PERFORMANCE APPRAISAL IN ENTREPRENEURIAL UNIVERSITY

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Abstract

Performance appraisal is one of the management control mechanisms that aim to ensure the behavior of the members of the organization led to the goals set earlier. This study aims to explore in depth how the professors interpret the performance appraisal applied in the entrepreneurial university. The qualitative research method with a single strategy case study was used in this study. Data collection methods were employed such as in-depth interviews, participant observation, and documentation. The performance appraisal was a tool to judge performance, support the strategy, control the faculty, improve the quality, and motivate the faculty. The study found the key to successful implementation of performance appraisal included the leadership commitment, participation of members of the organization, and dissemination that systematic and sustained.

Keywords: performance appraisal, management control, entrepreneurial university

Introduction

The concept of the management control system (MCS) begins with business organizations (Anthony and Young, 2003). Leader's of organization ensures the resources owned by the organization achieve the targets that have been planned through MCS (Merchant and Stedee, 2003). In its development, the concept of SPM has also been applied in public sector organizations such as universities. A college as a form of a public sector organization and a service sector organization began to grow rapidly in 1990s.

Currently, the college has become an industry that has a sharp competition worldwide (Winston, 1999). Universities and colleges have begun to employ concepts in the management of business organizations (Nature, 2009). Shifting of university management to business organization management has been driven by the changes in the college environments, especially when they have entered the competition. Schofer and Meyer (2005) stated university become business industry because the education into products that
are essential to improve the social status, enabling individuals to compete and succeed in education.

Winston (1999) stated that the college has entered the era of "competitive market". Hanna (1998) and Marginson (2004) stated that the advancement of information technology, social, economic, and development of the "knowledge-based economy" have affected the degree of college competition. Like those universities in Indonesia, those in Australia, America, Europe, universities are also confronted with the fact of getting exposed with a direct competition to obtain numbers of the students (Marginson, 2004, 2006; Angel et al., 2007; Ho et al., 2006). Ho et al. (2006) stated the government-owned universities were also experiencing this competition due to limited government funds allocated to the state universities.

The competition among universities in Indonesia has a major impact on their existence. Some colleges were merged or taken over by others. Numbers of courses and universities were closed; meanwhile, new foreign universities were growing in numbers with a variety of shapes and models (Antara News, 2009; Elizabeth, 2008). The data from the Higher Education (2009) and the Ministry of National Education (2010) showed the number of universities in the year 2009 reached as many as 3,016 colleges, and they became 3,011 colleges in 2010. In 2012, their numbers dropped to 2,647 universities (Hidayat, 2013).

The management of the professional colleges absolutely needed nowadays. Nowadays the universities should have powerful strategies enduring to changing times and competitive environments. MCS is one of the tools to implement strategies in order to improve the performance of organizations, including universities. Hanna (1998) and Weinstein et al. (2007) stated that to face the challenges and win the competition against other universities, each university must have a competitive strategy (Competitive strategy). Competitive advantage in this case is closely related to the MCS in the organization (Hayes and Abernathy, 1980; Johnson and Kaplan, 1987; Kaplan, 1983, 1984; Chow et al., 1991; and Appelbaum and Shapiro, 1992).

The implementation of MCS in colleges has been studied by numbers of researchers. MCS have been implemented in public sector organizations such as universities (Anthony and Young, 2003, Mahsun, 2006; Merchant and Stede, 2003). Bobe and Taylor (2011) and Jarvenpaa and Lansihuto (2011) used the concept of MCS by Simons (1995) and Malmi and Brown (2008) in order to improve the performance of individuals and organizations to achieve competitive advantage at the university.

One of the management control mechanisms is to employ the performance appraisal. It is very important because it affects the achievement of the vision, mission, goals, and objectives of the organization. This study aims to explore the informants' opinions about the purpose of the implementation of performance appraisal. To obtain comprehensive results, this study interviewed some informants from the faculty who have undergone performance appraisal processes. In addition, the university leaders also became the source of data since they were responsible for the design and implementation of performance appraisal. With regard to the urgency of this study, the
performance appraisal as one of the management control systems aims to ensure that the organization is run in accordance to university vision and mission. If the members of the organization do not understand the purpose of the performance appraisal, the organization will not achieve the vision and mission. Mutual understanding among the parties is very important in order to achieve the goals.

Study of Literature

This section presents a review of the literature, the concept that supports the data analysis and research findings. This literature review focuses on the concept of management control.

One of the well-known concepts in the management control was previously initiated by Simons (1987). He (1990, 1994) stated that management control was closely related to the organization’s strategy. The management control systems and procedures were commonly formalized and used to maintain or change the pattern of organization activities in order that they could compete with other organizations. One of the important concepts in Simons’ (1995) performance appraisal concept was diagnostic control systems. Marginson (2002) suggested that management control was a systematic policy that aimed to influence the behavior and activities of the organization members and management in order to achieve the organizational goals. Meanwhile, Anthony and Govindarajan (2007) and Hongren et al. (2005) stated management controls were related to how to influence individuals in the organization. Merchant and Stede (2007) mentioned the management control was a system that regulated human organization resources to behave in accordance with the organization’s goals.

In short, the concept of management control functions to affect human resources an organization so that they understand and achieve the goals of the organization. If the members of the organization do not understand the purpose of the management control, the organizations can not achieve their goals. In line with this issue, this study is intended to explore how organizational members understand the purpose of management control, in terms of the performance appraisal.

Performance Appraisal

Performance appraisal is a control mechanism that is essential for the organization (Merchant and Stede, 2007; Simons, 1994). The performance appraisal has an important role in improving the internal quality of business, that is, to increase the motivation of the organization members by improving their performance. Through the performance appraisal, each member organization can be measured using performance indicators that would certainly be different even for each member in the same field in an organization. Through the performance appraisal, the management will know the potential members of the organization whose contribution can be useful to accelerate the development of the organization, especially when seeking new potential leaders. The performance appraisal can be seen through the performance development of every member of the organization in each period. The members who are not performing well will be trained so that they can improve their performance. Therefore, performance appraisal is used to
know the internal aspects of the organization's business.

In the context of higher education, Guruprasad et al., (2016) stated that the application of the performance appraisal would increase the motivation of the faculty members to improve their performance and ultimately improve the quality of higher education. The performance appraisal is a process to assess the potential lecturers in a certain period. Besides, the performance appraisals can also be used to determine workers' salaries, promotions, and needs for training for the employees. The performance appraisal is a necessary tool to control performance the organization's members. Effective performance measurement will increase the motivation of members of the organization in achieving its vision and mission as well as increase their loyalty to work for the organization. A loyal member is indeed the capital necessary to support the organization's strategy.

Research Methods

This study used an interpretive paradigm with a qualitative approach. Using this perspective, this study did not depart from theories, nor test them. Instead, it stems from the qualitative research that aims to build concepts or theories. The researchers must be able to interpret and analyze the phenomena in the field. The concepts and theories by Simons (1994, 1995) and Merchant and Stede (2007) were employed to enrich the analysis of the findings of this study. This research strategy is a single case study because it focuses on the performance appraisal. Besides, the research site is unique. It is the University of Ciputra Surabaya (UC). The selection of the research site was due to the fact that the site was different from other universities. For that reason, it is difficult to compare with other universities that have different specialties.

This study uses key informants who have worked in the faculty for more than five years. In addition, they also had experienced the implementation of performance appraisal. To support this research, the researchers used four other informants, that is, university leaders. The data collection methods included in-depth interviews, observation and documentation participatory. In an effort to test the data, researchers used member check and triangulation of data sources.

Data Analysis and Discussion

This study was able to interview eighteen faculties as the key informants. The observations were made through several activities such as when collecting evidence and documentation during the performance appraisal process takes place. Methods for data collection were archival documentation and templates. They were used as performance appraisal facilities such as an assessment rubric, socialization performance appraisal documentation and other related documents. In-depth interviews conducted researchers to get data. The interview process was not only done at the level of faculty but also at the level of the universities such as the rector, operations director, and representatives of the foundation. The leaders agreed with the opinion that the performance appraisal was intended to improve the performance of teachers and educational staff so that they could improve the overall
performance of UC. Furthermore, the performance of UC would increased if UC competed in the "industry" college. The analysis was done using a textural and thematic analysis.

**Performance Appraisal Tool for Assessing Performance**

Since the establishment of UC is already initiated a performance appraisal has been initiated. Every year such measurement mechanism was carried out. Since the year 2012 performance appraisal has started to become a strategic tool to measure and assess the performance of the academic community. UC implemented the performance appraisal every year, and it was divided into two periods: the first semester and second semester. At beginning of the semester every staff (both faculties and staff) did a performance contract with the employers. Meanwhile, at end of each semester, there would be an evaluation to measure their work performance. During the contract, the staff and management discuss the activities in order to achieve the targets as well as the outcomes of these activities to measure and evaluate the performance of the staff concerned.

This study found most of the informants mention the performance appraisal process was still quite complicated. For the faculty, it was a tool to evaluate the performance of the lecturers based on Tri Dharma College. The informants had a positive perception on the performance appraisal. The results would help them to continue doing better performance. Here is the opinion of one informant.

"I see the system is something positive. That is, I thought that the system was created for a good purpose. It's definitely everywhere, no matter how good the system, optimal achievement was possible if the implementation as planned at the time of making the system."

The mechanism of the performance appraisal was also the tool used to measure the performance of the faculties' members. The informant believed the performance appraisal was to assess the performance of the faculty members. They stated the performance appraisal had been already applied. For that reason, they were not surprised. They argued the performance appraisal had to be carried out in order to measure the performance of UC faculties and the faculty members.

There were two control systems that were used to control the performance of the people at the university level and departments. Both had the same goal but different ways for the implementation. The mechanism control at the department level was directly done by the head of a department. Meanwhile, the mechanism control at the university level was directly carried out by the rector and human capital department. The Head of department assessed the faculties in the study program respectively, while the deans were rated by Vice rector of academic fields. The process takes a tiered, the lecturers were rated by the heads of department, and the dean, continued were headed to the department of human capital. While ratings dean after being appraised by the Vice-chancellor of academic fields directly enter in a human capital department.

**Performance Appraisal Is the Tool to Support the Strategy**

Performance appraisal is not only used to evaluate the performance, but more than that as
an organizational strategy. This was consistent with the concept of Anthony and Govindarajan (2007) and Simons (1990). They mentioned the management control mechanism had a close relationship with the strategy. Performance appraisal effectively increases the competitive advantage of the internal side of the organization that will be a powerful strategy to compete. Implementation of performance appraisal is to support UC strategies as expressed by one of the informants as follows: "A definite yes for evaluation of performance enhancement Then for the determination of our strategy ... now we are not to lose the competition with other universities.”

Performance appraisal in support of the strategy starts from designing performance appraisal which includes the identification of important activities and key performance indicators (KPI) are derived from the goals, objectives, mission and vision university, faculty, and course of study. Model of designing performance appraisal adjusted to the concept balanced scorecard is a tool for implement organizational strategy based on the vision and mission (Kaplan and Norton, 2001, 2004). Departing from the concept of performance appraisal automatically become a powerful tool for developing human resources. One Ciputra University leaders stated that performance appraisal was a very important tool to assess the potential and competence of faculties so that through the assessment will be able to formulate a strategy for human resources development. This shows that no performance appraisal without developed of human resources, without human resource development will be difficult to compete. Performance appraisal as a management control mechanism should be able to develop individuals. When people are already motivated to do what has expected Ciputra University, in fact, they are no longer so concerned about “take home pay” for their own gain because they have got other benefits.

Through the performance appraisal, can know how the performance of lecturer and when management evaluates the performance was associated with an award that will be received. Ciputra University aims implement a performance appraisal in particular that includes a reward system is to look at the potential lecturer because through this potential, the management of Ciputra University will be able to see how the future development of the Ciputra University, through the performance of lecturer it can be planned where the place and available position for the lecturer to development organization of Ciputra University (CU) in the future.

The performance appraisal mechanism had a strategic role because it had a close relationship with development of faculties. Subsequent findings also showed that the performance appraisal was encouraged by the culture of the organization. An organizational culture that is implemented effectively arise due to application performance appraisal are implemented effectively. Organizational culture was one of the tools of effective strategies to improve the internal business organization. The organizational culture was associated with the commitment of faculties and organizational performance. These findings were consistent with studies by Latib et al. (2016), Usman (2016), Mustafa (2016), Sutrisno (2017) and Ismail (2017).
Performance Appraisal Is a Tool for Controlling Lecturer

Other findings showed that with their performance appraisal lecturers do not work carelessly otherwise faculties will work as closely as possible to demonstrate its performance. Performance appraisal was seen as controlling mechanism for the faculties members so that they could help the professors perform as expected. Besides, a lecturer can not work carelessly and without restraint, performance appraisal also aims to ensure lecturer contribute according to their role. Performance appraisal is an important control mechanism to Ciputra University because it encourages lecturer to participate properly and enable lecturer to achieve results in line with the strategy developed. A lecturer can view their performance for one semester of the impact on the financial reward. Performance appraisal is applied to control quite good and effective as disclosed informant as follows.

"I think the heck is that the controller is pretty well yes ... so we worked it not home to work so so we got the performance we rated ... performance appraisal been running quite well so so no assessment of the performance of each semester performance every year, I think it's still good for employees yes"

Simons (1994), Anthony and Govindarajan (2007), and Merchant and Stede (2007) states that a performance appraisal, as one of the mechanisms of management control, is a tool that can influence the behavior of members of the organization in the case of this study were teachers. Almost all informants stated that the purpose of performance appraisal is to control the lecturer to behave as expected CU that support improved performance of faculties in academic positions: “And I ... helped until I could ride a functional position now”.

However, there was one of the professors who argued that performance appraisal system was more functional to perform as a transactional control system. In his opinion, transactional systems tend to control lecturer based on transactions. For example, when the lecturer is not too late and never absent so that given rewards, so lecturer behaves not based on his own conscience that he must behave well, but more on the concept of "law-abiding" or "compulsion" or "expect something in return". The system wants a system that is able to change the way of thinking lecturer to realize that what is best for himself and Ciputra University. However, regardless of whether the system is transactional or not, the informant agree to declare that without performance appraisal is not likely to increase their academic positions.

Furthermore, the performance appraisal mechanisms were used to monitor the members of the faculties. The monitoring was done in accordance with the contract between the lecturer and head of the study program, the chairman of the study program with the dean, and the dean of the Vice chancellor of academic fields. For example, there was lecturer who had a contract to create and present their research at a national seminar, the leader would monitor the research process until such time as the seminar would be chosen by the lecturer. Leaders would discuss at the seminar where the lecturer would present the results of his research, for example, if the lecturer was senior enough, the concerned should follow the presentation of an international level but if lecturer including lecturer starter then
the leader would suggest following the seminar at the national level. Likewise, the research topics should be tailored to the research of study program. Another example of community service when lecturer was assigned to work with the external organizations. The leader will encourage lecturer to perform community service in accordance with the agreed target date. Process monitoring conducted by the leader can be said to be effective for almost all the lecturer work program can be implemented in accordance with the agreed contract.

Other key findings in the control aspects of lecturer is that the performance appraisal allows the lecturer to be able to move together to achieve the goals that were set, as he relayed the informant as follows: “The goal that we are both moving in the same direction, all employees at CU are moving to CU goal”

From the opinion of the informants, the purpose of performance appraisal is not only to measure and evaluate the performance of faculties, but it should be up to the development of the faculties so that it has the same goals and objectives to achieve the same vision. This has an impact on the importance of faculties to develop the potential and competence in order together to achieve the vision and mission of the organization.

**Performance Appraisal Aims To Improve the Quality**

Performance appraisal aimed to improve the quality of human resources. At the end of the semester unit leaders (chairman and dean of the study program) would evaluate each faculty based on several aspects stated in the Tri Dharma College. In case professors had lowe grades during the evaluation, the leaders had obligation to help them improve their performance. For example, there were professors who had low evaluation scores. The head of the department would send it to the faculty Teaching and Learning Center as a center of learning where professors were given trainings: how to deliver effective teachings and manage the classroom.

Through performance appraisal, leader can perform mapping excess or shortage of lecturers in Tri Dharma university. Furthermore, the faculty who have particular shortcomings will be trained according to their needs. Furthermore, the faculty continues to be monitored to ensure that the training provided will improve sekaligus improve its performance. Until now many trainings and workshops conducted in the UC in order to develop the competence of teachers but not based on the value of PA obtained faculties, activities undertaken limited public. Through performance appraisal should the UC management can make a mapping after knowing the performance of the teachers as capital to compete.

**Performance Appraisal Aims To Motivate Lecturer**

High motivation owned by the faculties would give impacts on the organizations. The findings of this study indicated a deeper motivation for their contracts appeared in the performance appraisal. As a result, professors "felt compelled" to perform well to have a good performance appraisal value. However, motivation is also emerging when leader provides examples and exemplary in implementing a performance appraisal, for example, keep the contract is written in the performance appraisal. So it can be said that the performance appraisal as "investments".
Performance appraisal mechanism was as a tool for human to do investments. The faculties were motivated to perform that later would benefit CU in the long term.

The Performance appraisal increased faculty members” motivation so that they work well in accordance with the objectives set by the CU. As well, the impact of faculties performance is the lecturer will earn rewards in the form of financial reward. Motivation faculties through performance appraisal as indicators to measure the performance of faculties in accordance with what is supposed to be measured.

The performance assessment will achieve its goal if the indicator is clear and if it is delivered to faculties clearly too so they will know the purpose of the implementation of performance appraisal that what that person understands what to do and how to do, “Performance Appraisal was nice for the indicator clearly ...”. This makes the lecturer will understand the advantages and disadvantages so that it can reflect.

Limitations Performance Appraisal and Improvement Efforts

The performance appraisal was helpful. However, some aspects of such evaluation need to be improved.

The Performance appraisal have not been able to assess the actual performance of the lecturers. An example of this, as a lecturer, must assess co-workers who do not cooperate with them at the time of peer assessment. He knew the professor, but because it had never worked together, the assessment would be bias. The following statement of the informant on the matter: “PA nice sometimes earlier, we were told to judge people who never our cooperation so how do we assess. It was now passable”.

However, with further development, the management change of peer assessment by providing the opportunity for the faculties to write with whom they worked together for a certain semester.

The Performance appraisal related to student assessment was also subject to bias. According to most informants, inequality took place during the assessment particularly when assessing students. As a result, they thought the performance assessment made by the students merely routine alone.

Another limitation is the process of inputting data is still considered inconvenient by some informants. The number of indicators and the number of documents or evidence should be included causing the faculties difficult to meet the target set.

Seeing the limitations of the human capital department took quick steps are continuously striving to improve the shortcomings and limitations. Human capital Department strive continuously ongoing evaluation of the components of performance appraisal by organizing meetings with the dean and head of department to obtain inputs. Further implemented immediately in order to obtain an evaluation of the lecturers. To overcome the problem of biased assessment by the students evaluated the proportion of student assessment. Role of Teaching Learning Centre is also very supportive because they renew rubric previous assessments tend to judge their faculties as assessing faculties through competency assessments so that students are assessed not faculties but her professor outcomes perceived by students. The last thing is the complexity of the input data and the document finalized by coordinating with research institutes and
community service agencies in minimizing file must be uploaded by faculties. Department of Information Communication Technology also contributes greatly to the process of continuous improvement by developing technology that "user friendly" so that the faculties can perform its obligations fairly easily.

One of the important aspects in the successful implementation of performance appraisal is as follows. First, it was commitment of the leader. The commitment of the leadership of the supreme leader (Foundation and the rector) to the dean and head of department served the first key to success. Without the commitment of the leadership of the planning, formulation, design until the implementation of performance appraisal system will not work as expected. Secondly, the Participatory Planning. The process of drafting a participatory performance appraisal was the second key to successful implementation of the performance appraisal. Through the full participation of the academic community, needs and assessment indicators can be developed without abandoning the interests of one of the members and units within the university. Openness to discussion play an important role so that everyone feels their voice heard by the leadership. The process of in-depth discussion and take a long time been an important factor so that its implementation could create a situation conducive to the sustainable development. The third was the socialization. The socialization aspect was continuously carried out by the department of human capital. It played a very important role. Socialization activities systematic to make the entire academic community to fully understand how processes and procedures of performance appraisal. Therefore, socialization is very important to do so that everyone understands together both the processes of planning, implementation up to the results.

Conclusion and Suggestion

Conclusions

Performance appraisal is a form of management control mechanism to influence the behavior of members of the organization so that they behave as expected by the organization. The process of drafting until the implementation of the performance appraisal is carried out systematically by involving the department heads and some faculties and staff education. The purpose of this study is to explore how the professors interpret the performance appraisal. In so doing, the objectives can be achieved. The Performance appraisal is interpreted as a tool to assess the performance, supporting the strategy, controlling faculties, improve quality, and motivate faculties. Performance appraisal will improve the quality of higher education. Meanings positive by lecturer shows that the performance appraisal has a positive impact on performance and achievement. There are three primary activities for faculties namely teaching, research, and social activities (Tri Dharma Perguruan Tinggi). Performance appraisal covers these three activities. Therefore if faculties complete these three activities then they can input to the database. Based on this database human capital department will assess the performance and eventually they will mark the score namely grade point average (GPA) for faculties. This GPA will issued annually and this is the performance of faculties. The GPA effect financial and nonfinancial benefit for faculties.
This is why performance appraisal has positive impact on performance of faculties.

As a system the performance appraisal needs to be constantly improved and developed. Some drawbacks are still obviously seen. However, these weaknesses can quickly be anticipated by the department of human capital so that the implementation of performance appraisal process can continue, even better. Key to the success of the implementation of the performance appraisal is the commitment of the leadership, participatory processes, and systematic socialization and well programmed.

**Suggestions**

Some interesting and important issues can still be investigated further. Development of informants can be expanded not only involving professors but also academic staffs and students. Using these two types of informants makes new studies comprehensive.

The next has something to do with how to interpret the academic community in terms of reward and punishment. Do they become motivating or demotivating factors? Simultaneously can explore further how effective reward and punishment for college.

Next is at the level of research methods. Further research can use experimental research methods. In so doing, the behavior of the academic community towards the implementation of performance appraisal can be deeply investigated. Quantitative methods can also be used to generalize these findings to emerge performance appraisal of alternative models for Indonesian universities.

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