The impact of individual characteristics towards employee performance of millennial employees: The moderating effect of training

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ABSTRACT

The purpose of this study is to investigate the impact of individual characteristics on employee performance of millennial employees. Furthermore, the study was also to test the moderating effect of training on the impact of individual characteristics on employee performance of millennial employees. This research was conducted from six business entities in Yogyakarta which were engaged in media and information technology sectors. This research used saturation sampling. Primary data was obtained by circulating questionnaires to 250 millennials employees, but only 118 questionnaires were returned. The data were analyzed with PLS-SEM using SmartPLS 3.00 application. The result revealed that individual characteristics have a positive and significant impact on employee performance of millennial employees. Furthermore, training cannot moderate the impact of individual characteristics on employee performance. From these findings, we need to underline that the millennial employee's performance would increase if millennial employees increased their individual characteristics in their working activity.

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Introduction

Organizations have a diversity in the workplace that is rapidly developed. One factor that causes this diversity is the emergence of young workers who have a greater role (Chun-Hui & Miller, 2003). At present, the workforce is divided into three different generation groups. The first generation is the Baby Boomers generation, then followed by the emergence of generation X (Xers), and then the Y generation or the dotcom generation or commonly referred to millennial generation. The millennial generation is a generation that born after 1980 (Solomon, 1992). The year limit for the millennial generation is 1999 (Zemke, et al., 2000).

The high percentage of millennial generation shows that organizations must consider millennial generation as a human asset that must be noticed. Millennial generation becomes very powerful from the business side (Ishadi, 2018). With millennial generation in the workplace, process management, and also the integration process will lead to new perspectives. The generation will take and drive very different workplace. Awareness related to generational differences in the workforce is become increasingly important for organizations (Rowh, 2007; Dawn, 2004; Tulgan, 2004).

When the percentage of millennial generation in the workplace is very large and the business organizations have a large dependency on millennials, the organization realizes that millennial employees who enter the workforce have basic work skills that were less such as lacking in employee preparedness to enter the workplace (Crampton & Hodge, 2007; Wesner & Miller, 2008). Lack of millennial preparation for entering the workplace would reduce millennial employee performance so that it would become a serious problem for the organization. Organizations have to know the factors that influenced the millennial employee performance in organizations. The improvement of millennial employees were influenced by individual characteristics (Jalil, et al., 2015). But organizations have
to know that if they want recruit millennial employee, organizations need to develop a better understanding of the expectations of millennial employees about the work (Montgomery & Ramus, 2011).

Previous research shows the impact of individual characteristics on employee performance (Grobelna, 2017; Karatepe, et al., 2006; Hanafi, 2016; Sumantri, et al., 2017). Although research on individual characteristics has been well-known in organizational behavior this decade, very few research of individual characteristics in the media and technology information sectors, especially in Indonesia. Therefore, it can bring up theories and empirical questions that require answers to understand, so that the understanding of individual characteristics becomes wider in the media and information technologies business entities environment. Individual characteristics that exist in millennial generation in the media and information technologies business entities can be more unique and different from other industries where the media and information technologies sector is the target of millennial for work and also recruit a lot of millennial as their employees.

Individual performance is referred to as job performance, work results, and task performance (Baron & Greenberg, 1990). The performance of millennial employees in business entities engaged in the media and information technology sector has increased. This condition is caused partly because the business entity provides adequate work facilities that support millennial performance such as the availability of facilities for sports and play for employees that can be used when employees want to relax while working. In addition, a comfortable working atmosphere is also a supporting factor to improve employee performance. The business entity applies a race to design the room. It aimed to increase employee morale to provide the best performance for the organization. Employee performance has increased along with the organization's ability to combine organizational characteristics with millennial characteristics (Wang & Wirsching, 2015).

Zemke, et al. (2000) show that the individual characteristics of millennial generation are digital natives which indicate that they have expertise and abilities in the field of technology. Tulgan and Martin (2001) mention that millennial generation has a tech-savvy refers to generation that can utilize technology well. In addition, hopeful characteristics show that the millennial generation has many desires that foster a sense of optimism and high morale, and have high creativity.

Training can improve employee performance (Mangkunegara & Waris, 2015; Guan & Frenkel, 2018). An effective training design will determine the employee's performance (Elinaga & Imran, 2013), the better of training program designed by the organization will increase the employee's performance. Research conducted by (Manzoor, et al., 2019; Abdulwahab & Dhaafri, 2019) state that training can moderate employee performance improvement, so training can be a moderating variable impacting individual characteristics on employee performance. The training aims to educate and train employees independently. Business entities have conducted training for all employees who work at business entities that aim to improve employee performance.

This research was conducted at the office of six business entities of media and information technology sectors in Yogyakarta that have 90% millennial employees. Researchers on individual characteristics, training, and employee performance of millennial employees should be extended to the media and information technology sector business entities in the effort of generalizing the research findings.

**Literature Review**

Nowadays, the concept of individual characteristics includes personality, values, and abilities (Robbins & Judge, 2017, p. 205). Kreitner & Kinicki (2005, p. 162) distinguish individual characteristics from other individuals based on five important dimensions namely (1) personality traits; (2) attitude; (3) self-concept; (4) emotions; and (5) ability. Howe and Strauss cited by Zemke, et al. (2013) Millennial generation are referred to as Y generation, Net Generation, Dotcom, or Thumb Generation (giving this term based on their dexterity with computer keyboards and smartphone), as well as Echo Boomer generation or products from Baby Boomer parents). Huntley also added the nickname for millennial generation, Generation Blue Sky, which reflects optimism and ambition. Huntley (2006: 14) mentions that the characters of the millennial generation are optimistic, idealistic, empowered, ambitious, confident, committed, and passionate.

The definition of individual characteristics in this study refers to the opinion of and focuses on the characteristic of millennial generation constructs (Crampton & Hodge, 2017; Helyer & Lee, 2012). The definition of the six individual characteristic indicators are widely accepted because they are considered to represent the entire literature on individual characteristics (Zemke, et al., 2013; Tulgan & Martin, 2001). The indicators are digital native, collaborative, confident, optimistic, creative, and work ethic.

Previous research on the impact of individual characteristics on employee performance (Grobelna, 2018; Karatepe, et al., 2006; Hanafi, 2016) show that the individual characteristics of employee that used in their work activity has a positive and significant impact on employee performance. Individual characteristics found to have insignificant impact by the research that conducted by Sumantri, et al. (2017).

Training in this study is training by the millennial employee. Training is a process where individuals get the ability to help them in the process of achieving the goals by the organization (Mathis & Jackson, 2012, p. 312). Dessler (2013, p. 275) explains that the form of training program requires the involvement of training vendors and employees. The training program must be rational. The standard of training process used training process model that is analysis - design - development - implementation - evaluation.
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(ADDIE). The definition of training in this study refers to five indicators that developed by Diamantidis & Chatzoglou (2012), they are (1) training material, (2) trainers, (3) training methods, (4) training time, and (5) training facilities. Previous research concludes that training can moderate the improvement of employee performance (Abdulwahad & Dhaafri, 2019; Faridi & Baloch, 2018).

The performance of employee in this study is the performance of millennial employees. The definition of eddemployee performance according to Mathis & Jackson (2006) is defined as what the employee does or does not do. Cash & Fisher (1987) defines performance as an outcome. Individual performance is also referred to as job performance, job results, and task performance (Baron & Greenberg, 1990). The assessment of employee performance at least cover five aspects, they are (1) quantity, (2) quality, (3) punctuality, (4) presence, and (5) cooperation (Basalamah, 2018).

The result of the research show that employee performance could influence by individual characteristics (Kore, et al., 2018; Jalil, et al., 2015; Rehman, et al., 2015). In addition, Jakfar (2014) stated that individual characteris of employees could bootstrapping the employee performance so that the productivity could increase.

Research Framework and Hypothesis Formation

This research observed three main constructs consisting of one exogenous (individual characteristics) and one endogenous (employee performance). Besides that, we also observed one construct of moderation (training). To be more clear it could be seen in Figure 1 below.

![Figure 1: Research Framework and Hypothesis](image)

The hypotheses of this study are:

H1. Individual characteristics has a positive and significant impact on employee performance

H2. Training as moderator variable in the relationship between individual characteristics on employee performance.

Research and Methodology

Participants and Data Collection

Millennial employees of six business entities in Yogyakarta namely MSV, RBTV, Radio MQFM, PT. Time Exelindo, PT. GIT Solution, and Business Incubator were the population of this study. The approach used in sampling was non-probability sampling because the population is known to be 250 employees who their age was 21-40 years. The type of non probability sampling used is saturation sampling. Primary data was used questionnaires. The study was conducted from February to April 2020. The number of questionnaires collected from the study were 118 questionnaires 47% that were eligible for data processing.

Data Analysis

The method of data analysis uses SEM (Structural Equation Modeling) based on Partial Least Square (PLS) that using SmartPLS 3.0 software application.

Measurement

All indicators to measure the three variables were adopted from several previous studies. Indicators of individual characteristics variables were adapted from Crampton & Hodge (2017) study which consisted of 6 indicators. Training variables were measured through 5 indicators from Diamantidis & Chatzoglou (2012). While indicators to measure employee performance variables used 5 indicators belonging to Basalamah (2018).

Result and Discussion

Result

Based on the results of the data processing, it is known that 81 respondents (68, 6%) were 21-30 years old and 37 (31.4%) respondents were 31-40 years old. Based on gender, 70 respondents (59.3%) were male and 48 respondents were female (31.3%). Based on the latest education factor, 23 respondents (19.5%) had a high school education, 85 respondents (72%) had a bachelor's last education,
and 10 respondents (8.5%) had a master's last education. Furthermore, from the length of time employees worked there were 68 respondents (57.6%) who had 1-3 years of service, 26 respondents (22.03%) had worked for 4-6 years, and 24 respondents (20.3%) had working period> 6 years. Furthermore, based on the position level, there are 3 respondents (2.5%) who serve as directors, 8 research respondents (6.8%) work as managers, 10 respondents (8.5%) as supervisors, and as many as 97 respondents (82.25) are the staff. Respondents consisted of two statuses namely permanent employees and contract employees, there were 50 respondents (42.4%) were respondents with permanent employee status, while 68 respondents (57.6%) were respondents who were contract employees.

Table 1: Cronbach Alpha, Composite Reliability, Average Variance

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach Alpha</th>
<th>Composite Reliability</th>
<th>Average Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Characteristics</td>
<td>0.924</td>
<td>0.906</td>
<td>0.804</td>
</tr>
<tr>
<td>Training</td>
<td>0.917</td>
<td>0.932</td>
<td>0.932</td>
</tr>
<tr>
<td>Employee Performance</td>
<td>0.916</td>
<td>0.918</td>
<td>0.891</td>
</tr>
</tbody>
</table>

Source: Processed primary data, 2020

Table 1 indicates that the scale, magnitude, and statistical appropriateness are acceptable. The average variance extracted (AVE) value for all latent variables in the individual characteristics, training, and employee performance was 0.809, 0.932, and 0.891 (above 0.50). Thus, it can be said that all constructs meet the validity requirement based on AVE value.

On average, Cronbach’s alpha for reliability criteria is quite high; training had the highest value. Sequentially, Cronbach’s alpha coefficient value for the three scales reported in this study ranged from 0.824 to 0.916; they were acceptable. The value of composite reliability (CR) is 0.866, 0.932, and 0.918 (above 0.80) in sequence. It can be concluded that the entire constructs were reliable, both according to the composite reliability and Cronbach’s alpha. The R-square values employee performance variables of the research model is 0.718.

Goodness of Fit (GoF) in this study was assessed by the following equation: √(AVE x R²) = √0.718 = 0.66. 0.66 indicates that the model has large predictive relevance value for employee performance is explained by individual characteristics and training.

Furthermore, based on the result of the hypothesis test presented in Figure 2, the analysis model is illustrated in Figure 2. The following is the illustration of the model:

Figure 3. Moderation Test Result of Individual Characteristics Variables on Employee Performance; Source: Processed primary data, 2020

The direct influence presented in Figure 3, the impact of individual characteristics on employee performance was found to be significant with path coefficient 0.350 and p-value 0.000 (under the critical value of 0.05). Based on these finding, then hypothesis 1 is acceptable, which means that there is a significant and positive impact of individual characteristics on employee performance. Thus, hypothesis 1 is accepted.
The role of training moderating the relationship between individual characteristics on employee performance was found to be insignificant, with the path coefficient amounted to -0.004 and p-value 0.958 (above the critical value of 0.05); therefore, the hypothesis 2 was rejected. Thus, **Hypotheses 2 is rejected.**

**Discussions**

**The Impact of Individual Characteristics on Employee Performance**

The result of the analysis shows that individual characteristics impact employee performance. Therefore, the high implementation of the millennial characteristics when they worked can increase the millennial employee performance of business entities in Yogyakarta. The characteristics of millennial generation employees in business entities can improve employee performance. This means that the higher individual characteristics of millennial generation in the workplace, the higher performance of millennial employees. The same thing was conveyed by Grobelna (2018) in his research which showed the relationship between individual characteristics and employee performance in the service industry.

Research findings indicate that individual characteristics have a positive and significant impact on employee performance. The formation of individual characteristics of millennial employees is quite well marked by the ability of employees to use the technology used while working. The results of this study are consistent with the research findings of (Hidayah, 2018; Hanafi, 2016; Grobelna, 2018; Karatepe, et al., 2006).

This study confirms that individual characteristics in business entities in the media and information technologies sector can provide benefits as found in SMEs. This result supports the research of Hanafi (2016) who also examined the role of individual characteristics in the technology sector. Their results show that individual characteristics have positive and significant impact on millennial employee performance of business entities in media and information technology sector employee and suggest that individual characteristic should be used as a performance indicator the quality of business entities in media and information technology sector. Through the improvement of individual characteristics, employees are expected to be an ideal employee who can work optimally. The digital native characteristics could help millennial for increasing their performance such as quality of the products and services that they developed. Not only that the business entities has a unique slogan “Creative Economy Park” which is suitable with millennial characteristics who had a high creative idea for doing job.

Empirical evidence suggests that individual characteristics of millennial employee affect the way employees work to complete the task and solve problems at work. If employees can implement millennial characteristics that they have at work, it will improve the performance of millennial employees so that they can achieve organizational goals.

**The Role of Training Moderating the Relationship Between Individual Characteristics on Employee Performance**

The result of the analysis proves that training cannot be moderate the relationship between individual characteristics on employee performance. It means that training cannot stronger or lower the relationship between individual characteristic on employee performance of millennial employee in Yogyakarta Business Entities.

Employees who work at Business Entities are millennial employees who have the ability in technology, creativity, work ethic where the company where employees work is very closely related to technology such as film animation, mobile development, game development, Internet Service Provider (ISP), radio and TV. The cause of training cannot be a moderation variable in the relationship of individual characteristics to employee performance because some of the respondents were contract employees. Contracts employees have some differences with permanent employees. Contracts employee got less training program from organization than permanent employees. Besides that, training designed by business entities is already good but when implementation is lacking. Many trainers were brought in from outside the city such as Jakarta and abroad, such as Disney, to conduct training for employees but in reality, employees did not like the training because of the inadequate training time and lack of facilities so that even though the trainers were very professional, the employees were less feel comfortable during the training.

Millennial like training and development (Breman & Vinika, 2017) but when the development and training provided by the organization do not match with their expected then employees prefer to discuss with other employees or solve problems independently with full concentration. Moreover, based on the characteristics of respondents, there are still some employees who have a high school education so that they have different behavior from employees who have a tertiary education, especially when training employees with a tertiary education / high school tend to be lazy to participate in training activities that organized by the organization. But even though they do not like the training programm, but their performance was still good because it has the characteristics that support employee performance to the maximum.

**Conclusions**

This research finding shows a very important relationship between individual characteristic, training, and employee performance. Practically, this suggests the business entities have to take care of the millennial character better; therefore, the employees can increase the performance. This finding revealed that characteristics that millennial employee had such as digital native and creative could help
their work. Work ethics of millennial employee characteristics in business entities enhance the employee performance. Leaders of the business entities must see this aspects deeply so that the employee can give maximal contribution to the business entities.

The result in the moderation test the hypothesis was to be rejected. For this reason the training cannot stronger the impact of individual characteristics on employee performance. The result established that contract employee got less training program than permanent employees. The business entities make effective training which considering the facilities and time for training so that, training can stronger employee performance. Besides that, the business entities have to take care of the millennial employees who are graduated from senior high school to more understanding the important training for their life. Furthermore, millennial like to discuss problems with their friend so that the business entities have to facilitate their discussion and have to give a space for freedom to improve their knowledge and skill.

For the business entities, it is necessary to conduct an evaluation related to the implementation of training, especially at the time of implementation and also the training facilities so that the objectives of training can be realized. In addition, the business entity needs to conduct an evaluation related to the application of millennial character to support the work in the organization so that all employees can use their characters optimally to achieve maximum employee performance especially in optimism. Business entities have to boost the millennial optimism by motivating that career will achieve if they can work maximally.

This research has some limitations. This research has few suggestion that could be considered for future research:

1. Future research could take respondent only from permanent millennial employee, in order to gain a better understanding the status of employee that effect millennial behavior.

2. This study uses 118 questionnaire data. The data is classified as small with a 47% return rate because it comes from 6 business entities in Yogyakarta and there is 250 in population. Therefore, for further research, it can add the amount of research data so that it can represent the whole millennial generation.

References


