

The Effect of Commitment and Engagement on the Quality of Service of Millennial Employees in the Banking Industry

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ABSTRACT

This research was conducted to examine the effect of commitment and attachment to the service quality of the millennial generation in the banking industry at PT. Makassar Branch BNI Bank. The population in this study amounted to 110 employees of the millennial generation at PT. Bank BNI Makassar Main Branch Office. The research sample used a random sampling method of 260 millennial employees at PT. Bank BNI KCU Makassar. This study used a quantitative approach, the data for this study were obtained through a research questionnaire filled out by the respondents. The data analysis method used is PLS (partial least square) SEM. The results of this study indicate that organizational commitment has a positive and significant effect on the service quality of millennial employees. Engagement has a positive and significant effect on the quality of service for millennial employees. Meanwhile, the variables of organizational commitment and mutual attachment have a positive and significant effect on the quality of service for millennial employees.

Keywords: Commitment, Engagement, Quality of Millennial Service

INTRODUCTION

The development of the millennial generation is thought to have given birth to changes in the demographics of the workforce in the world, including in Indonesia. The phenomenon of this demographic bonus is characterized by a

significant increase in the number of productive workers who play an important role.

Entering the world of work, the millennial generation has different characteristics from previous generations. One of the main characteristics of the millennial generation is that they are familiar with the use of communication tools, media and digital technology so that they have creative, informative, passionate and productive characteristics. On the other hand, the millennial generation has the characteristics of not really pursuing salary/job satisfaction because they prefer self-development and don't like being ordered/controlled too often. Dwi Oktariani and Aida Vitalaya S Hubeis (2017) examined the job satisfaction of Generation X and Generation Y on work commitment at Bank Mandiri Palembang. This study concludes that the eight types of positive characteristics possessed by generation Y are Concern for new technology, Like to experiment, active, have high creativity, not afraid of change, have brilliant ideas, smart, and reliable. On the other hand, the eight types of negative characteristics attached to Generation Y are individualism, bored easily, ego centric, being different, impatient, not caring, having low commitment and loyalty, and never being serious. These millennial characteristics need to be understood by various parties in order to increase the work productivity of the millennial generation to

increase organizational productivity. Increasing understanding of the millennial generation in the workforce has become an interesting phenomenon in many countries, including developing countries.

This phenomenon is interesting to observe, because the increasing number of millennial workers entering the world of work has led to many consequences for society, especially company managers, in optimizing the millennial workforce.

The banking industry is an important component of the Indonesian economy. Bank is one of the financial institutions that have an important role in the economy of a country. As a financial intermediary institution, the bank plays a role in bringing together owners and users of funds. Based on Law No. 10 of 1998, a bank is a business entity that collects funds from the public in the form of savings and distributes them in the form of credit and other forms in order to improve the standard of living of the common people. State-owned banks include PT. Bank BNI, which is one of the largest banks in Indonesia, has made a major contribution to the development of the Indonesian economy.

Changes in the dynamic business environment and increasingly competitive competition in the banking world have awakened the banking industry's awareness of the importance of evaluating employee service quality in the banking environment. The banking industry requires qualified employees and excellent service.

The service quality problems that occur in millennial generation employees as described in previous research studies, in the view of researchers, are caused by several factors. One factor is the phenomenon of the millennial generation which tends to lack commitment. In addition, motivation is also a problem that accompanies the phenomenon of the millennial generation which is formed according to their wishes. Based on the background mentioned above, it is interesting to study the effect of commitment and attachment to the quality

of service for the millennial generation in the Banking Industry at PT. Bank BNI KCU Makassar.

The research objectives to be achieved are as follows: 1. To test and analyze whether commitment has a positive and significant effect on the quality of service for millennial employees at PT. Bank BNI KCU Makassar. 2. To test and analyze whether engagement has a positive and significant effect on the quality of service for millennial employees at PT. Bank BNI KCU Makassar. 3. To test and analyze whether Commitment and Engagement have a positive and significant effect on the quality of service for millennial employees at PT. Bank BNI KCU Makassar.

Organizational Commitment

According to Kyoo and Jeung (2006), an organization in order to have a competitive advantage requires continuous employee commitment to the organization. Employees who are committed to the organization have a tendency to stay with the organization and show good behavior (Allen and Meyer, 1996).

The loss of employee commitment in the banking industry means that the organization will lose the support and loyalty of employees (Sakina, 2008). Employees who are not committed will tend not to care about organizational goals, tend to break rules, and lose enthusiasm for work, so commitment to the organization is very important and vital to the life of the banking industry.

Engagement

Engagement is defined as the status of an employee's attachment to the work environment or the company where he works. That is, a condition where an employee feels he has a very special bond with his work environment, therefore employees will voluntarily do anything for the progress of their company by continuing to contribute optimally. Towers Perrin (in Schaufeli & Bakker, 2010) provides an understanding of engagement as a center for

self-affective work that reflects employee personal satisfaction and the affirmation they get from working and being part of an organization.

Lockwood (2005) provides an understanding of engagement as a condition in which a person is able to commit to an organization both emotionally and intellectually. Another opinion regarding engagement is the positive attitude that employees have towards the organization and the values that are in it.

Service quality

According to Wahlers (1994) states that the right and accurate strategy in service quality is an important factor that affects competitive advantage when properly planned and implemented. In bank services, the product quality that is measured is service quality. Quality of banking services refers to the level of perfection of banking services in creating a feeling of satisfaction for each customer. The more perfect the satisfaction, the better the quality of banking services (Susatyo, 2016).

Regarding service quality benchmarks, it is necessary to make it so that employees can measure themselves in carrying out their work, this was conveyed by Parasuraman et.al (1990), in service quality there are several dimensions that affect service quality, namely tangible, reliability, responsiveness, assurance and empathy.

MATERIALS AND METHODS

The type of research used is to use quantitative research methods. According to Fauzi (2009), the quantitative research method is a study that emphasizes its analysis on numerical data (numbers) which are then processed using statistical methods. This research is an explanatory research which will examine the causal relationship between the independent variables, namely engagement and work motivation, and the dependent variable, namely service quality. The population in this study are millennial employees at PT. Bank BNI Makassar Main Branch Office as a population of 262

people. While the sample used in this study were 110 people using random sampling.

Data analysis techniques and hypothesis testing in this study used the *Partial Least Square* (PLS) method. PLS is an alternative method of analysis with *Structural Equation Modeling* (SEM) based on *variance*. The tool used is the Smart PLS version 2 program which is specifically designed to estimate structural equations on the basis of *variance*.

RESEARCH RESULTS AND DISCUSSION

The questionnaire contains 86 question items and instrument tests have been carried out with adequate results. Questionnaire distribution was carried out directly to 110 respondents by visiting the respondent's office at PT. Bank BNI Makassar Main Branch Office and PT. Bank BNI Boulevard Sub-Branch Office which is under the authority of PT. Bank BNI Main Branch Office.

Discriminate Validity, Composite Reliability, Alpha Cronbachs

Discriminate validity of the reflexive indicator measurement model is assessed based on the *cross loading* of measurements with the construct. If the correlation of the construct with the measurement items is greater than the size of the other constructs, this indicates that the latent construct predicts the size of their block better than the size of the other blocks. Another way to measure *discriminant validity* is to look at the value of the *square root of average variance extracted* (AVE). The recommended value is above 0.5.

The next test is the *composite reliability* of the indicator blocks that measure constructs. A construct is said to be reliable if the composite reliability value is above 0.60 (Imam Ghozali, 2006). Likewise with Cronbach's Alpha for all constructs above 0.6 and the results of the reliability test can also be strengthened with Cronbach's Alpha where the Smart PLS output is in Table 1.

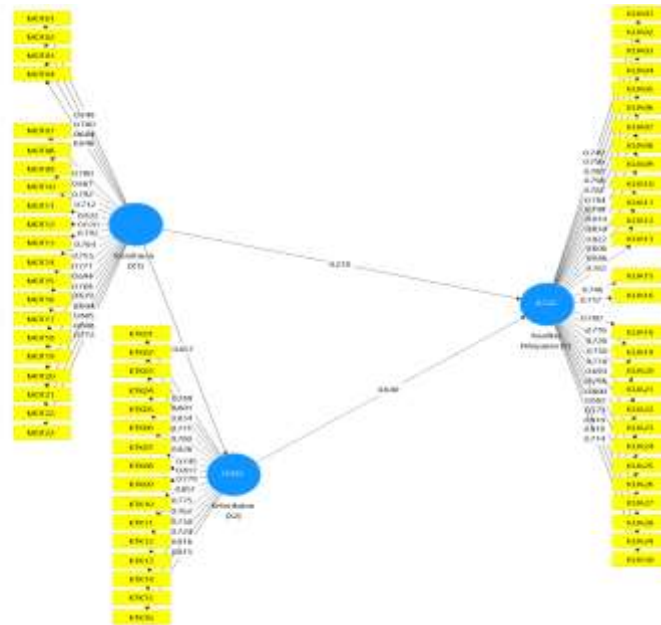


Table 1. Construct Reliability and Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Attachment (X 2)	0.958	0.960	0.963	0.617
Organizational Commitment (X 1)	0.95 6	0.9 62	0.9 60	0.537 _
Service Quality (Y)	0.975	0.976	0.977	0.599

Based on table 1, it shows satisfactory *composite reliability results*, namely engagement (0.963), organizational commitment (0.960) and service quality (0.977). So it can be concluded that the construct has high reliability. This can be seen from the *composite reliability* of all constructs greater than 0.60. The test results are also strengthened by *Cronbach's Alpha*, each construct is greater or > 0.70, while the *composite reliability* of each construct is > 0.70 and the *Average Variance Extracted* (AVE) each construct is > 0.50 so that all constructs are reliable.

Structural Model Testing (Inner Model)

The *Inner Model* describes the relationship between latent variables based on substantive theory. The structural model is evaluated using R- *square* for the dependent construct.

The coefficient of determination (R *square* Adjusted) is used to show how much influence the Organizational Commitment

and Engagement variables influence the Service Quality variable.

Table 2. R Square

	R Square	R Square Adjusted
Attachment (X 1)	0.432	0.427
Service Quality (Y)	0.722	0.717

Based on the table above, the adjusted R square value of the X2 equation = $0.657 \cdot X1 + e$ from the table above 0.427 shows that 42.7% of the X2 variant can be explained by changes in the X1 variable while the other 57.3% is caused by other factors outside the model. Meanwhile, the adjusted R square value of the equation $Y = 0.278 \cdot X1 + 0.640 \cdot X2 + e$ from the table above 0.717 indicates that 71.7% of the Y variance can be explained by changes in the X1 and X2 variables, while the other 28.3% is due to other factors outside the model.

Hypothesis Test

The results of the PLS output hypothesis test can be seen in table 3 below:

Table 3. Mean, STDEV, T-Values, P-Values

	Original Sample (O)	Sample Means (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Engagement (X2) -> Quality of Service (Y)	0.640	0.641	0.078	8,197	0.000
Organizational Commitment (X 1) -> Engagement (X2)	0.657	0.658	0.074	8,835	0.000
Organizational Commitment (X 1) -> Service Quality (Y)	0.278	0.280	0.087	3,211	0.001

To test the hypothesis, the calculated T value resulting from the *PLS output* is compared with the T table value, the *PLS output* is an estimate latent variable which is a linear aggregate of indicators. The hypothesis used:

The criteria for testing the significance level are determined as follows:

If T count > T table, which is more than 1.96 then the hypothesis is accepted.

If T Count < T Table, which is less than 1.96, the hypothesis is rejected

Hypothesis one states that engagement has a positive effect on service quality. After testing the hypothesis as shown in table 3 above, the Engagement construct affects Service Quality where T count (8.197) > T. table (1.96). Engagement has a positive and significant effect, the higher the engagement, the higher the service quality and vice versa. It means that the engagement variable has a positive effect on the quality of service for millennial employees at PT. Bank BNI KCU Makassar "accepted".

Hypothesis two states that Organizational Commitment has a positive effect on Engagement. After testing the hypothesis as shown in table 3 above, the Organizational Commitment construct affects attachment where T count (8.835) > T table (1.96). Organizational Commitment has a positive and significant effect, the higher the organizational commitment, the higher the Engagement and vice versa. Means that the Organizational Commitment variable has a positive effect on millennial employee engagement at PT. Bank BNI KCU Makassar "accepted"

Hypothesis three states that Organizational Commitment has a positive effect on Service Quality. After testing the hypothesis as shown in table 3 above, the Organizational Commitment construct affects Service Quality where T count (3.211) > T. table (1.96). Organizational Commitment has a positive and significant effect, the higher the organizational commitment, the higher the service quality and vice versa. It means that the Organizational Commitment variable has a positive effect on the service quality of millennial employees at PT. Bank BNI KCU Makassar "accepted"

DISCUSSION

Based on the results of hypothesis testing one, it was concluded that the engagement of millennial employees at PT. Bank BNI KCU Makassar has a positive and significant effect on the quality of service for millennial employees. The higher the engagement of millennial employees at PT. Bank BNI KCU Makassar, the higher the quality of service and vice versa.

This is in accordance with research conducted by Rina Mulyati (2019), regarding the "Work Engagement Model of Millennial Generation Employees working in BUMN" which states that BUMN which have employees who are highly involved in their work, their performance will be more productive, profitable, consumers will be more satisfied and loyalty and work engagement of the millennial generation have a positive effect on service quality.

Thus it can be concluded that millennial employee engagement has a positive effect on service quality.

Based on the results of testing the second hypothesis, it was concluded that the Organizational Commitment of millennial

employees at PT. Bank BNI KCU Makassar has a positive and significant effect on millennial employee engagement. The higher the engagement of millennial employees at PT. Bank BNI KCU Makassar, the higher the engagement and vice versa.

This is in line with research conducted (Fahreza, Kartika and Sayekti, 2019) on Factor Analysis of Millennial Generation Employee Engagement in Creative Economy-based Companies that the results of the factor analysis show that engagement in the millennial generation is determined by *organizational factors, compensation and benefits, the work, team work, pride, and performance.*

Thus it can be concluded that millennial employee engagement has an effect on Organizational Commitment.

Based on the results of hypothesis testing three, it was concluded that the Organizational Commitment of millennial employees at PT. Bank BNI KCU Makassar has a positive and significant effect on the quality of service for millennial employees. The higher the Organizational Commitment of millennial employees at PT. Bank BNI KCU Makassar, the higher the quality of service and vice versa.

This is in line with Greenberg and Baron (2003), organizational commitment is the degree to which employees are involved in the organization, loyal and willing to work optimally for the organization. Meanwhile, McShane and Von Glinow (2008) say that organizational commitment is the strongest influence where employees identify with demand and are highly motivated to carry it out. And research conducted by Mulyadi and Ukudi (2007) on the effect of service quality, trust and commitment on customer loyalty with the aim of examining the effect of service quality, trust and commitment on customer satisfaction. The results of this study indicate that service quality can increase customer loyalty, because service quality has a positive and significant effect on customer trust and commitment, which

in turn will have a positive and significant effect on customer loyalty.

Thus it can be concluded that Organizational Commitment affects the Service Quality of millennial employees.

CONCLUSION

Engagement has a positive effect on service quality for millennial employees by 0.640, Organizational commitment has a positive effect on engagement by 0.657 and organizational commitment has a positive effect on service quality for millennial employees by 0.278.

Based on the results of the regression test, the variables of engagement and organizational commitment have an *adjusted R-square value* = 0.717, this indicates that the independent variables affect the quality of service for millennial employees at PT. Bank BNI KCU Makassar is strong. Independent variables contribute to the quality of service by 71.7% and the rest is influenced by other factors.

Declaration by Authors

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