four variables gave effect of 61.0%, meaning 39.0% influence on satisfaction contributed by other variables not included in this research model. Similarly, the correlation of each independent variable with satisfaction indicates that the most dominant and strongest positive correlation is between the variable of reliability and job satisfaction, followed by communication variables with job satisfaction, competence with job satisfaction and lastly between credibility and jobsatisfaction.

In hypothesis test by simultaneous test method (F Test) also called ANOVA, it turns out sig value alpha 0.000 < alpha 5% (0.05). The value of f arithmetic is also greater than f table. This means that four variables together will have a positive and significant impact on job satisfaction.In the Partial Test (Test T), it is found that the variable reliability and communication significantly affect job satisfaction, but the credibility and competence variables do not significantly affect job satisfaction. The variable of reliability in the performance appraisal system gives a significant influence in affecting job satisfaction, which means satisfaction and job dissatisfaction of employees influenced by variable reliability.

Based on the background of research that the performance appraisal system has not been able to provide job satisfaction, so the variable reliability is one factor in the performance appraisal system that has not been able to provide job satisfaction. This can be explained through several things, employees feel reward or punishment miss promotion promotion, increase salary levels are often not based on performance appraisal results; so that employees feel the performance appraisal is not done or executed as promised. Or the company is often late in doing performance appraisal which will then slow down the promotion process or a raise. Communication variables also gained a significant influence in affecting job satisfaction, which means communication in the performance appraisal system is one factor that has not been able to provide job

satisfaction. This can be explained by several things; the company has not really explained well the performance appraisal system. The company also rarely discusses the employee'sappraisal system that has not been able to provide job satisfaction. This can be explained through several things, employees feel reward or punishment miss promotion promotion, increase salary levels are often not based on performance appraisal results; so that employees feel the performance appraisal is not done or executed as promised. Or the company is often late in doing performance appraisal which will then slow down the promotion process or a raise. Communication variables also gained a significant influence in affecting job satisfaction, which means communication in the performance appraisal system is one factor that has not been able to provide job satisfaction. This can be explained by several things; the company has not really explained well the performance appraisal system. The company also rarely discusses the employee's next performance plan after the performance appraisal. Employees expect performance planning together with the company. Competence variables, although partially ineffective in affecting job satisfaction but together with other variables have an influence on satisfaction. Officers who carry out assessment in the eyes of employees is quite strong and skilled and have sufficient knowledge; but it is not a major factor that gives a sense of satisfaction. Credibility variables are also partially ineffective in influencing job satisfaction, but together with other variables have an influence on satisfaction. The courteous, honest and respectful examiner is the capital to be an appraiser that pleases employees; but it is not enough if it does not get a reliable and well-understood performance appraisal system.

6 CONCLUSIONS

Conclusion Based on the discussion, the following conclusions can be drawn:

1. Reliability factor has a positive and significant effect on employee job satisfaction related to the application of performance appraisal system. This is based on the following results:
   a. Reward and punishment done by the company is not always based on the result of performance appraisal.
   b. Reliability factor has a positive and significant effect on employee job satisfaction related to the application of

performance appraisal system. This is based on the following results:

2. Communication factors have a positive and significant impact on job satisfaction related to the implementation of performance appraisal system. This is based on the following results:

   a. The company has not really explained the performance appraisal system to employees well.

   b. Performance appraisal has not been done on a regular basis and not on time.

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