

# THE MEDIATING ROLE OF SELF-ACTUALIZATION IN INCREASING MILLENNIAL EMPLOYEE PERFORMANCE

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## Abstract

Performance is the behavior of how the target is achieved. Every company wants employees who have performance in accordance with the standards, set by the company. Employee performance is an action, taken by someone to do a job in a company or organization to show either attitude, ability or achievement with the aim of advancing an organization. The purpose of this study was to examine the effect of individual innovation capability on millennial employee performance, the effect of self-efficacy on millennial employee performance, the effect of self-actualization on millennial employee performance, the effect of individual innovation capability on self-actualization, the effect of self-efficacy on self-actualization, whether self-actualization mediates the effect of Individual innovation capability on millennial employee performance, does self-actualization mediate the effect of self-efficacy on millennial employee performance. Which factor is dominantly influencing the millennial employee performance in the company? This study uses a quantitative method with 132 respondents using SEM and Amos. The results of this study state that individual innovation capability, self-efficacy and self-actualization have a significant positive effect on millennial employee performance. Individual innovation capability and self-efficacy have a significant positive effect on self-actualization. Self-actualization mediates positively and significantly the influence of individual innovation capability and self-efficacy on millennial employee performance. These three factors have the same influence on millennial employee performance.

**Keywords:** Millennial Employee Performance, Self-efficacy, Self-actualization, Individual Innovation Capability, Employee Performance

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## 1. Introduction

Every company wants employees who have performance in accordance with the standards, set by the company. By conducting a performance appraisal of employees, it will provide an overview to the company about the work of employees [1]. Performance is the behavior of how the target is achieved. Performance is a goal-oriented process, directed at ensuring that all organizational processes are in place to maximize the productivity of employees, teams and organizations [2].

According to the Indonesian Statistics Agency [3] the millennial generation was born in 1980-2000, close to social media, creative, efficient, passionate and productive, dynamic, fast-paced, open-minded, critical and brave. Sharing knowledge is able to stimulate each individual to think creatively, effectively, efficiently, and innovatively, which is expected to produce new knowledge that will be useful for the company. For example, in increasing individual innovation capability. The innovation ability of each individual in a company is considered important for the company to be able to survive in an unstable environment [4].

Mangkuprawira & Hubeis [5] state that employee performance is influenced by intrinsic and extrinsic factors. One of the intrinsic factors is self-efficacy. When entering the world of work, self-efficacy is needed for every employee. This self-confidence will make a person confident that he/she can carry out and organize all necessary actions in situations that have good prospects. Is

self-efficacy able to grow productivity and maintain one's mental health, so that it affects employee performance and affects self-actualization.

Self-actualization is the highest need and achievement of a human being. Maslow found that regardless of ethnicity, origin of a person, every human being experiences stages of increasing need or achievement in their respective lives [6].

From the description above, there are several interesting questions to research, namely the influence of Individual Innovation Capability on Millennial Employee Performance. The influence of Self-efficacy on millennial employee performance. The effect of Self-actualization on millennial employee performance. The effect of individual innovation capability on self-actualization. The influence of self-efficacy on self-actualization, and which factors are dominantly influencing Millennial Employee Performance.

### **Employee Performance**

According to Edison [7], performance is the results, obtained by an organization, both profit oriented and non-profit oriented organizations, which is produced over a period of time.

According to another opinion Simamora [8], performance refers to the level of achievement of the tasks that make up an employee's job. Performance reflects how well an employee fulfills the requirements of a job. Often misinterpreted as effort, which reflects the energy expended, performance is measured by all results.

According to Mangkunegara [9], performance is the result of work in quality and quantity, achieved by an employee in carrying out his/her duties in accordance with the responsibilities, given to him/her.

From the explanation above, it can be concluded, that employee performance is an action, taken by someone to do a job in a company or organization to show either attitude, ability or achievement with the aim of advancing an organization.

### **Organizational culture**

In the book Organizational Behavior, [10] defines organizational culture as a system of shared meanings, held by members that distinguishes the organization from other organizations. Another definition according to Kreitner and Kinicki [11] organizational culture is a form of assumption that is owned, implicitly, accepted by the group and determines how the group feels, thinks, and reacts to its diverse environment.

### **Individual Innovation Capability**

Harvard's Theodore stated that the division of innovation is the ability to apply creative solutions to existing problems and opportunities to make people's lives more prosperous. So innovation is doing something new [12].

According to Pervaiz K. Ahmed & Charles D. Shepherd [13], innovation is not only limited to objects or goods produced, but also includes attitudes to life, behavior, or movements towards the process of change in all forms of community life.

Individual innovation capability is the ability of individuals to create innovative outcomes in the form of new products, processes, and methods that are more effective and efficient, which are useful for the company and its stakeholders [14]. Aulawi [15] defines individual innovation capability as a person's ability to produce something new and useful for the company.

### **Self-efficacy**

Bandura [16] suggests that self-efficacy theory is an important component of general social cognitive theory, where it is argued, that individual behavior, environment, and cognitive factors (eg. outcome expectations and self-efficacy) are interrelated. Bandura defines self-efficacy as a person's judgmental ability to carry out certain behavioral patterns.

According to Bandura, [17] defines self-efficacy as human belief in their ability to exercise a number of control measures over their own functioning and events in their environment, and he also believes that self-efficacy is the foundation of human agency [11].

From some of the definitions above, it can be concluded, that self-efficacy is belief in one-self in dealing with and solving the problems he/she faces in various situations and being able to determine actions in completing certain tasks or problems, so that the person is able to overcome obstacles and achieve the expected goals.

### Self-actualization

According to Maslow, every individual has needs that are arranged hierarchically from the most basic level to the highest level. Whenever a need at the lowest level is met, another need at a higher level emerges. Self-actualization is a person's desire to use all his/her abilities to achieve whatever they want and can do [18].

### Millennial Generation

Generation theory (the theory of sociology of generations) was first, expressed by a Hungarian sociologist named Karl Mannheim in an essay entitled "The Problem of Generations" in 1923. Since the emergence of Generation Theory until now, several generations have known the term Baby Boomers, Generation X, Generation Y and Generation Z. According to the Indonesian Statistics Agency [3] the millennial generation was born in 1980-2000, close to social media, creative, efficient, passionate and productive, dynamic, wants everything fast, open minded, critical and brave.

### Research Model

The research model in this study (Fig. 1).

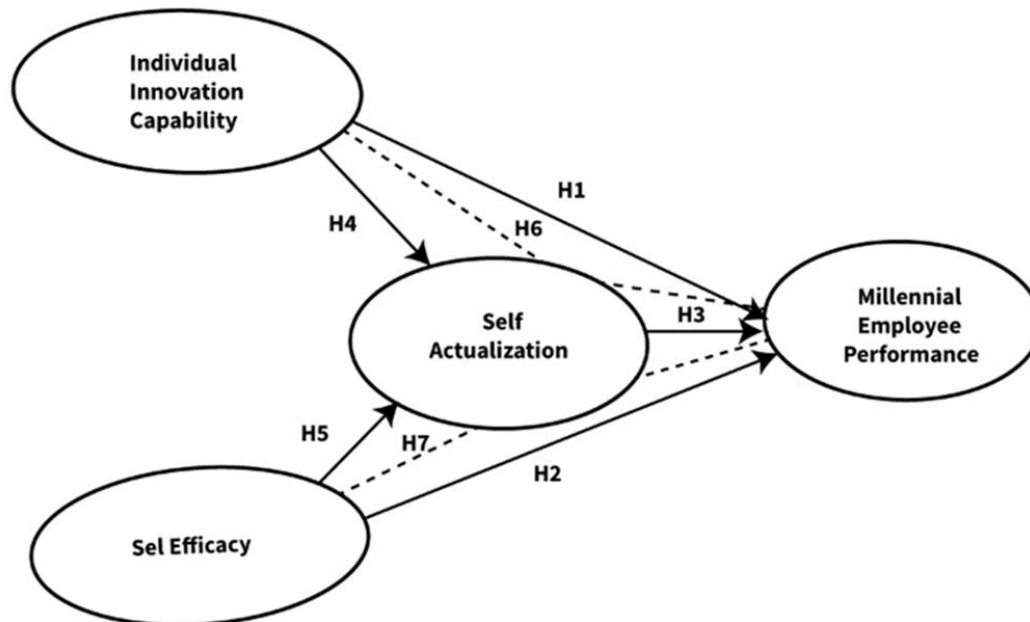


Fig. 1. Research Model

The research hypotheses that can be formulated in this study:

H1: Individual Innovation Capability has a positive effect on Millennial Employee Performance; H2: Self-efficacy has a positive effect on Millennial Employee Performance; H3: Self-actualization has a positive effect on Millennial Employee Performance; H4: Individual Innovation Capability has a positive effect on Self-actualization; H5: Self-efficacy has a positive effect on Self-actualization; H6: Self-actualization mediates the effect of Individual Innovation Capability on Millennial Employee Performance; H7: Self-actualization mediates the effect of Self-efficacy on Millennial Employee Performance

The purpose of this research is to:

1. To examine the effect of individual innovation capability on millennial employee performance at PT. SARI WIJAYA.
2. To examine the effect of self-efficacy on millennial employee performance at the company PT. SARI WIJAYA.

3. To test the effect of self-actualization on millennial employee performance at the company PT. SARI WIJAYA.
4. To test the effect of individual innovation capability on self-actualization.
5. To test the effect of self-efficacy on self-actualization.
6. To test if self-actualization mediates the effect of Individual innovation capability on millennial employee performance.
7. To test if self-actualization mediates the effect of self-efficacy on millennial employee performance.
8. To test which factors are dominantly influential on millennial employee performance at the company PT. SARI WIJAYA.

## 2. Materials and Methods

### Research design

This study uses primary data; primary data is data, obtained directly from respondents [19]. In this study, a quantitative method is used. The total population is 257 employees who work at PT. Sari Wijaya, and the number of research samples as many as 132 respondents. This research was conducted in March-April 2020 by distributing questionnaires directly to all divisions with the help of HRD at PT. Sari Wijaya. In this study, the sampling technique used purposive sampling, namely the sample was selected using certain considerations [4].

### Research participants

In this study, the characteristics of respondents were categorized into several categories, including the characteristics of respondents based on gender, education level, age and length of work. An overview of the characteristics of respondents is presented in the following table of frequency and percentage distributions (**Table 1**).

**Table 1**

Characteristics of Respondents

Characteristics		Total	%
Gender	Male	83	62.88
	Female	48	36.36
Age Range in Years	20–30	99	75.00
	31–40	33	25.00
Level of Education	Primary School	8	6.06
	Junior High School	32	24.24
	Senior High School	90	68.18
	Bachelor	2	1.52
Length of Work	> 1 year	99	75.00
	< 1 year	33	25.00
<b>Total Respondents</b>		<b>132</b>	<b>100 %</b>

### Variable Measurement

This study uses validity and reliability tests. Confirmatory Factor Analysis (CFA) is one of the main approaches in factor analysis. CFA is also used to test the construct validity and construct reliability of the indicators (items), forming the latent construct [20]. Testing the validity and reliability of the instrument is carried out, so that in conducting research using confirmatory factor analysis, valid and reliable data is obtained.

### Analysis Techniques

The data analysis technique, used in this research, is the Structural Equation Model (SEM) and Amos.

### 3. Result

There are several statistical suitability tests, the following is an analysis of the full model using SEM. The full model in this study can be seen in the following figure (Fig. 2).

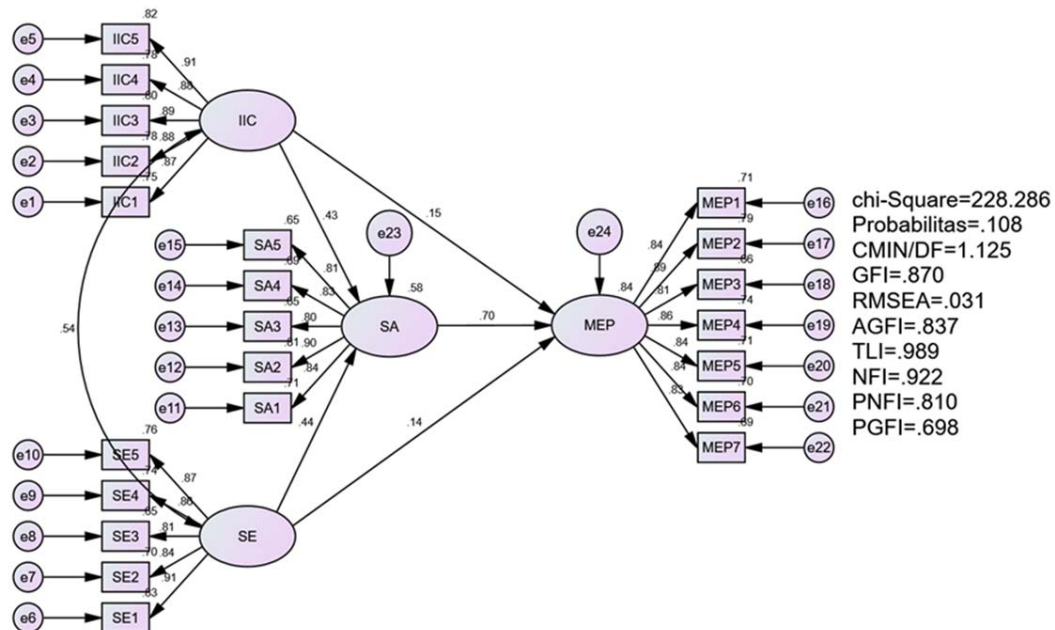


Fig. 2. Goodness of FIT

After the structural equation modeling assumptions are made, the next step is testing using several suitability indices to measure the proposed model. Some of these indexes are Table 2.

Table 2  
Assessing the Goodness of FIT

Goodness of fit index	Cut off value	Research Model	Model
Chi-Square	Expected small	228.286	Fit
Significant Probability	≥0.05	0.108	Fit
CMIN/DF	≤2.0	1.125	Fit
GFI	≥0.90	0.870	Marginal
RMSEA	≤0.08	0.031	Fit
AGFI	≥0.90	0.837	Marginal
TLI	≥0.90	0.989	Fit
NFI	≥0.90	0.922	Fit
PNFI	≤0.90	0.810	Fit
PGFI	≤1.00	0.698	Fit

Based on the results in Table 1, it can be seen, that most of the research models have a level of conformity that meets the criteria (good fit). Of the ten criteria, there are eight criteria that include good fit, namely Chi-Square, Significant Probability, CMIN/DF, RMSEA, TLI, NFI, PNFI and PGFI. Significant probability, GFI, and AGFI are included in the Marginal Fit category. The results show that the overall model can be said to be fit, meaning that the model, proposed in this study, is accepted.

Based on Table 2, it can be seen, that the 5 hypotheses proved to have a positive and significant influence.

**Table 2**  
Hypothesis Test Results

Variable X	Influence	Variable Y	Estimate	S.E.	C.R.	P	Description
Individual Innovation Capability	→	Millennial Employee Performance	0.140	0.061	2.299	0.022	Positive Significance
Self-efficacy	→	Millennial Employee Performance	0.120	0.059	2.049	0.040	Positive Significance
Self-actualization	→	Millennial Employee Performance	0.725	0.098	7.403	0.000	Positive Significance
Individual Innovation Capability	→	Self-actualization	0.382	0.075	5.094	0.000	Positive Significance
Self-efficacy	→	Self-actualization	0.373	0.072	5.200	0.000	Positive Significance

#### 4. Discussion

##### 4. 1. The Influence of Individual Innovation Capability on Millennial Employee Performance

Hypothesis 1 (H1) in this study, which states that there is a significant influence between Individual Innovation Capability on Millennial Employee Performance, the probability value is 0.022 ( $p < 0.05$ ) and the parameter estimate of the standardized regression weight coefficient is 0.140 and the C.R value is 2.299. These results indicate that Individual Innovation Capability has a positive and significant effect on Millennial Employee Performance and it can be stated, that hypothesis 1 “Individual Innovation Capability has a positive effect on Millennial Employee Performance” is accepted.

##### 4. 2. The Effect of Self-efficacy on Millennial Employee Performance

Hypothesis 2 (H2) in this study, which states that there is a significant influence between Self-efficacy on Millennial Employee Performance, the probability value is 0.040 ( $p < 0.05$ ) and the parameter estimate of the standardized regression weight coefficient is 0.120 and the C.R value is 2.049. These results indicate that Self-efficacy has a positive and significant effect on Millennial Employee Performance and it can be stated, that hypothesis 2 “Self-efficacy has a positive effect on Millennial Employee Performance” is accepted.

##### 4. 3. The Effect of Self-actualization on Millennial Employee Performance

Hypothesis 3 (H3) in this study, which states that there is a significant effect between Self-actualization on Millennial Employee Performance, the probability value is 0.000 ( $p < 0.05$ ) and the parameter estimate of the standardized regression weight coefficient is 0.725 and the C.R value is 7.403. These results indicate that Self-actualization has a positive and significant effect on Millennial Employee Performance and it can be stated, that hypothesis 3 “Self-actualization has a positive effect on Millennial Employee Performance” is accepted.

##### 4. 4. Influence of Individual Innovation Capability on Self-actualization

Hypothesis 4 (H4) in this study, which states that there is a significant effect between Individual Innovation Capability on Self-actualization, the probability value is 0.000 ( $p < 0.05$ ) and the parameter estimate of the standardized regression weight coefficient is 0.382 and the C.R value is 5.094. These results indicate that Individual Innovation Capability has a positive and significant effect on Self-actualization and it can be stated, that hypothesis 4 “Individual Innovation Capability has a positive effect on Self-actualization” is accepted.

##### 4. 5. The Effect of Self-efficacy on Self-actualization

Hypothesis 5 (H5) in this study, which states that there is a significant influence between Self-efficacy on Self-actualization, the probability value is 0.000 ( $p < 0.05$ ) and the parameter estimate of the standardized regression weight coefficient is 0.373 and the C.R value is 5.200. These results indicate that Self-efficacy has a positive and significant effect on Self-actualization and it can be stated, that hypothesis 5 “Self-efficacy has a positive effect on Self-actualization” is accepted.

#### **4. 6. The Influence of Individual Innovation Capability on Millennial Employee Performance through Self-actualization as a mediating variable**

The effect of Individual Innovation Capability on Millennial Employee Performance is mediated by Self-actualization, comparing the direct effect value < indirect effect value, testing the relationship between the two variables shows a value of  $0.154 < 0.304$ , this shows that Self-actualization mediates Individual Innovation Capability on positive Millennial Employee Performance. Significance testing can be done with Sobel Test analysis with the provisions of the t-count value (Sobel)  $> 1.96$  and the sig value  $< 0.05$ . From the results of the Sobel test calculation, the t-count value is  $4.195 > 1.96$  and the sig value is  $0.000 < 0.05$ , which means that the better Self-actualization mediates the influence of Individual Innovation Capability on Millennial Employee Performance. So (H6), which states “Self-actualization mediates the effect of Individual Innovation Capability on Millennial Employee Performance”, is accepted.

#### **4. 7. The Effect of Self-efficacy on Millennial Employee Performance through Self-actualization as a mediating variable**

The effect of Self-efficacy on Millennial Employee Performance is mediated by Self-actualization, comparing the direct effect value < indirect effect value, testing the relationship between the two variables shows a value of  $0.137 < 0.309$ , this indicates that Self-actualization mediates Self-efficacy on positive Millennial Employee Performance. Significance testing can be done with Sobel Test analysis with the provisions of the t-count value (Sobel)  $> 1.96$  and the sig value  $< 0.05$ . From the results of the Sobel test calculation, the t-count value is  $4.243 > 1.96$  and the sig value is  $0.000 < 0.05$ , which means that the better Self-actualization mediates the effect of Self-efficacy on Millennial Employee Performance. So (H7), which states “Self-actualization mediates the effect of Self-efficacy on Millennial Employee Performance”, is accepted.

#### **4. 8. Which factor is dominantly influencing Millennial Employee Performance**

Of these three factors, the most dominant variable, influencing millennial employee performance, is self-actualization with the smallest probability value (**Table 2**). Self-actualization is the most influential variable on millennial employee performance. The impact is the most important factor for millennials to perform.

##### **Limitations of the research**

This study has several limitations and weaknesses, faced by researchers, including:

1. It is difficult to find a large company to be the object of research, the majority of companies refuse and do not accept research because of company policy.
2. In this study, the data were generated only from the questionnaire instrument, which is based on the perception of the respondents' answers, so that the conclusions obtained are only based on the data, collected through the use of a written questionnaire instrument without being equipped with interviews and observations.

##### **Suggestion**

1. For Companies

Overall, the performance of the millennial employees in this company is very good, the company can use or pay attention to these three factors, namely individual innovation capability, self-efficacy and self-actualization in influencing and improving the performance of millennial employees. Effective and efficient performance will produce something, expected by the company.

2. For Researchers and Further Researcher.

For further research, it is hoped, first, to determine which company is willing to be the object of research, so that this will facilitate further research. In addition, it is better to collect data not only in the form of questionnaires but also by observation or interviews, so that the phenomena that occur can be observed in depth, and can add other variables or replace them in developing further research.

#### **5. Conclusion**

Based on the results of this study it can be concluded, that:

1. Individual innovation capability has a significant positive effect on millennial employee performance.

2. Self-efficacy has a significant positive effect on millennial employee performance.
3. Self-actualization has a significant positive effect on millennial employee performance.
4. Individual innovation capability has a significant positive effect on self-actualization.
5. Self-efficacy has a significant positive effect on self-actualization.
6. Self-actualization mediates a significant positive effect of individual innovation capability on millennial employee performance.
7. Self-actualization mediates a significant positive effect of self-efficacy on millennial employee performance.
8. These three factors, namely individual innovation capability, self-efficacy, and self-actualization, have a significant positive effect on millennial employee performance. So these three factors have the biggest influence, namely self-actualization.

### Conflict of interest

The authors declare that there is no conflict of interest in relation to this paper, as well as the published research results, including the financial aspects of conducting the research, obtaining and using its results, as well as any non-financial personal relationships.

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