

Analysis of Job Satisfaction in a Regional Government-owned Drinking Water Company in Sukabumi City, Indonesia

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ABSTRACT

The regional government-owned Drinking Water Company or Perusahaan Daerah Air Minum (PDAM) in Sukabumi City, Indonesia has the task of processing and distributing clean water to citizens in Sukabumi City, West Java Province. This company has two objectives: (1) to provide public services and (2) to gain profit from its business. These two conflicting objectives always make job satisfaction and optimum performance difficult for employees to achieve. Therefore, employee job satisfaction in this company is a critical issue. The aim of this study is to perform job satisfaction analysis on PDAM by implementing mixed-method research design. The unit of analysis was the staff of this regional government-owned company. Results showed that the job satisfaction rate of the employees is 53.49%. The dimension of job satisfaction with the lowest score was “adequate rewards,” and that with the highest score was “supportive working conditions”. Even if the employees had mentally challenging jobs, good working conditions, and supportive colleagues, if they were not given adequate rewards, then their job satisfaction would be significantly affected.

Keywords: job satisfaction, human resource management, Perusahaan Daerah Air Minum

1. INTRODUCTION

Government Regulation No. 14, 1987, on the decentralization of central government responsibilities, states that the responsibility for providing clean water supply is assigned to local governments in Indonesia. The provision of clean water supply is conducted by the regional government-owned Drinking Water Company (Perusahaan Daerah Air Minum or PDAM) located in each province, district, and municipality across the country. PDAM is supervised and monitored by the government’s executive and legislative departments. As a regional government-owned company, PDAM has the responsibility to develop and manage water supply systems as well as serve all groups of consumers at an affordable price. PDAM is responsible for daily operations, planning activities, project preparation, and implementation, as well as negotiating with the private sector to develop community services.

Having inherited PDAM from the central government, the regional government is responsible for policymaking and monitoring the management of PDAM. However, these functions are not implemented optimally. As a regional company, PDAM is obliged to deposit 55% of its net profits to the local government treasury. Depending on the policies of each region, the deposited profit is reinvested in drinking water facilities, but a certain portion of the amount is not. According to the local governments, they are not concerned about the condition of PDAM despite their continual use of the deposits from this company. Considering that PDAM has a strategic function as a provider of clean water, the local governments suppose

that the company functions as a steering policy owner, that it is supervised effectively, and that political will exists to enable PDAM to fulfill its mandate. Based on the cases investigated by the Indonesian Consumers Foundation, only a few sectors in Indonesia perform this function properly; these include the financial sector that has initiatives to repay the debt of PDAM. Another concern is that the drinking water tariff setting policy is frequently used as a political tool. Thus, the sale price of drinking water is often below the level of production cost. Some facts indicate that local governments are extensively involved as managerial and technical strategists of PDAM, a situation that is considered inappropriate. Moreover, as a business entity, PDAM needs the ability to respond rapidly to changes in the business environment and the community. This need cannot be achieved optimally when PDAM is treated as a bureaucratic institution, as is the case at present.

The dilemma concerning the business status of PDAM certainly affects the job satisfaction of its employees. On the one hand, PDAM employees are often required to work professionally to grow the business and serve its customers but, on the other hand, accept that they often must serve the interests of policy makers who are closely associated with political interests. The most obvious example was in 2014, when a group of PDAM employees in Bogor City staged protests to demand that their president director be replaced because he was considered as an incompetent leader with an arbitrary approach to policy making. This phenomenon is important to study because many studies, including a study on PDAM in Sukabumi, have shown that the level of employee satisfaction significantly influences the company's business development. Previous research on the implementation of human resource management (HRM) in PDAM Sukabumi showed the following results.

Table 1. Results of implementation of HRM aspects in PDAM, Sukabumi City

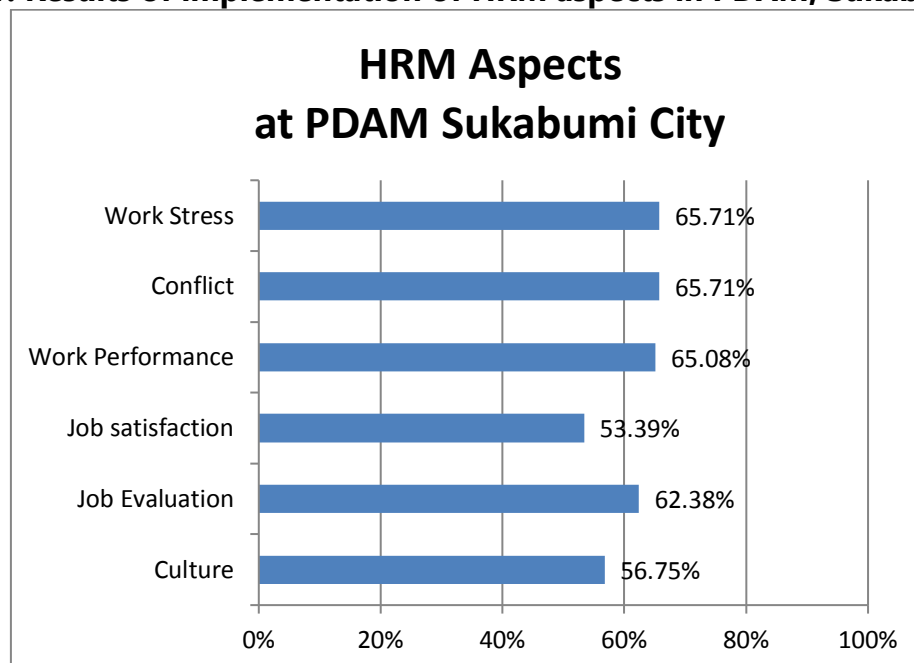


Table 1 shows that the aspect of job satisfaction had the lowest rating (53.39%), slightly below that of the aspect of culture (56.75%). The job satisfaction of employees has clearly

become an important aspect to consider, especially with regard to the specific character of a company such as PDAM. Therefore, this study focuses on examining the level of employee job satisfaction in PDAM in Sukabumi City.

2. OBJECTIVES

This study has the following objectives:

- a. to provide a general description of HRM in PDAM in Sukabumi City,
- b. to determine the level of employee job satisfaction in the aforementioned company,
- c. to identify the real problem(s) related to employee job satisfaction in this company, and
- d. to propose a set of recommendations to improve employee job satisfaction in this company.

3. LITERATURE REVIEW

Extensive research has been conducted on job satisfaction. Many studies have explained that job satisfaction is the cognitive and affective reaction to a job based on a comparison of personal needs and perceived job outcomes (Brown & Lam, 2008; Biggs & Swailes, 2006). In particular, Biggs and Swailes (2006) explained that job satisfaction can be viewed as a person's attitude toward his or her job. Therefore, job satisfaction is closely related to the emotion attached to the job, as the attitude is reflective of a person's feelings about the job itself. Providing a similar opinion on job satisfaction, Maslow (1987) clarified that job satisfaction is the result of a person's reception of motivation from the job in fulfilling esteem and self-actualization needs. Two general approaches were used to view job satisfaction, namely, a global approach and a facet approach (Brown & Lam, 2008). The global approach regards job satisfaction as an inclusive feeling toward a job, whereas the facet approach views job satisfaction from the different facets of a job, including growth, pay, benefits, supervision, coworkers, the work itself, organizational environment, and work conditions (Biggs & Swailes, 2006).

Robbins (2002) mentioned four dimensions of job satisfaction, namely, mental challenge, adequate rewards, supportive working conditions, and supportive colleagues. Kumar, Bakhshi, and Rani (2009) posited that job satisfaction involves three perspectives: evaluative, cognitive, and affective. Employees develop a cognitive perspective based on an individual's perceptions, opinions, beliefs, values, and expectations of an organization. Organizations generate association feelings influencing employees' effective perspective of job satisfaction. Bowling, Hendricks, and Wagner (2008) and Fichter and Cipolla (2010) suggested five aspects of job satisfaction: the work itself, compensation, promotional opportunity, coworker interaction, and supervision. Employees evaluate the work itself by assessing opportunities for autonomy, creativity, job enrichment, job complexity, knowledge acquisition, responsibility, and task variety. Employees evaluate *actual* compensation versus *expected* compensation and look for congruency in the two factors. Employees evaluate promotional opportunities based on the fairness in policies and administration of promotions within an organization. Employees seek positive relationships with coworkers to enhance individual and group interactions. Employees evaluate supervision using the criteria of employee consideration, employee inclusiveness, and relationship behaviors (Fichter & Cipolla, 2010).

According to Whitt (2006), increasing job satisfaction has a positive effect on performance at the individual and organizational levels. The organization realizes that job satisfaction has a significant effect on employee retention, staff experience, and organizational performance. In accordance with Whitt's findings, Politis (2006) discovered a positive correlation between

job satisfaction and team performance. In addition, Biggs and Swailes (2006) reported a positive correlation between job satisfaction and organizational commitment. A satisfied employee develops organizational commitment, resulting in longevity for an employer. The bond results as employees believe and accept organizational goals, exercise extra effort for the organization, and increase identification with the organization. Focusing on worker relations within organizations and work groups positively influences organizational commitment and job satisfaction (Muse & Stamper, 2007). In summary, high organizational commitment and high job satisfaction result in increased organizational citizenship. Ghazzawi and Smith (2009) suggested that religious faith influences job satisfaction and organizational commitment. They offered three proposition ranges for the influence. Job satisfaction has a positive correlation to religious faith, revealing that an individual with a strong religious faith is more likely to have high job satisfaction. High job satisfaction appears when the individual regards work as a religious duty. Job satisfaction contributes positively to job commitment. However, strong religious faith may serve as a stronger indicator of job commitment than of job satisfaction. Religious faith often suggests that individual commitment is more prudent and integral to faith and loyalty than the satisfaction that an individual receives from his or her service.

4. METHODOLOGY

This study applied a qualitative design with a descriptive and historical approach, which means that in-depth research was performed on job satisfaction in PDAM in Sukabumi City. Miles and Huberman (Creswell, 2012) stated that qualitative research is an investigative process in which researchers gradually make sense of a social phenomenon to distinguish, compare, duplicate, catalog, and classify research objects. Therefore, the fundamental purpose of this qualitative study is to understand the situation, events, groups, or interactions among certain social aspects.

The descriptive approach is based on a collection of data that occurs at the time when the incident happened. Meanwhile, the historical approach is performed through four stages of research, namely, heuristic or gathering resources, criticism or source verification, exegesis or interpretation of the historical facts, and historiography or historical narrative writing. The data used are of primary and secondary types. The primary data were obtained directly from the research object, such as interviews or questionnaires for simple statistics of PDAM management, supervisor, auditor, and consumers. The secondary data were collected from indirect resources related to the object of study, such as books, journals, and others.

A case study approach was selected based on the usefulness and appropriateness of this object study. Yin (1994) explained that a case study is a special kind of qualitative work that investigates contextualized, contemporary phenomena within a specific boundary. Data were collected from primary and secondary sources. They were collected by interviewing selected respondents from the local government, the program manager, and program recipients; by performing group discussions among the government and the scholars; and by studying all reports, documents, and materials that support the study. To reduce the level of subjectivity, the data triangulation technique was applied. According to Yeasmin (2012), triangulation is a process of verification that increases validity by incorporating several viewpoints and methods.

5. DISCUSSIONS

PDAM in Sukabumi has 21,593 customers, with 10,632 connections in the city of Sukabumi and the rest in the Cisaat branch with 157 connections and the Sukaraja branch with 4,804 connections. PDAM can now serve the new tap connections, which account for around 33.74%. The number of connections is still very low in relation to the population of Sukabumi City, which means that PDAM has major potential for business development. The PDAM of Sukabumi has sufficient production capacity influenced by the seasons: a maximum of 407.5 l/sec (during the rainy season) and a minimum of 229 l/sec (during the dry season), with sources such as surface water, springs, and deep wells.

The legal basis of PDAM in Sukabumi City is that it is a 100% local government-owned company and not a limited company. This basis has an effect on its organizational structure, which shows that the top management (president director) and the supervisory board are selected by the local government. The management holds internal meetings once a month and coordination meetings with the supervisory board once every three months. The supervisory board consists of three elements: local governments, customers, and experts.

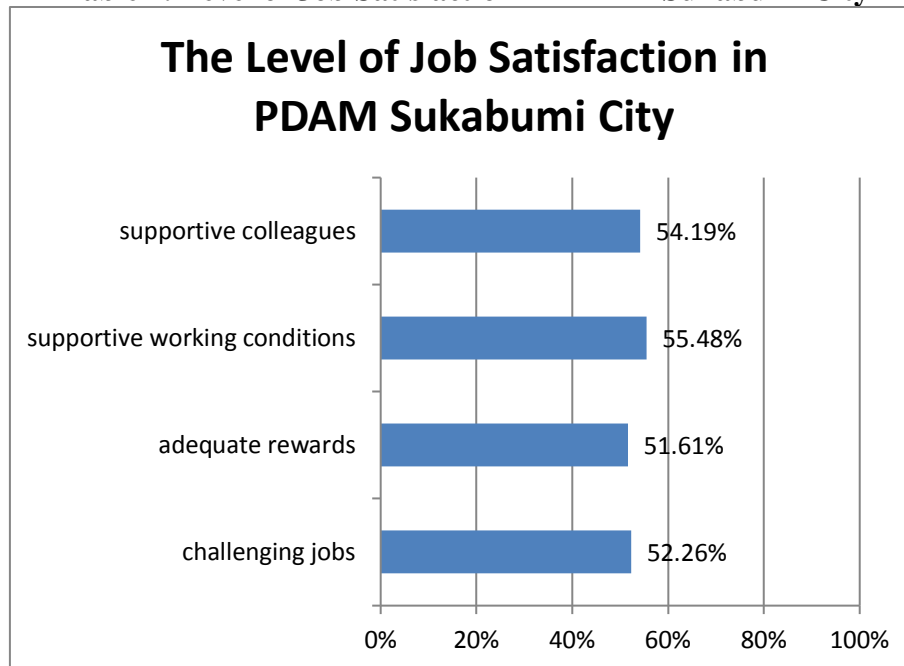
Currently, the PDAM in Sukabumi City has several priority objectives. First, it wants to add more tap connections to serve a larger number of consumers. Second, it needs to decrease the level of water leakage. Third, it needs to decrease the level of debt, which is approximately similar to the total assets currently owned by PDAM. To achieve these objectives, PDAM needs significant support from the local government, especially in decreasing its debt level, improving tax relief, and upgrading facilities. Therefore, PDAM can have good capability to compete with other firms and to provide better services for customers. Another advantage of PDAM Sukabumi is that its areas have good water sources. In addition, the operational costs can be lower because electricity is cheaper. PDAM Sukabumi uses a gravity system to distribute water, whereas the other PDAMs require pumps, which raise the electricity cost. Furthermore, PDAM Sukabumi supplies clear water because of the influence of Dutch technology. Meanwhile, the water supplied by other PDAMs need to be processed further, thereby raising the operational costs.

PDAM in Sukabumi City has 151 employees who realize that HRM implementation is a critical factor in maintaining company development. When this study was conducted, the company had just finished a job evaluation and workload analysis and continued with job rotation to ensure an improved work environment and experience. To maintain discipline, they have an internal supervisory board that can issue warnings for first, second, and third offences for every workplace violation before job termination. This aspect is important because workplace violations can negatively affect other employee performances. In terms of recruitment, the company rarely recruits inexperienced workers and prefers old, experienced workers who can adapt quickly to their duties. The last time that the company conducted open recruitment was in the 1990s. However, the management still pays attention to the selection process and sometimes hires an HR consultant to ensure that good employees are recruited. PDAM also has good plans for employee training and development. Regularly, the company sends selected employees to participate in training programs conducted by government institutions or private consultants. The only problem with such training programs is that oftentimes, the same person or group participates because of the limited competency of others. Aside from external training programs, an internal training program is also conducted. Usually, the topic is on financial management, general management, technical matters, and outbound activities. For the internal training program, which PDAM rarely conducts, the trainer may be one of the employees or an invited expert. The company is also experienced in transferring and adopting water treatment technology from certain institutions in the

Netherlands. In addition, PDAM already has good standard operating procedures for every activity. In terms of compensation, PDAM has a “sissy” compensation system, which means that although the company can manage the compensation system based on normal business needs, it still must follow the government’s compensation system. In addition, the financial schedule is similar to the government’s general financial schedule. These factors influence PDAM’s organizational culture to become highly similar to the culture of a government institution in general.

Table 2 shows that the employees of PDAM are satisfied with their jobs.

Table 2. Level of Job Satisfaction in PDAM Sukabumi City



The results presented in Table 2 are related to job satisfaction based on four dimensions adapted from Robbins (2002). As the data show, the aspect of job satisfaction with the highest level is supportive working conditions (55.48%), whereas the aspect with the lowest level is adequate rewards (51.61%). In the interviews, the employees said that the work at PDAM is challenging enough because they serve many different kinds of customers. They are grateful because so far, they are surrounded by supportive colleagues who make their jobs easier. Their only minor complaint is that they thought they should have more rewards, as they compared themselves with employees of PDAMs of other government-owned companies in Indonesia such as Pertamina (oil sector), PLN (electricity sector), or PNG (gas sector). They thought about this aspect because PDAM is owned by the regional government, whereas the other companies are owned by the central government. Indonesia had implemented Law No. 22 in 1999 and renewed it to Law No. 12 in 2008, which stipulates that the local or regional governments have greater authority to manage their territory, including all companies under their jurisdiction, through a decentralized model. At this point, if the regional and local governments cannot use their executive power to develop their companies, such as PDAM, then the business development of these companies would be hampered.

6. CONCLUSIONS AND RECOMMENDATIONS

According to the preceding description, the level of employee satisfaction in the regional government-owned drinking water company in Sukabumi is good enough as indicated by an above-average score of 53.49%. The study further shows that among the four aspects of employee satisfaction, the aspect with the highest rating is working conditions, which has a score of 55.48%. The aspect with the lowest rating is adequacy of salary, with a score of 51.61%. Interviews with employees show that they have fairly challenging jobs and are grateful for having supportive friends at work. However, they felt that they were paid considerably less than the employees of other similar companies in Indonesia. They believed this notion because PDAM is owned by the local government; thus, formulating a policy that is not influenced by political interests of the local government is difficult. In this case, the researchers recommend that the management of PDAM be transferred from the local or regional government to the central government. This recommendation can lead to improved efficiency of PDAM as well as increased allocations for salaries of its employees, thereby resulting in higher job satisfaction.

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