



THE EMBRYONIC CHALLENGE FROM GEN Y CALLING FOR S.O.S IN BANKING INDUSTRY: A CALL FOR ACTION FOR HR PRACTITIONER IN INDONESIA

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Abstract

The emerging of a new generation as the most educated and most productive working force had been discussed in many academics and business journals for the past ten years. Society agrees with the media coverage, viewing this as phenomena of one generation that has specific career aggressiveness with sharp view in defining success to the point that the path of previous generations in achieving career are considered as mainstream hence disregarding it by creating they own expectations. Human resources (HR) practitioner tried to anticipate this by consulting to various perspectives, from leadership, education and all the way to psychology and unison in conclusion, believing on the needs of special attention to this workforce. Hardly to find any disagreement to the claim of the birth of Generation Y (Gen Y) and the immediate adjustment required in the way management-handling workforce nowadays. Yet as this is happening in the US, Europe and Australia, the other part of the world are still guessing on the existence of said generation. Following are some recommendation as part of academic research conducted in the area of talent development for Gen Y in Asia in particular Indonesia's banking industry.

Keywords: Gen Y, Hr Practitioner, Leadership, SOS

Introduction: Paradox in Indonesia's Banking Industry.

Indonesia and Asia's country in general had been bombarded with various products in particular electronic and services that claimed been crafted to suit for Gen Y. Banking products and service are tailgating this approach, customizing to serve this segment. They may refer this segment as affluent, savvy or by other name, yet at the back of product's mind, they clearly associated this segment as Generation Y. The extreme example is in Singapore, when OCBC stepped ahead by launched FRANK, a "branch" designed for Gen Y (www.frankbyocbc.com). Others are seriously investing in the technology and infrastructure. CIMB Niaga of Indonesia are building digital lounge in creating such connection with the segment.

This is the paradox in banking. When marketing and other industry are tapping into the potential purchasing power promised by Gen Y, claiming the existence of new generation that required specific approach, HR on the other hand, a function that claimed people as their precious asset are left behind, guessing whether or not they need to acknowledge the existence of this generation as different generation than what they had been successfully managed in the past. Two big issues: difficulties in recruitment as getting the best out of Gen Y as they no longer view banking as lucrative as it was, and once they are in the system, bigger challenge is presented and that is how to cultivate their potential, referring to retention.

Going deep into strategic human resources specifically in succession management, the issue becomes critical. Serving as the nerve of economy of a country, bank highly depends on the quality, competency and credibility of people



running the industry. It required highest integrity, upmost maturity, complete competencies and a balance of experienced judgment of those involved. Such principal roles are now being requested by Gen Y to be handed in the silver plate to them in the first day of their work, something that are questioned by the older generations, leaving HR with bigger problem in reconciling the expectation of generations: Gen Y vs. Others.

Problem Statement: Succession Management is at Stake.

That is the seriousness of the issue. We are no longer talking about succession management and leadership ladder in the next ten years or so, as this generation claimed that they had what it takes to run the business today. The advance of this issue in the United States (US), Europe and Australia had produced several development modules in an attempt to mold and expecting to harvest the best from this generation. Nevertheless, this is yet to be seen in Asia, and Indonesia in particular. But who are this Gen Y in Indonesia?

Table 1 – Generations by Birth Year

Birth Year	Martin and Tulgan (2006)	Strauss and Howe (1991)	Birth Year
before 1946	Gen. Schwarzkopf	Silent Generation	1925–1942
1946–1953	Baby Boomer - Woodstockers	Baby Boom Generation	1943–1960
1954–1964	Baby Boomer - Young boomers		
1965–1977	Generation X	Generation X	1961–1981
1978–1989	Generation Y	Millennial Generation	1982–2004

Welcoming the Indonesia’s Generation Y:

In this research, it is found that the lack of definition of Gen Y is the fundamental reason for above absence, and this is addressed to the root of generational definition itself. In defining US generations, Strauss and Howe (1991) in their seminal book *Generations: The History of America’s Future, 1584 to 2069* using several parameter in defining generations and among other by using the birth year as the delimiter and resulted in clear definition such as Baby Boomer, Generation X and Millennial or the Generation Y. Europe and Australians are slightly different in using the birth year approach, many accepting Martin and Tulgan (2006) definition. Table 1 showing the comparison. The birth-year approach is what coined Gen Y-term along with the similarities of characteristics associated with this generation.

On the other hand, generation in Indonesia is being defined by significant event that impacted the history relates *only* to country’s political changes. Gen ‘45 correlates with those involve the war both field and political, in an effort to

declare the Indonesia’s independence; Gen ‘66 for those that defended the constitutions against internal fractions, and the recent one is the Gen’ 98 for those involved in revolutionized country’s democracy system. Needless to say, the country has no definition for Gen Y in the same manner US or Europe does.

To come up with solid definition of Gen Y in Indonesia, the common denominator needs to be defined. Diving further into *generational cohort* (Inglehart 1977) and *social institutional theory* (Rogler 2002), despite not having previous generational similarity standing with US/Western/Australia, both theory combined together, claiming the existence of universality among peoples called *collective memory* (CM) and provided basic and primary need had been fulfilled, that is Inglehart’s *scarcity and socialization hypothesis*, then automatically will postulate a new generation. This is a result of longitudinal research over 35 years in 40 years. Applying these theories, then *globalization* and *advent of Internet* had been the signature that serves as the CM for Gen Y (Table 2). In my



study, this means Indonesia’s Gen Y are those born in between 1984 and 1995, which is narrowly behind the US or Western definition.

This is the first academics definition by using above theories.

Table 2 – Collective Memory in Defining Indonesia’s Generation Y

Observation	Previous Generations	Generation Y
Politics and Government	<ul style="list-style-type: none"> • Centralized government; Monopoly and the fall of Soeharto thru political reformation; • Result of East Timor referendum; • Parliamentary with only 3 political parties 	<ul style="list-style-type: none"> • Government decentralization/autonomy to province; • Direct election with multi-parties system
Political Stability	Static government/no changes	Dynamic with involvement of society thru mass rally, etc
Freedom of Press	Planted, tightly monitored	Freedom of speech and expression
Other independent event	The birth of hand phone and internet	Digital and social network/media with better infrastructure to access internet.

Research implications: “We’re different. Point” – says Gen Y.

Books and academic journals in the area of Gen Y were consulted as part of literature review and planting a situational analysis to understand major themes carried within this generation. Following academic protocols of formal research, *focus group discussion* (FGD) were conducted in 5 group of high-potential Gen Y employee under management development program in three leading banks in Indonesia, and were further contrasted using *confirmatory factor analysis* (CFA) with 130 other Gen Y employee coming from five different banks. The result is not a surprise to what been headlined in US, Europe and Australia, yet some specific

characteristics of Indonesia’s Gen Y are surfaced. *Collective memory* and mentioned theory are confirmed.

Methodology:

Literature review and FGDs suggest 53 specific aspects, and with questionnaires instrument that had passed validity and reliability tests, those approaches were further calibrated with bigger samples of Gen Y. The result in 1st order CFA suggested some indicator has low significant when viewing the approaches as a one consolidated model. Even so, the model is accepted on the basis of absolute, relative and parsimonious tests (Table 3). Once these indicators were removed the model enhanced significantly yet the main theme prevailed.

Figure 1 – ‘simplified’ CFA (Source data: validated FGD)

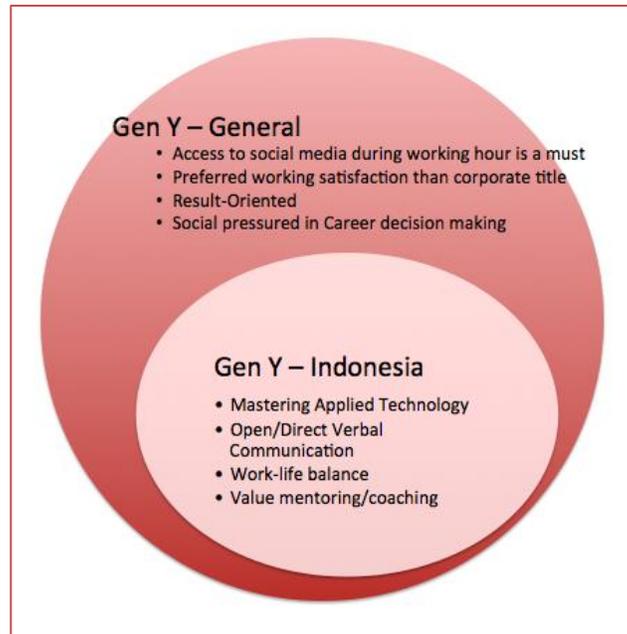


Figure 1 displaying some major themes of Gen Y. Overall result of FGD showing high degree of congruence between Gen Y outside Indonesia (source: literature review/ situational analysis – 53 aspects). CFA enhance the model in which there are some factors that need to be taking into

deeper analysis (Gen Y – General), as these are weakening the model fit with the rest. Explanation of this is associated with eastern education and social upbringing, and this is not a surprise as these had been noted earlier during FGD.

Table 3 – Result of Model (CFA)

Dimension	Result	Reference of Measurement
Absolute fit model		
RMSEA	0.000	RMSEA < 0.08 (Good Fit)
GFI	0.840	GFI > 0.90; (Good Fit); 0.80 ≤ GFI ≤ 0.90 (Marginal Fit)
Incremental/Relative fit model		
CFI	1.000	CFI > 0.90
NNFI	2.213	NNFI > 0.90
IFI	2.055	IFI > 0.90
Parsimonious fit model		
AGFI	0.826	AGFI > 0.90 (Good Fit); 0.80 < AGFI < 0.90 (Marginal Fit)
PGFI	0.772	PGFI > 0.50



Recommendation:

Toward Vertical Developmental – A Call for Change in HR Approach

Some of the viable artifacts in employee profiles in Indonesia are permissiveness, politeness, soft-spoken and seniority as opposed to meritocracy. Rigidness of banking culture due to highly regulated environment that required formalities are another aspects to be considered. Coined all of these together creating barrier that is in opposite will and understanding of Gen Y.

Anticipating this, priorities need to be revisited. CEO commitment, as what been suggested in textbook and theories becoming inevitable more than ever. Development program need to be seriously crafted as inherent part of succession management. No more jargons of employee as

the main asset if the institution does not behaving the way they claimed. Indeed, investment in human capital is a real deal. Looking into these dynamics, following three recommendations are worth to be pondered by the HR practitioner in rethinking the entire process that impacting Gen Y.

First, Bank need to realize that other industry is working serious and had take an early start providing better insight and creating lucrative perceptions for this Gen Y that work against the banking industry creating a clear message that Bank are not their first option. If this continues, all the first class graduates are gone.

Creating **branding engagement** with the Generation Y at the earliest stage of career. Bank no longer enjoy the privilege of being the most crowded booth during the career fair. Gen Y are keen into company that posit interest in respecting society and its corresponding social responsibilities, that promotes limitless opportunity for development and career rotations, that have fancy and cool working environment that engaged in simplistic, aero-convenience architecture and organized facility managements. These are the areas that bank need to seriously engage in an attempt to get good pool of Gen Y.

Second, building an **empowerment commitment**. Simply put the CEO commitment is inevitable. Investment in branding engagement is huge. Investment in development program is even challenging since not only will it take up financial resources, yet strategically it will require personal investment of the senior management's time, attention, commitment – continuously. This is more critical when it comes to priority of giving chance for the Gen Y to step in management strata as oppose taking the existing seniors cadet with thousands of more hour in his badge of experiences.

Final thought is on the **enablement redesign**. This is about changes in developmental approach. We are dealing with the most educated generation – not only as literature suggested, yet they had proven by having access to all available resource, *inter alia* tight-closed-peer-connections that giving the luxuries of having better knowledge as compare to previous generations –

hence a regular, plain, dragging program is a waste. They can learn fast independently. They are willing to take more responsibilities in their early career, way before previous generations. They are willing to put more hours to keep their level above par than what is expected. Hence if the training and development program are what being used for past five or ten years, chances are they are abreast on the essence of the training itself and this will not add them anything. They need program that challenge them to the max.

*Current program is what being categorized as **horizontal program** where the expectation is to develop new skills, abilities and behaviors. It is understood that learning process is a complex process yet provided that there are clear solutions that proven then such approach are*



*transferable. In metaphorical terms, horizontal development is like pouring water into an empty glass. The vessel fills up with new. In contrast, **vertical development** aims to expand the glass itself. Not only does the glass have increased capacity to take in more content, the structure of the vessel itself has been transformed (the manager's mind grows bigger). From a technology perspective, it is the difference between adding new software (horizontal development) and upgrading to a new computer (vertical development). Most people are aware that continuing to add new software to an outdated operating system starts to have diminishing returns (CCL, 2011).*

This research echoing what CCL had suggested on the importance of vertical development to be the spirit of current development. This is not rejecting all current developmental models that being employed; rather this is a challenge to HR to look deep into the very own promise of making employee as the biggest asset by capitalizing it thru vertical development. It is an attempt to redesigning development program by emphasizing in stretching and validate that understanding and readiness of the talents in receiving the relay-stick of management.

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Vertical development is not a jargon, a name of a specific program, rather more on combining the **empowerment commitment** discussed earlier and giving real practice in **redesigning enablement** concept.

It fosters the responsibility of development to the subject himself, to the Gen Y themselves, hence will give challenge them to fulfill their prophecy of being the millennial, the most productive generation as it is more suitable for the Banks. Vertical development in short is a concept where the Bank – HR and entire senior management – will provide support whenever the subject, the Gen Y, coming from their own conscious when they see that expectations and deliverables that being handed to them are at stakes, in other words the situations had encompasses their technical knowledge, and prior suffocating further, they seek guidance and the support is available for them. And it should come in timely, solid and genuine. The research believes this is fit to the characteristics and areas associated with Gen Y, yet providing HR with an adaptable model is an on-going project.

To conclude, the research paraphrases Einstein in saying that solution to a problem will not be obtained in the same level of thinking when the problem was discovered. This is a beginning for the HR to take strategic action in anticipating the coming of Gen Y. Development model need to be redefined. At the minimum, this is an attempt to reignite HR as strategic partner of business, herewith to prepare and provide Bank with caliber Gen Y-banker.



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