

# The Impact of Electronic Performance Management Policy on the Performance of PT Pelabuhan Indonesia I (Persero)

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**Abstract:** This study aims to analyze the direct and indirect effects of the implementation of Electronic Performance Management on Key Performance Indicators, through mediation of Employee Job Satisfaction and Work Engagement Scale for employees at PT Pelindo I. The approach of this research is descriptive qualitative based on literature study, observation, and dissemination questionnaire. Sampling is done through a purposive sampling method which is a sample determination technique with the criteria of the employees of PT Pelindo I who have a working period of more than 3 (three) years. Data collected from the results of the questionnaire as many as 537 were then analyzed and tested using a variance-based Structural Equation Model (SEM) analysis technique, namely Partial Least Square (PLS) and processed using AMOS 20.0 software. The results showed that: "Electronic Performance Management" had a positive and significant effect on "Job Satisfaction"; "Job satisfaction" has a positive and significant effect on "Job Engagement"; "Job satisfaction" has a positive and significant effect on "Key Performance Indicators" and "Job Engagement" has a positive and significant effect on "Key Performance Indicators". This proves that the application of the Electronic Performance Management application is able to bring up endogenous factors in each individual in the form of job satisfaction and has full involvement and positive attitude towards work. Thus, Electronic Performance Management is able to encourage and accelerate individual performance, which in turn will have a positive and significant effect on company performance.

**Keywords:** E-Performance Management, Human Capital Management, Key Performance Indicator (KPI), PELINDO I.

## Introduction

Indonesia is an archipelago which is attached to several sea lanes that have global economic and military strategic weight. Until now, most of the world's major shipping lines pass through and utilize these routes as shipping lines, and even an estimated 90% of international trade is transported by sea, while 40% of these international trade routes pass through Indonesia. Indonesia is expected to gain many benefits from this maritime modality to accelerate growth in various regions in Indonesia, especially eastern Indonesia, build maritime competitiveness, and increase national economic resilience and sovereignty. Thus, the construction of the Sea Toll infrastructure needs to be hastened as an effort to equalize development sustainable. Sea Toll is perceived as a concept that makes the sea an effective means of connectivity between regions with ships that sail regularly and regularly from west to east Indonesia.

The role and task given by the Government to PT Pelindo I as a pioneer in the development of an international port that will become a port port in the waters of the Malacca Strait, in the western part of Indonesia, with the support of hinterland based on trade and industrial areas, encourages company management to improve the performance of organizations and businesses that the level of success can be measured and is able to give awards (compensation) to work units that contribute positively to the slick performance achievement. To that end, the management of PT Pelindo I built Electronic Performance Management (or abbreviated as EPM), which is a web-based application system as a medium in performance evaluation activities. The EPM can calculate and / or

measure the success rate of employees' work and provide an assessment to each employee on a monthly and annual basis. This system can also describe and show the interrelationships between the company's strategic targets and the individual performance targets of each employee.

The EPM system has a very flexible nature in its application and implementation because it adheres to the concept of the Balanced Scorecard in cascading and aligning the performance targets, where performance targets can be formulated according to the SMART concept (Specific, Measurable, Achievable, Realistic and Timely) (Doran, 1981). Robbins (2003) states that differences in the level of achievement that arises and occurs in each individual employee's performance can be influenced by individual ability factors and the intensity of the work done, organizational management support (organizational factors), and environmental factors (equipment and technological progress). Individual employee factors include individual attitudes and behavioral variables, including: motivation, commitment, loyalty, satisfaction and engagement. Setiawan and Mujiati, (2016) stated that the organizational structure had a moderate positive effect on performance management. If the organizational structure profile becomes more ideal (good), it will have a direct impact on the profile of the performance management process carried out by management. This shows that the quality of the results of the performance management process is also a reflection of the effectiveness of the quality of the company's organizational structure.

Seeing how powerful the role of EPM helps corporate management in organizational performance management activities and individual performance, encourages authors to conduct research to prove the extent of the role of EPM in driving the performance of an organization in this era of digitization that is full of challenges and uncertainties. Today many companies have innovated in their business, business models and business processes. If it is successful and becomes a unicorn in its industrial environment, the company must be able to measure and identify the talents who contribute to this success and measure the extent of the contribution made. This is needed so that rewards and compensation are carried out in a balanced and fair manner. To do that, of course we need a digital-based tool, which is able to become a medium in evaluating the performance of business units and assessing the performance of individuals in the business unit.

## **Literature Review**

### **Organizational Performance, Work Engagement, Job Satisfaction, Employee Performance**

Performance is the result of work that has a strong relationship with the strategic objectives of the organization, customer satisfaction and contributes to the economy (Wibowo, 2008). Performance can also be defined as a description of the level of achievement of the implementation of an activity / program / policy in realizing the goals, objectives, mission and vision of the organization as outlined in the strategic planning of an organization (Mahsun, 2006). Based on the opinions above, it is concluded that the essence of organizational performance is a picture of the results of the work of collaborative activities among members of the organization to achieve predetermined organizational goals.

According to Kahn, (1990), employee engagement as self-use of organizational members for their work roles; in attachment, employees use and express themselves physically, cognitively, and emotionally. Suff, (2008). defines employee engagement as a result that is measured or seen as a result of someone committed to something or someone in the best effort that is willing to be given. Job satisfaction can be defined as positive feelings employees have towards their work (Schermerhorn, Hunt and Osborn, 1998) or employee satisfaction and loyalty towards their work (George and Jones, 1996; Moorhead and Griffin, 1995). According to Meyer, et. al, (2002), job satisfaction is also a response that employees have on any job. Job satisfaction is also defined as employee responses to their work experience (Berry, 1998).

Performance is the result of work that has a strong relationship with the strategic objectives of the organization, customer satisfaction and contributes to the economy (Wibowo, 2008). Bernardin and Russel (2010) provide a definition of performance as follows: "performance is defined as the record of outcomes produced on a specified job function or activity during time period". Performance can also be interpreted as any movement, action, implementation, activity or conscious action directed to achieve a certain goal or target (Handyaningrat, 2004).

## **Research Hypothesis**

Based on the explanation above, a hypothesis can be formulated as follows:  
Waka research results (2017) namely there is a positive influence between work management on job satisfaction

There is a positive influence of Electronic Performance Management on Job Satisfaction

In his research Joushan, S.A. et. al (2015 states that organizational culture has a significant effect on work engagement. Likewise Mone and London (2010) state that performance management, if implemented effectively, will help and create and maintain high levels of employee engagement, which leads to higher levels of performance. This means that the better the cultural values and organizational performance adhered to by employees, the higher the level of work engagement.

There is a positive influence of Electronic Performance Management on Work Engagement.

2

Makaluaset. al (2017), from the results of his research concluded that job satisfaction has a very strong influence in influencing the creation of employee performance and organizational performance. The results of other studies from several researchers about the effect of job satisfaction on employee performance in organizations such as that conducted by Duserick (2007), Bartram and Gian (2007), Zeffane, et. al (2008, Lolita, et. al (2009), Yang, et. al (2010), Yang, et. al (2014), the results obtained about the importance of job satisfaction and have proven that job satisfaction affects the performance of employees who further contribute to organizational performance.

There is a positive influence of Job satisfaction on Work Engagement

3

Ying (2012) said that a good performance management system will have a significant positive impact on employee performance and organizational performance.

There is a positive influence of Electronic Performance Management on Key Performance Indicators.

4

The results of Sudrajat and Yuniawan's research (2016) are that the higher job satisfaction felt by employees, the higher the employee's performance.

There is a positive influence of Job Satisfaction on Key Performance Indicators.

5

Mwema and Gachunga (2014) in their study found that the performance management system through the application of performance appraisal on employees has a positive effect on employee productivity. In this study, it was found that employees are motivated to increase their productivity and by getting feedback from their work employees can find ways to make improvements.

There is a positive influence of Work Engagement on Key Performance

6

Indicators.

### Conceptual Framework

Based on the literature review description and hypothesis above, a conceptual framework model is made as shown in Figure 1 below:

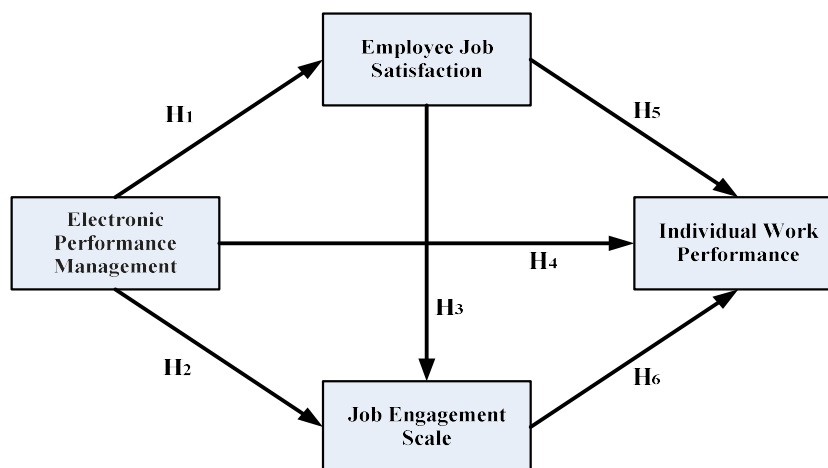


Figure 1: Conceptual Framework

## Research Methodology

This research uses a quantitative research approach, which is defined as a research method based on the philosophy of positivism, used to examine a particular population or sample. Sampling techniques are generally carried out randomly, data collection using research instruments, quantitative and statistical data analysis with the aim to test the hypotheses that have been set (Sugiyono, 2012). Data retrieved using survey method. Survey research method according to Kerlinger (2006) is research conducted on large and small populations, but the data studied are data from samples taken from that population. The population of this study are all employees of PT. Pelindo I which has a minimum service period of 3 years. Samples taken were 573 people. From 573 questionnaires distributed as many as 537 questionnaires were returned and 36 were returned but with incomplete data. All indicator or item has already been tested with criteria of validity using factor loading more than 0.35 which means the indicators are valid and the criteria for reliability with Cronbach's Alpha  $>0.60$  which means they are reliable. The data were analyzed and tested using Structural Equation Model (SEM) analysis techniques based on variance, namely Partial Least Square (PLS) and processed using AMOS 20.0 software. The model has been tested using the goodness of fit model test and based on the values of GFI, RMSEA, RFI, NFI, TLI and CFI, the goodness-of-fit model was concluded. Therefore, testing of theoretical hypotheses can be continued.

## Hypothesis Test Result

Hypothesis test result can be seen in Table 1 below:

**Table 1: Hypothesis Test Result**

Hypothesis	Coefficient	rob	Conclusion
H1: Electronic performance management has positive effect on job satisfaction.	0.730	.000	Ho rejected
H2: Electronic Performance Management has positive effect on work engagement.	0.052	.390	Ho accepted
H3: Job satisfaction has positive effect on Work Engagement.	0.295	.000	Ho rejected
H4: Electronic performance Management has positive effect on Key Performance Indicator	0.031	.484	Ho accepted
H5: Job Satisfaction has positive effect on Key Performance Indicator	0.055	.167	Ho rejected (Alpha 0%)
H6: Work Engagement has positive effect on Key Performance Indicator	0.726	.000	Ho rejected

Source: Data processed, 2019

Based on the result from table above, We can conclude that hypotheses is accepted if the p-value is less than 0.05. Therefore, we can conclude that hypotheses 1, hypotheses 3, hypotheses 5 and hypotheses 6 is accepted as their p-value is less than 0.05.

## Conclusion

Based on the results of research and discussion that has been described previously, it can be concluded as follows:

1. Electronic Performance Management has a positive and significant effect on Job Satisfaction. This means that employees really feel the direct impact of applying this Electronic Performance Management to the organization.
2. Electronic Performance Management does not affect Work Engagement. This means that Electronic Performance Management does not make employees loyal to the company.
3. Job satisfaction has a positive and significant effect on work engagement. This indicates that with the increase in employee job satisfaction, the more productive the employee's employees, who has an impact on work results that are increasing.
4. Electronic Performance Management does not affect the Key Performance Indicator. This indicates that Electronic Performance Management will not make employees become poor, so that it will contribute positively to the organization.

5. Job Satisfaction has a positive and significant effect on Key Performance Indicators. This indicates that satisfied employees will contribute positively to the organization.
6. Work engagement positive and significant impact on Key Performance Indicators. This means that more employees are "loyal" to their jobs, employees will increasingly show high productivity, which is reflected in the achievement of individual KPIs.

### Policy Implications and Suggestions

The Electronic Performance Management System (EPM) addresses the needs of company management and company employees in terms of performance appraisal and fair compensation. In the implementation of the Electronic Performance Management system, the company's key performance targets (key performance indicators) are reduced in harmony to the performance targets of work units (branches, business units and divisions) and subsequently reduced to the performance targets of each individual employee. Every month, employees make a Monthly Work Plan (MWP) which is an action plan to achieve their individual performance targets. Each month the employee is assessed on the achievement or realization of the MWP, and will be given proportional performance benefits according to the achievements each month. With the implementation of this Electronic Performance Management, the company management has an effective tool in measuring the performance of individual employees, and employees also feel that their performance measurements are carried out transparently, systemically and accountably, by providing fair and measurable compensation.

Implementation of Electronic Performance Management in companies is an effective solution for management in implementing digital performance management of individual employees. It also answers questions (or challenges) on how to implement Pay for Performance in the company comprehensively. In this Electronic Performance Management, each employee's individual performance measurement is done digitally on a monthly basis and integrated into the entire management system of the company's business processes. So that the data sources and information generated are stored in a database can be used at any time by other integrated systems.

The key factors in the successful implementation of Electronic Performance Management in a company are the strong commitment of the company's leadership (directors), strong leadership from the director in charge of managing human resources, and using a digital-based application system. In addition, several other things that need attention so that the implementation of Electronic Performance Management can run smoothly are:

- a. There is a cascading and alignment process for the company's main performance targets (key performance indicators) to individual employees.
- b. Having a work unit responsible for carrying out the process of reducing, aligning, and supervising these key performance targets and the realization of their achievements.
- c. Have a remuneration policy relating to the provision of compensation for achieving monthly employee performance and achieving annual employee performance.
- d. Conduct a change management process that is sustainable and continuously evaluated.

Seeing the effectiveness of the implementation of Electronic Performance Management at PT Pelabuhan Indonesia I (Persero) which is able to provide a significant influence on the level of employee satisfaction, and then it can be seen that the level of employee satisfaction has a significant effect on the achievement of key performance targets (key performance indicators) of the company, then the system Electronic Performance Management is strongly recommended to be implemented in every company or organization, be it government agencies / state-owned enterprises or private business units. In addition, the basic concepts contained in the Electronic Performance Management system can be used as reference material or reference material in building individual employee performance management systems.

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