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AND THE 4th INTERNATIONAL CONFERENCE
ON BUSINESS AND BANKING INNOVATIONS**

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The 4th ICOBBI

*The Strategy of Digital in Business
for Gaining Competitive Advantages after Pandemic*



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**Proceeding Book of
The 4th International Conference on Business and Banking Innovations
(ICOBBI) 2022
“The Strategy of Digitalization in Business for Gaining Competitive
Advantages after Pandemic”**

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1. Dr. Ronny, S.Kom., M.Kom., M.H.
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FOREWORD

Alhamdulillah, praise be to Allah Subhanahu Wa Ta'ala for granting us the opportunity to organize and publish the proceedings of the 4th International Conference on Business and Banking Innovations (ICOBBI) with the topic “The Strategy of Digitalization in Business for Gaining Competitive Advantages after Pandemic”. This proceeding contains several researches articles from many fields in Business & Marketing, Banking & Sharia Banking, Accounting & Financial Management, Human Resources Management, Operations Management, Investasi, Insurance & Capital Market, Strategic Management, Technology Management, and Information System.

The 4th International Conference on Business and Banking Innovations was held on 29th January 2022 by virtual (online) zoom meeting and organized by the Master Management Study Program of Universitas Hayam Wuruk Perbanas in Collaboration with five Higher Education Institutions in Indonesia and three Universities from Asia countries. Keynote speakers in this conference were: Chonlatis Darawong, P.hD (Sripatum University, Thailand), Associate Prof. Dr. Elisha Nasrudin (University of Science, Malaysia), Dr. Sanju Kumar Singh (Postdoctoral Fellowship in Universitas Airlangga, Tribhuvan University Nepal) and Prof. Dr. Abdul Mongid, MA., P.hD (Universitas Hayam Wuruk Perbanas, Indonesia).

I would like to give high appreciation to the Rector of Universitas Hayam Wuruk Perbanas for his support at this event. Acknowledgments and thank you to all the steering and organizing committees of the ICOBBI for the extra ordinary effort during the conference until this proceeding published. Thank you very much to all presenter and delegates from various Universities. Beside it, I would like to express our gratitude to the three universities, namely Universitas 17 Agustus Surabaya, STIE YKPN Yogyakarta, Universitas Negeri Gorontalo, Universitas Surabaya and Universitas Muhammadiyah Surakarta which has been the co-host of this event.

Hopefully, the proceeding will become a reference for academics and practitioners, especially the business and banking industry to get benefit from the various results of the research field of Business and Banking associated with Information Technology. Proceedings also can be accessed online on the website <http://eprints.perbanas.ac.id/>

Chair of the Master Management Study Program
Universitas Hayam Wuruk Perbanas

Prof. Dr. Tatik Suryani, M.M.



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DETERMINANTS OF MILLENNIALS EMPLOYEE ENGAGEMENT IN INDONESIA SYSTEMATIC LITERATURE REVIEW

Febby Ayu Ramadhani¹, Tatik Suryani²

¹ Universitas Hayam Wuruk Perbanas, Jl Wonorejo 16 Rungkut, Surabaya, 60296, East Java, Indonesia

² Universitas Hayam Wuruk Perbanas, Jl Wonorejo 16 Rungkut, Surabaya, 60296, East Java, Indonesia

Email: 2020610497@Students.perbanas.ac.id and tatik@perbanas.ac.id

ABSTRACT

Based on the 2020 census conducted by Badan Pusat Statistik (BPS) Indonesia, 25.87 percent or as much as 69.90 million Indonesian are Millennials; this makes millennials the majority population and the backbone of the Indonesian economy. Along with the globalization and the development of science and technology in Indonesia that caused global competition and a shift in most workforce generation, many companies face changes in most productive age employees from baby boomer to millennials. This generation is unique; they can be one of the most skilled groups in the company. But, they have higher expectations and demand for a balance between work and personal life to the perceived low level of engagement to work and companies. According to that, now is the right time for human resources (HR) to take this opportunity to create a compelling and appropriate strategy to increase employee engagement and get the best millennial talent needed by the company. This study explores factors antecedents of employee engagements based on a systematic review from theory and previous research related in many countries and analyzed based on millennials employees in Indonesia context. Therefore, it can be proposed propositions formulation: reward & recognition, work-life balance, training & development, perceived supervisor support (PSS), and perceived organizational support (POS) are the main determinants of millennials' employee engagement in Indonesia. The implication in this study, it is preferred to conduct empirical research to examine the propositions.

Keywords: *Millennials, Employee Engagement, Work-Life Balance, Training & Development, Perceived Supervisor Support (PSS), Perceived Organizational Support (POS).*

1. INTRODUCTION

There are two groups in Indonesia's population based on the age population: productive age (fifteen to sixty years old) and non-productive age (zero to fourteen years old and sixty-five years old above). Based on the 2020 census conducted by Badan Pusat Statistik (BPS) Indonesia, the percentage of the productive age is 70.72% of the population, which consists of two-generation. Z generation with 27.94 percent of the total population and Y generation or more familiar called the millennial generation is 25.87 percent or as much as 69.90 million people. The majority population in the productive age category is from the Millennial generation.

Along with the globalization and disruption era, the business world from various fields has changed. The development of science and technology caused global competition that was increasingly wide open, and a shift in most workforce generation occurred. On the other hand, many companies face changes in most of the productive age, where workers from the baby boomer

generation begin to enter retirement; this makes the millennial largest generation that has and will come to work. Based on Gallup's voting research, currently, six out of ten millennials are in the process of finding job opportunities. The study implies that now is the right time for human resources (HR) to take this opportunity to create a compelling and appropriate strategy to increase employee engagement and get the best millennial talent needed by the company.

One of the specialties that make millennials unique is the respect for ethnic and cultural diversity. This generation also respects full equality of work for women, and the highlight is the understanding of better technology increased (Hawkins et al., 2007). The most significant difference that makes millennials diverse from other generations is that they grew up with technology and are more comfortable with and use it far more extensively, which carved their culture with "on-demand" expectations for their desire and purpose. Naturally, this culture brings many benefits to the company to embrace the digital revolution in all parts, and with the right resource, innovation can abound.

Millennials live in a fast evolution, so they have adapted to changes, which is also a benefit for the company knowing that they are flexible and adaptable – resilient to change. Millennials grew up taught to collaborate, share their thought and create projects together; that is an excellent opportunity for the company to embrace this skill and manage it to make the most of teamwork. Millennials are pleased to move around the company and have more than one role in fulfilling their work experience. This flexible attitude can also be an advantage for the company during the hard times of economic climes. This generation can be one of the most skilled groups in the company and therefore have higher expectations about what they will get in return for their work, such as reward, compensation, recognition, and development. On the other hand, arises issues to this generation, millennials demand a balance between work and personal life (work-life balance), needs of facilities and the quality of the working environment to the perceived low level of engagement to work and companies when compared to the other generations (Garry Cattermole, 2018). Therefore, it is essential to know the factors influencing the millennial generation's employee engagement.

Employee engagement is a positive work behavior that impacts the increasing activity level and identifying company goals. Employee engagement can also be interpreted as an emotional and intellectual commitment by workers to the company (Baumruk 2004, Richman 2006 and Shaw 2005). When workers have a high employee engagement in the company, they are aware of the business and work for which they are responsible. This awareness makes employees voluntarily work by giving their best effort and abilities to achieve their company goals. Research conducted by Gallup, 2010 shows that workers who have an engaged sense of the company are more productive than disengaged.

This research analyzes what factors affect employee engagement of the millennials in Indonesia by studying private companies' employees. The company needs to know the preferences or characteristics of the millennials so that companies can develop effective strategies to create and enhance employee engagement. A company will not be able to run without being supported by human resources that are handy and following the company's vision mission. Therefore, companies need to invest in human resources and create employee engagement.

Of the many factors that influence employee engagement, this study will use factors that tend to be an essential factor for the millennial generation in a career selection: reward & recognition, work-life balance, training & development, perceived supervisor support (PSS), and perceived organizational support (POS).

2. LITERATURE REVIEW DISCUSSION

2.1. Millennials

Zemke et al. (2000) suggested that people born within a particular period and shared significant life experiences and events can be distinguished from other cohorts. In addition, cohorts that share the same period of birth year and experience similar social, cultural, and historical events during their formative years are predisposed to specific values and perspectives that tend to persist over time (Deal & Brown, 2007). Strauss and Howe (1991) described four types of generational cohorts in the workforce; the Silent Generation, the Baby Boomers, Generation X, and the Millennials or Generation Y. The years of birth that define millennials are still debatable and inconsistent between researchers. According to Arsenault (2004), millennials were born in 1981 – 2000, Kowske, Rasch & Wiley (2010) stated millennials are born within 1982-2005, Twenge & Campbel research (2010) defined millennials born in 1980- 2000. The most common birth years throughout the literature consist of a millennial individual born between 1982 to approximately 2000. As stated in BPS census 2020, this study will use the year born from 1981-1996.

2.1.1. Work Characteristic of Millenials

There are studies about millennials in various workplace contexts. The study shows this generation's values and character result from conditions present through their formation. They are well educated, profound in technology, have a high confidence level, multi-task, and have plenty of energy. They also have high expectations for themselves and prefer to work in teams. Millennials are known as challenges seekers, yet work-life balance is of the utmost importance (Gilbert, 2011). Busch et al. (2008) found that millennials need recognition for their work; they feel an ownership of their work; uphold workplace idealism, and are very empathic. The researcher also found that this generation prefers open and optimistic managers who empower them in their position (Broadbridge et al., 2007) and appreciate a genuine leader.

Nevertheless, the researcher also found less need for engagement and loyalty to an organization (Wong et al., 2008). Millennials prefer a workplace with less hierarchy (Smith, 2008), do not want to be micromanaged (Martin, 2005), they expect different workplaces and challenge the existing status quo, where age does not represent expertise (Twenge & Campbell, 2010; Busch et al., 2008). Millennials expect their work to be engaging, and the organization is open to various forms of communication (Twenge & Campbell, 2010). Millennials want to work in an organization that gives them meaningful work and cultivates a high level of social interaction and teamwork. This generation constantly seeks opportunity and has a high interest in an organization that invests in human resources. Bona et

al. stated that millennials prefer to get extrinsic rewards such as money or a week of vacation rather than intrinsic. Also, Bona et al. stated that millennials are more likely engaged when an employee receives immediate success.

However, this generation is also known as the "me" generation that includes laziness, entitlement, self-obsessed, and easy to distract. This generation is also called "flighty employees" (Baura, Buckley, and Viechnicki, 2015), which means they rarely stay in an organization for a long time before they jump to another.

The utmost priorities for Millennials are compensation, flexible work schedule, having trust in the organization's leadership, receiving benefits, and getting professional development opportunities (Karen, 2019).

2.2. Social Exchange Theory

According to Homans's research in 1958, social exchange theory combines psychology, economics, and group theories and further suggests that social relationships have positive and negative outcomes for individuals. A person will maintain a relationship if the relationship has a positive outcome; otherwise, they will not pursue the relationship. Saks (2006) stated that the relationship within the organization is based on similar rules of exchange. When a person concludes their specific needs are met, they will respond with an increasing level of engagement; thus, an "exchange" occurs (Cropanzano & Mitchell, 2005). Saks posited that levels of engagement would increase when workers get rewarded with resources and encouraged. One way for a person to repay their organization is through their engagement. Employees will engage themselves to varying levels and respond to the benefit they receive from their organization (Saks, 2006).

Social Exchange theory demonstrate that employee who receives their socioeconomic resource from their organization and perceives their support may have a feeling of obligation to respond in kind and repay the organization in some form (Saks, 2006; Treneisha, 2018)

2.3. Employee Engagement

The definition of employee engagement varies greatly, starting from Kahn, 1990; Kowske et al., 2009; Saks, 2006; Shuck & Herd, 2012; Baumruk, 2004; Richman, 2006 and others. Saks (2006) emphasized that employees are engaged when absorbed in their work intellectually and emotionally; they also perform their best effort to help the organization achieve goals. Based on Chiumento's study in 2007, he described employee engagement as a positive relationship between employees and the company. An employee with a high level of engagement will give their extra effort without needing to be asked because they assume that it is an investment in the relationship with the company, like a mutual benefit. When an employee is interested in their

work, they have positive energy, always give their best performance, and voluntarily do things that exceed the company's expectations, not because of coercion but because of their beliefs and willingness (Blaha et al., 2013).

According to Schaufeli et al., 2009 employee engagement consists of three elements, namely vigor, dedication, absorption.

1. *Vigor* is a form of engagement for an employee reflected by physical and mental strength while working.
2. *Dedication* is the emotional attachment of employees to their work.
3. *Absorption* is an employee engagement that reflects in the employee's behavior, feeling happy to drown, having a high concentration, and seriously doing the work.

Various tools measure employee engagement from previous research, such as the Utrecht Work Engagement Scale (UWES) developed by Schaufeli and Baker in 2013. This study will use another measurement tool from Gallup, using the 12 questions covering basic needs, management support, teamwork, and growth. The 12 questions are as follows :

1. Do you know what is expected of you at work ?
2. Do you have the materials and equipment to do your work right?
3. At work do you have the opportunity to do what you do best every day?
4. In the last seven days , do you have received recognition or praise for doing good work?
5. Does your supervisor, or someone at work, seem to care about you as a person?
6. Is there someone at work who encourages your development?
7. At work, do your opinion seem to count?
8. Does the mission / purpose of your company make you feel your job is important?
9. Are your associate (fellow employee) committed to doing quality work?
10. Do you have a best friend at work?
11. In the last six months , has someone at work talked to you about your progress?
12. In the last year, have you had opportunity to learn and grow?

2.4. Rewards & Recognition

A *reward* is a form of appreciation companies give for their performance to motivate employees. Rewards are often associated with incentives to increase the company's productivity and achieve its objectives. There are two categories of reward, namely intrinsic and extrinsic (Ivancevich, Konopaske, and Matteson, 2006).

1. *Intrinsic* is an appreciation that comes from within-person, such as a feeling of



achievement, completion, autonomy, and personal growth.

2. *Extrinsic* is a form of appreciation that comes from outside can finance such as salaries or wages, non-financial such as insurance, transportation and consumption costs, accommodation. Some are interpersonal, such as office promotion, promotion, and recognition.

Recognition gives a sense of achievement and makes employees feel valued for their effort. This study will use a specific instrument to measure rewards and recognition made by Saks in 2006.

1. Increasing salary
2. Freedom of opinion, flexible time work
3. Respect from other co-workers
4. Appreciation/praise from supervisors
5. Job desk or challenging task
6. Public recognition of achievement
7. Gift

2.5. Work – Life Balance

Work-Life Balance (WLB) is the amount of time a person spends doing work compared to the amount of time spent with family or self and the flexibility of doing the preferred activity (Meenakshi, Subrahmanyam, and Ravichandran, 2013).

The phenomenon that is happening now is that most workers in companies are millennials. This generation has new demands for easily adjusted working hours (flexy time) as a source of his prosperity (Kultalahti & Viitala, 2014) to be able to manage responsibilities, reduce anxiety and stress, and improve performance, concentration, loyalty, and commitment at work (Downe, & Koekemoer, 2011).

According to Wayman in his research in 2005, WLB was formed based on three factors that are Work Interference with Personal Life (WIPL), Personal Life Interference with Work (PLIW), and Personal Life Enhancement of Work (PLEW).

This study adopts an instrument to measure WLB from Rincy & Panchanatham's research (2010), as follows:

13. The intrusion of personal life to work
14. The intrusion of work into the personal life
15. Increased work by personal life
16. Improvement of personal life by work

2.6. Training and Development

Various studies analyzed the relationship between training & development and employee engagement in the past. Research conducted by Holton et al., 2009 highlighted two types of leaders and managers. The first one is the leader that cares about his workers by following the involvement of workers through training & development. Whereas the others are leaders who believe that the most important thing is to motivate

workers. According to Shruck & Herd 2012, training & development has a close relationship with employee engagement and are essential in company development. The instruments to measure training and development are as follows:

1. The company provides training and opportunity to learn and grow equally
2. Increase of confidence level after training
3. Opportunity to get promoted for working achievement

2.7. Perceived Supervisor Support (PSS)

Eisenberger & Stinglhamber once stated in their research in 2011 that supervisor support is a form of social exchange in which employees perceive the degree to which supervisors value their contributions and care about their wellbeing. The relationship with supervisors is one of an employee's work environment (Van der Heijden et al., 2010). Employees' engagement and capabilities may increase with good supervisory feedback and constructive communication between supervisors and subordinates (Blancero Boroski & Dyer, 1996). Two extant theories in social and organizational psychology further explain the role of supervisor support as a source of motivation for promoting employee engagement. One is the conservation of resource (COR) theory (Hobfoll & Shirom, 2000) which posits that social support restricts the negative impact of emotional exhaustion related to the job. When employees distinguish the absence of support in the workplace, they cannot invest for resource gain. In contrast, the employees who get positive feedback regarding their performance and achievement are likely to perform better and seek the opportunity to develop new skills to enhance their work (Hobfoll & Shirom, 2000; Jin & Mcdonald, 2016). The instrument used to measure PSS is as follows:

1. Supervisors acknowledge ideas, contributions, and achievements from subordinates
2. Supervisor respect subordinates
3. Supervisor considerate to subordinates
4. Supervisor actively approach subordinates for discussion/ opinion
5. The supervisor gives feedback to subordinates

2.8. Perceived Organization Support (POS)

Based on Kottke & Sharafinski's research in 1988 stated that employees also from global perceptions concerning their valuation by the organization, similar to developing perceptions toward their supervisors. As the representative of an organization, the supervisor directs and evaluates subordinates' performance. Therefore, employees view their supervisor's favorable or unfavorable orientation towards them as indicative of the organization's support (Eisenberger et al., 1986). Some researchers, namely Eisenberger, Armeli, Rexwinkel, Lynch, & Rhoades, 2001; Rhoades, Eisenberger, & Armeli, 2001 have done empirical

studies from private sector samples and showed a positive relationship in which PSS leads to POS. The instrument used to measure POS is adapted from Eisenberger, Huntington, Hutchison dan Soa research as follows:

1. The company cares about employee welfare
2. The company is always ready to assist employees when facing difficulties
3. Company respond to special assistance when employees need

3. RESEARCH METHODOLOGY

According to the literature review from books and journals, this study aims to analyze the determinants of millennial employee engagement in Indonesia. Previous research from different countries shows significant results on factors affecting millennials' employee engagement, such as rewards, compensation, benefits, work-life balance, training, learning opportunities, and many more.

Following are the model triangulation theory or previously research for validating the results.

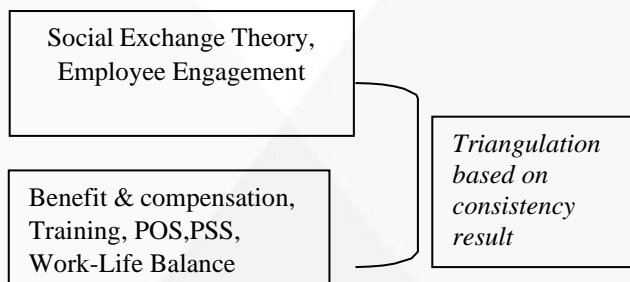


Figure 1 Model Triangulation Theory

Based on evaluation and review the consistency result among theories and previously research, and considering the context and logical thinking, the author proposed the hypothesis. implication in this study, it is preferred to conduct empirical research to examine the propositions.

4. RESULTS AND DISCUSSION RESEARCH FRAMEWORK

This proposed research framework represented in figure 1 combines all the above relevant theoretical models and aims to analyze the effect of compensation & recognition, work-life balance, training & development, POS, and PSS in Indonesia's millennials' employee engagement.

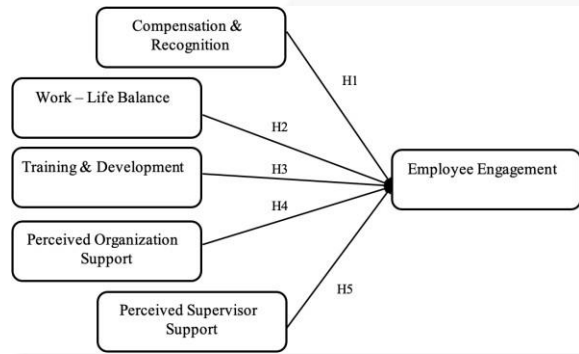


Figure 2 Conceptual Framework

According to past research and literature reviews from books and journals, the hypotheses in this study are as follows:

- H1 :Reward & recognition affects millennials employee engagement in Indonesia
 H2: Work-Life balance affects millennials employee engagement in Indonesia
 H3: Training & development affects millennials employee engagement in Indonesia
 H4: Perceived Organization Support affects millennials employee engagement in Indonesia
 H5: Perceived Supervisor Support affects millennials employee engagement in Indonesia

5. SUMMARY

This study explains that millennials are extraordinary compared to other generations because they grew up with technology and lived in a fast revolution, so they are flexible, adaptable, resilient to change, and have better, more profound knowledge about technologies. Millennials grew up taught to collaborate, share their thoughts, and create projects together to make the best of teamwork and be one of the most skilled groups in the company. In contrast, arise issues demand a balance between work and personal life (work-life balance), reward, compensation, recognition, needs of facilities, and the quality of the working environment to the perceived low level of engagement to work and companies. Since the majority population and the backbone of the Indonesian economy are millennials (BPS,2020), it is essential to know the factors influencing the millennial generation's employee engagement.

Employee engagement is a form of mutual benefit between employees and the company. Employees with a high level of engagement will give their extra effort without needing to be asked; they work intellectually and emotionally also perform their best effort to help the organization achieve goals. When employees are interested in their work, they have positive energy, always give their best performance, and voluntarily do things that exceed expectations. In favor of understanding better of the millennials employee engagement, this study proposed propositions

formulation reward & recognition, work-life balance, training & development, perceived supervisor support (PSS), and perceived organizational support (POS) are the main determinants of millennials' employee engagement in Indonesia.

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