



The Effect of Employee Engagement on Employee Performance in Private Agencies: The Moderation Influence of Employee's Generational Characteristics

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Abstract

Employee engagement is an important issue that is the main concern of the organization's leaders in managing its employees. The changing characteristics of the employee generation are becoming a specific challenge for human resource management. Employees who are engaged with their work will exert all their abilities, efforts, and thoughts and significantly contribute, where the engagement and personal characteristics possessed by employees in carrying out their work can directly impact their performance. This study aimed to analyze employee engagement's effect on employee performance by moderating the generational characteristics of private agency employees in the City of Padang, West Sumatra. Data was collected through questionnaires distributed to 100 employee respondents working in private institutions in the city of Padang, with purposive sampling technique. Then, the data is processed using the Partial Least Square-Structural Equation Modeling (PLS-SEM) method. The results of this study indicate that employee engagement generational characteristics (Y and Z generation) have a positive and significant effect on employee performance. Generational characteristics (Y and Z generation) also positively and significantly impact employee engagement. Generational characteristics do not moderate the relationship between employee involvement and employee performance, but directly employee engagement and employee performance can be improved with generational characteristic variables. Organizational leaders should pay attention to employee engagement and the characteristics of the generation of employees and can make it a potential to improve employee performance.

Keywords: *Employee Engagement, Generational Characteristics, Employee Performance, PLS-SEM*

Abstrak

Keterlibatan karyawan menjadi isu penting yang menjadi perhatian utama pimpinan organisasi dalam mengelola karyawannya. Adanya perubahan karakteristik generasi karyawan semakin menjadi tantangan tersendiri bagi organisasi terutama bagi manajemen sumber daya manusia. Karyawan yang terlibat dengan pekerjaannya akan mengerahkan segala kemampuan, usaha, pemikiran dan sangat berkontribusi, dimana keterlibatan dan karakteristik pribadi yang dimiliki karyawan dalam melakukan pekerjaannya dapat memberikan dampak langsung pada kinerjanya. Tujuan penelitian ini adalah untuk menganalisis pengaruh keterlibatan karyawan terhadap kinerja karyawan dengan moderasi karakteristik generasi pada karyawan instansi swasta di Kota Padang, Sumatera Barat. Data dikumpulkan melalui kuesioner yang disebarkan kepada 100 responden karyawan yang bekerja pada instansi swasta di Kota Padang, dengan teknik purposive sampling. Kemudian, data diolah menggunakan metode *Partial Least Square-Structural Equation Modeling* (PLS-SEM). Hasil penelitian ini menunjukkan bahwa keterlibatan karyawan berpengaruh positif dan signifikan terhadap kinerja karyawan, karakteristik generasi (generasi Y dan generasi Z) menunjukkan pengaruh yang positif dan signifikan terhadap keterlibatan karyawan, Karakteristik generasi (generasi Y dan generasi Z) juga berpengaruh positif dan signifikan terhadap kinerja karyawan. Karakteristik generasi tidak memoderasi hubungan keterlibatan karyawan dengan kinerja karyawan, namun secara langsung keterlibatan karyawan dan kinerja karyawan dapat ditingkatkan dengan variable karakteristik generasi. Pimpinan organisasi sebaiknya memperhatikan keterlibatan karyawan dan karakteristik generasi karyawan dan dapat menjadikannya sebagai potensi dalam meningkatkan kinerja karyawan.

Kata kunci: Keterlibatan Karyawan, Karakteristik Generasi, Kinerja Karyawan, PLS-SEM

Introduction

Employee engagement has become an important issue and concerns organizational leaders in managing employees, especially human resource management. Employees who are engaged in their work will work more effectively than employees who are less involved. In this case, the employee shows 20% better performance than his colleague in other work, where the work results are better and can positively impact the company (Winasis, 2018). However, low levels of employee engagement can cause a decline in employee performance (Winasis, 2018). This is supported by Gallup (2017) measuring the level of employee engagement in 155 countries in the world, where survey results show that 85% of workers in the world feel disengaged in their work, while in Southeast Asia, as many as 19% of employees are involved in their work. The research also measured the level of employee engagement in Indonesia, where the results showed that 13% of employees were engaged, while 76 % of employees felt disengaged *with* their work (Gallup, 2017). Meanwhile, Wicaksono (2020) states that currently, only 36% of Indonesian workers feel involved with the company. Most employees do not seriously try to realize the company's desired goals.

The target that the company wants to achieve is to create conditions where employees can achieve high levels of productivity and employees can survive in the face of uncertainty in the future. This goal can be achieved by managing employees well, one of which is by paying attention to changes in characteristics and personality each generation; this needs to be known to carry out appropriate handling of each generation type so that employees remain productive and maximize the achievement of company targets. Each generation of employees has different expectations, aspirations, values, and behaviors in their work environment (Putra, 2016).

The Central Bureau of Statistics (2021) states that the city of Padang is one of the cities in West Sumatra with an average percentage of the working population having the status of employees where as much as 60% of the total workforce is Y generation and Z generation so that this generation is the dominate the world of work today. Y generation and Z generation have both grown up in technological change but have

different views about how they think about their jobs and how to handle important tasks. Raslie (2021) identified similarities in communication style between the two generations, such as a preference for face-to-face communication and the use of visuals for online communication. However, there were also differences, with Gen Y being better at analyzing information from the internet and handling multiple tasks, while Gen Z expected more instantaneous feedback. The existence of the characteristics of a new generation that dominates the work environment, companies must prepare them to be involved in companies where this is a new challenge for the company management (Wijoyo et al., 2020). So, generational characteristics should be a benchmark for private agency organizations in increasing employee engagement and exploring intergenerational potential in producing the best performance.

Based on a preliminary study, it was found that employees who work in private agencies in the city of Padang, in general, the purpose of their work is just to meet their financial needs, delays in work attendance are quite high, communication is less effective between workers so that miscommunication often occurs, cooperation teamwork is not good, skills are not honed well, and employee turnover is high. Most of them prefer to work in government agencies rather than private agencies because they do not feel engaged in their workplace, which of course can have an impact on the performance and performance of the organization as a whole. Therefore it is necessary to carry out this research to analyze the effect of employee engagement on employee performance with moderation in the characteristics of the employee generation of private agencies in Padang City, West Sumatra.

Literature Review

Employee Engagement

Based on Kahn's view, cited by Alan M. Saks (2006), employee engagement involves active organizational members in their tasks, showing physical, mental, and emotional dedication to achieve good results.

Tyagi (2016) explained engagement as a measure of energy and enthusiasm for employees towards the organization in which they work. Engaged employees with work who strive to improve business results for the

organization by committing to staying with the company, saying positive things about the workplace, and striving to exceed work standards. Employee engagement is one way for employees to contribute to advancing the company. Having a high sense of engagement allows them to improve their performance by providing positive feedback to their organization. Employees will continue to work in the organization despite opportunities to work in other places, and employees will give more time, effort, and initiative for organizational success (Adi and Fitriana, 2018).

Employee engagement and its impact on business results (Irene, 2021). The essential elements of employee engagement in organizational contexts, such as the application of economic behavior, welfare, customer engagement, branding, strengths-based selection, job branding, and leadership, are the basic highlights of the organization. Kahn (1990) measures employee engagement by using three dimensions which are:

1. Safety, employee's ability to express themselves.
2. Meaningfulness, a sense of usefulness, and feeling appreciated.
3. Availability, and possession of required physical, emotional, and physiological resources.

In addition, Schaufeli and Bakker (2003) created a system to measure employee engagement called the Utrecht Work Engagement Scale including:

1. Vigor, characterized by the high level of mental energy in work and willingness to invest effort in working.

2. Dedication, feeling of importance, enthusiasm, inspiration, pride, and challenge.
3. Absorption, enjoyment, concentration, and happiness, feeling hard to separate from work.

Meanwhile, Gallup (2017) stated the concept of employee engagement in four dimensions (Figure 1), namely:

1. Basic need, measures how employees perceive the company's ability to meet their basic life needs, such as those related to work expectations, and availability of equipment and supplies that support work.
2. Management Support, provides an overview of what kind of support is prepared by management so that employees can contribute optimally. What kind of contributions can employees make, and how do people see and appreciate their efforts?
3. Teamwork, focuses on the relationship between employees and their teams and organizations, measuring how employees feel part of the team.
4. Growth, measures how employees can grow and equal opportunities for employees in terms of increasing abilities, learning, growth, innovation, and a future with new ideas.

Based on some of this literature, this research develops a research model using four dimensions of Gallup which includes employee engagement theory according to Kahn, Schaufeli, and Bakker.

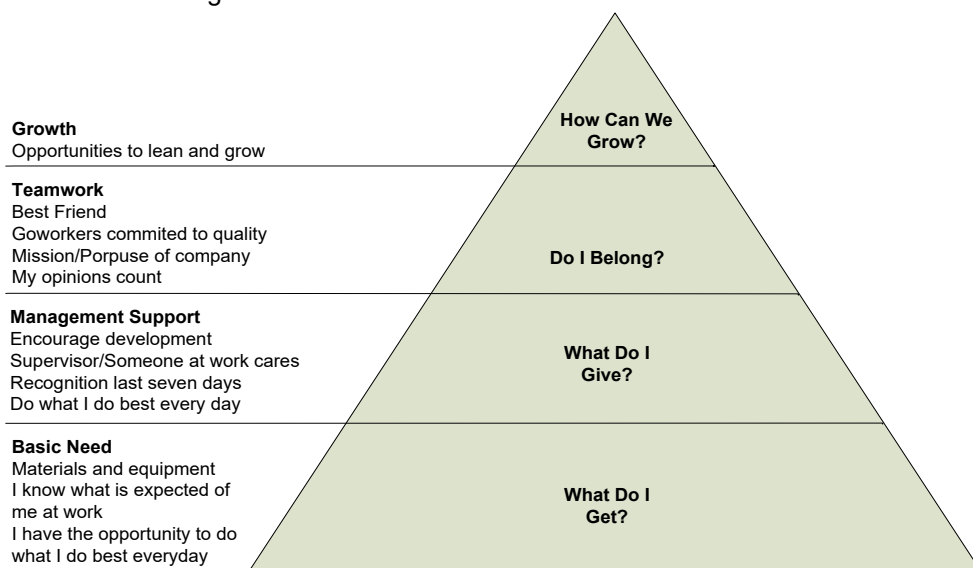


Figure 1. Dimensions of Employee Engagement (Gallup, 2017)

Generational Characteristics

Technological development cannot be separated from modern world life, so several generations are known in generation theory. In theory, the definition of a generation refers to a group of people with the same age, location, historical experience, and events that each individual goes through that give rise to their characteristics (Putra, 2016).

Y generation, commonly known as the millennial generation, demographically, is the generation born under the rapid development of technology, in which there are many innovations in the field of information technology. This generation was born between 1980-1995 (Bencsik, 2016). Y generation carried out various activities in their childhood, from which views emerged, which were based on events or trends during their lifetime, such as since they were born they had been introduced to technology, many generations divorced *zoomers*, creativity taught from school, dare to speak in multicultural classrooms and use social media, including Facebook, Twitter, and Mys Pace, they even already appreciated by the presence of a leader. This causes Gen Y, who grow up to be very bored individuals if they work in monotonous jobs, have no challenges or jobs that do not appreciate their contribution (Cran, 2014).

The Z generation is known as the Internet generation, a creative and innovative generation that grows with the rapid development of technology. This generation was born between 1995-2010 (Putra, 2016). Gen Z characteristics have entered the world of work, so company leaders take their character into account. The differences in generational characteristics are shown in Table 1.

Kupperschmidt (2000) in Putra (2016) stated that mastery of information and technology is the most significant characteristic difference between the Y and Z generations. For the Z generation, technology and information have become part of their lives because they were born when internet use had become a global culture, thus influencing their values and views on the purpose of life. While the Y generation usually likes something to be a challenge and reward. They are usually too confident and dare to express their opinions directly or through social networks.

Table 1. Differences in characteristics of Y generation and Z generation (Putra, 2016; Bencsik, 2016)

Generation	Generation Characteristics
Gen Y	<ol style="list-style-type: none"> 1. Don't like complicated rules 2. Likes transparency and openness 3. Likes working with a team 4. Like relationships that provide feedback and work challenges that require them to push their limits. 5. Likes flexible work and freedom to create
Gen Z	<ol style="list-style-type: none"> 1. Prefer IT-based companies and start-up 2. Multitasking 3. Highly dependent on technology and experts in using it 4. Care about the environment 5. Smart & easy to capture information quickly 6. Likes work that is tied but safe and stable

Employee Performance

Busro (2018) explains employee performance as something that is defined as individual achievement or group during a specific period or success in completing tasks in different ways under the organization's responsibilities and authority in realizing the organization's vision, mission, and goals. Employee performance is crucial because it shows how capable employees are in carrying out the assigned tasks. Determination of clear and measurable criteria, which are then determined jointly, can be used as a reference.

Viswesvaran (1993) in Sim (2016) divide the dimensions of employee performance into six dimensions as follows:

1. Effort, the effort shown by employees in the form of actual work in completing tasks, which is reflected in the initiative and whether an employee is active in his work.
2. Job Knowledge, how much knowledge an employee has about the employee's job and skills, is reflected in the employee's ability to understand problems related to the tasks assigned to him.
3. Quality, how well employees complete the job.
4. Quantity, the amount of work done, can be expressed in currency values, the number of production units completed.
5. Compliance with rules, all forms of employee understanding, and compliance regarding the rules and regulations that apply in the company.

6. Interpersonal competence, namely the skill of a person in terms of communication to establish good relations with others and in working with others.

Previous Research

Various related studies have been conducted previously, such as Puspa and Sagala (2018), who analyzed the influence of employee engagement on employee performance, where 39.4% of employee performance could increase with employee engagement with the perception of Y generation employees. Wicaksono and Rahmawati (2019) found that the influence of employee engagement affects employee performance by 67.5%. Suahyowati (2020) also proves the significant effect of employee engagement on employee performance. On the other hand, Rahmadalena and Asmarnita (2020) showed no positive influence from the employee engagement variable on increasing employee performance.

Pringgabayu and Kusumastuti (2016) show that employee engagement can be directly influenced by the recruitment system, compensation, and organizational climate variables, where employee engagement is defined in three dimensions: rational, emotional, and motivational. Ali et al. (2019) tested how internal communication factors significantly influence employee engagement and improve employee performance. Purnawati et al. (2021) measured the influence of the characteristics of the millennial generation and work culture on employee performance and engagement as mediating variables. Also, Stirpe et al. (2020) showed that the moderating effect of employee engagement strengthens the relationship between employee satisfaction and producing extra employee performance.

Meanwhile, this study analyzes three variables where the dimensions and measuring instruments are more complete than previous studies, and the research considered the generation that dominates the world of work today, which must be a concern for organizational leaders where they will drive the company in the future. This study analyzes employee engagement on employee performance by moderating the characteristics of the generation of employees (Y and Z generation) in private agencies in Padang, West Sumatra.

Methodology

Sample collection in this study used a purposive sampling technique, with the criteria being that respondents had worked and had work experience for at least two years, where this criterion was that respondents were deemed to be able to understand the research instruments so they could provide opinions objectively. This research questionnaire uses a Likert scale (scale 1-5) distributed via Google Forms to private employees in Padang City.

These private employees consist of Generation Y employees (aged around 28 - 42 years) and Generation Z (aged around 18 - 27 years), ages starting at the end of 2022. SEM model with several latent variables (constructs) up to five, where each construct has three or more indicators, a sample size of 100 - 150 is adequate and acceptable (Haryono, 2016). The calculation formula for the required sample size uses the Slovin formula calculation as follows:

$$n = \frac{N}{1+N\alpha^2} \quad \text{Eq. 1}$$

$$n = \frac{216.092}{1+216.092*(0,1)^2}$$

$$n = 99,9537 \approx 100 \text{ sampel}$$

Note:

n = number of samples

N = total population (private employees, Y and Z generation in the city of Padang), (BPS, 2021)

α = significance level of 10%, the desired critical value

A total of 107 respondents provided answers, but 7 of them did not provide complete answers, so they could not be used in the research, so a total of 100 respondents were used in this research. The respondents were employees working in the manufacturing, service, and agricultural sectors.

This study directly measures employee engagement variables on employee performance, generational characteristics (Y and Z generation) on employee engagement, and generational characteristics (Y and Z generation) on employee performance. It measures the moderation of generational characteristics (Y and Z generation) on the relationship between employee engagement and performance as shown in Figure 2.

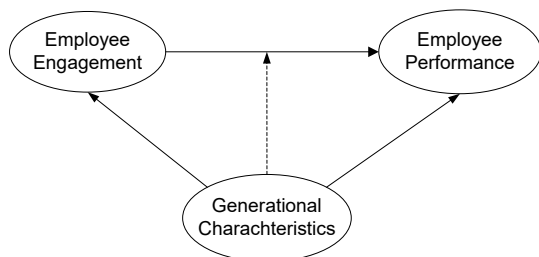


Figure 2. Research framework

Hypothesis

Research consistently shows a positive relationship between employee engagement and performance (Saks, 2006; Supriyanto, 2021; Tanwar, 2017). This is engaged employees being more committed and satisfied with their work, leading to improved performance. They also suggested that a high level of Employee Engagement improves task performance, and commitment of employees, and reduces turnover intentions. Based on this argument, it is expected that:

H1: Employee engagement has a significant effect on employee performance

Research on the characteristics of different generations and their impact on employee engagement reveals several key findings. Kopertyńska (2015) and Lapoint (2017) both highlight the unique qualities of Generation Y, such as a different approach to work and duties, and the influence of these differences on employee engagement. Manggabarani (2020) further explores the impact of specific characteristics of the Millennial generation, such as grit, work-life balance, and job resources, on employee engagement. G.Saranya (2020) emphasizes the need for HR to consider generational differences in the workplace, particularly with the entry of Generation Z, and their potential impact on employee engagement. These studies collectively underscore the importance of understanding and addressing generational differences in the workplace to enhance employee engagement. Based on this argument, it is expected that:

H2: Generational characteristics have a significant effect on employee engagement

Research on the impact of generation on employee performance has revealed several key findings. Osman (2017) and Salman (2021) both found a positive relationship between loyalty on performance, also identifying a positive relationship between performance appraisal and job satisfaction. It is expected that:

H3: Generational characteristics have a significant effect on employee performance

Chayomchai (2020) highlighted the moderating effect of generation on the relationship between commitment and performance, suggesting that different generations may respond differently to organizational practices. These studies collectively underscore the significance of performance appraisal in influencing employee performance, with the potential for these factors to be influenced by generational differences. Based on insight, it is expected that:

H4: Generational Characteristics moderation has a significant effect on employee performance.

Research Methods

The method used in this research is partial least squares structural equation modeling (PLS-SEM) analysis using the SmartPLS 4.0 program. The analysis of the testing model in PLS-SEM goes through two stages, namely the outer model and the inner model, where the outer model tests the validity and reliability of the research instrument and the inner model to determine the existence of a correlation between the constructs measured through the bootstrapping procedure (Hair et al., 2017). This research uses a repeated indicators approach with multidimensional relationship models or hierarchical component models (HCMs).

Variables and Indicators

Identification of indicators of employee engagement, generational characteristics and employee performance was carried out by searching several scientific research databases such as Scencedirect, Emerald and Garuda Dikti from 2016 to 2023. Each article was checked to ensure that the indicators could be applied to companies, especially private

agencies. The selection of indicators is based on the following criteria (Joung et al., 2013):

1. Relevant; indicators that are directly related to sustainability aspects and have the aim of evaluating manufacturing processes.
2. Understandable; Easy to understand indicators are indicators that are easy to interpret by the community and lay people.
3. Usable; Indicators can be used when they can be adopted by the organization appropriately.
4. Long-term oriented; indicators should ensure future use.

The research instrument of the questionnaire used in this research consisted of 27 questions on employee engagement variables, 14 questions on generational characteristics, and 27 questions on employee performance variables. All question items have been validated by five experts consisting of practitioners and professionals (academics, business people, or private agency management) in Padang City with work experience of more than ten years. Figure 3 shows steps for selecting indicators. Tables 2, 3, and 4 show variables with their dimensions and selected indicators used in research after going through the entire series of indicator determinations.

Results and Discussions

Hair et al. (2019) stated that measurement models with reflective indicators are evaluated through convergent validity and discriminant validity of the indicators forming the construct, as well as composite reliability and Cronbach alpha for the indicator block.

Evaluation of the measurement model begins with a convergent validity test seen from the loading factor value, where the recommended value is greater than 0.70 (>0.70), which indicates that the construct explains more than 50% of the variance in acceptable item reliability indicators (Hair et al., 2019). An outer loading value that is smaller than 0.70 (<0.70) is said to be an invalid indicator and must be eliminated.

In the first estimation process in this study, there were seven indicators that were eliminated, namely the BN 5, BN 7, KGY 5, KGY 6, KGY 7, KGZ 1, and KGZ 2 indicators. There is another outer loading value that is smaller

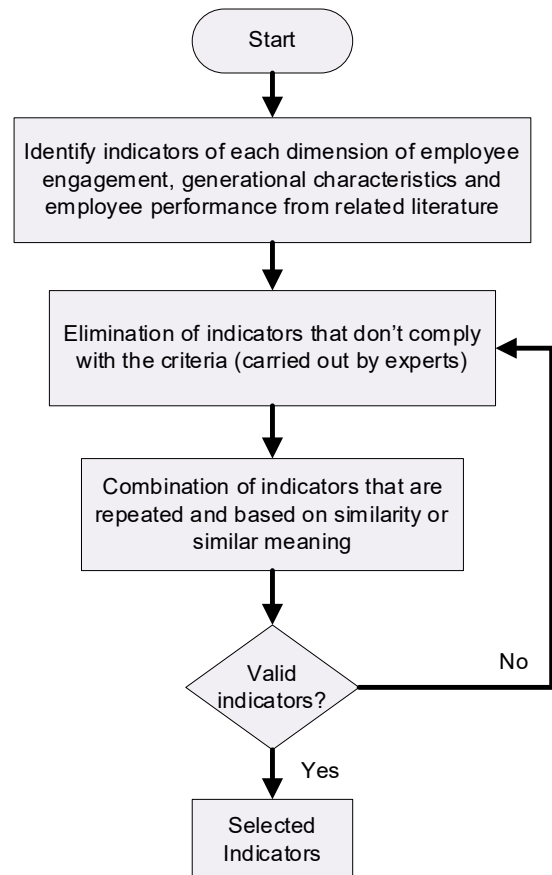


Figure 3. Stages of selection indicators

than 0.70 so that convergent validation is fulfilled as shown in Figure 4.

The discriminant validity test is seen from the cross-loading value, where if the cross-loading value on the measurement item is greater than the other measurement items, the size of the manifest variable can be predicted (Haryono, 2016). Discriminant validity can also be seen by comparing the AVE square root value, namely the Fornell-Lacker Criterion value on SmartPLS (Sarwono and Narimawati, 2015). Table 5 shows the Fornell-Lacker Criterion value for each construct is higher than the correlation value between the construct and the other constructs in a model that has shown good discriminant validity.

Composite reliability values of 0.70 and 0.90 are considered to indicate satisfactory and good reliability of the measurement instrument, and Cronbach alpha values >0.70 have good construct reliability (Hair et al., 2017). Table 6 shows the composite reliability and Cronbach alpha values for all constructs are greater than 0.70 so the reliability of the instruments is acceptable.

Table 2. Dimension and selected indicators of employee engagement variables

Dimensions	Code	Indicators	Reference
Basic Needs	BN 1	Employees receive detailed job descriptions	(Sugianingrat et al., 2019)
	BN 2	Balanced workload with personal needs	(Ismael et al., 2019)
	BN 3	Feel comfortable with the work environment.	(Lyons & Bandura, 2022)
	BN 4	Get appropriate compensation (salary)	(Kossyva et al., 2023)
	BN 5	No discrimination (such as gender, religion, physical or non-physical)	(Chaundary et al., 2021)
	BN 6	Bureaucratic communication flow that makes every job easier	
	BN 7	Work equipment (tools and materials) that can make work easier	
Management Support	MS 1	Support in improving employee abilities well	(Kossyva et al., 2023)
	MS 2	Leaders provide direction (guidance) for work.	(Chaundary et al., 2021)
	MS 3	Leaders show concern for individual employees	(Ali et al., 2019)
	MS 4	Leaders show appreciation for each employee's contribution	(Imam, et al., 2023)
	MS 5	Leaders show concern for employee welfare	(Dhir & Shukla, 2019)
	MS 6	Happy to work for the company	
	MS 7	Exert strong energy (stamina) at work	
	MS 8	Enjoy every rhythm of work until you are willing to work more	
	MS 9	Always passionate with enthusiasm for work	
	MS 10	Able to maintain the company's reputation	
Teamwork	TW 1	Harmonious relationships with colleagues, leaders/ subordinates	(Sugianingrat et al., 2019)
	TW 2	All employees are committed to doing quality work	(Hastuti, 2022)
	TW 3	Be open to each other in receiving advice for change	(Lyons & Bandura, 2022)
	QW 4	Ideas, innovations are well considered	(Monje Amor & Calvo, 2023)
	QW 5	Feel like you are part of a company that has a stake in the company's success	(Che et al., 2023)
	QW 6	The same perception of each employee regarding the information conveyed (effective communication) in achieving company goals	
Growth	GR 1	Opportunities for a clear career path	(Hastuti, 2022)
	GR 2	Receive regular training to increase competency	(Che et al., 2023)
	GR 3	Evaluation of objective performance appraisals	(Ali et al., 2019)
	GR 4	Will continue to work for a long period	

Table 3. Dimensions and selected indicators of generational characteristics variables

Dimensions	Code	Indicators	Reference
Characteristics of Y Generation	KGY 1	Tends to be idealistic (want something ideal)	(Wijoyo et al., 2020)
	KGY 2	Always take every opportunity to develop	(Carrol, 2020)
	KGY 3	Prefer working with a team rather than working alone	(Bencsik, 2016)
	KGY 4	Achievement orientation and working hard to get awards	(Gallup, 2021)
	KGY 5	Don't want a controlling boss	(Kwiecińska et al., 2023)
	KGY 6	Want varied work (not monotonous)	
	KGY 7	Likes free (flexible) types of work	
Characteristics of Z Generation	KGY 1	Tends to be pragmatic (think practically/narrowly/instantly)	(Nurqamar et al., 2021)
	KGY 2	Prefer to work alone rather than in a group	(Carroll, 2020)
	KGY 3	Very dependent on and master of IT, especially the internet at work	(Gallup, 2021)
	KGY 4	Always want to be appreciated for every job done	(Kwiecińska et al., 2023)
	KGY 5	Easily demotivated	(Said et al., 2020)
	KGY 6	Orientation towards education in a career (Especially improving soft skills and language skills)	(Wulur & Mandagi, 2023)
	KGY 7	Likes safe and stable types of work	

Table 4. Dimensions and selected indicators of employee performance variables

Dimensions	Code	Indicators	Reference
Effort	EF 1	Have a strong effort to realize the work plan as a whole	(Dhir & Shukla, 2019) (Imam, et al., 2023) (Ismael et al., 2019)
	EF 2	Able to provide feedback on the work done	
	EF 3	Persistently look for opportunities that exist to complete the work	
	EF 4	Creative in providing positive ideas	
	EF 5	Strive to improve work performance	
Job Knowledge	JK 1	Can understand every task and job given	(Che et al., 2023) (Imam, et al., 2023)
	JK 2	Skilled at work	
Quantity	Q 1	Utilize all the capabilities you have for the company	(Sugianingrat et al., 2019) (Ismael et al., 2019)
	Q 2	Able to exceed predetermined work targets	
	Q 3	Doing the job faster than the specified time limit	
	Q 4	Have initiative in carrying out tasks without having to be instructed first	
Quality	QU 1	Perform work according to the SOP set by the company	(Ismael et al., 2019) (Lyons & Bandura, 2022) (Che et al., 2023)
	QU 2	Have high consistency in doing every job	
	QU 3	Do your best and be proud of the results of your work	
	QU 4	Thorough at work (finishes work accurately)	
	QU 5	Can provide satisfaction to customers (internal/external)	
Compliance With Rules	CR 1	Comply with company rules and regulations in the company	(Sugianingrat et al., 2019) (Lyons & Bandura, 2022)
	CR 2	Do not want to accept gratuities (bribes)	
	CR 3	Doing work the right way	
	CR 4	Orderliness in work attendance	
	CR 5	Able to be responsible for every result of his work	
	CR 6	Uphold the behavior of integrity according to the norms that apply in the company	
Interpersonal Competence	IC 1	Able to collaborate and build cohesiveness with work teams, colleagues/leaders/subordinates	(Ismael et al., 2019) (Lyons & Bandura, 2022)
	IC 2	Able to communicate clearly	
	IC 3	Able to show mutual respect between fellow workers	
	IC 4	Able to adapt well to changes in tasks	
	IC 5	Be a good role model in the work environment	

Table 5. Fornell-Lacker criterion values

	BN	CR	EF	GR	IC	JK	KGY	KGZ	MS	QU	Q	TW
BN	0.822											
CR	0.508	0.832										
EF	0.609	0.540	0.868									
GR	0.731	0.403	0.567	0.869								
IC	0.453	0.560	0.603	0.255	0.873							
JK	0.494	0.576	0.622	0.391	0.644	0.867						
KGY	0.459	0.393	0.461	0.417	0.390	0.348	0.816					
KGZ	0.112	0.147	0.217	0.096	0.239	0.221	0.114	0.781				
MS	0.759	0.519	0.645	0.805	0.375	0.550	0.443	0.164	0.817			
QU	0.531	0.624	0.772	0.429	0.672	0.692	0.561	0.277	0.530	0.839		
Q	0.466	0.446	0.642	0.325	0.562	0.632	0.352	0.160	0.397	0.618	0.869	
TW	0.643	0.509	0.655	0.693	0.456	0.508	0.381	0.162	0.764	0.564	0.484	0.814

The following process is a structural model evaluation, which is carried out to determine the relationship between employee engagement variables, generational characteristics, and

employee performance, as well as the moderation of generational characteristics, through the bootstrapping procedure in SmartPLS.

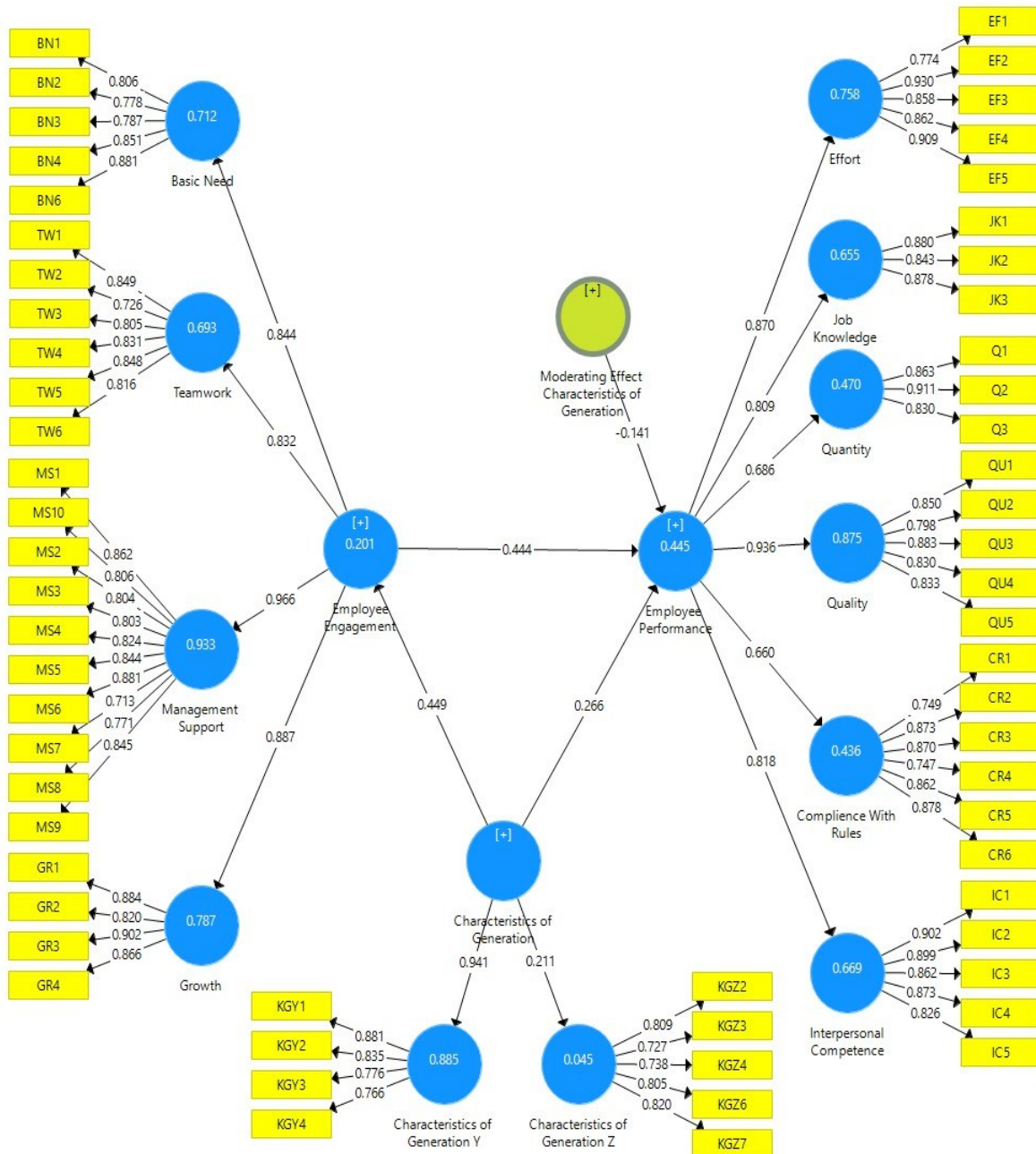


Figure 4. Outer loading value after the second estimation

In the HCMs model, structural model evaluation is carried out by testing the higher-order component (HOC) only by including the lower-order component (LOC) as an indicator (Sarstedt et al., 2019). The first criterion in evaluating a structural model is the value of the coefficient of determination (R^2), which indicates the amount of variance in the endogenous construct that can be explained by all exogenous constructs connected to it (Hair et al., 2017). The R^2 value for the employee engagement variable is 0.224, and the employee performance variable is 0.549. This means that employee engagement can be explained by generational characteristics of

22.4%, while the rest is explained by other variables not examined in this study. Then, employee performance can be explained by employee engagement and generation characteristics of 54.9%.

Previous research has supported our findings and shown that generation Y employees who are engaged in their work are more likely to achieve higher levels of work performance (Lapoint & Spence, 2017; Ismail et al., 2019). In contrast, generation Z employees are not involved enough in their work so that the resulting performance is not higher than generation Y, as we found in this research.

Table 6. Composite reliability and Cronbach Alpha values

Construck	Cronbach's alpha	Composite reliability
BN	0.880	0.912
CR	0.910	0.931
EF	0.917	0.938
GR	0.891	0.925
IC	0.922	0.941
JK	0.835	0.901
KGY	0.835	0.888
KGZ	0.855	0.886
MS	0.944	0.952
QU	0.895	0.923
Q	0.837	0.902
TW	0.898	0.921

The second criterion in evaluating a structural model is to look at the path coefficient value. The path coefficient value, which is estimated to be close to +1, represents a strong positive relationship, conversely the closer the path coefficient value is to 0, the weaker the relationship (Hair et al., 2017). The relationship between employee engagement and employee performance has a positive direction with a path coefficient value of 0.492. This indicates that employee engagement positively affects employee performance, and the relationship is stronger than the relationship with other variables. Employee performance can increase if employee engagement is also increased, impacting 49.2%. The relationship between generational characteristics and employee engagement has a positive relationship with a path coefficient of 0.473. Thus, the characteristics of a strong generation can increase employee engagement by giving a relatively strong influence of 47.3%. The characteristics of employee generations are positively related to employee performance with a path coefficient value of 0.294, so generational characteristics strongly influence 29.4% of employee performance. This means that the stronger the characteristics of the employee generation, the more employee performance can increase. The moderating effect of the generational characteristics of employee engagement on employee performance has a negative relationship direction, with a path coefficient value of (-0.141). The moderating variables in the results of this research do not strengthen or weaken the

relationship between employee engagement and employee performance.

This is because the characteristics of the generation that dominates the world of work today tend to have an open attitude and show more focus on personal aspects, thus influencing how they interact in organizations. Interactions between generations of employees and organizations rely on organizational communication activities (Walden et al., 2017). Communication within the organization will affect the attitudes and work behavior of employees. The Y generation tends to want open communication, want their views and thoughts to be heard by the organization and without too much superior control because they prefer to work flexibly, communicate more focused on their personal performance, and prefer technology media (Omiliom-Hodges & Sugg, 2019). Likewise, the Z generation, who do not like jobs that are under the binding authority and have terms and conditions for work, always want to be appreciated and have access to global information as early as possible (Wijoyo et al., 2020). Therefore, communication patterns within the organization that are not in accordance with the wishes and characteristics of the generation of employees will negatively affect their engagement and loyalty, which in turn is thought to affect their performance (Lai et al., 2020; Omilion-Hodgers & Sung, 2019).

The results of interviews in the preliminary study also showed that employees tend to focus on carrying out tasks according to what they are told to do because what they want to work for is only to be able to meet their financial needs, poor team collaboration, high levels of employee turnover, and delivery of information that causes there are many miscommunications and different perceptions between leaders and subordinates, so that employees fail to explore themselves to the fullest in their work. Apart from that, the outer loading value related to performance results on the indicators of compliance with rules and interpersonal competence in this research also shows the low influence produced so that it can be said that employee compliance regarding company rules and relationships between employees, including communication, still needs to be improved among private employees in the city of Padang, West Sumatra. Thus, it is hoped that company leaders can pay more attention to

indicators in the dimensions of management support and teamwork so that employees can increase employee engagement and overall employee performance.

The most significant impact of the variable employee engagement and generational characteristics on employee performance is on the quality dimension, especially on the indicator of doing the best that makes one proud of his work, doing work according to SOP, and being able to provide satisfaction to customers (internal/external). This is supported by Iswahyuningsih et al. (2021) which mentions the effect of customer satisfaction with good service quality, which is related to employee performance.

Figure 5 is the result of the bootstrapping process, which tests the structural model of the three variables, including the results of the

moderation test of generational characteristics between the relationship between employee engagement and employee performance. The bootstrapping process can also verify the research hypothesis by using an alpha value of 5%, where if the p-value obtained is less than 0.05 or the t-statistic value is greater than the t-table value (1.96), then the hypothesis can be accepted, and vice versa, if the p-value obtained is greater than 0.05 or the t-statistic value is smaller than the t-table value (1.96), then the hypothesis is rejected. Table 7 shows the path coefficient values, p-values, and t-correlation statistics of the variables tested from the bootstrapping process. Separately, the relationship between generation Y characteristics and generation Z characteristics on employee engagement and employee performance is shown in Table 8.

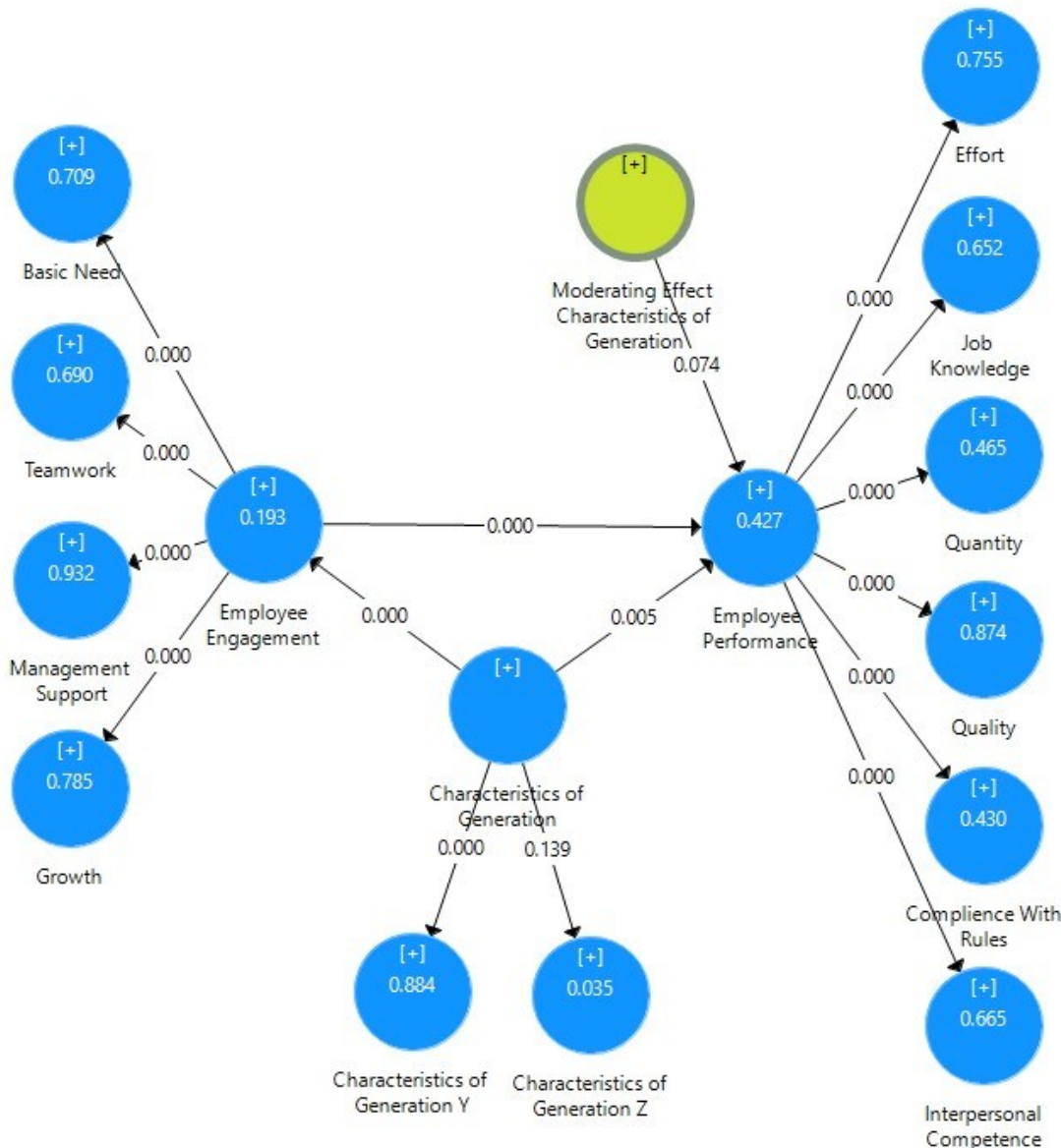


Figure 5. Output bootstrapping structural model evaluation

Table 7. Value of path coefficient, p-value, and t-variable correlation statistics

Variable Relationship	Path Coeff.	P-Value	T-Statistic	Hypotesis Result
H1: EE → EP	0.492	0.000	6.775	Accepted
H2: KG → EE	0.473	0.000	5.464	Accepted
H3: KG → EP	0.294	0.000	3.690	Accepted
H4: KG*EE → EP	-0.141	0.074	1.743	Rejected

Note: EE = Employee Engagement, EP = Employee Performance, KG = Characteristics of Generation

Table 8. The relationship characteristics of generation Y, generation Z on employee engagement and employee performance

Variable Relationship	Path Coeff.	P-Value	T-Statistic	Findings
KGY → EE	0.464	0.000	5.885	Significant
KGY → EP	0.271	0.001	3.456	Significant
KGZ → EE	0.107	0.340	0.953	Not Significant
KGZ → EP	0.133	0.131	1.512	Not Significant

The employee engagement variable in this study proves that there is a significant influence on employee performance. This is in line with Puspa and Sagala (2018) and Ismail et al. (2019), which state that employee engagement has a significant effect on employee performance, so it can be said that increasing employee engagement can improve employee performance.

Generational characteristic variables in this study have a significant effect on employee engagement. This is in line with Purnawati et al. (2021), which explains that there is an influence of generational characteristics possessed by the Y generation on employee engagement and employee performance. The research results found that the characteristics of generation Z have an influence, but not significant on employee performance and employee engagement.

Likewise, there is a significant influence of generational characteristics on employee performance, which is supported by Santoso & Soehari (2020) and Ilhami, et al. (2021) that the personal characteristics of the millennial generation have a significant influence on employee performance. In this case, the stronger the characteristics of a generation, the more significant its performance can be, which is an indicator of the strong characteristics of the Y generation with the characteristics of taking every opportunity for self-development. Meanwhile, the indicators of the characteristics of the Z generation are strong, with the characteristics of safe and stable work for a long time and continuing to improve soft skills compared to just working. The moderation of

generational characteristics on the relationship between employee engagement and employee performance has a not significant effect. In contrast, the moderating effect of generational characteristics can't strengthen or weaken the relationship between employee engagement and employee performance.

The results of this research provide implications for the company in knowing the indicators that influence employee performance based on employee engagement and the characteristics of employee generations, this research can be used as a reference in formulating employee engagement program planning strategies, by integrating the differences between the characteristics of employee generations so that it can be used as a potential or advantage for the company to strengthen employee performance improvement. Companies can increase the management support variable, because management support is greater in having an influence on improving employee performance. Employees need to be given special attention to efforts to improve working conditions and employee experience. Apart from that, companies can consider the characteristics of generations Y and Z in implementing effective communication patterns in order to build good relationships and cooperation between employees in order to reduce gaps between them.

Conclusions

The results of this study confirm that employee engagement has a significant effect on employee performance. Generational

characteristics have a significant effect on employee engagement, and generational characteristics have a significant effect on employee performance. Employee performance can be improved by increasing or improving employee engagement variables and strengthening generational characteristics. Generational characteristics as a not moderating variable show a not significant direction of the relationship, where the moderating effect of generational characteristics in this study doesn't strengthen or weaken the relationship between employee engagement and employee performance, but directly (without moderation) employee engagement and employee performance can be increased by the presence of generational characteristics the strong one. The characteristics of generation Y are stronger in providing influence compared to the characteristics of generation Z.

Upgrade on employee engagement variables needs to consider generational characteristics, which can be done by exploring and utilizing each generational characteristic employees possess into a potential for companies to improve their performance. The characteristic that stands out in the Y generation is always taking every opportunity to develop, and the characteristic that stands out in the Z generation is liking safe and stable types of work. The characteristics of the Y generation are greater in influencing employee engagement and employee performance than the Z generation.

The management support dimension in the employee engagement variable is the most influential in improving employee performance, especially in the support indicators in increasing employee abilities and employees being happy to work in the company where they work. Apart from that, the performance produced in the dimensions of compliance with rules and interpersonal competence has a minor impact, so companies need to formulate strategies to improve employee performance, especially in terms of compliance in carrying out tasks according to company rules and regulations and in realizing good employee relations with communication patterns that suit each generation's characteristics. Further research is recommended to expand the employee population in private agencies in West Sumatra and uncover other variables that might influence

employee performance, such as organizational culture, leadership, or employee commitment.

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