

GENERATION GAP CONFLICT AND ITS IMPACT ON EMPLOYEE PERFORMANCE

¹Lina Dameria Siregar, ²F.X. Parama Santati, ³Nia Meitisari

^{1,2,3} Faculty of Economics, Sriwijaya University

ARTICLE INFO

Keywords:
Generation gap
Conflict
Performance
Employee.

E-mail:
linadameria@fe.unsri.ac.id

ABSTRACT

The purpose of this study is to demonstrate and explain the influence of the generation gap conflict between millennials and older employees on employee performance. The meeting of three or even four generations in one organization currently marks the generation gap. These distinctions cause generational conflicts. Long-term conflict will undoubtedly have an influence on performance. This study's demographic is people of working age with years of birth, specifically the baby boomers generation (1946-1964), generation X (1965-1980), generation Y or millennials (1981-1996), and generation Z (1997-2012), with up to 200 respondents. This study collected primary data via distributing questionnaires. Descriptive analytic techniques and multiple linear regression analysis were used to handle and analyze the data. According to the findings of this study, communication, opinions on work values or ethics, perspectives on rules and authority/hierarchy, and knowledge of technology all have an impact on employee performance.

Copyright © 2023 Economic Journal. All rights reserved.

is Licensed under a [Creative Commons Attribution-NonCommercial 4.0 International License \(CC BY-NC 4.0\)](https://creativecommons.org/licenses/by-nc/4.0/)

1. INTRODUCTION

Changes in labor demographics are a common occurrence in practically all organizations or businesses around the world [1-3]. Workplace diversity is increasing, with four generations currently coexisting: baby boomers (1946-1964), generation X (1965-1980), generation Y or millennials (1981-1996), and generation Z (1997-2012) [4]. Currently, the population makeup of Indonesia is dominated by population groups born between the 1980s and the early 2000s. According to the results of the Central Bureau of Statistics' 2020 Population Census, the population in Indonesia is made up of baby boomers (11.56%), generation X (21.88%), generation Y or millennials (25.87%), and generation Z (27.94%). The most fundamental reason for understanding the phenomena of the "generation gap" is the increasing number of employees from the younger generation who are now beginning to enter the workforce [5, 6].

Generations are groupings of people who can be defined by their birth year, age, location, and significant events that shaped their personality. Significant life experiences, such as wars, technological changes, or big economic transitions, can shape a generation. These events shape that generation's attitude, values, and hopes [7]. A generation gap is a difference in opinion between persons of different generations, specifically between those who are younger and those who are older [8]. Because each of these generations grows up with different work ideals and perspectives, this generation gap exists [9]. The generation gap, in particular, describes disparities in actions, beliefs, and perspectives between generations [8].

The generation gap between retiring baby boomers and newcomers such as generation Y or millennials presents several problems and opportunities for organizations in an increasingly complicated world [10]. These are opportunities for expansion, development, and partnership or cooperation [11]. The generation gap can benefit businesses by providing complementary abilities, but it also offers several obstacles. The presence of a generation gap in an organization or firm leads to frequent office disagreements, reduces the efficiency of workflow among coworkers or the management structure, and impairs the effectiveness of accomplishing company goals [9].

If this generation gap is not addressed immediately, it will lead to the emergence of problems such as work conflicts, misunderstandings between colleagues, and decreased employee productivity, all of which will have a negative impact on the organization's performance and effectiveness [5, 6]. As a result, it is critical to understand what factors impact generational disparities that lead to various types of conflict in businesses [14]. This is vital so that leaders and managers understand the conflict resolution tactics employed so that generations can contribute successfully to reaching company goals [15]. As a result, the focus of this study will be on the phenomena of generation gap, specifically proving the relationship between generation gap conflict and its impact on employee performance.

2. METHOD

This study relied on primary data, which was acquired directly from the source, in this case the respondents who were sampled, notably the baby boomers generation (1946-1964), generation X (1965-1980), generation Y or millennials (1981-1996), and generation Z (1997-2012). This study's sample consists of people of working age and birth year, specifically baby boomers (1946-1964), generation X (1965-1980), generation Y or millennials (1981-1996), and generation Z (1997-2012). Stratified random sampling was utilized as the sample technique. The criteria for this research sample are workers aged 25 to 70, with a total sample of 200 respondents. The research framework and the variable of this study can be seen in Figure 1.

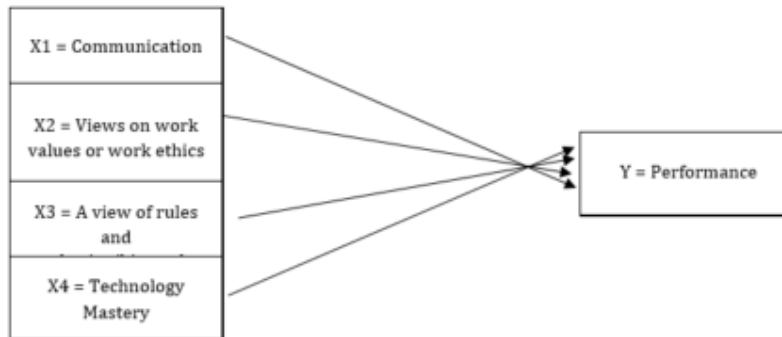


Figure 1. Research framework

The following operational definitions are used to measure the variables in this study:

- Generation gap conflicts are those that arise as a result of disparities between baby boomers, generation X, generation Y (millennials), and generation Z. The ability to use technology, communication methods, perspectives on work values, and views on bureaucracy and hierarchy structure are all indicators of generational gap disputes.
- Employee performance is the consequence of an employee's work in quality and quantity in carrying out his duties in line with the obligations assigned to him. Work quality, quantity, attendance, responsibility, timeliness, and cooperation with coworkers are all indicators of employee performance.

3. RESULTS AND DISCUSSION

Distribution of Respondents

In this study, respondents' identities include their year of birth (Table 1), gender (Table 2), education (Table 3), employee status (Table 4), and years of service (Table 5).

Table 1. Distribution of Respondents by Year of Birth

| No | Year of Birth | Amount (People) | Percentage (%) |
|-------|--------------------------|-----------------|----------------|
| 1 | Baby boomers | 15 | 7 |
| 2 | Generation X (1965-1980) | 42 | 21 |
| 3 | Generation Y (1981-1996) | 126 | 63 |
| 4 | Generation Z (1997-2012) | 17 | 9 |
| Total | | 200 | 100 |

Table 2. Distribution of Respondents by Year of Birth

| No | Gender | Number of People | Percentage (%) |
|-------|--------|------------------|----------------|
| 1 | Male | 79 | 39 |
| 2 | Female | 121 | 61 |
| Total | | 200 | 100 |

Table 3. Distribution of Respondents by Education

| No | Education | Number of People | Percentage (%) |
|----|--------------------|------------------|----------------|
| 1 | Senior High School | 4 | 2 |
| 2 | Diploma | 21 | 10 |
| 3 | Bachelor | 69 | 35 |

| | | | |
|-------|---------|-----|-----|
| 4 | Masters | 90 | 45 |
| 5 | PhD | 16 | 8 |
| Total | | 200 | 100 |

Table 4. Distribution of Respondents by Employee Status

| No | Employee Status | Number of People | Percentage (%) |
|-------|--------------------|------------------|----------------|
| 1 | Permanent employee | 164 | 82 |
| 2 | Temporary employee | 36 | 18 |
| Total | | 200 | 100 |

Table 5. Distribution of Respondents by Year of Services

| No | Years of Service (Years) | Number of People | Percentage (%) |
|-------|--------------------------|------------------|----------------|
| 1 | ≤ 2 | 29 | 14 |
| 2 | 3-5 | 40 | 20 |
| 3 | 6-10 | 35 | 18 |
| 4 | 11-15 | 46 | 23 |
| 5 | ≥ 15 | 50 | 25 |
| Total | | 200 | 100 |

Validity and Reliability Test Results

Based on the results of the validity and reliability tests (Table 6), the correlation coefficient of all indicators is greater than 0.50, so that the validity test can be concluded that all indicators are said to be valid (accurate). Furthermore, all indicators show a correlation larger than 0.70, indicating that all indicators in this circumstance are excellent. Furthermore, the Cronbach's alpha values for X1, X2, X3, X4, and Y were 0.756, 0.816, 0.766, 0.934, and 0.771, indicating that all indicators are deemed to be reliable. Thus, examining the validity and reliability of all major indicators' conceptions is valid and reliable.

Table 6. Validity and Reliability Test Results

| Variable | Indicator | Correlation | Cronbach's Alpha |
|----------|-----------|-------------|------------------|
| X1 | X11 | 0.891 | $\alpha = 0.881$ |
| | X12 | 0.934 | |
| | X13 | 0.872 | |
| X2 | X21 | 0.873 | $\alpha = 0.803$ |
| | X22 | 0.904 | |
| | X23 | 0.771 | |
| X3 | X31 | 0.877 | $\alpha = 0.793$ |
| | X32 | 0.922 | |
| | X33 | 0.711 | |
| X4 | X41 | 0.892 | $\alpha = 0.853$ |
| | X42 | 0.892 | |
| | X43 | 0.828 | |
| Y | Y1 | 0.770 | $\alpha = 0.948$ |
| | Y2 | 0.784 | |
| | Y3 | 0.840 | |
| | Y4 | 0.799 | |
| | Y5 | 0.835 | |
| | Y6 | 0.752 | |
| | Y7 | 0.809 | |
| | Y8 | 0.825 | |
| | Y9 | 0.823 | |
| | Y10 | 0.856 | |
| | Y11 | 0.791 | |
| | Y12 | 0.719 | |

Results of Structural Equation Model (SEM) Analysis

The SEM analysis, in general, presupposes that the data is usually univariate and normally multivariate (Figure 2). A 99% confidence interval is used, which yields a significant level value of = 100%

- 99% = 1%, so the data is said to have a Univariate Normal distribution when the value of c.r. is between -2.58 and 2.58 (-2.58 c.r. 2.58); the data is said to be distributed Normal Multivariate when c.r. is greater than 2.58.

Based on the AMOS output (Table 7), the test concluded that all c.r. the univariate is within -2.58 to 2.58, implying that all data has a Univariate Normal distribution; however, the value of c.r. multivariate is less than 2.58 (value 2.288), implying that the data is normally distributed multivariate. In other words, because the data is normally distributed Univariate and Normal Multivariate, the conventional ML approach is employed for estimate.

Table 7. Assessment of Normality (Group Number 1)

| Variable | min | max | skew | c.r. | kurtosis | c.r. |
|--------------|-------|-------|-------|--------|----------|--------|
| Y12 | 3.000 | 5.000 | -.067 | -.388 | -.341 | -.984 |
| Y11 | 3.000 | 5.000 | -.200 | -1.157 | -.606 | -1.749 |
| Y10 | 3.000 | 5.000 | -.021 | -.123 | -.514 | -1.483 |
| Y9 | 3.000 | 5.000 | -.177 | -1.021 | -.572 | -1.652 |
| Y8 | 3.000 | 5.000 | -.088 | -.508 | -.396 | -1.144 |
| Y7 | 3.000 | 5.000 | -.128 | -.740 | -.496 | -1.433 |
| Y6 | 3.000 | 5.000 | -.174 | -1.002 | -.582 | -1.679 |
| Y5 | 3.000 | 5.000 | .106 | .611 | -.802 | -2.316 |
| Y4 | 3.000 | 5.000 | -.157 | -.904 | -.531 | -1.532 |
| Y3 | 3.000 | 5.000 | -.298 | -1.722 | -.675 | -1.948 |
| Y2 | 3.000 | 5.000 | .186 | 1.073 | -.078 | -.225 |
| Y1 | 3.000 | 5.000 | -.052 | -.301 | -.316 | -.911 |
| X43 | 3.000 | 5.000 | -.034 | -.197 | -.252 | -.728 |
| X42 | 3.000 | 5.000 | -.224 | -1.294 | -.603 | -1.741 |
| X41 | 3.000 | 5.000 | .077 | .444 | -.611 | -1.764 |
| X33 | 3.000 | 5.000 | .366 | 2.115 | .233 | .673 |
| X32 | 3.000 | 5.000 | -.284 | -1.639 | -.727 | -2.099 |
| X31 | 3.000 | 5.000 | -.080 | -.463 | -.693 | -2.001 |
| X23 | 3.000 | 5.000 | -.411 | -2.375 | -.676 | -1.953 |
| X22 | 3.000 | 5.000 | -.037 | -.211 | -.534 | -1.541 |
| X21 | 3.000 | 5.000 | .021 | .122 | -.333 | -.962 |
| X13 | 3.000 | 5.000 | -.346 | -1.999 | -.726 | -2.097 |
| X12 | 3.000 | 5.000 | -.196 | -1.133 | -.579 | -1.670 |
| X11 | 3.000 | 5.000 | .054 | .314 | -.393 | -1.134 |
| Multivariate | | | | | 12.392 | 2.480 |

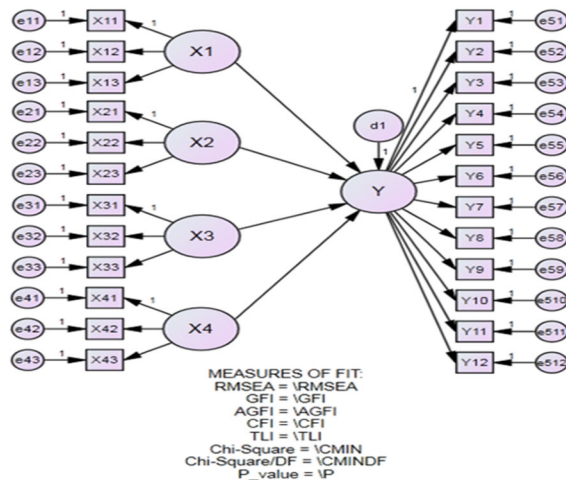


Figure 3. Result of SEM Analysis

The measuring equation is employed in this study to examine the relationship between the constructs and the objects. The AMOS output is used to generate standardized estimations of the factor loading value. The Standardized Estimate value is explained in terms of construct validity as a factor loading value that is valid if it is more than 0.50. Because all factor loading values in the Standardized regression weights output are larger than 0.50, all factor loadings are stated to be legitimate.

All test results suggest that the model is of good value based on testing the fit of the entire model, hence the SEM model is good. Table 8 demonstrates that the updated SEM model's factor loading, VE, CR, and Cronbach's Alpha values are all extremely excellent. All loading factors are still more than the cut-off value of 0.50. sReliability demonstrated good reliability and outcomes because all variance extracted (VE) values were greater than 0.50, construct reliability (CR) values were greater than 0.70, and Cronbach's Alpha was greater than 0.60 (cut-off values). Table 8 summarizes the scores from factor loading, VE, CR, and Cronbach's Alpha for the modified SEM model. This test was performed to assess discriminant validity, and the results on CR were favorable. Table 8 displays the factor loading, CR, and Cronbach's alpha values for construct investigations.

Table 8. The Validity and Reliability Measurements for all Constructs

| Item Description | Factor Loading | VE | CR | Cronbach's Alpha |
|------------------|----------------|-------|-------|------------------|
| X11 | 0.824 | 0.712 | 0.880 | 0.881 |
| X12 | 0.948 | | | |
| X13 | 0.748 | | | |
| X21 | 0.879 | 0.632 | 0.831 | 0.803 |
| X22 | 0.918 | | | |
| X23 | 0.530 | | | |
| X31 | 0.868 | 0.730 | 0.890 | 0.793 |
| X32 | 0.878 | | | |
| X33 | 0.816 | | | |
| X41 | 0.874 | 0.644 | 0.844 | 0.853 |
| X42 | 0.784 | | | |
| X43 | 0.743 | | | |
| Y1 | 0.756 | 0.513 | 0.926 | 0.948 |
| Y2 | 0.729 | | | |
| Y3 | 0.778 | | | |
| Y4 | 0.674 | | | |
| Y5 | 0.748 | | | |
| Y6 | 0.642 | | | |
| Y7 | 0.691 | | | |
| Y8 | 0.767 | | | |
| Y9 | 0.768 | | | |
| Y10 | 0.774 | | | |
| Y11 | 0.664 | | | |
| Y12 | 0.575 | | | |

The coefficient of determination (R-Square, R²) was 0.921, indicating that the diversity of the Y construct that could be explained by the constructs X1, X2, X3, and X4 together was 92.1%, with the remaining 7.9% explained by other constructs not included in the SEM model. Table 9 displays the results of hypothesis testing for the hypothesis. The findings of evaluating the hypothesis in a direct link from different constructs are shown in Table 9. All three hypotheses that were developed were significant with a p-value of 0.05. Furthermore, the biggest estimate (0.580) is given to the effect of X3 on Y (Figure 4).

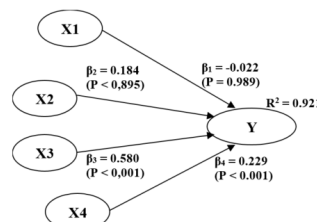


Figure 4. The Diversity of Y Value

Table 9. The Relationship Path among the Constructs

| Hypothesized Paths | Estimate | C.R. | P | Results |
|--------------------|----------|-------|-----------|-----------------|
| H1: X1 -> Y | -0.022 | 2.350 | 0.989 | Not Significant |
| H2: X2 -> Y | 0.184 | 2.254 | 0.895 | Not Significant |
| H3: X3 -> Y | 0.580 | 4.975 | <0.001*** | Significant |
| H4: X4 -> Y | 0.229 | 0.580 | <0.001*** | Significant |

$$Y = -0.022 X1 + 0.184 X2 + 0.580 X3 + 0.229 X4 + e, R^2 = 0.921$$

The following are the general test findings based on the structural equation:

- 1) there is no significant effect of X1 on Y. The higher/lower the value of X1, it does not affect the value of Y.
- 2) there is no significant effect of X2 on Y. The higher/lower the value of X2, it does not affect the value of Y.
- 3) a significant direct effect of X3 on Y of 0.580 is obtained. The higher the value of X3, the higher the value of Y; conversely the lower the value of X3, the lower the value of Y.
- 4) a significant direct effect of X4 on Y is obtained of 0.229. The higher the value of X4, the higher the value of Y; conversely the lower the value of X3, the lower the value of Y.

According to the findings of research experiments, communication between generations had no effect on performance. Performance is unaffected by intergenerational work beliefs or work ethics. Meanwhile, generational differences in norms and authority/hierarchy have a positive and significant effect on performance. The intergenerational mastery of technology has an impact on performance.

4. CONCLUSION

Communication between generations has no effect on performance. Views on intergenerational work values or work ethics have no effect on performance. Views of rules and authority/hierarchy between generations have a positive and significant effect on performance. Mastery of technology between generations has a positive and significant effect on performance.

It is unavoidable for businesses to manage human resources or personnel from diverse generations at this time and in the coming years. The corporation currently controls three or perhaps four generations, notably Baby Boomers, Generation X, Generation Y or Millennials, and Generation Z. The disparities between these generations arise from their varied birth years and the events they have shared, which will undoubtedly alter and cause differences in the characteristics of each generation, affecting performance, productivity, and dedication to the firm.

REFERENCES

- [1] L. Reynolds, *The Trust Effect: Creating the High Trust, High Performance Organization*. London: Nicholas Brealey Publishing, 1997.
- [2] H. Hilman and M. Siam, "The influence of organizational structure and organization culture on the organizational performance of higher educational institutions: The moderating role of strategy communication," *Asian Soc. Sci.*, vol. 10, no. 3, pp. 142–154, 2014, doi: 10.5539/ass.v10n13p142.
- [3] M. Hamid, S. Maheen, A. Cheem, and R. Yaseen, "Impact of human resource management on organizational performance," *J. Account. Mark.*, vol. 6, no. 1, pp. 1–7, 2017, doi: 10.4172/2168-9601.1000213.
- [4] C. Feinman, "Generation Z: Managing Emergencies in a Post-Millennial World," American Public University System, 2017.
- [5] M. A. S. A.-L. Suad, "Understanding the psychology of youths: Generation gap," *Int. J. Psychol. Couns.*, vol. 11, no. 6, pp. 46–58, 2019, doi: 10.5897/ijpc2019.0568.
- [6] A. Shakarami, K. Hajhashemi, and N. Caltabiano, "Compensation Still Matters: Language Learning Strategies in the Third Millennium ESL Learners," *Online Learn.*, vol. 21, no. 3, pp. 235–250, Sep. 2017, doi: 10.24059/olj.v21i3.1055.
- [7] A. Sharon, "Understanding the Millennial Generation," *J. Financ. Serv. Prof.*, vol. 69, no. 6, pp. 11–14, 2015, [Online]. Available: <http://eds.a.ebscohost.com/laureatech.idm.oclc.org/eds/pdfviewer/pdfviewer?sid=0a0336d0-b8da-410d-a5b3-7e42fa4cbe86@sessionmgr4004&vid=1&hid=4210>.
- [8] K. R. Subramanian, "The Generation Gap and Employee Relationship," *Int. J. Eng. Manag. Res.*, vol. 7, no. December, pp. 59–67, 2017.
- [9] R. T. N. Jemima and E. Kusumadmo, "Identifying Strategies to Minimize Intergenerational Conflict Generation Gap Conflict and Its Impact on Employee Performance in Indonesia," *Lina D. Siregar, et.al*

- in Workplace Universitas Atma Jaya Yogyakarta,” *Kinerja*, vol. 23, no. 1, pp. 67–75, 2019.
- [10] B. R. Hayes, “the Implications of Multigenerational Differences Within the Workforce,” pp. 9–30, 2013.
- [11] P. Elsa, G. C. F., and Y. M. M., “Management accounting systems: an organizational competitive performance perspective,” *Benchmarking An Int. J.*, vol. 27, no. 6, pp. 1843–1874, Jan. 2020, doi: 10.1108/BIJ-12-2019-0547.
- [12] D. Sulistiono, A. Hermawan, and A. Sukmawati, “The Effect of Empowerment and Employee Engagement on Job Satisfaction, Organizational Commitment and its Impact on Performance of PTPN V,” *J. Manaj. Agribisnis*, vol. 16, no. 3, pp. 132–152, 2019.
- [13] A. Eliyana, S. Ma’arif, and M. Muzakki, “Job satisfaction and organizational commitment effect in the transformational leadership towards employee performance,” *Eur. Res. Manag. Bus. Econ.*, vol. 25, no. 3, pp. 144–150, 2019.
- [14] Irhamahayati, M. Hubeis, A. Hermawan, and S. Djohar, “Generational conflicts at the Indonesian public sector workplace from the millennial’s perspective,” *Polish J. Manag. Stud.*, vol. 18, no. 2, pp. 151–161, 2018, doi: 10.17512/pjms.2018.18.2.12.
- [15] C. Bhayana, V. Gupta, and K. Sharda, “The Role of Shared Leadership in Managing Conflicts in Multigenerational Teams: A Research Framework,” *Bus. Perspect. Res.*, vol. 9, no. 2, pp. 252–268, 2021, doi: 10.1177/2278533720964928.