

**EMPLOYEES' AWARENESS ON POST RETIREMENT BENEFITS AND EMPLOYEE
ENGAGEMENT**

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ABSTRACT

Emerging markets worldwide has resulted in global competition not only in the development of products, profits and branding but also in recruiting, retaining and satisfying employees. Since many years research has been also focusing on enhancing productivity, commitment and engagement among employees. One of the methods of enhancing these qualities has been providing post-retirement benefits. This study investigated the relationship between employee engagement and post-retirement benefits in a Malaysian university, International Islamic University Malaysia (IIUM). It aimed to determine the vital post-retirement benefits that highly contributed to employee engagement and its organization. Results from the analysis had confirmed that there were significant relationships between post-retirement benefits and employee engagement in IIUM. The results also confirmed that post-medical benefit was the most important variable to enhance the engagement amongst employees in the organization.

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ABBREVIATION

IIUM	International Islamic University Malaysia
OIC	Organization of the Islamic Conference
RBF	Retirement Benefit Fund
NRBF	New Retirement Benefit Fund
EPF	Employee Provident Fund
SPSS	Statistical Package For Social Science
MAA	Memorandum of Articles and Association

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF RESEARCH

International Islamic University Malaysia (IIUM) is the brain child of the former Prime Minister, Tun Dr. Mahathir Mohammad. It was established by the Malaysian government of Malaysia in co-sponsorship with the Organization of the Islamic Conference (OIC) and many other Muslim countries including Egypt, Libya, Pakistan, Maldives, Bangladesh, Saudi Arabia, and Turkey in 1983.

The University functions under the direction of a Board of Governors represented by Malaysia as the host country and members of the co-sponsor countries as mentioned above (Aidit, 2009).

IIUM uses English as its medium of instruction and Arabic is also used as the medium of instruction for undergraduate and postgraduate programmes in a number of Kulliyahs (known as faculty at other higher institutions).

IIUM is a public university which operates under Company Act and the staff of IIUM are non-government officers. Its status as public university established under Company Act creates the followings conflicts:-

- a) IIUM as a company has its right to establish its own rewards and benefits.

Currently IIUM had adopted most of the government rewards and benefits packages except pension scheme. The adoption of the government circulars are subjected to approval by approving authority determined by IIUM as stated in Memorandum of Articles and Association (MAA).

- b) The University receives annual operating budget from government similar to other public universities and therefore, new or different rewards and benefits to offer are subjected to approval from relevant authorities such as Ministry of Education and Ministry of Finance.

In terms of benefits to the staff, IIUM currently using one-size-fits all concept. However, as the office advances and needs change the kind of benefits workers look for has changed too. Different benefits offer for different types of appointment i.e permanent and contract staff and in order to attract renowned scholars, differential salary package and benefits were offered. Leopold (2010) stated that as the work place evolves and needs change the type of benefits employees seek has changed as well. He further explained that the current landscape calls for an ideal model transformation in the way employers see staff benefits. This change in point of view makes a plan that helps organizations fortify worker engagement and satisfaction, thus driving employee attraction, engagement and contentment. In the present situation, productivity remains a basic objective for employers: 84% of employers report that the productivity is an exceptionally critical benefits objective, a figure higher from 79% in 2008.

There were many factors in an organisation's employment proposition that attracted, retained and engaged their employees. What made them attractive depended on the individual employee's circumstances, such as age, caring, responsibilities, security and many more. Such an approach has led many employers to regard employee benefits as a strategic tool to help align their employee behaviours with business objectives. They use the employee benefits including post-retirement benefits as a bargaining chip to

attract, retain and engage the talented workers that they need for now and for the future (Koo & Chow, 2008).

In short, employee benefit programme plays a significant role as a part of the attraction and tool to retain talents in any company. When it is rightly planned, they can drive the employee engagement to harvest a solid commitment to business goals and enhanced performance. Lately, employee benefits have expanded taking into consideration of increased benefit costs, increasing demographics diversity in workforce and more employers looking to differentiate themselves as the “Employer of Choice” (Omar, 2011).

1.2 PROBLEM STATEMENT

IIUM as a company has the privilege to offer rewards and benefits for its staff. However, financial constraint still the main factor that restricted the management from providing the best benefits that fulfil staff needs. Based on the Balanced Score Card Report 2014, 3.99% of staff leaving the University and 43 staff leaves the University due to accepting other job offer.

Even though according to Bernadette Kenny’s report in Forbes magazine, any rate below 15 % per year is considered healthy and does not signal apprehension, yet IIUM needs to take necessary action such as providing well accepted rewards and benefits in order to ensure staff engagement and retention.

Table 1.1
Turn over 2014

Category	Type	Academic	Admin.	Total
Compulsory Exit	Retirement	5	14	19
	Termination / Dismissal	12	3	15
	Passed Away	4	5	9
	Total Compulsory Exit	21	22	43
Voluntary Exit	Optional Retirement	6	4	10
	Resignation	26	25	51
	Shortening of Contract	21	23	44
	Total Voluntary Exit	53	52	105
TOTAL EXIT		74	74	148
TURNOVER RATE		4.17%	3.97%	3.99%

Table 1.2
Reasons for Resignation

NO.	REASON	ACADEMIC STAFF	ADMINISTRATIVE & TECHNICAL STAFF
1	Accept another job offer(Private	17	9
2	Family	5	2
3	Personal	5	7
4	Further Study	6	5
5	Government/IPTA	8	9
6	Health	1	3
7	Self Employed	2	2
8	Not mentioned	7	15
9	Problem with study leave	2	0
	TOTAL	53	52

Table 1.3*Turn over Rate 2007-2014*

Year	Academic	Admin. & Tech.	Total
2007	3.68%	1.76%	2.78%
2008	3.25%	2.28%	2.78%
2009	2.02%	1.55%	1.79%
2010	2.17%	2.27%	2.22%
2011	2.42%	1.71%	2.07%
2012	2.00%	2.00%	2.00%
2013	2.56%	1.29%	1.92%
2014	4.17%	3.97%	3.99%

In 2010, it was proposed by most of IIUM staff through their associations/unions to adopt government pension plan. The easiest way to adopt the government pension plan is for IIUM employees to join Civil Service Retirement Scheme (CSRS). However, the government scheme only allows statutory bodies to join and other entities are not allowed. IIUM, unfortunately, is not a government statutory body. Thus, this solution is not possible for IIUM unless the current rules are changed. Even though, IIUM has revised the retirement, number of staff leaving the University keeps on increasing, due to low pay compared to private sectors and less benefits compared to other government agencies. It was supported by Saks (2006), stated that rewards and recognition will be positively related to job engagement and organization engagement. Engaged employees are dedicated to their role, will stay in the organization for a long time, more productive, give better customer service and in return create greater profit in private sector organization (Susan, 2012).

This research aims to study the relationship between employee benefits focus on post-retirement benefits and employee engagement in IIUM particularly among IIUM permanent staff. Turn-over rate is alarming and with this research it is hope that IIUM could enhance benefits to its staff. The study focuses on engagement because engaged staff will retain in organization. In IIUM, post-retirement has become an issue since IIUM is a public university without pension scheme.

IIUM offers various types of benefits to its staff including medical and post-retirement benefits. In order to increase staff engagement, number of benefits especially relates to post-retirement benefits need to be highlighted and well communicated to all staff especially permanent staff. Currently staff whose end of service at the retirement age will receive the following benefits:

Table 1.4
Summary of Post-Retirement Benefits

Benefits / Age	40 to 49 years old	50 to compulsory retirement age
Retirement Benefit Fund (RBF)	X	√
Golden Handshake	√	√
Service Gratuity (min. 10 years of service)	X	√
Outpatient medical treatment at IIUM Health Centre	X	√
Inpatient Medical Treatment at Government Hospitals including spouse (min. 10 years of service)	X	√

Currently, benefits received by staff upon retirement as extracted from various circulars are as follows:

1.2.1 Employee Provident Fund

The compulsory Employees Provident Fund (EPF) provides the private sector employees with various benefits. Different types of assistance such as pension, yearly dividend etc. can be sought after age 55. A contribution accounting to 70% are remunerated into Account 1 in order to sponsor disability, elderly and survivors' benefits. 30% goes to Account 2 which is made available for buying house, education and to cover major ailments expenses. At the age of 55, both accounts are combined and members should have a fund of MYR 120,000. Those holding a minimum of 55,000 ringgits in Account 1 can withdraw nearly 20% of the fund, over MYR 50,000 for investment in unit trusts endorsed by the Finance Ministry. Additionally, the EPF gives a huge sum for handicaps and survivors' benefits. Disability and survivors' pensions are given from social insurance. Since National Health Service doesn't exist, medical treatment for selected sickness is given in public hospitals. On the other hand, employees from the private sector are obliged to pay bills for treatment, which can be taken from the EPF Account 2 on account of designated sicknesses.

1.2.2 Retirement Benefit funds

A staff will automatically be eligible for RBF after having served the University for one year on permanent basis. A staff who retires after the age of 55 years old will receive his RBF amount plus dividends. A staff who resigns will forfeit the amount of his RBF. A Staff who goes on optional retirement after the age of 40

will have his RBF accumulated amount transferred to his EPF account. Staff can withdraw the accumulated amount and the dividends, once he reaches 55 years old.

Staff who becomes medically incapacitated will receive the total amount of his RBF plus dividends at the time of incapacity. The amount is not less than 30 times of his last drawn salary. If staff dies before his retirement, the legal representative of the deceased staff will receive the amount accumulated, which is not less than 30 times of the staff's last drawn basic salary.

1.2.3 New Retirement Benefits

In 2010, IIUM was analysed and evaluating its post-retirement benefits, in order to make it similar or better than government pensioners. In the report, it was found that the required top up contribution to cover the gap is 6.8% of basic salary. This rate represents the average top up rate for all categories of employee. Based on comprehensive study and initiative by IIUM, effective January, 2012, all permanent staff had received retirement benefits as follows:

Table 1.5

New Retirement Benefits Fund : IIUM Service Circular 3/2012

Type of Fund (Employer Contribution)	Rate of Contribution	
	Salary below RM5,000.00/month	Salary above RM5,000.00/month
Employee Provident Fund	13%	12%
Retirement Benefit Fund	6%	7%
New Retirement Benefit Fund	5.3%	5.3%

1.2.4 Gratuity

The rate of gratuity to be paid relies on upon the period of recognise services and the last drawn pay by the staff. The formula for this computation is as follows:

$$7.5\% \times \text{no. of months of recognise service} \times \text{last drawn basic salary}$$

This benefit is extended to IIUM staff who retire after the age of 50 years and have served the University for a minimum of 10 years continuously. This benefit is payable to retirees only and cannot be transferable. In the event the staff dies in service, the next of kin will either be paid with gratuity or RBF, whichever is higher.

1.2.5 Post-Retirement Medical Benefits

IIUM retirees and dependents are entitled to free medical services at IIUM Health Centres and Government hospitals. Free treatment facilities at the Institut Jantung Negara Sdn. Bhd. (IJNSB) may be obtained when being referred by a Government Medical Specialist to IJNSB after receiving treatment at a Government hospital.

However, those who are entitled for government pension scheme upon joining IIUM would not be entitled for this benefit since they would enjoying the same benefit under the government pension scheme provided by their previous organization.

Post-Retirement Medical Benefits are given to University staff who are compelled to stop working owing to health reasons including:

- a) while performing his or her official duty;

- b) getting exposed to a disease as a result of the nature of his job; or
- c) getting injured while on an official journey not due to negligence or misconduct.

Staff will be eligible for post- retirement medical benefit when the staff being retired by the IIUM Medical Sub-Committee at the age of at least 50 years old and have served IIUM for a minimum of 10 years of service. Those who are entitled with government pension scheme upon joining IIUM is not eligible for Post-Retirement Medical Benefit provided by the University.

In event the officer passed away while in service due to any reason, IIUM also extends post-retirement medical benefits to the staff's spouse/s known as Derivative Medical Benefits. The Derivative Medical Benefits will be extended to the spouse if the staff passed away at least at the age of 50 years old with minimum 10 years of service. However, to be eligible for the Derivative Medical Benefit, the staff must not receiving medical benefits provided under the government pension scheme. In the event where death of an officer in retirement, person/s entitled for Derivative Medical Benefits are the spouse/s. Derivative Medical Benefits would cease upon remarriage of the living spouse/s.

1.2.6 Golden Handshake

Staff appointed on permanent basis is eligible for golden handshake (i.e. cash award as compensation for the accumulated unutilised annual leave) upon retirement. The maximum number of annual leave that can be accumulated as cash award compensation is as follows:

a) Fifteen (15) days or half of the annual leave entitlement (whichever is the lower),

b) One hundred and fifty (150) days throughout the service in the University.

The accumulated annual leave for the purpose of cash compensation at the former government agency of staff prior to joining the University shall not be transferred to the University, regardless whether the staff resigned or obtained release with permission from the former organization.

The benefit of golden handshake was extended to the permanent academic staff effective from 1st January 2007, i.e for the unutilised annual leave for 2006 and thereafter.

1.2.7 Pre Retirement Training

Business Across Border was introduced in 2013 and focus on preparation for the staff to be entrepreneur upon retirement as well as establish networking among IIUM staff and experienced entrepreneurs through comprehensive module which includes international business trip. Objectives of the programme are:

- a) To provide opportunity for selected staff of IIUM to acquire alternative source of income upon retirement through business activities
- b) To instil entrepreneurship mindset among selected staff of IIUM
- c) To appreciate staff who has been loyal in serving IIUM for 30 years and more.

- d) To strengthen ukhuwwah among selected IIUM staff participants and establish their networking with entrepreneurs for business purposes after retirement

The programme is open to all permanent staff who has served the University for 25 years and more with the following conditions:

- a) Satisfactory Annual Performance Appraisal Report (80% and above) for 3 years continuously
- b) Good communication and interpersonal skill
- c) Have interest in business
- d) Have not been subject to disciplinary action throughout service in IIUM
- e) Selection will be made by a Selection Committee through interview session. The selection committee members consist of representatives from university management and staff associations

Besides business across border, IIUM also organized programme under financial literacy programme which focus on financial management especially after retirement.

1.2.8 Staff Loyalty Award

Staff member who has served the University for at least fifteen (15) or twenty-five (25) years and is still serving. Other than that 'Retiree Award' is given to staff member who served the University for at least ten (10) years and now retired.

1.3 RESEARCH QUESTION

Based on the discussion above, the primary objective is to see the relationship between post-retirement benefits and staff engagement. The present study is designed to answer the following questions?

- a) Is there a relationship between Retirement Benefit Fund and engagement by employee?
- b) Is there a relationship between Gratuity and engagement by employee?
- c) Is there any relationship between post-medical benefits and engagement by employee?
- d) Is there any relationship between pre-retirement training programme and employee engagement?
- e) Are staff satisfied with post-retirement benefits offer for them?
- f) Which benefit under post-retirement benefits is staff most satisfied with?

1.4 RESEARCH OBJECTIVE

The objectives of the research are:

- a) To examine the relationship between retirement benefits fund and employee engagement
- b) To examine the relationship between gratuity and employee engagement
- c) To address the relationship between post-medical benefits and employee engagement
- d) To analyse the relationship between pre-retirement training programme and employee engagement

- e) To identify which benefit under post-retirement benefits are staff most satisfied with
- f) To examine whether staff are satisfied with post-retirement benefits offered to them

1.5 SCOPE OF STUDY

The study was done at the International Islamic University Malaysia (IIUM) and the questionnaires were distributed to permanent administrative staff who are entitled for post-retirement benefits upon retiring from IIUM. The study focused on the knowledge of staff on the benefits offered by IIUM and relationship of the benefits towards engagement of employee.

1.6 SIGNIFICANCE OF STUDY

This study on employee benefits especially on post-retirement benefits for IIUM staff was not conducted and the uniqueness of IIUM as a public university that abide to Company Act creates so many problems in day to day running of the University. The staff associations and unions for example are fighting for the same benefits offered by government especially on pension scheme and other related benefits not adopted by IIUM. This study is expected to have both theoretical and practical implications. From the theoretical standpoint, the study of key components, will give guidance to future research to develop a comprehensive conceptual framework of employee benefits and employee engagement. Likewise, from the practical standpoint, a better understanding of

employee benefits and employee engagement, further studies on new benefits could be done in order to increase staff satisfaction as well as to support staff welfare.

CHAPTER 2

LITERATURE REVIEW

2.1 EMPLOYEE BENEFITS

According to Milkovich and Newman (2004), employee benefits is part of the total compensation package, other than pay for time worked, provide to employees in whole or in part by employer payments e.g. life insurance, pension, workers compensation, vacation. Henderson (2000) explained employee benefits can be classified under these seven major groups:

- a) Disability income continuation
- b) Loss-of-job income continuation
- c) Deferred income
- d) Spouse or family income continuation
- e) Health and accident protection.
- f) Property and liability protection
- g) A special group of benefits and services called perquisites.

Employee benefits are offered by the employer of an organisation for corporate reasons and to enhance employee morale or even both. Some offered benefits solely because they believed that the employees should be looked after as a moral responsibility of their organisation. Some employers offer benefits for two primary reasons: recruiting and to create good engagement with the employees (Bishop, 2005). A benefits program can be best tested for its success through employee involvement or the level of partaking. Employee benefits are sometimes called indirect compensation because they are given to employees in the form of a plan such as health insurance rather than cash. Employee

benefits protect employees from risks that could jeopardize their health and financial security (Mejia, Balkin & Cardy, 2012). Martocchio (2013) also stated that companies are increasingly investing in protection programmes and services that are designed to enhance the well being of employees in a cost efficient manner.

Cole and Flint(2003), stated that employee benefits are often used to attract new employees, and pension plans can become an important factor in retaining employees in the latter stages of their careers. Further, benefits may become a strategic issue when they are specifically designed or changed as part of an effort to move the organization in a new direction, recognizing that the employees who must achieve this redirection are critical to success.

Carraher (2010) stated that pay, pay satisfaction, and attitudes towards benefits have emerged as popular variables for use in organizational research. They exhibit significant relationships with organizationally important outcomes such as absenteeism, turnover intentions and perceived organizational attractiveness for job seekers, organizational citizenship behaviors, and job performance. Businesses of all sizes are competing in a global marketplace for employees.

They face the difficult task of providing competitive compensation and benefit packages to employees in a cost effective manner, attracting and retaining employees with the needed knowledge, skills, and abilities in order to effectively perform their jobs and trying to have the organization remain profitable. Research with small, medium, and large businesses from around the world has found that employee benefit and compensation packages can play a strategic role in enhancing organizational performance and profitability (Brown, Sturman & Simmering, 2003). Employers view compensation

as a major cost factor of production and as a necessary inducement for attracting suitable job applicants in addition to retaining valued employees, motivating performance, and other desirable behaviours. Within budget constraints, employers attempt to provide fair pay with respect to the following:

- a) The external labour market;
- b) The relative value of the job; and
- c) The “added-value” individuals produce for the organization.

2.2 EMPLOYEE ENGAGEMENT

Mone et al. (2011) defined engaged employees as those who feel involved, committed, passionate, and empowered, and demonstrate those feelings in work behaviour. Similarly, Macey et al. (2009) explained a working definition of engagement whereby the employee’s sense of purpose and dedicated energy that is apparent to others through the display of individual initiative, compliance, effort, and persistence directed toward the organization’s objectives. They suggested that having high levels of trust and fairness in the culture is the key to generating and nourishing an engaged workforce, and interferences for driving engagement can fall into the areas of building confidence, resiliency, and social support networks; renewing or restoring employee energy; and enhancing the motivation and freedom to engage.

Based on the above definition, employee engagement can be described as having a deep and broad connection with the company that results in the willingness to go above and beyond what is expected to help the company succeed (Gebauer & Lowman, 2009).

Maslach and Leiter (1997) conceptualised engagement as the opposite of burnout. Feeling energetic, involved, and effective versus feeling exhausted, cynical, and ineffective; through the lens of the person–job fit. Both of them propose building engagement through providing effective recognition and rewards, empowerment, promoting sustainable workloads, providing fair and equitable treatment, and ensuring personal values coincide with the organization’s values. Although there is distinctiveness in each definition and approach for driving engagement, there is also some steadiness.

Schaufeli et al. (2002) defined engagement as a positive, fulfilling, work-related state of mind that is characterised by vigor (feeling strong while working and exhibiting high levels of energy), dedication, and absorption. They stated that engagement is not a momentary and specific state, but rather, it is ‘more persistent and pervasive affective-cognitive state that is not focused on any particular object, event, individual or behaviour’. According to Kahn (1990), he defined personal engagement as “the harnessing of organization members’ selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances.” On the other hand, personal disengagement refers to “the uncoupling of selves from work roles; in disengagement, people withdraw and defend themselves physically, cognitively or emotionally during role performances”. Thus, it can be said that engagement means to be psychologically present when performing an organizational duties.

According to Smythe (2007), the most important factor for employee engagement is the connection between his job and organizational strategy, along with the understanding of how vital his job is to the firm’s success. Employee engagement

represents a model of social agreement between companies and its staff. This empowers the staff which will add value to the business resulting in an attractive and creative work place. Smythe further explained that once the enrolment is lost; it is difficult to get them back on the plan. Company must offer a significantly better-priced plan to its employees than their competitors. This will motivate them in retaining their job until retirement and shun any ideas of job change or turnover. Nonetheless these approaches are not unique and have been claimed to provide benefits for both reasons by many.

Similarly, Thomas (2009) defined staff engagement as individuals who are engaged in the new work to the extent that they are actively self-managing at that work. Thomas suggests that worker reach a level of engagement when they are committed to the organization's mission, having the ability to use their intelligence to make choices about their role and responsibilities, and provided with information about how their performance accomplishes the purposes of the organization.

It was supported by Gebauer and Lowman (as cited from Halm, 2011) who defined employee engagement as a deep and broad connection that employees have with a company that results in a willingness to go above and beyond what's expected of them to help their company succeed. These authors suggest that for engagement to be successful, the connection of the employer and employee must occur at three levels –

- a) employees' ability to understand their role and responsibilities
- b) employees' personal passion and energy for their work; and
- c) employees' capability and proficiency to perform their role and tasks.

Gebauer and Lowman's (2009) definition was constructed on the premise that the employee understands what to do to help their company succeed, he or she feels

emotionally connected to the organization and its leaders, and he or she is willing to put that knowledge and emotion into action to improve performance, his or her own and the organization. Another view of employee engagement is presented by Cummings and Worley (2005). They used the term employee involvement to describe the concept of engaged employees. These authors described engagement as seeking to increase members' input into decisions that affect organization performance and employee well-being. They concluded with a definition of employee involvement as including four elements that promote meaningful involvement in the workplace: power, information, knowledge and skills, and reward. Cummings and Worley (2005) suggest that power means providing employees with the authority, responsibility, and accountability to make work-related decisions. They believed that employees can contribute to the success of the organization only if they have the required skills and knowledge to perform the work and make good decisions. The intrinsic and extrinsic rewards when linked to performance outcomes enhance employee engagement (Cummings & Worley, 2005).

These researchers have not only provided a definition of employee engagement but also provided insight into the elements that promote and sustain an environment of engagement. For health care organizations to prosper, professional staff and management team members must be engaged in their work and the performance of the organization. Developing enthusiastic and aspired employees is a critical task in achieving both individual and organization success. The primary purpose of health care managers is to create a culture where employees are fully involved and energized by the work they do within the organization. Engaged employees care about the future of the organization and

are willing to invest in the future success of the organization through their individual and collective actions (Seijts & Crim, 2006).

A company's investment in employee benefits is significant and when managed effectively, has the potential to deliver invaluable returns in the form of employee attraction, retention and productivity. Employers that view benefits programs holistically rather than as an obligatory expenditure will derive the most value from their benefits initiatives.

One way for individuals to repay their organization is through their level of engagement. That is, employees will choose to engage themselves to varying degrees and in response to the resources they receive from their organization. Bringing oneself more fully into one's work roles and devoting greater amounts of cognitive, emotional, and physical resources is a very profound way for individuals to respond to an organization's actions. It is more difficult for employees to vary their levels of job performance given that performance is often evaluated and used as the basis for compensation and other administrative decisions. Thus, employees are more likely to exchange their engagement for resources and benefits provided by their organization (Lox and Rotman, 2007)

Kahn (1990) reported that people vary in their engagement as a function of their perceptions of the benefits they receive from a role. Furthermore, a sense of return on investments can come from external rewards and recognition in addition to meaningful work. Therefore, one might expect that employees' will be more likely to engage themselves at work to the extent that they perceive a greater amount of rewards and recognition for their role performances. Maslach *et al.* (2001) also suggested that while a lack of rewards and recognition can lead to burnout, appropriate recognition and reward

is important for engagement. When employees receive rewards and recognition from their organization, they will feel obliged to respond with higher levels of engagement.

Saks (2006) argued engagement is said to be related to but distinct from other ideas in organizational behaviour. He further claimed that organizational commitment and employee engagement are two different things as engagement is refers to a person's attitude and attachment towards their organization while organizational commitment involves voluntary and informal acts that can help co-workers and the organization as a whole (Saks, 2006). Simply put, the voluntarily and formality aspects are the main elements that distinguish engagement and organizational commitment. Engagement also differs from job involvement. May et al. (2004) clarified job involvement as a result of a cognitive judgement about the need satisfying abilities of the job. Engagement has to do with how the workers employ themselves in the performance of their workforce. Furthermore, engagement the active use of behaviours and emotions in addition to cognitions.

Lockwood (2007) argued that “clear, consistent and honest communication is an important management tool for employee engagement.HR promotes thoughtful communication strategies that encourage employee engagement by keeping the workforce energized, focused and productive. Such strategies are critical to long-term organizational success. In addition, strategic and continuous communication lends credibility to the organization's leadership”. Therefore, the most critical step in establishing a high-quality benefits experience is effective communication. Information about benefits must be clear and concise. For examples, insurance calculators and scenario-planning tools for “people like me” can all help employees digest the

information they need. The channel through which benefits communications are distributed is also an important consideration, whether it's via e-mail, traditional mail or smartphones, different employees have different preferences, and employers need to understand those preferences and deliver messages accordingly.

The most critical step in establishing a high-quality benefits experience is effective communication. Information about benefits must be clear and concise. For examples, insurance calculators and scenario-planning tools for “people like me” can all help employees digest the information they need. The channel through which benefits communications are distributed is also an important consideration, whether it's via e-mail, traditional mail or smartphones, different employees have different preferences, and employers need to understand those preferences and deliver messages accordingly. When properly designed, delivered and communicated, a company's total rewards programme can provide an incentive for talented people to join a company, to perform at levels that produce desired business results and to remain with the company as long as they continue to produce (Jane, 2013). In Aon Hewitt Engagement 2.0 Employee Survey it shows that benefits are part of attraction, retention and engagement drivers:

Table 2.1*2011 Aon Hewitt Engagement 2.0 Employee Survey*

TOP ATTRACTION DRIVERS	TOP RETENTION DRIVERS	TOP ENGAGEMENT DRIVERS
Competitive base pay	Senior leadership making right decisions for the future	Clear career path
Competitive health care benefits	Necessary tools	Involved in decisions that affect my work
Financial stability of company	Competitive health care benefits	Necessary resources
Flexible work schedule	Necessary resources	Career development
Competitive retirement benefits	Reliable work group	Teamwork
Competitive vacation/time off	Career development	Co workers make personal sacrifices to drive success
Reputation as a great place to work	Clear career path	Co workers make personal efforts to improve their skills needed to contribute
Opportunity for advancement	Manager understand what motivates me	Manager understands what motivates me
Challenging work	People oriented culture	Appropriate decision making authority
Company culture	Stress management	Good understanding of how health care benefits work

Employee engagement is a key business driver for organizational success. High levels of engagement in domestic and global firms promote retention of talent, foster customer loyalty and improve organizational performance and stakeholder value. A complex concept, engagement is influenced by many factors from workplace culture, organizational communication and managerial styles to trust and respect, leadership and company reputation. For today's different generations, access to training and career opportunities, work/life balance and empowerment to make decisions are important. Thus, to foster a culture of engagement, Human resource leads the way to design, measure and evaluate proactive workplace policies and practices that help attract and

retain talent with skills and competencies necessary for growth and sustainability (Lockwood, 2007).

2.3 POST-RETIREMENT BENEFITS

In recent times, economic changes has made an impact on the way people spend, save, invest, and manage risks to protect their standards of living in their retirement years. The primary responsibility for providing an adequate retirement income has gradually shifted from governments and employers to the individual. Pension plans are shifting from the defined-benefit form to defined-contribution, in which plan participants must make investment decisions. With longevity increasing, replacing defined pension plans with defined contribution plans are making social security arrangements less certain. Increasingly, the very complex problem of saving and investing to provide for a secure retirement income is being transferred to the individuals who may not have either the knowledge or the training to handle the task(Tan & Yoong, 2010).

Benefits represent one of the largest investments a company makes in its talent. Benefits make up an important component of the employment relationship, providing employees with financial protection, access to health care and programs to support work/life balance. Generally, one's organization makes post-retirement benefit plans eligible based on age and/or years of service. According to the research done by Karoly and Rogowski (1994), there is no single definition of retirement. They defined retirement as:

- a) a permanent departure from the labor force,
- b) a sharp reduction in hours worked,

- c) departure from a firm,
- d) receipt of pension income or primary social security income, and
- e) self-assessed retirement status”.

Thus, retirement can be defined as a transition from working to being out of the labour force.

Kwon and Hein (2013) argued in their research that one of the most top engagement drivers is good understanding of how health care benefits work. Health care benefits, for example, are not only expected when joining an organization. They are considered a motivator for staying with an organization. Understanding the importance of benefits relative to other total rewards throughout the employment life cycle can help organizations better design and manage programs that will help them to attract, retain and engage key talent.

Workers who retire early must either go uninsured until they attain the age of Medicare eligibility or find a private source of health insurance coverage. Early retirement is associated with a loss of employer-provided health insurance and an increase in other types of coverage. Since privately purchased insurance is extremely expensive for persons of retirement age, access to health insurance benefits is likely to be an important determinant of the decision to retire (Karoly & Rogowski, 1994). This is because health insurance is an important benefit for older workers and retirees. Poor health can result in large out-of-pocket expenditures and may pose a threat to economic security. For example, the retirement literature has recognized that health status affects the retirement decision. A decline in health will reduce the marginal utility of income,

thereby encouraging retirement income. At the same time, the decline in health may also lower the return to work by decreasing productivity.

The literature has also shown that pension and social security wealth are important determinants of the retirement decision. It is predicted that an increase in either type of wealth leads to earlier retirement due to an income effect, as wealthier individuals purchase more leisure. Access to health insurance coverage may also affect the decision to retire, particularly before age 65. The availability of health insurance after retirement, whether through a former employer, the spouse's employer, or a public program such as Medicare, will directly affect the cost of medical care. Furthermore, the cost of obtaining coverage from a private source will be an offset to retirement income and will therefore also affect the retirement decision (Karoly & Rogowski, 1994). Therefore, if access to post-retirement health insurance is an important determinant of the decision to retire early, then changes in access to such coverage have important policy implications. For example, if employers of organizations become more reluctant to provide retiree health benefits as a result of increases in the cost of providing the coverage, retirement patterns may be significantly altered. In short, pension eligibility is positively related to the probability of retiring.

According to Prudential Group's Insurance (2009), "the U.S. workers are more aware of their future long-term care needs. More than half (53%) of plan participants surveyed this year rate long-term care needs as 'highly important' compared with 40% in 2007. The 13 percentage point increase is the largest among all financial needs evaluated in 2009". Those who are more concerned than others about providing for the long-term care needs of self are older (importance increases with age), married and less educated

workers. Workers need to be educated about how to arrange their life after retirement with what they should receive. This is because only small number of employees is informed about the benefits and advantages of long-term care insurance.

Kwon and Hein (2013) claimed an organisation can be successful when employee benefits is properly designed, delivered and communicated, a company's total rewards program can provide an incentive for talented people to join a company, to perform at levels that produce desired business results and to remain with the company as long as they continue to produce. As mentioned above, one of the main element is communication strategy. They suggest multiple communication channels can become a comprehensive strategy. Employers that deliver communication through multiple vehicles are more successful at reaching their people and thereby creating greater perceived value. Using a variety of channels such as social media, direct mail, and electronic solutions can signal the required information which are important and require attention/action. This suggestion is similar to Mhatre (2010) in which he addressed the importance of launching a comprehensive multimedia communications and education strategy (Web 2.0 and social media) to enhance awareness, engagement, promote savings behaviour, and avoid poor choices such as loans and in-service withdrawals. Saks(2006) have proved that there is positive relationship between employee benefits specifically post-retirement benefits and employee engagement.

On the retirement resource issue in Malaysia, Kumar (1997) has revealed that savings and retirement resources adequacy problems in the low- and mid-income groups were serious. 38.2% of the total employed Malaysians in 1998 were not covered by the EPF and any pension. The remaining 61.8% covered employees, there are doubts that the

EPF scheme, being subjected to lump-sum payments or pre-retirement withdrawals (Thillainathan, 2004), would be adequate to meet contributors' post-retirement financial needs (Caraher, 2000). Meanwhile, the pension payments scheme, unless it can be revised upward in line with inflations, would continue to present a similar problem to pensioners. These problems merit a re-examination or examination of the relevant financial learning issue, given the fact that the learning theory emphasizes the significant interaction between the individual, the nature of the material to be learnt and the context, within which learning takes place (Hershey and Mowen, 2000). For all age cohorts, their financial resources influence spending over their life cycle (Tan and Folk, 2011). The study examines the Malaysians' financial issues from the perspectives of their financial planning and expectations especially the subjective perception, behavioral assessment objective, and overall financial wealth. It also examines whether they are able to achieve a better retirement through improving their different educational levels, and value systems. The outcome revealed;

- a) Malaysians' financial wellness level in order to provide useful information to financial counselors or financial planners,
- b) Malaysians managing their own finances and investments; and
- c) the level of their retirement preparedness as reflected by the importance of financial education (Bayar et al., 1996; Hogarth et al., 2003; Joo and Grable, 2005; Kim et al., 2005).

2.4 THEORETICAL FRAMEWORK

Motivation has been studied for many years. As a result a wide variety of motivational theories have been produced. These theories included the Hierarchy of Needs theory by Abraham Maslow, Two Factors theory by Frederick Herzberg, Expectancy theory by V.H. Vroom and the Theory X Theory Y by Douglas McGregor. However, for the purpose of this research, the Maslow Hierarchy of Needs and the Expectancy Theory are the two selected motivational theories to be discovered.

Maslow's theory reasoned that human needs are multiple and that individuals work to satisfy those needs in a specific sequence. He also noted that non-economic needs are important to people. The following diagram shows the structure of hierarchy that introduced by Maslow.

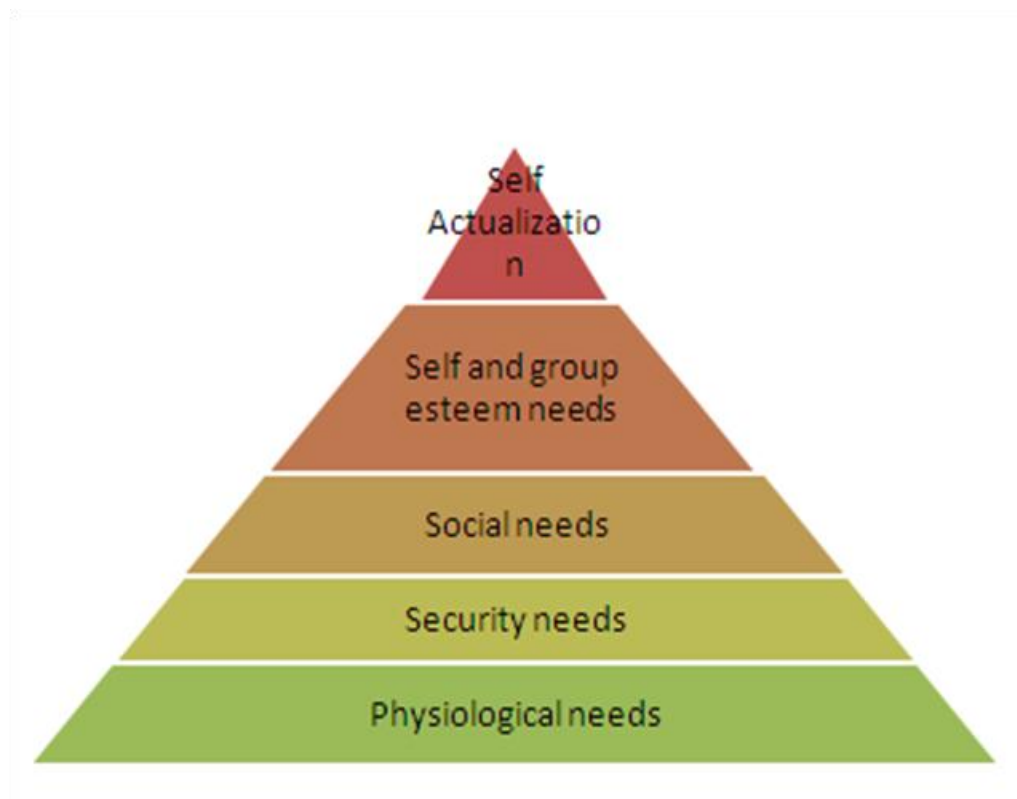


Figure 2.1
Maslow's Hierarchy of Needs

Maslow proposed a need hierarchy in 1943 in his article about human motivation theory. It is found that the hierarchy is arranged into five set of basic needs. The examples of each set related to general examples and the organisational examples itself is shown in table 2.2 below.

Table 2.2
General and Organisational examples of the Hierarchy

Level of hierarchy	General examples	Organisational examples
Self-actualization	Self-fulfilment	Challenging job
Self and esteem needs	Status and self-respect	Job title
Social needs	Friendship	Friends at work
Security needs	Stability	Pension plan
Physiological needs	Shelter, Food, Rest etc.	Salary

According to Stephens (2000), Maslow in his opinion states that the physiological and other needs are satisfied systematically by people and also governs the behaviour of the people. As it has to go step by step, there is an expectation in respect to the self-actualization needs which satisfaction of this needs gives rise further need for realizing the potential. However, this concept is inconclusive. It is also claim that the systematic movement from one hierarchy to another is not consistent form of behaviour of many people. (Hersey & Blanchard, 1982).

From the above brief explanation, it can be said that there is positive relationship between job engagement and motivation. If we try to relate it with post-retirement benefits as the major element in this research, it can be classified under second stage which is security needs.

Next, the theoretical framework of the present study is focused around the Expectancy Theory presented by Victor H. Vroom. The theory contends that the quality

of our inclination to act in a certain way relies on the quality of our desire for a given outcome and its appeal. In more functional terms, the employees will be propelled to push an extraordinary state of exertion when they accept that it will prompt a good performance valuation; that a great evaluation will prompt hierarchical remunerates, for example, bonuses, pay builds or advancements. In turn, the employee's personal ambition will be satisfied by the above remuneration. According to the Expectancy theory, the employee's motivation is a result of how much an individual wants a reward, the evaluation that the likelihood that the effort will lead to expected performance (Expectancy) and the conviction that the performance will lead to reward (Instrumentality). The expected outcome brings with it the significance of valence. In fact, it is not the real fulfilment that a representative hopes to get in the wake of attaining the objectives.

Expectancy is the confidence that better exertions will bring about better execution. Factors such as possession of applicable skills for performing the job, availability of right assets, availability of essential data and getting the required help for completing the job influence Expectancy. One long-standing point of view on inspiration is expectancy value theory. According to theorists, the choices, industriousness and performance of individuals can be explained by their beliefs about how well they will do on the activity and the extent to which they value the activity (Atkinson, 1957; Eccles et al., 1983; Wigfield, 1994; Wigfield & Eccles, 1992).

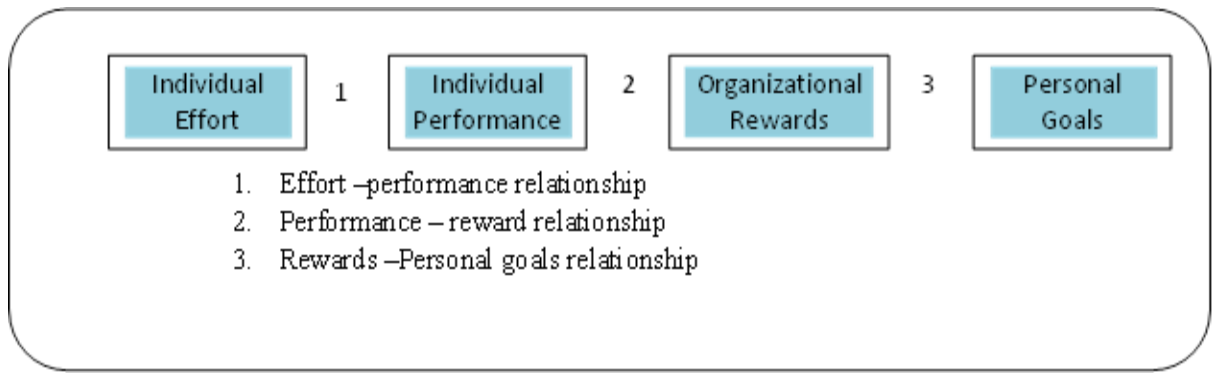


Figure 2.2
Expectancy Theory Model

2.5 RESEARCH FRAMEWORK

Five variables have been selected to measure the relationship between post-retirement benefits and employee engagement. The five variables in determining relationship between post-retirement benefits and employee engagement are illustrated by below research framework:

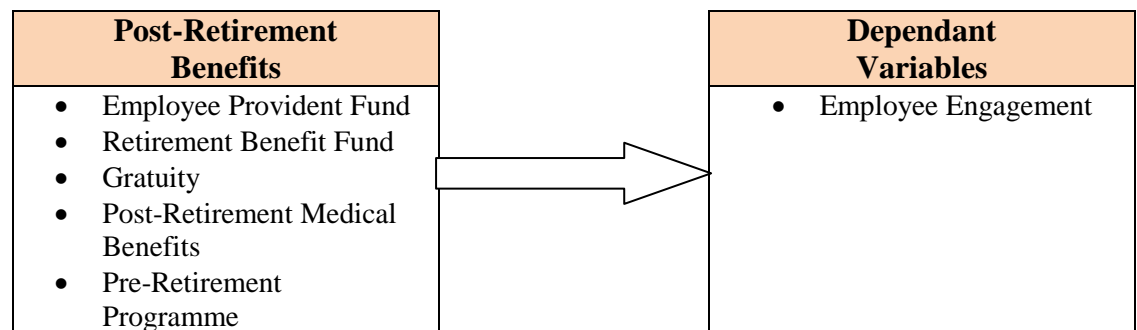


Figure 2.3
Research Framework

Under the framework, the independent variables are benefits under post-retirement benefits offered for staff and dependent variable is employee engagement. The benefits are :

- a) Employee Provident Fund
- b) Retirement Benefits Fund
- c) Gratuity
- d) Post-Retirement Medical Benefit
- e) Pre-Retirement Programme

Independent variable is a variable that is expected to influence the dependent variable in some way while dependent variable is predicted or explained by other variables (Zikmund, Babin, Carr & Griffin, 2013). Hence, for this study, the above five measurements will be tested to identify whether it has significant relationship with employee engagement in IIUM, especially for the administrative staff.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION

Chapter 3 described the methods for the study. In this chapter research design, data collection procedure and instrument were described. The chapter ended with data analysis procedures.

This chapter explained the development of research methodology and design that was used in this study. It also presented an overview of the research study, research framework, an explanation of operational definition and measurement instrument for each variable, the population and sample, data collection procedures, pilot test activity, data analysis and reliability test for actual study.

In research methodology, the research or study can be quantitative or qualitative. Zikmund, Babin, Carr and Griffin (2013) defined quantitative research and qualitative research are as follow:

- *“Quantitative research: a research that addresses research objectives through empirical assessments that involves numerical measurement and analysis.*
- *Qualitative research: a research that addresses business objectives through techniques that allow the researcher to provide elaborate interpretations of phenomena without depending on numerical measurement; its focus is on discovering true inner meanings and new insight.”*

Based on the above explanation, researchers were free to choose the types of research they want to conduct depending on the subject matter. In this study, the researcher decides to conduct this research through quantitative approach to fulfil the objectives of this study.

3.2 RESEARCH DESIGN

This study, was quantitative in nature. According to Bordens and Abbott (2008), quantitative study is a research method where data collected are represented by numbers that can be analysed with widely available descriptive and inferential statistic. In addition, Walker (2010) mentioned that quantitative research is also involving measuring people in order to answer question.

This research aimed to look at the awareness on post-retirement benefits and staff engagement among employees in IIUM. Quantitative research design is utilized in light of the fact that it gives a more comprehensive picture of the issue being considered including the intended interest group and the viability of the project itself (Sekaran, 2007). Quantitative research adds importance and point of interest to the study and also serves to distinguish the qualities and shortcomings that couldn't be accomplished if only one technique is utilized. The scientific, reliable data yielded by quantitative method is usually generalizable to a larger population.

The natural sciences and social sciences employ quantitative research widely. It is also used as a way to research different aspects of education. This cross-sectional study

examines the impact of post-retirement benefits towards staff engagement among employees in IIUM.

3.1.1 Population and Sampling

The purposive sampling procedure adopted in selecting the participants for the study was suitable as it allowed the researcher to obtain information from specific group of people who were able to provide the desired information (Uma Sekaran, 2000). Thus the participants of the study were permanent administrative staff at Gombak Campus.

For this research, judgement sampling was used. In judgement sampling researcher relies on his or her own judgement when choosing members of population to participate in the study. Judgement sampling is a non-probability sampling method and it occurs when “elements selected for the sample are chosen by the judgement of the researcher. Researchers often believe that they can obtain a representative sample by using a sound judgement, which will result in saving time and money” (Black, 2010). Completed questionnaires were analysed using Statistical Package for the Social Sciences (SPSS) programme.

The target population of this study were permanent administrative staff of IIUM at Gombak Campus only. The rationale for focusing on permanent staff is due to the fact that they are entitled for post-retirement benefits. Majority staff are in Gombak Campus, therefore, the result will represent the whole IIUM Campuses.

As of 31st December, 2014, IIUM consist of 946 permanent administrative staff for all campuses and 385 staff at Gombak Campus. According to Krejcie

and Morgan(1970), a population with 380, the sample size should be 191. 300 copies of questionnaires were distributed. 193 respondents answered and completed the questionnaires.

This study examined the impact of post-retirement benefits on staff engagement among employees in IIUM. IIUM was selected as the organization in this study as the researcher is an employee. Structurally the organizational pyramid for IIUM is headed by the Vice Chancellor known as Rector, Deputy Rectors, Director and heads of department.

Table 3.1:

Table for Determining Sample Size from a Population

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note: "N" is population size
"S" is sample size.

Source: Krejcie and Morgan (1970)

3.3 SURVEY MATERIAL

This study used structured questionnaire adopted from previous study to collect the data. The questionnaire was prepared in English. The respondents received these four pages of questionnaire consisting four main sections. A pilot test has been conducted to verify that respondents comprehend the inquiries asked and no issues with the wording or estimation happen. According to Rattanaphan (2011), a pilot study is a part of the scale development methodology for the following reasons:

- a) to ensure a comprehensive analysis for a range of perspectives,
- b) to detect any possible problems associated with the format, wording, and measurement, and
- c) to ensure that the respondents comprehend the instructions, questions, and scales.

The pilot study has been carried out with a sample size of 30 employees, following the conventional practice (Fah, Foon, & Osman, 2011; Ghazali, 2006).

The data gathered from the pilot study found that the reliability exceeded 0.70.

Part A is about the background of the respondent. The information in this section are including gender, marital status, type of staff, age, grade, years of services and basic salary per month, knowledge on employee benefits.

Part B of the questionnaires asked about knowledge on employee benefits. Part C of the questionnaire asked about employee engagement. While last part, Part D was about post-retirement benefits, consisting of five dimensions that were EPF, RBF, gratuity, post-retirement medical benefits and pre-retirement programme. The items in Part B to D were measured using five likert scale ranging from 1: strongly disagree to 5: Strongly

agree. Respondents were asked to circle their answers for each item and statement. The instrument can be found in Appendix A.

3.4 OPERATIONAL DEFINITION AND MEASUREMENT

3.4.1 EMPLOYEE ENGAGEMENT

Mone et al. (2011) defined “engaged employees as those who feel involved, committed, passionate, and empowered, and demonstrate those feelings in work behaviour”. The employee’s sense of purpose and devoted vigour that is apparent to others through the display of individual initiative, compliance, exertion, and determination directed toward the organization’s objectives was explained by Macey et al (2009) as a working meaning of engagement. Besides, they proposed that having high amount of trust and decency in the society is the way to creating and sustaining a captivated workforce, and impedances for driving engagement.

3.4.2 POST-RETIREMENT BENEFITS

Benefits represent one of the largest investments a company makes in its talent. Benefits make up an important component of the employment relationship, providing employees with financial protection, access to health care and programs to support work/life balance. Generally, one’s organization structures post-retirement benefit plans based on age and/or years of service. According to the Karoly and Rogowski (1994), there is no single definition of retirement. They defined retirement as

- a) a permanent departure from the labor force,

- b) a sharp reduction in hours worked,
- c) departure from a firm,
- d) receipt of pension income or primary social security income, and
- e) self-assessed retirement status”

Thus, retirement can be defined as a transition from working to being out of the labour force.

3.4.3 EMPLOYEE PROVIDENT FUND

The Employees Provident Fund (EPF) furnishes the private sector workers with benefits. Benefits can be taken from age 55 in various forms, including a lump sum and/or pension, and as a yearly dividend. 70% of contributions are paid into Account 1, to finance old-age, disability and survivors’ benefits. Account 2 holds 30%, which is additionally accessible for house buy, education and critical illness costs. At the age of 55, the two accounts are merged. Parts ought to have a base trust of MYR 120,000 by age 55. Parts with a trust of in any event Myr55,000 in Account 1 can withdraw up to 20% of the store over MYR 50,000 for venture in unit trusts affirmed by the Ministry of Finance. The EPF likewise gives knot whole inability and survivors' profits. Inability and survivors' benefits are given from social protection. There is no national wellbeing administration. Restorative watch over assigned diseases is given in government healing facilities. Private area workers are obliged to pay charges for treatment, which could be withdrawn from the EPF Account 2 on account of assigned ailments. A minimum fund of MYR 120,000 must be possessed by the members at the age of 55. Lump sum disability and survivors’ benefits are also provided by the EPF. Also, 20% of the

fund over MYR 50,000 can be withdrawn by members for venture in unit trusts affirmed by the Ministry of Finance, with the condition that they possess a fund of at least MYR55,000 in Account 1. Social insurance allocates money for disability and survivor pension. However, services for national wellbeing are unavailable. Moreover, government hospitals provide medical help for selected ailments. On the other hand, private sector employees need to pay fees for treatment, which can be withdrawn from the EPF Account 2 in the case of selected ailments.

3.4.4 RETIREMENT BENEFIT FUNDS

A staff will automatically be eligible for RBF after having served the University for one year on permanent basis. Staff who retires after the age of 55 years old will receive his RBF amount plus dividends. Staff who resigns will forfeit the amount of his RBF. Staff who goes on optional retirement after the age of 40 will have his RBF accumulated amount transferred to his EPF account. Staff can withdraw the accumulated amount plus the dividends, once he reaches 55 years old.

Staff who becomes medically incapacitated will receive the total amount of his RBF plus dividends at the time of incapacity. The amount is not less than 30 times of his last drawn salary. If staff dies before his retirement, the legal representative of the deceased staff will receive the amount accumulated, which is not less than 30 times of the staff's last drawn basic salary.

3.4.5 GRATUITY

The period of recognise service and the last drawn salary by the staff are the factors that determine the rate of gratuity to be paid. The formula of calculation is as follows:

“7.5% x number of months of recognise service x last drawn basic salary”

This benefit is extended to IIUM staff who retire after the age of 50 years old and have served the University for at least 10 years continuously. This benefit is payable to retirees only and cannot be transferable. In the event the staff dies in service, the next of kin will either be paid with gratuity or RBF, whichever is higher.

3.4.6 POST-RETIREMENT MEDICAL BENEFITS

Free medical care at Government hospitals and IIUM Health Centre are provided for IIUM retirees and dependents. Free treatment facilities at the Institut Jantung Negara Sdn. Bhd. (IJNSB) may be obtained when being referred by a Government Medical Specialist to IJNSB after receiving treatment at a Government hospital. However, those who are entitled for government pension scheme upon joining IIUM would not be entitled for this benefit since they would enjoy the same benefit under the government pension scheme provided by their previous organization.

Post-Retirement Medical Benefits is given to a University staff who is compelled to retire because of health reasons due to:

- a) in the course of executing his official duty;

- b) a disease cause by exposure in the nature of duty; or
- c) travel accident mishaps and injuries.

But the condition is that, the injury or disease should not be contributed by negligence or misconduct of the officer. Staff will be eligible for post-retirement medical benefit when the staff being retired by the IIUM Medical Board at the age of at least 50 years old and have served IIUM for a minimum of 10 years of service. Those who are entitled for government pension scheme upon joining IIUM is not eligible for Post-Retirement Medical Benefit provided by the University.

3.4.7 PRE-RETIREMENT PROGRAMME

Business Across Border was introduced in 2013 and focus on preparation for the staff to be entrepreneurs upon retirement as well as establishing networking among IIUM staff and experienced entrepreneurs through a comprehensive module which includes international business trip. The objectives of the programme are:

- a) To provide opportunity for selected staff of IIUM to acquire alternative source of income upon retirement through business activities
- b) To instil entrepreneurship mindset among selected staff of IIUM
- c) To recognize and reward staff who has been loyal in serving IIUM for 30 years and more.
- d) To strengthen ukhuwwah among selected IIUM staff participants

3.6 DATA COLLECTING PROCEDURE

The data was collected via questionnaire. The data collection method was appropriate due to it was relatively low cost, no interview bias, no prior arrangement are needed and the facts of anonymity among respondents (Zickmund, 2007). The questionnaires were personally distributed to employees after obtaining approval from the respective Dean and Head of Department. The respondents were given five (5) days to complete the questionnaire and were requested to return the completed questionnaire direct to the researcher. After five (5) days, the researcher personally collected the completed questionnaires from the contact person at each kulliyah or division. The researcher also distributed questionnaires to the participants of Financial Planning Programme attended by seventy (70) permanent administrative staff.

3.7 DATA ANALYSIS

Data collected were coded and analyzed using Statistical Package for Social Science (SPSS Version 18.0). Data analysis helps the researcher to fulfil the research objectives and answer the research questions. Two types of data analysis were done, descriptive and inferential.

The methods that are used to organize, display, describe and explain a set of data with the use of table, graphs and summary measures are known as descriptive statistics (Johnson and Christensen, 2000). Normality test, frequency, mean and standard deviation are the different types of descriptive statistic used in this study to describe the basic features of the general data. Simple summaries

relating to the respondents and the measures are generated in the report. Graphics enhance the understanding for the interpretation of the data. In order to analyze the completed questionnaires, the level of agreement is segmented into three levels by using simple mean computational concept as stated below:

1.00 to 2.33 = Low

2.34 to 3.67 = Moderate

3.68 to 5.00 = High

The process of drawing conclusion from the data that are subject to random variation is known as inferential statistics. It is also used to make judgment of the possibility that a detected difference between groups is a reliable one or one that might have happened by chance in this study. In brief, inferential statistics makes inferences about a population from a sample in order to make assumptions about the wider population and predictions for the future. Besides, the researcher can make inferences by generalising the available data. Pearson correlation coefficient and linear regression have been deployed to analyze the data.

The strength of the linear relationship between two variables is measured by correlation. The relationship between two continuous variables is given by Pearson's correlation. A set of statistical procedures that were used to predict and explain the value of dependent variable based on the value of one or more independent variables is known as Regression analysis (Fah & Hoon, 2009).

3.9 SUMMARY

This chapter has briefly explained and elaborated the research design, population and scope of study, sampling questionnaire, data collection method, and data analysis. The findings of this study were discussed in Chapter 4.

CHAPTER 4

FINDINGS AND DATA ANALYSIS

4.1 INTRODUCTION

This chapter clarified the respondents' background. This is followed by quantitative data analysis and findings that are arranged according to the research questions and objectives.

4.2 BACKGROUND OF THE RESPONDENTS

300 questionnaires were distributed and 193 sets were returned. All 193 questionnaires were useable in this study. Table 4.1 and 4.2 showed the distribution of the respondents according to their demographic background.

Table 4.1:
No. of questionnaires returned

Statistics										
		gender	marital_status	type	nationality	status	age	grade	service	salary
N	Valid	193	193	193	193	193	193	193	193	193
	Missing	0	0	0	0	0	0	0	0	0

Table 4.2:
Background of the Respondents

	Frequency	Percentage
Gender		
Male	112	58.0
Female	81	42.0
Marital Status		
Single	29	15.0
Married	164	85.0
Age (Years)		
<30	9	4.7
30-40	41	21.2

41-50	82	42.5
<50	61	31.6
Grade		
48-54	19	9.8
41-44	60	31.1
27-40	30	15.5
17-26	79	40.9
1-16	5	2.6
Years of Service		
1-5	48	24.9
5-10	42	21.8
10-15	103	53.4
Monthly Income		
<RM2,000	40	20.7
RM2,000 - RM4,000	60	31.1
RM4,001 - RM6,000	41	21.2
>RM6,000	52	26.9

N = 193

4.2.1 GENDER

Figure 4.1 showed the distribution of the respondents according to their gender. 58.0 percent of the respondents were male and 42.0 percent were female.

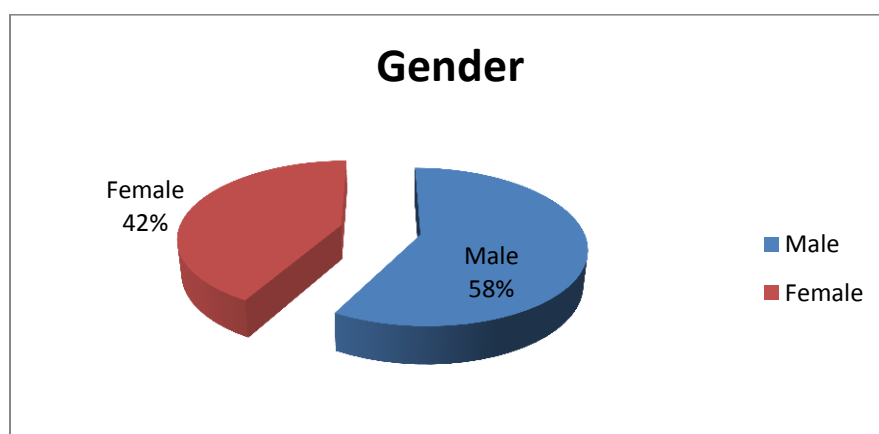


Figure 4.1:
Gender

4.2.2 MARITAL STATUS

Distribution of the respondents according to their marital status was shown in Figure 4.2.

85.0% were married and balance of 15% of them were single.

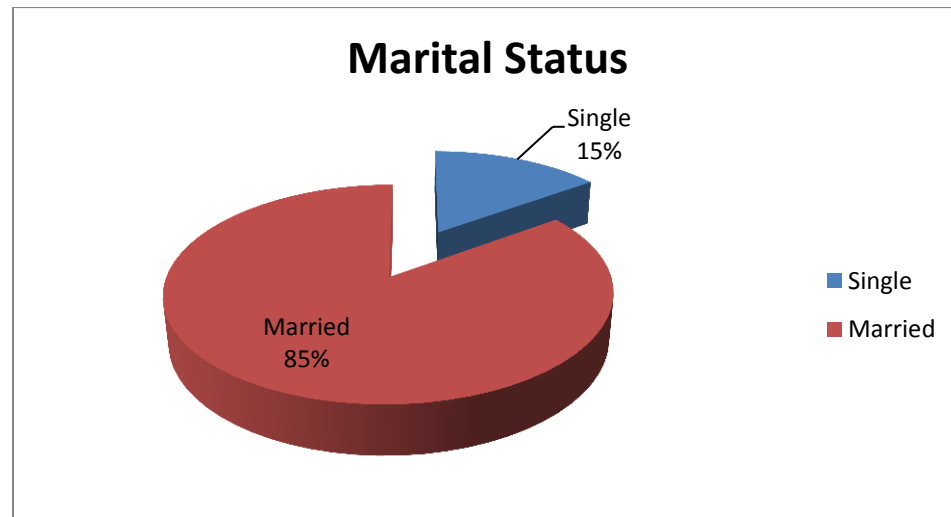


Figure 4.2:
Marital Status

4.2.3 AGE

Figure 4.3 summarised the distribution of respondents base on their age. 42.5% of the respondents were 30 to 40 years old. Almost 5% were aged below 30 years and more than 21% were aged 36 to 40 years, and nearly 32% were more than 50 years old.

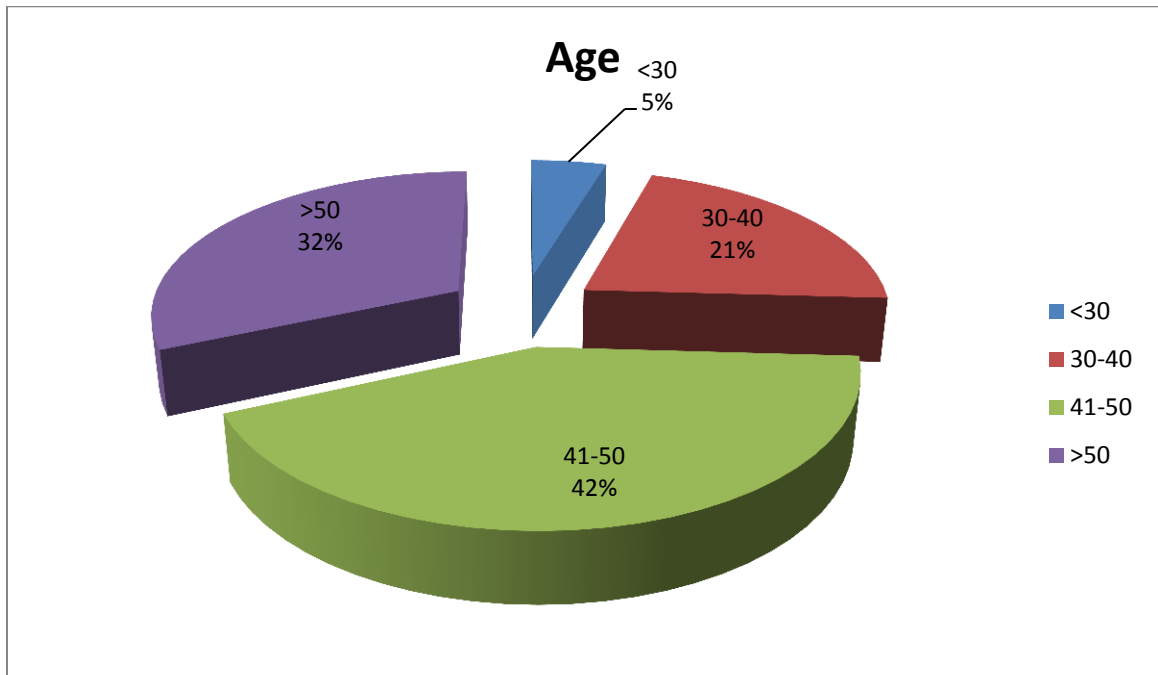


Figure 4.3:
Age

4.2.4 GRADE

Figure 4.4 showed the respondents according to the grade. 40.9% of the respondents were in grade 17 to 26, 9.8% in grade 48 to 54, 31.1% in grade 41 to 44 , 15.5% in grade 27 to 40 and 2.6% in grade 1 to 16.

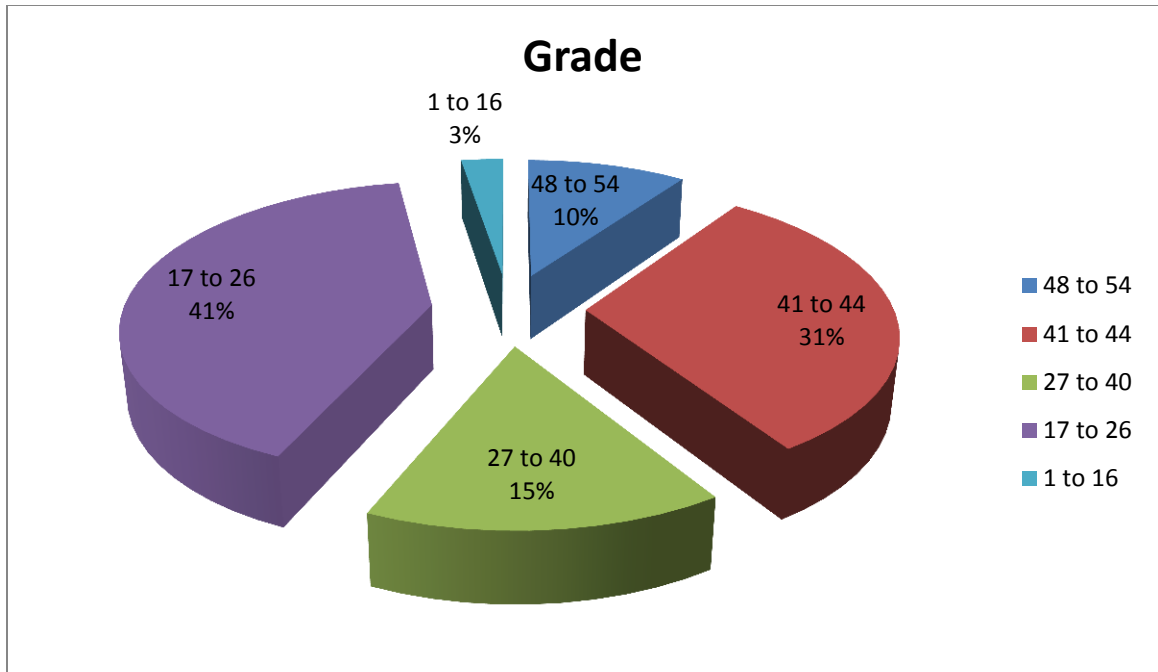


Figure 4.4:
Gender

4.2.5 YEARS OF SERVICE

Figure 4.5 showed that more than half of the respondents have been with the organization for more than 10 years. 25 % of them were with the organization for 5 years and below and 22 % for 5 to 10 years.

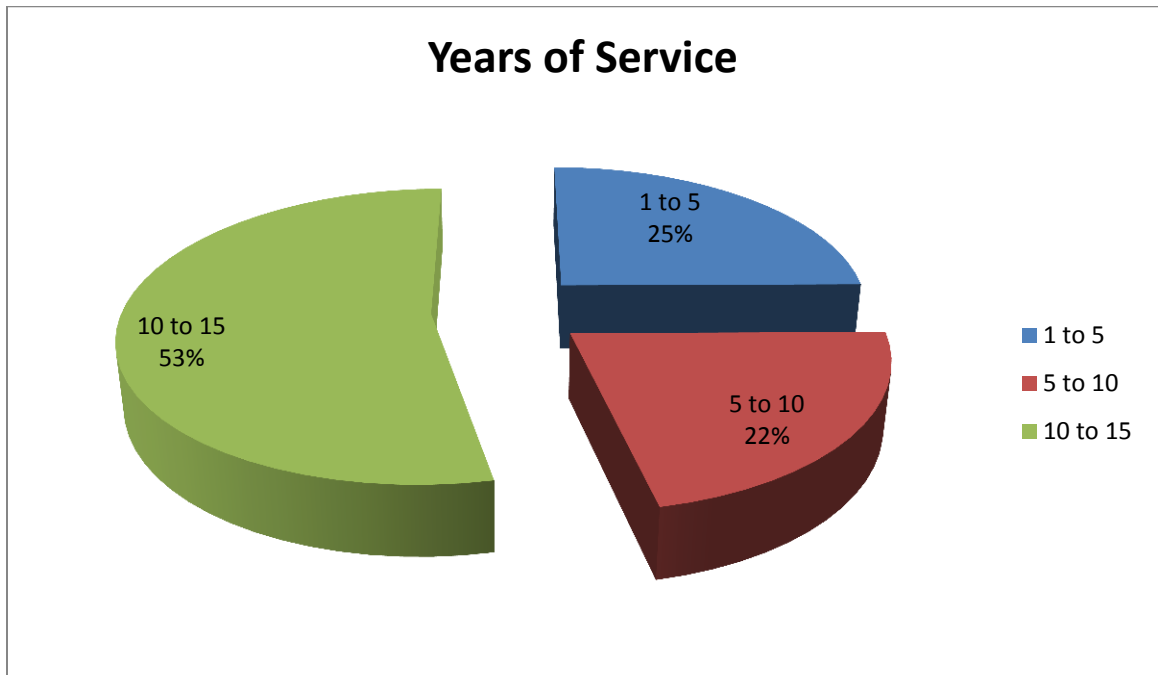


Figure 4.5:
Years of Services

4.2.6 MONTHLY INCOME

Figure 4.6 showed that in term of monthly income, majority of the respondents earn RM2,000 to RM4,000 (31.1%) and more than RM6,000 (26.9%). 21 % of the respondents earned below than RM2,000 a month and the remaining 21% earned monthly income from RM4,001 to RM6,000 a month.

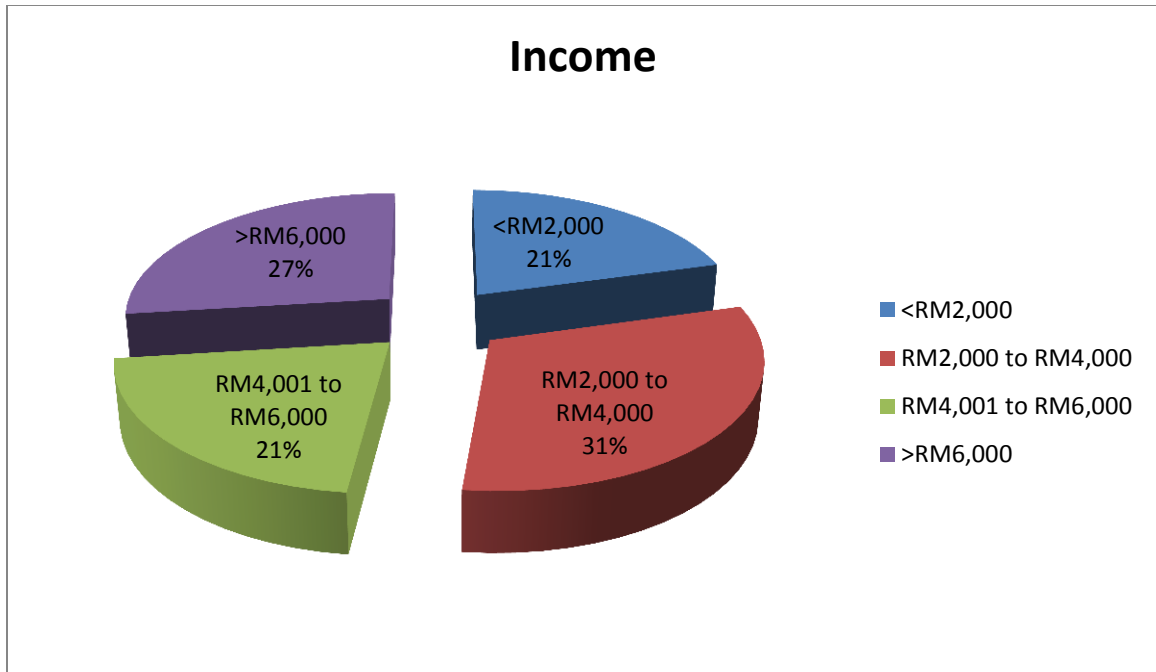


Figure 4.6:
Monthly Income

4.3 DATA PREPARATION AND SCREENING

This section discusses on the data screening procedures, which includes the detection of missing detection of outliers, normality distribution and reliability will be discussed in this section. 193 questionnaires were distributed and returned. All of them were used for further analysis making the response rate of 100 percent.

4.4 DETECTION OF OUTLIERS

An observation with a “*unique combination of characteristics identifiable as distinctly different*” from the other observations is defined as outliers by Hair et al(2010). Histograms and normal probability plots are some of the graphic methods of detecting outliers (Tabachnick & Fidell, 2001) and Field, (2009) . For this study, outliers were also detected using mahalanobis Chi-square (D^2) method. From the analysis adapted, no cases

were found to have the characteristics of outliers and all of the cases were used for the analysis.

4.5 NORMALITY TEST

The normality of distribution of data was examined by the skewness and kurtosis values for each variable and skewness were used to examine the normality of distribution of data . Skewness values present The the symmetry of the distribution score is depicted in skewness values and a skew variable's mean will not be at the center of this distribution.; On the other hand,while kurtosis conferthe information about the “*peakness*” of distribution is given by kurtosis, which can be either too peaked (with short and thick tail) or too flat (with long and thin tail) (Tabachnick & Fidell, 2001).

Normal distribution is considered when the value of skewness and kurtosis is at zero (0), normal distribution is done. Positive skewness value will have a cluster of cases to the left at a low value and negative skewness will have the score cluster or pile at the right side with a long left tail (Tabachnick & Fidell, 2001). Kurtosis with values of Kurtosis values below zero (0) will indicate a relative flat distribution known as “*platykurtic*” and thewhile kurtosis values above zero (0) indicate a peak distribution or “*leptokurtic*”. However, Hair et al. (2010) recommended the The rejection of the normality assumptions at absolute values of ± 3.29 at $p < 0.001$ significant level, ± 2.58 at $p < 0.01$ significant level and ± 1.96 at $p < 0.05$ significant level were recommended by Hair et al.

To assess the normality of the variables, the above suggestions were applied and noticeably none of the variables fell outside the ± 3.29 at $p < 0.001$ probability range level. Table 4.3 is a summary of the kurtosis and skewness for all the variables is presented in Table 4.3. The data shows the variables were normally distributed. Therefore, in conclusion, all the variables do not deviate the normality test requirement.

Table 4.3:
Normality Test of the Variables

	Skewness	Kurtosis
Knowledge on Employee Benefits	-.121	.258
Employee Engagement	-.125	-.469
Post-Retirement Benefits	.159	-.461

The data for this research can also be analysed by other step in analyzing the data for this study is to examining the normality of the data and by assessing the shape of distribution. A test was conducted to determine variable are done through visual inspections assessments were done to determine the variable. An informal approach to testing normality is to compare a histogram of the sample data is compared to a normal probability curve in order to informally test the normality. The empirical distribution of the data (the histogram) should be a bell-shaped curve depicts the empirical distribution of the histogram data and it resembles the normal distribution.

4.6 RELIABILITY ANALYSIS

The internal consistency confirmation of the scales was performed by checking the Cronbach's alpha coefficient in order to ensure the reliability of the scales. According to Tabachnick & Fidell (2001) and Hair et al. (2010), The cut-off point for measuring the

reliability for this study is coefficient alpha of above 0.7 as recommended by Tabachnick & Fidell (2001) and Hair et al. (2010). Table 4.4 exhibits the Cronbach coefficient alpha of the variables. All the variables in this study have values more than 0.7.

Table 4.4:
Reliability Coefficient of the Variables

	N. of Item	Cronbach's Alpha
Knowledge on Employee Benefits	16	0.814
Employee Engagement	12	0.859
Post-Retirement Benefits	26	0.909

4.7 DESCRIPTIVE ANALYSIS

Respondents were asked on their perception towards their knowledge on employee benefits, employee engagement and post-retirement benefits. Post-retirement benefits were measured using five dimensions that were employee provident funds (EPF), retirement benefits fund (RBF), gratuity, post-retirement medical benefits and pre-retirement programme. Their perception were measured using five point scale, ranging from 1=strongly disagree; to 5=strongly agree. Descriptive analysis was used to determine the The level of perceptions towards each variables and dimensions was determined using Descriptive analysis . To determine the perception level of these factors, the mean were computed and the middle point were used to separate the level from low, moderate and high level as mentioned by Healey (2005). Mean score is divided to three levels as follows:

- a. Low Importance = 1.00 to 2.25
- b. Moderate Importance= 2.26 to 3.75
- c. High Importance = 3.76 to 5.00

Descriptive analysis to examine the level of perception of the respondents is summarized in Table 4.5. Overall, the level of knowledge on employee benefit (mean=3.98, sd=0.41) and employee engagement (mean=4.19, sd=0.45) among the respondents were high. Further analysis to examine the level of perception towards post-retirement program and all dimension also showed the high degree of perceptions for all dimensions, except for EPF (mean=3.64, sd=0.60). Pre-retirement program showed the highest mean score (mean=4.30, sd=0.53) followed by post –retirement medical benefit (mean=0.424, sd=0.47), gratuity (mean=4.06, sd=0.53) and RBF (mean=3.99, sd=0.48). It can be concluded that respondents were most satisfied with pre retirement program compared to other program.

Table 4.5:
Descriptive Analysis of Organizational Commitment

Variable/Dimension	Mean	Sd	Level
Knowledge on Employee Benefits	3.98	0.41	High
Employee Engagement	4.19	0.45	High
Post-Retirement Benefits	4.03	0.41	High
<i>EPF</i>	3.64	0.60	Moderate
<i>RBF</i>	3.99	0.48	High
<i>Gratuity</i>	4.06	0.53	High
<i>Post Medical Benefit</i>	4.24	0.47	High
<i>Pre - Retirement Program</i>	4.30	0.53	High

4.8 CORRELATION ANALYSIS

This section attempted to answer Research Question 1 to Research Question 4 in order to examine the relationship amongst post-retirement program and employee engagement;

- a) Is there any relationship between Retirement Benefit Fund and the engagement by employee?

- b) Is there any connection between Gratuity and engagement by employee?
- c) Is there any relationship between post-medical benefits and engagement by employee?
- d) Is there any relationship between pre-retirement training programme and employee engagement?

To test these relationships, bivariate correlation analysis was carried out. In correlation analysis, correlation coefficient (r) illustrates the level of relationship among variables. To test these relationships, bivariate correlation analysis was carried out. In correlation analysis, correlation coefficient (r) illustrates the level of relationship between variables. the number representing the Pearson correlation is referred to as a correlation coefficient. It ranges from -1.00 to $+1.00$, with zero representing absolutely no association between the two metric variables. The larger the correlation coefficient the stronger the linkage or level of association. A strong correlation is represented by a coefficient exceeding the value of 0.5 whereas a medium or modest correlation is when the coefficient has a value of between 0.5 and 0.2 . Any coefficient possessing a value less than 0.2 will be deemed as showing a weak correlation (Hair et al., 2003).

Overall results of correlation analysis were shown in Table 4.6. he study found that all independent variables were positively related to the employee engagement. All independent variables except EPF were strongly related to employee engagement.

Table 4.6:*Correlation Analysis of Post-Retirement Benefits and Employee Engagement*

	EE	EPF	RBF	Gratuity	PMB	PRP
Employee Engagement	1					
<i>EPF</i>	.487**	1				
<i>RBF</i>	.611**	.591**	1			
<i>Gratuity</i>	.630**	.432**	.539**	1		
<i>Post-Retirement Medical Benefit</i>	.674**	.383**	.529**	.555**	1	
<i>Pre-Retirement Program</i>	.635**	.394**	.444**	.690**	.606**	1

** $p < 0.01$

4.8.1 RQ1: Is there any relationship between Employee Providence Fund (EPF) and employee engagement?

Results in Table 4.7 exhibit the findings from Pearson analysis to investigate the connection between employee engagement and EPF. It was found in the table that it had a significant connection between employee engagement, and EPF ($r=0.487$, $p<0.01$). Positive 'r' indicated the positive relationship between the variable. Any increase in EPF will significantly increase the employee engagement.

Table 4.7:*Relationship between EPF and Employee Engagement*

	Employee Engagement	
	<i>r</i>	<i>Sig.</i>
EPF	0.487	0.000

4.8.2 RQ2: Is there any relationship between Retirement Benefit Fund (RBF) and employee engagement?

Results in Table 4.8 exhibit the findings from pearson analysis to investigate the connection between employee engagement and RBF. It was found in the table that there was a significant connection between opinion on RBF ($r=0.611$, $p<0.01$) and employee engagement. Pearson correlation (r) also indicated the positive relationship between RBF and employee engagement.

Table 4.8:

Relationship between RBF and Employee Engagement

	Employee Engagement	
	<i>r</i>	<i>Sig.</i>
RBF	0.611	0.000

4.8.3 RQ3: Is there any relationship between Gratuity and employee engagement?

Results in Table 4.9 exhibit the findings from pearson analysis to inspect the connection between Gratuity factor and employee engagement. It was found in the table that it had a significant connection between opinion on employee engagement and Gratuity ($r=0.630$, $p<0.01$).

Table 4.9:

Relationship between Gratuity and Employee Engagement

	Employee Engagement	
	<i>r</i>	<i>Sig.</i>
Gratuity	0.630	0.000

4.8.4 RQ4: Is there any relationship between Post-Retirement Medical Benefit and employee engagement?

Results in Table 4.10 exhibit the findings from pearson analysis to examine the relationship between Post-Retirement Medical Benefits factor and employee engagement. It was found in the table that it has a strong connection between opinion on employee engagement and Post Medical Benefits ($r=0.674$, $p<0.01$).

Table 4.10:

Relationship between Post-Retirement Medical Benefit and Employee Engagement

	Employee Engagement	
	<i>r</i>	<i>Sig.</i>
Post-Retirement Medical Benefit	0.674	0.000

4.8.5 RQ5: Is there any relationship between Pre Retirement Programme and employee engagement?

Results in Table 4.11 exhibit the findings from pearson analysis to examine the relationship between Pre Retirement Programme factor and employee engagement. It was found in the table that it has a strong connection between opinion on employee engagement and pre-retirement Program ($r=0.674$, $p<0.01$).

Table 4.11:

Relationship between Post-Retirement Medical Benefit and Employee Engagement

	Employee Engagement	
	<i>r</i>	<i>Sig.</i>
Pre Retirement Programme	0.635	0.000

4.9 REGRESSION ANALYSIS

The objective of this analysis was to determine linear relationships between the variables to predict values of dependent variable from values of the independent variables (Hair et al., 2003). Results from the analysis were shown in Table 4.12. Table 4.12 illustrated the result of regression analysis to examine the influence of post-retirement benefit on employee engagement. The result indicated that post-retirement benefit had more than 60% influence on employee engagement ($R^2=0.617$, $F=60.230$, $p<0.01$). The result also revealed that only four benefits were significantly affect employee engagement. The benefits were RBF ($B=0.200$, $t=3.410$, $p<0.01$), gratuity ($B=0.137$, $t=2.383$, $p<0.05$), PMP ($B=0.297$, $t=5.073$, $p<0.01$) and PRP ($B=0.171$, $t=3.003$, $p<0.01$). EPF was found to have no significant affect on employee engagement ($B=0.067$, $t=1.568$, $p>0.05$).

Table 4.12:

Effect of Post-Retirement Benefits on Employee Engagement

	B	t	Sig.
<i>EPF</i>	.067	1.568	.119
<i>RBF</i>	.200	3.410	.001
<i>Gratuity</i>	.137	2.383	.018
<i>Post-Retirement Medical Benefit (PMB)</i>	.297	5.073	.000
<i>Pre-Retirement Retirement Program (PRP)</i>	.171	3.003	.003
<i>R²</i>	<i>0.617</i>		
<i>F</i>	<i>60.230</i>		
<i>Sig.</i>	<i>0.000</i>		

4.10 SUMMARY

This chapter has successfully answered all research questions outlined and achieve the research objective. This research explored that there were substantial relationship between post-retirement benefits and employee engagement. Employee engagement was also seen to get significantly affected by post- retirement benefits. Post-retirement medical benefits were found to give the highest effect on employee engagement. Further discussion and summary of the findings will be presented in the chapter 5.

CHAPTER 5

DISCUSSION, RECOMMENDATION AND CONCLUSION

5.1 INTRODUCTION

This final chapter presented the discussion, recommendation and conclusion of the study and finally recommended direction for future research. The first sub section presented the discussion of the findings, followed by the recommendation of the study and finally the conclusion.

5.2 DISCUSSION OF THE FINDINGS

This study was conducted to determine the relationship and influence of respondents' perception on post-retirement benefits on employee engagement. The instrument used was a set of questionnaire containing the items to measure the variables. The instruments were hand delivered to the target respondents whom are the samples from a population identified from the employees' International Islamic University of Malaysia (IIUM). The data collected was analyzed by using SPSS Version 18.0.

The findings obtained in this study have answered all the research questions objectives outlined in Chapter 1. The research questions are:

- a) Is there any relationship between Retirement Benefit Fund and employee engagement?
- b) Is there any relationship between Gratuity and employee engagement?
- c) Is there any relationship between post-retirement medical benefits and employee engagement?

- d) Is there any relationship between pre-retirement training programme and employee engagement?
- e) Are staff satisfied with post-retirement benefits offer for them?
- f) Which benefit under post-retirement benefits is staff most satisfied with?

5.3 DESCRIPTIVE ANALYSIS

Descriptive analysis showed the high level of perception towards post-retirement benefits among the employees. As explained in Chapter 4, the purpose of descriptive analysis is to examine the level of perception of the respondents as summarized in Table 4.5. Overall, the level of knowledge on employee benefit (mean=3.98, sd=0.41) and employee engagement (mean=4.19, sd=0.45) among the respondents were high. Further analysis to examine the level of perception towards post-retirement program and all dimension also showed the high degree of perceptions for all dimensions, except for EPF (mean=3.64, sd=0.60). Pre-retirement program showed the highest mean score (mean=4.30, sd=0.53) followed by post-retirement medical benefit (mean=4.06, sd=0.47), gratuity (mean=4.06, sd=0.53) and RBF (mean=3.99, sd=0.48). It can be concluded that respondents were most satisfied with pre-retirement program compared to other program.

Respondents perceived the highest degree of agreement towards pre-retirement program, indicating that they were satisfied most with the benefits. This finding was similar to the study by Kwon and Hein (2013). Kwon and Hein (2013) claimed an organisation can be successful when employee benefits is properly designed, delivered and communicated, a company's total rewards program can provide an incentive for

talented people to join a company, to perform at levels that produce desired business results and to remain with the company as long as they continue to produce.

Second most benefits the employees were satisfied most was post-retirement medical benefit. Post-retirement medical benefits are considered as a motivator for employee to stay with an organization. Understanding the importance of benefits relative to other total rewards throughout the employment life cycle can help organizations better design and manage programs that will help them to attract, retain and engage key talent. Workers who retire early must either go uninsured until they attain the age of Medicare eligibility or find a private source of health insurance coverage.

5.4 RELATIONSHIP BETWEEN POST-RETIREMENT BENEFITS AND EMPLOYEE ENGAGEMENT

Other objectives were to examine the relationship between post- retirement benefits and employee engagement. The result of the Pearson Correlation Analysis showed that there was high relationship between all post- retirement benefits variables and employee engagement. The correlation coefficient was from 0.46 to 0.67, indicating the high correlation (refer Table 4.5 in Chapter 4). From the result of the correlation, it can be said that the high relationship for the post-retirement medical benefits and pre-retirement program reflect the employees' assumption that this practices is unique to the organizations.

With relation to the post-retirement medical benefits, it is being use as a human resource management tool for the benefit of the employee after their retirement. As such, employees realize the importance of post-retirement medical benefits in their retirement.

It has a direct affect on the progression of the employee in relation to their career in the organization. It is by human nature that people will be attracted to what benefits them and will hold dearly to what will be able to deliver the results they wanted. These results were similar to Vigoda (2000) and Kuvas (2006). Vigoda (2000) suggested that when employees feel unfairly treated, they are likely to react by initially changing their job attitudes, followed in the longer term by responses that are more retaliatory such as quitting. On the other hand, It is predicted that an increase in either type of wealth leads to earlier retirement due to an income effect, as wealthier individuals purchase more leisure. Access to health insurance coverage may also affect the decision to retire, particularly before age 65.

The availability of health insurance after retirement, whether through a former employer, the spouse's employer, or a public program such as Medicare, will directly affect the cost of medical care. Furthermore, the cost of obtaining coverage from a private source will be an offset to retirement income and will therefore also affect the retirement decision (Karoly & Rogowski, 1994) Therefore, if access to post-retirement health insurance is an important determinant of the decision to retire early, then changes in access to such coverage have important policy implications.

5.5 RECOMMENDATION FOR FUTURE RESEARCH

Based on the literature review on employee engagement and post-retirement benefits, five facets of post- retirement benefits were used as independent variables of this study, while employee engagement was used as dependent variable. However there are many other variables such as safety and health management, staffing management and autonomy which may also influence the employee engagement, but was not included in the study.

Therefore future researchers should include the variables in their attempt to study employee engagement.

From the scope of study discussed in Chapter 1, this research was only executed in one organization, that was IIUM. Future researcher may examine the relationship between employee engagement and post-retirement benefits for other organization. This can produce a vast view on the employee engagement in the organization, especially in the private or public sectors.

5.6 IMPLICATION

The findings and analysis for this research will provides the opportunity for the organization to improve on its post-retirement benefits with respect to post-retirement medical benefit and further enhance its, pre- retirement programs, gratuity, retirement benefit fund and employee provident fund in order to bring about the high employee engagement out of its odd employees.

The findings of this study brings important indicators to the management that managing human reource in the company is crucial. This is also alerted that management should react towards the inspiration of the employees. The management should look into this findings seriously to achieve the organization long-term objectives and to retain talent employees in the current market competitiveness. Fairness in post-retirement program and build up development through structured trainings and development programme, are among the human resource practices that must be aligned to overall objectives of the organizational goals.

5.5 CONCLUSION

This study is design to examine the relationship between employee engagement and post-retirement benefits in IIUM. This study also aimed to determine the most post -retirement benefits that highly contributed to employee engagement and it's organizational. Results from the analysis have confirmed that there are significant relationships between post-retirement benefits and employee engagement in IIUM. The results also confirmed that post-medical benefit is the most importance variables to enhance the engagement among employees in the organization.

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