

ABSTRACT

The Millennial Generation is increasingly becoming a focus in demographics, especially in Riau Province, where the 2020 Population Census shows that they contribute 26.6% of the total population. Research indicates that 9% of millennial employees are disengaged, while 66% are only partially engaged, which could lead to disengagement if companies do not take immediate preventive actions. Workers in the mining and palm oil plantation sectors in Riau Province face high psychosocial hazards due to harsh working conditions, disproportionate workloads, and employment relationships, adding urgency to this research.

This study aims to analyze the influence of non-physical work environment and compensation on employee engagement among millennial employees in Riau Province. Additionally, this research seeks to provide an overview of employee engagement, non-physical work environment, and compensation for Generation Z in Riau Province. This type of research is quantitative, using descriptive and verificative approaches. The descriptive approach describes the conditions and characteristics of the work environment and the compensation received by employees. Furthermore, this research is also verificative, testing the hypothesis regarding the positive influence of both variables on the level of employee engagement using statistical analysis.

The research method employs a quantitative survey with questionnaires distributed to 125 millennial employee respondents from companies in Riau Province. Data analysis is performed using descriptive techniques and Structural Equation Modeling (SEM).

The results indicate that the non-physical work environment and compensation have a positive and significant impact on employee engagement among millennial employees in Riau Province. Descriptively, 79% of respondents reported that a non-physical work environment supports active interaction among employees in decision-making, which is deemed very important and valued by the respondents. Additionally, 78% of respondents stated that their jobs provide

motivating challenges for workers. Furthermore, 79% of respondents expressed feelings of pride in the work they perform.

Recommendations from this study include conducting further specific and in-depth research to enhance employee engagement through three main focuses. First, research can explore ways to improve non-physical work environments, such as communication, freedom, and team support that can influence employee engagement. Second, studies on better, fairer, and more competitive compensation strategies to enhance employee engagement are needed. Third, research could compare outcomes between companies with adequate non-physical work environments and compensation against those that lack both.

Keywords: Non-Physical Work Environment, Compensation, Employee Engagement, Millennial Employees, Riau Province.