SUMMARY

IRVING IGNATIUS PAUL LUNTUNGAN. Managing Strategy for Generation Y at Banking Industry. Supervised by AIDA VITAYALA S. HUBEIS, EUIS SUNARTI and AGUS MAULANA.

Good corporate governance as mandated in Bank Indonesia’s banking architecture, highlighting the importance of human resource factor that is to serve, as catalyst to achieve business goals whereby enhancing banker’s capabilities is the main objective of this aspect. In doing so, new challenges arises, specifically by the coming of new generations that is Generation Y into the workforce. Existing limited literature describe this generation as the most educated and potential yet at the same time highlighting the need for bank to address several specific concern that is required by Gen-Y in the banking environment. The research aims: (1) to formulate the demographical existence of Indonesia’s Generation Y; (2) to analyze dominant factor impacting Generation Y in an attempt to build context for managing the generation; and (3) to build an practical recommendation for a deployment strategy in managing Generation Y.

Using cross-sectional exploratory research design, four following stages of research were employed: (1) theoretical analysis by using literature review from United States (US), Europe (EU) and Australia (AU) to form a universal construct of Generation Y; (2) situational analysis thru focus group discussion (FGD) in an attempt to validate and contrasting literature review with the Indonesia’s Generation Y, and further validated by using confirmatory factor analysis (CFA); (3) policy analysis by incorporating two set of analytical network process (ANP), that is to identify and priorities dominant factor impacting Generation Y, and to determine the priority of strategies; and (4) model validation by incorporating face validity thru expert-in-depth interview.

FGD conducted with 30 respondent from six banks representing the industry while CFA confirmation was administered to 127 respondent. Constructing the ANP framework and extracting the priority was obtained by engaging six expert in human resources function, in particular those involved in developmental program, while model validation was conducted with executive in directors level.

The theoretical analysis was used to provide answer to the first research aim, that is generation that is born between the year of 1984 and 1995 with the notion that those people within must have access and exposed to information and technology. Some of the characteristics that defining this generation as a result of literature reviewed were use in FGD. It further confirms five major themes: (1) similarities between Generation Y at US, EU, AU with the Indonesians in information and technology application and verbal communication behavior; (2) the importance of parent and family values still play important role in career-making decision; (3) work-life balance become a very dominant factor; (4) demand of superior supervisor that serves as role model; and (5) mentoring is deemed to be the most appropriate approach that works with the generation. Of these five themes, CFA further confirmed acceptance of the model.

The ANP-Factor further list down the priorities of factors impacting Generation Y hence requiring specific attention, and the top three factors are related to the specific behavior of Generation Y. This is directly translate to the
common understanding among involved experts that the existence of Generation Y is real and the specific characteristic had stand out that requires special handling. This even becoming potential issue concerning the previous generation that view this generation as people with result-oriented paradigm, ignoring the process-related. 

The ANP-Strategy resulting three recommendation: (1) engagement redesign, as an attempt for the institution to proactively approaching the pool of talent by engaging them in employer branding and facilities management; (2) enablement redesign, that is to build an alternative development and engagement program for the generation such as vertical development and cross-generational program; and (3) empowerment commitment, highlighting the importance and dependency of entire program to the commitment from the top management that can be done thru a direct investment in related-program, and thru culture changes by allowing meritocracy in the institution hence facilitating the entrance of this generation into management stage.

BOCR analysis recommends employer branding and cross-generational program to be implemented. This serves as two edges; at one end the employer branding is to serve those that still in the universities while cross generational is an engagement strategy for those that already working with the institution.

Keywords: generation y, leadership, succession management, banking, strategy.