

CHAPTER I

INTRODUCTION

A. Background

The era of globalization has many influences in life, such as in the world of politics, technology, health, development and science. Globalization not only gives a significant influence, but also provides the demand for the application of all aspects that must be appropriate in this era. Local governments play a significant role in implicating global demands. Regional autonomy is one example in implementing global demands. Every local government has the rights, authority and obligations of the autonomous region to regulate and manage their own government affairs and the interests of the local community in accordance with the laws and regulations.

The act no.32 of 2004 about local government that related with decentralization has broader meaning than democracy. Local democracy is a necessary situation for the devolution or decentralization power. There should be strong local institutions that have taken decision, having political power and accountability for the local community for the results. The new act system should have same result in taking decision. At least they could build regional fiefdoms in which the power concentrated in the hands of local elites. Decentralization is about not only surrender and implement the affairs but also provide a clearer picture of the authority of the region to manage and regulate its own household. In carrying out decentralization, local governments feel

high demands in improving their performance in government administration, services and development to local communities.

It is important for local governments to give full attention to public services. The service can be in the form of providing appropriate health services for the local community. Proper health services can be done by improving the performance of services to the community by local governments. By improving health services, it is easy for the community to say that the policy of broad autonomy has brought meaningful benefits to people's lives.

Health services related to patients must be responded quickly and accurately. They should be in a good quality and at an affordable cost. For this reason, the quality of human resources is needed in the health service. According to Putra & Frianto (2013), human resources are one of the elements that determine the success of an organization in achieving its goals. Human resources are the driving force of organizations that have the potential to develop and actively encourage productivity in meeting organizational goals or objectives. Managing employees is not just about giving job descriptions and regulations that must be obeyed, but it is necessary to have a relationship that is in line between the organization and members to achieve the goals of a shared organization.

Competent human resources have good influence in improving the performance of an organization. Therefore human resources must be considered to not inhibit an organization achieving the goals. According to

Luthans (2006) factors that affect the employee performance can be internal and external. Good performance can be influenced by motivation possessed by employees. Motivation in work is expected to create an increase in employee performance and job satisfaction. Having a satisfaction at work will make someone feel the passion in completing a job.

Motivation according to Herzberg's theory (1959) consists of 2 factors namely motivational (intrinsic) motivation and hygiene (extrinsic) motivation. According to this theory, what is meant by intrinsic motivation are things that encourage intrinsic achievement, which come from the individual. Whereas what is meant by extrinsic motivation are factors that originate from outside the individual. According to Herzberg both of these factors are very important in motivating employee even though Herzberg emphasizes intrinsic and extrinsic motivation to increase motivation in work but without them, it will lead to employee dissatisfaction that has an impact on employee performance. Employees who have job satisfaction will be more productive, in achieving the goals and objectives of the organization. Job satisfaction is the tool to measure the job or experiences in positive terms or the enjoyment in the job Locke (1976) and people's feelings in their job Spector (1997). The definition related with someone having emotions that tend to being more commit in the job, productive, and creative.

Every employee has responsibilities in the organization. In completing these responsibilities an employee must have enthusiasm and encouragement from within to be able to provide the best for the organization. This can be

derived from intrinsic motivation, where intrinsic motivation is a drive in someone who has responsibility, progress, work itself, achievement, recognitions Extrinsic motivation comes from outside the individual so that someone wants to do something. Nawawi (2001) states that extrinsic motivation is a driver of work originating from outside the individual that requires him to carry out work optimally. Administration and company policy, supervision, salary, interpersonal relationships, working conditions are forms of extrinsic motivation.

Someone will work hard in order to achieve his personal goals and objectives of an organization. In achieving its goals to the fullest, it is necessary to provide compensation to employees in the company to influence employee performance satisfaction in carrying out their duties. An employee will feel satisfied with the results of his work if he gets a salary that is commensurate with the workload he has. Work period, education and position will determine how much nominal compensation will be obtained. Employees who have a longer working period, of course, will have a greater nominal compensation when compared to new employees. Employees who have higher education should also receive compensation equal to their education. Likewise with higher positions, the compensation obtained will be greater than the position below.

According to Maise (2013), the notion that fair procedures are guaranteed for fair outcomes is a popular one. Procedural justice and implementing decisions meet be based on fair processes. People feel affirmed if they are

treated with respect and dignity, making it easier to accept even outcomes they don't like.

Tjahjono (2014) states that compensation is one of the important practices of managing human resources that are closely related to performance. The reason why an organization or company produces good performance is because there is an effect of compensation. Employees will feel satisfied in their work if there is justice in getting compensation based on work period, education and position. For this reason, a regulation is needed regarding equal distribution of compensation. According to Tjahjono (2011), procedural justice in the context of compensation is an employee's perception of the mechanism and evaluation of compensation allocation in the organization.

Fair procedures will be realized if there are various parties in the organization or company, transparency and accuracy of information, accountability and competencies as well as ethics. Procedural justice is aimed at employees in decision making. The justice that employees know is limited to payroll, promotion of performance appraisal policies and other policies related to the interests of each employee centered in the organization. The justice given by the company about how companies provide is not only bonuses, salaries and promotions for employees, but also punishment for employees who make mistakes or reward for those who do contribute more to the organization without having to discriminate the employees.

Handoko (2003) states that in equity theory it is explained that distributive and procedural justice refers to employee perceptions of fairness and balance

of what they serve in terms experience, training, education, and the rewards they get. An employee is more likely to ask for compensation according to what they have done. A sense of satisfaction will arise if compensation is fulfilled for the performance they have given. It is very important for companies to manage justice properly.

The Singkawang City Regional General Hospital is an example of the implementation of regional autonomy. Based on the data in profile RSUD dr.Abdul Aziz (2019) state that Regional General Hospital (RSUD) dr. Abdul Aziz is one of the SKPDs in the Singkawang City Government environment which is an element supporting the implementation of regional government in the field of Health Services. RSUD dr.Abdul Aziz one of the regional government working units within the Singkawang City Government that applies the Financial Management Pattern of the Regional Public Service Agency (PPK-BLUD), which is formed to provide health services to the community based on the principles of efficiency and productivity with the aim of improving the quality of community services, flexibility in management finance that is in line with sound business practice.

RSUD dr. Abdul Aziz is currently improving service quality in fulfilling public services. Quality improvement is done by improving management systems, services, human resources, and infrastructure. As explained above, human resources are the driving force for an organization to achieve organizational goals. Employees will be motivated to work driven by intrinsic motivation which come from within (conditions of working place) and

extrinsic motivation that comes from outside such as wages for sacrifices that have been given.

Current problems being faced by RSUD dr. Abdul Aziz is distributing medical services that are considered by employees as not in accordance to what they have done. There is no standard in the distribution of medical services in this hospital. The distribution of medical services is only based on the policies made by the hospital director. The policy is in the form of a percentage formula. The distribution of medical services for doctors by 48%, nurses 31% and management by 21%.

The unfair procedure for the distribution of medical services can have an influence on job satisfaction and employee performance. It is unfortunate if the performance of employees decreases because of the distribution of medical services is deemed not in accordance with the sacrifices they have made. That way, it is necessary to carry out procedural justice in the distribution of medical services with transparency and accuracy of information, accountability and competence as well as ethically.

Dissatisfaction with the distribution of medical services will have an impact on employee performance. For this reason, it is necessary to measure the performance of employees in order to know the extent of performance achievement carried out by the individual. The RSUD will start implementing employee performance measurements through performance reports made by employees. However, it is constrained by the lack of communication between the parties concerned and employees so that the performance report cannot be

realized. Another thing that can occur from dissatisfaction in the distribution of medical services is a high turnover rate, but in this RSUD dr. Abdul Aziz the turnover rate is only around 10% which means that only a few employees leave due to the unequal working in the place.

According to Pawirosumarto, et al (2017) performance is the result of one's success in a certain period determined by demand, ability and supportive environmental needs. In this case, if the employee's performance is good, it will be good for the performance of Dr. Abdul Aziz Regional Hospital. The good or bad performance of employees depends on how they carry out their job responsibilities. Motivation from within employees, pleasant work atmosphere, suitable salary can affect the improvement of employee performance. This can have an impact on the achievement of the objectives of the RSUD to improve health services.

وَقُلْ أَعْمَلُوا بِسَيْرِ اللَّهِ عَمَلَكُمْ وَرَسُولِهِ وَالْمُؤْمِنُونَ وَسَتُرَدُّونَ إِلَى
عِلْمِ الْغَيْبِ وَالشَّهَادَةِ فَيُنَبِّئُكُمْ بِمَا كُنْتُمْ تَعْمَلُونَ ﴿١٠٥﴾

“Do (as you will), for Allah will see your deeds, and (so will) His Messenger and the believers. And you will be returned to the knower of the unseen and the witnessed, and He will inform you of what you used to do” Q.S At-taubah verse 105. Surah At Taubah verse 105 is in line with this research on performance where this verse commands people to work. The work must be done sincerely in order to create good performance.

Job satisfaction can encourage employees to increase motivation higher.

According to Siengthai and Pila-Ngarm (2016), Job satisfaction refers to individual emotions that tend to lead to being more productive, creative, and committed to a job. Employee satisfaction also refers to job satisfaction that

can relate to the work itself. Job satisfaction can be achieved if employees assume that the work is challenging so that they can use their abilities to the maximum in their work. Compensation is an important thing in the work, so an employee will feel satisfied if he gets the appropriate salary or wage. For this reason, it is important to establish justice procedures in the distribution of medical services so that employees feel satisfied with their work, as well as creating the desired welfare.

Based on the above background, the researcher is interested to conduct the research with the title of "**The Influence of Intrinsic Motivation, Extrinsic Motivation and Procedural Justice Compensation in Distribution Medical Fees Toward Employee Performance with Job Satisfaction as Intervening Variable**".

This study is a replication of Musoli and Palupi (2018) which in this study discusses the influence of intrinsic and extrinsic motivation on employee performance with job satisfaction as an intervening variable. If previous research conducted employee performance research on permanent education staff employees at Yogyakarta Muhammadiyah University, then in this study conducted such research on doctors, nurses, staff management and other health workers in Dr. Abdul Aziz Singkawang City Hospital. Based on the limitations in previous studies that it is advisable to add research variables or variables that are more relevant for measuring employee performance. In this study added a variable procedural justice compensation in distribution medical fees, which variable is considered more relevant in measuring employee

performance. The addition of this variable is in accordance with the existing problems in Dr. Abdul Aziz Singkawang City Hospital. The problem is in the form of a percentage of the distribution of medical services at the hospital is considered to be part of the employees is unfair and not appropriate for what they provide.

B. Limitation Of Problems

Based on the background that has been explained, the researcher will limit the problems that will be examined in this study. There are several things that can affect employee performance. This research is limited to discuss the Efforts to Increase Job Satisfaction and Employee Performance Through an Intrinsic Motivation, Extrinsic Motivation and Procedural Justice of Compensation. This is due to time constraints and the ability of researchers.

C. Research Question

Based on the background described above, the formulation of the problem in explaining this study includes:

1. Does intrinsic motivation have positive influence on job satisfaction?
2. Does extrinsic motivation have positive influence on job satisfaction?
3. Does procedural justice compensation in distribution medical fees have positive influence on job satisfaction?
4. Does intrinsic motivation have positive influence on employee performance?
5. Does extrinsic motivation have positive influence on employee performance?

6. Does procedural justice compensation in distribution medical fees have positive influence on employee performance?
7. Does job satisfaction have positive on employee performance?

D. Research Objectives

Based on the formulation of the problem, the objectives to be achieved in this study are:

1. To obtain empirical evidence of intrinsic motivation having positive influence on job satisfaction.
2. To obtain empirical evidence of extrinsic motivation having positive influence on job satisfaction.
3. To obtain empirical evidence of procedural justice compensation in distribution medical fees having positive influence on job satisfaction.
4. To get empirical evidence of intrinsic motivation having positive influence on employee performance.
5. To obtain empirical evidence of extrinsic motivation having positive influence on employee performance.
6. To obtain empirical evidence of procedural justice compensation in distribution medical fees having positive influence on employee performance.
7. To obtain empirical evidence of job satisfaction having positive influence on employee performance

E. Research Function

The researcher is expected to contribute several benefits. They are :

1. Theoretical Benefits

- a. After the research is conducted the results are expected to provide input for progress in the development of economics, especially in the field of accounting.
- b. From this research, it is hoped that it can become a reference for further studies related to employee performance.

2. Practical Benefits

This study is expected to contribute an effort to increase work satisfaction and employee performance through intrinsic motivation, extrinsic motivation and procedural justice compensation, especially for Abdul Aziz Hospital in Singkawang City.

This research is also expected to provide input on what actions should be taken by Government Agencies in this case Abdul Aziz Regional Hospital in Singkawang City.