

The copyright © of this thesis belongs to its rightful author and/or other copyright owner. Copies can be accessed and downloaded for non-commercial or learning purposes without any charge and permission. The thesis cannot be reproduced or quoted as a whole without the permission from its rightful owner. No alteration or changes in format is allowed without permission from its rightful owner.



**A STUDY ON FACTORS INFLUENCING EMPLOYEE ENGAGEMENT IN
THE INSURANCE COMPANY**

By

LIYANA BT AZIZ



**Thesis Submitted to
Othman Yeop Abdullah Graduate School of Business,
Universiti Utara Malaysia,
in Partial Fulfilment of the Requirement for the
Master of Human Resource Management**



Othman Yeop Abdullah
Graduate School of Business

Universiti Utara Malaysia

PERAKUAN KERJA KERTAS PENYELIDIKAN
(Certification of Research Paper)

Saya, mengakubertandatangani, memperakukanbahawa
(I, the undersigned, certified that)

LIYANA BT AZIZ (818715)

Calonuntuk Ijazah Sarjana
(Candidate for the degree of)

MASTER OF HUMAN RESOURCE MANAGEMENT

Telahmengemukakankertasprojek yang bertajuk
(has presented his/her project paper of the following title)

**A STUDY ON FACTORS INFLUENCING EMPLOYEE ENGAGEMENT IN
THE INSURANCE COMPANY**

Seperti yang tercatat di mukasurattajukdankulitkertasprojek
(as it appears on the title page and front cover of the project paper)

Bahwakertasprojektersebutbolehditerimadarisegebentuksertakandungandanmeliputi
bidangilmudenganmemuaskan.

*(that the project paper acceptable in the form and content and that a satisfactory
knowledge of the field is covered by the project paper).*

Nama Penyelia : **NORIZAN BINTI HAJI AZIZAN**
(Name of Supervisor)

Tandatangan : _____
(Signature)

Tarikh : **AUGUST 2017**
(Date)

PERMISSION TO USE

In presenting this research paper in partial fulfilment of the requirements for a Post-Graduate degree from the Universiti Utara Malaysia (UUM), I agree that the Library of this university may make it freely available for inspection. I further agree that permission for copying this research paper in any manner, in whole or in part, for scholarly purposes may be granted by my supervisor(s) or in their absence, by the Dean of Othman Yeop Abdullah Graduate School of Business where I did my research paper. It is understood that any copying or publication or use of this research paper parts of it for financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and to the UUM in any scholarly use which may be made of any material in my research paper.

Request for permission to copy or to make other use of materials in this research paper in whole or in part should be addressed to:

Dean of Othman Yeop Abdullah Graduate School of Business

Universiti Utara Malaysia

06010 UUM Sintok

Kedah Darul Aman



UUM
Universiti Utara Malaysia

ABSTRACT

Employee Engagement is an important factor in achieving organizational and individual goals. In this study, organizational communication, job satisfaction and pay and benefits was treated as independent variables. While a dependent variable is employee engagement. This research aims to identify a study on factors influencing employee engagement in insurance company.

The research conducted using survey method and a total of 103 questionnaires were distributed to the employees in the insurance company. The results were analyzed by using Statistical Package for Social Science (SPSS) Version 22.0. From the data analyzed, the results revealed that the three factors which are the organizational communication, job satisfaction and pay and benefits have a significant relationship to employee engagement of the respondents. The limitations of the present study and some suggestions for future research and to further to improve the employee engagement among the employees in the the insurance company are highlighted and discussed.

Keywords: Employee Engagement, Organizational Communication, Job Satisfaction, Pay and benefits, insurance company.



ABSTRAK

Penglibatan Pekerja merupakan faktor penting dalam mencapai matlamat organisasi dan individu. Dalam kajian ini, komunikasi organisasi, kepuasan kerja dan gaji dan faedah dianggap sebagai pemboleh ubah bebas. Walaupun pemboleh ubah bergantung ialah penglibatan pekerja. Kajian ini bertujuan untuk mengenal pasti faktor-faktor yang mempengaruhi penglibatan pekerja di syarikat insuran.

Kajian yang dijalankan menggunakan kaedah tinjauan dan sejumlah 103 soal selidik telah diedarkan kepada pekerja di syarikat XY. Keputusan nya dianalisis dengan menggunakan Sistem *Statistical Package for Social Science (SPSS)* Versi 22.0 Dari data dianalisis, keputusan nya menunjukkan bahawa ketiga-tiga faktor yang merupakan komunikasi organisasi, kepuasan kerja dan gaji serta manfaat mempunyai hubungan yang signifikan dengan penglibatan pekerja responden. Batasan kajian dan beberapa cadangan untuk penyelidikan masa depan dan untuk meningkatkan lagi penglibatan pekerja di kalangan pekerja di syarikat insuran diserlahkan dan dibincangkan.

Kata Kunci: Penglibatan Pekerja, Komunikasi Organisasi, Kepuasan Kerja, Gaji dan Manfaat, syarikat insuran



UUM
Universiti Utara Malaysia

ACKNOWLEDGEMENT

“In the name of Allah, Most Gracious, Most Merciful”

Praise to Allah Almighty, for the blessing and for giving me the ability and strength to start and complete this study and this research paper. It is undeniable that without His consent, I certainly could not accomplish this study. This research paper is a result of determination, continuous and persistent effort and support from many individuals.

First and foremost, I would like to express my greatest gratitude and deepest appreciation to my supervisor, Madam Norizan Haji Azizan for her guidance, ideas, patience and support that have been influential in the success of this research paper. Her advices and criticisms is very much appreciated, as it has helped me a lot in doing this research in a proper way. Under her guidance I successfully overcome many difficulties and learnt a lot.

I owe thanks to a very special person, my husband, Shamsulbahri Bin Omar for his continued and unfailing love, support and understanding during my journey of Master that made the completion of this thesis possible. He was always around at times I thought that it is impossible to continue, he helped me to keep things in perspective.

My thankfulness also goes to all my dearest family members, especially my father, Aziz Bin Mohd Zain for his encouragements, and other family members for their sacrifices, and never-ending supports.

Thank you for all the supports and May Allah bless all of you

TABLE OF CONTENT

Contents	Page
DECLARATION	ii
PERMISSION TO USE	iii
ABSTRACT	iv
ABSTRAK	v
ACKNOWLEDGEMENT	vi
TABLE OF CONTENTS	vii
LIST OF TABLES	xii
LIST OF FIGURES	xiv
CHAPTER 1: INTRODUCTION	
1.1 Introduction	1
1.2 Background of the Study	2-4
1.3 Problem Statement	4-8
1.4 Research Questions	8
1.5 Research Objectives	9
1.6 Significant of the Study	9-10
1.7 Scope and Limitation of the Study	10-11
1.8 Definition of Key Terms	11-12
1.9 Organization of The Research	12-13
CHAPTER 2: LITERATURE REVIEW	
2.1 Introduction	14
2.2 Employee Engagement	14-21
2.3 Organization Communication and Employee Engagement	21-24
2.4 Job Satisfaction and Employee Engagement	24-26
2.5 Pay and benefits and Employee Engagement	27-30
2.6 Conclusion	30

CHAPTER 3: RESEARCH METHODOLOGY

3.1	Introduction	31
3.2	Research Framework	31
	3.2.1 Independent Variable	31
	3.2.2 Dependent Variable	32
3.3	Research Design	32-33
3.4	Operational Definition	33
	3.4.1 Organization Communication	34
	3.4.2 Job Satisfaction	34-35
	3.4.3 Pay and benefits	35
3.5	Measurement of Variables/Instrumentation	35-36
	3.5.1 Questionnaire Design	36-38
3.6	Data Collection	39
	3.6.1 Population and Sampling of the Study	39-40
	3.6.2 Sampling Technique	40-41
3.7	Techniques of Data Analysis	41-42
	3.7.1 Reliability Analysis	42
	3.7.2 Pearson's Correlation Analysis	43-44
	3.7.3 Multiple Regressions Analysis	44-45
3.8	Conclusion	46

CHAPTER 4: RESULTS AND DISCUSSION

4.1	Respondent Profile	47
4.2	Demographic Profile	47-50
4.3	Reliability Analysis	50-51
4.4	Pearson's Correlation Analysis	51-54
4.5	Multiple Regression Analysis	54-56
4.6	Conclusion	57

CHAPTER 5: DISCUSSION AND CONCLUSION

5.1	Introduction	58
5.2	Summary of Results	58
5.3	Discussion	58-63
5.4	Implication	64-65
5.5	Recommendations for Future Research	65-66
5.6	Conclusion	66-67

REFERENCES	68-75
-------------------	--------------

APPENDIX A – Questionnaire

APPENDIX B – Statistical Data Analysis



LIST OF TABLES

Table 3.1	Design of Questionnaire	37
Table 3.2	Summary of Sources of Researched Variables Measurement	38
Table 3.3	Total Population	39
Table 3.4	Determining of Sample Size (Krejcie & Morgan (1970)	40
Table 3.5	Stratified Sampling	41
Table 3.6	Interpreting the Cronbach's Alpha Value	43
Table 3.7	The Interpretation of the Strength of the Correlation according to "Guilford's Rules of Thumb"	44
Table 4.1	Respondents Profile	48
Table 4.2	Reliability Analysis	50
Table 4.3	Correlation Analysis	52
	(a) Multiple Regression Analysis for Predictor Against Employee Engagement in the Insurance Company	55
	(b) Multiple Regression Analysis based on Variance Contribution	56

LIST OF FIGURES

Figure 1.1	Employee Engagement Clusters – Willis Tower Watson’s Global Workforce Study 2010	5
Figure 1.2	Employee Engagement Segments – Willis Tower Watson’s Global Workforce Study 2014	6
Figure 3.1	Research Framework	32



CHAPTER 1

INTRODUCTION

1.1 Introduction

This research focuses on the factors that influence employee engagement in the insurance company namely; organizational communication, job satisfaction and pay and benefits.

Markos and M. Sandhya (2010), the literatures indicate that employee engagement is closely linked with organizational performance outcomes. Companies with engaged employees have higher employee retention as a result of reduced turnover and reduced intention to leave the company, productivity, profitability, growth and customer satisfaction. Most researches emphasize merely the importance and positive impacts of employee engagement on the business outcomes, failing to provide the cost-benefit analysis for engagement decisions. In contrast, Markos and M. Sandhya revealed that companies with disengaged employees suffer from waste of effort and bleed talent, earn less commitment from the employees, face increased absenteeism and have less customer orientation, less productivity, and reduced operating margins and net profit margins.

1.2 Background of the Study

Employee engagement is defined as the extent that an employee believes in the mission, values and purpose of an organization. It demonstrates commitment through their actions as employee and their attitudes towards their employer and customers (Stockley, 2007).

Researchers have identified the importance of initiating employee engagement and also ways to sustain its circumstantial impacts in the workplace. While research findings vary slightly, most of these studies share a generic conclusion. Engaged employees seem to be an important source of organisational competitiveness (Teng, Huang & Tsai, 2007; Salanova & Schaufelli, 2008).

The field of employee engagement is important to be highlighted by human resource management because it is a dominant source of competitive advantage and can solve challenging organizational problems such as increasing the organization performance and productivity. Research has suggested that organizations with high levels of employee engagement report positive organizational outcomes (Kular, Gatenby, Ress, Soanneet & Truss, 2008; Harter, Schmidt & Keyes, 2003; Shuck & Wollard, 2010).

Having a higher proportion of engaged employees in an organization has shown to have a positive relationship with a company's profit margin (Fleming & Asplund, 2007; Ketter, 2008; Wagner & Harter, 2006). For example, one large manufacturing firm in the United States reported that because of employee engagement initiatives, their sales increase to \$2 million. Similarly, another retail supply company in the

United States reported a \$2.1 million performance-related cost difference between low engagement teams and high engagement teams (Vance; 2006).

Employees who are engaged in their work and committed to their organizations will be able to give competitive advantage, including higher productivity and lower employee turnover (Robert, 2006). However, according to Gallup Management Journal, a research done in 2006 indicated that; only 29% of the U.S. working population is engaged (loyal and productive), 55% are not engaged and 15% are actively disengaged (“Gallup Study”, 2006).

Kruse (2012) explained that ‘workplace superheroes’ are truly engaged and it does not just mean “happy” or “satisfied” but employee engagement is the emotional commitment an employee has, towards to the organization and its goals, resulting continuous discretionary effort. Kruse added that an employee’s discretionary effort produces the Engagement-Profit chain. It is because they care more, they are more productive, give better service, and even stay in their jobs longer. All of that leads to happier customers, who buy more and refer more often, which increases sales and profits, finally produces an increment of stock price.

The survey conducted by Hay Group (2010) shows that, the common reason employees leave the organizations are dissatisfaction with salary, lack of recognition and ineffectual of their immediate manager or supervisor. However, these reasons for leaving the job may not be the same to this organization.

Human resource practitioners are being required to enhance the structure of the courses used to educate managers to increase their communication and management skills (Gebauer & Lowman, 2009).

1.2 Problem Statement

In this study, the factors that influence employee engagement based on the existing literatures will be evaluated among the employees working in the insurance company. This company was chosen because there no evidence of previous studies that examine, a study on factors influencing employee engagement in the insurance company.

This study arises from the need to manage the human resource of reinsurance companies more effectively. One of the most significant proposals for achieving employee engagement is to engage in Human Resource Management (HRM) programs, which generally refers to the activities of organising work and managing people to achieve organisational goals (Zhang et al. 2012). Engaged employees will lead to high performance. In order to achieve organisational goals, engaging employees are the key area that managers and management should emphasize and look into. This an area of the insurance company should emphasize to ensure the level of engagement among employees arc in the right place.

However, a survey conducted by a well-known human resource consulting organisation, Willis Tower Watson (2010) shows that only 28% of the Malaysian survey employees were engaged. The rest remain disengaged, disenchanted or only in the state of enrolment (i.e., only physically present) (Global Workforce Study, 2010). Figure 1.1 tabulates the employee engagement clusters which consist of the results from the survey conducted by Willis Tower Watson.

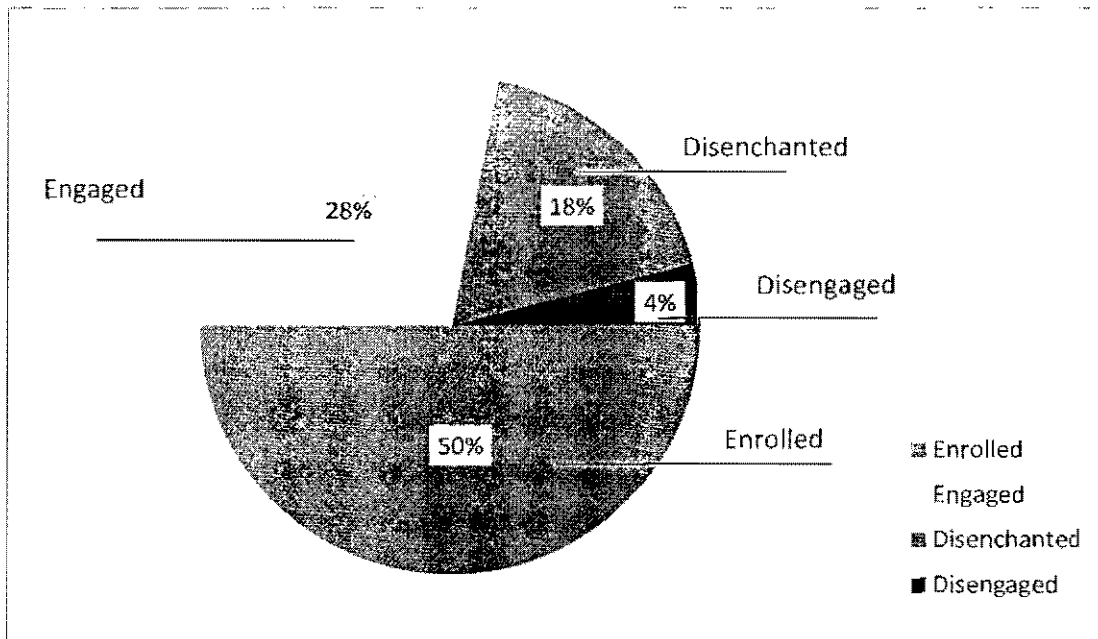


Figure 1.1
Employee Engagement Clusters

The question remains: what causes employees to be engaged or disengaged in the Malaysian context? Hence, the motivation for this research is to address these problems by identifying and understanding the factors that influence employee engagement in insurance industry and fill the existing gaps in engagement literature.

Meanwhile, in 2014 Global Workforce Study, Willis Tower Watson conducted a survey to gain a perspective from employee and employer on the emerging trends and issues on engaging the global workplaces. Figure 1.2 has shown that the research explained that 40% of the employees from 32,000 respondents (four in 10 employees) were highly engaged while close to quarter from the respondent (24%) was disengaged. The findings also showed that another 36% can be described as either unsupported or detached. A full 60% of employees lack the elements required to be highly engaged. Given the low levels of highly engaged workers, it is essential for

companies to understand the factors that drive sustainable engagement (Willis Tower Watson, 2014).

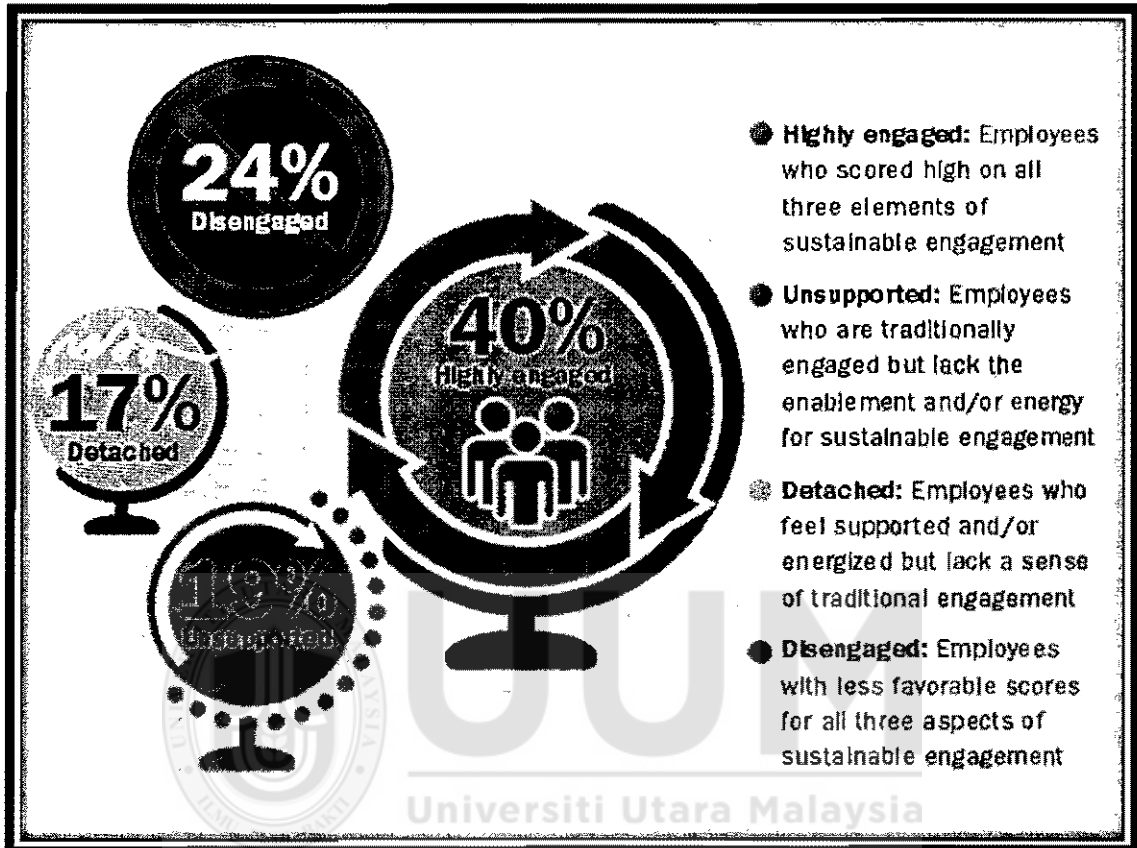
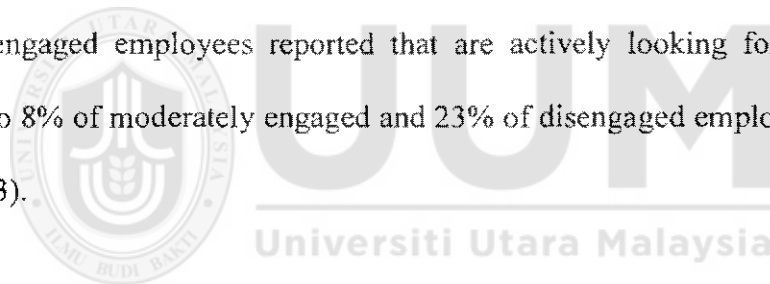


Figure 1.2
Employee Engagement Segments

The main reason of conducting an employee engagement survey is to find out the factors that drive employees to perform their best and engage with the organization. It is important, in order to establish synchronization between what top management offers and what employees' expectation. The reason being nowadays, leaders are keener in identifying what can engage or disengage employees. The organisations keep on conducting employee engagement surveys from time to time so that they can design and redesign the existing policies and implement key changes in order to

increase the productivity and efficiency of employees. In addition, it will help them retaining the best talent within the organisation.

The contradictory term of engaged employee is disengaged employee. Employees who are not engaged tend to leave the organization in the expense of increment of absenteeism, increase training and recruitment costs and lead to low productivity. The researcher found that employee engagement has a relationship with turnover intention if the employees are disengaged with their job and organisation as well. This is supported by the 2003 Towers Perrin Report which had shown that 66% of highly engaged employees reported that they have no plans to leave compared to 36% of moderately engaged individuals and 12% of disengaged employees. Furthermore, 2% of highly engaged employees reported that are actively looking for another job compared to 8% of moderately engaged and 23% of disengaged employees (Towers Perrin, 2003).



Disengagement refers to a lack of enthusiasm and commitment to work or a workplace. Disengaged employees are less involved and more likely to leave their organization. As business compete not only for market share and the skilled professionals who can deliver it, employee engagement is arguably the most powerful force behind a company's growth.

According to Bakker and Demerouti (2008), there are at least four reasons why engaged employees perform better than disengaged employees. First, engaged employees often experience positive emotions (e.g., happiness, joy and enthusiasm). Second, engaged employees experience better health. Third, engaged employees

create their own job resources and personal resources. Fourth, engaged employees transfer their engagement to others. A recent study by a global consulting firm found that four employees out of ten are not engaged worldwide (AON Hewitt Report 2012). Among the four regions studied, Latin America was found to have highly engaged workforces in comparison to Asia Pacific, Europe and North America.

Based on the above discussion, the researcher will conduct a study to examine and gain better understanding of the factors that influence employee engagement in the insurance company which mainly focus on organization communication, job satisfaction and pay and benefits. These three factors of employee engagement will be discussed further in the literature review under Chapter Two.

1.4 Research Questions

The main question of this research is:

“What are the factors that influence employee engagement in the insurance company?”

The specific research questions to be answered are:

- a) Does organization communication affect employee engagement in the insurance company?
- b) Does job satisfaction affect employee engagement in the insurance company?
- c) Does pay and benefits affect employee engagement in the insurance company?

1.5 Research Objectives

The main objective of the study is to examine which among the variables contribute to employee engagement in the insurance company. The specific objectives of this study are as follows:

- a) To examine whether organization communication does affect employee engagement in the insurance company.
- b) To examine whether job satisfaction affects employee engagement in the insurance company.
- c) To examine whether pay and benefits do affect employee engagement in the insurance company.

1.6 Significance of the Study

The aim of this study is that the organization can increase its performance when the engagement of the employees is successfully achieved. It is important to the organization because employee engagement has played an important role in harmonising the environment. When employees are engaged at office, they feel a connection with the organization. They believe that the work that they are doing is important to the company and therefore they will work harder.

The results of this research will be compared with past literatures to derive with suggestions for improvement for employees in the insurance company. It will assist the organization to get better understanding of the ways to further improve in managing employee engagement. It might be useful to observe how employee engagement can increase their job performance and bring success to the organization.

This study will improve the management understanding of how organizational communication, job satisfaction and pay and benefits can increase employee engagement. As such, it will improve the effectiveness and efficiency of the organizations. The researcher hopes that this study will give the insurance company an idea of how important employee engagement is to their organization. It will also help them to understand the approaches that they will use to enhance the level of its employee engagement.

Finally, this topic can also be used for future research and guidance, as well as enriching the literature in human resource management.

1.7 Scope and Limitations of the Study

The scope of this study is focus on the employees in the office located in Kuala Lumpur, Malaysia with approximately 140 staff of different departments.

To identify the factors that could have influence on the employee engagement, three factors were identified from the existing literature; organizational communication, job satisfaction and pay and benefits.

Due to time and cost constraints, the research is limited to the employees in Kuala Lumpur(KL) office only. While the Head Office in Labuan will not be included in this research.

Several limitations have been identified in this study. First, since the study will be conducted on the employees in KL office, the result of the study may not be applicable to represent the employees in Labuan Office due to time constraint and the difficulty to get respondents from Labuan office.

The second limitation is the factors measuring the effect of employee engagement are limited to only three factors.

Finally, the limitation of this study is the data of this study will be gathered through a survey. Thus, the feedback of the survey will depend on the cooperation from the employees.



1.8 Definition of Key Terms

Employee Engagement: Employee engagement is a combination of perceptions including satisfaction, commitment, pride, loyalty, sense of personal responsibility and willingness to be an advocate for the organization that has an impact on behaviour (Rachele Williams, 2010).

Organizational Communication: The process where an organization informs the employees on their tasks and responsibilities and gives feedback is known as organizational communication (Clampitt, 2005).

Job Satisfaction: Job satisfaction is the actual satisfaction of the individual with the intrinsic and extrinsic rewards at the workplace (Cetin, 2006)

Pay and benefits: The reward that an individual gets for doing some work is known as pay and benefits, which allows the engagement in regular and appropriate financial compensation at work (Great West Life Centre for Mental Health in the Workplace, 2012)

1.9 Organization of the Research

This thesis consists of five chapters:

Chapter 1: The first chapter will discuss about the background of the research, describe the problem statement, the research question and objectives, the significance and scope of the study, the limitations of the study and the definition of key terms.

Chapter 2: The second chapter explains and reviews the past research of employee engagement and the findings done by other researchers. The literature review will support this study which focuses on the literature of the dependent and independent variables.

Chapter 3: Chapter three presents the method of the study on research methodology, research design and instrument to be used as the measurement tool. This chapter will discuss on the selection of the respondents, sample types and data collection procedure.

Chapter 4: Chapter four will report the findings and the results from the data analysed and demonstrate the result from the findings.

Chapter 5: Finally, Chapter five will discuss on the summary findings and then make comparisons with the literature review and some suggestions for future research.



CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This literature review will discuss several literatures that are related to this study, including, the factors that influence employee engagement. This chapter also discusses the literature used by different scholars and sources, which have been used for building up the knowledge of the research.

A literature review can be just a simple summary of the sources, but it usually has an organizational pattern and combines both summary and synthesis. It might give a new interpretation of old material or combine new with old interpretations. The literature review in this study was elaborated based on the concepts and relationships between independent variables namely, organization communication, job satisfaction, pay and benefits and dependent variable, employee engagement.

2.2 Employee Engagement

Referring to [business dictionary.com](http://businessdictionary.com), employee engagement is an emotional connection which an employee feels toward his or her employment organization, which tends to influence his or her behaviours and level of effort in work related activities. The more engagement an employee has with his or her company, the more effort they put forth.

Engagement refers to the cognitive and emotional approaches as the state in which individuals are emotionally and intellectually committed (Baumruk, 2004).

Engagement occurs when employees know what to expect, have the resources to complete their work, participate in opportunities for growth and feedback, and feel that they contribute significantly to the organization. When employees are engaged, they are emotionally connected to others and cognitively vigilant to the direction of the team (Hayes, Schmidt & Harter, 2002)

From the psychological perspective, engagement is a state-like phenomenon which is portrayed as an affective cognitive state-like condition. It is not a temporary state such as mood or as relatively non-malleable as fixed characteristics such as personality traits (Sweetman & Luthans 2010).

According to Vazirani (2007), employee engagement is critical to any organization that seeks to retain valued employees. Blessing (2005) has identified retention as one of these behavioural outcomes.

“Engaged Employees” would go further than the specified job requirement and are helpful in moving the organization forward. According to (Vazirani, 2007), “Engaged Employee” are builders, who want to know the desired probability of their role so that they can meet and go beyond them.

Secondly is the “Non-Engaged Employees”. According to (Vazirani, 2007) “Non-Engaged Employees” are likely to focus on tasks rather than the goals and outcomes they are anticipated to accomplish.

Thirdly is “Actively Disengaged Employees” who are busy in letting everyone know that they are unhappy and trying to pressure and influence the engaged employees to disengage (Vazirani, 2007). (Vazirani, 2007) further points out this kind of employee as the ‘cave dwellers’ who is ‘consistently against virtually everything’ they are not (Michael & Micahel, 2007) just unhappy at work; they are busy performing out their unhappiness and sow seeds of negativity at every opportunity.

Engagement is the extent to which the employee believes in the purpose, mission, organization values and demonstrates their commitment through their actions and attitudes towards the employer and customers. Employees are required to be together with the organization to achieve the vision, mission and value statement that have been created by the organizations. The question that arises is how deep the employees are attached to the vision, mission and values (Stockley, 2007).

It is noted that all the views on employee engagement are parallel as they focus on employee characteristics such as cognitive or behavioural; factors that have been found to enhance the performance of the organization (Balain & Sparrow, 2009).

Maslach and colleagues (2001) had a very different view on the concept of engagement. They viewed it as the opposite of burnout. As burnout is characterized by exhaustion and inefficacy, engagement is its opposite; involvement, efficacy and energy (Maslach, Schaufelli & Leither, 2001).

However, Macey and Schneider (2008) classified the diverse definition of employee engagement into three facets: trait, state and behaviour. Trait engagement refers to

psychological traits of employees that they bring to work and are less affected by the work or workplace (Macey & Schneider, 2008). Trait engagement influences state engagement, where state engagement refers to feelings of satisfaction, involvement and commitment in the workplace. While behavioural engagement refers to outcomes of engagement, including going beyond the job description (Macey & Schneider, 2008).

May, Gilson & Harter (2004) believes that engagement is different from job involvement. They stated that job involvement is the result of a cognitive judgement about the need satisfying abilities of the job. Engagement must have something to do with how employees show themselves in the performance of their job.

Although the definitions are varies among academicians, in the literature it has been defined as a distinct and unique construct that consists of cognitive, behavioural and emotional components that are associated with individual role performance (Saks, 2006).

According to Markos & Sridevi (2010) it has several key components such as involvement in decision making, the extent to which employees feel able to voice their ideas while managers listen to it and value employee's contributions, the opportunities employees have to develop their jobs and the extent to which the organization is concerned about the employees' health and well-being.

Employee's perception on the meaning about workplace is clearly linked to their levels of engagement and their performance. They argued that employees actively

seek meaning through their work and unless the organization tries to provide a sense of meaning, employees are likely to quit. The research findings suggested that many employees experience a greater search for meaning in the workplace than in general life (Holbeche & Springnett, 2003). There were numerous possible reasons for this, including employees generally spending longer time at work than on other parts of their lives.

An organization should invest in employee engagement. It is because the majority of the researches showed that employee engagement is significantly interrelated with important business outcomes.

Studies found positive relationship between employee engagement and organization performance outcome like employee retention, productivity, profitability, customer loyalty and safety (Coffman, 2000; Ellis & Sorensen, 2007; “Towers Perrin Talent Report”, 2003; “Hewitt engagement survey”, 2004; Heintzman & Marson, 2005).

According to Baumruk and Gorman (2006), an engaged employee consistently demonstrates three general behaviors which will improve organization performance:

- Say – the employee advocates for the organization to co-workers and refers potential employees and customers
- Stay – the employee has an intense desire to be a member of the organization despite opportunities to work elsewhere
- Strive – the employee exerts extra time, effort and initiative to contribute to the success of the business (Baumruk and Gorman, 2006).

Looking at Kia Motors case study in 2007, the top management was challenged to develop an employee engagement strategy to improve employee morale and address the high level of employee turnover. Amongst the strategies are leadership development, employee recognition, internal communication, organization development and employee development. As a result, Kia Motors managed to reduce the turnover rate to 31% by 2006. There has been significant reduction to 15% in 2007, 5% in 2008 and finally, 2% by 2009 (Tomlinson, 2010). Furthermore, a reduction by 10% of employee costs which comprises recruitment and existing of employees within the organization is noted by the end of 2007 (Tomlinson, 2010). Hence, it is proven that engaged employees will reduce employee turnover rate as well as save cost.

Employee engagement also can be measured in dollars and can yield significant savings. For instance, a beverage company Malson Coors found that engaged employees were five times less likely to have a safety incident than non-engaged employees and seven times less likely to have a lost-time safety incident. In fact, the average cost of a safety incident for an engaged employee was \$63 compared to an average of \$392 for a non-engaged employee (Lockwood, 2007).

Employee health is one of the critical factors in employee engagement when they are talking about 'productivity'. Open communication, trust, respect, teamwork and positive work relations are the conditions that support health and psychological well-being. A leading organization like Gallup, found that employee psychological well-being and physical health affect the quality and quantity of work (Crabtree, 2005). For example, 62% of engaged employees feel their work positively affects their physical health. The number drops to 39% among non-engaged employees and to 22% among

employees who are actively disengaged. In addition, 54% of disengaged employees say their work has a negative effect on their health and 51% see a negative effect on their well-being (Crabtree, 2005).

Salanova, M., August, S., & Maria Peiro, J. (2005) did an empirical study to prove that the relationship between the availability of organization resources i.e. autonomy, training, technology and employee engagement in work units was found to have a positive effect on employee performance and customer loyalty (Salanova et al, 2005). When employees feel more engaged in their work, the climate is better for service and the customer receives better quality services.

Much of literature has focused on the factors of engagement, but it is realized that there is also a growing focus upon identifying factors that will block employees' ability to engage. One of the barriers is bureaucracy; Lockwood (2007) explained that bureaucracy in organization severely handicaps the potential of an organization to engage its employees. Heavy workloads are also a damage engagement because being overworked will increase employee's susceptibility to stress (Lockwood, 2007). Roffey Park Institute supported the findings by Lockwood. In their survey, managers concluded that workload pressure along with poor management and poor communication were key barriers to engagement (Smith & Markwick, 2009).

Employee's availability at work is another factor that is said to influence disengagement. The lower the availability, the lower the engagement of an employee will be (May, D. R., Gilson, R. L., & Harter, L. M., 2004). Research by May *et al.*, 2004, suggested that employees only have so much of themselves that they can devote

to their employee will various life roles, and therefore employees with significant commitments outside work may find it harder to engage themselves to other employees. As a result, employees who do not 'unwind' occasionally are likely to find it hard to engage (Smith & Markwick, 2009).

Employee engagement is a matter of concern for leaders and managers in organisations across the globe; they recognise it as a vital element affecting organisational effectiveness, innovation and competitiveness. This concern is evident in findings of the Corporate Communication International survey of US chief corporate communicator opinion on practices and trends. The survey identified employee engagement as one of the three top trends facing organisations (Goodman, Genst, Cayo and Ng, 2009)

In Europe, a UK Government-sponsored review (MacLeod and Clarke, 2009) found employee engagement to be a cause for concern for leaders in private, public and voluntary sector organisations.

2.3 Organization Communication and Employee Engagement

High quality of organizational communication will help employees to understand their tasks and responsibilities which therefore contribute to the organization success (Clampitt, 2005). Engagement begins with employees' clear understanding of what is happening in the organization. The organization should always inform the employees about the changes that affect their work groups so they will not be confused or surprised to the changes in their organization. Some employees believed they were

being kept informed about what their company was doing. But some employees felt that they were given enough information to do their jobs effectively (Clampitt, 2005).

Communication is one of the most dominant and important activities in organization (Harris & Nelson, 2008). Fundamentally, relationships grow out of communication, and the functioning and survival of organizations is based on effective relationship among individuals and groups. In addition, organizational capabilities are developed and enacted through “intensely social and communicative process” (Jones et al., 2004). Communication helps individuals and groups coordinate activities to achieve goals, and it’s vital in socialization, decision-making, problem solving and change management processes.

Pugh and Dietz (2008) suggest leadership as an antecedent of organisation engagement, and organisational effectiveness as a consequence. The communication abilities of leadership teams are recognised as important in driving engagement (Wiley et al., 2010). Communication has been identified as an underlying factor associated with employee engagement (Kahn, 1992). Likewise, MacLeod and Clarke (2009) highlight communication as a critical factor for enhancing performance through employee engagement. They argue that good quality internal communication enhances engagement and emphasise that employees need clear communication from senior management to understand how their own roles fit with the leadership vision. Unsurprisingly, they cite poor communication as a barrier to engagement and a cause of disengagement. So, there is scope for reflection and research on the impact of organizational communication on employee engagement.

Internal communication also provides employees with important information about their jobs, organization, environment and each other. Communication can help motivate, build trust, create shared identity and spur engagement; it provides a way for individuals to express emotions, share hopes and ambitions and celebrate and remember accomplishments. Communication is the basis for individuals and groups to make sense of their organization, what it is and what it means.

A network represents how communication flows in an organization. Networks can be formal and informal. In a formal communication network, messages travel through official pathways (e.g., newsletters, memos, policy statements) that reflect the organization's hierarchy. Informal communications move along unofficial paths (e.g., the grapevine, which is now electronic, fast and multidirectional) and include rumors, opinions, aspirations and expressions of emotions. Informal communications are horizontal, and employees believe they are more authentic than formal communications (Burton, 2008). Employees and members use both networks to understand and interpret their organizations.

Communication also can be described as vertical, horizontal or diagonal. Vertical communication can be downward-flowing down the hierarchy of an organization or upward, i.e., moving from lower to higher levels in the chain of command. Horizontal communication refers to communicating among persons who have no hierarchical relationship, such as three supervisors from different functions. Diagonal or omnidirectional communication occurs among employees at different levels and in

different functions, e.g., a quality control supervisor, accountant and systems analyst (Nanda, 2007).

Parsley (2006) discovered that effective communication is a significant driver of employee engagement. Apart from effective communication, enhancing the communication skills of managers and making communication as part of performance against organization goals are also vital. Managers also play a role in ensuring that employees are aligned to organizational goals. This will make employees feel they are important and being valued by the organization. The organization also has to play its role to provide a clear instruction or information to all employees and always make employees know what is happening in their organization.

The author distinguished the difference between low performance communication (distributing information) and high-performance communication (improving performance). As a result, he found that high performance communication engaged employees in ways that will improve employees' performance, the elements of high performance communication are communicating a clear line of sight between what employees do and how it influences the organization, sharing accurate decision making information in a timely manner and communicating the link between performance and recognition (Shaffer, 2004).

2.4 Job Satisfaction and Employee Engagement

A satisfied employee may be satisfied with pay, benefits, supervisor and working conditions (Zarca, 2008). While, Cetin (2006) refers job satisfaction as the actual

satisfaction of the individual with intrinsic and extrinsic reinforces. Job satisfaction is therefore seen as the achieved correspondence sought by the individual in relation to intrinsic and extrinsic environmental factors leading to work commitment.

According to Susan (2007), human resource professionals perceived many factors to be more significant to employees did. In each of the American Society of human resource management, job satisfaction surveys found that human resource professionals expect that “relational” aspects had a higher main concern in employee job satisfaction than employees had indicated. Human resource professional’s responses; suggest that their perceptions of employee satisfaction reflect traditional human resource thinking about employee needs for communication or recognition.

The society for human resource management interviewed employees of the human resource professional for 2007. Job satisfaction survey report to measure present satisfaction levels in the workplace. This report offers insights that can assist human resource professionals recognize employee attitudes and preferences when rising; programs and policies. According to employees, the top five “very important” aspects of job satisfaction were compensation, work life balance, benefits, job security and communication between employees and senior management (Susan, 2007).

Job satisfaction has been correlated with enhanced job performance, positive work values, high levels of employee motivation and lower rates of absenteeism, turnover and burnout (Spector, 2003). Therefore, managers should be concerned with the level of satisfaction in their organisation and the ultimate aim for those who organize and control workers is dissatisfaction (Spector, 2003). In addition, Spector explain that

there must be a combination of the two-factors. Abraham Maslow (1970) developed one of the best-known theories of motivation; the needs Hierarchy Theory. It states that within each individual there exists a hierarchy of five need levels. The needs range from basic or lower level needs to higher level needs.

Many models or theories have been carried out regarding job satisfaction. According to Robbins and Judge (2009), job satisfaction describes a positive feeling about a job, resulting from an evaluation of its characteristics. A person with a high level of job satisfaction holds positive feelings about his or her job, while an unsatisfied person holds negative feelings.

Herzberg, F., Mausner, B. and Snyderman, B. (1959), defined the best known popular “theory of job satisfaction”. Their two-factor theory suggests that employees have mainly two types of needs, listed as hygiene and motivation. Hygiene factors are the needs that may be very satisfied by some certain conditions called hygiene factors (dissatisfiers) such as supervision, interpersonal relations, physical working conditions, salary, benefits, etc.

The theory suggests that job dissatisfaction is probable in the circumstances where hygiene factors do not exist in someone’s working environment. In contrast, when hygiene needs are supplied, however it does not necessarily result in full satisfaction. Only the dissatisfaction level is decreased (Furnham et al., 2002). Whereas Herzberg stated in his two factors theory stated that there are two categorizes of motives for the employees known as satisfiers and dissatisfies. He related intrinsic factors with job satisfaction and extrinsic factors with dissatisfaction (Samad, 2007).

2.5 Pay and benefits and Employee Engagement

Pay is vital for motivation and incentives, and a total rewards approach is essential for employee engagement (Elton, 2008). People like to be recognized for their contributions at their workplaces. Interestingly, even though many organizations provide proper pay and benefits programs for employee ideas and contributions, many employees are looking for more daily informal benefit-like recognition (Wellins, Bernthal & Mark, 2003). Employees are likely to be more engaged when the organization is listening to their opinions, supporting and recognizing their contributions (Wellins, Bernthal & Mark, 2003).

Pay refers to the amount of financial compensation that an individual receives as well as the extent to which such compensation is perceived to be equitable. Remuneration and earnings are a cognitively complex and multidimensional factor in job satisfaction. According to Luthans (1998), salaries not only assist people to attain their basic needs, but are also instrumental in satisfying the higher-level need of people.

Compensation refers to all forms of financial returns and tangible services employees receive as part of employment relationship. It can be seen as a measure of justice. Normally, it is the major source of employees' financial security (Milkovich & Newman, 2008).

Zhou, Qian, Henan and Lei (2009) stated that compensation provides competitive base salary levels necessary to attract and retain talent and compensates for day-to-day responsibilities performed at fully acceptable level and above. Chen and Brian (2004),

propose that the types of compensation typically contain the following components base salary, overtime pay (OT), bonuses, commissions and so on.

According to Herman (2005), compensation help to focus on the position and duties performed. It attempts to influence employee's current and future working performance. Besides, compensation server's different objectives, the main ones being to attract, retain and motivate high-potential employees. Meanwhile, the fulfilments of those goals are subject to constraints such as the maintenance of equality, cost control and legal requirements (for example, wage and salary legislation) (Steve & Loring, 1996). To employee, compensation may be seen as a return in exchange between the firms they work for and themselves, as an entitlement for being an employee of the company, or as a reward for job well done. It is given to employees in exchange for work performed (Milkovich & Newman, 2008).

Benefits refer to the part of the total compensation package provide to the employee in whole or in party by payments from the employer ant it's did not include the pay for time spent on work (Milkovich & Newman, 2008). Besides, benefits are group membership rewards that provide security for employees and their family member. Benefits are a non-compensation paid to employees. Some benefits are mandated by law, for example social security, unemployment compensation and worker compensation. Employees' benefits include pension, health insurance, welfare and etc (Lee, Hsu & Lien, 2006). Benefits are a crucial part of an employee's total compensation package. Benefits package are become popular after World War II, when wage controls made it more difficult to give competitive salaries. Besides, benefits can be treated as the payment or entitlement, such as one makes under an

insurance policy or employment agreement, or public assistance program or more generally, something of value or usefulness. Benefits may also see as reflection of justice in society (Herman, 2005).

According to Carter (2008), benefits are forms of value, other than payment that are provide to the employee in return for their contribution to the organization, which is for doing their work. Zhou, Qian, Henan and Lei (2009) argued that benefits are provides flexible and market competitive health benefits to support employment brand and support attraction and retention. Employee's benefit includes disability income protection, retirement benefits, work-life balance (for example, sick leave, vacation and etc), allowances (for example, dental, insurance, medical, transportation, housing, mobile phone and etc) and so on.

Hsu and Lien (2006) stated that benefits are designed to safeguard employees and their family against problems due to sickness, accidents or retirements. Here, let use some examples of components of benefits to bring out its effect of employees. Work life balance with regard such as temporal flexibility, leave benefits and interpersonal relationship has the potential to reduce or increase stress on workers with life responsibilities. The provision of work life balance strategies can provide a positive and direct effect on an employee's decision to remain with an employer (Macran, Joshi & Dex, 1996).

Besides that, suitable pay and benefits can assist in building a psychological contract in which employees feel valued by their employer, and the employer values employees' contributions. Enhanced employee commitment should in turn feed into

enhanced work performance, decrease staff turnover and make it easier to recruit good employees because the employer has a positive image (Wellins, Bernthal & Mark, 2003).

A study of the modern world at work shows that performance pay has a powerful influence on the engagement of high performing employees, while the corporate leadership council demonstrated it as a significant influence on employee's discretionary effort. Employee satisfaction looks at drivers like pay equality. A satisfied employee may be satisfied with pay, benefits, supervisor and working conditions (Zarca, 2008).

2.6 Conclusion

This chapter identified the definition and literatures pertaining to various studies on employee engagement. There are many factors that influence employee engagement and the past study on independent variables. For this research, the researcher only focusses on three factors which are more suitable on the population selected.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

The primary objective of this study is to examine the relationships between organization communication, job satisfaction and pay and benefits to employee engagement. This chapter will explain the methods, framework and instruments used to study these relationships.

3.2 Research Framework

Based on the literature review and the research problem, the following research framework has been developed. This framework focusses on the drivers that could have impacted on employee engagement in the insurance company in KL office. The independent variables are the predictors to employee engagement, namely organization communication, job satisfaction. While the dependent variable for this research is employee engagement.

3.2.1 Independent Variable

The independent variable is the variable manipulated by the researcher, thereby causing an effect or change on the dependent variable (Cooper and Schindler, 2008).

In this study, the researcher has selected these variables as the independent variables:

(1) Organization communication; (2) Job satisfaction and (3) Pay and benefits

3.2.2 Dependent Variable

According to Cooper and Schindler (2008), the dependent variable is measured, predicted and monitored by the researcher; expected to be affected by a manipulation of the independent variable. The researcher had chosen employee engagement as the dependent variable for this research.

The framework for this study is shown in Figure 3.1

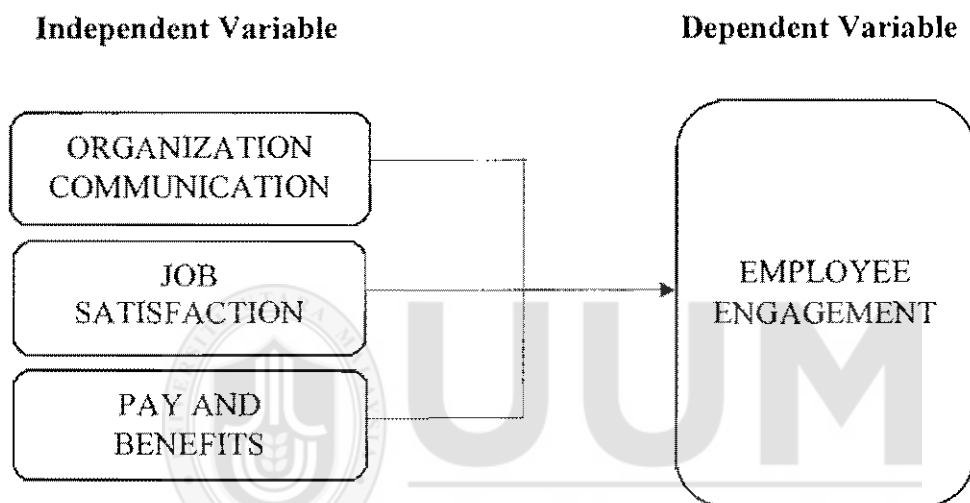


Figure 3.1:
Research Framework

3.3 Research Design

This research was designed as a correlation study. This type of research would identify factors that were causing the problem. In this research data were gathered through the means of questionnaires; over a period of months, in order to answer specific research questions. This research is called a cross-sectional study, where data on the independent variables and the dependent variable were collected from various departments with different levels of positions.

Quantitative research using questionnaire as a survey method to gather data was used in this research. Quantitative research is a research where the findings of the research are generally from the statistical summary and analysis. A structured questionnaire was used to help the researcher in data collection. The collected data from the distribution of questionnaires were then analysed by the researcher and the results were then generalized to the entire population.

The main objective of this research is to identify the relationship of all three drivers of the independent variables with the dependent variable of employee engagement in the insurance company. This is a correlational research according to its nature that includes independent variables, for example, organizational communication, job satisfaction and pay and benefits. The independent variables might combine towards the employee engagement in the insurance company.

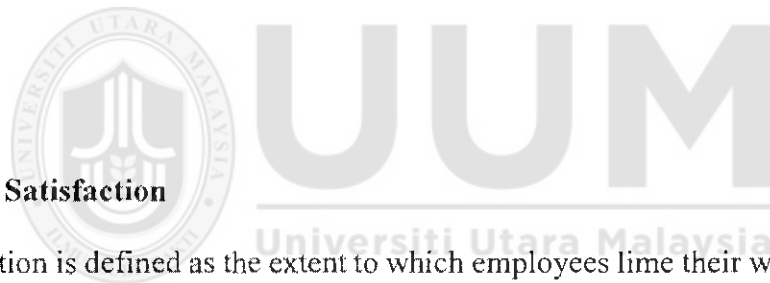
3.4 Operational Definition

In light of this study, the following phrases are defined accordingly. The International Survey Research (IES) (2003) defines employee engagement as a process by which an organization increases commitment and contribution of its employee to achieve superior business results. The IES resolved that employee engagement is a combination of an employee's cognitive, affective and behavioral commitment towards an organization. In addition, according to Melcrum (2005) drivers of employee engagement are levers that can be pulled to maximize their impacts on employee engagement.

3.4.1 Organization Communication

Consistent and honest communication is an important management tool for employee engagement. In the absence of consistent and honest communication, employees become concerned about the future of the organization and will start thinking about leaving the organization (Durkin, 2007).

In addition, Durkin (2007) suggested that an organization must establish their purpose and values, then clearly share them with all employees. Organization purpose means the reason an organization exists and was created in the first place (Durkin, 2007). Ideally, this should go beyond just making profits. Employees would feel more obliged to make a difference and to ensure that they are adding value to others.



3.4.2 Job Satisfaction

Job satisfaction is defined as the extent to which employees like their work. Based on perceptions, employees develop a positive or negative attitude towards their job and environment (Ellickson, 2002). The more a person's work environment fulfils his or her needs, values or personal characteristics, the greater the degree of job satisfaction.

Job satisfaction is also defined as a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences (Locke & Henne, 1986).

Maylett and Riboldi (2008) have stated in their white paper that job satisfaction is a component in making an employee feel engaged. Tiwari (2011); cited that job satisfaction is an antecedent to employee engagement. Pena (2007) cites in a study

that espouse is a model of engagement which incorporates job satisfaction, feeling valued at work and overall satisfaction at work.

3.4.3 Pay and benefits

This extends beyond total remuneration, which is confined to pay and benefits. Total reward includes all the ways in which people are rewarded when they come to work; pay, benefits and the other non-financial rewards (Armstrong, 2017). While benefits comprise pension, flexible working hours, medical benefit, insurance benefit and also training and development.

3.5 Measurement of Variables/ Instrumentation

Data was collected through the distribution of questionnaire via hard and soft copies to the respondents. It is intended to identify the drivers that contribute to employee engagement in the insurance company.

A questionnaire is a pre-formulated written set of questions to which respondents record their answers, usually within rather closely defined alternatives. This is an efficient data collection mechanism when the researcher knows exactly what is required and how to measure the variables of interest. Questionnaires can be administered personally, mailed to the respondents, or electronically distributed (Sekaran, 2003).

The main advantage of this method is that the researcher can collect all the completed responses within a short period of time. Any doubts that the respondents might have on any question are clarified on the spot. The researcher was also afforded the

opportunity to introduce the research topic and motivate the respondents to offer their frank answers. Questionnaires are used because it is less expensive and time consuming. It also does not require as much skills to administer a questionnaire compared to other research instruments.

According to Nenna (2011), the disadvantage of questionnaire is the researcher can only obtain answers to questions that have been asked. The researcher does not have control over participant interpretation, and there might be a low response rate and uncertainty about who did or did not complete the questionnaire. In addition, some organizations may be reluctant to give up company time for the survey with groups of employees assembled for the purpose.

The advantages of sending questionnaires electronically, among others, are its ability to administer easily, can reach globally, very inexpensive, fast delivery and its convenience to respondents like the mail questionnaire.

3.5.1 Questionnaire Design

The questionnaire that is used in the research consists of five (5) sections which are section A, B, C, D and E. The first section, Section A, consists of the questions to gather information about the profile of the respondents such as gender, age, academic qualifications, job category, nationality, department and length of service. Meanwhile in Section B, C, D and E, the respondents need to answer the questions which are based on both the independent and dependent variables. These sections allowed the study of the relationship between independent and dependent variables.

Table 3.1:
Design of questionnaire

Section	Variables	Number of Items
Demographic Information		
A	• Gender	7
	• Age	
	• Academic Qualifications	
	• Job Category	
	• Nationality	
	• Department	
	• Length of Service	
Dependent Variable		
B	Employee Engagement	13
Independent Variables		
C	Organizational Communication	5
D	Job Satisfaction	5
E	Pay and benefits	5

Table 3.1 shows the questionnaire design of the research which consist the following:

Section A – Respondent Background

Section A consists of the questions to gather the information about the profile of the respondents such as gender, age, academic qualifications, job category, nationality, department and length of service.

Section B – Employee Engagement, Organizational Communication, Job Satisfaction, Pay and benefits

A Likert scale is used for Section B, C, D and E. Likert scale is used when responses to various items that measure a variable can be tapped on a 5-point scale which can

thereafter be summated across the items. The scale below shows the measure used in the Likert scale designated instrument with scores from 1 to 5 (Sekaran, 2003).

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

The instrument for this research was adopted from a study conducted by Ababneh (2010) on employee engagement in the Islamic Bank of Jordan which reliability Cronbach's Alpha values were on the higher range between 0.832 to 0.996. The questionnaire was adopted as it suited the context of this study.

Table 3.2:
Summary of Sources of Researched Variables Measurement

Variable	Items	Scales	Source
Employee Engagement	13	Five-point Likert scale	
Organizational Communication	5	Five-point Likert scale	Ababneh, Hesham Okla Hamad (2010)
Job satisfaction	5	Five-point Likert scale	
Pay and benefits	5	Five-point Likert scale	

A five-page close-ended questionnaire was developed to gather information about employee engagement, which is the dependent variable. On the other hand, the independent variables are organization communication, job satisfaction and pay and benefits.

3.6 Data Collection

The researcher distributed questionnaires through hard copies and soft copies (via email) to respondents including non-executive, executive and management staff of all departments in the insurance company. Approximately, 103 sets of questionnaires were distributed.

At the end of the day, 103 sets of questionnaires were collected back through hard and soft copies via email.

3.6.1 Population and Sampling of the Study

According to Hair, Bush, Ortinau (2006), the definition of target population is a specified group of population which concerns the researcher to collect data from them. For this research, the target population was all employees based at In the insurance company as presented in the table below:

Table 3.3:
Total Population

Job Category	Number of Employee
Non-Executive	32
Executive	64
Management	44
Total	140

In this research, the targeted sample size (S) was determined according to the simplified decision model which was developed by Krejcie and Morgan (1970) as per Table 3.4.

Table 3.4:
Determining of Sample Size (Krejcie & Morgan)

<i>Table for Determining Sample Size of a Known Population</i>									
N	S	N	S	N	S	N	S	N	S
10	10	100	30	230	162	300	260	2800	338
15	14	110	36	290	165	350	265	3000	341
20	19	120	42	300	169	400	269	3500	346
25	24	130	47	320	175	450	274	4000	351
30	28	140	53	340	181	500	278	4500	354
35	32	150	58	360	186	550	285	5000	357
40	36	160	64	380	191	600	291	6000	361
45	40	170	69	400	196	650	297	7000	364
50	44	180	75	420	201	700	302	8000	367
55	48	190	80	440	205	750	306	9000	368
60	52	200	86	460	210	800	310	10000	370
65	56	210	91	480	214	850	313	15000	375
70	59	220	96	500	217	900	317	20000	377
75	63	230	101	550	226	950	320	30000	379
80	66	240	106	600	234	1000	322	40000	380
85	70	250	111	650	242	1100	327	50000	381
90	73	260	116	700	248	1200	331	75000	382
95	76	270	121	750	254	1300	335	100000	384

Note: N is Population Size; S is Sample Size *Source: Krejcie & Morgan, 1970*

The total population of employees at in the insurance company is 140. Therefore, based on the recommended sample size (S) shown in Table 3.3, the total number of respondents for this research is 103. Thus, 103 questionnaires were prepared and distributed to the respondents.

3.6.2 Sampling Technique

This study used stratified random sampling procedure to select employees from non-executive, executive and management job categories. The list of employees was obtained from the Human Resource Department. The completed list for employees

were combined and arranged in accordance to the names in alphabetical order to constitute the sampling frame.

Total population of this research was 140. Out of this number, 23% represented non-executive, 46% represented executive and 31% represented management level. Out of 103 sample sizes, 23 respondents came from non-executive, 48 respondents came from executive and 32 respondents came from management level. Table 3.5 below, illustrates the sample distribution of the population. Random numbers table used for the sake of randomization. Therefore, all employees had an equal chance of being selected to participate in this research. Besides that, randomization also can help to avoid any bias in the same time to ensure the results of the research are reliable and could be generalized.



Table 3.5:
Stratified Sampling

Job Category	Total Population (N)	Percentage of Population (%)	Proportional Sample (%)	Total of Sample (S)
Non-Executive	32	23	23% X 103	23
Executive	64	46	46% X 103	48
Management	44	31	31% X 103	32
Total	140	100%	100%	103

3.7 Technique of Data Analysis

In this research, four (4) techniques of data analysis were used to analyse the data using Statistical Package for Social Sciences (SPSS) version 22.0. The data analysis

techniques were reliability analysis, Pearson's correlation analysis and Multiple Regression analysis.

Reliability tests were used to examine the reliability of the variables. Secondly, in order to determine whether there were significant relationships among the independent variables and dependent variable, Pearson Correlation Coefficient analysis was carried out. Lastly, Multiple Regression Analysis was used to identify and determine the most dominant factor that impacts the dependent variable.

3.7.1 Reliability Analysis

The reliability analysis was conducted by using Cronbach's Alpha as a measurement of internal consistency. It is considered to be a measure of scale reliability. The reliability of a measure shows the stability and consistency of the instrument in measuring a concept. Cronbach's Alpha is a reliability coefficient that indicates how well the items in a set are positively correlated to one another.

The Cronbach's Alpha analysis was used as it is the most acknowledged reliability test tool applied by social researchers. The closer the Alpha to 1 indicates the higher the internal consistency reliability is (Sekaran, 2003). The requirements for acceptability of the reliability were used on the value of the Cronbach's Coefficient Alpha as recommended by Tabachnick & Fidell (2001) and Hair *et al.* (2010).

Table 3.6
Interpreting the Cronbach's Alpha value

Cronbach's Alpha Value	Degree of Reliability
More than 0.8	Good
In the range 0.7	Acceptable
Less than 0.6	Poor

From Table 3.3, the good degree of reliability is shown by the value of Cronbach's Alpha more than 0.8. The range of 0.7 is classified as good whereas the Cronbach's Alpha value of less than 0.6 is considered poor.

3.7.2 Pearson's Correlation Analysis

According to Zikmund *et al.* (2010), Pearson's correlation analysis can describe the degree of a variable related to others. Therefore, Pearson's correlation analysis can be used to determine the strength and direction of linear relationship between two variables.

The values from -1 to +1 indicate the Pearson correlation coefficient. When the Pearson correlation coefficient value shows +0.1, it shows that the variables are related to each other by increasing relationship. On the other hand, when the Pearson correlation coefficient value shows -0.1, it shows that the variables are related to each other by declining relationship. For non-related linear relationship, the Pearson correlation coefficient showed a zero value. For this case, it indicated that the variables were not linked to each other.

In this research, the Pearson correlation analysis was used in order to examine the correlation between independent variables which were employee communication, employee development and rewards and recognition with the dependent variable, employee engagement. The symbol of correlation coefficients can illustrate two things in the relationship which are the direction of the relationship and the magnitude of the relationship between two variables. The nearer the value is to 1.00, the greater the likelihood of that relationship is statistically significant. The interpretation of the strength of the correlation is defined using the “Guilford Rule of Thumb” which is proposed by Guildford (1973) as illustrated in Table 3.7 below:

Table 3.7

The interpretation of the strength of the correlation according to “Guilford’s Rule of Thumb”

Value of Pearson’s Correlation Coefficient Between Variables (r-value)	The interpretation of the strength of the correlation
0.00 – 0.30	Very low relationship
0.31 – 0.50	Low relationship
0.51 – 0.70	High relationship
0.71 – 1.00	Very high relationship

3.7.3 Multiple Regression Analysis

The Multiple Regressions method was used to identify and specify the most dominant factor of independent variables that gives impact towards dependent variable. The most dominant dimension showed the largest beta value. Multiple Regressions can also be defined as a set of independent variables which describe the variance proportion in a dependent variable at a significant level and hence set up the relative predictive importance of independent variables.

According to Garson (2010), the higher the value of the correlation, the closer the scores will fall to the regression line. After that, it would yield a more accurate prediction. Associated with multiple regressions is multiple correlations (R^2), meaning that the dependent variable's variance (%) can be explained by all the independent variables.

Data would be collected on all the independent variables which were employee communication, employee development and rewards and recognition, while the dependent variable was employee engagement. This was to explore the most significant variables that affected employee engagement.

According to Sekaran (2003), the correlation coefficient, R , will indicate the strength of the relationship between two variables and it will also show how much of the variance in the dependent variable will explain when several independent variables are theorized to simultaneously influence it. Besides that, the square of multiple, R^2 is the amount of variance which will explain the dependent variable by the predictors and this is known as Multiple Regression. In the event of R^2 value, the F statistics and its significant level are known; the results can then be interpreted.

Finally, frequency distribution is being carried out to obtain a number of responses associated with different values of one variable and to express these counts in term of percentage.

3.8 Conclusion

This chapter explains the methodology used to determine the relationship of the variables being evaluated in the research. It has drawn the instruments of the research, location of the research and selection of respondents.



CHAPTER 4

RESULTS AND ANALYSIS

4.1 Respondent Profile

This chapter analysed the data findings of the study. All data were analysed using Statistical Package for the Social Sciences (SPSS) version 22.0 for window to perform the statistical analysis. The data were examined with reliability analysis, correlation analysis and regression analysis. Frequency analysis was utilized for analysing the respondents' demographic characteristics such as gender, age, academic qualification, job category, nationality, department and length of service. The statistical method of Pearson Correlation was used to determine the existence of any relationship between the independent variable and dependent variable. Finally, Regression Analysis was conducted to examine which among the three levels of the independent variable is the most important to employee engagement.

4.2 Demographic Profile

The survey demonstrated the details concerning demographic characteristics or respondent's profile as shown in Table 4.1 below:

Table 4.1:
Respondents Profile

Demographics	Categories	Frequency (N=103)	Percentage (%)
Gender	Male	42	40.8
	Female	61	59.2
Age	Below 25 years old	6	5.8
	26 to 35 years old	36	35.0
	36 to 45 years old	44	42.7
	46 to 55 years old	16	15.5
	56 years old and above	1	1.0
Academic Qualification	Secondary	12	11.7
	Diploma	21	20.4
	Degree	60	58.3
	Master	10	9.7
Job Category	Non-Executive	23	22.3
	Executive	48	46.6
	Management	32	31.1
Department	Administration	22	21.4
	Finance	12	11.7
	Facultative & Treaty	32	31.1
	Info Technology	14	13.6
	Compliance	7	6.8
	Accounts	8	7.8
	Human Resource	8	7.8
Length of Service	Below 2 years	11	10.7
	3 to 5 years	23	22.3
	6 to 8 years	28	27.2
	More than 9 years	41	39.8

Table 4.1 explains the gender, age group, academic qualification, job category, department and length of services of the respondents. More than half of the respondents are female representing 61 respondents in numbers, equivalent to 59.2% and the remaining 40.8% of the respondents are male.

Next, is the profile of the respondents based on age group will be studied. The table show that out of 103 respondents, 6 of them are below 25 years old which represents 5.8% of the total number of respondents. 35.0% of the respondents are from the age group of 26 to 35 years old. The highest respondents representing 42.7% with total of 44 respondents. For the age between 46 to 55 years old, representing 15.5% with total number of 16 respondents. While the total number of respondent aging 56 years old and above is 1 respondent which represent 1.0%.

Most of the respondents having educational knowledge ranging from Secondary Certificates to Master holders. 11.7% of the respondents are from secondary school background, followed by 20.4% graduated with diplomas, 58.3% with bachelor degrees and 9.7% with Masters.

The table show that the number of non-executive is 23 respondents which represents 22.3%. Executive staff is 48 (46.6%) and 31.1% or 32 respondents are from the Management level.



The number of respondents from Administration department is 22 (21.4%), Finance 12 (11.7%) and Information Technology 14 (13.6%). Accounts and Human Resource having the same number of respondents which is 8 equivalents to 7.8%. In addition, the table shows that Compliance department is the lowest for the number of respondents which is 7 (6.8%). Facultative department is the highest respondents representing 31.1% with total of 32 staff.

The highest percentage 39.8% of the 41 respondents have worked more than 9 years. While the remaining 22.3% (23 respondents) have served between 3 to 5 years. The length of services of employees worked between 6 to 8 years is 27.2% (28 respondents) and 10.7% (11 respondents) of the respondents had served less than 2 years.

4.3 Reliability Analysis

According to Sekaran (2003), the closer the reliability coefficient gets to 1.0, the better it is, and those values over .80 are considered as good. Those value in the .70 is considered as acceptable and those reliability value less than .60 is considered to be poor (Sekaran, 2003).

Table 4.2:
Reliability Analysis

Variables	No. of Items	Cronbach's Alpha
Employee Engagement	13	.967
Employee Communication	5	.961
Job Satisfaction	5	.956
Pay and benefits	5	.953

Reliability test is necessary to be conducted to indicate the extent to which it is without bias, to ensure the consistency of the measurement across time and various item included in the study. Cronbach's Alpha is a reliability coefficient indicates how well the items are relatively related to each other. The closer the value to 1, the more reliable the item is (Sekaran, 2003). The findings on the above table 4.2 show that,

alpha value for both independent variable i.e. organization communication, job satisfaction and pay and benefits and dependent variable i.e. employee engagement are above 0.8 which is considered as good and free from error. Therefore, it will produce consistent results.

As discussed in Chapter 3 in Table 3.6 of Reliability Analysis, the acceptable point for measuring the reliability for the research as follows: -

Cronbach's Alpha Value	Degree of Reliability
More than 0.8	Good
In the range 0.7	Acceptable
Less than 0.6	Poor

Sources: Tabachnick & Fidell (2001) and Hair *et al.*, (2010)

Therefore, based on this rule, the result for reliability analysis was above the cut-off point. The above table shows the Cronbach's Alpha values for dependent variable (employee engagement) and independent variables (organization communication, job satisfaction and pay and benefits) are considered good.

The highest Cronbach's Alpha value was organization communication which indicated 0.961, followed by job satisfaction which indicated 0.956 and pay and benefits which indicated 0.953.

4.4 Pearson's Correlation Coefficient Analysis

Pearson's correlation coefficient is used in this research as a method to measure the correlation. The result will indicate the strength, direction and significance of the

bivariate relationship among all the variables that were measured (i.e. employee engagement, organizational communication, job satisfaction and pay and benefits).

There could be a perfect positive correlation, between two variables, which is represented by +1.0, or a perfect negative correlation which is -1.0. Researchers suggest that the conventional accepted significance has $p=0.01$ value. This value indicates that the researcher can be 95% sure that there is a true or significant correlation between the two variables, and only a 5% chance that the relationship does not truly exist. The correlation matrix between dependent and independent variables for this research is demonstrated in the table below.

Table 4.3:
Correlation Analysis

	Organization Communication	Job Satisfaction	Pay and benefits	Employee Engagement
Communication Organization	1			
Job Satisfaction	.871**	1		
Pay and benefits	.808**	.853**	1	
Employee Engagement	.832**	.864**	.810**	1

** . Correlation is significant at the 0.01 level (2-tailed)

* . Correlation is significant at the 0.05 level (2-tailed)

Pearson correlation analysis is used to identify the relationship between organizational communication, job satisfaction, and pay and benefits to the employee engagement in the insurance company.

The findings (Table 4.3) show that there is a positive and significant relationship between organizational communication, job satisfaction and salaries as well as benefits towards the employee engagement in the insurance company. This positive and significant correlation relationship indicates that employees in the insurance company have organizational communication, job satisfaction, and good pay and benefits tend to show good engagement in the workplace.

Based on table 4.3, shows that there is a significant positive relationship between organizational communication toward employee engagement with $r = 0.832$ and $\text{sig} = 0.001$ ($p < 0.01$). The strength of the relationship between organizational communication and employee engagement is very high according to “Guilford’s Rule of Thumb (1973)”.

As discussed in Chapter 3 in Table 3.7 of the interpretation of the strength of the correlation according to “Guilford’s Rule of Thumb”, as follows: -

Value of Pearson’s Correlation Coefficient Between Variables (r-value)	The interpretation of the strength of the correlation
0.00 – 0.30	Very low relationship
0.31 – 0.50	Low relationship
0.51 – 0.70	High relationship
0.71 – 1.00	Very high relationship

Further to table 4.3, the findings for job satisfaction with employee engagement in the insurance company also shows a significant positive relationship with the value of $r = 0.864$ and $\text{sig} = 0.000$ ($p < 0.01$) in this study because of the positive value for correlation coefficient.

While the relationship between pay and benefits with employee engagement in the insurance company also shows that is significant positive relationship with the value of $r = 0.810$ and $\text{sig} = 0.000$ ($p < 0.001$). The strength of the relationship between organization communication, job satisfaction, pay and benefits with the involvement of the insurance company employees is very high and strong.

In addition, this inter correlation analysis also shows that there is a significant relationship between job satisfaction with pay and benefits among employees in the insurance company with the value of $r = 0.853$ and $\text{sig} = 0.000$ ($p < 0.001$). The value of the strength of the relationship between job satisfaction and pay and benefits among employees in the company is very strong.

4.5 Multiple Regression Analysis

Multiple regression is an extension of bivariate correlation. The result of regression is an equation that represents the best prediction of a dependent variable from several independent variables. Regression analysis is used to identify organizational communication factors, job satisfaction and pay and benefits to the contribution of variance worker employee engagement. The Multiple Regression (MRA) treated the dimension of dependent variables and independent variables separately. This is a way to recognize whether there is significant relationship between independent and dependent variables. The model sufficiently explained the variance or coefficient of determination or the R Squared in the effect of control variables relation. Three independent variables that are recognized in this research are organization communication, job satisfaction and pay and benefits. The result is illustrated in Table 4.3 (a).

Table 4.3 (a)

Multiple Regression Analysis for Predictors Against Employee engagement in the insurance company

	R Value	R Square	Total	Significant	F
Multiple Regression	0.885	0.783	103	0.000	119.18

* $p < 0.05$

Table 4.3 (a) above shows the results of multiple regression analysis on employee engagement in the insurance company based on organizational communication, job satisfaction and pay and benefits. The results of the analysis show that job satisfaction and pay benefit contribute to the variance of employee engagement for the study population in the insurance company (sample size = 103) workers.

The results of the multi-regression analysis showed that for the sample size ($n = 103$), job satisfaction and pay and benefits were significant predictors [$F(1,102) = 119.18$, $p < .05$] for employee engagement scores in the insurance company. These three variables accounted for 78.3% variance in the criterion variables ($R^2 = .777$).

Table 4.3 (b)
Multiple Regression Analysis based on Variance Contribution

Predictor	Beta (β)	T	Sig
Organization Communication	.277	2.809	.006
Job Satisfaction	.449	4.043	.000
Pay and benefits	.204	2.200	.030

The findings show that all predictors, organizational communication ($\beta = .277$, $p = .006$), job satisfaction ($\beta = .449$, $p = .000$) and pay and benefits ($\beta = .204$, $p = .030$), can predict significant employee engagement scores.

Summary of the findings were concluded that a total of 103 of questionnaires were completed. Based on the reliability analysis, the Cronbach's alpha shows the alpha was well above 0.60 for the four variables. Employee engagement score is (.967) for the 13 items. Organization communication score is (.961) for the 5 items. Secondly, job satisfaction score is (.956) for the 5 items. Finally pay and benefits score is (.953) for the 5 items. The internal consistency reliability of the measure used in this research is good as the figure is closer to 1.0 and can be considered to be acceptable.

A Pearson correlation matrix indicates the direction, strength and significance of the bivariate relationship among all the variables that were measured. The correlations are all in the expected direction in positive relationship.

4.6 Conclusion

In summary, this chapter had presented the findings analysis for the current study. Data was analysed using SPSS version 22.00 for Window and captured the most applicable method of analysing data including reliability, descriptive statistical, correlation and regression test.

The results of this study confirm that the variables considered in the theoretical framework are important. The researcher obtained descriptive statistics for the variable in this study. Finally, the researcher tested the goodness of data using Cronbach's alpha. The conclusion and recommendation for future studies will be discuss in the next chapter.



CHAPTER 5

DISCUSSION AND CONCLUSION

5.1 Introduction

The main objective of this research is to examine the three predicted factors that could have an influence on employee engagement in the insurance company.

5.2 Summary of Results

The objective of this research was to identify factors that influence employee engagement in the insurance company. As mentioned in Chapter 4, the regression results indicate that 78.3% of the variance in the employee engagement is explained by all the independent variables namely organization communication, job satisfaction as well as pay and benefits.

5.3 Discussion

In the following discussion, results of each objective will be reviewed and possible explanation of the relevant findings will be presented.

In the following discussion, the results for each objective are reviewed and compared with previous literature.

Objective 1: To examine whether organization communication does affect employee engagement in the insurance company

Pearson correlation matrix has found there is a positive and very strong relationship between organization communication and employee engagement with ($r=0.832$). The result was accepted. Moreover, the coefficient beta for this determinant was ($\beta = .277$) at significance level (.006).

The positive and acceptable coefficient value between organizational communication and employee engagement suggest a high quality of organizational communication which will help employees to understand their tasks and responsibilities which therefore contribute to the organization success and increase employee engagement in the insurance company.

Therefore, relationship between organization communication and employee engagement aligned with the previous study in the literature review by Clampitt (2005) that stated engagement begins with employees' clear understanding of what is happening in the organization. The organization should always inform the employees about the changes that affect their work groups, so they will not be confused or surprised to the changes in their organization.

It also was aligned with the communication abilities of leadership teams are recognised as important in driving engagement (Wiley et al., 2010).

Parsley (2006) also discovered that effective communication is a significant driver of employee engagement. Apart from effective communication, enhancing the

communication skills of managers and making communication as part of their performance against organization goals are also vital. Communication becomes a more critical resource under certain and stressful circumstances. Managers also play a role to ensure that employees are aligned to organizational goals. This will send a message to employees making them feel that they are important and being valued by the organization.

The author distinguished the difference between low performance communication (distributing information) and high-performance communication (improving performance) (Shaffer, 2004). As a result, he found that high performance communication engaged employees in ways that will improve employees' performance, the elements of high performance communication are communicating a clear line of sight between what employees do and how it influences the organization, sharing accurate decision making information in a timely manner and communicating the link between performance and recognition.

Objective 2: To examine whether job satisfaction affect employee engagement in the insurance company

Pearson correlation matrix has found there is a positive and very strong relationship between job satisfaction and employee engagement with ($r=0.864$). The result was accepted. Moreover, the coefficient beta for this determinant was ($\beta = .449$) at

significance level (.000). Job satisfaction was the top dominant driver related to employee engagement in the insurance company.

Therefore, relationship between job satisfaction and employee engagement have supported with the previous study in the literature review by Spector (2003) that emphasized job satisfaction has been correlated with enhanced job performance, positive work values, high levels of employee motivation and lower rates of absenteeism, turnover and burnout.

The results of this study indicate a positive relationship and significant between job satisfaction and employee engagement. This finding is parallel with previous research findings done by Vance (2006) that employees who enhanced their skills through training are more likely to engage fully in their work because they derive satisfaction from mastering new tasks. Increasing the scope of an employee's job through job design, which is known as job enrichment is essential for employees to do more of the same work.

The level of happiness an individual has with their job has many implications for the success of an organization. The happier a person is with their job, the more satisfaction they experience the more they will engage with other employees. Job satisfaction is multidimensional, including the work environment, pay and benefits, promotions, supervision and satisfaction with co-workers (Goris, J.R, Pettit, J.D & Vaught B.C, 2002).

Job satisfaction has an important influence on employee behaviour, productivity and performance. In turn, employee performance has influence on the overall performance and effectiveness of the organization. Common factors of job satisfaction include satisfaction with pay, supervision, benefits, operating conditions, nature of work and communication (Carriere & Bourque, 2009).

Objective 3: To examine whether pay program affects employee engagement in the insurance company

Pearson correlation matrix has found there is a positive and very strong relationship between pay and benefits and employee engagement with ($r=0.810$). The result was accepted. Moreover, the coefficient beta for this determinant was ($\beta = .204$) at significance level (.030). Pay and benefits was the bottom dominant driver related to employee engagement.

Therefore, relationship between pay and benefits and employee engagement aligned with the previous study in the literature review that stated that compensation provides competitive base salary levels necessary to attract and retain talent and compensate for day-to-day responsibilities performed at fully acceptable level (Zhou, Qian, Henan & Lei, 2009).

Validating the study conducted by Wellins, Bernthal & Mark (2003) whereby suitable pay and benefits can assist to build psychological contract, in which employees feel valued by their employer, and the employer values employees' contributions.

Enhanced employee commitment should in turn feed into enhanced work performance, decrease staff turnover and make it easier to recruit good employees because the employer has a positive image. In the case of In the insurance company, employees are looking forward for their success to be recognized by their managers and are currently satisfied with the pay and benefits program that they received.

As mentioned in the previous chapter, pay and benefits make employees feel they are listened to, supported and recognized for their contributions and are likely to be more engaged. However, in this particular study, pay and benefits were found not significant to employee engagement. This is because different people value different things. Managers probably realize that not all people engage with the same value to monetary or non-monetary rewards (Silverman, 2004). Employees' view these things differently regardless of age, marital status, economical need and future objectives (Silverman, 2004). Heikkeri's (2010) research findings supported the argument, whereby she discovered that pay and benefits may lead to improvement and can become an essential tool of employee engagement when an organization uses this practice on a regular basis and in various ways.

In this study, they expressed concern about their level of pay given in the work they perform, which may influence their job in general rating. Although; increasing pay may be an unrealistic or unobtainable goal, it may be helpful to consider alternative ways to create or increase the value of classified employees level of compensation. Offering alternatives incentives or developing creative ways of showing appreciation towards contributions may enhance overall job satisfaction.

5.4 Implication

In terms of impact, the researcher believes this study can be used for future improvements and developments especially in the area of employee engagement in the insurance company in Malaysia. Moreover, the study may also further strengthen other researcher's findings, which have been presented in the literature review.

The findings of this study result in recommending the management of the insurance company as follows: - to boost employees' engagement, management shall focus on these two factors, job satisfaction and pay and benefits.

There may be some opportunities for the management to improve on how to their employees can get job satisfaction. It is clear that employee's satisfaction is key and that job fit is an effective tool foster job satisfaction. A research study may be developed that ask successful organizations how they find the right job for the right person and turn that into a satisfied employee. The research could also focus on, in deep strategies that employers use to increase satisfaction. There may also be a need to further examine the cultural effects of employee engagement and determine the positive and negative cultural environments role. This would be beneficial in areas where there has been some negative response by organizations to employee engagement.

Employee engagement is a positive attitude held by the employees towards the organization and its values. It is rapidly gaining popularity, and impacts organizations in many ways. Employee engagement emphasizes the importance of job satisfaction and the success of a business. An organization should thus recognize employees, more

than any other variable, as it is a powerful contributor to a company's competitive position. A person may be satisfied with his or her job but may not actually do meaningful work.

Researches in the past have examined a number of elements that can affect job performance. Jaramillo et al (2005) and Al Ahmadi (2009) showed that some crucial elements is employees' commitment to their job. There is also a strong connection between being satisfied at their job and employee engagement. Ng and Feldman (2009) found that education was a positive influence on job performance which can lead to employee engagement.

5.5 Recommendations for Future Research

It is recommended to study other independent variables of employee engagement such as leadership styles, employee development, job design, work life balance, teamwork, corporate culture etc. By having the knowledge on employee engagement in a broader aspect, the management can review the policy and implement it within the organization.

There is another opportunity for research based on the process of developing an employee engagement plans for an organization. This could come from a more exhaustive research of how exactly organizations have embraced employee engagement, developed effective plans and continued to improve as needed. Other organizations and the academic community could also benefit from this research.

If given more time, future study should also look into the probability of using the interview method to collect data. Thus, from the interview the researcher can obtain more feedback and information about areas that are not stated in the questionnaire. The interviews could be unstructured interviews and it is recommended to have face to face interviewing. The main purpose of the unstructured interview is to explore several factors in the situation that might be the central problem. This will help to identify critical problems as well as to solve them. Future research should enlarge diversity of data by adding respondents from Labuan office, which will make a significant contribution to the results.

5.6 Conclusion

The main objective of this study is to find out which factors influence employee engagement in the insurance company. Correlation analysis was done to check the relationship between the independent variables and dependent variable in term of both the strength and the direction of the relationship. All the three drivers namely organization communication, job satisfaction and pay and benefits were found to have a strong relationship with employee engagement. Meanwhile, regression analysis was done to find out how much of the variance in the employee engagement scores can be explained by the three factors of employee engagement. The major findings indicate that the three factor variables explain about 78.3% of the variance in the employee engagement. All the independent variables namely; organization communication, job satisfaction and pay and benefits made significant contributions to employee engagement. In the insurance company. The key driver to employee engagement is job satisfaction followed by organization communication.

In summary, the basic focus of this study is to determine which factors influence employee engagement in the insurance company. Winning employees' engagement will give the organization competitive advantage to outperform the industry and their competitors. Progressive employers should leverage engagement enhancing practices to foster employee performance and will affect the overall performance of the organization.



REFERENCES

- Ababneh, Hesham Okla Hamad (2010). Factors Influencing Employee Engagement: A Survey of the Islamic Bank of Jordan, Master of Human Resource Management dissertation. Universiti Utara Malaysia, Malaysia.
- Al Ahmadi, H. (2009). Factors affecting performance of hospital nurses in Riyadh Region, Saudi Arabia. *Int. J. Health Care Quality Assurance*, 22 (1):40-54.
- Ayers, K. (2008). *Engagement is not enough. You need passionate employees to achieve your dream.* USA: NY.
- Balain, S., & Sparrow, P. (2009). *Engaged to perform : A new perspective on employee engagement.* Centre For Performance-Led HR.
- Baumark, R. (2004). The missing link: The role employee engagement in business success, (report of a Hewitt Associates/ Michael Treacy study). *Workspan*.
- Carriere, J., & Bourque, C. (2009). The effects of organizational communication on job satisfaction and organizational commitment in a land ambulance service and the mediating role of communication satisfaction. *Career Development International*, 14(1), 29-49.
- Carter McNamara. (2008). *Employee Benefits. Field Guide to Leadership and Supervision.* . Retrieved from www.managementhelp.org/pay/benefits.htm.
- Cetin, M. (2006). The Relationship Between Job Satisfaction, Occupational and Organizational Commitment of Academics. *Journal of American Academy of Business*, 8(1), 78-88.
- Clampitt, S & Philip, G. (2005). Communicating for managerial effectiveness.
- Crabtree, S. (2005). Engagement keeps the doctor away. *Gallup Management Journal*, <http://gmj.gallup.com>.

- Durkin, D. (2007). How loyalty and employee engagement add up to corporate profits. *Chief Learning officer*.
- Elton. (2008). Innovation is a gift. What are you doing to encourage employees to give it from <http://www.business-strategy-innovation.com>.
- Fleming, J. H., & Asplund, J. (2007). *Human Sigma*(New York: Gallup Press).
- Gabauer, Julie, Lowman, & Don. (2009). Closing the gap. How great companies unlock employee potential for superior results. Portfolio/ Penguin Group, USA.
- Gallup Study: Engaged Employees Inspire Company Innovation (2006). Retrieved from <http://gmj.gallup.com/content/24880/gallup-study-engaged-employees-inspire-company.aspx> on 14 March 2011. (n.d.).
- Goodman, M.B., Genst, C., Cayo, D. and Ng, S.Y. (2009), *CCI Corporate Communication Practices and Trends Study 2009*, Corporate Communication International, New York, NY.
- Goris, J. R., Pettit, J. D., & Vaught, B. C. (2002). Organizational communication: Is it a moderate of the relationship between job congruence and job performance/satisfaction? *International Journal of Management*, 19, 664-672.
- Gu Z, & Chi RSS. (2009). Drivers of job satisfaction as related to work performance in Macao casino hotels: An investigation based on employee survey. *Int. J. Contemporary Hospitality Manag.* 21(5):561-578.
- Harter, J. K., Schmidt, F. L., & Hayes , T. L. (2002). Business-unit-level relationship between employee satisfaction, employee engagement and business outcomes: A meta analysis. *Journal of Applied Psychology*, 87(2), 268-279.
- Herman Aguinis. (2005). *Performance Management*, Prentice Hall.
- Hewitt Associates, L. (2010, October 10). *Hewitt engagement survey (2008)*. Retrieved from <http://www.hewittassociates.com/Int/N.A/en-us/ourservices/ServicesTool>.

Herzberg, F., Mausner, B. and Snyderman, B. (1959). Reedited with a new introduction in 1993). *The Motivation to Work*. New Brunswick, NJ: Transaction Publishers)

Holbeche, L., & Springett, N. (2003). *In Search of Meaning in the Workplace*.

Hoover, G. (2005). Maintaining employee engagement when communicating difficult issues. *Communication World, Nov-Dec, 25-27*.

Jaramilloa, F., Mulki JP, & Marshall, G. (2005). A meta analysis of the relationship between organisational commitment and salesperson job performance: 25 years of research.

Judge, T. A., Thoresen, C. J., Bono , J. E., & Patton, G. K. (2001). The Job Satisfaction-Job Performance Relationship: A Qualitative and Quantitative Review. *Psychological bulletin*(127(3), 376-407).

Kahn, W. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of management journal, 33(4), 692-724*.

Kahn, W.A. (1992), "To be fully there: psychological presence at work", *Human Relations, 45(4)*, pp. 321-49.

Ketter, P. (2008). What's the big deal about employee engagement? *62(2)*, 44-49.

Kress, N. (2005). Engaging your employees through the power of communication. *Workspan*.

Kruse, K. E. (2012). *Employment Engagement 2.0: How to Motivate your Team for High Performance (A Real World Guide for Busy Managers)*. Kruse Group

Kular, S., Gatenby, M., Rees, C., Soane, E., & Truss, K. (2008). "Employee Engagement".

- Linz, J. S. (2003). *Job Satisfaction Among Russian Workers*(Michigan State University, East Lansing, Michigan, USA).
- Locke, E. A. (1976). *Organizational Behavior: Effect in the Workplace*. (Annual Review of Psychology).
- Lockwood, N. (2007). Leveraging employee engagement for competitive advantage: HR's strategic role. *Society for Human Resource Management Quarterly*.
- Lok, P., & Crawford , J. (2001). Antecedents of Organizational Commitment and The Mediating Role of Job Satisfaction. *Journal of Managerial Psychology*, 16(8), 594-613.
- Luthanas, F. (1998). *Organisational Behaviour* (Vol. 8th ed). Boston: Irwin McGraw-Hill.
- Macey, W. H., & Schneider, B. (2008). The meaning of employee engagement. *Industrial and Organizational Psychology*, 1, 3-30.
- MacLeod, D. and Clarke, N. (2009), The MacLeod Review – *Engaging for Success: Enhancing Performance through Employee Engagement*, Department for Business Innovation and Skills, London, Crown Copyright.
- Macran, S. H., Joshi, & S, D. (1996). Employment after childbearing: a survival analysis. *work, Employment & Society*. 10(2): 272-296.
- Markos, S., & M. Sandhya, S. (2010). Employee Engagement: The Key to Improving Performance. *International Journal of Business and Mangement*, 5(12).
- Maslach, C., Schaufelli, W., & Leither, M. (2001). "Job burnout". *Annual Review of Psychology*.
- May, D. R., Gilson, R. L., & Harter, L. M. (2004). The psychological conditions of meaningfulness, safety and availability and the engagement of the human spirit at work. *Journal of Occupational & Organizational Psychology*.

- Melcrum, M. (2005). An Independent and Research Report. *Employee Engagement*.
- Milkovich, G. T., & Newman, J. M. (2008). Compensation. In (9th Ed). McGraw Hill International Edition USA.
- Nanda. (2007). *Vertical, Horizontal, and Diagonal Communications* . Retrieved August 22, 2017, from Organisational Communication: <http://orgcommunication-nanda.blogspot.my/2007/12/vertical-horizontal-and-diagonal.html>
- Ng TWH, & Feldman, D. (2009). How broadly does education contribute to job performance? *Personnel Psychol.*; 62 (1), 89.
- Nnenna, E. U. (2011). The Causes of Low Motivation within Cape Town's Fast Food Industry. *CPUT Theses & Dissertations* , 379.
- Parsley, A. (2006). A roadmap for employee engagement [online]. Retrieved from: <http://www.management-issues.com/2006/5/25/opinion/a-road-map-for-employee-engagement.asp> on 4 May 2011.
- Pugh, S.D. and Dietz, J. (2008), "Employee engagement at the organizational level of analysis", *Industrial and Organizational Psychology*, 1(1), pp. 44-7.
- Ray, E. B. (1993). When the links become chains: Considering functions of supportive communication in the workplace. *Communication Monographs*, 60(1), 106-111.
- Rober, J. V. (2006). *Employee Engagement and Commitment A guide to understanding, measuring and increasing engagement in your organization*.
- Robinson, D., Perryman, S., & Hayday, S. (2004). *The drivers of employee engagement*.

- Robinson, J. (2007). Successfully forging a new path. *Gallup Management Journal*. Retrieved from <http://ginj.gallup.com> at a 7 November 2011.
- Saks, A. M. (2006). Antecedents and consequences of employee engagement. *Journal of Managerial Psychology*.
- Salanova, M., August, S., & Maria Peiro, J. (2005). Linking organizational resources and work engagement to employee and customer loyalty: The mediation of service climate. *Journal of Applied Psychology*.
- Samad, S. (2007). Assessing the Effects of Job Satisfaction and Psychological Contract on Organizational Commitment among Employees in Malaysian SMEs. *The 4th SMEs IN A Global Economy Conference 2007*.
- Sarmiento, R., & Beale, J. (2007). Determinants of performance amongst shop-floor employees. *Management Research News*, 30 (12): 915-927.
- Sekaran, U. (2003). *Research Methods for Business: A Skill Building Approach*, John Wiley & Sons, USA.
- Shaffer, J. (2004). *Measureable payoff: How employee engagement can boost Performance and profits*.
- Shuck, B., & Wollard, K. K. (2010). "Employee Engagement and HRD: a seminal review of the foundations". *Human Resource Development Review*, 9, 1, 9-110.
- Silverman, M. (2004). *Non-financial recognition - the most effective of rewards?* Institute of Employment Studies. UK.
- Smith, G., & Markwick, C. (2009). *Employee engagement - A review of current thinking*. Institute For Employment Studies, UK.
- Solomon Markos, and M. Sandhya Sridevi. (2010). Employee Engagement: The Key to Improving Performance. *International Journal of Business and Management*, Vol. 5, No. 12; December

- Spector, P. E., & Fox, S. (2005). The stressor-emotion model of counterproductive work behavior (CWB). In S. Fox & P. E. Spector (Eds.). *Counterproductive work behavior: Investigations of actors and targets* (p. 46)., Washington, DC.
- Stockley, D. (2007). Employee engagement and Organisational pride. Retrieved from <http://derekstovkley.com.au/newsletters-05/038-employee-engagement.html> at 15 November.
- Study, G. (2011, March 14). *Engaged Employees Inspire Company Innovation (2006)*. Retrieved from <http://gmj.gallup.com/content/24880/gallup-study-engaged-employees-inspire-company.aspx>.
- Susan. (2007). Job satisfaction: A key to engagement and retention. HR magazine, 52(10), 8. Retrieved March 6, 2008, from ABI/INFORM global database.
- Teng, C., Kuei Wen Huang, & I-Ling, T. (2007). Effects of Personality on Service Quality in Business Transactions. *The Service Industries Journal*, 27(7), 849. Retrieved from <http://eserv.uum.edu.my/docview/203342452?accountid=42599>
- Tomlison, G. (2010). Building a culture of high employee engagement. *Strategic HR Review*. Vol.9, No. 3. 2010.
- Towers Perrin. (2003). *Working Today: Understanding What Drives Employee Engagement: The 2003 Towers Perrin Talent Report*. Retrieved June 8, 2017, from Towers Perrin: http://www.keepem.com/doc_files/Towers_Perrin_Talent_2003%28TheFinal%29.pdf.
- Towers Perrin. (2008). *Towers Perrin Global Workforce Study*. Retrieved April 21, 2017, from Towers Perrin: <http://towersperrin.com/tp/showhtml.jsp?url=global/publications/gws/index>
- Towers Perrin. (2008). *Confronting Myths: What Really Matters in Attracting, Engaging and Retaining your Workforce?* New York: Global Workforce Study.
- Uma Sekaran. (2003). *Research Methods for Business: A Skill Building Approach*, John Wiley & Sons., USA.

- Vance, R. J. (2006). *Employee engagement and commitment: A guide to understanding, measuring and increasing engagement in your organization*. Alexandria, VA: The SHRM Foundation.
- Wagner, R., & Harter, J. K. (2006). *The great elements of managing*. Washington, DC: The Gallup Organization.
- Watson Wyatt Worldwide. (2004). *Connecting organizational communication to financial performance: 2003/2004 communication ROI study (Catalog No. w-698)*.
- Wiley, J.W., Kowske, B.J. and Herman, A.E. (2010), "Developing and validating a global model of employee engagement", in Albrecht, S.L. (Ed.), *Handbook of Employee Engagement: Perspectives, Issues, Research and Practice*, Edward Elgar, Cheltenham.
- Zarca. (2008). *Sample Employee Satisfaction surveys from*. Retrieved from <http://www.zara.com/Online-Surveys-Employee/sample-employee-surveys.html>.
- Zhou Jiang, Qian Xiao, Henan Qi, & Lei Xiao. (2009). Total Reward Strategy: A Human Resources Management Strategy Going with the Trend of the Times. *International Journal of Business and Management*, Vol.4, No. 11.
- Zilmund, W. G. (2003). In *Business Research Methods (7th Edition)*. Ohio: South-Western.

APPENDIX A
QUESTIONNAIRE





UNIVERSITI UTARA MALAYSIA (KL CAMPUS)

QUESTIONNAIRES

Research Title:

“A Study on Factors Influencing Employee Engagement in the Insurance Company”

Dear Sir/Madam,

The purpose of the research is to identify the factors that influencing employee engagement in the insurance company. This questionnaire is prepared to complete the above research to fulfil the requirement of thesis.

This questionnaire is divided into five (5) sections. Section A is about **respondent background**. Section B is about **employee engagement**, section C is about **organizational communication**, section D is about **job satisfaction** and section E is about **pay and benefits**. Please read the question carefully before you answer it. I would very please if you can the answer the questionnaire as honestly as possible. There is no wrong and right answer. For your information, all your answers will be kept private and confidential. The data obtained will be used for academic purposes only.

Thank you for your time answering this questionnaire and your cooperation is highly appreciated. Please do not hesitate to contact me at +6012-2865213 should you need further clarification.

Please return the completed questionnaire at your earliest convenience.

Sincerely,

LIYANA BINTI AZIZ
Master of Human Resource Management
College of Business

SECTION A:

RESPONDENT BACKGROUND / LATAR BELAKANG RESPONDEN

Questions below are about your background. Please tick (/) in the appropriate box.
Soalan – soalan di bawah adalah mengenai latar belakang anda. Sila tandakan (/) di kotak yang berkenaan.

1. Gender / *Jantina:*

Male / *Lelaki*

Female / *Perempuan*

2. Age / *Umur:*

Below 25 years old / *Bawah 25 tahun*

26 to 35 years old / *26 hingga 35 tahun*

36 to 45 years old / *36 hingga 45 tahun*

46 to 55 years old / *46 hingga 55 tahun*

56 years old and above / *56 tahun keatas*

3. Academic Qualifications / *Kelayakan Akademik:*

Secondary / *Sekolah Menengah*

Master / *Sarjana*

Diploma / *Diploma*

PHD / *Doktor Falsafah*

Degree / *Sarjana Muda*

Others / *Lain -lain*

4. Job Category / *Kategori Jawatan:*

Non-Executive / *Bukan Eksekutif*

Management / *Pengurusan*

Executive / *Eksekutif*

5. Nationality / *Kewarganegaraan:*

Malaysian / *Warganegara*

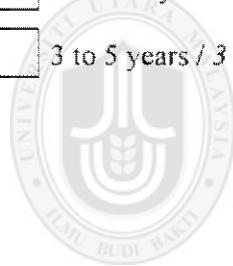
Non - Malaysian / *Bukan Warganegara*

6. Department / *Jabatan*:

- Administration / *Pentadbiran*
- Finance / *Kewangan*
- Facultative & Treaty / *Fakultatif dan Treti*
- Information Technology / *Teknologi Maklumat*
- Compliance / *KomunikasiKorporat*
- Accounts/ *Akaun*
- Human Resource/ *SumberManusia*

7. Length of Service / *TempohPerkhidmatan*:

- Below 2 years / *kurang 2 tahun* 6 to 8 years / *6 hingga 8 tahun*
- 3 to 5 years / *3 hingga 5 tahun* more than 9 years / *lebih 9 tahun*



UUM
Universiti Utara Malaysia

SECTION B:

EMPLOYEE ENGAGEMENT/ PENGLIBATAN PEKERJA

Please indicate the extent of your agreement with the given statement in this section on a 5-point scale. Please circle the chosen number as your answer based on the following:
(Sila nyatakan tahap persetujuan anda dengan pernyataan yang diberikan dalam bahagian ini pada skala 5 mata. Sila bulatkan nombor yang dipilih sebagai jawapan anda berdasarkan perkara berikut):

1	2	3	4	5
Strongly disagree / <i>Sangat tidak bersetuju</i>	Disagree / <i>Tidak bersetuju</i>	Uncertain / <i>Tidak pasti</i>	Agree / <i>Setuju</i>	Strongly agree / <i>Sangat bersetuju</i>

1.	Time passes quickly when I perform my job. <i>Masa berlalubegitupantasapabilasayamenjalankantugas.</i>	1	2	3	4	5
2.	I often think about other things when performing my job. <i>Saya selalumemikirkantentangperkara lain semasamenjalankantugas.</i>	1	2	3	4	5
3.	I am rarely distracted when performing my job. <i>Saya jarangtergangguapabilamenjalankantugas.</i>	1	2	3	4	5
4.	Performing my job is so absorbing that I forget about everything else. <i>Saya terlaluasayidengankerjasayasehinggasyaterlupaperkaralain.</i>	1	2	3	4	5
5.	My own feelings are affected by how well I perform my job. <i>Perasaansayadipengaruhiolehbagaimanasayamelaksanakantugassaya.</i>	1	2	3	4	5
6.	I really put my heart into my job. <i>Saya bekerjadengansepemuhhati.</i>	1	2	3	4	5
7.	I get excited when I perform well in my job. <i>Saya menjaditerujaapabilasayadapatmelaksanakantugassayadenganbaik.</i>	1	2	3	4	5
8.	I often feel emotionally detached from my job. <i>Saya seringmerasakanemosisayaterpisahdengantugas.</i>	1	2	3	4	5
9.	I stay until the job is done. <i>Saya akantunggusehinggakerjaselesai.</i>	1	2	3	4	5
10.	I exert a lot of energy performing my job. <i>Saya menggunakanbanyaktenagasemusamelaksanakantugassaya.</i>	1	2	3	4	5
11.	I take work home to do. <i>Saya bawabalikkerjakerumah.</i>	1	2	3	4	5

12.	I avoid working overtime whenever possible. <i>Saya mengelak untuk bekerja lebih masa.</i>	1	2	3	4	5
13.	I avoid working too hard. <i>Saya mengelak bekerja terlalu kuat.</i>	1	2	3	4	5

SECTION C:

ORGANIZATIONAL COMMUNICATION/ KOMUNIKASI ORGANISASI

Please indicate the extent of your agreement with the given statement on a 5-point scale.
(Please circle your answer).

*Silanyatakan tahap persetujuan anda dengan pernyataan yang diberikan pada skala 5 mata.
(Silabulatkan jawapan anda).*

Give Statement

Beri Kenyataan

Your Responses

Jawapan Anda

1.	There is good communication between various departments of the company. <i>Terdapat komunikasi yang baik antara pelbagai jabatan di dalam syarikat.</i>	1	2
2.	I am kept well informed about what the company is doing. <i>Saya sentiasa diberitahu tentang apa yang syarikat lakukan.</i>	1	2
3.	The company does a job of keeping me informed about matters affecting me. <i>Syarikat melakukan tugas dengan baik dan memaklumkan perkara yang melibatkannya.</i>	1	2
4.	I have the opportunity to contribute my views before changes are made which effect my job. <i>Saya mempunyai peluang untuk menyumbang pandangan saya sebelum perubahan itu dibuat yang akan memberi kesan kepada kerjasaya.</i>	1	2
5.	I am able to speak up and challenge the way things are done at the company. <i>Saya dibenarkan untuk bersuara dan melakukan sesuatu yang mencabar perkara-perkara yang dilakukan di dalam syarikat.</i>	1	2

SECTION D:

JOB SATISFACTION/ KEPUASAN KERJA

Please indicate the extent of your agreement with the given statement on a 5-point scale.
(Please circle your answer).

*Silanyatakan tahappersetujuanandadenganpernyataan yang diberikampadaskala 5 mata.
(Silabulatkanjawapananda).*

Give Statement
Beri Kenyataan

Your Responses
JawapanAnda

1.	I am satisfied with the work of my job. <i>Saya berpuashatidenganhasilkerjasaya.</i>	1	2	3	4	5
2.	I am satisfied with my co-workers. <i>Saya berpuashatidenganrakankerjasaya.</i>	1	2	3	4	5
3.	I am satisfied with my supervision. <i>Saya berpuashatidenganpenyeliaan yang diberi.</i>	1	2	3	4	5
4.	I am satisfied with my pay. <i>Saya berpuashatidengangajisaya.</i>	1	2	3	4	5
5.	I am satisfied with the promotional opportunities. <i>Saya berpuashatidenagnpeluangkenaikanpangkat yang diberi.</i>	1	2	3	4	5

SECTION E:

PAY AND BENEFITS/ GAJI DAN FAEDAH

Please indicate the extent of your agreement with the given statement on a 5-point scale.

(Please circle your answer).

Silanyatakantahappersetujuanundadenganpernyataan yang diberikan padaskala 5 mata.

(Silabulatkanjawapananda).

Give Statement

Your Responses

Beri Kenyataan

JawapanAnda

1.	The pay offered by this organization is good compared to other organizations. <i>Gaji yang ditawarkanolehorganisasiiniadalahbaikberbandingdenganorganisasi lain.</i>	1	2	3	4	5
2.	The pay I receive commensurate the work I do. <i>Gaji yang sayaterimasetimpaldengankerja yang sayalakukan.</i>	1	2	3	4	5
3.	The main reason I stay in this organization is because of the pay. <i>Sebabutamasyamasihkekaldalamorganisasiiniadalah kerana gaji.</i>	1	2	3	4	5
4.	The pay I receive is adequate to cover my expenditure. <i>Gaji yang sayaperolehimencukupiuntukperbelanjaansaya.</i>	1	2	3	4	5
5.	I am satisfied with my total benefits package (holiday entitlement, leisure and facilities) <i>Saya berpuashatidenganpakejfaedah (kelayakancuti, riadahdankemudahan yang lain)</i>	1	2	3	4	5