

# Will Situational Leadership and Corporate Culture Still Influence Employee Engagement Within Millenials?

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## Abstract

The purpose of this study was to explore the influence of situational leadership and corporate culture on employee engagement. The phenomenon that will be raised is among millennials who work in State-Owned Enterprises. The literature review used to build the research hypothesis is the theories related to situational leadership, corporate culture and employee engagement. The research method referred to to explore this research phenomenon is a quantitative approach, and uses a hypothesis analysis technique with regression (both linear and multiple). The results obtained indicate that all proposed hypotheses are proven. The implication of this research is to show that millennials still have the view that employee engagement is influenced by the role of situational leadership and corporate culture.

*Keywords:* Situational, Leadership, Corporate, Culture, Employee, Engagement

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## 1. Introduction

Leadership is anything that has to do with making judgments about multiple possibilities (Kouzes & Posner, 2012). Various definitions of leadership or leadership have been proposed by experts in management. Moreover, leadership is the process of a person inspiring, encouraging, motivating, and directing the actions of others in order to attain collective or organisational objectives and even in possible to define leadership as capacity to influence a group toward the attainment of objectives (Wijaya, 2020). On other words we may define leadership as a process of influence that is reciprocal or two-way, rather than only from leader to follower or in one direction. By following current leadership and providing some input to the leader, good followers may develop into leaders. The process through which a leader conveys ideas, gains acceptance for those ideas, and motivates followers to support and execute those ideas via change is known as influence (Lussier, 2010). Leadership may be seen in a variety of ways, including as a process. The process of persuading others to comprehend and agree on what to do and how to accomplish it, as well as the process of enabling individual or group efforts toward shared objectives, is known as leadership (Yukl, 2010). According to these definitions, leadership is a managerial role that is intimately tied to the attainment of organisational objectives through influencing others and persuading people to believe in the leader.

Within a corporation, corporate culture refers to the philosophy, ideology, values, perceptions, beliefs, visions, attitudes, and conventions that are shared and binding. In this situation, corporate culture was defined as values that lead workers inside the organisation in dealing with external difficulties and attempts to adapt integration into the company so that each employee knows the values that exist and how to express them in behaviour. A system of common knowledge held by members of an organisation that differentiates it from other organisations is referred to as corporate culture or

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organisational culture. Organizational culture is a kind of assumption that the group owns and accepts implicitly, determining how the group feels, thinks, and behaves to its varied surroundings (Akbar, 2013).

The existence of a good corporate organizational culture is more able to control and direct the behavior and attitudes of employees involved in the company. Organizational culture is a belief that is shared by all members of the organization. Organizational culture is a rule that regulates how employees behave in the workplace, so it can be said that organizational culture is a guideline used in carrying out performance activities within an organization (Soeharso, 2020).

Various authors have tried to provide a definition of employee engagement, however, no consistency has been found in the definition, because: engagement is applied and measured in different ways. The following are some definitions of employee engagement. Employee engagement defined as the empowerment of organizational members to their work roles, in engagement, people use and show themselves physically, cognitively and emotionally during performance roles. The cognitive aspect of employee engagement pays attention to employees' beliefs about the organization, such as leaders and working conditions. Aspect Emotion concerns how employees perceive one of the three factors and whether they have a positive or negative attitude toward the organization and its leaders. The physical aspect of employee engagement involves physical energy used by individuals to complete their roles. Engagement is a psychological as well as physical way present when occupying and performing an organizational role (Kular, 2008)

Previous research suggests that employee engagement has characteristics as a sense of commitment, desire and enthusiasm strong to realize efforts to a higher level, through hard work to solve every difficulty faced exceeding expectations and have initiative (Maheshwari, 2017). From low turnover rates to high productivity levels, engaged employees employees) is a valuable business asset. A research finding suggests that from the various definitions described previously, it can be obtained that employee engagement as a The form of employee statements about their work exceeds what is expected by the organization. Employees will be fully engaged and enthusiastic to their work. Engaged employees care about the future of the company and they are willing to invest their best work for the success of the organization they work for. Previous study found number of factors that may contribute to three psychological conditions of employee engagement (Suryaningrum, 2018). The three psychological conditions of employee engagement are courage (work element), security (social element, including management style, processes, and organizational norms), and availability (individual distraction).

### *Hypothesis Development*

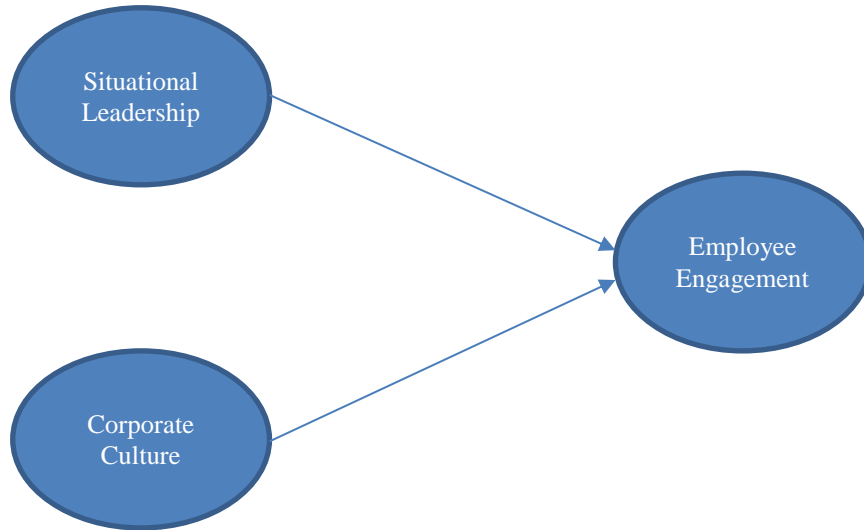
Successful leaders are able to see events from a variety of angles. They examine the scenario and behaviors of the players, then decide on the appropriate leadership technique to apply to achieve the best results. Previous research note leadership related with engagement (Macey, 2009). A high-performance organizational culture leads to increased employee engagement. Healthy and supportive behaviors and standards are well defined in high-performance cultures. Employees feel engaged, involved, and supported because they have a clear understanding of their culture and what is expected of them. As a result, they are engaged. Employee engagement and company culture are inextricably linked.

Based on above assumptions, we develop hypothesis as follow,

Hypothesis 1: Situational leadership affect employee engagement positively

Hypothesis 2: Corporate culture affects affect employee engagement positively

Hypothesis 3: Situational leadership and corporate culture affects employee engagement positively



**Figure 1.** Model

## 2. Materials and Methods

### 2.1. Design

This study uses a quantitative approach, and aims to examine the effect of situational leadership and corporate culture on employee engagement. This research design is descriptive and correlational, since we would like to explore relationships between variables. Our population are the entire group from various financial sector industry who lives in Jakarta. Total population is unknown, and sampling method we implement in this research is convenience sampling, where we expect more than 100 respondents willing to take part in survey collection.

### 2.2. Subjects

The subjects of this research are employees who work in companies, and are spread throughout Indonesia. The companies where the respondents work are companies that focus on the financial services sector. The criteria for the respondents included are employees who have worked in the company for more than one year, as a discretion, one year is the condition of the employee already knowing the situation in the office where he works and also his supervisor.

### 2.3. Data Collection and Analysis Procedures

Situational leadership uses a questionnaire as developed and published in Hersey et al book (Hersey et al., 2001). Corporate culture uses a questionnaire developed found in “Organizational Behavior” book (Robbins, Stephen P.; Judge, 2015), employee engagement uses a questionnaire developed by Gallup (Gallup, 2021).

For data, we believe that there are two types of data sources, namely primary and secondary data, but in this study we prefer use primary data collected through distributing questionnaires at one time (Sekaran & Bougie, 2016). The research method to analyze the incoming data is to perform regression testing using statistical software.

### 3. Findings

From the distribution of the survey for one month in August - September 2021, we obtained data beyond our previous expectations, namely 297 data that were successfully entered into the distributed form. From the data entered, the majority are women, between the ages of 21-30 years, married, and working the majority between one and five years.

Then, for the descriptive explanation of the data that has been collected, both for Situational Leadership, Corporate Culture and Employee Engagement, they responded with an average of respondents agreeing. Next, judging from the normality test, all data obtained in this study met the criteria for normality, and also the reliability and validity of all items were met based on statistical criteria (further see appendix). As an initial data analysis procedure, the researcher conducted a normality test for the incoming data, in the initial experiment, the following results were obtained:

#### Distribution Summary

Count : 297  
 Mean: 4.3165  
 Median: 4  
 Standard Deviation: 0.758397  
 Skewness: -1.44305  
 Kurtosis: 3.399226  
 The value of the K-S test statistic (D) is .26112.

The  $p$ -value is  $< .00001$ . This provides very good evidence that your data *not* normally distributed.

Based on the results above, the researchers made an effort to look at the data that caused the data to be abnormal in the second experiment, and then the results obtained were that there were 295 data remaining and categorized as normal. After believing that the incoming data is normal, the next researcher makes an effort to test reliability and validity. For the t-test for two independent means.

#### Difference Scores Calculations

##### Treatment 1

$N_1$ : 498  
 $df_1 = N - 1 = 498 - 1 = 497$   
 $M_1$ : 4.35  
 $SS_1$ : 263.2  
 $s^2_1 = SS_1 / (N - 1) = 263.2 / (498 - 1) = 0.53$

##### Treatment 2

$N_2$ : 498  
 $df_2 = N - 1 = 498 - 1 = 497$   
 $M_2$ : 4.51  
 $SS_2$ : 212.48  
 $s^2_2 = SS_2 / (N - 1) = 212.48 / (498 - 1) = 0.43$

#### T-value Calculation

$$s^2_p = ((df_1 / (df_1 + df_2)) * s^2_1) + ((df_2 / (df_2 + df_1)) * s^2_2) = ((497 / 994) * 0.53) + ((497 / 994) * 0.43) = 0.48$$

$$s^2_{M1} = s^2_p / N_1 = 0.48 / 498 = 0$$

$$s^2_{M2} = s^2_p / N_2 = 0.48 / 498 = 0$$

$$t = (M_1 - M_2) / \sqrt{(s^2_{M1} + s^2_{M2})} = -0.16 / \sqrt{0} = -3.57$$

The  $t$ -value is -3.57271. The  $p$ -value is .000185. The result is significant at  $p < .05$ .

Thus, the data obtained is categorized as reliable, and can be continued for the next process, namely the validity and the results obtained through the ANOVA test indicate the data is categorized as valid. Next is hypothesis testing. According to calculation, it shows that corporate culture does influence employee engagement, as shown from results below.

#### Calculation Summary

Sum of  $X = 2244$   
 Sum of  $Y = 2215$   
 Mean  $X = 4.506$   
 Mean  $Y = 4.4478$   
 Sum of squares ( $SS_X$ ) = 212.4819  
 Sum of products ( $SP$ ) = 146.1566  
 Regression Equation =  $\hat{y} = bX + a$   
 $b = SP/SS_X = 146.16/212.48 = 0.68785$   
 $a = M_Y - bM_X = 4.45 - (0.69*4.51) = 1.3483$

With regression equation for Employee Engagement, as follow  $\hat{y} = 0.68785X + 1.3483$

#### Calculation Summary

Sum of  $X_1 = 2166$   
 Sum of  $X_2 = 2244$   
 Sum of  $Y = 2215$   
 Mean  $X_1 = 4.3494$   
 Mean  $X_2 = 4.506$   
 Mean  $Y = 4.4478$   
 Sum of squares ( $SS_{X1}$ ) = 263.2048  
 Sum of squares ( $SS_{X2}$ ) = 212.4819  
 Sum of products ( $SP_{X1Y}$ ) = 126.0843  
 Sum of products ( $SP_{X2Y}$ ) = 146.1566  
 Sum of products ( $SP_{X1X2}$ ) = 153.9518

Regression Equation =  $\hat{y} = b_1X_1 + b_2X_2 + a$

$$b_1 = ((SP_{X1Y}) * (SS_{X2}) - (SP_{X1X2}) * (SP_{X2Y})) / ((SS_{X1}) * (SS_{X2}) - (SP_{X1X2}) * (SP_{X1X2})) = 4289.57/32225.11 = 0.13311$$

$$b_2 = ((SP_{X2Y}) * (SS_{X1}) - (SP_{X1X2}) * (SP_{X1Y})) / ((SS_{X1}) * (SS_{X2}) - (SP_{X1X2}) * (SP_{X1X2})) = 19058.22/32225.11 = 0.59141$$

$$a = M_Y - b_1M_{X1} - b_2M_{X2} = 4.45 - (0.13*4.35) - (0.59*4.51) = 1.20393$$

$$\hat{y} = 0.13311X_1 + 0.59141X_2 + 1.20393$$

With the results above, it can be seen that situational leadership affects employee engagement (H1, accepted), corporate culture affects employee engagement positively (H2, accepted), and if there is an influence of situational leadership and corporate culture together it can affect employee engagement (H3, accepted).

#### 4. Discussion of Findings

The workplace is being transformed by millennial workers. The competition to recruit, engage, and keep the second-largest labour pool has started as the baby boomers approach retirement — but the rules have changed. Companies'

decades-old recruiting and retention tactics are now entirely outdated, since the requirements, aspirations, and expectations of this new generation are vastly different from those of their predecessors. Companies will need a fresh approach for engaging and retaining millennials in the workplace. Companies should treat millennials the same way they treat earlier generations of workers, or they will quit — not because they are incapable of hard work or believe they are entitled to immediate C-level rank.

In the relationship between situational leadership variables and employee engagement, it is stated that the hypothesis is supported, in other words the hypothesis is accepted. The researcher indicated that this condition occurred because the respondents in this study were dominated by women aged 21-30 years old, unmarried, high school education level/equivalent, and with a working period of 1-5 years. This condition causes the practice of leadership in the companies studied to have an effect on employee engagement. In terms of situational leadership influencing employee engagement, this condition is caused by the perception that the respondents' environmental profile has seen a phenomenon around them. This causes the importance and interrelationship of influence between situational leadership on employee engagement. In the respondent's point of view, the leader shows the criteria related to situational leadership. One of the studies on the relationship between age and employee engagement was carried out by research showed that employee engagement was influenced by the age of the employee (Kordbacheh, 2014). Employees with a relatively older age, namely above 30 years, have higher employee engagement when compared to younger employees, namely those under 30 years of age. Also, previous research suggested that employee engagement has a relationship with leadership (Maundu & Simiyu, 2021). Employee engagement is present because there is a contribution from leadership and the levels are different between men and women, the levels are different, where women think that transformational leadership is more relevant.

In the relationship between corporate culture variables and employee engagement, it is stated that the hypothesis is supported, in other words the hypothesis is accepted. This shows that employee engagement is significantly influenced by corporate culture. Employees at state-owned enterprise realize that organizational culture is a rule that regulates how employees behave in the workplace, so it can be said that organizational culture is a guideline used in carrying out performance activities within an organization, and corporate culture is applied by employees at state-owned enterprise in carrying out their work. Culture that meets expectations is a culture that is desired by company employees, and a culture that does not meet expectations is a culture that is not as desired by company employees (Akbar, 2013). The concept of organizational culture can affect employee engagement. When the company culture matches employee expectations, employee engagement will be high, and vice versa when the company culture does not match employee expectations, employee engagement will be low. Thus, if the company has a good organizational culture, then employee engagement within the company will be high, and vice versa if the company has a bad organizational culture, then employee engagement within the company will be low.

## 5. Conclusion and Recommendation

The conclusion of this study is, in the companies studied, researchers found that in a context study of millennials works in state-owned companies, situational leadership affects employee engagement, corporate culture affects employee engagement and employee engagement can be influenced by situational leadership and corporate culture.

As a recommendation, the company can use the results of this study to determine the extent of the views of employees in viewing matters relating to human resources. Efforts need to be made to encourage employees to feel that the things they perceive can help them in practicing situational leadership, actualizing corporate culture, and implementing job demand control designed by the company, so as to improve and maintain employee engagement at the companies studied.

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