

THE MODERATING EFFECT OF EMPLOYEES' ATTITUDE TOWARDS EFFECTIVE IMPLEMENTATION OF PERFORMANCE MEASUREMENT SYSTEM IN PRIVATE HIGHER EDUCATION INSTITUTION (PHEI) IN WEST JAVA, INDONESIA

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ABSTRACT

The existence of performance measurement system (PMS) in the field of higher education institution is important to ensure the quality of education is maintained. Nevertheless, the function of performance management itself must be clearly defined to the lecturers or educators for the enhancement of their career growth. This paper tries to investigate the effect of the attitude of the educators towards the successfulness implementation of the PMS. Management of PHEI is in dilemma on the best interventions to put in place to manage the performance of educators effectively in order to enhance the PHEI's effectiveness. A total of 200 educators from various universities and Colleges in West Java, Indonesia had been randomly selected to perform the survey. Quantitative method has been used in this research using the Pearson Correlation Analysis, Regression Analysis and Multiple Regression and PLS-SEM.

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1. INTRODUCTION

The private higher educational system is experiencing a paradigm shift in evaluating the performance of the educators which is important to ensuring the quality of education in the particular colleges or universities in Indonesia. The importance of the private educational system to the nation could not be ignored due to the increase in the number of students enrolled in it every year for the past five years. Past literatures have acknowledged the importance of measuring the level of quality and performance in these private higher educational learning to improve the level of education of the younger generation. Thus, this research would investigate the role of employees' attitude in the implementation of PMS in the private higher educational Institution (PHEI) system. The lack of understanding of the academician on the PMS itself has been identified as the stumbling block for better performance. The employees' attitude factor has been identified as a cause of successful implementation of PMS in PHEI. This is mainly because it could affect the level of productivity and relationship between employees and

employers. The performance monitoring & review, policy & procedures, communication & feedback, training & development, motivation & reward are also being identified as the critical success factors (CSF) for successful PMS implementation in this research.

2. LITERATURE REVIEW

The increasing attention emerged among scholars during the last decade on the performance management system for reducing the problem in the education institutions. Initiatives and concerted efforts have been performed to identify the right employee attitude that could drive the management objectives, goals and mission and correlate positively with the level of performance of the firm (Misener et al., 1996; Moorhead & Griffin, 1992; Aldag & Kuzuhara, 2002). The enhancement in performance of the educators is vital to ensure the higher learning institution achieve its objectives. However, the relevance of performance management is remaining inexpensive and ineffective due to the lack of monitoring (Ghosh & Das, 2015). The system itself should be designed to suit the HEI environment and thus, not one approach suit all. According to Boipono, Tsomele & Mogadime (2014), the internal environment factors in the HEI should be evaluated and examined before implement any PMS. This is because, the educators need to be educate on the measurement and thus, will give better understanding on how they are being evaluated and would resulted in better job performance and satisfaction. Mohd Haizam Mohd Saudi (2014) discuss on the impact of employees' attitude and the contribution to the policy makers in determining the suitable method in implementing any PMS in the organization. Elverfeldt (2005) stated that there are three ways for improvement of the performance appraisal process. First, the appraisal source should be valuable. Secondly, the appraiser should be receiving more and better training in the development of objective. Third, the frequency of the feedback.

The scholars found that an effective performance measurement system would affect the employee attitude that could leads to better performance. Hence, it is critical to research the role of attitude and behaviour of employees in order to produce better results rather than concentrating on managing the organisation. Empirical studies confirmed that employee attitude such as job satisfaction was related positively with the work outcome or performance (Misener et al. 1996; Moorhead & Griffin 1992).

3. OBJECTIVE OF THE RESEARCH

1. To identify the internal environment factors in private higher learning institution
2. To identify employees' attitude as the moderating factor for relationship between performance and critical success factors
3. To suggest for effective implementation of performance measurement system in Private higher education institutions (PHEI) in West Java

3.1 Critical Success Factors for use of performance management in higher educational institutions

The factors affecting effective use of performance management identified in this research are performance monitoring & review, policy & procedures, communication & feedback, training & awareness and motivation & reward (Saudi, 2014).

I. Performance monitoring and review

The performance monitoring and review performed by the management must take into consideration the fact that the workers must know what is expected from them before the process can start (Harris 1994). However, performance management has often been misunderstood by the management, and human resources personnel have been unable to reap the benefits from the PMS (Steers & Black 1994; Coutts & Schneider 2004). The issue of accuracy in the performance appraisal is sensitive because it could determine one's career and the organisation's performance and thus, special attention has to be given to it in order to understand the whole process of the PMS (Longenecker, Gioia & Sims 1987).

II. Government Policies and Procedures

One of the major challenges in adopting the PMS has been the policies and procedures factor. The equity and fairness of the matrix system should be evaluated in order to ensure that the positive impact would emerge from the whole PMS process. This would be due to the fact that in order for the workers to be effective, they must behave fairly and make sure that others have been convinced of their fairness (Greenberg 1987). Pulakos (2009) proposed that the procedural and performance management processes might be challenged because of the usage of the legal requirement in the PMS especially in terms of promotion, reductions in force, pay and bonuses. A firm would affect the welfare and rights of the employees through policies and procedures. Moreover, organisational conducts should merely be based on the clear policies and procedures. Thus, it is critical for organisation such as PHEI to establish clear guidelines and procedures that would lead to the success of the PMS implementation.

III. Communication and feedback

The communication and feedback could play a major role in implementing a new performance management system whereby the workers would be able to discuss with their managers in order to obtain the highest point in the performance appraisal. However, Haque and Moore (2004) argued that the feedback gained from the performance management system results should be given attention to and simultaneously the indicators have to be required to assess achievement.

IV. Training and Awareness

Training and awareness are the hallmark of good management by giving present and new employees the skills to perform the job' (Dessler, G. 2008, p. 248). Thus, the need for training is vital in order to disseminate the awareness of the PMS among the employees and management because the PMS processes require a high level of commitment and understanding from them. Carlopio, Anrewartha and Armstrong (1998) have suggested that it has been vital for the management to use training as the source of motivation for the

employees so that the problems and the resistance that follow the new PMS would be overcome.

V. Motivation and Reward

The task of educating the employees and managing an organization has been strongly correlated with the corporate culture. The perception of the employees towards the PMS and their reaction must be evaluated because it could affect the performance. Thus, knowledge on the culture is essential in motivating people in the firm (Fatehi 2008). Moreover, studies have suggested that the motivational factor consists of the need of belonging among the members in the organisation and the value of social relationship. Hence, these two major concerns in motivation and learning should find the right incentives and the correct way to administer them.

THEORETICAL FRAMEWORK

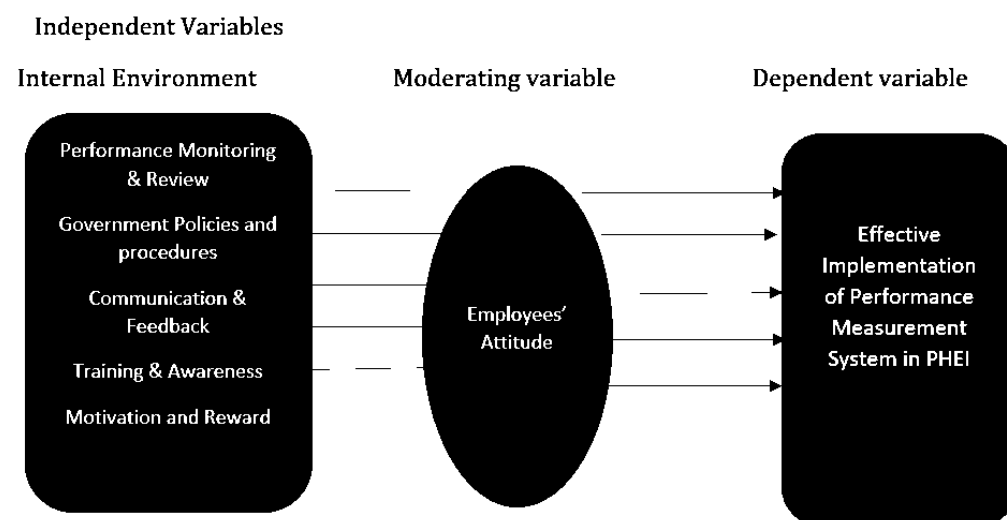


Fig. 1. The Conceptual Framework factors affecting effective use of performance management system in Private Higher Educational Institution (PHEI)

4. RESEARCH METHODOLOGY

Descriptive survey is adopted in conducting this study. It entails selecting samples to analyse and discover occurrences, quantitatively assess information and make conclusion. This investigation is performed by interviewing 100 employees in higher educational institution in West Java. Data was analysed using descriptive statistical techniques such as frequency distributions and percentages. Multiple regression was used to establish and to explain the relationship between performance management and the independent variables (Performance monitoring & review, Policies & Procedures, communication & feedback, training & Awareness and Motivation & reward). The structured questionnaires as the research instruments. Results of the analysis were presented using tables.

The Statistical Software Package for Social Science (SPSS) 16 generated for descriptive statistics and established relationship between the dependent and independent variables of the study. The model below was used to determine the quantitative association between the variables:

$$Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + \sum$$

where $b_0, b_1, b_2, b_3, b_4, b_5$ are constants;

X_1 = Performance Monitoring and Review

X_2 = Policies and Procedures

X_3 = Communication & Feedback

X_4 = Training & development

X_5 = Motivation & reward

And \sum is the Error Term.

5. RESULTS AND DISCUSSION

Multiple regression analysis is used to determine whether independent variables simultaneously impact the dependent variable (Y) or not. For this analysis, performance management is used as the dependent variable (Y) and performance monitoring and review (X_1), Policies & Procedures (X_2), Communication & Feedback (X_3), Training & Development (X_4) and Motivation & Reward (X_5) as independent variables. These elements and the result of multiple regression analysis were presented and interpreted accordingly.

Table 1: The performance management system in PHEI model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
.935	0.876	0.864	0.856	0.312

Table 1 reports the model of performance management in Higher Educational Institution with the coefficient of determination $R^2=0.856$ at 0.05 significant level. The coefficient of determination indicated that 85.6 % of the variation in the Performance Management for the sample of 100 can be explained by performance monitoring and review (X_1), Policies & Procedures (X_2), Communication & Feedback (X_3), Training & Development (X_4) and Motivation & Reward (X_5).

Table 2: PM regression model

Variables	R Value	R-Square	B	Std. Error of Estimate	P-value	Conclusion
Constant			1.708	0.105	<0.05	
Performance Monitoring & Review (X_1)	0.43	0.18	0.243	0.31	<0.05	Significant
Policy & Procedures (X_2)	0.17	0.03	0.06	0.33	<0.05	Significant

Communication & Feedback (X3)	0.25	0.06	0.072	0.33	<0.05	Significant
Training & Development (X4)	0.22	0.01	0.08	0.34	<0.05	Significant
Motivation & Reward (X5)	0.24	0.04	0.162	0.32	<0.05	Significant
X1+X2+X3+X4+X5	0.28	0.08	0.17	0.32	<0.05	Significant
X1+X2+X3+X4+X5 & Employee Attitude	0.31	0.10	0.10	0.32	<0.05	Significant

The above table evaluates and interprets the standardized coefficient of correlation (beta). In this study, after estimation of contribution it is established that all independent variables are significantly contributed in variance of the performance management at 5% significant level. The coefficients are significant and the regression equation will be:

$$Y=1.708+0.43 X1+0.17 X2 +0.25 X3+0.22 X4+0.24 X5$$

Performance monitoring and review is positively related to performance management in higher educational institution with $\beta=0.243$ ($p<.05$). Therefore, it is found that performance management is positively affected by performance monitoring and review. That means it is proved that on the basis of employees' performance, performance monitoring and review is crucial for effective implementation of PMS.

Policies and procedures is positively related to performance management in private higher educational institution with $\beta=0.006$ ($p<.05$). Therefore, it is found that performance management is positively affected by policy and procedures. That means it is proved that on the basis of employees' performance, policy and procedures is crucial for effective implementation of PMS.

Communication and feedback is positively related to performance management in higher educational institution with $\beta=0.072$ ($p<.05$). Therefore, it is found that performance management is positively affected by communication and feedback. That means it is proved that on the basis of employees' performance, communication and feedback is crucial for effective implementation of PMS. Thus, upon implementation of PMS, the employees must fully understand the requirement by higher level of management.

Training and development is positively related to performance management in higher educational institution with $\beta=0.08$ ($p<.05$). Therefore, it is found that performance management is positively affected by training and development. That means it is proved that on the basis of employees' performance, training and development is crucial for effective implementation of PMS.

Motivation and reward is positively related to performance management in higher educational institution with $\beta=0.162$ ($p<.05$). Therefore, it is found that performance management is positively affected by motivation and reward. That means it is proved that on the basis of employees' performance, motivation and reward is crucial for effective implementation of PMS.

Each component of the Independent variable had a significant proportion of its variance explained by Performance Management components. However, with the existence of or in combination with Employee Attitude, the R square increased to 0.31, R square was 0.10 with a p value less than 0.001. Thus, each component of Independent variable and Employee Attitude had significant proportion of its variance explained by Performance Management components.

6. CONCLUSION

The internal environment gives an impact on the organization in implementing the performance management system to be followed by the employees. The resource base view (RBV) of the organization and the appropriate strategies must be implemented by the management in ensuring full compliance during the planning, implementing and evaluating the performance management processes. Thus, devising appropriate strategies are crucial to the survival of the organization and to compete with the competitors. Some of the strategies for effective implementation of performance management are discussed in the following below:

I. The employees of PHEI were not able to grasp new knowledge or new skills. Furthermore, a healthy hierarchy should be generated in PHEI so that it would stimulate the integration of the vertical relationship between the managers and their subordinates. Thus, the success of today's organisation would depend heavily on integration, speed, innovation and flexibility whereas, in the past, the crucial part or the success factor would be the size, control and specialization and role clarity (Ashkenas et al. 2002).

II. In this research, it proved that the success of PMS implementation is contingent on PHEI's employee attitude. If employees are motivated to know PMS, they will perform better. Highly motivated or high-performer individuals learn better because they are motivated to learn. Therefore, when employees are aware of the goals of PMS, willing to learn, and perceive that PMS in PHEI is useful, learning outcomes will be improved.

III. Attitude towards jobs was found to be a contributor towards the successfulness of PMS implementation. This indicates that when employees have a positive attitude towards their work, they will tend to view the negative behaviour that reduces the level of productivity, to be wrong. Furthermore, the commitment of the employees could only fully be gained by creating adequate training and awareness. According to Cascio (1998), the management should be responsible for implementing adequate training as the new performance measurement has emerged and the task of educating the employees has been found to be critical. Hence, the role of the management is not only to perform the selection of suitable employees by providing benefits to the staff but also

to provide adequate training and to promote awareness of their employees (Dessler 2008).

IV. The need for training has been found to be critical in order to promote the awareness of the PMS throughout the organisation. "Training and awareness are the hallmark of a good management by giving present or new employees the relevant skills to perform the job" (Dessler, G 2008, p. 248). Thus, the PMS processes should require a high level of commitment and understanding from the employees. Furthermore, the training and awareness should be given priority by the management in order to bring organisation to greater heights in the level of services towards the customers.

V. The employees' attitude will determine the successfulness of the PMS implementation and the right attitude will ensure the planning, implementation and evaluation stage in the strategic management process is being followed accordingly. The failure to recognize the importance of employees' attitude will hamper the effectiveness of the management system being implemented in the organization especially in the private higher education institution (PHEI).

VI. Performance monitoring and review has been found in this research as the critical element to ensure the PMS is being implemented successfully and effectively. The crucial part is that the employees need to be continuously monitored from time to time to ensure that the productivity of the firm is always at satisfactory level and thus would ensure the stability of the overall performance of the company. It also would ensure the level of quality that is vital to the institution especially in the education industry in West Java, Indonesia.

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