

CHAPTER 1

PRELIMINARY

1.1 Object of research

1.1.1 General Profile of PT. Hutama Karya (Persero)

PT. Hutama Karya (Persero), originally a private Indies company with the name "Hollandsche Beton Maatschappij". Then, in 1961, the Company was nationalized and change the name into PN Hutama Karya through Government Regulation (PP) No. 61.1961 March 29, 1961. Since this transformation phase, PN. Hutama Karya has produced and created some historical and monumental construction works such as the Indonesian Parliament/People's Consultative Assembly Building (DPR/MPR buildings in Indonesia) and Dirgantara sculpture monument or better known as Pancoran sculpture monument. At the time the construction was familiar with the pre-stress concrete technology in Indonesia, PN. Hutama Karya has introduced the BBR (Max Birkenmaier, Antonio Brandestini and Mirko Robin Ros) V pre-stress system from Switzerland. As a form of professionalism towards this technology, PN. Hutama Karya formed a special prestressed division. In this decade Hutama Karya changed its status to PT. Hutama Karya (Persero). The status of the company is changed to a Limited Liability Company based on Government Regulation No. 14 of 1971 juncto Deed of Limited Liability Company No. 74 dated March 15, 1973, in conjunction with the Amendment Deed No.48 dated August 8, 1973, both of which were made before Notary Kartini Mulyadi, SH which was then based on the Joint Decree of the Board of Directors and Board of Commissioners No. DU / MK.136 / KPTS / 03/2009 dated 29 January 2009 concerning the determination of the birthday of PT. Hutama Karya.

Through the Government Regulation and the Decree, March 29 is set as the company's birthday. After a decade, in the millennia era, PT. Hutama Karya (Persero) further strengthens its existence in the national construction industry. This development is marked by business diversification through the establishment of subsidiary in the field of property development and manufacturing of asphalt and steel. In mid-2014, PT. Hutama Karya (Persero) officially accepted the Government's assignment to develop the Trans-Sumatra Toll Road. Through the Presidential Regulation (Perpres) Number 100 of 2014 which was later updated to Presidential Regulation Number 117 of 2015. PT. Hutama Karya (Persero) was given the mandate to develop 2,770 kilometers of toll roads in Sumatra with priority 8 first segment until 2019 along 650 kilometers.

1.1.2 Company Logo

PT. Hutama Karya (Persero) has a company logo or emblem which is a distinctive feature with the difference between BUMN and each other, the logo can be seen in the following figure 1.1:



Figure 1. 1 PT. Hutama Karya (Persero) Logo

Source: <http://www.hutamakarya.com/id>

Logo from PT. Hutama Karya (Persero) has the following meanings:

- a. The red color illustrates a strong spirit, giving meaning to passion and giving energy to call for an action.
- b. The blue color describes the professionalism and trustworthiness of PT. Hutama Karya (Persero) in fulfilling their work and fulfilling their pledge who also become their motto which is to create innovation for the solution.
- c. The letter “H” and “K” in PT. Hutama Karya (Persero) not only work as an abbreviation but also illustrate PT. Hutama Karya (Persero) main business in construction field which is the construction of buildings, bridges, and roads.

1.1.3 PT. Hutama Karya (Persero) Vision & Mission

Vision:

To become Indonesias Most Valuable Infrastructure Developer

Missions:

- a. Succeed and complete the Government's mandate to build and operate the Trans-Sumatra Toll Road.
- b. Develop a multi-business, with infrastructure-based through investment, services, construction and manufacturing businesses that are able to provide premium added value to the corporation and in order to accelerate the growth of the Indonesian economy.

- c. Building a sustainable corporate capacity and capability through strengthening human capital and increasing financial capital.

1.1.4 Business Of Activities of PT. Hutama Karya

According to PT. Hutama Karya annual report 2017 (Hutama Karya, 2017), it stated that based on the latest Articles of Association of the Company, article 3 provided that the purpose and objective of the establishment of the Company is to conduct business in the field of construction industry, manufacturing industry, rental service, agency service, investment, agroindustry, trading, area management, capability improvement service in the field of construction service, information technology, corporate management and development, and optimization of utilization of the Company's human capital by implementing the principles of Limited Liability Company.

1.1.5 Organizational Structure of PT. Hutama Karya

The organizational structure is a framework that describes the authority, responsibilities and relationships that are intertwined in each part. Therefore the organizational structure is one of the factors that also contributes greatly to the success of a company to achieve its stated goals. In the midst of a world that is growing rapidly as it is today, companies are required to always be more effective and agile in adapting to any changes. Optimal organization is a combination of organizational resource utilization with the availability of time, efficiency between inputs allocated to the expected results, and how effective a process reaches the intended target. Hutama Karya continues to optimize all of its resources in achieving the Company's objectives, one of which is through the implementation of the Company's organizational structure which is regularly reviewed for its effectiveness. PT. Hutama Karya (Persero) is headed by a main directorate or CEO (Chief Executive Officer). Organizational composition in accordance with the decision of the directors of PT. Hutama Karya (Persero) No. 2004 / KPTS / 60/2018 on August 20, 2018 which consists of the following:

- a. CEO (chief executive officer)
- b. Director of Finance
- c. Director of Operations
- d. Director of Human capital & Development

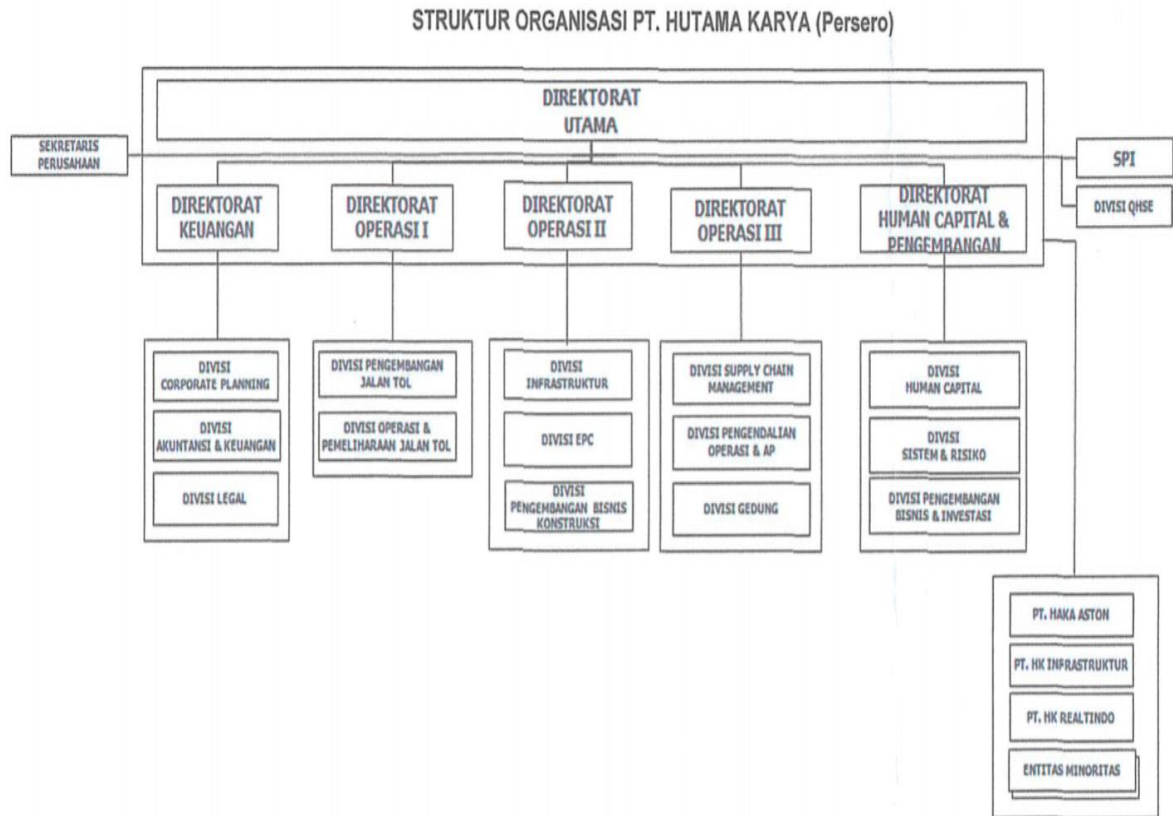


Figure 1. 2 The Structure Organization of PT. Hutama Karya on the whole
 Source: Hutama Karya Official Website

1.1.6 Job Description

The Job Description of each division at PT. Hutama Karya (Persero) based on the decision of directors No. 2162 / KPTS / 72/2018 on September 12, 2018 is as follows:

a. Chief Executive Officer (CEO)

A chief executive officer (CEO) is the highest-ranking executive in the company and includes making large companies, managing all operations and company resources, acting as the main point of communication between the board of directors and the company's operations, and being the face of public companies, the following are the duties and responsibilities of the CEO in general:

- 1) Decide and determine the highest rules and policies of the company.
- 2) Responsible for meetings and running the company.
- 3) Responsible for losses involving the company including company profits.
- 4) Plan and develop sources of income and expenditure for wealth companies.
- 5) Acting as a company representative in meetings with the world outside the company.
- 6) Establish strategic strategies to use the company's vision and mission.

- 7) Coordinate and start all activities in the company, starting in the administrative field, staffing to the procurement of goods.
- 8) Appoint and dismiss company employees.

b. Director of Finance

A director of finance is responsible for the business, results, and success of the organization's finance department. The role of the Finance Director regulates overall control and responsibility for all financial aspects of the company's strategy and is expected to analyze the figures and conduct evaluations based on these findings, with the hope to get the most favorable results. Often a director of finance is also managing and leading teams through difficult periods including the end of the month, the end of the year, and the annual budget. The following are the duties and responsibilities for director of Finance in general:

- 1) Oversee, review, and adhere to the budgets for each business department.
- 2) Assist in company-wide budgetary planning.
- 3) Ensure that all of the company's financial practices are in line in statutory regulations and legislation.
- 4) Analyse the financial climate and market trends to assist senior executives in creating strategic plans for the future.
- 5) Interpret complex financial information and provide updates and information as needed.
- 6) Monitor cash flow, accounts, and other financial transactions.
- 7) Supervise financial assistants and other employees in the facilitation of day-to-day operations, including tracking financial data, invoicing, payroll, etc.
- 8) Prepare official reports on a monthly and annual basis.
- 9) Seek out methods and practices to minimise financial risk.
- 10) Contract auditing services to ensure financial monitoring is up-to-date.
- 11) Create and maintain relationships with service providers and contractors, including banking institutions and accountants.
- 12) Update and implement financial policies and procedures.
- 13) Maintain a policy manual for the finance department.
- 14) Work with human resources employees to secure candidates who will be an asset to the finance department.
- 15) Establish and implement a training program for new finance employees.

c. Director of Operations

The director of operations ensures that the company's daily activities run smoothly. They are the one who directing and coordinating the internal structure of the organization based on the company's policies, objectives and objectives to ensure an efficient working environment and deadlines are met consistently. In Hutama Karya, director of operations is divided into 3 sections. The first section is responsible for toll road construction division, the second section is responsible for infrastructure construction division and the third section is responsible for the supply chain management division. The following are the duties and responsibilities for director of operations in general:

- 1) Assists upper management in setting goals that promote company growth.
- 2) Oversees daily activity of the team.
- 3) Prepares budgets, schedules, and other organisational reports as needed.
- 4) Provides advice and guidance to other employees.
- 5) Manages team workloads in order to meet goals and deadlines.
- 6) Develops plans to increase efficiency and reduce costs.
- 7) Improves existing systems and policies.
- 8) Ensures customer requirements are met in a timely manner.
- 9) Promotes and enforces safety in the workplace.
- 10) Manages stock and inventory.
- 11) Oversees manufacturing functions.
- 12) Works closely with other departments to promote efficient factory optimisation.
- 13) Identifies improvement areas and plans and implements systems to boost company effectiveness.
- 14) Manages internal and external service suppliers.
- 15) Executes plans designed to meet company goals by changing policies and coaching employees.

d. Director of Human capital & Development

The Director of Human capital & Development are the overseers of the human resources department and insurers of the functions and tasks being carried out by the HR team. The Director of Human capital & Development are responsible for maintain and enhance organizational human resources by planning, implementing, and evaluating employee relations and human resource policies, programs and

practices. The following are the duties and responsibilities for director of human capital & development in general:

- 1) Implementing and revising a company's compensation program.
- 2) Creating and revising job descriptions.
- 3) Conducting annual salary surveys.
- 4) Developing, analyzing, and updating the company's salary budget.
- 5) Developing, analyzing and updating the company's evaluation program.
- 6) Developing, revising, and recommending personnel policies and procedures.
- 7) Maintaining and revising the company's handbook on policies and procedures.
- 8) Performing benefits administration.
- 9) Maintaining affirmative action programs.
- 10) Overseeing recruitment efforts for all personnel, including writing and placing job ads.
- 11) Conducting new employee orientations and employee relations counseling.
- 12) Overseeing exit interviews.
- 13) Maintaining department records and reports.
- 14) Participating in administrative staff meetings.
- 15) Maintaining company directory and other organizational charts.
- 16) Recommending new policies, approaches, and procedures.

1.2 Background Research

In this globalization era, the management of human resource is become one of the most important part in business world. This existance is has been fully recognized a key successfull of business and not just a mere supporting function anymore. In fact in this days, is not an exaggeration to say that a business is not going to survive if they don't have human resource management in their hand, also a same ending will also going to occure if we have a bad human resource management. As one of the key susccess in business, a business organization needs to have a meticulous management in human capital to be able to get a maximum performance. Good performance is a requirement for employees to get career advancements. With career advancement, employees will also get increased facilities and various benefits. Samsudin (2006: 282) said that work motivation is something that gives rise to encouragement or morale that is influenced by several factors, including superiors, physical facilities, wisdom, regulations, monetary and non-monetary services, types of work and challenges. Based on this opinion, the work motivation of employees/employees in agencies/companies can be influenced by many factors, one of which is from the payment of money services in the form of compensation received. One form of compensation received by employees every month is remuneration or performance allowances. The relationship between motivation and remuneration is the amount of employee remuneration determined by the work ethic seen through the achievement of monthly employee performance in the form of attendance, so that motivation can strengthen or weaken the relationship between remuneration and performance.

In organization, a success of an orgnization/company is because the good performance of their members or employees to achive the goals of organizations/companys. The performance of employees or members in organization or company is measure by looking at their the ability to carry out the task and the result of the overall tasks that are their responsibility. The difficulty of the tasks are usually based on the terms that has been agreed upon as provisions for success, and this terms definetly heavily relate to the goals that want to be achieved by the organization. To determine the performance of subordinates, whether good or not, can be seen from the results of the comparison of performance done with performance standards. Performance standards are the level expected in a particular job that must be completed immediately, and is a comparison between the goals or targets to be achieved. According to PT. Hutama Karya

annual report 2017 (Hutama Karya, 2017), it stated that PT. Hutama Karya (Persero) has implemented an employee assessment system based on performance, to spur HR to provide the best performance, in order to get a faster career opportunity. The Company establishes three Main Performance Indicator (MPI) or Key Performance Indicator (KPI) factors. Key Performance Indicator (KPI) is a series of key indicators that are measurable and provide information on the extent to which the strategic goals imposed on an organization have been successfully achieved, this KPI is the cumulative of all employees performance (Soemohadiwidjojo, 2015: 28). In PT. Hutama Karya the three factors are, Individual KPI of 50%, Work Unit KPI of 40%, and KPI of Behavior given by superior directly by 10%. With the stipulation of the KPI, the Company encourages employees for:

1. Maintain and have a good relationship with the boss as a person who deals directly with work and is responsible for the coaching and mentoring process, which is a requirement in increasing HR career in the Company.
2. Being able to work well together on the team and bring his team to progress and show good results.
3. Always motivated to provide added value to the company.

The following in table 1.1, is the example of KPI data of PT. Hutama Karya in 2018 for corporate KPI, (in Bahasa):

Table 1. 1 THE TABLE OF CORPORATE KPI IN 2018

No	Indikator	Bobot	Satuan	Target	Ri 2018	Skor 2018
I	Keuangan Dan Pasar	20.00				21.46
1	New Contract Growth	5.00	%	30.52	49.86	6.00
2	Total Asset	8.00	%	47.04	41.53	7.06
3	Debt to Equity Ratio (DER)	7.00	%	299.87	438.99	8.40
II	Fokus Pelanggan	20.00				20.00
6	Kepuasan Pelanggan	10.00	%	90.00	90.00	10.00
7	Sinergi BUMN	10.00	Set	3.00	3.00	10.00
III	Efektivitas Produk Dan Proses	22.00				19.35
8	Order Book Burn Rate to Revenue	5.00	%	29.29	12.72	2.17
9	Project Timeliness Jalan Tol Trans Sumatera	9.00	Km	185.21	233.06	9.45
10	Revenue Growth in Non Core Product	3.00	%	80.47	66.64	2.48
11	Working Capital Cycle	5.00	Hari	111.39	8.27	5.25
IV	Fokus Tenaga Kerja	20.00				21.00
14	Pengembangan SDM Senior	5.00	Orang	15.00	26.00	5.25
15	Jumlah Sertifikat					
	A. Tenaga Ahli	5.00	Orang	30.00	95.00	5.25
	B. Tenaga Terampil	5.00	Orang	30.00	59.00	5.25
16	Employee Engagement	5.00	%	77.00	83.90	5.25
V	Kepemimpinan, Tata Kelola Dan Tanggung Jawab Masyarakat	18.00				18.00
17	GCG Level	6.00	Skor	85.00	85.00	6.00
18	Pemenuhan Portal BUMN	6.00	%	100.00	100.00	6.00
19	Sistem Manajemen Keselamatan & Kesehatan Kerja (SMK3L)	6.00	Skor	100.00	100.00	6.00
	Total Bobot (I + II + III + IV + V)	100.00				99.81

Source: PT. Hutama Karya Human Research Department

Also as we already know, PT. hutama Karya is also have a KPI measurement for their employee too, in the following are the example of KPI for employee (individual) as seen in the table 1.2 (in Bahasa) below:

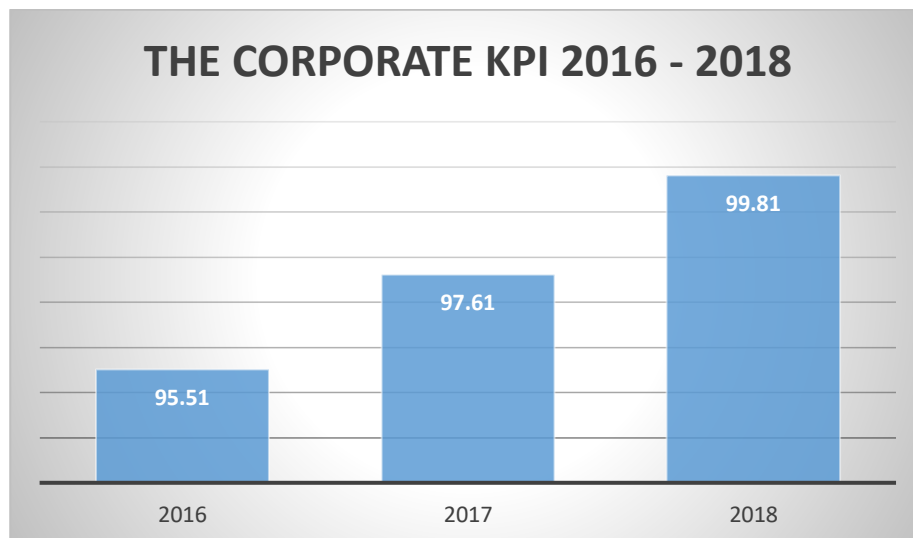
Table 1. 2 THE TABLE OF INDIVIDUAL KPI

No.	KPI Individu	Bobot (B) %	Satuan	Rencana (Ra)	Realisasi (Ri)	Skor* (S) = Ri/Ra	Nilai (B) x (S)	Catatan <small>* (keterangan narasi KPI) - (keterangan maksud skoring / pencapaian)</small>
1	Membantu Penyusunan Buku RKAP 2019	10	%	100%	90%	0.90	9	- Membantu Penyusunan Buku RKAP 2019 (Neraca, LR, Arus Kas, Plafond Kredit, Corporate Guarantee)
2	Membuat bagan alir SOP CP	10	Set	2	2	1.00	10	- Bagan Alir Prosedur Pendanaan Non Tol - Bagan Alir Prosedur Pendanaan Tol
3	Penyusunan Buku RJPP	10	%	100%	80%	0.80	8	- Evaluasi RJPP yang dikerjakan oleh Konsultan
4	Perijinan Negative Covenant ke Bank	15	%	100%	100%	1.00	15	- Realisasi Ijin negative Covenant terkait HK sebagai Penjamin Utang Anak Perusahaan dan Ijin ke Kreditur terkait Holding BUMN Infrastruktur
5	Kelengkapan Perjanjian Kredit	15	%	100%	100%	1.00	15	- Kelengkapan dengan melengkapi RRD, Surat Kuasa, Ijin ke Dekom
6	Membantu Pengumpulan data GCG & KPKU	10	%	100%	90%	0.90	9	- Membantu database untuk kebutuhan Tim GCG & KPKU, dalam hal ini ketercapaian tidak 100% karena Penyusunan GCG & KPKU belum terselesaikan
7	Administrasi ke Kreditur	10	%	100%	100%	1.00	10	- Ketercapaian administrasi yaitu surat-menyurat ke kreditur
8	RUPS Anak Perusahaan dan Kelengkapan Administrasi terkait Anak Perusahaan	10	%	100%	100%	1.00	10	RUPS RKAP dan Perjanjian-Pinjam-Meminjam dengan Anak Perusahaan
9	Materi untuk Eksternal	10	%	100%	100%	1.00	10	Materi untuk KBUMN, Pefindo, dll
NILAI KPI INDIVIDU		100					96.00	

Source: PT. Hutama Karya Human Research Department

Not only that below are the comparison table of KPI data of PT. Huatama Karya from 2016 to 2018:

Table 1. 3 THE TABLE OF CORPORATE KPI COMPARISON FROM 2016 TO 2018



Source: PT. Hutama Karya Human Research Department

As can be seen from the table above, that KPI Hutama Karya has increased every year, namely in 2016 got a value of 95.51, in 2017 there was an increase in value of 97.61 and in 2018 reached a value of 99.81 for KPI Hutama Karya.

According to Tjahyo Purnomo, Head of Human Resources Division, PT. Hutama Karya (Persero) in PT. Hutama Karya annual report 2017 (Hutama Karya, 2017), he stated that “PT. Hutama Karya (Persero) has been transformed from a Construction Services company and become an Investment and Toll Road company. The business transformation and development opens the possibility of emerging new business and subsidiaries. The Company sees the importance and the needs for regeneration and growth in Human Resources (HR) as an important asset and a key element in business development. Therefore, the Company has started to prepare its future leaders by providing various trainings to employees”. To boost employee performance, PT. Hutama Karya (persero) applies a competitive remuneration policy based on performance and duration of work or class. The following is the composition of employees based on the employment status from 2016 to 2018 in table 1.4:

Table 1. 4 THE TABLE OF EMPLOYEES COMPOSITION BASED ON THE EMPLOYMENT STATUS FROM 2016 TO 2018 AND KPI 2016 - 2018

Description	2016		2017		2018	
	Amount of Employee	KPI	Amount of Employee	KPI	Amount of Employee	KPI
Permanent Employee	938	95,51	921	97,61	860	99,81
Contract Employee	430		656		938	
Total	1368		1577		1798	

Source: PT. Hutama Karya Human Research Department

According to PT. Hutama Karya annual report 2017 (Hutama Karya, 2017), it stated that The number of PT. Hutama Karya (Persero) employees on the whole in 31 December 2017 was 921 people, compared to the previous year which the company have 938

people. As we can see, there is a decrease in the number of permanent employees in 2017 and thing become get worst in 2018 due there is a big decrease in number which is from 921 people fall to 860 people. This decrease is happening due to the employee left the company due to their retirement. Therefore, one of the Company's focuses in the coming year is to find new talents and fulfill the positions who are empty. But according the data that reasearcher gets from PT. Hutama Karya Human Research Deapartment, it seems that PT. Hutama Karya is in crisis due the the large number of retired employees compared to the number of new employees or in training sessions as shown in tabel 1.5:

Table 1. 5 THE TABLE OF PT. HUTAMA KARYA EMPLOYEE TURNOVER 2011 – 2017

Year	Management Trainee	Retired employee
2011	54	43
2012	80	44
2013	67	61
2014	17	56
2015	9	48
2016	6	52
2017	4	47

Source: PT. Hutama Karya Human Research Department

Aware of this crisis in 2017, PT. Hutama Karya (Persero) implemented a management system and the addition of employees based on performance. They realize with using this method in formal matters, the company is will be able to spur HR and the HR will be able to provide much better performance for the employee - not only for the development of the company but also for the sake of the employee so they will be able to get the opportunity to expand their careers much faster. The Company understands the current generation turnover in the workforce, which demands changes in HR management. Therefore, in 2017, the company has begun to provide more coaching and mentoring programs to employees, as well as providing limited flexibility and engaging them in the process of creative and innovative thinking. This is appropriate for their potential and encourages them to provide better work results for the success of the transformation process. Not only that, but the company also realize that remuneration

also plays a vital role. They understand that a good remuneration can attract the attention of talented people to work with the company and also good remuneration can make long-time employees work harder and make them more loyal to the company. Due to their fast response and their wits in facing a problem, PT. hutama karya is still able to create profit and the evidence can be seen in the table 1.6:

Table 1. 6 PT. HUTAMA KARYA CONSOLIDATE INCOME STATEMENTS

INCOME STATEMENT (In Billion)	YEARS		
	2015	2016	2017
Revenue	6,316	8,530	18,091
Cost of Revenue	5,780	7,680	16,529
Gross Profit	535	850	1,561
Share of Net Profit of associates and joint ventures	163	200	256
Selling Expenses	12	15	143
General and Administrative Expenses	232	275	386
Final Income Tax Expenses	177	152	192
Other Income	92	51	106
Other Expenses	152	278	47
Operating Income	216	381	1,155
Finance Income	220	177	225
Finance Cost	179	182	190
Profit Before Income	256	376	1,190
Income Tax Expenses	6	74	119
Profit For The Year	251	302	1,071

Source: Hutama Karya Official Website

The Company considers this performance-based remuneration calculation strategy to be attractive and able to motivate employees to achieve the best work results. This strategy is also believed to be able to attract the best talents to apply to the company, because it opens opportunities for young employees to occupy a higher strategic position than their seniors (Hutama Karya, 2017). In PT. Hutama Karya, the process of evaluating the KPI procedure can be seen as in figure 1.3 (in Bahasa):

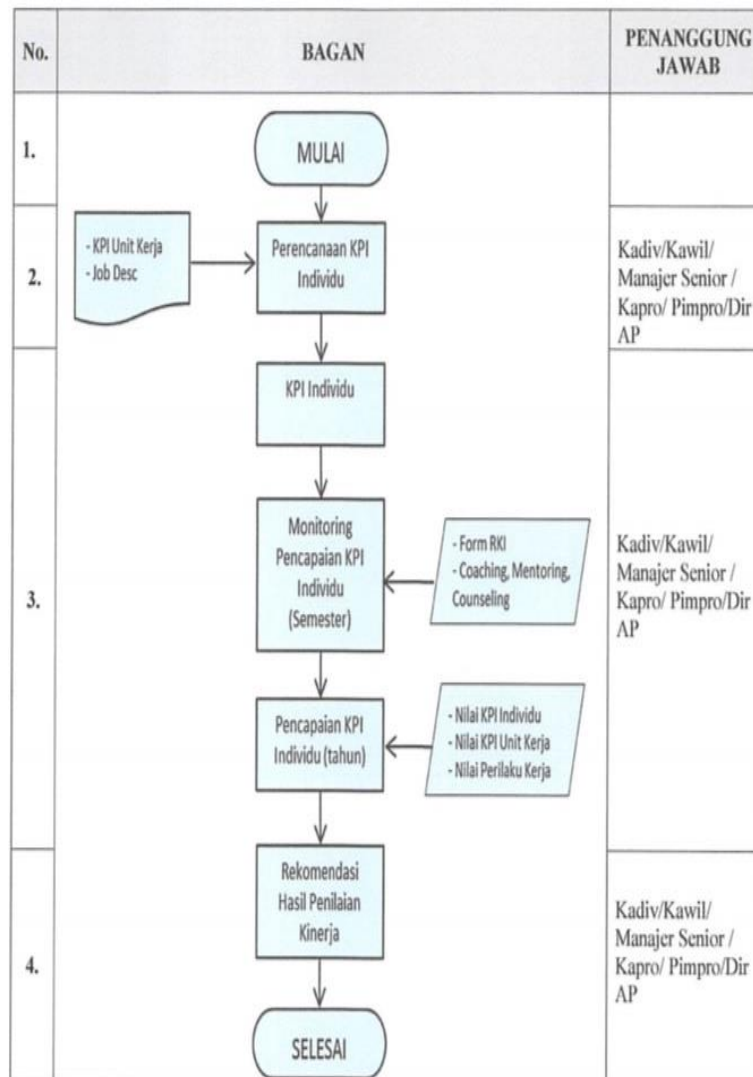


Figure 1. 3 The Description of the KPI assessment procedure process

Source: PT. Hutama Karya Human Research Department

In the government sector, one of the ways in which the government in the context of bureaucratic reform aimed at creating a clean and well governed government is by providing remuneration. According Sopiah (2008: 294) remuneration is a reward or remuneration given to workers or employees as a result of the achievements that have been given in order to achieve organizational goals. One of the most important virtues in managing human resources is developing and increasing the motivation of human capital in an organization, one of the ways to developing and increasing the motivation of human capital in an organization is through a remuneration or more commonly referred to as compensation. In PT. Hutama Karya, the implementation of their remuneration system is based on state-owned enterprise law no 19 of 2003 and labor law no 13 of 2003. Based on those two laws, there are various types of remuneration as seen in table 1.7:

Table 1. 7 REMUNERATION TYPE IN PT. HUTAMA KARYA

No	Remuneration Type	Explanation
1	Salary	Given once every month based company provisions.
2	Allowance	Benefits are given based on performance, position and health benefits.
3	Benefit	Given according to position and results of performance appraisal, in PT. Hutama Karya is given in the form of office facilities, work facilities, awards, and loan services.
4	Bonus/Incentive	Bonus/Incentive is given based on the achievement of performance results that exceed the predetermined standards.

Source: PT. Hutama Karya Human Research Department

In PT. Hutama Karya, remuneration is given based on 3p, namely, pay for person, pay for position, and the last is pay for performance.

- a. P1 Pay for Person/month
 - 1) Level of Vocational Education
 - 2) S1 Education Level
 - 3) S2 Education Level
 - 4) S3 Education Level
- b. P2 Pay for Position / month
 - 1) Structure
 - a) Top manager (GM / Leader / KADIV)
 - b) Middle Manager (Field Manager / Senior Manager)
 - c) Basic Manager (Implementing Unit Manager / Deputy Manager)
 - d) Top Supervisor (Assistant Manager)
 - e) Basic Supervisor (Supervisor / Branch Manager)
 - 2) Functional
- c. P3 Pay for performance / semester
 - 1) Value of organizational performance
 - 2) Attendance data

- 3) Value of individual competence
- 4) Performance target values

In the context of the company, Handoko (2001: 55) suggests that a way to improve work performance, motivation and job satisfaction of employees is to provide compensation. According to Kasmir (2016: 241) compensation is a reward provided by the company to its employees, both financial and non-financial. According to Rivai (2005: 357), Employees view compensation as a measure of their value and work, if employees perceive the compensation they receive as insufficient compared to the contribution that they have made to the company, then the employee's achievement, motivation and job satisfaction can drop dramatically.

Based on the background of the above problems, the researcher is interested in examining the effect of remuneration on the performance of employees of PT. Hutama Karya (Persero). Also, the researcher understand there are more factors that able to influence the increase of work performance in Hutama Karya but for this study, the researcher wants to focus more in remuneration due researcher has a personal interest and curiosity for to know how good the remuneration in PT. Hutama Karya. Therefore the researcher proposed a topic under the title " **THE EFFECT OF REMUNERATION ON EMPLOYEES PERFORMANCE AT PT HUTAMA KARYA (Persero)**".

1.3 Problem Identifications

Base on the research, we can identify some problem, those are:

1. How the performance of PT. Hutama Karya (Persero) employees?
2. How the remuneration of PT. Hutama Karya (Persero) work?
3. How the effect of remuneration on the performance of PT. Hutama Karya (Persero) employees?

1.4 Objectives

Based on the background that has been previously explained, the Objective of this research is:

1. To know and to analyze the remuneration of PT. Hutama Karya (Persero) work.
2. To know and to analyze the performance of PT. Hutama Karya (Persero) employees.

3. To know and to analyze the effect of remuneration on the performance of PT. Hutama Karya (Persero) employees

1.5 Benefits Of The Research

1.5.1 Theoretical Aspect

The results of this study are expected to contribute to science in the field of human resource management, especially those relating to remuneration and employee performance in a company and can be the basis for further research.

1.5.2 Practical Aspect

For companies, the results of this study are expected to be used as a source of additional useful information about how the effect of remuneration on employee performance at PT Hutama Karya and as an improvement material in the framework of decision making to determine company policy related to remuneration that can improve employee performance.

1.6 Structured Writing

Here is the systematic report of the final task:

Chapter I Introduction

This chapter describes the background of the problem, the problem formulation, the purpose of the research, the usefulness of the research, and the report writing system.

Chapter II Review of Literature and Scope of Research

In this chapter, the issues discussed are theories, the results of literature review concerned with topics and research variables as the basis for the preparation of framework and hypothesis formulation. It also can be known the scope of research of the problems studied.

Chapter III Research Methods

This chapter contains the types of research selected, operational variables, research stages, populations and samples, data collection, validity and reliability tests, and data analysis techniques.