

THE ROLE OF ADAPTIVE MILLENNIAL LEADERSHIP, ORGANIZATIONAL CULTURE, AND COMPETENCY AS A STRATEGY TO INCREASE EMPLOYEE PERFORMANCE

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Abstract: This study aimed to develop a conceptual model of the relationship between organizational culture, competency, adaptive millennial leadership, and employee performance. Data were collected from 130 employees of Bank X of Riau Regional Office. Data were processed using Structural Equation Modeling (SEM) PLS. This study proposed adaptive millennial leadership as a strategy to improve employee performance. The results show that organizational culture and competencies mediated by adaptive millennial leadership increased employee performance. It supports the hypothesis regarding the importance of adaptive millennial leadership in improving employee performance. Also, the results strengthen social capital theory, where social capital argues that social relations are resources that can lead to the development and accumulation of human capital in achieving organizational goals.

Keywords: Employee Performance, Organizational Culture, Competency, Adaptive Millennial Leadership



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Human resources are essential factors in an organization, so humans are strategic factors in organizational management. A company cannot be separated from its employees even though they already have modern technology. Employees are the main assets of a company, so human resource management needs to give direction and guidance to human resources

to improve their abilities, generate work productivity, and produce the expected output (Thansh et al., 2020). The idea of positive organizational behavior is believed to create positive psychology in the work environment to improve performance (Avey et al., 2010; Luthans, 2002).

Research in management studies continues to be attractive and deepens understanding of factors that can improve performance, such as organizational culture, competency, and leadership. Several studies show a positive relationship between organizational culture and employee performance (Ababneh, 2020; Haque, 2019; Harwiki, 2016;

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Salehipour and Ah mand, 2018; Sembiring, 2019; Isa et al., 2016; Wagiman, 2018; Fitrio et al., 2022). Meanwhile, other studies also show a positive relationship between competency and employee performance (Choiriyah, 2019; Arslan and Uzaslan, 2017; Saban, 2020; Swanson, 2020; Garaika, 2020; Mdhlalose, 2020). Furthermore, several studies state that leadership affects employee performance (Zainudin, 2021; Hayati, 2020; Salim and Rajputs, 2021; Karatepe et al., 2019; Manurung, 2020).

Several studies also find that organizational culture does not affect employee performance (Lembang et al., 2015; Renyut, 2017; Syauta et al., 2012). Other studies also state that competency does not affect employee performance (Noel et al., 2017; Rosmaini, 2019; Supriadi et al., 2018). The inconsistency of these studies' results on the effect of organizational culture and competency on employee performance opens up opportunities for researchers to research the effect of organizational culture and competency on employee performance.

The researchers offered a solution to the research gap with the adaptive millennial leadership variable. Adaptive millennial leadership is leadership that adopts a more open-minded way of thinking of the millennial generation. The rationale of the adaptive millennial leadership is an attempt to find a leadership concept that is suitable for today's condition where there is a generation gap phenomenon in the company. The owners and senior leaders of the company are the Baby Boomers generation (born in the year range of 1946-1964), the managers are the X generation (born in the year range of 1965-1981), and the employees are the millennial generation (born in the year range of 1982-1995). The millennial generation is known to have characters, especially being open-minded and literate in communication technology.

In an era where the majority of employees are the X generation, transactional and transformational leadership, as proposed by (Bass and Riggio, 2006), is felt by many organizations to be effective to implement; over time, there is a generational change, where the majority of employees owned by companies today are the millennial generation. Therefore, a new concept of leadership is needed. In this study,

the concept was derived from (Bass and Riggio, 2006) theory regarding transactional and transformational leadership, namely the concept of adaptive millennial leadership. This study is expected to contribute to the social capital theory, which argues that social relations are resources that can lead to the development and accumulation of existing human capital within the organization in achieving organizational goals.

LITERATURE REVIEW

Over the last few decades, research in management studies has had much interest in examining the relationship between employee performance and organizational culture. This relationship is influenced by the openness of organizations and the way they use and search for information in the marketplace (Woo and Kang, 2021). Organizational culture has the main concern that it can create the value of an institution not only from the behavior and manners of each individual in the organization but also from the collective attitude and behavior of the organization in general. (Mishra and Kasim, 2021; Samsuri, 2020)

HYPOTHESIS DEVELOPMENT

Colquitt and Wesson (2018) stated that the factors in organizational culture that have better quality will improve organizational performance. Employees will make these values the personality of the organization if the employees already understand the importance of the organization as a whole. These beliefs and values will be manifested into their behavior in their daily work so that it will become individual performance. Positive cultural characteristics can provide organizations with the materials they need to innovate. Dessler (2017) puts forward that innovation and culture are closely related; culture is essential in bringing an organization to success as long as all staff is fully committed. Several previous researchers have found that organizational culture affects employee performance (Ababneh, 2020; Haque, 2019; Harwiki, 2016; Salehipour and Ah mand, 2018; Sembiring, 2019; Isa et al., 2016; Wagiman, 2018). Meanwhile, several previous researchers revealed that organizational culture does

not affect employee performance (Lembang et al., 2015; Renyut, 2017; Syauta et al., 2012).

Hypothesis 1: Organizational Culture has a positive effect on employee performance.

Competency

Spencer and Spencer (1993) stated that work competency is a person's basic nature consisting of knowledge, skills, and attitudes that have a causal relationship to work performance or extraordinary work effectiveness. Shanteau (1992) showed that work competency is the ability to perform or carry out a task or job based on knowledge and skills that are supported by the work attitude required by the job. Work competency is an individual characteristic that contributes to a person's success in communicating to complete work (Waters, 1983). Meanwhile, according to Tourinho et al. (2020), competency is a characteristic that enables a person to perform very well. Spencer and Spencer (1993) further state that competency is a person's characteristics that directly affect performance. More emphatically, Sujana (2012) states that the higher the competency, the higher the performance. Several studies' results prove a significant positive effect of competency on individual performance (Choiriyah, 2019; Arslan and Uzaslan, 2017; Saban, 2020; Swanson, 2020; Garaika, 2020; Mdhlalose, 2020). However, several other studies also find that competency does not affect employee performance (Noel et al., 2017; Rosmaini, 2019; Supriadi et al., 2018).

Hypothesis 2: Competency has a positive effect on employee performance.

Transformational leadership refers to the approach taken by leaders to motivate followers and identify organizational goals and interests to perform beyond expectations. The role of transformational leadership is essential in effective change management. As Kim (2014) suggested, "transformational leaders have the ability to transform organizations through their vision for the future—and by clarifying their vision, they can empower employees to take responsibility for achieving that vision." These transformational leaders typically display four dis-

tinct behaviors: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Bass and Riggio, 2006). In an era where the majority of employees are the X generation, transactional and transformational leadership, as proposed by (Bass and Riggio, 2006), is felt by many organizations to be effective to implement; over time, there is a generational change, where the majority of employees owned by companies today are the millennial generation. Therefore, a new concept of leadership is needed. In this study, the concept was derived from (Bass and Riggio, 2006) theory regarding transactional and transformational leadership, namely the concept of adaptive millennial leadership. Adaptive millennial leadership is leadership that adopts a more open-minded way of thinking of the millennial generation. Several studies state that leadership has an effect on employee performance (Zainudin et al., 2021; Salim and Rajputs, 2021; Karatepe et al., 2019; Manurung, 2020).

Hypothesis 3: Adaptive Millennial Leadership plays a mediating role in the effect of organizational culture on employee performance.

Hypothesis 4: Adaptive Millennial Leadership plays a mediating role in the effect of competency on employee performance.

Adaptive millennial leadership is leadership that adopts a more open-minded way of thinking of the millennial generation. The rationale of the adaptive millennial leadership is an attempt to find a leadership concept suitable for today, where there is a phenomenon of a generation gap in the company. The owners and senior leaders of the company are the Baby Boomers generation (born in the 1946-1964 range), the managers are the X generation (born in the 1965-1981 range), and the employees are the millennial generation (born in the 1982-1995 range). The millennial generation is known to have characters, especially having an open mind and literacy in communication technology. That arose because the existing leadership concept was deemed less suited to changing conditions (Zainudin, 2021; Salim and Rajputs, 2021; Karatepe et al., 2019; Manurung, 2020).

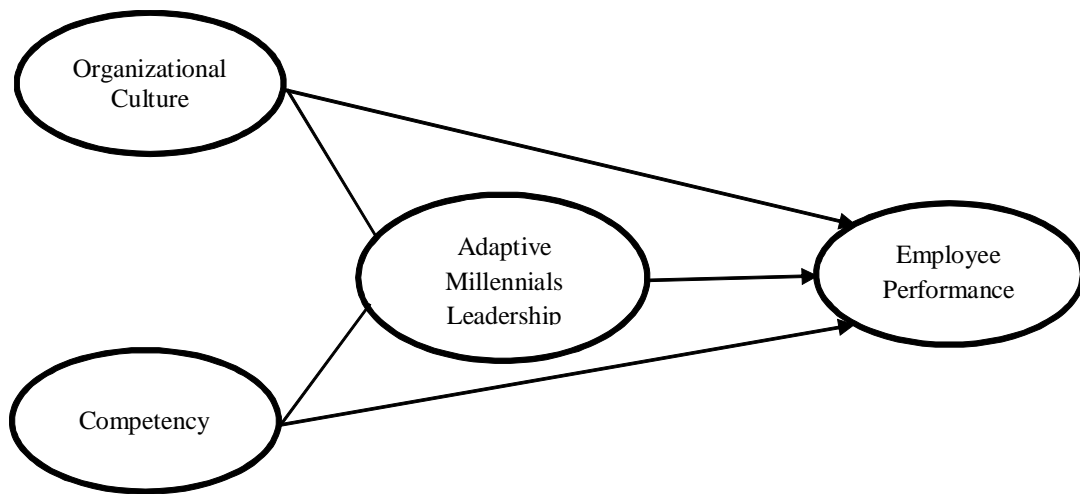


Figure 1. Conceptual Framework

Hypothesis 5: Adaptive Millennial Leadership has a positive effect on employee performance.

METHOD

Samples and Data Collection

To test the model, researchers took employees of Bank X of Riau Regional Office as a sample. Our study recognized the role of employee performance in increasing informal values or norms shared among interrelated organizational members, which are based on trust values, norms, and social networks to improve organizational performance according to social capital theory. The researchers tested this model on banking institutions because the researchers assessed that banking is one of the institutions with good work culture and values and is consistent in measuring employee performance and productivity in achieving company goals. Bank X has a total of 2302 employees. Data were collected through a survey questionnaire instrument. Of the 200 questionnaires distributed, 130 questionnaires were returned. The performance referred to in this study can be interpreted as all activities carried out by employees of bank X Regional Office Riau during working hours with an orientation towards improving company status through various kinds of achievements and achievements following employee performance standards applicable to the Company Bank

X Regional Office Riau. Performance developed from Mathis et al. (2017). The organizational culture referred to in this study is a set of belief systems, norms, and assumptions developed at Bank X Regional Office Riau, which serves as guidelines for all employees to overcome problem adaptation external and internal integration. Organizational culture is measured by indicators developed by Cameron and Quinn (2011). Competence is an employee’s ability at Bank X Regional Office Riau to realize all of its responsibilities effectively and contribute much to the company. Competence is measured by indicators developed by Spencer and Spencer (1993). adaptive millennial leadership is leadership that adopts a more open-minded millennial generation, and this concept is synthesized from Bass and Riggio (2006).

Variable Measurement

In measuring organizational culture, the researchers adopted the concept and development of indicators from Cameron and Quinn (2011); the indicators of organizational culture used in this study were dominant characteristics, organizational leadership, management of employees, organization glue, strategic emphasis, and criteria of success. Then in measuring employee performance, the researchers adopted the concepts and development of indica-

tors from Mathis et al. (2017); the indicators of employee performance used in this study were the number of results, quality of results, punctuality, attendance, and cooperation. Next, in measuring competency, the researchers adopted the concepts and development of indicators from Spencer and Spencer (1993); the indicators of competency used in this study were achievement drive, customer service orientation, and integrity. Lastly, in measuring Adaptive Millennial Leadership, the researchers adopted the concept and development of indicators from Lichtenstein and Uhl-bien (2006) and Burke (2018). The indicators of Adaptive Millennial Leadership used in this study were knowledge, preference action, behavior change, and an open mind.

RESULTS

The respondents in this study were 130 people, of which 63.7% have a bachelor’s degree and 27.2% have a master’s degree. Furthermore, 87.7% of respondents are married, and most have worked for

more than 5-10 years. Also, 40.5% of respondents are 35-45 years old, so it can be concluded that respondents are experienced and mature in attitude. Respondents’ responses to the employee performance variable were in the high category, with the highest achievement indicator being the quality of results and the lowest achievement indicator being the number of results. Respondents’ responses to the organizational culture variable were in a good category, with the highest achievement indicator being dominant characteristics and the lowest achievement indicator being organization glue. Respondents’ responses to the competency variable were in the high category, with the highest achievement indicator being customer service orientation and the lowest achievement indicator being achievement drive. Respondents’ responses to the adaptive millennial leadership variable were in the high category, with the highest achievement indicator being open mind and the lowest achievement indicator being preference action.

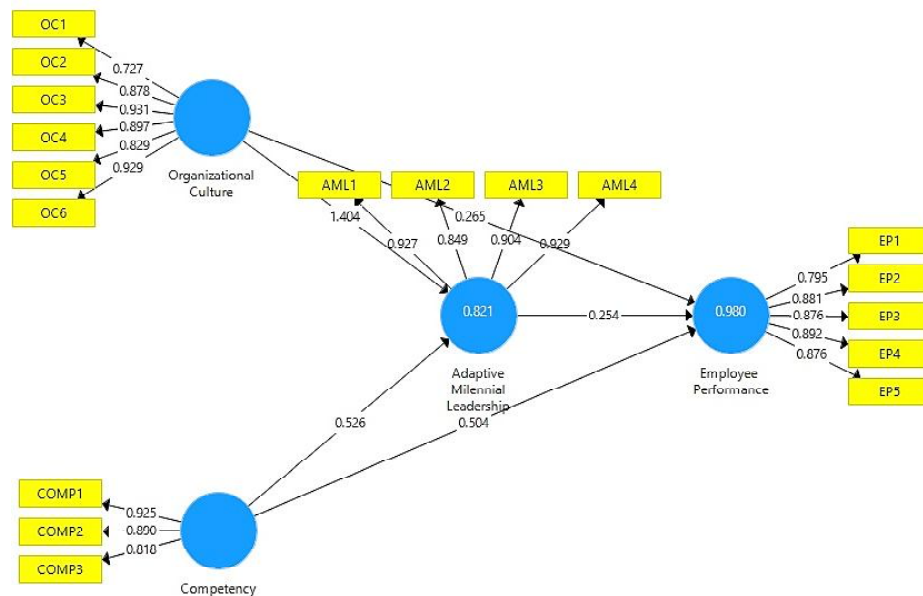


Figure 2. Research Model Path

**Measurement Model Analysis (Outer Model)
Convergent Validity Test**

Table 1 showed that if the factor loading value is <0.5, then it must be removed from the model, and the factor loading value must be re-estimated. By eliminating several factor loadings that are <0.5, all indicators are used to continue the analysis to the next stage—it is said to meet convergent validity if all factor loadings are >0.5. Because all factor loadings in this study are >0.5, all indicators are valid to form a variable construct.

Discriminant Validity Test

Table 2 showed that the model has good discriminant validity if each loading indicator value of a latent variable is greater than other correlated variables. The cross-loading value for each indicator in this study is greater than the other latent variables. It shows that each variable has good discriminant validity.

Table 1. Factor Loadings

Variable	Indicator	Factor Loading
Employee Performance (EP)	EP1- Quantity of Results	0.795
	EP2- Quality of Results	0.881
	EP3- Punctuality	0.876
	EP4- Attendance	0.892
	EP5- Cooperation	0.876
Organizational Culture (OC)	OC1- Dominant Characteristics	0.727
	OC2- Organizational Leadership	0.878
	OC3- Management of Employees	0.931
	OC4- Organization Glue	0.897
	OC5- Strategic Emphasis	0.829
	OC6- Criteria of Success	0.929
Competency (Comp)	Comp1- Achievement Drive	0.925
	Comp2- Customer Service Orientation	0.890
	Comp3- Work integrity	0.818
Adaptive Millennial Leadership (AML)	AML1- Knowledge	0.927
	AML2- Preference action	0.849
	AML3- Behavior change	0.904
	AML4- Open mind	0.929

Construct Reliability Test

Average Variance Extracted (AVE) has a value of >0.5, and *Composition Reliability* (CR) has a value of >0.7, meaning that the construct that is built is good or reliable (Hair, 2019). The following is the Table of Construct Reliability.

Structural Model Analysis (Inner Model)

Coefficient of Determination (R2)

The R2 results of 0.67, 0.33; and 0.19 indicate the “good”, “moderate”, and “weak” models (Hair, 2019). Based on Table 4, the R-Square Adjusted value for the employee performance variable is 0.980, meaning that the percentage of the effect of organizational culture, competency, and adaptive millennial leadership variables is 98.0%, and the model is categorized as good.

Table 2. Cross-Loading Value

Indicator	AML	Comp	EP	OC
AML1- Knowledge	0.927	0.790	0.863	0.831
AML2- Preference action	0.849	0.632	0.702	0.682
AML3- Behavior change	0.904	0.738	0.790	0.816
AML4- Open mind	0.929	0.822	0.911	0.887
Comp1- Achievement Drive	0.759	0.925	0.883	0.876
Comp2- Customer Service Orientation	0.815	0.890	0.883	0.930
Comp3- Work integrity	0.601	0.818	0.791	0.727
EP1- Quantity of Results	0.607	0.821	0.795	0.731
EP2- Quality of Results	0.754	0.923	0.881	0.873
EP3- Punctuality	0.811	0.884	0.876	0.924
EP4- Attendance	0.911	0.794	0.892	0.897
EP5- Cooperation	0.837	0.771	0.876	0.794
OC1- Dominant Characteristics	0.601	0.818	0.791	0.727
OC2- Organizational Leadership	0.764	0.923	0.883	0.878
OC3- Management of Employees	0.817	0.888	0.880	0.931
OC4- Organization Glue	0.911	0.794	0.892	0.897
OC5- Strategic Emphasis	0.731	0.726	0.770	0.829
OC6- Criteria of Success	0.810	0.887	0.878	0.929

Source: SmartPLS 3.0, 2022

Table 3. Construct Reliability

Variable	Composite Reliability	Average VarianceExtracted (AVE)
Adaptive_Millennial_Leadership	0.946	0.815
Competency	0.910	0.772
Employee_Performance	0.937	0.748
Organizational_Culture	0.948	0.754

Source: SmartPLS 3.0, 2022

Table 4. R-Square

Variable	R Square	R SquareAdjusted
Adaptive_Millennial_Leadership	0.821	0.818
Employee_Performance	0.980	0.980

Source: SmartPLS 3.0, 2022

Predictive Relevance (Q2)

The value of Q2 has the same meaning as the coefficient of determination (R-Square). The value of Q Square (Q2) of 0 indicates the model has predictive relevance; conversely, the value of Q2 of less than 0 indicates the model has less predictive relevance—or, in other words, where all Q2 values are higher, the model can be considered more fit to the data (Hair, 2019). The value of Q2 in the study can be known from the following calculation:

$$Q^2 = 1 - (1 - R1^2)(1 - R2^2) \dots (1 - Rn^2)$$

$$Q^2 = 1 - (1 - 0.980)$$

$$Q^2 = 1 - 0.02$$

$$Q^2 = 0.980$$

The calculation result shows the Q2 value of 0.980. This figure indicates the variables studied can be explained by this model by 0.980, and the remaining 0.02 is influenced by variables that were not studied.

Table 5. Hypothesis Testing Results

	Original Sample (O)	T Statistics (O/STDEV)	P Values	Description
Organizational Culture → Employee Performance	0.265	8.604	0.000	Accepted
Competency → Employee Performance	0.504	5.080	0.000	Accepted
Organizational Culture → Adaptive Millennial Leadership → Employee Performance	0.356	6849	0.000	Accepted
Competency → Adaptive Millennial Leadership → Employee Performance	0.134	3.349	0.001	Accepted
Adaptive Millennial Leadership → Employee Performance	0.254	7.062	0.000	Accepted

Source: SmartPLS 3.0, 2022

Hypothesis Analytics

The results of hypotheses testing are presented in Table 5.

Hypothesis 1

The first hypothesis reads that organizational culture has a positive effect on employee performance and is accepted because of p-value <0.05 and t-statistic value >1.96, meaning that organizational culture affects employee performance. This result strengthens social capital theory, where employee performance can increase informal values or norms shared among interrelated organizational members based on trust values, norms, and social networks to improve organizational performance

according to social capital theory. The result of this study is in line with the research which state that organizational culture has a positive effect on employee performance (Ababneh, 2020; Haque, 2019; Harwiki, 2016; Salehipour and Ah mand, 2018; Sembiring, 2019; Isa et al., 2016; Wagiman, 2018).

Hypothesis 2

The second hypothesis, which reads that competency has a positive effect on employee performance, is accepted because the p-value <0.05 and the t-statistic value >1.96 mean that competency improves employee performance. This result strengthens social capital theory, where employee performance can increase informal values or norms

shared among interrelated organizational members based on trust values, norms, and social networks to improve organizational performance according to social capital theory. The result of this study is in line with the research which state that competency has a positive effect on employee performance (Choiriyah, 2019; Arslan and Uzaslan, 2017; Saban, 2020; Swanson, 2020; Garaika, 2020; Mdhlalose, 2020).

Hypothesis 3

The third hypothesis, which reads that adaptive millennial leadership plays a mediating role in the effect of organizational culture on employee performance, is accepted because the p-value <0.05 and the t-statistic value >1.96, meaning that adaptive millennial leadership acts as a mediator in improving employee performance. The result of this study proves that the concept of adaptive millennial leadership that the researchers proposed plays a role in improving employee performance. This result strengthens social capital theory, where employee performance can increase informal values or norms shared among interrelated organizational members based on trust values, norms, and social networks to improve organizational performance according to social capital theory. To see the nature of the mediating role, whether it exerts a full mediation or partial mediation, the *Variance Accounted For* by Preacher and Hayes (2008) can be used for the calculation.

$$VAF = \frac{\text{Indirect Effect}}{\text{Total Effect}} \times 100\%$$

$$VAF = \frac{1.404+0.254}{(1.404+0.254)+0.265} \times 100\%$$

$$VAF = \frac{1,658}{1,923} \times 100\%$$

$$VAF = 86.21\%$$

Because $VAF \geq 80\%$, the *adaptive millennial leadership* variable plays a full mediation.

Hypothesis 4

The fourth hypothesis, which reads that adaptive millennial leadership plays a mediating role in the effect of competency on employee performance, is accepted because the p-value <0.05 and the t-stastic value >1.96, meaning that adaptive millennial leadership acts as a mediator in improving employee performance. The result of this study proves that the concept of adaptive millennial leadership that the researchers proposed plays a role in improving employee performance. This result strengthens social capital theory, where employee performance can increase informal values or norms shared among interrelated organizational members based on trust values, norms, and social networks to improve organizational performance according to social capital theory. To see the nature of the mediating role, whether it exerts a full mediation or partial mediation, the formula of Variance Accounted by Preacher and Hayes (2008) can be used for the calculation.

$$VAF = \frac{\text{Indirect Effect}}{\text{Total Effect}} \times 100\%$$

$$VAF = \frac{0.526+0.254}{(1.404+0.254)+0.504} \times 100\%$$

$$VAF = \frac{0.780}{1,284} \times 100\%$$

$$VAF = 60.74.21\%$$

Because $20\% \leq VAF \leq 80\%$ then the *adaptive millennial leadership* variable plays a partial mediation.

Hypothesis 5

The fifth hypothesis, which reads that adaptive millennial leadership affects employee performance, is accepted because the p-value is <0.05 and the t-stastic value is >1.96. It means that adaptive millennial leadership plays a role in improving employee performance. The results of this study prove that the concept of adaptive millennial leadership that the researcher proposes plays a role in improv-

ing employee performance. These results strengthen the social capital theory, where employee performance can increase the values or informal norms shared among members of the organization who are interrelated, based on trust, norms, and social networks, to improve organizational performance according to social capital theory.

DISCUSSION

The results show that all hypotheses are accepted. So, it has been proven that adaptive millennial leadership is the main anchor in improving employee performance. From the study results, it can be seen that the highest factor loading that describes the performance of employees at Bank X of Riau Regional Office is the indicators of an open mind, achievement drive, attendance, and management of employees. Leaders must realize that one of the strategies for improving employee performance is to understand the behavior and nature of the millennial generation in thinking and to take action to improve organizational performance in the present and the future.

Organizational Culture Has a Positive Effect on Employee Performance

The study results show that organizational culture positively affects employee performance, which means that an increase in organizational culture variables can improve organizational performance. Organizational culture is organizational values, assumptions, and ideas developed and applied to organizational behavior by organizational leaders. Previous research states that organizational culture affects employee performance (Ababneh, 2020; Haque, 2019; Fitrio et al., 2022). Ababneh (2020) examines an organizational culture in the hospitality sector using indicators developed by Cameron and Quinn (2011) with a focus on adhocracy and hierarchy culture, data analysis uses SEM PLS, while Haque (2019) examines an organizational culture in IT companies, using indicators developed by Hofstede et al. (1990) with the largest factor loading of unwritten values in the organization, Fitrio et al. (2022) examined organizational culture in the banking sector, indicators were developed from

Cameron and Quinn (2011), with the largest loading factor being dominant characteristic, the data was analyzed using SEM AMOS, while in this study found the largest loading factor for organizational culture is the management of employees, meaning management of employees must play a role as an indicator of organizational culture in improving employee performance.

Competency Has a Positive Effect On Employee Performance

The study results show that competence positively affects employee performance, which means that increasing the competence variable can improve employee performance. Competence is the level of skills, knowledge, and behavior an individual possesses in carrying out the tasks assigned to him in the organization. Swanson (2020) examined competence and its effect on performance in expatriate general managers of several 5-star hotels in Korea. The data is processed using SEM AMOS, and the results show that competence in the organization, namely the preparation of vision and mission, is the most significant factor loading on the competency variable. Salman et al. (2020) examined competence and its influence on the performance of private sector banks. The data is processed using SEM AMOS, and the highest loading factor is self-competence. Saban (2020) examined the effect of competence on employee performance at five-star hotels, and the data is processed using SEM AMOS. The highest factor loading skills, while in this study, the highest loading factor for competence is the achievement drive indicator, meaning that the achievement drive plays the most role as an indicator of competency in improving performance.

Adaptive Millennial Leadership Plays a Mediating Role In The Effect Of Organizational Culture on Employee Performance

The study results show that the role of adaptive millennial leadership mediates the influence of organizational culture on employee performance, which means that the higher the adaptive millennial leadership, the higher the employee performance. The highest loading factor in adaptive millennial lead-

ership is an open mind. Adaptive millennial leadership is leadership that adopts a more open-minded way of thinking of the millennial generation. The study's results prove that the open mind indicator is the most significant factor loading on the adaptive millennial leadership variable. In an era where the majority of employees are Generation X, transactional and transformational leadership, as proposed by Bass and Riggio (2006) is felt that many organizations are effective in implementing, over time there is a generational change, where the majority of companies are currently dealing with employees from the millennial generation so that a new concept of leadership is needed, which in this study was derived from theory from Bass and Riggio (2006) about transactional and transformational leadership, namely the concept of adaptive millennial leadership.

Adaptive Millennial Leadership Plays a Mediating Role In The Effect Of Competency on Employee Performance

The study results show that the role of adaptive millennial leadership mediates the influence of competence on employee performance, which means that the higher the adaptive millennial leadership, the higher the employee's performance. The highest loading factor in adaptive millennial leadership is an open mind. Adaptive millennial leadership is leadership that adopts a more open-minded way of thinking of the millennial generation. The study's results prove that the open mind indicator is the biggest factor loading on the adaptive millennial leadership variable. The rationale of the adaptive millennial leadership is an attempt to find a leadership concept suitable for today, where there is a phenomenon of a generation gap in the company. The owners and senior leaders of the company are the Baby Boomers generation (born in the 1946-1964 range), the managers are the X generation (born in the 1965-1981 range), and the employees are the millennial generation (born in the 1982-1995 range), The millennial generation is known to have characters, especially having an open mind, and literacy in communication technology.

Adaptive Millennial Leadership Has a Positive Effect on Employee Performance

The study results show that Adaptive Millennial Leadership positively affects employee performance, which means that the higher the Adaptive Millennial Leadership, the higher the employee's performance. Adaptive millennial leadership is leadership that adopts a more open-minded way of thinking of the millennial generation. Researchers developed this concept to accommodate the changes that occur in the millennial generation, who are more open-minded. It strengthens previous studies that have not included the open mind dimension in the influence of leadership on performance (Zainudin, 2021; Salim and Rajputs, 2021; Karatepe et al., 2019; Manurung, 2020).

CONCLUSIONS

This study aimed to develop a social capital theory through a conceptual model of adaptive millennial leadership, organizational culture, competency, and performance variables. The results show that of the four proposed hypotheses, all are accepted. The most effective pathway in improving employee performance is the adaptive millennial leadership mediating pathway on the influence of organizational culture on employee performance because it has the greatest path coefficient value. Finally, it can be concluded that this model can strengthen social capital theory, where employee performance can increase informal values or norms shared among interrelated organizational members based on trust values, norms, and social networks to improve organizational performance.

IMPLICATIONS

In managerial, organizational culture, competency, and adaptive millennial leadership encourage employee performance improvement. For this reason, business organization leaders need to pay attention to the lowest factor loading, such as preference action, work integrity, quality of results, and dominant characteristics, so that organizational performance can be further improved. The results of

this study strengthen the social capital theory related to employee performance.

LIMITATIONS

This study focuses on the role of adaptive millennial leadership, organizational culture, and competence in improving performance with an R Square of 0.980, meaning that there is still another 20 percent of other variables that affect employee performance that is not examined which is room for other research, the results of the research in the discussion show differences in research subjects as well resulting in the most significant difference in factor loading in influencing employee performance, so it is an opportunity for further researchers to try research with subjects other than the banking sector.

RECOMMENDATIONS

It is recommended for banking management to pay more attention to the lowest loading factor to be improved, namely the number of results, dominant characteristic, work integrity, and preference action, and to maintain the highest loading factor, namely attendance, management of employees, achievement drive and an open mind.

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