

Performance Evaluation and Organization's Culture Impacts on Job Satisfaction and Employees' Performance

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Abstract: *The study investigates and evaluates impacts of performance evaluation and company's culture on job satisfaction and employees' performance. Method of data collection is using questionnaire. Data was analyzed by path analysis with decomposition model of causal influence between variables. The results indicate that the influence of two variables - performance evaluation and Company's culture have direct and indirect effect to employees' performance. The other variable (job satisfaction) has direct effect to employees' performance.*

Key Words: *performance evaluation, company's culture, job satisfaction, employees' performance.*

INTRODUCTION

To increase the quality and the performance of organization or company, a good human resource management is needed in achieving company's objectives. Performance evaluation is one of significant part of human resource management to measure each individual's contribution towards the organization (Sulistiyani and Rosidah, 2009). Individual contribution is mirrored through performance as the expression of employees' ability to complete the tasks that they are responsible to. Performance evaluation is needed to quantify accurately

level of validity and efficiency and effectiveness of an activity that has been realized and compare it to level of given accomplishment (Kossek, 2000). The outcome of performance evaluation can show whether human resource has met the desired quality of company, both in terms of quality and quantity.

A company which is able to achieve and preserve its success, especially in a tight competition era is characterized by constantly evaluating and appreciating performance shown by its employees. It also reaches through company's cultural support which is reflected by the existence

*Corresponding author's email: nununghamid17@gmail.com

ISSN: 2549-3221 (Print) 2549-323X (Online)

<http://doi.org/10.5281/.....>

Published online: date of published

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of company's core value adopted strongly by its employees and general perception which is believed and honored (Lewis, 1996). Appropriate performance evaluation and support of proper organization's culture values will be the determinant of job satisfaction and employees' performance, because employees' job satisfaction is morale booster, discipline and achievement in job (Hasibuan, 2003). Job satisfaction explains a positive person's emotion circumstance and joyful resulted from a task or job experience (Luthans, 1998). Every employee has different job satisfaction level according to one self in which the more aspects in job based on what he wants then the more job satisfaction level increased. The satisfaction indicator can be relishing or satisfying feeling from the tasks given, incentives which are accepted over the tasks given, freedom to do what they want, various activities offered and others.

The evaluation took place at Bank Mandiri Ltd (Persero). It is a merger company of four banks to become corporate. It is attractive to be observed especially in employees' performance evaluation. Bank Mandiri Indonesia utilizes forced distribution method in employees' performance evaluation so far. The method is considered the best from a number of existing performance evaluation methods. The method has strengths as well as

weaknesses which will possibly implicate to the various aspects in employees behaviors whether it is functional or dysfunctional towards the realization of organization's objectives.

In forced distribution method, rater is obliged to divide people into a group job with limited numbers of categories, similar with a normal frequency distribution. The consequences from this evaluation method utilization are employees' assignation by rater over performance level which is not always reflected in real situation. The result, this method has potential to raise concerns about employees' job satisfaction because employees with the best result of performance evaluation owns a chance to achieve higher appreciation (such as bonuses, promotion, and appreciation) compared to the employee with lower result.

Later in the application of company's culture, there are five cultural values of Bank Mandiri Ltd., which are a series of principles to give system a new meaning which is agreed and also become reference for its employees' working behavior, include: (1) trust which is reflected through respect each other and working together honestly and open attitude, (2) integrity is reflected through discipline and consistency, thinking and acting commendably, (3) professionalism (competent and responsible, giving solution

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and best result), (4) customer focus, which are innovative, proactive, and responsive, also prioritizing service and customer satisfaction, (5) excellent (orientation to the additional value and continuous improvements, and care to the environment).

On the other hand, job satisfaction of Bank Mandiri's employees are a reflection of working situation and respond from every policy taken by company, especially which is involved salary, working partner, type of task, promotion, and supervision. Employees' job satisfaction is also related to the achievement of fair appraisalment from the leader. Therefore, various indicators of job satisfaction needed to get special attention so the worker can improve his performance.

Based on the above description, therefore it is interesting to assess within the research as the following: (1) Direct or indirect impact of the performance evaluation in using Forced Distribution Method towards their performance through employees job satisfaction, (2) Direct or indirect impact of company's culture towards the performance through job satisfaction, and (3) impact of job satisfaction towards the employees of Bank Mandiri.

LITERATURE REVIEW

Performance Evaluation

Performance evaluation for individual is an important part of an organization to operate effectively. Organization is a group of people or individuals who have same or similar goals; therefore if those individuals perform well, it means the organization is also running well. Individual performance evaluation gives advantage to the dynamic of organization improvement as a whole, through the evaluation; factual condition will be recognized about how the employees' performance really are.

Performance evaluation is a formal system considering and evaluating individual performance or team performance periodically. Performance evaluation also means a system in which employees' performance is measured and compared with expected performance standard (Mondy, 2008; Kossek, 2000). The main goal of performance evaluation is to give feedback on how good the employee is able to complete the task and provide direction to the performance development in the future, such as reflected in the definition uttered by Dargham (2012) that performance evaluation is an identifying process, evaluation, and development of employees' performance so that the organization's goal can be achieved objectively and effectively and also at the

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same time it means giving recognition and feedback to employees.

There are four main goals of conducting performance evaluation: a. Administrative reason (such as promotion determinants, remuneration, and dismissal/discharge); b. Employees' development; c. Potential evaluation; and 4. Research objective (Drenth,1998; Murphy & Cleveland, 1991),.

Performance evaluation is needed as feedback for employees' working implementation result. The result of research indicates that around 50% performance problem happens because lack of feedback. Objective and fair Performance feedback is able to improve motivation and success of the employee. Therefore, it is necessary for leader to inform about performance judgement or conducting it through an objective assessment, because a good performance feedback will support effective behavior and target to be achieved (Van Hooft, 2006).

Company's Culture

Company's culture or organization's culture is considered as the determinant of success or organization effectiveness (Shearer et.al., 2001; Lewis, 1996; Burnes & James, 1995). Lewis (1996) mentioned it as the way of thinking and acting that has been traditionally conducted within the

members, in which new member needs to learn it or at least accept a part of it to be conducted in giving service to the company. While Robbins and Timothy (1998) define organizational culture as a system of shared meaning which is adopted by members which differs the organization with another organization. This shared meaning system is formed by its society where at the same time a disparity with another organization. Shared meaning system is set as the key characters of organization's values.

Lewis (1996) also reveals that organization's culture is an interaction from artifacts, value and basic assumption. The three of them can be found in three levels. The first level is artifacts in which culture is tangible, can be seen from organization physical environment, architecture, technology, office layout, how to dress, behavior pattern which can be seen and heard, also public documents such as basic budget, employee orientation material, and story, but often can be misunderstood. The second level is values which has higher awareness level compared to artifacts. Value is difficult to be observed directly, therefore it is almost always significant to conclude them through interview with organization's key members or analyze the content of artifact such as document and basic budget. The third level is basic assumption in which culture can be

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accepted and taken for granted, intangible and not realized. To really understand a culture and to really make sure values completely and real behavior from a group, it is important to observe this basic assumption, which is usually not realized, but determining how group members perceive, think, and feel.

Job Satisfaction

Job satisfaction is emotional condition which is pleasant or unpleasant in which the employees perceive in their jobs (Robin & Timothy, 1998; Tella, 2007). Job satisfaction is a reflection of employees' feeling towards their jobs. This is shown in a positive attitude towards their task and environment. On the other hand, unsatisfied employees will behave negatively towards their jobs and different forms one with another. Tella (2007) mentions three significant dimensions of job satisfaction, they are emotional respond towards working circumstance, conformity between result and expectation, and attitude towards some important aspects of the job. There are five indicators of job satisfaction, which are: (1) Payment, salary and fair fee internally and externally, (2) Job that gives autonomy, challenging and feedback towards the resulted performance, (3) Work partner. A friendly and supportive work partner, (4). Promotion to higher level of task, (5) Fair, open, and willing to work

with subordinate supervision (Luthans, 1997; Tella et.al., 2007). Job satisfaction of employee will be reflected through productivity or high job performance, low of employee turnover and low absenteeism.

Performance

Ruky (2002) explains that performance or achievement is results obtained from particular job functions or special events within particular period. Besides, performance can be seen as a result and effort of a person which is obtained through the existence of the ability and deed in particular circumstance. Performance is a person's overall result for particular period in doing tasks, such as job result standard, target or goals, or criteria that has been decided before and agreed (Rivai, Sagala dan Jauvany, 2009).

Performance serves as function more than effort and competition of an individual (Walker, 1992) therefore it is important for each individual to realize that they are able to materialize the expected performance and it is also important for organization to realize that respect and honor as feedback over performance which has been obtained and will influence job satisfaction.

Previous Research

The impact of performance evaluation over job satisfaction and employees' performance have been proven by Hakim

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(2008). The conclusion of the research states that the better the performance evaluation the more satisfied the employee. They will be eager to perform well and better.

Koesmono,H.T (2005) research entitle The Impact of Organizational culture, Motivation, Job Satisfaction and Employee Performance on Industrial Sub Sector Wood Management in East Java has proven that organization's culture has significant influence over employees performance directly or indirectly (through job motivation). This finding then is strengthened by Sartika and friends, (2008) who observe the impact of organization's culture and job motivation over employees' performance at public works agency in south Sumatra. They have direct impact over employee performance and indirect impact is through job motivation.

Another research from Tony Listianto and Bambang Setiaji (2007) research entitle Motivation Impact, Satisfaction, and Work Discipline over Employee Performance can also conclude that motivation, job satisfaction, and work discipline can explain the variation of employee performance from PDAM (Water Company) at Surakarta is around 94 percent. Soedjono (2005) also found in his research entitle Organization Culture Impact over Employee Satisfaction and Performance in Public Passenger Terminal in Surabaya found that simultaneously and partially organization's culture and job satisfaction has positive impact over employee performance.

Conceptual Framework

Based on the above literature review, the conceptual framework of the research as follows:

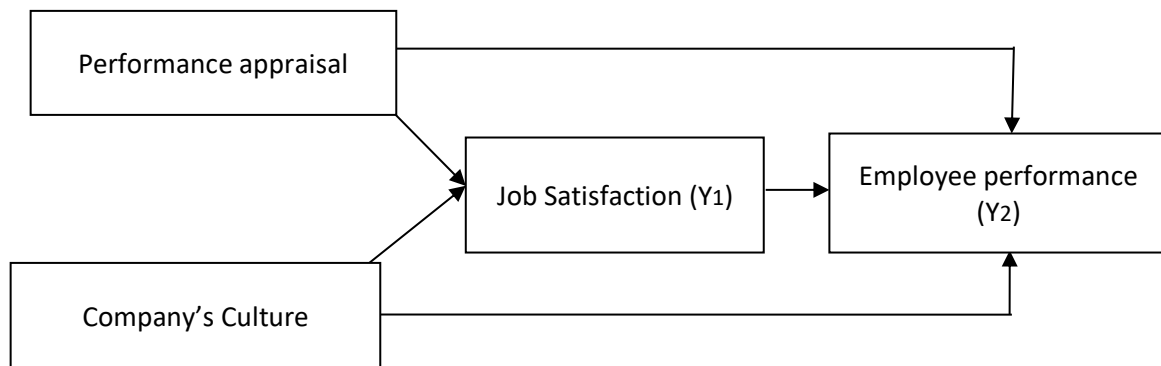


Figure 1 Conceptual Framework

RESEARCH METHOD

The research is using survey method to collect primary data or field research. As many as 60 people (only includes permanent status of employees and have been working for more than three years). Besides, secondary data comes from literatures or relevant reports (library research). Primary data collected and analyzed by researchers based on the appropriateness and relevance of the variables with objects of study. Indicators of each variable is compiled in the form of statement and question with 5 alternative answers, starting from Strongly Disagree (SD) with 1 score to Strongly Agree (SA) with 5 score. Collected data is analyzed using path analysis.

Every variable is measured by using indicator, for Performance Evaluation variable, there are 5 indicators which are utilized the extent to which performance evaluation using Forced Distribution Method is considered fair, objective, and relevant, also related with the respect

accepted. Company's culture is measured based on organization culture values applied at Bank Mandiri Ltd at Jember region covering 5 basic values which are (1) trust (2) integrity (3) professionalism (4) customer focus (5) excellent. Job satisfaction is measured by the degree to which respondents feel can fulfill their needs and hopes, identify working environment, type of task, compensation, relationship between co-workers and social relationship in the working place. Performance is respondent perception about working implementation result which is obtained well in the result orientation point, meeting job target, job result quality, stranded cooperation or the accuracy of job implementation.

The Examination Result Of Direct And Indirect Impact Among Variables.

A table is presented below describing the examination result from direct and indirect impact among variables observed in this research.

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ISSN: 2549-3221 (Print) 2549-323X (Online)

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Published online: date of published

Table 1.

Decomposition Summary and Track Coefficient; Direct, Indirect Impact and Total Impact towards Four Variables.

Impact of Variable	Causal Impact		
	Direct	Indirect through Job Satisfaction (Y1)	Total
Performance Evaluation (X1) towards Employee Performance (Y2)	0,351	0,330	0,681
Company's culture (X2) towards Employee Performance (Y2)	0,281	0,205	0,486
Job Satisfaction (Y1) towards Employee Performance (Y2)	0,879	-	0,879

DISCUSSION

1. Direct and Indirect Impact of Performance Evaluation towards Employees' Performance through Job Satisfaction.

The result shows that performance evaluation has significant influences directly and positively towards employees' performance. The coefficient of direct influence towards performance evaluation is 0,351, while indirect impact towards employee performance through job satisfaction is 0,330. Total impact of performance evaluation towards performance is 0,681. Thus, a good performance evaluation (conducted objectively and fair, performance standard is stated more realistic and more related to received honorarium/salary) so the description about factual evaluation of individual and team performance which is obtained is able to encourage the improvement of employees' performance

as a whole and even more it is supported by the existence of higher employees' job satisfaction.

2. Direct and Indirect Impact of Company's culture towards Employee Performance through Job Satisfaction.

The research result shows that company's culture is significantly and positively influence directly and indirectly towards employees' performance. The direct impact of corporate culture towards employee performance is 0,281, while the enormity of direct impact of company's culture towards employee performance through job satisfaction is 0,205, both are significant on $p=0,000$. Total impact of company's culture towards employees' performance is 0,486. Thus direct impact of Company's culture is bigger than the indirect impact towards performance. Therefore, strengthening Company's culture to employees, put trust values, integrity,

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professionalism, focus to customer and excellent in service will influence directly towards the increasing of employees' performance in Bank Mandiri of Jember region.

Company's culture in Bank Mandiri of Jember region is implemented through cultural program which is related with the job activities of the employee in daily basis. Employee is involved actively in creating cultural program which is set together so it supports the creation of supportive working environment.

3. The Impact of Job Satisfaction towards Employees' Performance

The enormity of the job satisfaction impact towards employee performance in Bank Mandiri office of Jember region is 0,879 which is significant with $p=0,000$ value. This finding shows that job satisfaction is giving a positive and significant impact towards employees' performance, so the more employees' expectation are fulfilled in conducting the task, whether it involves autonomy in working or task variation, job guide or information given by their superior also the received incentive, will encourage the improvement of employees' performance, because employee feels satisfied in doing his/her job. The 0,879 point is quite significant so it is clear that employees' performance can be built

through the efforts of fulfilling the employees' need and expectation.

CONCLUSION AND SUGGESTION

Based on the research finding and discussion above, it can be concluded that performance evaluation using Forced Distribution Method has significant and positive impacts towards employees' performance, whether it is direct or indirect through job satisfaction. Company's culture also has significant and positive impacts, whether it is direct or indirect through job satisfaction towards employees' performance. Moreover, job satisfaction impacts directly in significant and positive way towards employees' performance in Bank Mandiri Jember region.

Thus, it is suggested in the future, Leader or management of Bank Mandiri Jember region can be more aware and striving more in fixing the utilization of Forced Distribution Method in performance evaluation and in assigning employees in performance level properly, so the employees will not feel harmed which lead to the demotivation. Socialization related to Company's culture values, whether it is counseling or coaching which is constructive or in other forms, it is a must to be conducted well in branch level or unit, reckoning that not all culture values are understood well, even more for the implementation from the employees.

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Besides, Review of job satisfaction needs to be done so it will fulfil the expectation of the employee better.

ACKNOWLEDGEMENTS

We would like to thank everyone who has been supporting us in doing this research possible. Especially our colleagues and friends at Management Department of Faculty of Economics & Business, Hasanuddin University Makassar Indonesia

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