

## **Big City Millennial Workers in Indonesia and Factors Affecting Their Commitment to the Organisation**

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### **ABSTRACT**

In this contemporary world, when there is a drastic shift in the demographic features of the workforce, understanding millennial workers' expectations of work becomes an important agenda for the continuity and success of the company. Outside Indonesia, researchers found millennial workers wanted to have high salaries, comprehensive benefit packages, rapid career development opportunities, as well as work location that is near to where they live (Robert Half International and Yahoo! HotJobs, 2008), personal life and an opportunity to grow (Baldonado & Spangenburg, 2009), and career advancement opportunities, and work-life harmony and good relationships with colleagues (The GMP Group & Temasek Polytechnic, 2009). In Indonesia, Sitepu (2012) found nature of the job, supervision and promotion opportunities as three main factors that made millennial workers stay at work. This study was carried out to enrich the findings above, focusing on millennial workers in Jakarta, a big city of Indonesia. The findings are: 1) simultaneously eight occupational factors which are Salary, Benefit, Promotion Opportunities, Supervision, Relationship with Colleagues, the Job Itself, Job Flexibility, and Work Location positively and significantly affected Organisational Commitment, and 2) only four factors (benefits, promotion opportunity, work flexibility and work location) partially affected the Organisational Commitment positively and significantly.

*Keywords:* benefit; big city millennial workers; organisational commitment; promotion opportunity; relationship with colleagues; salary; supervision; the job itself; work flexibility; and work location

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### **INTRODUCTION**

Meister (2012) said that job hopping is the 'new normal' for millennial workers born

between 1977 and 1997. In his research, 91% of the 1,339 respondents who were young employees or recent graduates admitted they stayed in a company not more than three years before looking for another job which fits with their values and personal goals. These conclusion are supported by research conducted by Parsons (2012) which found that the turnover trend in young employees (Generation Y or The Millennial, aged 15-35 years) is higher than the oldest generation and expected to increase significantly year by year.

In Indonesia, a census done by the Central Bureau of Statistics in 2010 showed that 79.75 million (33.56%) of the total population of Indonesia were the Millennial. The fact above provides a challenge for HR practitioners in Indonesia, in managing a drastic shift in the demographics of the workforce. Generational differences lead to differences in expectations, as well as demands and expectations of the job. Most companies may have successfully implemented strategies to retain their best employees from the Generation of Baby Boomers and Generation X. In order to retain employees who come from Generation Y, however, companies would require a different approach. Therefore, knowing the dimensions of the work that drives the Generation Y employees to commit to the organisation is a crucial step for the company's top management in designing HR strategy that is capable of effectively managing Generation Y employees so that issues such as voluntary labor turnover in the future can be minimised. Therefore, to understand all the Millennial's perspective

demands and expectations at work becomes an important agenda that must be considered for the continuity and success of the company.

There are several studies on work factors and organisational commitment of The Millennial. A research conducted by Robert Half International and Yahoo! HotJobs (2008) with 1,007 respondents aged 21-28 years, using eleven dimensions that are considered reflecting the expectations of millennial workers, found that majority of The Millennial wanted to have high salaries, comprehensive benefits package, rapid career development opportunities, as well as work location that is near to where they live. Baldonado and Spangenburg (2009) conducted a similar study with students of the University of Hawaii as their respondents and discovered two major dimensions influencing the organizational commitment of The Millennial, which are personal life and opportunity to grow. Spectrum Knowledge, Inc. and Career Center at Cal State Fullerton (2009) found that appreciation given by the organisation, work promotion and work-life balance, while another research conducted by The GMP Group and Temasek Polytechnic (2009) with respondents of 1,541 students and 502 millennial workers in the state of Singapore found career advancement opportunities, work-life harmony and good relationships with colleagues as the motivators for The Millennial to remain in the organisation.

In Indonesia, Sitepu (2012) did a study on 114 millennial workers by using Spector Job Satisfaction Survey instrument, and

found three dimensions of employees' job satisfaction which have significant and positive relationships with their commitment to the organisation: nature of the job, supervision, and promotional opportunities. Meanwhile, Salim (2014) found that perceived supervisor's support on work-life balance has a positive and significant relationship with organisational commitment of the millennial.

Although there have been a number of studies in Indonesia related to the organisational commitment of millennial workers, none has specifically examined the factors that influence commitment to the organization of millennial workers in big cities. Big cities provide a wide range of employment alternatives that may be more appropriate to the millennial expectations. Based on the results of informal interviews with several young co-researchers working in small towns (such as Klaten, Surakarta and Pekanbaru) in Indonesia, not having many alternative jobs "forced" the millennial workers to commit to their organisation because they do not have many other job options.

Review of the past literature showed eight factors affecting organisational commitment of millennial workers are Salary, Benefit, Promotion Opportunities, Supervision, Relationship with Colleagues, the Job Itself, Work Flexibility and Work Location. The purpose of this confirmatory study was to quantitatively examine the model that had been developed based on literature study findings, which included: (1) to determine which occupational

factors have significance positive effects on organisational commitment of big cities millennial workers in Indonesia, and (2) to identify the dominant factors affecting the organisational commitment millennial workers of big cities in Indonesia. The results of the research will enrich the construct theories of millennial and organisational commitment in the context of organisation in Indonesia.

## **MATERIALS AND METHODS**

Since the aim of the study is to examine the relationship and the effects of variable dimensions of the work on organisational commitment, the approach used is quantitative with survey method, a single cross-sectional. The unit of analysis of this study is the individual employees. Meanwhile, the population of the study comprised undergraduate and graduate students from the part-time class in an old private school of management in Jakarta, Indonesia. A total of 239 participants were selected as the samples for the survey based on the following criteria: (1) have been or are working in Jakarta or other big cities in Indonesia, and (2) are in the age group of 15 to 33 years or the birth years of 1981-1999 (generation Y/Millennial).

The survey was done by using personally administered questionnaires. The questionnaire used 6-point Likert scale with a total of 37 statements indicating the observed variables of the nine latent variables measured. Questions for eight independent variables were developed from the tools used by Robert Half International

and Yahoo! HotJobs (2008), Baldonado and Spangenburg (2009), The GMP Group and Temasek Polytechnic (2009) and Sitepu (2012). While questions for the dependent variable were developed based on Mowday, Porter and Steers (1982).

From the data collection obtained, out of a total of 164 questionnaires (return rate 63%), 151 questionnaires were eligible to process. Figure 1 shows that the research model consists of the variables and hypotheses to be tested.

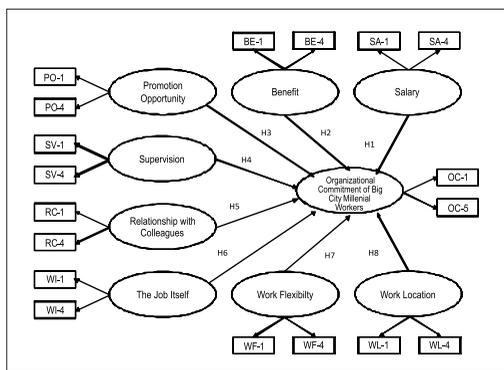


Figure 1. Structural model of the study

- H<sub>1</sub> : Salary has a positive and significant effect on the organisational commitment of big city millennial workers in Indonesia
- H<sub>2</sub> : Benefit has a positive and significant effect on the organisational commitment of big city millennial workers in Indonesia
- H<sub>3</sub> : Promotion Opportunity has a positive and significant effect on the organisational commitment of big city millennial workers in Indonesia
- H<sub>4</sub> : Supervision has a positive and significant effect on the organisational

commitment of big city millennial workers in Indonesia

- H<sub>5</sub> : Relationship With Colleagues has a positive and significant effect on the organisational commitment of big city millennial workers in Indonesia
- H<sub>6</sub> : The Job Itself has a positive and significant effect on the organisational commitment of big city millennial workers in Indonesia
- H<sub>7</sub> : Work Flexibility has a positive and significant effect on the organisational commitment of big city millennial workers in Indonesia
- H<sub>8</sub> : Work Location has a positive and significant effect on the organisational commitment of big city millennial workers in Indonesia
- H<sub>9</sub> : Salary, Benefit, Promotion Opportunity, Supervision, Relationship with Colleagues, The Job Itself, Work Flexibility, and Work Location simultaneously have a positive and significant effect on the organisational commitment of big city millennial workers in Indonesia

## RESULTS

### Test the effect of the eight occupational factors on organizational commitment simultaneously

In order to see how much the influence of the independent variables together or simultaneously to changes in the value of the dependent variable, Test F was conducted. Based on the test results in Table 2 F, a significant value of 0.000 (<0.05) was obtained. Thus, it was concluded that

the hypothesis is accepted and there is at least one of the eight predictor variables consisting of Salary, Benefit, Promotion Opportunities, Supervision, Relationship with Colleagues, the Job Itself, Work Flexibility and Work Location, which affect Organisational Commitment positively and significantly.

Table 1  
*Test result of eight occupational factors (X1-X8) simultan effect on organisational commitment (Y)*

ANOVA <sup>b</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1942.756	8	242.844	21.416	.000a
	Residual	1610.211	142	11.340		
	Total	3552.967	150			

a. Predictors: (Constant), Salary, Benefit, Promotion Opportunity, Supervision, Relationship with Colleagues, The Job Itself, Work Flexibility, Work Location (Adj.)

b. Dependent Variable: Organisational Commitment

**Test result of eight occupational factors (X1-X8) simultan effect on organisational commitment (Y)**

Test the effect of the eight occupational factors on organizational commitment partially

To measure the partial relationship and influence of eight occupational factors (X1-X8) on organizational commitment (Y), t test was done.

Table 2  
*Test result of eight occupational factors (X1-X8) partial effect on organizational commitment (Y)*

Coefficients <sup>a</sup>						
Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error			
1	(Constant)	.083	2.247		.037	.971
	Total Salary	-.011	.085	-.010	-.131	.896
	Total Benefit	.407	.092	.338	4.420	.000
	Total Promotion Opportunity	.247	.083	.222	2.988	.003
	Total Supervision	.184	.104	.133	1.777	.078
	Total Relationship with Colleagues	-.205	.123	-.116	-1.672	.097
	Total The Job Itself	.199	.112	.136	1.772	.079
	Total Work Flexibility	.272	.089	.193	3.062	.003
	Total Work Location (Adj.)	.235	.098	.151	2.396	.018

a. Dependent Variable: Total Organisational Commitment

The number of respondents in the research samples (n) is as much as 151 people, then by degrees of freedom (df) = n - k and level of significance ( $\alpha$ ) = 0.05, and the value of the t-table is 1.976.

Based on the results of the t test, Hypothesis 2, 3, 7 and 8 are accepted. Partially, only four variables have a positive and significant effect on Organisational Commitment (t-stat > t-table, with a significant level < 0.05). The four variables are benefit, promotion opportunities, work flexibility and work location.

**Determination test of eight occupational factors on organisational commitment**

Statistical calculation results in Table 3 indicate that the coefficient of determination that has been adjusted (Adjusted R2) is 0.521. It means that eight occupational factors studied can influence the variation of Organisational Commitment of 52.1%. The remaining 47.9% is determined by other variables that are not proposed in this research model.

Table 3  
*Test result of determination of eight occupational factors (X1-X8) on organizational commitment (Y)*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.739a	.547	.521	3.36742

a. Predictors: (Constant), Salary, Benefit, Promotion Opportunity, Supervision, Relationship with Colleagues, The Job Itself, Work Flexibility, Work Location (Adj.)

**DISCUSSION**

Compared to Tolbize (2006) who found that money did not necessarily motivate members of Gen X, the absence of money might lead them to lose motivation, this research interestingly found that benefits significantly and positively influenced the organisational commitment of big city millennial workers in Indonesia, while salary was not. The results are consistent with the studies of The Bush School of Government and Public Service (2009) and MetLife (2012), which found that the factor of monetary compensation or salaries is no longer the most important motivational tool in creating job satisfaction and organisational commitment of Generation Y. Both studies

recommend companies to award the millennial workers in the form of benefits to raise their job satisfaction and organisational commitment. The recommendation is based on the increased consciousness of millennial workers on the need for the company to provide support when they experience illness or accident. Moreover, the cost of healthcare in big cities is now more expensive, which may not be met from the salaries they earn. In addition, the millennial workers also do not want to experience the condition as is often experienced by their parents who have worked hard but still face difficulties during their retirement. Another study by College (2009) found benefits as one of the top criteria for accepting jobs.

In providing the benefit for the millennial workers, companies must pay attention and ensure the fulfillment of the principle of justice or fairness (Robbins & Judge, 2013), the factor that is highly considered by the millennial workers. It is indicated by the highest mean value of the statement “the benefit I receive is in accordance with my position” (Mean score: 4.05) and “the benefit I receive already competitive compared to other similar companies in the same position” (Mean score: 4.01). This finding is in line with Srinivasan (2012), who also found equitable pay and fringe benefit as the dominant motivational factors of the Millennials. According to Robbins and Judge (2009), employees perceive their organisations as just when they believe the outcomes they have received and the way in which the outcomes were received are fair.

The second factor found to significantly and positively influence the organisational commitment of big city millennial workers in Indonesia is promotion opportunity. This finding supports a number of previous research that revealed promotion opportunities have always been coveted by the majority of Generation Y employees (Robert Half International and Yahoo! HotJobs, 2008; Baldonado & Spangenburg, 2009; The GMP Group and Temasek Polytechnic, 2009; Spectrum Knowledge, Inc. and Career Center at Cal State Fullerton, 2009; Sitepu, 2012). According to Bosco and Bianco (2005) and Gursoy et al. (2008), millennials thrive on recognition and promotions. Gursoy, Maier and Chi (2008) found Gen Y values professional

development. Potential for advancement is also one top criterion for millennial workers in accepting jobs (College, 2009). Millennial workers see promotion as a symbol of trust, recognition and appreciation for their relevant abilities or skills to occupy higher level positions. Promotion is seen as manifestation of a person’s need to continue to grow and develop. In related to promotion opportunity, clarity of career path is very important for the millennial workers. It is indicated by the highest mean value of the statement “My work now has a clear career path” (Mean score: 3.95). Millennial workers need certainty about what will happen to their future in the company. They need to be informed about the career path systems, performance evaluation and any requirements that must be met to get promoted. Thus, the management should make a clear career planning and ensure that the policy is known and understood by all employees and apply it in an open, objective and fair way. By having a complete picture about their future in the company will encourage the millennials to increase their productivity and commitment to the organisation.

Millennial workers prefer not only a clear but also a flexible career path because their priority is work-life balance (Smola & Sutton, 2002; Carless & Wintle, 2007; Ott, Blacksmith, & Royal 2008). Millennials may desire more flexible working conditions and hours such as no objection for working late but reluctant to working early in the morning (Simmons, 2008). They see work in flexible terms (especially where and

when work is done) to accommodate their desire for work-life balance (Randstad Work Solutions, 2007; Simmons, 2008). The next findings of this research support this. Millennial workers consider work flexibility as another factor that makes them committed to the company. It is indicated by the high mean value of the statement “I get freedom in determining the procedures that will be used to carry out the duties of my job” (Mean score: 4.29) and “my company provides arrangements entered flexible working hours to employees during fulfill the applicable amount of working time” (Mean score: 4.07). Millennial workers often do not have sharp boundaries between professional work and social life. Millennials rely heavily on technology in integrating their work with their personal and social life (Robert Half International and Yahoo! HotJobs, 2008; Baldonado & Spangenburg, 2009; The GMP Group and Temasek Polytechnic, 2009; Net Impact, 2012). Millennials feel rewarded by work arrangements that offer them a flexible work and technological support (Martin, 2005). In this research, it is indicated by the high mean value of the statement “the company provides a means of access to technology that can help my work and communicate with colleagues” (Mean score: 4.48). Millennial workers live in the era of rapid revolution of information and communication technology. They are very familiar with the internet, smart phones, tablet computers and actively involved in social media networks such as Skype, Whatsapp, Myspace, LinkedIn, Twitter and Facebook (Zemke et al., 2000; Martin

& Tulgan, 2001; Eisner, 2005; Howe & Strauss, 2010). Millennials using technology to assist them in completing various tasks of work, communication and developing their potential. In contrast to Generation X or Baby Boomers who are not too concern with that aspect, since during their time, technology was not as advanced as today's. Based on the research findings, to make the millennials commit to the organisation, a company must provide technological support that ensures the millennials are able to balance their work and personal or social life.

Another interesting finding of this study is the work location, which turned out to be one of the factors influencing the organisational commitment of big city millennial workers in Indonesia. Millennials are concerned about the ease of access to work sites, as indicated by high score for the statement, “my company has an accessible location” (4.62). Millennials also prefer if the work location is not far from where they live, “location of the company where I work not far from where I live (Mean Score: 4.17). Work location also turned out to be a status symbol for millennials “I currently have a job that is located in the central area of the elite or business centers that can improve my social status (mean score: 4.15). In addressing these findings, it would be a positive thing if the company already has a location with good accessibility levels or located in the centre of the city. For companies located far from the city or are not easy to reach (for example, a factory that is located in an industrial area), the

management should provide transportation assistance for the millennial workers such as bus service with fully leveraging technology, real-time transit applications that connect the Millennials with community amenities through smartphone fare payment and the provision of WiFi and 3G/4G (APTA, 2013). Transit allows Millennials to work as they travel. These benefits of public transit need to be fully leveraged by the company in acquiring the millennial talents.

The number of millennials workers is predicted to rapidly increase in the next 5-10 years to replace the generation of Baby Boomers and Generation X who will soon retire. The research enriched the study of generational differences in organisational commitment by the finding that millennials are both intrinsically and extrinsically motivated. This differs from Gen X that appears to be primarily intrinsically, but not extrinsically motivated (Krahn & Galambos, 2014). This research finding is confirmed the study of Giancola (2008) which indicated the most valued rewards by the millennials are learning and development opportunities and work-life balance. They are just like the Gen X who also valued flexible work arrangements and skill development.

## CONCLUSION

This case study found that simultaneously, at least one of the eight predictor variables consisting of salary, benefit, promotion opportunities, supervision, relationship with colleagues, the job itself, work flexibility and work location, had a positive

and significant effect on the dependent variable Organisational Commitment of big city millennial workers in Indonesia. The coefficient of determination that has been adjusted (Adjusted R<sup>2</sup>) is 0.521, which means eight variables studied for occupational factors can influence the variation of Organisational Commitment of 52.1%, while the remaining 47.9% is influenced by other variables that are not proposed in this research model. Partially, only four variables had a positive and significant influence on Organisational Commitment, and these are benefits, promotion opportunities, work flexibility and work location.

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