



## **EFFECT OF EMPLOYEE PERFORMANCE FACTORS ON CORPORATE PERFORMANCE: EVIDENCE IN INFORMATION TECHNOLOGY FIRM**

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### **ABSTRACT**

*The MNC (Multinational) company based in California is a computer storage and data management (storage) company. PT. NetApp is very concerned about the welfare of its employees. All NetApp achievements are inseparable from good management of its human resources, in this context the performance of its employees. Although NetApp is one of the best companies at work, the percentage of employee turnover has increased from year to year. This type of research is quantitative research. Sugiyono Quantitative data is data in the form of numbers, or qualitative data that is called up (scoring). This study is intended to determine the relationship between the seven variables, namely Recruitment of Independent Variables (X1) and Career Path (X2), namely Corporate Performance Dependent variable (Y) and Employee Performance (Z) as a variable intervening. After a statistical test, the results are obtained: first the recruitment variable has a significant effect on corporate performance variables. This means that recruitment is the initial stage of the employee to enter into a company. not significant to corporate performance variables.*

***Keywords: Corporate Performance, Employee Performance, Recruitment, and Career Path.***

#### *Article History*

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## **INTRODUCTION**

One company with good corporate performance in the IT field is PT. Network Appliance (NetApp). The MNC (Multinational) company based in California is a computer storage and data management (storage) company. PT. NetApp is very concerned about the welfare of its employees. Starting from giving an attractive salary that is in US dollar exchange rates to be given several health programs for employees. such as Healthcare programs, Insurance and Income Protection, Financial and Savings Programs, Work-Life Balance. NetApp also pays attention to how the working environment becomes more comfortable by providing fitness equipment, free food and drinks, games equipment, and many more facilities provided. This makes NetApp a lot of awards or awards for the best workplace categories. In addition to the Award above, PT.NetApp also showed faster growth with year-on-year revenue growth of 238.2% and NetApp has mastered market share 2.7 times faster than its competitors with year-on-year growth of 87, 4% (Sulastri Chin Marketing Manager of NetApp for Indonesia, 2017).

Table 1  
Ranking of Best Companies to Work

Rank	Organization	Industry
1	Google	Information Technology
2	SAS Institute	Information Technology
3	W.I Gore & Associates	Manufacturing
4	Dell EMC	Information Technology
5	Daimlerr Financial Services	Financial Services
6	NettApp	Information Technology
7	Addeco	Professional Services

Source: processed from lifepall.com (2019)

All NetApp achievements are inseparable from good management of its human resources, in this context the performance of its employees. Although NetApp is one of the best companies at work, the percentage of employee turnover has increased from year to year. In 2014 that was 4.5%, in 2015 it was 7.75% and in 2016 it increased 8.4% (Ana Sophia, Country Manager of NetApp For Indonesia, 2017). The employee turnover rate is a picture of the Company in recruiting employees who are not appropriate or vice versa. According to experts, funds needed in excess of one salary from employees who leave to find a replacement for their employees who leave the company. It is also not good because it can affect the performance or productivity of employees who still survive, so the decline in employee performance will have an impact on evaluating company performance. In July 2012 the ECC UGM polled 726 respondents regarding the reasons respondents chose to resign or leave the organization. According to the results of the poll stated 22.4% chose the reason to

resign because 22.3% stated the factor of salary and facilities, 13.6% of career paths that were not promising, as many as 13.3% of the work environment was not conducive and 13.3% due to obtaining more attractive offers.

## **LITERATURE REVIEW**

### **Human Resource Management**

Human Resource Management (HRM) is the science of management relating to the management of human resource empowerment activities. In general, activities in the field of human resources can be seen from 2 points of view, namely in terms of work and job evaluation. According to (Paputungan, 2013) the worker's side, activities consist of procurement of labor, performance appraisal, training and development, promotion, compensation and termination of employment. According to Handoko (2009) Human Resource Management is the withdrawal, selection, development, maintenance, and use of human resources to achieve individual and organizational goals. According to Mangkunegara (2004) human resources are defined as a planning, organizing, implementing, and controlling, development, remuneration, integration, maintenance.

### **The Relationship of Recruitment to Corporate Performance**

According to Ceacilia Srimindarti in Economic Focus (2004: 53). Company performance (Corporate Performance) is a complete view of the state of the company during a certain period of time, is a result or achievement that is influenced by the company's operational activities in utilizing the resources that are owned. Performance is a general term used for some or all actions or activities of an organization in a period with reference to standard amounts such as past or projected costs, on the basis of efficiency, accountability or management accountability and such. One of the characteristics of people who have high performance is to have a good work plan and try to realize the planned goals. This can be a material consideration for an organization in recruiting or selecting prospective employees to enter into the organization. According to research from Joy O.ekwoaba The Impact Of Recruitment And Selection Criteria On Organizational Performance, recruitment has a significant effect on Organizational Performance.

*H1: There is a significant influence of recruitment on corporate performance*

### **Relationship between Career Path and Company Performance**

An employee is a description of his own development in the level of position achieved during the working period in the organization concerned. According to Intan, et al, 2016) a career describes the role or status of employees in an organization. Career path according to Mathis and Jackson (2006), is a sequence

of positions related to the job occupied by a person throughout his life. Career is throughout the work journey experienced by each individual or employee and can be broadly detailed into objective events. A company must always do various efforts to develop the company and in developing it certainly requires good human resources. So if the performance of good human resources will reflect good company performance. The formation of good human resources is influenced by career paths (Ali sulthoni, 2016). According to research by Intan Retnosari et al with the title "The Effect of Contract Work System, Compensation and Career Path on Corporate Performance with Employee Performance as an intervening variable. Career path has a parcular influence on Corporate Performance.

*H2: There is a significant influence of career path on corporate performance.*

### **Employee Recruitment and Performance**

In order to create professional Human Resources (HR) one of the main keys lies in the recruitment and selection process, training and development of prospective workers. This recruitment is one of the important processes in determining human resources. According to Dubois (2004) states that recruitment is a process to attract as many applicants as possible qualifications for existing vacancies. Meanwhile, according to Hasibuan (2008) states that recruitment is an effort to find and influence the workforce to want to apply for vacancies in the organization. Effective recruitment is needed in order to provide accurate and continuous information about the number and qualifications of individuals needed to carry out various jobs in the company. Recruitment activities will abort inappropriate applicants and focus their abilities on the workforce that will be called back. Therefore, the recruitment process is something that needs to be considered for its implementation, due to remembering. Workforce placement in accordance with the needs and job description makes employees happy to do their work which will improve their performance at work. According to Billy Renaldo's research in the title "The Effect of the Recruitment and Selection Process on the performance of employees at PT. Bank Salutgo concludes that there is a significant influence between recruitment and employee performance.

*H3: There is recruitment has a positive and significant effect on employee performance*

### **Relationship between Career Paths and Employee Performance**

According to Fadhilah (2014) Career development is an approach taken by a company or organization to ensure that people in the organization have the qualifications and abilities and experience that match those needed by the organization. Therefore, companies must regulate and provide career opportunity

opportunities for their employees and encourage their employees to do the best so they can improve performance. Therefore companies must regulate and provide career opportunity opportunities for their employees and encourage their employees to do the best so they can improve the performance of employees in a company. An employee's career is a reflection of one's own development in the level of position achieved while working in an organization. According to Joni Sinulingga (2011) To be able to determine career paths, career goals and career development, what they can take is that employees need to consider several factors, namely fair treatment in careers, concern for direct superiors, information about various promotional opportunities, interests in promote, the level of satisfaction, although in general it can be said that everyone wants to achieve progress, including pursuing a career the measurement of success used is indeed different. In a study conducted by Papatungan (2013) entitled "Motivation, Career Level and Work Discipline Its Effect on Employees at PT Bank Sulut Calaca Branch, that career paths have a significant effect on employee performance at PT. Bank of North Sulawesi.

*H4: There is career path has a positive and significant effect on employee performance*

### **Relationship of Employee Performance with Corporate Performance**

According to Simamora (2004), performance is a measure of an organization's success in achieving its mission. Meanwhile, according to Mangkuprawira & Hubeis (2007) states that employee performance is the result of certain work processes in a planned manner at the time and place of the employee and the organization concerned. This means that performance is an action that can be seen, observed and made possible to achieve the things expected in this case is the goal. Combination of ability, effort and opportunity that can be valued from the results of his work obtained during the period specific time. To find out the size of the organization's performance, performance appraisal is usually carried out. Performance appraisals evaluate how well employees do their work when compared to standards and will be communicated to employees later. Employee performance with company performance is closely related. Because if the employee's performance is good, then the possibility of the company's performance is also good.

*H5: There is employee performance has a positive and significant effect on corporate performance*

### Recruitment to Corporate Performance Mediated by Employee Performance

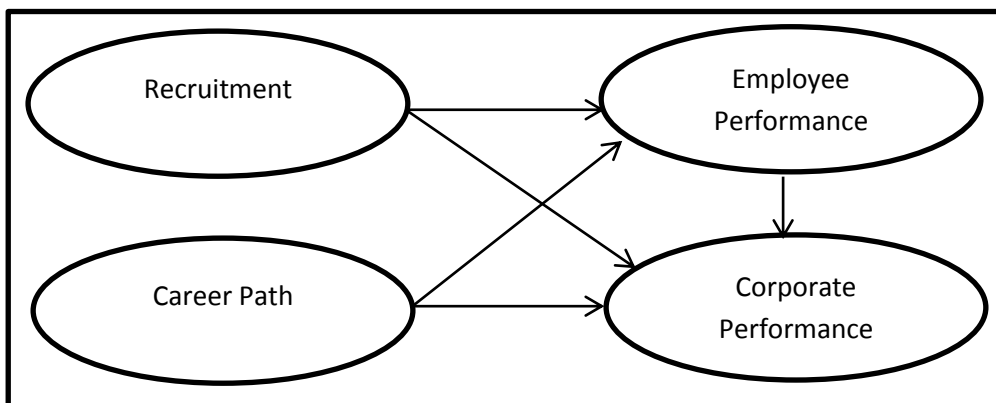
Recruitment according to Flippo (2009) is the process of finding candidates for vacancies and stimulating them to apply for jobs in an organization. Recruitment is an activity that connects employment providers with job seekers. Recruitment (recruitment) of employees is a process or action taken by the organization to obtain additional employees through the withdrawal of labor, determine labor requirements, the selection process, placement and orientation of the employee. Withdrawal of employees aims to provide enough employees to select employees who meet the qualifications they need (Mathis, 2001). In recruiting employees of an organization it is demanded to be more selective in carrying out the recruitment process. This becomes important because remembering the recruitment process is the beginning of human resources entering the organization. Placement, selection and job description will be appropriate improve the performance of employees at work. This will indirectly affect the company's corporate performance.

*H6:* There is Recruitment has a positive and significant effect on Corporate Performance mediated by employee performance.

*H7:* There is career path has a positive and significant effect on corporate performance mediated by employee performance

### Research Framework

From the literature review presented above, the essence can be drawn, so that the framework in this study is as follows:



Source: Data processed (2019)

Figure 1  
Research Framework

## **METHODOLOGY**

This type of research is quantitative research. Sugiyono (2007) Quantitative data is data in the form of numbers, or qualitative data that is called up (scoring). This study is intended to determine the relationship between the seven variables, namely Recruitment of Independent Variables (X1) and Career Path (X2), namely Corporate Performance Dependent variable (Y) and Employee Performance (Z) as a variable intervening. Sugiyono (2010) Population is generalization region consisting of the subject or object that has certain qualities and characteristics that are applied by researchers to learn and then drawn conclusions. the population in this study are all professional workers in Indonesia as many as 36 PT.NetApp karyawan. Dan sample is whole on employees PT.NetApp that can be encountered (saturation sampling).

Table 2  
Definition of Variable Operations

Variable	Indicator
Recruitment	Organizational policy; Recruitment planning; Recruitment method; Procedure; Execution time; Recruiting sources; and Recruitment constraints
Career Path	Work performance; Knowledge; Level of education; Work skills; Recommendations from Superiors
Employee Performance	Spirit at work; Loyalty; Leadership; Cooperation; Work achievement or system; Commitment / Responsibility; Quality at work
Corporate Performance	Amenities; Comfort; and Organizational climate.

Source: Processed by author (2019)

This study uses an analytical method using PLS (Partial Least Square) software. According to Jogiyanto and Abdillah (2009) PLS (Partial Least Square) is a variance-based structural equation analysis (SEM) that can simultaneously conduct model testing, measurement as well as structural model testing. The measurement model is used to test the validity and reliability, while the structural model is used to test causality (hypothesis testing with predictive models). Modeling in PLS uses inner model.

:

**RESULT**

According Jogiyanto and Abdillah (2009), in the PLS test measurements can be done using two methods, namely Cronbach's alpha and Composite reliability. Cronbach's Alpha to measure the lower limit of the reliability value of a variable and can be accepted if the value is > 0.6. For Composite reliability to measure the true value of a variable's reliability and can be accepted if the value is > 0.7. And for average extracted results (AVE) it can be accepted if > 0.5. From these data (see table 3), it can be explained that the career path variable is reliable where the Cronbach alpha value, the variable is 0.765, for composite reliability is 0.754 and the Average Variance Extracted (AVE) is 0.751. The recruitment variable can also be said to be reliable because the value of Cronbach's alpha is 0.724, the value of composite reliability is 0.739 and the Average Variance Extracted (AVE) is 0.764. Employee Performance Variables can also be said to be reliable where the value of Cronbach's alpha variable is 0.785, the value of composite reliability is 0.778, and Average Variance Extracted (AVE) of 0.812. For Corporate Performance Variables, composite reliability values are 0.793, composite reliability values are 0.787, and for Average Variance Extracted (AVE) are 0.818.

Table 3  
Construct Reliability and Validity

Variable	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Recruitment	0.724	0.739	0.764
Career Path	0.765	0.754	0.751
Employee Performance	0.785	0.778	0.812
Corporate Performance	0.793	0.787	0.818

Source: Data processed (2019)

Based on the table above, it shows the relationship between the variable Recruitment with corporate performance is significant with T-Statistics > 1.96 which is equal to 6.075. Thus H1 in a study which states that recruitment has a significant effect on corporate performance. This is consistent with the results of research from Joy O ekwoaba et al. "The Impact Of Recruitment And Selection Criteria On Organizational Performance" recruitment has a significant effect on organizational performance. This proves that in the recruitment of employees when going to work in the company PT. NetApp Indonesia is important to note. Thus the first hypothesis in this study was accepted.

The Career path variable for corporate performance is not significant with a T-Statistic value of less than 1.96 which is 0.849. This is not consistent with Intan



Retnosari et al's research entitled "The Effect of Contract Work System, Compensation and Career Path on Corporate Performance with employee performance as an intervening variable", which states that career path partially has a significant effect on corporate performance. Then the first hypothesis (H1) in this study was rejected. Variable recruitment (X1) has a significant effect on performance by 3,036, this is in accordance with Billy Renaldo's research entitled "The Effect of Recruitment and Selection Processes on Employee Performance at PT Bank Salutgo" through regression testing proved to have a significant effect between recruitment and employee performance. Then the second hypothesis in this study was accepted. Variable career path to employee performance does not show a significant value with a value of 0.747, This is not in accordance with research conducted by Faradistia R. Papatungan entitled "Motivation, Career Path and Work Discipline for employees" concluded that Career path has a significant effect on employee performance in the employees, so the third hypothesis in this study was rejected. Employee performance variable has a significant effect on Corporate Performance variable that is 8,801, it is consistent and consistent with research. This proves that Employee Performance is indeed very important in promoting or making a high company performance. Thus, the fourth hypothesis (H4) in this study was accepted. The Career Path variable towards Corporate Performance mediated by the Employee Performance Variable is significant at 1.96, this is in accordance with the fifth hypothesis (H5) in this study. The Recruitment Variable to Corporate Performance mediated by the Employee Performance Variable is not significant at 0.930, this is not in accordance with the sixth hypothesis (H6) in this study. Recruitment Variables on Corporate Performance Mediated by Employee Performance Variables have a Significant Effect.

## **CONCLUSION**

After a statistical test, the results are obtained: first the recruitment variable has a significant effect on corporate performance variables. This means that recruitment is the initial stage of the employee to enter into a company. not significant to corporate performance variables. This means that the career path is not a strong influence on corporate performance. Third, the recruitment variable has a significant effect on employee performance. This shows that if the company conducts and recruits prospective employees according to company needs, the resulting output or employee performance will be high. Fourth, the influence of career path variables on employee performance is not significant. Fifth, Employee performance variables significantly influence corporate performance. This means that employee performance or output produced by employees is one factor in improving corporate performance. Sixth, the career path variable on corporate performance mediated by employee performance has no significant effect.

Seventh, the recruitment variable on corporate performance variables mediated by employee performance has a significant effect.

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