



The Role of Performance Appraisal Satisfaction on Work Engagement and its Impact on Turnover Intention: Empirical Study at Pamekasan Regency, Indonesia

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Abstract

The purpose of this study was to determine the effect of Performance Appraisal Satisfaction on Work Engagement and its impact on Turnover Intention. This research is classified as explanatory research with a quantitative approach. The sample used was 90 state civil servants in Pamekasan district with purposive sampling technique. The type of data used is primary data, namely collecting data using a questionnaire. Analysis of the data used is Multiple Linear Regression with SPSS tool. The result of this research shows that Performance Appraisal Satisfaction has positive effect on Work Engagement, Work Engagement has positive effect on Turnover Intention and Performance Appraisal Satisfaction has positive effect on Turnover Intention with Work Engagement as investing variable.

Keywords: *Performance Appraisal Satisfaction; Work Engagement; Turnover Intention*

Introduction

Performance Appraisal satisfaction is one of the most important measures of an organization's performance management system to achieve employee and organizational results (Ismail and Gali, 2016). In particular, employee satisfaction with a Performance Appraisal system is very important to achieve various behavioral and attitude outcomes such as employee intrinsic motivation (Aly and El-Shanawany, 2016), creative attitude and career development (Ismail and Rishani, 2018), commitment and loyalty (Salau et al. al., 2014) and low turnover intention (Ahmad et al., 2010). On the other hand, employee dissatisfaction with performance evaluation results in negative behaviors and perceptions, which lead to failure of the organization's performance evaluation system and negative work results (Ismail and Gali, 2016). Thus, employee satisfaction with performance evaluation is very important to obtain optimal results from talented energy sources.

Conventionally, running out of highly skilled employees can have a negative impact on an organization's competitive advantage because it can demoralize other employees and reduce productivity and quality (Fazio et al., 2017). Although research has established the importance of Performance

Appraisal in achieving positive behavioral and attitude outcomes, some research questions remain unanswered. Little is known about whether Performance Appraisal satisfaction influences Turnover Intention. Also, previous research has often investigated the direct linear relationship between Performance Appraisal satisfaction and various outcomes (Aly and El-Shanawany, 2016). However, to date, only a few studies have investigated the position of mediation mechanisms through Performance Appraisal that influences the construction of outcomes. This research addresses this research gap.

Social exchange is a voluntary action attempted by one party (e.g. organization) for another party (e.g. employees) with the assumption that the action is to be returned in the form of objects (Blau, 1964). Aryee et al., (2002), social exchange is based on the long-term exchange of favors that constrain accounting and is based on a spread obligation to reciprocate. Social exchange theory experts suggest that in a reciprocal relationship, employees are encouraged to maintain a very balanced relationship with their organization. Simply put, Social exchange theory argues that one person's actions depend on the responses of others, even though significant effort is required to achieve satisfactory results. In an organizational context, exchange bonds become useful when an organization efficiently manages its human resources, is concerned with employee welfare and promotes fairness and justice (Eisenberger et al., 1990). Therefore, employees feel morally or ethically compelled to retaliate so that their organization acts as a responsible employer (Cheung et al., 2018). As an illustration, responsible employers play a role in making their employees believe that they are valued, thereby urging them to reciprocate through positive behavioral and behavioral outcomes (Cheung et al., 2018). Based on this reason, it is hoped that employees' positive perception of fair and transparent performance appraisal increases their level of Work Engagement, which in turn reduces their desire to finish.

Thus, the findings of this paper are expected to have valuable implications for academics and practitioners to understand the significance of Performance Appraisal Satisfaction and Work Engagement in retaining the best talents. Drawing on Social Exchange Theory, hypothetical bonds between Performance Appraisal Satisfaction, Work Engagement and Turnover Intention.

Theory and Hypothesis

Performance Appraisal Satisfaction and Work Engagement

Performance Appraisal Satisfaction is primarily related to how an employee reacts to performance evaluations (Ismail and Gali, 2016). Performance Appraisal Satisfaction measures universal employee satisfaction with the organization's performance evaluation system and refers to the extent to which people (employees) perceive that performance ratings reflect attitudes that add value to the organization (Giles and Mossholder, 1990). A well-run Performance Appraisal system urges strong performers to maintain their level of performance and motivates underperformers to improve, which in turn justifies the sustainability and success of the organization. In particular, employee perceptions of fairness are the key to Performance Appraisal to increase employee satisfaction with the evaluation system (Gruman and Saks, 2011). The area of trust between people and their organizations, where people believe that they will be treated fairly during evaluation assessments, results in positive feelings about the organization (Singh and Singh, 2018). In other words, perceived fairness is very important to achieve employee satisfaction with Performance Appraisal and thus engagement. Ismail and Rishani (2018), organizations that are able to build a Performance Appraisal system that employees find satisfying reap many meaningful results for employees in the workplace. Not surprisingly, previous research has shown that employees' positive perceptions of performance appraisals significantly affect their behavior and attitudes (Choi et al., 2013). Gruman and Saks (2011), for the purpose of increasing involvement, confidence and perceived fairness are very important during Performance Appraisal. In his seminal work on the multidimensional engagement model, Saks (2006) found that procedural justice increases the level of employee engagement. Attridge (2009), employees who receive an annual formal Performance Appraisal have a much greater level of engagement than those who do not..

Social Exchange Theory suggests that the employee-employer relationship revolves around the principle of reciprocity (Blau, 1964; Saks, 2006). Therefore, it is expected that employees' experiences of fair, impartial and mutually beneficial judgments create positive perceptions of fair treatment by their employers. As a result, employees feel an obligation and seek to pay for it, which can be defined as the norm of reciprocity, a core element of Social Exchange Theory. One way to reciprocate is to demonstrate a high degree of involvement in their role performance. Therefore, employees' positive perception of the performance appraisal system is expected to motivate them to be highly involved. Gupta and Kumar (2012), employees tend to show a higher level of engagement in the workplace when the necessary information is communicated to them during the performance appraisal process. West and Dawson (2012), performance appraisal is a key factor in predicting employee engagement. Based on this explanation, this study makes the following hypotheses:

Hypothesis 1: Performance appraisal satisfaction has a significant effect on work engagement

Work engagement and turnover intention.

Empirical evidence shows that work engagement is a strong predictor of employee turnover intention (Wan et al., 2018). Individuals with high levels of engagement in the workplace build high-quality and trusting relationships with their superiors. Thus, they tend to show more positive attitudes, behaviors, and intentions towards the organization (Ajayi et al., 2017). In addition, engaged employees tend to be more satisfied with their jobs, feel more committed to the organization and have no intention of leaving the organization (Schaufeli and Salanova, 2008). In empirical work found that work engagement minimizes employee intention to leave (Juhdi et al., 2013). Based on this explanation, this research makes the following hypothesis:

Hypothesis 2: Work Engagement has a significant effect on Turnover Intention.

Performance Appraisal Satisfaction, Work Engagement and Turnover Intention

Saks (2006), if antecedents are expected to predict engagement and engagement predict outcomes; it is possible that engagement mediates the relationship between antecedents and consequences. This claim is consistent with several studies which found engagement to significantly mediate the relationship between antecedents and outcome variables; Work Engagement is specifically indicated as a strong mechanism to explain the influence of HRM practices on outcome variables (Muduli et al., 2016).

Performance appraisal is a tool to control and shape employee attitudes and behavior (Saratun, 2016). Ismail and Gali (2016) state that the performance appraisal system aims to motivate the workforce, improve employee performance by identifying their strengths and weaknesses, develop employee competencies and link high performance with rewards by distributing compensation, bonuses or promotion opportunities. This overall positive experience, from implementation to reward, leaves a positive impact on employees' satisfaction with performance appraisals, thereby increasing their level of engagement and reducing their turnover intention.

Social Exchange Theory (Blau, 1964) explains that employee satisfaction with the appraisal system results in a feeling of fair and impartial treatment between individuals. These feelings result in positive attitudes and intentions towards the organization, such as low intentions to leave (Saks, 2006). Saks (2006) found that employees' perceptions of organizational fairness, a core element of performance appraisal, influence turnover intentions through employee engagement. Wan et al. (2018), work engagement is a significant mediator of the relationship between work environment and turnover intention. Based on this explanation, this study makes the following hypotheses:

Hypothesis 3: Performance Appraisal Satisfaction has a significant effect on Turnover Intention with Work Engagement as an intervening variable.

Research Methods

Research Framework

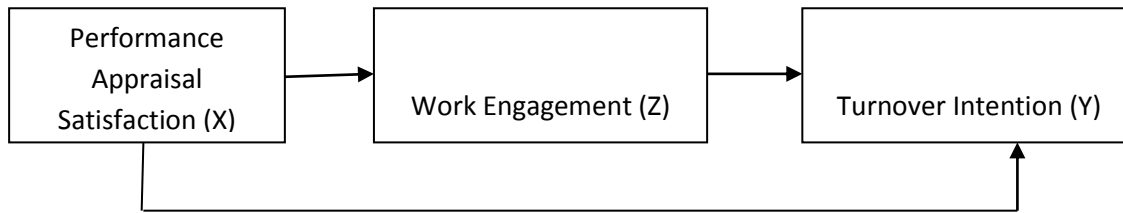


Figure 1

Conceptual Framework

Measurement

The Performance Appraisal Satisfaction variable is measured by eight items adopted from Miller (2001). The Work Engagement variable is measured by nine items adopted from Schaufeli et al. (2006) and the Turnover Intention Variable as measured by five items adopted from Jung and Yoon (2013).

Research Type

This research is classified as explanatory research with a quantitative approach.

Sample

The sample used was 90 state civil servants in Pamekasan district with purposive sampling technique. This research includes Explanatory Research.

Data type

The type of data used is primary data, namely collecting data using a questionnaire.

Data analysis

The data analysis used is Multiple Linear Regression Analysis and Sobel test with SPSS version.

Result and Discussion

Result

Hypothesis Test

The Effect of Performance Appraisal Satisfaction (X) on Work Engagement (Z)

Based on table 1, the Performance Appraisal Satisfaction variable has a significance value of 0.001 which means below 0.05 and has a positive coefficient value of 0.652 for Work Engagement. It can be concluded that the Performance Appraisal Satisfaction variable has a positive and significant relationship to Work Engagement.

Table 1
Results of Regression Analysis of Performance Appraisal Satisfaction Variables on Work Engagement

Model	Standartdized Coefficients Beta	t-test	Sig.	Explanation
X	0.652	80.472	0,001	Significant
Std.error	0,009			
Dependent Variabel			:Y	

Source: Processed data (2022)

The effect of Work Engagement (Z) on Turnover Intention (Y)

Table 2
Results of Regression Analysis of Work Engagement Variables on Turnover Intention

Model	Standartdized Coefficients Beta	t-test	Sig.	Explanation
Z	0.533	98.231	0,000	Significant
Std.error	0.005			
Dependent Variabel			:Y	

Source: Processed data (2022)

Based on table 2, the Work Engagement variable has a significance value of 0.000 which means below 0.05 and has a positive coefficient value of 0.533 on Turnover Intention. It can be concluded that the Work Engagement variable has a positive and significant relationship with Turnover Intention.

The Effect of Performance Appraisal Satisfaction (X) on Turnover Intention (Y) with Work Engagement (Z) as Intervening Variable

Sobel Test

This mediation test was conducted to determine the level of position of the intervening variables in this study. The following are the results of the mediation test (sobel test).

ab

$$z = \frac{(b^2 SE_a^2) + (a^2 SE_b^2)}{\sqrt{\dots}}$$

Based on the results of the Sobel calculation above, it can be seen that the Sobel test statistic value is 62,256 which means it is greater than 1.96. It can be concluded that the Work Engagement variable is the intervening variable between the Performance Appraisal Satisfaction variable and Turnover Intention.

Discussion

Performance Appraisal Satisfaction and Work Engagement

The findings of this study indicate that Performance Appraisal Satisfaction is a strong predictor of Work Engagement. Positive experiences from organizational performance appraisal systems, particularly perceptions of fairness and fairness, result in higher levels of work engagement. This finding is consistent with Gupta and Kumar (2012), who found that employee perceptions of performance appraisals play an important role in promoting engagement at work among Indian IT professionals. This confirms the foundation of Social Exchange Theory that high satisfaction with performance appraisal results in feelings of being supported and treated fairly, which in turn leads O&G professionals to invest

more in their work and show higher levels of energy and enthusiasm for their work (Schaufeli, 2014). The results of the current study highlight the importance of general performance appraisal and Performance Appraisal Satisfaction (Ismail and Gali, 2016) to achieve desired behavioral outcomes in the workplace, particularly high levels of Work Engagement.

Work Engagement and Turnover Intention

The findings of this study highlight that work engagement is a strong predictor of turnover intention. Highly engaged employees are not only physically engaged in their work roles, but are also cognitively connected and show greater levels of emotional attachment to their work. Consistent with the results of this study, researchers (e.g. Juhdi et al., 2013) argue that highly engaged employees have significantly less intention to leave.

Performance Appraisal Satisfaction, Work Engagement and Turnover Intention

The results show that Work Engagement mediates the relationship between Performance Appraisal Satisfaction and turnover intentions. The current findings are consistent with previous research that found work engagement as a mediator between antecedents and outcome constructs (Memon et al., 2017). Performance Appraisal Satisfaction is an individual's positive feeling or perception regarding the organization's performance evaluation process. The main functions of HRM, such as employee training and development and compensation ultimately depend on the information obtained during the appraisal process (Ismail and Gali, 2016). Therefore, a fair rating system is very important if employees are to be satisfied. Therefore, Performance Appraisal Satisfaction results in positive employee attitudes in the workplace, particularly high levels of Work Engagement, which in turn reduces employee voluntary resignation. To summarize, these findings are in line with previous research and confirm our claim that Work Engagement plays an important role in linking Performance Appraisal Satisfaction with turnover intention among Malaysian O&G professionals.

Conclusions

The results show a strong causal relationship between Performance Appraisal Satisfaction, Work Engagement and Turnover Intention. In short, Performance Appraisal Satisfaction was found to be a predictor of Work Engagement, and Work Engagement has a Positive impact on Turnover Intention. Furthermore, Work Engagement is proven to be a mediator between Performance Appraisal Satisfaction and Turnover Intention..

Suggestions

Future research can use other variables to predict Turnover Intention, with different samples in different districts.

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