

CHAPTER I

INTRODUCTION

1.1 Research Background

Generation can be defined as a cohort of people that were born within the same 20-year period (Strauss & Neil Howe, 1991). Moreover, a generation cohort can also be defined as a group of people born around the same period who have been exposed to comparable social or historical life occurrences during their critical developmental periods (Tang et al., 2017). Picture 1.1 shows 5 generation cohorts worldwide: Silent Generation, Baby Boomers, Generation X, Millennials, and Generation Z. (Pew Research Center, 2019).

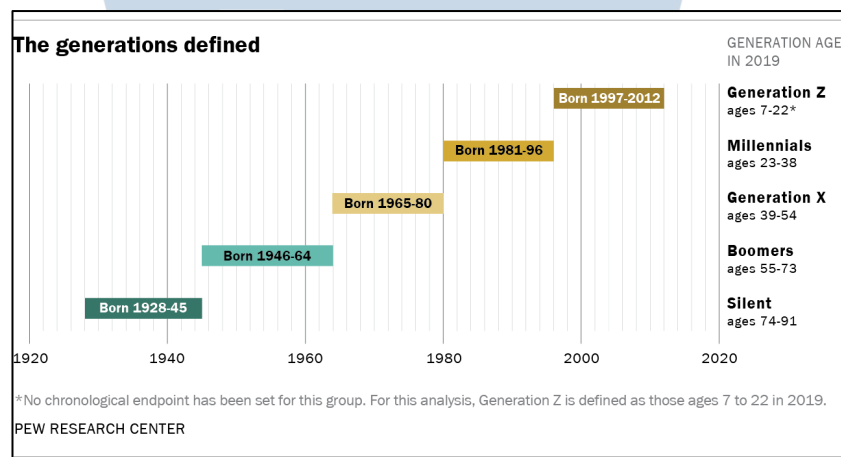


Figure 1.1 The Generations Defined

Source: Pew Research Center, 2019

Based on the year in which they were born, the Silent Generation consists of those born between 1928 and 1948, followed by Baby Boomers who were born between 1946 and 1964. Generation X is the generation born between 1965 and 1980. Millennials were born between 1981 and 1996. Meanwhile, Generation Z is those who were born between 1997 and 2012 (Pew Research Center, 2019). Each of these periods has its own social or historical events that contribute to their distinctive generational characteristics.

Generation Z is the first generation to be a true digital native, as they were born and raised at the peak of technological advancements and high connectivity (Lanier, 2017). Generation Z is known to be a generation that went through an era of social and economic renewal during their youth and adult years (Sidorcuka & Chesnovicka, 2017). The events in the time of their upbringing conceivably influence their characters and ways of life (Dolot, 2018).

There have been multiple studies that attempted to understand the behavioral tendencies of Generation Z by linking the events at the time of their upbringing to their current characteristics. A study on Generation Z conducted by Schawbel (2014) discovered that Generation Z possesses several behavioral tendencies, such as increased entrepreneurial tendencies and loyalty, compared to the previous generation, which is Generation Y. Madden (2019) stated that exposure to rapid technological advancements affected Generation Z's perspective regarding the workplace. It is expected for Generation Z to bring new approaches in the way work of "communication, expectations of work-life balance, new engagement styles, collaborative approaches to leadership and management, as well as a global outlook and integrated approach to technology" (p. 98).

A study conducted by Racolța-Paina & Irini (2021) which investigated Generation Z in the workplace from a human resource point of view discovered several characteristics of Generation Z in the workplace that differ from previous generations. It is found that Generation Z tends to have unrealistic wage expectations and expectations of a flexible work environment. At the same time, Ozkan & Solmaz's (2015) study on Generation Z emphasizes the importance of the social environment in attracting Generation Z to the workplace. Furthermore, Dwidienawati & Gandasari's (2018) study on Indonesian Generation Z discovered that Generation Z sees job security and money as more important than the previous generation, Generation Y.

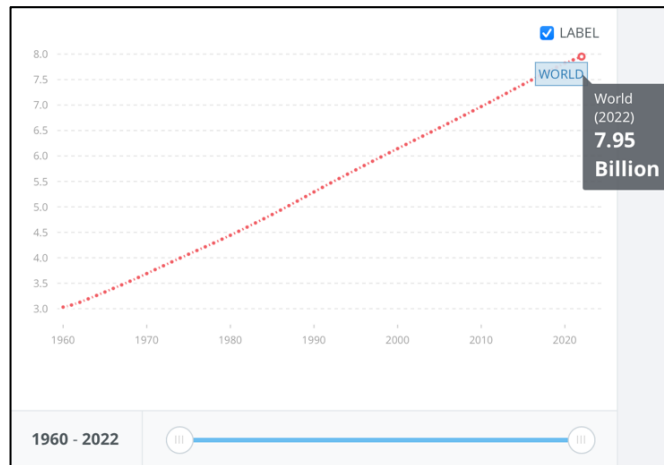


Figure 1.2 World Population Prospects: 2022 Revision

Source: United Nations, 2022

Picture 1.2 above shows that the current world population is 7.95 billion lives (United Nations, 2022). Which Generation Z makes up 30% of that population. Moreover, the 2022 Annual World Population Prospects Report projected that by 2025, Generation Z will contribute to 27% of the global workforce worldwide. This indicates an upcoming shift in the workforce population that will require a proper response to maximize the potential benefits that may result from this shift.



Figure 1.3 Indonesia’s 2020 Population Census Results

Source: BPS Indonesia, 2020

Based on the 2020 Population Census conducted in Indonesia, the national population of Indonesia is dominated by Generation Z (BPS Indonesia, 2020). As shown in Picture 1.3 above, 27.94% of the 270.2 million Indonesian lives are composed of Generation Z (BPS Indonesia, 2020). By the year 2024, Generation Z will be at the age of 12 to 27 years old. The same population census also indicates a demographic bonus occurrence within Indonesia's population among productive-age citizens, with the majority of the demographic bonus being Generation Z followed by Millennials, respectively. This raises the importance for employers to successfully attract and integrate the dominating generation cohort, which is Generation Z to fully maximize their potential for the workplace's benefits and the overall country's growth.



Figure 1.4 Distribution of Generation Z in Indonesia

Source: BPS Indonesia, 2020

Referring to the data obtained by BPS Indonesia in the 2020 Population Census, Indonesia's Generation Z population is distributed across the Indonesian peninsula. As shown in Picture 1.4 above, most Generation Z in Indonesia is located on Java Island, with the most populated being in West Java, followed by East Java and Central Java, respectively.



Figure 1.5 Unemployment Rate in Southeast Asia 2023

Source: International Monetary Fund, 2023

Despite the economic growth potential that comes from the demographic bonus of Indonesia’s population, unemployment in Indonesia has been commonly known as a forgoing issue in our society. As shown in Picture 1.5 above, Indonesia has the highest unemployment rate among Southeast Asian countries at 5.3%, as supported by the data from the 2023 World Economic Outlook by the International Monetary Fund.



Figure 1.6 Amount of Open Unemployment in Indonesia Based on Age Group

Source: Indonesian Ministry of Manpower, 2023

Most of those unemployed in Indonesia are in the age range of Generation Z (Indonesian Ministry of Manpower, 2023). As shown in Picture 1.6 above, the age group of 20-24 years old dominates the open unemployed population in Indonesia. This indicates that a significant number of working-age youths' are still unable to obtain employment in Indonesia.

Jakarta is widely known as Indonesia's capital and has become Indonesia's economic and government center for years. It is common for citizens from other cities in Indonesia to come to Jakarta to seek employment. This is supported by the proportion of commuter workers being the highest within the Jakarta region at a rate of 5.37% of the entire large Jakarta population (BPS Indonesia, 2023).

As stated in the findings of the research by Hidayati (2021), the motive for commuting to Jakarta is mainly for work activities at a rate of 83%. For commuters who commute to Jakarta for work, the factors that attract them to commute to Jakarta are mainly economic factors, such as a higher income in Jakarta compared to their cities of origin.

According to the data released by BPS Indonesia (2023), the employment opportunity level in Jakarta is considered high at a rate of 92.43%. The employment opportunity level represents the opportunity for someone in the workforce to obtain employment. A high employment level indicates a higher chance for someone in the workforce to obtain employment.

U N I V E R S I T A S
M U L T I M E D I A
N U S A N T A R A

Kelompok Umur 15-60	Penduduk Provinsi DKI Jakarta Berumur 15 Tahun ke Atas Menurut Kelompok Umur dan Angkatan Kerja											
	Bekerja			Pengguguran			Jumlah Angkatan Kerja			Persentase Bekerja terhadap Angkatan Kerja		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
15 - 19	108 331,00	100 496,00	84 171,00	82 870,00	59 372,00	88 056,00	191 201,00	159 868,00	172 227,00	56,66	62,86	48,87
20 - 24	489 343,00	458 186,00	464 523,00	148 978,00	129 362,00	120 827,00	638 321,00	587 548,00	585 350,00	76,66	77,98	79,36
25 - 29	629 011,00	649 282,00	676 051,00	99 279,00	70 159,00	62 144,00	728 290,00	719 441,00	738 195,00	86,37	90,25	91,58
30 - 34	618 977,00	621 861,00	632 395,00	56 680,00	59 991,00	24 504,00	675 657,00	681 852,00	656 899,00	91,61	91,20	96,27
35 - 39	630 026,00	629 964,00	639 137,00	52 818,00	32 008,00	17 116,00	682 844,00	661 972,00	656 253,00	92,26	95,16	97,39
40 - 44	627 166,00	618 907,00	637 692,00	30 897,00	35 385,00	16 620,00	658 063,00	654 292,00	654 312,00	95,30	94,59	97,46
45 - 49	523 436,00	541 097,00	574 233,00	28 041,00	26 047,00	13 142,00	551 477,00	567 144,00	587 375,00	94,92	95,41	97,76
50 - 54	428 267,00	452 909,00	475 823,00	29 784,00	13 701,00	13 371,00	458 051,00	466 610,00	489 194,00	93,50	97,06	97,27
55 - 59	301 832,00	317 018,00	337 312,00	18 645,00	6 105,00	5 477,00	320 477,00	323 123,00	342 789,00	94,18	98,11	98,40
60 +	302 862,00	347 695,00	353 765,00	24 788,00	7 769,00	16 037,00	327 650,00	355 464,00	369 802,00	92,43	97,81	95,66
Jumlah	4 659 251,00	4 737 415,00	4 875 102,00	572 780,00	439 899,00	377 294,00	5 232 031,00	5 177 314,00	5 252 396,00	89,05	91,50	92,82

Table 1.1 Population of DKI Jakarta Province Aged 15 Years and Over Based on Age Group and Work Force 2020-2022

Source: BPS Indonesia, 2022

However, despite the high employment opportunity level in Jakarta, the issue of unemployment still exists. To be more precise, unemployment in Jakarta is dominated by the younger part of the population. As shown in Table 1.1 above, the age group that dominates the unemployed population in Jakarta is within the range of 20-24 years old, contributing to 32% of the entire unemployed population in Jakarta (BPS Indonesia, 2022). Overall, the unemployed population in the Generation Z age group contributes to 71,83% of the entire unemployed population. This raises a question: Despite the high employment opportunity level, youth unemployment in Jakarta still exists at a considerable rate.

Considering the behavioral tendencies that differentiate Generation Z from other previous generations in the workplace along with the gap between the desired and actual state regarding employment in Jakarta, the writer speculates that this phenomenon may be caused by the behavioral tendencies of Generation Z itself that tend to be more selective in choosing their employment. In other words, some factors may affect Generation Z's intention to apply when selecting an employment, they want to pursue.

Multiple research have discovered that generational characteristics of a generation is indeed impacting the generation's approach to a workplace. Such as the study conducted by (Valickas & Jakštaitė, 2017) who highlighted that multiple generations will in fact have different point of views regarding a

workplace. Csiszárík-Kocsír & Garia-Fodor (2018) study also supported this argument as it stated that the events in their upbringing creates a Generation Z that is smarter and motivated to find an employment that suites their preferences.

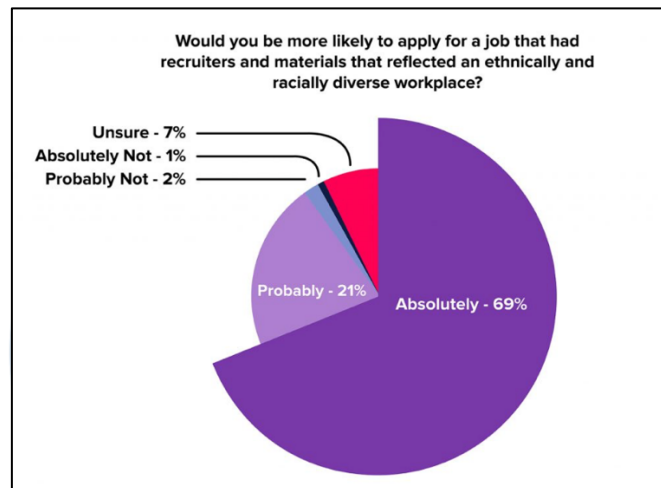


Figure 1.7 Generation Z’s Intention to Apply based on Ethical and Diversity Aspects

Source: Tallo (2020)

Figure 1.7 above shows the result of a survey conducted by Tallo (2020) further support similar phenomenon, in which the respondents of this survey comprise of 5.000 Generation Z and it’s found that 69% of the respondents are more likely to apply for a job that possesses signs of ethical and diverse workplace. The results of this survey further strengthen the argument that the characteristics of Generation Z is indeed found to have an impact on their approach to a workplace, including their intention to apply. It also indicates that Generation Z bases their attraction to a workplace based on what the company has to offer, for example its ethical and diversity values.

Previous studies have investigated the factors that may affect the intention to apply, such as the research conducted by Soeling et al. (2022) that inquired regarding the role of organizational reputation in mediating the influence of employer brand attractiveness on intention to apply. The findings of this

research showed that employer brand attractiveness has a significant influence on intention to apply and organizational reputation. On the other hand, organizational reputation is found not to have a significant influence on intention to apply. Hence, it does not mediate the influence of employer brand attractiveness on the intention to apply.

Understanding what factors affect Generation Z's intention to apply as the upcoming majority of the workforce may give companies valuable insight that can be utilized to develop proper human resource management strategies. According to Barber & Roehling (1993), the intention to apply is considered an influential factor in job seekers' behavior in the early stages of recruitment.

Recruitment can be defined as an activity that aims to attract talent with the required qualifications to join the organization (Kasmir, 2017). Recruitment is also seen as a series of activities conducted by an organization to attract people with the skills and behaviors needed by the organization to achieve its goals (Marwansyah, 2016).

The main aim of developing such strategies should focus on attracting the top talent from the upcoming workforce that is dominated by Generation Z and increase their intention to apply, as talent is considered to be the most valuable driver that may contribute to a company's success (Maurya & Agarwal, 2018).

In attracting talent to a company, employer branding can be utilized as a driving factor. Ambler & Barrow (1996) define employer branding as "the package of functional, economic, and psychological benefits provided by employment, and identified with the employing company" (p. 187). According to Berthon et al. (2005), employer brand attractiveness can be defined as "the envisioned benefits that a potential employee sees in working for a specific organization" (p. 156). To conclude, employer brand attractiveness results from the employer branding efforts developed to generate an attractive employer attribute in the eyes of both its current and potential employees.

Besides employer brand attractiveness, organizational reputation can also be utilized as a factor to attract top talent to a company. Organizational reputation is also considered a resource for companies to obtain competitiveness and establish a differentiating identity, which results from corporate conduct (Hanu et al., 2021; Gaultier-Gaillard & Louisot, 2006).

An in-depth comprehension of the influence of employer brand attractiveness and organizational reputation on the intention to apply of Generation Z may enable companies to enhance their human resource management strategies, especially in terms of the recruitment process, to further align the related strategies with the actual factors that may effectively attract top talent from the Generation Z dominated workforce.

Effective talent attraction from the workforce will eventually reduce unemployment as it helps ensure the workforce can find employment. This aligns with one of the Sustainable Development Goals initiated by the United Nations, precisely goal number 8 – “Decent Work and Economic Growth” as it addresses the global challenge of youth employment and strives to achieve full and productive employment.

Therefore, through this research, the writer intends to investigate and analyze the influence of employer brand attractiveness and organizational reputation on the intention to apply. Based on the phenomenon and the research background explained above, the writer intends to conduct a research entitled **“INFLUENCE OF EMPLOYER BRAND ATTRACTIVENESS AND ORGANIZATIONAL REPUTATION TO INTENTION TO APPLY OF GENERATION Z IN JAKARTA”**.

1.2 Problem Formulation and Research Question

Based on the phenomenon previously explained in the research background, several problems can be formulated in order to be researched further. Such as:

1. Generation Z possesses certain behavioral tendencies that may influence their intention to apply when seeking employment.
2. There is a gap between the high employment opportunity level and the high level of unemployed Generation Z in Jakarta.
3. The importance of proper human resource strategies in order to successfully attract and recruit top talent from the upcoming Generation Z-dominated workforce to help achieve organizational success.

The formulated problems above are then identified in these research questions as follows:

1. Does employer brand attractiveness influence the intention to apply of Generation Z in Jakarta?
2. Does organizational reputation influence the intention to apply of Generation Z in Jakarta?
3. Does employer brand attractiveness influence organizational reputation by Generation Z in Jakarta?
4. Does organizational reputation mediate the influence of employer brand attractiveness on the intention to apply of Generation Z in Jakarta?

1.3 Research Objectives

Based on the research questions that have been identified, this research aims to achieve such objectives:

1. Understand the influence of employer brand attractiveness on the intention to apply of Generation Z in Jakarta.
2. Understand the influence of organizational reputation on the intention to apply of Generation Z in Jakarta.
3. Understand the influence of employer brand attractiveness on organizational reputation by Generation Z in Jakarta.
4. Understands whether organizational reputation mediates the influence of employer brand attractiveness on the intention to apply of Generation Z in Jakarta.

1.4 Research Benefits

This research aims to achieve both theoretical and practical benefits, as follows:

1.4.1 Theoretical Benefits

The writer hopes this research may provide a deeper and more accurate academic insight to its readers regarding the influence of employer brand attractiveness and organizational reputation on the intention to apply of Generation Z in Jakarta.

1.4.2 Practical Benefits

The writer hopes the findings of this research may present companies, especially in the human resource department, with a more comprehensive understanding regarding what contributes to the intention to apply of Generation Z in Jakarta as a base to develop an effective human resource strategy to attract top talent into their companies.

1.5 Scope and Limitations

Several scopes and limitations are applied in this research in order to execute a more focused and concentrated research scope, which are:

1. Generation Z in the age range of 19-24 years old and is currently in the final year of university (6th-8th semester).
2. Respondents are studying in Jakarta-based universities, such as Bina Nusantara University, Atma Jaya University, Tarumanegara University, Trisakti University, and Podomoro University.
3. Respondents who have the intent to find employment in Jakarta after graduating.
4. Variables that are the focus of this research include employer brand attractiveness, organizational reputation, and intention to apply.
5. The data analysis method being implemented in this research is PLS-SEM, which uses SmartPLS 4.0 as a tool of analysis.

1.6 Writing System

The writing system implemented in this research consists of 5 chapters that will serve as a guide for the writer to complete this research systematically and effectively.

CHAPTER 1 Introduction

The first chapter includes the research background, problem formulation and research question, research objectives, research benefits, scope limitation, and the writing system of the research.

CHAPTER II Literature Review

The second chapter includes the literature review that provides a solid theoretical foundation for the research, the conceptual framework, and the hypothesis being studied in this research.

CHAPTER III Research Methods

The third chapter includes an overview of the research object, research design, research population and sample, data collection technique, research period, scale measurement, operationalization of variables, data analysis technique, and hypothesis testing.

CHAPTER IV Data Analysis and Discussion

The fourth chapter includes descriptive and statistical analysis, research data analysis, hypothesis testing, discussion and result interpretation, and managerial implications of the research.

CHAPTER V Conclusion and Recommendation

The fifth chapter includes the conclusion and the recommendations that can be drawn from the findings of this research for any party that might find this research beneficial in the future.