MILLENNIALS IN THE WORKPLACE: THE EFFECT OF PSYCHOLOGICAL CAPITAL ON WORK ENGAGEMENT WITH PERCEIVED ORGANIZATIONAL SUPPORT AS MEDIATOR

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ABSTRACT
This study aims to examine relationship between psychological capital with work Engagement on generation Y Independent variable in this study was Psychological Capital (Luthans, et al., 2007), the dependent variable was work Engagement (Schaufeli and Bakker, 2004) and Perceived organizational Support as mediator between them. Data came from 100 employees of Y generation with an age range between 23-32 years. Instruments that used in this study was an online questionnaires, where the scale of PsyCap using PCQ, work Engagement scale using UWES questionnaire and Perceived Organizational Support scale using Eisenberger et al. (1986). Data analysis was performed using simple and multiple linear regression methods based on the mediation test analysis techniques of Baron and Kenny (1986). The results of the analysis show that perceived organizational support mediates the effect of psychological capital to work Engagement on Millennials.

KEY WORDS
Work Engagement, perceived organizational support, psychological capital, employee.

Employee workforce in an organization is dynamic and continues to change along with the replacement of retired employees and replaced by employees of the new generation (Ozcelik, 2015). But the large number of retired employees actually creates a crisis in many organizations (Eddy, et al., 2010). The crisis mentioned refers to the situation of the era of competition which is currently increasing and becomes a challenge for organizations because they have to compete in the same "pool" in searching for talented human resources, coupled with increasingly easy access to information (Goodwin & Wilkinson, 2005 in Luthans, et al., 2007). In the Talent Management handbook prepared specifically by Daya Dimensi Indonesia (2012) this situation is driven by a variety of factors, including rapid organizational growth, a drastic increase in resignation rates, the withdrawal of several key people by competitors, and difficulties in retaining potential employees in the organization. This happened at the same time as the influx of generation Y into the workforce. Quoting an article in Kompas Newspaper, Indonesia is currently experiencing increasingly fierce competition for generation Y human resources because they prefer digital-based startups with interesting work cultures. This situation makes the company must find ways to get at the same time retain the best human resources (Corporation Competes Enchanting Generation Y, 2016).

Hiring Millennials, many companies realized that this generation came with different attitudes and work habits that need adaptation with existing cultures. Employing young talents who have just left college is a challenging process for the company because it has changed the culture of the company lately (Kamau, et al., 2014). Therefore, problems that arise such as the gap between generations and the number of Generation Y employees leaving their jobs for career advancement are new concerns for today's companies (Stichnote & Crow, 2010). This was also stated in an international study that found that nearly one in three Y generation employees planned to leave their current workplace and look for new career opportunities in the next few years (Deloitte, 2016). In other words, there are only a few professions whose jobs can meet the needs of Y generation employees (Codrington & Grant-Marshall, 2011).
Referring to generation Y research in Indonesia, Budiman (2008) the existence and characteristics of generation Y in Indonesia have actually been known and understood by the industrial world. This generation is less associated with organizations, they do not like long working hours. Referring to Lloyd's research (2007, in Brown et al., 2009), one of the most significant challenges felt by companies in dealing with this generation is how they communicate effectively with previous generations (Ballenstedt & Rosenberg, 2008 in Brown et al., 2009). Many studies have noted differences in values, perceptions and communication between generations and this can lead to conflict in the workplace (Basset 2008 in Brown et al., 2009). Therefore, finding ways to understand the values of each generation is crucial for building a coherent and effective workforce (Ballenstedt & Rosenberg 2008 in Brown et al., 2009).

The problem does not stop there, the turnover problem among generation Y is a new problem which is also increasingly worrying. This is in accordance with the characteristics of generation Y who love to move because they dare to choose which companies they want to live in, have working conditions that are in line with expectations, opportunities to develop themselves, and also which companies are able to offer flexibility (Eddy, 2010). An international scale study found that almost one in three generation Y workers plans to leave their workplaces and look for new career opportunities (Deloitte, 2016). Halbesleben and Wheeler (2008) say that the relationship of work Engagement and turnover comes from the high level of investment and dedication in work. Someone who feels himself very attached to the job will be very difficult to break away from work. That is because they have invested a lot of energy in their work, and have a high meaning with their work. Conversely, if the employee does not feel attached to his job because he does not get a chance to invest his energy in the job, has a low identification and meaning in his work, they will choose to leave their company. In addition, employees feel not attached to their jobs because they do not get the opportunity to invest their energy in work, have low identification and meaning in their work so they will choose to leave their company (Halbesleben & Wheeler, 2008).

Stephanie and Gustomo (2014) in their research results in one company in Indonesia said that in addition to weakening productivity and high absenteeism, increased turnover became one of the internal symptoms that showed disEngagement.

In fact, many companies, especially in Indonesia, do not yet have optimal steps, especially those that focus on internal aspects (personal resources) and also the absence of preventive measures that directly shoot the generation Y characteristics regarding what can be improved for the good of the company through the work they do. This is an important concern for writers because in addition to paying attention to external factors from individuals (job resources), organizations should look at internal factors (personal resources) of employees in increasing Engagement on work (work Engagement) based on research studies mentioned above will be negatively related with turnover intention and also positively related to positive behavior in work, organizational commitment, job satisfaction, and work improvement that bring positive impact to the organization. Research has shown that work Engagement is not only sourced from work but also from individuals themselves (Bakker & Demerouti, 2008). Bakker and Leiter (2010) that the four psychological sources contained in PsyCap (Self efficacy, Hope, Optimism, and Resilience) have a direct relationship with the three components of work Engagement (vigor, dedication and absorption). see the relationship of PsyCap and work Engagement in generation Y in this company as an additional alternative that is expected to help address issues related to generation Y in this company. It is also an alternative for organizations to make interventions that have been carried out can run more effectively and run according to their goals. And indirectly will have a positive impact on organizations such as an increase in performance (Khan, 1990 in Simons & Buitendach, 2013), organizational commitment, job satisfaction and decreased desire to leave (Halbesleben & Wheeler, 2008) job satisfaction and decreased desire to leave (Halbesleben & Wheeler, 2008).

Perceived organizational support is a concept developed based on social exchange theory. Social exchange theorists have alluded to employment as the trade of effort and loyalty for tangible benefits such as salary, compensation, and social rewards (Gould, 1979;
According to Gouldner, when someone receives kind treatment from others, the norms of reciprocity obligate him / her to repay the kindness (as cited in Eisenberger et al., 2001). This norm also applies to the employee-organization relationship. Employees will make the efforts to show their loyalty to the organization if their contribution is appreciated and well being nurtured. Perceived organizational support is defined as the employee's belief that the organization values their contribution and well-being. Organizational support theory assumes that to determine the readiness of the organization to reward rewards for improving performance and meeting socio-emotional needs, employees develop the belief that organizations value contributions and improve their well-being. Eisenberger et al. (1986) revealed that perceived organizational support (POS) could improve employees' emotional viscosity to the organization. The term perceived organizational support generally refers to employees' beliefs about how much the organization values their contribution and well-being. Employees with fulfilled socio-emotional needs commit to an organization more easily compared to those with unfulfilled needs.

**LITERATURE REVIEW**

This study uses theoretical references brought by Wilmar Schaufeli and Arnold Bakker who reveal that employees who have work Engagement are energetic employees in their work activities, in addition they feel more able to handle all job demands (Schaufeli and Bakker, 2004). In addition work Engagement is a positive motivational state and self-fulfillment in work is characterized by vigor, dedication, and absorption (Schaufeli & Bakker 2004). In another sense, this condition will involve the individual in expressing himself physically, cognitively and emotionally while he is carrying out his work role. An employee with high Engagement will care and understand the business context and work with colleagues to improve performance in the group for the benefit of the company (Rich & Lepine, 2010: 635). Bakker and Leiter (2010) in his book on work Engagement defines this as a motivational concept. When employees feel attached to their jobs, they will be motivated and challenged to achieve their goals. They want to achieve success. And commit personally to achieving that success. Work Engagement also reflects the energy of the employee personally in carrying out their work.

As a motivational construct, work Engagement can be seen as the result of an individual's positive experiences on tasks in his work (Christian et al., 2011 in Park & Gursoy 2012). Individual perceptions of work experience can certainly affect what the meaning of work in the life of the individual (Park & Gursoy, 2012). Generation Y has a relaxed work value, and low concentration of work. It is expected that the younger generation like generation Y has a lower attachment than other generations in the work. In addition, work demands also have a negative effect on work Engagement when they try to meet the capacity of adaptability in their work (Bakker, 2007 in Park & Gursoy, 2012). Generation Y is very sensitive to work demands because of their work values. In considering the weaknesses of Y's priority focus in work, research states that this generation does not use their resources and energy in work, and this is what makes them have a low attachment to work (Park & Gursoy, 2012). In their research, Park and Gursoy (2012) say that in generation y, individuals who lose their motivation to be attached to work, feel their work is meaningless, feel unsuitable to the work environment, low loyalty that will bore them significantly with the organization. Conversely, when generation Y is tied to their work, it is expected that their psychological characteristics such as self-esteem are high, optimism, which makes them psychologically able to face their work. This will later lead to high job satisfaction, lower turnover intention than other generations. In addition, Generation Y who has a high work Engagement will also have lower job satisfaction and turnover intentions than other generations.

Psychological capital is defined as a positive psychological thing that is owned by each individual that is useful to be able to help the individual to develop and which is characterized by: (1) self-confidence (self efficacy / confidence) to get the job done, (2) has positive
expectations (optimism) about current and future success, (3) persevering in hoping (hope) to succeed, and (4) being resilient in dealing with various problems (resiliency) to achieving success (Luthans et al., 2007).

Perceived organizational support is a concept developed based on social exchange theory. Social exchange theorists have alluded to employment as the trade of effort and loyalty for tangible benefits such as salary, compensation, and social rewards (Gould, 1979; Levinson as cited in Rhoades & Eisenberger, 2002). According to Gouldner, when someone receives kind treatment from others, the norms of reciprocity obligate him/her to repay the kindness (as cited in Eisenberger et al., 2001). This norm also applies to the employee-organization relationship. Employees will make the efforts to show their loyalty to the organization if their contribution is appreciated and well-being nurtured.

METHODS OF RESEARCH

As many as 100 Millennials (55 males & 45 females) who have worked in Indonesia for a minimum of one year, were recruited to participate in this study. The average subject is 26 years old. These participants came from various companies. Sampling in this study using nonprobability techniques with accidental sampling method. The use of this sampling technique allows samples to be taken randomly, so that bias can occur.

This research uses a quantitative approach, where abstract ideas are transformed into specific numerical data. The numeric data is an empirical representation of abstract ideas which will be analyzed later (Neuman, 2007). Data collection using survey techniques in the form of a questionnaire in the form of a scale. There are two scales used in this study, namely the PCQ scale and the UWES scale. The work Engagement scale (The UWES) in this study was developed by Schaufeli and Bakker in 2003. In this scale there are 17 items that measure three scales namely vigor scale (strength) consisting of 6 items, dedication to work 5 items, and absorption in 6 work items with a reliability value of 0.90. Whereas PsyCap (PCQ) was developed by Luthans, et al., In 2007. In this measuring device consists of 6 points Likert scale, which represents 4 dimensions of PsyCap; hope as many as 6 items, self-efficacy: 6 items optimism: 6 items, and resiliency: 6 items, which results in 24-item PCQ with a reliability value of 0.88. The measuring tool used in this study is a psychological scale that refers to the aspects of perceived organizational support proposed by Eisenberger et al. (1986). These aspects are: showing concern over the welfare of lecturers, responding to lecturers’ difficulties, caring about lecturers’ work performance and responding to lecturers’ ideas and opinions. The organization's support scope consists of 16 favorable items and 16 unfavorable items, amounting to a total of 32 items. The higher the obtained score, the higher the POS level on the lecturer and vice versa. The responses are given in the form of a five-point Likert scale (0 = strongly disagree, 5 = strongly agree). It has good reliability with a Cronbach alpha = 0.965

CONCEPTUAL FRAMEWORK

Based on empirical studies conducted, it is assumed that there is an influence of Psychological Capital on Work Engagement with perceived organizational support as a mediator in Generation Y.

Based on the conceptual framework above, the proposed research hypothesis is:

- Ha: There is an influence of Psychological Capital on Work Engagement with perceived organizational support as a mediator in Generation Y;
- Ho: There is no influence of Psychological Capital on Work Engagement with perceived organizational support as a mediator in Generation Y
RESULTS OF STUDY

Data analysis in this study uses the mediation test technique of Baron and Kenny (1986) which states that the mediator variable analysis procedure can simply be done through a regression test. However, before conducting a regression analysis, researchers conducted a correlation test on the research variables. After the correlation test, the researchers conducted a simple linear regression test and continued with the multiple linear regression tests.

Table 1 – Correlations Statistic Result

|        | Y_WE  | Z_POS | X_PsyC |
|--------|-------|-------|--------|
| **Pearson Correlation** |       |       |        |
| Y_WE   |       | .594  | .644   |
| Sig. (2-tailed) |       | .000  | .000   |
| N      | 101   | 101   | 101    |
| **Pearson Correlation** |       |       |        |
| Z_POS  | .594  |       |        |
| Sig. (2-tailed) |       | .000  | .000   |
| N      | 101   | 101   | 101    |

**Correlation is significant at the 0.01 level (2-tailed).**

Based on the results of the correlation test above, the strength of the relationship between PsyCap and POS variables is strong, which is 0.739. The strength of the PsyCap variable relationship with Work Engagement is quite strong, which is equal to 0.644. While the strength of the POS variable relationship with Work Engagement is quite strong with a value of 0.594. The three correlation results in this study are classified as significant with a significance value of all three less than 0.05 at a significance level of 5%. It is seen that the direction of the relationship of all variables is positive. Thus, when the PsyCap variable increases, the Perceived Organizational Support (POS) and Work Engagement variables will also increase.

Table 2 – Regression Analysis Results

| No | Regression Model | R Square | Nila B | Beta | Sig |
|----|------------------|----------|--------|------|-----|
| 1  | X to Y           | 0.414    | 0.623  | 0.644| 0.000|
| 2  | X to Z           | 0.546    | 0.646  | 0.739| 0.000|
| 3  | X & Z to Y       | 0.445    | 0.436 (X) | 0.289 (Z)| 0.450 | 0.262 | 0.021 |

According to Baron and Kenny (1986), the effect of the independent variable on the dependent variable with the role of the mediator variable will be fulfilled if it is under three conditions, namely (1) estimating the estimated predictor value of the dependent variable regression (Y) with the independent variable (X) as a predictor. At this stage, it is expected that the resulting value is significant, (2) estimating the estimated predictor value from the
mediator variable regression (Z) with the independent variable (X) as the predictor. At this stage, it is expected that the resulting value is also significant, (3) regressing the dependent variable (Y) with the independent variable (X) and the mediator variable (Z) as a predictor. At this stage, the predicted Z for Y is expected to be significant, and the predicted X for Y is expected to have a significant value. If the three conditions above are met, the magnitude of the influence of the independent variable (X) on the dependent variable (Y) in the third equation must be smaller than the magnitude of the influence of both of them in the first equation to get complete mediation (complete mediation).

Based on the table above, it is known that the results of the regression analysis are fulfilled in the first and second conditions with the estimated predictor values of 0.623 and 0.646 and the results obtained are significant. Likewise in the third condition, the mediator variable is proven to influence the dependent variable with the control of the independent variable. This is indicated by the significant results in the x multiple regression model with respect to y with a significance level of 0.000 with an estimated predictor value of 0.436 and a Z to Y multiple regression with a significance level of 0.000 with an estimated predictor value of 0.289. The estimated value of the x predictor for y in the third equation of 0.623 proved to be greater than the first equation. Therefore, the research hypothesis which states that there is an influence of Psychological Capital on Work Engagement with perceived organizational support as a mediator in Generation Y is accepted and included in the type of perfect mediation.

**DISCUSSION OF RESULTS**

The research conducted this time aims to determine the effect of Psychological Capital on Work Engagement through the mediator role of Perceived Organizational Support in Generation Y. Based on the results of the regression analysis obtained in this study, it is known that Perceived Organizational Support can edit the effect of Psychological Capital on Work Engagement. This is evidenced by the four requirements in the mediation test Baron and Kenny (1986) are met.

The results of this study are in line with the review of "The Power of Positive Psychology: Psychological Capital and Work Engagement" written by Sweetman and Luthans (in Bakker & Leiter, 2010) which states that to respond to the challenges of work Engagement, PsyCap is seen as a positive condition that is psychologically if it is developed it will increase work Engagement. In addition, the results of this study also support previous studies related to psychological capital and work Engagement such as the results of research by De Waal and Pienaar (2013) as well as Simons and Buitendach (2013). Schaufeli and Bakker (2004) explained that work Engagement depicted by individuals who have positive experiences and emotions in their work will produce positive work results as well. Both of these relationships can occur because in the process of realizing work Engagement, it can be through a number of mechanisms related to PsyCap such as having confidence (self-efficacy) on the abilities of individuals, having hopes (hope in positive results, having the will and and direction to achieve goals (optimism) and have the ability to rise again (resiliency) in the face of obstacles and job demands (Sweetman & Luthans in Bakker & Leiter, 2010) which are manifested through positive emotions.

The PsyCap dimensions that have been owned by Generation Y are theoretically believed to be able to actualize the potential of these individuals especially in the workplace (Luthans et al, 2007). These four sources have been proven to have discriminant validity (Luthans et al 2007). Sweetman and Luthans (in Bakker & Leiter, 2010) said that these dimensions build on each other into resources and capital in individuals that can cause work Engagement while expanding individual mindsets. The expansion of mindset caused by the increase in PsyCap can provide great energy and Engagement (Sweetman & Luthans, in Bakker & Leiter, 2010). In addition, this study also considers other variables as mediation, namely POS, where the perceived organizational support will present as a meaningful variable in the development of Millennials' work Engagement. Our findings are in accordance with Eisenberger et al. (1986) who indicated that perceived organizational support can
increase employees' emotional viscosity to the organization. In their research, Eisenberger et al. (1986) defined perceived organizational support as the employees' "beliefs concerning the extent to which the organization values their contribution and cares about their well-being". Employees with a fulfilled socio-emotional need prove to commit to an organization more easily compared to those with unfulfilled socio-emotional needs.

CONCLUSION AND RECOMMENDATIONS

Based on a series of analyzes conducted by researchers, it can be concluded that Perceived Organizational Support (POS) can mediate the influence of Psychological Capital (PsyCap) on Work Engagement in Millennials. Thus, the alternative hypothesis (Ha) in this study was accepted. In line with this, the results of research in Generation Y showed a positive correlation between POS with PsyCap and Work Engagement. In line with the results obtained, the authors propose a number of suggestions, (1) further research is expected to find out other variables that can be a mediator for the relationship of Perceived Organizational Support and Work Engagement in Generation Y such as protean career behavior and proactive career behavior. (2) career satisfaction will be better if it is measured from a multidimensional perspective. (3) Future studies are also expected to understand the perspective of positive psychological theory in advance in extracting information about the construct of work Engagement so as not to cause misleading. In addition, this study does not consider other factors that can affect work Engagement. The next researcher is expected to consider other factors underlying the work Engagement, namely the JDR model.

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