

THE EFFECT OF INDIVIDUAL AND ORGANIZATIONAL FACTORS  
OF EMPLOYEE ENGAGEMENT ON EMPLOYEE ATTITUDE  
TOWARDS WORK

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## DEDICATION

### TO GOD:

In a strange Land, You did not forsake me.  
Preserve me oh Lord! For in You, I put my trust.

### TO MY FAMILY:

Especially to my father L.S Ologbo, my trusted brother Kester Ukpokpo and my mentor  
Engr. Emeke Utebor,

All the efforts and struggle to raise me, Mr. Cat;  
can not be reciprocated with money till the end of my life.  
Thanks for all the love, care and support.

### TO MY SUPERVISOR:

You are so awesome, kind and helpful.  
I couldn't have done this without your direction and your passion for guidance.  
Thank you for giving me this opportunity to learn so much.

### TO MY FRIENDS:

To all friends in Malaysia who became my companions during challenging moments, I  
will always remember all of you.

### TO MY LAPTOP, my white angel:

No day, for months that my fingers didn't touch you for hours  
I couldn't have finished my work without you.  
Thanks for not breaking down.

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## ABSTRACT

The construct of employee engagement had gained much reputation in recent years among reputable consulting firms than in the academic. Yet, the contributions of few academic researchers had made the construct an interesting area of research. The purpose of this study is to examine the effect of individual and organizational factors of employee engagement on employee attitude towards work; with the measures of employee engagement (job engagement and organization engagement) as a mediator, and the social exchange theory as a theoretical foundation. 104 Human Resource staff working at the Inland Revenue Board of Malaysia participated in the survey using the simple random sampling strategy. The t-test and multiple regressions were employed for data analyses. The findings of this study showed a significant difference between job engagement and organization engagement; indicating more of organization engagement than job engagement. In addition, co-employee support is seen as the major factor that influences both measures of engagement. Furthermore, though the factors explained a significant variance to employee attitude to work, yet their contributions were more significant with the mediator (employee engagement) being controlled. This study is among the pioneering work to support a distinctive difference between job engagement and organization engagement. Further research is recommended to clarify the results of this study as well as to explore the possible influence of other variables.

## ABSTRAK

Beberapa tahun kebelakangan ini, keterlibatan pekerja (*employee engagement*) telah mendapat reputasi yang lebih meluas dikalangan firma perunding terkemuka berbanding bidang akademik. Namun, sumbangan beberapa penyelidik akademik dalam bidang ini telah menyebabkannya menjadi sebuah bidang penyelidikan yang menarik. Tujuan kajian ini dijalankan ialah untuk mengkaji kesan faktor individu dan organisasi dalam keterlibatan pekerja keatas sikap pekerja terhadap kerja; dengan ukuran penglibatan pekerja (keterlibatan pekerjaan dan keterlibatan organisasi) sebagai pengantara, dengan menggunakan teori pertukaran sosial sebagai teori asas. Seramai 104 orang kakitangan Jabatan Sumber Manusia, Lembaga Hasil Dalam Negeri Malaysia telah mengambil bahagian dalam kajian ini yang diperolehi menggunakan strategi persampelan rawak mudah. Ujian-t dan regresi berganda telah digunakan untuk menganalisis data. Hasil kajian ini menunjukkan perbezaan yang signifikan di antara keterlibatan pekerjaan dan keterlibatan organisasi; Hasil iaitu lebih hubungan kepada keterlibatan organisasi daripada keterlibatan pekerjaan. Disamping itu, sokongan rakan sekerja dilihat sebagai faktor utama yang mempengaruhi kedua-dua ukuran keterlibatan. Selain itu, walaupun faktor ini mempunyai varians yang signifikan kepada sikap pekerja terhadap pekerjaan, tetapi sumbangan mereka lebih signifikan dengan adanya pengantara (keterlibatan pekerja) yang dikawal. Kajian ini adalah antara kerja rintis yang bertujuan menyokong perbezaan yang tersendiri antara keterlibatan pekerjaan dan keterlibatan organisasi. Pengkaji lanjutan adalah disyorkan memperjelaskan lagi hasil kajian ini dengan lebih lanjut serta meneroka kemungkinan wujud pengaruh pembolehubah yang lain.

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## **CHAPTER 1**

### **INTRODUCTION**

#### **1.0 Introduction**

This is the first chapter of the study on the individual and organizational factors of employee engagement and employee's attitude towards work. It starts with the highlights of the background of the study, the statement of problem in four major issues showing some gap and the need for the study. Furthermore, the research questions and research objectives were presented, followed by the significance and scope of the study. For more clarification of the construct of this study, conceptual and operational definitions were given and finally, the chapter was concluded with the summary of how the chapters of the study are organized.

## 1.1 Background of the Study

Societies and businesses today are witnessing dynamic changes in an increasingly global marketplace which forces many organizations to compete for talented people, as well as to fully engage them, develop them, capture their hearts and mind set at every level of the employee's work lives so they can remain with the organizations. Based on the findings of many research works (Gallup Organization, 2005; Tower Perrin HR services, 2003; DDI, 2005) it is becoming obviously clear with iota of doubt, that strategic engagement of employee to driver execution is a crucial factor for organisational performance and overall business success.

The construct, employee engagement has been an area of interest among many researchers and it had received a great recognition in the text of HR magazines and the trendy management media in recent years. The phrase employee engagement as it is presently used is a construct developed by Gallup consulting firm in 2005, after a 25years of both quantitative and qualitative research, among managers and their employees. The term had been featured in many practitioner magazines and academic journals such as Workforce Magazine (2005), Washington Post (2005), Harvard Business Review (2005), as well as in the web page of several reputable consulting and management development firms namely DDI (2005) and Towers Perrin HR services (2003).

All these literature (as stated above) agreed that employee engagement could be a strong driver for business success as it seems to have a significant influence on employee retention, their loyalty and productivity and also with some significant linkage on customer satisfaction, image and reputation of the firm and competitive advantage.

Engagements at workplace, was first studied and defined by Kahn as follows:

*“The harnessing of organizational members’ selves to their work roles; in engagement, people employ and express themselves physically, cognitively and emotionally during role performances”.*

(Kahn, 1990:694)

Another group of researcher defined employee engagement, as:

*“The individual’s involvement and satisfaction as well as enthusiasm for work. Employee engagement is therefore the level of commitment and involvement an employee has towards his or her organization and its values”.*

(Harter *et al.*, 2002: 205)

Workers that are engaged and committed in their job role and organizational role are great asset to their organization because they are crucial for the companies’ competitive advantage, higher productivity and higher employee retention (Robert, 2006). An engaged employee is aware of the organizational objectives and business goals of his firm. Therefore works with co-employees to enhance performance for the gain of the entire organization.

Thus, it is not a surprise that one of the key respondents, Nurul Nurul (pseudonym) expressed that:

*“For the kind of work we do, motivated and engaged people champion our success. Committed and satisfied employees are not all we need, we need engaged employees who feel respected and valued and in return reciprocate with their enthusiasm to exercise an additional effort, go extra miles to achieve our strategic business objectives”.*

Robert (2006) noted that engagement is closely linked with the well-known construct of job involvement, which was conceptualized by Brown (1996) and the construct of flow, conceptualized by Csikszentmihalyi (1990). Despite the myriad of description of the construct of employee engagement, its measures and definitions sound almost same like with other well-developed constructs such as organizational citizenship behavior and employee commitment as noted by Robinson *et al.* (2004).

Amid the increasing awareness that the greatest asset of any organization is its people, many organizations are now looking to their Human Resource departments to set up strategic schema for the enhancement of the level of their employee engagement and employee commitment. Also, the increasing awareness for work-life balance; the shifting rapport amid employee-employers relationship are the prevailing forces that requires Human Resources professionals and their top management to justly understand the actual needs and wants of employees and then establish the right strategy to meet these needs and as well as to enhance workplace talents at all departments of the organization.

## **1.2 Research Problem**

The research problem will be discussed under three major issues comprising of the need for the research, the criteria for selecting employee engagement as research topic, identification of the variables and the problem evaluation. This will be analyzed in four major issues as follows:



### 1.2.1 Issue 1

The drastic and persistent changes in the global economy over the last two decades had significant implications on the relationship between employers and employees. These dramatic changes are largely due to increasing global competition, scarce resources and costly raw materials, consumer's dynamic demands for higher quality, investors' pressure, technological advancement, government policy and so on. Employers are now investing on their employees who they see now as their greatest asset.

DDI (2005) investigated on the prime sources of market value in present day organizations and the changes over the past two decades. According to their research, in 1982, tangible assets such as machinery, products, and facilities contributed 62 percent of any organization's market worth and 38 percent from intangible asset namely: intellectual property, patent, brand and most importantly, the significance of workforce.

It is quite clear now that products can be easily benchmarked and copied, a technological advantage can be transitory, additional facilities can be built but the excellence of an organization's workplace, its commitment and passion is virtually not possible to copy. Engagement is the fuel that drives the value of intangible assets (DDI, 2005).

There are increasing claims in management literature that engagement is needed for high-level organizational performance and productivity. For example, Robert, (2006) noted that a high number of engaged employees will help an organization attract more talented people while disengaged employees will cost an organization such as lower productivity, higher absenteeism, recruitment and training cost.

An evidence to support this claims is put forward by Hooper (2006), who noted that the Australian economy loses about \$31 billion per annual as a result of employees' disengagement. In consonant, Bates (2004) noted the presence of an engagement gap in America and estimated that half of the United States workforce are disengaged costing the nation's businesses a lost of productivity worth \$300 billion annually.

The need for this research aroused based on this claims and therefore model posited by this study will be tested to clear many doubts and to enable employers as well as employees articulate very easily how employee engagement can lead to overall business.

### **1.2.2 Issue 2**

Saks (2006) expresses concern over the need for employee engagement to be viewed both as job engagement and organization engagement for strategic understanding of the construct. This idea had gained minimal attention because as at the time of this research only few literatures had embraced this notion. Therefore, a strong need arises in a bid to pioneer this idea and to make a significant contribution to the notion of distinguishing between job engagement and organization engagement.

### **1.2.3 Issue 3**

Studies from Towers Perrin HR services (2003) estimated that less than 30 percent employees are engaged at work. Several organizations presently appraise the level of their employees' engagement by devising strategy to enhance their levels of engagement with the belief that by doing so, there is high possibility that their productivity, profitability, turnover and safety will increase.

Western researchers (Saks, 2006; Shaffer, 2004; Robert, 2006; Harter *et al.* 2002) majorly conducted the research on the construct, employee engagement. Therefore, there is a need to carry out such research on employee engagement in rapid developing countries such as Malaysia because of the shortage of literature in the study area. To engage employees as well as to benefit from their engagement, organizations especially in rapidly developing countries must be taught how it works and the need to invest in its human resource practices. Most importantly, organizations should learn and understand what the factors that determine employee engagement are, so they can be able to implement a more effective Human Resource Development strategy and practice to enhance their employee engagement in their organizations. Based on this issue, employee engagement had been chosen for this study.

### **1.2.4 Issue 4**

As the global marketplace is becoming more and more competitive especially among companies with similar product, operating cost; technological changes, pressure of globalization especially from the emerging economies. It is crucial for organizations

to therefore, minimize their operating costs especially in this era of financial crisis, by investing in their HR practices to build a viable workforce that will help the organizations increase their effectiveness and productivity.

Unfortunately, most of the articles written on employee engagement come from HR practitioner reports and on the web page of several consulting firms such as Gallup, (2005), Hewitt Associates (2004) and so on. Robinson *et al.* (2004) and Saks (2006) noted that there is an astounding shortage of academic investigation on employee engagement as an academic research area. Hence this study intended to deal with the factors that drive employee engagement, and explain what organizations should put in place to get employees engaged and also provide a comprehensive overview of the outcomes of employee engagement, to help HR practitioners make a case for their to organizational performance, productivity and the overall business strategy.

### **1.3 Research Questions**

This research was carried out to ascertain the relationship of independent variables, which are (i) employee communication, (ii) employee development, (iii) co-employees, (iv) image of the organization, (v) reward and recognition, and (vi) leadership; with the dependent variable, which is employee engagement (job engagement and organizational engagement) and also the relationship employee engagement (job and organisation engagement) and its work outcomes which (a) job satisfaction, (b) organisation commitment, (c) intention to quit (d) organisation citizenship behaviour; among human resource officers. The research question would be formulated as follows:

- (1) Does employee communication influence the extent of employee engagement?
- (2) Does employee development influence the extent of employee engagement?
- (3) Does co-employees influence the extent of employee engagement?
- (4) Does the image of the firm influence the extent of employee engagement?
- (5) Do rewards and recognition influence the extent of employee engagement?
- (6) Does leadership influence the extent of employee engagement?
- (7) Which is the most important factor that influences employee engagement?
- (8) Does job engagement influence (a) job satisfaction (b) organisation commitment (c) intention to quit (d) organisation citizenship behaviour?
- (9) Does organizational engagement influence (a) job satisfactions (b) organisation commitment (c) intention to quit (d) organisation citizenship behaviour?
- (10) Does Job engagement differ from Organization engagement?
- (11) Do employee engagement mediate the relationship amid the factors and work outcomes of employee engagement?

#### **1.4 Research Objective**

The objectives of this study are therefore listed below:

- (1) To examine the influence of employee communication on employee engagement.
- (2) To examine the influence of employee development on employee engagement.
- (3) To examine the influence of co-employees on employee engagement.
- (4) To examine the influence of the image of the firm on employee engagement.
- (5) To examine the influence of rewards and recognition on employee engagement.
- (6) To examine the influence of leadership on employee engagement.
- (7) To identify which among the six independent variables (factors of employee engagement) is the most important factor that influences employee engagement.

- (8) To examine the influence of job engagement on employee's attitude to work outcomes, namely (a) job satisfaction (b) organisation commitment (c) intention to quit (d) organisational citizenship behaviour .
- (9) To examine the influence of organizational engagement on employee attitude to work outcomes, namely (a) job satisfaction (b) organisation commitment (c) intention to quit (d) organisational citizenship behaviour.
- (10) To examine the difference between job engagement and organization engagement.
- (11) To examine the extent that employee engagement mediates the relationship among the factors and outcomes of employee engagement.

### **1.5 Scope of the Study**

The scope of the study is centered on analyzing the individual and organizational factors (the drivers of employee engagement) and employee attitude to work outcomes (the consequences of employee engagement) influencing the construct of employee engagement, which is becoming very popular among many researchers as a driving force for organization's business success. This study was conducted at the Inland Revenue Board of Malaysia (popularly known as Hasil), Kuala Lumpur, Malaysia; among employees in the Human Resource Division. They were consulted not only because they are stakeholders in the study of employee engagement but also because they are well equipped with the most genuine information about the study. They provided a clear picture of issues surrounding employee engagement and such issues would be analyzed.

## **1.6 Significance of the Study**

This study provides HR professionals at Inland Revenue Board of Malaysia (also known as Hasil) and other organizations with the adequate information and indulgence of the diverse ideas and features that help foster employee engagement (both at job and organizational levels) for organizational business success.

It will help other HR departments to know and try to eliminate obstacles to employee engagement, which are most times in the forms of rigid rules and regulations, workplace culture and behavioral standard that can cause damages to employees, clients, stakeholders and the overall business success.

It would help the top management work in consonant with HR officers and line managers in aligning the research model and findings into their corporate strategy, business strategy, HR strategy, for the maximization of its workforce potentials to achieve organizational goals and targets in the highly volatile business environment of the present day.

The findings of this study will also contribute great value to the existing literature on the construct of employee engagement, and will also provide useful guidance and information to other researchers who shall embark on further studies on the subject of employee engagement.

## 1.7 Definition of Terms

To clarify some doubt, the subsequent terms that are used in this study are described as follows:

### 1.7.1 Employee Engagement

International Survey Research (2003) described employee engagement as the practice by which a firm enhances the commitment and contribution of its human resources to achieve greater business outcomes. The International Survey Research resolved that employee engagement is a mixture of an employee's cognitive, behavioral and affective dedication to his or her organization.

In this study, employee engagement was addressed by incorporating the two types of employee engagement, (a) **Job Engagement**, which is the level of employee's committed and dedication to his job role and **Organizational Engagement**, which is the level of employee commitment and loyalty to their organization.



### **1.7.2 Conceptual Definitions of Employee Engagement**

The first notable conceptualization of engagement at workplace according to literature was by Kahn (1990) who posited his definition of the construct engagement as the attachment of employees' selflessness to their work roles. According to him, people make use of themselves in a physical, cognitive and emotional manner while performing their work roles. Kahn's position was that engagement helps to fulfill the human spirit at workplace (Douglas and Richards, 2004). To Kahn, there is a dynamic but negotiable relationship between employee-self and employee-role. It is this relationship, which makes an employee to drive his personal energy into his role behaviors, thereby displaying self within the role function.

Supporting Kahn's Cognitive position, (Blessing, 2005; Corporate Leadership Council, 2004) suggested that the construct of employee engagement is focused on the employees cognitive affection to work in an organization as well as the employees behavioral aspect that he or she exhibits on the job satisfaction and commitment, and their influence on how enthusiastic are the employees to work. Blessing (2005) further added that retention is one of these behavioral outcomes.

### **1.7.3 Operational Definition of Employee Engagement**

In the perspective of this study, employee engagement is operationalized as the positive emotional, mental and physical state of mind of the employees in Inland Revenue Board of Malaysia from collaboration, communication, fairness, development, recognition, connectedness to co-employees and employers which enhances long-term

commitment, loyalty to the organization, low intention to quit, standard behavior as well as increase in performance. This evident in their obligation and willingness to put in additional effort to their job and organization roles in a bid to repay their organization for be valued and acknowledged for their contribution.

This operational definition was crafted based on the research model and survey tools, which were aligned to the overall corporate and human capital goals of Inland Revenue Board of Malaysia, (also known as Hasil) where this study was carried out. The reason for this is because employee engagement had been defined in many diverse ways therefore lacks a single well-accepted definition and clarity to specifically what employee engagement means. The second reason is to clarify to the employees of Hasil and other organizations on the issue of what employee engagement means in practical terms.

#### **1.7.4 Factors of Employee Engagement**

These are drivers or antecedents that can help to maximize the impact of employee engagement. These drivers or levers are key influencers or factors to achieve employee engagement (Wellins *et al.*, 2005). Ergo, the word factors or drivers or levers may be used in this study because they all mean the same thing.

#### **1.7.4.1 Employee Communication**

The ascending and descending flow of communication in the organizational pyramid with the use of proper communication guides in the organization (Gallup, 2006). If employees are empowered with the chance to have a say in their organization decision making, and the employees deserve the right to be heard by their employer then the level of engagement are likely to be greater. This principle can be applied to face-to-face relationship to build trust among employees and help foster employer-employee interaction without fear of bigotry.

#### **1.7.4.2 Employee Development**

Employee development is the degree that an employee believes that their employers or managers are making specific efforts to develop the employee's skills (Gallup 2005, 2003; Baumruk, 2004; Towers Perrin HR Services, 2005 and Robinson *et al.*, 2004). Organizations with high-level engagement provide their employees (both new and old) with adequate opportunities to develop their abilities acquire new knowledge and skills in order to utilize their potentials in performing their jobs.

#### **1.7.4.3 Co-Employees**

This is working in a lean organization with highly talented and co-operative co-employees. The entire organization works collectively and collaboratively by helping every member of the organization learn new and better ways of accomplishing task.

#### **1.7.4.4 Image of the Organization**

This is the extent that workers are ready and eager to approve the services and products of their organization to potential customers. It is to a larger extent the perceptions of the employees about their organization's products and services. Therefore a high-level of employee engagement can be linked with high levels of customer engagement (DDI, 2005).

#### **1.7.4.5 Rewards and Recognition**

Reward is strongly reflected through a blend of financial (i.e. pay, bonuses) and non-financial (e.g. voucher schemes, extra holiday) reward (Stair, 2005). Wayne *et al.*, (1997) noted that employees consider promotion to a higher position linked with a pay raise, as the most excellent system by which their company could distinguish employee's accomplishment. Vaziarani (2007) stated that organizations should have proper pay systems that help motivate employees to work in the organization. This includes certain benefits and compensations; recognitions such as awards, decorations etcetera.

#### **1.7.4.6 Leadership**

According to Vaziarani (2007), leadership includes the company's standards of ethical behavior, transparency of the organizational values as well as the civil management of employees regardless of their job level. Employee needs to have faith in the organization and this is mostly reflected through the reliability and integrity shown by the leadership team (Stair, 2005).

### **1.7.5 Work Outcomes of Employee Engagement**

These are the positive results that organizations are supposed to derive after the implementation of proper employee engagement practices. The motivating strength in the wake of the recognition of employee engagement as construct is because of its affirmative work outcomes for firms (Roberts, 2006). These positive work outcomes are what enhance the employee's attitude to work.

#### **1.7.5.1 Job Satisfaction**

This is a widely researched construct and it is described by (Locke and Henne, 1986) as a congenial or affirmative expressive state derived from the judgment of an employee's work experiences. Generally, job satisfaction had being shown to have a relationship with attitudes and behaviors in many literatures.

#### **1.7.5.2 Organizational Commitment**

This is could described as the degree that an employee indentifies with his firm and feels obliged to stay committed to the goals of such a firm (Batemen and Strasser, 1984; Stair, 2005). Dessler, (1999), noted that it is in addition seen as vital to employee's accomplishment in contemporary workplace that requires better self-management than in the previous years.

### **1.7.5.3 Intention to Quit**

This is extent that an employee is willing to stay with or quit an organization. An engaged employee has the greater aspiration to remain as a component of an organization, in spite of opportunities that may be offered by other organizations somewhere else (Hewitt Associates, 2004).

### **1.7.5.4 Organizational Citizenship Behavior**

This is popularly referred with the acronym OCBs. There are flexible behaviors which are beyond official obligations. OCB fuel the social mechanism of the organization, reducing resistance to change and enhancing efficiency (Podsakoff and Mackenzie, 1997).

## **1.8 Organization of the Thesis**

This is the foremost chapter of the five chapters of this research. It presents the overview of the study background, statement of the research problem, research questions, research objectives will are stated in consonant with the research questions and the significance and scope of the study.

Chapter 2 presents the evaluation of the related literature of the construct, employee engagement as well as research findings done by other researchers.

Chapter 3 presents the method for the study, which is the research design and procedure. This chapter demonstrates the selection of the respondents, sample types and size, the development of the questionnaire and data collection procedure or method. Chapter 3 ended with a brief description of the strategies and procedures that will be employed to evaluate data collected from the survey.

Chapter 4 discusses the interpretation of the research findings. There will be reports of the descriptive statistical analysis. The results will be summarized in a number of tables to facilitate interpretation.

Chapter 5, which is the final chapter, presents the interpretation of the research findings. The findings from this study will be compared to those found in past research literature reviewed in Chapter 2. Chapter 5 will end the study with the conclusion, discussion of the findings and some suggestions for future research.

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