

ANTECEDENTS OF EMPLOYEE ENGAGEMENT

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ABSTRACT

Employee engagement becomes an important issue as employee turnover rise due to demand and shortage of skillful employees. Even though organizational performances of many organizations deteriorated due to high turnover and related issues such as high absenteeism, low loyalty and productivity, there is still lack of academic research that address the antecedence required for high employee engagement.

This research focuses on the antecedents that influence employee engagement. The research was done among individuals working in Penang. The data was gathered through structured questionnaire. The result indicates that there is a significant relationship between antecedents comprising of employee communication, employee development, reward and recognition and extended employee care and employee engagement. Among the antecedents, employee development forms the most significant contributor.

ABSTRAK

Perikatan Pekerja menjadi suatu isu yang penting pada masa kini akibat permintaan tinggi dan kekurangan pekerja mahir. Walaupun, produktiviti banyak organisasi semakin merosot akibat pekerja sering tukar kerja dan perkara-perkara yang berkaitan dengannya seperti kadar ketidakhadiran yang tinggi, kesetiaan dan produktiviti pekerja yang rendah, kajian akademik yang menumpukan pada anteseden-anteseden yang mempengaruhi perikatan pekerja kepada kerjanya masih tidak mencukupi.

Kajian ini menumpukan pada anteseden-anteseden yang mempengaruhi perikatan pekerja kepada kerjanya. Kajian ini dilaksanakan di kalangan pekerja yang bekerja di Pulau Pinang. Data dikumpul melalui soal selidik yang berstruktur. Hasil kajian ini mengesahkan bahawa anteseden-anteseden yang merangkumi komunikasi pekerja, pembangunan pekerja, ganjaran dan pengiktirafan, dan kebajikan mempunyai pengaruh kuat terhadap perikatan pekerja kepada kerjanya. Diantara kesemua anteseden, pembangunan pekerja merupakan penyumbang yang paling penting.

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CHAPTER 1

INTRODUCTION

1.0 INTRODUCTION:

Organizations have started to view their employees as internal assets as they generally leverage their employees' skills in order to gain competitive advantage in the marketplace. As a result, in the current marketplace scenario, employee engagement has turned out to be a key driver of business and structural success has been known to depend upon it. Employee engagement does not only possess the power to influence employee retention, output and allegiance but it also plays a role as an important connection to customer satisfaction, company reputation and overall stakeholder value. Therefore, it is reasonable to state that to achieve competitive advantage, organizations request HR to set up the plan for both employee engagement and commitment.

Recently there has been a vast concern to engage employee. A lot have claim that employee engagement expects the organizational success, the employee outcome and financial performance (Bates, 2004; Baumruk, 2004; Harter, 2002; Richman, 2006). Apparently, employees who are not engaged will affect the organizational performance through higher absenteeism, higher turnover and lower productivity. As the recent falling of the economic situation the management is trying to focus in the organization efficiency in order to sustain in the marketplace. On the other hand, high level of employee engagement helps the organization to focus in attracting new talent in labor market (Robert, 2006).

Engaged employee provide to their organization critical competitive advantages-including lower employee turnover and higher productivity (Robert, 2006). Moreover engaged employees are more probable to stay and commit with their current organization (Ramsay & Finney, 2006). For example software giant institute establish that 1.3 times of highly engaged employees more probable to be high performers compare with less engaged employees. In addition there are 5 times lower possible to depart their organization (Ramsay & Finney, 2006).

For this reason it does not astonishing that different size and kinds of organizations start to invest considerably in practices and policies to enhance engagement in the work place (Robert, 2006).

1.1 PROBLEM STATMENT:

Over the past 25 years the great changes in the global economic had important implications for the relationship among employees and employers and therefore for employee engagement. For instance the costly and scarcity resources, increasing global competition, customer demand for high quality, high labor cost have incited organization to restructure them for greater return on equity. Restructuring in some company mean decreasing in layer of management and staff (Robert, 2006).

Even though restructuring can help organization to compete, these changes have broken the expectation of reciprocity and the traditional psychological employment “contract” (Robert, 2006). Employees realize that they are not able to work for single employers until they retire. For this reason employees have felt less commitment to their employers with reduced expectations of reciprocity (Robert, 2006).

Consultant studies reveal that an estimated 14-30% of the employees are engaged in running the business (Welbourne, 2007). Despite the highlight on engagement development in recent years, people are still divergent in their views regarding what employee engagement is, how to get it, and its form and appearance when achieved (Welbourne, 2007).

To facilitate employee engagement, an organization needs to invest in its HR practices and determine the extent of engagement in the company and its cost. Most importantly, the organization needs to understand and identify factors leading to employee engagement and incorporate them in HR practices for employee engagement enhancement.

Thus, the researcher claims that it is important and necessary to improve employee engagement as it will help to achieve high level of organizational performance.

1.2 RESEARCH QUESTION:

This study was guided to find the relationship between the dependent variable, which is the employee engagement and the independent variables, which are employee communication, employee development, reward and recognition; and extended employee care.

The questions that may be appear here are:

- 1) Does employee communication influence the scope of employee engagement?
- 2) Do reward and recognition influence the scope of employee engagement affected by?
- 3) Does employee development influence the scope of employee engagement?

- 4) Does extended employee care influence the scope of employee engagement?

1.3 RESEARCH OBJECTIVE:

Therefore the research tends to achieve the following objectives:

- 1) To examine the relationship between employee communication and employee engagement.
- 2) To examine the relationship between reward and recognition and employee engagement.
- 3) To examine the relationship between employee development and employee engagement.
- 4) To examine the relationship between extend care and employee engagement.

1.4 SIGNIFICANCE OF THE STUDY:



The findings of this research will approve that employee engagement is very important to any organization that seek to improve its performance. Employee engagement helps the organization to reduce turnover, enhance team work and improve the employee productivity which in turn enhance the overall organizational performance. Moreover, in the long run employee engagement help the organizational sustainability and improve the economical development of the country.

1.5 DEFINITION OF VARIABLES.

For the purpose of the research, the dependent and independent variables are defined as follows:

Employee engagement:

The International Survey Research (2003) defined employee engagement as a continuous process that the organization should follow to increase contribution and commitment among its employee to attain better business result. According to the International Survey Research, employee engagement refers to the collection of employee's cognitive, affective and behavioral commitment towards the organization.

Employee Communication:

Employee communication is a crucial element for employee engagement enhancement which could be realized among employees or within the organization through the utilization of effective communication tools. The secret behind effective communication is consistency which enables employees to honestly react to other employees' feedback (Bates, 2004). Similarly, Thomas et al. (2004) stressed on the

need of management to openly value employee feedback in a sense that employees are allowed to listen to office politics without retribution.

Rewards and Recognition:

According to Wayne et al. (1997) the best way to any organization to recognize employee's accomplishments is by promotion its employee to higher position associated with increase in salary. Moreover Vaziarani (2007) urge that to make the employees are motivated, the organization should have a good pay system, and be able to provide certain compensation and benefits to improve the level of engagement among employee.

Employee Development:

Employee development refers to the employee feeling towards the effort that have made by their manager and organization to develop employee's skills (Conference Board, 2003; Baumruk, 2004; Towers Perrin-UK, 2005 & Walker Information, 2005). By providing program for employee development, the organization may help its employee to obtain the skills and knowledge they need to perform their job.

Extended Employee Care:

Extended employee care means how the organization pay attention and taking care of its employee, extended employee care involve many different things it refers to providing safe and appropriate working place as well as taking care of the employees health and safety. Many researcher claims that taking care of the employee has influence on the overall organization performance. According to Khan (1990), employee safety can be defined as the feeling of being safe and being able to employ

and present one's self, without feeling apprehensive of receiving negative consequences to status, self image, or career. People generally feel safe in an environment where they are convinced that they will not be prone to accidents.

1.6 CONCLUSION:

This chapter offer information about the study and the objectives. The next chapter will go through the literature and discuss the different elements and factors related to employee engagement.

CHAPTER 2

LITRETURE REVIEW

2.0 INTRODUCTION:

This chapter will address the literature related to employee engagement, and the development of the theoretical framework to be tested in the study. The chapter will introduce the research topic, and discuss the different topics related to employee engagement, finally end this chapter with the conclusion.

2.1 EMPLOYEE ENGAGEMENT:

Different HR practitioner and scholars defined employee engagement in different ways.

Robinson's definition of engagement (2004) is the employee's positive attitude towards the organization and its value. Employee engagement means working with co-workers and being conscious of the business context to advance performance in the job for the advantage of the organization".

While Schmidt's definition (2004) refers to engagement as being committed and satisfied at the same time. Commitment provides the physical and motivational elements while satisfaction provides the attitudinal or passionate elements.

On the other hand, Christian et al. (2007) state that engagement constitutes the attitudes or the awareness of the employee regarding specific elements of his/her workplace or welfare. They expound on engagement's two dimensional descriptions.

The authors first define an engaged employee as one who is well aware of what to do at work and then define it as one who has desire for work.

The Corporate Leadership Council (2004) and Blessing (2005) define employee engagement as emphasise on cognitive connection among employee to work and subsequently behaviours that the employees express on job satisfaction and their effect on how hard the employee is really want to work.

While other researchers concern about emotional attachment for the employee. Gubman (2004) and Bates (2004) defined employee engagement as an emotional attachment that the employee holds to their work, organization and manager. This emotional and cognitive approach is supported by Baumruk (2004) in his definition of engagement as the state that is characterized by employees' emotional commitment.

Lastly, other researchers concern about the outcomes of behaviour, Shaffer (2004), Towers Perrin (2003) (2005) define engagement as willingness that the employee holds to spend optional effort toward the job. Walker Information (2005) stated that the stress on employee commitment lies in keeping the employee working for the company.

In summary we can say that employee engagement is related to rational processes of judgment, reasoning, perception and memory, as well as relating to feeling, emotion, mood and sensibilities.

2.2 TYPE OF EMPLOYEES:

There were three groups of employees according to Coffman (2002). The first one is the “Engaged Employee”. An engaged employee can be described as one who is desirous of his job, is personally responsible and obligated to his/her work in the company. An engaged employee could go further than their job description and help improve the company’s standing in the marketplace. Vazirani (2007) states that an engaged employee is a builder as he is aware of what is expected of him in his job and he is able to achieve it. An engaged employee works consistently every day at a significant committed level using his effort, talent and strength and comes up with innovation to uplift his company’s status.

According to Coffman (2002) the second group of employee is the “Non Engaged Employees” those kind of employee do not have energy during performing their job. “Non Engaged Employees” According to Vazirani (2002) have tendency to concentrate on the task rather than the outcomes that the company try to achieve, they do and finish what they have been told to do. They consider themselves by accomplishing their task they achieve a result.

The third group is “Actively Disengaged Employees”. Those employees are characterized as openly unhappy with their jobs and they try to convince engaged employees to be disengaged. According to Vazirani (2007), this type of employees can be described as “cave dwellers” as they are constantly against everything and they always try to view everything with negativity influencing those around them. In addition, Vazirani (2007) revealed that employees increasingly depend on each other

in the creation of products and services. So therefore, an actively disengaged employee seeking problems may affect the performance of the whole organization.

2.3 SOCIAL EXCHANGE THEORY:

Employee engagement is referred to the level to which the workforce emotionally and intellectually pledges in order to achieve their work according to the mission, and vision of the organization. It can be viewed as akin to ownership whereby every employee is desirous of doing what they can, to satisfy internal and external customers, and to achieve the organization's goals. The meaning behind employee engagement provides a positive inkling that employee engagement can be accomplished, improved or nurtured by the organization. This has been expounded clearly by the Social Exchange.

The Social Exchange Theory provides a theoretical basis of why employees opt to become more engaged or less engaged in their work. According to SET, responsibilities are created through various interactions of parties who are interdependent with each other. SET's basic tenet holds that relationships gradually develop into trusting, loyal, and mutual pledges on the condition that the parties to the pledge follow rules of exchange. Therefore, one way for employees to repay their organization is through their engagement level. In other words, employees' engagement levels depend on the advantages they receive from the organization. Showing dedication to one's work in large amounts of cognitive, emotional, and physical resources is a perceptive way for employees to show their appreciation to their organization's services.

SET states that individuals having strong exchange ideology are more inclined to feel obliged to return the organizational benefits that they receive. Hence,

it can be stated that the link between different predictors and engagement may be stronger for individuals possessing a strong exchange ideology.

As we see, employee engagement consist a psychological and emotional connection between employees and their organization which could be turned into negative or positive behaviour at work. The organization plays the main role of engagement

2.4 IMPORTANCE OF ENGAGEMENT:

Engagement is very important to develop the relationship between manager and worker Ashok (2005).The essential problem that happen due to disengagement means that the worker suffer from lack of motivation and commitment. While other researcher using (enthusiasm and involvement) as a different sources of engagement, and this sources have linked to variable such as profitability, customer satisfaction and productivity criteria, loyalty and employee turnover (Harter, Schmidt & Hayes, 2002).

Some statistic shows that employee engagement causes increase in the financial performance for the company. For example:

- Based on the Corporate Leadership Council (2004), a high degree of employee engagement resulted in overall performance scores that are 20% higher than the average levels of engagement
- Towers Perrin (2003) revealed an important relation between the employee engagement level and the company's 1-year total revenue growth contrast to the average growth within their Dow Jones sector.

- International Survey Research (2003) revealed that organizations with highly engaged employees showed a 3.74 % overall operational margin increase as well as a 2.06 % increase in net profits in a given year. On the other hand, organizations with low level engaged employees showed a 2% and 1.38% fall in the same categories.

Moreover Vazirani (2007) revealed the advantages and benefits of employee engagement, and these benefits as following:

- Employee who is engaged usually is more motivated and performs better compare to those who are not engaged.
- There is a positive relationship between profitability and employee engagement.
- Employee engagement enhances employee's trust toward the organization.
- In the competitive environment engaged employee creates a sense of loyalty.
- Employee engagement improves the business growth.

Therefore, employee engagement is a key element to any organization that pursues to preserve valued employees. The Watson Wyatt Consulting Companies evidenced that there is a significant relationship between productivity, customer satisfaction and employee engagement. Due to the globalization of companies in today's current marketplace, and their dependency on technology in a virtual working environment, there is even more of a need to keep the employees united and engaged in the company's identity.

2.5 DRIVERS OF EMPLOYEE ENGAGEMENT:

The drivers of engagement lead to create an engaged environment and workforce. In addition, it has a positive influence on employee attitude and behaviour (Wellins, Berthal and Phelps 2005).

Vazirani(2007) listed some important drivers that make the employee engaged, and these driver as following:

i. Career Development – Effective Management of Talent:

Career growth impacts employee engagement and enables valuable employees“ retention by providing them prospects for personal growth.

ii. Career Development - Opportunities for Personal Development:

Organizations having high levels of employee engagement generally offer their employees prospective development in terms of new capabilities, new skills, new knowledge and recognition of their potential. Companies who plan for their employees“ career development and invest in them obtain their people“s investment in return.

iii. Leadership - Clarity of Company Values:

It is important for employees to understand that the core values of the company are comprehensible and clear.

iv. Leadership – Company’s Standards of Ethical Behavior:

The moral standards that the company upholds may also lead to employee engagement.

v. Leadership – Respectful Treatment of Employees:

Successful organizations show admiration for each employee’s merits and contribution irrespective of their job level.

vi. Empowerment:

Employees desire to be a part of making decisions that involve their work. The leaders of the companies that characterized with high levels of employee engagement facilitate a work environment that can be described as trustful and challenging where employees are encouraged to put the organization’s goals at the forefront and contribute to the development of the organization.

vii. Pay and Benefits:

An efficient pay system is required as an incentive for employees to work in the organization. For the purpose of increasing levels of engagement, employees should receive sufficient compensations and benefits

viii. Health and Safety:

Employee engagement is low if the employee feels unsafe in the workplace. Hence, every company should have effective methods and systems to safeguard their employees’ health and safety.

ix. Communication:

In order to facilitate smooth communication within the organization, management should adopt an open door policy characterized by both upward and downward communication through the use of suitable communication avenues. When employees are allowed to have a say in the resolution making and have their superior's attention, then the engagement levels tend to be high.

x. Job Satisfaction:

A contented employee is an engaged employee. Hence, it is imperative that the organization makes sure that it aligns the job requirement to the employee's career objectives. This will make the employee more appreciative of his job and satisfied with his career.

2.5.1 Employee Communication VS Employee Engagement:

Effective employee communication helps employees to comprehend their role in the company and thus, lead to organizational success (Clampitt, 2005). The Chartered Institute of Personal Development (CIPD) survey has evidenced the significance of employee communication in any organization. The survey revealed that the two most crucial supporters of employee engagement are the opportunity to provide upward feedback and to be well-informed about the organization's workings.

It is clear that engagement begins with the employee being informed of the workings in the company. In other words, it is imperative to keep employees up-to-date concerning the changes brought about in their work groups so they will be prepared when the changes are introduced. Additionally, when employees are well-informed and are provided with a clear set of goals, they will be more inclined to

make good use of their time, assets, and budgets. Consequently, employees remain on track when it comes to making decisions regarding priorities and they are sure of their actions.

Hypothesis 1

H1: There is a significant relationship between employee communication and employee engagement.

2.5.2 Reward and Recognition VS Employee Engagement:

People generally expect acknowledgement for their valuable offerings and contribution. Despite the fact that majority of organizations often offer formal rewards and recognition programs in exchange for employee ideas and contributions, many employees still expect day-to-day informal recognition (Wellins, Bernthal & Mark, 2003). Employees need to be convinced that management listens, supports and recognizes their contributions in order to be more engaged (Wellins, Bernthal & Mark, 2003). The absence of employee recognition and appreciation has been established by the U.S. Department of Labor as a key aspect in employees' decisions to quit their jobs in organizations (Wellins, Bernthal & Mark, 2003).

Hypothesis 2

H2: There is a significant relationship between reward and recognition and employee engagement.

2.5.3 Employee Development VS Employee Engagement:

The American Society for Training and Development (ASTD) research evidenced that employee's desire for the growth and advancement prospects in the organization has a direct effect on engagement where 65% of the respondents replied that "quality of training and learning opportunities" encourages their engagement to a high or very high level; a response revealed as the strongest in the survey. Moreover, The Development Dimensions International (DDI) Selection Forecast study 2004, revealed that majority of employees quit their jobs to transfer to companies offering better growth and development prospects.

Hypothesis 3

H3: There is a significant relationship between employee development and employee engagement.

2.5.4 Extended Employee Care VS Employee Engagement:

Another important element in achieving high level of employee engagement that leads to employee performance improvement is the extended employee care. Based on Khan's (1990) study, there exist three psychological conditions related to the engagement or disengagement at work. They are safety, meaningfulness and availability. In other words, employees become more engaged and more in their state of psychological availability, in workplaces offering them more psychological safety and psychological meaningfulness. On top of that, May et al. (2004) revealed that elements of safety, meaningfulness and availability were significantly related with employee engagement.

Hypothesis 4

H4: There is a significant relationship between extended employee care and employee engagement.

2.6 RESEARCH FRAMEWORK:

With reference to the literature review and the research problem, the research framework has been developed. The Social Exchange Theory (SET) has been used as the basis in developing this research framework. The Social Exchange Theory provides a theoretical basis of why employees choose to become more engaged or less engaged in their work. According to SET, responsibilities are created through various interactions of parties who are interdependent with each other. SET's basic tenet holds that relationships gradually develop into trusting, loyal, and mutual pledges on the condition that the parties to the pledge follow rules of exchange.

The framework focuses on the drivers that could influence employee engagement. The dependent variable is employee engagement, while the independent variables are; employee communication, reward and recognition, employee development and extended employee care.

2.6.1 Independent Variable

It is the variable that can be manipulated by the researcher and affects or impacts the dependent variable (Cooper and Schindler 2008). The researcher chooses employee communication; rewards and recognition; employee development; and extended employee care as independent variables.

2.6.2 Dependent Variable

It is that variable which is measured, predicted, or monitored by the researcher and is expected to be impacted by an independent variable through manipulation (Cooper and Schindler 2008). The researcher selects employee engagement as the dependent variable.

The model of the study has been depicted as the following figure.

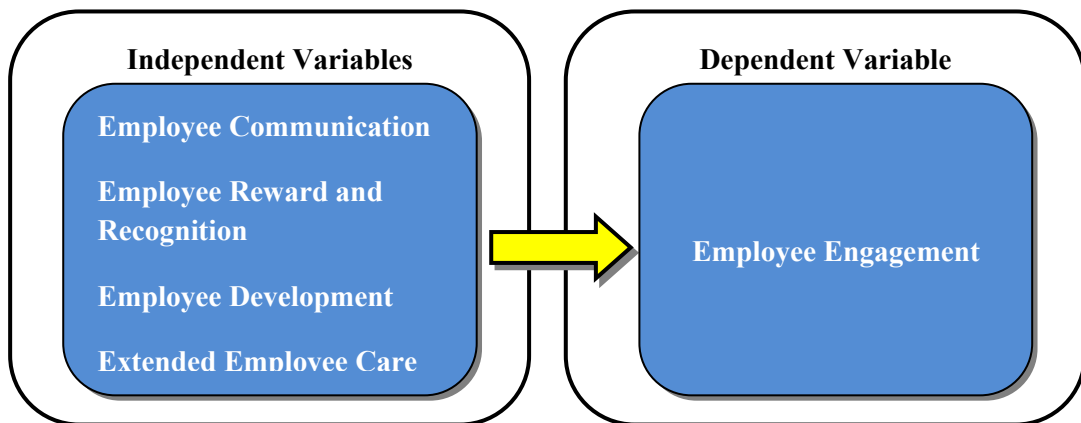


Figure 2.1: Research Framework

2.7CONCLUSION:

This chapter addressed the literature related to employee engagement, and also discuss about the importance of employee engagement, the drivers of the employee engagement and the research framework. Next chapter will deal with the method, instruments and other considerations which were carried out during the research.

CHAPTER 3

RESEARCH METHODOLOGY AND DESIGN

3.0 INTRODUCTION

This chapter explains the various procedures used to collect the data and conduct the study. As this is quantitative analysis, the researcher will use statistical analysis to find the relationship between dependent and independent variables. In the case of quantitative research the data which is gathered through the questionnaire will identify the relation between variables. The data will be analyzed by a method of correlation.

3.1 RESEARCH DESIGN

The purpose of this study is hypothesis testing, i.e., to test the relationship between the dependent and independent variables. The study will be focused on the individuals in the organization. The investigation will be done using regression. The sample will be based on probability, which is the sample size will present the population. The research is performed with minimum interference that is no controlled environment. The research is performed in one time. The data will be collected using questionnaire. The measurement will done using likert scale, nominal scale for most of the measurements. The data analysis is performed using hypothesis testing.

3.2 SAMPLE:

The researcher used random sampling to collect data; where random sampling means a subset of a statistical population in which each member of the subset has an equal probability of being chosen.

The unit of analysis is individual; where the sample is employees working in Penang. The sample was picked randomly across different levels in different organizations around Penang. The researcher personally approached the organization and explained to the employee about the purpose of the study.

3.3 SOURCES OF DATA

Primary data were used in this study. Primary data is the data which is gathered for the purpose of the research specifically (Sekaran, 2010). To get the information, researcher has designed and will distribute a set of questionnaire.

3.4 MEASUREMENT INSTRUMENT: QUESTIONNAIRES

This research project uses primary data as the principal source of information. As the unit of analysis is the individual, the researcher is interested to collect original data from a population and measuring the perceptions of individuals. A survey was deemed the most suitable design to achieve the objectives of the project.

Survey instruments, such as observations, face-to –face interviews, telephone interviews, and personally-administered questionnaires, structured questionnaires to group of individuals and mailed questionnaires were considered. As the researcher was interested to collect original data from a population, the population was very big to observe or interview. Thus, a survey by a questionnaire was considered the most

appropriate method for measuring the perceptions of the workers, while minimising the possibility of researcher bias and providing a greater degree of subjectivity.

Table 3.1: Measurement Items

Variables	Items	Scale	Sources
Employee engagement	13	Five-point Likert scale	Chartered Institute of Personnel and Development
Employee communication	7	Five-point Likert scale	ORC International Pulse
Employee development	5	Five-point Likert scale	ORC International Pulse
Reward and recognition	7	Five-point Likert scale	ORC International Pulse
Extended employee care	11	Five-point Likert scale	ORC International Pulse

The questionnaire is divided into five parts of A, B, C, D, E and F. Part A of the questionnaire contains questions on employee engagement, measures the level of engagement in the organization. Part B determines the level of communication among the employees. Part C determines the level of employee development, thus how it is affect the employee engagement. Part D determines the level of rewards and recognition that the employees get from their organization. Part E determines extended employee care practices in the organization. The final Part F collects personal profile of the respondents.

Table 3.2: Layout of the questionnaires

Section	Variables	Number of items
A, B, C, D and E	(A) Employee engagement	13
	(B) Employee communication	7
	(C) Employee development	5
	(D) Reward and recognition	7
	(E) Extended employee care	11
F	Personal profile	6
	<ul style="list-style-type: none"> • Age • Gender • Social status • Race • Academic Qualification • Department • Job tenure 	

Two scales were used in this research nominal and likert scale. Nominal scale used for part F to get the personal information of the respondents, while likert scale used for sections A, B, C, D, and E. Likert scale is made use of to gauge the responses of the sample study to the various items measuring a variable. These responses are noted on a 5-point likert scale which can then be aggregated across the item. The following scale illustrate the measure that was utilized by using likert scale with scores from 1 to 5 (Sekaran, 2010).

1	2	3	4	5
Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree