

CHAPTER I

INTRODUCTION

This chapter will explain the background, and problem statement. It will then be followed by research: purpose, objectives, benefits, and the limitations. The chapter will cover the whole reasons for the research.

1.1 Background

Companies need candidates to do their job tasks. Therefore, human resource is needed evaluate and find the right people to do tasks and performances (Hatch and Cunliffe 2013:4).

Employees are an important asset in organizations for businesses to grow and sustaining positive relationships as they are provided with their given job tasks in the organizations and their ability to shift the perspective of firms outside. In order to keep the positive relationship, most organizations made systematic communication programs in order to keep employees updated on what is going on around the organization. Corporate communication, executives, managers and are mostly involved in the process. It was found that when organizations gave information of one's job roles and operations of organization to employees, they are more like to be engaged in working and their commitment to the organization will increase (Walden, Jung, Catherine, 2017).

Various news has speculated that companies find it difficult to keep millennials working for them. It turns out millennials are switching jobs faster than previous generations (The Economic Times, 2018). Deloitte did a survey on millennials of their work called “The 2018 Millennial Survey” and found that 43% of them plan to resign after two years (Friedman 2018). This may mean that companies today are lacking on obtaining their job commitment and engagement. Since millennials are soon taking over, it is important to know the character of this generation.

Millennials are the generation born between 1981-2000 (Ali & Purwandi:13), and they are noted to be a challenge in the workforce, which is why companies need to understand their work expectations demographic. Particularly, now in Indonesia, millennials are populating about 79.75 million (33.56%). This gives a challenge to organizations as they do their best to manage the new and old generations and fulfill their job expectations and demands (Prasetyo, Widodo, and Saragih, 2016). The Y generations are passionate, tech-savvy, love collaborations, and are willing to gain feedbacks. As seen here, they prefer to be very open in communication (Randolph & Randolph, 2016).

However, recent news has announced that 45% of millennials in America struggle at work with mental health issue more than previous generations (Petronzio, 2015). Their ‘passion to work’ characteristics became questionable if this keeps happening to different companies.

As the result, some companies may find them the opposite of who they really are: lazy, impatient, and selfish- in other words: the unmanageable generation. If this stereotype is still implemented in their mindset, not acknowledging Millennials, they may slowly leave the company after some years, resulting to high cost of employee turnover and corporations themselves will soon be lacking of employees and unable to serve customers properly (Randolph & Randolph, 2016).

The statements above were taken from America, the table shown here is the data from Asia. As seen from the data below, Indonesia is one of the least engaged countries in the workforce, falling behind Philippines. This will be a problem if it does not change as it may be at the verge of falling behind (Azahar, 2017).



Figure 1.1: Employee Engagement in Asia 2017 Azahar, W. (2017, March 27). *Human Resources Online*. Retrieved from Employees in Singapore are one of the least engaged in APAC: <https://www.humanresourcesonline.net/employees-in-singapore-are-one-of-the-least-engaged-in-apac/>

The data above are all mixed generations and they are a total of surveys collected by AON Hewitt in 2017. They covered more than five million employee feedbacks around the world from more than 60 industries. It was shown that 61% of employees in Indonesia are engaged (Azahar, 2017). This may also mean that employees are either in the verge of disengaged or engaged, not giving its full potential to the workplace.

But because it is a data of total employees with no classifications, therefore we do not know what kind of people is engaged. As this looks to the Millennial, there was another study conducted on them in the workplace of Indonesia.



Figure 1.2: Data of Millennials who are engaged in their workplace in Indonesia (Triwijanarko, R. (2017, October 27). *Hanya 25% Karyawan Millennials yang Loyal dengan Kantornya*. Retrieved from Marketeers: <http://marketeers.com/karyawan-milenial-yang-loyal/>)

The research was conducted by Dale Carnegie Indonesia who distributed surveys for 1,200 employees who are millennials. From the data

result, the engagement clarifications were divided into 3: Fully engaged, partially engaged, and disengaged. As seen above, only 25% of Millennials in Indonesia are fully engaged in their workplace (Triwijanarko, 2017; Pertiwi 2018).

Deloitte (2016) did a survey on 7,700 Millennials, born after 1982, from 29 countries around the world. These participants obtained a university degree and working fulltime in big (more than 100 employees) organizations from private sectors.

Figure 1: Two in three Millennials expect to leave by 2020
Percentage who expect to leave in the next...

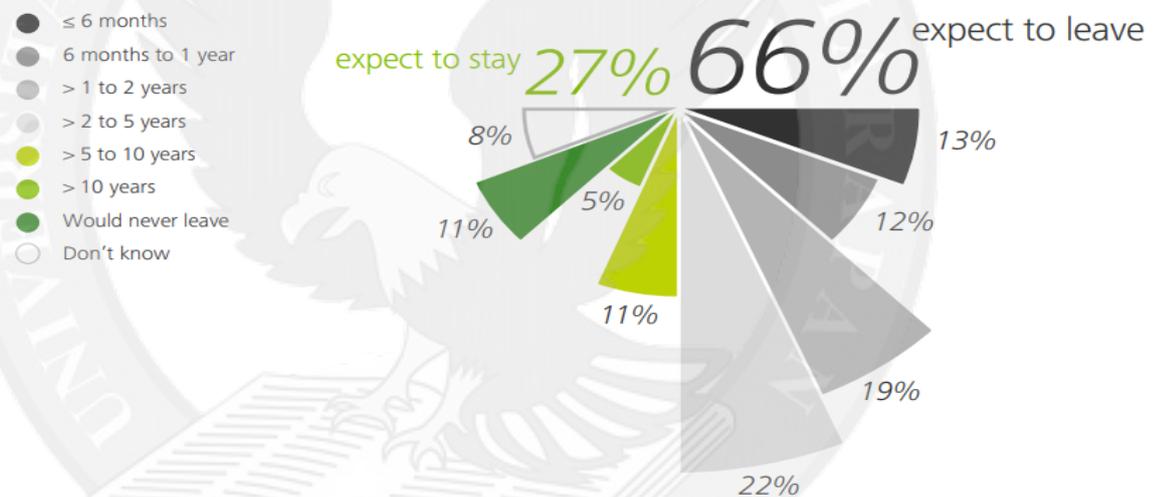


Figure 1.3: Millennials expectant period on leaving the organization (Deloitte. (2016). *The 2016 Deloitte Millennial Survey*. Deloitte Touche Tohmatsu Limited.

As seen above, 66% of Millennials were hoping to leave after five years, and the majority is was 22% of them expected to leave after 2 years. This means that after a few years or some time, Millennials do not plan to commit much to the organization.

Figure 2: Millennials in emerging markets are the least loyal to their current organizations
Percentage who expect to leave in the next five years

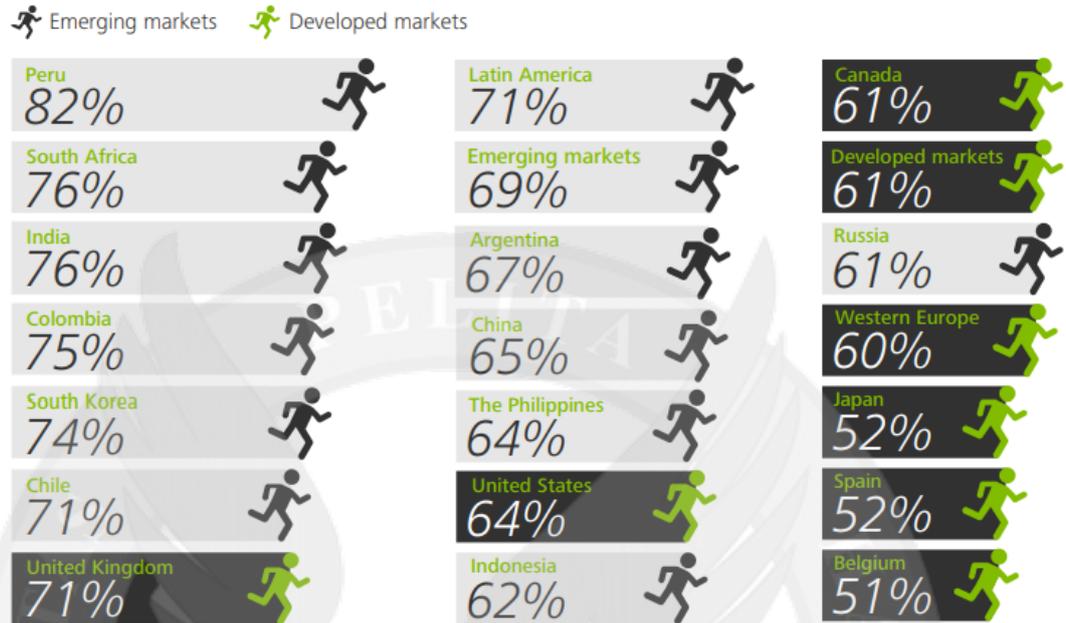


Figure 1.4: Organizational commitment of Millennials in countries around the world (Deloitte. (2016). *The 2016 Deloitte Millennial Survey*. Deloitte Touche Tohmatsu Limited)

The millennials surveyed in the 29 countries wanted to quit before 2020 passed. The figure above showed that: Indonesia is one of the countries where 62% of Millennials are at the verge on quitting their organizations. Even when they have senior positions, they still hope to leave soon (Deloitte, 2016). As seen here, there is not much commitment to stay longer at their current organization and have no interest to continue their future.

The real root of their struggle is that they are lacking of job engagement, resulting to reduce of commitment. Job engagement is an important aspect for work. According to studies, job engagement is known to be a positive and satisfying mind state as it contains effort, dedication, and focus in work. All in all, it created a sense of determination to work and

finish the tasks (Walden, Jung, and Westerman, 2017). When Deloitte (2016) asked the Millennials their reasons for not staying in their current workplace is because of the lack of leadership.

The reason this became an attention to do the research is because Millennials are about to take over the workplaces in the near future and they are the new generations who will continue them. This generation is entirely different than other generations because they live in a world and society where many different technologies have helped their lives so much (Ali and Purwandi 2017).

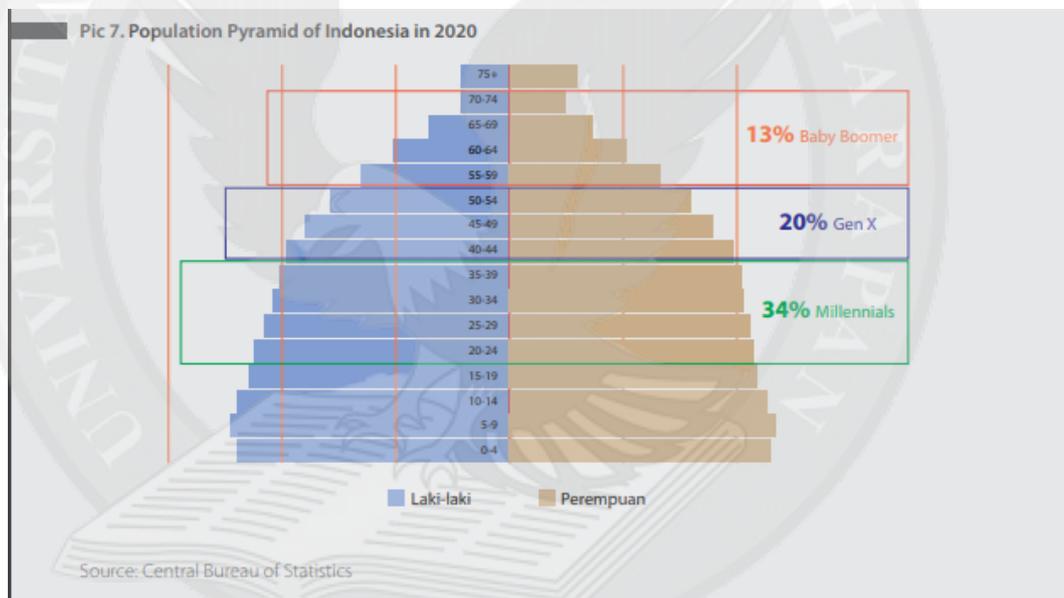


Figure 1.5: Demographic of Indonesia based on generations (Ali, H., & Purwandi, L. (2016). *INDONESIA 2020: The Urban Middle-Class Millennials*. Jakarta: ALVARA RESEARCH CENTER).

As seen above, there are more millennials today than previous generations in Indonesia. By 2020, Millennials will fit into the bones of Indonesia's economy as they will be both worker and buyers entirely (Ali & Purwandi, 2016). This means companies are going to need to prepare their

organizations for millennials to work at, because this generation is very different with previous ones (Gibson & Sodeman 2014:64).

Younger generations are already in the stage of working productivity. In February 2018, it is mentioned that in Jakarta, there are 5,139,000 workers in the workforces (BPS, 2018:2) and Tangerang reached 1,460,000 (Kurniawan, 2018). The table below shows the amount of productivity levels based on their age.

Gambar 1. Jumlah Penduduk Bekerja menurut Kelompok Umur dan Jenis Kelamin di DKI Jakarta, Agustus 2017

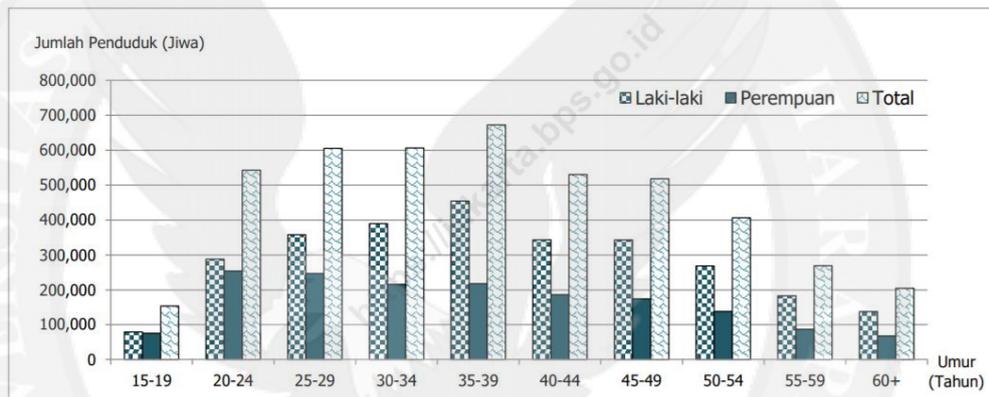


Figure 1.6: The number of active workers in Jakarta (Badan Pusat Statistik (2017). *Labor Force Situation In DKI Jakarta, August 2017*. Jakarta: Badan Pusat Statistik Provinsi DKI Jakarta)

As seen above, the number of people from age 15-39 are far more than age 40-44 in Jakarta. Showing that the millennial generations are about to be caught up by generation Z and that they are contributing for the economy of Jakarta. Tangerang have the same situation where there are 64% young adults are in and entering their productive working age. Tangerang government is already encouraging them to work (Aditiasari 2016).

As said before, the problem today is that millennials are not committed to work longer for an organization and fully engaged to work in Indonesia.

Their job engagement is also lower in Asia and those data are with all the generations combined. As said before, millennials prefer open communications with each other. Therefore, this study will find out if there is relationship between three aspects of information with job engagement and organization commitment.

1.2 Problem Statement

As stated before, with Millennials resigning their organizations in less than two years, organizations are investigating why did this happen. From the given researches and studies, it is therefore worth the investigation on employee communication, job engagement, and organizational commitment. Therefore, this research will be investigating whether:

1. Is there a positive relation between information-flow quality and job engagement?
2. Is there a positive relation between information adequacy and job engagement?
3. Is the level of perceive interaction support at work will be positively related to job engagement?
4. Is information-flow quality positively related to employee perception of commitment to their organizations?
5. Is information-adequacy positively related to employee perception of commitment to their organizations?

6. Is the level of perceived support at work positively related to employee perception of commitment to their organizations?
7. Does Employees' level of job engagement mediate the relationship between perceived quality of employee communication and organizational commitment?

1.3 Research Purpose

The purpose of this research is to understand the reason millennials working in organizations tend to have a shorter work-life spans than previous generations. Additionally, to see what engages them to work. This research will explore the different reasons of: what are the factors influencing organizational commitment and job engagement. By doing this, organizations can further understand the generation and able to keep them without constantly hiring and training again.

The main purpose of this research is to find out the relationships between the prosed variables that can affect the Millennials. Therefore, this research is going to investigate:

1. The relationship between job engagement and employee-organization relationships.
2. The relationship between information flow and job engagement
3. The relationship between information adequacy and job engagement

4. The relationship between perceive interaction support and job engagement
5. The relationship between information-flow quality and perception of commitment
6. The relationship between information-adequacy and perception of commitment
7. The relationship between level of perceived support and employee perception of commitment.
8. Employees' level of job engagement and perceived quality of employee communication and organizational commitment.

1.4 Research Limitation

It is also needed to be considered that this research may not be able to cover a lot of investigations.

1. This research is only applicable for Millennials, in the future; it would help if this study is conducted for other generations.
2. Different generations of employees may have different opinions on information flow, adequacy, and support. Therefore, their opinion on job engagement and commitment may be different other than Millennials.
3. There can be gender imbalances.
4. This study will only be conducted to millennials of managers and non-managers.

5. It is worth to research leadership styles that may be suitable for employees; however, this research does not cover that.
6. Questionnaires will only be spread out in Jakarta and Tangerang.
7. The questions in the questionnaire are universal, meaning that there is no specific industry or type of organization given out.

1.5 Research Benefit

This research will contribute for human resources of organizations that are going to handle Millennials, dealing with psychology of job engagements in their workforces by enriching the employee-organization relationship through communication as the jobs were provided.

1.6 Systematically Writing

Chapter I: Introduction

This chapter discusses about the background to this research, the problem statement, the purpose of this study, as well as the benefit of this research.

Chapter II: Conceptual Model

Chapter 2 explains the literature review that is related to the “Employee communications, job engagements, and organizational commitments: a study of the millennials

generations” research. This chapter will connect the variables, the variable hypothesis and the conceptual structure of the variables.

Chapter III: Research Method

Chapter 3 explains the various tools used to present the result of this research. The tools are: variable identification, definition variable operational variable measurement, and source of data and methods of collecting the data.

Chapter IV: Results and Discussion

Chapter 4 explains and elaborates the data that is gained from the questionnaires. In this chapter, the result of the data and the interrelation between variables will be presented in detail.

Chapter V: Conclusion and Recommendation

Chapter 5 is the final chapter and it will explain the conclusion of this research and the suggestion to improve this study.