Influence of Leadership, Organizational Culture, and Millennial Employee Performance Compensation (Case Study in Pt. Xyz Company)

ROBIN GARINGGING[1], AHMAD BADAWI SALUY[2]

[1, 2] *Magister Manajemen, Universitas Mercu Buana, Indonesia*

Abstract- This study aims to examine and analyze the effect of leadership, organizational culture and compensation on the performance of millennial employees. This research data is primary data, in the form of respondents' responses to questionnaires distributed. The sampling method used is simple random sampling. Data were analyzed using multiple linear regression analysis methods. The results showed that leadership, organizational culture, and compensation simultaneously had a significant effect on the performance of millennial employees. Partially, leadership has a positive and significant effect on the performance of millennial employees. Likewise with organizational culture which was also found to have a positive and significant effect on the performance of millennial employees. Compensation also has a positive and significant effect on the performance of millennial employees.

Indexed Terms- Performance, Leadership, Organizational Culture, and Compensation

I. INTRODUCTION

Human resources is one of the most important elements for the company. Human resources are the company's unique assets, because they live and move, have reason, thoughts, knowledge and desires. The award given by human resources can optimize added value for the company, priority in achieving the company's goals themselves.

Currently there are a lot of human resources taking part in the business world in Indonesia. Based on BPS data released in 2016, the workforce in Indonesia which was released 15 years and over has reached 160 million people. Of the total workforce, as many as 4% or 62.5 million people are estimated to be a millennial generation. Generation X still opposes, namely about 69 million people, while the lowest Baby Boomers, around 28 million people.

The Millennial generation is a generation born between 1980-2000. This generation is called Millennial because of their closeness to the millennium era and was raised in the digital world (Kaifi, et. Al., 2012). The Millennial generation in the future will master the workforce to replace the X generation. Millennial will become the human resource that acts as the backbone in every company. The number of millennials taking part in the business world in Indonesia is enormous. Therefore this research on millennials is very interesting and needs to be done. In addition, the entry of millennials into the workforce has the potential to cause misunderstandings due to generational differences between employees, which can consequently affect employee performance and job satisfaction (Smith and Nichols, 2015).

Performance is the work of a quality and quantity achieved by an employee in carrying out their duties in accordance with the responsibilities given to him (Mangkunegara, 2012). Performance is the result of concrete work that can be observed and measured. Performance has an important role in achieving company goals. In this case, good employee performance will be very useful to improve company performance. Given the importance of employee performance for the sustainability of the company, the company needs to make efforts related to improving employee performance.

Research on employee performance in general has been done a lot, however, research on millennial employee performance is still very little. There are many factors that affect employee performance

according to previous research. Leadership was found to have an influence on employee performance, as found by Basit et. al. (2017), Elqadri et. al. (2015), Tintami et. al. (2012), Andriana (2015), Muterera (2018), Rahman et. al, (2017), Hasan (2016), and Riyadi (2011). Other studies have found a positive influence on organizational culture on performance (Shahzad, 2014; Uddin et al., 2013; Saad and Abbas, 2018; Tintami et. Al., 2012; Rahman et al., 2017; Elisabeth, 2018; Athins et al., 2018; and Muttaqin and Herminingsih, 2013). Research by Hameed et al. (2014), Rahman et. al. (2017), Muttaqin and Herminingsih (2013), Abadiyah and Purwanto (2016), Hasan (2016), Putra et. al. (2014), and Haqq (2016), Paschal and Nizam (2016), Sudiyono and Qomariyah (2018) find that compensation has a positive effect on employee performance.

Leadership style in organizations can affect the performance of millennial employees. Millennials prefer inspiring and imaginative managers (Smith and Nichols, 2015). In this case, the transformational leadership style is more suited to the tastes of millennial employees. One of the characteristics of transformational leadership style is that transformational leaders have a commitment to change employees to be better and to change the mindset of employees to prioritize the interests of the company rather than their own interests. This can only be done through the example of a leader who inspires employees.

Organizational culture is also known to have an influence on employee performance. According to Mas'ud (2004), organizational culture is a system of meaning, values and beliefs shared in an organization that is a reference for acting and differentiating one organization from another organization. Organizational culture becomes the identity of the organization and its members. Organizational culture shapes the character of each employee in accordance with the values maintained in the organization. Organizational culture is created by the rules set by the organization. The rules and regulations that are consistently enforced eventually become a culture that is maintained in the organization. The millennial generation prefers organizational culture with several rules (Kaifi, et. Al., 2012). They feel they need some rules to guide their decisions. This can minimize the occurrence of errors in operational activities that can result in decreased performance. For millennial employees, organizational culture is a guide that can guide them in making the right decision.

Compensation is anything that is received by employees as a remuneration for their work (Sedarmayanti. 2011). The provision of compensation is a form of company appreciation for employee achievement of predetermined targets.

For millennial employees, compensation is an obsession. This is as stated by Twenge and Kasser (2013) that the millennial generation has a high preference for material rewards. Lyons et. al. (2010) also express the same thing that millennials prefer to focus on their personal lives rather than their careers. Millennials live witnessing their parents experience layoffs (Termination of Employment) and divorce. These conditions encourage the millennial generation to get an established personal life. One way is to generate the highest income.

Millennial employees' obsession with high income forces them to improve performance in order to get compensation offered by the company. That is, with compensation, this will affect the performance of millennial employees.

Some previous studies have also found factors that affect employee performance. Among them are leadership, organizational culture, compensation, motivation, work environment, work discipline, job satisfaction and commitment (Basit et al., 2017; Elqadri et. Al., 2015; Hameed et al., 2014; Shahzad, 2014; Tintami et al., 2012; Andriana, 2015; Meterera, 2018; Rahman et al., 2017; Hasan, 2016; and Riyadi, 2011; Athins et al., 2018; Sudiyono and Qomariyah, 2018; Abadiyah and Purwanto, 2016).

To find out the most relevant variables studied at the company where the researchers conducted research, the researchers conducted an initial survey of 20 employees of the company PT. XYZ The results of the initial survey conducted, showed that the variables that most influence the performance of employees of PT. XYZ is leadership (chosen by 18 people or 90% of respondents), organizational culture (chosen by 15 people or 75% of respondents) and compensation

(chosen by 12 people or 60% of respondents). The results of this initial survey are summarized in Table 1:

Table 1. Summary of Preliminary Survey Results

No	Variables	Amount	Percentage (%)
1	Leadership	18	90
2	Organizational culture	15	75
3	Compensation	12	60
4	Motivation	8	40
5	Work environment	8	40
6	Work discipline	6	30
7	Job satisfaction	5	25
8	Commitment	2	10

Source: Prasurvey (2019)

In general, the performance of PT. XYZ employees is still below target. This is indicated by the company's sales data from 2016-2018. During this period, PT. XYZ sales were still below the target. Achievement of the company's best sales occurred in 2013 and 2017, with sales achievements of 111.9% for 2013 and 107.2% for 2017. The worst sales achievements occurred in the 2014-2016 period. During this period, the company's sales target was not reached.

One of the decreases in employee performance is caused by weak leadership. As revealed by Andriana (2015) that leadership has a positive and significant effect on employee performance. The results of an internal survey of PT. XYZ globally shows leadership index in PT. XYZ is relatively low compared to its subsidiary another PT. XYZ in the Southeast Asian region. This indicates that good leadership has not been applied as it should in PT. XYZ. Leaders cannot influence employee morale and job satisfaction which results in low employee performance.

Table 2. Leadership Index in the Global XYZ Culture Survey in 2016-2018

Years	PT. XYZ	PT. XYZ Regional	PT. XYZ Global
2016	67	70	71
2017	67	84	81
2018	70	93	87

Source: PT. XYZ (2019)

Table 2 shows the leadership index of PT. XYZ is still under subsidiary another PT. XYZ in the Regional and PT. XYZ Global. In fact, in 2018 the company's leadership index is far below the subsidiary of PT. XYZ in the Regional and PT. XYZ Global.

Besides leadership, another factor that influences employee performance is organizational culture. The results of Paschal and Nizam's (2016) research found that organizational culture has a large and significant influence on employee performance. Organizational culture in PT. XYZ is not fully understood and implemented by employees in the work environment. As a result, employee character is not formed in accordance with the values maintained in the organization. This is indicated by the results of an internal survey of PT. XYZ globally about Organizational Culture Index at Global PT. XYZ Culture Survey.

Table 3. Organizational Culture Index in the Global XYZ Culture Survey in 2016-2018

Years	PT. XYZ	PT. XYZ Regional	PT. XYZ Global
2016	70	75	74
2017	71	86	82
2018	72	93	87

Source: PT. XYZ (2019)

The survey results show that PT. XYZ's organizational culture index is relatively lower compared to other PT. XYZ subsidiaries in the Regional region and PT. XYZ Global. Based on Table 3, in 2016 the PT. XYZ Organizational Culture Index was 70, while the PT. XYZ subsidiary Cultural Organization Index in the Regional and Global PT. XYZ region in that year were 75 and 74 respectively. In 2018, PT. XYZ Organizational Cultural Index increased to 72. The increase that occurred was not significant. Meanwhile, other PT. XYZ subsidiaries in the Regional region and PT. XYZ Global increased sharply, respectively by 93 and 87. In 2018 the PT. XYZ Organization Cultural Index is quite far below that of other PT. XYZ subsidiaries in the Regional and PT. XYZ Global regions.

Another factor that is thought to influence the decline in the performance of PT. XYZ employees is the compensation factor. This is indicated by the

percentage increase in the company's annual salary that continues to decline.

Table 4. Percentage Increase in Annual Salary of PT. XYZ 2016-2018

Years	Salary Increase Percentage
2016	9%
2017	8%
2018	4,5%

Source: PT. XYZ (2019)

From Table 4, it is known that during the 2016-2018 period PT. XYZ did not even increase the percentage of annual salary increases. In 2016, the percentage of annual salary increase was 9%. In 2017 it dropped to 8%, and in 2018 it fell again to 4.5%. This condition has been complained about by many company employees. This has an impact on employee job satisfaction, so that their performance decreases.

Dissatisfaction with compensation is a crucial problem at PT. XYZ. Most employees who resign are motivated by salary problems.

Table 5. Turn Over Rate and Reasons in PT. XYZ 2016-2018

Years	Number of Resign Employees (Voluntary)	Reasons	
		Salary Problems	Other Problems
2016	89	67	22
2017	68	54	14
2018	87	80	7
Amount	244	201	43

Source: PT. XYZ (2019)

From 2016-2018, 244 people have resigned as PT. XYZ employees. Of this amount, 201 people were resigned for salary reasons, while the remaining 43 resigned for other reasons. This condition shows that compensation is one of the triggers for the decline in the performance of PT. XYZ employees. Compensation that is considered small decreases employee morale and work motivation, so their performance drops. In addition, because of the problem of unsatisfactory compensation, the company lost quality human resources. They left the company

because the compensation system offered was not attractive. This is very influential on the decline in overall company performance.

II. THEORITICAL REVIEW

• Performance
According to Rivai and Sagala (2013: 548) performance is a real behavior that is displayed every person as a work achievement produced by employees in accordance with their role in the company. Performance in this case is seen as a work achievement. Whereas Bangun (2012: 231) defines performance as a result of work achieved by someone based on job requirements. Performance is based on certain standards set by the company.

Employee performance is influenced by several factors. These factors not only come from individual employees but are also determined by the work environment. According to Mangkunegara (2005: 14), factors that influence performance are:
1. Individual factors consisting of abilities and expertise, background and demographics.
2. Psychological factors that consist of perception, attitude, personality, learning and motivation.
3. Organizational factors consisting of resources, leadership, rewards, structure, and job design.

Assessment of performance can be done by taking into account several indicators. Mangkunegara (2011: 75) suggests four indicators in determining employee performance. These indicators are:
1. Quality of work shows how well an employee what should be does.
2. Work quantity shows how long an employee works in one day. This work quantity can be seen from the work speed of each employee.
3. Performing tasks shows how far the employee is able to do the job accurately or there are no mistakes.
4. Responsibility shows awareness of the obligation to do the job accurately or there are no mistakes.

• Leadership
Rivai and Mulyadi (2012: 53) define leadership as the ability of a leader to influence others by provoking positive feelings in the people they lead to achieve desired goals. While Thoha (2011: 9) argues that

leadership is an activity to influence the behavior of others, or the art of influencing human behavior both individuals and groups.

According to Kartono (2008: 34) there are 6 indicators of leadership style measurement, namely:

1. Decision Making Ability

   Decision making is a systematic approach to the nature of the alternatives faced and taking action which according to the calculation is the most appropriate action.

2. Motivating Ability

   The ability to motivate is the driving force that results in a member of the organization willing and willing to move his ability (in the form of expertise or skills) and the time to carry out various activities for which he is responsible and fulfill his obligations, in order to achieve the goals and various predetermined organizational goals .

3. Communication Skills

   Communication ability is the ability or ability to deliver messages, ideas, or thoughts to other people with the aim that other people understand what is meant properly, directly or indirectly.

4. Ability to Control Subordinates

   A leader must have the ability to make others follow their desires by using personal power or office power effectively and in place for the long-term interests of the company. All was done aiming that the tasks can be completed properly.

5. Responsibility

   A leader must have an attitude of responsibility to his subordinates. Responsibility can be interpreted as an obligation that must bear, bear responsibility, bear everything or give responsibility and bear the consequences.

6. Emotional Control Ability

   The ability to control emotions is very important for the success of our lives. The better our ability to control emotions, the easier we will achieve happiness.

- Organizational culture

According to Luthans (2011: 137), organizational culture is a basic thought pattern taught to new personnel as a way to feel, think and act correctly from day-to-day. Related to organizational culture, Suwarto and Koeshartono (2009) argue that in general, a company or organization consists of a number of people with diverse backgrounds, personalities, emotions, and egos. The results of the addition and interaction of various people form a simple organizational culture, organizational culture can be defined as the unity of people who have the same goals, beliefs, and values.

According to Edison (2016: 131), dimensions and indicators of organizational culture consist of:

1. Self-awareness

Organizational members with their awareness work to get satisfaction from their work, develop themselves, obey the rules, and offer high quality products and services.

2. Aggressiveness

Members of the organization set challenging but realistic goals. They set work plans and strategies for achieving these goals and pursue them enthusiastically.

3. Personality

Members are mutually respectful, friendly, open and sensitive to group satisfaction and are very concerned about aspects of customer satisfaction, both internal and external customers.

4. Performance

Members of the organization have the value of creativity, fulfill quantity, quality, and efficiently.

5. Team orientation

Members of the organization have good cooperation and effective communication and coordination with the active involvement of the members, which in turn gets high satisfaction results and joint commitment.

- Compensation

According to Ardana (2012: 153), compensation is anything that is received by employees in return for their contribution to the company or organization. Ardana views compensation as a form of company

compensation. This shows the reciprocal relationship between the company and its employees. In line with Ardana, Badriyah (2015: 154) defines compensation as all forms of compensation or remuneration provided by the company and received by employees for the work done.

Mondy and Noe (2013: 91), divides compensation into two types, namely:

1. Financial compensation consists of:
    1) Direct financial compensation, i.e. payments received by someone in the form of salary, incentives or bonuses.
    2) Indirect financial compensation or benefits, i.e. all forms of financial compensation that are not included in direct financial compensation, such as insurance and benefits.
2. Non-financial compensation, includes various forms of satisfaction received by someone from the work itself or in the form of:
1) Promotional opportunities
2) Recognition
3) A sense of security
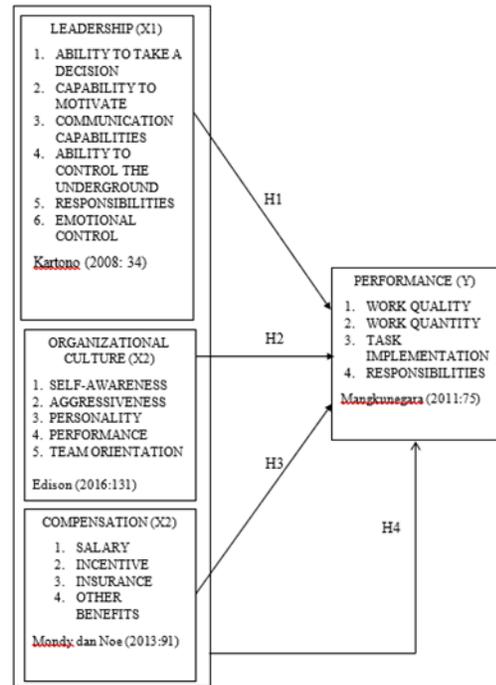4) Award for achievement
5) Comfort

- Research Framework

Figure 1. Research Framework

- Research Hypothesis

Based on the description of the relationship between the research variables previously described, the hypotheses for this study are:

H1 : Leadership has a positive effect on the performance of millennial employees at PT. XYZ.

H2 : Organizational culture has a positive effect on the performance of millennial employees at PT. XYZ.

H3 : Compensation has a positive effect on the performance of millennial employees at PT. XYZ.

H4 : Leadership, organizational culture and compensation simultaneously influence the performance of millennial employees at PT. XYZ.

III. RESEARCH METHODS

This research is quantitative descriptive. According to Sugiyono (2007: 35) descriptive research is research that aims to provide an overview of the research variables. This study uses data in the form of numbers which are then processed using statistical tools. Therefore, the approach used is a quantitative descriptive approach.

Population is a generalization area consisting of objects / subjects that have certain qualities and characteristics that are determined by researchers to be studied and then drawn conclusions (Sugiyono, 2011: 80). The population in this study were all millennial employees of PT. XYZ, amounting to 344 people. The millennial generation was born in 1980 and above. The research sample of 100 people. Sampling using probability sampling techniques, namely simple random sampling.

The data used in this study are primary data and secondary data. Data collection for compensation variables, organizational culture, leadership and performance is done using a questionnaire. Other data collection techniques used are interviews (observations) and observations (observations).

The research data were analyzed by using multiple linear regression analysis methods. Regression testing was performed with the help of SPSS Statistics 17.0 software. The research regression equation is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Where is:

Y	= Performance
X_1	= Leadership
X_2	= Organizational culture
X_3	= Compensation
α	= Constant
β_1-β_3	= Regression coefficient
e	= Error coefficient

In the process of data analysis, the research instruments used are first tested for their validity and reliability. The validity test in this study uses the product moment correlation technique. Validity Test is done by correlating the scores obtained from each question item with the total score. The conditions are as follows:

1. If the value of r count > r table, it can be concluded that the instrument used is valid.
2. If the value of r count < r table, it can be concluded that the instrument used is invalid.
3. If Sig. (2-tailed) > 0.05, it can be concluded that the instrument used is invalid.

Reliability tests were performed using Cronbach's Alpha. According to Siregar (2013: 90) Cronbach's Alpha can determine whether a research instrument is reliable or not if the respondent's answers are in the form of scales or respondents' answers interpreting attitude research. A instrument is said to be reliable if the Cronbach's Alpha value > 0.6.

Next, a classic assumption test is performed which includes a normality test, a heterokedasticity test, and a multicollinearity test. The normality test in this study uses the Kolmogorov Smirnov test. For testing with the Kolmogorov Smirnov test, this study uses a significance level of $\alpha = 5\%$ or 0.05. Data is said to be normally distributed if the asymp.sig (2-tailed) probability > 0.05, whereas if the asymp.sig (2-tailed) probability < 0.05, the data is declared having normality problems or not normally distributed.

This study detected a heteroscedasticity problem by using the Glejser test. The model is declared free of heteroscedasticity problems if the probability of the significance of each variable in the regression results > 0.05. Whereas if the probability of significance of each variable is < 0.05, then the model has a heteroscedasticity problem.

Multicollinearity problems are detected by looking at the Tolerance value and the Variance Inflation Factor (VIF) value. Common values used to indicate multicollinearity are tolerance values < 0.10 and VIF values > 10 (Ghozali, 2006). This study detected multicollinearity using the value of Variance Inflation Factor (VIF).

Testing the hypothesis in this study using multiple regression analysis models. This study uses a goodness of fit test to test the accuracy of the regression function in estimating the actual value. Goodness of fit was measured using a simultaneous significance test (F test), partial significance test (t test) and determination coefficient test (R^2).

IV.   RESULTS AND DISCUSSION

- Test   Research   Instrument

  Validity test

The value of r-table with n = 100 and α = 10% is 0.1654.

Table 6. Validity Test Results of Research Instruments

State ments	r-value				Con clusi on
	Leaders hip	Organiza tional Culture	Comp ensati on	Perfor mance	
	0,812	0,797	0,776	0,773	Valid
2	0,824	0,751	0,838	0,858	Valid
3	0,866	0,820	0,772	0,816	Valid
4	0,884	0,763	0,803	0,820	Valid
5	0,704	0,736	0,786	0,839	Valid
6	0,810	0,783	0,801	0,802	Valid
7	0,801	0,756	0,820	0,866	Valid
8	0,872	0,811	0,870	0,823	Valid
9	0,833	0,710	0,848	0,838	Valid
10	0,801	0,767	0,805	0,791	Valid

Source: Processed Data (2019)

Based on the validity test, it is known that all statements in the research instrument are valid. This conclusion can be drawn after comparing the calculated r-value with r-table. All statement items in the research instrument have a calculated r-value > r-table.

• Reliability test

The reliability test results are presented in Table 7 below:

Table 7. Reliability Test Results

Variable	Cronbach's Alpha	N of Items	Conclusion
Leadership	0,945	100	Reliabel
Organizational culture	0,923	100	Reliabel
Compensation	0,942	100	Reliabel
Performance	0,947	100	Reliabel

Source: Processed Data (2019)

The reliability test results showed that the Cronbach's Alpha value of all variables was greater than 0.6. Therefore, it can be concluded that the research instruments used are reliable.

• Classic Assumption Test Results

• Normality test

Data normality was tested using the Kolmogorov-Smirnov test. Data is said to be normally distributed if the Asymp value. Sig. (2-tailed)> 0.05. The results of the normality test are presented in Table 8 below:

Table 8. Normality Test Results
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		100
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	3.77320889
Most Extreme Differences	Absolute	.066
	Positive	.066
	Negative	-.054
Kolmogorov-Smirnov Z		.657
Asymp. Sig. (2-tailed)		.780

a. Test distribution is Normal.

b. Calculated from data.

Source: Processed Data (2019)

Table 8 shows asymp.sig (2-tailed) of 0.780. This asymp.sig (2-tailed) > 0.05 (0.780 > 0.05). Thus, it can be concluded that the data used in the research model is normally distributed or free from normality problems.

• Heterokedasticity Test

Testing the heterokedasticity problem in this study using the Glejser test. The model is declared free of heteroscedasticity problems if the probability of the significance of each dependent variable in the regression results > 0.05.

The results of the heterokedasticity test are presented in Table 9 below:

Table 9. Heterocedasticity Test Results

Variable	Sig	Conclusion
Leadership	0.703	There is no heteroscedasticity
Organizational culture	0.532	There is no heteroscedasticity
Compensation	0,171	There is no heteroscedasticity

Source: Processed Data (2019)

Table 9 shows the significance value of all the research variables is greater than 0.05. Therefore based, it can be concluded that the regression model is free from heterokedasticity problems.

- Multicollinearity test

This study detected multicollinearity using the value of Variance Inflation Factor (VIF). A model that does not experience multicollinearity problems, each variable has a VIF value <10. The multicollinearity test results are presented in Table 10 below:

Table 10. Multicollinearity Test Results

Variable	Tolerance	VIF	Conclusion
Leadership	0,286	3,497	There is no multicollinearity
Organizational culture	0,289	3,462	There is no multicollinearity
Compensation	0,263	3,808	There is no multicollinearity

Source: Processed Data (2019)

Table 10 shows the VIF (Variance Inflation Factor) value of all research variables < 10. While the tolerance value > 0.10. Therefore, it can be concluded that the regression model is free from multicollinearity problems.

- Multiple Linear Regression Analysis

The results of the regression analysis conducted using SPSS Statistics 17.0 are presented in Table 11 below:

Table 11. Results of Multiple Linear Regression Analysis

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.873	1.487		1.932	.056
Leadership	.359	.084	.393	4.294	.000
Organizational culture	.204	.090	.206	2.267	.026
Compensation	.333	.094	.339	3.548	.001

a. Dependent Variable: Performance

Source: Processed Data (2019)

Based on the results of the analysis presented in Table 11, the multiple linear regression equation is obtained as follows:

$$Y = 0.393X_1 + 0.206X_2 + 0.339X_3$$

The equation can be explained as follows:

1. The leadership coefficient value of 0.393 indicates that if other independent variables remain and leadership increases by one unit, the employee's performance will increase by 0.393. The leadership coefficient is positive, illustrating the positive relationship between leadership and employee performance. That is, if leadership rises, employee performance will also increase, and vice versa.

2. Organizational culture coefficient value of 0.206 indicates that if other independent variables remain and organizational culture increases, employee performance will increase by 0.206. The coefficient of organizational culture is positive, describing the positive relationship between organizational culture and employee performance. That is, if the organizational culture increases, employee performance will also go up, and vice versa.

3. The compensation coefficient value of 0.339 indicates that if other independent variables are fixed and compensation has increased, the employee's performance will increase by 0.339. Positive coefficient of compensation illustrates the positive relationship between compensation and employee performance. This means that if

compensation increases, employee performance will also increase, and vice versa.

- Hypothesis Testing

- Simultaneous significance test (F test)

The F test aims to examine the effect of the independent variables simultaneously on the dependent variable. The independent variable is said to have a simultaneous effect on the dependent variable if the significance value of the F test significance is less than 0.05 and the calculated F-value > F-table. F-table for n = 100, α = 5% is 2.70.

Table 12. F Test Result

ANOVA[b]

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	4726.317	3	1575.439	107.304	.000[a]
Residual	1409.473	96	14.682		
Total	6135.790	99			

a. Predictors: (Constant), Compensation, Organizational Culture, Leadership

b. Dependent Variable: Performance

Source: Processed Data (2019)

Based on Table 12, it is known that the calculated F value is 107.304 with a significance probability of 0.000. The significance value of the probability is smaller than 0.05. While the calculated F-value > F-table (107.304 > 2.70). Therefore, it can be concluded that leadership, organizational culture and compensation simultaneously influence employee performance.

- Test the coefficient of determination (adjusted R^2)

The results of the coefficient of determination test are presented in Table 13 below:

Table 13. Determination Coefficient Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.878[a]	.770	.763	3.832

a. Predictors: (Constant), Compensation, Organizational Culture, Leadership

b. Dependent Variable: Performance

Source: Processed Data (2019)

Based on Table 13, it is known that the adjusted R Square value is 0.763. That is, the leadership variable, organizational culture, and compensation are able to explain variations in performance variables of 76.3%, while the remaining 23.7% are explained by other variables not contained in the model.

- Partial significance test (t test)

t test aims to examine the effect of independent variables on the dependent variable. t-table values for n = 100 and α = 5% (n-k) is 1,660. t test results are presented in Table 14 as follows:

Table 14. t Test Results

Coefficients[a]

Model	Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1 (Constant)	2.873	1.487		1.932	.056
Leadership	.359	.084	.393	4.294	.000
Organizational culture	.204	.090	.206	2.267	.026
Compensation	.333	.094	.339	3.548	.001

a. Dependent Variable: Performance

Source: Processed Data (2019)

1) Leadership

Based on the results of the analysis, t-value of the leadership variable is 4,294 and the significance probability is 0,000. The probability significance value is smaller than 0.05. While the value of t-value > t-table (4.294 > 0.1660). The leadership regression coefficient is known to be positive. Thus, it can be concluded that leadership has a positive and significant effect on employee performance. The first hypothesis is accepted.

2) Organizational culture

The analysis also shows that the t-value of organizational culture variables is 2.267 and the significance value is 0.026. The probability significance value is smaller than 0.05. t-value > t-table (2.267 > 0.1660). The regression coefficient of organizational culture is positive. Thus, it can be concluded that organizational culture has a positive and significant effect on employee performance. The second hypothesis is also accepted.

3) Compensation

The t-value of the compensation variable is 3.548 and the significance probability value is 0.001, as presented in Table 4. The probability significance value is less than 0.05. While t-value > t table (3,548 > 1,660). The regression coefficient of the compensation variable is positive. Thus, it can be concluded that compensation has a positive and significant effect on employee performance. The third hypothesis is also accepted.

- Correlation Analysis Between Dimensions

1. On the leadership variable, the correlation between the dimensions of responsibility to subordinates with the dimensions of responsibility on the task has the highest correlation value with the Pearson Correlation value of 0.752 and the correlation is relatively strong. While the lowest correlation value is the correlation between the dimensions of subordinate ability to control the dimensions of work quantity. Pearson Correlation value of 0.560 and the correlation is moderate.

2. In organizational culture variables, the correlation between the dimensions of aggressiveness and the dimensions of task implementation has the highest correlation value with the Pearson Correlation value of 0.695 and the correlation is relatively strong. While the lowest correlation value is the correlation between the dimensions of performance with the dimensions of responsibility on the task. Pearson Correlation value of 0.505 and the correlation is moderate.

3. In the compensation variable, the correlation between the salary dimensions with the dimensions of work quality and task implementation has the highest correlation value with the Pearson Correlation value of 0.721 and the correlation is relatively strong. While the lowest correlation value is the correlation between the dimensions of benefits with the dimensions of work quantity. Pearson Correlation value of 0.575 and the correlation is moderate.

V. DISCUSSION

- Effect of Leadership on Employee Performance

The analysis shows that leadership has a positive and significant effect on the performance of millennial employees. That is, strong leadership plays an important role in driving the improvement of millennial employee performance. Millennial employees generally have a high willingness to learn and try new challenges. Therefore, they need a role model that they can make as a source of inspiration and knowledge. The leader is the most ideal figure for them to be a role model. Therefore, a manager's leadership has an impact on improving millennial performance.

Millennials prefer inspiring and imaginative managers (Smith and Nichols, 2015). In this case, the transformational leadership style is more suited to the tastes of millennial employees. One of the characteristics of transformational leadership style is that transformational leaders have a commitment to change employees to be better and to change the mindset of employees to prioritize the interests of the company rather than their own interests. Good leadership is able to motivate and encourage millennial employees to work optimally, so that employee performance can be improved.

Correlation test results between dimensions in this study indicate that the dimensions of responsibility to subordinates on leadership variables and the dimensions of responsibility on tasks on performance variables have the highest correlation value and strong relationships. That is, employees need the presence of leaders in solving the problems they face, so that through solutions from the leadership of employees can resolve obstacles related to their duties. Millennial employees at PT. XYZ wants to be able to get close and interact with their leaders. They want no distance, so they can voice their ideas and ask for solutions directly to the obstacles they face. The involvement of leaders in solving employee problems is able to encourage employees to work well and accurately.

The results of this study are in line with research by Basit et. al. (2017), Elqadri et. al. (2015), Tintami et. al. (2012), Andriana (2015), Rahman et. al, (2017), Hasan (2016), and Riyadi (2011) who also found a significant influence of leadership on employee performance.

- The Effect of Organizational Culture on Employee Performance

The analysis shows that organizational culture has a positive and significant effect on the performance of millennial employees. Organizational culture is also known to have an influence on employee performance. According to Mas'ud (2004), organizational culture is a system of meaning, values and beliefs shared in an organization that is a reference for acting and differentiating one organization from another organization. That is, organizational culture is able to shape a person in accordance with the culture adopted in the organization. In this case, an organizational culture based on positive values will shape employees, especially millennials, into responsible, honest and disciplined people.

Organizational culture becomes the identity of the organization itself and also its members. Organizational culture shapes the character of each employee in accordance with the values maintained in the organization. Organizational culture is created by the rules set by the organization. The rules and regulations that are consistently enforced eventually become a culture that is maintained in the organization. The millennial generation prefers organizational culture with several rules (Kaifi, et. Al., 2012). They feel they need some rules to guide their decisions. This of course can minimize the occurrence of errors in operational activities that can result in improved performance. For millennial employees, organizational culture is a guide that can guide them in making the right decision. With the maintenance of a positive organizational culture, this will have an impact on improving employee performance.

Correlation test results between the dimensions carried out showed that the dimensions of aggressiveness in the organizational culture variables and the dimensions of the task implementation on the performance variable are known to have the highest correlation values and strong relationships. This shows that the ability of employees in setting challenging targets and accompanied by careful calculations has a strong correlation to improving employee performance. From the results of this analysis, it can be seen that the millennial employees of PT. XYZ has a weakness in determining accurate targets which are based on careful calculation. The decline in the company's sales performance is likely due to inaccurate targeting. Targets are made without in-depth analysis, consequently the specified targets are not achieved. A target should be drawn up with an accurate analysis of all available parameters, so as to enable employees to work without errors. This kind of thing must be maintained as a culture in the organization at PT. XYZ

The results of this study are in line with the research of Shahzad (2014), Uddin et. al., (2013), Saad and Abbas (2018), Tintami et. al., (2012), Rahman et. al., (2017), Elisabeth (2018), Athins et. al., (2018), and Muttaqin and Herminingsih, (2013) who also found a positive and significant influence of organizational culture on performance.

• Effect of Compensation on Employee Performance
The analysis shows that compensation has a positive and significant effect on the performance of millennial employees. Compensation is anything that is received by employees as a reward for their work (Sedarmayanti. 2011). The provision of compensation is a form of company appreciation for employee achievement of predetermined targets. Or in other words, an employee will receive compensation if the performance is in accordance with the standards expected by the company. Compensation is a form of company motivation for employees so that employees work optimally by maximizing all of their potential.

For millennial employees, compensation is an obsession. This is as stated by Twenge and Kasser (2013) that the millennial generation has a high preference for material rewards. Lyons et. al. (2010) also express the same thing that millennials prefer to focus on their personal lives rather than their careers.

The purpose of the company to provide compensation is to encourage each employee to improve their performance. Millennial employees' obsession with high income forces them to improve performance in order to get compensation offered by the company. That is, with compensation, this will affect the performance of millennial employees.

Based on the results of the correlation test between dimensions that have been done, the salary dimension on the compensation variable and the dimensions of work quality on the performance variable are known to have a strong correlation. In addition, the

correlation between the salary dimension with the task implementation dimension also has a strong relationship. This shows that salaries in accordance with employee expectations can encourage employees to improve the quality and quantity of their work, so that the company's performance in general and the performance of the employee itself in particular has increased. From the results of this analysis, it can be understood that one of the problems that caused the performance of employees at PT. XYZ is down is a matter of salary. Millennial employees are dissatisfied with the salary provided. The salary given is not in accordance with the workload and achievements they have achieved, so they are not optimal at work. The issue of salary is an important issue for millennial employees, because the millennial generation has a high preference for material rewards. PT. XYZ must make improvements to the determination of employee salaries, especially in order to prioritize the principle of fairness in its calculations because this is very influential on improving the performance of its employees, especially millennial employees.

The results of this study are in line with the research of Hameed et al. (2014), Rahman et. al. (2017), Muttaqin and Herminingsih (2013), Abadiyah and Purwanto (2016), Hasan (2016), Putra et. al. (2014), and Sudiyono Haqq (2016), Paschal and Nizam (2016) and Qomariyah (2018) who found that compensation had a positive influence on employee performance.

VI. CONCLUSIONS AND RECOMMENDATIONS

- Conclusion

This study aims to examine the effect of leadership, organizational culture and compensation on the performance of millennial employees at PT. XYZ Based on the results of testing the hypothesis that has been done, then some conclusions can be drawn, namely:

1. Leadership has a positive and significant effect on the performance of millennial employees at PT. XYZ Responsibilities to subordinates (leadership dimension) have a strong correlation to responsibilities on tasks (performance dimensions).

2. Organizational culture has a positive and significant effect on the performance of millennial employees at PT. XYZ Aggressiveness (dimensions of organizational culture) has a strong correlation with task performance (performance dimensions).

3. Compensation has a positive and significant effect on the performance of millennial employees at PT. XYZ Salary (compensation dimension) has a strong correlation with work quality and task performance (performance dimension).

4. Leadership, organizational culture and compensation simultaneously influence the performance of millennial employees at PT. XYZ.

- Suggestion

Some suggestions that researchers made include:

1. PT. XYZ is very important to strengthen leadership in companies through leadership programs with the topic of situational leadership.

2. PT. XYZ needs to create a training program to strengthen organizational culture that can create a result oriented culture and go extra mile culture.

3. PT. XYZ should make compensation not only in the field of monetery, but also non-monetery such as flexible benefits.

4. For further research, it is expected to examine more deeply other variables that may have a significant influence on the performance of millennial employees, such as motivation, work environment and other variables.

5. Research on millennials should be done more, both related to the problem of increasing performance, motivation, and job satisfaction, considering the millennial generation is a workforce that will rule the workforce in the future.

REFERENCES

[1] Abadiyah, Rifdah dan Didik Purwanto. (2016). Pengaruh Budaya Organisasi, Kompensasi Terhadap Kepuasan Kerja Dan Kinerja Pegawai Bank di Surabaya. *Jurnal Bisnis, Manajemen & Perbankan.* Vol. 2. No.1. pp: 49-66

[2] Andriana, Ririn. (2015). Pengaruh Motivasi dan Kepemimpinan Terhadap Kinerja. *Jurnal MAKSIPRENEUR*, Vol. IV, No. 2. hal. 38 – 49

[3] *Ardana*. (*2012)*. Manajemen Sumber Daya Manusia. Graha Ilmu. Yogyakarta

[4] Athins; Nurwati dan Sinarwaty. (2018). The Influence of Work Discipline, Organizational Culture, and Work Environmental on Employee Performance. *IOSR Journal of Business and Management (IOSR-JBM)*. Vol. 20. Issue 8. pp. 56-63

[5] *Badriyah*, M. (*2015*). *Manajemen Sumber Daya Manusia*, Cetakan 1. CV Pustaka. Bandung

[6] *Bangun*, Wilson. (*2012)*. *Manajemen Sumber Daya Manusia*. Erlangga. Jakarta

[7] Basit, Abdul; Veronica Sebastian, dan Zubair Hassan. (2017). Impact of Leadership Style on Employee Performance (A Case Study on A Private Organization in Malaysia). *International Journal of Accounting & Business Management*. Vol. 5 (No.2)

[8] Edison, (2016). *Manajemen Sumber Daya Manusia*. Alfabeta. Bandung

[9] Elisabeth, Riupassa. (2018). The Influence of Organizational Culture and Work Motivation on Employee Performance of Industrial and Trade Services in Ambon City, Indonesia. *RJOAS*. 9(81)

[10] Elqadri, Zaenal Mustafa; Priyono; Rahayu Puji Suci dan Teddy Chandra. (2015). Effect of Leadership Style, Motivation, and Giving Incentives on the Performance of Employees—PT. Kurnia Wijaya Various Industries. *International Education Studies*. Vol. 8, No. 10

[11] *Ghozali*, I, (*2006)*. *Aplikasi Analisis Multivariate dengan Program SPSS*. Badan Penerbit UNDIP. Semarang

[12] Hameed, Abdul; Muhammad Ramzan; Hafiz M. Kashif Zubair; Ghazanfar Ali dan Muhammad Arslan. (2014). Impact of Compensation on Employee Performance (Empirical Evidence from Banking Sector of Pakistan). *International Journal of Business and Social Science.* Vol. 5 No. 2

[13] Haqq, Najmy. (2016). Pengaruh Budaya Organisasi Terhadap Kinerja Karyawan Melalui Motivasi Sebagai Variabel Intervening Studi pada PT. Rahmat Jaya Perkasa Sidoarjo. *BISMA – Bisnis dan Manajemen*. Vol. 9. No. 1

[14] Hasan, Syahril. (2016). Pengaruh Budaya Organisasi, Kompensasi, Motivasi, Kepemimpinan Terhadap Kinerja Karyawan Bandara Internasional Sultan Aji Muhammad Sulaiman. *Jurnal Benefita.* Vol. 1(3). pp. 134-145

[15] Kaifi, B. A., Nafei, W. A., Khanfar, N. M., dan Kaifi, M. M. (2012). A multi-generational workforce: managing and understanding millennials. *International Journal of Business & Management*. 7(24). 88-93

[16] *Kartono*, Kartini, (*2008*). *Pemimpin dan Kepemimpinan*. PT. Raja Grafindo Persada. Jakarta

[17] *Luthans*, Fred. (*2011)*. *Organizational Behavior: An Evidence-Based Approach*. New York: McGraw-Hill.

[18] Lyons, S.T.; Higgins, C.A., dan Duxbury, L. (2010). Work values: Development of a new three-dimensional structure based on confirmatory smallest space analysis. *Journal of Organizational Behavior*. 31(7). 969–1002

[19] *Mangkunegara,* A.A Anwar Prabu. (*2005*). *Manajemen Sumber daya Manusia. Perusahaan*. PT Remaja Rosdakarya. Bandung

[20] _____. (2012) *Evaluasi Kinerja Sumber Daya Manusia*. PT. Refika Aditama. Bandung

[21] _____. (*2011)*. *Manajemen Sumber Daya Manusia*. Perusahaan. PT.Remaja Rosda Karya. Bandung.

[22] *Mas'ud*, Fuad. (*2004*). *Survai Diagnosis Organisasional*. Universitas. Diponegoro. Semarang

[23] *Mondy*, R. Wayne dan Robert M. *Noe*. (2013). *Human Resources Management*. Salemba Empat. Jakarta

[24] Muterera, Jonathan; David Hemsworth; Anahita Baregheh, dan Blanca Rosa Garcia-Rivera. (2018). The Leader–Follower Dyad: The Link Between Leader and Follower Perceptions of Transformational Leadership and Its Impact on Job Satisfaction and Organizational Performance. *International Public Management Journal.* Vol. 21. No. 1. pp. 131–162

[25] Muttaqin, Rizki dan Anik Herminingsih. (2013). Pengaruh Budaya Organisasi Dan Kompensasi Terhadap Kinerja Karyawan Divisi Kontruksi PT.

AL. *BISMA - Jurnal Bisnis dan Manajemen*. Vol. 5. No. 2.

[26] Paschal, Anozie Obinna dan Ismail Nizam. (2016). Effects of Organisational Culture on Employees Performance: Case of Singapore Telecommunication. *International Journal of Accounting & Business Management*. Vol. 4. No.1

[27] Putra, Surya Darma; Said Musnadi, dan M. Shabri Abd. Majid. (2014). Pengaruh Budaya Organisasi, Kompensasi Dan Pengembangan Karir Terhadap Kepuasan Kerja Perawat Serta Dampaknya Terhadap Kinerja Perawat Badan Layanan Umum Daerah Rumah Sakit Jiwa Aceh. *Jurnal Manajemen Pascasarjana Universitas Syiah Kuala.* Vol. 3. No. 2

[28] Rahman, Ilham Andi; Mansyur Ramly; Muh. Nasir Hamzah dan Roslina Alam. (2017). Effect of Leadership, Compensation, Organizational Culture and Emotional Intelligence on Job Satisfaction and Employees Performance. *IOSR Journal of Business and Management (IOSR-JBM).* Vol. 19. Issue 10. pp. 13-24

[29] Rivai, Veithzal dan Ella J. Sagala. (2013). *Manajemen Sumber Daya Manusia untuk Perusahaan*. Rajawali Pers. Jakarta

[30] Rivai, Veitzhal, dan Deddy Mulyadi. (2012). *Kepemimpinan dan Perilaku Organisasi*. PT. Raja Grafindo Persada. Jakarta

[31] Riyadi, Slamet. (2011). Pengaruh Kompensasi Finansial, Gaya Kepemimpinan, dan Motivasi Kerja Terhadap Kinerja Karyawan pada Perusahaan Manufaktur di Jawa Timur. *JURNAL MANAJEMEN DAN KEWIRAUSAHAAN*. VOL.13, NO. 1. pp: 40-45

[32] Saad, Ghazi Ben dan Muzaffar Abbas. (2018). The impact of organizational culture on job performance: a study of Saudi Arabian public sector work culture. *Problems and Perspectives in Management.* Vol. 16. Issue 3

[33] Sedarmayanti. (2011). *Manajemen Sumber Daya Manusia Reformasi Birokrasi dan Manajemen Pegawai Negeri Sipil (cetakan kelima)*. Bandung: PT. Refika Aditama

[34] Shahzad, Fakhar. (2014). Impact of organizational culture on employees' job performance an empirical study of software houses in Pakistan.

International Journal of Commerce and Management. Vol.24. No.3. pp.219-227

[35] Siregar, S. (2013). *Metode Penelitian Kuantitatif*. PT Fajar Interpratama Mandiri. Jakarta

[36] Smith, Travis J. dan Tommy Nichols. (2015). Understanding the Millennial Generation. *Journal of Business Diversity*. Vol. 15(1).

[37] Sudiyono, Bambang dan Nurul Qomariyah. (2018). Pengaruh Motivasi, Kompensasi, dan Komitmen terhadap Kinerja Karyawan (Studi Kasus pada Karyawan PT. Tirta Investama DC Rungkut). *International Journal of Social Science and Business.* Volume 2. No 3. pp. 150-159

[38] *Sugiyono.* (*2011*). *Metode Penelitian Kuantitatif dan Kualitatif dan R & D*. CV Alfabeta. Bandung

[39] _____. (*2007*). *Metode Penelitian Kuantitatif Kualitatif dan R&D*. Alfabeta. Bandung

[40] Suwarto F. X. dan Koeshartono D. (2009). *Budaya Organisasi: Kajian Konsep dan Implementasi*. Universitas Atma Jaya Yogyakarta. Yogyakarta

[41] Thoha, Miftah. (2011). *Perilaku Organisasi, Konsep Dasar dan Aplikasinya* Rajawali Pers. Jakarta

[42] Tintami, Lila; Ari Pradhanawati dan Hari Susanto N. (2012). Pengaruh Budaya Organisasi Dan Gaya Kepemimpinan Transformasional Terhadap Kinerja Karyawan Melalui Disiplin Kerja Pada Karyawan Harian SKT Megawon II PT. Djarum Kudus. *DIPONEGORO JOURNAL OF SOCIAL AND POLITIC.* Hal. 1-8

[43] Twenge, J.M., dan Kasser, T. (2013). Generational changes in materialism and work centrality, 1976–2007: Associations with temporal changes in societal insecurity and materialistic role modeling. *Personality and Social Psychology Bulletin*. 39(7). 883–897

[44] Uddin, M. J.; R. Huq Luva dan S.M. Maroof Hossian. (2013). Impact of Organizational Culture on Employee Performance and Productivity: A Case Study of Telecommunication Sector in Bangladesh. *International Journal of Business and Management*; Vol. 8, No. 2