



Optimizing Employee Performance Evaluation System for Performance-Based Bonus Allocation in DF Company

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Abstract

In today's highly competitive business environment, accurate and effective employee performance appraisal is crucial for companies to enhance productivity and achieve organizational goals. However, DF Company, operating in a dynamic sector, faces challenges with its existing performance appraisal system, including a lack of objectivity and a limited link between appraisals and bonus awards. These issues can lead to unfairness, employee dissatisfaction, and reduced motivation. To address these challenges, this research aims to optimize DF Company's Employee Performance Evaluation System for bonus determination. Through in-depth interviews, potential problems were identified, and a structured problem-solving plan was developed. Proposed solutions include incorporating additional assessment elements such as closing rate and attendance, using appropriate Key Performance Indicators (KPIs), and developing a web-based performance appraisal application. The application was successfully developed, demonstrating accurate appraisal calculations and an intuitive user interface. The research findings highlight the potential of the optimized system in improving fairness, objectivity, and the linkage between performance appraisals and bonus awards. This can lead to increased employee motivation, satisfaction, and overall performance, facilitating talent retention and attraction in a competitive industry. While this study focuses on DF Company, further research is needed to generalize the findings to other organizations.

Keywords: Bonus determination; Employee performance appraisal system; Objectivity in performance appraisal; Web-based performance appraisal application

Abstrak

Dalam lingkungan bisnis yang sangat kompetitif saat ini, penilaian kinerja karyawan yang akurat dan efektif sangat penting bagi perusahaan untuk meningkatkan produktivitas dan mencapai tujuan organisasi. Namun, DF Company, yang beroperasi di sektor yang dinamis, menghadapi tantangan dengan sistem penilaian kinerja yang ada, termasuk kurangnya objektivitas dan terbatasnya hubungan antara penilaian dan pemberian bonus. Permasalahan ini dapat menimbulkan ketidakadilan, ketidakpuasan karyawan, dan berkurangnya motivasi. Untuk mengatasi tantangan tersebut, penelitian ini bertujuan untuk mengoptimalkan Sistem Evaluasi Kinerja Karyawan DF Company untuk penentuan bonus. Melalui wawancara mendalam, potensi masalah diidentifikasi, dan rencana pemecahan masalah terstruktur dikembangkan. Solusi yang diusulkan mencakup penggabungan elemen penilaian tambahan seperti tingkat keterlambatan dan kehadiran, penggunaan Indikator Kinerja Utama (KPI) yang sesuai, dan pengembangan aplikasi penilaian kinerja berbasis web. Aplikasi yang berhasil dikembangkan, menunjukkan perhitungan penilaian yang akurat dan antarmuka pengguna yang intuitif. Temuan penelitian menyoroti potensi sistem yang dioptimalkan dalam meningkatkan keadilan, objektivitas, dan hubungan antara penilaian kinerja dan pemberian bonus. Hal ini dapat meningkatkan motivasi, kepuasan, dan kinerja karyawan secara keseluruhan, sehingga memfasilitasi retensi dan ketertarikan karyawan dalam industri yang kompetitif. Meskipun penelitian ini berfokus pada DF Company, penelitian lebih lanjut diperlukan untuk menggeneralisasi temuan ini ke organisasi lain.

Kata kunci: Aplikasi penilaian kinerja berbasis web; Penentuan bonus; Objektivitas penilaian kinerja; Sistem penilaian kinerja pegawai;

INTRODUCTION

In a highly competitive business environment, accurate and effective employee performance appraisal is important for companies (Widarko & Anwarodin, 2022). DF Company, as a company engaged in a very dynamic sector, realizes the importance of having an Employee



Performance Evaluation System that is optimized for determining bonuses based on performance (Amira, Nejob, & Fadhel, 2022). Good performance appraisals allow companies to identify individual contributions to organizational goals, reward outstanding achievements, and provide appropriate incentives to employees who achieve or exceed performance targets (Mio, Costantini, & Panfilo, 2022).

However, DF Company is currently facing some challenges in its existing performance appraisal system. One of the problems encountered is the lack of objectivity in performance appraisal. Unclear appraisal methods, inconsistent criteria, or appraisals influenced by subjective factors can result in unfairness and dissatisfaction among employees (Peterson, Tahssain-Gay, & Laila, 2022). This can have a negative impact on employee motivation and the overall productivity of the company (AlDhaheri, Hilmi, Abudaqa, Alzahmi, & Ahmed, 2023).

In addition, DF Company also faced difficulties in directly linking performance appraisals with bonus awards. The lack of integration between the performance evaluation system and the payroll system led to a lack of clarity in determining the bonus amount in accordance with individual performance (Salazar Rua, 2023). As a result, companies can face problems motivating high-achieving employees and rewarding their contributions appropriately (Riyanto, Endri, & Herlisha, 2021).

If the current condition is not corrected, DF Company risks experiencing adverse consequences. Employees who are dissatisfied with the unfair performance appraisal system will lose motivation, lack enthusiasm in performing tasks, and even leave the company to seek opportunities elsewhere (Rubin & Edwards, 2020). In addition, companies may have difficulty in retaining and attracting the best talent if the reward system cannot properly differentiate between high-performing and underperforming employees (Serenko, 2023).

Therefore, this research aims to optimize DF Company's Employee Performance Evaluation System to determine bonuses based on performance. In this research, a more objective, structured, and consistent approach to employee performance appraisal will be used. By optimizing the performance evaluation system, DF Company can expect a number of benefits. First, the company will hopefully have a better understanding of individual contributions to organizational goals. This will enable fairer rewards and appropriate incentives for high-performing employees, encouraging them to continue improving their performance. Secondly, by using a more effective performance evaluation system, DF Company is expected to identify areas where employees need additional development or training. This allows the company to devise appropriate development plans to improve employees' skills and competencies, which will ultimately improve the overall performance of the organization. Third, optimizing the performance evaluation system is also expected to help create a more transparent and objective work culture. Employees will feel that their performance appraisals are based on real achievements and clear criteria, increasing their trust and satisfaction with the company.

This research will combine the principles of human resource management and information technology. However, this research has certain limitations. First, this research will focus on DF Company, so generalization of the findings to other companies may need to be studied further. Secondly, this research will focus on the development of a performance evaluation system and bonus determination. Other aspects such as overall bonus policy development will not be discussed in detail in this study.

In this study, it was important to involve employees in the process of developing and



implementing a new performance evaluation system. Their participation will increase the level of acceptance and usage of the new system and help create an inclusive and collaborative work culture (Bentley et al., 2023). Thus, through optimizing the Employee Performance Evaluation System, DF Company is expected to improve the fairness, objectivity, and linkage between performance appraisals and bonus awards. It is also expected to have a positive impact on employee motivation, satisfaction, and performance, and help the company retain and attract the best talent in a competitive industry.

METHOD

The first stage in the analysis process was to conduct in-depth interviews with various stakeholders at DF Company, including managers, supervisors, and employees. These interviews were conducted to gain a deeper understanding of the employee performance evaluation and bonus allocation system that was being implemented, as well as to identify potential problems that might arise in that context (Auniyah, Herlambang, & Wijoyo, 2020). In these interviews, various important aspects will be explored, such as the weaknesses of the current evaluation system, differences in perceptions between employees and management with regard to performance evaluation, and obstacles that may be encountered in the process of allocating performance-based bonuses. Moreover, specific detailed information about the ongoing employee performance appraisal at DF Company was not available. Thus, it is important to understand the general advantages and disadvantages of employee performance appraisal. In addition, each division within DF Company may have different tasks and responsibilities, so further exploration is necessary to understand them well. To enhance the understanding of the working relationship between divisions, as well as possible changes in employee performance appraisal, further information should be obtained through relevant sources.

Table 1. Interview Results

Questions	Answers
How is employee performance appraisal happening currently?	Currently, performance appraisals in our company are conducted to give bonuses to the sales team, advertising team, leaders, and managers. For the sales team, the assessment is based on the value of goods and sales data generated. The higher the value of goods and sales achieved, the greater the bonus received. For the advertising team, the assessment is based on the number of purchases and advertising costs incurred. The higher the number of purchases and the lower the advertising costs, the greater the bonus received. For leaders, performance assessment is based on the achievement of set targets. If the target is achieved, the bonus received will be the highest, but if it is not achieved, the bonus will be lower. As for managers, performance appraisal involves achieving global targets and total advertising costs. If the target is achieved and the total advertising cost is within the standard, a bonus will be given. Currently, the performance appraisal process is still done manually by using existing data records on employees and synchronized with administrative data.
What are the advantages and disadvantages of the current employee performance appraisal?	Overall, the performance appraisal method used for bonus calculation has advantages in terms of practicality and ease of calculation. However, there are drawbacks that need to be considered. One of the main drawbacks is that it does not focus on other important aspects, such as attendance, closing rate, and target achievement. A more holistic and thorough assessment would provide a more accurate picture of an employee's contribution to achieving company goals. Therefore, it is recommended to develop a performance appraisal method that covers all relevant factors and considers the importance of attendance, closing rate, and target



	achievement as part of employee appraisal. Thus, the company can provide fairer rewards and bonuses and motivate employees to achieve better results.
Tell us what are the job duties and responsibilities of each division?	The Sales department needs to focus on providing the best for customers, achieving sales targets, ensuring orders are completed, attending on time, and increasing closing rates; the Advertising department needs to provide audience facilities to the Sales team, reduce advertising costs per audience, and maintain consistent attendance; Leaders are responsible for achieving the team's global targets, controlling the team's progress and closing rates; Managers oversee the achievement of global targets, optimize purchasing costs, and control problematic packages in branches.
What is the working relationship between each division?	To date, the relationship between each division in our company remains good. The Sales, Advertising, Leader, and Manager divisions work together and collaborate to effectively achieve the company's goals.
Can the performance appraisal be changed?	Want to change or provide additions that are lacking in employee performance appraisals and are further developed.

Once relevant problems have been identified, the next step is to plan for problem solving. This step involves an in-depth analysis of the information obtained from the interviews as well as a search for workable solutions to each of the identified problems. This problem-solving plan may involve redesigning a more objective and measurable performance evaluation system, improving communication between management and employees, and considering the introduction of additional incentives or rewards that match individual performance. The ultimate goal of this troubleshooting plan is to improve the effectiveness of the performance evaluation system and ensure that bonus allocations are based on accurate and fair performance.

Through an analytical process involving in-depth interviews with relevant parties and a structured problem-solving plan, it is hoped that DF Company can optimize its employee performance evaluation system and their performance-based bonus allocation. These measures aim to drive improvements in individual and overall company performance, along with realizing broader organizational goals. In the face of complex challenges in performance management and bonus allocation, a rigorous and reference-based analysis approach will help DF Company achieve significant improvements in their performance evaluation system and bonus allocation policy.

There are several proposed solutions to optimize employee performance appraisal at DF Company. The suggested solutions include adding assessment elements, such as closing rate, attendance, and total sales using appropriate Key Performance Indicators (KPIs). In addition, it is also recommended to develop the performance appraisal system into a website to optimize the efficiency and accuracy of the employee performance appraisal process (Kamble, Gunasekaran, Ghadge, & Raut, 2020). By implementing this solution, it is expected that DF Company can obtain a more holistic and accurate assessment of employee performance. This solution can also increase employee motivation and engagement and drive individual performance improvements that contribute to the overall success of the company.

The following is the formula used to assess employee performance:

$$\text{Total Performance Score} = (\text{Closing Rate Weight} \times \text{Closing Rate Score}) + (\text{Attendance Weight} \times \text{Attendance Score}) + (\text{Total Sales Weight} \times \text{Total Sales Score}) \quad (1)$$

Description:

Closing Rate Weight: Percentage weight given to the closing rate assessment. **Closing Rate**

Score: The score assigned based on the level of closing rate achievement (e.g., 1-5 scale). **Attendance Weight:** Percentage weight given to attendance assessment. **Attendance Score:** The score given based on the level of attendance (for example, a scale of 1-5). **Total Sales Weight:** Percentage weight given to total sales assessment. **Total Sales Score:** The score given based on the level of total sales achievement (e.g., scale 1-5).

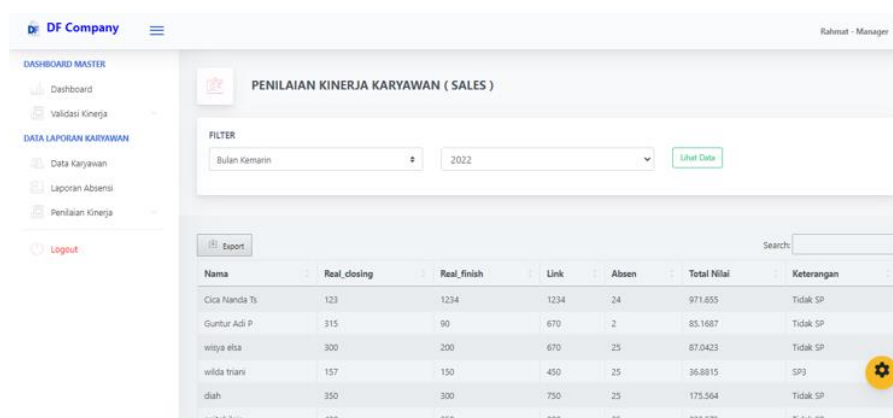
After getting the total performance score for each employee, the company can use a certain scale or threshold to determine the employee's performance level, as follows:

Performance Rating Scale: Score 1-2: Below average performance; Score 3: Average performance Scores; 4-5: Above average performance.

The process of designing an employee performance appraisal application includes designing the system, database, and interface. In the system design stage, the required features and functions will be identified. Furthermore, in database design, the database structure will be designed by determining efficient and accurate tables, relations, and attributes. Then, the interface design will be created by considering navigation, layout, interactive elements, and design consistency to provide a good user experience. The responsive and intuitive interface design allows users to easily use the features of the employee performance appraisal application (Marvel, Bagchi, Zimmerman, & Antonishek, 2020).

RESULT AND DISCUSSION

In this research, a web-based performance appraisal application was successfully developed that produced satisfactory results. The application was proven to be able to calculate performance appraisals with a high level of accuracy through a series of tests. The tests were conducted using various test cases and scenarios to ensure the reliability and accuracy of the application. As a result, employee performance data entered into the system is processed correctly and produces an assessment in accordance with the criteria and evaluation methods previously set.



Nama	Real_closing	Real_finish	Link	Absen	Total Nilai	Keterangan
Cica Nanda Ts	123	1234	1234	24	971.655	Tidak SP
Guntur Adi P	315	90	670	2	85.1687	Tidak SP
witaya etsa	300	200	670	25	87.0423	Tidak SP
wilda triani	157	150	450	25	36.8815	SP3
diah	350	300	750	25	175.564	Tidak SP
aristabilias	430	350	800	25	222.575	Tidak SP

Figure 1. Sales Performance Assessment on the Manager Page

The app is able to accurately calculate performance appraisals based on predetermined criteria, such as target achievement, work quality, initiative, teamwork, and other important aspects. In the calculation process, the application is able to apply formulas consistently and precisely. This reliability is very important to ensure that decisions and policies taken based on performance appraisals have a strong basis.

In addition to its ability to accurately calculate performance appraisals, the app also offers

an intuitive and easy-to-use user interface. This allows users, both managers and employees, to easily enter performance data, access reports, and efficiently monitor their performance progress. Users report that the app's interface provides a good experience and makes it easy for them to interact with the system.

The results of this study prove that the web-based performance appraisal application that has been developed can provide accurate and reliable performance appraisal calculations. This success shows the application's potential in improving the efficiency and objectivity of the employee performance appraisal process. This application can be a useful tool for companies in managing and optimizing employee performance, as well as making decisions based on reliable and objective data.

In today's competitive business environment, managing employee performance is an important aspect in achieving organizational success. Effective employee performance evaluation can provide significant benefits to the company, one of which is in determining the allocation of performance-based bonuses. Therefore, this research focuses on improving the employee performance evaluation system for determining performance-based bonuses on DF Company. One of the steps that can be taken to improve the performance evaluation system is to introduce clear and objective assessment criteria. In this research, it has tried to develop a performance appraisal method that can measure employee performance accurately and measurably. The use of performance indicators that are measurable and directly related to the company's business objectives can help eliminate subjectivity in the appraisal process. Although this research aims to improve the employee performance evaluation system for determining performance-based bonuses at DF Company with the introduction of clear and objective assessment criteria, there are still shortcomings that need to be considered which can be discussed for future research, namely the complexity of implementation, resistance to change, accurate data collection, difficulty determining relevant performance indicators, and fair and transparent rewards.

CONCLUSION

Performance appraisal is a process carried out by managers or supervisors to evaluate work performance and employee behavior, and to determine the policies to be taken next. This is one of the important components in human resource management, where having a competent workforce is the key to the company's success. Through performance appraisal, employees will be encouraged to always give their best in every task given by the company or the leader. In addition, managers can also easily see employee progress and identify suboptimal performance. With the performance appraisal system, DF Company has succeeded in carrying out performance appraisals well and without significant obstacles. The company has the ability to overcome obstacles in employee appraisal policies effectively. The performance appraisal conducted by the company aims to increase productivity and guide the company's activities going forward. In addition, performance appraisals are also a means for companies to develop the potential and competence of the employees concerned. It is important to remember that performance appraisal is not a punishment, but a form of attention from leaders to employees. Performance appraisals have a significant role in motivating employees to continuously improve their performance.

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