CHAPTER I
INTRODUCTION

A. Research Background

In this era, business that growth in Indonesia has made competition between one company or organization and other organizations tighter than before. This competition aims to get more profit and reduce competitors' profits. In this situation, human resource management is important to manage people to be better than before, so they can achieve better profits. Human resource management is the management of people (employees) in an organization with productively to achieve goals, vision, and mission of the organization. Human resources become the main determinant for progress in an organization (Cropanzano & Mitchell, 2005). Employees as agents are the most important assets of an organization that cannot be replaced by other assets.

Organization is a unit that consist of various backgrounds of individuals who work together to achieve goals, vision, and mission of their organization (Cropanzano & Mitchell, 2005). The organization's success in achieving their goals are through employee engagement (McManus & Mosca, 2015). The term of employee engagement was first referred to as personal engagement by Kahn at 1990 (Handayani, Anggraeni, Andriyansah, Suharnomo, & Rahardja, 2017).

Employee engagement means that employees feel engaged or united with their organization (Kahn, 1992). Engagement in here is not only their physical, but also their hearts and minds that engaged with their organization. According to Macey (2008), employee engagement is the emotional and intellectual commitment of employees to their organizations.

To get more profit, sometimes the organization forget about the organizational justice for their employees. Every employee in the organization has right to get justice from their organization. Organizational justice means that the employee in the organization will get

same recognition and equal treatment. Organizational justice is one of the concepts of organizational behavior that develops in every year. Organizational justice is divided into three aspects, namely: distributive justice, procedural justice, and interactional justice (Niehoff, 1993).

In Al-Quran it has been explained that as humans we must be fair to our fellow living beings. Humans who are social creatures need help from other humans. When in a workplace, a manager should be fair to his employees. Fair in this case is not to distinguish one employee from another employee. Justice in this matter has been explained by Allah in the QS. Al-Maidah (8) that means:

"For you who have believed, be persistently standing firm for Allah, witnesses in justice, and do not let the hatred of a people prevent you fom being just. Be just; that is nearer to righteousness. And fear Allah; indeed, Allah is Acquainted with what you do."

Distributive justice is justice that obtained by the employees from their organization and match with what they have done before for their organization (Azam, 2007). Some cases regarding to distributive justice such as salary, social security and work life balance. Currently, many employees work and they do not get enough salary and not match with what they have done before for their organization. In Bangladesh, especially in garment company, employee should work for 20 hours in a day. Employees do not have enough vacation time in 1 month. They just have 1 day off in every month. They also do not have social security such as work safety. Employees often get overtime for 6 hours, but they only receive salary for overtime 2 hours. They do not have enough work life balance for their family because they have to go to the company in the morning and take overtime from their work (Azam, 2007). Distributive justice is more focused on the results that the organization can provide to their employees.

According to Mathur (2012) distributive justice can affect employee engagement, because when employees feel treated fairly by getting a salary that match with their work and the duration of their work, they will be more loyal to their organization. This is same with Ram (2011) that said when employees get adequate salaries and rewards because of the work they have done, they will feel more engaged with their organization. This is supported by Kalay (2016) that said distributive justice can influence employees to be more engaged to their organization because they will feel that their organizations appreciate their efforts. Alvi & Abbasi (2012) have conducted research in Banking Sector in Pakistan, and found that distributive justice has an important role in increasing employee engagement. Leaders in organizations should be care to strengthen distributive justice around their organizational practices. Empirical studies from Mathur (2012), Ram (2011), Alvi & Abbasi (2012) and Kalay (2016) said that distributive justice influence on employee engagement.

The another organizational justice is procedural justice. Procedural justice is justice that can be felt by employees and the processes and procedures regarding regulations or rules that made in their organization (Kalay, 2016). Ozer, Ugurluoglu, & Saygili (2017) said that procedural justice is related to the decision making process in an organization. Basically, employees only know the fairness of salary, promotion, and work assessment. The decision making process is included in organizational justice, especially in procedural justice. Sometimes, employees disagree with the decision, but they can still accept it because the decision making process is fair. Employees can still give their suggestions, and the managers will make decisions about some suggestions that they already received. The situation that often occurs today is that some organizations do not engaged their employees when they make decisions for their employees, so the manager does not accept suggestions from his employees. Ozer, Ugurluoglu, & Saygili (2017) said that when employee's suggestions are accepted by the organization, they will feel that the organization appreciate their voices and

make the employees want to make more contributions to their organization. Alvi & Abbasi (2012), also said that when employees are engaged in every activity in their organization they will feel that the organization can appreciate them. According to Biswas, Varma, & Ramaswami (2013) said that procedural justice influence on employee engagement that give impact to increasing the employee performance. Empirical studies from Kalay (2016), Ozer, Ugurluoglu, & Saygili (2017), Alvi & Abbasi (2012), and Bismas, Varma, & Ramaswami (2013) said that procedural justice influnce on employee engagement.

The another research on employee engagement, aside from being linked to organizational justice such as distributive justice and procedural justice, is also can related with religiosity (Holdcroft, 2006; Olowookere, 2014; Nwachukwu, Zufan, & Chladkova, 2016). This is can happened because religiosity plays a role in shaping person's attitudes and behavior (Rezapour, Rezai, Hosseini, & Takalu, 2016). Currently, people have a low level of religiosity that negatively impact to their behavior (Moltafet, Mazidi, & Sadati, 2010).

The word religiosity comes from "religion" ehich was adapted from the Latin word "religare" which means "binding". The interpretation is, religion can bind human to human together with their God and their obligations. Religiosity means attitudes that arise in a person because of their belief in their God (Holdcroft, 2006). Empirical studies from Holdcroft (2006), said that when employees have a high level of religiosity, they will feel more engaged with their organization. High levels of religisoity will make employees have good attitudes and behavior.

Nwachukwu, Zufan, & Chladkova (2016), said that religiosity influence on morale of employees when they work in the organization, if they have a good level of religiosity, they will more contribute to their organization, and makes employees more engaged. According to Rezapour, Rezai, Hosseini, & Takalu (2016), if employees have a good level of religiosity,

they will have a good personality and will give impact to their performance. If they have a good performance, then they will make more contirbutions to their organizations.

The same thing was expressed by Olowookere (2014), who said that the level of employee religiosity effects employee engagement. Employees who have a good level of religiosity, means having a good attitude which can give further contribution to the organization, so that they are more engaged with the organization. Empirical studies from Holdcroft (2006), Nwachukwu, Zufan, & Chladkova (2016), Olowookere (2014) and Rezapour, Rezai, Hosseini, & Takalu (2016), say that religiosity influence on employee engagement.

In addition to distributive justice, procedural justice and religiosity, research on employee engagement is also linked with age by Ruslan, Islam, & Noor (2014), Hoole & Bonnema (2015), Jha, Potnuru & Sareen (2018), Ning & Alikaj (2014), Hoole & Bonnema (2015), Jha, Potnuru & Sareen (2018), Ning & Alikaj (2014), and Naim & Lenka (2017). Research conducted by Ruslan, Islam, & Noor (2014) say that age as a moderating variable is able to moderate the influence of psychological meaningfulness on employee engagement.

Research conducted by Hoole & Bonnema (2015) states that age as a moderating variable is able to moderate the influence of meaningfulness on employee engagement. Hoole & Bonnema (2015), distributed 300 questionnaires to their respondents, and only 261 respondents that returned to them. In Hoole & Bonnema (2015) study, they used the Baby Boomers (Non Millennial), Generation X (Non Millennial) and Generation Y (Millennial) groups as respondents. The requirement for respondents is have minimum working in their organization for approximately two years.

Research conducted by Jha, Potnuru, & Sareen (2018), that age as a moderating variable is able to moderate the influence of the use of technology on employee engagement. Research conducted by Ning & Alikaj (2019), that age as a moderating variable is able to

moderate the effect of work resources on employee engagement. Ning & Alikaj (2019), used 804 respondents and used Structural Equation Modeling (SEM) to analyze the results of the answers of the respondents. They distributed questionnaires to 26 organizations located in India, and used the age range requirements of 22 - 65 years for their respondents. Ning & Alikaj (2019), using Lifespan Theory Baltes, Reese, & Lipsitt (1980) & Carstensen, Fung, & Charles (2003) which said that the Baby Boomers and Generation X would be easier to engaged with their organizations than Generation Y. Theory Lifespan consists of two aspects, namely Socio Selectivity Theory (SST) and Selection, Optimization, and Compensation (SOC). SOC explained that when human getting older they will have more restrictions. They realize that they could not longer do many things when they were young. These limitations include; health problems and cognitive abilities (Baltes, Reese, & Lipsitt 1980). This causes Baby Boomers and X generation to be more easily engaged to their organizations. They realize that the power that they have is no longer the same as millennials who still have excess power. So it is impossible for non-millennial generations to move other organizations and start their new positions in new places.

Research conducted by Naim & Lenka (2017) which conducted research in India using a sample of 209 employees working in IT companies, said that age as a moderating variable was able to moderate the influence of social media on employee engagement. The respondents that they used in this study were those who were born in 1980 - 2000, and worked at least in the organization for about six months.

According to research conducted by Ruslan, Islam, & Noor (2014), Hoole & Bonnema (2015), Jha, Potnuru, & Sareen (2018), Naim & Lenka (2017), and Ning & Alikaj (2019), age is divided into 3 aspects, namely Baby Boomers (Non Millennial), Generation X (Non Millennial), and Generation Y (Millennial). Baby Boomers are those who were born in 1946 - 1964 (Non Millennial), born and grew up in a time of economic growth and

experienced political and ideological turmoil during the 1960s. This generation is a generation that has ambitious character and high competitive power. This generation also has a view to be more engaged to the organization (Hornbostel, Kumar, & Smith, 2011). Generation X are those who were born in 1965 - 1980 (Non Millennial), born and grew up in the era of technological innovation. This generation also has the same nature as the Baby Boomers, which is ambitious and has high competitive power. The differences with the Baby Boomers Generation is that this generation wants to be a bit more flexible in having working hours (Hornbostel, Kumar, & Smith, 2011). Generation Y are those were born in 1981 - 2000 (Millennial), born and raised in the era of social media, and have significant advantages over the Baby Boomers in technology. This generation is a generation that is multitasking or can do several jobs at one time. This generation also prefers work that has flexible time than work duration that should work from morning until night.

Today, many employees feel that they are not engaged to the organization they belong to. Only one from four millennial employees feel engaged to their organization in 2018 (Cahya, 2017). Research by Dale Carniege in 2017, shows that only 25% of 1.200 millennial employees feel engaged to their organizations, 66% feel that they are not fully engaged to their organizations, and the remaining 9% refuse to engage with their organizations.

Report from hrtechnologist.com in 2020, said that only around 30% of employees are highly engaged. In the most engaged countries in the world, 70% of employees are actively disengaged from their jobs. Analysts from Gallup to Gartner draw a clear line between engagement, productivity, and profitability. Organizations with highly engaged employees make more money, have happier customers, and deliver more profit (Hearn, 2020).

According to Soeib, Othman, & D'Silva (2015), Ruslan, Islam, & Noor (2014), Hoole & Bonnema (2015), Jha, Potnuru, & Sareen (2018), Ning & Alikaj (2019), and Naim & Lenka (2017) non millennial generation is more engaged to their organization in every aspect.

Ruslan, Islam, & Noor (2014), said that millennials like to look for other challenges after they can solve the first challenge. This means that when millennials get a good position in their organization, they will try to find other jobs that are more challenging with better positions than in previous organizations.

This is very different from non millennial generation, they will survive with one organization that they have acquired. According to Simons (2010), that non millennials feel easier to be engaged with the environment than millennial generation. Smith (2005) also states that non millennial generation like a good Work-Life Balance (WLB), rather than when they have to work in flexible times. When they work in a flexible time, they feel they do not have enough WLB, because they can not manage their time well. Compared to millennials, this is very different, because most millennials prefer flexible time to work. The difference between non millennial generation and millennial generation is their mindset. Millennials think that when they have flexible time to work, they will have a better balance of work life than when they have to go to work in the morning and return to their homes at night.

Othman, Hamzah, Abas, & Zakuan (2017), said that how employees communicate with their managers will strengthen or enhance the employee engagement in their organization. As we know that milenial and non milenial generation have different communication styles. Non milenial generation choose to communicate in formal communication and milenial generation choose to communicate in informal communication. Empirical studies from Ruslan, Islam, & Noor (2014), Hoole & Bonnema (2015), Jha, Potnuru, & Sareen (2018), Naim & Lenka (2017), say that age strengthens or weakens the factors that influence on employee engagement.

Based on the previous literature about the influence of distributive justice, procedural justice, religiosity on employee engagement and milenial-non milenial as moderating variable, the author argue that it is important to conduct research on employee engagement

with these variables at "Sekolah Menengah Atas (SMA)" Muhammadiyah in Yogyakarta, because employee engagement can improve employee performance. When the employees engaged with their organization, they will have a good performance, which will improve organization peformance.

This research was conducted at Muhammadiyah Senior High School in Yogyakarta, because based on research that conducted by Septiani (2018) at "Sekolah Menengah Pertama (SMP)" Muhammadiyah 6 Bandung, said that some employees in that schoold were less engaged to their organization because they would to improve their level of welfare, by finding new jobs, be entrepreneur, move to another are, and follow their husband.

It is same with the results of the author's interviews with several employees at SMA Muhammadiyah in Yogyakarta. The interview concluded that there were some employees who were less engaged to their organization because they wanted to find a new place that could provide them with a better level of welfare.

Muhammadiyah was founded in Kampung Kauman in Yogyakarta, on 8 Dzulhijjah 1330 H or 18th November 1912 by Muhmmad Darwis, or better known as K. H. Ahmad Dahlan. He was an employee of the Sultan's Palace in Yogyakarta who worked as a preacher and seller. Seeing the condition of Muslims who were still practices something that are in the outside from the teaching of Islam, he was initiated to invite them to return to the teaching of Islam based on Al-Qur'an and Al-Hadits.

In the beginnng, this teaching was rejected by the society, but because of his perseverance and patience, his teachings were accepted by the society. His profession as a seller, strongly supports him to influence the society back to the teachings of Islam which are based o the Al-Qur'an and Al-Hadits, so in a short time his teachings can reached society in the outside of Kauman.

Literally, Muhammadiyah means followers of the Prophet Muhammad. The used of the word Muhammad intends to connect the teachings and traces of the struggling from Prophet Muhammad. In terminologically, Muhammadiyah means the Islamic movement, the da'wah amar ma'ruf nahi munkar from Al-Qur'an and Al-Hadits. Muhammadiyah is an Islamic movement that carries out the mission of amar ma'ruf nahi munkar with the purpose of upholding the teaching of Islam, so it can realized the true Islamic society.

Muhammadiyah has several charitable businesses, namely: Muhammadiyah Kindegarten, Muhammadiyah Elementary School, Muhammadiyah Junior High School, Muhammadiyah Senior High School, Muhammadiyah University, Muhammadiyah Boarding School, Muhammadiyah Hospital, Muhammadiyah orphanage, and etc.

Muhammadiyah Senior High School in Yogyakarta has seven schools, namely: SMA Muhammadiyah 1 Yogyakarta, SMA Muhammadiyah 2 Yogyakarta, SMA Muhammadiyah 3 Yogyakarta, SMA Muhammadiyah 4 Yogyakarta, SMA Muhammadiyah 5 Yogyakarta, SMA Muhammadiyah 6 Yogyakarta, dan SMA Muhammadiyah 7 Yogyakarta (Muhammadiyah, 2016)

The reasons why the author wants to do this research about employee engagement are:

1. First, for companies or organizations, employee engagement is important because it can improve employee performance. When they feel engaged to their organization, they can give more contribution to their organization. Employees will be more loyal, when they are engaged to their organization. Employee engagement will effect employee attitudes and employee behavior and reduce the employee absence (Kahn, 1992).

2. Second, for employees, employee engagement can incrase employees morale to work in their organization. Employee engagement effects relationships among

employees in an organization. If the relationship between employees are good, then it can increase the employee's willingness to maximize their efforts to achieve the goals and objectives of the organization. Employee engagement can reduce the negative thinking from employee perspective because they will feel comfort to work in their organization (Kahn, 1992).

3. Third, based on the previous research by Hidayat (2015), said that salary will effect the employee performance in an organization that requires a good level of skill that needs time to be able to make someone skilled in their field. Salary is included in the aspect of distributive justice, which has influence on employee engagement. Then, employee engagement is another factor that can influence on employee performance.

4. Fourth, based on the author's know, the empirical evidence of the influence of distributive justice, procedural justice, religiosity, and religiosity on employee engagement with milenial-non milenial as moderation variable in SMA Muhammadiyah in Yogyakarta has never been done before with the same title.

5. Fifth, the research gap in previous literature shows that some researchers say that distributive justice does not influence on employee engagement (Biswas, Varma, & Ramaswami, 2013), and some of them say that distributive justice influence on employee engagement (Fauziah & Kistyanto, 2016). Some researchers said that procedural justice does not influence on employee engagement (Biswas, Varma, & Ramaswami, 2013) and some of them say that procedural justice influence on employee engagement (Ghosh & Rai, 2014). Some researchers say that religiosity religiosity does not influence on employee engagement (Devi, 2016), but some researchers say that religiosity influence on employee engagement (Rezapour, Rezai, Hosseini, & Takalu, 2016). Some researchers also say that milenial-non

milenial can strengthen the influence between factors that influence on employee engagement, while other researchers say that milenial-non milenial can weaken the influence between factors that influence on employee engagement Ruslan, Islam, & Noor (2014); Hoole & Bonnema (2015); Jha, Potnuru, & Sareen (2018); Ning & Alikaj (2019); and Naim & Lenka (2017).

6. Sixth, the author tries to continue previous research on the influence of distributive justice, procedural justice, and religiosity on employee engagement, with age especially milenial-non milenial as moderating variable.

Based on these reasons, the author want to conduct research with the title: The Influence of Distributive Justice, Procedural Justice, and Religisoity on Employee Engagement with Milenial-Non Milenial as Moderating Variable in SMA Muhammadiyah Yogyakarta.

B. Problem Formulation

Based on the background of the research, the formulation of the problem that to be investigated are:

1. Does distributive justice influence on employee engagement in SMA Muhammadiyah Yogyakarta?

2. Does procedural justice influence on employee engagement in SMA Muhammadiyah Yogyakarta?

3. Does religiosity influence on employee engagement in SMA Muhammadiyah Yogyakarta?

4. Does milenial-non milenial moderate the influence of distributive justice on employee engagement in SMA Muhammadiyah Yogyakarta?

5. Does milenial-non milenial moderate the influence of procedural justice on employee engagement in SMA Muhammadiyah Yogyakarta?

6. Does milenial-non milenial moderate the influence of religiosity on employee engagement in SMA Muhammadiyah Yogyakarta?

C. Research Objectives

Based on the statement of problem formulation above, the objectives of this study are:

1. Identify the influence of distributive justice on employee engagement in SMA Muhammadiyah Yogyakarta.

2. Identify the influence of procedural justice on employee engagement in SMA Muhammadiyah Yogyakarta.

3. Identify the influence of religiosity on employee engagement in SMA Muhammadiyah Yogyakarta.

4. Identify whether milenial-non milenial moderate the influence of distributive justice on employee engagement in SMA Muhammadiyah Yogyakarta.

5. Identify whether milenial-non milenial moderate the influence of procedural justice on employee engagement in SMA Muhammadiyah Yogyakarta.

6. Identify whether milenial-non milenial moderate the influence of religiosity on employee engagement in SMA Muhammadiyah Yogyakarta.

D. Research Benefits

Based on the research objctives to be sought by the author, this research is expected to have contribution direct and indirect especially in education. The contribution of this study are as follows:

1. Theoretical Benefits

As a reference for further research that has a relationship with distributive justice, procedural justice, and religiosity and age especially milenial-non milenial generations that have relation with employee engagement.

2. Practical Benefits
a. For author

Can add knowledge and direct experience of how distributive justice, procedural justice, and religiosity can influence on employee engagement with milenial-non milenial as moderating variable. In addition, this thesis is one of the requirements for achieving a bachelor's degree.

b. For companies or organization

Can add some insight in the decision making process in order to increase the employee engagement, evaluate regulations about distributive justice, procedural justice, and religiosity on employee engagement in their organization.