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**THE INFLUENCE OF PERFORMANCE APPRAISAL AND REWARD
TOWARD JOB SATISFACTION OF EMPLOYEES: CASE IN
PT. NUSANTARA BETA FARMA, PADANG**

THESIS



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TABLE OF CONTENTS

	Page
APPROVAL SHEET	
ABSTRACT	
PREFACE	i
ACKNOWLEDGEMENT	ii
TABLE OF CONTENTS	v
LIST OF TABLES	x
LIST OF FIGURES.....	xii
LIST OF APPENDIXES.....	xiii
CHAPTER I INTRODUCTION	
1.1 Background of the Study	1
1.2 Research Questions	4
1.3 Objectives of the Research	5
1.4 Contribution of the Research.....	5
1.5 Scope of the Research	7
1.6 Outline of Research	7
CHAPTER II REVIEW OF THE LITERATURE	
2.1 Employee Performance Appraisal	8
2.1.1 Why Appraise Performance.....	9
2.1.2 Performance Appraisal Methods	9
2.1.3 Steps in Appraising Performance	11

2.1.4	Performance Indicators	12
2.1.5	Problems in Performance Appraisal	15
2.2	Reward	16
2.2.1	Organizational Reward System.....	16
2.2.1.1	Types of Reward	17
2.2.1.1.1	Extrinsic Reward	17
2.2.1.1.2	Intrinsic Reward	19
2.2.1.2	Organization Rewards Norms	21
2.2.1.3	Reward Distribution Criteria	22
2.3	Job satisfaction	23
2.3.1	Facets of Job Satisfaction	24
2.3.2	The Cause of Job satisfaction	24
2.4	Review of Previous Study	26
2.5	Theoretical Framework	28

CHAPTER III RESEARCH METHODS

3.1	Research Approach	30
3.2	Population and Sampling	30
3.3	Data Collection Method	31
3.3.1	Preliminary Survey	31
3.3.2	Questionnaire	31
3.4	Conceptualization and Operationalization of Variable	31
3.4.1	Dependent Variable	31
3.4.2	Independent Variable	32

3.5 Data Processing	33
3.6 Data Analysis Method	33
3.6.1 Reliability and Validity Testing	33
3.6.2 Descriptive Analysis	34
3.6.2.1 Respondent Descriptive	34
3.6.2.2 Factor Description	34
3.6.3 Regression and Correlation Analysis	35
3.6.3.1 Simple Linear Regression	35
3.6.3.2 Bivariate Correlation Analysis	36
3.6.4 Data Analysis	36

CHAPTER VI INSTITUTIONAL PROFILE

4.1 History of the Establishment of PT. Nusantara Beta Farma	37
4.2 Vision and Mission	39

CHAPTER V RESULT AND ANALYSIS

5.1 Validity and Reliability Test	40
5.1.1 Validity Test	41
5.1.2 Reliability Test	44
5.2 Descriptive Analysis	44
5.2.1 Description of Research Sample	45
5.2.2 Frequency Distribution of Respondents	50
5.2.2.1 Analysis of Performance appraisal	50
5.2.2.2 Analysis of Reward	51
5.2.2.3 Analysis of Job satisfaction	53

5.2.3 Open-Ended Question Analysis	55
5.2.3.1 Question Related to Performance appraisal	55
5.2.3.2 Question Related to Reward	58
5.2.3.3 Question Related to Job Satisfaction	59
5.3 Classical Test Assumption	61
5.3.1 Normality Test	62
5.3.2 Test of Multicollinearity	63
5.3.3 Autocorrelation Test	64
5.4 Multiple Regression Test	65
5.5 Hypothesis Testing	67
5.5.1 t test	67
5.5.1.1 The Influence of Performance appraisal on Job Satisfaction	67
5.5.1.2 The Influence of reward On Job Satisfaction	67
5.5.2 F Test	68
5.5.3 R Test and R^2 Test	69
5.6 Discussion	70

CHAPTER VI CONCLUSION, IMPLICATION, LIMITATION AND SUGGESTION

6.1 Conclusion	74
6.2 Implication	75
6.3 Limitation	77
6.4 Suggestion	77

LIST OF REFERENCES 79

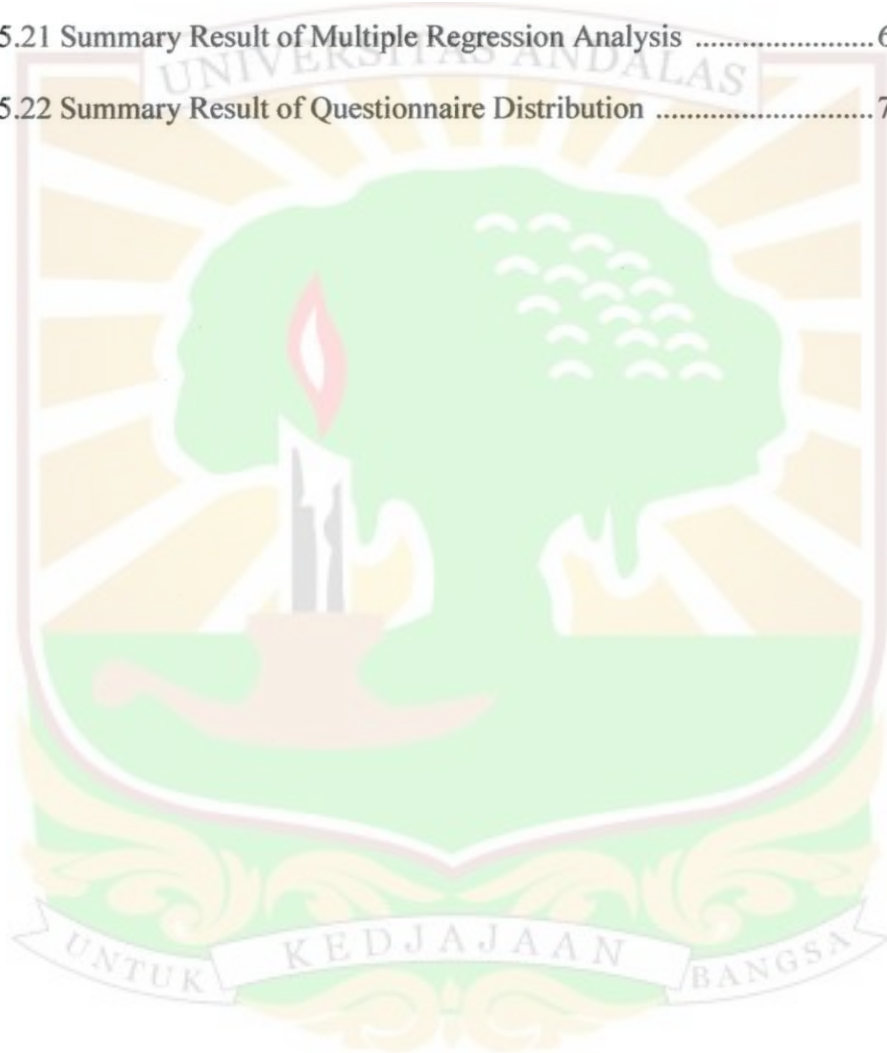
APPENDIX



LIST OF TABLES

Table 3.1 Conceptualization of Variable	32
Table 5.1 Response Rate	40
Table 5.2 Result of Validity Test	41
Table 5.3 Result of Reliability Test	44
Table 5.4 Respondent Characteristics based on Gender	45
Table 5.5 Respondent Characteristics based on Age	46
Table 5.6 Respondent Characteristics based on education Background	46
Table 5.7 Respondent Characteristics based on Working Period	47
Table 5.8 Respondent Characteristics based on Income	47
Table 5.9 Respondent Characteristics based on Position	48
Table 5.10 Respondent Characteristics based on employee Status	49
Table 5.11 Respondent Characteristics based on Training	49
Table 5.12 Frequency Distribution of Respondents Performance Appraisal ..	50
Table 5.13 Frequency Distribution of Respondents Reward	51
Table 5.14 Frequency Distribution of Respondents Job Satisfaction	53
Table 5.15 Frequency Distribution of Respondents What Your Opinion About Performance Appraisal in Your Company	56
Table 5.16 Frequency Distribution of Respondents Did You satisfied With Performance Appraisal	57
Table 5.17 Frequency Distribution of Respondents Do the Reward You Receive Was Appropriate with the Performance	59

Table 5.18 Frequency Distribution of Respondents Do you already have	
A Job satisfaction	60
Table 5.19 Result of Multicollinearity Test	63
Table 5.20 Durbin Watson Test Result with the Predictors	64
Table 5.21 Summary Result of Multiple Regression Analysis	65
Table 5.22 Summary Result of Questionnaire Distribution	72



LIST OF FIGURES

Figure 2.1 A general model of organizational Reward System 17

Figure 2.2 Relationship between Variables 29

Figure 5.1 Normality Test 62



LIST OF APPENDIXES

Appendix I Questionnaire

Appendix II Questionnaire Translate

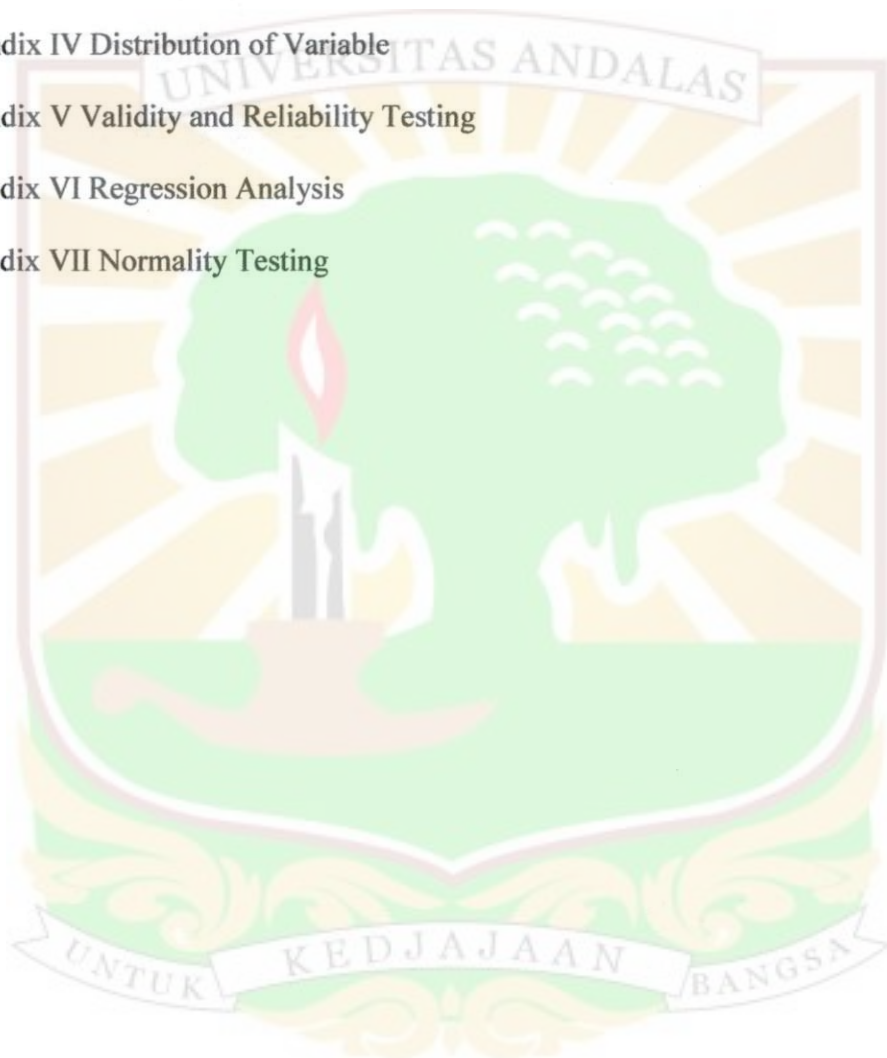
Appendix III Frequency of Respondent Characteristics

Appendix IV Distribution of Variable

Appendix V Validity and Reliability Testing

Appendix VI Regression Analysis

Appendix VII Normality Testing



CHAPTER I

INTRODUCTION

1.1 Background of The Study

Human resource management is an important part in an organization or company. This division includes the recruitment, selection, training, career development and also performance appraisal and designing reward system.

In most organizations today, performance appraisal and designing reward system has become a core area of attention for managing human resources to stimulate them to perform efficiently. Performance appraisal is the step where the management finds out how effective it has been in hiring and placing employees and acts as an approach towards managing and developing the employees aiming at the overall achievement of the organization's objectives.

Traditional methods of performance appraisal emphasized only on the tasks of the employees which is almost inexistent in the present competitive scenario. Today, employees not only want the appraisal on the basis of tasks, but also on the basis of their overall contribution and performance in the organization in the form of rewards.

Performance here means both behavior and results. Performance appraisal schemes almost always include an overall rating of the individual. Rewarding employees on the basis of their contribution aims to address the employees' value on the overall employment relationship. Reward philosophy of the organization

focuses on the formulation and implementation of strategies and policies that ensure fairness, equitably and consistency among the employees.

Rewards management is considered to be probably the most rapidly developing area of human resource management. To apply rewards to employee performance, companies must implement a reward system so that it can make performance appraisal more fairly. According to *Lawler (1971)*, reward systems are one of the most widely researched and written subjects in the field of management and organizational behavior, yet it remains one of the less understood topics. In order to define some significant terms, it is expedient to commence with *Armstrong and Murlis (1998)* who describe reward management as the development, implementation, maintenance, communication and evaluation of reward processes.

Rewards management is also concerned with the development of appropriate organizational cultures, underpinning core values and increasing the motivation and commitment of employees. Furthermore, reward processes cover both financial and non-financial rewards. There are direct financial rewards which consist of payments in the form of wages, salaries and bonuses.

There are also the indirect financial rewards, or benefits, such as insurance plans (life, health etc.), retirement plans, sick leave etc. Finally, the non-financial rewards consist of the satisfaction that a person receives from the job itself, from the psychological and physical environment in which the person works (*Mondy and Noe, 2002*). Furthermore, non-financial rewards deal with feelings of

recognition, achievement, responsibilities and personal growth (*Armstrong and Murlis, 1998*).

Rewards management is closely related to motivation theories and job satisfaction. The term of job satisfaction has become a very significant one, now that managers seek for practices which are likely to make people more satisfied and therefore, more productive. Though several papers within the latest literature, it is easy to understand that job satisfaction is quite difficult to measure while it is considered as major determinant of organizational performance (*Riketta, 2002*) and effectiveness (*Laschinger, 2001*).

Job satisfaction is associated with how well our personal expectations at work are in line with outcomes. The idea of organization as a social system requires that some benefits are received by its participants as well as by its customers and clients. "Satisfaction" and "morale" are similar terms referring to the extent to which the organization meets the needs of employees. Measures of satisfaction include employee attitudes, turnover, absenteeism and grievances.

Different types of satisfaction will lead to different intentions and behaviors that arise from different types of motivation in getting different types of rewards (*Luthans & Sommers, 2005*). Amabile et al. (1994) in (*Bhatnagar, 2007*) implied that employee who exhibits high job satisfaction is motivated by rewards and rewards supported work engagement.

However, whenever job satisfaction is studied, there is also an emphasis on motivation theories. Thus, motivation is vital in any job, if an individual is to be as productive and effective as possible. Additionally, according to *Armstrong and*

Murlis (1998) motivation is a complex process depending on individual needs and aspirations; both intrinsic and extrinsic motivating factors; expectations; equity and fairness; attributions; self-efficacy; the social context (*Deci et al., 1989*).

Yet, foremost, among all, the fundamental theories of motivation are those of *Maslow (1954)*, *McGregor (1985)* and *Hertzberg (1968)*, which deal with the needs hierarchy, the man's attitude to work (the X-Y theory) and the factors of satisfaction and dissatisfaction respectively. Furthermore, theories of motivation focus on satisfaction of the needs for autonomy, competence and relatedness (*Gagne & Deci, 2005*), or work design characteristics that lead to productive psychological states (*Hackman & Oidham, 1976*).

So, this study aims to identify the effect of performance appraisal and reward systems to job satisfaction of the employee. Researcher adopts the case in one Pharmacy Company in Padang City that is PT. Nusantara Beta Farma. Researchers wanted to know how big the impact of performance evaluation and giving a reward to the job satisfaction of employees at this company. Then the researchers intend to conduct research entitled "**The Influence of Performance Appraisal and Reward toward job satisfaction of employees, case in PT. Nusantara Beta Farma**".

1.2 Research Questions

The research is purposed to answer these following questions:

1. Is there an influence of performance appraisal on the job satisfaction of the employee in PT. Nusantara Beta farma?

2. How does the reward impact on job satisfaction of employee in PT. Nusantara Beta Farma?

1.3 Objective of Research

Based on the problem statement above, the objective of the research are:

1. To analyze the effect, function and benefit of performance appraisal on job satisfaction of employee
2. To analyze the effect of reward that had been done in PT. Nusantara Beta Farma on job satisfaction of Employee there.

1.4 Contribution of Research

The results of this study are expected to provide the following benefits:

1. For management board of PT. Nusantara Beta Farma

This research will provide benefits to leaders or management board of PT. Nusantara beta Farma. So they know how big the impact of performance appraisal and reward toward job satisfaction of employee. And how also affects the performance of the organization. And they could do better for the future for the advancement of the company.

2. For The Literature and Area of Research

It is expected this research provide the data and information for the next research in similar area in the future.

1.5 Scope of Research

This research has a limited scope of analyzes in terms of numbers of variables and object of the research. The variables will be tested in this research are limited into: performance appraisal, reward, and job satisfaction. The researcher limits the research context by focusing to the employee in PT. Nusantara Beta Farma, Padang.

1.6 Outline of Research

In order to make it easier and make moderate the forwarding of content, this research is divided into six chapter, they are:

CHAPTER I: Introduction

Elaborating on the background of the problem, formulation of the problem, limiting the problem, research objectives, the benefits of research, and systematic thesis.

CHAPTER II: Review of the Literature

This chapter contains descriptions of theoretical variables that include the theories that support and underlie the variables used in the research and framework.

CHAPTER III: Research Methods

In this chapter the authors put forward about the object of study, population data and data sources, techniques data collection, operational definitions of variables, data presentation techniques, and data analysis techniques.

CHAPTER IV: Company profile

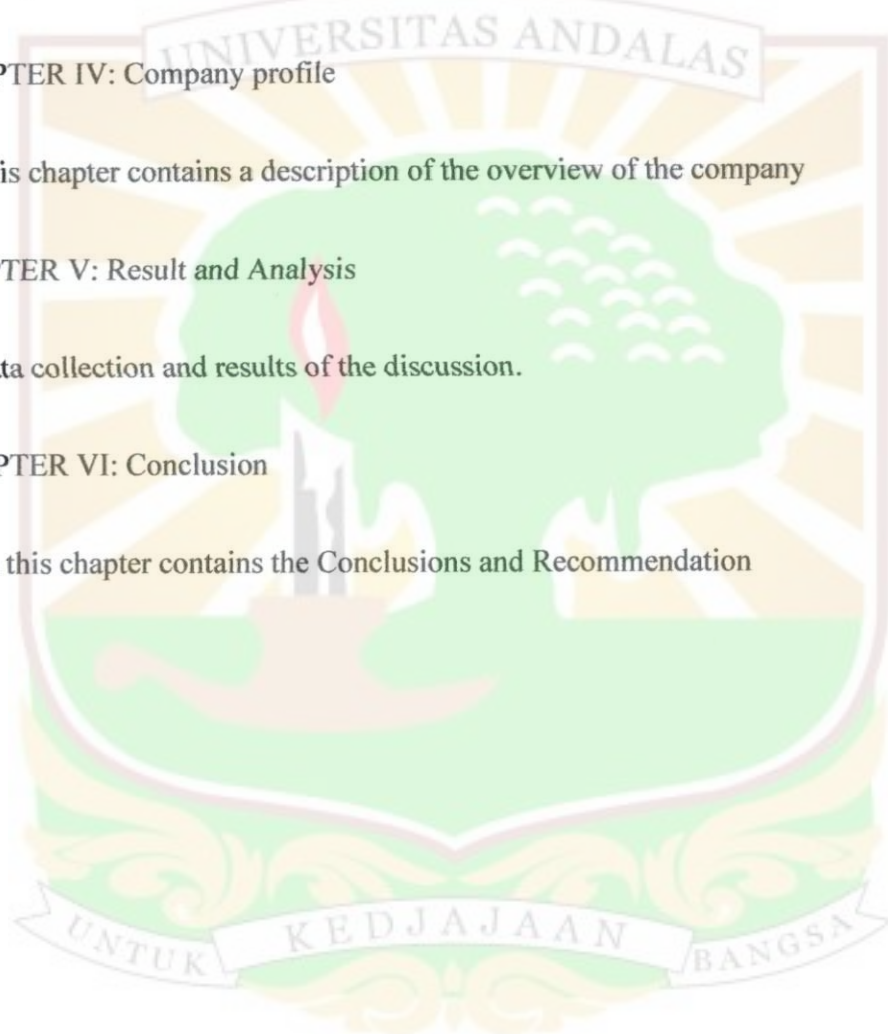
This chapter contains a description of the overview of the company

CHAPTER V: Result and Analysis

Data collection and results of the discussion.

CHAPTER VI: Conclusion

In this chapter contains the Conclusions and Recommendation



CHAPTER II

REVIEW OF THE LITERATURE

2.1 Employee Performance Appraisal

Performance appraisal is the process through which an organization gets information on how well an employee is doing his or her job. Performance appraisal is only one method for managing employee performance. (Noe, Hollenbeck, Gerhart, and Wright, 2010).

According to *Dessler (2003)* performance appraisal means evaluating an employee's current or past performance relative to the person's performance standards. Appraisal involves: (1) setting work standards; (2) assessing the employee's actual performance relative to these standards; and (3) providing feedback to the employee with the aim of motivating that person to eliminate deficiencies or to continue to perform above par.

According to *Ayaz Khan (2007)* one way to review the performance and potential of staff is through a system of performance appraisal. It is important that members of the organization know exactly what is expected of them, and the yardsticks by which their performance and result will be measured.

According to *Angelo S. DeNisi and Robert D. Prichard (2006)* "performance appraisal" is a discrete, formal, organizationally sanctioned event, usually not occurring more frequently than once or twice a year, which has clearly stated

performance dimensions and/or criteria that are used in the evaluation process. Furthermore, it is an evaluation process, in that quantitative scores are often assigned based on the judged level of the employee's job performance on the dimensions or criteria used, and the scores are shared with the employee being evaluated.

2.1.1 Why Appraise Performance

Why the company / organization appraise performance? There are four reasons. First, appraisals provide information upon which you make promotion and salary decisions. Second, they provide an opportunity for you and your subordinate to review his or her work-related behavior. This in turn lets both of you develop a plan for correcting any right. Third, the appraisal is part of the firm's career planning process, because it provides an opportunity to review the person's career plans in light of his or her strengths and weaknesses. Finally, appraisals help you better manage and improve your firm's performance. (*Dessler, 2003*)

2.1.2 Performance Appraisal Methods

According to *Dessler in Human Resource Management (2003)* book there is several method in appraising performance of employee.

2.1.2.1 Graphic Rating Scale Method

The graphic rating scale is the simplest and most popular technique for the appraising performance. A graphic rating scale lists traits (such as quality

and reliability) and a range of performance value (from unsatisfactory to outstanding) for each trait.

2.1.2.2 Alternation Ranking Method

Alternation Ranking Method ranking employees from best to worst on a particular trait, choosing highest, then lowest, until are ranked.

2.1.2.3 Paired Comparison Method

Paired comparison method ranking employees by making a chart of all possible pairs of the employees for each trait and indicating which is the better employee of the pair.

2.1.2.4 Forces Distribution Method

Forced distribution method similar to grading on a curve; predetermined percentages of rates are placed in various performance categories.

2.1.2.5 Critical Incident Method

Critical incident method keeping a record of uncommonly good or undesirable examples of an employee's work related behavior and reviewing it with the employee at predetermined times.

2.1.2.6 Behaviorally Anchored Rating Scale

Behaviorally anchored rating scale (BARS) is an appraisal method that aims at combining the benefits of narrative critical incidents and quantified

ratings by anchoring a quantified scale with specific narrative examples of good and poor performance.

2.1.2.7 Management by Objectives (MBO)

Management by objectives (MBO) involves setting specific measurable goals with each employee and then periodically reviewing the progress made.

2.1.3 Steps in Appraising Performance

The performance appraisal process contains three steps: define the job, appraise performance, and provide feedback. *Defining the job* means making sure that you and your subordinate agree on his or her duties and job standards. *Appraising performance* means comparing your subordinate's actual performance to the standards that have been set; this usually involves some type of rating form. Third, performance appraisal usually requires one or more *feedback sessions*. Here the two of you discuss the subordinate's performance and progress, and make plans for any development required.

(Dessler, 2003)

2.1.4 Performance Indicators

Armstrong and Baron (1998) said there are several indicators to measure performance:

- **Efficiency**

Efficient is ability to produce a desired effect, product, etc. with a minimum of effort, time, expense, or waste; quality or fact of being efficient.

- **Timeliness**

How fast work is performed is another performance indicator that should be used with caution. In field service, the average customer's downtime is a good indicator of timeliness. In manufacturing, it might be the number of units produced per hour.

- **Accuracy**

Accuracy is the degree of veracity while precision is the degree of reproducibility. How accurate an employee can do their job, it can measure the efficiency of work.

- **Skill and ability**

A skill is the learning capacity to carry out pre-determined results often with the minimum outlay of time, energy, or both. Abilities are general human capacities related to the performance of tasks.

- **Team Work**

Team work is work performed by a team. An employee that can work as a team work can be promoted to the higher position. The successful promotion is a result of teamwork.

- **Creativity**

It can be difficult to quantify creativity as a performance indicator, but in many white-collar jobs, it is vitally important. Supervisors and employees should keep track of creative work examples and attempt to quantify them.

- **Integrity/honesty**

Can be trusted. Recognizes when faced with making a decision or acting in ways that may break with commonly held personal or societal values. Understands the impact of violating these beliefs and codes in respect to an organization, self, or others. Chooses an ethical course of action.

- **Functional skill**

Manages time - Selects important, goal-related activities and ranks them in order of importance. Allocates time to activities and understands, prepares, and follows schedules.

Manages money - Uses or prepares budgets, including making cost and revenue forecasts. Keeps detailed records to track budget performance and makes appropriate adjustments.

Manages material and facility resources - Acquires, stores, and distributes plies, parts, equipment, space, or final products in order to make the best use of them.

Manages human resources - Assesses people's knowledge, skills, abilities, and potential. Identifies present and future workload. Makes effective matches between individual talents and workload. Monitors performance and provides feedback.

Understands systems - Knows how social, organizational, and technological systems work and operates effectively within them. Makes suggestions to modify systems to improve products or services, and develops new or alternative systems maintenance and quality control.

Uses technology - Judges which set of procedures, tools, or machines will produce the desired results. Understands the overall intent and the proper procedures for setting up and operating machines, including computers and their programming systems. Prevents, identifies, or solves problems in machines, computers, and other technology.

- **Behavior**

Attitudes are generally positive or negative views of a person, place, thing, or event—this is often referred to as the attitude object.

- **Morale**

Is an intangible term used for the capacity of people to maintain belief in an institution or a goal, or even in oneself and others.

- **Initiative**

When someone begins something energetically and follows it with the same enthusiasm, the power or determination of the individual is called initiative. Initiative is the drive of a person. The initial step or the starting move is termed initiative. So, when employee takes an initiative in their job, ex: doing something without command.

2.1.5 Problems in Performance Appraisal

The performance appraisal systems tend to have several problems. Rater's evaluations are often subjectively biased by their cognitive and motivational states and supervisors often apply different standards with different employees which result in inconsistent, unreliable, and invalid evaluations (Folger et al, 1992).

The employee reactions to appraisals can be an important condition to improve the employee's performance. Recently, scholars have begun to argue that employee emotions and perceptions are important in determining the efficacy of performance appraisal systems. In fact, appraisal reactions such as satisfaction, acceptability, and motivation to use feedback, are cited as an important trend in the appraisal research during the past ten years in a recent review of that literature (Levy and Williams, 2004).

2.2 Reward

Reward can be defined as an external agent administered when a desired act or task is performed, that has controlling and informational properties. While rewards are typically delivered to increase the probability of a response, they can increase or decrease the probability of an event occurring, depending on the saliency and direction of the controlling or informational aspect of the reward. Saliency would

refer to the intensity of either the controlling or informational aspect of the reward.
(*Deci, et al 1989*)

Rewards are an ever-present and always controversial feature of organizational life. Some employees see their job as the source of a paycheck and little else. Others derive great pleasure from their jobs and association with co-workers. (*Kreitner & Kinicki, 2004.*)

2.2.1 Organizational Reward System

According to *Kreitner & Kinicki (2004)* despite the reward systems vary widely, it is possible to identify and interrelate some common components. The model in the figure below focuses on four important components: (1) types of rewards, (2) rewards norms, (3) distribution criteria, and (4) desired outcomes. Let us examine these components:

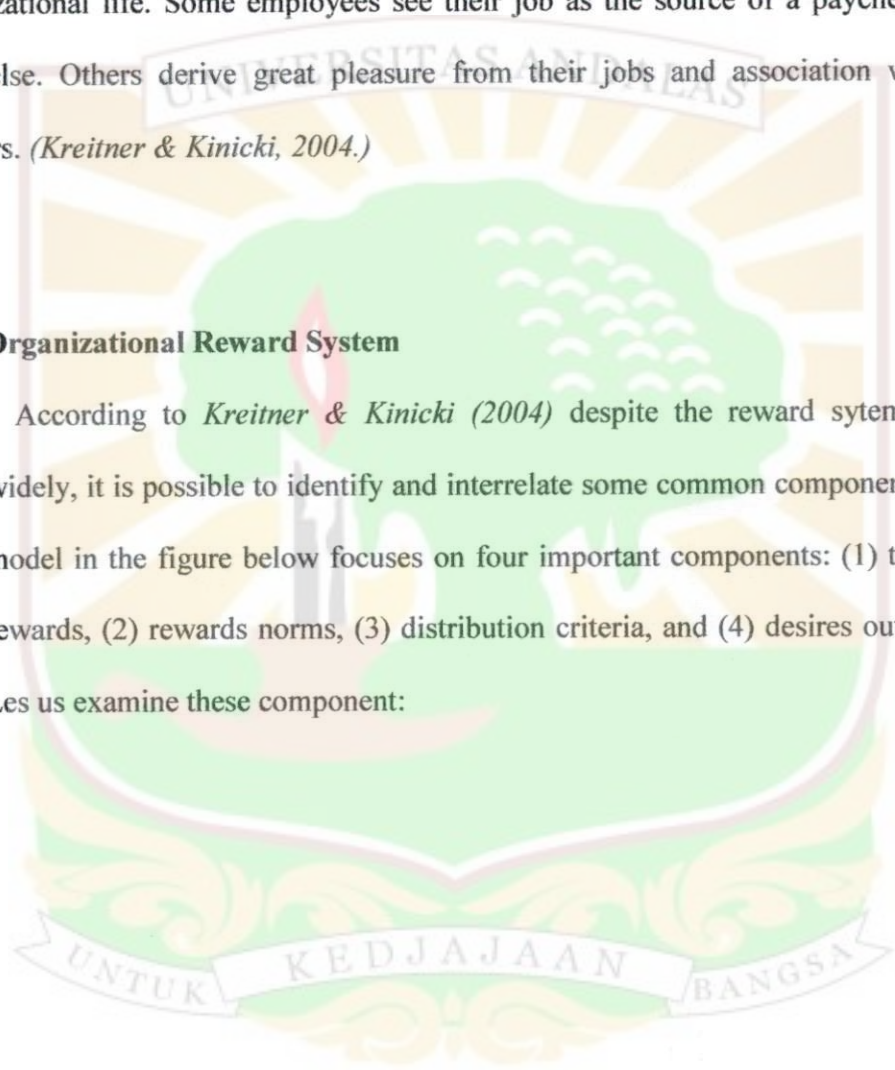
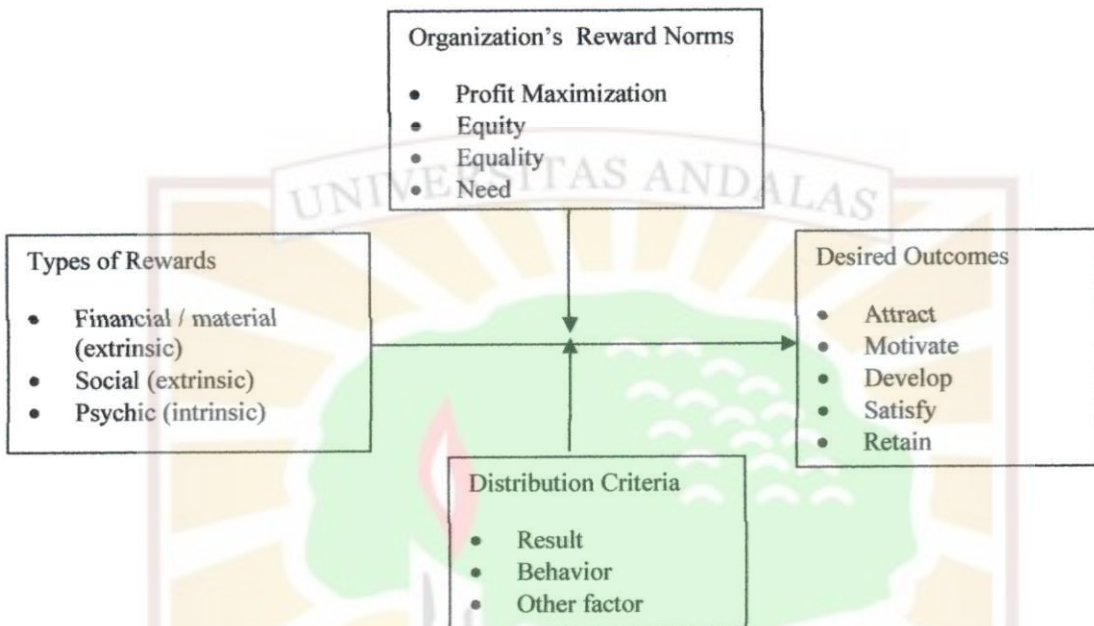


Figure 2.1

A General Model of Organizational Rewards System



Source: Kreitner & Kinicki (2004)

2.2.1.1 Types Of Reward

2.2.1.1.1 Extrinsic reward

An extrinsic reward is initiated from outside the person. Receiving pride from a supervisor is extrinsic or initiated by someone other than the person.

- Financial reward: salary and wages

Money is a major extrinsic reward. It has been said, “Although it is generally agreed that money is the major mechanism for rewarding and modifying behavior in industry, very little is known about how it works’. To really understand how money modifies behavior, the

perceptions and preferences of the person being rewarded must be understood, a challenging task for a manager. Unless employees can see a connection between performance and merit increases, money will not be a powerful motivator. Equally challenging is how motivation is affected after managers implement a pay cut during difficult economic times. (Ivancevich, Konopaske, & Matterson, 2009)

- Financial reward: employee benefits

The major financial employee benefit in most organizations is the pension plan, and for most employees, the opportunity to participate in the pension plan is a valued reward. Employee benefits such as pension plans, hospitalization, and vacations usually are not contingent on the performance of employees, but are based on seniority or attendance. . (Ivancevich, Konopaske, & Matterson, 2009)

- Interpersonal reward

The manager has some power to distribute such interpersonal rewards are status and recognition. By assigning individuals to prestigious jobs, the manager can attempt to improve or remove the status a person processes. However, if co-workers do not believe that a person merits are particular job, it is likely that status will not be enhanced. By reviewing performance, managers can, in

some situations, grant what they consider to be job changes to improve status. The manager and co-workers both play a role in granting job status. . (Ivancevich, Konopaske, & Matterson, 2009)

- Promotions

For many employees, promotion does not happen often; some employees never experience it in their careers. The manager making a promotion reward decision attempts to match the right person with the job. Criteria often used to reach promotion decisions are performance and seniority. Performance, if it can be accurately assessed, is often given significant weight in promotion reward allocations. . (Ivancevich, Konopaske, & Matterson, 2009)

2.2.1.1.2 Intrinsic Reward

An intrinsic reward is defined as one that is self-administered by the person. It provides a sense of satisfaction or gratification and, often, a feeling of pride for a job well done.

- Completion

The ability to start and finish a project or job is important to some individuals. These people value what is called *task completion*. Some people have a need to complete tasks, and the effect that completing a tasks has on a person is a form of self-reward. Opportunities that allow such people to complete tasks can have a powerful motivating effect. . (Ivancevich, Konopaske, & Matterson, 2009)

- Achievement

Achievement is a self administered reward that is derived when a person reaches a challenging goal. McClelland has found that there are individual differences in striving for achievement. Some individuals seek challenging goals, while others tend to seek moderate or low goals. In goal setting programs, it has been proposed that difficult goals result in a higher level of individual performance than do moderates goals. However, even in such programs, individual differences must be considered before reaching conclusions about the importance of achievement reward. . (Ivancevich, Konopaske, & Matterson, 2009)

- Autonomy

Some people want jobs that provide them with the right and privilege to make decisions and operate without being closely supervised. A feeling of autonomy could result from the freedom to do what the employee considers best in a particular situation. In jobs that are highly structured and controlled by management, it is difficult to create tasks that lead to a feeling of autonomy. (Ivancevich, Konopaske, & Matterson, 2009)

- Personal Growth

The personal growth of any individual is a unique experience. An individual who is experiencing such growth senses his or her

development and can see how his or her capabilities are being expanded. By expanding capabilities, a person can maximize or at least satisfy skill potential. . (Ivancevich, Konopaske, & Matterson, 2009)

2.2.1.2 Organization Rewards Norms

Based on *Kreitner & Kinicki* in *Organizational Behavior* book, ideally four alternatives norms dictate the nature of this exchange. In pure form, each would lead to a significantly different reward distribution system. They are as follows:

- *Profit Maximization*. The objective of each party is to maximize its net gain, regardless of how the other party fares. A profit maximizing company would attempt to pay the least amount of wages for maximum effort (*Kreitner & Kinicki, 2004*).
- *Equity*. According to the reward equity norm, reward should be allocated proportionate to contributions. Those who contribute the most should be rewarded the most. A cross cultural study of American, Japanese, and Korean college students led the researchers to the following conclusion: “Equity is probably a phenomenon common to most cultures, but its strength will vary” (*Kim, Park, & Suzuki, 1990*). Basic principles of fairness and justice, evident in most cultures, drive the equity norm. however, pay equity between women

and men in the United States remains as unresolved issue (*Gutner, 2002*)

- *Equality*. The reward equality norm calls for rewarding all parties equally, regardless of their comparative contributions. Because absolute equality does not exist in today's hierarchical organizations, researchers explored the impact of pay *inequality*. They looked at *pay dispersion* (pay gap between high-level and low-level employees). Result: the smaller the pay gap, the better the individual and organizational performance (*Bloom, 1999*). Thus, the outlandish compensation packages for many of today's top executives is not only a widely debated moral issue, it is a productivity issue as well (*Colvin, 2001*).
- *Need*. This norm calls for distributing reward according to employees' needs rather than their contributions (*Pearce & Peters, 1985*).

2.2.1.3 Reward Distribution Criteria

According to one expert on organizational reward systems, three general criteria for the distribution of rewards are as follows:

- *Performance: result*. Tangible outcomes such as individual, group, or organization performance; quantity and quality of performance. (*Kreitner & Kinicki, 2004*)

- *Performance: actions and behaviors.* Such as team work, cooperation, risk taking, creativity. (Kreitner & Kinicki, 2004)
- *Nonperformance considerations.* Customary or contractual, where the type of job, nature of the work, equity, tenure, level in hierarchy, and so forth are rewarded (Glinow, 1985)

2.3 Job satisfaction

Job satisfaction refers to an individual's general attitude toward his or her job. A person with a high level of job satisfaction holds positive attitudes toward the job; a person who is dissatisfied with his or her job holds negative attitudes about the job (Robbins, 2003)

Job satisfaction is associated with how well our personal expectations at work are in line with outcomes (McKenna, 2005)

Job satisfaction reflects the extent to which an individual likes his or her job, and it is the most frequently studied outcome variable by organizational behavior researchers (Kinicki, McKee, & Wade, 1996).

While researchers and practitioners most often measure global job satisfaction, there is also interest in measuring different "facets" or "dimensions" of satisfaction. Examination of these facet conditions is often useful for a more careful examination of employee satisfaction with critical job factors. Traditional job satisfaction facets include: co-workers, pay, job conditions, supervision, nature of work and benefits." (Williams, 2004).

2.3.1 Facets of Job Satisfaction

According to *Wood et al (1998)* in the book “*organizational behavior, an Asia Pacific perspective*” there are five facets of job satisfaction from the job descriptive index with which a manager should be concerned:

- The work itself: responsibility, interest and growth.
- Quality of supervision: technical help and social support.
- Relationship with co-workers: social harmony and respect
- Nature of work and benefit: chances for further advancement.
- Pay: adequacy of pay and perceived equity vis-à-vis others.

2.3.2 The Cause of Job Satisfaction

In *Kreitner & Kinicki book (2004)*, there are five predominant models of job satisfaction focus on different causes. They are need fulfillment, discrepancy, value attainment, equity, and dispositional/genetic component. A brief of these models will provide insight into the complexity of this seemingly simple concept.

- **Need Fulfillment.** These models propose that satisfaction is determined by the extent to which the characteristics of a job allow an individual to fulfill his or her needs. For example, a survey of 30 Massachusetts law firms revealed that 35% to 50 % of law associates left their employers within three years of starting because the firms did not accommodate family needs. This example illustrates that unmet needs affect both satisfaction and turnover (*Karr, 1999*). Although

these models generated a great degree of controversy, it is generally accepted that need fulfillment is correlated with job satisfaction (Cranny, Smith, & Stone, 1992)

- Meet Expectations represent the difference between what an individual expect to receive from a job, such as good pay and promotional opportunities, and what he or she actually receives. When expectations are greater than what is received, a person will be dissatisfied. In contrast, this model predicts the individual will be satisfied when he or she attains outcomes above and beyond expectations. A meta-analysis of 31 studies that included 17,241 people demonstrated that met expectations were significantly related to job satisfaction (Wanous, Poland, Premack, & Davis, 1992)
- Value Attainment is that satisfaction result from the perception that a job allows for fulfillment of an individual's important work values (Locke, 1984). In general, research consistently support the prediction that value fulfillment is positively related to job satisfaction.
- Equity. In this model, satisfaction is a function of how "fairly" an individual is treated at work. Satisfaction result from one's perception that work outcomes, relative to inputs, compare favorably with a significant other's outcomes/inputs. A meta-analysis involving 190 studies and 64,757 people supported this model. Employee's

perception of being treated fairly at work were highly related to overall job satisfaction (*Cohen-Charash & Spector, 2001*)

- Dispositional/Genetic Components. Have you ever noticed that some of your co-workers or friends appear to be satisfied across a variety of job circumstances, whereas others always seem dissatisfied? This model of satisfaction attempts to explain this pattern (*Judge & Larsen, 2001*).

Robbins said in his book, *Essentials of Organization Behavior* (2003), the evidence indicates that the most important factors conducive to job satisfaction are mentally challenging work, equitable rewards, supportive working conditions, and supportive colleagues.

2.4 Review of Previous Study

The research conducted by *Khan* (2007) examined the relationship of performance appraisal to productivity and job satisfaction of employee. This study contributes to increase productivity and job satisfaction of employee which is important for organizational development.

The fundamental objective of performance appraisal is to facilitate management in carrying out administrative decision relating to promotions, firings, layoffs and pay increases. For example, the present job performance of

an employee is often the most significant consideration for determining whether or not to promote the person.

The significant of performance appraisal, being a major and pivotal HR activity, can hardly be overemphasized for the growth, development and success of any organization. Unfortunately, in most of the public sector organizations, this fundamental activity is not given due importance. The ultimate corollary of this scenario appears in the shape of slow progress and lower productivity of the employees and of the organizations as a whole.

The results of this research show that 72% of the employee are of the view that they need sufficient amount of feedback so as to improve their performance. This shown that lack of positive feedback provisions in the existing performance appraisal system linchpin improvement dimension of employees' performance.

Therefore, on the basis of the previous research, the researcher proposes the following hypothesis:

H1: performance appraisal will influence the job satisfaction of employee.

Khalid.,et al (2011) stated that there is a relationship between employee's rewards and job satisfaction. This study focuses on the Malaysia states water utility organizations since its consisted of public and private entities. A simple random population of 689 water utility employees was taken public and private water utility organizations in Malaysia.

The findings indicates that (1) reward have appositive significant influenced on motivation; (2) motivation significantly positively influenced employee job satisfaction, and (3) rewards have a positive significantly influenced on job satisfaction. The t-test result revealed that public water utility organization showed significantly higher on the level of rewards, motivation and job satisfaction. This resulted 48 percent of variance in motivation was explained by rewards in water utility industry. If motivation is increased, the incremental variances in employee's reward for public and private water utility organizations were 51 percent and 38 percent respectively.

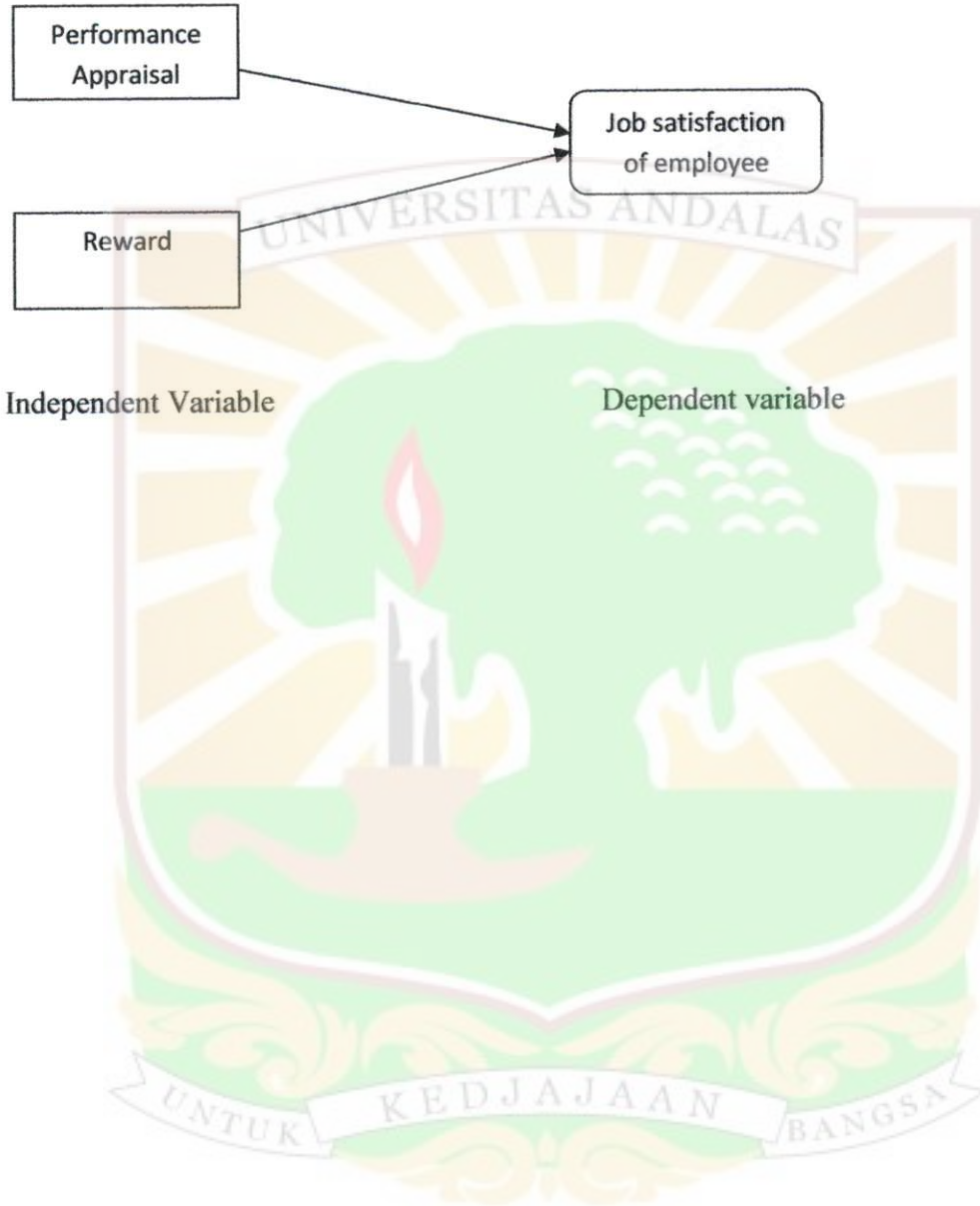
Therefore, on the basis of the previous research, the researcher proposes the following hypothesis:

H2: reward will influence the job satisfaction of employee.

2.5 Theoretical Framework

The diagram below shows theoretical framework that becomes the basic concept for this research. As we can see in the diagram, this research is started from motivation concept, main topic in human resource management. Fundamentally, this research will describe the performance appraisal and reward system in influencing the job satisfaction of employee.

Figure 2.2
Relationship between Variables



CHAPTER III

RESEARCH METHOD

3.1 Research Approach

This research is going to use quantitative research method. This research method will complete and support the achievement of this research. Quantitative approach is used to find out the performance appraisal and reward system in PT. Nusantara Beta Farma and the relationship with job satisfaction of employee.

(*Sekaran, 2003*) defines Quantitative research design had been selected in order to find out the appropriate answers to the research questions and to test the hypotheses. The research framework also suggested this type of design.

3.2 Population and Sampling

Defined by *Sekaran (2003: 266)*, the population is entire group of people, events, or things of interest that the researcher wishes to investigate. The population of this research is all employees in PT. Nusantara Beta Farma.

A sample is a subset of the population that comprises some members selected from the population. In other statements, some elements of the population would form the sample (*Sekaran, 2003*). Since the population of the research was not large, then the population was studied in this research. The populations in PT. Nusantara Beta Farma are 99 people, and the samples in these research 53 samples.

3.3 Data Collection Method

The data for this research is collected by doing preliminary survey and interviews, distributing questionnaires, and reviewing literature. The methods are described at the following sections.

3.3.1 Preliminary Survey

Preliminary survey was done by direct observing the daily business processes and behavior of employee during the work time. It is done to get an overview about the performance appraisal and reward that used by PT. Nusantara Beta Farma and whether it is success to improve the employees' job satisfaction or not.

3.3.2 Questionnaire

The questionnaires distributed to PT. Nusantara beta Farma employees were utilized to measure how big the performance appraisal and reward influence the employees' job satisfaction.

3.4 Conceptualization and Operationalization of Variable

3.4.1 Dependent variable

Dependent Variable is result variable that contain at least one causal (*Sekaran, 2003*). Dependent variable is the variable that influenced by the other variable (independent variable). This research use job satisfaction of employee as dependent variable.

3.4.2 Independent variable

Independent Variable is variable that only as predicted at causal for construction or variable in this research (Sekaran, 2003). Independent variable is the variable that influences the dependent variable in either a positive or negative way. Performance appraisal and reward system are independent variable in this research.

Table 3.1
Conceptualization of variables

no	Concept	Definition	Dimension	Indicators	Number of item
1	Performance appraisal	Performance appraisal is the process through which an organization gets information on how well an employee is doing his or her job. Performance appraisal is only one method for managing employee performance. (Noe, et al 2010).	<ul style="list-style-type: none"> • Efficiency • Skill and Ability • Behavior 	<ul style="list-style-type: none"> - Timeliness - Accuracy - Team work - Creativity - Integrity and honesty - Functional skill (manage time, money, material, facilities and human resources, Understand system and uses technology) - Morale - Initiative 	8 items
2	Reward	Rewards are an ever-present and always controversial feature of organizational life. Some employees see their job as the source of a paycheck and little else. Others derive great pleasure from their jobs and association with co workers. (Kreitner & Kinicki, 2004)	<ol style="list-style-type: none"> 1. Extrinsic reward 2. Intrinsic reward 	<ul style="list-style-type: none"> - Financial - interpersonal - Promotion - Completion - Achievement - Autonomy - Personal growth 	12 items
3	Job satisfaction	Job satisfaction refers to an individual's general attitude toward his or her job. A person with a high level of job satisfaction holds positive attitudes toward the job (Robbins, 2003)	Facets of job satisfaction	<ul style="list-style-type: none"> - Work itself - Quality of supervision - Relationship with co workers - Nature of work and benefit - pay 	20 items

3.5 Data Processing

The gathered data is processed through some steps that consist of:

1. Editing, that is checking every gathered questionnaire to make data isolated completely, clear and correct.
2. Coding. It is giving code from each gathered data, in each question in questionnaire with a purpose to facilitate data processing.
3. Data inputting is placing data into data editor at SPSS program
4. Data processing is processing data at SPSS program.

3.6 Data Analysis Method

Analysis method used in this research was regression. This method was a statistical analysis tools to test the effect of performance appraisal and reward on employee job satisfaction. Correlation analysis was also used to see how strong the relationship between dependent variable and independent variable. Additionally, validity and reliability testing was also included.

3.6.1 Reliability and Validity testing

Reliability testing is purposed to see how well the items measuring a concept hang together as a set, while validity testing mostly used to measure the accuracy of one item in a questionnaire or scale, whether items in that questionnaire was appropriate in measuring what we want to measure.

In determination of reliability level of one instrument that can be accepted r value of alpha, exist in range 0.60 – 1.00. We categories good/ reliable if in range $> 0.60 - 0,8$. We categorize very good/ very reliable if in range 0.80 – 1,00. To determine the reliability of each statement, it is used computer program SPSS 19 for windows with a *Cronbach alpha* formula.

Validity testing is purposed to establish the goodness of measurement, whether we are, measure the right things or not. This validity testing is using *Product moment Pearson*. Coefficient of correlation is calculated from each item scores and total score r related variable. Homogeneity from each item of all variables is < 0.5 that is deemed valid and strong construct (Sekaran, 2003).

3.6.2 Descriptive Analysis

3.6.2.1 Respondent Descriptive

The respondents are characterized by their ages, sexes, working periods, and most current educations.

3.6.2.2 Factor Description

This section will describe the effects of performance appraisal and reward system on job satisfaction of employee in PT. Nusantara Beta Farma. Performance appraisal and reward systems were summarized as how it affects the job satisfaction of employee determined by the application of appropriate

performance appraisal tools and reward system used by the company. The performance appraisal and reward system affect the job satisfaction of employee.

3.6.3 Regression and Correlation Analysis

3.6.3.1 Simple Linear regression

Rating scales of this research are questionnaire's questions based on Likert's scales where they are designed to examine how strong the subjects agree or disagree with the statements on a 5-point scale (Sekaran, 2003). The anchors are:

1= Strongly Disagree

2= Disagree

3= Netral

4= Agree

5=Strongly Agree

The formulation of the research's regression is: $Y = a + bX_1 + bX_2$

In which: Y=job satisfaction (Dependent Variable)

A=constant

B=regression Coefficient

X1=performance appraisal (independent variable)

X₂=Reward (Independent variable)

Simple linear regression analysis is a linear relationship between independent variable (performance appraisal and reward) and dependent variable (employee's job satisfaction) and to investigate the direction of relationship between dependent and independent variable whether positive or negative.

3.6.3.2 Bivariate correlation analysis

Bivariate correlation analysis is used to examine the significant relationship between two variables and to investigate the direction of relationship. Bivariate correlation examines how strong or how weak the relationship between performance appraisal and reward system toward job satisfaction of employee.

3.6.4 Data Analysis

This study is intended to test a model that explained the influence of performance appraisal and reward system toward job satisfaction of employee. To answer the hypothesis, the data will be analyzed using statistical package for the social sciences (SPSS) 19.0.

CHAPTER IV

COMPANY PROFILE

4.1 History of The Establishment of PT. Nusantara Beta Farma

PT. Nusantara Beta Farma, located in Jalan Raya Padang - Bukittinggi Km 25, Pasar Usang. The factory is used since February 1995 previously located in Padang precisely in Jl. Sawahan Dalam IV No 20 is in the form of domestic industry. PT. Nusantara Beta Farma is one of the pharmaceutical industries in Indonesia that produce the drugs classified as generic. Founded in 1979 by *Drs. Yusri Umar, Apt*, with the name of PT. Beta Farma Indonesia. And on the 9th October 1979 at the proposed change of name to PT. Nusantara Beta Farma and inaugurated on 5 November 1979.

Pharmaceutical factory of PT. Nusantara Beta Farma was officially established by the health minister's decision to license the drug control directorate general health and food department republic of Indonesia in Jakarta, through the health department of the western Sumatra provinces, the health minister's decision to No.2661/A/SK/PAB/1981 republic Indonesia manufacture of drugs and drug classes are free classes free of drugs is limited, which is located in Jl. Sawahan Dalam V 20 Padang, the number of workers is still relatively small, which is 5 people.

After six years of operation and begin to develop PT. Nusantara Beta Farma need more space for various reasons, among others, for the production and

administration of the company, because in the early establishment of a production site in the home of founder, *Drs. Yusri Umar, Apt* so that on the 24th of January 1985 PT. Nusantara Beta Farma moved from Jl. Sawahan Dalam V no 1 to Jl. Sawahan Dalam IV No. 20 Padang and officially moved with the health minister decree no. 503273/ER/1985 on 1st October 1985. On 12 June 1985, the company began to enjoy working capital loans from banks, and on the 19th of September 1988 a small investment credit (SIC) of the bank began to be scaled. In an effort to improve the quality of drugs in Indonesia, the health minister issued a decree No. RI. 43 / Men Kes / SK / II / 1988 on guidelines for making a good drug (GMP) to the industry, the pharmaceutical industry in Indonesia. With this decision PT.Nusantara Beta Farma building the better infrastructure in the manufacture of drugs. So that build factories in Pasar Usang, where construction permits issued on 8 December 1992, and in the wake of the 1993 address at Jalan Raya Padang Bukittinggi KM 25, Desa Pasar Usang , Kecamatan Batang Anai, Kabupaten Pariaman.

In the February 1995 the GMP factory, started operation and production activities began to move to new premises in Pasar Usang with powder products and in early August 1995 the entire production has been moved to Pasar Usang until now.

In 2002 the company holds by *Diana Agustin, Apt* which is the first daughter of the founder of the company. Many of the changes that occur both in the field of regulation and the system in PT. Nusantara Beta Farma, the purpose of it all to achieve the professional management in order to achieve the vision and mission.

4.2 Vision and Mission

- **Vision:** To become the leader in pharmaceutical industry on the island of Sumatra
- **Mission:** produce high-quality medicines in accordance with cGMP requirements to earn the trust and loyalty of customers and users.
- **Company Quality Policy:**
 - Implementing a quality management system (c.G.M.p) in implementing CPOB
 - Purchase of raw materials from suppliers who have been officially approved
 - Perform rigorous quality control of raw materials, semi-finished drugs and medicines.
 - Perform all aspects of the validation program
 - Provide trained and competent human resources efficiently in accordance with the instructions implementing CPOB
 - Improving internal and external communications as well as lower levels of customer service on an ongoing basis
 - Conducting in-time delivery according to customer demand
 - Creating and maintaining a work environment that is clean, friendly and healthy

CHAPTER V

RESULT AND ANALYSIS

In this chapter, we will interpret and analyze data and answer which given by Employee in PT. Nusantara Beta Farma as respondents. The employee consists of employee in factory and employee in the administration office of PT. Nusantara Beta farma. Questionnaires distributed on February 2012. On this research, there are 70 questionnaires which given to 70 respondents but just return 59 questionnaires. And from 59 questionnaires only 53 questionnaires can be processed in the next step.

Table 5.1 Response Rate

Questionnaires	Numbers
Distributed	70
Return	59
Processed	53
Response Rate	$\frac{53}{70} \times 100\% = 75.7$

Source: Primary Data Processing

5.1 Validity and Reliability Test

Validity test is tested by comparing r_{count} and r_{table} . Validity test is the accuracy or precision of an instrument in measuring what you want to measured. By correlating each score with a total score which is amount of each item (*corrected item total correlation*) and its value can be seen on the results of processing using SPSS 19 on the table of *item-total statistic* in the column of *corrected item-total*. A questionnaire is valid if the statement of the questionnaire able to express something that will be measured by the questionnaire. Validity Testing done to all respondents

who carried out after the questionnaire distributed. Valid questionnaire means the questionnaire is able to measure what should be measure. Each instrument is valid if the correlation coefficient (r test) $>$ r table/ r critical (Sugiyono and Wibowo, 2004).

5.1.1 Validity Test

In analyzing this step, the validity test conducted on 53 respondents. This validity test consists of 40 questions; there are 8 questions for performance appraisal, 12 questions for reward and 20 for Job satisfaction. To know the questions are valid or not, we should compare the result of r table and r count, and the value of r count should be greater than r table to make the questions are valid. Validity test result can be seen in the following table:

Table 5.2
Result of Validity Test

No	Questionnaires/ Indicators	R table	R count	Note
Performance Appraisal				
1	The employee able to work on time	0.273	0.631	Valid
2	The employee able to work with the accurate result	0.273	0.609	Valid
3	The employee able to work in a team	0.273	0.651	Valid
4	The employee try to find another alternative in doing their job	0.273	0.691	Valid
5	The employee is honest in working	0.273	0.741	Valid
6	The employees perform task well (such as: storing data and using technology in working)	0.273	0.797	Valid
7	The employee have high morale	0.273	0.854	Valid
8	Having initiative in working	0.273	0.757	Valid
Reward				
1	I get perquisite because assigned to other city/province	0.273	0.510	Valid

No	Questionnaires/ Indicators	R table	R count	Note
2	I get perquisite based on rule and policy	0.273	0.732	Valid
3	Benefit that I get can accommodate to fulfill my need	0.273	0.755	Valid
4	Benefit that I get is based on task and responsibility that I hold	0.273	0.707	Valid
5	During on leave I still get benefit as usually	0.273	0.487	Valid
6	I and my friend are given a chance to do celebration as a reward that I and my friend get	0.273	0.513	Valid
7	I get recognition from manager for my achievement	0.273	0.700	Valid
8	I posted in a better position because of my achievement	0.273	0.639	Valid
9	I get security during doing my job	0.273	0.471	Valid
10	I get vehicle facility to support my job	0.273	0.306	Valid
11	I work harder based on my ability to get a good performance	0.273	0.152	Not Valid
12	I do the job that manager gives to me approximately	0.273	0.281	Valid
Job satisfaction				
1	Being able to keep busy all the time	0.273	0.597	Valid
2	The chance to do work alone on the job	0.273	0.727	Valid
3	The chance to do different thing from time to time	0.273	0.511	Valid
4	The chance to be "somebody" in the community	0.273	0.297	Valid
5	The way my boss handles his/her employees	0.273	0.686	Valid
6	The competence of my supervisor in making decision	0.273	0.683	Valid
7	Being able to do the job without feeling it is morally wrong	0.273	0.646	Valid
8	My job security	0.273	0.450	Valid
9	The chance to do things for another people	0.273	0.525	Valid
10	The chance to tell others workers how to do things	0.273	0.465	Valid
11	The chance to do work that is well suited to my abilities	0.273	0.667	Valid
12	The way company policies are put into practice	0.273	0.684	Valid
13	The amount of pay for the work I do	0.273	0.575	Valid

No	Questionnaires/ Indicators	R table	R count	Note
14	The opportunities for advancement on this job	0.273	0.684	Valid
15	The freedom to use my own judgment	0.273	0.779	Valid
16	The chance to do new and original things on my own	0.273	0.723	Valid
17	The working conditions on this job	0.273	0.618	Valid
18	The friendliness of my co-workers	0.273	0.094	Not Valid
19	The praise I get for doing a good job	0.273	0.694	Valid
20	The feeling of accomplishment I get from the job	0.273	0.750	Valid

Source: Primary Data Processing

Based on the validity Test using SPSS 19 for windows, the r_{count} value for each question bigger than r_{table} value (0,273) except 2 questions, that are question for reward number 11 and job satisfaction number 18. So, for 40 models of question above, 38 questions are valid. The question that has highest validity value in performance appraisal is question no.7 that is the employees have high morale. This statement has a correlation coefficient of 0.854. While the question that has lowest validity value in performance appraisal is question no.2, it's about ability to work with accurate result. This statement has a correlation coefficient of 0.609.

For reward, the question that has highest validity value is question no.3 about Benefit that they get can accommodate to fulfill their need. This statement has a correlation coefficient of 0.755. While the question that has lowest validity value for question no.12 about they do the job that manager gives to them approximately. This statement has a correlation coefficient of 0.281.

And for job satisfaction, the question that has highest validity value is question no.15 about the freedom to use their own judgment. This statement has a correlation coefficient of 0.779. While the question that has lowest validity value for question no.4 about the chance to be “somebody” in the community. This statement has a correlation coefficient of 0.297.

5.1.2 Reliability Test

Reliability test of 3 variables that have been tested are performance appraisal, reward, and job satisfaction can be seen in table 5.3 below:

Tabel 5.3
Result of Reliability Test

Variables	Cronbach's Alpha	Amount Questionnaires
Performance Appraisal	0.912	8
Reward	0.846	12
Job satisfaction	0.927	20

Source: Primary data processing

Based on the table 5.3 showed that the value of Cronbach's Alpha for performance appraisal is 0.912, the Cronbach's Alpha for reward is 0.846 and for job satisfaction is 0.927. Based on these data mean that variables of the study had an alpha value greater than 0.6. It means, all questionnaires are highly reliable Statement.

5.2 Descriptive Analysis

The purpose of descriptive analysis is to describe the characteristic of the respondents in this study such as gender, age, education background, working period

in company, income, employee status and also did they have training in PT. Nusantara Beta Farma. Then, It is also describe the influence of performance appraisal and reward toward job satisfaction of employee in PT. Nusantara Beta Farma Padang that obtained from the questionnaire that were distributed 70 questionnaires with 84.2% return rate (59 questionnaires), the remaining of 15.7% (11 questionnaires) of questionnaires not returned. But, just 75.7% (53 questionnaires) can be process because 8.57% (6 questionnaires) cannot processes cause of not fulfill.

5.2.1 Description of Research Sample

In this following discussion will interpret the data and the answers that given by respondent in respondent characteristic. In this research, there were 53 questionnaire distributed to 53 respondent. For more detail, the following table will describe the respondent characteristics:

1. Respondent Characteristics based on gender

Tabel 5.4

Respondent Characteristics based on gender

Gender	Frequency	Percentage
Male	25	47.2
Female	28	52.8
Total	53	100

Source: Primary data processing

Based on table 5.4 found that from 53 respondents, the majority is female; the number of male in this research is 25 with percentage level of 47.2 %. And 28 other respondents are female with percentage level of 52.8 %.

2. Respondent Characteristics based on Age

Table 5.5
Respondent Characteristics based on Age

Age	Frequency	Percentage
< 25 years old	7	13.2
25 – 39 years old	24	45.3
40 – 49 years old	20	37.7
> 50 years old	2	3.8
Total	53	100

Source: Primary data processing

Based on questionnaire in table above showed that the majority of employees at PT. Nusantara Beta farma Padang is aged among 25-39 years old, that is 24 respondents (45.3%) then aged 40-49 years old were 20 (37.7%), aged <25 years old is 7 people (13.2%), and aged above 50 years only 2 people (3.8%).

3. Respondent Characteristics based on education Background

Table 5.6
Respondent Characteristics based on education background

Group of Education	Frequency	Percentage
Senior High School	40	75.5
Diploma I (D1)	3	5.7
Diploma II (D2)	1	1.9
Diploma III (D3)	5	9.4
Strata I (S1)	3	5.7
Others	1	1.9
Total	53	100

Source: Primary data processing

From the result of questionnaire in table 5.6, from 53 respondents, 40 respondents have senior high school as their education background (75.5%). Then, 3 respondents diploma I (5.7%), 1 respondent diploma II (1.9%), 5

respondents diploma III (9.4%), 3 respondents are bachelor (5.7%), and others (1.61%).

4. Respondent Characteristics based on Working Period

Table 5.7

Respondent Characteristics based on Working Period

Working Period	Frequency	Percentage
< 5 year	10	18.9
5 – 9.9 year	4	7.5
10 – 14.9 year	11	20.8
15-20 year	22	41.5
>20 year	6	11.3
Total	53	100

Source: Primary data processing

From the result of questionnaire in table 5.7, from 53 respondents, 22 respondents were working there for 15-20 years (41.5%). Then 11 respondents were working there for 10-14.9 years (20.8%). 10 respondents were working there for <5 years (18.9%). Then 6 respondents were working there for >20 years (11.3%). And 4 respondents were working there for 5-9.9 years (7.5%).

5. Respondent Characteristics based on Income

Table 5.8

Respondent Characteristics based on Income

Income	Frequency	Percentage
<1,000,000	19	35.8
1,000,000-3,000,000	32	60.4
3,000,000-5,000,000	2	3.8
Total	53	100

Source: Primary data processing

Based on questionnaire in table above showed that the majority of employees in PT. Nusantara Beta Farma Padang get income per month around 1,000,000-3,000,000, that is 32 respondents (60.4%) then income <1,000,000 were 19 (35.8%), and income 3,000,000-5,000,000 is 2 people (3.8%).

6. Respondent Characteristics based on Position

Table 5.9

Respondent Characteristics based on Position

Position	Frequency	Percentage
Staff officer	16	30.1
HRD	1	1.8
Quality Control	3	5.6
GBA (gudang bahan awal)	2	3.7
Production	30	56.6
Maintenance	1	1.8
Total	53	100

Source: Questionnaire

Based on questionnaire in table above showed that the majority of employees in PT. Nusantara Beta Farma Padang is employee in production, because it is a factory company with amount of 30 respondent or 56.6% from total respondent. Then, staff officer with amount 16 respondents (30.1 %), quality control 3 respondents (5.6 %), GBA (gudang bahan awal) 2 respondents (3.7 %), and maintenance and HRD 1 respondents (1.8 %).

7. Respondent Characteristics based on Employee Status

Table 5.10

Respondent Characteristics based on Employee Status

Employee Status	Frequency	Percentage
Permanent	40	75.5
Honor/ contract	13	24.5
Total	53	100

Source: Primary data processing

Table above showed that the majority of employees in PT. Nusantara Beta Farma Padang are permanent employee, with amount 40 employees (75.5%) and just 13 employees as honor/contract employee (24.5%).

8. Respondent Characteristics based on Training

Table 5.11

Respondent Characteristics based on Training

Training	Frequency	Percentage
Yes	28	52.8
No	25	47.2
Amount	53	100

Source: Primary data processing

Based on table above, the employee of PT. Nusantara Beta farma Padang already get a training 28 employees (52.8%) and the left 25 employee did not get a training (47.2%).

5.2.2 Frequency Distribution of Respondents

5.2.2.1 Analysis of Performance Appraisal

Table 5.12
Frequency Distribution of Respondents
Performance Appraisal

No	Dimension	Amount of Respondents					Total	Mean
		VD	D	N	A	VA		
	Efficiency							4.00
1	The employee able to work on time	1	2	2	34	14	53	4.09
2	The employee able to work with the accurate result	1	2	5	38	7	53	3.91
	Skill and Ability							4.09
3	The employee able to work in a team	1		3	40	9	53	4.06
4	The employee try to find another alternative in doing their job	1		3	37	12	53	4.11
5	The employee is honest in working	1	1	2	37	12	53	4.09
6	The employees perform task well (such as: storing data and using technology in working)	1		5	32	15	53	4.13
	Behavior							4.10
7	The employee have high morale	1		3	32	15	53	4.17
8	Having initiative in working	2		6	31	14	53	4.04
	Average							4.07

Source: Primary data processing

Based on the questionnaires in table 5.12, we got data from 53 respondents, the highest average for performance appraisal is 4.17 with 88.6 % of respondent rate, the achievement contained in the statement item numbers 7 about high morale of work. And the lowest average for performance appraisal is 3.91 with the level of

achievement 84.9 % and it found in statement number 2 about ability to work with accurate result.

And based on average on each dimension, we got data, the highest one is behavior dimension with an average 4.10. It means, the behavior of employee in PT. Nusantara bata Farma already good. They have high morale and initiative in working. Its good for company outcomes. And the lowest one is efficiency dimension with an average 4.00. that data explain to us, if the company can increase the efficiency in work (able to come ontime and able to work with accurate result) it also affect the satisfaction of employee. It can be increase if the supervisor more discipline in manage their subordinate.

In overall, the average of performance appraisal in PT. Nusantara Beta Farma Padang is 4.07 the achievement level of 89.3% of respondents. It showed that most employee performance appraisal in PT. Nusantara Beta Farma is very good.

5.2.2.2 Analysis of Reward

Table 5.13
Frequency Distribution of Respondents
Reward

No	Dimensions	Amount of Respondents					Total	Mean
		N	S	Ne	O	A		
	Extrinsic Reward							2.39
1	I get perquisite because assigned to other city/province	27	19	5	2		53	1.66
2	I get perquisite based on rule and policy	18	18	5	2	1	53	2.06
3	Benefit that I get can accommodate to fulfill my need	16	13	22	2		53	2.19

4	Benefit that I get is based on task and responsibility that I hold	12	16	21	4		53	2.32
5	During on leave I still get benefit as usually	7	2	28	16		53	3.00
6	I get security during doing my job		9	23	21		53	3.23
7	I get vehicle facility to support my job	22	5	13	13		53	2.32
	Intrinsic Reward							2.87
8	I and my friend are given a chance to do celebration as a reward that I and my friend get	11	15	10	17		53	2.62
9	I get recognition from manager for my achievement	17	16	15	5		53	2.15
10	I posted in a better position because of my achievement	11	10	19	13		53	2.64
12	I do the job that manager gives to me approximately	1		9	28	15	53	4.06
	Average							2.35

Source: Primary data processing

Based on the questionnaires in table 5.13, we got data from 53 respondents, the highest average for reward is 4.06 with 81.1 % of respondent rate, the achievement contained in the statement item numbers 12 about doing the job that managers gives approximately. And the lowest average for reward is 1.66 with the level of achievement 86.7 % and it found in statement number 1 about getting perquisite because assigned to other city/province.

And based on average on each dimension, the intrinsic rewards have better average than the extrinsic reward. The intrinsic rewards have an average 2.87 and extrinsic reward have an average 2.39. It means, in this company the intrinsic reward have more effect to job satisfaction of employee. And to increase the job satisfaction of employee, the company should be maintain this intrinsic reward in order to make

satisfaction of employee. And also should be increase in extrinsic reward. Because the lower average is question number 1 about get perquisite because assign to another city. It means, the employee feel bored with their work and need to assign to another city. Management of company can increase this one by using study tour to another city or another pharmaceutical factory.

In overall, the average of reward in PT. Nusantara Beta Farma Padang is 2.35. It showed that reward applied in this company not really good.

5.2.2.3 Analysis of Job Satisfaction

Table 5.14
Frequency Distribution of Respondents
Job satisfaction

No	Dimensions	Amount of Respondents					Total	Mean
		VD	D	N	A	VA		
	Facets of Job Satisfaction							
	• Work Itself							3.28
1	Being able to keep busy all the time	3	7	16	25	2	53	3.30
2	The chance to do work alone on the job	2	2	14	28	7	53	3.68
3	The chance to do different thing from time to time	5	4	16	26	2	53	3.30
4	The working conditions on this job	4	9	11	26	3	53	3.28
5	The praise I get for doing a good job	8	14	10	20	1	53	2.85
	• Quality of supervision							3.37
6	The chance to be "somebody" in the community	1	4	12	32	4	53	3.64
7	The way my boss handles his/her employees	3	18	16	14	2	53	2.89
8	The competence of my supervisor in making decision	3	15	20	14	1	53	2.91
9	Being able to do the job without feeling it is	5	7	10	29	2	53	3.30

	morally wrong							
10	My job security	3	2	14	31	3	53	3.55
11	The chance to do things for another people	1		11	32	9	53	3.91
	• Relationship with Co-workers							3.34
12	The chance to tell others workers how to do things	2	1	13	35	2	53	3.64
13	The chance to do work that is well suited to my abilities	41	2	10	32	5	53	3.60
14	The way company policies are put into practice	6	19	10	16	2	53	2.79
	• Pay							2.15
15	The amount of pay for the work I do	14	24	8	7		53	2.15
	• Nature of Work and Benefit							3.10
16	The opportunities for advancement on this job	6	10	17	18	2	53	3.00
17	The freedom to use my own judgment	8	7	15	23		53	3.00
18	The chance to do new and original things on my own	8	5	10	30		53	3.17
20	The feeling of accomplishment I get from the job	7	6	9	29	2	53	3.25
	Average						53	3.22

Source: Primary data processing

Based on the questionnaires in table 5.14, we got data from 53 respondents, the highest average for job satisfaction is 3.91, the achievement contained in the statement item numbers 11 about the chance to do things for another people. And the lowest one is 2.15 with the level of achievement 79.2 % and it found in statement number 15 about the amount of pay for the work they do.

And based on average for each dimension, the highest one is quality of supervision with an average 3.37. The lowest one is about pay with an average 2.15.

It means, the employees already feel satisfaction with the quality of supervision in this company and feel not satisfied yet with pay that they already get. The company can increase the level of employee job satisfaction in pay by giving more extrinsic reward. So the employee will feel more satisfy with amount of money that they get.

In overall, the average of job satisfaction in PT. Nusantara Beta Farma Padang is 3.22. It showed that level of satisfaction of work in PT. Nusantara Beta Farma not really good. Especially, it cause of the salary that employee.

5.2.3 Open-ended Question Analysis

5.2.3.1 Question Related to Performance appraisal

There are 3 question related to performance appraisal for open-ended question:

1. What your opinion about performance appraisal in your company? Explain!
2. Did you satisfied with performance appraisal here? Explain!
3. What suggestions do you have in order to better fair performance appraisal? Explain!

Analysis:

1. What your opinion about performance appraisal in your company? Explain!

Based on the result of open-ended question which are distributed to 53 resonidents, just 22 respondent answer this question, the answers are: 10 respondents (45,4 %) of employee in PT. Nusantara Beta Farma said that the performance appraisal that the company do already okay, because it is related

with standard operating procedure (SOP) of that company. But it needs more improvement to make the performance appraisal better than before. And 7 respondents (31.8 %) of employee said that the performance appraisal system in PT. Nusantara Beta farma still in ordinary level, there is nothing special. And the left 5 respondents (22.7 %) of employee said the system that applied is not good. They said the performance appraisal system in this company didn't get a clear point of performance appraisal and there is no reward to employee who gets a high score of performance appraisal.

Table 5.15
Frequency Distribution of Respondents
What your opinion about performance appraisal in your company

Respondent Answer	Frequency	Percentage
Good	10	45.4%
Standard	7	31.8%
Not Good	5	22.7%

Source: Questionnaire

2. Did you satisfied with performance appraisal here? Explain!

Based on the result of open-ended question, that just 22 respondent fill that, the answers are: 12 respondents (54.5 %) of them feel satisfied with the performance appraisal system that applied in PT. Nusantara Beta Farma, its cause of their answer in question number 1. And 10 respondents (45.4 %) of respondents feel dissatisfied with the system of performance appraisal that PT. Nusantara Beta Farma already do.

Table 5.16
Frequency Distribution of Respondents
Did you satisfied with performance appraisal

Respondent Answer	Frequency	Percentage
yes	12	54.5 %
no	10	45.4 %

Source: Questionnaire

3. What suggestions do you have in order to better fair performance appraisal? Explain!

Based on the result of open-ended question which are distributed to 53 respondents, they give some suggestion to make the performance appraisal system in PT. Nusantara Beta Farma become better, there are:

- Give more detail explanation to all employee in order to avoid discrepancy and jealousy between employee
- Company should do a good communication with all of employee and can process and solve the problem in this company as soon as possible.
- Company should do a performance appraisal based on individual potension of the employee
- Company should increase the motivation to employee in order to increase the quality of work in PT. Nusnatara Beta Farma
- Company should give confirmation to all subordiante in order to get satisfied result
- Company should give a clear point for each achievement that employee do.
- The system of performance appraisal that company applied should be more equitable and transparant.

5.2.3.2 Question Related to Reward

There are 3 question related to reward for open-ended question:

1. Do the reward you receive was appropriate with the performance? Explain!
2. What can you do to improve reward that you will get in the future? Explain!
3. What suggestions do you have for company to fix the reward system? Explain!

Analysis:

1. Do the reward you receive was appropriate with the performance? Explain!

Based on the result of open-ended question which are distributed to 53 respondents, and just 22 respondent fill this question, the answers are:

- 4 respondent say it appropriate enough with my performance
- 3 respondent say its moderate.
- 7 respondent answer it did not appropriate with my performance
- 6 respondents answer its not yet appropriate with my performance
- 1 respondent say i never get a reward
- 1 respondent say i never get a reward because i'm new employee here.

So, it mean, 15 respondents (68.1 %) of employee in PT. Nusantara Beta Farma said the reward that they receive did not appropriate with their performance. And 7 respondents (31.8 %) said that reward is appropriate enough with their performance.

Table 5.17
Frequency Distribution of Respondents
Do the reward you receive was appropriate with the performance

Respondent Answer	Frequency	Percentage
Appropriate	7	31.8 %
Not Appropriate	15	68.1 %

Source: Questionnaire

2. What can you do to improve reward that you will get in the future? Explain!

Based on the result of open-ended question which are distributed to 53 respondents, the answers are:

- I will improve my discipline and performance
- I will do my work seriously and as maximal as i can in order to increase the productivity.

3. What suggestions do you have for company to fix the reward system? Explain!

Based on the result of open-ended question which are distributed to 53 respondents, they give suggestion to the company to give a reward for all achievement that employee already achieve. Then, company also should pay attention to performance of employee and give a reward based on that.

5.2.3.3 Question Related to Job Satisfaction

There are 3 question related to job satisfaction for open-ended questions:

1. Do you already have a job satisfaction? Explain!
2. If not, what was hampering the job satisfaction? Explain!

3. According to you, what should the company do to improve employee job satisfaction? Explain!

Analysis:

1. Do you already have a job satisfaction? Explain!

Based on the result of open-ended question which are distributed to 53 respondents, but just 22 respondent fill this open-ended question and the answers are: 8 respondents (36.3 %) of employee in PT. Nusantara Beta Farma feel they are already have a job satisfaction. But 14 respondents (63.6 %) of them feel they are not have a job satisfaction yet. It cause of several reason.

Table 5.18
Frequency Distribution of Respondents
Do you already have a Job Satisfaction

Respondent Answer	Frequency	Percentage
Satisfied	8	36.3 %
Not satisfied yet	14	63.6 %

Source: Questionnaire

2. If not, what was hampering the job satisfaction? Explain!

Based on the result of open-ended question which are distributed to 53 respondents, the answers are: they not have job satisfaction yet because of several reason, there are:

- the salary that they receive did not appropriate with the economic condition nowadays.
- They not satisfied with decision that management already do.

- They did not get an appropriate facility compare with the responsibility that they should do.
- They said each of employee do their job not maximal yet, so it make them feel dissatisfied also.
- They not satisfied because they did not get a reward appropriate with their performance

3. According to you, what should the company do to improve employee job satisfaction? Explain!

Based on the result of open-ended question which are distributed to 53 respondents, the respondents give some suggestion that company should do in order to increase the level of job satisfaction of employee, there are:

- Increase the amount of reward and bonus that employee can receive
- Company should pay attention with performance of employee and care about the employee complaint
- Company should update the company decision about employee prosperity and salary of employee
- Company should appreciate with employee performance
- Give trust to the employee to take a decision

5.3 Classical Test Assumption

Before conducting the multiple regression analysis, first performed classical assumption test. The aim is to gain confidence that the data and variables deserve to be analyzed with multiple regression models. Classic assumption test performed

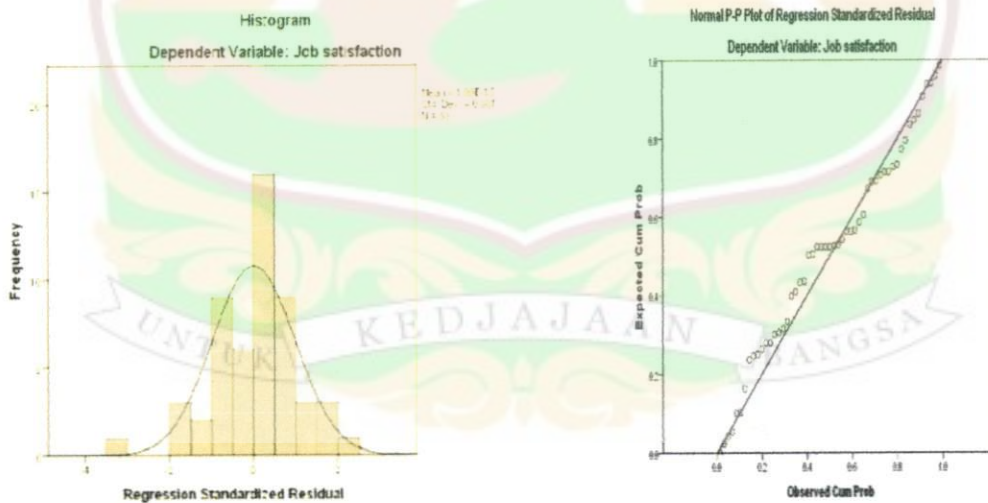
consists of normality test, multicollinearity, autocorrelation test and the test heterocedastity.

5.3.1 Normality Test

Normality test do to see whether the independent variables and the dependent variable has a normal distribution or not. A good regression model of data distribution is normal or near normal. Normality test can be done by looking at the graph. It also can use the Kolmogorov Smirnov test, whereby if the sign value > 0.05 , then it can be concluded that the data variables were tested with the normal spread.

From the results of normality test conducted on this research was obtained as follows:

Figure 5.1
Normality test



Source: Primary data processing

In graphic 5.1, normal graph Q-Q showed the points are around the diagonal line and it followed the diagonal line. And from histogram graphic, the curve is curved perfectly.

5.3.2 Testing of Multicollinearity

This test aims to test whether the regression models found a correlation between independent variables. A good regression model should not have correlation between the independent variables, to detect the presence or absence multicollinearity it can be seen from the VIF (Variance Inflation Factor).

Ghozali (2001) suggests guidelines for a model-free regression multicollinear are:

- a) VIF value under item 10
- b) Having a number close to 1 Tolerance
- c) The correlation coefficient between independent variables should be weak (below 0.5).

Table 5.19
Result of Multicollinearity Test

Variable	Tolerance	VIF	Note
Performance Appraisal	0.940	1.064	No Multikolinearitas
Reward	0.940	1.064	No Multikolinearitas

Source: Primary data processing

From the test results can be seen that the tolerance value close to 1 and VIF values are under item 10. It can be concluded that *there are no multicollinear problems between independent variables both performance appraisal and reward.*

5.3.3 Autocorrelation test

Autocorrelation test is used to determine whether there is any deviation classification autocorrelation assumption, namely the correlation between residuals in one observation with another observation on the regression model. A prerequisite that must be fulfilled is the absence of autocorrelation in the regression model.

Testing method that often used to test is Durbin Watson (DW test) with the following provisions:

- If the value of D is between 1.65 and 2.35 then there is no autocorrelation in the regression model
- If value of D is between 1.21 and 1.65 or between 2.35 and 2.79 then there is no conclusion can be drawn.
- If value of D smaller than 1.21 or 2.79, D is greater value then there is autocorrelation in the regression model.

Autocorrelation test results are as follows:

Tabel 5.20

Durbin Watson test results with the predictors (Constant)

Model	Durbin Watson
1	1.503

Source: Primary data processing

From the result of Durbin-Watson test obtained 1.503 that located between 1,21 and 1,65, it can be concluded that there is conclusion can be drawn.

5.4 Multiple Regression Analysis

Multiple regression analysis is a linear relationship between two or more independent variables with the dependent variable. This analysis was conducted to determine the direction of the relationship between independent variables with the dependent variable, whether each independent variable related to positive or negative and to predict the value of the dependent variable when the independent variable value has increased or decreased.

Testing on regression coefficient of independent variables was conducted using two-way (two tail) with 95% confidence level ($\alpha = 0.05$) with degrees of freedom (df) equal to 50 ($n - k - 1 = 53 - 2 - 1$)

The Results of multiple regression analysis in this discussion include the variable performance appraisal and reward on job satisfaction presented in table 5.21 below:

Table 5.21
Summary results of Multiple Regression Analysis

Variable	Unstandarized Coefficient (B)	Standarized Coefficient (B)	T count	Significance
constant	0.259			
Performance Appraisal	0.379	0.342	3.123	0.003
Reward	0.534	0.488	4.460	0.000
R	= 0.661	F Count	=19.405	
R Square	= 0.437	Sign	=0.000	

Source : Data Processed in SPSS 19.0

Dependent Variable : Job satisfaction

From table 5.20 regression equation can be made as follows:

$$Y = a + b_1X_1 + b_2X_2$$

$$Y = 0.259 + 0.379X_1 + 0.534X_2$$

where :

Y = Job Satisfaction

X₁ = Performance Appraisal

X₂ = Reward

From the equation above can be explained that the constant value of 0.259 indicates that if the score value of performance appraisal and reward is fixed or zero then is the score value for job satisfaction is 0.259. Regression coefficient for performance appraisal is 0.379 indicated that if value score for reward is fixed and each core value performance appraisal increase by 1 (one) unit value of job satisfaction then the score will increase by 0.379. Regression coefficient has a positive value showed there is positive relationship between performance appraisal and job satisfaction. That mean if a company have good performance appraisal, the employee will have a job satisfaction.

Regression coefficient for reward is 0.534 indicate that if the score for the performance appraisal value fixed and the each value of reward score increase by 1 (one) unit value of job satisfaction then score will increase by 0.534. Regression coefficient is positive if it indicated a positive relationship between rewards with a

job satisfaction. It means that good rewards will make a good job satisfaction of employee.

5.5 Hypotheses Testing

5.5.1 t test

T test was conducted to examine the level of influence of each independent variable with other dependent variables. This t test is to see how much influence given the contribution of each independent variable on the dependent variable or the individual test (partial) on alpha level of 5% is a boundary error to reject the data.

5.5.1.1 The Influence of Performance Appraisal on Job Satisfaction

From regression Analysis in table 5.21, obtained the value of t count for performance appraisal are 3.123 with significance value 0.003. If we compare with t table in the degree of freedom $(df) = n - k - 1 = 53 - 2 - 1 = 50$, where n = number of sample, and k = number of independent variable. T value table at the level of 95% (significance 5% or 0.05) is 2.008. Thus the t count > t table ($3.123 > 2.008$) and significance value of 0.003 ($sig < 0.05$). So, H_0 is rejected H_a is accepted. This means performance appraisal impact job satisfaction significantly. The better performance appraisal makes bigger job satisfaction of employee.

5.5.1.2 The Influence of Reward on Job Satisfaction

Based on the result regression analysis in table 5.21 t_{count} value for reward are 4.460 with significance 0.000. When compared with the value t. table on degrees of

freedom (df) = $nk-1 = 53 - 2 - 1 = 50$, where n = number of samples, and k = number of independent variables, the value t tables at the level of 95% (5% significance or 0.05) is 2.008. t count > t tabel (4.460 > 2.001). And the significance value 0,000 (sig < 0, 05). So that H_{o2} is rejected and H_{a2} accepted. This means reward impact significantly on job satisfaction. The better reward makes bigger job satisfaction of employee.

5.5.2 F test

F test used to determine whether the independent variables significantly influence the dependent variable. Or finding out the regression model used to predict the dependent variable or not. Significant also means the relationship in a population. Criteria for significant level in this test is 5% on the basis of decision making is that if the probability is smaller than 0.05, means that all independent variables influence the dependent variable. And if probability bigger than 0.05, mean all independent variables are not significant on dependent variable.

Based on regression analysis in table 5.21, F count is 19.405 and significant level 0.0000. If it compare with F table in the degree of freedom (df) = $n-k-1 = 53 - 2 - 1 = 50$, where n = number of samples, and k = number of independent variables, the value t tables at the level of 95% (5% significance or 0.05) is 3.180. Thus, f count > f table (14.107 > 3.180) and significance value is 0,000 (sig < 0,05). Based on that analysis, we can conclude that H_a accepted, means there is a significant impact between both performance appraisal and reward as bases on job satisfaction.

5.5.3 R Test and R² Test

Based on the result in table 5.21, we get the value of correlation of coefficient (R) for 0.661 indicates a strong relationship between independent variables (performance appraisal and reward) and dependent variable (job satisfaction). It means there is strong relationship between job satisfaction with *performance appraisal* and *reward* (66.1 %).

The value of coefficient of determination R² used to measure model ability to explain variation of dependent variables. The value of R² between 0 and 1. The small value of R² means that the ability of the independent variables to explain dependent variable is limited. According to (Sugiyono and Wibowo, 2004) guidelines to provide interpretation correlation coefficient is as follows:

0:00 - 0199 = very low

0:20 - 0399 = low

0:40 - 0599 = medium

0.60 - 0799 = strong

0.80 - 1:00 = very strong

In table 5.21, the R² value 0.437 mean that job satisfaction can be explained by performance appraisal and reward for 43.7 %. Thus, performance appraisal and reward give an impact on job satisfaction for 43.7 %. and the rest 56.3 % (100% - 43.7 %) affected by others and not included in this research.

5.6 Discussion

Based on the result of descriptive analysis, out of 53 employee of PT. Nusantara Beta Farma Padang mostly women between the age of 25-39 years old in senior high school educated and most of them already work for 15-20 years and majority get a salary between Rp.1,000,000 – Rp.3,000,000.

Based on the results of regression analysis with SPSS program 19, we conclude that performance appraisal give a positive and significant impact on job satisfaction in PT. Nusantara Beta Farma Padang. It can be seen after testing done in table 5.21 when t count for performance appraisal $3.123 > t$ tabel 2.008 ($\alpha = 5\%$) with significance $0,003 < 0,05$ and regression coefficient is positive which means the performance appraisal has positive and significant impact. So, H_0 accepted and H_1 rejected.

Cardy and Dobbins (1994) said that performance appraisal represents, in part, a formalize process of worker monitoring and is intended to be a management tool to improve the performance and productivity of workers.

In this research, researcher find the most important indicator in performance appraisal is morale of the employee with average 4.17. It means high morale of employee will make a good point in appraising performance of employee. And the better of it will make better job satisfaction of employee. And the bad one is about accuracy in work with average 3.91. It means many of employees in PT. Nusantara Beta Farma still have a lower accuracy in do their work.

And the results of regression analysis with SPSS program 19, we conclude that reward give a positive and significant impact on job satisfaction in PT. Nusantara Beta Farma Padang. It can be seen after testing done in table 5.20 when t count for reward $4.460 > t \text{ tabel } 2.008$ ($\alpha = 5\%$) with significance $0,000 < 0,05$ and regression coefficient is positive which means the performance appraisal has positive and significant impact. So, H_{a2} accepted and H_{o2} rejected

Galanou et al (2010) said the most important motive for them is the financial payments and the bonus schemes. Second in their list are the interpersonal relations and the recognition of their contribution from the manager. At that point, it should be mentioned that many times people did not express the real thoughts and feelings in the interviews. That was revealed from contradicting views on related issues.

In this research, researcher found the higher average indicator in reward is doing the job that manager give approximately with average 4.06. It means the employee in PT. Nusantara Beta Farma rated they do the job that manager gives to them approximately. And the lowest one is about getting perquisite because assign to other city/province with an average 1.66. It explains that most of the employee never assign to other city. And to solve this one, company should be care to their employee. Company can delegate their employee to do study tour to another pharmaceutical factory in another city; it will have a good impact for both of them. Company can take advantage because their employee have a better knowledge from the others pharmaceutical factory and the employee also will feel satisfied with their job.

And for job satisfaction, the highest one is about the chance to do things for another people, with average 3.91. And the lowest one is about the amount of pay for the work they do with an average 2.15. It means the pay that they get make them not satisfied yet.

And, for brief explanation you can see in the table below:

Table 5.22
Summary results of questionnaire Distribution

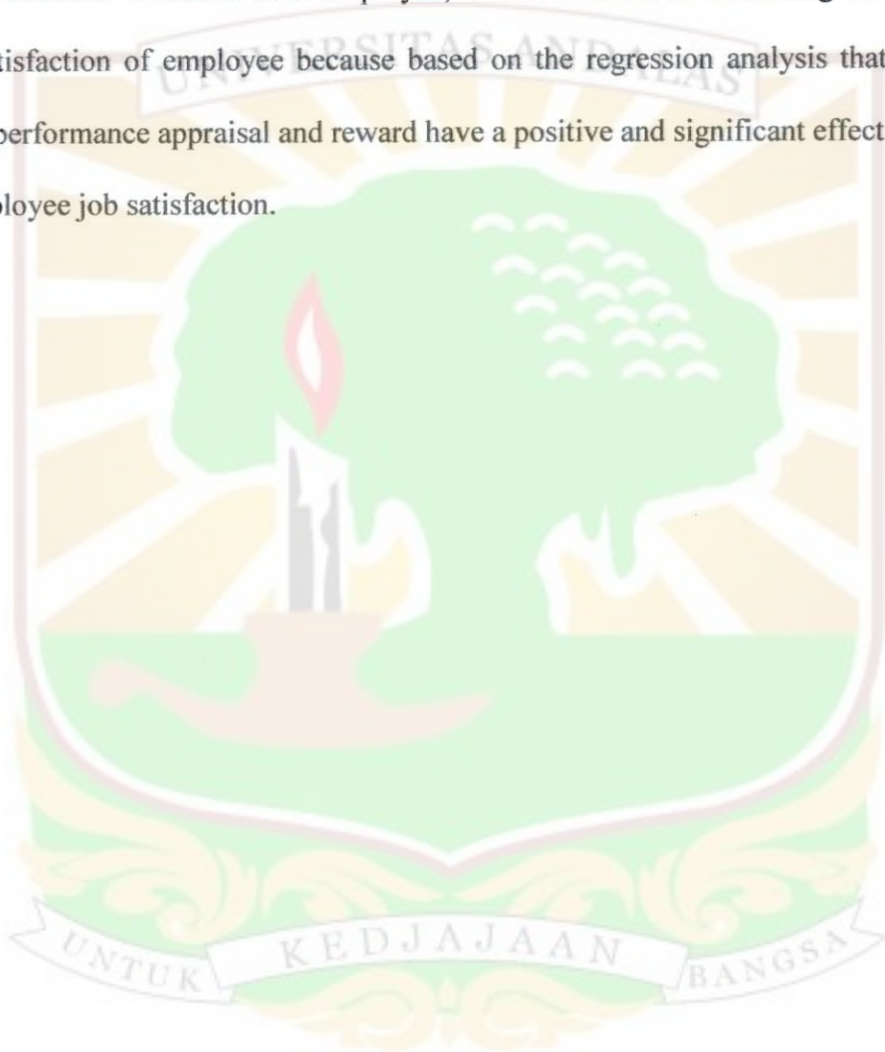
Variable	Highest			Lowest		
	Indicator	Question	Average	Indicator	Question	Average
Performance Appraisal	Morale	The employee have high morale	4.17	accuracy	The employee able to work with the accurate result	3.91
Reward	Personal Growth	I do the job that manager gives to me approximately	4.06	Financial	I get perquisite because assigned to other city/province	1.66
Job satisfaction	Relationship with Co-workers	The chance to do things for another people	3.91	Pay	The amount of pay for the work I do	2.15

Source: Primary data processing

From the table above we can see that the employee in PT. Nusantara Beta Farma not satisfied yet in accuracy and financial indicator. It influences the level of employee job satisfaction in this company. The employees already have a high morale, can do a personal growth and also satisfied with their relationship with co workers. So, the company should be increase in ability of employee to do work with accurate result. It can achieve by giving more training to employee especially

employee in factory. If the employee can do their work with accurate result, it can increase the working efficiency and will effect to factory productivity.

And if company can increase their efficiency in work and also increase in giving extrinsic reward to their employee, it will be affect in increasing the level of job satisfaction of employee because based on the regression analysis that already done, performance appraisal and reward have a positive and significant effect on level of employee job satisfaction.



CHAPTER VI

CONCLUSION, IMPLICATION, LIMITATION AND SUGGESTION

This chapter provides conclusions drawn from findings and discussion presented in the previous chapter, followed by assessment of the potential limitations present in this study and possible future directions for the research.

6.1 Conclusion

This research is a quantitative research to get statistical data to show the influence of performance appraisal and reward toward job satisfaction of employee. It has been conducted on employee of PT. Nusantara Beta Farma Padang. The data used are primary and secondary data. Primary data is gathered by questionnaires distribution to employee of PT. Nusantara Beta Farma Padang. Then, secondary data is gathered by doing literature review. Data have been processed by using a multiple regression model with SPSS 19 software tool as previous data processing, classical assumption test has been performed in order to ascertain that data are normally distributed and satisfy the normality assumption.

1. Performance appraisal and reward have positive and significant impact on Job satisfaction. Based on Test R^2 (R-Square), the results of data analysis known that tests the value of R^2 (R-Square) is approximately 0.437. it means that job satisfaction can be explained by performance appraisal and

reward for 43.7%. Thus, performance appraisal and reward give an impact on job satisfaction for 43.7%. and the rest 56.3% (100% - 43.7%) affected by others and not included in this research.

2. This research investigated job satisfaction bases two variable: performance appraisal and reward. And it looked for which bases more appropriate conducted in PT. Nusantara Beta Farma Padang.
3. About Job Satisfaction in PT. Nusantara Beta Farma Padang, employees feel not satisfied yet. They are feeling the performance appraisal already good in this company, but they did not satisfy with the reward system that companies apply.
4. Based on the result of the research, the employee of PT. Nusantara Beta Farma get a bit of job satisfaction from the performance appraisal that apply in this company, but still need an appropriate standard in appraising performance because several employee said there is no clear standard about performance appraisal and for reward they ate not satisfied.

6.2 Implication

This research have several implication for PT. Nusantara Beta Farma Padang, in order to fix their weakness and pay more attention to job satisfaction in order to increase the quality of company at all. This research found that the two of independent variables have strong relationship with dependent variable. PT. Nusantara Beta Farma Padang should make a clear standard of performance appraisal

in this company and also give an appropriate reward to their employee in order to increase the satisfaction of employee to make better quality of the company.

Furthermore, this important for PT. Nusantara Beta farma Padang to conduct regular research on job satisfaction, performance appraisal and reward for making a good decision and review about thier current performance appraisal standard and reward system that have been applied to make their organization activity more productive and their employee have a job satisfaction and working comfortable. It also makes them motivated to achieve the company goal and give their best performance.

From the two bases of job satisfaction; performance appraisal and reward, there are some indicators included as measurement: In the result of SPSS 19, from 53 respondents, the highest average for instruments of performance appraisal is 4.17 with 88.6 % of respondent rate, the achievements contained in the statement item number 7.

The question number 7 is about high morale of work. It means, most employee agree that the performance appraisal already good there, and its influence to morale of employee. So the organization (PT. Nusantara Beta Farma Padang) has to consider to the employee who has high morale in job to get more reward in order to increase the job satisfaction of employee.

6.3 Limitation

Some limitations need to be mentioned:

1. The sample of this research only employee in PT. Nusantara Beta Farma Padang not all of the employees in pharmaceutical industry due to the limitation of time and many other problem.
For the futher research, the sample of the reasearcher is all of the employees in pharmaceutical industry in west Sumatra.
2. Responses to the questionnaires may be influenced by the individual's mood and by the environmental conditions in the setting at the time the questionnaires are completed.
3. Responses to the questionnaires may be influenced by the individual's theoretical knowledge base about performance appraisal and reward as indicator of job satisfaction.

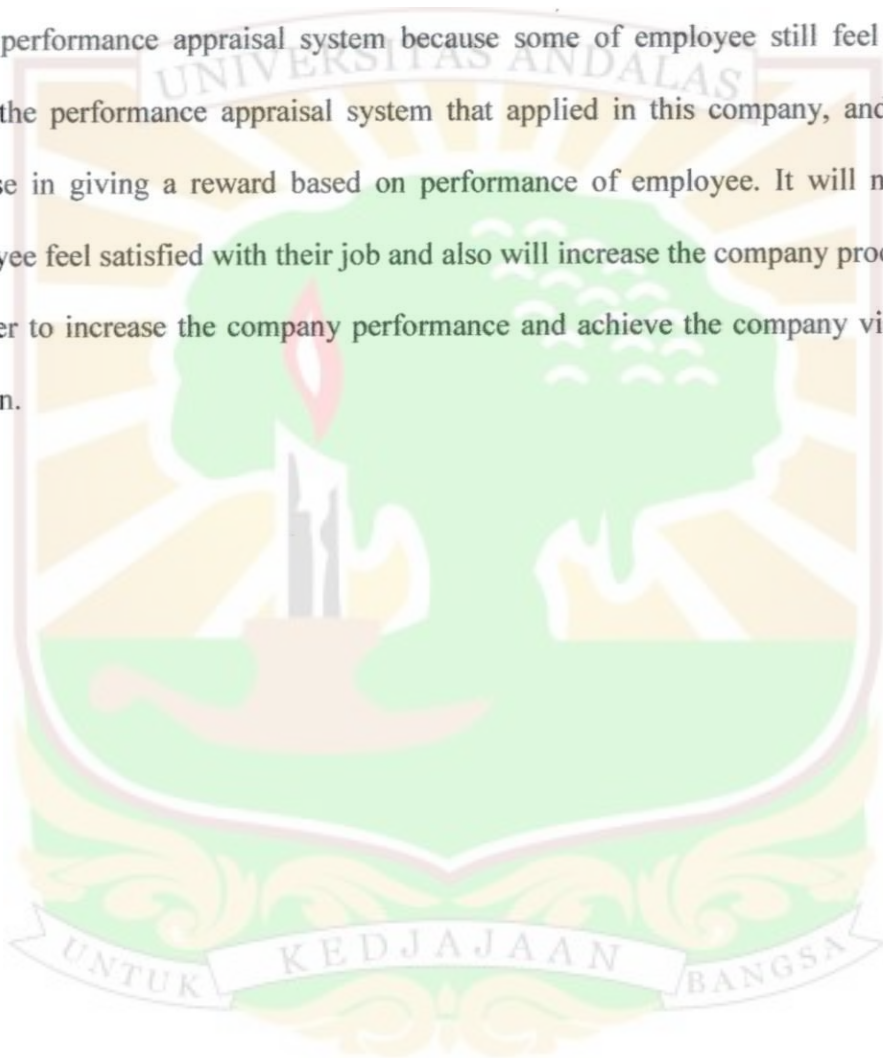
6.4 Suggestion

Based on SPSS result and open ended question, show that performance appraisal and reward have significant impact on job satisfaction of employee. It means that the employees of PT. Nusantara Beta Farma Padang agree that performance appraisal and reward should bases for job satisfaction.

Based on SPSS result in chapter V, it described the analysis of this research showed employee get a bit satisfied with performance appraisal system that already applied in PT. Nusantara Beta Farma but still need clear standard of performance

appraisal. And they still felt dissatisfied with reward in this company. They felt the salary and also bonuses that they got not satisfied yet. Because they just get reward rarely.

So, it is better for organization or PT. Nusantara Beta farma Padang to make a better performance appraisal system because some of employee still feel confuse about the performance appraisal system that applied in this company, and also to increase in giving a reward based on performance of employee. It will make the employee feel satisfied with their job and also will increase the company productivity in order to increase the company performance and achieve the company vision and mission.



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Educational Background

<input type="checkbox"/> Diploma I (D1)	<input type="checkbox"/> Strata I (S1)
<input type="checkbox"/> Diploma II (D2)	<input type="checkbox"/> Strata II (S2)
<input type="checkbox"/> Diploma III (D3)	<input type="checkbox"/> Others

Working Period in Company (Year)

<input type="checkbox"/> <5	<input type="checkbox"/> 15-20
<input type="checkbox"/> 5-9.9	<input type="checkbox"/> >20
<input type="checkbox"/> 10-14.9	

Income / Month

<input type="checkbox"/> < 1,000,000	<input type="checkbox"/> 5,000,000-10,000,000
<input type="checkbox"/> 1,000,000-3,000,000	<input type="checkbox"/> >10,000,000
<input type="checkbox"/> 3,000,000-5,000,000	

Position: _____

Employee Status:

<input type="checkbox"/> Permanent
<input type="checkbox"/> Honor / contract
<input type="checkbox"/> Outsourcing

Did you have training:

<input type="checkbox"/> Yes
<input type="checkbox"/> No

PERFORMANCE APPRAISAL

VD=Very Disagree	D=Disagree	N=Neutral	A=Agree	VA= Very Agree
------------------	------------	-----------	---------	----------------

No		VD	D	N	A	VA
1	The employee able to work on time					
2	The employee able to work with the accurate result					
3	The employee able to work in a team					
4	The employee try to find another alternative in doing their job					
5	The employee is honest in working					

APPENDIX I
RESEARCH QUESTIONNAIRE

Dear respondent,

At the moment, we are conducting research about The influence of performance appraisal and reward system toward job satisfaction of employee. **This study only for the scientific purposes and for development knowledge in the field of human resource management.**

We are expecting your participation for the smooth running of this research. And we say thank you for your participation. Hopefully this research benefits for all of us.

Padang, February 2012

Researcher

Zefnita Anggraini
International Program of Management Department
Faculty of Economics
Andalas University

PROFILE RESPONDENTS

Choose the best answer by checking (V)

Gender

Male

Female

Age (year)

<25

40-49

25-39

>50

6	The employees perform task well (such as: storing data and using technology in working)					
7	The employee have high morale					
8	Having initiative in working					

Adopted from: Martin Patricia Yancey and Beverly Whiddon (1988)

9. What your opinion about performance appraisal in your company?

Explain!

.....

.....

.....

10. Did you satisfied with performance appraisal here?

Explain!

.....

.....

.....

11. What suggestions do you have in order to better fair performance appraisal?

Explain!

.....

.....

.....

REWARD

N=Never	S=Seldom	Ne=Neutral	O=Often	A=Always
---------	----------	------------	---------	----------

No		N	S	Ne	O	A
1	I get perquisite because assigned to other city/province					
2	I get perquisite based on rule and policy					
3	Benefit that I get can accommodate to fulfill my need					
4	Benefit that I get is based on task and responsibility that I hold					
5	During on leave I still get benefit as usually					
6	I and my friend are given a chance to do celebration as a reward that I and my friend get					
7	I get recognition from manager for my achievement					

8	I posted in a better position because of my achievement					
9	I get security during doing my job					
10	I get vehicle facility to support my job					
11	I work harder based on my ability to get a good performance					
12	I do the job that manager gives to me approximately					

Adopted from: Kaufman, Jennifer D., Cristina L.Stamper and Paul, E. telsuk (2001)

13. Do the reward you receive was appropriate with the performance?

Explain!

.....

.....

.....

14. What can you do to improve reward that you will get in the future?

Explain!

.....

.....

.....

15. What suggestions do you have for company to fix the reward system?

Explain!

.....

.....

.....

JOB SATISFACTION

1=Very Dissatisfied	2=Dissatisfied	3=Neutral	4=Satisfied	5=Very Satisfied
---------------------	----------------	-----------	-------------	------------------

No		1	2	3	4	5
1	Being able to keep busy all the time					
2	The chance to do work alone on the job					
3	The chance to do different thing from time to time					
4	The chance to be "somebody" in the community					
5	The way my boss handles his/her employees					
6	The competence of my supervisor in making decision					
7	Being able to do the job without feeling it is morally wrong					
8	My job security					
9	The chance to do things for another people					
10	The chance to tell others workers how to do things					

11	The chance to do work that is well suited to my abilities						
12	The way company policies are put into practice						
13	The amount of pay for the work I do						
14	The opportunities for advancement on this job						
15	The freedom to use my own judgment						
16	The chance to do new and original things on my own						
17	The working conditions on this job						
18	The friendliness of my co-workers						
19	The praise I get for doing a good job						
20	The feeling of accomplishment I get from the job						

Source: David J. Weiss, Rene V. Dawis, George W. England, and Lloyd H. Lofquist (1967)

21. Do you already have a job satisfaction?

Explain!

.....

.....

.....

22. If not, what was hamper the job satisfaction?

Explain!

.....

.....

.....

23. According to you, what should the company do to improve employee job satisfaction?

Explain!

.....

.....

.....



APPENDIX II

KUISIONER PENELITIAN

Responden yang terhormat,

Pada saat ini kami sedang mengadakan penelitian tentang pengaruh penilaian kinerja dan reward terhadap kepuasan kerja karyawan. Penelitian ini hanya untuk keperluan ilmiah, untuk pengembangan ilmu pengetahuan di bidang manajemen sumber daya manusia.

Kami sangat mengharapkan partisipasi Bapak/Ibu untuk kelancaran penelitian ini. Atas partisipasi Bapak/Ibu kami ucapkan terima kasih. Semoga penelitian ini bermanfaat bagi kita semua.

Padang, Februari 2012

Peneliti

Zefnita Anggraini

International Program of Management Department

Faculty of Economics

Andalas University

PROFIL RESPONDENT

Pilih jawaban yang sesuai dengan tanda check (V)

Jenis Kelamin

Laki-laki

Perempuan

Usia (Tahun)

<25

40-49

25-39

>50

Latar Belakang Pendidikan

SMA/Sederajat

Diploma III (D3)

Diploma I (D1)

Strata I (S1)

Diploma II (D2)

Others

Lamanya Bekerja di Perusahaan (Tahun)

<input type="checkbox"/> <5	<input type="checkbox"/> 15-20
<input type="checkbox"/> 5-9.9	<input type="checkbox"/> >20
<input type="checkbox"/> 10-14.9	

Pendapatan / Bulan

<input type="checkbox"/> < 1,000,000	<input type="checkbox"/> 5,000,000-10,000,000
<input type="checkbox"/> 1,000,000-3,000,000	<input type="checkbox"/> >10,000,000
<input type="checkbox"/> 3,000,000-5,000,000	

Unit Kerja / Posisi: _____

Status Karyawan:

<input type="checkbox"/> Tetap
<input type="checkbox"/> Honor / Kontrak
<input type="checkbox"/> Outsourcing

Apakah pernah mengikuti training (pelatihan):

<input type="checkbox"/> Ya	<input type="checkbox"/> Tidak
-----------------------------	--------------------------------

PERFORMANCE APPRAISAL

STS=Sangat Tidak Setuju	TS=Tidak Setuju	N=Netral	S=Setuju	SS=Sangat Setuju
--------------------------------	------------------------	-----------------	-----------------	-------------------------

No	PERNYATAAN	STS	TS	N	S	SS
1	Saya mampu bekerja tepat pada waktunya					
2	Saya mampu bekerja dengan hasil yang akurat					
3	Saya dapat bekerja sama dengan staff yang lain					
4	Berusaha menemukan alternative terbaik dalam bekerja					
5	Saya terbuka dan berterus terang dalam bekerja					
6	Saya melakukan tugas yang diberikan dengan baik, seperti menyimpan data dengan tepat, dapat menggunakan teknologi dengan baik					
7	saya mempunyai semangat kerja yang tinggi					
8	Saya mempunyai inisiatif dalam bekerja					

Adopted from: Martin, Patricia Yancey and Beverly Whiddon (1988)

9. Bagaimana menurut pendapat bapak / ibu penilaian kinerja di perusahaan ini?

Jelaskan!

.....

.....

.....

10. Apakah bapak / ibu puas dengan penilaian kinerja yang di lakukan selama ini?

Jelaskan!

.....

.....

.....

11. Apa saran bapak / ibu agar penilaian kinerja lebih adil?

Jelaskan!

.....

.....

.....

REWARD

SJ=Sangat Jarang	J=Jarang	N=Netral	S=Sering	SS=Sangat Sering
-------------------------	-----------------	-----------------	-----------------	-------------------------

No	PERNYATAAN	SJ	J	N	S	SS
1	Saya mendapatkan penghasilan tambahan karena di tugaskan keluar kota/propinsi					
2	Saya mendapatkan tambahan penghasilan sesuai dengan aturan dan perundang-undangan yang berlaku					
3	Tunjangan yang saya terima sangat membantu kepada pemenuhan kebutuhan hidup saya					
4	Tunjanagan yang saya terima sesuai dengan tugas dan tanggung jawab yang saya emban.					
5	Selama cuti bekerja saya tetap menerima tunjangan sebagaimana biasanya					
6	Saya dan rekan-rekan di beri kesempatan darma wisata sebagai penghargaan yang saya dan rekan peroleh					
7	Saya mendapat pujian dari pimpinan atas prestasi kerja yang saya raih					

8	Saya di tempatkan pada posisi yang lebih baik, karena prestasi kerja yang telah saya capai					
9	Saya mendapat jaminan keamanan/ kesehatan selama melaksanakan pekerjaan					
10	Saya mendapatkan fasilitas kendaraan guna menunjang pekerjaan yang saya emban					
11	Saya bekerja sungguh-sungguh sesuai dengan kemampuan yang saya miliki agar mencapai kinerja yang baik					
12	Tugas yang di berikan pimpinan saya kerjakan dengan sebaik-baiknya					

Adopted from: Kaufman, Jennifer D., Cristina L. Stamber and Paul, E. tetsuk (2001)

13. Apakah reward yang bapak / ibu terima sudah sesuai dengan kinerja yang di lakukan?

Jelaskan!

.....

14. Apa yang bisa bapak / ibu lakukan untuk meningkatkan reward yang akan anda terima di masa yang akan datang?

Jelaskan!

.....

15. Apa saran bapak / ibu terhadap perusahaan untuk memperbaiki ssistem reward?

.....

JOB SATISFACTION

1=Sangat Tidak Puas	2=Tidak Puas	3=Tidak Dapat Memutuskan	4=Puas	5=Sangat Puas
----------------------------	---------------------	---------------------------------	---------------	----------------------

No	PERNYATAAN	1	2	3	4	5
1	Dapat merasa terus sibuk sepanjang waktu					
2	Kesempatan untuk bekerja sendiri dalam pekerjaan					
3	Kesempatan untuk melakukan hal yang berbeda dari waktu ke waktu					
4	Kesempatan untuk menjadi "seseorang yang bernilai" dalam masyarakat					

5	Cara atasan saya menangani karyawan					
6	Kompetensi atasan saya dalam mengambil keputusan					
7	Dapat melakukan sesuatu yang tidak bertentangan dengan "hati nurani"					
8	Cara pekerjaan saya memberikan jaminan keamanan kerja					
9	Kesempatan untuk melakukan sesuatu buat orang lain					
10	Kesempatan untuk memberi tahu orang lain apa yang harus di kerjakan					
11	Kesempatan untuk melakukan sesuatu dengan menggunakan kemampuan yang dimiliki					
12	Cara melaksanakan kebijakan perusahaan dalam praktek					
13	Besarnya gaji yang anda terima dalam pekerjaan yang harus anda lakukan					
14	Kesempatan untuk maju dalam pekerjaan anda					
15	Kebebasan untuk menggunakan "pendapat" anda sendiri					
16	Kesempatan untuk mencoba metode anda sendiri dalam melakukan suatu pekerjaan					
17	Kondisi kerja					
18	Cara rekan sekerja bergaul antara yang satu dengan yang lain					
19	Pujian dan pengakuan yang anda peroleh karena berhasil melaksanakan kerja dengan baik					
20	Perasaan mencapai keberhasilan yang anda peroleh dari pekerjaan					

Source: David J. Weiss, Rene V. Dawis, George W. England, and Lloyd H. Lofquist (1967)

21. Apakah bapak / ibu sudah mendapatkan kepuasan kerja?

Jelaskan!

.....

.....

.....

22. Jika belum, apa yang menghambat kepuasan kerja tersebut?

Jelaskan!

.....

.....

.....

23. Menurut bapak / ibu apa yang harus di lakukan perusahaan untuk meningkatkan kepuasan kerja karyawan?

Jelaskan!

APPENDIX III

FREQUENCY OF RESPONDENT CHARACTERISTIC

Jenis Kelamin

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Laki Laki	25	47.2	47.2	47.2
	Perempuan	28	52.8	52.8	100.0
	Total	53	100.0	100.0	

Usia

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	< 25 tahun	7	13.2	13.2	13.2
	25-39 tahun	24	45.3	45.3	58.5
	40- 49 tahun	20	37.7	37.7	96.2
	> 50 tahun	2	3.8	3.8	100.0
	Total	53	100.0	100.0	

LatarPendidikan

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SMA/Sederajat	40	75.5	75.5	75.5
	Diploma I (D1)	3	5.7	5.7	81.1
	Diploma II (D2)	1	1.9	1.9	83.0
	Diploma III (D3)	5	9.4	9.4	92.5
	Strata I (S1)	3	5.7	5.7	98.1
	Lainnya	1	1.9	1.9	100.0
	Total	53	100.0	100.0	

LamaBekerja

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<5 Tahun	10	18.9	18.9	18.9
	5-9.9 Tahun	4	7.5	7.5	26.4
	10-14.9 Tahun	11	20.8	20.8	47.2
	15-20 Tahun	22	41.5	41.5	88.7
	>20 tahun	6	11.3	11.3	100.0
	Total	53	100.0	100.0	

PendapatanPerBulan

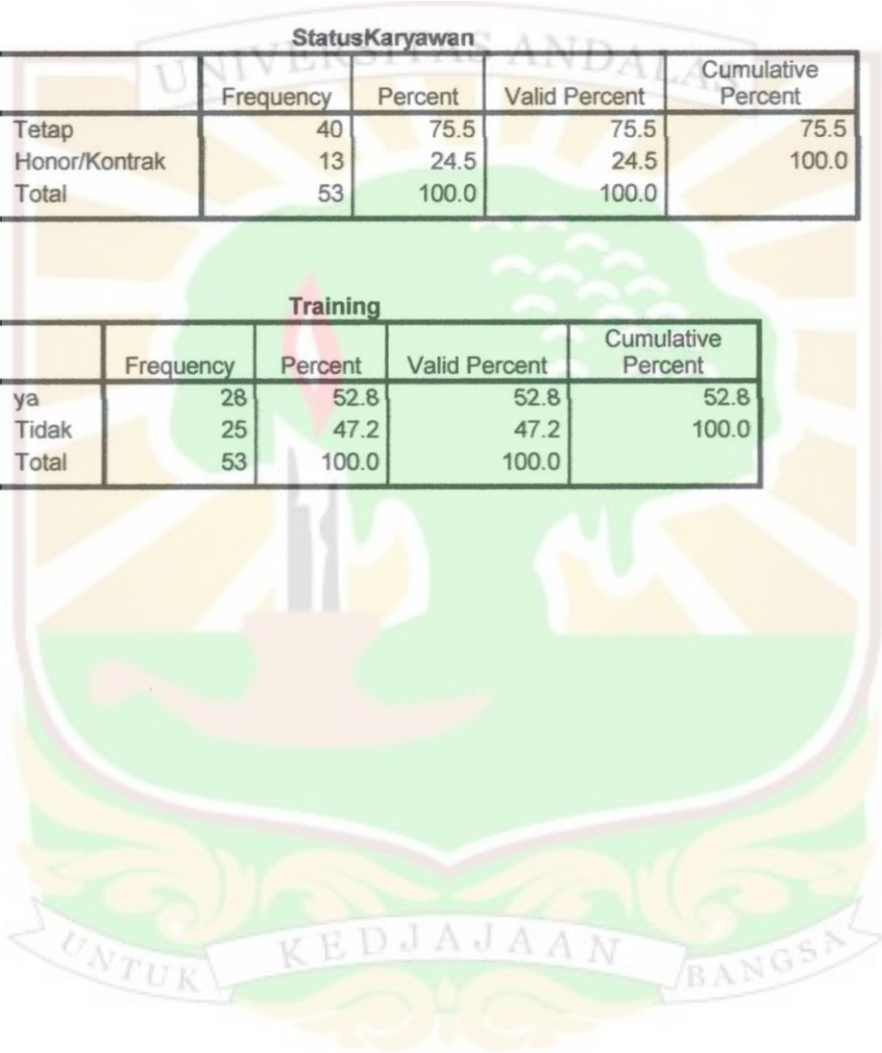
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<1,000,000	19	35.8	35.8	35.8
	1,000,000-3,000,000	32	60.4	60.4	96.2
	3,000,000-5,000,000	2	3.8	3.8	100.0
	Total	53	100.0	100.0	

StatusKaryawan

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Tetap	40	75.5	75.5	75.5
	Honor/Kontrak	13	24.5	24.5	100.0
	Total	53	100.0	100.0	

Training

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	ya	28	52.8	52.8	52.8
	Tidak	25	47.2	47.2	100.0
	Total	53	100.0	100.0	



APPENDIX IV

DISTRIBUTION OF VARIABLE

PA1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	sangat tidak setuju	1	1.9	1.9	1.9
	tidak setuju	2	3.8	3.8	5.7
	netral	2	3.8	3.8	9.4
	setuju	34	64.2	64.2	73.6
	sangat setuju	14	26.4	26.4	100.0
	Total	53	100.0	100.0	

PA2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	sangat tidak setuju	1	1.9	1.9	1.9
	tidak setuju	2	3.8	3.8	5.7
	netral	5	9.4	9.4	15.1
	setuju	38	71.7	71.7	86.8
	sangat setuju	7	13.2	13.2	100.0
	Total	53	100.0	100.0	

PA3

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	sangat tidak setuju	1	1.9	1.9	1.9
	netral	3	5.7	5.7	7.5
	setuju	40	75.5	75.5	83.0
	sangat setuju	9	17.0	17.0	100.0
	Total	53	100.0	100.0	

PA4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	sangat tidak setuju	1	1.9	1.9	1.9
	netral	3	5.7	5.7	7.5
	setuju	37	69.8	69.8	77.4
	sangat setuju	12	22.6	22.6	100.0
	Total	53	100.0	100.0	

PA5

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	sangat tidak setuju	1	1.9	1.9	1.9
	tidak setuju	1	1.9	1.9	3.8
	netral	2	3.8	3.8	7.5
	setuju	37	69.8	69.8	77.4
	sangat setuju	12	22.6	22.6	100.0
	Total	53	100.0	100.0	

PA6

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	sangat tidak setuju	1	1.9	1.9	1.9
	netral	5	9.4	9.4	11.3
	setuju	32	60.4	60.4	71.7
	sangat setuju	15	28.3	28.3	100.0
	Total	53	100.0	100.0	

PA7

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	sangat tidak setuju	1	1.9	1.9	1.9
	netral	3	5.7	5.7	7.5
	setuju	34	64.2	64.2	71.7
	sangat setuju	15	28.3	28.3	100.0
	Total	53	100.0	100.0	

PA8

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	sangat tidak setuju	2	3.8	3.8	3.8
	netral	6	11.3	11.3	15.1
	setuju	31	58.5	58.5	73.6
	sangat setuju	14	26.4	26.4	100.0
	Total	53	100.0	100.0	

R1

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	27	50.9	50.9	50.9
2	19	35.8	35.8	86.8
3	5	9.4	9.4	96.2
4	2	3.8	3.8	100.0
Total	53	100.0	100.0	

R2

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	18	34.0	34.0	34.0
2	18	34.0	34.0	67.9
3	14	26.4	26.4	94.3
4	2	3.8	3.8	98.1
5	1	1.9	1.9	100.0
Total	53	100.0	100.0	

R3

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	16	30.2	30.2	30.2
2	13	24.5	24.5	54.7
3	22	41.5	41.5	96.2
4	2	3.8	3.8	100.0
Total	53	100.0	100.0	

R4

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	12	22.6	22.6	22.6
2	16	30.2	30.2	52.8
3	21	39.6	39.6	92.5
4	4	7.5	7.5	100.0
Total	53	100.0	100.0	

R5

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	7	13.2	13.2	13.2
	2	2	3.8	3.8	17.0
	3	28	52.8	52.8	69.8
	4	16	30.2	30.2	100.0
	Total	53	100.0	100.0	

R6

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	11	20.8	20.8	20.8
	2	15	28.3	28.3	49.1
	3	10	18.9	18.9	67.9
	4	17	32.1	32.1	100.0
	Total	53	100.0	100.0	

R7

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	17	32.1	32.1	32.1
	2	16	30.2	30.2	62.3
	3	15	28.3	28.3	90.6
	4	5	9.4	9.4	100.0
	Total	53	100.0	100.0	

R8

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	11	20.8	20.8	20.8
	2	10	18.9	18.9	39.6
	3	19	35.8	35.8	75.5
	4	13	24.5	24.5	100.0
	Total	53	100.0	100.0	

R9

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	9	17.0	17.0	17.0
	3	23	43.4	43.4	60.4
	4	21	39.6	39.6	100.0
	Total	53	100.0	100.0	

R10

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	22	41.5	41.5	41.5
2	5	9.4	9.4	50.9
3	13	24.5	24.5	75.5
4	13	24.5	24.5	100.0
Total	53	100.0	100.0	

R11

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	1	1.9	1.9	1.9
3	12	22.6	22.6	24.5
4	25	47.2	47.2	71.7
5	15	28.3	28.3	100.0
Total	53	100.0	100.0	

R12

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	1	1.9	1.9	1.9
3	9	17.0	17.0	18.9
4	28	52.8	52.8	71.7
5	15	28.3	28.3	100.0
Total	53	100.0	100.0	

JS1

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	3	5.7	5.7	5.7
2	7	13.2	13.2	18.9
3	16	30.2	30.2	49.1
4	25	47.2	47.2	96.2
5	2	3.8	3.8	100.0
Total	53	100.0	100.0	

JS2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	2	3.8	3.8	3.8
	2	2	3.8	3.8	7.5
	3	14	26.4	26.4	34.0
	4	28	52.8	52.8	86.8
	5	7	13.2	13.2	100.0
	Total	53	100.0	100.0	

JS3

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	5	9.4	9.4	9.4
	2	4	7.5	7.5	17.0
	3	16	30.2	30.2	47.2
	4	26	49.1	49.1	96.2
	5	2	3.8	3.8	100.0
	Total	53	100.0	100.0	

JS4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	1.9	1.9	1.9
	2	4	7.5	7.5	9.4
	3	12	22.6	22.6	32.1
	4	32	60.4	60.4	92.5
	5	4	7.5	7.5	100.0
	Total	53	100.0	100.0	

JS5

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	3	5.7	5.7	5.7
	2	18	34.0	34.0	39.6
	3	16	30.2	30.2	69.8
	4	14	26.4	26.4	96.2
	5	2	3.8	3.8	100.0
	Total	53	100.0	100.0	

JS6

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	3	5.7	5.7	5.7
	2	15	28.3	28.3	34.0
	3	20	37.7	37.7	71.7
	4	14	26.4	26.4	98.1
	5	1	1.9	1.9	100.0
	Total	53	100.0	100.0	

JS7

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	5	9.4	9.4	9.4
	2	7	13.2	13.2	22.6
	3	10	18.9	18.9	41.5
	4	29	54.7	54.7	96.2
	5	2	3.8	3.8	100.0
	Total	53	100.0	100.0	

JS8

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	3	5.7	5.7	5.7
	2	2	3.8	3.8	9.4
	3	14	26.4	26.4	35.8
	4	31	58.5	58.5	94.3
	5	3	5.7	5.7	100.0
	Total	53	100.0	100.0	

JS9

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	1.9	1.9	1.9
	3	11	20.8	20.8	22.6
	4	32	60.4	60.4	83.0
	5	9	17.0	17.0	100.0
		Total	53	100.0	100.0

JS10

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	2	3.8	3.8	3.8
	2	1	1.9	1.9	5.7
	3	13	24.5	24.5	30.2
	4	35	66.0	66.0	96.2
	5	2	3.8	3.8	100.0
	Total	53	100.0	100.0	

JS11

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	4	7.5	7.5	7.5
	2	2	3.8	3.8	11.3
	3	10	18.9	18.9	30.2
	4	32	60.4	60.4	90.6
	5	5	9.4	9.4	100.0
	Total	53	100.0	100.0	

JS12

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	6	11.3	11.3	11.3
	2	19	35.8	35.8	47.2
	3	10	18.9	18.9	66.0
	4	16	30.2	30.2	96.2
	5	2	3.8	3.8	100.0
	Total	53	100.0	100.0	

JS13

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	14	26.4	26.4	26.4
	2	24	45.3	45.3	71.7
	3	8	15.1	15.1	86.8
	4	7	13.2	13.2	100.0
	Total	53	100.0	100.0	

JS14

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	6	11.3	11.3	11.3
	2	10	18.9	18.9	30.2
	3	17	32.1	32.1	62.3
	4	18	34.0	34.0	96.2
	5	2	3.8	3.8	100.0
	Total	53	100.0	100.0	

JS15

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	8	15.1	15.1	15.1
	2	7	13.2	13.2	28.3
	3	15	28.3	28.3	56.6
	4	23	43.4	43.4	100.0
	Total	53	100.0	100.0	

JS16

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	8	15.1	15.1	15.1
	2	5	9.4	9.4	24.5
	3	10	18.9	18.9	43.4
	4	30	56.6	56.6	100.0
	Total	53	100.0	100.0	

JS17

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	4	7.5	7.5	7.5
	2	9	17.0	17.0	24.5
	3	11	20.8	20.8	45.3
	4	26	49.1	49.1	94.3
	5	3	5.7	5.7	100.0
	Total	53	100.0	100.0	

JS18

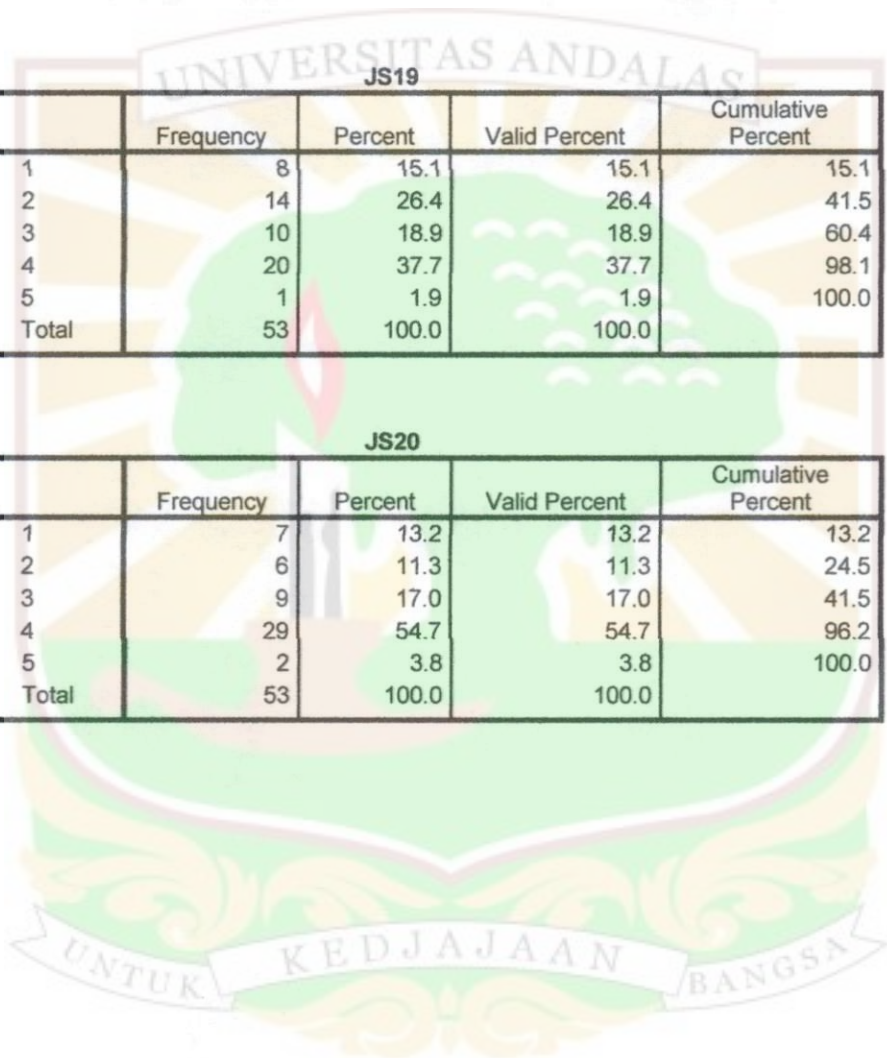
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	6	11.3	11.3	11.3
	3	8	15.1	15.1	26.4
	4	34	64.2	64.2	90.6
	5	5	9.4	9.4	100.0
	Total	53	100.0	100.0	

JS19

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	8	15.1	15.1	15.1
	2	14	26.4	26.4	41.5
	3	10	18.9	18.9	60.4
	4	20	37.7	37.7	98.1
	5	1	1.9	1.9	100.0
	Total	53	100.0	100.0	

JS20

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	7	13.2	13.2	13.2
	2	6	11.3	11.3	24.5
	3	9	17.0	17.0	41.5
	4	29	54.7	54.7	96.2
	5	2	3.8	3.8	100.0
	Total	53	100.0	100.0	



APPENDIX V

VALIDITY AND REABILITY TESTING

- Performance appraisal

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
PA1	28.51	16.524	.631	.908
PA2	28.70	16.946	.609	.909
PA3	28.55	17.368	.651	.905
PA4	28.49	16.947	.691	.902
PA5	28.51	16.409	.741	.898
PA6	28.47	15.985	.797	.893
PA7	28.43	15.943	.854	.888
PA8	28.57	15.404	.757	.897

Reliability Statistics

Cronbach's Alpha	N of Items
.912	8

- Reward

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
R1	30.58	43.132	.510	.835
R2	30.19	39.348	.732	.818
R3	30.06	39.593	.755	.817
R4	29.92	40.148	.707	.821
R5	29.25	42.343	.487	.836
R6	29.62	40.393	.513	.836
R7	30.09	39.510	.700	.820
R8	29.60	39.398	.639	.824
R9	29.02	44.134	.471	.838
R10	29.92	42.610	.306	.856
R11	28.25	46.766	.152	.857
R12	28.19	45.541	.281	.849

Reliability Statistics

Cronbach's Alpha	N of Items
.846	12

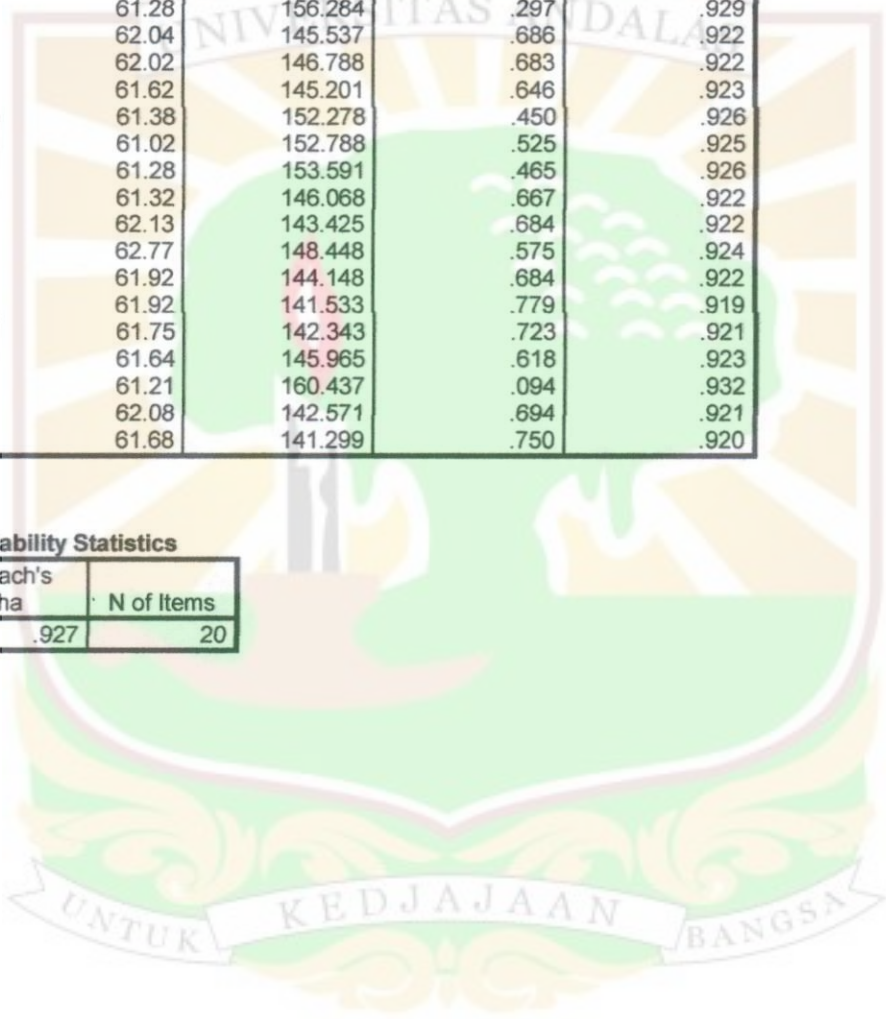
- Job Satisfaction

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
JS1	61.62	148.201	.597	.924
JS2	61.25	146.419	.727	.921
JS3	61.62	149.316	.511	.925
JS4	61.28	156.284	.297	.929
JS5	62.04	145.537	.686	.922
JS6	62.02	146.788	.683	.922
JS7	61.62	145.201	.646	.923
JS8	61.38	152.278	.450	.926
JS9	61.02	152.788	.525	.925
JS10	61.28	153.591	.465	.926
JS11	61.32	146.068	.667	.922
JS12	62.13	143.425	.684	.922
JS13	62.77	148.448	.575	.924
JS14	61.92	144.148	.684	.922
JS15	61.92	141.533	.779	.919
JS16	61.75	142.343	.723	.921
JS17	61.64	145.965	.618	.923
JS18	61.21	160.437	.094	.932
JS19	62.08	142.571	.694	.921
JS20	61.68	141.299	.750	.920

Reliability Statistics

Cronbach's Alpha	N of Items
.927	20



APPENDIX VI
REGRESSION ANALYSIS

Descriptive Statistics

	Mean	Std. Deviation	N
Job satisfaction	3.2462	.63827	53
Performance Appraisal	4.0849	.57626	53
Reward	2.6981	.58359	53

Correlations

		Job satisfaction	Performance Appraisal	Reward
Pearson Correlation	Job satisfaction	1.000	.462	.572
	Performance Appraisal	.462	1.000	.245
	Reward	.572	.245	1.000
Sig. (1-tailed)	Job satisfaction	.	.000	.000
	Performance Appraisal	.000	.	.038
	Reward	.000	.038	.
N	Job satisfaction	53	53	53
	Performance Appraisal	53	53	53
	Reward	53	53	53

Variables Entered/Removed^b

Model	Variables Entered	Variables Removed	Method
1	Reward, Performance Appraisal		Enter

- a. All requested variables entered.
b. Dependent Variable: Job satisfaction

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.258	2	4.629	19.405	.000 ^a
	Residual	11.927	50	.239		
	Total	21.184	52			

- a. Predictors: (Constant), Reward, Performance Appraisal
b. Dependent Variable: Job satisfaction

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.259	.525		.494	.624
	Performance Appraisal	.379	.121	.342	3.123	.003
	Reward	.534	.120	.488	4.460	.000

a. Dependent Variable: Job satisfaction

Coefficient Correlations^a

Model			Reward	Performance Appraisal
1	Correlations	Reward	1.000	-.245
		Performance Appraisal	-.245	1.000
	Covariances	Reward	.014	-.004
		Performance Appraisal	-.004	.015

a. Dependent Variable: Job satisfaction

Collinearity Diagnostics^a

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions		
				(Constant)	Performance Appraisal	Reward
1	1	2.962	1.000	.00	.00	.00
	2	.028	10.287	.07	.13	.98
	3	.010	17.635	.92	.86	.02

a. Dependent Variable: Job satisfaction

Casewise Diagnostics^a

Case Number	Std. Residual	Job satisfaction	Predicted Value	Residual
14	-3.364	1.45	3.0928	-1.64276

a. Dependent Variable: Job satisfaction

Residuals Statistics^a

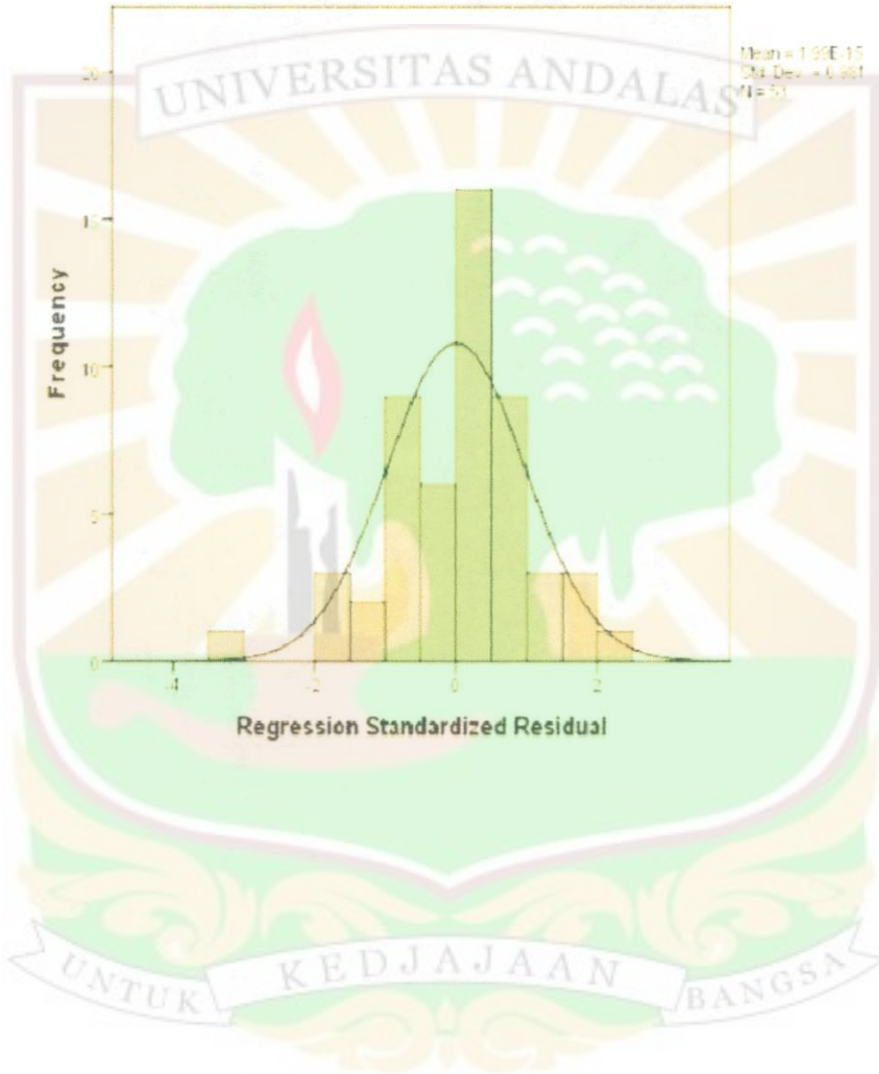
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.5988	3.8558	3.2462	.42194	53
Residual	-1.64276	1.05867	.00000	.47891	53
Std. Predicted Value	-3.904	1.445	.000	1.000	53
Std. Residual	-3.364	2.168	.000	.981	53

a. Dependent Variable: Job satisfaction

APPENDIX VII
NORMALITY TEST

Histogram

Dependent Variable: Job satisfaction



Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Job satisfaction

