

THE INFLUENCE OF INTRINSIC AND EXTRINSIC MOTIVATIONS TOWARDS JOB PERFORMANCE AT GIANT EKSPRES SETRASARI BANDUNG

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Abstract:

All organizations' goals come down to one purpose, which is to be successful. The employees' performance is vital for the organizations because it will impact the organizations' output. Therefore, it is imperative to check on what factors that affected the employees' job performance.

This research was conducted at Giant Ekspres Setrasari, Bandung. The purpose of this study is to examine the intrinsic motivation, extrinsic motivation, job performance, and the influence of intrinsic and extrinsic motivations simultaneously and partially towards job performance of Giant Ekspres Setrasari Bandung employees.

This research used quantitative-descriptive method with data retrieved from questionnaire circulated to all 36 employees of Giant Ekspres Setrasari Bandung.. This research utilized hypothesis testing method to explain the nature of intrinsic motivation, extrinsic motivation, and job performance relationship. The data was then analyzed using descriptive analysis and multiple regression method with intrinsic motivation and extrinsic motivation as independent variables and job performance as dependent variable.

The intrinsic and extrinsic motivations of Giant Ekspres Setrasari Bandung were categorized as high, while job performance was categorized as very high. Intrinsic motivation and extrinsic motivation has significant influence simultaneously toward job performance with intrinsic motivation having higher significant influence partially compares to extrinsic motivation.

Keywords: intrinsic motivation, extrinsic motivation, performance

1. Introduction

Despite the wide variations on how organizations express their goals, it all comes down to one bottom line; which is to be successful. Organizations develop strategies to compete in order to achieve their goals and objectives, such as to survive in increasingly competitive markets and to optimize their performance [6]. However, the company cannot achieve their goals if the employees are not satisfied with their job or worse, not motivated to fulfill their tasks. This condition places human capital as the main asset to the success and decline of an organization. Being the truly competitive resources, human resources can be managed for competitive advantage and for achieving organizational superior performance [3] [6].

There are many ways on assessing employees' performance, in which each organization has set their own standards. In general, assessments are based on objective and systematic criteria, which include factors relevant to the person's ability to perform on the job. Therefore, the overall purpose of performance evaluation is to provide an accurate measure of how well a person is performing the task or job assigned to him or her [10].

The company, specifically the Human Resource Department conducts their own annual employee performance appraisal. Below is the result of performance appraisal of Giant Ekspres Setrasari employees for the year of 2015 and 2016.

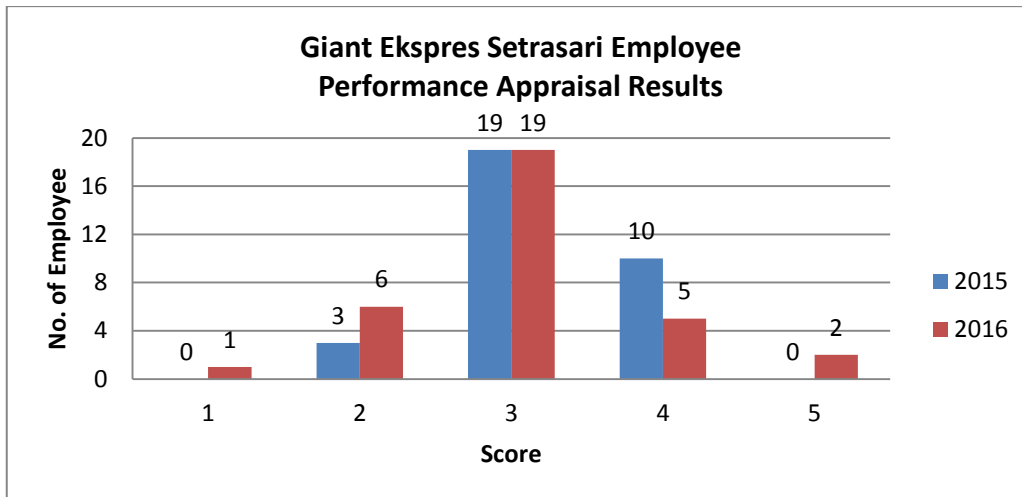


Figure 1: Employee Performance Appraisal Result for 2015 and 2016
 (Source: Data from Giant Ekspres Setrasari)

Each score is defined as below:

Table 1: Employee Performance Appraisal Score Definitions

Score	Score Definitions
1	Significantly below target
2	Below target
3	On target
4	Above target
5	Significantly above target

(Source: Data from PT. HERO Supermarket, Tbk)

From the Performance Appraisal graph above, there are more employees who managed to achieve the target than employees who perform below the target. No employees performed significantly below target in 2015. However, there was no employee who performed significantly above target in 2015. This condition improved in 2016 where there were 2 employees who performed significantly above target. However, this year also saw one employee with decreased performance that fell to significantly below target.

To be motivated means to be moved to do something. A person who feels no impetus or inspiration to act is thus characterized as unmotivated, whereas someone who is energized or activated toward an end is considered motivated [4].

There is a strong correlation between good remuneration and employees' performance [1] [10]. Workers reward package matters a lot and should be a concern of both the employers and employees [10]. Remuneration is one type of motivation generated from extrinsic factors, in which an activity is done in order to attain some separable outcome [4].

Employees with autonomous motivation (which consists of intrinsic and identified motivation) are more likely to have higher levels of job creativity [9]. This is due to the fact that employees with autonomous motivation are more likely to possess an increased sense of volition and choice [5].

Nevertheless, people's motivations are varies not only on the amounts but also on the orientation, or the type of motivation. Orientation of motivation concerns the underlying attitudes and goals that give rise to action—the reasons on why someone decides to do the action [4]. The most basic distinction of motivation type is between intrinsic motivation, which refers to doing something because it is inherently interesting or enjoyable, and extrinsic motivation, which refers to doing something because it leads to a separable outcome [4].

PT. HERO Supermarket, Tbk. was founded in 1971 by Muhammad Saleh Kurnia. Started from one store in Jakarta, HERO Group has grown to become one of Indonesia's leading operators of supermarkets, hypermarkets, minimarkets, health and beauty stores, convenience stores, and home furnishing, operating six store brands with 610 stores across Indonesia as of 31 December 2015. Giant Supermarket and Hypermarket were two of several subsidiaries operated by PT. HERO Supermarket, Tbk., with its first store opened in Tangerang in 2002. In 2013, Giant business unit changed its identity into Giant Ekstra for Giant Hypermarket, and Giant Ekspres for Giant Supermarket.

Every Giant store has its own separated financial report; therefore, each Giant store can be treated as a single company entity. Giant Ekspres Setrasari, which located at Surya Sumantri road, was chosen based on its location being in Bandung and its availability for research place. Giant Ekspres Setrasari employs 36 fulltime employees.

In order to conduct initial screen of problems related to motivation, author has conducted a preliminary study report which concluded in the table below:

Table 2: Preliminary study result

No.	Factors	Percentage	
	Internal	Unmotivated	Motivated
1	Achievement	10%	90%
2	Recognition	40%	60%
3	Work itself	20%	80%
4	Advancement	30%	70%
5	Responsibility	40%	60%
	External		
6	Salary	20%	80%
7	Working Conditions	10%	90%
8	Interpersonal Relations	0%	100%
9	Supervision	10%	90%
10	Company Policy	50%	50%

The preliminary study was done to 10 employees picked randomly. The results shown that majority of the respondents felt internally motivated to work because they felt they have done their best in doing their job. However, 40% of them felt that their work hasn't being recognized enough. Only 70% of them felt they can advance in their career, and 40% of them felt they don't have the authority to decide things within their job scope by themselves.

As for the external factors, all sample employees admitted to being satisfied over the interpersonal relations built among the employees. 80% of them admitted of being satisfied with their salary, 90% were satisfied of their working environment and facilities, and 90% of them have satisfying relationship with their supervisors. However, only 50% of them felt that the company policy was fair for them. Based on the data, the author feels the necessity to conduct further research with more subjects and more detailed questions to find out whether the employees' motivation is actually affecting their performance.

This research is done to examine the influence of both intrinsic and extrinsic motivations toward job performance, simultaneously and each partially, using multiple regression analysis. Intrinsic and extrinsic motivations are the independent variables while job performance is the dependent variable.

2. Theoretical Background and Research Methodology

2.1 Herzberg's Two Factor Theory

To be motivated means to be moved to do something [4]. A person who feels no inspiration to act is thus characterized as unmotivated, whereas someone who is energized or activated toward an end is considered motivated. Hasibuan concluded that motivation is the driving force of a person's spirit to work, to persuade people to cooperate, work effectively, and integrated with all of their effort to achieve satisfaction [15].

One of the approaches to motivation theory is content theory, which focuses on the content of motivation. It states that motivation is essentially about taking actions to satisfy needs, and identifies the main needs that influence behavior [2]. An unsatisfied need creates tension and a state of disequilibrium. Restoring the balance requires a goal that will satisfy the need, and a behavior pathway that will lead to the achievement of the goal. Therefore, based on this theory, all behavior is motivated by unsatisfied needs.

A part of content theory developed by Herzberg [7] is known as two-factor model of motivation. Herzberg found different types of conditions that produced good and bad feelings. Where feeling of achievement led to a good feeling, the lack of achievement was rarely given as cause for bad feelings. Instead, some other factors, such as company policy, was more frequently given as a cause of bad feelings [11]. Hence, Herzberg concluded that there are two separate sets of factors that influence motivation.

1. *Hygiene or Maintenance Factors*

Maintenance or hygiene factors are related to *job context* because they are more related to the environment surrounding the job. Factors under this category are potent dissatisfiers which would result in dissatisfaction when the conditions are not present, and do not necessarily motivate employees when the conditions are present. These factors are necessary for building a foundation on which to subsequently create a reasonable level of 'no dissatisfaction' in employees. These conditions include:

- a. Salary
- b. Job security
- c. Working conditions
- d. Status
- e. Company procedures
- f. Quality of technical supervision
- g. Quality of interpersonal relations among peers, with superiors, and with subordinates.

Maintenance factors can also be seen as extrinsic motivation, which is defined as the drive to do something because it leads to a separable outcome, such as rewards or appreciation from other parties.

2. *Motivational or Satisfiers Factors*

Motivational factors are related directly to the job itself, the employee's performance, and the personal recognition and growth that the employees experience, which is related to *job content* [11] or the employees' contentment in executing the day-to-day tasks at their work. These factors present in the job, build strong levels of motivation that can result in good performance. If these conditions are not present, jobs do not prove highly satisfying and related to the nature of the job or task itself. When present, they contribute to satisfaction which in turn can result in intrinsic task motivation [8]. These factors include:

- a. Achievement
- b. Recognition
- c. Responsibility
- d. Advancement
- e. The work itself
- f. The possibility of growth

Motivational factors are also categorized as intrinsic motivation. It is defined as the drive to do something that comes from inner self.

2.2 Performance Dimension

Performance is defined as the record of outcomes produced on a specified job function or indicators during a specified time period [16]. Rather than a single action, job performance is a complex activity of multi-dimensional concept. On the most basic level one can distinguish between a process aspect (i.e., behavioral) and an outcome aspect of performance [13]. The *process* or *behavioral aspect* refers to what people do while at work, the specific behavior that encompasses performance. In this concept, only actions that can be scaled and are goal-oriented (behaviors which the organization hires the employee to do well) are regarded as performance. On the other hand, the *outcome aspect* refers to the result of the individual's behavior aspect. Behavioral and outcome aspect are therefore related but not completely overlapped, since the outcome aspect is also affected by other determinants.

Performance dimensions are described as qualities or features of a job or the activities that take place at work site that are conducive to measurement [16]. The dimensions provide a means for describing the scope of total workplace activities that permit the descriptive process to take a situational and personalized route.

To measure performance, the performance dimensions are developed further into performance indicators. These indicators then developed into performance appraisal instruments. Wirawan [16] categorized the dimensions into three types, which are:

1. *Result*. Described as the work output in the form of goods or services. The output should be measurable qualitatively and quantitatively.
2. *Work Behavior*. An individual's behavior related to their job or role. For example, being hardworking, customer friendly, and able to cooperate with co-workers. Work behavior is one of the requirements in conducting the job, therefore, it is ruled in performance standard, standard operational procedure, ethic code, and organizational regulations.
3. *Personal Character at Work*. This dimension is described as the employee's personal character needed in conducting his or her job.

2.3 Multiple Regression Analysis

This research is categorized as *applied research* due to the nature of its objective to solve specific problems. This research used *quantitative method* with primary data retrieved from questionnaire. Based on the objective, this research is categorized as *descriptive research* due to being undertaken in order to ascertain and be able to describe the characteristics of the variables of interest in a situation, and to understand the characteristics of organizations that follow certain common practices [12]. Analyzing the data was done using *multiple regression method* with variables as below:

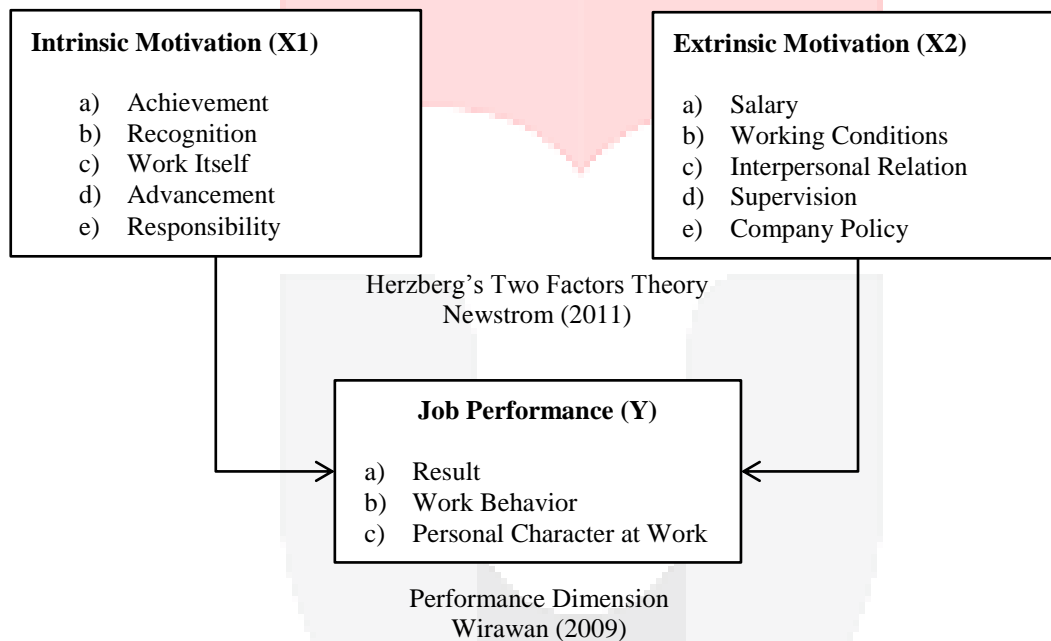


Figure 2: Multiple Regression Analysis Framework

The regression model for this research is shown below.

$$Y = a + b_1X_1 + b_2X_2 \quad (3.6)$$

Where:

- Y = dependent variable (Performance)
- a = constant of regression decision
- b_1 = regression coefficient of the variable X_1 (Intrinsic Motivation)
- b_2 = regression coefficient of the variable X_2 (Extrinsic Motivation)
- X_1 = independent variable 1 (Intrinsic Motivation)
- X_2 = independent variable 2 (Extrinsic Motivation)

The population for this sample consists of 36 fulltime employees of Giant Ekspres Setrasari Bandung. Sample size can be calculated using Isaac and Michael methods [14]. With population size of 36, confidence level of 95% and confidence interval of 1%, the sample size is still 36. Therefore, it is decided to use the whole population as sample for this study. This sampling method is also called as saturated sampling or census sampling [14].

2.4 Simultaneous Hypothesis Testing (F-Test)

The F-test in this study is used to determine the level of significant influence of the independent variables simultaneously against the dependent variable. The hypothesis in this study is:

- i. $H_0: b_1 = b_2 = 0$
The independent variables, which are the Intrinsic and Extrinsic Motivation do not have any significant influence simultaneously toward the dependent variable of Performance.
- ii. $H_1: b_1 \neq b_2 \neq 0$
The independent variables, which are the Intrinsic and Extrinsic Motivation, have a significant influence simultaneously toward the dependent variable job performance.

Basic decision making is using the significance probability numbers:

- i. If the significance probability > 0.05 , then H_0 is accepted and H_1 rejected.
- ii. If the probability of significance < 0.05 , then H_0 is rejected and H_1 accepted.

2.5 Partial Hypothesis Testing (T-Test)

T-Test is used to test the significance of the relationship between variables (X_1) and (Y) and also (X_2) and (Y), to check whether the variables of X_1 and X_2 really influence the variable Y separately or partially. The hypothesis used in this test is:

- i. $H_0 : b_1 = 0$
The independent variable Intrinsic Motivation partially does not have a significant influence on the dependent variable job performance.
- ii. $H_1 : b_1 \neq 0$
The independent variable Intrinsic Motivation partially has a significant influence on the dependent variable employee performance.
- iii. $H_0 : b_2 = 0$
The independent variable Extrinsic Motivation partially does not have a significant influence on the dependent variable employee performance.
- iv. $H_1 : b_2 \neq 0$
The independent variable Extrinsic Motivation partially has a significant influence on the dependent variable employee performance.

Basic of decision making is to use significance probability figures:

- i. If the number of significance probability > 0.05 and the value of t count $>$ t table, then H_0 is accepted and H_1 rejected.
- ii. If the number of significance probability < 0.05 and the value of t count $<$ t table, then H_0 is rejected and H_1 accepted.

3. Results and Discussions

3.1 Descriptive Analysis

Descriptive analysis method for each variable was executed, which yield the result below:

Table 3: Descriptive Analysis Result

No.	Variable	Percentage	Category
1	Intrinsic Motivation (X1)	70.95%	High
2	Extrinsic Motivation (X2)	72.99%	High
3	Job Performance (Y)	84.33%	Very High

From the descriptive analysis result, we can see that both intrinsic and extrinsic motivations were categorized as high, with extrinsic motivation has higher percentage. This means that the employees felt that the extrinsic motivation, which consists of salary, working conditions, interpersonal relation, supervision, and company policy affected them higher than the intrinsic motivation factors. However, since the intrinsic motivation also scored in high category, it describes that the employees also felt that intrinsic motivation is important for the progression of their work. With Job Performance variable scored highest at 84.33% in *Very High* category, describes that the employees are satisfied enough with the output of their work and felt that they have done their best in their work.

Nevertheless, the assumptions formed by descriptive analysis results should not affect the interpretation from regression analysis results. This due to in multiple regression analysis, all independent variables are calculated concurrently to find out their correlation towards the dependent variable. True to its function, descriptive analysis result should only be treated as the employees' opinions on the matter.

3.2 Multiple Regression Analysis Result

Based on the calculation done in SPSS 24.0, the results obtained for multiple regression formula is:

$$Y = -11.351 + 0.646X_1 + 0.172X_2 \quad (4.2)$$

The coefficients for the equation above are:

- $a = -11.351$ This coefficient means that if both independent variables (intrinsic motivation and extrinsic motivation) are constant (0), the dependent variable (job performance) value is -11.351.
- $b_1 = 0.646$ This coefficient means that with the increase in intrinsic motivation variable (X_1) and the other independent variable is constant, job performance will increase for 0.646.
- $b_2 = 0.172$ This coefficient means that with the increase in extrinsic motivation variable (X_2) and the other variable is constant, job performance will increase for 0.172.

The multiple regression calculation result means that when the employees do not have the force within them to push them to work, do not feel that their work will be appreciated or have enough chances to progress in their career, do not feel that they have freedom to make decisions related to their work, along with the absence of satisfying salary and benefit package, proper working environment and conditions, no satisfying relationship with their coworkers and supervisors alike, and do not feel that their company policy supports them at any slightest bit, (which in the formula will be indicated by zero (0) X_1 and X_2), there will be no output produced by that particular employees. When the absence of each intrinsic and extrinsic motivation indicators apparent in every single employees, there will be no output at all produced at Giant Ekspres Setrasari Bandung.

3.3 Coefficient of Determination Analysis Result

Simultaneous coefficient of determination calculates exactly at how high the influence of both intrinsic motivation and extrinsic motivation altogether towards job performance. Based on the calculation done in SPSS 24.0, the R-square value for this multiple regression formula is 0.686 or 68.6%. This means that both intrinsic and extrinsic motivations simultaneously have dominant effect for as much as 68.6% or almost 2/3 of all the factors toward job performance, while the rest of 31.4% is from other variables not included in this research.

From the *Beta x Zero Order* calculation, the partial correlation for intrinsic motivation towards job performance is 52.9%. Meanwhile, the partial correlation for extrinsic motivation towards job performance is 15.6%. Therefore, it can be concluded that the most dominant independent variable that influenced job performance is intrinsic motivation with the value of 52.9%. The results shown that intrinsic motivation, or the force within the employees that push them to do their work and affecting their self-satisfaction, is the most dominant factor among the two that affects job performance. Should they not feel the ambition to do their work, even though with the top condition in extrinsic motivation, the work output will be heavily affected and there will be significant drop in work output.

3.4 Hypothesis Testing Results

Simultaneous hypothesis testing for both independent variables was done using F-Test. The F_{count} value based on the calculation is 35.978 with significance probability 0.000. These values are then compared to F value from F table with $\alpha = 0.05$, $df_1 = 2$ (the amount of independent variables), $df_2 = n-k-1 = 36-2-1 = 33$. The F table obtained is 3.285.

Because F_{count} (35.978) is bigger than F_{table} (3.285) with significance level of 5%, therefore, H_0 is rejected and H_1 is accepted. It means that with the confidence level of 95%, it can be concluded that intrinsic motivation and extrinsic motivation simultaneously have significant influence towards the employees' job performance at Giant Ekspres Setrasari Bandung.

Additionally, partial hypothesis testing for each intrinsic and extrinsic motivation significant influence towards job performance was done using t-test. With significance level (α) of 0.05, $df = (n-k-1) = (36-2-1) = 33$, the result of t distribution 2-tailed test from the table is 2.035. For intrinsic motivation, t_{count} from the SPSS calculation was 5.586. With t_{count} (5.586) $>$ t_{table} (2.035), then H_0 is rejected and H_1 is accepted. This means that intrinsic motivation partially has a significant influence towards job performance. For extrinsic motivation, t_{count} from the SPSS calculation was 2.119. With t_{count} (2.119) $>$ t_{table} (2.035), then H_0 is rejected and H_1 is accepted. This means that extrinsic motivation partially has a significant influence towards job performance.

4. Conclusion

This research's variables consist of two independent variables, which are intrinsic motivation (X_1) and extrinsic motivation (X_2), and one dependent variable, which are job performance (Y). Based on the research analysis, both intrinsic and extrinsic motivations have significant influence simultaneously and partially. Both intrinsic and extrinsic variables simultaneously have influence as much as 68.6% towards job performance. This means that both intrinsic and extrinsic motivations combined affecting almost 2/3 of all factors affecting job performance, while the rest of 1/3 is attributed to other factors.

This means that the higher the employees' motivations are, the higher their performance, which then brings into higher work output. With the intrinsic motivation has the higher significant coefficient of 52.9%, intrinsic motivation, which includes achievement, recognition, the work itself, advancement, and responsibility, becomes the more dominant factors for better job performance.

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