CHAPTER I

INTRODUCTION

1.1. Background

Companies currently have different backgrounds of workers, such as ethnicity, culture, gender, education, family background, and quite diverse generations. This diversity can be a golden opportunity for the company to move forward because it creates a variety of perspectives, expertise and new ideas so that they can complement each other and discuss in making the best decisions. Currently, 4 generations contribute to each company, namely baby boomers, gen x, gen y (millennial), and gen z. According to a report from the Global Talent Trend of LinkedIn 2020, 89% of the sample reported that several generations were working together, this could be the key to the success of a company (LinkedIn, 2020).

Millennials are those who were born between 1980 and 2000 (Tanyel, Stuart, and Griffin, 2013; DeVaney 2015; Goldman Sachs Global Investment Research, 2020). According to data from the Central Statistics Agency (*Badan Pusat Statistik*), during 2020 the millennial generation in Indonesia will be 83 million people or 34% of the total population of Indonesia. In the labour force, the generation that works the most in companies is the millennial generation with a percentage of 40% (Ramli, 2020). Therefore, the millennial generation contributes the largest percentage of workers in Indonesia which is expected to bring the country to be more developed and prosperous. Therefore, all parties should pay

more attention in preparing this Y generation. Since millennials are described as the next key generation to drive change towards a better future with a variety of new challenges in the world of economy, politics and the environment (Grotkamp et al 2020).

Several things can affect individual performance in the company; such as leadership style and employee engagement. Each generation has its leadership style because each generation has different characteristics and ways of thinking. Currently, there are many companies' leaders come from the baby boomers generation and the generation they lead is majorly the millennial generation. Baby boomers are known to be more polite, hardworking, group-oriented, ethical and educated. While several works of literature mention stereotypes of Y generation as having high levels of self-confidence, high demand for feedback (Weldy, 2020), and a strong relationship with technology (Özcelik, 2015).

The fundamental difference that occurs between the two generations is expertise in operating technology. Millennials are generally tech-savvy where they cannot be separated from technology in their daily activities including work, while the baby boomers generation is not too expert at using technology at work (Deloitte Indonesia Perspectives, 2019). This difference is a problem for workers today where the leadership style used by these leaders is adjusted to the characteristics and expectations they want, not according to the younger generation they lead, which causes conflicts that affect company performance.

The performance of employees at work is very important for the company to ensure the organizational goals will be achieved. Therefore, companies must

pay attention to the adopted leadership style to align with the abilities and characteristics of various generations, especially the millennial generation who are currently the largest workers in the labor force. If the company does not resolve the gap between generations, it will result in unsatisfactory quality performance for the millennial generation. On the other hand, if the company can solve these problems, it will get maximum performance from its employees because of the creation of intergenerational collaboration that can complement each other in carrying out tasks and making decisions.

At work, the millennial generation has an open-minded character, upholds freedom, and is courageous in taking action so that they tend to be responsive and critical if the system in their workplace does not support their work such as information disclosure or curbing creativity, they do not hesitate to decide to go out looking for other opportunities and new challenges (Kemenppa Thematic Gender Statistics, 2018). Therefore, the millennial generation always considers the organization they work for which they think is more comfortable, more flexible, and following their principles.

Companies need to prepare the adjusted employee engagement strategy for the millennial generation because of its characteristics that are curious for knowledge, digital literate, do not like routine, consumptive, working because of passion and prioritize work facilities and appreciation (Sari, 2019). Looking at its characteristics, if the company does not have employee engagement, the performance of millennial employees will decrease because they feel bored and probably can lose potential people and create high turnover rates. Companies can

use a preventive approach and human resource management strategies so that problems related to the gap between generations can be minimized, and in fact they can make this difference a value-added force to boost the company's performance.

Based on the descriptions above, it can be concluded that leadership style and employee engagement are factors that can affect employee performance. Therefore, the author intended to raise this problem and discuss it in a research study entitled "Analysis of Leadership Styles, Human Resource Practices, Employee Engagement And Performance of Millennial Generation". The purpose of this study is to analyse the influence of the relationship between leadership style and employee engagement on millennial generation in Jakarta and Tangerang area. A survey addressed to millennials who already have work experiences. Respondents answered questionnaires about their perceptions of empowering leadership, directive leadership, employee engagement, human resource practices and employee performance.

The author demonstrates the potential for leaders to create employee engagement and its impact on individual performance, pointing out the emergent importance of the company's role to be involved in the leadership process by determining the appropriate leader profile and the emergent need to establish clear practices and criteria for their actions in relation to the millennial generation. The author chose research locations in the Jakarta and Tangerang areas due to many factors that support the fulfilment of all the research criteria. The first is that researchers need respondents who have a higher education background. Jakarta

and Tangerang are considered urban areas, based on the statistics provided by BPS-Statistics Indonesia that the millennial generation who completed university in urban areas was 13.19 percent higher than in rural areas, which was 5.63 percent (Kemenppa, 2019:41). The differences between these regions cannot be separated from the imbalance of quality of education and the distance to educational infrastructure. Research also states that the millennial generation who completed education at the diploma / university level was DKI Jakarta Province at 20.43 percent (Kemenppa, 2019:41). Furthermore, it is caused by the concentration of the dominant millennial group in Java island. This region accounts for at least 53.95 percent of the total millennial group in Indonesia or 35 million people. Banten and DKI Jakarta provinces are in the fifth and sixth positions, with the respective proportions of 5.23 percent (3 million population) and 4.25 percent (2 million population) percent respectively (Tirto.id, 2018).

1.2. Problem Statement

1. Does employee engagement influence the performance of Millennial generation professionals?

2. Does the Millennial generation's perception of directive leadership influence human resource practices?

3. Does the Millennial generation's perception of directive leadership influence employee performance?

4. Does the Millennial generation's perception of empowering leadership influence employee engagement?

5. Does the Millennial generation's perception of empowering leadership influence human resource practices?

6. Does the Millennial generation's perception of empowering leadership influence employee performance?

7. Does the Millennial generation's perception of human resource practices influence employee performance?

8. Does the Millennial generation's perception of human resource practices influence employee engagement?

9. Does the effect of Generation Y's perception of human resource practices moderate the relationship between the perception of empowering leadership and individual performance?

10. Does the influence of the Millennial generation's perception of human resource practices moderate the relationship between the perception of directive leadership and individual performance?

1.3. Research Purposes

This research aims to:

1. To determine the effect of engagement on the performance of Millennial generation professionals.

2. To determine the effect of the Millennial generation's perception of directive leadership on human resource practices.

3. To determine the effect of the Millennial generation's perception of directive leadership on performance.

4. To determine the effect of the Millennial generation's perception of empowering leadership on engagement.

5. To determine the effect of the Millennial generation's perception of empowering leadership on human resource practices.

6. To determine the effect of the Millennial generation's perception of empowering leadership on performance.

7. To determine the effect of the Millennial generation's perception of human resource practices on performance.

8. To determine the effect of the Millennial generation's perception of human resource practices on engagement.

9. To determine the effect of Generation Y's perception of human resource practices moderates the relationship between the perception of empowering leadership and individual performance.

10. To determine the influence of the Millennial generation's perception of human resource practices moderates the relationship between the perception of directive leadership and individual performance.

1.4. Scope of the Problem

In this study, the researcher intended to examine the millennial generation in the Tangerang area who were born between 1980-1995, have work experience and were carried out higher education in business.

1.5.   Research Benefits

Depending on the research goals to be accomplished, this research is supposed to have direct or indirect benefits in the field of education. The benefits of this research are as follows:

1. Practical Benefits

   As a guide or guideline for organizations to be active in the leadership process by identifying suitable leadership profiles and setting specific standards for their activities towards the Millennium Generation.

2. General Purpose

   Information and awareness on the effects of the relationship between leadership and engagement on the individual success of the millennial generation in Tangerang.

1.6.   Writing System

The writing systematics used in this research report are as follows:

CHAPTER I   INTRODUCTION

This chapter will discuss the background of the problem, problem formulation, research objectives, research benefits, and writing systematics.

CHAPTER II LITERATURE REVIEW

This chapter discusses the theories used to support research, the theoretical basis used is expected to help in determining the

relationship between empowering leadership, directive leadership, engagement, and human resource practices.

CHAPTER III RESEARCH METHOD

This chapter will discuss the research methods used in research including the research paradigm, the type of research, the research strategy, the study setting, the extend of the research interface, the unit of analysis, the time horizon, the data collection methods, the design and number of samples, measurement, and data analysis methods.

CHAPTER IV DISCUSSION

This chapter discusses the data analysis and discussion of problem-solving described in chapter I.

CHAPTER V CONCLUSIONS, SUGGESTIONS, AND RECOMMENDATIONS

This chapter contains conclusions, suggestions, and recommendations drawn from the discussion in the previous chapter. The suggestions given are expected in the research study and used by related parties and readers.