CHAPTER 1

INTRODUCTION

In this introduction chapter, the researcher will elaborate the background of the research, scope of the research, aim and benefit of the study, and research questions. Later on, the researcher will give explanation about the descriptive research that being conduct at the beginning of the research, with a purpose to gather all of the information that related to this study; an analysis of the relationship between motivation and job performance for millennial of E-Commerce industry in Jakarta.

1.1 Background

This study is a replication from an original journal that was written in a city of Malaysia called Terengganu by Nur Shafini Mohd Said, Amaleena Syamimie Ahmad Zaidee, Suzila Mat Salleh, and Siti Rapidah Omar Ali in August 2015, entitle "Relationship between motivation and job performance: A study in Universiti Teknologi MARA (Terengganu)". The first section of the background will explain about motivation, the followed with job performance, history of E-Commerce, benefits of E-Commerce, and E-Commerce in Jakarta.

1.1.1 Motivation

Motivation is something that will affect people behavior towards their working performance in a company. Motivated employees will help an organization to achieve bigger target, because they are motivated to keep looking forward to get better work performance (Ali & Ahmed, 2009). Employees with highly motivated towards their work, will perform better in their company to achieve bigger target. However, employees with lower

motivation will not perform well towards their works, and will causing a lot of disadvantages to the company. High motivation towards employees will come according to their passion when they are given a task by the organization. Employee motivation always been a major concern by a management apart from the economy is growing or shrinking. To measure employees' motivation, management should create an employee's performance evaluation.
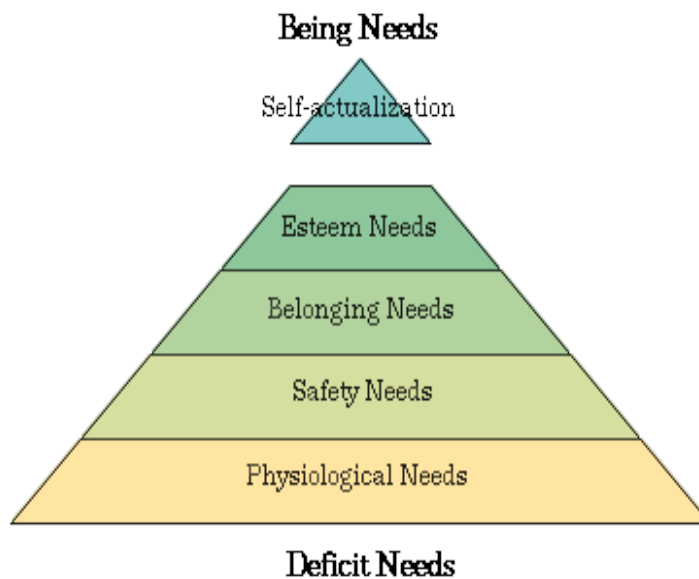
Being Needs

Self-actualization

Esteem Needs

Belonging Needs

Safety Needs

Physiological Needs

Deficit Needs

Figure 1.1. Abraham Maslow theory of motivational hierarchy of needs

Source: Webspace.edu

According to figure 1.1, there are four stages of needs that have to be satisfied for a person to get motivation. The needs were arranged in hierarchal steps. It goes from the bottom (less needs), then climb up to the most needs.

According to Brian Fetherstonhaugh in 2014, there are five reasons that motivate people to work in E-Commerce industry nowadays. The first reason is E-Commerce has a fantastic long-term global growth because it is predicted to grow 17% per year, and E-Commerce is just begins. The second reason because E-Commerce make people think like a general manager since it gives intense skills of business including marketing, supply chain, pricing, and profit management. The third reason is encouraging the

employee a deep appreciation towards the value of branding experience and customer experience. The next reason could be E-Commerce give chances to do lot of testing, and immediately will get feedback card from the customer. The last reason will be, E-Commerce is practical and relevant that will last a lifetime.

1.1.2 Job Performance

Employee's performance will be graded in an organization at the end of the month (Regan, 2017). The purpose of employee's performance evaluation is to know whether the employees are working on track or not. Employees will be given a feedback and critic from the employee's performance evaluation, so they could know what their strength is and what is they're lack of when performing their job in a month. Employee's performance evaluation will give the employees knowledge about what the organization is expect from them. Employees with a good performance usually will get a special reward to keep them highly motivated towards their job. When giving employee's performance evaluation, a good communication is needed in order to make the process of evaluation is effective and know exactly the needs and major concerns of the workforce.

Generation Y or millennial think that work is one of the most important things in order to building career (Howee and Strauss, 2012) and it is very important to create a condition that will increase the commitment of the employees within an organization in a long term. What is meant by condition is fun, to motivate. Fun environment will increase the motivation of generation Y employees, then it will bring good impact towards their job performance (Yanti, 2012).

1.1.3 History of E-Commerce

E-commerce also known as electronic commerce may define as process of buying and also selling either products or services through electronic system like Internet or any other computer network (Devandra,

2012). The purpose of e-commerce is to help and offer an easier way to a company for their daily business transaction activities. E-commerce firstly founded in the early 1970s. A company to send documents like purchase orders or invoices electronically used it. World Wide Web or known as WWW was later introduced in 1994, which predicted by many known researches that e-commerce type of business will become important type of business in the world of business later on (Nanehkaran, 2013). The first E-Commerce business was introduced in 1998 and was made by USA and some countries in Europe. In 2005, E-Commerce was expanded to Asia and later on become one of the most important in the world of economy until nowadays.

1.1.4 Benefits of E-Commerce

According to Cannarelli in 2017, with the implementation of E-Commerce, they just not bring advantages to the business but also for the consumer. Below is the list of advantages of E-Commerce from the seller and buyer perspectives.

- E-Commerce could help the seller to increase their market size to go global
- Reduce the use of paper in any kind of activities like design, production, packaging, distribution, and also marketing.
- Help businesses that selling specific products that they could not market it physically because of limited consumer.
- Reduce the time and the cost of promotion since the specification of the item will be shown in the Internet.
- Connect businesses within a country.
- Increase the creativity of the citizen.
- Increase the buying power, since the seller may reduce the price because low cost of production.
- Reduce the unemployment rate since it will motivate the citizen to open up a business with lower cost of capital.

The benefits of E-Commerce will suitable with the working style of millennial generation, since they are considered as educated, motivated, tech-savvy, cost effective, aware of the competition, and expressive (Hussein Oz, 2017).

1.1.5 E-Commerce in Jakarta

E-Commerce first came to Indonesia was in year 1996, with the established of D-net that known as online transaction website. E-Commerce could be one of the most promising businesses in Indonesia since Indonesia is ranked number 4 as the world most populated country in the world. However, with the lack of buying power and infrastructure of telecommunication by the citizen of Indonesia, the popularity of E-Commerce only known in Indonesian big cities. With that case, most of E-Commerce businesses mainly focusing in the big cities like Jakarta, Bandung, and Bali Island (Mo Morris, 2016).

E-Commerce ranking table in Indonesia in the year of 2017

Rank	E-Commerce Company
1	Tokopedia
2	Bukalapak
3	Lazada
4	OLX

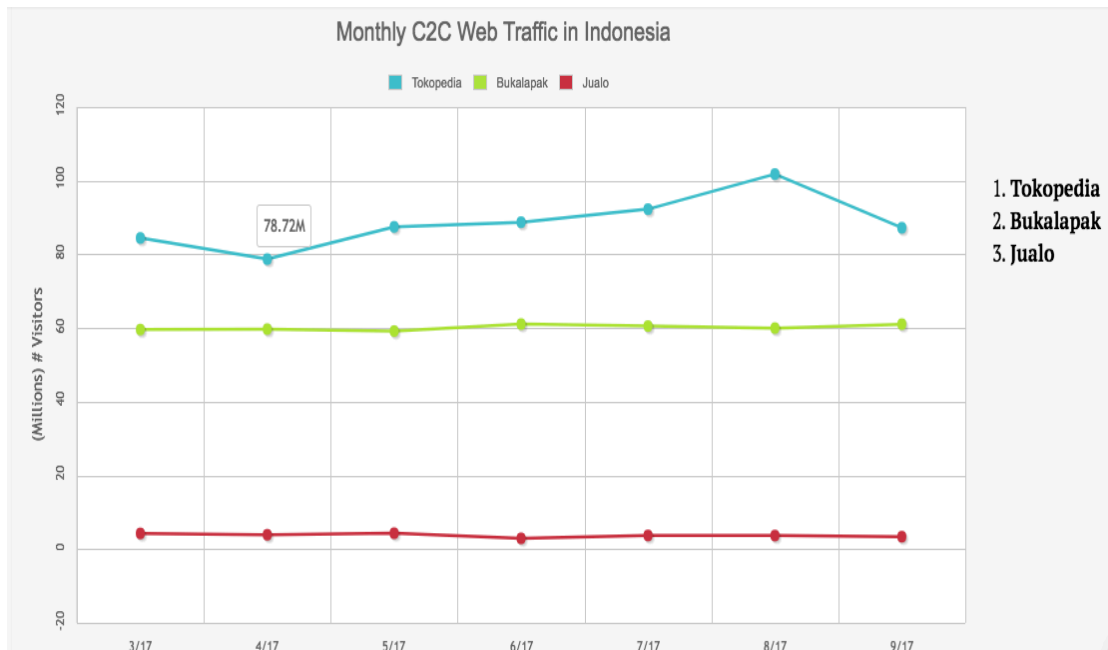Table 1.1 E-Commerce company by ranking in 2017

Figure 1.2 Monthly C2C web traffic in Indonesia

According to the figure above, Tokopedia and Bukalapak has dominated and has the biggest market share in Indonesia. It shows that they have the most visitors in 2017. Tokopedia have reached 100 millions of visitors and Bukalapak have reached 60 millions of visitors this year. It shows that both of the companies have good prospects in the future and will be a good example of E-Commerce industry in Jakarta (Annie, 2017).
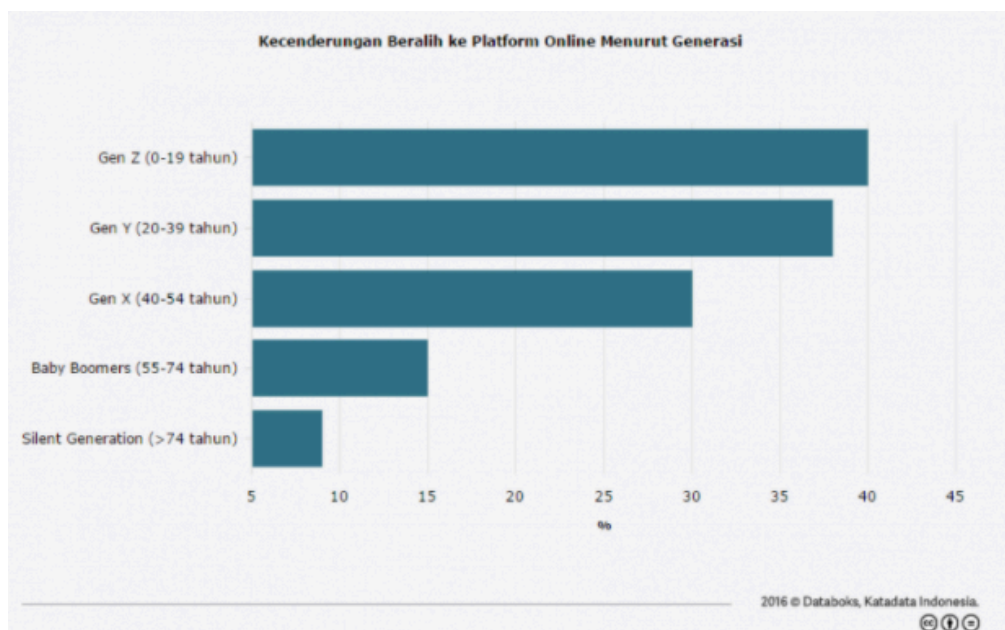

Figure 1.3 Generation that using online platform

The figure above show that generation Z has the highest number in dependency towards online platform. However the average working age in E-Commerce in Jakarta is 22 years old and above after they graduate from university (Annissa, 2017). The figure above shows that the number of dependency towards online platform for generation Y is also high. It shows that generation Y interested in E-Commerce company because they also already get used to nowadays technology. Then they also think more innovative towards their work and their preferences towards working time is flexible (Kane, 2017).

1.1.6. Millennials

Millennials is a generation that is born between 1980 and 2000, millennials are the next generation that will bring changes into the world of work nowadays (PwC's 14th Annual Global CEO Survey, 2013). Youngsters are filled by many new and creative ideas that is ready to be implemented into the world of works. Millennials generation on working environment are supported by the growth of the technology, because it was born along with the technology era. Therefore, the millennials are having a better understanding how to use the full potential of the technology and this digital era, that can bring changes and more efficient work in the world of work (PwC's 14th Annual Global CEO Survey, 2013). New patterns and behavior of works that is seen unique by the previous generation, but turns out to be more effective and efficient in the world of work. Millennials tend to be uncomfortable with the company that is too strict and rigid. In this case, is an old-fashioned company. Millennials prefer to work on a company that is more open in term of exchanging ideas, no barriers or boundaries on communication between the employees despite the rank of the employees, and a company that is more flexible to its employees and more modern (PwC's 14th Annual Global CEO Survey, 2013). E-commerce in Indonesia such as Tokopedia, BukaLapak, and Lazada are preferred by the millennials because it has a modern office, and good working environment for the millennials, that can stimuli their full

potential, because of the supporting working environment and enjoyment (PwC's 14th Annual Global CEO Survey, 2013).

Millennials are not only focusing on the salary that he/she got from the company. Millennials are preferring to work on a company that is comfortable, passionate, and supporting their career progression. Career is a priority for the millennials over salary, because millennials are always striving for new challenges and increase their knowledge and skills, which goes along the way of their career progression (PwC's 14th Annual Global CEO Survey, 2013). The survey conducted by the PwC of millennials interest can be shown from the figure 1.4 below.

Which of the following things do you believe make an organisation an attractive employer?

Opportunities for career progression	52%
Competitive wages/other financial incentives	44%
Excellent training/development programmes	35%
Good benefits packages	31%
Flexible working arrangements	21%
International opportunities	20%
Good reputation for ethical practices	16%
Corporate values that match your own	16%
A reputation as an employer of the best and brightest people	16%
The employer brand	10%
Diversity/equal opportunities record	8%
The sector in which the organisation operates	8%
Other	1%

Figure 1.4. Millennials Interest

Source: PwC

The researcher is focusing on millennials because it is suitable for the unit of this research, which the researcher scope of the research is e-commerce and its employees, and millennials are starting to take over companies over generation X. Therefore, millennials are the best unit for this research that the researcher conducted.

1.2 Scope

1.2.1 Jakarta

Jakarta is the capital city of Indonesia situated in the northwest shore of Java Island. Jakarta is the most populated city in Indonesia with 9,607,787

million of individuals living there (2010 calculation). Jakarta is the country's economic, cultural and political center and the most populous city not only in Indonesia but also in Southeast Asia as a whole.

Even though Jakarta is known as the city that filled with their heavy traffic and high pollution, the city itself also provides a crazy nightlife and a lot of shopping centers. The city of Jakarta also the meeting point of variation of cultures, languages, poverty, and wealth.

Not only busy for tourist destination, Jakarta also busy with their business activity. Tanjung Priok port was ranked on number 26th in the world as the busiest port in term of container shipments according to the American Association of Port Authorities. Jakarta also ranked number 10th in the world as the least cost city by PWC 2016 City of Opportunity Index, calculated by total tax rate, personal tax, and the living cost in the city.

1.2.2 Focusing on Millennial Generation

The research will be focusing on millennial generation, which classified as generation Y with the age from 23-40. Generation Y can be considered as millennial generation who were born in the year between 1977 and 1994 (Schorer, 2017). The researcher choose millennial generation because most of the age range among the employees in E-Commerce businesses are between those age, because they need fresh idea to innovate from the younger generation. Millennial generation or generation Y considered as tech-savvy, where they pay a lot of attention and attracted to their gadgets almost every time in a day (Kane, 2017). This is the reason why E-Commerce type of businesses is suitable for millennial generation since it use technology to operate this business.

According to Kane in 2017, other than tech-savvy, there are another characteristic of millennial generation that will support towards this research. Those characteristics are family-centric and achievement-oriented. Family-centric means they are willing to get higher payment in order to finish their

work, and their working time is more flexible. Achievement-oriented means they are educated by their parent to not making a same mistake with the previous generation, and they also have more confident and keep looking for an innovation.

1.2.3 E-Commerce Company in Jakarta

There will be a lot of opportunities for E-Commerce business in Indonesia, especially in Jakarta that representing the emerging economics of Asian countries. Indonesia current projections put them in online market at US$130 billion by 2020 (Prasetya, 2017). With Indonesia's uniqueness, the E-Commerce business industry should develop to command the market by enhancing coordination, innovation, and other essential aspects.

Tokopedia, Buka Lapak, and Lazada are the top 3 E-Commerce businesses in Indonesia, and all of their headquarters are located in Jakarta. Therefore, the research of this paper will be focusing on giving survey to all of those 3 top E-Commerce businesses.

Figure 1.5. Tokopedia Logo

Tokopedia is considered as the largest marketplace of E-Commerce in Indonesia. Established in June 2009, then it launched in public during the independence day of Indonesia in 17th of August 2009. Tokopedia is an online platform that allows individuals or small businesses to make an online shop.

Figure 1.6. Bukalapak Logo

Bukalapak was founded in the year of 2011. They are an online platform of selling and buying with safe online payment system that will ensure the buyer of 100% scams free. They have already signed up to 60,000 of merchants for the platform.

Figure 1.7. Lazada Logo

Lazada first established by a German company called Rocket Internet in Singapore back in 2011. Then they have emerged to Indonesia, Vietnam, Malaysia, Thailand, and Phillipines. They have received an investment $647 million from their major investors such as Tesco, JPMorgan Chase, and Temasek Holdings. Considered one of the most complete online shopping from fashion, automotives, gadgets, and so on. Now they are become one of the most notable E-Commerce in Indonesia.

1.3 Problem Statement

The increase of e-commerce in Indonesia has attracted the millennials rather than non-ecommerce company. The researcher wants to identify the factors that the millennial are looking on becoming an employee in e-commerce. Such as the benefits, the advantages, and factors that driven the millennials. Especially the number of e-commerce in Indonesia is keep on increasing, what factors that differentiate from one e-commerce (Lazada, Bukalapak, Tokopedia) between one and another.

The problem that could be stated in this study could be there are a lot E-Commerce business in Indonesia, especially in Jakarta and it will increase rivalry among the businesses that will affect the motivation of the employees. Also the scope of the millennial age will put a limitation on this research. This study will also analyze the difference of working behavior between millennial generation and the previous generation. With a lot of E-Commerce businesses established recently, will it be motivate the employees or the other way around. Most of millennial prefer to work in e-commerce industry than in any other industries because of their lifestyle is tech-savvy which they always using gadgets and any other online platform as their main source of information (Kane, 2017).

E-Commerce has emerged in this digital era with the need of highly advantage of technology. However, some of technology that have been provided in E-Commerce in Indonesia not fulfilling the needs of technology in the industry which makes their working slower. Also, since E-Commerce is considered as new industry in Indonesia, so the division of task given in the office is still not clear. Where some of the employees given a task that they should not responsible with. There must be some factors like individual needs, personal preferences, working environment, and tech-savvy that have to be improve in order to driven them to maximize their job performance.

It was mentioned that the age range of millennial is from 23-40 (Schorer, 2017). However, millennial might reflect a different behavior based from age and gender. Also there are a lot of E-Commerce company in the industry that may reflect different tasks and working environment, that makes a reason why millennial generation choose to work on that certain company (Annissa, 2017).

1.4 Aims and Benefits

The purpose of this research is to understand and observe the effect of employee's motivation for millennial generation that will influence their job performance for E-Commerce industry in Jakarta. The benefit of this study is to educating the readers on how motivation could impact employee's job performance for millennial generation for E-Commerce industry in Jakarta.

1.5 Research Question

- How does individual needs for millennial generation positively influence their job performance in E-Commerce industry?
- How does personal preferences for millennial generation positively influence their performance in E-Commerce industry?
- How does work environment for millennial generation positively influence their job performance in E-Commerce industry?
- How does tech-savvy for millennial generation positively influence their job performance in E-Commerce industry?

1.6 Structure

This research will be divided into five chapters, below are those five chapters and the explanation of those chapters:
- Chapter one of this research is about the introduction. This chapter will includes the background of the research and the general knowledge about the employee motivation on their job performance that will affecting sales turnover.
- Chapter two will be showing the literature review and theoretical framework in order to get to know deeper understanding on

theories of motivation, job performance, and sales turnover in a startup business.

- Chapter three covers the research methodology of this research. It will include the research objectives, research questions, hypothesis, research design, and lastly data analysis method.

- Chapter four is the research findings of the study that will discuss about the result and analysis obtained from the open-ended interview and surveys.

- Chapter five is the last chapter and it will provides the conclusion and the recommendations that covers the results of the research from the study that have been presented