

The Effect of Performance Appraisal towards Employee Performance and Employee Satisfaction among Employee at University Hospital X

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Abstract: Human Resources Management (HRM) is the process of recruiting, selecting, providing orientation, appraising the performance of employees and providing benefits to employees. Performance appraisal is one of the core components to get effective employee performance and employee satisfaction in their work to grow in business globalization. It could become the organization's strategy and objective that can achieve in competitive advantage and analyse the higher-level productivity that can benefit the country, organization and individuals. Therefore, the purpose of this research is to examine the effect of performance appraisal on employee performance and employee satisfaction among employee at University Hospital X. The quantitative approach was applied to collect data among 104 employees in which 81.89% the return rate of respondents through online survey questionnaire at University Hospital X. The results from the analysis revealed that there is no relationship between performance appraisal and employee performance. The findings show that P-value is more than 0.05 because the probability value was 0.087 ($p > 0.05$). However, the results also revealed that there is a positive relationship between performance appraisal and employee satisfaction. The findings show that P-value is less than 0.05 because the probability value was 0.000 ($p < 0.05$). The appropriate of this finding indicates the performance appraisal could affect the employee satisfaction among employees positively. The implication for future research is the employer should give motivation to the employee so that it can help the improvement of employee performance and employee satisfaction, other than to raise employees' effectiveness in the organization.

Keywords: Performance appraisal, Employee performance, Employee satisfaction

1. Introduction

Human Resource Management (HRM) is referred to a managerial process requiring human resources practices that can align with the strategic goals of the organization (Radhika, 2020). Besides, HRM is the process of hiring, choosing, offering orientation, evaluating employee performance and providing employee benefits and so on. HRM also can be defined as the process developed to the human skill and talent that exist in the organization which is each organization can achieve its goals and gain high-skilled employees that can lead to higher production levels (Apak *et al.*, 2016). Performance appraisal is one of the key components to get effective employee performance and employee satisfaction in their work to grow in business globalization (Cappelli & Conyon, 2018). In this research, performance appraisal of employee needs to customize with each organization in order to be an effective way in fostering employee in doing excellent work performance. It could become the organization's strategy and objective to success in business globalization (Rusu, Avasilcăi, & Huțu, 2016).

In 1992, Malaysia had implemented a new performance appraisal system (NPAS) whose purpose to evaluate the public sector in order to achieve greater productivity and competitiveness in the organization (Leong, 2013) while the model for the private sector is European Foundation Quality Management (EFQM) (Tari, 2008). This system gives opportunity to employees to guide and assist on a continuous process in their work and to development of a self-assessment based on the criteria of performance and satisfaction of employees in the organization. Thus, there are differences in the level between the private sector and the public sector which is the self-assessment of the employee. The EFQM model for the private sector tends to focus on employee performance to make sure their employee is working with higher self-assessment to develop an effective production. In addition, the public sector also can use the EFQM model, but they need intelligent adaptation in their organization and need to be carefully implemented to avoid any mistake (Voss *et al.*, 2005). For use of this model, they should learn from private management regarding the emphasis on quality, low cost and high efficiency to get the accurate or self-assessment to their own environment.

A performance appraisal system is an evaluation system to measure the performance of employees developed by the Human Resource Department. By using the performance appraisal system in the organization, the employer can evaluate the performance and satisfaction of each employee and also can help the organization to improve their productivity and quality more efficient and effective. However, in a globalization environment, firm management like the manufacturing industry had a few critical issues and the understanding of the factors that were influencing the employee performance in both managers and researchers (Cai *et al.*, 2017). The issue that always happened in management was an internal structure which is the lack of interactions between the manager and employees. The lack of formal interaction or informal interaction at the workplace had causes employees did not to perform well in their work. The inadequacy of competence of rater, errors in rating and also employees will not provide with good performance will occur when it was lack communication between employer and employees (Tekeba, 2016). It will give a negative effect on their abilities performance and will make their performance appraisal become low level.

The issues that usually happened in the organization especially in University Hospital X like in this research is the workload and work management that give negative impacts on the employee. The work pressure like work overtime will cause an unpleasant emotional state during their working hours. It could cause the employee to less motivation and difficulty adapting to the works and led to lower performance and satisfaction. According to Shewit (2016), if the satisfaction of employee affected by an ineffective system, it will reduce the job satisfaction level of employee and this gradually leads to lower performance and effectiveness of the whole organization. Due to the situation, the dissatisfaction from the employee towards the organization will affect their performance appraisal. A past study by Ling (2018) stated that employee satisfaction provides a potential

connection to employee job performance. Thus, the past study by the employee dissatisfaction will lead to poor job performance and will bring negative consequences to an organization like decrease of organization reputation and success.

Besides, the issues of the working environment also can cause a problem in this research. For example, the employee who a new staff in an organization might have a problem adapting to a new situation or new organisation. It is might be affecting towards their work to show the good performance in their job's activities. According to Paposa & Kumar (2015), the changing environment has made an employee need to work hard to ensure that they can follow the business operations and achieve organization goals. However, in a past study Bala (2020) stated if the employee is not satisfied with their work, it would find a problem in a few things and might seem difficult to settle the problem. It will be affecting their performance because they are difficult to compromise in the organization when there have changes in scopes of work. Therefore, the employee might work in poor commitment and will affect their morale and performance which operate under the control of management (Oludeyi, 2015). Besides, the satisfaction to their work's outcome like a new staff in the hospital will be decrease than they expected, and their performance needs to be improved because of the factors in their working environments that influence to the level of innovation and collaboration with other employees and also absenteeism which is a function of their commitment towards work. Therefore, due to these reasons, the researcher plans to investigate the effect of performance appraisal on employee performance and employee satisfaction among employee at University Hospital X.

2. Literature Review

2.1 Performance Appraisal

Performance appraisal is a formalistic process which is managed and controlled the work and also to measure the performance of employee (Hee & Jing, 2018). It is a wide set of structured activities designed to ensure the organizational goals can be achieved through the goal-setting processes and rewards which is based on employee's performance. This focuses on various types of rewards based on performance (Ryu & Hong, 2019). Besides, according to Cappelli & Conyon (2018), performance appraisal is an important part of the effort to solve the problems of the agency, encouraged the employees to ensure that they act in the interests of the employer in which it is a key practice in management. Thus, the system is the mechanism by which supervisors evaluate their supervisors' work-related performance and assign incentives based on the evaluation to the supervisors (Cappelli & Conyon, 2018). However, according to Girma, Lodesso, & Sorsa (2016), although there are many theories relevant to performance appraisal, however, the researchers can conclude that equity and expectancy theories and also the goal theory is suitable for the current study. Workers are motivated when they find out that they are treated fairly in promotions, compensation, and that there is transparency in their appraisals and if the employees discover that they are treated unfairly, it causes the employees will reduce their efforts to achieve the goal organization. Thus, it is important to implement a performance appraisal system in an appropriate and fair for all employees. Therefore, the managers can evaluate the efficiency of the factors of resources management within the organization by the performance appraisal and then this can develop the competitive advantage among employees (Hee & Jing, 2018).

Performance appraisal has two forms which are formal (systematic) and informal (non-systematic) appraisal. Informal appraisal means continuous assessments of an employee through superior during the work process (Dědina, 2005) and formal appraisal is a formal organizational process conducted on a systematic basis in order to enable a comparison between the expected individual (group) and real performance (Giangreco *et al.*, 2012).

2.2 Performance Appraisal Measurement

Measurement performance appraisal requires having a quality standard. According to Brown, Hyatt, & Benson (2010), it identified clarity of the level of communication, fairness of appraisal process and trust in supervisor as indicators of quality performance appraisal process. There are the indicators was briefly explained in details as follows.

(a) Fairness of Performance Appraisal Process

In this indicator, employees want to be treated equally and fairly through the performance appraisal system in which can affect the quality of the outcomes of the process (Fortin, 2008). According to Tekeba (2016), employee perceptions of the fairness of different method of organizational decision making processes such as performance appraisal have been shown to be related to the results of individual and organizational.

(b) Level of Communication

According to Tebeka (2016), communication and motivation are important parts of employee performance. Then, according to Mani (2002), performance appraisal policy should be open communication, where the manager and employee state what is done well and what needs improvement. This level of communication can affect the behaviour and perceptions of employees. Therefore, it is important to analyze and measure the aspects for instance what was changed, was there more or less behaviour, what is different after the communication and so on (Tekeba, 2016).

(c) Trust in the Supervisor

According to Dirks & Ferrin (2002), it is to know the level of employee's trust with their supervisor which is related to job satisfaction and job performance. Besides, according to Jawahar & Carr (2007), also indicates that supervisors play an important role in the success or failure of the performance appraisal system. Therefore, a trust includes expectations that the parties with an ethical sense and involved in the relationship demonstrated by treating the other fairly (Tekeba, 2016).

2.3 Employee Performance

Employee performance consists of activities and tasks that performed by an employee effectively and efficiently. The performance of each individual is a positive contribution toward performance which is measured and determined by leaders through different mechanisms (Saleem *et al.*, 2019). According to Khan *et al.* (2018) stated that employee's performance is an important role in organizational productivity and efficiency. This is one of the success and survival of organizational to rely upon the achievement in employee outcomes and directly on performance. This allows performance standards of the employee can be improved and a systematic approach will be applied to measure employee's performance accurately (Khan, 2013). However, in previous research Bose & Khaimah (2018) stated that in general performance criteria, employee performance cannot be described clearly but can only be clarified in the sense of organizational situations and expectations. Hence, employee performance can be defined from different perspectives. The previous findings of Richardson and Beckham (2015), showed that in their findings which is in the Canadian banking industry shown that organizational performance framework plays an important part in affecting employee performance. Hence, the performance framework like opportunities for career growth, learning and cultural facilitators can develop the good performance of employees. It will be relevant to the organizational goals. Besides, the evaluation of employee performance for this research can be based on by using the Viswesvaran model (1933) which consists of 3 dimensions which are productivity, quality of work and job knowledge, skills and abilities. These are considered to measure employee performance in the workplace.

(a) *Productivity*

Employee productivity (can also be referred to as workforce productivity) is an evaluation of the productivity of a worker or group of employees (Ling, 2018). According to McAfee and Champagne (2013), it is identifying the degree of performance (standards) and develop an employee commitment to perform as expected.

(b) *Quality of Work*

According to Ling (2018), quality of work is the value of work or outcomes produced by the employees as well as the work environment they are provided with. A positive attitude and support from a supervisor can enhance the level of quality of work as well as performance in the organization. The employee that has quality time in the workplace will increase their sense of belongingness to and attachment with the organization. So, it can assure the quality of work is essential for the organization to make the employee satisfied and organization oriented (Rabiul *et al.*, 2014).

(c) *Job Knowledge, Skills and Abilities*

Job knowledge, skills and abilities that a person must possess in order to execute the tasks of his or her roles. Job knowledge, skills and abilities are listed on each position's job description and serve as a guide for applicants, employees and departments to evaluate and assess a person's likelihood for success in a job (Ling, 2018).

(d) *Relationship of Performance Appraisal with Employee Performance*

There are studies regarding performance appraisal and employee performance among employees. The findings are usually not always consistent with the research. However, most of the studies had been revealed in this research that there is a positive significant relationship between performance appraisal and employee performance. Therefore, the hypotheses of this finding will be developed according to the results of the previous research.

The past research has revealed that efforts have made to determine its observational facets and a lack of attention has been given to the effectiveness of performance appraisal and its impact on employee performance (Khan *et al.*, 2018). Besides, according to Ryu and Hong (2019), the researcher revealed that the constructiveness of supervisor performance feedback had a positive relationship with the perceived fairness of performance appraisal, and trust in supervisors played an important role in mediating that relationship. Therefore, there is a positive relationship between performance appraisal and employee performance. In addition, according to Cappelli and Conyon (2018) showed that performance appraisal is ubiquitous in a modern organization that can show how such appraisal is used in practices and the effects on employment outcomes that can positively relate to a range of important employment outcomes These studies were related to hypothesis 1 of the study.

2.4 Employee Satisfaction

Employee satisfaction is the happiness or satisfying emotional state that results from the positive assessment of work experiences and outcomes of the employees (Teare, 2017). This is as a person's appraisal of the overall job assignment that will affect employee satisfaction. Besides, employee satisfaction can be defined as an individual's expectations that are suitable with the work outcomes that can bring positive feelings to their works (Amir *et al.*, 2017). According to the past study by Shewit, (2016), it stated that this variable is generally perceived directly correlated to productivity as well as to personal wellbeing. For example, if an individual doing a job enjoys, doing it well, and being rewarded for his efforts, it will lead to a feeling to commit high quality performance (Shewit, 2016). Therefore, many employees will be satisfied with their work and will contribute to achieving organizational goals. In this research, employee satisfaction will be measured by two indicators which is work environment and feelings and beliefs.

(a) Work Environment

The work environment is the interrelationship between employees and employer and also an environment in which employees had work that includes the technical, the other people and organizational environment. The efficient workplace environments provide good experiences to the employees and enable them to develop in the dimension of personality profile (Oludeyi, 2015). Therefore, the improvement of physical dimensions of the work environment can increase the motivational level of employees which will ultimately raise internal happiness of employees and that the internal happiness will cause satisfaction amongst employee toward their performance (Raziq & Maulabakhsh, 2015).

(b) Feeling and Beliefs

Feeling and beliefs is an interactive mechanism with involved the attitude and satisfaction in an organization. According to Papos & Kumar (2015), if the quality of performance appraisal experience is high, it will be expected to improve the employees' feelings of attitudes, achievement, self-worth towards their job and feelings in a constructive position in the organization. Therefore, it should provide enough information for managers to ensure they know what to do to ensure the desired performance on behalf of employees (Naji, Mansour, & Leclerc, 2015).

(c) Relationship of Performance Appraisal with Employee Satisfaction

In this finding, the result can be developed according to the results of the previous research. In previous research, the researchers found that there is a positive relationship between performance appraisals with employee's satisfaction where there is enhance in employee productivity (Wahjono *et al.*, 2016). Then, the performance appraisal decisions can be encouraged to increase employees' understanding and decrease their misjudgments about performance appraisal politics (Ibrahim *et al.*, 2016). Therefore, there has proved that there is a positive effect of performance appraisal on employee satisfaction that can support the fact that most of the organization use standardized assessment formats that unified throughout the whole organization to get measure the accuracy the level of quality of performance appraisal (Kampkötter, 2017). In addition, according to Naji, Mansour, & Leclerc (2015), this research was also meant to confirm the existence of a positive and significant relationship between the performance appraisal and employee satisfaction in keeping with the research work conducted by the several authors. These studies were related to hypothesis 2 of the study.

3. Research Methodology

3.1 Research Design

Research design can be defined as a blueprint for assortment, measurement and analysis of data (Kothari, 2006). The descriptive research was designed to describe a situation without making any prediction and do not determine the cause and the consequences. Then, correlation research also was used to examine the relationship between variables which is performance appraisal, employee performance and employee satisfaction. In this research, to analyze this research, a researcher had used quantitatively as for the type of research design. Therefore, the researcher used a questionnaire as a research instrument to measure the results. This research has been conducted at University Hospital X in Serdang, Selangor. Besides, in the questionnaire, there are three dimensions in performance appraisal which is the fairness of the appraisal process, level of communication and trust in the supervisor. While, employee performance was measured by productivity, quality of work and job knowledge, skills and abilities, then, employee satisfaction was measured by the work environment and also feeling and beliefs.

3.2 Data Collection

Data was been gathered from more than one case at a single point in time because a cross-sectional type of survey was used in this research (Khan, 2019). The data collection is a process applied by the researcher for gathering and measuring the data on the variables of this study. In this research, descriptive analysis was used on the designation of the questionnaire. The questionnaire was distributed to respondents via an online survey by using Google Form. The link Google Form was sent to an employee at University Hospital X through email and WhatsApp app. Next, the branch manager will share the link to his or her colleague or their employees to fill up the questionnaire survey. The online survey was chosen by the researcher because nowadays, because of the pandemic covid-19 that outbreak in the world, including Malaysia, there are many safety procedures that need to be taken. Therefore, the researcher takes a safe way by distributing the questionnaire survey via Google Form. In addition, it can be easier for the researcher to collect data and can bring convenience to respondents for filling the questionnaires in an online survey.

3.3 Population and Sample Size

The large set of elements from which the sample is derived and taken is called population (Khan, 2019). The target population for this research is the employees who work in Serdang, Selangor. University Hospital X, Serdang, Selangor has been chosen to conduct this research. Besides, the total population for this research is 190 respondents and the sample size by referring to Krejcie & Morgan table, the researcher was required to obtain is 127 respondents from departments in which Finance department, Information Technology Division, Engineering Department, Human Resource Management Unit, Public Relations Unit, Quality Unit and others.

3.4 Construction Measurement

In this research, there are four sections which include section A, section B, section C and section D. Section A is about the demographic of the respondent, section B is the question about the fairness of the appraisal process, level of communication and trust in the supervisor of the performance appraisal based on the instrument. Then, section C is the questions about the relationship between performance appraisal and employee performance and section D is the questions about the relationship between the performance appraisal and employee satisfaction.

Likert scale measurement is important in determining the opinion or attitude of the respondents towards a given question. Besides, for this research, a five-point Likert scale will be used by the researcher to evaluate the independent variable and dependent variables because it provides a middle-point which able can increase the response rate and response quality. The five-point Likert scale is strongly agreed (5), agree (4), neither agree nor disagree (3), disagree (2) and strongly disagree (1).

3.5 Pilot Test

A pilot test had been carried out before the actual research takes place in order to test the reliability and validity of the questionnaire. The reliability has been calculated by using SPSS version 25. In reliability analysis, the researcher will use Cronbach's Alpha to determine the scales. According to Sideridis, Saddaawi, and Al-Harbi (2018), Cronbach's Alpha is a measure to assume that all items contributed to the measurement of a construct and have reflected in the intercorrelations between items. The value of Cronbach's Alpha should be greater than 0.6 that was reliable. Table 1 shows the coefficient values of Cronbach's Alpha for each variable that computes through reliability analysis. There were no items has been deleted means all of the items were reliable and acceptable for this research. In summary, the reliability test indicates this survey is good and can be believed.

Table 1: Summary reliability statistics

Variable	No. of item	Cronbach's alpha	Interpretation
Performance appraisal	16	0.928	Strongly reliable
Employee performance	12	0.943	Strongly reliable
Employee satisfaction	8	0.840	Very reliable
Overall	36	0.936	Strongly reliable

3.6 Data Analysis

In this topic, the researcher had been collected data by using a questionnaire and tabulated by software which is IBM Statistical Package for Social Science (SPSS) Version 25. It is to evaluate the data obtained from the survey. Then, the data have been further analyzed with descriptive statistics analysis for getting the mean, variance and standard deviation for each variable. It is to find out which variables are score higher than all the variables. Other than that, Spearman's rho correlation was used to investigate whether this finding has a significant relationship between performance appraisal toward employee performance and employee satisfaction.

4. Results

4.1 Data Cleaning

According to Saoi (2020), firstly, when analyzing the data, the researcher needs to enter the data into the data file. This is to ensure the data cleaning was undertaken to detect the errors or missing values in the data. A missing value is one of the problems or lack in the survey-based research process (Azeroual, Saake, & Abuosba, 2018). However, in this result, there were no missing values in the data collected.

4.2 Demographic Information

In this research, the demographic information was including gender, age, marital status, highest formal education, year of experience and working department. These demographic data was the statistical data to particular characteristics of the population and was a representative sample of a target population in this study. The result of the survey regarding the gender among 104 of respondents, there were 55 respondents (52.9%) of male while for female were 49 respondents which are 47.1%. Besides, the result for the age of respondents is the majority in between 26 until 35 years old which is 75 respondents (72.1%) from the overall. Then, the results were followed by the respondents who are 18 to 25 years old which are 15 respondents (14.4%). Lastly, the least respondents of age are respondents who are 36 until 45 years old which is 14 respondents (13.5%). Furthermore, among 104 respondents in this research for marital status, there are 56 respondents which are 53.8% were single while for married, meanwhile there are 48 respondents which are 46.2%.

Regarding the highest formal education, the majority of the respondents in this research are Diploma which is 50 respondents (48.1%) from the overall. Then, it followed by the respondents who are getting formal education of Degree which is 44 respondents (42.3%). While there were 7 respondents (6.7%) of formal education which is SPM. Lastly, there were 3 respondents (2.9%) of formal education from others. Other than that, the year of experience of respondents who participated in this research that among of 104 respondents, there were 72 respondents (69.2%) which is have experience from one until 5 years. Then, it followed who respondents have experienced from 6 until 10 years which is 20 respondents (20%) and lastly, there were 12 respondents (11.5%) who have experienced less than one year. Last but not least, there are 39 respondents (37.5%) are from others department which is the highest number of respondents in this research. Then, it followed by the

finance department (14.4%) and the public relations unit (12.5%) which contributes to 15 respondents and 13 respondents. While there is the same frequency number of respondents which are 12 respondents (11.5%) for both the information technology division and human resource management unit. Next, there were 9 respondents (8.7%) which from the engineering department. Lastly, the least respondents were from the quality unit which is 4 respondents (3.8%). It is shown in Appendix A.

4.3 Descriptive Analysis

(a) Level of Employee Performance

The finding shows that the majority of the respondents (77 employees) at 74.0% have a high level of employee performance. While the rest which is 27 employees at 26% show a moderate level of employee performance. It is shown in Appendix B.

(b) Level of Employee Satisfaction

The finding shows that the majority of the respondents (57 employees) at 54.8% have a moderate level of employee satisfaction. While the rest which is 47 employees at 45.2% show a high level of employee satisfaction. It is shown in Appendix C.

(c) Central Tendencies

There is a total of 16 items under performance appraisal which is most of the items obtain a moderate mean score between 3.19 to 3.89 meanwhile for the total mean, it is 3.60 which is moderate. Then, there is a total of 12 items under employee performance which is mostly item was achieved high mean scores in between 3.38 to 4.23 meanwhile for the total mean, it is 3.94 which is high. Furthermore, there are 8 items under employee satisfaction which is mostly achieved a high mean score between 3.52 to 3.95 meanwhile for the total mean, it is 3.71 which is high. This is means that the frequency of the answers "Agree" and "Strongly Agree" were more than "Disagree" and "Strongly Disagree".

(d) Relationship between Performance Appraisal and Employee Satisfaction

In this result, Spearman's rho correlation coefficient is 0.580 which is a positive value. In conclusion, the results show that there is a positive and strong relationship between performance appraisal and employee satisfaction. Besides, there is a significant relationship between the two variables at a 0.01 level of significance. It is shown in Appendix E.

4.4 Regression Analysis

(a) Regression Analysis between Performance Appraisal and Employee Performance

This finding shows the regression analysis of performance appraisal toward employee performance. The R-squared value is 0.029 which means 2.9% of the variance is the effect of performance appraisal toward employee performance. Then, the model summary shows that Adjusted R Square R which is the degree of association between performance appraisal and employee performance is 0.019. It is shown in Appendix F.

The ANOVA finding indicates that the extent to which each independent variable influences the dependent variable. The relative importance of independent variables which is performance appraisal in contributing to the variance of the dependent variable which is employee performance is explained by the standardized beta coefficient. Besides, the findings show that the significant value or P-value is more than 0.05, which means the overall model was not significant because the probability value was 0.087 ($p > 0.05$). It is shown in Appendix G.

The coefficient finding indicates the regression coefficient of the dependent variable caused by a unit change in the independent variable. The results show that the regression analysis of employee performance had shown a negative impact on performance appraisal in this study. The significant value shown is more than 0.05 and it means that the predictor is no sign with the dependent variable. It is shown in Appendix H.

(b) Regression Analysis between Performance Appraisal and Employee Satisfaction

The finding shows the regression analysis of performance appraisal toward employee satisfaction. The R-squared value is 0.437 which means 43.7% of the variance is the effect of performance appraisal toward employee satisfaction. Then, the model summary shows that Adjusted R Square R which is the degree of association between performance appraisal and employee satisfaction is 0.432. It is shown in Appendix I.

The ANOVA finding indicates that the relative importance independent variable which is performance appraisal in contributing to the variance of the dependent variable which is employee satisfaction is explained by the standardized beta coefficient. Besides, the findings show that the significant value or P-value is less than 0.05, which means the overall model was significant because the probability value was 0.000 ($p < 0.05$). It is shown in Appendix J.

The coefficients finding indicates the regression coefficient of the dependent variable caused by a unit change in the independent variable. The results show that the regression analysis of employee satisfaction had shown a positive impact on performance appraisal in this study. The significant value shown is less than 0.05 and it means that the predictor is significant with the dependent variable. It is shown in Appendix K.

4.5 Discussion

(a) Objective 1: To measure the level of employee performance and employee satisfaction among employee at University Hospital X, Serdang, Selangor

The finding of this study was revealed that the employee performance and employee satisfaction among employee were at a high level. This finding of the current study was consistent with past studies Ryu & Hong (2019) which is one of the factors that make the employee performance at a high level because of trust that a very important for the productivity and success of management that many organizational processes it by improving the interpersonal relations. Furthermore, environmental factors like leadership, organizational trust and environmental dynamism also are causes in an important condition for employee performance improvement (Diamantidis & Chatzoglou, 2019). The previous study like Barakat *et al.*, (2016) shows that an organization's action also related to employee satisfaction that which can lead to positive feelings among employees like implementing a good organizational climate. This is might create a high level of satisfaction with the positive employee assessments.

(b) Objective 2: To determine the relationship between performance appraisal and employee performance at University Hospital X, Serdang, Selangor

The finding of this study was found that no significant with a correlation coefficient of 0.151, $p > 0.05$. This result indicated that the hypothesis was rejected in this research. This is because the finding was equally with the previous study of Abuhashesh, Aldmour, and Ed (2019) which stated that the greater demands and responsibilities of jobs than employee's ability will cause the performance of the employee to become lower. It was causing challenges for both the employee and the organization. However, according to Khan *et al.*, (2018) stated that the studies had been carried out that a little attention of employer also will give impact on employee performance when there are found possible a gap or issues concerned in between employee and employer. Therefore, the factors like quality,

timeliness and interpersonal impact also can make the outcome of job activity by employees cannot be achieved with the standards set by the organization (Setiawati, 2020). It is clearly shown that there are reasons of negative relationship that associated with employee performance. Therefore, other researchers will need to find out with broader in the future to investigate this issue.

(c) Objective 3: To determine the relationship between performance appraisal and employee satisfaction at University Hospital X, Serdang, Selangor

The results were found to be significant with a correlation coefficient of 0.580 which is $p < 0.05$. This showed that the hypothesis was accepted in this research. This finding was equally with the previous study Shewit (2016) which is shown that there is a positive and significant relationship between performance appraisal and employee satisfaction. There are the majority of employees were accepting and agree to the presence of a standard setting process, the rater's capability of rating and evaluation process that satisfied with the performance appraisal. Then, based on the past study by Bala (2020) shown there are a majority of employees were satisfied with their work environment in which many experts believe that maintaining the close bonds between employer and employees will enhance employee satisfaction. This situation will improve the employee's morale towards organizational that make them feel more comfortable in their jobs. Besides, in a previous study, Hanaysha and Tahir (2016) also shown there are strong relationships that impact employee satisfaction in which it can determine based on the perception of the working environment which is nature of jobs, payment or salary, level of stress and workload. It can make high levels of job satisfaction and give a positive sign towards performance appraisal.

(d) Objective 4: To examine the effect of performance appraisal toward employee performance and employee satisfaction among employee at University Hospital X, Serdang, Selangor

The result of regression analysis for the effect of performance appraisal toward employee performance shows that R-value is 0.029 which means 2.9% of the variance for employee performance by performance appraisal. While the value for β -value is 0.172 and it indicates the performance, appraisal increase by one unit, employee performance is predicted to increase by 17.2%. Besides, the result of regression analysis for the effect of performance appraisal toward employee satisfaction shows that R-value is 0.437 which means 43.7% of the variance for employee satisfaction by performance appraisal. While the value for β -value is 0.587 and it indicates the performance, appraisal increase by one unit, employee satisfaction is predicted to increase by 58.7%. Based on several previous studies Khan *et al.*, (2018), if the appraisal did not use inaccurately or the employees think that there is have biased in rated them, it will definitely occur a problem in employee performance and organizational performance. It will become a low level of motivation and no focus on employee's performance. Therefore, there is a negative relationship between performance appraisal and employee performance. However, according to Bala, (2020), the best ways to ensure employees were satisfied with the organization is by developing strengthen the working relationship between the employees and employer and also putting honest appraisal and dedications that can help to improve the employee's morale. Therefore, there is a positive relationship between performance appraisal and employee satisfaction.

5. Conclusion

In conclusion, this research was conducted to get the results of the objectives and hypothesis that answer well by respondents. This finding indicated that there was no significant correlation between performance appraisal and employee performance, however, the finding also indicates that there was a significant correlation between performance appraisal and employee satisfaction. Therefore, it was two different findings that the researcher gets from the analysis data. However, although there were

different findings in the hypothesis, the performance appraisal has the potential to affect employee performance and employee satisfaction among employee at University Hospital X.

In this study, there are several recommendations that are suggested for organizational which is the organization can continuously do the performance appraisal toward their employees. This is because performance appraisal is considered to encourage employees in consequent performance cycle and become a very critical tool for the achievement of organizational objectives (Wahjono *et al.*, 2016; Paposa & Kumar, 2015). Then, the finding of this study also gives benefit to employees because by do the performance appraisal, they able to improve their level of performance and satisfaction toward organizational. Therefore, the employee will continuously perform well to motivate themselves to achieve organizational goals while for the future researcher, this research can be used as a reference to gain knowledge about how important performance appraisal of the employee to the organization. By doing that, the future research will know the ways to get a better performance appraisal with the broader research and get more understanding of how performance appraisal.

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Appendix A – Demographic Information

Demographic Information (n=104)	Frequency	Percentage (%)
Gender		
Male	55	52.9
Female	49	47.1
Age		
18 until 25 years old	15	14.4
26 until 35 years old	75	72.1
36 until 45 years old	14	13.5
Marital Status		
Single	56	53.8
Married	48	46.2
Highest Formal Education		
SPM	7	6.7
Diploma	50	48.1
Degree	44	42.3
Others	3	2.9
Working Department		
Finance department	15	14.4
Information Technology Division	12	11.5
Engineering department	9	8.7
Human Resource Management Unit	12	11.5
Public Relations Unit	13	12.5
Quality Unit	4	3.8
Others	39	37.5
Total	104	100.0

Appendix B – Level of Employee Performance

Level	Frequency	Percentage (%)
Moderate	27	26.0
High	77	74.0
Total	104	100.0

Appendix C – Level of Employee Satisfaction

Level	Frequency	Percentage (%)
Moderate	57	54.8
High	47	45.2
Total	104	100.0

Appendix D – Correlation of Performance Appraisal and Employee Performance

			Performance Appraisal	Employee Performance
Spearman's rho	Performance Appraisal	Correlation Coefficient	1.000	0.151
		Sig. (2-tailed)	.	0.126
		N	104	104
	Employee	Correlation Coefficient	0.151	1.000

	Performance	Sig. (2-tailed)	0.126	.
		N	104	104

Appendix E – Correlation of Performance Appraisal and Employee Satisfaction

			Performance Appraisal	Employee Satisfaction
Spearman's rho	Performance Appraisal	Correlation Coefficient	1.000	0.580**
		Sig. (2-tailed)	.	0.000
		N	104	104
	Employee Satisfaction	Correlation Coefficient	0.580**	1.000
		Sig. (2-tailed)	0.000	.
		N	104	104
**. Correlation is significant at the 0.01 level (2-tailed).				

Appendix F – Regression Analysis of Respondents

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.169 ^a	0.029	0.019	0.59448	2.363
a. Predictors: (Constant), performance appraisal					
b. Dependent Variable: employee performance					

Appendix G – ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.059	1	1.059	2.995	0.087 ^b
	Residual	36.047	102	0.353		
	Total	37.106	103			
a. Dependent Variable: employee performance						
b. Predictors: (Constant), performance appraisal						

Appendix H – Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.327	0.362		9.199	0.000
	Performance appraisal	0.172	0.099	0.169	1.731	0.087
a. Dependent Variable: employee performance						

Appendix I – Regression Analysis of Respondents

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.661 ^a	0.437	0.432	0.39487	1.992
a. Predictors: (Constant), performance appraisal					
b. Dependent Variable: employee satisfaction					

Appendix J – ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.360	1	12.360	79.269	0.000 ^b
	Residual	15.904	102	0.156		
	Total	28.264	103			
a. Dependent Variable: employee satisfaction						
b. Predictors: (Constant), performance appraisal						

Appendix K – Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.598	0.240		6.653	0.000
	Performance appraisal	0.587	0.066	0.661	8.903	0.000
a. Dependent Variable: employee satisfaction						