EMPLOYEES' PERCEPTION TOWARDS THE PERFORMANCE ASSESSMENT SYSTEM AND SALARY SYSTEM

(A Case Study at PT. Telkom Indonesia, Malang Regional Office)

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Abstract— **This paper aims to seek employees' unsolicited perception toward the implementation of performance assessment system (PAS) and salary system (SS) in PT. Telkom Indonesia Kandatel Malang. The questionnaire used in this study was such a simple form that respondents were free from a priori judgments in answering the questions. The data were then transformed into numerical representation through the Prasetya-Kato weighting process in order to curve out the true perception of the respondents. The result showed that perception of the employees for the assessment system and the salary system was synonymous to the corporate intention.**

Keywords—component; perception, performance assessment system, salary system, weighting

I. INTRODUCTION

In a highly competitive era of globalization, companies need high performance. According to Kinlaw (1988), employees 'perception is very important, but rarely considered. It is often seen that a performance appraisal is considered as just a formality and is very boring. This is because the results of performance appraisal are not often followed by any feedback.

PT. Telekomunikasi Indonesia Tbk, or known as PT. Telkom is one of the companies operating in the field of telecommunications services in Indonesia. PT. Telkom has been progressing rapidly with the changes in quality of service. The changes are represented by the slogan "Committed 2 U". Related with the change the efforts to improve the quality of human resources cannot be ignored. PT. Telkom hence needs to implement a good performance appraisal and salary systems to enhance employees' motivation and their performance.

This paper aims to elucidate the employees' true and unsolicited perception towards the implementation of performance appraisal system and salary system in PT Telekom by using an innocuous questionnaire to avoid any pre-judgments by the respondents. The survey results were then transformed to a set of numerical representation by using Prasetya-Kato weighting process (Prasetya & Kato, 2010).

A. Perception

In behavioral studies, there are many experts who define the meaning of the perception. Perception according to Kotler (1997) is the process through which people in choosing, organizing and interpreting information in order to form a meaningful picture of the world. According to Gibson (1996) is the process of person perception in understanding the environment that involves organizing and interpretation as stimuli in a psychological experience.

Perception is an internal process that allows us to choose, organize, and interpret stimuli from our environment, and the process is affecting us (Mulyana, 2001). According to Robbins (1996) perception can also be interpreted as a process by which individuals organize and interpret their sensory impressions to give meaning to their environment.

Perception assist individuals in selecting, managing, storing, and interprets stimuli into a whole world picture and meaning. Because each person is giving their own meaning to the stimulus, the individual can differ in seeing the same thing in different ways. From these definitions it can be withdrawn some digest the concept of perception, namely:

- Perception is the organization of information about the environment, whether obtained through vision, hearing, appreciation, feeling, and olfaction.
- That organization is not recording information that is true about the situation but it is a unique interpretation and even can be very different from the reality.
- Perceive the action usually involves the introduction of back, compare, absorb, and interpret and establish the meaning and characteristics of object perception.

It can be concluded that the perception determines the direction and shape a person's behavior.

B. Performance Assessment System (PAS)

The performance evaluation (performance appraisal) is a key factor in order to develop an organization effectively and efficiently. Individual performance appraisal is very beneficial for the growth dynamics of the organization as a whole.

Furthermore, regarding definition of performance appraisal Grote (2002) stated that "Performance appraisal is a formal management system that provides for the evaluation of the quality of an individual's performance in an organization". Performance appraisal is "the process of evaluating how well employees perform their jobs when compared to a set of standards, and then communicating that information to those employees "(Mathis and Jackson, 2000).

ACAS booklet (2005) provides general principles in formulating a good performance assessment system: what is the purpose of performance assessment?, who should be assessed?, who conducted the assessment?, how often should the assessment take place?, what methods are used in assessing employee performance?, how the interviews conducted?.

C. Salary System (SS)

The rewards can motivate some employees but not necessarily other employees. Employees will be motivated to do better work when they feel the benefits granted distributed fairly. Perceived lack of fairness and worthy causes give rises to various problems.

Fairness is a fundamental factor of the compensation or salary system (Newman & Milkovich, 2004). A statement such as "fair treatment for all employees" reflects a concern for justice. The purpose of justice focus on making compensation systems that recognizes both the contribution of workers (the higher the performance or experience or training the higher the compensation given) and the needs of workers (giving minimum wages, or health insurance).

Salary is a key factor that can affect relationships in the workplace. The level and distribution of salaries and allowances can have a major influence on the efficiency of any organization, as well as on the morale and productivity of labor. Ideally, the system must be simple and clear to follow and understand, so workers can easily find out how they are affected. (ACAS Booklet, 2005; Simamora, 2004).

II. METHODOLOGY

This survey was conducted at PT. Telkom Kandatel Malang which is a company engaged in telecommunication services in Indonesia. The respondents in this survey are permanent employees of PT. Telkom Kandatel Malang with working experience more than 3 years. The sampling technique was a proportional random sampling technique. To determine the ideal sample size for a population, Slovin's formula is used with margin of error 10% (Umar, 2004). Then the sample size turned out to be 57 respondents.

As the authors were interested in the true perception of employees against performance assessment system and the salary system, a simple questionnaire (see Appendix) was created as per the ACAS booklet (2005). Such a simple questionnaire would not give the respondents any pressure to respond in line with what the company may want them to answer. Furthermore the respondents were allowed to answer multiple choices wherever they feel like it in order to remove any constraints that they needed to answer only one. The obtained survey data was then subjected to the weighting from 1 to 10 as shown in the parentheses in the Appendix. Consequently the total score on a single question could exceed 10. This process (Prasetya-Kato Process) allows a conversion of an innocuous questionnaire survey into a meaningful results as per proposed by the authors. (Prasetya & Kato, 2010).

III. RESULTS AND DISCUSSION

A. Performance Assessment System at PT. Telkom Kandatel Malang

PT. Telkom as one of the large SOEs, the main human resource management on performance management has been very good. It can be seen that the PT. Telekomunikasi Indonesia, Tbk (Telkom) won the highest award for the category "The Best of Performance Excellence Achievement" 2006 from the Indonesian Quality Award (IQA) Foundation. Accomplishments achieved by Telkom shows that the management of performance management is excellent, Telkom is expected to be a role model for all state-owned Indonesia in particular and the entire corporation in Indonesia and the region in general.

One of the performance management conducted an assessment of performance. Employee Performance Appraisal System in PT Telkom conducted by using Management By Objective (MBO) based on Individual Performance Target (IPT/SKI = Sasaran Kinerja Individu) and the Unit Performance Target (UPT/SKU = Sasaran Kinerja Unit). Before the assessment conducted Individual Performance Target (SKI), there should be a weighting of each Key Performance Area (KPA / BPK = Bidang Prestasi Kunci) by considering core business as well as the level of difficulty / level of dependency / external factors that affect. With this method of performance appraisal carried out on a unit as a whole to employee performance either individually or in a group with the objective / target set previously (predetermined objective) with the actual achievement. Assessment performed by 5 assessors, time of assessment conducted every 3 months for SKI and once a year for employee competency. The categories and indicators of performance appraisal used in employee performance appraisal system are: 1) Employee Performance Assessment category based on the achievement of the work program, with the work program assessment indicators include: an indicator of time and output indicators; 2) Category Managerial Competencies, with assessment indicators are capability moving subordinates, motivate, exemplary, the ability to make decisions quickly and accurately, ability to convey clearly the problem, the ability to break down the problem (analytical thinking ability), the ability to provide guidance to subordinates (coaching), initiative, ability finding information, understanding people capability, ability affect other people, capability building a working relationship with others (team work), conceptual thinking ability, expertise, trust.

Performance of PT. TELKOM is influenced by the quality of human resources and technology used. Employee performance of PT TELKOM assessed by the Working Value of Individuals (NKI = Nilai Kinerja Individu), who evaluated quarterly. From the highest score (P1) and lowest score (P4), where it will affect the reward given the increase in allowances and job position.

Perception to Performance Assessment System

Total Weighted Scores	Frequency	Percentage
3,00	1	1,8
4,00	3	5,3
6,00	31	54,4
7,00	6	10,5
9,00	4	7,0
13,00	2	3,5
15,00	1	1,8
16,00	1	1,8
20,00	1	1,8
22,00	2	3,5
24,00	1	1,8
26,00	1	1,8
29,00	3	5,3
Total	57	100,0

The highest frequency was at 6 points which means that 31 (54,4%) respondents singularly answered the purpose of the PAS is for an assessment on future potential because 6 points represents uniquely "Assessment on future potential / promotion" (cf Appendix). Needless to say there are other people who also answered this but along with other purposes. Therefore it is safe to say that the main perception of the respondents for the purpose of assessment in PT Telecom is "Assessment on future potential / promotion".

Table 2 below is the responses on the type of performance assessment being done.

TABLE II. TYPE OF PAS

Total Weighted Scores	Frequency	Percentage
6,00	11	19,3
9,00	40	70,2
15,00	2	3,5
18,00	3	5,3
19,00	1	1,8
Total	57	100,0

Of the 57 respondents, 40 (70.2%) persons had score 9 and 11 (19.3%) persons had score 6, the rest chose the multiple answers. The most respondents (40 people) singularly answered that the type of performance assessment is based on employees' "competency".

Regarding the frequency of implementation of PAS, whether Annually, Bi-Annually, quarterly, or otherwise, can be seen in the table below.

TABLE III. FREQUENCY OF PAS

Total Weighted Scores	Frequency	Percentage
3,00	1	1,8
5,00	7	12,3
8,00	46	80,7
10,00	3	5,3
Total	57	100,0

From the table 3 can be seen that 46 (80,7%) respondents points out the PAS is implemented once a year, 7 (12,3%) respondents PAS is implemented every 3 month, 3 (5,3%) respondents response that PAS conducted twice a year. Therefore it can be concluded the almost all respondents knew when the PAS is implemented. The company conducts IPT/SKI in every 3 months and for competency once a year.

TABLE IV. COMPLETING TIME OF PAS

Total Weighted Scores	Frequency	Percentage
2,00	11	19,3
4,00	19	33,3
6,00	17	29,8
8,00	3	5,3
10,00	7	12,3
Total	57	100,0

As to the time required to complete the PAS, the table above shows that 11 (19,3%) people answered more than 1 month, 19 (33,3%) people answered 1 week, 17 (29,8%) people answered 1 months, 3 (5,3%) people answered 3 weeks, 7 (12,3%) people answered 2 weeks. The nature of this question is such that all respondents chose only one answer. It can be concluded that the average employee regarded differently about the length in completing performance assessment. This result is natural for each department has different workloads. However, most employees said that the timing of completion of this performance assessment is within 1 month.

TABLE V. METHODS OF PAS

Total Weighted Scores	Frequency	Percentage
3,00	4	7,0
4,00	13	22,8
6,00	6	10,5
9,00	32	56,1
25,00	1	1,8
28,00	1	1,8
Total	57	100,0

About the PAS methods that used by PT Telkom, the table above shows 4 people answered "narrative reports", 13 people answered "rating scales", 6 people replied "ranking", 32 people answered the "MBO technique" and 2 people said using this mixture of methods. As described in the beginning, that the assessment of performance at PT. Telkom was based on comparison with the objective or the Management By Objective (MBO). The survey result above showed that the most employees (56.1%) already understand the methods used in his company, namely MBO.

With respect to the interview style; if it is conducted friendly, participatory, flexible, or formal.

TABLE VI.   PERFORMANCE ASSESSMENT INTERVIEWS

Total Weighted Scores	Frequency	Percentage
3,00	17	29,8
5,00	2	3,5
7,00	8	14,0
9,00	28	49,1
12,00	1	1,8
24,00	1	1,8
Total	57	100,0

The table above shows that 17 (29,8%) respondents answered the interview conducted with a flexible manner, 2 (3,5%) respondents answered friendly, 8 (14,0%) respondents answered participatory, 28 (49,1%) respondents answered formal, and 2 (3,2%) respondents answered mix.

From the result above, it can be seen that almost 50% of respondents answered that a "formal performance appraisal" is implemented and 29.8% respondents answered "with participation". In other words, employees' perception of performance appraisal in PT. Telkom Kandatel Malang is conducted in a formal manner.

B. Salary System at PT. Telkom Kandatel Malang

PT. Telkom also has a good salary system by providing adequate compensation in the form of financial and non financial compensation. The financial compensation at PT. Telkom Kandatel Malang are salaries to the employees in the form of basic salary, incentive bonuses, benefits consisting of conjuncture allowances, allowances for job position, and performance benefits. Non-financial compensation is provided in the form of career development opportunities related to the promotion of employees and increasing rank / class of employees, self-development in which the employee is given the opportunity to develop themselves by following the training and his education which is expected to increase productivity and work performance of employees concerned.

The steps of the compensation (remuneration) in the PT. Telkom Kandatel Malang in 2010 include: PT. Telkom Kandatel Malang received the Contract Management from headquarters, in fulfilling the target of a unit valued employee, if targets are met and exceeded the standard then all employees will get the incentives, the incentives on each employee that is a one-time pay, whereas individual base salary and basic allowances for each individual are determined by the level of the band, period of employment and occupation.

Perception to Salary System

TABLE VII.   FAIRNESS OF SALARY SYSTEM

Total Weighted Scores	Frequency	Percentage
Unfair	1	1,8
Okay	34	59,6
Fair	22	38,6
Total	57	100,0

Table 7 shows the respondents view on the current implementation of the Salary System. It shows that 22 (38,6%) employees said that the Salary System was carried out as fair and 34 (59,6%) employees said okay, and 1 (1,8%) said unfair.

TABLE VIII.   COMPETITIVENESS OF SALARY SYSTEM

Total Weighted Scores	Frequency	Percentage
Low	2	3,5
Standard	36	63,2
High	19	33,3
Total	57	100,0

Regarding the competitive level of the SS against other companies, from the above result shows that 36 (63,2%) employees said the competitive level of SS is currently standard, 19 (33,3%) employees said high, and 2 (3,5%) employees said the competitive level of SS is currently low.

TABLE IX.   CLARITY OF SALARY SYSTEM

Total Weighted Scores	Frequency	Percentage
Unclear	0	0
Understandable	27	47,4
Clear	30	52,6
Total	57	100,0

Regarding the clarity of the SS in the company, the result shows that 27 (47,4%) employees said the system is understood and 30 (52,6%) employees said SS is implemented clearly.

Overall, the perception of employees regarding salary system implemented by PT. Telkom is currently good. This can be seen from the answers of respondents about the level of justice, salary level of competition with other firms, and clarity, where more than 50% of employees said fair enough, quite competitive, and clear.

IV.   CONCLUSION

A performance assessment that is applied by an organization with a certain intention may be sometimes perceived differently by the employees. However, the perceptions by the employees of PT. Telkom Kandatel Malang can be concluded that the majority (> 50%) already know and understand well about the purpose, type, timing, methods, and related interviews conducted, although there are some employees who have different views. Regarding the salary system at PT. Telkom Kandatel Malang in terms of the level of justice, competitiveness, and clarity, more than 50% of employees said fair enough, quite competitive, and it was clear.

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APPENDIX

Questionnaire

Question	Answer	
Performance Assessment System		
Q1 : What the Performance Appraisal process is used for ?	1. Assessment on future potential / promotion (6)	
	2. Assessment on training and development needs(9)	
	3. Compensation packages (7)	
	4. Succession planning (4)	
	5. Other.............. (3)	
Q 2 :What kind of Performance Appraisal does the company follow?	1. Competence based (9)	
	2. Personality type based (3)	
	3. Results based (6)	
Q 3 : When do you conduct the Performance Appraisal, what time of the year ?	1. Annually, (8)	
	2. Bi-annually,(10)	
	3. Quarterly (5)	
	4. Other................(3)	
Q 4 : How long does it take to complete the process?	1. 1 weeks (4)	
	2. 2 weeks (10)	
	3. 3 weeks (8)	
	4. 1 month (6)	
	5. More........ (2)	
Q 5 : Which method of Performance assessment does the company use?	a) Rating scales (4)	
	b) Management By Objective (MBO) / Comparison with objectives (9)	
	c) Critical incidents (5)	
	d) Ranking (6)	
	e) Narrative report (3)	
	f) Behaviorally Anchored Rating Scales (BARS) (7)	
	g) Other / mixture of the above methods.................(sum)	
Q 6 : How is the performance assessment system conducted?	a) Friendly (5)	
	b) Participatory (7)	
	c) Flexible (3)	
	d) Formal (9)	
Salary System		
Q 1 : The current pay system is...........	1. Fair (9)	
	2. Okay (6)	
	3. Unfair (3)	
Q 2 : How does competitiveness level of your pay system among the others companies?	a) High (9)	
	b) Standard (6)	
	c) Low (3)	
Q 3 : The current pay system is...........	a) Clear (9)	
	b) Understandable (6)	
	c) Unclear (3)	