

THE EFFECT OF INTRINSIC MOTIVATION ON THE PERFORMANCE OF OUTSOURCING EMPLOYEES USING PROACTIVE PERSONALITY FACTORS AS MODERATING VARIABLES

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ABSTRACT

This study aimed to analyze the effect of intrinsic motivation on the performance of individuals with a proactive personality as a moderating variable.

The subjects of this research were outsourcing employees in the Financial Services Authority (OJK) Offices in Central Java and Yogyakarta. The samples in this study were 62 respondents with random sampling method as the sampling technique. In addition, the analysis tool was Structural Equation Modeling (SEM) using Smart Partial Least Square (SmartPLS).

The results of this study proved that intrinsic motivation had no effect on individual performance because not all outsourcing employees had intrinsic motivation to work at the Financial Services Authority (OJK) Office. Some of them have the goal to be promoted as permanent employees, but some of them work only to gain experience. Proactive personality moderated the relation between the effect of intrinsic motivation on individual performance because employees had internal goal to be permanent employees at the Financial Service Authority (OJK) Office so that they actively did their job.

Keywords: Intrinsic Motivation, Proactive Personality, Employee Performance, Outsourcing

1. Introduction

The performance of an organization or company is affected by the performance of human resources in it, including human resources who are obtained through cooperation with third party employment service providers or known as outsourcing employees. Generally, the outsourcing system in an organization or company is done to meet HR needs in supporting functions or non-core functions. The optimal performance of the outsourcing employees as supporting tasks will

support the organization to focus more on the core business so that it will indirectly improve the performance of the organization or company. This is in line with Novliadi (2006) who stated that organizations generally believe that to achieve excellence they must strive for the highest individual performance because basically individual performance affects the performance of the teamwork and ultimately affects the performance of the organization as a whole.

In the Financial Services Authority (OJK) office, the phenomenon is unsatisfactory work results and bellow-standard job quality which cause a warning from superiors which is given to outsourcing employees for avoiding of repeating the same mistakes and not showing efforts to improve performance, even in some cases there are outsourcing employees who have been forced to resign. Based on this phenomenon, there are problems with the individual performance of outsourcing employees, which are generally not yet optimal.

Individual performance is the basis of organizational performance. For this reason, managers must have more knowledge regarding the individual performances. They are individual characteristics and individual motivation (James et al, 2012: 34). According to Rini (2013), motivation is an important factor that causes, channels, and supports human behavior, so that they are willing to work hard and enthusiastically achieve optimal results. Intrinsic motivation has a significant effect on performance, Ahmad (2018), Irawati (2018), Karatepe and Tekinkus (2014) and James et al (2012: 399) defined intrinsic motivation in terms of "empowering" employees to achieve results from the application of individual abilities and talents. Those kind of results involve feelings of responsibility, challenge, and recognition; they result from job characteristics such as variety, autonomy, identity, and meaning. The spirit of accepting challenges in doing job foster awareness of employee responsibilities so that they will try to complete the work as excellence as possible and their performance will increase. This is in line with the research findings of Rini (2013), Haryanti and Ardana (2014) and Irawati (2018) which stated that intrinsic motivation had a positive influence on employee performance. Gong et al, (2016) showed that intrinsic motivation was positively related to task performance and was even stronger to the quality of task performance, which meant that intrinsic motivation tend to have a positive effect on employee task performance. Arianto (2010) found that the proactive personality of employees is proven to have a significant effect on intrinsic motivation. Furthermore, Syafitri and Suhermin (2016) found that having a good personality can motivate employees to complete tasks; the better the employee's personality, the more they are triggered to increase their performance so that the achievement of employee work results is fulfilled; high motivation will trigger a person's performance level. Aryaningtyas (2019) stated that high performance achievement depends on cooperation, personality, skills, leadership, work knowledge, attendance, toughness, and initiative.

In the outsourcing system, employee is hired from a third party, so that he or she is not a permanent employee in the user company. If the user company is not satisfied with the employee's performance, the outsourcing company will immediately replace him/her. Consequently, he/she has low work motivation. However, Aryaningtyas (2019), Salsabila (2019) stated that proactive personality factors such as self-awareness and responsibility will moderate the relationship of intrinsic motivation and individual performance.

Based on the description and the factual phenomenon, the researchers are interested in knowing whether intrinsic motivation factors affect individual performance and whether proactive

personality factors moderate the relationship of intrinsic motivation to their performance. The results of this study are expected to increase knowledge in the field of Human Resources as an effort to evaluate outsourcing HR management policies both in service providers and user companies so that it can increase the effectiveness of the outsourcing system.

2. Literature Review

2.1 Intrinsic Motivation

Ryan and Deci (2000) suggested that motivation is energy, direction, persistence, and equifinality - all activations and intentions. It is further conveyed that people can be motivated because they value activities or because there is strong external motivation. A person can work because of who permanent cause or something different from the usual. Likewise, in behavior, there is a sense of personal commitment to be excellent or precisely because of fear of being watched by superiors. This condition is a contrast between the case of intrinsic motivation and external motivation.

According to Ricard L. Daft (in *Leadership Experience*, 2008: 463), intrinsic motivation is usually associated with better learning, higher performance, and increased welfare. Intrinsic motivation is the best factor because work provides interest and pleasure for his/her own sake. People are actively engaged in tasks they find interesting and fun. In this book, it also explains the theory of two factors that affect work motivation, hygiene and motivators. The first factor is hygienic factor, it causes job dissatisfaction, such as working conditions, salary, company policies, and interpersonal relationships. When the hygiene factor is bad, work is considered unsatisfactory. Good hygiene factor eliminates dissatisfaction, but it does not cause people to be very satisfied and motivated in their work. The second factor is a factor that is influenced by employee's feeling of pleasure and good attitude. Motivation factors are a group of factors that encourage and stimulate employees to work better and productively. These factors include achievement, recognition, work itself, responsibility, and progress.

2.2 Proactive Personality

Personality is the whole way in which a person reacts and interacts with the environment or other individuals. The factors that determine a person's personality can come from heredity or the genetic factors of an individual and the environmental factors in which the person is raised such as family norms or friends and social groups. The theory of personality traits that is most often used in the working area is the "Big Five Model" or "Big Five Personality Traits Model" which consists of 5 key dimensions; Conscientiousness (hardworking, diligent, organized, reliable, and persistent behavior), Extraversion (the extent to which a person is sociable, gregarious and assertive), Agreeableness (the level of working well with others by sharing trust, warmth and coordination), Emotional Stability (the ability to manage stress by staying calm, focused and remaining confident), Openness to Experience (open to new things, creative, curious) James et al, (2012).

Eric. et al, (2012) suggested that the development of research does not only focus the big five model but also considers more about multiple traits such as core self-evaluation or proactive personality. The point of this argument is the more specific and limited personality constructs will

include situational influences, the higher the predictive validity. Proactive personality are traits characterized relatively which are not limited by situational forces and have an impact on the surrounding environment. Proactive individuals seek opportunities to show initiative, take responsibility, and persevere until they are able to achieve the desired final goal. Proactive personality refers to the concept of proactive personality proposed by Bateman and Crant (1993) who argued that proactive personality is a relatively stable tendency in individuals not to be constrained by situations and to influence changes in the environment. Proactive personality is characterized by 1) the ability to identify opportunities earlier from others, 2) showing initiative or the tendency to fix things they don't like and always looking for better ways to do something, 3) taking action or turning ideas into reality and making changes in his environment, and 4) persistence or the tendency of maintaining ideas and beliefs until achieve meaningful changes despite facing obstacles. Aryaningtyas (2018) referred to proactive personality as a "strong personality" trait and has been widely associated with work outcomes such as performance. Several previous studies have found a positive and significant effect of proactive personality on performance (Thompson, 2005; Fuller et al, 2010, Salsabil, 2019).

2.3 Performance

According to Kissi (2019), performance can be expressed easily as the quality of work or the effectiveness and efficiency of certain programs or activities. Employee performance is a real achievement both in quality and quantity by employees who have done their duties in line with given responsibilities. Employee performance is measured based on the standards or criteria set by the company. (Lina, 2016).

According to James, et al, (2012) individual performance is the foundation of organizational performance, therefore understanding individual behavior is important for effective management. Factors that influence individual performance are individual characteristics and individual motivation. Individual characteristics include attitudes, personality and values, which interact with motivation in determining performance. Motivation theory tries to explain and predict how individual behavior is generated. Ability can be defined as the ability to do a given job or task, and one of the factors supporting the ability is the personality of each individual. In other words, motivation stimulates the ability of employees to create maximum performance results. As a result, performance will be negatively affected if one of the factors is inadequate.

2.4 Relationship among Employee Motivation, Employee Performance, and Proactive Personality Factors

Motivation is an absolutely important aspect to determine one's creativity and ability to do one's job to achieve maximum results. Motivation stimulates employees' abilities to create maximum performance results. Linawati (2014) stated that motivation greatly affects the success of an organization, especially in improving employee's performance. Based on the principle, there is motivation within the individual to do something in order to achieve goals and it is supported by personality traits that show initiative, responsibility, and trying to find better ways to do the job that will further improve individual performance. In other words, the higher employee's intrinsic motivation and proactive personality, the higher the individual performance. Performance will be negatively affected if one of the motivation factors is inadequate. Several studies have found the

influence of motivation and personality on performance, including Syawitri A. and Suhermin (2016), Sinuhaji E (2018), Sunandar T.N et al (2017).

2.5 Hypothesis Development

Hypothesis 1 (H1) : Intrinsic motivation has a positive effect on individual performance of outsourcing employees.

Hypothesis 2 (H2) : Proactive personality moderates the relationship between intrinsic motivation and individual performance in outsourcing employees.

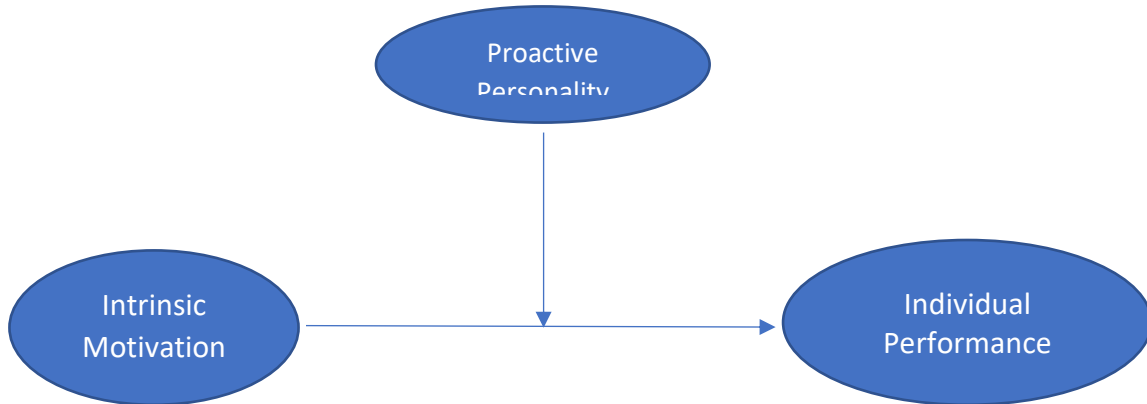


Figure 1. Research model

3. Research Methodology

This research was conducted at the Financial Services Authority (OJK) office in Central Java and the Special Region of Yogyakarta (DIY). The subjects of the study were honorary outsourcing employees who worked there. Primary data was in the form of responses about Intrinsic Motivation indicators and Individual Characteristics specifically related to Proactive Personality indicators that affect their Individual Performance. Primary data was collected through surveys and interviews with outsourcing employees at 5 OJK Offices in Cetral Java and DIY. The sample size in this study was 62 respondents, while the sampling technique used was Stratified Random Sampling, with a population of outsourcing employees which included security personnel, cleaning service personnel, drivers, receptionists, messengers, and technicians or 155 respondents in total. Secondary data was obtained from the Internal Management Division in each OJK Office as the party that directly monitors the implementation of outsourcing employees duties. The effect of intrinsic motivation (independent variable) on individual performance (dependent variable) and the effect of proactive personality moderation variables were measured using descriptive statistical analysis of Structural Equation Modeling (SEM) with Partial Least Square (PLS). The data from questionnaire were analyzed by calculating the percentage value of the respondent's descriptive data and doing some testing of the data results from the variables obtained. The analysis stage was done by testing the hypothesis using SEM techniques. This study used SmartPLS software for hypothesis testing. An individual reflective measure is high if it correlates 0.7 higher than the construct (latent variable) that we want to measure. However, in beginner stage research, 0.5 to

0.6 loading factor was considered sufficient (Gozali 2008). The reliability test was used to measure the scale at different times, locations, and populations. Construct reliability was measured using two criteria; Composite Reliability and Cronbach Alpha (Internal consistency reliability) from the indicator block that measures the construct. The construct was reliable if the Composite Reliability value was greater than 0.7 and Cronbach Alpha was above 0.6.

4. Results

4.1 Model Design

Structural models that are suitable for this study are as follow:

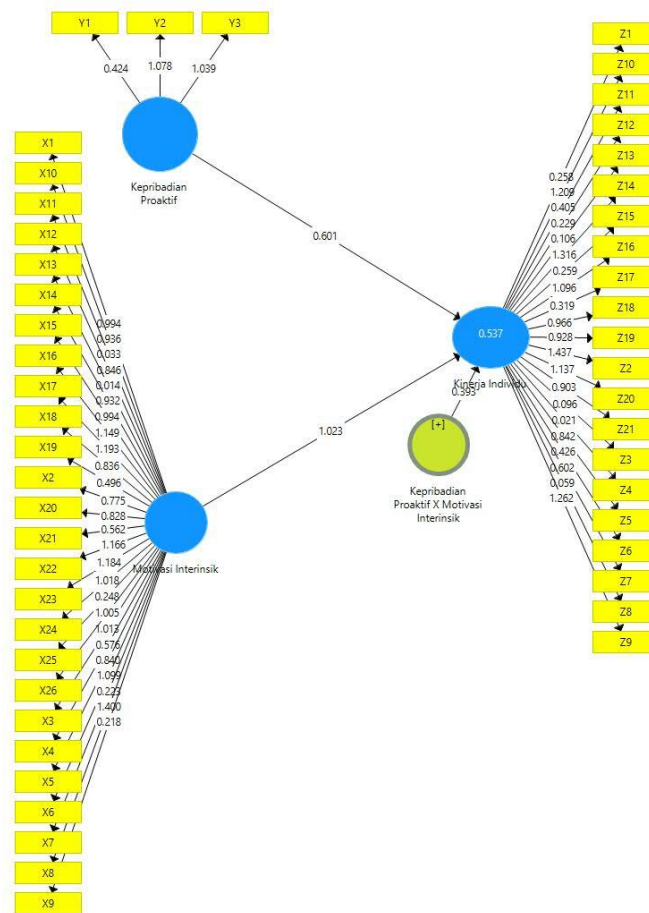


Figure 1. Research Model Design

4.2 Evaluation of the Measurement Model

The evaluation of the measurement model consists of three stages. They are the convergent validity test, the discriminant validity test, and the composite reliability test.

4.2.1 Convergent Validity Test

Validity testing for reflective indicators can be done by using a correlation between the indicator score and the construct score. Measurements with reflective indicators show that there is a change in an indicator in a construct when other indicators in the same construct change. The following are the results of calculations using the PLS 3.0 smart computer program:

Tabel 1. Convergent Validity Test

	Proactive Personality	Individual Performance	Intrinsic Motivation
X1			0.674
X10			0.631
X11			0.701
X12			0.649
X13			0.713
X14			0.628
X15			0.664
X16			0.625
X17			0.711
X18			0.695
X19			0.705
X2			0.669
X20			0.618
X21			0.676
X22			0.681
X23			0.619
X24			0.705
X25			0.778
X26			0.616
X3			0.633
X4			0.722
X5			0.705
X6			0.666
X7			0.614
X8			0.705
X9			0.633
Y1	0.699		
Y2	0.639		
Y3	0.608		
Z1		0.779	
Z10		0.665	

Z11		0.773	
Z12		0.651	
Z13		0.672	
Z14		0.629	
Z15		0.611	
Z16		0.642	
Z17		0.601	
Z18		0.694	
Z19		0.626	
Z2		0.674	
Z20		0.648	
Z21		0.617	
Z3		0.708	
Z4		0.706	
Z5		0.648	
Z6		0.633	
Z7		0.717	
Z8		0.784	
Z9		0.708	

From the data above, it can be seen that all indicators are more than 0.5, which means that all indicators are valid and can be tested further.

4.2.2 Discriminant Validity Test

In the reflective indicator, it is necessary to test the discriminant validity by comparing the values in the cross loading table. An indicator is valid if it has the highest loading factor value for the intended construct compared to the loading factor value for other constructs.

Tabel 2. Discriminant Validity Test

	Proactive Personality	Proactive Personality X Intrinsic Motivation	Individual Performance	Intrinsic Motivation
Proactive Personality	0.586			
Proactive Personality X Intrinsic Motivation	0.374	1.000		
Individual Performance	0.196	0.154	0.318	
Intrinsic Motivation	0.151	0.142	0.219	0.321

4.2.3 Realibility Test

Sarwono and Narimawati (2015: 18) stated that a latent variable can be assumed to be reliable if the composite reliability value is greater than 0.7 and Cronbach's alpha value is greater than 0.7.

Tabel 3. Reliability Test

	Cronbach's Alpha	rho_A	Composite Reliability
Proactive Personality	0.679	0.632	0.621
Proactive Personality X Intrinsic Motivation	1.000	1.000	1.000
Individual Performance	0.684	0.661	0.642
Intrinsic Motivation	0.679	0.618	0.611

It can be seen from the data above, that the Cronbach's Alpha value is more than 0.6, which means that the data is absolutely reliable.

4.3 Hypothesis Testing

Hypothesis testing is done by using the value (t-value) which is compared to the t-table value. The hypothesis is accepted if the t value is greater than the t table value, and the hypothesis is rejected if the t value is smaller than the t table value (Gozali 2008) with the significance of the path coefficient test.

Tabel 4. Hypothesis Testing

Variable	P Value	Signification
Proactive Personality moderates Intrinsic Motivation	0.045	Significant
Intrinsic Motivation → Individual Performance	0.769	Insignificant

5. Conclusion

This study was conducted to examine the effect of intrinsic motivation on the Individual performance with proactive personality as a moderating variable in the outsourcing employees at the Financial Services Authority (OJK) Offices in Central Java and Yogyakarta. Specifically, the conclusions of this study are firstly, Intrinsic motivation has no effect on individual performance. Secondly, Proactive personality moderates the effect of intrinsic motivation on individual performance

6. Conclusion

To improve individual performance of outsourcing employees, a strong work motivation is needed, especially motivation within oneself. The motivations can be obtained by giving awards to the employees who are having good performance, doing the job on time, and having the desire to become permanent employees at the Financial Services Authority (OJK) Office. For further

research, it is possible to add work stress or compensation variables as independent variables that affect individual performance.

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