

CHAPTER I

INTRODUCTION

1.1. Background of the Research

Nowadays, business competition is getting tighter especially in Indonesia. In the fact, we can see, companies do marketing approachment to get the higher sales as many as possible, or getting new customers and keep the old customer who already existed before. Occurring the new market segmentation, short life cycle product for reborn of new product, and the changes of consumer behavior feels more important related with issues for entering a business competition.

For getting the rising expectation of customers, insurance industry should give contribution about how they can keep to retain the existed customer. Insurance industry provided many programs to protect the fundamental of people's health. As we know that the one of institutional for protect the employee in socio economic protection for the public, BPJS Employment, Purposes of BPJS Employment that existed in public for their responsibilities become one of social security in Indonesia, in order state's financial capabilities based from developing countries. In fact, the existing of social security program in Indonesia still limited for workers within in formal sectors.

As we know, begin in July 1st , 2015, BPJS Employment operated fully. It showed that the institutional national public had radically changed in implement a

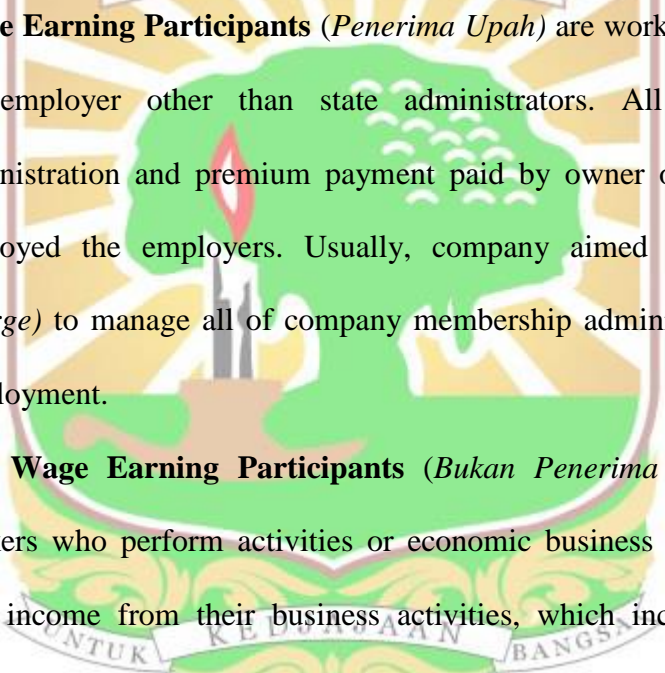
new social security system or *Sistem Jaminan Sosial Nasional* (SJSN) in Indonesia. Which is has the legal basis on SJSN law No. 40/2004, and law of No. 24/2011 that refered as Social Security Administrative Bodies (BPJS) law. Before, in this system had to unified which this administrative bodies in social security system had been separated in four stated owned enterprises or *Badan Usaha Milik Negara* (BUMN) included PT. Askes (Persero), PT. Jamsostek (Persero), PT. Taspen (Persero) and PT. Asabri (Persero).

Flared by the spirit from the top management, the company are willing to go through this big transformation to continuously improve its services to ensure the fulfillment of the needs of Indonesian worker's life. With the challenge to become "a customer centric" company not "product centric", excellent service is mandatory to gain zero complain. Management also realize that a world class social security with trust and credibility, their internal requires new spirit and rigorous training thus enables them to understand the true meaning of the new brand.

BPJS laws mandates the establishment of BPJS Health and BPJS Employment hold by PT. Askes (Persero), and PT. Jamsostek (Persero) from the stated owned enterprises into non-profit public legal entities. BPJS Employment must be completed for their transformation in January 1st, 2014 and operated in July 1st, 2015.

The changing transformation is not just the name limitation. But, this implementation bring big major task. Actually, the other components in legal,

governance, organization, staffing, competencies, job description, business process, and IT system needed to fulfill the proportions the formal sector into BPJS Employment which managing nationwide programs, coverage the formal and informal workers in thousands of employees. The targeted customers can be classified as two class based from website of BPJS Employment (www.bpjsketenagakerjaan.go.id) explained, there are :

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1. **Wage Earning Participants** (*Penerima Upah*) are workers who work on the employer other than state administrators. All of registration administration and premium payment paid by owner of company who employed the employees. Usually, company aimed PIC (*Person in Charge*) to manage all of company membership administration to BPJS Employment.
 2. **Non Wage Earning Participants** (*Bukan Penerima Upah/BPU*) are workers who perform activities or economic business independently to earn income from their business activities, which include: Employer; Workers without employment relationship or independent workers and workers who do not include workers without employment relationship which do not receive wages. Examples include motorcycle taxi driver, city transportation driver, peddler, Doctor, Lawyer / Advocate, Artist, and others.

Related BPJS Employment with fully operational system, noted with starting new era of social security system provide four programs which include:

1. Work Accident Benefits or *Jaminan Kecelakaan Kerja (JKK)*
2. Old Age Savings or *Jaminan Hari Tua (JHT)*
3. Death Benefits or *Jaminan Kematian (JK)*
4. Pension Benefits or *Jaminan Pensiun (JP)*

Besides the implementation of a more advanced systems, BPJS Employment programs not only provide the benefits to workers and employee, but also provide an important contribution to the improvement into the nation's of economic growth and welfare of Indonesia's Society.

Then the transformation of BPJS Employment occurred based on legal laws which stated by government, the contribution of keeping the long term relationship really huge needed in this institutional. BPJS Employment is the one of institutional public who implement Customer Relationship Management (CRM) in business-to-business context. Furthermore, to increase service quality and customer data management, BPJS Employment has Relationship Officer (RO) which is placed in marketing division as a bridge for relationship between customer and BPJS Employment. Essentially, Relationship Officer's roles are doing relationship or build the good relationship with customer, as the example manage the relationship or do relationship management, optimized the increasing of employment and premium

from PDS (*Perusahaan Data Sebagian*), then build the relationship with partners or other parties. Yet from other perspectives, Relationship Officer (RO) has another responsibilities which is characterized as an administrative task such as, collect customer data, manage targeted company's administration and arranged final job report.

By time passes, within increased total customer of BPJS Employment significantly, also it happened the dynamic changes of organization structure, it would be appeared obstacles or problems in data management (administrative task) and because of that, building the relationship approach with customer can't be effectively running. Recognizing from this phenomena, the administrative task of Relationship Officer (RO) dominated in daily routines activity, caused the essential for doing relationship approach task should be bigger than administrative task related from BPJS Employment's benchmark can't be realized, then also its impacted for the changing in implementation of Customer Relationship Management (CRM).

Then it showed of several impact can be feel by this institutional or BPJS Employment itself. This related cases started from the delayed premium payment that should be paid by company regularly every period of time. Second, decreasing performance for doing relationship approachment by Relationship Officer (RO) to main targeted customers or companies. Third, Relationship Officer (RO) do a lot of administration tasks rather that relationship approachment task. And last, increasing new customers couldn't be optimal for realization.

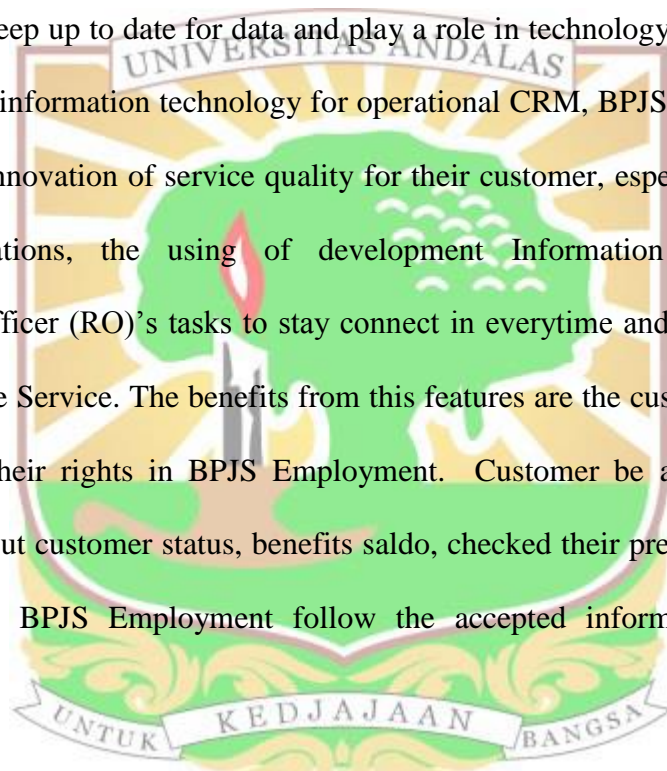
Researcher see the phenomena of Customer Relationship Management (CRM) business-to-business context adapted by BPJS Employment Padang branch. Because, directly BPJS Employment handled their customer for several companies, and maintain the customers with unusual and different treatment. Researcher aimed to takes the sample directly in BPJS Employment for 209 samples companies, from 908 companies listed in BPJS Employment Padang Branch.

Based on this reasons, CRM adoption can be an answer for developing longer relationship management based the principals of institutional. In marketing division programs, the essential of CRM program should be running, we can see here that how BPJS Employment make the concept which is standardized as customer centric not for product centric in details subjectivity. And other example that BPJS Employment should be retain the customer satisfaction and increases organizational performance in BPJS Employment. Describes in headline, the important thing to implement the basic of CRM should be hold as a perspectives of BPJS Employment. Because the main problem of movement or unbalancing Relationship Officer (RO)'s tasks. In fact, administrative tasks had already bigger than relationship approachment tasks besides the main focused tasks of Relationship Officer (RO)'s in BPJS Employment tasks is doing relationship approachment although for new either existed customer should be bigger.

BPJS Employment have to make the CRM organization as the leading of implementation Customer Relationship Management. As the example, CRM

programs organized by marketing division in a team that purposed for running the programs, optimized the customer focused management and make some commitment to convinced all of the customer in BPJS Employment. The needs to make an optimal way for stronger relationship management by employee performance.

The last for implementing process, BPJS Employment need the information technology to keep up to date for data and play a role in technology innovation. With using the using information technology for operational CRM, BPJS Employment had already doing innovation of service quality for their customer, especially from many various innovations, the using of development Information Technology in Relationship Officer (RO)'s tasks to stay connect in everytime and everywhere with BPJSTK Mobile Service. The benefits from this features are the customer can get the fulfillment of their rights in BPJS Employment. Customer be able to see all of information about customer status, benefits saldo, checked their premium that should be paid. Then, BPJS Employment follow the accepted information from their customer.



Based on this reasons, CRM in marketing program should be retain the customer satisfaction and increases organizational performance in BPJS Employment. Describes in headline, how Customer Relationship Management (CRM) adoption should be aligned from the principles of customer satisfaction, and also affect organizational performance because the main problem of movement or unbalancing Relationship Officer (RO)'s tasks. In fact, administrative tasks had already bigger

than relationship approachment tasks besides the main focused tasks of Relationship Officer (RO)'s in BPJS Employment tasks is doing relationship approachment although for new either existed customer should be bigger. This research made and want to know the indicators of dimension CRM adoption that developed by BPJS Employment in real practice. The concept of CRM in business-to-business context have the good phenomena, because in Indonesia, institutional or company still rarely to discuss the CRM in business-to-business context.

1.2. Problem Statement

Based on background of research in above before, so the problems in this research can be identified such as :

1. How Customer Relationship Management (CRM) adoption effect organizational performance ?
2. How Customer Relationship Management (CRM) adoption effect customer satisfaction ?
3. How customer satisfaction effect organizational performance ?

1.3. Objectives of the Research

The research that did by the writer have purposes to get relevant data in this identified problems, then be able to do research and summarized as the conclusion for the final thesis, here the objectives of research are :

1. To Know Customer Relationship Management (CRM) adoption effect organizational performance.
2. To Know Customer Relationship Management (CRM) adoption effect customer satisfaction.
3. To Know customer satisfaction effect organizational performance.

1.4. Contribution of the Research

This research has purposes to find out the best result which follow the structural of paper. Find the objectives results with accurate data.

1. For Institutional (BPJS Employment)

To fixed for many problems and obtacles inside institutional in relationship approachment activity, and it can be doing many initiatives with continuous environment in order to create excellent empowerment. So with this research, hopefully institutional can get better for their performance for persuade new customers and retaining existed customers.

2. For Person in Charge (Company)

Increasing knowledge for being people for representatives of company, and give the aspiration then open the mind about phenomena Customer Relationship Management business-to-business context that occur in their environment. And how process relationship management occurred around environment.

3. For Literature and Next Studies

The final result can be as a guidance for next research which is related to CRM adoption. Hopefully, the guidance can be indicators which is implemented in Customer Relationship Management (CRM) business-to-business context in Indonesia also for outside Indonesia.

1.5. Scope of Research

This research has a limited scope of analysis in terms of numbers of variables and object of the research. The researcher limits the research context by focusing to PIC or representatives of company who always come to BPJS Employment.

1.6. Outline of Research

In order to make it easier and make moderate the forwarding of content, this research is divided into five chapter:

CHAPTER I Contains about background to the research, problem statements, objectives of research, contributions of research, scope of research, and outline of research.

CHAPTER II This chapter contains the literature, theory, and last research related with this research. This chapter also contains the literature that evaluates indicators of dimension in CRM Adoption for this research, which are the dimension of customer-centric management, CRM organization, and operational CRM. Then to see the effect of customer

satisfaction and organizational performance and also this chapter contains theoretical framework of this research and previous studies supported the research.

CHAPTER III This chapter contains the explanation about research method which are research design, population and source of sample, type of data and variable measurement, research variables, operational definition, data analysis, test of instrumental (reflective and formative indicators), structural model test, and hypothesis testing.

CHAPTER IV This chapter contains the explanation about results and consist of characteristic of respondent (demographic profile company), descriptive analysis, structural measurement indicators part of CRM adoption (formative indicators), customer satisfaction and organizational performance (reflective indicators) and hypothesis testing.

CHAPTER V This chapter explain about conclusion of research, implication, limitation and recommendation for further research.

