

**FACTORS THAT INFLUENCE EMPLOYEE ENGAGEMENT: A STUDY OF
CELESTICA MALAYSIA SDN. BHD.**

CHOO LING SUAN

UNIVERSITI UTARA MALAYSIA

2009

**FACTORS THAT INFLUENCE EMPLOYEE ENGAGEMENT: A STUDY OF
CELESTICA MALAYSIA SDN. BHD.**

**A project paper submitted to the College of Business in partial fulfillment of the
requirements for the degree of Master of Human Resource Management**

Universiti Utara Malaysia

BY:

CHOO LING SUAN

PERMISSION TO USE

In presenting this project paper in partial fulfillment 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 project paper in any manner, in whole or in part, for scholarly purposes may be granted by my supervisor or in their absence, by the Assistant Vice Chancellor of the College of Business where I did my project paper. It is understood that any copying or publication or use of this project paper or 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 Universiti Utara Malaysia (UUM) in any scholarly use which may be made of any material in my project paper.

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

Dean
Research and Innovation
College of Business
Universiti Utara Malaysia (UUM)
06010 Sintok
Kedah Darul Aman

DISCLAIMER

The author is responsible for the accuracy of all opinion, technical comment, factual report, data, figures, illustrations and photographs in this dissertation. The author bears full responsibility for the checking whether material submitted is subject to copyright or ownership right. Universiti Utara Malaysia (UUM) does not accept any liability for the accuracy of such comment, report and other technical and factual information and the copyright or ownership rights claims

The author declares that this dissertation is original and his own except those literatures, quotations, explanations and summarizations which are duly identified and recognized. The author hereby granted the copyright of this dissertation to College of Business, Universiti Utara Malaysia (UUM) for publishing if necessary.

Date:

Student Signature: _____

ABSTRACT

The purpose of this study is to examine and gain a better understanding of the drivers that influence the employee engagement in Celestica Malaysia Sdn. Bhd. This study was done among 97 exempt staffs in Celestica Malaysia Sdn. Bhd. Data were gathered through questionnaires and was being analyzed by using Statistical Package for Social Science (SPSS) version 16. Throughout the statistical analysis – correlation analysis, it is found that there is a significant relationship between the three independent variables namely Employee Communication, Rewards and Recognition and Employee Development with the dependent variables – Employee Engagement. Among all three independent variable, employee development is found to be the most independent variable in driving the employee engagement in Celestica.

ACKNOWLEDGEMENT

First, I would like to express my appreciation to Him, who has granted me the strength and ability to complete this study.

I would like to extend my gratitude to my project supervisor, Dr. Norsiah Binti Mat who has been very supportive and encouraging in guiding me to complete this research paper. Her professional advice given throughout the completion of this research will not be forgotten.

I am also grateful for the encouragement that I received from my family for the unconditional love in supporting my quest for knowledge has been extraordinary.

The journey in completion of this project paper is not lonely at all with the support from my dearest classmates – Omari, Dalili, Shaker, Ghassan, Ruswahida, Eddy, Ismail, Gan, Niza who have shown me their support and assistance in the accomplishment of this educational endeavor.

Not forgetting all dearest lecturers throughout my master study - Assoc. Prof Dr Husna, Dr. Yazam, Dr Halim, Dr Omar, and Dr Norazlinda who has shared their knowledge throughout these 18 months of my study in UUM. I am sure that I could not have arrived at this stage without them.

Lastly, I would like to present my humble appreciation and gratefulness to all the people who made this journey possible. I am in debt to those who knowingly and unknowingly.

Thank you

Choo Ling Suan
College of Business
University Utara Malaysia

TABLES OF CONTENTS

PERMISSION TO USE	i
DISCLAIMER	ii
ABSTRACT	iii
ACKNOWLEDGMENT	iv
TABLE OF CONTENTS	vi
LIST OF TABLES	ix
LIST OF FIGURE	x
CHAPTER 1 INTRODUCTION	1
1.1 Introduction	1
1.2 Research Problem	3
1.3 Research Question	5
1.4 Research Objectives	6
1.5 Significance of the Study	6
1.6 Definition of Terms	8
1.7 Organization of the Chapters	9
CHAPTER 2 LITERATURE REVIEW	11
2.1 Introduction	11
2.2 Employee Engagement	11
2.3 Types of Employee	12

2.4	Social Exchange Theory	13
2.5	Importance Of Engagement	14
2.6	Drivers Of Employee Engagement	17
2.6.1	Employee Communication and Employee Engagement	21
2.6.2	Reward and Recognition and Employee Engagement	22
2.6.3	Employee Development and Employee Engagement	23
2.7	Research Framework	25
2.7.1	Independent Variable	25
2.7.2	Dependent Variable	25
2.8	Conclusion	26
CHAPTER 3 RESEARCH METHODOLOGY AND DESIGN		27
3.1	Introduction	27
3.2	Research Design	27
3.3	Source of Data	28
3.6.1	Primary Data	28
3.6.2	Secondary Data	28
3.4	Population and Sampling	29
3.5	Measurement Items	29
3.6	Data Collection Method	32
3.7	Data Analysis Technique	32
3.8	Conclusion	34

CHAPTER 4	RESULTS AND FINDINGS	35
4.1	Introduction	35
4.2	Overview of Collected Data	36
4.3	Respondent Profile	36
4.4	Reliability Analysis	38
4.5	Descriptive Analysis	39
4.6	Major Findings	40
	4.6.1 Pearson Correlation Coefficient	40
	4.6.2 Liner Regression	43
4.7	Summary of Findings	45
4.8	Conclusion	46
CHAPTER 5	DISCUSSION, RECOMMENDATION AND CONCLUSION	47
5.1	Introduction	47
5.2	Discussion	47
5.3	Limitations of Study	49
	5.3.1 Financial Constraint	50
	5.3.2 Lack of Experience	50
5.4	Recommendations for Future Research	50
5.5	Conclusion	51
	Reference	52
	Appendix	

LIST OF TABLES

Table 3.1	Measurement Items	30
Table 3.2	Layout of Questionnaire	31
Table 4.1	Responses Rate	36
Table 4.2	Respondent Profile	36
Table 4.3	Reliability Analysis	38
Table 4.4	Descriptive Analysis of Independent Variable and Dependent Variables	39
Table 4.5	Inter Correlation of the Major Variables	41
Table 4.6	Result of Regression Analysis	43
Table 4.7	Summary of Findings	45

LIST OF FIGURE

Figure 2.1	Research Framework	26
------------	--------------------	----

APPENDIX

Appendix A Questionnaire

Appendix B SPSS Output

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

In today economic downturn situation, organization started to look into its people asset – internal employee so that they can utilize the human asset to sustain the competitiveness in the industry.

Employees who are engaged in their work and committed to their organizations give companies crucial competitive advantages - including higher productivity and lower employee turnover (Robert, 2006). In addition, engaged employees may be more likely to commit to staying with their current organization (Ramsay & Finney, 2006). Software giant Intuit, for example, found that highly engaged employees are 1.3 times more likely to be high performers than less engaged employees. They are also five times less likely to voluntarily leave the company (Ramsay & Finney, 2006).

Thus, it is not surprising that organizations of all sizes and types have invested substantially in policies and practices that foster engagement and commitment in their workforces (Robert, 2006). Indeed, in identifying the three best measures of a company's health, business consultant and former General Electric CEO Jack Welch recently cited employee engagement first, with customer satisfaction and free cash flow coming in second and third, respectively (Welch & Welch, 2006)

The contents of
the thesis is for
internal user
only

REFERENCES

- Ashok M. (2005). *Engagement for the mind body, and soul*. Human Capital.
- Barrett, A., & O'Connell, P. J. (2001). Does training generally work? The returns to in-company training. *Industrial and Labor Relations Review*, 54, 647-662.
- Bates, S. (2004). Getting Engaged: Half of Your Workforce May be Just Going Through the Motions. *HR Magazine*, 44-51.
- Baumruk, R. (2004). *The Missing Link: The Role of Employee Engagement in Business Success, (report of a Hewitt Associates/Michael Treacy study)* Workspan, 48-53.
- Bernthal, P.R., & Wellins, R.S. (2003). *Leadership Forecast: A benchmarking study*. Pittsburgh, PA: Development Dimensions International.
- Bernthal, P.R., & Erker, S. (2004). *Selection forecast: Recruiting and hiring talent*. Pittsburgh, PA: Development Dimensions International.
- Best Practices, LLC (2005). *Employee Engagement and the Service-Profit Chain. Benchmarking Report*. Chapel Hill, NC.
- Bhatnagar, J. (2007). Talent Management Strategy of employee engagement in Indian ITES employee: Key to retention. *Employee Relations*, 29(6), 640-663.
- Blessing W. (2005). *Employee Engagement Report 2005. Research Report*. Princeton, NJ.
- Buckingham, M. & Coffman, C. (1999). *First, Break All the Rules: What the World's Greatest Managers Do Differently*. New York: Simon & Schuster.
- Cawe, M. (2006). Factors Contributing to Employee Engagement in South Africa. University of Witwatersrand, Johannesburg.
- Conference Board (2003). *Linking People Measures to Strategy*. Research Report R-1342-03-RR. New York, NY.

- Conrad, C. (1994) *Strategic Organizational Communication: Towards the Twenty First Century*. New York: Harcourt Brace
- Cooper, D. R., & Schindler, P. S. (2008). *Business Research Methods* (10th ed.): McGraw Hill Companies, Inc., New York.
- Corporate Leadership Council (2004). *Driving Performance and Retention Through Employee Engagement*. Research Summary. Corporate Executive Board
- Cropanzano R.S. & Kacmar, K.C. (1995). *Organizational politics, justice, and support: managing the social climate of the workplace*. Westport: Quorum.
- Davis, J.A. (1971). *Elementary Survey Analysis*. Englewood Cliff, New Jersey: Prentice-Hall.
- Eichinger, R. W., & Lombardo, M.M. (2005). *High learners as high performers. Lominger in Focus*. Minneapolis, MN: Lominger Limited, Inc.
- Effron, M., Gandorsey R., & Goldsmith, M. (2003) *Human Resources in the 21st Century*. John Wiley and Sons Inc., New Jersey.
- Ewing, M. (2005). An Engaged Workforce. *Public Relations Tactics*, 10-11
- Fleming, J. H., Coffman, C., & Harter, J. K. (2005). Manage your human sigma. *Harvard Business Review*, 83(7/8), 106–114.
- Hopsken, W. G. (2000). Quantitative Research Design, *Sportscience Journal*, 4(1),
- 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, 268-279
- Herzberg, F. Mausner, B., & Snyderman, B. (1959). *The motivation to work*. New York: John Wiley & Sons.
- Heathfield S. M. (2005). *The Power of Positive Employee Recognition: How to Provide Effective Employee Recognition*. (www.about.com)

- ISR (2003). Engaged Employee Drives the Bottom Line. Research Summary, Chicago, Illinois pp10-35
- Kahn, W. A. (1992). To be fully there: Psychological presence at work. *Human Relations*, 45, 321–349.
- Kahn, W. A. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of Management Journal*, 33, 692-724.
- Katz, D., & Kahn, R. L. (1978). *The social psychology of organizations* (2nd ed). New York: John Wiley & Sons.
- Ketter, P. (2008). The Big Deal about Employee Engagement. *Training and Development*, 44-49.
- Krueger, J. & Killham, E. (2006) Why Dilbert is right? *Gallup Management Journal*, 9.
- Luthans, F. (2001). Employee Engagement and Manager Self-efficacy; Implications for managerial effectiveness and development. *Journal of Management Development*, 21(5), 376-387.
- Malhotra, N. K. (1999). *Marketing research: An Applied Orientation*: New Jersey: Prentice Hall, Inc.
- Maslach, C., Schaufelli, W.B. and Leiter, M.P. (2001), “Job burnout”, *Annual Review of Psychology*, 52, 397-422.
- McBrain, R. (2007). The Practice of Engagement. *Strategic HR Review*, 6, 16-19.
- Nitin, V. (2007). *Employee Engagement*. Nerul: SIES College of Management Studies.
- Peggy Y.B. (1997). *Organizational Communication: Theory and Behavior*. New York: Allyn and Bacon.

- Ramsay, C. S., & Finney, M. I. (2006). *Employee engagement at Intuit*. Mountain View, CA: Intuit Inc.
- Robert J. Vance (2006). *Employee Engagement and Commitment A guide to understanding, measuring and increasing engagement in your organization*. US: SHRM Foundation
- Robinson, D., Perryman, S. & Hayday, S. (2004). The Drivers of Employee Engagement. *Institute of Employment Studies Report* , 408, 2
- Rothbard, N.P. (2001). Enriching or depleting? The dynamics of engagement in work and family roles. *Administrative Science Quarterly*, 46, 655-84.
- Saks, A.M. (2006). Antecedents and consequences of employee engagement. *Journal of Managerial Psychology*, 21 (6), 600-619.
- Saks, A.M. (2008). The meaning and bleeding of employee engagement: How muddy is the water? *Industrial and Organizational Psychology*, 1, 40-43.
- Schaufeli, W.B. and Bakker, A.B. (2004). Job demands, job resources, and their relationship with burnout and engagement: a multi-sample study. *Journal of Organizational Behavior*, 25, 293-315.
- Schaufeli, W.B., Salanova, M., Gonzalez-Roma, V. and Bakker, A.B. (2002). The measurement of engagement and burnout: a two sample confirmatory factor analytic approach. *Journal of Happiness Studies*, 3, 71-92.
- Shaffer, J. (2004). *Measurable Payoff: How Employee Engagement Can Boost Performance and Profits*. Communication World.
- Towers Perrin (2008). *Confronting Myths: What really matters in attracting, engaging and retaining your workforce?* Global Workforce Study.
- Towers Perrin (2005). *Towers Perrin 2004 European Talent Survey: Reconnecting with Employees: Attracting, Retaining, and Engaging Your Workforce*. Research Report. London, UK.
- Walker Information, (2000). *Halfway out the door: The Walker Information and Hudson Institute national employee relationship report*. Indianapolis, IN: Walker Information, Inc.

Watson Wyatt. (2001/2002). *Human capital index: Human capital as a lead indicator of shareholder value*. Washington, DC: Watson Wyatt Worldwide.

Watzlawick, P. Beavin J.H., D.D (1967). *Pragmatics of Human Communication: A study of Interactional Patterns, Pathologies and Paradoxes*. New York: W.W. Norton.

Wayne, S. J., Shore, L.M. & Liden, R. C. (1997). Perceived organizational support and leader-member exchange: A social exchange perspective. *Academy of Management Journal*, 40, 82-111.

Welch, J., & Welch, S. (2006, May 8). Ideas the Welch way: How healthy is your company? *Business Week*, 126.

Wellins, R. S., Bernthal, P., & Phelps, M. (2006). Employee Engagement: The Key To Realizing Competitive Advantage. *Development Dimensions International, Inc.*, MMV., 1-30.