



## THE INFLUENCE OF ORGANIZATIONAL CULTURE, LEADERSHIP STYLE AND EMPLOYEE ENGAGEMENT ON THE PERFORMANCE OF MILLENIAL EMPLOYEE (CASE STUDY AT PT. RITEL GLOBAL SOLUSI EMPLOYEES)

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**Abstract:** The failure to achieve the work performance target causing by the decline in employee performance, which is dominated by the millennial generation, is the background of this phenomenon in a company. This research aims to measure how the influence of organizational culture, leadership style and employee engagement affecting the performance of millennial generation employees at PT Ritel Global Solusi. This research type was included inquantitative research and the data analysis through multiple linear regression with the research sample was 93 employees as the millennial generation category. The results of multiple linear regression analysis shows that organizational culture and employee engagement have a significant impact on employee performance, while leadership style has insignificant impact on employee performance.

**Keywords:** Organizational Culture, Leadership Style, Employee Engagement and Employee Performance.

## INTRODUCTION

The number of millennial generations who increasingly dominate the demographics of human resources is both a challenge and an opportunity for companies or organizations today and in the near future. Therefore, companies or organizations should start to prepare themselves for managing human resources, in case here is the millennial generation as their workforce.

Proper human resource management will result in a performance or work performance. One type of human resource management which has an impact on performance such as the one that done on human resource management which carried out by PT Ritel Global Solusi. In PT. Global Retail Solution company, the employee performance is closely related to the achievement of sales targets and market growth, thus those requires of competent human resources with high performance standard is needed by the Company.

According to the previous interview with one of the Managerial level employees, it is known that the company's target achievement has decreased in the last three quarterly periods

and this decline in employee performance was considered as the decline in the company's achievement.

Based on prior interview, the researcher made a pre-research (pre-survey) through questionnaire which spread on 20 employees with different levels of positions to determine the possible causes of the decline in employee performance. This following table are the pre-survey results which presented as Graphic.

**Table 1. Pre-Survey Results**

<b>The Determinant of Performance</b>	<b>Number of Respondents' Answers</b>
<b>Work Culture</b>	<b>17</b>
<b>Leadership Style</b>	<b>17</b>
<b>Employee Engagement</b>	<b>17</b>
Compensation	12
Motivation	11
Work Environment	11
Competence	10
Loyalty	10
Satisfaction	10

Based on these three data, employee performance is considered decreased because of organizational culture that has not been completely cultured, a leadership style which is considered inappropriate and has an impact on employee work with low employee engagement.

According to Tanner (2010), which quoted that the millennial generation does not expect to work in the same career field, they expect companies/organizations which are capable of providing fairness between work life, fair compensation, professional self-development, opportunities to make a difference, and leadership who could inspire and demand a positive work environment.

Achievement of company goals/targets would be accomplished if employees shows good performance/results, As for this the company needs to be more attentive to the factors which could affecting the performance of its employees. According to Gibson et al. (2011) there are three factors which affect the performance, such as; Individual internal factors in the form of employee competence/life experience and psychological internal factors in the form of personality included employee motives and the third factor was external factors likes organization, in the form of organizational work culture, leadership and work environment and team work.

The research findings on organizational culture, leadership style and employee engagement on employee performance needs further research. This is very interesting to discuss considering if the employees are the ones which determined the economy of an organization. Based on this background of the problems that have been described above, this is attract the author to conduct a research with titled "The Influence of Organizational Culture, Leadership Style and Employee Engagement on the Performance of Millennial Employee (Case Study at PT. Ritel Global Solusi Employees)".

Based on these research background, these research aims to analyze:

- 1) The direct impact of organizational culture on millennial's employee performance
- 2) The direct impact of leadership style on millennial's employee performance

- 3) The impact of employee engagement on millennial's employee performance.

## **LITERATURE REVIEW**

### **Organizational Culture**

Organizational culture has the meaning of all members of the organization which relate to the values, beliefs, traditions and unique ways of thinking that they have which reflects on their behavior, in order to achieve the company goals. This definition was supported by the theory of organizational culture from Robbins & Judge (2015), and Dahie et al. (2016).

The indicators of organizational culture from Robbins & Judge (2015) which became the dimensions of this research were; innovation and risks taker, attention to detail, results-oriented, people-oriented, team-oriented, aggressive.

### **Leadership Style**

Leadership style is one of the ways of leader in influencing, leading and controlling the behavior of others in efforts to achieve the target (Irnawati & Prasetyo, 2020; Elmi et al., 2015). This definition was supported by the theory of leadership style from Thoha (2014), and Rivai (2014).

The leadership style indicators from Fiedler in Robbins & Judge (2015) which became the dimensions of this research were; leader - subordinate relations, task structure, dignity as leader.

### **Employee Engagement**

Employee engagement is an attachment or involvement and a sense of enthusiasm towards the job and where they work. This definition was supported by the theory of employee engagement from the Conference Board in Bihara (2012), and Bakker (2003).

Employee engagement indicators from Bakker, et al. in Akbar (2013) which became the dimensions of this research were; vigor (enthusiasm), dedication, absorption (perceived).

### **Employee Performance**

Performance is a result of work achieved by an employee according to the standards and criteria that agreed within a certain period of time. This definition was supported by theories about the performance from Wirawan (2015), and Simanjuntak in Widodo (2015).

The performance indicators from Wirawan (2015) which became the dimensions of this research were: work ability/skills, quality of work, responsibility, initiative, organizational culture, cooperation, quantity of work. In this research, the dimension of work ability was excluded because it followed by the performance assessment of the company.

## **RESEARCH METHODS**

This research used quantitative research methods by causality research design and the scale of data measurement in this research used a Likert scale. The Likert scale has function to sizing the attitudes, opinions and perceptions of a person or group of people about social phenomena on each question or a respondent's statement needs to support by question selected (Prasetyo et al., 2021; Riyanto & Prasetyo, 2021; Riyanto et al., 2021).

In this research, the sampling method used by researchers was a non-probability sampling method with saturated sampling techniques because the population used in this

research was relatively small, which is only the employees who was categorized as millennial generation with total of 93 employees, so researchers expect The generalizations with small errors.

To achieve this research objectives, the analysis of data through multiple linear analysis with the completeness of the t-test (partial), determination test (Adjusted  $R^2$ ) and correlation analysis between dimensions. Besides, with the use of multiple linear analysis, it is important to examine the classical assumptions which aim to earned an analysis of data or conclusions which accurate or unbiased, a regression equation should be free from classical assumptions which need to required, such as by conducting the test for normality, multicollinearity, and heteroscedasticity.

These following table is the theoretical framework of this research:

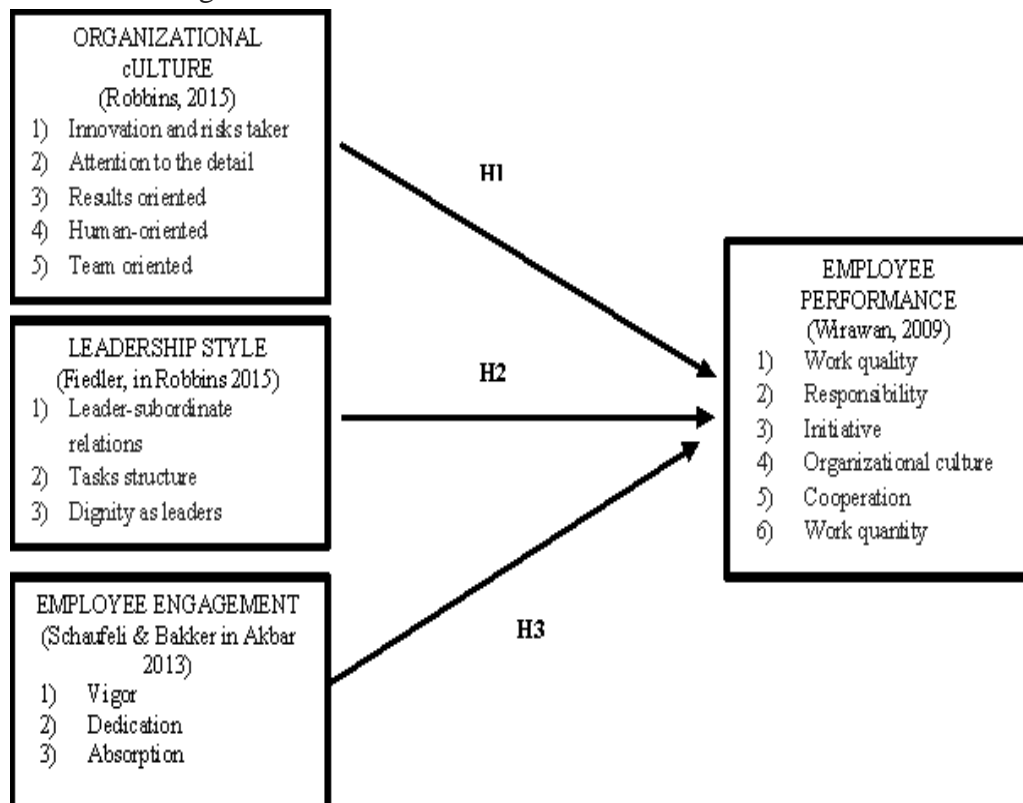


Figure 1. Theoretical Framework

## RESULT AND DISCUSSION

### Research Result

Through validity instrument test, it was found that all independent and dependent variables had a value of  $r \text{ count} > r \text{ table} = 0.2039$ , so it could be declared valid and still could be used in further statistical tests. As for the reliability instrument test, it was found that all independent and dependent variables had a Cronbach's Alpha value of more than 0.6, thus all research variables were declared reliable to be used as the assessment in this research. According to the multiple linear regression analysis, these following table results were obtained:

**Table 2. Multiple Linear Regression Analysis Results**

Model	Coefficients <sup>a</sup>		Standardized Coefficients	t	Sig.
	Unstandardized Coefficients				
	B	Std. Error			
(Constant)	0.747	0.322		2.316	0.023
X1. Budaya Organisasi	0.386	0.136	0.347	2.848	0.005
X2. Gaya Kepemimpinan	0.048	0.108	0.049	0.443	0.659
X3. <i>Employee Engagement</i>	0.425	0.096	0.424	4.405	0.000

a. Dependent Variable: Y. Kinerja

The multiple linear regression equation above shows that the value of a (constant) was 0.747 and shows the basic value of the performance variable without being influenced by three independent variables, such as, organizational culture, leadership style and employee engagement.

Employee performance enhancement is strongly influenced by the Employee Engagement variable with a regression coefficient of 0.425, then by the Organizational Culture variable with a regression coefficient of 0.386, with the lowest is the Leadership Style variable with a regression coefficient of 0.048. Besides, by the three independent variables having a positive impact on employee performance, any increase in the organizational culture, leadership style and employee engagement variables would also improve employee performance. Based on the Multiple Linear Regression Analysis table, the t-test value could be interpreted as follows:

- 1) The Organizational culture variable has a significant value (0.005), so the t significant value was less than 0.05, and then the variable also has a t-count value (2.848) which is greater than the t-table value based on the standards, namely (1.98698). Thus hypothesis test was accepted. This shows that the organizational culture variable has a significant impact on employee performance variables. The strong influence of the Organizational Culture variable was 2.848 or 28.48%.
- 2) Leadership style variable has a significant value of (0.659), so the t significant value was greater than 0.05 and the variable also has a t-count value of (0.443) which is smaller than the t-table value based on the formula, namely (1.98698). Thus the hypothesis test was rejected. This shows that the leadership style variable has no significant impact on the employee performance variable.
- 3) The Employee engagement variable has a significant value (0.000), so the t-significant value was less than 0.05, and the variable also has a t-count value (4.405) which is greater than the t-table value based on the standards, which is (1.98698). Thus the hypothesis test was accepted. This shows that the Employee Engagement variable has a significant impact on Employee Performance variable. The influence value of the Employee Engagement variable was 4,405 or 44.05%.

Analysis of determination in multiple linear regression could be used to size the amount of the contribution from several X variables (X1, X2, X3) to the fluctuation (variation in

change) of Y variable. The results from this determination test ( $R^2$  Adjusted) could be illustrated as in these following table:

**Table 3. The Coefficient of Determination Results**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.740a	0.547	0.532	0.43222

a. Predictors: (Constant), X3. *Employee Engagement*, X2. *Gaya Kepemimpinan*, X1. *Budaya Organisasi*

Based on the determination test results, it is known if the coefficient of determination or R Square Adjusted was 0.532 or 53.2%. Meaning that there is a simultaneous impact of the variables of Organizational Culture, Leadership Style and Employee Engagement on Employee Performance by 53.2%. The coefficient value that hit 0.532 means that each variable has a close correlations, while the remaining coefficient value was 46.8% influenced by other variables which excluded from this analysis research.

Based on the results of the correlation between dimensions, it could be explained as follows:

- 1) In the organizational culture variable, the dimension which has the strongest correlation with the performance variable is the dimension of attention to detail (X1D2) to the dimension of work quantity (Y1D6) because it has a coefficient value of 0.717.
- 2) In the leadership style variable, the dimension which has the strongest correlation with the performance variable is the dimension of leadership position (X2D3) towards the responsibility dimension (Y1D2) because it has a coefficient value of 0.551.
- 3) In the employee engagement variable, the dimension which has the strongest correlation with the performance variable was vigor/enthusiasm (X3D1) to the dimension of work quantity (Y1D6) because it has a coefficient value of 0.648.

## Discussion

Organizational culture partially has a significant and positive influence on employee performance. The influence value of organizational culture variables was 2.848 or 28.48%. Based on the inter-dimensional correlation test results, the strongest correlation to the performance variable was the dimension of attention to detail (X1D2) on the dimension of work quantity (Y1D6) because it has a coefficient value of 0.717. According to these results, it has proven that organizational culture theory and the results of previous research which tell that organizational culture has a significant and positive influence on employee performance, which was found by several researchers, namely, Joseph & Kibera (2019), Golden & Shriner (2017), Khedhaouria et al. (2020), and Hendriyaldi (2019). On the other hand, this research was opposed to the previous research results which stated if the organizational culture has no significant and negative influence on employee performance, as predicted by several researchers, such as Nurdinah & Kurniawan (2019) and Maabuat (2016).

Leadership style partially has an insignificant and positive influence on employee performance. The influence of leadership style variables was 0.443 or 4.43%. Based on the inter-dimensional correlation test result which said that the strongest correlation to the performance variable is the dimension of the dignity as of the leader (X2D3) on the



responsibility dimension (Y1D2) because it has a coefficient value of 0.551. According to these research results, it has been proven that the results from several previous research shows that leadership style has insignificant influence on employee performance, which was predicted by several researchers, namely, Rompas et al. (2018), and Hakim (2019). On the other hand, this research was opposite with the results of previous research which found if the leadership style has a significant influence on employee performance, such as Hendriyaldi (2019), & Lee & Ding (2020).

Employee engagement partially has a significant and positive influence on employee performance. The influence of organizational culture variables was 4,405 or 44.05%. Based on these inter-dimensional correlation test results, the strongest correlation to the performance variable was the vigor/enthusiasm (X3D1) dimension to the work quantity dimension (Y1D6) because it has a coefficient value of 0.648. According to these research results, it has been proven that employee engagement theory and the results of previous research show if the employee engagement has a significant and positive influence on employee performance, which was quoted by several researchers, namely, Nurdinah & Kurnawan (2019), and Johansen & Sowa (2019). On the other hand, this research was opposed to the results of previous research which argues if employee engagement has no significant influence on employee performance, such as, Elmi et al. (2015), and Sakeru et al. (2019).

## CONCLUSION

Based on the analysis of these research results which described in the previous chapter, the following conclusions would be obtained such as:

- 1) Organizational culture has a significant and positive influence on the performance of millennial employees at PT Ritel Global Solusi. It could be concluded that the more the organizational culture has been spreading and the impact on employees would be felt, and it would fix the employee performance. The dimension of attention to detail is the dimension which has the most influences on employee performance.
- 2) Leadership style has no significant and positive influence on the performance of millennial employees at PT Ritel Global Solusi. This could be concluded if the influence of the leadership style from the boss which was felt by the employees, would not significantly impact on the employee performance improvement.
- 3) Employee engagement has a significant and positive influence on the performance of millennial employees at PT Ritel Global Solusi. This could be concluded if the higher the employee engagement of the employee to the company, the more employee performance will be increased. The vigor (spirit) dimension is the dimension which has the most influences on employee performance.

This research has several limitations, including:

- 1) This research was conducted only at one start-up company with the type of industry, namely online retail and which has a more dominant number of millennial employees, so it would be difficult to generalize the research results.
- 2) The research data collection was carried out during the Covid-19 pandemic and the implementation of Work from Home (WFH), so that the research method used only used a quantitative approach and did not allow direct observation or interviews.

The suggestions that might be helpful for the Company and as for further research, such as:

- 1) Outreach activities regarding the importance of a detailed work process down to the steps for achieving the target (detailed KPI or OKR preparation) and monitoring the audit process to the bottom of the group, such as sections and teams.
- 2) Making reward and punishment policies related to discipline based on the procedures as an effort to foster the employee initiative and program activities which could increase the employee mood.
- 3) Adding the number of types of industry where the research or research was conducted in a multi-industrial place and further assessment to the variables which could be factors that determined for the increase or decrease in the performance of millennial employees.
- 4) Based on the research result, there are other variables of 46.9% which excluded in this research and the leadership style variable proved to have an insignificant influence. This would give a great possibility over the influence from other variables on how the relationship and its impact on employee performance variables could be added as further research.

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