

**FACTORS AFFECTING EMPLOYEE ENGAGEMENT: CASE STUDY AT  
SIRIM BERHAD AND TELEKOM MALAYSIA BERHAD**

SITI NOR HAIZUM BINTI OTHMAN

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*To my beloved mama and babah..*  
*Thank you for your love and support.*

*To my dear Fatah, who always have faith in me.*  
*Thank you for provides me encouragement.*

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## **ABSTRACT**

This paper presents a case study in Sirim Berhad and Telekom Malaysia Berhad, which emphasize the factors affecting employee engagement in the organisations. In line with the current world business development nowadays, the good and successful management of job engagement within any organization are considered to be critical in order to increase the productivity of employee. The increasing of disengaged workers also in part contributes to the highly turnover and thus became one of the main reasons underlying the issue of retention these days. Unfortunately, there are limited researches on employee engagement in the management literature. The concept of employee engagement and its drivers were conducted primarily within western countries. Simply put, this research was done based on certain problems identified which can boost engagement level among workers in Malaysia to enhance their work performance. This study provides several factors that explain the variation in employee engagement within two organisations. Questionnaire was used as an instrument to collect data. The particular software applied was SPSS in Windows environment.

## ABSTRAK

Projek ini terhasil berdasarkan kajian kes yang dibuat di Sirim Berhad dan Telekom Malaysia Berhad mengenai faktor-faktor yang mempengaruhi ikatan pekerja terhadap sesebuah organisasi. Seiring dengan pembangunan dunia perniagaan pada masa kini, kejayaan pengurusan ikatan pekerjaan dalam sesebuah organisasi itu dianggap sebagai sesuatu yang kritikal untuk meningkatkan produktiviti pekerja. Peningkatan masalah ikatan pekerja juga menyumbang kepada pertukaran kakitangan yang tinggi dan menjadi sebab utama disebalik isu pengekalan pekerja di organisasi. Namun, kajian yang dibuat dalam kes ikatan pekerja sangat terhad dan ia banyak tertumpu hanya di negara barat. Secara ringkasnya, kajian ini adalah berdasarkan beberapa permasalahan yang telah dikenal pasti bagi membantu menangani tahap pengikatan pekerja dengan organisasi di Malaysia untuk meningkatkan prestasi kerja. Kajian ini merangkumi beberapa faktor yang menerangkan variasi dalam ikatan pekerja antara dua organisasi. Soal selidik digunakan sebagai instrumen bagi proses pengumpulan data. Perisian yang digunakan pula adalah pakej perisian SPSS dalam persekitaran *Windows*.

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## LIST OF ABBREVIATIONS

H	Hypothesis
Ho	Null Hypothesis
RQ	Research Question
Std. Deviation	Standard Deviation
Sig.	Significant
R	Coefficient
R <sup>2</sup>	Coefficient of determination
BN	Independent variable for Basic Need
MS	Independent variable for Management Support
TW	Independent variable for Teamwork
WE	Dependent variable for Work Engagement
BN1	Item number one Basic Need
BN2	Item number two Basic Need
BN3	Item number three Basic Need
MS1	Item number one Management Support
MS2	Item number two Management Support
MS3	Item number three Management Support
MS4	Item number four Management Support
MS5	Item number five Management Support
MS6	Item number six Management Support
MS7	Item number seven Management Support
TW1	Item number one Teamwork
TW2	Item number two Teamwork
TW3	Item number three Teamwork
TW4	Item number four Teamwork
TW5	Item number five Teamwork

TW6	Item number six Teamwork
TW7	Item number seven Teamwork
TW8	Item number eight Teamwork
WE1	Item number one Work Engagement
WE 2	Item number two Work Engagement
WE 3	Item number three Work Engagement
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## **CHAPTER I**

### **INTRODUCTION**

This paper presents a case study in Sirim Berhad and Telekom Malaysia Berhad, which emphasizes the factors affecting employee engagement in the organisations. This paper also determines the relationships between all the variables in the employee engagement based on the case study in Sirim and Telekom Malaysia. The discussion starts with an explanation of the researched background followed by the problem statement, the objective of this paper, the scope and the significant of this study.

#### **1.1 Research Background**

In recent years, there has been a great deal of interest in employee engagement. It has become important in conceptualizing and measuring the performance of employees in organisations. Employee engagement is assumed critical for the organisations to manage since they absolutely affect the productivity as well as the effectiveness of the employees towards their job. Hence, it is vital and fruitful for the organisations to

understand the factors that can influence the antecedents and consequences of engagement among employees.

The involvement of employees in various responsibilities in the organization will give large impact to an organization's success. For several years now, employee engagement has been a hot topic in corporate circles. It's a buzz phrase that has captured the attention of workplace observers and managers, as well as the executive suite. In current world business, employee role plays a crucial part in designing the future of the organisational business. In Jack and Welch's words:

No company, small or large, can win over the long run without energized employees who believe in the (firm's) mission and understand how to achieve it. That's why you need to take the measure of employee engagement at least once a year through anonymous surveys in which people feel completely safe to speak their minds.”

(Jack and Welch, 2008)

Other key findings include the fact that larger companies are more challenged to engage employees than are smaller companies, while employee age drives a clear difference in the importance of certain drivers. For example, employees under age 44 rank "challenging environment/career growth opportunities" much higher than do older employees, who value "recognition and reward for their contributions". But all studies, all locations and all ages agreed that the direct relationship with one's manager is the



strongest of all drivers. In the final analysis, one wonders whether employee engagement is just another trendy concept, or really a big deal?

Soldati (2008) in his study defined employee engagement as something that should be dealt properly. There is clear and mounting evidence that high levels of employee engagement keenly correlates to individual, group and corporate performance in areas such as retention, turnover, productivity, customer service and loyalty. And this is not just by small margins. While differences varied from many empirical studies, highly engaged employees outperform their disengaged counterparts by a whopping 20 – 28 percentage points.

Based from the Gallup Research Report (2006), it has even been reported that the majority of workers today, roughly half of all Americans in the workforce, are not fully engaged or they are disengaged leading to cost the American business economy up to \$328 billion annually in lost productivity. In United Kingdom, estimates of the cost of disengaged workers on the British economy range between \$37.2 billion and \$38.9 billion per year (Flade, 2003; Chen, 2007). While in Japan, only 9 percent of the workforce is engaged and the estimated costs of the lost productivity is around \$232 billion each year (Wellins, 2004).

According to Vazirani (2007), employee engagement is the level of commitment and involvement an employee has towards their organization and its values. Yet it can be said that engagement is one step up from commitment. Therefore, it is clearly importance for the organization to understand the drivers of engagement.

## 1.2 Problem Statement

For decades, most organisations have tried to improve management and supervision practices hoping to motivate employees and increase their work performance. A lot of programs and incentives have been introduced to generate satisfaction among employee in order to boost their morale for greater self-realization. Has it worked? Why is turnover so high?

Engagement describes employees' state of mind when he is not only satisfied with his job but is also motivated to do the work, and committed to doing it well.

(Crigler, 2008)

Employee engagement remains a critical concern for organizations. Moreover, it has become a hot topic in recent years among consulting firms and in the popular business press (Saks, 2006). Despite its increasing popularity in practice, there is little academic research available on the topic of employee engagement compared to other studies such as organisational commitment, organisational citizenship behaviours and job satisfaction.

Besides of its importance to the organisation, employee engagement has also proved to be highly effective in increasing productivity, motivation, and retention. According to researches that have been conducted by White (2008), only 29 percent of employees are highly engaged in their job. Nonetheless, engaged employees are tended

to be 43 percent more productive in the professional services. Another research showed that high-engagement companies improved in the productivity by 19.2 percent while low-engagement companies declined by 32.7 percent (Wyatt, 2002; Seijits, 2006; White, 2008; Crigler, 2008).

On the other hands, many employers in Asia-Pacific are at risk of losing their most talented people as disillusionment with their career prospects and management style lead them to look for opportunities elsewhere. According to Amble (2007), based on a survey of more than 3,000 employees by research and consultancy firm, ISR, has found some alarmingly low levels of employee engagement, commitment and motivation in Australia, China, Malaysia, Singapore and Thailand, with up to half of employees either disillusioned with their employer or completely disengaged.

The survey also found that the situation is at its worst in Malaysia, where almost half (47 percent) of high-flying employees said that they are no longer engaged to staying with their organisation. Of these, 7 out of 10 said that they would leave their current employer as soon as they have an acceptable alternative job offer and a further 17 percent said that they would want to leave but are unable to because of the state of the job market. Meanwhile, it is critical to keep employee engagement level high at all times, particularly during an economic downturn. These had been addressed by Hewitt Associates consultant, Yap Yoke Wah in The Star (2009).

Many studies showed that there is a strong need to evaluate the engagement level among workers. Although there had been other researches on the aforementioned issues, there is a need to analyse these issues in an integrated manner so as to better understand the most influencing factor that affects the level of employee engagement. Thus, a clear picture of what is employee engagement is assumed to be essential for every organisation.

### **1.3 Research Questions**

- i. What is the relationship between employee engagement with management support, basic needs and teamwork?
- ii. What are the differences between employee engagement with gender, age, and work experience?
- iii. What are the main factors influencing employee engagement?

## **1.4 Research Objectives**

This research has the following objectives:

- i. To determine the relationships between employee engagements with basic needs, management support, and teamwork.
- ii. To investigate any differences arising in the employee engagement based on age, gender, and work experience.
- iii. To identify the most influencing factors that affect employee engagement.

## **1.5 Research Scope**

- i. This research focused on studying the relationships between the three factors, namely the basic needs, the management support and the teamwork, with the level of employee engagement.
- ii. This research will be conducted in the headquarters of Sirim Berhad in Shah Alam and Menara Telekom in Kuala Lumpur.

## **1.6 Significant of the Study**

There is no doubt that employee engagement maybe be one of the most effective ways to increase productivity and improve business results. In fact, many literatures have claimed that it predicts employee outcomes, organizational success, and financial performance (Bates, 2004; Baumruk, 2004; Harter et al., 2002; Richman, 2006; Saks, 2006). Unfortunately, there is limited research on employee engagement in the management literature. Besides, the concept of employee engagement and its drivers were conducted within western countries. Therefore, this study is significant because it can contribute towards engagement among workers in Malaysia to enhance their work performance. The research findings will also provide the solutions and the recommendations in term of the organizational development.

## **1.7 Organisation of the Study**

The organisation of the study follows a standard of thesis format. The introductory chapter of this study presents the background of the research and a statement of research problems. It also outlines the objectives, research scope, and significance of the study. Chapter two describes relevant research and descriptions found in the literature and present the research model developed for this study including the hypotheses. For chapter three is with respect to the methodology, which contains the study setting, study design, study sampling procedure, data collection and method of data analysis. Chapter four provides the findings of the quantitative methods based on the analysis from the survey questionnaire conducted at Sirim and Telekom Malaysia. Chapter five discusses the conclusions of the study with a discussion on the findings as well as the direction for further research.

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