

# The Influence of Knowledge Management and Organizational Culture through Employee Engagement as a Mediation Variable on Millennial Employee Performance at the Center for Education and Training Center for Statistics Indonesia

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## Abstract

*The most important resource of an organization is human resources, so employees are the key to determining the success of the organization. Performance is the result of work achieved by an employee in carrying out tasks according to responsibility. The performance of employees at the Center for Education and Training of the Central Statistics Agency is considered to be still not optimal, as can be seen from the quality of work that has not met the expectations of the leadership. The purpose of this study is to prove that there is an influence between Knowledge Management and Organizational Culture Through Employee Engagement as a Mediation Variable on Millennial Employee Performance. The research method is a survey method to 31 employees, by distributing questionnaires which are answered with statements of the Likert scale model. The analysis technique is path analysis and hypothesis testing with the help of Smart PLS software.that knowledge management, organizational culture, has a significant effect on employee performanceAndemployee engagementcommitment has a positive and significant effect on organizational culture and also on employee performance. Suggestions aremust pay attention again to how to apply knowledge management so that all employees, especially millennial employees, can have high performance and competitiveness in the midst of industry 4.0 and can further improve organizational culture, especially from aggressive factors through spaces to give opinions and brilliant ideas for the organization, can also increase employee engagement with especially the dedication in doing the job. For example, by providing a variety of jobs that are challenging but also inspiring so that millennial employees feel proud to do them.*

*Keywords: Knowledge Management, Organizational Culture, employee engagement, employee performance*

## 1. Introduction

### 1.1 Background

As a developing country, Indonesia's readiness to face global competition is a matter of concern. Especially in building superior and highly competitive human resources. The IMD World Competitiveness Center annually conducts a survey and measures various indicators to rank 64 countries. The report shows that Indonesia's ranking in 2022 is in position 44 which has decreased from position 37 in the previous year. However, in the last 5 years, Indonesia's ranking has indeed fluctuated. The fluctuating Indonesian ranking indicates that the government's efforts to increase competitiveness have not been fully successful. The reason is because the implementation of government tasks depends on the performance of civil servants. According to the Law on State Civil Apparatus (ASN) (UU No. 5 of 2014, n.d. ) "Civil Servants are Indonesian citizens who meet certain requirements, are appointed as ASN Employees on a regular basis by staffing supervisors to occupy government positions." With the number reaching 3,995,634 people at the end of 2021, civil servants are required to perform high and quickly adapt to global dynamics.

This demand was also made because Indonesia is experiencing a demographic bonus phenomenon. Demographic bonus is a condition when the productive age population is greater than the non-productive population. Dominated by the younger generation or millennial generation, government agencies have developed more rapidly. According to Central Bureau of Statistics, the millennial generation are people born in 1980-2000 who are expected to contribute to increasing Indonesia's competitiveness on the world stage. Being born in modern times makes this generation able to adapt and master information technology better than previous generations. The millennial generation is also an open minded, critical and creative generation. The characteristics of the millennial generation can be very beneficial but it will be detrimental if agencies cannot manage and adapt to their work style. Therefore, the government as an employer must be able to identify and overcome various problems that can affect employee performance, especially millennial employees. The characteristics of the millennial generation mentioned are also seen in the BPS Pusdiklat millennial employees. The BPS Training Center is a work unit of the Central Bureau of Statistics (BPS). With increasing public demand for the availability of statistical data and information, BPS tries to provide data faster, cheaper, easier to obtain, and of course better quality. To meet these expectations, The BPS Education and Training Center has a role in implementing pre-service and leadership as well as technical and functional education and training for Civil Servants (PNS). The BPS Education and Training Center has a vision of "Becoming a Center for Superior and Adaptive HR Competency Development." As a training institution, the BPS Education and Training Center must maintain the quality and performance of its employees because this will affect the quality and performance of the institution.

Based on the results of the pre-survey of employee performance in 2021, it has been explained that the percentage of employees with very good and excellent performance only reaches 53.3%, while there are 46.7% of employees whose performance is still below the good rating, so it can be said that millennial employees have not achieved maximum performance. The phenomenon of millennial employees at the BPS Education and Training Center is thought to be caused by several factors such as a lack of a sense of engagement and employee involvement, a lack of knowledge management and an organizational culture that does not adequately support the performance of millennial employees. The results of the employee engagement pre-survey as a whole were quite good but based on the three indicators namely vigor, dedication, absorption, as many as 36% of employees indicated that they did not feel attached or engaged with their work. This needs to be a concern because employee engagement can affect a person's performance. Furthermore, in the pre-knowledge management survey it was concluded that the implementation was good enough but could still be improved. Development and improvement can be done by managing tacit knowledge and explicit knowledge so that employees can understand more deeply the work they are doing and look for knowledge, experience and what methods are needed to support their work. Finally, in the pre-organizational culture survey there were 3 statements that still needed a lot of improvement because the number of employees who agreed was only 58% while those who disagree reached 42%. The problem lies in the lack of a culture of innovation, human orientation, aggressiveness and tolerance for conflict. In particular, the aggressiveness indicator shows 7 out of 15 millennial employees answering disagree with the statement "Superiors want different opinions when discussing". Without room for differences of opinion within a team, ideas and creative solutions will be hampered. Employee performance, knowledge management, organizational culture and employee engagement are said to be still not optimal because they have not met the target expected by the BPS Education and Training Center. The BPS Education and Training Center expects that all employees will receive high and satisfactory scores on these factors. The BPS Education and Training Center requires quality employees who are able to

contribute optimally so that their goals as an education and training provider can be achieved. Without room for differences of opinion within a team, ideas and creative solutions will be hampered. Employee performance, knowledge management, organizational culture and employee engagement are said to be still not optimal because they have not met the target expected by the BPS Education and Training Center. The BPS Education and Training Center expects that all employees will receive high and satisfactory scores on these factors. The BPS Education and Training Center requires quality employees who are able to contribute optimally so that their goals as an education and training provider can be achieved. Without room for differences of opinion within a team, ideas and creative solutions will be hampered. Employee performance, knowledge management, organizational culture and employee engagement are said to be still not optimal because they have not met the target expected by the BPS Education and Training Center. The BPS Education and Training Center expects that all employees will receive high and satisfactory scores on these factors. The BPS Education and Training Center requires quality employees who are able to contribute optimally so that their goals as an education and training provider can be achieved. The BPS Education and Training Center expects that all employees will receive high and satisfactory scores on these factors. The BPS Education and Training Center requires quality employees who are able to contribute optimally so that their goals as an education and training provider can be achieved. The BPS Education and Training Center expects that all employees will receive high and satisfactory scores on these factors. The BPS Education and Training Center requires quality employees who are able to contribute optimally so that their goals as an education and training provider can be achieved.

This research is a development of several previous studies. Researchers then find gaps or research gaps in it. Syardiansyah, et al (2020) and Sulistiawan, et al (2018) through their research stated that organizational culture has a positive influence on performance. However, another opinion is explained in Herdiany's research (2017) that organizational culture has no significant effect on employee performance.

## **2. Literature Review**

### **2.1 Human Resource Management (HRM)**

Human resources in every organization is the main resource in addition to other resources. The bigger an organization, the more people involved in it. Organizations also cannot avoid problems that arise or conflicts among their members. Therefore, human resources must be managed and utilized properly. Sinambela (2016, p. 8) argues that human resource management is a process of solving various problems within the scope of employees, workers, managers and other workers to support organizational activities. According to Boxall and Purcell in (Raudhotunnisa & Husniati, 2022) human resource management is an effort to manage each individual and maintain their relationship to optimize their contribution to organizational growth. According to Larasati (2018, p. 40) HR management is matters relating to the development, utilization and protection of human resources. The task of HR management is to manage human elements with all their potential so that human resources can be obtained that can achieve organizational goals. According to Ajabar (2020, p. 4) HR management is the process of empowering or maximizing organizational members so that they are able to achieve the goals of the organization effectively and efficiently. In line with Dessler (2019, p. 27) explains HR management is "The process of acquiring, training, appraising, and compensating employees, and of attending to their labor relations, health and safety, and fairness concerns." utilization and protection of human resources. The task of HR management is to manage human elements with all their potential so that human resources can be obtained that can achieve organizational goals. According to Ajabar (2020, p. 4) HR management is the process of empowering or maximizing organizational members so that they are able to achieve the goals of the organization effectively and efficiently. In line with Dessler (2019, p. 27) explains HR management is "The

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Human resource management is committed to improving the productive efforts of people towards the organization in a strategic, ethical and socially responsible manner. The goal of human resource management in general is to ensure that an organization is able to achieve success through the concerted effort and active contribution of people. Meanwhile, specifically the purpose of human resource management is to help managers to be able to manage their employees more effectively. According to Larasati (2018, p. 11) the objectives of human resource management are as follows:

a. Social Goals

The social goal of human resource management is for organizations to be socially and ethically responsible for the integrity and challenges of society by reducing negative impacts. Companies that are able to fulfill their obligations to society will be more sustainable.

b. Organizational Goals

Organizational goals are human resource management as a formal target tool that is made so that the organization achieves its goals. One way is to prepare qualified employees.

c. Functional Purpose

The functional goal is the goal to maintain the contribution of the human resources department according to the needs of the organization. Forms of contribution that can be made are employee training and development programs.

d. Individual Goals

Individual goals are personal goals of members of the organization. If the organization wants to keep maintaining and motivating employees then their personal goals must be met. If not, employee performance and satisfaction levels will decrease and they may even leave the organization. Employee personal goals can be in the form of new experiences, fulfillment of needs and others.

The phenomenon of the demographic bonus that is currently happening in Indonesia cannot be separated from the millennial generation. Based on the opinions of the experts presented in the table above, it can be concluded that the millennial generation are people born in 1980 – 2000 who are expected to contribute to increasing Indonesia's competitiveness on the world stage. Being born in modern times makes this generation able to adapt and master information technology better than previous generations. In research conducted by Suryadi (2015), in general, the millennial generation has two categories, namely positive characteristics and negative characteristics. This characteristic needs to be considered by companies as a consideration in making decisions and

approaching millennial employees. Positive characteristics of the millennial generation are aware of new technology, like to experiment, active, have high creativity, are not afraid of change, have brilliant ideas, are smart and reliable. Meanwhile, the negative characteristics of the 14th millennial generation are individualism, bored quickly, ego-centric, like to be different, tend to be impatient and indifferent, low commitment and loyalty and never serious.

In terms of work, Clifton (2016) states that the millennial generation also has its own characteristics that are different from other generations, such as:

- a. Millennials don't just work for a paycheck — they want a purpose. The millennial generation works not only to get a salary but to pursue a goal that has been aspired to before.
- b. Millennials are not pursuing job satisfaction — they are pursuing development. The millennial generation prefers self-development such as learning new skills and getting to know new people.
- c. Millennials don't want bosses — they want coaches. The millennial generation doesn't like bosses who just like to give orders but also bosses who can train them.
- d. Millennials don't want annual reviews — they want ongoing conversations. Millennials want more ongoing conversations than just annual assessments.
- e. Millennials don't want to fix their weaknesses — they want to develop their strengths. The millennial generation tends to focus on developing their strengths rather than improving their weaknesses.
- f. It's not just my job — it's my life. Millennials think that the work they do is their life. The characteristics of these millennials need to be understood so that the government can manage the younger generation properly and demographic bonuses are a good opportunity to advance the country's development.

## **2.2 Employee performance**

The results achieved when working are called employee performance. The performance of individual and group employees is very important because it will determine the performance of the company. According to Fatimah (2017, p. 12) performance can be interpreted as a result of a person as a whole during a certain period in carrying out duties as well as responsibilities and authorities in an effort to achieve organizational goals. Performance can be seen from the standards of performance results, targets and goals that have previously been determined and mutually agreed upon. According to Busro (2018, p. 87) performance is work performance in quality and quantity achieved by employees, both individually and in groups in carrying out work in accordance with the procedures provided by the organization. This achievement must be measured so that the company can make learning and improvement. Masram and Mu'ah in (Raudhotunnisa & Husniati, 2022) expressed the opinion that one measure of the success of an organization in managing human resources is the results of the performance of their employees. This is because performance refers to the level of success carried out by employees in carrying out their duties and responsibilities as well as their ability to achieve the goals set by the organization. According to Ajabar (2020, p. 22) performance is the result of the work or work performance of a person or group of people in achieving organizational goals. Mathematically, the following formula can be used to determine employee performance:  $\text{Performance} = \text{Ability} \times \text{Motivation}$  (Sinambela, 2016, p. 484). Ability can be in the form of intellectual ability (IQ) and physical ability (strength and stamina).

Factors Affecting Employee Performance, presented by Neal and Griffin in (Tsauri, 2013, p. 200), based on their research performance is influenced by knowledge and skills, motivation and

ability to adapt to technology. Contextually, knowledge and skill factors will have a strong influence on performance. Technically, the factor of adaptability to technology will greatly determine performance.

To make it easier for companies to evaluate work results, an assessment indicator is needed that can be used as a benchmark. The following are indicators for evaluating employee performance according to Bernardin and Russel in (Busro, 2018, pp. 96–97):

1. Quality, which is related to adjustments to quality and the ideal way of carrying out activities according to established standards.
2. Quantity, namely the fulfillment of the amount produced can be realized through the currency value, the number of units, or the number of activity cycles that have been successfully completed,
3. Timeliness, which is related to completing activities in a faster time than specified and maximizing the time available for other activities.
4. Cost effectiveness, namely the level at which the use of company resources in the form of man, money, material, machine, method, market is maximized to get the highest results.
5. Need for supervision, namely the ability of an employee to complete his work without the need to ask for help or guidance from his superiors.
6. Interpersonal impact, namely skills that show an employee feels confident, has good intentions, and can do team work.

Government Regulation Number 30 of 2019 explains that there are four indicators in assessing the performance of civil servants, namely:

1. Quantity, namely the number of results (outputs) and/or benefits (outcomes) that must exist in each performance target. This aspect should be included in every performance plan.
2. Quality, namely the quality of the results (output) and/or the quality of the benefits (outcomes) and does not always have to be included in the performance targets, according to the type and characteristics of the activities carried out.
3. Time, which is the time standard used to complete activities and does not always have to be in the performance targets, according to the type and characteristics of the activities carried out.
4. Costs, namely the funds needed to complete activities and do not always have to be in the performance targets, according to the type and characteristics of the activities carried out.

### **2.3 Employee Engagement**

Employee engagement is an important issue in management theory and practice in recent years. This is because several studies show that employee engagement can improve employee performance, profitability, customer satisfaction, employee retention, and organizational success (Sugianingrat et al., 2018). Theoretically, this concept was first proposed by Kahn. According to him, employee engagement is the empowerment of organizational members in carrying out their roles by expressing themselves physically, cognitively, and emotionally (Sun & Bunchapattanasakda, 2019). According to Robbins & Judge in (Abrianto & Srimulyani, 2021) employee engagement is individual involvement, satisfaction, and enthusiasm with the work being done. Besides that Saks in (Sugianingrat et al.,

There are 4 key factors which are also the basic principles of employee engagement (Nurofia (2019)):

1. Employees have the capacity to engage, namely by providing employees with learning opportunities and providing feedback so they can develop self-confidence

2. Employees have a reason or motivation to engage, namely work that is interesting and according to values will stimulate engagement. In addition, respect and appreciation from the organization will make employees want to respond with engagement
3. Employees have the freedom to engage, namely a sense of security and trust to carry out an action or a change on their own initiative.
4. Employees know how to engage, that is when employees know the strategy and organizational culture that are applied. Employees will commit themselves in response to the resources provided by the company. Meanwhile, if the company fails to provide these resources, employees will disengage from their roles which can lead to burnout.

Each employee has a different level of engagement and cannot be considered the same. Basically there are three levels in employee engagement (Noviardy & Aliya, 2020):

1. Engaged (engaged)  
Employees work with passion and care about the company's goals so that a high sense of involvement and attachment to the place where they work arises. They will always develop innovations to advance the company.
2. Not engaged (not involved)  
Employees only focus on completing the assigned tasks without thinking about the vision and mission of the company. They tend to work waiting for orders and often feel their contributions are overlooked. You could say they are sleepwalkers in carrying out their working days, time is spent without any passion or energy put into work.
3. Actively Disengaged (active release)  
Employees who spend their time showing their dislike for the company. Of all the aspects faced, they only see the negative side. Sometimes his behavior has a bad impact or influence on engaged employees.

Indicators of employee engagement according to Schaufeli et al in (Abrianto & Srimulyani, 2021):

1. Vigor  
*Vigor* is the outpouring of energy and mental toughness at work, the desire to try really hard at work, being persistent and persisting despite facing difficulties and the willingness to invest all efforts in a job.
2. Dedication  
*dedication* is a feeling of being very strongly involved in a job that is characterized by enthusiasm, inspiration, pride and being challenged in carrying out their duties. People who score high on this aspect identify their job strongly because it is a rewarding experience.
3. Absorption  
*absorption* is an attitude of fully concentrating on work and happy when involved in work, so that time will seem to go fast even when facing problems or challenges at work.

## **2.4 Knowledge Management**

Nonaka and Takeuchi define knowledge management as a management tool that justifies the belief that knowledge will become an asset to increase the capacity of an organization to be able to work more effectively (Triharso, 2020, p. 283). Knowledge management also helps individuals improve learning efficiency and integrate various sources of information to increase competitive advantage (Aziz, 2020). Khan in (Putri Primawanti & Ali, 2022) argues that knowledge

management is a management system that originates from the knowledge presented by the company and intelligence assets that function to enhance the characteristics of the company's performance and can provide additional value if the company acts intelligently in business processes. There are 4 knowledge management functions (Triharso, 2020, p. 283):

1. To improve decision-making, every decision is made based on information and experience reviewed from various aspects.
2. To improve customer response, customer response is the responsibility of the entire organization, not just customer service
3. To increase the efficiency of work methods and processes, work methods are always evaluated so that they are smarter in utilizing existing resources from time to time.
4. To increase the number of products or services and the ability to innovate, the products and services produced can exceed expectations and can be created more easily and quickly. There will also be innovations from all members in the organization.

There are 3 factors that influence knowledge management (Triharso (2020, p. 284), namely:

1. People  
People are a major factor in forming new knowledge.
2. Technology  
Standard, consistent and reliable technology infrastructure to support work
3. Processes  
This step or process consists of capturing, filtering, validating, transforming and disseminating knowledge throughout the company according to applicable procedures.

Knowledge Management Indicators (Triharso, 2020, pp. 288–293):

1. Tacit Knowledge  
Subconscious understanding, difficult to pronounce, develops through experience and knowledge sharing through conversation (story-telling). Personal knowledge is an example of a combination of experiences, values, contextual information and broad insights that provide a knowledge framework for incorporating and evaluating new experiences and information. Personal knowledge is obtained from formal and informal instructions.
2. Explicit Knowledge  
It is formal and systematic which is easy to communicate and share. The application of explicit knowledge is easier because the knowledge obtained is in the form of written or documented statements so that employees can study it independently.  
Examples of explicit knowledge are job procedures and use of technology.
  - a. Job procedures: made to maintain the quality and results of work and created so that all employees feel comfortable doing their jobs.
  - b. Technology: is a medium that facilitates and supports knowledge management. One that is used for the process of spreading knowledge is the intranet, so that communication and collaboration can be established online.

## **2.5 Organizational Culture**

Every organization has a characteristic that distinguishes it from other organizations, this characteristic becomes the personality of the organization. This characteristic is called organizational culture. Norms, values, beliefs and ways of behaving that characterize how groups and individuals get things done are the foundation of a culture. Organizational culture contains values that must be understood, shared, and practiced by everyone involved (Dunggio, 2020). Referring to Robbin in (Busro, 2018, pp. 4–5) states organizational culture is defined as a shared



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Factors Influencing Organizational Culture (Rinnanik et al., 2021, p. 50):

1. Business area: business area that affects the scope of business including products/services produced, competitors, customers, suppliers, government policies, and others.
2. Values: values and beliefs must be communicated to all employees to encourage them to achieve good performance.
3. Rituals: Company activities such as giving awards to employees and activities within a certain period which are reported in the form of reports.
4. Hero: a person who is considered successful in embodying cultural values in real life, for example a manager who is successful in raising enthusiasm when problems arise.
5. Cultural network: internal communication network that carries or spreads cultural values. This factor is a hidden strength and informal form.

Organizational culture has the following indicators, Robbins and Judge (2014, p. 249):

1. Innovation and risk taking, namely how much the organization cultivates an attitude to innovate and take risks.
2. Attention to detail, namely how much the organization and its members demand accuracy, analysis and attention to be accurate and detailed.
3. Result orientation, namely how much the organization emphasizes achieving its goals rather than the means and efforts to achieve something.
4. Human orientation, namely how far the organization considers its members in acting, especially when making decisions.
5. Team orientation, namely how much the organization emphasizes teamwork in completing tasks.

6. Aggressiveness, namely how much the organization encourages employees to compete rather than cooperate, in an effort to create a variety of work results.
7. Stability, namely how much the organization emphasizes maintaining status in decision making and action.

### **3. Research Methodology**

The approach used for this study is a quantitative style of explanatory research, namely research by explaining and indicating the effects of two different variables, namely the independent variable and the dependent variable being studied. On the other hand, to test the hypothesis proposed, namely the variables of knowledge management, organizational culture, on employee engagement variables and employee performance. Where the output of the survey will be processed and analyzed using path analysis and hypothesis testing. This research was conducted using real data without any special treatment of exclusive data. The variable to be tested is the effect of one variable on another. The study was conducted at the Jakarta Center for Statistics Education and Training Center.

Primary data in the form of a questionnaire will be obtained by distributing it to millennial civil servants at the Jakarta Central Bureau of Education and Training, statements from these respondents will be weighted with a value of 1 to 5 which is arranged based on a Likert scale example from answers strongly disagree to strongly agree, prepared to measure behavior, and the perception of a person or many people regarding social phenomena.

Opinions from respondents from the questionnaire answers are made in the form of statements that can measure employee performance instruments, *knowledge management*, organizational culture and employee engagement.

The population is employees at the Jakarta Central Bureau of Statistics Education and Training Center, a total of 32 people. All samples were taken as much as the existing population with the intention that all information could be accommodated from all millennial employees at the Jakarta Center for Statistics Education and Training Center. To process and analyze data using software (software), namely Smart PLS (Partial Least square).

According to the research model, the hypothesis formulation that will be tested is:

1. H1: It is suspected that knowledge management has an effect on the performance of BPS' Millennial Pusdiklat employees
2. H2: It is suspected that organizational culture has an effect on the performance of BPS Pusdiklat millennial employees
3. H3: It is suspected that employee engagement has an effect on the performance of millennial BPS training center employees
4. H4: It is suspected that knowledge management has an effect on the performance of millennial BPS Pusdiklat employees mediated by employee engagement
5. H5: It is suspected that organizational culture influences the performance of millennial employees at the BPS Education and Training Center which is mediated by employee engagement.

## **4. Results and Discussion**

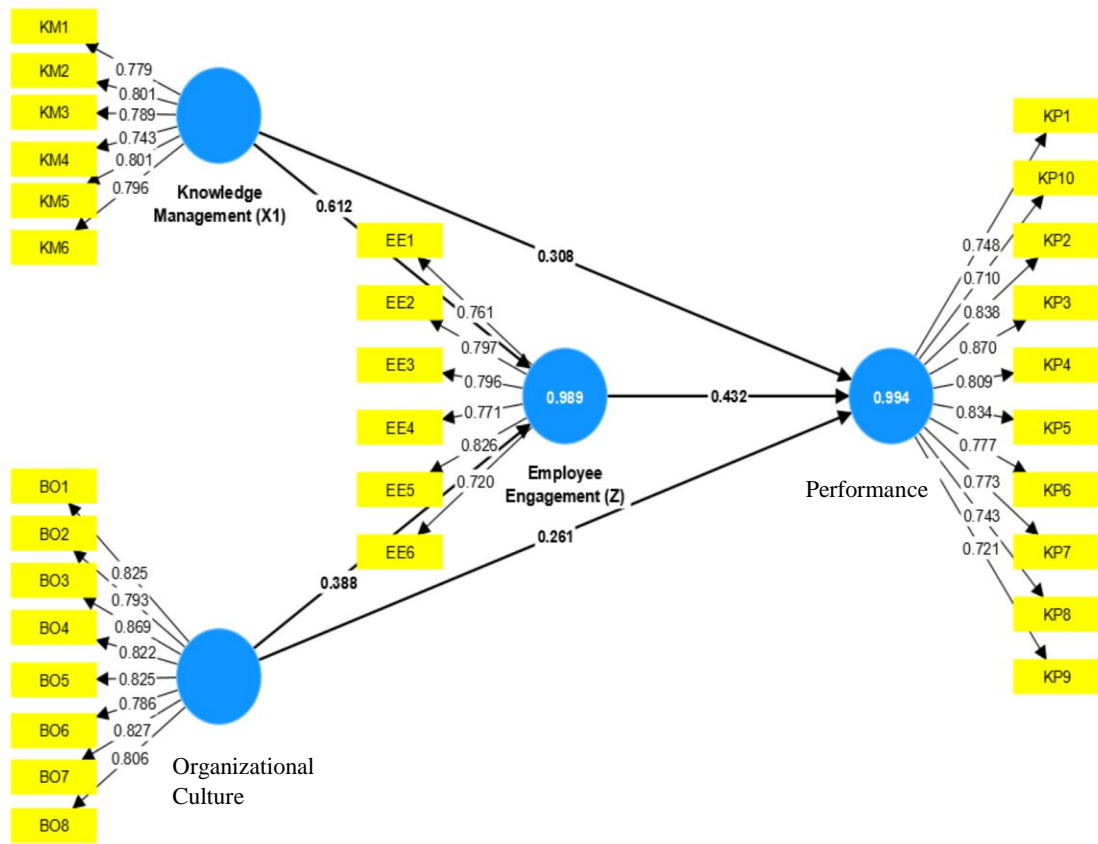
### **4.1 Results**

#### **4.1.1 Test Requirements analysis**

a. Outer model

1) Validity Test

To measure the precision or accuracy of variables, it is necessary to carry out a validity test, namely a convergent validity test that looks at the loading factor value of each indicator. The results of the calculation of the loading factor obtained by processing with SmartPLS:



Data Source: Processed data, Smart PLS

**Figure 1. Outer Model**

Each instrument variable statement of knowledge management, organizational culture, *employee engagement* and employee performance because it has a value of more than 0.70 or qualifies as a valid indicator.

2) Reliability Test

The output value of cronbach's alpha for each variable through SmartPLS.

Table 1. Cronbach's Alpha Value

Variable	<i>Cronbach's alpha</i>
<i>Knowledge Management</i>	0.875
Organizational culture	0.930
<i>Employee Engagement</i>	0.870

Employee Performance	0.930
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Source: processed data, SmartPLS

It can be seen that knowledge management (X1) has a value of 0.875, organizational culture (X2) has a value of 0.930, employee engagement (Z) has a value of 0.870, and employee performance (Y) has a value of 0.930. That way, based on Cronbach's Alpha where all values are > 0.70, it can be concluded that each variable is consistent and reliable (reliable).

b. InnerModel

In taking measurements to find out how capable a the independent variable explaining the variation of the dependent variable can be seen in coefficient of determination (R-Square). This test is included in the inner measurement *model* where the R-Square value ranges from zero to one. If R-Square is the value the closer it is to one, the research model is said to be good or strong (Ghozali & Latan, 2015, p. 78).

Table 2. R-Square Value

Variable	R-Square	R-Square Adjusted
<i>Employee Engagement</i>	0.989	0.988
<b>Employee Performance</b>	0.994	0.993

Source: processed data, SmartPLS

#### 4.1.2 Results of Hypothesis Testing and Analysis

Hypothesis testing with SmartPLS includes a significance test of direct and indirect as well as measuring the magnitude of exogenous variables to endogenous variables. *Path coefficient* (path analysis) will describe the contribution or influence between construct variable, done through bootstrapping procedure. Deep hypothesis test This study uses path analysis by testing the influence hypothesis direct and indirect

##### 4.1.2.1 Direct influence

The output results of bootstrapping path coefficient values to determine the direct effect between variables by processing using SmartPLS:

Table 3 Value *Path Coefficients*

Influence	<i>original samples</i> (OS)	T statistics ( O/STDEV )	P values
<i>Knowledge Management (X1) -&gt; Employee Performance (Y)</i>	0.38	2,212	0.027
<i>Knowledge Management (X1) -&gt; EmployeeEngagement (Z)</i>	0.612	6,382	0.000
<i>Culture_Organization (X2) -&gt; Employee_Performance (Y)</i>	0.261	6,542	0.011
<i>Organizational Culture (X2) -&gt; Employee Engagement (Z)</i>	0.388	4,036	0.000
<i>Employee Engagement (Z) -&gt; Employee_Performance (Y)</i>	0.432	2,295	0.022

Source: processed data, SmartPL

#### 4.1.2.2 Indirect influence

The bootstrapping output results for specific indirect effects values to see indirect effects by processing using SmartPLS:

Table 4. Value of Specific Indirect Effects

Influence	Original sample (O)	Q statistics ( O/STDEV )	P Value
<i>Knowledge Management ent(X1) -&gt; Employee Engagement (Z) -&gt; Performance Employee(Y)</i>	0.264	2,208	0.027
<i>Organizational culture (X2) -&gt; Employee Engagement (Z) -&gt; Employee Performance (Y)</i>	0.168	1,818	0.069

Source: processed data, SmartPLS

Based on Table 4, it is known that the knowledge management variable has a positive influence on employee performance through employee engagement which can be seen from the original sample value (O) of 0.264. Based on the results testing the bootstrapping hypothesis regarding hypothesis 4 (H4), namely knowledge management affects employee performance through employee engagement as a mediating variable produces a tcount value of 2.208 > ttable 2.052 and the p value is 0.027 < 0.05, it can be concluded that Ha is accepted and Ho was rejected. So it can be said that knowledge management is not directly has a significant positive effect on the performance of Pusdiklat millennial employees BPS through employee engagement as a mediating variable. So that it can it is concluded that knowledge management requires employee engagement to improve the performance of millennial employees at the BPS Education and Training Center.

Meanwhile, organizational culture variables have a positive influence on employee performance through employee engagement which can be seen from the original value *sample(O)* of 0.168. Based on the results of testing the bootstrapping hypothesis regarding hypothesis 5 (H5), namely organizational culture influences performance employees through employee engagement as a mediating variable generates value tcount is 1,818 < ttable 2,052 and the p value is 0.069 > 0.05, then it can be concluded that Ha is rejected and Ho is accepted. So it can be said that organizational culture indirectly does not have a significant effect on the performance of Central Bureau of Statistics Education Center millennial employees through employee engagement as a variable mediation. Thus organizational culture does not require employee engagement to improve the performance of millennial employees at the BPS Education and Training Center

## 4.2. Discussion

### 4.2.1 The Effect of Knowledge Management on the Performance

Based on the validity test, namely the convergent validity test seen in loading factor then all knowledge management variable instruments are declared valid. While the reliability test obtained Cronbach's alpha of 0.875 which means that the knowledge variable management in this study is reliable. Refer to the original sample results (O) of 0.308 which can be interpreted as the contribution of knowledge management to employee performance of 30.8%. Hypothesis testing shows knowledge management on employee performance produces a t count value of 2,212 > t table 2.052 and p values of 0.027 < 0.05, it can be concluded that knowledge management significantly influence employee performance. So that it can be interpreted, the increase experienced by knowledge management can be in line with the increase experienced by employee performance. Same if knowledge management decreases, employee performance can worsen.

The conclusion that can be given is that knowledge management has indicators of tacit knowledge and explicit knowledge have a positive and significant effect on employee performance. This is in line with the initial hypothesis prediction previous research and research (Harmen & Darma, 2018) with indicators knowledge management namely technology, work procedures and personal knowledge. Meanwhile, looking at the lowest mean value in the KM4 statement, employee and agencies need to make improvements in compiling and distributing SOPs better and clearer. With the increasing application of knowledge management it is hoped that the performance of millennial employees will also increase.

### 4.2.2 The Effect of Organizational Culture on the Performance

Based on the validity test, namely the convergent validity test seen in loading factor then all organizational culture variable instruments are declared valid. While the reliability test obtained Cronbach's alpha of 0.930, which means that the cultural variable the organization in this study can be trusted (reliable). Refer to the original result sample (O) of 0.261 which can be interpreted as the contribution of organizational culture to employee performance of 26.1%. Testing the organizational culture hypothesis on employee performance produces a t count value of 2,542 > t table 2,052 and p values of 0.011 < 0.05, it can be concluded that organizational culture has an effect significantly on employee performance. So that can be interpreted, an increase experienced by organizational culture can be in line with the improvement experienced employee performance. Similarly, if the organizational culture has decreased then employee performance can also decrease.

The conclusion that can be given is the organizational culture that has indicators of innovation and risk taking, human orientation, aggressiveness and tolerance to conflict has a positive and significant effect on employee performance. This matter in line with the estimation of the hypothesis at the beginning of the study and previous research Winarsih and Hidayat (2022) and Sapta et al (2021). Meanwhile, look at the mean value the lowest on organizational culture variables, namely in item BO6 with a value of 2,935 then Millennial employees of the BPS Education and Training Center need to increase their aggressiveness again carry out tasks. Efforts to develop this organizational culture need to be done so that millennial employee performance can also develop more advanced.

#### 4.2.3 The Effect of Employee Engagement on the Performance of BPS Training Center Millennial Employees

Based on the validity test, namely the convergent validity test seen in loading factor and the discriminant validity test which looks at the AVE value then all the employee engagement variable instrument is declared valid. While the reliability test obtain cronbach's alpha of 0.870 which means that the employee variable engagement in this study can be trusted (reliable). Refer to the results original sample (O) of 0.432 which can be interpreted as employee engagement contributed 43.2% to employee performance. Employee hypothesis testing engagement on employee performance produces a tcount value of 2,295 > ttable 2,052 and a p value of 0.022 < 0.05, it can be concluded that employees engagement significantly influence employee performance. So that it can be concluded that the increase experienced by employee engagement can be in line with the increase experienced by employee performance. The same is true for employee engagement decreased, employee performance will also decrease.

The conclusion that can be given is that employee engagement has indicators of vigor, dedication and absorption have a positive and significant effect on employee performance. This is in line with the initial hypothesis prediction previous research and research belonging to Sugianingrat et al (2018). Meanwhile, see the lowest mean value in the employee engagement variable, namely in item EE3 "I feel enthusiastic and proud of the work done" and my EE4 "I find inspiration while working" with a good category score of 3,516 then the employee needs to improve again both of which are included in the indicator dedication. By increasing dedication as one of the employee indicators engagement it is hoped that the performance of millennial employees can also increase.

#### 4.2.4 The Effect of Knowledge Management on the Performance of BPS Training Center Millennial Employees through Employee Engagement as a Mediation Variable

The results of hypothesis testing show that knowledge management has a positive effect on employee performance through employee engagement can be seen from the original sample value (O) of 0.264. There are also influences significant relationship between knowledge management and employee performance engagement as a mediating variable seen based on tcount of 2.208 > ttable 2.022 and p values of 0.027 < 0.05, it can be concluded that  $H_a$  is accepted and  $H_o$  is rejected. This shows that knowledge management indirectly has a significant positive effect on performance BPS Pusdiklat millennial employees through employee engagement as a variable mediation.

Based on the results of hypothesis testing there is a direct effect between knowledge management on employee performance by 0.308 or 30.8% meanwhile the indirect effect is through employee engagement as a variable mediation of 0.264 or 26.4%. The result of the total effect is 0.572 or 57.2%. Because both direct and indirect effects produce a significance and a positive relationship direction, knowledge management has a significant effect on employee performance through employee engagement and employee engagement acts as a partial mediation between knowledge

management variables and employee performance. So it can be concluded that employee engagement can strengthen the relationship between knowledge management and employee performance. It can be proven by the R-Square value of employee performance of 0.989, meaning that employee performance in millennial employees can be explained by knowledge management, organizational culture and employee engagement of 98.9% and the remaining 1.1% can be explained by other variables such as motivation, work discipline and so on.

#### **4.2.5 The Influence of Organizational Culture on the Performance through Employee Engagement as Mediation Variable**

The results of hypothesis testing show that organizational culture has an effect positive effect on employee performance through employee engagement which can be seen from the original sample value (O) is 0.168. But seen based on tcount of 1,818 < ttable 2,022 and a p value of 0.069 > 0.05, it can be concluded that Ha is rejected and Ho is accepted. So it can be said that organizational culture indirectly does not significantly influence employee performance millennial BPS Education and Training Center through employee engagement as a mediating variable.

Based on the results of testing the hypothesis there is a direct influence between cultures organization on employee performance of 0.261 or 26.1% while the influence indirectly through employee engagement as a mediating variable of 0.168 or 16.8%. The total influence result is 0.429 or 42.9%. Because after being mediated the original sample value (O) and the p value decreased becomes insignificant, organizational culture has no effect on performance employees through employee engagement and there is no mediating effect given by employee engagement or also called no mediation. It can be concluded that the employee engagement variable is not expected in the relationship between knowledge management variables and employee performance because it only weakens its significance.

## **5. Conclusion**

Based on the results of the analysis and discussion, the authors draw the following conclusions:

- a. On the results of testing the hypothesis which shows knowledge management on employee performance, it can be concluded that knowledge management has a significant effect on employee performance.
- b. On the results of testing the hypothesis of employee engagement on employee performance, it can be concluded that employee engagement has a significant effect on employee performance.
- c. On the results of testing the hypothesis of employee engagement on employee performance, it can be concluded that employee engagement has a significant effect on employee performance.
- d. The result of testing the hypothesis is that there is a direct effect between knowledge management on employee performance of 30.8% while the indirect effect through employee engagement as a mediating variable is 26.4%. The total influence yield is 57.2%. Because both direct and indirect effects produce a significance and a positive relationship direction,



knowledge management has a significant effect on employee performance through employee engagement and employee engagement acts as a partial mediation between knowledge management variables and employee performance.

- e. The result of testing the hypothesis is that there is a direct effect between organizational culture on employee performance of 26.1% while the indirect effect is through employee engagement as a mediating variable of 16.8%. The total influence result is 0.429 or 42.9%. Because after being mediated, the original sample value (O) and the p value decreased to be insignificant, organizational culture had no effect on employee performance through employee engagement and there was no mediating effect provided by employee engagement or also called no mediation.

## 6. Recommendation

Based on the conclusions above, there are suggestions that can be given regarding the results research include:

- a. In the theoretical aspect, further researchers are advised to consider other variables as mediating variables between knowledge management, organizational culture and employee performance.
- b. In a practical aspect, HR managers should pay attention to knowledge management factors, organizational culture and employee engagement which in this study have a significant effect on the performance of millennial employees. In addition, researchers also provide advice to BPS Pusdiklat agencies, among others:
  - 1) The Central Bureau of Statistics Education and Training Center must pay attention again to how to implement knowledge management so that all employees, especially millennial employees, can have high performance and competitiveness in the midst of industry 4.0.
  - 2) The Central Bureau of Statistics Education and Training Center can further enhance organizational culture, especially from the aggressiveness factor through spaces to provide opinions and bright ideas for the organization
  - 3) The Central Bureau of Statistics Education and Training Center can further increase employee engagement with particular dedication in doing work. For example, by providing a variety of jobs that are challenging but also inspiring so that millennial employees feel proud to do them.

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