The Impact of Employee Engagement, Job Satisfaction, and Compensation and Benefits towards GenZ's Employee Performance in PT. XYZ

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Abstract

PT. XYZ is a pioneer in travel agencies, and its primary goal is to reduce travel time and complexity. As a company that consistently improves its human resource management system, it is considered that in order for a firm to excel in employee performance, it must guarantee high levels of employee engagement, job satisfaction, compensation, and benefits, particularly for the Gen Z, the incoming generation of workers who will soon hold the majority position in the emerging labor force. The study will attempt to pinpoint and analyze the relationship and influence between employee engagement, job satisfaction, and compensation and benefits concerning Gen Z workers' productivity on PT. XYZ. Data for this study will be collected from 63 respondents selected from PT. XYZ Gen Z employees from various directorates with the minimum requirement of having a bachelor's degree who have met the company's requirements for employee performance. This research will use a quantitative approach through a shared questionnaire. The data analysis, the method of multiple linear regression will be used, using the SPSS tools to analyze the data. According to the study, PT. When these factors are considered separately, XYZ's Gen Z employees' performance is not positively and significantly impacted by employee engagement, job satisfaction, and compensation and benefits. Instead, these factors must be combined as a whole to have a significant impact on employee performance. With the help of these insights, PT. XYZ may take the necessary action to ensure that staff performance is maximized.

Keywords: Compensation and Benefits; Employee Engagement; Employee Performance; Job Satisfaction.

A. INTRODUCTION

Human resource management is one of the most vital elements of running a business since employees are the most critical resource a business has. In addition, human resource management is thought to be essential for guaranteeing employee engagement and job satisfaction (Aslam et al., 2014). Engaged employees recognize how they contribute to the company's objectives and encourage their coworkers to do the same (J, 2014). This holds for job satisfaction as well because contented workers typically provide outcomes that are superior and more efficient (Nathwani, 2021). Of course, factors outside job satisfaction and engagement can also influence employee performance. Corporations can concentrate on several crucial factors influencing employee performance, such as compensation benefits and training and development, to increase employee performance (Tumi et al., 2022). Since employee attitudes and behaviors significantly and directly impact the organization's success, this is also related to employee motivation (Tumi et al., 2022).

The workforce generation that will hold the majority of the jobs is already changing amid the expansion of human resources. The most recent generation to enter the workforce, Gen Z, comprises people born between 1995 and 2010. Additionally, they possess the most cutting-edge technology and social media expertise (Francis & Hoefel, 2018). The workforce used to be dominated by baby boomers, Generation X, and Generation Y, but Gen Z is now steadily overtaking them. The fact that nearly half of Gen Z has reached the age of majority supports this circumstance (Utomo & Heriyanto, 2022). Gen Z employees cannot be controlled by the company efficiently due to a lack of experience, which has caused a decline in their work performance, claim (Filatrovi & Attiq, 2020).

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The managerial level of the organization would have a problem because of the lack of expertise in managing the new hires.

According to the 2018 Deloitte Millennial Survey, 61% of Gen Z prefer to change jobs within two years, which makes it harder to keep them on board. To meet these challenges, businesses must comprehend how Gen Z chooses a company based on clear professional development opportunities, work schedules, and educational opportunities. They do this by basing their decisions on these factors (Gomez et al., 2018). Companies must analyze Gen Z requirements and maximize their performance, which is crucial to the firm's growth, given that they will have a significant position in a new workforce. In summary, businesses must be ready to accommodate this young talent while also being prepared to manage and adjust to their requirements. In order to make employees feel at home at work and reduce employee turnover, businesses must take this action to suit their demands.

The organization that will be looked at in this study is PT. XYZ is a travel industry pioneer aiming to make travel less complicated and time-consuming because of PT. XYZ constantly works to improve its human resource management system, demanding employees give their best effort. Based on the focus group discussion, PT. XYZ and the researcher were able to pinpoint the elements that influenced the performance of their Gen Z employees. Employees of PT. XYZ mentioned several factors that might be seen as significant in influencing their performance, including a decline in motivation if there is insufficient compensation and benefits, a more positive atmosphere at work, and improved relations with peers, as well as the quantity of job they are given, which will affect their sense of engagement. The focus group discussion identified three key variables that would be further investigated: employee engagement, job satisfaction, and compensation and benefits.

PT. XYZ can concentrate on the three noted variables to enhance employees' performance. Employee performance can first and foremost be described in terms of the three factors that influence it: task performance (cognitive aptitude, skill, and habits), adaptive performance (skill development, versatility, or social behavior), and contextual performance (good conduct at work to boost corporate development) (Pradhan & Jena, 2017). Employee performance, which is measured in terms of higher productivity and has a significant impact on corporations' economic state (J, 2014), is strongly correlated with employee engagement, which, depending on how we choose to see it, is characterized as an experience or behavioral manifestation (Schaufeli et al., 2006). Similar findings have been made regarding job satisfaction, defined as a pleasant mental state when someone obtains something that reflects the merit of their work and gets acknowledged for it (Locke, 1969). It is generally recognized that elements such as the workplace culture, policies, methods of management, and many others impact workers' job satisfaction, which in turn has a favorable and significant effect on their performance (Sudiardhita et al., 2018). Finally, compensation and benefits are described as money provided by a company based on the employee's attentiveness and regulations that were being used as a tool for the firm to protect its workers' financial well-being (WorldatWork, 2007), the impact of these elements on employee motivation and performance as a component of human resource management will vary based on the company's established compensation and benefits scheme (Adari et al., 2018).

The reasons stated above support the need for PT. XYZ to comprehend the demands and difficulties that Gen Z encounters as they adapt to a new work environment. This is especially true given that corporations must comprehend these issues to minimize losses when Gen Z begins to dominate most of the labor market (Kumarasakti, 2022). As a result, this study aims to delve deeper into three variables—employee engagement, job satisfaction, and compensation and benefits—that are critical in helping employees enhance their performance. The ultimate goal is to provide suggestions to managers struggling to manage Generation Z and organizations having difficulty retaining them.

B. RESEARCH METHOD

Focus group discussions will be utilized in this study to aid in data collection and issue identification, particularly in finding the underlying factors that will be used to analyze the relationship between the examined subjects. In order to meet its target for improvement, PT. XYZ, a firm that continuously raises the bar for employee performance, will need to identify additional variables for analysis to determine the factors that affect employee performance. Therefore, the difficulties the human resource team has previously highlighted will be discussed in the focus group discussion session with the employees as the participants to corroborate them based on their experience. After identifying the issue, there will be a literature review to learn more about each variable that will be analyzed. After that, a research framework and hypothesis will be developed. From the problem identification and literature review, three hypotheses are developed, which are:

H1: Employee engagement has positive and significant implications on employee performance

H2: Job satisfaction has positive and significant implications on employee performance

H3: Compensation and benefits has positive and significant implications on employee performance
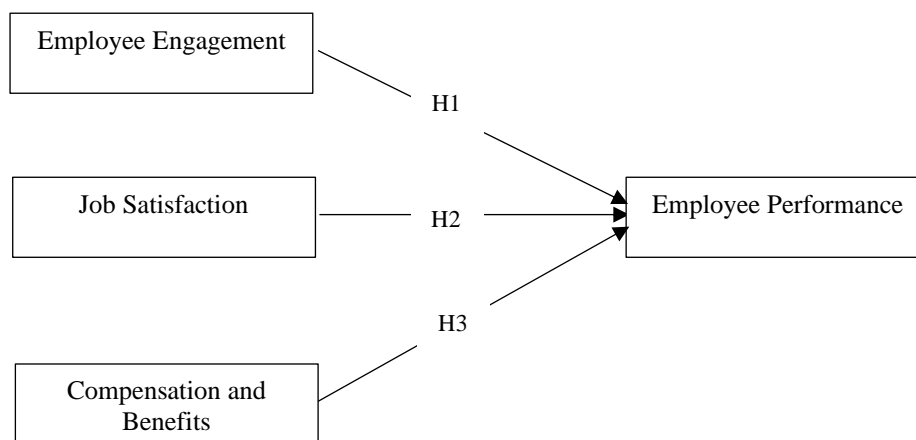

Figure 1. Proposed Model

Then, a pilot test will be conducted to evaluate the validity and reliability of the questionnaires. If successful, the items will be used in the field test. At first, there will be a 62-item questionnaire to describe the link between the independent and dependent variables after the focus discussion. Employee performance is measured using three indicators: task accomplishment, flexible performance, and situational performance (Pradhan & Jena, 2017). The employee engagement scale, generated from the work and well-being survey (UWES), has items linked to workers' sentiments at work (Schaufeli et al., 2006). Wages, promotions, peers, managers, job stability, and other factors are among the ten elements on the job satisfaction scale (Macdonald & MacIntyre, 1997). Finally, the compensation and benefits scale includes twelve factors related to the capacity to convey compensation and benefits to workers, plentiful resources, chances to grow, and rewards for fulfilling the company's objectives (Patiar & Wang, 2020). After the validity and reliability test, ten items are eliminated. Following data collection, an analysis of the data using SPSS will be performed to discover the impact and link between the independent and dependent variables. The data analysis will use a quantitative method to identify the relationship and influence of the independent variable on the dependent variable. The results will be discussed in greater detail, drawing on several previous journal entries. Finally, researchers will summarize their findings and offer suggestions for business and subsequent research.

The research population will comprise Gen Z employees of PT. XYZ who have no limitations regarding its division. A bachelor's degree will be required, and applicants must be between 18 and 25. Based on the article and previous research, G*power will be used to calculate the required sample size. To confirm the data's validity

and that the sample correctly represents the whole Gen Z workforce in the business, 26 persons will be utilized for the pilot test, with a minimum of 18 people for field test participation. The multiple regression approach will be used to examine the data using SPSS.

C. RESULTS AND ANALYSIS

Table 1. Bootstrapping Results

Model		B	Bias	Std. Error	Sig. (2-tailed)	BCa 95% Confidence Interval	
						Lower	Upper
1	(Constant)	47.44	-4.03	31.18	0.14	-27.38	90.89
	Employee Engagement	-0.10	0.003	0.27	0.69	-0.60	0.39
	Job Satisfaction	1.03	0.07	0.63	0.13	0.11	2.61
	Compensation and Benefits	-0.36	0.06	0.29	0.21	-1.05	0.53

Unless otherwise noted, bootstrap results are based on 1000 bootstrap samples.

Source: research data, 2023

The regression model mentioned above is built using the bootstrap technique, resistant to heteroscedasticity, outliers, and normality (Field, 2018). It is clear from the table above how each independent variable will significantly impact the dependent variable. The independent variable significantly affects the dependent variable when the significance level is less than 0.05. The t-value may be calculated by dividing the B value by the standard error, but it is not included in the table above since the bootstrap technique does not give it automatically. In this instance, the t-counts for job satisfaction (1.6492), remuneration and benefits (-1.2457), and employee engagement (-0.3885) all is below the t-table (1.9996). The table shows that none of the variables significantly impact the dependent variable. These results show no meaningful relationship between variables; therefore, neither a positive nor a negative link between them can be accepted. Regarding the regression model employed in this multiple linear regression, the computation above yields the following result:

$Y = 47.44 - 0.10 X1 + 1.03 X2 - 0.36 X3$

Description:

Y = Employee Performance

X1 = Employee Engagement

X2 = Job Satisfaction

X3 = Compensation and Benefits

Table 2. R Square

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.51[a]	0.269	0.23	14.526

Source: research data, 2023

In multiple regression, the coefficient of determination, a part of hypothesis testing, is used to evaluate the predictor in terms of the degree of variance of the dependent variable (Saunders et al., 2012). The R square value in the model described above illustrates the strength of the connection between the independent and dependent variables, with the independent variable having a 26.9% linkage to the dependent variable.

Table 3. Anova

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4586.00	3	1528.66	7.24	0.000[b]
	Residual	12449.64	59	211.011		
	Total	17035.65	62			

The F test, according to Saunders et al. (2012), is used to assess the overall relationship between the joint independent variable and the dependent variable. A variable must have a value less than 0.05 to be deemed significant. The significance value of 0.000 in the model above indicates that the independent factors will have a greater aggregate influence on the dependent variable than they will individually.

Employee Engagement influence towards Gen Z's Employee Performance

According to the analysis, employee participation has a low and insignificant influence on Gen Z employee performance. The model's significance value of 0.69, which is more than 0.05, supports this result. Because driven individuals are more aware of the necessity of supporting the organization in reaching its goals while encouraging other employees, the result contradicts earlier findings that employee engagement substantially impacts employee performance. (J, 2014).

There are several possible explanations for why employee involvement did not significantly affect Gen Z employees' performance in this study. Although employee engagement does not directly affect performance, it can influence job satisfaction and motivation. According to this study, only motivation extensively affects employee performance, reducing correlations between employee engagement and performance (Riyanto et al., 2021). The questionnaire may also include numerous inquiries about organizational citizenship behavior, which will not significantly influence employee performance (Prabasari et al., 2018). Numerous questions about organizational citizenship behavior may also be included in the questionnaire, but they will not significantly impact how well employees perform (Prabasari et al., 2018). Lastly, Statnickė et al. (2019) found that Gen Z is less engaged than Generation Y and X, suggesting that their dependence on technology hinders their participation in the workforce. Because of this, it is acceptable to assert that increasing employee involvement might not be enough to raise Gen Z employees' performance.

Job Satisfaction influence towards Gen Z's Employee Performance

Given the significant value of 0.13, which is above 0.05, and the two regressions model, it can be said that work happiness does not significantly affect employee performance. Prior research (Sudiardhita et al., 2018) asserted that elements impacting job satisfaction, such as the work atmosphere, regulations, supervisory techniques, and many others, have been demonstrated to be crucial for employee performance.

Multiple research has backed up this finding. Even though job happiness significantly impacts Gen Z workers' performance, several factors could diminish the importance of that influence. Job satisfaction has little effect on employee performance when it occurs in the context of separation. However, it has an important effect on employee performance when it occurs in the context of contentment at work, which includes employee engagement, job satisfaction, and organizational commitment as a whole, according to research by Bataineh (2019). According to another study, only drive immensely affects employee performance, whereas job satisfaction has little or no impact (Riyanto et al., 2021). As a result, the relationship between employee engagement and performance is less pronounced.

Last but not least, the fact that PT. XYZ used a tournament scheme for rewards, and that purposive sampling only included top achievers as its primary subject may have an impact on the findings. This is due to a proclivity for decreasing contentment, which may lead to apathy in the following round of the tournament and lesser satisfaction in influencing employee performance (Berger et al., 2013). The study clarifies that job satisfaction alone may not significantly impact employee performance.

Compensation and Benefits Influence Gen Z's Employee Performance

According to the above table, employee performance among Gen Z does not greatly depend on pay and benefits. The significance value of 0.21, higher than 0.05, demonstrates no discernible impact on the dependent

variable. This result contradicts an earlier study that showed a favorable association between compensation and perks and employee performance (Kadir et al., 2019).

A variety of things could influence this result. The first can be the effect of a purposeful sample strategy, which limits responders to the top performers. As was previously said, when faced with the tournament scheme incentives system, top performers may feel less stimulated and dedicated to the system as time passes (Berger et al., 2013). Another finding showed that employees were already aware that the corporation was in charge of these concerns and that they were only seen as another task that needed to be finished (Idris et al., 2020). Although compensation and benefits are linked to employee performance, a study on age Z discovered that not all system components are easily acceptable to this age. This is particularly true if the corporation contributes financially, in which case it is only viewed as another obligation to be met (Tarigan et al., 2022). As a result of the primary justification, it may be said that pay and benefits might not be enough to affect Gen Z's employee performance.

Employee Engagement, Job Satisfaction, and Compensation and Benefits Influence Gen Z's Employee Performance

According to the facts shown above, it is possible to infer that none of the criteria have a major impact on the performance of Gen Z employees. When all components are treated concurrently, it has a noticeable impact on the dependent variable, shown by 0.000 significance values of less than 0.05. Numerous investigations have truly supported this conclusion. Employee engagement and job happiness are known to be insufficient to affect employee performance on their own and function best when coupled (Bataineh, 2019). This idea emerged because it was thought that a worker needed a variety of stimuli in order to perform. It is impossible to distinguish between involvement and pleasure when factors like job flexibility, paternity and maternity leave, and other advantages are present (Bataineh, 2019). Furthermore, according to Idris et al. (2020) research, Because Gen Z perceives compensation and benefits as a legal obligation to be met by enterprises, the relationship between them and employee performance fades, allowing other variables to emerge and boost compensation and benefits' effect.

D. CONCLUSION

According to the study's findings, it is of the utmost importance for businesses to understand the requirements and obstacles that Gen Z faces as they cope with a new work atmosphere. This research underlines the issues firms experience in keeping Gen Z personnel, and the difficulties managers face in managing them. The findings suggest that when analyzed separately, employee engagement, job satisfaction, compensation, and benefits do not significantly influence Gen Z employee performance. Instead, businesses must enhance these independent variables to attain excellent employee performance.

In addition, the study recommends that PT. XYZ should provide a program that can cater to the variable of employee engagement, job satisfaction, and compensation and benefits at the same time. It is possible to do this through intrinsic incentives that correspond with the needs of Gen Z employees, coaching, autonomy for workers, an enjoyable place to work with strong managerial support and wonderful colleague interactions, and corporate social responsibility programs that reflect their beliefs. Future studies may be undertaken by selecting a broader range of employees, particularly in data plurality, to evaluate the results better. Overall, this study provides valuable insights and recommendations for businesses to effectively manage and retain Gen Z employees in the workplace.

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