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## Psychological Empowerment and Employee Engagement in Millennial Generation Employees

Krisnova Nastasia\*<sup>1)</sup>, Rika Wahyuni<sup>2)</sup>, Selvi Zola Fenia<sup>3)</sup>, Hadi Irfani<sup>4)</sup>, Sari Rahmadani<sup>5)</sup>

<sup>12345</sup>Universitas Putra Indonesia YPTK Padang

\*Corresponding Email: [rikawahyuni@upiyptk.ac.id](mailto:rikawahyuni@upiyptk.ac.id)

### Abstract

**objective** – The aim of this research is to determine the mediating role of job satisfaction in the effect of psychological empowerment on employee engagement. **Design/Methodology/Approach** - The population of this study is millennial generation employees at BUMN companies in Padang City. A sample of 67 respondents was taken through cluster random sampling technique, 15 companies were selected as research locations. The research instrument was a questionnaire in the form of a Likert scale. Testing the data through quantitative data analysis techniques structural equation models namely Structural Equation Modeling - PLS-based SEM. **Findings** – Research findings from SmartPLS v. data processing results. 3 shows that all the proposed hypotheses are proven to be supported. Psychological empowerment has a positive and significant (significant) effect on job satisfaction, psychological empowerment has a positive and significant (significant) effect on employee engagement, job satisfaction has a positive and significant (significant) effect on employee engagement, job satisfaction has no role in mediating psychological influences empowerment on employee engagement. **Research limitations** – This research is limited to the employee engagement variable and the research data was taken from 1 BUMN company in Padang City. Thus, the results of the study cannot be concluded in general. **Originality** – The research focus is on the effect of psychological empowerment on employee engagement and looking at the mediating role of job satisfaction variable.

**Keywords:** Psychological Empowerment, Employee Engagement, Job Satisfaction, Millennial Generation

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## INTRODUCTION

which consists of (1) doing work, (2) happy with work, (3) feeling meaningful with the work being done (4) feeling enthusiastic about work, and (5) when working ignores other things besides work. The causes of low employee engagement have been explored by many previous researchers, such as psychological empowerment[1][2][3][4]. Psychological empowerment is proven to have a positive and significant contribution to employee engagement. the motivation within the individual which is manifested in four cognitive reflections of the individual's orientation to his work, namely competence, impact, understanding and self-determination. Empowerment refers to the individual's sense of control and dominance over the work context[4][5]. The positive relationship between psychological empowerment and employee engagement means that the better the employee's assessment of psychological empowerment, the higher the employee engagement. Conversely, employee engagement will decrease when employees feel that the company does not empower them psychologically[6]. stated that employees who receive good psychological empowerment will show a higher level of interaction than those who do not. The measurement of psychological empowerment in this study was adopted from Greenberg & Baron (2007) consisting of (1) competencies that are used properly (competence), (2) opportunities to influence organizational performance (impact), (3) jobs given in accordance with desire (meaning), (4) the freedom to determine their own decisions in work (self-determination), and (5) the

freedom to determine the best way to complete a task (self-determination).

Job satisfaction is another factor that causes low employee engagement for millennial generation employees. A study conducted by daVinci Payments revealed that millennials feel dissatisfied and unappreciated at work[6][7][8]. Job satisfaction is an emotional condition of an employee that becomes or does not become a meeting point between the value of employee benefits and the organization with the level of service value desired by the employee concerned. consists of (1) satisfaction with payment, (2) promotions, (3) superiors, (4) colleagues, and (5) the job itself. The results of an initial survey of 50 millennial generation employees at BUMN companies in Padang city, 42% of employees are satisfied with the work they are currently doing, while 68% are dissatisfied. Other results 40% of employees are satisfied with the opportunity to grow in the company and 60% are dissatisfied, while 36% of employees are satisfied with the salary they receive and 64% are dissatisfied. From the results of previous research, several studies have shown that job satisfaction affects employee engagement[9][10][11].

## RESEARCH METHODS

The population of this study is millennial generation employees at state-owned companies in Padang City. A sample of 67 respondents was taken through a purposive sampling technique. The data used in this study include primary data types obtained directly from respondents and data sources obtained through direct answers by respondents





using a questionnaire. The data used in this study are classified as primary data types obtained from respondents directly which have never been processed by any party. Data is sourced from primary data that comes from the first party as a resource that owns the data.

Research data collection was carried out by compiling a research instrument in the form of a questionnaire containing statements related to psychological empowerment variables, employee engagement variables, and job satisfaction variables. Furthermore, the instruments were distributed to respondents, namely millennial generation employees at BUMN companies in Padang City which were then analyzed using quantitative data analysis techniques, structural equation models, namely Structural Equation Modeling - PLS-based SEM processed with SmartPLS v. 3.

## RESULTS AND DISCUSSION

A good measurement must meet three criteria, namely convergent validity, discriminant validity and reliability . In this study, convergent validity is proven through the attainment of criteria in the SEM/PLS approach. a measurement meets convergent validity if it meets the requirements, namely having a loading indicator factor of at least 0.6.

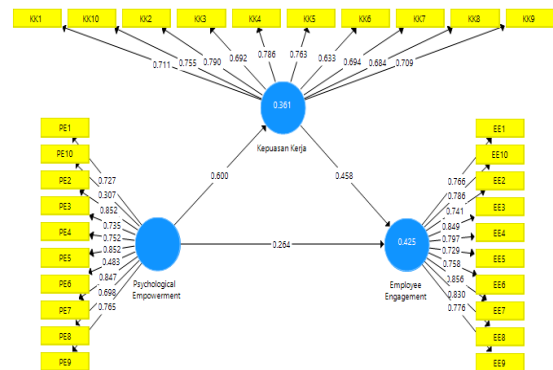


Figure 1. Outer Model Step 1

The factor loading values presented in Figure 1 are in the range of values between 0.307 to 0.856 meaning that there are indicators that have a loading factor smaller than 0.6. The results of the study show that there are indicators that do not meet the validity criteria, namely PE6 and PE10 . Thus indicators that do not meet the validity criteria must be dropped from the model with the following results:

	AVE	Cronbach's Alpha	Composite Reliability	R-Square
Psychological Empowerment	0.520	0.888	0.911	
Job satisfaction	0.523	0.899	0.916	0.361
Employee Engagement	0.624	0.933	0.943	0.425

Table 1. AVE Test, Cronbach's Alpha , Composite Reliability , and R-Square

Based on the SmartPLS output in Table 1, it shows that the AVE value of all latent variables ranges from **0.520** to **0.624** meaning that all indicators have a loading factor  $> 0.5$ , which means that all latent variables used in this study have good discriminant validity. Furthermore, the value of Cronbach's alpha and composite reliability of all variables has a value of  $\geq 0.7$  . Thus it can be concluded that all variables are reliable. The R - Square value of the job satisfaction variable is 0.361 which means that the job satisfaction





variable can be explained by psychological empowerment of **36.1%**. Meanwhile, R-Square is employee engagement variable of 0.425 which means employee engagement variable can be explained by psychological empowerment and job satisfaction of **42.5%**.

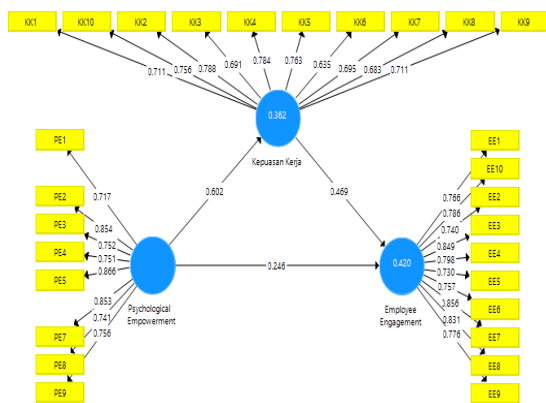


Figure 2. Outer Model Step 2

**Hypothesis test**

In testing this hypothesis contains a discussion of the results that have been done before. The discussion will discuss hypothesis testing.

	Original Sample (O)	T Statistics (O/STDEV)	P Values
<b>Direct Influence</b>			
Psychological Empowerment -> Job Satisfaction	0.602	6,474	0.000
Psychological Empowerment -> Employee Engagement	0.246	2,274	0.023
Job Satisfaction -> Employee Engagement	0.469	4,411	0.000
<b>Indirect Influence</b>			
Psychological Empowerment -> Job Satisfaction -> Employee Engagement	0.282	3,573	0.000

Table 2. Hypothesis Testing ( Total Effect )

**Direct Influence**

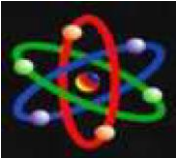
The results obtained by psychological empowerment positive and significant effect on job satisfaction. By paying attention to table 2, the t-statistic value for the first hypothesis is 6.474 and is greater than 1.64 ( t-table ), so that the first hypothesis is **supported**. Means if psychological empowerment increases, job satisfaction increases. The results obtained by psychological empowerment have a positive and significant effect on employee engagement . By paying attention to table 2, the t-statistic value for the second hypothesis is 2.274 and is greater than 1.64 ( t-table ). So the second hypothesis is **supported**. Means if psychological empowerment increases then employee engagement increase. The results obtained by job satisfaction have a positive and significant effect on employee engagement . By paying attention to table 2, the t-statistic value for the third hypothesis is 4.411 and is greater than 1.64 ( t-table ). So the third hypothesis is **supported**. This means that when job satisfaction increases, employee engagement increases.

**Indirect Influence**

The results obtained by psychological empowerment positive and significant effect on employee engagement through job satisfaction. By paying attention to table 2, the t-statistic value for the fourth hypothesis is 3.573 and is greater than 1.64 ( t-table ). So the fourth hypothesis is **supported**. This means that psychological empowerment cannot directly increase employee engagement without the role of job satisfaction.

Based on the results of data analysis it is known that psychological empowerment has a positive and significant (significant) effect on job satisfaction. This means that





the better the psychological empowerment, the higher the employee job satisfaction. Conversely, decreasing psychological empowerment will have a significant impact on decreasing job satisfaction. The positive influence between psychological empowerment and job satisfaction has been documented by several previous studies[11][12][13]. The results also prove that job satisfaction has a positive and significant (significant) effect on employee engagement[14][15][16][17]. That is, the higher the job satisfaction of millennial generation employees, the higher employee engagement will be. Conversely, the lower the job satisfaction of the millennial generation employees, the lower the employee engagement of the millennial generation employees. The results of research on job satisfaction variables found that the indicators of satisfaction with payment, promotions, superiors, co-workers, and the work itself were in a fairly good category, meaning that the five indicators still needed to be improved so that employee engagement would increase. That appreciation, supervision, and promotion, as well as recognition from colleagues, as well as working environmental conditions, will cause feelings of pleasure or be more enthusiastic at work, positive attitude behavior, dedication, initiative, concern, persistence, a sense of responsibility and feeling engaged ( engaged ) with his work which will ultimately be connected physically, cognitively and emotionally, which is related to work fulfillment, in achieving the goals set by the institution. The findings of this study are in line with research[20][21][22][23][24][25].

## CONCLUSION

This study contributes to a deeper understanding of the influence of psychological empowerment on employee engagement. This study also shows that job satisfaction plays a role in mediating the effect of psychological empowerment on employee engagement. The implications of this research for company leaders and psychology practitioners in industry and organizations, for how to involve millennial generation employees in every important task and maximize their potential which will help them to increase morale and work productivity. The limitations of this study include: this research was conducted only on *employee engagement variables* and research data was taken from 1 BUMN company in Padang City. Thus, the results of the study cannot be concluded in general. The number of respondents is also limited to 65 people, still unable to describe the actual conditions.

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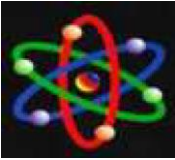
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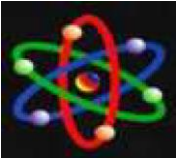
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