

CHAPTER I

INTRODUCTION

1.1 Background

According to Bambang Brodjonegoro as the Minister of Indonesian National Agency for Development and Planning, the new Indonesian government policy in 2019 resulted in acceleration of infrastructure development remaining as the main priority for government work program (*alinea.id*, 2019). In the period of the previous government, the infrastructure development program was part of the work program, but implementation was not as smooth as expected because the infrastructure budget was insufficient to develop the infrastructure on target (*Kompas*, 2016).

In the World Economic Forum (WEF)'s Global Competitiveness Report 2015- 2016, Indonesia ranked 62nd out of 140 economies in terms of infrastructure development. Since the reformation era replaced Suharto's authoritarian New Order government in the late 1990s, Indonesia's infrastructure expansion has not been able to continue with robust economic growth that occurred after the recovery from the Asian Financial Crisis, amid the lucrative commodities boom. As a consequence, Indonesia's economic growth failed to reach its full potential. In 2017, the government began to develop the infrastructure in Indonesia, especially for sea transportation

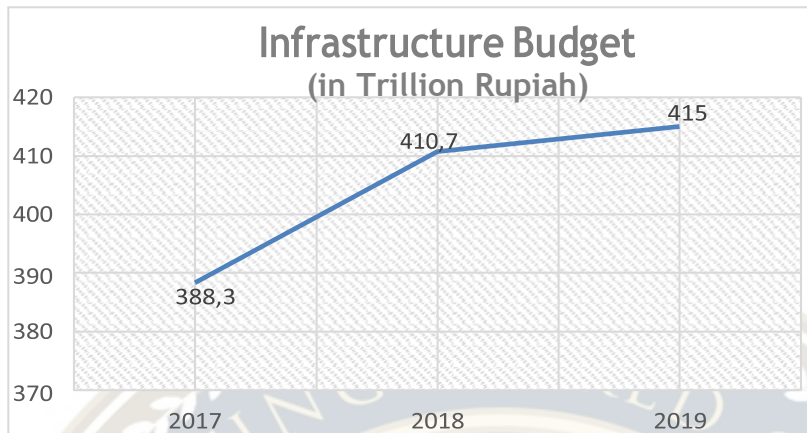


Figure 1.1 The Growth of APBN for Infrastructure in Indonesia

Source: (Kemenkeu, APBN 2019)

It can be seen from Figure 1.1 the APBN (*Anggaran Pendapatan dan Belanja Negara*) that infrastructure development from 2017 – 2019 continued to increase. In 2017 there was 388.3 trillion APBN for infrastructure, and it increased to 415.0 trillion in 2019. Based on this data, it indicates that infrastructure development projects such as dredging, revitalization, and reclamation projects have great opportunities in Indonesia.

Due to that positive trend, PT Banter Prima Sentosa has many opportunities in the dredging project, and it lead the company to survive. PT Banter Prima Sentosa is a dredger manufacturing company. It was founded in 2011 and specializes in Cutter Suction Dredger used for dredging projects from the government as well as private companies. Besides the positive trend, one of the advantages of PT Banter Prima Sentosa is that the company uses and makes its own raw materials, so the quality is always under control. With this positive trend, PT Banter Prima Sentosa needs to develop the company in order to achieve sustainability in this business.

There are several problems that come up in the company, one of which is the author realizes that the employees' performance decreased because several employees do not work optimally due to low number of attendances. According to Madora (2016), employee's performance can be assessed from presence at work, quality and quantity of work output, accommodative and helpful nature and timeliness of work output. It can be seen on the attendances report that stated the average number of attendances in the 2017 period, absence every month reached 3% -11% days from 26 days of work, while in 2018 the average absence every month reached 4-13% from 22 days of work. It can be inferred that their absence can be an indicator that motivation in the company is low and it has several negative impacts such as employee's work not completed on time, and the work result is not as expected.

Employee's performance is also influenced by several factors, one of which is motivation, because if employees are motivated, then they will do their job with more effort, and therefore performance will ultimately improve (Azar & Shafiqhi, 2013; Madora 2016). Motivation in the workplace is needed because it is part of the process in the company in order to get their employees to deliver high production results (Singh, 2017). Individual motivation is divided into two types, which are intrinsic motivation and extrinsic motivation (Staw, 1976; Nduka Obiekwe, 2016). According to Amabile (1993; Nduka Obiekwe, 2016), individuals are intrinsically motivated when they seek for enjoyment, interest, the satisfaction of curiosity, self-expression, or personal challenge in the work environment. Extrinsic motivation is the opposite of intrinsic motivation, and it is related with the action to achieve an external reward. The source of extrinsic motivation is from

individual's physical environment. Examples of extrinsic factors are programs and inducements such as rewards (intrinsic and extrinsic rewards), compensation, career systems, working condition, and public and peer recognition (Galia, 2007; Wafula Milka 2015).

Therefore, in this study, the author will research about work motivation due to the increase in employees' absence in the last two years, and it has a negative impact on employee performance in the company.

Year	Project Finish On Time	Project Finish Out of Time
2016		Project- CSD IST 17
		Project - Rasuna Power
		Project - AB-BBWS
2017	Project - CSD IST 19	Project- CSD JayaTirta
		Project- CSD BPS
2018	Project- CSD Jasa Titra VG	Project - CSD Bumi Karsa

Figure 1.2 The list of projects of PT Banter Prima Sentosa
Source: (Internal Data PT Banter Prima Sentosa)

From Figure 1.2, there are only two projects that were finished on time from 2016 to 2018. It can indicate that the employee performance decreased because this relates to Mangkunegara (2016) statement that stated performance is the result of work in quality and quantity achieved by an employee in carrying out his/her duties and following the responsibilities given to the employee.

The dilemma is y The researcher has already distributed pre-survey to 12 employees in the company to know the motivation factors that influence employee s' performance the most.

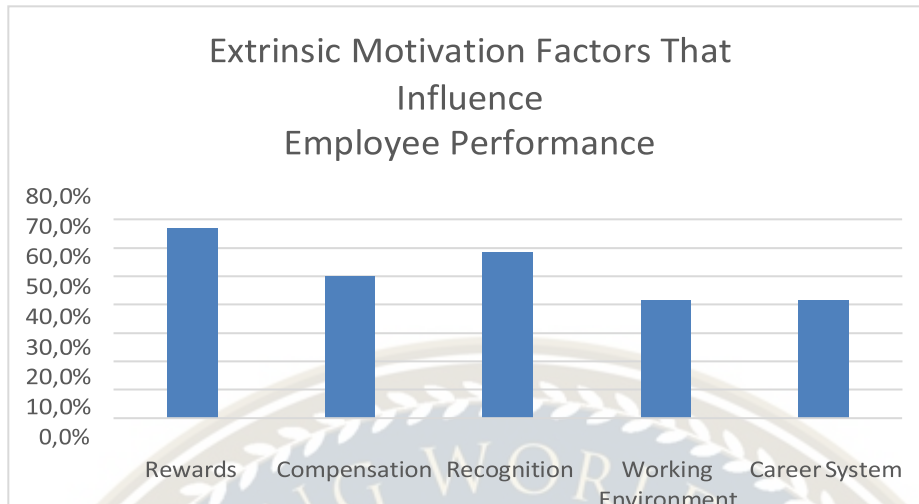


Figure 1.3 The pre-survey result
Source: (Internal Data PT Banter Prima Sentosa)

Based on the pre-survey result, the fact that can be the identification of this research is that extrinsic motivation supports employee performance in the company. The extrinsic motivations which are thought to influence employee performance are rewards (intrinsic rewards and extrinsic rewards) and recognition. Based on the factors mentioned, the researcher conducted this research to determine the effect of work motivation on employee performance in a company organization with the title of research: "The Influence of Intrinsic Rewards, Extrinsic Rewards and Recognition towards Employee Performance at PT Banter Prima Sentosa".

1.2 Problem Statement

1. Do intrinsic rewards have an impact towards employee performance of PT Banter Prima Sentosa?
2. Do extrinsic rewards have an impact towards employee performance of PT Banter Prima Sentosa?

3. Does recognition have an impact towards employee performance of PT Banter Prima Sentosa?

1.3 Research Objectives

1. To find out whether intrinsic rewards have an impact towards employee performance of PT Banter Prima Sentosa.
2. To find out whether extrinsic rewards have an impact towards employee performance of PT Banter Prima Sentosa.
3. To find out whether recognition have an impact towards employee performance of PT Banter Prima Sentosa.

1.4 Research Benefits

1.4.1 Theoretical Benefit

This research provides new information about the impact of extrinsic motivation to employee performance. This research also provides data and references that can be used for forthcoming research.

1.4.2 Practical Benefit

This research provides the understanding to PT Banter Prima Sentosa of the importance of extrinsic motivation towards employee performance. By using this research, the researcher hopes that the company will be able to improve the quality of human resources in PT Banter Prima Sentosa.

1.5 Research Scope

This research will focus on analyzing the influence of intrinsic rewards, extrinsic rewards, and recognition towards the employee performance of PT Banter Prima Sentosa. The scope of this research is the employees of PT Banter Prima Sentosa, in Gresik and Surabaya, East Java, Indonesia.

