

CHAPTER I

INTRODUCTION

1.1 RESEARCH OBJECTIVE OVERVIEW

Research objective overview section will be explained about the object background that will be observed and analyzed in this research such as company background, organizational structure, vision and mission of the company.

1.1.1 COMPANY BACKGROUND

PT. Telekomunikasi Indonesia is a state-owned enterprises engaged in telecommunications services and networks in Indonesia and therefore subject to the laws and regulations in Indonesia. Given its status as a state-owned company whose shares are traded on the stock exchange, the Company's majority shareholder is the Government of the Republic of Indonesia while the rest is owned by the public.

Figure 1.1

Logo of PT. Telekomunikasi Indonesia



Source: www.google.co.id

PT.TELKOM has seven Regional Division or next will mentioned as DIVRE which are managed by a separate management team based on the principle of decentralization as well as acting as a center of investment (Regional Division) and a

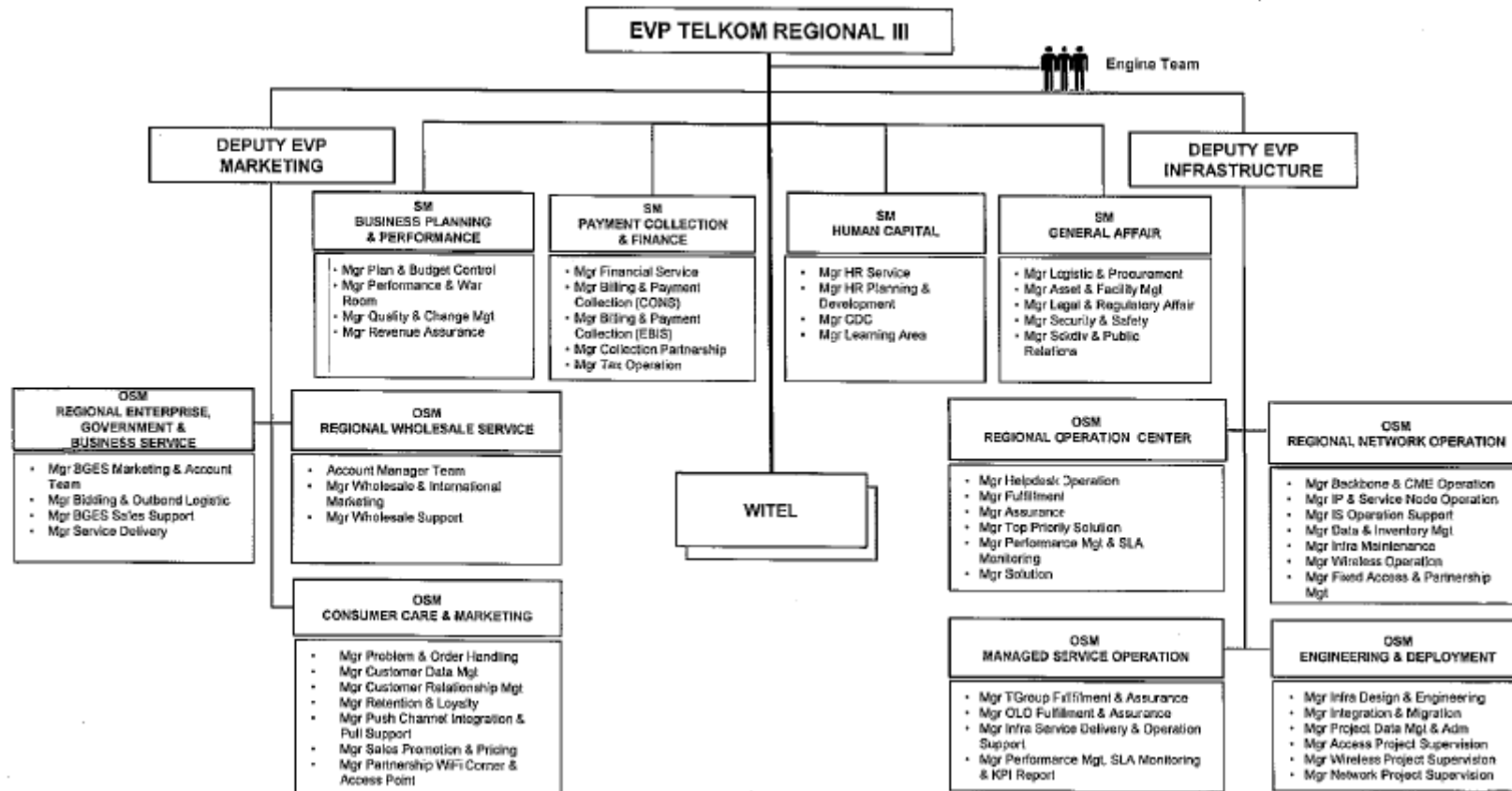
profit center (Network Division and other divisions) and have a separate internal financial reports. Centralization policy shift to a policy of deconcentration and decentralization of authority, then the structure and function of the central office is also changing. Below is a list of the Regional Division PT. Telkom Indonesia

1. Regional Division I, Sumatera
2. Regional Division II, Jakarta and surrounding areas
3. Regional Division III, West Java
4. Regional Division IV, Central Java and D.I Yogyakarta
5. Regional Division V, East Java
6. Regional Division VI, Kalimantan
7. Regional Division VII, Eastern Indonesian Region (Nusa Tenggara, Timor-Timur, Maluku and Papua)

Below is the organizational structure of the Regional Division (DIVRE) III West Java.

Figure 1.2

DIVRE III West Java Organizational Structure



Source : HR Department of DIVRE III Office in Bandung

DIVRE III has its headquarters in Bandung. DIVRE III West Java has 901 employees in 2015 with the addition of employees by four people in 2016. To facilitate the process of outreach the entire region of West Java PT. Telkom build WITEL (*Wilayah Telkom*) which is divided into five areas, namely Bandung, Cirebon, Karawang, Tasikmalaya, Sukabumi.

Table 1.1

Total Employee of PT. TELKOM DIVRE III in 2016

Region	Total in 2015	Total in 2016
WITEL Bandung	312	312
WITEL Cirebon	92	92
WITEL Karawang	106	106
WITEL Tasikmalaya	83	83
WITEL Sukabumi	93	93
DIVRE III Office Bandung	214	218
Total Employee	901	905

Source : HRD DIVRE III Document

1.1.1.1 Vision

The vision of PT. TELKOM is stated as follows:

"Being a company that excels in the implementation of Telecommunication, Information, Media, Edutainment and Services (" Times ") in the region."

1.1.1.2 Mission

The missions of PT. TELKOM are stated as follows:

1. TIMES provide services of high quality at competitive prices.
2. Being a model of best corporate management in Indonesia.

1.2 RESEARCH BACKGROUND

A strong and positive relationship between employees and organization should be maintained to overcome employee retention challenges. A good bonding will help company or business to create a constant progress and drive a successful business. Human resource is an important asset so they need to be influenced and persuaded toward tasks fulfillment (Manzoor, 36:2011).

Hameed et al (228:2011) stated that, “Employee performance means employee productivity and output as a result of employee development. Employee performance will ultimately affect the organizational effectiveness. “

Meyer and Peng in Uju S. (2013:136) said that employee performance is a vital aspect that need to be maintained by the company because the increasing of employee performance will lead to the increasing of company performance as well as the competency of the employee itself.

Assessment of individual performance at PT. Telekomunikasi Indonesia (TELKOM) is the value of final numbers which reflect employee contributions to the overall results of the performance of the work unit, and is called the Performance (P). Individual performance assessment is based on a statement of work targets to be achieved which has been targeted by an employee in one period and agreed upon by his superiors called SKI (*Sasaran Kerja Individu*) or Objective Individual Work.

Table 1.2

Performance Score Classification

Score Range (%)	Performance Score	Description
≥ 110	P1	Excellent
≥ 103 until < 110	P2	Very Good
≥ 96 until < 103	P3	Good
≥ 90 until < 96	P4	Poor
< 90	P5	Very Poor

Source : HRD DIVRE III Document

Performance Management System in PT. Telekomunikasi Indonesia (TELKOM), outlines measures two elements, namely:

1. Individual Performance, which contain targets (work program) or performance target that willing to be achieved.
2. Individul Competency, which contain:
 - a. Core Competency which includes the company's core values that should be owned by every individual.
 - b. Spesific competency, consisting of:
 - Skill and Knowledge, which includes the level of knowledge and individual skills required by each job according to its competence.
 - Personal Quality, which includes the personal qualities required by each role in the company either managerial or non-managerial.

The number of employees from 2013, 2014 and 2015 have increased so that there is change in the number of employees over the years. Performance score or called as SKI of employee in PT. TELKOM DIVRE III Office in Bandung for the last three years is shown in the table below.

Table 1.3

SKI recapitulation in 2013- 2015 of DIVRE III Office

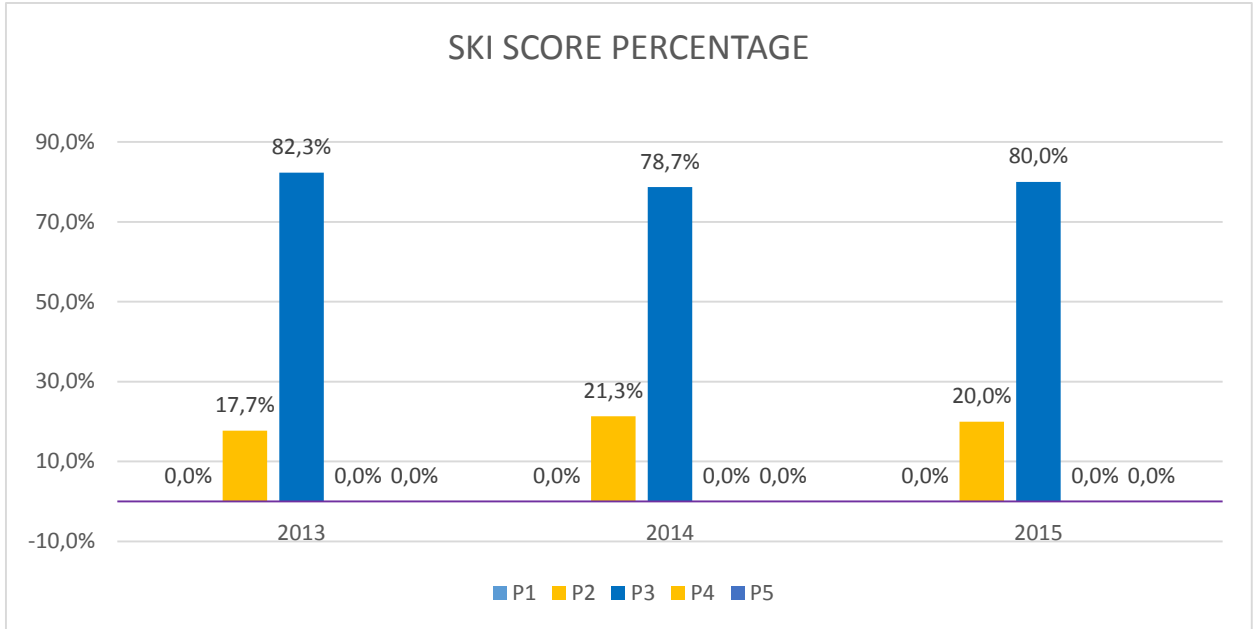
SKI Score	Total in 2013	%	Total in 2014	%	Total in 2015	%
P1	0	0%	0	0%	0	0%
P2	37	17.7%	45	21.3%	43	20.0%
P3	172	82.3%	166	78.7%	171	80.0%
P4	0	0%	0	0%	0	0%
P5	0	0%	0	0%	0	0%
Total	209	100%	211	100%	214	100%

Source : Processed data from HRD DIVRE III Office in Bandung

In the table above shows the performance of the employee of DIVRE III Office in Bandung, which is assessed based on the work program which can be completed in a timely manner or not by employees in the period as planned. In 2013 the number of employees who have work performance P2 is as much as 17.7% and then increased to 21.3%, but the percentage dropped to 20.0% in 2015. From the above data it can be seen that most of the employees have a value of P3. In 2013 the percentage P3 is equal to 82.3% and decreased by 3.6% to 78.7% in 2014, but there was an increase of 1.3% increased to 80.0% in 2015. During the years 2013 to 2015 there's no employees who have had achievement scores P1, P4 and P5.

Figure 1.2

SKI Score Percentage Chart of DIVRE III Office



Source : Processed data from HRD DIVRE III Office in Bandung

Based on the above data we can draw the conclusion that the employee with a value of P3 has increased it indicates that the performance of employees classified as good in DIVRE III Office in Bandung. However, employees with a value of P2 or with a very good value decreased. The data over the last three years showed no employee has a range of performance values P1 or above 110% or excellent.

In order to increase productivity, reducing cost of operation, and improving overall efficiency employee should be motivated. It is very important for company or business as every concern requires physical, financial and human resources to accomplish the goals. Securing best possible utilization of resources can be helped by building willingness in employee to work (Shahzadi et al, 159:2014).

Kiruja EK (2013:73) explained that expertise, training and some assets required for playing out an assignment and inspiration is portrayed as an internal power that drives individual to act toward something.

In other research Uju S., stated that there is a relationship between extrinsic motivation and employee performance in selected firm in Anambra State (2013:135). Researcher suggest to do the extrinsic reward in order to motivate their employee and increase the employee performance.

Keun S. Lee and Songpol in Akbar (2012:17) show that beta coefficient of extrinsic motivation towards performance of employee is 0.03 while beta coefficient of intrinsic motivation towards performance of employee is 0.02.

Ika Agustina (2009:11) in her journal with the title *Faktor-Faktor Motivasi yang Mempengaruhi Kinerja Karyawan Pada PT. Gaya Manunggal Kreistama* explained that intrinsic and extrinsic motivation has a significant influence towards employee's performance.

DIVRE Office III Bandung encourages employees to be motivated in carrying out its activities by giving rewards to employees who meet the targets and even exceeded the target that has been set. Not only rewards are used by companies in improving motivation, but the increasing in salaries and employment promotion which were taken into consideration by the capabilities of the employees is also a way to increase employee motivation.

Below is data about motivation level in DIVRE III Office Bandung that collected by conducting pre-elementary study in PT. TELKOM DIVRE III Office.

Table 1.4

Pre-Elementary Study Report

No	Motivation Question	Agree	Disagree
1.	I feel satisfied with my achievements in my job.	70%	30%
2.	This job is according with my passion.	77%	23%
3.	My job is attractive.	77%	23%
4.	My job is challenging.	77%	23%
5.	I feel satisfied with my salary.	77%	23%
6.	I have a good work work environment.	77%	13%
7.	I have a good supervisor.	87%	13%
8.	Company has given a good facilitation to support my job.	90%	10%

Source : Pre-elementary study research

Based on the results of pre-elementary study over 30% of respondents disagreed or were not satisfied with his achievement today. 23% of respondents stated that the work is not interesting and not in accordance with the passion and also not satisfied with the current salary. Respondents who said his work was not challenged by 23%. Furthermore, 87% of respondents claimed to have had a good supervisor. Respondents agreed that the company has been providing good facilities to support their work is as much as 90%. And 13% of respondents disagreed that they were in a good working environment.

From the above results we can draw the conclusion that the employees still feel unmet factors that support the fulfillment of his motives and has not fully motivated in doing his job.

Pre-elementary study was conducted to determine whether the employee on DIVRE III Office felt it was motivated by distributing questionnaires to 30 employees DIVRE III were selected randomly by the Human Resources Department of DIVRE III Office in Bandung.

Research conducted by Huselid cited by Amstrong (2006:73) said that “Productivity is influenced by employee motivation; financial performance is influenced by employee skill, motivation and organizational structures.”

In previous research of Nadeem et al (2014:57) about The impact of Employee Motivation on Employee Performance, motivation stated as a necessary factor for all firm, it gives great impact towards firm and employee performance. Motivation also increased employee effectiveness and efficiency that lead to firm target achievement.

The result of previous studies, several authors conclude that employee motivation is one of the factor that has an impact to employee performance. To create an effective employee performance and efficient is not easy, not only creates a high work discipline alone but also affects the motivation factor. Therefore, companies can encourage employees to have a high motivation to achieve corporate goals.

1.3 PROBLEM STATEMENT

Employee performance is influenced by motivation factor. If the motivation of employees has decreased can result in a decrease in performance as well. Employee performance used as a benchmark of success of an employee. The decreasing of performance of employee in DIVRE III Office in Bandung might be affected by the unsatisfying of motivation factors which shown in the table 1.4 above.

Based on the background and problem explanation above, author is interested in doing research with the title of “The Influence of Intrinsic and Extrinsic Motivation Towards Performance (Case Study Employees in PT. TELKOM Regional Division III Office in Bandung)”

1.4 RESEARCH QUESTION

Based on the problem statement above, there are some research question as follow:

- 1 How is the intrinsic motivation on employee in PT. TELKOM Regional Division III Office in Bandung ?
- 2 How is the extrinsic motivation on employee in PT. TELKOM Regional Division III Office in Bandung ?
- 3 How is the employee performance in PT. TELKOM Regional Division III Office in Bandung ?
- 4 How is the influence of intrinsic motivation towards employee performance in PT. TELKOM Regional Division III Office in Bandung ?
- 5 How is the influence of extrinsic motivation towards employee performance in PT. TELKOM Regional Division III Office in Bandung ?
- 6 How is the influence of intrinsic and extrinsic motivation towards employee performance in PT. TELKOM Regional Division III Office in Bandung simultaneously?

1.5 RESEARCH OBJECTIVE

- 1 To examine and analyze the intrinsic motivation of employee in PT. TELKOM Regional Division III Office in Bandung.
- 2 To examine and analyze the extrinsic motivation of employee in PT. TELKOM Regional Division III Office in Bandung.
- 3 To examine and analyze the employee performance in PT. TELKOM Regional Division III Office in Bandung.
- 4 To examine and analyze the influence of intrinsic motivation towards employee performance in PT. TELKOM Regional Division III Office in Bandung.

- 5 To examine and analyze the influence of extrinsic motivation towards employee performance in PT. TELKOM Regional Division III Office in Bandung.
- 6 To examine and analyze the influence of intrinsic and extrinsic motivation towards employee performance in PT. TELKOM Regional Division III Office in Bandung simultaneously.

1.6 RESEARCH BENEFIT

1.6.1 Theoretical Aspect

- 1 Based on this study, the author can apply knowledge and theory that have been gathered since in University.
- 2 The result of this study is expected to give a good contribution on developing management theory, in particularly on Human Resource Management.
- 3 The result of this study is expected to be a reference for other researcher.

1.6.2 Practical Aspect

- 1 The result of this study is expected to give a good advice for the company in motivating their employees in order to make their employees performance getting better.
- 2 Author can compare the theories that have been gathered during the course with realization that occur in a company, as well as to increase knowledge about motivation and its influence on employee performance.
- 3 As an input or a reference and contribution in order to improve employees' performance to a better direction.

1.7 STUDY LIMITATION

This research requires a scope that aims to keep consistency purposes of research so that the problems encountered are not widespread and more focused discussion. Limitation in this study are:

- 1 Studied Company is PT. TELKOM Regional Division III Office in Bandung which is located in Supratman Street, Bandung.
- 2 The research object is the employees of PT. TELKOM Regional Division III Office in Bandung.
- 3 This study is discussing about the influence of intrinsic and extrinsic motivation towards employee performance in PT. TELKOM Regional Division III Office in Bandung partially and simultaneously.
- 4 This research used performance data from 2015 because when the research started the 2016 performance scoring hasn't conduct yet.

1.8 PAPER STRUCTURE

CHAPTER I INTRODUCTION

This chapter examines the background of the issue, problem identification, objective and benefit of the research, and also paper structure.

CHAPTER II LITERATURE REVIEW

This chapter describes theoretical basis that are related to the research to support the problem solving process.

CHAPTER III RESEARCH METHODOLOGY

This chapter explains the research methodology approach, which is used in this paper, operational variable, data collection method, population and sampling, and also data analysis.

CHAPTER IV RESEARCH ANALYSIS AND RESULT

This chapter analyzes the data of employees' satisfaction, and explains the result, which is to know the level, the relationship of employees' satisfaction and job performance, and the influence of the dimension on employee job performances.

CHAPTER V CONCLUSION

This chapter explains the conclusion of the research, input for companies and also advice for upcoming researchers.