

CHAPTER I

INTRODUCTION

1.1 Background of The Study

The performance of an organization has a strong connection with employee performance. Performance is fundamentally outcome of work that a person or group of people in the organization can accomplished, along with the authority and responsibilities of each in order to try to reach organizational goals in question legally, do not break the law and in accordance with moral and ethical (Prawirosentoso, 2018).

In this manuscript, the researchers will discuss about performance appraisal in the organizations or business and how it motivates employees. Motivation is the power that triggers someone to act or perform the work that leads to attain his or her goals. As a result, motivation is essential for employee's performance because it has significant function in job performance and necessity for leading the employees towards major objectives (Ghaffari, 2017).

This research is conducted in PT Tyremaster Mandiri Indonesia. PT Tyremaster Mandiri Indonesia is located at Jend Gotot Subroto No. 132 C-D. PT Tyremaster Mandiri Indonesia is a company engaged in a modern workshop that is ready to provide repair services and sales of car parts. Below is the table of employee division in PT Tyremaster Mandiri Indonesia.

Table 1.1.
Employee Division PT Tyremaster Mandiri Indonesia

Divition	Total Employee
HRD	7
Logistic	3
Sales and Marketing	8
Service	10
Accounting	5
Operational	6

Sources: PT Tyremaster Mandiri Indonesia, 2021

The table above shows that the total employee in the company is 39 people divide by 6 division. HRD department have 7 employees, logistic department have 3 employees, sales and marketing department has 8 employees, service department has 10 employees, accounting department has 5 employees and operational department has 6 employees. All of the employees are included in the studies as sample. All employees are affected and connected to making a business successful.

Employees have an important role in making a business successful. A company will have higher chance to succeed if the employees are motivated to work hard and productive in their job. To encourage employees to adopt those behaviors, a company needs to apply performance appraisal. A manager and business leaders will then give feedback on their performance so the employees know what areas need to improve. In the organizations, the main challenge is what motivational factors that are suitable and qualified for enhancing the job performance to attain the main objectives of the organizations (Stella, 2008; Ghaffari, 2017). In the implementation, different organizations may receive different results from each

approach. Therefore, to classify and address those expectations and results, the comprehension of motivational factors is required.

Table 1.2
Sales Data
2016-2020

Year	Sales
2016	20,070,387,000
2017	18,693,764,000
2018	18,000,650,000
2019	16,369,475,000
2020	10,443,551,000

Sources: PT Tyremaster Mandiri Indonesia, 2021

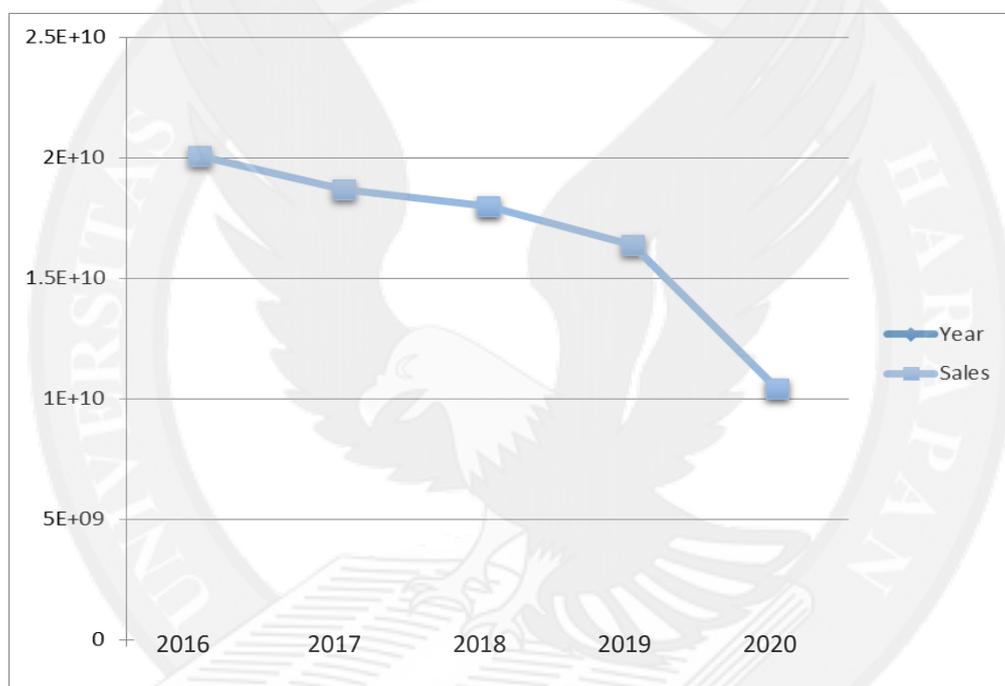


Figure 1. Sales Data (2016-2020)

Sources: PT Tyremaster Mandiri Indonesia, 2021

A successful and healthy business has a good sale which is maintaining or increasing sales each year in order to develop. No business can survive for a significant amount of time without making a profit. From the table and figure above, it can be seen that the sales data was declining each year from 2016-2020 which shows that the company condition is not good. In order to boost up the sales,

employees have an important role in making a business success. A lot of organizations have adopted performance appraisal as a way or process to help in improving employees performance (Daonis, 2016). Performance appraisal has been trusted to become a strategic tool used for improving organizational effectiveness. Performance appraisal goes along with evaluation, performance review, assessment and personnel appraisal. In any organization, performance appraisal has testified to be necessary when we address organizational success. Any organization success depends deeply on how well the employee performance is effectively managed. The performance appraisal is a significant form of career development which covers a standard review of employee performance in an organization and delivers feedback to the employees (Paul et al., 2017). In addition, performance appraisal is defined as “a structural formal interview between subordinate & supervisor, that usually takes the form of periodic interview (annually or semi-annually), in which the work preference of the subordinate is examined and discussed, with the view of identifying the weaknesses and strengths as well as opportunities for improvement and development” (Senyah et al., 2016). Performance appraisal is a continuing process by checking and measuring every employee input to know their strengths and weaknesses. Then, the results are communicated back to them as a feedback. The results of evaluation may lead to the need of employees for training, rewards, development, motivation and good interpersonal relationship in an organization.

Planning appraisal process is an important subject in the company as well as government organizations. Every year government spends a lot of money and time to conduct appraisal process in their organizations in order to reach their

objectives such as manpower development. Manpower development includes skill and knowledge improvement, promotions, punishment, salary increase and performance feedback. Every person in the organization must have awareness on his or her strength and weakness of their performance and behavior. With such awareness, the members or employees will resolve his or her problems and reach the objectives of its organization.

Basically, the reason for conducting an appraisal is to improve the performance of the workforce to boost up employee motivation. Work motivation provided by companies is not good in terms of rewards for employees (who have good performance or who behave well, who are diligent and who always obey the rules) and promotion of positions for employees who have high performance. This causes many employees to be dissatisfied so that the impact on employees experiencing boredom at work and the level of violation of regulations has increased. Performance appraisal that is still not objective and the rules of assessment are still unclear for employees. This triggers low employee performance. Based on this problems, a research is conducted with the title **“The Influence of Performance Appraisal on Employee Motivation at PT Tyremaster Mandiri Indonesia”**.

1.2 Problem Limitation

Restrictions should be made to avoid discussing issues that are too broad so that the issues are out of the problem to be examined. Therefore, the researchers

limit the scope of the problem between the “Performance Appraisal” towards “Employee Motivation” at PT Tyremaster Mandiri Indonesia.

1.3 Problem Formulation

Based on the observation that is done by the writer at PT Tyremaster Mandiri Indonesia, the writer finds several questions, which are:

- i. How is the performance appraisal system in PT Tyremaster Mandiri Indonesia?
- ii. How is the condition of employee motivation in PT Tyremaster Mandiri Indonesia?
- iii. How significant is the influence of Performance Appraisal on Employee Motivation in PT Tyremaster Mandiri Indonesia?

1.4 Objective of the Research

Based on the problem identification proposed in previous point, the objectives of this research are:

- a. To analyze performance appraisal in PT Tyremaster Mandiri Indonesia.
- b. To analyze employee motivation in PT Tyremaster Mandiri Indonesia.
- c. To find out the influence of performance appraisal on employee motivation in PT Tyremaster Mandiri Indonesia.

1.5 Benefit of the Research

In this research, PT Tyremaster Mandiri Indonesia and the author will perceive theoretical and practical benefit stated below:

1.5.1 Theoretical Benefit

- a. To help readers understand the influence of performance appraisal on employee motivation
- b. To be the reference for other researchers in the future regarding topics related to performance appraisal and employee motivation.

1.5.2 Practical Benefit

The results of this research can be used as a reference or recommendation to the company about how to improve performance appraisal in PT Tyremaster Indonesia, so that Employee Motivation can be improved.

